



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #200

### **Milwaukee Child Welfare (DCF -- Children and Families)**

[LFB 2011-13 Budget Summary: Page 89, #1]

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#### **CURRENT LAW**

The Department of Children and Families (DCF) administers child welfare services in Milwaukee County through the Bureau of Milwaukee Child Welfare (BMCW). Children and families that reside in all other counties of the state receive child welfare services through county departments of human/social services. However, in response to a 1993 lawsuit filed by the American Civil Liberties Union's Children's Rights Project (now Children's Rights, Inc.), the state began providing child welfare services in Milwaukee County on January 1, 1998.

While BMCW administers the program, BMCW contracts with private vendors to provide many of the services children and families receive. Therefore, the BMCW budget includes funding for contracted services, out-of-home placement services, and state operations.

Base funding for BMCW is \$130,000,800 (\$73,877,800 GPR, \$24,927,600 FED, and \$31,195,400 PR). Of this amount, \$107,655,400 (\$54,887,100 GPR, \$21,572,900 FED, and \$31,195,400 PR) is for BMCW aids and \$22,345,400 (\$18,990,700 GPR and \$3,354,700 FED) is for BMCW operations.

The federal funding is available under Title IV-E of the federal Social Security Act and from the temporary assistance for needy families (TANF) block grant. Program revenue consists of Milwaukee child welfare collections and targeted case management (TCM) funds. TCM funds are medical assistance matching funds that the state is able to claim for certain case management services provided to children in out-of-home care who are not eligible for reimbursement under Title IV-E. Collections are supplemental security income (SSI), Social Security Administration (SSA) survivor and disability payments, and child support payments for children in out-of-home care that are collected and retained by the state to offset the costs of providing out-of-home care to those children.

## **GOVERNOR**

Provide \$1,278,900 (\$3,350,900 GPR, -\$8,072,000 FED, and \$6,000,000 PR) in 2011-12 and \$1,577,000 (\$9,554,600 GPR and -\$7,977,600 FED) in 2012-13 to reflect the projected costs of aids expenses administered by BMCW.

This item would: (a) transfer \$600,000 GPR annually from the BMCW operations appropriation to the BMCW aids appropriation to reflect that funding for nurses is a contracted service; (b) replace decreasing federal Title IV-E funds with GPR (\$7,945,700 GPR and -\$8,139,400 FED in 2011-12 and \$7,898,900 GPR and -\$8,092,600 FED in 2012-13); (c) fund projected increases in the costs per case for children in foster homes, group homes, and residential care centers (\$1,519,100 GPR and \$18,700 FED in 2011-12 and \$1,769,600 GPR and \$66,300 FED in 2012-13); (d) fund the foster care rate increase approved under 2009 Act 28 (\$137,500 GPR and \$48,700 FED annually); (e) reduce BMCW aids contracts (-\$251,400 GPR annually); and (f) provide accumulated one-time revenue from collections and correspondingly decrease GPR funding for BMCW aids (-\$6,000,000 GPR and \$6,000,000 PR in 2011-12).

The overall reduction in the BMCW aids contracts of \$251,400 GPR annually represents changes to the following contracted services: (a) permanency planning review (\$35,300 annually); (b) psychological evaluations (-\$52,300 annually); (c) court initiative permanency counselor (\$2,000 annually); (d) foster parent crisis intervention (-\$116,400 annually); (e) child abuse review team facilitator (\$15,000 annually); and (f) subsidized guardianship waiver evaluation (-\$135,000 annually).

## **DISCUSSION POINTS**

1. BMCW aids funding supports three categories of funding: (a) contracts; (b) other services; and (c) out-of-home care costs. BMCW currently contracts with vendors to provide a variety of activities, including (but not limited to) case management services, ongoing services (services provided to children in out-of-home care that are intended to assist children and their families in achieving goals identified in permanency plans), out-of-home placement services (recruitment and licensing of foster families), adoption placement services, independent investigations, permanency planning reviews, and court services. These contracts total approximately \$45 million (all funds) annually. The bill would reduce funding for these contracts by \$251,400 GPR annually. The changes are a more accurate reflection of the current contract costs. In addition, funding to evaluate the subsidized guardianship waiver has been eliminated due to the expiration of the waiver.

2. Part of the BMCW budget includes funding for other services, which includes the wraparound program and safety services. The "wraparound" program provides comprehensive services for families and children with significant complex mental health needs. Children are served by the program if they have been referred to child welfare services and are at immediate risk of placement in a residential treatment center, a juvenile justice facility, or a psychiatric hospital. The bill continues to provide base funding of \$10.3 million (all funds) annually for the program.

3. Safety services are provided to families where threats to child safety have been

identified, but BMCW staff determines that a child can remain at home safely if appropriate services are provided to the family. These services include, but are not limited to, supervision, observation, basic parenting assistance, child care, family crisis counseling, and respite care. The bill assumes that an average of 221 families per month receive "core" safety services, at an average cost of approximately \$1,134 per month, or approximately \$3 million annually. Safety services are funded from TANF funds.

4. The remaining BMCW funding supports out-of-home care costs. The costs of out-of-home care account for over 40% of BMCW's annual aids and contract costs. These costs are the most difficult to predict. Table 1 identifies the estimates of out-of-home care expenses BMCW would pay in each year of the 2011-13 biennium under the bill, by type of placement. The table shows the average monthly caseload, the average monthly cost per child, and the total annual cost for foster care, group homes, and residential care centers. The table also shows the average number of bed days in a month, the daily rate per bed day, and the total annual cost for assessment homes, assessment centers, and stabilization centers. It should be noted that the figures and dollars in the following tables are rounded to the nearest whole number. Consequently, the total annual cost amounts may differ slightly from annualizing the whole numbers represented in the tables.

**TABLE 1**  
**Projected Out-of-Home Care Costs**  
**Alternative 1**

	2011-12			2012-13		
	Average Number of Children	Average Monthly Cost per Child	Total Annual Cost	Number of Children	Average Monthly Cost per Child	Average Total Annual Cost
Level 1 Foster Care	516	\$220	\$1,362,200	516	\$220	\$1,362,200
Level 2 Foster Care	737	613	5,423,600	737	613	5,423,600
Level 3 Foster Care	476	3,198	18,267,100	476	3,214	18,358,400
Group Homes	153	7,147	13,121,600	153	7,218	13,252,800
Residential Care Centers	72	8,741	7,552,200	72	8,828	7,627,800
Subtotal			\$45,726,700			\$46,024,800

  

	Average Number of Bed Days in Month	Daily Rate Per Bed Day	Total Annual Cost	Average Number of Bed Days in Month	Daily Rate Per Bed Day	Total Annual Cost
	Assessment Homes	556	\$39	\$260,000	556	\$39
Assessment Centers	407	148	721,900	407	148	721,900
Stabilization Centers	371	184	818,800	371	184	818,800
Subtotal			\$1,800,700			\$1,800,700

  

Total Out-of-Home Care Costs			\$47,527,400			\$47,825,500
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5. Under 2009 Act 28, DCF is required to implement a foster care licensing system based on the level of care provided to the child. Level one is for licensed relative or like-kin foster

parents. Many of these foster parents are relatives who formerly received kinship care assistance and are becoming licensed. Monthly payments are the same as those for kinship care (\$220 per month). Level two is similar to the category formerly known as foster care. Level three is similar to the category formerly known as treatment foster care.

6. Also, under Act 28, DCF is required to regulate and set rates for group homes and residential care centers. Beginning with calendar year (CY) 2012, DCF will begin setting these rates. The bill assumes a starting point for rates that equals the monthly average for the period from July, 2009, through June, 2010. This average monthly rate is then increased by 1% in CY 2011, another 1% in CY 2012, and another 1% in CY 2013.

7. Finally, included in the out-of-home care costs are assessment homes, assessment centers, and stabilization centers. These facilities are used as short-term placements for adolescents who are taken into custody for the first time or who require a temporary placement while steps for stable placements are being explored.

8. The total number of children in out-of-home care has declined. In January, 2004, the monthly caseload, excluding assessment and stabilization facilities was 2,545. The lowest monthly caseload since January of 2004 was in August, 2010, at 1,355. The caseload during the most recent one-year period from April, 2010, through March, 2011, ranged from 1,355 to 1,426. The average monthly caseload during this time period was 1,398. During the most recent three-month period from January, 2011, through March, 2011, the average monthly caseload was 1,389. Caseloads appear to be stabilizing during 2010-11.

9. In addition to the overall caseload declining, there has been a trend of placements in the less expensive placement of (level two) foster care declining, while placements in the more expensive foster care (level three), group homes, and residential care centers increasing. However, this trend has also appeared to stabilize during 2010-11. Therefore, the Committee could adopt the Governor's recommendations for funding for BMCW based on data from July, 2009, through June, 2010.

10. However, more recent data suggests that costs for BMCW could be lower. Based on the same methodology using more recent data from April, 2010, through March, 2011, Table 2 shows the estimates of out-of-home care BMCW would pay in each year of the 2011-13 biennium under the bill, by type of placement. The table shows average monthly caseload, average monthly cost per child, average bed days in a month, daily rate per bed day, and the total annual cost. This estimate also reflects more recent estimates of the federal matching rate for child welfare expenditures.

**TABLE 2****Projected Out-of-Home Care Costs  
Alternative 2**

	2011-12			2012-13		
	Average Number of <u>Children</u>	Average Monthly <u>Cost per Child</u>	Total <u>Annual Cost</u>	Number of <u>Children</u>	Average Monthly <u>Cost per Child</u>	Average Total <u>Annual Cost</u>
Level 1 Foster Care	516	\$220	\$1,362,200	516	\$220	\$1,362,200
Level 2 Foster Care	725	619	5,385,300	725	619	5,385,300
Level 3 Foster Care	468	3,122	17,530,300	468	3,153	17,707,200
Group Homes	133	7,473	11,926,900	133	7,548	12,045,800
Residential Care Centers	72	9,678	8,361,400	72	9,775	8,445,200
Subtotal			\$44,566,100			\$44,945,700
	Average Number of Bed Days in Month	Daily Rate Per Bed Day	Total Annual Cost	Average Number of Bed Days in Month	Daily Rate Per Bed Day	Total Annual Cost
Assessment Homes	594	\$39	\$278,000	594	\$39	\$278,000
Assessment Centers	373	148	662,400	373	148	662,400
Stabilization Centers	286	184	631,500	286	184	631,500
Subtotal			\$1,571,900			\$1,571,900
Total Out-of-Home Care Costs			\$46,138,000			\$46,517,600

11. As shown in the table, overall costs are lower under this estimate due primarily to lower caseloads in foster care levels two and three and group homes. The Committee could modify the bill to reduce funding by \$1,389,400 (-\$973,700 GPR and -\$415,700 FED) in 2011-12 and by \$1,307,900 (-\$843,200 GPR and -\$464,700 FED) in 2012-13 based on data from April, 2010, through March, 2011 (Alternative 2). These reductions are based on a one-year average for a more recent period than the one under the bill.

12. Finally, Table 3 shows the estimates of out-of-home care BMCW would pay in each year of the 2011-13 biennium under the bill, by type of placement, based on data from the most recent three-month period of January, 2011, through March, 2011. The table shows average monthly caseload, average monthly cost per child, average bed days in a month, daily rate per bed day, and the total annual cost. This estimate also reflects more recent estimates of the federal matching rate for child welfare expenditures.

**TABLE 3****Projected Out-of-Home Care Costs  
Alternative 3**

	2011-12			2012-13		
	Average Number of <u>Children</u>	Average Monthly <u>Cost per Child</u>	Total <u>Annual Cost</u>	Number of <u>Children</u>	Average Monthly <u>Cost per Child</u>	Average Total <u>Annual Cost</u>
Level 1 Foster Care	516	\$220	\$1,362,200	516	\$220	\$1,362,200
Level 2 Foster Care	742	612	5,449,200	742	612	5,449,200
Level 3 Foster Care	449	3,130	16,861,700	449	3,161	17,031,500
Group Homes	124	6,983	10,390,700	124	7,053	10,494,900
Residential Care Centers	74	9,195	<u>8,164,700</u>	74	9,287	<u>8,246,400</u>
Subtotal			\$42,228,500			\$42,584,200
	Average Number of Bed Days in Month	Daily Rate Per Bed Day	Total Annual Cost	Average Number of Bed Days in Month	Daily Rate Per Bed Day	Total Annual Cost
Assessment Homes	562	\$39	\$263,000	562	\$39	\$263,000
Assessment Centers	380	148	674,900	380	148	674,900
Stabilization Centers	422	184	<u>931,800</u>	422	184	<u>931,800</u>
Subtotal			\$1,869,700			\$1,869,700
Total Out-of-Home Care Costs			\$44,098,200			\$44,453,900

13. Lower costs are due to lower average monthly caseloads and lower average monthly expenditures for level three foster care and group homes. The Committee could modify the bill to reduce funding by \$3,429,200 (-\$2,634,300 GPR and -\$794,900 FED) in 2011-12 and by \$3,371,600 (-\$2,524,000 GPR and -\$847,600 FED) in 2012-13 based on data from January, 2010, through March, 2011 (Alternative 3). As noted above, caseloads appear to be stabilizing and the migration from lower cost out-of-home care to higher cost out-of-home care also appears to be stabilizing. These reductions, therefore, are based on the most recent three-month period that reflects these more stabilized caseloads.

14. On the other hand, the state is required to cover the costs of out-of-home care. Historically, BMCW has been underfunded during the budget process and has had to return to the Committee for additional funding. The Committee may wish to adopt the Governor's proposal to ensure sufficient funds are available for out-of-home care placements for children in Milwaukee County.

**ALTERNATIVES**

1. Adopt the Governor's recommendation to provide \$1,278,900 (\$3,350,900 GPR, -\$8,072,000 FED, and \$6,000,000 PR) in 2011-12 and \$1,577,000 (\$9,554,600 GPR and

-\$7,977,600 FED) in 2012-13 to reflect the projected BMCW aids costs based on caseload and expenditure data from the one-year period from July, 2009, through June, 2010.

2. Modify the Governor's recommendation to reduce funding by \$1,389,400 (-\$973,700 GPR and -\$415,700 FED) in 2011-12 and by \$1,307,900 (-\$843,200 GPR and -\$464,700 FED) in 2012-13 to reflect estimates from the more recent one-year time period of April, 2010, through March, 2011.

<b>ALT 2</b>	<b>Change to Bill Funding</b>
GPR	- \$1,816,900
FED	<u>- 880,400</u>
Total	- \$2,697,300

3. Modify the Governor's recommendation to reduce funding by \$3,429,200 (-\$2,634,300 GPR and -\$794,900 FED) in 2011-12 and by \$3,371,600 (-\$2,524,000 GPR and -\$847,600 FED) in 2012-13 to reflect estimates from the most recent three-month period from January, 2011, through March, 2011.

<b>ALT 3</b>	<b>Change to Bill Funding</b>
GPR	- \$5,158,300
FED	<u>- 1,642,500</u>
Total	- \$6,800,800

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