

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: April 17, 2025

Original Fiscal Note ☒

Substitute Fiscal Note ☐

SUBJECT: A report from the Director, Department of Health and Human Services, requesting authorization to amend 2025 fee-for-service contracts with out-of-home care community-based vendors for Children, Youth and Family Services (CYFS)

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 - 2025	Subsequent Year
Operating Budget	Expenditure	\$2,700,000	\$4,590,000
	Revenue	\$2,700,000	\$4,590,000
	Net Cost	\$0	\$0
Capital Improvement Budget	Expenditure	\$0	\$0
	Revenue	\$0	\$0
	Net Cost	\$0	\$0

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.
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- A. DHHS is requesting authorization to amend 22 fee-for-service agreements for Group Home Providers (GH). Original 2025 contracts were for \$99,000 each for a total of \$2,178,000 and each amended contract is for \$250,000 each for a total increase of \$3,322,000. In addition, there are six fee-for-service agreements for Residential Treatment Center (RTC) providers with 2025 contract amounts of \$99,000 and one for \$300,000. The requested increase varies by provider and range from \$401,000 to \$2,000,000.
 - B. Approval of this request will enable CYFS to execute 2025 contracts based on 2024 utilization. Actual costs for each contract will depend on the number of youth ordered to out-of-home care and the facilities that the court chooses for that placement. Due to the youth being court ordered to these programs, CYFS is required to enter into a contract with the facility and oversee the placement of the youth (DOC 938.36).
 - C. The total anticipated cost for both the GH and RTC contracts is \$11 million which reflects an increase of about \$2 million over the 2025 Budget. The budget included \$8.3 million for out of home care. About 70% of this increased amount is due to increased GH and RTC daily rates which are set by the state and the remaining 30% of the increase is due to increased utilization. At this time, the fiscal projection for CYFS anticipates offsetting this increased cost in out of home care with savings from lower correctional placements to Lincoln Hills and Copper Lake. However, this assumes current out of home care utilization, correctional placements stay under

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.

² Community Business Development Partners' review is required on all professional service and public work construction contracts.

budget and the daily rate to Lincoln Hills and Copper Lake remains at the current rate of \$1,268 in the upcoming 2025-2027 State Budget.

If these assumptions are not realized, additional tax levy may be needed to support these court-ordered contracts to the end of the year.

- D. This fiscal note assumes that the total contract amounts for each provider is sufficient for 2025 placement needs and are based on 2024 utilization. Actual contract amounts will depend on 2025 utilization which is difficult to predict accurately. This fiscal note also assumes a 15% increase in GH and RTC costs for 2026.

Department/Prepared By: Pam Matthews, Sr. Budget & Management Analyst

Authorized Signature Shakita LaGrant-McClain

Did DAS-Fiscal Staff Review? ☐ Yes ☒ No

Did CBDP Review? ☐ Yes ☐ No ☒ Not Required