

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: 2/8/19

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Report from the Director, Department of Health and Human Services, seeking approval to transfer 2018 surplus from the DHHS operating budget to capital project WS124 - Secured Youth Facility

FISCAL EFFECT:

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

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	(\$500,000)	0
	Revenue	0	0
	Net Cost	(\$500,000)	0
Capital Improvement Budget	Expenditure	\$500,000	
	Revenue		
	Net Cost	\$500,000	

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 up to \$500,000 in 2018 surplus tax levy funds from its operating budget into 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 continue work on the development of a Secured Residential Care Center for Children and Youth (SRCCCY) authorized under Wisconsin Act 185. This work involves the preliminary facility design and real estate broker services, final planning and design and ultimately, the construction of the SRCCCY.

B. This transfer would increase the total budget for capital project WS12401 by up to \$500,000. The original budget established for this capital project is \$3 million authorized by File No. 18-633 adopted in September 2018.

C. This tax levy surplus is being generated by 2018 underspending in the DYFS budget due to the delayed start of the Bakari House – a residential care center for youth. The 2018 Budget assumed the Bakari House would open by January 1 but the facility didn't officially open until December.

A final construction estimate is still being developed for the SRCCCY and a final grant award will not be known for several months. To ensure funding remains available over the life of the project, the department is recommending that up to \$500,000 of its estimated 2018 tax levy surplus of \$1.2 million be transferred to the capital budget. This surplus was reported on the department's December fiscal report.

D. Currently, DHHS does not know how much of the overall construction budget will be covered by the grant. Act 185 states that the grant would cover 95 percent of the overall construction cost. However, 95 percent of the estimated cost of \$40 million is \$38 million which is close to the \$40 million allocated statewide for all counties.

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.

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