



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #456

Overtime Supplement (Health Services -- Care and Treatment Facilities)

[LFB 2023-25 Budget Summary: Page 292, #4]

CURRENT LAW

The Division of Care and Treatment Services operates seven residential facilities, including three intermediate care facilities for individuals with intellectual disabilities (Central, Northern, and Southern, hereafter "state centers"), the state's two mental health institutes (Mendota MHI and Winnebago MHI), and two secure treatment centers, (the Wisconsin Resource Center, and the Sand Ridge Secure Treatment Center). The funding source for the costs of these facilities is allocated to GPR and PR appropriations, depending upon the mix of residents. The cost of services for forensic patients at the mental health institutes and for residents of the secure treatment centers is funded with GPR, while services for residents at the state centers and for civilly-committed patients at the mental health institutes is funded with PR, using revenue collected from Medicaid and charges levied on counties.

All seven facilities are staffed on a 24-hour and 365-day per year basis. In total, DHS has 4,068.2 authorized positions for the facilities, which includes 1,949.4 GPR positions and 2,118.9 PR positions. The following table shows the base funding and authorized permanent positions for each facility by fund source.

Facility	GPR		PR		Total	
	Funding	Positions	Funding	Positions	Funding	Positions
Mendota MHI	\$91,504,900	695.0	\$27,690,900	214.6	\$119,195,800	909.6
Winnebago MHI	26,375,700	196.7	65,931,700	486.2	92,307,400	682.9
Sand Ridge STC	59,698,000	504.3	10,400	0.0	59,708,400	504.3
WI Resource Center	70,626,300	553.4	20,200	0.0	70,646,500	553.4
Central WI Center	\$0	0.0	\$83,197,600	787.3	\$83,197,600	787.3
Northern WI Center	0	0.0	11,752,700	118.5	11,752,700	118.5
Southern WI Center	<u>0</u>	<u>0.0</u>	<u>49,408,200</u>	<u>512.3</u>	<u>49,408,200</u>	<u>512.3</u>
Total	\$248,204,900	\$1,949.4	\$238,011,700	\$2,118.9	\$486,216,600	\$4,068.2

State employees receive overtime pay in accordance with standards established under state law and the federal fair labor standards act (FLSA). With some exceptions, these laws generally require that employees are paid 1.5 their normal wage for hours worked exceeding 40 in a work week.

DISCUSSION POINTS

1. The biennial budget typically includes "standard budget adjustments" to modify the base budget to reflect the anticipated ongoing cost of maintaining existing position salary and fringe benefits. These adjustments may be positive or negative, depending upon various factors. The costs that agencies incurred for overtime are, in effect, removed from a program's budget as part of the full funding of salary and fringe benefit costs decision item, and then an amount for overtime costs is added back through a separate overtime standard budget adjustment decision item. Under that standard budget adjustment decision item, funding is provided in an amount equal to the amount that was provided for overtime in the prior budget (with minor adjustments to reflect current fringe benefit rates). If no other changes are made to overtime funding, an agency will receive the same budget for overtime as in the prior biennium, even if actual overtime costs increase or decrease.

2. AB 43/SB 70 would provide overtime supplements for DHS facilities, in addition to the standard budget adjustment for overtime, of \$5,339,900 GPR and \$2,169,000 PR annually. These amounts are equal to the difference between actual overtime costs that the facilities incurred in 2021-22 and the amount provided under the overtime standard budget adjustment.

3. The following table shows, by facility and fund source, the annual overtime funding provided under the standard budget adjustment decision item and the funding increase that would be provided under the proposed supplements, along with the total funding adjustment. The Committee approved the standard budget adjustment for overtime in earlier action (Motion #12).

Total Overtime Funding by Facility under AB 43/SB 70

Facility	Standard Budget Adjustments			AB 43/ SB 70 Overtime Supplement			Total Annual Overtime Budget Under AB 43/SB 70		
	GPR	PR	Total	GPR	PR	Total	GPR	PR	Total
Mendota MHI	\$5,208,400	\$1,196,300	\$6,404,700	\$3,326,200	\$763,900	\$4,090,100	\$8,534,600	\$1,960,200	\$10,494,800
Winnebago MHI	879,600	2,769,000	3,648,600	452,700	1,424,800	1,877,500	1,332,300	4,193,800	5,526,100
Sand Ridge STC	1,415,700	0	1,415,700	541,100	0	541,100	1,956,800	0	1,956,800
WI Resource Center	1,893,100	0	1,893,100	1,019,900	0	1,019,900	2,913,000	0	2,913,000
Central WI Center	0	3,787,100	3,787,100	0	106,800	106,800	0	3,893,900	3,893,900
Northern WI Center	0	419,300	419,300	0	114,400	114,400	0	533,700	533,700
Southern WI Center	0	2,263,000	2,263,000	0	-240,900	-240,900	0	2,022,100	2,022,100
Total	\$9,396,800	\$10,434,700	\$19,831,500	\$5,339,900	\$2,169,000	\$7,508,900	\$14,736,700	\$12,603,700	\$27,340,400

4. Facilities that provide 24-hour care and treatment must maintain a minimum staffing level regardless of personnel availability. If the facility has vacancies among critical staff, such as psychiatric care technicians, resident care technicians, or nurses, it may utilize overtime hours to provide staffing coverage. The number of overtime hours worked by these positions typically accounts for 80% to 90% of all overtime hours at each facility.

5. The following tables show the average number of vacancies (as of the first day of each month) for nurse clinician positions and nursing assistant positions (psychiatric care technicians or resident care technicians), by facility, for 2021-22 and in 2022-23 through April. Note that the vacancy rates may change due to slight changes in the total number of positions authorized (due to reclassifications, for instance), rather than a change in the number of vacancies.

Vacant Positions and Vacancy Rate for Nurse Clinicians

	2021-22 Monthly Average		2022-23 Monthly Average*	
	Average Vacancies	Vacancy Rate	Average Vacancies	Vacancy Rate
Mendota MHI	20	22%	24	22%
Winnebago MHI	35	40	34	42
Sand Ridge STC	6	31	7	36
WI Resource Center	2	5	2	5
Central WI Center	9	12	17	20
Northern WI Center**	N/A	N/A	N/A	N/A
Southern WI Center	9	25	8	21

Vacant Positions and Vacancy Rate for Psychiatric Care Technicians or Resident Care Technicians

	<u>2021-22 Monthly Average</u>		<u>2022-23 Monthly Average*</u>	
	<u>Average Vacancies</u>	<u>Vacancy Rate</u>	<u>Average Vacancies</u>	<u>Vacancy Rate</u>
Mendota MHI	32	12%	19	7%
Winnebago MHI	36	13	52	20
Sand Ridge STC	4	2	7	4
WI Resource Center	10	3	16	6
Central WI Center	88	28	103	34
Northern WI Center	7	11	10	14
Southern WI Center	86	36	98	47

* Through April, 2023

** Northern Wisconsin Center does not have nurse clinician positions.

6. In 2022, several of the DHS facilities increased their use of contract staff to offset the impact of position vacancies. Under these contract arrangements, the facility pays a staffing agency an hourly rate for a designated quantity of work hours. The agency is then responsible for hiring and paying an employee to fill shifts at the facility. The agency also supports its non-personnel costs and its profit from the hourly rate paid by the facility. The facilities have used contract staff primarily to fill in for vacancies among nurse clinicians, psychiatric care technicians, and resident care technician positions.

7. Of all of the DHS facilities, the Winnebago Mental Health Institute has had the highest usage of contract staff. In the final quarter of 2021-22, Winnebago spent an average of \$1.85 million per month for contract nurses and psychiatric care technicians. If sustained at that level, annual expenditures for contract staff would be \$22.2 million, which is equivalent to nearly one-third of the base funding for salary and fringe benefits for that facility. The next greatest user of contract staff is Central Wisconsin Center, which in the last half of 2021-22 spent an average of \$0.73 million per month, which would be equivalent to \$8.8 million on an annualized basis.

8. The Department indicates that the use of contract staff has become necessary to reduce the use of mandatory overtime at the facilities and staff burnout. This is particularly the case at Winnebago due to a particularly high vacancy rate for nurse clinicians and psychiatric care technicians and the pattern of admissions, which leads to a unpredictable and highly variable daily population.

9. With the increase in the use of contract staff, overtime expenditures in more recent months are generally lower than in 2021-22. For instance, the number of overtime hours worked at Winnebago declined by 34% in the six-month period between October of 2022 to March of 2023 compared to the same six-month period one year earlier. The exception to this pattern is the Mendota Mental Health Institute. Mendota has relied less on contract staff, but has used more overtime. The number of overtime hours has increased at Mendota by 16% in the six month period of October of

2022 to March of 2023, in comparison to the same six-month period in the previous year.

10. The Department indicates that the use of overtime has increased at Mendota primarily due to a changing patient population that has required more intensive management than in previous years. Over the past several years, the Department has transferred more stable, longer-term forensic patients to previously-vacant space at the Sand Ridge Secure Treatment Center in Mauston, in order to relieve space constraints at Mendota. With this transfer, the patient population at the Mendota hospital has changed, as the facility has been able to admit more patients for treatment to competency and competency evaluation. These patients are often admitted directly from county jails and require more direct staff supervision and treatment. Since the waiting list for admission to Mendota has continued to increase during the biennium, and currently stands at over 170, the Department expects that the conditions necessitating heavy use of overtime will continue.

11. In addition to changes in the number of hours of overtime used at the facilities, the cost has changed due to wage adjustments. That is, at Mendota, although the number of overtime hours increased by 16%, the expenditures for overtime increased by 22%.

12. Since overtime utilization and costs have changed from 2021-22, the year that was the basis for the calculation of the overtime supplement in AB 43/SB 70, a reestimate using more current expenditure data is warranted. The following table shows a reestimate of the annual overtime supplement based on actual overtime expenditures to date in 2022-23.

Annual Overtime Supplement Reestimate, by Facility

<u>Facility</u>	<u>Overtime Supplement Reestimate</u>			<u>Change to AB 43/ SB 70</u>		
	<u>GPR</u>	<u>PR</u>	<u>Total</u>	<u>GPR</u>	<u>PR</u>	<u>Total</u>
Mendota MHI	\$4,733,600	\$1,087,400	\$5,821,000	\$1,407,400	\$323,500	\$1,730,900
Winnebago MHI	124,600	392,300	516,900	-328,100	-1,032,500	-1,360,600
Sand Ridge STC	15,100	0	15,100	-526,000	0	-526,000
WI Resource Center	1,279,500	0	1,279,500	259,600	0	259,600
Central WI Center	0	-197,500	-197,500	0	-304,300	-304,300
Northern WI Center	0	92,600	92,600	0	-21,800	-21,800
Southern WI Center	0	-597,300	-597,300	0	-356,400	-356,400
Total	\$6,152,800	\$777,500	\$6,930,300	\$812,900	-\$1,391,500	-\$578,600

13. The overtime supplement is similar to the standard budget adjustments made for personnel costs, in the sense that it provides an increase or decrease in funding to agency budgets with the intention of providing a continuation of baseline services based on updated costs. The Committee could adjust the facilities appropriations as shown in the previous table in recognition that the overtime supplement represents the full costs of the facilities' overtime pay obligations. [Alternative 1]

14. The Committee could also decide not to provide an overtime supplement, which would require the facilities to absorb overtime costs by reducing expenditures in other areas. [Alternative 2]

ALTERNATIVES

1. Adjust funding in 2023-24 and 2024-25 as shown in the table shown in point #12, to reflect an estimate of overtime costs for the Department's seven care and treatment facilities.

ALT 1	Change to Base
GPR	\$12,305,600
PR	<u>1,555,000</u>
Total	\$13,860,600

2. Take no action.

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