

**COUNTY OF MILWAUKEE**  
Inter-Office Communication

**DATE:** November 17, 2011

**TO:** County Executive Chris Abele  
Milwaukee County Board Chairperson, Lee Holloway  
Supervisor Johnny Thomas, Chairperson, Committee on Finance and Audit  
Patrick Farley, Director, Department of Administrative Services

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

**SUBJECT:** **Notification from the Acting Director, Department of Health and Human Services, Regarding a Potential Youth Aids Revenue Shortfall in the 2012 Budget**

**Issue:**

Milwaukee County Ordinance 56.02 requires department heads to submit written notification to the County Executive, Finance and Audit Committee, and the Department of Administrative Services when potential revenue deficits of \$75,000 or more are identified.

**Background**

Under State statutes, counties are responsible for the cost of supervision and treatment for juveniles adjudicated for delinquent behavior. The State's policy is intended to encourage counties to provide a continuum of services appropriate for the level and frequency of delinquent behavior. Disposition alternatives available to judges range from probation supervision to other, more intensive community-based treatments, and finally, the option of placement into State custody in secure correctional facilities. The State assists counties to pay for juvenile delinquency services by providing funding under the "Youth Aids" program.

In order to create incentives for counties to emphasize community-based supervision, State statutes require counties to pay the State for the cost of juveniles placed into State custody at rates set by law. Accordingly, if state placements and costs decrease, the Youth Aids revenue remaining to support community-based services would increase. Since the State pays itself first from a county's Youth Aids allocation, decreased State charges result in a surplus in Youth Aids revenue in the Department of Health and Human Services (DHHS) compared to the budget.

**Discussion**

While no official correspondence has been received to date, DHHS has learned through a conference call with State officials that the 2011-13 State Budget called for the Executive Branch to implement additional, unspecified expenditure reductions in the amount of \$174

million during the biennium in order to keep the State budget in balance. Since the State budget was adopted in July 2011, actual State revenue receipts have been lower than anticipated resulting in additional expenditure reductions bringing the total State unspecified expenditure reductions to \$300 million.

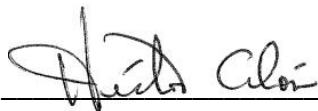
The State Department of Corrections share of this \$300 million reduction is approximately \$15 million, with \$7.3 million of this reduction coming in the form of a further 2012 cut to Youth Aids. Based on DHHS calculations using existing formulas from the State for Youth Aids revenue, the anticipated impact to Milwaukee County is \$2.7 million. This amount is subject to change based on final notification from the State.

Youth Aids revenue is a direct result of the Average Daily Population (ADP) of Milwaukee County juveniles in State Juvenile Correctional Institutions (JCI's). Based on the information we have, various assumptions of ADP and the time frame used for Youth Aids projections, DHHS is projecting that the overall Milwaukee County share of this cut will result in a tax levy deficit for the department ranging between \$1 million and \$2.7 million for 2012.

### **Recommendation**

In consideration of the potential deficit, DHHS has taken a very thoughtful and prospective approach to contract recommendations and allocations in 2012 that would best position the Department to respond to emerging challenges and the pending revenue reductions. In addition to proposing some immediate allocation reductions based on current service utilization trends, the Department is proposing contracts for time frames that are less than the typical one-year contracts for the majority of expense-based contracts. In addition to this strategy, DHHS-wide strategies to offset the anticipated revenue reductions will be considered including the use of 2011 surplus funds, should such funds materialize.

DHHS will inform the County Executive and County Board as soon as notification is received from the State and will continue to monitor the situation.



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Héctor Colón, Acting Director  
Department of Health and Human Services

cc: Supervisor Peggy Romo West, Chairperson, Health and Human Needs Committee  
George Aldrich, Chief of Staff, County Executive's Office  
Tia Torhorst, County Executive's Office  
Terrence Cooley, Chief of Staff – County Board  
Pamela Bryant, Fiscal and Budget Administrator – DAS  
Steve Cady, County Board Staff