



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #431

Foster Care Rates (DHFS -- Children and Families)

Bill Section

[LFB 2007-09 Budget Summary: Page 318, #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) \$317 for children up to age five; (b) \$346 for children between five and 11 years old; (c) \$394 for children between 12 and 14 years old; and (d) \$411 for children 15 years old and older.

GOVERNOR

Provide \$557,400 (\$426,000 GPR and \$131,400 FED) in 2007-08 and \$1,672,200 (\$1,278,300 GPR and \$393,900 FED) in 2008-09 to fund a 5% increase in the uniform foster care rates, effective January, 2008, and an additional 5% increase in the uniform foster care rates, effective January, 2009.

DISCUSSION POINTS

1. Table 1 identifies the current rates and the rates recommended by the Governor that would take effect January 1, 2008, and January 1, 2009.

TABLE 1

Basic Monthly Foster Care Rates

<u>Age</u>	<u>Current Law</u>	<u>SB 40</u>	
		<u>January 1, 2008</u>	<u>January 1, 2009</u>
0 thru 4	\$317	\$333	\$349
5 thru 11	346	363	381
12 thru 14	394	414	433
15 and over	411	432	452

2. The basic monthly foster care rates were last increased by 5.0% in 2005 Wisconsin Act 25, effective January 1, 2006. The foster care rates are not adjusted for inflation or tied to the cost of care for a child.

3. In January, 2007, the average monthly foster care payment in counties other than Milwaukee County was \$797, in Milwaukee County it was \$540, and in state foster care it was \$640. 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 basic foster care rates, they provide supplemental and exceptional rates for foster families in order to attract and retain foster homes. In December, 2006, approximately 38.5% of the foster care payments statewide for children up to four years of age were equal to the basic foster care rate, 25.9% for children between five and 11 years old, 31.1% for children 12 to 14 years old, and 26.1% 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 \$435 for a two-year old, \$459 for a nine-year-old, and \$519 for a 16- year old. Table 2 shows the basic monthly foster care rates for other Midwestern states.

TABLE 2

**Foster Care Basic Monthly Maintenance Rates in 2005
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	433	433	535
Minnesota	547	547	656
Wisconsin*	\$317	\$346	\$411

*Wisconsin figures are for calendar year 2006.

Source: National Resource Center for Family-Centered Practice and Permanency Planning.

5. States' 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 a one-time 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. Using updated caseload information (through March, 2007) it is estimated that increasing the foster care rates by 5% in January, 2008, and an additional 5% in January, 2009, would cost \$541,500 (\$414,400 GPR and \$127,100 FED) in 2007-08 and \$1,624,500 (\$1,241,100 GPR and \$383,400 FED) in 2008-09. Therefore, the funding in the bill could be decreased by \$15,900 (-\$11,600 GPR and -\$4,300 FED) 2007-08 and by \$47,700 (-\$37,200 GPR and -\$10,500 FED) in 2008-09.

8. Since the second increase in foster care rates would occur in January, 2009, only six months of funding is provided in the bill to support this increase. The remaining six months of calendar year 2009 are in state fiscal year 2009-10. Consequently, an estimated \$541,500 (\$413,800 GPR and \$127,700 FED) would need to be provided in the next biennium to fully fund the rate

increase recommended by the Governor.

9. Several alternative foster care rate increases are provided for the Committee's consideration. First, the Committee could increase foster care rates by 10% beginning on January 1, 2008, but not increase the rates by another 5% on January 1, 2009 (Alternative 2). This alternative would eliminate the need to increase funding in the 2009-11 biennium to fully fund the rate increase provided in this biennium. Under this alternative, funding in the bill would be increased by \$521,300 (\$399,300 GPR and \$122,000 FED) in 2007-08 and \$485,400 (\$370,000 GPR and \$115,400 FED) in 2008-09.

10. A second alternative would be to increase foster care rates by 2.5% beginning on January 1, 2008, and by an additional 2.5% beginning on January 1, 2009. Under this alternative, funding in the bill would be reduced by \$286,200 (-\$218,600 GPR and -\$67,600 FED) in 2007-08 and \$858,900 (-\$657,100 GPR and -\$201,800 FED) in 2008-09 (Alternative 3). Because this alternative is similar to the Governor's recommendation, some funding would have to be provided in the next biennium in order to fully fund the increase in the second year. An estimated \$271,200 (\$207,100 GPR and \$64,100 FED) would need to be provided in 2009-10 to fund calendar year 2009 payments.

11. A third alternative would be to increase foster care rates by 5% beginning on January 1, 2008, but not increase the rates by another 5% on January 1, 2009 (Alternative 4). Under this alternative, funding in the bill would be reduced by \$15,900 (-\$11,600 GPR and -\$4,300 FED) in 2007-08 and by \$589,400 (-\$451,000 GPR and -\$138,400 FED) in 2008-09.

12. The foster care rates under the bill and under Alternatives 2, 3, and 4 are shown in the following table.

TABLE 3

Foster Care Rates - Under Current Law, SB 40, and Alternatives 2, 3, and 4

<u>Age</u>	<u>Current Law</u>	<u>SB 40</u>		<u>Alternative 2</u>		<u>Alternative 3</u>		<u>Alternative 4</u>	
		<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
0 through 4	\$317	\$333	\$349	\$349	\$349	\$325	\$333	\$333	\$333
5 through 11	346	363	381	381	381	355	363	363	363
12 through 14	394	414	433	433	433	404	414	414	414
15 and over	411	432	452	452	452	421	432	432	432

ALTERNATIVES TO BILL

1. Approve the Governor's recommended foster care rate increases, but reduce funding by \$15,900 (-\$11,600 GPR and -\$4,300 FED) in 2007-08 and \$47,700 (-\$37,200 GPR and -\$10,500 FED) in 2008-09 to reflect reestimates of the costs of the Governor's proposal.

ALT 1	Change to Bill Funding	Change to Base Funding
GPR	- \$48,800	\$1,655,500
FED	<u>- 14,800</u>	<u>510,500</u>
Total	- \$63,600	\$2,166,000

2. Delete the Governor's recommendation. Instead, increase foster care rates by 10% beginning January 1, 2008. Increase funding in the bill by \$521,300 (\$399,300 GPR and \$122,000 FED) in 2007-08 and \$485,400 (\$370,000 GPR and \$115,400 FED in 2008-09).

ALT 2	Change to Bill Funding	Change to Base Funding
GPR	\$769,300	\$2,473,600
FED	<u>237,400</u>	<u>762,700</u>
Total	\$1,006,700	\$3,236,300

3. Delete the Governor's recommendation. Instead, increase foster care rates by 2.5% beginning January 1, 2008, and an additional 2.5%, beginning January 1, 2009, as shown in Table 3. Reduce funding in the bill by \$286,200 (-\$218,600 GPR and -\$67,600 FED) in 2007-08 and \$858,900 (-\$657,100 GPR and -\$201,800 FED) in 2008-09 to reflect this alternative.

ALT 3	Change to Bill Funding	Change to Base Funding
GPR	- \$875,700	\$828,600
FED	<u>- 269,400</u>	<u>255,900</u>
Total	- \$1,145,100	\$1,084,500

4. Delete the Governor's recommendation. Instead, increase foster care rates by 5% beginning January 1, 2008. Reduce funding in the bill by \$15,900 (-\$11,600 GPR and -\$4,300 FED) in 2007-08 and \$589,400 (-\$451,000 GPR and -\$138,400 FED) in 2008-09 to reflect this alternative.

ALT 4	Change to Bill Funding	Change to Base Funding
GPR	- \$462,600	\$1,241,700
FED	<u>- 142,700</u>	<u>382,600</u>
Total	- \$605,300	\$1,624,300

5. Delete provision.

ALT 5	Change to Bill Funding	Change to Base Funding
GPR	- \$1,704,300	\$0
FED	<u>- 525,300</u>	<u>0</u>
Total	- \$2,229,600	\$0

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