

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 12/29/17

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Report from the Interim Director, Department of Health and Human Services, requesting authorization to enter into a 2018 purchase of service contract for a Type II Residential Treatment Center with Wisconsin Community Services

FISCAL EFFECT:

- | | |
|---|--|
| <input type="checkbox"/> No Direct County Fiscal Impact | <input type="checkbox"/> Increase Capital Expenditures |
| <input type="checkbox"/> Existing Staff Time Required | <input type="checkbox"/> Decrease Capital Expenditures |
| <input checked="" type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below) | <input type="checkbox"/> Increase Capital Revenues |
| <input checked="" type="checkbox"/> Absorbed Within Agency's Budget | <input type="checkbox"/> Decrease Capital Revenues |
| <input type="checkbox"/> Not Absorbed Within Agency's Budget | |
| <input type="checkbox"/> Decrease Operating Expenditures | <input type="checkbox"/> Use of contingent funds |
| <input checked="" type="checkbox"/> Increase Operating Revenues | |
| <input type="checkbox"/> Decrease Operating Revenues | |

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	\$267,716	
	Revenue	\$267,716	
	Net Cost	0	0
Capital Improvement Budget	Expenditure		
	Revenue		
	Net Cost		

DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated. ¹ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

A. The Interim Director of the Department of Health and Human Services (DHHS) is requesting authorization to execute a 2018 purchase of service contract for a Type II Residential Treatment Center (RTC) with Wisconsin Community Services (WCS).

B. The 2018 Budget includes \$2.4 million for a contract for an RTC which is offset with Medicaid and Youth Aids revenues. The cost is currently budgeted in BHD Wraparound as it was assumed that approximately 65 percent of the available slots would be filled by Wraparound-eligible youth. The budget included a crosscharge to DCSD by Wrap for the net cost remaining after adjusting for Medicaid revenue reimbursement.

The budget was structured in this manner in order to draw down Medicaid revenue to offset the cost of the RTC. However, in so doing, the contract expense was added to BHD's budget and the approval authority no longer resided with the County Board. For this reason, DHHS is requesting an appropriation transfer (in the same County Board cycle) to align the budget with the authorization of the contract.

Per Wisconsin Stat. §59.60(8)(b)2, appropriation transfers between two departments cannot be processed until the last quarter of the year. In order to satisfy this statutory requirement, the Comptroller's Office will not actually process the appropriation transfer until October 1, 2018. DHHS is submitting the appropriation transfer the same cycle as the WCS contract to allow the contract to be approved by the County Board and executed in department 8000 (DHHS).

The actual WCS contract reflects total 2018 expenditures of \$2,712,116 which assumes a May 1 opening date and gradual increase in staffing in 2018 so that by November 1 all 24 beds are assumed to be occupied.

¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

C. There is no tax levy impact associated with approval of this request in 2018. The 2018 Budget assumed a cost of \$2.4 million and the increase in the actual contract of \$267,716 will be paid for by unclaimed 2017 Youth Aids contract funding. State statute allows for the carryover of up to 5% of a county's total Youth Aids contract. This is estimated to be about \$1.7 million and will be requested for carried over into 2018.

D. This fiscal note assumes expenditures will not exceed the amount authorized for this purchase of service contract.

Department/Prepared By Clare O'Brien, Senior Budget Analyst

Authorized Signature  _____

Did DAS-Fiscal Staff Review? Yes No

Did CDPB Staff Review? Yes No Not Required