

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 11/26/12

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Report from the Director, Department of Health and Human Services, requesting authorization to enter into 2013 Income Maintenance and Child Care contracts and Marcia P. Cogg's Center lease agreement with the State of Wisconsin.

FISCAL EFFECT:

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

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		137,743
	Revenue		-239,988
	Net Cost		-102,245
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. Authorization is requested to enter into the 2013 contracts with the State Department of Health Services (DHS) for the Income Maintenance program and with the State Department of Children and Families (DCF) for the Child Day Care program. Approval will allow Milwaukee County to receive State reimbursement revenue for certain shared services functions such as Records Center Services, Employee Benefits Support, IT services and Mail Services. In addition, this approval includes the Coggs Center lease (January 1 to December 31, 2013) with DHS.

B. The revenue anticipated in the State lease is \$1,690,825 which is 4 percent, or \$68,431 higher, than the 2012 lease. The square footage rate was increased due to increases in utilities and security.

Outside lease revenue included in the 2013 Budget is \$1,720,394. After accounting for an additional \$2,400 anticipated from the Friedens Food Pantry, the total outside lease revenue for 2013 is \$1,693,225 which reflects a reduction of \$27,169 compared to the 2013 Adopted Budget.

In addition, the county is statutorily required to contribute \$2.7 million of its Basic County Allocation (BCA) toward the Income Maintenance program in Milwaukee County. This contribution is included in the 2013 Budget.

A total of \$332,424 in Shared Services revenue is included in the 2013 Budget. Due to the State's decision to relocate its files out of the department's facility at 37th and Michigan by the 1st quarter of 2013, a deficit of about \$75,000 is anticipated.

C. Overall, a \$102,245 net tax levy deficit is anticipated, which is the result of the following:

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.

1) \$137,743 expenditure surplus - This is due to a reduction in costs associated with the Records Center. The budget anticipated a full year of cost for the operation of the 37th and Michigan Records Center. However, the State will be vacating the space in the 1st quarter and DHHS will continue to utilize the space thru the 2nd quarter.

2) \$239,988 revenue deficit - DHHS anticipates a shortfall of \$27,169 in outside lease revenue and \$212,819 in Records Center revenue compared to the 2013 Budget.

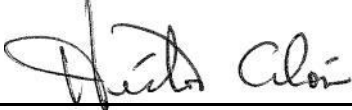
3) The expenditure surplus and revenue deficit result in an anticipated net tax levy deficit of \$102,245.

DHHS will work diligently to reduce costs elsewhere and maximize revenue where possible to cover this shortfall in 2013. This will be included in all 2013 quarterly reports from the department.

D. The fiscal note assumes that the State will occupy the full 84,327 square feet of space for the entire year. However, the lease allows DHS to vacate contiguous office space in excess of 5,000 square feet with at least 90 days written notice. If this should occur, this will negatively impact the 2013 anticipated lease revenue.

In addition, the fiscal note assumes that 100% time reporting required for the shared services component will be completed by county staff and actual hourly rates will be consistent with budgeted hourly rates.

Department/Prepared By Clare O'Brien, Fiscal and Management Analyst

Authorized Signature 

Did DAS-Fiscal Staff Review? Yes No