



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

December 14, 2006

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Health and Family Services: Authority to Transfer Funding for the Birth-to-Three Program to Fund Calendar Year 2007 Contracts -- Agenda Item VII

REQUEST

The Department of Health and Family Services (DHFS) requests that the Committee authorize DHFS to expend \$211,200 GPR to support calendar year 2007 contracts for the birth-to-three program.

This funding was budgeted to support program costs in 2005-06 (calendar year 2005 and 2006 contracts), but was unexpended by the end of the 2005-06 fiscal year. DHFS encumbered these funds to prevent their lapsing from an annual appropriation, since current law authorizes DHFS to transfer funds in this appropriation between fiscal years. However, if uncommitted funds from this appropriation are not encumbered by December 31 of each year, they lapse to the general fund on January 1, unless the Joint Committee on Finance permits DHFS to carry the funds forward to the next calendar year.

BACKGROUND

The early intervention program for infants and toddlers up to three years of age with disabilities, commonly referred to as the birth-to-three program, is a federal program authorized under Part C of the Individuals with Disabilities Education Act (IDEA). Under the program, Wisconsin supplements federal grant funds with state funds to support a statewide, comprehensive, coordinated, multidisciplinary, interagency program of early intervention services for infants and toddlers with disabilities and their families.

Counties are responsible for administering the program, based on state and federal guidelines. Counties must: (a) identify, locate, and evaluate children who may be eligible for the

program; (b) designate a service coordinator for every child referred to the program for evaluation; (c) ensure that core services, such as evaluation, service coordination, and the development of an individualized family service plan (IFSP), are provided to families at no cost; and (d) determine parental liability for the cost of certain services children receive.

A child is considered eligible if he or she is under three years of age and has a developmental delay or is determined to have a physician-diagnosed and documented physical or mental condition that has a high probability of resulting in a developmental delay. Once eligibility is determined, a team of health care professionals and county staff conduct an assessment to identify the needs of the child and his or her family. The results of the assessment are used to develop the IFSP. The IFSP must include a statement of the outcomes expected to be achieved for the child and family, how those outcomes will be achieved, a timeline for the provision of services, the manner in which the services will be provided, and how the services will be paid.

DHFS allocates funding to counties on a calendar-year basis for the birth-to-three program, but supports these county contracts with funds budgeted on a state and federal fiscal year (FFY) basis. In state fiscal year 2005-06, \$6,878,700 GPR was budgeted for the program, all of which DHFS allocated to counties and tribal units. The federal grant award supports county allocations, state operations, and other federally-mandated support services. In addition, program services are supported by medical assistance (MA) and other third-party payers and county funds. Table 1 shows actual federal, state, and county expenditures within counties for the birth-to-three program for calendar years 2001 through 2005.

TABLE 1
Annual Federal, State, and County Expenditures Within Counties
for the Birth-to-Three Program
Calendar Years 2001 through 2005

Calendar Year	Federal Funding		State Funding		County Funding		Total
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	
2001	\$6,078,900	26%	\$4,749,200	21%	\$12,121,700	53%	\$22,949,800
2002	6,217,800	25	6,878,700	28	11,544,100	47	24,640,700
2003	6,961,700	27	6,878,700	27	11,934,900	46	25,775,300
2004	7,249,200	27	6,878,700	26	12,373,700	47	26,501,600
2005	6,093,200	23	7,036,900	27	13,100,000	50	26,230,100

ANALYSIS

Underspending in Calendar Year 2005 Birth-to-Three Contracts. DHFS allocates state and federal funding to counties on a calendar-year basis to administer the birth-to-three program. Each county has a maintenance of effort (MOE) requirement equal to the county's 1999 level of

spending on the birth-to-three program, unless otherwise set by the Department. Counties must provide funding equal to their MOE, regardless of the state/federal allocation that they receive.

If DHFS is aware before December 31 of any year that a county will not spend its entire allocation, and the county agrees, DHFS may redistribute the unspent funds to other counties. If a county does not fully expend its allocation from the state by December 31 of any year, and it is not reallocated to other counties before December 31, the unspent amount lapses to the general fund. In its request, DHFS identified \$211,200 GPR in underspending in the birth-to-three program from the calendar year 2005 contracts, which are funded from the 2005-06 state fiscal year appropriation. After DHFS submitted its request, the agency identified an additional \$17,900 in underspending from moneys that DHFS allocated to the Great Lakes Inter-Tribal Council. Consequently, the total amount of underspending from calendar year 2005 contracts was \$229,100. Table 2 identifies the counties and the agency that did not fully spend their contract amounts in calendar year 2005, and the amount of their 2005 contract that they did not expend.

TABLE 2
Birth-to-Three Contract Underspending in 2005

<u>County/Agency</u>	<u>Amount</u>
Adams	\$6,300
Ashland	2,900
Brown	96,900
Great Lakes Inter-Tribal Council	17,900
Langlade	60,600
Portage	7,400
Sawyer	700
Sheboygan	<u>36,400</u>
Total	\$229,100

As shown in Table 2, most of the underspending was in Brown County. This underspending was the result of increased GPR and unanticipated reimbursement for services from insurance and other payment sources.

If the Committee does not approve the DHFS request, or a similar alternative, this \$229,100 in savings that resulted from underspending in calendar year 2005 contracts would lapse to the general fund on January 1, 2007. However, in its submission to the Committee, DHFS requested that \$211,200 GPR be used for calendar year 2007 contracts for the birth-to-three program to reduce the impact of a decrease in the federal grant award in FFY 2005-06.

Change in Federal Award. Table 3 shows Wisconsin's federal birth-to-three awards from FFY 1998-99 through FFY 2005-06.

TABLE 3

**Federal Birth-to-Three Allocations
Federal Fiscal Years 1998-99 through 2005-06**

<u>FFY</u>	<u>Calendar Year Allocation to Counties</u>	<u>Award Amount</u>	<u>Change from Previous Year</u>	
			<u>Amount</u>	<u>Percent</u>
1998-99	2000	\$6,010,500		
1999-00	2001	6,078,900	\$68,400	1.14%
2000-01	2002	6,217,800	138,900	2.28
2001-02	2003	6,961,700	743,900	11.96
2002-03	2004	7,249,200	287,500	4.13
2003-04	2005	7,086,800	-162,400	-2.24
2004-05	2006	6,983,300	-103,500	-1.46
2005-06	2007	6,879,900	-103,400	-1.48

As Table 3 shows, Wisconsin received \$6,983,300 FED in FFY 2004-05 for the birth-to-three program. This award supported the calendar year 2006 county allocations. In FFY 2005-06, Wisconsin received \$6,879,900 FED for the state's birth-to-three program, or a decrease of \$103,400 from the FFY 2004-05 award amount. This award would support calendar year 2007 county allocations.

As shown in the attachment to this paper, in calendar year 2006, counties were allocated \$13,093,671 in state and federal funds for the birth-to-three program. This included: (a) \$6,878,700 GPR, as budgeted; (b) \$6,045,900 FED; and (c) \$169,100 GPR from calendar year 2004 underspending to maintain the calendar year 2006 allocations at the calendar year 2005 levels. The GPR funding identified in (c) was approved as part of the Joint Finance Committee's July 25, 2005, s. 13.10 meeting.

In calendar year 2007, without using any of the funding requested by DHFS, counties would receive \$12,741,300 (\$6,878,700 GPR and \$5,862,600 FED). The amount available to counties would be \$352,300 less in calendar year 2007 compared to calendar year 2006. To reduce the impact on counties, the Committee could authorize the Department to spend \$229,100 GPR available from underspending in calendar year 2005 to support calendar year 2007 contracts.

The Committee could also authorize the Department to allocate \$103,400 GPR from calendar year 2005 underspending to support calendar year 2007 contracts. This amount equals the reduction in federal funds available to support the birth-to-three program in calendar year 2007. However, under this alternative, total county allocations for 2007 would be \$248,900 less than the calendar year 2006 county allocation.

Finally, in light of anticipated funding needs in the 2007-09 biennium, the Committee could deny the Department's request and require DHFS to lapse \$229,100 in birth-to-three underspending to the general fund.

ALTERNATIVES

1. Approve the DHFS request to use \$211,200 GPR that is available from underspending in calendar year 2005, to support calendar year 2007 contracts. Lapse \$17,900 to the general fund on January 1, 2007.

2. Authorize DHFS to use \$229,100 GPR that is available from underspending in calendar year 2005 to support calendar year 2007 contracts. No funding would lapse to the general fund on January 1, 2007.

3. Authorize DHFS to allocate \$103,400 GPR, an amount equal to the reduction in federal support for the program in calendar year 2007. Lapse \$125,700 to the general fund on January 1, 2007.

4. Deny request. Lapse \$229,100 GPR to the general fund in 2006-07.

Prepared by: Katie Maguire
Attachment

ATTACHMENT

Birth-to-Three County Maintenance of Effort and Allocations for Calendar Years 2003 through 2006

<u>County</u>	<u>Maintenance of Effort</u>	<u>2003 Allocation</u>	<u>2004 Allocation</u>	<u>2005 Allocation</u>	<u>2006 Allocation</u>
Adams	\$29,297	\$32,786	\$33,423	\$35,071	33,423
Ashland	22,283	34,350	34,984	34,984	34,984
Barron	70,000	103,819	105,858	111,443	105,858
Bayfield	39,294	40,203	40,647	41,848	40,647
Brown	746,434	695,291	705,420	705,420	705,420
Buffalo	24,516	29,663	30,187	30,187	30,187
Burnett	25,592	35,086	35,854	37,995	35,854
Calumet	136,044	124,957	127,436	127,436	127,436
Chippewa	45,686	108,554	111,226	111,226	111,226
Clark	36,802	67,675	69,163	69,163	69,163
Columbia	114,781	121,472	123,459	123,459	123,459
Crawford	21,832	30,074	30,610	30,610	30,610
Dane	530,747	778,312	795,013	845,050	795,013
Dodge	148,178	166,689	170,091	179,928	170,091
Door	93,818	87,486	88,613	91,549	88,613
Douglas	66,865	98,178	99,946	99,946	99,946
Dunn	153,855	143,892	145,775	145,775	145,775
Eau Claire	164,405	228,317	232,782	232,782	232,782
Florence	500	16,273	16,358	16,358	16,358
Fond du Lac	211,284	231,633	235,630	235,630	235,630
Forest/Oneida/Vilas	151,916	158,877	161,595	170,507	161,595
Grant/Iowa	108,817	131,944	134,517	141,297	134,517
Green	22,338	59,097	60,262	60,262	60,262
Green Lake	31,688	38,842	39,490	41,439	39,490
Iron	360	18,634	18,806	18,806	18,806
Jackson	12,667	38,802	39,673	39,673	39,673
Jefferson	148,415	182,988	187,112	187,112	187,112
Juneau	29,124	49,912	50,723	53,094	50,723
Kenosha	127,995	328,759	336,115	357,413	336,115
Kewaunee	35,429	47,163	47,829	50,211	47,829
La Crosse	115,671	201,507	205,509	205,509	205,509
Lafayette	2,446	28,438	28,936	30,470	28,936
Langlade	203,339	152,534	153,436	153,436	514,870
Lincoln	70,611	71,130	72,175	72,175	72,175
Manitowoc	76,442	210,167	214,393	214,393	214,393

<u>County</u>	<u>Maintenance of Effort</u>	<u>2003 Allocation</u>	<u>2004 Allocation</u>	<u>2005 Allocation</u>	<u>2006 Allocation</u>
Marathon	\$381,338	\$356,862	\$361,434	\$375,139	
Marinette	54,463	80,709	82,100	82,100	82,100
Marquette	27,018	30,803	31,299	32,695	31,299
Menominee	12,045	20,525	20,856	21,866	20,856
Milwaukee	2,190,392	2,976,984	3,034,838	3,034,838	3,034,838
Monroe	50,134	72,257	73,768	78,652	73,768
Oconto	13,861	57,567	58,785	62,918	58,785
Outagamie	157,066	360,735	368,664	368,664	368,664
Ozaukee	256,396	213,634	217,378	217,378	217,378
Pepin	35,261	44,384	44,720	45,584	44,720
Pierce	23,860	69,250	70,540	70,540	70,540
Polk	78,745	97,766	99,828	99,828	99,828
Portage	173,154	172,955	175,257	175,257	175,257
Price	1,568	22,956	23,361	24,466	23,361
Racine	299,898	464,933	474,475	503,100	474,475
Richland	51,044	52,569	53,194	55,027	53,194
Rock	142,984	364,137	370,870	390,699	370,870
Rusk	26,110	35,661	36,280	36,280	36,280
St. Croix	117,392	135,054	137,928	137,928	137,928
Sauk	144,001	135,901	137,854	142,529	137,854
Sawyer	10,963	37,614	38,207	40,925	38,207
Shawano	53,881	73,574	75,110	85,445	75,110
Sheboygan	255,696	283,236	288,213	299,657	288,213
Taylor	4,863	35,502	36,306	36,306	36,306
Trempealeau	9,186	53,225	54,179	56,834	54,179
Vernon	33,815	50,567	51,591	51,591	51,591
Walworth	136,180	162,001	165,652	176,289	165,652
Washburn	24,000	36,621	37,340	37,340	37,340
Washington	100,920	200,741	205,459	205,459	205,459
Waukesha	277,602	602,676	619,189	619,189	619,189
Waupaca	151,886	152,956	155,158	155,158	155,158
Waushara	22,722	38,903	39,478	41,124	39,478
Winnebago	270,287	333,769	340,019	340,019	340,019
Wood	<u>17,228</u>	<u>128,774</u>	<u>131,295</u>	<u>138,789</u>	<u>131,295</u>
Total	\$9,425,430	\$12,849,305	\$13,093,671	\$13,341,270	\$13,093,671