

COUNTY OF MILWAUKEE
Inter-Office Communication

DATE: November 26, 2012

TO: Marina Dimitrijevic, Chairwoman, Milwaukee County Board of Supervisors

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

SUBJECT: **Report from the Director, Department of Health and Human Services requesting authorization to enter into 2013 Income Maintenance and Child Care contracts and a Marcia P. Coggs Center lease agreement with the State of Wisconsin**

Issue

The Director of the Department of Health and Human Services (DHHS) is requesting approval to enter into separate contracts with the State Department of Health Services (DHS) and the Department of Children and Families (DCF) for certain shared services provided by DHHS to the State-operated Income Maintenance (IM) and Child Care Programs. The 2013 lease agreement with DHS for the Marcia P. Coggs Center is included as an attachment to the DHS contract.

Background

As of January 1, 2010, the State of Wisconsin assumed control over the Income Maintenance and Child Care programs. Under this arrangement, the 344.5 County positions that supported Income Maintenance and Child Care remained county employees, retaining the same benefits, but were supervised by the State.

In July 2011, the State Budget converted the county IM staff to State employees effective December 31, 2011. In addition, the State Legislature converted the Child Care positions to State employees as of October 1, 2011.

Given the conversion of former county staff to State employment, the 2013 contract, similar to the 2012 contract, only reimburses the county for staff costs related to IT services, employee pension benefits, records center services and mail services. These services are provided to assist the State in its administration of the IM and Child Care Programs under Wisconsin Statutes 49.78 and 49.826 (3) (c). The 2013 lease is included in the DHS contract as an attachment.

In addition, the State intercepts \$2.7 million of the department's Basic County Allocation (BCA) provided to DHHS as required in Wisconsin Statutes 49.78 (1m) (d). This change is reflected in the 2013 Budget and also in the Social Services contract report, which is also before the Board this cycle.

State/County Lease Agreement

The proposed lease reflects 84,327 square feet of space in the Coggs Center and a term of one year (January 1 through December 31, 2013). The 2013 square footage is approximately the same as 2012. The 2013 lease reflects the addition of about 1,900 square feet of space previously occupied by the Hunger Task Force and about 800 square feet of basement storage space. The Hunger Task Force plans to vacate the Coggs Center at the end of 2012.

In addition, the State lease no longer includes 2,600 square feet of space for the Friedens Food Pantry. The food pantry is located in the basement of the Coggs Center and the State had been paying for this space under previous leases. However, during the lease negotiations, the State notified DHHS that it would no longer pay for space occupied by the food pantry. DHHS plans to execute a separate lease with Friedens as it did prior to the State's takeover.

The lease with the State anticipates a monthly payment of \$140,902 for building operations or \$1,690,825 annually. This compares to \$135,200 per month or \$1,622,394 annually in 2012. This reflects an increase of \$68,431 compared to 2012, related to increases in security and utility costs.

DHS IM and DCF Child Care Contract Changes

Records Center: Since 2010, DHHS had been providing file storage and related staff support to both DCF and DHS at a leased facility located at 3700 West Michigan Avenue. Both DCF and DHS plan to move their files out of this facility in 2013 and have spent the past year destroying old records and relocating files. As a result, the facility and staff support will no longer be needed by the State after March 31, 2013.

The discontinuation of Records Center service to the State was not anticipated in the 2013 Budget. The department plans to completely vacate the space by June 30, 2013 and relocate its own files to the Coggs Center to minimize the State revenue loss. The overall fiscal impact is expected to be a net tax levy deficit of about \$75,000.

IT Services: Since 2010, Milwaukee County Information Technology Services Division (IMSD) provided Information Technology (IT) services to DCF and DHS at the Coggs Center. IMSD worked collaboratively throughout the past few years to adjust IT service levels based upon feedback from the State. For 2013, IMSD has once again worked collaboratively with the State to devise a mutually agreeable IT support model, which is included in the overall contracts with each agency and is calculated based on the number of devices deployed by the State. IMSD anticipates charging \$3,799 per month to DCF and \$85,114 per month to DHS for a combined total monthly charge of \$88,913. Please see the separate fiscal note prepared by IMSD related to these IT services.

General Assistance Burials & Interim Disability Assistance Program (IDAP): Since the 2010 takeover, the State allocated staff resources to the IDAP and the GA Burials programs and the County paid for the associated staffing costs. With the transfer of County employees to State

employment at the beginning of 2012, these programs were no longer supported by the State. The 2012 contract provided for short-term staff support for the first quarter of 2012 in order to create a smooth transition. The Disabilities Services Division (DSD) has now assumed responsibility for both of these programs and the 2013 contract eliminates the language and associated costs to reflect this change.

DCF Child Care Contract Changes

The DCF proposed contract is a separate contract and there are no major changes for 2013, other than the discontinuation of Records Center services described above.

Ongoing Pension Reimbursement Arrangement

In accordance with Wisconsin Statutes 49.825(4)(c)2 and (5)(c)2, the County must maintain former Income Maintenance (now Milwaukee Enrollment Services-MILES) employees who are not currently vested in the Milwaukee County Employee Retirement System (ERS) until they are vested (at five years of service) and the State will reimburse the county the employer contribution. There are currently 40 MILES employees who are not yet vested.

Former county Child Care employees that are now State Milwaukee Early Care Administration (MECA) employees can opt in writing to remain in the county's ERS within 10 days of their appointment to State positions, and the State will reimburse the county the employer contribution per Wisconsin Statutes 49.826 (4)(c). There are six State MECA employees that continue to remain in the ERS.

The State reimburses the County for its administrative costs associated with maintaining these employees in the ERS.

Fiscal Effect

The County is reimbursed based on monthly invoices submitted to the State for shared services and space rental. Overall the contracts and lease result in an anticipated deficit of \$102,245 in 2013. DHHS will work diligently to reduce costs elsewhere and maximize revenue where possible to cover this shortfall in 2013. This will be included in all 2013 quarterly reports from the department. Please note that there are two fiscal notes attached to this report: one for revenues associated with DHHS and other for IT services provided by IMSD.

Recommendation

It is recommended that the County Board of Supervisors authorize the Director of the Department of Health and Human Services to enter into the 2013 contracts with the State Departments of Health Services (DHS) and Children and Families (DCF) for the Income Maintenance and Child Care Programs. This action will allow the County to begin receiving monthly reimbursement for costs related to shared services and the Coggs Center lease.



Héctor Colón, Director

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