



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #421

### **State Centers -- Reductions to Reflect CIP IA Placements (DHFS -- Care and Treatment Facilities)**

[LFB 2003-05 Budget Summary: Page 253, #2]

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#### **CURRENT LAW**

Under current law, funding for the state centers for the developmentally disabled is reduced following each placement made under the community integration program (CIP IA). The reduction is equal to \$200 per day for placements made from any of the state centers between July 1, 2001 and June 30, 2002, and \$225 per day for placements made after June 30, 2002. Base reductions to the state centers' budget are made as part of the biennial budget process to reflect placements made during the previous biennium.

#### **GOVERNOR**

Decrease funding by \$2,518,400 PR annually and delete 51.61 PR positions, beginning in 2003-04, to reflect the relocation of residents from the centers into community placements under CIP IA during the 2001-03 biennium. Reductions in funding and staff are due to the relocation of 21 residents from the centers in 2001-02 and 12 residents that DHFS projects will be placed in the 2002-03 fiscal year.

#### **DISCUSSION POINTS**

1. In 2001-02, 21 residents were relocated from the Centers under the CIP IA program. The Governor's budget also assumes that there would be 12 relocations in 2002-03. From July 1, 2002 to present, eight CIP IA placements have been made. DHFS staff indicate that one additional relocation from Central Wisconsin Center is expected during the remaining three months of the 2002-03 fiscal year.

2. An additional three CIP IA placements are projected from Northern Wisconsin Center during the last three months of 2002-03. However, DHFS indicates that these placements would be made at an enhanced rate of up to \$325 per day. The corresponding reduction rate of up to \$325 per placement per day for three projected placements in 2002-03 and approximately 95 placements in 2003-04 is reflected in the fiscal effect of the Governor's proposal to terminate long-term care services provided at Northern Wisconsin Center.

3. It is projected that an estimated 30 relocations will occur over 2001-03 instead of the 33 placements projected under the Governor's recommendations. Therefore, the amount of funding deleted from the state centers in this item should be reduced. Conversely, the MA costs of supporting current CIP IA clients will be less than budgeted under the Governor's proposal. Since the CIP IA placement rate and reduction rate are the same, there is no net effect of this reestimate on MA benefits funding.

4. Funding and positions in the bill should be increased annually to reflect the re-estimate of CIP IA placements over the biennium by these amounts: (a) \$82,100 PR and 1.65 PR positions at Central Wisconsin Center; and (b) \$164,200 PR and 3.45 PR positions at Southern Wisconsin Center. In total, the bill should be modified to increase funding by \$246,300 PR and 5.10 PR positions annually.

5. The funding reduction rate for each CIP IA placement is specified in statutes; however, there is no direction as to how the funding should be allocated among salaries, fringe benefits, supplies and services or the number of positions that should be deleted. 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 in the next biennial budget.

6. The allocation of the CIP reductions for placements made in 2001-02 and 2002-03 are based on: (a) the actual per resident expenditures for food and variable nonfood costs in 2001-02 and 2002-03; (b) the actual fringe rate experienced by the centers in 2001-02 (38.47%); and (c) the actual average salary level for the group of positions that were identified for CIP reductions in 2001-02. Since actual expenditures are only known for 2001-02, the 2001-02 amounts or rates are used for the CIP reduction allocations for placements made in 2002-03. The only exception is that the food and variable nonfood expenditure amounts are inflated to 2002-03 by the same inflation rates used for variable non-food and food budgeting for the 2003-05 biennium.

## **MODIFICATION**

Modify the bill by increasing the centers' budget by \$246,300 PR and 5.10 PR positions annually to reflect a re-estimate of the number of CIP IA placements that will be made from the centers in the 2002-03 fiscal year.

<u>Modification</u>	<u>PR</u>
<b>2001-03 FUNDING</b> (Change to Bill)	\$492,600
<b>2002-03 POSITIONS</b> (Change to Bill)	5.10

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