



CITY OF MILWAUKEE

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The truth about ARPA

Statement from members of the Common Council: Alderman Russell W. Stamper, II, Alderwoman Milele A. Coggs, Alderman Ashanti Hamilton, Alderwoman Nikiya Dodd, Alderman Khalif J. Rainey and Alderwoman Chantia Lewis

Tomorrow the Common Council will hear and debate all the proposals put forth for allocation of the federal ARPA funds. We have all seen and heard the term ARPA being thrown around ad nauseam since the bill was passed by the federal government in March of this year. The question is, how many of us actually know what ARPA stands for and what the intended purposes of the ARPA funds are as set by the federal government?

ARPA stands for the American Rescue Plan Act of 2021. The federal government in March set aside “\$350 billion in additional funding for state and local governments. The state funding portion is approximately \$195 billion with \$25.5 billion distributed equally among the 50 states and the District of Columbia and the remaining amount distributed according to a formula based on unemployment.” (<https://www.gfoa.org/american-rescue-plan-spending-guiding-principles>)

The suggested uses of the funds given by the federal government are as follows:

- Revenue replacement 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 fiscal year prior to the emergency
- COVID-19 expenditures or negative economic impacts of COVID-19, including assistance to small businesses, households, and hard-hit industries, and economic recovery
- Premium pay for essential workers

-More-

- Investments in water, sewer, and broadband infrastructure
- Address systemic public health and economic challenges that have contributed to the unequal impact of the pandemic on certain populations

<https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>)

The amount of funds a municipality receives via ARPA is based upon a formula modified from the CDBG (Community Development Block Grant) formula. This means the more CDBG funds a municipality receives the more ARPA funding that municipality also receives. To be considered a CDBG area, said area must have no less than 51 percent of its residents living at a low or moderate income designation. With that in mind it stands to reason that the City of Milwaukee received the amount of ARPA funds it received based upon the amount of residents who have a low or moderate income. It is also no coincidence that the areas hardest hit during the COVID-19 pandemic are these same areas. So it would also stand to reason that a bulk, if not all, of those funds be somehow allocated to assist these areas and their residents.

The guidelines for suggested use also state that:

- Funds allocated to states cannot be used to directly or indirectly to offset tax reductions or delay a tax or tax increase

As we prepare to debate and to hear the proposals for the remainder of the \$197,000, 000 allocated to Milwaukee via ARPA (THE AMERICAN RESCUE PLAN ACT) tomorrow, let us keep in mind why we have these funds and who these funds have been provided to help. Let us not find creative ways to sidestep the guidelines set forth. Let us instead do right by those done the most wrong by the COVID-19 pandemic.