

A low-angle photograph of the Chicago City Hall building, showing its ornate architecture and a large clock face. The building is set against a blue sky with light clouds. A large yellow diagonal shape overlays the bottom-left portion of the image, containing the title and subtitle text.

# Task Force Primer

**ARPA Allocation Task Force**  
**September 22, 2022**  
**Andrea Fowler, ARPA Director**

---

# Table of Contents

Introduction .....	3
City Finances .....	4
Community Feedback on ARPA Priorities .....	5
Uses of First Tranche Funds .....	8
Second Tranche Funds .....	11
How ARPA Funds Can be Spent .....	12
Contacts.....	13

---

# Introduction

The COVID-19 pandemic has impacted nearly every aspect of daily life in the City. Families, neighborhoods, communities, businesses, and City government have all felt the personal and financial toll of COVID-19. The City has been required to expend significant funds to directly fight the pandemic itself, and to mitigate the resulting economic impacts. To assist this recovery, the City has been awarded \$394.2 million in Local Fiscal Recovery Funds under the American Rescue Plan Act (ARPA), administered by the U.S Department of the Treasury. In May, 2021, the City received the first half of its allocation, \$197.1 million (the “first tranche”), and in June 2022, the City received the second and final \$197.1 million (the “second tranche”). To meet federal requirements, these funds must be obligated by the end of 2024, and must be spent by the end of 2026.

The City established the ARPA Allocation Task Force (“Task Force”) to provide recommendations to the Common Council for allocation of the City’s remaining ARPA funds. The Task Force was created by Common Council Resolution No. 211910, which directs the Task Force to do the following:

- Determine the process for engaging with residents, including holding public hearings, to ensure diverse input;
- Conduct at least two “topic-specific” community meetings with residents, each of which shall include an information session presented by a subject-matter expert (such as the Budget Director, Commissioner of Public Works, Chief of Police, etc.);
- Conduct educational outreach to residents allowing parameters of allowable uses including information sessions, social media, press releases, radio and television announcements, and other media and residential engagement methods;
- Determine the evaluation criteria for proposed projects in accordance with:
  1. U.S. Department of Treasury guidance.
  2. Racial equity and inclusion, including impact on Qualified Census Tracts.
  3. Financial sustainability.
  4. Balancing community needs with City budgetary needs.
  5. If a project has already been funded in the first tranche, additional funding shall consider actual outcomes and whether funds are on track to be expended;
- Receive proposals from City departments and Common Council members, and from members of the public who secure a Common Council or departmental sponsor;
- Make recommendations for allocating the remaining \$100,213,324.50 of the second tranche ARPA funds by introducing a file **no later than December 13, 2022**.

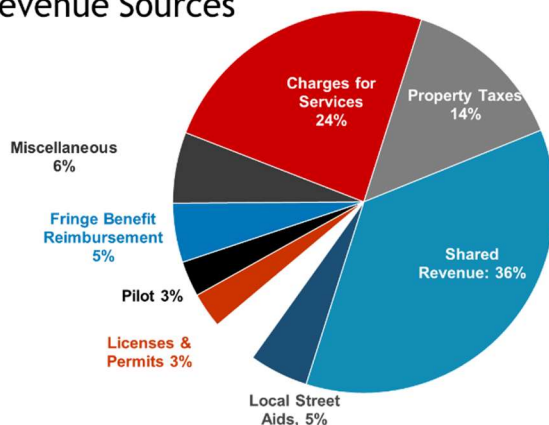
## City Finances

The City of Milwaukee operates under an annual budget that runs from January 1 through December 31 of each calendar year. By law, the City's budget must be balanced, which means that expenditures cannot exceed revenues.

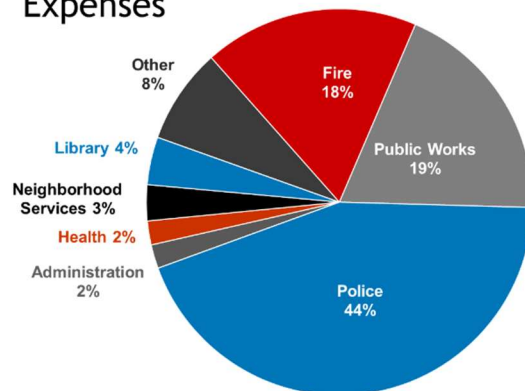
The City brings in revenue from three primary sources: (1) charges for service (24%), (2) property taxes (14%), and (3) intergovernmental revenue sharing (36%). Additionally, smaller sources of revenue collectively constitute the remaining 26% of the City's revenue. The City also receives substantial grant funding, which is not included in the graphs below. The City does may not implement a local sales tax or income tax, and the amount of intergovernmental revenue sharing has not increased for many years.

The City spends its budget in three primary areas: police (44%), public works (19%) and fire (18%). The entire remainder of City government (City services and personnel) is funded through the remaining 19%. Each year the cost of providing the same level of service increases. Since the City cannot substantially increase its revenue, it must decrease services each year to balance the budget.

Revenue Sources



Expenses



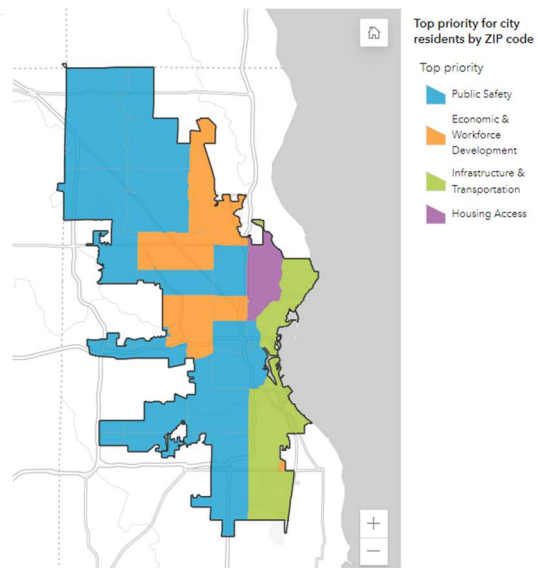
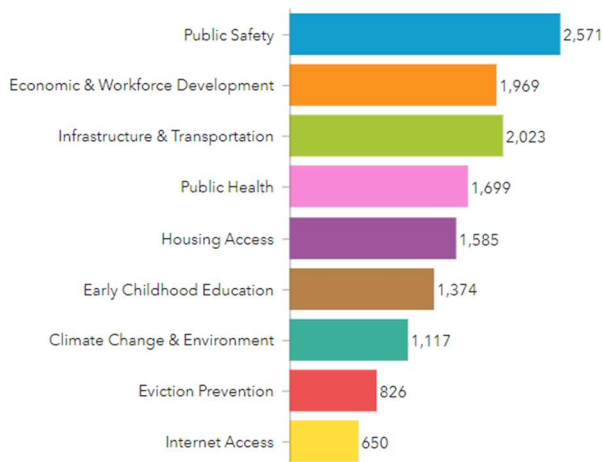
To respond to this mismatch between costs and revenues, the City has eliminated 389 positions since 2019, eliminated 7 fire engines since 2017, increased employee healthcare contributions, increased user fees, and instituted periodic hiring and salary freezes.

The 2023 budget reflects the challenges that the City faces due to the City's revenue shortfall. City departments were instructed to request enough funding to continue providing the same level of service in 2023 that was funded in 2022. This initial projection showed a \$151 million budget gap between revenue and expenditures. As a result, the Common Council allocated \$75 million of second tranche ARPA funding to partially fill that gap.

## Community Feedback on ARPA Priorities

The City administered an online public survey from June 2, 2021 through September 28, 2021, available in English, Spanish, and Hmong languages to identify the ARPA funding priorities of survey respondents. Overall, City residents responding to the survey prioritized Public Safety, Economic & Workforce Development, Infrastructure & Transportation, Public Health, and Housing Access as the top five categories in that order, although prioritization varied by zip code.

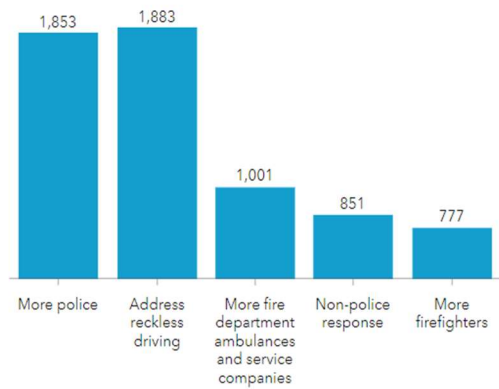
Major Priorities (City resident responses)



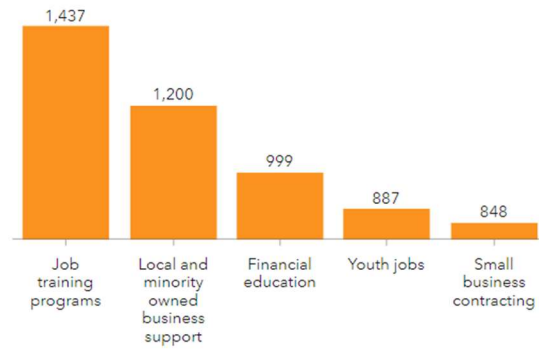
Within the major funding categories, residents prioritized reckless driving and more policing within the Public Safety category, job training within the Economic & Workforce Development category, street paving within the Infrastructure & Transportation category, job training programs within the Economic & Workforce Development category, mental health and violence reduction services within the Public Health category, and housing access within the Housing Access category.



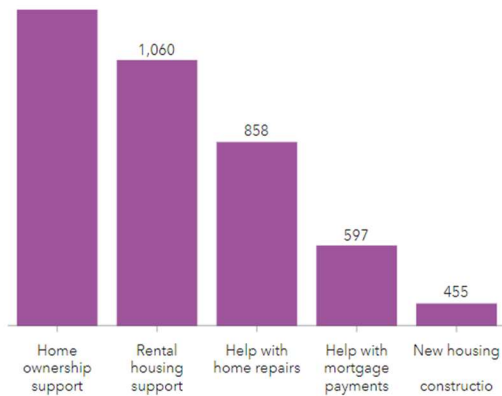
## Public Safety (City resident responses)



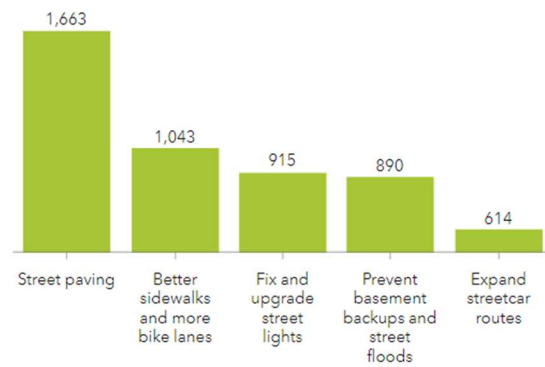
## Economic & Workforce Development (City resident responses)



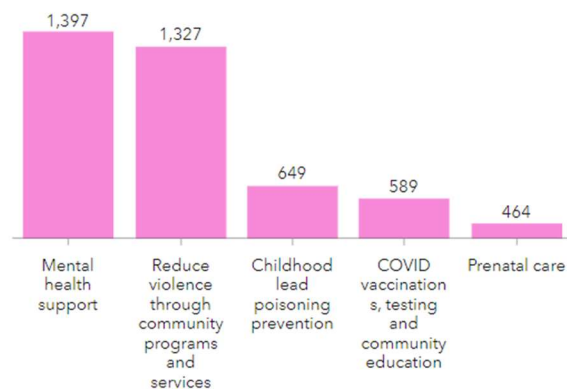
## Housing Access (City resident responses)



## Infrastructure & Transportation (City resident responses)



## Public Health (City resident responses)



### **Targeted Mail Survey**

The residents of the 53206 zip code are predominantly African American, and the zip code falls within Qualified Census Tracts. Because online response rates were low in this zip code, the City mailed a paper survey to residents living there. Participants of the mail-in survey were asked to choose three priority areas that were the most important to them, and were then asked to identify three subcategories that they considered to be most important. Residents responding to the paper survey identified Housing Access, Economic & Workforce Development, and Public Safety as their highest priorities. Within the subcategories, residents identified reckless driving, help with home repairs, and increased policing as their highest priorities.

The City is presently assessing whether additional mailed surveys are warranted, and if so, which zip codes should receive them.

### **Equitable Community Engagement Process for Vulnerable Populations**

In addition to the targeted mail survey of the 53206 Qualified Census Tracts, the City strategically engaged historically under-served and under-represented communities through its contractor, Prism Technical Management & Marketing Services, LLC, in an effort to inform, engage, and obtain feedback from the City's most vulnerable populations.

Prism reached out directly to vulnerable communities that were underrepresented in the City's other information gathering through an equitable engagement process. Working closely with the City, Prism engaged with Black, Latino, LGBTQ+, elderly, disabled, and Hmong communities.

The areas of highest need identified by the communities with which Prism engaged were Housing Access, Mental Health, and Public Safety and Recreation. Prism concluded that "the City's allocated priorities predominately align with the identified needs of residents who participated in the community engagement events," and therefore reflect the desires of these historically underserved communities.



---

## Uses of First Tranche Funds

The City has allocated much of the first tranche funding to maintain existing City services for its residents. City budget shortfalls were significantly exacerbated by revenue loss experienced during the COVID-19 pandemic, and by the costs of the City's extraordinary and effective response to COVID-19. Much of the City's first tranche ARPA funds have therefore been needed to continue the provision of essential services that City residents rely on in their everyday lives, such as 911 response, Milwaukee Public Library services, Health Department services, elections, and the salaries of some City employees providing these crucial City services. Many of these services were paid for with the City's "Revenue Loss" funds, which are portions of the City's ARPA allocation that the U.S. Department of the Treasury has intended to replace regular revenue that was lost by the City due to COVID -19.

While maintaining existing City services is important, the City has also allocated much of its first tranche funding to new or scaled-up programs that provide long-lasting benefits to City residents, and respond to existing needs that were seriously exacerbated by the pandemic. These programs include early childhood initiatives, job training programs, violence reduction initiatives, reckless driving reduction, City lighting, housing, and lead abatement. The City has also allocated a significant portion of its first tranche funding to sustain the City's direct, ongoing response to the COVID-19 pandemic. These programs include initiatives by the Milwaukee Health Department that residents rely on to navigate the ongoing pandemic recovery.

The following is a summary of the City's first tranche funding allocations in the categories established by the U.S. Department of the Treasury.



### **Public Health (\$40,968,147)**

The U.S. Department of the Treasury established the "Public Health" spending category to include projects that directly respond to the COVID-19 public health emergency and its broader health impacts. Within this category, the City has allocated funds for direct COVID-19 responses such as COVID-19 community-based and targeted testing sites (i.e. church/public building sites, homeless shelters, long-term care facilities), COVID-19 vaccinations (mobile pop-up clinics, mass vaccination locations such as schools, shelters, long-term care facilities, and community centers), COVID-19 isolation accommodation services (housing for persons experiencing housing instability or homelessness), a COVID-19 hotline, and medical respite care. Other major allocations within this category support the City of Milwaukee's 911 dispatch system and ambulance emergency services, support violence prevention, interruption, and resilience services, provide access to Milwaukee Public Libraries in a COVID-safe manner, and improve the facilities and services of the Office of African American Affairs. Expenditures in this category are generally targeted to the areas of highest need, with an emphasis on mobility, responsiveness, community engagement and empowerment to ensure the effectiveness of public health services, reduce waste, and provide relief from the negative effects of COVID-19 on the City's residents and communities. Total current funding allocations within the Public Health category are \$40,968,147.





### **Negative Economic Impacts (\$93,566,778)**

Treasury's "Negative Economic Impacts" category includes programs that respond to the negative economic impacts of COVID-19 and the COVID-19 public health emergency, including impacts to households and small businesses. The City's major programmatic initiatives within this category are designed to improve access to housing and decrease dangerous housing situations, decrease lead exposure in the City's children, maintain the City's neighborhoods through targeted demolition, deconstruction, restoration, increase early childhood learning outcomes, and to provide workforce training. This category is the most well-funded of all, with \$93,566,778 presently allocated. The City's emphasis on this category is to provide lasting relief to residents and communities struggling with long-term challenges that were significantly exacerbated by COVID-19.



### **Public Health- Negative Economic Impact: Public Sector Capacity (\$6,701,239)**

The "Public Health – Negative Economic Impact: Public Sector Capacity" category established by Treasury is comprised of expenditures that support public sector workforce and capacity, including public sector payroll, rehiring of public sector workers, and building of public sector capacity. Current allocations within this category are \$6,701,239. Funds are used to support training and recruitment of Milwaukee Fire Department Recruits and Fire Cadets, and to increase the number of ambulances available for emergency calls by staffing Milwaukee Fire Department personnel on private ambulances operated by the City's contracted partners. Spending in this category is designed to ensure the health and continuation of our City's critical emergency ambulance and fire services for the residents who need them.



### **Water, sewer, and broadband infrastructure (\$0)**

The City has currently not allocated any ARPA funds to water, sewer, or broadband infrastructure projects.



### **Revenue Replacement (\$64,001,506)**

---

The “Revenue Replacement” category is designed by the U.S. Department of the Treasury to replace public sector revenue that local governments lost because of the COVID-19 pandemic. Treasury provided local governments with the option of either calculating their actual lost revenue, or electing a standard allocation (similar to a standard deduction on a tax return). Because the City’s lost revenue far exceeded the standard allocation, the City calculated its actual lost revenue. For 2020, that amount was \$62,761,196, and in 2021, that amount was \$72,343,154. These funds are intended to provide the continuation of regular government services, and expenditures are not required to respond directly to COVID-19. The City has allocated \$64,001,506 of first tranche for the continuation of regular government services, including support for the Milwaukee Fire Department’s emergency response services and operating expenses, City street lighting improvements, translation services, reckless driving reduction, and various other government service expenditures.

**State of Wisconsin State and Local Fiscal Recovery Funds**

Complementing the City’s own SLFRF programming are multiple subawards and beneficiary awards from the State of Wisconsin – Department of Administration’s own SLFRF award. These subawarded funds will support the City’s violence prevention programming, neighborhood improvements, housing programs, police services, and COVID-19 response. The City is grateful for this additional source of COVID-19 recovery funding.

---

## Second Tranche Funds

The City has received its second, and final, ARPA allocation in the amount of \$197,113,325. Of these funds, the Common Council has allocated \$75 million to maintain general city services in the 2023 budget, \$9.4 million to housing programs, \$10 million to upgrade City streetlighting, and \$2.5 million for grant compliance and administration. These allocations leave \$100,213,325 remaining, assuming that the Common Council does not reduce this amount through the 2023 budget process. The City has not, currently, allocated any funds for general City services in the 2024 budget; however, at least \$75 million of the remaining second tranche funds could be designated for this use as “Revenue Replacement” funds (i.e. funds that are intended by the U.S. Department of Treasury to replace revenue that the City could not collect due to the Covid-19 pandemic or its effects).

---

## How ARPA Funds Can be Spent

The Department of the Treasury has issued rules governing how ARPA funds may be spent. In general, ARPA funds can be spent in the following ways:

- (1) Salaries for City employees whose work fits into specific categories enumerated in Treasury's ARPA guidance;
- (2) Contracts for goods and services;
- (3) Subawards to subrecipients (i.e. third party organizations who administer, on behalf of the City, a federal program fitting into one of the categories enumerated by the U.S. Department of the Treasury) which require substantial oversight by the City; and
- (4) Beneficiary awards to individuals or organizations who can show they were negatively impacted by Covid-19.

All expenditures of ARPA funds must fall into one of the approved spending categories identified by the U.S. Department of the Treasury, or must include substantial documentation establishing how the expenditure responds to a negative economic or health impact of the Covid-19 pandemic. Funds that fall in the "Revenue Replacement" category may be spent with more flexibility than funds that fall outside of the Revenue Replacement category.

Treasury has issued a final rule that exceeds 400 pages; as a result, each expenditure must be carefully considered for compliance with these rules, and must be supported by substantial documentation and formal contracts.

Finally, all funds must be obligated (such as by a contract) on or before December 31, 2024, and the funds must actually be spent by December 31, 2026. These deadlines apply to the City as well as its subcontractors and subrecipients.

## Contacts

---

Andrea Fowler  
Office of Budget and Management  
City ARPA Director  
414-286-3556  
[anfowler@milwaukee.gov](mailto:anfowler@milwaukee.gov)

Chris Lee,  
City Clerk's Office  
Staff Assistant  
414-286-2232  
[clee@milwaukee.gov](mailto:clee@milwaukee.gov)

Tea Norfolk, Legislative Reference Bureau  
Fiscal Planning Specialist  
414-286-8012  
[Tea.Norfolk@milwaukee.gov](mailto:Tea.Norfolk@milwaukee.gov)