



State of Wisconsin  
Department of Health Services

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Jim Doyle, Governor  
Karen E. Timberlake, Secretary

April 27, 2009

The Honorable Senator Lena Taylor  
State Senate  
Room 415 South, State Capitol  
P.O. Box 7882  
Madison, WI 53707-7882

The Honorable Tamara Grigsby  
Wisconsin State Legislature  
Room 324 East, State Capitol  
P.O. Box 8953  
Madison, WI 53708

Re: SB161 and AB194

Dear Senator Taylor and Representative Grigsby:

SB 161 and AB 194 will enable the Department of Health Services' (DHS) management of the eligibility determination for key public assistance programs in Milwaukee County while providing certain protections for county workers who currently perform this work.

Over the past few weeks, the Milwaukee County Executive and County Board have questioned whether Milwaukee County should have to contribute to the cost of administering the income maintenance program once DHS assumes full management responsibilities. This memo addresses these concerns.

Milwaukee County should continue to contribute to the costs of income maintenance administration in Milwaukee County because funding of income maintenance administration has long been a shared responsibility in Wisconsin between federal, state and local governments. All other Wisconsin counties, except for one, Florence County, currently share in the cost of income maintenance administration.

When SB 161/ AB 194 were being drafted the most recent cost data available was the 2007 amount that Milwaukee County spent on income maintenance services. That amount was \$3.55 million, or about 15% of total spending. On average, other counties contribute 23% of their costs of income maintenance services, while Milwaukee County contributed approximately 15% of the total cost in 2007 (Table 2). DHS has reviewed Milwaukee County's annual contributions over the past six years (Table 1).

**Upon review of additional data, DHS supports an amendment which would reduce Milwaukee County's contribution to \$3 million per year:**

- **The resources the County has invested in the program have fluctuated over the years.**
- **\$3 million represents Milwaukee's four-year and two-year average contribution.**
- **Using a four-year or two-year average is an appropriate measure because it adjusts for fluctuations in the County's commitment over most recent years.**
- **Milwaukee County has indicated that it has budgeted \$3 million in its 2009 budget; therefore, \$3 million is the most recent contribution level Milwaukee County has committed to the program.**

	County Reported IM 'Overmatch'	Total IM Expense	County Funds as % of Total
CY2003	\$1,622,726.00	\$22,114,478.00	7.34%
CY2004	\$2,347,453.00	\$22,400,841.00	10.48%
CY2005	\$3,460,488.00	\$23,212,984.00	14.91%
CY2006	\$2,487,444.00	\$21,528,154.00	11.55%
CY2007	\$3,559,823.00	\$24,192,890.00	14.71%
CY2008	\$2,385,488.00*	not yet available	not yet available
	*reported to DHS 4/16/09		
Avg - last 6 years	\$2,643,903.67	Avg 2007-2003	11.80%
Avg - last 4 years	\$2,973,310.75	Avg 2007-2005	13.73%
Avg - last 2 years	\$2,972,655.50		

Top 6 Counties - IM Caseload	12/07 Total IM Cases	County IM Cases 12/07 Percentage of Statewide total	2007 County IM \$s	2007 Total Dollars	2007 County IM \$'s as % of Total Expense	County IM \$'s per Case
KENOSHA COUNTY	11,037	3.10%	\$3,723,122	\$9,010,293	41%	\$ 337.33
DANE COUNTY	20,270	5.69%	\$1,802,375	\$6,160,919	29%	\$ 88.92
RACINE COUNTY	12,516	3.51%	\$926,394	\$3,700,256	25%	\$ 74.02
BROWN COUNTY	12,503	3.51%	\$777,108	\$3,136,416	25%	\$ 62.15
ROCK COUNTY	11,487	3.22%	\$638,680	\$2,909,032	22%	\$ 55.60
<b>MILWAUKEE COUNTY</b>	<b>94,752</b>	<b>26.59%</b>	<b>\$3,559,823</b>	<b>\$24,192,890</b>	<b>15%</b>	<b>\$ 37.57</b>
Statewide Totals	356,343	***	\$23,365,716	\$101,617,020	23%	\$ 65.57
Five County (excluding Mil)	67,813	19.03%	\$7,867,679	\$24,916,916	28%	\$ 116.02

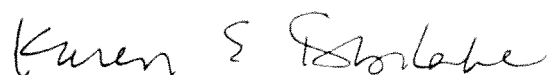
### *Escalator*

The legislation ties the increase in the county contribution to the increase in employee costs in order to ensure that Milwaukee County's IM contribution is commensurate with annual increases to wages and benefits that they agree on. **The escalator must be maintained in any amendments.**

Because Milwaukee County will be negotiating wages and benefits with the workers for approximately 280 county income maintenance employees, Milwaukee County, as the negotiator, should be held accountable to contribute additional dollars commensurate with any increases in wages and benefits.

We assume that the administration of income maintenance will go back to Milwaukee County at some point in the future; therefore, it is important that the County continues to ensure it has sufficient fiscal infrastructure to support annual cost of living adjustments.

Sincerely,

  
Karen E. Timberlake



State of Wisconsin  
Department of Health Services

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Jim Doyle, Governor  
Karen E. Timberlake, Secretary

AB 194 and SB 161

Joint Hearing of the Assembly Labor and Senate Labor, Elections and Urban Affairs Committees  
Testimony of Karen Timberlake  
Secretary, Department of Health Services  
April 14, 2009

Chairman Coggs, Chairwoman Sinicki, and members of the Assembly Labor and Senate Labor, Elections and Urban Affairs Committees, thank you for the opportunity to speak with you today. I would like to especially thank the Chairs for holding this joint hearing and providing an opportunity to explain the key provisions of AB 194 and its companion bill, SB 161.

These bills will enable the Department of Health Services' (the Department) management of the eligibility determination for key public assistance programs in Milwaukee County while providing certain protections for county workers who currently perform this work. The public benefits programs in question include Medicaid, BadgerCare Plus, FoodShare, the funeral and burial expense program, and the Wisconsin Shares subsidized childcare program, managed by the state Department of Children and Families (DCF).

Before I discuss the details of this bill, it is important to establish the circumstances that have led us to where we are today.

**Performance Problems in Milwaukee County**

As you are aware, the Department has decided not to contract with Milwaukee County after December 31, 2009, for administration of the eligibility determination functions, known as "income maintenance," for the programs listed above. Instead, the Department will assume management responsibilities for these functions directly, and will deliver the programs with state supervisors and managers who will work with county front line workers. This decision was made due to the sustained inability by the Milwaukee County Department of Health and Human Services to successfully provide accurate, responsive services to its residents, over a period of many years. This has resulted in thousands of Milwaukee County residents being wrongly deprived of food assistance, eligibility for medical care, and assistance with subsidized childcare.

Last year alone, one in five Milwaukee County FoodShare recipients were wrongly denied or lost their benefits. The Milwaukee County Call Center answered fewer than 5% of calls received per month from residents seeking information about their cases or about the programs the Department has contracted with the County to administer. Far from being an isolated occurrence or the result of the current economic downturn, these performance problems have persisted for many years. Just in the last six years, the Department has provided Milwaukee County with technical assistance, thousands of hours of state staff support, and millions of dollars in system improvement funds. We have also passed along to the county fines and penalties incurred by the State due to Milwaukee County's poor performance. None of these strategies has resulted in the County's performance reaching consistently acceptable levels.

In July 2008, a federal court lawsuit was filed against the Department and the County seeking to remedy

the poor eligibility services provided in Milwaukee County. The Department has reached a settlement in principle with plaintiffs' counsel which will require this Department to assume direct responsibility for the administration of income maintenance functions in Milwaukee County. Although the lawsuit will be settled shortly, it will not be formally dismissed until services to the residents of Milwaukee County reach levels specified in the settlement agreement after a full year of the Department's management of these programs.

This is not a decision this Department has made lightly. Members of the State Legislature and the Milwaukee County Board have voiced their concern over the poor service provided by the Milwaukee County Department of Health and Human Services while expressing the view that income maintenance programs should ideally be delivered by the unit of government closest to the people being served. The Department's assumption of income maintenance functions using state managers and supervisors, with Milwaukee County workers, balances our two primary goals: improve service to the people of Milwaukee County, through a locally delivered program that may one day be returned to County management.

### **Structure of Milwaukee Enrollment Services Unit**

The Department must ensure timely and accurate processing of applications and renewals and a high level of customer service. We must also work to rebuild trust in the administration of public benefit programs with program participants, applicants, and the entire Milwaukee County community. The Department plans on achieving these goals by managing, supervising, training and supporting county workers with state supervisors.

By May, 2009, all applications for benefits received through <http://access.wi.gov> will be processed by state staff located in Milwaukee.

By July, 2009 the Department will open an expanded Call/Change Center with state managers and county employees. The Call/Change Center will be responsible for:

- Answering all questions regarding FoodShare, Medicaid, BadgerCare Plus, Wisconsin Shares, and SSI Caretaker Supplement program eligibility, both case specific and general program questions; and
- Processing all changes reported to the Call/Change Center via the telephone, over the internet, through the mail or by fax.

By January 1, 2010, management responsibility of Milwaukee enrollment services functions will be fully transitioned to the Department from the County.

Using state supervisors and managers allows the Department to direct and manage the day to day operations of this important set of functions and make the changes needed to restore good performance. Using Milwaukee County front line staff, including eligibility, clerical, program-integrity and certification workers, will:

- Use the experience and expertise of county workers currently performing job duties.
- Ensure that county workers retain their benefits and eliminate gaps in employment for county workers.
- Decrease further delays in access to benefits for Milwaukee residents.
- Ease the eventual transition of responsibility back to Milwaukee County by maintaining staff at the county level.

### **Key Provisions of AB 194 and SB 161**

The Department's decision to assume management responsibility of Milwaukee County's income maintenance programs is permitted by federal and state law. The Department has advised the Milwaukee County Board that we will no longer contract with the County for administration of these programs after December 31, 2009. The Department does need statutory approval to manage these programs with county workers, particularly to ensure that the Call/Change Center is fully staffed with trained county employees and state supervisors on July 1, 2009. In addition, several statutory changes are needed to remove disincentives faced by current county workers who might wish to apply for state positions, and to ensure adequate support for income maintenance programs in Milwaukee County going forward. Specifically, the changes proposed in AB 194 and SB 161 will:

- Allow the Department and DCF *state* employees to supervise Milwaukee *County* employees.

Similar changes were made when District Attorneys and Assistant District Attorneys became state employees, to permit them to supervise the county-employed staffs in their offices.

- Allow any Milwaukee County worker who is hired into a state Milwaukee Enrollment Services Unit position to have their accumulated Milwaukee County seniority considered when setting their state salary, annual leave, and sick leave; to have employer contributions toward health insurance covered on the first day of state employment; and to choose to remain in the Milwaukee County retirement system or to participate in the Wisconsin Retirement System.

These changes will remove disincentives that experienced Milwaukee County workers would otherwise have to applying for state Milwaukee Enrollment Services positions. Similar changes specific to Milwaukee County were made when the District Attorneys and Assistant District Attorneys became state employees.

- Require Milwaukee County to provide \$3.59 million (plus adjustments commensurate with annual increases to wages and benefits) annually to contribute to the cost of funding income maintenance administration, as counties throughout the state do.

Funding of income maintenance administration has long been a shared responsibility in Wisconsin between federal, state and local governments. All other Wisconsin counties, except for Florence County, currently share in the cost of income maintenance administration. Milwaukee County will be required to continue to provide approximately \$3.59 million annually (plus adjustments commensurate with annual increases to wages and benefits), the amount the County contributed to these services in 2007. In 2007, the most recent year for which data is available, the total cost of income maintenance administration annually in Milwaukee County was \$24.2 million (AF). The state's share was approximately \$8.6 million (GPR), the county's share was \$3.6 million, and the federal share was \$12.1 million.

On average, other counties in the state contribute 23% of their costs of income maintenance services, while Milwaukee County contributes 15% of its total cost. By maintaining its current level of investment in these important services, Milwaukee County will demonstrate its ongoing commitment to ensuring that its residents receive access to the programs and services to which they are entitled and also demonstrates its ongoing commitment to the eventual resumption of management responsibility for these programs at the County level.

- Set forth future discussions between the Department and Milwaukee County regarding the parameters and benchmarks that must be met by the county in order to return the Income Maintenance operations to the county in the future.

Members of the State Legislature and Milwaukee County Board members have spoken of their firm belief that income maintenance services should be delivered by the unit of government closest to the people receiving services. The State's plan to deliver this program with County workers under state management accomplishes that goal. To that end, this bill provides that, following dismissal of *West v. Timberlake* litigation, Milwaukee County and the Department will engage in discussions regarding who shall operate Milwaukee County income maintenance functions and the standards for operating these programs. The pending settlement agreement requires a sustained period of good performance under state management before the litigation can be dismissed.

Thank you for the opportunity to testify today in favor of AB 194 and SB 161. These bills will support the important work of ensuring that Milwaukee County residents receive timely, accurate access to food assistance, health care, and subsidized child care during these very difficult economic times. I would be happy to take any questions that you have.