



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #433

Wisconsin Statewide Automated Child Welfare Information System (DHFS -- Children and Families)

[LFB 2003-05 Budget Summary: Page 259, #3]

CURRENT LAW

The Wisconsin statewide automated child welfare system (WISACWIS) is the automated child welfare system that assists case workers and administrators in managing child welfare services. The system maintains information on intake, assessment, eligibility determination, case management, court processing, financial reporting, and administration.

Using enhanced federal matching funds available from the U.S. Department of Health and Human Services (DHHS), WISACWIS was designed and developed initially in Milwaukee County. As a condition of receiving federal matching funds, states had to ensure that their systems: (a) comply with DHHS regulations; (b) interface with state child abuse and neglect data collection systems and welfare data collection systems, to the extent practicable; and (c) provide more efficient, economical, and effective administration of state child welfare programs, as determined by DHHS. In addition, the system must be a statewide system. Under state law, WISACWIS must be implemented statewide by June 30, 2005.

Federal regulation require states that receive enhanced federal funds to develop a comprehensive child welfare data collection system that includes information on child welfare services, foster care and adoption assistance, promoting safe and stable families services, and independent living. In addition, state systems must:

- Meet data collection and reporting requirements of the adoption and foster care analysis and reporting system (AFCARS);

- Provide for intrastate electronic data exchange with data collection systems operated under MA, child support enforcement, and the national child abuse and neglect data system;
- Provide for automated data collection on all children in foster care under the responsibility of the state for the state child welfare agency;
- Collect and manage information necessary to facilitate delivery of child welfare services, family preservation and family support services, family reunification services, and permanent placement;
- Collect and manage information necessary to determine eligibility for the foster care, adoption assistance, and independent living programs and to meet case management requirements for these programs; and
- Ensure confidentiality and security of information.

In addition to the enhanced federal funds provided for development of the system, DHHS may reimburse states for the ongoing data collection activities at a 50% matching rate, regardless of whether the systems are used for children in foster care and adopted children who are not eligible for Title IV-E.

GOVERNOR

Provide \$4,506,600 (-\$234,000 GPR, \$4,462,500 FED, and \$278,100 PR) in 2003-04 and \$5,258,600 (\$2,240,900 GPR, \$2,614,300 FED, and \$403,400 PR) in 2004-05 to continue the implementation and ongoing support of WISACWIS. The increase in federal funding includes \$2,199,000 in federal income augmentation funds in 2003-04. The increase in PR funding includes \$518,600 annually in temporary assistance for needy families (TANF) funds transferred from the Department of Workforce Development (DWD) to the Department of Health and Family Services (DHFS) and a reduction in amounts budgeted from county receipts and MA targeted case management funds transferred from the Division of Management and Technology for the costs of implementing and operating WISACWIS.

Base funding for WISACWIS is \$3,564,500 (\$1,114,600 GPR, \$856,500 FED, and \$1,593,400 PR). Under standard budget adjustments, \$46,200 annually was provided. With the increase provided under the bill, total funding for WISACWIS would be \$8,117,300 in 2003-04 and \$8,869,300 in 2004-05.

DISCUSSION POINTS

1. From 1996-97 through 2000-01, \$22,767,300 (\$9,531,700 GPR and \$13,235,600 FED) was provided for the development and programming of WISACWIS, which was initially

done in Milwaukee County as part of the state's activities to administer child welfare services in that county. The Milwaukee County child welfare information system was the basis for the implementation of WISACWIS in other counties. The development of the Milwaukee County system was completed in 2001.

2. Funding for the implementation of WISACWIS was first provided in 1999 Wisconsin Act 9 (the 1999-01 biennial budget act). In 2000-01, \$2,500,000 (\$250,000 GPR, \$1,250,000 FED, and \$1,000,000 PR) was provided. 2001 Wisconsin Act 16 (the 2001-03 biennial budget act) provided \$4,238,100 (\$947,300 GPR, \$1,088,200 FED, and \$2,247,600 PR) in 2001-02 and \$4,628,000 (\$836,500 GPR, \$1,011,100 FED, and \$2,780,400 PR) in 2002-03 for implementation in 40 counties over the biennium.

3. DHFS has contracted with American Management System (AMS) to implement WISACWIS statewide. The contract amount was \$22,577,400 (all funds). AMS is responsible for implementing and coordinating the changes to the Milwaukee County WISACWIS system and to implement that system statewide. Under the contract, WISACWIS will be implemented in nine counties in 2001-02, 31 counties in 2002-03, and 31 counties in 2003-04.

4. Currently, WISACWIS is fully implemented in Milwaukee County and 28 other counties. The system is expected to be fully implemented in an additional ten counties by June 30, 2003. The funding provided in the bill would enable the remaining counties to implement WISACWIS. DHFS projects that the system will be operational in these remaining counties by June 30, 2004, one year before the statutorily required completion date.

5. There are one-time costs in implementing WISACWIS. These costs include web-conversion, hardware, case conversion, application training, software licenses, and telecommunication installations. In addition, there are ongoing costs, which include services provided by the Department's business applications help desk, customer services, application development, county desktop support, and county telecommunication charges. The following table show the projected amounts of these costs under the Governor's bill.

TABLE 1

WISACWIS Estimated Costs

	<u>2003-04</u>	<u>2004-05</u>
Implementation Costs	\$4,660,200	\$5,412,100
Ongoing Costs	<u>3,457,100</u>	<u>3,457,200</u>
Total	\$8,117,300	\$8,869,300

6. The implementation costs have been paid through five-year masterleases. Under the Governor's budget, future masterleases would be paid over a seven-year time frame. The administration projects that masterlease payments would be made through 2011. The implementation costs shown Table 1 include the principal and interest amounts for the masterleases. There is a federal, state, and county portion of the implementation costs. The state receives federal Title IV-E funds for 50% of the non-interest costs of implementation (\$1,901,100 in 2003-04 and \$2,251,900 in 2004-05). Counties are responsible for funding one-third of the non-federal share of the implementation costs. DHFS applies a portion of the revenue from MA targeted case management claims for non-IV-E eligible children towards the counties' share of implementation costs. Under the Governor's budget, this is projected to be \$776,700 in 2003-04 and \$902,000 in 2004-05. The remaining implementation costs are paid by the state (\$1,982,400 in 2003-04 and \$2,258,200 in 2004-05).

7. The ongoing costs also have federal, state, and county portions. The federal funds are available under Title IV-E and from the social services block grant (SSBG). The state funds are GPR. The county funds are paid by counties to DHFS and are supported with county tax levy, community aids, shared revenue, or other county funding.

8. The Governor's bill provides \$518,600 annually in TANF funds to support ongoing costs. Federal regulations specify that any program that benefits from a particular activity must share in the costs associated with that activity. In addition to tracking cases in the foster care system, WISACWIS tracks information on children living with a relative under the kinship care program. Kinship care placements are not eligible for reimbursement under Title IV-E and thus, the state can not claim Title IV-E matching funds for the portion of WISACWIS that supports the kinship care program. The kinship care program is funded with TANF funds that are transferred from DWD to DHFS. The TANF funds provided in the Governor's budget cover the kinship care portion of ongoing WISACWIS costs.

9. The Governor's budget would provide \$2,199,000 in 2003-04 in income augmentation funds to support WISACWIS. Income augmentation funds are unanticipated federal funds DHFS receives under Titles IV-E (foster care), XIX (Medicaid), and XVIII (Medicare) of the federal Social Security Act as reimbursement for costs that were initially paid with state or local revenue, or revenue from one of these sources that would not otherwise have been available had it not been for activities conducted to augment federal income. There are no federal restrictions relating to the use of income augmentation funds. Consequently, the state can use these funds for any purpose. [LFB Paper #365, dated April 24, 2003, provides additional information on income augmentation revenues.]

10. If the state did not implement WISACWIS statewide, DHFS would be required to return approximately \$25 million in enhanced federal matching funds to DHHS. In addition, the state would receive federal matching funds equal to 18%, rather than 50%, of the operating costs of the Milwaukee information system and whatever system is implemented in participating counties. The interest payments on the masterlease would also need to be repaid, regardless of whether the system was implemented statewide.

11. In addition to repaying federal matching funds, if the state did not implement a statewide system, Wisconsin would fail the federal child and family service review that will occur in August, 2003. This review evaluates the state's child welfare programs on seven outcome factors and seven systematic factors to ensure compliance with federal Titles IV-B and IV-E. Three of the systematic factors relate to procedures performed in WISACWIS and thus, without the system, DHFS does not expect to pass in these areas. In addition, the state's performance on the outcome factors could be affected because the data used to evaluate the state's performance in these areas is gathered through WISACWIS. If the state is found to be in substantial non-compliance with any of the evaluation measures, a program improvement plan must be developed. After the state completes a two-year improvement period, a secondary review would be conducted. If, at that time, the program improvement goals have not been met, the state's Title IV-B award and Title IV-E administrative claim could be reduced. Wisconsin would be assessed penalties beginning at approximately \$150,000 per non-compliant factor and increase to \$300,000 and \$450,000 per item if non-compliance continues in subsequent reviews.

12. The Governor's bill does not include any inflationary increases for ongoing costs and reduces funding for these activities from the 2002-03 level. The additional funding provided in the bill would support the costs of the implementing WISACWIS in the remaining counties in the state to complete the statewide implementation that began in the 2001-03 biennium. Based on a review of actual implementation costs to date, the funding provided under the bill appears reasonable to support the costs associated with these activities.

13. However, as a means of reducing GPR costs for the program, the Committee could consider requiring counties to support 50%, rather than one-third, of the non-federal portion of ongoing costs, beginning in 2003-04. Under this alternative, county payments would increase by \$268,700 annually and there would be a corresponding annual GPR decrease. The cost breakdown is outlined in the following table. In addition to the GPR savings shown in Table 2, GPR savings under this alternative would continue beyond the 2003-05 biennium, into future biennia.

TABLE 2

County Support 50% of the Ongoing WISACWIS Costs

	<u>Governor (SB 44)</u>			<u>Alternative 2</u>		
	<u>2003-04</u>	<u>2004-05</u>	<u>Biennium</u>	<u>2003-04</u>	<u>2004-05</u>	<u>Biennium</u>
TANF	\$518,600	\$518,600	\$1,037,200	\$518,600	\$518,600	\$1,037,200
FED IV-E	1,248,900	1,248,900	2,497,800	1,248,900	1,248,900	2,497,800
County	576,200	576,200	1,152,400	844,900	844,900	1,689,800
DHFS	<u>1,113,500</u>	<u>1,113,500</u>	<u>2,227,000</u>	<u>844,800</u>	<u>844,800</u>	<u>1,689,600</u>
Total	\$3,457,200	\$3,457,200	\$6,914,400	\$3,457,200	\$3,457,200	\$6,914,400

14. Alternatively, the Committee could approve the Governor's recommendations. The current county share of one-third resulted from negotiations between DHFS and counties during the 2001-03 budget. When a county implements WISACWIS, the county begins to pay their portion of the ongoing costs. Therefore, approximately half of the counties have already been paying ongoing costs at the current one-third rate.

ALTERNATIVES

1. Approve Governor's recommendations.
2. Require counties to support 50% of the non-federal portion of the ongoing costs of WISACWIS, beginning in 2003-04.

<u>Alternative 2</u>	<u>GPR</u>	<u>PR</u>	<u>TOTAL</u>
2003-05 FUNDING (Change to Bill)	- \$537,400	\$537,400	\$0

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