

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 8/17/18

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Report from the Director, Department of Health and Human Services, seeking approval to transfer funds from its operating budget and establish a capital project for a Secured Residential Care Center for Children and Youth (SRCCCY) as a replacement to Lincoln Hills/Copper Lake

FISCAL EFFECT:

- | | |
|--|--|
| <input type="checkbox"/> No Direct County Fiscal Impact
<input type="checkbox"/> Existing Staff Time Required
<input type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below)
<input type="checkbox"/> Absorbed Within Agency's Budget
<input type="checkbox"/> Not Absorbed Within Agency's Budget
<input type="checkbox"/> Decrease Operating Expenditures
<input type="checkbox"/> Increase Operating Revenues
<input type="checkbox"/> Decrease Operating Revenues | <input checked="" type="checkbox"/> Increase Capital Expenditures
<input type="checkbox"/> Decrease Capital Expenditures
<input checked="" type="checkbox"/> Increase Capital Revenues
<input type="checkbox"/> Decrease Capital Revenues
<input type="checkbox"/> Use of contingent funds |
|--|--|

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	0	0
	Revenue	0	0
	Net Cost	0	0
Capital Improvement Budget	Expenditure	\$3,000,000	
	Revenue	\$3,000,000	
	Net Cost	\$0	

DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated. ¹ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions or interpretations that were utilized to provide the information on this form.

A. The Department of Health and Human Services is seeking approval to transfer funds from its operating budget and establish capital project WS12401- Secured Youth Facility – Phase 1. Approval of this request will allow the Division of Youth and Family Services (DYFS) and the Department of Administrative Services (DAS) Facilities Management to initiate planning and design for development of a SRCCCY authorized under Wisconsin Act 185. This work will initially include the preliminary facility design and real estate broker services, evolving into final planning and design and ultimately, the construction of the SRCCCY. This scope also reflects a facility life cycle cost analysis and operating and maintenance cost estimate including new staffing needs.

B. The anticipated budget for capital project WS12401 is \$3,000,000.

C. The cost associated with this capital project is anticipated to be covered by tax surplus in the 2018 DYFS operating budget. This tax levy surplus is being generated by additional Youth Aids revenue of \$3 million awarded by the State Department of Children and Families (DCF) under an amendment to DYFS' 2018 contract. The change in allowable use of Youth Aids for detention center costs specified in Act 185 will essentially "free up" \$3 million in budgeted tax levy. Previously, detention center costs were not eligible for Youth Aids funding and were being covered 100 percent by county tax levy. Approximately, \$6.4 million in tax levy is included in the 2018 budget for the Detention Center. Once the amendment is received, DYFS can claim an additional \$3 million in Detention Center costs to its Youth Aids contract and capture the tax levy savings to finance the capital project.

DHHS is requesting that the resulting tax levy surplus, up to \$3 million, be transferred to capital project WS124 to support initial planning and design as well as potentially cover some portion of the county's 5 percent required commitment to the overall costs approved as part of its grant application. Currently, there are several key unknowns regarding the new facility such as the specific SRCCCY requirements, location(s) and size of the facility(ies), and funding level. To ensure funding remains available over the life of the project, the department is recommending that the estimated tax levy surplus be transferred to the capital budget.

¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

E. Grant applications will not receive final approval until July 2019. Therefore, DYFS will not know whether the \$40 million allocated statewide will be sufficient to cover 95 percent of the design and construction costs for all applicants including Milwaukee County.

Department/Prepared By Clare O'Brien, Senior Budget Analyst

Authorized Signature  _____

Did DAS-Fiscal Staff Review? Yes No

Did CDPB Staff Review? Yes No Not Required