



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #432

### **Milwaukee Child Welfare Operations (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.

The operations costs of providing child welfare services in Milwaukee County include funding to support the Wisconsin statewide automated child welfare information system (WISACWIS) in Milwaukee County, 175 positions, and related supplies and services. These positions include social workers, supervisors, and support staff for the intake and assessment units, as well as management staff for the Bureau of Milwaukee Child Welfare (BMCW).

#### **GOVERNOR**

Provide \$1,823,700 (\$405,400 GPR, -\$184,100 FED, and \$1,602,400 PR) in 2003-04 and \$2,171,200 (\$553,800 GPR, -\$68,300 FED, and \$1,685,700 PR) in 2004-05 to increase support for the operation of the child protective services program in Milwaukee County. Convert 3.18 FED positions to GPR positions annually to reflect projected changes in the Title IV-E claiming rate. Federal funding is available under Title IV-E of the Social Security Act. The PR funding includes temporary assistance for needy families (TANF) funds transferred from the Department of Workforce Development (DWD), and MA targeted case management funds. Base funding for BMCW operations is \$18,950,900 (\$12,094,500 GPR, \$6,228,000 FED, and \$630,000 PR).

This item would increase funding to support: (a) WISACWIS to reflect a clarification in federal regulation that does not allow the state to claim Title IV-E matching funds for

WISACWIS costs that relate to kinship care (-\$68,900 GPR, -\$737,700 FED, and \$806,600 PR annually); (b) supplies and services and Milwaukee's share of the masterlease payments for the implementation costs of WISACWIS, based on a reestimated and extended payment schedule (\$303,500 GPR, \$240,000 FED, and \$461,100 PR annually); (c) increases in infrastructure costs related to the Bureau's computer systems (\$301,400 GPR, \$222,800 FED, and \$92,500 PR in 2003-04 and \$449,800 GPR, \$332,500 FED, and \$138,000 PR in 2004-05); (d) a reestimate of the amount of federal Title IV-E that the state can claim (-\$130,600 GPR and \$180,800 FED annually); and (e) changes in rent costs (-\$90,000 FED and \$242,200 PR in 2003-04 and -\$83,900 FED and \$280,000 PR in 2004-05).

## **DISCUSSION POINTS**

1. There are three major components for which additional funding would be provided under the Governor's recommendations: (a) WISACWIS; (b) a change in the federal participation rate for staff costs; and (c) general supplies and services.

### **WISACWIS**

2. WISACWIS was fully implemented in Milwaukee County as of January 1, 2001. The implementation costs of this project were paid under a masterlease. The Governor's bill would provide an additional \$442,200 (\$303,500 GPR and \$138,700 FED) annually to cover the masterlease payments in the 2003-05 biennium.

3. As WISACWIS is being implemented statewide, DHFS has needed to make some changes to the system. The biggest change allows users of the system to access it via the Internet by logging onto a website ("eWISACWIS"). This connects each county to the WISACWIS system, which is housed in Madison, so that there is a single, interconnected state system. DHFS staff have determined that it is more cost efficient to link the system through the Internet than to connect all 72 counties to the Department's network. Implementation of eWISACWIS will occur in Milwaukee County during the first half of 2003-04. There are costs associated with maintaining the Internet connection, which include servers, software, and support staff. The Governor's budget proposal includes \$892,000 (all funds) in 2003-04 and \$1,167,400 (all funds) in 2004-05 for a hosting fee, which is the mechanism to cover these costs.

4. In addition, the cost of the LAN device fee was reduced under the Governor's budget. The LAN device fee is the cost of maintaining all state and contracted BMCW workers on the DHFS network for e-mail, work processing, and other applications. The fee is established at a rate per device (computer or printer). This fee was modified, so the Governor reduces base funding by \$275,400 (all funds) in 2003-04 and by \$247,200 (all funds) in 2004-05.

5. The Governor's bill provides \$899,000 in 2003-04 and \$944,600 in 2004-05 in TANF funds to support costs associated with WISACWIS. Federal regulations specify that any program that benefits from a particular activity must share in the costs associated with that activity. In addition to tracking cases in the foster care system, WISACWIS tracks information on children

living with a relative under the kinship care program. Kinship care placements are not eligible for reimbursement under Title IV-E and thus, the state cannot claim Title IV-E matching funds for the portion of WISACWIS that supports the kinship care program. The kinship care program is funded with TANF funds that are transferred from DWD to DHFS. The TANF funds provided in the Governor's budget would support the kinship care portion of WISACWIS costs.

### **Federal Matching Funds**

6. *Positions.* The federal financial participation rate is projected to decrease over the next biennium, which means that state funding will support a slightly greater percentage of Title IV-E eligible costs. The bill would provide \$174,100 GPR annually and 3.18 GPR positions, beginning in 2003-04, and delete \$174,100 FED annually and -3.18 FED positions, beginning in 2003-04. Under the updated federal rates, a slightly higher amount of Title IV-E could be claimed for these positions. Therefore, the Committee could reduce funding in the bill by \$85,800 GPR annually and -1.62 GPR positions, beginning in 2003-04, and provide a corresponding increase in federal funding and positions.

7. *Supplies and Services.* It was previously assumed that general supplies and services costs in BMCW were not eligible for reimbursement under Title IV-E. However, DHFS has since concluded that some of these costs are eligible for reimbursement. Therefore, the bill would provide \$50,200 FED annually to reflect this change. In addition, the bill would reduce funding by \$304,700 GPR annually and provide \$304,700 FED annually to reflect the updated federal financial participation rate.

### **Supplies and Services**

8. The bill would provide \$841,700 (all funds) annually for general supplies and services, which represents an increase of \$562,400 (all funds), or 201%, over base funding. However, these funds are not supporting any new services, but are based on actual expenditures in 2001-02. The administration argues that the funding provided in 2001 Wisconsin Act 16 (the 2001-03 biennial budget act) to support BMCW operations was insufficient to fund all of the services that are necessary for the successful operation of the program. In addition, the operational services have not changed since the 1999-01 biennium. BMCW has funded the actual operational costs through underspending in other areas of its operating budget.

9. During the 2001-03 biennium, BMCW funded its supplies and services shortfall with funding provided in Act 16 for application maintenance and support. This funding is for maintenance and support activities related to WISACWIS in BMCW. Most of this funding was not needed over the last biennium because American Management System (AMS) conducted these activities through its statewide WISACWIS contract. However, AMS will no longer be doing these activities as of January 1, 2004. Therefore, BMCW will need to directly support the costs of maintenance and support through the BMCW operations budget.

10. Under the Governor's bill, base funding provided for application maintenance and

support activities covers the shortfall in supplies and services through December 31, 2003. However, these funds will not be available as of January 1, 2004, when DHFS will provide these services directly or through a contract with an outside vendor. Therefore, the Governor provided \$562,400 (all funds) to cover the shortfall in supplies and services. However, this is an annual figure. Since BMCW has funding to cover the shortfall for the first six months of 2003-04, the Committee could reduce funding in the bill by \$230,600 GPR and \$50,600 FED in 2003-04, which is equal to 50% of the additional funding provided in the bill for general supplies and services in 2003-04.

**ALTERNATIVES**

1. Modify the Governor's recommendation to reduce funding by \$85,800 GPR annually and -1.62 GPR positions, beginning in 2003-04, and provide \$171,600 FED annually and 1.62 FED positions, beginning in 2003-04, to reflect revised estimates of federal Title IV-E claiming rates for BMCW positions.

<u>Alternative 1</u>	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>
<b>2003-05 FUNDING</b> (Change to Bill)	- \$171,600	\$171,600	\$0
<b>2004-05 POSITIONS</b> (Change to Bill)	- 1.62	1.62	0.00

2. Reduce funding in the bill by \$281,100 (-\$316,400 GPR and \$35,200 FED) in 2003-04 and by \$85,800 GPR and provide \$85,800 FED in 2004-05 and transfer 1.62 GPR positions to FED positions to reflect the following changes: (a) revised estimates of federal Title IV-E claiming rates for BMCW positions (-\$85,800 GPR and \$85,800 FED annually and -1.62 GPR positions and 1.62 FED positions, beginning in 2003-04); and (b) delete \$281,200 (-\$230,600 GPR and -\$50,600 FED) in 2003-04 for supplies and services.

<u>Alternative 2</u>	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>
<b>2003-05 FUNDING</b> (Change to Bill)	- \$402,200	\$121,000	- \$281,200
<b>2004-05 POSITIONS</b> (Change to Bill)	- 1.62	1.62	0.00

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