COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: April 5, 2011

TO: Supervisor Lee Holloway, Chairman, County Board

FROM: Roy de la Rosa, Director, Intergovernmental Relations
Cynthia Pahl, Interim Assistant Fiscal and Budget Administrator

SUBJECT: IMPACT OF THE STATE BUDGET

Issue
The 2011-13 Governor's Budget Recommendations (SB27/AB 40) includes significant reductions in state aid provided to Milwaukee County in both 2011 and 2012. However, Wisconsin Act 10, also known as the Budget Repair Bill, would provide the County the ability to modify non-base wage and benefits for employees represented by non-public safety unions once their existing contracts expire. The unique challenge facing Milwaukee County is that a large portion of these savings have already been budgeted in 2010 and 2011 leaving it limited ability to offset these reductions.

Background
State Budget
While the Department of Administrative Services, Intergovernmental Relations, County Board staff and departmental staff continue to analyze the impact of the state budget a ***preliminary*** analysis shows that reductions in state funding for 2011 will total $2.7 million. Most of the reductions will take place in 2012 and are expected to exceed $25.7 million. A list of these reductions is included in Attachment 1 and described in more detail in departmental reports. It is important to note several important considerations when considering these totals:

- This information is based on the best information to date. However, there continues to be unanswered questions and additional information being provided. Policy makers will be updated as staff receives additional information.
- The totals above assume that the County back-fills the state reductions with tax-levy. To the extent the County decides to eliminate the service, the fiscal impact will be reduced but there will be a reduction in service. This is particularly true at the Behavioral Health Division (BHD) where reductions are in revenues used to purchase services for BHD clients.
- The impact of the $500 million in savings that are intended to result by making changes to Medical Assistance and related programs is not included in the above totals. As these changes are being implemented by the Department of Human Services (DHS) through expanded powers granted in Wisconsin Act 10, there is limited information on how these changes will impact the County. The Behavioral Health Division, Disabilities Division, Department of Aging and Department of Family Care all rely on Medical Assistance and could be impacted by these changes.
- The Department of Health Services will centralize administration of Income Maintenance and transfer the administration of these programs from counties to DHS. As part of this centralization, the Milwaukee County Enrollment Services Unit which was created in 2009 as part of Act 28 will be eliminated. Although there remain many questions, it is assumed that in 2012, the County's levy contribution of approximately $3.0 million will be transferred to the state through a reduction in

Basic Community Aids. Not included in the estimates above are any fixed costs that are currently reimbursed by the state such as building space, legacy costs and other overhead. Once this program is taken over by the state, these costs will no longer be reimbursed and likely have to be spread across other County departments. At this time the total impact is unknown and depends on how the State implements this change.

There are important changes not included in the above totals because there is no immediate budgetary impact. They are nevertheless important:

- Property tax increases are limited to the rate of new construction growth. In 2010, the new construction rate was less than 1.0%. In addition, any decrease in debt service on general obligation debt issued prior to 2005 must result in a corresponding decrease in the property tax levy. Based on this formula, DAS-Fiscal estimates that the County's 2012 property tax increase would be limited to less than $2.0 million. In addition, debt service is expected to decline beginning in 2014. This decline is the result of strict debt management policies adopted by the County and had been a key component in closing the County's structural deficit. However, under the current proposal, these decreases must be used to provide property tax relief.
- In order to reduce General Purpose Revenue by $116 million, the State has capped Family Care enrollment from June 20, 2011 until June 30, 2013. This will have the effect of creating a waiting list for eligible seniors and preventing the County from eliminating the waiting list for individuals 18-59 years old with disabilities.
- The Ethan Allen correctional facility for juveniles in Waukesha County will be closed and juveniles will be transferred to the Lincoln Hills School in Irma, WI considerably increasing the distance Milwaukee County families must travel to visit and support incarcerated juveniles.
- Milwaukee County had contributed $6.8 million annually to the State of Wisconsin as part of the General Assistance Medical Program (GAMP). The State had required this contribution continue when GAMP was transitioned to Badgercare. However, the Milwaukee County 2011 Adopted Budget did not include $6.8 million in funding for the Badgercare program. This funding requirement would be eliminated for 2011 with the adoption of the financial provisions relating to the budget adjustment bill and also was not included in the Governor's 2011-2013 biennial budget. Had the Repair Bill and the State Budget not included this change, the County would have had an additional $6.8 million deficit in BHD for 2011 and 2012.

Budget Repair Bill

The Governor utilized the Budget Repair Bill to provide local governments with increased flexibility as it relates to employee non-base wages and benefits in order to offset the reductions included in the Governor's budget. The County's 2011 Adopted Budget includes over $19.4 million in non-base wage and benefit modifications. This does not include savings from concessions included in the 2010 budget that have already been achieved through negotiation or applied to non-represented staff. It is estimated that if the Budget Repair Bill becomes effective in 2011, $16.3 million of this total will be saved on an annual basis (the difference being the amounts attributable to the Deputy Sheriffs and Firefighters unions which still must be negotiated).

In addition, the Budget Repair Bill mandated a 6% pension contribution. As the County had only budgeted a 4% contribution, there will be additional unbudgeted savings of $3.7 million. While this is not adopted policy, the County could also choose to apply the 2011 Health Care Plan design changes to all employees represented by non-public safety bargaining units. Currently this plan only applies to non-represented staff and retirees. This would result in an additional $3.7 million.

As shown in Table 1, if the County could apply the budgeted and unbudgeted savings associated with the non-base wage and benefit changes included in the 2011 Budget and contained in the Budget Repair Bill, it could largely offset the reductions included in the Governor's budget. Under this scenario, the County would only face a $2.1 million shortfall in 2012. In fact, had the Repair Bill allowed these changes be applied to employees represented by public safety bargaining units as well, it could have completely offset the reductions. However, since $16.3 million of these savings were used to balance the 2010 and 2011 budgets, they are unavailable to offset the state reductions and the County will instead face an $18.4 million reduction in 2012.

Table 1[1]

		2012
Total Reductions in State Aid	$	(25,711,878)
Non-base Wage and Benefit Reductions Achievable through Repair Bill	$	23,644,747
subtotal	$	(2,067,130)
Non-base Wage and Benefit Reductions Achievable through Repair Bill but already included in County's Budget	$	16,286,497
TOTAL 2012 Surplus/(Deficit)	$	(18,353,627)

While the County could choose to further reduce employee benefits to make up the difference, it is important to note the impact of the reductions so far on employee compensation. In 2010, non-represented staff contributed 16.3% of the total cost of their health insurance benefit when taking into account premium contributions, co-pays, co-insurance and deductibles. This represents 3.4% of salary.

Once the Budget Repair Bill becomes legally effective, non-represented staff will contribute 6% of salary towards the cost of their pension (this represents 71% of the 2010 normal pension cost). In effect, non-represented staff will then contribute a total of 9.4% of their salary on average towards their health and pension benefits. Once the Budget Repair Bill becomes legally effective, it is expected all County employees, except for those represented by public-safety bargaining units, will contribute similar amounts.

Recommendation

This is an informational report only.

Cc: Marvin Pratt, County Executive
Terry Cooley, Chief of Staff, County Board
E. Marie Broussard, Deputy Chief of Staff, County Executive's Office
Steve Cady, Fiscal Analyst, County Board
Jerry Heer, County Auditor

[1] Budgeted non-base wage and benefit reductions include all 1972 concessions and healthcare plan design changes included in the 2011 Adopted Budget. Savings associated with the Deputy Sheriffs and Firefighters have been excluded from this calculation since these must still be collectively bargained. Unbudgeted non-base wage and benefit reductions include an additional 2% pension contribution so that the total contribution for county employees equals 6%. This total also assumes the 2011 Health care plan design changes are applied to all active employees except for Deputy Sheriffs and Firefighters. Currently they are only applied to retirees and non-represented staff.

Attachment 1 –
Impacts of 2011-13 Governor's Budget Recommendations (SB27/AB 40) on Milwaukee County

Department	Program	2011 impact	2012 Impact	Budget Impact	Description
BHD	Community Recovery Services				The Governor recommends expanding the scope of services under the Community Recovery Services waiver to permit counties to claim federal Medicaid reimbursement for additional types of community-based services provided to individuals with mental illness. Impact Unknown.
BHD	Mental Health and Alchol and Substance Abuse				Block grant allocation restructured, which should benefit Milw Cnty but impact unknown
BHD	Mental Health and Alchol and Substance Abuse	$ (650,550)	$ (1,301,099)	Yes	10% reduction in any GPR funded allocation (COP, IMD, TANF). 5% in 2011; 10% in 2012
Child Support	Base funding		$ (3,664,779)	Yes	Ability to match federal child support incentive payments expired
Courts	Cost of Circuit Court				Statewide Auditor Position: The Governor's budget converts a 1.0 FTE GPR project auditor position in the Supreme Court to permanent status to assist counties with an accurate reporting of circuit court costs and ensure consistent reporting statewide.
Courts	TAD and AIM Grants		$ (866,200)	Yes	TAD and AIM funds for Milwaukee County Eliminated. Funds used for jail screening which will hinder universal screening
Courts	Court Interpreter Funding				Court Interpreter Funding: The Governor's budget increases funding for reimbursement of court interpreter costs incurred by counties for court interpreter services with funding supported by revenues generated from the justice information fee: $134,000 FY 12; $232,700 FY 13.
Courts	Court Self-Help Centers				Court System Self-Help Centers: The Governor's budget authorizes a county board to direct its clerk of circuit courts to operate a self-help center to provide individuals with information on the court system, including guidance on court proceedings and where to find legal assistance and forms. The Governor's budget also authorizes a county to impose a fee for services provided by a self-help center.
Courts	Milwaukee County Clerks Funding	$ (22,800)	$ 10,000	Yes	The Governor recommends increasing reimbursements to Milwaukee County for clerks staffing the Felony Drug Crime Courts, Violent Crime Courts and Operation Ceasefire prosecutions. However, increase assumes 5.8% pension contribution and 12.8% healthcare. So funding actually decreases in 2011

Department	Program	2011 impact	2012 Impact	Budget Impact	Description
Courts	Circuit Court Support	$ (153,518)	$ (307,036)	Yes	Reduction statewide from 18,552,200 to 16,697,000
Courts	Guardian Ad Litem	$ (38,818)	$ (77,636)	Yes	Reduction statewide from 4,691,100 to 4,222,000
DA	Victim Witness Funding	($70,000)	$ (138,000)	Yes	10% reduction
DA	Assistant DA retention				The Governor recommends providing funding from justice information fee revenues for compensation payments made to assistant district attorneys, as determined by a distribution plan agreed to by the department and the Office of State Employment Relations, to increase retention of experienced prosecutors. -$1M provided
DHHS	Medical Assistance				$500M in unspecified Medical Assistance reductions has the potential to impact BHD, DHHS and Family Care
DHHS	Income Maintenance				The Governor recommends transferring administration of income maintenance programs, including eligibility determination for Medicaid and FoodShare, from counties and tribes to the state. This consolidation will improve the accuracy and timeliness of eligibility determinations, while reducing total income maintenance costs by $48 million per year and decreasing the number of overall staff in the program by an estimated 270 FTE positions.
DHHS	WIMCR				WIMCR: The Govenror's budget reduces funding to reflect a change in the process for claiming federal Medicaid funding under the Wisconsin Medicaid Cost Reporting program: -$1,685,200 FY 12; $14,369,600 FY 13. Impact on County Unknown
DHHS	GAMP Payment		$ 6,800,000	No	Appears to maintain Repair Bill language so that the County does NOT have to make a $6.8M payment
DHHS	Basic Community Aids	$ -	$ (2,700,000)	No	Intercept for Income Maintenance
DHHS	Children's Long Term Support				State will utilize a third party administrator. Impact on County unknown.
DHHS	Youth Aids	$(1,790,064)	$ (3,580,092)	Yes	$19.6m reduction Statewide; Milw Cnty's share approx 36.1%

Department	Program	2011 impact	2012 Impact	Budget Impact	Description
DHHS	Closure of Juvenile Corrections Facilities				The Governor recommends reducing expenditure and position authority to reflect closure of Ethan Allen School and Southern Oaks Girls School due to a significantly decreased population. The population decreased from 587 in FY08 to 466 in FY10. The projected average daily population in FY13 is 340. Juvenile boys will be located at Lincoln Hills School, and girls at Copper Lake School, both in Irma.
DHHS	JCI Rates	$ 15,000	$ 30,000	Yes	Gov JCI 7/1/11 = $284.00 (fifty cents below DHHS 2011 ADOP) Gov JCI 7/1/12 = $290.00 ($1.00 below DHHS 2011 ADOP)
DTPW	Highways Capital Funding				The Governor recommends: accelerating work on the Zoo Interchange and continue work on the I-94 North-South Corridor.
DTPW	General Transporation Aids		$ (641,851)	Yes	The Governor recommends adjusting expenditure authority for general transportation aids to reflect:. LFB Paper issued 3/15 shows 15% reduction or $641,851 for Milwaukee County.
DTPW	Transit Operating Aids		$ (6,858,300)	Yes	The Governor recommends adjusting expenditure authority for transit operating aids to reflect: (a) the 3 percent calendar year 2011 increase authorized in 2009 Wisconsin Act 28; (b) a 10 percent reduction in calendar year 2012; and (c) no increase in calendar year 2013. The Governor also recommends changing the funding source for transit operating aids from the transportation fund to the general fund beginning in FY13. The Governor further recommends directing the department to include in its 2013-15 budget request changes to the tiered transit operating system distribution percentages in response to any changes in federal aid due to population changes from the 2010 census. In addition,
DTPW	Regional Transportation Agency				the Governor recommends requiring a binding referendum in any regional transit authority district before imposition of any tax or fee.
DTPW	Transit Capital Assistance				eliminating $100 million in general obligation bonding authority for transit assistance in Southeastern Wisconsin. This bonding authority was only available to the SE WI RTA.
DTPW	Highway Maintenance				Maintenance: The Governor's budget provides a 2 percent increase in each year for state highway maintenance.
Family Care	Nursing home rates				Nursing Home Rate Statute Technical Change: The Governor's budget provides the department the option of using the most recent federal Resource Utilization Group methodology for determining Medicaid reimbursement to nursing homes. Impact on

Department	Program	2011 impact	2012 Impact	Budget Impact	Description
					Milwaukee County unknown
Family Care	Cap on enrollment				FAMILY CARE ENROLLMENT capped on June 20, 2011, or the effective date of this subsection, whichever is later. This subsection does not apply after June 30, 2013. Same for PACE and Partnership.
Family Care	Adult Family Home Certification				Eliminate the requirement that DHS regulate one– and two–bed adult family homes and the requirement that DHS certify one– and two–bed adult family homes in order for these homes to provide services to a person who is a recipient of Family Care, a community–based long–term care MA waiver program, or supplemental security
Family Care	Program Review				Review of Family Care statewide including results of audit conducted by Legislative Audit Bureau
Non Dept	Library Maintenance of Effort				Library MOE: The Governor's budget eliminates the library maintenance of effort funding requirement.
Parks	Repair of Dams				Dams: The Governor's budget provides $4 million for dam repair, reconstruction and removal projects, and would ensure greater program flexibility by removing the deadline for grant requests.
Revenue	State Shared Revenue		$ (8,316,885)	Yes	Aids to Counties reduced by $36.5M on a per capita basis, limited to 0.15mills or 50 percent, whichever is less
Revenue	Property tax caps				* Extending municipal and county levy limits by two years * Levy increase limit by the greater of 0 percent or the increase in equalized value due to net new construction. * Not allowing carry forward of unused levy capacity. * Negative debt service adjustment for debt issued prior to July 1, 2005, if debt service would be lower in the current year than in the prior year
Sheriff	Expressway patrol				Funding held flat. Small increase (20K) budgeted in MC 2011 budget
	Budget impact	**$(2,710,750)**	**$ (25,711,878)**		

MEMORANDUM

Date: March 30, 2011

To: Supervisor Peggy West, Chair, Committee on Health and Human Needs

From: Maria Ledger, Interim Executive Director, Department of Family Care

Subject: Potential impact of 2011-2013 State Budget on the Milwaukee County Department of Family Care

Key Section of ASSEMBLY BILL 40 SECTION 9121, page 1290

…In a county where the family care benefit, as described in section 46.286 of the statutes, is available on June 20, 2011, or the effective date of this subsection, whichever is later, the department of health services may not enroll more persons in care management organizations, as defined in section 46.2805 (1) of the statutes, to receive the family care benefit **than the number of persons receiving the family care benefit in that county on June 20, 2011,** or the effective date of this subsection, whichever is later. This subsection does not apply after June 30, 2013.

Explanation

Milwaukee County was certified by the Wisconsin Department of Health Services (DHS) to provide Family Care to persons with physical and developmental disabilities age 18 to 59 effective November 2009. This was in addition to, at that time, the approximately 7,000 members age 60 or older already in Family Care and served by Milwaukee County. The Milwaukee County Department of Family Care (MCDFC) currently serves more than 7,600 members.

Community Care, Inc. (CCI) was also certified to provide Family Care in Milwaukee County to the same target groups in need of long-term care services. Community Care also participates in the PACE program and the Partnership program. I-Care, Inc. participates in the Partnership program as well.

In the proposed budget, enrollments for Family Care, Program of All-Inclusive Care for the Elderly (PACE), Partnership and the State's Self Directed Supports Waiver "Include, Respect, I Self Direct" (IRIS) will be capped.

Descriptions of Programs Affected by Enrollment Caps

The Family Care program integrates home and community-based services, institutional care services (i.e., nursing homes), Medicaid personal care, home health, and other services that were previously funded separately. Family Care does not provide acute/primary health care services such as hospital stays, emergency room visits, medications, and doctor visits. Family Care interdisciplinary teams can and do assist Family Care members in communicating and coordinating with primary care services and providers.

The Partnership and PACE (Program of All Inclusive Care for the Elderly) programs integrate long-term care services and primary and acute health care services, and prescription medications.

In Partnership, members use physicians who are in the Managed Care Organization's (MCO) provider network that may include the member's current physician. In PACE, members use physicians that are employed by the PACE MCO or under contract. PACE requires the use of a day health center while Partnership does not. PACE enrollees must agree to receive primary care from the PACE physician while Partnership enrollees may choose from a panel of independent physicians who have agreed to serve Partnership members. Participation in either program is voluntary.

In IRIS, participants use public funds within their individually assigned monthly budget allocation and other resources to craft support and service plans that meet their self identified long-term care outcomes. IRIS participants are not enrolled in MCOs and are not provided with interdisciplinary care management teams.

Implications of Enrollment Caps

In Milwaukee County, the waitlist for persons for persons age 18-59 with disabilities is still approximately 2000 people. The anticipated date for the elimination of this waitlist was November of 2012.

Enrollment caps will mean the existing waitlist for people with disabilities will likely be in place past November 2012. In addition, older adults will have to be waitlisted for Family Care for the first time in nearly a decade.

There has been no definitive direction from the State as to how the proposed enrollment caps are to be managed. If managed from a statewide perspective, "slots" created by disenrollments in Milwaukee County may be given, for example, to people who want to enroll in Managed Care in LaCrosse County.

If the State manages the caps on a regional or County basis, "slots" created by disenrollments in the Milwaukee County Department of Family Care may be given, for example, to people who wish to enroll in IRIS in Milwaukee County.

The Secretary and Deputy Secretary of DHS stated they would like to triple enrollments into IRIS. It is unclear how this would occur given the enrollment caps. The Secretary and Deputy Secretary have been given information regarding the availability of Self Directed Supports (SDS) within Family Care. SDS within Family Care is an option for any member who wishes to self-direct all or a portion of their care plan.

The MCDFC has long offered a Self-Directed Supports (SDS) option through our Supportive Home Care Employment Services (SHCES). The MCDFC currently serves over 2,500 members with this highly successful model.

The SHCES model was created to allow members the freedom to hire preferred workers through the co-employment model of SDS. Using the SHCES, members can choose and direct their caregivers with the added safety net of training and quality monitoring. Just as importantly, in the event the preferred caregiver is sick or requests a day off, the SHCES can provide immediate support to members and caregivers through a pool of other caregivers available to provide assistance. This model meets all of the state's long-term care reform goals of Access, Choice, Cost Effectiveness and Quality.

Enrollments
According to DHS, the enrollments for all managed care programs in Milwaukee County, as of 1/2/2011*, are as follows:

	Developmental Disabilities	Frail Elderly	Physical Disabilities	Unknown	TOTAL
Milwaukee County Department of Family Care	1002	6280	214	16	7512
Community Care Inc (CCI) Family Care	624	274	291	2	1191
Community Care Inc (CCI) PACE	15	664	106	2	787
Community Care Inc (CCI) Partnership	30	95	34	2	161
iCARE Partnership	37	32	66		135
IRIS					1093*

* DHS does not provide IRIS information by target group and IRIS enrollment numbers are effective 1/31/2011.

The Department of Family Care will continue to advocate on behalf of older adults and people with disabilities. We will apprise the Board of any further developments on the 2011-2013 budget as they are communicated to us.

If you have any questions, please call me at 287-7610.

Maria Ledger, Interim Executive Director
Milwaukee County Department of Family Care

cc: County Executive Marvin Pratt
E. Marie Broussard,
Chairman Lee Holloway
Supervisor Johnny Thomas
Antionette Thomas-Bailey
John Ruggini
Steven Cady
Jennifer Collins
Jodi Mapp
Jim Hodson

County of Milwaukee
INTEROFFICE COMMUNICATION

DATE: April 7, 2011

TO: Sup. Peggy West, Chair, Committee on Health and Human Needs

FROM: Stephanie Sue Stein, Director, Department on Aging

RE: Informational report regarding the potential impact of the 2011-2013 State Budget on the Milwaukee County Department on Aging

I respectfully request that the attached informational report be scheduled for review by the Committee on Health and Human Needs at its meeting on April 13, 2011.

The proposed 2011-13 state budget released on March 1 by Governor Scott Walker includes a wide range of provisions that, if adopted, contain changes that have major fiscal implications for local government, including Milwaukee County. Proposed changes could affect the availability of services provided to Milwaukee County seniors and persons with disabilities, including the Family Care entitlement program.

Background

Family Care is an initiative of the State of Wisconsin to reorganize its Long Term Care programs for older adults and persons with disabilities. Family Care consolidates long term care services as funded by the state under Medicaid along with the Community Options Program, Community Options Program Waiver, and other Long Term Care programs and was created as an entitlement to Home and Community Based Care alongside the entitlement to institutional care under Medicaid.

The major disadvantage of the state's traditional Long Term Care programs was that they funded services through a fixed annual allocation that served only a limited number of persons each year and led to long waitlists of people in need of services throughout the state. By eliminating waitlists, Family Care provides timely services thereby preventing deterioration in client health and functional abilities and reducing the need for costly services later.

To provide access to and to administer its benefits, Family Care created two new entities – the Resource Center (RC) and the Care Management Organization (CMO). Resource Centers provide a single point of access to Family Care by conducting a comprehensive functional and financial eligibility screen on all persons who request assistance. A Care Management Organization administers the Family Care benefit for persons determined to be eligible by a Resource Center. The CMO is responsible for creating a comprehensive plan of care for each client; contracting with a wide range of service providers; and monitoring the quality of services that clients receive.

The Milwaukee County Board of Supervisors authorized the Milwaukee County Department on Aging to participate as an original Family Care Pilot and has served persons age 60 or older under Family Care since 2000. Family Care in Milwaukee County was recently expanded to serve persons age 18 to 59 with physical and development disabilities. Calendar year 2010 was the first full-year in which Milwaukee County operated both an Aging Resource Center (serving individuals age 60 and older) and a Disability Resource Center (serving individuals age 18 to 59). It was also the first full-year the CMO serves both populations in need of long-term care services. The Milwaukee County Department on Aging continues to operate the Aging Resource

Center, and the Milwaukee County Department of Health and Human Services operates the Disability Resource Center. The separate Milwaukee County Department of Family Care was created in 2010 and is now one of two care management organizations in the community.

Potential Effects of the 2011-13 State Budget

Family Care

Milwaukee County currently has approximately 8,000 seniors enrolled in Family Care. If the 2011-2013 State Budget passes in its current form, for the first time in over ten years, the waitlist would be re-established and seniors who are eligible for care will have to wait rather than getting help. Freezing slots will immediately affect hundreds of Milwaukee County older people older adults.

Every month the Milwaukee County Department on Aging Resource Center enrolls over 150 seniors into Family Care. These people have spent their money and need a nursing home level of care. The Family Care program offers that level of care while enabling seniors to remain in their homes and communities.

Because Family Care has been an entitlement for older people for over ten years, seniors and their families have been assured that they could spend their money on the care they needed and when that money was gone Family Care would be there to serve them. Instead their money will be gone and they will go on a waiting list. It is almost certain that these individuals will need to enter skilled nursing homes, as there is no other way they can get the care they need. At an average of $5,000 a month for skilled nursing home care, the state will be spending twice as much for care the person does not want and does not need.

Some older adults have entered assisted living and community-based residential care facilities with their own resources, again being assured that when their money is gone, if they have chosen a place under contract with one of the Family Care operators, that Family Care will begin to pay for them. Unfortunately, if the budget is passed in its current form, this will not happen and seniors will be left with the only alternative, which is skilled nursing home care.

In Milwaukee County approximately 80-100 people leave the program every month due to death or moving out of the state. With a cap on Family Care, this means that every month at least 50 older people (600 annually) will go on waiting lists. Additionally, we presume these empty slots will be shared with persons on the disability waiting list, which consequently will create an even larger waiting list for older adults. These people have done their financial planning and are spending their savings to get to Medicaid eligibility with the promise there will be help. Beginning in July 2011, there will be no help.

Counties contributed a great deal of their own money to help initiate Family Care. If the proposed state budget passes, the money will no longer be available to help older adults and there simply will be no alternative to provide the support that Family Care offered.

SeniorCare

There are 92,000 seniors who rely on the value of SeniorCare, Wisconsin's Prescription Drug Assistance Program. However, based on the proposed 2011-2013 State Budget, SeniorCare would only be available to seniors who enrolled in the Medicare Part D Prescription Drug Plan. In its present form, SeniorCare is simple, inexpensive, and fair. Medicare Part D is confusing, includes complexities that change yearly, and can cost from $15.00 to $150.00 per month. Moreover, forcing seniors to sign-up for Medicare Part D would likely require unplanned and unaffordable out-of-pocket costs for them. See the following section, Area Aging Programs, Benefit Specialist Program for additional information related to the impact of changes with SeniorCare.

Area Aging Programs

Specialized Transportation

Funds for the Specialized Transportation Assistance Program for Counties (s.85.21) are proposed to stay in the segregated fund with no increase or decrease in funding levels. That funding source supports both the Department's Specialized Elderly Transportation Services program and Transit Plus. The Specialized Elderly Transportation Services program assists nearly 2,000 seniors ineligible for Transit Plus. Should there be no increase in s.85.21 funding during the biennium, the Department may need to place limits on some trip purposes. Examples would be shopping, other than grocery shopping, and nursing home visitation (fewer days a week).

Benefit Specialist Program

Although no funding changes were proposed for the state's benefit specialist program, the proposed change requiring all older persons wanting to enroll in SeniorCare to also enroll in Medicare Part D will result in a substantial increase in the number of older persons needing assistance from five benefit specialists provided by Legal Action of Wisconsin under the Benefit Specialist/Legal Services program. Benefits specialists assist SeniorCare enrollees in selecting a Medicare Part D plan. On average, it takes a benefit specialist 1½ hours to assist a Medicare Part D client. With no new funding for benefit specialists, and the fact Medicare Part D is only one of several areas where seniors need assistance in understanding benefit programs, the number of SeniorCare enrollees in need of assistance will strain the ability of benefit specialists to assist all seniors.

If you have any questions, please call me at 2-6876.

Stephanie Sue Stein, Director
Milwaukee County Department on Aging

cc: County Executive Chris Abele
Supervisor Lee Holloway
Jennifer Collins
Antoinette Thomas-Bailey
Jonette Arms
Mary Proctor Brown
Nubia Serrano
Chester Kuzminski
Gary Portenier
Pat Rogers

MILWAUKEE COUNTY TRANSIT SYSTEM
Inter-Office Communication

Date: April 5, 2011

To: Supervisor James "Luigi" Schmitt, Chairperson, Intergovernmental Relations Committee

From: Lloyd Grant, Jr., Managing Director, Milwaukee County Transit System

Subject: **Impact of the Governor's 2011-2013 Recommended Budget Plan on the Milwaukee County Transit System**

POLICY ISSUE:

This report is in response to a request made at the March 14, 2011 meeting of the Intergovernmental Relations Committee to provide the Committee a brief summary on the effect that the 2011-2013 Governor's recommended budget plan may have on the Milwaukee County Transit System.

WHAT WE KNOW ABOUT THE GOVERNOR'S BUDGET PLAN

Milwaukee County –

1. Decreases State operating aid for MCTS 10% in 2012, nearly 7 million dollars.
2. Shifts the State funding source for mass transit from the transportation fund to the general purpose revenue fund in fiscal year 2013.

Other Transportation –

3. Permits SERTA to impose a rental car transaction fee in the counties of Kenosha, Racine and Milwaukee only if approved at referendum in each of the three counties.
4. Eliminates the Southeast Wisconsin Transit Capital Assistance Program and $100 million in general obligation bonding authority in transit assistance for the program. The only eligible participant for the program is SERTA.
5. Changes the general transportation aids distribution formula for counties by increasing the maximum reduction in aid from the prior calendar year from 2% to 15%.
6. Directs the Wisconsin Department of Transportation to include in its 2013-2015 budget request changes to the tiered Section 85.20 transit operating system distribution percentages in response to any changes in federal aid due to population changes from the 2010 census. Milwaukee is in Tier A-1.

KEY FINANCIAL & BUDGETARY IMPLICATIONS FOR MCTS

► Section 85.20 State Operating Assistance, used to support local fixed route and paratransit services, is budgeted to (a) decease by 10% for calendar year 2012 and (b) no increase in calendar year 2013. As such, State operating aid for MCTS decreases $6,858,300 to $61,724,900 in 2012 and 2013, down from $68,583,200 in 2011.

In its present form, the budget plan should not have an impact on MCTS' 2011 adopted budget. However, the budget plan will have a dramatic impact on the transit budget for calendar year 2012. Specifically, the budget plan decreases the amount of transit operating aid to Milwaukee County from

$68,583,200 to $61,724,900, creating a shortfall of nearly $7 million. This significant decrease in State operating assistance will necessitate very tough decisions about what must be done to make the transit system smaller to reduce expenses and what must be done to generate new revenue to support the existing or remaining fixed route and paratransit services.

To put the magnitude of the proposed State funding reduction for transit in perspective, Milwaukee County tax levy investment in the transit operating budget would need to increase forty percent (40%), from $17.5 million to $24.5 million, to maintain current level of fixed route and paratransit services in 2012. Combined with unrealized revenue in the 2011 adopted budget and higher fuel prices, a few things can be reasonably projected: (1) MCTS will have a sizeable gap to fill in its 2012 budget; (2) MCTS' funding crisis will be accelerated; (3) severe reductions in transit services cannot likely be avoided; (4) a fare increase is highly likely to offset deep service cuts; (5) ridership will decrease as fares increase or availability of transit service declines; and (6) operational efficiency can be expected to suffer with a decrease in ridership. Loss of nearly $7 million in State aid means preparation of the 2012 transit budget will be extremely challenging, which cannot be balanced without some combination of deep service cuts, increase in fares or new sources of revenue.

► Effective July 1, 2012, the funding source for transit operating aids is moved from the segregated transportation revenue fund (STR) to the State's general purpose revenue fund (GPR). Furthermore, revenue in the transportation fund that benefited transit will not be transferred to the general fund for transit. It is worth noting that while moving transit to a less stable funding source and restricting transfer of revenue from the transportation fund to the general fund, the Governor's budget plan also proposes changes to actually improve or increase in the balance of the transportation fund:

> *(a) deposit $95.1 million in existing sales and use tax revenue generated from automobile-related sales into the transportation fund including 7.5 percent ($35.2 million in FY13), and increase the percentage over time until 50 percent of sales and use tax revenue from these types of transactions is deposited in the transportation fund;*
>
> *(b) direct the proceeds of the environmental impact fee to the transportation fund by combining the fee with the existing title fee ($10.5 million annually); and*
>
> *(c) transfer $19.5 million in each year of the biennium from the petroleum inspection fund to the transportation fund. To even further strengthen the position of the transportation fund, the Governor recommends issuing $115 million general fund supported bonds to support the highway program to help offset revenue diversions from the transportation fund in prior budgets.*

Whereas segregated revenues can only be used for specific purposes (earmarked for particular programs), the general purpose fund supports the general functions of State government. The proposed shift to the general fund puts transit in an unfavorable position of competing with every other State spending function that relies on the general purpose fund including K-12 school aids, medical assistance/BadgerCare, the State corrections system, and the UW system. These programs alone make up two-thirds of GPR spending and are key programs where costs generally grow.

We believe the proposed change in the funding source of transit operating assistance could negatively impact MCTS for several reasons: (1) transit will be competing for funds in a smaller general fund given the State budget plan moves $95 million from the general fund to the transportation fund; (2) the change will not only put transit on unstable ground for fiscal year 2012, but future reductions in transit operating aid will be very possible; (3) the proposed change moves transit operating assistance from a stable dedicated funding source (gas tax dollars) to a general purpose fund that has been largely dependent on revenue from the transportation fund; and (4) money that was provided by the State for public transit systems will stay in the segregated transportation fund for other purposes.

In closing, Milwaukee County Board Chairman Lee Holloway stated in a February 1, 2011 letter to the Governor that transit is an essential component of the transportation infrastructure, and removing transit from the segregated transportation fund can cause "economic harm" to entities served by MCTS including "employees, businesses, schools, medical facilities and Summerfest." I believe Chairman Holloway is one-hundred percent correct. In an environment of rapidly rising fuel prices, public transit is the most effective way for our community to save money if transit service is available. We believe our community and businesses will suffer without adequate State investment in public transit services. If service is cut back, some people will not have transit service. Additionally, those with transit service may experience longer wait times, longer travel times, overcrowding and shortened hours of service. Ultimately, ridership demands will not be met. This will result in fewer jobs being supported by public transit and a decline in the quality of life for Milwaukee County residents.

Lloyd Grant

cc: Chairman Lee Holloway, Milwaukee County Board of Supervisors
Members of the Intergovernmental Relations Committee
Supervisor Michael Mayo, Sr., Chairman, Transportation, Public Works & Transit Committee
Members of the Transportation, Public Works & Transit Committee
Terrence Cooley, Chief of Staff, Milwaukee County Board of Supervisors
Jack Takerian, Director, Department of Transportation & Public Works
Roy de la Rosa, Director, Intergovernmental Relations
Kelly Bablitch, Assistant Director, Intergovernmental Relations
Josh Fudge, Fiscal and Budget Analyst, Department of Administrative Services
Jodi Mapp, Committee Clerk, Transportation, Public Works & Transit Committee
Martin Weddle, Research Analyst, Transportation, Public Works & Transit Committee
Carol Mueller, Committee Clerk, Intergovernmental Relations Committee
Steve Cady, Research Analyst, Intergovernmental Relations Committee

COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

DATE: March 22, 2011

TO: Michael Mayo, Sr., Chairman, Transportation, Public Works & Transit Committee

FROM: Jack H. Takerian, Director of Transportation and Public Works

SUBJECT: 2012 State Executive Budget Review

POLICY ISSUE:

This report is in response to a request made at the Transportation, Public Works and Transit Committee on March 2011 meeting cycle.

BACKGROUND:

Highway Maintenance Division

General Transportation Aids. (GTA) - The state executive budget includes a 15% decrease in GTA for 2012. The amount of eligible costs from 2010 reported by Milwaukee County for inclusion in the GTA formula is unknown until after the CAFR is submitted by DAS later this spring. The 2012 GTA funding reduction for Highway maintenance is 349,615 or 15%. The information below shows the amount of the total GTA reduction for 2012.

Year	Total GTA Amount of dollars Milwaukee County receives	GTA Reduction Percentage	Reduced Amount
2012	3,637,158	15%	-641,852

The countywide GTA amounts include the Highway Maintenance GTA portion as well as the portion allocated to the Sheriff and to Parks.

State Maintenance Funding -The Executive budget includes a 2% increase in state maintenance funding each year of the 2-year budget. Based on Milwaukee County's 2011 Routine Maintenance Agreement (RMA) budget, the following schedule includes the potential increase in state maintenance funding for Highway Maintenance.

Year	RMA	Increase	Amount Increase
2011	12,255,100	0%	0
2012 (Estimated)	12,500,202	2%	245,102
2013 (Estimated)	12,750,206	2%	250,004

The above calculation assumes a 2% increase that is distributed equally to all counties. Based on the level of service model used by WISDOT, the actual increase to an individual county could approximately +/- 2%.

Total Funding and Proposed Corrective Action

The estimated GTA funding reduction for Highway maintenance is 349,615, which is partially offset by the State Maintenance budget increase 245,102 leaving a budget gap of 104,513.

The budget gap will be addressed with expenditure reduction on county trunk highways maintenance, or a supplemental revenue source would have to be identified.
Mowing on County Trunk Highways will be reduced from twice per month to once per month. The balance will be addressed by holding vacant positions open for a longer period of time.

Transportation Services Division

Local Road and Local Bridge Program – This section is not impacted by the State bi-annual operating budget. An application for funding was submitted on July 2010 for the 2011-14 cycle, projects were selected by Southeastern Regional Planning Commission during the early part of 2011. The next application for funding will be submitted in July 2012 for the 2015-17 cycle.

RECOMMENDATION:

Informational Report

FISCAL NOTE:

None

Prepared by: Rollin M Bertran, P.E., Director of Highway Operations

Approved by:

Jack H. Takerian, Director
Department of Transportation and Public Works

COUNTY OF MILWAUKEE
Inter-Office Communication

DATE: April 7, 2011

TO: Supervisor Lee Holloway, Chairman, Milwaukee Co. Board of Supervisors

FROM: Geri Lyday, Interim Director, Department of Health and Human Services

SUBJECT: **From the Interim Director, Department of Health & Human Services, submitting an informational report regarding the potential impact of the 2011-2013 State Budget on the Milwaukee County Department of Health and Human Services (Informational only unless otherwise directed by the Committee)**

Issue

At its March meeting, the Intergovernmental Relations Committee requested a written summary detailing the impact of the Governor's 2011-2013 Budget on various departments including the Department of Health and Human Services (DHHS).

Background

There are numerous changes in the budget that impact DHHS. The following identifies proposed State budgetary changes affecting DHHS:

Medical Assistance
Included in the State Budget is a $500 million reduction to the Medical Assistance program over the biennium. This program has over one million participants' statewide and may have large implications for Milwaukee County. Unfortunately, little information exists regarding this reduction.

Though the budget does not identify how these savings will be achieved, the assumption is that the State Department of Health Services (DHS) would exercise the rulemaking authority provided to it under Wisconsin Act 10 (2011 Budget Repair Bill) to make changes to the statutes relating to program eligibility, services, plan structure and cost sharing by participants. Wisconsin Act 10 directs DHS to first study potential changes to the Medical Assistance Program and any necessary federal waivers.

The Department has several divisions that rely on Medicaid funding estimated at $44 million. The following programs have budgeted Title 19 revenue and potentially could be impacted:

BHD
- Community Services including BHD operated and contracted services
- Inpatient and long-term behavioral health care

- Community-based programming such as Community Support Program (CSP)
- Wraparound Milwaukee

<u>DHHS</u>

- Children's Long-Term Support in DSD
- Delinquency Crisis Services Billing

Behavioral Health Division

As a part of the across-the-board initiative to reduce base funding for non-staff costs, the proposed budget includes a ten percent reduction in the amount of General Purpose Revenue (GPR) and Program Revenue (PR) made available for mental health and alcohol and substance abuse services. (Note: BHD and DHHS have received confirmation from the State that Basic Community Aids and Community Options Program funding will not be subject to the 10 percent GPR cut, and will remain at 2011 levels.)

The estimated reduction for BHD for programs funded by GPR (not BCA or COP) is $980,000 in 2011 and $1.2 million in 2012. This revenue is directly tied to client services so this, in effect, would be a direct service reduction unless an alternative funding source could be identified. However, the State has indicated it plans to restructure the AODA Block Grant allocation in 2012, which could positively impact Milwaukee County, as well as initiate other offsets to lessen the impact of the GPR reductions. Therefore, the net fiscal impact of the proposed changes will not be known until the State releases its final recommended numbers, which are expected by April 8. Based on the final figures, BHD will assess how client services will be impacted.

Additionally, the budget does not appear to include a $6.8 million GAMP payment from Milwaukee County to the State for either 2011 or 2012. There are a few other changes in the proposed budget that at this point would appear to have negligible, if any, impact on BHD. These include a change to the process for the Wisconsin Medicaid Cost Reporting Program (WIMCR), which BHD has been told by the State would be cost neutral for counties, and the elimination of statutory fees for patient medical records to be replaced by fees set by rulemaking. It is not clear the level at which fees would be set in rule relative to the current statutory fees, though the revenue that BHD receives from providing patient medical records is very small.

Disabilities Services Division

The budget caps enrollments in each of the publicly funded long-term care programs (Family Care, Family Care Partnership, PACE, or IRIS) at the number of individuals in that program as of June 20, 2011. Currently, DSD's Disability Resource Center (DRC) is in the process of phasing-in the enrollment of individuals with disabilities ages 18 through 59 who are currently on a waitlist. However, the budget would halt this process causing the 2,000 waitlist individuals, as well as new clients, seeking long-term services to not receive services.

The State provides about $2.1 million in GPR revenue to support the county's DRC. It appears that the budget retains this funding.

Income Maintenance

In 2010, the State of Wisconsin assumed responsibility for managing the administration of the Income Maintenance program and established the Milwaukee County Enrollment Services unit (MILES) to determine eligibility and administer the Food Share and BadgerCare public assistance programs. The proposed budget eliminates this unit and centralizes the IM functions statewide into one State IM Unit no later than May 1, 2012 and allows the new unit to contract with a public or private agency to perform certain IM administrative services statewide.

The budget also repeals existing statutes that authorize DHS to provide state funding to support the costs of MILES. This includes funding for the 271 county FTEs assigned to the Income Maintenance unit and shared services (human resources, records center, IT support) provided by Milwaukee County. The estimated fiscal impact to this change is unreimbursed legacy costs of about $4 million based on the 2011 budgeted rates and a $500,000 loss in shared services revenue. Though the budget allows DHS to delegate some administrative functions to counties, DHHS does not know what if any functions the State will seek assistance for from Milwaukee County.

Currently, the State reimburses Milwaukee County the cost of the county IM staff assigned to MILES less the county's required contribution of $2.7 million. The Governor's proposed budget would prorate this contribution based upon when the State established its centralized IM unit. Beginning in fiscal year 2012-2013, however, DHS would decrease every county's community aids allocation based upon the amount the county expended in 2009. For Milwaukee County, this amount was $2.7 million which is the same amount currently provided by the county to support MILES.

In 2010, the County's Child Care program was also taken over by the State Department of Children and Families (DCF). DHHS has verbally been told that the Child Care unit staffed by county employees and located at the Coggs Center is expected to remain intact. In addition, Food Share and a few other functions handled previously by DHS are transferred to DCF by January 1, 2013.

Since the takeover occurred, State DHS has leased the Coggs Center from DHHS. Although State DHS has verbally indicated that it will continue to use the majority of square footage in 2011, the future space needs of the State are unknown.

Delinquency

Cuts are expected in youth aids revenue as well as an increase to the daily rates charged to counties. This budget change is estimated to result in a revenue reduction of $1.8 million in 2011 and $3.6 million in 2012 to Milwaukee County.

While the 2011 DHHS Budget assumed a rate increase that accommodates the new

$284 daily rate proposed, the Department and Sheriff's Office anticipate an undetermined increase in costs associated with the planned closures of Ethan Allen and Southern Oaks correctional facilities. The Department will likely incur an increased use of detention beds for correctional youth pending return to one facility now located in northern Wisconsin and the Sheriff will likely incur increased transportation costs.

At the same time the State is proposing to decrease Youth Aids revenue, there continue to be concerns that new rate regulations and administrative rules anticipated to go into effect July 1, 2011 will increase costs associated with group home and residential care.

Recommendation

This report is informational only and no action is required.

Geri L. Lyday

Geri Lyday, Interim Director
Department of Health and Human Services

Cc: Interim County Executive Marvin Pratt
Supervisor Luigi Schmitt
Supervisor Johnny Thomas
John Ruggini, DAS Interim Fiscal and Budget Administrator
Antionette Thomas-Bailey, Fiscal and Management Analyst, DAS
Stephen Cady, County Board Staff
Jennifer Collins, County Board Staff
Carol Mueller, County Board Staff

COUNTY OF MILWAUKEE
Inter-Office Communication

DATE: April 7, 2011

TO: James (Luigi) Schmitt, Chairman, Intergovernmental Relations Committee
Willie Johnson, Jr., County Board of Supervisors, Chairman, Judiciary Committee

FROM: Lisa Marks, Director, Department of Child Support Enforcement

SUBJECT: **REPORT FROM THE DIRECTOR, CHILD SUPPORT ENFORCEMENT PROVIDING AN INFORMATIONAL REPORT ON THE IMPACTS OF GOVERNOR WALKER'S PROPOSED BUDGET.**

Issue:

An informational report was requested at the March 14, 2011, meeting of the Intergovernmental Relations Committee regarding departmental impacts of the Governor's budget repair bill and proposed 2011-2013 Biennial Budge.

Discussion:

Budget Repair bill does not have direct impact on the Department of Child Support Enforcement (CSE). The proposed biennial budget will impact CSE.

Fiscal Impacts:
CY2011, minimal to no impact. CY2012 decrease of $3,664,779, and CY 2013 decrease of $3,664,779 if distribution methodology remains the same.

To adequately explain the impact of Governor Walker's proposed budget Child Support (CSE) needs to briefly cover some recent history.

Prior to the Deficit Reduction Act of 2005 (DRA), local child support enforcement agencies received approximately $12.7 million in federal child support incentive payments and $24.7 million in federal matching funds (at 66% matching rate) for these incentive payments, for a total of $37.4 million. The DRA eliminated the ability to receive federal matching funds on the federal child support incentive payments. As a result, local child support agencies would have received only $12.7 million in federal funding, a statewide reduction of $24.7 million. 2007 Act 20 provided an annualized amount of $5.5 million GPR to partially offset this reduction in funding, which generated $10.7 million in federal matching funds, for a total of $28.9 million ($12.7 million incentive + 5.5 GPR + 10.7 match). Even with this State investment Milwaukee County CSE absorbed a $2.6 million per year loss during that period.

The American Recovery and Reinvestment Act of 2009 (ARRA) restored the ability to match federal child support incentive payments from October 1, 2008, through September 30, 2010. As a result, 2009 Act 28 eliminated the $5.5 million GPR annually that had been provided within 2007 Act 20. Instead, Act 28 provided $4,250,000 GPR in 2010 -11 due to the elimination of the ability to match incentive payments October 1, 2010. It was assumed that the other one-half of the CY 2011 GPR would be provided in the 2012-13 biennial for the last six months of CY 2011 contracts. The funding level under Act 28 for local child support agencies on an annualized basis would have been $12.5 in child support incentive payments, $8.5 million GPR, and $16.5 million federal match on the GPR.

On June 25, 2010, DCF sent counties preliminary contract allocations for CY2011, consistent with Act 28. However, in accordance with Governor Doyle's budget instructions that GPR remain at the base budget amount in agency requests, Secretary Bicha submitted a budget limiting GPR to $4,250,000 in each year of the biennium. CSE was notified of the conflict in the base amount as the 2011 County budget hearing procress began.

Intergovernmental Relations was instrumental in assisting CSE and the Wisconsin Child Support Enforcement Association with the passage of Motion #40 in December, 2010. The bill moved unallocated DCF program revenue of $4,250,000 and $8,250,000 federal match to state child support programs for CY2011.

Governor Walker's proposed budget did not address the discrepancy between the base funding provided for under Act 28 and the language of the DCF requested budget. The net fiscal effect is a reduction of $8,500,000 GPR and $16,500,000 federal match ($25,000,000 total) statewide for the biennium. With the GPR provided under Motion #40 and with the CY2012 $4,250,000 GPR appropriation, there will.be no fiscal impact to Counties in 2011. Assuming the same methodology for distribution in 2012 as in 2011, Milwaukee County will lose an estimated $3,664,779 in GPR and federal match in 2012. With no changes to the current budget language or distribution methodology, Milwaukee County would lose an estimated $3,664,779 in 2013.

Despite the significant funding cuts in Governor Walker's budget, maintenance of effort and contractual county minimum contributions are not adjusted - the required county contributions remain unchanged. Milwaukee County is required to contribute at least $2,491,002 to the child support program. If the County is unable to meet this requirement, the State could withhold revenue from the department by the same amount.

Programmatic Impacts:
The 2011 State and County contract for Child Support placed strong emphasis on arrears collections. This emphasis is not reflected in Governor Walker's budget.

In January 2010, the Department of Health Services assumed responsibility for Milwaukee County's Income Maintenance Division, now known as MiLES. CSE receives 75% of its referrals from this division. Since the transfer, the number of duplicate and inappropriate referrals has increased. This increase has caused additional workload issues for CSE and may have a negative performance revenue impact for the next several years. Another change to this delicate referral system could create additional duplicative work.

The Department estimates that families in Milwaukee County may lose up to $18,323,895 in support collections due to potential staffing reductions and resulting delays in establishing paternity and support. The potential delays in service may increase the demand for limited customer service resources. Finally, besides the potential harm to families, this will impact the amount of future incentive funding the Department will earn.

CSE has been working with IGR to seek a solution to this funding issue. There appears to be some support within Joint Finance to address the shortfall for 2012, provided a funding source can be identified. On March 23, 2011, the Legislative Audit Bureau identified $12 million in DCF's budget as a Random Moment Sampling Variance. Although the State's Department of Administration has proposed to lapse this money to the general fund, this is a potential source of funding for the child support program. Any of this money put into child support would draw additional federal dollars, by a 66% match rate.

Recommendations:

This report is for informational purposes only.

Respectfully submitted,

Lisa Marks, Director
Department of Child Support Enforcement

cc: County Executive
Chief of Staff – County Executive's Office
Rick Ceschin, Analyst – County Board
Antoinette Thomas-Bailey, Analyst - DAS