

**1993-94 SESSION
COMMITTEE HEARING
RECORDS**

Committee Name:

*Joint Committee on
Finance (JC-Fi)*

Sample:

Record of Comm. Proceedings ... RCP

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

➤ Appointments ... Appt

➤ **

➤ Clearinghouse Rules ... CRule

➤ **

➤ Committee Hearings ... CH

➤ **

➤ Committee Reports ... CR

➤ **

➤ Executive Sessions ... ES

➤ **

➤ Hearing Records ... HR

➤ **

➤ Miscellaneous ... Misc

➤ 93hrJC-Fi_Misc_pt26

➤ Record of Comm. Proceedings ... RCP

➤ **

State of Wisconsin

SENATE CHAIR

GARY R. GEORGE

Room 119 South
State Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: 266-2500



ASSEMBLY CHAIR

BARBARA J. LINTON

Room 127 South
State Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: 266-7690

JOINT COMMITTEE ON FINANCE

February 18, 1993

Secretary Patrick J. Fiedler
Department of Corrections
149 East Wilson Street
P.O. Box 7925
Madison, WI 53707-7925

Dear Secretary Fiedler:

This is to notify you that the Joint Committee on Finance has scheduled a public hearing for March 11, 1993, regarding the Department's intention to establish two new prison industries at the Sanger B. Powers Correctional Center in Oneida, WI. Those industries are: (1) the manufacturing of small wood crates that become part of a deck light and certain other novelty wood products for sale to the private sector; and (2) the manufacturing of refuse containers, park benches and certain other outdoor products made from recycled plastic for sale to state and local governments.

As you are aware, s. 303.01(1)(c) requires the cochairpersons of the Joint Committee on Finance to hold a public hearing before a new industry may be established. The public hearing regarding the proposed new industries will be held after the conclusion of the Committee's March 11, 1993, s.13.10 meeting. That meeting is scheduled to begin at 8:30 a.m..

Secretary Patrick J. Fiedler

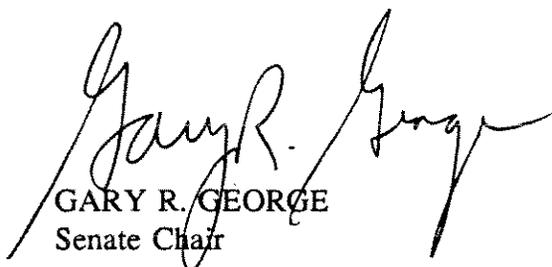
February 18, 1993

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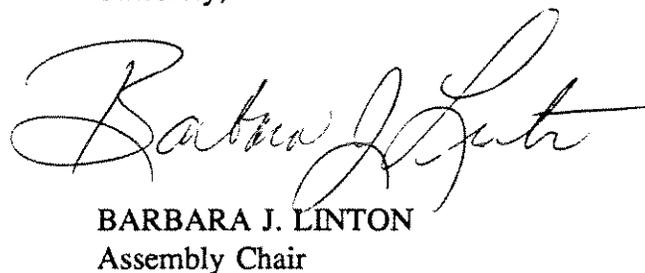
We would ask that you appear before the Committee at that time to discuss the new initiatives.

Thank you for your cooperation in this matter.

Sincerely,



GARY R. GEORGE
Senate Chair



BARBARA J. LINTON
Assembly Chair

GRG/BJL/lmr

cc: Members, Joint Committee on Finance

Tommy G. Thompson
Governor
Gerald Whitburn
Secretary



Mailing Address
1 West Wilson Street
Post Office Box 7850
Madison, WI 53707-7850
Telephone (608) 266-9622

State of Wisconsin Department of Health and Social Services

February 4, 1993

The Honorable Gary R. George, Co-Chair
Joint Committee on Finance
Room 119 South, State Capitol
Madison, WI 53702

The Honorable Barbara Linton, Co-Chair
Joint Committee on Finance
Room 127 South, State Capitol
Madison, WI 53702

Dear Senator George and Representative Linton:

The purpose of this letter is to notify the members of the Joint Committee on Finance of the Department's intention to increase county mental health allocations under the Community Aids program using unanticipated federal funds.

Section 46.49 specifies that the Department may allocate unanticipated federal funds from the Alcohol, Drug Abuse, and Mental Health (ADAMH) block grant for mental health services under the Community Aids program with the approval of the Committee. The ADAMH Reorganization Act, which was signed by President Bush in July 1992, established two separate block grants--the Substance Abuse Block Grant and the Community Mental Health Services Block Grant (CMHSBG). Starting in federal fiscal year (FFY) 1993, federal funding for the community mental health services block grant is \$4,132,600, which is \$2,953,800 higher than the FFY 1992 award level of \$1,178,800. The ADAMH Reorganization Act specified that the new funds must be used for mental health services that were not available prior to FFY 1993.

This letter discusses \$1,683,400 of new CMHSBG funds that will be distributed in state fiscal year (SFY) 93, as summarized in the table below. The remaining \$1,270,400 of new CMHSBG funds are included in the Governor's 1993-95 biennial budget request.

| <u>Program</u> | <u>Funding</u> |
|--|----------------|
| Community Aids Mental Health Categorical | \$ 681,800 |
| Integrated Service Programs | \$ 206,600 |
| Consumer and Family Peer Support and Self-Help Programs | \$ 150,000 |
| One-Time Proposals | \$ 645,000 |
| TOTAL | \$1,683,400 |

The Honorable Gary R. George, Co-Chair
The Honorable Barbara Linton, Co-Chair
February 4, 1993
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Community Aids Mental Health Categorical

A total of \$681,800 of additional funds will be distributed to counties in SFY 93 to provide mental health services that were not available prior to January 1, 1993, in any of the following priority areas: consumer and family peer support and self-help programs, Community Support Programs (CSPs), integrated service programs for severely emotionally disturbed children, supported housing services for individuals with serious mental illness, programs to divert individuals with serious mental illness from jail, programs to coordinate mental health and substance abuse services for dually diagnosed people, and crisis intervention services. This allocation plan is outlined in the Department's application for federal Community Mental Health Service Block Grant (CMHSBG) funds for FFY 1993. The Department will proceed with this plan to distribute additional funds in March unless notified by the Committee within the 14-day period specified under s. 46.49, Wisconsin Statutes.

The Department will require the counties to submit a plan to the Department by March 1, 1993, for allocating the new CMHSBG funds to mental health services that were not available prior to January 1, 1993, in any of the priority areas described above. The additional funds will not be distributed to a county until the Department approves that county's plan. This will enable the Department to meet the state maintenance-of-effort requirement and to better target Community Aids mental health categorical funds to priority areas identified by the Department and the State Council on Mental Health. At the same time, counties will have the flexibility to select the priority areas that best meet local needs. Counties will be required to submit annual reports to the Department on the use of these funds, including expenditures and the number of people served. The Governor's budget increases the amount of new CMHSBG funding for Community Aids to \$1,827,300 in SFY 94 and SFY 95.

Integrated Service Programs

The Department plans to allocate \$206,600 of the new FED funds in SFY 93 to integrated service programs for children and adolescents with severe emotional disturbances. The Department currently funds 5 integrated service programs, which use state and local funds to support an integrated service program director, to provide case management services, and to provide wrap-around services that are not funded by Community Aids or Medical Assistance. The Department plans to fund 5 new programs in CY 1993 and 10 new programs in CY 1994. Funds for the new programs will be distributed through the Request for Proposal (RFP) process. In addition, the Department plans to increase FED funding for the existing integrated service programs. The Governor's budget increases the amount of new CMHSBG funding for integrated service programs to \$619,900 in SFY 94 and \$883,800 in SFY 95.

The Honorable Gary R. George, Co-Chair
The Honorable Barbara Linton, Co-Chair
February 4, 1993
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Consumer and Family Peer Support and Self-Help Programs

Based on public comments and the recommendation of the State Council on Mental Health, the Department plans to allocate \$150,000 of the new FED funds in SFY 93 to consumer and family peer support and self-help programs through the RFP process. For instance, a consumer or family support program could establish a clubhouse where adults with mental illness could gather during the day to participate in a peer support group, learn work skills, learn life skills such as cooking, or participate in various recreational activities during evenings and weekends. Mental health consumers, their families members, and mental health advocates believe that clubhouses, by providing adults with mental illness with a place to go during the day and interact with other people, can help prevent crises and reduce the need for crisis intervention services and inpatient care. In addition, the federal government is now placing a strong emphasis upon empowering mental health consumers and their family members to develop peer support and self-help programs, as well as encouraging their participation in policy development throughout the mental health system. The Governor's budget continues funding at \$300,000 annually in SFY 94 and SFY 95.

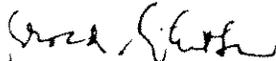
One-Time Proposals

The Department plans to allocate \$645,000 of the new FED funds in SFY 93 to several one-time proposals. Most of the funds will be distributed to counties and private organizations to foster creativity, build capacity, provide technical assistance, and build coalitions between public and private agencies to address any of the following priority areas: CSPs, supported housing programs, programs to divert individuals with serious mental illness from jail, training on the mental health commitment law, programs to coordinate mental health and substance abuse services for dually diagnosed people, and crisis intervention services. These funds will be distributed through the RFP process. Priority will be given to projects that will receive ongoing funding from counties through the new Community Aids mental health categorical allocation funds.

Please notify me if the Committee has any concerns regarding the allocation of the \$681,800 of unanticipated CMHSBG funds in SFY 93 for mental health services under the Community Aids program. The necessary increase in expenditure authority for the other initiatives will be made with the Department of Administration through the s. 16.54 process.

Thank you for your consideration of this request.

Sincerely,



Gerald Whitburn
Secretary

State of Wisconsin

SENATE CHAIR

GARY R. GEORGE

Room 119 South
State Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: 266-2500



ASSEMBLY CHAIR

BARBARA J. LINTON

Room 127 South
State Capitol
P.O. Box 8952
Madison, WI 53708-8952
Phone: 266-7690

JOINT COMMITTEE ON FINANCE

March 9, 1993

TO: Secretary Gerald Whitburn
Department of Health and Social Services

FROM: Senator Gary R. George
Representative Barbara J. Linton
Co-Chair, Joint Committee on Finance

We have reviewed the request from the Department of Health and Social Services dated February 4, 1993, under Section 46.49.

Please be advised that we have found no objections to the request, and accordingly, it has been approved.

GRG:BJL:lmr

cc: Ms. Matilda F. DeBoor

STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION
101 East Wilson Street, Madison, Wisconsin



Mailing address:
Post Office Box 7844
Madison, WI 53707-7844

TOMMY G. THOMPSON
GOVERNOR
JAMES R. KLAUSER
SECRETARY

Finance

February 12, 1993

The Honorable Donald J. Schneider
Senate Chief Clerk
235 South, State Capitol
Madison, WI 53702

The Honorable Thomas T. Melvin
Assembly Chief Clerk
211 West, State Capitol
Madison, WI 53702

Dear Chief Clerk Schneider and Chief Clerk Melvin:

This report is transmitted as required by sec. 20.002(11)(f) of the Wisconsin Statutes, (for distribution to the appropriate standing committees under sec. 13.172(3) Stats.), and confirms that the Department of Administration has found it necessary to exercise the "temporary reallocation of balances" authority provided by this section in order to meet payment responsibilities and cover resulting negative balances during the month of January, 1993.

On January 1, 1992 the Elderly Property Tax Deferral Fund balance was \$-72 thousand. This shortfall continued through January 31st when the balance was \$-68 thousand. The shortfall is due to an excessive General Fund transfer, and is being corrected.

The Elderly Property Tax Deferral Fund shortfall was not in excess of the \$400 million ceiling and did not exceed the balances of the Funds available for interfund borrowing.

The distribution of interest earnings to investment pool participants is based on the average daily balance in the pool and each fund's share. Therefore, the monthly calculation by State Finance will automatically reflect the use of these temporary reallocations of balance authority.

Sincerely,

A handwritten signature in cursive script that reads "James R. Klauser".

James R. Klauser
Secretary

Tommy G. Thompson
Governor
Gerald Whitburn
Secretary



Mailing Address:
1 West Wilson Street
Post Office Box 7850
Madison, WI 53707-7850
Telephone (608) 266-3681

State of Wisconsin Department of Health and Social Services

February 24, 1993

The Honorable Gary R. George
Co-Chairperson, Joint Committee on Finance
115 South, State Capitol
Madison, WI 53702

Dear Senator George:

The Department of Health and Social Services (DHSS) recently requested a GPR transfer in 1992-93 to the disease aids appropriation under s. 20.435(1)(e), to address a projected deficit. On December 15, 1992, the Joint Committee on Finance approved the transfer of funds, with a mandate directing DHSS to submit a report by March 1, 1993. The attached report outlines the estimated cost of continuing the disease aids program without changes. For example, costs are projected to increase 49% in the 1993-95 biennium, relative to the 1991-93 biennium.

The report provides options for modifying the disease aids program. For example, the report describes how various eligibility levels, based on a specified percentage of the federal poverty level, can achieve a given level of GPR savings. The report also describes the financial impact of limiting service coverage and increasing the sliding fee scale for enrollees.

Sincerely,

A handwritten signature in dark ink, appearing to read "Gerald Whitburn".

Gerald Whitburn
Secretary

Attachment

February 24, 1993

DISEASE AIDS EVALUATION MANDATE

REQUEST:

The Department of Health and Social Services (DHSS) requested a transfer of \$2,255,200 GPR in 1992-93 to the disease aids appropriation under s. 20.435(1)(e) to address a projected deficit resulting from increased caseloads and costs of services for the disease aids programs. On December 15, 1992, the Joint Committee on Finance approved the transfer of funds, with a mandate directing DHSS to submit a report by March 1, 1993. The report should evaluate the feasibility and costs of options to modify the disease aids program, in order to reduce future program cost increases.

BACKGROUND:

The disease aids program serves as a payer of last resort for medical services provided to persons with chronic renal disease (CRD), cystic fibrosis, hemophilia or tuberculosis. The current eligibility requirements and services of those four programs are:

ELIGIBILITY

SERVICES

●CHRONIC RENAL DISEASE

"Any permanent resident of this state who suffers from chronic renal disease.."

"...medical treatment as a direct result of chronic renal disease...including the cost of administering recombinant erythropoietin...all reasonable expenses incurred by a potential living-related donor [and] all expenses incurred in the procurement, transportation and preservation of cadaveric donor kidneys..."

●CYSTIC FIBROSIS

"...financially needy persons over the age of 18 years with the diagnosis of cystic fibrosis

"...financial assistance for the costs of medical care [of such persons]..."

●HEMOPHILIA TREATMENT SERVICES

"...persons suffering from hemophilia and other related congenital bleeding disorders..."

"...blood derivatives and supplies necessary for home care."

●TUBERCULOSIS

"persons suffering from or suspected of having tuberculosis or other pulmonary diseases."

"...physician visits, X-rays, skin tests, RN home visits and drugs."

ISSUE:

Participant levels have been rising in all four programs over the past six years. New technology, drugs and the overall cost of health care have also placed increasing fiscal demands on the Disease Aids Program. Historical information is provided in Attachment One.

The following chart estimates the GPR needed to maintain coverage for all participants under existing policy. These estimates are based on existing trends regarding increasing participant levels and health care costs (see Attachments One and Two for more detail).

| | SFY 1993 BUDGET | SFY 1993 PROJECTED | SFY 1994 PROJECTED | SFY 1995 PROJECTED |
|-----------------|--------------------|-----------------------|-----------------------|-----------------------|
| CHRONIC RENAL | \$2,900,000 | \$4,318,140 | \$5,037,690 | \$5,889,845 |
| CYSTIC FIBROSIS | \$220,000 | \$273,642 | \$304,792 | \$339,690 |
| HEMOPHILIA | \$130,000 | \$175,840 | \$199,215 | \$226,554 |
| TUBERCULOSIS | \$100,000 | \$130,000 | \$140,000 | \$150,000 |
| TOTAL | \$3,350,000 | \$4,897,622 | \$5,681,697 | \$6,606,089 |

The major ways to address costs are (1) establish income eligibility levels, (2) restrict eligible services, and (3) increase the sliding fee scale for participant cost sharing. Options include:

OPTION #1: Create a stricter eligibility means test for participants in the Chronic Renal Disease, Cystic Fibrosis, and Hemophilia Programs; at a specified percentage of the federal poverty level.

Option #1 involves applying an income-based means test on participants in the Chronic Renal Disease, Cystic Fibrosis and Hemophilia Programs. Based on SFY92 data, and considering the federal poverty level across all family sizes, estimated savings are:

| <u>% OF CURRENT POVERTY LEVEL</u> | <u>SAVINGS TO DISEASE AIDS</u> | <u>OF 2,588 ACTIVE PARTICIPANTS, # DROPPED FROM CRD PROGRAM</u> | <u>OF 158 ACTIVE PARTICIPANTS, # DROPPED FROM CYSTIC FIBROSIS & HEMOPHILIA PROGRAMS</u> |
|---------------------------------------|------------------------------------|---|---|
| 200% | \$1,169,466 | 1,093 (40%) | 85 (54%) |
| 250% | \$ 696,454 | 778 (30%) | 65 (42%) |
| 300% | \$ 382,425 | 529 (20%) | 51 (33%) |
| 350% | \$ 257,217 | 377 (15%) | 35 (22%) |

For example, an eligibility criterion of 250% of poverty would save an estimated \$696,454 GPR per year.

Option #2: Modify the scope of the Chronic Renal Disease program coverage by covering only transplants, anti-rejection drugs, and dialysis services.

The future annual costs of three services were estimated based on current program enrollees, and using an inflation rate of 6.0% for 1994 and 6.5% for 1995. These estimated costs are:

| <u>SERVICES</u> | <u>SFY1994 (est.)</u> | <u>1995 (est.)</u> |
|----------------------|-----------------------|---------------------|
| Transplants | \$ 481,134 | \$ 512,407 |
| Anti-rejection drugs | \$ 936,319 | \$ 997,179 |
| Dialysis | <u>\$ 1,960,853</u> | <u>\$ 2,088,309</u> |
| TOTALS | <u>\$ 3,378,306</u> | <u>\$3,597,895</u> |

The total estimated cost for the full Chronic Renal Disease Program in SFY 1994 is \$5,037,690 and \$5,889,845 in SFY 1995 (see Attachment Two).

Therefore, it is estimated that savings of \$1,659,330 are available in SFY 1994 (i.e., \$5,037,690 - \$3,378,306), and savings of \$2,291,950 are available in SFY 1995 (i.e., \$5,889,845 - \$3,597,895); if only transplants, anti-rejection drugs and dialysis services are covered. The drugs that would primarily no longer be covered under option #2 are "take-home" drugs, especially epoietin alpha which was authorized through an amendment to s. 49.48(lm), Wis. Stats.

Option #3: Establish both a stricter eligibility means test for participants in the Chronic Renal Disease, Cystic Fibrosis and Hemophilia Programs (Option #1), and increase the sliding fee scale for participant cost sharing.

The current sliding fee scale for participant cost sharing is based on family income, adjusted for family size. Different combinations of eligibility levels and sliding fee scales are possible. For example, limiting income eligibility levels to 300% of the poverty level--and increasing the sliding fee scale to equate to 5% of the cost of program services--would save an estimated \$237,900 GPR in SFY94 and \$993,300 GPR in SFY95.

ATTACHMENT ONE

DISEASE AIDS PROGRAM SPECIFICS

| | <u># OF PARTICIPANTS</u> | <u>% CHANGE</u> | <u># OF CLAIMS PROCESSED</u> | <u>TOTAL PAID</u> | <u>DOLLAR PER PARTICIPANT</u> |
|------------------------------|--------------------------|-----------------|------------------------------|-------------------|-------------------------------|
| <u>CHRONIC RENAL DISEASE</u> | | | | | |
| FY91-92 | 4,311 | 10% | 58,656 | \$3,708,439 | \$860 |
| FY90-91 | 3,906 | 11% | 49,706 | \$3,272,718 | \$838 |
| FY89-90 | 3,540 | 36% | 34,777 | \$1,849,703 | \$525 |
| FY86-87 | 2,606 | | 19,445 | \$1,318,354 | \$506 |
| <u>CYSTIC FIBROSIS</u> | | | | | |
| FY91-92 | 113 | 3% | 1,282 | \$ 247,440 | 2,190 |
| FY90-91 | 110 | 15% | 1,107 | \$ 190,311 | 1,730 |
| FY89-90 | 96 | 12% | 565 | \$ 63,611 | 663 |
| FY86-87 | 86 | | 341 | \$ 60,640 | 705 |
| <u>HEMOPHILIA</u> | | | | | |
| FY91-92 | 150 | 7% | 234 | \$155,639 | 1,038 |
| FY90-91 | 140 | -1% | 389 | \$171,660 | 1,226 |
| FY89-90 | 142 | 17% | 268 | \$113,500 | 799 |
| FY86-87 | 121 | | 151 | \$163,528 | 1,351 |
| <u>TUBERCULOSIS</u> | | | | | |
| FY91-92 | 775 | 9% | 1,560 | \$103,609 | 134 |
| FY90-91 | 711 | 2% | 1,458 | \$ 89,067 | 125 |
| FY89-90 | 700 | | 1,338 | \$ 77,720 | 111 |
| <u>TOTAL PAID</u> | | | | | |
| FY91-92 | | | | \$4,215,127 | |
| FY90-91 | | | | \$3,723,756 | |
| FY89-90 | | | | \$2,104,534 | |

ATTACHMENT ONE CONTINUED

PHARMACY CLAIMS VOLUME OF TOTAL VOLUME

| | <u># OF PHARMACY CLAIMS PROCESSED</u> | <u>% OF TOTAL CLAIMS</u> | <u>AMOUNT PAID FOR PHARMACY</u> | <u>% OF TOTAL DOLLARS</u> |
|------------------------------|---|----------------------------------|-------------------------------------|-----------------------------------|
| <u>CHRONIC RENAL DISEASE</u> | | | | |
| FY91-92 | 24,871 | 42% | \$834,380 | 23% |
| FY90-91 | 19,191 | 37% | \$602,293 | 18% |
| FY89-90 | 15,726 | 44% | \$433,453 | 23% |
| FY86-87 | 4,828 | 25% | \$ 97,168 | 7% |
| <u>CYSTIC FIBROSIS</u> | | | | |
| FY91-92 | 330 | 26% | \$12,997 | 5% |
| FY90-91 | 227 | 21% | \$ 9,170 | 5% |
| FY89-90 | 69 | 12% | \$ 4,672 | 7% |
| FY86-87 | 25 | 7% | \$ 1,085 | 2% |

Source: SAS Reports on 8100 CDRS Data

ATTACHMENT TWO

1993-1995 PROJECTED DISEASE AIDS PROGRAM EXPENDITURES
 BASED ON PAST PROGRAM TRENDS

| | PARTICIPANTS | TOTAL DOLLARS | DOLLARS PER PARTICIPANT |
|-----------------------|--------------|---------------|-------------------------|
| <u>SFY 1993</u> | | | |
| CHRONIC RENAL DISEASE | 4,740 | \$4,318,140 | \$ 911 |
| CYSTIC FIBROSIS | 118 | \$ 273,642 | \$2,319 |
| HEMOPHILIA | 160 | \$ 175,840 | \$1,099 |
| TUBERCULOSIS | 746 | \$ 130,000 | \$ 174 |
| TOTAL | 5,764 | \$4,897,622 | |
| <u>SFY 1994</u> | | | |
| CHRONIC RENAL DISEASE | 5,215 | \$5,037,690 | \$ 966 |
| CYSTIC FIBROSIS | 124 | \$ 304,792 | \$2,458 |
| HEMOPHILIA | 171 | \$ 199,215 | \$1,165 |
| TUBERCULOSIS | 783 | \$ 140,000 | \$ 179 |
| TOTAL | 6,293 | \$5,681,697 | |
| <u>SFY 1995</u> | | | |
| CHRONIC RENAL DISEASE | 5,735 | \$5,889,845 | \$1,027 |
| CYSTIC FIBROSIS | 130 | \$ 339,690 | \$2,613 |
| HEMOPHILIA | 183 | \$ 226,554 | \$1,238 |
| TUBERCULOSIS | 822 | \$ 150,000 | \$ 183 |
| TOTAL | 6,870 | \$6,606,089 | |

• Figures are based on trends in participant increase of 10% per year for CRD, 3% per year for Cystic Fibrosis, and 7% per year for Hemophilia. The average inflationary index was provided by Data Resources Inc. (DRI), and was averaged across hospital, physician and pharmaceutical charges. The percentages used for inflating dollars per participant are:

1993 - 5.9% 1994 - 6.0% 1995 - 6.3%

Tommy G. Thompson
Governor
Gerald Whitburn
Secretary



Mailing Address
1 West Wilson Street
Post Office Box 7850
Madison, WI 53707-7850
Telephone (608) 266-9622

State of Wisconsin Department of Health and Social Services

February 17, 1993

The Honorable Gary R. George
Co-Chair Joint Committee on Finance
Room 115 South, State Capitol
Madison, WI 53072

Dear Senator George:

The biennial budget bill, 1983 Wisconsin Act 27, enacted s. 46.275, Community Integration Program (CIP) for Residents of State Centers. The intent of this program "is to relocate persons from the state centers for the developmentally disabled into appropriate community settings with the assistance of home and community-based services and with continuity of care. The intent of the program is also to minimize its impact on state employees through redeployment of employees into vacant positions." S. 46.275(5m) requires the Department to submit a report to the Joint Committee on Finance and to the Chief Clerk of each house of the Legislature describing the program's impact during the preceding calendar year on state employees, including the Department's efforts to redeploy employees into vacant positions and the number of employees laid off.

For the period of January 1, 1992 to December 31, 1992, there were 60 CIP placements, one CIP returnee, and one CIP diversion. For fiscal year 1992, reductions of \$1,700,907 and 46.35 FTE were made in the budget for the purpose of CIP placements. For the period July 1, 1992 through December 31, 1992, sufficient reductions will be made in the fiscal year 1993 operating budget to reflect reductions for CIP placements. Reductions of positions and dollars have been made for calendar year 1992 with no layoff of employees.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gerald Whitburn".

Gerald Whitburn
Secretary

cc: Donald Schneider, Senate Chief Clerk
Thomas Melvin, Assembly Chief Clerk