

1        **AN ACT** *to create* 49.34 (5m) (b) 4. of the statutes; **relating to:** exempting child  
2        welfare agencies, group homes, and residential care centers for children and youth  
3        from surplus limitations under a contract for rate–based services with the department  
4        of children and families or a county department.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

**JOINT LEGISLATIVE COUNCIL PREFATORY NOTE:** This draft was prepared for the Joint Legislative Council’s Special Committee on Child Welfare Provider Rate Implementation.

Under current law, all children and family support services and child welfare services purchased by the Department of Children and Families (DCF) or a county department must meet certain statutory standards. Under one of these standards, if revenue under a contract for the provision of a rate–based service exceeds allowable costs incurred in the contract period, the service provider may retain from the surplus generated by that rate–based service up to 5% of the contract amount. A provider that retains a surplus must use it to cover a deficit between revenue and allowable costs incurred in any preceding or future contract period for the same rate–based service that generated the surplus or to address the programmatic needs of clients served by the same rate–based service that generated the surplus.

The draft provides that this provision does not apply to a child welfare agency, a group home, or a residential care center (RCC) for children and youth.

5        **SECTION 1.** 49.34 (5m) (b) 4. of the statutes is created to read:

6        49.34 (**5m**) (b) 4. This paragraph does not apply to a child welfare agency that is  
7        authorized under s. 48.61 (7) to license foster homes, a group home as defined in s. 48.02 (7),  
8        or a residential care center for children and youth as defined in s. 48.02 (15d).

**COMMENT:** Should the draft exempt from the surplus reserve limitation only child welfare agencies, group homes, and RCCs for children and youth that are providing services under a performance-based contract?

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(END)