

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE : March 15, 2021
TO : Supervisor Marcelia Nicholson, Chair, County Board of Supervisors
FROM : Joe Lamers, Department of Administrative Services, Budget Director
SUBJECT : American Rescue Plan Act of 2021 – Informational Report

OVERVIEW:

This report is being provided as an informational update pertaining to the American Rescue Plan and its impacts on Milwaukee County. This bill is estimated to provide \$183.4 million in local recovery funds to Milwaukee County. In addition to local fiscal recovery funds, the bill provides direct funding for transit, housing assistance, airport, and aging services. This report provides information pertaining to these and other allocations. The report also addresses processes being developed for determining allocations of the local recovery fund.

BACKGROUND:

The \$1.9 trillion American Rescue Plan (ARP) Act of 2021 was signed into law on March 11, 2021. There are numerous provisions in the ARP including but not limited to:

- \$1,400 stimulus checks for individuals earning under \$75,000 and couples making under \$150,000
- Continuation of \$300 unemployment benefits
- Increased child tax credits among other benefits
- Funding for business, restaurants, entertainment venues
- Funding for vaccine distribution, coronavirus testing, and contact tracing
- \$350 billion State and Local Fiscal Recovery Funds
- Funding for transit agencies, housing assistance, airports, schools, universities

Coronavirus State and Local Fiscal Recovery Funds

The American Rescue Plan provides \$350 billion of Coronavirus State and Local Fiscal Recovery Funds. Of this amount, \$220 billion is allocated to state, territories and tribal governments and \$130 billion is allocated to local governments.

The estimated allocation for Milwaukee County is \$183,417,734. The funding is available for use until December 31, 2024. Funds are expected to be delivered in two tranches. 50% of the funding will be received 60 days after enactment of the bill, and the remaining 50% will be received twelve months later. Periodic reporting will be required, providing a detailed accounting of uses of the fund.

The ARP bill includes the following requirements regarding eligible uses of funds:

- A. To respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;

- B. To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pandemic pay to eligible workers that are performing such essential work; or by providing grants to eligible employers that have eligible workers who perform essential work;
- C. For the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency;
- D. To make necessary investments in water, sewer, or broadband infrastructure.

While the bill which was signed into law provides the above information regarding eligible uses of the fund, additional details remain needed regarding reimbursement for expenditures and revenue loss. It is expected that the United States Department of the Treasury will be providing more detailed guidance in the coming weeks. This guidance is needed to answer detailed questions about uses of the fund.

Local Recovery Funds Allocation Process

The Department of Administrative Services is working to establish processes for allocating American Rescue Plan funds. The process will include collaboration with the County Executive, County Board, departments, and the public. Collaboration with the State of Wisconsin, City of Milwaukee, and Milwaukee County municipalities will also be included in the process, given that the State and all municipalities are receiving allocations under the fund. The City of Milwaukee's estimated allocation is \$406 million. The estimated allocation for other local governments in Milwaukee County is \$81 million combined.

While specific allocations are to be developed, funding will be considered for the following cost categories: COVID-19 direct purchases, revenue loss related to the pandemic, community and economic support programs, vaccine distribution and testing, IT remote work investments, and capital infrastructure improvements. Other spending categories may emerge as detailed allocations are developed. Following is a brief description of potential items to be included within these spending categories:

- COVID-19 purchases: The ARP can be used to cover costs of purchasing items such as Personal Protective Equipment (PPE), enhanced cleaning, and other expenses directly related to COVID-19. To establish allocations for these expenses, the Department of Administrative Services will review the prior year of spending activity and continue to monitor purchasing needs going forward.
- COVID-19 related revenue loss: The Department of Administrative Services will work with the Comptroller's Office and departments to estimate the amount of revenue loss due to the pandemic. For example, the County has experienced reductions in sales tax, investment revenues, Potawatomi casino revenues, and program revenues (i.e. parks, zoo, HOC). While the fund can be used to cover revenue loss, detailed guidance is needed from the Treasury to determine how revenue loss can be applied.
- Community and Economic Support Programs: Work groups and project leads are to be established to develop potential allocations pertaining to community and economic support programs. CARES allocations in 2020 provide examples of potential support programs. The County used CARES funding to provide small business grants, employment programs, housing assistance funds, arts and cultural grants, non-profit support funding (community resilience fund),

food programs, health and mental health support programs. These and other community and economic support programs will be considered.

- Vaccine Distribution and Testing Programs: Milwaukee County has established vaccination sites for employees, contractors, paramedics, and other individuals. The County has also established and supported multiple COVID-19 testing sites, in collaboration with municipal public health departments. The County's ongoing role in vaccine administration and testing will be evaluated for potential uses of the fund.
- IT / Remote Work Investments: As a result of COVID-19, many of the County's operations transitioned to remote work in 2020. Significant investments were made from the CARES fund to support remote work operations. Additional remote work needs will be considered for funding from the ARP.
- Capital Improvements: It is not yet clear to what extent the ARP can be used for capital infrastructure investments. The ARP specifically indicates that water, sewer, and broadband infrastructure investments are covered with the fund. The Department of Administrative Services will evaluate fund eligibility and work with the Office of Corporation Counsel as needed to determine eligibility for potential capital improvements from the fund.

American Rescue Plan – Additional County Funding Impacts

The American Rescue Plan includes direct funding for programs and services which are administered by Milwaukee County. The approved bill includes federal allocations for transit, housing, airport, aging, and other services. Local allocations for these grant programs are to be determined and have not yet been shared with Milwaukee County. It is expected that federal departments will be sharing allocations in the future, and updates will be shared when more information is available.

- Transit Assistance Grants: The ARP provides \$30.5 billion to support transit agency operating costs and to offset revenue loss.
- Housing Programs: Over \$41 billion in funds are provided for various housing assistance programs, including \$21 billion in emergency rental assistance funds, \$5 billion for emergency housing vouchers, \$10 billion for homeowner assistance programs (including mortgage assistance), and \$5 billion for homeless assistance and supportive services. These allocations are available for multiple years, ranging from 2025 to 2030.
- Relief for Airports: The ARP provides \$8.0 billion of assistance to airports.
- Aging Services: The ARP includes \$1.4 billion increase in Older Americans Act funding to support vaccine administration, COVID-19 prevention costs, and funding for strategies aimed at alleviating the negative impacts and health effects of social isolation.
- Mental Health Services: There are multiple allocations in the bill pertaining to mental health services and targeted funding for youth suicide prevention, substance abuse services, and mental health programming.

- Other Provisions: There are multiple other provisions in the bill which have the potential impacts to Milwaukee County. Funding for vaccine administration and testing, shuttered venue operators, public health workforce. These and other provisions are under review for possible county impacts and opportunities.

SUMMARY

This report is provided for informational purposes. Additional reports will be provided to the County Board regarding the allocation of funds.

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Jason Haas, Chair, Finance and Audit Committee
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