



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #507

Milwaukee Child Welfare Operations (DHFS -- Children and Families)

[LFB 2001-03 Budget Summary: Page 389, #3]

CURRENT LAW

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

In 2000-01, DHFS is budgeted \$19,457,600 (\$11,177,700 GPR, \$5,644,800 FED and \$2,635,100 PR) for the Department's administration of the child protective services program in Milwaukee County. This includes funding to support the Wisconsin statewide automated child welfare information system (WISACWIS) in Milwaukee County, 176 positions and 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). The federal funding is available under Title IV-E of the Social Security Act. The PR funding represents intra-departmental transfers between the Division of Children and Family Services and the Division of Management and Technology in DHFS for costs associated with WISACWIS in Milwaukee County.

GOVERNOR

Provide \$8,167,500 (\$2,056,700 GPR, \$1,170,100 FED and \$4,940,700 PR) in 2001-02 and \$8,700,200 (\$2,382,100 GPR, \$1,390,300 FED and \$4,927,800 PR) in 2002-03 and delete 8.93 positions (3.92 GPR positions, -13.04 FED positions and 0.19 PR position), beginning in 2001-02, to support the Department's administration of the child protective services program in Milwaukee County.

This item includes funding to support: (a) WISACWIS (\$351,600 GPR, \$848,000 FED and \$4,930,300 PR in 2001-02 and \$345,100 GPR, \$824,700 FED and \$4,917,400 PR in 2002-03); (b) general supplies and services, including contracted services (\$1,470,700 GPR and \$986,100 FED in 2001-02 and \$1,802,600 GPR and \$1,229,600 FED in 2002-03); and (c) increased state costs resulting from a projected reduction in the federal financial participation rates for staff costs (\$241,800 GPR and -\$664,000 FED annually). In addition, this item would convert 1.0 project position that would terminate on June 30, 2001, to permanent status to manage payment for out-of-home care services.

DISCUSSION POINTS

1. As part of its 2001-03 budget submission, DHFS developed its funding request for Milwaukee child welfare operations based on its current, ongoing operating costs, comparing these total costs with base funding for the program, and requested a funding increase that represented the difference. The Governor modified the DHFS request by deleting and revising several items in the DHFS request, but used the same methodology. Using this "zero-based budgeting" method, DOA determined that the amount of additional funding that would be necessary to fund operations costs, including state staff and contracted services, will be \$8,167,500 (all funds, including \$2,056,700 GPR) in 2001-02 and \$8,700,200 (all funds, including \$2,382,100 GPR) in 2002-03.

2. In 2000-01, DHFS is funding several services for which no funding was budgeted in Act 9. For example, no funding was budgeted in Act 9 to support contracts for security and courier services, but DHFS currently contracts for these services. In addition, the costs of some contracted services that were approved in Act 9 are greater than the amounts budgeted in Act 9. For example, the DHFS contract for the Title IV-E eligibility unit was budgeted at \$244,300 GPR annually in Act 9, but the 2000-01 contract for this function is \$416,000 GPR.

3. The administration argues that the funding provided in Act 9 to support Milwaukee child welfare operations was insufficient to fund all of the services that are necessary for the successful operation of the program. For example, DHFS determined that it was necessary to provide one security officer at each of the five sites during normal work hours and after-hour meetings. The IV-E eligibility unit determines which children are IV-E eligible. This function is necessary to determine the level of federal funding that the state can claim for child welfare costs. In addition, DHFS argues that when the 1999-01 budget was developed, the program was still in the early stages of implementation and it was difficult to estimate operating service costs. However, with two years of experience, DHFS indicates that the current operating budget (as reflected in the Governor's recommendations) is a more accurate reflection of the operating services costs for the Bureau of Milwaukee Child Welfare.

4. There are three 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.

5. As of January 1, 2001, WISACWIS was fully implemented in Milwaukee County. During the 1999-01 biennium, development and implementation costs were funded with one-time funding. Consequently, this funding is deleted from the DHFS base as a standard budget adjustment under the Governor's bill. Now that WISACWIS is operational, there are maintenance and support costs associated with the system. Under the Governor's bill, \$6,129,900 (\$351,600 GPR, \$848,000 FED and \$4,930,300 PR) in 2001-02 and \$6,087,200 (\$345,100 GPR, \$824,700 FED and \$4,917,400 PR) in 2002-03 would be provided to support these ongoing costs.

6. 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 increase GPR funding by \$241,800 and reduce funding by \$664,000 FED to reflect this change.

7. The primary increase in the Governor's bill is related to supplies and services, which includes funding for contracted services. The bill provides a 159% increase in 2001-02 and 196% increase in 2002-03 to the GPR supplies and services budget. Supplies and services include travel, insurance, maintenance/janitorial services and contracted services, such as the IV-E eligibility unit, security, courier services and night and weekend answering service. All of the funding for supplies and services in the Governor's budget are based on current expenditure and contract levels and do not include funding to support new services or increase funding for current services.

8. In the 1999-01 biennium, DHFS was able to fund expenditures that exceeded base funding in the last biennium from one-time savings from two sources: (a) masterlease payments for WISACWIS were lower than budgeted; and (b) a federal participation rate change allowed DHFS to fund a greater percentage of budgeted costs with federal funds, which enabled DHFS to use the GPR savings to fund unbudgeted costs. However, because DHFS used one-time savings to fund higher continuing costs, the funding increase in the Governor's budget is necessary to maintain this higher level of operations costs DHFS established in the current biennium.

9. If the Committee wants to maintain funding at current and projected levels, the Governor's recommendations should be adopted. This would allow DHFS to support its current operating expenses, less items that the Governor determined were unnecessary.

10. However, Act 9 provided a sum certain amount for DHFS for Milwaukee child welfare operations. The Committee could fund supplies and services costs for Milwaukee child welfare operations by providing some specified increase to base funding. Under these alternatives, DHFS would be required to prioritize spending from current levels to remain within the amount budgeted for the program. The figures in the alternatives reflect revised estimates of federal Title IV-E claiming rates for selected services.

ALTERNATIVES TO BILL

1. Modify the Governor's recommendation to reduce funding by \$1,324,000 FED in 2001-02 and \$1,473,900 FED in 2002-03 to reflect revised estimates of federal Title IV-E claiming

rates for selected services.

<u>Alternative 1</u>	<u>FED</u>
2001-03 FUNDING (Change to Bill)	- \$2,797,900

2. Reduce funding in the bill by \$81,600 GPR and \$1,347,100 FED in 2001-02 and \$413,500 GPR and \$1,590,600 FED in 2002-03 to provide a 150% increase in base funding for supplies and services.

<u>Alternative 2</u>	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>
2001-03 FUNDING (Change to Bill)	- \$495,100	- \$2,937,700	- \$3,432,800

3. Reduce funding in the bill by \$527,400 GPR and \$1,472,800 FED in 2001-02 and \$859,300 GPR and \$1,716,300 FED in 2002-03 to provide a 100% increase in base funding for supplies and services.

<u>Alternative 3</u>	<u>GPR</u>	<u>FED</u>	<u>TOTAL</u>
2001-03 FUNDING (Change to Bill)	- \$1,386,700	- \$3,189,100	- \$4,575,800

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