



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #218

### Foster Care Rates (DCF -- Children and Families)

[LFB 2009-11 Budget Summary: Page 144, #10]

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#### CURRENT LAW

Counties and the Department of Children and Families (DCF) make monthly foster care payments to foster parents, treatment foster parents, and family-operated group homes to support food, clothing, housing, personal care, and other expenses for children in foster care. In addition to the basic rate, counties or DCF may provide a supplemental payment to foster parents for a foster child with special needs, exceptional circumstances, care in treatment foster homes, and an initial clothing allowance.

Currently, the basic monthly foster care rates are: (a) \$349 for children up to age five; (b) \$381 for children between the ages of five and 11; (c) \$433 for children between the ages of 12 and 14; and (d) \$452 for children ages 15 and older. The maximum clothing allowance is: (a) \$150 for children up to age five; (b) \$175 for children between the ages of five and 11; and (c) \$200 for children ages 12 and older.

In addition, if placement is with a relative, other than a parent, and the relative is not a licensed foster parent, then the relative may qualify for the kinship care program. The kinship care program is designed to help support a child outside of the home with a relative, rather than placing the child in foster care or other out-of-home placement. If a child is placed with a relative, other than a parent, then the relative may be eligible to receive a kinship care payment of \$215 per month.

#### GOVERNOR

Provide \$642,500 (\$474,600 GPR and \$167,900 FED) in 2009-10 and \$1,832,300 (\$1,353,300 GPR and \$479,000 FED) in 2010-11 to fund a 5% increase in the uniform foster

care rates, effective January 1, 2010, an additional 5% increase in the uniform foster care rates, effective January 1, 2011, and an increase in the amount of the maximum clothing allowance of 50%. Funding for foster care rates would total \$521,200 (\$384,900 GPR and \$136,300 FED in 2009-10 and \$1,589,700 (\$1,173,800 GPR and \$415,900 FED) in 2010-11. Funding for the increase in the amount for the maximum clothing allowance would total \$121,300 (\$89,700 GPR and \$31,600 FED) in 2009-10 and \$242,600 (\$179,500 GPR and \$63,100 FED) in 2010-11.

In addition, specify foster care rates for care and maintenance provided by a relative and for care and maintenance provided by a nonrelative. Monthly foster care rates for care and maintenance provided by a relative of a child of any age would be \$215. Foster care rates for a nonrelative would vary based on the age of the child.

Finally, require DCF to provide supplemental payments for foster care that are commensurate with the level of care that the foster home is licensed to provide and the needs of the child who is placed in the foster home.

## DISCUSSION POINTS

### Nonrelative Foster Care Rates

1. Table 1 identifies the current rates and the rates recommended by the Governor that would take effect January 1, 2010, and January 1, 2011, for nonrelative care.

**TABLE 1**

#### Basic Monthly Foster Care Rates for Nonrelatives

<u>Age</u>	<u>Current Law</u>	<u>AB 75</u>	
		<u>January 1, 2010</u>	<u>January 1, 2011</u>
0 thru 4	\$349	\$366	\$384
5 thru 11	381	400	420
12 thru 14	433	455	478
15 and over	452	475	499

2. The basic monthly care foster rates were last increased in 2007 Wisconsin Act 20, by 5% effective January 1, 2008, and an additional 5% effective January 1, 2009. The foster care rates are not adjusted for inflation or tied to the cost of care for a child.

3. In March, 2009, the average monthly foster care payment in counties other than Milwaukee County was \$818, in Milwaukee County it was \$579, and in state foster care it was \$1,216. These monthly payments include the basic foster care rate and supplemental or exceptional payments made to foster parents.

Counties indicate that, in order to compensate for low basic foster care rates, they provide

supplemental and exceptional rates for foster families in order to attract and retain foster homes. DCF indicates that approximately 39.5% of the foster care payments statewide for children up to four years of age were equal to the basic foster care rate. This percentage was 27.0% for children between the ages of five and 11, 33.5% for children between the ages of 12 and 14, and 30.2% for children 15 years and older. Counties use children and family aids and local funds to support foster care payments, which include the basic rate, as well as any supplemental or exceptional rates counties approve.

4. Nationally, the average foster care basic monthly maintenance payment is \$490 for a two-year old, \$508 for a nine-year old, and \$570 for a 16-year old. Table 2 shows the basic monthly foster care rates for other Midwestern states.

**TABLE 2**

**Foster Care Basic Monthly Rates in 2008  
For Children Ages 2, 9, and 16**

<u>State</u>	<u>Age 2</u>	<u>Age 9</u>	<u>Age 16</u>
Illinois	\$369	\$410	\$445
Michigan	433	433	535
Minnesota	585	585	699
Wisconsin*	\$333	\$363	\$432

\*Wisconsin figures are for calendar year 2008.

Source: National Resource Center for Family-Centered Practice and Permanency Planning.

5. States' foster care rates are not necessarily directly comparable, due to the different rate structures states use. For example, in some states, the basic monthly rate is intended to cover the cost of clothing, while other states provide a separate clothing allowance, in addition to the basic rate. In Wisconsin, in addition to the monthly foster care payment, foster parents receive a one-time initial clothing allowance of \$150 for children under the age of five, \$175 for children between the ages of five and 11, and \$200 for children 12 and older. Further, the rates in Wisconsin's statutes reflect the "basic maintenance" payments, but do not include the supplemental payments that may be provided for children with special needs and exceptional circumstances. Other states may make these types of supplemental payments, but may use different criteria in determining which foster families receive these supplemental payments.

6. It could be argued that the current foster care rates deter people from becoming foster parents. In particular, it appears that more foster homes are needed to serve teenagers, sibling groups, and children with special needs. Increasing foster care rates could help attract and retain foster parents to meet the needs of the children placed in out-of-home care.

7. Using updated caseload information (through March, 2009) it is estimated that

increasing the foster care rates by 5% in January, 2010, and an additional 5% in January, 2010, would cost \$526,400 in 2009-10 and \$1,605,500 in 2010-11. Therefore, the funding in the bill could be increased by \$3,800 GPR and \$1,400 FED in 2009-10 and \$11,700 GPR and \$4,100 FED in 2010-11 (Alternative 2a).

8. Since the second increase in foster care rates would occur in January, 2011, only six months of funding is provided in the bill to support this increase. The remaining six months of calendar year 2011 are in state fiscal year 2011-12.

9. The Committee could increase foster care rates by 2.5% beginning on January 1, 2010, and by an additional 2.5% beginning on January 1, 2011. Under this alternative, funding in the bill would be reduced by \$190,600 GPR and \$67,400 FED in 2009-10 and \$585,900 GPR and \$207,600 FED in 2010-11 (Alternative 3a).

10. A third alternative would be to increase foster care rates by 5% beginning on January 1, 2010, but not increase the rates by another 5% on January 1, 2011 (Alternative 5a). Under this alternative, funding in the bill would be increased by \$3,800 GPR and \$1,400 FED in 2009-10 and reduced by \$396,400 GPR and \$140,500 FED in 2010-11 (Alternative 4a).

### **Relative Foster Care Rates**

11. If placement in out-of-home care is with a relative, other than a parent, and the relative is not a licensed foster parent, then the relative may qualify for the kinship care program. The kinship care program is designed to help support a child who resides outside of the home with a relative, rather than placing the child in licensed foster care or other out-of-home placement, if it is in the child's best interests. Kinship care relatives who provide care and maintenance for one or more children may receive a kinship care payment of \$215 per month if found eligible.

12. The bill would eliminate the kinship care program. Instead, the bill would establish a graduated foster care licensing system based on the level of care provided by the foster home and the level of need required by the foster child, which would license current kinship care participants if they qualify. This issue is addressed in a separate paper.

13. As a result of the elimination of the kinship care program, the bill would establish a basic monthly foster care payment of \$215 for relatives who care for a child of any age. The Committee could increase rates for foster care parents who are relatives of the foster child by the same percentage as the foster care rates for nonrelative foster parents (Alternatives 2b through 4b).

14. Kinship care payments are currently funded with federal temporary assistance for needy families (TANF) block grant funds. The increase in funding for increasing foster care rates for a relative would decrease the TANF ending balance for the 2009-11 biennium. A reestimate of Wisconsin Works (W-2) and TANF-related programs is addressed in a separate paper. Therefore, the Committee may wish to fund any increases for foster care rates for relatives with GPR and matching federal Title IV-E funds.

15. Any increases that apply to court-ordered kinship care relatives who are licensed under the new graduated foster care licensing system would be eligible for Title IV-E match.

Assuming that the Title IV-E match rate is the same as the match rate for foster care and treatment foster care, the Committee could provide \$553,000 GPR and \$19,700 FED in 2009-10 and \$1,584,100 GPR and \$162,800 FED in 2010-11 to increase basic monthly payments for relatives at the rate of 5% in each year, beginning January 1, 2010 (Alternative 2b).

16. The Committee could also increase rates by 2.5% in each year and provide \$276,600 GPR and \$9,800 FED in 2009-10 and \$785,500 GPR and \$80,700 FED in 2010-11 (Alternative 3b).

17. Finally, the Committee could provide a 5% in the first year only and provide \$553,000 GPR and \$19,700 FED in 2009-10 and \$1,038,800 GPR and \$106,800 FED in 2010-11 (Alternative 4b).

18. The foster care rates under the bill and under Alternatives 2, 3, and 4 are shown in the following table for nonrelatives and relatives.

**TABLE 3**

**Foster Care Rates - Under Current Law, AB 75, and Alternatives 2, 3, and 4**

<u>Age</u>	<u>Current Law</u>	<u>AB 75</u>		<u>Alternative 2</u>		<u>Alternative 3</u>		<u>Alternative 4</u>	
		<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>
0 through 4	\$349	\$366	\$384	\$366	\$384	\$358	\$367	\$366	\$366
5 through 11	381	400	420	400	420	391	400	400	400
12 through 14	433	455	478	455	478	444	455	455	455
15 and over	452	475	499	475	499	463	475	475	475
Relative	\$215	\$215	\$215	\$226	\$237	\$220	\$226	\$226	\$226

**Clothing Allowance**

19. DCF may provide a clothing allowance when the child is initially placed in out-of-home care. As noted above, the maximum clothing allowance is: (a) \$150 for children up to age five; (b) \$175 for children between the ages of five and 11; and (c) \$200 for children ages 12 and older. Counties may reimburse a foster parent one time for the actual costs of the clothing purchases up to the maximum allowance.

20. The last time the clothing allowance was increased was in January, 1989. At that time the maximum clothing allowance was: (a) \$100 for children up to age five; (b) \$125 for children between the ages of five and 11; and (c) \$150 for children ages 12 and older. At that time, the maximum clothing allowance for each age group was increased by \$50.

21. AB 75 would provide \$121,300 (\$89,700 GPR and \$31,600 FED) in 2009-10 and \$242,600 (\$179,500 GPR and \$63,100 FED) in 2010-11 to increase the maximum clothing allowance by 50% (Alternative 1).

22. Based on the average expenditures for the clothing allowance in CY 2005 through CY 2008, it is estimated that counties receive \$182,400 annually in reimbursements. Based on this average, expenditures for the clothing allowance would total \$228,000 in 2009-10 and \$273,600 in 2010-11. Based on this estimate, compared to the bill, the Committee could reduce funding by \$75,700 (-\$56,000 GPR and -\$19,700 FED) in 2009-10 and \$151,400 (-\$112,200 GPR and -\$39,200 FED) in 2010-11 (Alternative 5a).

23. Alternatively, the Committee could increase the clothing allowance, but by a smaller percentage. If the Committee increases the maximum clothing allowance by 25%, expenditures would total \$205,200 in 2009-10 and \$228,000 in 2010-11. The Committee could reduce funding by \$98,500 (-\$72,900 GPR and -\$25,600 FED) in 2009-10 and by \$197,000 (-\$145,800 GPR and -\$51,200 FED) in 2010-11 (Alternative 5b).

24. The Committee could increase the clothing allowance by 10%, for total expenditures of \$191,500 in 2009-10 and \$200,600 in 2010-11. The Committee could reduce funding by \$112,200 (-\$83,000 GPR and -\$29,200 FED) in 2009-10 and by \$224,300 (-\$166,000 GPR and -\$58,300 FED) in 2010-11 (Alternative 5c).

25. The following table shows the maximum clothing allowance for each age range under current law, AB 75, and alternatives 5b and 5c.

**TABLE 4**

**Maximum Clothing Allowance for Each Age Group  
Under Current Law, AB 75, and Alternatives 5b and 5c**

<u>Age</u>	<u>Current Law</u>	<u>AB 75</u>	<u>Alternative 5b</u>	<u>Alternative 5c</u>
0 through 4	\$150	\$225	\$188	\$165
5 through 11	175	263	219	193
12 and over	200	300	250	220

**ALTERNATIVES**

1. Approve the Governor's recommendation to increase basic monthly foster care rates by 5% for CY 2010 and another 5% in CY 2011, to establish a basic monthly foster care rate for relatives of \$215 per month, and to increase the maximum clothing allowance by 50%.

2. Modify the Governor's recommendation to increase the following rates by 5% in CY 2010 and another 5% in CY 2011 based on more recent caseload data.

a. Basic monthly foster care rates. Increase funding by \$3,800 GPR and \$1,400 FED in 2009-10 and \$11,700 GPR and \$4,100 FED in 2010-11.

<b>ALT 2a</b>	<b>Change to Bill Funding</b>
GPR	\$15,500
FED	<u>5,500</u>
Total	\$21,000

b. Basic monthly foster care rates for relatives. Increase funding by \$553,000 GPR and \$19,700 FED in 2009-10 and by \$1,584,100 GPR and \$162,800 FED in 2010-11.

<b>ALT 2b</b>	<b>Change to Bill Funding</b>
GPR	\$2,137,100
FED	<u>182,500</u>
Total	\$2,319,600

3. Modify the Governor's recommendation to increase the following rates by 2.5% in CY 2010 and another 2.5% in CY 2011.

a. Basic monthly foster care rates. Reduce funding by \$190,600 GPR and \$67,400 FED in 2009-10 and \$585,900 GPR and \$207,600 FED in 2010-11.

<b>ALT 3a</b>	<b>Change to Bill Funding</b>
GPR	-\$776,500
FED	<u>- 275,000</u>
Total	-\$1,051,500

b. Basic monthly foster care rates for relatives. Increase funding by \$276,600 GPR and \$9,800 FED in 2009-10 and by \$785,500 GPR and \$80,700 FED in 2010-11.

<b>ALT 3b</b>	<b>Change to Bill Funding</b>
GPR	\$1,062,100
FED	<u>90,500</u>
Total	\$1,152,600

4. Modify the Governor's recommendation to increase the following rates by 5% in CY 2010.

a. Basic monthly foster care rates. Increase funding by \$3,800 GPR and \$1,400 FED in 2009-10 and reduce funding by \$396,400 GPR and \$140,500 FED in 2010-11.

<b>ALT 4a</b>	<b>Change to Bill Funding</b>
GPR	-\$392,600
FED	<u>- 139,100</u>
Total	-\$531,700

b. Basic monthly foster care rates for relatives. Increase funding by \$553,000 GPR and \$19,700 FED in 2009-10 and by \$1,038,800 GPR and \$106,800 FED in 2010-11.

<b>ALT 4b</b>	<b>Change to Bill Funding</b>
GPR	\$1,591,800
FED	<u>126,500</u>
Total	\$1,718,300

5. Modify the Governor's recommendation to provide a 50% increase in the maximum clothing allowance as follows:

a. Reduce funding by \$56,000 GPR and \$19,700 FED in 2009-10 and \$112,200 GPR and \$39,200 FED in 2010-11 to reflect average expenditures in CY 2005 through CY 2008.

<b>ALT 5a</b>	<b>Change to Bill Funding</b>
GPR	- \$168,200
FED	<u>- 58,900</u>
Total	- \$227,100

b. Reduce funding by \$72,900 GPR and \$25,600 FED in 2009-10 and \$145,800 GPR and \$51,200 FED in 2010-11 to reflect an increase of 25%, rather than 50%.

<b>ALT 5b</b>	<b>Change to Bill Funding</b>
GPR	- \$218,700
FED	<u>- 76,800</u>
Total	- \$295,500

c. Reduce funding by \$83,000 GPR and \$29,200 FED in 2009-10 and \$166,000 GPR and \$58,300 FED in 2010-11 to reflect an increase of 10%, rather than 50%.

<b>ALT 5c</b>	<b>Change to Bill Funding</b>
GPR	- \$249,000
FED	<u>- 87,500</u>
Total	- \$336,500

6. Delete provision.

<b>ALT 6</b>	<b>Change to Bill Funding</b>
GPR	- \$1,827,900
FED	<u>- 646,900</u>
Total	- \$2,474,800

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