



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bills 1215 and 1228 (as enrolled)

PUBLIC ACTS 281 & 315 of 2004

Sponsor: Senator Bev Hammerstrom (S.B. 1215)

Senator Buzz Thomas (S.B. 1228)

Senate Committee: Economic Development, Small Business and Regulatory Reform

House Committee: Government Operations (S.B. 1215)

Commerce (S.B. 1228)

Date Completed: 2-9-05

CONTENT

Senate Bill 1215 amended the Adult Foster Care Facility Licensing Act, and Senate Bill 1228 amended the child care licensing Act, to require the Family Independence Agency (FIA) to do the following:

- **Issue a license for an adult foster care facility, or a license or registration for a child care center, group day care home, or family day care home within six months after receiving a completed application.**
- **Notify the applicant within 30 days after receiving an incomplete application.**
- **Return the license or registration fee and reduce the fee for the applicant's next renewal, if any, by 15% if the FIA fails to issue or deny a license within the time required.**
- **Report to the Legislature each year regarding the issuance of licenses and registrations within the time required.**

The bills define "completed application" as an application that is complete on its face and submitted with any applicable licensing or permit fees as well as any other information, records, approval, security, or similar item required by law or rule from a local unit of government, a Federal agency, or a private entity, but not from another department or agency of this State. A completed application does not include a health inspection performed by a local health department.

Senate Bill 1215 took effect on July 23, 2004, and was tie-barred to House Bill 5882. (That bill, which became Public Act 285 of 2004, amended the Adult Foster Care Facility Licensing Act to delete a provision under which a fee collected by the FIA under the Act could not be reduced.)

Senate Bill 1228 will take effect on October 1, 2007.

License/Registration Issuance Deadline

The bills require the FIA to issue an initial or renewal license or registration within six months after the applicant files a completed application. Senate Bill 1215 applies to a license for an adult foster care facility. Senate Bill 1228 applies to a license or registration for a child care center, group day care home, or family day care home. The bills specify that receipt of the application is considered the date the application is received by any agency or department of the State.

(Under Senate Bill 1228, the six-month requirement applies except as provided in Section 5(1) or Section 5b of the Act. Under Section 5(1), before issuing a license or renewal for a child care organization, the FIA must investigate the applicant's activities and proposed standards of care, and make an on-site visit of the organization. The FIA must issue a license if it is satisfied as to the need for a child care organization, its financial stability, the applicant's good moral

character, and that the services and facilities are conducive to the welfare of the children. Under Section 5b, if a county juvenile agency certifies that it intends to contract with license applicant under Section 5(1), the FIA must review the application and advise the applicant and the agency within 10 days after receiving the application what further information or material is necessary to complete the application.)

The bills require the FIA, if it considers an application incomplete, to inform the applicant in writing, or make information electronically available within 30 days after receiving the incomplete application. The notice must describe the deficiency and request the additional information. If the FIA identifies a deficiency, the six-month period for issuing a license will be tolled (suspended) upon notification of the deficiency, until the FIA receives the requested information. If the FIA requires the fulfillment of a corrective action plan, the six-month period will be tolled upon notification that a such plan is required, until the FIA determines that the requirements of the plan have been met.

The bills specify that the determination of the completeness of an application does not operate as an approval of the application and does not confer eligibility on an applicant determined otherwise ineligible for issuance of a license or registration.

Senate Bill 1228 states that these provisions do not affect the time period within which an on-site visit to a family day care home must be made.

Under both bills, if inspections performed by a local health department delay the FIA in issuing or denying licenses or registrations within the six-month period on a continual basis, the FIA may use its own staff, instead of the local health department, to complete the inspections.

Missed Deadline; Fee Reduction

Under the bills, if the FIA fails to issue or deny a license or registration within the time required, it must return the license or registration fee and reduce the fee for the applicant's next renewal application, if any, by 15%. (Under Senate Bill 1228, this applies except as provided in Section 5(1) or 5b.)

The bills specify that the failure to issue or deny a license or registration within the time required does not allow the FIA otherwise to delay the processing of the application. The completed application must be placed in sequence with other completed applications received at the same time. The FIA may not discriminate against an applicant in the processing of the application based upon the fact that the license or registration fee was refunded or discounted under these provisions.

Report to the Legislature

The bills require the FIA Director to submit a report by December 1 each year to the standing committees and the Appropriations subcommittees of the Senate and the House of Representatives concerned with human services issues or human services and children's issues, as applicable. The Director must include all of the following information in the report concerning the preceding fiscal year:

- The number of initial and renewal applications the FIA received and completed within the six-month time period.
- The number of applications requiring a request for additional information.
- The number of applications rejected.
- The number of licenses and registrations not issued within the six-month period.
- The average processing time for initial and renewal licenses and registrations granted after the six-month period.

The reporting requirement will begin in 2005 under Senate Bill 1215, and in 2008 under Senate Bill 1228.

MCL 400.713 (S.B. 1215)
722.115 & 722.119a (S.B. 1228)

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

Senate Bill 1215

The bill will have an indeterminate impact on State government. Each type of facility has a different fee for various types of licensure: six-month temporary or provisional license to a regular annual or biennial license. Fees for initial adult foster care license application range from \$65 to \$170 per facility. Total

fee revenue in FY 2001-02 was \$143,081. Using an assumption of 3% growth or 128 applications, if the FIA failed to issue initial licenses within six months, the department would be required to return approximately \$13,430 to temporary license applicants. In addition, these applicants would receive a 15% reduction in the license renewal application fee or \$743 for a total of \$14,172 in State costs.

There will be some Department of Information Technology and FIA costs to reconfigure the information systems to provide for monitoring, returning fees, and reporting.

Senate Bill 1228

The bill will have an indeterminate impact on State government. Each type of facility--family or group homes to centers to child caring institutions and placing agencies--has a different fee for various types of licensure: six-month temporary or provisional license to a regular annual or biennial license. Fees for original child care license applications range from \$25 to \$80 per facility. In FY 2001-02, total fee revenue was \$265,024. Using an assumption of 3% growth or 554 applications, if the FIA failed to issue licenses in six months, the amount to be returned to applicants would be approximately \$30,000. In addition, a 15% reduction in renewal application fees would be approximately \$13,296 for a total of \$43,296 in State costs.

There will be some Department of Information Technology and FIA costs to reconfigure the information systems to provide for monitoring, returning fees, and reporting.

Fiscal Analyst: Constance Cole

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.