

D

Health and Family Services

Care and Treatment Facilities

Bill Agency

(LFB Budget Summary Document: Page 383)

LFB Summary Items for Which Issue Papers Have Been Prepared

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Legislative Fiscal Bureau

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May 21, 2001

Joint Committee on Finance

Paper #500

State Centers -- Budget Reductions to Reflect CIP IA Placements Made During the 2001-03 Biennium (DHFS -- Care and Treatment Facilities)

[LFB 2001-03 Budget Summary: Page 383, #1]

CURRENT LAW

Funding for the state Centers for the Developmentally Disabled ("Centers") is reduced following each placement made under the community integration program (CIP IA). The reduction is equal to \$190 per day following a placement from any of the Centers. Base reductions to the Centers' budget are made as part of the biennial budget process to reflect placements made during the previous biennium.

GOVERNOR

Delete \$6,192,500 PR annually and 92.24 PR positions, beginning in 2001-02, to reflect the relocation of residents from the Centers into community settings under CIP IA during the 1999-01 biennium. The following annual adjustments would be made at each Center: (a) Central Center, -\$1,432,300 PR and -30.18 PR positions; (b) Northern Center, -\$2,585,000 PR and -23.71 PR positions; and (c) Southern Center, -\$2,175,400 PR and -38.35 PR positions. Reductions in funding and staff are due to the relocation of 54 residents from the Centers during 1999-00 and a projected 37 residents that will be placed during the 2000-01 fiscal year.

DISCUSSION POINTS

1. In 1999-00, there were 54 relocations from the Centers under the CIP IA program. The Governor's budget assumed that that would be 37 relocations in the 2000-01 fiscal year. However, between July 1, 2000 and April 30, 2001, only 27 individuals were relocated (net of two returnees) from the Centers under CIP IA. DHFS staff indicate that there are no planned placements

for the last two months of this fiscal year.

2. Although there may be some relocations in the last two months of this fiscal year, base funding for the Centers can be reduced to reflect any additional placements in 2000-01, as part of the next biennial budget. When a CIP IA placement occurs, a Center is required to reduce its expenditures to reflect that placement, although the reduction to the DHFS base funding is made as part of the next biennial budget.

3. Based on this information, there would only be 81 relocations in this biennium, rather than 91, as assumed in the Governor's budget. Consequently, the amount of funding deleted from the Centers in the bill should be modified. Fewer CIP placements will mean that the projected CIP IA costs under medical assistance (MA) will be less than originally budgeted under the Governor's recommendation. Because the CIP IA reduction rate and the CIP IA placement rate are equal, the overall effect on GPR costs under MA is cost neutral.

4. Based on the revised estimate of 27 CIP IA placements in 2000-01, funding and positions in the bill should be increased by these amounts in each year: (a) \$2,200 PR and 1.58 PR positions for Central Center; (b) \$138,700 PR and -3.48 PR positions at Northern Center; and (c) \$552,600 PR and 3.59 PR positions at Southern Center. In total, the bill should be modified to provide an additional \$693,500 PR and 1.69 PR positions annually for the 2001-03 biennium. The addition of \$693,500 PR annually for the Centers would require a corresponding increase in funding for MA benefits of \$286,100 GPR and \$407,400 FED in 2001-02 and \$287,800 GPR and \$405,700 FED in 2002-003.

5. The statutes specify the total amount of the funding reduction for each CIP IA placement, but do not specify how the funding should be allocated between salaries, fringe benefits, supplies and services and the number of positions that should be deleted. However, the allocation of the funding reduction affects future funding for the Centers. If too much funding is reduced from the Centers' fringe benefits budget, then standard biennial budget bill adjustments, such as full funding of fringe benefits, may restore a portion of the reduction in the next biennium. As a result, it is important that the allocation of the reduction reflect the actual costs of that item.

6. The allocation of the CIP reductions for placements made in 1999-00 is based on: (a) the actual per resident expenditures for food and variable nonfood costs in 1999-00; (b) the actual fringe rate experienced by the Centers in 1999-00 (39.7%); and (c) the actual average salary level for the group of positions that were identified for CIP reductions in 1999-00 that would produce the needed total salary funding reduction. Since actual expenditures for 2000-01 are not yet available and the specific positions that will be eliminated have not yet been identified, the allocation of the CIP reductions for placements made in 2000-01 uses the same amounts or rates as was allocated for the reductions for the 1999-00 placements, except that the food and variable nonfood expenditure amounts are inflated to 2000-01, consistent with inflation rates used for budgeting for the 2001-03 biennium.

MODIFICATION

Modify the bill by increasing the Centers' budget by \$693,500 PR and 4.15 PR positions annually to reflect a reestimate of the number of CIP IA placements that will be made from the Centers in the 2000-01 fiscal year. In addition, increase funding for MA benefits by \$286,100 GPR and \$407,400 FED in 2001-02 and \$287,800 GPR and \$405,700 FED in 2002-003 to support the increase in PR funding of the Centers. (This MA funding increase will be offset by a reduction in estimated CIP IA expenditures as part of the MA base estimate to reflect fewer CIP IA placements.)

<u>Modification</u>	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>TOTAL</u>
2001-03 FUNDING (Change to Bill)	\$573,900	\$813,100	\$1,387,000	\$2,774,000
2002-03 POSITIONS (Change to Bill)	0.00	0.00	1.69	1.69

MO# modification

	BURKE	Y	N	A
	DECKER	Y	N	A
	MOORE	Y	N	A
P	SHIBILSKI	Y	N	A
	PLACHE	Y	N	A
	WIRCH	Y	N	A
	DARLING	Y	N	A
	WELCH	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
	COGGS	Y	N	A

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May 21, 2001

Joint Committee on Finance

Paper #501

Drug, Food, Medical and Other Variable Costs (DHFS -- Care and Treatment Facilities)

[LFB 2001-03 Budget Summary: Page 383, #4]

CURRENT LAW

The Division of Care and Treatment Facilities (DCTF) operates seven institutions: (a) the three state Centers for the Developmentally Disabled ("Centers"); (b) the two state Mental Health Institutes (MHIs); (c) the Wisconsin Resource Center (WRC); and (d) the Sand Ridge Secure Treatment Center (SRSTC). The Centers are supported by program revenue (PR) transferred from the medical assistance (MA) benefits appropriation and are supported on a 41% GPR/59% FED basis. The WRC and SRSTC are funded by GPR. The two MHIs are funded by a combination of GPR and PR. The PR funding for the MHIs is supported by several sources, including payments by counties and MA.

Base drug, food, medical and other variable funding for these seven institutions is \$19,589,100 (\$10,159,200 GPR and \$9,429,900 PR). Of the \$9,429,900 PR, approximately \$3,297,200 is supported by GPR MA funds.

GOVERNOR

Provide \$314,800 (\$183,500 GPR and \$131,300 PR) in 2001-02 and \$1,780,700 (\$1,145,500 GPR and \$635,200 PR) in 2002-03 to fund projected increases in the costs of food (-\$117,100 GPR and \$118,200 PR in 2001-02 and \$42,400 GPR and \$164,300 PR in 2002-03) and variable nonfood costs, such as medical care, drugs, clothing and other supplies (\$300,600 GPR and \$13,100 PR in 2001-02 and \$1,103,100 GPR and \$470,900 PR in 2002-03) for persons who receive care at the Centers, the MHIs, the WRC and the SRSTC.

ATTACHMENT

Food and Variable Non-Food Costs DCTF Institutions

		Base Funding	Governor		Reestimate		Change to Governor	
			2001-02	2002-03	2001-02	2002-03	2001-02	2002-03
VARIABLE NON-FOOD								
Mendota	GPR	\$1,492,100	\$1,628,200	\$1,736,000	\$1,604,400	\$1,744,100	-\$23,800	\$8,100
	PR	488,200	731,500	779,900	718,900	781,400	-12,600	1,500
	Total	1,980,300	2,359,700	2,515,900	2,323,300	2,525,500	-36,400	9,600
Winnebago	GPR	1,426,200	1,459,100	1,578,900	1,301,200	1,432,900	-157,900	-146,000
	PR	868,500	1,243,000	1,345,000	1,197,700	1,318,900	-45,300	-26,100
	Total	2,294,700	2,702,100	2,923,900	2,498,900	2,751,800	-203,200	-172,100
WRC	GPR	2,223,700	2,439,200	2,616,600	2,407,500	2,596,000	-31,600	-20,600
Sand Ridge	GPR	2,771,700	2,687,800	3,085,300	2,687,800	3,085,300	0	0
Central Center	PR	2,494,500	2,614,500	2,795,700	2,718,300	2,862,500	103,800	66,800
Northern Center	PR	1,324,100	1,456,700	1,536,300	1,522,900	1,595,700	66,200	59,400
Southern Center	PR	2,614,300	1,757,000	1,803,600	1,557,400	1,587,700	-199,600	-215,900
Total GPR		\$7,913,700	\$8,214,300	\$9,016,800	\$8,001,000	\$8,858,300	-\$213,300	-\$158,500
Total PR		7,789,600	7,802,700	8,260,500	7,715,200	8,146,200	-87,500	-114,300
TOTAL		\$15,703,300	\$6,017,000	\$17,277,300	\$15,716,200	\$17,004,500	-\$300,800	-\$272,800
FOOD								
Mendota	GPR	\$329,900	\$331,100	\$340,400	\$345,600	\$361,600	\$14,500	\$21,200
	PR	102,800	148,700	153,000	154,800	162,000	6,100	9,000
	Total	432,700	479,800	493,400	500,400	523,700	20,600	30,300
Winnebago	GPR	201,600	260,900	268,400	232,900	243,800	-28,000	-24,600
	PR	155,900	222,300	228,600	214,400	224,400	-7,900	-4,200
	Total	357,500	483,200	497,000	447,300	468,100	-35,900	-28,900
WRC	GPR	668,500	613,400	630,900	603,600	620,800	-9,800	-10,100
Sand Ridge	GPR	1,045,500	923,000	1,048,200	923,000	1,048,200	0	0
Central Center	PR	518,000	518,400	532,400	543,800	548,400	25,400	16,000
Northern Center	PR	365,600	323,400	331,000	343,900	347,300	20,500	16,300
Southern Center	PR	498,000	545,700	559,600	506,800	509,300	-38,900	-50,300
Total GPR		\$2,245,500	\$2,128,400	\$2,287,900	\$2,105,000	\$2,274,400	-\$23,400	-\$13,500
Total PR		1,640,300	1,758,500	1,804,600	1,763,700	1,791,400	5,200	-13,200
TOTAL		\$3,885,800	\$3,886,900	\$4,092,500	\$3,868,700	\$4,065,800	-\$18,200	-\$26,700
TOTAL -- FOOD & NON-FOOD								
Mendota	GPR	\$1,822,000	\$1,959,300	\$2,076,400	\$1,950,000	\$2,105,700	-\$9,300	\$29,300
	PR	591,000	880,200	932,900	873,700	943,500	-6,500	10,600
	Total	2,413,000	2,839,500	3,009,300	2,823,700	3,049,200	-15,800	39,900
Winnebago	GPR	1,627,800	1,720,000	1,847,300	1,534,100	1,676,600	-185,900	-170,700
	PR	1,024,400	1,465,300	1,573,600	1,412,100	1,543,300	-53,200	-30,300
	Total	2,652,200	3,185,300	3,420,900	2,946,200	3,219,900	-239,100	-201,000
WRC	GPR	2,892,200	3,052,600	3,247,500	3,011,100	3,216,800	-41,500	-30,700
Sand Ridge	GPR	3,817,200	3,610,800	4,133,500	3,610,800	4,133,500	0	0
Central Center	PR	3,012,500	3,132,900	3,328,100	3,262,100	3,410,900	129,200	82,800
Northern Center	PR	1,689,700	1,780,100	1,867,300	1,866,800	1,943,100	86,700	75,800
Southern Center	PR	3,112,300	2,302,700	2,363,200	2,064,200	2,096,900	-238,500	-266,300
Total GPR		\$10,159,200	\$10,342,700	\$11,304,700	\$10,106,000	\$11,132,200	-\$236,700	-\$172,000
Total PR		9,429,900	9,561,200	10,065,100	9,478,900	9,937,600	-82,300	-127,500
TOTAL		\$19,589,100	\$19,903,900	\$21,369,800	\$19,584,900	\$21,070,300	-\$319,000	-\$299,500



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May 21, 2001

Joint Committee on Finance

Paper #502

Supervised and Conditional Release (DHFS -- Care and Treatment Facilities)

[LFB 2001-03 Budget Summary: Page 384, #7]

Alt's A-2, B-3 (A2, B-1, B-3 (62nd))

CURRENT LAW

B-4 Platch, Wirch, Owen, Coggis

Under the *conditional release program*, the Department of Health and Family Services (DHFS) contracts for community-based services for persons who have been found not guilty by reasons of mental disease or defect and either directly placed on conditional release by the court or conditionally released from the state's Mental Health Institutes. Through the first 10 months of this fiscal year, there has been an average of 244 persons on conditional release.

The *supervised release program* serves individuals who have been committed as sexually violent persons (SVPs) and who have been released by the court to community-based treatment under the supervision of DHFS. Currently, there are eight individuals on supervised release.

The conditional and supervised release programs are supported by the same biennial appropriation. In 2000-01, \$4,473,800 GPR is budgeted to support these programs, including \$4,060,300 GPR budgeted in Act 9 and \$413,500 GPR approved by the Committee at its April 24, 2001, s. 13.10 meeting. Since both programs are supported by the same appropriation, DHFS can fund unanticipated costs for one program from surplus funds budgeted for the other program. In addition, since the programs are supported by a biennial appropriation, unanticipated costs in one year of the biennium can be funded with unspent funds budgeted in the other year of the biennium.

GOVERNOR

Provide \$572,400 GPR in 2002-03 to: (a) lease a transitional 10-bed housing facility in southern Wisconsin for sexually violent persons on supervised release (\$482,400 GPR); and (b)

fund projected increases in the cost of providing services to persons on conditional and supervised release (\$90,000 GPR).

As part of its proposed 2001-03 capital budget, the Building Commission has recommended that \$1,295,500 in general fund supported borrowing be provided to construct a community-based residential facility (CBRF) for a transitional halfway house to serve up to 12 individuals on supervised release. This facility would be a 6,500 square feet, single story structure that would include nine individual bedrooms, two apartment units, dining, recreation and support areas for up to 12 residents, staff offices and a counselor station. The facility would be designed for possible future expansion for up to 20 patients.

DISCUSSION POINTS

Current Programs

1. DHFS contracts for services provided under the conditional and supervised release programs. Currently, there are six regional contractors (Dane County, WCS-Milwaukee, ACC-Fox Valley, LSS-Northern, LSS-Western, and WCS-Southeast) that provide oversight, case management and treatment services for persons on conditional release. In 2000-01, \$3,550,300 is budgeted for these contracts. Because of the small number of persons on supervised release, DHFS contracts with individual providers for services under that program. In addition, DHFS contracts with the Department of Corrections (DOC) for supervision services provided by DOC probation and parole agents. This contract is budgeted at \$433,000 in 2000-01, and includes supervision of individuals on conditional and supervised release.

2. A portion of the costs of providing services to persons on conditional release is funded from third parties, such as medical assistance, and from income that program clients may have. The contracted agencies are required to pursue these third-party payments before billing DHFS for the cost of services.

3. The costs of the conditional and supervised release programs have increased over time due to: (a) the steady increase in the number of persons on conditional release; and (b) increases in the cost of services per client. Table 1 provides annual caseload and cost information for the program for state fiscal years 1996-97 through 2000-01.

TABLE 1

**Conditional and Supervised Release Programs
Program Costs and Clients Served
Fiscal Years 1996-97 through 2000-01**

	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>Estimated 2000-01</u>	<u>Average Annual Increase</u>
Program Costs						
Conditional Release Provider Contracts	\$2,128,400	\$2,364,000	\$2,938,800	\$3,088,900	\$3,213,000	
DOC Contract	100,600	0	154,600	265,000	370,500	
Supervised Release Provider Contracts	<u>23,600</u>	<u>64,500</u>	<u>224,500</u>	<u>357,400</u>	<u>331,000</u>	
Total	\$2,252,600	\$2,428,500	\$3,317,900	\$3,711,300	\$3,914,500	
Percent increase over previous year		7.8%	36.6%	11.9%	5.5%	14.8%
Number of Clients						
Conditional Release	220	229	235	240	246	
Percent increase over previous year		4.2%	2.5%	2.1%	2.5%	2.8%
Supervised Release	4	5	8	9	8	
Percent increase over previous year		25.0%	60.0%	12.5%	-11.1%	18.9%
Average Cost Per Person Per Year						
Conditional Release (excludes DOC contract)	\$9,674	\$10,308	\$12,506	\$12,870	\$13,061	
Percent increase over previous year		6.6%	21.3%	2.9%	1.5%	7.8%
Supervised Release (excludes DOC contract)	\$5,893	\$12,902	\$28,063	\$39,711	\$41,375	
Percent increase over previous year		119.0%	117.5%	41.5%	4.2%	62.8%

4. Table 1 indicates that, over the last four years, total program costs have increased at an annual average rate of 14.8%. The number of persons on conditional release has increased at an average annual rate of 2.8%, and the number of persons on supervised release has increased from four in 1996-97 to eight currently. The average cost of serving clients has increased significantly -- a 7.8% annual average increase for conditional release clients and a 62.8% annual average increase for supervised release clients.

5. The state has limited opportunities to control costs under these programs. The state is responsible for providing services to persons on conditional and supervised release, and courts, rather than DHFS, determine whether a person is placed on conditional release or supervised release. If anticipated cost increases are not provided in the biennial budget, it is unlikely that the additional costs will be avoided, since this is not a discretionary service. DHFS would likely submit a request under s. 13.10 if budgeted funds were not sufficient to meet the costs of these programs.

6. Given recent trends, it may be prudent to anticipate and budget for some growth in costs for the conditional release program. Given past trends, it may be appropriate to budget

funding for the program based on a 2.5% projected growth rate in the number of clients and projected average cost increase of 3%.

7. It is very difficult to project costs and participation in the supervised release program. Costs per client rose dramatically between 1996-97 and 1999-00, but appeared to level off in 2000-01. Also, the number of persons on supervised release actually declined in 2000-01 from the previous year, as some clients were returned to institutions. However, it is likely that the number of persons on supervised release will increase, because as persons at Sand Ridge progress through the treatment program, there may be more persons that would be found by the court to be ready for supervised release. Currently, there are four patients that the courts have ordered to be placed on supervised release, but DHFS has not yet found a suitable placement. It may be reasonable to provide for growth to 10 persons in 2001-02 and 14 persons in 2002-03, and allow for a 3% annual increase in average service costs.

8. Based on the assumptions described above, the costs for the conditional and supervised release programs are projected to increase to \$4,199,900 GPR in 2001-02 and \$4,501,000 GPR in 2002-03. This would be an increase of \$139,600 GPR in 2001-02 and \$440,700 GPR in 2002-03 from the base, which is \$490,300 more than the funding provided in the bill for the 2001-03 biennium.

9. Because the conditional and supervised release programs have been operating on an accrual basis, it is possible to obtain one-time savings by moving to a cash-basis system so that DHFS would not encumber funds for bills that arrive after the end of the fiscal year for services provided in that fiscal year. Instead, the lagging bills would be paid from the following year's appropriation, as is done under the medical assistance program.

10. Section 16.52(6) of the statutes directs the Department of Administration to require agencies to budget contracts on an accrual basis by encumbering funds for the expected costs of services received but not paid in the current fiscal year. If the Committee wanted to move to a cash-basis for the conditional and supervised release program, section 16.52(6) of the statutes could be amended to specifically exclude this program from the accrual requirement.

11. The appropriation for conditional and supervised release could be reduced by \$490,300 on a one-time basis if the program was budgeted on a cash basis.

Transitional Housing Facility

12. The bill includes \$482,400 GPR in 2002-03 for DHFS to lease a transitional 10-bed housing facility in southeastern Wisconsin for SVPs on supervised release. In addition, the Building Commission approved the Department's request for \$1,295,500 in general fund supported borrowing to construct a community-based residential facility (CBRF) for a transitional halfway house to serve up to 12 individuals on supervised release.

13. DHFS indicates that this transitional facility would be licensed as a CBRF and has indicated its desire to locate the facility in a non-residential area in southeastern Wisconsin. If the

facility were constructed, DHFS would contract with a provider to operate it.

14. The Governor's proposal to build and contract for the operation of this facility is intended to address a problem DHFS has finding community placements for individuals on supervised release. DHFS cites one example of a person who was ordered by a court to be placed on supervised release in 1994, but for whom DHFS has not yet found a placement. For some cases, DHFS has been charged with contempt-of-court and has had to demonstrate that it is doing everything it can do to implement the community placement. The Department's request and the provision of funding for a transitional facility can demonstrate the state's effort to place persons ordered for supervised release.

15. DHFS has been successful in finding a placement for a few high-risk individuals. For example, the Department has used a correctional halfway house for housing a higher-risk patient. However, there are only a limited number of halfway houses in the state, and there is demand from the Department of Corrections for use of these facilities. In addition, a facility that is dedicated to serving only SVPs may be able to provide a better and more cost effective program.

16. If the state is continually unable to comply with court orders for supervised release, it is possible that eventually courts would find that an individual's constitutional rights are being violated, and may, as a consequence, order that person to be released completely from custody. Also, it is possible that a court could find that the state's sexually violent person law is unconstitutional if it continually fails to provide the appropriate level of confinement.

17. A second argument for funding the transitional facility is that such a facility can provide an intermediate step before a less-restrictive placement is made in the community. The transitional facility can provide a more secure setting to test the individual's reaction to a less-restrictive setting, and can benefit from economies of scale in providing security and treatment due to housing a number of similar individuals in one location.

18. DHFS estimates that it would cost between \$90,000 and \$135,000 annually to provide equivalent security and services for a patient who is placed in independent supervised apartment living, compared to the transitional facility. When the department housed a higher-risk patient in a correctional halfway house alone, the cost was \$135,000 annually. The cost per patient decreased to \$100,000 annually when two persons on supervised release were living in this halfway house. The Department estimates that the annual cost per patient for the proposed transitional facility would be approximately \$84,000. This figure does not include the debt service costs of building the facility.

19. If a 20-year bond for \$1,295,500 at a 5% interest rate were issued, the annual debt service costs would be approximately \$100,000.

20. DHFS intends to include alarmed doors and windows in the facility, as well as a control desk that can view all access points to the facility. Clients would receive treatment at the transitional facility.

Treatment Status of Institutionalized SVPs

21. The importance of creating and operating the transitional facility depends on the number of potential patients that might be found by a court to be appropriate for supervised release. Although a court could order a supervised release placement at any stage of the treatment program, depending on individual circumstances, persons who have worked through all of the progressive phases of the treatment program would be most likely to be ordered into supervised release.

22. The main treatment program for institutionalized SVPs has four main phases and two potential subsequent phases that continue the treatment to achieve additional risk reduction. The Department would expect that a patient would have to complete the four main phases before they would be ready for supervised release. However, completion of the four main phases may not be sufficient to warrant supervised release if there has not been sufficient risk reduction, based on individualized assessment. In addition, there are two specialty programs which adapt the program for two groups: (a) developmentally/mentally disabled; and (b) persons who are highly destructive (cognitive behavior intervention). The group that is most likely to be ready for supervised release is the rolling or extended groups.

TABLE 2

Status in Treatment Program of Persons Committed as Sexually Violent Persons

	<u>Number in Program</u>	<u>Number Waiting to Enter Program</u>
Main Treatment Program		
1. Orientation	7	
2. Enhanced Thinking Skills	10	26
3. Corrective Thinking	20	8
4. Core	48	5
5. Rolling	0	13
6. Extended	0	
Specialty Programs		
Developmentally/Mentally Disabled	26	6
Cognitive Behavior Intervention	18	
Others		
Refuse Treatment	51	
Total	<u>180</u>	<u>58</u>

Determining Supervised Release Placements

23. A factor that may be important for the decision to establish a transitional facility is

the process for determining who is placed on supervised release, as well as the community notifications requirements when a placement is made.

24. Each year an individual committed as an SVP is evaluated and the court reviews that evaluation to decide if supervised release is appropriate for that person. Local district attorneys can participate in the court review and can argue against supervised release. The attorney for the patient can hire an outside evaluator to support their case for supervised release. If a court decides that a patient should be placed under supervised release, the Department has 45 days to set up a plan for supervised release. The plan must be reviewed and approved by the court.

25. Once the plan for supervised release is developed and approved by the court, the Department, as required by state law, must notify the local sheriff and police of the planned placement and must provide a risk profile of that person. The local police decide the appropriate level of notification based on their assessment of the level of risk. They can provide no community or neighborhood notification if they decide that the risk is low.

State Law on Citing a CBRF

26. Another factor that may influence the decision to fund the transitional facility is the process and restrictions that apply to citing this type of facility.

27. DHFS has indicated that the transitional facility would be established as a CBRF for mental health. All of the halfway houses used by the Department of Corrections are licensed as CBRFs. Adult family homes can only serve up to four persons, and residential care apartment complexes require individual apartments. Any other type of licensed residential facility, such as an inpatient hospital or nursing home, have more extensive staffing requirements.

28. State law includes a number of special provisions relating to establishing a CBRF. Section 59.69(15)(b) of the statutes requires that community living arrangements (which include CBRFs, foster homes, and adult family homes) must be permitted in each municipality without restriction as to the number of facilities, so long as the total capacity of the community living arrangements does not exceed 25 or 1% of the municipality's population, whichever is greater. If the capacity of the community living arrangements in the municipality reaches that total, the municipality may prohibit additional community living arrangements from locating in the municipality. This restriction of 25 or 1% also applies to individual aldermanic districts in a city. Agents of a facility may apply for an exception to this requirement, and such exceptions may be granted at the discretion of the municipality. State law also prohibits the establishment of any community living arrangement within 2,500 feet, or any lesser distance established by an ordinance of the municipality, of any other such facility. Agents of the facility may apply for an exception to this requirement and exceptions may be granted at the discretion of the municipality.

29. Although the court case is still active, it appears that limitations on the placement of a CBRF may be superceded in the case of facilities housing disabled persons, based on the Fair Housing Act and the Americans with Disabilities Act (ADA). A CBRF, housing disabled persons,

sued the municipalities of Greenfield and Greendale because it was refused a variance from the 2,500 feet limit.

30. It is uncertain whether the ADA or the Fair Housing Act would apply to persons under supervised release. Persons committed under Chapter 980 are found to have a mental disorder, but this is not the same as a mental illness. Disability under the ADA is defined as having a physical or mental impairment that substantially limits one or more major life activities. The ADA specifies that the term "disability" does not include "...pedophilia ... or other sexual behavior disorders." Although a number of the persons committed as a sexually violent person are developmentally disabled or mentally disabled, many are high functioning individuals.

31. The statutes specify that a community living arrangement with a capacity of nine to 15 persons that meets the other restrictions (1% and 2,500 feet restrictions) and is licensed or operated under the authority of DHFS, is entitled to locate in any residential area except areas zoned exclusively for single-family or two-family residences, except that not less than eleven months nor more than 13 months after initial licensure and every year thereafter, the common council or village or town board may make a determination as to the effect of the community living arrangement on the health, safety or welfare of the residents of the municipality. If it is found to be a threat to the health, safety or welfare, the municipality may order the community living arrangement to cease operation unless special zoning permission is obtained. Such an order would be subject to judicial review. Municipalities are authorized to grant special zoning permission at its discretion for community living arrangements with a capacity of nine to 15 persons to locate in areas zoned exclusively for single-family or two-family residences.

32. State law relating to the licensure of CBRFs includes two requirements that involve notification of the local community. Prior to initial licensure of a CBRF, the applicant for licensure must make a good faith effort to establish a community advisory committee consisting of representatives from the proposed CBRF, the neighborhood in which the proposed CBRF will be located and a local unit of government. The purpose of the committee is to serve as a forum for communication for those persons interested in the proposed CBRF. Any committee that is established is required to continue in existence after licensure to make recommendations about the impact of the CBRF on the neighborhood. DHFS is required to determine compliance with this requirement both before and after initial licensure.

33. DHFS is also required, within 10 working days after receipt of an application for initial licensure of a CBRF, to notify the municipal planning commission or other appropriate agency, if there is no planning commission, of receipt of the application. DHFS must request that the planning commission or agency send to DHFS, within 30 days, a description of any specific hazards, which may affect the health, and safety of the residents of the CBRF. No license may be granted to a CBRF until the 30-day period has expired or until DHFS receives the response, whichever is sooner.

Funding Level for the Transitional Facility

34. The Governor's budget would provide \$482,400 GPR for the operation of the transitional facility in 2002-03. This amount of funding would support approximately eight months of operation for 10 persons. Since it will take time to cite the facility and to build it, funding for this number of months may be appropriate.

35. It is uncertain whether the court would order enough persons on supervised release to use the funding provided in the bill, since the number of persons on supervised release has not changed significantly over the last two years. Currently, there are four persons that have been ordered to be placed on supervised release by a court, but DHFS has not been able to find a suitable placement. There are 13 institutionalized SVPs that are waiting to enter the fifth phase of the treatment program (the extended phase), and have finished the four main components of the treatment program. In addition, there currently are 48 SVPs in the fourth phase (CORE) of the treatment program. The final decision, however, on a supervised placement will be made by the court and will include an individualized assessment on the degree of risk that the individual poses in such a placement, and will not be limited to the progress in the treatment program.

36. The staffing pattern upon which the estimated operating cost for the facility is based is a relatively enhanced level of staffing, and would include 1.50 psychologists, 2.0 social workers, 0.5 job coordinator and 16.5 residential counselors. The Department intends to continue the treatment program in this facility, and staff is needed to escort clients to various activities, such as appointments, family visits or jobs, as well as to ensure that the clients are remaining at a site outside the facility, such as a job. Since this would be the first transitional facility for SVPs, it is somewhat uncertain what the appropriate staffing should be. However, given the high-risk nature of this group, it may be prudent to allow for a more enhanced staffing pattern initially. Also, given that the transitional facility would only be funded for eight months, DHFS would need to submit a budget request in the next biennium to fully fund the operation. Since the operation of the facility would be contracted out, annualized funding would not be part of a standard budget adjustment.

37. If, the Committee wished to approve funding for the facility but reduce costs in the 2001-03 biennium, it could delay the starting date for operation of the facility. This decision may be appropriate because there may be difficulties in finding a site for the facility due to local opposition, and as a result, it may take additional time before construction can begin. Also, in terms of providing a system that will meet constitutional requirements, the important factor will be to provide for the building of the facility and establishing an effective program, rather than ensuring that operation begin on a specific date. The drawback of delaying the start date is that DHFS may have to resort to more expensive and less effective placements since the transitional facility would not yet be available.

38. If funding is not provided for the transitional facility, it may be appropriate to provide additional funding for individual placements under supervised release in 2002-03. An additional \$300,000 in 2002-03 could support two or three higher risk placements.

ALTERNATIVES TO BILL

A. Funding of Conditional and Supervised Release Services

1. Modify the Governor's recommendation by increasing funding in the bill by \$139,600 GPR in 2001-02 and \$350,700 GPR in 2002-03 for funding projected increases in contract costs for the conditional and supervised release programs.

<u>Modification</u>	<u>GPR</u>
2001-03 FUNDING (Change to Bill)	\$490,300

2. Adopt the modification. In addition, modify current law to exempt the conditional and supervised release programs from the requirement that reimbursement of contracts be operated on an accrual system, beginning in 2001-02. Reduce funding in the bill by \$490,300 GPR for the 2001-02 supervised and conditional release programs to reflect this change.

B. Transitional Housing Facility -- Operating Costs

1. Approve the Governor's recommendation to provide \$482,400 GPR in 2002-03 to lease a transitional 10-bed housing facility in southern Wisconsin for sexually violent persons on supervised release. This funding level assumes a starting date of November 1, 2002.

2. Reduce funding in the bill by \$120,100 GPR in 2002-03 to lease a transitional 10-bed housing facility, based on a January 1, 2003, start date.

<u>Alternative B2</u>	<u>GPR</u>
2001-03 FUNDING (Change to Bill)	- \$120,100

3. Reduce funding in the bill by \$240,900 GPR in 2002-03 to lease a transitional 10-bed housing facility, based on a March 1, 2003, start date.

<u>Alternative B3</u>	<u>GPR</u>
2001-03 FUNDING (Change to Bill)	- \$240,900

4. Delete funding for a transitional facility but provide an additional \$300,000 in 2002-03 to support individual placements under supervised release.

<u>Alternative B4</u>	<u>GPR</u>
2001-03 FUNDING (Change to Bill)	- \$182,400

5. Delete funding for a transitional facility.

Alternative B5	GPR
2001-03 FUNDING (Change to Bill)	- \$482,400

Note: If funding for a transitional facility is deleted, then it may be appropriate to delete authorization for general fund supported borrowing for construction of the facility when the Committee considers the capital budget recommendations.

Prepared by: Richard Megna

JS

MO# A-2 B-3

BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
MOORE	Y	N	<input checked="" type="radio"/>
SHIBILSKI	<input checked="" type="radio"/>	N	A
PLACHE	<input checked="" type="radio"/>	N	A
WIRCH	<input checked="" type="radio"/>	N	A
DARLING	<input checked="" type="radio"/>	N	A
WELCH	Y	<input checked="" type="radio"/>	A
GARD	<input checked="" type="radio"/>	N	A
KAUFERT	<input checked="" type="radio"/>	N	A
ALBERS	Y	<input checked="" type="radio"/>	A
DUFF	<input checked="" type="radio"/>	N	A
WARD	<input checked="" type="radio"/>	N	A
HUEBSCH	<input checked="" type="radio"/>	N	A
HUBER	<input checked="" type="radio"/>	N	A
COGGS	<input checked="" type="radio"/>	N	A

AYE 13 NO 2 ABS _____

HEALTH AND FAMILY SERVICES -- CARE AND TREATMENT FACILITIES

Supervised Release

Motion:

Move to prohibit placement of any person or persons on supervised release in a residential facility or dwelling that is within 2,500 feet of another residential facility or dwelling in which a person or persons on supervised release are placed.

JS

MO#			
2	BURKE	(Y)	N A
	DECKER	(Y)	N A
	MOORE	(Y)	N A
	SHIBILSKI	(Y)	N A
	PLACHE	(Y)	N A
	WIRCH	(Y)	N A
	DARLING	(Y)	N A
	WELCH	(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
	COGGS	(Y)	N A

AYE 16 NO 0 ABS 0

HEALTH AND FAMILY SERVICES -- CARE AND TREATMENT FACILITIES

Supervised Release

Motion:

Move to prohibit placement of any person or persons on supervised release in a residential facility or dwelling that is within 2,500 feet of another residential facility or dwelling in which is placed a person or persons on supervised release or offenders on probation, parole or extended supervision who are required to register as sex offenders under the state sex offender registry law are placed.

55

MO#			
BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	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
COGGS	Y	N	A

AYE 16 NO 0 ABS

HEALTH AND FAMILY SERVICES -- CARE AND TREATMENT FACILITIES

Conditional and Supervised Release

[Paper #502]

Motion:

Move to prohibit the construction of the transitional facility described in LFB Paper # 502 in a county containing a city of the first class.

Not considered

MO#			
BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	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
COGGS	Y	N	A

AYE ___ NO ___ ABS ___



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May 21, 2001

Joint Committee on Finance

Paper #503

Mental Health Institutes -- Revised Funding Split (DHFS -- Care and Treatment Facilities)

[LFB 2001-03 Budget Summary: Page 386, #10]

CURRENT LAW

The two state Mental Health Institutes (MHIs), Mendota Mental Health Institute and Winnebago Mental Health Institute, are licensed, accredited hospitals that provide specialized diagnostic, evaluation and treatment services for several types of patients, ranging from emotionally disturbed children to mentally ill geriatric patients. The costs of caring for persons referred to MHIs under court orders (forensic patients) are supported by GPR. The costs of caring for other persons referred to MHIs by community mental health boards are supported by program revenues paid by counties and third-party payers, including medical assistance, based on rates established annually by DHFS.

GOVERNOR

Provide \$249,400 GPR and -\$249,400 PR in 2001-02 and \$250,100 GPR and -\$250,100 PR in 2002-03 to reflect projected changes in the mix of populations at the MHIs between forensic patients, whose care is supported by GPR, and other patients, whose care is supported by program revenues contributed by counties and third-party payers. Convert 0.15 GPR position to PR, beginning in 2001-02, to reflect these population projections. DHFS projects that the population mixes will change from 73% GPR/27% PR to 69% GPR/31% PR at Mendota and from 57% GPR/43% PR to 54% GPR/46% PR at Winnebago.

DISCUSSION POINTS

1. As part of the biennial budget process, it is necessary to compare the current mix of

funding for each MHI between GPR and PR with projections of the types of clients that will receive services at the MHIs in the next biennium to ensure that one source of funding for the MHIs does not subsidize care for patients supported by the other source of funding. For example, if the ratio of PR-supported clients to GPR clients is projected to increase, more of the MHI's costs should be budgeted with PR, since rates paid by PR-supported patients will be able to support a higher share of indirect costs. Alternatively, if the ratio of GPR-supported clients to PR clients is projected to increase, more of the MHI's costs should be budgeted with GPR to ensure that counties and other third-party payers do not pay for costs that should be borne solely by the state and to ensure adequate funds to cover indirect costs because fewer PR-appointed patients will reduce PR revenue to support the MHIs.

2. Incorporating the recent experience of the first half of 2000-01 along with the trend over the last several years, the Governor's estimates of the population mix at the MHIs for the 2001-03 biennium should be modified. Winnebago's percentage of GPR-supported patients has decreased to 52.1% in the first half of 2000-01, and the trend has been for this percentage to decrease. Mendota's percentage of GPR-supported patients has also decreased to 69.1% in the first half of 2000-01 from the 72.8% established in the last biennial budget. However, the trend for Mendota has varied, since 69.1% is slightly higher than the 68.3% that reflected actual populations in 1999-00. Although the percentage of GPR-supported patients increased recently, it rose not because of a decrease in PR-supported patients, but because the number of GPR-supported patients increased at a faster rate than the number of PR-supported patients.

3. Because of general increases recently in the populations at the MHIs, the inpatient rate charged for civil commitments has increased modestly in recent years, and probably has contributed to the higher percentage of PR-supported patients. It is likely that the future rate increases will continue to be modest. However, it may be difficult for the MHIs to accommodate a higher population, given that current units are fully populated. Given this situation, it may be appropriate to assume that the current percentages of GPR/PR populations at the MHIs would continue in the 2001-03 biennium.

4. The funding and position authority at each MHI in each year should be adjusted in order to more closely reflect current and projected population estimates at each facility during the 2001-03 biennium. This would be accomplished by reducing GPR base funding by \$677,600 in 2001-02 and by \$677,000 in 2002-03 and increasing PR funding by corresponding amounts. In addition, 9.85 GPR positions should be converted to PR positions, beginning in 2001-02.

5. The effect of revising the estimated populations affects Winnebago more than Mendota. GPR funding at Winnebago would be reduced by \$719,600 in 2001-02 and by \$719,300 in 2001-02, with corresponding increases in PR funding and the conversion of 6.91 GPR positions to PR. In contrast, GPR funding at Mendota would increase by \$42,000 in 2001-02 and by \$42,300, with corresponding increases in PR funding and the conversion of 2.94 GPR positions to PR.

6. Compared to the Governor's recommendations, the effect on the individual MHIs is to increase GPR funding and positions for Mendota by \$614,600 and 10.44 positions in 2001-02

and \$614,500 and 10.44 positions in 2002-03, while decreasing GPR funding and positions for Winnebago by \$1,541,600 and 20.14 positions in each year of the 2001-0-3 biennium. PR funding and positions would be increased by the corresponding amounts.

7. The changes to the Governor's recommendations reflect several factors: (a) use of more recent population figures for the MHIs; and (b) several modifications to better reflect overhead costs and type of funding for staff assigned to individual units. These modifications included: (a) allocating new staff under a s. 13.10 request to the individual units they worked at and allowing the patient mix to determine the appropriate type of funding (GPR versus PR); (b) correcting the type of funding for two individual units at Winnebago (Gemini and Sherman 8) to reflect the patient mix in those units; and (c) recognizing that a portion of the correctional officers services at Mendota related to some adult civil patients as well as forensic patients.

8. The change in the mix of the populations also affects GPR and PR funding for fuel and utility costs. Consequently, funding in the bill for fuel and utility costs should be reduced by \$82,600 GPR (\$20,200 GPR for Mendota and \$62,400 for Winnebago) and increased by corresponding amounts of PR in each year of the 2001-03 biennium.

MODIFICATION

Modify the Governor's recommendation by: (a) decreasing funding by \$1,009,600 GPR in 2001-02 and by \$1,009,700 GPR in 2002-03 and increasing PR funding by corresponding amounts; and (b) converting 9.70 GPR positions to PR positions, beginning in 2001-02.

<u>Modification</u>	<u>GPR</u>	<u>PR</u>	<u>TOTAL</u>
2001-03 FUNDING (Change to Bill)	- \$2,019,300	\$2,019,300	\$0
2002-03 POSITIONS (Change to Bill)	- 9.70	9.70	0.00

MO# _____

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	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

and Treatment Facilities (Paper #503)

AYE 16 NO 0 ABS 0



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May 21, 2001

Joint Committee on Finance

Paper #504

Budget Corrections (DHFS -- Care and Treatment Facilities)

[LFB 2001-03 Budget Summary: Page 383, #2, Page 385, #9, Page 386, #11 and Page 387, #13]

ATI OIC

The administration has requested the following minor policy and technical changes to items in the Governor's budget that are summarized under "Care and Treatment Facilities."

Sand Ridge Treatment Center. Delete \$59,000 GPR in 2001-02 to correctly reflect the savings in fringe benefit costs that will result because of the delay in the opening of the Sand Ridge Treatment Center, from April 2001 (as assumed under Act 9) to June 1, 2001.

State Centers -- Expanded Services. Authorize DHFS to offer all therapy services that are supportive for an individual with developmental disabilities at the state Centers, rather than physical therapy services, exclusively.

Inpatient Competency Examinations -- Charging Counties for Excessive Stays. Replace references to the individual or defendant's county of residence with references to the county in which the court is located. Under the bill, the state Mental Health Institutes (MHIs) could charge counties the normal rate for defendants who are sent to the MHIs when the county does not return the defendant to jail within a reasonable time after completing an inpatient competency examination.

Outpatient Competency Examinations in Milwaukee County. Delete the provision in the bill that directs DHFS to distribute funds under a DCTF appropriation for competency examinations. This authority is already provided in the appropriation language.

A review of these items suggests that they are primarily technical in nature and thus, the Committee may want to incorporate them into the budget bill.

ALTERNATIVES TO BILL

1. Incorporate all of the administration's proposed modifications into the bill.

Alternative 1	GPR
2001-03 FUNDING (Change to Bill)	- \$59,000

2. Incorporate one or more of the administration's proposed modifications into the bill.

- a. Sand Ridge Treatment Center

Alternative 2a	GPR
2001-03 FUNDING (Change to Bill)	- \$59,000

- b. State Centers -- Expanded Services
- c. Inpatient Competency Examinations -- Charging Counties for Excessive Stays
- d. Outpatient Competency Examinations in Milwaukee County

3. Take no action on the proposed modifications to the bill recommended by the administration.

MO# Att 1

BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
MOORE	<input checked="" type="radio"/>	N	A
SHIBILSKI	<input checked="" type="radio"/>	N	A
PLACHE	<input checked="" type="radio"/>	N	A
WIRCH	<input checked="" type="radio"/>	N	A
DARLING	<input checked="" type="radio"/>	N	A
WELCH	<input checked="" type="radio"/>	N	A

forgan

GARD	<input checked="" type="radio"/>	N	A
KAUFERT	<input checked="" type="radio"/>	N	A
ALBERS	<input checked="" type="radio"/>	N	A
DUFF	<input checked="" type="radio"/>	N	A
WARD	<input checked="" type="radio"/>	N	A
HUEBSCH	<input checked="" type="radio"/>	N	A
HUBER	<input checked="" type="radio"/>	N	A
COGGS	<input checked="" type="radio"/>	N	A

AYE ___ NO ___ ABS ___

3

HEALTH AND FAMILY SERVICES

Care and Treatment Facilities

LFB Summary Items for Which No Issue Paper Has Been Prepared

Item #	Title
2	Sand Ridge Secure Treatment Center
3	Fuel and Utilities
5	Expand Intensive Treatment Services at the Centers
6	Mendota Juvenile Treatment Center
8	Shared Services
9	State Centers -- Expanded Services
11	Inpatient Competency Examinations -- Charging Counties for Excessive Stays
12	Outpatient Competency Examinations in Milwaukee County

MO# delete item 12

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	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
COGGS	Y	N	A

AYE 5 NO 5 ABS 0

Workforce Development

Departmentwide

Bill Agency

(LFB Budget Summary Document, Page 716)

No Issue Papers Have Been Prepared

WORKFORCE DEVELOPMENT

Departmentwide

LFB Summary Items for Which No Issue Paper Has Been Prepared

Item #	Title	MO#		
1	Standard Budget Adjustments			
3	Federal Revenue Reestimates	BURKE	Y	N A
4	Program Revenue Reestimates	DECKER	Y	N A
5	Position Transfer to Administrative Services	MOORE	Y	N A
6	Administrative Services Position Reduction	SHIBILSKI	Y	N A
9	Eliminate the Division of Workforce Excellence	PLACHE	Y	N A
		WIRCH	Y	N A
		DARLING	Y	N A
		WELCH	Y	N A

LFB Summary Item to be Addressed in a Subsequent

Item #	Title			
2	Base Budget Reduction	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 _____ NO _____ ABS _____

LFB Summary Item Addressed at the Committee's May 18, 2001 Executive Session

Item #	Title
7	Transfer of Electrician Position to the Department of Administration (Paper #126)
8	Division of Vocational Rehabilitation -- Position Transfer to DOA (Paper #127)

Workforce Development

Employment, Training and Vocational Rehabilitation Programs

Bill Agency

(LFB Budget Summary Document: Page 720)

LFB Summary Items for Which Issue Papers Have Been Prepared

<u>Item #</u>	<u>Title</u>
1	Division of Community Services Programs (Paper #1025)
4	Automated Work Permit System and Fee Increase (Paper #1026)
8	Labor and Industry Review Commission -- Supplies and Services Funding (Paper #1027)
9	Unemployment Insurance Tax and Wage and Reporting System Redesign (Paper #1028)
11	Wisconsin Conservation Corps -- Funding for Crews (Paper #1029)
12 & 13	Wisconsin Conservation Corps -- Corps Member Benefits (Paper #1030)
15	Governor's Work-Based Learning Board -- Youth Apprenticeship Training Grants (Paper #1031)
16	Governor's Work-Based Learning Board -- Career Counseling Centers (Paper #1032)

Agency: Department of Workforce Development

Issue: Division of Community Services Programs

Alternatives: 1

Summary:

This bill would consolidate all of the community service programs and create a new division of community service programs in DWD.

The Governor's proposal seems to do that effectively and won't cut a FED position. The Governor's proposal would have Operation Fresh Start (a Dane County program designed to provide at risk kids with education and employment skills) to work with the DWD to develop a plan to improve the operations of Wisconsin Conservation Corp.

By: Raghu

Placha -
Coggins
Huber

Carroll-5

2(a) + Alt 3 a, b, c, e
+ 4



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May 21, 2001

Joint Committee on Finance

Paper #1025

Division of Community Services Programs (DWD -- Employment, Training and Vocational Rehabilitation Programs)

[LFB 2001-03 Budget Summary: Page 720, #1]

CURRENT LAW

The Department of Workforce Development (DWD) consists of six operating divisions, the Office of the Secretary, two attached boards and an attached commission. The divisions are Equal Rights, Worker's Compensation, Workforce Solutions, Unemployment Insurance, Administrative Services, and Vocational Rehabilitation. The Labor and Industry Review Commission, Wisconsin Conservation Corps (WCC) and WCC Board, and Governor's Work-Based Learning Board are attached to the Department for administrative purposes.

GOVERNOR

Provide \$48,500 GPR, 0.50 GPR position, 3.00 FED positions, and 2.50 PR positions annually, and \$3,736,700 FED and \$308,100 PR in 2001-02, and \$3,738,400 FED and \$313,300 PR in 2002-03 to create the Division of Community Service Programs in DWD. The Division would consist of: (a) the Wisconsin Conservation Corps; (b) the National and Community Service Board (NCSB); (c) the Alliance for Wisconsin Youth (Alliance); (d) the Wisconsin Service Corps (WSC); and (e) the Operation Fresh Start (OFS) Replication program. The Division would also be required to work with Operation Fresh Start in Dane County to develop a plan to improve WCC operations.

DISCUSSION POINTS

National and Community Services Board

1. The state National and Community Service Board would be transferred from the Department of Administration (DOA) to DWD and attached for administrative purposes. The Secretary of Workforce Development would replace the Secretary of Administration on the Board. The new Division of Community Service Programs would be provided \$41,800 PR, 1.0 PR position, \$3,736,700 FED and 4.0 FED positions in 2001-02, and \$47,000 PR, 1.0 PR position, \$3,738,400 FED and 4.0 FED positions in 2002-03 to staff and administer the NCSB and its programs. Of the total funding, \$3,694,900 FED and 3.0 FED positions in 2001-02 and \$3,691,100 FED and 3.0 FED positions in 2002-03 would be transferred from DOA. The PR funding and position would be transferred from DHFS. Finally, \$41,800 FED and 1.0 FED position in 2001-02 and \$47,300 FED and 1.0 FED position in 2002-03 in new funding and position authority would be provided. The bill includes transitional provisions that would specify that assets and liabilities, 3.0 incumbent employees, tangible personal property, including records, and contracts primarily related to the functions of the National and Community Service Board, as determined by the Secretary of Administration, would be transferred from DOA to DWD on the bill's general effective date. All employees transferred from DOA to DWD would have the same rights and status that they had in DOA, and would not have to serve a probationary period.

2. The National and Community Service Board was created in response to the federal National Service Trust Act of 1993. The federal act established a federal administrative entity, the Corporation for National Service (CNS), and required states to create a state commission to administer the federal act at the state level. CNS provides funding to state commissions for programs established to address human, educational, environmental, or public safety needs. The Wisconsin commission, the National and Community Services Board, was created by the Governor under Executive Order 214 in January, 1994, and subsequently enacted into law under 1993 Wisconsin Act 437. The state NCSB is federally funded and receives an annual administrative grant to cover Board costs including staffing. The state is required to match the federal funding dollar-for-dollar and provides match amounts through in-kind contributions such as rent, staff time and equipment. The NCSB is attached to DOA for administrative purposes and is staffed by 3.0 FED permanent positions and 1.0 project position attached to DOA. DOA has entered into a memorandum of understanding (MOU) with the Department of Health and Family Services (DHFS) to administer its programs through DHFS. DHFS is authorized 1.0 PR position and \$79,800 PR for NCSB activities.

3. The state National and Community Services Board includes 16 members appointed to serve three-year terms. The duties of the Board include: (a) developing and updating a three-year plan for the provision of national service programs in the state; (b) preparing applications for financial assistance from the federal Corporation for National Service; (c) providing technical assistance to persons applying for financial assistance who plan to implement a national service program; (d) assisting in providing health and child care for participants; (e) providing a system of recruitment and placement of participants in programs and sharing information concerning service

programs with the public; (f) on request, providing training and materials to programs; (g) distributing funds made available by the Corporation, giving priority to persons providing youth programs; and (h) providing oversight and evaluation to the programs funded.

4. The NCSB receives federal funds for two service programs: AmeriCorps and Learn and Serve America Community-Based Program. NCSB distributes federal funds for these programs in Wisconsin. The NCSB is budgeted \$3,779,900 for AmeriCorps and \$170,000 for Learn and Serve America in 2000-01. The Learn and Serve program contract will expire after 2001. The AmeriCorps program provides education awards to individuals between 17 and 25 years old in exchange for a term of service. Nationally, most AmeriCorps members are selected by and serve with projects like Habitat for Humanity, the American Red Cross, Boys and Girls Clubs and other local and national organizations. Community service activities include tutoring and mentoring children, coordinating after-school programs, building homes, organizing neighborhood watch groups, cleaning parks, and other community improvement activities. After their terms of service, AmeriCorps members receive education awards that help finance college or repay student loans. In Wisconsin, AmeriCorps grant recipients have recruited young adults to participate in supervised teams to complete community service projects such as housing construction, lead abatement activities and peer tutoring and mentoring.

5. Although the NCSB was attached to DOA when it was created, administration of the Board was transferred to the Department of Commerce from 1997 to 1999 through an MOU and is currently attached to DHFS through an MOU. In addition, in the 1999-01 biennial budget bill, the Governor requested that the NCSB be transferred to DHFS. However, the Legislature deleted the provision.

Alliance For Wisconsin Youth

6. The state-level activities related to the Alliance for Wisconsin Youth would be transferred from DHFS to the new Division of Community Services Programs in DWD. The Division would be provided \$48,500 GPR, 0.50 GPR position, \$266,300 PR and 1.50 PR positions annually to administer the program.

7. The Department of Health and Family Services provides funding and staff to support the Alliance for Wisconsin Youth (formerly known as the Alliance for a Drug-Free Wisconsin). The Alliance is a 120-member organization that has been receiving funds from DHFS for over a decade. The Alliance was established as a youth anti-drug program. However, at the Governor's request, the Alliance expanded its mission in 1999 to include the Wisconsin Promise Program. As a result, the Alliance also works to help youth have access to five fundamental resources: (a) reliable and affordable health care; (b) an effective education; (c) ongoing relationship with a caring adult such as a mentor, tutor or coach; (d) safe places and structural activities during non-school hours; and (e) an opportunity to give back through community service. The Alliance assists communities in forming local alliances including professionals and citizen volunteers. The Alliance supports the local alliances by: (a) connecting them with a statewide network of information-sharing; (b) providing information regarding state funding for prevention; and (c) providing mini-grants,

technical support and training.

8. In addition to supporting 2.0 positions, DHFS provides financial support to the Alliance for statewide coordination, materials and technical assistance to communities to prevent the illegal use of controlled substances and the abuse of alcohol and other drugs and to promote the activities related to Wisconsin Promise. The positions include the director and associate director of the Alliance that are responsible for administering the mini-grant program and providing other technical and administrative assistance to local members. The Alliance also awards mini-grants of up to \$2,000 to local alliances for substance abuse prevention activities.

Wisconsin Service Corps Members

9. The new Division of Community Service Programs would be given authority to administer the Wisconsin Service Corps program. The current GPR appropriation for WSC member compensation and project costs not paid by sponsors would be eliminated and \$94,300 GPR in annual funding would be transferred to the new Division and placed in the general enrollee operations GPR appropriation for the WCC. Statutory provisions would be modified to allow the appropriation to be a source of funding for Wisconsin Service Corps general program operations. Similarly, the current Service Corps appropriations for sponsor contributions and service funds would be eliminated and authority for Service Corps program revenue and expenditures would be consolidated in WCC appropriations used for the same purpose.

10. The Wisconsin Service Corps was created by 1991 Wisconsin Act 39 (the 1991-93 biennial budget) to employ individuals between 18 and 25 years of age to work on projects that address the social, economic or health needs of the community. The program is managed as part of the Governor's Central City Initiative and is limited to projects and activities in Milwaukee County. The WSC was modeled after the WCC.

11. The Wisconsin Service Corps program was established to: (a) provide employment for young adults; (b) encourage and develop work skills, meaningful work experiences, and training and educational opportunities for corps members; and (c) address the social, health and economic needs of a community that is located in a county with a population of 500,000 or more (Milwaukee County). Corps members are required to work on projects developed, in cooperation with DWD, by state agencies, local units of government or private organizations that operate in Milwaukee County. In order to qualify as an approved project, a project must provide employment opportunities to corps members, consist of community service activities, and be located in Milwaukee County. To be eligible for participating in the WSC, individuals must be unemployed and between the ages of 18 and 25. DWD is directed to attempt to hire at least 50% of corps members from persons who are receiving public assistance or have received it within a year of application for employment. Annual funding of \$94,300 GPR is provided for DWD Service Corps member wages and, in certain cases, other project costs.

Wisconsin Conservation Corps

12. The Division of Community Services Programs would be required to administer the WCC program. The WCC Board would be transferred to the new Division and changed to the WCC Council and the WCC Executive Director position would be eliminated. WCC staff and funding would also be transferred to the Division. The Division would assume all authority and responsibility currently held by the Board. The WCC has base level funding of \$1,755,900 GPR, \$502,200 PR and \$3,702,500 SEG, and 2.50 GPR, 1.0 PR and 7.50 SEG positions.

13. The Division would be responsible for: (a) developing WCC program guidelines and policy; (b) employing administrative staff; (c) developing guidelines and administering the project approval process; (d) establishing guidelines for project selection; (e) preparing project cost estimates and work plans; (f) administering project and administrative funding; (g) developing administrative guidelines; (h) preparing and signing project responsibility agreements; (i) establishing qualifications, standards and requirements and classifying, selecting and hiring, supervising, employing, training, educating, equipping, promoting, disciplining, terminating, and compensating (including benefits, bonuses and vouchers) corps members, crew leaders, assistant crew leaders and regional crew leaders; (j) developing an affirmative action plan; (k) establishing residential facilities for corps members; and (l) preparing reports and evaluations.

14. The WCC Council would be required to advise the Division in: (a) developing WCC program guidelines; (b) establishing guidelines for project approval; (c) developing administrative guidelines; (d) establishing minimum levels of qualifications for assistant crew leaders, crew leaders and regional crew leaders; (e) establishing selection standards for corps members; (f) adopting an affirmative action plan; (g) developing procedures for hiring corps members; and (h) establishing standards for evaluating performance, determining promotions and terminating corps members. The bill would also require the WCC Council to include a member or employee of a local workforce development board (WDB). Under current law, the WCC Board must include a member (but not an employee) of a WDB.

15. The bill specifies that the incumbent employees in classified positions as determined by the Secretary of Administration, contracts, administrative rules, orders and pending matters of the WCC Board would be transferred to DWD on the bill's general effective date. All employees transferred from the WCC Board to DWD would have the same rights and status as they had at the Board, and would not have to serve a probationary period. In addition, all members of the WCC Board would become members of the WCC Council, unless the Governor appointed a replacement, and would serve for the same term as they were appointed to on the WCC Board.

16. The WCC was created in 1983 to provide employment to young men and women 18 to 25 years of age through the completion of conservation and natural resource projects. In addition, a major goal of the WCC is to teach young adults basic work habits and job skills, to develop cooperation and discipline through meaningful work experiences, and to provide training and educational opportunities, all of which would improve their chances of securing employment in the private sector. WCC has approximately 50 crews conducting projects throughout the state, in both

rural and urban areas. Each crew typically consists of four to six corps members and a crew leader.

Projects for WCC crews are developed in association with sponsors, such as governmental agencies, nonprofit organizations and school districts, and are typically designed to last for one year. Corps members are hired for the duration of a project. In some cases, projects can be renewed and corps members rehired. Sponsors are responsible for providing transportation for the crew from a designated reporting location to the worksite, for tools, materials and equipment to complete project activities, for some technical assistance and for support services for the crew leader.

WCC crews perform a variety of conservation and community development projects, including timber stand improvement, trail development, planting trees, soil erosion control, construction of recreational facilities, weatherizing buildings and providing various human services. The sources of funding for WCC crews include GPR, PR and SEG appropriations. The sources of SEG funding for crew activities are the forestry and water resources accounts of the conservation fund and the environmental fund.

Division Administrator

17. The unclassified position for the WCC Board Executive Director would be used for the division administrator of the new Division of Community Services Programs. Another unclassified position in the Division of Workforce Solutions would be deleted to reflect the elimination of the WCC Executive Director position. (The Division of Workforce Excellence and the Division of Economic Support have been consolidated into the new Division of Workforce Solutions.)

Operation Fresh Start

18. The Operation Fresh Start (OFS) program replication initiative is based on a long-running Madison program of the same name that is designed to provide at-risk young people with education, employment skills and career direction leading to economic self-sufficiency. The purpose of the replication effort is to establish comparable projects throughout the state using the Madison program as the model.

19. In a pilot effort to expand the OFS program to other venues in the state during the 1998-99 fiscal year, the Governor directed DOA's Division of Housing and Intergovernmental Relations to commit base level resources to fund at least two replication projects. The Division subsequently allocated \$530,000 from monies available under the federal Home Investment Partnership (HOME) program and from the Wisconsin Housing and Economic Development Authority (WHEDA) to fund two new OFS-type projects, one in the Eau Claire area and one in Waushara County.

20. Under the provisions of 1999 Wisconsin Act 9 (the 1999-01 biennial budget) \$232,000 GPR annually for Operation Fresh Start replication projects was placed in the Joint Committee on Finance's GPR supplemental appropriation to be reserved for future release to the Division of Housing in DOA under s. 13.10 procedures, once total actual funding commitments for

replication projects were known and secured. The Division was to assemble total funding commitments of \$2 million (including the \$232,000 GPR in the Committee's appropriation) from government funding sources. DOA was able to acquire funding commitments of approximately \$1.7 million in 1999-00 and the Committee released the GPR funding to DOA under s. 13.10. Subsequently, additional funds were reallocated from the 1998-99 OFS pilot program. As a result, DOA was able to make grants to 10 different OFS replication projects in 1999-00. The projects are located in the cities of Fond du Lac, Wautoma, Milwaukee (2), Hayward, Portage, Wausau and Augusta, the town of Glidden and Jackson County. In 2000-01, DOA assembled about \$2.2 million (including the \$232,000 GPR in the Committee's appropriation) and the Committee again released the funding under s. 13.10 procedures. The funding was used to continue support for the 10 OFS replication projects.

21. DOA uses existing staff in the Division of Housing to administer the OFS replication projects and Madison OFS staff assists DOA in its administrative activities. Staff is responsible for providing technical support and sending, reviewing and approving applications for grants. There is no ongoing permanent funding source for the OFS replication initiative. DOA has been able to obtain funding from the following sources: (a) federal HOME program; (b) oil overcharge funds; (c) Office of Justice Assistance (OJA) Juvenile Accountability Incentive Block Grant; (d) OJA Challenge Grant funds; (e) Department of Corrections funding; (f) AmeriCorps funding; (g) WHEDA funding; (h) Health and Family Services funding; and (i) Wisconsin Conservation Corps funding. In addition, the sale of rehabilitated housing is expected to provide a source of revenue for the OFS replication projects.

22. The Madison Operation Fresh Start program is aimed at increasing the self-esteem and self-sufficiency of youths and young adults (ages 16 to 24) who evidence alcohol and other drug abuse problems; poor health and nutrition; low educational achievement; poor employment history; physical, sexual and emotional abuse or criminal histories. The program offers an educational component where participants complete classes leading to a high school equivalency diploma and a vocational component where participants learn basic home construction, rehabilitation and remodeling skills. An additional focus of the work component of the program is to rehabilitate substandard housing into well-built, mechanically sound and affordable dwellings for low- and moderate-income homeowners. In the case of the Madison program, the sale of the rehabilitated housing stock has allowed major portions of the program to become largely self-supporting.

23. DWD would be required to work with the Madison OFS program to develop a plan to accomplish all of the following: (a) track the educational attainment of persons enrolled in the WCC program; (b) consolidate the functions of the WCC program; (c) add educational and training components to the WCC program; (d) provide a method for determining the location and number of crews working on WCC projects; and (e) improve the retention of persons enrolled in the WCC program.

Division of Community Services

24. Under the bill's provisions, total funding for the Division of Community Service Programs would be \$9,668,100 (\$1,726,500 GPR, \$3,736,700 FED, \$800,700 PR and \$3,404,200 SEG) in 2001-02 and \$9,204,400 (\$1,607,600 GPR, \$3,738,400 FED, \$805,900 PR and \$3,052,500 SEG) in 2002-03. The Division would be provided 18.0 positions in each year (3.0 GPR, 4.0 FED, 3.5 PR and 7.5 SEG).

25. The Governor's Budget in Brief states that the consolidation of the youth community service programs into a new division within DWD would permit a more effective and efficient use of resources and a sharing of best practices. The executive budget book indicates that the organizational structure would permit a more efficient and operation of these programs. DOA indicates that the new Division would combine in a single unit of government a number of similar programs that currently do not completely fit into their organizations in the executive branch of government.

26. DWD's functions listed in its budget request include: (a) assisting employers looking for workers and people looking for jobs; (b) developing training opportunities to improve job skills of Wisconsin residents in order to help business and industry meet skilled workforce needs; (c) providing leadership among state agencies on the development of employment and training policy and planning; and (d) coordinating local planning and effective delivery of labor exchange and employment and training program services.

27. The NCSB is attached to Department of Health and Family Services through an MOU. DHFS provides a GPR match for federal funds and in-kind services to NCSB by DHFS staff who devote a portion of their time to activities relating to the NCSB. In-kind services include typing, accounting, procurement, space, systems management, telephones, copying central files and other similar services. DOA provides general administrative back up.

28. As noted, the Alliance for Wisconsin Youth is responsible for America's Promise activities for the state and, as a result, promotes many human service activities similar to AmeriCorps programs. The Alliance provides NCSB with access to volunteer organizations and promotes NCSB programs to the various groups. Currently, the Alliance is using mini-grants as a match for federal AmeriCorps funding for 20 AmeriCorps members.

29. The Executive Director of the WCC is an ex officio member of NCSB. In past years, AmeriCorps members have worked on WCC projects. WCC Corps members are eligible for AmeriCorps education grants.

30. There are certain differences in the functions of the organizations that would be included in the Division of Community Services. The WCC directly hires, manages and trains the youth who become Corps members. The program is a state program funded with state tax revenues and the Legislature can determine the level of funding and provisions governing the program. Moreover, the WCC was originally created to perform forestry and conservation projects. WCC

crews typically work on projects that involve physical activity like construction, tree planting and weatherization. A substantial portion of Corps activities is funded with state conservation fund monies and a large number of WCC projects are forestry-related. Conversely, the NCSB and Alliance for Wisconsin Youth generally administer federal grant monies. Funds are distributed based on federal guidelines and local organizations generally select and manage youth in community service projects. Community service projects can include teaching and mentoring, in addition to other more physical activities, OFS replication projects are focused specifically on housing rehabilitation. The other programs that would be transferred do not have such a specific project focus.

31. The WCC Board would be changed to a council with advisory authority only. As a result, the Division of Community Services Programs Administrator would determine which WCC projects were undertaken. Currently, the six-member WCC Board decides on WCC projects. Some would argue that the current system of determining projects through Board activity allows for more public input.

32. As noted, the Alliance is, in part, a youth anti-drug program. DWD does not directly operate substance abuse programs. The Department is required to provide W-2 recipients with access to such programs, but generally contracts with DHFS or other organizations for such services.

33. NCSB has performed its activities with a significant degree of independence from other state agency activities. It could be argued that if the NCSB is not transferred to DWD, the Board could maintain a greater degree of independence regarding its goals and strategies and the types of projects that would receive funding.

34. The administration has argued that consolidating the NCSB, WSC, WCC and Alliance in a single unit would lead to a more efficient operation of these programs. However, all of the current permanent positions in these organizations would be transferred to the Division and an additional position would also be provided (1.0 FED, \$41,800 FED in 2001-02 and \$47,300 FED in 2002-03). The position would be funded with federal NCSB monies and provide administrative support to the NCSB and other Division programs and leverage additional federal funding. The Board currently has 3.0 permanent positions and a project position for administrative functions. The Executive Director is responsible for oversight and implementation of NCSB programs including public outreach and communication activities. A senior program officer and program officer administer AmeriCorps funds and programs and administer other NCSB programs. The project position would provide accounting services. In addition, 2.0 positions would be provided through the Alliance and 11.0 positions would be provided through the WCC to staff the new Division. Since each of the transferred programs operated effectively without the additional position before the transfer, it could be argued that additional staff would not be necessary to administer the programs when consolidated in a single unit. Consequently, the Committee may wish to eliminate the position to recognize efficiencies from consolidating the programs in a single Division.

35. A total of 3.0 permanent FED positions and funding of \$340,600 in 2001-02 and \$337,100 in 2002-03 would be transferred with NCSB from DOA to DWD. In April 2001, the Board was authorized 1.0 FED project position ending on October 31, 2002. The position would provide accounting services. Although the bill would transfer NCSB funding and permanent positions to the new Division, the project position was not transferred in the bill. The Committee may wish to transfer the position authority to recognize transfer of all Board functions to DWD. Funding would be provided from existing expenditure authority.

ALTERNATIVES TO BILL

1. Approve the Governor's request to provide \$48,500 GPR, 0.50 GPR position, 3.00 FED positions, and 2.50 PR positions annually, and \$3,736,700 FED and \$308,100 PR in 2001-02, and \$3,738,400 FED and \$313,300 PR in 2002-03 to create the Division of Community Service Programs in DWD. [The Division would consist of: (a) the Wisconsin Conservation Corps; (b) the National and Community Service Board; (c) the Alliance for Wisconsin Youth; (d) the Wisconsin Service Corps; and (e) Operation Fresh Start replication programs.] Require the Division to work with Operation Fresh Start in Dane County to develop a plan to improve WCC operations.

2. Modify the Governor's request by adopting any of the following:

a. Delete 1.0 FED position and \$41,800 FED in 2001-02 and \$47,300 FED in 2002-03. (This would delete the new administrative position that would be created under the bill.)

Alternative 2a	FED
2001-03 FUNDING (Change to Bill)	- \$89,100
2002-03 POSITIONS (Change to Bill)	- 1.00

b. Transfer 1.0 FED two-year project position from DOA to DWD to reflect transfer of NCSB to the new Division of Community Service Programs.

3. Modify the Governor's request to transfer one or more of the following entities to the Division of Community Services Programs in DWD:

- a. The National Community Service Board
- b. The Alliance for Wisconsin Youth
- c. The Wisconsin Service Corps
- d. The Wisconsin Conservation Corps and Board
- e. Operation Fresh Start replication programs

4. Require the new Division of Community Services Programs to work with Operation Fresh Start in Dane County to develop a plan to improve WCC operations.

5. Maintain current law. This option would reduce funding by \$41,800 FED in 2001-02 and \$47,300 FED in 2002-03 and eliminate 1.0 FED position annually. The remaining funding and positions would remain in the agencies in which they currently reside.

<u>Alternative 4</u>	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>TOTAL</u>
2001-03 FUNDING (Change to Bill)	- \$97,000	- \$7,475,100	- \$621,400	- \$8,193,500
2002-03 POSITIONS (Change to Bill)	- 0.50	- 3.00	- 2.50	- 6.00

Prepared by: Ron Shanovich

Alts.
MO# 2a, 3a, b, c + 4

2 BURKE	(Y)	N	A
1 DECKER	(Y)	N	A
MOORE	(Y)	N	A
SHIBILSKI	(Y)	N	A
PLACHE	(Y)	N	A
WIRCH	(Y)	N	A
DARLING	Y	(N)	A
WELCH	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
COGGS	(Y)	N	A

AYE 8 NO 8 ABS _____

WORKFORCE DEVELOPMENT

Employment, Training and Vocational Rehabilitation

[LFB Paper #1025]

Motion:

Modify the bill by transferring 1.0 PR position and \$79,800 annually for NCSB activities from DHFS to DOA. Provide 1.0 FED position and \$41,800 FED in 2001-02 and \$47,300 FED in 2002-03 to DOA for the NCSB.

MO# _____

BURKE	Y	(N)	A
DECKER	(Y)	N	A
MOORE	Y	(N)	A
SHIBILSKI	Y	(N)	A
PLACHE	Y	(N)	A
WIRCH	Y	(N)	A
DARLING	(Y)	N	A
WELCH	(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
COGGS	(Y)	(N)	A

AYE 10 NO 6 ABS _____

Agency: Department of Workforce Development

Issue: Automated Work Permit System and Fee Increase

Alternatives: 1

Summary:

The bill's intent is to create a database for child work permits and to maintain existing services in the Division of Equal Rights.

The Governor's proposal would increase the fee for a child's work permit to \$7.50 from \$5.00. The additional money would fund the program with \$2.50 and send the \$5.00 to the general fund. This program would keep better records for local government and assist with more funding to the Department of Equal Rights.

By: Raghu

Decker - 3
Plache - 2 a
Huber - 2 a + b
Wich
Decker -
Gard



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May 21, 2001

Joint Committee on Finance

Paper #1026

Automated Work Permit System and Fee Increase (DWD -- Employment, Training and Vocational Rehabilitation Programs)

[LFB 2001-03 Budget Summary: Page 726, #4]

CURRENT LAW

Child labor laws, including those governing the issuance of work permits, are administered by the Bureau of Labor Standards in the Division of Equal Rights in the Department of Workforce Development (DWD). A work permit is required before anyone under the age of 18 is allowed to work in any job, with the exception of agriculture or domestic service work.

GOVERNOR

Provide expenditure authority of \$162,500 PR in 2001-02 and \$325,000 PR in 2002-03 to fund development and maintenance of an automated child work permit system and to maintain existing services in the Division of Equal Rights. The automated work permit system would be used to issue work permits and certificates of age on-line via the internet and to maintain a central file of edited and issued work permits and certificates. The program revenue would be from a \$2.50 increase in the child labor work permit or certificate of age fee, from \$5.00 to \$7.50. The additional revenue generated by the fee increase would be placed in a newly-created program revenue appropriation.

The \$7.50 fee would be established in the statutes, and the Department or a permit officer would be specifically authorized to collect work permit fees. Individuals who issued permits and certificates and were not on the Division's payroll could retain \$2.50 of each fee as compensation for services. The remaining \$5.00 would be forwarded to DWD, with \$2.50 placed in the general fund and \$2.50 placed in the work permit system program revenue appropriation. Division personnel would be required to forward the fee to DWD, and the Department would credit \$2.50

of each fee in the program revenue appropriation and deposit the remaining \$5.00 in the general fund.

DISCUSSION POINTS

1. A work permit (or, in some cases, certificate of age or street trades permit) is required before individuals under the age of 18 are allowed to work, except for agricultural or domestic service work. Work permits are issued at many locations throughout the state. The work permit establishes a minor's proof of age and insures that the employer, parent or guardian and minor are aware of the state's child labor laws and regulations. The Department seeks volunteers in local communities to operate work permit offices. Currently, there are about 650 permit offices and 1,200 permit officers issuing work permits. About 340 school districts operate work permit offices. The work permit fee is \$5.00, of which \$2.50 is retained by the local permit office for operating expenses. The remaining \$2.50 is sent to the Department and placed in the general fund. DWD is authorized to allow retention of fees by individuals who are designated to issue permits and certificates and are not on the payroll of the Division of Equal Rights. However, the amount of fees that can be retained is not specified in the statutes.

2. To obtain a work permit, the minor or parent must visit the permit officer and bring: (a) proof of age (birth certificate, baptismal record); (b) the minor's social security card; (c) hiring statement from employer explaining job duties, hours and time of work; (d) written parents' consent; (e) minor's school address or school district; and (f) permit fee of \$5.00. The \$5.00 fee should be reimbursed to the minor by the employer at the end of the first pay period. Copies of the work permit go to the employer and the minor, and the school district where the minor is enrolled.

3. The Department does not maintain a central file of work permits issued throughout the state. Records are kept at each permit office. Information is obtained through correspondence between the offices and Department.

4. Under current law, a county, city, village or town may enact an ordinance that authorizes the court to take a number of actions against minors who are habitually truant from school. One of the actions the court can take is to order DWD to revoke the truant minor's work permit. This provision was enacted by 1995 Wisconsin Act 77. DWD was ordered to revoke 13 work permits in 2000. In addition, six school districts requested that a permit be revoked for truancy.

5. The automated work permit system is needed for two reasons. First, the Division does not have a record of where permit holders are working. Frequently, the court will order the Division to revoke a permit without identifying (or knowing) where the minor is working. Second, if the Division revokes a permit, there is no effective way to prevent the minor from going to a different permit office and obtaining another work permit. The proposed automated system would create a central data base of permit holders that would allow the Division to identify permit holders and the status of their permits.

6. The bill would increase the permit fee by \$2.50 and the additional funding would be used by the Department to establish a centralized, automated system for issuing permits via the internet. The system would allow the permit officer to access a work permit form from a secure internet site. The officer could then prepare the form for the applicant. Information included on the permit would be used to establish and develop a database of work permit holders.

7. In addition to work permits, the increased fee would apply to street trade permits and certificates of age. Street trade permits are required for minors that engage in selling or offering for sale, soliciting or collecting, displaying or distributing, on streets, in public places or house-to-house: (a) newspapers or magazines; (b) articles, goods or merchandise; (c) circulars or posters; (d) commercial service; or (e) shoe shining. Certificates of age are used to verify an individual's age. However, with photo drivers licenses and photo state identification cards in widespread use, few certificates are issued. Street trade permits and certificates of age can be obtained from work permit offices.

8. Table 1 shows the cost of implementing the automated work permit system for each year of the 2001-03 biennium. The table shows that the Department would incur one-time costs of \$42,700 and ongoing costs of \$244,800. The table assumes that the system would not begin ongoing operations until January, 2002. The one-time costs would be for programming required to develop and implement the system. Ongoing costs of \$6,100 would be incurred for information technology staff maintenance and routine system enhancements. An additional \$96,700 annually would be used to finance equipment purchases and replacement, and applications development activities. Finally, \$142,000 per year would fund infrastructure and network charges for providing access to work permit offices throughout the state. A wide area network with security components would be developed and operated.

TABLE 1

Automated Work Permit System Costs

	<u>2001-02</u>	<u>2002-03</u>
One-time Costs		
Programming	\$42,700	\$0
Ongoing Costs		
Routine Maintenance	\$3,100 *	\$6,100
Hardware and Applications Development	48,400 *	96,700
External Connectivity	<u>71,000 *</u>	<u>142,000</u>
Total Costs	\$165,200	\$244,800

*Assumes the system would be implemented beginning in January, 2002.

9. DWD indicates that it issues approximately 130,000 work permits in a year. As a

result, the \$2.50 increase in the work permit fee would generate an estimated \$325,000 in annual revenues. This is about \$80,000 more than would be necessary to fund annual ongoing costs. The Department indicates that the additional funding would be used to fund Division of Equal Rights operations. Division staff point out that base level GPR funding for supplies and services was reduced in the 1999-01 biennium and the Division would be provided this lower base level amount in the 2001-03 biennium. As a result, the supplies and services funding has not matched increases in costs for items purchased with that funding such as office supplies. In addition, the Division, like other departmental divisions, is charged for services, such as information technology system operation and maintenance costs, provided by the Department's Administrative Services Division (ASD). The ASD charges are typically paid with supplies and services funding. Because the Division's GPR supplies and services funds have remained the same, the Division has absorbed increases in ASD charges for services provided. The additional funds received from the work permit increase would provide a partial offset for static GPR funding. Finally, the bill would reduce DWD's general operations GPR funding by 5% in each year of the biennium (except for the Division of Vocational Rehabilitation and programs of the former Division of Economic Support). As a result, DWD's other divisions, including Equal Rights, would have to help absorb this general reduction in funding.

10. The law change that authorized the court to require DWD to revoke work permits was enacted in December, 1995. However, for six years since the law took effect, the Department has continued to administer the work permit system in the same fashion. As a result, an argument could be made that the Department views the current administrative system as adequate to meet its administrative responsibilities. Moreover, since the work permit fee is paid by employers, the higher fee would increase business costs. The automated work permit system would not necessarily provide direct benefits to businesses that would support a 50% fee increase. (The last work permit fee increase was in 1991, when it was increased from \$1.00 to the current \$5.00.) From this view, it could be argued that the Department has not made a strong case for establishing an automated work permit system and the fee increase and related system development provisions should be deleted.

11. The Division of Equal Rights has base level funding of \$5,572,600 GPR, \$678,900 FED and \$25,300 PR. The primary funding source for the Division's general operations is GPR. As is noted above, the ongoing funding that would be generated by the \$2.50 work permit fee increase would exceed the ongoing costs of the automated system. The Department would use these remaining funds for Division of Equal Rights general operations. Program revenues are statutorily defined as revenues that are credited to an appropriation to finance a specified program. Program revenues are not typically used for general operations where the main source of funding is GPR. An argument could be made that using the work permit fee for general operations would not be appropriate. As an alternative, the option to use the fee revenues could be eliminated. The fee increase could then be reduced to \$2.00 for total work permit fee of \$7.00, which, would generate \$130,000 in 2001-02 and \$260,000 in 2002-03. This would provide sufficient funding to cover the ongoing costs related to an automated work permit administration system. However, funding from a \$2.00 fee increase in the first year would not be sufficient to fund six months of operation of the new system. DWD may have to delay implementation a few more months to ensure revenues

would cover costs.

12. The program revenue appropriation that would be created would be a continuing appropriation. Dollar amounts shown in the schedule for such appropriations represent the most reliable estimates of the amounts that will be expended. However, expenditures made from such appropriations are generally only limited by the amount of revenues that are available from the appropriation. This would allow the Department more flexibility in developing, implementing and administering the automated work permit fee system. Establishing the appropriation as an annual appropriation would limit the Department's expenditures to amounts shown in the appropriations schedule. This would provide more legislative oversight to expenditures. If the appropriation balance built up over time, the work permit fee could be further reduced. Therefore, as an alternative, the Committee may wish to establish the work permit fee appropriation as an annual appropriation.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation to provide expenditure authority of \$162,500 in 2001-02 and \$325,000 in 2002-03 to fund development and maintenance of an automated child work permit system and to maintain existing services in the Division of Equal Rights. Increase the child labor work permit fee by \$2.50 from \$5.00 to \$7.50. Create a continuing program revenue appropriation for revenue generated by the fee increase to fund development of an automated work permit fee system and general operations for the Division of Equal Rights.

2. Modify the Governor's recommendation as follows:

a. Delete authority to use fee revenues for general operations and reduce the work permit fee increase to \$2.00. (The work permit fee would be \$7.00.) Provide expenditure authority of \$130,000 PR in 2001-02 and \$260,000 PR in 2002-03 for the automated work permit system. These amounts are lower than the Governor's recommendation by \$32,500 in the first year and \$65,000 in the second year.

Alternative 2a	PR
2001-03 REVENUE (Change to Bill)	- \$97,500
2001-03 FUNDING (Change to Bill)	- \$97,500

b. Change the program revenue appropriation for fee revenues from a continuing appropriation to an annual appropriation.

3. Maintain current law.

Alternative 3	PR
2001-03 REVENUE (Change to Bill)	- \$487,500
2001-03 FUNDING (Change to Bill)	- \$487,500

Prepared by: Ron Shanovich

MO# 2arb

BURKE	<input checked="" type="radio"/>	N	A
1 DECKER	<input checked="" type="radio"/>	N	A
MOORE	<input checked="" type="radio"/>	N	A
SHIBILSKI	<input checked="" type="radio"/>	<input checked="" type="radio"/> N	A
PLACHE	<input checked="" type="radio"/>	N	A
WIRCH	<input checked="" type="radio"/>	N	A
DARLING	<input checked="" type="radio"/>	N	A
WELCH	<input checked="" type="radio"/>	<input checked="" type="radio"/> N	A
2 GARD	<input checked="" type="radio"/>	N	A
KAUFERT	<input checked="" type="radio"/>	N	A
ALBERS	<input checked="" type="radio"/>	<input checked="" type="radio"/> N	A
DUFF	<input checked="" type="radio"/>	<input checked="" type="radio"/> N	A
WARD	<input checked="" type="radio"/>	<input checked="" type="radio"/> N	A
HUEBSCH	<input checked="" type="radio"/>	N	A
HUBER	<input checked="" type="radio"/>	N	A
COGGS	<input checked="" type="radio"/>	N	A

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May 21, 2001

Joint Committee on Finance

Paper #1027

Labor and Industry Review Commission -- Supplies and Services Funding (DWD -- Employment, Training and Vocational Rehabilitation Programs)

[LFB 2001-03 Budget Summary: Page 727, #8]

CURRENT LAW

The Labor and Industry Review Commission (LIRC) has 2000-01 base level funding of \$195,000 GPR, \$578,100 PR and \$1,689,000 FED, and 1.50 GPR, 5.0 PR and 23.50 FED positions. Base level supplies and services funding is \$16,900 GPR, \$29,400 PR and \$168,900 FED.

LIRC is a three-member body, attached to the Department of Workforce Development (DWD) for administrative purposes, that decides appeals of DWD decisions in disputed equal rights, worker's compensation and unemployment compensation cases.

GOVERNOR

Provide expenditure authority of \$32,400 PR and \$92,400 FED in 2001-02 and \$34,900 PR and \$102,700 FED in 2002-03 in supplies and services funding for basic expenditures by LIRC. The source of program revenue funding would be the annual Worker's Compensation administrative assessment on insurance carriers and self-insured employers. The source of federal funding would be annual federal equal opportunity employment commission contract and unemployment insurance administration funds.

MODIFICATION TO BILL

Provide additional expenditure authority of \$14,400 PR and \$145,800 FED in 2001-02 and \$14,500 PR and \$149,700 FED in 2002-03 to increase supplies and services funding for LIRC.

Explanation: The bill would provide the LIRC with additional expenditure authority for supplies and services to cover expected cost increases and to offset reductions in base level funding in previous years. However, the amount of increase included in the bill was calculated off of an incorrect base funding level. As a result, the expenditure authority provided would not be sufficient to fund anticipated expenditures. This modification would further increase expenditure authority to provide sufficient funding for projected expenditures.

Modification	FED	PR	TOTAL
2001-03 FUNDING (Change to Bill)	\$295,500	\$28,900	\$324,400

MO# modification

- BURKE Y N A
- DECKER Y N A
- MOORE Y N A
- SHIBILSKI Y N A
- PLACHE Y N A
- WIRCH Y N A
- DARLING Y N A
- WELCH 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
- COGGS Y N A

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