



Legislative Fiscal Bureau

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

August 27, 2009

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Health Services: Governor's Section 13.10 Requests for the Use of Federal Economic Stimulus Funding for Early Intervention Services for Infants and Toddlers with Disabilities -- Agenda Item I

REQUEST

The Governor requests that the Joint Committee on Finance approve the allocation and expenditure of \$1,500,000 in 2009-10 and \$1,500,000 in 2010-11, from moneys received under the federal American Recovery and Reinvestment Act (ARRA) of 2009, for a one-time increase in payments to counties under the early intervention services for infants and toddlers with disabilities (the "Birth-to-Three" program).

On August 4, 2009, the Committee approved the allocation and expenditure of \$3,999,200 in federal ARRA funds to support the following activities in the Birth-to-Three program: (a) the promotion of evidence-based practices ("legacy-building"); (b) cross-agency and cross-program collaboration; and (c) information technology improvements. The Committee directed the administration to submit a request for the allocation and expenditure of the remaining \$3,000,000 in available Birth-to-Three ARRA funds after the Department of Health Services (DHS) decided how it would allocate these funds to counties.

BACKGROUND

The state's 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 money to develop and implement a statewide, comprehensive program of early intervention services for infants and toddlers with disabilities. Counties also provide a significant amount of funding for the program.

Federal legislation establishes the following goals of the Birth-to-Three program: (a) enhance the development of infants and toddlers with developmental delays or disabilities and minimize the potential for further developmental delay; (b) reduce educational costs by minimizing the need for special education and related services; (c) minimize the likelihood of institutionalization of individuals with disabilities and maximize the potential for independent living in society; (d) enhance the capacity of families to meet the needs of infants and toddlers with disabilities; and (e) enhance the capacity of state and local agencies and providers to identify, evaluate, and meet the needs of underrepresented populations.

Counties are responsible for administering the program based on state and federal guidelines. Their specific responsibilities include:

- Establishing a comprehensive system to identify, locate, and evaluate children who may be eligible for the Birth-to-Three program;
- Designating a service coordinator for every child referred to the program for evaluation;
- Ensuring that families receive core services, such as evaluation, service coordination, and the development of an individual family service plan (IFSP); and
- Determining parental liability for services received in accordance with the IFSP.

An early intervention team evaluates children referred to the program to determine eligibility for services. These early intervention teams are comprised of a service coordinator and at least two professionals from different disciplines of suspected areas of need. A child is eligible if he or she is under three years of age and has a significant developmental delay or a physician-diagnosed physical or mental condition with a high probability of resulting in a developmental delay.

Once eligibility is determined, the early intervention team conducts an assessment to identify the needs of the child and his or her family. This assessment is used to develop the individual 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 services will be provided, and the source of payment for the services.

The most frequently used services in the Birth-to-Three program (other than service coordination, a mandatory service for all participants) include communication services, special instruction, occupational therapy, physical therapy, and family education. In addition to these services, a wide range of services may also be provided, including assistive technology services and devices, audiology services, and certain health care services.

In calendar year 2008, total funding available to counties for the program equaled \$31,186,000 from all funding sources (state, federal, local, private insurance, and parental cost

share). This funding was expended on direct early intervention services (\$19,899,600), service coordination (\$7,571,600), administrative costs (\$3,312,900), outreach (\$185,400) and other costs (\$216,500).

ANALYSIS

The federal stimulus bill allocated \$500 million to states to support programs authorized under Part C of the Individuals with Disabilities Act. These funds are distributed by the Office of Special Education Programs in the U.S. Department of Education. These funds may only be used to supplement the level of funding expended for the program, and may not replace current program funding.

The administration requested approval to allocate and expend \$6,999,200 in federal ARRA funds, and the Committee has approved the allocation and expenditure of \$3,999,200 in previous action. The state has already received half of the total amount, with the other half distributed after federal approval is received for a state reporting plan (expected to be received in September, 2009).

The Department plans to provide a one-time increase for counties to increase service capacity in the 2009-11 biennium. The administration is working with counties to develop expenditure plans for the ARRA moneys that would comply with the non-supplanting language in the bill, and comply with the allowable uses of the ARRA funding. Possible projects could include improvements to equipment loaned to participating families, or preparation to implement Birth-to-Three program changes related to the MA program included in the 2009-11 biennial budget (the MA waiver, reporting of MA allowable costs, and allowing MA reimbursement for services provided by special educators).

Attachment 1 to this paper provides the county allocation proposed by the administration in the revised request, submitted on August 18, 2009 (Alternative 1). The revised request uses a methodology based on a combination of the number of children under age three in each county in 2007, and the average number of children served by the program from 2006 to 2008. This methodology allocates the ARRA funding in the following manner: (a) 50% allocated according to the county's share of the overall state population under three years of age; and (b) 50% allocated according to the county's share of the state average population served.

Attachment 2 provides an alternative allocation methodology based on the population of children under three years old, with each county receiving a share of ARRA funding equal to that county's share of Wisconsin children under three (Alternative 2). This is the methodology used to obtain the allocation amounts in the administration's original request, submitted on August 17, 2009.

Attachment 3 provides another alternative allocation methodology based on the average number of children served in the program from 2006 to 2008, with each county receiving a share of ARRA funding equal to that county's share of the Wisconsin three-year average of children served (Alternative 3). The three-year average is calculated using the number of children served in the

program on October 1, for 2006, 2007 and 2008.

Attachment 4 provides a comparison of each of these allocation methods. If a county's percentage of the state's population of children under three is greater than the county's percentage of the total population served in the program, that county would receive a greater allocation under Alternative 2. Conversely, if a county's percentage of the state's population of children under three is less than the county's percentage of the total population served in the program, that county would receive a greater allocation under Alternative 3. In all cases, the allocation proposed by the administration in Alternative 1 represents an amount between the allocation levels in Alternative 2 and Alternative 3.

Using county caseload and population data appears to be a reasonable way to distribute these additional ARRA funds. If the Committee wishes to provide larger allocations for counties where the share of children served by the county exceeds the share of the state's children under three, it could adopt Alternative 3. It could be argued that these counties identify and serve proportionally more children, and are more in need of the additional funds. However, if the Committee wishes to provide larger allocations to counties where the share of the state's children under three exceeds the share of children served by the county, it could adopt Alternative 2. It could be argued that these counties could use the additional funds to improve identification of children who could be served by the Birth-to-Three program. Finally, the Committee could view the administration's methodology in Alternative 1 as a balance between these two factors, as that method takes both caseload and total population into account.

ALTERNATIVES

1. Approve the Governor's recommendation to increase expenditure authority in the Department of Health Services by \$1,500,000 in 2009-10 and \$1,500,000 in 2010-11 in federal ARRA funds to provide a one-time increase in Birth-to-Three county allocations, using the methodology in the revised request submitted on August 18, 2009. These county allocations are shown in Attachment 1.

2. Increase expenditure authority in the Department of Health Services by \$1,500,000 in 2009-10 and \$1,500,000 in 2010-11 in federal ARRA funds to provide a one-time increase in Birth-to-Three county allocations, but allocate funding entirely based on a county's population of children under age three. These county allocations are shown in Attachment 2.

3. Increase expenditure authority in the Department of Health Services by \$1,500,000 in 2009-10 and \$1,500,000 in 2010-11 in federal ARRA funds to provide a one-time increase in Birth-to-Three county allocations, but allocate funding entirely based on a county's three-year average number of children served by the program. These county allocations are shown in Attachment 3.

4. Deny the request.

Prepared by: Sam Austin

ATTACHMENT 1

County Distribution Based on Population of Children Under Age 3 and Three-year Average Caseloads (Alternative 1, Governor's Revised Request)

County	Three Year Average of Children Served <u>2006 - 2008</u>	Percent of State Three Year Average of Children Served	Population Under 3 <u>2007</u>	Percent of Total State Population Under 3	Percent of Total Allocation*	Proposed Allocation
Adams	28	0.49%	468	0.22%	0.36%	\$10,654
Ashland	17	0.29	612	0.29	0.29	8,672
Barron	52	0.91	1,635	0.76	0.84	25,051
Bayfield	10	0.18	377	0.18	0.18	5,360
Brown	227	3.99	10,227	4.77	4.38	131,339
Buffalo	7	0.13	444	0.21	0.17	5,037
Burnett	15	0.26	460	0.21	0.24	7,082
Calumet	67	1.18	1,991	0.93	1.05	31,582
Chippewa	85	1.49	2,316	1.08	1.28	38,512
Clark	33	0.58	1,702	0.79	0.69	20,598
Columbia	34	0.60	1,998	0.93	0.76	22,931
Crawford	16	0.28	562	0.26	0.27	8,059
Dane	394	6.93	18,283	8.52	7.72	231,682
Dodge	104	1.83	2,831	1.32	1.58	47,297
Door	16	0.29	748	0.35	0.32	9,535
Douglas	40	0.71	1,457	0.68	0.69	20,819
Dunn	54	0.94	1,494	0.70	0.82	24,593
Eau Claire	121	2.13	3,546	1.65	1.89	56,689
Florence	2	0.04	102	0.05	0.04	1,240
Fond du Lac	85	1.50	3,612	1.68	1.59	47,747
Forest**	10	0.18	336	0.16	0.17	4,985
Grant	25	0.45	1,739	0.81	0.63	18,835
Green	29	0.52	1,346	0.63	0.57	17,143
Green Lake	17	0.30	638	0.30	0.30	8,942
Iowa	13	0.22	943	0.44	0.33	9,931
Iron	3	0.05	122	0.06	0.05	1,556
Jackson	15	0.26	736	0.34	0.30	9,100
Jefferson	124	2.19	3,084	1.44	1.81	54,339
Juneau	18	0.32	879	0.41	0.36	10,890
Kenosha	189	3.32	6,459	3.01	3.16	94,893
Kewaunee	15	0.26	658	0.31	0.28	8,467
La Crosse	94	1.65	3,898	1.82	1.73	52,031
Lafayette	9	0.16	617	0.29	0.22	6,686
Langlade	17	0.30	640	0.30	0.30	9,044
Lincoln	22	0.39	936	0.44	0.41	12,343

County	Three Year Average of Children Served 2006 - 2008	Percent of State Three Year Average of Children Served	Population Under 3 2007	Percent of Total State Population Under 3	Percent of Total Allocation*	Proposed Allocation
Manitowoc	164	2.89%	2,602	1.21%	2.05%	\$61,515
Marathon	117	2.06	4,909	2.29	2.17	65,163
Marinette	27	0.48	1,313	0.61	0.55	16,385
Marquette	7	0.13	502	0.23	0.18	5,443
Menominee	12	0.22	320	0.15	0.18	5,489
Milwaukee	1,203	21.14	44,982	20.96	21.05	631,522
Monroe	47	0.82	1,901	0.89	0.85	25,592
Oconto	38	0.66	1,183	0.55	0.61	18,200
Oneida	43	0.76	948	0.44	0.60	17,964
Outagamie	175	3.08	6,795	3.17	3.12	93,726
Ozaukee	102	1.79	2,534	1.18	1.48	44,518
Pepin	7	0.13	283	0.13	0.13	3,912
Pierce	25	0.43	1,341	0.62	0.53	15,877
Polk	33	0.58	1,560	0.73	0.65	19,605
Portage	49	0.86	2,243	1.05	0.95	28,510
Price	11	0.20	362	0.17	0.18	5,519
Racine	205	3.60	7,818	3.64	3.62	108,699
Richland	22	0.39	672	0.31	0.35	10,498
Rock	118	2.07	6,298	2.93	2.50	75,136
Rusk	12	0.22	474	0.22	0.22	6,565
St. Croix	67	1.18	3,592	1.67	1.43	42,862
Sauk	49	0.86	2,385	1.11	0.99	29,591
Sawyer	15	0.27	632	0.29	0.28	8,461
Shawano	29	0.50	1,494	0.70	0.60	18,002
Sheboygan	180	3.17	4,298	2.00	2.59	77,589
Taylor	12	0.21	727	0.34	0.27	8,246
Trempealeau	21	0.37	1,041	0.49	0.43	12,814
Vernon	22	0.39	1,249	0.58	0.49	14,619
Vilas	26	0.46	564	0.26	0.36	10,797
Walworth	95	1.66	3,677	1.71	1.69	50,662
Washburn	14	0.25	559	0.26	0.26	7,687
Washington	122	2.15	4,538	2.11	2.13	63,975
Waukesha	383	6.73	12,252	5.71	6.22	186,536
Waupaca	47	0.83	1,687	0.79	0.81	24,184
Waushara	8	0.15	744	0.35	0.25	7,398
Winnebago	113	1.98	5,603	2.61	2.30	68,871
Wood	<u>61</u>	<u>1.07</u>	<u>2,605</u>	<u>1.21</u>	<u>1.14</u>	<u>34,205</u>
Total	5,689	100%	214,583	100%	100%	\$3,000,000

* "Percent of Total Allocation" determined by averaging a county's "Percent of State Three Year Average of Children Served" and "Percent of Total State Population Under 3"

** The request specified an allocation for Forest/Oneida/Vilas counties, although that allocation is only intended for Forest County. Forest, Oneida, and Vilas counties would receive separate allocations under the administration's request.

ATTACHMENT 2

County Distribution Based Entirely on Population of Children Under Age 3 (Alternative 2, Governor's Original Request)

<u>County</u>	<u>Estimated Total Population Under 3 2007</u>	<u>Percent of Statewide Total</u>	<u>Total Allocation</u>
Adams	468	0.22%	\$6,543
Ashland	612	0.29	8,556
Barron	1,635	0.76	22,858
Bayfield	377	0.18	5,271
Brown	10,227	4.77	142,980
Buffalo	444	0.21	6,207
Burnett	460	0.21	6,431
Calumet	1,991	0.93	27,835
Chippewa	2,316	1.08	32,379
Clark	1,702	0.79	23,795
Columbia	1,998	0.93	27,933
Crawford	562	0.26	7,857
Dane	18,283	8.52	255,607
Dodge	2,831	1.32	39,579
Door	748	0.35	10,457
Douglas	1,457	0.68	20,370
Dunn	1,494	0.70	20,887
Eau Claire	3,546	1.65	49,575
Florence	102	0.05	1,426
Fond du Lac	3,612	1.68	50,498
Forest	336	0.16	4,697
Grant	1,739	0.81	24,312
Green	1,346	0.63	18,818
Green Lake	638	0.30	8,920
Iowa	943	0.44	13,184
Iron	122	0.06	1,706
Jackson	736	0.34	10,290
Jefferson	3,084	1.44	43,116
Juneau	879	0.41	12,289
Kenosha	6,459	3.01	90,301
Kewaunee	658	0.31	9,199
La Crosse	3,898	1.82	54,496
Lafayette	617	0.29	8,626
Langlade	640	0.30	8,948
Lincoln	936	0.44	13,086

<u>County</u>	Estimated Total Population Under 3 <u>2007</u>	Percent of Statewide <u>Total</u>	<u>Total Allocation</u>
Manitowoc	2,602	1.21%	\$36,378
Marathon	4,909	2.29	68,631
Marinette	1,313	0.61	18,357
Marquette	502	0.23	7,018
Menominee	320	0.15	4,474
Milwaukee	44,982	20.96	628,876
Monroe	1,901	0.89	26,577
Oconto	1,183	0.55	16,539
Oneida	948	0.44	13,254
Outagamie	6,795	3.17	94,998
Ozaukee	2,534	1.18	35,427
Pepin	283	0.13	3,957
Pierce	1,341	0.62	18,748
Polk	1,560	0.73	21,810
Portage	2,243	1.05	31,358
Price	362	0.17	5,061
Racine	7,818	3.64	109,300
Richland	672	0.31	9,395
Rock	6,298	2.93	88,050
Rusk	474	0.22	6,627
St. Croix	3,592	1.67	50,218
Sauk	2,385	1.11	33,344
Sawyer	632	0.29	8,836
Shawano	1,494	0.70	20,887
Sheboygan	4,298	2.00	60,089
Taylor	727	0.34	10,164
Trempealeau	1,041	0.49	14,554
Vernon	1,249	0.58	17,462
Vilas	564	0.26	7,885
Walworth	3,677	1.71	51,407
Washburn	559	0.26	7,815
Washington	4,538	2.11	63,444
Waukesha	12,252	5.71	171,290
Waupaca	1,687	0.79	23,585
Waushara	744	0.35	10,402
Winnebago	5,603	2.61	78,333
Wood	<u>2,605</u>	<u>1.21</u>	<u>36,419</u>
Total	214,583	100%	\$3,000,000

ATTACHMENT 3

Allocations to Counties Based Entirely on Three-Year Average Birth-to-Three Caseloads (Alternative 3)

<u>County</u>	<u>Caseload October, 2008</u>	<u>Caseload October, 2007</u>	<u>Caseload October, 2006</u>	<u>Three-Year Average</u>	<u>Percentage of Total Three- Year Average</u>	<u>Total Allocation</u>
Adams	21	36	27	28	0.49%	\$14,764
Ashland	26	15	9	17	0.29	8,788
Barron	59	47	49	52	0.91	27,244
Bayfield	10	11	10	10	0.18	5,449
Brown	257	213	211	227	3.99	119,698
Buffalo	8	6	8	7	0.13	3,867
Burnett	14	17	13	15	0.26	7,734
Calumet	62	73	66	67	1.18	35,329
Chippewa	86	84	84	85	1.49	44,645
Clark	41	27	31	33	0.58	17,401
Columbia	33	30	39	34	0.60	17,928
Crawford	18	11	18	16	0.28	8,261
Dane	455	395	332	394	6.93	207,757
Dodge	107	104	102	104	1.83	55,015
Door	17	17	15	16	0.29	8,613
Douglas	46	40	35	40	0.71	21,268
Dunn	58	54	49	54	0.94	28,299
Eau Claire	115	127	121	121	2.13	63,804
Florence	2	3	1	2	0.04	1,055
Fond du Lac	89	81	86	85	1.50	44,996
Forest	11	6	13	10	0.18	5,273
Grant	24	26	26	25	0.45	13,358
Green	31	31	26	29	0.52	15,468
Green Lake	14	13	24	17	0.30	8,964
Iowa	19	12	7	13	0.22	6,679
Iron	2	2	4	3	0.05	1,406
Jackson	8	18	19	15	0.26	7,910
Jefferson	142	107	124	124	2.19	65,561
Juneau	14	25	15	18	0.32	9,491
Kenosha	203	199	164	189	3.32	99,484
Kewaunee	10	15	19	15	0.26	7,734
La Crosse	114	88	80	94	1.65	49,566
Lafayette	10	8	9	9	0.16	4,746
Langlade	17	20	15	17	0.30	9,140
Lincoln	24	23	19	22	0.39	11,601
Manitowoc	160	167	166	164	2.89	86,653
Marathon	142	113	96	117	2.06	61,694
Marinette	29	30	23	27	0.48	14,413
Marquette	10	6	6	7	0.13	3,867
Menominee	9	16	12	12	0.22	6,503

<u>County</u>	<u>Caseload October, 2008</u>	<u>Caseload October, 2007</u>	<u>Caseload October, 2006</u>	<u>Three-Year Average</u>	<u>Percentage of Total Three- Year Average</u>	<u>Total Allocation</u>
Milwaukee	1,225	1,190	1,193	1,203	21.14%	\$634,169
Monroe	53	42	45	47	0.82	24,607
Oconto	36	40	37	38	0.66	19,862
Oneida	46	39	44	43	0.76	22,674
Outagamie	188	173	165	175	3.08	92,454
Ozaukee	107	99	99	102	1.79	53,609
Pepin	7	6	9	7	0.13	3,867
Pierce	24	26	24	25	0.43	13,007
Polk	41	29	29	33	0.58	17,401
Portage	61	45	40	49	0.86	25,662
Price	11	10	13	11	0.20	5,976
Racine	190	180	245	205	3.60	108,097
Richland	22	24	20	22	0.39	11,601
Rock	115	110	129	118	2.07	62,222
Rusk	12	13	12	12	0.22	6,503
St. Croix	65	75	62	67	1.18	35,505
Sauk	54	47	46	49	0.86	25,838
Sawyer	24	12	10	15	0.27	8,085
Shawano	36	24	26	29	0.50	15,116
Sheboygan	208	174	159	180	3.17	95,090
Taylor	10	15	11	12	0.21	6,328
Trempealeau	21	21	21	21	0.37	11,073
Vernon	19	24	24	22	0.39	11,776
Vilas	27	26	25	26	0.46	13,710
Walworth	111	79	94	95	1.66	49,918
Washburn	17	13	13	14	0.25	7,558
Washington	127	126	114	122	2.15	64,507
Waukesha	371	381	396	383	6.73	201,781
Waupaca	47	43	51	47	0.83	24,783
Waushara	6	10	9	8	0.15	4,394
Winnebago	119	112	107	113	1.98	59,409
Wood	<u>63</u>	<u>70</u>	<u>49</u>	<u>61</u>	<u>1.07</u>	<u>31,990</u>
Total	5,980	5,594	5,494	5,689	100.00%	\$3,000,000

ATTACHMENT 4

Comparison of Alternatives

<u>County</u>	<u>Alternative 1</u>	<u>Alternative 2</u>	<u>Alternative 3</u>
Adams	\$10,654	\$6,543	\$14,764
Ashland	8,672	8,556	8,788
Barron	25,051	22,858	27,244
Bayfield	5,360	5,271	5,449
Brown	131,339	142,980	119,698
Buffalo	5,037	6,207	3,867
Burnett	7,082	6,431	7,734
Calumet	31,582	27,835	35,329
Chippewa	38,512	32,379	44,645
Clark	20,598	23,795	17,401
Columbia	22,931	27,933	17,928
Crawford	8,059	7,857	8,261
Dane	231,682	255,607	207,757
Dodge	47,297	39,579	55,015
Door	9,535	10,457	8,613
Douglas	20,819	20,370	21,268
Dunn	24,593	20,887	28,299
Eau Claire	56,689	49,575	63,804
Florence	1,240	1,426	1,055
Fond du Lac	47,747	50,498	44,996
Forest	4,985	4,697	5,273
Grant	18,835	24,312	13,358
Green	17,143	18,818	15,468
Green Lake	8,942	8,920	8,964
Iowa	9,931	13,184	6,679
Iron	1,556	1,706	1,406
Jackson	9,100	10,290	7,910
Jefferson	54,339	43,116	65,561
Juneau	10,890	12,289	9,491
Kenosha	94,893	90,301	99,484
Kewaunee	8,467	9,199	7,734
La Crosse	52,031	54,496	49,566
Lafayette	6,686	8,626	4,746
Langlade	9,044	8,948	9,140
Lincoln	12,343	13,086	11,601

<u>County</u>	<u>Alternative 1</u>	<u>Alternative 2</u>	<u>Alternative 3</u>
Manitowoc	\$61,515	\$36,378	\$86,653
Marathon	65,163	68,631	61,694
Marinette	16,385	18,357	14,413
Marquette	5,443	7,018	3,867
Menominee	5,489	4,474	6,503
Milwaukee	631,522	628,876	634,169
Monroe	25,592	26,577	24,607
Oconto	18,200	16,539	19,862
Oneida	17,964	13,254	22,674
Outagamie	93,726	94,998	92,454
Ozaukee	44,518	35,427	53,609
Pepin	3,912	3,957	3,867
Pierce	15,877	18,748	13,007
Polk	19,605	21,810	17,401
Portage	28,510	31,358	25,662
Price	5,519	5,061	5,976
Racine	108,699	109,300	108,097
Richland	10,498	9,395	11,601
Rock	75,136	88,050	62,222
Rusk	6,565	6,627	6,503
St. Croix	42,862	50,218	35,505
Sauk	29,591	33,344	25,838
Sawyer	8,461	8,836	8,085
Shawano	18,002	20,887	15,116
Sheboygan	77,589	60,089	95,090
Taylor	8,246	10,164	6,328
Trempealeau	12,814	14,554	11,073
Vernon	14,619	17,462	11,776
Vilas	10,797	7,885	13,710
Walworth	50,662	51,407	49,918
Washburn	7,687	7,815	7,558
Washington	63,975	63,444	64,507
Waukesha	186,536	171,290	201,781
Waupaca	24,184	23,585	24,783
Waushara	7,398	10,402	4,394
Winnebago	68,871	78,333	59,409
Wood	<u>34,205</u>	<u>36,419</u>	<u>31,990</u>
Total	\$3,000,000	\$3,000,000	\$3,000,000