

1997-98 SESSION
COMMITTEE HEARING
RECORDS

Committee Name:

Joint Committee on
Finance (JC-Fi)

Sample:

Record of Comm. Proceedings ... RCP

- 05hrAC-EdR_RCP_pt01a
- 05hrAC-EdR_RCP_pt01b
- 05hrAC-EdR_RCP_pt02

➤ Appointments ... Appt

➤ **

➤ Clearinghouse Rules ... CRule

➤ **

➤ Committee Hearings ... CH

➤ **

➤ Committee Reports ... CR

➤ **

➤ Executive Sessions ... ES

➤ **

➤ Hearing Records ... HR

➤ **

➤ Miscellaneous ... Misc

➤ 97hrJC-Fi_Misc_pt151 ~~EEB~~

151

➤ Record of Comm. Proceedings ... RCP

➤ **

WISCONSIN CATHOLIC CONFERENCE AND



ACTION ALERT

Voices
For
Justice

An Update On Legislative Issues Of Importance

IMPROVING WELFARE REFORM PROVIDING SERVICES TO ALL WHO PLAY BY THE RULES

BACKGROUND

The old AFDC program was an "entitlement." The Wisconsin Works program (W-2) replaces the entitlement with a provision that not every family is guaranteed services under W-2, even if they meet program requirements. As a result, it is possible that some families, whose parents are willing and able to work, will not receive assistance to do so if a downturn in the economy results in funds for W-2 running out before all are served.

WCC POSITION

Like AFDC before it, the Wisconsin Works program will be the main source of support for needy families with children. Since children do not choose their parents or the conditions into which they are born, they have a moral claim on the community for the necessities of life, just as they do for the right to life itself.

Doesn't this return to the old system?

No. There is a mistaken notion that entitlement means you get something for nothing. This is not true. All WCC and others are asking is that the state maintain a covenant with the poor which says that "if you play by the rules, we will help you with Wisconsin Works services."

Besides, even the Policy Document for Pilot Counties, the basic document developed by the Department of Workforce Development to assist county W-2 agencies, states that "those who are eligible for and need assistance will receive assistance."

If such a commitment can be made in the policy manual, it can and should be made in the law so that a poor child's access to the necessities of life cannot be denied by the arbitrary decision of a local agency or because the agency has run out of money for the fiscal year.

ACTION REQUESTED

Contact legislators and urge them to amend Wisconsin Works to provide that families whose parents are willing to comply with W-2 work and other program requirements will receive services in the form of an employment position under the program.

If you don't know who your state Senator or state Assembly representative are, call the Wisconsin Legislative Hotline at 1-800-362-9472. In Madison, call 266-9960. The TDD line for the hearing impaired is 1-800-228-2115.

- State Senate: Address mail to your state Senator at P.O. Box 7882, Madison, WI 53707.
- State Assembly: Send mail to representatives with last names beginning A-L to P.O. Box 8952, Madison, WI 53708. For representatives with last names beginning M-Z mail to P.O. Box 8953, Madison, WI 53708.
- Letters also can be faxed to legislators. Dial (608) 266-7038.

For more information contact: Margie Morgan, Social Concerns Office e-mail: socmin@execpc.com or call

Archdiocese of Milwaukee

3501 S. Lake Drive • P.O. Box 07912 • Milwaukee, WI 53207-0912 • (414) 769-3402 ☎



ACTION ALERT

*Voices
For
Justice*

An Update On Legislative Issues Of Importance

IMPROVING WELFARE REFORM PROVIDING BASIC NEEDS FOR LEGAL IMMIGRANTS

BACKGROUND

The new federal welfare law provides that immigrants who have been in the US for more than five years are to be denied Supplemental Security Income (SSI) and food stamps. New immigrants will be denied access to most federal means-tested programs, including Medicaid for the first five years they're in the United States.

It is estimated that nationwide about 800,000 legal immigrants will lose SSI. Here in Wisconsin, it is estimated that upwards of 40,000 may be affected. Many of these are elderly and disabled persons who have been in the US for a long time and lack the capacity to do what is necessary to become citizens. If this policy is not changed, many legal immigrants may be forced out of their homes. Others may be forced to leave nursing homes or care facilities.

Here in Wisconsin, legal immigrants with children will be eligible for Wisconsin Works program (W-2) services because these services are paid for with state funds and a federal block grant over which the state has broad discretion. However, the state won't have the flexibility to make immigrants eligible for food stamps and SSI which are completely funded with federal dollars.

WCC POSITION

Catholics, indeed all in the community, have an obligation to assist the needy, including those from other lands. We should follow the example of the Good Samaritan, who treated even the foreigner as a neighbor. Accordingly, we support efforts to restore benefits to legal immigrants and others denied basic financial support.

ACTION REQUESTED

1. Urge Congress to restore eligibility for food stamps, Medical assistance, and SSI to legal immigrants.
2. Ask your legislators to enact a state program to provide a state-funded benefits for food, clothing and shelter for immigrants who are no longer eligible for federal food stamps in the event Congress does not act.

If you don't know who your state Senator or state Assembly representative are, call the Wisconsin Legislative Hotline at 1-800-362-9472. In Madison, call 266-9960. The TDD line for the hearing impaired is 1-800-228-2115.

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ACTION ALERT



An Update On Legislative Issues Of Importance

COMMUNITY AIDS THE LIFEBLOOD OF PROGRAMS FOR CHILDREN AND FAMILIES

BACKGROUND

In Wisconsin, human services for families, the elderly, persons with disabilities and abused and neglected children are funded mostly with state dollars and administered by the counties. The funding source for these services is a program called **Community Aids**. In 1996-97 the combined state and federal funds for community aids was about \$311 million (\$206 million state and \$105 million federal).

Community Aids funds services to families in the communities in which they live. Sometimes a county contracts with local non-profit agencies to provide services. Catholic Charities agencies around the state are often retained by counties to provide services in the areas of counseling, child care, employment programs for persons with disabilities, residential services, and others.

Examples of people who benefit from Community Aids include:

- ⇒ A six year old girl who suffered a broken arm after her father threw her to the floor. She benefits when Community Aids pays for family counseling for the father and the child protection worker who monitors her progress to assure she remains safe.
- ⇒ A 75 year old grandfather with a broken hip. He benefits when Community Aids pay for a worker to assist him with household cleaning and meal preparation until his hip heals.
- ⇒ An adult with cerebral palsy. He benefits when Community Aids funds in-home assistance so he can perform a variety of daily living tasks that most of us take for granted. Community Aids also helps the local Catholic Charities agency operate a community work program that allows adults with disabilities like cerebral palsy to live a productive life in their home town.

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In the 1997-99 budget bill, the Community Aids program is being cut by \$7 million in the first year of the budget and another \$8.6 million in the second year.

These reductions reflect a decision by the Governor to pass through cuts in federal funding. At the same time, the budget includes healthy rate increases for nursing homes and hospitals. The budget also puts millions more into prisons.

Thus the budget is directing funds away from local programs that tend to be less expensive and more convenient for families into more costly institutional responses that separate family members from each other and from supportive neighborhood resources.

Which Programs Will Be Most Affected By The Cut?

Some programs paid for by Community Aids are court ordered services, such as protection for abused or neglected children who must be placed in foster care. Other services, such as those provided to persons who have disabilities or are mentally ill, are not court ordered. These services may be sacrificed if funding is not adequate after the court ordered services are paid for.

WCC POSITION

WCC supports community services and programs, such as in-home assistance, as generally preferable to institutional responses, such as nursing homes. These latter approaches tend to treat people in isolation from their families and other local networks of social support and participation. Supporting community-based services and programs is a matter of good stewardship of resources, but also a more "family friendly" approach in most instances.

ACTION REQUESTED

Urge your legislators to restore the reductions to community aids so the program stays receives at least the same amount of funds as it did last year.

If you don't know who your state Senator or state Assembly representative are, call the Wisconsin Legislative Hotline at 1-800-362-9472. In Madison, call 266-9960. The TDD line for the hearing impaired is 1-800-228-2115.

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WISCONSIN CATHOLIC CONFERENCE AND



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An Update On Legislative Issues Of Importance

IMPROVING WELFARE REFORM VALUING WORK BY PAYING A FAIR WAGE

BACKGROUND

The Wisconsin Works Program (W-2) replaces the AFDC program under which parents of poor children received monthly cash grants with a program by which parents are required to work. Families currently on AFDC will be placed in one of four work categories as follows:

MOVEMENT UP THE SELF-SUFFICIENCY LADDER IS FACILITATED BY THE W-2 DESIGN

Unsubsidized Employment	Market wage+ Food Stamps+ EITC	40 hrs/week standard	None
Trial Jobs	At least minimum wage \$893/month + Food Stamps+ EITC	40 hrs/week standard	6 to 9 mos. per job 24 mos. maximum
Community Service Jobs	75% minimum wage or \$673/month + Food Stamps+ (no EITC)	40 hrs/week standard	6 to 9 mos. per job 24 mos. maximum
W-2 Transitions	70% minimum wage \$628/month + Food Stamps (no EITC)	Assigned activity hours may vary, so could be less than 40 hrs/week	24 month limit; extensions permitted on case-by-case basis

As the W-2 program was being developed, the Department of Health and Social Services projected that 75 percent of the families in W-2 would be placed in either the Community Service Job (CSJ) or Transitional Placement (TP) categories. As the table indicates, although parents in these families must engage in 40 hours of weekly work and training activity, both categories will provide grants that average out to less than the minimum wage.

The CSJ grant is 75 percent of the minimum wage because people in the CSJ's will be required to work 30 hours a week (75% of 40 hours) and spend 10 hours in work search or training activities and the Transitional Placement grant is 70 percent of the minimum wage because the work requirement for such positions is 28 hours a week with 12 hours for work search, or training.

However, those persons in either category will lose \$5.15 an hour for each hour they fail to participate in any of the forty hours. Thus people will be paid for 30 or 28 hours of work but held accountable for 40 hours of activity.

Furthermore, payments to families in CSJ's and Transitional Placements are defined as grants, not wages. As a result, families receiving them will not qualify for the Earned Income Tax Credit. One estimate indicates Wisconsin's poor families would receive an additional \$50 million per year in Earned Income Tax Credits if these positions were defined as wage-paying community service jobs.

WCC POSITION

The Catechism of the Catholic Church affirms that "a *just wage* is the legitimate fruit of work. To refuse or withhold it can be a grave injustice" (n.2434). Quoting from Gaudium et Spes, the Catechism continues: "Remuneration for work should guarantee man the opportunity to provide a dignified livelihood for himself and his family on the material, social, cultural, and spiritual level" (GS, n.67, p.2).

Wisconsin's bishops have affirmed this teaching in their statement, Reforming Welfare by Valuing Families. The bishops argue that "work is both a means of personal fulfillment and the means of providing for families and other social responsibilities" and, therefore, "work must advance dignity and empower people to care for their families." The payment of a just wage is a concrete means of facilitating these goals of work, and the right to this wage is grounded in the fundamental dignity of the human person, who is created in the image and likeness of God.

Based on this tradition of Catholic social teaching, WCC is urging legislators to redefine compensation in CSJ's and Transitional Placements, which are now called grants, as wages so that employees are eligible for the earned income tax credit. These changes will help families support themselves and show greater respect for the work they do.

ACTION REQUESTED

Contact your legislators and urge them to do the following:

Redefine these grants for Community Service Jobs and Transitional Placements as wages, so the people in those jobs may become eligible for the Earned Income Tax Credit.

If you don't know who your state Senator or state Assembly representative are, call the Wisconsin Legislative Hotline at 1-800-362-9472. In Madison, call 266-9960. The TDD line for the hearing impaired is 1-800-228-2115.

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ACTION ALERT



An Update On Legislative Issues Of Importance

IMPROVING WELFARE REFORM EXPANDING EDUCATION AND TRAINING OPTIONS

BACKGROUND

The Wisconsin Works Program (W-2) offers parents in poor families who receive W-2 services a range of education and training options. These options are limited to job-specific training, basic skills education (high school equivalency, English as a second language) and activities like classes on parenting and job etiquette.

However, these education and training options do not include post-secondary education. The non-partisan Legislative Fiscal Bureau has estimated that about 13,000 low income parents who had been enrolled in public and private colleges and technical colleges may not be able to continue their education because W-2 does not recognize these courses as acceptable job training activities.

The rationale is that such education delays a person's entry into the work force and serves as an unnecessary detour to self-sufficiency. Further, it is argued that studies indicate that post-secondary education and training does not help participants find long term employment.

LOW INCOME WORKERS GRANT PROGRAM

Some legislators are trying to modify W-2 to include a "Step Up Low Income Workers Grant Program." Under this program certain low income workers and W-2 recipients would be eligible for higher education activities without losing W-2 benefits. The program would cover about 1,600 low income people.

Participants would have to meet several criteria, such as a) their annual income must be at or below 165% of poverty; b) they must have been employed at a full time job (at least 30 hours/week); c) they must have been accepted for enrollment in a career-related degree program at an accredited college or vocational school; d) they must have an employer/sponsor willing to contribute toward the scholarship and be recommended by three people who agree that they have career promise in their chosen course of study. One of these recommendations must be from the person's employer.

WCC POSITION

In their statement on welfare reform, Reforming Welfare by Valuing Families, the bishops of Wisconsin argued that real welfare reform should move away from "one size fits all" strategies that treat all poor people

the same way. Instead, welfare policies should discern individual differences. Responses should offer poor families a variety of options that are based on the needs and capabilities of the families.

While the old system may have assumed too much about the effectiveness of post-secondary education and training, such training was often vital to the long term financial self-sufficiency of many poor people. It would be a mistake to go too far in the other direction and now assume that no one on welfare would benefit from higher education.

While reform should encourage work and avoid needless delay in taking a job, there are times when a delayed entry into the full-time workforce makes sense if that time is used to develop their skills and aptitudes. Moreover, business leaders often complain that too many workers lack the technical skills to fill available job openings.

WCC believes a program such as the Step Up Low Income Workers Grant Program does treat people on the basis of their individual skills and abilities. It focuses resources on those most likely to benefit from them. Rather than detouring people away from the work force, it detours them away from jobs that will under utilize their talents.

ACTION REQUESTED

Write your legislators. Ask them to support a "Low Income Workers Grant Program" or a similar approach that allows those W-2 clients with promise to have access to higher education opportunities. Try to make the following points in your letter.

1. Welfare reform should recognize that higher education may be the best way out of dependency for some people.
2. The Step Up Low Income Workers Grant Program carefully directs higher education help to those most likely to take advantage of it. The 1,600 who would benefit from this program represent about 10% of those who were in higher education programs under the old welfare system.
3. This is not offering college for free. Most of the poor people in the program will have earned financial aid or scholarships just like other gifted students.

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WISCONSIN CATHOLIC CONFERENCE



ACTION ALERT



An Update On Legislative Issues Of Importance

WISCONSIN PRISON CHAPLAINS: AN OVERLOOKED NECESSITY IN A GROWING CORRECTIONS SYSTEM

BACKGROUND

The Catholic Church's experience of ministering to people of many ages, races, backgrounds and economic classes, has taught us that many criminals lack spiritual and moral direction.

Through counseling and prayer, prison chaplains can help prisoners understand the gravity of their crimes. Prison chaplains can help prisoners develop a moral and spiritual foundation that will give them the strength to reform their lives. They can also provide a vital link to the inmate's family and community that can serve the inmate well upon his or her release.

Beyond that benefit to society, the state also has a responsibility to ensure that prisoners have the opportunity and ability to exercise their First Amendment right to worship.

The Wisconsin Catholic Conference believes this right will be hampered unless funding for four additional chaplains is provided in the 1997-99 state budget.

AN OVERVIEW OF THE PROBLEM

The American Correctional Association (ACA) recommends that there be one chaplain for every 500 prisoners. The chaplain to prisoner ratio at Jackson and Dodge Correctional already far exceeds that. While both prisons are expanding their populations, neither has provisions for additional chaplains.

Jackson Correctional: While the prison currently has one chaplain for 700 prisoners, it is expected to expand to nearly 1,000 prisoners. In addition to this growth, Jackson's rural location creates unique problems for its lone chaplain. Because the prison is located so far from the population centers where many of the prisoners came from, the prisoners do not receive support and visits from family, friends and home church groups.

As a result, the chaplain at Jackson is called on more often and is expected to provide more spiritual support than at other institutions. Because of the area's sparse population, the chaplain does not have access to the local church groups and their volunteers and assistance which are more readily available to those at other prisons.

Dodge Correctional: This prison has two chaplains to serve 1,300 inmates. While this may seem adequate, a closer look at the facility indicates otherwise.

In 1993, Dodge Correctional had a population of about 600 and two chaplains. The number of chaplains has not been increased despite the fact that the population doubled in size, it became the infirmary for the state correction system, and it became an intake facility for female prisoners.

--OVER--

As the state prison infirmary, Dodge receives prisoners with chronic illnesses and those who are dying. This population requires intense chaplaincy work. Patients who are physically immobile can not go to chapel for worship or other spiritual services. These services must be brought to the infirmary, which is labor-intensive for the chaplains. Dying prisoners have intense spiritual needs, which also is very time-consuming for chaplains. Moreover, ministering to these prisoners places a heavy emotional burden on chaplains.

As an intake facility for female prisoners, Dodge is the only prison that has to manage both male and females. The prison has to ensure that female prisoners are provided the same worship opportunities and spiritual care as male prisoners. The duplication of services is labor intensive.

The pressure on chaplains is expected to increase because the prison is expanding to accommodate 400 more prisoners, bringing the prison population to 1,700. Based on the ACA standards, this fact alone ought to be enough to substantiate the addition of one more chaplain at Dodge Correctional.

WCC POSITION

In its budget request to the governor, the Wisconsin Department of Corrections requested one chaplain each at Racine Correctional Center and Oshkosh Correctional Center. The governor chose not to include funding for this request in his 1997-99 budget bill. This budget item should be added.

In addition, funding should be provided for one chaplain each at Jackson Correctional in Black River Falls and Dodge Correctional Institution in Waupun.

The fiscal impact of funding four chaplains is \$154,800 or \$38,700 per chaplain, which includes salary and benefits.

ACTION REQUESTED

Urge your legislators to include funding in the 1997-99 state budget for four prison chaplain positions.

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3/28/97



National Federation of the Blind of Wisconsin

5331 So. 8th Street • Milwaukee, WI 53221 • (414) 483-3336

FROM: The National Federation of the Blind of Wisconsin
TO: Members of the Joint Finance Committee
Date: April 8, 1997

Despite SAVE Commission recommendations for "One Stop" services, services for the blind are anything but "One Stop". With the passage of W-2, services for the blind have been additionally compromised.

- **DPI:** Wisconsin School for the Visually Handicapped. Library Services for blind children and adults. Teachers who teach Braille and cane travel to blind children.
- **DWD:** Counselors for the blind. Third party contracts for services for the blind. Business Enterprise Program (BEP) for the blind. Support staff for general services for the blind.
- **DHFS:** Office for the Blind, Rehabilitation teachers for the elderly blind.

Newsline for the Blind: Newsline for the Blind is an electronic means of sending the daily newspaper over telephone line so that blind people have access to job listings, local news, financial reports, and business news. Currently, the Division of Vocational Rehabilitation (DVR) requires the blind to "cut out" job listings from newspapers we can not read. By the time the blind client finds someone to read a newspaper, cut out the listings and take them to the DVR appointed Job Counselor, the "job" is gone. The 1997 state budget emphasizes improving technological services to Wisconsin residents. Newsline for the Blind is technology that really works, is cost effective and is not a duplicated expense. (Estimated budget and Newsline information attached)

Wisconsin Commission for the Blind" Separate agencies for the blind are more effective because they eliminate wasteful duplication of services, are more accountable to the public, and have a higher rate of success for people who are blind. Because separate agencies for the blind are so effective TITLE ONE Sec. 101. (1)(A)(I) of the Rehabilitation Act of 1973 as amended allows states to create a separate agency for only the blind. (Proposed legislative language attached)

The Committee on Joint Finance should:

1. Implement the Newsline Service for the Blind throughout the state of Wisconsin.
2. Determine total dollars used by Wisconsin state agencies to provide services for blind children and adults.
3. Sponsor legislation to create a three-member commission, appointed by the Governor. The Wisconsin Commissions for the Blind would be responsible for administering the fiscal and human resources for all services for the blind in Wisconsin.

President, National Federation of the Blind of Wisconsin

4/8/97
Date

BUDGET

I. START-UP

A. Network service establishment

4-lines	\$18,000
12-lines	\$24,000
24-lines	\$30,000

B. Local service establishment (optional)

Each local paper \$ 5,000

C. Local telephone line installation

4-line system	\$ 582
12-line system	\$ 994
24-line system	\$ 1,612

II. CONTINUING SERVICE

A. Network participation

Monthly \$ 1,000 Annual \$12,000

B. Additional local service (optional)

Monthly \$ 166.66 Annual \$ 2,000

C. Local telephone service (estimated)

4-line service
Monthly \$ 380.00 Annual \$ 4,560

12-line service
Monthly \$ 556.00 Annual \$ 6,672

24-line service
Monthly \$ 820.00 Annual \$ 9,840

D. Outreach (optional)

Annual \$12,000

1 The people of the state of Wisconsin, represented by the senate and assembly do enact the
2 following:

3 AN ACT

4 RELATING TO THE BLIND, CREATING A COMMISSION FOR THE BLIND, PROVIDING
5 POWERS AND DUTIES; AMENDING AND APPEALING CERTAIN WISCONSIN STATE
6 STATUTES; TRANSFERRING FUNCTIONS.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WISCONSIN:

8 SECTION 1. NEW MATERIAL SHORT TITLE Sections 1 through 9 of this act may be
9 cited as the "Commission for the Blind Act".

10 SECTION 2. NEW MATERIAL COMMISSION FOR THE BLIND CREATED;

11 a. There is created a "commission for the blind" consisting of three
12 members, at least one of whom shall be blind, appointed by the governor with the advice
13 and consent of the senate. Members of the first commission shall be appointed for
14 staggered terms. One ending December 31, 1997. One ending December 31, 1999. One
15 ending December 31, 2001. Thereafter, appointments shall be for staggered terms of six
16 years.

17 B. A majority of the members of the commission constitutes a quorum for
18 the transaction of business. The commission shall elect a chairman from its membership.

19 C. Members of the commission shall be compensated as provided in the
20 Chapter 14 for travel and work expenses and shall receive no other compensation,
21 perquisite or allowance.

22 SECTION 3. NEW MATERIAL COMMISSION FOR THE BLIND POWERS AND
23 DUTIES. The commission for the blind shall;

24 A. apply for and receive money from any state or federal agency to be used
25 for purposes relating to blindness and receive on behalf of the state any gifts, donations or

1 bequests from any source, to be used to carry out the commission's duties;

2 B. maintain a complete register of blind persons domiciled in Wisconsin,
3 specifying the nature and cause of blindness, capacity and need for educational or
4 vocational training and other pertinent information;

5 C. maintain bureaus of information and vocational assistance to help blind
6 persons find employment;

7 D. maintain and equip the Wisconsin School for the Visually Handicapped
8 with qualified instructors for academic, vocational and other training for eligible blind
9 students. The school shall also provide for orientation and assistance for the adjustment of
10 blind persons.

11 E. establish and maintain qualified instructors for Braille, cane travel and
12 assistance with adjustment to blindness for eligible blind children and adults;

13 F. cooperate with appropriate state agencies in the adoption and carrying
14 out of preventive measures relating to blindness;

15 G. promulgate rules and regulations necessary to effectuate the provisions of
16 the Commission for the Blind Act"; and

17 H. publish an annual report on the activities and the services of the
18 commission.

19 SECTION 3. NEW MATERIAL STAFF. The commission shall appoint a director,
20 who is the administrative officer of the commission. The director shall employ such
21 assistants and employees as are necessary for the efficient operation of the commission.
22 The director and all employees are subject to Wisconsin state statutes regarding state
23 employees.

24 SECTION 5. NEW MATERIAL QUALIFICATIONS AS BLIND--EXAMINATIONS
25 REQUIRED;

1 A. Qualification of a person as blind shall be determined by means of an eye
2 examination by a licensed ophthalmologist. Blindness shall be the major handicap in
3 cases of multiple handicaps. Persons who are not blind, but who have been certified by a
4 licensed ophthalmologist as suffering from a deteriorating condition which will result in
5 blindness also qualify.

6 B. The commission shall determine the procedure to be followed for the
7 examination of any person to establish blindness and shall maintain a list of all
8 ophthalmologists in Wisconsin. The person may choose any licensed ophthalmologist to
9 make the examination and the cost shall be paid by the commission pursuant to its
10 regulations.

11 SECTION 6. NEW MATERIAL CORRECTIVE MEDICAL SERVICES. In addition to
12 arranging and paying for examinations to determine blindness the commission may
13 arrange and pay for medical and surgical treatment of blind persons whenever a listed
14 ophthalmologist judges that the treatment will be beneficial.

15 SECTION 7. NEW MATERIAL REPORTS. Whenever a licensed ophthalmologist
16 finds a person he has examined to be blind, the ophthalmologist shall report this fact,
17 along with details of the examination, within thirty days of the examination date.

18 SECTION 8. NEW MATERIAL RECEIPT OF FEDERAL FUNDS--DESIGNATION. The
19 commission is authorized to receive and administer relating to education of blind children
20 and vocational rehabilitation of blind persons.

21 SECTION 9. NEW MATERIAL HEARING--APPEAL. The commission shall provide
22 an opportunity for a fair hearing to any person applying for or receiving services who is
23 dissatisfied with any act or failure to act arising from the operation of or administration of
24 any program of the commission. The commission shall develop rules and regulation as
25 necessary to govern the conduct of such hearings.

1 SECTION 10. PURPOSE. The purpose of the commission is to assist blind children
2 with adjustment to blindness to reach their full academic potential, to enlarge the
3 economic opportunities for the blind and to stimulate them to greater efforts in striving to
4 make themselves self-supporting, by authorizing blind persons licensed in accordance
5 with the provisions of those sections to operate vending stands on any state property
6 where vending stands may be properly and satisfactorily operated by blind persons,
7 granting blind persons a preference in the operation of vending stands on site property, by
8 authorizing cooperation with the United States government in the administration of the
9 vending stand program for the blind on federal property and by authorizing the
10 commission to establish, maintain a vending program for the blind.

11 SECTION 11. DEFINITIONS. For the purposes of ;

12 A. "blind persons" means a person not having more than ten percent visual
13 acuity in the better eye with correction. This means a person who has:

14 (1) not more than 20/200 central visual acuity in the better eye after
15 correction:

16 (2) an equally disabling loss of visual field, i.e. a limitation in the
17 fields of vision such that the widest diameter of the visual field subtends an angle no
18 greater than twenty degrees. Such blindness shall be certified by a dually license
19 ophthalmologist, subject to the approval of the "Wisconsin Board of Medical Examiner";

20 B. "commission" means the commission for the blind;

21 C. "state property" means any building or land owned, leased or occupied
22 by any department or agency of the state or any instrumentality wholly owned by the state
23 or by any county or municipality or by any other local governmental entity;

DATE: April 8, 1997

TO: **MEMBERS OF THE JOINT FINANCE COMMITTEE**

Thank you for providing this opportunity to provide comment on the proposed state budget as it relates to nursing home reimbursement.

As the Administrator of Care-Age of Brookfield, a 110 bed skilled nursing facility in Brookfield, I would like to emphasize the deceptiveness of the proposed nursing home budget increase. The budget, as written, appears to increase nursing home funding by 6.1%, when in reality, after rebasing of the formula, the resulting increase is only seven tenths of one-percent (.7%). The result of this formula rebasing is a 6.2 million dollar increase, NOT the 51 million dollar increase as one would believe by reading the budget.

The proposed budget is analogous to an employee being told that they will receive a 10% increase in pay, however before that increase is given, the employee's salary will be cut by 50%.

Not many employees would appreciate this 10% salary increase if the prerequisite for such an increase was a huge salary cut prior to the increase. Yet, this is exactly the situation that is being sold in the proposed budget for nursing home reimbursement.

The proposed budget has reduced the nursing home funds through formula adjustments by 39 million dollars. These adjustments are in the areas of direct care, support services, property and reclassification of patient days. Facilities with less than 91% occupancy will also incur severe financial penalties.

It is only after the 39 million in formula reductions have been made that the proposed 6% increase to the adjusted base will be made.

Currently, only 30% of nursing homes have their costs met under the Medicaid program. Care-Age of Brookfield loses approximately \$39.00/per day for each Title 19 patient we take care of. The annual cost to our facility under the proposed budget is estimated to be \$457,000. In a Medicaid rate modeling, prepared by BDO Seidman Accounting Firm, based on the 97-98 proposed Medicaid budget, 159 facilities or 80% of the 198 facilities surveyed will have an average of \$126,000 of non-covered costs by their participation in the Medicaid program. There is obviously a serious problem with this situation.

Facilities range from \$4,200,000 of non-covered annual costs to \$100 of annual non-covered costs. The average of \$126,000 of annual non-covered Medicaid costs will be felt throughout every legislative district in the state.

Page Two
Members of the Joint Finance Committee
April 8, 1997

There are 468 nursing homes with over 59,000 employees in Wisconsin. The financial impact of the proposed budget will be devastating to our employees, their families and the community. Nursing homes have a dramatic economic impact on their community and the tax base of the state.

Next to nuclear power, nursing homes are the most regulated industry in the country. Society has placed great demands and expectations on the level of care acceptable. Consumers, the media, and advocacy groups have demanded accountability from nursing homes and a level of scrutiny that no other provider has been held up to. Faced with a sicker, older, more frail and debilitated patient population, competition for qualified health care workers, increasing regulations and consumer demands, nursing homes are most often on the receiving end of criticism and media sensationalism. How sad that the hard work and dedication of the 59,000 employees is constantly criticized, overlooked, slighted and taken for granted. Our employees perform a very difficult job that quite frankly, not many of the critics would like to do. In spite of scathing reviews regarding the work they do, our employees continue to perform a very demanding job in a kind, loving and competent manner.

Society must be willing to pay for the demands and expectations they have placed on nursing homes. Higher staffing levels, increased pay and benefits for line staff, as well as increased training for employees will not be achieved when reimbursement does not even meet the cost of care.

Nursing homes recognize that many of the cuts proposed to the Medicaid payment formula are not, in fact, motivated by a belief that existing payment parameters are too liberal. They are primarily motivated to reduce Medicaid expenditures to generate funding for other budget initiatives. But these budgetary exercises in robbing Peter to pay Paul will work only as long as Peter remains solvent. With the shocking low number of nursing homes recovering their costs under the Medicaid program, any legitimate financial capacity of our industry to fulfill Peter's state budgetary role has been extinguished.

Thank you for your interest and response to these issues.

Sincerely,



Elaine K. Lukas
Administrator
Care-Age of Brookfield



Issue: Adequacy of Nursing Home Budget Funding

At first blush, the Governor's budget proposal would appear to provide significant increases in the Medical Assistance nursing home appropriation over the next biennium. However, when one looks through form to substance, it becomes readily apparent the nature and scope of the recommended increases are less than that required to keep pace with even the most conservative inflationary projections. Indeed, aggregate funding proposed for nursing facilities in the next fiscal year represents an increase of less than one percent over current-year base funding.

The budget proposes to increase the Medicaid nursing home appropriation by the lesser of a 6.1% or a \$50.1 million increase in FY98.* However, the appropriation increase is to be used for a required adjustment to facility base rates as well as a proposed increase in 1997-98 payment rates. Indeed, the bulk of increased funding is earmarked to rebase nursing home costs to recognize legitimate increases in resident care costs that have been ignored in prior Medicaid payment formulas.

Impact of Rebasing of the Medicaid Payment Formula: Current Medicaid payment parameters are based on 1993 nursing home costs. While those costs have been indexed forward by the state, the budget acknowledges the indexing factors it has employed have been substantially below that necessary to acknowledge resident care cost increases nursing homes have actually experienced over the past four years. The budget allows DHFS to utilize audited 1995 nursing home cost reports as the basis for establishing payment medians that will be utilized to determine 1997-98 nursing home payment rates.

The Department of Administration projects \$29 million of the FY98 appropriation increase will be necessary to rectify past indexing flaws and rebase the payment formula. Indeed, DOA budget analysts admit that after allowance for funds necessary for rebasing, remaining funds may be sufficient to allow up to a 2.56% funding increase for purposes of establishing 1997-98 nursing home payment rates. However, such an increase will be insufficient to meet projected inflation,

which for Wisconsin nursing homes is anticipated to be approximately 5.5% in FY98.

Impact of Budget Adjustments to Formula Payment Methodology: Since budgeted amounts for payment of nursing home care will be insufficient to keep pace with cost increases nursing homes are projected to experience in FY98, the budget recommends that a wide range of changes be made in existing nursing home payment standards. It recommends

the payment formula be modified "to change the standards of payment for allowable direct care costs, increase the direct care increment payment, increase the high MA utilization adjustment, reduce the capital cost sharing payment and classify all Medicare funded days at an intensive level of care." As depicted in the following chart, the proposed formula changes will have the net

effect of reducing the FY98 nursing home payment by \$26.8 million.

* The budget proposes an FY99 appropriation of no more than 3.5% over that paid in FY98, or \$30,322,500 AF, whichever is less. Most of the concerns WHCA has with the FY98 appropriation apply with greater force and effect to the FY99 increase. WHCA will provide a more specific expression of those concerns as more information becomes available.

"Aggregate funding proposed for nursing facilities in the next fiscal year represents an increase of less than one-percent over current-year base funding."

1997-98 Formula Reductions	All Funds
Direct Care	-\$24,100,000
Support Services, Administrative, and General, Fuel and Utilities	-3,100,000
Property Cost Share	-1,825,000
Reclassify Medicare Days as ISN Days	-9,900,000
Sub-total	-\$38,925,000

1997-98 Formula Increases	
Direct Care Increment	\$10,050,000
Support Services Increment	600,000
High Medicaid Utilization Adjustment	1,500,000
Sub-total	\$12,150,000

1997-98 Net Formula Reductions:	-\$26,775,000
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Net Impact of Budget on State Funding of Nursing Home Care: Although the budget advances a recommendation for increasing funding for MA reimbursement of nursing homes by 6.1% (or \$51 million), it also embraces cuts in base funding and Medicaid formula standards that essentially result in no increase over current Medicaid funding levels. The following chart illustrates the combined effect of the budget's proposed increases, base reductions, and formula cuts on FY98 Medicaid funding of nursing home care.

<i>Nursing Facility Funding Adjustments</i>	<i>All Funds Amounts (in millions)</i>
Medicaid Appropriation Base for Nursing Facilities	\$885.5
Changes in Nursing Home Utilization /Intensity	-18.0
Rebasing the Nursing Home Formula	29.0
Facility Rate Increase	22.0
Net Formula Reductions	-26.8
Adjusted Base	\$891.7

As is evidenced by the above, after allowance for base and funding cuts, the 6.1% nursing home appropriation increase will serve to increase current state funding of nursing home care by \$5.8 million or seven tenths of one-percent (.7%).

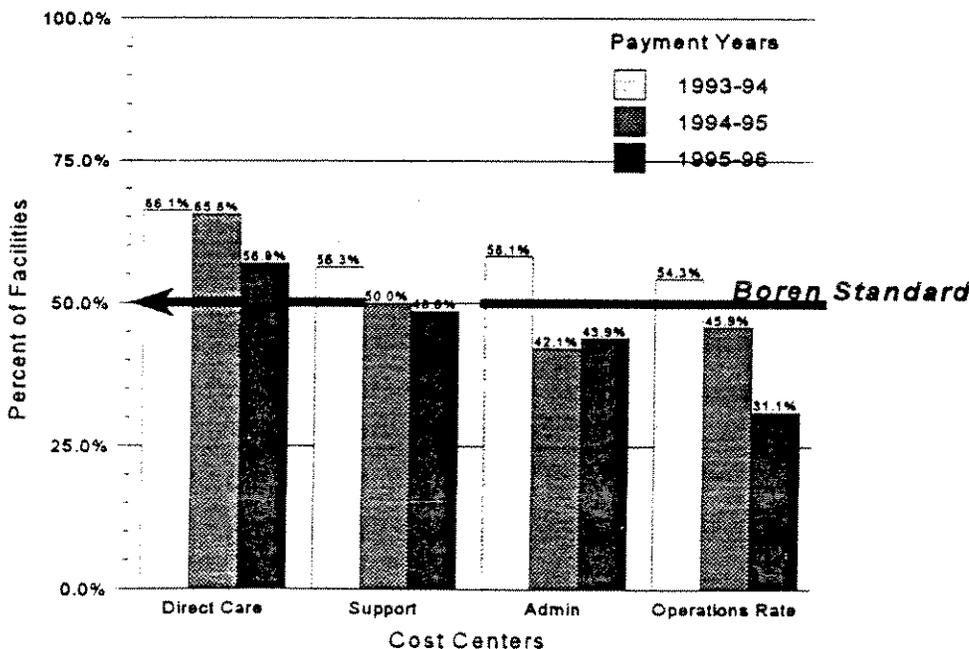
WHCA POSITION:

WHCA supports the Governor's recommendation for a 6.1% appropriation increase necessary to provide base rate adjustments and percentage increases over adjusted base rates. The base adjustment is critically necessary to permit reimbursement of costs that facilities have incurred over the past three years but have not been recovered through prior payment formulas. However, if such an adjustment is to retain any fiscal integrity, it cannot be funded through imposition of other formula cuts. As illustrated in the chart below, the combined effect of the state's existing formula parameters and deficient inflationary indexing has created a situation where less than 31% of the state's 445 Medicaid-certified nursing facilities receive payment rates which allow them to recover the cost they incurred in providing care to the residents they served.

If the budget's recommendations for further cuts in formula parameters are adopted, the circumstances of the industry, depicted at lower left, will substantially worsen. Even fewer facilities will recover their costs, and the degree of losses facilities currently experience will be significantly increased. Indeed, the range and depth of the budget's proposed cuts in current payment standards will essentially eliminate any potential that FY98 Medicaid rates will more closely approach

the actual cost of providing the care required by the 30,189 MA recipients residing in Wisconsin nursing facilities. Any movement toward greater cost recognition attributable to the budget's proposed updating of formula base rates will be negated by the budget recommendations for further cuts in current payment standards.

**Facilities With Costs Met
Major Operations Cost Centers
1993-94 thru 1995-96**





Issue:

Economic Impact of a Nursing Facility On Its Community

Wisconsin's 468 nursing facilities and their 58,500 employees are generally recognized for the vital role they serve as cost and clinically effective health care providers within the long-term care continuum. What is often not realized by elected officials, policymakers, citizens, and even the facilities themselves is the dramatic economic impact nursing homes have on their states and communities.

A nursing home brings a community more than access to quality health care for its elderly residents - it stimulates the surrounding community. The economic effect of the presence of the nursing home impacts not only its employees and their families but the entire community.

Its employees provide more payroll dollars flowing through the area. They and the facility need the services provided by the community; they need to buy or rent housing; they need stores in which to shop; they need government services and places to spend their leisure time. The local economy is expanded and more workers are needed. More workers mean, on the one hand, a greater population to provide services for and, on the other, more people to fill those service jobs.

Increases in other sectors of employment, plus increases in population, school enrollment, tax revenues and overall growth are all directly and indirectly linked to the presence of the nursing facility within the community.

To measure the economic impact of its respective member facilities, WHCA enlisted health service-specific data published by the Economic Policy Division of the U.S. Chamber of Commerce and guidance from the Wisconsin Department of Development. The attached charts depict the magnitude of impact the nursing homes have on household earnings and jobs in their respective communities.

The health service-specific economic multipliers were developed by the U.S. Department of Commerce from a study

based on regional input-output multipliers, which account for interindustry relationships within regions.

Earnings multipliers show the earnings that the nursing facility pays both directly and indirectly to households employed in the regional industry in order to generate \$1 million in care revenue (see Figure 1).

Employment multipliers are the number of jobs created in either a county, region, or state both directly or indirectly as a result of generating \$1 million in care-giving revenues (see Figure 2). We have also depicted the number of jobs generated in all industries as a result of 100 jobs in the health services setting (see Figure 3). The employment multipliers are estimates of the total direct and indirect jobs that occur in a geographic area for 100 jobs in a specific area.

The job multiplier includes the jobs created both directly and indirectly

to the households, including jobs created by the nursing home and from the secondary demand and regional production required to meet the consumer demand generated by payments from nursing homes to employees for their labor input.

The U.S. Department of Commerce advises that multipliers for each specific area could vary significantly. Accordingly, although the numbers portraying the individual and collective impact of WHCA member facilities are precise, they must be viewed as estimates and not exact measurements of economic impact.

Nonetheless, it is readily apparent Wisconsin's nursing facilities must not only be recognized as key participants in the state's health care delivery system, but also as major contributors to the economic health of the state and its communities.

“... Wisconsin's nursing facilities must not only be recognized as key participants in the state's health care delivery system, but as major contributors to the economic health of the state and its communities.”

Figure 1 Household Earnings Generated From \$1 Million in Revenue For Health Services (Thousands of Dollars)

	Industry	County	State
	Construction	2.3	3.8
	Manufacturing	40.9	43.5
	Transportation, Communications and Utilities	23.5	47.0
	Wholesale and Retail Trade	56.8	81.3
	Finance, Insurance and Real Estate	29.1	36.7
	Health Services	577.8	659.4
	Other Services	76.1	103.4
	Other	11.0	18.5
	Totals	818.0	993.6

Figure 2 Number of Jobs Created From \$1 Million in Revenue For Health Services

Industry	County	Metro Area	State
 Construction	0.3	0.5	0.5
 Manufacturing	1.6	2.0	2.0
 Transportation, Communications and Utilities	0.7	1.0	1.1
 Wholesale and Retail Trade	2.5	3.6	3.
 Finance, Insurance and Real Estate	0.9	1.1	1.1
 Health Services	17.9	20.5	20.4
 Other Services	3.9	5.2	5.3
 Other	0.1	0.3	0.3
 Total	27.9	34.2	34.3

Figure 3 Number of Jobs Created By 100 Jobs In Health Services

Industry	County	Metro Area	State
 Construction	1.68	2.44	2.45
 Manufacturing	8.94	9.76	9.80
 Transportation, Communications and Utilities	3.91	4.88	5.39
 Wholesale and Retail Trade	13.97	17.56	17.65
 Finance, Insurance and Real Estate	5.03	5.37	5.39
 Health Services	100.00	100.00	100.00
 Other Services	21.79	25.37	25.98
 Other	0.56	1.46	1.47
 Total	155.88	166.83	168.14



Issue: Further Reduction of Payment For Property Costs

BACKGROUND:

A separate cost center within the current Medicaid nursing facility payment formula exists to provide reimbursement for necessary facility ownership or property costs. Payments made through this cost center are intended to address the following: interest on debt incurred to acquire and improve land, buildings and equipment; depreciation on buildings, fixed and movable equipment; property and mortgage insurance; and building and equipment lease costs.

Currently, the Medicaid payment formula provides that the state will recognize property-related costs up to a certain target (7.5% of facility-appraised value) and 40% of costs in excess of that target up to an established ceiling of 15% of appraised value. A \$1.4 million funding cut made in the last biennial budget resulted in dropping the target/cost shares to their current levels. The prior target and cost share were respectively 8.5% and 50%.

This year's budget proposal seeks to extract another \$1.8 million from the state Medicaid payment towards property costs by reducing the property cost share from 40% to 20%. If adopted as proposed, the consecutive budget bills will have effected a 60% reduction in the cost share component of this critical cost center.

WHCA POSITION:

WHCA adamantly opposes the proposed reduction and will seek legislative support for maintaining the formula's current property payment parameters.

Every budget initiative calling for cuts in the property component of the Medicaid formula has attempted to defend the reductions as an incentive to "reduce debt or re-finance at

lower rates." However, every budget funding proposal has correspondingly expanded the gap between cost and MA payment for care, thereby making reduction of debt a financial impossibility for facilities which serve Medicaid residents. Indeed, we defy the state to find a commercial financial market that could, or would, provide nursing facilities with capital financing on terms falling within the Medicaid formula's proposed or present property payment parameters. If it exists, our facilities will beat a path to its door.

"We defy the state to find a commercial financial market that would provide nursing facilities with capital financing on terms that would fall within its Medicaid formula's proposed or present property payment parameters. If it exists, our facilities will beat a path to its door."

The budget's proposed eradication of the potential for recovery of legitimate property costs comes during a time when a reasonable and realistic policy is most needed. Over the past several years, unparalleled escalation of regulatory demands, consumer expectations, and patient acuity have dictated that facilities upgrade their aging physical plants. Both federal regulations and consumers have demanded an improved physical environment for residents; greater privacy, more services and technology; increased space; and transformation of facilities to a less institutional and more home-like environment.

Providers have responded by adding or renovating space to provide improved resident rehabilitative, subacute, activity, and dining services for their residents. They have constructed new wings and units for care of high acuity residents and specialty populations such as dementia patients. They have increased room size to enhance resident privacy and quality of life programs. They have purchased specialized and expensive state-of-the-art medical equipment necessary to treat an increasing medically complex resident population whose acuity levels and needs continue to escalate.

And, in the face of this timely response to the consumer and regulatory marketplace, the budget now proposes to cut back parameters for recognition of payment of these costs to a level that could not be met by today's, yesterday's, or

tomorrow's financial marketplace.

Since the proposal's alleged incentive of effecting reduction of debt or more favorable refinancing cannot be realized in today's world, the real-world consequences of the proposal are:

- Severe and perhaps fatal financial consequences for facilities who have recently upgraded their facilities, services, and equipment.
- Consideration of cost-cutting measures in other components of the facility operations necessary to reduce losses occasioned by the reduced payment for property costs. Such measures will impact the scope and quality of resident care and life, as well as employee staffing and wage and benefit levels. It must be remembered that facilities must keep their doors open in order to provide services. Indeed, they are legally bound to fully honor their existing property payment obligations, irrespective of the fact the Medicaid program chooses to arbitrarily lower the level of its contribution toward those legitimate and necessary costs.
- Delay or withdrawal of future plans for maintenance, remodeling, or renovation of property assets or replacement of equipment.

WHCA recognizes that many of the cuts proposed to the Medicaid payment formula are not, in fact, motivated by a belief that existing payment parameters are too liberal. Indeed, they are primarily motivated to reduce Medicaid expenditures to generate funding for other budget initiatives. But these budgetary exercises in robbing Peter to pay Paul will work only as long as Peter remains solvent. With the shocking low number of nursing homes recovering their costs under the Medicaid program, any legitimate financial capacity of our industry to fulfill Peter's state budgetary role has been extinguished.

We support the state's commitment to education, technology, the environment and enhancements of the criminal justice system. However, in pursuing those initiatives the legislature should not lose sight of the fact the public has an equally strong interest in assuring the proper administration of the Medicaid program and assuring its elderly and disabled citizens experience the quality of life and level of care to which they are entitled.

Currently, less than 30% of the state's facilities receive a payment rate that allows them to meet the costs of providing care to their Medicaid residents. The proposed cuts to the property cost center and other aspects of the budget will accordingly have a detrimental effect on the future scope and quality of the care and environment nursing facilities can provide all of their residents.

WHCA

Wisconsin Health Care Association



Issue:

Tax Incentives for Purchase of Long-term Care Insurance

BACKGROUND:

Two separate bills have been introduced this session which enable long-term care insurance to play a more significant role in the financing of long-term care.

Assembly Bill 120 creates a 100% deduction of the amount paid by an individual for the purchase of long-term care insurance for individuals or their spouses. The Legislative Fiscal Bureau estimates that allowing senior citizens to fully deduct the cost of long-term care health insurance premiums from their Wisconsin income taxes will reduce state taxes for seniors by \$2.4 million annually. Senate Bill 56 also provides a tax deduction for the purchase of long-term care insurance but limits the deduction to 25% of premium costs.

WHCA POSITION:

Given the never-more apparent limits of current and future government resources, long-term care insurance represents one of the greatest potential viable sources for financing of long-term care services. Expanding the role and affordability of private long-term care insurance helps prevent Wisconsin citizens from becoming impoverished due to their long-term care needs. It will also assist in reducing the burden on the state Medicaid program which currently serves as the source of payment for 67% of the state's nursing home residents.

Indeed, the state's long-term care system which steers people toward impoverishment and reliance on Medicaid simply for growing old and becoming ill does not make sense. Long-

term care insurance is a more sensible and compassionate way to meet the state's long-term care needs.

WHCA accordingly supports the use of tax incentives to create a more favorable environment to facilitate the purchase of long-term care insurance.

WHCA supports any legislative effort to enhance the role of private long-term care insurance in helping the federal and state governments, families, and senior citizens meet the growing need for long-term care services. As sponsors of this legislation have noted, advances in medical technology are allowing people to lead longer and fuller lives, resulting in a growing need for long-term care. With a rapidly escalating elderly population and a limited amount of tax dollars avail-

able, it is important that government play an active and visible role in providing incentives for private sector purchase of long-term care insurance.

WHCA is hopeful that when the legislature considers the tax expenditure cost of providing tax treatment for long-term care insurance that health insurance presently enjoys, it will also consider the great potential for private insurance to decrease Medicaid expenditures over the long term. Action this session can plant the seed for significant savings in government long-term care spending in the future.

Assembly Bill 120 is a reasonable and straight forward measure that affords Wisconsin citizens inspiration and easier access to financial protection from the high cost of long-term health care.

"...it is important the government play an active and visible role in providing incentives for private sector purchase of long term care insurance."

THE BIG PRINT

BUDGET BILL LANGUAGE DEPICTING NURSING HOME MEDICAID FUNDING

SECTION 1921. 49.45 (6m) (ag) 8. of the statutes is amended to read:

49.45 (6m) (ag) 8. Calculation of total payments and supplementary payments to facilities that permits an aggregate increase in funds allocated under s. 20.435 (1) (5) (b) and (o) for nursing home care provided medical assistance recipients, including an increase resulting in adjustment of facility base rates and percentage increases over facility base rates, over that paid for services provided in state fiscal year 1994-95 1996-97 of no more than 4.25% 6.1% or \$50,975,000, whichever is less, during state fiscal year 1995-96 and 1997-98; and calculation of total payments and supplementary payments to facilities that permits an aggregate increase in funds allocated under s. 20.435 (5) (b) and (o) for nursing home care provided medical assistance recipients, including a percentage increase over facility base rates, over that paid for services provided in state fiscal year 1995-96 1997-98 of no more than 3.5% or \$30,322,500, whichever is less, during state fiscal year 1996-97, excluding 1998-99. Calculation of total payments and supplementary payments under this subdivision excludes increases in total payments attributable to increases in recipient utilization of facility care, payments for the provision of active treatment to facility residents with developmental disability or chronic mental illness and payments for preadmission screening of facility applicants and annual reviews of facility residents required under 42 USC 1396r (e).

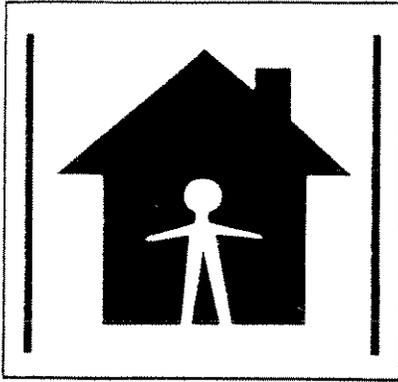
THE SMALL PRINT

DOA SUMMARY OF BUDGET FUNDING & "RATE ADJUSTMENTS"
 "The Devil's in the Details"

4. Nursing Home Rate Adjustment

Source of Funds	Agency Request		Governor's Recommendation	
	FY98 Dollars (Positions)	FY99 Dollars (Positions)	FY98 Dollars (Positions)	FY99 Dollars (Positions)
GPR	0 (0.00)	0 (0.00)	20,960,900 (0.00)	33,645,000 (0.00)
PR-F	0 (0.00)	0 (0.00)	30,014,100 (0.00)	47,652,500 (0.00)
TOTAL	0 (0.00)	0 (0.00)	50,975,000 (0.00)	81,297,500 (0.00)

The Governor recommends increased funding for MA reimbursement of nursing facilities. The increased funding would provide an increase of up to 6.1 percent in FY98, that includes the cost of rebasing the nursing home formula and the cost of a rate increase, and a rate increase of up to 3.5 percent in FY99. The Governor recommends modifying the nursing home formula to change the standards of payment of allowable direct care costs, increase the direct care increment payment, increase the high MA utilization adjustment, reduce the capital cost sharing payment and classify all Medicare funded days at an intensive skilled nursing level of care. The Governor also recommends consolidating the MA Intergovernmental Transfer program in one statute and eliminating Resource Allocation Program reviews for nursing facility renovations and replacements.



The *ABLE* Coalition

"Advocating for Better Community Living Environments for People with Disabilities and People who are Elderly."

Contact Persons

- *The Full Citizenship Coalition of 71 Disability Organizations*
414-272-4500 VOICE/TDD
Nan Upright
- *The Older Adults Service Provider Coalition of 75 Elderly Organizations*
414-291-7500 VOICE/TDD
Carol Eschner
- *ARC Milwaukee*
414-774-6255
Vicki Spataro
- *Center for the Deaf and Hard of Hearing*
414-790-1040 VOICE/TDD
Charlene Dwyer
- *National Multiple Sclerosis Society/Wisconsin Chapter*
800-242-3358
Melissa Hall
- *Independence First*
414-291-7520
414-291-7525 TDD
Lee Schulz or Dick Barthel
- *United Cerebral Palsy of Southeastern Wisconsin*
414-272-4500
414-272-1077 TDD
Nan Upright
- *Wisconsin Coalition for Advocacy*
414-342-8700 VOICE/TDD
Tom Hlavacek

"Invest in Individuals not Institutions"

JOINT FINANCE COMMITTEE TESTIMONY

4/8/97

Milwaukee, WI

presented by Charlene Dwyer, ABLE Coalition

Wisconsin Works (W-2) Program Discriminates Against SSI Recipient Low Income Families

5,400 Wisconsin families headed by parents with severe disabilities who receive SSI will be forced further into poverty and low-income families with children who have severe disabilities are treated unfairly under the new Wisconsin Works (W-2) program.

W-2 impact effective September 1, 1997:

SSI parent-headed households forced further into poverty:

In September, parents who receive SSI with dependent children in the household will receive their last AFDC monthly cash payment. Beginning October 1, the monthly child cash support payment will be reduced to \$77/child/month and added to the parent's social security check. For a family with two children, the \$77/child SSI supplement is a 65% reduction in basic income support to the children. If the parent(s) can no longer support their children at home, they will be forced to relinquish their children to a relative who will receive \$215/month per child to care for them under the Kinship Care program.

Solution:

- Use the TANF (Temporary Assistance to Needy Families federal block grant) exemption provision to allow TANF funds to be used to provide a supplement equal to the amount the family would have received while on AFDC or under the new kinship care provisions.
- Exempt parents on SSI from the five year lifetime limit for cash assistance.

Additional modifications are necessary to enable families with a member with a severe disability to participate in the W-2 program:

Discriminatory W-2 participant issue #1:

Parents with dependent children who receive SSI and who are participating in a Social Security work incentive program (i.e. 1619(a), 1619(b), PASS program), will be denied the many benefits of the Wisconsin Works program. They will not be allowed to access financial employment planning services and support, subsidized trial jobs paying at least minimum wage, or community service job placements or transition employment opportunities where they would receive up to \$654/month in W-2 performance payments as well as up to \$754/month in child care subsidies. The current legislative language denies access to W-2 program benefits and services to any adult receiving SSI even if they are willing and capable of transitioning to work!

Solution:

- Change the legislative language to allow SSI recipients enrolled in Social Security work incentive programs to participate in and receive the benefits and services of the Wisconsin Works program.

Discriminatory W-2 participant Issue #2:

Discriminatory W-2 participant Issue #2:

Child care subsidies cease for W-2 participants when children reach the age of 12. Parents of children with disabilities who, because of the nature of their disability, need childcare services beyond the age of 12 will not be able to access the childcare subsidy.

Solution:

- Revise Section 53.46.98 (2m) to allow children with disabilities who are age thirteen and up to receive child care assistance for after school, summer and holiday care so that their parents are able to work.

Discriminatory W-2 participant issue #3:

Parents who must stay at home to care for a child with a high care-cost disability are currently paid for their performance in the W-2 program at the rate of \$3.69/hour which is below minimum wage.

Solution:

- Provide a minimum wage pay-for-performance hourly rate to parents who provide in-home care for a child which would otherwise need to be provided in a much higher cost setting.

Discriminatory W-2 participant issue #4:

Low income parents with a severe disability or those parents of a child with a very severe disability, while willing and able to work, may not be able to meet the "full-time" work and training requirements of the current pay for performance program. Parents with a severe disability may also need longer-term training opportunities to achieve competitive employment.

Solution:

- provide more options for part-time work to enable more families caring for a child with a disability to enter the workforce, and for adults unable to work full-time:
- Provide a grant amount to supplement the income from part-time employment
- Allow flexibility in required work hours and provide work-at-home employment opportunities
- Ensure parents are not penalized for caring for a sick child or a child who is not able to remain in child care or school
- Allow participants with severe disabilities who have an approved training plan with the Division of Vocational Rehabilitation to receive pay for performance benefits at the W-2 Transitions level while actively pursuing employment-related education and training.

Note: Issues and solutions are provided by the ABLE Coalition of Milwaukee, the Wisconsin Council on Developmental Disabilities and the Wisconsin Rehabilitation Association.

Source Materials:

- Program Narrative - Wisconsin Works W-2, Department of Workforce Development, Division of Economic Support, July 1996
- Governor Announces New W-2 Child Care Initiative - State of Wisconsin Governor's Office Press Release, December 12, 1996
- State of Wisconsin Proposed Budget 1997-1999, Governor's Office, March 1997
- Red Book on Work Incentives - Social Security Administration, August 1994
- Position Statements on W-2 and SSI recipient families - ABLE Coalition of Milwaukee, April 1997, Wisconsin Rehabilitation Association, April 1997.
- Legislative Initiatives 1997-1999 and Policy Recommendations, Wisconsin Council on Developmental Disabilities, April 1997

MOVEMENT UP THE SELF-SUFFICIENCY LADDER
FAMILIES WITH DEPENDENT CHILDREN AT OR BELOW 175% OF THE FEDERAL POVERTY LEVEL
(comparisons based on a family of 3 with two dependent children)

	A	B	C	D	E	F
1	Unsubsidized Employment	Market Wage Plus Food Stamps Plus EITC	Time Requirement 40 hrs/week standard @ 5.99/hour	Program Imposed Limits None	W-2 Health & Child Care Eligibility Eligible, if within income and asset limits	Average Expected Monthly Income Package (parent & 2 children) \$1,030/mo. income plus food stamps plus up to \$686/month licensed day care subsidy plus EITC
2	Trial Job (Subsidized Employment)	At least minimum wage plus Food Stamps plus EITC plus \$300 maximum wage subsidy to employer	40 hrs/week standard @ 4.25/hour	3 months with an option for a 3 month extension per job; 24 month maximum	Eligible, if within income and asset limits	\$731/mo. income plus \$300 employer training subsidy plus Food Stamps plus up to \$754/month licensed day care subsidy plus EITC

3	Community Service Jobs (CSJs)	\$673/month plus Food Stamps (No EITC)	30 hrs/week work standard; and up to 10 hrs/week in educational and training activities	6 months with an option for a 3 month extension per job; 24 month maximum	Eligible, if within income and asset limits.	\$673/mo. income plus food stamps plus \$754/month licensed day care subsidy
4	W-2 Transition (W-2 T)	\$518/month plus food stamps (No EITC)	28 hrs/week work activities standard; and up to 122 hours/week in education and training activities	24 month limit/ extensions permitted on a case-by-case basis	Eligible, if within income and asset limits.	\$628/mo. income plus food stamps plus up to \$754/month licensed day care subsidy
5	SSI Recipient Section 1619(a) Work Incentive Program	earned income up to \$1,052/month plus food stamps plus EITC plus T-19 health care	disabled, meet all other eligibility rules, including income and resource tests	no time limit	NOT ELIGIBLE FOR W-2 CHILD CARE BENEFITS, FEP SERVICES OR EMPLOYMENT OPPORTUNITY PLACEMENTS	\$1,052/mo. income plus food stamps plus \$154/month children's subsidy plus EITC
6	SSI Recipient Section 1619(b) Work Incentive Program	earned income up to \$1,672.50 month plus food stamps plus EITC plus T-19 health care	disabled, gross earned income is insufficient to replace SSI, Medicaid and any publicly funded attendant care	no time limit for SSI recipient who meets disability and income requirements and is in need of Medicaid in order to work	NOT ELIGIBLE FOR W-2 CHILD CARE BENEFITS, FEP SERVICES OR EMPLOYMENT OPPORTUNITY PLACEMENTS	\$1,672.50/mo income plus food stamps plus \$154/month children's subsidy plus EITC

Current legislative language excludes SSI recipients from the participation in the W-2 Program. **WHY CAN'T SSI RECIPIENTS WHO PARTICIPATE IN A WORK INCENTIVES PROGRAM AND ACHIEVE SUBSTANTIAL GAINFUL EMPLOYMENT PARTICIPATE IN W-2?**

Why would an otherwise eligible family headed by a parent(s) with a severe disability receiving SSI but enrolled in a work incentive program be denied the support of the W-2 program incentives? While these parents will be able to retain their Medicaid eligibility while actively participating in the SSI work incentive programs, they are denied access to the services of the Financial Employment Planner (FEP), participation in the various work programs (Transition, CSJs, Subsidized Employment), as well as the substantial child care subsidies available to other working parents. **CHANGE THE LEGISLATIVE LANGUAGE TO ALLOW SSI RECIPIENTS ENROLLED IN 1619(a), 1619(b) and with a Plan for Achieving Self Support (PASS) Program to participate receive W-2 benefits**

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	A	B	C	D	E	F
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Center for Economic Development

Remarks for Joint Finance Committee Budget Hearing on 4-8-97



Good Morning. My name is Pamela Fendt. I am a Policy Analyst at the UWM Center for Economic Development. Part of the goal of the Center is to conduct research that will help inform public policy debates. I am here today to discuss income issues as they relate to the W-2.

The challenges of moving a large number of people from situations of occasional work or non-work to full-time work are daunting. W-2 represents an entrance into uncharted territory in terms of welfare policy. Any wrong moves will certainly have impacts on the lives of participants and their children, and most likely on program expenditures as well. That's why good program design is so necessary.

Our Center has conducted research which predicts a "job gap" of 2 potential workers for every available job in W-2's first year of implementation, so subsidized placements will be necessary. The issue is whether the current design of these subsidized placements is the way we want to proceed in Wisconsin. So far, under Pay for Performance, the answer to the question of whether community service jobs are useful experiences that prepare the participants for regular employment is: Not Really. Under W-2, the answer to the question of whether community service jobs promote self-sufficiency also is: Not Really¹. They do satisfy those who want

¹ One of the reasons given for the low grant level of the Community Service Jobs and W-2 Transitions placements is that they have to be designed in such a way that they are not more attractive to participants than regular private sector jobs. But W-2 participants will be prevented from lingering in these subsidized employment categories by the time limits that are also part of the plan.

recipients of government aid to have to do something to get that assistance.² But is that all we want to accomplish in Wisconsin?

The Governor's proposal in this budget to raise the grant amounts for Community Service Jobs and W-2 Transitions is a good one.³ Under the grant structure originally proposed, families working in these placements would have had less disposable income working than they did from AFDC, according to figures from the Legislative Fiscal Bureau.⁴ A loss of income for working cannot be seen as an incentive to do so. An important first step has been taken towards improving W-2, but there's more that needs to be done.

W-2's work requirements are much stricter than those in the new federal welfare reform legislation, both in terms of the number of hours to be worked and the percent of the caseload to be working.⁵ A review of the research into the experience of welfare-to-work programs nationwide casts doubt of the wisdom of pursuing a "full court press" on work requirements.⁶ A phased-in approach that did

² W-2 addresses what Professor Rebecca Blank, an expert in the field of welfare economics, identifies as the "work goal" in welfare reform, but falls short of adequately addressing the "income goal." See "The Employment Strategy: Public Policies to Increase Work and Earnings" in Danziger et al, Confronting Poverty: Prescriptions for Change, 1994.

³ \$673 per month and \$628 per month equal roughly \$5.15 per hour for 30 hours and 28 hours of work per week respectively. Requiring an additional 10 hours per week of educational activities drops the hourly rate for participation to less than \$4.00 per hour.

⁴ Wisconsin Legislative Fiscal Bureau, June 1996. "Wisconsin Works (W-2) Summary of Provisions," Table 9, page 123. The decreases range from \$374 to 1,500 per year.

⁵ The federal welfare reform law TANF, requires 20 hours of work per week through 1997, rising to 30 hours per week by the year 2000. Another feature of the TANF legislation that differs from W-2 is that the federal plan calls for work requirements to be phased-in, with 25% of the caseload expected to be working in 1997, 30% in 1998, increasing 5% per year to reach 50% of the caseload in 2002.

⁶ See Manpower Demonstration Research Corporation's comprehensive summary of welfare-to-work studies by Gueron and Pauly (1991).

not target all the caseload at once, or did not require full-time participation right away would have a better chance of success.

We therefore encourage you to consider proposals to change the placements from workfare to real work, but limit the hours to a maximum of 30 per week. Doing so would make the participants eligible for the Earned Income Tax Credit and build in an incentive to leave the program for a full-time private sector job, even at minimum wage.⁷

Making the thousands of W-2 participants expected to work in the subsidized jobs eligible for the Earned Income Tax Credit would mean \$92 million more in income for them⁸. Such an influx of federal money into the state would have a substantial multiplier effect on the economy.

Discussions about Welfare reform often include the phrase "make work pay."

These proposed changes to W-2 would help achieve this policy goal. Thank you.

⁷ Ten more hours of work per week at minimum wage increases annual income by \$2,678. This design would also allow some adjustment time for people to get used to working and give them time for job search, educational activities or to be with their children.

⁸ Wisconsin Legislative Fiscal Bureau, February 7, 1996 letter to Senators Chvala, Moen and Moore. For a review of the anti-poverty effectiveness of the EITC, see Ozawa, M. (1995) "The Earned Income Tax Credit: Its Effect and Its Significance"; Bird, E. (1996) "Repairing the Safety Net: Is the EITC the Right Patch?" and Eissa and Liebman (1996) "Labor Supply Response to the Earned Income Tax Credit."