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Joint Committee on Finance

Paper #190

Foster Care and Kinship Care Rates and Cost to Continue Kinship Care (Children and Families -- Children and Families)

[LFB 2017-19 Budget Summary: Page 94, #2; and Page 108, #12]

CURRENT LAW

Counties, tribes, and the Department of Children and Families (DCF) make monthly 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.

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.

Currently, the basic maintenance rate for all level one foster care providers is \$232 per month. For levels two and above, the basic monthly maintenance rates are: (a) \$384 for children up to age five; (b) \$420 for children between the ages of five and 11; (c) \$478 for children between the ages of 12 and 14; and (d) \$499 for children ages 15 and older.

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. Counties use children and family aids and local funds to support the overall foster care payments. Children and family aids, formerly part of community

aids, is the primary source of state and federal funding to counties for child welfare services. Funding for child welfare services in Milwaukee is budgeted directly in the DCF division of Milwaukee child protective services.

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 receive a monthly payment of \$232 under the kinship care program, which is the same payment a level one foster home receives. DCF allocates federal temporary assistance for needy families (TANF) funding to counties and tribes under the kinship care program.

GOVERNOR

Increase the basic maintenance rates paid to foster parents and the benefit payment to kinship care relatives by 2.5% beginning January 1, 2018 and by an additional 2.5% beginning January 1, 2019. The bill would provide \$284,200 (\$213,900 GPR and \$70,300 FED) in 2017-18 and \$855,900 (\$644,300 GPR and \$211,600 FED) in 2018-19 to increase the rates paid by counties (funded from the children and families aids allocation) and by DCF for Milwaukee County and the special needs adoption program. The federal funding is reimbursements under Title IV-E of the Social Security Act.

The bill would also provide funding of \$577,100 FED in 2017-18 and \$1,306,200 FED in 2018-19 from TANF block grant funds for kinship care benefits to cover an estimated caseload increase of 1% annually and the above stated rate increases.

DISCUSSION POINTS

1. Table 1 identifies the current foster care rates and the rates recommended by the Governor that would take effect January 1, 2018, and January 1, 2019.

TABLE 1

Basic Monthly Foster Care Rates for Nonrelatives

	<u>Current Rates</u>	<u>January 2018</u>	<u>January 2019</u>
Level One	\$232	\$238	\$244
Levels Two and Above			
Under Age 5	\$384	\$394	\$404
Ages 5 through 11	420	431	442
Ages 12 through 14	478	490	502
Ages 15 and Over	499	511	524

2. The basic maintenance rate is intended to cover basic costs of caring for a foster child on a monthly basis, including food, clothing, housing, basic transportation, personal care, and other expenses.

3. By contrast, supplemental and exceptional payments are not available in all cases. The supplemental rate is intended to cover the costs of a foster child's emotional, behavioral, or medical needs that require special care or supervision. The exceptional rate is intended to cover the costs of a foster child's extraordinary needs that require increased supervision, including severe behavioral problems, intensive physical needs, severe mental illness, chronic drug or alcohol abuse, or long distance travel to school. The supplemental and exceptional rates are determined based on the level of care required and the identified special needs of the child.

4. The maximum payment is \$2,000 for the combined basic, supplement, and exceptional monthly rate.

5. In February, 2017, across all levels of care statewide, the average monthly foster care payment was \$980, including the basic maintenance rate and supplemental or exceptional payments made to foster parents. Table 2 shows the total number of payments made across the state and the average, for each level of care in February, 2017.

TABLE 2

**Foster Care Payment Rates by Level of Care Provided
February, 2017**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Level 4</u>	<u>Level 5</u>
Number of Payments	96	3,378	659	292	9
Total Payments	\$22,300	\$2,846,400	\$914,100	\$417,300	\$145,500
Average Payments	\$232	\$843	\$1,387	\$1,429	\$16,167

6. Of these payments, 87% of cases received a supplemental payment, and 74% received an exceptional payment. Thus, no more than 13% of foster parents received only the basic rate. It is likely that even fewer families receive only the basic rate because some families may receive exceptional rates without supplemental rates.

7. Table 3 shows the average basic maintenance rate payment, the average supplemental payment, and the average exceptional payment by the level of care in February, 2017. Table 3 also shows the percent of children in care at each level in February, 2017.

TABLE 3
Average Basic, Supplemental, and Exceptional Foster Care Payment Rates by Level of Care Provided February, 2017

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Level 4</u>	<u>Level 5</u>
Basic	\$232.00	\$413.81	\$440.44	\$453.23	\$481.44
Supplemental	N/A	193.14	445.05	485.52	659.56
Exceptional	N/A	322.76	536.67	531.02	15,029.77*
Percent Caseload	2.2%	76.2%	14.9%	6.6%	0.2%

*Includes costs supported by children's long-term support through the Department of Health Services, such as significant medical, cognitive, and development needs.

8. Table 4 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 in February, 2017. Table 4 also shows the percent of children in care in each age group.

TABLE 4
Average Supplemental and Exceptional Foster Care Payment Rates by Age of Child February, 2017

<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	\$154.71	\$290.76	\$357.36	\$390.03
Exceptional	257.93	342.84	445.71	1,073.64
Overall	702.60	975.65	1,202.05	1,771.83
Percent of Caseload	41.7%	36.4%	9.9%	12.0%

9. As shown in Tables 3 and 4, the combined average supplemental and exceptional payments are a significant portion of the overall payment in all age groups and at all levels of foster care for which they are available.

10. Table 5 shows the basic monthly foster care rates in 2017 for neighboring states at ages two, nine, 13 and 16. Table 5 also shows the average rate for neighboring states compared to Wisconsin's basic maintenance rate.

TABLE 5**Foster Care Basic Monthly Rates for Neighboring States
February, 2017**

<u>State</u>	<u>Age 2</u>	<u>Age 9</u>	<u>Age 13</u>	<u>Age 16</u>
Illinois	\$401	\$453	\$491	\$491
Indiana	616	669	669	772
Iowa	505	525	575	582
Michigan	519	519	620	620
Minnesota	565	670	790	790
Average	\$521	\$567	\$629	\$651
Wisconsin*	384	420	478	499
% Difference	-26%	-26%	-24%	-23%

* Level two foster care and above.

11. As shown in Table 5, Wisconsin's basic rate is approximately three-fourths of the average rate provided in neighboring states. However, 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 basic maintenance rate, 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 make similar types of supplemental payments, but use different criteria in determining the amounts foster families receive.

12. The basic monthly foster care rates were last increased in 2013 Wisconsin Act 20, by 2.5% effective January 1, 2014, and an additional 2.5% effective January 1, 2015. The foster care rates are not adjusted for inflation or tied to the cost of care for a child.

13. According to the U.S. Department of Agriculture report Expenditures on Children by Families, 2015, the estimated expense to raise a child from birth through age 17 is \$233,610 (in 2015 dollars) for a middle-income, married-couple family with two children.

14. Appendix A shows the annual expenditures on a child by a married-couple family in the urban Midwest as estimated by the Expenditures on Children by Families 2015 report. As shown in Appendix A, the estimated annual expenditure on a five-year-old by a two-parent, middle-income family was \$12,420. Of this amount, it is estimated that \$3,500 was spent on housing, \$1,600 was spent on food, and \$2,730 was spent for child care expenses and education.

15. The annual basic maintenance payment for a five-year-old in level two foster care is

currently \$5,040. Under the Governor's recommendation, the annual amount would be \$5,172 in 2018.

16. Because increasing the foster care basic maintenance rates could help counties attract and retain foster parents to meet the needs of children, the Committee could approve the Governor's recommendation (Alternative 1). As noted, this would increase rates by 2.5% for calendar year 2018 and by another 2.5% for calendar year 2019.

17. Because the 2017-19 budget would only fund the first half of the calendar year 2019 foster care and kinship care payments, the rate increase for the second half of calendar year 2019 would be funded in the 2019-21 budget. The estimated cost in the 2019-21 budget to continue foster care and kinship care payments in the second half of 2019 at the rates under Alternative 1 would be \$1,421,500 (\$430,400 GPR, \$141,300 FED Title IV-E reimbursement funds, and \$818,100 TANF) over current base funding levels.

18. Alternatively, the Committee could increase basic maintenance rates for foster care and kinship care benefits by 5% beginning on January 1, 2018, but not increase the rates on January 1, 2019 (Alternative 2). This would eliminate the need to increase funding in the 2019-21 budget to fully fund the rate increase provided in this biennium. Under this alternative, funding for basic monthly payments would increase by \$551,900 (\$415,500 GPR and \$136,400 FED Title IV-E reimbursement funds) in 2017-18 and \$1,103,800 (\$830,900 GPR and \$272,900 FED Title IV-E reimbursement funds) in 2018-19. TANF funding for kinship care benefits would increase by \$957,400 FED in 2017-18 and by \$1,697,500 FED in 2018-19.

19. The Committee could instead increase rates for basic foster care maintenance payments and kinship care benefits by 5% beginning on January 1, 2018, and by an additional 5% beginning on January 1, 2019 (Alternative 3). Under this alternative, funding for basic foster care maintenance payments would increase by \$551,850 (\$415,500 GPR and \$136,400 FED Title IV-E reimbursement funds) in 2017-18 and by \$1,681,500 (\$1,265,800 GPR and \$415,700 FED Title IV-E reimbursement funds) in 2018-19. TANF funding for kinship care benefits would increase by \$957,400 FED in 2017-18 and by \$2,271,000 FED in 2018-19. Similar to Alternative 1, an estimated \$2,523,600 (\$850,400 GPR, \$279,200 FED Title IV-E reimbursement funds, and \$1,394,000 TANF) would need to be provided in the next biennium in order to fully fund the increase in the second half of 2019.

20. The foster care rates under the bill and under Alternatives 1, 2, and 3 are shown in the following Table 6.

TABLE 6

**Foster Care Rates under Current Law,
Alternative 1 (Governor's Budget), and Alternatives 2 and 3**

	Current	Governor's Budget		Alternative 2		Alternative 3	
	<u>Law</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>
Level One	\$232	\$238	\$244	\$244	\$244	\$244	\$257
Levels Two and Above							
Under Age 5	\$384	\$394	\$404	\$404	\$404	\$404	\$425
Ages 5 through 11	420	431	442	442	442	442	465
Ages 12 through 14	478	490	502	502	502	502	528
Ages 15 and Over	499	511	524	524	524	524	551

21. Finally, the Committee could choose to not provide an increase to the basic maintenance rates (Alternative 4). The basic maintenance rate is meant to reimburse a foster parent's costs of caring for a foster child's basic child needs, and is not intended to cover all costs of raising a child nor as compensation for caring for a child. Given the total number of foster payments provided in Table 2, the Committee could conclude that the current payment levels are adequate to induce foster parents to care for children in Wisconsin.

22. However, the high frequency at which supplemental and exceptional payments are made available suggests that the basic rate may not be sufficient on its own to attract and retain foster homes.

ALTERNATIVES

1. Approve the Governor's recommendation to increase the basic maintenance rates for foster care and kinship care by 2.5% for calendar year 2018 and by another 2.5% for calendar year 2019. Funding for basic monthly payments would increase by \$284,200 in 2017-18 (\$213,900 GPR and \$70,300 FED Title IV-E reimbursement funds) and by \$855,900 (\$644,300 GPR and \$211,600 FED Title IV-E reimbursement funds) in 2018-19. TANF funding for kinship care benefits would increase by \$577,100 FED in 2017-18 and by \$1,306,200 FED in 2018-19.

ALT 1	Change to	
	Base	Bill
GPR	\$858,200	\$0
FED	<u>2,165,200</u>	<u>0</u>
Total	\$3,023,400	\$0

2. Modify the Governor's recommendation to provide for a 5.0% increase in basic maintenance rates beginning on January 1, 2018, and no additional increase on January 1, 2019.

Compared to current law, funding for basic monthly payments would increase by \$551,900 (\$415,500 GPR and \$136,400 FED Title IV-E reimbursement funds) in 2017-18 and \$1,103,800 (\$830,900 GPR and \$272,900 FED Title IV-E reimbursement funds) in 2018-19. TANF funding for kinship care benefits would increase by \$957,400 FED in 2017-18 and by \$1,697,500 FED in 2018-19.

ALT 2	Change to	
	Base	Bill
GPR	\$1,246,400	\$388,200
FED	<u>3,064,200</u>	<u>899,200</u>
Total	\$4,310,600	\$1,287,200

3. Modify the Governor's recommendation to increase the basic maintenance rates by 5% beginning on January 1, 2018, and by an additional 5% beginning on January 1, 2019. Compared to current law, funding for basic foster care maintenance payments would increase by \$551,900 (\$415,500 GPR and \$136,400 FED Title IV-E reimbursement funds) in 2017-18 and by \$1,681,500 (\$1,265,800 GPR and \$415,700 FED Title IV-E reimbursement funds) in 2018-19. TANF funding for kinship care benefits would increase by \$957,400 FED in 2017-18 and by \$2,271,000 FED in 2018-19.

ALT 3	Change to	
	Base	Bill
GPR	\$1,681,300	823,100
FED	<u>3,780,500</u>	<u>1,615,300</u>
Total	\$5,461,800	\$2,438,400

4. Delete provision. No funding would be provided to increase the basic maintenance rates. TANF funding of \$415,000 FED in 2017-18 and \$615,100 FED in 2018-19 would be provided to continue the cost of operating the kinship care program at the current monthly benefit of \$232 per month at an estimated caseload increase of 1% annually.

ALT 4	Change to	
	Base	Bill
GPR	\$0	- \$858,200
FED	<u>1,030,100</u>	<u>- 1,135,100</u>
Total	\$1,030,100	- \$1,993,300

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Attachment

APPENDIX A



Center for
Nutrition Policy and
Promotion

Miscellaneous Report
No. 1528-2015

January 2017
Revised March 2017

Expenditures on Children by Families, 2015

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Table 4. Estimated annual expenditures on a child by married-couple families, urban Midwest, 2015

Age of child	Total expense	Housing	Food	Transportation	Clothing	Health care	Child care and education ^a	Miscellaneous ^b
Before-tax income: Less than \$59,200 (Average = \$37,600)								
0 - 2	\$9,460	\$3,010	\$1,220	\$1,120	\$820	\$800	\$1,970	\$520
3 - 5	9,460	3,010	1,260	1,170	680	740	1,970	630
6 - 8	9,060	3,010	1,820	1,230	680	770	800	750
9 - 11	9,690	3,010	2,080	1,270	840	890	800	800
12 - 14	9,310	3,010	2,160	1,420	910	850	310	650
15 - 17	9,660	3,010	2,180	1,610	880	900	450	630
Total expenses	\$169,920	\$54,180	\$32,160	\$23,460	\$14,430	\$14,850	\$18,900	\$11,940
Before-tax income: \$59,200 to \$107,400 (Average = \$81,700)								
0 - 2	\$12,370	\$3,500	\$1,490	\$1,710	\$890	\$1,160	\$2,730	\$890
3 - 5	12,420	3,500	1,600	1,760	740	1,090	2,730	1,000
6 - 8	12,030	3,500	2,170	1,820	740	1,120	1,560	1,120
9 - 11	12,830	3,500	2,550	1,860	930	1,260	1,560	1,170
12 - 14	12,680	3,500	2,650	2,010	1,020	1,220	1,260	1,020
15 - 17	13,470	3,500	2,670	2,200	1,000	1,280	1,830	990
Total expenses	\$227,400	\$63,000	\$39,390	\$34,080	\$15,960	\$21,390	\$35,010	\$18,570
Before-tax income: More than \$107,400 (Average = \$177,300)								
0 - 2	\$19,310	\$5,200	\$2,110	\$2,510	\$1,260	\$1,570	\$4,950	\$1,710
3 - 5	19,320	5,200	2,220	2,560	1,090	1,480	4,950	1,820
6 - 8	18,900	5,200	2,840	2,620	1,090	1,430	3,780	1,940
9 - 11	20,200	5,200	3,440	2,660	1,350	1,780	3,780	1,990
12 - 14	20,540	5,200	3,430	2,810	1,490	1,730	4,040	1,840
15 - 17	22,730	5,200	3,590	3,000	1,450	1,800	5,880	1,810
Total expenses	\$363,000	\$93,600	\$52,890	\$48,480	\$23,190	\$29,370	\$82,140	\$33,330

Estimates are based on 2011-15 Consumer Expenditure Survey data (all data updated to 2015 dollars by using the Midwest region Consumer Price Index—All Urban Consumers). For each age category, the expense estimates represent average child-rearing expenditures for each age (e.g., the expense for the 3-5 age category, on average, applies to the 3-year-old, the 4-year-old, or the 5-year-old). The Total expenses (0 - 17) row represents the expenditure sum of all ages (0, 1, 2, 3, ... 17) in 2015 dollars. The figures represent estimated expenses on the younger child in a two-child family. Estimates are about the same for the older child, so to calculate expenses for two children, figures should be summed for the appropriate age categories. To estimate expenses for an only child, multiply the total expense for the appropriate age category by 1.27. To estimate expenses for each child in a family with three or more children, multiply the total expense for each appropriate age category by 0.76. For expenses on all children in a family, these totals should be summed.

The Midwestern region consists of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

^a Includes only families with child care and education expenses.

^b Includes personal care items, entertainment, and reading materials.