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Joint Committee on Finance

Paper #189

Foster Care and Kinship Care Rates (Children and Families -- Children and Families)

[LFB 2013-15 Budget Summary: Page 98, #4; and Page 99, #5]

CURRENT LAW

Counties, tribes, and the Department of Children and Families (DCF) make monthly foster care payments to foster parents to support food, clothing, housing, basic transportation, personal care, and other expenses for children in foster care. All foster care payments include the basic maintenance rate, which is established by statute. Counties, tribes, and DCF also consider the needs of the child and may provide a supplemental payment or an exceptional payment, in addition to the basic payment, for foster homes certified at level two or higher.

Currently, the basic monthly foster care rate for all level one providers is \$220. For levels two and above, the basic monthly foster care rates are: (a) \$366 for children up to age five; (b) \$400 for children between the ages of five and 11; (c) \$455 for children between the ages of 12 and 14; and (d) \$475 for children ages 15 and older.

Under the levels of care foster care licensing system, a foster home is certified in one of five levels commensurate with the foster parent's knowledge, skills, training, experience, and relationship to the child. Level one certification applies to a foster home with a child-specific license, which is issued to a relative of a child or an individual who has a previous existing relationship with the child or the child's family. Level two certification applies to basic foster homes. Level three certification applies to moderate treatment foster homes. Level four certification applies to specialized treatment foster homes. Level five certification applies to exceptional treatment foster homes.

Children may also be placed with a relative, other than a parent, who is not a licensed foster parent. These relatives may qualify for the kinship care program. The kinship care program is designed to help support a child who resides outside of the home with a relative,

rather than placing the child in foster care or other out-of-home placement. Eligible relatives may receive a monthly payment of \$220 under the kinship care program.

GOVERNOR

Provide \$163,100 (\$122,800 GPR and \$40,300 FED) in 2013-14 and \$817,300 (\$615,300 GPR and \$202,000 FED) in 2014-15 to fund a 2.5% increase in the uniform foster care rates, effective January 1, 2014, or on the bill's general effective date if later than January 1, 2014, and an additional 2.5% increase in the uniform foster care rates effective January 1, 2015.

DISCUSSION POINTS

1. Table 1 identifies the current rates and the rates recommended by the Governor that would take effect January 1, 2014, and January 1, 2015.

TABLE 1

Basic Monthly Foster Care Rates

	<u>Current Law</u>	<u>AB 40</u>	
		<u>January 1, 2014</u>	<u>January 1, 2015</u>
Level One	\$220	\$226	\$232
Level Two and Above			
Under Age 5	\$366	\$375	\$384
Ages 5 thru 11	400	410	420
Ages 12 thru 14	455	466	478
Ages 15 and Over	475	487	499

2. The basic monthly foster care rates were last increased in 2009 Wisconsin Act 28, by: (a) 2.5% effective January 1, 2011, for level 1 foster care providers and kinship care providers; and (b) 5%, effective January 1, 2011, for foster care providers at level 2 or above. The foster care rates are not adjusted for inflation or tied to the cost of care for a child.

3. In April, 2013, the average monthly foster care payment was \$843. These monthly payments include the basic foster care rate and supplemental or exceptional payments made to foster parents. Of these payments, 77% received a supplemental payment, and 61% received an exceptional payment. Table 2 shows the average basic rate payment, the average supplemental payment, the average exceptional payment, and the average overall payment by the level of care. Table 2 also shows the percent of children in care at each level.

TABLE 2

**Average Basic, Supplemental, and Exceptional Foster Care Payment Rates
by Level of Care Provided
April, 2013**

<u>Average Payments</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Level 4</u>	<u>Level 5</u>
Basic	\$220	\$397	\$422	\$464	\$457
Supplemental	0	150	341	406	392
Exceptional	0	176	367	516	4,005
Overall	\$220	\$713	\$1,194	\$1,438	\$4,854
Percent of Overall Caseload	3.7%	72.0%	14.2%	9.6%	0.5%

4. Table 3 shows the average supplemental payment, the average exceptional payment, and the average overall payment by the age of the child in out-of-home care. Table 3 also shows the percent of children in care at each age level. Counties use children and family aids and local funds to support the overall foster care payments, which include the basic rate, as well as any supplemental or exceptional rates counties approve.

TABLE 3

**Average Basic, Supplemental, and Exceptional Foster Care Payment Rates
by Age of Child
April, 2013**

<u>Average Payments</u>	<u>Ages 0-4</u>	<u>Ages 5-11</u>	<u>Ages 12-14</u>	<u>Ages 15 and Older</u>
Supplemental	\$120	\$214	\$270	\$303
Exceptional	142	214	343	303
Overall	\$611	\$812	\$1,098	\$1,332
Percent of Overall Caseload	39.0%	34.0%	11.3%	15.7%

5. At most, 23% of foster care families receive the basic monthly foster care rate. This percentage assumes that all foster care families who receive an exceptional payment also receive a supplemental payment. Therefore, the actual percentage of foster care families who receive only the basic monthly foster care rate is likely lower.

6. Table 4 shows the basic monthly foster care rates for other Midwestern states at ages two, nine, 13, and 16. The average of these states is: (a) \$531 at age two; (b) \$553 at age nine; (c) \$610 at age 13; and (d) \$637 at age 16. The table also shows how Wisconsin's foster care rates compare to these average rates.

TABLE 4**Foster Care Basic Monthly Maintenance Rates in 2013**

<u>State</u>	<u>Level 1</u>	<u>Age 2</u>	<u>Age 9</u>	<u>Age 13</u>	<u>Age 16</u>
Illinois*	N.A	\$391	\$435	\$471	\$471
Indiana	N.A	593	644	644	743
Iowa	N.A	486	506	553	561
Michigan	N.A	523	523	625	625
Minnesota	N.A	660	660	760	786
Average	N.A.	\$531	\$553	\$610	\$637
Wisconsin	\$220	366	400	455	475
% Difference		-31.0%	-27.7%	-25.5%	-25.4%

*Illinois figures are from 2008.

7. States' foster care rates are not necessarily directly comparable, however, 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 for levels two and above of: (a) \$225 for children under age five; (b) \$263 for children ages five through 11; and (c) \$300 for children ages 12 and above. 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.

8. As shown in Table 4, Wisconsin's basic monthly maintenance rate ranges from 25.4% to 31% lower than nearby Midwestern states. It has been argued that the current foster care rates deter people from becoming foster parents. Increasing the foster care rates could help counties attract and retain foster parents to meet the needs of children placed in out-of-home care.

9. Using updated caseload information (through February, 2013), it is estimated that increasing foster care rates by 2.5% in January, 2014, and an additional 2.5% in January, 2015, would cost \$222,200 (\$167,300 GPR and \$54,900 FED) in 2013-14 and \$669,100 (\$503,700 GPR and \$165,400 FED) in 2014-15. Therefore the funding in the bill could be increased by \$59,100 (\$44,500 GPR and \$14,600 FED) in 2013-14 and decreased by \$148,200 (-\$111,600 GPR and -\$36,600 FED) in 2014-15 (Alternative 1).

10. Since the second increase in foster care rates would occur in January, 2015, only six months of calendar year 2015 would be funded in state fiscal year 2014-15. Therefore, an estimated \$446,900 (\$336,400 GPR and \$110,500 FED) would need to be provided in the first year of the next biennium to fully fund the rate increase recommended by the Governor.

11. Several alternative foster care rate increases are provided for the Committee's consideration. First, the Committee could increase foster care rates by 5% beginning on January 1, 2014, but not increase the rates by another 2.5% on January 1, 2015 (Alternative 2). This alternative would eliminate the need to increase funding in the 2015-17 biennium to fully fund the rate increase provided in this biennium. Under this alternative, funding in the bill would be increased by \$282,800 (\$212,900 GPR and \$69,900 FED) in 2013-14 and \$74,500 (\$56,000 GPR and \$18,500 FED) in 2014-15.

12. Another alternative would be to increase foster care rates by 1% beginning on January 1, 2014, and by an additional 1% beginning on January 1, 2015. Under this alternative, funding in the bill would be reduced by \$69,100 (-\$52,000 GPR and -\$17,100 FED) in 2013-14 and by \$535,100 (-\$402,900 GPR and -\$132,200 FED) in 2014-15 (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 \$188,100 (\$141,600 GPR and \$46,500 FED) would need to be provided in 2015-16 to fund calendar year 2015 payments.

13. Another alternative would be to increase foster care rates by 2.5% beginning on January 1, 2014, but not increase the rates by another 2.5% on January 1, 2015 (Alternative 4). Under this alternative, funding in the bill would be increased by \$59,100 (\$44,500 GPR and \$14,600 FED) in 2013-14 and reduced by \$372,900 (-\$280,800 GPR and -\$92,100 FED) in 2014-15.

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

TABLE 5

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

<u>Age/Level</u>	<u>Current Law</u>	<u>AB 40</u>		<u>Alternative 2</u>		<u>Alternative 3</u>		<u>Alternative 4</u>	
		<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
Level 1	\$220	\$226	\$232	\$231	\$231	\$222	\$224	\$226	\$226
0 through 4	366	375	384	384	384	370	374	375	375
5 through 11	400	410	420	420	420	404	408	410	410
12 through 14	455	466	478	478	478	460	465	466	466
15 and over	475	487	499	499	499	480	485	487	487

15. Subsequent to the introduction of AB 40, the administration has requested that the kinship care rates, identical to the level one foster care rates, also be increased by 2.5% in January, 2014, and by another 2.5% in January, 2015. Kinship care providers are similar to level one foster care providers in that they are relatives caring for the child. The kinship care program is funded under the federal temporary assistance for needy families (TANF) block grant program. Therefore, any increase in kinship care payments would result in an increase in TANF expenditures.

16. The Committee could increase the kinship care rates by the same percentage in each of the alternatives (Alternatives 5a through 5d). Under Alternative 5a, an estimated \$239,600 FED in 2013-14 and \$678,800 FED in 2014-15 would be needed to fund an increase to kinship care payments of 2.5% in January, 2014, and another 2.5% in January, 2015. Under Alternative 5b, an estimated \$439,200 FED in 2013-14 and \$878,400 FED in 2014-15 would be needed to fund an increase to kinship care payments of 5% in January, 2014. Under Alternative 5c, an estimated \$79,900 FED in 2013-14 and \$239,600 FED in 2014-15 would be needed to fund an increase to kinship care payments of 1% in January, 2014, and another 1% in January, 2015. Finally, under Alternative 5d, an estimated \$239,600 FED in 2013-14 and \$479,100 FED in 2014-15 would be needed to fund an increase to kinship care payments of 2.5% in January, 2014.

17. The kinship care payment rates under the bill and under Alternatives 5a, 5b, 5c, and 5d are shown in the following table.

TABLE 6

**Kinship Care Rates - Under AB 40 (Current Law)
and Alternatives 5a, 5b, 5c, and 5d**

<u>Year</u>	<u>AB 40</u>	<u>Alternative 5a</u>	<u>Alternative 5b</u>	<u>Alternative 5c</u>	<u>Alternative 5d</u>
2014	\$220	\$226	\$231	\$222	\$226
2015	220	232	231	224	226

18. The Committee could also choose not to increase kinship care payments. As a result, level one foster care payments would be more than kinship care payments. This could reflect a policy choice to indicate that caregivers who undergo the licensing process should receive higher rates. However, kinship care payments and level one foster care payments are for similar caretakers, and kinship care providers are also required to undergo background investigations in order to receive kinship care payments.

19. Finally the Committee could choose to not provide an increase to the foster care basic maintenance rates (Alternative 6). However, as shown in Table 4, the state's rates are lower than nearby states, and these lower rates may deter families from becoming foster families. Increasing the rates could provide an incentive to attract more foster families.

ALTERNATIVES

1. Approve the Governor's recommended foster care rate increases, but modify the funding amount to reflect more recent estimates of the costs of the Governor's proposal. Increase funding in the bill by \$59,100 (\$44,500 GPR and \$14,600 FED) in 2013-14 and reduce funding in the bill by \$148,200 (-\$111,600 GPR and -\$36,600 FED) in 2014-15.

ALT 1	Change to Bill Funding
GPR	- \$67,100
FED	<u>- 22,000</u>
Total	- \$89,100

2. Modify the Governor's recommendation to increase foster care rates by 5% beginning January 1, 2014. Increase funding in the bill by \$282,800 (\$212,900 GPR and \$69,900 FED) in 2013-14 and \$74,500 (\$56,000 GPR and \$18,500 FED) in 2014-15.

ALT 2	Change to Bill Funding
GPR	\$268,900
FED	<u>88,400</u>
Total	\$357,300

3. Modify the Governor's recommendation to increase foster care rates by 1% beginning January 1, 2014, and by another 1%, beginning January 1, 2015. Decrease funding in the bill by \$69,100 (-\$52,000 GPR and -\$17,100 FED) in 2013-14 and by \$535,100 (-\$402,900 GPR and -\$132,200 FED) in 2014-15.

ALT 3	Change to Bill Funding
GPR	- \$454,900
FED	<u>- 149,300</u>
Total	- \$604,200

4. Modify the Governor's recommendation to increase foster rates by 2.5% beginning January 1, 2014. Increase funding in the bill by \$59,100 (\$44,500 GPR and \$14,600 FED) in 2013-14 and reduce funding in the bill by \$372,900 (-\$280,800 GPR and -\$92,100 FED) in 2014-15.

ALT 4	Change to Bill Funding
GPR	- \$236,300
FED	<u>- 77,500</u>
Total	- \$313,800

5. Increase kinship care payments by one of the following amounts:

a. Increase TANF funding for kinship care payments by \$239,600 FED in 2013-14 and \$678,800 FED in 2014-15 to reflect a 2.5% increase beginning January 1, 2014, and another 2.5% increase beginning January 1, 2015.

ALT 5a	Change to Bill Funding
FED	\$918,400

b. Increase TANF funding for kinship care payments by \$439,200 FED in 2013-14 and \$878,400 FED in 2014-15 to reflect a 5% increase beginning January 1, 2014.

ALT 5b	Change to Bill Funding
FED	\$1,317,600

c. Increase TANF funding for kinship care payments by \$79,900 FED in 2013-14 and \$239,600 FED in 2014-15 to reflect a 1% increase beginning January 1, 2014, and another 1% increase beginning January 1, 2015.

ALT 5c	Change to Bill Funding
FED	\$319,500

d. Increase TANF funding for kinship care payments by \$239,600 FED in 2013-14 and \$479,100 FED in 2014-15 to reflect a 2.5% increase beginning January 1, 2014.

ALT 5d	Change to Bill Funding
FED	\$718,700

6. Delete the Governor's proposal.

ALT 6	Change to Bill Funding
GPR	- \$738,100
FED	- <u>242,300</u>
Total	- \$980,400

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