

Fiscal Estimate Narratives

DHFS 11/28/2007

LRB Number	07-2963/4	Introduction Number	SB-268	Estimate Type	Original
Description Community oversight of residential care centers for children and youth, group homes, community-based residential facilities, and adult family homes					

Assumptions Used in Arriving at Fiscal Estimate

Summary:

The bill requires the Department of Health and Family Services or the licensing/certifying county for an adult family home (AFH) to notify local government within 10 days upon receipt of an application for an initial licensure for an AFH. In addition, the bill also requires an applicant for an initial licensure or certification of a residential care center (RCC), group home, community based residential facility (CBRF), or an AFH to establish a community advisory committee (CAC). These four provider types are collectively known as a "community living arrangement" in this bill. The bill establishes the composition of the CAC, and the Department or the licensing/certifying county will determine compliance with requirements. The bill requires the community living arrangement to inform its respective CAC when the community living arrangement a) applies for an initial licensure/certification; b) renews a license/certification; or c) requests approval for a change in the client group served. Further, the Department or the licensing/certifying county must respond in writing to the CAC regarding any issues raised by the CAC before issuing or continuing the license or approving the change in the client group served. The Department or licensing/certifying county may not issue or continue a license or approve a change in client group until a 30 day period has expired or until it receives the response of the CAC, which ever is sooner.

State Fiscal Effect:

The Department estimates that there are currently 2,669 state licensed/certified facilities in Wisconsin considered community living arrangements under this bill (119 RCCs, 36 group homes, 1,400 CBRFs, and 1,114 AFHs).

First Year Costs:

The Department estimates that staff will spend approximately 667 hours developing the proposed rule(s) and holding hearings around the state at a cost of \$29,179 (\$19,556 of salary and \$9,223 of fringe). The Department plans to absorb the cost of developing and promulgating the rule(s).

Once the rule(s) are promulgated, the Department estimates that there will be 1,721 annual events (i.e., 306 new licenses, 1,335 renewals, and 80 changes of client group), which may require the Department to respond to issues raised by the CACs. The Department assumes that at a minimum it will require 1.5 hours of staff time to receive, investigate, and respond in writing to the CAC to issues raised by each of the CACs. The Department also estimates that a certain percentage of these events (30% of RCCs and group homes events and 20% of CBRFs and AFHs events) will require substantially more time (i.e., 8.5 hours) on the part of Department staff to address and respond to issues raised by the CACs. The Department estimates that it will take 5,057 hours of staff time to address and respond in writing to issues raised by the CACs and triggered by 1,721 annual events.

In addition, the draft legislation requires the Department or the licensing/certifying county to determine compliance with the statutory provision regarding the composition of CACs. It is assumed that 1,721 CACs will exist by the end of the first year after passage of the bill, which is equal to the number of annual events in the paragraph above. The Department estimates that on average it will spend 1 hour per year working on compliance issues for each of the 1,721 CACs. This translates into an annual workload of 1,721 hours.

The Department is unable to absorb the estimated first year workload of 6,778 hours (5,057 hours + 1,721 hours) associated with this legislation. The additional work effort associated with these functions would require 3.25 FTE (6,778 hours / 2,080 hours). The Department estimates that 3.25 FTE would be required in the first year to receive, investigate, and respond in writing to 1,721 CACs and address compliance issues related to the composition of 1,721 CACs. The estimated cost of 3.25 FTE is \$187,548 GPR (\$128,264 of salary and \$59,284 of fringe). An entry level salary of \$18.974 for the positions was used to calculate the salary costs of \$128,264 (3.25 FTE * \$18.974 average hourly salary * 2,080 hours). In addition, \$3,940 would be required for each position for supplies and services (e.g., phone, computer costs, travel, etc.) for a

total of \$12,805 GPR (3.25 * \$3,940) for the first year. The total first year costs associated with the provisions of this legislation is \$200,353 GPR (\$187,548 of salary and fringe and \$12,805 for supplies and services).

It is highly unlikely that work of these positions would be eligible for federal reimbursement under either the Medicare or Medicaid programs as the functions of these positions are not allowable as Medicare/Medicaid activities.

Continuing Annual Costs:

Workload and costs will increase for the Department in the second year of implementation. The Department will continue to have 5,057 workload hours associated with the 1,721 annual events (new licenses, renewals, and client group changes). In addition, it is assumed that all existing 2,669 providers will have established CACs by the second year. The Department estimates that on average it will spend 1 hour per year working on compliance issues for each of the 2,669 CACs. The total hours associated with these two functions is 7,726 hours (5,057 + 2,669). The Department is unable to absorb this workload.

The additional continuing work effort associated with these functions would require 3.75 FTE (7,726 hours / 2,080 hours). The Department estimates that 3.75 FTE would continue to be required to receive, investigate, and respond in writing to 1,721 CACs and address compliance issues related to the composition for 2,669 CACs each year. The estimated personnel cost of 3.75 CACs is \$216,402 GPR (\$147,997 of salary and \$68,405 of fringe). An entry level salary of \$18.974 for the positions was used to calculate the salary costs of \$147,997 (3.75 FTE * \$18.974 average hourly salary * 2,080 hours). In addition, \$3,940 would be required annually for each position for supplies and services (e.g., phone, computer costs, travel, etc.) for a total of \$14,275 GPR per year. The total annual continuing costs associated with this work effort are \$230,677 GPR (\$216,402 of salary and fringe + \$14,275 of supplies and services).

The work of these positions would not be eligible for federal reimbursement under either the Medicare or Medicaid programs as the functions of these positions are not allowable as Medicare/Medicaid activities.

Local Government Fiscal Effect:

The Department is unable to determine the fiscal effect of this bill on local government. Under this bill, counties that certify/license AFHs may have additional costs associated with the county staff time spent to receive, investigate, and respond in writing to issues raised by CACs for county licensed/certified AFHs. In addition, counties may have additional costs associated with the county staff time spent on compliance issues for the CACs of county certified/licensed AFHs. It is unknown how many county certified/licensed AFHs currently exist in Wisconsin. Further, it is unknown if local laws currently exist in some jurisdictions, which already require the establishment of a CAC-type organization and require county government to respond to community concerns.

Long-Range Fiscal Implications

None.

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): None.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$216,400		\$
(FTE Position Changes)	(3.8 FTE)		
State Operations - Other Costs	14,275		
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$230,675		\$
B. State Costs by Source of Funds			
GPR	230,675		
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
	Increased Rev		Decreased Rev
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$		\$
NET ANNUALIZED FISCAL IMPACT			
	State		Local
NET CHANGE IN COSTS	\$230,675		\$
NET CHANGE IN REVENUE	\$		\$
Agency/Prepared By		Authorized Signature	Date
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