



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

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Joint Committee on Finance

Paper #202

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

[LFB 2015-17 Budget Summary: Page 89, #1]

CURRENT LAW

Child welfare services are intended to ensure the safety, well-being, and stability of children and their families. Child welfare services are provided in Milwaukee County by the Bureau of Milwaukee Child Welfare (BMCW) in the Department of Children and Families (DCF). Services are provided from a central administrative site located in the City of Milwaukee. DCF also contracts with private vendors to provide services to families in the child welfare system.

BMCW aids funding supports three categories of expenditures: (a) contracts; (b) other services; and (c) out-of-home care costs. Base funding for BMCW aids is \$107,303,700 (\$58,691,000 GPR, \$23,454,300 FED, and \$25,158,400 PR). The federal funding is available under Title IV-E of the federal Social Security Act and from the temporary assistance for needy families (TANF) block grant. The program revenue includes child support and supplemental security income (SSI) benefits for children in out-of-home care that are retained by the state in a continuing appropriation to offset the costs of providing out-of-home care to those children.

GOVERNOR

Reduce funding by \$1,302,200 (-\$1,229,300 GPR and -\$72,900 FED) in 2015-16 and increase funding by \$387,400 (\$117,800 GPR and \$269,600 FED) in 2016-17 to reflect the projected costs of BMCW aids expenditures. The bill would:

- a. Increase funding for aids contracts by \$302,000 (\$145,900 GPR and \$156,100 FED Title IV-E) annually;
- b. Substitute federal funding for GPR to reflect federal Title IV-E claiming rates

(-\$971,000 GPR and \$971,000 FED in 2015-16 and -\$969,600 GPR and \$969,600 FED in 2016-17); and

c. Reduce funding by -\$1,604,200 (-\$404,200 GPR and -\$1,200,000 FED) in 2015-16 and increase funding by \$85,400 (\$941,500 GPR and -\$856,100 FED) in 2016-17 to reflect projected changes in caseload and service expenditures.

DISCUSSION POINTS

BMCW Out-of-Home Care Costs

1. The costs of out of-home care account for almost 40% of BMCW's annual aids expenditures. These costs are difficult to predict and include costs for foster care (levels one through four), group homes, residential care centers (RCCs), and assessment centers. The bill would provide \$35,529,200 (\$28,364,900 GPR and \$7,164,300 FED) in 2015-16 and \$37,218,800 (\$29,712,000 GPR and \$7,506,800 FED) in 2016-17 for these expenses. The federal funds are reimbursements received under Title IV-E.

2. DCF indicates that, compared to the bill, additional funding in the amounts of \$7,330,400 in 2015-16 and \$5,640,800 in 2016-17 will be needed to support BMCW out-of-home costs. This is mainly because costs of the following items were mistakenly omitted from estimates used to determine the level of funding provided under the bill: (a) placements in out-of-state RCCs; (b) child placing agency administrative costs; and (c) supervised independent living placements.

3. Out-of-state RCCs are not subject to DCF rate regulation and therefore are much more expensive than in-state RCCs. Generally, a juvenile court will order a child placed into an out-of-state RCC because in-state RCCs cannot accommodate the special needs of the child or because in-state RCCs lack the necessary capacity for the placement. DCF projects that there will be seven out-of-state placements in 2015-16 and 2016-17 at a cost of \$1,469,100 annually. Such costs were not included in the budget bill.

4. Child placing agencies are licensed by DCF to place children in licensed family foster homes, treatment foster homes, and licensed group homes. The regulated rate for child-placing agencies is a per-client administrative rate that each agency may charge for the administrative portion of its services for foster homes with a Level 3 or Level 4 certification under the foster care levels of care system. The regulated rates for 2015 range from \$55 up to \$65. The administrative costs of child placing agencies were not included into the cost calculations used to determine the level of funding needed for Level 3 and Level 4 foster homes under the bill. As a result, the reestimated costs for Level 3 and Level 4 foster homes, which are based upon expenditure data through March, 2015, are larger than projected under the bill by \$5,223,300 2015-16 and by \$4,722,300 in 2016-17.

5. Supervised independent living placements are available, if appropriate, for youth over the age of 17 to teach independent living skills. It is estimated that these placements will cost \$900,000 annually. Supervised independent living placements were not part of the caseload/cost

projections used to generate DCF's agency request or the Governor's recommendations.

6. These additional costs are partially offset by reestimates based on more recent caseload information through March, 2015, for Level 1 and Level 2 foster homes, group homes, assessment centers, and RCCs. Compared to the bill, the new estimate for these items is lower by \$262,000 (-\$117,400 GPR and -\$144,600 FED) in 2015-16 and by \$1,450,600 (-\$1,108,300 GPR and -\$343,300 FED) in 2016-17.

7. The Committee could provide additional funding in the amount of \$7,330,400 (\$5,875,300 GPR and \$1,455,100 FED) in 2015-16 and \$5,640,800 (\$4,529,500 GPR and \$1,111,300 FED) in 2016-17 to support the reestimated costs of BMCW out-of-home care (Alternative A.1). The federal funds would be reimbursements received under Title IV-E.

8. Alternatively, the Committee could provide one-time funding from child support collections program revenue to pay for a portion of the estimated costs of BMCW aids (Alternative A.2). The amount of general purpose revenue needed to support BMCW out-of-home costs would be offset by the amount of program revenue provided by the Committee. It must be noted that federal reimbursement under Title IV-E would not be available for child support collections program revenue expenditures and as a result there would be a decrease in federal funding compared to Alternative A.1. However, DCF would have the flexibility to utilize the program revenue in such a way that it could maximize federal funding under Title IV-E (and therefore minimize any loss of federal revenue).

9. DCF indicates that the projected ending balance of child support collections in 2016-17 is \$6.2 million. Therefore, a maximum of \$6.0 million PR could be provided under this alternative.

10. DCF indicates that the use of additional PR funds for BMCW aids may restrict the funding available to support the Title IV-E waiver program (under which savings generated by the trial reunification program in Milwaukee County could be spent for child welfare programs in the balance of the state and generate federal reimbursement under Title IV-E). As a result, the Committee may wish to provide child support collections in an amount less than \$6 million.

11. The Committee could choose from the following options to provide program revenue for BMCW aids to support the projected increase in BMCW out-of-home care costs. The options assume that DCF would apply the program revenue to expenditures which minimize the loss of federal reimbursements under Title IV-E.

- (a) \$4,875,300 GPR, \$1,455,100 FED, and \$1,000,000 PR in 2015-16
\$4,529,500 GPR and \$1,111,300 FED in 2016-17
- (b) \$3,875,300 GPR, \$1,455,100 FED, and \$2,000,000 PR in 2015-16
\$4,529,500 GPR and \$1,111,300 FED in 2016-17
- (c) \$2,927,800 GPR, \$1,402,600 FED, and \$3,000,000 PR in 2015-16
\$4,529,500 GPR and \$1,111,300 FED in 2016-17

- (d) \$1,980,400 GPR, \$1,350,000 FED, and \$4,000,000 PR in 2015-16
\$4,529,500 GPR and \$1,111,300 FED in 2016-17
- (e) \$1,032,900 GPR, \$1,297,400 FED, and \$5,000,000 PR in 2015-16
\$4,529,500 GPR and \$1,111,300 FED in 2016-17
- (f) \$85,500 GPR, \$1,244,900 FED, and \$6,000,000 PR in 2015-16
\$4,529,500 GPR and \$1,111,300 FED in 2016-17

12. Finally, the Committee could approve the Governor's recommended level of funding for BMCW out-of-home care (Alternative A.3). Under this alternative, DCF would need to prioritize program expenditures and greatly reduce aids spending for child abuse and neglect programs, out-of-home care for children who have been removed from their home due to child abuse and neglect, family strengthening and reunification programs, adoptions, and other child welfare programs in Milwaukee County.

BMCW Aids Contracts

13. BMCW currently contracts with vendors to conduct a variety of activities, including (but not limited to) case management services, ongoing services (services provided to children in out-of-home care that are intended to assist children and their families in achieving goals identified in permanency plans), out-of-home placement services (recruitment and licensing of foster families), adoption placement services, independent investigations, permanency planning reviews, and court services. The base funding for these contracts is approximately \$48.4 million (all funds) annually.

14. The bill would increase funding for these contracts by \$302,000 (\$145,900 GPR and \$156,100) annually. The changes are due to estimates of contract costs and Title IV-E funds available to support contract costs. The increase includes the following: (a) Milwaukee County Clerk of Courts (\$64,000 GPR annually); (b) court initiative permanency counselor (-\$4,500 GPR and \$4,500 FED annually); (c) guardian ad litem services by the Legal Aid Society (-\$4,100 GPR and \$4,100 FED annually); (d) family drug treatment court and evaluation (\$95,000 GPR annually); (e) security guard services (\$95,000 GPR annually); (f) out-of-home placement contracts (-\$147,600 GPR and \$112,600 FED); and (g) annual contract costs related to termination of parental rights (\$48,100 GPR and \$34,900).

15. DCF indicates that, compared to the bill, estimates based upon expenditure information through March, 2015, show that additional funding in the amount of \$997,400 will be needed for BMCW aids contracts. First, ongoing case management contracts are projected to cost \$945,200 more than anticipated due to an increase in the projected caseloads through the last six months of 2015. Second, the Milwaukee County Clerk of Courts contract is anticipated to increase by 2.5% (\$17,900). Third, the Milwaukee County district attorney contract is anticipated to increase by \$26,300. Finally, a request for bids for the court initiative permanency counselor resulted in a sole response at \$8,000 higher than projected.

16. The Committee could provide annual funding in the amount of \$997,400 (\$882,900 GPR and \$114,500 FED) to support the estimated BMCW contract spending (Alternative B.1).

17. Alternatively, the Committee could decide to approve the Governor's recommended level of funding for BMCW contracts (Alternative B.2). Under this alternative, DCF would likely need to reduce contract spending by prioritizing program expenditures.

BMCW Wraparound Program

18. Part of the BMCW budget includes funding for other services, which includes the wraparound program and in-home services (formerly known as safety services). The "wraparound" program provides comprehensive services for families and children with significant and complex mental health needs. Children are served by the program if they have been referred to child welfare services and are at immediate risk of placement in a residential treatment center, a juvenile justice facility, or a psychiatric hospital. The bill would annually provide \$11,934,700 (all funds), which is an increase of \$2,412,600 (\$2,258,500 GPR and \$154,100 FED). The bill reflects an estimated 4.9% increase in the program over 2013-14 caseloads. The federal funds are reimbursements received under Title IV-E.

19. The Committee could adopt the Governor's recommended level of funding for the wraparound program (Alternative C.1).

20. On the other hand, DCF indicates that based upon expenditures through March, 2015, wraparound spending is now projected to be \$1,433,600 (\$1,342,100 GPR and \$91,500 FED) lower than anticipated under the bill in each year. The projected total is \$10,501,100 (\$9,830,100 GPR and \$671,000 FED) annually.

21. The Committee could therefore choose to decrease funding for the Wraparound program by \$1,433,600 (\$1,342,100 GPR and \$91,500 FED) annually to reflect wraparound caseload data through March, 2015 (Alternative C.2).

ALTERNATIVES

A. BMCW Out-of-Home Care

1. Modify the Governor's recommendation to provide additional funding in the amount of \$7,330,400 (\$5,875,300 GPR and \$1,455,100 FED) in 2015-16 and \$5,640,800 (\$4,529,500 GPR and \$1,111,300 FED) in 2016-17 for BMCW aids to support reestimated out-of-home care costs. The federal funds are reimbursements received under Title IV-E.

ALT A1	Change to Bill
GPR	\$10,404,800
FED	<u>2,566,400</u>
Total	\$12,971,200

2. Modify the Governor's recommendation to provide additional funding of \$7,330,400 in

2015-16 and \$5,640,800 in 2016-17 for BMCW aids to support reestimated BMCW out-of-home care expenditures, including program revenue in an amount determined by the Committee. The program revenue would consist of child support and SSI benefits for children in out-of-home care that are retained by the state to offset the costs of providing out-of-home care to those children.

ALT A2	Change to Bill			
	GPR	FED	PR	Total
a.	\$9,404,800	\$2,566,400	\$1,000,000	\$12,971,200
b.	\$8,404,800	\$2,566,400	\$2,000,000	\$12,971,200
c.	\$7,457,300	\$2,513,900	\$3,000,000	\$12,971,200
d.	\$6,509,900	\$2,461,300	\$4,000,000	\$12,971,200
e.	\$5,562,400	\$2,408,700	\$5,000,000	\$12,971,200
f.	\$4,615,000	\$2,356,200	\$6,000,000	\$12,971,200

3. Approve the Governor's recommended level of funding for BMCW out-of-home care expenditures.

B. BMCW Contracts

1. Modify the Governor's recommendation to provide annual funding in the amount of \$997,400 (\$882,900 GPR and \$114,500 FED) for BMCW aids to support reestimated BMCW contract expenditures. The federal funds are reimbursements received under Title IV-E.

ALT B1	Change to Bill
GPR	\$1,765,800
FED	<u>229,000</u>
Total	\$1,994,800

2. Approve the Governor's recommended level of funding for BMCW contracts.

C. BMCW Wraparound Program

1. Adopt the Governor's recommended level of funding for the wraparound program.

2. Modify the Governor's recommendation to decrease funding for BMCW aids by \$1,433,600 (\$1,342,100 GPR and \$91,500 FED) annually to reflect more recent estimates of wraparound caseloads through March, 2015. The federal funds are reimbursements received under Title IV-E.

ALT C2	Change to Bill
GPR	- \$2,684,200
FED	<u>- 183,000</u>
Total	- \$2,867,200

Prepared by: John D. Gentry