

# HUMAN SERVICES

## Summary of FY 2008-2009 Conference Report

### House Bill 5814

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	FY 2007-08 YTD	FY 2008-09 Executive	FY 2008-09 House	FY 2008-09 Senate	FY 2008-09 Conference	Difference: Conf From FY 2007-08 YTD	
						Amount	%
IDG/IDT	\$2,416,000	\$2,416,700	\$2,416,700	\$2,416,700	\$2,416,700	\$700	(0.0)
Federal	3,174,843,600	3,146,833,100	3,168,228,800	3,166,860,900	3,174,008,200	(835,400)	(0.0)
Local	50,954,300	61,293,500	47,161,300	47,161,000	47,161,100	(3,793,200)	(7.4)
Private	9,039,200	10,174,700	10,174,700	10,174,700	10,174,700	1,135,500	12.6
Restricted	59,698,600	61,419,200	61,589,200	61,589,200	61,589,200	1,890,600	3.2
GF/GP	1,314,960,200	1,376,552,200	1,330,182,100	1,354,038,700	1,285,257,200	(29,703,000)	(2.3)
<b>Gross</b>	<b>\$4,611,911,900</b>	<b>\$4,658,689,400</b>	<b>\$4,619,752,800</b>	<b>\$4,642,241,200</b>	<b>4,580,607,100</b>	<b>(31,304,800)</b>	<b>(0.7)</b>
FTEs	10,580.4	10,442.8	10,466.8	10,397.8	10,401.8	(178.6)	(1.7)

FY 2007-08 YTD totals include supplemental appropriations in 2008 PA 113 as well as recent federal contingency fund transfers.

#### 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.

#### Major Budget Changes From FY 2007-08 YTD Appropriations

	FY 2007-08 YTD	Conference Change From YTD
<b>1. State Juvenile Justice Facilities and Staff</b>		
FTE	331.0	(60.0)
<b>Gross</b>	<b>\$32,847,900</b>	<b>(\$6,201,200)</b>
Local	15,066,100	(1,813,700)
Federal	624,500	(264,400)
GF/GP	\$17,157,300	(\$4,123,100)

**2. Family Independence Program Benefit Increase**  
The conference committee increases the maximum Family Independence Program cash assistance benefit for low-income families by \$1.00 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 \$492 per month. 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. Appropriations to cover the increase come from anticipated TANF carry-forward revenue that should result from the state accessing TANF contingency fund revenue in FY 2008.

<b>Gross</b>	<b>\$373,936,400</b>	<b>\$2,494,800</b>
Federal	90,026,800	2,494,800
Restricted	39,311,200	0
GF/GP	\$244,598,400	\$0

<b>Major Budget Changes From FY 2007-08 YTD Appropriations</b>		<b>FY 2007-08 YTD</b>	<b>Conference Change From YTD</b>
<b>3. FIP Children's Clothing Allowance</b> Conference report increases funding for the annual clothing allowance for FIP families from \$43 per child as provided during FY 2006-07 to an estimated \$88 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. Appropriations to cover the increase come from anticipated TANF carry-forward revenue that should result from the state accessing TANF contingency fund revenue in FY 2008.	<b>Gross</b>	<b>\$7,167,500</b>	<b>\$5,583,500</b>
	TANF	0	5,583,500
	GF/GP	\$7,167,500	\$0
<b>4. Family Independence Program Work Incentive</b> The conference budget includes funding to establish a new \$50 incentive payment to FIP families who are able meet federal work participation requirements for three consecutive months. Families would eligible for up to four incentive payments per year. These families would also be eligible to receive a \$25 contribution to an Individual Development Account (IDA).	<b>Gross</b>	<b>\$373,936,400</b>	<b>\$1,778,300</b>
	Federal	90,026,800	0
	Restricted	39,311,200	0
	GF/GP	\$244,598,400	\$1,778,300
<b>5. State Disability Assistance Benefit Increase</b> Raises 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.	<b>Gross</b>	<b>\$33,798,200</b>	<b>\$696,900</b>
	Federal	9,328,300	0
	GF/GP	\$24,469,900	\$696,900
<b>6. DHS Field and Program Staff</b> The conference report includes a number of staffing increases over Executive-recommended levels for the Department, including 7 new positions within the Bureau of Children and Adult Licensing, 5 positions for the Foster Care/Adoption Contract Monitoring Division, 5 Child Protective Services positions, and 3 positions within the Interstate Compact unit overseeing inter-state child placements.	FTE	N/A	20.0
	<b>Gross</b>	<b>N/A</b>	<b>\$1,497,900</b>
	Federal	N/A	507,100
	GF/GP	N/A	\$990,800
<b>7. Caseload Adjustments</b> The report reduces public assistance, foster care, and adoption subsidy support levels by a cumulative \$66.3 million from Executive-recommended levels and \$38.8 million from FY 2007-2008 year-to-date levels to account for overall declines in caseload costs in these areas. The largest reductions are seen within the Family Independence Program (\$17.9 million reduction from year-to-date) and Day Care Services (\$26.8 million reduction from year-to-date).	<b>Gross</b>	N/A	<b>(\$38,790,000)</b>
	Federal	<b>N/A</b>	(4,142,300)
	Local	N/A	(1,502,800)
	GF/GP	N/A	(\$33,144,900)
<b>8. Title IV-E Funding Assumptions</b> Executive budget had reversed funding assumptions included in the FY 2007-08 enacted budget related to Title IV-E eligibility for foster care and Child Care Fund cases. The enacted budget assumed an increase in Title IV-E eligibility for these cases due to additional staffing and reforms included in that budget. The conference report partially restores some of the previously assumed increase in Title IV-E eligibility.	<b>Gross</b>	N/A	<b>(\$8,817,500)</b>
	Federal	<b>N/A</b>	(5,935,400)
	Local	N/A	617,900
	GF/GP	N/A	(\$3,500,000)

<b>Major Budget Changes From FY 2007-08 YTD Appropriations</b>		<b>FY 2007-08 YTD</b>	<b>Conference Change From YTD</b>
<b>9. Bridges Toward Responsible Adulthood</b> Conference Committee concurs with a House recommendation to include a new line item for this program aimed at assisting older youth transitioning out the child welfare system.	<b>Gross</b>	<b>\$0</b>	<b>\$1,000,000</b>
	Federal	0	800,000
	GF/GP	\$0	\$200,000
<b>10. Adrian Training School Property Development</b> Conference report includes \$500,000 to use towards property development at the site of the Adrian Training School.	<b>Gross</b>	<b>\$0</b>	<b>\$500,000</b>
	GF/GP	\$0	\$500,000
<b>11. Strong Families/Safe Children</b> The Conference Committee concurs with the Governor's recommendation to reduce federal appropriations for the Strong Families/Safe Children program by \$2.0 million. The savings in federal Title IV-B revenue is reallocated within the budget to the Adoption Subsidies program to offset GF/GP currently used to support medical subsidy payments. It should be noted, however, that budget boilerplate would restore the \$2.0 million cut with revenue generated through the use of TANF contingency funding in FY 2007-08.	<b>Gross</b>	<b>\$0</b>	<b>(\$2,000,000)</b>
	Federal	\$0	(2,000,000)
	GF/GP		\$0
<b>12. Indigent Burial Program</b> The Conference 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.	<b>Gross</b>	<b>\$4,550,000</b>	<b>\$1,359,300</b>
	Federal	430,900	0
	GF/GP	\$4,119,100	\$1,359,300
<b>13. Adoption Subsidies - Residential Rate Increase</b> Provides a 4% increase in per diem rates paid on behalf of adopted children under an adoption medical subsidy when those children are receiving treatment or other services in residential care settings.	<b>Gross</b>	<b>\$235,637,200</b>	<b>\$410,000</b>
	Federal	141,597,300	0
	GF/GP	\$94,039,900	\$410,000
<b>14. Rate Increase - Independent Living Services</b> Provides for a 4% increase in administrative rates paid to child placing agencies that provide independent living services to older foster youth.	<b>Gross</b>	<b>N/A</b>	<b>\$168,300</b>
	Federal	N/A	63,100
	GF/GP	N/A	\$105,200
<b>15. Redirection of Jobs Education and Training (JET) Funding</b> Both the Executive and conference budget 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.	FTE	30.0	83.0
	<b>Gross</b>	<b>\$17,980,800</b>	<b>\$0</b>
	Federal	1,836,000	1,362,800
	GF/GP	\$16,144,800	(\$1,362,800)
<b>16. Smaller Program Increases</b> Conference 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, provides an additional \$30,000 for the Michigan Coordinated Access to Food for the Elderly (MiCAFE) program, and provides new funding for Communities in Schools (\$200,000), a Sanilac County care and referral program (\$120,000), and Youthville Detroit (\$100,000)	<b>Gross</b>	<b>\$170,000</b>	<b>\$750,000</b>
	Federal	0	200,000
	GF/GP	\$170,000	\$550,000

<b><u>Major Budget Changes From FY 2007-08 YTD Appropriations</u></b>		<b><u>FY 2007-08 YTD</u></b>	<b><u>Conference Change From YTD</u></b>
<b>17. Child Support Arrearage Collections</b>	<b>Gross</b>	<b>N/A</b>	<b>\$500,000</b>
Includes \$500,000 to support a contract with a private collection agency to collect child support arrearages owed to custodial parents and owed to the State as reimbursement for past public assistance support.	Federal	N/A	330,000
	GF/GP	N/A	\$170,000

### **Major Boilerplate Changes From FY 2007-08**

#### **GENERAL SECTIONS**

##### ***Sec. 219. Travel for Conferences and Professional Development - NEW***

Limits travel outside of the state to no more than one departmental employee. Does allow travel of more than one employee if federal or private funding requires more than one employee to attend

##### ***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. Conference report 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 reporting requirement on consolidation plan.

##### ***Sec. 288. Prohibition on Time Limits for Requests for Payments - NEW***

Time limits on payments to providers for documented services provided in a manner consistent with contractual and agreed upon requirements shall not be established by the Department.

##### ***Sec. 295. Implementing LEIN into BRIDGES - NEW***

States the legislative intent to have LEIN incorporated into the BRIDGES system by fiscal year 2009-2010.

##### ***Sec. 296. TANF Contingency Fund Allocation - NEW***

Grants the Department appropriation authority to spend \$21.9 million in carry-forward federal TANF revenue that is contingent upon the receipt of TANF Contingency Fund revenues during FY 2007-08. The language authorizes up to \$4.9 million to be expended for Children Rights lawsuit legal expenses, \$10.0 million for day care rate increases, \$5.0 million for a FIP grant increase, and \$2.0 million for the Strong Families/Safe Children program.

#### **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.

##### ***Sec. 309. YouthVille Detroit Demonstration Project – NEW***

Appropriates \$100,000 for the YouthVille Detroit demonstration project.

##### ***Sec. 310. Sanilac County Pilot Project – NEW***

Appropriates \$120,000 for a pilot program in Sanilac County to coordinate a comprehensive system of care and referral for area families with children ages 0-18.

#### **ADULT AND FAMILY SERVICES**

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

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. Conference report adds nationally accredited service providers to this exemption.

##### ***Sec. 516. Kent County Welfare Service Pilot Project – NEW***

Implements a pilot project in Kent County to provide for the purchase of all child welfare services, excluding child protection and evaluation services, with a child placing agency already under contract in Kent County no later than July 1, 2009.

## **Major Boilerplate Changes From FY 2007-08**

### ***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. Foster Care Rates – REVISED***

Establishes a blended administrative rate of \$27.00 per day for private child placing agencies under contract with the Department. 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 require that DHS explore modifying contract restrictions that would prohibit the department 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. 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. 583. In-Home Child Care Incentive Program – NEW***

Creates a Child Care Fund In-Home care incentive to encourage counties to increase the number of children in the child welfare and juvenile justice systems receiving in-home care rather than out-of-home placements. Counties will receive reimbursement from the department equal to 75% of the documented increase in in-home care expenditures, and the counties will cover the other 25% from their child care fund.

### ***Sec. 584. Adoption Subsidy 4% Rate Increase for Specialized Services – NEW***

Appropriates \$410,000 to cover a 4% rate increase in per diem rates paid to residential facilities that serve adopted youth under the medical subsidy program.

## **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. 659. Staff Support for Kent School Services Network – NEW***

The department may provide staff support to the Kent School Services Network to assist in addressing the needs of children and families at Community Schools. The department may also expand the program into other areas.

### ***Sec. 669. FIP Annual School Clothing Allowance – REVISED***

Increases allocation for annual clothing allowance for FIP recipients from \$7.2 million to \$12.8 million. Action meant to increase the per-child allowance to \$88 for FY 2008-09.

### ***Sec. 679. Day Care Training, Technology and Oversight – NEW***

Appropriates \$2.5 million to either contract with a private entity or develop internal processes to increase payment accuracy in the child care program. Costs are offset in the budget by equivalent savings in day care payments.

### ***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. 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.

## **Major Boilerplate Changes From FY 2007-08**

### ***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. 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.

### ***Sec. 693. Family Independence Program Work Incentive – NEW***

Appropriates \$1.8 million to Michigan Works! agencies to provide \$50 to each FIP recipient who meet employment benchmarks for three successive calendar months. Each FIP recipient is eligible for this benefit up to 4 times a year. The recipient who meets the employment activity for three successive months could also elect to receive \$25 additional money to be placed in an IDA on his or her behalf.

## **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 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. 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. Juvenile Justice Security Level Structure – NEW***

Requires DHS to conduct a review of the security level structure used to classify juvenile justice youth and to make recommendations for changes to the current structure to ensure youth are served in appropriate settings. Includes a report to the Subcommittees on the recommendations and a comparison of capacity versus need at each security level.

### ***Sec. 752. Additional Family Resource Centers in Ingham and Genesee Counties – NEW***

If sufficient funding becomes available from local sources, the department shall support two additional family resource centers in Genesee County and one in Ingham County.

## **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.