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TO: Justin Hodge, Chair  
Ways & Means Committee

FROM: Gregory Dill  
County Administrator

DATE: September 1, 2021

SUBJECT: Obligate up to \$24,746,642 ARPA Funds plus \$5,785,500 in General Fund

**BOARD ACTION REQUESTED**

It is requested that the Board of Commissioners obligate up to \$24,746,642 ARPA funds plus \$5,785,500 in General Fund for the following:

- Equitably addressing childcare access needs in Washtenaw County through the provision of navigation services and financial assistance, subject to developing a Request for Proposals to find a partner(s) well positioned to lead this work.
- Develop and launch a Children's Saving Account Program over the course of the next 4-years to promote healthy childhood environments, address educational disparities through investing in lower income public schools, and begin to impact social determinants of health (e.g., generational wealth, employment, educational attainment) that caused disparate impact of COVID-19 in specific Washtenaw County communities.
- Fully fund the Broadband Task Force's Request for Proposals to expand high-speed broadband internet infrastructure into those areas of the county that presently have no high-speed broadband internet access.
- Provide assistance to households to support high-speed broadband internet access, digital literacy, and affordability concerns to ensure that everyone who has access to high-speed broadband internet infrastructure is able to adequately connect and use it.
- Increase access to Weatherization services in Washtenaw County to promote healthy home environments, reduce energy bills to help households, and have a positive impact on the sustainability and resiliency of homes in Washtenaw County.
- Account for lost revenues due to the COVID-19 pandemic.

## **BACKGROUND**

The American Rescue Plan Act was signed by President Joe Biden in March 2021 as part of the federal relief effort during the COVID-19 pandemic. The American Rescue Plan Act established the State and Local Fiscal Recovery Program, which will deliver approximately \$350 billion for the eligible state, local, territorial, and Tribal governments to respond to the COVID-19 emergency. There are many potential eligible uses of these funds, including supporting public health efforts, address negative economic impacts of the public health emergency, replace the reduction in revenue faced by governments due to the pandemic, invest in water, sewer, and high-speed broadband internet infrastructure, and more. Within these overall categories, recipients have broad flexibility to decide how best to use this funding to meet the needs of their communities.

Washtenaw County government is set to receive \$71,402,185 from the American Rescue Plan over a 12-month period. The first half of the funding, \$35,701,109, was received in May 2021. It is anticipated that the second half will be received in May 2022.

In July 2021, per Resolution #21-115, the Board of Commissioners unanimously passed a resolution committing that all American Rescue Plan dollars shall be obligated by resolution to ensure transparency, as well as ensure a financial- and equity-based review of all proposals.

## **DISCUSSION**

To ensure an adequate and appropriate initial response using the American Rescue Plan funding received by Washtenaw County, the Board of Commissioners will be voting on a resolution that covers a series of obligations that attempt to address several issues of concern concurrently, rather than prioritize certain issues over others. With this package, the Board of Commissioners hope to increase access to opportunity in all parts of Washtenaw County, understanding that barriers to opportunity are dynamic and differ throughout the county. To accomplish this, Washtenaw County shall leverage evidence informed interventions, the knowledge of community experts, and data tools like the opportunity index.

To ensure community buy-in, the Board engaged in a public engagement process during July and August of 2021, including a community survey and 11 virtual and in-person town hall meetings. The survey gauged community support for each of the items included in this package. Each of these items had overwhelmingly positive support, with 75% of residents responding “extremely supportive” or “supportive if funding allows” to all proposed ideas.

### ***1. Addressing Childcare Access***

Obligate up to \$2,000,000– including up to \$1,000,000 in American Rescue Plan Act State and Local Program Recovery Funds and up to \$1,000,000 in County General Fund dollars – to equitably address childcare access needs in Washtenaw County through the provision of navigation services and financial assistance, subject to developing a Request for Proposal to find a partner(s) well positioned to lead this work.

Early in the pandemic, many childcare providers were forced to close due to safety concerns. However, access to childcare options continued as essential workers (e.g., healthcare providers) were in need of such support as they continued to work outside the home. As many in our community moved to remote work, the need for childcare continued to ensure

individuals were able to fully participate in remote work and not have to care for their children at the same time.

Moving into the 2021-22 school year, issues around childcare have only grown. Due to the pandemic, as well as staffing challenges, schools have opted out of offering before and after school child programming. This change represents a significant impact on our community in the coming year. Additionally, we also know having access to high-quality childcare is a systemic problem in our community that has affected families for years.

One keyway to help families locate and afford childcare services is through providing navigation and financial assistance. Finding time and energy to navigate the process of finding a high-quality childcare provider that meets the needs of households can be extremely challenging, particularly when the individuals navigating the system also have full-time jobs or household incomes that are not in line with the current market rate for quality childcare services.

If funds are obligated, Washtenaw County will release a Request for Proposal to identify partners able to equitably address childcare access needs in Washtenaw County through the provision of navigation services and financial assistance. Selected stakeholders would be responsible for submitting a program plan that will offer more specific activities, timelines, and deliverables before these funds are expended. The equity section of this memo provides more details about the intended use of these funds to ensure an equitable impact from this program.

## **2. *Children's Savings Account Program***

Obligate up to \$6,700,000 – including up to \$2,914,500 in American Rescue Plan Act State and Local Program Recovery Funds and up to \$3,785,500 in County General Fund dollars – over the next 4 years to develop and launch a Children's Savings Account Program to promote healthy childhood environments, address educational disparities through investing in lower income public schools, and begin to impact social determinants of health (e.g., generational wealth, employment, educational attainment) that caused disparate impact of COVID-19 in specific Washtenaw County communities. Recognize the Washtenaw Intermediate School District as the sole entity capable of leading this work and request that they submit a program plan, inclusive of an overview, timeline, project activities, and performance metrics to the Board of Commissioners prior to the obligated funds being expended.

One of the key drivers of the impact of the COVID-19 pandemic was economic wellbeing. As one of the most economically segregated counties in the country, this disparity was clear. In order to ensure an equitable recovery from the ongoing pandemic, as well as prepare to lessen the extent to which future waves of the coronavirus or future public health emergencies, it is critical to do what can be done to encourage generational success.

Educational attainment is a strong predictor of an individual's ability to achieve upward economic mobility and interrupt the cycle of generational poverty that, in part, resulted in the disparate impact the COVID-19 pandemic had on low-income communities, particularly Brown and Black communities. Children's Savings Accounts (CSAs) are an evidence informed intervention that been shown to positively impact educational attainment.

CSAs begin a long-term strategy to reduce economic inequality and increase educational attainment in Washtenaw County. CSAs are an intervention tool that can provide Washtenaw

County government the opportunity to make a central investment in education and provide economic relief to reduce inequality for future generations. CSAs are provided through financial instruments such as the State of Michigan's 529 college savings plan. CSAs are asset-building accounts for children, dedicated for expenses associated with postsecondary education. While the design and implementation of CSA programs vary substantially, efforts that meet the accepted definition of what a CSA typically include most, if not all, of these key components:

1. Opportunity to own a wealth-building account, either through a traditional deposit institution (such as a credit union or bank) or, as is the case in Washtenaw County's proposed program, through the State of Michigan's 529 college savings plan.
2. Initial account seed deposit, to encourage account opening, jumpstart family saving, and/or foster greater balance growth.
3. Savings incentives, such as matches for family deposits, rewards for recruiting contributions, and/or bonuses for saving regularly.
4. Support for children's academic and financial preparation for higher education, in the form of provision of account statements, college and career readiness activities, financial education, and/or efforts to promote early identification with the aspiration of college attendance.

As detailed in the equity section of this memo, this investment would focus on addressing long-term disparities by over-investing in school districts located in lower-income communities within Washtenaw County: Ypsilanti Community Schools, Lincoln Consolidated Schools, and Whitmore Lake Public Schools. As stated in the American Rescue Plan Guidance, investing in these under-resourced school districts with tailored, evidence-based funding is an important potential use of these funds as they can help address short and long-term education disparities.

Further, CSA programs have been shown to promote healthy environments at home, another explicit goal of the American Rescue Plan Guidance.

If funds are obligated, the Washtenaw County Children's Savings Account program would be operated by the Washtenaw Intermediate School District – an entity uniquely positioned to be the only organization of successfully implementing a county wide program – would be responsible for submitting a program plan that will offer more specific activities, timelines, and deliverables before these funds are expended. The equity section of this memo provides more details about the intended use of these funds to ensure an equitable impact from this program.

### **3. *Expanding Broadband Infrastructure***

Expend up to \$4,890,757 of American Rescue Plan Act State and Local Program Recovery Funds and obligate the remaining \$9,781,513 from recovered lost revenues (\$8,781,513) and County general fund (\$1,000,000) to fully fund the Broadband Task Force's Request for Proposals to expand high-speed broadband internet infrastructure into those areas of the county that presently have no high-speed broadband internet access. This action also requests that the details of recommended request for proposal (RFP) responses, for a program plan, inclusive of overviews, timelines, project activities, and performance metrics be submitted to the Board.

It has been a long-term goal of the Washtenaw County Board of Commissioner to connect all of Washtenaw County with high-speed, affordable broadband internet. After receiving multiple grants in the past year, Rural Digital Opportunity Fund (RDOF) and Connecting Michigan

Communities (CMIC), it is estimated that within the next 6 years all but 3,317 households in Washtenaw County will have been connected to high-speed broadband internet infrastructure.

On May 23, 2021, the Task Force issued Request for Proposal (RFP) #8119 to receive proposals that would provide affordable, equitable, and high-speed broadband internet access to all areas of the County unserved by high-speed broadband internet access. For the purposes of the RFP, high-speed broadband internet access is defined as 25 Mbps download speeds, and 3 Mbps upload speeds, although the RFP indicated a strong preference for speeds which exceed these minimums. This RFP was also used to understand the costs associated with meeting this goal, and the amounts returned through the RFP process form the basis of the obligation amount. As a part of this RFP, respondents were asked to also identify what low-cost programs they offer to subscribers, eligibility requirements for such programs, and utilization of such programs by their current subscriber base.

The result of the RFP is an estimate that it would take up to \$14,672,270 to build the infrastructure for the remaining unserved households. Fully allocating these funds is time sensitive as many other communities across the country and region consider using ARP funds for their own high-speed broadband internet needs, which could put a strain on the materials and labor needed to Washtenaw County's efforts to expand infrastructure. The clear and specific action of immediately allocating a third of these costs and obligated the expenditure of the remainder of these costs, the Broadband Task Force and County Administration will be able to commence contract negotiations this fall, allowing construction of new infrastructure to begin as soon as possible.

#### **4. *Address Broadband Affordability, Literacy, and Access***

Obligate up to \$800,000 to provide assistance to households to support internet access, digital literacy, and affordability concerns to ensure that everyone who has access to high-speed broadband internet infrastructure is able to adequately connect and use it. This action also instructs County Administration to work with key stakeholders to identify specific use of these funds that maximize their equitable impact in the community, and request that they submit a program plan, inclusive of an overview, timeline, project activities, and performance metrics to the Board before these obligated funds would be expended.

While the previously mentioned Broadband Infrastructure RFP did ask for information regarding low-cost service options, access to high-speed broadband internet infrastructure does not guarantee access to the internet. There are still many in the community who are unable to afford or use high-speed broadband internet services, even though there may be infrastructure available to them. This action would obligate up to \$800,000 to provide assistance to households to address these concerns.

While there is not a specific proposal ready for Board approval at this date, obligating these funds and instructing the creation of more specific plans makes clear that Washtenaw County realizes that infrastructure is not the only barrier facing residents attempting to access high-speed internet.

County staff and key stakeholders on this issue would be responsible for submitting a program plan that will offer more specific activities, timelines, and deliverables before these funds are expended. The equity section of this memo provides more details about the intended use of these funds to ensure an equitable impact from this program.

## **5. *Expanding Weatherization Services in Washtenaw County***

Obligate up to \$1,400,000 of American Rescue Plan Act State and Local Program Recovery Funds to increase access to Weatherization services in Washtenaw County to promote healthy home environments, reduce energy bills, and have a positive impact on the sustainability and resiliency of homes in Washtenaw County.

Home weatherization is explicitly listed as a potential use of American Rescue Plan Act funds. Weatherization includes a variety of energy efficient home improvement free of charge including insulation, air sealing, and HVAC upgrades, which pay for themselves within a 10-year timeframe due to cost savings of a reduced energy bill. Weatherization also allows an opportunity to make related health and safety home improvements: ventilation to improve indoor air quality, smoke and carbon monoxide detectors, and in some cases central air conditioning.

This program has positive impacts on the health of households, help individuals struggling financially to spend less on their energy bill, has a positive environmental impact by reducing energy usage, and invests in the local businesses contracted to do this work.

Washtenaw County's existing Weatherization program serves residents who meet an income level that is categorized as 'very low income'. To qualify currently for Weatherization services a household must be at or below 200% of the federal poverty level. This equates to approximately \$25,000/year for a single-person household or \$53,000/year for a four-person household. While many families have been served by this program, there are many more who would benefit from these services that might make slightly too much money or don't meet other eligibility criteria. This proposal would expand the availability of services to households at a higher income limit standard; 80% Area Medium Income (AMI). Increasing the income level to 80% AMI would allow OCED to serve households at both low and moderate levels of income. Preference would still be given to households at lower levels.

County staff and key stakeholders on this issue would be responsible for submitting a program plan that will offer more specific activities, timelines, and deliverables before these funds are expended. The equity section of this memo provides more details about the intended use of these funds to ensure an equitable impact from this program.

## **6. *Accounting for Lost Revenues***

Recipients of American Rescue Plan Act funds may use a portion of these funds for the provision of government services to the extent the recipient experienced a loss in revenue due to the COVID-19 emergency. The Interim Final Rule established the definition of "general revenue" and the methodology of calculating this number so that there is consistency across all APRA recipients.

The Government Officers Finance Association built a calculator in alignment with ARPA requirements which has been approved by the Department of Treasury for use in calculating a local unit's loss of revenue. The Finance Department used this calculator, using the most recent fiscal year audited financials which are for fiscal year December 31, 2020.

Washtenaw County experienced a loss of revenue as calculated of just over \$27 million. This means that up to \$27 million of Washtenaw County's total award of just over \$71 million may be

identified as lost revenue. These lost revenue dollars may be used for expenses that qualify for ARPA funds and for the provision of Government services. Government services can include the building of infrastructure, modernization of cybersecurity, technology hardware and software, school or educational services, and the provision of public safety services. These dollars are to be used as investments in services to the organization and community and not as replenishment funds for an organization’s general fund. They are to be used as defined above and will require reporting as to how the funds were spent and inclusive of impact and outcomes.

Funds that are obligated as part of this resolution are non-structural in nature, must be obligated by December 31, 2024, and spent no later than December 31, 2026. The outlined initiatives shall not bind the County beyond the timelines as indicated.

**IMPACT ON HUMAN RESOURCES**

Necessary modifications to position control, either by way of the creation of regular or temporary positions, may be needed to serve as an intermediary between the service providers, the residents of the County and the Board of Commissioners to ensure the funds are invested and tracked in alignment with treasury guidance, and that work is completed to agreed upon standards. Position(s) created to support ARPA initiatives will be earmarked as such and shall be eliminated upon expenditure of all ARPA funds.

**IMPACT ON BUDGET**

Washtenaw County received \$35,701,092 in Federal funds in May which represents 50% of the total award. The other 50% is to be paid no sooner than 12 months after our first payment based on the Interim Final Rule. It is currently anticipated that the second half of the award will be received in May 2022. As the funds are obligated through Board of Commissioners action will be made available through the establishment of individual budgets within the ARPA fund by expenditure category as identified by the ARPA Compliance and Reporting instructions.

Washtenaw County Rescue Plan Initiative	American Rescue Plan Funds	General Fund	ARP (Lost Revenues)	Total Obligation
Addressing Childcare Access	\$1,000,000	\$1,000,000		\$2,000,000
Children’s Savings Accounts	\$2,914,500	\$3,785,500		\$6,700,000
Broadband Infrastructure	\$4,890,757	\$1,000,000	\$8,781,513	\$14,672,270
Broadband Affordability	\$800,000			\$800,000
Weatherization	\$1,400,000			\$1,400,000
ARP Lost Revenues available for future qualified initiatives	\$13,741,385		-\$8,781,513	\$4,959,872
	<b>\$24,746,642</b>	<b>\$5,785,500</b>	<b>\$0</b>	<b>\$30,532,142</b>

Washtenaw County is obligating \$13,741,385 in ARP lost revenue as part of this initial proposal. Of that amount, \$8,781,513 shall be allocated for Broadband Infrastructure with the remaining \$4,959,872 available for future ARP eligible initiatives.

## **IMPACT ON INFRASTRUCTURE**

None.

## **IMPACT ON EQUITY**

As defined by the County's equity policy, equity means fair and just opportunities and outcomes for all people. With this package, the Board of Commissioners hopes to increase access to opportunities in all parts of Washtenaw County, understanding that barriers to opportunities are dynamic and differ throughout the County. To accomplish this, Washtenaw County shall leverage evidence informed interventions, the knowledge of community experts, and data tools like the opportunity index.

Efforts to increase access to childcare services can be a critical way to promote equity in Washtenaw County. By providing funds to community partners to provide navigation and financial assistance to help families who qualify for free and reduced lunch throughout the county provides many benefits to lower-income households. By providing support to these households, who are disproportionately located in the 48197 and 48198 zip codes, as well as in certain neighborhoods throughout the County, the County would not only be providing a pathway to a healthy childhood environment, but also lessen the difficult choice parents are faced with of putting their child in expensive childcare to be able to continue working or having to quit their jobs to be able to have their child at home.

Launching a Children's Savings Accounts (CSA) program. One of the most persistent and prevalent disparities in Washtenaw County is the generational racial wealth gap. A key driver of this gap is the parallel disparity in educational attainment. CSAs are interventions that seek to build assets for children to use as long-term investments to pursue post-secondary education (e.g., university, community college, trade school) that can open up career options to pursue stable and higher-income jobs. When targeted to children from lower-income families and paired investments in programs that increase access to housing, CSAs can be a building block for ameliorating disparities in educational attainment, home ownership, and ultimately generational wealth.

The proposed Washtenaw County program has been developed to ensure the vast majority of this investment goes to children who need it most. While all children attending a public school in Washtenaw Intermediate School District will receive an account, the initial amount deposited in the account will differ based on whether a student qualifies for free and reduced lunch, which is determined by family income (\$500 vs. \$25). The result is more substantial in school districts with higher rates of students qualifying for free and reduced lunch, such as Ypsilanti Community School, Lincoln Consolidated Schools, and Whitmore Lake Public Schools. These school districts overlap with lower access to opportunity areas on the Washtenaw County Opportunity Index. We also know that these school districts have a higher proportion of Brown and Black students, meaning that the CSA program is one way of equitably investing to reverse racial disparity trends and lessen the extent to which access to opportunity is predictable by race.

CSAs have been shown to not only increase educational attainment but also improve childhood environments due to their effect on how the family thinks about a child's future possibilities. CSAs and the associated curriculum help families view post-secondary education or trades education as a realistic goal, rather than something that's unobtainable.

Expanding high-speed broadband internet access countywide. The COVID-19 pandemic made the importance of having access to high-speed broadband extremely clear. Individuals and

families need it to go to school, remotely work, connect with friends and family, and access critical services. Achieving a community where everyone has access to high-speed broadband internet and is able to take advantage of that access would certainly be an equitable outcome.

Investing \$14.6 million in high-speed broadband internet infrastructure promotes equal access to a critical service but additional work is needed to ensure that such access is also equitable. Based on the values set forth in the County's equity policy and analysis using the 2020 Opportunity Index, which was adopted by the Board of Commissioners as a key policy tool, this investment alone would not be sufficient to address high-speed broadband internet access to low opportunity areas of the County that may have physical access to infrastructure but face affordability issues. According to the 2020 Opportunity Index, only 25% (825 households) of the households served by these dollars would go to households in low access opportunity areas, with none going to very low access to opportunity areas. That means 75% of households served by this investment would be in high (1969 households) or very high (523 households) access to opportunity areas. This shows that additional work is necessary to ensure that the resulting ubiquitous high-speed broadband internet access is equitable and not just equal.

However, by allowing County Administration to continue exploring other avenues to reimburse this initial investment by utilizing substantial non-American Rescue Plan funds, it allows American Rescue Plan dollars to be more flexibly utilized towards initiatives that will also promote equity rather than just equality. Additionally, the explicit allocation of future American Rescue Plan dollars towards addressing high-speed broadband internet affordability in low and very low opportunity areas and other concerns does strengthen this request from an equity perspective. Finally, while some households served by this investment in infrastructure are higher income, not all are. That means this investment will help promote equity for the households where access to high-speed broadband internet is one of the major barriers to accessing opportunity.

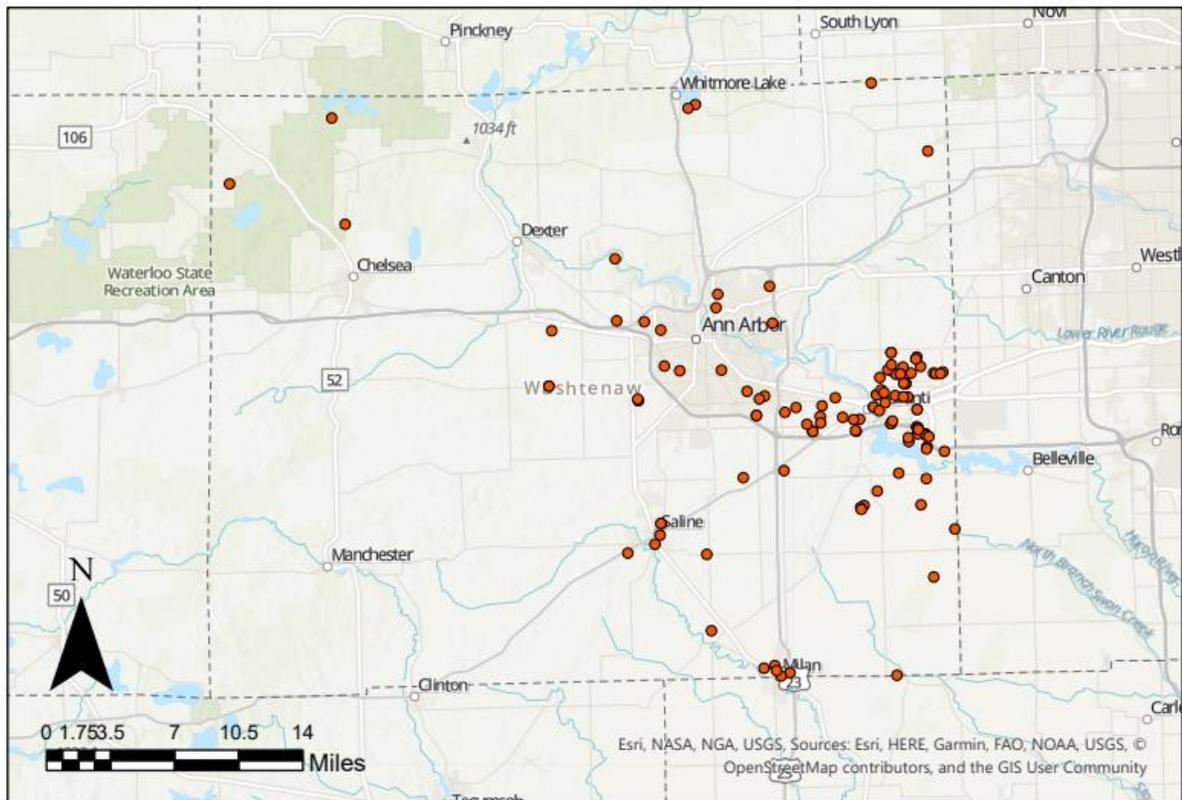
Expanding Weatherization services. This is an evidence-based program that is shown to increase comfort, decrease energy bills, improve the health and wellbeing of households, and have a positive impact on the environment. By tailoring these funds to serve households most in need, all the benefits can help promote equity in our community.

Specifically, it is estimated that this reduces energy bills by 20% to 30% which can have a meaningful impact on families struggling financially. Also, it has been shown to be a good investment, with weatherization projects paying for themselves within 10 years due to energy cost savings. Further, there is also evidence from external evaluations of national weatherization programs, that weatherizing homes keep families healthier. Non-energy benefits included here include those related to reduced issues with asthma, cold thermal stress, heat thermal stress, carbon monoxide, reduced fires, increased prescription compliance, reduced missed days of work, and reduced need for food assistance.

Low-income households, particularly Brown and Black low-income households, are more likely to be negatively impacted by climate change. As this investment would serve residents with documented income below 80% AMI, this program expansion would allow for more work to increase the resiliency and sustainability of homes owned by this population. Also, by reducing the carbon footprint of more than 100 additional homes, it helps our community in our local goals to achieve carbon neutrality.

This expansion of weatherization services will help us move towards the Board's goal of promoting economic equity, health equity, and environmental equity.

## OCED Weatherization Assistance Program completed projects 2018 to 2020



- Completed Projects

Together, this package leverages different types of investment that will help promote fair and just opportunities and outcomes for all people. It increases access to opportunities and resources in unique ways for different parts of Washtenaw County.

### **IMPACT ON INDIRECT COSTS:**

While the obligating of ARPA funds does not impact indirect costs the operationalizing of the various approved projects will. This award allows the use of the de minimis rate of 10% of the total direct costs for indirect based on each project expenditure category.

**IMPACT ON OTHER COUNTY DEPARTMENTS OR OUTSIDE AGENCIES:**

As intended by the funding award there will be impacts to internal County departments as they become involved in the operationalizing of the awards, as well as to external organizations and vendors as they provide the actual services. With the array of services being authorized it will require a broad and diverse skill set and knowledge base in order to make effective use of the funds that will result in successful impacts to the community.

**CONFORMITY TO COUNTY POLICIES:**

The requested Board action conforms with all applicable County policies.

**ATTACHMENTS:**

- Resolution
- Cover ARP Resolutions from Townships
- BOC – BBTF Call to Action
- Freedom Township Petition