

Fiscal Estimate Narratives

DCF 6/13/2013

LRB Number	13-2455/1	Introduction Number	SB-209	Estimate Type	Original
Description Investigation of a child abuse report in which a person who is not a caregiver of the child is suspected of permitting, allowing, or encouraging the child to engage in prostitution					

Assumptions Used in Arriving at Fiscal Estimate

Current law requires law enforcement to refer to a county department of human or social services, or in the case of Milwaukee County, the Department of Children and Families, all cases of child abuse reported in which a caregiver is suspected of the abuse or of facilitating or failing to take action to prevent the suspected abuse. Within 24 hours of receiving the referral, the agency must initiate an investigation to determine if the child is in need of protection or services. Current law permits, rather than requires, law enforcement to refer a case in which a person who is not the caregiver is suspected of child abuse. Similarly, current law permits rather than requires agencies to initiate an investigation of such referrals.

Under this bill, law enforcement would be required to refer cases to an agency for cases where a person who is not the caregiver of a child is suspected of permitting, allowing, or encouraging the child to engage in prostitution. Similarly, under the bill agencies would be required to investigate referrals of a person who is not the caregiver who is suspected of permitting, allowing, or encouraging the child to engage in prostitution.

The bill would increase the number of cases entering the child welfare system. As a result the bill would increase the workload for child welfare agencies, which are responsible for the investigation and case management of the child welfare cases, and the court system, which is responsible for CHIPS (Child in Need of Protection or Services Petition), permanency plan, and other child welfare-related hearings. Child welfare agencies would also experience increased costs for out-of-home care placements for those children/youth that could not remain safely at home. The out-of-home settings most likely to be used for these kinds of placements are residential settings, which are high cost placements. In addition, children/youth that have been subject to this type of abuse are in need of specialized trauma-informed counseling and other services. There currently is little to no capacity in the child welfare system to provide these services. To the extent specialized services are available; these services are expensive and will increase the fiscal burden on child welfare agencies.

A recent report by the Milwaukee Homicide Review Commission identified 77 children/youth as having been sex trafficked between August of 2010 and August of 2012. The study only reviewed cases in the city of Milwaukee. Using this information, the bill would create at least 65 new child welfare cases for the Bureau of Milwaukee Child Welfare to investigate each year. Assuming this level of investigations, it may be possible for the Bureau to be able to absorb this level of additional referrals. If the Homicide Review Commission's numbers are understated, the Bureau would likely see a greater increase in the number of referrals. Depending on the level of the increase, it may be difficult for the Bureau to absorb within existing resources.

However, the Bureau of Milwaukee Child Welfare would need additional resources to support the increased out-of-home care costs associated with this population. The average Residential Care Center (RCC) placement cost is \$9,571 per month and the average length of stay in an RCC is over a year. If all of the investigations resulted in an out-of-home care placement, 65 new RCC placements would result in the Department needing an annual increase of \$7,465,400 in order to support these placements.

This amount should be considered a minimum cost estimate. To the extent that the Commission's report is understates the actual numbers, there could be additional out-of-home care placements in Milwaukee County. Additionally, few, if any, RCCs are providing the level of services necessary to address this population. The average placement cost of an RCC does not include services to address this population and the costs associated with providing these services may be greater than the average placement cost.

Similar analysis would apply to child welfare agencies in the balance of the state. The fiscal effect would be largest in regions with large populations or regions where sex-trafficking is more prevalent. The Department does not have information available to estimate the precise fiscal effect to counties outside of Milwaukee. Milwaukee's out-of-home caseload is approximately one-third of the total statewide out-of-home care

caseload. Based on this information and the assumption that sex trafficking cases may be more concentrated in Milwaukee, it is reasonable to assume that the number of cases in Milwaukee that would be covered in the bill is likely to be one-third to one-half of the statewide total. Applying the out-of-home care cost assumptions above, the bill's annual cost to non-Milwaukee counties would be \$7,465,400 to \$14,930,800. Each child welfare agency would likely need additional resources to support an increased out-of-home care caseload with higher cost placements. The estimated total minimum cost of the bill is \$14,930,800-\$22,396,200, which is likely to be an understatement for the reasons stated above.

Long-Range Fiscal Implications

Fiscal Estimate SB 209

2013-14 Wisconsin Legislative Session

Assumptions

Identified sex trafficking victims	77	
Source: Milwaukee Homicide Review Commission		
Time Period: August 2010 to August 2012		
Annualized Estimate sex trafficking victims City of Milwaukee	39	
City of Milwaukee Population	597,867	
County of Milwaukee Population	952,532	63%
Source: CY 2011 US Census Bureau		
Annualized Estimate County of Milwaukee	62.14	
Projection	65	
Average Monthly Cost of an RCC Placement	\$ 9,571	
Estimated OHC Cost for these placements in Milwaukee Only	\$ 7,465,400	
Estimated Statewide costs (double)	\$ 14,930,800	
Estimated Statewide costs (tripled)	\$ 22,396,200	
IV-E Rate for RCC Placements	2.20%	
BMCW IV-E	\$ 164,200	
BMCW GPR	\$ 7,301,200	
Statewide (doubled) IV-E	\$ 328,400	
Statewide (doubled) GPR	\$ 14,602,400	
Statewide (tripled) IV-E	\$ 492,600	
Statewide (tripled) GPR	\$ 21,903,600	

Fiscal Estimate Worksheet - 2013 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Investigation of a child abuse report in which a person who is not a caregiver of the child is suspected of permitting, allowing, or encouraging the child to engage in prostitution		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
II. Annualized Costs:		
		Annualized Fiscal Impact on funds from:
		Increased Costs Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations	7,465,400	
TOTAL State Costs by Category	\$7,465,400	\$
B. State Costs by Source of Funds		
GPR	7,301,200	
FED	164,200	
PRO/PRS		
SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$7,465,400	\$14,930,800
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		
Authorized Signature		Date
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