

Fiscal Estimate - 2003 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 03-2361/1		Introduction Number SB-82	
Subject			
Relative caregivers			
Fiscal Effect			
State:			
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Decrease Costs			
Local:			
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input checked="" type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts			
Fund Sources Affected		Affected Ch. 20 Appropriations	
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS			
Agency/Prepared By		Authorized Signature	Date
DHFS/ Nicole Groth (608) 266-9364		Fredi Ellen Bove (608) 266-2907	9/2/2003

Fiscal Estimate Narratives

DHFS 9/2/2003

LRB Number	03-2361/1	Introduction Number	SB-82	Estimate Type	Updated
Subject					
Relative caregivers					

Assumptions Used in Arriving at Fiscal Estimate

This bill makes several changes in current law regarding Kinship Care. The following provisions would have a fiscal impact on the Department.

1. Eliminate CHIPS and JIPS eligibility requirement.

Current law requires that, in order to be eligible for Kinship Care benefits, a child must be determined to be in need of protection or services (CHIPS or JIPS) or at risk of being CHIPS or JIPS if he or she remains at home. This bill eliminates the CHIPS or JIPS requirement if a child has been living with a relative for two years or more. In such cases, the child would be eligible if the county determined that the child's parents have consented to the living arrangement, the arrangement is not contrary to the health, safety, or welfare of the child, and the relative complies with other requirements in statute.

This provision would cause the number of children eligible for Kinship Care to increase. It is not known how many children meet all Kinship Care eligibility criteria except for the CHIPS and JIPS requirement and have lived with a relative caregiver for at least two years. However, 2000 U.S. Census data indicates that nationally, 3.1 percent of children age 3 to 17 years reside with a relative caregiver (grandparent or other relative) with neither parent present. In areas designated as "central cities," (which include the City of Milwaukee) 4.8 percent of children age 3 to 17 years reside with a relative caregiver. Children under 2 years old would not meet the two-year length of stay requirement. Because the Census Data does not offer a percentage for the 2 to 17 age group, the above percentages will be used for this estimate.

Assuming that the U.S. relative caregiver ratio (3.1 percent) also applies in Wisconsin and the "Central City" ratio applies to the City of Milwaukee, 40,988 children age 2 to 17 years statewide live with a relative caregiver with neither parent present. In December 2002, 7,829 children age 2 to 17 years received Kinship Care payments. Also in 2002, 10 percent of Kinship Care applicants in Milwaukee County and 1.6 percent of applicants in non-Milwaukee counties failed the required caregiver background check. The maximum increase in eligibility for Kinship Care payments would equal the number of children living with a relative (40,988) less the number of children currently receiving payments (7,829), less the number of applicants estimated to fail the background check (915). Therefore, this proposal would, at maximum, increase the statewide eligibility for Kinship Care payments by an estimated 32,244 children. For purposes of this estimate, it is also assumed that these children meet all other Kinship Care eligibility requirements and have lived with relatives for at least two years.

Kinship Care is currently funded with federal Temporary Assistance for Needy Families (TANF) funds. The budget is sum-certain in that the Department allocates a fixed amount of funds to counties every calendar year for Kinship Care payments. If a county does not have sufficient funds for all eligible Kinship Care cases, it may either place cases on a waiting list until funding becomes available or fund additional cases with county funds. However, counties are required to fund all court-ordered Kinship Care cases. If the county expends all of its state allocation, the county must fund any additional court ordered cases with county funds.

Based on the assumptions described above, the Department estimates that the bill would increase eligibility in non-Milwaukee counties by up to 27,981 additional children. The FY 04 annual budget, \$9,014,200 PRS in TANF funds, would have to be increased by \$72,191,000 to fully fund all eligible cases. If the budget were not increased, counties would likely develop waiting lists.

The Department directly administers funding for Kinship Care benefits in Milwaukee County through the Bureau of Milwaukee Child Welfare. In Milwaukee County, this Department estimates the bill would expand eligibility by up to 4,263 additional children. The FY 04 budget, \$13,453,400 PRS in TANF funds, would

have to be increased by \$10,999,000 to fully fund all eligible cases. Milwaukee County does not currently have a waiting list for Kinship Care payments. However, if the budget was not increased as a result of this provision, a waiting list would develop.

Based on the above assumptions, this provision could expand the eligibility for Kinship Care up to 32,224 children. If all eligible relatives sought benefits, the current budget would have to be increased by \$83,190,000 to fully fund all of the additional cases.

However, the actual number of additional children for whom benefits are sought may vary because of several factors that cannot be quantified, such as:

- 1) This estimate assumes that, under the bill, children who are not determined to be CHIPS or JIPS or at risk of CHIPS or JIPS would be eligible only if they have lived with relatives for more than two years. Although the estimated number excludes children 2 years old and younger, it includes older children who may have lived with the relative for less than two years.
- 2) In some cases, counties may determine that living with the relative is not in the best interests of the child, as required under current law and AB 201 and SB 82.
- 3) Some relatives may not apply for Kinship Care because they are not aware of the benefit. The impact of this factor would depend on outreach efforts by counties, advocates, and other groups.
- 4) Some relatives may not apply for benefits because they do not have a financial need or choose not to be involved in a public assistance program.
- 5) Some relatives may choose not to apply if the program develops waiting lists in their county.
- 6) It is unknown whether this revision will create any type of incentive for relative placement of children.

Because of these factors, it is difficult, if not impossible, to predict how many caregivers will apply for benefits. The attached table indicates the estimated cost of benefits if certain percentages of the estimated maximum number of newly eligible caregivers seek and obtain benefits.

In addition to the increase in benefit costs, counties and the Bureau of Milwaukee Child Welfare would incur additional staffing and administrative costs to process additional applicants and to assess whether relatives meet eligibility criteria under the proposed bill.

2. Treatment of pending arrests in background checks.

Current law requires that the applicant, any current or prospective employee of the applicant who would have regular contact with the child, and adult residents of the applicant's home satisfactorily pass a background check administered by the county or DHFS to be eligible for Kinship Care. County departments and DHFS consider all arrests and convictions when conducting this background check. This bill would limit the arrests considered to those for which a criminal charge is pending.

This provision could increase the number of relative caregivers eligible for Kinship Care payments. In 2002, 286 Kinship Care applicants statewide were denied because of a failed background check. It is not known how many were denied because of arrests for which a criminal charge was not pending. However, it is estimated that the number of such cases is small. Therefore, this provision would not have a significant fiscal effect on the Kinship Care program.

Long-Range Fiscal Implications

**Attachment
Fiscal Estimate for SB 82
Department of Health and Family Services
Estimate of Newly Eligible Children in Kinship Care**

Percent of estimated maximum newly eligibles	Milwaukee County		non-Milwaukee counties		Statewide	
	# Eligible	Cost/year	# Eligible	Cost/year	# Eligible	Cost/year
75%	3,197	\$ 8,249,209	20,986	\$ 54,143,213	24,183	\$ 62,392,422
50%	2,132	\$ 5,499,472	13,990	\$ 36,095,476	16,122	\$ 41,594,948
25%	1,066	\$ 2,749,736	6,995	\$ 18,047,738	8,061	\$ 20,797,474