

## MILWAUKEE COUNTY FISCAL NOTE FORM

**DATE:** 1/3/12

Original Fiscal Note

Substitute Fiscal Note

**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.

**FISCAL EFFECT:**

- |   |  |
|---|--|
| <input type="checkbox"/> No Direct County Fiscal Impact<br><input type="checkbox"/> Existing Staff Time Required<br><input type="checkbox"/> Increase Operating Expenditures<br>(If checked, check one of two boxes below)<br><input type="checkbox"/> Absorbed Within Agency's Budget<br><input type="checkbox"/> Not Absorbed Within Agency's Budget<br><input type="checkbox"/> Decrease Operating Expenditures<br><input type="checkbox"/> Increase Operating Revenues<br><input checked="" type="checkbox"/> Decrease Operating Revenues | <input type="checkbox"/> Increase Capital Expenditures<br><input type="checkbox"/> Decrease Capital Expenditures<br><input type="checkbox"/> Increase Capital Revenues<br><input type="checkbox"/> Decrease Capital Revenues<br><input type="checkbox"/> Use of contingent funds |
|---|--|

*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	Subsequent Year
<b>Operating Budget</b>	Expenditure		0
	Revenue	-125,156	0
	Net Cost	125,156	0
<b>Capital Improvement Budget</b>	Expenditure		
	Revenue		
	Net Cost		

## 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.<sup>1</sup> 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.

A. The Director, Department of Health and Human services is requesting authorization to enter into 2012 contracts with the State Department of Health Services for the Income Maintenance program and with the State Department of Children and Families for the Child Day Care program. Approval will allow Milwaukee County to receive State reimbursement revenue for certain administrative functions such as Records Management, Employee Benefits Support, IT services and Mail Services. In addition, approval would also execute a lease (January 1 to December 31, 2012) with DHS. The lease is included as an attachment to the DHS contract.

B. Outside lease revenue included in the 2012 Budget is \$1,746,825. The revenue anticipated in the State lease is \$1,622,169 and an additional \$18,000 is anticipated from the Hunger Task Force for a total of \$1,640,169 in outside lease revenue. This reflects a reduction of \$106,656 compared to the 2012 Budget. This shortfall is partially the result of adjusting the square footage allocated to the State. The State is no longer paying the full cost of the space occupied by the Hunger Task Force and is paying a lower square footage rate for the Friedens Food Pantry space. In addition, rental revenue was increased in the 2012 Budget by nearly \$46,000 compared to the 2011 Budget.

DHHS also did not budget the \$18,500 in eligibility support for the General Assistance (GA) Burials Program and Interim Disability Assistance Program (IDAP) which may be needed from the State in the first quarter of 2012. Therefore, the total estimated shortfall in DHHS is \$125,156. DHHS will work diligently to reduce costs elsewhere and maximize revenue where possible to cover this shortfall in 2012. This will be included in all 2012 quarterly reports from the department.

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<sup>1</sup> 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.

Finally, there is unanticipated revenue and offsetting expenses of \$31,086 related to pension benefit support services provided by the county's pension office for IM and Child Care employees participating in the ERS. This revenue will be provided to the pension office by DHHS in 2012.

C. The county is statutorily required to contribute \$2.7 million of its Basic County Allocation (BCA) toward the Income Maintenance program in Milwaukee County. This contribution is included in the 2012 Budget but is reflected as property tax levy. The department will submit a fund transfer in 2012 to reduce its budgeted BCA revenue for a net tax levy effect of \$0.

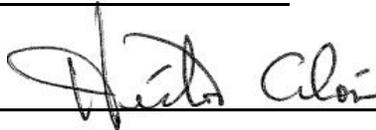
A total of \$329,115 in Shared Services revenue is included in the 2012 Budget. Shared services are provided to the State by county employees in the areas of Record Center Services, Medical Assistance Transportation administration and Mail Services. The ability to earn the full revenue, however, is dependent upon 100% time reporting by county staff as well as the budgeted hourly rates reflecting 2012 actual costs. The contract requires the budgeted rates charged for shared services be reconciled against actual costs throughout the calendar year.

D. The fiscal note assumes that the State will occupy the full 84,269 square feet of space for the entire year. However, the lease allows DHS to vacate contiguous office space in excess of 5,000 square feet with at least 90 days written notice. If this should occur, this will negatively impact the 2012 anticipated lease revenue.

In addition, the fiscal note assumes that the 100% time reporting will be completed by county staff and actual hourly rates will be consistent with budgeted hourly rates.

Department/Prepared By Clare O'Brien, DAS assigned to DHHS

Authorized Signature



Did DAS-Fiscal Staff Review?  Yes  No