

Fiscal Estimate Narratives

DOA 3/30/2021

LRB Number	21-0532/1	Introduction Number	AB-0092	Estimate Type	Original
Description grant to a hospital for expanding psychiatric bed capacity					

Assumptions Used in Arriving at Fiscal Estimate

Assembly Bill 92 (AB-92) proposes to award a grant to a hospital for the expansion of the number of psychiatric beds, located between Eau Claire and Chippewa County hospitals, in the amount of \$15,000,000.

Under AB-92, the building commission is directed to authorize a grant in that amount and to authorize general fund supported borrowing, if necessary. The proposed bill also defines certain criteria that the hospital must meet in order to be awarded the grant, which includes that if the hospital fails to maintain its expanded psychiatric services, it is liable to repay the grant funds. Other provisions aim to divert patients from the Winnebago Mental Health Institute to the hospital. Also, if the grant funds are not used for their defined purpose, the state would be required to retain an ownership interest in the hospital's expansion equivalent to the amount of the award.

Currently under ss. 13.48(20s) (a) and (b), Wis. Stats., the building commission may award for a center and may award up to \$15,000,000 in general fund supported borrowing. Although the proposed references this statutory language for borrowing for the purpose of a center, it does not serve to supersede the building commission's statutorily defined process for project enumeration by committing the award of funds as proposed. Rather, this appears to result in the intention of a secondary commitment for borrowing for the same or similar purpose of an increase to the number of psychiatric beds in Northwest Wisconsin. Furthermore, the proposed indicates that the provision of mental health services is in the public interest to assist the hospital as proposed.

As noted in an October 16, 2019, letter from Department of Health Services to the Joint Committee on Finance, Governor Evers and the Legislature provided \$58.9 million in bonding authority in the 2019-21 biennial budget to support a 50-bed expansion at Mendota Juvenile Treatment Center. To complete this expansion, \$15 million was designated [Chapter 20.866 (2) (zcx)] for the expansion. In its current form, AB-92 would overcommit the general fund supported borrowing originally intended for the Mendota Juvenile Treatment Center.

The Department of Administration's (Department) Capital Finance Office within the Division of Executive Budget and Finance (DEBF) is responsible for providing debt management of general obligations, revenue obligations, and appropriation obligations issued by the State. As such, DEBF would be responsible for the contracting of the public debt proposed under AB-92, for ensuring that the loan repayment and management was statutorily compliant, and that it adhered to the Post Issuance Bond Compliance Policy and its identified federal tax requirements. The Department's Division of Facilities Development (DFD) is responsible for establishing capital projects from which proceeds are disbursed. DFD would be responsible for initially establishing the capital project for the grant proceeds and general fund supported borrowing, if necessary.

The amount of Departmental staff time required is indeterminate, however the Department anticipates that the work would be able to be absorbed within currently existing staffing levels and expenditure authority.

Long-Range Fiscal Implications