

Fiscal Estimate - 2021 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 21-4184/1	Introduction Number SB-491
Description subsidized guardianship payments	
Fiscal Effect	
State: <input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations </div> <div style="width: 30%;"> <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues </div> <div style="width: 35%;"> <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <div style="display: flex; justify-content: space-around;"> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No </div> <input type="checkbox"/> Decrease Costs </div> </div>	
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue</p> <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <p>2. <input checked="" type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue</p> <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory </div> <div style="width: 50%;"> <p>5. Types of Local Government Units Affected</p> <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input checked="" type="checkbox"/> Others <u>Tribes</u> <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts </div> </div>	
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	
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Date 8/27/2021	

Fiscal Estimate Narratives

DCF 8/27/2021

LRB Number	21-4184/1	Introduction Number	SB-491	Estimate Type	Original
Description subsidized guardianship payments					

Assumptions Used in Arriving at Fiscal Estimate

This bill requires the Department of Children and Families to provide subsidized guardianship payments to guardians. Under current law, counties provide these payments to guardians who are appointed for children previously under the placement and care responsibility of a county. For Milwaukee children, payments are made by DCF through the Division of Milwaukee Child Protective Services (DMCPS). The projections provided in this estimate assumes DCF will incur costs for the administration of the payments and for the costs of the payments themselves.

Guardianship is one of three legal permanency options for children placed in out of home care, along with reunification and adoption. In certain situations, a child and their proposed guardian may be eligible for subsidized guardianship (SG), which provides a permanency option for children who otherwise may remain in foster care. Eligible caregivers can become the legal guardian and receive a subsidy. Subsidized guardianship is a positive permanency option when reunification and adoption are either not possible or not in the best interest of the child. Under a subsidized guardianship, the guardian receives a monthly payment.

Currently, counties partially fund subsidized guardianship payments using the Children and Family Aids allocation, with additional funds from county tax levies, federal and state revenue sharing funds, or private donations to the county. Once a subsidized guardianship is established, the county is responsible for those payments until that child reaches 18 years of age, or 21 under special circumstances and the child and guardian remain eligible to continue to qualify for payments during that time.

This bill substantively changes the administration of subsidized guardianship for the department. Sections 1, 2, and 3 of this bill strike reference to subsidized guardianship from the Children and Family Aids allocation to counties (s. 48.569 (1) (d)) and the Tribal Out of Home Care High Cost Pool (s. 20.437 (1) (kz) and s. 48.48 (8p)) and instead requires DCF to make these recurring and non-recurring SG payments directly to guardians (Sections 4-10).

Section 6 removes language that is currently in s. 48.623 relating to payments by the counties and expands the provision that currently requires DCF to provide subsidized guardianship payments in Milwaukee County from the appropriations under s. 20.437 (1) (cx) and (mx). Further, Section 11 of this bill creates s. 48.623 (7) (f) and provides that DCF shall consult with counties in promulgating rules regarding the method by which a county must notify the department when it enters into or amends a subsidized guardianship agreement or when an interim care taker is appointed.

The bill strikes from existing law language related to the allocation of subsidized guardianship funds from the Children and Family Aids allocation in s. 48.569 (1) (d) (Section 3). By striking this language, the portion of the Children and Family Aids allocation that would have funded SG would then be available to fund a greater share other of allowable child welfare expenses.

The bill also strikes from existing law language related to the allocation of subsidized guardianship funds for tribal children in s. 20.437 (1) (kz) and s. 48.48 (8p) (Sections 1 and 2). By striking this language, tribes and counties (with SG agreements with tribal children and guardians) will have a corresponding share of their Tribal Out-of-Home Care High Cost Pool allocation to fund other allowable child welfare expenses.

Furthermore, Section 6 of this bill, as currently drafted, states: "The department shall provide those payments from the appropriations under s. 20.437 (1) (cx) and (mx)." Currently, both s. 20.437 (1) (cx) [Child Welfare Services, aids] and (mx) [Federal aid, Milwaukee child welfare services] functionally operate as child welfare services appropriations to the Division of Milwaukee Child Protective Services (DMCPS), including payments for SG in Milwaukee County. The language under Section 6 of this bill designating these payments from s. 20.437 (1) (cx) and (mx) creates budgetary inconsistency, since the department separates DMCPS (Milwaukee)-related expenditures from the Balance of State (BOS)-related permanency expenditures. The appropriations under s. 20.437 (1) (dd) and (1) (pd) account for the BOS-related permanency expenditures

(e.g. for state foster care and adoption assistance) and are re-estimated in the biennial budget based on expenses, allowing for greater flexibility and consistency in making these state payments.

Some provisions of the bill would have the effect of transferring certain responsibilities related to SG to DCF that are currently the responsibility of the county agency. For example, in Section 4, the amended language of s. 48.623(1) provides that the department (DCF) is the entity determining whether the proposed guardian meets the subsidized guardianship eligibility criteria. Section 7 of the bill also makes DCF alone responsible for recovering overpayment of subsidized guardianship payments. In addition, the effects of Sections 9 and 10 of the bill may be read to make it DCF's responsibility to provide SG payments to interim caretakers and successor guardians (although other language in s. 48.623 around responsibilities relating to interim caretakers and successor guardians is unchanged).

Any transfer of programmatic and/or administrative responsibilities from counties to DCF increases costs to the department. These responsibilities include but are not limited to completing initial eligibility determinations; annual eligibility determinations; amendments, suspensions, or terminations of agreements; and assessing and recovering overpayments. These responsibilities span multiple work units within the department. DCF's Division of Safety and Permanence (program) and Division of Management Services (payment administration) do not currently have the staff or funding to absorb these programmatic responsibilities. Estimates for these costs depend on implementation, shifting caseloads, and staff workloads, and are expected to change over time. Additionally, because these tasks are typically completed by the county caseworker who has a working relationship with the family, DCF will need to interface either directly with the family or with the county caseworker in administering the program.

Currently, for subsidized guardianship in Milwaukee County, the administrative responsibilities (final eligibility; original agreements, provider amendments, annual redeterminations) are primarily completed at DMCPs by a Senior Auditor, a Program and Policy Analyst, and an Executive Staff Assistant with additional administrative and supervisory support, as needed. Any contact with the family or subsidized guardian is primarily completed by a caseworker from one of the two contracted agencies (SaintA and Children's Wisconsin). Costs (salary, fringe, overhead, IT, etc.) directly related to the administration of subsidized guardianship at DMCPs were approximately \$100,000 in SFY20 and \$70,000 in SFY21. DCF estimates that these efforts approximate a total of 1.0 FTE across multiple positions, as staff in those positions work on multiple programs simultaneously. Additional administrative work is completed by the two contracted agencies in Milwaukee (Saint A and Children's Wisconsin) in coordination with DMCPs state staff.

Based on the expenses and level of effort at DMCPs to administer subsidized guardianship payments, DCF projects that the increased responsibilities assumed under this bill will require additional staff within the Division of Safety and Permanence; estimated at a total of 4.0 FTE and at the cost of \$553,800 per year. While DMCPs currently administers slightly less than 50% of the statewide SG caseload, this estimate includes significant amounts of additional effort in working with the 71 counties and 11 tribes.

Costs for these 4.0 FTE in the Division of Safety and Permanence breakdown as follows (salary/fringe/overhead and total) based on the appointment maximum:

- Senior Auditor (1.0 FTE; 07-03): \$83,500 / \$35,600 / \$33,200; total of \$152,300
- Program and Policy Analyst (2.0 FTE; 07-04): \$128,200 / \$54,600 / \$66,400; total of \$249,200
- Accountant-Senior (1.0 FTE; 07-03): \$83,500 / \$35,600 / \$33,200; total of \$152,300

In addition, Section 7 of the bill makes DCF responsible for overpayment recovery. The department currently has an overpayment and recovery process in place for subsidized guardianship payments in Milwaukee County. This process involves program staff at DMCPs and a centralized DCF staff member in Bureau of Finance in the Division of Management Services, Bureau of Finance, Fiscal Services Unit. Under this bill, DCF faces increased costs for administering state payments to guardians in BOS, which also includes the processing and recovery of overpayments.

DCF projects substantial shifts in workload and activities related to the fiscal processing of SG payments in eWISACWIS respective to the administrative changes proposed under this bill. The increased costs related to these shifts depend on the SG caseload and number of overpayments. DCF can absorb the payment administration with current staff and budget, however, the additional overpayment and recovery responsibilities are manually intensive and customer focused, and include reconciling payments, mailing notices, making phone contacts, and referring overpayments to the Department of Revenue. In addition to the positions needed in the Division of Safety and Permanence (noted above), DCF projects that the increased overpayment responsibilities assumed under this bill will also require additional staff within Division of Management Services, Bureau of Finance, Fiscal Services Unit; estimated at a total of 1.0 FTE and at the cost of \$152,300 per state fiscal year.

Costs for this 1.0 FTE in the Division of Management Services, Bureau of Finance, Fiscal Services Unit breakdown as follows (salary/fringe/overhead and total) based on the appointment maximum:

- Accountant-Journey (1.0 FTE; 07-03): \$83,500 / \$35,600/ \$33,200; total of \$152,300

Furthermore, DMCPS currently contracts with an external agency (Maximus) to make initial title IV-E claiming eligibility determinations. Depending on the shift in workload under this bill, it may be necessary to add up to one additional position (approx. \$75,000 per year) to this contract and change the scope of services to cover SG payments in BOS.

In total, the combined 5.0 FTE positions and anticipated increase in contractual services amounts to \$781,100. This estimate takes into account the administrative complexity for state interaction with the 71 counties and 11 tribes, and their unique data and reporting processes (compared to just the two contracted agencies currently operating in Milwaukee).

As a part of the 2021-23 biennial budget, the Joint Committee on Finance placed \$2,400,000 GPR in SFY22 and \$5,200,000 GPR in SFY23 in a program supplements appropriation for subsidized guardianship payments. DCF may request these GPR funds via a s.13.10 request and use these amounts towards funding subsidized guardianship payments. The department assumes this funding is designated for the payments to guardians, rather than the administration of such payments.

The department projects an increase in the number of (BOS) subsidized guardianship agreements and payments over future years. These projections are consistent with recent upward trends for subsidized guardianship as a positive and preferred permanency option for children and families. For instance, in calendar year 2016, the caseload total for BOS counties was 408 and amounted to approximately \$2.0M in payments. In calendar year 2020, there were 930 SG agreements in place in BOS, totaling \$5.5M in SG payments. Further, DCF expects that the shift to state payments to subsidized guardians under this bill may further accelerate the rate at which SG agreements and payments are currently trending until reaching a stable balance of new agreements replacing youth aging out of their SG agreements.

DCF projects that for the six-month period beginning January 1, 2022 and ending on June 30, 2022 (end of SFY22), there will be a total of 1,159 active SG agreements at a projected cost of \$3.5M. GPR funding provided in the program supplements appropriation for SFY22 amounts to \$2.4M, or approximately \$1.1M less than the projected costs for SG payments.

For the 12-month period comprising SFY23, DCF projects there will be a total of 1,333 active SG agreements at a projected cost of \$8.2M. GPR funding provided in the program supplements appropriations for SFY23 amounts to \$5.2M, or approximately \$3.0M less than the projected costs for SG payments.

DCF receives title IV-E reimbursement for subsidized guardianships at rate of approximately 35% of non-trust costs. These dollars contribute to DCF's overall title IV-E budget that funds aids and operations, including the Children and Family Aids allocation.

DCF projects that the title IV-E reimbursement for the SG payments will be \$1.2M for SFY22 (6-month period) and \$2.9M in SFY23 (full 12-months). These earned title IV-E funds, if appropriated in combination with GPR to fund state SG payments, approximate the projected need for SG payments in SFY22 and SFY23; with an estimated \$100,000 budget surplus in SFY22 and a \$100,000 deficit in SFY23.

Long-Range Fiscal Implications