

Fiscal Estimate Narratives

DCF 10/22/2021

LRB Number	21a0837/1	Introduction Number	SA1-SB491	Estimate Type	Supplemental
Description No relating clause					

Assumptions Used in Arriving at Fiscal Estimate

As amended, this bill requires the Department of Children and Families to reimburse counties for subsidized guardianship payments made to guardians. In effect, this amended bill increases costs for the department by modifying the financial administration of making subsidized guardianship reimbursement payments. Projections for these payments are based on current caseloads and are provided below. The overall fiscal estimate is indeterminate; however, the department may be able to absorb increased costs under this amended bill.

Guardianship is one of three legal permanency options for children placed in out of home care, along with reunification and adoption. In certain situations, a child and their proposed guardian may be eligible for subsidized guardianship (SG), which provides a permanency option for children who otherwise may remain in foster care. Eligible caregivers can become the legal guardian and receive a subsidy. Subsidized guardianship is a positive permanency option when reunification and adoption are either not possible or not in the best interest of the child. Under a subsidized guardianship, the guardian receives a monthly payment.

As a part of the 2021-23 biennial budget, the Joint Committee on Finance placed \$2,400,000 GPR in SFY22 and \$5,200,000 GPR in SFY23 in a program supplements appropriation for subsidized guardianship payments. DCF may request these GPR funds via a s.13.10 request and assumes that these funds are designated for subsidized guardianship reimbursements to counties.

Under current law, counties provide these payments to guardians who are appointed for children previously under the placement and care responsibility of a county. For Milwaukee children, payments are made by DCF through the Division of Milwaukee Child Protective Services (DMCPS). The projections provided in this estimate assumes DCF will incur costs for the administration of the payments and for the reimbursement costs themselves.

Currently, counties partially fund subsidized guardianship payments using the Children and Family Aids allocation, with additional funds from county tax levies, federal and state revenue sharing funds, or private donations to the county. Once a subsidized guardianship is established, the county is responsible for those payments until that child reaches 18 years of age, or 21 under special circumstances if the child and guardian remain eligible to continue to qualify for payments during that time.

This bill substantively changes the administration of subsidized guardianship for the department. Sections 1, 2, and 3 of this bill strike reference to subsidized guardianship from the Children and Family Aids allocation to counties (s. 48.569 (1) (d)) and the Tribal Out of Home Care High Cost Pool (s. 20.437 (1) (kz) and s. 48.48 (8p)) and instead requires DCF to reimburse counties for recurring and non-recurring SG payments provided directly to guardians (Sections 4).

The bill strikes from existing law language related to the allocation of subsidized guardianship funds from the Children and Family Aids allocation in s. 48.569 (1) (d) (Section 3). By striking this language, the portion of the Children and Family Aids allocation that would have funded SG would then be available to fund a greater share other of allowable child welfare expenses.

The bill also strikes from existing law language related to the allocation of subsidized guardianship funds for tribal children in s. 20.437 (1) (kz) and s. 48.48 (8p) (Sections 1 and 2). By striking this language, tribes and counties (with SG agreements with tribal children and guardians) will have a corresponding share of their Tribal Out-of-Home Care High Cost Pool allocation to fund other allowable child welfare expenses.

Instead, this amended bill requires DCF to reimburse county departments for the cost of subsidized guardianship payments, including guardianships of Indian children ordered by tribal courts from s. 20.437 (1) (dd) and (pd). These appropriations (s. 20.437 (1) (dd) and (pd)) also include state foster care payments and adoption assistance payments. DCF is able to manage budget under these appropriations across state foster

care, adoption assistance payments, and, under this bill, subsidized guardianship reimbursements. Projections for these appropriations are re-estimated each biennium and incorporate changes to caseloads and expenses.

This estimate assumes there is no additional transfer of programmatic and/or administrative responsibilities from counties to DCF except to make the reimbursement payments to counties. The responsibilities of county departments remaining under this bill include (but are not limited to): completing initial eligibility determinations; annual eligibility determinations; amendments, suspensions, or terminations of agreements; and assessing and recovering overpayments.

The department projects an increase in the number of (BOS) subsidized guardianship agreements and payments over future years. These projections are consistent with recent upward trends for subsidized guardianship as a positive and preferred permanency option for children and families. For instance, in calendar year 2016, the caseload total for BOS counties was 408 and amounted to approximately \$2.0M in payments. In calendar year 2020, there were 930 SG agreements in place in BOS, totaling \$5.5M in SG payments. DCF expects that the shift to state reimbursement to county departments for subsidized guardianship payments will accelerate the rate at which SG agreements and payments are currently trending until reaching a stable balance of new agreements replacing youth aging out of their SG agreements. Changes in caseloads and/or payments will be re-estimated each biennium under this amended bill.

DCF receives title IV-E reimbursement for subsidized guardianships at rate of approximately 35% of non-trust costs. These dollars contribute to DCF's overall title IV-E budget that funds aids and operations, including Children and Family Aids. The projections below are derived from current caseloads.

Based on current programmatic trends, DCF projects that for the six-month period beginning January 1, 2022 and ending on June 30, 2022 (end of SFY22), there will be a total of 1,159 active SG agreements at a projected cost of \$3.5M. GPR funding provided in the program supplements appropriation for SFY22 amounts to \$2.4M. DCF projects that the title IV-E reimbursement for the SG payments will be \$1.2M for SFY22 (6-month period). These earned title IV-E funds, if appropriated in combination with GPR to fund SG reimbursements, are sufficient for the projected of (\$3.5M) for SG payments in SFY22.

For the 12-month period comprising SFY23, DCF projects there will be a total of 1,333 active SG agreements at a projected cost of \$8.2M. GPR funding provided in the program supplements appropriations for SFY23 amounts to \$5.2M. DCF projects that the title IV-E reimbursement for the SG payments will be \$2.9M in SFY23 (full 12-months). These earned title IV-E funds, if appropriated in combination with GPR to fund SG reimbursements, are sufficient for the projected need of (\$8.2M) for SG payments in SFY23.

In summary, this amended bill increases costs for the department by modifying the financial administration of making subsidized guardianship payments. The overall fiscal estimate is indeterminate; however, the department may be able to absorb increased costs under this amended bill.

Long-Range Fiscal Implications