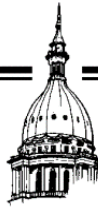




Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 4961 (Substitute H-1 as passed by the House)
Sponsor: Representative Peter MacGregor
House Committee: Appropriations
Senate Committee: Appropriations

Date Completed: 9-17-13

CONTENT

The bill would amend the Social Welfare Act so that the counties would be held harmless for funding 50% of a \$3 foster care administrative rate adjustment that is provided in the FY 2013-14 Department of Human Services (DHS) budget. The counties would still be required to contribute 50% of the existing baseline Child Care Fund costs.

The fiscal year (FY) 2013-14 budget for the DHS, Public Act (P.A.) 59 of 2013, Article X, included an appropriation of \$5.1 million to increase the administrative rate for private foster care providers by \$3, from \$37 to \$40. Boilerplate Section 546(4) made the \$3 increase contingent on the passage of legislation that would hold the counties harmless for the additional payment.

Currently, statute requires the counties to contribute 50% of the costs of care for eligible child welfare and juvenile justice cases through the Child Care Fund. Typically, these children are temporary court wards and are not eligible for Federal funding. The counties pay these costs of care up front and then submit claims to the State for reimbursement.

The bill would require the Department to pay 100% of the \$3 increase for the 2013-14 fiscal year only.

MCL 400.117a

FISCAL IMPACT

The bill would increase the State's portion of Child Care Fund expenditures by approximately \$500,000 Gross. This funding is already included in the FY 2013-14 DHS budget.

The FY 2013-14 budget provided a total of \$5.1 million Gross (\$3.8 million GF/GP) to increase the foster care administrative rate by \$3 from \$37 to \$40 per day. The Child Care Fund expenditures represent approximately \$1.0 million of this total. For children who are eligible for Federal Title IV-E funding, the State shares 50% of the administrative expenses with the Federal government. These cases represent \$2.6 million of the total appropriation. For State Ward Board and Care cases, where a child is a ward of the State but is not eligible for Federal funding, the costs represent approximately \$1.5 million of the appropriation.

The bill would reduce the counties' contribution to the Child Care Fund by approximately \$500,000, as the statutory change would hold the counties harmless for the proposed rate increase.

Fiscal Analyst: Frances Carley

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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.