



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #191

Children and Families Aids Increase (Children and Families -- Children and Families)

[LFB 2017-19 Budget Summary: Page 94, #3; Page 95, #4]

CURRENT LAW

Children and family aids (CFA) funding is distributed to eligible counties for services related to child abuse and neglect and to unborn child abuse, including prevention, investigation, and treatment. CFA funds may be used for child abuse and neglect, juvenile justice, and other children and families target populations. Based on expenditure data reported to the Department of Health Services (DHS), approximately 50% of the CFA is used for child abuse and neglect, 26% for other child welfare services to families, and 24% for community-based juvenile justice services. CFA funds cannot be used for juvenile corrections placements.

In 2016-17, the Department of Children and Families (DCF) was budgeted \$68,327,900 to fund the CFA, including: (a) \$25,658,600 GPR; (b) \$32,472,600 FED from state foster care reimbursement claims under Title IV-E of the Social Security Act; (c) \$2,900,000 FED from funds the state receives under Title IV-B, subpart 1 of the Social Security Act; (d) \$4,006,900 FED from the social services block grant (SSBG); and (e) \$3,289,800 FED from federal temporary assistance for needy families block grant funds (which were transferred to the SSBG).

GOVERNOR

Increase funding by \$460,600 (\$346,700 GPR and \$113,900 FED) annually for the CFA to fully fund the cost of foster care rates under current law. Also, increase funding by \$1,250,000 FED in 2017-18 and by \$5,000,000 FED in 2018-19 for the CFA to reflect increased costs of local child welfare agencies. The federal funding is available under Title IV-E of the Social Security Act.

Together with the proposed increase in foster care rates under the bill (addressed in LFB Paper 190), the total the amount of the CFA allocation is shown in the Table 1.

TABLE 1

CFA Allocation Under the Governor's Budget

	<u>2017-18</u>	<u>2018-19</u>
2016-17 Adjusted Base	\$68,327,900	\$68,327,900
Cost to Continue	460,600	460,600
Foster Care Rate Increase	172,600	519,500
CFA Funding Increase	<u>1,250,000</u>	<u>5,000,000</u>
Total CFA Allocation	\$70,211,100	\$74,308,000

DISCUSSION POINTS

1. DCF allocates the CFA to counties via contracts covering administration of the funding. The allocations for calendar year 2017 are shown in the attachment.

2. Current law requires counties to match 9.89% of their CFA allocation. However, because no matching is required for the 25% of CFA funds made available from January through June, the effective annualized rate is only 7.4%. The matching requirements for 2017 are also shown in the attachment.

3. In practice, counties typically provide funding well above the match requirement. Counties reported spending \$107.6 million in county tax levy for abused and neglected children and for children and families in calendar year 2015.

4. Since 2009, child welfare caseloads have increased across the state. According to DCF, the out-of-home caseload outside of Milwaukee County was 4,246 in 2009. In 2016, the caseload was 4,906 (an increase of 15.5%). According to the Wisconsin Counties Association, petitions for a child in need of protection or services (CHIPS) outside of Milwaukee County increased by 12.5% from 4,392 in 2012 to 4,942 in 2015 and the number of screened-in child protective services reports has increased on an annual basis of 9% between 2011 and 2015.

5. As for Milwaukee County, DCF administers the child welfare system through the Division of Milwaukee Child Protective Services (DMCPS). To offset the costs of the state providing child welfare services, state statutes reduce various local assistance payments to Milwaukee County, including the CFA and community aids allocations by \$37.2 million annually. These amounts are budgeted directly in DMCPS for child welfare services in Milwaukee.

6. According to the Governor’s Task Force on Opioid Abuse report Combating Opioid Abuse, county child protective services have seen a significant surge in cases due in part to opioid related child welfare cases. The Children in Out-of-Home Care annual report by DCF indicates that 19.3% of the removals of children from their home and into out-of-home care in 2015 were due in part to caretaker drug abuse and another 1.3% were due to child drug abuse. The task force

recommended additional state resources for the CFA in order to assist counties to hire additional staff to care for such children.

7. Due to the increase in caseloads, the Wisconsin Counties Association indicates that the workload of case workers has increased substantially across the state. Further, it indicates that the increased strain is causing retention issues and increased turnover of experienced caseworkers.

8. Increases in CFA funding levels have not kept pace with the increase in out-of-home care caseloads. In 2008-09, DCF was budgeted \$67.5 million to fund the CFA. DCF is budgeted \$68.3 million in 2016-17 for the CFA.

9. Prior to state fiscal year 2008-09, child welfare funding was allocated along with other funding for human services to counties as part of community aids by the Department of Health and Family Services. Since the creation of DCF and the CFA in July, 2008, the CFA has been increased to fund changes in law, such as foster care rate increases, the levels of care system, and the expansion of out-of-home care for certain youth over the age of 18 who would otherwise "age out" of foster care. However, base CFA funding has not otherwise been increased to reflect county out-of-home care expenses or caseloads.

10. Unlike the CFA, DMCPS has received increases in funding to cover increases in child welfare caseloads and service costs since 2009.

11. The bill would increase the CFA allocations to counties by providing \$1.25 million FED in 2017-18 and \$5.00 million FED in 2018-19. Increased funding would allow counties to hire additional staff, thereby reducing caseloads and improving turnover rates. Further, additional funding could alleviate the increased costs associated with the abuse of opioids and other drugs. Therefore, the Committee may wish to approve the Governor's recommendation without modification (Alternative 1).

12. DCF indicates that the federal funding provided under the bill would not be an ongoing source of revenue, and would instead spend down the opening balance of one-time Title IV-E reimbursement funds previously received for the cost of providing out-of-home care services. Thus, the estimated ending balance of Title IV-E funds (\$3.3 million) in 2018-19 would likely not be sufficient to fund the proposed CFA increase in future years without additional state funding. Compared to 2018-19, it is estimated that an additional \$5.0 million GPR would be required in each year of the 2019-21 biennium. [This annual \$5.0 million amount is reflected as a 2019-21 general fund commitment in the Fiscal Bureau's March 23, 2017 memorandum to the Legislature.] Because the proposed funding source is not ongoing, the Committee may wish to provide GPR funding for a portion of the increase to the CFA in 2018-19 in order to avoid an unfunded commitment in the next biennium (Alternative 2).

13. Alternatively, the Committee could deny the Governor's recommended increase in funding, and decide to instead maintain funding levels at the cost to continue the program under current law (Alternative 5).

14. It should be noted that the increased child welfare costs cited by the administration to

support the recommended increase of \$5.0 million to the CFA in 2018-19 would appear to be equally applicable to child welfare costs in 2017-18. The Committee may therefore wish to provide an additional \$3,750,000 GPR in 2017-18 in order to provide \$5.0 million in each year of the biennium (Alternative 3).

15. Compared to the estimated cost to continue the CFA under the bill, the increases to the CFA recommended by the Governor would be 1.8% in 2017-18 and 7.3% in 2018-19. For comparison, as stated above, outside of Milwaukee the OHC caseload has increased 15.5% since 2009. According to the Wisconsin Counties Association, more than 50 counties have adopted resolutions requesting a 10% increase to the CFA (approximately \$6.8 million). The Committee may therefore decide to provide an additional \$5,550,000 GPR in 2017-18 and \$1,800,000 GPR in 2018-19 so that the total increase to the CFA would be \$6.8 million annually (Alternative 4).

16. Finally, the administration indicates that the bill misidentified the funding source for the CFA increase as Title IV-B rather than Title IV-E. Further, the total statutory allocation reflected a double counting of program revenue. The following alternatives would modify the bill to accurately reflect the CFA allocation and funding sources.

ALTERNATIVES

1. Approve the Governor's recommendation. Funding would increase by \$460,600 (\$346,700 GPR and \$113,900 FED) annually for the CFA to fully fund the cost of continuing foster care rates under current law. Also, funding would increase by \$1,250,000 FED Title IV-E reimbursement funds in 2017-18 and by \$5,000,000 FED Title IV-E reimbursement funds in 2018-19 for the CFA to reflect increased costs of local child welfare agencies. The bill would be modified to accurately reflect the total CFA allocation as approved by the Committee, including any approved changes to foster care rates.

ALT 1	Change to	
	Base	Bill
GPR	\$693,400	\$0
FED	<u>6,477,800</u>	<u>0</u>
Total	\$7,171,200	\$0

2. Modify the Governor's recommendation to utilize general purpose revenue to increase the CFA in 2018-19, thereby decreasing federal funding under Title IV-E of the Social Security Act. Overall funding provided under the bill would remain the same as in Alternative 1. The bill would be modified to accurately reflect the total CFA allocation as approved by the Committee, including the cost to continue under current law and any approved changes to foster care rates.

ALT 2		Change to	
		Base	Bill
2a	GPR	\$1,000,000	\$1,000,000
	FED	<u>-1,000,000</u>	<u>-1,000,000</u>
	Total	\$0	\$0
2b	GPR	\$2,000,000	\$2,000,000
	FED	<u>-2,000,000</u>	<u>-2,000,000</u>
	Total	\$0	\$0
2c	GPR	\$2,000,000	\$3,000,000
	FED	<u>-3,000,000</u>	<u>-3,000,000</u>
	Total	\$0	\$0
2d	GPR	\$4,000,000	\$4,000,000
	FED	<u>-4,000,000</u>	<u>-4,000,000</u>
	Total	\$0	\$0

3. Modify the Governor's recommendation to provide additional funding of \$3,750,000 GPR for the CFA in 2017-18. The total increase for the CFA would be \$5,000,000 annually. The bill would be modified to accurately reflect the total CFA allocation as approved by the Committee, including the cost to continue under current law and any approved changes to foster care rates.

ALT 3		Change to	
		Base	Bill
	GPR	\$4,443,400	\$3,750,000
	FED	<u>6,477,800</u>	<u>0</u>
	Total	\$10,921,200	\$3,750,000

4. Modify the Governor's recommendation to provide an additional \$5,550,000 GPR in 2017-18 and an additional \$1,800,000 GPR in 2018-19. The total increase for the CFA would be \$6,800,000 annually. The bill would be modified to accurately reflect the total CFA allocation as approved by the Committee, including the cost to continue under current law and any approved changes to foster care rates.

ALT 4		Change to	
		Base	Bill
	GPR	\$8,043,400	\$7,350,000
	FED	<u>6,477,800</u>	<u>0</u>
	Total	\$14,521,200	\$7,350,000

5. Approve the recommended cost-to-continue funding amounts but delete the provisions related to increased funding for the CFA. The bill would be modified to accurately reflect the total CFA allocation as approved by the Committee, including the cost to continue under current law and any approved changes to foster care rates.

ALT 5	Change to	
	Base	Bill
GPR	\$693,400	\$0
FED	<u>227,800</u>	<u>- 6,250,000</u>
Total	\$921,200	- \$6,250,000

Prepared by: John D. Gentry
Attachment

ATTACHMENT

Children and Family Aids Allocations to Counties Calendar Year 2017

<u>County</u>	<u>Total Allocation</u>	<u>County Match</u>
Adams	\$256,262	\$18,799
Ashland	341,772	25,142
Barron	640,188	47,329
Bayfield	253,223	18,521
Brown	3,019,188	222,641
Buffalo	315,018	23,262
Burnett	255,940	18,880
Calumet	380,531	28,121
Chippewa	841,633	62,271
Clark	574,369	42,238
Columbia	597,630	44,172
Crawford	433,172	32,026
Dane	5,503,617	405,303
Dodge	993,774	72,929
Door	335,987	24,870
Douglas	759,545	56,078
Dunn	557,638	41,049
Eau Claire	1,623,704	119,079
Florence	204,588	15,071
Fond du Lac	1,516,200	111,628
Forest	242,611	17,996
Grant	717,292	52,944
Green	421,924	31,035
Green Lake	259,587	19,046
Iowa	289,778	21,337
Iron	134,989	9,856
Jackson	466,669	34,301
Jefferson	900,841	66,297
Juneau	326,213	24,145
Kenosha	2,539,524	186,069
Kewaunee	286,501	20,938
La Crosse	1,813,320	133,823
Lafayette	276,741	20,423
Langlade	358,215	26,466
Lincoln	417,279	30,899

<u>County</u>	<u>Total Allocation</u>	<u>County Match</u>
Manitowoc	\$1,221,999	\$90,171
Marathon	1,593,963	116,821
Marinette	557,792	41,165
Marquette	204,348	15,001
Menominee	342,708	25,159
Milwaukee County DHHS	6,890,368	511,093
Monroe	585,477	43,166
Oconto	435,517	32,148
Oneida	498,758	36,734
Outagamie	1,981,272	146,281
Ozaukee	822,996	60,418
Pepin	185,567	13,712
Pierce	458,042	33,766
Polk	591,899	43,538
Portage	785,568	57,381
Price	266,514	19,507
Racine	3,304,279	243,161
Richland	362,945	26,765
Rock	2,859,443	210,688
Rusk	332,092	24,476
St. Croix	524,036	38,661
Sauk	712,348	52,629
Sawyer	350,344	25,725
Shawano	507,613	37,652
Sheboygan	1,568,055	115,892
Taylor	388,160	28,530
Trempealeau	466,246	34,532
Vernon	446,868	33,042
Vilas	238,722	17,550
Walworth	1,067,445	78,707
Washburn	279,872	20,760
Washington	1,051,888	77,658
Waukesha	3,540,339	260,670
Waupaca	632,079	46,466
Waushara	342,467	25,350
Winnebago	2,317,532	170,962
Wood	<u>1,190,514</u>	<u>87,156</u>
State Total	\$68,761,538	\$5,068,077