



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

December 18, 1997

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Revenue--Section 13.10 Request for Start-Up Funding for Administration of the  
Rental Vehicle Fee--Agenda Item III

### REQUEST

The Department of Revenue (DOR) and Department of Transportation (DOT) jointly request funding of \$100,000 SEG in 1997-98 from the transportation fund for the appropriation under s. 20.566(1)(qm) to cover start-up costs for administration of the vehicle rental and limousine service fees which were enacted by 1997 Wisconsin Act 27 (the 1997-99 biennial budget).

### BACKGROUND

Under provisions of Act 27, beginning on April 1, 1998, a fee will be imposed on establishments primarily engaged in the rental or leasing of vehicles equal to 3% of the gross receipts from short-term leasing or rentals (periods of 30 days or less) of automobiles, station wagons, motor trucks, road tractors, truck trailers, semitrailers, trailers, motor buses, mobile homes, motor homes or camping trailers. Transactions where vehicles are rented as service or repair replacement vehicles will be excluded.

Act 27 also imposes a fee on vehicle rental or leasing establishments of 5% of the gross receipts from furnishing local and suburban passenger transportation by limousine with a driver. A limousine is defined as a passenger automobile with a capacity of ten persons or less, exclusive of the driver, that has a minimum of five seats located behind the operator and is operated for hire on an hourly basis under a prearranged contract for the transportation of passengers on public roads and highways along a route under the control of the person hiring the vehicle and

not over a defined regular route. The definition specifically excludes taxicabs, hotel or airport shuttles or buses, buses employed solely in transporting school children or teachers, vehicles owned and operated without charge or remuneration by a business entity for its own purposes, vehicles used in car pools or van pools, public agency vehicles not operated as a commercial venture, ambulances, any vehicle used exclusively in the business of funeral directing, and vehicles used to provide transportation services under the employment transit assistance (Job Ride) program.

The following sales tax exemptions apply to the vehicle rental and limousine service fees:

- Rentals where a tax is prohibited by the constitution or laws of the United States or by the Wisconsin Constitution;
- Rentals meeting the definition of occasional sale;
- Rentals by the state, its agencies, the University of Wisconsin Hospitals and Clinics, Wisconsin local governments, and organizations operated for religious, charitable, scientific or educational purposes.

The proceeds of the vehicle rental and limousine service fees are placed in the transportation fund. The 3% vehicle rental fee will generate an estimated \$1,435,000 in 1997-98 and \$8,700,000 in 1998-99; the limousine service fee will generate an estimated \$75,000 in 1997-98 and \$300,000 in 1998-99.

DOR is required to administer the vehicle rental and limousine service fees under the applicable provisions related to administration of the state sales tax. However, Act 27 did not provide DOR with additional funding or positions to administer the fees.

On December 12, 1997 Wisconsin Act 41, which makes a number of modifications to Act 27, was enacted into law. Act 41 includes provisions which create a SEG appropriation in DOR [20.566 (1) (qm)] and authorize 4.5 SEG positions to administer the vehicle rental and limousine service fees. The source of SEG funding is the transportation fund, but no expenditure authority was provided in the Act for the appropriation. However, a nonstatutory provision in the Act requires DOR and DOT to jointly request that the Committee supplement the appropriation.

The Department of Revenue and the Department of Transportation have requested that expenditure authority of \$100,000 SEG be provided from the transportation fund for this appropriation in 1997-98 to cover start-up costs related to administering the vehicle rental fees.

## ANALYSIS

The Department of Revenue indicates that the total funding necessary to administer the rental vehicle fee program would be \$229,600 in 1997-98 and \$387,000 in 1998-99. Total ongoing funding of \$251,000 would be required to administer the program after 1998-99. However, because the current balance in the transportation fund is approximately \$100,000, DOR is requesting funding of \$100,000 in 1997-98 in order to be able to begin administering the vehicle rental fees on April 1, 1998.

Administrative Costs. The following table shows the administrative expenses that would be funded under the Department's request.

### Vehicle Rental Fee Administration Start-Up Expenses

Contract Programming	\$68,000
InfoTech Usage Charges	10,800
Personal Computer, Software and Related Equipment	7,500
Furniture, Telephone and Rent	6,400
Printing and Postage	<u>7,300</u>
<b>TOTAL</b>	<b>\$100,000</b>

A new computer system would be developed to administer the rental vehicle fees. The system would be used for on-line registration, forms printing, scanning returns, verification of return data and generation of adjustments and nonfiler notices. The system would include a personal computer network platform and mainframe platform. Changes would be made to the revenue accounting system to process fee receipts and to the delinquent tax system to include delinquent rental vehicle fees in the system. As the table indicates, most of the start-up funding would be used to purchase computer hardware and software and to fund contract programming to begin developing the new computer system and modifying existing systems to administer the vehicle rental fees.

The funding for printing and postage would be used to print and send a letter describing filing requirements and a vehicle fee return along with the regular sales and use tax return sent to all registered sellers. A follow up mailing would be sent to those who did not respond to the original mailing. In addition, an acknowledgement letter and special publication explaining the new fees would be sent to confirm registration and remind taxpayers of the April 1, 1998, imposition date of the vehicle rental fees.

Transportation Fund Balance. Provisions included in Act 27 produce a 1997-99 closing balance for the transportation fund estimated at \$109,200. In its request to the Committee, DOT indicates no change to the estimated balance and that the estimated balance is sufficient to meet the funding request. A review of actual motor fuel tax and vehicle registration fee collections during the first quarter of 1997-98 indicates that collections conform with expectations of anticipated revenues. Motor fuel tax and vehicle registration fee revenues comprise over 90% of transportation fund SEG revenues, which are estimated at \$1,143.0 million. Adoption of the request would reduce the estimated closing balance to \$9,200.

The request indicates that \$100,000 will not be sufficient to administer the vehicle rental and limousine service fees. Unless future estimates of transportation fund revenues and expenditures result in a higher estimate of the closing balance, DOR and DOT will be precluded from making additional requests to transfer amounts from the fund balance to the administrative appropriation. DOT and DOR indicate they are examining alternatives that would provide sufficient funds to administer the fees. In the absence of an increase in the transportation fund's estimated closing balance, other actions to provide funding would likely require participation by the full Legislature.

**ALTERNATIVES**

1. Approve the Departments' request to provide \$100,000 in SEG funding from the transportation fund to the appropriation under s. 20.566(1)(qm) to cover start-up costs for administration of the vehicle rental and limousine service fees.
2. Deny the request.

Prepared by: Ron Shanovich

MO# Alt 1

BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
GEORGE	Y	<input checked="" type="radio"/>	A
JAUCH	Y	N	A
WINEKE	Y	<input checked="" type="radio"/>	A
SHIBILSKI	<input checked="" type="radio"/>	N	A
COWLES	<input checked="" type="radio"/>	N	A
PANZER	<input checked="" type="radio"/>	N	A
GARD	<input checked="" type="radio"/>	N	A
OURADA	<input checked="" type="radio"/>	N	A
HARSDORF	<input checked="" type="radio"/>	N	A
ALBERS	<input checked="" type="radio"/>	N	A
PORTER	<input checked="" type="radio"/>	N	A
KAUFERT	<input checked="" type="radio"/>	N	A
LINTON	Y	N	<input checked="" type="radio"/>
COGGS	<input checked="" type="radio"/>	N	A

AYE 12 NO 3 ABS \_\_\_\_\_



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

December 18, 1997

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Health and Family Services--Section 13.10 Request for Women's Health Services  
Funding--Agenda Item IV

The Department of Health and Family Services (DHFS) requests the transfer of \$2,200,000 GPR in 1997-98 and \$1,300,000 GPR in 1998-99 from the Committee's appropriation to DHFS to support the costs of services designed to improve women's health. This request includes funding to support: (a) a women's health awareness program (\$500,000 in 1997-98); (b) expansion of the Wisconsin women's cancer control program (\$200,000 annually); (c) a well-woman health screening program (\$1,000,000 annually); and (d) the purchase and operation of a mobile mammography van (\$500,000 in 1997-98 and \$100,000 in 1998-99).

### SUMMARY OF WORKPLAN

As part of its deliberations on the 1997-99 biennial budget, the Finance Committee placed all funding recommended by the Governor for grants under the women's health initiative (\$2.2 million in 1997-98 and \$1.3 million in 1998-99) in the Committee's program supplement appropriation, which the Committee could transfer to DHFS once it approved a plan submitted by DHFS that details the budget and criteria the Department would use to award grants for women's health services. In addition, the Committee added a 25% match requirement for all grants funded under the women's health initiative.

On November 20, 1997, the DHFS Secretary submitted a workplan for the women's health initiative to the Committee for its review. The workplan requires a 25% match for all grants. Each component of the workplan is summarized below.

**Women's Health Awareness Program (\$500,000 in 1997-98).** The goal of the awareness program is to increase women's awareness of health issues that relate to women and to reduce the prevalence of chronic and debilitating health outcomes.

Under this program, \$300,000 would be provided to support a public awareness campaign modeled after the National Governor's Association (NGA) spouses program. Of this amount, \$100,000 would be awarded through a competitive grant process to a public relations entity that would use these funds to develop materials, such as brochures, videos and public service announcements related to women's health. The remaining \$200,000 would be awarded as five, \$40,000 grants to local entities to support local awareness campaigns. DHFS intends to award one grant in each of the five Division of Health (DOH) regions through a competitive grant process.

In addition, \$200,000 would be competitively awarded to university researchers as mini-grants ranging from \$10,000 to \$25,000. Researchers would use this funding to support the costs of translating their health research into health practice by disseminating and distributing information to the health care professional community.

All grant applicants would be required to: (1) demonstrate an understanding of women's health issues and experience in the development and provision of awareness messages on these issues to the public; (2) illustrate an understanding of the unmet needs of women living in their county or tribal area related to providing community health education messages; and (3) demonstrate how their program would achieve a coordinated approach with other community agencies, including law enforcement, social services, minority community based agencies and schools.

**Expand Wisconsin Women's Cancer Control Program (\$200,000 annually).** The goal of this program is to expand the scope of services provided by the Wisconsin women's cancer control program (WWCCP) to include health promotion and primary prevention for cardiovascular disease, osteoporosis, diabetes, depression, domestic abuse and substance abuse.

Under the WWCCP expansion, WWCCP coordinating agencies would be eligible for \$40,000 annually in funding to support the expanded screenings. DHFS would award one \$40,000 grant through a competitive grant process in each of the five DOH regions. There are 82 WWCCP coordinating agencies representing every county and tribe in the state.

The WWCCP provides breast and cervical cancer screenings for women who are age 40 and older. Women whose family income is below 150% of the federal poverty level (FPL) are not charged for the screening services. State law requires that providers charge women who are uninsured and whose family income is greater than 150% of the FPL for the screening services using a sliding fee scale based on family income. However, in practice, providers waive this cost-sharing requirement.

Approximately 460 providers statewide participate in the WWCCP program. Participating providers include hospitals, physicians, federally qualified health centers (FQHCs) and clinics. Currently, the WWCCP is funded by a federal grant DHFS receives from the Center's for Disease Control and Prevention and state funds. In 1996-97, the WWCCP was supported with \$2.5 million in federal funds and \$422,600 GPR.

**Well-Woman Health Screening Program (\$1,000,000 GPR annually).** The goal of this component is to provide targeted health screening services to low-income, underinsured and uninsured women.

Under the well-woman health screening program, funding would be provided to cover health screening, diagnosis, assessment and health education for women's health risks including heart disease, breast and cervical cancer, osteoporosis, diabetes, hypertension, depression and domestic abuse. Local health departments, FQHCs, private non-profit agencies and provider groups would be eligible for grants, which would be awarded on a competitive basis. The amounts of the individual grant awards would be determined using a formula DHFS will develop, which will take into account a number of variables. These variables may include the incidence of women's health risks, current access to health care services and the numbers of uninsured and underinsured women in the area to be served by the applying agency.

Applicants would be required to: (1) demonstrate an understanding of women's health issues and experience in the development and provision of health screening services to underserved populations; (2) present a plan for evaluating the project; and (3) demonstrate a plan for securing the interest and cooperation of community agencies.

**Mobile Mammography Services (\$500,000 in 1997-98 and \$100,000 in 1998-99).** DHFS intends to award a single grant to an applying entity to support the purchase and operation of a mobile mammography van. The anticipated purchase cost of a mobile mammography van is approximately \$400,000. The remaining \$100,000 in 1997-98 and \$100,000 in 1998-99 would be used to support the operational costs of the van.

Applicants would be required to: (1) demonstrate an understanding of women's health issues and experience in the development and provision of health screening services to underserved populations; (2) present a plan for evaluating the project; and (3) demonstrate a plan for securing the interest and cooperation of community agencies.

## **ANALYSIS**

The plan submitted to the Committee on November 20, 1997 provides little information that was not available at the time the Committee discussed this issue during the 1997-99 budget deliberations. However, the plan has been designed to provide maximum administrative flexibility to DHFS and to allow local agencies to submit proposals that reflect the specific needs of their communities.

Additional information related to the specific activities that will be supported with this funding should be available once the Department has received responses to the RFPs and awarded the funding. Similarly, additional information related to the funding levels of the grants will be available once the Department has reviewed the RFPs and developed a formula for allocating the well-woman screening program and mini-grants funding.

In reviewing this plan, the Committee may wish to consider several issues, including: (a) the need for mini-grants funding to support the translation of women's health research into practice; (b) the cost effectiveness of purchasing a mobile mammography van in order to expand access to mammography services; and (c) the timing of the grant awards.

**Mini-grants to Translate Research Findings.** DHFS intends for the mini-grant funding to improve physicians' access to current research findings and their implications for diagnosis and treatment of women's health conditions. Funding for this purpose would be provided on a one-time basis. It is unclear to what extent this information is desired or needed by the physician community. It appears that DHFS has not formally discussed this issue with providers. For example, the State Medical Society (SMS) was not consulted when the plan for this funding was developed. Furthermore, the Department's workplan provides no information on how applications for mini-grants will be evaluated and selected.

The SMS currently publishes the Wisconsin Medical Journal, which it distributes to its 9,000 physician members. Each issue of the Wisconsin Medical Journal is devoted to a special topic. For example, the September issue was devoted to the topic of women in medicine. In addition, each issue includes a scientific section that highlights research papers submitted primarily by Wisconsin researchers.

It may be possible for DHFS to coordinate with the SMS in order to improve the dissemination of women's health research through this journal, which is distributed to approximately 75% of Wisconsin licensed physicians who reside in the state. If the SMS believes that it is critical to provide physicians with this information, it could devote an entire issue of the journal to the topic of women's health, or devote space to these issues on an ongoing basis.

Many physicians also subscribe to national medical journals and newspapers, which also highlight and disseminate recent medical findings. Therefore, it could be argued that physicians may already be receiving adequate amounts of information about current research in women's health.

As an alternative to providing funding for mini-grants, the Committee could either: (a) delete funding for the mini-grants; or (b) redirect the funding that would be provided for mini-grants to one of the direct service components of the initiative, either the well-woman health screening program or the expanded Wisconsin women's cancer control program.

**Purchase and Operation of the Mobile Mammography Van.** There are currently at least two major areas of the state that are not served by a mobile or portable mammography provider--the northeastern region of the state, including Green Bay and a section of the southwestern region of the state, beginning in Madison and extending southwest to Platteville. There may also be smaller regional areas or populations that are not adequately served by current resources.

In addition, there is at least one current provider, Marshfield Clinic, that must replace its equipment in order to continue providing mobile mammography services. Until recently, Marshfield Clinic was operating a portable mammography unit. However, this portable unit is no longer functional. The clinic would like to replace this unit with a mobile mammography van. However, the cost of a mobile mammography van is approximately three to four times the cost of replacing a portable mammography unit.

The City of Milwaukee, through the Milwaukee breast cancer awareness program (MBCAP), operates a mobile mammography van that was purchased in 1993. The state provides approximately \$115,200 annually as a grant to MBCAP to help support the operational expenses of the van.

Staff of the MBCAP have indicated a number of concerns related to the practicality and efficiency of a mobile mammography van. First, the costs of operating a mobile mammography van are significant. These costs include gas, vehicle maintenance, generator costs, insurance, radiological supplies and staff time. Information provided by Midwest Mobile Technologies, the supplier of the Milwaukee van, estimates annual operating expenses of a van to be approximately \$213,000. This estimate assumes that 6,000 mammograms would be conducted annually and that the van would travel approximately 40 miles per day.

While the goal of the MBCAP is to conduct 2,500 to 3,000 mammograms annually with the use of the van, 2,000 mammograms were provided with the use of the van in 1996-97. The annual operating budget for the MBCAP is approximately \$500,000. This budget includes outreach costs, travel and training reimbursement for staff, in addition to the operating costs of the van as listed above. MBCAP staff indicated that a major concern relating to the use of a mobile mammography van as a means of increasing access to mammography services is the significant cost of operating the van.

MBCAP staff also report concern about the limited effectiveness of a "single-use" van. Due to the size and configuration of Milwaukee's van, it can only be used for a single purpose--providing mammograms. However, health screening vans, which are bigger and include a larger examining room, are available at a price similar to the cost of a mammography van. These vans would enable technicians to conduct mammograms and would provide adequate space for nurse practitioners to provide pap smears and other preventative health services, such as blood pressure checks.

Other staff concerns relate to the maintenance of the van. Driving, parking and securing a 38-foot van on the streets of Milwaukee are challenges for program staff, but ones that may

be unique to an urban setting. In addition, the mammography equipment on the van is very sensitive to cold temperatures. During colder months, the generator must run 24 hours a day in order to keep the equipment and processing chemicals from freezing. Winter months pose another challenge for the technicians on the van because if the van travels on rough or slippery roads, the equipment may be jarred and the calibration of the mammography machines may become disrupted. If the van arrives at a site and the machines are uncalibrated, the technicians cannot get reliable readings.

The staff and advisory board of the MBCAP are considering the possibility of taking its van off the road and developing more cost effective methods for increasing the number of women who receive annual mammograms. For example, it may be more cost effective to purchase passenger vans and bring women into the clinic for a mammogram or to purchase portable mobile mammography units. If the MBCAP decides to take the van off the road or to limit its usage, it may be possible to share this van with other providers.

MBCAP staff indicate that they have conveyed to state staff a desire to discuss their experience with operating a mobile mammography van. In fact, the Division Manager of the Adult Health/Chronic Disease section of the City of Milwaukee Health Department recommends that state and local staff, other stakeholders and representatives from every DOH region of the state meet to discuss the most efficient and cost effective system for increasing women's access to and use of mammography services in Wisconsin.

If a workgroup were to be convened, it could address a number of critical questions, such as:

- Is it more cost effective to bring women into clinics for mammography services or bring mammography services into the community to women?
  - If it is better to bring the services into the community, is it more cost effective to purchase portable mammography units or a mobile mammography van?
  - How many mobile units should be operated in the state?
  - How can the use of these mobile units be better coordinated within and between DOH regions;
  - What can other potential providers of mobile mammography services learn from Milwaukee's experience? For example, should a provider purchase a health screening van rather than a single use mammography van?

Because of the significant investment required for the purchase and operation of a mobile mammography van and the importance of maximizing the potential to screen more women for breast cancer, the Committee may want to deny the request for the purchase of a mobile mammography van at this time. Instead, the Committee could direct DHFS to convene a

workgroup to address the issues outlined above. Once this group had completed its work, DHFS could report its findings to the Committee and request the release of some or all of the funding earmarked for mobile mammography services at a subsequent s. 13.10 meeting.

**Timing of Grant Funding.** The workplan submitted by DHFS includes a timeline for the development and review of the RFPs and the awarding of the grants. According to this timeline, contracts would begin on the following dates:

Women's Health Awareness Program--March 30, 1998

Expanded Wisconsin Women's Cancer Control Program--April 1, 1998

Well-Woman Health Screening Program--April 30, 1998

Mobile Mammography Services Program--May 1, 1998

The Committee could direct DHFS to begin all of the contracts on July 1, 1998. A July 1, 1998 starting date for the contracts could delay the implementation of the individual components of the initiative by two to three months. However, if the actual development and review of the RFPs takes longer than currently anticipated by the Department, a July 1, 1998 contract day may only delay implementation by a few weeks.

Starting all of the contracts under the plan as submitted to the Committee on July 1, 1998, would result in a lapse of \$1,300,000 to the general fund from the Committee's appropriation at the end of the 1997-99 biennium and would more closely align the fiscal year funding for grants with the time periods during which these services are provided. If the Committee chooses this alternative, it may wish to specify that funding for the public awareness component, including mini-grants, is intended to be one-time funding that would be removed from the agency's base as part of the 1999-2001 budget, since under Act 27 this funding was provided on a one-time basis.

The Committee could select this alternative in combination with other alternatives that would modify the DHFS request.

## **ALTERNATIVES**

1. Adopt the women's health initiative workplan as proposed by DHFS and transfer \$1,700,000 GPR in 1997-98 and \$1,200,000 GPR in 1998-99 from the Committee's program supplement appropriation under s. 20.865(4)(a) to the DHFS appropriation for women's health services under s. 20.435 (5)(cb) and transfer \$500,000 GPR in 1997-98 and \$100,000 GPR in 1998-99 from the Committee's program supplement appropriation under s. 20.865(4)(a) to the DHFS appropriation for cancer control under 20.435(5)(cc).

2. Modify the proposed workplan as it relates to funding for mini-grants for the translation and dissemination of research on women's health issues by doing any one of the following:

- a) Deleting all funding for mini-grants (-\$200,000 GPR).
- b) Deleting all funding for mini-grants (-\$200,000 GPR) and instead, providing an additional \$200,000 GPR in 1998-99 to support the well-woman health screening program.
- (c) Deleting all funding for mini-grants (-\$200,000 GPR) and instead, providing an additional \$200,000 GPR in 1998-99 to support the expanded WWCCP program.
- (3) Modify the proposed workplan by deferring the transfer of funding to support the purchase and operations of a mobile mammography van (\$500,000 GPR in 1997-98 and \$100,000 GPR in 1998-99). Instead, direct DHFS to convene a workgroup made up of representatives of current providers of mobile mammography services, representatives of each DOH region and other interested parties that would: (a) evaluate current mobile mammography services; and (b) develop a plan to expand and coordinate mobile mammography services on a statewide basis and submit the report to the Committee by the March 13.10 meeting, together with a request for the release of funds to support the plan.
- (4) Transfer \$2,200,000 GPR in 1997-98 from the Committee's appropriation to the DHFS 1998-99 appropriations for women's health services under s. 20.435(cb) [\$1,700,000] and cancer control under 20.435(5)(cc) [\$500,000] to fund grants under the women's health initiative beginning in fiscal year 1998-99, rather than in fiscal year 1997-98, as requested by DHFS. Specify that, of this amount, \$500,000 GPR is provided as one-time funding for women's health awareness activities. Lapse \$1,300,000 GPR from the Committee's supplemental appropriation at the end of the 1997-99 biennium to reflect that grant funding would be provided in one year, rather than both years, of the 1997-99 biennium. Finally, reconcile this alternative with other alternatives selected by the Committee.

MO# 2 (b)

Prepared by: Amie T. Goldman

2 BURKE	(Y)	N	A
DECKER	(Y)	N	A
GEORGE	(Y)	N	A
JAUCH	(Y)	N	A
WINEKE	(Y)	N	A
SHIBILSKI	(Y)	N	A
COWLES	(Y)	N	A
PANZER	(Y)	N	A
GARD	(Y)	N	A
OURADA	(X)	N	A
HARSDORF	(Y)	N	A
ALBERS	(Y)	N	A
PORTER	(Y)	N	A
KAUFERT	(Y)	N	A
LINTON	(Y)	N	A
COGGS	(Y)	N	A

AYE 15 NO 0 ABS 1

HEALTH AND FAMILY SERVICES

Women's Health Initiative

(Agenda Item IV)

Motion:

Move to modify the Department's plan for funding women's health services by deferring the transfer of funding to support the purchase and operation of a mobile mammography van (\$500,000 GPR in 1997-98 and \$100,000 GPR in 1998-99). Instead, direct DHFS to consult with representatives of current providers of mobile mammography services, representatives of each DOH region and other interested parties in order to: (a) evaluate current mobile mammography services; and (b) develop a plan to expand and coordinate access to mammography services on a statewide basis.

Specify that, in developing its plan, DHFS compare a number of approaches, including a voucher program, to increase the number of underserved women who receive annual mammograms, based on the: (a) costs and benefits; (b) estimated number of targeted women who would receive a mammogram; and (c) administrative feasibility of each approach.

Direct DHFS to submit a report to the Committee by February 1, 1998, together with a request for the transfer of funds from the Committee's appropriation to DHFS to support the plan under 14-day passive review process.

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Note:

Under the Department's plan, DHFS would have awarded a grant to an entity for the purchase and operation of a mobile mammography van.

This **motion** would defer the transfer of funds for mobile mammography services until DHFS **evaluates** current resources and develops a plan to expand and coordinate access to mammography services on a statewide basis.

DHFS would be directed to submit a recommendation to the Committee by February 1, 1998. The request would be approved unless the Co-Chairs of the Committee notify the Department of Administration within 14 days of the date the Committee receives the request that the Committee wishes to meet on the matter.

MO# 101

BURKE	(Y)	N	A
DECKER	(Y)	N	A
GEORGE	(Y)	(N)	A
JAUCH	(Y)	N	A
WINEKE	(Y)	N	A
SHIBILSKI	(Y)	N	A
COWLES	(Y)	N	A
PANZER	(Y)	N	A
<i>R</i> GARD	(Y)	N	A
OURADA	(Y)	N	A
HARSDORF	(Y)	N	A
ALBERS	(Y)	N	A
PORTER	(Y)	N	A
KAUFERT	Y	(N)	A
LINTON	Y	N	(A)
COGGS	Y	(N)	A

AYE 12 NO 3 ABS 1

HEALTH AND FAMILY SERVICES

Women's Health Services Funding

(Agenda Item IV)

Motion:

Move to modify the Department's plan for funding women's health services by: (a) deleting funding for mini-grants to translate health research into practice (-\$200,000 GPR in 1997-98); (b) deleting funding for local grant funding for the women's health public awareness program (-\$200,000 GPR in 1997-98); (c) deleting funding for a grant to a public relations entity that would develop women's health public awareness materials (-\$100,000 GPR in 1997-98); (d) increasing funding for the expanded Wisconsin women's control program (WWCCP) by \$250,000 GPR in 1998-99; and (e) increasing funding for the well-woman health screening program by \$250,000 GPR in 1998-99.

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Note:

Under the Department's plan, DHFS would be provided \$300,000 GPR in 1997-98 to support a public awareness campaign modeled after the National Governor's Association (NGA) spouses program and \$200,000 GPR in 1997-98 to support mini-grants for translating health research into practice.

Under the motion, all one-time funding for the public awareness campaign and mini-grants would be deleted (-\$500,000 GPR in 1997-98). This funding would be redirected as annual funding, beginning in 1998-99, to increase support for the expanded WWCCP (\$250,000 GPR in 1998-99) and the well-women health screening program (\$250,000 GPR in 1998-99). These two components of the women's health initiative are intended to increase access to health screening for low-income, uninsured and underinsured women.

MO# 103

BURKE	Y	(N)	A
DECKER	(Y)	(N)	A
GEORGE	Y	(N)	A
JAUCH	(Y)	N	A
WINEKE	(Y)	N	A
SHIBILSKI	(Y)	N	A
COWLES	Y	(N)	A
PANZER	Y	(N)	A
GARD	Y	(N)	A
OURADA	Y	(N)	A
HARSDORF	Y	(N)	A
ALBERS	Y	(N)	A
PORTER	Y	(N)	A
KAUFERT	Y	(N)	A
LINTON	Y	(N)	A
COGGS	Y	(N)	A

AYE 4 NO 11 ABS 1



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

December 18, 1997

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Transfer of Funds from the Medical Assistance Appropriation to a Milwaukee Child Welfare Appropriation--Health and Family Services--Agenda Item V

The Department of Health and Family Services (DHFS) requests a transfer of \$1,107,000 GPR in 1997-98 from the medical assistance (MA) benefits appropriation to the Milwaukee child welfare services aids appropriation to provide services to parents whose children are placed in out-of-home care and as a result, become ineligible for MA.

### BACKGROUND

Under provisions of 1997 Wisconsin Act 27 (the biennial budget act), DHFS will become responsible for the administration of child welfare services in Milwaukee County, beginning January 1, 1998. As part of this initiative, Act 27 provides \$3,429,100 (\$1,410,000 GPR and \$2,019,100 FED) in 1997-98 and \$8,500,600 (\$3,517,300 GPR and \$4,983,300 FED) in 1998-99 to maintain MA eligibility on a statewide basis to MA recipients who would otherwise lose eligibility when their children are placed in out-of-home care. This funding was provided based on an assumption that DHFS could extend eligibility to these parents through an amendment to the state's MA plan.

Funding was provided in Act 27 so that these parents could access MA-funded intensive mental health and substance abuse services in order to be reunited with their children. The funding provided would have supported the cost to maintain MA eligibility for these parents statewide and to provide an enhanced capitation rate to the health maintenance organizations (HMOs) in Milwaukee County in order to ensure that the HMOs provide the intensive mental health and substance abuse services required by these parents.

## ANALYSIS

Staff from the federal Health Care Financing Administration (HCFA) have informed DHFS that under current federal regulations, MA eligibility cannot be maintained for parents whose children are placed in out-of-home care if the cost of that care is supported with federal funds available under Title IV-E of the Social Security Act. However, HCFA has the authority to waive this prohibition. DHFS intends to submit a waiver for this purpose as part of the state's demonstration waiver for the BadgerCare program. DHFS does not anticipate a response on the waiver from HCFA until spring, 1998.

Because the state does not receive Title IV-E funds for the placement costs of children placed with relatives under the kinship care program, MA eligibility can be maintained for this group through a state plan amendment. DHFS plans to amend the state plan effective January 1, 1998, so that parents who were MA eligible will maintain their MA eligibility while their children are in kinship care.

Because the state's takeover of administration of the child welfare system in Milwaukee County will occur on January 1, 1998, and DHFS intends to begin providing mental health and substance abuse services as soon as possible after the takeover, DHFS must have sufficient funding in the Milwaukee child welfare aids appropriation to fund services to these parents outside of the MA program.

Current law requires that expenditures from the MA appropriation can only be used to provide MA-covered benefits to MA recipients. Consequently, the MA benefits funding provided in Act 27 to support services to these parents cannot be used to provide services to them, as they will be ineligible until the state receives a waiver. Approval of the transfer of funds would enable DHFS to provide these intensive services to parents whose children are placed in out-of-home care, even though these parents would no longer be eligible for MA.

The DHFS request reflects the Department's intention not to provide an enhanced capitation rate to HMOs for parents of children in kinship care in Milwaukee County. DHFS staff indicate that the enhanced capitation rate will not be necessary for this population until the waiver is granted, at which time it could pursue negotiations with HMOs for an enhanced capitation rate for the entire population of parents that would be covered.

It is currently estimated that \$1,024,700 GPR in 1997-98 is required to provide services to the parents that would be ineligible for MA until the waiver is granted, an amount that is \$82,300 less than the amount DHFS requests be transferred. This reestimate reflects an assumption that 23%, rather than 17%, of the total out-of-home placements in Milwaukee County for 1997-98 where the parent would lose their MA eligibility would be kinship care placements.

**CONCLUSION**

*Support*

In the absence of a federal waiver, Wisconsin cannot maintain MA eligibility to parents in families where children are placed in out-of-home care supported by Title IV-E funds. However, beginning January 1, 1998, intensive mental health and substance abuse services must be provided to these parents in order for these families to be reunited. Consequently, because these services cannot be provided through HMOs under the MA program, funding must be provided to case management agencies that will contract directly with service providers. For this reason, the Committee should transfer \$1,024,700 GPR in 1997-98 from the DHFS MA benefits appropriation to the DHFS appropriation for Milwaukee child welfare services aids.

Prepared by: Rachel Cissne

MO# *Support Conclusion*

2 BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
GEORGE	<input checked="" type="radio"/>	N	A
JAUCH	<input checked="" type="radio"/>	N	A
WINEKE	<input checked="" type="radio"/>	N	A
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PORTER	<input checked="" type="radio"/>	N	A
KAUFERT	<input checked="" type="radio"/>	N	<input checked="" type="radio"/>
LINTON	<input checked="" type="radio"/>	N	A
COGGS	<input checked="" type="radio"/>	N	A

AYE 15 NO 0 ABS 1



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

December 18, 1997

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Health and Family Services--Release of Funds for SSI Caretaker Supplement Payments--Agenda Item VI

On November 20, 1997, the Secretary of the Department of Health and Family Services (DHFS) submitted a request to the Co-Chairs of the Committee to transfer \$4,196,600 FED in 1997-98 and \$9,428,800 FED in 1998-99 from the Committee's appropriation to DHFS to support payments to supplemental security income (SSI) recipients who are custodial parents, pursuant to provisions enacted in 1997 Wisconsin Act 27 (the 1997-99 biennial budget act).

Act 27 authorized the Committee to release funding for this purpose under a 14-day passive review process. The Co-Chairs have requested that this matter be reviewed at the Committee's December 18, 1997, meeting.

### BACKGROUND

The SSI program is a federal program that provides cash assistance to low-income elderly, blind and disabled persons. The federal Social Security Administration (SSA) administers the program at the federal level and establishes uniform eligibility standards, federal benefit levels and program policies. Wisconsin, as well as many other states, chooses to supplement the federal benefit with a state SSI benefit. Federal law requires that states maintain their effort to provide state supplemental SSI benefits to ensure that cost of living increases provided for the federal benefit are not offset by reductions in state supplement payments.

Wisconsin's current maintenance of effort (MOE) requirement is approximately \$128.3 million annually, based on 1996 state SSI expenditures. States may only count state supplemental SSI payments made to SSI beneficiaries toward meeting the MOE requirement.

**Federal Legislation Affecting State SSI Benefits.** Federal legislation enacted in 1996 and 1997 modified eligibility for SSI benefits for individuals considered disabled due to alcoholism or drug addiction, legal immigrants and children. The Contract with American Advancement Act of 1996 (P.L. 104-121) eliminated SSI eligibility for individuals considered disabled due to alcoholism or drug addiction, beginning January 1, 1997. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-93) eliminated SSI eligibility for certain legal immigrants and modified the standards for determining disability in children and their eligibility for SSI benefits. Act 27 funding provided for SSI benefits reflects the assumption that approximately 8,800 SSI recipients will lose their eligibility over the course of the 1997-99 biennium due to these federal changes. Because the state's MOE requirement remains the same, regardless of these eligibility changes, any GPR savings as a result of these caseload reductions must be provided to SSI recipients as eligible SSI payments.

However, the 1997 federal Balanced Budget Act (P.L. 105-33), enacted in August, 1997, restored SSI eligibility for most of the legal immigrants whose eligibility was eliminated by provisions in P.L. 104-93.

**Act 27 -- Creation of the Caretaker Supplement.** Act 27 provides \$128,281,600 GPR annually to fund state supplemental SSI benefits, an amount sufficient to meet the state's MOE requirement. However, this amount includes \$6,668,300 in 1997-98 and \$9,886,800 in 1998-99 to partially support a new supplemental benefit for SSI recipients for the support of their dependent children. This supplement payment, commonly referred to as the "caretaker supplement," was established in order to replace aid for families with dependent children (AFDC) benefits these families were receiving for their dependent children. In addition to the GPR funding budgeted for the caretaker supplement payment, Act 27 provided \$1,570,700 PR in 1997-98 and \$458,800 PR in 1998-99 to fund the new caretaker supplement benefit. The PR funding represents federal temporary assistance for needy families (TANF) block grant funds transferred from the Department of Workforce Development (DWD) to DHFS.

The amount of the caretaker supplement payment is established in statute as either: (a) \$77 per month per child; or (b) \$100 per month per child if DHFS certifies that the federal government recognizes state spending on the caretaker supplement payment as satisfying the MOE requirement.

**Act 27 -- \$14 Million SSI Contingency.** During the Legislature's deliberations on the 1997-99 budget, there was considerable uncertainty over whether the SSA would permit Wisconsin to count the caretaker supplement payments in meeting the state's SSI MOE requirement. Further, in August, 1997, enactment of P.L. 105-33 restored SSI benefits for most legal immigrants.

If SSA prohibited Wisconsin from counting the caretaker supplement in meeting the state's MOE requirement, additional GPR or TANF funding would be required to support the caretaker supplement, since GPR funding budgeted in DHFS for SSI benefits could not be used for that purpose.

With the restoration of SSI benefits for most legal immigrants, the state would not necessarily be required to increase funding for the state's supplement to the SSI program. Rather, since federal law only requires that the state maintain an annual expenditure level equal to the prior year's expenditures regardless of the number of beneficiaries, the state could adjust benefit levels to accommodate any federal changes in SSI eligibility. As provided under current law, DHFS would be required to receive approval from DOA, the Committee and the Governor to adjust benefit levels based on federal changes in SSI eligibility.

In order to address the uncertainty over the status of the caretaker supplement and the restoration of benefits to legal immigrants, the Legislature provided \$14.0 million FED (TANF) in 1997-98 in the Committee's supplemental appropriation as a contingency which could be transferred to DHFS to fund the caretaker supplement under specified circumstances. This funding is available to: (a) fully fund the caretaker supplement with TANF funds if DHFS certifies that federal law does not recognize the caretaker supplement as an SSI payment and therefore does not count the payment of the supplement towards the state's MOE requirement; and (b) to increase the portion of TANF funds provided for the caretaker supplement in order to ensure that sufficient GPR funds are available in the SSI benefits appropriation to fund the cost of restoring SSI benefits to certain legal immigrants, as required under P.L. 105-33. In either case, sufficient GPR funds would be available to support the cost of restoring SSI benefits to legal immigrants without affecting the level of benefits provided to other SSI recipients.

## ANALYSIS

In a letter dated October 10, 1997, the Commissioner of SSA's Region V Office notified DHFS that it will not consider the new caretaker supplement payment an SSI payment for the purpose of meeting the state's MOE requirement. In making this determination, SSA is interpreting federal regulations to define a state SSI payment as a payment made to an individual that is solely for that individual's use and benefit. Further, SSA indicates that SSI payment determinations are currently based on the living arrangements of the SSI recipient, rather than the status of the person receiving the federal SSI or state supplement payment.

SSA regional staff have indicated that the agency would likely review its initial decision on the caretaker supplement. While some states are replacing AFDC benefits paid to the dependent children of SSI recipients with new benefits paid from their state's TANF allocations, SSA staff are not aware of any other state that is attempting to tie these payments to their states' SSI MOE requirements. It is likely that the SSA will be cautious in reviewing its decision in Wisconsin's case, since a reversal of its decision could influence other states in developing funding mechanisms for benefits for dependent children of SSI recipients.

On November 25, 1997, the DHFS Secretary wrote a letter to the Regional Commissioner asking SSA to reverse its decision on the caretaker supplement and indicated that the state would apply December, 1997, expenditures for the caretaker supplement towards the 1997 MOE requirement. In its letter, DHFS argues that the caretaker supplement is available only to SSI

recipients, is made monthly, in cash, and based on the individual's legal obligation to care for a dependent child and therefore, meets the definition of a state SSI payment. DHFS further argues that Wisconsin's authority to create different types of supplemental SSI payments, determine eligibility criteria and set payment levels for supplemental SSI payments includes the authority to create a caretaker supplement and count payment of that supplement towards the state's MOE requirement.

If the SSA refuses to reverse its decision on the caretaker supplement, the state will have 12 months to make up any MOE shortfall for calendar year 1997. If the state does not make up any shortfall within 12 months, the state can be found in noncompliance with the MOE requirement and become ineligible for federal medical assistance matching funds.

DHFS indicates that if it is successful in reversing the SSA's decision, it intends to convert funding for the caretaker supplement from TANF funds to GPR. However, even if DHFS is successful in reversing the SSA decision, the Department would still require \$1,329,300 in 1997-98 and \$5,077,600 in 1998-99 in TANF funds to ensure that sufficient GPR is available to restore benefits to certain legal immigrants as provided in Act 27. Further, if the SSA decision is reversed, the caretaker supplement would increase to \$100 per child per month as provided in Act 27 and would require additional TANF funds to fund the increase in the payment amount. The amount of additional funding required to increase the caretaker supplement payment from \$77 to \$100 per month would depend upon the date on which SSA makes a determination that caretaker supplement payments can be used for the purpose of meeting Wisconsin's MOE requirement.

**Reestimate of TANF Need.** It is currently estimated that the cost of the caretaker supplement payments will be \$5,707,200 in 1997-98 and \$10,493,900 in 1998-99. These amounts are \$60,100 less in 1997-98 and \$606,300 more in 1998-99 than the estimate assumed in the DHFS request. This reestimate reflects the following modifications to the DHFS request.

- Current data indicate that caretaker supplements will be made on behalf of 11,357 children, rather than 10,700 children, as assumed in Act 27 and the DHFS request.

- In December, 1997, caretaker supplement payments were made on behalf of 5,978 children; the remainder of the families will receive their first supplement in January, 1998. The DHFS request assumed that all families eligible for the supplement would receive their first payment in December, 1997.

Families receiving the caretaker supplement in December also received a differential payment from DWD equal to the difference between the supplement and the amount these families were previously receiving under AFDC. DWD is making the differential payment due to concerns that these families were not sufficiently notified that their AFDC payments would be ending and replaced by the caretaker supplement. The differential payments are not included in the TANF funds transferred to DHFS.

**Options for Consideration by the Committee.** Two options are presented for consideration by the Committee.

*Approve the DHFS Request, as Reestimated.* First, the Committee could approve the DHFS request, as adjusted to reflect current caseload projections. The attachment to this memorandum summarizes; (a) the funding budgeted in Act 27 for SSI benefits, including the caretaker supplement and traditional SSI benefits; (b) the current projected expenditures for these payments, based on the SSA's current interpretation that the caretaker supplement cannot be considered an SSI payment for the purpose of meeting the Wisconsin's MOE requirement; and (c) the difference between funding budgeted in Act 27 and the current estimates, which is the amount of TANF funding that could be transferred to DHFS to make caretaker supplement payments.

The attachment shows that, based on current estimates, a total of \$4,136,500 TANF in 1997-98 and \$10,035,100 TANF in 1998-99 is needed to make these payments in 1997-98 and 1998-99 above the amounts budgeted in Act 27. The sum of these amounts exceed the amounts reserved in the Committee's appropriation by \$171,600. Consequently, the Committee could transfer this amount from the DWD federal block grant aids appropriation to DHFS to make these caretaker supplement payments. Based on funding authorized in Act 27, it is currently estimated that \$10.5 million in unexpended TANF funds will be carried forward into the 1999-2001 biennium.

In addition to authorizing the transfer of the TANF funds, the Committee could also direct DHFS to inform the Committee if it is successful in reversing the SSA decision and identify any change in the need of TANF funds for the caretaker supplement payments.

If the Committee chooses this alternative, it may also wish to specify how the amount of the caretaker supplement should be increased in the event that SSA reverses its initial decision and considers this payment an SSI benefit payment. Specifically, DHFS could either: (a) increase the supplement, beginning in the month following the month in which DHFS is notified by SSA that the caretaker supplement can be considered an SSI payment for the purposes of meeting the state's MOE requirement; or (b) increase the supplement retroactively to the date that the supplement payments were first made (January, 1998). Based on the current estimate of the number of children on whose behalf the payment is made (11,357), it is estimated that the cost of increasing the caretaker supplement benefit by \$23 per month would be approximately \$261,200 per month.

*Defer the Request.* The Committee could defer the request until SSA makes a final determination on whether the caretaker supplement payment is an SSI payment. The Act 27 provision requires the Committee to take action on this matter once DHFS certifies that SSA has decided on whether the caretaker supplement payment can be considered an SSI payment. Because DHFS hopes to persuade SSA to reverse its initial decision, as expressed in the October 10, 1997, letter to DHFS from the SSA Regional Commissioner, it appears that the issue remains unresolved.

Funding for SSI benefits, including the caretaker supplement, is budgeted in a GPR sum-sufficient appropriation. As a result, DHFS currently has the authority to make these statutory payments from the GPR appropriation. However, if the Committee wishes to fund a portion of these costs with TANF funds, rather than GPR funds, it must transfer funding to make these payments by the end of the current fiscal year. The Committee could defer this request by directing DHFS to resubmit the request for consideration by the Committee prior to the end of the 1997-98 fiscal year.

**ALTERNATIVES**

1. Transfer \$4,136,500 FED in 1997-98 and \$9,863,500 FED in 1998-99 from the Committee's program supplement appropriation under s. 20.865(4)(m) and \$171,600 FED in 1998-99 from the DWD federal block grant aids appropriation under s. 20.445(3)(md) to the DHFS SSI benefits appropriation under s. 20.435(7)(ky) to fully fund the SSI caretaker supplement with TANF funds in the 1997-99 biennium. Further, require DHFS to inform the Committee of any changes in the SSA's interpretation of the caretaker supplement as an SSI payment and any change in the amount of TANF funds required to fund the caretaker supplement as a result of the change.

Finally, specify that if SSA modifies its interpretation of the caretaker supplement to enable DHFS to count these payments toward the maintenance of effort requirement, direct DHFS to increase the caretaker supplement payment to \$100, effective beginning the month after DHFS is notified by SSA of its determination.

2. Modify Alternative (1) to specify that if SSA modifies its interpretation of the caretaker supplement to enable DHFS to count these payments toward the maintenance of effort requirement, direct DHFS to increase the caretaker supplement payment to \$100 retroactively to the date of the first caretaker supplement payments.

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fer the request and direct DHFS to resubmit a request to the Committee for the NF funds to DHFS prior to June 1, 1998.

BURKE	Y	N	A	
DECKER	Y	N	A	
GEORGE	Y	N	A	
JAUCH	Y	N	A	
WINEKE	Y	N	A	
SHIBILSKI	Y	N	A	
COWLES	Y	N	A	
PANZER	Y	N	A	
GARD	Y	N	A	
OURADA	Y	N	A	
HARSDORF	Y	N	A	
ALBERS	Y	N	A	
PORTER	Y	N	A	
KAUFERT	Y	N	A	
LINTON	Y	N	A	
COGGS	Y	N	A	

Michelle Cissne

MO# 112

BURKE	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A
DECKER	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
GEORGE	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
JAUCH																			
WINEKE																			
SHIBILSKI																			
COWLES																			
PANZER																			
GARD																			
OURADA																			
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PORTER																			
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LINTON																			
COGGS																			

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AYE 15 NO 0 ABS 1

## ATTACHMENT

	1997-98			1998-99		
	GPR	PR	All Funds	GPR	PR	All Funds
<b>Act 27 Funding for SSI Benefits and Caretaker Supplement*</b>						
Traditional SSI Benefits	\$121,613,300	\$0	\$121,613,300	\$118,853,600	\$0	\$118,853,600
Caretaker Supplement Payments	<u>6,668,300</u>	<u>1,570,700</u>	<u>8,239,000</u>	<u>9,428,000</u>	<u>458,800</u>	<u>9,886,800</u>
Total Funding for SSI-Related Payments	\$128,281,600	\$1,570,700	\$129,852,300	\$128,281,600	\$458,800	\$128,740,400
<b>Revised Allocation of Funds Based on Reestimate of DHFS Request*</b>						
Traditional SSI Benefits (Includes Restoration of SSI Benefits to Legal Immigrants)	\$128,281,600	\$0	\$128,281,600	\$128,281,600	\$0	\$128,281,600
Caretaker Supplement Payments	<u>0</u>	<u>5,707,200</u>	<u>5,707,200</u>	<u>0</u>	<u>10,493,900</u>	<u>10,493,900</u>
Total Funding For SSI-Related Payments	\$128,281,600	\$5,707,200	\$133,988,800	\$128,281,600	\$10,493,900	\$138,775,500
<b>Difference Between Funds Budgeted in Act 27 and Estimated Costs of the Caretaker Supplement</b>		\$4,136,500		\$10,035,100		

\*GPR Funds count towards SSI Maintenance of Effort Requirement



## Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

December 18, 1997

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Workforce Development--Section 13.10 Request for Employment Transportation for Wisconsin Works (W-2)--Agenda Item VII

The Department of Workforce Development (DWD) has requested the transfer of \$1,000,000 FED in 1997-98 and \$2,000,000 FED in 1998-99 from the Committee's appropriation to DWD's appropriation for federal block grant public assistance aids. These funds would be used for transportation assistance to low-income individuals and W-2 participants.

### BACKGROUND

Under 1995 Wisconsin Act 289, a Wisconsin Works (W-2) agency may provide transportation assistance as prescribed by DWD. The W-2 agency must limit the provision of financial assistance to public transportation if public transportation that meets the needs of participants is available.

According to the W-2 policy document developed by DWD, it is the responsibility of the W-2 agency to expand transportation options for W-2 applicants and participants. The policy document specifies that the W-2 agency must: (a) identify existing transit systems and transportation needs of W-2 participants, and address those needs; (b) provide easy access to transportation, either on a case-by-case-basis or agency wide; (c) organize and facilitate transportation assistance that does not duplicate services or create a new transit service infrastructure, where existing public transportation is adequate; and (d) reimburse participants for transportation costs.

Under Act 289, DWD was required to submit a report to the Joint Finance Committee that recommends options that W-2 agencies could take to facilitate the transportation of W-2

participants to employment opportunities. The Department of Transportation (DOT) was required to assist DWD in developing options to be included in the report. This report was submitted to the Joint Finance Committee on September 15, 1997.

In the 1997-99 biennial budget process, the Governor proposed providing \$1,000,000 in 1997-98 and \$2,000,000 in 1998-99 in federal funding under the temporary assistance to needy families (TANF) program to expand the Job Ride program in Milwaukee County and to provide transportation assistance to other parts of the state. The Joint Finance Committee placed the funding amounts for employment transportation in the Committee's appropriation to be released after the Committee had an opportunity to review DWD's study and after the Department submitted a plan for expending the funds. The funds may not be expended without release by the Committee.

## **ANALYSIS**

If the Department's request is approved, \$1.0 million in 1997-98 and \$2.0 million in 1998-99 would be transferred from the Committee's appropriation to DWD. Of these funding amounts, the Department indicates that \$100,000 in each year would be used to expand the Job Ride program in Milwaukee. The remaining amount of \$900,000 in 1997-98 and \$1,900,000 in 1998-99 would be allocated to W-2 agencies based on need as demonstrated in a plan for the use of the funds that would be submitted to DWD. The following sections provide more information about the Job Ride program and the proposed grants to W-2 agencies.

### **The Job Ride Program**

The 1997-99 biennial budget provides funding of \$579,100 GPR annually for the Job Ride program. The Department's request includes the provision of \$100,000 FED annually to expand Job Ride to serve the W-2 population. If this request is approved, total funding for the Job Ride program would be \$679,100 annually (\$579,100 GPR and \$100,000 FED).

Under current law, the Job Ride program is intended to provide transportation service to workers and persons seeking employment in outlying suburban and sparsely populated and developed areas where conventional fixed-route mass transit systems are not adequate. In the 1997-99 biennial budget, the Job Ride program was modified to allow Job Ride operators to provide transportation to W-2 participants in a W-2 employment position.

DWD has contracted with the Milwaukee County Private Industry Council (PIC) to administer the Job Ride program. The PIC was required to select vendors that would operate a van pool service under a competitive bid process. The PIC chose five vendors for the 1997-98 fiscal year. Of the GPR funding amounts, \$500,000 will be provided to the five vendors, \$57,900 will be divided between the PIC and the vendors for administrative costs, and \$11,100 is retained by the PIC for coordination services.

The additional funding of \$100,000 FED annually would be provided to the Job Ride program after the Milwaukee PIC submits to DWD a report that identifies how the funds will be used to expand the Job Ride program to serve W-2 participants. The funds will then be included in an amendment to the current contract with the PIC. According to the Department, the TANF funds must be spent in a manner that is consistent with the current Job Ride program. The PIC must submit to the Department information about how the funds will be spent by December 18, 1997. Because the plan has not yet been submitted, further details regarding the expenditure of the funds are not available.

### **Grants to W-2 Agencies**

The Department's request indicates that funding of \$2.8 million in the biennium for employment transportation would be provided to W-2 agencies based on need as demonstrated in a plan for the use of the funds that would be submitted to DWD. A minimum of \$10,000 would be awarded to W-2 agencies that submit approved plans.

On November 6, 1997, the Department issued a request for proposals related to employment transportation to all W-2 agency directors and local collaborative planning team (LCPT) lead facilitators. Under this request for proposals, each W-2 agency is eligible to apply for employment transportation funds. In Milwaukee, the five W-2 agencies have designated the Milwaukee County PIC as the lead agency for purposes of the grant application process. Applications must be submitted by December 18, 1997.

Funds for this program are to serve individuals who apply for any component of the W-2 and food stamp programs and whose gross income is at or below 165% of the federal poverty level. In addition, funds are to be used to support capacity building and group transportation solutions, such as expanded transit service, transit route extensions, increased frequency of service such as weekends, shared ride taxi service expansions, capital investments and other long-term group transportation service solutions.

The Department has indicated that the additional transportation funds would be provided to both urban and rural areas, based on need. Acceptable plans must include active participation and coordination with local partners, involvement of employers, a transportation needs assessment, identification of existing transportation funding and services, a plan that identifies the number of participants that would be served and cost estimates. The Department is currently developing the means to measure and evaluate the plans.

Further, plans that are consistent with the recommendations of the report on employment transportation submitted by DWD to the Joint Finance Committee would have a greater probability of approval. These recommendations are described in the appendix.

Funding for approved plans would be included in an amendment to the existing W-2 agency contract, and would be available through the end of the contract period which is December 31, 1999. A concern has been expressed regarding contracts that encumber expenditures beyond the current appropriations for the biennium. Therefore, if the transfer is approved, to prevent this from occurring, the Committee may wish to direct the Department not to contract for a total amount that is greater than the appropriated funding level of \$3.0 million.

### **Existing W-2 Agency Funding**

In the 1997-99 biennial budget (1997 Act 27), funding of \$104.1 million in 1997-98 and \$115.3 million in 1998-99 was provided for W-2 agency office costs. These amounts reflect the total provided statewide to W-2 agencies in their contracts for administering the W-2 program. Of these amounts, statewide \$47.1 million was budgeted for ancillary services and \$57.0 million for staff and overhead in 1997-98, and \$40.4 million was budgeted for ancillary services and \$74.9 million for staff and overhead in 1998-99. However, separate amounts for ancillary services, salary and overhead were not identified in individual W-2 agency contracts. Therefore, if an agency determined that additional staffing was needed in excess of the budgeted level, the agency could use more of its administrative cost allocation for staff and less would be available for ancillary services.

Funds for transportation were included in the W-2 agency office costs as part of ancillary services. However, funds for ancillary services were intended to cover a broad array of services including, but not limited to, job skill assessment, job coaching, employment search, transportation, emergency child care and worker's compensation premiums. Agencies have flexibility in determining the appropriate level of services to be provided. Therefore, it is unknown how much funding each W-2 agency has spent or intends to spend for transportation assistance.

Under Act 27, funding for the W-2 agencies was based on amounts that were included in a request for proposals (RFP) issued in August, 1996. The RFP assumed that the starting caseload for W-2 would be 48,841. Based on this caseload, the average funding per case statewide was \$13,956, and ranged from \$13,366 in Rock County to \$20,057 in Pepin county, over a period of 28 months.

However, since that time, the caseload has fallen significantly. Statewide, the September, 1997, caseload was 22,760. Because the contract amounts for the W-2 agencies statewide were based on the higher caseload, the dollar amount per case received by the W-2 agencies in their contracts is higher than previously anticipated. Based on the September, 1997, caseload, the average funding per case statewide is \$32,364, and ranges from \$23,175 per case in Milwaukee County to \$604,407 per case in Crawford County, over a 28-month period. On a monthly basis, the dollar amount per case is \$828 in Milwaukee County and \$21,586 in Crawford County.

The increase in funding per case statewide can be attributed primarily to variations in county caseload declines. Over the life of the contracts, these amounts will change depending upon increases or decreases to the caseload in each county. The above funding amounts are based on the dollar amount included in a start-up contract and in the base contract for each W-2 agency. The start-up funding was included in a contract effective March 1, 1997, through August 31, 1997. The contract period for the W-2 implementation contract is September 1, 1997, through December 31, 1999 (28 months).

Due to significant caseload declines, W-2 agencies have more money to spend per case than was estimated in Act 27. Therefore, the Committee may wish to deny the request. Under this option, agencies would be expected to provide transportation services within their existing allocations. The \$1.0 million in 1997-98 and \$2.0 million in 1998-99 is federal TANF funding that would remain in the Committee's appropriation, and could be expended only for eligible TANF activities. If not expended, the monies would be carried forward to the next biennium.

However, the Department indicates that W-2 agencies must demonstrate that additional funds provided for transportation assistance would not be used to supplant existing ancillary support funds. Therefore, agencies with high ancillary support dollars would have to demonstrate a compelling need for additional employment transportation funds. In addition, in a follow-up memo to the W-2 agencies, LCPT lead facilitators, and Regional Area Administrators, the Department indicated that "agencies which plan a profit (that is, agencies which plan to have funds remaining at the end of the W-2 agency contract period) will not be eligible to receive additional TANF transportation dollars."

Because the W-2 program has only recently been implemented statewide, actual transportation costs to serve W-2 participants are uncertain. W-2 agencies with lower funding amounts per case may have a need for additional transportation services that could not be funded with existing resources. Therefore, approval of the request would provide the resources to address those needs.

## ALTERNATIVES

1. Approve the request to transfer \$1,000,000 FED in 1997-98 and \$2,000,000 FED in 1998-99 from the Committee's appropriation under s. 20.865(4)(m) to DWD's appropriation under s. 20.445 (3)(md) for employment transportation. Under this option, \$100,000 annually would be provided to the Milwaukee PIC for the Job Ride program. The Department would provide the remaining funding as grants to W-2 agencies based on need as demonstrated in a plan to be approved by the Department.

2. Approve the request to transfer \$1,000,000 FED in 1997-98 and \$2,000,000 FED in 1998-99 from the Committee's appropriation under s. 20.865(4)(m) to DWD's appropriation under s. 20.445(3)(md) for employment transportation. In addition, direct the Department to not

amend existing W-2 agency contracts (including the contract with the Milwaukee PIC) to provide transportation assistance in excess of \$3,000,000 statewide.

3. Deny the Department's request. Under this alternative, W-2 agencies could provide transportation assistance from existing contract allocations.

Prepared by: Joanne Simpson

MO# Alt 2

BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
GEORGE	<input checked="" type="radio"/>	N	A
JAUCH	<input checked="" type="radio"/>	N	A
WINEKE	<input checked="" type="radio"/>	N	A
SHIBILSKI	<input checked="" type="radio"/>	N	A
COWLES	<input checked="" type="radio"/>	N	A
PANZER	<input checked="" type="radio"/>	N	A
GARD	<input checked="" type="radio"/>	N	A
OURADA	<input checked="" type="radio"/>	N	A
HARSDORF	<input checked="" type="radio"/>	N	A
ALBERS	<input checked="" type="radio"/>	N	A
PORTER	<input checked="" type="radio"/>	N	A
KAUFERT	<input checked="" type="radio"/>	N	A
LINTON	<input type="radio"/>	N	<input checked="" type="radio"/>
COGGS	<input checked="" type="radio"/>	N	A

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## APPENDIX

### Report on Employment Transportation Submitted by DWD

Lack of adequate transportation has been cited by W-2 agencies as a significant barrier to W-2 participants obtaining employment. The Department's study on employment transportation examines the problems of AFDC and W-2 participants in obtaining reliable transportation services.

According to the study, only 3.3% of AFDC parents own automobiles. Auto insurance costs are usually not affordable for welfare recipients, and these participants generally may not have a driver's license. Therefore, most welfare recipients are transit-dependent. In both urban and rural areas of the state, transit services often have limited evening and weekend service, and may not provide service to potential job sites.

In rural areas of the state, transportation problems may also result from the following: (a) fewer job opportunities; (b) farther distances to work than in urban areas; and (c) job sites that are less likely to be served by a local public transit system. Thus, small group trips such as car pools and van pools may not be effective in rural counties where there can be large distances between work sites for passengers.

The study by DWD provided several recommendations related to transit service expansions. These recommendations include: (a) expanding transit service hours, frequency of service, and evening and weekend services of existing urban transit systems; (b) consider new transit services in small urban and rural areas not now served by existing transit; (c) support new or expanded transit service, purchase passes or pay fares, or where service cannot be changed to meet needs, purchase vehicles or operate a shuttle or van service; (d) continue funding the Job Ride program. Other recommendations include offering surplus state and local government fleet vehicles to local W-2 agencies for their use in transporting W-2 agencies.

In addition, the study emphasizes the efficient use of existing transportation services as the first step in solving transportation needs. This includes effective coordination of resources and aggressive utilization of existing excess capacity. In addition, the study recommends developing regional partnerships and public-private partnerships with local businesses to improve transportation services. Finally, the study recommends use of computer technology, such as the use of Geographic Information Systems (GIS) to gather and analyze information about W-2 participants and job locations, and to help plan and provide transit services across the state in more cost-effective and efficient ways.



WORKFORCE DEVELOPMENT

Employment Transportation for W-2  
(Agenda Item VII)

Motion:

Move to modify the Department's request to specify that transportation funding could only be provided to agencies that submit a plan, individually or collectively, that have a compelling need for additional funding for transportation, as determined by the Department, and that demonstrate that existing ancillary support dollars for transportation would not be supplanted. Specify that agencies that would likely have funds remaining at the end of the contract period, as determined by DWD, would not be eligible to receive additional transportation dollars.

Note:

Under the Department's request, \$1.0 million FED in 1997-98 and \$2.0 million FED in 1998-99 would be transferred from the Committee's appropriation to DWD's appropriation for federal block grant program aids. Of these amounts, \$100,000 annually would be provided to the Job Ride program. The remaining funding would be provided to W-2 agencies that submit an approved plan to the Department.

Although the Department has indicated in the grant application form that agencies must demonstrate a need for funding in excess of current ancillary support dollars for transportation, this motion would clarify the Committee's intent that the transportation funding be provided only to agencies that demonstrate need, that do not expect to have funds remaining at the end of the contract period, and are not able to provide adequate transportation services with existing funding.

Motion #8502

MO#

BURKE	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A
DECKER	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
GEORGE	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
JAUCH																			
WINEKE																			
SHIBILSKI																			
COWLES																			
PANZER																			
GARD																			
OURADA																			
HARSDORF																			
ALBERS																			
PORTER																			
KAUFERT																			
LINTON																			
COGGS																			

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