

HUMAN SERVICES
Summary: FY 2008-09 House Committee Bill
House Bill 5814

Analysts: Bob Schneider and Bill Fairgrieve

	FY 2007-08 YTD	FY 2008-09 Executive	FY 2008-09 House Committee	Difference: House Cmte from FY 2007-08 YTD	
				Amount	%
IDG/IDT	\$2,416,000	\$2,416,700	\$2,416,700	\$700	0.0
Federal	3,147,497,400	3,146,833,100	3,168,228,800	20,731,400	0.7
Local	50,331,900	61,293,500	47,161,300	(3,170,600)	(6.3)
Private	9,039,200	10,174,700	10,174,700	1,135,500	12.6
Restricted	59,698,600	61,419,200	61,589,200	1,890,600	3.2
GF/GP	1,308,410,100	1,376,552,200	1,325,182,100	16,772,000	1.3
Gross	\$4,577,393,200	\$4,658,689,400	\$4,614,752,800	\$37,359,600	0.8
FTEs	10,580.4	10,442.8	10,466.8	(113.6)	(1.1)

Overview

The Department of Human Services (DHS) administers a wide range of programs and services to assist Michigan's most vulnerable families, including public assistance programs that provide direct cash support as well as assistance with food, day care and other emergency needs. The Department is also charged with protecting children and assisting families by administering foster care, adoption and family preservation programs, and by enforcing child support laws. Finally, the DHS is responsible for delivering juvenile justice services and for licensing day care, adult foster care, and child welfare agencies in the state.

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>	<u>FY 2007-08 YTD</u>	<u>Exec Change From YTD</u>	<u>House Cmte From YTD</u>
1. State Juvenile Justice Facilities and Staff	FTE 331.0	0.0	(60.0)
House Committee recommends a reduction in 60 staff positions related to juvenile justice, including 30 positions from the state's medium security juvenile justice facilities, 20 central staff positions within the Bureau of Juvenile Justice, and 10 positions linked to the Flint House community juvenile justice center, which is slated for closure.	Gross \$32,847,900	\$0	(\$6,201,200)
	Local 15,066,100	0	(1,813,700)
	Federal 624,500	\$0	(264,400)
	GF/GP \$17,157,300		(\$4,123,100)
2. DHS Field Office and Program Staff	FTE N/A	0.0	72.0
House Committee adds funding for 64 new DHS field staff positions from the savings achieved through the juvenile justice reductions in item 1 below. The bill also includes funding to support 3 new staff within the Department's Interstate Compact unit, which oversees interstate placements of children, and 5 new staff within the Foster Care and Adoption Contract Monitoring Division, which is responsible for oversight over private child welfare agency contracts.	Gross N/A	\$0	\$5,424,200
	Federal N/A	0	2,194,700
	GF/GP N/A	\$0	\$3,229,500
3. Bureau of Children and Adult Licensing Staff	FTE 219.0	2.0	14.0
Executive Budget recommended two additional positions within the Bureau of Children and Adult Licensing to handle required background checks. The House Committee's recommendation also includes 12 new licensing staff within the bureau.	Gross \$23,750,900	\$182,800	\$1,262,800
	Federal 11,928,100	0	216,000
	Restricted 1,332,300	0	0
	GF/GP \$10,490,500	\$182,800	\$1,046,800

Major Budget Changes From FY 2007-08 YTD Appropriations	FY 2007-08 YTD	Exec Change From YTD	House Cmte From YTD
4. Family Independence Program Benefit Increase	Gross \$373,936,400	\$7,484,400	\$7,484,400
House Committee and Executive both increase the maximum Family Independence Program cash assistance benefit for low-income families by \$3.00 per person per month. This would boost the payment level for a typical family of three with no other income from \$489 per month to \$498 per month, or just under 2%. Payment standard tables were revised in May 2006 in an action that lead to benefit increases for most families, but also reduced payment levels to a large number of families. The last general increase for all families was implemented in 1990.	Federal 90,026,800	0	0
	Restricted 39,311,200	0	0
	GF/GP \$244,598,400	\$7,484,400	\$7,484,400
5. Caseload - Family Independence Program	Gross \$373,936,400	\$16,326,200	(\$14,857,500)
Executive assumes an increase in FIP benefit payments of \$16.3 million due an increase in caseload. Executive Budget contains funding for 77,000 cases at an average cost per case of \$421.40 per month. House Committee's proposal reduces caseload assumption to 73,700 cases at an average monthly cost of \$408.	Federal 90,026,800	0	(1,450,000)
	Restricted 39,311,200	0	0
	GF/GP \$244,598,400	\$16,326,200	(\$13,407,500)
6. FIP Children's Clothing Allowance	Gross \$7,167,500	\$3,920,500	\$6,983,500
Executive increases funding for the annual clothing allowance for FIP families from \$43 per child as provided during FY 2006-07 to an estimated \$75 per child for FY 2008-09. Clothing allowance payments are made in July and/or August preceding the oncoming school year, and are intended to help with clothing purchases. The clothing allowance had been \$75 per child in FY 2000-01 and FY 2001-02, but has been reduced since that time. The House Committee's proposal further increases the clothing allowance to \$100 per child.	GF/GP \$7,167,500	\$3,920,500	\$6,983,500
7. State Disability Assistance Benefit Increase	Gross \$33,798,200	\$1,269,300	\$1,269,300
Both Executive and House Committee's budget raise the maximum benefit level for disabled adults receiving State Disability Assistance support by \$5.00 per person per month. Around 99% of recipients are single disabled adults. These persons would see their monthly benefit rise from \$264 per month to \$269 per month under the proposal, or about a 2% increase. The maximum benefit level was last raised from \$246 per month to \$264 per month in 2000.	Federal 9,328,300	108,700	108,700
	GF/GP \$24,469,900	\$1,010,100	\$1,010,100
8. Caseload - Day Care Services	Gross \$391,945,200	(\$1,095,300)	(\$29,723,000)
Executive assumes a decrease in caseload for Day Care Services from 56,745 to 56,000 at an average monthly cost of \$584.35. House Committee's recommendation reduces the caseload assumption to 52,000 at a monthly cost of \$570.	Federal 262,064,000	0	0
	GF/GP \$129,881,200	(\$1,095,300)	(\$29,723,000)
9. Day Care Services - General Rate Increase	Gross \$391,945,200	\$20,000,000	\$15,000,000
Executive provides an additional \$18.3 million in support for state payments to day care providers that care for the children of low-income families over FY 2007-08 enacted levels, as well as an additional \$1.7 million for day care program administration. House Committee retains \$15.0 million for provider rate increases, and specifies boilerplate that funding is to be applied as an across-the-board increase for all providers.	Federal 262,064,000	0	0
	GF/GP \$129,881,200	\$20,000,000	\$15,000,000
10. Day Care Services - Increase for Licensed Providers	Gross \$391,945,200	\$0	\$5,600,000
House Committee provides an increase of \$5.6 million to finance a 4% rate increase for day care centers, group homes and family homes that are licensed or registered with DHS. This increase is in addition to the across-the-board increase provided in item 3 above.	Federal 262,064,000	0	0
	GF/GP \$129,881,200	\$0	\$5,600,000

Major Budget Changes From FY 2007-08 YTD Appropriations	FY 2007-08 YTD	Exec Change From YTD	House Cmte From YTD
11. FIP Child Support Pass-Through	Gross \$373,936,400	(\$5,300,000)	(\$5,300,000)
Both the Executive and House Committee's budget recognize a change in federal law under which the federal government will now share in the costs of providing a child support pass-through to households receiving public assistance. Federal law allows Michigan to retain child support collections for families receiving public assistance as reimbursement for state-funded support. However, states may elect to pass-through a given amount of this support directly to the family and forego reimbursement. Michigan has allowed a \$50 monthly pass-through for this purpose. Beginning in FY 2008-09, the federal government will share in the cost of providing the pass-through, leading to GF/GP savings of around \$5.3 million.	Federal 90,026,800	0	0
	Restricted 39,311,200	0	0
	GF/GP \$244,598,400	(\$5,300,000)	(\$5,300,000)
12. FIP and Retroactive SSI Payments	Gross \$373,936,400	\$0	\$0
Executive and House Committee include a change in state policy regarding retroactive lump-sum payments of federal Supplemental Security Income (SSI) payments to FIP households. Beginning October 1, 2008, the state would retain a portion of these payments as reimbursement for prior FIP support. Under the previous policy, the family received the entire lump sum payment. Additional retained revenue would reduce GF/GP need for FIP program.	Federal 90,026,800	0	0
	Restricted 39,311,200	4,338,300	4,338,300
	GF/GP \$244,598,400	(\$4,338,300)	(\$4,338,300)
13. Redirection of Jobs Education and Training (JET) Funding	FTE 30.0	83.0	83.0
	Gross \$17,980,800	\$0	\$0
Both the Executive and House Committee redirect \$7.3 million in appropriations that were originally to cover services to FIP clients through Michigan Rehabilitation Services in order to provide 63 new positions within DHS for FIP caseworkers and another 20 related supervisory and administrative support positions. MRS funding was not being fully utilized, which allowed for the redirection.	Federal 1,836,000	1,362,800	1,362,800
	GF/GP \$16,144,800	(\$1,362,800)	(\$1,362,800)
14. Indigent Burial Program	Gross \$4,550,000	\$0	\$1,359,300
The House Committee's proposal increases indigent burial provider rates to the levels in place during FY 2006-07, before the program was impacted by Executive Order reductions and last year's budget veto.	Federal 430,900	0	0
	GF/GP \$4,119,100	\$0	\$1,359,300
15. Maxey and Adrian Facility Improvements	Gross \$0	\$0	\$3,000,000
House Committee includes \$2.0 million to use towards necessary facility improvements at the Maxey Training School to facilitate the housing of youth in the correctional system at the facility; also includes \$1.0 million for property development at the Adrian Training School	GF/GP \$0	\$0	\$3,000,000
16. Reverse Title IV-E Funding Assumptions	Gross N/A	(\$12,054,900)	(\$8,564,700)
Executive reverses funding assumptions included in the FY 2007-08 enacted budget bill related to Title IV-E eligibility for foster care and Child Care Fund cases. The enacted budget assumed a significant increase in Title IV-E eligibility for these cases due to additional staffing and reforms included in that budget. The House Committee's recommendation partially restores some of the previously assumed increase in Title IV-E eligibility.	Federal N/A	(24,991,600)	(5,935,400)
	Local N/A	12,936,700	617,900
	GF/GP N/A	\$0	(\$3,247,200)
17. Bridges Toward Responsible Adulthood	Gross \$0	\$0	\$1,000,000
House Committee's recommendation includes a new line item for this program aimed at assisting older youth transitioning out the child welfare system.	Federal 0	0	800,000
	GF/GP \$0	\$0	\$200,000

<u>Major Budget Changes From FY 2007-08 YTD Appropriations</u>	<u>FY 2007-08 YTD</u>	<u>Exec Change From YTD</u>	<u>House Cmte From YTD</u>
18. Smaller Program Increases	Gross	\$170,000	\$0
House Committee's recommendation provides an additional \$100,000 (GF/GP) for Michigan 2-1-1, restores \$200,000 in vetoed TANF funding for the Michigan State University Kinship Care Resource Center, and provides an additional \$30,000 for the Michigan Coordinated Access to Food for the Elderly (MiCAFE) program.	Federal	0	0
	GF/GP	\$170,000	\$0
			\$330,000
			200,000
			\$130,000

Major Boilerplate Changes From FY 2007-08

GENERAL SECTIONS

Sec. 262. Consolidation Plan for Local Service Delivery – REVISED

Requires DHS to implement a plan to improve local service delivery with savings to be allocated to additional local office staffing. House Committee's proposal adds language prohibiting closure of county offices in Iron County in addition to the counties specified in current law (Presque Isle, Ontonagon, and Baraga). Includes new reporting requirement on consolidation plan.

EXECUTIVE OPERATIONS

Sec. 306. MSU Kinship Care Resource Center – RESTORED

Restores boilerplate appropriation of \$200,000 (TANF) for the MSU Kinship Care Resource Center administered by the School of Social Work. The center provides services to kinship care families where a non-biological parent is caring for relative children.

ADULT AND FAMILY SERVICES

Sec. 423. Crisis Prevention and Food Assistance Outreach Programs – REVISED

Concurs with Executive in deleting allocations to Barry County for domestic violence prevention and to food aid outreach projects in Kent and Muskegon Counties. Increases allocation for Michigan Coordinated Access to Food for the Elderly (MiCAFE) program from \$70,000 to \$100,000,

CHILD AND FAMILY SERVICES

Sec. 510. Child Welfare Contract Bidding – REVISED

Current law allows DHS to exempt from competitive bidding contracts with service providers who are the only provider in a service area. House Committee's recommendation adds nationally accredited service providers to this exemption.

Sec. 531. Title IV-E Funding to Counties – RESTORED

Requires that DHS make claims for and pay to local units of government the full benefit of any Title IV-E claims submitted on their behalf on the first \$5,000,000 in eligible costs. Beyond the first \$5,000,000, the state and local units would split the Title IV-E revenue. Similar language was vetoed in the FY 2007-08 budget act.

Sec. 546. General Foster Care and Specialized Foster Care Rates – REVISED

Establishes a blended administrative rate of \$27.00 per day for private child placing agencies under contract with the Department, and allows private agencies a choice between the blended rate and their effective rates for fiscal year 2007-08. Also requires reporting on the per diem costs of foster care services delivered by DHS.

Sec. 547. Rate Increase for Independent Living Services – NEW

Provides for a 4% rate increase for private providers of independent living services over the daily rates they received in fiscal year 2007-08.

Sec. 566. Direct Foster Care Services – REVISED

Revises language regarding contracts with for-profit providers to clarify that DHS is prohibited from entering or maintaining a contract with for-profit child placing agencies or agencies using a for-profit management group unless the agency was licensed on or before August 1, 2007 or the management group relationship existed before August 1, 2007.

Sec. 573. Special Needs Adoption Contracts – REVISED

Revises appropriation to \$1,049,400 for new adoption contracts focusing on long-term permanent wards. The adjustment corrects an error in the fiscal year 2007-08 budget act.

Sec. 574. Private Agency Relative Licensure Contracts – REVISED

Adds new language allowing private agencies that successfully convert relative caregivers to licensed foster parents to retain supervision over at least 50% of the cases they convert.

Sec. 576. Adoption Agency Unit Rates - RESTORED

Restores vetoed boilerplate which established a rate schedule for adoption agency unit rates for adoptive placements and finalizations. Schedule is corrected from the vetoed version to reflect a 4% increase from previous rates.

Major Boilerplate Changes From FY 2007-08

PUBLIC ASSISTANCE

Sec. 606. Retroactive SDA Recipient Payment – REVISED

Requires Family Independence Program (FIP) and State Disability Assistance (SDA) recipients who apply for federal Supplemental Security Income to sign agreements to repay DHS upon receipt of retroactive SSI payments. FY 2007-08 language only included SDA recipients.

Sec. 613. Indigent Burial Rates and Pilot Project – RESTORED

Restores maximum payment rates to funeral providers for indigent burial services to the levels that existed in fiscal year 2006-07: \$909 per burial, including \$579 for funeral directors, \$192 for cemeteries and crematoriums, and \$138 for vault providers.

Sec. 658. Allocation for Grand Rapids Youth Commonwealth – DELETED

Allocates \$126,500 in TANF funds to Grand Rapids Youth Commonwealth for after-school and summer programs at Camp O'Malley; requires compliance with Before- and After-School Program policies and requirements.

Sec. 669. FIP Annual School Clothing Allowance – REVISED

Increases allocation for annual clothing allowance for FIP recipients from \$7.2 million to \$14.1 million. Action meant to increase the per-child allowance to \$100 for FY 2008-09.

Sec. 681. Food Assistance Payment Schedule – REVISED

Revises language regarding an appropriation of \$600,000 to revise the distribution of food assistance benefits. Current law language referenced implementation of a staggered payment schedule that spans 19 days each month. House Committee's recommendation references a distribution schedule that would provide recipients two payments each month.

Sec. 684. Day Care Hours Limit – DELETED

States legislative intent that DHS provide day care payments to day care providers for all eligible service hours up to 100 hours per two-week pay period.

Sec. 686. Posting DHS Hearing Decisions on Internet – NEW

Requires DHS to post all hearing decisions involving medical, cash, food or emergency assistance on the department's public Internet site, with private information redacted.

Sec. 687. Child and Adult Care Food Program – NEW

Requires DHS to convene a committee of stakeholders to identify barriers impeding greater participation in the federal Child and Adult Care Food Program, and to present recommendations and a plan to the appropriations subcommittees.

Sec. 688. Barrier Among Families Terminated from Assistance – NEW

Requires the Department to examine and report on the incidence of barriers among families who have been terminated from the Family Independence Program due to noncompliance with work-related requirements.

Sec. 689. Day Care Rate Increases – NEW

Allocates \$15 million towards an equivalent across-the-board increase for all day care providers; \$5.6 million to provide a 4% increase for licensed providers; \$2.3 million for home readiness and training needs as well as technology and oversight within DHS.

Sec. 691. Parent-Student-Teacher Compacts – NEW

Allows the Department to choose not to distribute public assistance or subsidies to the parent or parents of school-aged children if those parents have not signed a parent-student-teacher compact regarding educational roles.

JUVENILE JUSTICE SERVICES

Sec. 721. Report on Shift of Beds from Maxey Training School - REVISED

Requires a report by October 1, 2008 from the DHS on the transfer of medium security beds from the Maxey Training School and the placement of affected youth in private or community-based facilities.

Sec. 726. Residential Provider Contracts and Rates – REVISED

Revises current law language regarding contracts with for-profit residential facilities to clarify that the DHS shall not maintain contracts with for-profit providers or providers using for-profit management organizations unless the providers was licensed by DHS on or before August 1, 2007 and any relationship with a for-profit management organization existed before August 1, 2007.

Sec. 727. Juvenile Justice Per Diem and Chargeback Rates – REVISED

Outlines factors to be used by the Legislature in determining the cost of care for public juvenile justice facilities and establishes specific per diem and chargeback rates for public juvenile justice facilities to be in effect through December 31, 2008.

Sec. 729. Behavioral Health Study of Juvenile Justice Facilities – NEW

Requires department to contract with a state university to develop a report on the prevalence of mental and behavioral health issues among juvenile justice detainees.

Major Boilerplate Changes From FY 2007-08

Sec. 730. Juvenile Justice Per Diem Rates – NEW

Requires the Department to review and adjust per diem rates to private providers of juvenile justice services in recognition of added complex services.

Sec. 731. County Charges for Agency Administrative Costs – DELETED

Prohibits DHS from charging counties for costs of administrative payments to private child placing agencies that oversee abuse/neglect wards if the same administrative costs are not charged in a uniform manner to all counties.

CHILD SUPPORT ENFORCEMENT

Sec. 908. Child Support Arrearage Incentive – RESTORED

Appropriates \$500,000 for a contract with aimed at the collection of child support arrearages, with reporting to the appropriations subcommittees on outcomes.

Sec. 909. Incentive Funds to Counties – NEW

Allows each county to retain 75% of the amount by which their collections of state retained child support exceed their amount collected in FY 2004-05. Revenue would be used for local child support enforcement efforts. Allocation would be contingent upon statewide retained child support collections exceeding FY 2004-05 levels.

Sec. 911. Title IV-D Annual Child Support Fee – NEW

Authorizes the Department to collect an annual fee of \$25 from non-public assistance clients that receive state child support services. Federal law requires the payment of this fee by either the state or the client.

COMMUNITY ACTION AND ECONOMIC OPPORTUNITY

Sec. 1104. Community Action Agency TANF Allocation - REVISED

Specifies that the \$500,000 appropriation for Earned Income Tax Credit (EITC) education and outreach shall be distributed to community action agencies. Also restores \$250,000 in vetoed funding for contracts with organizations that combine EITC education with marriage and fatherhood programming.