

**COUNTY OF MILWAUKEE**  
Inter-Office Communication

**DATE:** November 13, 2020

**TO:** Supervisor Marcelia Nicholson, Chairwoman, Milwaukee County Board of Supervisors

**FROM:** Shakita LaGrant McClain, Director, Department of Health and Human Services  
*Prepared by: Clare O'Brien, Budget & Operations Manager, DHHS*

**SUBJECT: Report from the Director, Department of Health and Human Services, requesting authorization to enter into a State/County contract for Community Youth and Family Aids in the amount of \$41,715,418 for 2021**

**Issue**

Section 301.031 of the Wisconsin Statutes requires counties to execute an annual contract with the State Department of Children and Families (DCF) for the "Community Youth and Family Aids Program." This program provides State funding for County services for justice involved youth as mandated by State and/or Federal law.

Departments must obtain authorization from the County Board in order to execute contracts in excess of \$300,000. The Director, Department of Health and Human Services (DHHS), is, therefore, requesting authorization to enter into a 2021 contract with the State DCF for the provision of youth justice services mandated by State law. The County cannot receive 2021 revenue from the State until the contract is signed.

**Background**

The Community Youth and Family Aids Program, commonly referred to as "Youth Aids," is the State's primary means of providing counties with direct assistance to fund the cost of services of youth involved in the youth justice system. This revenue is used to fund costs in the DHHS Division of Youth and Family Services (DYFS). Counties supplement their youth justice funding needs with property tax levy and various grant revenues to fund the overall costs of the youth justice system.

In 2021, the Youth Aids, Youth Aids AODA and Children and Families Allocation (CFA) anticipated in the DCF contract is \$41,715,418.

*Background - Youth Aids Revenue*

The base Youth Aids funding amount is predicated on separate allocations contained in Wis. Stat. § 301.26. The original base allocation, which is established on the initial formula for allocations to counties when Youth Aids was created in 1979, includes:

- a. Prior Year Refund Revenue - Statutes require that the State provide a refund to counties if the amount paid by counties under the statutory daily rates is greater than the actual costs in the preceding State fiscal year.
- b. The 1999 Act 9 supplemental funding is allocated based on three factors: a) a county's proportion of the statewide youth population for the most recent year available; b) a county's proportion of statewide Part 1 youth arrests under the uniform crime reporting system of the Office of Justice Assistance for the most recent three-year period available; and c) a county's proportion of statewide youths placed in a youth correctional institution, a secure child caring institution or secure group home for the most recent three-year period available;
- c. The 2001 Act 16 supplemental funding is allocated based on the same three factors above, but with an "override" provision that no county receives less than 93 percent nor more than 115 percent of the amount it would have received if the youth placement factor (item "c" above) were the sole factor used to determine county allocations;
- d. The 2007 Act 20 supplemental funding of \$12.5 million is allocated based on each county's proportion of the number of youths statewide who are placed in a youth correctional facility during the most recent three-year period for which that information is available;

*Additional Program Funding*

- Alcohol & Other Drug Abuse (AODA) funding is allocated based on each county's Youth Aids spending on community services (defined as the amount of Youth Aids left after state charges)
- The Children and Families Allocation (CFA) may be used for child abuse and neglect, community-based youth justice services, and other children and families target populations.

*2021 Contract*

As shown in the chart below, the 2021 contract for Milwaukee County of \$41,715,418 represents a net revenue decrease of \$457,561 compared to the 2021 Budget of \$42,172,979 and a decrease of \$536,684 when comparing the 2021 contract to the 2020 contract.

**Community Youth and Family Aids 2021 State Funding Notice**

<b>State Contract/Revenue Source</b>	<b>2020 State Notice</b>	<b>2021 State Notice</b>	<b>2021 Adopted Budget</b>	<b>2021 State Notice vs. 2020 State Notice</b>	<b>2021 State Notice vs. 2021 Budget</b>
Youth Aids Funding	\$34,914,042	\$34,377,358	\$34,834,919	(\$536,684)	(\$457,561)
Youth Aids AODA	\$447,692	\$447,692	\$447,692	\$0	\$0
<b>Subtotal Youth Aids Revenue</b>	<b>\$35,361,734</b>	<b>\$34,825,050</b>	<b>\$35,282,611</b>	<b>(\$536,684)</b>	<b>(\$457,561)</b>
Children & Family Aids Allocation	\$6,890,368	\$6,890,368	\$6,890,368	\$0	\$0
<b>Total Youth Aids Revenue</b>	<b>\$42,252,102</b>	<b>\$41,715,418</b>	<b>\$42,172,979</b>	<b>(\$536,684)</b>	<b>(\$457,561)</b>

Youth Aids revenue is calculated based on a variety of factors as explained above but primarily considers corrections-based metrics such as the number of Juvenile Correctional Institution (JCI) placements to Lincoln Hills and Copper Lake Schools as well as the Mendota Juvenile Treatment Center. Given the reduction in the number of placements over the last three years as shown in the table below, the county’s revenue allocation has likewise been reduced. The county’s proportion of placements factored into the 2021 and 2020 contracts compared to the Statewide total declined from 58 percent to 54 percent resulting in the contract decrease.

	<b>2017-2019 Placements (calculated for the 2021 Contract)</b>	<b>2016-2018 Placements (calculated for the 2020 Contract)</b>	<b>2015-2017 Placements (calculated for the 2020 Contract)</b>
<b>JCI Placements</b>			
State Prior 3-Year Total	687	789	1,001
Milwaukee County Prior 3-Year Total	374	455	578
<b>Milwaukee County % of State Total</b>	<b>54%</b>	<b>58%</b>	<b>58%</b>

**Budgetary Impact**

DHHS is optimistic that it can address the immediate 2021 fiscal issue. The 2021 Budget assumes an Average Daily Population (ADP) of 29. To cover the revenue shortfall of \$457,000, the actual ADP would need to be less than 29 in 2021. The average annual cost per placement is about \$220,000 so to cover the shortfall would require a consistent ADP of about 27 throughout 2021. This outcome is possible

given planned efforts by DYFS to reduce the number of placements. DYFS is in the process of hiring a new Zero-In Project Manager to oversee the development of a Zero-Youth Corrections Road Map. This position was approved by the County Board this past September (File No. 20-577).

Over the long term, however, a model which seeks to aggressively reduce placements is not fiscally sustainable under the current Youth Aids formula. As the ADP continues to decline, Milwaukee County's share of Youth Aids revenue will commensurately decrease due to a formula that is corrections-based and does not weight the investment of community-based alternatives. It should be noted that under Act 185 which directs the closure of Lincoln Hills and establishment of county-operated Secured Residential Care Centers for Children and Youth (SRCCCYs), placements to SRCCCYs are counted within the formula similar to JCI placements. However, given that Milwaukee County has elected to defer the development of an SRCCCY, future cuts to Youth Aids are inevitable. For this reason, long-term fiscal sustainability of youth justice reform necessitates development of new funding models.

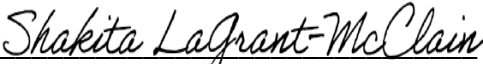
DHHS will continue to monitor this fiscal issue and update policymakers on the ADP as part of its regular monthly reports on DOC placements. Another unknown factor in the budget is the daily rate for the last six months of 2021. The DYFS budget does assume an increase beginning July 1, 2021 but the final daily rate is not determined until the State adopts its budget.

### **Recommendation**

It is recommended that the Milwaukee County Board of Supervisors authorize the Director of DHHS, or her designee, to enter into a 2021 State/County contract for Community Youth and Family Aids reflecting total revenue of \$41,715,418 starting January 1, 2021 to December 31, 2021 and any addenda to the contract.

### **Fiscal Impact**

A fiscal note form is attached.



Shakita LaGrant-McClain, Director  
Department of Health and Human Services

cc: County Executive David Crowley  
Sup. Jason Haas, Chair, Finance Committee  
Sup. Supreme Moore-Omokunde, Chair, Health & Human Needs Committee  
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