

COUNTY OF MILWAUKEE
Inter-Office Communication

DATE: February 7, 2012

TO: Supervisor Lynne DeBruin, Vice-Chair, Finance and Audit Committee
Supervisor Peggy Romo West, Chairperson, Health and Human Needs Committee

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

SUBJECT: **Informational Report from the Director, Department of Health and Human Services, Regarding a Potential Youth Aids Revenue Shortfall in the 2012 Budget**

Issue:

Milwaukee County Ordinance 56.02 requires department heads to submit written notification to the County Executive, Finance and Audit Committee, and the Department of Administrative Services when potential revenue deficits of \$75,000 or more are identified. The Department of Health and Human Services (DHHS) provided this notification on November 17, 2011. In January 2012, DHHS returned to the Board with an updated report, including the final notification of the State Youth Aids contract. DHHS is now returning to the County Board to provide an update.

Background

Under State statutes, counties are responsible for the cost of supervision and treatment for juveniles adjudicated for delinquent behavior. The State's policy is intended to encourage counties to provide a continuum of services appropriate for the level and frequency of delinquent behavior. Disposition alternatives available to judges range from probation supervision to other, more intensive community-based treatments, and finally, the option of placement into State custody in secure correctional facilities. The State assists counties to pay for juvenile delinquency services by providing funding under the "Youth Aids" program.

In order to create incentives for counties to emphasize community-based supervision, State statutes require counties to pay the State for the cost of juveniles placed into State custody at rates set by law. Accordingly, if state placements and costs decrease, the Youth Aids revenue remaining to support community-based services would increase. Since the State pays itself first from a county's Youth Aids allocation, decreased State charges result in a surplus in Youth Aids revenue in the Department of Health and Human Services (DHHS) compared to the budget.

In November 2011, DHHS learned through a conference call with State officials that the 2011-13 State Budget called for the Executive Branch to implement additional, unspecified expenditure reductions in the amount of \$174 million during the biennium in order to keep the State budget in balance. Since the State budget was adopted in July 2011, actual State revenue

receipts have been lower than anticipated resulting in additional expenditure reductions bringing the total State unspecified expenditure reductions to \$300 million. In that report, DHHS projected that the overall Milwaukee County share of this cut would result in a tax levy deficit for the department ranging between \$1 million and \$2.7 million for 2012.

On December 29, 2011, DHHS received the actual 2012 contract from Department of Corrections (DOC) for Youth Aids. The DOC 2012 allocation for Milwaukee County of \$33,260,076 (excluding Corrective Sanctions) represents a revenue decrease for DHHS of \$2,925,434, compared to the 2011 Contract of \$36,185,510. The 2012 DHHS Budget included an estimate of \$34,049,523 in Youth Aids revenue (excluding Corrective Sanctions), which results in a budgeted revenue shortfall of \$789,447 for DHHS in 2012.

Discussion

The Youth Aids surplus or deficit is primarily a result of the Average Daily Population (ADP) of Milwaukee County juveniles in State Juvenile Correctional Institutions (JCI's). DHHS recently received final 2011 reports from DOC and has updated 2012 projections. The 18-month projection is showing over a \$600,000 surplus. In addition, DHHS has revised the purchase of service contracts (reported to the Board in December 2011) and is projecting at least a \$200,000 savings due to that initiative. Therefore, based on the revised DOC projections and savings from the contract changes, DHHS is confident that the reductions at the State level can be absorbed within the DHHS budget in 2012.

DHHS will continue to monitor the situation and inform the County Executive and County Board of changes.

Recommendation

This is an informational report. No action is necessary.



Héctor Colón, Director
Department of Health and Human Services

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