

COUNTY OF MILWAUKEE
Inter-Office Communication

DATE: January 3, 2012

TO: Supervisor Lee Holloway, Chairman – Milwaukee Co. Board of Supervisors

FROM: Héctor Colón, Director, Department of Health and Human Services

SUBJECT: **Report from the Director, Department of Health and Human Services, requesting authorization to enter into 2012 Income Maintenance and Child Care contracts and Marcia P. Coggs Center lease agreement with the State of Wisconsin**

Issue

The Director of the Department of Health and Human Services (DHHS) is requesting approval to enter into separate contracts with the State Department of Health Services (DHS) and the Department of Children and Families (DCF) for certain shared services provided by DHHS to the State-operated Income Maintenance (IM) and Child Care Programs. The 2012 lease agreement with DHS for the Marcia P. Coggs Center is included as an attachment to the DHS contract.

Background

As of January 1, 2010, the State of Wisconsin assumed control over the Income Maintenance and Child Care programs. Under this arrangement, the 344.5 county positions that supported Income Maintenance (IM) and Child Care remained county employees, retaining the same benefits, but were supervised by the State.

The 2010 and 2011 contracts reimbursed Milwaukee County for the personnel costs of county staff managed by the State, shared services, Medical Assistance Transportation program and the actual lease. In turn, the county contributed \$2.7 million in property tax levy to support these costs.

In July 2011, the State Budget converted the county IM staff to State employees effective December 31, 2011. In addition, the State Legislature converted the Child Care positions as of October 1, 2011 as part of a passive review process.

Given the conversion of former county staff to State employment, the 2012 contracts only reimburse the county for staff costs related to IT services, employee pension benefits, Records Center Services, Medical Assistance (MA) Transportation administration and mail services. These services are provided to assist the State in its administration of the IM and Child Care Programs under Wisconsin Statutes 49.78 and 49.826 (3) (c). The 2012 lease is still included in the DHS contract as an attachment.

Instead of requiring the County to contribute \$2.7 million in tax levy, the State will now intercept \$2.7 million of the department's Basic County Allocation (BCA) provided to DHHS as required in Wisconsin Statutes 49.78 (1m) (d).

The following narrative highlights major changes to the 2012 contracts and lease compared to 2011. These changes are also identified in Attachment 1.

State/County Lease Agreement

The proposed lease reflects 84,269 square feet of space in the Coggs Center and a term of January 1 through December 31, 2012. This reflects a reduction in square footage of 1,883 compared to 2011. The square footage allocated to the State was reduced by the amount occupied by the Hunger Task Force on the first floor of the Coggs Center. In 2010 and 2011, the State paid for this space but will no longer do so in 2012. A separate Memorandum of Understanding (MOU) has been executed between DHHS and the Hunger Task Force for the space as well as a required \$1,500 monthly lease payment.

The lease with the State anticipates a monthly payment of \$135,181 for building operations or \$1,622,169 annually. This compares to \$141,763 per month or \$1,701,156 annually in 2011. This reflects a reduction of \$78,987 compared to the 2011 contract due to the Hunger Task Force adjustment and a reduction in the cost per square foot for 2,600 square feet of space occupied by Friedens Food Pantry. The food pantry is located in the basement of the Coggs Center and the State has been paying for this space under previous leases. However, DHS argued that because the space is in the basement, it should be considered "Class B" space and subject to a lower cost per square foot.

State DHS has verbally indicated that it will maintain the lease through the end of 2012. The same language has been retained in the 2012 lease that was included in the 2011 lease relative to vacating space. If DHS decides to vacate space at the Coggs Center, the lease requires that the space vacated be contiguous, exceed 5,000 square feet and the State provide 90 days written notice to allow the county time and adequate space to secure new tenants.

DHS IM and DCF Child Care Contract Changes

Pension Costs: In accordance with Wisconsin Statutes 49.825(4)(c)2 and (5)(c)2, the county must maintain employees who are not currently vested in the Milwaukee County Employee Retirement System (ERS) until they are vested (at five years of service) and the State will reimburse the county the employer contribution. There are currently 56 employees who will not be vested as of November 2011. Former county Child Care employees that are now State DCF employees can opt in writing to remain in the county's ERS within 10 days of their appointment to State positions, and the State will reimburse the county the employer contribution per Wisconsin Statutes 49.826 (4)(c). There are about 12 State Child Care employees that have exercised this option as of November 2011.

In addition to reimbursing the county's employer contribution, the State will reimburse the county's administrative costs associated with maintaining these employees in the ERS.

IT Services: In 2010 and 2011, Milwaukee County Information Technology Services Division (IMSD) provided Information Technology (IT) services to DCF and DHS at the Cogg Center. IMSD worked collaboratively throughout the past few years to adjust IT service levels based upon feedback from the state. For 2012, IMSD has once again worked collaboratively with the State to devise a mutually agreeable IT support model, which is included in the overall contracts with each agency and is calculated based on the number of devices deployed by the State. IMSD anticipates charging \$3,799 per month to DCF and \$85,114 per month to DHS for a combined total monthly charge of \$88,913 compared to \$68,033 in 2011. The increased monthly rate is due to additional State IM staff located at the Cogg Center.

Please see the separate fiscal note prepared by IMSD for IT services.

General Assistance Burials & Interim Disability Assistance Program (IDAP): Since the 2010 takeover, the State has allocated staff resources to the IDAP and the GA Burials programs and the county paid for a portion of the associated staffing costs. The two positions that provided eligibility support to the IDAP and GA Burials programs, however, are among the positions being converted to DHS. DHHS' 2012 Budget includes a new Human Services Worker¹ that will assume the eligibility support previously provided by the State supervised staff. In addition, the 2012 contract provides for ongoing support from the State for the first quarter of 2012 in order to create a smooth transition.

Medical Assistance Transportation: As part of the 2010 and 2011 contracts, DHHS processed invoices related to common carrier transportation services for Wisconsin Medicaid and BadgerCare Plus Standard Plan. As of July 1, 2011, the State implemented a transportation broker to manage this program and DHHS is no longer required to process provider invoices. However, providers can continue to bill for services a full year after the service was rendered, or until June 30, 2012. As a result, DHHS will need to process some invoices into 2012 and the State will fully reimburse the County for all transportation provider costs incurred prior to July 1 as well as the county's administrative costs related to this service.

DCF Child Care Contract Changes

The DCF proposed contract is a separate contract. There are no major changes to this contract other than the ones described above.

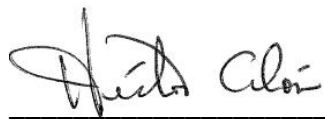
Fiscal Effect

¹ DHHS is also requesting the abolishment of this position and creation of a Bilingual Human Service Worker in the January County Board cycle. This will better meet the needs of the IDAP and GA Burials program and has no fiscal impact.

The County is reimbursed based on monthly invoices submitted to the State for shared services and space rental. Please note that there are two fiscal notes attached to this report: one for revenues associated with DHHS and other for IT services provided by IMSD.

Recommendation

The Director of the Department of Health and Human Services (DHHS) recommends approval of the 2012 contracts with the State Departments of Health Services (DHS) and Children and Families (DCF) for the Income Maintenance and Child Care Programs. This action will allow the County to begin receiving monthly reimbursement for costs related to shared services and the Coggs Center lease.



Héctor Colón, Director
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