



Legislative Fiscal Bureau

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September 21, 2005

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Assembly Bill 262: Child Abuse and Neglect Prevention Board

Assembly Bill 262 would make several changes relating to the Child Abuse and Neglect Prevention Board (CANPB), including: (a) membership and responsibilities of the CANPB and the nonstock, nonprofit corporation organized by the CANPB (the Celebrate Children Foundation, or CCF); (b) how the activities of the CANPB and the CCF are funded; and (c) and the types of activities the CANPB and CCF may fund.

In addition, the bill would provide \$300,000 PR in 2005-06 and \$300,000 PR in 2006-07 from revenues from the sale of certified and uncertified copies of birth certificates to increase funding for statewide projects administered by the CANPB.

On May 24, 2005, the Assembly Committee on Children and Families recommended passage of AB 262 by a vote of 6 to 1.

CURRENT LAW

Nonstock, Nonprofit Corporation (CCF). The CANPB may organize and maintain a nonstock, nonprofit corporation for the exclusive purpose of soliciting and accepting contributions, gifts, grants, and bequests for the children's trust fund. Any contributions, grants, gifts, or bequests accepted by the corporation must be deposited in the children's trust fund and, in accordance with the wishes of the donor, must be used to fund grants, the CANPB's staff and operating costs, or statewide projects, or may continue to accumulate in the children's trust fund.

If the CANPB establishes a nonstock, nonprofit corporation, the CANPB must enter into a contract with the corporation stating that the CANPB may make use of the services of the corporation and that the CANPB may provide administrative services to the corporation, although

the type and scope of these services would be determined by the CANPB. The corporation is prohibited from employing staff or engaging in political activities.

The corporation is required to donate any real property to the state within five years after acquiring the property, unless holding the property for a longer length of time is consistent with sound business and financial practices and is approved by the Joint Committee on Finance. The CANPB, the Department of Administration, the Legislative Fiscal Bureau, the Legislative Audit Bureau, and the appropriate committee of each house of the Legislature may examine all records of the corporation.

The corporation's board of directors must consist of five members, including the chairperson of the CANPB and four members of the CANPB, elected by the CANPB, of which one must be a legislator. No two members of the board of directors may be from the same category of the CANPB members, either appointed or public.

"Celebrate Children" License Plate Revenue. On January 1, 1999, the Department of Transportation (DOT) began issuing a special license plate with the words "Celebrate Children" on it, which may be purchased by people to support child abuse and neglect prevention activities. Under current law, the Department of Transportation collects a \$20 annual fee for the "Celebrate Children" license plate, which is deposited in the children's trust fund. This fee is in addition to the annual vehicle registration fee and a \$15 one-time plate issuance fee, both of which are deposited in the transportation fund. The CANPB cannot spend the revenue from the sale of these license plates -- it may only expend the interest from this revenue. As of July 1, 2005, there was approximately \$494,000 in revenue from the sale of license plates in this fund.

CANPB Board Membership. The CANPB consists of 16 members, including eight members from state government (the Governor, the Attorney General, the Secretary of Health and Family Services, the State Superintendent of Public Instruction, one member of the majority and minority party from each house of the Legislature, or their designees) and eight public members, of which six are appointed on the basis of expertise, experience, and interest in the prevention of child abuse and neglect or on the basis of expertise or experience in intervention in cases of child abuse and neglect, one adult who was the victim of abuse or neglect as a child, and one parent who formerly abused or neglected his or her child and who has received treatment or advice from an organization that provides child abuse and neglect prevention and intervention services.

Grant Programs. The CANPB may award grants to organizations for programs for the primary prevention of child abuse and neglect, including, but not limited to: (a) programs to promote public awareness of the need for the prevention of child abuse and neglect; (b) community-based programs on education for parenting, prenatal care, perinatal bonding, child development, care of children with special needs, and coping with family stress; and (c) community-based programs relating to crisis care, early identification of children at risk of child abuse or neglect, and education, training and support groups for parents, children, and families. In addition, the CANPB may award grants to early childhood family education centers for parenting education services, including in-home services, and "right from the start" projects that provide outreach and family support services to parents of newborn infants.

SUMMARY OF BILL

Nonstock, Nonprofit Corporation -- Creation of Fund. The bill would authorize CCF to establish and maintain a fund, into which the corporation would deposit all gifts, grants, contributions, and bequests it accepts. In addition, the bill would direct the Secretary of the Department of Administration to transfer the principal balance and any interest from "Celebrate Children" license plate sales from the children's trust fund to the corporation's fund. All future revenues from the sale of these license plates and the interest earned on the revenues of those sales would also be deposited in the corporation's fund.

All license plate revenue, including future revenues and amounts transferred to the corporation's fund from the children's trust fund, would continue to accumulate indefinitely in the corporation's fund. The bill would create an appropriation in DOT for the receipt of moneys from the sale of "Celebrate Children" license plates for the purpose of depositing these funds to the corporation's fund.

The bill would specify that, in accordance with the wishes of the donor and subject to the approval of the CCF's board, any contributions, grants, gifts, or bequests accepted by the corporation that are deposited in the fund must be used to: (1) encourage donors to make contributions, grants, gifts, and bequests to the corporation for deposit in the children's trust fund or the corporation's fund; (2) fund statewide projects, grant programs, or any other project that the CANPB contracts with the corporation to administer; (3) pay for the actual and necessary operating costs of the corporation; or (4) continue to accumulate indefinitely. The bill would authorize the CANPB to award a grant of not more than \$100,000 SEG in 2005-06 and 2006-07 to the corporation for these four purposes.

Under the bill, the corporation would be required to submit a budget specifying how it intends to allocate the contributions, grants, gifts, and bequests it accepted and all other moneys of the corporation to the CANPB for its approval. The budget would specify the amount of contributions, grants, gifts, and bequests that would be deposited in the children's trust fund and in the corporation's fund. The corporation's budget for its fund would specify how the funds would be allocated or permitted to accumulate indefinitely.

Under the bill, the children's trust fund would consist of contributions, grants, gifts, and bequests received by the CANPB, which could be used to support the agency's grant programs, operating costs, special projects, or in accordance with the donor's requests, as specified under current law, and could also be used by the CANPB to provide technical assistance to grantees and provide child abuse and neglect prevention information and services on a statewide basis.

Composition of the Corporation's Board of Directors. The bill would increase, from five to nine, the number of members of the corporation's board of directors. The corporation's board would still include the chairperson of the CANPB and up to four additional members of the CANPB. The bill would repeal the current requirements that the corporation's board of directors include a legislator and that no two members of the board of directors be from the same category of CANPB members.

Finally, the bill would specify that the contract between the CANPB and the corporation could, but would no longer be required to, provide for the use by the CANPB of the services of the corporation and for the provision by the CANPB of administrative services to the corporation. The bill would repeal the current provision that prohibits the corporation from employing administrative staff.

CANPB -- Membership and Responsibilities. AB 262 would increase, from 16 to 20, the number of members so that the CANPB would include the Secretary of Corrections or his or her designee, the Secretary of the Department of Workforce Development or his or her designee, and two additional public members. One of the new public members would be appointed for a term expiring on May 1, 2007. The bill would require that all 10 public members be appointed based on expertise, experience, leadership, or advocacy, rather than on the basis of expertise, experience and interest (as required under current law), in the prevention of child abuse and neglect. The bill would eliminate the requirements that one public member be an adult who was a victim of abuse or neglect as a child and that one public member be a parent who formerly abused or neglected one or more of his or her children and received treatment or advice from an organization that provides child abuse and neglect prevention services. These changes would first apply to a person appointed to the CANPB on the effective date of the bill.

In addition, AB 262 would change the scope of the recommendations the CANPB would make to the Governor, the Legislature, and state agencies regarding changes needed in state programs, statutes, policies, budgets, and rules to promote individual, family, and community strengths, build parenting skills, and provide community support for children and families, instead of to improve the condition of children and persons responsible for children who are in need of prevention program services, as is stated under current law. The bill would expand the CANPB's responsibility to disseminate information about the problems of child abuse and neglect to include methods of preventing child abuse and neglect and delete a reference to promoting informational seminars. Instead of promoting educational and public informational seminars for the purpose of developing public awareness of the problems of child abuse and neglect, the bill would require the CANPB to promote statewide educational and public awareness campaigns and materials for this purpose.

The CANPB would also be required to include in its biennial plan it submits to the Governor and Legislature on awarding grants, the CANPB's plans to provide technical assistance to organizations and child abuse and neglect prevention information and services on a statewide basis.

Grant Programs. The bill would eliminate references to the "right from the start" grant program and change current references to "early childhood family education centers" to "family resource centers." (These changes would conform the statutes to reflect the agency's current grant programs.) The bill would also delete obsolete references to requirements that are no longer applicable to the CANPB because the date included in the requirement has passed.

AB 262 would require the CANPB to provide technical assistance to organizations and child abuse and neglect prevention information and services on a statewide basis, in addition to

awarding grants to eligible agencies. The bill would also enable the agency to support statewide projects from its PR appropriation (supported with revenue from fees collected for copies of birth certificates), in addition to the SEG appropriations, supported with gifts and contribution funds.

The bill would change some of the requirements related to the community-based child abuse and neglect prevention grants awarded by the CANPB, including: (a) requiring all grant applicants to provide culturally competent services; (b) requiring the agency to award grants to organizations for programs for the primary prevention of child abuse and neglect, including: (1) programs to promote public awareness of the need for the prevention of child abuse and neglect; (2) community-based family resource and support programs that provide services or education to families, including services or education relating to support of parents, respite care, and prevention of sexual abuse, in addition to the current requirements of perinatal bonding, child development, and care of children with special needs; and (3) community-based programs relating to crisis care, early identification of children at risk of child abuse or neglect, and education, training, and support groups for parents, children, and families; (c) deleting the requirement that grantee organizations have a program for coping with family stress; (d) inserting "comprehensive" and "prevention" into the requirement that the CANPB consider whether a grantee's proposal will further the coordination of comprehensive child abuse and neglect prevention services between the organization and other community and state resources.

Regarding family resource center grants, the bill would increase the amount of funding that could be allocated as grants to organizations in Milwaukee County from \$75,000 to not more than \$150,000 in each fiscal year and establish the current 20% match requirement as a minimum requirement. Each grantee would be required to provide culturally competent services. The bill would include family support as a required service for family resource center grantees to provide, in addition to direct parent education and referrals to other social services programs and outreach programs.

Statewide Projects and Technical Assistance. The bill would provide \$300,000 PR in 2005-06 and \$300,000 PR in 2006-07 from unallocated revenue from copies of birth certificates to increase funding for statewide projects.

In addition, the bill would allow the CANPB to use funding budgeted for operations to also support statewide child abuse and neglect prevention projects and technical assistance to grantees. The CANPB would be required to conduct an evaluation of the effectiveness of the grant programs in achieving their stated goals and by June 30 of each odd-numbered year, submit the results of the evaluation to the appropriate legislative standing committees.

FISCAL EFFECT

Appropriation Increase for Statewide Projects. The bill would increase the CANPB's PR general program operation appropriation by \$300,000 annually to increase funding for statewide projects to prevent child abuse and neglect conducted by the CANPB. This PR appropriation is supported by revenues the agency receives from fees the state collects from the sale of copies of

birth certificates. The following table provides a condition statement for this account in the 2005-07 biennium.

	Actual <u>2003-04</u>	Actual <u>2004-05</u>	Act 25 Estimate <u>2005-06</u>	Act 25 Estimate <u>2006-07</u>
Opening Balance	\$180,000	\$75,200	\$24,900	\$244,000
Program Revenues	\$1,698,400	\$1,689,200	\$1,700,000	\$1,700,000
Total Available	\$1,878,400	\$1,764,400	\$1,724,900	\$1,944,000
Expenditures				
General Program Operations	\$329,400	\$250,900	\$369,300	\$369,300
Grants	<u>1,452,800</u>	<u>1,467,600</u>	<u>1,075,900</u>	<u>1,480,000</u>
Subtotal	<u>\$1,782,200</u>	<u>\$1,718,500</u>	<u>\$1,445,200</u>	<u>\$1,849,300</u>
Other				
Act 33 Lapse Requirement	\$21,000	\$21,000	\$0	\$0
Act 25 Lapse Requirement	0	0	35,700	35,700
Total Expenditures and Commitments	\$1,803,200	\$1,739,500	\$1,480,900	\$1,885,000
Closing Balance	\$75,200	\$24,900	\$244,000	\$59,000

The table shows that the PR account is projected to have a balance of approximately \$59,000 by the end of the 2005-07 biennium, based on current projections of revenue and amounts budgeted from this source under 2005 Wisconsin Act 25 (the 2005-07 biennial budget act). Consequently, there would be insufficient program revenue to support the funding increase in the bill.

The Executive Director of the CANPB indicates that, in recognition of the projected balances in the program revenue account, the CANPB supports an amendment to the bill that would: (a) permit the CANPB to fund statewide projects from its general program operations appropriation; and (b) delete the funding increase provided in the bill. Currently, the agency's general program operations appropriation (budgeted at \$369,300 annually in 2005-06 and 2006-07) supports personnel costs, including 4.0 PR staff positions, and standard agency supplies and services costs, such as rent, telephone services, travel, and conferences. If the change recommended by the Executive Director were made, the Board would be able fund additional statewide projects to the extent that funding was available from that appropriation. The bill could be amended to meet this intent.

Authority to Transfer Donated Revenues to CCF. The bill would authorize the CANPB to award a grant of not more than \$100,000 SEG in 2005-06 and 2006-07 from the agency's gifts and grants appropriation to the corporation to fund specified activities. As of July 1, 2005, there was

approximately \$223,200 in unallocated revenue the agency collected from gifts and grants. However, based on a November, 2002, opinion rendered by staff of the Legislative Council, it appears that the CANPB currently has the authority to provide financial assistance to the CCF from its gifts and grants appropriation. Based on this opinion, the CANPB has committed \$60,000 SEG in 2005-06 and 2006-07 from this appropriation to support activities conducted by CCF. The agency's Executive Director indicates that the provision in the bill regarding the CANPB's authority to transfer \$100,000 SEG in 2005-06 and 2006-07 to CCF should be deleted because it is unnecessary and may lead to confusion regarding the amount of support the CANPB would provide to the CCF in the 2005-07 biennium.

Effect on Private Contributions to Support Child Abuse and Neglect Prevention Programs. The bill is intended to increase private contributions for statewide child abuse and neglect prevention programs. Under current law, the CANPB is directed to solicit and accept contributions for the children's trust fund or for other purposes. While the CANPB has had the authority to organize a nonstock, nonprofit corporation, and has done so, CCF has been relatively inactive, due in part, to the restriction in current law that the corporation may not expend any of the money it collects and also because the corporation's board of directors has several vacancies. These vacancies are mainly due to the reluctance of legislators and state employees to be on the corporation's board, citing conflict of interest in the corporation's charge to solicit funds.

The CANPB believes that the corporation would be able to increase private contributions for statewide child abuse and neglect prevention programs with the changes proposed in AB 262. The nonstock, nonprofit corporation currently has federal tax-exempt status under section 501 (c)(3) of the Internal Revenue Code, but under current law, if the corporation receives any contributions, gifts, grants, or bequests, those funds are deposited to the children's trust fund. Currently, the moneys in the children's trust fund can only be expended by the CANPB. The CANPB believes that this requirement has discouraged potential donors from making contributions for child abuse and neglect prevention programs because of the concern that they would be donating funds to the state.

To address this issue, the bill would allow the corporation to not only receive, but also to expend the moneys that it receives for a number of specified purposes, including to fund statewide projects and grant programs that the CANPB contracts with the corporation to administer. In addition, the corporation's fund would receive the revenues from the sale of "Celebrate Children" license plates.

To the extent that the changes in AB 262 allow the corporation to solicit and receive additional contributions, more funds would be available to support child abuse and neglect prevention activities and programs in Wisconsin. In addition, the bill would maintain the current law provision that does not allow the CANPB or the corporation to expend the revenues from the sale of "Celebrate Children" license plates, but it does deposit the revenues in the corporation's fund instead of the children's trust fund. As under current law, only the interest on the license plate revenues could be expended. However, AB 262 would allow the corporation to expend those funds instead of the CANPB, but the corporation could only do so with the approval of the CANPB.

Neither the corporation's activities nor the revenue generated and retained by the corporation, would be subject to legislative review, since the revenues would not be considered state revenues or budgeted as part of the of the state's budget. Currently, only the interest that accrues to revenue from the license plates is budgeted for the CANPB to expend. In the past, when the administration and the Legislature lapsed PR and SEG balances, gift and grant appropriations were not included in the lapse requirement. Therefore, these funds have not been lapsed to the general fund and, under AB 262, they would not be accessible to the administration or Legislature to lapse to the general fund.

If these changes are effective in increasing contributions, additional funding would be available to support child abuse and neglect prevention activities and programs in Wisconsin.

Maximum Grant Award to Agencies in Milwaukee County. The bill would increase the maximum grant award amount to agencies in Milwaukee County from \$75,000 to \$150,000. Under current law, the CANPB may award early childhood family education center grants up to \$150,000 annually to organizations. This change would conform the statutes with the current practice of the CANPB and to allow the CANPB to award equal grant awards to agencies in all counties in the state.

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