

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Milwaukee Child Welfare Services -- Funding Reestimate (DHFS -- Children and Family Services and Supportive Living)

[LFB Summary: Page 305, #7]

CURRENT LAW

1995 Wisconsin Act 303 directed DHFS to propose legislation by September 15, 1996, to transfer the duty and authority to provide child welfare services in Milwaukee County from the county to DHFS no later than January 1, 1998. This proposal was incorporated into SB 77.

GOVERNOR

Provide \$60,084,900 (\$9,533,600 GPR, \$17,757,400 FED and \$32,793,900 PR) in 1997-98 and \$104,776,500 (\$20,456,400 GPR, \$28,603,200 FED and \$55,716,900 PR) in 1998-99 and 127.75 positions (89.43 GPR positions, 37.20 FED positions and 1.12 PR positions), beginning in 1997-98, to support costs associated with the state's assumption of the responsibility for providing child welfare services in Milwaukee County, beginning January 1, 1998.

DISCUSSION POINTS

1. In 1995, DHFS staff, county staff and contracted consultants conducted a needs assessment of the Milwaukee County child welfare system in order for DHFS to plan for the state's takeover of the system. The needs assessment was designed to collect and analyze data which could be used to plan for the program design, staffing and resource needs of the system.

In order to prepare its cost estimate, the administration utilized much of the information contained in this needs assessment.

2. Although this office has reestimated the costs of administering the Milwaukee County child welfare system, these reestimates do not modify any of the administration's recommendations relating to the type and number of services that would be provided to children and families involved in the child welfare system.

3. Several of the funding reductions incorporated into this reestimate were identified by the DHFS Secretary in a letter to the Co-Chairs dated April 21, 1997. These savings were identified as a means of funding additional items identified in the letter. A separate budget paper prepared by this office discusses the DHFS requests for additional funding for the Milwaukee child welfare initiative.

4. The current estimate reflects a number of technical corrections, updated caseload data, and the following modifications:

- In addition to providing child welfare services, DHFS will be responsible for the placement costs of children in out-of-home care. Children in out-of-home care may be placed in foster home, treatment foster care, group homes, and child caring institutions. Under Title IV-E of the federal Social Security Act, Wisconsin is reimbursed for approximately 60% of the placement costs for children from AFDC-eligible homes. The current estimate reflects a modification to the amount of federal IV-E funding which will be available in 1997-99 to support these placement costs.

- Assessment staff will be responsible for receiving reports from the central intake system and investigating those reports to determine if abuse or neglect have occurred and whether a child is safe in his or her home. At the assessment stage, it is assumed that approximately 31% of the cases will require either mental health or substance abuse evaluations to determine the safety of the child in the home. The current estimate reflects an adjustment made to account for the fact that, because approximately 60% of these cases will be MA-eligible, these assessments will be covered under MA.

- After conducting an assessment, interviewing family members and conducting a home visit, the social worker may determine that the child can remain at home if specific safety services are provided to the family. Safety services which will be provided to families for five months may include the following: (a) supervision; (b) basic parenting education; (c) family crisis counseling; and (d) mental health and AODA services. Since the submission of SB 77, the administration has indicated that the costs of these safety services will be less than the costs assumed in the bill. The administration indicates that the estimated cost of providing these services is reduced because: (a) a number of these families are expected to be referred to HMOs for certain services; and (b) reduced estimates of the intensity of these services. In addition, the

administration has indicated that 5% of children in temporary out-of-home care will be referred for safety services, rather than 20% as assumed in SB 77.

- Once a child is placed in out-of-home care, social workers will be assigned to the case to provide on-going case management services. Based on a review of current salaries for comparable staff in Milwaukee County and statewide wage information collected by the Department of Workforce Development, the current estimate reflects a revised salary and fringe benefit rate for these staff. The current estimate of the overhead costs related to these staff including rent, travel and supplies reflects the same level of funding as SB 77.

- The current estimate reflects that all children in foster care are categorically MA-eligible and that the majority (approximately 83%) of case management costs are expected to be MA reimbursable.

- Finally, based on negotiations with Milwaukee County, DHFS has indicated that it will reduce Milwaukee County's community aids allocations by \$791,500 FED in 1997-98 and \$1,583,000 FED in 1998-99 to reflect Milwaukee County's use of its substance abuse prevention and treatment (SAPT) block grant allocation under community aids, for services to adults with children in the child welfare system.

SB 77 should be modified to reflect the reduction of these amounts from the federal community aids appropriation and instead, budget these funds in a federal local assistance appropriation in the Division of Supportive Living (DSL). These funds are not included in the statutory requirement that Milwaukee County contribute towards the costs of providing child welfare services, beginning January 1, 1998. In this reestimate, these funds are used to offset costs budgeted in SB 77 for providing substance abuse treatment services for families in the child welfare system.

MODIFICATION TO BILL

Reduce funding in the bill by \$6,260,700 GPR and \$2,680,900 FED in 1997-98 and \$10,666,200 GPR and \$6,576,400 FED in 1998-99. In addition, reduce the federal community aids appropriation by \$791,500 FED in 1997-98 and \$1,583,000 FED in 1998-99 and provide a corresponding increase in the federal aids to individuals and organizations appropriation in DSL to reflect the use of these funds to provide substance abuse treatment services to adults with children in the child welfare system.

<u>Modification</u>	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>
1997-99 FUNDING (Change to Bill)	- \$16,926,900	- \$9,257,300	- \$26,184,200

Prepared by: Amie T. Goldman and Rachel Cissne

MO# Modification

JENSEN	X	N	A
2OURADA	X	N	A
HARSDORF	X	N	A
ALBERS	X	N	A
GARD	X	N	A
KAUFERT	X	N	A
LINTON	Y	N	A
COGGS	Y	N	A
BURKE	X	N	A
DECKER	X	N	A
GEORGE	Y	N	A
JAUCH	X	N	A
WINEKE	X	N	A
SHIBILSKI	X	N	A
COWLES	X	N	A
PANZER	X	N	A

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PAPER # 478

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Milwaukee Child Welfare -- MA Eligibility for Parents of Children in Child Protective System (DHFS -- Children and Family Services and Supportive Living)

CURRENT LAW

Under current law, a child can be removed from his or her home if the child has been, or is at substantial risk of being abused or neglected. If a child is removed from the home, the child is placed in an "out-of-home" setting, such as a foster home or group home. Under current state and federal law, MA eligibility is terminated for parents when all of the parent's children are removed from the home.

GOVERNOR

No provision.

DISCUSSION POINTS

1. In his May 12, 1997, letter to the Committee Co-Chairs, the DHFS Secretary requested statutory changes to enable parents whose children are placed in out-of-home care to continue to be eligible for MA. In addition, the DHFS Secretary requested \$2,760,400 (\$1,135,100 GPR and \$1,625,300 FED) in 1997-98 and \$6,999,500 (\$2,896,700 GPR and \$4,102,800 FED) in 1998-99 to support the estimated cost of providing MA coverage to these parents. In addition, Secretary Leean requested \$58,200 (\$24,000 GPR and \$34,200 FED) in 1997-98 and \$440,800 (\$182,400 GPR and \$258,400 FED) in 1998-99 to support additional MA payments to Milwaukee HMOs, which would provide intensive mental health and alcohol and

drug abuse (AODA) services to these families. Funding for this portion of the Milwaukee child welfare system was not included in the Department's budget request or SB 77.

2. Under the Department's plan for the takeover of the Milwaukee child welfare system, the parents of children placed in out-of-home care would be provided services, including: (a) mental health counseling; (b) substance abuse counseling; (c) parent education; and (d) home management skills. The provision of these services is intended to promote the successful reunification of children placed in out-of-home care with their biological families and to minimize the length of time that children spend in out-of-home care. The current average length of stay for children in out-of-home care in Milwaukee is 24 months. Under SB 77, it is assumed that the average length of stay will be approximately 12 to 14 months.

In some instances, children are not reunited with their families. Instead, there is a termination of parental rights and the child is placed in long-term foster care or placed for adoption. In these circumstances, prior to terminating parental rights, services must be provided to the parent(s) in order to demonstrate to the court that every reasonable effort has been made to reunite the family. One of the issues in the pending Milwaukee court case is that in the past, very few treatment services have been provided to parents whose children have been placed in out-of-home care.

3. In order for DHFS to expedite the reunification of families and meet its goal of decreased lengths of stay in out-of-home placements for children in Milwaukee, DHFS will need to provide intensive services to these parents. If DHFS cannot meet its goal of reuniting families more quickly, its out-of-home placement costs for children, which represent the majority of costs for the Milwaukee child welfare initiative, could be significantly higher than the level budgeted.

4. SB 77 assumes that MA-eligible parents would remain eligible for MA after the child has been placed in out-of-home care and that approximately 60% of the parents would be covered under MA, 15% would have private insurance and 25% would be uninsured. In addition, SB 77 assumes that MA-eligible child welfare services provided to MA-eligible parents would be funded through the MA program. However, because these parents are not currently MA-eligible, the estimated costs of providing these services are not included in the MA base, or in SB 77.

5. At this time, it is uncertain as to whether or not Wisconsin can, under federal law, extend MA coverage to parents who lose their MA eligibility when their children are placed in out-of-home care. In recent weeks, DHFS has begun discussions with the Department of Health and Human Services, Health Care Financing Administration (HCFA) regarding the possibility of this MA expansion. If HCFA permits Wisconsin to extend MA eligibility to parents whose children are placed in out-of-home care, federal law would require this expansion on a statewide basis. DHFS staff believe that HCFA will allow this MA-eligibility expansion.

6. Approximately 60% of families whose children are placed in out-of-home care are MA eligible at the time such a placement occurs. Nearly all of these families who are eligible are eligible based on AFDC-related criteria. It is estimated that the cost of continuing MA eligibility for these families after their children are removed from the home, including an enhanced MA HMO capitation rate for these families, would be \$3,429,100 (\$1,410,000 GPR and \$2,019,100 FED) in 1997-98 and \$8,500,600 (\$3,517,300 GPR and \$4,983,300 FED) in 1998-99.

The current estimates differ from the amounts identified in the DHFS Secretary's May 12, 1997 letter to reflect: (a) corrected caseload data; and (b) revisions relating to the number of adults in each household that will be MA-eligible. The DHFS estimate assumes that MA coverage could be extended to an average of 1.5 adults per household. SB 77 assumes that there are, on average, 1.5 adults per family for each family that is involved in the child welfare system. While there may be 1.5 adults per household, virtually all AFDC-related MA eligible families are headed by single parents and, in most instances, MA-eligibility is only available to the parents of AFDC-related children. Therefore, the current estimate assumes that MA coverage will be extended to 1.0 parent per family.

As a result of this limitation in MA-eligibility, services provided to the other .5 adult per household would have to be supported entirely with GPR. The estimated cost of providing services to these adults is \$665,400 GPR in 1997-98 and \$2,463,300 GPR in 1998-99. Thus, the total cost would be approximately \$8.0 million GPR and \$7.0 million FED in 1997-99.

7. Under the current system, to the extent that families are receiving services designed to facilitate family reunification, the costs of providing services to these families are the responsibility of counties. For families who have private health insurance, a portion of the cost of these services may be covered under this insurance.

8. In 1997-99, almost all AFDC-related MA eligibles will be enrolled in health maintenance organizations (HMOs). Therefore, if MA eligibility is extended to cover parents whose children have been placed in out-of-home care, most of the services intended to facilitate family reunification provided the MA eligible parent would be provided by HMOs.

These services would include intensive mental health, AODA and family therapy services. For example, it is expected that, on average, each individual would receive 13 units of these services per month for six months and 6.5 units per month for an additional six months. In other words, each individual would go to counseling, group therapy and substance abuse treatment approximately 13 times a month for six months and 6.5 times per month for an additional six months.

9. Under the current MA HMO contract, the HMO capitation payment (the per member/per month payment) is primarily based on historical fee-for-service utilization of MA services. DHFS utilizes actuaries to estimate what the average cost of providing MA services on a fee-for-services basis would have been in various areas of the state. These estimates are

then adjusted for inflation and discounted. Under the current contract that applies to all participating counties, except Milwaukee, Eau Claire, Dane, Kenosha and Waukesha county, the discount rate is an average of 4%.

10. The most recent MA HMO/fee-for-service comparison report provides information related to the utilization of mental health and AODA services. The report shows that, in 1995, approximately 4.7% of all fee-for-service recipients received at least one mental health or AODA service during the year. In Milwaukee HMOs, approximately 2.4% of the enrolled population received at least one of these services. Among those recipients who did receive these services, the average number of services provided during the year was 5.6 for the Milwaukee HMO population and 5.8 per year for the statewide fee-for-service population. On average, this is less than .5 services per month.

11. As this data illustrates, historical utilization of mental health and AODA services is significantly lower than the expected utilization of these services among parents whose children are placed in out-of-home care. Consequently, the current capitation rate does not reflect the level of utilization which is anticipated for this population. As a result, DHFS will likely need to increase the capitation rate paid to HMOs for this population. This would be consistent with the Department's policy of paying a higher capitation rate for pregnant women, since it is expected that this population will utilize high-cost services.

12. The DHFS Secretary's May 12, 1997 letter includes a request for additional funding to increase payments to the HMOs as compensation for providing intensive mental health and AODA services. DHFS requests that funding in SB 77 be increased by \$58,000 (\$23,900 GPR and \$34,100 FED) in 1997-98 and \$440,800 (\$182,400 GPR and \$258,400 FED) in 1997-98 to support these costs. In 1998-99, this funding would be an additional \$18.00 per person per month. While the Department maintains that this would be adequate reimbursement for these additional services, an analysis prepared by this office and discussions with HMO staff in Milwaukee suggest that this level of funding would not provide sufficient reimbursement for these services.

13. The current estimate of the additional funding required to support these additional services is \$1,348,100 (\$554,300 GPR and \$793,800 FED) in 1997-98 and \$3,530,200 (\$1,460,700 GPR and \$2,069,500 FED) in 1998-99. This estimate assumes that the enhanced rate would only be paid to Milwaukee HMOs and not to HMOs in the rest of the state that would be enrolling these parents. DHFS staff argue that the concentration of these families, approximately 50% of all children in out-of-home care reside in Milwaukee, provides the rationale for an enhanced rate in Milwaukee County. In addition, this estimate assumes that DHFS will be able to negotiate a 10% discount on the fee-for-service equivalent reimbursement for these services. This estimate does not account for administrative costs the HMOs may incur related to the coordination of these services with child welfare case managers, the courts and providers. These administrative costs are likely to occur, if some of the parents do not comply with their treatment plans or do not show up for appointments. Finally, to the extent that HMOs outside of

Milwaukee require an increased capitation rate, or the Department is not able to negotiate a 10% discount, the cost of providing these services through HMOs could be higher.

14. Expanding MA eligibility to these parents on a statewide basis would provide a number of benefits, including: (a) the provision of health care services to families which may otherwise be uninsured; and (b) the integration of physical and mental health services, a working goal of DHFS. This MA coverage would be particularly important if some of these families had health problems which compromised their ability to care for their children. However, there are a number of concerns related to the provision of these services through HMOs that the Committee should consider.

15. Because mental health and AODA services are a covered MA benefit, HMOs are required to provide these services to MA enrollees. There is evidence that MA recipients have had difficulties accessing these services through HMOs in Milwaukee. In a June 26, 1996 letter to the DHFS Secretary, the Milwaukee County Executive expressed the following:

"In terms of treating parents who come into contact with the child welfare system, we have two other major barriers. The first is that most of the parents are single mothers on AFDC who are not eligible for county funded AODA treatment since their medicaid HMO is responsible for AODA services. The inability of AFDC mothers in Milwaukee to access AODA services through their MA HMOs is a longstanding problem that needs to be addressed by the State. The other major barrier is that high caseloads prevent child welfare workers from providing the case management necessary to track parents through whatever AODA treatment process they may choose to access."

16. Concerns about access to these services for this population is further supported by the fact that individuals who would be covered by MA under this expansion were covered by MA prior to their involvement with the child welfare system and have been receiving all of their MA eligible services from these HMOs prior to their child being placed in out-of-home care. To the extent that the child's placement in out-of-home care is related to the parent's mental health or substance abuse problems, it could be argued that these HMOs are not currently able to recognize and adequately treat these problems among this population.

17. There has also been some debate at the national level relating to the provision of mental health and AODA services through traditional HMOs. In a 1995 article published in Health Affairs ("Can HMOs Manage the Mental Health Benefit?"), Mary L. Durham states:

"It is widely acknowledged that mental health services are a poor stepchild to medical services under virtually all insurance arrangements. This is certainly true in health maintenance organizations (HMOs)..."

Prepaid reimbursement provides the best and worst incentives for the delivery of services for persons with chronic problems-especially psychiatric care. Capitated prepayment has the potential to reduce institutional care, improve coordination of services, and promote the prevention of future illness or episodes of care. This potential is less likely to be realized, however, if preventative technologies are not available or the efficacy of available treatments is unknown, as is the case with some chronic diseases, particularly mental illness. This places an already vulnerable population at even greater risk for being managed toward the bottom line rather than toward improved clinical outcomes."

The article states that a crucial part of care management for HMOs is the avoidance of high cost/high intensity treatment. Under the administration's proposal, it is this type of treatment that the HMOs will be expected to provide to this population. In response to these concerns, some states have exempted mental health services from their MA HMO benefits package and have opted to provide those services on a fee-for-service basis, or through mental health managed care organizations.

18. The provision of mental health and AODA services through HMOs has been an area of concern for DHFS for some time. DHFS is addressing these concerns through HMO audits targeted to mental health and AODA services. DHFS has also reconvened its Milwaukee County managed care mental health workgroup. The workgroup's primary objective is to continuously monitor access to and improve the quality of care and the quality of reporting of mental health and AODA services. In addition, the BHCF is planning statewide training for HMOs and their providers on how to provide quality mental health and AODA treatment. Finally, DHFS intends to strengthen the language in its 1998-99 HMO contract relating to the provision of mental health and AODA services.

19. If the Committee determines that it wishes to provide mental health and AODA services through HMOs, it could authorize DHFS to seek federal approval to expand MA eligibility to parents of children who have been removed from the home, as requested by the administration. However, due to the possibility that this expansion may not be permissible under federal law, the Committee may want to provide these services through an alternative mechanism.

20. Under SB 77, every family with a child in out-of-home care will be assigned a child welfare case manager. These case managers will be responsible for accessing, coordinating and monitoring services on behalf of the family. The case manager will be responsible for the oversight of mental health and AODA services, in addition to other services provided to families, such as parenting education, life skills education, home management, supervision, and respite care. Included in the contracts between DHFS and the lead agencies will be funding to support the costs of mental health, AODA and family therapy services to uninsured parents. The lead agencies will be responsible for subcontracting with community social service and mental health agencies for the provision of services to these parents.

21. As an alternative to the administration's proposal to expand MA eligibility and increase payments to HMOs to provide mental health and AODA services, the Committee could provide funding to the lead agencies to support these services for 1.5 adults per household who are presumed to be MA-eligible. Under this alternative, the case management vendors would be able to provide for these services in the same manner and using the same providers as it will use for parents who are uninsured.

22. This alternative would provide the child welfare case managers with the ability to subcontract for these services directly with providers who have an expertise in working with this population. In addition, because the case managers will not be relying on the HMOs to "manage" the care, the child welfare case managers will be able to exercise more control and flexibility related to the parent's treatment by working directly with the family and the service providers. If the child welfare case manager is able to directly coordinate all of the services, they may be able to better integrate the parent education, life skills education and home management services with the mental health and AODA services, resulting in less fragmentation.

In addition, because under either alternative the case management vendors would be providing services to the .5 adult per family who is not MA-eligible, the alternative to provide services to all of the adults through the case management vendors would facilitate coordination of services among families. Additional fragmentation may occur if one adult in the family receives services through an HMO and the other receives services from a non-HMO provider, particularly since many of the issues the adults will be dealing with relate to inter-familial relationships and coping strategies.

Finally, this alternative would enable the case management vendors to directly manage the mental health and AODA services of 85% of the total out-of-home population. This may allow the agencies to employ efficiencies resulting from economies of scale and may allow the case management vendors to negotiate reimbursement rates with service providers.

For these reasons, the Committee could direct DHFS to provide these services through its contracts with the case management vendors.

23. The estimated costs of providing needed mental health and AODA treatment services in this manner is \$1,996,200 GPR in 1997-98 and \$7,389,900 GPR in 1998-99. While the estimated costs of this option are approximately \$1.3 million GPR greater than the estimated costs of the administration's revised funding request, it could be argued that this funding would "buy" a higher quality of service.

The cost of providing these services through MA HMOs and through the lead agencies assumes that the services will be provided by a combination of mental health providers, including: (a) M.D. psychiatrists; (b) Ph.D. psychologists; and (c) masters-level professionals. If HMOs, in an attempt to increase profits, substitute lower-level providers, the services

purchased through the lead agencies could be of a higher quality than the services provided through the HMO model.

ALTERNATIVES TO BILL

1. Expand MA eligibility effective January 1, 1998, if permissible under federal law, to parents of children who have been placed in out-of-home care. Provide \$3,429,100 (\$1,410,000 GPR and \$2,019,100 FED) in 1997-98 and \$8,500,600 (\$3,517,300 GPR and \$4,983,300 FED) in 1998-99 in MA benefits funding to support the costs of this expansion. Finally, provide \$665,400 GPR in 1997-98 and \$2,463,300 GPR in 1998-99 to support the cost of providing services to the non-MA eligible adults in these families.

<u>Alternative 1</u>	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>
1997-99 FUNDING (Change to Bill)	\$8,056,000	\$7,002,400	\$15,058,400

2. Provide \$1,996,200 GPR in 1997-98 and \$7,389,900 GPR in 1998-99 to support the costs of providing services to families of children who are placed in out-of-home care.

<u>Alternative 2</u>	<u>GPR</u>
1997-99 FUNDING (Change to Bill)	\$9,386,100

3. Maintain the level of funding provided in SB 77 for these services.

Prepared by: Amie T. Goldman

MO# AH# 1

JENSEN X N A
 JOURADA X N A
 HARS DORF X N A
 ALBERS X N A
 GARD X N A
 KAUFERT X N A
 LINTON X N A
 COGGS X N A

BURKE X N A
 DECKER X N A
 GEORGE X N A
 JAUCH X N A
 WINEKE X N A
 SHIBILSKI X N A
 COWLES X N A
 PANZER X N A

AYE 16 NO 0 ABS _____

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Milwaukee Child Welfare Services -- Additional Funding and Statutory Requests (DHFS -- Children and Family Services and Supportive Living)

[LFB Summary: Page 305, #7 and Page 309, #8]

CURRENT LAW

1995 Wisconsin Act 303 directed DHFS to propose legislation by September 15, 1996, to transfer the duty and authority to provide child welfare services in Milwaukee County from the county to DHFS no later than January 1, 1998.

Act 303 established the Milwaukee Child Welfare Partnership Council to suggest: (a) policies and plans to improve the child welfare system in Milwaukee County; (b) measures for evaluating the effectiveness of the child welfare system; (c) funding priorities; and (d) innovative public and private funding opportunities. In addition, the Council advises DHFS in planning, and providing technical assistance and capacity building to support a neighborhood-based system of service delivery. DHFS is required to establish community advisory committees for each of the five neighborhood-based service delivery sites to provide a forum for communication for persons who are interested in the delivery of child welfare services in the neighborhood.

GOVERNOR

Funding. Provide \$60.1 million (all funds) in 1997-98 and \$104.8 million (all funds) in 1998-99 to fund additional state costs of transferring the duty and authority for providing child welfare services in Milwaukee County from the county to the state, effective January 1, 1998.

Milwaukee Child Welfare Partnership Council and Advisory Committees. Delete all statutory references to the Milwaukee County community advisory committees and, instead, require community steering committees established by W-2 agencies that service Milwaukee County to communicate with and make recommendations to DHFS with respect to the delivery of child welfare services in the neighborhood.

DISCUSSION POINTS

In two letters to the Co-Chairs of the Committee, dated April 21 and May 12, 1997, DHFS Secretary Leean requested: (a) funding to support additional costs of Milwaukee child welfare services for which no funds are budgeted in SB 77; and (b) statutory changes relating to the Milwaukee Child Welfare Partnership Council and advisory committees. In addition, Secretary Leean's May 12 letter identified a number of costs funded in SB 77 that could be reduced or deleted. These savings have been incorporated into the reestimate of funding for Milwaukee child welfare which are reflected in a separate budget paper.

Child Care Funding

1. DHFS requests \$1,812,100 GPR and \$989,900 FED in 1997-98 and \$3,996,400 GPR and \$2,168,000 FED in 1998-99 to provide child care to working foster parents in Milwaukee County. The county currently provides child care funding for approximately 444 foster families. No funding is provided in SB 77 for this purpose. If DHFS does not provide funding for child care for foster parents, it is expected that some of these parents will no longer be available to care for foster children.

2. The Committee could provide \$1,158,700 GPR and \$633,000 FED in 1997-98 and \$2,400,500 GPR and \$1,302,200 in 1998-99 to fund this cost. This reestimate of the DHFS request assumes that there are 1.4 children per foster family and the cost of child care is \$420 per month, consistent with other funding assumptions in the bill. In its request, DHFS assumed that the cost of child care would be for child care \$471 per month, and that the average number of children per foster care family is two.

Funding for Prevention Activities

3. DHFS requests \$744,800 GPR in 1997-98 and \$1,489,700 GPR in 1997-98 to maintain funding for nine organizations in Milwaukee County that provide child abuse and neglect prevention services. These organizations currently have contracts with Milwaukee County. However, effective January 1, 1998, Milwaukee County will no longer support these programs. Under SB 77, the revenue currently available to Milwaukee County for these contracts is assumed to be part of Milwaukee County's contribution to the state and will, therefore, not be available to continue to support these contracts.

The funds requested under this item would be used to support the continuation of contracts originally awarded by Milwaukee County. DHFS has committed to continuing these contracts during the 1997-99 biennium. The Committee could choose to support the commitment made by DHFS to these vendors by providing \$744,800 GPR in 1997-98 and \$1,489,700 GPR in 1998-99 for these contracts.

Contract Staff -- Administrative Costs

4. DHFS requests \$615,400 GPR in 1997-98 and \$1,058,400 GPR in 1998-99 for administrative costs for the providers of case management services in Milwaukee County. These costs primarily reflect negotiations between the administration and Milwaukee County to provide additional funding for administrative costs, such as management staff and fiscal services. The total additional funding requested represents an annualized cost of approximately \$3,000 per county and contract staff person. In addition, two months of funding would be provided for five Milwaukee County supervisors and five county clerical staff to assist DHFS in the transition of cases from the county to DHFS.

5. SB 77 provides 5% of staff salary costs for vendor overhead. In addition, SB 77 provides funding for computer workstations, rent, travel, and supplies. The following table identifies administrative costs already budgeted in SB 77 for vendors under contract with DHFS to provide case management, foster care and adoption placement services, and federal income eligibility determinations, beginning January 1, 1998.

Administrative Costs Budgeted in SB 77

	<u>1997-98</u>	<u>1998-99</u>
Information Technology	\$1,523,300	\$1,142,486
Rent	1,011,800	1,360,400
Supplies	316,100	600,600
Travel	111,800	259,300
Administrative Overhead	<u>392,500</u>	<u>763,300</u>
Total	\$3,355,500	\$4,126,086

6. It remains unclear what activities would be supported by the additional funds requested by DHFS. However, the Department believes that these funds are necessary in order to ensure Milwaukee County's continued participation in the child welfare system under DHFS administration.

Given the level of administrative support already provided in SB 77, a possible option would be to provide half of the additional request. If additional amounts are required, the Department may be able to reallocate other resources to address this matter.

Safety Services -- Administrative Costs

7. In addition, DHFS requests \$1,227,200 GPR and \$704,400 FED in 1997-98 and \$3,480,200 GPR and \$1,881,800 FED in 1998-99 for administrative costs relating to the safety services program. Funds would be used to support safety services staff and provide 100 workstations to safety services coordinators and staff so that these staff will have access to the automated case management system funded in SB 77.

When a case is assessed during the investigation stage and it is determined that the child can remain safely in his or her home, with the provision of services, that case is closed and the child and his or her family are referred to the safety services program.

8. DHFS will contract with a safety services coordinator who will be responsible for hiring safety services managers and developing networks of providers for safety services. These managers will be responsible for ensuring that services are provided to the child and the family as specified by the assessment worker.

9. SB 77 provides funding under the safety services program sufficient to fund administrative and staff costs for providers of services under this program, but not safety services staff. Under this request, DHFS would provide a capitation rate to safety service coordinators for each case referred to that coordinator. Each capitation rate would include funding for staff costs. The staff and administrative share of the capitation rate would total \$237 per month per case, or 18% of the total capitation rate.

In addition, the requested funding would provide for the purchase of 100 workstations and five printers for safety services vendors to provide access to the state's automated case management information system. SB 77 already provides funding for the purchase of 633 workstations for state staff and contracted staff providing intake, assessment, case management, foster care and adoption placement services. DHFS argues that the computers for safety services staff would be required for the monitoring of cases while in the safety services program. However, because these cases will be considered closed by the child welfare system, it could be argued that it is not necessary to provide 100 computers to monitor the progress of these cases.

Coordination of Activities with Implementation of Wisconsin Works

10. The establishment of community steering committees by each W-2 contract agency are required under current law for the implementation of the W-2 program. SB 77 would eliminate the community advisory committees established in Act 303 and instead require community steering committees to provide the forum for persons interested in the delivery of

child welfare services to community with and make recommendations to DHFS with respect to the delivery of child welfare services in the neighborhood. This provision was intended to provide for coordination of activities relating to the implementation of W-2 and the state's takeover of child welfare services.

However, community steering committees provide a focus on employment and job training activities. DHFS has requested a modification to SB 77 to specify that two members to the Milwaukee Child Welfare Partnership Council would be appointed by children's services networks which must be established by each community steering committee in Milwaukee County. In addition, the statutory responsibility of these networks would be modified to include creating a forum for persons interested in the delivery of services to children and families to communicate with and make recommendations to providers of services to children and families, including the delivery of child welfare services in that area.

These networks focus on issues relating to children and provide a more appropriate forum for discussion of child welfare issues. In addition, because these networks will have links to the community steering committees, the DHFS request would increase its ability to coordinate the implementation of W-2 with the takeover of the child welfare system in Milwaukee County.

ALTERNATIVES TO BILL

A. Child Care Funding

1. Provide \$1,812,100 GPR and \$989,900 FED in 1997-98 and \$3,996,400 GPR and \$2,168,000 FED in 1998-99 to fund child care to working foster parents in Milwaukee at the level requested by DHFS.

<u>Alternative A1</u>	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>
1997-99 FUNDING (Change to Bill)	\$5,808,500	\$3,157,900	\$8,966,400

2. ^{PHCD} Provide \$1,158,700 GPR and \$633,000 FED in 1997-98 and \$2,400,500 GPR and \$1,302,200 FED in 1998-99 to provide child care to foster parents in Milwaukee County.

<u>Alternative A2</u>	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>
1997-99 FUNDING (Change to Bill)	\$3,559,200	\$1,935,200	\$5,494,400

3. Take no action.

See motion # 7016 (pass)

B. Prevention Activities

1. Provide \$744,800 GPR in 1997-98 and \$1,489,700 GPR in 1998-99 to maintain funding for nine organizations in Milwaukee County that provide child abuse and neglect prevention services.

<u>Alternative B1</u>	<u>GPR</u>
1997-99 FUNDING (Change to Bill)	\$2,234,500

2. Take no action.

C. Contract Staff -- Administrative Costs

1. Provide \$615,400 GPR and \$263,800 FED in 1997-98 and \$1,058,400 GPR and \$453,600 FED in 1998-99 for administrative costs for vendors providing case management and adoption and foster care placement services.

<u>Alternative C1</u>	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>
1997-99 FUNDING (Change to Bill)	\$1,673,800	\$717,400	\$2,391,200

2. Provide \$307,700 GPR and \$131,900 FED in 1997-98 and \$529,200 GPR and \$226,800 FED in 1998-99 to fund one-half of the amount requested by DHFS for contract staff administrative costs.

<u>Alternative C2</u>	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>
1997-99 FUNDING (Change to Bill)	\$836,900	\$358,700	\$1,195,600

3. Take no action.

D. Safety Services -- Administrative Costs

1. Provide \$1,227,200 GPR and \$704,400 FED in 1997-98 and \$3,480,200 GPR and \$1,881,800 FED in 1998-99 to increase funds provided to safety service coordinators to reflect increased staff costs and the provision of 100 computer workstations.

<u>Alternative D1</u>	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>
1997-99 FUNDING (Change to Bill)	\$4,707,400	\$2,586,200	\$9,175,400

2. ^{PASS} Provide \$1,066,500 GPR in 1997-98 and \$576,000 FED in 1997-98 and \$3,233,600 GPR and \$1,746,400 FED in 1998-99 to increase funds provided to safety service coordinators to reflect increased staff costs.

<u>Alternative D2</u>	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>
1997-99 FUNDING (Change to Bill)	\$4,300,100	\$2,322,400	\$6,622,500

3. Take no action.

E. **Coordination with Implementation of Wisconsin Works**

1. Adopt the Governor's recommendation.

2. ^{PASS} Modify SB 77 to specify that two members of the Milwaukee Child Welfare Partnership Council will be appointed by the children's services networks established in Milwaukee County who are neighborhood residents of the geographical areas served by each of the networks. Children's services network members on the Council will rotate among the members of the six networks. Delete the provision in SB 77 that would establish the W-2 steering committees in Milwaukee County as providing the forum for discussion of child welfare issues and instead, modify the responsibility and authority of the children's services networks to provide a forum for those persons who are interested in the delivery of services to children and families in the area of Milwaukee County served by the children's services network to communicate with and make recommendations to providers of services to children and families, including the delivery of child welfare services in that area.

3. Maintain current law.

Prepared by: Rachel Cissne

MO# AH # A2

JENSEN	X	N	A
OURADA	X	N	A
HARSDORF	X	N	A
ALBERS	X	N	A
GARD	X	N	A
KAUFERT	X	N	A
LINTON	Y	N	A
COGGS	Y	N	A
BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	X	N	A
COWLES	Y	N	A
PANZER	X	N	A

AYE 10 NO 6 ABS

MO# AH # C2

JENSEN	X	N	A
OURADA	X	N	A
HARSDORF	X	N	A
ALBERS	X	N	A
GARD	X	N	A
KAUFERT	X	N	A
LINTON	Y	N	A
COGGS	Y	N	A
BURKE	Y	N	A
DECKER	X	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	X	N	A
PANZER	X	N	A

AYE 9 NO 7 ABS

10795
2/26/01
→

APER
#480

MO#

AH#02

JENSEN	X	N	A
OURADA	X	N	A
HARSDORF	X	N	A
ALBERS	X	N	A
GARD	X	N	A
KAUFERT	X	N	A
LINTON	X	N	A
COGGS	Y	N	A

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	X	N	A
COWLES	X	N	A
PANZER	Y	N	A

AYE 10 NO 6 ABS

MO#

AH#E2

JENSEN	X	N	A
ZOURADA	X	N	A
HARSDORF	X	N	A
ALBERS	X	N	A
GARD	X	N	A
KAUFERT	X	N	A
LINTON	X	N	A
COGGS	Y	N	A

BURKE	X	N	A
DECKER	X	N	A
GEORGE	Y	N	A
JAUCH	X	N	A
WINEKE	X	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	X	N	A

AYE 14 NO 2 ABS

HEALTH AND FAMILY SERVICES

Milwaukee Child Welfare Services -- Funding for Prevention Contracts

Motion:

Move to provide \$744,800 GPR in 1997-98 and \$1,489,700 GPR in 1998-99 to the Committee's supplemental appropriation for funding prevention activities in Milwaukee County. Require DHFS to submit a request to the Committee for the release of these funds.

Note:

Milwaukee County currently contracts with providers in Milwaukee County for services to prevent child abuse and neglect. After December 31, 1997, these contracts will no longer be supported by Milwaukee County. DHFS has requested funding to maintain support for these contracts through the 1997-99 biennium.

This motion would set aside funding for these prevention contracts and DHFS would be required to request the release of these funds under s. 13.10, by demonstrating to the Committee the need to maintain support for these contracts after December 31, 1997.

[Change to Bill: \$2,234,500 GPR]

MO# 7016

JENSEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
OURADA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
HARSDORF	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ALBERS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
GARD	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
KAUFERT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
LINTON	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
COGGS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

BURKE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DECKER	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
GEORGE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
JAUCH	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
WINEKE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SHIBILSKI	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
COWLES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PANZER	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

AYE 12 NO 4 ABS

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Milwaukee Child Welfare Services -- County Contribution (DHFS -- Children and Family Services and Supportive Living)

[LFB Summary: Page 305 and 309, #7 and #8]

CURRENT LAW

1995 Wisconsin Act 303 provided funding and staff for DHFS to initiate and plan for the transfer of responsibility and authority for administering child welfare services in Milwaukee County from the county to the state, beginning January 1, 1998. Act 303 required DHFS to submit proposed legislation to DOA by September 15, 1996. Act 303 specified that the proposed legislation include a provision to reduce the amount of funding the state provides to Milwaukee County by not more than the amount budgeted in 1995 for child welfare services by the Milwaukee County Department of Human Services to reflect the transfer of this function from the county to the state.

GOVERNOR

Require Milwaukee County to contribute \$24,365,900 in 1997-98 and \$48,731,700 in each subsequent fiscal year to support the state's costs of providing child welfare services in Milwaukee County. Authorize DOA to collect the amounts identified from Milwaukee County by deducting all or part of that amount from any state payment due Milwaukee County from community aids or shared revenue aids, or add a special charge to the taxes apportioned to and levied upon the county. DOA would be required to credit all amounts deducted from Milwaukee County's share of community aids and shared revenue aids and any collections received as special charges to a DHFS appropriation for the provision of child welfare services.

DISCUSSION POINTS

1. Milwaukee County expended a total of \$69.3 million (all funds) on child welfare services in calendar year 1995. The following table identifies the sources of funding for these expenditures.

<u>Source</u>	<u>1995 Expenditures</u>	<u>Percent of Total</u>
Community Aids	\$30,012,600	43.3%
County Tax Levy	20,101,300	29.0
Other Revenue	<u>19,160,900</u>	<u>27.7</u>
Total	\$69,274,800	100.0%

The amount Milwaukee County expended from community aids funds included \$16.2 million GPR and \$13.8 million FED available under Title IV-E of the federal Social Security Act for reimbursement of foster care costs. Other revenue included:

- Approximately \$4.6 million in revenues received in reimbursement for placement costs of children in out-of-home-care, including SSI payments, child support payments and other court-ordered payments;
- Approximately \$2.1 million received for reimbursement under the AFDC program for the cost of placing a child in the home of a relative.
- Other state and federal funds received for specific uses, such as: (a) family preservation and support programs; (b) foster parent training; and (c) categorical allocations under community aids which were incorporated into the community aids basic county allocation under 1995 Wisconsin Act 27.

2. Under SB 77, Milwaukee County's required contributions for child welfare services (\$24.4 million in 1997-98 and \$48.7 million in 1998-99) reflects: (a) \$8.1 million in 1997-98 and \$16.2 million in 1998-99 from Milwaukee County's GPR community aids allocations; (b) \$10.1 million in 1997-98 and \$20.1 million in 1998-99 from Milwaukee County's tax levy; and (c) \$6.2 million in 1997-98 and \$12.4 million in 1998-99 from other revenue received from Milwaukee.

Revenue received from SSI payments, child support and other court-ordered support are not included in these amounts, since DHFS will collect these revenues directly after January 1, 1998. Reimbursement under AFDC for the placement of children with relatives is also not included in the Milwaukee County contribution, since these funds will no longer be available after December 31, 1997, with the elimination of the AFDC program.

County Contribution Mechanism

3. In a letter to the Committee Co-Chairs dated April 21, 1997, DHFS Secretary Leraan requested a statutory modification to SB 77 which would increase the total contribution required from Milwaukee County to \$31,280,700 in 1997-98 and \$62,561,400 in 1998-99 to reflect the inclusion of federal funds that Milwaukee County would have received under community aids. (Community aids payments are already reflected in the SB 77 required contribution amount.)

Beginning January 1, 1998, DHFS, rather than Milwaukee County, will be claiming Title IV-E funds that will be credited to the federal community aids appropriation. As a result, SB 77 must be modified to ensure that these federal funds are not distributed to Milwaukee County, but are transferred from the federal community aids appropriation to the Division of Children and Family Services (DCFS). However, the bill does not include PR authority in DCFS to reflect the transfer of these federal community aids funds. Instead, the bill budgets these federal funds in two appropriations: (a) the federal community aids appropriation; and (b) the DCFS federal aids appropriation.

In order to address this problem, the bill could be modified to: (a) increase the statutory contribution required from Milwaukee County to \$31,280,700 in 1997-98 and \$62,561,400 in 1998-99, as recommended by DHFS; (b) increase PR aids funding in DCFS to reflect the transfer of community aids funds to DCFS; and (c) delete a corresponding amount of federal funding budgeted in DCFS.

4. Alternatively, the Committee could reduce community aids funding for Milwaukee County in each year by the total amount of community aids which Milwaukee County budgeted for child welfare services in 1995 (\$8,091,500 GPR and \$6,914,800 FED) and instead, budget these funds directly in DCFS so that the community aids appropriation would not reflect funding transferred to DHFS to support Milwaukee County child welfare activities. The County's contribution would be limited to the amount of county tax levy and other revenue which were used to support child welfare services in Milwaukee County, less any revenues which will be collected directly by DHFS.

This alternative would reduce Milwaukee County's community aids allocation by \$8,091,500 GPR and \$6,914,800 FED in 1997-98 and \$16,182,900 GPR and \$13,829,700 FED in 1998-99 and increase direct GPR support for DCFS Milwaukee child welfare activities by \$8,091,500 GPR annually (and reduce PR by a corresponding amount to reflect that community aids funds would not be transferred to DCFS). The bill already contains a federal aids appropriation in DCFS that reflects the use of Title IV-E funds to support Milwaukee child welfare services. In addition, this alternative would require statutory modifications to: (a) reduce Milwaukee County's required contribution to: (a) \$16,274,400 in 1997-98 and \$32,548,800 in 1998-99; and (b) delete references to the withholding of community aids funds as a mechanism for collecting Milwaukee County's contribution.

5. SB 77 would authorize DOA to collect Milwaukee County's required contribution by either withholding part of Milwaukee County's shared revenue payment or adding a special charge to the taxes apportioned to and levied upon counties. Because 1997-98 distributions of shared revenue aids are based on calendar year 1997 allocations, using the shared revenue payment to collect Milwaukee County's contribution in 1997-98 could create legal risks, since court action has indicated in the past that the state cannot modify local aids without proper notification. Since reducing the shared revenue distribution to Milwaukee County in 1997-98 would be based on calendar year 1997 allocations, such a collection could be viewed as a reduction of aids without proper notification.

6. To ensure that DHFS receives Milwaukee County's contribution in 1997-98 without exposing the state to potential legal liabilities, the Committee could specify that the amount to be collected from Milwaukee County in 1997-98 would be collected by adding a special charge to the taxes apportioned to and levied upon counties. Under this alternative, the Committee should modify the requirement under the special charge to specify that in 1997-98, DOA will notify Milwaukee County of the amount of the special charge to be collected in 1997-98 within 10 days of the effective date of SB 77. Under current law, DOA is required to notify counties by the 4th Monday in August of each year of the amount of the taxes apportioned to and levied upon counties. This modification would provide DOA the flexibility to notify Milwaukee County of the amount to be collected after the 4th Monday in August, 1997, if SB 77 is not enacted by that time.

7. To ensure that Milwaukee County is notified of the payment reduction for 1998, and thereafter, the Committee could require DOA to notify DOR of the reduction amount by September 15 of the prior year and require DOR to reflect the reduction in the statement of estimated payment. That would enable Milwaukee County to reflect the reduction in its budget and tax levy for the subsequent year.

Amount of County Contribution

8. Act 303 required that the plan for implementing the state's takeover of providing child welfare services in Milwaukee County include a reduction in the amount of funding provided to Milwaukee County based on the amount budgeted in 1995 for child welfare services. This requirement was intended to achieve several purposes: (a) ensure DHFS a stable source of funding for providing child welfare services; (b) maintain Milwaukee County's fiscal responsibility for services provided to children from Milwaukee County; and (c) hold Milwaukee County harmless from the increased costs of providing child welfare services as a result of the state's takeover.

9. However, it is reasonable to assume that the costs of providing these services in 1998 will be greater than actual 1995 costs. Further, since community aids funding has not increased since 1995, Milwaukee County, would have been required to increase its tax levy to support these services if the state had not assumed this responsibility.

For example, it could be assumed that the cost of providing child welfare services has increased by 2.6% in each year since 1995, based on the consumer price index. The following table identifies what Milwaukee County would have spent on child welfare services for each year since 1995 assuming a 2.6% inflationary increase.

<u>Calendar Year</u>	<u>Projected Expenditures</u>
1995	\$69,274,700
1996	71,075,900
1997	72,923,900
1998	74,819,900
1999	76,765,200

10. If the Committee wished to increase the share of Milwaukee's contribution to reflect increased costs for providing these services, it could increase the statutory required contribution and PR funding for DCFS and reduce GPR funding by a corresponding amount.

11. However, increasing Milwaukee's contribution toward these costs would represent a breach of prior agreement reached between the administration, the Legislature (as expressed in the Act 303 intent), and Milwaukee County and jeopardize Milwaukee's continued participation as a provider of contracted services.

In addition, it is expected that Milwaukee County's participation will reduce some of the difficulties anticipated during the transition. The experience of Milwaukee County staff will provide a resource for DHFS as it becomes responsible for existing cases in Milwaukee County, beginning January 1, 1998.

ALTERNATIVES TO BILL

A. County Contribution Mechanism

see motion # 5030

1. Modify the Governor's recommendations by: (a) increasing the statutory contribution required from Milwaukee County to \$31,280,700 in 1997-98 and \$62,561,400 in 1998-99; (b) increasing aids funding in DCFS by \$6,914,800 PR in 1997-98 and \$13,829,700 PR in 1998-99 and reducing FED funding in DCFS by a corresponding amount to reflect the transfer of funds from community aids to DCFS for Milwaukee child welfare services. In addition: (a) specify that in 1997-98, DOA will notify Milwaukee County of the amount of the special charge to be collected in 1997-98 within 10 days of the effective date of the bill; and (b) require DOA to notify DOR by September 15 of the amount of Milwaukee County's shared revenue aids that will be reduced for the following calendar year allocation.

<u>Alternative A1</u>	<u>FED</u>	<u>PR</u>	<u>TOTAL</u>
1997-99 FUNDING (Change to Bill)	- \$20,744,500	\$20,744,500	\$0

2. Modify the Governor's recommendations by: (a) reducing the statutory contribution required from Milwaukee County to \$16,274,400 in 1997-98 and \$32,548,800 in 1998-99; (b) reducing community aids funding for Milwaukee County by \$8,091,500 GPR and \$6,914,800 FED 1997-98 and \$16,182,900 GPR and \$13,829,700 FED in 1998-99; and (c) increasing GPR funding in DCFS by \$8,091,500 in 1997-98 and \$16,182,900 in 1998-99 and reduce PR funding by a corresponding amount in order to separate funding for Milwaukee child welfare services from community aids funding. In addition: (a) require DOA, in 1997-98, to notify Milwaukee County of the amount of the special charge to be collected in 1997-98 within 10 days of the effective date of the bill; and (b) require DOA to notify DOR by September 15 of the amount of Milwaukee County's shared revenue aids that will be reduced for the following calendar year allocation.

This alternative would not reduce funding available for Milwaukee child welfare services. The program revenue reduction reflects a reduction of funds transferred from the community aids appropriation to the Division of Children and Family Services.

<u>Alternative A2</u>	<u>FED</u>	<u>PR</u>	<u>TOTAL</u>
1997-99 FUNDING (Change to Bill)	- \$20,744,500	- \$24,274,400	- \$45,018,900

B. Amount of County Contribution

1. Adopt the Governor's recommendations relating to Milwaukee's contribution, as modified by either Alternative A1 or A2.

2. Modify the Governor's recommendation, as adjusted to reflect Alternative A1 or A2 by increasing Milwaukee's required contribution by an additional \$2,772,600 in 1997-98 and \$7,490,400 in 1998-99, and: (a) increase funding from Milwaukee County's contribution by \$2,772,600 PR in 1997-98 and \$7,490,400 PR in 1998-99; and (b) reduce GPR support for the costs of Milwaukee child welfare by a corresponding amount.

<u>Alternative B2</u>	<u>GPR</u>	<u>PR</u>	<u>TOTAL</u>
1997-99 FUNDING (Change to Bill)	- \$10,263,000	\$10,263,000	\$0

Prepared by: Rachel Cissne

MO# _____				BURKE	Y	N	A
JENSEN	Y	N	A	DECKER	Y	N	A
OURADA	Y	N	A	GEORGE	Y	N	A
HARSDORF	Y	N	A	JAUCH	Y	N	A
ALBERS	Y	N	A	WINEKE	Y	N	A
GARD	Y	N	A	SHIBILSKI	Y	N	A
KAUFERT	Y	N	A	COWLES	Y	N	A
LINTON	Y	N	A	PANZER	Y	N	A
COGGS	Y	N	A	AYE _____	NO _____	ABS _____	

HEALTH AND FAMILY SERVICES

Milwaukee Child Welfare -- County Contribution

Motion:

Move to modify the Governor's recommendations by: (a) increasing the statutory contribution required from Milwaukee County to \$31,280,700 in 1997-98 and \$62,561,400 in 1998-99; (b) increasing aids funding in DCFS by \$6,914,800 PR in 1997-98 and \$13,829,700 PR in 1998-99 and reducing FED funding in DCFS by a corresponding amount to reflect the transfer of funds from community aids to DCFS for Milwaukee child welfare services.

In addition, specify that DOA, after consulting with Milwaukee County, would determine the method of collecting Milwaukee County's required contribution for providing child welfare services. Require DOA to notify the Department of Revenue of the amount of the special charge to be collected or the reduction in the shared revenue allocation by September 15. Specify that if an agreement is not reached between Milwaukee County and the administration as to the appropriate mechanism for collecting the contribution by September 15, then the administration would determine the mechanism for collecting Milwaukee County's required contribution.

Note:

This motion would make adjustments to appropriations in SB 77 relating to Milwaukee County's contribution to correct errors in the bill. These adjustments are identical to the adjustments that would be made under Alternative A1 in LFB Paper #481.

This motion would require the administration to consult with Milwaukee County to determine the appropriate mechanism for collecting the required contribution. Under SB 77, the appropriate mechanism would be determined by the administration. This motion would specify that if no agreement is reached by September 15 of each year, then the administration would make the determination as to the appropriate mechanism for collecting the contribution without the agreement of Milwaukee County.

[Change to Bill: -\$20,744,500 FED and \$20,744,500 PR]

*VOTE
OVER*

MO# 5030

JENSEN	X	N	A
OURADA	X	N	A
HARSDORF	X	N	A
ALBERS	X	N	A
GARD	X	N	A
KAUFERT	X	N	A
LINTON	X	N	A
COGGS	X	N	A

/ BURKE	X	N	A
DECKER	X	N	A
GEORGE	X	N	A
JAUCH	X	N	A
2 WINEKE	X	N	A
SHIBILSKI	X	N	A
COWLES	X	N	A
PANZER	Y	N	A

AYE 15 NO 0 ABS

To: Joint Committee on Finance
From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Milwaukee Child Welfare -- MA Case Management Services (DHFS -- Medical Assistance/Children and Family Services and Supportive Living)

[LFB Summary: Page 266, #13]

CURRENT LAW

Case management services assist individuals in accessing, coordinating and monitoring an array of services, including services covered by medical assistance (MA) and services provided by other programs. The MA mental health crisis intervention benefit provides a variety of services to MA recipients who experience mental health crises. Under current law, a county, city, village or town may elect to provide MA case management and mental health crisis intervention services, in which case the locality is responsible for paying the state share of the MA costs for these services.

DHFS will take over the administration of the Milwaukee County child welfare system on January 1, 1998. DHFS will be providing case management services to families involved in the child welfare system. Because many of these families will be MA-eligible, DHFS needs the authority to contract and pay for these services.

GOVERNOR

Increase MA benefits funding by \$3,795,800 FED in 1997-98 and \$7,944,600 FED in 1998-99 to reflect a projected increase in billing of MA case management services for children in Milwaukee County. The state's share of these additional MA costs and case management funds for individuals who are not MA-eligible (\$5,928,600 in 1997-98 and \$10,789,500 in 1998-99) would be provided by program revenues collected from Milwaukee County and GPR-

supported aids for Milwaukee County child welfare services. This funding would support 250 caseworkers.

Authorize DHFS to make case management and mental health crisis intervention services available in Milwaukee County under MA and require the MA program to reimburse the Division of Children and Family Services for the amount of the federal share of the allowable charges for those services in Milwaukee County. Specify that if DHFS elects to provide these services, DHFS would reimburse providers for the state's share of allowable charges.

DISCUSSION POINTS

Mental Health Crisis Intervention

1. SB 77 does not provide any funding to support the state share of MA costs for mental health crisis intervention services. Since the introduction of SB 77, DHFS staff have indicated that DHFS does not require the statutory authority to make these services available in Milwaukee County because, under federal MA law, DHFS cannot make these services available in the Milwaukee County and limit these services to families involved in the child welfare system.

Consequently, the Committee could delete the SB 77 provision which would authorize DHFS to make mental health crisis intervention services available in Milwaukee. The effect of this modification would be that Milwaukee County, like all other counties, could elect to make these services available and would be responsible for paying the state share of these services.

Case Management Services

2. When the state assumes responsibility for the system on January 1, 1998, it will also assume responsibility for all of the children placed in out-of-home care at that time. DHFS staff believe that it may be more difficult to resolve these inherited cases, either through reunification or a termination of parental rights, because they have been involved with the current system for such a long time. One benefit of a lower family to caseworker ratio in 1997-98 is that staff will have more time to focus on these inherited and potentially more challenging cases.

3. There will be a number of one-time projects and administrative activities resulting from the transfer of the system from Milwaukee County to the state. If caseload ratios are lower in the first year, staff will also be able to devote more time to these projects and activities without having to decrease the time that is spent on activities directly related to their cases.

4. Currently, each caseworker in Milwaukee County is responsible for approximately 30 to 40 families. These caseworker-to-caseload ratios make it difficult for caseworkers to properly supervise and manage a child in out-of-home-care. As a result, children remain in out-

of-home care for a longer period of time. It is estimated that the average length of stay for children in foster care in Milwaukee County is currently 24 months.

DHFS staff anticipate that for new cases entering the child welfare system after January 1, 1998, the average length of stay for children in foster care will be 12 to 14 months. DHFS staff expect to achieve this reduction in average length of stay by reducing caseload ratios and providing more services to children and families in the child welfare system than under the current system.

5. In the initial planning for the state's takeover of providing child welfare services, it was determined that 250 caseworkers were required to supervise children in out-of-home care. This staffing was sufficient to assign 15 families to each caseworker. These caseload ratios were satisfactory to the Children's Rights, Inc., the plaintiffs in the lawsuit.

6. Since the number of caseworkers was established at 250, information identifying additional caseloads increased the caseload ratio to 17 families per caseworker. The contract staff and funding provided in SB 77 reflects this revised information. According to DHFS staff, the revised caseload ratios remain satisfactory to the plaintiffs.

7. The Committee could provide \$740,500 GPR and \$379,200 FED in 1997-98 and \$1,346,400 GPR and \$756,700 FED in 1998-99 to fund an additional 32 caseworkers to maintain the original desired caseload of 15 families per caseworker. This caseload ratio would be more comparable to the national best practice standards established by the Child Welfare League of America (CWLA), which recommends twelve families per caseworker. In addition, this level of caseworker to families would increase the likelihood that DHFS will be able to reduce average length of stay for children in foster care.

8. However, it could be argued that providing caseload ratios of 20 families per caseworker could also be appropriate. A typical target for caseload ratios for counties and states operating their child welfare system under a court order as a result of litigation is 20 families per caseworker.

The Committee could reduce funding by \$725,500 GPR and \$451,200 FED in 1997-98 and \$1,301,600 GPR and \$898,600 FED in 1998-99 and reduce the number of caseworkers to 212 which would be sufficient to provide 20 families per caseworker, which is consistent with court orders in other states and counties whose child welfare systems have been sued.

9. Once a child is placed in out-of-home care, a social worker is assigned to the case to provide on-going case management services. These services include the following:

- Re-assessing child safety on a continual basis;

- Conducting a family assessment and developing a treatment plan in order to assemble treatment services necessary to ameliorate any results of abuse or neglect;
- Changing core conditions that create safety and risk concerns with the family;
- Developing and implementing a plan to work toward reunification with the natural family or another permanent home environment; and
- Preparing all necessary documentation or permanency plan reviews, extensions of out-of-home placement court orders and prosecution of termination of parental rights cases.

10. SB 77 provides funding for 250 case managers, 40 supervisors and 40 clerical staff that would be located throughout the five neighborhood service delivery areas. DHFS intends to contract with Milwaukee County Department of Human Services to provide case management services in two of these neighborhood areas. The remaining three areas would be served by private vendors.

Based on the staffing proposal included in SB 77 and updated caseload data, on average, each case manager would be assigned to 13 families in 1997-98 and 17 families in 1998-99. When SB 77 was developed it was anticipated that the staffing proposal contained in the bill would yield a 18 families to one caseworker ratio in 1998-99.

11. It is expected that it will take a number of months before the child welfare caseload will stabilize and the number of children entering the system in Milwaukee will be approximately the same as the number of children who leave the system. Initially, it is anticipated that fewer cases will be assessed and fewer children will be placed in out-of-home care. Consequently, the ratio of caseworkers to families is lower in 1997-98 than 1998-99.

12. However, increasing the caseload ratios to 20 families per caseworker increases the chances that children will stay in foster care longer than anticipated under DHFS administration and foster care costs would increase.

ALTERNATIVES TO BILL

1. Maintain the 250 caseworker staff provided in SB 77 and the funding to support these staff as reestimated in a separate paper. Delete provisions to provide mental health crisis intervention services in Milwaukee County.

2. Decrease funding by \$674,700 GPR and \$424,500 FED in 1997-98 and \$1,237,900 GPR and \$859,200 FED in 1998-99 to reduce the number of contracted caseworkers by 32 to establish a ratio of families to contracted caseworkers of 20 to one. In addition, delete provisions

that would authorize DHFS to provide mental health crisis intervention services in Milwaukee County.

<u>Alternative 2</u>	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>
1997-99 FUNDING (Change to Bill)	- \$1,912,600	- \$1,283,700	- \$3,196,300

3. Increase funding by \$698,500 GPR and \$356,000 FED in 1997-98 and \$1,292,700 GPR and \$723,500 FED in 1998-99 to support an additional 32 contracted caseworkers to establish a ratio of families to contracted caseworkers of 15 to one. In addition, delete provisions to provide mental health crisis intervention services in Milwaukee County.

<u>Alternative 3</u>	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>
1997-99 FUNDING (Change to Bill)	\$1,991,200	\$1,079,500	\$3,070,700

Prepared by: Rachel Cissne and Amie T. Goldman

MO# AH#1

JENSEN	<input checked="" type="checkbox"/>	N	A
ZOURADA	<input checked="" type="checkbox"/>	N	A
HARSDORF	<input checked="" type="checkbox"/>	N	A
ALBERS	<input checked="" type="checkbox"/>	N	A
GARD	<input checked="" type="checkbox"/>	N	A
KAUFERT	<input checked="" type="checkbox"/>	N	A
LINTON	<input checked="" type="checkbox"/>	N	A
COGGS	<input checked="" type="checkbox"/>	N	A

BURKE	<input checked="" type="checkbox"/>	N	A
DECKER	<input checked="" type="checkbox"/>	N	A
GEORGE	<input checked="" type="checkbox"/>	N	A
JAUCH	<input checked="" type="checkbox"/>	N	A
WINEKE	<input checked="" type="checkbox"/>	N	A
SHIBILSKI	<input checked="" type="checkbox"/>	N	A
COWLES	<input checked="" type="checkbox"/>	N	A
PANZER	<input checked="" type="checkbox"/>	N	A

AYE 15 NO 1 ABS _____

To: Joint Committee on Finance
From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Milwaukee Child Welfare Services -- Quality Assurance (DHFS -- Children and Family Services and Supportive Living)

[LFB Summary: Page 305 #7 and Page 309, #8]

CURRENT LAW

1995 Wisconsin Act 303 directed DHFS to propose legislation by September 15, 1996, to transfer the duty and authority to provide child welfare services in Milwaukee County from the county to DHFS no later than January 1, 1998. This proposal was incorporated into SB 77.

GOVERNOR

Provide \$270,400 (\$193,100 GPR and \$77,300 FED) in 1997-98 and \$489,300 (\$346,400 GPR and \$142,900 FED) in 1998-99 to support 8.0 additional positions (5.6 GPR and 2.4 FED positions) beginning in 1997-98, to serve as program evaluation managers. DHFS is currently budgeted 8.0 program evaluation managers that were authorized in Act 303. Consequently, DHFS would be authorized a total of 16.0 program evaluation managers. These positions would be located as follows: two at each of the five service delivery sites, five at the central administrative site and one in the DHFS office in Madison.

Provide \$570,000 (\$313,500 GPR and \$256,500 FED) in 1997-98 for initial training of 570 state and contract staff in preparation for the implementation of the DHFS plan for providing child welfare services in Milwaukee County, effective January 1, 1998.

DISCUSSION POINTS

1. Some of the key allegations in the suit filed against Milwaukee County and the state by the Children's Rights Group lawsuit are that:

- Investigations of allegations of abuse and neglect are not being appropriately conducted in order to accurately determine whether a child had been abused or neglected and whether children are safe in their homes;
- Services are not being provided to families prior to the removal of the child from the home in order to prevent the removal;
- Services are not being provided to families in order to reunite a child with his or her family or to proceed towards adoption or a more permanent placement with a relative.

2. DHFS staff are currently writing standard policies and procedures which will be used by DHFS and vendors under contract with DHFS to provide child welfare services in Milwaukee County, beginning January 1, 1998. These standards are being written to ensure that decisions at the intake, assessment and case management stages of the child welfare system will most likely improve the well-being of the children in the system, and achieve the goals of reducing average length of stay for children for foster care.

3. Under SB 77, DHFS would be authorized a total of 16.0 program evaluation managers to ensure adherence to the standards being developed by current DHFS staff. Daily activities of these positions will involve reviewing case-specific decisions and interpretations by reading case files of social workers, attending meetings to discuss cases, reviewing decisions made by the social workers and their supervisors and intervening when inappropriate decisions are made. In addition, these positions would review system-wide functioning, including consistency of application of the standards and ensuring cases are moving through the child welfare and court systems on a timely basis.

4. These managers will be responsible for monitoring the performance of the vendors under contract with DHFS to provide: (a) case management services; (b) foster care placements; (c) adoption placements; (d) eligibility determinations; (e) foster care review board and many smaller contracts. Because of the number of vendors that will be involved in providing services in the child welfare system, it will be important for DHFS to ensure that all staff, including state staff and contract staff, are interpreting and applying the standards of practice uniformly across all five service delivery sites.

5. However, it could be argued that many of the responsibilities of the program evaluation managers overlap with the responsibilities of other staff in the child welfare system. For example, supervisors are responsible for directing, reviewing and approving all decisions made by an intake social worker. For caseworkers, supervisors must review and approve all

decisions of placement, reunification, termination of parental rights and case closures. In addition, one supervisor is budgeted for every six social workers, which is well within national standards of supervision for child welfare agencies.

6. With the automated case management system which will be implemented by January 1, 1998, supervisors will be responsible for the movement of each case through the child welfare and court system to assure that time frames are met by staff. All documented case plans, evaluations, court reports, and permanency plans must be reviewed by supervisors and approved for every case. The automated case management system is intended to provide information regarding case outcomes and information to evaluate the effectiveness of the child welfare system.

7. The Committee could reduce the number of program evaluation managers budgeted in SB 77 to 8.0 positions to provide 1.0 program evaluation manager per site, and 3.0 program evaluation managers at the central site to reflect the need to monitor for compliance with standards of practice, and evaluation of the effectiveness of the child welfare system under DHFS administration.

8. It could be argued that a more appropriate method of ensuring adherence to the standards developed by DHFS is to provide sufficient training of staff. Officials from the National Council on Accreditation have indicated that one of the most effective methods of ensuring adherence to standards of practice is to provide sufficient and on-going training to child welfare staff. In addition, to the extent that evaluation managers identify potential problems in the process and the application of standards to decisions made, training would be the most appropriate way to remedy such problems.

9. DHFS has established a rigorous training plan for 570 state, county and private vendor staff. The training will occur over a three-month period prior to the start-up of the five sites. Topics that will be covered include: (a) the children's code (Chapter 48 of the statutes) and case law relating to Chapter 48; (b) general standards of practice; (c) juvenile court intake and the Milwaukee County court system; (d) cultural awareness and competency; (e) information technology; (f) case prioritization and monitoring; (g) crisis intervention; (h) foster care and adoption standards of practice; (i) program evaluation and quality assurance; and (j) safety intervention.

All staff will participate in general training and specialized training particular to their role in the system. All social workers and supervisors will participate in the training, including state staff, Milwaukee County staff and private vendor staff.

10. SB 77 would provide \$313,500 GPR and \$256,500 FED in 1997-98 and \$277,100 GPR and \$226,700 FED in 1998-99 for initial and on-going training for staff. DHFS staff have expressed concern that this level of funding is not sufficient to support the total costs of

providing the rigorous initial training required prior the state's takeover beginning January 1, 1998.

11. In a letter to the Co-Chairs of the Committee dated May 12, 1997, Secretary Leean suggested that SB 77 under-funds the Department's training needs by \$305,700 GPR in 1997-98. DOA does not however support the provision of additional funds for training purposes.

Based on the most recent information available regarding federal reimbursement for the costs of training, a 55%/45% GPR/FED split should be used for staff training. Based on this split, Secretary Leean's request for training funds would provide an additional \$555,800 (\$305,700 GPR and \$250,100 FED).

However, a reestimate of the total cost to provide initial training for 570 state and contract staff would require an additional \$815,400 (\$448,500 GPR and \$366,900 FED) in 1997-98 in addition to amounts budgeted in SB 77. This funding reflects differences from the amount requested the amount indicated in the letter from Secretary Leean to reflect: (a) a lower federal cost share of 45%, rather than 75% as assumed by DHFS; and (b) deletion of funding for travel of training staff. Since the University of Wisconsin-Milwaukee is expected to provide the training, it is reasonable to assume there will be no travel costs for trainers.

ALTERNATIVES TO BILL

A. Program Evaluation Managers

- 1. Adopt the Governor's recommendations.
- 2. Reduce funding by \$193,100 GPR and \$77,300 FED in 1997-98 and \$346,400 GPR and \$142,900 FED in 1998-99 and 5.6 GPR positions and 2.4 FED positions annually to reflect the deletion of 8.0 program evaluation managers. [Under this alternative, the 8.0 program evaluation managers in the base would continue to be funded.]

<u>Alternative 2</u>	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>
1997-99 FUNDING (Change to Bill)	- \$539,500	- \$220,200	- \$759,700
1998-99 POSITIONS (Change to Bill)	- 5.60	- 2.40	- 8.00

B. Initial Training

- 1. Adopt the Governor's recommendations to provide \$570,000 (\$193,100 GPR and \$256,500 FED) in 1997-98 for initial training of 570 state and contract staff in preparation for

the implementation of the DHFS plan for providing child welfare services in Milwaukee County, effective January 1, 1998.

2. ~~FAIL~~ In addition to Alternative #B1, provide \$305,700 GPR and \$250,100 FED in 1997-98 to reflect the amount of funding requested by Secretary Lekan in his May 12 letter for additional training funds.

<u>Alternative B2</u>	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>
1997-99 FUNDING (Change to Bill)	\$305,700	\$250,100	\$555,800

3. ~~FAIL~~ In addition to Alternative #B1, provide \$448,500 GPR and \$366,900 FED in 1997-98 to reflect the actual costs of providing initial training for 570 state and contract staff to prepare for the implementation of the DHFS plan for administering child welfare services in Milwaukee County, effective January 1, 1998.

<u>Alternative B3</u>	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>
1997-99 FUNDING (Change to Bill)	\$448,500	\$366,900	\$815,400

4. Delete the provision.

<u>Alternative B4</u>	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>
1997-99 FUNDING (Change to Bill)	-\$313,500	-\$256,500	\$570,000

Prepared by: Rachel Cissne

MO# Alt # B3

JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	X	N	A
COGGS	X	N	A
BURKE	X	N	A
DECKER	X	N	A
GEORGE	X	N	A
JAUCH	X	N	A
WINEKE	X	N	A
SHIBILSKI	X	N	A
COWLES	Y	N	A
PANZER	Y	N	A

AYE 8 NO 8 ABS _____

~~FAIL~~

MO# Alt # B2

JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	X	N	A
COGGS	X	N	A
BURKE	X	N	A
DECKER	X	N	A
GEORGE	X	N	A
JAUCH	X	N	A
WINEKE	X	N	A
SHIBILSKI	X	N	A
COWLES	Y	N	A
PANZER	Y	N	A

AYE 8 NO 8 ABS _____

~~FAIL~~

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Milwaukee Child Welfare Services -- Site Selection Process (DHFS -- Children and Family Services and Supportive Living)

[LFB Summary: Page 305 and 309, #7 and #8]

CURRENT LAW

Milwaukee Child Welfare Neighborhood Sites

The child welfare system structure established in 1995 Wisconsin Act 303 is based on providing services through five neighborhood-based service delivery sites and a central administrative site located in the City of Milwaukee. The geographic areas of these five districts are defined by ZIP codes, as identified below.

District 1: 53205, 53206 and 53233

District 2: 53208 and 53210

District 3: 53202, 53203, 53209, 53211, 53212, 53216, 53217, 53223 and 53224

District 4: 53204 and 53215

District 5: 5310, 53129, 53130, 53132, 53154, 53172, 53207, 53213, 53214, 53218, 53219, 53220, 53221, 53222, 53225, 53226, 53227, 53228 and 53235

Although the five districts vary in area, the boundaries of these districts were designed to ensure that child welfare caseloads would be approximately equal in each district.

State Licensing Services

The Division of Buildings and Police Services in DOA is responsible for leasing, acquisition, allocation and utilization of all real property by state agencies. In March, 1996, the Division released a request for proposal (RFP) to contract for basic real estate services, such as lease procurement, lease audits and space alteration services for office and storage facility space, on behalf of DOA, in the Milwaukee metropolitan area (Milwaukee, Waukesha, Kenosha, Racine, Ozaukee and Washington Counties). After receiving six responses to the RFP, DOA elected to contract with the Polacheck Company, Inc. to perform these services. DOA signed a three-year contract with Polacheck on November 29, 1996.

The RFP identifies specific lease procurement activities for which the contractor is responsible, including conducting market surveys and completing reports that document the market survey process and its results. The contractor's report is required to identify data concerning availability, expected rental rates, quality of buildings with potential deficiencies noted, quantity of rentable square feet, use potential, handicap accessibility, zoning, and needed degree of space modifications.

The report is also required to provide information on area amenities, such as eating facilities, parking, proximity to public transportation and other factors which would enhance the desirability of the property. In addition, the report is required to provide cost information based on unit prices in categories specified by the affected state agency.

The state agency that eventually uses the space is provided the contractor's report, which is used by the agency and DOA as the basis for further negotiations; and ultimately, DOA's decision to accept an offer.

GOVERNOR

No provision.

DISCUSSION POINTS

1. On May 23, 1997, Committee members requested additional information on the process DHFS and DOA used in selecting district sites for the administration of Milwaukee child welfare services and whether it would be feasible to provide the Committee with the authority to review and approve specific sites.

Site Selection Process

2. On February 6, 1997, DOA released an RFP for district office sites and requested that responses be submitted by March 6, 1997. The major requirements identified in the RFP are summarized below.

- The sites needed to be ready for occupancy on October 1, 1997.
- The state requested a five-year lease, with options of two successive two-year renewals.
- The proposed rates would include all utilities, janitorial and other facility costs.
- All build-out or remodeling costs would be the responsibility of the proposer, and identified and separated from the base rental rate.
- The district offices would be located within specified ZIP code districts, which identify the district boundaries.
- The preferred location for the space would be situated on the ground level, although, multiple levels would be considered.
- The site would be located in an area that would require minimal directions.
- Public transportation should be available within one block of the site.
- The site would have no environmental problems.
- The facility would be served by a telephone switch which has T-1 and ISDN capabilities.
- The site would have a net usable area of approximately 18,000 contiguous square feet.
- The site would have sufficient parking within the area to accommodate 100 office staff and 50 visitors and accommodate overnight and handicapped parking.
- Employees would have access to the site 24 hours a day, 365 days a year.
- The office would portray a professional, clean, upbeat image to the staff and visitors.

The RFP included extensive descriptions of space requirements, prepared by Quorum Architects, Inc., standard construction and technical specifications and a sample lease.

3. DOA received sufficient responses to the RFP to evaluate proposals for most of the sites. The Polacheck Company produced cost and qualitative analyses of these properties and presented this information to DOA and DHFS staff. State staff conducted site visits and, based on available information, DOA staff, with the approval of DHFS, selected the sites.

However, DOA received no proposals for District 2 sites and an insufficient number of proposals of sites from District 1 to evaluate. DOA staff indicate that there are few suitable office rental sites in these areas of the City of Milwaukee. Consequently, the state attempted to find additional sites for consideration. After reviewing several options, a single site at 1703 W. North Avenue and 17th Street was selected to serve Districts 1 and 2 in a combined setting. Although this property will require significant renovation, the renovation is expected to be completed by October 1, 1997, when it will be occupied.

4. The following table identifies, for each of the selected sites: (a) the total rentable square feet; and (b) the estimated rent costs for each site in the first year.

Milwaukee Child Welfare District Sites

<u>District</u>	<u>Location</u>	<u>Total Square Footage</u>	<u>Year 1 Estimated Costs</u>	<u>Avg. Cost Per Square Foot (Fixed Gross Rate)</u>
1 and 2	1730 W. North Ave.	32,400	\$445,500	\$13.75
3	6101 North Teutonia	18,000	256,500	14.25
4	2745 S. 13th St.	18,000	229,860	12.77
5	1205 S. 70th St.	<u>20,635</u>	<u>281,049</u>	<u>13.62</u>
Total		89,035	\$1,212,909	\$13.60

Feasibility of Site Review/Approval by Joint Committee on Finance

During the May 23, 1997, overview on this issue, Committee members expressed interest in providing the Committee a role in the site determination process. While SB 77 could be modified to provide the Committee the authority to review and approve the selection of these sites, the following points may be noted.

- The Department of Administration, through its contractor, has already conducted market surveys and site evaluations. DHFS indicate that the properties meet the criteria specified in the RFP.

- The Building Commission has approved the sites selected by DOA and DHFS. Contracts with the owners of these properties are expected to be signed during the next several weeks.

- Some of the properties that were selected require renovation, particularly the joint District 1 and District 2 site. The budget bill could be enacted in August. If the Committee were required to meet to approve or disapprove sites pursuant to provisions in the bill, anticipated renovations at these sites may not occur. Sites for District 1, 2 and 3 must be ready by October 1, 1997; sites for District 4 and 5 must be ready by December 1, 1997.

ALTERNATIVES TO BILL

1. Modify the bill to create a passive review process, under which DOA would submit a proposal for the selection of these sites to the Committee in a manner similar to the passive review process under s. 16.505/515 of the statutes.

2. Take no action.

Prepared by: Charles Morgan

MO# AH# 1

JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	X	N	A
ALBERS	Y	N	A
GARD	X	N	A
KAUFERT	X	N	A
LINTON	X	N	A
COGGS	X	N	A

BURKE	X	N	A
DECKER	X	N	A
GEORGE	X	N	A
JAUCH	X	N	A
WINEKE	X	N	A
SHIBILSKI	X	N	A
COWLES	X	N	A
PANZER	X	N	A

AYE 13 NO 3 ABS _____