



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #210

Children and Family Aids (Children and Families -- Child Welfare)

[LFB 2021-23 Budget Summary: Page 99, #2]

CURRENT LAW

In Wisconsin, the child welfare system is county-operated and state-supervised, except in Milwaukee County, where the system is administered by the Division of Milwaukee Child Protective Services (DMCPS) in the Department of Children and Families (DCF). All county and state child welfare systems operate under the same federal and state laws, regulations, and standards. Eleven tribes in Wisconsin also provide child welfare services directly based on their tribal codes, policies, and tribal practices, although many have written agreements with county agencies.

Each county has its own child welfare system that includes the county department of human or social services (except in Milwaukee County), the courts, and other agencies that provide services to children and their families. The child protective services unit in each county department is responsible for providing services to abused and neglected children. The responsibility for the care of children in the system is shared between the juvenile court and the county department of human services or social services. Child welfare services are provided to Native American children by tribal social services departments.

DCF is responsible for providing statewide leadership and supervision of child welfare standards and practices. DCF administers state and federal funds for child welfare services and assures compliance with state and federal law, regulations, and policy.

Under the children and family aids (CFA) program, DCF distributes state and federal funds to counties to support services related to child abuse and neglect (including prevention, investigation, and treatment services), child welfare services to families, and community-based

juvenile justice services. DCF allocates the CFA to counties through contracts that specify: (a) the manner in which counties will provide the services subject to the contract; (b) the process by which the state reimburses counties for eligible services; and (c) county record-keeping and reporting requirements. The allocations for calendar year 2021 are shown in Attachment 1, including the statutorily-required county match (effectively, 7.4% of the CFA annual allocation). In practice, most counties provide county funding for child welfare services that are well above the match requirement.

CFA funds are generally allocated in the calendar year in two increments. Approximately 25% of CFA funds are made available to counties from January through June. The remaining 75% of CFA funds are added to the contract in July for unreimbursed expenses through June and for July through December. Counties may carry over up to three percent of CFA funds from one year into the next.

In 2020-21, DCF was budgeted \$101,145,500 to fund CFA, including: (a) \$45,681,100 GPR; (b) \$45,291,000 in federal funds from state foster care reimbursement claims under Title IV-E of the Social Security Act; (c) \$2,817,300 in federal funds the state receives under Title IV-B, subpart 1 of the Social Security Act; (d) \$3,957,200 in federal funds from the Social Services Block Grant (SSBG); and (e) \$3,398,900 in federal funds from the temporary assistance for needy families block grant (TANF) transferred to the SSBG.

DISCUSSION POINTS

County payments that support foster care and care provided in other out-of-home placements is a major component of counties' child welfare spending. Attachment 2 shows the out-of-home care caseloads as of December 31, from 2012 through 2020, by placement type. The attachment shows that the number of children in out-of-home placements outside of Milwaukee County increased from 4,311 in 2012 to 5,379, a 24.8% increase. However, during the past two years, the total number of children in out-of-home care statewide has decreased somewhat.

1. According to a 2016 report from DCF and the Governor's Task Force on Opioid Abuse, Combating Opioid Abuse, county child protective services experienced a significant surge in cases in recent years due in part to opioid related child welfare cases and parental drug abuse. The most recent DCF Out-of-Home Care report indicates that 15.8% of the removals of children from their home and into out-of-home care in 2019 were due in part to caretaker drug abuse and another 1.1% were due to child drug abuse.

2. DCF indicates that out-of-home caseloads increased as a result of the opioid crisis until 2018, when exits from the out-of-home care system began to match the entries. Caseloads decreased in 2019 once exits from the system increased and entries into the system declined. However, information provided by DCF indicates that drug abuse remains a factor in abuse and neglect cases; in 2020 caretaker drug abuse continues to be a documented factor in removal in 32.3% of cases.

3. The COVID-19 pandemic had a substantial impact on child protective services in 2020. The number of children who were placed in out-of-home care dropped as reports of child abuse and

neglect declined significantly. However, children remained in out-of-home care for longer periods, as exits from out-of-home care also fell. It is likely that incidents of child abuse and neglect were underreported during the 2020-21 school year because many children were not enrolled in in-person instruction. As a result, teachers, who are required by state law to report suspected cases of child abuse and neglect to human departments ("mandated reporters"), were less able to observe warning signs that might have led to reports. (Educational personnel, as a group, were the largest source of child abuse and neglect referrals in 2019, accounting for 21% of the total number of referrals by mandated reporters.) As such, when children return to school in the fall, 2021, there could be an increase in reports of child abuse and neglect, resulting in increases in child welfare caseloads and demands for services.

4. County spending increased as caseloads increased. Attachment 3 summarizes information the Department of Health Services collects annually from counties on county administered programs that provide services for abused and neglected children and child welfare services directed at the prevention of family break-up, youth development, and improved family functioning involved in the child welfare system. As shown in Attachment 3, during the last six years for which information is available, counties reported that spending on services for abused and neglected children increased from \$73.8 million in 2014 to \$92.9 million in 2017, thereafter increasing to \$93.9 million in 2019. During this period, total spending (spending supported from all fund sources) for these county administered services increased from \$127.3 million to \$167.7 million. In addition, the costs of other child welfare services provided by counties also increased during this period.

5. Due to the increase in caseloads, the Wisconsin Counties Association (WCA) indicates that the workload of case workers substantially increased across the state. According to a caseload study by the Wisconsin County Human Service Association (WCHSA) in 2018, counties outside of Milwaukee County had average caseloads of one social worker per 15 cases (or 30 children per worker) and one supervisor for every seven workers. For comparison, the Child Welfare League of America recommends no more than 12 to 15 children per case worker and five caseworkers per supervisor. Further, under DMCPs contracts with outside vendors to provide case management and ongoing services in Milwaukee County, the contract agencies are required to provide enough case managers such that there is one staff member for every 15 children. In addition, the agencies must ensure that there is one supervisor for every six staff members.

6. WCA indicates that the increased workload on caseworkers causes retention issues and increases turnover of experienced staff. High annual turnover rates, which have been estimated to be between 20% and 40% among staff in child welfare organizations nationally, have long been identified as a problem in the industry. High staff turnover rates affect the quality of services children and families receive, and result in recurring training and recruitment costs. Further, WCA indicated that the increased workloads on caseworkers adversely affected children by increasing the amount of time they spend in out-of-home care.

7. According to the caseload study by the WCHSA, judging from standards that would require no more than 10 children per case worker and five caseworkers per supervisor, WCA estimated that counties outside of Milwaukee County would need an additional 327 caseworkers and

145 supervisors in order to meet these caseload standards. The WCHSA estimated that it would cost more than \$36.8 million annually to increase staff to meet such standards. The Governor's Task Force recommended that the state increase state funding for the CFA to assist counties in hiring additional staff to provide appropriate services to these children.

8. Provisions of 2019 Act 9 provided additional funding for the CFA of \$5,000,000 GPR in 2019-20 and \$25,500,000 (\$18,500,000 GPR in 2020-21 and \$7,000,000 FED Title IV-E reimbursement funds) in 2020-21. DCF reports that 44 counties used the additional funding to increase staff (92 positions) in a range of child welfare service areas. In addition, 31 counties reported using the funding to support out of home placement costs and to increase services available to families.

9. According to DCF, although the increase helped counties across the state stabilize and address opioid-related case growth, there continues to be a high need for these services, causing a continued strain on county agencies. DCF reports that recent efforts have been complicated by the impact of the COVID pandemic, which made it more difficult to identify and assess cases as well as more challenging to provide services. Further, DCF indicates that as counties move toward serving more families in their homes as part of the changes required under the federal Family First Prevention and Services Act (FFPSA), it anticipates that counties will need more staff and services to effectively support expanded programming for families in their home and in the community.

10. In addition, DCF indicates that an increase in the amount of GPR used to support the CFA is needed in order to avoid the depletion of federal Title IV-E reimbursement funds in the near future. The opening balance of federal Title IV-E reimbursement funds was \$36.8 million going into 2020-21. DCF currently allocates IV-E funding such that the state commits \$5.0 million to the CFA more than it earns each year as reimbursement. Based on estimates of caseloads and claiming rates under federal law, DCF projects a structural deficit under current law of \$3.4 million in 2020-21. The deficit is projected to increase to \$12.9 million in 2021-22, and \$14.4 million in 2022-23 due to on-going commitments required under the FFPSA (such as shifting foster care populations out of congregate care settings). Based on current projections, the estimated opening balance of \$33.4 million in 2021-22 of federal reimbursements would be exhausted in 2023-24, requiring annual GPR funding of \$18.4 million in the 2023-25 biennium in order to maintain the costs of child welfare programs.

11. Assembly Bill 68/Senate Bill 111 would provide \$5,000,000 GPR in 2021-22 and \$10,000,000 GPR in 2022-23 to increase the CFA allocation so that \$106,389,600 (all funds) in 2021-22 and \$111,868,900 (all funds) in 2022-23 would be allocated for county child welfare activities. Together with the proposed increase in foster care rates under the bill (addressed in LFB Budget Paper #211), the total the amount of the CFA allocation is shown in Table 1.

TABLE 1

**Children and Family Aids
AB 68/SB 111**

	<u>2021-22</u>	<u>2022-23</u>
2020-21 Statutory Allocation	\$101,145,500	\$101,145,500
Foster Care Rate Proposal	244,100	723,400
CFA Funding Increase	<u>5,000,000</u>	<u>10,000,000</u>
Statutory Allocations in Bill	\$106,389,600	\$111,868,900

12. The Committee could increase the CFA allocation by \$5,000,000 GPR in 2021-22 and by \$10,000,000 GPR in 2022-23 (Alternative 1). 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 or the end of the COVID-19 pandemic, as well as costs that may be incurred under FFPSA.

13. Alternatively, the Committee could choose to increase funding for the CFA by any other amount to reflect the Committee's budget priorities and constraints. (Alternative 2). As discussed above, there is an opening balance of previously received Title IV-E funds which could be utilized. For example, using both GPR and federal funding under Title IV-E, the Committee could choose to provide an increase in one of the following amounts: (a) \$2,000,000 annually; (b) \$4,000,000 annually; (c) \$6,000,000 annually; or (d) \$8,000,000 annually. However, increasing IV-E expenditures would increase the estimated structural deficit, which could result in exhausting the balance of IV-E funding sooner than anticipated.

14. Finally, the Committee could maintain base funding for the CFA at its current level (Alternative 3), based on the argument that Act 9 provided a significant increase in CFA funding and caseloads have decreased since that time.

15. To the extent CFA spending depletes the opening balance of federal reimbursement previously received under Title IV-E of the Social Security Act, the issue could be addressed as part of the 2023-25 biennial budget after the federal requirements related to the FFPSA have been implemented. DCF would have additional information regarding the related costs and reimbursements under the new federal standards at that time.

ALTERNATIVES

1. Provide \$5,000,000 GPR in 2021-22 and \$10,000,000 GPR in 2022-23 to increase the CFA. Increase the statutory children and family aids allocations to reflect this funding increase.

ALT 1	Change to Base
GPR	\$15,000,000

2. Provide funding in one of the following amounts to increase the CFA: (a) \$2,000,000 (\$1,500,000 GPR and \$500,000 FED) annually; (b) \$4,000,000 (\$3,000,000 GPR and \$1,000,000 FED) annually; (c) \$6,000,000 (\$4,500,000 GPR and \$1,500,000 FED) annually; or (d) \$8,000,000 (\$6,000,000 GPR and \$2,000,000 FED) annually. Increase the statutory children and family aids allocations to reflect this funding increase.

ALT 2	Change to Base
(a)	
GPR	\$3,000,000
FED	<u>1,000,000</u>
	\$4,000,000
(b)	
GPR	\$6,000,000
FED	<u>2,000,000</u>
	\$8,000,000
(c)	
GPR	\$9,000,000
FED	<u>3,000,000</u>
	\$12,000,000
(d)	
GPR	\$12,000,000
FED	<u>4,000,000</u>
	\$16,000,000

3. Take no action.

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ATTACHMENT 1

Children and Family Aids Allocations to Counties Calendar Year 2021

<u>County</u>	<u>Total Allocation</u>	<u>County Match</u>
Adams	\$390,795	\$28,987
Ashland	521,206	38,660
Barron	976,354	72,421
Bayfield	386,140	28,642
Brown	4,604,434	341,534
Buffalo	480,429	35,636
Burnett	390,326	28,952
Calumet	580,349	43,047
Chippewa	1,283,593	95,211
Clark	875,916	64,971
Columbia	911,447	67,607
Crawford	660,631	49,002
Dane	8,393,185	622,565
Dodge	1,515,470	112,410
Door	512,423	38,009
Douglas	1,158,366	85,922
Dunn	850,411	63,079
Eau Claire	2,476,076	183,663
Florence	329,762	24,460
Fond du Lac	2,312,245	171,511
Forest	372,186	27,607
Grant	1,093,924	81,142
Green	643,437	47,727
Green Lake	395,859	29,363
Iowa	441,922	32,780
Iron	252,131	18,702
Jackson	711,670	52,788
Jefferson	1,373,800	101,902
Juneau	497,515	36,903
Kenosha	3,872,611	287,251
Kewaunee	436,879	32,405
La Crosse	2,765,442	205,127
Lafayette	422,052	31,306
Langlade	546,309	40,522
Lincoln	636,407	47,205

<u>County</u>	<u>Total Allocation</u>	<u>County Match</u>
Manitowoc	\$1,863,635	\$138,235
Marathon	2,430,699	180,297
Marinette	850,672	63,099
Marquette	329,484	24,439
Menominee	522,618	38,765
Milwaukee	6,890,367	511,093
Monroe	892,884	66,230
Oconto	664,194	49,267
Oneida	760,620	56,419
Outagamie	3,021,599	224,127
Ozaukee	1,255,045	93,093
Pepin	308,557	22,887
Pierce	698,538	51,814
Polk	902,652	66,954
Portage	1,197,895	88,854
Price	406,412	30,146
Racine	5,039,082	373,774
Richland	553,511	41,057
Rock	4,360,766	323,460
Rusk	506,454	37,566
St. Croix	799,190	59,280
Sauk	1,086,396	80,583
Sawyer	534,264	39,629
Shawano	774,193	57,426
Sheboygan	2,391,437	177,385
Taylor	591,940	43,907
Trempealeau	711,090	52,745
Vernon	681,524	50,552
Vilas	367,821	27,283
Walworth	1,627,913	120,750
Washburn	426,851	31,662
Washington	1,604,211	118,992
Waukesha	5,399,111	400,479
Waupaca	963,919	71,499
Waushara	522,304	38,742
Winnebago	3,534,383	262,163
Wood	<u>1,815,440</u>	<u>134,660</u>
Total	\$101,359,373	\$7,518,332

ATTACHMENT 2

Out-of-Home Care Caseloads as of December 31 -- 2012 through 2020

Year		Court-Ordered		Group Homes	Residential		Total
		<u>Kinship Care</u>	<u>Foster Homes*</u>		<u>Care Centers</u>	<u>Other Placements**</u>	
2012	Milwaukee County	289	1,282	133	89	148	1,941
	All Other Counties	<u>481</u>	<u>3,011</u>	<u>193</u>	<u>294</u>	<u>332</u>	<u>4,311</u>
	Wisconsin Total	770	4,293	326	383	480	6,252
2013	Milwaukee County	358	1,400	149	75	202	2,184
	All Other Counties	<u>553</u>	<u>3,012</u>	<u>168</u>	<u>276</u>	<u>327</u>	<u>4,336</u>
	Wisconsin Total	911	4,412	317	351	529	6,520
2014	Milwaukee County	434	1,429	154	100	159	2,276
	All Other Counties	<u>565</u>	<u>3,316</u>	<u>174</u>	<u>263</u>	<u>275</u>	<u>4,593</u>
	Wisconsin Total	999	4,745	328	363	434	6,869
2015	Milwaukee County	348	1,481	151	81	196	2,257
	All Other Counties	<u>708</u>	<u>3,470</u>	<u>154</u>	<u>284</u>	<u>295</u>	<u>4,911</u>
	Wisconsin Total	1,056	4,951	305	365	491	7,168
2016	Milwaukee County	333	1,461	149	64	152	2,159
	All Other Counties	<u>846</u>	<u>3,704</u>	<u>146</u>	<u>298</u>	<u>329</u>	<u>5,323</u>
	Wisconsin Total	1,179	5,165	295	362	481	7,482
2017	Milwaukee County	460	1,346	143	70	162	2,181
	All Other Counties	<u>999</u>	<u>3,891</u>	<u>144</u>	<u>287</u>	<u>295</u>	<u>5,616</u>
	Wisconsin Total	1,459	5,237	287	357	457	7,797
2018	Milwaukee County	447	1,336	142	55	133	2,113
	All Other Counties	<u>916</u>	<u>4,064</u>	<u>139</u>	<u>293</u>	<u>307</u>	<u>5,719</u>
	Wisconsin Total	1,363	5,400	281	348	440	7,832
2019	Milwaukee County	407	1,252	142	54	117	1,972
	All Other Counties	<u>826</u>	<u>4,019</u>	<u>130</u>	<u>281</u>	<u>327</u>	<u>5,583</u>
	Wisconsin Total	1,342	4,242	272	335	444	7,555
2020	Milwaukee County	362	1,248	125	51	123	1,909
	All Other Counties	<u>805</u>	<u>3,730</u>	<u>110</u>	<u>266</u>	<u>274</u>	<u>5,185</u>
	Wisconsin Total	1,167	4,978	235	317	397	7,094

* Includes children living with unlicensed relatives and non-relatives.

** Includes shelter, reception center, trial reunification, supervised independent living receiving home, missing from out-of-home care, and children in secured facilities.

ATTACHMENT 3

County-Reported Expenditures on Child Abuse and Neglect Services and Child Welfare Services

	Calendar Year					
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Services for Abused and Neglected Children						
Total Spending for County-Administered Programs	\$127,341,000	\$133,957,400	\$142,714,100	\$152,370,900	\$168,953,139	\$167,729,303
County Spending (Local Funds)	\$73,846,800	\$76,378,000	\$84,101,000	\$92,926,600	\$94,670,404	\$93,941,400
County Spending as a Percentage of Total	58.0%	57.0%	58.9%	61.0%	56.0%	56.0%
Increase in Spending from Local Funds from Previous Year		\$2,531,200	\$7,723,000	\$8,825,600	\$1,743,804	-\$729,004
Child Welfare Services						
Total Spending for County-Administered Programs	\$77,010,700	\$73,735,700	\$80,310,000	\$81,432,600	\$82,110,633	\$87,209,367
County Spending (Local Funds)	\$34,602,600	\$31,241,500	\$33,792,900	\$36,542,700	\$39,414,517	\$43,170,233
County Spending as a Percentage of Total	44.9%	42.4%	42.1%	44.9%	48.0%	49.5%
Increase in Spending from Local Funds from Previous Year		-\$3,361,100	\$2,551,400	\$2,749,800	\$2,871,817	\$3,755,716

Source: Department of Health Services Program Participation System