



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #508

Statewide Automated Child Welfare Information System (DHFS -- Children and Families)

[LFB 2001-03 Budget Summary: Page 390, #5]

CURRENT LAW

The federal Omnibus Budget Reconciliation Act of 1993 authorized the U.S. Department of Health and Human Services (DHHS) to provide states enhanced federal matching funds to support the costs of creating a statewide automated child welfare information system (SACWIS). The act authorized DHHS to provide 75% matching funds to support the costs to plan, design, develop and install a statewide, mechanized data collection and information retrieval system, including hardware costs. As a condition of receiving federal matching funds, states must ensure that their systems: (a) comply with DHHS regulations; (b) interface with state child abuse and neglect data collection systems and welfare data collection systems, to the extent practicable; and (c) provide more efficient, economical and effective administration of state child welfare programs, as determined by DHHS. DHHS may reimburse states for the ongoing data collection activities at a 50% matching rate, regardless of whether the systems are used for children in foster care and adopted children who are not eligible for Title IV-E.

In December, 1993, DHHS promulgated interim final rules that specify requirements for systems eligible for federal matching funds. Under these rules, as a condition of receiving enhanced federal matching funds, states must develop comprehensive child welfare data collection systems that include information on child welfare services, foster care and adoption assistance, promoting safe and stable families services and independent living. In addition, state systems must:

- Meet data collection and reporting requirements of the adoption and foster care analysis and reporting system (AFCARS);

- Provide for intrastate electronic data exchange with data collection systems operated under MA, child support enforcement and the national child abuse and neglect data system;
- Provide for automated data collection on all children in foster care under the responsibility of the state for the state child welfare agency;
- Collect and manage information necessary to facilitate delivery of child welfare services, family preservation and family support services, family reunification services and permanent placement;
- Collect and manage information necessary to determine eligibility for the foster care, adoption assistance and independent living programs and to meet case management requirements for these programs; and
- Ensure confidentiality and security of information.

In Wisconsin, SACWIS is commonly referred to as WISACWIS.

County Income Augmentation Funds. Under current law, DHFS may distribute excess Title IV-E funds to non-Milwaukee counties that are making a good faith effort, as determined by DHFS, to implement WISACWIS by July 1, 2005. Counties must use at least 50% of their income augmentation funds to support services for children who are at risk of abuse or neglect to prevent the need for child abuse and neglect intervention services. If a county does not fully implement WISACWIS in the county by July 1, 2005, DHFS may recover any income augmentation funds distributed to the county after June 30, 2001, by billing the county or deducting the county's basic county allocation in community aids.

GOVERNOR

Provide \$3,696,400 (\$947,300 GPR, \$772,400 FED and \$1,976,700 PR) in 2001-02 and \$3,877,400 (\$836,500 GPR, \$661,700 FED and \$2,379,200 PR) in 2002-03 and convert 1.83 FED positions to 1.83 GPR positions in 2001-02 to continue implementation of WISACWIS. The funding in the bill is intended to enable eight counties to implement WISACWIS in 2001-02 and an additional 20 counties to implement WISACWIS in 2002-03. Under the bill, counties would be expected to fund one-third of the projected one-time and ongoing costs. The remaining PR funding reflects increases in funding transferred between DHFS divisions.

Specify that counties may use up to 100% of the funds they receive under the income augmentation project (excess Title IV-E funds) to reimburse DHFS for the implementation costs of WISACWIS for the calendar year in which a county implements WISACWIS and in the two calendar year following implementation, notwithstanding current restrictions on the use of the funds. Create a continuing PR appropriation in DHFS to receive the county's share of WISACWIS implementation funds.

DISCUSSION POINTS

1. The development and programming of WISACWIS has been completed as part of the state's activities to administer child welfare services in Milwaukee County. In 1996-97, DHFS was provided \$1,981,600 GPR and \$1,981,600 FED to begin development of an automated child welfare information system in preparation for the state's takeover of child welfare services in Milwaukee County beginning January 1, 1998. 1997 Wisconsin Act 27 (the 1997-99 biennial budget act) provided an additional \$2,236,400 GPR and \$6,436,400 FED in 1997-98 and \$1,643,600 GPR and \$1,643,600 FED in 1998-99 to fund the development of the system. 1999 Wisconsin Act 9 (the 1999-01 biennial budget act) provided \$1,704,800 GPR and \$1,456,700 FED in 1999-00 and \$1,965,300 GPR and \$1,717,300 FED in 2000-01 to continue development of the system. The first event of phase one (which encompasses the financial system in WISACWIS) was completed in January, 2000, and the second event (which includes the implementation of the case management function of WISACWIS) was completed in Milwaukee County in January, 2001. The Milwaukee child welfare system will be the basis for the implementation of WISACWIS in other counties.

2. Act 9 also provided \$2,500,000 (\$250,000 GPR, \$1,250,000 FED and \$1,000,000 PR) in 2000-01 to implement the system in nine pilot counties. These nine counties (Clark, Dane, Kenosha, Lafayette, Racine, Sheboygan, Waukesha, Waushara and Winnebago Counties) have participated in the initial planning and development of WISACWIS, along with Milwaukee County, and have contributed \$1,695,500 to develop the system.

3. The WISACWIS system in Milwaukee County is fully implemented. However, implementation has not yet begun in the remaining eight pilot counties. DHFS indicates this is because development of WISACWIS took longer than anticipated. The funding provided in Act 9 for implementation of WISACWIS in the eight pilot counties will be carried forward into the 2001-03 biennium to partially offset the statewide implementation costs.

4. To be eligible for the enhanced federal matching funds to finance the Milwaukee system, the state had to commit to implementing the Milwaukee system statewide. If the state does not develop a statewide system, DHFS would be required to return \$5,636,400 in enhanced federal matching fund to the federal government. In addition, the state would receive federal matching funds equal to 22%, rather than 50% of the operating costs of the Milwaukee information system and whatever system is implemented in participating counties.

5. DHFS has signed a contract with American Management Systems (AMS) to implement WISACWIS statewide. The contract amount is \$22,577,400 (all funds). AMS is responsible for implementing and coordinating the changes to the Milwaukee County WISACWIS system that are necessary to create a statewide system. Under the contract, WISACWIS will be implemented in nine counties in 2001-02, 31 counties in 2002-03 and 31 counties in 2003-04. The contract level reflects the cost estimate in the Governor's budget for WISACWIS.

6. The Department's current estimates of implementing WISACWIS, as indicated in

the AMS contract, are identified in the following table.

SACWIS Estimated Costs				
	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
	(9 Counties)	(31 Counties)	(31 Counties)	
One Time Implementation Costs	\$12,437,100	\$8,177,000	\$5,407,000	\$77,400
Ongoing Costs	<u>2,958,400</u>	<u>4,044,100</u>	<u>4,295,500</u>	<u>4,489,500</u>
Total	\$15,395,500	\$12,221,100	\$9,702,500	\$4,566,900

The table shows that DHFS expects that the one-time costs of implementing WISACWIS will be approximately \$26,021,100 over three fiscal years, including \$12,437,100 in 2001-02 and \$8,177,000 in 2002-03. One-time costs include web-conversion, hardware, case conversions, application training, software licenses and telecommunication installations. In addition, the estimated ongoing operating costs of the system will be \$2,958,400 in 2002-03 and \$4,044,100 in 2002-03. Ongoing costs include services provided by the Department's business applications help desk, customer services, application development, county desktop support and county telecommunication charges.

County Share of Costs

7. Under the Governor's bill, counties would be responsible for funding one-third of the one-time and ongoing costs of the WISACWIS system. To assist in paying for these costs, the bill would allow counties to use up to 100% of their income augmentation allocation to reimburse DHFS for the implementation costs of WISACWIS.

8. However, in response to the pilot counties' concerns regarding the one-time costs of implementing WISACWIS, DHFS Secretary Dubé submitted a proposed revision to the Governor's bill in a letter dated May 14, 2001, to the Co-Chairs of the Joint Committee on Finance. In her letter, Secretary Dubé proposed to use new revenue from claiming federal MA for targeted case management for non-IV-E eligible children in the child welfare system to fund the counties' one-time implementation costs.

9. DHFS estimates that \$3,693,400 FED in 2001-02 and \$3,677,900 FED in 2002-03 will be claimed for targeted case management for non-IV-E eligible children in counties other than Milwaukee County. After adjusting for the one-time 10% fee for Maximus in 2001-02, \$3,324,100 FED would be available for expenditure in 2001-02 and \$3,677,900 FED in each year thereafter.

10. Under its revised proposal, the administration proposes to split the annual revenue from the MA targeted case management claiming between counties (50%) and the state (50%). Thus, in 2001-02, \$1,662,100 FED would be available for counties and \$1,839,000 FED in each year thereafter. In addition, \$1,662,100 in additional federal revenue would be available for the

state in 2001-02 and \$1,839,000 in each year thereafter.

11. Of the funds available to counties, the administration proposes that: (a) DHFS retain \$6,611,700 FED to offset the counties' allocated costs for implementation of WISACWIS; and (b) after the counties' share of the implementation costs are paid, DHFS would distribute the revenue to counties as part of their IV-E incentive funds.

12. Of the funds available to the state, the administration proposes that: (a) in 2001-02 and 2002-03, the funds would lapse to the general fund; and (b) in 2003-04 and each fiscal year thereafter, the revenue would be subject to the income augmentation provision (s. 46.46) which requires approval of the Department's proposed use of the funds by DOA and the Joint Committee on Finance. (However, as part of its deliberations on the 2001-03 budget, the Committee approved Alternative 3 in LFB Paper #462 that would repeal the process for allocating the state's share of the income augmentation funds.)

13. If the Committee approves the administration's revised recommendations, session law would need to be added to the bill that would direct DHFS to use 50% of the available MA targeted case management revenue to fund the county share of WISACWIS implementation costs. After full payment, DHFS would be required to distribute this funding to counties under the Title IV-E incentive funding provision under s. 46.45(2)(a) of the statutes.

14. In addition, if the Committee approves the administration's revised recommendations, PR funding for DHFS should be decreased by \$155,400 PR in 2001-02 and \$512,300 PR in 2002-03 to reflect that the county share of implementation costs would be budgeted in an existing FED appropriation.

15. Under the Governor's bill, counties may use up to 100% of the funds they received under the income augmentation project to reimburse DHFS for the implementation costs of WISACWIS. However, under the administration's revised recommendation, this change would not need to be made. Therefore, the Committee should delete this change from the bill.

ALTERNATIVES TO BILL

1. Approve Governor's recommendations. In addition, lapse \$3,324,100 in 2001-02 and \$3,677,900 in 2002-03 of federal income augmentation revenues to the general fund.

Alternative 1	GPR-Lapse
2001-03 REVENUE (Change to Bill)	\$7,002,000

2. Modify the Governor's recommendation to reflect the administration's revised proposal, which would: (a) lapse \$1,622,100 FED in 2001-02 and \$1,839,000 FED in 2002-03 to the general fund; (b) provide \$1,622,100 FED in 2001-02 and \$1,839,000 FED in 2002-03 to support the county share of WISACWIS implementation costs; (c) decrease funding by \$155,400

PR in 2001-02 and \$512,300 PR in 2002-03; and (d) adopt the statutory changes identified in discussion point 13. In addition, delete from the Governor's bill the language allowing counties to use 100% of their income augmentation funds to support implementation costs.

Alternative 2	GPR-Lapse	FED	PR	TOTAL
2001-03 REVENUE (Change to Bill)	\$3,461,100	\$0	\$0	\$3,461,100
2001-03 FUNDING (Change to Bill)	\$0	\$3,461,100	-\$667,700	\$2,793,400

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