

Fiscal Estimate Narratives

DHS 4/14/2009

LRB Number	09-2235/3	Introduction Number	AB-0194	Estimate Type	Original
Description Administration of certain public assistance programs in Milwaukee County, removing county civil service protections from certain employees, required provisions in certain collective bargaining agreements under the Municipal Employment Relations Act, and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

This bill requires the Department of Health Services (DHS) to establish a Milwaukee County enrollment services unit to determine eligibility for Medical Assistance, FoodShare, and funeral and cemetery aid programs. The bill permits the Department of Children and Families (DCF) to contract with DHS for child care subsidy program (Shares) functions. Under the bill, DHS would manage the income maintenance and state supplemental payment programs in Milwaukee County. The bill requires that supervisory personnel in the enrollment services unit be state employees and that all other employees in the unit may be a combination of state and county employees. The county is required to expend an amount specified in the bill for the operation of income maintenance programs in the county. DHS must reimburse the county for approved costs, primarily related to staff.

AB 194 does not impose an additional cost for DHS above the amount provided in the Governor's 2009-11 Biennial Budget recommendation (AB 75). AB 75 provides funds for transitional costs to implement the Department's assumption of these functions by January 1, 2010, while DHS continues to pay Milwaukee County for administration of the income maintenance program for the duration of its calendar year 2009 contract.

In future years, it is anticipated that current funding used for income maintenance payments to Milwaukee County in conjunction with current funding contributed by Milwaukee County to income maintenance functions will be sufficient to support the costs of State assumption of these functions.

As noted above, there may be expenditures related to Shares should DCF contract with DHS for Shares functions. These activities would be cost neutral to DHS as they would be funded with existing Shares funding provided by DCF. There are also state employment relations and benefits provisions included in the bill; any costs related to these items would be borne by the Office of State Employment Relations and the Department of Employee Trust Funds. The fiscal impacts of this bill's provisions on departments other than DHS are not included in this fiscal note.

In the absence of this bill, funding for Milwaukee County income maintenance activities, including the income maintenance allocation and county contribution, would total approximately \$24 million, of which approximately \$3.55 million would have been provided by Milwaukee County (based on CY 2007 county expenditures). Under this bill, these funds would be used by the State for Milwaukee County income maintenance functions. The amount of County contribution would be adjusted each year commensurate with annual increases to wages and benefits.

DHS would use the \$24 million to pay for County income maintenance worker's staff and fringe costs, state supervisory staff, space, and supplies and services expenses. It is expected that revenues and expenses would offset one another, causing the State to neither have excess revenue nor new expenses not covered by an existing revenue source.

Milwaukee County currently receives a portion of any FoodShare and Medical Assistance fraud, overpayment, or estate recoveries for use in the income maintenance program. The bill specifies that these funds would come to the State because the State would be responsible for allocating the managers and staff for this task in Milwaukee and paying Milwaukee County for their staff. DHS would use any incentive payments to pay for the resources devoted to these efforts.

Milwaukee County currently incurs infrastructure costs, including building costs, information technology, fiscal, and human resources costs. A portion of these costs may be shared with other Milwaukee County programs. As the State assumes the administration of income maintenance functions in Milwaukee County, the County could potentially eliminate a portion of the infrastructure costs. The precise impact on

infrastructure costs cannot be estimated at this time, although current discussions suggest that Milwaukee County would only be providing human resources and payroll services.

Long-Range Fiscal Implications