

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

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➤ Committee Reports ... CR

➤ **

➤ Executive Sessions ... ES

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➤ Hearing Records ... HR

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➤ Miscellaneous ... Misc

➤ 93hrJC-Fi_Misc_pt39

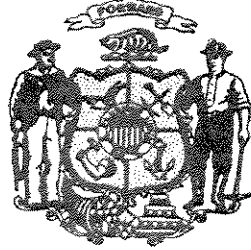
➤ Record of Comm. Proceedings ... RCP

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State of Wisconsin

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JOINT COMMITTEE ON FINANCE

June 29, 1993

TO: JOINT COMMITTEE ON FINANCE MEMBERS

FROM: Senator Joe Leean
Representative Barbara J. Linton
Co-Chair, Joint Committee on Finance

Attached is a copy of a request from the Department of Administration dated June 28, 1993, under ss. 16.515/16.505(2) of the statutes.

Please review these items and notify Senator Leean's office not later than Friday, July 16, 1993, if you have any concerns about the request or would like the Committee to meet formally to consider it.

Also, please contact us if you need additional information.

JL:BJL:ns

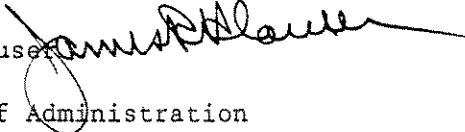
Attachments

CORRESPONDENCE/MEMORANDUM

**STATE OF WISCONSIN
Department of Administration**

Date: June 28, 1993

To: Honorable Joseph Leraan, Co-Chair
Honorable Barbara J. Linton, Co-Chair

From: James R. Klausner 
Secretary
Department of Administration

Subject: s. 16.515/16.505(2) Requests

Enclosed are requests which have been approved by this department under the authority granted in s. 16.515 and s. 16.505(2). The explanation for each request is included in the attached materials. Listed below is a summary of each item:

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>1991-92</u>		<u>1992-93</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
D.H.S.S. 20.435(3)(ho)	Juv. Residential Aftercare			\$ 37,400	

As provided in s. 16.515, this request will be approved on July 20, 1993, unless we are notified prior to that time that the Joint Committee on Finance wishes to meet in formal session about this request.

Please contact Roger Grossman at 266-1072, or the analyst who approved the request in the Division of State Executive Budget and Planning, if you have any additional questions.

Attachments:

CORRESPONDENCE/MEMORANDUM

STATE OF WISCONSIN
Department of Administration

Date: June 28, 1993
To: James Klauser, Secretary
From: Susan Jablonsky, Budget Analyst *SJ*
Subject:

Request

The Department of Health and Social Services (DHSS) requests an expenditure authority increase of \$37,400 PR in appropriation s. 20.435(3)(ho), Juvenile Residential Aftercare, for the Division of Youth Services (DYS) to allow an increased number of youth to continue to remain in alternate care facilities following their release from the juvenile correctional institutions.

Analysis

During this biennium, it has been extremely difficult to predict populations for all juvenile correctional programs--institutions, alternate care, and aftercare. For example, a s. 16.515 request in May, 1992 and a s. 13.10 request in September, 1992 were necessary to provide increased expenditure authority for all three programs to address population growth.

In May, 1993, under s. 16.515, the alternate care appropriation's expenditure authority was again increased by \$613,500 PR to account for PR expenditure authority deficits carried forward from one fiscal year to the next, for special expenses which were paid but for which no budget authority existed, and for higher than anticipated populations in alternate care. Based on the population data reviewed at the time and the need to avoid an expenditure authority deficit, the request was approved with the stipulation that the funding for increased populations should be used to fund placements in group homes, rather than in child caring institutions (CCIs).

Finally, a s. 13.10 request was approved in June, 1993 which increased the alternate care population by one youth to account for an increased number of youth on extended jurisdiction or waived to adult court. However, within the last week when DYS staff analyzed placement costs for May and June, it became clear that the appropriation would again be short of expenditure authority.

Because populations at the schools have increased significantly since January of this year after the Governor's budget was released, the Joint Finance Committee approved very sizeable increases in populations for all juvenile correctional programs for 1993-95. The tremendous growth in the juvenile correctional institutions' populations impacts both the aftercare and alternate care programs, to which youth are released following institutional stays. Including the population increases authorized under the 16.515 and s. 13.10 requests, the program now is budgeted at 93 youth in CCIs, 35 in group homes, and 5 in foster homes for a total budgeted alternate care population of 133. However, this is well below the May caseload of 103 in CCIs, 42 in group homes, and 2 in foster homes for a total caseload of 147.

Given actual expenditures and populations through May, 1993 and estimated June costs and populations, which were obtained through phone calls to providers, DHSS has reestimated expenditures through the end of FY93 for a projected total of \$5,772,700. With a current spending authorization of \$5,735,300, an additional \$37,400 is needed. To ensure that all costs will definitely be covered, that total includes \$7,200 for one additional youth in each of the three types of care facilities.

At this late point in the fiscal year, there do not appear to be any alternatives to approving an expenditure authority increase. For example, it would be improper to carry FY93 expenses into FY94 according to state accounting policies. It would also be inappropriate to retain youth in the institutions when the Office of Juvenile Offender Review has approved a release to an alternate care facility. The Department has discussed releasing youth prematurely from the alternate care facilities to keep costs down. However, in order to account for the needed expenditure authority of \$37,400, 41 youth, or 30% of the alternate care population, would have to be released immediately. DHSS staff considered this alternative to be unacceptable, since it would be very detrimental to treatment programs of the youth who would be released, as well as to youth who would be detained in the institutions until a placement would be available. Given these choices, approval of the expenditure authority increase is necessary.

Part of the problem with this appropriation relates to the significant institution population increases which later affect alternate care populations; this impact is beyond DHSS' control. However, part of the problem is due to the lack of an up-to-date cost monitoring system. Because youth may be moved to a different facility or be moved back and forth between the facility and the institution, it is difficult for DYS to determine a reasonable cost estimate for a month's care until some time the following month. Despite these difficulties, it appears that DYS could develop a more timely approach to tracking expenditures to avoid emergency requests like this one, to the extent possible, in the future.

In addition, cost overruns occur due to the differences between the statutorily prescribed and the actual rates paid to facilities, particularly for CCIs. For example, the statutory rate for CCIs, which is the rate paid by the counties, for the first six months of 1993 is \$127.18 per day. However, there are many CCIs which are currently charging actual rates over \$140 per day. Because so many youth exhibit such complex mental and behavioral problems, the higher-cost facilities are frequently used due to the variety and intensity of services provided, and DHSS is obliged to pay the established rate. While it is clear that DHSS does provide the most appropriate care and treatment for children in its custody, it is not clear to date that DYS has attempted to accomplish this task within its budgeted spending authority. The Department's request indicates that there will be a concerted effort to remain within its authorized spending levels.

Finally, as noted in the previous s. 16.515 request for this appropriation, part of this expenditure authority deficit can be attributed to the methods used to set facility rates. In past years, the Department averaged daily rates for all facilities within each of the three categories of care. However, this resulted in rates which were too low and, as a result, shorted the appropriation on expenditure authority. In its 1993-95 budget proposal, DHSS has changed its rate-setting methodology to more accurately reflect

actual rates, which should help ease the expenditure authority problem in the future.

In order to provide sufficient revenue to support the increased expenditure authority, DHSS proposes to use a larger proportion of third-party collections than has traditionally been used for alternate care. Under current practice, counties pay the statutorily set rate for alternate care facilities. In addition, DHSS collects some payments from third-party sources such as parents with an ability to pay and insurance. All collections from counties and third-parties are deposited in the juvenile correctional institution's appropriation. Then, based on the ratio of the number of alternate care days to the combined total of institution and alternate care days, that revenue which is attributable to alternate care is then transferred into s. 20.435(ho), alternate care.

If this traditional allocation method were used, 16.2% (\$80,900 of a total of \$499,400) would be transferred as third-party revenue to the alternate care appropriation. However, given the projected expenditure level, an additional \$157,300 in revenue would be needed. The remaining \$261,200 in third-party revenue would stay in the institutional operations appropriation and, with county revenue, would be more than sufficient to support institutional costs.

Recommendation

Approve the request to ensure that the cost of care for youth currently placed in alternate care facilities can be paid. Direct DHSS to develop a more timely method to monitor alternate care populations and expenditures.

cc: Rick Chandler

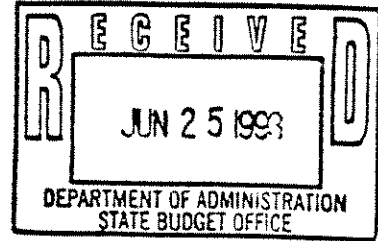
DEPARTMENT OF HEALTH AND SOCIAL SERVICES

DATE: June 24, 1993

TO: Richard G. Chandler
State Budget Office

FROM: Richard W. Lorang
Deputy Secretary

SUBJECT: S. 16.515 Request for Appropriation 20.435(3)(ho) -- Juvenile Residential Aftercare



The Department requests \$37,400 in additional expenditure authority for appropriation 20.435(3)(ho), numeric appropriation 324. The Department projects that sufficient revenue from statutory rates and third party collections is available to cover this increase in expenditure authority.

The Department, through the Division of Youth Services, purchases services for juveniles who have been released from juvenile correctional facilities into juvenile residential aftercare. These residential aftercare services include foster homes, group homes, and child caring institutions (CCIs). The county committing the juvenile is charged a statutorily defined daily rate for the cost through the Youth Aids Program.

The costs in this appropriation have been difficult to predict. The original budget for FY 93 was \$4,238,300. A 16.515 request in April of 1992 increased it by \$873,400. A 16.515 request in April of 1993 increased it again by \$613,300 based on a rise in average daily population for residential aftercare services; for unbudgeted special expenses such as clothing, for which no expenditure authority had existed; and for expenses incurred in FY 92 that were carried over into FY 93. Expenditure authority also increased slightly as a technical part of a recent 13.10 request.

The FY 93 budget for residential aftercare services is currently \$5,725,200. The budget is based upon an average daily population of 93 for CCIs, 35 for group homes, and 5 for foster homes. The costs of residential aftercare services through the months of April, 1993 were within budgeted levels. However, costs for the months of May and June are greater than anticipated, resulting in a shortfall in expenditure authority of \$37,400. The average daily population for May was 103 for child caring institutions, 42 for group homes, and 2 for foster homes. In June, the estimated ADP is 91 for CCIs, 40 for group homes and 5 foster care.

Increased costs are primarily the result of two factors. First, higher institutional populations result in increased youth placed in residential aftercare services, and CCIs and group homes in particular. Many of these youth exhibit complex behavioral needs and have committed serious crimes requiring a closely supervised living environment, such as CCIs, upon release from the institution. This has caused an ever increasing caseload, and therefore repeated request for increased expenditure authority.

Second, youth needing alternate care in specialized programs for youth with

mental health needs, emotional problems, and alcohol and other drug abuse problems has also increased. The costs for these programs often exceed the statutory rate. As a result it has been difficult to meet the statutory requirement for the most appropriate setting within the available revenue.

This appropriation is now short by \$157,300 of the revenue necessary to meet anticipated FY 93 expenditures. The primary source of revenue is billings to counties at the statutory rate. The other source is third party collections. Third party collections include funds from parents, insurance and other third party sources, generated for juvenile institutional and residential aftercare services, which are deposited in the appropriation for juvenile correctional services - 20.435(3)(hm), numeric appropriation 323.

As there is no way of knowing how much third party revenue is associated with residential aftercare services versus juvenile correctional services, traditionally the Department has based the use of these funds on the percentage of the number of days billed for residential aftercare services. Using this methodology, the Department had planned to use 16.2% of the anticipated \$499,400 FY 93 third party revenue, or \$80,900, for costs in numeric appropriation 324. To meet the revenue shortfall, the Department now plans to use \$238,200 of this revenue to cover the costs of residential aftercare.

The \$261,200 in remaining third party revenues will fund the costs of juvenile correctional services. These funds, along with the revenues generated from the billings to counties for juvenile correctional services, will be more than sufficient to cover the cost of juvenile correctional services.

The Department is statutorily required under s.48.48 (4) to provide appropriate care and training for children in its legal custody. The Department will continue to do so within the limits of funding available under a sum certain appropriation.

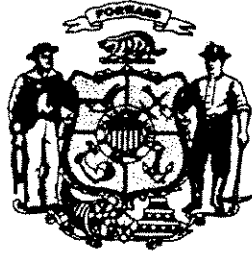
If you have or your staff have any questions regarding this request, please call Rich Kreklow in the Office of Policy and Budget at 266-7684.

cc: Tilli de Boor
Ruch Kreklow
Silvia Jackson
Pat Millichap
Don Warnke

State of Wisconsin

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JOINT COMMITTEE ON FINANCE

July 19, 1993

Secretary James R. Klauser
Department of Administration
101 East Wilson Street
Madison, WI 53703

Dear Secretary Klauser:

On June 28, 1993, a request, as approved by your Department, was forwarded to the Joint Committee on Finance under ss. 16.505/515 relating to residential aftercare services. To fund aftercare services for youth released from the state's secure juvenile correctional facilities, the Department of Health and Social Services requests additional expenditure authority of \$37,400 PR in 1992-93 in the juvenile residential aftercare appropriation in the Division of Youth Services (DYS).

This is the fourth request for increased expenditure authority in the juvenile residential aftercare appropriation in 1992-93.

For 1992-93, DOA recommended and the Committee approved increased expenditure authority for juvenile residential aftercare of \$873,400 PR on June 5, 1992, \$613,500 PR on May 27, 1993, and \$10,100 PR on June 24, 1993. In total, the Committee has approved additional expenditure authority of \$1,497,000 PR in 1992-93 through s. 16.515 and s. 13.10 for the juvenile residential aftercare appropriation.

Although the increased expenditures are due, in part, to a growing number of juveniles who are placed in alternate care and to a difference between the budgeted statutory and actual daily rates charged to DYS for such care, the increased expenditures are also due to inadequate monitoring of expenditures and placements by DYS.

Secretary Klauser
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In its action on the 1993-95 biennial budget, the Committee reestimated alternate care populations and established higher statutory daily rates for alternate care services during the 1993-95 biennium in order to accurately reflect projected expenditures for alternate care services. However, the Committee did not deal with measures to monitor the Department's expenditures for alternate care services.

Until recently, DYS monitored alternate care expenditures retrospectively, based on the billings it received for alternate care placements in the previous month. DYS did not routinely monitor the number or length of stay of youth placed in alternate care facilities nor did it review the appropriateness of placements in facilities charging daily rates higher than the statutory rate.

Although the Department of Health and Social Services is required, under the Children's Code, to provide appropriate care in the least restrictive setting for the youth placed in its custody, the Department also has a clear responsibility to attempt to do so within the limits of the funding provided in the juvenile residential aftercare appropriation.

Following the submission of its most recent request for increased expenditure authority, the Department has indicated that it will begin the following initiatives to control alternate care expenditures. While not specified in its current request, DYS indicates that these steps are designed to more closely monitor and control alternate care costs in the future.

- Appropriately place youth in alternate care facilities charging daily rates less than the statutory daily rate in order to balance the costs of youth placed in facilities charging daily rates over the statutory daily rate;
- Require supervisory review of all recommendations for placements in alternate care facilities charging a daily rate over the statutory daily rate;
- Return youth to their own home upon release when appropriate;
- Require the juvenile correctional facilities to report every release of a youth to an alternate care facility, including the projected length of stay of the youth in the facility;
- Require state aftercare agents to report any changes in the alternate care placement of supervised youth;
- Require counties that provide their own aftercare to pay alternate care providers directly for trial visits by youth placed in the juvenile correctional facilities, rather than having DYS pay the provider and the county reimburse DYS; and

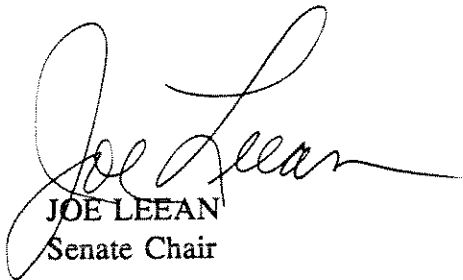
Secretary Klauser

July 19, 1993

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- Negotiate with the Department of Corrections to develop more alternate care placements for youth over age 18 placed on extended juvenile court jurisdiction.

Because the Department has already incurred higher expenditures for residential aftercare in 1992-93, the request for an additional \$37,400 PR in 1992-93 is approved. However, prior to the approval of any future requests in the 1993-95 biennium, we anticipate that both H&SS and DOA will make a concerted effort to use the guidelines now established by DYS to closely monitor and control alternate care costs.



JOE LEEAN
Senate Chair

Sincerely,



BARBARA J. LINTON
Assembly Chair

JL/BJL/ns

cc: Members, Joint Committee on Finance