



Legislative Fiscal Bureau

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February 29, 2024

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Health Services: Section 13.10 Request for Use of Revenues from Sale of Surplus Land
at Northern Wisconsin Center -- Agenda Item II

REQUEST

The Department of Health Services (DHS) requests approval to use revenue received from the sale of surplus land at the Northern Wisconsin Center to address the campus's operating deficit under the Department's interagency and intra-agency programs appropriation (20.435(2)(kx)), which supports the utilities and maintenance of the campus's common areas and vacant buildings.

BACKGROUND

The DHS, Division of Care and Treatment Services operates three residential treatment centers for individuals with intellectual disabilities -- Central Wisconsin Center in Madison, Southern Wisconsin Center in Union Grove, and Northern Wisconsin Center (NWC) in Chippewa Falls. At NWC, DHS administers a short-term treatment program that specializes in serving adults and children with intellectual disabilities that also have mental illness and aggressive or challenging behaviors.

DHS uses a program revenue appropriation (20.435(2)(kx)) to expend all moneys it receives from other state agencies and all moneys transferred from other units within DHS to fund the costs of utilities and maintenance of common areas and vacant buildings at NWC. At the end of 2022-23, the appropriation had an unsupported deficit of \$7,411,800. The deficit occurred primarily because costs that were previously eligible for reimbursement under the state's medical assistance (MA) program are no longer MA-eligible, due to the reduction in long-term care services provided by the facility since 2004-05. Currently, 46% of the total square footage of buildings on the property is vacant, and therefore cannot be reimbursed by MA.

DESCRIPTION OF THE REQUEST AND ANALYSIS

As authorized under Wis. Stat. 51.06(6), the Department sold unused, surplus land parcels on the NWC property to the city of Chippewa Falls for \$2,317,315. Pursuant to Wis. Stat. 51.06(6), DHS received the revenue in the Department's institutional operations and charges appropriation (20.435(2)(gk)) and now requests the approval of the Joint Committee on Finance to apply this amount to reducing the Department's NWC campus deficit within the Department's interagency and intra-agency programs appropriation (20.435(2)(kx)). In order to do so, expenditure authority for 20.435(2)(gk) would need to be increased by \$2,317,400 on a one-time basis in 2023-24 to facilitate the Department's expenditure of the funds to reduce the unsupported overdraft in 20.435(2)(kx).

In order to expend these proceeds, DHS must seek and receive approval from the Joint Committee on Finance. Under Wis. Stat. 13.101(17), the Committee may approve expenditure of these funds "only to support any state activity, including by the department of veterans affairs, that is conducted or performed on the property that is occupied or managed by the department of health services or the department of corrections...at the Northern Center for the Developmentally Disabled." The proposal before the Committee meets this requirement.

The Department cannot proceed to use the funds from the sale without the approval of the Committee. If the request is denied, the Department would need to submit another request to the Committee.

ALTERNATIVES

1. Approve the Department's request to use the revenues (\$2,317,315) from the sale of surplus land parcels on the NWC property and increase expenditure authority in 20.435(2)(gk) by \$2,317,400 on a one-time basis in 2023-24 to reduce the NWC campus deficit within the Department's interagency and intra-agency programs appropriation (s. 20.435(2)(kx)).
2. Deny the Department's request.

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