

**Committee Name:**  
**Joint Committee – Finance**  
**(JC–Fi)**

**Appointments**

99hr\_JC–Fi\_Appt\_pt00

**Committee Hearings**

99hr\_JC–Fi\_CH\_pt00

**Committee Reports**

99hr\_JC–Fi\_CR\_pt00

**Clearinghouse Rules**

99hr\_JC–Fi\_CRule\_99–

**Executive Sessions**

99hr\_JC–Fi\_ES\_pt00

**Hearing Records**

99hr\_ab0000

99hr\_sb0000

**Misc.**

99hr\_JC–Fi\_\_Misc\_\_s.13.10\_pt10a2

**Record of Committee Proceedings**

99hr\_JC–Fi\_RCP\_pt00

**13.10 Meeting**  
**Tuesday, December 21, 1999**  
**Agenda Item VIII**  
**DATCP - Funding for IPM in K-12 Schools**

**Issue:**

DATCP requests \$150,000 from the ag-chemical fund for 1 FTE to run their voluntary integrated pest management (IPM) program for K-12 schools.

**Recommendation:** Riley Motion (supported by Susan Mudd)

**Discussion:**

The Riley Motion is really a combination of Alternative 2 and a beefed-up Alternative 4.

Alternative 2 makes the funding one-time rather than permanent, and Alternative 4 (as beefed up) directs DATCP to make their IPM program more effective and report back to JFC at the next 13.10 meeting.

If the Riley motion fails, Alternative 2 alone is the fall back. (note: I suppose Alt 1 would be ok, but it is really tacit approval of DATCP's voluntary go-slow approach. Further, Alt 3 isn't the end of the world, but may give DATCP an excuse to terminate this program when the funding runs out in June 2000. I guess its better to have at least 1 person at DATCP doing a mediocre job than no one there.)

Advocates of IPM in K-12 schools, such as CBE and the Decade, say DATCP's voluntary approach isn't reaching enough schools (only 6 last year, with a few more contacted without follow up).

Pesticides obviously pose health hazards for children and it is amazing how many schools use pesticides, both indoors and out, on a regular basis. Some are probably benign and helpful from a sanitary point of view, others not.

We just want DATCP to speed up the process a little. Educating schools and maintenance staff on how to run an effective and safe IPM program is important, and so is letting parents know what chemicals their kids are being subject to so they can make informed decisions.

This is really a common sense motion. DATCP is starting to do the right thing, we just need to push them along a little faster.

(NOTE: Leg Council says it's not clear if DATCP has authority under current law to do all the things requested in the motion without statutory changes. They say it is a toss up. But, DATCP could certainly give it the old college try.)

Prepared by: Barry



## Legislative Fiscal Bureau

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

December 21, 1999

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Agriculture, Trade and Consumer Protection: Increased Funding for Integrated Pest Management (IPM) in K-12 Schools -- Agenda Item VIII

### REQUEST

The Department of Agriculture, Trade and Consumer Protection (DATCP) requests an increase of \$34,000 SEG in 1999-00 and \$117,300 SEG in 2000-01 from the agricultural management (ACM) fund for 1.0 IPM specialist position and additional contract funding to replace a federally funded project position and expand the Department's IPM program in K-12 schools.

### BACKGROUND

DATCP has received \$52,400 from the U.S. Environmental Protection Agency (EPA) for an IPM specialist project position and to develop and implement IPM programs in Wisconsin public and private K-12 schools. The project position is set to expire on December 31, 1999 and the current federal grant will expire on March 31, 2000. EPA has provided an additional \$11,500 through DATCP to UW-Extension for onsite IPM training at schools. DATCP has provided miscellaneous costs such as staff time and mailings valued at \$11,000 for the school IPM program and another \$7,000 from the ACM fund for contracts with UW-Extension personnel.

A 1998 DATCP survey of pesticide use found that of the 36% of public schools and 20% of private schools that responded, 90% of public schools and 56% of private schools use pesticides indoors and 71% of public schools and 48% of private schools use pesticides outdoors. Further, 85% of responding schools do not have a pesticide use policy. Although schools may hire professional pesticide applicators, school maintenance staff make a large number of pesticide applications as well. The survey found that of respondents, 46% of school district and staff employees applying pesticides have no formal pesticide application training.

Since the survey, DATCP has drafted an IPM manual that has been distributed to schools upon request and also is posted on the Internet. Further, the IPM specialist and UW-Extension staff have conducted three onsite visits to six schools for IPM implementation assistance. Another 15 schools have received a lesser amount of assistance from the IPM specialist.

IPM emphasizes non-chemical pest management tools such as sanitation, pest proofing and trapping and seeks to minimize pesticide applications, using them only in targeted areas and for specific species as a last resort to control pests. Comprehensive pest monitoring and data collection are other important components of IPM.

The agrichemical management fund receives revenues from several pesticide and fertilizer license and tonnage fees. The funds are used for: (a) DATCP administration of an agricultural chemical cleanup program and inspection and regulation of the individuals and businesses that manufacture and distribute feed, fertilizer, and pesticide products in Wisconsin; (b) DATCP administration of groundwater management programs; and (c) agricultural clean sweep grants to counties to prevent contamination through agrichemical collection.

In 1998-99, approximately \$4.6 million was deposited to the ACM fund. Revenues come from the following sources: (a) \$30 annual license fees for fertilizer manufacturers and distributors; (b) fertilizer tonnage fees of \$0.23 per ton; (c) one-time fertilizer permits of \$25; (d) \$25 annual licenses for soil and plant additive manufacturers and distributors; (e) \$100 one-time soil and plant additive permits for new products; (f) soil and plant additive tonnage fees of \$0.25 per ton; (g) annual lime license fees of \$10; (h) \$25 annual licenses for feed manufacturers and distributors; (i) feed tonnage fees of \$0.13 per ton; (j) restricted use pesticide dealer licenses of \$60; (k) pesticide applicator licenses (\$30 individuals & \$70 businesses); (l) nonresident commercial applicator reciprocal certificate fees of \$75; (m) \$25 biennial veterinary clinic permits; and (n) household, industrial and nonhousehold pesticide registration fees ranging from \$91 to over \$2,800, depending on a manufacturer's quantity sold in Wisconsin.

## **ANALYSIS**

DATCP has applied for federal funding of \$93,200 in federal fiscal year 2000 and \$120,900 in 2001 from EPA to continue the school IPM program. DATCP expects to learn whether funding has been granted by March, 2000. DATCP officials indicate EPA is unlikely to continue funding the program, as traditionally grants have been provided for new rather than ongoing projects. However DATCP has requested DOA under s. 16.54 (acceptance of federal funds) to extend the federal project position through February, 2002. Further, the chance of receiving federal funds would likely diminish if state funding were provided. Since current federal funding will continue at least through March 31, 2000, the Committee could deny the request at this time. DATCP could resubmit a s. 13.10 request at a future meeting if the EPA grant is denied. However, DATCP officials argue delaying funding decisions may not allow sufficient lead time to begin planning and advertising summer IPM sessions.

DATCP plans to begin using the increased funding for school IPM in the following ways: (a) revise the IPM manual based on feedback from the pilot program; (b) provide daylong IPM seminars in 10 locations this summer for public and private school building and grounds managers; (c) provide additional visits and assistance to school districts as requested; and (d) annually survey participating schools to evaluate IPM program implementation based on measured changes in pesticide use. Of the \$117,300 requested in 2000-01, \$55,000 would be used to contract with UW-Extension for university specialists to assist with the seminars and \$40,000 would be used for the salary and fringe benefits of the IPM specialist. The remaining \$22,300 would be used for travel, training and supplies.

Currently, schools voluntarily participate in DATCP's school IPM program. According to the U.S. EPA, children may be especially sensitive to health risks posed by pesticides because their internal organs are still developing and maturing, and certain behaviors--such as playing on floors or lawns or putting objects in their mouths--increase children's exposure to pesticides. DATCP has the authority to promulgate rules to govern the use of pesticides, including their formulations, and to determine the times and methods of application and other conditions of use under Wisconsin statutes 94.69(1)(i). However, the Department currently does not regulate most pesticide use at schools. For instance, while written information must be provided to inhabitants in residential applications (for example, a landlord spraying in a rental unit), notices are not required for indoor applications at schools unless the pesticide label lists a restricted entry interval. School personnel, like nearly all applicators of outdoor, nonagricultural pesticides, are required to post notices for outdoor pesticide applications. Further, applicators of both agricultural and nonagricultural pesticides do not require certification unless they apply a restricted use pesticide (as determined by federal law) or are being hired to make the application.

Some believe a voluntary program will not adequately protect human health and safety in schools. They argue that some of the schools most in need of staff training may choose not to participate in the program. From this view, a more regulatory school IPM program may be warranted. The Committee could provide a project position and one-time funding, rather than a permanent position, and direct DATCP to submit a proposal in the 2001-03 budget or through administrative rules to address (a) posting and notification requirement for indoor spraying at schools; and (b) applicator certification or training. However, it also could be argued that schools should be given the opportunity to voluntarily embrace the IPM program before establishing regulations. Agency officials argue that the school IPM program is only in its early stages. Thus, evaluations could determine whether schools begin utilizing IPM once the school program is fully implemented.

The Department believes a permanent IPM specialist and funding are needed, rather than one-time funding, to provide continuing education in IPM once a school begins using the practices. Nearly all school buildings and grounds managers have access to the IPM manual on the Internet. However, without personal contact and training, DATCP officials claim that schools will be less apt to use the manual. Additionally, DATCP officials believe the specialist will be needed in future years to provide training as buildings and grounds managers turn over. Further, they argue that adequately funding a voluntary effort is the appropriate first step. If participation in, or results of, such a voluntary effort prove inadequate, a more regulatory proposal could be considered. Finally,

the Legislature considered including a provision in the 1999-01 biennial budget that would have increased pesticide regulations, including reporting requirements. Act 9 places \$150,000 SEG from the environmental fund into the Committee's appropriation that may be released upon approval of a DATCP proposal for a pilot version of a pesticide sales and use database reporting system.

DATCP currently collects fees for pesticide certifications, licenses and registrations for deposit to the agrichemical management fund. Estimated 2000-01 expenditures are \$5.7 million, while revenues are projected at \$4.4 million. However, a partial fee holiday will expire in 2002, after which time revenues would return to an estimated \$5.5 million annually. Under current law, the ACM fund balance is estimated to be \$3.8 million on June 30, 2001.

One of the goals of the school IPM program is to eliminate most pesticide applications. Thus funding the program from fees related to pesticide manufacture and use may not be deemed appropriate, as fee generators would be funding a program that discourages the use of their product or occupation. Further, the school IPM program could be seen to offer a large public benefit, which would make local or federal funding more appropriate. Conversely, it could also be argued that since IPM principles allow the use of pesticides in certain instances, providing funding from the ACM fund would be proper. Further, it is argued that given the uncertainty of federal funding and the reluctance of many schools to fund training of applicators, providing state funding is warranted.

## ALTERNATIVES

1. Approve the DATCP request for an increase of \$34,000 SEG in 1999-00 and \$117,300 SEG in 2000-01 from the agrichemical management (ACM) fund for 1.0 permanent IPM specialist position and additional contract funding to replace a federally funded project position and expand the Department's voluntary IPM program in K-12 schools.

2. Provide one-time funding of \$34,000 SEG in 1999-00 and \$117,300 SEG in 2000-01 from the ACM fund and authorize 1.0 IPM specialist project position through June 30, 2001.

3. Provide \$34,000 SEG in 1999-00 from the ACM fund and authorize 1.0 IPM specialist project position through June 30, 2000.

4. Direct DATCP to develop administrative rules or propose statutory changes in the Department's 2001-03 budget request to the Governor that more fully address health and safety concerns of school pesticide use. The proposal should, at a minimum, address the following:

- a. Posting and notification requirements of indoor spraying
- b. Certification or training requirements

5. Deny the request.

Prepared by: David Schug

Pa	MO#	BURKE	DECKER	JAUCH	MOORE	SHIBILSKI	PLACHE	COWLES	PANZER	GARD	PORTER	KAUFERT	ALBERS	DUFF	WARD	HUBER	RILEY	AYE	NO	ABS
		A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A			
		N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N			
		Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y			

AGRICULTURE, TRADE AND CONSUMER PROTECTION

12-12 School IPM Regulations  
[Agenda Item VIII]

Motion:

Move to provide one-time funding of \$34,000 SEG in 1999-00 and \$117,300 in 2000-01 from the ACM fund and authorize 1.0 IPM specialist project position through June 30, 2001. Further, direct DATCP to promulgate administrative rules by ~~October 1, 2000~~ <sup>January</sup> that include at a minimum, certification or training requirements of applicators and posting and prior notification requirements of pesticide applications, not to include sanitizers, disinfectants and germicides.

MO#			
2	BURKE	Y	N A
	DECKER	Y	N A
	JAUCH	Y	N A
	MOORE	Y	N A
	SHIBILSKI	Y	N A
	PLACHE	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 9 NO 6 ABS

**Agency:** UW System

**Recommendations:**

**Agenda Item IX:** Alternatives A1, B1 and C.

**Comments:** Tempting as it might be to temper UW's appetite, this action would simply release money that was budgeted to create room for 1,000 extra students next year, and provide additional staffing to serve those students. The majority leader issued a press release in support of this request.

**Alternative A1** releases \$3.8 million, which thanks to the gov's veto is \$1 million less than authorized in budget. The gov's veto also forces UW to dedicate \$1 million of the \$3.8 to distance learning. Despite the cut and added restriction, UW says it can still meet the 1,000 goal.

**Alternative B1** allows the UW to hire 101 extra people to serve the new students, without having to use part of the 1% added authority given to them earlier to better serve existing students. It would be easy to argue that the 183 positions authorized under the new flexibility should be enough, but those positions were authorized before the extra student proposal came along.

There may be motions to allow a smaller number of new hires. Paring it down seems acceptable, but obviously, more students require more teachers.

**Alternative C** is simply a reporting requirement.

Prepared by: Bob





## Legislative Fiscal Bureau

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December 21, 1999

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: University of Wisconsin System: Section 13.10 Request for Release of Funding to Increase Access -- Agenda Item IX

### REQUEST

The University of Wisconsin (UW) System Board of Regents requests the release of \$3.8 million GPR in 2000-01 from the supplemental appropriation of the Joint Committee on Finance for the purpose of increasing total UW System enrollment in the 2000-01 academic year by 1,000 students. In a subsequent letter to the Committee, the UW modified its initial submission to also request that 101 GPR positions be provided for this purpose.

### BACKGROUND

As passed by the Legislature, a provision in the 1999-01 state budget provided \$4.8 million GPR in 2000-01 in the supplemental appropriation of the Joint Committee on Finance for release to the UW Board of Regents to allow UW System institutions to increase enrollment by 1,000 students in the 2000-01 academic year. The provision specified that 300 of the new students would have to be enrolled at UW-Madison. The Governor's partial veto of the provision reduced the amount provided from \$4.8 million to \$3.8 million and eliminated the requirement that 300 of the additional students be enrolled at UW-Madison. In his veto message, the Governor indicates that the funding amount was reduced in order to require the Board of Regents to "explore more cost effective alternatives to increase access" and directs the Board to spend at least \$1.0 million of the funds to increase access through distance education. The veto message also encourages the Board to use these funds in combination with \$1.0 million provided in 1999 Act 9 for the University's Plan 2008: Educational Quality Through Racial and Ethnic Diversity initiative to increase access

and diversity. While the partial veto eliminates the requirement that UW-Madison enroll 300 of the 1,000 additional students, the veto message states that Madison has agreed to increase enrollment by 300 students.

The Board of Regents currently regulates enrollment in the UW System under a plan entitled Enrollment Management (EM) III which spans the time period from fall, 1995 to fall, 2001. The primary goal of EM III, the third in a series of enrollment management plans which began in 1987, is to maintain high quality educational services while increasing enrollments to accommodate an expected increase in the number of high school graduates. In developing EM III, all UW System campuses identified planned enrollment changes for the six-year period, which resulted in annual enrollment targets being set for each campus. Over the period covered by EM III, enrollment was to increase by 8,500 FTE students in the following categories: (a) growth that could be accomplished within current base resources; (b) growth that would require internal reallocations plus some level of additional state support; and (c) enrollment growth that could only be accommodated with new state support. An additional 1,500 FTE students were to be served without cost by reducing the number of excess credits taken by students. In combination with the anticipated increase in the number of high school graduates, EM III was intended to maintain an access rate, defined as the percentage of immediate high school graduates enrolling at UW System institutions, of 31%.

Under EM III, the University agreed to enroll all but 2,454 of the additional students only if additional state funding was provided. However, due to the state's commitment to provide two-thirds funding of K-12 partial school revenues, the base budgets of most state agencies including the UW System, were reduced in the 1995-97 state budget. The University's formal budget submission did not request additional funds for EM III in the 1997-99 or 1999-01 budgets. As a result, the UW System has revised its goal to enroll 128,479 students by the 2001 fall semester, rather than the 134,525 students originally called for in the plan.

Rather than increasing as anticipated, actual enrollment declined in fall, 1995 and remained level in 1996. While an additional 1,541 FTE students were enrolled in fall, 1997, total enrollment was still 1,981 students below the target for that year. In fall, 1998, the UW System enrolled 128,371 FTE students, exceeding the target for that year by 603 FTEs. According to preliminary data, 130,190 FTE students enrolled in fall, 1999, 2,034 FTEs above the target. The lower than anticipated number of high school graduates has resulted in an access rate of 32.7% in fall, 1998, despite the revised enrollment targets.

## **ANALYSIS**

### **Funding**

In accordance with the directive in the Governor's veto message, the proposal submitted by the University indicates that \$1.0 million of the \$3.8 million provided would be used to add 150

FTE students through distance education while the remaining \$2.8 million would support an additional 850 FTE campus-based students. The distance education students would be enrolled primarily through the University's Learning Innovations program, which assists UW campuses in providing on-line courses, as well as other distance education programs. The 850 campus-based students would consist of new freshmen, new transfer students and other enrollments such as special students and adults. Some of the additional campus-based FTEs would be generated by the "pipeline effect," which is defined as enrollment increases that occur: (a) when student retention rates increase; and (b) when larger freshmen classes become upperclassmen, replacing smaller classes of graduating students. While these students would not be new to the System, the enrollment increases resulting from their continued presence would normally restrict or reduce the number of new students that could be served if enrollment was to be maintained at the current level. The following table indicates the proposed distribution of the additional 850 students among the UW institutions.

<u>Institution</u>	<u>Preliminary Fall, 1999 Enrollment</u>	<u>Proposed Additional FTE Students</u>
Eau Claire	9,318	15
Green Bay	4,366	0
La Crosse	8,603	0
Madison	35,404	300
Milwaukee	16,369	175
Oshkosh	9,085	50
Parkside	3,511	0
Platteville	4,895	40
River Falls	5,193	50
Stevens Point	7,749	20
Stout	6,860	30
Superior	2,176	20
Whitewater	8,990	50
Colleges	<u>7,671</u>	<u>100</u>
Total	130,190	850

While funding for the additional students would be allocated among the campuses based on the distribution shown in the table, the University indicates that any campus that does not meet its target would have a proportional amount of its funding reallocated to those campuses that exceed their targeted enrollments.

The Act 9 provision requires the Committee to release the funds to the UW System's appropriation provided that the Board of Regents demonstrates to the Committee's satisfaction that enrollment will increase by 1,000 students in the 2000-01 academic year. Therefore, the question before the Committee is whether the campuses will have a sufficient number of qualified applicants to enroll the additional 1,000 students. The University asserts that, based on current projections of

high school graduates and continued demand for a UW education, campuses will be able to increase enrollment as required. According to UW System staff, institutions received a total of 84,609 new freshmen and transfer applications for the fall, 1999, semester. The campuses reported that 4,044 of these applicants were denied acceptance due to lack of space. In the past, however, UW System institutions have had some difficulties enrolling a targeted number of students. In each year from 1993-94 through 1997-98, aggregate enrollment at UW System institutions failed to meet the EM III targets, falling as much as 2,896 FTEs short in 1995-96. Recently, more institutions have been meeting or exceeding their goals and as a result, Systemwide enrollment exceeded the target by 602 FTEs in 1998-99 and by 2,034 FTE's in 1999-00, on a preliminary basis. In fact, the University has noted that if the access provision had not been included in the budget, it would have been necessary to reduce the total number of new freshmen that could be enrolled in 2000-01 in order to meet the EM III target.

In its request, the University notes that a combination of factors, including the number of applicants, students who are accepted and who actually enroll, transfer students and retention and graduation rates, affect final enrollment figures. As such, the proposal indicates that if total enrollment in 2000-01 does not exceed actual 1999-00 enrollment by at least 1,000 FTE students, "the President and Board of Regents will deallocate the associated increment of funding and so indicate to the Committee one year from now." Any funds not associated with additional students would lapse from the University's general program operations appropriation.

The Board of Regents is requesting release of the funding to the UW System's general program operations appropriation at this time because the campuses are currently in the process of reviewing student applications for admission for fall, 2000, and need to know how many additional students to accept. The University's request also indicates that the process of hiring new staff to serve the additional 1,000 students would have to be initiated in January 2000. If the request would be approved, the funds would be placed in the University's general program operations appropriation for 2000-01.

## **Positions**

A separate provision in Act 9 permits the Board of Regents to submit a proposal, during the 1999-01 biennium, to the Secretaries of the Department of Administration (DOA) and the Department of Employment Relations (DER) to increase its authorized FTE positions that are funded in whole or in part with GPR, by up to 1% above the base level of authorized GPR positions. Based on the number of GPR positions currently authorized, the UW System could create approximately 183 new positions under this provision. If the positions were authorized, the Board would be prohibited from including the incremental costs associated with the positions in future biennial budget requests. The Board would also be prohibited from requesting any funds for compensation increases for those positions. The intent of the provision was to provide the new positions, which would have to be funded entirely through base reallocations, in order to meet

existing staffing needs at the campus level and to allow campuses to respond more quickly to those needs.

In its request, the Board of Regents indicates that 101 new instructional and support staff positions would need to be hired in order to accommodate the additional 850 campus-based students. Since faculty and staff salaries is the largest component of instructional cost per student, most of the \$2.8 million in funding that would be allocated for these students would be used for this purpose. Because Act 9 did not provide any increase in GPR position authority associated with the access funding, the University's initial request proposed to use 101 of the 183 GPR positions that would be provided under the 1% GPR position flexibility provision. However, in a memorandum to the Co-Chairs of the Joint Committee on Finance dated December 7, 1999, the President of the UW System requested that the University's original proposal be amended to request authorization for 101.0 new GPR positions for faculty and staff to serve the additional 1,000 students.

According to UW System staff, half of the 101 new positions requested would be instructional staff and half would be student-related support staff such as admissions personnel, advisors and financial aid officers. The number of instructional staff positions is based on the University's goal of a student-to-staff ratio of 17 to 1. This ratio was used in preparing the University's 1985-87 biennial budget request when campuses were surveyed as to the ideal student-to-staff ratio. While campuses differed in their responses, the 17 to 1 ratio represented the average of those responses. The current Systemwide ratio is approximately 17.5 to 1. According to UW System staff, the request for an equal number of new student-related support staff is based on a current 1 to 1 ratio of instructional staff to all other staff. The actual ratio of students to student-related support staff would be somewhat higher due to the exclusion of non-student-related staff members.

The new positions would be allocated among the campuses based on the proposed distribution of the additional students. Because the Governor's veto reduced the amount of funding provided to \$3,294 per student, below the average state support per student which is currently estimated at \$4,749, some campuses would have to reallocate base level funding to hire new staff to serve the additional students. For 1999-00, state support per student ranges from \$2,540 for freshmen and sophomores at UW-Whitewater to \$5,685 for juniors and seniors at UW-Superior. The extent to which a campus would have to use base funding to serve the additional students would depend on the level of the new students (freshman, sophomore, etc.) and the programs in which they choose to enroll. It would be at the discretion of an individual campus to determine whether the additional students could be served without hiring the allotted number of staff.

In her memorandum to the Co-Chairs, the UW System President indicates that the University would prefer not to use the 1% position flexibility to serve the 1,000 additional students because these positions were intended to meet existing staffing needs associated with current enrollment levels, and using a large portion of these positions to increase access would not help to resolve the current staffing issues. Further, the memorandum states that "initial negotiations with Legislators on the provision for the 1,000 additional students were made with the understanding that the

funding provided under the provision would be accompanied by FTE authority." According to UW System staff, if no increase in position authority were provided, campuses would have to hire adjunct staff on a contract basis to serve the additional students.

Another issue that has been raised regarding the use of the 1% position flexibility for this purpose is that the UW System has not yet submitted its proposal for the 1% increase in position authority to DOA and DER. Should the University's position flexibility request be denied, it is assumed that the Board would then have to submit a separate request to the Committee for the new positions in order to expend the access funding and serve the additional students. Even if the request for the 1% flexibility had already been submitted, the Committee has no role in approving that request. Further, the purpose of the positions that would be authorized under the 1% provision would be to meet changing needs at the campuses while the access funding would be added to the University's base budget and staff associated with the additional 1,000 students would be needed on a permanent basis. Because the budget provision prohibits the UW System from requesting compensation increases, the Board's original request states that the University would cover these increases in 2000-01, but would include them in the base reconciliation for the 2001-03 budget. This modification would also necessitate a change in the nonstatutory language relating to this provision for future biennia. In light of these issues, it may be more appropriate for the Committee to provide additional positions for the access provision apart from the 1% flexibility.

If the Committee wishes to release the access funding without providing additional position authority, the \$2.8 million GPR relating to the 850 campus-based students could be placed in unallotted reserve in the University's general program operations appropriation to be released by DOA upon the approval of the increased position authority under the 1% provision.

## **Report**

In its request, the Board of Regents proposes to submit a report to DOA and the Committee one year from now, on the actual distribution among the campuses of the additional students. The University would also report to the Committee in the event that the target is not met. Given the considerable resources involved and the UW System's intention to submit a report to the Committee, it may be useful to require the Board of Regents to specify in its report, for each campus and Systemwide: (a) the actual number of additional FTE students; (b) the number of new instructional staff FTEs hired for this purpose; and (c) the number of new support staff FTEs hired for this purpose. Since actual enrollment figures for the fall semester are typically available in January, the Committee could require that the report be submitted no later than February 1, 2001.

## **ALTERNATIVES**

### **A. Funding**

1. Approve the University's request for the release of \$3.8 million GPR in 2000-01 from the Committee's supplemental appropriation [s. 20.865(4)(a)] to the UW System general program operations appropriation for University education, research and public service [s. 20.285 (1)(a)].

2. In addition to Alternative 1, place \$2.8 million of the funds associated with the additional 850 campus-based students in unallotted reserve to be released by DOA upon the approval by DOA and DER of the University's request to the number of authorized GPR positions by 1% of its base. [This alternative is consistent with alternative B-2 relating to positions.]

3. Deny the request.

### **B. Positions**

1. Approve the University's amended request for 101.0 GPR instructional and support staff positions to serve an additional 850 FTE campus-based students in 2000-01.

2. Deny the University's request. The UW System would have to use position authority it may receive under the 1% position authority provision in Act 9 if approved by DOA and DER.

### **C. Report**

Require the Board of Regents to submit a report to the Joint Committee on Finance by February 1, 2001, which includes, for each campus and Systemwide: (a) the actual number of additional FTE students enrolled in the fall semester of 2000; (b) the number of new instructional staff FTEs hired to serve the additional students; and (c) the number of new support staff FTEs hired for this purpose.

Prepared by: Merry Larsen

UW SYSTEM

Funding and Position Authority for Increased Access  
[Agenda Item #IX]

Motion:

Move to approve the University's request for the release of \$3.8 million GPR in 2000-01 from the Committee's supplemental appropriation [s. 20.865(4)(a)] to the UW System general program operations appropriation for University education, research and public service [s. 20.285 (1)(a)].

In addition, provide 67.0 GPR instructional and support staff positions to serve an additional 850 FTE campus-based students in 2000-01.

Require the Board of Regents to submit a report to the Joint Committee on Finance by February 1, 2001, which includes, for each campus and Systemwide: (a) the actual number of additional FTE students enrolled in the fall semester of 2000; (b) the number of new instructional staff FTEs hired to serve the additional students; and (c) the number of new support staff FTEs hired for this purpose.

MO#				
2	BURKE	Y	N	A
	DECKER	Y	N	A
	JAUCH	Y	N	A
	MOORE	Y	N	A
	SHIBILSKI	Y	N	A
	PLACHE	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	



Representative Kaufert  
Representative Albers  
Senator Panzer

UW SYSTEM

Earmark Positions for UW Colleges  
(Agenda Item #IX)

Motion:

Move to specify that, of the additional faculty and staff positions authorized the UW System for the enrollment of ~~1,000~~<sup>850</sup> additional FTE students in 2000-01, the Board of Regents would be required to allocate <sup>at least</sup> 12.0 FTE faculty and staff positions to the UW Colleges.

MO#			
BURKE	Y	(N)	A
DECKER	(Y)	N	A
JAUCH	Y	(N)	A
MOORE	Y	(N)	A
SHIBILSKI	Y	(N)	A
PLACHE	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 8 NO 8 ABS \_\_\_\_\_

UW SYSTEM

Position Authority for Increased Access  
[Agenda Item #IX]

Motion:

Move to provide 71.0 GPR instructional and support staff positions to serve an additional 850 FTE campus-based students in 2000-01. Specify that of the additional faculty and staff positions authorized the UW System, the Board of Regents would be required to allocate 12.0 FTE faculty and staff positions to the UW Colleges.

MO#			
	BURKE	Y	(N) A
	DECKER	(Y)	N A
1	JAUCH	(Y)	N A
	MOORE	Y	(N) A
2	SHIBILSKI	(Y)	N A
	PLACHE	(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 6 NO 10 ABS \_\_\_\_\_



University Relations  
Office of the Assistant Chancellor

Chapman Hall  
PO Box 413  
Milwaukee, WI  
53201-0413  
414 229-4035 phone

December 20, 1999

Senator Brian Burke,  
P.O. Box 7882  
Madison, WI 53707

Dear Brian,

I am writing on behalf of Chancellor Zimpher to ask for your support tomorrow in the Joint Finance Committee when you consider the request to release funds allowing UWS to accommodate 1,000 additional new students. Equally as important is authority to provide the necessary positions.

We were delighted when the final budget included \$3.8 million to support this increase. Of that amount, \$2.8 million will be used to support 850 on-campus enrollments. For UWM, this means 175 new students will have access to our campus. In order to meet this goal, we must gain approval for the 101 positions, both instructional and support services. For our campus this means 21 new positions.

The position authority includes both instructional and support services. If we are to truly serve the needs of these students, it is critical that all 101 positions be approved.

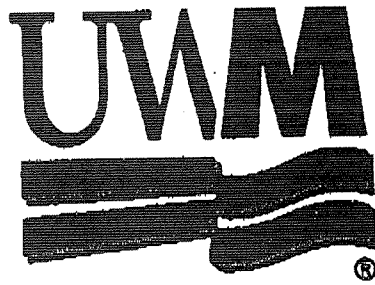
Thank you for your consideration of our request.

Sincerely,

  
Sandra Hoeh  
Assistant Chancellor

*Hope you can support us.*

267-0274



**UNIVERSITY RELATIONS**  
**OFFICE OF THE ASSISTANT CHANCELLOR**  
P.O. BOX 413 (Chapman Hall 180)  
MILWAUKEE, WI 53201  
FAX: (414) 229-6261

TO: Senator Brian Burke

FROM: Sandra Hoeh

Number of pages (including cover): 7

MESSAGE: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

PHONE: (414) 229-4035

SANDRA HOEH  
MARY JO GRESK

229-4027  
229-4451  
229-6917

BRAD STRATTON  
KARLA ASHENHURST  
LYNN WILK

#####

Please call for assistance if transmission is incomplete.

**13.10 Meeting**  
**Tuesday, December 21, 1999**  
**Agenda Item X**

**Issue:** Historical Society: Position and Funding Transfers and Position Creation

**Recommendation:** Alternative A(1), ~~B(2)~~ B-1

**Comments:** The Historical Society is back again for more position and funding transfers. Part A of the request deals with position and funding transfers. The Society wants to transfer the current Deputy State Archivist position to create a technology director for the agency. LFB seems to think this is fine. The Society also needs \$13,000 GPR and the transfer of 0.25 GPR FTE in order to fully fund a 0.5FTE mailroom position. LFB also says the request is reasonable.

Part B of the request deals with the creation of a permanent library digitization consultant position and an LTE assistant. LFB says the position is justified because the technology needs of the Society's library division have increased greatly in the past few years. However, LFB also says that it may be worthwhile to have the Society hire several non-state consultants for this project for now, and then request permanent positions in the next budget. This would give the Legislature more time to look at the early success of the project and determine future permanent staffing needs. If others want B(1), however, this is fine.

Finally, Part C of the fiscal bureau paper deals with the Society's appropriation structure. LFB is questioning whether or not the agency's appropriation structure should be modified so they would have more flexibility to transfer between appropriations. Currently, the Society has six general program operations appropriations for five divisions and 139.5 FTE GPR positions. If the appropriations were merged, the agency would be able to transfer positions without approval each time from JFC.

However, merging the appropriations would make the agency subject to a three percent turnover standard budget adjustment in each biennial cycle. Certainly, the Society would be uncomfortable with this, and undoubtedly they would be back for more money if they were subject to the cut. Better to leave well enough alone for now. The governor can always propose an appropriations merger in his next budget.

**Prepared by:** Julie



## Legislative Fiscal Bureau

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

December 21, 1999

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Historical Society: Section 13.10 Request Relating Position and Funding Transfers and Creation of 1.0 Permanent Position -- Agenda Item X

### REQUEST

The Historical Society requests the following:

a. Transfer \$55,800 GPR and 1.0 FTE GPR classified position from general program operations for archives and research services to general program operations for executive and administrative services to eliminate the Deputy State Archivist position and create a Technology Director position;

b. Create 1.0 FTE GPR classified permanent position under general program operations for library services to create a library digitization consultant position utilizing existing funds; and

c. Transfer \$13,000 GPR and 0.25 FTE GPR classified position from general program operations for archives and research services to general program operations for executive and administrative services in order to fully fund an existing 0.5 FTE mailroom position with GPR. (Note: the Society's request provided conflicting amounts of \$12,000 and \$13,000. Officials of the Society have indicated that the correct amount to be transferred should be \$13,000.)

A final item, relating to the transfer of funding and an unclassified position for the creation of an executive assistant, has been withdrawn by the Historical Society.

## ANALYSIS

The State Historical Society has been involved with agency-wide strategic planning for the past several years, and currently intends to continue strategic planning through complete implementation in 2004. According to materials presented to the Board of Curators in September, the goals of the strategic planning process are to: (a) clarify the Society's vision of the future; (b) strengthen and build partnerships; (c) improve staff buy-in and understanding; (d) identify fewer, but higher leverage initiatives; and (e) establish more consistent "checks" to make adjustments in initiatives. Through the strategic planning process, the Society hopes to become less reliant on state funding, while also ensuring that their resources and services reach the people of Wisconsin in the place and format that is most preferred by the end user.

One result of the strategic planning process has been the initiation of a proposal to merge the Division of Archives and Research Services with the Division of Library Services. The Society believes that such a merger would better align the services and initiatives of these two divisions that serve a similar audience and have similar missions and needs. The Society will be making this merger request to the Governor and the Department of Administration (DOA) in early 2000.

While the strategic planning process has been sustained in order to improve the services of the Society, it has created numerous internal changes within the Society that have necessitated position and funding transfers between the Society's six general program operations appropriations. This request to transfer various positions and related funding and to create one new position is largely a result of the Society's strategic planning process that has identified needs in the areas of information technology and administration.

### **Position and Funding Transfers**

*Technology Director.* The Society proposes transferring the funding and position authority for the Deputy State Archivist position to executive and administrative services in order to create a technology director for the agency. The Deputy State Archivist position is vacant and the duties of that position have been reassigned to the State Archivist and two newly created bureau directors. The technology director position, which would serve each of the Society's five divisions, was identified by the Society's management team as the agency's top reallocation priority. According to the Society, this conclusion was reached following an independent study of the Society's overall needs, and an assessment of its current information technology infrastructure and usage.

The Society is primarily an information agency, with large public databases containing several million items in the library, archives, museum and historic sites collections. As the wealth of its collections has increased and the demand for electronic cataloguing and access of materials has increased, the information technology needs of the Society have also increased. Society officials indicate that the technology director would coordinate Society-wide information technology planning, the development of e-commerce opportunities, the expansion of the agency's website, as well as other technology initiatives.

Because this transfer would take funding and position authority away from a primarily research and service oriented division and provide them to an administrative division, it could be argued that the Society's patrons may receive fewer services and the Society's core function as an historical agency may suffer as a result of the transfer. On the other hand, the technology director position would serve the entire agency, rather than one division, and would likely assist the Society in reaching a broader audience through the use of distance education and electronic materials. Given the growing emphasis on the use of technology in education, research, library operations and state services, it seems appropriate to permit the creation of such a position at the Society.

*Mail Room Position.* The Society requests the transfer of \$13,000 GPR and 0.25 GPR FTE in order to be able to fully fund a 0.5 FTE mailroom position with GPR. Currently the position is funded 0.25 GPR and 0.25 program revenue from the membership program. Originally, the position was supported through this funding split because 0.25 FTE was dedicated to handling the mail services for the membership program. However, recently the Society has begun charging the membership program for its use of the mail services and would like to fund the position fully with GPR, so as not to double-charge the membership program. In addition, the volume of membership mail as a percentage of the total mail service has decreased in recent years, as the Society's own mail service requirements have increased. The funding and position authority for this transfer currently resides in the archives program of the Society. Given the nature of this transfer, this request appears reasonable.

### **Position Creation**

*Library Digitization Consultant.* Under 1999 Act 9 (the 1999-01 state budget), \$102,500 GPR in 1999-00 and \$205,000 GPR in 2000-01 was transferred from general program operations for archives and research services to general program operations for library services. Under 1997 Act 27 (the 1997-99 state budget), the Society was required to submit its 1999-01 budget request to include this funding shift. In 1995 Act 27 (the 1995-97 state budget) \$200,000 GPR in 1995-96 and \$205,000 GPR in 1996-97 and 4.0 GPR project positions beginning in 1995-96 were provided for the Society to fund a four-year archives appraisal project. Under this provision, the Society retained the \$205,000 GPR base funding. Act 9 also deleted the 4.0 FTE project positions in 2000-01 that will expire on December 31, 1999.

The Society proposes utilizing \$84,000 of the \$205,000 GPR base funding to fund a permanent library digitization consultant position and an LTE assistant. The remaining \$121,000 GPR has been budgeted for supplies and services, but has not be earmarked for a specific project. The funds may be reallocated if the Society receives approval for its proposed merger of its archives and research division with its library division. The Society requests creating the 1.0 FTE position beginning on July 1, 2000.

Similar to the discussion above regarding the technology director, the specific information technology needs of the Society's library division have increased significantly over the past several



years. The Society indicates that through the strategic planning process, which has included library and archive user feedback, the State Archivist has identified a strong demand for more digital services, including converting collections of photographs, books, journals, newspapers and historical records to digital formats and making them available to the general public via the Society's website. In addition, the Society reports that the position would coordinate the preparation of grant applications for outside digitization funding, in order to leverage state funds.

Society officials indicate that they considered hiring an independent, non-state consultant to fill the duties necessary for such a digitization endeavor, but determined that because the need for digitizing materials will be ongoing, a permanent position would be more appropriate. Because this position would be created as of July 1, 2000, approval of the position would provide the Society with a permanent position one year earlier than if such a position were approved as part of the 2001-03 state budget. The one-year time-period may provide the Society with the type of stability that such digitization project needs in order to be successful, particularly if the permanent position were to seek grant funding to leverage existing state funds. Additionally, because the request does not include expending additional funds, it may be desirable to provide the Society with the requested position authority to ensure the beneficial and efficient use of existing funds.

On the other hand, the Society appears to have sufficient funding to hire several non-state consultants for this project, especially in light of the fact that the remaining \$121,000 has yet to be allocated to a specific purpose. The Society could hire independent consultants to begin the project on July 1, 2000 and then request permanent positions as part of its 2001-03 budget request. This would provide the Society with ample time to determine a permanent use for the full \$205,000, implement the changes necessary for the proposed merger, and assess the scope and needs of the digitization project. Additionally, by hiring non-state consultants and working under the budgetary timeline, the Legislature would have more time to examine the early success of the digitization project and its potential need for permanent position authority.

### **Society Appropriation Structure**

This is the fifth s. 13.10 request submitted by the Society over the past 18 months. This request and three others have dealt with the creation or transfer of positions in various divisions within the agency. While the s. 13.10 process was created to respond to state agency emergencies and extenuating circumstances, which could include agency reorganizations, arguably an agency strategic planning process, initiated two years ago with plans to extend to 2004, should have provided the Society sufficient time to prepare for and request changes as part of the 1999-01 state budget or the 2001-03 state budget.

On the other hand, the type of long-range strategic planning that the Society is currently undertaking requires the input of numerous parties, including Society patrons, members of the Board of Curators, staff and other stakeholders. During such a process, originally established plans may change as more information and opinions are gathered, and as fundraising efforts and state law changes come to light.

However, one major factor that has necessitated the frequency of s. 13.10 requests for position and funding transfers is the structure of the Society's appropriation schedule. The Society has six general program operations appropriations for five divisions and 139.5 FTE GPR positions. Each time the Society wishes to transfer a position and funding from one of its divisions to another, it must request approval of this transfer through the s. 13.10 process because it requires moving funding and positions across appropriations. Especially due to the frequency of such transfers during the Society's strategic planning period, the s. 13.10 requirements have hindered the Society's ability to manage positions and funding across divisions. The Society argues that it lacks the flexibility to adequately address the changing needs of the Society and its patrons.

However, officials at the Society are reluctant to merge their general program operations appropriations because such a merger would subject the Society to a three percent turnover standard budget adjustment in each biennial budget. The 1999-01 budget instructions required agencies with more than 50 FTE permanent positions in an appropriation to budget for a reduction equivalent to three percent of permanent position salaries. This reduction is intended to address the savings that agencies incur during periods when positions are vacant due to turnover. Agencies with fewer than 50 positions in an appropriation are not subject to such a reduction because these agencies are less likely to be able to hold positions vacant for significant periods of time and thereby benefit from any savings. As currently structured, although the agency has 139.5 FTE GPR positions, none of its appropriations contain more than 50 positions.

Had its six general program operations appropriations been combined for the purposes of 1999-01 standard budget adjustments, the Society would have been subject to a turnover budget reduction of approximately \$145,000 GPR. Society officials argue that a reduction of that magnitude would be difficult for the Society to endure, particularly with the increasing demand for Society resources and services. The budget instructions do, however, allow agencies to request an exception to the turnover reduction: "If an agency believes it cannot take the required turnover reduction without adverse programmatic impact, it should take the standard budget reduction and may propose turnover add back in a stand alone decision item, subject to normal budget rationing."

A complete analysis, including an historical comparison and attention to other factors that have affected the Society's appropriation structure, including programmatic, legal, financial and legislative concerns, is not possible within the context of a s. 13.10 request. However, it may be desirable to require the Society to include in its 2001-03 budget request a proposal for restructuring the Society's appropriation schedule, including a provision for combining its general program operations appropriations, where appropriate. Given that agency budget requests will likely be submitted to the Governor and Legislature in September, 2000, the Society should have adequate time to complete a comprehensive proposal, with the approval of its Board of Curators and the input of relevant stakeholders.

Alternatively, the Committee may not wish to make such a requirement for the Society prior to the issuance of the 2001-03 state budget instructions, which will outline budget requirements for

all state agencies. Additionally, it could be restructure an agency's appropriations, it co agency.

**ALTERNATIVES**

**A. Position and Funding Transfers**

1. Approve the Society's request to: (a) transfer \$55,800 GPR and 1.0 FTE GPR classified position from general program operations for archives and research services to general program operations for executive and administrative services to eliminate the Deputy State Archivist position and create a Technology Director position; and (b) transfer \$13,000 GPR and 0.25 FTE GPR classified position from general program operations for archives and research services to general program operations for executive and administrative services in order to fully fund an existing 0.5 FTE mailroom position with GPR. This would involve the following funding and position adjustments:

Appropriation  
s.20.245 (1)(a)  
s.20.245 (4)(a)  
s.20.245 (1)(a)  
s.20.245 (4)(a)

Funding  
-\$55  
55  
- 13  
13

MO#	BURKE	DECKER	JAUCH	MOORE	SHIBILSKI	PLACHE	COWLES	PANZER	GARD	PORTER	KAUFERT	ALBERS	DUFF	WARD	HUBER	RILEY	AYE	NO	ABS
	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A			
	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N			
	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y			

2. Deny the request.

**B. Position Creation**

1. Approve the Society's request to create 1.0 FTE GPR permanent classified position under general program operations for library services (s.20.245(1)(am)) to create a library digitization consultant position.

2. Deny the request.

**C. Society Appropriation Structure**

1. Require the Society to include in its 2001-03 budget request a proposal for restructuring the Society's appropriation schedule, including a provision for combining its general program operations appropriations, where appropriate.

Prepared by: Ruth Hardy

MO#	BURKE	DECKER	JAUCH	MOORE	SHIBILSKI	PLACHE	COWLES	PANZER	GARD	PORTER	KAUFERT	ALBERS	DUFF	WARD	HUBER	RILEY	AYE	NO	ABS
	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A			
	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N			
	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y			

**13.10 Meeting**  
**Tuesday, December 21, 1999**  
**Agenda Item XI**

**Issue:** Workforce Development: Workforce Attachment and Advancement Funds

**Recommendation:** Alternatives #2a, f, h, l, & j.

**Comments:** Request to use \$19,700,000 of TANF funds for the Workforce Advancement and Attachment program. Again, these are funds that were allocated in the budget, but DWD had to come to the committee with a plan in order to receive the funds. This is their plan.

Alt. 2a specifies that non-custodial parents would also be eligible to receive services under the WAA program if either their, **or** the custodial parent's income level was below 200% of the FPL. This was a Moore motion in the budget. The argument for helping non-custodial parents is that by helping them get better paying jobs, they'll be paying more child support, which will help the custodial parent & child.

Alt. 2f states that this additional funding to the W2 agencies could not be added to the base amount of their contracts, therefore, it can not be used in determining their performance bonuses.

Alt. 2h specifies that DWD may not allow W2 agencies to use these funds to pay employers wage subsidies. LFB has a good argument on page 9, paragraph 2, that employers are currently providing training and hiring these employees without the wage subsidies because of the tight labor market. Might as well make sure we're using this money to assist employees rather than employers.

Alts. 2l & j are tracking reports we would require of DWD to make sure people who get jobs through these programs maintain their employment and are not "over-counted" thus over stating the success of any of the W2 agencies.

**Prepared by:** Cindy



## Legislative Fiscal Bureau

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

December 21, 1999

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Workforce Development: Section 13.10 Request for Workforce Attachment and Advancement Funds -- Agenda Item XI

On November 18, 1999, the Department of Workforce Development (DWD) submitted a request to the Joint Committee on Finance to transfer \$9,700,000 FED in 1999-00 and \$10,000,000 FED in 2000-01 from the Committee's appropriation [s. 20.865 (4)(m)] to DWD's appropriation for the federal block grant under the temporary assistance to needy families (TANF) program [20.445(3)(md)]. These funds would be used to implement the workforce advancement and attachment (WAA) program.

### BACKGROUND

Under 1999 Wisconsin Act 9 (the 1999-01 biennial budget), the Department is required to distribute funding to W-2 agencies and local workforce development boards (WDBs) to provide all of the following to any person who is eligible for the federal TANF program: (a) job readiness training and job placement services to unemployed persons; (b) basic job skills development to unemployed or recently employed persons; (c) services to assist recently employed persons with job retention; (d) incumbent worker training to promote job advancement and increased earnings; and (e) services to employers to assist them in retaining workers and providing workers with position advancement. The general purposes of the program are to stabilize low-income workers, provide training so that individuals can move to higher-paying jobs and help employers retain workers and upgrade their skills.

Although the Department is required to allocate funding to both W-2 agencies and workforce development boards, the statutory language does not specify the amount that would have to be

distributed to each of these two types of entities. The statutory language does specify how the Department must allocate funding among the W-2 agencies and among the workforce development boards. These provisions are described in more detail in a separate section of this paper.

Finally, Act 9 requires DWD to impose performance standards on agencies receiving WAA funding. These performance standards must be based on employment placement for unemployed persons, job retention rates of the persons served by the fund recipients, increased earnings of the persons served by the fund recipients and increased child support collections for noncustodial parents served by the fund recipients.

Under Act 9, \$9,700,000 in 1999-00 and \$10,000,000 in 2000-01 in federal TANF funding was allocated for the workforce advancement and attachment program. These funds were placed in the Committee's appropriation for release after the Joint Committee on Finance had an opportunity to review the allocations of funding and more details regarding the WAA program.

## **ANALYSIS**

If the Department's request is approved, \$9.7 million in 1999-00 and \$10.0 million in 2000-01 would be transferred from the Committee's appropriation to DWD to be distributed to W-2 agencies and workforce development boards for the WAA program. The following sections describe: (a) funding allocations to the W-2 agencies and WDBs, and the distribution of funds under contracts between DWD and the agencies and boards; (b) eligibility requirements for services under WAA; (c) services that may be provided with WAA funding; and (d) performance standards and evaluation of the WAA program.

### **Funding Allocation and Distribution**

As described earlier, the statutory language included in Act 9 specifies how the Department must allocate funding among the W-2 agencies and among the workforce development boards. Based on these statutory guidelines, the allocations for each W-2 agency are shown in Attachment A, and the allocations for each WDB are shown in Attachment B.

The allocations proposed by the Department appear to be consistent with the statutory requirements. However, the Committee may wish to consider alternatives with regard to distributing funding to W-2 agencies through the W-2 agency contract. This issue is described in more detail following the description of the funding allocations below.

*Funding Allocations.* Although the statutory language does not specify the amount that would have to be distributed to each group, DWD's request indicates that half of the funding would be distributed to W-2 agencies and the other half would be distributed to WDBs. Therefore, of the total funding amount of \$19.7 million, \$9.85 million would be provided to W-2 agencies and \$9.85 million would be provided to workforce development boards.

*W-2 Agency Allocations.* According to the provisions of Act 9, the Department must allocate a minimum amount to each W-2 agency. This minimum amount is not specified in the statutes. The Department proposes to provide a minimum of \$10,000 to each W-2 agency.

The statutory language also specifies that any amount provided to W-2 agencies above the minimum amount would have to be allocated to W-2 agencies based on the number of persons in all of the following case categories served by that W-2 agency: (a) case management (although not specified, this includes cases receiving a cash grant as well); (b) food stamp employment and training; (c) diversion, as defined by the Department; (d) noncustodial parents; and (e) child care.

The Department's allocation of funding takes into account the number of persons in each of the above case categories served by the W-2 agencies, with each case type having an equal weight in the formula. For each category except noncustodial parents, the number of persons served by the W-2 agency is based on the August, 1999, caseload. The number of noncustodial parent cases is based on the numbers included in the request for proposals for the next W-2 agency contract (for the period January 1, 2000, to December 31, 2001) and used to determine the contract allocations for that contract.

The W-2 agency allocations for the WAA program as proposed by the Department and shown in Attachment A meet the statutory guidelines specified in Act 9, and appear reasonable.

*Workforce Development Board Allocations.* Under 1995 Wisconsin Act 109, the Department of Workforce Development was required to realign Wisconsin's 17 service delivery areas (SDAs) for employment services to consolidate areas and correspond more closely with technical college districts. The 17 SDAs were consolidated into 11 workforce development areas (WDAs), with the merger process beginning in July 1997 and being completed by July 1, 1998.

In 1998, the federal Workforce Investment Act (WIA) was signed into law, ending the Job Training Partnership Act (JTPA). Under the federal Workforce Investment Act of 1998, each WDA is required to establish a workforce development board. The workforce development boards, in general, replace the private industry councils that operated under JTPA. However, under the workforce investment act, board representation must include certain types of agencies that may not have been involved under JTPA. Each WDB consists of a board of 35-40 members appointed by the chief locally-elected official in accordance with WIA requirements, and an administrative entity that acts as the legal and fiscal agent for the programs over which the WDB board has authority.

The local boards provide strategic planning and direction for local workforce issues and develop strategies to address local needs. The boards are responsible for administering the Title 1 program of the WIA, and also the formula grants under the welfare-to-work program. According to DWD, the board will be required to work with the chief elected official in the area to develop a five-year workforce investment plan; coordinate workforce investment activities with economic development strategies and develop other employer linkages; promote the participation of private sector employers in the statewide workforce investment system; direct the disbursement of WIA Title I-B funds; conduct oversight of WIA Title I-B youth, adult and dislocated worker programs

and the one-stop system; negotiate local performance measures with the chief elected official in the area and the Governor; and assist the Governor in developing the statewide employment statistics system.

Under Act 9, the Department must allocate to each local workforce development board an amount of WAA funding based on a formula that takes into account all of the following: (a) the percentage of the population of the area served by the local board with an income at or below 200% of the poverty line; (b) labor force participation; and (c) the unemployment rate of the area served by the local board.

In determining the allocations for the WDBs, the Department included each of the above factors. The number of persons in the workforce development area that have an income at or below 200% of the federal poverty level is based on 1990 census data. Labor force participation in the WDA is based on 1999 data. To obtain a measure of unemployment in each WDA, the Department used an adjusted substantial unemployment factor rather than a direct unemployment rate because the direct unemployment rate is highly correlated with labor force participation and would not account for areas of unemployment within a WDA. The adjusted substantial unemployment factor is calculated for DWD by the federal Department of Labor. This factor is used to determine areas within a WDA that have an unemployment rate greater than 6.5%. This factor is also used for allocating funding under the JTPA program. The use of the adjusted substantial unemployment factor appears reasonable for allocating WAA funding among the WDBs.

Although different methodologies could be used, the allocations proposed by the Department meet the statutory requirements under 1999 Act 9, and appear reasonable.

*Distribution of Funding Through Contracts.* According to the Department's proposal, W-2 agencies would be issued funds through the Division of Economic Support within DWD. For ease of administration, funding would be provided through an addendum to the W-2 agency contract for the period January 1, 2000, through December 31, 2001. Therefore, agencies that are awarded the next W-2 contract for that period would receive the WAA funds. Funding amounts are in addition to the base W-2 program allocations. Workforce development boards would be issued funds through the Division of Workforce Excellence within DWD. A separate contract would be provided to each WDB for the WAA funds.

Under the 1999-01 biennial budget, the Legislature approved a base allocation for the W-2 contracts, and an additional amount of funding equal to 4% of the base contract amount for performance bonuses under the W-2 contracts. DWD has indicated that WAA funding for the W-2 agencies would not be added to the base contract amount, and W-2 agencies would not be allowed to obtain performance bonuses based on the WAA funding amounts. The Committee may wish to specifically direct DWD to keep WAA funding entirely separate from the W-2 agency base contract amounts, and not add the WAA funding amount to the base contract amount when determining performance bonuses under the W-2 contract.



DWD's request indicates that the Department would establish spending targets during the WAA contract period. Any funds not spent by an agency by the mid-point of the contract period may be reduced from the agency's contract and given to another agency. W-2 agencies and WDBs would be given the opportunity to exchange funds by contracting with each other to provide services or by identifying either the WDB or W-2 agency within an area to administer all of the funding for that area. In addition, agencies would be allowed to exchange funds and modify contract amounts at the start of the contract period and at the mid-point of the contract period. Exchanges would be allowed between W-2 agencies within a WDA and between W-2 agencies and WDBs. In situations where funds are formally exchanged between agencies, all of the agencies would have to mutually agree to the arrangement and the amount of the transfer.

Administrative costs under the WAA contracts would be limited to 15% of the contract amount. Information technology costs for general administration purposes would be included in this limit. Costs related to support the workforce development boards and W-2 community steering committees may be included in administrative costs but agencies would be required to demonstrate the amount of time spent by these committees and boards on WAA activities and only those costs associated with WAA activities would be allowable.

Workforce development boards and W-2 agencies would be required to ensure coordination between the WAA program and other programs such as W-2, activities under the job training and partnership act and the workforce investment act, and the welfare-to-work program. In addition, agencies would be required to ensure that activities funded by the WAA program are in addition to services provided under other programs.

Finally, it should be noted that the Department's request indicates that workforce development boards would not be allowed to provide services directly, but would have to contract out for all WAA funded services. The Department indicates that this policy would provide consistency with departmental policy and federal direction regarding the ability of workforce development boards to provide services under the workforce investment act.

### **Eligibility for Program Services**

Under Act 9, WAA funds distributed to W-2 agencies and workforce development boards would be used to provide services to any person who is eligible for the federal TANF program. There are four purposes of the TANF program and eligibility for the TANF program depends upon the purpose of the expenditure of TANF funds. The Department's request appears to comply with federal TANF requirements. However, the federal law provides states with flexibility in determining eligibility requirements under the TANF program. Therefore, the Committee may wish to consider alternatives to the Department's request with respect to income eligibility and eligibility of noncustodial parents for the WAA program as described below.

*Federal Law and Regulations.* The four purposes of the TANF program specified in federal law are: (1) to provide assistance to "needy families" so children may be cared for in their homes or in the homes of relatives; (2) to end the dependence of "needy families" on government by

promoting job preparation, work and marriage; (3) to prevent and reduce the incidence of out-of-wedlock pregnancies; and (4) to encourage the formation and maintenance of two-parent families.

The final federal TANF regulations provide states with broad authority to establish the income level at which a family is considered "needy" under the first and second purposes described above. Moreover, the state may establish different standards for different services or programs within TANF. For example, in Wisconsin, eligibility for a W-2 employment position is limited to families with income below 115% of the poverty level, while child care assistance is available to families with income up to 200% of poverty. The state could define a needy family above the 200% level; however the state must be able to justify that the income level chosen for a program is a low-income standard.

It should also be noted that establishing an income level for a "needy family" applies only to the first and second purposes of the TANF program described above. If the services meet the third or fourth purposes described above, TANF funds may be used to serve "non-needy" families or individuals.

To be considered an "eligible family" for the federal TANF program, the family must include a minor child living with a parent or other adult caretaker relative, or the family must include a pregnant individual. However, noncustodial parents of minor children who live in the state may also be eligible for benefits or services.

*Income Eligibility for the WAA Program.* According to DWD's request, adults who receive services under the workforce advancement and attachment program would have to have a family income below 200% of the federal poverty level (\$27,760 for a family of three). Because the workforce advancement and attachment program is intended to promote job preparation and work (the second purpose of the TANF program), and this goal is associated with "needy parents", it is reasonable to establish an income level that should be met in order to receive services under the WAA program.

However, as described above, the state has broad flexibility to determine the income level at which a family is considered "needy." The statutory authority for the WAA program did not include an income eligibility criterion. An income limit of below 200% of the federal poverty level is consistent with income limits for other programs such as child care. The Committee could, however, direct DWD to establish a higher or lower income eligibility standard.

*Noncustodial Parents.* Noncustodial parents are a special category of individuals that may be served with TANF funding. According to the final TANF regulations, noncustodial parents are defined as a parent of a minor child who lives in the state and does not live in the same household as the child. The state has several options in deciding the eligibility criteria that would apply to noncustodial parents receiving services under the WAA program. The primary considerations are whether an income level must be specified and, if so, whose income is considered (the income of the noncustodial parent, or the income of the custodial parent and minor child).

DWD's request indicates that noncustodial parents would be eligible for WAA services if their children meet TANF eligibility criteria. However, after submitting their request to the Committee, DWD has indicated that noncustodial parents could be determined eligible for WAA services if the noncustodial parent's income is below 200% of the federal poverty level, or if the minor child and custodial parent's income is below 200% of the federal poverty level.

The statutory language regarding the WAA program does not specify the eligibility requirements for noncustodial parents. Because DWD's request does not describe more recent decisions by the Department regarding how they would treat noncustodial parents, the Committee may wish to clarify eligibility for noncustodial parents by approving the Department's option described above or one of the other alternatives described below.

It should be noted that three of the options below would base eligibility on either the noncustodial parent or the custodial parent and minor child's level of need. As with the general eligibility requirements above, the state may establish the level of need. The Committee may wish to specify the level of need to be consistent with the income eligibility described above (under 200% of the federal poverty level under the Department's proposal).

1. The noncustodial parent could be eligible for services under the WAA program if the minor child and his or her custodial parent are "needy." Under this option, the noncustodial parent would be determined eligible based solely on the need of his or her child. If the noncustodial parent had an income higher than the standard of need established by the state, he or she could still be eligible for services.

2. The noncustodial parent could be eligible for WAA services if the noncustodial parent is "needy." Under this option, only the income of the noncustodial parent would be considered in eligibility determinations. If the noncustodial parent has a minor child whose custodial parent has an income that is greater than the standard of need, the noncustodial parent could still be eligible for WAA services.

3. The noncustodial parent could be eligible for WAA services if the noncustodial parent is determined "needy" *and* if the custodial parent and minor child are "needy." Under this option, both the income of the noncustodial parent and the income of the custodial parent would be considered. This differs from the Department's proposal where either the noncustodial parent must be "needy" *or* the custodial parent and minor child must be "needy."

4. According to recent guidelines from the federal Department of Health and Human Services (HHS), noncustodial parents may be served under the fourth purpose of the TANF program – to encourage the formation and maintenance of two-parent families. The guidelines from HHS indicate that initiatives to "increase the capacity of fathers to provide emotional and financial support for their children" would be allowable under this purpose. Although in general the workforce advancement and attachment program promotes job preparation and work (the second purpose of the TANF program), it appears that the program also meets the fourth purpose of the TANF program because one of the performance standards specified under Act 9 is to increase child support collections from noncustodial parents. Thus, the workforce advancement and

attachment program is designed to increase the capacity of fathers to provide financial support for their children. Under this fourth purpose, the state does not have to establish an income eligibility criterion that a person would have to meet in order to receive services. Therefore, neither the income of the noncustodial parent, nor the income of the minor child and custodial parent would have to be considered.

Although federal guidelines allow the state to forego a consideration of income when determining eligibility for noncustodial parents, doing so would treat noncustodial parents differently from other individuals under the workforce advancement and attachment program. It could be argued that all persons should be "needy" in order to receive services under the program, including noncustodial parents. The Department's proposal which would specify that noncustodial parents could be determined eligible for WAA services if the noncustodial parent *or* if the custodial parent and minor child are "needy" provides consistency in that all persons would have to be determined eligible for WAA services based on a standard of need that accounts for the income of the family. Further, the Department's proposal is broader than the other options described above, thus allowing for a greater number of noncustodial parents to potentially be served under the WAA program. On the other hand, one could argue that WAA funding should be targeted to the most needy families, and only if both the noncustodial parent and the minor child are needy should services be provided.

### **Program Services**

Under the WAA program, the Department is required to provide all of the following services: (a) job readiness training and job placement services to unemployed persons; (b) basic job skills development to unemployed or recently employed persons; (c) services to assist recently employed persons with job retention; (d) incumbent worker training to promote job advancement and increased earnings; and (e) services to employers to assist them in retaining workers and providing workers with position advancement. The Department's request would allow for a wide variety of services under each of these categories. In general, DWD's proposal appears reasonable. However, the Committee may wish to consider whether the use of wage subsidies should be included in the WAA program. This issue is addressed below in the section on job readiness training and job placement services.

*Job Readiness Training and Job Placement Services.* According to the request from DWD, job readiness and placement services would include activities to prepare participants for work and to assist them in finding more stable employment at wages higher than they have previously received. To assist participants, agencies would be allowed to purchase work tools and clothes, make vehicle repairs and provide other services to help participants advance in the workplace.

In addition, the Department's request indicates that job placement services could include the use of wage subsidies to create job openings with employers that commit to retaining the employees. Wage subsidies would be used only for new hires and would be limited to a maximum of \$300 per month for a period of three months. Agencies would not be allowed to use WAA funding to increase the amount of a trial job subsidy under the W-2 program, or to extend the trial job subsidy for a W-2 participant beyond a three-month period.

DWD has indicated that the use of trial job subsidies will likely be minimal. Further, use of a wage subsidy under the WAA program would allow individuals who do not meet the eligibility requirements of the W-2 program to be placed with employers on a temporary basis, with the commitment by the employer to retain the person once the three-month trial period has ended.

On the other hand, allowing a wage subsidy under the WAA program could provide an incentive to W-2 agencies to use WAA funding in place of funding provided under the W-2 contract for trial job subsidies. Further, given the strong economy, employers appear willing to provide training and hire employees without wage subsidies. Finally, it is unclear to what extent the Legislature contemplated the use of wage subsidies for the WAA program. Therefore, the Committee may wish to disapprove the use of wage subsidies under the WAA program.

*Basic Job Skills.* According to the Department's request, basic skills development includes basic education and literacy services. Other services to improve the employability of persons who have difficulty finding and retaining employment may also be provided. DWD has indicated that WAA resources should be used only to the extent that basic skills activities are not already provided at Job Centers or through the W-2 agency contract. The expectation by DWD is that basic skills services will account for a small share of overall WAA program expenditures.

*Job Retention Services.* DWD indicates that job retention activities would include mentoring, job coaching, crisis intervention, and counseling. Other activities and supportive services related to retaining employment may also be allowed. For example, DWD indicates that providing child care as a support service on a temporary basis while a person's child care application is pending would be allowable.

*Training.* Incumbent worker training to promote job advancement and increased earnings could include classroom activities, occupational skills training, customized training, on-the-job or on-site training with employers. Training may be provided to individual workers or to groups of workers with a single employer. Persons working part-time would also be eligible for services. Apprenticeship activities would also be allowed.

*Services to Employers.* DWD indicates that services to employers to assist them in retaining workers and providing workers with position advancement could include job development and placement, recruitment, mentoring and job coaching services at the workplace, assessments of employee training needs, training for incumbent workers, developing worksite training programs, employee retention activities not otherwise available through the employer, arranging support services such as child care, health care and transportation, and developing upward mobility programs for workers. Agencies would be required to ensure that services to employers focus on low-income workers.

### **Performance Standards and Evaluation of the Program**

Act 9 requires DWD to impose performance standards on agencies receiving WAA funding. These performance standards must be based on employment placement for unemployed

persons, job retention rates of the persons served by the fund recipients, increased earnings of the persons served by the fund recipients and increased child support collections for noncustodial parents served by the fund recipients. The Department indicates that WAA program performance data will be used to monitor the performance of agencies and to require corrective action of agencies that demonstrate poor performance.

The Department plans to measure these performance standards using the CARES data system for employment placement and wage rate information, the unemployment insurance wage record data base for job retention and increased earnings, and the KIDS child support system for child support collection information.

The Committee may wish to consider two issues with regard to these categories of performance standards. First is the issue of measuring employment placement for unemployed persons. This standard is similar to the "entered employments" performance standard under the W-2 contract for the period January 1, 2000, through December 31, 2001. At a recent symposium regarding the W-2 contract performance standards, DWD provided more information regarding how an agency may count participants as having entered employment. Under these guidelines, if an agency has only one participant and places that participant into one job, the agency's entered employment rate would be 100%. If that same participant does not retain the first job, and the agency is successful at placing that same participant into a second job, the agency's entered employment rate increases to 200%. Under this methodology, the agency has an incentive to place participants into short term or temporary employment because one participant obtaining multiple jobs increases the agency's entered employment rate. Further a measure such as this could render the appearance that numerous participants are being served when a smaller number is actually being served. For example, if an agency has six participants with one participant placed into six different jobs, and the other five not placed into any job, the agency's entered employment rate would be 100%, giving the appearance that all participants in the agency were placed into jobs.

Because it is important to establish an accurate measure that can be used to evaluate the program's effectiveness, the Committee may wish to specify that the Department develop a methodology for portraying the number of unemployed participants that obtained employment through the WAA program that accounts for an individual only once as a participant and only once as having obtained employment. In order to credit an agency for placing a participant into a new job after the participant loses employment, the Committee may wish to further specify that the Department track the number of participants that enter employment more than once during WAA participation.

Second, the Committee may wish to consider requiring DWD to track these performance measures for each category of services included in the statutory language under Act 9 and described earlier in this memorandum, where possible. This would provide information regarding which services are effective. For some services, however, it may be more difficult to track these specific performance measures. For example, the Department's request indicates that the outcomes of employer services will not be tracked for formal performance measurement at the state level. DWD is concerned that employers would be reluctant to participate in the WAA program if they would be required to share payroll data or if other reporting requirements are too burdensome. However, in

order to determine if services are effective, the Department could, at a minimum, develop a short survey asking employers if job retention had increased because of training provided under WAA and other questions that would provide information regarding the number of participants served and the general effectiveness of the employer services provided under WAA. Therefore, the Committee may wish to require the Department to track these performance measures by category of services, where possible, and to develop additional measures of program effectiveness for the service categories where tracking these performance standards might be prohibitive.

## **ALTERNATIVES**

1. Approve the Department's request to transfer \$9,700,000 FED in 1999-00 and \$10,000,000 FED in 2000-01 from the Committee's appropriation under s. 20.865 (4)(m) to DWD's appropriation for the federal block grant under the temporary assistance to needy families program under s. 20.445(3)(md). These funds would be used to implement the workforce advancement and attachment program.

2. Approve the Department's request to transfer \$9,700,000 FED in 1999-00 and \$10,000,000 FED in 2000-01 from the Committee's appropriation under s. 20.865 (4)(m) to DWD's appropriation for the federal block grant under the TANF program under s. 20.445(3)(md) for the workforce advancement and attachment program with one or more of the following modifications:

### **Eligibility for Noncustodial Parents**

a. Specify that a noncustodial parent could be eligible for services under the WAA program if the noncustodial parent is determined to be "needy" *or* if the custodial parent and minor child are determined to be "needy." "Needy" would mean the income level approved by the Committee under Alternative 2g. If Alternative 2g is not chosen, "needy" means an income level under 200% of the federal poverty level.

b. Specify that a noncustodial parent could be eligible for services under the WAA program if the minor child and his or her custodial parent are "needy."

c. Specify that a noncustodial parent could be eligible for WAA services if the noncustodial parent is "needy."

d. Specify that a noncustodial parent could be eligible for WAA services if the noncustodial parent is determined "needy" *and* if the custodial parent and minor child are "needy."

e. Specify that all noncustodial parents could be eligible for WAA services. Under this option, no income eligibility requirement would apply to noncustodial parents.

### **Inclusion of WAA Funds in W-2 Agency Contracts**

f. Direct DWD to provide workforce advancement and attachment funding to W-2 agencies through an addendum to the W-2 agency contract. Further, require that WAA funding remain entirely separate from the W-2 agency base contract amounts, and require that the WAA funding amount not be added to the base contract amount for purposes of determining performance bonuses under the W-2 contract.

### **Income Eligibility Limit**

g. Direct DWD to establish an income eligibility limit for the workforce advancement and attachment program that differs from "under 200% of the federal poverty level." If this alternative is chosen, the income level would have to be specified by the Committee.

### **Use of Wage Subsidies**

h. Specify that DWD may not allow W-2 agencies or workforce development boards to offer wage subsidies under the workforce advancement and attachment program.

### **Performance Measures; Tracking**

i. Require DWD to develop a methodology for portraying the number of unemployed participants that obtain employment through the WAA program that accounts for an individual only once as a participant and only once as having obtained employment. Further, require DWD to track the number of participants that enter employment more than once during WAA participation.

j. Require DWD to track WAA performance measures by category of services, where possible, and to develop additional measures of program effectiveness for the service categories where tracking these performance standards might be prohibitive. Under this alternative, the service categories would be the same as those specified under Act 9.

3. Deny the Department's request. Under this alternative, the WAA funding would remain in the Committee's appropriation.

Prepared by: Joanne Simpson  
Attachments



**ATTACHMENT A**

**TANF Workforce Attachment and Advancement Funds - W-2 Agency Allocations**

<u>W-2 Agency by WDA</u>	<u>Allocation</u>	<u>W-2 Agency by WDA</u>	<u>Allocation</u>
<b>1 Southeast</b>		<b>7 Northwest</b>	
Kenosha	\$288,370	Ashland	\$41,549
Racine	259,207	Bayfield	22,460
Walworth	<u>79,990</u>	Burnett	23,521
Subtotal	\$627,567	Douglas	116,311
		Iron	16,363
<b>2 Milwaukee</b>		Price	32,270
Region 1	\$603,590	Rusk	28,293
Region 2	620,027	Sawyer	47,116
Region 3	784,928	Taylor	28,558
Region 4	877,452	Washburn	32,535
Region 5	898,662	Bad River Tribe	<u>22,725</u>
Region 6	<u>938,694</u>	Subtotal	\$411,700
Subtotal	\$4,723,352		
		<b>8 West Central</b>	
<b>3 WOW</b>		Barron	\$69,916
Ozaukee	\$46,321	Chippewa	75,218
Washington	84,232	Clark	35,451
Waukesha	<u>162,706</u>	Dunn	48,972
Subtotal	\$293,258	Eau Claire	139,376
		Pepin	17,423
<b>4 Fox Valley</b>		Pierce	41,018
Calumet	\$33,065	Polk	46,586
Fond du Lac	121,083	St. Croix	<u>46,321</u>
Green Lake	27,763	Subtotal	\$520,280
Outagamie	125,7855		
Waupaca	45,790	<b>9 Western</b>	
Waushara	37,307	Buffalo	\$19,809
Winnebago	<u>174,901</u>	Crawford	24,846
Subtotal	\$565,763	Jackson	39,428
		Juneau	38,632
<b>5 Bay Area</b>		La Crosse	171,985
Brown	\$224,477	Monroe	53,479
Door	35,716	Trempealeau	39,693
Florence	14,772	Vernon	<u>37,042</u>
Kewaunee	19,279	Subtotal	\$424,913
Manitowoc	45,790		
Marinette	40,223	<b>10 South Central</b>	
Menominee	24,051	Columbia	\$49,502
Oconto	42,609	Dane	545,265
Shawano	42,344	Dodge	87,413
Sheboygan	75,218	Jefferson	58,781
Oneida Tribe	<u>28,293</u>	Marquette	26,702
Subtotal	\$592,772	Sauk	<u>59,576</u>
		Subtotal	\$827,239
<b>6 North Central</b>			
Adams	\$28,823	<b>11 Southwest</b>	
Forest	20,870	Grant	\$45,525
Langlade	41,814	Green	42,609
Lincoln	40,753	Iowa	30,679
Marathon	126,120	Lafayette	21,930
Oneida	52,683	Richland	28,028
Portage	66,469	Rock	<u>193,459</u>
Vilas	23,521	Subtotal	\$362,230
Wood	<u>99,874</u>		
Subtotal	\$500,926	<b>Statewide Total</b>	<b>\$9,850,000</b>

## ATTACHMENT B

### TANF Workforce Attachment and Advancement Funds - WBD Allocations

<u>WDA #</u>	<u>WDA</u>	
1	Southeast	\$931,275
2	Milwaukee Co.	2,319,470
3	W-O-W	486,171
4	Fox Valley	828,926
5	Bay Area	993,113
6	North Central	724,735
7	Northwest	706,255
8	West Central	720,697
9	Western	560,998
10	South Central/Dane	982,933
11	Southwest	<u>595,427</u>
	Total	\$9,850,000

## WORKFORCE DEVELOPMENT

### The Workforce Advancement and Attachment Program

#### Motion:

Move to approve the Department of Workforce Development's request to transfer \$9,700,000 FED in 1999-00 and \$10,000,000 FED in 2000-01 from the Committee's appropriation under s. 20.865 (4)(m) to DWD's appropriation for the federal block grant under the TANF program under s. 20.445 (3)(md) for the workforce advancement and attachment (WAA) program, with all of the following modifications:

1. Specify that a noncustodial parent could be eligible for WAA services if the noncustodial parent is determined "needy" *and* if the custodial parent and minor child are determined "needy". "Needy" means an income level under 200% of the federal poverty level. [Alternative 2d].
2. Require that DWD count the income of the noncustodial parent's household when determining eligibility for the noncustodial parent, and disregard actual child support payments when determining eligibility for noncustodial parents.
3. Direct DWD to provide workforce advancement and attachment funding to W-2 agencies through an addendum to the W-2 agency contract. Further require that WAA funding remain entirely separate from the W-2 agency base contract amounts, and require that the WAA funding not be added to the base contract amount for purposes of determining performance bonuses under the W-2 contract. [Alternative 2f]
4. Specify that DWD may not allow W-2 agencies or workforce development boards to offer wage subsidies under the workforce advancement and attachment program. [Alternative 2h]
5. Require DWD to develop a methodology for portraying the number of unemployed participants that obtain employment through the WAA program that accounts for an individual only once as a participant and only once as having obtained employment. Further, require DWD to track the number of participants who enter employment more than once during WAA participation. [Alternative 2i]
6. Require DWD to track WAA performance measures by category of services, where possible, and to develop additional measures of program effectiveness for the service categories where tracking these performance standards might be prohibitive. The services categories are the same as



## WORKFORCE DEVELOPMENT

### Performance Standards Under the Workforce Advancement and Attachment Program

Motion:

Move to require the Department of Workforce Development (DWD) to develop a methodology that would enable them to: (a) report the annual earnings of all persons receiving workforce advancement and attachment (WAA) services, including a comparison of such earnings with the earnings of each person in the year prior to beginning participation in the WAA program, and a comparison of such earnings with the poverty line; and (b) evaluate the performance of W-2 agencies and workforce development boards on the basis of their effectiveness in improving the earnings of persons receiving WAA services, and their effectiveness in increasing earnings of participants above the federal poverty guidelines. Require that DWD develop this methodology and submit the methodology in a report to the Joint Committee on Finance by March 1, 2000. Finally, require DWD to submit a report to the Joint Committee on Finance by March 1, 2001, which includes the information gathered by the Department regarding these performance measures.

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Note:

1999 Wisconsin Act 9 requires DWD to impose performance standards on agencies receiving WAA funding. These performance standards must be based on employment placement for unemployed persons, job retention rates of WAA participants, increased earnings of participants, and increased child support collections for noncustodial parents. This motion relates to the performance standard regarding measuring increased earnings of participants.

In particular, this motion requires DWD to develop a methodology that would allow them to report the annual earnings of all persons receiving WAA services, including a comparison of such earnings with the earnings of each person in the year prior to beginning participation in the WAA program, and a comparison of such earnings with the poverty line. This motion also requires that the methodology developed by DWD allow them to evaluate the performance of W-2 agencies and workforce development boards on the basis of their effectiveness in improving the earnings of persons receiving WAA services, and their effectiveness in increasing earnings of participants above the federal poverty guidelines. A report describing the methodology would have to be submitted to the Joint Committee on Finance by March 1, 2000, and a report which includes the information gathered regarding these performance measures would have to be submitted to the Joint Committee on Finance by March 1, 2001.

MO# \_\_\_\_\_

BURKE	Y	N	A
DECKER	Y	N	A
JAUCH	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A
2 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
1 RILEY	Y	N	A

AYE 16 NO 0 ABS 0

**13.10 Meeting**  
**Tuesday, December 21, 1999**  
**Agenda Item XII**

**Issue:** Health and Family Services: Transfer of Funds for Radio and Body Alarm System at Mendota Mental Health Institute (Help, I've fallen & I can't get up)

**Recommendation:** Alternative 1

**Comments:** Request to release funds to DHFS for purchase or lease of 800 megahertz radio & body alarm system for the Mendota Mental Health Institute.

The table in the document shows the difference in costs between outright purchase and lease/purchase option. It is clearly cheaper to buy the equipment outright, rather than use the lease/purchase option. Therefore, **Alternative #1**, is the only way to go.

**Prepared by:** Cindy



## Legislative Fiscal Bureau

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

December 21, 1999

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Health and Family Services: Transfer of Funds for Radio and Body Alarm System at Mendota Mental Health Institute -- Agenda Item XII

The Department of Health and Family Services (DHFS) requests the transfer of \$233,000 GPR in 1999-00 from the Committee's program supplements appropriation to the DHFS Division of Care and Treatment Facilities to fund the purchase of an 800 megahertz radio and body alarm system for the Mendota Mental Health Institute. In addition, the Department requests \$87,000 PR in 1999-00 to reflect that a portion of the total costs of the system (\$320,000) would be supported from other revenue sources.

### BACKGROUND

1999 Wisconsin Act 9 (the 1999-01 biennial budget act) provided \$233,000 GPR in 1999-00 in the Committee's program supplements appropriation for the purchase or leasing of a radio and body alarm system at Mendota Mental Health Institute. The provision was based on the assumption that the total cost of the system would be \$320,000, of which \$87,000 would be supported by program revenue. Currently, approximately 73% of the operations costs at Mendota are supported by GPR and 27% of these costs are supported by program revenue (charges to counties for civil commitments, medical assistance payments for children and elderly patients and insurance payments for patients who have private coverage). The funding provided in Act 9 was intended to support the acquisition of 85 individual radios and other necessary equipment, such as a transmitter and repeaters. It was projected that the funding would allow 20 of the 85 individual units at Mendota to be equipped with a "man-down" feature, which would emit a non-audible signal when the device is tipped a certain number of degrees. The other 65 units would require the staff person to push a button to activate the alarm.



Act 9 placed GPR funding in the Committee's program supplements appropriation and provided no PR funding for the purchase of the system so that the Committee could study and consider the option of leasing this equipment, rather than purchasing the equipment outright, prior to authorizing funds for this purpose.

Of the amount requested, approximately \$154,700 would be used to purchase and install the base station, antenna and other components of the backbone system. The remaining \$165,300 would be used to purchase the radios alarms and chargers. A summary of these costs is provided in the following table.

Backbone radio equipment, including installation	\$146,558
Enclosure to house backbone equipment	4,500
Radio frequency license required by FCC	405
Uninterruptable power supply	3,252
Single-battery chargers – 47 @ \$76.50 per unit	3,596
Six-unit battery chargers – 4 @ \$573.75 per unit	2,295
Mercury switch body alarms – 20 @ \$150 per unit	3,000
Motorola 2000 portable radios – 72 @ \$2,172 per unit	<u>156,384</u>
 Total	 \$319,990

## ANALYSIS

The current client population at Mendota totals approximately 270 patients, who reside in 18 separate units that range in size from nine to 29 beds. Most units consist of 12 to 22 persons. About 55% of the patients at Mendota are forensic patients – individuals who have committed crimes but were judged either not guilty by reason of insanity or incompetent to stand trial. In addition, Mendota has three units that currently treat 43 juveniles with behavior problems who have been transferred from state juvenile correctional institutions. About 30% of Mendota's population are civil commitments from the counties who receive treatment for mental health problems. Approximately two-thirds of the civil commitments are children. Four of the forensic units and one of the juvenile units are maximum-security units.

Mendota's current radio system is a low-frequency system that is 25 years old. The problem with the current system is that there are a number of dead spots (areas in which the radio cannot communicate with the central transmitter). The advantage of a high-frequency system is that the technology allows the installation of repeaters that allow access to basement areas and other areas that cannot be reached by a low-frequency system. The Mendota campus has tunnels through which patients are typically transported. Also, Mendota has a school located in the basement of Lorenz Hall, and there are a number of offices of psychologists and other professional staff that are located in basement areas in which a patient may receive treatment. These areas cannot be reached

by the current radio system unless staff stand next to an outside window, which may not always be available.

The new radio/body alarm system would not be used in the individual units, since these units are very secure areas with a nursing station that can view both the hallway and day room. Instead, the new equipment would be used primarily to equip staff that escort patients to other areas. Also, the radio/body alarm system would be used by teachers and hall monitors at the school in Lorenz Hall. A third use would be to equip supervisory personnel, such as the captain of security or the nursing supervisor, so that these supervisory personnel can be contacted immediately. Because supervisory personnel tend to be in different areas of the campus and the Mendota campus is a large area, a radio system provides a way to access these individuals in a timely manner. The grounds crew also uses radios, but would not use the new high-frequency radios because the low-frequency radios are adequate for use outdoors.

The Winnebago Mental Health Institute, which has medium-security units, but no high security units, has an 800 megahertz radio system. The radios are used by: (a) living unit staff when transporting patients to other areas or monitoring patients during outdoor activities; (b) grounds security staff; and (c) maintenance staff. Winnebago also has a separate individual body alarm system for its staff. In Petersik Hall, there is a network of wires through the walls of the facility that allow pinpointing the location of a body alarm that has been activated. In the older buildings (Sherman Hall and Gordon Hall) there is also an individual body alarm system, but that system is different and does not indicate the location of the activated alarm -- when an alarm is activated, security personnel would know whose alarm has been activated and would go to that person's assigned unit.

The Wisconsin Resource Center (WRC), which houses prison inmates with mental health problems and sexually violent persons, also has an 800-megahertz radio system. Winnebago and the WRC utilize the same backbone system for the high-frequency radios. The new 300-bed facility at the WRC also has been equipped with the individual body alarm system that is used in Petersik Hall at Winnebago. The old 160-bed facility at the WRC does not have an individual body alarm system, although the Department has submitted a capital budget request to install an individual alarm system that is similar to the one in Sherman Hall and Gordon Hall at the Winnebago Mental Health Institute. Secure correctional institutions operated by the Department of Corrections typically utilize an 800-megahertz radio system.

The Director of the Mendota Mental Health Institute indicates that the greatest improvement in safety from the proposed radio/body alarm system is that the high-frequency radio system that will eliminate dead spots in radio coverage.

The projected costs of the 800 megahertz radio and body alarm system are based on an actual bid from Motorola for installation of the backbone system and the prices for individual units that have been established in a volume contract between the Department of Corrections and Motorola. As a result, the projected costs reliably reflect what funds would be needed to install the system.

The number of radios that the Department is proposing to purchase is equivalent to the current number of low-frequency radios used at Mendota. Since the grounds crew would continue to use the low-frequency radios, the requested number of radios would provide Mendota the use of approximately five additional radios. Two radios would be assigned to each of the 17 units at Mendota for use by staff when escorting patients to other areas. The Mendota security force would be assigned 13 radios to place a radio in each work station and to equip each captain and the Security Director with a radio. Activity therapy staff would be assigned 12 radios for staff who routinely escort patients to activities off of the units. Four radios would be assigned to the school for teachers who are located away from the school. Six radios would be assigned to Environmental Services and Safety staff and three radios would be assigned to the Nursing Office.

*Leasing versus Purchase.* The vendor of the radio and body alarm system has offered three different leasing options. All three of the options would be a tax-exempt lease/purchase arrangement so that the state would own the system at the end of the lease. The first option would be a three-year lease at an interest rate of 6.3% per year. Under this option, annual payments would be \$113,400. Over the life of the lease, the state would pay a total of \$340,300, which is \$20,300 greater than the cost of the system. Assuming that the payments would start in January, 2000, total payments in the 1999-01 biennium would be \$226,900. Thus, the three-year option would reduce costs by \$93,100 (\$67,800 GPR) in the 1999-01 biennium. However, this option would increase costs by \$113,400 (\$82,600 GPR and \$30,800 PR) in 2001-03. The attachment at the end of the memorandum summarizes the three-year option and the effect of the other two options: (a) a five-year lease/purchase; and (b) a seven-year lease/purchase.

One argument to support the use of a lease/purchase option is that the radio/body alarm system is a capital improvement that would have a life in excess of one year. Since the useful life of the system is estimated to be seven to 10 years, it may be appropriate to pay for the system over a number of years to reflect the expected life of the system.

Two arguments can be made against the use of a lease/purchase option. First, it could be argued that the amount of the purchase is not that large, and as a practical matter, it may not be worth the administrative time and interest payments to spread out the costs of the system over several years. Further, funding the system through a lease/purchase option would create an additional funding commitment in the 2001-03 biennium.

*Use of City of Madison's System.* The Department evaluated the option of leasing space on the City of Madison backbone system. However, the distance between the City's radio tower and the Mendota campus would require additional cabling and other equipment to avoid dead spots, and as a result, would negate any cost advantage from trying to piggyback onto the City's system.

**ALTERNATIVES**

1. Approve the Department's request for the transfer of \$233,000 GPR in 1999-00 from the Committee's supplemental appropriation (s. 20.865(4)(a)) to the DHFS Division of Care and Treatment Facilities (s. 20.435(2)(a)) to fund the purchase of an 800 megahertz radio and body alarm system for the Mendota Mental Health Institute. In addition, approve the Department's request to provide an additional \$87,000 PR in 1999-00 for the appropriation under s. 20.435(2)(gk) to complete the funding of this system.

2. Approve funding for the acquisition of the requested 800 megahertz radio/alarm system at the Mendota Mental Health Institute by approving one of the following lease/purchase financing options:

a. *Three-Year Lease/Purchase.* Approve the transfer of \$82,600 GPR in 1999-00 and \$82,600 GPR in 2000-01 from the Committee's supplemental appropriation to the Department appropriation, and provide \$30,800 PR in 1999-00 and \$30,800 PR in 2000-01 to fund the system.

b. *Five-Year Lease/Purchase.* Approve the transfer of \$52,700 GPR in 1999-00 and \$52,700 GPR in 2000-01 from the Committee's supplemental appropriation to the Department appropriation, and provide \$19,700 PR in 1999-00 and \$19,700 PR in 2000-01 to fund the system.

c. *Seven-Year Lease/Purchase.* Approve the transfer of \$40,000 GPR in 1999-00 and \$40,000 GPR in 2000-01 from the Committee's supplemental appropriation to the Department appropriation, and provide \$14,900 PR in 1999-00 and \$14,900 PR in 2000-01 to fund the system.

3. Deny the request.

Prepared by: Richard Megna  
Attachment

MO#			
1	BURKE	Y	N A
	DECKER	Y	N A
	JAUCH	Y	N A
	MOORE	Y	N A
	SHIBILSKI	Y	N A
	PLACHE	Y	N A
	COWLES	Y	N A
	PANZER	Y	N A
2	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

## ATTACHMENT

### Comparison of Payments Under Different Financing Options

	1999-01			2001-03			2003-05			2005-07			Total Payments		
	GPR	PR	TOTAL	GPR	PR	TOTAL	GPR	PR	TOTAL	GPR	PR	TOTAL	GPR	PR	TOTAL
<b>Total Payments</b>															
Purchase	\$233,000	\$87,000	\$320,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$233,000	\$87,000	\$320,000
Lease/Purchase															
3-year	\$165,200	\$61,700	\$226,900	\$82,600	\$30,800	\$113,400	\$0	\$0	\$0	\$0	\$0	\$0	\$247,800	\$92,500	\$340,300
5-year	105,400	39,300	144,700	105,400	39,300	144,700	52,700	19,700	72,400	0	0	0	263,500	98,300	361,800
7-year	79,900	29,900	109,800	79,900	29,900	109,800	79,900	29,900	109,800	40,000	14,900	54,900	279,700	104,600	384,300
<b>Change in Payments Under Lease Option</b>															
3-year	-\$67,800	-\$25,300	-\$93,100	\$82,600	\$30,800	\$113,400	\$0	\$0	\$0	\$0	\$0	\$0	\$14,800	\$5,500	\$20,300
5-year	-127,600	-47,700	-175,300	105,400	39,300	144,700	\$52,700	\$19,700	\$72,400	0	0	0	30,500	11,300	41,800
7-year	-153,100	-57,100	-210,200	79,900	29,900	109,800	79,900	29,900	109,800	40,000	14,900	54,900	46,700	17,600	64,300

**13.10 Meeting**  
**Tuesday, December 21, 1999**  
**Agenda Item XIII**

**Issue:** Health and Family Services: Transfer Funding Between DHFS Appropriations.

**Recommendation:** Support the conclusion.

**Comments:** The conclusion includes a slight modification to increase one of the transfers from the WI Resource Center's budget to the budget for the Sand Ridge Treatment Center.

**Prepared by:** Cindy



## Legislative Fiscal Bureau

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December 21, 1999

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Health and Family Services: Transfer Funding Between DHFS Appropriations --  
Agenda Item XIII

The Department of Health and Family Services (DHS) requests several funding transfers between appropriations of 1999 Wisconsin Act 9 (the 1999-01 biennial budget act).

The following table summarizes the requested funding transfers.

### Summary of DHFS Request for Transfer of Funds

<u>Item</u>	<u>Appropriations</u>		<u>Amount</u>	
	<u>Transfer From</u>	<u>Transfer To</u>	<u>1999-00</u>	<u>2000-01</u>
Sand Ridge Treatment Center	20.435(2)(bm)	20.435(2)(b)	\$0	\$62,100
DCTF Fuel and Utilities	20.435(2)(f)	20.435(2)(a)	183,000	170,500
	20.435(2)(f)	20.435(2)(b)	27,200	21,800
Mauston Sewer Assessment	20.435(2)(f)	20.435(2)(aa)	83,200	83,200
Brighter Futures/Pregnancy Outreach	20.435(5)(eg)	20.435(5)(cb)	0	197,400
Supportive Living/Children and Family Services Funding Transfer	20.435(3)(bc)	20.435(7)(bc)	95,000	95,000

## ANALYSIS

A brief explanation of each of these requested transfers is presented for the Committee's review.

*Sand Ridge Treatment Center.* Act 9 provides funding to operate a new facility that will provide treatment for sexually violent persons. This facility, the Sand Ridge Treatment Center (SRTC) at a site near the City of Mauston, is expected to be ready for occupancy by April 1, 2001. The Legislature modified the Governor's 2000-01 funding recommendations relating to this item by: (a) reducing funding for limited term employees (-\$47,000); (b) increasing support for AODA consulting services (\$8,800); and (c) reducing funding to reflect reestimates of food and variable non-food costs (-\$23,900 in 2000-01). Funding to reflect these changes was inadvertently deleted from the budget for the Wisconsin Resource Center (WRC), rather than the appropriation that supports the SRTC. The DHFS request would transfer \$62,100 GPR in 2000-01 from the SRTC appropriation to the WRC appropriation to properly reflect these changes in the budget for the SRTC.

*DCTF Fuel and Utility Costs.* As part of its budget deliberations, the Legislature reduced funding budgeted for fuel and utilities costs at the institutions operated by the Division of Care and Treatment Facilities (DCTF) by a total of \$210,200 GPR in 1999-00 and \$192,300 GPR in 2000-01 to reflect revised estimates of these costs in the 1999-01 biennium. However, funding was inadvertently deleted from the DCTF general program operations budget (-\$183,000 GPR in 1999-00 and -\$170,500 GPR in 2000-01) and the WRC budget (-\$27,200 GPR in 1999-00 and -\$21,800 GPR in 2000-01), rather than from an appropriation that DCTF uses to support energy costs at all DCTF institutions. The DHFS request would transfer funding from the appropriation that supports DCTF energy costs to the two appropriations that were inadvertently reduced in Act 9.

*Sand Ridge Sewer Assessment.* As part of its budget deliberations, the Legislature reduced funding by \$83,200 GPR annually to reflect a reestimate of the costs the City of Mauston will assess to DCTF for sewer services the City of Mauston will provide for the Sand Ridge Treatment Center. However, this funding was inadvertently deleted from the DCTF appropriation for repair and maintenance services, rather than from the DCTF fuel and utilities appropriation. The Department's request would transfer \$83,200 GPR annually from the DCTF fuel and utilities appropriation to the repair and maintenance appropriation to properly reflect this reestimate.

*Transfer Pregnancy Outreach Funds to Brighter Futures.* The Governor's 1999-01 budget bill consolidated funding for a variety of DHFS-administered adolescent programs aimed at preventing youth substance abuse, violence and adolescent pregnancy and promoting adolescent self-sufficiency as part of the administration's "Brighter Futures" initiative. In addition, under a separate item, the Governor's budget bill would have consolidating funding from three separate appropriations for family planning, pregnancy counseling and pregnancy outreach and infant health to a create a single appropriation to support health services for women and infants.

The Legislature adopted the Governor's recommendations relating to the Brighter Futures initiative, with several modifications. The Legislature did not adopt the Governor's



recommendations relating to the consolidation of the family planning, pregnancy counseling and pregnancy outreach programs. However, the changes that were made to the DHFS appropriations to delete the Governor's recommendations relating to the family planning, pregnancy counseling and pregnancy outreach programs did not take into consideration the funding transfers the Legislature adopted as part of the Brighter Futures initiative. The Department's request would transfer \$197,400 GPR in 2000-01 from the pregnancy counseling appropriation to the appropriation to support health services for women and infants to properly reflect the Legislature's decisions regarding Brighter Futures.

*Transfer Funds from DSL to DCFS.* Act 9 transfers funds from the Division of Supportive Living (DSL) to the Division of Children and Family Services (DCFS) to align funding with each Division's program responsibilities. The act created a new appropriation for DCFS to support grants for children's community programs. However, Act 9 transferred \$95,000 more in each year from DSL to DCFS than the amount that should be budgeted in the new appropriation. The Department's request would transfer \$95,000 GPR annually from DCFS to DSL to correct this funding change.

*Modification for Sand Ridge Treatment Center.* A minor modification should be made to the DHFS request for the corrections related to the Sand Ridge Treatment Center. The adjustments requested in 2000-01 for food and variable non-food costs reflect the needed change in 1999-00, rather than 2000-01. The adjustment in 2000-01 should be a transfer of \$25,400 for food and variable non-food costs, rather than \$23,900. Consequently, the total funding that should be transferred under this item is \$63,600 GPR in 2000-01, rather than \$62,100 GPR, as requested by DHFS.

### CONCLUSION

The funding transfers requested by DHFS, with the modification for the Sand Ridge Treatment Center in 2000-01 described above, would properly reflect the Legislature's 1999-01 budget decisions. If these changes are not made, several DHFS appropriations will have excess funds; others will have shortfalls by corresponding amounts. There would be no net fiscal effect of approving the Department's requests. For these reasons, the Committee may wish to approve the transfers summarized on page 1 of this memorandum, as modified to transfer \$63,600 GPR, rather than \$62,100 GPR, from the Wisconsin Resource Center's budget to the budget for the Sand Ridge Treatment Center.

Prepared by: Richard Megna and Rachel

MO# <i>Conclusion</i>	A A A A A A A A A A A A A A A A	AYE
	N N N N N N N N N N N N N N N N	NO
	<del>Y Y Y Y Y Y Y Y Y Y Y Y Y Y Y Y</del>	ABS
BURKE DECKER JAUCH MOORE SHIBLSKI PLACHE COWLES PANZER GARD PORTER KAUFERT ALBERS DUFF WARD HUBER RILEY		

**13.10 Meeting**  
**Tuesday, December 21, 1999**  
**Agenda Item XIV**

**Issue:** Health & Family Services: Transfer of Funds for Milwaukee Child Welfare Services and Community Aids

**Recommendation:** Alternative 2

**Comments:** DHFS request to transfer of \$21,495,300 GPR (\$16,489,600 to Milwaukee Child Welfare services & \$5,005,700 for community aids) from JFC program supplement to DHFS.

These funds were held back during budget deliberations as DHFS was attempting to get a federal waiver allowing them to claim child welfare case management services under MA, rather than Title IV-E. The federal reimbursement available under MA is 59%, compared with 50% under Title IV-E.

Discussions with the feds are going slowly. In August, they told DHFS they were going to send a letter saying they weren't going to cover any services under MA that would otherwise be reimbursable under Title IV-E, but that letter has not yet surfaced, leading DHFS to believe they're still undecided on the issue.

**Alternative #2** would release the funds to DHFS so they can negotiate their contracts with Milwaukee County and Milwaukee County will know how much money they have to work with the next 2 years, while still requiring DHFS to pursue the federal waiver. If they do eventually get the federal waiver, any savings resulting from that will lapse to the general fund.

**Prepared by:** Cindy



## Legislative Fiscal Bureau

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December 21, 1999

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Health and Family Services: Transfer of Funds for Milwaukee Child Welfare Services and Community Aids -- Agenda Item XIV

The Department of Health and Family Services (DHFS) requests the Committee to transfer \$21,495,300 GPR in 2000-01 from the Committee's program supplements appropriation to the DHFS appropriations for Milwaukee child welfare services (\$16,489,600) and community aids (\$5,005,700).

1999 Wisconsin Act 9 (the 1999-01 biennial budget act) provided \$21,495,300 GPR in 2000-01 in the Committee's program supplements appropriation to be released to DHFS if DHFS verifies that federal medical assistance (MA) funds are not available in 2000-01 for case management services provided to children in out-of-home care. Of the amounts budgeted in the Committee's appropriation for this purpose, \$16,489,600 is available for transfer to the DHFS appropriation for Milwaukee child welfare services, including \$11,978,500 for case management services provided by vendors in Milwaukee County and \$4,511,100 for services provided to the individuals in Milwaukee County that would be eligible for MA except for the placement of their children in out-of-home care. The rest of the funding (\$5,005,700) is available for transfer to the community aids appropriation to reflect costs for case management services provided to children in out-of-home care in counties other than Milwaukee County.

### BACKGROUND

The funding provided in the Governor's 1999-01 biennial budget was based on assumptions that the state would receive federal approval to claim costs for child welfare case management services under MA and to extend MA eligibility to parents who would otherwise be eligible for MA except that their children are placed in out-of-home care. The state's justification for the extension

of MA eligibility to the parents is contingent on the approval to claim case management services under MA, and therefore, once approval of the case management funds is obtained, the state is more likely to receive approval to extend MA eligibility to these parents. As a result, the Governor's budget increased federal funds budgeted for community aids and reduced GPR budgeted for Milwaukee child welfare services, since less GPR would be required to match federal funds under MA than is currently available under Title IV-E of the Social Security Act. [The federal reimbursement available under MA is 59%, compared with 50% under Title IV-E.] Further, the Governor's budget assumed that certain parents of children in out-of-home care would be eligible for MA and therefore, did not provide funding for the Division of Children and Family Services to support service costs for them.

However, after the Governor's bill was introduced, officials from the U.S. Department of Health and Human Services, Health Care Financing Administration (HCFA) notified DHFS that HCFA was in the process of reviewing the state's requests, but that at the time, HCFA was not optimistic that it would approve the request to claim child welfare case management costs under MA, which would make it difficult to justify the state's request to approve extending MA eligibility to certain parents of children in out-of-home care.

As a result, the Committee adopted a motion, which was later enacted in Act 9, to provide \$22,167,600 GPR in 1999-00 and \$21,495,300 GPR in 2000-01 to reflect the amount of GPR required to match federal funds available under Title IV-E, rather than MA as assumed in the Governor's budget, and to fund services to parents of children in out-of-home care that would not be eligible for MA without the federal approvals. As part of the Committee's action, the funding in the second year (\$21,495,300) was placed in the Committee's program supplements appropriation and available for release to DHFS if it could verify that federal MA funds were not available for child welfare case management services.

Placing the funding in the Committee's appropriation ensured that the funding would be available for Milwaukee child welfare and community aids if the necessary federal approvals were not obtained, but, if federal approval were obtained, these funds would lapse to the general fund. In addition, it provided the opportunity for the Committee to evaluate the need to provide the full amount to support Milwaukee child welfare services and community aids in 2000-01.

## **ANALYSIS**

To date, DHFS has not received notification that HCFA has not approved the state's request for approval to claim child welfare case management costs under MA, which was the requirement in Act 9 under which the funds would be released to DHFS. However, in late July or early August of this year, DHFS received verbal notification from HCFA officials that HCFA intended to issue a letter to all states in the near future notifying them that federal MA funding is not available for activities that are otherwise reimbursable under Title IV-E, which would effectively mean that Wisconsin's request would not be approved. To date, such a letter has not been distributed by HCFA. DHFS staff indicate that the delay in sending out the letter may be an indication that HCFA

is continuing to debate the issue and that this debate could continue for a considerable time. It is possible that resolution on this issue would not be achieved until the next biennium.

In his request, DHFS Secretary Leean indicates that he is requesting the release of funds for 2000-01 at this time because DHFS is currently negotiating the calendar year 2000 contracts with vendors in Milwaukee County that would provide case management and other services to children in out-of-home care. In his request, Secretary Leean indicates that providing the funding at this time is necessary so that the vendors can be certain of their 2000 funding level and can plan their service levels accordingly. Therefore, he argues, the request meets the requirement under s. 13.101 that an emergency exist in order for the Committee to supplement an appropriation.

DHFS is currently preparing information to be sent to counties to notify them of their community aids allocations based on the final federal budget for federal fiscal year 1999-00. Based on this information, the calendar year 2000 community aids basic county allocation will total \$286,330,700, including a 3.2% increase over calendar year 1999 allocations. Calendar year 2001 allocations are projected to be approximately the same. These allocation levels assume the availability of the \$5,005,700 GPR budgeted in the Committee's program supplements appropriation.

The Committee could approve the Department's request at this time, contingent on the continuing lack of federal approval of the state's request in order to ensure that counties and vendor agencies are able to fund services at the levels assumed in Act 9. The Committee could specify that if federal approval is received at a later date, DHFS would be prohibited from using any of the funds released under this action once DHFS is able to begin claiming child welfare case management services under MA. In order to ensure that this funding is instead lapsed to the general fund, the Committee could require that the Secretary of the Department of Administration (DOA) certify to the Committee the amount of the funds released, but not spent on case management services or services for parents of children in out-of-home care, and require the DOA Secretary to place these funds in unallotted reserve to be lapsed to the general fund at the end of the fiscal year in which the Committee receives the certification from the Secretary.

Alternatively, the Committee may wish to deny the Department's request at this time and instead direct DHFS to continue pursuing the federal approval for two reasons. First, without official notification, there continues to be the chance that HCFA would approve the request. This is especially possible when considering that HCFA has previously approved the use of MA funds for child welfare case management services in several other states. If HCFA distributes its letter indicating that MA cannot be used for otherwise IV-E reimbursable activities, these other states would no longer be able to bill MA for these services and possibly may be required to reimburse the federal MA program for any MA funds received for those services.

Second, while DHFS is currently negotiating contracts for calendar year 2000, the funding in the Committee's appropriation would first be available beginning in July, 2000. The Committee could direct DHFS to resubmit a request so that the Committee could consider it during its last quarterly meeting in 2000. This would provide sufficient time to reimburse counties and agencies

for expenditures in 2000 and provide more time to wait for official notification from HCFA regarding the state's request. However, if the Committee chooses this option, DHFS would establish the contract levels without accounting for the funding in the Committee's appropriation. Counties and vendors would be required to reduce service levels from the levels assumed in Act 9 in order to accommodate the reduction in funding. As a result, the funding may go unused, since agencies would not have this funding included in their budgets.

Considering the complexity of issues that HCFA officials appear to be continuing to debate, it is likely that this issue may not be resolved for some time and that DHFS would not have any more information by December, 2000, than is currently available. In fact, the discussion with HCFA officials on this issue could continue into the next biennium. Under the second alternative, the Committee could support the intent of Act 9, which is to ensure that GPR funding is available to support the appropriate level of services for child welfare cases if federal approval of the state's requests is not obtained, but also, if federal approval is obtained, that these GPR funds lapse to the general fund. Under the third alternative, since DHFS would reduce contract levels to reflect the reduced funding available at this time, it is likely that most counties and vendor agencies would not assume that either additional GPR or federal funding would be provided at a later time, and would therefore reduce their service levels according

A review of data available since t indicates that funding providing in Act 9 co for Milwaukee child welfare services.

ALTERNATIVES

1. Approve the Department's requ
2. Approve the Department's request, contingent on the continued lack of federal approval to claim child welfare case management services under MA. If such approval is obtained subsequent to this action, prohibit DHFS from using any of the funds transferred under this action beginning in the month in which DHFS is able to start claiming child welfare case management services under MA. Further, require the DOA Secretary to certify to the Committee the amount of funds released under this action and not spent on case management services or services for the parents of children in out-of-home care and require the DOA Secretary to transfer these funds to unallotted reserve for lapse to the general fund at the end of the fiscal year in which such certification is provided to the Committee.
3. Deny the Department's request at this time. Specify that if federal approval of the state's request is not obtained by December, 2000, DHFS would submit a request for the release of these funds for the Committee's consideration during its last quarterly meeting in calendar year 2000.

MO# 41.2

A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A
N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N	N
<u>Y</u>	<u>Y</u>	<u>Y</u>	<u>Y</u>	<u>Y</u>	<u>Y</u>	<u>Y</u>	<u>Y</u>	<u>Y</u>	<u>Y</u>	<u>Y</u>	<u>Y</u>	<u>Y</u>	<u>Y</u>	<u>Y</u>	<u>Y</u>	<u>Y</u>	<u>Y</u>	<u>Y</u>	<u>Y</u>
BURKE	DECKER	JAUCH	MOORE	SHIBILSKI	PLACHE	COWLES	PANZER	GARD	PORTER	KAUFERT	ALBERS	DUFF	WARD	HUBER	RILEY	AVE	NO	ABS	0

Prepared by: Rachel Carabell