

Gov Agency: Administration (Attached Programs) – Hearings and Appeals
Funding Shifts

Recommendations:

Paper No. 201 Alternative 2

Brian

Comments:

The Division of Hearings and Appeals' methodology for distributing salary costs between GPR and PR is based upon the types of hearings an employee is assigned. If the subject of the hearing is funded by GPR, the employee's salary is funded by GPR.

While this methodology is used for the employees within the Division's four units, the attribution of supervisory staff salary costs do not currently reflect the funding bases of the staff being supervised.

To be consistent, funding of the management positions would be proportional to the source of funding that supports the number of FTE under their individual supervision.

Prepared by: Deb



Legislative Fiscal Bureau

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

April 20, 1999

Joint Committee on Finance

Paper #201

Hearings and Appeals Funding Shifts (DOA -- Attached Programs)

CURRENT LAW

The Division of Hearings and Appeals is an independent entity attached to DOA for administrative purposes. The Division is responsible for conducting quasi-judicial contested case hearings for a number of state agencies and may conduct such hearings for any state agency upon request. The Division is funded from both GPR and PR fund sources. Base level funding for the Division totals \$2,093,500 GPR and \$1,693,400 PR with 26 GPR and 23.80 PR positions.

GOVERNOR

No provision.

DISCUSSION POINTS

1. The Division currently provides hearing services to the following agencies concerning the general subject areas listed: (a) DOC for probation and parole revocations; (b) DNR for environmental permitting decisions; (c) DHFS for issues related to nursing home regulation, foster care and day care center and medical care facility licensing; (d) DOJ for crime victim compensation cases; (e) DOT for issues related to dealer licenses and motor carrier regulation; (f) DOA for low income energy assistance claims; (g) DWD for W-2, medical assistance and food stamps claims; and (h) DPI for special education cases.

2. The Division's PR funding derives from fees charged to certain agencies for hearing services. The Division is authorized to charge DNR, DOT, DHFS, DWD, and any agency that is not prohibited from contracting with a third party, for contested case hearing services. The statutes require that the fees charged shall cover the total cost of the services and must be consistent with a federally approved allocation methodology because a portion of these costs may be financed by the

federal government. The Division's GPR funding is for the cost of probation and parole revocation cases handled for DOC.

3. The Division of Hearings and Appeals staff is organized into the four major units: (1) corrections parole and probation (plus some general government hearings); (2) work and family services (including two positions in Eau Claire); (3) administrative support; and (4) a Milwaukee regional office which handles both work and family services case and corrections revocation hearings. Each unit is supervised by either a senior attorney or, in the case of the administrative unit, an administrative assistant. These four supervisors report to the Division Administrator.

4. In general, the Division's methodology for distributing salary costs between GPR and PR is based upon the types of hearings an employee is assigned. For example, an attorney assigned to probation and parole cases is funded from GPR, while an attorney assigned to DWD or DHFS cases is funded from PR funds. According to the Division staff, while there is an occasional shifting of responsibilities, most staff assignments are pretty distinct and constant and therefore, a reasonable basis for allocating funding sources of positions.

5. While this methodology is used for the employees within the Division's four units, the attribution of supervisory staff salary costs do not currently reflect the funding basis of the staff being supervised. In the case of the work and family services unit, the supervising attorney is funded 100% PR as all of the supervised staff workload is clearly delineated by the agency being served. However, in the corrections unit, the administrative unit and the Milwaukee regional office, the administrative assistant supervisor and the attorney supervisors are both 100% GPR funded even though each has both GPR and PR funded staff under their supervision. Likewise, the Division Administrator is 100% GPR funded, even though that position is responsible for the general supervision of all of the Division's remaining staff.

6. The Committee could make an adjustment in funding sources for the four management positions. The adjusted base salary and fringe benefit expenses associated with the administrator, the administrative assistant supervisor, and the attorney supervisors of the corrections unit and of the regional office in Milwaukee totals \$415,300 GPR.

7. An alternative method of allocating the costs of these four management positions would be to allocate the funding of the management position proportional to the source of funding that supports the number of FTE under their individual supervision. This approach assumes that manager workload is generally proportional to the types of cases that the employees under their supervision are assigned. Absent a more detailed workload study of manager time allocation, this approach is often used to apportion estimated workload because the proportion of FTEs assigned to each supervisor is easily determined.

8. If this methodology were used to determine the apportionment of funding between PR and GPR for these management positions, the administrative assistant supervisor's salary and fringe benefits would be funded 49% GPR and 51% PR rather than 100% GPR. The corrections unit supervising attorney's salary and fringe benefits would be funded at 94% GPR and 6% PR

rather than 100% GPR. The Milwaukee regional office supervising attorney's salary and fringe benefits would be funded at 68% GPR and 32% PR rather than 100% GPR. The Administrator's salary and fringe benefits would then be allocated according to the Division's total FTE (excluding the Administrator's position), after the funding adjustment for the other three management positions, and would be 49% GPR-funded and 51% PR-funded rather than 100% GPR. In total, an annual decrease of \$136,000 GPR and 1.40 GPR positions and an assumed increase of \$136,000 PR and 1.40 PR positions would occur if this revised allocation of funding for these positions were adopted.

ALTERNATIVES

- ok 1. Maintain current law (the Governor's recommendation).
- 2. Modify the Governor's proposal by decreasing funding for the Division by \$136,000 GPR annually and 1.40 GPR positions and increasing funding by \$136,000 PR annually and 1.40 PR positions to reflect an FTE-based distribution of salary costs between funding sources for these four supervisory positions.

<u>Alternative 2</u>	<u>GPR</u>	<u>PR</u>	<u>TOTAL</u>
1999-01 FUNDING (Change to Bill)	-\$272,000	\$272,000	\$0
2000-01 POSITIONS (Change to Bill)	- 1.40	1.40	0.00

Prepared by: David Worzala

MO# Alt 2

1 BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
GARD	Y	N	A
PORTER	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUBER	Y	N	A
RILEY	Y	N	A

AYE 16 NO 0 ABS 0

ADMINISTRATION

Attached Programs

LFB Summary Items for Which No Issue Paper Has Been Prepared

<u>Item #</u>	<u>Title</u>
1	Hearings and Appeals -- Increased Costs for Probation and Parole Hearing Activities
2	Hearings and Appeals -- Auto Dealer Bond Claim Hearings
3	Hearings and Appeals -- DPI Special Education Hearings
4	College Tuition Prepayment Program
5	Transfer the College Tuition Prepayment Program to the Office of the State Treasurer
6	Transfer State National and Community Service Board
7	Promise Challenge Grant Program