



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #192

### **Services for Victims of Sex Trafficking (Children and Families -- Children and Families)**

[LFB 2017-19 Budget Summary: Page 95, #6]

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#### **CURRENT LAW**

The Division of Milwaukee Child Protective Services (DMCPS) in the Department of Children and Families (DCF) receives notification from law enforcement of potential victims of child sex trafficking and screens in all cases of suspected sex trafficking, regardless of whether the alleged abuser is a caregiver for the child. DMCPS contracts with Lad Lake, a nonprofit organization serving at-risk youth, to provide out-of-home residential treatment to victims of sex trafficking in Milwaukee County. The Lad Lake program offers a safe, therapeutic, and trauma-sensitive environment that removes victimized young girls from human trafficking, while helping to build self-esteem. The 12-month program utilizes trauma focused cognitive behavioral therapy designed to treat posttraumatic stress and related emotional and behavioral problems.

2015 Act 55 provided \$2.0 million GPR in 2016-17 for DCF to purchase or provide both residential treatment services and community-based services for children who are victims of sex trafficking in all geographic areas of the state. DCF uses most of this funding to pay rate-regulated daily rates at residential treatment facilities. Counties pay for any services provided above and beyond those covered by the daily rate.

DCF contracted with Lutheran Social Services to provide treatment services for victims of sex trafficking outside of Milwaukee County. The contract reserves capacity for up to 10 individuals in the 12-month residential treatment program. The Lutheran Social Services treatment facility began operating in February, 2017.

Effective May 29, 2017, the statutes will define child abuse to include sex trafficking of a child, and law enforcement will be required to refer all cases of sex trafficking of a minor by a non-caregiver in the state to a child protective services (CPS) agency. Child welfare agencies will be required to investigate all cases of alleged sex trafficking, even where the maltreater is

not a caregiver. As a result, child victims of sex trafficking will need out-of-home placement, treatment, and services. Thus, the current practice in Milwaukee will be implemented throughout the state. These provisions were enacted in 2015 Act 367.

## **GOVERNOR**

Increase funding by \$2,000,000 GPR in 2018-19 to reestimate the costs of out-of-home placements, services, and treatment for children and youth who have been or are at risk of alleged sex trafficking. Total funding under the bill would be \$2,000,000 GPR in 2017-18 and \$4,000,000 GPR in 2018-19.

## **DISCUSSION POINTS**

1. Over the last five years, numerous children have been rescued in Wisconsin from sex trafficking in annual investigations by the Federal Bureau of Investigation. In October, 2016, a nationwide investigation rescued 11 children and arrested 23 suspects for sex trafficking in Wisconsin. In October, 2015, nine children were rescued and 11 suspects were arrested. In 2014, six children were rescued and 12 suspects were arrested. A similar investigation targeting Madison, Wisconsin Dells, and the Fox Valley rescued 10 children in Wisconsin and arrested 100 suspects in July, 2013. In 2012, six children were recovered and 60 suspects were arrested across Wisconsin.

2. According to the National Human Trafficking Hotline, there were 53 potential cases of sex trafficking in Wisconsin reported to the organization in 2016, compared to 45 in 2015 and 38 in 2014. Overall, from 2007 to 2016 there were 268 cases of human trafficking reported.

3. A study conducted by the Milwaukee Homicide Review Commission examined Milwaukee police incident reports from August 1, 2010, to August 1, 2012, in order to estimate the number of youth trafficked. During the two-year period, 77 youth were identified as having been sex trafficked. Of these youth, 25 were between the ages of 12 and 15 and the remaining 52 were either 16 or 17 years old. More than 92% were female. Further, a survey of more than 1,300 sexual assault service providers, domestic violence providers, law enforcement officers, and district attorneys conducted by the Wisconsin Office of Justice Assistance between 2000 and 2007 identified more than 200 individuals as potential victims of trafficking. Approximately 15% of encountered victims were child victims of commercial sexual exploitation. Victims were identified in more than half of Wisconsin counties in both rural and urban counties.

4. The Wisconsin Court System's consolidated court automation programs case management system reports that there were 25 state convictions for trafficking of a child for sex acts from 2012 through 2016.

5. Victims of sex trafficking require specialized treatment for serious physical and mental health needs. According to DCF, children and youth who are sex trafficked typically experience coercion, physical violence, drug addiction, and sexual abuse, both at the hands of their traffickers and those who purchase sex. Services must be structured to ensure that victims will not be lured away or run away.

6. Under the policies in place in 2015, DCF indicates that in the average month six children were referred for to DMCPs as suspected victims of sex trafficking. Approximately half of such cases were determined to be in need of services.

7. The Lad Lake contract reserves capacity for six individuals from Milwaukee County. The program typically operates at full capacity. Each participant is placed with Lad Lake and receives treatment for an average of 12 months. The program ends with reintegration into the child's home.

8. The 2017 daily rate approved by DCF for Lad Lake under the rate regulation program is \$478.23. On an annual basis, six individuals would cost approximately \$1.0 million. Payment is funded under the DMCPs general child welfare services appropriation for out-of-home care costs.

9. In addition to Lad Lake, the Grateful Girls Safe Haven group home also takes in children in Milwaukee County who have been victims of sex trafficking. The group home has capacity for three girls, having an average stay of 12 months with a daily rate of \$245.01. Grateful Girls Safe Haven is not a specialized treatment center and does not offer the same services as Lad Lake.

10. 2015 Act 55 provided \$2.0 million GPR in 2016-17 to expand services for victims of sex trafficking outside of Milwaukee County. This funding supports the contract with Lutheran Social Services to provide treatment capacity for 10 individuals outside Milwaukee County for a length of stay between six and 12 months. The 2017 daily rate approved by DCF for Lutheran Social Services under the rate regulation program is \$433.75. At that rate, on an annual basis treatment capacity for 10 individuals would cost approximately \$1.6 million GPR.

11. The Lutheran Social Services treatment program began operation at the end of February, 2017. Nine of the 10 beds were filled by the end of March, and DCF indicates that the facility is very likely to operate at full capacity going forward.

12. Currently, there is a total capacity to provide specialized treatment services for 16 victims of child sex trafficking in Wisconsin. DCF indicates that current need exceeds that capacity.

13. Effective May 29, 2017, all suspected child sex trafficking cases must be referred by law enforcement to CPS agencies statewide. CPS agencies must investigate such cases and provide services where needed. As a result, it is likely that the current treatment capacity will not be sufficient to meet the needs of sex trafficking victims statewide.

14. In addition to funding residential out-of-home care services, current sex trafficking funding supports community-based services. For example, as part of the Wisconsin Anti-Human Trafficking Task Force and implementing 2015 Act 367 and the federal Preventing Sex Trafficking Act of 2014, DCF outlined a three-part plan to address sex trafficking in Wisconsin. This includes expanding residential placement capacity, improving service provider competency, a public awareness messaging campaign, and the development of a regional hub model across the state to delivery community-based services. The hubs would coordinate services among providers in their respective regions, link victims to those services, and cultivate the expertise necessary to provide specialized treatment services to victims of sex trafficking. The plan is meant to be implemented

over the next several years.

15. To estimate future costs under Act 367, a review of the number of victims and services needed is required. However, due to the surreptitious nature of the crime of human trafficking, it is difficult to quantify the need for services in Wisconsin or estimate the population of child victims of sex trafficking. DCF indicates that it will take between six and 12 months of experience under Act 367 to acquire reliable caseload numbers.

16. Due to the lack of reliable data regarding the number of child victims of sex trafficking in the state, the Committee may wish to approve the Governor's recommendation to provide \$2.0 million GPR in 2018-19, when DCF will be better able to determine need for services across the state. Total funding for sex trafficking services would be \$2.0 million GPR in 2017-18 and \$4.0 million GPR in 2018-19.

17. On the other hand, current capacity for treatment services is likely inadequate to meet the current level of need and that need is very likely to increase as Act 367 is implemented. Therefore, the Committee could decide that additional funding for 2017-18 is necessary. Because it is reasonable to expect a similar level of need for specialized treatment services in 2017-18 and 2018-19, the Committee may wish to provide an additional \$2.0 million GPR in 2017-18 (Alternative 2).

18. Alternatively, given the data currently available, it is reasonable to believe that the additional caseload across the state under Act 367 could be similar to the estimated Milwaukee caseload (which already reflects the mandatory referral to CPS agencies and investigation of suspected child sex trafficking cases). Assuming: (a) that an additional five children will be referred to CPS agencies outside of Milwaukee each month; (b) that half of those children require treatment services at Lutheran Social Services (or a similarly priced residential treatment facility); and (c) 11 of the children needing services would not need specialized residential treatment or would run away or otherwise be unable to be located by DCF; then the annual additional cost for residential services would be approximately \$3.0 million GPR annually (19 individuals receiving 12 months of treatment at a cost of \$433.75 per day). Thus, the Committee may wish to provide an additional \$3.0 million GPR in 2017-18 and \$1.0 GPR in 2018-19 to expand statewide treatment capacity (Alternative 3). Total funding for sex trafficking services would be \$5.0 GPR million annually.

19. In its agency budget request, DCF sought an increase over base funding of \$5,873,200 GPR in 2017-18 and \$6,536,400 GPR in 2018-19 to fund sex trafficking initiatives and provide services under current law and Act 367. The Committee could provide funding in that amount to ensure that both residential services and community-based services are funded throughout the state (Alternative 4). Total funding for sex trafficking services would be \$7,873,200 GPR in 2017-18 and \$8,536,400 GPR in 2018-19. It should be noted, however, that DCF Secretary Anderson did not request this increase in funding in her testimony before the Committee.

20. Finally, the Committee could decide that there is insufficient data to support increased funding for sex trafficking initiatives and services. Currently, there is no official data source which accurately tracks the number of victims of sex trafficking. After Act 367 takes effect, DCF would be able to better track and account for the needs of victims across the state. The Committee may wish to delete the Governor's proposal from the bill, so that the issue could be taken up once better data

becomes available to determine the cost (Alternative 5).

## ALTERNATIVES

1. Approve the Governor's recommendation to provide \$2,000,000 GPR in 2018-19 in order to expand services for victims of child sex trafficking under 2015 Act 367. Total funding for sex trafficking services would be \$2,000,000 GPR in 2017-18 and \$4,000,000 GPR in 2018-19.

ALT 1	Change to	
	Base	Bill
GPR	\$2,000,000	\$0

2. Modify the Governor's recommendation to provide an additional \$2,000,000 GPR in 2017-18. Total funding for sex trafficking services under the bill would be \$4,000,000 GPR annually.

ALT 2	Change to	
	Base	Bill
GPR	\$4,000,000	\$2,000,000

3. Modify the Governor's recommendation to provide an additional \$3,000,000 GPR in 2017-18 and \$1,000,000 GPR in 2018-19. Total funding for sex trafficking services would be \$5.0 GPR million annually.

ALT 3	Change to	
	Base	Bill
GPR	\$6,000,000	\$4,000,000

4. Modify the Governor's recommendation to provide an additional \$5,873,200 GPR in 2017-18 and \$4,536,400 GPR in 2018-19. Total funding for sex trafficking services would be \$7,873,200 GPR in 2017-18 and \$8,536,400 GPR in 2018-19.

ALT 4	Change to	
	Base	Bill
GPR	\$12,409,600	\$10,409,600

5. Delete provision.

ALT 5	Change to	
	Base	Bill
GPR	\$0	-\$2,000,000

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