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AGENCY: DOA - Land Information

PAPER: #139

ISSUE: Wisconsin Land Council Staffing

RECOMMENDATION: Alternative 1

SUMMARY: See paragraphs 3 & 4 in FB memo in support of alt 1.

BY: Barry



## Legislative Fiscal Bureau

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

May 31, 2001 Joint Committee on Finance

Paper #139

### Wisconsin Land Council Staffing (DOA -- Land Information)

#### CURRENT LAW

The Wisconsin Land Council is staffed by 1.0 PR permanent position and 3.0 PR project positions in the Department of Administration's Office of Land Information Services. Base level funding for the Council and associated staff is \$319,600 PR annually, derived from assessments from six state agencies.

#### GOVERNOR

Delete \$68,300 PR in 2001-02 and \$136,600 PR in 2002-03 to reflect the expiration of 3.0 PR Wisconsin Land Council project positions on December 31, 2001.

#### DISCUSSION POINTS

1. The Wisconsin Land Council was created by 1997 Wisconsin Act 27. One FTE permanent position was provided under Act 27 for the Council and is now shared by the administrator and the deputy administrator of the Office of Land Information Services. An additional 3.0 PR four-year project positions were also authorized by Act 27 for the Council and will expire December 31, 2001.

2. The 3.0 FTE expiring project positions provide all of the research, technical and clerical support available to the Council in support of its duties and responsibilities. Under current law, the Council is required to identify the state's land use goals and priorities and to study current land use laws in order to identify areas of overlap and lack of coordination. By September 1, 2002, the Land Council is directed by statute to prepare a report on whether the Land Council should be continued beyond its scheduled September 1, 2002, sunset date and whether other changes should

be made to the state's land use programs.

3. DOA has indicated in a letter to the Committee that the biennial budget bill should have included \$68,300 PR in 2001-02 and \$136,600 PR in 2002-03 and 3.0 PR positions to continue the Council's research and clerical support staff on a permanent basis. DOA stated that providing permanent position authority and associated funding for these positions was indicated in light of the Governor's budget recommendation to repeal the current sunset of the Wisconsin Land Council.

4. Regardless of whether the Committee acts to make the Land Council permanent at this time, the Council's current statutory responsibilities and required September 1, 2002, report on state land use programs would argue for a continuation of its research and support staff. If the Committee acts to provide these permanent positions and funding and the Council's September 1, 2003, sunset date is not lifted, these positions would be terminated on that date.

**ALTERNATIVES TO BILL**

1. Provide \$68,300 PR in 2001-02 and \$136,600 PR and 3.0 PR positions for the Wisconsin Land Council.

<u>Alternative 1</u>	<u>PR</u>
2001-03 FUNDING (Change to Bill)	\$204,900
2002-03 POSITIONS (Change to Bill)	3.00

2. Take no action.

MO# Alt. 1

1 BURKE	Y	N	A
2 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

Prepared by: Tony Mason

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

AGENCY: DOA - Land Information

PAPER: LFB Summary Items for Which No Issue Paper Prepared

RECOMMENDATION: Delete Item #4

SUMMARY: See attached for description of Item #4 from the FB Summary of Budget Issues.

The Realtors and 1000 Friends (and I think the road builders) support deleting this provision. There is only \$6 million available for comprehensive planning in this budget (real demand in next two years is likely to be \$8 to \$10 million). Item #4 has the potential to siphon off \$2 million off for highway corridor planning. Corridor planning is not bad, but in a tight budget we need to keep our promise to municipalities on grant funding. Also, this money will still be used for the transportation element of comprehensive plans.

BY: Barry

AGENCY: DOA - Land Information

## **Burke Motions**

### #1. Smart Growth Data Set

- There is a great deal of information already in existence in state government to help communities with their comprehensive land use plans. The problem is that this information is scattered throughout state government. For example, the DOA has population estimates, the DNR will have information on things like endangered resources, WHEDA or the Division of Housing will have information on housing characteristics and trends, Commerce may have employment forecasts, the Historical Society will have information on historic buildings, etc. The idea here is to bring all the relevant information together in one place, under one "cyber roof".
- Our intent is that by May 31, 2002 there would be a smart growth data set available on the web for every community. Any member of the public could type in the name of their town, city, village or county and download the information that is available in state government and needed to complete a comprehensive plan. It is understood that not all information might be available for every community at the start, but that information would be improved each year.
- This will save communities time and money in tracking down this information and it will lead to better-informed plans.

### #2. Land Council Approval of Planning Grants

- Currently, the Land Council must approve comprehensive planning grants. The governor's budget would make the council's role advisory to the DOA itself.
- The motion would return to current law, keeping the ultimate authority on grant decisions with the council.
- The Land Council, made up of a wide range of representatives from state and local government and a broad range of interests, is the best place to make these grant decisions. Handing over ultimate authority to decide which communities receive grants to bureaucrats - no matter how well qualified - would be a mistake.
- The grant applications are already screened and scored by state bureaucrats, but it is wise to have that process overseen by the council.
- DOA has not made a case to change the current system, which worked well in its first year. \$3.5 million was awarded in this biennium and the process was widely regarded as fair.

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NOTE ON WELCH MOTION: Welch will offer a motion calling for a \$1 increase for document recording fees, for use by counties for parts of the comprehensive planning process. This is fine and important. However, he also wants to earmark \$200,000 of comprehensive planning money for some new housing assessment program. This is bad. The comprehensive planning grant pot of money is already underfunded and we shouldn't be earmarking funds for other purposes. We need to keep our promise to municipalities. See if Welch would remove this earmark.

Currently, most towns may incorporate as a city or village only after following certain procedures and receiving approval for the incorporation from a circuit court and from DOA. Further, if a town wishes to consolidate with another contiguous city, village or town, the consolidation may not take effect unless a circuit court and DOA find that the proposed consolidation is in the public interest. Town territory that is contiguous to any city or village may be annexed to that city or village under several methods, including direct annexation and annexation by referendum. Under both of these methods, in a county with a population of at least 50,000, DOA is authorized to advise whether the proposed annexation is against the public interest. Upon receiving notice, the annexing municipality is required to review DOA's advice before final action is taken.

[Bill Sections: 255, 810 and 2015 thru 2019]

#### 4. TRANSPORTATION PLANNING GRANTS

— FROM FB SUMMARY

**Governor:** Clarify that for the purpose of making transportation planning grants under current law, DOA would give priority to grant requests in the following order:

First priority would be given to those proposals that addressed the transportation planning element of a local governmental unit's comprehensive plan, as established under current law, and also addressed the following new planning activities relating to highway corridor planning: (a) the identification of existing zoning and land-use issues; (b) the identification of existing and planned transportation facilities and services; (c) the analysis of future needs; (d) the identification of areas for future development; and (e) the identification of specific strategies to ensure better coordination of future development and transportation needs in the corridor. "Highway corridor" would be defined as an area up to 10 miles on either side of a state trunk highway that is identified in a transportation planning process by DOT to need additional capacity for vehicular or to have possible safety and operational problems resulting from development pressures adjacent to the highway.

Second priority would be accorded to grants that addressed only the transportation planning element of a local governmental unit's comprehensive plan, as established under current law.

Third priority would be accorded to grants that addressed only the new highway corridor planning activities described above.

Newly authorize a metropolitan planning organization to apply for a transportation grant in addition to any county, city, village, town or regional planning commission. Require the Department to forward to the Wisconsin Land Council a detailed statement of the expenditures proposed to be made by any potential grantee for the Council's recommendation concerning approval of the grant. Require the Department to promulgate rules for the administration of the transportation grant program in consultation with DOT.

The current base level of funding in DOA for transportation grants is \$1,000,000 SEG annually.

[Bill Sections: 335 through 340]

ADMINISTRATION -- LAND INFORMATION

Involvement of Elected Officials in Comprehensive Planning Grant Activities

Motion:

Move to require that at least one member of the body that develops a planning grant proposal to be funded from a comprehensive planning grant program administered by the Department of Administration be an elected official of the local governmental unit that would receive the grant, if awarded. Further, upon receipt of a comprehensive planning grant from DOA, require that at least one elected official be a member of the body that would implement the planning activities funded with the grant.

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Note:

Under current law, the Department of Administration awards comprehensive planning grants to local governmental units (counties, cities, villages, towns or regional planning commissions) to finance the cost of planning activities, including contracting for planning consultant services, public planning sessions and other planning outreach and educational activities, or for the purchase of computerized planning data, planning software or the hardware required to utilize that data or software. The bill would provide base level funding of \$1,500,000 GPR annually and new funding of \$500,000 PR annually for such grants.

The Department also administers a transportation planning grant program to fund the transportation element of comprehensive plans. The bill would continue base level funding of \$1,000,000 SEG annually for such grants.

Currently, there are no requirements with respect to the composition of the local bodies that apply for or expend the planning grants.

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 8 NO 8 ABS

ADMINISTRATION – LAND INFORMATION

Required DOA Review of Annexations in Populous Counties

Motion:

Move to incorporate into the budget the provisions of 2001 Assembly Bill 364, relating to requiring DOA to review annexations in counties with a population of at least 50,000 and to provide an opinion on whether the annexation is for or against the public interest.

Provide \$23,800 PR in 2001-02 and \$23,000 PR in 2002-03 and authorize 0.5 PR position under DOA for reviewing and preparing written explanations of the agency's opinion on such proposed annexations.

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Note:

Under current law, no annexation within a county with a population of 50,000 or more is valid unless the person publishing a notice of the annexation sends a copy of the notice to the clerk of each affected municipality and to DOA within five days of publication. DOA has 20 days from receipt of the notice during which it may issue an opinion to all affected municipalities stating that the annexation is against the public interest, and the rationale for the recommendation. The annexing municipality is required to take this advice into consideration before final action is taken.

This motion would newly require the Department to issue an opinion in each instance where the annexation would occur in a county with a population of 50,000 or more and to send a notice within 20 days to the affected municipalities stating whether in its opinion the annexation is in the public interest or is against the public interest. The notice would have to include an explanation of the reasons for DOA's opinion. As under current law, the annexing municipality would be required review DOA's opinion before taking final action.

The motion would provide DOA's annexation and boundary review function (being converted from GPR to PR funding under the bill) with an additional 0.5 FTE position and associated funding. The position would be funded from assessments of municipalities for the costs of the reviews.

[Change to Bill: \$46,800 PR and 0.5 PR position]

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 13 NO 3 ABS \_\_\_\_\_

# ADMINISTRATION

## Land Information

### *Bill Agency*

#### LFB Summary Items for Which No Issue Paper Has Been Prepared

Item #	Title
3	Conversion of the Municipal Boundary Review Function to Program Revenue
4	<u>Transportation Planning Grants</u>

MO# delete item 4

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"/>	<input checked="" type="radio"/> N	A
WELCH	<input checked="" type="radio"/>	<input checked="" type="radio"/> N	A
GARD	<input checked="" type="radio"/>	<input checked="" type="radio"/> N	A
KAUFERT	<input checked="" type="radio"/>	<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"/>	<input checked="" type="radio"/> N	A
HUBER	<input checked="" type="radio"/>	N	A
COGGS	<input checked="" type="radio"/>	N	A

AYE \_\_\_\_\_ NO \_\_\_\_\_ ABS \_\_\_\_\_

# Health and Family Services

## Children and Families

### *Bill Agency*

(LFB Budget Summary Document: Page 387)

#### LFB Summary Items for Which Issue Papers Have Been Prepared

<u>Item #</u>	<u>Title</u>
1	Foster Care and Adoption Assistance Reestimate (Paper #505)
2	Milwaukee Child Welfare Aids (Paper #506)
3	Milwaukee Child Welfare Operations (Paper #507)
5	Statewide Automated Child Welfare Information System (Paper #508)
10	Special Needs Adoption Network (Paper #509)
12	Child Welfare Quality Assurance (Paper #510)
18	Priority for Mental Health and Substance Abuse Services for Youths Leaving Out-of-Home Care (Paper #511)



## Legislative Fiscal Bureau

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

May 31, 2001

Joint Committee on Finance

Paper #505

### Foster Care and Adoption Assistance Reestimate (DHFS -- Children and Families)

[LFB 2001-03 Budget Summary: Page 387, #1]

#### CURRENT LAW

In 2000-01, DHFS is budgeted \$43,810,500 (\$22,695,100 GPR and \$21,115,400 FED) to fund out-of-home care costs for children under guardianship of the state and to provide adoption assistance payments to persons who adopt special needs children.

The state serves as guardian for children with special needs following termination of parental rights. The state pays the costs of out-of-home placements for these children while they are awaiting adoption and makes adoption assistance payments to families who adopt a child with special needs. These payments are partially funded with federal funding available under Title IV-E of the Social Security Act.

#### GOVERNOR

Provide \$5,846,500 (\$2,449,400 GPR and \$3,397,100 FED) in 2001-02 and \$11,926,300 (\$5,580,100 GPR and \$6,346,200 FED) in 2002-03 to reflect reestimates of the amount of funding required to support foster care and adoption assistance payments for special needs children under guardianship of the state.

#### MODIFICATION

Increase funding by \$104,500 GPR and \$359,900 FED in 2001-02 and decrease funding by \$177,400 GPR and increase funding by \$61,000 FED in 2002-03 to reflect reestimates of state costs for foster care and adoption assistance payments in the 2001-03 biennium.

**Explanation:** This modification reflects: (a) more recent caseload and payment information than was available when the Governor's budget was prepared; and (b) a reestimate of the amount of federal revenue that will be available to support these payments.

<u>Modification</u>	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>
2001-03 FUNDING (Change to Bill)	- \$72,900	\$420,900	\$348,000

Prepared by: Yvonne M. Arsenault

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 \_\_\_\_\_

5  
**AGENCY:** Department of Health and Family Services

**LFB PAPER #:** 506

**ISSUE:** Milwaukee Child Welfare Aids

**ALTERNATIVE:** A2; B1

*Carol*

**SUMMARY:**

Alt. A2 provides additional funding to reflect reestimates of the funding required to provide child welfare since the gov's budget was introduced.

Alt. B1 requires DHFS to use PR from Milwaukee County for benefits before it expends GPR.

**BY:** Cindy



## Legislative Fiscal Bureau

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

May 31, 2001

Joint Committee on Finance

Paper #506

### Milwaukee Child Welfare Aids (DHFS -- Children and Families)

[LFB 2001-03 Budget Summary: Page 387, #2]

#### **CURRENT LAW**

1997 Wisconsin Act 27 (the 1997-99 biennial budget) provided the Department of Health and Family Services (DHFS) funding and statutory authority to provide child welfare services in Milwaukee County, beginning January 1, 1998. In all other counties, the county department of social services or human services is responsible for providing child welfare services. Milwaukee County is required to contribute \$58,893,500 annually to fund the state costs of administering child welfare services in that county on the county's behalf.

In 2000-01, DHFS is budgeted \$97,653,900 (\$76,707,200 GPR, \$20,764,500 FED and \$182,200 PR) for services to families in the child welfare system. Federal funding is available under Title IV-E of the Social Security Act as partial reimbursement for administrative and placement costs for children from families that meet certain financial eligibility criteria.

#### **GOVERNOR**

Delete \$5,407,100 (\$3,481,300 GPR and \$1,925,800 FED) in 2001-02 and \$5,407,100 (\$3,446,600 GPR and \$1,960,500 FED) in 2002-03 to fund projected costs of aids expenses related to the administration of the child protective services program in Milwaukee County. This item includes: (a) projected increases in placement costs (\$2,284,800 GPR and -\$90,900 FED in 2001-02 and \$2,315,300 GPR and -\$121,400 FED in 2002-03); (b) projected decreases in service costs (-\$6,245,600 GPR and -\$335,800 FED in 2001-02 and -\$6,241,400 GPR and -\$340,000 FED); and (c) decreased funding for contracts (\$479,500 GPR and -\$1,499,100 FED annually). These changes are primarily due to caseload reestimates and a projected reduction in the federal financial participation rate.

## DISCUSSION POINTS

1. It is currently estimated that service and placement costs for children in Milwaukee County in the child welfare system will total \$92,506,500 (all funds) in each year of the 2001-03 biennium. This estimate differs from the Governor's recommendations due to updated caseload and expenditure data and revised estimates of the amount of federal financial participation rates available as reimbursement for certain costs. Funding in the bill would need to be increased by \$441,900 (\$371,300 GPR and \$70,600 FED) in 2001-02 and \$441,900 (\$391,200 GPR and \$50,700 Fed) in 2002-03 to fully fund these projected costs.

2. However, even though the service and vendor costs are dependent on caseload, the per-case fee is determined by contract and not by statute. Consequently, if the Committee does not wish to increase funding in the bill to fully fund projected service costs, it could approve the funding recommended by the Governor.

3. Under the Governor's bill, \$6,749,100 GPR is anticipated to lapse from the Milwaukee child welfare aids budget at the end of 2000-01 due to underspending in calendar year 1999 contracts. This lapse has been factored in to the Governor's general fund condition statement. DHFS estimates that there is \$9,291,400 in underspending in the calendar year 2000 contracts and has committed to use a portion of these funds to support a portion of the deficits Milwaukee County has incurred by providing services under contract with the state over the past couple of years. Because of this commitment, and restrictions on the use of some of the funds that are currently being counted towards the state's temporary assistance for needy families (TANF) maintenance-of-effort (MOE), the administration has indicated that none of the calendar year 2000 surplus will lapse to the general fund at the end of the fiscal year. However, these levels of underspending indicate that current base funding for the program is much higher than actual costs in the 1999-01 biennium and projected costs in the 2001-03 biennium.

4. The long-time policy of the administration, and the understanding of the Legislature, has been that program revenue (PR) funds contributed by Milwaukee County that are budgeted for Milwaukee child welfare services would be fully expended before GPR funds are expended for this purpose. Therefore, if there was underspending in the program, the unspent funds would be GPR, which would be available as a lapse to the general fund. DHFS indicates that the underspending in the calendar year 2000 contracts are PR funds budgeted in the appropriation where Milwaukee County's contribution for the costs of providing child welfare services in Milwaukee County is deposited. To ensure that the county's contribution is utilized first, the Committee could specify this directive in statute.

5. Under the Governor's bill, \$259,700 GPR annually was budgeted to pay the child care copayment for foster parents and court-ordered kinship care relatives. Effective February 1, 2001, foster parents and kinship care parents no longer have a co-pay responsibility. Therefore, this funding has been deleted from the bill as part of the reestimate.

6. In addition, to reflect the Committee's action on temporary assistance for needy

families (TANF) funds, the reestimate deletes \$182,200 PR annually that would be provided in the Governor's bill to support day care administration for children in foster care. The Committee determined that these funds were unnecessary because the administrative costs are covered under funding provided through the child care subsidy program.

7. Based on a May 18, 2001, communication from the U.S. Department of Health and Human Services, the state will not be permitted to count GPR-funded safety services and prevention services towards the TANF MOE requirement, as proposed by the Governor for the 2001-03 biennium. Consequently, \$8,706,200 budgeted annually in the bill cannot be counted because there are no income limitations on the individuals who receive these services, which is required under the MOE provisions.

8. To avoid a negative impact on TANF MOE, the funding source for these two programs could be shifted from GPR to TANF. These services are eligible under the fourth purpose of TANF (formation and maintenance of two-parent families) and income limitations are not required under this TANF purpose. In addition, \$8,706,200 GPR could be appropriated from DHFS to the Department of Workforce Development (DWD) annually. DWD would use the GPR for elements of Wisconsin Works (W-2) and related programs that are currently funded by TANF. This modification would have no net fiscal effect on the general fund or the TANF program.

**ALTERNATIVES TO BILL**

**A. Funding**

1. Approve the Governor's recommendations. In addition, transfer support for safety services and the prevention services contract (\$8,706,200 annually) from GPR to TANF in DHFS and reduce TANF funding and increase GPR funding in DWD by corresponding amounts.

2. Modify the Governor's bill by providing \$441,900 (\$371,300 GPR and \$70,600 FED) in 2001-02 and \$441,900 (\$391,200 GPR and \$50,700 FED) in 2002-03 to reflect reestimates of the funding required to provide child welfare services in Milwaukee County. In addition, transfer support for safety services and the prevention services contract (\$8,706,200 annually) from GPR to TANF in DHFS and reduce TANF funding and increase GPR funding in DWD by corresponding amounts.

<u>Alternative A2</u>	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>
2001-03 FUNDING (Change to Bill)	\$762,500	\$121,300	\$883,800

**B. Use of GPR Funding**

1. Require DHFS to first use the appropriated PR funds budgeted for Milwaukee child welfare aids to support benefits provided through BMCW before GPR funds are expended for these services.

2. Maintain current law.

Prepared by: Yvonne M. Arsenault  
Attachment

MO# A-2, B-1

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 8 NO 8 ABS \_\_\_\_\_

MO# A-2, B-1

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 -- CHILDREN AND FAMILIES

Milwaukee Child Welfare Aids

[LFB Paper #506]

Motion:

Move to direct DHFS to promulgate rules regarding the administration of Milwaukee child welfare, including, but not limited to: (a) contracting processes; (b) grievance procedures; (c) caseload ratios; (d) provision of services; and (e) citizen participation. Direct DHFS to submit the administrative rules to the staff of the Legislative Council no later than nine months after the effective date of this bill.

MO#			
2	BURKE	Y	N A
	DECKER	Y	N A
1	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 14 NO 2 ABS \_\_\_\_\_

## ATTACHMENT

### Milwaukee Child Welfare Services Aids Funding Summary Reestimate for 2001-03 Biennium

	2001-02			2002-03		
	GPR	FED	All Funds	GPR	FED	All Funds
<b>Placement Costs</b>						
Foster care	\$15,770,400	\$9,742,900	\$25,513,300	\$15,811,500	\$9,701,800	\$25,513,300
Treatment foster care	329,600	203,600	533,200	330,400	202,800	533,200
CCIs	3,716,600	929,100	4,645,700	3,720,500	925,200	4,645,700
Group homes	925,500	231,300	1,156,800	926,400	230,400	1,156,800
Shelter	<u>3,290,100</u>	<u>0</u>	<u>3,290,100</u>	<u>3,290,100</u>	<u>0</u>	<u>3,290,100</u>
Subtotal	\$24,032,200	\$11,106,900	\$35,139,100	\$24,078,900	\$11,060,200	\$35,139,100
<b>Service Costs</b>						
Safety services	\$7,216,600	\$0	\$7,216,600	\$7,216,600	\$0	\$7,216,600
Ongoing services	13,829,600	480,900	14,310,500	13,831,600	478,900	14,310,500
Wraparound services	8,954,200	1,398,300	10,352,500	8,960,100	1,392,400	10,352,500
Safety evaluations	<u>256,500</u>	<u>0</u>	<u>256,500</u>	<u>256,500</u>	<u>0</u>	<u>256,500</u>
Subtotal	\$30,256,900	\$1,879,200	\$32,136,100	\$30,264,800	\$1,871,300	\$32,136,100
<b>Vendor Costs</b>						
Case mgmt. contract	\$10,783,300	\$3,062,800	\$13,846,100	\$10,783,300	\$3,062,800	\$13,846,100
Out-of-home placement unit	4,070,100	1,156,000	5,226,100	4,070,100	1,156,000	5,226,100
Adoption contract	1,718,500	1,406,000	3,124,500	1,718,500	1,406,000	3,124,500
FISS unit	206,600	0	206,600	206,600	0	206,600
Independent investigations	232,000	0	232,000	232,000	0	232,000
Prevention services contract	1,489,600	0	1,489,600	1,489,600	0	1,489,600
Other	<u>808,000</u>	<u>298,400</u>	<u>1,106,400</u>	<u>808,000</u>	<u>298,400</u>	<u>1,106,400</u>
Subtotal	\$19,308,100	\$5,923,200	\$25,231,300	\$19,308,100	\$5,923,200	\$25,231,300
Grand Total*	\$73,597,200	\$18,909,300	\$92,506,500	\$73,651,800	\$18,854,700	\$92,506,500
2000-01 Base	<u>\$76,707,200</u>	<u>\$20,764,500</u>	<u>\$97,471,700</u>	<u>\$76,707,200</u>	<u>\$20,764,500</u>	<u>\$97,471,700</u>
Change to Base	-\$3,110,000	-\$1,855,200	-\$4,965,200	-\$3,055,400	\$1,909,800	-\$4,965,200
Governor's Bill	-\$3,481,300	-\$1,925,800	-\$5,407,100	-\$3,446,600	-\$1,960,500	-\$5,407,100
Change to Bill	\$371,300	\$70,600	\$441,900	\$391,200	\$50,700	\$441,900

\* Does not include TANF MOE funding change.

**AGENCY:** Department of Health and Family Services

**LFB PAPER #:** 507

**ISSUE:** Milwaukee Child Welfare Operations

**ALTERNATIVE:** Alts. 1 & 3

*Gard - 2*

**SUMMARY:**

Alt. 1 reduces FED funding for selected services to reflect the projected decrease in fed. financial participation rates over the next biennium.

Alt. 3 reduces funding in the bill by \$1,386 GPR & \$3,189 FED to provide a 100% increase in base funding for supplies & services. (Gov had requested an increase of 159% in the 1<sup>st</sup> year & 196% in the 2<sup>nd</sup> year for supplies & services.) If we're looking for places to save GPR, this is it.

Alt. 2 will provide a 150% increase in both years & saves less GPR. This is acceptable if others go along with it. (LFB argues for the gov's request, but if we're looking for places to save money, these alternatives provide that opportunity. Everybody else has to suck it up, DHFS should too.)

**BY:** Cindy



## Legislative Fiscal Bureau

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

May 31, 2001

Joint Committee on Finance

Paper #507

### Milwaukee Child Welfare Operations (DHFS -- Children and Families)

[LFB 2001-03 Budget Summary: Page 389, #3]

#### CURRENT LAW

1997 Wisconsin Act 27 (the 1997-99 biennial budget) provided the Department of Health and Family Services (DHFS) funding and the statutory responsibility to provide child welfare services in Milwaukee County, beginning January 1, 1998. In all other counties, the county department of social services or human services is responsible for providing child welfare services.

In 2000-01, DHFS is budgeted \$19,457,600 (\$11,177,700 GPR, \$5,644,800 FED and \$2,635,100 PR) for the Department's administration of the child protective services program in Milwaukee County. This includes funding to support the Wisconsin statewide automated child welfare information system (WISACWIS) in Milwaukee County, 176 positions and supplies and services. These positions include social workers, supervisors and support staff for the intake and assessment units, as well as management staff for the Bureau of Milwaukee Child Welfare (BMCW). The federal funding is available under Title IV-E of the Social Security Act. The PR funding represents intra-departmental transfers between the Division of Children and Family Services and the Division of Management and Technology in DHFS for costs associated with WISACWIS in Milwaukee County.

#### GOVERNOR

Provide \$8,167,500 (\$2,056,700 GPR, \$1,170,100 FED and \$4,940,700 PR) in 2001-02 and \$8,700,200 (\$2,382,100 GPR, \$1,390,300 FED and \$4,927,800 PR) in 2002-03 and delete 8.93 positions (3.92 GPR positions, -13.04 FED positions and 0.19 PR position), beginning in 2001-02, to support the Department's administration of the child protective services program in Milwaukee County.

This item includes funding to support: (a) WISACWIS (\$351,600 GPR, \$848,000 FED and \$4,930,300 PR in 2001-02 and \$345,100 GPR, \$824,700 FED and \$4,917,400 PR in 2002-03); (b) general supplies and services, including contracted services (\$1,470,700 GPR and \$986,100 FED in 2001-02 and \$1,802,600 GPR and \$1,229,600 FED in 2002-03); and (c) increased state costs resulting from a projected reduction in the federal financial participation rates for staff costs (\$241,800 GPR and -\$664,000 FED annually). In addition, this item would convert 1.0 project position that would terminate on June 30, 2001, to permanent status to manage payment for out-of-home care services.

## DISCUSSION POINTS

1. As part of its 2001-03 budget submission, DHFS developed its funding request for Milwaukee child welfare operations based on its current, ongoing operating costs, comparing these total costs with base funding for the program, and requested a funding increase that represented the difference. The Governor modified the DHFS request by deleting and revising several items in the DHFS request, but used the same methodology. Using this "zero-based budgeting" method, DOA determined that the amount of additional funding that would be necessary to fund operations costs, including state staff and contracted services, will be \$8,167,500 (all funds, including \$2,056,700 GPR) in 2001-02 and \$8,700,200 (all funds, including \$2,382,100 GPR) in 2002-03.

2. In 2000-01, DHFS is funding several services for which no funding was budgeted in Act 9. For example, no funding was budgeted in Act 9 to support contracts for security and courier services, but DHFS currently contracts for these services. In addition, the costs of some contracted services that were approved in Act 9 are greater than the amounts budgeted in Act 9. For example, the DHFS contract for the Title IV-E eligibility unit was budgeted at \$244,300 GPR annually in Act 9, but the 2000-01 contract for this function is \$416,000 GPR.

3. The administration argues that the funding provided in Act 9 to support Milwaukee child welfare operations was insufficient to fund all of the services that are necessary for the successful operation of the program. For example, DHFS determined that it was necessary to provide one security officer at each of the five sites during normal work hours and after-hour meetings. The IV-E eligibility unit determines which children are IV-E eligible. This function is necessary to determine the level of federal funding that the state can claim for child welfare costs. In addition, DHFS argues that when the 1999-01 budget was developed, the program was still in the early stages of implementation and it was difficult to estimate operating service costs. However, with two years of experience, DHFS indicates that the current operating budget (as reflected in the Governor's recommendations) is a more accurate reflection of the operating services costs for the Bureau of Milwaukee Child Welfare.

4. There are three components for which additional funding would be provided under the Governor's recommendations: (a) WISACWIS; (b) a change in the federal participation rate for staff costs; and (c) general supplies and services.

5. As of January 1, 2001, WISACWIS was fully implemented in Milwaukee County. During the 1999-01 biennium, development and implementation costs were funded with one-time funding. Consequently, this funding is deleted from the DHFS base as a standard budget adjustment under the Governor's bill. Now that WISACWIS is operational, there are maintenance and support costs associated with the system. Under the Governor's bill, \$6,129,900 (\$351,600 GPR, \$848,000 FED and \$4,930,300 PR) in 2001-02 and \$6,087,200 (\$345,100 GPR, \$824,700 FED and \$4,917,400 PR) in 2002-03 would be provided to support these ongoing costs.

6. The federal financial participation rate is projected to decrease over the next biennium, which means that state funding will support a slightly greater percentage of Title IV-E-eligible costs. The bill would increase GPR funding by \$241,800 and reduce funding by \$664,000 FED to reflect this change.

7. The primary increase in the Governor's bill is related to supplies and services, which includes funding for contracted services. The bill provides a 159% increase in 2001-02 and 196% increase in 2002-03 to the GPR supplies and services budget. Supplies and services include travel, insurance, maintenance/janitorial services and contracted services, such as the IV-E eligibility unit, security, courier services and night and weekend answering service. All of the funding for supplies and services in the Governor's budget are based on current expenditure and contract levels and do not include funding to support new services or increase funding for current services.

8. In the 1999-01 biennium, DHFS was able to fund expenditures that exceeded base funding in the last biennium from one-time savings from two sources: (a) masterlease payments for WISACWIS were lower than budgeted; and (b) a federal participation rate change allowed DHFS to fund a greater percentage of budgeted costs with federal funds, which enabled DHFS to use the GPR savings to fund unbudgeted costs. However, because DHFS used one-time savings to fund higher continuing costs, the funding increase in the Governor's budget is necessary to maintain this higher level of operations costs DHFS established in the current biennium.

9. If the Committee wants to maintain funding at current and projected levels, the Governor's recommendations should be adopted. This would allow DHFS to support its current operating expenses, less items that the Governor determined were unnecessary.

10. However, Act 9 provided a sum certain amount for DHFS for Milwaukee child welfare operations. The Committee could fund supplies and services costs for Milwaukee child welfare operations by providing some specified increase to base funding. Under these alternatives, DHFS would be required to prioritize spending from current levels to remain within the amount budgeted for the program. The figures in the alternatives reflect revised estimates of federal Title IV-E claiming rates for selected services.

## ALTERNATIVES TO BILL

1. Modify the Governor's recommendation to reduce funding by \$1,324,000 FED in 2001-02 and \$1,473,900 FED in 2002-03 to reflect revised estimates of federal Title IV-E claiming

rates for selected services.

Alternative 1	FED
2001-03 FUNDING (Change to Bill)	- \$2,797,900

2. Reduce funding in the bill by \$81,600 GPR and \$1,347,100 FED in 2001-02 and \$413,500 GPR and \$1,590,600 FED in 2002-03 to provide a 150% increase in base funding for supplies and services.

Alternative 2	GPR	FED	TOTAL
2001-03 FUNDING (Change to Bill)	- \$495,100	- \$2,937,700	- \$3,432,800

3. Reduce funding in the bill by \$527,400 GPR and \$1,472,800 FED in 2001-02 and \$859,300 GPR and \$1,716,300 FED in 2002-03 to provide a 100% increase in base funding for supplies and services.

Alternative 3	GPR	FED	TOTAL
2001-03 FUNDING (Change to Bill)	- \$1,386,700	- \$3,189,100	- \$4,575,800

MO# 44-2

Prepare

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 8 NO 8 ABS \_\_\_\_\_

MO# 44-1

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 9 NO 7 ABS \_\_\_\_\_

**AGENCY:** Department of Health and Family Services

**LFB PAPER #:** 508

**ISSUE:** Statewide Automated Child Welfare Information System

**ALTERNATIVE:** Alt. 2

*Gard - 1*

**SUMMARY:**

The feds provide states with enhanced federal matching funds to support the costs of creating a statewide automated child welfare information system. WI developed this system using Milwaukee as a pilot project. We're now ready to use the Milwaukee system to go statewide. If we don't go statewide with this system, we'll have to return \$5.6 million in enhanced fed funding.

Alt. 2 funds the expansion of this information system statewide in phases from 2001-2005. This alternative modifies the gov's recommendation in how this expansion is funded. It pays for more of the expansion with GPR instead of sticking the counties with big one-time implementation costs and ongoing service costs. It pays for this by splitting the costs 50/50 between the counties & the state from MA targeted case management claims. It also changes the statutes directing DHFS on the use of these MA targeted case management revenues in this fashion. After full payment of the info system, any excess funds would be distributed to counties under Title IV-E incentive funds.

**BY:** Cindy



## Legislative Fiscal Bureau

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

May 31, 2001

Joint Committee on Finance

Paper #508

### Statewide Automated Child Welfare Information System

(DHFS -- Children and Families)

[LFB 2001-03 Budget Summary: Page 390, #5]

#### CURRENT LAW

The federal Omnibus Budget Reconciliation Act of 1993 authorized the U.S. Department of Health and Human Services (DHHS) to provide states enhanced federal matching funds to support the costs of creating a statewide automated child welfare information system (SACWIS). The act authorized DHHS to provide 75% matching funds to support the costs to plan, design, develop and install a statewide, mechanized data collection and information retrieval system, including hardware costs. As a condition of receiving federal matching funds, states must ensure that their systems: (a) comply with DHHS regulations; (b) interface with state child abuse and neglect data collection systems and welfare data collection systems, to the extent practicable; and (c) provide more efficient, economical and effective administration of state child welfare programs, as determined by DHHS. DHHS may reimburse states for the ongoing data collection activities at a 50% matching rate, regardless of whether the systems are used for children in foster care and adopted children who are not eligible for Title IV-E.

In December, 1993, DHHS promulgated interim final rules that specify requirements for systems eligible for federal matching funds. Under these rules, as a condition of receiving enhanced federal matching funds, states must develop comprehensive child welfare data collection systems that include information on child welfare services, foster care and adoption assistance, promoting safe and stable families services and independent living. In addition, state systems must:

- Meet data collection and reporting requirements of the adoption and foster care analysis and reporting system (AFCARS);

- Provide for intrastate electronic data exchange with data collection systems operated under MA, child support enforcement and the national child abuse and neglect data system;
- Provide for automated data collection on all children in foster care under the responsibility of the state for the state child welfare agency;
- Collect and manage information necessary to facilitate delivery of child welfare services, family preservation and family support services, family reunification services and permanent placement;
- Collect and manage information necessary to determine eligibility for the foster care, adoption assistance and independent living programs and to meet case management requirements for these programs; and
- Ensure confidentiality and security of information.

In Wisconsin, SACWIS is commonly referred to as WISACWIS.

*County Income Augmentation Funds.* Under current law, DHFS may distribute excess Title IV-E funds to non-Milwaukee counties that are making a good faith effort, as determined by DHFS, to implement WISACWIS by July 1, 2005. Counties must use at least 50% of their income augmentation funds to support services for children who are at risk of abuse or neglect to prevent the need for child abuse and neglect intervention services. If a county does not fully implement WISACWIS in the county by July 1, 2005, DHFS may recover any income augmentation funds distributed to the county after June 30, 2001, by billing the county or deducting the county's basic county allocation in community aids.

## **GOVERNOR**

Provide \$3,696,400 (\$947,300 GPR, \$772,400 FED and \$1,976,700 PR) in 2001-02 and \$3,877,400 (\$836,500 GPR, \$661,700 FED and \$2,379,200 PR) in 2002-03 and convert 1.83 FED positions to 1.83 GPR positions in 2001-02 to continue implementation of WISACWIS. The funding in the bill is intended to enable eight counties to implement WISACWIS in 2001-02 and an additional 20 counties to implement WISACWIS in 2002-03. Under the bill, counties would be expected to fund one-third of the projected one-time and ongoing costs. The remaining PR funding reflects increases in funding transferred between DHFS divisions.

Specify that counties may use up to 100% of the funds they receive under the income augmentation project (excess Title IV-E funds) to reimburse DHFS for the implementation costs of WISACWIS for the calendar year in which a county implements WISACWIS and in the two calendar year following implementation, notwithstanding current restrictions on the use of the funds. Create a continuing PR appropriation in DHFS to receive the county's share of WISACWIS implementation funds.

## DISCUSSION POINTS

1. The development and programming of WISACWIS has been completed as part of the state's activities to administer child welfare services in Milwaukee County. In 1996-97, DHFS was provided \$1,981,600 GPR and \$1,981,600 FED to begin development of an automated child welfare information system in preparation for the state's takeover of child welfare services in Milwaukee County beginning January 1, 1998. 1997 Wisconsin Act 27 (the 1997-99 biennial budget act) provided an additional \$2,236,400 GPR and \$6,436,400 FED in 1997-98 and \$1,643,600 GPR and \$1,643,600 FED in 1998-99 to fund the development of the system. 1999 Wisconsin Act 9 (the 1999-01 biennial budget act) provided \$1,704,800 GPR and \$1,456,700 FED in 1999-00 and \$1,965,300 GPR and \$1,717,300 FED in 2000-01 to continue development of the system. The first event of phase one (which encompasses the financial system in WISACWIS) was completed in January, 2000, and the second event (which includes the implementation of the case management function of WISACWIS) was completed in Milwaukee County in January, 2001. The Milwaukee child welfare system will be the basis for the implementation of WISACWIS in other counties.

2. Act 9 also provided \$2,500,000 (\$250,000 GPR, \$1,250,000 FED and \$1,000,000 PR) in 2000-01 to implement the system in nine pilot counties. These nine counties (Clark, Dane, Kenosha, Lafayette, Racine, Sheboygan, Waukesha, Waushara and Winnebago Counties) have participated in the initial planning and development of WISACWIS, along with Milwaukee County, and have contributed \$1,695,500 to develop the system.

3. The WISACWIS system in Milwaukee County is fully implemented. However, implementation has not yet begun in the remaining eight pilot counties. DHFS indicates this is because development of WISACWIS took longer than anticipated. The funding provided in Act 9 for implementation of WISACWIS in the eight pilot counties will be carried forward into the 2001-03 biennium to partially offset the statewide implementation costs.

4. To be eligible for the enhanced federal matching funds to finance the Milwaukee system, the state had to commit to implementing the Milwaukee system statewide. If the state does not develop a statewide system, DHFS would be required to return \$5,636,400 in enhanced federal matching fund to the federal government. In addition, the state would receive federal matching funds equal to 22%, rather than 50% of the operating costs of the Milwaukee information system and whatever system is implemented in participating counties.

5. DHFS has signed a contract with American Management Systems (AMS) to implement WISACWIS statewide. The contract amount is \$22,577,400 (all funds). AMS is responsible for implementing and coordinating the changes to the Milwaukee County WISACWIS system that are necessary to create a statewide system. Under the contract, WISACWIS will be implemented in nine counties in 2001-02, 31 counties in 2002-03 and 31 counties in 2003-04. The contract level reflects the cost estimate in the Governor's budget for WISACWIS.

6. The Department's current estimates of implementing WISACWIS, as indicated in

the AMS contract, are identified in the following table.

**SACWIS Estimated Costs**

	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
	(9 Counties)	(31 Counties)	(31 Counties)	
One Time Implementation Costs	\$12,437,100	\$8,177,000	\$5,407,000	\$77,400
Ongoing Costs	<u>2,958,400</u>	<u>4,044,100</u>	<u>4,295,500</u>	<u>4,489,500</u>
Total	\$15,395,500	\$12,221,100	\$9,702,500	\$4,566,900

The table shows that DHFS expects that the one-time costs of implementing WISACWIS will be approximately \$26,021,100 over three fiscal years, including \$12,437,100 in 2001-02 and \$8,177,000 in 2002-03. One-time costs include web-conversion, hardware, case conversions, application training, software licenses and telecommunication installations. In addition, the estimated ongoing operating costs of the system will be \$2,958,400 in 2002-03 and \$4,044,100 in 2002-03. Ongoing costs include services provided by the Department's business applications help desk, customer services, application development, county desktop support and county telecommunication charges.

**County Share of Costs**

7. Under the Governor's bill, counties would be responsible for funding one-third of the one-time and ongoing costs of the WISACWIS system. To assist in paying for these costs, the bill would allow counties to use up to 100% of their income augmentation allocation to reimburse DHFS for the implementation costs of WISACWIS.

8. However, in response to the pilot counties' concerns regarding the one-time costs of implementing WISACWIS, DHFS Secretary Dubé submitted a proposed revision to the Governor's bill in a letter dated May 14, 2001, to the Co-Chairs of the Joint Committee on Finance. In her letter, Secretary Dubé proposed to use new revenue from claiming federal MA for targeted case management for non-IV-E eligible children in the child welfare system to fund the counties' one-time implementation costs.

9. DHFS estimates that \$3,693,400 FED in 2001-02 and \$3,677,900 FED in 2002-03 will be claimed for targeted case management for non-IV-E eligible children in counties other than Milwaukee County. After adjusting for the one-time 10% fee for Maximus in 2001-02, \$3,324,100 FED would be available for expenditure in 2001-02 and \$3,677,900 FED in each year thereafter.

10. Under its revised proposal, the administration proposes to split the annual revenue from the MA targeted case management claiming between counties (50%) and the state (50%). Thus, in 2001-02, \$1,662,100 FED would be available for counties and \$1,839,000 FED in each year thereafter. In addition, \$1,662,100 in additional federal revenue would be available for the

state in 2001-02 and \$1,839,000 in each year thereafter.

11. Of the funds available to counties, the administration proposes that: (a) DHFS retain \$6,611,700 FED to offset the counties' allocated costs for implementation of WISACWIS; and (b) after the counties' share of the implementation costs are paid, DHFS would distribute the revenue to counties as part of their IV-E incentive funds.

12. Of the funds available to the state, the administration proposes that: (a) in 2001-02 and 2002-03, the funds would lapse to the general fund; and (b) in 2003-04 and each fiscal year thereafter, the revenue would be subject to the income augmentation provision (s. 46.46) which requires approval of the Department's proposed use of the funds by DOA and the Joint Committee on Finance. (However, as part of its deliberations on the 2001-03 budget, the Committee approved Alternative 3 in LFB Paper #462 that would repeal the process for allocating the state's share of the income augmentation funds.)

13. If the Committee approves the administration's revised recommendations, session law would need to be added to the bill that would direct DHFS to use 50% of the available MA targeted case management revenue to fund the county share of WISACWIS implementation costs. After full payment, DHFS would be required to distribute this funding to counties under the Title IV-E incentive funding provision under s. 46.45(2)(a) of the statutes.

14. In addition, if the Committee approves the administration's revised recommendations, PR funding for DHFS should be decreased by \$155,400 PR in 2001-02 and \$512,300 PR in 2002-03 to reflect that the county share of implementation costs would be budgeted in an existing FED appropriation.

15. Under the Governor's bill, counties may use up to 100% of the funds they received under the income augmentation project to reimburse DHFS for the implementation costs of WISACWIS. However, under the administration's revised recommendation, this change would not need to be made. Therefore, the Committee should delete this change from the bill.

### ALTERNATIVES TO BILL

1. Approve Governor's recommendations. In addition, lapse \$3,324,100 in 2001-02 and \$3,677,900 in 2002-03 of federal income augmentation revenues to the general fund.

<u>Alternative 1</u>	<u>GPR-Lapse</u>
2001-03 REVENUE (Change to Bill)	\$7,002,000

2. Modify the Governor's recommendation to reflect the administration's revised proposal, which would: (a) lapse \$1,622,100 FED in 2001-02 and \$1,839,000 FED in 2002-03 to the general fund; (b) provide \$1,622,100 FED in 2001-02 and \$1,839,000 FED in 2002-03 to support the county share of WISACWIS implementation costs; (c) decrease funding by \$155,400

PR in 2001-02 and \$512,300 PR in 2002-03; and (d) adopt the statutory changes identified in discussion point 13. In addition, delete from the Governor's bill the language allowing counties to use 100% of their income augmentation funds to support implementation costs.

<u>Alternative 2</u>	<u>GPR-Lapse</u>	<u>FED</u>	<u>PR</u>	<u>TOTAL</u>
2001-03 REVENUE (Change to Bill)	\$3,461,100	\$0	\$0	\$3,461,100
2001-03 FUNDING (Change to Bill)	\$0	\$3,461,100	-\$667,700	\$2,793,400

Prepared by: Yvonne M. Arsenault

MO# AK-2

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

AYE 8 NO 8 ABS 0

MO# AK-1

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

AYE 8 NO 8 ABS 0

HEALTH AND FAMILY SERVICES -- CHILDREN AND FAMILIES

Statewide Automated Child Welfare Information System

[LFB Paper #508]

Motion:

1. Move to modify the Governor's recommendation to: (a) lapse \$2,060,900 FED in 2001-02 and \$2,280,300 FED in 2002-03 to the general fund; (b) provide \$1,263,200 FED in 2001-02 and \$1,397,600 FED in 2002-03 to support the county share of WISACWIS implementation costs; (c) decrease funding by \$155,400 PR in 2001-02 and \$512,300 PR in 2002-03; and (d) require DHFS to use 38% of the available MA targeted case management revenue to fund the county share of WISACWIS implementation costs. After full payment, DHFS would be required to distribute this funding to counties under the Title IV-E incentive funding provision under s. 46.45(2)(a) of the statutes. In addition, delete from the Governor's bill the language allowing counties to use 100% of their income augmentation funds to support implementation costs.

Note:

[Change to Bill: \$4,341,200 GPR-Lapse, \$2,660,800 FED and -\$667,700

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 \_\_\_\_\_

HEALTH AND FAMILY SERVICES -- CHILDREN AND FAMILIES

Statewide Automated Child Welfare Information System

[LFB Paper #508]

Motion:

1. Move to modify the Governor's recommendation to: (a) lapse \$2,692,500 FED in 2001-02 and \$2,979,100 FED in 2002-03 to the general fund; (b) provide \$1,263,200 FED in 2001-02 and \$1,397,600 FED in 2002-03 to support the county share of WISACWIS implementation costs; (c) decrease funding by \$155,400 PR in 2001-02 and \$512,300 PR in 2002-03; and (d) require DHFS to use a percent of the available MA targeted case management revenue to fund the county share of WISACWIS implementation costs. After full payment, DHFS would be required to distribute this funding to counties under the Title IV-E incentive funding provision under s. 46.45(2)(a) of the statutes.

Note:

[Change to Bill: \$5,671,600 GPR-Lapse, \$2,660,800 FED and -\$667,700 PR]

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

**AGENCY:** Department of Health and Family Services

**LFB PAPER #:** 509

*Gard 1*

**ISSUE:** Special Needs Adoption Network

**ALTERNATIVE:** Alt. 1 plus a Burke motion for additional funding.

**SUMMARY:**

We'll have 2 motions here for you to pick from. LFB points out the need for additional funding for the Special Needs Adoption Network in paragraph 5. They have not received increased GPR funding in 10 years.

We want to adopt Alt. 1, which is the gov's recommendation to add \$10,000 GPR the first year & \$20,000 GPR the second, plus corresponding FED in both years, plus either of the following motions:

One motion will increase funding by \$57,500 GPR & 47,045 FED the 1<sup>st</sup> year & \$52,500 GPR & \$43,000 FED in the 2<sup>nd</sup> year for the Special Need Adoption Network.

The other motion will increase funding by \$28,700 GPR & \$23,523 FED the 1<sup>st</sup> year & \$26,300 GPR & \$21,477 Fed the 2<sup>nd</sup> year for the Special Needs Adoption Network.

The fall back position is Alternative 1, by itself. Gov's proposal which provides an increase of \$10,000 GPR & \$8,200 FED in year 1 & \$20,000 GPR & \$16,400 FED in year 2.

**BY:** Cindy



## Legislative Fiscal Bureau

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

May 31, 2001

Joint Committee on Finance

Paper #509

### Special Needs Adoption Network (DHFS -- Children and Families)

[LFB 2001-03 Budget Summary: Page 392, #10]

#### CURRENT LAW

The Department of Health and Family Services (DHFS) is required to distribute not more than \$125,000 GPR in each fiscal year as grants to individuals and private agencies to provide adoption information exchange services and to operate a state adoption center. The Special Needs Adoption Network, Inc., a nonprofit organization located in the City of Milwaukee, currently receives this grant to assist the state in finding adoptive homes for children with special needs who do not have permanent homes. In 2000-01, \$241,200 (\$125,000 GPR and \$116,200 FED) was provided for this program. Federal funding for the program is available under Title IV-E of the Social Security Act.

A child with special needs is defined in administrative rule as a child who is legally free for adoption for whom it is difficult to find an adoptive home. Typically, this includes children who are ten years of age or older, a child that is a member of a sibling group of three or more children or a child that exhibits special need characteristics requiring moderate or intensive levels of care.

#### GOVERNOR

Provide \$18,200 (\$10,000 GPR and \$8,200 FED) in 2001-02 and \$36,400 (\$20,000 GPR and \$16,400 FED) in 2002-03 for the special needs adoption network.

#### DISCUSSION POINTS

1. The funding in the bill would increase support for the state adoption information

exchange for the purpose of finding adoptive homes for children with special needs who do not have permanent homes. The Network has been awarded the contract for the state adoption information exchange since 1984 and the contract for the adoption center since 1998. The last time the Network received a funding increase for adoption exchange services was in 1991-92.

2. The Network is required by state statute to provide centralized information about special needs children available for adoption. In 2000-01, the Department's contract with the Network totaled \$241,200 (\$125,000 GPR and \$116,200 FED). Of this total contract amount, \$166,000 (all funds) is used to support adoption exchange services. Under this contract, the Network is responsible for: (a) maintaining a statewide registry and photo listing service of special needs children in Wisconsin who are eligible for adoption; (b) assisting prospective adoptive families with information about adoption agencies, procedures and support groups; and (c) promoting the adoption of special needs children through monthly feature stories about individual children in newspapers and through other public information efforts. In addition, the Network provides an internet site that maintains an up-to-date photo listing of available children.

3. From 1985 through 1999, the Network photo listed 1,726 children, of which 1,147 children were adopted.

4. The administration intends for the proposed funding increases under the Governor's budget to support the higher costs associated with the special needs adoption exchange services. In 1999-00, the Network's expenses exceeded the contract amount by \$22,000. The higher costs are associated with an increased workload that is believed to have resulted from the success of the website and weekly series on the local evening news highlighting special needs children eligible for adoption.

From 1999 to 2000, the Network's telephone contacts almost doubled, from 4,300 contacts in 1999 to 8,500 contacts in 2000. In the past year, the Network has experienced an 11% increase in the number of children photo listed, a 26% increase in the number of calls from prospective families, a 57% increase in calls regarding specific children and a 65% increase in the number of new family packets requested. Each month, the network's special needs adoption website receives over 200,000 hits. As a result, more staff time is spent responding to information requests. Information on special needs adoptions is sent to anyone who calls the network regarding special needs adoptions. The increased volume of phone calls and website hits has increased the Network's printing and postage costs. The director of the Network indicates that the increased funding would be used to support costs directly associated with the special need adoption exchange services, including staff time, printing and postage.

5. The administration argues that, in recognition that this is a statutorily mandated program, the increased funding is needed because the Network has not received an increase in state GPR funding for adoption exchange services since 1992 to fund increased service costs. The Network has thus far been able to fund these higher costs with the Network's reserves and in-kind contributions.

6. The Network facilitates the adoption of children with special needs. In November, 1997, the federal Adoption and Safe Families Act (ASFA) was enacted. This federal law is designed to reduce the time children stay in foster care and thereby increase the number of adoptions completed for children in foster care. DHFS has anticipated that ASFA would effectively increase the number of special needs children eligible for adoption. ASFA was created to double public adoptions by 2002 and encourages states to achieve more timely adoption of children in foster care through a variety of mechanisms, including creating a five-year incentive funding program to award states for increasing the number of completed adoptions. In 1999-00, Wisconsin received \$640,000 FED in incentive funding.

7. As an alternative to the Governor's recommendation, the Committee could increase base funding for the Network by 5% in 2001-02 and an additional 5% in 2002-03. This alternative would increase base funding for the Network by \$11,500 (all funds) in 2001-02 and \$23,500 (all funds) in 2002-03, rather than \$18,200 (all funds) in 2001-02 and \$36,400 (all funds) in 2002-03, as recommended by the Governor. However, because funding for the program is funded on a 55% GPR/45% FED matching basis, under this alternative, saving \$10,800 GPR would reduce total funding available for the Network by \$19,600 in the biennium.

8. If the Committee chooses to provide additional GPR funding to the special needs adoption network, the statutory funding limit for grants to individuals and private agencies to provide adoption information exchange services and to operate the state adoption center needs to be adjusted accordingly.

**ALTERNATIVES TO BILL**

1. Approve the Governor's recommendation to provide \$18,200 (\$10,000 GPR and \$8,200 FED) in 2001-02 and \$36,400 (\$20,000 GPR and \$16,400 FED) in 2002-03 to increase support for the special needs adoption network. In addition, specify that DHFS may provide not more than \$135,000 GPR in 2001-02 and \$145,000 GPR in 2002-03 and each fiscal year thereafter as grants to individuals and private agencies to provide adoption information exchange services and to operate the state adoption center.

2. Reduce funding in the bill by \$6,700 (\$3,700 GPR and \$3,000 FED) in 2001-02 and by \$12,900 (\$7,100 GPR and \$5,800 FED) in 2002-03 to increase base funding for the special needs adoption network by 5% in 2001-02 and an additional 5% in 2002-03. In addition, specify that DHFS may provide not more than \$131,300 GPR in 2001-02 and \$137,900 GPR in 2002-03 and each fiscal year thereafter as grants to individuals and private agencies to provide adoption information exchange services and to operate the state adoption center.

<u>Alternative 2</u>	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>
2001-03 FUNDING (Change to Bill)	- \$10,800	- \$8,800	- \$19,600

3. Delete provision.

Alternative 3	GPR	FED	TOTAL
2001-03 FUNDING (Change to Bill)	- \$30,000	- \$24,600	- \$54,600

Prepared by: Yvonne M. Arsenault

MO# Alt. 1

1 BURKE	<input checked="" type="radio"/>	N	A
2 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
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 16 NO 0 ABS

HEALTH AND FAMILY SERVICES -- CHILDREN AND FAMILIES

Special Needs Adoption Network

[LFB Paper #509]

Motion:

Move to provide \$70,400 (\$38,700 GPR and \$31,700 FED) in 2001-02 and \$84,200 (\$46,300 GPR and \$37,900 FED) in 2002-03 to increase support for the special needs adoption network. In addition, specify that DHFS may provide not more than \$163,750 GPR in 2001-02 and \$171,250 GPR in 2002-03 and each fiscal year thereafter as grants to individuals and private agencies to provide adoption information exchange services and to operate the state adoption center.

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Note:

The Governor's bill provides \$18,200 (\$10,000 GPR and \$8,200 FED) in 2001-02 and \$36,400 (\$20,000 GPR and \$16,400 FED) in 2002-03 for the special needs adoption network. This motion provides an additional \$52,200 (\$28,700 GPR and \$23,500 FED) in 2001-02 and \$47,800 (\$26,300 GPR and \$21,500 FED) in 2002-03 for the special needs adoption network and adjusts the statutory funding limit accordingly.

[Change to Bill: \$55,000 GPR and \$45,000 FED]

4-1-1957

ST (MAY 3)

AD (MAY 3)

MO#			
1	BURKE	Y	N A
	DECKER	Y	N A
2	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	11	NO 5 ABS

AD (MAY 3)

AD (MAY 3)



**AGENCY:** Department of Health and Family Services

**LFB PAPER #:** 510

**ISSUE:** Child Welfare Quality Assurance

**ALTERNATIVE:** Alt. 2

*Garrel - 1*

**SUMMARY:**

Alt. 2 converts the quality assurance position from a project position to a permanent position. It also reduces the DHFS federal indirect appropriation to address a projected deficit in this area.

Do not support Alternative 3, it deletes the quality assurance position totally. With all the problems that have come to light in this program lately, we need this position now, more than ever.

**BY:** Cindy



## Legislative Fiscal Bureau

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

May 31, 2001

Joint Committee on Finance

Paper #510

### Child Welfare Quality Assurance (DHFS -- Children and Families)

[LFB 2001-03 Budget Summary: Page 392, #12]

#### CURRENT LAW

In July, 2000, DOA approved 1.0 FED project position and \$184,600 FED in one-time funding that DHFS would expend in 2000-01 and 2001-02 to create a child welfare quality assurance program in the Department of Health and Family Services (DHFS), Bureau of Programs and Policies, in response to federal regulations under which the state will be reviewed to determine the state's compliance with national child welfare standards. The project position expires January 31, 2002.

Under the program, DHFS would determine which national standards the state is most at risk of failing and identify the counties and tribes where performance levels are lagging. The funding authorized for the program in the 2000-01 fiscal year (\$184,600) was intended to be funded with federal indirect funds (\$97,300) and funds provided under Title IV-E of the Social Security Act (\$87,300).

#### GOVERNOR

Provide \$21,600 FED in 2001-02 and \$51,800 FED in 2002-03 to extend 1.0 project position that is scheduled to terminate on January 31, 2002, to January 31, 2004, to continue the child welfare quality assurance program in the 2001-03 biennium. The position would be supported with federal indirect funds (\$13,400 in 2001-02 and \$32,100 in 2002-03) and Title IV-E funds (\$8,200 in 2001-02 and \$19,700 in 2002-03).

## DISCUSSION POINTS

### New Federal Requirements

1. In January, 2000, the U.S. Department of Health and Human Services (DHHS) introduced new child welfare regulations to improve outcomes for abused and neglected children, children in foster care and children awaiting adoption. These regulations hold states accountable for services to at-risk children with results-oriented, child and family services reviews. The DHHS Administration on Children and Families (ACF) has begun assessing states for compliance with federal requirements for child protective services, foster care, adoption and family preservation and support services identified under Titles IV-B and IV-E of the Social Security Act.

2. The on-going reviews cover two areas: (a) outcomes for children and families in terms of safety, permanency and child and family well-being; and (b) the administration of state programs that directly affect the capacity to deliver services leading to improved outcomes. States must comply with a set of national standards, which include six statewide data indicators: (a) recurrence of maltreatment; (b) incidence of child abuse and/or neglect in the home; (c) foster care re-entries; (d) length of time to achieve reunification; (e) length of time to achieve adoption; and (f) stability of foster care placement.

3. The review includes: (a) a self-assessment where state officials analyze and explain overall state performance in meeting the national standards; and (b) an onsite review where a joint team of state and federal officials visit three counties to measure local performance in areas identified in the self-assessment as needing improvement. A state is determined to be in compliance with the federal regulations based on the combination of information provided through these two parts of the review. Wisconsin's onsite review is scheduled in federal fiscal year 2001-02.

4. States found in nonconformity with one or more of these standards must implement corrective action plans and may have their federal IV-E and IV-B funding reduced. For each standard where the state is found in nonconformity, the state will be required to develop and implement a federally-approved improvement plan. If a state remains in non-conformity after completing a program improvement plan, DHHS will withhold a percentage of the state's Title IV-B and IV-E funding. Specifically, for each standard where the state remains in nonconformity after the second full review, DHHS will withhold 1% of a specified IV-B/IV-E funding pool. The percentage withheld increases to 2% per standard if the state remains in nonconformity after its third full review and 3% after its fourth review.

The funding pool contains all of the state's IV-B revenue and 10% of the state's federal claims for IV-E foster care administrative costs. DHFS estimates that Wisconsin's funding pool is approximately \$15 million. Therefore, depending on the review, \$150,000 to \$450,000 annually would be subject to withholding, for each nonconforming standard.

## DHFS Position and Funding

5. DOA approved \$184,600 FED in July, 2000 to fund a child welfare quality assurance program that included: (a) the project position that the Governor recommends be extended as part of the 2001-03 budget (\$59,600 FED); (b) the development of a self-assessment tool that counties would use to analyze the strengths and weaknesses of their local child welfare programs in comparison to the national standards (\$35,000 FED); and (c) contracts with the UW-Madison, the UW-River Falls and the UW-Green Bay to provide a full-time staff person for onsite consultation with counties following their self-assessments and state reviews (\$90,000). DHFS estimates that the annual ongoing costs of the child welfare quality assurance program will be \$279,200 (\$133,200 GPR and \$146,000 FED). However, the Governor's bill only includes funding to extend the project position.

6. To date, DHFS has not filled the project position that DOA approved in July, 2000. However, DHFS has a list of eligible candidates to interview. Hiring has been delayed because DHFS has been designing the county review process and the coordination of the county and state review. Of the funds approved by DOA in July, 2000, \$125,000 (all funds) has been expended or committed and \$59,566 (all funds) for the position has not been expended or committed.

7. This position would identify areas where counties are at risk of being found in noncompliance and provide training and technical assistance to bring them into compliance. In addition, this position would: (a) develop and implement a statewide quality assurance program for child welfare services delivered by county and tribal child welfare agencies to ensure effective delivery of child welfare services to children and families and the achievement of program performance standards by local agencies; (b) review federal and state program requirements for quality assurance implications and make recommendations for implementation of program requirements to improve local agency service delivery and the achievement of program performance standards; and (c) manage processes for conducting on-site reviews of local agency programs, including determining the schedule and priorities for on-site reviews, to evaluate the effectiveness of local child welfare service delivery and local achievement of program performance standards.

8. The project position is currently scheduled to terminate on January 31, 2002. The Governor recommended that the project position be extended, rather than converted to a permanent position, to ensure that the need for the position could be reviewed as part of the 2003-05 budget deliberations. At that time, additional information will be available on the state's compliance with the federal regulations and the role the position played in assisting counties in meeting the federal benchmarks. Further, DHFS requested that the position be extended, rather than converted to a permanent position, based on the administration's desire to minimize increases in the number of permanent positions in the Governor's budget.

9. However, the upcoming state review will not be an isolated event. Instead, state reviews will continue every two or five years, depending on whether or not the state is found in conformity with all of the standards. Further, the Committee may determine that the state should

provide additional assistance on an ongoing basis to ensure that counties meet national child welfare standards, notwithstanding the threat of federal sanctions. For these reasons, the Committee could modify the Governor's recommendation by converting the project position to a permanent position.

#### **Federal Indirect Funding Deficit**

10. The Governor intended for this position to be partially funded with federal indirect funds as a match to Title IV-E funds. Federal indirect funds are the portion of federal grant awards that DHFS uses for administrative and management purposes. Because there are no federal restrictions on how they may be used, they can be viewed as equivalent to GPR. In the past, DHFS has used this source of funding to support costs for which funding had not been specifically budgeted. For example, DHFS funds the costs of audits conducted by the Legislative Audit Bureau from this source. In addition, DHFS has used funding budgeted from this source to support a portion of the Department's information technology infrastructure costs that could not be supported by other DHFS programs and divisions.

11. However, projected federal indirect revenues are insufficient to support expenditures budgeted from this source in the Governor's bill, including a portion of the costs of extending the project position. Under the bill, budgeted expenditures in 2001-02 (\$2,307,100 in 2002-03) would exceed projected available revenues (\$1,766,300, including \$1,316,300 in projected 2001-02 revenues and a projected \$450,000 in unallocated funds carried over from 2000-01) by \$540,800. In 2002-03, budgeted expenditures (\$2,020,600) would exceed projected revenues (\$1,453,500) by \$567,100. Consequently, this appropriation will have a projected deficit of \$1,107,900 in the 2001-03 biennium unless funding in the bill is reduced by this amount.

This projected deficit can be addressed by decreasing funding budgeted in this appropriation for internal data processing charges (-\$700,000 in 2001-02 and -\$362,800) and supplies and services (-\$22,600 in 2001-02 and -\$22,500 in 2002-03). As a result, DHFS would not be able to use these funds to support information technology infrastructure costs that would otherwise be funded from other DHFS divisions, as the agency has been able to do in the past.

12. Regardless of the Committee's decision regarding the project position for the child welfare quality assurance function, the Committee should reduce the DHFS federal indirect appropriation to address the projected deficit. If the Committee decides not to fund the project position, the Committee should reduce funding in the appropriation by \$709,200 in 2001-02 and \$353,200 in 2002-03 to address the projected deficit. This difference in the amount of the reduction reflects the cost savings of deleting the position extension recommended by the Governor.

#### **ALTERNATIVES TO BILL**

1. Approve the Governor's recommendation to provide \$21,600 FED in 2002-03 and \$51,800 FED in 2002-03 to extend the current 1.0 project position to January 31, 2004. In addition, reduce funding by \$722,600 FED in 2001-02 and \$385,300 FED in 2002-03 to address the projected deficit in the federal indirect appropriation.

<u>Alternative 1</u>	<u>FED</u>
2001-03 FUNDING (Change to Bill)	- \$1,107,900

2. Modify the Governor's recommendation by converting the position to a permanent position. In addition, reduce funding for indirect federal costs by \$722,600 FED in 2001-02 and \$385,300 FED in 2002-03 to address the projected deficit in the federal indirect appropriation.

<u>Alternative 2</u>	<u>FED</u>
2001-03 FUNDING (Change to Bill)	- \$1,107,900

3. Delete the Governor's recommendation relating to the quality assurance position by reducing funding in the bill by \$21,600 FED in 2001-02 and \$51,800 FED in 2002-03 and by deleting 1.0 FED project position, beginning in 2001-02. In addition, reduce funding for indirect federal costs by \$709,200 FED in 2001-02 and \$353,200 FED in 2002-03 to address the projected deficit in the in federal indirect appropriation.

<u>Alternative 3</u>	<u>FED</u>
2001-03 FUNDING (Change to Bill)	- \$1,135,800
2002-03 POSITIONS (Change to Bill)	- 1.00

Prepared by: Yvonne M. Arsenault

MO# Alt 2

BURKE	<u>Y</u>	N	A
DECKER	<u>Y</u>	N	A
MOORE	<u>Y</u>	N	A
SHIBILSKI	<u>Y</u>	N	A
PLACHE	<u>Y</u>	N	A
WIRCH	<u>Y</u>	N	A
DARLING	<u>Y</u>	<u>N</u>	A
WELCH	<u>Y</u>	<u>N</u>	A
GARD	<u>Y</u>	<u>N</u>	A
KAUFERT	<u>Y</u>	<u>N</u>	A
ALBERS	<u>Y</u>	<u>N</u>	A
DUFF	<u>Y</u>	<u>N</u>	A
WARD	<u>Y</u>	<u>N</u>	A
HUEBSCH	<u>Y</u>	<u>N</u>	A
HUBER	<u>Y</u>	N	A
COGGS	<u>Y</u>	N	A

MO# Alt 1

BURKE	<u>Y</u>	N	A
DECKER	<u>Y</u>	N	A
MOORE	<u>Y</u>	N	A
SHIBILSKI	<u>Y</u>	N	A
PLACHE	<u>Y</u>	N	A
WIRCH	<u>Y</u>	N	A
DARLING	<u>Y</u>	N	A
WELCH	<u>Y</u>	N	A
GARD	<u>Y</u>	N	A
KAUFERT	<u>Y</u>	N	A
ALBERS	<u>Y</u>	N	A
DUFF	<u>Y</u>	N	A
WARD	<u>Y</u>	N	A
HUEBSCH	<u>Y</u>	N	A
HUBER	<u>Y</u>	N	A
COGGS	<u>Y</u>	N	A

AYE 8 NO 8 ABS 0

AYE 16 NO 0 ABS