



Legislative Fiscal Bureau

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May 5, 2005

Joint Committee on Finance

Paper #410

State Centers -- Reductions to Reflect CIP IA Placements (DHFS -- Departmentwide and State-Operated Institutions)

[LFB 2005-07 Budget Summary: Page 223, #2 (part) and Page 275, #1]

CURRENT LAW

Under current law, funding for the state centers for the developmentally disabled ("Centers") is reduced following each placement made under the community integration program (CIP IA). The reduction is equal to \$325 per day for placements made on or after July 1, 2003. Base reductions to the Centers' budget have historically been made as part of the biennial budget process to reflect placements made during the previous biennium.

However, 2003 Wisconsin Act 33 (the 2003-05 biennial budget act) deleted 30.0 positions at Central Wisconsin Center (CWC) and 86.0 positions at Southern Wisconsin Center (SWC) in 2004-05, based on the administration's estimate that 12 residents at CWC and 35 residents at SWC would be relocated under CIP IA in the 2003-05 biennium. Act 33 did not reduce funding budgeted for CWC and SWC to reflect these position reductions. Instead, the funding to support the positions deleted in Act 33 is deleted in Assembly Bill 100 as part of a standard budget adjustment. Act 33 also deleted positions and funding prospectively to reflect the phase-out of long-term care services at Northern Wisconsin Center (NWC).

GOVERNOR

Reduce funding by \$8,920,000 annually and delete 100.50 positions, beginning in 2005-06, to partially reflect the actual and projected relocation of residents from the Centers into community settings under CIP IA during the 2003-05 biennium and to support overtime and night and weekend differential pay for care staff at NWC. The funding and position modifications of AB 100 are shown below.

Central Center. Reduce funding by \$222,700 annually, based on an estimated 13 placements from Central Center in the 2003-05 biennium. Central Center's budget would be reduced by \$1,542,100 annually to reflect these placements. The funding reduction is included in the standard budget adjustments (-\$957,800), an item relating to administrative transfers (-\$361,600), and this item (-\$222,700).

Southern Center. Provide \$1,349,000 annually and 44.5 positions, beginning in 2005-06, to reflect that there were fewer placements from that facility in the 2003-05 biennium than had been projected in 2003 Act 33. Based on an estimated 16 placements from Southern Center in the 2003-05 biennium, Southern Center's budget would be reduced by \$1,898,000 annually. The funding reduction is included in standard budget adjustments (-\$2,824,300), an item relating to administrative transfers (-\$422,700) and this item (\$1,349,000).

Northern Center. Reduce funding by \$10,331,800 annually and delete 145.0 positions, beginning in 2005-06, to reflect the continuing phase-out of long-term care services at Northern Center, so that, by July, 2005, staffing would only be budgeted to support a total of 30 intensive treatment program beds and an expanded dental outreach clinic.

Northern Center -- Overtime, Night and Weekend Differential Pay. Provide \$285,500 annually to fund overtime, night and weekend differential pay for staff at NWC.

Central and Southern Wisconsin Center Position Reductions. Delete 132.0 PR positions in 2006-07 at CWC (68.0 positions) and SWC (64.0 positions) to reflect the administration's estimates that 40 residents from CWC and 50 residents from SWC will be relocated under CIP IA in the 2005-07 biennium. The position reductions are reflected in the departmentwide reductions item (Page 223, Item #2 of the LFB Summary of AB 100).

DISCUSSION POINTS

1. It is currently estimated that 167 residents of the Centers will be relocated to the community in the 2003-05 biennium, as shown in the following table.

**Actual and Estimated CIP IA Placements
2003-05 Biennium**

<u>Center</u>	<u>2003-04 Actual</u>	<u>2004-05 Estimate</u>	<u>2003-05 Estimate</u>
Central Center	4	5	9
Southern Center	8	4	12
Northern Center	<u>39</u>	<u>107</u>	<u>146</u>
Total	51	116	167

2. DHFS is required to reduce reimbursements to the Centers following each CIP IA placement by \$325 per day for each placement. If the Committee approves the Governor's recommendations, DHFS would be required to identify \$949,000 PR annually and 19.0 positions, beginning in 2005-06, in funding and position deletions, in addition to the reductions that have been and will be made as a result of actual CIP IA placements from the Centers to the community.

3. Since 167 residents are expected to relocate in the 2003-05 biennium, which is nine fewer than the administration projected in AB 100, the Centers' funding reduction in AB 100 could be reduced. Consequently, the number of positions supported at the Centers could be increased to reflect that there will be fewer placements from the Centers in the 2003-05 biennium (and therefore, more residents remaining at the Centers) than had been assumed under the Governor's recommendations.

4. CWC's budget would be reduced by \$1,067,600 annually, while SWC's budget would be reduced by \$1,423,500 annually to reflect the estimated CIP IA placements that would occur over the 2003-05 biennium. NWC's budget would be reduced by \$10,331,800 annually to reflect the continuing downsizing of the facility so that, by July, 2005, staffing would only be budgeted to support 30 intensive treatment program (ITP) beds and an expanded dental outreach clinic.

5. The total required funding reductions as a result of CIP IA placements at CWC (-\$1,067,600 annually) and at SWC (-\$1,423,500 annually) would be reflected in the standard budget adjustments item (-\$957,800 annually at CWC and -\$2,824,300 annually at SWC), the administrative transfers item (-\$361,600 annually at CWC and -\$422,700 annually at SWC), and in this item (\$251,800 annually at CWC and \$1,823,500 annually at SWC).

6. The funding reduction rate for each CIP IA placement is specified in statute. However, the statute does not specify how the funding reduction should be allocated among salaries, fringe benefits, supplies, and services, nor does it specify how the position reductions should be calculated. It is important for the allocation of the reduction to reflect the actual costs of each item because otherwise, a portion of the reduction may be restored under certain standard budget adjustments as part of the next biennial budget act.

7. The allocation of the CIP reductions for placements made in 2003-04 and 2004-05 are based on: (a) the actual per resident expenditures for food and variable nonfood costs in 2003-04, inflated by the same inflation rates used for variable nonfood and food budgeting purposes for the 2005-07 biennium; (b) the fringe benefit rate that would apply to certain DHFS positions, based on the Governor's 2005-07 biennial budget instructions; (c) the actual salary level for the group of positions that were identified for CIP reductions in 2003-04; and (d) other adjustments to the supplies, services, and salaries that could be made to the Centers' budgets in order to meet the CIP IA reduction requirements.

8. AB 100 would also provide \$285,500 annually to fund overtime, night and weekend differential pay for the ITP and dental clinic positions at NWC. Funding for overtime and night and weekend differential pay is usually provided as part of the departmentwide standard budget

adjustments. However, funding is budgeted under this item to reflect the transfer of positions from one appropriation to another.

9. The funding in the bill would meet the CIP IA funding reduction requirements at CWC and SWC, in part, by transferring 6.0 community capacity team positions currently located at CWC and 6.0 community capacity team positions currently located at SWC, to the Bureau of Long-Term Support within DHFS. The community capacity team staff would continue to perform the same duties in the Bureau of Long-Term Support that they currently perform at the Centers, although DHFS indicates that these positions' duties would be performed on a more regional basis.

10. Although funding for the Centers would be reduced by transferring the community capacity team function from one DHFS appropriation to another, the transfers do not represent a funding reduction for DHFS as a whole. These positions would continue to perform the same type of activities, but would not be funded from the Centers' budget. Additional MA costs would be incurred to support CIP IA services, but there would be no corresponding reduction in total program costs for this population. Arguably, the Governor's proposal to transfer positions from the Centers budget to partially meet the statutory funding reduction requirement does not meet the intent of the current statute. If the Committee determines that these position transfers should not constitute a funding reduction for the Centers because it is inconsistent with the intent of the current statutory requirement, it could exclude these transfers from the CIP IA funding reduction calculation. Under this alternative, DHFS would be required to reduce funding for the Centers by other means.

11. If the community capacity team transfers were excluded from the CIP IA reduction calculation, funding and positions in the bill could be adjusted in this item as follows: (a) -\$109,800 PR annually and 2.0 PR positions at CWC; (b) \$1,400,800 PR annually and 45.0 PR positions at SWC; and (c) -\$10,046,300 PR and -145.00 positions at NWC. In total, the base should be modified in this item to reduce funding and positions by \$8,755,300 PR and 98.0 PR positions annually.

12. Until the enactment of the last biennial budget, CIP IA position and funding reductions were made as part of the biennial budget process to reflect placements made during the previous biennium, rather than taken prospectively based on projected CIP IA placements in the next biennium. These reductions were made as part of the following budget act so that staffing levels and funding were reduced according to the actual CIP IA relocations that occurred. This process ensured that the Centers would maintain a sufficient level of staffing and funding to support the current residents of the Centers.

13. Under 2003 Wisconsin Act 33, 116.0 positions were deleted at CWC and SWC prospectively to reflect the Governor's anticipated relocation of residents under CIP IA in 2003-05. This item would restore several of these positions (either 63.5 positions under Alternative 2 or 47.0 positions under Alternative 3), to reflect that fewer CIP IA placements will occur in 2003-05 than the administration had projected under Act 33.

14. The bill would delete an additional 132.0 positions at CWC and SWC in 2005-07 to reflect projected CIP IA placements that the administration projects will occur in 2005-07. The

Centers are required to make funding reductions as CIP IA placements are made and the Centers have the authority to reduce staffing levels as CIP IA placements occur to employ an appropriate amount of staff to support the current residents of the facility. Rather than delete these positions prospectively, the Committee could revert to the past practice of adjusting the authorized positions for the Centers in the budget act following the biennium in which the relocations occurred. This would prevent the deletion of position authority that may be necessary to meet the care needs of residents at the Centers if CIP IA placements do not occur as the administration currently projects.

ALTERNATIVES

A. CIP IA Reestimate

1. Approve the Governor's recommendations.
2. Modify the bill by increasing the Centers' budget by \$949,000 PR and 19.0 PR positions annually to reflect a reestimate of the number of CIP IA placements that will be made from the Centers in 2004-05, the continued phase-out of long-term care services at NWC, and funding to support overtime, night and weekend differential pay for certain positions at NWC.

<u>Alternative A2</u>	<u>PR</u>
2005-07 FUNDING (Change to Bill)	\$1,898,000
2006-07 POSITIONS (Change to Bill)	19.00

3. Modify the bill by increasing the Centers' budget by \$164,700 PR and 2.50 PR positions annually to reflect a reestimate of the number of CIP IA placements that will be made from the Centers in 2004-05, the continued phase-out of long-term care services at NWC, and funding to support overtime, night and weekend differential pay for certain positions at NWC, and the exclusion of the community capacity team transfers from the CIP IA reduction calculation.

<u>Alternative A3</u>	<u>PR</u>
2005-07 FUNDING (Change to Bill)	\$329,400
2006-07 POSITIONS (Change to Bill)	2.50

B. Position Reductions at SWC and CWC

1. In addition to the CIP IA reestimate, adopt the Governor's recommendations to delete 132.0 PR positions in 2006-07 from CWC and SWC to reflect anticipated CIP IA placements from these Centers in 2005-07.
2. Delete provision.

<u>Alternative B2</u>	<u>PR</u>
2006-07 POSITIONS (Change to Bill)	132.00

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