

Scott McCallum  
Governor

Jennifer Reinert  
Secretary



State of Wisconsin

Department of Workforce Development

OFFICE OF THE SECRETARY

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June 20, 2001

The Honorable Brian Burke, Co-Chair  
Joint Committee on Finance  
316 South State Capitol  
Madison, WI 53702

The Honorable John Gard, Co-Chair  
Joint Committee on Finance  
315 North State Capitol  
Madison, WI 53702

Dear Senator Burke and Representative Gard:

The Department of Workforce Development (DWD) requests approval of the Joint Committee on Finance under s. 13.101(4) to transfer from DHFS to DWD GPR funding necessary to meet the state's required maintenance of effort (MOE) for the Temporary Assistance for Needy Families (TANF) program. Specifically, the request transfers \$18,709,700 GPR in 2000-01 from the Department of Health and Family Services (DHFS) appropriations under s. 20.435(3)(cx) and s. 20.435(7)(bc) to the DWD appropriation under s. 20.445(3)(dz), to ensure GPR funding is expended for these purposes. Further, the request transfers \$10,737,200 FED in 2000-01 from the DWD appropriation under s. 20.445(3)(md) to the DHFS appropriation under s. 20.435(3)(ky). This transfer of GPR from DHFS to DWD, and the transfer of TANF-Federal funds from DWD to DHFS, will ensure that expenditures associated with the related programs are in compliance with federal regulations.

As a requirement for receiving federal funds under the TANF Block Grant, the State of Wisconsin is required to spend \$168,864,890 in each federal fiscal year as maintenance of effort (MOE). To partially meet this MOE requirement, \$16,733,100 GPR is budgeted in SFY2000-01 for TANF eligible programs administered by DHFS. Of this amount: \$10,243,500 GPR is budgeted for the Children Safety Services program, \$5,000,000 GPR is budgeted for Alcohol and Other Drug Abuse (AODA) services grants, and \$1,489,600 GPR is budgeted for Prevention Services in Milwaukee. Any underspending by these programs represents a potential shortfall in meeting the MOE requirement.

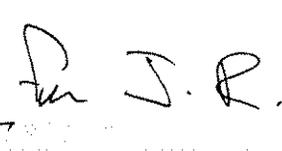
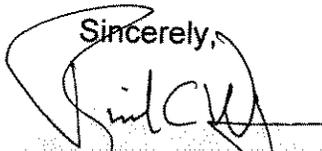
In calendar year 2000, the Children Safety Services program had \$6,808,600 in unspent funds and the AODA program had \$1,163,900 in unspent funds. DWD is requesting that this \$7,972,500 GPR be transferred to appropriation s. 20.445(3)(dz) to be used for programs meeting the MOE requirements of TANF. This transfer will help to ensure that Wisconsin is able to meet its MOE requirement.

On May 18, 2001, DWD was notified by the federal Department of Health and Human Services that expenditures of the Children Safety Services program could not be counted towards the state's MOE requirement. It is estimated that \$9,747,600 GPR will have been spent in SFY2000-01 on this program which had previously been budgeted to meet the MOE requirement. These program expenditures could, however, be funded with TANF federal funds. DWD is requesting that \$9,747,600 GPR be transferred from appropriation s. 20.435(3)(cx) to s. 20.445(3)(dz) and \$9,747,600 FED be transferred from s. 20.445(3)(md) to s. 20.435(3)(ky). This transfer will allow TANF federal funds to be used to cover the expenditures of the Children Safety Services program while ensuring that the state is able to meet its MOE requirement.

Additionally, DWD and DHFS have identified that a portion of the \$1,489,600 GPR budgeted to be spent on Prevention Services in SFY2000-01 could also be funded with TANF federal funds. DWD is requesting that \$989,600 GPR be transferred from appropriation s. 20.435(3)(cx) to appropriation s. 20.445(3)(dz) and \$989,600 FED be transferred from s. 20.445(3)(md) to s. 20.435(3)(ky). This transfer will allow TANF federal funds to be used to cover the expenditures of the Prevention Services program while ensuring that the state is able to meet its MOE requirement.

If you have any questions, please contact Tom Smith, Director of DWD's Bureau of Budget and Planning, at 266-7895.

Sincerely,



Jennifer Reinert  
Secretary

WORKFORCE DEVELOPMENT

Projected Underspending in W-2 Contracts

Motion:

Move to make the following transfers:

(a) Transfer \$15,000,000 FED in 2001-02 from the Wisconsin Works (W-2) administration and services allocation [49.175(1)(b)] in the Department of Workforce Development's appropriation 20.445(3)(md) to the Joint Committee on Finance's program supplements federal appropriation 20.865(4)(m) to be set aside as a contingency fund for W-2 cash benefits.

(b) Transfer \$1,000,000 FED in 2001-02 from the W-2 administration and services allocation [49.175(1)(b)] in DWD's appropriation 20.445(3)(md) to the Joint Committee on Finance's program supplements federal appropriation 20.865(4)(m) to be set aside for purposes eligible under the temporary assistance for needy families (TANF) block grant.

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Note:

The Department of Workforce Development is projecting an \$18.8 million surplus when the current W-2 contracts expire on December 31, 2001. The actual surplus will not be known until after DWD completes a final reconciliation of the W-2 contracts in spring, 2002. DWD has requested that DOA authorize it to utilize \$3.8 million of these funds to cover transition costs for W-2 agencies that will be administering new geographic regions effective January 1, 2002. DWD has also indicated that it would like the remaining \$15 million to be set aside in the W-2 contingency fund. Wisconsin 2001 Act 16 (the 2001-03 biennial budget act), set up a contingency fund for W-2 cash benefits that is to be funded with any underspending from community reinvestment contracts expiring on December 31, 2001. At the end of September, 2001, \$26.3 million in community reinvestment funds remained to be spend for the period of October, 2001, through December, 2001.

In lieu of DWD's recommendation, the motion would immediately place \$16.0 million in the Joint Committee on Finance's federal program supplements appropriation to be used as follows: (a) \$15.0 million for a contingency fund for W-2 cash benefits and (b) \$1 million for other TANF-eligible purposes. In order to access these funds in the future for any use, DWD would be required to request a transfer of these funds under s. 13.10.

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

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
BAUMGART	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
FITZGERALD	Y	N	A

2 GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 16 NO 0 ABS \_\_\_\_\_

II. Department of Workforce Development – Jennifer Reinert, Secretary

The department requests the transfer from the Department of Health and Family Services of \$1,163,900 GPR from the grants for community programs appropriation under s. 20.435(7)(bc) and \$17,545,800 GPR from the Milwaukee child welfare services; aids appropriation under s. 20.435(3)(cx) to the department's Wisconsin Works and other public assistance administration and benefits appropriation under s. 20.445(3)(dz) in fiscal year 2000-01. The transferred GPR would be used to meet the maintenance of effort requirement for the TANF block grant for fiscal year 2000-01. Further, the department requests the transfer of \$10,737,200 FED from the department's federal block grant aids appropriation under s. 20.445(3)(md) to the Department of Health and Family Services' interagency and intra-agency aids appropriation under s. 20.435(3)(ky) in fiscal year 2000-01, to be used for Child Safety Services and Prevention Services.

Governor's Recommendation

Assuming the department transfers \$13.1 million in MOE-eligible expenditures from GPR to TANF for prior fiscal years to free up GPR for MOE in fiscal year 2000-01:

1. Transfer from DHFS \$10,968,200 GPR from the Milwaukee child welfare services; aids appropriation under s. 20.435(3)(cx) to the department's Wisconsin Works and other public assistance administration and benefits appropriation under s. 20.445(3)(dz) in fiscal year 2000-01.
2. Transfer \$10,968,200 FED from the department's federal block grant aids appropriation under s. 20.445(3)(md) to DHFS' interagency and intra-agency aids appropriation under s. 20.435(3)(ky) in fiscal year 2000-01.
3. Set aside \$2,933,700 GPR for transition costs for Milwaukee child welfare and lapse \$5,038,800 to the general fund.



**WISCONSIN DEPARTMENT OF  
ADMINISTRATION**

SCOTT McCALLUM  
GOVERNOR

GEORGE LIGHTBOURN  
SECRETARY

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**Date:** June 29, 2001

**To:** Members, Joint Committee on Finance

**From:** George Lightbourn, Secretary  
Department of Administration

**Subject:** Section 13.10 Request from the Department of Workforce Development (DWD) to transfer GPR underspending in fiscal year 2000-01 from the Department of Health and Family Services (DFHS), to meet the maintenance of effort requirement for the Temporary Assistance for Needy Families (TANF) block grant; and to transfer TANF funding in fiscal year 2000-01 from DWD to DHFS for Child Safety Services and for Prevention Services.

**Request**

The department requests the transfer from the Department of Health and Family Services of \$1,163,900 GPR from the grants for community programs appropriation under s. 20.435(7)(bc) and \$17,545,800 GPR from the Milwaukee child welfare services; aids appropriation under s. 20.435(3)(cx) to the department's Wisconsin Works and other public assistance administration and benefits appropriation under s. 20.445(3)(dz) in fiscal year 2000-01. The transferred GPR would be used to meet the maintenance of effort requirement for the TANF block grant for fiscal year 2000-01. Further, the department requests the transfer of \$10,737,200 FED from the department's federal block grant aids appropriation under s. 20.445(3)(md) to the Department of Health and Family Services' interagency and intra-agency aids appropriation under s. 20.435(3)(ky) in fiscal year 2000-01, to be used for Child Safety Services and Prevention Services.

**Background**

The department is responsible for administering the federal Temporary Assistance to Needy Families (TANF) block grant, which provides funding for public assistance benefits and other economic support and work programs. Under the TANF program, all states are required to contribute state funds under a maintenance-of-effort (MOE) provision as a condition of receiving the block grant. The MOE payment is calculated as a portion of the state's "historical" level of spending on

public assistance programs (based on expenditures in federal fiscal year 1993-94). Wisconsin's MOE payment is \$168.9 million.

States may count funds expended on cash assistance and other TANF-related programs towards the MOE requirement. However, the federal government requires that any state funds counted towards the MOE requirement be expended on "eligible families". Eligible families must meet the income and resource requirements for needy families under the TANF program, and must have at least one minor child living with a parent or include a pregnant individual.

In past years, the State counted GPR expenditures on in-home child safety services (administered by DHFS) towards the MOE requirement. In-home child safety services are available to families in which abuse or neglect issues have been identified, but the assessment unit has determined the child or children can remain at home safely if appropriate services are provided to the family. Families receive safety services until they are deemed safe.

Because the Child Safety Services program strives to serve all families who need the service, no income test is administered to determine eligibility for the services. In a May 18, 2001 letter to the department, the federal government informed DWD that the State will not be permitted to count expenditures on in-home child safety services towards the MOE requirement unless an eligibility test is implemented. The State was able to claim these services as MOE expenditures in past years because, prior to the issuance of the Federal TANF regulations (October 1999), states were permitted to claim expenditures towards MOE on any program as long as the MOE claim was based on a "reasonable interpretation" of the TANF program. DHFS does not support an income test to determine eligibility for these services; thus, in-home child safety services will not be a MOE-eligible expenditure for fiscal year 2000-01.

Under its request, the department estimates that it will fall short of the required MOE payment for fiscal year 2000-01 by approximately \$23,379,600. The shortfall is due in part to the fact the department already budgeted expenditures for certain services (administered by DHFS) towards the MOE payment, but will not be permitted to count them. These include Child Safety Services, Prevention Services and AODA service grants.

The department proposes to address the MOE shortfall in two steps:

1. Transferring GPR underspending from DHFS; and
2. Exchanging GPR for TANF funding with DHFS.

In the first step, the department would transfer from DHFS \$6,808,600 million in GPR underspending from calendar year 2000 for Child Safety Services, and

\$1,163,900 in GPR underspending from calendar year 2000 for AODA service grants.

In the second step, the department would transfer a total of \$10,737,200 in TANF funds to DHFS. The TANF funds would be used for Child Safety Services (\$9,747,600) and Prevention Services (\$989,600) for fiscal year 2001. The department would then transfer GPR in the same amounts from DHFS to the department's appropriation for Wisconsin Works and other public assistance administration and benefits.

As a result, TANF funds would replace GPR for the Child Safety Services and a portion of the Prevention Services administered by DHFS. The GPR transferred from DHFS to the department would be used to count towards the state's MOE payment for fiscal year 2000-01. The exchange of TANF for GPR funding between the two departments for Child Safety Services and for Prevention Services was included in JCF version of the biennial budget as a permanent change in funding source for the program.

The result of these two actions would be to provide DWD with \$18,709,700 GPR that can be counted towards the state's MOE requirement. Because \$10,737,200 in TANF funding would be transferred to DHFS, the net increase to DWD would be \$7,975,500 GPR in fiscal year 2000-01.

### **Analysis**

The consequence of not meeting the required MOE payment is significant. If the State does not meet its MOE requirement, the federal government reduces the TANF block grant in the following fiscal year by the amount of the shortfall (the State's current TANF block grant is \$317.5 million annually). The State would be required to make up for the difference with state funds, but would not be allowed to count state funds expended for this purpose towards its MOE requirement. In this case, the State would have to expend \$23.4 million GPR in a future fiscal year (to make up for the reduced TANF grant), in addition to the existing MOE requirement of \$168.9 million GPR annually.

Because the state fiscal year overlaps the federal fiscal year, it is possible for the State to "borrow" MOE intended for the upcoming fiscal year to meet an MOE requirement in the current fiscal year. However, addressing an MOE shortfall in this manner on a continuous basis creates a structural deficit, which would result in the State being liable for a potentially large MOE payment in the future (for all MOE "borrowed" in previous years).

The department already faces a structural deficit of approximately \$3.5 million for fiscal years 2001-02 and 2002-03, because it budgeted certain expenditures

towards the MOE requirement that it has since learned will not be permitted by the federal government<sup>1</sup>. Given the existing MOE structural deficit, it would be prudent to solve the current shortfall without relying on borrowing against MOE intended for future fiscal years.

The department's plan for addressing the MOE shortfall seems reasonable. The department does not believe that replacing GPR with TANF funding for Child Safety Services and Prevention Services will present any problems. Expenditures on these services appear to qualify as eligible uses of TANF funds, as specified in the federal TANF regulations.

However, based on new information, the request needs to be modified in several ways. First, the department incorrectly estimated the amount available from Child Safety Services and Prevention Services to be replaced with TANF funding at \$10,737,200 GPR. DHFS now estimates that \$10,968,200 GPR in Child Safety Services and Prevention Services could reasonably be replaced with TANF funding. With this revision, the total GPR available to DWD to count towards the MOE requirement would be \$18,940,700. A total of \$10,968,200 TANF would be transferred from DWD to DHFS for Child Safety Services and Prevention Services.

Second, the Legislative Audit Bureau (LAB) recently identified GPR expenditures from federal fiscal years 1997-98 and 1998-99 that were eligible to be counted towards the State's MOE requirement, but were inadvertently excluded from the State's MOE calculations for those years. The total amount for the uncounted, MOE-eligible expenditures for these two years is \$13,120,000. The LAB suggests that the department could, in a revised report to the federal government, transfer those expenditures to TANF funding, thereby freeing up the GPR for use in the current fiscal year for MOE purposes. The federal government relies on the LAB to audit the Wisconsin Works program and the use of the TANF funds. Thus, the fact the LAB suggests this course of action is a strong indication that it would be allowable under federal TANF regulations.

The department confirmed that the LAB proposal is workable. If the \$13,120,000 identified by the LAB were counted towards the State's MOE requirement for fiscal year 2000-01, the shortfall would be only \$10,259,600. This reduced shortfall could be eliminated with the second step identified in the department's request - replacing \$10,968,200 GPR in DHFS for Child Safety Services and Prevention Services with the same amount of TANF from DWD. If this course were followed, the State would not experience an MOE shortfall for fiscal year 2000-01, and would have available an

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<sup>1</sup> The department had budgeted the increase (over the fiscal year 1994-95) in expenditures on the Homestead Income Tax Credit (HITC) for TANF-eligible families towards the MOE requirement. The federal government has informed the State that it will not allow the State to count the HITC towards MOE, because the State calculates the base as the amount expended on TANF-eligible families, but the TANF regulations stipulate that the base is to be calculated on total expenditures. While the amount of HITC expended on TANF-eligible families has increased since the base year, total expenditures have not.

additional \$706,800 GPR for MOE purposes. Retaining additional GPR for MOE purposes would provide a cushion for MOE, should a shortfall occur in the future.

Under this scenario, it would not be necessary to transfer the \$7,972,500 in GPR underspending in the Child Safety Services and Prevention Services programs from DHFS. This GPR underspending could either be lapsed to the general fund at the end of the fiscal year, or a portion of it could be used to pay for the Milwaukee County Child Welfare transition costs (estimated at \$2.9 million).

### **Conclusion**

The department estimates that without any changes, the State will fall short of required MOE expenditures by \$23.4 million for fiscal year 2000-01. If a shortfall occurs, the State's TANF block grant would be reduced by the amount of the shortfall in the following fiscal year, and the state would be required to make up for the difference with state funds. Thus, it is in the State's best interest to remedy the situation. Utilizing the LAB suggestion to replace \$13.1 million in GPR expenditures from prior years with TANF funding and counting it towards the State's fiscal year 2000-01 MOE requirement would reduce the shortfall to \$10.3 million. The department indicates that it will implement this suggestion (via a journal voucher entry). Given the department's action, the second step of the department's request - replacing GPR with TANF funding for two programs at DHFS - would provide the department with sufficient GPR to meet the MOE requirement. DWD would then have an additional \$700,000 GPR that could serve as a cushion for MOE needs.

### **Recommendation**

Assuming the department transfers \$13.1 million in MOE-eligible expenditures from GPR to TANF for prior fiscal years to free up GPR for MOE in fiscal year 2000-01:

1. Transfer from DHFS \$10,968,200 GPR from the Milwaukee child welfare services; aids appropriation under s. 20.435(3)(cx) to the department's Wisconsin Works and other public assistance administration and benefits appropriation under s. 20.445(3)(dz) in fiscal year 2000-01.
2. Transfer \$10,968,200 FED from the department's federal block grant aids appropriation under s. 20.445(3)(md) to DHFS' interagency and intra-agency aids appropriation under s. 20.435(3)(ky) in fiscal year 2000-01.
3. Set aside \$2,933,700 GPR for transition costs for Milwaukee child welfare and lapse \$5,038,800 to the general fund.

Prepared by: Erin Fath  
266-8219

Scott McCallum  
Governor

Jennifer Reinert  
Secretary



State of Wisconsin

Department of Workforce Development

OFFICE OF THE SECRETARY  
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II

June 20, 2001

The Honorable Brian Burke, Co-Chair  
Joint Committee on Finance  
316 South State Capitol  
Madison, WI 53702

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Joint Committee on Finance  
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Dear Senator Burke and Representative Gard:

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As a requirement for receiving federal funds under the TANF Block Grant, the State of Wisconsin is required to spend \$168,864,890 in each federal fiscal year as maintenance of effort (MOE). To partially meet this MOE requirement, \$16,733,100 GPR is budgeted in SFY2000-01 for TANF eligible programs administered by DHFS. Of this amount: \$10,243,500 GPR is budgeted for the Children Safety Services program, \$5,000,000 GPR is budgeted for Alcohol and Other Drug Abuse (AODA) services grants, and \$1,489,600 GPR is budgeted for Prevention Services in Milwaukee. Any underspending by these programs represents a potential shortfall in meeting the MOE requirement.

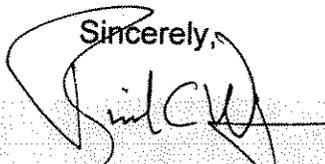
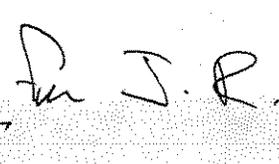
In calendar year 2000, the Children Safety Services program had \$6,808,600 in unspent funds and the AODA program had \$1,163,900 in unspent funds. DWD is requesting that this \$7,972,500 GPR be transferred to appropriation s. 20.445(3)(dz) to be used for programs meeting the MOE requirements of TANF. This transfer will help to ensure that Wisconsin is able to meet its MOE requirement.

On May 18, 2001, DWD was notified by the federal Department of Health and Human Services that expenditures of the Children Safety Services program could not be counted towards the state's MOE requirement. It is estimated that \$9,747,600 GPR will have been spent in SFY2000-01 on this program which had previously been budgeted to meet the MOE requirement. These program expenditures could, however, be funded with TANF federal funds. DWD is requesting that \$9,747,600 GPR be transferred from appropriation s. 20.435(3)(cx) to s. 20.445(3)(dz) and \$9,747,600 FED be transferred from s. 20.445(3)(md) to s. 20.435(3)(ky). This transfer will allow TANF federal funds to be used to cover the expenditures of the Children Safety Services program while ensuring that the state is able to meet its MOE requirement.

Additionally, DWD and DHFS have identified that a portion of the \$1,489,600 GPR budgeted to be spent on Prevention Services in SFY2000-01 could also be funded with TANF federal funds. DWD is requesting that \$989,600 GPR be transferred from appropriation s. 20.435(3)(cx) to appropriation s. 20.445(3)(dz) and \$989,600 FED be transferred from s. 20.445(3)(md) to s. 20.435(3)(ky). This transfer will allow TANF federal funds to be used to cover the expenditures of the Prevention Services program while ensuring that the state is able to meet its MOE requirement.

If you have any questions, please contact Tom Smith, Director of DWD's Bureau of Budget and Planning, at 266-7895.

Sincerely,

Jennifer Reinert  
Secretary

WORKFORCE DEVELOPMENT  
HEALTH AND FAMILY SERVICES

Funding Transfers to Meet the TANF Maintenance-of-Effort Requirement

Motion:

Move to direct DWD to provide a report to the Joint Committee on Finance by November 1, 2001, with the following information about the temporary assistance for needy families (TANF) program: (a) the amount spent in 2000-01 on each program; (b) the amount in encumbrances DWD plans to carry over from 2000-01 to 2001-02 for each program; and (c) the amount of funding in the 2000-01 ending balance that is unobligated and could be reallocated. In addition, direct DWD to provide a report to the Joint Committee on Finance by April 30, 2002, on underspending in TANF-funded contracts that end on December 31, 2001.

Note:

The motion would direct DWD to provide two reports to the Joint Committee on Finance on TANF-related expenditures and encumbrances.

MO#			
2	BURKE	Y	N A
	DECKER	Y	N A
	MOORE	Y	N A
	<del>SHIBLISKI</del>	Y	N A
	PLACHE	Y	N A
	WIRCH	Y	N A
	DARLING	Y	N A
	ROSENZWEIG	Y	N A
	GARD	Y	N A
	KAUFERT	Y	N A
	ALBERS	Y	N A
	DUFF	Y	N A
	WARD	Y	N A
	HUEBSCH	Y	N A
	HUBER	Y	N A
	<del>EGGS</del>	Y	N A
	LISA		
AYE	8	NO	8
		ABS	



## Legislative Fiscal Bureau

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

September 5, 2001

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Workforce Development: Section 13.101(4) Request Related to Transfer of Funds to Meet the Maintenance-of-Effort Requirement for the Temporary Assistance for Needy Families Block Grant -- Agenda Item II

### REQUEST

On June 20, 2001, the Department of Workforce Development (DWD) submitted a request to make GPR transfers from the Department of Health and Family Services (DHFS) to DWD totaling \$18,709,700, to satisfy the maintenance-of-effort (MOE) requirement under the temporary assistance for needy families (TANF) block grant. The request is in two parts. The first part of the request would transfer \$7,972,500 in unspent funds from DHFS to DWD, that were originally allocated to safety services (\$6,808,600) and substance abuse services grants in Milwaukee County (\$1,163,900). The second part of the request would convert \$10,737,200 in 2000-01 expenditures for the child welfare safety services program (\$9,747,600) and child abuse and neglect prevention services (\$989,600) from GPR to TANF. This would be accomplished by transferring \$10,737,200 GPR from DHFS to DWD and by transferring a like amount of TANF funding from DWD to DHFS. The GPR funds transferred to DWD would be used to meet its MOE obligation. The net budgetary impact of these transfers would be an increase in the TANF opening balance for 2001-02 of \$7,972,500.

### BACKGROUND

#### TANF Maintenance-of-Effort Requirement

*1999-01 Biennial Budget.* As a requirement of receiving federal funds under the TANF block grant, the state must spend \$168,864,890 in each federal fiscal year (FFY) as an MOE requirement. If the state does not meet the MOE requirement, the federal government could reduce

the state's TANF grant for the following year by the amount of the MOE shortfall and the state would be required to provide funds to make up for the grant reduction.

For FFYs 2000 and 2001, DWD planned to use funds from the following sources to meet its MOE requirement based on the funding provided in the 1999-01 biennial budget: (a) GPR budgeted in DWD on items in the TANF program; (b) program revenue in DWD from child support collections and welfare fraud prevention and overpayment collection efforts; and (c) GPR budgeted in DHFS for substance abuse services grants and child welfare safety services in the Bureau of Milwaukee Child Welfare. Table 1 below shows how DWD planned to meet the MOE requirement at the time the 1999-01 biennial budget was adopted.

**TABLE 1**

**Planned TANF MOE Under the 1999-01 Biennial Budget**

	<u>FFY 2000</u>	<u>FFY 2001</u>
GPR and PR in DWD	\$152,761,500	\$152,524,600
Substance Abuse Services	5,000,000	5,000,000
Child Safety Services	<u>11,103,900</u>	<u>11,340,800</u>
<b>TOTAL</b>	<b>\$168,865,400</b>	<b>\$168,865,400</b>

In a letter dated May 18, 2001, DWD was notified by the federal Department of Health and Human Services (HHS) that expenditures for the safety services program could not be counted towards the state's MOE requirement because there are no income limitations for the program. However, safety services can be funded using the TANF block grant. Safety services fall under the fourth purpose of TANF, which does not require income limitations when TANF funds are used. The fourth purpose of TANF is to encourage the formation and maintenance of two-parent families. According to a publication by HHS entitled "Helping Families Achieve Self-Sufficiency: A Guide on Funding Services for Children and Families through the TANF Program," crisis or intervention services such as those provided under the safety services program can be funded under the fourth purpose of TANF.

In addition, the letter indicated that the state could no longer count expenditures from the homestead tax credit towards MOE because overall homestead tax credit expenditures are not greater than they were in FFY 1995 as required under federal law. While DWD had not planned to count the homestead tax credit towards MOE during the 1999-01 biennium, the Department was planning to count the homestead tax credit in the 2001-03 biennium, as will be discussed in more detail in the section on the 2001-03 biennial budget.

At the time DWD made its s. 13.101(4) request to transfer \$18.7 million GPR from DHFS to DWD, DWD believed that MOE funding would be short by \$23.4 million for FFY 2001. This shortfall was due to several key factors: (a) a \$13.1 million shortfall in TANF MOE in FFY 2000

that carried forward into FFY 2001; (b) the inability to count safety services towards MOE in FFY 2000 and FFY 2001; (c) a reduction in the estimate of child support pass-through payments; and (d) projected underspending in the substance abuse grant program.

*2001-03 Biennial Budget.* For the 2001-03 biennial budget, the Governor proposed counting the following sources of funding towards MOE: (a) GPR and PR in DWD; (b) substance abuse expenditures in DHFS; (c) homestead tax credit expenditures; (d) Milwaukee child welfare safety services in DHFS; and (e) Milwaukee child welfare prevention services in DHFS. Based on the letter from HHS, the state will not be able to count safety services and homestead tax credit expenditures towards the MOE requirement. Although prevention services were not specifically mentioned in the letter from HHS, it is likely that these expenditures would also be considered ineligible for MOE since there are no income limitations placed on the program. Like safety services, prevention services could instead be funded directly with TANF funds under the fourth purpose of TANF.

To address the issues raised by the letter from HHS, the Joint Committee on Finance changed the source of funding for safety services and prevention services programs from GPR to TANF funding as part of its action on the 2001-03 budget. This provision was retained by the Legislature. The Joint Committee on Finance did not address the MOE shortfall created by the ineligibility of the homestead tax credit. However, DWD should have sufficient funds in the next biennium to meet the MOE requirement because the Legislative Audit Bureau identified \$9.8 million in FFY 1998 federal child support hold harmless funds in the TANF opening balance for 2001-03 that could count towards MOE in the 2001-03 biennium. Table 2 below shows the funding sources DWD is currently anticipating to count towards MOE in the 2001-03 biennium, based on the actions by the Legislature. Any eligible expenditures exceeding the MOE requirement would free up GPR to address the MOE requirement in the next biennium and would not affect the TANF opening balance.

**TABLE 2**

**TANF MOE After Action By Legislature on the 2001-03 Biennial Budget**

	<u>FFY 2002</u>	<u>FFY 2003</u>
GPR and PR in DWD	\$160,234,500	\$160,234,500
Substance Abuse	5,000,000	5,000,000
Hold Harmless Funds	<u>4,900,000</u>	<u>4,900,000</u>
Total	\$170,134,500	\$170,134,500
MOE Requirement	\$168,864,900	\$168,864,900
MOE Surplus	\$1,269,600	\$1,269,600

## ANALYSIS

### TANF Maintenance-of-Effort Requirement

*MOE Shortfall in FFY 2001.* As discussed, DWD estimated that it had a \$23.4 million MOE shortfall for FFY 2001 at the time of the Department's request. However, \$13.1 million of this shortfall can be addressed without providing DWD with any additional funds. For FFY 2000, DWD had a \$13.1 million shortfall in meeting the TANF MOE requirement. To address this shortfall, DWD borrowed from expenditures that would have counted towards FFY 2001 MOE. This action in turn created a \$13.1 million shortfall for FFY 2001. The Legislative Audit Bureau found that DWD had excess expenditures that could have been counted towards MOE in FFY 1998 and FFY 1999 totaling \$13.1 million. The Audit Bureau recommended that DWD change the source of these FFY 1998 and 1999 expenditures from GPR to TANF, thereby freeing up GPR that could count towards MOE in FFY 2001. DWD concurred with the Audit Bureau and has performed these changes, which reduced the shortfall by \$13.1 million. The Audit Bureau indicates that this correction will also generate an additional \$1.1 million in interest earnings in the 2001-03 biennium that will be credited to the general fund.

In addition to the \$13.1 million correction discussed above, DWD has provided new information regarding the amount of MOE claimed through June, 2001, and the amount of MOE claimed for safety services expenditures in FFY 2000 that must be repaid. Based on this analysis and new information, the estimated MOE shortfall for FFY 2001 is \$12,634,000.

In a letter dated August 23, 2001, DHFS and DWD recommended that only \$10,968,200 be transferred from DHFS to DWD to meet the MOE shortfall. The \$10,968,200 figure represents a revised estimate by DHFS of 2000-01 safety services and prevention services expenditures that could be converted from GPR to TANF.

The difference between the \$10,968,200 amount recommended by DHFS and DWD and the current shortfall projection of \$12,634,000 is \$1,665,800. DWD has not requested that additional funds be transferred from DHFS to meet this additional shortfall. If DWD does not have sufficient funds to meet the MOE requirement, it will likely borrow from funds reserved for the FFY 2002 MOE requirement. As shown in Table 2 above, DWD is projected to have an MOE surplus in FFY 2002 and 2003 of \$1,269,600 annually. These surplus funds could help address any additional shortfall that is not addressed in the Committee's action. Alternatively, DWD could request additional state funds at a future date.

If the Committee chooses to transfer only \$10,968,200 GPR from DHFS to DWD, the remaining \$7,972,500 in unspent GPR included in the original request could lapse to the general fund at the end of 2000-01. Alternatively, part of the unspent funds could be used for Milwaukee child welfare transition costs as discussed later in this paper.

*Structural MOE Deficit.* DWD anticipates that it will have sufficient funds to meet the MOE requirement in FFYs 2002 and 2003, using both ongoing funding and one-time funding. Because the TANF block grant must be reauthorized by September 30, 2002, it is unclear what the state's MOE requirement will be in FFY 2003 and beyond. If the MOE requirement remains constant, there would be a structural MOE deficit of approximately \$3.5 million annually in the 2003-05 biennium because current appropriation levels are not sufficient to satisfy the ongoing MOE obligation. The structural deficit could be larger than \$3.5 million, which will be known once DWD concludes its analysis of the amount of the child support hold harmless payments it is currently counting towards MOE.

Any MOE deficit would have to be addressed in the 2003-05 biennial budget. The deficit could be partially mitigated if DWD has excess MOE expenditures in 2001-03 that can free up GPR in 2003-05. Under current projections, DWD could have a small MOE surplus (about \$900,000) that could be carried forward to 2003-05. To create a more stable source of MOE, an alternative would be to direct DWD to conduct a comprehensive analysis of existing expenditures at the state and local level that could count towards MOE on an ongoing basis, and report its findings to the Department of Administration and the Joint Committee on Finance no later than June 30, 2002.

### **Milwaukee Child Welfare**

Since January 1, 1998, DHFS has been responsible for the administration of child welfare services in Milwaukee County. These child welfare services are provided by the Bureau of Milwaukee Child Welfare (BMCW) in the DHFS Division of Children and Family Services. Services are provided from a central administrative site located in the City of Milwaukee and five neighborhood service-delivery sites located throughout the county.

Child welfare services generally refer to services provided to children and their families to keep children safe when their families are unable to protect them from harm. Specifically, these services include: (a) providing intake and investigation services to determine if a child has been abused or neglected; (b) dispositional services to the juvenile court in a county, including case management services to children placed in out-of-home care to ensure that the permanency plan is carried out; and (c) services to children whose parents have had their parental rights terminated and the child has been placed for adoption.

DHFS has contracted with private and public vendors, including Milwaukee County, to provide most child welfare services in Milwaukee County. Beginning in 1998, Milwaukee County has held five contracts with the state to perform child welfare services in Milwaukee County -- case management services at sites two and five, the adoption unit, the out-of-home placement unit and the trust fund accounting unit.

As of September, 2001, Milwaukee County will no longer be under contract to provide child welfare services for the state. A number of events led up to the termination of these contracts with

Milwaukee County. Beginning with the first contract, DHFS and Milwaukee County administrators recognized that contract amounts for Milwaukee County would be insufficient to fully fund the county's staff and administrative costs of providing child welfare services. DHFS was able to supplement Milwaukee County's contracted amounts for services provided in calendar years 1998 and 1999 by using one-time federal funds and, to a smaller extent, reallocating funds budgeted for Milwaukee child welfare services. During the contract negotiations for services provided in calendar year 2000, DHFS and Milwaukee County administrators made a verbal agreement to review the county's actual and documented staff and administrative costs, and, if DHFS had sufficient funding available, DHFS would fund eligible costs that were not funded by the calendar year 2000 contract amount.

In May, 2001, the Milwaukee County Department of Audit completed its audit of the county's Child Welfare Division's overspending of the 2000 state contract and concluded that the Division overspent the 2000 contract by \$6.0 million, including \$2.6 million in staff and administration costs and \$3.4 million in service costs. In addition, the audit revealed several management problems, including lack of documentation for services and inaccurate or non-existing budget and usage reports. In response to the county's request for DHFS to fund the calendar year 2000 deficits incurred by the county, the DHFS Office of Program Review and Audit (OPA) reviewed the county's process of authorizing and purchasing services for families in the child welfare system who receive ongoing case management services through the two sites managed by the county. OPA concluded that the deficit occurred because the county did not have effective policies and procedures in place to manage and control spending.

During calendar year 2001 contract negotiations, Milwaukee County projected that, under the funding provided in the contract, the county would experience a \$3.6 million shortfall in staff and administrative costs. Based on this information, and conversations with DHFS, the Milwaukee County Board decided in May to delay the decision regarding the calendar year 2001 contract. In response, DHFS indicated in writing to Milwaukee County that the state was terminating all child welfare contracts with the county effective immediately.

In May, 2001, DHFS signed contracts for calendar year 2001 with vendors other than Milwaukee County for the services previously provided by Milwaukee County. DHFS awarded the case management contract for site two to Wisconsin Community Services Network and the case management contract for site five to Innovative Family Partnerships, Inc. The out-of-home placement contract has been signed with Lutheran Social Services and the adoption unit contract has been signed with Children's Service Society of Wisconsin. The contract with MAXIMUS, Inc. for administration of the trust fund accounting unit contract is being finalized and is expected to be effective September 1, 2001.

*Transition Schedule.* DHFS and Milwaukee County have agreed to a transition schedule for the ongoing case management, adoption unit and out-of-home care unit duties, beginning in June, 2001, and finishing by early October. The timeline for the different duties is outlined below.

Ongoing Case Management. DHFS has proposed and is implementing a 120-day transition period beginning in June, 2001. As of June, 2001, new child welfare cases were not being assigned to Milwaukee County and new intake cases that would have been assigned to sites two and five are instead being assigned to the remaining three sites. However, Milwaukee County maintained case management duties for existing child welfare cases. In addition, in June, the new vendors under contract for these sites began recruiting and hiring new staff. Through June 25, 2001, county workers were given the right of first interview with the new vendors for a position in the area in which they were currently working.

During July, as the new vendors continued to hire and train new staff, Milwaukee County maintained its case management duties for its existing cases. On August 20, half of the existing cases at sites two and five were transferred from Milwaukee County to the new vendors. The remaining cases will be transferred on September 17 and all remaining county staff will be phased out, ending Milwaukee County's responsibility in this area. Beginning in October, it is expected that the new vendors will be completely operational and will begin to accept new cases.

Out-of-Home Care. For the out-of-home care unit, DHFS is operating on a 90-day transition schedule, beginning in June, when Lutheran Social Services began recruiting and hiring new staff and assumed responsibility of the new licenses. During this time, Milwaukee County remained responsible for relicensing foster homes and independent investigations. To assist in the transition, DHFS has temporarily reassigned 14 initial assessment staff to the out-of-home care unit to perform foster home checks, placements and other quality assurance functions.

In July and August, Lutheran Social Services continued to assume more responsibilities in the unit, including recruiting new foster parents, foster parent training and relicensing currently licensed foster parents. DHFS is projecting that Lutheran Social Services will assume complete responsibility for this unit by September.

Adoption Unit. DHFS is projecting a 90-day transition period for the adoption unit, from Milwaukee County to Children's Service Society of Wisconsin. Through June and July, staff recruitment, hiring and training occurred and cases that were not going to finalized adoptions or had a termination of parental rights (TPR) hearing scheduled within the first 30 days of the transition, were transferred to the new vendor. DHFS expects the Children's Service Society of Wisconsin to assume full responsibilities for the adoption unit by September.

*Transition Costs.* DHFS is currently incurring transition costs because, over a three-month period (June, July and August, 2001), the state is double-funding contracts – contracts with Milwaukee County and with the new vendors. The total cost of this transition is estimated to be \$3,762,900 (\$2,933,700 GPR and \$829,200 FED).

Funding for this transition was provided in the Enrolled SB 55 (the 2001-03 biennial budget bill). Under this provision, any additional income augmentation funds that remain available after DHFS lapses the expected \$6.75 million in income augmentation revenue would be reserved to

support these transition costs. DHFS could propose to use up to \$2,933,700 of these additional funds for transitional costs to the Joint Committee on Finance under a 14-day passive review process.

However, the provision in the budget bill would allocate money that may or may not be received by the state in income augmentation funds and the funds would not be available to DHFS in 2001-02 to support these transition costs. In an August 23, 2001, letter to the Co-Chairs, Secretary Dubé requested the Committee to consider allocating funding to support the transition costs as part of the TANF MOE request so that DHFS would receive this funding in a more timely manner, because the Department is currently incurring the transition costs. Secretary Dubé indicated that if the Committee provides transition funding now, DHFS will not submit a request for the use of income augmentation dollars later, as provided under the SB 55 provision.

If the Committee wishes to address the issue of the Milwaukee County child welfare transition costs at this time, as recommended by the administration, it could direct DHFS to encumber \$2,933,700 GPR of funding budgeted for Milwaukee child welfare services in 2000-01 to support these costs. If the Committee does not use all of the funds identified in this request for TANF MOE, this alternative would reduce the amount of funding that would lapse to the general fund by the same amount.

However, if the Committee prohibited DHFS from paying Milwaukee County for staff and administrative cost overruns in prior years, savings of \$3.1 million, which includes \$2,416,900 GPR, would result. This savings could then be used to partially support the projected transition costs, which total \$2,933,700 GPR.

In a letter dated May 25, 2001, to Ralph Hollmon, the Director of Milwaukee County's Human Services Department, DCFS Administrator Susan Dreyfus expressed the state's commitment to pay the county: (a) \$2.6 million of the county's \$6.0 million deficit in the calendar year 2000 contract; (b) \$500,000 from the county's deficit in calendar year 1999 contract; (c) full allowable and audited administrative costs incurred January 1, 2001, through June 1, 2001; and (d) full, allowable and audited costs during the transition, concluding no later than September 30, 2001. In addition, it was agreed upon that all services expenditures within the budgeted levels for 2001 would be reimbursed. The total cost of these payments is an estimated \$4.9 million (all funds), of which \$1.8 million (all funds) is for calendar year 2001 costs. The remaining \$3.1 million is for the cost overruns in the past two contract periods.

DHFS stated that the payments on the county's deficit would be made when the transition is complete. In addition, DHFS staff have indicated that \$3.1 million has been set aside from underspending in the Milwaukee child welfare budget for 2000-01 to support this payment, including underspending in the operations budget of child welfare services in the Division of Children and Family Services. The \$2.9 million in transitional cost funding that is specified in SB 55 is in addition to the \$3.1 million payment to Milwaukee County, discussed in the May 25<sup>th</sup> letter.

It can be argued that the state is under no legal obligation to pay for cost overruns of the contracts, since there was no written agreement between the state and county regarding staff and administrative cost overruns. However, Milwaukee County has indicated that it is expecting to be reimbursed for the full and actual amount of administrative and staff costs in 2001, based on the verbal agreement with DHFS during calendar year 2000 contract negotiations and the written agreement in the May letter from DHFS.

DHFS staff indicated that the state made the commitment to Milwaukee County to fund the county's staff and administrative costs for three reasons. First, the state is ultimately responsible for the child welfare system in Milwaukee County and the state could not afford to have a period of time where child welfare services were not being provided in the county. Second, the lawsuit filed by the American Civil Liberties Union (ACLU) against the state, on behalf of an estimated 5,000 children who were receiving or should have been receiving child welfare services in Milwaukee County, is scheduled to go to trial in April, 2002. The lawsuit relates to alleged violations of the Federal Adoption Assistance and Child Welfare Act, which requires states to provide a written permanency plan for every child in foster care and for a periodic review of those permanency plans. Therefore, DHFS staff ascertained that the state needs to maintain the commitment to provide child welfare services in Milwaukee County. Third, DHFS indicated that the agreement with Milwaukee County was necessary to ensure a smooth transition.

Nonetheless, DHFS would be able to fund the transition costs from 2000-01 underspending if the Department did not pay Milwaukee County for cost overruns in the previous two calendar years. For this reason, the Committee could decide to direct DHFS to use \$2,416,900 GPR in 2000-01 underspending to support the transition costs. To fund the total cost of the transition, the Committee would need to direct DHFS to encumber an additional \$516,800 GPR to provide a total of \$2,933,700 GPR for this purpose. This action would preclude DHFS from providing a payment to Milwaukee County and allow \$7,455,700 GPR to lapse to the general fund.

## **SUMMARY**

The Committee has several options before it. Alternative 1 would approve DWD's original request, which would provide more funding than necessary to satisfy the TANF MOE requirement and would also increase the TANF opening balance by \$7,972,500. Under Alternative 2, the TANF MOE requirement would be met by transferring a smaller amount than originally requested by DWD, and the Committee would have several options for what to do with \$7,972,500 in excess GPR funds: (a) the \$7,972,500 in excess funds could lapse to the general fund; (b) DHFS could reserve \$2,933,700 to cover Milwaukee child welfare transition costs and lapse the remaining \$5,038,800 to the general fund; or (c) \$7,455,700 in excess funds could be lapsed to the general fund and the Committee could direct DHFS to encumber an additional \$516,800 GPR and to use the \$2,416,900 GPR that is currently encumbered to support transition costs. In addition to Alternatives 1 or 2, the Committee could adopt Alternative 3, which would direct DWD to conduct a comprehensive analysis of existing state and local expenditures to count towards its MOE requirement, to address the MOE structural deficit in the 2003-05 biennium. An alternative to deny

the request is not included because the state would face substantial penalties from the federal government if it does not meet the TANF MOE requirement.

**ALTERNATIVES**

1. Approve DWD's request to make the following transfers in 2000-01 to meet the TANF MOE requirement for federal fiscal year 2001: (a) transfer \$6,808,600 in unspent safety services funds from 20.435(3)(cx) to 20.445(3)(dz); (b) transfer \$1,163,900 in unspent substance abuse services funds from 20.435(7)(bc) to 20.445(3)(dz); (c) transfer \$9,747,600 GPR from 20.435(3)(cx) to 20.445(3)(dz) and transfer \$9,747,600 FED from 20.445(3)(md) to 20.435(3)(ky) to fund safety services; and (d) transfer \$989,600 GPR from 20.435(3)(cx) to 20.445(3)(dz) and transfer \$989,600 FED from 20.445(3)(md) to 20.435(3)(ky) to fund prevention services.

2. Make the following transfers in 2000-01 to meet the TANF MOE requirement for federal fiscal year 2001: (a) transfer \$9,696,100 GPR from 20.435(3)(cx) to 20.445(3)(dz) and transfer \$9,696,100 FED from 20.445(3)(md) to 20.435(3)(ky) to fund safety services; and (b) transfer \$1,272,100 GPR from 20.435(3)(cx) to 20.445(3)(dz) and transfer \$1,272,100 FED from 20.445(3)(md) to 20.435(3)(ky) to fund prevention services. In addition, do one of the following:

- a. Lapse \$7,972,500 GPR to the general fund.
- b. Direct DHFS to encumber \$2,933,700 GPR to support the costs associated with the transition of child welfare cases from Milwaukee County to private vendors. Lapse \$5,038,800 GPR to the general fund.
- c. Lapse \$7,455,700 GPR to the general fund. Direct DHFS to encumber \$516,800 GPR and to use \$2,416,900 GPR that is currently encumbered to support the transition costs. Prohibit DHFS from making any payments to Milwaukee County for staff and administrative costs under any contract for years prior to calendar year 2001.

3. In addition to Alternative 1 or 2, direct DWD to conduct a comprehensive analysis of existing state and local expenditures that the state could count towards its TANF MOE requirement, and report its findings to the Department of Administration and the Joint Committee on Finance no later than June 30, 2002.

MO#	A	N	Y	AYE	NO	ABS
BURKE	A	N	Y			
DECKER	A	N	Y			
MOORE	A	N	Y			
SHIBLSKI	A	N	Y			
PLACHE	A	N	Y			
WIRCH	A	N	Y			
DARLING	A	N	Y			
ROSENZWEIG	A	N	Y			
GARD	A	N	Y			
KAUFERT	A	N	Y			
ALBERS	A	N	Y			
DUFF	A	N	Y			
WARD	A	N	Y			
HUEBSCH	A	N	Y			
HUBER	A	N	Y			
COGGS	A	N	Y			

**13.10 Meeting**  
**September 5, 2001**  
**Agenda Item II**

**Issue:** Workforce Development: Transfer of Funds to Meet the Maintenance-of-Effort (MOE) Requirement for the Temporary Assistance for Needy Families (TANF) Block Grant

**Comments:**

Two issues to resolve here, TANF MOE requirements and Milwaukee County Child Welfare. It's a giant shell game of moving money between GPR and TANF appropriations between DHFS and DWD.

**TANF MOE Requirements:**

The Feds recently notified DWD that the funding for two programs that the state had planned to count towards their MOE requirements for the TANF block grant do not meet the MOE guidelines. It was estimated by DWD at the time of their request that the state would have a \$23.4 million MOE shortfall for FFY 2001.

However, the Audit Bureau has identified other programs and savings totaling \$13.1 million from FFY 1998 and 1999 that could be applied toward this shortfall, leaving an estimated MOE shortfall for FFY 2001 of \$12,634,000. With funding transfers from DHFS, this shortfall is knocked down to \$1,665,800. DWD did not request additional funds to cover this remaining amount. It is estimated they will have an MOE surplus in FFY 2002 and 2003 of more than \$1.2 million annually. Therefore, DWD could borrow from that surplus to cover this additional amount. Additionally, they could come back to JFC at a future date to request this funding.

**Milwaukee County Child Welfare:**

DHFS is incurring transition costs for June, July and August, for the changeover from Milwaukee County to the private vendors DHFS contracted with in May to provide child welfare services. The total costs for these 3 months is estimated to be \$3,762,900 (\$2,933,700 GPR and \$829,200 FED).

Milwaukee County incurred cost overruns in calendar years 1999 and 2000 for providing these services. In CY 1999 their overruns were \$500,000 and for CY 2000 they were \$6 million (\$2.6 million in staff and administration costs and \$3.4

million in service costs). For CY 2000, DHFS agreed to pay the \$2.6 million, but not the \$3.4 million.

**Alternatives:**

Alt. 1 will pay for the MOE shortfall and reimburse Milwaukee County \$3.1 million for CY 1999 and 2000 cost overruns. However, this will not provide any payments to DHFS for the transition costs, nor will it lapse any money to the general fund.

Alt. 2 – the first part covers the MOE shortfall, in addition you can do the following:

- a. lapses \$7.9 million to the general fund, pays Milwaukee County their \$3.1 million, but does not cover DHFS's transition costs.
- b. lapses a little over \$5 million to the general fund, covers Milwaukee County and DHFS's transition costs.
- c. lapses \$7.4 million to the general fund, covers the transition costs, but specifically forbids DHFS from paying Milwaukee County the \$3.1 million for their cost overruns.

Alt. 3 – directs DWD to do a study of state & local expenditures that could count towards the states TANF MOE requirements and report back to JFC by 6/30/02.

**Staff Recommendation:** 2b and 3.

**Do not support 2c. This will screw Milwaukee County out of \$3.1 million DHFS has already agreed to pay for cost overruns in the past two contract periods. (\$2.6 million for Calendar year 2000 and \$500,000 for calendar year 1999)**

**Prepared by:** Cindy

Scott McCallum  
Governor

Jennifer Reinert  
Secretary



State of Wisconsin

Department of Workforce Development

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November 30, 2001

The Honorable Brian Burke, Co-Chair  
Joint Committee on Finance  
State Capitol, Room 317 East  
Madison, Wisconsin 53707

The Honorable John Gard, Co-Chair  
Joint Committee on Finance  
State Capitol, 308 East  
Madison, Wisconsin 53707

Dear Senator Burke and Representative Gard:

The Department of Workforce Development (DWD) requests approval of the Joint Committee on Finance under s. 13.10, Wis. Stats., of its reallocation plan for the 5 percent reduction in state agency operations. These reductions were required in 2001 Wisconsin Act 16 and were previously submitted by the Department of Administration on behalf of DWD. The Committee deferred consideration of DWD's plan at its November 5, 2001, meeting.

Thank you for your prompt attention to this letter.

Sincerely,

  
Jennifer Reinert  
Secretary

cc: Robert Lang, Legislative Fiscal Bureau  
David Schmiedicke, Department of Administration

**BALLOT**

Shall the December 18, 2001, action of the Joint Committee on Finance on Agenda Item I, directing the Department of Administration to transfer \$1,000,000 FED in 2001-02 from the W-2 administration and services allocation [49.175(1)(b)] in DWD's appropriation 20.445(3)(md) to the Joint Committee on Finance's program supplemental federal appropriation 20.865(4)(m) to be set aside for purposes eligible under the temporary assistance for needy families (TANF) block grant, be upheld, notwithstanding the objection of the Governor?

  X   YES

           NO

  Brian Lusk    
Signature

  1-16-02    
Date

# BALLOT

Shall the December 18, 2001, action of the Joint Committee on Finance on Agenda Item I, directing the Department of Administration to transfer \$1,000,000 FED in 2001-02 from the W-2 administration and services allocation [49.175(1)(b)] in DWD's appropriation 20.445(3)(md) to the Joint Committee on Finance's program supplemental federal appropriation 20.865(4)(m) to be set aside for purposes eligible under the temporary assistance for needy families (TANF) block grant, be upheld, notwithstanding the objection of the Governor?

X YES

\_\_\_\_\_ NO

Russ Decker

Signature

1-15-02

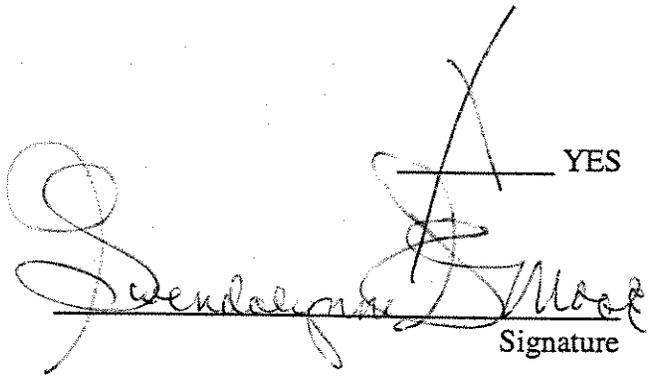
Date

**BALLOT**

Shall the December 18, 2001, action of the Joint Committee on Finance on Agenda Item I, directing the Department of Administration to transfer \$1,000,000 FED in 2001-02 from the W-2 administration and services allocation [49.175(1)(b)] in DWD's appropriation 20.445(3)(md) to the Joint Committee on Finance's program supplemental federal appropriation 20.865(4)(m) to be set aside for purposes eligible under the temporary assistance for needy families (TANF) block grant, be upheld, notwithstanding the objection of the Governor?

YES

NO

  
Signature

\_\_\_\_\_  
Date

Kevin Shibilski

BALLOT

Shall the December 18, 2001, action of the Joint Committee on Finance on Agenda Item I, directing the Department of Administration to transfer \$1,000,000 FED in 2001-02 from the W-2 administration and services allocation [49.175(1)(b)] in DWD's appropriation 20.445(3)(md) to the Joint Committee on Finance's program supplemental federal appropriation 20.865(4)(m) to be set aside for purposes eligible under the temporary assistance for needy families (TANF) block grant, be upheld, notwithstanding the objection of the Governor?

YES

NO

Kevin Shibilski  
Signature

\_\_\_\_\_  
Date

# BALLOT

Shall the December 18, 2001, action of the Joint Committee on Finance on Agenda Item I, directing the Department of Administration to transfer \$1,000,000 FED in 2001-02 from the W-2 administration and services allocation [49.175(1)(b)] in DWD's appropriation 20.445(3)(md) to the Joint Committee on Finance's program supplemental federal appropriation 20.865(4)(m) to be set aside for purposes eligible under the temporary assistance for needy families (TANF) block grant, be upheld, notwithstanding the objection of the Governor?

X YES

\_\_\_\_\_ NO

Kim Clache  
Signature

1/15/02  
Date

# BALLOT

Shall the December 18, 2001, action of the Joint Committee on Finance on Agenda Item I, directing the Department of Administration to transfer \$1,000,000 FED in 2001-02 from the W-2 administration and services allocation [49.175(1)(b)] in DWD's appropriation 20.445(3)(md) to the Joint Committee on Finance's program supplemental federal appropriation 20.865(4)(m) to be set aside for purposes eligible under the temporary assistance for needy families (TANF) block grant, be upheld, notwithstanding the objection of the Governor?

✓ YES

\_\_\_\_\_ NO

Robert W. Wink  
Signature

Jan 23, 2007  
Date

**BALLOT**

Shall the December 18, 2001, action of the Joint Committee on Finance on Agenda Item I, directing the Department of Administration to transfer \$1,000,000 FED in 2001-02 from the W-2 administration and services allocation [49.175(1)(b)] in DWD's appropriation 20.445(3)(md) to the Joint Committee on Finance's program supplemental federal appropriation 20.865(4)(m) to be set aside for purposes eligible under the temporary assistance for needy families (TANF) block grant, be upheld, notwithstanding the objection of the Governor?

\_\_\_\_\_ YES

\_\_\_\_\_ NO

Albert Darling  
Signature

1/15/01  
Date

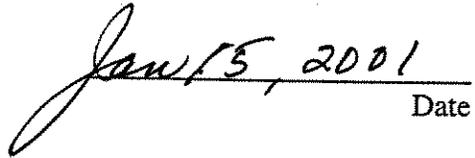
BALLOT

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\_\_\_\_\_ YES

\_\_\_\_\_ NO

  
Signature

  
Date

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\_\_\_\_\_ YES

\_\_\_\_\_   X   NO

John M. Sand  
Signature

1-23-02  
Date



**BALLOT**

Shall the December 18, 2001, action of the Joint Committee on Finance on Agenda Item I, directing the Department of Administration to transfer \$1,000,000 FED in 2001-02 from the W-2 administration and services allocation [49.175(1)(b)] in DWD's appropriation 20.445(3)(md) to the Joint Committee on Finance's program supplemental federal appropriation 20.865(4)(m) to be set aside for purposes eligible under the temporary assistance for needy families (TANF) block grant, be upheld, notwithstanding the objection of the Governor?

X YES

\_\_\_\_\_ NO

Shirley Allen  
Signature

1-23-02  
Date

BALLOT

Shall the December 18, 2001, action of the Joint Committee on Finance on Agenda Item I, directing the Department of Administration to transfer \$1,000,000 FED in 2001-02 from the W-2 administration and services allocation [49.175(1)(b)] in DWD's appropriation 20.445(3)(md) to the Joint Committee on Finance's program supplemental federal appropriation 20.865(4)(m) to be set aside for purposes eligible under the temporary assistance for needy families (TANF) block grant, be upheld, notwithstanding the objection of the Governor?

\_\_\_\_\_ YES

X \_\_\_\_\_ NO

*M. Duff*  
Signature

1/15/02  
Date

**BALLOT**

Shall the December 18, 2001, action of the Joint Committee on Finance on Agenda Item I, directing the Department of Administration to transfer \$1,000,000 FED in 2001-02 from the W-2 administration and services allocation [49.175(1)(b)] in DWD's appropriation 20.445(3)(md) to the Joint Committee on Finance's program supplemental federal appropriation 20.865(4)(m) to be set aside for purposes eligible under the temporary assistance for needy families (TANF) block grant, be upheld, notwithstanding the objection of the Governor?

\_\_\_\_\_ YES

\_\_\_\_\_ NO

*[Handwritten Signature]*  
Signature

1-17-02  
Date

**BALLOT**

Shall the December 18, 2001, action of the Joint Committee on Finance on Agenda Item I, directing the Department of Administration to transfer \$1,000,000 FED in 2001-02 from the W-2 administration and services allocation [49.175(1)(b)] in DWD's appropriation 20.445(3)(md) to the Joint Committee on Finance's program supplemental federal appropriation 20.865(4)(m) to be set aside for purposes eligible under the temporary assistance for needy families (TANF) block grant, be upheld, notwithstanding the objection of the Governor?

\_\_\_\_\_ YES

X \_\_\_\_\_ NO

Michael A. Hull  
Signature

1-15-02  
Date

**BALLOT**

Shall the December 18, 2001, action of the Joint Committee on Finance on Agenda Item I, directing the Department of Administration to transfer \$1,000,000 FED in 2001-02 from the W-2 administration and services allocation [49.175(1)(b)] in DWD's appropriation 20.445(3)(md) to the Joint Committee on Finance's program supplemental federal appropriation 20.865(4)(m) to be set aside for purposes eligible under the temporary assistance for needy families (TANF) block grant, be upheld, notwithstanding the objection of the Governor?

  X   YES

           NO

Greg Huber  
Signature

1-22-02  
Date

BALLOT

Shall the December 18, 2001, action of the Joint Committee on Finance on Agenda Item I, directing the Department of Administration to transfer \$1,000,000 FED in 2001-02 from the W-2 administration and services allocation [49.175(1)(b)] in DWD's appropriation 20.445(3)(md) to the Joint Committee on Finance's program supplemental federal appropriation 20.865(4)(m) to be set aside for purposes eligible under the temporary assistance for needy families (TANF) block grant, be upheld, notwithstanding the objection of the Governor?

✓ YES

\_\_\_\_\_ NO

*Spencer Caffrey*  
Signature

1-23-2002  
Date