



Tom Barrett
Mayor, City of Milwaukee

August 4, 2011

To the Honorable, the Common Council
of the City of Milwaukee

Honorable Members of the Common Council:

I am vetoing Common Council File Number 110342, a resolution relative to the establishment of the Year 2012 Funding Allocation Plan of the City of Milwaukee-Community Development Grants Administration.

The following summarizes the reasons for the veto:

2012 CDBG Funding Issues

City and Community Funding are not Separate Categories

One of the issues raised by the CED Committee during its action on the 2012 Funding Allocation Plan was an assertion that City Departments receive a disproportionate share of CDGB funding. The statement was made that the CED Committee action to reduce funding for City Departments and increase funding for CBO's was intended to focus more CDBG dollars on the community.

There are several concerns with these assertions. First, the City allocation includes a significant amount of funding for administration of the CDBG grant, including funding for the CDGA and Comptroller. These administrative functions must be funded through the CDBG grant if the Block Grant funding is accepted. It would be more accurate to separate this administration funding from funding for services through City Departments. Since "administration" is not differentiated from "services" in the City Department allocation, the amount of CDBG funding that is going to City departments for services is not accurately represented by this allocation.

Second, the administrative activities funded through the City department allocation provide support for CBO's.

Third, City funding includes funding for RACM, which technically is an independent corporation, not a City department.

Fourth, some City programs, such as Landlord Tenant Compliance, Demolition, and Lead Abatement, contract for service delivery from community organizations, and the Summer Youth Internship Program primarily provides services directly to residents.

In short, while "City Department" and "CBO" categories are presented in the Funding Allocation Plan, there is not a clear-cut distinction or segregation between these categories in terms of how the funding is actually spent.

More importantly, I reject the implication that CDBG funding provided to City departments does not represent services to the community. Some of the programs funded through the City department allocations are FOCUS, Emerging Business Enterprise program, COMPASS, Targeted Code Enforcement, Home Rehab Loans, Youth Internships, Lead Abatement, and the Center Street Library. All of these programs provide direct services to the community. A reduction to City department funding does represent a reduction in direct services to the community.

Comparison between 2006 and 2011 Adopted Funding Allocation Plans

A comparison of the allocation of CDBG funding in the 2006 and 2011 adopted budgets shows there is only a small difference between the percentage of funding allocated to the three categories of City departments, Grant Administration and CBO's.

	2006	Pct.	2011	Pct.
City Departments	\$8,787,100	47.5%	\$8,706,400	47.8%
Grant Administration	\$1,588,000	8.6%	\$1,644,000	9.0%
CBOs	\$8,124,900	43.9%	\$7,849,600	43.1%
Total	\$18,500,000		\$18,200,000	

2006 is a good comparison for 2011 because the total anticipated funding is similar. What this shows is that over a six-year period, there was no significant variation in the percent of funding allocated to the three funding categories.

The 2011 Funding Allocation Plan Revision

The 2011 Funding Allocation Plan presented a significant challenge. The 2011 anticipated funding was \$18.2 million but the actual 2011 CDBG funding award was \$15.3 million. Available reprogramming funds were used to partially offset this significant reduction in 2011 funding.

The revision to the 2011 FAP was approved by the Common Council on 6/14/2011 in CCFN 101581. This revised FAP, excluding reprogramming commitments, is shown below.

	<u>2011</u> <u>Adopted</u>	<u>2011</u> <u>Revised</u>	<u>Dollar</u> <u>Change</u>	<u>Pct.</u> <u>Change</u>
City Departments	\$8,706,400	\$7,867,396	-\$839,004	-9.6%
Grant Administration	\$1,644,000	\$1,490,366	-\$153,634	-9.3%
CBO Funding	\$7,849,600	\$7,125,350	-\$724,250	-9.2%
Total	\$18,200,000	\$16,483,112	-\$1,716,888	-9.4%

As the data shows, the reduction to City departments is \$115,000 larger than the reduction to CBO's. A similar percentage reduction was applied to the three funding categories.

The 2012 Funding Allocation Plan

The Community Development Grants Administration anticipates a further reduction in CDBG funding to \$13.25 million for 2012. This represents a \$4.95 million or 27% reduction from the original 2011 anticipated funding of \$18.2 million. If you compare the 2011 Revised FAP adopted by the Council with CDGA's proposed 2012 FAP, you will note they are similar in the allocation of funding among the three funding categories.

	<u>2011</u> <u>Revised</u>	<u>Pct.</u>	<u>2012</u> <u>Proposed</u>	<u>Pct.</u>
City Departments	\$7,867,396	47.7%	\$6,370,375	48.1%
Grant Administration	\$1,490,366	9.0%	\$1,429,625	10.8%
CBOs	\$7,125,350	43.2%	\$5,450,000	41.1%
Total	\$16,483,112		\$13,250,000	

The funding reductions to City Departments and CBO's were also similar both in amount and percentage.

	<u>2011</u> <u>Revised</u>	<u>2012</u> <u>Proposed</u>	<u>Dollar</u> <u>Change</u>	<u>Pct.</u> <u>Change</u>
City Departments	\$7,867,396	\$6,370,375	-\$1,497,021	-19.0%
Grant Administration	\$1,490,366	\$1,429,625	-\$60,741	-4.1%
CBOs	\$7,125,350	\$5,450,000	-\$1,675,350	-23.5%
Total	\$16,483,112	\$13,250,000	-\$3,233,112	-19.6%

Although there was a slightly larger proposed reduction to CBO's (\$178,000), this was driven by a larger amount of Public Service category funding in the CBO's than in the City. There is a cap on Public Service expenditures, and making this cap more manageable required slightly larger reductions to CBO's. If more funding was allocated to Public Service programs, it would be more difficult for the City to manage compliance with the Public Service cap. The only City program in the Public Service category included in the 2012 proposed FAP was the Summer Youth Internship Program. In order to ensure compliance with the Public Service cap, City Department Public Service funding was reduced in recent years. These reductions concentrated most Public Service funding in CBO's. Therefore, after eliminating the only

remaining City Department Public Service programs other than the Summer Youth Internship Program, the only way to reduce Public Service funding was to reduce CBO funding.

The CED Committee recommended shifting funding from City Departments to CBO's at its 7/18/2011 meeting and these recommendations were approved by the Common Council on 7/26/2011 in CCFN 110342. This 2012 FAP disproportionately imposes funding reductions on City Departments, in contrast to the revised 2011 FAP approved on 6/14/2011, as shown below.

	<u>2011</u> <u>Revised</u>	<u>2012 CED</u>	<u>Dollar</u> <u>Change</u>	<u>Pct.</u> <u>Change</u>
City Departments	\$7,867,396	\$5,780,375	-\$2,087,021	-26.5%
Grant Administration	\$1,490,366	\$1,429,625	-\$60,741	-4.1%
CBOs	\$7,125,350	\$6,040,000	-\$1,085,350	-15.2%
Total	\$16,483,112	\$13,250,000	-\$3,233,112	-19.6%

Under CED action, the City Department funding reduction is \$1 million larger than the CBO reduction. Rather than splitting the reduction relatively evenly among CBO's and City Departments, this FAP imposes about two-thirds of the reduction on City Departments.

The 2012 FAP adopted in file number 110342 imposes an additional \$590,000 reduction to City Department funding. The majority of this funding was moved into CBO Public Service programs. The only way to ensure manageability of compliance with the Public Service cap, reduce overall Public Service funding in 2012, and absorb this imposed reduction, is to reassess City programming.

These programs include, but are not limited to, FOCUS, Lead Abatement, Home Rehab Loans, and Targeted Enforcement. Another highly successful program funded through City programming is the Summer Youth Internship Program (SYIP). As one of my priorities, reduction to SYIP is not a plausible option. I have stated numerous times, we as adults have the moral obligation to create hope in the lives of our young people. Employment of youth reflects our commitment to their future.

Based on the above reasons, I ask that you sustain my veto.

It is my desire to continue working with you to reach a mutually agreeable resolution.

Sincerely,



Tom Barrett
Mayor