Legislative Fiscal Bureau

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Independent Living Centers
(DHS -- Quality Assurance, Disabilities, and Substance Abuse)

[LFB 2009-11 Budget Summary: Page 332, #2 and Page 335, #4]

CURRENT LAW

The Department of Health Services (DHS) makes grants to independent living centers (ILCs). ILCs are community-based, nonresidential, and non-profit agencies that provide independent living services, including core services such as referral services, independent living skills training, peer counseling, and individual and systems advocacy. As a condition of receiving state and federal funds, ILCs must provide core services at no cost to clients. Individuals with severe disabilities are substantially involved in policy direction and management of ILCs. Attachment 1 to this paper lists the eight independent living centers that operate in the state, and the counties each ILC serves.

An individual may receive services from an ILC if he or she has a severe physical, mental, cognitive, or sensory impairment, whose ability to function independently in the family or community or whose ability to obtain, maintain, or advance in employment is substantially limited, and for whom the delivery of independent living services will improve the ability to function, continue functioning, or move toward functioning independently in the family or community or to continue in employment.

ILCs receive funding from several sources. In 2008-09, DHS is budgeted $1,583,400 ($983,400 GPR and $600,000 PR) to distribute as grants to the eight independent living centers. By statute, the Department of Workforce Development (DWD) is required to transfer $600,000 to DHS annually to support grants to ILCs. DWD receives this funding from federal reimbursements to the state for Social Security recipients who have returned to work

ILCs are also supported with federal grants authorized under Title VII of the federal Rehabilitation Act provided by the U.S. Department of Education (DOE), Office of Special

Education and Rehabilitation Services. In 2008-09, the state's ILCs received $1,131,700 in federal funds from this source. In addition, most ILCs receive revenue from non-grant sources, including fee-for-service reimbursement payments for non-core services they provide, fundraising revenues, and charitable contributions. Income from fee-for-service reimbursements largely comes through the state MA program for personal care services provided to individuals with disabilities.

GOVERNOR

Reduce state funding provided as grants to ILCs by $543,000 GPR annually. In addition, the GPR and PR appropriations that support ILCs would be subject to the 1% across-the-board funding reductions.

The following table identifies the effect of these reductions to base funding for the program.

TABLE 1

Annual Grant Funding to Support Independent Living Centers
Assembly Bill 75

	GPR	PR	Total
Base	$983,400	$600,000	$1,583,400
Funding Reduction to ILCs	-$543,000	$0	-$543,000
1% Across-the-Board Reduction	-9,800	-6,000	-15,800
AB 75 Funding Total	$430,600	$594,000	$1,024,600

DISCUSSION POINTS

1. Federal law requires each state to establish a statewide independent living council, which cannot be a state agency. In Wisconsin, the Independent Living Council of Wisconsin, Inc. (ILCW) serves this function. The Council is responsible for implementing the state's plan for independent living (SPIL), and coordinating overall policy activities with the state's independent living centers. The Council also oversees base funding it allocates to support each ILC's general operations.

2. In 2008-09, $2,715,200 ($983,400 GPR, $600,000 PR and $1,131,700 FED) is budgeted to support the general operations of the state's ILCs. The state's SPIL requires ILCW to distribute funding to each ILC so that the ILCs are funded in an equitable manner. While federal grant money is distributed in accordance with a predetermined formula, state grant funds are usually distributed in accordance with the state plan to achieve funding equity across all ILCs.

3. In total, AB 75 would reduce funding provided by DHS to ILCs by $558,800 (all funds) annually. The reduction in funding in AB 75 represents a 35% reduction in state funding (GPR and PR) provided to ILCs. Based on a projected decrease in federal base funding for the program, ILCW estimates that the total effect of the funding reductions for grants it allocates to ILCs would be approximately a 22% reduction in state and federal funds distributed to ILCs by the ILCW.

4. Table 2 identifies amounts ILCW distributed to each ILC in 2008-09, and the potential funding effect of the funding reductions proposed in AB 75, based on preliminary information provided by ILCW. ILCW has not made a final determination as to how it would implement the funding reductions to each agency if the funding reductions in AB 75 were enacted. However, ILCW indicates that the remaining funds would likely be distributed in a way that minimizes, to the extent possible, the adverse affects of the funding reductions, and maintains funding equity across all ILCs.

TABLE 2

Funding Distributions for General Operations by Agency

	2008-09			2009-10 and 2010-11 Possible Annual Allocations			Total Change from 2008-09	
Agency	GPR/PR	FED	Total	GPR/PR	FED	Total	Amount	Percent
Access to Independence	$71,500	$283,400	$354,900	$0	$272,400	$272,400	-$82,500	-23%
Center for Independent Living	10,000	413,500	423,500	0	392,000	392,000	-31,500	-7
Independence First	31,400	310,600	342,000	0	299,700	299,700	-42,300	-12
Independent Living Resources	294,100	24,800	318,900	206,120	24,000	230,120	-88,780	-28
Midstate Independent Living Consultants	294,100	24,800	318,900	206,120	24,000	230,120	-88,780	-28
North County Independent Living	294,100	24,800	318,900	206,120	24,000	230,120	-88,780	-28
Options for Independent Living	294,100	24,800	318,900	206,120	24,000	230,120	-88,780	-28
Society's Assets, Inc.	294,100	24,800	318,900	206,120	24,000	230,120	-88,780	-28
Total	$1,583,400	$1,131,500	$2,714,900	$1,030,600	$1,084,100	$2,114,700	-$600,200	-22%

5. During public hearings on the bill, the Committee heard opposition to the funding reductions proposed in AB 75. If the funding reductions shown in Table 2 were enacted, ILCs indicate that they would respond by reducing staff, closing satellite offices, reducing staff hours and benefits, and placing more individuals on waiting lists for services.

6. In 2006-07, the most recent period for which information is available, ILCs provided services to 4,170 individuals in Wisconsin. Table 3 provides information on the population served by ILCs in that year.

TABLE 3

ILC Consumers, by Disability Type
Calendar Year 2007

Disability	Individuals Served	% of Total
Cognitive	610	15%
Mental/Emotional	410	10
Hearing	310	7
Physical	1,980	47
Vision	140	3
Other	30	1
Multiple	690	17
Total	4,170	100%

7. Six of the eight ILCs are certified to provide personal care services to medical assistance (MA) recipients. In calendar year 2007, ILCs provided approximately 20% of all personal care services that the state's MA recipients received. Revenue from MA-funded services is a significant source of revenue for some ILCs. For example, in its 2007 annual report, Independence First, an ILC that serves Milwaukee, Ozaukee, Washington and Waukesha Counties, indicated that revenues from the agency's personal assistance program totaled approximately $24,902,700, representing approximately 91.7% of the agency's total revenues in that year ($27,160,700).

8. As Family Care continues to expand statewide, DHS has encouraged ILCs to expand their capacity to provide more personal care services. The administration indicates that some of the additional revenues ILCs will receive by providing more personal care services as Family Care expands could be available to offset some of funding reductions in AB 75. However, ILCs use these revenues to support the cost of providing personal care services to individuals with disabilities. It is uncertain whether ILCs can use some of the revenue they receive as reimbursement from providing personal care services to offset funding reductions that support core services.

9. The administration argues that many services provided by ILCs are also provided by Aging and Disability Resource Centers (ADRCs), and therefore using state GPR to fund both ILCs and ADRCs is redundant. On the other hand, the ILCs indicate that the expertise and services they provide is different and complementary to the services provided by ADRCs. In particular, ILCs point to the fact that the number of referrals for their services has increased, on average, by 14% in counties where Family Care benefits are currently offered. ILCW indicates that ADRCs refer individuals to ILCs for a variety of services, including disability benefits assessments assistance with advocacy, requests for information regarding assistive technology, home modifications, and finding interpreters.

10. The federal American Recovery and Reinvestment Act of 2009 (ARRA) provides a one-time increase of $87.5 million in Title VII funds available to support ILCs. Preliminary estimates indicate that Wisconsin will be allocated between $1.3 million and $1.7 million in additional grant funds from this program, which will be distributed directly to ILCs in accordance with the SPIL. As a result, these additional one-time federal funds will be available to offset the funding reductions recommended by the Governor in the 2009-11 biennium.

11. DOE has indicated that these additional grant funds will be distributed to state ILCs by September 30, 2009, and must be spent or committed to be spent by September 30, 2011. However, DOE has not provided states with any additional details regarding the availability or use of these ARRA funds. As a result, it is not known when these funds will be distributed to ILCs, or if there will be any additional restrictions regarding the use of these funds. The ILCs are concerned that any potential delay in the distribution of these federal funds, combined with the timing of the Governor's proposed reductions, will make it difficult to continue funding base operations at each of the centers.

12. Unlike other funding increases provided to states under ARRA, the federal legislation does not include a maintenance of effort requirement states must meet in order to be eligible for the additional grant money provided under ARRA. The administration has indicated that the availability of one-time funding for ILCs under ARRA did not factor into its decision to propose reduced state support for ILCs in AB 75.

13. The administration has not assumed that GPR savings would result by reducing, by $6,000, the annual amount of funding that would be transferred from DWD to DHS to support ILCs. Consequently, the Committee could restore this funding reduction and maintain the current amount that would be transferred from DWD to support ILCs.

14. Several options are available to the Committee. First, in light of the state's current fiscal condition, the availability of one-time funding available under ARRA, other sources of revenue that are potentially available to ILCs to support core services, and the provision of similar services through aging and disability resource centers under Family Care, the Committee could adopt the Governor's recommendations to reduce state funding for the program (Alternative 1). If the Committee elects this option, a statutory reference to the amount of funding DWD is required to transfer annually to DHS should be modified to reflect the amount budgeted in the bill. A similar option is presented that would retain the Governor's GPR funding reductions, but delete the $6,000 PR annual reduction from moneys transferred from DWD (Alternative 2).

15. Second, the Committee could adopt the Governor's recommended funding reductions, but direct the Department of Administration, in developing the 2011-13 budget, to establish an adjusted base funding level for the program equal to the 2008-09 base funding level for the program ($983,500 GPR and $600,000 PR). This alternative recognizes the one-time nature of the federal funding increase provided under ARRA. However, it would increase the state's general fund structural deficit by $543,100 GPR annually in the 2011-13 biennium (Alternative 3). A similar option is presented that would delete the PR annual reduction from moneys transferred from

DWD (Alternative 4).

16. Finally, the Committee could delete the Governor's recommendation to reduce grant funding provided to ILCs. Under this alternative (Alternative 5), state funding for ILCs would be maintained at its current level. This alternative would permit ILCs to use ARRA funds to support special, one-time projects, consistent with the intent of the economic stimulus funds, rather than needing to use these funds to support the costs associated with general operations and ongoing commitments.

ALTERNATIVES

1. Adopt Governor's recommendation. In addition, modify the statutory reference to the amount of funding DWD must transfer annually to DHS to support ILCs to reflect the amount budgeted in the bill ($594,000 annually).

2. Modify the bill by increasing funding by $6,000 PR annually to restore the 1% funding reduction to the appropriation funded by moneys transferred from DWD to DHS to support independent living centers.

ALT 2	Change to Bill Funding
PR	$12,000

3. Modify the Governor's provision by directing the Department of Administration, in developing the 2011-13 budget, to establish an adjusted base funding level for the program equal to the 2008-09 base funding level for the program ($983,500 GPR and $600,000 PR). In addition, modify the statutory reference to the amount of funding DWD must transfer in 2009-10 and 2010-11 to DHS to support ILCs to reflect the amount budgeted in the bill ($594,000 in 2009-10 and 2010-11).

4. Modify the Governor's provision by directing the Department of Administration, in developing the 2011-13 budget, to establish the GPR adjusted base funding level for the program equal to the 2008-09 base funding level for the program ($983,500). In addition, by increase funding by $6,000 PR annually to restore the 1% funding reduction to the appropriation funded by moneys transferred from DWD to DHS to support independent living centers.

ALT 4	Change to Bill Funding
PR	$12,000

5. Delete provision. Increase funding in the bill by $552,900 GPR and $6,000 PR annually.

ALT 5	**Change to Bill** Funding
GPR	$1,105,800
PR	12,000
Total	$1,117,800

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Attachment

ATTACHMENT

Wisconsin Independent Living Centers and Counties Served

Access to Independence	Center for Independent Living	Independence First	Independent Living Resources	Midstate Independent Living Consultants	North Country Independent Living	Options for Independent Living	Society's Assets, Inc.
Columbia	Barron	Milwaukee	Buffalo	Adams	Ashland	Brown	Jefferson
Dane	Chippewa	Ozaukee	Crawford	Florence	Bayfield	Calumet	Kenosha
Dodge	Clark	Washington	Grant	Forest	Burnett	Door	Racine
Green	Dunn	Waukesha	Iowa	Langlade	Douglas	Fond Du Lac	Rock
	Eau Claire		Jackson	Lincoln	Iron	Green Lake	Walworth
	Pepin		Juneau	Marathon	Price	Kewaunee	
	Pierce		LaFayette	Oneida	Sawyer	Manitowoc	
	Polk		La Crosse	Portage	Washburn	Marinette	
	Rusk		Monroe	Taylor		Marquette	
	St. Croix		Richland	Vilas		Menominee	
			Sauk	Wood		Oconto	
			Trempealeau			Outagamie	
			Vernon			Shawano	
						Sheboygan	
						Waupaca	
						Waushara	
						Winnebago	