

# Legislative Analysis

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## CHILD PLACING AGENCY ADMINISTRATIVE RATE FINANCING

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**House Bill 4961 (Substitute H-1)**  
**Sponsor: Rep. Peter MacGregor**  
**Committee: Appropriations**

**Complete to 9-11-13**

### A SUMMARY OF HOUSE BILL 4961 AS REPORTED FROM COMMITTEE 9-11-13

House Bill 4961 would amend Section 117a of the Social Welfare Act (MCL 400.117a), for Fiscal Year 2013-14, to require that the Department of Human Services (DHS) pay 100% of the \$3 administrative rate increase for private providers of foster care services as provided in Section 546(4) of the DHS FY 2013-14 Appropriations Act (Article X of 2013 PA 59).

Under current law, the state is required to fund 50% of the cost of care for eligible child welfare and juvenile justice services funded through County Child Care Funds and counties are required to fund the remaining 50%.

#### **FISCAL IMPACT:**

Revising the fund sourcing for the private child placing agency administrative rate would increase state costs by approximately \$500,000 and decrease county costs by the same amount. The FY 2013-14 DHS budget provides funding to support this change.

The FY 2013-14 DHS budget provides \$5.1 million Gross (\$3.8 million GF/GP) to increase private child placing agency administrative rates from \$37 per child per day to \$40. The FY 2013-14 DHS budget also includes boilerplate section 546(4) which states that the \$3 rate increase would only be provided if the Social Welfare Act is amended to eliminate the county matching requirement for this increase.

In FY 2011-12, counties had to provide their 50% matching requirement for about 20% of the private child placing agency administrative rates (or 10% of the total cost); these foster care cases are, in general, temporary court wards that do not meet federal IV-E eligibility. The other 80% of the administrative rates are funded with either 50% federal/50% GF/GP if the foster care case is eligible for federal IV-E funds or 100% GF/GP if the foster care case is a state ward.

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