

# Legislative Analysis

---



## PRIVATE FOSTER CARE ADMINISTRATIVE RATES

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 4434 (H-2)**  
**Sponsor: Rep. Earl Poleski**  
**Committee: Appropriations**

Analysis available at  
<http://www.legislature.mi.gov>

**Complete to 4-14-15**

### SUMMARY:

House Bill 4434 (H-2) would amend Section 117a of the Social Welfare Act of 1939 (MCL 400.117a) to require the state to continue to pay certain payment amounts for services provided by private providers of foster care services. Under current law, the state is required to pay the following payment amounts until September 20, 2015:

- 100% of the costs of the \$3.00 increase to the administrative rate for providers of foster care services.
- 100% of the administrative rate for providers of foster care services for new foster cases established after October 13, 2013.
- 100% of the costs of the rate increase to providers of residential foster care services under contract with the Department of Human Services (DHS).

The bill would amend Section 117a by eliminating the sunset language on these payment amounts while adding language to make the payments subject to appropriations by the Legislature. The bill would take effect on October 1, 2015.

### FISCAL IMPACT:

By eliminating the sunset provisions, House Bill 4434 (H-2) would require the state to continue to make payments in future years in similar amounts as those provided in the current fiscal year. If the bill is not enacted, then counties would be responsible for 50% of these payments. If House Bill 4434 (H-2) is not enacted, the estimated overall costs that county governments would be required to spend from their Child Care Fund would be approximately \$8.1 million annually. The increase to counties would be as follows:

- \$3.00 administrative rate increase: \$514,000
- Administrative rate for new foster cases: \$6.0 million
- Private residential foster care services rate increase: \$1.6 million

Without the bill's enactment, the state would realize a savings of \$8.1 million.

Fiscal Analyst: Viola Bay Wild

---

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.