



## Legislative Fiscal Bureau

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May 7, 2003

Joint Committee on Finance

Paper #431

### **Milwaukee Child Welfare Aids (DHFS -- Children and Families)**

[LFB 2003-05 Budget Summary: Page 258, #2]

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#### **CURRENT LAW**

1997 Wisconsin Act 27 (the 1997-99 biennial budget act) provided the Department of Health and Family Services (DHFS) funding and statutory authority to provide child welfare services in Milwaukee County, beginning January 1, 1998. In all other counties, the county department of social or human services is responsible for providing child welfare services.

Milwaukee child welfare aids fund: (a) direct payments for children in out-of-home care; (b) case management of out-of-home care cases; and (c) services to families where abuse or neglect has been substantiated or is likely to occur, but where the children remain at home as long as appropriate services are provided (safety services). DHFS contracts with private agencies for the administration of most Milwaukee child welfare aid activities.

#### **GOVERNOR**

Provide \$2,539,800 (\$1,869,200 GPR, -\$215,200 FED, and \$885,800 PR) in 2003-04 and \$2,053,000 (\$2,487,900 GPR, -\$1,320,700 FED, and \$885,800 PR) in 2004-05 to fund projected aids costs. The federal funding is available under Title IV-E and \$1,000,000 in 2003-04 from the state's federal adoption incentive award. The PR funding includes temporary assistance for needy families (TANF) funds transferred from the Department of Workforce Development (DWD), collections, Milwaukee County's contribution, and MA targeted case management funds. Base funding for Milwaukee child welfare aids is \$91,116,800 (\$37,162,700 GPR, \$20,387,000 FED, and \$33,567,100 PR).

This item includes: (a) a reestimate of the amount of Title IV-E that the state can claim (\$2,971,300 GPR and -\$1,465,000 FED annually); (b) projected increases in placement costs

(\$1,319,000 GPR, \$249,800 FED, and \$278,100 PR in 2003-04 and \$929,100 GPR, \$144,300 FED, and \$278,100 PR in 2004-05); and (c) projected decreases in service costs (-\$2,421,100 GPR, \$1,000,000 FED, and \$607,700 PR in 2003-04 and -\$1,412,500 GPR and \$607,700 PR in 2004-05).

## **DISCUSSION POINTS**

### **Caseload Reestimate**

1. It is currently estimated that placement and services costs for children in Milwaukee County in the child welfare system will total \$61,511,700 (all funds) in 2003-04 and \$61,681,300 in 2004-05. This estimate differs from the administration's estimate due to updated caseload and expenditure data and revised estimates of the amount of federal matching funds available as reimbursement for certain costs. Funding in the bill could be reduced by \$2,394,000 (-\$1,035,700 GPR, -\$1,309,700 FED, and -\$48,600 PR TANF) in 2003-04 and by \$1,293,100 (-\$60,900 GPR, -\$1,183,700 FED, and -\$48,500 PR TANF) in 2004-05 to fully fund these projected costs.

2. The bill would provide a total of \$29,321,100 (all funds) in 2003-04 and \$29,335,000 in 2004-05 for contracted services. This funding supports contracts for case management services, the out-of-home placement unit, foster care training and recruitment, and the adoption unit and adoption recruitment. The total amount of funding that would be provided for contracted services is less than base level of funding.

Upon review of the contracts and the funding levels for those contracts, the amounts in the bill appear reasonable.

3. The administration's budget documents identifies \$430,500 in underspending from calendar year 2002 contracts. These funds would be used to offset the amount of GPR funding needed in 2004-05. In addition, \$1.0 million in federal adoption incentive funds would be budgeted in 2003-04 to reduce the amount of GPR funding needed in that year. These funds will be used to support costs related to ongoing services.

### **Technical Corrections**

4. The administration assumed that \$3,600,000 PR annually in collections would be available in the 2003-05 biennium. Based on more recent data, this amount should be decreased by \$860,300 annually to \$2,739,700 PR to more accurately reflect annual projected collection receipts.

5. The Governor's bill overstates the amount of funding needed for Milwaukee child welfare aids by \$15,000 GPR annually because funding was included for a contract that DHFS discontinued. Therefore, the amount of funding in the bill could be decreased by \$15,000 GPR annually.

6. The attachment to this paper summarizes the total funding that would be provided

for aids expenses relating to the administration of the child protective services program in Milwaukee County under the reestimate and technical corrections.

### **Impact of the Settlement Agreement**

7. In 1993, the American Civil Liberties Union (ACLU) Children's Rights Project (now Children's Rights, Inc.) filed an action on June 1, in the Federal District Court for the Eastern District of Wisconsin on behalf of an estimated class of approximately 5,000 children who were receiving, or should have been receiving, child welfare services in Milwaukee County. The Milwaukee County Executive, the Director of the Milwaukee County Human Services Department, the Governor, and the Secretary of the Department of Health and Family Services were named as defendants.

8. The complaint was a broad-based challenge to the administration of the Milwaukee County child welfare system, alleging that the county, among other things, failed to investigate complaints of abuse and neglect, failed to provide services to avoid unnecessary out-of-home placement, failed to provide appropriate out-of-home placements, and failed to terminate parental rights and secure permanent placements for children who could not be returned to their birth parents. The complaint alleged that the state failed to adequately supervise and fund the Milwaukee County child welfare system.

9. In response to the lawsuit, during the 1995 legislative session, Wisconsin Acts 27 and 303 initiated the state's assumption of responsibility for providing child welfare services in Milwaukee County. Subsequently, 1995 Wisconsin Act 303 provided initial funding, positions, and statutory authority for DHFS to plan for providing child welfare services in five neighborhood districts in Milwaukee County, beginning January 1, 1998.

10. Much of the lawsuit was dismissed by the Court in January, 1998, based partially on grounds that the state's assumption of child welfare services in Milwaukee County made much of the case moot. The portion of the case that remained outstanding related to alleged violation of the federal Adoption Assistance and Child Welfare Act (AACWA), which requires states to provide a written permanency plan for every child in foster care and for periodic review of those permanency plans.

11. The federal court approved a settlement agreement on September 2, 2002, effectively closing the case, although the state will be subject to arbitration or court intervention if non-compliance issues arise. The settlement requires DHFS to attain specified outcomes on or before January 1, 2006, for permanence, safety, and child well-being for children in out-of-home care in Milwaukee County. Two of these outcomes have potential fiscal impacts. However, the Governor has not requested additional funding for these two areas since the settlement agreement was intended to be cost-neutral. These two areas are caseload ratios for ongoing case managers and shelter care.

### *Caseloads for Ongoing Case Managers*

12. Under the settlement agreement, the caseloads of ongoing case managers may not exceed an average of 11 cases per case-carrying manager per site. This will be phased in incrementally and be fully effective on January 1, 2004, although this provision of the settlement is not enforceable until April 1, 2004. During the phase-in period, the settlement states that the average caseload cannot exceed 13 families.

13. Under the contracts that DHFS has with three private agencies to perform ongoing case management services, a caseload ratio of one case manager to 11 cases has been established. The contracts do not require a certain number of case managers. This provides the contracted vendors some flexibility in their administration budgets. DHFS expects each contract vendor to meet this case manager to number of cases ratio, even if it requires the vendor to reduce other administrative expenses. Currently, the average number of cases per case manager across the sites is 13. In addition, caseloads are decreasing in Milwaukee County. Therefore, DHFS is confident that the contracted vendors can meet the required caseload ratio by the dates specified in the settlement. Additionally, DHFS expects the vendors to meet the ratios without additional expense, due to the flexibility within the vendors administrative funding.

### *Shelter Care*

14. Under the settlement agreement, beginning December 31, 2003, children may not be placed in a shelter and the use of shelter placements must be completely phased out. By the same date, December 31, 2003, the Bureau of Milwaukee Child Welfare must develop diagnostic/assessment centers for children over 12 years of age who need additional assessment to determine the appropriate placement. A placement in these centers may not exceed 30 days, but may be extended for another 30 days as long as the total duration of the placement does not exceed 60 days.

15. Shelter care are facilities where a child is placed for a temporary, short-term placement, either immediately after the child is removed from the home and a foster home has not been identified for the child or between placements. The settlement replaces these facilities with two new types of homes: (a) receiving homes for children under 12 years of age, providing a more foster home-like setting; and (b) assessment homes for children over 12 years of age, providing a more structured environment.

16. Child welfare policy emphasizes finding better placements and making good initial placements. Shelter care was being used as a "stop gap" measure and was not being used as a way to assess the child to determine the best placement for that child. DHFS expects to be able to use these two new types of homes to both gather information on the child and to assess the child's needs so that better information is available to make a better placement in a foster home, treatment foster home, group home, or residential care center for children and youth.

17. DHFS is issuing requests for proposals (RFPs) for these new homes. The rates the

state will pay to these homes were determined within base funding for shelter homes. Therefore, no additional funding is provided for the new receiving and assessment homes under the Governor's bill. However, based on updated caseload data, the total funding for shelter care was decreased under the reestimate. In addition, these homes will no longer be "shelter care" and instead will be referred to as "receiving and assessment homes."

**MODIFICATION**

Reduce funding by \$3,254,300 (-\$1,035,700 GPR, -\$1,309,700 FED, and -\$908,900 PR) in 2003-04 and by \$2,153,400 (-\$60,800 GPR, -\$1,183,700 FED, and -\$908,900 PR) in 2004-05 to reflect revised estimates of state costs for services in the Bureau of Milwaukee Child Welfare. This reestimate is based on updated caseload figures, available federal funding, and the technical corrections.

<u>Modification</u>	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>TOTAL</u>
<b>2003-05 FUNDING</b> (Change to Bill)	- \$1,096,500	- \$2,493,400	- \$1,817,800	- \$5,407,700

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Attachment



## ATTACHMENT

### Milwaukee Child Welfare Services Aids Funding Summary 2003-05 Biennium

	2003-04				2004-05			
	GPR*	FED	PR	Total	GPR*	FED	PR	Total
<b>Placement Costs</b>								
Foster Care	\$11,595,300	\$5,967,200	\$0	\$17,562,500	\$11,595,300	\$5,966,600	\$0	\$17,561,900
Treatment Foster Care	4,647,500	2,390,200	0	7,037,700	4,647,500	2,390,200	0	7,037,700
Wraparound Services	7,731,100	1,055,500	0	8,786,600	7,880,900	1,075,900	0	8,956,800
RCCs	3,474,000	751,600	0	4,225,600	3,474,000	751,600	0	4,225,600
Group Homes	1,972,800	426,800	0	2,399,600	1,972,800	426,800	0	2,399,600
Receiving and Assessment Homes	<u>3,798,100</u>	<u>0</u>	<u>0</u>	<u>3,798,100</u>	<u>3,798,100</u>	<u>0</u>	<u>0</u>	<u>3,798,100</u>
	\$33,218,800	\$10,591,300	\$0	\$43,810,100	\$33,368,600	\$10,611,100	\$0	\$43,979,700
<b>Service Costs</b>								
Safety Services	\$0	\$0	\$7,323,600	\$7,323,600	\$0	\$0	\$7,323,600	\$7,323,600
Ongoing Services	<u>7,795,000</u>	<u>2,583,000</u>	<u>0</u>	<u>10,378,000</u>	<u>8,795,000</u>	<u>1,583,000</u>	<u>0</u>	<u>10,378,000</u>
	\$7,795,000	\$2,583,000	\$7,323,600	\$17,701,600	\$8,795,000	\$1,583,000	\$7,323,600	\$17,701,600
<b>Vendor Costs</b>								
Case Management								
Contract	\$13,083,000	\$2,871,900	\$0	\$15,954,900	\$13,083,000	\$2,871,900	\$0	\$15,954,900
Out-of-Home Placement								
Unit	4,346,000	954,000	0	5,300,000	4,346,000	954,000	0	5,300,000
Adoption Contracts	1,895,000	1,459,000	0	3,354,000	1,895,000	1,459,000	0	3,354,000
FISS Unit	206,000	0	0	206,000	206,000	0	0	206,000
Independent Investigations	295,000	0	0	295,000	295,000	0	0	295,000
Prevention Services Contract	0	0	1,489,600	1,489,600	0	0	1,489,600	1,489,600
Mentors	307,500	67,500	0	375,000	307,500	67,500	0	375,000
Kinship Care Payment Unit	329,700	0	0	329,700	339,600	0	0	339,600
Trust Fund Accounting Unit	108,400	23,800	0	132,200	111,700	24,500	0	136,200
EDS Child Hospital	30,000	0	0	30,000	30,000	0	0	30,000
Adoption Search	50,000	0	0	50,000	50,000	0	0	50,000
Other	<u>1,493,100</u>	<u>311,600</u>	<u>0</u>	<u>1,804,700</u>	<u>1,493,100</u>	<u>311,600</u>	<u>0</u>	<u>1,804,700</u>
	\$22,143,700	\$5,687,800	\$1,489,600	\$29,321,100	\$22,156,900	\$5,688,500	\$1,489,600	\$29,335,000
Grand Total	\$63,157,500	\$18,862,100	\$8,813,200	\$90,832,800	\$64,320,500	\$17,882,600	\$8,813,200	\$91,016,300
2002-03 Base	\$62,146,100	\$20,387,000	\$8,583,700	\$91,116,800	\$62,146,100	\$20,387,000	\$8,583,700	\$91,116,800
Change to Base	\$1,011,400	-\$1,524,900	\$229,500	-\$284,000	\$2,174,400	-\$2,504,400	\$229,500	-\$100,500
Governor's Bill	\$64,623,000	\$20,171,800	\$8,861,800	\$93,656,600	\$65,241,700	\$19,066,300	\$8,861,800	\$93,169,800
Adjustment for CY 2002								
Underspending	-\$430,500							
Change to Bill	-\$1,896,000	-\$1,309,700	-\$48,600	-\$3,254,300	-\$921,200	-\$1,183,700	-\$48,600	-\$2,153,500
PR Funding	<u>860,300</u>	<u></u>	<u>-860,300</u>	<u></u>	<u>860,300</u>	<u></u>	<u>-860,300</u>	<u></u>
Total	-\$1,035,700	-\$1,309,700	-\$908,900	-\$3,254,300	-\$60,800	-\$1,183,700	-\$908,900	-\$2,153,500

\*Includes GPR funding, collections and MA targeted case management revenues, and Milwaukee County's contribution.