

COUNTY OF MILWAUKEE
Inter-Office Communication

Date: July 22, 2022

To: Supervisor Marcelia Nicholson, Chairwoman, Milwaukee County Board of Supervisors

From: Lynn J. Fyhrlund, Director and Chief Information Officer, Information Management Services Division, Department of Administrative Services

Subject: Notification of Deficit in Excess of \$100,000 – Information Management Services Division - Department of Administrative Services (IMSD)

File Type: Informational Report

REQUEST

Providing an informational report regarding IMSD's projected 2022 deficit in excess of \$100,000.

POLICY

Milwaukee County General Ordinance 56.02 states any department shall submit a written report to the County Executive, the Committee on Finance of the County Board, the Office of the Comptroller, and the Department of Administrative Services whenever the department has reason to know or believe that a net deficit of at least one hundred thousand dollars (\$100,000) will occur or is projected to occur.

Milwaukee County Code of General Ordinances:	56.02
Specific Adopted Budget:	2022

BACKGROUND

For the May report to the Comptroller, IMSD reported a projected deficit of \$225,303. For the June report, IMSD has closed the deficit and now is forecasting a surplus of \$100,166. The change from deficit to surplus is through continued Personnel expense surplus (\$467,397) and ongoing cost and service reduction efforts. As of the end of June, IMSD has reduced costs and / or services by approximately \$950,000 to achieve the current financial position.

The June report to the Comptroller outlines projected deficits in IMSD's Revenue and Commodities and Services, which are outlined below.

<i>Item</i>	<i>Short Description</i>	<i>Budget Amount</i>	<i>Actual amount to date</i>	<i>Projected Amount</i>	<i>Variance between budget and projected</i>
1	State Revenue – Other State Grants & Reimbursement	\$(45,699)	\$(23,360)	\$(36,385)	\$9,314
2	Federal Revenue – Other Federal Grants & Reimbursement	\$(140,600)	\$(44,600)	\$(107,600)	\$33,000
	Intergovernmental Revenue Subtotals	\$(186,299)	\$(67,960)	\$(143,985)	\$ 42,314
3	Commodities and Services	\$6,386,763	\$3,787,803	\$6,720,014	\$333,251

State Revenue

IMSD currently anticipates a deficit in state revenue of \$9,314. This deficit is due to a shortfall in reimbursement for allied security services at Coggs.

Federal Revenue

IMSD currently anticipates a deficit in federal revenue of \$33,000. This deficit is due to a shortfall in the collection of Social Security Administration (SSA) incentive payments received for monthly reporting of occupants that receive Supplemental Security Income (SSI) benefits at Milwaukee County's Criminal Justice Facility and House of Correction. The federal incentive payment program provides for the reporting of this data used by SSA to timely suspend Supplemental Security Income (SSI) benefits to residents of our facilities.

Every two weeks, IMSD submits a data file to SSA and, in turn, obtains incentive payments of \$400 or \$200 per resident on SSI. In 2021, due to the COVID-19 pandemic, there was a decrease in number of residents at the Milwaukee County's Criminal Justice Facility and House of Correction. IMSD anticipated this trend continuing in 2022 and reduced the 2022 budgeted revenue from \$257,100 to \$140,600. However, the actual 2022 resident rate is below the adjusted rate. As a result, IMSD anticipates a deficit in this revenue object.

Commodities and Services

IMSD also currently anticipates a deficit in Commodities and Services expenses of \$333,251. This deficit is related to inflationary pressure across all Commodities and Services and increased vendor costs for software and infrastructure hosting.

Much of the software expense increase is attributable to Microsoft. This is due to higher per license costs and increased usage during the pandemic. Microsoft provides licensing for the County's collaboration software (e.g., Outlook, Office 365, Teams, SharePoint, etc.). Additionally, Microsoft costs include licensing for Windows Server, SQL Server database, PowerBI for data analytics, and other enterprise software.

For infrastructure hosting, a third party provides data center services for the County. The third party hosts the County's non-cloud-based servers and applications and file storage. Infrastructure costs have grown due to increased technology usage Countywide.

ALIGNMENT TO STRATEGIC PLAN

- 2B – Break down silos across county government to maximize access to and quality of services offered.
- 3B – Enhance the county’s fiscal health and sustainability.

FISCAL EFFECT

Overall, for Agency 116, IMSD is currently forecasting a surplus of \$100,166 for the year. IMSD will continue with cost and service reduction efforts to offset the revenue shortfalls and cost pressures within Commodities and Services. Additionally, as a part of the Budget Transfer Request Packet, IMSD is requesting a budget transfer of Personnel expense surplus to Commodities and Services expenses in the amount of \$450,000. This transfer is tax levy neutral and within IMSD’s total 2022 budget.

TERMS

Not Applicable

VIRTUAL MEETING INVITES

Aaron Hertzberg, Director of Administrative Services, DAS
Lynn J. Fyhrlund, Director and Chief Information Officer, DAS-IMSD
Matt Johnson, IT Director of Governance and Business Solutions, DAS-IMSD

PREPARED BY:

Matt Johnson, IT Director of Governance and Business Solutions, DAS-IMSD



Lynn J. Fyhrlund
Director and Chief Information Officer
DAS – Information Management Services Division

APPROVED BY:



Aaron Hertzberg
Director of Administrative Services
Department of Administrative Services

ATTACHMENTS:

- Fund Transfer in Budget Transfer Request Packet

CC: David Crowley, County Executive
Liz Sumner, Committee on Finance
Sequanna Taylor, Vice-Chairperson, Committee on Finance
Mary Jo Meyers, Chief of Staff, County Executive’s Office
Kelly Bablitch, Chief of Staff, County Board of Supervisors
Janelle M. Jensen, Legislative Services Division, Office of the County Clerk
Aaron Herzberg, Director of Administrative Services
Margaret Daun, Corporation Counsel
Scott B. Manske, Comptroller
Joseph Lamers, Director of Performance, Strategy & Budget
Amy McKinney, Sr. Budget and Management Analyst

Elena LaMendola, Financial Manager, Central Business Office
Steve Cady, Director of Research & Policy, Office of the
Comptroller
Shanin Brown, Committee Coordinator, Office of the County
Clerk