



Legislative Fiscal Bureau

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May 18, 2005

Joint Committee on Finance

Paper #859

Temporary Assistance for Needy Families (TANF)

Kinship Care (DHFS -- Children and Families and DWD -- Economic Support and Child Care)

[LFB 2005-07 Budget Summary: Page 298, #10, and Page 560, #17]

CURRENT LAW

The Department of Health and Family Services (DHFS) reimburses counties (other than Milwaukee County) for kinship care benefit payments counties make to eligible relatives. In Milwaukee County, DHFS makes these payments directly to eligible relatives. Kinship care relatives who provide care and maintenance for a child may receive a kinship care payment of \$215 per month if: (a) there is a need for the child to be placed with the relative and the placement is in the best interests of the child; (b) the child meets the criteria, or would be at risk of meeting the criteria, for a child or juvenile in need of protection or services, if the child were to remain at home; and (c) the relative meets other non-financial requirements, including a background check.

Counties, and in Milwaukee County, DHFS, conduct assessments of relatives to determine if they are eligible to receive kinship care benefits. DHFS allocates funding to counties for this purpose. At least every 12 months, the county or DHFS reviews the case of a relative receiving kinship care to determine if the conditions under which the case was initially determined eligible still exist. If those conditions no longer exist, the county or DHFS discontinues making the kinship care payments.

Kinship care is funded with federal temporary assistance for needy families (TANF) block grant funds transferred to DHFS from the Department of Workforce Development (DWD). In 2004-05, \$24,122,200 in TANF funds are transferred to DHFS to support: (a) kinship care benefit payments (\$22,467,600); (b) kinship care assessments (\$1,464,000); and (c) administrative costs,

which includes hearings conducted by the Department of Administration (DOA) Division of Hearings and Appeals and two DHFS positions. (\$190,600). In January, 2005, TANF-funded kinship care payments were made on behalf of approximately 8,320 children statewide. In addition, county-funded kinship care payments were made on behalf of 41 children and 103 children were on a waiting list for benefits in counties other than Milwaukee.

GOVERNOR

Reduce funding by \$373,800 PR annually in TANF funds transferred from DWD to reflect the Governor's estimates of the amount of funding that will be required to support the kinship care program in the 2005-07 biennium. This item would reduce annual funding for kinship care payments (-\$573,700) and increase funding for counties to conduct assessments (\$155,500) and for state administrative costs (\$44,400).

Reduce from \$24,122,200 to \$23,748,400 the annual statutory allocation of TANF funds that would be budgeted to support the kinship care program to reflect the total annual funding that would be budgeted to support kinship care benefits (\$21,893,900), assessments (\$1,619,500), and administrative costs (\$235,000).

DISCUSSION POINTS

Benefits Funding Estimate

1. In counties other than Milwaukee County, the number of eligible kinship care cases has increased by 13.4% from 3,421 cases in July, 2002, to 3,881 cases in February, 2005. Eligible cases include kinship care benefit payments supported with TANF or county funds and the number of cases on waiting lists. The data indicate an upward trend in monthly caseload changes, which, when projected forward and applying the \$215 monthly payment, results in estimated kinship care benefit costs of \$10,447,800 in 2005-06 and \$10,922,700 in 2006-07.

2. In Milwaukee County, the number of kinship care cases has decreased by 14.8% from 5,421 cases in July, 2002, to 4,619 cases in January, 2005. There are no waiting lists or county-funded payments in Milwaukee County. The data indicate a downward trend in monthly caseload changes, which, when projected forward and applying the \$215 monthly payment, results in estimated kinship care benefit costs of \$10,884,900 in 2005-06 and \$10,062,100 in 2006-07.

3. It is estimated that the total costs for kinship care benefit payments in the 2005-07 biennium will total \$21,332,700 in 2005-06 and \$20,984,800 in 2006-07. These amounts are less than the amounts that would be provided in the bill. Consequently, if the Committee wished to provide an amount of funding for benefit payments that reflect the statewide estimated costs of the program, it could modify the bill by reducing funding by \$561,200 PR (TANF) in 2005-06 and by \$909,100 PR (TANF) in 2006-07 to support kinship care benefits in the 2005-07 biennium.

4. The program is not structured or administered as a statewide benefits program with a single budget. For this reason, although total funding provided for the program may be sufficient on a statewide basis to support the kinship care program, individual counties and tribes may have surpluses and shortfalls in their kinship care budgets when their actual caseloads do not correspond with the initial allocations that they receive. DHFS can make interim adjustments to counties' allocations that can reduce, to some extent, the problem.

5. Alternatively, the Committee could provide any level of funding for the program. DHFS and the counties have administered the kinship care program as a non-entitlement program. Under administrative rule, DHFS and counties are allowed to place eligible relatives for non-court-ordered placements on a waiting list. Based on this, the Committee may budget any funding amount for the program that it determines appropriate, weighing the needs of eligible families with other uses of TANF and county funds.

Kinship Care Assessments

6. In calendar year 2003, non-Milwaukee counties reported spending \$137,500 more on kinship care assessments than the counties were reimbursed by DHFS. In calendar year 2004, counties reported costs that were \$176,300 higher than the amount of funding allocated by DHFS. The counties pay these additional assessment costs. This increase reflects the upward trend in kinship care cases in counties other than Milwaukee County.

7. In Milwaukee County, in 2002-03, kinship care assessment costs totaled \$675,900, or \$115,900 less than amounts budgeted. In 2003-04, assessment costs in Milwaukee County were \$637,400, or \$154,400 less than amounts budgeted. This decrease reflects the downward trend in kinship care cases in Milwaukee County.

8. The Governor, under the bill, recommends increasing funding for kinship care assessments in non-Milwaukee Counties by \$155,500 PR (TANF) annually. Alternatively, the Committee could reduce funding currently budgeted for kinship care assessments in Milwaukee County by \$154,400 PR (TANF) annually to reflect the actual 2003-04 assessment costs and increase funding for assessments in non-Milwaukee Counties by \$176,300 PR (TANF) annually to reflect the actual calendar year 2004 assessment costs. Under this alternative, an additional \$21,900 TANF annually would be provided to support assessment costs in non-Milwaukee counties above base funding, though the TANF funding in the bill for the purpose would be reduced by \$133,600 annually.

9. However, due to the limited availability of TANF funds, the Committee could decide to reduce funding by \$154,400 PR (TANF) annually for Milwaukee County assessments and increase funding for non-Milwaukee County assessments by a corresponding amount. Under this alternative, additional TANF funds would not be needed to support kinship assessment costs and thus, funding in the bill could be reduced by \$155,500 PR annually.

Kinship Care Administration

10. Kinship case administrative costs include funding for two positions and costs charged to the program from DOA, Division of Hearing and Appeals. In 2004-05, \$190,600 PR (TANF) is budgeted in DHFS to support these costs.

11. One of the positions administers the kinship care program in counties other than Milwaukee County and the other position administers the kinship care program in Milwaukee County. Neither of these positions conduct assessments. The actual cost of these two positions was \$149,900 in 2003-04. Standard budget adjustments are done biennially to adjust funding for positions to reflect changes in salary and fringe benefit costs. While the budget authority was given for these positions under standard budget adjustments, additional TANF funds were not requested to support these costs. Therefore, the TANF funds recommended under this item would support the current costs of these positions in the 2005-07 biennium.

12. If an application for kinship care benefits is denied because of findings in the background check, the relative can appeal to the county. If the application is denied for reasons other than the background check, or if payments are discontinued for any reason, the relative can appeal the decision to the Department of Administration, Division of Hearing and Appeals. The costs of hearing these cases is charged back to DHFS. In 2003-04, 103 cases related to kinship care were closed by Hearing and Appeals and the total cost to DHFS was \$87,600.

13. The total TANF budgeted for administrative costs in 2004-05 is \$190,600. The actual costs in 2003-04 was \$237,500, a difference of \$46,900. In past fiscal years, DHFS used TANF underspending in TANF-funded programs to support the actual costs of these activities. However, the estimates provided in this paper would align budgeted funding with projected actual expenditures and therefore, decreases the potential for underspending in the kinship care program. Therefore, the Committee could approve the Governor's recommendation to provide \$44,400 PR (TANF) annually for kinship care administrative costs or increase funding in the bill by \$2,500 PR (TANF) to reflect actual administrative costs.

ALTERNATIVES

The alternatives reflect changes in TANF funds, which are budgeted as federal funds in DWD and as PR funds in DHFS.

A. Benefits

1. Approve the Governor's recommendation to reduce annual funding for kinship care benefits by \$573,700, such that \$23,748,400 would be provided annually in TANF funds to support kinship care benefits.

2. Reduce funding for kinship care benefits by \$561,200 in 2005-06 and by \$909,100 in 2006-07 to reflect current estimates of kinship care payments made by DHFS and the counties.

Total funding for kinship care benefits would be \$21,332,700 PR in 2005-06 and \$20,984,800 in 2006-07.

<u>DHFS - Alternative A2</u>	<u>PR</u>
2005-07 FUNDING (Change to Bill)	- \$1,470,300

<u>DWD - Alternative A2</u>	<u>FED</u>
2005-07 FUNDING (Change to Bill)	- \$1,470,300

B. Assessments

1. Approve the Governor's recommendation to increase annual funding for kinship care assessments by \$155,500 annually, such that \$1,619,500 in TANF funds would be provided annually for kinship care assessments.

2. Reduce funding by \$133,600 TANF annually, such that \$1,485,900 in TANF funds would be allocated for kinship care assessments annually. In addition, reduce funding for assessments in Milwaukee County by \$154,400 PR annually and increase funding for assessments in non-Milwaukee Counties by \$176,300 PR annually.

<u>DHFS - Alternative B2</u>	<u>PR</u>
2005-07 FUNDING (Change to Bill)	- \$267,200

<u>DWD - Alternative B2</u>	<u>FED</u>
2005-07 FUNDING (Change to Bill)	- \$267,200

3. Reduce funding by \$155,500 TANF annually, such that \$1,464,000 in TANF funds would be allocated for kinship care assessments annually. In addition, reduce funding for assessments in Milwaukee County by \$154,400 PR annually and increase funding for assessments in non-Milwaukee Counties by \$154,400 PR annually.

<u>DHFS - Alternative B3</u>	<u>PR</u>
2005-07 FUNDING (Change to Bill)	- \$311,000

<u>DWD - Alternative B3</u>	<u>FED</u>
2005-07 FUNDING (Change to Bill)	- \$311,000

C. Administration

1. Approve the Governor's recommendation to increase annual funding for kinship care administration by \$44,400, such that \$235,000 in TANF funds would be provided annually for these costs.

2. Modify the Governor's recommendation by providing an additional \$2,500 TANF annually for administrative costs, such that \$237,500 in TANF funds would be provided annually for these costs.

<u>DHFS - Alternative C2</u>	<u>PR</u>
2005-07 FUNDING (Change to Bill)	\$5,000

<u>DWD - Alternative C2</u>	<u>FED</u>
2005-07 FUNDING (Change to Bill)	\$5,000

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