

Date: September 26, 2017
To: Milwaukee County Board Chairman Theodore Lipscomb, Sr.
Supervisor Peggy West, Chair, Finance and Audit Committee
Teig Whaley-Smith, Director, Department of Administrative Services
From: Holly Davis, Director, Milwaukee County Department on Aging *hvd*
Subject: Aging Revenue Deficit – Information Only

Policy Issue:

County ordinance 56.02 requires each person in charge of any County Office, department, agency, or any non-departmental account to:

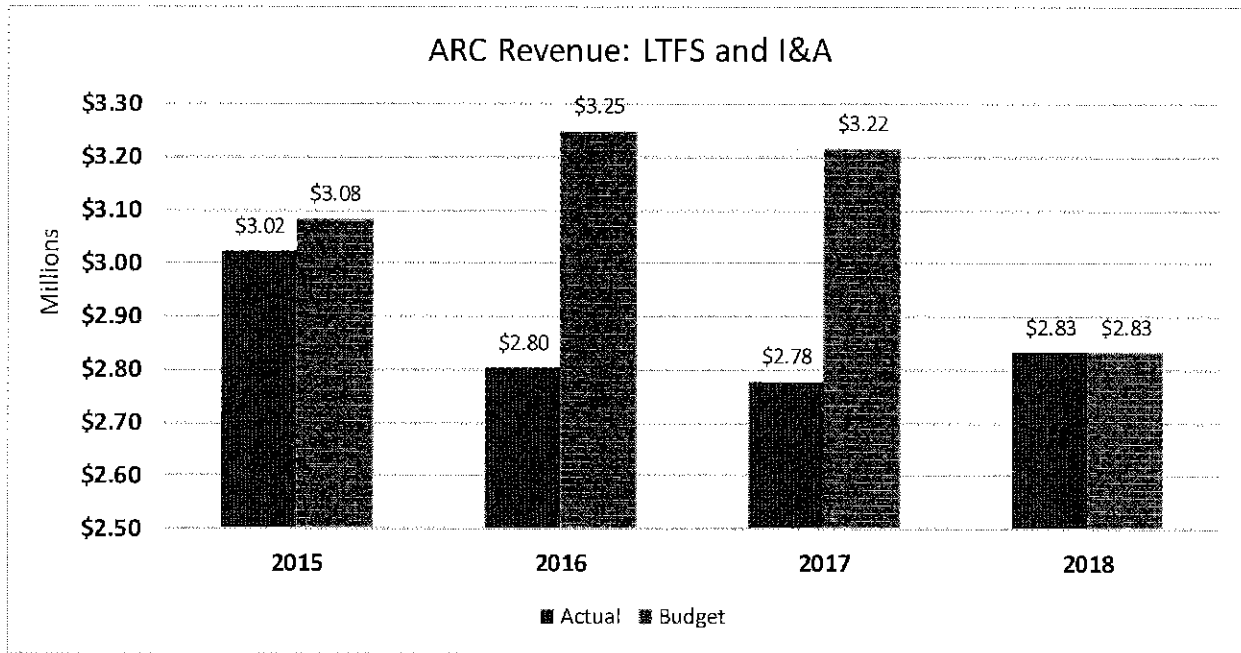
“.....submit a written report to the County Executive, the Committee on Finance and Audit of the County Board and the Department on Administration whenever such a person has reason to believe that a deficit of seventy five thousand (\$75,000) or more in any revenue account will occur for a division of the county government under the supervision of that person.”...

Background:

The Milwaukee County Department on Aging manages the Aging Resource Center (ARC) which provides a broad range of programs and services to seniors, sixty and older, to achieve maximum independence and quality of life. The services range from information and assistance, long term care options counseling, preadmission consultation, elder benefits services, access to long term care, emergency services, adults at risk, protective services, etc.

A combination of State and Federal sources provide grant funds to support these ARC services. The cost of service includes: personnel, benefits, cross charges, commodities and services. The reimbursement for services is based on cost of services incurred. The reimbursement for information and assistance (I&A) and long term functional screens (LTFS) is divided 50%- 50% between State and Federal sources. Additionally, the State’s portion, including other I&A and LTCFS expenses, are accumulated and capped at a grant maximum of \$2,773,238. The Federal portion of the reimbursement is sum sufficient to meet the actual expenditures.

The following chart represents a trend in budgeted and actual revenues from 2015 to 2018.



**The 2017 Budget reflects a proposed amendment (reduction) of \$32,805 from the adopted budget.*

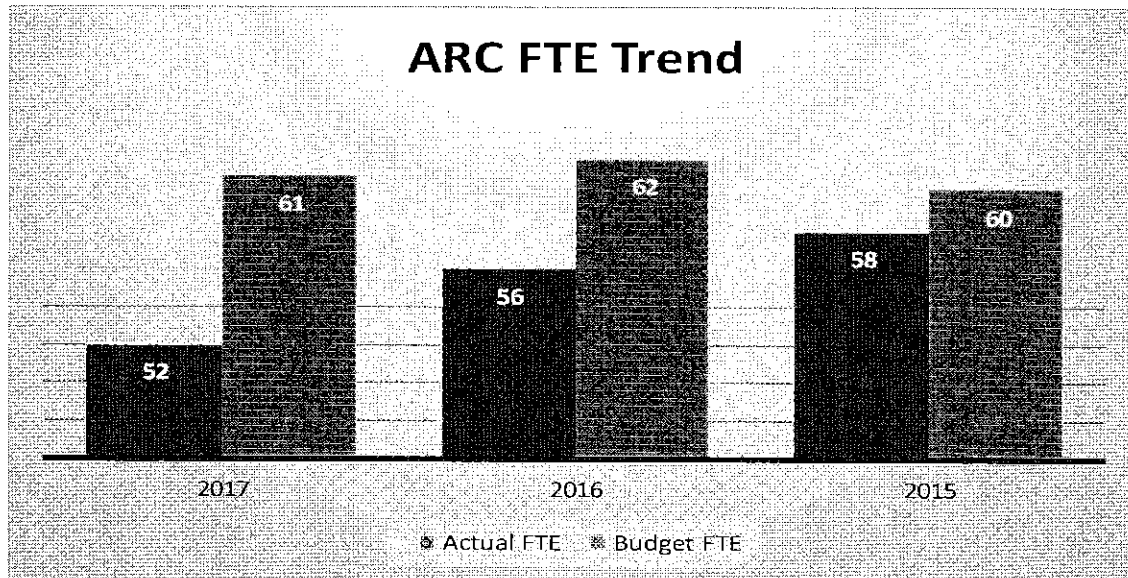
The following table shows the impact of this revenue reduction in 2017.

Revenue Item	Short Description	Budget Amount	Actual Amount to Date	Projected Amount	Variance between Budget and Projected
2699	Other Federal Grants and reimbursements	\$3,215,945	\$1,438,845	\$2,777,932	-\$438,013

Overall, the shortfall above is mitigated by anticipated increases in revenues in reimbursement for meals, meal program donations and dementia care. The net shortfall in revenue is projected to be \$331,000 at year-end.

Cause of Deficit

The ARC revenue budget is based on estimated cost of ARC operations. The largest portion of expense reimbursement is personnel costs: salary and benefits. From 2015 to 2017, the following table represents our FTE trend in ARC.



**Actual FTE are reported as of PP26 of 2015 and 2016. Data from most recently available pay period 18 was used to report FTE trend in 2017*

***Budgeted positions include estimates for vacancy and turnover and reflect total funded positions.*

As can be seen from the above table, the actual FTE counts have consistently diminished from 2015 to 2017 while the budgeted FTEs for the same period have stayed relatively flat. Due to the diminished actual FTE count, there has been a reduction in the reimbursement amounts for the current year. The 2018 Budget addresses this reduction and adjusts the revenue expectation to more reasonably represent more recent staff and personnel expense trends.

Are there any funds available to offset the revenue deficit?

Fiscal staff at the Department on Aging are looking at all expenditure and revenue streams to mitigate the anticipated revenue shortfall. One major area of expenditure reduction is personnel services. Due to 14 vacancies, the Department anticipates making up part of this deficit. Additionally, all discretionary items are being closely scrutinized prior to being authorized.

Will this be an issue beyond the current year?

Unknown. Both the revenues and expenditures are variable based on work and staff. The 2018 Recommended Budget aims to correct the revenue deficit in keeping with the 2016 actual and 2017 anticipated expenditure trends. Additionally, managers are instructed to recruit, train staff at an increasing rate. The ARC staff attended a mandatory training by the State to capture all grant dollars appropriately.

Plan of action or alternatives to offset the deficit?

Fiscal staff will continue to closely monitor and explore all avenues for revenue growth and expenditure reductions to mitigate deficit.