



Legislative Fiscal Bureau

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

May 21, 2001

Joint Committee on Finance

Paper #500

State Centers -- Budget Reductions to Reflect CIP IA Placements Made During the 2001-03 Biennium (DHFS -- Care and Treatment Facilities)

[LFB 2001-03 Budget Summary: Page 383, #1]

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 \$190 per day following a placement from any of the Centers. Base reductions to the Centers' budget are made as part of the biennial budget process to reflect placements made during the previous biennium.

GOVERNOR

Delete \$6,192,500 PR annually and 92.24 PR positions, beginning in 2001-02, to reflect the relocation of residents from the Centers into community settings under CIP IA during the 1999-01 biennium. The following annual adjustments would be made at each Center: (a) Central Center, -\$1,432,300 PR and -30.18 PR positions; (b) Northern Center, -\$2,585,000 PR and -23.71 PR positions; and (c) Southern Center, -\$2,175,400 PR and -38.35 PR positions. Reductions in funding and staff are due to the relocation of 54 residents from the Centers during 1999-00 and a projected 37 residents that will be placed during the 2000-01 fiscal year.

DISCUSSION POINTS

1. In 1999-00, there were 54 relocations from the Centers under the CIP IA program. The Governor's budget assumed that that would be 37 relocations in the 2000-01 fiscal year. However, between July 1, 2000 and April 30, 2001, only 27 individuals were relocated (net of two returnees) from the Centers under CIP IA. DHFS staff indicate that there are no planned placements

for the last two months of this fiscal year.

2. Although there may be some relocations in the last two months of this fiscal year, base funding for the Centers can be reduced to reflect any additional placements in 2000-01, as part of the next biennial budget. When a CIP IA placement occurs, a Center is required to reduce its expenditures to reflect that placement, although the reduction to the DHFS base funding is made as part of the next biennial budget.

3. Based on this information, there would only be 81 relocations in this biennium, rather than 91, as assumed in the Governor's budget. Consequently, the amount of funding deleted from the Centers in the bill should be modified. Fewer CIP placements will mean that the projected CIP IA costs under medical assistance (MA) will be less than originally budgeted under the Governor's recommendation. Because the CIP IA reduction rate and the CIP IA placement rate are equal, the overall effect on GPR costs under MA is cost neutral.

4. Based on the revised estimate of 27 CIP IA placements in 2000-01, funding and positions in the bill should be increased by these amounts in each year: (a) \$2,200 PR and 1.58 PR positions for Central Center; (b) \$138,700 PR and -3.48 PR positions at Northern Center; and (c) \$552,600 PR and 3.59 PR positions at Southern Center. In total, the bill should be modified to provide an additional \$693,500 PR and 1.69 PR positions annually for the 2001-03 biennium. The addition of \$693,500 PR annually for the Centers would require a corresponding increase in funding for MA benefits of \$286,100 GPR and \$407,400 FED in 2001-02 and \$287,800 GPR and \$405,700 FED in 2002-003.

5. The statutes specify the total amount of the funding reduction for each CIP IA placement, but do not specify how the funding should be allocated between salaries, fringe benefits, supplies and services and the number of positions that should be deleted. However, the allocation of the funding reduction affects future funding for the Centers. If too much funding is reduced from the Centers' fringe benefits budget, then standard biennial budget bill adjustments, such as full funding of fringe benefits, may restore a portion of the reduction in the next biennium. As a result, it is important that the allocation of the reduction reflect the actual costs of that item.

6. The allocation of the CIP reductions for placements made in 1999-00 is based on: (a) the actual per resident expenditures for food and variable nonfood costs in 1999-00; (b) the actual fringe rate experienced by the Centers in 1999-00 (39.7%); and (c) the actual average salary level for the group of positions that were identified for CIP reductions in 1999-00 that would produce the needed total salary funding reduction. Since actual expenditures for 2000-01 are not yet available and the specific positions that will be eliminated have not yet been identified, the allocation of the CIP reductions for placements made in 2000-01 uses the same amounts or rates as was allocated for the reductions for the 1999-00 placements, except that the food and variable nonfood expenditure amounts are inflated to 2000-01, consistent with inflation rates used for budgeting for the 2001-03 biennium.

MODIFICATION

Modify the bill by increasing the Centers' budget by \$693,500 PR and 4.15 PR positions annually to reflect a reestimate of the number of CIP IA placements that will be made from the Centers in the 2000-01 fiscal year. In addition, increase funding for MA benefits by \$286,100 GPR and \$407,400 FED in 2001-02 and \$287,800 GPR and \$405,700 FED in 2002-003 to support the increase in PR funding of the Centers. (This MA funding increase will be offset by a reduction in estimated CIP IA expenditures as part of the MA base estimate to reflect fewer CIP IA placements.)

Modification	GPR	FED	PR	TOTAL
2001-03 FUNDING (Change to Bill)	\$573,900	\$813,100	\$1,387,000	\$2,774,000
2002-03 POSITIONS (Change to Bill)	0.00	0.00	1.69	1.69

Prepared by: Richard Megna