1995-96 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
- 95hrJC-Fi_Misc_pt69

- Record of Comm. Proceedings … RCP
- **

IX. <u>Department of Health and Social Services</u> -- Joe Leean, Secretary

The department requests a transfer of $231,600 GPR in 1996-97 from s. 20.435(1)(e), disease aids, to s. 20.435(1)(am), AIDS services, in order to add four new drugs recently approved by the Food and Drug Administration to the list of drugs currently purchased for persons with AIDS/HIV under the state's AIDS/HIV Drug Reimbursement Program.

<u>Governor's Recommendation</u>

Modify the request to transfer $232,200 from the Disease Aids appropriation to the AIDS/HIV Drug Reimbursement program in the Aids services appropriation.

IX

CORRESPONDENCE\MEMORANDUM STATE OF WISCONSIN
Department of Administration

Date: April 10, 1996

To: Members, Joint Committee on Finance

From: James R. Klauser, Secretary
Department of Administration

Subject: Section 13.10 Request from the Department of Health and Social Services (DHSS) for Drugs to Combat AIDS.

Request

The Department requests a transfer of $231,600 GPR in 1996-97 from s. 20.435(1)(e), disease aids, to s. 20.435(1)(am), AIDS services, in order to add four new drugs recently approved by the Food and Drug Administration to the list of drugs currently purchased for persons with AIDS/HIV under the state's AIDS/HIV Drug Reimbursement Program.

Background

The AIDS Drug Reimbursement program was established in 1989 Wisconsin Act 31 to assist low-income individuals in paying the costs of drugs to combat HIV and AIDS. Because new AIDS drugs are continually being approved by the Federal Food and Drug Administration (FDA) for use by the general population, the program language was later amended to allow DHSS, in consultation with outside experts on AIDS drugs, to add such new drugs to those authorized for payment under this program. This ensures that DHSS would not have to wait for a budget bill or introduce separate legislation in order to add new, promising, effective drugs to the program following FDA approval. This request would provide funding in FY97 for the four new drugs, approved by the FDA in the last five months, which the Department has determined should be eligible for reimbursement under this program.

Analysis

For some time AZT was the primary drug used by AIDS patients. Researchers are developing new types of antiretroviral drugs, which work to prevent the virus from replicating, and are finding that these drugs work most effectively when used in combination. As a result, the standard for treatment has become the use of AZT and other antiretroviral drugs. Two of the new drugs, 3TC and saquinavir, were approved for use in late 1995 and in March 1996 two additional drugs, ritonavir and indinavir, were approved. These drugs work to both increase immune cell counts and to lower the incidence of the virus in the blood and appear to be quite promising in prolonging survival. A physician who was quoted in a medical journal said that "...these drugs are at least 10-fold more potent than drugs we've been using for the last eight or nine years." In addition, it has been found that the HIV virus can mutate through long-term use of a single drug and become resistant to that drug. This means that it is important to have as many antiretroviral drugs available for use in the event that a drug becomes ineffective.

AIDS program staff have estimated usage for the new drugs based on a survey of physicians treating AIDS patients and based on contacts with the manufacturers of the new drugs. (Note: Costs below were calculated on a spreadsheet which rounds numbers based on 15 decimal places so the result is slightly different from a straightforward calculation. The net total difference due to rounding is $200.)

DRUG	FY97 USERS	COST PER YEAR	TOTAL COST
3TC	149	$497	$74,200
Saquinavir	35	$1,273	$44,400
Ritonavir	95	$1,391	$131,600
Indinavir	57	$1,000	$57,300
TOTAL			$307,500

Of the total needed, DHSS staff indicate that part of the cost can be absorbed by transferring $75,900 from the AIDS/HIV Insurance Premium Subsidy Program in FY97. This transfer does not require the Committee's approval because funding for the drug reimbursement program, the insurance subsidy program and counseling and testing services was consolidated into the same alpha appropriation to give DHSS flexibility to transfer money to the program with the greatest need.

Funds were decreased in the 1995-97 biennial budget in the insurance subsidy program for both years to reflect lower growth in participation than had previously been budgeted. In general, this slower growth trend has continued. However, an updated cost projection shows that $75,300 will be available in FY97 rather than $75,900. As a result, an additional $600 would need to be transferred from the Disease Aids appropriation to provide the Department's full requested amount. The projection also shows that $62,400 will be available in FY96 from the insurance subsidy program which DHSS will use to purchase the new drugs for the remainder of this fiscal year.

As adjusted, $232,200 would be transferred from the Disease Aids appropriation. Current projections for this fiscal year for this biennial appropriation estimate that $1.3 million GPR would be available at the end of FY96 based on experience through February 1996. Because funds budgeted for FY97 exceed funding for FY96 by over $984,000 and because any unused portion of the $1.3 million would carry forward into FY97, it is highly likely that excess funds will be available in FY97. This appropriation also lapsed $3.2 million at the end of FY95.

For a number of reasons, control over spending in the disease aids program has been significantly strengthened. Since costs in this program continued to increase as did participation, efforts were made to target program services to the most needy by establishing an income limit for eligibility. This was later replaced by income deductibles so that those with higher incomes had to spend a greater share on services before they would be eligible for program benefits. In addition, a chronic renal disease advisory group has developed official policy on what services are and are not eligible for payment. Also, claims processing was turned over to the Medical Assistance fiscal agent, EDS, so that payments are more closely audited and disallowable claims identified. As a result, staff are confident that the tighter fiscal and eligibility controls over the program will result in sufficient savings to fund the transfer to the AIDS Drug Reimbursement program.

Recommendation

Modify the request to transfer $232,200 from the Disease Aids appropriation to the AIDS/HIV Drug Reimbursement program in the Aids services appropriation.

Prepared by: Susan Jablonsky
267-9546

IX

State of Wisconsin
Department of Health and Social Services

Tommy G. Thompson, Governor
Joe Leean, Secretary

March 18, 1996

The Honorable Tim Weeden
Senate Chair, Joint Committee on Finance
Suite LL1, 119 Martin Luther King Jr. Boulevard
Madison, WI 53702

The Honorable Ben Brancel
Assembly Chair, Joint Committee on Finance
Suite LL2, 119 Martin Luther King Jr. Boulevard
Madison, WI 53702

Dear Senator Weeden and Representative Brancel:

The Department requests permission from the Joint Committee on Finance, under s. 13.10 of the statutes, to transfer $231,600 in FY 97 from s.20.435 (1) (e) [Disease Aids] to s.20.435 (1) (am) [Services, Reimbursement and Payment Related to AIDS] to fund four new AIDS medications under the AIDS/HIV Drug Reimbursement Program (ADRP). The ADRP provides individuals with AIDS/HIV who have incomes below 200% of poverty with financial access to critical HIV therapies. The program reimburses pharmacies for the cost of drugs that the Department has determined, after consultation with experts outside the Department who are knowledgeable in the area of AIDS/HIV treatment, to be effective in treating AIDS and HIV infection. The four new medications, 3TC, saquinavir, ritonavir and indinavir have recently been approved by the FDA for the treatment of AIDS/HIV.

The Department currently funds two types of drugs for AIDS treatment, antiretroviral and prophylaxis drugs. Antiretroviral drugs are drugs which directly inhibit HIV replication. These drugs slow the replication of the HIV virus, thus helping to prolong survival and maintain health. Unfortunately, the HIV virus may mutate rapidly and become immune to an antiretroviral drug after usage over a period of months. In light of the virus' tendency to mutate, researchers now believe that using antiretroviral drugs in combination, rather than singly, is the most effective treatment method. Combination therapy has become the new standard for treatment of AIDS/HIV.

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Under s. 49.486 of the statutes, the Department is authorized to reimburse the cost of AZT, the drug pentamidine, and any drug approved for reimbursement by the Department in consultation with experts on HIV drug therapies outside of the Department. The Bureau of Public Health in the Division of Health consults with leading infectious disease physicians statewide when deciding which drugs to add to the formulary. These physicians have strongly recommended that the newly approved antiretroviral drugs be added.

Both 3TC and saquinavir were approved by the FDA in late 1995 for treatment of the disease. These drugs would be used together with AZT as part of a combination drugs therapy. Studies show that 3TC plus AZT significantly increases the level of a patient's immune cells and reduces concentrations of the HIV virus by more than 50%. Saquinavir is the first in a new class of antiretrovirals called protease inhibitors. Saquinavir attacks the AIDS virus at a different stage of its life cycle than do other antiretrovirals and has been shown, in combination with other drugs, to increase patient immune cell counts to a significantly higher level.

Ritonavir and indinavir are both protease inhibitors that were approved by the FDA in March 1996. Ritonavir has been shown to greatly reduce disease progression and mortality for people with advanced HIV disease. Indinavir patients showed a marked increase in their immune cells and a marked decrease in the HIV virus. Ritonavir and indinavir are the last two antiretroviral drugs currently being developed by drug manufacturers. It is not expected that the FDA will be approving similar drugs for some time.

The Department estimates the cost of reimbursement for these four drugs at $307,500 in FY 97. This estimate assumes that in FY 97 there will be 149 3TC users at an average cost/user of $496.80 annually and there will be 35 saquinavir users at an average cost/user of $1,273.05. Total FY 97 costs for 3TC and sequinavir will come to $74,200 and $44,400 respectively. In addition, in FY 97 there will be 95 ritonavir users at an average cost/user of $1,391.04 and 57 indinovir users at an average cost/user of $999.81. Total FY 97 costs for rironavir and indinovir will come to $131,620.20 and $57,259.12 respectively. The Department proposes to cover part of these costs by transferring $75,900 of unspent funds from appropriation 195, the AIDS/HIV Health Insurance Premium Subsidy Program, which is part of appropriation (1) (am). For the remaining funding, the Department requests the transfer of funds from appropriation (1) (e), Disease Aids, which is expected to have sufficient revenue to cover these costs.

FY 97

Total Cost	$307,500
Interest Approp. Transfer	$ 75,900
Request	$231,600

Attached is an explanation of the methodology used for the cost estimates.

In sum, new AIDS/HIV drugs are being approved in record time with less practical research than in the past. These drugs are more powerful and expensive. Many of the new drugs are used in combination with existing drugs. Guidelines for usage and/or case management should be more fully developed for the use of these drugs. Also, the threshold for government reimbursement and/or schedule or recipient co-pays should be reviewed.

The Department of Health and Social Services will not forward future s.13.10 requests for additional ADRP funding until we also can present some options to the Legislature and Joint Finance Committee addressing case management and usage guidelines and a review of co-payment alternatives.

I will represent the Department on this issue at the s.13.10 meeting.

Sincerely,

Joe Leean
Secretary

Attachment

AIDS/HIV DRUG REIMBURSEMENT PROGRAM (ADRP)

Drug	FY 97 Users	Cost/user/yr	Annual Cost
3TC	149	$496.80	$74,200
Saquinavir	35	$1,273.05	$44,400
Ritonavir	95	$1,391.04	$131,600
Indinovir	57	$999.81	$57,300
Total			$307,500

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

April 16, 1996

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Health and Social Services--Section 13.10 Request to Transfer Funds from the Violent Juvenile Offenders Program to Support Start-Up Costs of the 43-Bed Secured Adolescent Treatment Unit--Agenda Item X

The Department of Health and Social Services (H&SS) requests a transfer of $193,000 GPR in 1995-96 from the violent juvenile offenders program to fund the start-up costs for the 43-bed secured adolescent treatment unit at Mendota Mental Health Institute (MMHI).

BACKGROUND

The 1989-91 biennial budget act and 1993 Wisconsin Act 377, in combination, authorized $4,225,000 in general obligation bonding to construct secured mental health beds at MMHI to serve mentally ill youth transferred from the juvenile correctional institutions (JCIs). This bonding authority is to be used by the Department to: (a) construct a new 28-bed juvenile correctional treatment unit at MMHI, which is nearly complete; and (b) renovate a 12-bed hospital unit for other youth committed for mental health treatment by the counties or transferred to aftercare status from the JCIs. The renovated 12-bed unit will be used to replace the recent conversion of an existing 15-bed adolescent diagnostic and treatment unit to form a unit that is reserved only as secured correctional beds for youth from the JCIs. In total, these projects will provide a total of 43 beds for use as a separate and secured juvenile treatment unit for youth transferred from the JCIs.

In anticipation of the completion of these projects, 1995 Wisconsin Act 27 provided $2,864,200 PR in 1995-96 and $2,244,400 PR in 1996-97 and 64.95 PR positions, beginning in 1995-96, and an additional 3.0 PR positions, beginning in 1996-97, to staff these new secure adolescent beds. Because of uncertainty as to the completion date of the new facilities, the funding and positions for in the 1995-97 biennium were placed in unallotted reserve, subject to release by the Joint Committee on Finance under s. 16.505/515 of the statutes.

Although MMHI provided mental health services for youth from the JCIs prior to 1995-96, the system that existed prior to 1995-96 had two major limitations. First, youth with behavioral disorders that are not a treatable mental illness are not eligible for funding under medical assistance (MA). Since sufficient funding was not available to treat these youth unless they could be funded under MA, youth with behavioral problems were typically returned to the JCIs after a short-term stay at MMHI. Also, prior to 1995-96, all of the units at MMHI were hospital units rather than correctional beds and youth from the counties were mixed with youth from the JCIs. This situation prevented MMHI from using comparable guidelines and restrictions for youth transferred to MMHI from a JCI as are used for youth in a JCI.

Although the new 28-bed unit and the renovation of the 12-bed unit are not yet complete, as of November, 1995, MMHI converted an existing 15-bed treatment unit to a separate, secured correctional unit for youth from the JCIs. Since this 15-bed unit utilizes existing staff, the funding and positions provided in unallotted reserve in Act 27 for the new secured correctional beds have not been used by MMHI. Although Act 27 authorized the expenditure of $2,864,200 PR in 1995-96 by the Division of Youth Services for mental health services for youth transferred from JCIs to MMHI, with lower than anticipated populations at the JCIs program revenues have not been sufficient to support this level of expenditures. Thus, in an agreement negotiated within H&SS, the Division of Youth Services will transfer a flat amount of $2,040,000 to MMHI for mental health treatment services for youth transferred from JCIs to the Mendota juvenile treatment unit in 1995-96.

It is expected that the new 28-bed secured adolescent treatment facility will be available for use by July 1, 1996. In order to begin operation on July 1, the Department is requesting funding to hire staff prior to the opening of the new unit so that this new staff can be trained and in place to operate the new 28-bed unit by July 1. Specifically, the Department is requesting $193,000 to fill 36.35 positions on May 1 and 9.0 positions on June 1 (a total of 45.35 positions). This funding will be used solely for salary costs; other costs for training will be supported by the MMHI's base budget. The period for training will be used to provide specialized training in handling this population, to acquaint staff with the policies and procedures of both MMHI and the juvenile unit, and to assure the opportunity to gain practical experience in working with the secured juvenile population.

The Department is requesting that $193,000 be transferred from the violent juvenile offenders GPR appropriation to fund the costs of hiring and training the staff for the new 28-bed juvenile unit in 1995-96.

ANALYSIS

Expenditures

Of the 64.95 positions provided in Act 27 for the new 28-bed unit at MMHI, a staffing level of 43.5 positions represents the initial staff that is anticipated to be necessary for the new unit. Additional positions may also be hired in 1996-97 depending on the needs of the unit. Rather than PR funding, however, the request would use state GPR funds for salary and fringe benefits during the training period of May and June. Other training costs would be absorbed by MMHI's base budget.

The Department of Administration (DOA) recommends that funding for training be reduced from the requested $193,000 to $167,800. DOA bases this reduction on two factors. First, it is argued that some of the staff is less crucial than others since they are not primary care providers. DOA recommends that funding for 1.25 program assistants, 2.0 officers and 2.0 therapists be deleted so that training for these position would not commence until the new fiscal year. Second, DOA argues that some of the seven patient care supervisors will be hired from existing staff, and that existing staff would need less training. DOA assumed that training for two of the seven patient care supervisors would not have to be funded.

In addition to the arguments presented by DOA, it could be further argued that given the short time period between the approval of this request and the time that the staff would be hired (three and a half weeks), it may be difficult for H&SS to hire all of the positions on schedule.

The disadvantages of reducing the funding for training would be that: (1) the staff that are non-primary care providers would not be trained before the opening of the unit; and (2) staff that is hired from within may create a corresponding need to hire staff to train for the vacated positions.

Revenues

JCI Program Revenues in 1995-96. Although MMHI has not utilized the $2,864,200 PR and 64.95 PR positions provided in unallotted reserve in 1995-96 under Act 27, use of this PR authority would also require corresponding PR revenues. The source of these revenues would be payments by the Division of Youth Services (DYS) to MMHI. Act 27 provided DYS budgeted expenditure authority of $2,864,200 PR in 1995-96 for existing mental health treatment services at MMHI. As noted, based on an agreement negotiated within H&SS, DYS will transfer a flat amount of $2,040,000 to MMHI for mental health treatment services for youth transferred from JCIs to MMHI. Thus, DYS will not expend $824,200 of its authorized budget level for mental health treatment services in 1995-96.

However, because populations at the juvenile correctional institutions have remained constant rather than increasing as projected in the budget, lower program revenues from charges to the counties and the state for these youth have been realized compared to budgeted expenditures. With a lower number of youth committed to JCIs, fewer youth will need services in a JCI or will be transferred from a JCI to MMHI; a corresponding reduction in actual expenditures attributable to lower population levels will also result.

JCI Program Revenues in 1996-97. Act 27 provided the MMHI with budgeted expenditure authority of $2,244,400 PR and 67.95 PR positions in 1996-97 for staffing of the secured juvenile adolescent treatment units. In addition, Act 27 provided DYS budgeted expenditure authority of $2,500,000 PR in 1996-97 for mental health services from MMHI. Recently, the rate that counties will pay to DYS for youth committed to the JCIs has been established at a level that is based on the lower youth population and that is projected to allow DYS to have sufficient PR revenues to fund budgeted expenditures. Thus, it is expected that DYS will be able to transfer $2,500,000 to MMHI in 1996-97 to fund the direct staff costs of the secured adolescent unit at MMHI.

Revenues received by DYS in 1996-97 will depend on the youth population at the JCIs. If the actual population is equal to or greater than the projected population, DYS would have sufficient revenues to fund budgeted expenditures. If the actual population is higher than projected, additional revenues may be available.

Current law requires program revenues in excess of 102% of actual expenditures to be refunded to the counties or the state. To the extent a program revenue balance occurs at the close of the 1995-96 fiscal year, the Department could be directed to transfer $193,300 of this balance to the general fund to offset the state costs of salary and fringe benefits supported through this request. Like start-up costs for the Southern Oaks Girls School which were funded by program revenues, this alternative would use program revenue balances of JCIs to offset state GPR costs to the extent such revenues are available.

Violent Juvenile Offender Appropriation. The monies that H&SS proposes to transfer were originally provided for the violent juvenile offenders program. Under this program, the state directly funds the cost of caring for youth adjudicated delinquent and placed at the juvenile correctional institutions (JCIs) for the following offenses:

- First-degree intentional homicide
- First-degree reckless homicide
- First-degree sexual assault
- Second-degree intentional homicide
- Felony murder
- Armed robbery

Current law requires H&SS to reimburse the JCIs for each violent juvenile offender at the same per person daily rates counties are charged under youth aids for juvenile correctional care.

In the 1995-97 biennium, 1995 Wisconsin Act 27 (the biennial budget act) provided $9,386,200 GPR in 1995-96 for the violent juvenile offenders program. This amount was budgeted based on an estimated average violent offender population of 213 youth in 1995-96. In its s. 13.10 request, the Department indicated that, based on lower than anticipated populations, approximately $4 million is now projected to lapse to the general fund at the close of the fiscal year.

Based on actual experience to date, the violent offender population in this fiscal year has been lower than originally estimated in Act 27. The actual average daily population from July, 1995, through February, 1996, was 122 youth, with the highest average daily population of 134 youth occurring in November, 1995. Actual expenditures, for the program from July, 1995, to February, 1996, totalled $3,585,900 GPR. If the average daily population remained constant at 134 youth for the last four months of this fiscal year, 1995-96 expenditures would be $5,559,600; the remaining $3,826,500 would lapse to the general fund.

Of the $3,826,500 projected to lapse from the violent juvenile offenders program, $2,350,000 was incorporated as a higher lapse in the revised estimate of the state's general fund balance that was prepared by this office in January, 1996. Based on this more recent experience, an additional $1,476,500 GPR is now anticipated to lapse at the close of the 1995-96 fiscal year.

Of the amount which is not anticipated to be expended, $193,000 would be available to transfer under the s. 13.10 request from the violent juvenile offenders program to fund start-up costs for the 43-bed secure adolescent treatment unit at Mendota Mental Health Institute.

ALTERNATIVES

1. Approve the Department's request to transfer $193,000 GPR in 1995-96 from the violent juvenile offenders program to fund 43.5 staff positions for the new secured adolescent units at Mendota Mental Health Institute during a training period of May and June, 1996, prior to the planned opening of the unit on July 1, 1996.

2. Modify the Department's request to allow only a transfer of $167,800 GPR in 1995-96 from the violent juvenile offenders program to fund 35.25 positions.

3. In addition to Alternatives 1 or 2, modify the Department's request to require that any excess program revenue balance at the close of the 1995-96 fiscal year be lapsed to the general fund to offset the costs for salary and fringe benefits provided under this request.

4. Deny the request.

Prepared by: Richard Megna

X. Department of Health and Social Services -- Tom Alt, Administrator, Division of Care and Treatment Facilities

The department requests a transfer of $193,000 GPR in 1996-97 from s. 20.435(3)(cg), violent offenders, to s. 20.435(2)(a), general program operations, to fund start-up costs to train staff in order to open the new 43-bed secured adolescent treatment unit at Mendota Mental Health Institute by July 1, 1996.

Governor's Recommendation

Modify the Department's request to transfer $167,800 GPR from the violent offender appropriation to DCTF to initiate staff training in anticipation of the opening of the new ATU.

X

CORRESPONDENCE\MEMORANDUM STATE OF WISCONSIN
Department of Administration

Date: April 10, 1996

To: Members, Joint Committee on Finance

From: James R. Klauser, Secretary
Department of Administration

Subject: Section 13.10 Request from the Department of Health and Social Services (DHSS) for Staff Training for the Secure Adolescent Treatment Unit.

Request

The Department requests a transfer of $193,000 GPR in 1995-96 from s. 20.435(3)(cg), violent offenders, to s. 20.435(2)(a), general program operations, to fund start-up costs to train staff in order to open the new 43-bed secured adolescent treatment unit at Mendota Mental Health Institute (MMHI) by July 1, 1996.

Background

The Division of Care and Treatment Facilities (DCTF) currently operates an 18-bed secure unit at MMHI to provide mental health treatment to youth who were committed to the juvenile correctional institutions (JCI) operated by the Division of Youth Services (DYS) and who were later transferred to the unit for mental health treatment. In 1995 Wisconsin Act 27 , 64.95 PR FTE were authorized to staff a new 43-bed secured adolescent treatment unit (ATU) which will include 15 of the existing beds plus an additional 28 new beds (the remaining three existing rooms will be used for other purposes). DCTF staff costs were budgeted beginning in January 1996 to start training and the ATU was expected to open in March 1996.

In the Governor's budget, a daily rate was established for the ATU which reflected the cost of care in the unit, a portion of institutional overhead cost attributable to the unit, and a portion of the rate increase which DCTF needed in order to help reduce the large deficit at the Institute. Costs of the treatment at the ATU were then included in the JCI budgets which are in turn used to set daily rates charged to counties under Youth Aids for institutional and alternate care and aftercare. The daily rate would have provided sufficient revenue from the counties for DYS to pay DCTF for care in the ATU and for the Department of Corrections to pay DCTF in FY97 when DYS transfers to that department.

The Legislature believed that it was inappropriate to charge for the part of the daily rate which contributed to the deficit reduction, and, in its motion, indicated that "no more than actual costs could be billed to H&SS (in 1995-96) or to Corrections (in 1996-97 under the transfer) for secure mental health treatment." This language implied that both direct and indirect costs, such as start-up costs for training, were appropriate costs but that a deficit reduction surcharge could not be considered as an actual cost of care.

Language to reflect the motion's intent was included in s.46.043 which establishes the ATU. However, it was only included in the statutory provision which pertains to Corrections in FY97--the limitation on paying only for the actual costs of care was not included in the section pertaining to DYS in FY96. Since the statutory language pertaining to DYS does not include this limitation, it could be argued that the DYS FY96 appropriation of $2.8 million could be used to pay a higher daily rate to DCTF which included a deficit reduction share. However, in wishing to comply with the intent of the Legislature's motion, DHSS assumes that the limitation on care costs applies to FY96 and adjusted the daily rate accordingly.

The amount appropriated would have been sufficient to cover the requested training. However, DYS was faced with a significant revenue shortfall because the number of youth being sent to the JCI was much lower than anticipated. As a result, DYS held vacant over 80 positions, authorized in Act 27 to deal with increased populations, and developed a plan to deal with the deficit. One of the consequences of the deficit was that DYS could not pay DCTF the budgeted $2.8 million for the ATU because they did not have the revenue. This caused problems for Mendota because that institute also had a substantial deficit and was counting on the revenue from DYS. Following joint meetings of DYS and DCTF staff, the Divisions agreed to a Memorandum of Understanding in which DYS agreed to pay DCTF up to $2 million, rather than the $2.8 million budgeted, to keep all of the beds in the unit full. This agreement was beneficial to both divisions because it ensured that seriously disturbed youth would receive treatment and did not significantly increase Mendota's deficit. However, the decrease to $2 million meant that sufficient revenues were not available to support authorized spending levels which included legitimate indirect costs such as training. Revenues should be sufficient in FY97 because the juvenile populations were reestimated in the Corrections bill to account for lower populations and the daily rate was adjusted accordingly.

Due to delays, the new 43-bed secured ATU will not be ready until the end of this fiscal year. Because funds have been appropriated on an annual basis, DHSS believes it must comply with the legislative intent to open the facility on July 1, 1996. This means the eight weeks of training the staff need must occur this fiscal year. They will receive training in handling mentally ill, disruptive patients that all Mendota staff receive. They will also receive specialized training from DYS in dealing with serious juvenile offenders such as how to restrain an assaultive youth.

Analysis

The Department's request would provide funding for training for 45.35 staff of a total of 64.95 FTE authorized in the budget.

Classification	FTE	Cost
Two Months		
Patient Care Technician	26.6	$112,980
Program Assistant	1.25	$5,462
Patient Care Supervisor	7.0	$40,730
Psychologist	1.5	$11,385
One Month		
Officer	2.0	$4,247
Therapy Assistant	2.0	$4,200
Social Worker	2.0	$5,535
Teacher	3.0	$8,773
Total	45.35	$193,300

DCTF indicates that the primary direct care staff should be hired for two months. This is of particular importance because the ATU will implement a new program which is not currently offered that will focus on earning privileges based on behavior. In order to move from one level to the next, certain expectations or levels of behavior must be attained to move to the next level and earn certain privileges. This is similar to the program implemented at the Southern Oaks Girls School for delinquent girls. Staff believe it is important to ensure that the key positions to implement the new program are on board first. DCTF also indicates that the Patient Care Supervisors (PCS) would be created by reclassifying seven of eight nurse positions authorized in the budget, which are higher cost than the PCSs. Currently, nurses supervise the patient care technicians (PCT). By changing the classification to a PCS, it provides a career path for PCTs which DCTF believes will reduce turnover and help them to retain good staff.

However, it can be argued that some of the staff are less crucial than others because they are not the primary direct care providers. As a result, the request could be modified to delete the program assistants, the officers and the therapy assistants and assume they will begin training in the new fiscal year. In addition, by creating the PCS classification, it is likely that staff from other units in Mendota would transfer to the ATU which means they would be experienced in institutional procedures and would require much less training. A more reasonable approach would be to authorize training for five of the seven PCSs in FY96 and the remaining two PCSs could start the next fiscal year. These actions would reduce the request from $193,300 to $167,800.

The Department proposes using excess GPR in the violent juvenile offender appropriation as a source of revenue to support the training costs. Under this program, the state, rather than the county, pays for the costs of care for juveniles committed to the JCIs for certain violent crimes. As with the general juvenile institutional population, the number of these youth has not been as large as anticipated. In its January 1996 letter to the Joint Committee on Finance, the Legislative Fiscal Bureau reestimated the state's fiscal condition. In addition to changes in tax revenue, the letter also described underspending in a number of programs, including the violent juvenile offender program. For that program, a lapse of $2,350,000 was projected. A more recent DYS cost projection based on costs through January 1996 indicates that the lapse is now projected to be $3,965,000. As a result, an additional $1.6 million GPR would lapse and this amount would be more than sufficient to fund the Department's request.

Recommendation

Modify the Department's request to transfer $167,800 GPR from the violent offender appropriation to DCTF to initiate staff training in anticipation of the opening of the new ATU.

Prepared by: Susan Jablonsky
267-9546

X

State of Wisconsin
Department of Health and Social Services

Tommy G. Thompson, Governor
Joe Leean, Secretary

March 18, 1996

The Honorable Tim Weeden
Senate Chair, Joint Committee on Finance
Suite LL1, 119 Martin Luther King Jr., Boulevard
Madison, WI 53702

The Honorable Ben Brancel
Assembly Chair, Joint Committee on Finance
Suite LL2, 119 Martin Luther King Jr., Boulevard
Madison, WI 53702

Dear Senator Weeden and Representative Brancel:

The Department requests permission from the Joint Committee on Finance, under s.13.10 of the statutes, to transfer $193,000 from s.20.435 (3) (cg) [Violent Juvenile Offenders] to s.20.435 (2) (a) [General Program Operations] to fund start-up costs for the 43-bed secured adolescent treatment unit at Mendota Mental Health Institute in the Division of Care and Treatment Facilities (DCTF). The unit is scheduled to expand on July 1, 1996. In order for the unit to open on time, staff must be hired and trained by this date. The Department has the position authority to hire the necessary staff but requires revenue for the program-revenue funded staff.

This request will allow the Department to comply with the legislative mandate that created the Secured Adolescent Treatment Unit in 1995 Act 27. This mandate specifies that the Department is to administer a 43-bed secured treatment unit to provide treatment to juveniles who have been placed in juvenile institutions in the Division of Youth Services (DYS). Currently there are 18 juveniles in a secured adolescent treatment unit at Mendota. The Department is constructing a permanent 28-bed secured adolescent treatment facility which is expected to be completed by July 1996. When completed, the two units will be a secure 43-bed unit for the treatment of DYS juveniles who are not necessarily mentally ill, but who have aggressive and unpredictable behaviors that require treatment in a secured setting.

In order for this unit to begin admissions on July 1, the Department must hire 45.35 staff by May, so that they can be trained and in place by July 1. New staff require approximately two months of training prior to assuming the responsibility for staffing a unit. The training includes specialized training in handling this population, training in the policies and procedures of both Mendota Mental Health Institute and the juvenile unit, and some practical experience in working with the secured juvenile population.

DYS pays for the current 18-bed unit from its program revenue appropriation, which is funded from rates charged to the counties. The cost of the 18-bed unit was built into the DYS rates for FY 96 but the cost of training the 45.35 staff needed to open the additional 28-bed unit for the last two months of FY 96 was not. The Department is requesting a one-time transfer of $193,000 GPR from DYS to DCTF to pay for the cost of training these positions. The cost of staffing the 43-bed unit in FY 97 is built into the DYS rates, so no additional funding will be required in FY 97. In sum, the requested action will have no effect on the DYS rates charged to counties in FY 96 or FY 97.

The Department is proposing to transfer funds from the DYS GPR appropriation that funds the costs of juveniles who have committed serious or violent crimes. The cost of the care of these juveniles in a juvenile institution or on aftercare is paid by the state rather than the counties. These costs were budgeted at $9.4 million in FY 96, of which approximately $4 million is expected to lapse because of lower than anticipated populations.

Attached is a summary of the positions the Department proposes to hire. Tom Alt, Division Administrator for Care and Treatment Facilities, will represent the Department at the hearing.

Sincerely,

Joe Leean
Secretary

Attachment

SECURED JUVENILE TREATMENT UNIT - TRAINING COSTS
FY 96

Classification	FTE	Hourly Sal.	Hours	Fringe	Total
PCT	26.6	9.118	320	1.46	$112,980
Program Asst.	1.25	9.862	320	1.38	$5,462
PCS	7	12.491	320	1.46	$40,730
Officer	2	9.118	160	1.46	$4,247
Therp. Asst.	2	9.478	160	1.38	$4,200
Psycholog.	1.5	17.129	320	1.38	$11,385
Soc. Wkrs.	2	12.491	160	1.38	$5,535
Teachers	3	13.2	160	1.38	$8,773
Total	45.35				$193,300

Representative Brancel
Senator Weeden

HEALTH AND SOCIAL SERVICES

CARES Computer System/AFDC Consolidated Child Care
Agenda Items XI and XII

Motion:

Move to direct H&SS and DILJD to notify the Joint Committee on Finance of their specific spending plans prior to expending any additional funds from WTCS federal matching revenues, the 4% systems assessment and the 2% training assessment.

Note:

H&SS anticipates receiving additional federal revenues from three sources related to its arrangement with the Wisconsin Technical College System (WTCS) in the 1995-97 biennium: (a) $17.6 million to $20 million in matching federal funds; (b) $3,637,200 PR from a 4% assessment for support of the CARES computer system; and (c) $1,537,000 PR from a 2% training assessment. These revenues were not accounted for in establishing the agency's funding levels in Act 27. This motion would direct H&SS and DILJD to notify the Committee of their specific spending plans prior to expending any additional funds from these sources.

Motion #259

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

April 16, 1996

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Health and Social Services--CARES Computer System--Agenda Item XI

BACKGROUND

The Client Assistance for Reemployment and Economic Support (CARES) information system is the statewide automated system used by county income maintenance workers in completing eligibility determinations, data collection and benefit calculation for the AFDC, medical assistance and food stamp programs. The CARES system, which has been operating statewide since July, 1994, replaced the old Computer Reporting Network. The following table shows funding for the CARES system in the 1995-97 biennium under 1995 Wisconsin Act 27 (the 1995-97 budget).

TABLE 1

CARES Funding Under Act 27

	1995-96		1996-97	
	GPR	FED	GPR	FED
Available to H&SS				
System Maintenance	$3,600,000	$3,900,000	$3,600,000	$3,900,000
InfoTech Charges	8,061,800	8,706,700	8,146,400	8,814,400
Regional Training	84,500	183,000	84,500	183,000
Total Available to H&SS	$11,746,300	$12,789,700	$11,830,900	$12,897,400
In JFC Appropriation				
System Maintenance	1,587,000	1,703,500	1,796,600	1,939,300
Total CARES Budget	$13,333,300	$14,493,200	$13,627,500	$14,836,700

System Maintenance. The budget includes a total of $10,790,500 ($5,187,000 GPR and $5,603,500 FED) in 1995-96 and $11,235,900 ($5,396,600 GPR and $5,839,300 FED) in 1996-97 for ongoing maintenance of the CARES system. These funds will be used to contract with a private vendor for system maintenance and for Bureau of Information Systems (BIS) staff to oversee implementation of the contract, assessments by BIS for its overhead costs and purchases of equipment. At the time Act 27 was adopted, it was uncertain as to which functions would be performed by the vendor and by BIS staff. In addition, the annual cost of the vendor contract was unknown.

Based on information from the CARES Project Director, it was estimated that ongoing systems maintenance costs would range from $7.5 million to $11 million annually. Therefore, $7,500,000 all funds ($3,600,000 GPR and $3,900,000 FED) was appropriated to the Department of Health and Social Services (H&SS) in each year and the remaining GPR funding recommended by the Governor ($1,587,000 in 1995-96 and $1,796,600 in 1996-97) was placed in the Committee's appropriation, for release under section 13.10 after additional information is available regarding the specifications and cost of the vendor contract.

InfoTech Charges. The CARES budget includes $16,768,500 ($8,061,800 GPR and $8,706,700 FED) in 1995-96 and $16,960,800 ($8,146,400 GPR and $8,814,400 FED) in 1996-97 for services provided by InfoTech, including mainframe charges, data storage, connection to the statewide consolidated data network (CDN) and electronic mail.

Regional Training. The CARES budget includes $267,500 ($84,500 GPR and $183,000 FED) in each year for costs of regional training centers for the system. H&SS contracts with counties and UW-Oshkosh to provide training to income maintenance workers. The funding is used for these contracts and to contract with a regional training officer for work programs system components.

SUMMARY OF REQUEST

On March 18, 1996, H&SS requested, under section 13.10, the transfer of the $1,587,000 GPR that was placed in the Committee's appropriation for system maintenance to the Department's general program operations appropriation in the Division of Economic Support to fund costs of the CARES system in 1995-96.

The Department has selected Deloitte and Touche as the vendor for maintenance of the CARES system; however, an appeal is pending that must be resolved prior to the signing of the contract. In the meantime, the system is being maintained by BIS staff with assistance from Deloitte and Touche under the current contract for system development.

The ongoing systems maintenance contract is estimated to total $6,000,000 on an annualized basis ($2,886,000 GPR and $3,114,000 FED). In 1995-96, the vendor cost is estimated at $4,842,900 ($2,329,400 GPR and $2,513,500 FED). Based on these estimates and revised projections for other expenses associated with the system, the Department now estimates that the total CARES budget will be $31,135,400 in 1995-96 ($14,924,000 GPR and $16,211,400 FED). These figures are outlined in Table 2.

TABLE 2

Revised 1995-96 CARES Budget
Department of Health and Social Services

	GPR	FED	TOTAL
System Maintenance			
BIS Staff	$1,001,500	$1,081,800	$2,083,300
Vendor Contract	2,328,200	2,514,700	4,842,900
Subscription Fees	1,743,700	1,883,400	3,627,100
Data Entry/Data Control	209,400	226,100	435,500
Local Area Network Services	504,800	545,200	1,050,000
Maintenance	196,600	212,400	409,000
Capital	923,200	997,200	1,920,400
Subtotal: Systems Maintenance	$6,907,400	$7,460,800	$14,368,200
InfoTech			
Mainframe Charges	7,077,100	7,644,200	14,721,300
Electronic Mail	50,500	54,500	105,000
Consolidated Data Network	804,500	868,900	1,673,400
Subtotal: InfoTech	$7,932,100	$8,567,600	$16,499,700
Regional Training	84,500	183,000	267,500
Total Revised CARES Budget	$14,924,000	$16,211,400	$31,135,400
Act 27 Amount Available to H&SS	11,746,300	12,789,700	24,536,000
Gross Funding Shortfall	-$3,177,700	-$3,421,700	-$6,599,400
Transfer from JFC Appropriation	1,587,000	1,703,500	3,290,500
Net Funding Shortfall*	-$1,590,700	-$1,718,200	-$3,308,900

*The Department intends to fund these state costs with the 4% systems assessment on the Wisconsin Technical College System.

As shown in Table 2, the revised CARES budget exceeds the amount of funding appropriated to H&SS by $6,599,400 in 1995-96 ($3,177,700 GPR and $3,421,700 FED). The Department requests that $1,587,000 GPR be transferred from the Committee's appropriation, along with $1,703,500 of matching FED funds, to partially offset this deficit. The Department intends to cover the remaining state shortfall with $1,590,700 of program revenue generated from the 4% systems assessment imposed on the Wisconsin Technical College System (WTCS) under contracts with H&SS to serve AFDC recipients.

ANALYSIS

CARES Budget

The primary areas where costs increased from the Act 27 estimates were BIS staff and the vendor contract. The Act 27 funding amounts included $3,683,700 all funds for these items, while the new estimates total $6,926,200 all funds, an increase of $3,242,500. In addition, the estimated costs of the subscription fee with BIS increased by $630,400 all funds (from $2,996,700 to $3,627,100), due in part to the purchase of new software by DES to conform with statewide software standards established by DOA. These increases are partially offset by net decreases of $564,000 in other areas.

In its 1995-97 budget request, H&SS assumed that BIS staff would take over full responsibility for maintenance of the CARES system during the 1995-96 fiscal year, and the amounts requested by the Department reflected the estimated costs of in-house maintenance of the system. However, the Governor's budget recommendation, instead, indicated that most of the ongoing maintenance activities would be contracted out to a private vendor with support and oversight from BIS staff.

DOA believes that a private vendor will provide greater expertise and flexibility to address emergency situations and other fluctuations in demand for its services. In addition, performance criteria can be incorporated into the vendor contract to ensure that the required services are accomplished. DOA also maintains that a private vendor will ensure greater flexibility and timeliness in modifying the system to accommodate the state's welfare reform initiatives and facilitate the transfer of public assistance programs from H&SS to the Department of Industry, Labor and Job Development on July 1, 1996.

As noted, Deloitte and Touche has been selected as the vendor for ongoing maintenance of the CARES system. H&SS indicates that another vendor submitted a bid for maintaining the system at a lower cost than Deloitte and Touche; however, the evaluation of the bids concluded that Deloitte and Touche would be a more efficient provider.

Funding Option--WTCS Expenditures

H&SS has entered into an arrangement with the Wisconsin Technical College System (WTCS) under which expenditures by WTCS for AFDC and food stamp recipients who are receiving eligible employment training services from the system are used as local revenues to match federal funds under the food stamp employment and training (FSET) program. This arrangement has provided two additional sources of revenue to H&SS that were not accounted for in Act 27.

Federal Matching Funds. The Department estimates that the WTCS arrangement will generate additional federal revenues of $22.4 million in CY 1995 and $20 million in CY 1996 for local FSET and JOBS agencies. These funds must be used by the local agencies for additional employment and training services for AFDC recipients.

In addition to these local revenues, over the next 12 months, the state will receive an estimated $17.6 million to $20 million in federal matching funds for claims relating to calendar years 1994 through 1996. H&SS indicates that it would prefer that these revenues remain available for expenditures associated with the transition to the W-2 program. Because the Department has only recently been successful in generating these monies, these revenues were not identified by the Department or considered by the Legislature in debating AB 591 (the W-2 legislation). AB 591, as passed by the Legislature, includes $13 million GPR in 1996-97 in the Committee's appropriation for W-2 start-up costs.

can these funds be spent before June 13. if DHSS will come in then with more request for funding we need?

According to DOA, the state share of these revenues received in the 1995-96 fiscal year will be treated as excess federal reimbursements, under an agreement between DOA, H&SS and the Committee entered into in 1983. These funds would lapse to the general fund at the end of the fiscal year unless expenditures are approved by DOA. Because DILHR does not have an excess federal reimbursement agreement like H&SS, funds received in 1996-97 would be placed into a federal appropriation with no expenditure authority. The lapse of these funds to the general fund would be requested by DOA through the biennial budget process.

how much? what about previous $70 mil.?

Systems and Training Assessments. In addition to the federal matching funds, H&SS imposes a 4% assessment for increased costs of the CARES system associated with the WTCS arrangement and a 2% assessment for additional training associated with this initiative. The assessments are deducted from the amount of federal matching funds paid to local JOBS and FSET agencies. The 4% systems assessment is imposed on both JOBS and FSET agencies while the 2% training assessment applies only to JOBS agencies.

For 1995 and 1996 contracts, revenues from the 4% systems assessment are estimated to be $3,637,200 PR and revenues from the 2% training assessment are estimated to be $1,537,000 PR. These funds are deposited in the H&SS program revenue appropriation for gifts and grants and may be authorized for expenditure by DOA without legislative approval.

As noted, the Department's request specifies that $1,590,700 of the 4% systems assessment would be used for the unfunded state costs of the CARES system in 1995-96. The Department indicates that the remaining $2,046,500 from the system assessment would be used for the CARES system in 1996-97 ($1,000,000) and to fund infrastructure improvements at Job Centers ($1,046,500) as part of the transition to W-2. The $1,537,000 from the 2% training assessment would be used for regional training programs for JOBS agencies and for W-2 transitional training.

Because sufficient additional revenue will be available from the 4% systems assessment and federal matching funds related to the WTCS arrangement, the Committee could deny the Department's request to transfer funds from the Committee's appropriation and, instead, direct H&SS to fund the entire $3,177,700 GPR funding shortfall for CARES in 1995-96 with these revenues. Under this option, the $1,587,000 GPR in the Committee's appropriation for the CARES system in 1995-96 could be retained and carried forward to fund any deficits in 1996-97.

As noted, the revenues from the WTCS federal matching funds, the 4% systems assessment and the 2% training assessment were not considered by the Administration or the Legislature in establishing funding levels for H&SS in Act 27 or in AB 591. Had these revenues been available at those times, it is possible that overall funding for the Department would have been modified by the Legislature. Therefore, in order to maintain legislative oversight on the use of these funds, the Committee may wish to specify that the Department should not expend additional monies from these three funding sources without approval by the Committee.

ALTERNATIVES

1. Approve the Department's request to transfer $1,587,000 GPR from the Committee's appropriation under 20.835(4)(a) to the Department's general program operations appropriation in the Division of Economic Support under 20.435(4)(a) and to use $1,590,700 of program revenue generated from the 4% WTCS systems assessment to fund costs of the CARES system in 1995-96.

2. Deny the Department's request to transfer funding from the Committee's appropriation and, instead, direct H&SS to fund the entire $3,177,700 state funding shortfall for CARES in 1995-96 with WTCS federal matching funds and the 4% WTCS systems assessment.

3. In addition to either Alternative 1 or 2, specify that H&SS and DILJD should not expend additional funds from the WTCS federal matching revenues, the 4% systems assessment and the 2% training assessment without approval by the Joint Committee on Finance.

Prepared by: Rob Reinhardt

report only ?

Senator Decker

fail 4-12

HEALTH AND SOCIAL SERVICES

CARES Computer System--Agenda Item XI

Motion:

Move to direct H&SS and DILJD to not enter into a long-term contract for ongoing maintenance of the CARES computer system by a private vendor. Direct H&SS to revise the 1996-97 CARES budget to reflect in-house maintenance of the system with staff of the Bureau of Information Systems. Direct H&SS to request needed adjustments in staff and funding, if any, for in-house maintenance of the system in 1996-97 for consideration at the Committee's June, 1996, section 13.10 meeting.

Note:

The CARES budget under Act 27 and the Department's current request assume that ongoing maintenance of the CARES system will be primarily performed by a private vendor with oversight and assistance from BIS staff. This motion would direct H&SS and DILJD to not enter into a long-term contract for ongoing maintenance of the CARES computer system by a private vendor. Instead, H&SS would be directed to revise the 1996-97 CARES budget to reflect in-house maintenance of the system, and to request any needed adjustments in staff and funding in 1996-97 for consideration at the Committee's June, 1996, section 13.10 meeting. The Department would be permitted to continue contracting with Deloite and Touche for system maintenance, on an interim basis, while the revised CARES budget is prepared and BIS staff are hired.

XI. Department of Health and Social Services -- Jean Rogers, Administrator, Division of Economic Support

The department requests the transfer of $1,587,000 GPR in 1995-96 from the Committee's appropriation under s. 20.865(4)(a) to the appropriation under s. 20.435(4)(a) in the Department of Health and Social Services for the operation of the Client Assistance for Reemployment and Economic Support System (CARES).

Governor's Recommendation

Approve the request.

XI

CORRESPONDENCE\MEMORANDUM STATE OF WISCONSIN
Department of Administration

Date: April 10, 1996

To: Members, Joint Committee on Finance

From: James R. Klauser, Secretary
Department of Administration

Subject: S. 13.10 Request from the Department of Health and Social Services for Release of Client Assistance for Reemployment and Economic Support System (CARES) Funds

Request

The department requests the transfer of $1,587,000 GPR in 1995-96 from the Committee's appropriation under s. 20.865(4)(a) to the appropriation under s. 20.435(4)(a) in the Department of Health and Social Services (DHSS) for the operation of the Client Assistance for Reemployment and Economic Support System (CARES).

Background

The CARES information system is the eligibility determination system for Aid to Families with Dependent Children (AFDC), Medical Assistance and Food Stamps. It has been running statewide since July 1994. The system was developed by and partially maintained by an outside contractor, Deloitte & Touche (D&T). DHSS planned to use current and new staff in the Bureau of Information Systems (BIS) to take over the full maintenance function in FY96.

The Governor's biennial budget recommended increased funding for the operation of the CARES system; however, it also recommended that the maintenance of the CARES system be competitively bid. This approach was recommended for several reasons. Contractors can more easily increase and decrease staff and resources as needed than can state agencies. Also, the State can enforce quality and performance expectations more easily with contractors, by withholding payments for missed milestones or deliverables. In addition, this approach will ease the transition of the Division of Economic Support (DES) from DHSS to the Department of Industry, Labor and Job Development (DILJD) by allowing management to focus on welfare reform rather than on maintaining information systems. Finally, it is important that changes orders that are needed to CARES in order to implement the new welfare replacement system, Wisconsin Works (W-2), go as smoothly as possible. Unable to estimate the cost of outsourcing, the Governor's budget approved the funding as requested by DHSS but without any new positions and instructed DHSS to reallocate from within that GPR budget to fund the outsourcing contract.

The Joint Committee on Finance (JCF) approved the funding levels recommended by the Governor for CARES but placed $1,587,000 GPR in FY96 and $1,796,600 in FY97 in

The Joint Committee on Finance (JCF) approved the funding levels recommended by the Governor for CARES but placed $1,587,000 GPR in FY96 and $1,796,600 in FY97 in its supplemental appropriation under s. 20.865(4)(a). The Committee directed DHSS to submit a request for funding under s. 13.10 after additional information was available regarding specifications and the cost of the vendor contract for system maintenance.

The Department issued an RFP in October 1995. A letter of intent to award was sent to D&T in January 1996. However, an appeal by the Wisconsin Federation of Teachers (WFT) was issued, on behalf of the Wisconsin Professional Employees Council. DHSS rejected their appeal, as did the Department of Administration (DOA) when it was asked to review DHSS' action.

Analysis

The following table contains DHSS' projected costs for the CARES system in FY96:

	Budget	Revised	Difference
ISP			
BIS Staff	3,683,700	2,083,300	1,600,400
BIS Subscription Fees	2,996,700	3,627,100	(630,400)
Existing Contract with D&T	--	3,343,000	(3,343,000)
New Contract with D&T	--	1,500,000	(1,500,000)
Data Entry/ Data Control	258,100	435,500	(177,400)
LAN Services	1,271,100	1,050,000	221,100
Maintenance	660,500	409,000	251,500
Equipment	1,920,400	1,920,400	0
Subtotal	10,790,500	14,368,200	(3,577,700)
Infotech			
Mainframe	14,786,400	14,721,300	65,100
E-Mail	308,700	105,000	203,700
IT Network	1,673,400	1,673,400	0
subtotal	16,768,500	16,499,700	268,800
TOTAL COST	27,559,000	30,867,900	(3,308,900)
GPR	13,248,800	14,839,500	(1,590,700)
FED	14,310,200	16,028,400	(1,718,200)

The original budget assumed that DHSS would fund the outsourcing contract from reallocation of the Information Systems Plan (ISP) budget and, if necessary, from base the budgeted amount of $3,683,700 , which was based on 57.5 FTE (35 current FTE and 22.5 requested FTE). The remaining funds, $1,600,000 will be reallocated to fund the outsourced contract. BIS staff have worked in concert with D&T staff to maintain CARES throughout the year. In addition, DHSS indicates that from a base of 35 FTE, there are now 29 FTE working on CARES. A state staff presence needs to be retained to administer and monitor the systems maintenance contract.

Second, the BIS subscription fee, which is charged to the divisions by BIS for its overhead costs, has been increased by $299,800 to reflect higher subscription fees than previously estimated during the biennial budget process. An additional $330,600 has been included in the revised budget to reflect the purchase of Microsoft software. While this purchase will help the transition of DES to DILJD, which already uses Microsoft products, and is consistent with the infrastructure standards set by DOA, it does contribute to the GPR deficit.

Third, DHSS entered into a contract with D&T from July 1,1995 through January 31, 1996. This contract has been extended in one month increments until the maintenance contract is signed. The revised budget assumes that the new contract will be in place for the last three months of FY96. DHSS estimates that the final vendor contract will total $6 mn AF on an annual basis. Assuming this is correct, DHSS will spend $3,343,000 on the existing contract with D&T and $1,500,000 on the new contract. As the table indicates, no funding was specifically budgeted for this purpose.

Changes in the remaining elements of the ISP budget (Data Entry / Data Control, LAN Services, Maintenance and Equipment) are more recent projections of final expenditure levels based on actual experience to date. Revisions of the Infotech charges reflect more recent projections for E-mail charges and reconciliation of FY94 and FY95 billings.

DHSS' proposed budget results in a FY96 GPR deficit of $3,177,700 prior to this s. 13.10 request. If JCF releases the $1,587,000 GPR in its supplemental appropriation, the GPR funding deficit decreases to $1,590,700. DHSS proposes to solve the $1,590,700 GPR deficit with additional program revenue that is available as a result of a 4% systems assessment on Wisconsin Technical College System (WTCS) contracts.

Under these contracts, local technical colleges identify local property tax dollars that have been spent serving AFDC recipients. These expenditures are used to match federal Food Stamp Employment and Training funding. The additional federal reimbursement is then sent back to the county JOBS agency with directions to increase the number of AFDC recipients served through the JOBS program. This has resulted in a significant expansion of the JOBS program and has been one of the key factors that have contributed to the dramatic AFDC caseload reduction.

As part of the WTCS contracts, DHSS imposed a 4% systems assessment and 2% training assessment on each contract. A similar type of assessment is imposed on regular JOBS contracts. DHSS estimates that approximately $2.7 mn and $2.9 mn in

As part of the WTCS contracts, DHSS imposed a 4% systems assessment and 2% training assessment on each contract. A similar type of assessment is imposed on regular JOBS contracts. DHSS estimates that approximately $2.3 mn and $2.9 mn in assessment funds will be generated by the 1995 and 1996 WTCS contracts, respectively. Of this, DHSS proposes to spend $1.5 mn on training for income maintenance workers and $3.6 mn on systems related activities.

The training funds will be used to retrain income maintenance workers at the county level. As part of the Pay For Performance initiative and in preparation for W-2 implementation, income maintenance workers will be required to change the focus of their efforts from eligibility determination and benefit calculation to employment placement and retention.

In addition to filling the GPR deficit for CARES in both FY96 and FY97, the systems assessment funds will be used to fund infrastructure enhancements at JOBS centers and maintenance of the automated case management and reporting system supporting AFDC employment programs. Consolidating the AFDC JOBS program and soon the W-2 program with the JOB Centers is an important goal of the Administration. Using the system assessment funds to link the CARES system to DILJD's JobNet is an critical step in creating one comprehensive and coordinated employment and training system.

Both the training and system investments made with the assessment funds will reduce the amount of funding that will be needed to transition from the current AFDC program to W-2. This investment is important as JCF only reserved $13 mn GPR in its supplemental appropriation to fund W-2 transition costs, such as CARES changes orders, training, W-2 agency start-up, etc., as well as the JOBS and child care expansions that are necessary to more smoothly transition from partial to full participation in work activities. It is important to note that the WTCS contracts, and therefore the assessment funds, are likely to decrease significantly in CY97. W-2, which will begin July 1, 1997, focuses primarily on work instead of education and training and therefore the dollars spent on W-2 recipients at local technical colleges is likely to drop substantially.

In summary, DHSS has adjusted the original budget for CARES based on new information and to reflect the pending outsourced system maintenance contract with D&T. Although they were not able to stay within the funding level approved during the biennial budget, they have managed to find a way to pay for the outsourced contract without requesting additional GPR above that recommended by the Governor. It is important that DES and its new department, DILJD, reduce the overall budget for CARES in the future as the WTCS assessments cannot be viewed as a permanent solution to the GPR deficit.

Recommendation

Approve the request.

State of Wisconsin
Department of Health and Social Services

DHSS

Tommy G. Thompson, Governor
Joe Leean, Secretary

XI

March 18, 1996

The Honorable Tim Weeden
Senate Chair, Joint Committee on Finance
Suite LL1, 119 Martin Luther King Jr., Boulevard
Madison, WI 53702

The Honorable Ben Brancel
Assembly Chair, Joint Committee on Finance
Suite LL2, 119 Martin Luther King Jr., Boulevard
Madison, WI 53702

Dear Senator Weeden and Representative Brancel:

The Department of Health and Social Services requests approval of the Joint Committee on Finance under s. 13.10 to transfer $1,587,000 GPR in 1995-96 from the JFC appropriation under 20.865(4)(a) to appropriation 20.435(4)(a) in the Department of Health and Social Services for the operation of the Client Assistance for Reemployment and Economic Support (CARES) System. This represents the available balance that was placed into the Joint Committee on Finance appropriation in 1995 Wisconsin Act 27 for 1995-96.

As part of Act 27, a total of $10,790,500 ($5,187,000 GPR) in 1995-96 was provided for the Department's Bureau of Information Systems (BIS) costs and the systems maintenance contract for CARES. Of this funding, the JFC placed $1,587,000 GPR in 1995-96 requested for CARES in the JFC's appropriation. The Department was directed to request release of these funds under s. 13.10 after additional information is available regarding the specifications and cost of the vendor contract for system maintenance.

The Department's Request for Proposals (RFP) has been issued for CARES systems maintenance and a vendor, Deloitte & Touche, has been selected. Deloitte & Touche was the contractor that originally designed CARES. However, there is an appeal pending that must be resolved prior to the signing of the contract. In the interim, the Department is continuing the current contract with Deloitte & Touche for assistance in maintaining the system in cooperation with BIS. The contract for systems maintenance, when signed, is estimated to total $6.0 million ($2.886 million GPR) on an annual basis. The 1995-96 costs for systems maintenance contracts are estimated to total $4,842,900 ($2,329,400 GPR).

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It is estimated that the Department will incur BIS staff costs of $2,083,300 ($1,002,100 GPR) in 1995-96. These staff have worked in concert with Deloitte and Touche staff to maintain and enhance the system in 1995-96. The number of BIS staff working on CARES has decreased through the year in anticipation of the vendor taking on additional maintenance responsibilities. However, once the contract is signed, there will continue to be a need for some state staff presence in the maintenance of CARES to serve as technical leads for major business areas of CARES, to administer the maintenance contract and to provide quality assurance and monitoring of the contract.

The funding needed for the budget associated with the BIS subscription fee has gone up from the budgeted amount, due partly to the purchase of Microsoft software for DES in order to comply with the statewide software standards established by DOA. The result is a need of $3,627,100 ($1,744,600 GPR) in 1995-96 for the BIS subscription fee, an increase of $630,400 ($303,200 GPR) over the budgeted level of $2,996,700 ($1,441,400 GPR).

The funding provided in the budget for BIS staff, the BIS subscription fee, and the systems maintenance contract is insufficient to meet the funding needed. The total projected need for these items is $10,553,300 ($5,076,100 GPR), while the budgeted level for these items was $6,680,400 ($3,213,300 GPR), for a total deficit of $3,872,900 ($1,862,800 GPR). DES projects some savings in the areas of equipment maintenancel LAN services and Infotech charges, so that the total deficit for CARES is projected to be $3,308,900 ($1,590,700 GPR), provided the Committee releases the $1,587,000 GPR for 1995-96.

DES proposes to use program revenue generated by the 4% systems assessment on Wisconsin Technical Collect System (WTCS) contracts to fill the GPR deficit for CARES in 1995-96. The Department has entered into contracts with the local technical colleges to generate federal match to local WTCS funds spent on AFDC recipients at the technical colleges. These federal funds are then used to provide additional resources to JOBS agencies. As part of these contracts, the Department has imposed a 4% systems assessment on the amount of WTCS expenditures claimed, similar to the current practice for the regular JOBS contracts. These funds are used to fund infrastructure enhancements and maintenance of the automated case management and reporting system supporting AFDC employment programs. It is estimated that these fees will generate approximately $3,894,000 over the two-year period of the contracts. The Department proposes using $1,590,700 of these fees for CARES in 1995-96 to fully fund the CARES budget.

A list of the budgeted amounts and the projected expenditures for the various categories identified in the biennial budget request is attached.

Ms. Jean Rogers, Administrator for the Division of Economic Support, will represent the Department at the s. 13.10 meeting.

Sincerely,

Joe Leean

Joe Leean
Secretary

Attachment

CARES s. 13.10 REQUEST
SFY 96

	Original			Revised		Difference	
ISP:							
BIS Staff	3,683,700			2,083,300		1,600,400	
Outsource *				4,842,900		(4,842,900)	
Subscription Fees	2,996,700			3,627,100		(630,400)	
SubTotal		6,680,400			10,553,300		(3,872,900)
Data Entry/Data Control		258,100			435,500		(177,400)
LAN Services		1,271,100			1,050,000		221,100
Maintenance		660,500			409,000		251,500
Capital		1,920,400			1,920,400		0
BIS Total		$10,790,500			$14,368,200		($3,577,700)
Infotech:							
Mainframe		14,786,400			14,721,300		65,100
E-Mail		308,700			105,000		203,700
IT Network		1,673,400			1,673,400		0
		$16,768,500			$16,499,700		268,800
Total Costs		$27,559,000			$30,867,900		($3,308,900)
GPR		$13,248,800	48.1%		$14,839,500		($1,590,700)*
FED		$14,310,200	51.9%		$16,028,400		($1,718,200)

* The GPR deficit will be made up through program revenue funds generated from WTCS contracts.

W2 · JOBS
child care
contingency
CARES

DHSS intends to spend extra federal $ on these items

Legislative Fiscal Bureau

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

April 16, 1996

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Health and Social Services--Section 13.10 Request Related to AFDC Consolidated Child Care--Agenda Item XII

BACKGROUND

Under federal law, recipients and former recipients of aid to families with dependent children (AFDC) are eligible for child care services when necessary to allow participation in employment, education and training as described below. Child care funding for AFDC recipients and former recipients is provided through two appropriations: consolidated child care and JOBS child care.

Consolidated Child Care. The consolidated child care appropriation for AFDC recipients provides funding for three categories of individuals at the current state/federal reimbursement rate for AFDC and medical assistance benefits, which is approximately 40% state and 60% federal.

Transitional Child Care. Child care funding is provided to any AFDC recipient who leaves AFDC due to an increase in earnings, an increase in hours of employment for AFDC-unemployed parent cases or loss of the earned income disregards. Transitional child care is available when necessary for the individual to accept or retain employment, and is provided for a period of up to 12 months after leaving AFDC. Under federal law, transitional child care is an entitlement for those determined eligible.

Learnfare Child Care. Child care is provided for teen parents who are subject to the Learnfare school attendance requirement or who have good cause for not attending school, but choose to attend anyway. Under the federal waiver for Learnfare and state law, Learnfare child care is an entitlement.

Working AFDC Recipients. For AFDC recipients who are working in jobs independent of the JOBS program, child care funding is provided for both child care costs incurred during the first two months of employment and costs above the amount of the child care disregard ($200 per month per child under age two and $175 per month per child age two or over). Working AFDC recipients are eligible for child care assistance within the availability of funding provided for all categories under consolidated child care.

JOBS Program Child Care. Under the state's job opportunities and basic skills (JOBS) program, child care assistance is provided to two categories of individuals and is also funded at the current state/federal reimbursement rate for AFDC and MA benefits.

Agency-Initiated JOBS Participants. Under federal law, mandatory or voluntary participants of JOBS may be provided with child care if it is necessary for participation in the program.

Self-Initiated JOBS Participants. Child care funding is provided for AFDC recipients who are enrolled in a state-approved, self-initiated education or training program. As a result of a 1993 decision by the Dane County Circuit Court (Jordan v. Whitburn), child care for participants in self-initiated educational and training programs is provided as an entitlement.

Table 1 outlines the funding amounts under 1995 Wisconsin Act 27 (the 1995-97 budget) for AFDC consolidated child care and JOBS child care. As shown in the table, under Act 27, funding of $1,007,600 GPR in 1995-96 and $1,015,100 GPR in 1996-97 was placed in the Committee's program supplements appropriation for AFDC child care. This funding represented the difference between the Governor's recommended funding amounts and estimates of demand for AFDC child care by the Legislative Fiscal Bureau during the budget process. It was the Committee's intent for these funds to be available if demand for AFDC child care would be higher than projected.

how did we miss our 1995 est.?

TABLE 1

AFDC Child Care Funding Under Act 27

	1995-96		1996-97	
	GPR	FED*	GPR	FED*
Total AFDC Child Care Funding				
Consolidated Child Care**	$6,087,000	$9,018,400	$6,573,100	9,723,700
JOBS Child Care	4,862,600	7,205,100	5,029,000	7,572,000
Child Care Administration	315,800	315,800	402,500	402,500
Total Funding	$11,265,400	$16,539,300	$12,004,600	$17,698,200
Available to H&SS				
Consolidated Child Care**	$5,216,100	$7,727,900	$5,687,400	$8,343,200
JOBS Child Care	4,786,200	7,072,700	4,965,400	7,456,300
Child Care Administration	255,500	255,500	336,700	336,700
Total Available to H&SS	$10,257,800	$15,056,100	$10,989,500	$16,136,200
In JFC Appropriation				
Consolidated Child Care	$870,900	$1,290,500	$885,700	$1,380,500
JOBS Child Care	76,400	132,400	63,600	115,700
Child Care Administration	60,300	60,300	65,800	65,800
Total in JFC Appropriation	$1,007,600	$1,483,200	$1,015,100	$1,562,000

*Federal funding amounts are estimates.

**The state funding amount in 1995-96 includes $4,713,000 GPR, as well as $503,100 PR that was transferred from the appropriation for low-income child care under the community aids program.

SUMMARY OF REQUEST

On March 18, 1996, H&SS submitted a request to the Committee, under section 13.10, to transfer the $1,007,600 GPR of excess child care funding in 1995-96 from the Committee's appropriation to the Department's appropriation for the JOBS program, to be used for JOBS child care.

On March 27, 1996, the Department submitted a revised request to transfer $645,200 GPR from the Committee's appropriation to the H&SS consolidated child care appropriation and transfer the remaining $362,400 GPR to the JOBS appropriation.

In April, 1996, after reviewing additional information regarding consolidated child care expenditures, the Department submitted a third request to transfer the entire $1,007,600 GPR from the Committee's appropriation to the H&SS consolidated child care appropriation. The following information reflects the Department's April request.

The Department indicates that demand for consolidated child care funding is significantly greater than estimated under Act 27. The requested transfer would cover all of the estimated GPR shortfall of $311,800 in CY 1995 and about half of the estimated $1,290,500 GPR shortfall in CY 1996. The Department would request additional monies to address the remaining 1996 deficit from the 1996-97 child care funding in the Committee's appropriation when additional data is available regarding consolidated child care expenditures.

ANALYSIS

The state fiscal year funding amounts shown in Table 1 for consolidated child care provided GPR funding of $5,506,600 for calendar year 1995 and $5,399,100 for calendar year 1996. Based on preliminary figures from H&SS, actual expenditures were $5,818,400 GPR in 1995, or $311,800 GPR more than the budgeted amount. The Department estimates that the state share of consolidated child care expenses will be $6,689,600 in 1996, which is $1,290,500 more than the budgeted amount. These figures are shown in Table 2.

TABLE 2

AFDC Consolidated Child Care
Act 27 Estimates and Revised Estimates by H&SS

Calendar Year 1995	
Jan.-June 1995 Budgeted Amount	$2,983,300
July-Dec. 1995 Budgeted Amount	2,523,300
CY 1995 Total Budget	$5,506,600
Preliminary Actual	5,818,400
CY 1995 Shortfall	-$311,800
Calendar Year 1996	
Act 27 Budgeted Amount	$5,399,100
Revised Estimate	6,689,600
Estimated CY 1996 Shortfall	-$1,290,500

The Department requests that the $1,007,600 GPR of funding in the Committee's appropriation in 1995-96 be transferred to cover the $311,800 deficit for 1995 and $695,800 of the estimated $1,290,500 shortfall for 1996. The remaining estimated deficit of $594,700 in 1996 would be addressed in a subsequent s. 13.10 request with funding in the Committee's appropriation for the 1996-97 fiscal year.

At the time the Act 27 estimates were calculated, the Department indicated that consolidated child care expenses in CY 1994 were $11,364,600 all funds, which was an increase of 6.2% over the CY 1993 amount. Expenditures were projected to increase by 8.4% annually in 1995, 1996 and 1997. The 8.4% estimate was the average annual growth rate from 1991 to 1994.

The Department now indicates that CY 1994 expenditures were $11,771,500 all funds, or $406,900 more than the baseline amount used in preparing the Act 27 estimates. In addition, preliminary expenditures for CY 1995 actually rose by 22.2% over the 1994 amount, rather than 8.4% as estimated in Act 27. This increase was primarily due to transitional child care, which grew by nearly 26% over the 1994 figure. The Department projects that consolidated child care expenditures will increase by 15.3% in CY 1996.

The increase in transitional child care reflects the movement of individuals from AFDC to the private job market. From January 1995 to December 1995, the average AFDC caseload fell from 73,962 to 65,917, a reduction of 10.9%, which is a significantly greater reduction than was estimated in Act 27. As part of our office's review of the status of the general fund in January, 1996, our office projected that GPR expenditures on AFDC would be less than budgeted in Act 27 by an estimated $17.2 million in 1995-96 and $22.6 million in 1996-97.

The shortfall in consolidated child care funding for calendar year 1995 is based on preliminary data and is not likely to change significantly. The 1996 deficit is an estimated amount based on 15.3% growth, which is the average of the 8.4% estimate used in Act 27 and the 22.2% actual figure for calendar year 1995. This amount is more uncertain and could increase if consolidated child care expenditures continue to grow at 22% as in 1995.

Funding Option--WTCS Expenditures

H&SS has entered into an arrangement with the Wisconsin Technical College System (WTCS) under which expenditures by WTCS for AFDC and food stamp recipients who are receiving eligible employment training services from the system are used as local revenues to match federal funds under the food stamp employment and training (FSET) program. This arrangement has provided two additional sources of revenue to H&SS that were not accounted for in Act 27.

Federal Matching Funds. The Department estimates that the WTCS arrangement will generate additional federal revenues of $22.4 million in CY 1995 and $20 million in CY 1996 for local FSET and JOBS agencies. These funds must be used by the local agencies for additional employment and training services for AFDC recipients.

In addition to these local revenues, over the next 12 months, the state will receive an estimated $17.6 million to $20 million in federal matching funds for claims relating to calendar years 1994 through 1996. H&SS indicates that it would prefer that these funds remain available for expenditures associated with the transition to the W-2 program. Because the Department has only recently been successful in generating these monies, these revenues were not identified by the Department or considered by the Legislature in debating AB 591 (the W-2 legislation). AB 591, as passed by the Legislature, includes $13 million GPR in 1996-97 in the Committee's appropriation for W-2 start-up costs.

According to DOA, the state share of these revenues received in the 1995-96 fiscal year will be treated as excess federal reimbursements, under an agreement between DOA, H&SS and the Committee entered into in 1983. These funds would lapse to the general fund at the end of the fiscal year unless expenditures are approved by DOA. Because DILHR does not have an excess federal reimbursement agreement like H&SS, funds received in 1996-97 would be placed into a federal appropriation with no expenditure authority. The lapse of these funds to the general fund would be requested by DOA through the biennial budget process.

Systems and Training Assessments. In addition to the federal matching revenues, H&SS imposes a 4% assessment for increased costs of the CARES system associated with the WTCS arrangement and a 2% assessment for additional training associated with this initiative. The assessments are deducted from the amount of federal matching funds paid to local JOBS and FSET agencies. The 4% systems assessment is imposed on both JOBS and FSET agencies while the 2% training assessment applies only to JOBS agencies.

For 1995 and 1996 contracts, revenues from the 4% systems assessment are estimated to be $3,637,200 PR and revenues from the 2% training assessment are estimated to be $1,537,000 PR. These funds are deposited in the H&SS program revenue appropriation for gifts and grants and may be authorized for expenditure by DOA without legislative approval.

H&SS indicates that at least $2.5 million will be collected from the federal matching funds in the 1995-96 fiscal year. The remaining funds for the 1995 and 1996 contracts will be collected in 1996-97. Because the federal matching funds are reimbursements for local expenditures, they may be used for purposes other than providing employment and training services to AFDC recipients. Therefore, the Committee could deny the Department's request to transfer GPR funding from the Committee's appropriation to the consolidated child care appropriation and, instead, direct H&SS to fund the consolidated child care shortfall with $1,007,600 of the WTCS federal matching revenues. Under this option, the Committee would retain $1,007,600 GPR in its appropriation, which could be used for future AFDC child care expenditures or other program supplements.

As noted, the revenues from the WTCS federal matching funds, the 4% systems assessment and the 2% training assessment were not considered by the Administration or the Legislature in establishing H&SS funding levels for Act 27 or in AB 591. Had these revenues been available at those times, it is possible that overall funding for the Department would have been modified by the Legislature. Therefore, in order to maintain legislative oversight on the use of these funds, the Committee may wish to specify that the Department should not expend additional monies from these three funding sources without approval by the Committee.

ALTERNATIVES

1. Approve the Department's request to transfer $1,007,600 GPR in 1995-96 from the Committee's appropriation under s. 20.865(4)(a) to the 20.435(4)(cn) appropriation under H&SS for consolidated child care.

and motion #259 from previous item

2. Deny the Department's request and, instead, direct H&SS to use $1,007,600 of available federal reimbursement monies generated by the Department to fund consolidated child care costs in 1995-96.

3. In addition to either Alternative 1 or 2, specify that H&SS and DILJD should not expend additional funds from the WTCS federal matching revenues, the 4% systems assessment and the 2% training assessment without approval by the Joint Committee on Finance.

report?

Prepared by: Rob Reinhardt

XII. <u>Department of Health and Social Services</u> -- Jean Rogers, Division Administrator, Division of Economic Support (REVISED)

The department requests the transfer of $1,007,600 GPR in 1995-96 from the Committee's appropriation under s. 20.865(4)(a) to the appropriation under s. 20.435(4)(cn) in the Department of Health and Social Services to provide additional child care funds for the Consolidated AFDC Child Care program.

<u>Governor's Recommendation</u>

Approve the revised request.

XII

CORRESPONDENCE\MEMORANDUM

STATE OF WISCONSIN
Department of Administration

Date: April 10, 1996

To: Members, Joint Committee on Finance

From: James R. Klauser, Secretary
Department of Administration

Subject: S. 13.10 Request from the Department of Health and Social Services for Release of Child Care Funds

Request

The department requests the transfer of $1,007,600 GPR in 1995-96 from the Committee's appropriation under s. 20.865(4)(a) to the appropriation under s. 20.435(4)(cn) in the Department of Health and Social Services to provide additional child care funds for the Consolidated AFDC Child Care program.

Background

Child care is available for recipients of Aid to Families with Dependent Children (AFDC) under two separate appropriations: consolidated child care (s. 20.435(4)(cn)) and employment and training (s. 20.435(4)(df)). The consolidated child care appropriation funds the child care needs of three categories of individuals. First, transitional child care is available for up to 12 months for those AFDC recipients who leave AFDC due primarily to an increase in earned income. Second, child care is provided to Learnfare teen parents to enable them to attend school. Third, working AFDC recipients may receive child care funding for costs incurred above the child care disregard ($200 per month per child under age two and $175 per month per child age two or over) and for child care costs incurred during the first two months of employment. Under federal law, both transitional and Learnfare child care are entitlements for those determined eligible. Funding for child care costs above the disregard and child care in the first two months are not legal entitlements.

Child care funding is also provided to individuals participating in the Job Opportunities and Basic Skills (JOBS) program. A person cannot be required to participate in JOBS if child care assistance is not provided. In addition, a recent court ruling requires child care to be provided for any person who "self-initiates", i.e., volunteers to participate in the JOBS program before becoming a mandatory participant.

The Governor's biennial budget recommended increased funding for the consolidated child care program in each year of the biennium. Funding was increased slightly for JOBS agency-initiated child care and decreased for self-initiated child care. The Joint Committee on Finance (JCF) reduced these funding levels and placed $1,007,600 GPR in FY96 and $1,015,100 GPR in FY97 in its supplemental appropriation under

s. 20.865(4)(a) for future unanticipated child care funding needs. The department's original request was for the release of the GPR funds in FY96 to supplement the JOBS and consolidated child care programs. The department has submitted a revised request that would supplement only the consolidated child care program.

Analysis

The department's original request was structured to address two problems: an anticipated CY96 shortfall in consolidated child care and increased demand for JOBS child care.

First, CY95 consolidated child care expenditures were higher than anticipated in the biennial budget. CY95 expenditures were estimated to be $12.3 mn AF. CY95 actual expenditures, reported through January 1996, were $14.4 mn AF, a 22.2% increase over CY94. The largest increase was in the transitional child care component. As counties successfully get AFDC recipients into jobs, the need for transitional child care increases. Again, because transitional child care is an entitlement, counties must provide child care for those recipients who qualify. There was also a significant increase in child care expenditures for working AFDC recipients who received child care funding for costs incurred above the child care disregard and for child care costs incurred during the first two months of employment. While not legally an entitlement program, DHSS has instructed counties to treat these two programs as if they had sum sufficient funding.

DHSS originally indicated that underspending in a prior fiscal year would enable it to meet the increased CY95 child care demand and requested additional funding based on the assumption that there would be insufficient funds for CY96. However, upon further review of CY95 expenditures, there will be a shortfall. The current estimated shortfall for CY95 is $311,900 GPR. Funding this shortfall should be the first priority of the additional funds in JCF's supplemental appropriation. In the past, DHSS was required to meet shortfalls in the consolidated program by reallocating low income child care carryover funding. However, Act 27 directs the department to lapse any unspent CY95 low income child care funds and unspent CY94 funds have been reserved to meet the needs of people who are either diverted from AFDC or who need child care funds once the 12 month transitional child care funding runs out. Consequently, additional GPR is needed to fill the shortfall in consolidated child care.

Given this experience in CY95, DHSS's assumption that CY96 will also have a shortfall is reasonable. How large that shortfall will be is not as easily answered. While it is always difficult to project calendar year expenditures this early into a year, it is especially true in CY96 as counties make extra efforts to place recipients in jobs as part of the Pay For Performance initiative and in preparation for W-2. Consequently, it is difficult to predict if the demand for consolidated child care will continue to grow at the rate it did in CY95 or if it will grow at a faster or slower rate. The following chart shows the potential GPR shortfall given a range of estimated increases:

	8.4%	15.3%	22.2%
CY96	887,000	1,290,500	1,687,300

DHSS originally also requested additional funding for JOBS child care to enable counties to serve additional recipients. Currently, if a JOBS agency does not have sufficient child care it puts a mandatory recipient into hold status until such funding becomes available. However, DHSS has sent an Administrator's Memo to county officials outlining the performance criteria that must be met in order for a county to become the W-2 agency without going through the competitive bid process. As a result many counties are trying to place as many recipients in jobs in the private sector or in the JOBS program as possible. To do this, however, they need additional child care funding up front.

In order to try and meet both needs, DHSS originally requested the release of $1,007,600 GPR in JCF's supplemental appropriation for use in both programs. However, based on updated information on the actual and projected shortfalls in CY95 and CY96 in the consolidated child care program, DHSS has submitted a revised request under which all of the $1,007,600 would be requested for the consolidated child care program. For CY96, DHSS is requesting $645,200 GPR in order to meet the anticipated need for the first 6 months. This request is based on the assumption that the need for consolidated child care will continue to grow as more people leave the AFDC caseload but not at the same rate experienced in CY95. It assumes a 15.3% increase, which is the average of the budget projection and the actual growth experienced in CY95, for CY96 over CY95. The remainder, $362,400 GPR, would be available to meet the estimated CY95 shortfall and provide some cushion if the final CY95 numbers come in higher.

Recommendation

Approve the revised request.

Prepared by: Jennifer A. Sajna (266-8219)

XII

State of Wisconsin
Department of Health and Social Services

Tommy G. Thompson, Governor
Joe Leean, Secretary

March 27, 1996

The Honorable Tim Weeden, Co-Chair
The Honorable Ben Brancel, Co-Chair
Members Joint Committee on Finance
Room 115 South State Capitol
Madison, Wisconsin 53707

Dear Senator Weeden and Representative Brancel:

The Department of Health and Social Services requests approval of the Joint Committee on Finance to modify its original request of March 18, 1996 for release of funds in the JFC appropriation for child care. Originally, the Department requested the transfer of $1,007,600 GPR in 1995-96 from the JFC appropriation under 20.865(4)(a) to appropriation 20.435(4)(df) in the Department of Health and Social Services to provide additional child care funds for the Job Opportunities and Basic Skills (JOBS) program. This modification requests that $645,200 GPR be placed in appropriation 20.435(4)(cn) to provide funding for consolidated child care, and the remaining balance of $362,400 placed in appropriation 20.435(4)(df) for JOBS child care.

As part of 1995 Wisconsin Act 27 (the 1995-97 biennial budget), JFC placed $1,007,600 GPR funding requested for consolidated and self-initiated child care in 1995-96 into its appropriation. The Department was directed to request release of these funds under s. 13.10 for unanticipated AFDC-related child care funding needs. The Department requests the release of these funds to supplement two of the Department's child care programs. The Department currently projects a shortfall in the consolidated child care appropriation (4)(cn) of $1,290,500 GPR for CY 1996. Under this proposal, half of that shortfall, or $645,200 would be funded from the $1,007,600 of child care funds currently in the JFC appropriation for 1995-96. The remaining $362,400 GPR funds available would be placed in the JOBS appropriation (4)(df) to be used to provide additional child care funds for JOBS participants.

<u>Consolidated Child Care</u>

The consolidated AFDC child care appropriation includes GPR funds for four child care programs for current or former AFDC recipients. These child care programs include Transitional, Learnfare, Months 1 and 2, and Costs Above the Disregard. The programs are funded out of a combined allocation given to county and tribal agencies, who issue vouchers for program participants to use with child care providers. Of the four programs, Transitional child care is a federal entitlement, Learnfare child care is required under the federal waiver and the other two programs are optional federal benefits which the state has elected to provide.

Consolidated child care expenditures are expected to total $14,386,000 ($5,818,400 GPR) for CY 1995. This represents a 22.2% increase in expenditures over CY 1994. Act 27 assumed an 8.4% annual increase in consolidated expenditures. The Department estimates that expenditures will increase 15.3% in CY 1996 over CY 1995 to $16,587,100 ($6,689,600 GPR), resulting in a need for an additional $1,290,500 GPR in CY 1996. This request would fund half of this amount, or $645,200 GPR, with 1995-96 child care funds in the JFC appropriation. The funds to cover the other half of the anticipated shortfall can be requested at a later date from the 1996-97 child care funds in the JFC appropriation when data is available on actual CY 1996 expenditures for consolidated child care.

JOBS Child Care

Federal law requires that persons participating in JOBS must be provided child care. The GPR JOBS child care funding will be matched with federal funding at an approximate 60% federal match to provide a total JOBS child care increase of approximately $900,000. The additional funding is needed to response to increased demand for JOBS child care. These demands stem from the following changes:

An increase in the mandatory JOBS participation group. The Pay for Performance and Self-Sufficiency First waivers lowered the mandatory participation requirement for JOBS so that a parent or other caretaker relative of a child who is at least one year of age is required to participate in the JOBS program on a full-time basis, a decrease from the previous age of two. This change has increased the number of mandatory JOBS participants. No additional JOBS child care funds were appropriated to cover these individuals. Milwaukee County and a number of other counties have not fully engaged this group in their JOBS programs. The additional child care funding will facilitate efforts to meet these expanded JOBS participation requirements.

The two waivers have also created a need for additional low-income child care funding. However, the Department was able to address this need in the short term by making available to counties additional low-income funding on an individual basis through low-income carry over funds and additional IV-A funds claimed for AFDC recipients.

Implementation of Operation Transition. During the next 16 months the Department will undertake an intensive effort to engage additional AFDC recipients in the JOBS program. This effort is designed to smooth the transition to W-2 by engaging more AFDC recipients in work experiences and lowering the caseloads by successfully moving AFDC families to self-sufficiency while the state's employment situation is positive.

As part of Operation Transition, the Department is requiring JOBS agencies to place individuals in a simulated, full-time work week, thus increasing the number of hours JOBS participants are required to participate in work and/or JOBS activities. As of December 1995, approximately 15.8% of JOBS mandatories are in unsubsidized employment and/or a JOBS work component for 20 or more hours per week. Only 7.6% are in this combination of activities for 35 or more hours per week. In order to fully engage all JOBS mandatories in full-time work activities, JOBS agencies will not only have to serve more individuals, but also increase the participation of existing JOBS participants. This participation increase creates increased demands for JOBS child care funding.

The Department intends to use the additional JOBS child care funding requested to establish an emergency fund for counties. These funds will be allocated to counties on an as needed basis. The funding will go to JOBS agencies requiring additional funding because the agencies have fully committed their CY 1996 funds and cannot serve additional AFDC recipients in JOBS due to the lack of adequate child care funds. By using the funds in this manner, the Department hopes to gain additional information that will be useful in determining the allocation of the child care funds under W-2.

While the Department originally requested that the 1995-96 funding in the JFC appropriation for child care be used exclusively for JOBS child care, subsequent analysis by the Department revealed the projected CY 96 child care shortfall in the consolidated child care program. Therefore, we now believe that it would be prudent to use a portion of the funds to meet the anticipated needs in the consolidated child care appropriation. The programs funded from this appropriation are entitlements under current law, so we must fully fund this appropriation prior to meeting the need for additional child care funds for JOBS participants.

Ms. Jean Rogers, Administrator for the Division of Economic Support, will represent the Department at the s. 13.10 meeting.

Sincerely,

Joe Leean
Secretary

Legislative Fiscal Bureau

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

April 16, 1996

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Historical Society--Section 13.10 Request for Reallocation of 1995-96 Budget Reductions--Agenda Item XIII

BACKGROUND

In the 1995-97 state budget, the Governor recommended that the Historical Society's general program operations budget be reduced by $126,100 GPR in 1995-96 and $99,600 GPR in 1996-97. In two separate actions, the Joint Committee on Finance modified this recommendation as follows:

• Reduced the agency's base budget by an additional $49,000 GPR in 1995-96 and $250,700 GPR in 1996-97. These reductions were allocated proportionally among the Society's six general program operations appropriations. The Society would have been required to submit a report by September 1, 1995, to the Joint Committee on Finance (subject to its approval under a 14-day, passive review process) recommending how these "unallocated" budget reductions would be allocated among its GPR appropriations for state operations; however, the Governor vetoed this reporting requirement.

• Deleted $86,700 GPR and 1.75 GPR positions annually. This reduction was made as part of a larger motion adopted by the Committee which deleted 50% of the funding and position authority associated with positions which had been vacant for 12 months or more. This action deleted approximately 176 positions in 23 state agencies.

The additional reductions approved by JFC for the Historical Society totalled $135,700 GPR in 1995-96 and $337,400 GPR and 1.75 GPR position in 1996-97. When added to the Governor's recommendation, the total reductions for the agency were $261,800 GPR in 1995-96 and $436,300 GPR in 1996-97 which represent base budget reductions of 3.0% and 5.0% in each respective year.

REQUEST

The Historical Society requests a reallocation of the additional budget reductions which were approved by the Committee for fiscal year 1995-96 ($135,700 GPR and 1.75 GPR positions). The table below shows, for each of the agency's general program operations appropriations, the additional reductions approved by Joint Finance, the change in funding and position authority proposed by the Society and the resulting change to the appropriation.

General Program Operations Appropriation	Act 27 Reductions		Historical Society's Proposed Change		Reallocated Reduction	
	Amount	Positions	Amount	Positions	Amount	Positions
Archives and Research Services	-$10,100		$10,100		$0	
Library Services	-47,600	-0.75	100	-0.25	-47,500	-1.00
Historic Sites	-2,100		2,100		0	
Historic and Burial Sites Preservation	-6,900		-19,100		-26,000	
Executive and Administrative Services	-63,200	-1.00	46,300	0.75	-16,900	-0.25
Museum	-5,800		-39,500	-0.50	-45,300	-0.50
Total	-$135,700	-1.75	$0	0.00	-$135,700	-1.75

The Society's request to reallocate the $135,700 in budget reductions would only apply to fiscal year 1995-96. However, 1995 Assembly Bill 1028, which was passed by the Legislature on March 28, 1996, includes provisions to accomplish an identical reallocation of the $135,700 in fiscal year 1996-97. AB 1028 would also restore the remainder ($201,700) of the additional budget reductions approved by Joint Finance for fiscal year 1996-97.

In addition, the Society requests an increase in its gifts and grants appropriation for executive and administrative services by $16,900 PR and 0.25 PR position annually.

ANALYSIS

It is important to note that the Committee is not being asked to approve the amount by which the Society's base is to be reduced. This amount was approved in Act 27 and, therefore, has already been incorporated into the agency's Chapter 20 appropriations schedule. Because the Act 27 reporting requirement was vetoed by the Governor, the Society did not have the opportunity to submit its recommendations to the Committee under the passive review process provided in the budget bill. Therefore, the Society has requested the Committee's approval of the proposed reallocation of the reductions under s. 13.10 procedures.

The Historical Society indicates that, under its proposal, reductions of $135,700 GPR and 1.75 GPR positions in 1995-96 would be allocated among four of the agency's eight divisions as follows:

• Division of Library Services. Delete $47,500 and 1.0 librarian position (which is currently vacant).

• Division of Historic Preservation. Decrease funding for supplies and services by $26,000.

• Division of Development and State Relations. Transfer $16,900 and 0.25 unclassified division administrator position from GPR to gifts and grants (PR) funding. Currently, 50% of the funding for the division administrator position is provided by the Wisconsin History Foundation. The Foundation's board has approved an annual increase of $16,900 in its contribution to the Society in order to support an additional 25% of the cost of the position.

• Division of Museum. Delete $16,400 and 0.5 volunteer coordinator position (currently vacant). In addition, decrease the appropriation by $28,900. According to the Historical Society, this proposal would reduce the amount provided annually to the Wisconsin Black Historical Society and Museum in Milwaukee from $60,000 to $31,100. In 1987 Act 399 (the 1988-89 budget adjustment), the Museum Division's general program operations appropriation was increased by $60,000 GPR in 1988-89 to provide assistance in the development of the Black Historical Society and Museum.

ALTERNATIVES

1. Approve the Historical Society's request to: (a) reallocate budget reductions of $135,700 GPR in 1995-96; and (b) increase the agency's funding and position authority by $16,900 PR and 0.25 PR in each year of the 1995-97 biennium.

2. Deny the agency's request.

Prepared by: Merry Bukolt

XIII. State Historical Society -- Bob Thomasgard, Deputy Director

The Society seeks to substitute GPR position reductions and rearrange the appropriations and budget lines affected by the reductions of Wisconsin Act 27. The amount and positions reduced remain the same, but the cuts are distributed differently across the Society's budget.

Governor's Recommendation

Approve the request.

Overall the Society's modifications appear reasonable and reflect a shift in funding to support the Society's older higher priority programs (Library, Archives, and Historic Sites). The alternative cuts and position reductions proposed by the Society achieve the intent of Wisconsin Act 27 in a manner that is less intrusive than what was proposed in the bill.

CORRESPONDENCE\MEMORANDUM STATE OF WISCONSIN
Department of Administration

Date: April 10, 1996

To: Members, Joint Committee on Finance

From: James R. Klauser, Secretary
Department of Administration

Subject: Section 13.10 Request from the State Historical Society to Revise 1995-96 GPR reductions in 1995 Wisconsin Act 27.

Request

The State Historical Society requests to modify positions, appropriations and budget lines affected by the 1.75 GPR FTE and $135,700 GPR reduction contained in 1995 Wisconsin Act 27.

Background

1995 Wisconsin Act 27 eliminated 1.75 GPR FTEs and $135,700 GPR beginning in fiscal year 1996-97 from various Society appropriations. Funding reductions were taken by a proportionate reduction to the salary line in six GPR general program operation appropriations. In addition, the salary and fringe lines were also reduced in the two appropriations were the 1.75 GPR position cuts were taken. Position reductions reflect a unspecified 0.75 FTE cut in the Library Services Division (appropriation s. 20.245 [1][am]) and an unspecified 1.0 FTE reduction in the Administrative Services Division (appropriation s. 20.245 [4][a]).

Analysis

The Society requests to: a) allocate the required 1.75 GPR FTE reduction differently, b) assign funding reductions to alternative budget lines, and c) allot funding reductions to alternative appropriations. These changes would accomplish the intent of the Wisconsin Act 27 but arrange the cuts differently. Specifically the Society seeks to make the following modifications.

A. Allocate 1.75 GPR Position Reduction ($80,800):

- Delete 1.0 GPR Librarian position (-$47,500 salary and fringe) in appropriation s. 20.245 [1][am].
- Delete 0.25 GPR Assistant Director position (-$16,900 salary and fringe) in appropriation s. 20.245 [4][a].
- Delete 0.50 GPR Volunteer Coordinator (-$16,400 salary and fringe) in appropriation s. 20.245 [5][a].

- Create 0.25 PRO Assistant Director position (+$16,900 PRO salary and fringe) in appropriation s. 20.245 [4][a]. The Assistant Director is currently split funded 0.50 PRO and 0.50 GPR. With the approval of this request the Assistant Director becomes split funded 0.75 PRO and 0.25 GPR.

B. *Assign Reductions to Alternative Budget Line ($54,900):*

- Delete $26,000 GPR in supplies and services funding from the Historic Preservation appropriation, s. 20.245 [3][a].
- Delete $28,900 GPR in the aids to individuals and organizations line from the Administrative Services appropriation, s. 20.245 [4][a].

C. *Allot Reductions to Alternative Appropriations:*

- Restore partial funding to the Archives, Library, Historic Sites, and Administrative Services appropriation. Offset the restoration of funds by further cuts in the Historic and Burial Sites Preservation and Museum appropriations.

Appropriation		Funding Change
1a	Archives and Research Services	+$ 10,100
1am	Library Services	+ 100
2a	Historic Sites	+ 2,100
3a	Historic Preservation	- 19,100
4a	Administrative Services	+ 46,300
5a	Museum	- 39,500
	Total	$ -0-

The Society's request is based on the passage of AB 1028. AB 1028 restores $201,700 of the $337,400 GPR 1996-97 cut approved in Wisconsin Act 27. Should the Legislature not approve AB 1028 the Society would need to either accept the $201,700 cuts as specified in Act 27 or request authority to alter the cuts using the s. 13.10 process.

Concern could be expressed over the reduction of the aids to individuals and organizations budget line. These cuts will affect the Wisconsin Black Historical Society and Museum in Milwaukee. Funding for this organization and Fort Folle Aviones in Burnett County were included in the Society's budget by the Legislature in the 1989-91 budget. The Society argues that while the cut may seem large ($28,900 from a $60,000 grant), the Society has held the Black Historical Society harmless as it has experienced other cuts. In addition, the Society has provided and will continue to provide program development assistance and on-going support from it local history office. Further, while support for the Fort Folle Aviones in Burnett County was eliminated in Wisconsin Act 27, the proposed reduction of the Black Historical Society is only partial.

Recommendation

Approve the request.

Overall the Society's modifications appear reasonable and reflect a shift in funding to support the Society's older higher priority programs (Library, Archives, and Historic Sites). The alternative cuts and position reductions proposed by the Society achieve the intent of Wisconsin Act 27 in a manner that is less intrusive than what was proposed in the bill.

Prepared by: Orlando Canto
266-1103

XIII

STATE HISTORICAL SOCIETY of WISCONSIN
Forward Through The Past

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H. NICHOLAS MULLER III
DIRECTOR

March 18, 1996

TO: Senator Tim Weeden, Co-Chair
Representative Ben Brancel, Co-Chair
Joint Committee on Finance

FROM: H. Nicholas Muller III, Director
State Historical Society

SUBJECT: Request to Revise 1995-96 GPR Reductions in 1995 Wisconsin Act 27

Summary of the Request

The Society requests the authority to make the following changes to GPR appropriations to implement the reductions of $135,700 GPR and 1.75 GPR positions in 1995-96 mandated by the 1995 Wisconsin Act 27:

Appropriation	Dollars	Positions
1a	+$10,100	
1am	+ 100	-0.25
2a	+ 2,100	
3a	- 19,100	
4a	+ 46,300	+0.75
5a	- 39,500	-0.50
	-0-	-0-

In addition, the Society requests an increase in the authorization for the unclassified Assistant Director position from 0.50 PRO to 0.75 PRO and an increase in the expenditure authority for the 4h appropriation of $16,900 PRO.

Background of the Request

During the development of the 1995-97 budget bill, the Joint Committee on Finance adopted two motions reducing Society GPR appropriations in 1995-96. One motion reduced $49,000 GPR proportionately from the salary line in six general program operations appropriations. The other reduced $86,700 GPR and 1.75 GPR positions and took the dollars from the salary and fringe benefits lines in two GPR appropriations.

During the discussions relating to the position reduction motion, the number of Society GPR positions vacant for more than 12 months was considered. At the time this motion was discussed, the position vacancy report available to the Committee showed 3.5 Society GPR positions vacant for more than 12 months. These were an Administrative Officer 2 position, an Education Program Specialist position and the half of the Assistant Director position funded with GPR (all in the 4a appropriation) and a Librarian Supervisor 2 position in the 1am appropriation.

The position reduction motion adopted by the Committee mandated a reduction of 50 percent of the GPR positions vacant for more than 12 months, or 1.75 Society GPR positions. In light of the positions listed in the vacancy report, the Legislative Fiscal Bureau made an unspecified 0.75 GPR position reduction in the 1am appropriation and an unspecified 1.00 GPR position reduction in the 4a appropriation.

Of the four GPR positions shown in the report as vacant for more than 12 months, the Administrative Officer 2 position had been eliminated in the Governor's version of the budget bill. The Education Program Specialist position had been "filled" before the Committee's motion, although the new staff member was not on the payroll until May 1995. In a January 24, 1995 letter, the Society received an accepted offer for the Education Program Specialist position -- well before the Committee's discussion of GPR vacancies. The individual who accepted the Education Program Specialist position was moving from New Orleans. She delayed her actual starting date (with the Society's agreement) to sell a house.

<u>How the Request Meets Statutory Criteria</u>

Because of these circumstances, the Society would like to (a) substitute other GPR positions to meet the 1.75 GPR position reduction and (b) rearrange which appropriations and budget lines would be affected by the reductions. These changes could be accomplished by transferring position and dollar reductions between appropriations under the authority of section 13.101(4) of the <u>Statutes</u>.

In specific terms, the Society requests the below reductions by appropriation and budget line to implement the required reductions of $135,700 GPR and 1.75 GPR positions in 1995-96. Netting these reductions on an appropriation basis against the reductions in 1995 Act 27 results in the changes highlighted in the "Summary of the Request" section above.

1. <u>1am appropriation</u>

eliminate 1.00 GPR Librarian-Objective position
-$34,800 salary
<u>- 12,700</u> fringes
-$47,500

2. <u>3a appropriation</u>

eliminate $26,000 GPR of supplies and services funding

3. <u>4a appropriation</u>

eliminate 0.25 GPR unclassified Assistant Director position
-$12,400 salary
<u>- 4,500</u> fringes
-$16,900

4. <u>5a appropriation</u>

eliminate 0.50 GPR Volunteer Coordinator position
-$12,000 salary
<u>- 4,400</u> fringes
-$16,400

eliminate $28,900 GPR of aids to individuals and organizations funding

In conjunction with the elimination of the 0.25 GPR authorization for the unclassified Assistant Director position, the Society requests an increase in the PRO authorization for the unclassified Assistant Director position from 0.50 PRO to 0.75 PRO and an increase in the expenditure authority for the 4h appropriation of $16,900 PRO -- $12,400 on the salary line and $4,500 on the fringes line.

The Society will be represented at the meeting by:

H. Nicholas Muller III, Director
Robert Thomasgard Jr., Associate Director

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

April 16, 1996

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Higher Educational Aids Board--Section 13.10 Request for Approval of Interstate Educational Agreement Between Gateway Technical College and McHenry County College, Illinois--Agenda Item XIV

BACKGROUND

Current law (s. 39.42 of the statutes) allows the governing boards of any publicly-supported, postsecondary institution, with the approval of the Higher Educational Aids Board (HEAB) and the Joint Committee on Finance, to enter into reciprocity agreements with appropriate state educational institutions in other states. The Wisconsin Technical College System (WTCS) currently has agreements with institutions in three states: Minnesota, Michigan and Illinois. These agreements are intended to provide students the opportunity to attend institutions which are more conveniently located or which offer programs not available in the students' states of residency.

Under the current reciprocity agreements with Illinois (which include the agreement between Gateway Technical College and McHenry County College), participating students from both states are charged Wisconsin resident tuition. Priority for admission is given to residents of the receiving institution and no residents of the state may be displaced due to the agreement. However, after their first semester, students enrolled under the agreement are given the same priority as residents of the district in which they are enrolled. The agreements specify which educational programs are available to students of each college involved in the agreement.

The terms of the agreement between Gateway and McHenry County stipulate that amendments may be made at any time by mutual consent of all parties (the governing boards of the participating institutions and, in Wisconsin, the Joint Committee on Finance, HEAB and the WTCS Board). On February 16, 1996, at the request of the WTCS Board and the governing bodies of Gateway and McHenry County, HEAB approved an amendment to the reciprocity agreement between the two institutions.

In 1994-95, Gateway sent three students to McHenry County and McHenry County sent four students to Gateway.

REQUEST

HEAB requests approval of the proposed amendment to the agreement between Gateway and McHenry County by the Joint Committee on Finance as required by s. 39.42 of the statutes. If approved, the amendment would be effective upon approval or on July 21, 1996, whichever is later. The agreement was last amended in January, 1995.

The proposed amendment changes the existing agreement between Gateway Technical College and McHenry County College by adding and deleting the following educational programs which would be available to students:

New Programs Offered at McHenry County

1. Developmental Disability Aide

Programs No Longer Offered at McHenry County

1. Rehabilitation Aide

New Programs Offered at Gateway

1. Automated Manufacturing
2. Facility Maintenance Service
3. Graphic Technologies--Designer
4. Industrial Screen Printing
5. Engine Performance and Emissions Specialist

CONCLUSION

The proposed amendment to the interstate educational agreement between Gateway Technical College and McHenry County College in Illinois makes no changes to the terms of the agreement. The purpose of the amendment would be to simply update the agreement to include new programs offered by each college and delete those programs which are no longer offered. Therefore, the Committee may wish to approve the proposed amendment.

Prepared by: Merry Bukolt