



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #429

Foster Care Rates (DHFS -- Children and Families)

[LFB 2005-07 Budget Summary: Page 290, #4]

CURRENT LAW

Counties and DHFS make monthly foster care payments to foster parents, treatment foster parents, and family-operated group homes to support food, clothing, housing, personal care, and other expenses for children in foster care. In addition to the basic rate, counties or DHFS may provide an initial clothing allowance for a foster child first entering out-of-home care and a supplemental or exceptional payment to foster parents if the foster child has emotional, behavioral, or medical needs.

Currently, the basic monthly foster care rates are: (a) \$302 for children up to age five; (b) \$329 for children between five and 11 years old; (c) \$375 for children between 12 and 14 years old; and (d) \$391 for children 15 years old and older.

GOVERNOR

Provide \$557,600 (\$408,900 GPR and \$148,700 FED) in 2005-06 and \$1,673,100 (\$1,228,800 GPR and \$444,300 FED) in 2006-07 to fund a 5% increase in basic foster care rates, effective January 1, 2006, and an additional 5% increase in the rates, effective January 1, 2007.

DISCUSSION POINTS

1. The basic monthly foster care rates were last increased by 1.0% in 1999 Wisconsin Act 9, effective January 1, 2001. The foster care rates are not adjusted for inflation or tied to the cost of care for a child.

2. The Governor recommends increasing the basic foster care rates by 5%, beginning

January 1, 2006, and an additional 5%, beginning January 1, 2007. Table 1 identifies the current rates and the rates recommended by the Governor that would take effect January 1, 2006, and January 1, 2007. (The bill requires a modification to indicate that the rate for children age 12 through 14, effective January 1, 2007, should be \$413, rather than \$423 to meet the Governor's intent.)

TABLE 1

Basic Monthly Foster Care Rates

<u>Age</u>	<u>Current Law</u>	<u>AB 100</u>	
		<u>January 1, 2006</u>	<u>January 1, 2007</u>
0 thru 4	\$302	\$317	\$332
5 thru 11	329	345	362
12 thru 14	375	394	423
15 and over	391	411	430

3. In January, 2005, the average monthly foster care payment in counties other than Milwaukee County was \$750, in Milwaukee County it was \$518, and in state foster care it was \$900. These monthly payments include the basic foster care rate and supplemental or exceptional payments made to foster parents. Counties indicate that, in order to compensate for low rates, they provide supplemental and exceptional rates for foster families in order to attract and retain foster homes. In November, 2004, approximately 30.7% of the foster care payments statewide for children up to five years of age were equal to the basic foster care rate, 14.3% for children between five and 11 years old, 14.5% for children 12 to 14 years old, and 11.4% for children 15 years and older. Counties use community aids and local funds to support foster care payments, which include the basic rate, as well as any supplemental or exceptional rates counties approve.

4. Nationally, the average foster care basic monthly maintenance payment is \$423 for a two-year old, \$440 for a nine-year-old, and \$497 for a 16- year old. Table 2 shows the basic monthly foster care rates for other Midwestern states, as well as the national minimum and maximum rates, in 2002.

TABLE 2

**Foster Care Basic Monthly Maintenance Rates in 2002
For Children Ages 2, 9, and 16**

<u>State</u>	<u>Age 2</u>	<u>Age 9</u>	<u>Age 16</u>
Illinois	\$369	\$410	\$445
Michigan	434	434	536
Minnesota	517	517	627
Nebraska	222	292	352
Kansas	568	568	568
Wisconsin	\$302	\$329	\$391
National Minimum	\$222	\$275	\$307
National Maximum	718	718	791

Source: The Child Welfare League of America, State Child Welfare Agency Survey (2003). The survey did not include information on foster care rates in Iowa or Indiana.

5. State foster care rates are not necessarily directly comparable, due to the different rate structures states use. For example, in some states, the basic monthly rate is intended to cover the cost of clothing, while other states provide a separate clothing allowance, in addition to the basic rate. In Wisconsin, in addition to the monthly foster care payment, foster parents receive an initial clothing allowance of \$150 for children under five, \$175 for children six to 12 years old, and \$200 for children who are 13 to 18 years old. Further, the rates in Wisconsin's statutes reflect the "basic maintenance" payments, but do not include the supplemental payments that may be provided for children with special needs and exceptional circumstances. Other states may make these types of supplemental payments, but may use different criteria in determining which foster families receive these supplemental payments.

6. Counties have indicated to DHFS that the current foster care rates deter people from becoming foster parents. In particular, it appears that counties need more foster homes to serve teenagers, sibling groups, and children with special needs. The administration indicates that increasing the foster care rates could help counties attract and retain foster parents to meet the needs of the children placed in out-of-home care.

7. The attachment to this paper shows the foster care rate in each year, the percent change in the rate from the previous year, and the rate of inflation, as measured by the consumer price index. As the attachment shows, foster care rates have not increased to keep up with inflation.

8. Using updated federal claiming rates, and using a different methodology that the administration used in developing its estimate, it is estimated that increasing the foster care rates by

5% in January, 2006, and an additional 5% in January, 2007, would cost \$557,500 (\$428,400 GPR and \$129,100 FED) in 2005-06 and \$1,685,500 (\$1,236,900 GPR and \$448,600 FED) in 2006-07. Therefore, the funding in the bill could be increased by \$19,500 GPR with a corresponding decrease in federal funding in 2005-06 and by \$12,400 (\$8,100 GPR and \$4,300 FED) in 2006-07.

9. Since the second increase in foster care rates would occur in January, 2007, only six months of funding is provided in the bill to support this increase. The remaining six months of calendar year 2007 are included in 2007-08, and thus, an estimated \$1,128,000 (\$827,900 GPR and \$300,100 FED) would need to be provided in the next biennium to continue to support the rate increase.

10. Alternatively, the Committee could increase foster care rates by 5% beginning on January 1, 2006, but not increase the rates by another 5% on January 1, 2007. This would reduce the cost-to-continue for the increase since the increase would be fully funded in the 2005-07 biennium. Under this alternative, funding in the bill would be increased by \$19,500 GPR and reduced by \$19,500 FED in 2005-06 and reduced by \$558,100 (-\$410,500 GPR and -\$147,600 FED) in 2006-07.

11. Under the bill, the foster care rate increase is phased in over the biennium. The Committee could instead provide a 10% rate increase, beginning January 1, 2006. Funding in the bill would then be increased by \$557,400 (\$447,800 GPR and \$109,600 FED) in 2005-06 and by \$556,900 (\$407,700 GPR and \$149,200 FED) in 2006-07 to reflect these new rates. Under this alternative, the entire cost of the rate increase would be budgeted in 2005-07 biennium so there would be no cost-to-continue in the 2007-09 biennium.

12. The foster care rates under the bill and under Alternatives 2 and 3 are shown in the following table.

TABLE 3

Foster Care Rates - Under Current Law, AB 100, and Alternatives 2 and 3

<u>Age</u>	<u>Current Law</u>	<u>AB 100</u>		<u>Alternative 2</u>		<u>Alternative 3</u>	
		<u>Jan. 1, 2006</u>	<u>Jan. 1, 2007</u>	<u>Jan. 1, 2006</u>	<u>Jan. 1, 2007</u>	<u>Jan. 1, 2006</u>	<u>Jan. 1, 2007</u>
0 thru 4	302	317	332	317	317	332	332
5 thru 11	329	345	362	345	345	362	362
12 thru 14	375	394	413*	394	394	413	413
15 and over	391	411	430	411	411	430	430

*As corrected

ALTERNATIVES

1. Approve the Governor's recommendation with the following modifications: (a) provide \$19,500 GPR and delete \$19,500 FED in 2005-06 and provide \$12,400 (\$8,100 GPR and \$4,300 FED) in 2006-07 to reflect updated federal claiming rates; and (b) modify the monthly rate for children ages 12 through 14 to \$413 per month, instead of \$423 per month, to accurately reflect a 5% increase in the rate beginning January 1, 2007.

2. Modify the Governor's recommendation to increase foster care rates by 5% beginning January 1, 2006, but delete the 5% increase in rates beginning January 1, 2007. Provide \$19,500 GPR and reduce funding by \$19,500 FED in 2005-06 and reduce funding by \$558,100 (-\$410,500 GPR and -\$147,600 FED) in 2006-07 to reflect this modification and the reestimated federal claiming rates.

<u>Alternative 2</u>	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>
2005-07 FUNDING (Change to Bill)	- \$391,000	- \$167,200	- \$558,200

3. Delete the Governor's recommendation. Instead, provide \$1,115,000 (\$856,700 GPR and \$258,300 FED) in 2005-06 and \$2,230,000 (\$1,636,500 GPR and \$593,500 FED) in 2006-07 to support a 10% increase in foster care rates beginning January 1, 2006. Specify that the rates will be as shown in Table 2.

<u>Alternative 3</u>	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>
2005-07 FUNDING (Change to Bill)	\$855,500	\$258,800	\$1,114,300

4. Delete provision.

<u>Alternative 4</u>	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>
2005-07 FUNDING (Change to Bill)	- \$1,637,700	- \$593,000	- \$2,230,700

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Attachment

ATTACHMENT

Changes to the Basic Maintenance Foster Care Rate, as Compared to the Change in the Consumer Price Index (CPI)

Foster Care Rates

Year	Age			
	<u>0-4</u>	<u>5-11</u>	<u>12-14</u>	<u>15+</u>
1993	\$240	\$267	\$327	\$337
1994	276	301	344	361
1995	282	307	349	365
1996	289	315	358	374
1997	289	315	358	374
1998	289	315	358	374
1999	296	323	367	383
2000	299	326	371	387
2001	302	329	375	391
2002	317	345	394	411
2003	317	345	394	411
2004	317	345	394	411
2005	317	345	394	411
2006*	317	345	394	411
2007*	332	362	413	430

% Change in Foster Care Rates

Year	Age				CPI Change
	<u>0-4</u>	<u>5-11</u>	<u>12-14</u>	<u>15+</u>	
1994	15.0%	12.7%	5.2%	7.1%	2.6%
1995	2.2	2.0	1.5	1.1	2.8
1996	0.0	0.0	0.0	0.0	2.9
1997	0.0	0.0	0.0	0.0	2.3
1998	2.5	2.6	2.6	2.5	1.5
1999	2.4	2.5	2.5	2.4	2.2
2000	1.0	0.9	1.1	1.0	3.4
2001	1.0	0.9	1.1	1.0	2.8
2002	0.0	0.0	0.0	0.0	1.6
2003	0.0	0.0	0.0	0.0	2.3
2004	0.0	0.0	0.0	0.0	2.7
2005	0.0	0.0	0.0	0.0	2.2
2006*	5.0	4.9	5.1	5.1	1.7
2007*	4.7	4.9	4.8	4.6	1.9

*Under AB 100.