

COUNTY OF MILWAUKEE
Inter-Office Communication

Date: February 13, 2026

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

From: Shakita LaGrant-McClain, Executive Director, DHHS

Subject: Report from the Executive Director, Department of Health and Human Services, providing an informational update on the 2026 State/County contract spending controls

File Type: Informational

REQUEST

DHHS is providing an update on the spending controls included in the 2026 Social Services and Community Programs (State/County) contract with the State of Wisconsin Department of Health Services which was approved by the County Board under File 25-757 in December 2025.

POLICY

Section 46.031 of the Wisconsin Statutes requires counties to execute an annual contract with the State Department of Health Services (DHS) for "Social Services and Community Programs." The contract, also referred to as Community Aids, provides state and federal funding for services provided by DHHS to persons with disabilities and their families, older adults as well as those in need of community support and prevention services as mandated by State and/or Federal law. Revenues related to BHS are approved separately by the Mental Health Board.

Wisconsin State Statutes:	46.031, 59.52(31)
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BACKGROUND

At the time File 25-757 was submitted, the federal government was operating without an approved FFY2026 budget or Continuing Resolution (CR). While State DHS had not adjusted county contracts in response to this uncertainty, counties were required to adhere to spending controls pending final federal Notice of Awards (NOAs) of funding. These controls primarily impacted federal grants tied to mental health services and older adults (Older Americans Act).

DHS indicated that funding controls would be relaxed or removed if and when federal funds became available.

Federal Update

On February 3, 2026, Congress passed—and the President signed—Health and Human Services appropriations legislation that, among other provisions, funds the federal grants in the State/County contract through September 30, 2026. At about the same time, the State received its initial FY2026 Notice of Awards (NOAs) from the U.S. Department of Health and Human Services for the Community Mental Health Services Block Grant and the Substance Use Prevention, Treatment, and Recovery Services Block Grant.

As a result, DHS has eased some spending controls though lifting the remaining restrictions will depend on the release of additional federal NOAs. DHHS administration is closely monitoring 2026 social service spending. If these controls stay in place beyond early Q2 2026, some services may need to be paused or discontinued.

While DHHS expects the remaining federal NOAs to be released, we wish to inform policymakers of the risk to services should that not occur. Based on funding controls in the current allocation memo, AODA and Mental Health Block Grant funded programs are at highest risk and Older Americans Act programming is considered moderate risk.

Risk Level	State/County Contract Amount	Description	2026 Confirmed Funding	Services Affected
Low	\$42,525,112	Minimal federal funding and/or adequate alternative fund sources over next 6 months	6+ months of funding	Adult Protective Services, Adult Caregiver, Children's Long-Term Support, CCOP, Birth to 3, BCA, Elder Benefits, Area Agency on Aging Administration
Medium	\$14,167,701	Majority federal funding with few alternatives	3-6 months of funding	Community-Based Residential Facility Funding, AODA Prevention, Older American Act Services
High	\$6,903,775	Majority federal funding with no alternatives	0-3 months of funding	AODA Services, Mental Health Block Grant (outpatient pharmacy services)
\$63,596,588				

DHHS will continue to update the County Board as necessary on this issue.

ALIGNMENT TO STRATEGIC PLAN

This request aligns with the goal of enhancing the County's fiscal health and sustainability. The revenues contained in the Social Services and Community Programs Contract are a significant source of funding for DHHS allowing it to operate programs and services that are vital to our participants.

FISCAL EFFECT

This report is informational and has no fiscal impact.

TERMS

The contract is effective January 1, 2026 to December 31, 2026.

VIRTUAL MEETING INVITES

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PREPARED BY:

Clare O'Brien, DHHS Budget and Policy Director

APPROVED BY:

Shakita LaGrant-McClain, Executive Director
Department of Health & Human Services

ATTACHMENTS:

None

cc: County Executive David Crowley
Sup. Willie Johnson, Jr., Chair, Finance Committee
Mary Jo Meyers, Chief of Staff, County Executive's Office
Kelly Bablitch, Chief of Staff, Milwaukee County Board of Supervisors
Janelle M. Jensen, Legislative Services Division Manager, Office of the County
Steve Cady, Research Director, Comptroller's Office
Maddie Fruehe, Budget and Management Analyst, SBP