

**COUNTY OF MILWAUKEE  
INTER-OFFICE COMMUNICATION**

**DATE:** March 9, 2017

**TO:** Theodore Lipscomb, Sr., Chairman, Milwaukee County Board of Supervisors

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

**SUBJECT:** **Report from the Director, Department of Health and Human Services, regarding the potential fiscal impact of the 2017-2019 Governor’s State Budget**

**Issue**

This report identifies areas of potential budgetary impacts to the Department of Health and Human Services as a result of the Governor’s 2017-2019 Budget (introduced as Assembly Bill 64/Senate Bill 30). There are still many unanswered questions relating to this budget and they are reflected in this document.

**Delinquency and Court Services Division (DCSD)**

*JCI Rate Increase*

The Governor’s Budget would increase the current JCI daily rate by 18 percent, from \$292 to \$344, in State Fiscal Year (SFY) July 1, 2017 to June 30, 2018 and to \$352 in SFY July 1, 2018 to June 30, 2019. This would mean an increased cost of about \$631,000 this year and about \$1.4 million annually in 2018. This assumes an ADP of 67 which is the average ADP experienced over the last three months. The 2017 budgeted ADP is 87.

*Change in Daily Rates*

<b>7/1/16-6/30/17 - Current Rate</b>	<b>7/1/17-6/30/18 Governor Proposal</b>	<b>Variance to Current</b>	<b>7/1/18-6/30/19 Governor Proposal</b>	<b>Variance to Current</b>
\$ 292.00	\$ 344.00	\$ 52.00	\$ 352.00	\$ 60.00

*Impact on DCSD Budget*

<b>7/1/17-12/31/17</b>	<b>1/1/18-6/30/18</b>	<b>7/1/18- 12/31/18</b>	<b>Annual</b>
\$ 631,170	\$ 631,170	\$ 728,273	\$ 1,359,443

In addition, the Department of Children and Families (DCF) reduced DCSD’s 2017 Youth Aids contract by about \$355,000 compared to 2016. This was an action taken by DCF outside of the budget bill and was reported to the County Board in January as part of the Youth Aids contract approval (Resolution File No. 16-687). DHHS is optimistic that due to a lower than budgeted ADP, this shortfall and the rate increase would be offset by reduced DOC charges in 2017.

*DOC – Juvenile Corrections*

The proposed budget would increase the age from 16 to 18 under which a person who is sentenced to the Wisconsin correctional system must be placed at a juvenile correctional facility or a secure residential care center for children and youth unless the DOC determines that a state prison placement is appropriate. This change would affect 16 and 17 year olds who have been waived into adult court and sentenced to an adult institution. Currently, the estimated number of individuals in this situation statewide is 18. The DOC indicated that it didn’t know how many of these youth were from Milwaukee County.

The budget also adds 20.5 full-time State positions to Lincoln Hills and Copper Lake to improve staff ratios and increase services: 3.25 FTEs to expand mental health services for girls at Copper Lake School; 8.25 FTEs to improve staff ratio requirements at Lincoln Hills to comply with the federal Prison Rape Elimination Act (PREA) and 9 FTEs for the safe distribution of medication to youth.

*Concerns*

The State is estimating a statewide ADP of 253 over the biennium which includes the 18 transferring in from an adult institution. The State estimates that the ADP will grow by 11 percent from the current ADP of 212 before even accounting for the new transfers. How did the State calculate these ADP figures? Between 2015 and 2016, Milwaukee County’s ADP has declined by 52 percent, from 123 in 2015 to 81 in 2016. Therefore, why is the State anticipating an increase? This anticipated trend by the State is also disappointing given the strong advocacy for creating alternative juvenile placements locally.

<b>Facilities</b>	<b>2/24/17 Actual</b>	<b>Statewide ADP</b>		<b>% Change</b>
		<b>2017-2018</b>	<b>2018-2019</b>	
Lincoln Hills	158	178	178	
Copper Lake School	22	20	20	
Mendota Juvenile Treatment Center	28	29	29	
Grow Academy	4	8	8	
<b>Total Juvenile Correction Facility</b>	<b>212</b>	<b>235</b>	<b>235</b>	<b>11%</b>
Division of Adult Institutions Transfers		18	18	
<b>Grand Total (incl. Adult Transfers)</b>		<b>253</b>	<b>253</b>	

Although the State would pay for the placement cost of the transfers from the adult system, given the daily rate increases identified in the previous section, it would appear that the counties are indirectly bearing this cost through the rate increase. Further, is 18 youth statewide a reasonable estimate of additional placements that would be transferred to juvenile corrections?

### **Housing Division**

#### *Homelessness*

DHHS is very supportive of the new homelessness initiatives contained in the Governor's budget. Although these initiatives do not impact its Housing Division directly, the initiatives demonstrate a commitment to addressing homelessness in our community. The budget pilots a homelessness employment program to provide homeless individuals with work experience with a goal of transitioning them into permanent employment. The budget provides \$75,000 General Purpose Revenue (GPR) in each year of the biennium to a Wisconsin municipality to pilot the program with a \$50,000 matching grant requirement.

In addition, the budget provides ten, \$50,000 grants annually to homeless shelters for intensive case management services for homeless families with a focus on financial management counseling and employment.

### **Disabilities Services Division (DSD)**

#### *Children's Long Term Support (CLTS)*

The Governor's budget adds \$14,067,300 in SFY2018 and \$25,205,500 in SFY2019 to eliminate the waiting list for long-term supports for approximately 2,200 children with developmental disabilities, physical disabilities, or severe emotional disturbances. Currently, Milwaukee County has no CLTS waitlist.

The budget also transfers funding from CLTS waiver services to autism services. In 2016, State Department of Health Services (DHS) began to transition the autism benefit formerly included in the CLTS Waiver Program to a State service to comply with federal requirements. As a result, funding for waiver services is reduced by approximately \$23.3 million annually statewide and increased for state services by the same amount. In addition, the budget allocates a 3 percent annual increase in funding for CLTS program services in each year.

The budget authorizes DHS to require a county to maintain a specified contribution level (maintenance of effort), which would be based on historical county expenditures for CLTS. Further, the budget requires counties to cooperate with DHS to determine an equitable funding methodology and county contribution mechanism for contributing to CLTS program costs. As a

result, approximately, \$11.1 million statewide is allocated in each year of the biennium from “county funding from other state and local programs.”

Finally, the budget authorizes DHS to contract with a county or a group of counties to deliver services under the program.

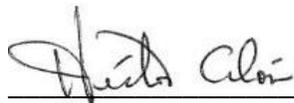
#### *Concerns*

The department is concerned about the source of the \$11.1 million in “county funding from other state and local programs.” Unlike other counties, Milwaukee County does not contribute tax levy or a portion of its basic county allocation (BCA) to CLTS. Could this change under the new proposed funding arrangement? Currently, DHHS and the Behavioral Health Division receive a combined total of \$32.4 million in BCA revenue. Also, will the funding that remains in the CLTS Waiver Program be sufficient to support ongoing services?

#### *Birth to 3*

The Governor recommends increasing Medicaid reimbursement for Birth to 3 by allowing the Birth to 3 allocation to be used for the nonfederal share of any newly implemented Birth to 3 Medicaid services. The Governor also recommends authorizing DHS to submit any Medicaid state plan amendment that increases Medicaid reimbursement for Birth to 3.

This provision allows DHS to use GPR to pull down federal Medicaid funds for the costs of benefits currently not fully captured through its Medicaid program. The State is working to develop an Early Intervention Benefit within the Medicaid program that will better capture the early intervention model of services. Currently, counties are providing some services that are not Medicaid allowable, this solution will help to address that.



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Héctor Colón, Director  
Department of Health and Human Services

cc: County Executive Chris Abele  
Hon. Maxine A. White, Chief Judge  
Raisa Koltun, County Executive's Office  
Kelly Bablitch, County Board  
Lisa Wozny, Budget Analyst – DAS  
Jessica Janz-McKnight, Research & Policy Analyst – Comptroller's Office  
Erica Hayden, Research & Policy Analyst – Comptroller's Office