



Sen. Burke

Testimony from Sen. Moore's listening session
in Milwaukee, 3/31/99.

**Dr. John R. Birkholz
President
Milwaukee Area Technical College**

**Testimony
Listening Session
Senator Gwendolynne Moore
March 31, 1999**

I am John Birkholz, President of Milwaukee Area Technical College (MATC). The MATC District Board met on Tuesday, March 23, 1999, and approved a Resolution in Support of Restoring Wisconsin Technical College System Funding in the State Budget.

The State of Wisconsin is experiencing severe labor shortages. Businesses throughout the state report that the single biggest obstacle to economic growth is the shortage of skilled workers. Yet, the current state budget proposal fails to invest in the Wisconsin Technical College System (WTCS), the state's flagship technical training institutions for skilled employees.

For the third time in four budget cycles, the Governor has proposed a zero percent increase. If passed, the state's contribution to the technical colleges' operating budget will have fallen from 30 percent in 1990 to 20 percent.

While dramatically reducing the WTCS's funding, the state continues to increase spending on prison operations and highway construction at record levels, far exceeding national averages. Expenditures on prison operations alone will increase by 20 percent to \$1.8 billion. In addition, the Governor has proposed increasing UW spending by 2.3 percent and contributing \$15 million to Marquette University's new dental school.

State elected officials repeatedly pay lip service to the need to provide high quality education and training. The Governor even convened a Task Force on Technical Education and widely promoted his innovative 2+2+2 model of seamless education. Yet the state has failed to support this rhetoric with concrete appropriations. **This budget proposal threatens to undermine the state vocational technical college system and make employment and training less accessible to Wisconsin's most needy citizens who rely on the WTCS for education and training.**

The proposed budget contains provisions that will allow some W-2 participants to attend technical college classes. These provisions must be expanded. A technical college education is the state's most effective antipoverty program. Associate degree graduates of the WTCS average annual starting salaries of \$25,000. W-2 participants making progress toward a degree should be allowed to count up to two years of technical college education as work experience.

Wisconsin's economy has consistently outpaced the nation because state leaders understood that an educated and trained workforce was an economic asset and they invested in the state's human capital. It was this vision that led to the creation of the state's unique technical college system. State policy has been based on the understanding that a dollar invested in education and training multiplies many-fold throughout the economy. 92 percent of MATC graduates are employed within six months of graduation. 98 percent live, work, and pay taxes in Wisconsin. Last year's MATC graduates' estimated total gross annual earnings of \$36 million went directly back into the local economy. The multiplier impact of educational investment is much greater than the economic multiplier of prison operations, highway construction, or tourism.

For generations, the Wisconsin Technical College System has served our state's citizens and industry well. In light of the current labor shortage and growing demand for skilled workers, it would be shortsighted to abandon this system. It is incumbent on those of us who value the WTCS and its programs to urge the state to restore the proposed funding increase of 4.2 percent in year one and 4.8 percent in year two. Anything less is the equivalent of a state-sanctioned dismantling of the vocational technical college system.

Milwaukee Area Technical College

Milwaukee Student Senate

Resolution

No. 1999-01

The following resolution was passed by the Milwaukee Student Senate at its General Assembly on Friday, March 12, 1999, and is herewith submitted by the president to the Administration for his/ her consideration.

Introduced by: Johnny A. Taylor, Vice-President, Milwaukee Student Senate

Whereas: The budget proposed by Governor Thompson threatens to undermine the Wisconsin Technical College System (WTCS) and make it more difficult for our students to attend college.

Whereas: The WTCS's appropriations have been frozen for the third time in the past four budget cycles.

Whereas: With no increase in state aids technical colleges will be forced to raise tuition and other user fees and cut classes and services.

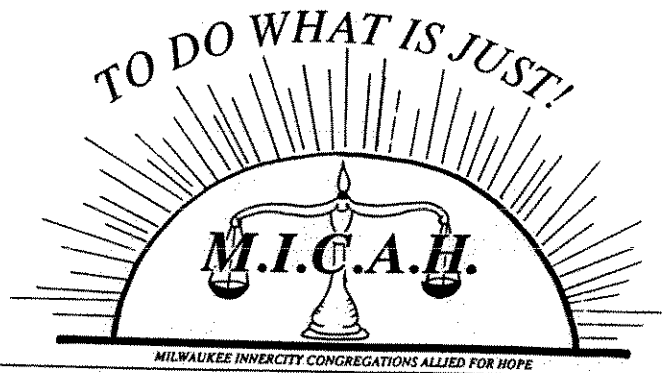
Whereas: With this proposed Budget, the state's share of funding for Technical Colleges will have declined from 30% to 20% over the last nine years.

Whereas: The WTCS cannot train the future workforce unless they have the resources to provide state of the art equipment, labs and modern facilities.

Whereas: The WTCS State Board budget proposed an increase in funding of 4.4% in fiscal year 2000 and 4.8% in fiscal year 2001. WFT/WEAC and all other constituency groups supported this increase.

Therefore, be it Resolved, that MATC Milwaukee Student Senate is in support of restoring the original WTCS budget request of 4.4% and 4.8%.

And be it further Resolved, that the MATC Milwaukee Student Senate actively supports all efforts to restore such funding.



4011 W. CAPITOL DRIVE, MILWAUKEE, WISCONSIN 53216, (414) 449-0805

MICAH Calls for Equity in SAGE Funding

MICAH calls upon the legislature of the State of Wisconsin to ensure that the biennial budget include funding for at least 36 additional Milwaukee Public Schools to become SAGE schools. SAGE is designed to help schools with a high percentage of students from low-income families to reduce class size. Currently, only 14% of the eligible Milwaukee schools are funded for the program, while more than half of eligible schools in the rest of the state receive SAGE funding. Equity demands that Milwaukee's poor children be served at the same rate as poor children in the rest of the state. Thirty-six additional schools would help to close that gap.

The problems of education are complex and far-reaching, and there is no single, simple solution. Studies show, though, that student achievement increases when the student-teacher ratio decreases. This is especially true for low-income and minority children. SAGE classrooms have fewer discipline problems; increased personal attention reduces the numbers of children referred to Exceptional Education; SAGE students perform far better than their peers on standardized tests. SAGE is one of the few education programs that can be proven to be successful.

In Wisconsin, the average student-teacher ratio is 22:1; in Milwaukee the average is 27:1. Milwaukee Public Schools educate more than one-third of all public school students from low-income families in the state -- the students who can most benefit from SAGE. Thus, it is imperative for Milwaukee's schools to have increased participation in SAGE.

Milwaukee Public Schools have 36 schools that are ready and willing to participate in SAGE (see the back of this page). Please note that these are schools that currently are not involved in SAGE or P-5. Half of these could be ready to begin in the 1999-2000 school year. The remainder need to be included in the following year.



MILWAUKEE PUBLIC SCHOOLS

OFFICE OF THE SUPERINTENDENT

CENTRAL SERVICES BUILDING
5225 West Vliet Street
P.O. Box 2181
Milwaukee, Wisconsin 53201-2181
Phone: (414) 475-8001
Fax: (414) 475-8585

February 15, 1999

Reverend Robert Harris
President, MICAH
Milwaukee Inncity Congregations
Allied for Hope
4011 West Capitol Drive
Milwaukee, WI 53216

Dear Reverend Harris:

Thank you for your support of the SAGE Program in the Milwaukee Public Schools. Listed below are 36 elementary schools who have a low income rate of 77.03 percent and higher, based on the current free and reduced lunch count for students in grade 1 through the top grade of the school. Milwaukee Public Schools would like to include these schools in the state-funded SAGE Program beginning next school year (1999-2000).

These 36 schools would be in addition to the current 14 SAGE Milwaukee Public Schools.

Table with 6 columns: School, % F/R, School, % F/R, School, % F/R. Lists 36 elementary schools and their corresponding free and reduced lunch percentages.

If you have questions or need additional information, please contact Dr. Milly Hoffmann, SAGE Coordinator, Division of Curriculum and Instruction, at 475-8094.

Sincerely,

Handwritten signature of Alan S. Brown

Alan S. Brown, Ed.D.
Superintendent of Schools

MH/km

Cowles

TESTIMONY OF JAMES HALL ON BEHALF OF NAACP, MILWAUKEE
BRANCH, AND PEOPLE FOR THE AMERICAN WAY BEFORE JOINT
FINANCE COMMITTEE ON THE GOVERNOR'S PROPOSED EDUCATION
BUDGET AND MILWAUKEE
MARCH 31, 1999

My name is James Hall, and I am here on behalf of the Milwaukee Branch of the NAACP and People For the American Way to testify today concerning the Governor's proposed education budget and its effects on Milwaukee and the Milwaukee public schools. Both our organizations and our members in Milwaukee are vitally concerned with education in the city. The Governor's proposed budget, however, fails to provide adequate resources for Milwaukee and, in some respects, would harm education for Milwaukee students. This testimony will focus on three specific areas: funding for the SAGE program, for vouchers, and for the Chapter 220 program.

In some ways, the SAGE program has been a shining success in Wisconsin. Aimed at substantially reducing class size and making other improvements in high poverty schools, evaluation studies have shown that SAGE has brought significant educational improvement to students. But even though there are thousands of MPS students who could benefit from SAGE, SAGE has been severely limited in Milwaukee. Last year, there was an arbitrary cap of 14 SAGE schools in Milwaukee. In his current budget, the Governor would limit SAGE to those Milwaukee schools with a poverty rate of at least 80%, even though schools outside Milwaukee can qualify with a 62% poverty rate. The net result is that less than 40% of poor MPS schools will receive SAGE, compared with more than 70% of eligible schools outside Milwaukee.

Funding for SAGE can and should be increased in the budget. In fact, for less than the cost of vouchers this year, SAGE could be expanded next year to cover the thousands of eligible children in Milwaukee. We strongly recommend that this Committee adopt this approach.

With respect to vouchers, the Governor's budget calls for an increase from about \$28.7 million this year to a projected cost of over \$38 million in 1999-2000 and over \$48 million in 2000-01. Both the NAACP and PFAW and our members oppose vouchers, which drain critical funds from our public schools without providing the proven benefits of

programs like SAGE, and we would support abolishing the voucher program altogether. If the program is to be continued, however, several reforms are extremely important concerning its funding.

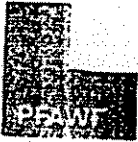
First, it is crucial that the cost of vouchers not be paid for by subtracting resources from MPS or other public school students. This year, the full cost has been subtracted from MPS. The Governor's proposal would alleviate part of that burden, but would impose it on other Wisconsin school districts that receive equalization aid from the state. In contrast, Senator George has proposed legislation, SB 73, which would provide that the cost be paid for by the state in general, not by MPS and other needy school districts. We support Senator George's proposal and urge the Committee to do so as well. In addition, it is important that when analyzing the alternatives in this area, the Legislative Fiscal Bureau fully explain and compare the Governor's proposal with both the present system and with Senator George's proposal.

Second, we are very concerned about the lack of accountability of voucher schools. For example, private schools that receive taxpayer funding through vouchers are not subject to the academic standards and anti-discrimination laws that apply to public schools, and are not even required to have a parental complaint procedure. We strongly urge that such accountability provisions be required as a condition of receiving voucher funding. Enclosed with this testimony is a set of accountability principles, endorsed by our organizations and many others here in Milwaukee, which can serve as a basis for legislative accountability provisions. Just recently, DPI has reported that 23 voucher schools have failed to submit proper random selection plans, violating the current voucher law. This illustrates the importance of ensuring that voucher schools that receive public funds respect students' rights and are accountable to the public.

Finally, we are very concerned about the Governor's proposed cuts in the Chapter 220 program. This program, which began more than 20 years ago, has made an important contribution by increasing racial integration and high quality education in the Milwaukee area. Currently under the program, some 5100 minority students from Milwaukee attend public school in the suburbs, and over 500 white students in the suburbs attend public school in the city.

But the Governor's proposed budget would cut funding for the program by substantially reducing the amount of state aid received by the district where the student lives. In almost all cases, that means cutting funds provided to Milwaukee, even though much of that funding is used to pay transportation costs of students attending suburban schools. Representatives of MPS have explained that these cuts, which amount to more than \$15 million over two years, would endanger the program as we know it. Suburban school districts have also objected; the superintendent of St. Francis, for example, has stated that "[w]hat they're attempting to do is destroy the program." We strongly object to what Assembly Minority Leader Krug has called trying to balance the state budget "on the back of school districts that have voluntarily come together" through the Chapter 220 program, and urge that these proposed cuts be rejected.

Thank you very much.



PARTNERS FOR PUBLIC EDUCATION

National Association for the Advancement of Colored People & People For the American Way Foundation

Principles for Legislative and Other Action Needed from the State for Milwaukee School Reform

Real Accountability for Voucher Schools

Although the state takes millions of taxpayer dollars for voucher schools, those schools don't have to be accountable to the public, unlike public schools. They also don't provide key protections against discrimination and mistreatment that are guaranteed in public schools. Real accountability should be demanded of voucher schools. Specifically:

1. All voucher schools should have a governing board that provides an annual financial statement and a parent complaint procedure.
2. All voucher schools should be subject to the same academic standards and testing requirements that the state has mandated for public schools in 3rd, 4th, 8th, and 10th grades and for high school graduation.
3. All voucher schools should be required to report to the public information on test scores, graduation rates, suspensions, expulsions, student body makeup, and payroll, as are all Milwaukee public schools.
4. All voucher schools should be subject to the same nondiscrimination laws as are Milwaukee public schools, including providing services to special education students.
5. All students should be protected against corporal punishment and strip searches by school officials in voucher schools, just as they are in public schools.
6. All students should be protected against unfair and arbitrary suspensions or expulsion in voucher schools, just as they are in all public schools.
7. All low-income elementary students should be able to get free or reduced priced breakfasts in voucher schools, just as they can in Milwaukee public schools.
8. All voucher schools should be required to hire teachers who are certified by the state, as are all public schools.
9. All voucher schools should be subject to state open records and open meeting laws, as are all public schools.

Adequate Resources for Public Schools

At the same time that the state takes millions of dollars in taxpayer-funded state aid from the Milwaukee public schools for voucher schools, it puts unfair and damaging limits on the resources available for city public school students. Even with extra costs like special education, Milwaukee spends less money per student than any suburban school district in Milwaukee County. Adequate resources must be provided for all MPS students. Specifically:

1. The state must remove the arbitrary limits on the SAGE program in Milwaukee. SAGE reduces class size in low-income schools to 15 students and provides other improvements that have been proven successful. But state law unfairly limits the number of SAGE schools in Milwaukee to 14. As a result, although almost half of all low-income Wisconsin students outside Milwaukee benefit from SAGE, only one in six such students in Milwaukee can.
2. The state must alleviate the unfair limits on other sources of funding for Milwaukee public schools, particularly in light of the resources drained from MPS due to voucher and charter schools. The cost of vouchers should be paid for by the state, not subtracted from resources for public school students. More state resources are also necessary for other MPS initiatives, such as initiatives in vocational and technical education.
3. The State must take additional steps to help MPS recruit and retain more qualified minority faculty for the city's public schools, such as by expanding the applicable state loan forgiveness program.

**Dr. John R. Birkholz
President
Milwaukee Area Technical College**

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March 31, 1999**

I am John Birkholz, President of Milwaukee Area Technical College (MATC). The MATC District Board met on Tuesday, March 23, 1999, and approved a Resolution in Support of Restoring Wisconsin Technical College System Funding in the State Budget.

The State of Wisconsin is experiencing severe labor shortages. Businesses throughout the state report that the single biggest obstacle to economic growth is the shortage of skilled workers. Yet, the current state budget proposal fails to invest in the Wisconsin Technical College System (WTCS), the state's flagship technical training institutions for skilled employees.

For the third time in four budget cycles, the Governor has proposed a zero percent increase. If passed, the state's contribution to the technical colleges' operating budget will have fallen from 30 percent in 1990 to 20 percent.

While dramatically reducing the WTCS's funding, the state continues to increase spending on prison operations and highway construction at record levels, far exceeding national averages. Expenditures on prison operations alone will increase by 20 percent to \$1.8 billion. In addition, the Governor has proposed increasing UW spending by 2.3 percent and contributing \$15 million to Marquette University's new dental school.

State elected officials repeatedly pay lip service to the need to provide high quality education and training. The Governor even convened a Task Force on Technical Education and widely promoted his innovative 2+2+2 model of seamless education. Yet the state has failed to support this rhetoric with concrete appropriations. **This budget proposal threatens to undermine the state vocational technical college system and make employment and training less accessible to Wisconsin's most needy citizens who rely on the WTCS for education and training.**

We are requesting the Joint Finance Committee correct this oversight by increasing funding for the WTCS by 4.4 percent in year one and 4.8 percent in year two.

Without an increase in state support, the technical colleges will be forced to raise local property taxes and either increase tuition, cut programs, or both. By the time the proposed income tax cut is implemented, it will have been nullified by tuition and other user fee increases and local property tax increases.

Wisconsin's technical colleges cannot continue to provide state-of-the-art education and training without investing in the new technologies that are transforming industry. We cannot create the workforce that Wisconsin's businesses and industries need without investing in 21st century labs, computers, libraries, and equipment. The WTCS needs an increase in operating funds to implement new technologies, redesign curriculum, develop new programs, and retrain faculty.

The \$500 study grant program for high school graduates is poorly designed. Very few technical college students will qualify for these scholarships. The vast majority of our students do not enroll immediately after high school. The average age of MATC's students is 34. \$500, moreover, is not a large enough incentive to convince most high achieving high school graduates to attend a technical college instead of a four-year institution. The idea of providing students with a WTCS scholarship is a good one. But the concept must be designed to ensure that it addresses the reality of the WTCS student population.

The Governor has also proposed a new level of bureaucracy – the workplace learning board. Its only identifiable function is to oversee programs already capably managed by DWD, DPI, or the WTCS Board. We do not need another layer of Madison bureaucracy.

The proposed budget also eliminates \$3 million in proposed state support for the digitalization of Channels 10/36, which have 52 percent of the state's public television viewership, while continuing state support for other public television stations under another newly organized bureaucracy. Channels 10/36, whose licenses are owned by MATC, need these dollars to meet federal digitalization mandates.

The proposed budget contains provisions that will allow some W-2 participants to attend technical college classes. These provisions must be expanded. A technical college education is the state's most effective antipoverty program. Associate degree graduates of the WTCS average annual starting salaries of \$25,000. W-2 participants making progress toward a degree should be allowed to count up to two years of technical college education as work experience.

Wisconsin's economy has consistently outpaced the nation because state leaders understood that an educated and trained workforce was an economic asset and they invested in the state's human capital. It was this vision that led to the creation of the state's unique technical college system. State policy has been based on the understanding that a dollar invested in education and training multiplies many-fold throughout the economy. 92 percent of MATC graduates are employed within six months of graduation. 98 percent live, work, and pay taxes in Wisconsin. Last year's MATC graduates' estimated total gross annual earnings of \$36 million went directly back into the local economy. The multiplier impact of educational investment is much greater than the economic multiplier of prison operations, highway construction, or tourism.

For generations, the Wisconsin Technical College System has served our state's citizens and industry well. In light of the current labor shortage and growing demand for skilled workers, it would be shortsighted to abandon this system. It is incumbent on those of us who value the WTCS and its programs to urge the state to restore the proposed funding increase of 4.2 percent in year one and 4.8 percent in year two. Anything less is the equivalent of a state-sanctioned dismantling of the vocational technical college system.

ATTACHMENT G-1

**RESOLUTION IN SUPPORT OF RESTORING WTCS FUNDING
IN THE STATE BUDGET
MARCH 1999**

WHEREAS, the Governor's proposed 1999-2001 budget recommends no increase in Wisconsin Technical College System (WTCS) general aid funding; and

WHEREAS, the WTCS received no increase in general aid in 1995-1997, and a 1.5% increase in general aid per year in the 1997-1999 budget; and

WHEREAS, with no increase in state aids, Technical Colleges will be forced to rely more heavily on local tax levies, to raise tuition and other user fees, and potentially to cut classes and services; and

WHEREAS, the state's share of funding for Technical Colleges has declined from more than 30% to less than 23% in the last ten years alone; and

WHEREAS, the WTCS cannot train the future workforce and respond to the needs of Wisconsin citizens and businesses unless it has the resources to provide state-of-the-art curriculum, equipment, facilities, and access to its programs; and

WHEREAS, the WTCS Coalition, representing the WTCS Board, Wisconsin Technical College District Boards Association, WTCS Administrators Association, Wisconsin Education Association Council, Wisconsin Federation of Teachers, Wisconsin Vocational Association, and Wisconsin Student Government, proposed an increase in funding of 4.4% in fiscal year 2000 and 4.8% in fiscal year 2001; and

WHEREAS, realization of a 4.4% and 4.8% general aid increase in 1999-2001 will stop but not reverse the decline in state support for Wisconsin Technical Colleges,

NOW, THEREFORE, Be It Resolved, that Milwaukee Area Technical College reaffirms its support for the WTCS budget request of 4.4% and 4.8% increases in general aid funding in the 1999-2001 biennium budget.

Resolution 9899R-101

By Director Thompson:

WHEREAS, The state revenue limit allows a significant, but temporary, spending increase in years in which Milwaukee Parental Choice Program enrollment increases; and

WHEREAS, If the Milwaukee Board of School Directors elects not to utilize the full revenue limit, future allowable revenue per student will decline to a level lower than that before the growth in Choice enrollment took place; and

WHEREAS, The Milwaukee Board of School Directors did elect not to utilize the full revenue limit, setting the stage for future budget shortfalls; and

WHEREAS, The state revenue formula similarly penalizes all school districts that choose not to utilize their full revenue limit by permanently restricting their ability to meet future financial challenges; and

WHEREAS, The incentive contained in the formula to "use it or lose it" is contrary to sound managerial and financial practice, now, therefore, be it

RESOLVED, That the Office of Board Governance and Administration develop a legislative proposal to base future revenue limits on past revenue limits rather than expenditures.

December 16, 1998

December 16, 1998

Resolution 9899R-102

By Director Thompson:

WHEREAS, The state aid formula is based on three factors: the previous year's enrollment ("aid membership"), the previous year's expenditures ("shared cost for equalization"), and the equalized property value ("TIF-out school aid value"); and

WHEREAS, Enrollment in the Milwaukee Parental Choice Program is included in the aid membership; and

WHEREAS, Payments related to the Milwaukee Parental Choice Program are not counted in the shared cost for equalization; and

WHEREAS, By including Choice students in enrollment while excluding Choice payments from expenditures, the present formula gives a misleadingly low shared cost per member; and

WHEREAS, This low cost per member decreases the share of the MPS budget paid by the state, putting political pressure on the Board of School Directors to cut MPS budgets, while also decreasing payments for Choice students; now, therefore, be it

RESOLVED, That the Office of Board Governance and Administration develop a legislative proposal to include Choice payments in the total shared cost for the purposes of equalization aid.

December 16, 1998

Resolution 9899R-103

By Director Thompson:

WHEREAS, State law mandates Wisconsin pay 70% of the cost of exceptional education; and

WHEREAS, Because aids have not increased with costs, the actual aid is closer to 30% of costs; and

WHEREAS, This shortfall has a negative impact on both exceptional education and regular education; and

WHEREAS, A 70% reimbursement formula is contrary to sound fiscal management in that it would reward districts with the least effective cost controls; and

WHEREAS, Use of Diagnostic Related Groups (DRG) is an alternative method that could restore equitable funding without creating artificial incentives for cost increases; now, therefore, be it

RESOLVED, That the Office of Board Governance and Administration develop a legislative proposal to base reimbursement for exceptional education on 70% of the DRG.

December 16, 1998

December 16, 1998



GREENDALE SCHOOL DISTRICT

5900 SOUTH 51ST STREET GREENDALE, WI 53129
ADMINISTRATIVE OFFICE (414) 423-2700 BUSINESS OFFICE (414) 423-2710
FAX (414) 423-2723

March 29, 1999

Testimony for Borrowing Money Outside the Revenue Caps

Thank you Sen. Moore and Sen. Burke, members of the committee. My name is Bill Hughes; I am superintendent of the Greendale School District, located in the Southwest corner of Milwaukee County. Greendale is bordered on the north by Southridge Mall, to the south by Crystal Ridge ski hill, and the Root River Parkway. I appreciate the opportunity to testify before you regarding borrowing authority outside the revenue cap for local school districts in general, as well as regarding the impact of revenue caps and the state funding formula on the Greendale School District.

A little more than a year ago, our board president, Mr. James Germain, and I appeared before legislative committees to discuss the financial situation facing the Greendale School District. Currently, there are approximately 2,250 students enrolled in Greendale, with one high school, one middle school, and three neighborhood elementary schools serving the community. In addition, Greendale has long been a leader in the Chapter 220 Transfer Program and is advocating its continued support because it does address children's issues in the Milwaukee Metropolitan Area.

The reason I am appearing before you today is to present our concerns regarding an initiative that would provide borrowing authority outside the revenue caps at the local level.

WILLIAM H. HUGHES, PH.D., SUPERINTENDENT OF SCHOOLS

MARY PAT SIEWERT, DIRECTOR OF PUPIL SERVICES

STEVEN M. ALTENDORF, BUSINESS MANAGER

MICHAEL B. ZELLMER, PH.D., DIRECTOR OF CURRICULUM

School boards already have \$1 million in borrowing authority but are effectively precluded from using it because the debt payment must come from within the revenue caps requiring equivalent cuts in operating expenditures. I'd like to detail some of the important points that could be a part of a bill or amendment to the budget.

- Borrowing authority must be outside the state sharing formulas. This eliminates any cost to the state. It also means Greendale, as a "third tier" or "negative aid" district, isn't forced to tax \$1.62 for every \$1.00 it needs to spend. There are over 100 "third tier" districts. If a district feels strongly enough that the funds are needed beyond the revenue caps, they should be willing to pay for the funds themselves. If not, districts still retain the option to go to referendum, raise the revenue cap and have the state pay on average two-thirds of the cost.
- Allow borrowing up to \$350 per student, or 4-5% of the district budget. This is in line with many businesses. School districts face the same needs, i.e. roofs, asphalt, athletic facilities, painting, equipment, computers, etc. that private businesses face.
- Limit to capital repairs and maintenance, to avoid use for normal operating expenses, thus evading the revenue caps. Also, there should also be a restriction to prevent larger districts from using this borrowing authority for major building and construction projects to avoid the referendum process.
- Limit to districts with small surpluses. Districts with large surpluses (with amounts beyond those needed for cash flow purposes) should be required to use these funds first for capital repairs and maintenance.
- Require a supermajority vote of the school board. Because the vote effectively overrides the revenue caps, a simple majority is insufficient. A unanimous vote is not viable for many boards and can allow one individual to defeat the democratic process by blocking the process.

- Provides school districts with a safety valve for major unexpected repairs and maintenance.

A bill or amendment to the budget of this type should be easy for legislators to support because the amounts are small, requires a supermajority board vote, and would be specifically limited to capital repairs and maintenance, school safety issues, and possibly technology. Further, any revenue generated through this authority would tax only the local districts and would require no state funding. It also leaves the referendum process in place for districts that desire to use it. The legislative alternative, often presented in this kind of situation, is a referendum. As many of you are aware, a referendum is not really viable to "third tier" districts. I'm not sure many taxpayers would be willing to spend \$1.62 in taxes in order to allow the school district to spend \$1.00.

Prior to revenue caps, districts like Greendale used the \$1 million borrowing authority as a fund for repairs and maintenance. Revenue caps have forced districts to use operating funds for repairs and maintenance, formerly not part of operations. This has caused significant budget cuts in many districts.

Greendale School District has benefited from revenue caps in that property tax relief has been provided to residents as well as requiring the district to adopt a "best practices" approach to the management of the system. It has given the schools the opportunity to collaborate with the Village through the expansion of shared services, and has brought a sense of fiscal conservatism at all levels of education. However, over the past three years, the district has eliminated \$1.3 million through budget cuts, resulting in a budget of approximately \$21 million per year. Included in these cuts have been an elementary principal, where today the

director of pupil services also serves as a principal of one of our neighborhood elementary schools. In addition, 8.8 fte teachers, 2.0 fte IMC Directors, a reading specialist, an elementary guidance counselor, eight coaches and extra-curricular advisors, support staff including secretaries, aides, custodial and maintenance personnel along with deferring maintenance, reducing bussing, and freezing spending levels for textbooks and academic materials. Finally, our local AFSCME union, representing the workers who provide a quality service in the area of building and grounds accepted a wage freeze in lieu of additional cuts to their staff.

On behalf of the Legislative Committee, composed of residents of Greendale, we recognize the difficult choices that your committee faces as you determine how best to fund public schools. At the same time, a revenue carve-out initiative provides a safety valve for major unexpected repairs and maintenance, technology initiatives, and possible safety needs, while at the same time being sensitive to the ability of taxpayers to pay. It returns another step towards local control where residents and board members assume responsibility for funding their schools and determining the kinds of programs that the community has come to expect. This always was a priority.

I want to thank Sen. Burke and Sen. Moore for the opportunity to appear before you today. I will be happy to answer any questions the committee has relative to this presentation.

William H. Hughes, Ph.D.
Superintendent of Schools
(414) 423-2701

**Wisconsin School Social Workers Association
Response to the Governor's Budget**

1. WSSWA recommends that the state look at ways to increase the funds for Special Education Services.

The current budget does not call for an increase in the amount of funding for Special Education Services. School districts are facing ever increasing costs for providing Special Education Services while the amount of state aid available in the budget stays the same. A recent Supreme Court decision states that local school districts will be held responsible for nursing services that are needed for special education students in order for them to stay in school. As costs increase for Special Education services without corresponding increases in state aid, funds must be taken out of the regular education budget. There is a risk that this could lead to an adversarial situation between parents of regular and Special Education students, as they are forced to compete for ever shrinking resources.

2. Maintain the current 63% (teachers) and 51% (psychologists and social workers) state mandated reimbursement rates in Special Education.

The state has regularly provided a fixed amount of funding for Special Education services which has resulted in reimbursement rates far short of the target of 63% and 51%. These target amounts should be the goal for reimbursement, as was intended in the legislation that authorized them. These benchmarks should be used to gauge the deficits in funding from the State's original commitment. Advocates for Handicapped children could then document how much Special Education is becoming an underfunded mandate.

3. The state should work with local educational and human service providers to develop services under the W-2 Program that would create or maintain the greatest opportunities for school age parents to graduate from high school.

School age parents often miss school for weeks and months in their efforts to obtain child care and other benefits. The requirements of W-2 and County programs (child care, Medicaid, food stamps) are applied inconsistently, and students are often shuffled from agency to agency, during which time, benefits may be suspended and files may be lost. The application process is often not efficient. The requirements for W-2 should be streamlined to minimize disruption of a student's education. Many of the program's policies are discretionary and result in confusion. Undocumented numbers are turned away at the "Customer Service" window, and are unable to apply for needed services; they are denied the opportunity to see a worker.

4. Continue funding and expanding the SAGE program.

Of all of the educational reforms currently being implemented, smaller class size has consistently been found to have a significant positive impact on achievement.

5. Provide State funding for Badgerlink.

This has been a valuable resource for media specialists and needs to be funded so that we can continue to have high achieving students.

WSSWA contact: Dick Marx 414-962-4940

St Ann
CENTER

for Intergenerational Care

2801 E. Morgan Avenue
Milwaukee, WI 53207

MILWAUKEE COMMUNITY SERVICE BANK

The Service Bank is a pool of community-based services donated by agencies and other organizations. These services are matched with older adults whose support systems are temporarily not meeting their needs and who have no access to other services.

Eligibility requirements:

- Milwaukee County resident
- Over the age of 60
- Income below: *\$16,000/individual*
\$21,700/couple
- Liquid assets below: *\$14,000/individual*
\$16,000/couple

Donating Agencies Include:

ANEW Home Health Care	Legal Aid Society
Bel Air Health Care Center	Lutheran Home Day Services
Building Service, Inc.	Luther Manor Adult Day Care
Carefinders, Inc.	Milwaukee Catholic Home
Catholic Charities-Archdiocese of Milwaukee	Ramsey Woods Residence
Caring Companions	St. Ann Center for Intergenerational Care
Community Care Organization	Salvation Army
Daughters of Luke, Ltd.	S.E.T. Ministry
Family Service of Milwaukee	Social Development Commission
Franciscan Villa	Social Security Administration
Friendship Village	Stowell Associates
Interfaith Older Adult Programs	UW-Milwaukee: School of Social Welfare
Jewish Community Center-Adult Day Center	Village Adult Services, Inc.
Jewish Family Services	Wisconsin Geriatric Education Center
Jewish Home and Care Center	

CALL 977-5013
FOR MORE INFORMATION



Special Needs
Adoption
Network

Wonderful homes
for wonderful kids.

March 31, 1999

Finding Families for Children

Members of Joint Finance Committee
Wisconsin State Legislature
Madison

Dear Senators and Representatives,

*Pre-Adoption Information
and Referral*

The Special Needs Adoption Network has received funding since 1984 to provide adoption information exchange services for Wisconsin. We are the "last chance" recruiters for children who have been in the foster care system and cannot return to their birthparents, remain with relatives, or be adopted by their foster parents or other families identified by their adoption agency.

*Training for Families
and Professionals*

I am going to introduce you to just two of the more than 165 children we represented in 1998 – children needing families as part of the adoption information exchange services.

*Advocacy for Children
and Families*

Deshay is seven years old and his brother Howard is 5. Deshay has asthma, ADHD, special education in school because of cognitive disabilities, and he receives speech and language help. Howard has asthma, takes medicine for depression and finds it difficult to stay on task. Both have experienced abuse and neglect.

Family Resource Center

Without our help, kids like Deshay and Howard will not find a home. Our services are the last stop for Wisconsin children who need a home. Without a family, Deshay and Howard will continue to grow up in foster care. A recent Wisconsin study looked at children aging out of foster care. In the first eighteen months after leaving foster care at eighteen years of age, 46% of those studied failed to achieve self-sufficiency. A large percentage of these young adults were homeless. 25% of the young men were incarcerated. More young women than men utilized public assistance. For those who tried to achieve self-sufficiency, 80% of those with jobs earned less than the minimum wage and worked less than full time. 20% had no job.

Post-Adoption Services

Here are some key points about our organization and its funding:

- Since 1991, we have received exactly the same funding to find homes for children and yet the number of children needing our recruitment services

1126 S. 70th Street
Suite N509A
Milwaukee, WI 53214-3151
(414) 475-1246
(800) 762-8063
Fax: (414) 475-7007
E-mail: wiaadopt@execpc.com
www.wiaadopt.com



has increased dramatically. In 1991, we recruited for 71 new children during the project year. In the first three months of 1999, we have already registered 65 new children.

- Funding has been a mix of state GPR and federal dollars. State funding has remained at \$75,000. The match from federal dollars has been at \$91,160. Additional GPR dollars are eligible for further match dollars from the federal government. Every dollar under GPR is matched.
- During 1998, we received 1,650 calls from families thinking about adoption. We also received 2,007 calls from families with questions about specific children.
- In neighboring states, Illinois funding in 1997 was at a rate of \$3,565/child for similar services. Minnesota's rate was at \$1,912. Our rate was \$989.

How successful have we been?

- Despite the funding difficulties, over 75% of the legally free children have found permanent adoptive families.
- At a minimal cost saving of \$5,000/per child/per year, we have saved the state over \$50,000,000 in foster care services. We estimate this based on the age of the child at time of adoptive placement through the age of 18 when he/she would leave foster care.

Why do we need more funding now?

- There has been a dramatic increase in the number of children. Under the federal Adoption and Safe Families Act, children need to have permanency decisions made much quicker. The number of children has already increased dramatically in the last 3 months. It will only continue to increase.
- The special challenges of the children have increased dramatically. More than two-thirds of our children are part of a sibling set that requires additional recruitment efforts. Drug and alcohol effects have left many children with more severe emotional and behavioral difficulties.



An additional project has also been added to our work-

- This year, the state adoption center was added as a new project. It was funded at \$75,000 for the 1998-99 fiscal year. Children's Service Society formerly did this project for DHFS. Due to the budgetary restrictions of \$75,000 with no increases, Children's Service Society declined to continue the project. The project's special emphasis is to work with teens and professionals to provide adoption information in the event they make a decision to pursue adoption.

We have an additional concern with the budget bill as it currently is:

- AB133 (LRB-2079/1) and SB 45 (LRB-2107/1) have two differing amounts. Both the adoption information exchange and the state adoption center have a combined funding which is listed differently in two parts of the budget bill. On page 287 of the budget bill, funding is listed as \$150,000 and yet under Section 1136 of the budget bill at 48.55 (1), the funding is listed as only \$125,000. Our contract administrator has already informed us that she has written that the intent was to be \$150,000 as is written on page 287 of the budget bill.

Our work is pretty simple – but with powerful results. We help children find loving families. We help birthparents make good decisions for their children. We give children the opportunity to grow up in families that can help make them self-sustaining tax paying adults. Our need is also pretty simple – the funding to do our job.

I would welcome the opportunity to answer any of your questions.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Colleen M. Ellingson".

Colleen M. Ellingson
Executive Director

Joint Finance Testimony
March 31, 1999

My name is Meredith Scrivner. My husband and I have 2 children in the Whitefish Bay public schools and my husband is an elected member of our school board. I am speaking in opposition to high stakes testing for public school children in Wisconsin.

I have followed the state standards and assessments debate for three years. My thoughts on this subject today are the same thoughts I have had from the beginning. As some of you have heard me say many times: *a single high stakes test without flexibility is not fair, sensible or productive for all the children of our state.*

As a parent who has helped mobilize hundreds of other parents who have spoken out on this issue from throughout our state, I know that you have heard all the arguments against high stakes testing. I will not repeat them.

Instead, I will urge you to take the opportunity you have to do what is right for the children of Wisconsin. Because stand-alone bills such as Luther Olsen's Assembly Bill 94, Alberta Darling's Senate Bill 35 and Richard Grobschmidt's Senate Bill 98 may for political reasons never make it to floor votes, you, the Joint Finance Committee, may well be the most powerful decision makers in this crucial debate.

You hold Wisconsin's children in your hands. Our children and our public schools are our communities. They are our state. Despite political rhetoric and uninformed platitudes, the reality is that *a single high stakes test without flexibility is not fair, sensible or productive for all the children of our state.*

Volumes of research agree that retention of a student is not a successful strategy for improved learning. Volumes of research agree that single performance measures such as a test can not be used to make crucial decisions in the life of a child. Volumes of research agree that poverty, large class sizes and lack of home support are the three most important factors that work against a child in standardized testing, making the high stakes testing initiative particularly onerous for those children already at greatest risk. Common sense tells us that children are complex, changing and unique individuals who deserve far better from their state than a one size fits all approach which really fits nobody.

Throughout your hearings, I suspect you will hear mostly from people who desperately need funding for worthwhile programs. You will have to choose not between good and bad initiatives, but between good and better initiatives, because there is not enough money to go around. I am here to tell you to save your money, that the \$12 to \$15 million it will take to develop and implement high stakes testing can all go back in the pot. How often do you have the chance to do what is right and save money at the same time?

By eliminating high stakes testing before it starts, you will also save millions of future dollars. Continued development and administration of high stakes testing will cost

millions of future dollars, both to the state and to local districts already struggling under spending caps. Add to that the dollars the state will spend in legal fees when students are poorly served and parents, school districts and the state enter into inevitable litigation. I can only imagine the waste of dollars which will ensue if the current high stakes testing laws are not radically changed.

But most importantly, I come back to my original comment: *a single high stakes test without flexibility is not fair, sensible or productive for all the children of our state.* You, the joint Finance Committee, have enormous power in deciding the future of our children, our schools, our communities and our state. I hope you feel the responsibility and privilege of that power and I hope you will vote as if the lives of children depend on you...because they do.

Meredith Scrivner
4626 N. Cramer Street
Whitefish Bay, WI 53211
414-332-1377 or scrivner@aero.net

The Answer to the Question "Where should we find the \$\$\$"

Charlene Dwyer, taxpayer and Executive Director
Center for the Deaf and Hard of Hearing
3/31/99 - to Members of Joint Finance

We are here today to discuss how we should spend our state tax dollars most efficiently and effectively. You are the respected guardians of the public investment portfolio for all of us. We place our highest confidence in you and trust you to make reasoned decisions with the hard earned money that we give you to manage.

You are our investment brokers, our money managers.

As smart private investors, the kind that retire in comfort, we expect you to carefully assess the marketplace of opportunities and choose those GPR investment vehicles which will provide us the best long-term return on our tax dollars.

While all of us would like to see significant short term growth in our investment, the most astute among us know that you really should manage our money for the "long term gain". We will not be discouraged if the value of their investment takes a few market dips along the way.

If you do a really good job with your marketplace research, we will achieve both short and long term gains on our dollars! Sometimes it is possible to get rich along the way to a comfortable retirement.

As money managers who have analyzed the return-rate marketplace, you will advise us to take a portion of our day-to-day savings out of a lower-rate interest bearing savings account (in our case the state surplus), take a carefully calculated risk and invest it for a higher return down the road.

Now, with that paradigm in mind, I'd like to tell you about two programs that the marketplace research shows are high return investment vehicles for our state GPR. There are many more which will be represented in this room today, but these are the two that I am most familiar with.

For the moment, please consider me a market place research analyst providing critical trend information to you, the investment advisor.

Investment vehicle: Birth to Three early intervention services.

Nature of the stock: purchasing services to maintain the appropriate development of a young child with a significant developmental delay.

Stock price : \$4.5 million over the biennium in birth to three in addition to Community Aids restoration and 3% increase over the biennium (this is not a penny stock!)

Other investors: Federal government through Birth to Three and Community Aids Funding

Anticipated returns: (short-term = 3 years; long term = 15 years)

short term gain: 50% or higher savings in special education costs when the child reaches school age

long term gain: An adult who will be a tax-payer and have significantly reduced (or no) dependency on the adult human service delivery system

Investment vehicle: DVR case aids budget

Nature of the Stock: Employment and Training Services for Persons with Disabilities of working age, who "want to go to work" - currently 23,000 individuals in Wisconsin.

Stock Price: \$2.4 million over the biennium

Other investors: Federal government (78% investment match) and Social Security Administration (100% reimbursement for successful employment outcomes)

Historical Return Rate: (short term = 3 years; long term = 20 years)

Short term gains: For each employment success for an SSI/DI recipient - 100% return on investment from the Social Security Administration (yes, we get the federal dollar on the front end at a 78% rate and again on the back end at 100% rate to cover our initial 22% investment!)

New skilled employment resources for Wisconsin employers

Long Term gain: Tax paying citizens for a working lifetime

Note: The DVR case aids portfolio is a "balanced fund" - Check your offices for detailed information on how to change the mix to maximize performance

A Message to Our Governor and Legislators from Wisconsin
citizens with disabilities, their friends and family members

We are asking you to restore a minimum of \$2.4 million (in GPR funds over the biennium) to the DVR budget for local employment services for people with disabilities. Since 1995, the state has reduced the GPR funding to DVR over \$6 million. We believe that \$2.4 million is a reasonable request to move Wisconsin back in the right direction.

People with disabilities have the highest unemployment rate while Wisconsin has employers who can't find qualified workers. We need to invest in employment services that will serve the needs of both groups.

The plan to reduce GPR money and use 3rd party match money has not worked. 3rd party match services can't provide the same services that a DVR counselor can find in the local community. The state and county agencies that provide the match money use it to serve their clients and students, so it resulted in new referrals to DVR.

Wisconsin has been a leader in developing efficient and effective services by placing the various service dollars in one pot to serve the individual needs of people. Long term care reform is an example of moving away from categorical aid to a system that offers one stop planning and funding for individualized services.

Why is Wisconsin moving employment services for people with disabilities in the opposite direction?

In 1994, DVR was a program where case service dollars were in local office budgets to be spent on local services for individuals. In 1999, over 20% of the budget is tied up in specific county and college programs. In 2000, it will be close to 30%. If your disability and where you live matches what the program offers – you are in luck. [In 1997, 3rd party programs served 1,354 people – the local DVR budgets served 23,035 people.]

Please put Wisconsin DVR back on track by adding \$2.4 million to the DVR case services budget for local offices. We need to serve people with disabilities as individuals, not by where they live or what their disability label is.

*in balance
issue
in the
investment
portfolio!*



The Wisconsin Good Samaritan Project, Inc.

3500 N. Sherman Blvd., #203
Milwaukee, WI 53216

"Building Better Tomorrows... Today!"

Phone: 414-442-2630
Fax: 414-442-5904

Statement:

I'm Bishop John T. Witherspoon, of Wisconsin Good Samaritan Project, Inc.

W-2, a progenitor of the national effort in welfare reform, has opened a new era in how the state, and federal, government must, and can, deal with the poor, and the issues that surround being poor. Clearly, Wisconsin Good Samaritan Project, Inc. has studied issues and found areas that need support and enhancement.

Wisconsin Good Samaritan Project, Inc. is submitting an approach to solving the problems and challenges of at-risk youth and their families. We have determined, based upon observation and independent research, that, for the most part, the at-risk youth population of Milwaukee County is, invariably, also a major portion of the former Welfare system. That is to say, the former welfare system provided minimal survival support, but did not provide enough support, information, and input to allow children of welfare recipients to rise above, to conquer the same barriers which existed for their parents. Wisconsin Good Samaritan Project, Inc., with its proposal to engage the children and their parent in new ways, particularly dealing with mentoring and community partnership, has great promise and merit in terms of dealing with these pressing matters of how the community can benefit from the initiation and implementation of welfare reform.

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Wisconsin Good Samaritan Project, Inc. is of the belief that if the community, and the state, does not "get behind the W-2 effort here in Wisconsin," the result will be a more deeply troubled system of social and human support which affords for the poor an increased likelihood and ability to suffer, and, perhaps, perish in a system which has been stripped of the ability to do so much more, for so many who needed so much more. Wisconsin Good Samaritan Project, Inc. believes in Governor Thompson's drive to rid Wisconsin of the need for welfare - which makes people, too many people, dependent. Yet, Wisconsin Good Samaritan Project, Inc. feels that there is a need for greater, more intricate initiatives to bring about the overall changes intended by W-2. We ask this committee to support Wisconsin Good Samaritan Project, Inc.'s efforts to engage the community in the lives of its community dwellers in such a way as has not been done since before America's industrial revolution!

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Good morning/afternoon. My name is Natalie Swanson and I am the Supervisor of the Wisconsin Avenue Family Care Center (WAFCC), located at 18th and Wisconsin Avenue. We are affiliated with Sinai Samaritan Medical Center and the University of Wisconsin Family Medicine Program. Residents that are part of the Sinai Samaritan/UW program rotate through a variety of central city clinics in medically underserved areas, including WAFCC and a totally free clinic in the 53204 zip code.

I am here today to ask you to oppose graduate medical education cuts in the state budget bill. AB 133 and SB 45 contain a proposal to reduce funding for Indirect Medical Education from the Medicaid program by \$8.7 million.

It is important to recognize that support for graduate medical education does far more than provide experience for future Wisconsin physicians. While this is an important function, Wisconsin's Medicaid program is providing many residents the opportunity to give direct, primary care to people who are poor and uninsured. Indirect Medical Education helps to offset the costs of serving in a medically underserved neighborhood.

Wisconsin Avenue Family Care Center is a satellite clinic of Sinai Samaritan. The cuts being proposed for Sinai Samaritan alone equal the entire operating budget of Wisconsin Avenue Family Care Center.

This proposal would reduce the number of overall residencies available in Wisconsin, encouraging our future physicians to seek opportunities out of state. Even more importantly, it would shift the remaining residency opportunities away from medically underserved areas where they are needed most.

I would ask you to oppose the Indirect Medical Education cuts in the Governor's budget as they would have a terribly negative impact on central city clinics like ours that participate in the UW Family Medicine program.

Natalie Swanson
933-3600

Comments at Hearing Held at the Washington Park Senior Center,
Milwaukee, Wisconsin on May 20, 1998

Redesigning Wisconsin's Long Term Care System --Revised Preliminary Proposal of the Department of Health & Family Services for the "Family Care" Program. (DRAFT 4/7/98 for review by Consolidated Steering Committee)

I have read most of the Revised Preliminary Proposal and have 6 recommendations and a few comments.

I am a caregiver of a physically disabled younger family member.

My first comment has to do with the fact that the consumer has been greatly under-represented on the redesign committees.

The great majority of committee members represent either agencies or the Dept. of Health & Family Service.

Granted there are caring and well-intentioned people on these committees, but if most of their background or experience is limited to 8 hours a day, 5 days a week with the remainder of their time spent in the broader world, how can they possibly know the needs of those with multiple disabilities and their caregivers whose experience comes from the reality of a 24 hour day-year after year, after year?

As a caregiver who has tried to deal with repeated frustration in accessing the Community Options Program on behalf of a younger physically disabled adult, I would like to make recommendations for needed changes in the system and also to suggest what might be done to forestall the need for LTC.

1) A CONSUMER HANDBOOK IS ESSENTIAL. Please develop one.

Page 11 of the Revised Preliminary DHFS Proposal says in order for people to make informed choices, they need access to information ... Nowhere does it say this information shall be in writing.

Having dealt with the old system of attempting to get information, the endless phone calls, the endless waiting for responses and trying to get past the stone wall, I feel it is essential that there be a consumer handbook for the Community Options and the Medicaid Waivers program. A handbook similar to the Medicare handbook which should state in clear language the issues of eligibility, available services, options, assessments, response time, choice of providers, complaint and appeal processes, etc. This handbook should be available to consumers prior to applying for the programs.

Putting it all in print, can save frustration on the part of the consumers and save labor costs as well.

2) Add a phrase to page 34 of the proposal, which states a CMO must demonstrate "the ability to respond timely and responsively to all complaints, grievances and appeals." I would suggest you include the phrase "all inquiries" and not limit this to complaints, queries and appeals.

3) Open up the marvelous senior recreation centers and nutrition programs to the younger physically disabled individuals.

Page 12 and 30 refer to "Maximum desired community participation and social growth...to the extent to which potential community resources would facilitate."

Anyone who has attempted to find recreation programs for multiply disabled individuals will attest to the fact that there are very few recreation programs or social opportunities available--so page 12 and 30 do not hold out much promise.

However, allowing younger physically disabled individuals to utilize the senior recreation centers and nutrition programs could be a start on resolving this lack of recreation and social opportunities.

More importantly, access to the many diverse activities and trips could alleviate the boredom and loneliness inherent in being isolated.

4) Enforce the rules on emergency care. There is no point in making rules if some counties are going to interpret them to their own advantage.

One can only wonder how many younger disabled individuals have been advised by Community Options People to go into a long term nursing home until COP funds become available.

5) Has to do with consumer councils suggested in the proposal. Recently at a hearing on nursing homes, a gentleman suggested having a consumer only board, stating that only then would the consumer have a fair chance to be heard. It sounded like a great idea as opposed to a consumer dominated LTC Council with 51% representation particularly given the poor representation consumers ended up having in the planning process of the LTC proposal.

A separate consumer board might also address an issue referred to in one of the focus group reports dated July 15, 1996 which said:

In regard to advocacy agencies, the group summed it up by "Disabled, help thine self." Individuals indicated that advocacy groups are afraid to take risks for their clientele in fear of being sued."

6) Absorb the adult services program for the physically disabled into the Department of Aging. The Journal Sentinel reported that some of the counties in their pilot programs have one Area Resource Center providing services for both the Disabled and the Elderly.

If DHFS is looking for consistency across counties, having one Area Resource Center instead of two would be consistent with that purpose.

Actually the problems facing the younger physically disabled and the elderly are very similar--isolation and loneliness--the major difference being that the elderly face these problems only in the retirement years whereas the physically disabled frequently face these problems continually once they are out of school.

Combining these programs could eliminate duplication of services and facilities.

Here in Milwaukee County the Dept. of Aging runs a very good program. It keeps their clients informed through newsletters and hearings and show a sensitivity to the needs of those they serve, and just generally have an excellent outreach program. It is far superior to what is available to younger disabled adults.

The physically disabled could benefit significantly from participating in the Dept. of Aging's Programs.

Granted it might require changes in the Older American Act. However since much of what is being proposed in the long term care redesign is contingent on changes at different levels of government, it is no big deal.

And if some counties can have one combined resource center instead of two, why not all counties?

One resource center could also prevent fragmented services in families where there are younger disabled as well as elderly. This is no small matter. Parents in their 60's, 70's and 80's are still providing care in their homes for their adult disabled children.

One resource center could also prevent discrimination in the budgeting of COP funds and Base Community Aids.

Finally I would like to suggest a way of postponing the need for long term care.

For parents providing care in their homes for their adult disabled children, establish a two part respite program.

One program providing at the very least a 2 week respite once a year--to enable families to take vacations or to take care of major medical problems..

Another program providing respite one day a week to enable parents to take care of errands and basic necessities, such as medical and dental appointments, haircuts, car and home maintenance, as well as the needs of other children in the family.

Providing respite would be a cost effective approach and a realistic one.

It would also be a fair one considering these parents are saving the government millions of dollars annually.

I would guess if any studies were done as to reasons a family member had to enter a nursing home, a very strong factor would be the inability to take care of the family's basic needs, much less the recreational needs of the rest of the family.

THINK ABOUT IT!

Think about it every time you leave your home to run an errand whether to grocery shop, go to the library or spontaneously spend some time with a friend.

Think about the luxury of your freedom to come and go as you please and ask yourself if you would be willing to give up that freedom.

These thoughts are just a beginning of the needs to be addressed--there is finding housing, finding reliable care workers and funding all at the same time.

For many it is a matter of trying to get a disabled family member established before a parent dies.

Please--Please do not let this be a hearing just to satisfy legislative requirements.

Please remember these are human beings whose lives are being greatly affected and yes even controlled by what you propose.

---END---

The Milwaukee Community Service Bank A Collaborative Model

Sponsored by St. Ann Center for Intergenerational Care

A Community Need

In October 1997, St. Ann Center for Intergenerational Care called a meeting of community agencies to discuss a problem that had become increasingly urgent: 3,000 elderly persons had their names on a waiting list for community-based services through the Community Options Program (COP) of Milwaukee County. Hundreds of those eligible for COP services had been on the waiting list up to three years, sometimes dying before their funding became available. St. Ann Center decided to take the lead in mobilizing service providers to address this pressing problem.

The Collaborative Process

Representatives from 36 agencies attended the meeting. Subsequently, St. Ann Center secured funding from three private foundations to implement the planning process for a program which would provide older people trying to live independently with reliable access to existing community-based services. The Faye McBeath Foundation, the Milwaukee Foundation and a third foundation, which prefers to remain anonymous, granted St. Ann Center \$40,000 for a six-month planning phase.

A Coordinator was hired and, under her direction, 18 older adult service providers began meeting regularly to design a new program—the Milwaukee Community Service Bank—to address this problem. Using the teamwork approach to problem solving, everyone worked cooperatively toward a common goal. All decisions evolved by discussion and consensus and reflected the collective wisdom and compassion of the service providers. Their combined expertise and experience became the project's greatest resource.

What Is the Service Bank?

The Milwaukee Community Service Bank is a pool of services which have been donated by community organizations. These services are matched with those low income elderly people who need them on a temporary basis, as they wait for COP funding or other resources to become available. The services are intended for those persons over the age of 60 whose support systems are not meeting their needs. These elderly people have no access to other services.

What Resources Are in the Service Bank?

As of March 1, 1999, twenty-eight agencies are official service donors. Their services include day care, baths, meals, chore service, personal care, housekeeping, counseling, assessments, shopping, legal services, companions, medical equipment, respite care, case management, volunteer services, delivery of emergency goods, computer assistance and staff training. The dollar value of these services is \$100,000.



Governor Thompson with Sr. Edna Lonergan and Tom Frazier (Executive Director of Coalition of WI Aging Group), during a visit at St. Ann Center.

The list of donors and services is growing steadily. The Service Bank, then, continues to provide a mechanism for collaboration, and it has helped agencies to re-think their resources and their potential for re-allocating them creatively. Service donations come in many forms, including, for example, a weekly hour of a staff person's time. The Service Bank encourages organizations to think about their human resources, including clients, along with other resources which they may have in excess. The creative and generous spirit expressed by many agencies is a great benefit, not only to the clients but also to the community itself. It is a model of what a community can do through collaborative efforts.

The Program Begins

St. Ann Center for Intergenerational Care has received funding for the Milwaukee Community Service Bank to help begin its operations. The first year's cash budget of \$45,000 is supported by the Faye McBeath Foundation, Helen Bader Foundation, Milwaukee Foundation and a fourth, anonymous foundation. Additionally, St. Ann Center is contributing an \$11,000 in-kind donation and \$7,500 in services (for day care and baths).

The Service Bank opened October, 1998, and so, for some, the wait is over. It is expected that 120 older adults, many of them with dementia, will be matched this year with services provided through the Service Bank. To facilitate this process, the Coordinator and a St. Ann Center Social Worker are assessing potential clients and matching them with the donated services. As a result, many frail older adults are receiving the services which will "get them through" until a permanent solution can be found.

Through its efforts, the Milwaukee Community Service Bank is providing a much-needed service to the elderly in Milwaukee County. It is also giving people at St. Ann Center for Intergenerational Care an opportunity to translate concern into action. Furthermore, the operation and growth of the Service Bank offers the community an opportunity to express its continuing commitment to the well-being of older adults.

Testimony of Nellie E. Wilson
Chair, Milwaukee County Commission on Aging Advocacy Committee

Joint Finance Committee Listening Session

March 31, 1999
Milwaukee Public Schools Administration Building

Hello. My name is Nellie Wilson, and I am chairperson for the Milwaukee County Commission on Aging Advocacy Committee. I want to make a few comments about the proposed Family Care initiative that has been included in the Governor's proposed budget.

After more than three years of discussions, it is a disappointment that long term care redesign will only be a pilot project in Wisconsin. Nonetheless, a pilot is better than nothing, since the need for community based long term care is in a crisis situation right now. Over 3,000 older adults are on waiting lists to receive services in Milwaukee County alone. Without additional funding, this waiting list will continue to expand unchecked. Fortunately, our county will be one of the pilot projects, and this will alleviate some of our burden. We need the resources, and we have to be confident that this will eventually lead to the elimination of the waiting lists.

However, I have a real concern that the proposed legislation places a ridiculous road block that may interfere with its potential passage. That road block is the requirement that in only two years the county will have to compete with other agencies to operate the program. This is absolutely

ludicrous. With this competition clause included, the state is saying that the pilot counties may use a considerable amount of their resources to start-up the program, assess and enroll the clients, and develop the systems and protocols to fulfill the state contract. After two years, however, all of this work will become public information for the use of any competitor for the resources; the county would most assuredly lose to the lowest bidder in those circumstances, regardless of the quality or consistency of services to the clients. One could hardly blame county administrators and policy makers if they chose not to enter into such a risky endeavor.

No one would argue that an improved long term care is absolutely essential, and it should have been implemented a long time ago. Please don't allow the potential of Family Care to be ruined by the foolishness of competition for public dollars. Henry Ford once said, "Obstacles are those frightful things you see when you take your eyes off your goal." Let's not take our eyes off the goal of long term care redesign; let's make it happen this year!

Thank you for this opportunity to offer these comments.

Testimony of Fred Lindner
Milwaukee County Commission on Aging
Joint Finance Committee Listening Session

March 31, 1999
Milwaukee Public Schools Administration Building

My name is Fred Lindner, and I am the chair of the Milwaukee County Commission on Aging Advisory Committee. I am speaking today to request a 6% budget increase over each year of the biennium for the elderly and handicapped transportation program. The Governor has proposed a meager 3% increase! His total proposed funding over the two years is \$19 million out of a total budget of \$3.8 billion or one-half of one percent.

It is painfully evident that without such an increase travel for purposes such as medical appointments and grocery shopping will become increasingly difficult for many of our elderly and handicapped citizens.

With the on-going increase in the elderly population in the future, their travel needs are increasing as well. Without an a significant increase in funding for transportation, Wisconsin will be grossly neglecting this burgeoning segment of our population. Moreover an increase of 6% in each year of the biennium is a very small portion of the transportation budget—one half of one percent.

As former Director of the Office on Aging, former Chair of the Commission on Aging, former Chair of the Advocacy Committee of the Commission on Aging, I have seen many budget proposals from this Governor. Every one of them has ignored the transportation needs of the

elderly. This proposal is more of the same. It is time that the legislature take the lead on this issue. We profoundly need a substantial increase in funding for this program.

As Thomas Jefferson once said, "The care of human life and happiness is the first and only legitimate object of good government." Increasing transportation funding will demonstrate that you do care for human life and happiness.

Thank you

Comments provided for Listening Session - March 31, 1999
for Joint Finance Committee
held by Gwen Moore, State Senator

MPS, 5225 West Vliet Street, Milwaukee, WI

I appreciate the opportunity to share with you our perspective and experience as you gather information regarding the proposed budget for the State of Wisconsin for the next biennium.

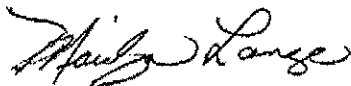
I am the executive director of Village Adult Services, a non-profit community-based agency, providing adult day services for the frail elderly, persons with Alzheimer's Disease and other dementing conditions, and disabled persons. We have provided adult day care since 1970 in the heart of Milwaukee. We have experienced the increasing need for community-based services like adult day care due to the growing numbers of older people and the increasing complexity of the chronic and acute illnesses that afflict the elderly that must be addressed in settings like adult day services if people are to be able to remain in the community and avoid institutionalization.

Since the people cared for in our adult day centers are unable to personally attend meetings such as this because of their frailties, the Board of Directors and staff of Village Adult Services have accepted responsibility for advocating for their needs on their behalf. We are concerned about the adequacy of funding for our present clients but also for the many, many people who are not receiving critical care and services because they are among the 3,000 plus persons on the waiting list in Milwaukee County (8000 in the State) who are awaiting public funding because their own financial resources are inadequate to meet their needs for care and services. People have literally died while waiting for their name to come up on that list. It is incredible to me, that we people living in Wisconsin would place a small reduction in our personal tax responsibility above the needs of our elderly who have contributed so much to our State and our communities and now may need some help to maintain their dignity and self-respect while getting the care and services they so need.

Please insure that there is adequate funding of community-based services like adult day care which saves a significant amount of money by providing a broad range of services like nursing and social services, therapeutic activities, nutrition services and personal care assistance in a protective setting within the community. Adult day services also enables working caregivers to continue to work knowing their loved ones are well cared for during the day time hours. Remember also that community-based services and their clients are dependent upon adequate transportation services being available in order to get to the services they need.

Thank you for the opportunity to share our concerns with you. On behalf of our participants, their caregivers and the elderly and disabled of our community your help will be sincerely appreciated.

Respectfully submitted,



Marilyn Lange, Executive Director
Village Adult Services, Inc.

Testimony of George McKinney
Milwaukee County Commissioner on Aging Advocacy Committee

Joint Finance Committee Listening Session

March 31, 1999
Milwaukee Public Schools Administration Building

Hello. My name is George McKinney, and I am a member of the Milwaukee County Commission on Aging and its Advocacy Committee. My comments are about the Governor's proposed Family Care Plan in his proposed budget.

The Commission has long advocated for certain guiding principles in any long term care proposal. For the most part, Family Care does satisfy those principles. Let me quickly review them for you.

- Provide a single entry point for all long term care services
- Offer a single source of funding for long term care
- Let funding follow the consumer, not the service
- Maintain choice of service and choice of provider
- Maintain local, public oversight of public dollars
- End waiting lists for service

Although a pilot project in only 25% of the state will not end waiting lists, it is a beginning. Moreover, the pilot would provide much needed resources for Milwaukee County. Yet there is something that very much concerns advocates about the Governor's proposal. It is called governance.

The proposal as it is now worded, indicates that counties cannot be both the Resource Center and the Care Management Organization (CMO). Counties that want to provide long term care services to their citizens would be required to create family care districts or public authorities to be either the Resource Center or the CMO.

This is a harebrained idea at best. No county should have to spend its resources to develop two systems of governance for the establishment of a pilot project. In Milwaukee County, we have been providing both the services of the Resource Center and the Care Management Organization for years without any reported conflict of interest. The disabling of our current system of serving older adults would simply add a new level of confusion that long term care redesign was intended to eliminate. It seems to me that sometimes the bureaucrats who write these proposals are really out of touch with the real world.

I would like to end with a quote from a book called *Chicken Soup for the Soul*, "People who say it cannot be done should not interrupt those who are doing it." We are doing it in Milwaukee County, we just need additional resources that Family Care would make available to serve everyone.


Thank you.

TO: Representative John Gard, Co-Chair of the Joint-Finance
Committee

FROM: John A. Benske, PSW Director of Government Affairs

RE: Response to Secretary Leean's Committee Testimony

DATE: March 24, 1999


**PHARMACY
SOCIETY OF
WISCONSIN**

*"Leading Our Profession
in a Changing
Health Care Environment"*

The Pharmacy Society of Wisconsin is concerned over the comments that were made by DHFS Secretary Joe Leean this morning on the possible cut to pharmacy reimbursement. As you know, this disastrous proposal could cut Medicaid pharmacy reimbursement by over 35%. If the cut is approved, pharmacists would lose money on every Medicaid prescription that they filled. We fear that this would force many pharmacies to discontinue service to MA recipients or possibly go out of business.

The following is our response to some of the comments that were made by Secretary Leean:

- Secretary Leean claimed that Wisconsin has one of the highest Medicaid reimbursement rates for pharmacists in the country, but this is simply not accurate. In fact, there are 22 states that compensate pharmacists at a higher level than Wisconsin does (please see the attached chart).
- Secretary Leean stated that his proposal was based on a national OIG study which stated that, on average, pharmacies can purchase prescription medications at Average Wholesale Price (AWP) less 18%. Since its publication, this OIG report has been heavily criticized and labeled as inaccurate. (We will provide you with commentary on the OIG report soon.) Not only can't most pharmacies purchase drugs anywhere near AWP-18%, but the AWP rate doesn't take into account the actual cost associated with acquiring and dispensing a drug (inventory, overhead, shipping, handling, returns, etc. must also be factored in). Thus, if pharmacies were reimbursed at a rate of AWP-18%, many pharmacies would lose money on every Medicaid prescription that they filled. (NOTE: Pharmacies are also given a dispensing fee per prescription, but this nominal fee would still not prevent pharmacies from losing money on Medicaid prescriptions.) AWP-18% would not only be the lowest reimbursement rate among third-party payers in Wisconsin, it would be the lowest Medicaid pharmacy reimbursement rate in the country. Pharmacies simply couldn't afford to sign Medicaid contracts this low.
- Several times Secretary Leean stated that MA providers are never happy with current reimbursement rates, and that they always want more. However, what happens when you reimburse MA providers (such as the dentists) at rates so low that they can no longer service MA recipients? The obvious answer is that it

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creates an access problem. Thus, our opposition to this proposal has nothing to do with "greed" or profit margins. To the contrary, our opposition centers on patient care and making sure that MA recipients have access to pharmacy services. Improper use of medications is now the fourth leading cause of death in this country, yet the Department is proposing a cut that would create a barrier to the health care professionals who can best maximize a patient's proper medication use. Does this make sense? We are spending four times more on prescription drugs today than just ten years ago, yet we are not spending a penny more to manage their appropriate use.

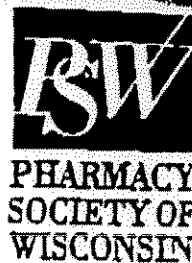
- As Secretary Lekan noted, the MA drug component is increasing rapidly. However, pharmacy providers are not responsible for these increases to the Medicaid drug component. The increases are primarily due to three factors: (1) an increase in the cost of newly developed and marketed drugs, (2) an increase in the utilization of prescription drugs by consumers, and (3) manufacturer price increases for existing drug products. Pharmacies do not determine the price of drugs (manufacturers do), so cutting the pharmacists' reimbursement is a flawed cost containment strategy. In fact, pharmacy reimbursement could be cut to zero and the state would still experience the same rate of increase in MA drug expenditures.

As you are aware, PSW is in strong opposition to this proposal for a number of reasons. We believe that it is not only flawed in its reasoning, but dangerous and potentially very costly. If this proposal is passed it will create financial and health costs that are far greater than the money it seeks to reduce.

Thank you for your interest in this matter, and we look forward to working with you to resolve this issue.

Please contact us if we can provide you with further information.

TO: Members of the Wisconsin Legislature
FROM: Wisconsin's Pharmacists
RE: Proposed Budget Cut To Medicaid Pharmacy Reimbursement
DATE: March 23, 1999



*"Leading Our Profession
in a Changing
Health Care Environment"*

The Pharmacy Society of Wisconsin, representing more than 2,000 pharmacists across Wisconsin, respectfully asks for your help in defeating a budget proposal that would seriously jeopardize many of the state's pharmacies and negatively impact the available of pharmacy services to MA recipients.

The budget proposal seeks to cut \$18 million dollars from the MA drug budget during the next two years (\$7.5 million in GPR and the rest from federal matching funds). These savings would most likely be realized by significantly cutting the amount that pharmacists are reimbursed for filling Medicaid prescriptions. While this proposal seeks to curtail the growing drug component of Medicaid, it is unrealistic and risky for a number of reasons:

- The state is basing its figures off of a federal OIG report which stated that most pharmacies can purchase drugs at Average Wholesale Price (AWP) minus 18%. However, this is simply not true. Not only can't most pharmacies purchase drugs anywhere near AWP-18%, but the AWP rate doesn't take into account the actual cost associated with acquiring and dispensing a drug (inventory, overhead, shipping, handling, returns, etc. must be taken into account) Thus, if pharmacies were reimbursed at a rate of AWP-18%, many pharmacies would lose money on every Medicaid prescription that they filled. (NOTE: Pharmacies are also given a dispensing fee per prescription, but this nominal fee would still not prevent most pharmacies from losing money on Medicaid prescriptions.)
- Many pharmacies across the state would be unable to service Medicaid recipients any longer if this proposal was passed. (Lowering the reimbursement rate to AWP-18% would represent a 30% decrease in Medicaid reimbursement to pharmacies.) Some would have to close their doors for good. This would create a significant barrier to pharmacy services across the state (particularly in rural areas) that would end-up costing the state money more than it seeks to save.
- Pharmacy providers are not responsible for increases to the Medicaid drug component. Pharmacies do not determine the price of drugs (manufacturers do), so cutting the pharmacists' reimbursement is a flawed cost containment strategy. In fact, pharmacy Medicaid reimbursement has not even kept-up with the rate of inflation over the past 15 years (See attached chart). Pharmacy reimbursement could be cut to zero and the state would still experience the same rate of increase in MA drug expenditures.

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- 22 other state Medicaid programs currently pay higher levels of reimbursement to pharmacy providers than Wisconsin's current Medicaid reimbursement. No state Medicaid program in the country compensates pharmacy providers at the level proposed in the state budget (see attached table).
- A recent study published in the February, 1999 Managed Care Interface (a national trade journal for managed care organizations) estimated the level of reimbursement necessary for pharmacy dispensing fees as \$6.95. Wisconsin Medicaid's net dispensing fee is \$4.38. The study also disputed the federal survey which found that pharmacies purchase brand name prescription drugs at an average of AWP-18%. (A copy of the study is available from the Pharmacy Society of Wisconsin.)
- Almost \$80 billion dollars a year is spent to correct drug "misadventures" in this country every year. In fact, improper use of medications is now the fourth leading cause of death in this country. We are spending four times more on prescription drugs today than just ten years ago, but the department is proposing decreasing the amount of money spent to reimburse the health professionals who can best help people manage medication use. Does this make sense? Won't taking the local pharmacist out of the picture (with his/her counseling and medication management assistance) actually increase the number of drug "misadventures?"

In conclusion, PSW respectfully asks for your support in removing this costly and unrealistic budget proposal. While curtailing the growth of the Medicaid drug component is something worth examining, it won't be accomplished by cutting reimbursement rates to pharmacists. Pharmacists are not responsible for the growth, yet they have irrationally had to bear the brunt of cost containment strategies for years. This strategy has not worked in the past and it will not work in the future. To the contrary, pharmacists should be reimbursed at a level which will enable them to work with Medicaid recipients to assure that those patients realize the maximum benefits from their prescription medications.

Thank you for considering our request, please contact John Benske at the Pharmacy Society of Wisconsin and he can provide you with additional information on this issue.

p.s. During the Governor's budget development process last fall, PSW was apprised of the DHFS proposal. Over the course of several weeks, Wisconsin pharmacists strongly argued the shortcomings associated with the proposal. Following a series of meetings, Governor Thompson committed not to follow through on the DHFS proposal and further committed verbally, there would be no proposed reduction in pharmacy reimbursement of any kind. A copy of Governor Thompson's letter together with copies of some recent correspondence from Wisconsin pharmacists are included with this material for your information. The letters are included to illustrate the gravity of the proposal.



TOMMY G. THOMPSON

RECEIVED OCT 20 1998

Governor
State of Wisconsin

October 16, 1998

Chris Decker, Executive Director
Pharmacy Society of Wisconsin
701 Heartland Trail
Madison, WI 53717

Dear Mr. Decker:

I understand your concern regarding the 1999-2001 biennial budget request from the Department of Health and Family Services to reduce the Medicaid reimbursement rate to pharmacies.

Rest assured I remain committed to protecting the interests of pharmacies throughout the state of Wisconsin and will not approve this request to reduce the Medicaid pharmacist reimbursement in the 1999-2001 biennial budget.

As you know, the State Budget Office is currently reviewing all agency requests for possible inclusion in my 1999-2001 biennial budget I will be submitting to the Legislature. After their review is completed, my staff and I will analyze each budget item and its corresponding recommendations.

I appreciate knowing your thoughts on the request from the Department of Health and Family Services. I have spoken with Secretary Leraan regarding his Medicaid drug reimbursement request and he informed me the Department included this in their proposal as a means of meeting the State Budget Office budgetary instructions.

Your contributions to improving and maintaining the health and well being of all Wisconsin residents are truly appreciated.

Sincerely,

A handwritten signature in cursive script that reads "Tommy G. Thompson".

TOMMY G. THOMPSON
Governor



February 23, 1999

John Weitekamp R.Ph.
Village Pharmacy
6107 W. Greenfield Ave.
West Allis, WI 53214

Honorable Governor Tommy Thompson
P.O. Box 7863
Madison, WI 53707

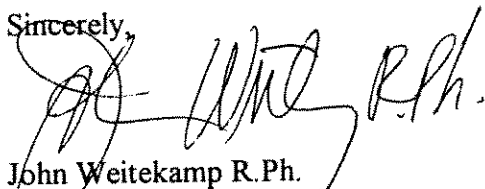
Dear Governor Thompson,

It has come to my attention that the state budget proposal released last Wednesday included an \$18 million reduction in spending in the Medicaid pharmacy program. *What happened??* Our pharmacy association the Pharmacy Society of Wisconsin (PSW) told us about your commitment to pharmacy. In your letter to PSW dated October 16, 1998 you pledged your support of Wisconsin's pharmacists by not approving a DHFS request to reduce the Medicaid pharmacist reimbursement rates in the 1999-2001 biennial budget. Will the \$18 million reduction include a cut in the reimbursement rates to pharmacists?

In my practice, I service over 80 group home or assisted living patients. The majority of these patients are Medicaid recipients not able to administer their own medications. Most of these patients require 8-10 different medications daily. I specially repackage these medications so that the patients are able to correctly receive the appropriate therapy either on their own or from a caregiver. If there are any further reductions in the reimbursement rates, I don't know how I can continue providing this special service. My store is only one example of the innovative and cost saving ways that Medicaid recipients are able to take their medications and still maintain a sense of independence. There are many other pharmacies in the state that provide specialty services to Medicaid recipients. Do you really want to jeopardize these services? Studies have shown that if you increase medication compliance and access you will decrease medical costs. Do you really want to decrease compliance and access by having providers drop the program? I shudder to think what would happen to the medical budget if this occurred.

Governor Thompson, you were at my pharmacy last April to sign 12 bills into law. That day was the highlight of my career. One of the bills you signed allowed pharmacists to administer injections. I really thought at the time that you were a true "*friend of pharmacy*". Looking at this budget proposal, I am now having doubts and feel betrayed. Please let me know your intent of this proposal. Remember that the **pharmacist** is the most accessible health care professional. We are there when most other health care professionals have gone home for the day or weekend. For the last 10 years straight pharmacists continue to be the most trusted professional.

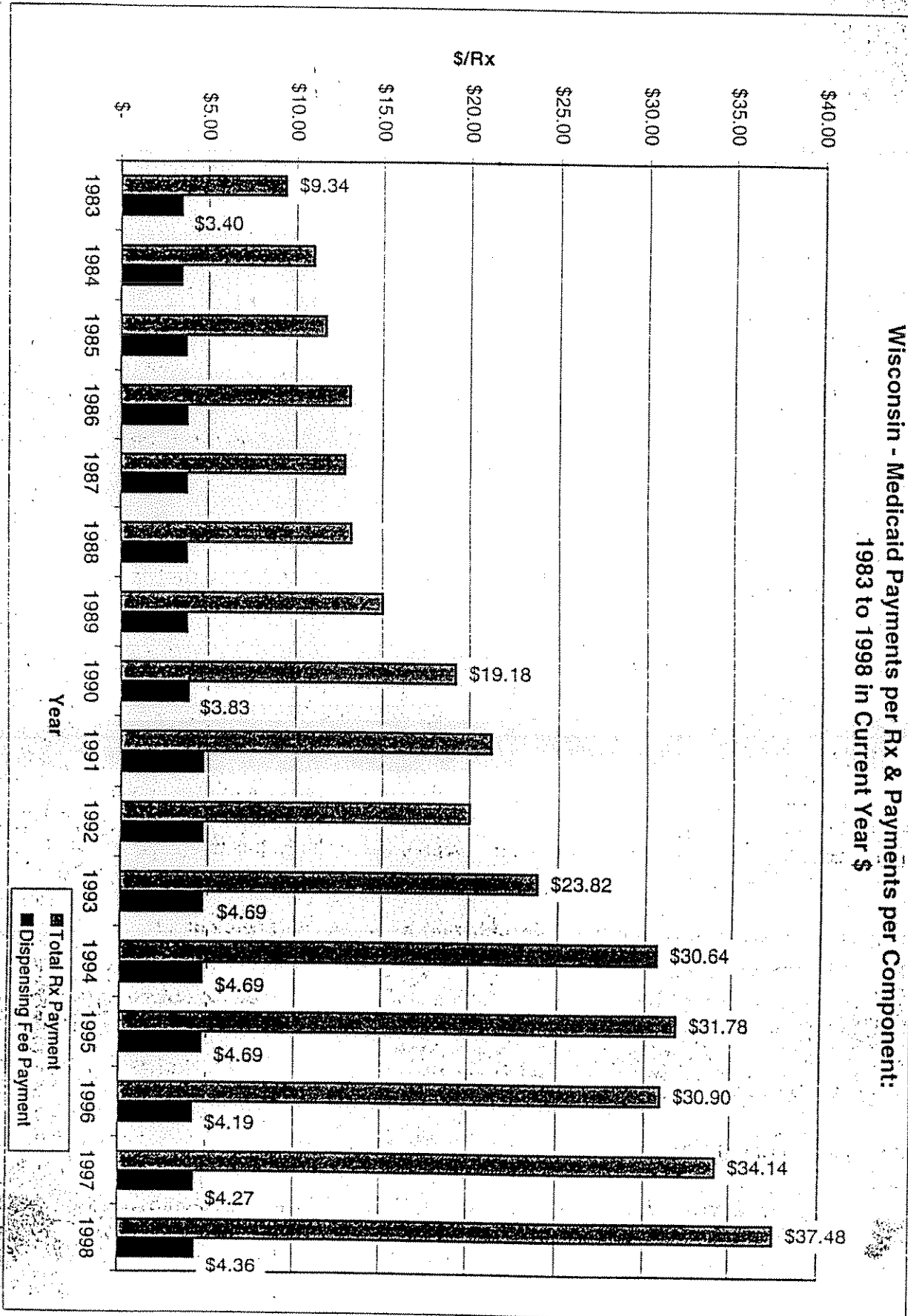
Sincerely,



John Weitekamp R.Ph.

cc. Pharmacy Society of Wisconsin

Figure 3



Profile of Medicaid Reimbursement in 1998

Which state received the highest Medicaid reimbursement in 1998 and which received the lowest? The following table, provided by the National Pharmaceutical Council, gives a state-by-state breakdown.

State	Dispensing cost	Co-pay	Ingredient reimbursement basis
Alabama	\$5.40	50 cents-\$3	WAC+9.2%
Alaska	3.45-11.46	\$2	AWP-5%
Arizona*	-	-	AWP-10%
Arkansas	4.51 + 0.103 (EAC)	50 cents-\$3	AWP-10.5%
California	4.05	G: \$1 / B: \$2	AWP-5%
Colorado	4.08	G: 50 cents/B: \$2	AWP-10%, WAC+18%
Connecticut	4.10	No	AWP-12%
Delaware	3.65	No	AWP- 12.9%
District of Columbia	3.75	\$1	AWP-10%
Florida	4.23	No	WAC+7%
Georgia	4.41	50 cents	AWP-10%
Hawaii	4.67	No	AWP-10.5%
Idaho	4.54	No	AWP
Illinois	3.30-14.72	No	AWP- 1.0%. multisource drugs are
AWP-12%			
Indiana	4.00	50 cents-\$3	AWP-10%
Iowa	4.02-6.25	\$1	AWP-10%
Kansas	4.82 (average)	\$2	AWP-10%
Kentucky	4.75 OP/\$5.75 LTC	No	AWP-10%
Louisiana	5.77	50 cents-\$3	AWP-10.5%
Maine	3.35	50 cents-\$3	AWP-10%
Maryland	4.21	\$1	WAC+10%
Massachusetts	3.00	50 cents	WAC+10%
Michigan	3.72	\$1	AWP-13.5% or AWP-15.1%
Minnesota	3.65	No	AWP-9%
Mississippi	4.91	\$1	AWP-10%
Missouri	4.09	50 cents-\$2	AWP-10.43%
Montana	2.00-4.20	G: \$1/B: \$2	AWP-10%
Nebaska	2.84-5.05	\$1	AWP-8.71%
Nevada	4.64	No	AWP-10%
New Hampshire	2.50	G: 50 cents/B: \$1	AWP-12%
New Jersey	3.73-4.07	No	AWP-10%
New Mexico	4.00	No	AWP-12.5%
New York	4.50-5.50	G: 50 cents/B: \$2	AWP-10%
North Carolina	5.60	\$1	AWP-10%
North Dakota	4.60	No	AWP-10%
Ohio	3.70	No	AWP-11%
Oklahoma	4.15	\$1/\$2	AWP-10.5%
Oregon	3.80-4.16	No	AWP-11%
Pennsylvania	4.00	\$1	AWP-10%
Rhode Island	2.85-3.40	No	WAC+5%
South Carolina	4.05	\$1.50	AWP-10%
South Dakota	4.75-5.55	\$2	AWP-10.5%
Tennessee ¹	-	-	-
Texas	5.27 + 2%	No	AWP-10.49%; WAC+12%
Utah	3.90-4.40	\$1	AWP-12%
Vermont	4.25	\$2	AWP-10%
Virginia	4.25	\$1	AWP-9%
Washington	3.90-4.82	No	AWP-11%
West Virginia	3.90	50 cents-\$2	AWP-12%
Wisconsin	4.38 (\$4.88 - \$5.50²)	\$1	AWP-10%
<i>22 states across the country have higher pharmacy reimbursement than Wisconsin.</i>			
Wyoming	4.70	\$1	AWP-4%

WAC = Wholesalers Acquisition Cost; AWP = Average Wholesale Price; EAC = Estimated Acquisition Cost; G = Generic; B = Brand name; OP = Outpatient; LTC = Long-term care.

Source: As reported by state drug program administrators in the National Pharmaceutical Council Survey.

¹ Within federal and state guidelines, individual managed care and pharmacy benefit management organizations make formulary/drug decisions.

² Wisconsin Medicaid cut \$.50 per prescription during the 1995-96 biennium. Adapted from *Drug Topics*, February 15, 1999

Post-it® Fax Note		7671	Date	# of pages
To	John		From	Chris
Co./Dept.			Co.	
Phone #			Phone #	
Fax #			Fax #	

DATE: March 25, 1999

TO: Steven Walters, MJS

FROM: Christopher J. Decker, RPh
Executive Vice President

SUBJECT: State Budget Proposal—Medicaid Drug Program Cuts

Thank you for taking the time to review the following information in regard to the Governor's state budget proposal and Secretary Leean's comments yesterday. You will find the information very different than the picture presented to the Finance Committee. Please call me if you would like to discuss the information further.

1. Although it is true the cost of the Medicaid prescription drug program has increased 36% in the past three years, less than 1% of that increase has occurred due to pharmacy provider reimbursement increases. In fact, pharmacy providers have borne the brunt of the DHFS cost containment initiatives over the past 10 years and their reimbursement has actually declined over the past 10 years! (See attached bar graph.) The increase in cost to the program has occurred totally to three factors: (1) the increased cost of new drugs covered by Medicaid; (2) an increase in the number of prescriptions dispensed to MA recipients; and, (3) price increases from drug manufacturers on nearly every prescription drug included in the program.
2. The DHFS proposal calls for drastically reducing payment to pharmacy providers in an effort to slow the growth of the Medicaid drug program. Since pharmacy providers have not been the contributors to the continued increase in the cost of the program, the budget proposal misses the target. The drug companies establish the prices and reimbursing pharmacies less does not change that fact.
3. Secretary Leean misled JFC members by stating that Wisconsin Medicaid pharmacy reimbursement is higher than nearly all other state Medicaid programs. Wisconsin's current reimbursement formula is similar to the majority of other programs and 22 other state Medicaid programs actually have higher levels of reimbursement than Wisconsin Medicaid. No other program in the country has a reimbursement level even close to the level proposed in the state budget. (See attached table.)
4. The proposed reimbursement formula is far below a pharmacy's cost and therefore ability to dispense a prescription. Pharmacies cannot purchase drugs at the level DHFS is proposing to reimburse. A recent study published in the national *Managed Care Interface* journal showed that pharmacy-dispensing fees must be at least \$6.95 per prescription on average (assuming 100% efficiency!) Medicaid pays pharmacies only \$4.38 per prescription.

5. If this proposal were to be enacted, most (if not all) pharmacies would refuse to provide services at such a financial loss. A lack of pharmacy participation in the Medicaid program, unfortunately, would lead to Medicaid recipient access problems to prescription drugs and pharmacy services. Such a loss of access, especially in rural areas, will greatly compromise the level of care available to Medicaid recipients. Inevitably, Medicaid recipients will use hospital emergency rooms for previous routine pharmacy services (how's that for cost containment!) Although, if DHFS is successful in reducing pharmacy participation in Medicaid to nearly zero, they will probably be successful in reducing the cost of the drug program by denying availability of pharmacy services to Medicaid recipients. Medicaid recipients should be angrier than pharmacists even are.
6. Last fall a federal court in Pennsylvania ruled in favor of Pennsylvania pharmacies which sued the state when its Medicaid program attempted to reduce pharmacy reimbursement (to Wisconsin's current level.) The court found that it was a violation of federal rules for a state to reduce provider reimbursement without determining the pharmacy's cost in providing the service and the potential impact of lost access due to a change in provider reimbursement. DHFS has not done any such research. The process of unilaterally reducing reimbursement has been found and upheld to be illegal.
7. Last fall when our organization learned of the DHFS proposal, we informed our members and they heavily lobbied the Governor. Following several discussions and meetings with the Governor's staff, Governor Thompson committed, in writing, to us that he would not follow through with the proposal (letter attached.) John Matthews, then his Chief of Staff, stated in a meeting with several individuals in attendance that Governor Thompson understood that pharmacies were not to blame for the continued Medicaid program cost increases and further reiterated that the Governor would not support or propose any reduction in pharmacy reimbursement what-so-ever. Obviously, this was a failed election year promise. One that has disenfranchised thousands of Wisconsin pharmacists and which will greatly compromise the level of care available to Medicaid recipients if enacted.

Marie Moroder - Public Testimony
 5780 Parkview Court
 Wauwatosa

3/1/99
 Public
 Hearing

Happy to be here today to share our family's experience with hearing loss and services from CDHH.

We live in Wauwatosa and have two sons with hearing loss. There is no family history of hearing loss.

1st son (Nicholas) just turned 3 yrs old.

- born 3 months early, on a respirator for 8 days, received a variety of medications, was in ICU for 2 months monitored for apnea, bleeding on the brain, heart valve development, eye development (potential for blindness), lung development, etc.
- 2 days prior to leaving the hospital he failed the hearing screening
 FEELING: devastation, shock, lost... "Oh my God, what do we do? How do we handle this?"
 - like being in a tunnel... CDHH is the light guiding us through the tunnel
 - like being in a foreign country... CDHH is our educator: culture, language, network
- 9 months old:
 - he received his hearing aids
 - CDHH did a speech/language evaluation, educational evaluation and family needs survey was taken at our home
- 9 months on we received full range of services from CDHH:
 - parent education
 - communication playgroup
 - individual education sessions
 - speech/language therapy
 - sign language classes
 - parent support groups/educational workshops

How Nicholas has benefited:

- Playgroup provided a social interaction to stimulate his auditory, speech & language development
- Speech/language therapy sessions developed his receptive & expressive communication
- Parents are now educated knowing how to better cope, advocate, sign,
 (a lot of carryover from CDHH setting to our home environment)

2nd son (Anthony) now 6 mos old

- born 2 weeks early, healthy
- diagnosed at 2 days old with hearing loss
- received hearing aids 2 weeks ago

Anthony will need (& deserves) the same services that Nicholas had. If program monies are cut it will affect the quantity and quality of services available to him.

People at CDHH are truly dedicated to making a difference in the lives of children and their families. They have gone above & beyond in supporting our family in many ways esp. via emotional support & education. Children are our communities best asset.

Why take money away from a program that is **DEDICATED** to making an **INVESTMENT** in the lives of kids & their families?....esp. @ a time that is so **VITAL** to growth & development setting the foundation for their futures.

Thank you for taking the time to come here today to allow us to share our experiences & thoughts with you.

COSTS AND BENEFITS OF EARLY IDENTIFICATION OF AND EARLY INTERVENTION FOR CHILDREN WITH SPECIAL NEEDS

State
file

SKI-HI Institute (SKI-HI, INSITE, VIISA, AHEAD, Deaf Mentor, Intervener, TRISH) programming is in keeping with the urgent need to reduce educational costs. The earlier the service is delivered to families, the less the total cost.

1. Early identification of hearing loss followed by early intervention holds the promise of optimizing language, speech, intellectual, psychosocial development, and occupational/economic opportunity for the young child. Studies involving children who are deaf and hard of hearing show that intervention during the critical period from birth to 2« or 3 years of age results in greater linguistic and academic gains than intervention after age 2« or 3 years (Glover, Watkins, Pittman, Johnson, & Barringer, 1994).
2. Early identification of hearing loss followed by prompt intervention provided to young children and their families can reduce the economic burden for the individual and society:

According to Downs (1993), identification of hearing loss at or near birth and immediate habilitative intervention for the congenitally deaf child would result in some approximation of the language skills of those children with onset of deafness at age 3. As a result, there would be "a marked improvement in earned income, approaching \$129 million per year for the profoundly deaf group. The estimated total cost to society from deafness and hearing impairments . . . \$79 billion per year--might be reduced by 5 percent through newborn identification, that is, up to \$3.9 billion per year" (Downs, 1993, p. 63).

Wood (1981) calculated the total cumulative costs to 18 years of age for special education services provided to a child with a disability with intervention initiated (a) soon after birth, (b) at age 2, (c) at age 6, and (d) at age 6 with no eventual movement to regular education. She found that the total costs were substantially less if intervention was begun at or near birth. Total cost of service initiated shortly after birth was \$37,273 compared with between \$46,816 and \$53,340 if intervention was not initiated until age 6 years.

3. Earlier identification and, thus, earlier intervention with children who have hearing loss can also preclude placement and services in more restrictive and more costly educational settings: A detailed cost analysis conducted for the U. S. Department of Education by Moore and Steele (1988) concluded that every child with a hearing impairment who is educated in a self-contained classroom costs \$6,306 more than if he or she were educated in a regular classroom. Children with hearing impairments who are educated in residential programs cost \$32,397 more than children with hearing impairments who are educated regular classrooms.

The Executive Board of the Educational Audiology Association (EBEAA, 1994) provided a comparison of the annual cost of regular education and special education for children in the state of Colorado who have identified hearing impairments. The cost of educating a child with a hearing loss in a regular education setting with no special education services was \$4,064.75. The cost of educating a child with a hearing loss in the most restrictive setting of a residential school was \$31,139.00. The

costs for serving a child age birth through two years in a statewide early home intervention program or a special education preschool were \$2,600.00 and \$8,193.98, respectively.

4. In sum, both private and government-supported research has demonstrated that early identification of children with special needs, ideally at or near birth, and prompt initiation of appropriate, family-centered, community-based, coordinated early intervention can both conserve our nation's fiscal resources and forestall the unconscionable loss of human potential caused by delayed identification and intervention. The message is clear: "...we either pay a little bit early on in a child's life (cost of screening and early identification services) or pay more later (more intense educational services due to the child's delays...)" (EBEAA, 1994, p. 957).

References

Downs, M. P. (1993). Benefits of screening at birth: Economic, educational, and functional factors. In Program and Abstracts of the NIH Consensus Development Conference on Early Identification of Hearing Impairment in Infants and Young Children (pp. 63-66). Bethesda, MD: National Institutes of Health, National Institute on Deafness and Other Communication Disorders.

Executive Board of the Educational Audiology Association (EBEAA). (1994). Universal screening for infant hearing impairment [Letter to the editor]. *Pediatrics*, 94(6), 957.

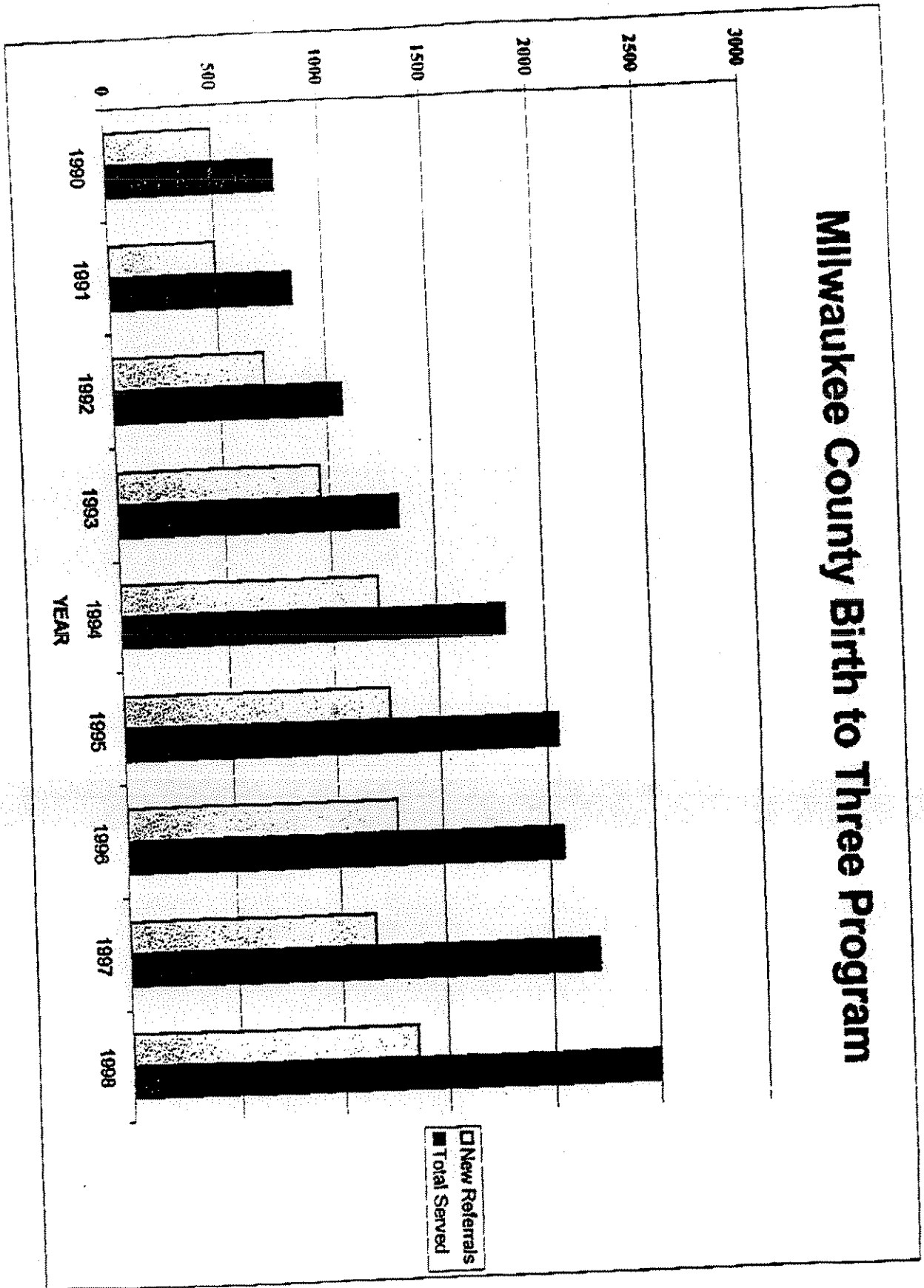
Glover, B., Watkins, S., Pittman, P., Johnson, D., & Barringer, D. (1994). SKI-HI home intervention for families with infants, toddlers, and preschool children who are deaf or hard of hearing. *Infant-Toddler Intervention: The Transdisciplinary Journal*, 4(4), 319- 332.

Moore, M. T., & Steele, D. (1988). The relationship between Chapter I and special education services for mildly handicapped students: A sub-study of the national assessment of Chapter I. Washington, DC: Decision Resources Corporation.

Wood, M. E. (1981). Costs of intervention programs. In C. Garland, J. Swanson, N. W. Stone, & G. Woodruff (Eds.), *Early intervention for children with special needs and their families: Findings and recommendations*. Seattle: University of Washington. (ERIC Document Reproduction Service No. ED 207 278) □

In 1999, CDH# will have a \$161,713 deficit in its Parent-Child Services Budget!

Milwaukee County Birth to Three Program



JOINT FINANCE LISTENING SESSION
MPS Auditorium, 5225 W. Vliet St.
Wednesday, March 31, 1999
Statement by Rose Stietz, O.P.

I come before you as a resident of central city Milwaukee and a former resident of Green and Lafayette Counties in southwestern Wisconsin. My primary issues today are lack of funding for uninsured people addicted to alcohol and other drugs and insufficient funding for public transportation in the city of Milwaukee.

I speak on the AODA issue as Chair of the M.I.C.A.H. Neighborhood Safety and Drugs Task Force and a member of the AODA Committee.

I understand there may be a line item in the budget that speaks of \$1 million related to TANF funding. This is welcome. However, it will in no way ameliorate the problem of miniscule funds for uninsured addicts.

At least 9 people have died by homicide in central city Milwaukee as a direct result of alcohol or other drugs since January 1, 1999: David Sanchez (age 25) shot by his brother after a night of partying; Lafayette Clarke (age 17) shot in a possible attempt to steal a drug dealer's money (he had two cousins executed inside a drug house six years ago); Lykele Hood (age 17) shot by his older half-brother a convicted drug dealer; Chris Brantley (age 16) shot after dealing drugs for quick cash; Rocarldo Chalmers (age 24) shot, had a misdemeanor conviction for cocaine possession; Lonnie Ragsdale (age 20) shot by crack-selling partner for not splitting proceeds fairly; Laquann Baker (age 18) shot because she was with Ragsdale; Christopher Loggins (age 30) and David Beasley (age 30) shot in a bar by a bar patron. Twenty-seven others have lost their lives in escalating violence.

Governor Thompson is proposing \$6.2 million to be made available in loans and grants for taverns whose business may be hurt by another business--the Indian casinos. Uninsured people who are ready for and need extensive treatment can't get help because small providers are not given funds to treat clients adequately; then they are penalized for not offering successful treatment. This is a double standard. Is it because Governor Thompson has a brother in the tavern business and no uninsured family members?

WE NEED \$10 MILLION IN THE BUDGET FOR TREATMENT OF UNINSURED PEOPLE IN MILWAUKEE COUNTY.

Secondly, adequate Public Transportation must be funded in the city of Milwaukee, just a highways are funded out state. Over three-fourths of gas taxes raised in Milwaukee County leave the county to be spent on roads Milwaukee drivers will never see. Yet Governor Thompson has stated that no State funds can be used for people in Milwaukee County who have no cars and thus save millions in highway construction and automobile pollution. Trolleys are a brain child of tourism--not a permanent solution to needs of people in central city Milwaukee. Suburban trains are useful, but as stated in today's Milwaukee Journal Sentinel, they draw the well-to-do who already have vehicles to take them from place to place.

When I lived in Monroe, Wisconsin I used to be able to take public transportation to Madison, Milwaukee, Chicago, wherever. Now people need cars to get to cities with buses, and cars to get around in the city once they get there. This is unconscionable in 1999.



SUSTAINABLE
RACINE

Submitted to Gov
Finance at Hearing
on 3/31/99 by
Jim Carpenter
414-347-0353

March 16, 1999

Governor Tommy G. Thompson
Room 115 East
State Capitol
Madison, WI 53702

Dear Governor Thompson:

Sustainable Racine, Inc. is a community-wide nonprofit organization serving the greater Racine area. For the last year and a half, we have been deeply engaged in community visioning, goal setting and planning with broad-based citizen participation. Through this work, it is clear that both community leadership represented by this Board and the community at large strongly endorse the critical importance of studying our regional transportation choices.


We understand you have withheld the funds allocated for the regional rail study pending the outcome of your Task Force on Rail Passenger Issues work. We believe these are complementary efforts and the Kenosha/Racine/Milwaukee study should provide useful information for the Task Force. At our Annual Meeting on March 5, the Board of Sustainable Racine unanimously recommended we write you and strongly encourage you to release the 80% state matching funds for the regional rail study to extend the commuter rail line from Kenosha to Racine and Milwaukee.


Our County and City governments have diligently authorized the 20% local funding match and community leadership has established the importance of moving ahead with the study of the commuter rail project without delay.


Racine is at the point of many critical public decisions and business commitments, which will be influenced by the planning of our transportation system. Any delay further jeopardizes effective and efficient allocation of economic development and other critical community resources.

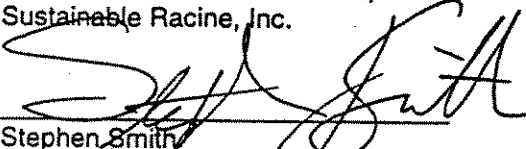
Please reconsider your decision to delay the allocation of funds for this study.

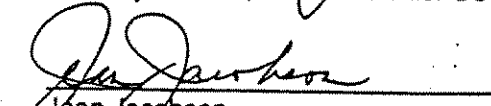
Sincerely,


Carole Johnson
Chairman, Sustainable Racine, Inc.
Senior Fellow for Education Policies
The Johnson Foundation


Helen Johnson-Leipold
Vice Chairman, Sustainable Racine, Inc.
Chairman of the Board
Chief Executive Officer
Johnson Worldwide Associates


Ronald Thomas
Executive Director & President,
Sustainable Racine, Inc.


Stephen Smith
Treasurer, Sustainable Racine, Inc.
Attorney, Hostak, Henz & Bichler SC


Jean Jacobson
Secretary, Sustainable Racine, Inc.
County Executive, Racine County

PROUD TO CALL IT HOME

Sustainable Racine PO Box 725 Racine, WI 53401 Tel: (414) 632-6440 Fax: (414) 632-6408
Office located at 908 State St., Racine

Michael E. Batten

Michael Batten
Chairman, Greater Racine Committee
Chairman & Chief Executive Officer,
Twin Disc Inc.

Edward DeMeulenaere

Edward DeMeulenaere
Past President, All Saints Health Care System

Samuel C. Johnson

Samuel C. Johnson
Chairman, SC Johnson

John Keating

John Keating
Chancellor, University of Wisconsin
Parkside

Dennis Kornwolf

Dennis Kornwolf
Chairman, Town of Caledonia

Dennis McGoldrick

Dennis McGoldrick
Superintendent, Racine Unified
School District

Carolyn Milkie

Carolyn Milkie
President, Village of Sturtevant

William D. Perez

William D. Perez
President & CEO, SC Johnson

David Sanders

David Sanders
Chairman, Downtown Racine Corporation
President & COO, SC Johnson Polymer

James Smith

James Smith
Mayor, City of Racine

Rev. Norma Carter

Rev. Norma Carter
Co-Chairman Vision Stewardship Group
Sustainable Racine, Inc.

Donald Johnson

Donald Johnson
President, Modine Manufacturing Company

Richard Johnston

Richard Johnston
Publisher, The Journal Times

Sandy Kontra

Sandy Kontra - 1999
President, Racine Area United Way
Craig Bryant - 1998 President

Jess Levin

Jess Levin
At-Large Member
President, Bank of Elmwood

Thomas Melzer

Thomas Melzer
Chairman, Town of Mt. Pleasant

David Perkins

David Perkins
Chairman, Racine Area Manufacturers
& Commerce
Racine Federated Inc.

Jean-Pierre Rosso

Jean-Pierre Rosso
Chairman & Chief Executive Officer,
Case Corporation

Q.A. Shakoor, II

Q.A. Shakoor, II
Co-Chairman Vision Stewardship Group
Sustainable Racine, Inc.
Buyer/Planner, Twin Disc Inc.