



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #506

Milwaukee Child Welfare Aids (DHFS -- Children and Families)

[LFB 2001-03 Budget Summary: Page 387, #2]

CURRENT LAW

1997 Wisconsin Act 27 (the 1997-99 biennial budget) provided the Department of Health and Family Services (DHFS) funding and statutory authority to provide child welfare services in Milwaukee County, beginning January 1, 1998. In all other counties, the county department of social services or human services is responsible for providing child welfare services. Milwaukee County is required to contribute \$58,893,500 annually to fund the state costs of administering child welfare services in that county on the county's behalf.

In 2000-01, DHFS is budgeted \$97,653,900 (\$76,707,200 GPR, \$20,764,500 FED and \$182,200 PR) for services to families in the child welfare system. Federal funding is available under Title IV-E of the Social Security Act as partial reimbursement for administrative and placement costs for children from families that meet certain financial eligibility criteria.

GOVERNOR

Delete \$5,407,100 (\$3,481,300 GPR and \$1,925,800 FED) in 2001-02 and \$5,407,100 (\$3,446,600 GPR and \$1,960,500 FED) in 2002-03 to fund projected costs of aids expenses related to the administration of the child protective services program in Milwaukee County. This item includes: (a) projected increases in placement costs (\$2,284,800 GPR and -\$90,900 FED in 2001-02 and \$2,315,300 GPR and -\$121,400 FED in 2002-03); (b) projected decreases in service costs (-\$6,245,600 GPR and -\$335,800 FED in 2001-02 and -\$6,241,400 GPR and -\$340,000 FED); and (c) decreased funding for contracts (\$479,500 GPR and -\$1,499,100 FED annually). These changes are primarily due to caseload reestimates and a projected reduction in the federal financial participation rate.

DISCUSSION POINTS

1. It is currently estimated that service and placement costs for children in Milwaukee County in the child welfare system will total \$92,506,500 (all funds) in each year of the 2001-03 biennium. This estimate differs from the Governor's recommendations due to updated caseload and expenditure data and revised estimates of the amount of federal financial participation rates available as reimbursement for certain costs. Funding in the bill would need to be increased by \$441,900 (\$371,300 GPR and \$70,600 FED) in 2001-02 and \$441,900 (\$391,200 GPR and \$50,700 Fed) in 2002-03 to fully fund these projected costs.

2. However, even though the service and vendor costs are dependent on caseload, the per-case fee is determined by contract and not by statute. Consequently, if the Committee does not wish to increase funding in the bill to fully fund projected service costs, it could approve the funding recommended by the Governor.

3. Under the Governor's bill, \$6,749,100 GPR is anticipated to lapse from the Milwaukee child welfare aids budget at the end of 2000-01 due to underspending in calendar year 1999 contracts. This lapse has been factored in to the Governor's general fund condition statement. DHFS estimates that there is \$9,291,400 in underspending in the calendar year 2000 contracts and has committed to use a portion of these funds to support a portion of the deficits Milwaukee County has incurred by providing services under contract with the state over the past couple of years. Because of this commitment, and restrictions on the use of some of the funds that are currently being counted towards the state's temporary assistance for needy families (TANF) maintenance-of-effort (MOE), the administration has indicated that none of the calendar year 2000 surplus will lapse to the general fund at the end of the fiscal year. However, these levels of underspending indicate that current base funding for the program is much higher than actual costs in the 1999-01 biennium and projected costs in the 2001-03 biennium.

4. The long-time policy of the administration, and the understanding of the Legislature, has been that program revenue (PR) funds contributed by Milwaukee County that are budgeted for Milwaukee child welfare services would be fully expended before GPR funds are expended for this purpose. Therefore, if there was underspending in the program, the unspent funds would be GPR, which would be available as a lapse to the general fund. DHFS indicates that the underspending in the calendar year 2000 contracts are PR funds budgeted in the appropriation where Milwaukee County's contribution for the costs of providing child welfare services in Milwaukee County is deposited. To ensure that the county's contribution is utilized first, the Committee could specify this directive in statute.

5. Under the Governor's bill, \$259,700 GPR annually was budgeted to pay the child care copayment for foster parents and court-ordered kinship care relatives. Effective February 1, 2001, foster parents and kinship care parents no longer have a co-pay responsibility. Therefore, this funding has been deleted from the bill as part of the reestimate.

6. In addition, to reflect the Committee's action on temporary assistance for needy

families (TANF) funds, the reestimate deletes \$182,200 PR annually that would be provided in the Governor's bill to support day care administration for children in foster care. The Committee determined that these funds were unnecessary because the administrative costs are covered under funding provided through the child care subsidy program.

7. Based on a May 18, 2001, communication from the U.S. Department of Health and Human Services, the state will not be permitted to count GPR-funded safety services and prevention services towards the TANF MOE requirement, as proposed by the Governor for the 2001-03 biennium. Consequently, \$8,706,200 budgeted annually in the bill cannot be counted because there are no income limitations on the individuals who receive these services, which is required under the MOE provisions.

8. To avoid a negative impact on TANF MOE, the funding source for these two programs could be shifted from GPR to TANF. These services are eligible under the fourth purpose of TANF (formation and maintenance of two-parent families) and income limitations are not required under this TANF purpose. In addition, \$8,706,200 GPR could be appropriated from DHFS to the Department of Workforce Development (DWD) annually. DWD would use the GPR for elements of Wisconsin Works (W-2) and related programs that are currently funded by TANF. This modification would have no net fiscal effect on the general fund or the TANF program.

ALTERNATIVES TO BILL

A. Funding

1. Approve the Governor's recommendations. In addition, transfer support for safety services and the prevention services contract (\$8,706,200 annually) from GPR to TANF in DHFS and reduce TANF funding and increase GPR funding in DWD by corresponding amounts.

2. Modify the Governor's bill by providing \$441,900 (\$371,300 GPR and \$70,600 FED) in 2001-02 and \$441,900 (\$391,200 GPR and \$50,700 FED) in 2002-03 to reflect reestimates of the funding required to provide child welfare services in Milwaukee County. In addition, transfer support for safety services and the prevention services contract (\$8,706,200 annually) from GPR to TANF in DHFS and reduce TANF funding and increase GPR funding in DWD by corresponding amounts.

<u>Alternative A2</u>	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>
2001-03 FUNDING (Change to Bill)	\$762,500	\$121,300	\$883,800

B. Use of GPR Funding

1. Require DHFS to first use the appropriated PR funds budgeted for Milwaukee child welfare aids to support benefits provided through BMCW before GPR funds are expended for these services.

2. Maintain current law.

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Attachment

ATTACHMENT

Milwaukee Child Welfare Services Aids Funding Summary Reestimate for 2001-03 Biennium

	2001-02			2002-03		
	<u>GPR</u>	<u>FED</u>	<u>All Funds</u>	<u>GPR</u>	<u>FED</u>	<u>All Funds</u>
Placement Costs						
Foster care	\$15,770,400	\$9,742,900	\$25,513,300	\$15,811,500	\$9,701,800	\$25,513,300
Treatment foster care	329,600	203,600	533,200	330,400	202,800	533,200
CCIs	3,716,600	929,100	4,645,700	3,720,500	925,200	4,645,700
Group homes	925,500	231,300	1,156,800	926,400	230,400	1,156,800
Shelter	<u>3,290,100</u>	<u>0</u>	<u>3,290,100</u>	<u>3,290,100</u>	<u>0</u>	<u>3,290,100</u>
Subtotal	\$24,032,200	\$11,106,900	\$35,139,100	\$24,078,900	\$11,060,200	\$35,139,100
Service Costs						
Safety services	\$7,216,600	\$0	\$7,216,600	\$7,216,600	\$0	\$7,216,600
Ongoing services	13,829,600	480,900	14,310,500	13,831,600	478,900	14,310,500
Wraparound services	8,954,200	1,398,300	10,352,500	8,960,100	1,392,400	10,352,500
Safety evaluations	<u>256,500</u>	<u>0</u>	<u>256,500</u>	<u>256,500</u>	<u>0</u>	<u>256,500</u>
Subtotal	\$30,256,900	\$1,879,200	\$32,136,100	\$30,264,800	\$1,871,300	\$32,136,100
Vendor Costs						
Case mgmt. contract	\$10,783,300	\$3,062,800	\$13,846,100	\$10,783,300	\$3,062,800	\$13,846,100
Out-of-home placement unit	4,070,100	1,156,000	5,226,100	4,070,100	1,156,000	5,226,100
Adoption contract	1,718,500	1,406,000	3,124,500	1,718,500	1,406,000	3,124,500
FISS unit	206,600	0	206,600	206,600	0	206,600
Independent investigations	232,000	0	232,000	232,000	0	232,000
Prevention services contract	1,489,600	0	1,489,600	1,489,600	0	1,489,600
Other	<u>808,000</u>	<u>298,400</u>	<u>1,106,400</u>	<u>808,000</u>	<u>298,400</u>	<u>1,106,400</u>
Subtotal	\$19,308,100	\$5,923,200	\$25,231,300	\$19,308,100	\$5,923,200	\$25,231,300
Grand Total*	\$73,597,200	\$18,909,300	\$92,506,500	\$73,651,800	\$18,854,700	\$92,506,500
2000-01 Base	<u>\$76,707,200</u>	<u>\$20,764,500</u>	<u>\$97,471,700</u>	<u>\$76,707,200</u>	<u>\$20,764,500</u>	<u>\$97,471,700</u>
Change to Base	-\$3,110,000	-\$1,855,200	-\$4,965,200	-\$3,055,400	\$1,909,800	-\$4,965,200
Governor's Bill	-\$3,481,300	-\$1,925,800	-\$5,407,100	-\$3,446,600	-\$1,960,500	-\$5,407,100
Change to Bill	\$371,300	\$70,600	\$441,900	\$391,200	\$50,700	\$441,900

* Does not include TANF MOE funding change.