



Public Policy Forum

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PUBLIC FUNDING FOR COMMUNITY DEVELOPMENT IN MILWAUKEE

Recent Trends and Implications

ABOUT THE PUBLIC POLICY FORUM

Milwaukee-based Public Policy Forum – which was established in 1913 as a local government watchdog – is a nonpartisan, nonprofit organization dedicated to enhancing the effectiveness of government and the development of southeastern Wisconsin through objective research of regional public policy issues.

PREFACE AND ACKNOWLEDGMENTS

This report was undertaken to provide citizens, policymakers, and philanthropists in the Milwaukee area with information about public funding sources that are critical to community development efforts in Milwaukee neighborhoods. We hope that policymakers and community leaders will use the report's findings to inform discussions during upcoming policy debates, budget deliberations, and civic gatherings regarding community development-related services and strategies in Milwaukee.

Report authors would like to thank the Zilber Family Foundation and United Way of Greater Milwaukee & Waukesha County for commissioning and funding this research.

We also wish to thank the numerous leaders from Milwaukee community-based organizations with whom we spoke and from whom we obtained information during the course of our research. Finally, we appreciate the assistance of budget staff from the State of Wisconsin, City of Milwaukee, and Milwaukee County – as well as staff from the office of Senator Tammy Baldwin – in helping us to gather financial data for this report.



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INTRODUCTION

While community development efforts in Milwaukee and across the country are driven by community members themselves, those efforts also rely heavily on government funding sources that support a variety of neighborhood-based programs and services. Those programs extend across a wide range of government functions, including housing, economic development, education, social services, and public health.

In recent years, concerns have been raised by neighborhood-based organizations in Milwaukee regarding the stability of key public funding sources that support their programs. To better understand the extent to which local community development efforts have been impacted by federal, state, and local government funding levels, the Public Policy Forum examined funding trends for nine heavily utilized programs in three broad service categories: housing and development; education and workforce development; and health and human services. The programs included in our analysis were selected based on conversations with community development leaders in the three Milwaukee neighborhoods served by the Zilber Neighborhood Initiative – Clarke Square, Lindsay Heights, and Layton Boulevard West – and include the following:

Housing and Development	<ul style="list-style-type: none">• Community Development Block Grants (CDBG)• HOME Investment Partnerships Program• Weatherization Assistance Partnerships Program
Education and Workforce	<ul style="list-style-type: none">• Head Start• Title 1 (K-12 Education)• 21st Century Community Learning Centers (Afterschool)• Workforce Innovation and Opportunity Act (WIOA)
Health and Human Services	<ul style="list-style-type: none">• Community Services Block Grants (CSBG)• Substance Abuse Grants

This report examines each of these programs individually, providing information on how government appropriations at the federal and state levels make their way to Milwaukee and its neighborhoods, and how funding for services in Milwaukee have been impacted in recent years by overall programmatic cuts or increases. The timeframe used – 2007 to 2015 – is long enough to illustrate funding changes that have occurred from before the Great Recession to the present.

It is important to note that this report focuses primarily on public funding sources that are distributed by formula and that stem from budget decisions made annually by federal, state, and/or local policymakers. Neighborhood-based organizations and other service providers in Milwaukee also benefit from grant funding from the different levels of government that is predicated not only on governmental decision-making, but also on their ability to compete successfully for such funding and their desire to apply in the first place.



As local leaders strive to strengthen Milwaukee neighborhoods, it is important to understand the trajectory of the public funding sources that support needed services for neighborhood residents. We hope this report offers insight that will help local policymakers, community development organizations, and philanthropists in their efforts.



DATA AND METHODOLOGY

The data presented in this report were collected from federal, state, and local budget documents and through data requests to individual state and local government agencies.

For each program, we indicate the overall direction in which the amount of funding directed to Milwaukee has trended during the 2007 to 2015 timeframe, defining those increasing or decreasing by 10% or more as trending upward or downward, and those changing by less than 10% as remaining steady.

It is important to note that each level of government operates under a distinct fiscal year, as shown in the table below. For several programs included in this report, the figures we include for each level of government reflect funding amounts allocated to that government for the *federal* fiscal year, as that was the format in which data were available. In some cases, however, funding amounts for the State of Wisconsin and/or local governments are for the fiscal year used by that government. While this creates some variation in how the data are presented, it does not significantly alter the overall funding trend for any program.

Government	Fiscal Year
Federal	October 1 – September 30
State of Wisconsin	July 1 – June 30
City of Milwaukee	January 1 – December 31
Milwaukee County	January 1 – December 31
Milwaukee Public Schools	July 1 – June 30



COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG)

Established by Congress in 1974 with the passage of the Housing and Community Development Act, the Community Development Block Grant (CDBG) program provides a pool of funds for local governments to use to bolster urban neighborhoods and communities. Specifically, CDBG funds are used to help local governments provide decent and affordable housing, expand employment opportunities for those of low and moderate income levels, and improve the overall community living environment.¹

The Department of Housing and Urban Development (HUD) is the federal agency in charge of administering the CDBG program. Funding allocations are distributed to local governments throughout the country based on two formulas used to estimate the needs of each qualifying area. One formula takes into account a community's population, poverty level, and prevalence of overcrowded housing units, while the other uses population growth lag (a measurement of how quickly or slowly a city has grown relative to other cities), the volume of pre-1940s housing stock, and poverty levels. The formula resulting in the largest award is used to set each jurisdiction's funding level.

Prior to 2012, formula data was taken from the most recent decennial census and annual population estimates provided to HUD by the Census Bureau. But beginning in that year, formulas were populated with data from the U.S. Census Bureau's American Community Survey (ACS). Unlike the decennial census, the ACS gathers data and documents changes taking place within communities on an annual basis. This change was made in an effort to paint a more accurate picture of a community's needs each year, as opposed to relying on data from the most recent census, which only occur every 10 years. The new method has had both positive and negative impacts on jurisdictional funding. The largest gains and losses come from changes in poverty levels, pre-1940 housing stocks, and volume of overcrowded housing units.²

We examined CDBG allocations from 2007 to 2014 at the federal, City of Milwaukee, and community level. The figures below reflect the year the federal funds were allocated per the federal fiscal year (October 1 through September 30). Consequently, there is a lag in time between when the federal government appropriates the money and when the City budgets and receives the funds.

Federal Allocations

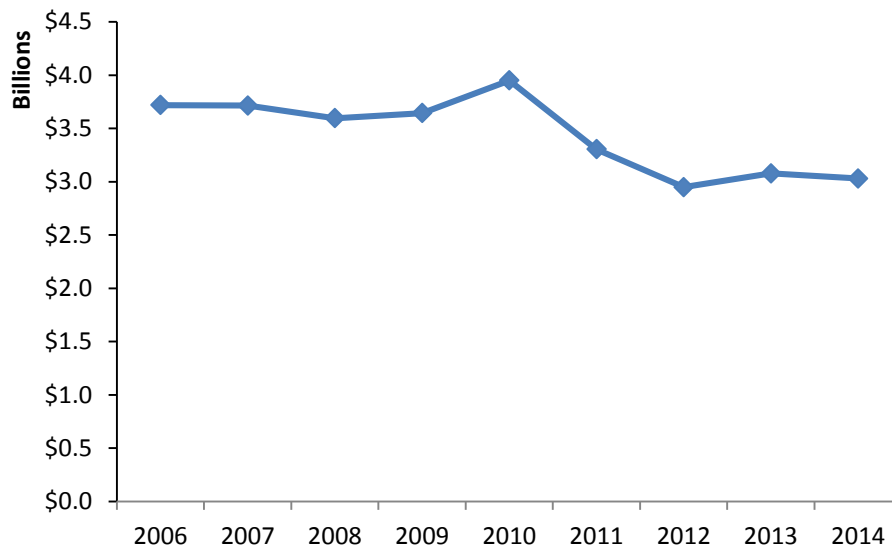
As shown in **Chart 1**, the overall federal CDBG allocation declined by an average of \$98 million, or 2.5% per year, over the nine-year timeframe. The largest annual declines took place in 2011 and 2012. Funding remained relatively flat in 2013 and 2014.

¹ Mahan, S. "Year 2015 Request For Proposals For Community Development Funding." 2014. <http://city.milwaukee.gov/ImageLibrary/User/jsteve/2007RFP/2015RFPBOOKLET-FINAL.pdf>

² NA. ND. "Likely Trends in the Distribution of CDBG Funds." *PD&R Edge Online Magazine*. http://www.huduser.org/portal/pdredge/pdr_edge_home.html



Chart 1: Federal appropriations for CDBG program³



Local Distribution

The City of Milwaukee receives annual CDBG allocations from HUD and submits an annual plan to the department specifying how CDBG funds will be used to create measurable impact in the community. CDBG funds are allocated to community development initiatives administered by nonprofit organizations, such as Safe and Sound and the Milwaukee Christian Center, as well as various city departments, like the Department of City Development (DCD) and the Health Department.

Every year, the City administers an application process in which funding proposals are solicited from nonprofit organizations. The City considers the proposals from outside agencies – as well as proposals from its own internal department – and develops a final plan. All projects must demonstrate the promotion of one or more of HUD’s national objectives, which include principally benefiting those of low to moderate income levels, eliminating blight, and/or addressing an urgent need or problem in the community.⁴

As shown in **Chart 2**, the allocations received by the City of Milwaukee have followed a similar trend as the federal totals since 2007, declining by an average of 2.5% per year. Also similar to the federal trend, the City’s funding peaked in 2010, dipped in 2011, and has remained relatively flat for the last two years.

³ U.S. Department of Housing and Urban Development: <https://www.hudexchange.info/grantees/cpd-allocations-awards/>

⁴ Ibid.



Chart 2: City of Milwaukee CDBG allocations⁵

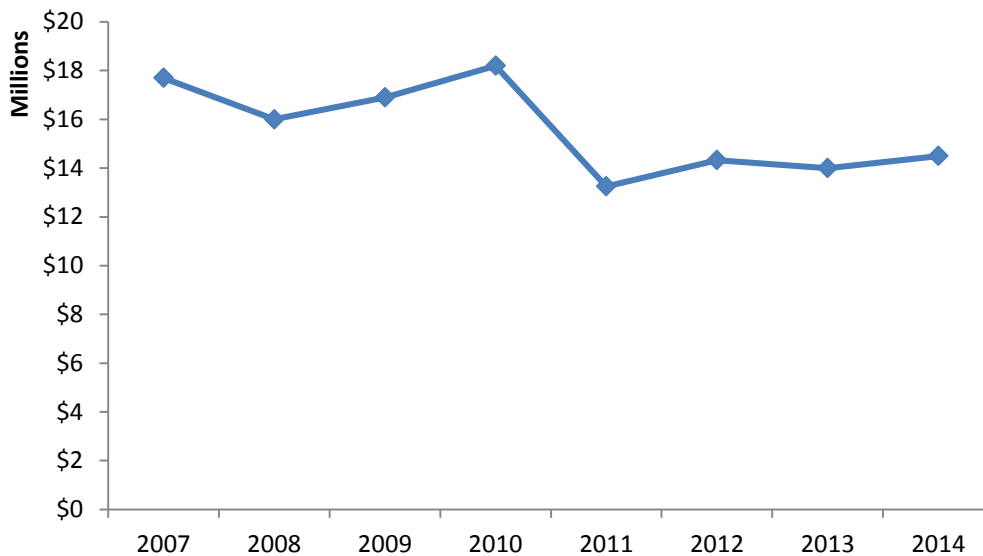
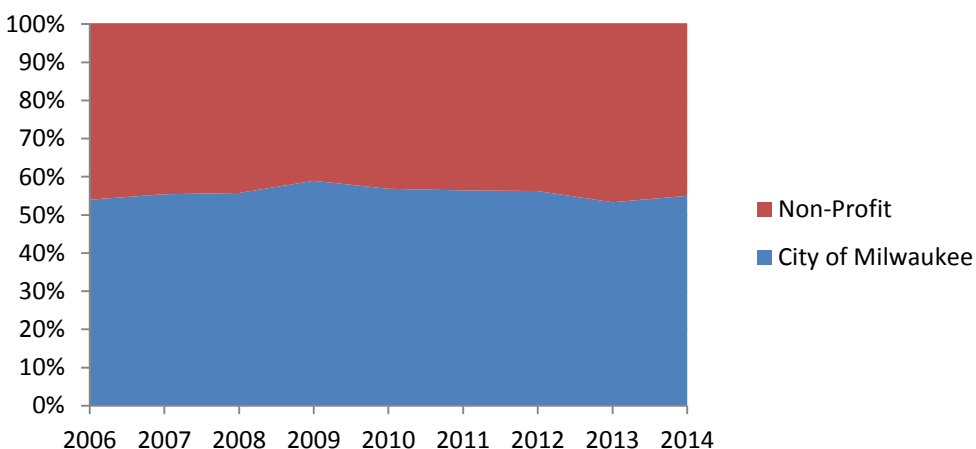


Chart 3 shows the breakdown of CDBG funds the City directs toward its own community development initiatives versus those it distributes to nonprofit organizations. Overall, there has been a fairly consistent split between the amount of funds kept by the City and distributed to nonprofits in recent years. The average split over the eight-year window has been 56% to city departments and 44% to nonprofits. One of the largest deviations was in 2009, when the City increased its share by three percentage points, bringing it up to 59% of the total. Conversely, in 2013, the share given to nonprofits increased by three percentage points.

Chart 3: City of Milwaukee CDBG allocations directed to nonprofits versus City departments



LOCAL TREND: DOWN

⁵ City of Milwaukee: <http://city.milwaukee.gov/Budget#.VV3wHfViko>



Observations

The City of Milwaukee's 2015 CDBG allocation of \$14.5 million is 18% less than the 2007 allocation of \$17.7 million, though funding has leveled off for the past two years. The decrease may be linked to the reduction in overall federal CDBG funding over that timeframe, though another cause could be changes in data methodologies and community demographics that have negatively impacted the City's allocation via the federal formula.

Regardless of the cause, the City's allocation during the last two years has stabilized at a level that is significantly lower than before the Great Recession. In addition, even with its reduction in funding, it does not appear that the City has held on to a greater proportion of funds to cover its departmental programs, but instead has allocated those reductions relatively equally among its own programs and those administered by nonprofit organizations.



HOME INVESTMENT PARTNERSHIP PROGRAM (HOME)

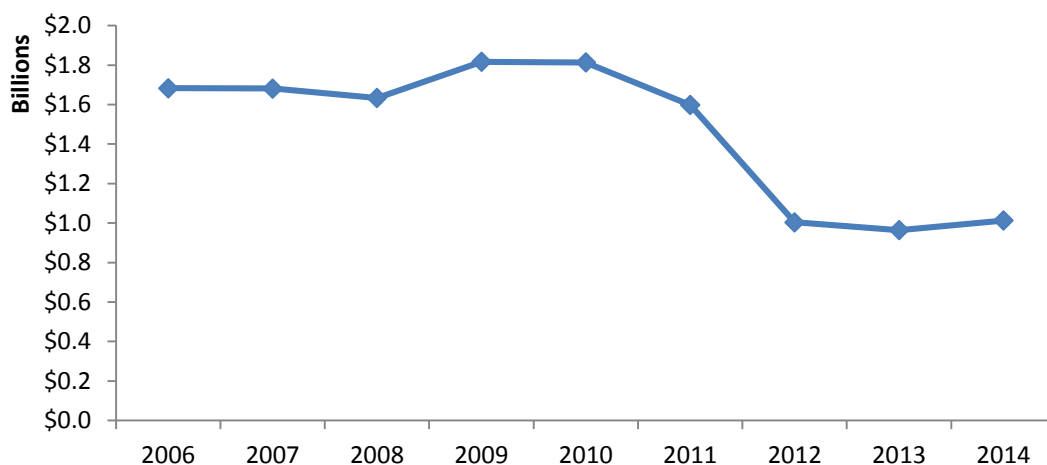
The HOME Investment Partnership Program (HOME) provides grants to states and municipalities to support a variety of activities, including building, purchasing, and/or rehabilitating affordable housing, and providing rental assistance. The City of Milwaukee receives annual HOME grants on a formula basis, and uses them to offer direct loans, loan guarantees, and grants to area nonprofits and community development corporations, with the ultimate goal of making housing affordable for low-income Milwaukee residents.⁶

We examined annual HOME allocations from 2006 to 2014 at the federal, City of Milwaukee, and community levels. As with the CDBG program, there is a lag in time between when the federal government appropriates the money and when the City budgets and receives the funds. The numbers below reflect the fiscal year in which the federal funds were allocated.

Federal Allocations

As shown in **Chart 4**, the total federal budget for the HOME program declined by 40% over the nine-year timeframe. Funding began to decline sharply after 2011, but has leveled off in 2013 and 2014.

Chart 4: Federal appropriations for the HOME program⁷



Local Distribution

As shown in **Chart 5**, the City of Milwaukee's HOME allocations followed a similar trend as the federal totals, declining by 34% between 2006 and 2014. As with the federal appropriation, the City's allocations dipped after 2011 and leveled off over the last two years.

⁶ U.S. Department of Housing and Urban Development: http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing/programs/home/

⁷ U.S. Department of Housing and Urban Development: <https://www.hudexchange.info/grantees/cpd-allocations-awards/>



Chart 5: City of Milwaukee HOME allocations⁸

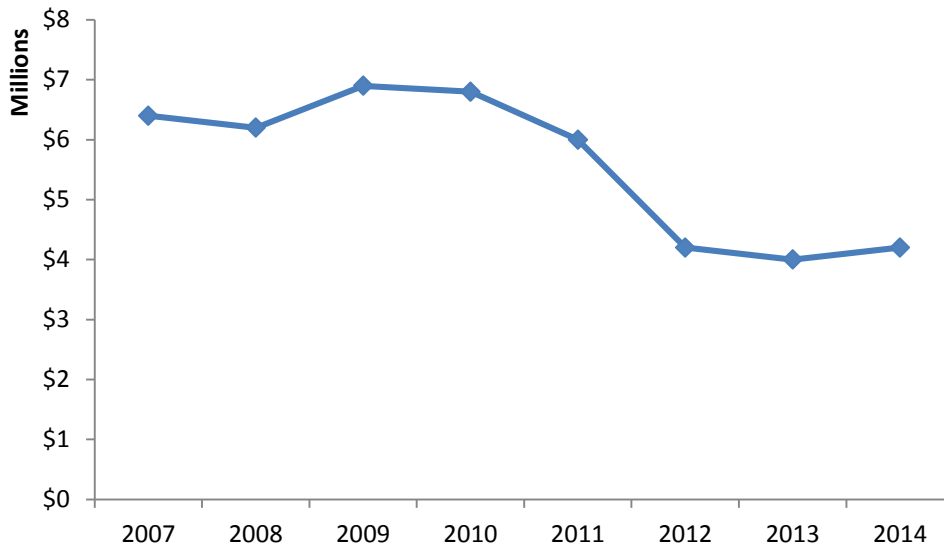
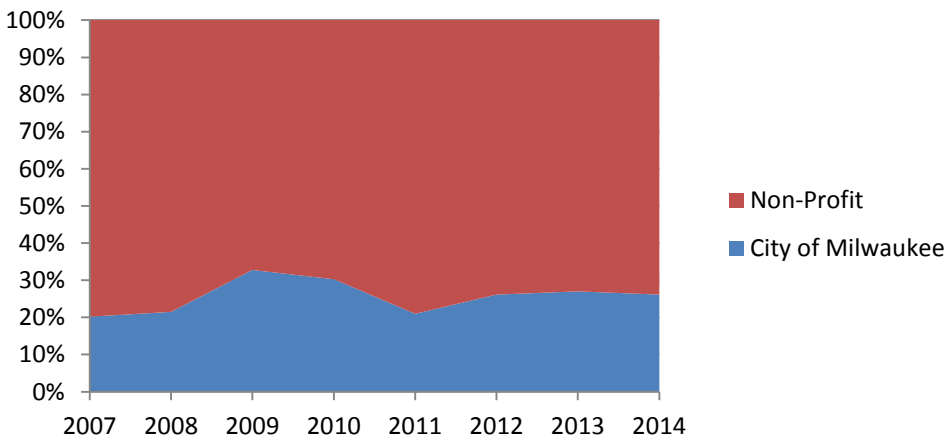


Chart 6 shows that the proportion of HOME funds directed to City departments versus area nonprofits has increased from 17% in 2006 to 25% in 2014.⁹ The percentage held by the City peaked in 2009, dipped in 2011, and has leveled off over the last three years.

Chart 6: Percentage of HOME funds directed to nonprofits versus City departments



LOCAL TREND: DOWN

⁸ City of Milwaukee: <http://city.milwaukee.gov/Budget#.VV3wHflViko>

⁹ Ibid.



Observations

The City of Milwaukee's HOME allocations have closely mirrored the federal funding trend in recent years. As with the CDBG program, this implies that future HOME allocations will be dependent upon federal budget priorities as well as future changes in the allocation methodology and City demographics. **Chart 6** indicates that the City has reacted to the reduction in federal funds by increasing the proportion it directs to City departments. This change might be attributed to the City's effort to take on more HOME-related activities that cannot be provided elsewhere, and does not necessarily imply that community organizations should expect to receive proportionately reduced funding levels in the future.



WEATHERIZATION ASSISTANCE PROGRAM

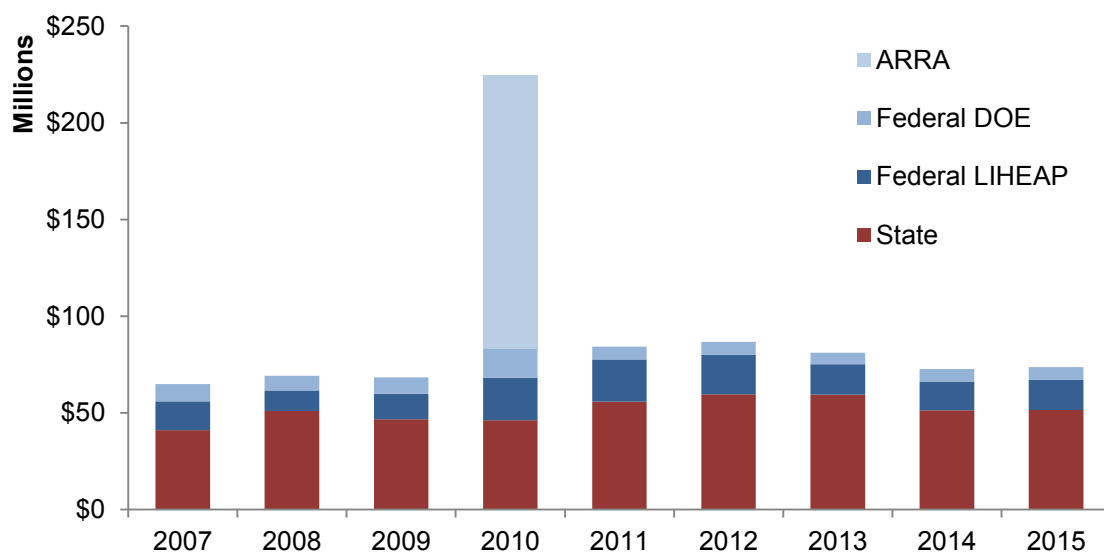
Wisconsin's Weatherization Assistance Program (WAP) provides funding to support housing improvements that increase energy efficiency. The types of activities eligible for WAP funding include improvements to building exteriors, heating and cooling systems, electrical systems, and appliances that consume electricity. These improvements reduce the energy bills of low-income households while preserving energy resources.

State and Federal Allocations

In Wisconsin, roughly two-thirds of the funding for WAP is provided by state government. As shown in **Chart 7**, state funding for WAP has fluctuated over the past nine years but has increased overall. The state total was \$51.5 million in 2015 compared with \$41 million in 2007, an increase of 26%.

The data show that the federal government also makes significant contributions to Wisconsin's WAP. The U.S. Department of Energy's own Weatherization Assistance Program provides grants to states based on a formula that takes into account each state's number of low-income households, climatic conditions, and residential expenditures by low-income households. The funding Wisconsin received through that program was down to \$6.7 million in 2015 compared to \$8.8 million in 2007, a 24% drop. The state did receive a major funding boost from the American Resource and Recovery Act (ARRA – also known as the federal “stimulus” bill) in 2010, however.

Chart 7: Federal and State funding for Wisconsin's Weatherization Assistance Program



In addition, the U.S. Department of Health and Human Services administers the Low Income Home Energy Assistance Program (LIHEAP), which helps households pay home energy bills, respond to energy crises, and make minor weatherization-related home improvements. Wisconsin's funding from that program has fluctuated somewhat but remained 3% higher in 2015 than in 2007.

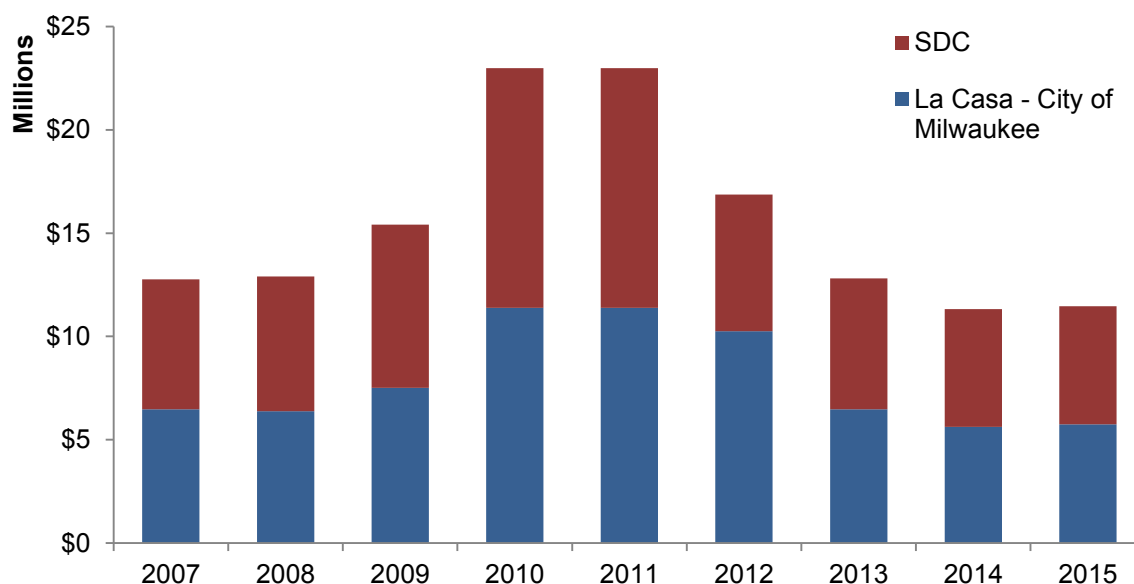


Local Distribution

Weatherization services are provided to Milwaukee households by two agencies: the Social Development Commission (SDC) and La Casa de Esperanza. The SDC serves City of Milwaukee households only. Based in Waukesha, La Casa de Esperanza serves households in Milwaukee, the remainder of Milwaukee County, and Waukesha and Jefferson counties.

Despite a spike in 2010 and 2011 due to the availability of ARRA funds, total WAP funding allocated to Milwaukee-area agencies for households in the City of Milwaukee has declined by 10.3% since 2007, as shown in **Chart 8**. La Casa de Esperanza's funding totals are shown for services directed to Milwaukee residents only. La Casa's services for city residents have declined at a slightly steeper rate (11.2%) over the last eight years compared with the SDC's funding, which has declined by 9.3% during that timeframe.

Chart 8: Weatherization Assistance Program funds directed to agencies serving Milwaukee¹⁰

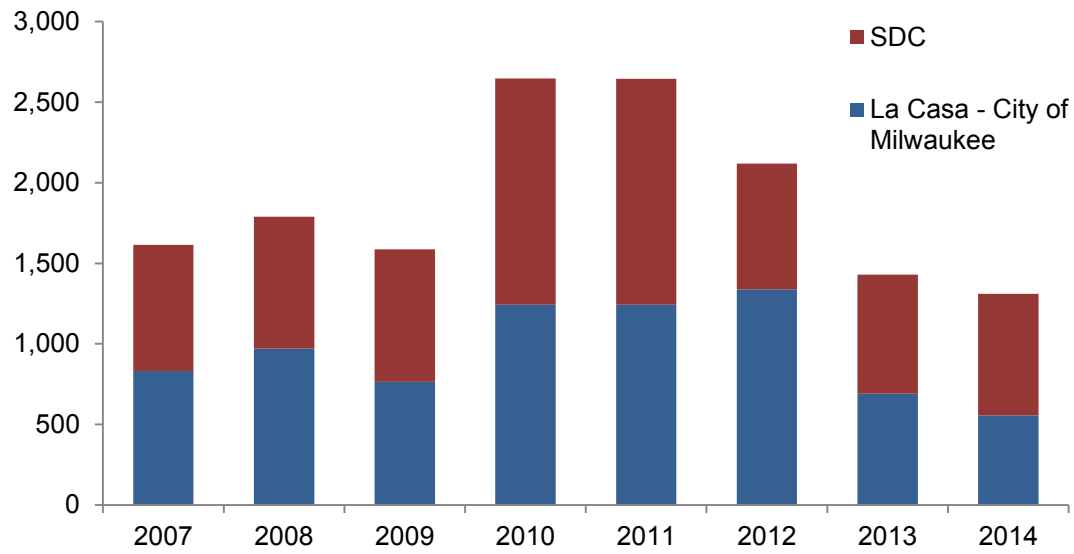


Reduced funding for weatherization services translated into 19% fewer weatherized housing units in 2014 compared with 2007, as shown in **Chart 9**. The number of weatherized units peaked in 2010 and 2011 with the support of ARRA funding, and since has declined to its lowest level during the eight-year timeframe. The vast majority of the reductions occurred through La Casa de Esperanza's services. SDC managed to serve almost as many households in 2014 as it did in 2007.

¹⁰ Data provided by the Wisconsin Department of Administration (DOA) on May 13, 2015. Due to the addition of ARRA funding to the mix in 2010 and 2011, the DOA provided combined figures for that two-year period. The totals provided are simply divided in half for 2010 and 2011 in this chart.



Chart 9: Milwaukee housing units weatherized through the WAP program



LOCAL TREND: DOWN

Observations

Unlike the CDBG and HOME programs, WAP is primarily funded by state government, and total annual funding is higher now than before the recession. The amount of WAP funding coming to Milwaukee, however, has declined during that period. One probable explanation for the decline is that more households throughout Wisconsin became eligible for weatherization assistance due to economic challenges created by the recession, resulting in a greater share of program funds being distributed to other areas of the state.

HEAD START

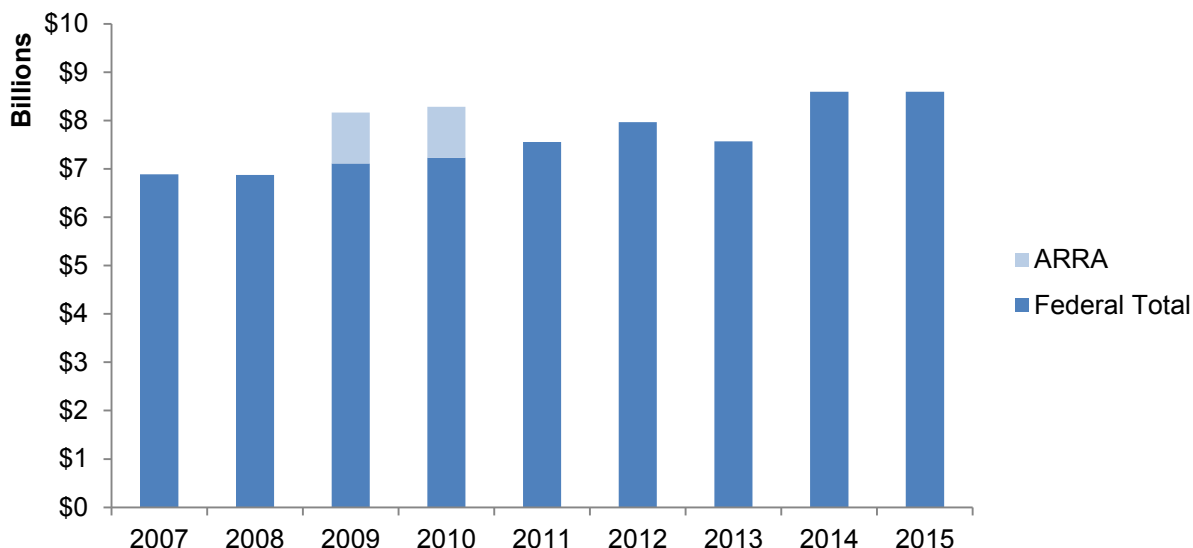
The Head Start program is a comprehensive pre-kindergarten program designed to meet the emotional, social, health, nutritional, and psychological needs of underprivileged children. Head Start programs are administered by local governments, school districts, and other organizations that receive five-year renewable grants from the U.S. Department of Health and Human Services.

Federal Allocations

As shown in **Chart 10**, federal funding for Head Start is substantially higher in 2015 than it was in 2007, growing from \$6.9 billion to \$8.6 billion. Funding for the program increased sharply in 2009 and 2010 with an additional \$2.1 billion from ARRA. The ARRA funds were used to support a variety of activities, including an expansion of enrollment by 61,000 children. In both 2011 and 2012, Congress approved appropriations necessary to sustain the expanded Head Start enrollment levels made possible by ARRA.¹¹

The Head Start program received another boost in funding in 2014, as Congress and the President added \$1 billion to restore a 2013 reduction caused by sequestration,¹² provide cost-of-living increases to providers, and establish a new \$500 million program to support Early Head Start-Child Care partnerships in low-income communities. That level of funding continued in 2015.

Chart 10: Federal appropriations for Head Start



State and Local Distribution

In Wisconsin, Head Start programs are operated by 44 unique organizations. Each program is designed to meet the needs of the local community it serves. Head Start programs in Wisconsin

¹¹ U.S. Department of Health and Human Services: <http://eclkc.ohs.acf.hhs.gov/hslc/data/factsheets/2013-hs-program-factsheet.html>

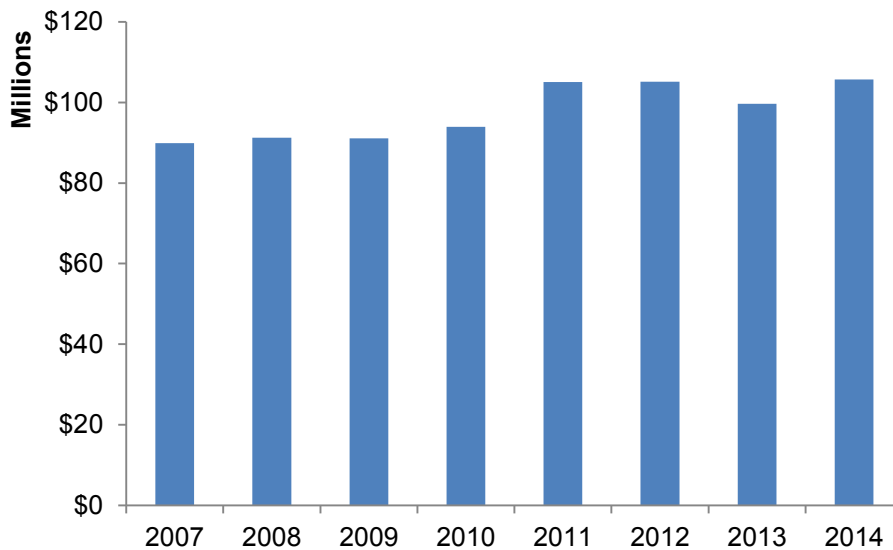
¹² "Sequestration" refers to the series of automatic, across-the-board cuts to the federal budget that occurred after Congress and the Obama administration could not agree on a deficit reduction plan in 2013.



come in various shapes and sizes and are operated by a mix of public schools, community action agencies, and other nonprofit organizations.

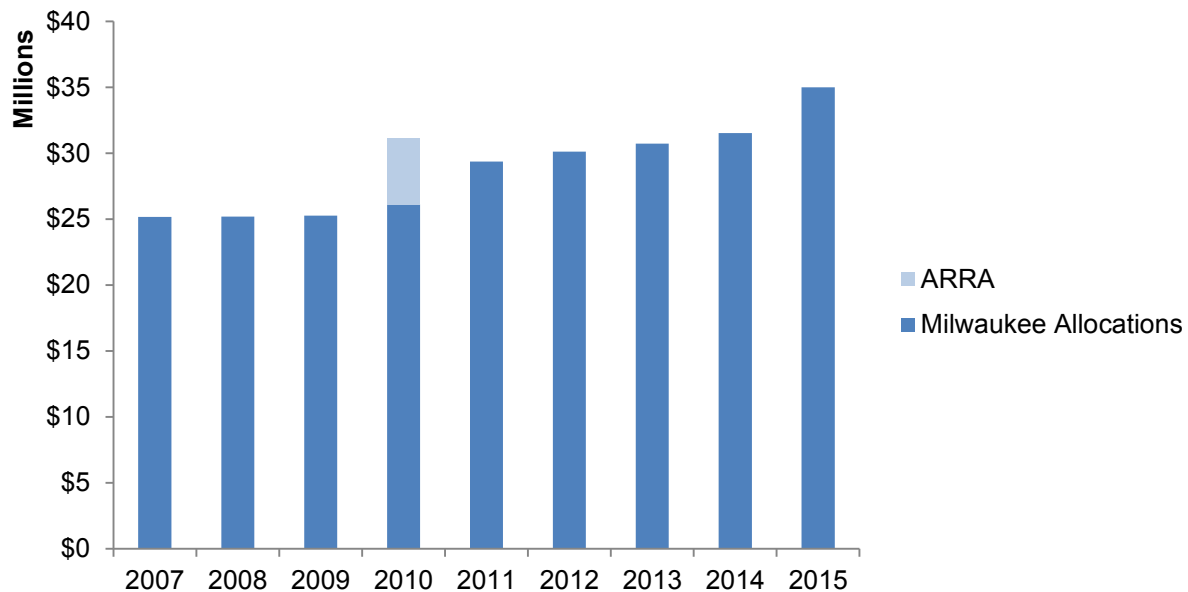
Chart 11 shows that total funding for Head Start in Wisconsin was \$105.7 million in 2014 compared with \$89.9 million in 2007, an increase of 19% (we were unable to access statewide allocations for 2015). The state funding trend for Head Start follows a pattern that is similar to the federal trend. The spike in 2011 and 2012 can be linked to the decision by Congress to sustain enrollment levels made possible through ARRA. Funding dipped in 2013 and then increased sharply in 2014, which also was the case at the federal level.

Chart 11: Wisconsin Head Start funding



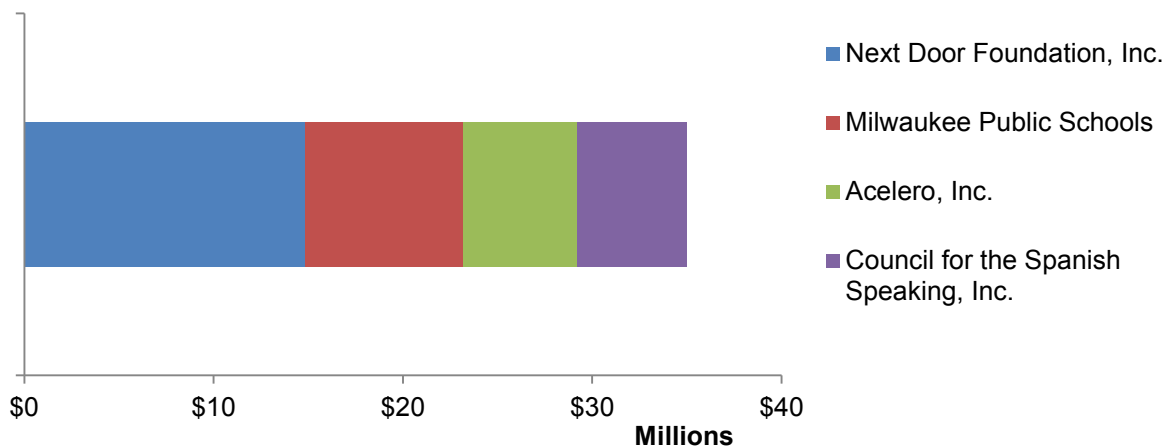
Since 2007, five agencies in Milwaukee have received Head Start grants, and the five have used those funds to operate more than 40 Head Start programs across the city. As shown in **Chart 12**, total funding for Head Start services in Milwaukee has grown from \$25.2 million in 2007 to \$35 million in 2015, an increase of 39%. A substantial jump in funding occurred in 2010 in conjunction with the appropriation of ARRA funds, and that increase largely was sustained through 2014. In 2015, Head Start grant funding in Milwaukee again increased (by a total of \$3.5 million), with the increase largely attributable to the award of an Early Head Start-Child Care Partnership grant of \$4.8 million to the Next Door Foundation, which will be used to enhance access to high-quality infant and toddler care.

Chart 12: Total federal funding for Head Start programs in Milwaukee



The Social Development Commission (SDC) was the City's largest recipient of Head Start funding (by far) from 2007 through 2013, receiving between \$15 and \$20 million annually. SDC lost its Head Start grant through a competitive process in 2013, however, and its allocation subsequently has been split between four other grantees: the Milwaukee Public Schools, Next Door Foundation, Acelero Learning, and Council for the Spanish Speaking. **Chart 13** shows the 2015 breakdown of Head Start funding among those four providers.

Chart 13: Funding for Head Start programs in Milwaukee by agency (2015)



LOCAL TREND: UP



Observations

The Head Start program in Milwaukee underwent a major transformation in 2014 with elimination of its largest service provider, but the program has benefited overall from increased federal funding during the 2007-2015 timeframe. A sizable increase occurred in 2010 thanks to a \$5 million infusion of ARRA funds, and subsequent appropriations by Congress have ensured that the additional numbers of children served by those funds could be sustained. Head Start funding in Milwaukee increased again in 2015 because of a grant awarded to the Next Door Foundation to pursue Early Head Start enhancements. This important source of programming for underprivileged Milwaukee children, therefore, is the only community development program we have identified that has benefited from increased public sector support during the past several years.



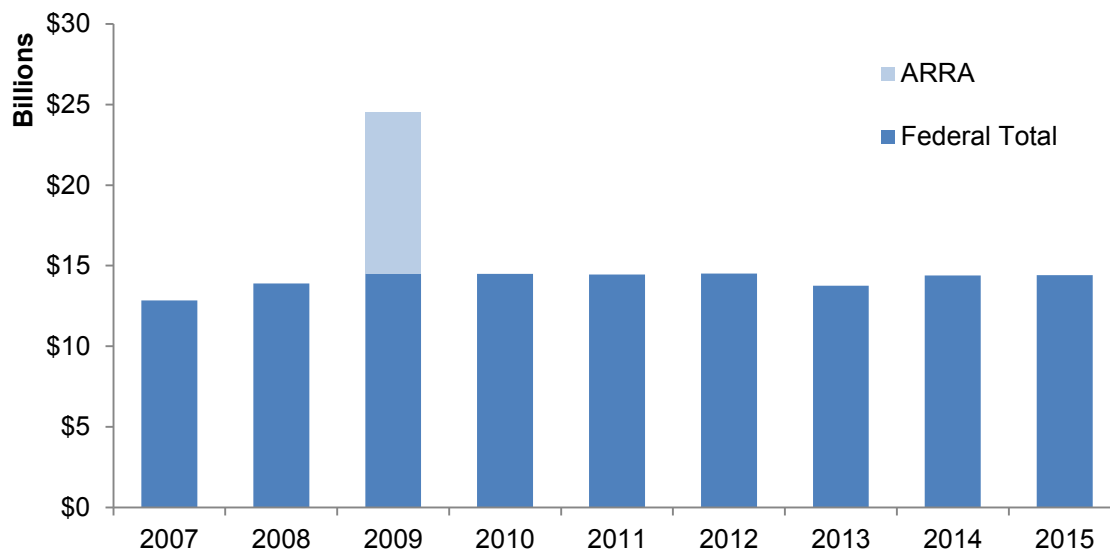
TITLE 1 (K-12 EDUCATION)

Title I is the largest federally-funded education program for elementary and secondary schools. Officially known as Title 1, Part A of the Elementary and Secondary Education Act of 1965, the program provides funds to local school districts and schools with high percentages of students from low-income families to "help ensure that all children meet challenging state academic standards."¹³ Title I funds are allocated each year by formula to local school districts, which then distribute the monies to individual schools. Schools that have a child poverty rate of at least 40% can use Title I funds for school-wide programs aimed at improving academic achievement, while schools that do not must spend the dollars specifically on students who are deemed economically disadvantaged.

Federal Allocations

As shown in **Chart 14**, total federal appropriations for the Title I program grew from \$12.8 billion to \$14.4 billion from 2007 to 2015. Within that timeframe, however, there was a noticeable jump in 2009, when ARRA allocated an additional \$10 billion in ARRA funds to the program, resulting in an appropriation of \$24.5 billion in that year. Overall, Title I appropriations were about 12% higher in 2015 than in 2007.

Chart 14: Federal funding for the Title I program¹⁴



The U.S. Department of Education allocates Title I funds through state education agencies to local school districts according to four separate funding formulas. Two of the formulas are based on the number of poor children served by school districts. The third takes into account the poverty rates in individual districts and the fourth considers how the state in which the district is located distributes state resources to poorer districts. The Wisconsin Department of Public Instruction (DPI) receives the

¹³ U.S. Department of Education: <http://www2.ed.gov/programs/titleiparta/index.html>

¹⁴ U.S. Department of Education: <http://www2.ed.gov/about/overview/budget/tables.html>



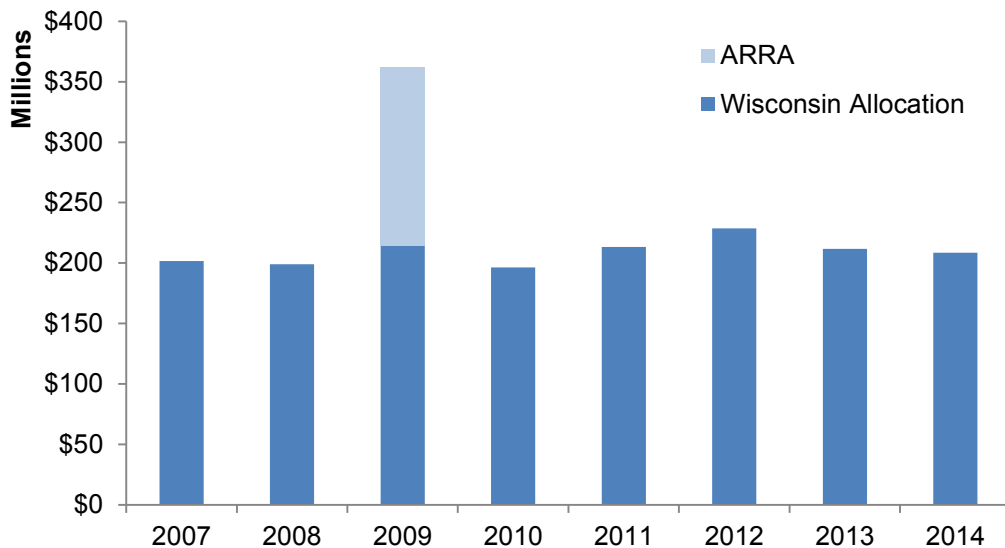
state's allocation and then distributes funds to individual school districts per the amounts determined by the federal funding formulas.

State and Local Distribution

Chart 15 shows the flow of Title I dollars to DPI, which distributes the dollars to local school districts throughout Wisconsin. Again, the impact of ARRA funding is shown to be dramatic in 2009.

Otherwise, the amount of Title I dollars allocated to Wisconsin fluctuated, with a small decline between 2007 and 2010, substantial increases in 2011 and 2012, and reductions in 2013-14.¹⁵

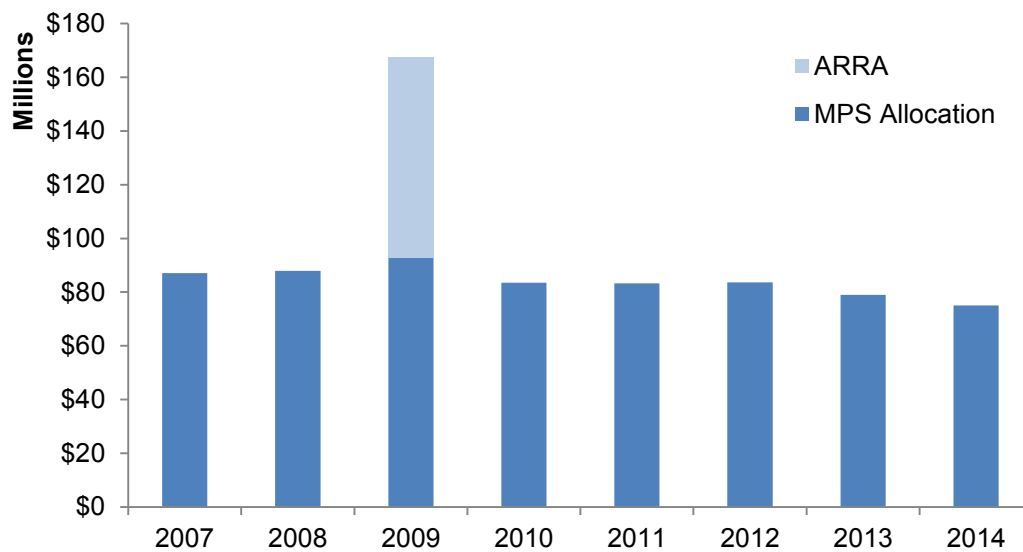
Chart 15: Title I allocations to the State of Wisconsin



Tracking the flow of Title I funds to MPS is complicated by several nuances. In **Chart 16**, we show Title I dollars allocated to MPS from 2007 through 2014. These figures were obtained from the U.S. Department of Education's website and reflect the funds allocated to MPS by the federal government under the department's funding formula. The amounts differ substantially from those shown in MPS' annual budget documents, in part because of differences in fiscal years. Even more important, MPS has the ability to carry over a portion of its Title I allocation from year to year, which means that the amount shown in the annual budget typically reflects prior year federal appropriations and only a portion of the appropriation in the current year.

¹⁵ We were unable to obtain 2015 allocations to the State or MPS through the Department of Education's website. While those figures could have been obtained from DPI and MPS directly, we do not show them here, as state and local agencies use different methodologies to reflect their Title I funding.

Chart 16: Title I allocations to Milwaukee Public Schools



While Federal Title I appropriations increased during the 2007-2014 timeframe and allocations to the State of Wisconsin as a whole remained relatively steady, we see that MPS' Title I allocation declined by about \$12 million (14%) during that period (and by nearly \$18 million since its peak non-ARRA funding in 2009). Since the Title I formulas take into account poverty levels for all school districts, it is likely that MPS' allocation has suffered because post-recession poverty levels grew faster in other districts than in Milwaukee. MPS' 2015 and 2016 budgets indicate that its Title I funding has continued to decline.

LOCAL TREND: DOWN

Observations

Title I is a critical source of funding for MPS, comprising about 6% of its \$1.2 billion overall revenue budget and about 47% of its \$169 million Categorically Aided Programs Fund. "Categorical" programs are those dedicated specifically to the social and curriculum needs of special populations within the district. Consequently, diminished Title I funding could have a negative impact on MPS' efforts to address the needs of its most impoverished and disadvantaged students.

As noted above, MPS' Title I allocation not only is influenced by funding changes at the federal level, but also can be significantly impacted by poverty rates nationally and statewide. At times of economic recession, when more children are falling into poverty, a greater number of districts will be eligible for Title I funding, thus leaving smaller amounts for those that typically rely on such funding unless the total appropriation increases sufficiently to offset that factor.

Finally, it is important to note that decisions on state funding and revenue limits in Madison arguably have an even greater impact on K-12 education in Milwaukee than funding decisions made in Washington, DC. For example, the state also appropriates millions of dollars annually in categorical aids to MPS, and distributes hundreds of millions of dollars each year under its equalization aid formula. The recently adopted 2015-17 state budget includes substantive changes to the state's K-12 education funding framework, the impacts of which are still unclear for local districts. The Forum's annual analysis of public school districts in the southeast Wisconsin region – which will be released in early October – will have additional details on those changes.



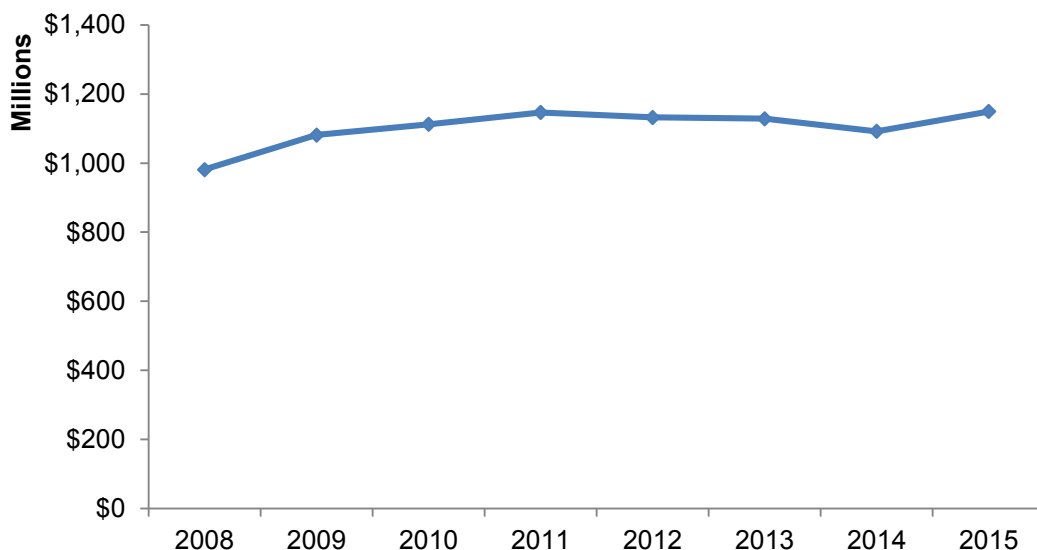
21ST CENTURY COMMUNITY LEARNING CENTERS (CLC)

The CLC program is the only federal funding source devoted solely to afterschool programs, specifically focusing on programs that provide academic support and enrichment to students before and after the school day. The CLC program started in 1998 and became the large-scale program it is today through the No Child Left Behind Act of 2001.¹⁶ In order to compete for CLC grants, at least 40% of the students served by an afterschool program must be from low-income families, and programs must demonstrate an academic need.

Federal Allocations

As shown in **Chart 17**, total federal funding for the CLC program has remained relatively steady in recent years, increasing by roughly 10% from 2008 to 2009 and then hovering near \$1.1 billion annually. Total funding in 2015 was 17% higher than in 2008.

Chart 17: Federal funding for the 21st Century CLC program¹⁷



Federal CLC funds are granted to states by the U.S. Department of Education using a formula based on Title 1 eligibility. The Wisconsin Department of Public Instruction (DPI) receives the state's allocation and then distributes funds to afterschool programs throughout Wisconsin through a competitive grant process.

¹⁶ U.S. Department of Education. "When Schools Stay Open Late: The National Evaluation of the 21st Century Community Learning Centers Program." April 2005.

<http://www2.ed.gov/rschstat/eval/other/cclcfinalreport/cclcfinal.pdf>

¹⁷ U.S. Department of Education: <http://www2.ed.gov/programs/21stcclc/funding.html>

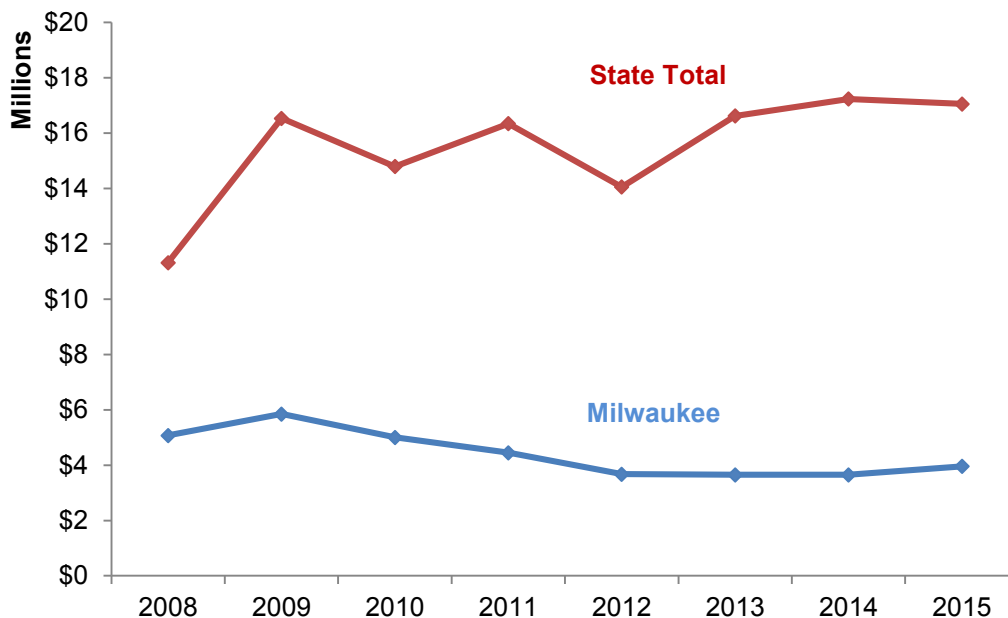
Afterschool Alliance: <http://www.afterschoolalliance.org/policy21stcclc.cfm>



State and Local Distribution

Chart 18 shows the flow of CLC dollars to DPI and from DPI to afterschool programs in Milwaukee. The amount of CLC dollars flowing to Wisconsin jumped dramatically between 2008 and 2009 and then fluctuated for several years. The total was 51% higher in 2015 than in 2008. Since CLC funds are allocated to states based on a formula, it is possible that population and income changes in Wisconsin and nationally have impacted the amount Wisconsin has received each year.

Chart 18: CLC funds allocated to Wisconsin and to afterschool programs in Milwaukee



While total CLC funding has increased at the federal and state levels over the past seven years, **Chart 18** also shows that total funding for afterschool programs in Milwaukee has been on a slow and steady decline. Between 2008 and 2015, total funding for Milwaukee programs fell from \$5.1 million to just under \$4 million, a 22% drop. During the same period, Milwaukee's share of the state's total dipped from 45% to 23%.

LOCAL TREND: DOWN

Observations

One possible explanation for the decline of funds for Milwaukee is that more programs throughout the state may be qualifying and competing for funding now because of increased poverty rates and increased awareness of the program.

Another explanation is attributed to the program's design. DPI issues grants to afterschool programs throughout Wisconsin using five-year grant cycles. Afterschool programs that secure initial five-year CLC grants from the State receive \$100,000 per year, but then must re-apply for five-year



“continuation grants,” which only provide \$75,000 for the sixth grant year and \$50,000 every year after that. Most CLCs in Milwaukee are past the five-year initial grant phase, meaning they are receiving less funding now than they did in the past. Among 63 afterschool programs in Milwaukee that currently receive federal CLC funds, 44 are in a continuation grant cycle (70%) and receive \$50,000 per year.

The State of Wisconsin’s current model of distributing CLC funds to afterschool programs aligns with Congress’s original intent for the program, which was to provide a short-term source of funding for the start-up or expansion of afterschool programs, rather than a permanent source of financial support.

To partially offset the reduced federal funds provided to CLCs in Milwaukee during continuation grant cycles (grant years 6-15), Milwaukee Public Schools (MPS) currently contributes \$27,000 per year to each program from the district’s extension fund. (MPS also pays for six-week afterschool programs during the summer, as summer programming is not covered by the CLC program.) While these property tax funds allow the CLCs to keep their doors open, the smaller budgets require CLCs to seek additional supplemental funds elsewhere.

In addition, the financial stability of Milwaukee’s CLC programs is impacted by the following factors:

- Programs only can qualify for two continuation grant cycles, meaning they can receive CLC funding for a maximum of 15 years. According to DPI, it is unlikely funding will continue for those programs once they have reached their 15th year of grant support, and some programs already are in their 14th grant year.
- There is no state funding source dedicated to afterschool programming, and with recent State cuts to K-12 education, it will be difficult for schools to use existing state funding streams to support afterschool programs.
- Congress currently is working to reauthorize the Elementary and Secondary Education Act (ESEA) and the CLC program is at risk of being rolled into a new federal block grant program along with numerous other programs. Such a change could seriously weaken or eliminate the program in Wisconsin.

CLC programs serve thousands of children in Milwaukee neighborhoods, and current financial trends and policies do not bode well for their long-term sustainability. Previous Public Policy Forum research examined funding models used in other cities and states as possible options to consider locally.¹⁸

¹⁸ Public Policy Forum. “Afterschool in Milwaukee: Is it child care?” July 2012. <http://publicpolicyforum.org/sites/default/files/AfterschoolReport.pdf>



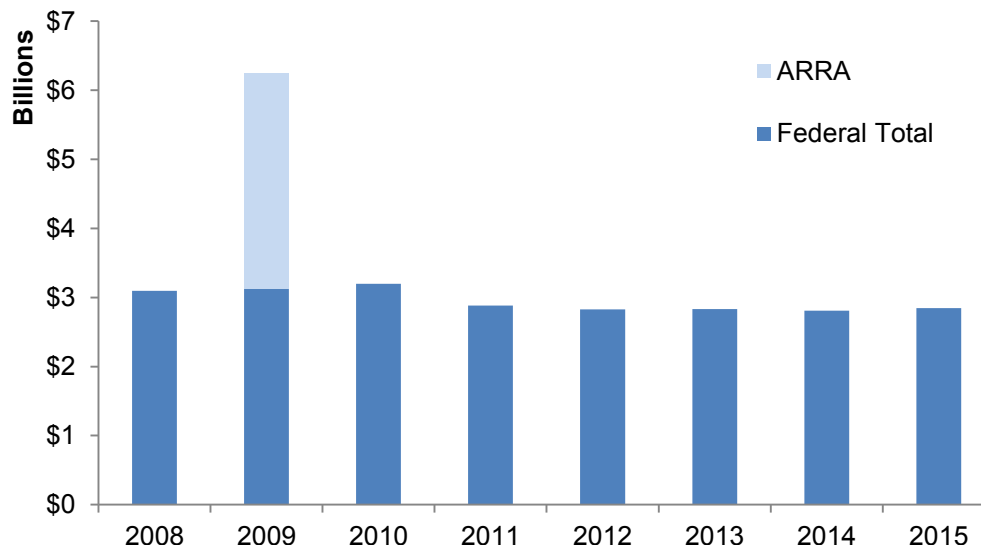
WORKFORCE INNOVATION AND OPPORTUNITY ACT (WIOA)

WIOA is the largest federal funding source for workforce development programs and services. In 2014, WIOA replaced the Workforce Investment Act of 1998 (WIA). Whereas WIA included several workforce development programs with distinct funding mechanisms, WIOA consolidates those programs under a single funding stream. WIOA provides adults, youth, and dislocated workers with a wide variety of employment and training services, including adult education, job preparation, and job placement assistance.

Federal Allocations

With the exception of a major spike in funding in 2009 stemming from ARRA, total federal funding for WIOA has fallen slightly since 2008, as shown in **Chart 19**. In 2015, \$2.8 billion was dedicated to employment and training services through WIOA, compared with \$3.1 billion in 2008, a drop of roughly 8%.

Chart 19: Total federal WIOA funding¹⁹



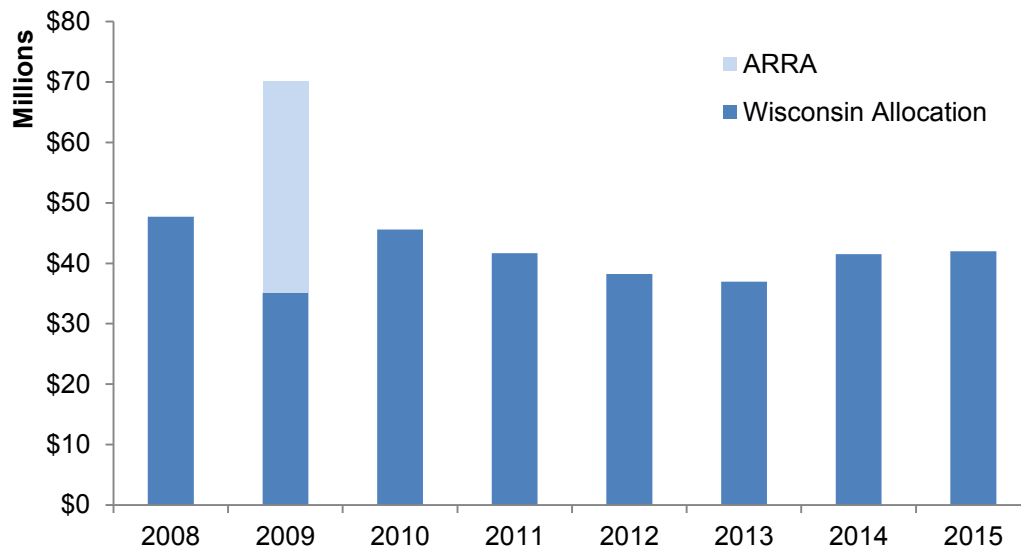
State and Local Distribution

As shown in **Chart 20**, aside from the 2009 boost from ARRA, Wisconsin's WIOA allocations declined from 2008 to 2013. Funding climbed upward in 2014 and 2015, but remained 12% lower in 2015 than in 2008. Thus, Wisconsin's funding decreased at a somewhat faster rate than the federal total, which likely is attributed to Wisconsin's slow population growth relative to other states.

¹⁹ U.S. Department of Labor budgets: <http://www.doleta.gov/budget/>. Figures include funding dedicated to employment and training activities for adults, youth, and dislocated workers.

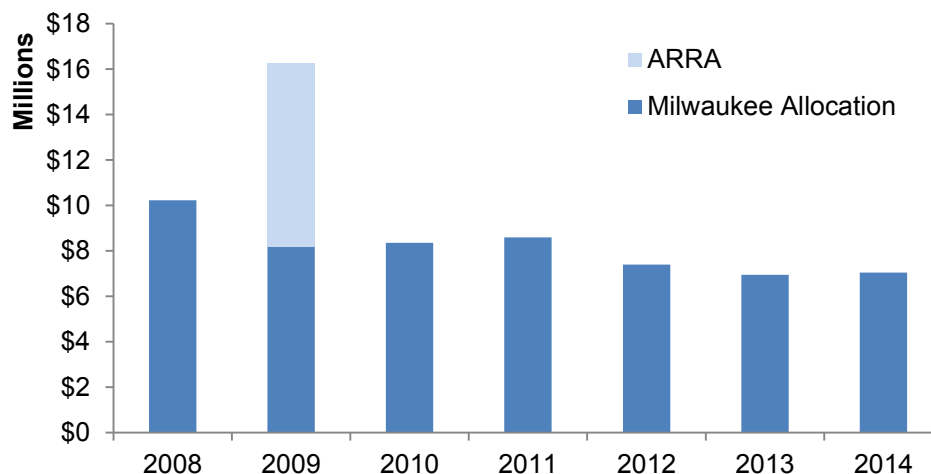


Chart 20: WIOA allocations to the State of Wisconsin²⁰



WIOA funds flowing to the Milwaukee Area Workforce Investment Board (MAWIB), which primarily serves Milwaukee County, also have been on a slow decline since 2008. As shown in **Chart 21**, MAWIB's 2014 funding did not increase proportionate to the increase that took place at the state level. While Wisconsin's total allocation increased by 10.9% in 2014, the amount received by MAWIB only increased by 1.4%. Data for 2015 are not included in **Chart 21** because local allocations had not yet been made at the time we conducted our research.

Chart 21: WIOA allocations to the Milwaukee Area Workforce Investment Board²¹



²⁰ Data provided by the Wisconsin Department of Workforce Development (DWD) upon request. Wisconsin amounts represent final allocations, including reallocations and/or rescissions to the original allocation amount.

²¹ Data provided by Wisconsin DWD upon request. MAWIB allocation amounts represent initial contractual allocations and may not reflect any funding modification requests throughout the year. Both administration and program funding are included in these figures.



MAWIB's total WIOA allocations were down by 31% in 2014, compared with 2008. The decrease was particularly steep for programs and services targeted toward dislocated workers, which have seen a 44% decrease in funding during that timeframe.

LOCAL TREND: DOWN

Observations

While the support Milwaukee receives from WIOA has declined significantly in recent years, MAWIB has diversified its revenue sources and managed to maintain and even expand some of its service offerings. The percentage of MAWIB's budget that came from WIOA allocations dropped from 80% in 2007 to 56% in 2014; during the same period, MAWIB's total revenue increased from \$11.9 million to \$19.5 million.²² Continued diversification may be necessary to make up for the possibility of further declines in WIOA funding moving forward.

²² Public Policy Forum. "Pathways to Employment. December 2012.
<http://publicpolicyforum.org/sites/default/files/PathwaystoEmployment.pdf>
Milwaukee Area Workforce Investment Board: <http://milwaukeeewib.org/about-us/funding/>



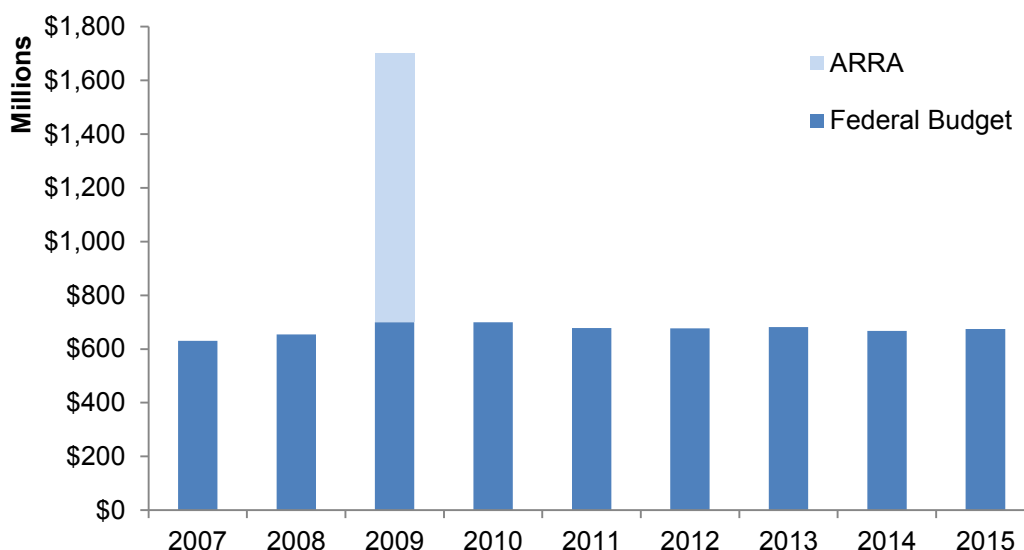
COMMUNITY SERVICES BLOCK GRANTS (CSBG)

The CSBG program is designed to alleviate poverty and the underlying causes of poverty through services that address employment, education, housing assistance, nutrition, energy, emergency services, health, and substance abuse. Block grants are allocated to states on a formula basis. States then distribute CSBG funds to community action agencies and other organizations working to combat poverty at the local level.

Federal Allocations

Aside from a one-time infusion of funding from ARRA in 2009, total federal funding for the CSBG program has remained relatively flat over the last nine years, as shown in **Chart 22**. Federal funding was \$674 million in 2015 compared to \$630 million in 2007, an increase of 6.9%.²³

Chart 22: Federal appropriations for CSBG program



State and Local Distribution

Similar to the federal budget for the CSBG program, Wisconsin's allocation of CSBG funding has remained steady in recent years, as shown in **Chart 23**.²⁴ The state's \$8.2 million allocation in 2015 was \$300,000 lower than its 2009 allocation, a decrease of 3.6%.

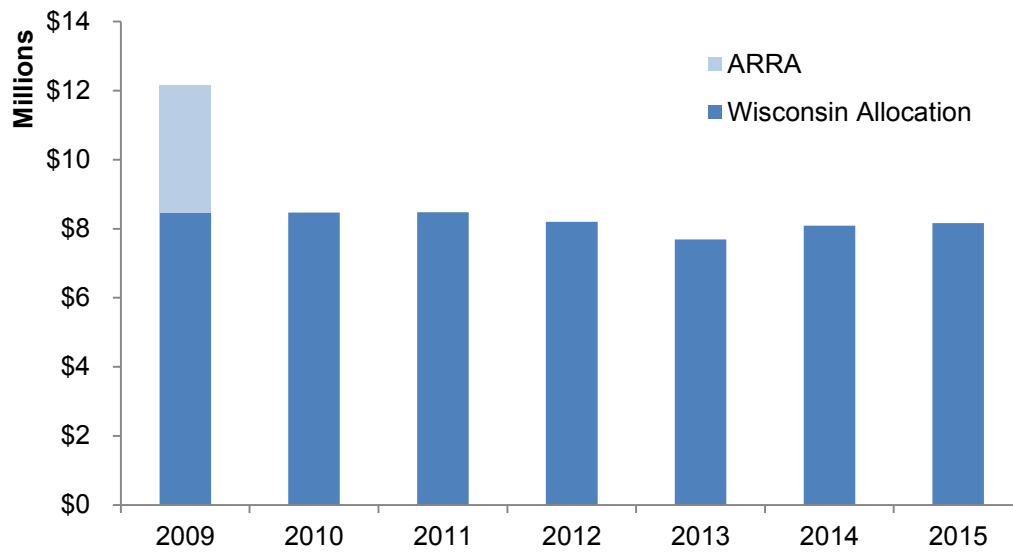
²³ U.S. Department of Health and Human Services:

https://www.acf.hhs.gov/sites/default/files/olab/fy_2014_cj_final_web_4_25_13.pdf

²⁴ State and local CSBG funding data was provided by the Wisconsin Department of Children and Families (DCF). DCF was not able to provide data prior to 2009.

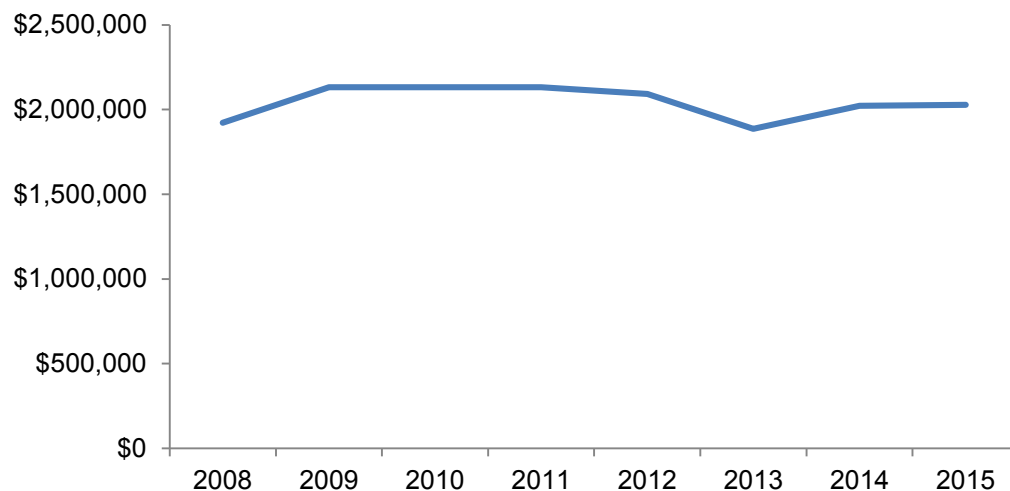


Chart 23: Wisconsin's CSBG allocations



Two agencies in Milwaukee receive annual funding from the CSBG program – the Social Development Commission (SDC) and United Migrant Opportunity Services (UMOS). SDC uses the funding to provide a variety of social service programs in Milwaukee, while UMOS primarily targets its CSBG funds to serving migrant farm workers outside of the city. **Chart 24**, therefore, shows only the SDC's funding trend, as it is the only agency that focuses its work within the city. The SDC's funding from the CSBG program has remained relatively flat over the last seven years and was 5.5% higher in 2015 than in 2008.

Chart 24: CSBG funding for Milwaukee's SDC



LOCAL TREND: FLAT



Observations

While CSBG funding has been stable for many years, President Obama proposed a 50% cut in program funding in 2011, indicating there is some potential for significant program cuts in the future.²⁵

The Obama administration also has been moving to ensure that agencies receiving CSBG funds are providing high-quality services. To that end, the administration has pushed to establish quality standards that agencies must meet to receive funding. If put into effect, funds would be redirected from agencies that fail to meet those quality standards to other agencies serving the same communities.

²⁵ Lew, Jacob J. "The Easy Cuts are Behind Us." The New York Times. February 5, 2011.
<http://www.nytimes.com/2011/02/06/opinion/06lew.html>



SUBSTANCE ABUSE GRANTS

Substance abuse programs and services in Milwaukee are funded through a variety of grants and appropriations from federal, state, and local sources, as well as reimbursement from Medicaid and private entities. Those services mostly are provided by community-based agencies, which contract with Milwaukee County's Behavioral Health Division (BHD) or receive reimbursement from the County on a fee-for-service basis.

The steadiest source of public funding is the Substance Abuse Prevention and Treatment Block Grant (SABG), which is our primary area of focus in this section. The Wisconsin Department of Health Services (DHS) and BHD also access other federal grants (many of which are temporary in nature) and provide their own general fund appropriations.

SABG funds are allocated to states to plan, carry out, and evaluate substance abuse prevention, treatment, and recovery support services. According to the federal government's Substance Abuse and Mental Health Services Administration (SAMHSA), the SABG's "overall goal is to support and expand substance abuse prevention and treatment services while providing maximum flexibility to grantees."²⁶ This flexibility is designed to allow states – and the local human service agencies to which they award SABG funds – the ability to respond to their unique community-wide substance abuse challenges with the knowledge that there will be a steady stream of annual federal funding to support the programs and activities they deem most necessary and effective.

SAMHSA reports that the SABG accounts for approximately 32% of total state substance abuse agency funding and 23% of total state substance abuse prevention and public health funding. The agency also notes that the SABG is particularly important as a source of funding for certain substance abuse services that are not typically covered by health insurance, including non-clinical activities like planning, evaluation, and workforce development.²⁷

Federal Allocations

As shown in **Chart 25**, total federal appropriations for the SABG program grew from about \$1.76 billion in 2007 to \$1.82 billion in 2015. Within that timeframe, there were two years (2009 and 2013) in which substantial year-over-year declines took place. Overall, SABG appropriations were about \$61 million (3.5%) higher in 2015 than in 2007.

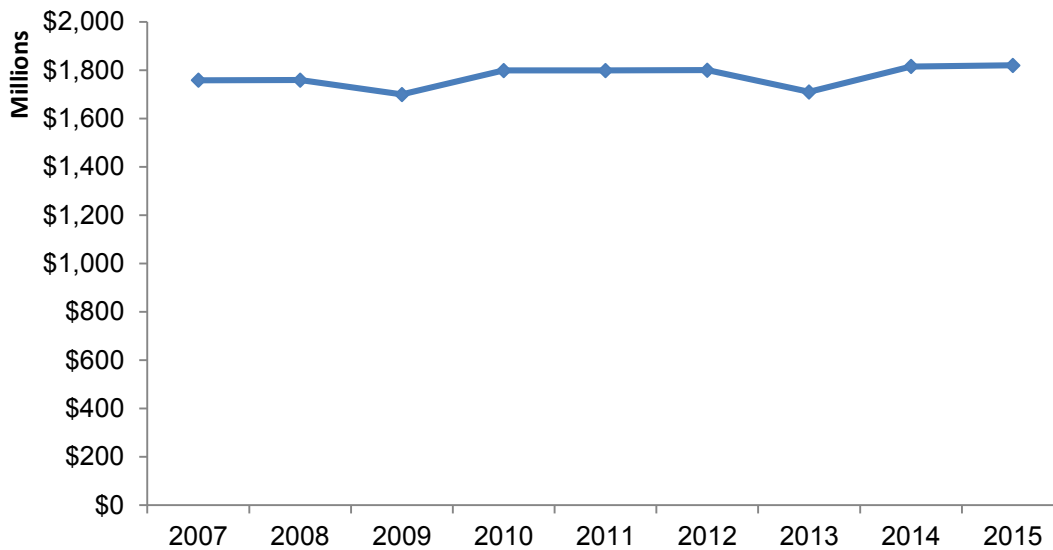
As noted above, SAMHSA allocates SABG funds through state health and human services agencies, which then distribute the dollars via their own specific state plans or formulas. States are required, however, to spend not less than 20% of the funds for prevention and related activities for those not identified to be in need of treatment. The SABG is considered a noncompetitive, formula grant, which means that while the funds are distributed by formula, states and other eligible entities still must go through an application process annually to demonstrate statutory and regulatory compliance.

²⁶ Fiscal Year 2016 Justification of Estimates for Appropriations Committees, Substance Abuse and Mental Health Services Administration, p.237.

²⁷ Ibid.



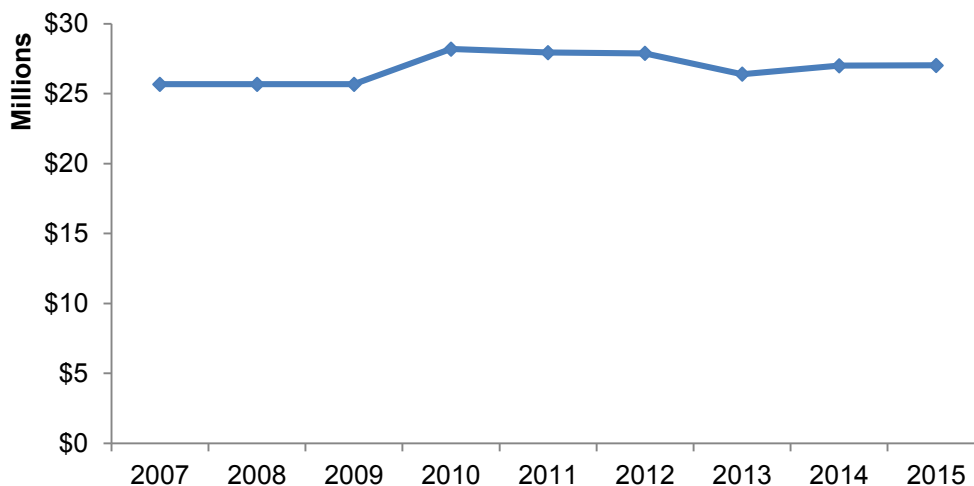
Chart 25: Federal appropriations for the Substance Abuse Prevention and Treatment Block Grant program²⁸



State and Local Distribution

Chart 26 shows the flow of SABG dollars to DHS, which distributes the funds to county human services departments and other agencies throughout the state. The State experienced a sizable increase in SABG funds in 2010 to reach a peak of \$28.1 million, but that spike was followed by three successive years of declining allocations. A small rebound in 2014 was sustained in 2015, but the State still will receive about \$1.8 million less in 2015 than it received in 2010. Overall, the 2015 SABG allocation is \$1.3 million (5.2%) higher in 2015 than it was in 2007.

Chart 26: SABG allocations to the State of Wisconsin²⁹



²⁸ SAMHSA: <http://www.samhsa.gov/sites/default/files/samhsa-fy2016-congressional-justification.pdf>

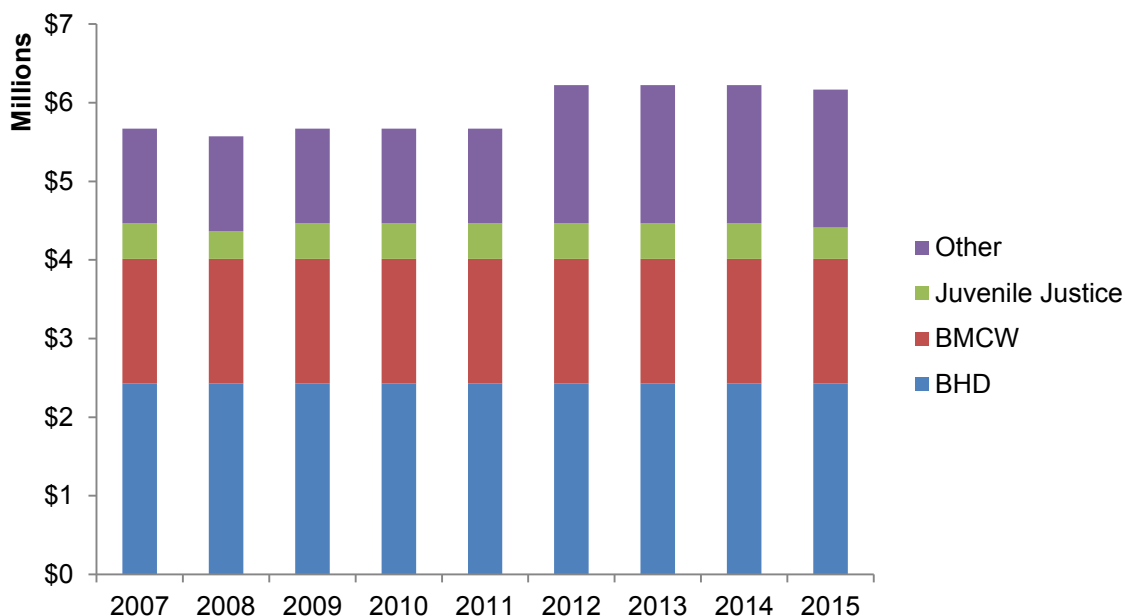
²⁹ Data obtained from Wisconsin Department of Health Services on April 28, 2015.



Local Trend

DHS distributes SABG funds in Milwaukee County both to BHD and directly to other public and private agencies that undertake substance abuse treatment and prevention services. As shown in **Chart 27**, DHS' SABG allocation to entities in Milwaukee County has totaled about \$6.2 million annually since a \$550,000 spike in 2012, though it declined by about \$50,000 in 2015.

Chart 27: Substance Abuse Block Grants distributed to agencies in Milwaukee County³⁰



BHD is the largest recipient of SABG funds in the county, with a steady appropriation of \$2.4 million per year since 2007 that it uses for general substance abuse treatment services. (BHD also receives separate, smaller allocations that are targeted for specific populations or programs.) The Bureau of Milwaukee Child Welfare (BMCW) is the second largest recipient and has received a steady allocation of about \$1.6 million annually. Juvenile justice programs administered by the County also receive an annual SABG allocation of about \$450,000.

The “Other” category generally consists of specific programmatic initiatives related to substance abuse that have been prioritized by DHS over the period. Funding for those initiatives – which include IV drug prevention, cocaine treatment, family-centered treatment, and programs for special populations – may be directed to a specific agency (including BHD) or multiple agencies.

To understand the impact of SABG allocations, it is also necessary to consider BHD's larger substance abuse revenue picture. SABG has been BHD's second-largest source of federal substance abuse grant revenue, after Access to Recovery (ATR) grant funding.³¹ In 2004, Milwaukee

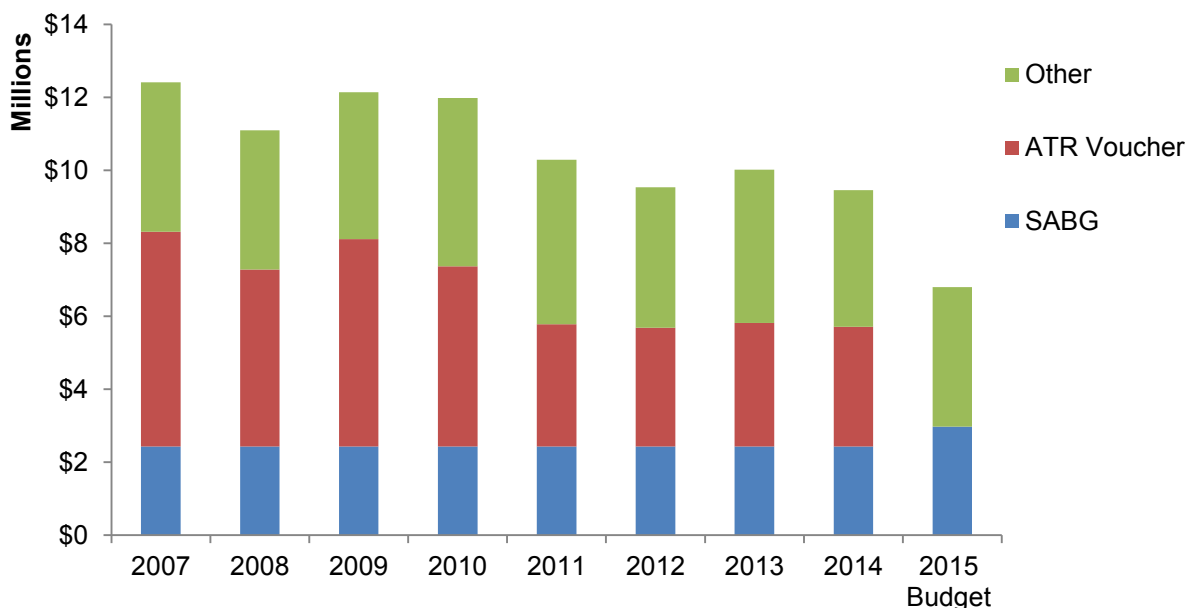
³⁰ Data obtained from Wisconsin Department of Health Services on May 15, 2015.

³¹ BHD receives more than \$2.5 annually from the Temporary Assistance for Needy Families program (TANF). While this is a federal program and we categorize BHD's allocation as federal grant funds in the chart on the following page, BHD's allocation actually is derived from state General Purpose Revenue, as the State has opted to use this mechanism to provide its match for its federal TANF allocation.

County was one of a handful of entities nationwide to receive a three-year ATR grant. The grant provided nearly \$7 million per year, which BHD combined with other sources (including SABG) to create a redesigned and expanded service delivery network known as Wiser Choice.

BHD was able to renew the grant for smaller annual amounts twice during the period, but ATR funds were phased out entirely in 2015. Today, as shown in **Chart 28**, federal grant funding for substance abuse services is only a little more than half of what it was during its peak in 2010.

Chart 28: Federal grant funding accessed by BHD for substance abuse services³²



LOCAL TREND: DOWN

Observations

The allocation of SABG funds to Milwaukee County programs has been relatively steady during the 2007-2015 timeframe, despite a decrease in the State's allocation from SAMHSA since 2010. However, Milwaukee County government's substance abuse programming has suffered from a substantial decline in overall federal grant funding over the period. This was caused mainly by the expiration of the ATR grant, but BHD also has seen other forms of federal grant funding expire during the past several years, including a SAMHSA grant to treat homeless individuals.

The decrease in federal grants means that fewer dollars are available for substance abuse treatment for county residents. BHD has attempted to offset the loss of federal grant funds by blending different revenue sources to create new service options for individuals with a dual diagnosis of mental illness and substance abuse, but it is uncertain whether that approach has offset the reduced funding in BHD's substance abuse service delivery network.

³² Data obtained from Milwaukee County Behavioral Health Division on May 14, 2015.



CONCLUSION

Our analysis of public funding trends for nine programs that impact community development efforts in Milwaukee neighborhoods reveals the following observations:

- **The amount of public funding coming to Milwaukee is trending downward for most of the programs included in our analysis, which may indicate a reduction in service levels for those programs.** Annual funding totals are at least 10% lower now than they were before the recession for seven of the nine programs we examined. Among the remaining two programs, funding has remained flat for one (Community Services Block Grants) and has increased for the other (Head Start). While we did not analyze data regarding the number of households or individuals served by every program, and while our analysis did not examine the extent to which service providers were able to replace lost public funding with funding from other sources, it is reasonable to assume that those funding cuts resulted in service reductions for several of the programs.

The decline in public funding has occurred across all three categories we examined, as shown in the table below. Thus, the funding cuts are not unique to one area, though the Housing and Development category is the only one in which every program has seen a decline in funding.

Category	Program	Local Trend
Housing and Development	Community Development Block Grant	↓
	HOME Investment Partnerships Program	↓
	Weatherization Assistance Partnerships Program	↓
Education and Workforce	Head Start	↑
	Title 1	↓
	21st Century Community Learning Centers	↓
	Workforce Innovation and Opportunity Act	↓
Health and Human Services	Community Services Block Grants	→
	Substance Abuse Grants	↓



- **While reduced appropriations tell part of the story, the re-direction of federal or state dollars from Milwaukee to other parts of the state also is a factor.** The amount of funding coming to Milwaukee has declined proportionate to federal appropriations for the Community Development Block Grant (CDBG) program, HOME Investment Partnerships program, and Workforce Innovation and Opportunity Act (WIOA). However, in other cases, funding for Milwaukee programs decreased despite increased appropriations at the federal and/or state level. The recession increased the ranks of those deemed to be low-income throughout Wisconsin, and since many of the programs we looked at are designed to serve low-income households, that factor produced a shift of funding away from Milwaukee and toward other areas of the state. This appears to be the case for the Weatherization Assistance Program, Title 1, and the 21st Century Community Learning Center program.
- **To sustain the services supported by the programs we examined, efforts will be needed to supplement declining federal resources with local public funding, private sector support, or through service innovations.** This is already happening for some programs. For example, the Milwaukee Area Workforce Investment Board has grown its overall budget despite declining federal WIOA dollars, Milwaukee Public Schools contributes annual funding to afterschool programs to supplement declining federal CLC funds, and Milwaukee County's Behavioral Health Division has attempted to maximize intergovernmental resources by blending some mental health and substance abuse services. Even for those programs, however, additional solutions may be needed if there is a desire to maintain services at current levels.

It is important to recognize that trends in public funding tell only part of the story when it comes to assessing the capacity of community-based agencies and local governments to effectively deliver needed services to Milwaukee neighborhoods. Service capacity also can be impacted by program efficiency, amounts spent on overhead, programmatic innovations, and a variety of other factors that go beyond dollars and cents. Nevertheless, we can conclude from this analysis that reports of steadily shrinking public sector appropriations for community-based services in Milwaukee are more than anecdotal. Consequently, there may be an increasing need for philanthropists and/or other private sources to fill at least part of the void.

