

AN EVALUATION

Kinship Care Program

Department of Health and Family Services

98-16

December 1998

1997-98 Joint Legislative Audit Committee Members

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December 21, 1998

Senator Mary A. Lazich and
Representative Carol Kelso, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator Lazich and Representative Kelso:

We have completed an evaluation of the Kinship Care program administered by the Department of Health and Family Services. The program provides cash assistance to individuals who provide care for the children of relatives who are absent or otherwise unable to care for their children. The program's budget, \$24.2 million in fiscal year 1998-99, is funded through the federal Temporary Assistance to Needy Families (TANF) block grant and general purpose revenue funds. More than 8,000 children received Kinship Care benefits in June 1998.

Attention was drawn to the Kinship Care program in 1998, when eligible children and families were being placed on waiting lists because funding was insufficient to meet demand for the program. Although budget predictions underestimated the number of eligible families who would apply for the program, especially in Milwaukee, we did not find the projections to have been unrealistic given information available at the time. In September, an additional \$1.9 million was transferred to the program to provide benefits to families reported to be on waiting lists and to allow for some additional growth.

In investigating the reasons for the unexpected program growth, we found inconsistent program implementation among local agencies, particularly with regard to the treatment of children's and caretaker relatives' income. This inconsistency indicates a need for additional legislative attention. In addition, the Department's management and oversight of the program has been limited. Therefore, we include recommendations for additional program monitoring to support informed management and policy decisions.

We appreciate the courtesy and cooperation extended to us by staff in the Department of Health and Family Services and local agencies. The Department's response is Appendix III.

Respectfully submitted,

Janice Mueller
State Auditor

JM/KM/ce

SUMMARY

The Kinship Care program provides cash assistance to individuals who have taken responsibility for their relatives' children when the parents are unable or unwilling to do so, and who therefore may prevent or eliminate the need for the children's placement in licensed foster homes. The program was created in January 1997 to replace assistance formerly available to these families under the discontinued Aid to Families with Dependent Children program for children living with non-legally responsible relatives (AFDC/NLRR). The amount of assistance is \$215 per month for each eligible child.

Kinship Care is administered at the state level by the Department of Health and Family Services and at the local level by child protective services agencies, which are operated by county departments of social services or human services, and by tribal governments. Its fiscal year 1998-99 budget was \$24.2 million, which was funded by federal Temporary Assistance to Needy Families (TANF) block grant funds and general purpose revenue.

Concern about the adequacy of the program's funding arose in 1998. Local agencies reported that June 1998 benefits were paid for 8,016 children, or 349 more than the 7,667 estimated during budget preparation in early 1997. An additional 594 children were on waiting lists for Kinship Care in June 1998, 468 of whom were in Milwaukee County. In response, in September 1998, the program's original budget of \$22.3 million was supplemented by a reallocation of \$1.9 million from the TANF block grant. This amount is expected to prevent the recurrence of waiting lists through the end of the current biennium.

Reasons for the unexpectedly high demand for program benefits cannot be determined precisely. Because the eligibility requirements for Kinship Care are more restrictive than those for AFDC/NLRR had been, the program's first biennial budget was based on assumptions that fewer families would participate in Kinship Care. However, the number of children statewide for whom Kinship Care assistance has been requested now approximately equals the number of children who had been receiving AFDC/NLRR, reversing several years of decline in the AFDC/NLRR caseload. Demand has grown particularly fast in Milwaukee, where more than 5,400 children were either receiving or on a waiting list for Kinship Care benefits in June 1998.

As we examined program growth, we found other problems that indicate a need for additional legislative attention to the Kinship Care program. First, the Kinship Care statutes, ss. 48.57(3m) and (3n), Wis. Stats.,

require that only two types of income—disabled children’s Supplemental Security Income and any child support paid for the child—affect a child’s eligibility for the program or the amount paid to the caretaker relative. However, local agencies have adopted varying practices, such as setting income eligibility thresholds for caretaker relatives and reducing benefits for children receiving Social Security Survivors benefits. We include recommendations that the Department take action to enforce its prohibition against locally adopted eligibility criteria, and that the Legislature re-examine the program’s financial eligibility criteria.

Another area for legislative consideration is related to the criteria for determining whether a child meets the statutory eligibility requirement of being “at risk” of becoming a child in need of protection or services. The statutory record is unclear regarding whether children who are not in immediate danger can be considered to be at risk. For example, it is not clear in either statutes or administrative rule whether a child who is left with grandparents while his or her mother resides in a homeless shelter after being evicted could be considered at risk of becoming a child in need of protection or services. The Legislature has already directed the Department to promulgate administrative rules that include assessment criteria for determining eligibility for Kinship Care payments, and the Department expects to submit these rules to the Legislature in January 1999. With them will come the opportunity to deliberate and clarify statutory intent relating to the eligibility of children who are not yet in need of protection or services for Kinship Care assistance.

We also found that the Department has provided the Kinship Care program with only minimal monitoring and oversight. For example, although local agencies began to create waiting lists for program benefits as early as August 1997, the Department did not quantify the problem statewide until more than a year later, as it prepared its request for the 1999-2001 biennial budget. The Department has no current plans to continue to monitor waiting lists or other unfunded demand for program services.

Finally, we found that minimal effort has been made to monitor local agencies’ assessment costs or the adequacy of their efforts to obtain reimbursement for Kinship Care benefits from children’s parents through child support assignments. This lack of information regarding program operations and expenditures limits the Department’s and the Legislature’s ability to ensure that program funds are appropriately used and to make well-informed policy and budget decisions. Therefore, we include recommendations for improving the Department’s administration and oversight of program activities.

INTRODUCTION

Kinship Care replaced AFDC for those children who reside with relatives.

Children may reside with adults other than their parents because they are not safe in their own homes, because their parents are deceased, because their parents are unwilling or unable to care for them, or for other reasons. Licensed foster home placement is the only suitable alternative for some of these children, but others have relatives who are willing to care for them. The Kinship Care program provides cash assistance in the amount of \$215 per month for each eligible child under the age of 18 who is living with a caretaker relative. The program was created in January 1997 to replace assistance formerly available under the discontinued Aid to Families with Dependent Children program for children living with non-legally responsible relatives (AFDC/NLRR). It is administered at the state level by the Department of Health and Family Services and at the local level by child protective services agencies, which are operated by county departments of social services or human services, and by tribal governments within their jurisdictions.

Kinship Care funding totaled \$19.1 million in fiscal year (FY) 1997-98 and \$24.2 million in FY 1998-99. The Temporary Assistance to Needy Families (TANF) block grant plan provided \$39.8 million, of which 50.7 percent was federal funds and 49.3 percent was state general purpose revenue (GPR). These funds were supplemented with \$3.5 million in GPR. The original appropriation for FY 1998-99 was \$22.3 million; an additional \$1.9 million was transferred to the program in September 1998, in response to the growth of caseload beyond original projections.

In June 1998, 594 children statewide were on waiting lists for Kinship Care assistance.

Local agencies reported that Kinship Care monthly benefits were paid in June 1998 for 8,016 children, or 349 more than the 7,667 estimated during budget preparation in early 1997. An additional 594 children had been placed on waiting lists because the program's original appropriation was insufficient to meet demand. The \$1.9 million in TANF funds was reallocated to provide for the program's needs through the end of the biennium.

The budgetary shortfall during the program's first biennium raised questions regarding the unexpectedly high demand for Kinship Care benefits. Therefore, we evaluated the implementation of the Kinship Care program to determine:

- how the assumptions used to prepare the budget compared to the program's actual experience in the first year;

- how program requirements and guidelines may be affecting program use; and
- whether the program has been implemented consistently among local agencies.

In the course of this evaluation, we examined state statutes and departmental guidelines controlling the program, documents related to budget projections, and caseload and expenditure information reported by local agencies. In addition, we interviewed local and departmental staff with responsibility for the program’s budget and operations and contacted national sources regarding kinship care policy and trends.

Program Participants

Children are placed in the care of relatives when parents are unable or unwilling to care for them.

Children may live with relatives as the result of unavoidable circumstances, such as a parent’s death or disability, or because other circumstances create a situation in which they could be better cared for by a relative than by a parent. Examples of situations in which children live with relatives, which might create eligibility for Kinship Care depending upon other circumstances, include:

- when the parent is incarcerated, or incapacitated by alcohol or drug abuse;
- when the parent is a teenager unprepared for the responsibilities of motherhood who determines that her infant would be better supervised and cared for by her own mother;
- when the parent believes that a child cannot live safely with other adults who share the parent’s residence;
- when a family has been evicted from its residence, so that children are sent elsewhere until the parent can afford a residence large enough for a family; or
- when a relative and a parent agree that the relative is better able to provide the necessary supervision to a rebellious teenager.

Relatives have no legal financial responsibility for children of the extended family.

Federal and state governments have for many years provided financial assistance to individuals who have taken responsibility for their relatives’ children. Although relatives have no greater legal responsibility for the children’s financial support than do unrelated foster parents, some accept this responsibility without needing or requesting financial assistance. Others may need financial assistance to care for children of their absent

relatives. In any case, the willingness of relatives to care for these children may prevent or eliminate the need for more costly placement in licensed foster homes.

The former AFDC program provided cash assistance to children whether they were in the care of relatives or their own parents. Of the 41,897 families who were receiving AFDC benefits in March 1997, the last month of that program's full operation in Wisconsin, 31,560 families consisted of non-disabled parents caring for their own minor children. These families were eligible for the new Wisconsin Works (W-2) employment program, one of whose central purposes was to provide parents with incentives and assistance to become economically self-supporting.

Former AFDC children living with relatives or disabled parents are not eligible for W-2 benefits.

However, the remaining 10,337 families were "child-only" cases: families in which the only AFDC recipients were children living with relatives or disabled parents. For these families, an employment program was inappropriate, and therefore they were not made eligible for W-2. For children of disabled parents, a new Caretaker Supplement program, or C-Supp, replaced AFDC. This program provides disabled parents with \$100 per month for each eligible dependent child. Application for these benefits automatically takes place when parents apply for Medical Assistance for the child. As of August 1998, 5,848 households were receiving these payments.

Eligibility Criteria and Benefit Levels

As noted, for children in the care of relatives, Kinship Care replaced AFDC/NLRR. The new program is similar to AFDC/NLRR in that state and federal requirements do not limit eligibility to those caretaker relatives who are in financial need, and disabled children receiving Supplemental Security Income are not eligible. Like AFDC/NLRR, Kinship Care is available to children whose residence with relatives has been arranged voluntarily within the family; availability is not limited to children whose placement has been arranged by a court or other public agency, as is true for the foster care program.

Kinship Care eligibility is more restricted than was AFDC for children living with relatives.

In other ways, the two programs differ. AFDC/NLRR was administered by local economic support agencies as a financial assistance program; the staff who decided a family's eligibility were economic support specialists who determined only that the child was in the care of a relative. In contrast, Kinship Care is administered by local child protective services agencies, which must conduct an assessment of the family's situation before deciding that a child is eligible for assistance. These assessments, usually conducted by social workers, determine:

- whether there is a need for the child to live with the relative and that the arrangement is in the best interests of the child;
- whether the child meets, or is at risk of meeting, one or more of the statutory criteria for being in need of protective services. These criteria, included as Appendix I, generally describe situations in which the parent is absent or unable to care for the child, or situations involving abuse or neglect; and
- whether the relative and any other adult who would have regular contact with the child have no arrests or convictions that could adversely affect the child.

Kinship Care statutes, ss. 48.57 (3m) and (3n), Wis. Stats., also require the caretaker relative to cooperate with the child support agency in establishing and enforcing orders to obtain child support from the parents, and to apply for other forms of available assistance such as food stamps, Medical Assistance, and child care. Each approved case is reviewed every 12 months to determine whether eligibility criteria continue to be met.

Although providing assistance to caretaker relatives and the children in their care is an allowable use of TANF funds, there is no federal requirement that TANF funds be used for that purpose. It should also be noted that Kinship Care is not part of the W-2 program, although both programs are funded through the TANF block grant and both were created by 1995 Wisconsin Act 289.

Kinship Care is available to children until the age of 18. Statewide data on the children's ages are not available, although data from Milwaukee County, shown in Table 1, indicate that 65.8 percent of the children are younger than 12.

Table 1

Ages of Children Receiving Kinship Care Assistance
Milwaukee County, June 1998

	<u>Number</u>	<u>Percentage</u>
Under 5 years old	894	18.0
5–11 years old	2,378	47.8
12–14 years old	911	18.3
15 or older	<u>792</u>	<u>15.9</u>
Total	4,975	100.0

For many families, Kinship Care payments are similar to those formerly available from AFDC.

For families with only one or two children in the care of relatives, Kinship Care benefits are slightly less than those that were available under AFDC/NLRR, as shown in Table 2. For families with three or more children, Kinship Care provides higher monthly payments. However, neither program provides payments as high as those that would be made if the children were placed in foster homes.

Table 2

Monthly Payments to Caregivers of Children of Absent Parents

<u>Program</u>	<u>Number/age of children</u>	<u>Monthly payment</u>
Kinship Care	Any child, any age	\$215
Aid to Families with Dependent Children	One child, any age	248
	Second child	192
	Third child	77
	Fourth child	100
Licensed Foster Care, basic payment per child, 1998*	Up to age 5	289
	Ages 5–11	315
	Ages 12–14	358
	Ages 15–17	374

* In addition to these basic foster care payments, staff in the Department estimate more than 60 percent of foster parents are provided with supplemental payments to provide for children with special needs or exceptional circumstances.

Increased Demand for Kinship Care Assistance

Budget assumptions predicted Kinship Care would serve fewer children than AFDC/NLRR did.

The first budget for the Kinship Care program was developed as part of the 1997-99 biennial budget. At that time, it was anticipated that only approximately 83 percent of children receiving AFDC/NLRR would become Kinship Care cases, because it was expected that:

- some AFDC/NLRR caretaker relatives would not apply because of privacy concerns related to the requirement that the child’s home be visited by child protective services staff;

- some AFDC/NLRR children would not qualify for the new program because no need for the placement with relatives would be determined; and
- some AFDC/NLRR caretaker relatives would not qualify for the new program as a result of criminal records.

It was also assumed that, after the original conversion period, the number of new cases would approximately equal the number of families leaving Kinship Care, so no additional funds would be needed for any caseload increase attributable to demand from families who had not previously received public assistance. Based on these assumptions, it was estimated that Kinship Care benefits would be paid for 7,222 children in January 1998.

By August 1997, local agencies began to place families on waiting lists.

However, demand for Kinship Care benefits soon exceeded expectations. As it became clear to local agencies that budgeted funds would not cover demand through the end of the biennium, they began to place families on waiting lists. At least one county created a waiting list as early as August 1997. By June 1998, 594 children were on waiting lists with ten local agencies around the state. In addition, according to local agency staff, some eligible families were neither provided Kinship Care benefits nor placed on waiting lists. In interviews, staff of seven local agencies reported to us that some families had been turned away or provided assistance with local funds, although data to document the extent of this practice are not available.

Demand for cash assistance from AFDC/NLRR had been declining.

Although the number of claims for Kinship Care was greater than expected, the assumptions that shaped the initial program appropriations were not unrealistic, given the information available at that time. Demand for cash assistance by caretaker relatives had, in fact, been falling under AFDC/NLRR: from March 1994 (the earliest month examined in preparatory analysis for Kinship Care budgets) to March 1997, the number of children receiving AFDC/NLRR declined by approximately 10 percent, from 9,600 to 8,632. By March 1998, after all AFDC/NLRR cases had been closed or reopened as Kinship Care cases, demand for cash assistance had declined another 4 percent from March 1997 levels.

After March 1998, however, the demand for cash assistance from caretaker relatives began to increase, as indicated by the number of eligible families receiving or on waiting lists to receive Kinship Care. By June, 8,610 children were receiving or were waiting for benefits, approximately the same number as had been receiving AFDC/NLRR in March 1997, the month before the Kinship Care program began operation.

Demand for Kinship Care assistance has been relatively high in Milwaukee.

However, the increase has not occurred evenly throughout the state, as shown in Appendix II. In Milwaukee County, the level of demand for the program has not only exceeded 1997 demand for AFDC/NLRR, the number of children for whom caretaker relatives are receiving or seeking Kinship Care has exceeded AFDC/NLRR participation in 1994.

To provide for the needs of the families on the Kinship Care waiting lists, the Department requested and received from the Legislature a reallocation of TANF funds in September 1998, with the expectation that this additional \$1.9 million will be sufficient to meet eligible families' demand for benefits through the end of the current biennium.

In addition, staff of the Department have reported an intention to seek additional funds as the need arises. This intent was apparent in the Department's budget for the 1999-2001 biennium, submitted to the Department of Administration in September 1998, which requested \$27.7 million in FY 1999-2000 and \$27.8 million in FY 2000-01, representing increases over the FY 1998-1999 budget of 14.4 percent and 15 percent, respectively. Such funding would allow payment for a monthly average of more than 10,000 children during each year. It should be noted, however, that the Department of Workforce Development submitted a 1999-2001 biennial budget plan for the entire TANF block grant, which includes Kinship Care, that proposed only \$24.0 million each year for the program. This difference in budget proposals between the departments needs to be resolved during the budget process.

If the Legislature wishes to ensure that waiting lists do not redevelop, it could, as the Department is proposing, appropriate sufficient funds to provide for all eligible families who seek assistance, without necessarily changing program components. Because demand for other programs funded by the TANF block grant has been lower than expected, it appears that sufficient TANF funds will be available to fully fund demand for Kinship Care.

Eligibility requirements and program management may need additional legislative attention.

However, as we examined the size of program growth and the reasons for it, we found other developing problems that indicate a need for additional legislative attention to the Kinship Care program. Legislative intent regarding several aspects of the program, including how family income should be considered in determining eligibility and benefit levels and whether children must be in immediate danger in their own homes to qualify for assistance, has not been sufficiently clear to state and local officials. The Legislature may also wish to consider the level of program oversight. We found the Department has exercised a level of oversight and monitoring that allowed variation to develop among local agencies and that limited the amount of reliable information available for program management, policy development, and budgeting.

ELIGIBILITY AND BENEFIT DETERMINATIONS

Children receiving permanent disability benefits are not eligible for Kinship Care benefits.

Current state statutes require that only one type of income be considered in determining a family's eligibility for Kinship Care: children receiving Supplemental Security Income for a permanent disability are not eligible for Kinship Care. In addition, although statutes do not require child support to be taken into account in determining eligibility, any child support paid for a child receiving Kinship Care must be assigned to the State, so that the family will receive only any child support that exceeds the amount it receives in Kinship Care benefits. Although the Department informed the local agencies by memorandum in April 1997 that they "may not add eligibility criteria which are not included in the statutory language," it has not monitored their actions in this area and, as a result, was unaware agencies were adopting varying practices regarding both eligibility and calculation of benefits.

Inconsistent Local Practices

In a telephone survey of child protective services staff with responsibility for operating Kinship Care programs in 27 different jurisdictions, which we conducted between August and November 1998, local staff reported varying practices regarding how the income of children and caretaker relatives affects program eligibility and benefit amounts. As a result, similarly situated caretaker relatives and children have received different benefits from the Kinship Care program, depending upon the jurisdiction in which they applied for assistance.

Some localities deny eligibility when parents have higher incomes or pay child support.

Most local agencies do not take parental income into account when determining the eligibility of caretaker relatives and children for Kinship Care. If the parents have income and can be located, they can be ordered to pay child support, which, as noted, is then assigned to the State so that only the amount in excess of the amount paid by Kinship Care is forwarded to the caretaker relative. Staff of one county, however, stated that Kinship Care benefits are denied to children of parents whose income and assets exceed the federal poverty level. Staff from two counties reported that in their jurisdictions, children whose parents were paying child support in excess of the normal Kinship Care benefit of \$215 a month were not eligible for Kinship Care. Other local agencies explained that although they would not refuse benefits to caretaker relatives who are receiving child support, they discourage those applications.

Consideration of the income of the caretaker relative also varies among local agencies. With the exception of a prohibition against receiving both foster care payments and Kinship Care payments for the same child at the

same time, statutes do not require consideration of the income and assets of the caretaker relative. Most local staff reported that their agencies do not consider the income or assets of caretaker relatives. However, one county adopted a policy of denying Kinship Care benefits to caretaker relatives with incomes in excess of 165 percent of the poverty level. County staff reported that this policy was not enforced, but staff in two other counties reported that they are considering such a policy. Staff in another county reported an instance of successfully discouraging an application from a caretaker relative, based on the relative's statement that the funds would be set aside for the child's education and the social worker's judgment of the caretaker relative's assets after a home visit.

Local agencies differ in how children's income is treated.

Treatment of the children's income appears to vary widely among local agencies. In addition to Supplemental Security Income for disabled children and child support, some children receive earned income or income from other sources, such as Social Security Survivors benefits or life insurance payments for deceased parents. Only six counties of those surveyed stated that they would not consider any income or assets of the child, other than as directed in statutes. Staff in three counties reported that they were unsure what their counties' policies would be because they had not yet received, or had only recently received, an application for a child who has income. Many local agencies reported a practice of reducing Kinship Care payments in the amount of any income such as life insurance benefits, so that a child receiving more than \$215 a month in income could be technically eligible for Kinship Care but receive no benefits. One county specified that it would consider only unearned income and would not reduce benefits or deny eligibility in recognition of a child's earned income.

The reasons for local agencies' willingness to consider additional sources of income in calculating the amount of benefits, or to establish unique local eligibility criteria without clear statutory authority and in contradiction of the Department's memorandum stating that no such eligibility criteria are to be adopted, are unclear. Although the local child protective services agencies that administer Kinship Care did not administer AFDC/NLRR, some local staff may have been aware that AFDC benefits could be reduced or discontinued in recognition of a child's unearned income and may have assumed that similar requirements applied to Kinship Care. Some local agencies indicated that they adopted local eligibility criteria and set priorities among types of Kinship Care situations in response to funding levels inadequate to meet demand. One local staff person explained that because the Legislature had excluded children receiving Supplemental Security Income payments from Kinship Care eligibility, he assumed that other Social Security income should also be considered in assigning benefits.

In addition, based on written instructions from the Department that indicated local agencies had authority to consider a child's unearned income, some local agencies might have made a logical inference that a

child with unearned income exceeding the amount of Kinship Care benefits would be ineligible. In fact, a staff person in one county we interviewed stated to us that he had recently acted upon just such an inference and denied Kinship Care to a child who was receiving Social Security Survivors benefits.

To eliminate inconsistencies among local agencies, we recommend the Department of Health and Family Services instruct local agencies that they are to adopt and enforce no local policies or practices that restrict access to benefits beyond the restrictions currently in Wisconsin statutes, in the form of either eligibility requirements or benefit reductions based on income.

Consideration of Income

Income-related restrictions on eligibility could be expanded.

The adoption of unique local eligibility criteria may be without statutory authority, but it can be interpreted as evidence of a common perception that the income-related program restrictions could be expanded. Although caretaker relatives cannot be compelled to care for or provide financial support for the child of a relative, it would be possible to limit the availability of financial assistance to only those caretaker relatives with low or moderate incomes. Doing so would provide public funds to only those families for whom the costs of caring for a relative's child would be prohibitive or burdensome. The adverse effect of such regulations on more affluent families might not be significant; several local staff reported instances in which caretaker relatives with adequate incomes did not request cash assistance but sought only to establish the child's eligibility for Medical Assistance.

On the other hand, it could be argued that those who are caring for children for whom a court has ordered out-of-home placement deserve some payment regardless of their financial need, in recognition that the service they are providing eliminates the need for even larger payments to licensed foster homes. Moreover, relatives who are caring for children whose out-of-home placement has not yet been court-ordered may be eliminating the need for both the legal proceedings to obtain a court order and foster care placements. As a result, some argue that relatives' income should be not considered regardless of the legal status of the child.

Considering the income and assets of the children is a more complex issue. Under AFDC/NLRR, benefits were to be reduced by the amount of a child's unearned income; a child was ineligible for AFDC when such income exceeded the amount of benefits for which the child might have qualified without the income. Earned income was disregarded if the child was a student. One argument for considering such income in the determination of eligibility for Kinship Care payments, or in setting the amount of those payments, is that the purpose for which Social Security Survivors benefits and life insurance are provided to children is the same

as that for which Kinship Care was created: to provide for the child's financial needs in the absence of the parents. Arguments against consideration of the child's earned income include concerns that it might provide a disincentive for teenage recipients to earn workplace experience and develop a productive work ethic.

The Legislature could consider additional refinement of the provisions in the Kinship Care statutes relating to the income of the children and caretaker relatives. In addition to the possible benefits and drawbacks of considering such income in eligibility determinations, other considerations could include whether restrictions related to children's income should reduce Kinship Care benefits in different ways than such income affects children who are living with parents receiving W-2 cash assistance, and whether additional financial restrictions should affect all potential Kinship Care recipients or only children who are not placed in their relatives' homes as the result of a court order.

The inconsistent local policies related to income appear to have been a result of minimal or inconsistent departmental guidance and the efforts of local agencies to control demand for limited funds. However, statutory intent is less clear and the Department's guidance even more limited in another area: the conditions under which Kinship Care should be provided to children who do not appear to be in immediate danger in their parents' homes.

USE OF KINSHIP CARE FOR VOLUNTARY PLACEMENTS

Children who receive Kinship Care must need protection or services or be at risk of such a need.

Kinship Care statutes provide eligibility to children who either meet or are “at risk” of meeting the statutory criteria for being in need of protection or services. For those children who have already been determined by a court to need placement outside the home, it is clear that this eligibility requirement has been met. However, when residence with relatives has been informally arranged, child protective services staff must determine whether the children are at risk of meeting the criteria for needing of protection or services, and are therefore eligible for Kinship Care payments.

Neither statutes, administrative rules, nor written program guidance developed by the Department provide much guidance to local agencies regarding the circumstances under which a child may be considered at risk of needing protection or services. In June 1998, the Legislature directed that the Department promulgate rules to provide assessment criteria for determining eligibility for Kinship Care payments, which the Department expects to submit to the Legislature in January 1999. With these rules will come the opportunity to deliberate and clarify legislative intent relating to children in voluntary placements who are not yet in need of protection or services.

Reasons for Voluntary Placements

Staff working with the families of Kinship Care children report it is not uncommon for children who have not been involved with the courts to be living with relatives as a result of home situations that are as troubled as those providing the basis for other children’s court-ordered out-of-home placements. The Department collects no statewide information on the underlying reasons for the children’s residence with relatives, but the social services agency that performs Kinship Care assessments in Milwaukee County was able to provide information on the circumstances surrounding approximately 1,700 1997 Kinship Care cases involving children without court orders, shown in Table 3.

Table 3

Primary Reason for Children’s Residence with Relatives in Milwaukee County*

	<u>Number of cases**</u>	<u>Percentage of total</u>
Parental alcohol or drug abuse	549	32.0 %
Parent ‘unable to care’ for child	320	18.7
Abuse or neglect	215	12.6
Parent deceased	173	10.1
Abandonment by parent	172	10.0
Parental incarceration	148	8.6
Mental illness	92	5.4
Other	<u>44</u>	<u>2.6</u>
Total	1,713	100.0 %

* Includes those Milwaukee County children without court-ordered placements who had received AFDC/NLRR before beginning to receive Kinship Care benefits in 1997.

** Agency staff estimated an average of approximately 1.5 children per case.

Source: Perez-Pena, Ltd., a private social services agency performing Kinship Care assessments under contract with the Bureau of Milwaukee Child Welfare, Department of Health and Family Services

Obtaining a court order for out-of-home placement can be costly and disruptive.

Furthermore, child protective services staff explain that it is not always advisable to seek a court order whenever a child’s home situation deteriorates, even though a judge might grant such an order if requested to do so. Taking such action when members of the child’s extended family have already agreed to provide a stable and safe home for the child may be a questionable use of public resources and possibly disruptive of the family situation, because it would require:

- involvement of the local district attorney or corporation counsel to file a petition;
- appointment of an attorney to represent the child’s interests;
- the investment of substantial effort by the child protective services agency to create the necessary documentation;
- involvement of a judge or court commissioner; and perhaps
- legal representation for the family.

Therefore, most agree it is important to provide authority, as current statutes do, for local staff to provide Kinship Care benefits to children whose residence with relatives has been arranged voluntarily within the family, in addition to those whose out-of-home placement was ordered by a court. However, if child protective services staff are to make these judgments outside the judicial process, they need to be provided with guidance in exercising these judgments.

Criteria Indicating Risk of Needing Protection or Services

**Local staff are to use
“best professional
judgment.”**

As noted, no administrative rules yet exist to provide assessment criteria for local staff to use in determining whether children meet the statutory criteria for Kinship Care eligibility, and written guidance is limited. The Department’s policy statement for local agencies, a January 1998 memorandum titled *Volume 2 of the Kinship Care Questions and Answers*, contains only the statement “Best professional judgment should be used” as instructions for local agencies concerning determination of whether living with a relative is in the best interests of a child, or whether a child is at risk of meeting the criteria relating to the need for protection and services.

In addition, the statutory intent that is to be codified in administrative rules is unclear. The legislation containing the mandate for administrative rules regarding assessment criteria originally specified that these rules should include criteria for determining eligibility “in cases in which the safety of the child is not an immediate concern, but placement of the child...could avoid the need for more costly intervention services.” This language was vetoed with an explanation that it was contrary to an original intent that Kinship Care funding should be limited to only those “children who are not safe in their own homes.” This intent, however, does not appear to be recorded in the legislative history, and language providing eligibility for children who do not presently need protection but are only at risk of needing protection remains in statutes.

An example of a situation in which it would be necessary to make a judgment concerning “at risk” status could involve a child left with grandparents while his or her mother resides in a homeless shelter after being evicted. The child would not necessarily meet the statutory criteria for being in need of protection or services, and there may be no immediate concern about his or her safety. Whether this child’s eligibility for Kinship Care benefits is within the intent of current statutes is not clear.

Reasons to support a broad interpretation that would allow many families to obtain Kinship Care assistance for preventive placements with relatives include the prevention of child abuse and neglect and the avoidance of more expensive law enforcement, judicial, and foster care services. Reasons to support a narrow interpretation that would allow assistance for

only those children in immediate danger include limiting program expenditures and limiting the opportunity for parents to voluntarily abandon their children in relatives' homes.

Cash assistance from Kinship Care may be seen as more attractive than W-2 participation.

The importance of this last argument involves policy issues related to W-2, the program that provides employment assistance and cash benefits to parents caring for their own minor children. It would be possible, given the availability of funds from the federal TANF block grant, to promulgate administrative rules that make it relatively easy for relatives to obtain cash assistance for voluntary arrangements to care for children who are not in immediate danger. Some have expressed concern about the possibility that W-2 parents might choose to leave their children in the care of relatives rather than meet W-2 participation requirements, if they perceive that assistance is more readily available in the relatives' homes. Others have argued that it could be beneficial for a child to live with relatives if the child's own parents fail to meet W-2 participation requirements.

No data have been collected that could indicate whether parents are choosing to place children with relatives instead of participating in W-2. In interviews, child protective services staff expressed mixed observations: staff in five counties indicated a belief that some parents' inability or unwillingness to meet W-2 participation requirements had created additional demand for Kinship Care, although no local agency had collected any data related to the issue. Staff in seven counties reported that they had observed no connection between the two programs, explaining that placements of children with caretaker relatives involved reasons other than the availability of public assistance to the parents.

Submission of the Department's draft administrative rules on eligibility requirements for Kinship Care is expected in January 1999. With these draft rules, the Department will clarify the extent to which children at risk of needing protection or services will be considered eligible for Kinship Care. Legislative deliberation on the rules could be assisted by information regarding the circumstances under which families have been requesting Kinship Care benefits, if such information had been collected. However, the Department has collected minimal information on the program's uses and has compiled or analyzed only a small portion of the information it has collected. As a result, the Department knows little about the program's operations that would assist policymakers in considering future development of the Kinship Care program.

PROGRAM OPERATION

Limited oversight has been exercised over caseload, finances, and operations.

Because the Kinship Care program is relatively new, departmental managers might reasonably have expected that some problems, such as the budgetary shortfall, might develop during its first biennium. However, the Department has exercised minimal oversight over the caseload, finances, or other operations of the Kinship Care program. The Department attributes the low level of administrative effort to two causes: a reluctance to impose reporting responsibilities on local agencies, and a lack of administrative funds to operate the program.

Monitoring Caseload

Statewide information on caseload was first compiled in September 1998.

Although local agencies began opening Kinship Care cases in April 1997, the Department has not yet adequately identified the management information required for Kinship Care and did not collect or compile any statewide information on program caseload or waiting lists until September 1998. Its first instructions to local agencies with regard to reporting management information were not written until May 1998, more than one year after the program was initiated.

At that time, the local agencies were informed by memorandum of ten data elements (such as the child's name, social security number, date of birth, and income) that would be needed for each case. However:

- departmental mailing problems were not identified and corrected until July 1998, so that local agencies did not actually receive the Department's instructions until 18 months after the Kinship Care program was initiated;
- directions to local agencies were insufficient to ensure responses could be used in the preparation of the biennial budget request for 1999-2001 and in the Department's September 1998 request to the Legislature for additional program funding, and a separate telephone survey of the five largest counties in each region was required to obtain basic caseload information; and
- collection and compilation of the information was completed only as a part of this evaluation, by Audit Bureau staff.

Staff in the Department report that although they did not compile statewide caseload data, they were generally aware of the growing caseload in some counties, particularly Milwaukee County, for which the Department has direct administrative responsibility. In response, the Department allowed counties to participate voluntarily in the reallocation of approximately \$100,000 in program funds at the end of 1997. In addition, staff in the Department report they were confident no children were left in dangerous situations because of a shortage of Kinship Care funds. With information shared in meetings and round-table discussions with local officials, they report being aware that local officials were providing for the needs of children in danger with local funds when Kinship Care funds were insufficient.

Waiting lists developed as early as August 1997.

However, because the Department did not monitor overall statewide demand for program benefits, its request for additional funds to address the growing waiting lists was delayed longer than necessary. In telephone interviews, we learned that at least one county had begun to place eligible families on waiting lists as early as August 1997.

In addition, the Department does not yet have in place a plan to monitor future program growth. Although its budget staff stated that the Department is planning to request additional funds whenever waiting lists again begin to develop, and it has again in 1998 allowed voluntary reallocation of funds among counties within the same region, program staff report no plans to routinely collect information on waiting lists or other indicators of unmet demand. The Department has not yet requested information on the number of eligible families who are being paid the equivalent of Kinship Care benefits out of local funds, or the number who have been turned away due to lack of funds, so full program demand is not known.

Staff in the Department attribute their difficulty in collecting management information to reporting requirements associated with the program's major source of funds, the TANF block grant. The federal government has established reporting requirements for TANF-funded programs; compliance with those reporting requirements is primarily the responsibility of the Department of Workforce Development (DWD). Kinship Care staff explain that because federal reporting requirements were delayed, unclear, or unworkable, no agreement has been reached between the Department and DWD regarding the data elements that will need to be collected from the Kinship Care program.

Regardless of federal reporting requirements, however, the Department could have taken adequate steps to collect the information needed internally for program management and oversight. Department officials cited several factors that prevented them from attempting to compile caseload data: waiting list data can be unreliable and are not collected routinely for any other program for which the Department provides funding; a new automated data system is in development, and manual

reporting is the only available method until it is operational; and some local agencies have been slow in responding or have not responded at all to the Department's requests for data. In addition, staff explain that this information was not collected to avoid placing a burden upon the local agencies. For example, the Department's early plans for calculating the Kinship Care caseload were to divide each local agency's annual expenditures for benefits by \$2,580 (12 months of \$215 monthly payments) to estimate the number of children served. This estimate would not have provided any indication of the number of children on waiting lists or being paid from local funds, and it would have been inaccurate to the extent that some local agencies reduce benefits to families with some types of income.

Local agencies are maintaining caseload information.

However, requesting local agencies to report a small amount of basic program information on a quarterly basis would not represent a significant burden on the local agencies, because local agencies can reasonably be expected to maintain certain information about program activities for their own management purposes. In telephone interviews, we found that almost all local agencies could readily report relevant information such as:

- caseload totals for Kinship Care;
- the number of children on waiting lists; and
- the number of children receiving Kinship Care who were under court jurisdiction.

If local agencies received adequate notice that such information would be requested quarterly, it is also likely that other information could also be compiled without undue burden, including:

- the number of assessments completed by each local agency; and
- the number of eligible children who are being supported with local funds.

Such information is useful for management of even established programs; reliable information is particularly important for new programs, which can be expected to require administrative corrections in the early years. Therefore, we recommend the Department of Health and Family Services regularly collect and analyze data related to operation of the Kinship Care program, including information sufficient to identify trends in caseloads and unmet demand from eligible families.

Managing Program Finances

Available funds for the Kinship Care program have also been inadequately managed. Funds were not allocated to local agencies in a timely manner; the Department has not monitored local assessment costs; and the collection of child support paid for children receiving Kinship Care benefits has not been monitored.

Available funds were not promptly made available to local agencies.

When making initial funding allocations of the FY 1997-98 appropriations to local agencies, staff did not take into account \$3.5 million in GPR funds that had been appropriated for the program. These funds had been added to the requested program budget during legislative deliberations, but reassignment of staff responsible for the Kinship Care program resulted in the remaining staff lacking knowledge about the program's total budget amount. The Department did not make the GPR funds available to local agencies until April 1998, after staff became aware of the additional \$3.5 million while working with the Department of Administration to identify possible responses to the growing waiting lists for program benefits.

In addition, the Department has not monitored and has not established a system for monitoring the reasonableness of costs claimed by local agencies for assessments and associated costs. For FY 1998-99, \$1.5 million of the Kinship Care budget is designated as reimbursement to local agencies for performing assessments and related costs. The funds are budgeted and allocated based on a projection that an average of \$275 will be spent for each assessment performed. Although the Department has directed that costs billed by local agencies for Kinship Care assessments be "reasonable," the Department has not provided the local agencies with guidance or rules pertaining to minimum activities to be performed during assessments, with the exception of criminal background checks. In addition, the Department has not examined the costs being claimed by local agencies for assessments, and program staff report no plans for doing so.

Local agencies' assessment costs are expected to be reasonable but are not reviewed.

Although the Department has no information that would provide a reliable basis for reviewing the local agencies' assessment costs, financial data are available regarding the amount of funds transferred to each local agency to provide for these costs. A separate set of data indicates the number of assessments completed during the first six months of 1998, as reported by each local agency. Comparing these two figures over the same period for each local agency produces a wide variation of funds claimed per assessment completed. Some local agencies reported performing assessments while claiming no funds, while other agencies had claimed large amounts of funds while reporting few assessments. The four local agencies with the highest ratio of claimed funds to completed assessments received between \$923 and \$2,102 for each completed assessment. Because the Department has not examined the costs being incurred or reported by local agencies, budgeting for assessments in the

coming biennium has proceeded without reliable information, and the Department can offer no assurance that local agencies' assessment-related expenditures are reasonable.

Finally, although child support payments for children receiving Kinship Care have been assigned to the State as reimbursement for benefits paid to these children, the Department has performed no monitoring to determine the extent to which counties are seeking assignment of child support when appropriate. Neither has it monitored the amount of child support being collected by the State and retained by DWD to reimburse Kinship Care funding sources. We determined that \$1.4 million has been collected as reimbursement for Kinship Care benefits, although with no available information that would indicate the amount that could have been expected, it is not possible to determine whether this amount indicates adequate collection efforts.

Staff in the Department have attributed the low level of administrative activity to a lack of available resources. Although the Department did not have statutory responsibility for the Kinship Care program until October 1997, it had operated the program since its inception through an agreement with DWD, the department originally named in statutes to administer the program. This agreement provided the Department of Health and Family Services with no administrative resources with which to operate the Kinship Care program.

The Department has not yet requested any administrative resources to operate the program.

While it is true that no administrative funds or positions have been provided to the Department for the program, the Department has neither requested resources nor presented an estimate of what would be needed for adequate program administration. The Department's 1999-2001 biennial budget request, submitted in September 1998, contained no request for funds or positions to improve administration of the Kinship Care program. Therefore, *we recommend the Department of Health and Family Services develop a revised budget for the Kinship Care program, which provides for the program's state-level administrative needs.*

APPENDIX I

Statutory Criteria for Kinship Care Eligibility

Section 48.57 (3m), Wis. Stats., states that Kinship Care payments shall be made to a relative who is providing care and maintenance for a child if all of the following conditions are met:

- the kinship care relative applies for payments under this subsection and the responsible local agency determines that there is a need for the child to be placed with the kinship care relative and that the placement with the kinship care relative is in the best interests of the child;
- the local agency determines that the child meets one or more of the criteria specified in ss. 48.13 or 938.13, Wis. Stats., (see below) or that the child would be at risk of meeting one or more of those criteria if the child were to remain in his or her home;
- the local agency conducts a background investigation of:
 - the kinship care relative,
 - any employe and prospective employe of the kinship care relative who has or would have regular contact with the child for whom the payments would be made, and
 - any other adult resident of the kinship care relative's home

to determine if the individual has any arrests or convictions that could adversely affect the child or the kinship care relative's ability to care for the child;

- the kinship care relative states that he or she does not have any arrests or convictions that could adversely affect the child or the relative's ability to care for the child and that no adult resident, employe, or prospective employe who would have regular contact with the child has any arrests or convictions that could adversely affect the child or the kinship care relative's ability to care for the child;
- the kinship care relative cooperates in the application process, including applying for other forms of assistance for which the child may be eligible;
- the child for whom the kinship care relative is providing care and maintenance is not receiving Supplemental Security Income for disability or related state supplemental payment;
- the kinship care relative is not receiving payments under a different version of Kinship Care. One version, s. 48.57 (3m), Wis. Stats., is for living arrangements that are not expected to be permanent. The other version, s. 48.57 (3n), Wis. Stats., is available to relatives who have been appointed as the child's long-term guardian under s. 48.977 (2), Wis. Stats. Application procedures and annual reviews for long-term guardians are briefer than those conducted for relatives who have not been appointed as long-term guardians.

Children in Need of Protection or Services

Section 48.13, Wis. Stats., specifies the criteria by which a child can be judged to be in need of protection or services, so that the local court can take exclusive jurisdiction and order the necessary protection or services, which in some circumstances may include placement outside the home. The court has exclusive original jurisdiction over a child who is alleged to be in need of protection or services and:

- who is without a parent or guardian;
- who has been abandoned;
- who has been the victim of physical or sexual abuse, including injury that is self-inflicted or inflicted by another;
- who is at substantial risk of becoming the victim of physical or sexual abuse, based on reliable information that another child in the home has been the victim of such abuse;
- whose parent or guardian signs a petition requesting the court to take jurisdiction and is unable or needs assistance to care for or provide necessary special treatment or care for the child;
- who has been placed for care or adoption in violation of law;
- who is receiving inadequate care during the period of time a parent is missing, incarcerated, hospitalized, or institutionalized;
- who is at least age 12, signs the petition requesting jurisdiction, and is in need of special treatment or care which the parent, guardian, or legal custodian is unwilling, neglecting, unable, or needs assistance to provide;
- whose parent, guardian, or legal custodian neglects, refuses, or is unable for reasons other than poverty to provide necessary care, food, clothing, medical or dental care, or shelter so as to seriously endanger the physical health of the child;
- whose physical health can be determined to be seriously endangered because reliable and credible information indicates that the child's parent, guardian, or legal custodian has neglected, refused, or been unable for reasons other than poverty to provide necessary care, food, clothing, medical or dental care, or shelter so as to seriously endanger the physical health of another child in the home;
- who is suffering emotional damage for which the parent, guardian, or legal custodian has, for reasons other than poverty, neglected, refused, or been unable to obtain necessary treatment or to take necessary steps to ameliorate the symptoms;
- who is suffering from an alcohol and other drug abuse impairment, exhibited to a severe degree, for which the parent, guardian, or legal custodian is neglecting, refusing, or unable to provide treatment; or

- who has not been immunized as required by s. 252.04, Wis. Stats., and is not exempted under s. 252.04 (3), Wis. Stats.

Juveniles in Need of Protection or Services

Section 938.13, Wis. Stats., specifies the criteria by which a juvenile can be judged to be in need of protection or services, so that the local court can take exclusive jurisdiction and order the necessary protection or services, which in some circumstances may include placement outside the home. The court has exclusive original jurisdiction over a child who is alleged to be in need of protection or services and:

- whose parent or guardian signs a petition requesting the court to take jurisdiction under this subsection and is unable or needs assistance to control the juvenile;
- who is habitually truant from school, if evidence is provided by the school attendance officer that the all statutory requirements relating to documentation of the truancy and efforts to work with the family to correct the truancy problem have been met;
- who is a school dropout;
- who is habitually truant from home and either the juvenile or a parent, guardian, or a relative in whose home the juvenile resides signs the petition requesting jurisdiction and attests in court that reconciliation efforts have been attempted and have failed;
- who, being under 10 years of age, has committed a delinquent act; or
- who has been determined to be not responsible for a delinquent act by reason of mental disease or defect or who has been determined to be not competent to proceed.

APPENDIX II

Children in the Care of Relatives Requesting or Receiving Cash Assistance

<u>Counties</u>	AFDC/NLRR	Kinship Care	
	(March 1997)	Recipients	Waiting
Adams	43	33	0
Ashland	14	7	0
Barron	46	39	0
Bayfield	20	9	0
Brown	105	104	0
Buffalo	24	10	0
Burnett	22	17	0
Calumet	8	5	0
Chippewa	27	24	0
Clark	7	6	0
Columbia	24	19	0
Crawford	4	4	0
Dane	343	321	0
Dodge	35	34	0
Door	22	10	0
Douglas	54	44	0
Dunn	27	21	10
Eau Claire	58	44	0
Florence	15	6	0
Fond du Lac	43	38	0
Forest*	29	9	0
Grant	21	9	0
Green	24	19	7
Green Lake	16	10	3
Iowa	17	14	1
Iron	6	2	0
Jackson	42	19	0
Jefferson	39	18	0
Juneau	36	28	0
Kenosha	256	246	18
Kewaunee	7	6	0
La Crosse	77	63	0
Lafayette	3	5	0

AFDC/NLRR (March 1997)

Kinship Care (June 1998)

<u>Counties</u>	<u>Recipients</u>	<u>Recipients</u>	<u>Waiting</u>
Langlade	30	24	0
Lincoln	17	5	0
Manitowoc	32	16	0
Marathon	102	105	0
Marinette	28	25	2
Marquette	10	8	0
Milwaukee	4,926	4,975	468
Monroe	52	49	0
Oconto	32	27	0
Oneida	28	17	0
Outagamie	65	37	0
Ozaukee	21	17	0
Pepin	2	2	0
Pierce	13	9	0
Polk	31	24	0
Portage	36	23	0
Price	11	7	0
Racine	418	333	55
Richland	19	16	0
Rock	251	237	0
Rusk	9	9	0
St. Croix	25	20	0
Sauk	39	47	0
Sawyer*	47	17	0
Shawano	39	14	0
Sheboygan	60	50	0
Taylor	5	8	0
Trempealeau	30	19	0
Vernon	15	2	0
Vilas	23	12	0
Walworth	38	37	0
Washburn	25	11	0
Washington	53	22	0
Waukesha	130	117	0
Waupaca	29	18	0
Waushara	19	11	0
Winnebago	87	88	0
Wood	58	47	0

<u>Tribes</u>	<u>AFDC/NLRR</u>	<u>Kinship Care</u>	
	(March 1997)	(June 1998)	
	<u>Recipients</u>	<u>Recipients</u>	<u>Waiting</u>
Bad River	25	21	3
Lac Courte Oreilles*	0	54	0
Lac du Flambeau	45	17	27
Menominee	116	116	0
Oneida	46	43	0
Forest Co. Potawatomi*	0	0	0
Red Cliff	20	5	0
Sokaogon*	0	12	0
Stockbridge Munsee	<u>11</u>	<u>0</u>	<u>0</u>
TOTAL	8,632	8,016	594

* Several tribes did not administer their own AFDC/NLRR programs. Services for the Lac Courte Oreilles were administered by Sawyer County; the Forest County Potawatomi and Sokaogon services were administered by Forest County. Kinship Care services for the Forest County Potawatomi are also administered by Forest County.

APPENDIX III

December 15, 1998

Ms. Janice Mueller
State Auditor
Legislative Audit Bureau
131 W. Wilson Street, Suite 402
Madison, WI 53703-3233

Dear Ms. Mueller:

Thank you for the opportunity to respond to the Legislative Audit Bureau report on Kinship Care. The overall premise of the audit report appears to be that the Department was expected to provide a much higher degree of state direction and oversight of county operations. While we recognize the need to make some of the program improvements noted in the Audit Bureau report, I am frankly not convinced that the degree of central control described in the audit is consistent with the program's initial design.

Kinship Care was designed to be an additional resource available to county child welfare agencies to address child safety concerns, and would essentially be folded into the larger child welfare system. Child safety decisions made in the Kinship program would naturally be coordinated with decisions made in the rest of the system. Given the extensive policy direction, guidance, and training already provided to county child welfare staff, it was assumed that extensive state direction and control would not be necessary. Counties, in fact, specifically requested that they not be saddled with a host of new regulations and reporting requirements, and instead be given some flexibility to administer Kinship funds in a manner that fits with their unique child welfare program. We concurred with this approach.

The audit notes some county differences in practice and interpretation of certain Kinship Care provisions. Some differences are unacceptable and need to be addressed, such as unauthorized eligibility criteria being applied by some counties. However, other differences in county practices are a natural result of the state-supervised, county-operated human service system in our state. Differences do not necessarily indicate weaknesses, but can reflect a reasonable exercise of county discretion in implementing a program that meets the county's needs.

I recognize that funding Kinship Care largely with TANF funds may have fostered the perception that Kinship Care is an income maintenance program that was to replace the old NLR benefit. In fact, this is not the case. Our approach to administering the program is consistent with our understanding of the Administration's and Legislature's design.

Moreover, while the program was created only last year, and some growing pains were expected, we can proudly point to several accomplishments that indicate a program is working well:

- Waiting lists for kinship care have been eliminated through extensive efforts to identify unmet needs and address funding gaps. Well before the new funds were appropriated in the Fall, 1998, the Department recognized emerging waiting lists in late 1997 and shifted over \$140,000 from low to high need counties.
- Over 8,000 children have received care under the program, which has provided counties with greater flexibility and more funding to respond to child safety issues.
- The Department provided timely and clear instructions to counties about eligibility requirements for Kinship Care, which unequivocally states that counties may not create financial eligibility criteria.
- The Department offered extensive opportunities to explain the program, answer questions, and clarify provisions under the law.
- The Department has moved swiftly to involve counties and develop rules which will assist counties in managing the program and make important program decisions.
- In Milwaukee County, where more than one-half of the children enrolled in Kinship Care reside, the program has been successfully implemented, and there has been full compliance with policies and program requirements.

As the audit notes, the Department achieved these results without any additional staff to assist in administering a \$24.2 million program, and at a time when staff in the Division of Children and Family Services dedicated most of their time to meeting one of the highest department priorities, which was implementing the new child welfare system in Milwaukee County.

In regard to the first audit recommendation, the Department has been clear and consistent in its policy communications that counties could not create additional eligibility criteria. This and other requirements and guidelines were reinforced at frequent county director round tables in each of the department's regions, at DHFS Advisory Committee meetings, and in presentations at several conferences with a wide variety of audiences. We also responded to several direct county inquiries on the issue of eligibility for Kinship Care. Eligibility requirements will be reinforced when draft and final administrative rules are issued.

In our view, the issue is a matter of policy compliance, not communication. To confirm compliance in the future, we will be directing regional staff to spot-check county practices. I would note, however, that with no additional staff, other policy development and monitoring assignments will need to be set aside to accommodate additional oversight of county eligibility decisions for Kinship Care.

Ms. Janice Mueller, State Auditor

December 15, 1998

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Concerning the second recommendation, we concur that collecting useful program information is important, and we will strive to make improvements. However, you should know that the Department has made efforts in this area, but progress has been slow. We did request that certain data be submitted for a year on a quarterly basis, but most counties and tribes did not respond in a timely manner and without constant prodding. We also have had to rely upon a manual data reporting system, which has created inefficiencies and data reporting compliance problems.

Moreover, we have worked with the Department of Workforce Development to obtain a clear statement of federal data needs, but this issue is still unresolved. If it is decided that the more than 100 federal reporting requirements are to be applied to Kinship Care, the design of the DHFS child welfare information system will have to be significantly modified at substantial cost. Realistically, progress in improving data reporting will remain slow until unresolved issues are addressed and an automated data system is developed.

On your final recommendation, the audit's premise appears to be that the Department needs more staff to implement a more tightly state-controlled and directed kinship program. As noted before, I believe the program's initial design had different expectations of the degree of state level control. In general, we are committed to providing the state-level direction and monitoring that is necessary and consistent with the program's design. If the program's design is altered and more resources are provided to operate a more state-directed program, the Department will respond quickly to this program shift and implement the new design. Absent a change in direction, we will work to build upon the program's early successes and pursue the audit recommendations that are consistent with the Department's overall approach to administering the program.

As a final note, the report indicates that the Legislature may want to reconsider whether there should be financial eligibility for this program. This is contrary to the intent of the program. This is a child-only grant which can assist families to resolve problems internally, thus assuring safety for a child and reducing the need for further intervention by the legal and child protective services systems which are already experiencing burdensome caseloads.

In conclusion, we appreciate the information and analysis provided in the audit, and we will use the audit's results to improve the program.

Sincerely,

Joe Leean
Secretary