Legislative Fiscal Bureau
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May 21, 2001 | Joint Committee on Finance | Paper #1053

Temporary Assistance for Needy Families (TANF)

Public Assistance Collection Unit (DWD -- Economic Support and Child Care)

[LFB 2001-03 Budget Summary: Page 748, #43 and Page 749, #44]

CURRENT LAW

Under current law, the Department of Workforce Development (DWD) is required to recover all overpayments of the following: (a) benefits under the former aid to families with dependent children (AFDC) program; (b) subsidized employment benefits and custodial parent of infant grants under the Wisconsin Works (W-2) program; (c) child care benefits; (d) transportation assistance; and (e) medical assistance (MA). The state sends a portion of these collections to the federal government, a portion is given to local agencies and a portion is retained by the state.

The public assistance collections unit is currently housed in the Division of Unemployment Insurance in DWD. This unit collects overpayments of benefits from AFDC, W-2, MA, food stamps, child care subsidies and job access loans. The unit currently has 3.0 FTE positions to perform this work.

The public assistance collections unit is authorized to implement the new lien and levy programs that were created as part of the 1999-01 budget for AFDC, W-2, child care and transportation assistance. Under the lien program, DWD can issue a warrant to place a lien against the property of a person who fails to pay any amount of an overpayment. This action can be taken if no review or appeal of the overpayment is pending and the time for requesting a review or appeal has expired. DWD is allowed to file an execution that directs the sheriff of the county to seize and sell real and personal property of the person to pay the amount stated in the warrant, except for certain property that is exempt from execution under current state law. When the amount of the warrant has been paid in full, the Department must file a satisfaction of the warrant.

Under the levy program, the Department can collect any debt or overpayment by levying upon any property belonging to a person who received an overpayment. The Department can also collect any expenses related to the levy from the person who received the overpayment. This action can be taken if no appeal or other proceeding for review is pending and the time for taking an appeal or petitioning for review has expired. If anyone fails or refuses to surrender property under a levy, they would be subject to proceedings to enforce the amount of the levy.

GOVERNOR

Provide increased funding of $37,600 FED and $37,700 PR in 2001-02 and $50,200 FED and $50,200 PR in 2002-03, and provide 1.0 FED position and 1.0 PR position annually for the public assistance collections unit. The new positions would implement the levy and lien program for overpayments that was adopted as part of the 1999-01 biennial budget. The federally-funded position would work half-time on programs funded by the federal temporary assistance for needy families (TANF) and child care and development fund (CCDF) programs and half-time on food stamps. The second position would be funded from program revenue resulting from overpayment collections and would work on all programs. The bill would also allow DWD to perform these services for medical assistance if the Department of Health and Family Services (DHFS) chooses to contract with DWD.

DISCUSSION POINTS

1. The public assistance collections unit was created as a pilot project in 1994 and is responsible for collection of overpayments in public assistance programs as required by federal law. The unit currently has the following responsibilities: (a) conduct the lien and levy programs created by the 1999-01 budget; (b) conduct a tax offset program that collects overpayments through taxes, including sending out notices and responding to phone and letter inquiries; (c) respond to inquiries regarding policies, procedures, appeals and collection issues; (d) account for the dollars collected and prepare data for the federal government; (e) assure the proper posting of payments to accounts; (f) process appeals; (g) handle bankruptcy case activities; and (h) maintain and enhance computer operations.

2. The unit has collected $24.9 million in overpayments through its tax offset program since it began. As of April, 2001, there were $41.1 million in overpayments outstanding from the following programs: $27.8 million from AFDC; $9.3 million from food stamps; $2.1 million from MA; $1.4 million from W-2; and $0.5 million from child care. The amount recovered has increased annually since the unit began, from a low of $1.2 million for 1993 to a high of $5.7 million for 2000. A portion of the overpayments fund state fraud efforts and local agency fraud efforts. All TANF and child care funds collected remain at the state level to be used for fraud efforts and services. However, a portion of AFDC, MA and food stamp collections must be returned to the federal government and distributed to local agencies.

Request for Position Authority

3. The public assistance collections unit currently has 3.0 permanent FTE staff, all of which are filled. In addition, as of April 26, 2001, the unit had 3.0 LTE staff positions filled. The 2000-01 budget for the unit is $1,010,600, including $117,200 for salaries and fringe benefits, and $893,400 for supplies and services.

4. DWD asserts that additional positions are needed because the workload demands more than three permanent positions and the current use of limited term employees is not efficient. The unit has continually used limited term employees since its inception. Since July, 1999, the Public Assistance Collections Unit has hired a total of 11 LTEs. According to DWD, eight months of training for one staff person is required for the staff person to become fully able to process overpayments and follow appropriate collection methods. However, it is not possible to adequately train LTEs because there is a six-month limit on using LTEs. DWD states that it has been difficult keeping adequately training staff to perform all functions assigned to the unit because staff often leave before their six months are over to accept permanent state government positions. DWD also states that few state job applicants apply for limited-term employment, making it difficult to find qualified candidates. In addition, DWD indicates that it is currently difficult to provide the expected level of service and the Department has not been able to implement any enhanced collection efforts, such as the levy and lien programs authorized in the 1999-01 budget.

5. If provided the staff, DWD states that it would still have to rely on LTEs until it has fully implemented the levy and lien programs authorized in the 1999-01 budget. The Department estimates that the additional staff would result in increased collections of approximately $500,000 to $700,000 annually per position. As discussed above, these collections would be distributed between federal, state and local agencies. The Governor's proposed budget did not assume that any additional revenue would be available, but did assume that PR totaling $37,700 in 2001-02 and $50,200 in 2002-03 would be available to fund one of the proposed positions.

6. The Governor recommended the same two positions as part of the 1999-01 budget but the positions were deleted from the bill by the Legislature due to a high number of vacancies in the Department. However, the Legislature authorized the Department to reallocate vacant positions for these duties. DWD states that it could not reallocate positions to this function due to funding reductions made in the 1997-99 budget bill.

7. An alternative would be not to provide any new positions since the state administration reductions in the proposed budget are likely to create vacant positions that could be reallocated to the pubic assistance collections unit. In addition, based on a review of vacant positions within DWD, there were a total of 121 positions that have been vacant for seven months or longer as of April 7, 2001. Of these vacant positions, 50 have been vacant for 13 months or more. Some of these vacancies are project positions that will terminate at the end of the current fiscal year, and the Department is attempting to fill most of the other vacancies. Also, 9.25 positions in the Administrative Services Division would be deleted under another provision of the budget bill. However, given the large number of long-term vacancies, it can be argued that the Department has sufficient flexibility to reallocate existing positions and additional position authority is not necessary

at this time.

8. Since the positions would generate PR through their collection efforts, the source of funds for the 0.5 FTE position funded by TANF and CCDF could be changed from FED to PR. This would free up federal TANF and child care funds of $18,800 in 2001-02 and $25,100 in 2002-03. The TANF and CCDF funds could be used to address a projected shortfall in the Wisconsin Shares child care subsidy program of $95.1 million over the biennium. An alternative to utilize these savings for child care is presented in Paper #1046. The food stamp funds could be used for local administration of food stamps.

9. Another option would be to delete the Governor's recommendation and not provide any positions or funding for the public assistance collections unit. Under this option, DWD would have to continue to rely on LTEs and would not likely be able to implement the lien and levy programs adopted in the 1999-01 biennial budget.

Impact of MA Administration Transfer to the Department of Health and Family Services

10. One of the functions currently being performed by the public assistance collections unit is collection of MA overpayments. Under the bill, the funds for conducting these collections would remain with DWD, but new statutory provisions would allow the Department of Health and Family Services to either conduct its own program for state and local error reduction and overpayment collections, or to contract with DWD for this service. DWD and DHFS have informally agreed to continue to have DWD perform this service because DWD already has the necessary infrastructure and establishing two collection systems would create duplicative costs.

11. If DHFS were to transfer funds to DWD for MA collection efforts, then DWD would have more funds for this function than intended by the Governor's budget bill, since no funds for MA error reduction and overpayment collections were transferred to DHFS. An alternative would be to transfer funds from DWD's state fraud appropriation to DHFS for this function as part of the MA administration transfer described in Paper #1057. When DHFS contracts back to DWD for overpayment collection services, PR-S could be deposited in DWD's intergovernmental services appropriation. The amount transferred between departments would be based on MA's share in 2000-01 of fraud and error reduction costs. A total of $257,300 PR and $257,300 FED could be transferred from DWD to DHFS in 2001-02 and $258,600 PR and $258,600 FED could be transferred in 2002-03 if the Committee approves the funding recommended by the Governor. If the Committee deletes the funding for the two new positions, then the amount transferred would be $253,300 PR and $253,300 FED annually.

12. Another option would be to modify the Governor's proposed statutory language for the MA transfer to remove the language allowing DHFS to either conduct its own program for error reduction and overpayment collections or to contract with DWD for this service. Under this option, DWD would continue to perform error reduction and collection activities for MA overpayments and funds would not have to be transferred between the two departments. This option would maintain the status quo and would not create additional administrative transactions. However, it would be

inconsistent with DHFS's goal of having direct oversight over all MA funds.

ALTERNATIVES TO BILL

Public Assistance Collections Unit

1. Approve the Governor's recommendation to provide increased funding of $37,600 FED and $37,700 PR in 2001-02 and $50,200 FED and $50,200 PR in 2002-03, and provide 1.0 FED position and 1.0 PR position annually for the public assistance collections unit.

2. Modify the Governor's recommendation to delete the 2.0 positions and direct DWD to reallocate 2.0 FTE to the public assistance collections unit. Convert proposed TANF and CCDF expenditures of $18,800 in 2001-02 and $25,100 in 2002-03 to PR expenditures to reflect that 0.5 FTE could be supported by PR received from enhanced collections. This option would provide the same amount of funding as provided by the Governor, but would require DWD to reallocate the two positions from its vacancies.

Alternative 2	FED	PR	TOTAL
2001-03 FUNDING (Change to Bill)	- $43,900	$43,900	$0
2002-03 POSITIONS (Change to Bill)	- 1.00	- 1.00	- 2.00

3. Maintain current law and delete the 2.0 positions recommended by the Governor. Reduce funding by $37,600 FED and $37,700 PR in 2001-02 and $50,200 FED and $50,200 PR in 2002-03.

Alternative 3	FED	PR	TOTAL
2001-03 FUNDING (Change to Bill)	- $87,800	- $87,900	- $175,700
2002-03 POSITIONS (Change to Bill)	- 1.00	- 1.00	- 2.00

Fraud and Error Reduction for the Medical Assistance Program

4. Transfer $257,300 PR and $257,300 FED in 2001-02 and $258,600 PR and $258,600 FED in 2002-03 from DWD to DHFS for state and local error reduction activities and overpayment collections for the medical assistance program. These funds would be transferred back to DWD as PR-S from DHFS as part of the contract for the collection of MA overpayments. This alternative could be used if the Committee adopts alternative 1 or 2.

Alternative 4: DWD	FED	PR	TOTAL
2001-03 FUNDING (Change to Bill)	- $515,900	$515,900	$0

Alternative 4: DHFS	FED	PR	TOTAL
2001-03 FUNDING (Change to Bill)	$515,900	$515,900	$1,031,800

5. Transfer $253,300 PR and $253,300 FED annually from DWD to DHFS for state and local error reduction activities and overpayment collections for the medical assistance program. These funds would be transferred back to DWD as PR-S from DHFS as part of the contract for the collection of MA overpayments. This alternative could be used if the Committee does not provide any additional funding for the public assistance collections unit by adopting alternative 3.

Alternative 5: DWD	FED	PR	TOTAL
2001-03 FUNDING (Change to Bill)	- $506,600	$506,600	$0

Alternative 5: DHFS	FED	PR	TOTAL
2001-03 FUNDING (Change to Bill)	$506,600	$506,600	$1,013,200

6. Delete the proposed statutory provisions that would allow provide DHFS with the option to either contract with DWD or set up its own system for fraud investigation and error reduction for recipients of MA. Under this option, DWD would continue to be required to conduct state and local error reduction activities and overpayment collections for the MA program and there would be no funding transfers between departments.

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May 21, 2001 | Joint Committee on Finance | Paper #1054

Temporary Assistance for Needy Families (TANF)

Federal Block Grant Appropriations (DWD -- Economic Support and Child Care)

[LFB 2001-03 Budget Summary: Page 753, #48]

CURRENT LAW

Under current law, funding from the federal temporary assistance for needy families (TANF) block grant and the federal child care and development fund is deposited into two continuing appropriations in the Department of Workforce Development (DWD). Funding from these two appropriations, along with state GPR, other federal funds and program revenue from child support assigned to the state by public assistance recipients, is used to support the TANF program, which includes the Wisconsin Works (W-2) program, child care subsidies, kinship care, the SSI caretaker supplement and related programs. Under current law, these are annual appropriations, meaning that funds are expendable only up to the amount shown in the Chapter 20 schedule and only for the fiscal year for which they were appropriated. At the end of each fiscal year, the unencumbered balances in these appropriations remain in the appropriation accounts, but may not be expended unless reappropriated in a subsequent fiscal year.

Neither the appropriation schedule nor the appropriation language in Chapter 20 indicate specific dollar amounts for the individual components of the TANF program. Instead, s. 49.175 of the statutes directs DWD to allocate funding from these appropriations for specific program expenditures. Section 49.175 also allows DWD to transfer funds among allocations if the Secretary of the Department of Administration (DOA) approves the redistribution.

If DWD receives more federal block grant revenues than expected, additional funds are carried over from one fiscal year to the next, or there are unappropriated funds, then those funds can be appropriated either through separate legislation or through the approval process in ss.

16.515(1)/16.54(2)(a)2. Under these provisions, DWD may not encumber or expend moneys received as a part of the grant unless the Governor first notifies the Co-chair of the Joint Committee on Finance, in writing, that the grant has been made. The notice must describe how the funds would be used. If the Co-chairs of the Committee do not notify the Governor that the Committee has scheduled a meeting for the purpose of reviewing the proposed expenditure of grant moneys within 14 working days of the notification, the moneys may be expended as proposed by the Governor. If the Committee notifies the Governor within 14 days that the Committee has scheduled a meeting to review the proposal, no moneys received as a part of the grant may be expended without the approval of the Committee. Allocations specified in s. 49.175 are exempt from this provision.

GOVERNOR

Convert DWD's TANF and child care and development fund appropriations from annual to continuing, sum certain appropriations that would be limited to the amounts in the Chapter 20 schedule. Continuing appropriations are expendable until fully depleted or repealed by subsequent action of the Legislature. The amount of a sum certain, continuing appropriation for a given fiscal year consists of the balance in the appropriation account at the end of the previous fiscal year, if any, together with any moneys appropriated in the Chapter 20 schedule for that fiscal year. The bill would also require DWD to submit an annual report to the Secretary of the Department of Administration on expenditures made for the TANF program.

As under current law, the bill would maintain an allocation schedule in s. 49.175 that identifies the amounts to be expended from state and federal appropriations for specific components of the TANF program and would maintain DWD and DOA's ability to transfer funds among allocations.

DISCUSSION POINTS

1. The bill would change DWD's federal block grant appropriations for the TANF program from annual to continuing appropriations. As part of the 1999-01 budget bill, the Governor recommended changing these appropriations from continuing to annual appropriations and the Legislature concurred in this recommendation. It was believed that this change would provide greater legislative oversight since expenditure authority would be limited to the amounts shown in the appropriation schedule and would terminate at the end of each fiscal year. Prior to the 1999-01 biennium, the appropriation language allowed DWD to expend "all moneys received" from federal block grants for public assistance benefits and administration.

2. The Governor's proposal to change DWD's federal block grant appropriations back to continuing appropriations represents a combination of the two approaches that have been used since the implementation of W-2. While unspent funds could be carried over from year to year, DWD would only be authorized to expend the amounts in the Chapter 20 appropriations schedule. DWD would not be permitted to spend "all moneys received" as it could when these two

appropriations were previously classified as continuing appropriations. Any federal funds received in excess of those in the Chapter 20 schedule and s. 49.175 would not be available for expenditure unless they were allocated through separate legislation or through the process required in s. 16.54. The allocation schedule in s. 49.175 would remain in effect and DWD would still have the ability to transfer funds among allocations.

3. DWD requested that its federal block grant appropriations be changed from annual appropriations to continuing appropriations for several reasons. First, the end of the federal fiscal year is September 30, while the end of the state fiscal year is June 30. Having an annual appropriation requires the state to obligate funds earlier than required by the federal government and effectively requires DWD to go through the annual obligation process twice. Second, use of an annual appropriation creates the need to reappropriate unexpended funds in subsequent fiscal years. Funds must be reappropriated even if they have already been obligated for contracts that span over more than one fiscal year. This creates the need for additional s. 16.54 requests that would not be necessary if these were continuing appropriations. It also causes confusion as to whether funds included in the budget are for new activities or are for existing obligations. In addition, the fact that unexpended funds need to be reappropriated creates uncertainty for the Department and contractors as to whether the programs will be able to continue in the next fiscal year.

4. Conversely, the Legislature expressed its interest in the last budget bill to exercise greater control over DWD's expenditures by converting the two federal block grant appropriations to annual appropriations. Maintaining current law would allow the Legislature to reassess whether funds should continue to be provided for programs with unspent funds on an annual basis. This would give the Legislature greater flexibility to decide whether to continue programs with unspent funds or to fund other items which may be experiencing shortfalls.

5. The Governor's recommendation would also require DWD to submit an annual report to the Secretary of DOA. This report could be used for tracking spending in specific programs, development of the biennial budget and to determine the amount of savings, if any, that would be available at the close of each fiscal year. The bill did not include an annual due date for the report. A reasonable deadline would be November 1st of each fiscal year, since that would give DWD time to review final expenditures. Otherwise, DWD would not be required to submit the report until June 30th of each fiscal year, which could limit its usefulness. The Committee may also want to require that the report be submitted to the Joint Committee on Finance since the Committee has previously indicated an interest in legislative oversight of the TANF program.

Technical Modifications

6. As worded under current law, the general definition of "continuing appropriations" may be interpreted to imply that all PR, FED and SEG continuing appropriations authorize the expenditure of all moneys credited to the appropriation, regardless of the amounts shown in the appropriations schedule. This is inconsistent with the Governor's proposal regarding DWD's appropriations and with other existing sum certain, continuing appropriations of PR, FED and SEG funds. The definition of "continuing appropriation" should be modified to clarify that such

appropriations may be provided on a sum certain basis. This change should be done regardless of whether the Governor's recommendation is approved by the Committee.

7. The Legislative Reference Bureau advises that several other technical modifications would be needed to implement the intent of the Governor's proposal. An exemption would have to be added to the s. 16.54 approval process in order for DWD to carry unexpended funds forward from year to year. This modification only needs to occur if the Committee chooses to adopt the Governor's recommendation.

8. In addition, the Legislative Reference Bureau advises that s. 49.175 would need to be modified to clarify that DWD, subject to approval by DOA, can only reallocate funds among allocations within a specific fiscal year and that funds can only be reallocated for purposes permitted by the original appropriation source. These modifications to s. 49.175 would not represent a change from current practice and should be done regardless of whether the Governor's recommendation is approved by the Committee.

ALTERNATIVES TO BILL

Adopt Governor's Recommendation

1. Adopt the Governor's recommendations to:

a. Change DWD's federal block grant appropriations for the TANF program from annual to sum certain, continuing appropriations, with expenditure authority limited to the amounts in the Chapter 20 schedule.

b. Require DWD to submit an annual report to the Secretary of the Department of Administration on expenditures made for the TANF program.

Technical Modifications

2. Modify the general definition of "continuing appropriations" to clarify that PR, FED and SEG continuing appropriations can be provided on a sum certain basis.

3. Add an exemption to the s. 16.54 approval process to permit DWD to carry unexpended funds forward from year to year if the funds have been allocated under s. 49.175.

4. Modify s. 49.175 to clarify that:

a. DWD, subject to approval by DOA, can only reallocate funds among allocations within a specific fiscal year.

b. Funds can only be reallocated for purposes permitted by the original appropriation source.

Annual Report of Expenditures

5. Modify the Governor's recommendation to require DWD to submit an annual report of expenditures in the TANF program to both the Secretary of the Department of Administration and the Joint Committee on Finance by November 1st of each fiscal year.

Maintain Current Law

6. Maintain current law, which would maintain DWD's federal block grant aids and operations appropriations as annual appropriations, and would not require DWD to submit an annual report to DOA on expenditures made for the TANF program.

Alt 6 or Whatever Gov wants

Prepared by: Victoria Carreón

MO#__________

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE ____ NO ____ ABS ____

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May 21, 2001 | Joint Committee on Finance | Paper #1055

Temporary Assistance for Needy Families (TANF)

Joint Committee on Finance Authority to Review Expenditures of Federal TANF and Child Care Block Grant Funds (DWD – Economic Support and Child Care)

CURRENT LAW

Under current law, s. 49.175 of the statutes directs the Department of Workforce Development (DWD) to allocate funding from several state and federal appropriations for individual components of the temporary assistance for needy families (TANF) program. This provision also permits DWD, with the approval of the Secretary of the Department of Administration (DOA), to reallocate funds among the allocations listed in s. 49.175. Prior to the 1999-01 budget, any transfers of more than 10% of individual allocations had to be approved by the Joint Committee on Finance under a 14-day passive review process. Under current law, the Joint Committee on Finance does not have any approval role.

GOVERNOR

No provision.

DISCUSSION POINTS

1. The authority of DWD to transfer funds without the Committee's approval is intended to allow the Department to be responsive to changing needs for resources under the TANF program. As part of the 1997-99 biennial budget bill, DWD was permitted to transfer up to 10% per year of individual allocations without approval of the Joint Committee on Finance. Transfers in excess of 10% required approval by the Secretary of DOA and the Joint Committee on Finance through a 14-day passive review process.

2. Under the 1999-01 budget bill, as passed by the Legislature, DWD would have been prohibited from transferring any funds among the statutory allocations for the TANF program without approval by the Secretary of DOA and the Joint Committee on Finance, through a 14-day passive review process. However, this provision was partially vetoed by the Governor so that only DOA approval is required. Consequently, there is currently no review by the Finance Committee for annual transfers among the TANF allocations.

3. Provisions allowing DWD to transfer funds without legislative review were first put in place prior to the start-up of W-2. It was believed that significant administrative flexibility would be needed during the initial years of the program. However, with W-2 entering its fifth year of implementation, there is now greater certainty regarding the amount of funding that will be needed for the various components of the program. Consequently, it could be argued that the amount of flexibility provided to the Department should be reduced or eliminated.

4. Some of the statutory allocations involve very large dollar amounts. For example, under the budget bill, the allocation for the Wisconsin Shares child care subsidy program would be $242.5 million annually. In addition, the amount for administration and services under the Wisconsin Works (W-2) contracts would be $127.0 million in 2001-02 and $125.7 million in 2002-03. Under current law, there is no limit to how much could be transferred from these allocations to other allocations in the TANF program without approval of the Joint Committee on Finance or any other legislative oversight.

5. If the Committee believes that this administrative flexibility should be modified, a statutory threshold for Joint Finance review could be reestablished. The amount could be reestablished at the 10% level. An example of the impact of the 10% limit would be that the Department could transfer up to $24.3 million annually from the child care subsidy program to other allocations. Another option would be to establish a lower threshold such as 5%, which would allow the Department to transfer up to $12.1 million annually from the child care subsidy program to other allocations. To provide the maximum amount of legislative oversight, the Legislature could require that all transfers among allocations be approved by the Secretary of DOA and the Joint Committee on Finance.

6. Another alternative would be to cap the amount that may be transferred from one of the statutory allocations in the TANF program to another statutory allocation by a specific dollar amount, such as $5 million, $1 million or any other amount.

ALTERNATIVES TO BILL

1. Require the Department of Workforce Development to obtain approval from the Secretary of the Department of Administration and the Joint Committee on Finance through a 14-day passive review process, for any proposed reallocation within the TANF program if the amount exceeds:

a. 10% per allocation per year.

b. 5% per allocation per year.

2. Require the Department of Workforce Development to obtain approval from the Secretary of the Department of Administration and the Joint Committee on Finance through a 14-day passive review process, for any proposed reallocation within the TANF program if the amount exceeds:

a. $5 million per allocation per year.

b. $1 million per allocation per allocation per year.

3. Maintain current law.

Prepared by: Victoria Carreón

Alt 2(b)

MO#__________________

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE ____ NO ____ ABS ____

Workforce Development

Economic Support and Child Care
(Other Than TANF Issues)

Bill Agency

(LFB Budget Summary Document: Page 731)

LFB Summary Items for Which Issue Papers Have Been Prepared

Item #	Title
45	Food Stamp Reinvestment (Paper #1056)
44	Transfer of Medical Assistance Eligibility Administration to the Department of Health and Family Services (Paper #1057)

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May 21, 2001 Joint Committee on Finance Paper #1056

Food Stamp Reinvestment (DWD -- Economic Support and Child Care)

[LFB 2001-03 Budget Summary: Page 752, #45]

2(abcd)

CURRENT LAW

As part of an effort to reduce payment errors in the food stamp program, the federal government evaluates how states' food stamp payment error rates compare to each other. States that have error rates above the national average are penalized according to how much their error rate in a given year exceeds the national average. States below the national error rate receive incentive funds. States are allowed to reduce and satisfy their penalty by "reinvesting" new state funds into activities to reduce the error rate.

The state currently has unfunded food stamp reinvestment obligations to the federal government of $3,966,000: (a) $1,224,800 for current food stamp reinvestment commitments through federal fiscal year (FFY) 1999; (b) $1,070,000 for not sufficiently reducing the state's error rate; and (c) $1,671,200 for the FFY 2000 error rate.

The types of activities funded through food stamp reinvestment include participant outreach, training and other error reduction activities.

GOVERNOR

The bill would provide $1,000,000 GPR in 2001-02 for food stamp reinvestment activities required to satisfy federal sanctions for payment errors. The bill would also require the Department of Workforce Development (DWD) to allocate $500,000 FED for food stamp reinvestment activities from funds that were previously set aside in case federal funding could not be used to cover certain administrative costs.

DISCUSSION POINTS

1. The state currently has $3,966,000 in unfunded food stamp reinvestment obligations. To partially address these obligations, the Governor's bill would provide $1,000,000 GPR in 2001-02. The Governor's bill would also require DWD to allocate $500,000 for food stamp reinvestment activities from funds that were previously set aside in case federal funding could not be used to cover certain administrative costs. On September 25, 1998, the Joint Committee on Finance set aside $500,000 to reimburse the federal government for administrative expenditures made in fiscal year 1996-97. These funds were only to be used if the federal Departments of Labor and Health and Human Services did not approve the original expenditures. These funds have not been used because the state's cost allocation plan has not yet been approved by the federal government. In the event that these administrative costs are ultimately not approved for federal funding, DWD would have to request additional GPR or other state funding to reimburse the federal government.

2. Not all of the $3,966,000 reinvestment obligation must be satisfied in the 2001-03 biennium. A total of $618,400 must be spent by May 1, 2003, $606,400 must be spent by September 30, 2003, $1,070,000 must be spent by May 1, 2004, and $1,671,200 must be spent by September 30, 2004. In order to expend funds within the timeframes required by the federal government, it is estimated that $3,000,000 would have to be budgeted in 2001-03. Since the Governor's budget provides $1,500,000 for food stamp reinvestment activities, there is an estimated unfunded obligation for 2001-03 of $1,500,000.

DWD Proposed Statutory Changes

3. Because federal regulations require that food stamp reinvestment activities represent new or increased expenditures, existing programs cannot not be used to satisfy these obligations. DWD has identified a mechanism to provide additional revenue for food stamp reinvestment activities to meet the remaining $1,500,000 unfunded obligation in 2001-03. In DWD's calendar year 2000 and 2001 income maintenance contracts with counties and tribal governments, there are three provisions that allow the Department to assess penalties on agencies. The first provision allows DWD to assess a penalty equal to the difference between the correct benefit amount and the actual benefit paid, multiplied by 63 for the 2000 contract and 80 for the 2001 contract. The second provision allows DWD to assess liquidated damages of $250 for each error that has not been corrected within 30 days after notification by the Department. The third provision applies only to the Milwaukee County calendar year 2001 contract and allows DWD to assess a penalty of $250,000 if Milwaukee County's FFY 2001 error rate is greater than 13%.

4. According to DWD, a total of $503,800 in penalties could be assessed on local agencies for calendar year 2000, based on the formulas in the contracts and the county error rates for that time period. The calendar year 2000 penalties would only apply to Dane and Milwaukee counties, but could apply to other counties in future contracts, depending on the size of the county and the county error rate. DWD anticipates that similar penalty amounts could be assessed for calendar year 2001 during the 2001-03 biennium, for a total of $1,000,000 that could be available to fund food stamp reinvestment activities. However, there is not currently a mechanism in DWD's budget for these penalties to be used for food stamp reinvestment activities. Instead, these funds

would be deposited into the general fund as departmental revenues. These penalty amounts have not been included in the general fund departmental revenues estimate under the bill.

5. DWD has two appropriations for welfare fraud and error reduction activities: one for state-level activities [s. 20.445 (3)(L)] and one for local-level activities [s. 20.445 (3)(Lm)]. These appropriations are funded by the program revenues received by the state as its share for collecting overpayments of public assistance benefits. Revenues credited to the appropriation for state activities may not exceed the amounts in the appropriation schedule. Any program revenues exceeding the amounts in the schedule for state activities are to be credited to the appropriation for local activities.

6. DWD recommends that s. 20.445(3)(L) be modified to receive funds from penalties levied as part of the income maintenance contracts. DWD also proposes to allow the appropriation to be used to pay sanctions imposed on the state from the food stamp program or to fund food stamp reinvestment activities. To provide more flexibility and to simplify the appropriations structure, DWD recommends that the two PR appropriations for fraud and error reduction be consolidated into one appropriation.

The Committee should also correct an inconsistency in the current statutes. Section 49.197(3) requires the Department to fund all fraud and error reduction activities with the PR appropriation in s. 20.445(3)(L). Under current practice, DWD is funding some fraud and error reduction activities with federal funding. In addition, the Governor's bill would fund some food stamp reinvestment activities under a GPR appropriation and some under a FED appropriation.

As part of this option, the Committee could increase PR by $500,000 annually, based on DWD's proposed statutory changes, for a total of $1,000,000 over the biennium. These funds could be used to meet the anticipated unmet need for food stamp reinvestment activities. The increased expenditure authority is included in Alternative 2 below. Under this option, the general fund would not receive $500,000 per year. However, this revenue was not assumed to be available in the Governor's bill.

7. DWD's proposed statutory changes, together with the Governor's recommendations, would provide approximately $2,500,000 during the 2001-03 biennium for food stamp reinvestment activities. Since it is estimated that $3,000,000 needs to be expended during the biennium, an additional $500,000 would still need to be identified.

8. Funds are available for food stamp reinvestment activities in s. 20.445(3)(L) as proposed to be amended by DWD, because available revenues in this appropriation are expected to exceed budgeted expenditures in the next biennium by $950,000. All of these surplus revenues could be used for food stamp reinvestment activities. This additional expenditure authority is included in Alternative 2 below. Using this revenue would bring all funding sources identified to $3,450,000. Since only $3,000,000 is anticipated to be needed, the Committee could reduce the amount of GPR funding provided for food stamp reinvestment by $450,000, from $1,000,000 to $550,000.

ALTERNATIVES TO BILL

1. Adopt the Governor's recommendation to: (a) provide $1,000,000 GPR in 2001-02 for supplies and services for food stamp reinvestment activities required to satisfy federal sanctions for payment errors; and (b) require DWD to allocate $500,000 for food stamp reinvestment activities from funds that were previously set aside in case federal funding could not be used to cover certain administrative costs.

Statutory Modifications

2. Modify the Governor's recommendation to allow penalties paid by counties and tribes to be used for food stamp reinvestment activities as follows:

a. Modify s. 20.445(3)(L) of the statutes to do the following: (1) allow the appropriation to receive funds from counties or tribal governments as a result of DWD's error-reduction activities; (2) allow the appropriation to be used to pay sanctions imposed on the state under the food stamp program or to fund food stamp reinvestment activities; and (3) allow the appropriation to be used for both local and state activities.

b. Repeal s. 20.445(3)(Lm) and transfer all unencumbered continuing balances in the appropriation to s. 20.445(3)(L);

c. Delete language in s. 49.197(3) requiring the Department to fund all fraud and error reduction activities under s. 20.445(3)(L) since some error reduction activities would not be funded under that appropriation; and

d. Increase funding by $975,000 PR annually to reflect revenues anticipated to be received from penalties levied on counties for food stamp payment errors and existing excess revenue from overpayment collections. Reduce GPR by $450,000 in 2001-02 to reflect a net reduction in the amount of GPR needed for food stamp reinvestment activities.

Alternative 2	GPR	PR	TOTAL
2001-03 FUNDING (Change to Bill)	- $450,000	$1,950,000	$1,500,000

Maintain Current Law

3. Maintain current law.

Alternative 3	GPR
2001-03 FUNDING (Change to Bill)	- $1,000,000

MO#________

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE______ NO______ ABS______

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May 21, 2001 | Joint Committee on Finance | Paper #1057

Transfer of Medical Assistance Eligibility Administration to the Department of Health and Family Services (DWD -- Economic Support and Child Care)

[LFB 2001-03 Budget Summary: Page 361, #11 and Page 749, #44]

CURRENT LAW

Contracting Process for Medical Assistance Administration

Under current law, the Department of Health and Family Services (DHFS) is required to determine eligibility of persons for medical assistance (MA) and may designate this function to county departments of social services and human services, or to Wisconsin Works (W-2) agencies to the extent permitted by federal law. The Department of Workforce Development (DWD) is responsible for income maintenance contracts, which include local administration of W-2, MA or food stamps. DWD is required to contract with county departments of social services and human services in cases where counties are appointed for these contracts.

Reimbursement Process for Income Maintenance Contracts

Under the income maintenance contracts, counties are currently required to submit claims for reimbursement to DWD, which then reimburses counties for the costs of administering income maintenance programs based on a workload formula. DWD is permitted to adjust the reimbursement amounts for workload changes and computer network activities performed by counties.

Fraud and Error Reduction Activities

Under current law, DWD is required to: (a) establish a program to investigate suspected fraudulent activity involving the MA and food stamp programs; (b) conduct activities to reduce payment errors for these programs; (c) provide funds to counties and tribes administering these programs to offset administrative costs of reducing payment errors; (d) conduct a program to periodically match records of MA and food stamp recipients against records of recipients in other states; (e) conduct a program to periodically match the address records of MA and food stamp recipients to verify residency and to identify recipients receiving duplicate or fraudulent payments; (f) conduct a program to periodically match the records of persons confined in state correctional facilities with the records of recipients of these programs who may be ineligible for benefits; and (g) conduct a program to periodically verify the eligibility of W-2 participants through a check of school enrollment records. Under current law, there is also an appropriation for moneys received as the state's share of recovered overpayments of public assistance benefits. These funds must be used for activities to reduce error and fraud in the food stamp, W-2 and MA programs.

Former Aid to Families with Dependent Children Program

The statutes described above contain a number of references to the former aid to families with dependent children (AFDC) program, which was replaced by W-2 in 1998. Specifically, AFDC is included among the programs that are covered by the provisions regarding income maintenance contracts and DWD is required to reimburse counties for payments of AFDC benefits. In addition, all of the provisions regarding fraud and error reduction activities refer to the AFDC program. Most of these references are obsolete.

GOVERNOR

Decrease funding in DWD by $30,660,100 GPR and $30,660,100 FED annually, and decrease FTE positions in DWD by 4.82 GPR, 8.18 FED and 7.00 PR annually to reflect transfer of certain responsibilities related to the administration of MA from DWD to DHFS. Increase funding in DHFS by $30,660,100 GPR and $38,527,500 FED annually, and increase FTE positions by 10.00 GPR and 10.00 FED annually. Responsibilities transferred include: (a) administering contracts with local agencies to determine MA eligibility ($43,183,800 annually); (b) operating and maintaining the MA portion of the client assistance for reemployment and economic support (CARES) computer system ($14,079,200 annually); and (c) state administration ($4,057,200 annually).

Contracting Process for Medical Assistance Administration

The bill would require DWD and DHFS to jointly contract for the costs of administering MA with county departments of social services and human services. The bill would delete AFDC from the income maintenance contracts and would require DWD to contract on its own with county departments for administration of W-2 and food stamps.

Reimbursement Process for Income Maintenance Contracts

The bill would require DWD to review and approve claims for reimbursement from counties for administering MA, W-2 and food stamps. DWD would also be required to continue to reimburse each county for the costs of administering MA, W-2 and food stamps based on a workload formula. DWD would no longer be required to reimburse counties for AFDC benefits. While the funds for MA administration would no longer be appropriated to DWD, the bill sets up a mechanism that would allow DWD to receive funds from DHFS that would in turn be paid to counties. The bill would also allow reimbursement amounts to be reduced if federal reimbursement is withheld due to audits, quality control samples or program reviews.

All of the provisions relating to changing the contracting process for income maintenance programs would first apply to contracts entered into, extended, modified or renewed on the day after publication of the bill.

Fraud and Error Reduction

The bill would provide DHFS with the option to either contract with DWD or set up its own system for fraud investigation and error reduction for recipients of MA. The bill would allow DHFS to contract with DWD to continue to investigate suspected fraudulent activity and reduce payment errors for the MA program. The bill would also provide DHFS with the option to establish its own program to conduct these activities. In addition, the bill would delete the references to the AFDC program in DWD's duties to establish programs to conduct activities to reduce payment errors and to provide funds to counties and tribes for reducing payment errors since these programs only involve current public assistance recipients. However, references to AFDC would remain for the requirements to investigate suspected fraudulent activity, match records with other states, match address records, and match records with state correctional facilities since DWD is still investigating fraudulent activity and overpayments for past AFDC recipients. If DHFS contracts with DWD for these activities, the bill would require DHFS to cooperate with DWD in matching records of MA recipients with school enrollment records of AFDC and W-2 recipients. The bill would also modify the PR appropriation in DWD for moneys received as the state's share of recovered overpayments of public assistance benefits to require it to be used for MA fraud investigation only if DHFS contracts with DWD for fraud investigation.

Appropriations Modifications

The bill would modify the appropriations in DHFS to allow DHFS to use GPR funds set aside for general program operations for medical assistance eligibility determinations. The bill would create a new GPR appropriation to be used for payments to counties for MA administration and would modify an existing GPR appropriation to be used for other MA administrative costs. The bill would also create a new FED appropriation in DHFS to be used for payments to counties for administration of MA and would modify an existing FED appropriation to be used for other MA administrative costs.

Position Transfers

The bill would transfer 20.00 FTE positions from DWD to DHFS. Once in DHFS, these positions would include 10.00 FED positions and 10.00 GPR positions. The bill would decrease the authorized FTE in DWD by 7.00 PR positions, including 6.50 positions from the administrative services division, 0.30 position from worker's compensation operations, and 0.20 position from the local agreements appropriation. Once transferred to DHFS, these 7.00 positions would be added to DHFS as 5.18 GPR positions and 1.82 FED positions. In addition, the bill would transfer 8.18 FED positions and 4.82 GPR positions from DWD to DHFS. All position changes and transfers would take effect on the day after publication of the bill. The bill would require any incumbent employees to be transferred.

The bill would require DWD and DHFS to jointly determine which employees will be transferred and to jointly develop a plan to implement the transfer. The Secretary of the Department of Administration (DOA) would be required to resolve any disagreement between the departments and develop a plan to transfer the positions. The bill would specify that transferred employees would have the same personnel status in DHFS as they had in DWD immediately before the transfer. Finally, the bill would provide that transferred employees that have attained permanent status would not have to serve a probationary period.

DISCUSSION POINTS

1. In the 1999-01 biennial budget, the Legislature voted to transfer all responsibilities for MA eligibility, including administration of the CARES system, from DWD to DHFS, effective March 1, 2000. DOA would have been required to submit a report to the Joint Committee on Finance to be reviewed at the December, 1999, s. 13.10 meeting identifying positions, funding and any other administrative issues that needed to be considered as part of this transfer. However, the Governor vetoed the provision. In the Governor's veto message for the 1999-01 biennial budget, DOA was directed to submit a report to the Governor specifying the position and funding modifications that would be necessary to transfer all responsibilities for MA eligibility from DWD to DHFS.

2. Pursuant to the Governor's veto message, DWD, DHFS and DOA negotiated and executed a memorandum of understanding for 2000-01 transferring positions and funding for the MA program to DHFS, with the expectation that these changes would become permanent in the 2001-03 biennial budget.

3. The MOU specified that the responsibilities transferred would include: (a) administering contracts with local agencies to determine MA eligibility ($43,183,800 annually); (b) operating and maintaining the MA portion of the CARES computer system ($14,079,200 annually); and (c) state administration ($4,057,200 annually).

4. The administration indicates that the MA transfer is desirable because all MA funds should be budgeted at the department that administers the program. The goals of the transfer are to increase DHFS responsibility for managing funds budgeted for MA and to encourage more

cooperation between DHFS and DWD on aspects of MA that cross between both departments.

5. A total of 20.0 positions would be transferred from DWD to DHFS for eligibility-related functions. These positions, together with 14.0 existing positions currently authorized in the Bureau of Health Care Eligibility, would be responsible for: (a) over-all program administration, including budget monitoring, strategic planning, research and coordination with other programs; (b) contract development and monitoring; (c) technical assistance for MA applicants and local staff; (d) federally-mandated quality assurance activities; (e) developing and modifying manuals and other documents relating to eligibility policies and procedures; (f) outreach activities; (g) policy and planning functions; and (h) technology initiatives related to CARES and other systems.

6. The amount budgeted in DHFS for the transferred functions would be greater than the amount transferred from DWD by $7,867,400 FED. This amount does not represent new funding. Rather, it represents an estimate of federal funds that are matched to funding provided by counties for income maintenance functions (county over-match). These funds have been available in the past but have not been shown in DWD's budget.

Technical Corrections

7. The current statutes include a definition for "income maintenance worker." Because the bill would delete all other references to this term, it is no longer needed and the definition can be repealed.

8. Although not specified in the bill, the administration indicates that the MA program includes BadgerCare for purposes of the bill. While the state statutes do not link the MA and BadgerCare programs, BadgerCare is part of MA in practice and under federal law. The statutory language should be clarified to specify that DWD and DHFS would jointly contract for the costs of administering both BadgerCare and MA.

9. As drafted, the provisions of the bill relating to income maintenance contracts would require DWD to contract with counties for administration of W-2. However, under a separate provision of current law, DWD would still be permitted to contract with private agencies to administer W-2. Since the W-2 contracting process is in a separate section of the statutes, W-2 does not need to be included in the definition of income maintenance program and should be deleted from that definition to clarify that W-2 agencies are not always county agencies. However, since county administration of child care is currently included in the income maintenance contracts, child care administration should be retained in the definition of income maintenance contracts.

10. The bill would allow only counties to administer food stamps and MA. However, tribes also currently run these programs. The bill should be modified to reflect current practice.

11. Under the bill, DWD and DHFS would jointly contract with counties for MA eligibility determination. While the funds for MA eligibility determination would no longer be appropriated to DWD, the bill sets up a mechanism that would allow DWD to receive funds from DHFS that would in turn be paid to counties. The departments anticipate that funds allocated to DHFS for CARES maintenance would also be transferred to DWD as program revenue. The bill did

not include any of this additional anticipated program revenue in DWD's appropriations.

12. It would be more accurate and consistent with general state budgeting practices to reflect the amounts anticipated to flow through DWD as program revenue in DWD's PR-S appropriation for interagency and intra-agency programs. Based on discussions with DWD and DHFS, this program revenue is estimated at $59,389,100 annually. This program revenue would be for the following services: (a) payments to counties for eligibility determination totaling $43,183,800 annually; (b) CARES administration, including operations costs, maintenance, common functions and MA-specific enhancement costs totaling $14,079,200 annually; (c) general administrative activities, finance and budgeting, technical support and facilities support costs totaling $813,000 annually; and (d) contract administration, training, call center, and liaison costs totaling $1,313,100 annually. The amount of program revenue for error reduction and overpayment collections is addressed in Paper #1053. The Governor's budget also includes increased program revenue of $1,047,500 annually for MA administration services performed by DWD. This estimate was done outside of the context of the proposed transfer of responsibilities from DWD to DHFS and reflects projected increases to the status quo. The $1,047,500 annual increase could be netted out from the program revenue projection due to the transfer of responsibilities from DWD to DHFS, making the net PR increase $58,341,600 annually.

The actual amount of program revenue flowing to DWD may differ from the estimate above because DHFS indicates that it is exploring whether some MA-specific CARES costs can be paid directly from DHFS to the vendor. However, it represents the best estimate available at this time and DWD would not be adversely affected by differences between the estimate and actual program revenues.

Under this option, $1,931,106 would be retained by DHFS annually and would not be transferred to DWD as PR. These funds would be used for the 20.0 FTE positions totaling $1,525,386 annually and other administration activities totaling $405,700 annually.

13. The administration indicates that it did not increase DWD's program revenue because: (a) DWD and DHFS had not yet agreed on a dollar amount for the MA administration services that DWD would provide to DHFS and; (b) not reflecting the anticipated program revenue in DWD's appropriation would provide more oversight by the administration because DOA would be required to approve amounts being transferred through its allotment authority.

14. The administration's concern about expenditure oversight can be addressed by placing the transferred funds in unallotted reserve in DWD's appropriation.

Options to Not Transfer Certain Funds from DWD to DHFS

15. For MA eligibility determination, the bill would require DHFS to transfer funds to DWD that would in turn be paid to counties. It could be argued that this process would create unnecessary administrative transactions. An alternative would be to not transfer funds for eligibility determination to DHFS, and instead keep them at DWD. Under this option, the proposed creation of new FED and GPR appropriations in DHFS for payments to counties would not be needed. In lieu

of budgeting funds to DHFS, a mechanism could be set up to instead require DWD to send a notice to DHFS on a monthly basis delineating the costs for MA administration. DHFS could jointly contract with DWD as proposed in the bill.

16. Another option would be to not transfer funds for CARES from DWD to DHFS since the two departments have agreed to continue to house the CARES computer system in DWD. The MOU states that DWD, DHFS and DOA will continue the CARES advisory committee to oversee the development of a joint strategic plan for CARES. The departments also agreed in the MOU that both departments would be responsible for CARES maintenance work and for work on the common functions in CARES. Since DHFS plans to contract back with DWD for this work, it could be argued that this process would create unnecessary administrative transactions. An alternative would be not to transfer funding for CARES to DHFS, but instead formalize existence of the CARES advisory committee in the statutes.

17. Another option would be to not transfer funds for state administration totaling $2,126,100 annually from DWD to DHFS since the two departments have agreed that DWD will continue to perform some of these functions as described earlier in this paper. Under this option, $1,931,100 would be budgeted in DHFS for state administration of MA. This would include 20.0 FTE positions as proposed in the bill and other funds for administration.

18. While the two departments have agreed that DWD would continue to perform most MA administration functions, DHFS argues that funds for MA eligibility determination, CARES administration and state administration should be budgeted in DHFS instead of DWD because the department having responsibility for MA should have control over the funds and be accountable for how they are used. In the past, MA funds were not easily identifiable because they were included in DWD's general appropriations for income maintenance contracts. Under the proposal, DHFS would know exactly how MA funds are being used and be able to plan better for the program. DHFS also argues that there will not be any increased administrative costs because it already transfers some funds to DWD for the income maintenance contracts on a monthly basis. For CARES administration, DHFS argues that funds need to be budgeted in DHFS so that it can have more input on which MA-specific enhancements are done and the priority level of MA projects. DHFS also states that it would be incongruent to have positions for MA administration in DHFS that would not directly be overseeing any expenditures.

19. Finally, another alternative would be to maintain current law and keep MA administration functions, funding and positions in DWD. It could be argued that it is best to keep MA administration functions in DWD because DHFS and DWD have agreed that DWD would continue to provide almost all of the services that it currently provides for MA administration. However, the Committee may want to approve the Governor's recommendation because similar provisions were adopted by the Legislature as part of the 1999-01 budget and DWD and DHFS have agreed to the provisions in the bill.

Summary of Alternatives

The alternatives for this paper are structured as follows:

- Alternative 1 would approve the Governor's recommendation.

- Alternatives 2 and 3 would make technical and clarifying statutory modifications and funding adjustments to the Governor's recommendation.

- Alternatives 4 through 6 would deny the transfer of certain funds for MA eligibility determination and CARES administration from DWD to DHFS and would set up administrative mechanisms for DHFS to be involved in these elements of MA administration.

- Alternative 7 would maintain current law.

ALTERNATIVES TO BASE

1. Approve the Governor's recommendation to do the following in DWD and DHFS: (a) decrease funding in DWD by $30,660,100 GPR and $30,660,100 FED annually, and decrease FTE positions in DWD by 4.82 GPR, 8.18 FED and 7.0 PR annually to reflect transfer of certain responsibilities related to the administration of medical assistance from DWD to DHFS; and (b) increase funding in DHFS by $30,660,100 GPR and $38,527,500 FED annually, and increase FTE positions in DHFS by 10.00 GPR and 10.00 FED. Approve the statutory modifications recommended by the Governor regarding the transfer of MA administration from DWD to DHFS.

Alternative 1	GPR	FED	PR	TOTAL
2001-03 FUNDING (Change to Base)	$0	$15,734,800	$0	$15,734,800
[Change to Bill	*$0*	*$0*	*$0*	*$0]*
2002-03 POSITIONS (Change to Base)	5.18	1.82	- 7.00	0.00
[Change to Bill	*0.00*	*0.00*	*0.00*	*0.00]*

Technical Corrections and Funding Adjustments

2. Modify the Governor's proposal to make the following technical and clarifying statutory changes: (a) delete the definition of "income maintenance worker; (b) clarify that DWD and DHFS would jointly contract for the costs of administering both BadgerCare and MA; (c) delete Wisconsin Works from the definition of the income maintenance program; (d) retain county administration of child care in the definition of the income maintenance program; and (e) allow DHFS and DWD to contract with tribes for MA administration and allow DWD to contract with tribes for food stamp administration.

3. Adjust DWD's appropriation schedule to reflect revenues anticipated to be received under the bill from DHFS for payments to counties for eligibility determination, CARES maintenance and/or other administrative functions. Specify that these funds would be placed in unallotted reserve in DWD. The amount of the adjustment would depend on how much funding the Committee decides to transfer from DWD to DHFS.

Options to Not Transfer Certain Funds from DWD to DHFS

4. Eligibility Determination

a. Modify the Governor's proposal as follows to reflect the option of not transferring funding for payments to counties for eligibility determination from DWD to DHFS: (a) decrease funding in DHFS by $21,591,900 GPR and $29,459,300 FED annually, and increase funding in DWD by $21,591,900 GPR and $21,591,900 FED annually; and (b) eliminate the proposed creation of new GPR and FED appropriations in DHFS for payments to counties for MA eligibility determination.

Alternative 4a	FED
2001-03 FUNDING (Change to Base)	$0
[Change to Bill	*- $15,734,800]*

b. Modify the Governor's proposal to require DWD to provide DHFS with monthly detail of the MA expenditures being charged by counties.

5. CARES Administration

a. Decrease funding in DHFS by $7,039,600 GPR and $7,039,600 FED annually, and increase funding in DWD by $7,039,600 GPR and $7,039,600 FED annually to reflect the option of not transferring funding for CARES administration from DWD to DHFS.

b. Modify the Governor's proposal to include the CARES advisory committee in the statutes.

6. Modify the Governor's proposal to decrease funding in DHFS by $1,063,000 GPR and $1,063,000 FED annually, and increase funding in DWD by $1,063,000 GPR and $1,063,000 FED annually to reflect the option of not transferring funds for general state administration of MA, contract administration, training, the call center, and the MA liaison.

7. Eliminate the Governor's recommendation and maintain current law, which would keep funding and positions for MA administration in DWD.

Alternative 7	GPR	FED	PR	TOTAL
2001-03 FUNDING (Change to Base)	$0	$0	$0	$0
[Change to Bill	*$0*	*- $15,734,800*	*$0*	*- $15,734,800]*
2002-03 POSITIONS (Change to Base)	0.00	0.00	0.00	0.00
[Change to Bill	*- 5.18*	*- 1.82*	*7.00*	*0.00]*

Prepared by: Victoria Carreón

MO#____________________

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

Alt 2&3

Gwen

1,2,&3

AYE _____ NO _____ ABS _____

WORKFORCE DEVELOPMENT

Economic Support and Child Care

LFB Summary Items for Which No Issue Paper Has Been Prepared

Item #	Title
19	Funeral and Burial Expenses
20	Child Support Payments
22	Hospital Paternity Incentive Program
24	Partnership for Full Employment
25	Wisconsin Economic Development Initiative
28	Passports for Youth
30	Legal Services
31	English for Southeast Asian Children
33	Community Youth Grants
39	Community Marriage Coordinator
40	Food Stamp Employment and Training Funding
42	TANF Revenue Adjustments
47	Lapse of Funding for Reform Studies

LFB Summary Items for Introduction as Separate Legislation

Item #	Title
9	W-2 Community Steering Committees
46	Study of Transferring Food Stamp Program to DHFS
50	Delete Obsolete AFDC Provisions

LFB Summary Items Addressed at the Committee's May 18, 2001 Executive Session

Item #	Title
35	AODA Initiative
49	Substance Abuse Services

HEALTH AND FAMILY SERVICES

Children and Families (TANF)

LFB Summary Item for Which No Issue Paper Has Been Prepared

Item #	Title
8	Kinship Care -- Review of Denial of Benefits
13	Brighter Futures and Tribal Adolescent Funding

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May 21, 2001

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Budget Issue Papers

Attached are 2001-03 budget issue papers, prepared by this office, on the following agencies:

- Marquette Interchange Reconstruction
- Department of Administration -- Agency Services
- Department of Administration -- Division of Gaming
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These agencies have been scheduled for executive action by the Joint Committee on Finance on Wednesday, May 23 (beginning at 10:00 a.m.) and Thursday, May 23 (beginning at 10:00 a.m.). The meetings will held in Room 411 South, State Capitol.

BL/sas
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