

**2001 DRAFTING REQUEST**

**Bill**

Received: **09/12/2000**

Received By: **malaigm**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget 6-2288**

By/Representing: **Fossum**

This file may be shown to any legislator: **NO**

Drafter: **malaigm**

May Contact:

Alt. Drafters:

Subject: **Children - child welfare**

Extra Copies:

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**Pre Topic:**

DOA:.....Fossum -

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**Topic:**

Milwaukee child welfare contract surplus retention

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**Instructions:**

See Attached

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	malaigm 09/12/2000	jdye 09/14/2000		_____			S&L
/1			martykr 09/14/2000	_____	lrb_docadmin 09/14/2000		S&L
/2	malaigm 01/08/2001	hhagen 01/08/2001	pgreensl 01/09/2001	_____	lrb_docadmin 01/09/2001		

FE Sent For:

<END>

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/?	malaigm 09/12/2000	jdye 09/14/2000	<u>1/8/01</u>	<u>1/9/01</u>			S&L
/1		12hmk 1/8/01	martykr 09/14/2000	<u>PG/JK</u>	lrb_docadmin 09/14/2000		

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May Contact:

Alt. Drafters:

Subject: Children - child welfare

Extra Copies: Jason Witt, DHFS

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DOA:.....Fossum -

**Topic:**

Milwaukee child welfare contract surplus retention

**Instructions:**

See Attached

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May Contact:

Alt. Drafters:

Subject: Children - child welfare

Extra Copies:

Jason Witt, DHFS

*e-mailed*

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1?	malaigm	1 9/14 jld	km 9/14	km 9/14			

FE Sent For:

<END>

# DHFS

Department of Health and Family Services  
1999-2001 Biennial Budget Statutory Language Request  
August 22, 2000

## Milwaukee Child Welfare Contracts

### Current Language

s. 46.036 (5)(m)

= AM (5m)(a)1. "Provider" means codept. under  
s. 46.213, 46.22, ~~or~~ 46.23,  
SI.42 or SI.437 that contracts...

### Proposed Change

Amend s. 46.036 (5)(m) so that it extends to *counties* the same rights which it currently grants to other state contractees regarding the right to retain reserve funding.

### Effect of the Change

Currently, s. 46.036 (5)(m) allows nonprofit agencies who provide client services under a state contract to retain a certain percentage of any surplus revenue which remains at the end of a current contract period to cover any deficits which may emerge in future contract periods. The proposed change would extend this same right to counties with whom the state contracts.

### Rationale for the Change

The proposed change would allow the Department to establish risk-based contracts with its Milwaukee Child Welfare (MCW) contract partners. The Department contracts with a number of private vendors --as well as Milwaukee County-- to provide services to MCW families. The vendors currently assume the risk that expenditures will not exceed contracted revenues. To manage this risk, the vendors would like the ability to retain a reserve of surplus revenue that could be used to cover shortfalls. Allowing entities to maintain a risk reserve is a standard business practice and effective risk management tool in risk-based contracts.

Desired Effective Date: Upon Passage of the Budget Bill  
Agency: DHFS  
Agency Contact: Jason Witt  
Phone: 266-9364

## 1993 Wisconsin Act 380

AN ACT to repeal 46.036 (5m) (c) and 46.036 (5m) (d); to renumber and amend 46.036 (5m) (a); to amend 46.037 (title), 46.037 (1), 46.037 (2) and 46.037 (3); to repeal and recreate 46.036 (5m) (b); and to create 46.036 (5m) (a) 2, 46.036 (5m) (f) and 46.037 (1m) of the statutes, relating to rates charged by residential child care centers and licensed, incorporated group homes and permitting nonprofit corporations that contract to provide services for the department of health and social services or for a county department of human services, social services, community programs or developmental disabilities services to retain a certain percentage of the contract amount.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1d. 46.036 (5m) (a) of the statutes is renumbered 46.036 (5m) (a) (intro.) and amended to read:

46.036 (5m) (a) (intro.) In this subsection, "residential provider":

1. "Provider" means a group home under s. 48.02 (7) or a community-based residential facility under s. 50.01 (1g) nonprofit, nonstock corporation organized under ch. 181 that contracts under this section to provide client services on the basis of a unit rate per client service.

SECTION 1g. 46.036 (5m) (a) 2 of the statutes is created to read:

46.036 (5m) (a) 2. "Rate-based service" means a service or a group of services, as determined by the department, that is reimbursed through a prospectively set rate and that is distinguishable from other services or groups of services by the purpose for which funds are provided for that service or group of services and by the source of funding for that service or group of services.

SECTION 1m. 46.036 (5m) (b) of the statutes is repealed and recreated to read:

46.036 (5m) (b) 1. Subject to subs. 2 and 3, if revenue under a contract for the provision of a rate-based service exceeds allowable costs incurred in the contract period, the provider may retain from the surplus generated by that rate-based service up to 5% of the contract amount. A provider that retains a surplus under this subdivision shall use that retained surplus to cover a deficit between revenue and allowable costs incurred in any preceding or future contract period for the same rate-based service that generated the surplus or to address the programmatic needs of clients served by the same rate-based service that generated the surplus.

2. Subject to subd. 3, a provider may accumulate funds from more than one contract period under this paragraph, except that, if at the end of a contract period the amount accumulated from all contract periods for a rate-based service exceeds 10% of the amount of

all current contracts for that rate-based service, the provider shall, at the request of a purchaser, return to that purchaser the purchaser's proportional share of that excess and use any of that excess that is not returned to a purchaser to reduce the provider's unit rate per client for that rate-based service in the next contract period. If a provider has held for 4 consecutive contract periods an accumulated reserve for a rate-based service that is equal to or exceeds 10% of the amount of all current contracts for that rate-based service, the provider shall apply 50% of that accumulated amount to reducing its unit rate per client for that rate-based service in the next contract period.

3. If on December 31 of the year of the effective date of this subdivision .... [revisor inserts date], the amount accumulated by a provider from all contract periods ending on or before that date for all rate-based services provided by the provider exceeds 10% of the provider's total contract amount for all rate-based services provided by the provider in the year of the effective date of this subdivision .... [revisor inserts date], the provider shall, at the request of a purchaser, return to that purchaser the purchaser's proportional share of that excess.

SECTION 1p. 46.036 (5m) (c) of the statutes is repealed.

SECTION 1q. 46.036 (5m) (d) of the statutes is repealed.

SECTION 1r. 46.036 (5m) (f) of the statutes is created to read:

46.036 (5m) (f) All providers that are subject to this subsection shall comply with any financial reporting and auditing requirements that the department may prescribe. Those requirements shall include a requirement that a provider provide to any purchaser and the department any information that the department needs to claim federal reimbursement for the cost of any services purchased from the provider and a requirement that a provider provide audit reports to any purchaser and the department according to standards specified in the provider's contract and any other standards that the department may prescribe.

SECTION 11. 46.037 (title) of the statutes is amended to read:

**46.037 (title) Rates for residential child care centers and group homes.**

SECTION 2. 46.037 (1) of the statutes is amended to read:

46.037 (1) Each Subject to sub. (1m), each residential child care center and each group home, as defined in s. 48.02 (7), that is licensed under s. 48.625 and incorporated under ch. 180, 181 or 185 shall establish a per client rate for its services and shall charge all purchasers the same rate.

SECTION 3. 46.037 (1m) of the statutes is created to read:

46.037 (1m) Notwithstanding sub. (1), a county department under s. 46.215, 46.22, 46.23, 51.42 or 51.437 or a group of those county departments and a residential child care center or group home, as described in sub. (1), may negotiate a per client rate for the services of that residential child care center or group home, if that county department or the county departments in that group of county departments agree to place 75% or more of the residents of that residential child care center or group home during the period for which that rate is effective. A residential child care center or group home that negotiates a per client rate under this subsection shall charge that rate to all purchasers of its services.

SECTION 4. 46.037 (2) of the statutes is amended to read:

46.037 (2) A residential child care center or a group home, as described in sub. (1) or (1m), shall notify

submit to the department of the rate it charges and of any change in that rate before a charge is made to any purchaser. The department shall provide forms and instructions for the submission of rates and changes in rates under this subsection and a residential child care center or a group home that is required to submit a rate or a change in a rate under this subsection shall submit that rate or change in a rate using those forms and instructions.

SECTION 5. 46.037 (3) of the statutes is amended to read:

46.037 (3) The department may require an audit of any residential child care center or group home, as described in sub. (1) or (1m), for the purpose of collecting federal funds.

SECTION 5m. **Initial applicability.** (1) RATE-BASED SERVICE CONTRACTS. The treatment of section 46.036 (5m) (a), (b), (c), (d) and (f) of the statutes and the creation of section 46.036 (5m) (a) 2 of the statutes first apply to contracts under which a provider, as defined in section 46.036 (5m) (a) 1 of the statutes, as affected by this act, commences performance on the effective date of this subsection.

SECTION 5p. **Effective dates.** This act takes effect on the day after publication, except as follows:

(1) The treatment of section 46.036 (5m) (a), (b), (c), (d) and (f) of the statutes, the creation of section 46.036 (5m) (a) 2 of the statutes and SECTION 5m of this act take effect on the first January 1 after publication.

1993 Assembly Bill 528

Date of enactment: April 20, 1994  
Date of publication: May 4, 1994

## 1993 Wisconsin Act 381

AN ACT to amend 65.05 (7) of the statutes, relating to the printing of a 1st class city's budget.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

SECTION 1. 65.05 (7) of the statutes is amended to read:

65.05 (7) The common council shall vote on each item disapproved by the mayor separately, and if the mayor's disapproval is sustained it shall affect only the items so disapproved and sustained. The council may ~~thereupon~~ then proceed, by an affirmative vote of a majority of the aldermen, to adopt a substitute for the item rejected which shall be separately submitted to the mayor subject to the mayor's approval. All

items not disapproved by the mayor and sustained by the council shall constitute the budget and be in full force. The city clerk shall have the budget printed. The printed budget shall thereupon be filed in the office of the comptroller ~~who shall forthwith have the same printed~~ and made available for general distribution. In case of an obvious error in authorizing any salary or position as provided in s. 65.02 (8) (b), the common council may by a three-fourths vote of all its members correct such error in the period between the adoption of the budget and December 31 inclusive of each year.



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-0263/3  
GMM.....  
1  
JLD

NOTE

SOON

DOA:.....Fossum – Milwaukee child welfare contract surplus retention  
FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

do not gen

1 AN ACT ...; relating to: the budget.

*Analysis by the Legislative Reference Bureau*

**HEALTH AND HUMAN SERVICES**

**OTHER HEALTH AND HUMAN SERVICES**

Current law permits a nonprofit corporation that contracts with the department of health and family services (DHFS) or with a county department of human services, social services, community programs or developmental disabilities services (county department) to provide client services on the basis of a prospectively set, unit rate per client service to retain a certain percentage of any surplus that is generated by those client services and to use that retained surplus to cover any deficit incurred in any preceding or future contract period or to address the programmatic needs of its clients served by those client services. This bill permits a county department that contracts with DHFS to provide client services on the basis of a prospectively set, unit rate per client service to retain any surplus generated by those client services and to use that retained surplus in the same way that a nonprofit corporation is permitted to retain and use such a surplus under current law.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*



1 SECTION 1. 46.036 (5m) (a) 1. of the statutes is amended to read:

2 46.036 (5m) (a) 1. "Provider" means a nonstock corporation organized under  
3 ch. 181 that is a nonprofit corporation, as defined in s. 181.0103 (17), and that  
4 contracts under this section to provide client services on the basis of a unit rate per  
5 client service or a county department under s. 46.215, 46.22, 46.23, 51.42, or 51.437  
6 that contracts under this section to provide client services on the basis of a unit rate  
7 per client service.

8 History: 1973 c. 90, 333; 1975 c. 39; 1975 s. 198 s. 65; 1977 c. 29, 418; 1981 c. 20; 1983 a. 27, 116, 192; 1985 a. 176; 1985 a. 332 s. 251 (3); 1987 a. 27; 1987 a. 161 s. 13m; 1989 a. 31, 122, 359; 1993 a. 375, 380, 446; 1995 a. 27; 1997 a. 27, 79, 237; 1999 a. 9, 103.

8 SECTION 9323. Initial applicability; health and family services.

9 (1) RATE-BASED SERVICE CONTRACTS. The treatment of section 46.036 (5m) (a) 1.  
10 of the statutes first applies to a contract under which a provider, as defined in section  
11 46.036 (5m) (a) 1. of the statutes, as affected by this act, commences performance on  
12 the effective date of this subsection.

13 SECTION 9423. Effective dates; health and family services.

14 (1) RATE BASED SERVICE CONTRACTS. The treatment of section 46.036 (5m) (a) 1.  
15 of the statutes takes effect on the first January 1 after publication.

16 (END)

*D. Water*

*Gretchen and Jason:*

*In reviewing this draft, please note all of the following:*

- 1. That the draft provides for a January 1m effective date. This was added because county departments operate on a calendar year fiscal year. See 1993 Wisconsin Act 380, SECTIONS 5m. and 5p.*

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB01-0263/1dn

GMM.....

*fld*

Gretchen and Jason:

*under a rate-based contract*

In reviewing this draft, please note all of the following:

1. That the draft provides for a January 1 effective date. This was added because county departments operate on a calendar year fiscal year, so their contract periods will commence on January 1. See 1993 Wisconsin Act 380, SECTIONS 5m. and 5p.

2. That the draft applies not only to the Milwaukee County Department of Social Services, that is, a county department under s. 46.215, but also to *any* county department of human services, social services, community programs or developmental disabilities services, that is, a county department under s. 46.22, 46.23, 51.42, or 51.437. Although the rationale for the change is to permit Milwaukee County to retain surpluses generated by providing child welfare services, it appears from your discussion of the proposed change and the effect of the change that you wish to extend to *all* types of county departments the right to retain surpluses generated by providing client services under a rate-based contract. If you wish to limit the applicability of this draft to Milwaukee County, please advise and I will redraft.

Gordon M. Malaise  
Senior Legislative Attorney  
Phone: (608) 266-9738  
E-mail: gordon.malaise@legis.state.wi.us

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-0263/1dn  
GMM:jld:km

September 14, 2000

Gretchen and Jason:

In reviewing this draft, please note all of the following:

1. That the draft provides for a January 1 effective date. This was added because county departments operate on a calendar year fiscal year, so their contract periods will commence on January 1. See 1993 Wisconsin Act 380, SECTIONS 5m. and 5p.

2. That the draft applies not only to the Milwaukee County Department of Social Services, that is, a county department under s. 46.215, but also to *any* county department of human services, social services, community programs or developmental disabilities services, that is, a county department under s. 46.22, 46.23, 51.42, or 51.437. Although the rationale for the change is to permit Milwaukee County to retain surpluses generated by providing child welfare services under a rate-based contract, it appears from your discussion of the proposed change and the effect of the change that you wish to extend to *all* types of county departments the right to retain surpluses generated by providing client services under a rate-based contract. If you wish to limit the applicability of this draft to Milwaukee County, please advise and I will redraft.

Gordon M. Malaise  
Senior Legislative Attorney  
Phone: (608) 266-9738  
E-mail: gordon.malaise@legis.state.wi.us

## Barman, Mike

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**From:** Barman, Mike  
**Sent:** Thursday, September 14, 2000 12:56 PM  
**To:** Jason Witt  
**Subject:** LRB 01-0263/1



01-0263/1

*Mike Barman*

Mike Barman - Senior Program Asst. (PH. 608-266-3561)  
(E-Mail: [mike.barman@legis.state.wi.us](mailto:mike.barman@legis.state.wi.us)) (FAX: 608-264-6948)

State of Wisconsin  
Legislative Reference Bureau - Legal Section - Front Office  
100 N. Hamilton Street - 5th Floor  
Madison, WI 53703

## Malaise, Gordon

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**From:** Fossum, Gretchen  
**Sent:** Monday, January 08, 2001 10:26 AM  
**To:** Malaise, Gordon  
**Subject:** LRB 0263/1 Milwaukee child welfare contract surplus retention

Gordon:

On draft LRB 0263/1 Milwaukee child welfare contract surplus retention:

Drafter's notes:

1. Ok on the effective date of January.
2. The Governor would like the change to apply to all counties, not just Milwaukee.

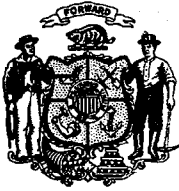
Requested draft revision:

In Milwaukee County the state provides funding for "safety services" which are designed to keep children safely in their homes. This funding is counted towards the maintenance-of-effort (MOE) requirement under the federal temporary assistance for needy families (TANF) program under 42 USC 601 et. seq.

Please revise that draft to provide that in a county with a population of over 500,000 the county and non-profit vendors cannot retain a surplus using funding that is used for MOE under the TANF program.

If you have any questions on this request, please contact me at 266-2288.

Gretchen A. Fossum  
State Budget Office  
January 8, 2001



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-02637  
GMM:jld:km  
2  
4  
nmh

Soon

DOA:.....Fossum - Milwaukee child welfare contract surplus retention  
FOR 2001-03 BUDGET - NOT READY FOR INTRODUCTION

1 AN ACT <sup>do not gen</sup>...; relating to: the budget.

*Analysis by the Legislative Reference Bureau*  
**HEALTH AND HUMAN SERVICES**

**OTHER HEALTH AND HUMAN SERVICES**

Current law permits a nonprofit corporation that contracts with ~~the~~ department of health and family services (DHFS) or with a county department of human services, social services, community programs, or developmental disabilities services (county department) to provide client services on the basis of a prospectively set, unit rate per client service to retain a certain percentage of any surplus that is generated by those client services, and to use that retained surplus to cover any deficit incurred in any preceding or future contract period or to address the programmatic needs of its clients served by those client services. This bill permits a county department that contracts with DHFS to provide client services on the basis of a prospectively set, unit rate per client service to retain any surplus generated by those client services and to use that retained surplus in the same way that a nonprofit corporation is permitted to retain and use such a surplus under current law.

Insert A  
(no. P)

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*



2001-2002 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-0263/2ins  
GMM.....

(INSERT 2-7)

~~X~~  
SECTION 1. 46.036 (5m) (b) 1. of the statutes is amended to read:

46.036 (5m) (b) 1. Subject to subd. 2. and pars. (e) and (em), if revenue under a contract for the provision of a rate-based service exceeds allowable costs incurred in the contract period, the provider may retain from the surplus generated by that rate-based service up to 5% of the revenue received under the contract. A provider that retains a surplus under this subdivision shall use that retained surplus to cover a deficit between revenue and allowable costs incurred in any preceding or future contract period for the same rate-based service that generated the surplus or to address the programmatic needs of clients served by the same rate-based service that generated the surplus.

History: 1973 c. 90, 333; 1975 c. 39; 1975 c. 198 s. 65; 1977 c. 29, 418; 1981 c. 20; 1983 a. 27, 116, 192; 1985 a. 176; 1985 a. 332 s. 251 (3); 1987 a. 27; 1987 a. 161 s. 13m; 1989 a. 31, 122, 359; 1993 a. 375, 380, 446; 1995 a. 27; 1997 a. 27, 79, 237; 1999 a. 9, 103.

SECTION 2. 46.036 (5m) (b) 2. of the statutes is amended to read:

46.036 (5m) (b) 2. ~~A~~ Subject to pars. (e) and (em), a provider may accumulate funds from more than one contract period under this paragraph, except that, if at the end of a contract period the amount accumulated from all contract periods for a rate-based service exceeds 10% of the revenue received under all current contracts for that rate-based service, the provider shall, at the request of a purchaser, return to that purchaser the purchaser's proportional share of that excess and use any of that excess that is not returned to a purchaser to reduce the provider's unit rate per client for that rate-based service in the next contract period. If a provider has held for 4 consecutive contract periods an accumulated reserve for a rate-based service that is equal to or exceeds 10% of the revenue received under all current contracts for that rate-based service, the provider shall apply 50% of that accumulated



amount to reducing its unit rate per client for that rate-based service in the next contract period.

History: 1973 c. 90, 333; 1975 c. 39; 1975 c. 198 s. 65; 1977 c. 29, 418; 1981 c. 20; 1983 a. 27, 116, 192; 1985 a. 176; 1985 a. 332 s. 251 (3); 1987 a. 27; 1987 a. 161 s. 13m; 1989 a. 31, 122, 359; 1993 a. 375, 380, 446; 1995 a. 27; 1997 a. 27, 79, 237; 1999 a. 9, 103.

**SECTION 3. 46.036 (5m) (e) of the statutes is amended to read:**

46.036 (5m) (e) Notwithstanding ~~this subsection~~ par. (b) 1. and 2., the <sup>(X)</sup> department or a county department under s. 46.215, 46.22, 46.23, 51.42, or 51.437 that purchases care and services from an inpatient alcohol and other drug abuse treatment program that is not affiliated with a hospital and that is licensed as a community-based residential facility, may allocate to the program an amount that is equal to the amount of revenues received by the program that are in excess of the allowable costs incurred in the period of a contract between the program and the department or the county department for purchase of care and services under this section. The department or the county department may make the allocation under this paragraph only if the funds so allocated do not reduce any amount of unencumbered state aid to the department or the county department that otherwise would lapse to the general fund.

History: 1973 c. 90, 333; 1975 c. 39; 1975 c. 198 s. 65; 1977 c. 29, 418; 1981 c. 20; 1983 a. 27, 116, 192; 1985 a. 176; 1985 a. 332 s. 251 (3); 1987 a. 27; 1987 a. 161 s. 13m; 1989 a. 31, 122, 359; 1993 a. 375, 380, 446; 1995 a. 27; 1997 a. 27, 79, 237; 1999 a. 9, 103.

**SECTION 4. 46.036 (5m) (em) of the statutes is created to read:**

46.036 (5m) (em) Notwithstanding pars. (b) 1. and 2. and (e), a county department under s. 46.215, 51.42, or 51.437 providing client services in a county having a population of 500,000 or more or a nonstock, nonprofit corporation providing client services in such a county may not retain a surplus under par. (b) 1., accumulate funds under par. (b) 2., or allocate an amount under par. (e) from

revenues that are used to meet the maintenance-of-effort requirement under the federal temporary assistance for needy families program under 42 USC 601 to 619.

(END OF INSERT)

(INSERT A)

The bill, however, prohibits a county department providing client services in Milwaukee County or a nonprofit corporation providing client services in that county from retaining a surplus from revenues that are used to meet the maintenance-of-effort requirement under the federal temporary assistance for needy families program.

(END OF INSERT)



State of Wisconsin  
2001 - 2002 LEGISLATURE

LRB-0263/2  
GMM:hmh:pg

DOA:.....Fossum – Milwaukee child welfare contract surplus retention

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: the budget.

---

*Analysis by the Legislative Reference Bureau*

**HEALTH AND HUMAN SERVICES**

**OTHER HEALTH AND HUMAN SERVICES**

Current law permits a nonprofit corporation that contracts with DHFS or with a county department of human services, social services, community programs, or developmental disabilities services (county department) to provide client services on the basis of a prospectively set, unit rate per client service to retain a certain percentage of any surplus that is generated by those client services, and to use that retained surplus to cover any deficit incurred in any preceding or future contract period or to address the programmatic needs of its clients served by those client services. This bill permits a county department that contracts with DHFS to provide client services on the basis of a prospectively set, unit rate per client service to retain any surplus generated by those client services and to use that retained surplus in the same way that a nonprofit corporation is permitted to retain and use such a surplus under current law. The bill, however, prohibits a county department providing client services in Milwaukee County or a nonprofit corporation providing client services in that county from retaining a surplus from revenues that are used to meet the maintenance-of-effort requirement under the federal temporary assistance for needy families program.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1           **SECTION 1.** 46.036 (5m) (a) 1. of the statutes is amended to read:

2           46.036 (5m) (a) 1. "Provider" means a nonstock corporation organized under  
3 ch. 181 that is a nonprofit corporation, as defined in s. 181.0103 (17), and that  
4 contracts under this section to provide client services on the basis of a unit rate per  
5 client service or a county department under s. 46.215, 46.22, 46.23, 51.42, or 51.437  
6 that contracts under this section to provide client services on the basis of a unit rate  
7 per client service.

8           **SECTION 2.** 46.036 (5m) (b) 1. of the statutes is amended to read:

9           46.036 (5m) (b) 1. Subject to subd. 2. and pars. (e) and (em), if revenue under  
10 a contract for the provision of a rate-based service exceeds allowable costs incurred  
11 in the contract period, the provider may retain from the surplus generated by that  
12 rate-based service up to 5% of the revenue received under the contract. A provider  
13 that retains a surplus under this subdivision shall use that retained surplus to cover  
14 a deficit between revenue and allowable costs incurred in any preceding or future  
15 contract period for the same rate-based service that generated the surplus or to  
16 address the programmatic needs of clients served by the same rate-based service  
17 that generated the surplus.

18           **SECTION 3.** 46.036 (5m) (b) 2. of the statutes is amended to read:

19           46.036 (5m) (b) 2. ~~A~~ Subject to pars. (e) and (em), a provider may accumulate  
20 funds from more than one contract period under this paragraph, except that, if at the  
21 end of a contract period the amount accumulated from all contract periods for a

1 rate-based service exceeds 10% of the revenue received under all current contracts  
2 for that rate-based service, the provider shall, at the request of a purchaser, return  
3 to that purchaser the purchaser's proportional share of that excess and use any of  
4 that excess that is not returned to a purchaser to reduce the provider's unit rate per  
5 client for that rate-based service in the next contract period. If a provider has held  
6 for 4 consecutive contract periods an accumulated reserve for a rate-based service  
7 that is equal to or exceeds 10% of the revenue received under all current contracts  
8 for that rate-based service, the provider shall apply 50% of that accumulated  
9 amount to reducing its unit rate per client for that rate-based service in the next  
10 contract period.

11 **SECTION 4.** 46.036 (5m) (e) of the statutes is amended to read:

12 46.036 (5m) (e) Notwithstanding ~~this subsection~~ par. (b) 1. and 2., the  
13 department or a county department under s. 46.215, 46.22, 46.23, 51.42, or 51.437  
14 that purchases care and services from an inpatient alcohol and other drug abuse  
15 treatment program that is not affiliated with a hospital and that is licensed as a  
16 community-based residential facility, may allocate to the program an amount that  
17 is equal to the amount of revenues received by the program that are in excess of the  
18 allowable costs incurred in the period of a contract between the program and the  
19 department or the county department for purchase of care and services under this  
20 section. The department or the county department may make the allocation under  
21 this paragraph only if the funds so allocated do not reduce any amount of  
22 unencumbered state aid to the department or the county department that otherwise  
23 would lapse to the general fund.

24 **SECTION 5.** 46.036 (5m) (em) of the statutes is created to read:

