Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

House Bills 4696 and 4697 (as reported without amendment)
Sponsor: Representative Luke Meerman (H.B. 4696)
Representative Stephanie Young (H.B. 4697)
House Committee: Families and Veterans
Rules (H.B. 4696)
Senate Committee: Housing and Human Services

CONTENT

House Bill 4696 would modify the definition of "relative" in the Guardianship Assistance Act.

House Bill 4697 would amend the Guardianship Assistance Act to modify eligibility requirements for guardianship assistance.

MCL 722.872 (H.B. 4696); 722.874 (H.B. 4697)

BRIEF RATIONALE

Michigan should modify the definition of "relative" in the Guardianship Assistance Act and expand eligibility for guardianship assistance to family members to improve kinship care. Currently, every foster parent must go through the official foster parent licensing process to receive assistance from the State. Allowing a family member of a foster child to receive guardianship assistance from the State without needing to go through the process of becoming foster parents would align with the reality of kinship care. Reportedly, family members already house and feed children in their family who were removed from their parents, and the bill would streamline a family member's ability to receive assistance. Accordingly, it has been suggested that allowing an eligible child's relative to apply for guardianship assistance, even if the prospective guardian were not a foster parent, would improve quality of life for the child.

Legislative Analyst: Jessica Gebbie

FISCAL IMPACT

The bills would have an indeterminate fiscal impact on the State and local governments. Increased costs would primarily depend on how many relative caregivers choose to become guardians under the expanded eligibility for guardianship assistance payments, combined with the number of children for whom guardianship was deemed appropriate.

According to the Department of Health and Human Service (DHHS) Children's Foster Care Manual (FOM 722-07), the Federal government determines the permissible permanency outcomes for foster care cases, and requires legal preference given to reunification first, adoption second, and finally guardianship when the first two options are unavailable.

While the bills could allow more people to become legal guardians, the court would still have to balance permanency decisions with best interest factors for the child and the Federal obligation to prioritize reunification and adoption first, when possible. Therefore, an increase in guardianships for the current foster care population would likely be constrained.

Data from the Adoption and Foster Care Analysis and Reporting System (AFCARS) indicates that guardianship accounted for 7.8% of the foster care exits in Michigan in 2024 (approximately 278 children). The report does not differentiate between licensed or unlicensed guardians.

As the DHHS outlines in FOM 722-07, the two permanency options that are least preferred by the Federal government guidelines are Permanent Placement with a Fit and Willing Relative (PPFWR) and Another Planned Permanent Living Arrangement (APPLA).

In 2025, there were 1,493 children with the permanency goal of APPLA and 212 children with the goal of PPFWR according to the DHHS. There's a possibility that this population of children in foster care could be the most influenced by the bills, as the expanded guardianship assistance payments have the potential to reduce financial barriers that would otherwise keep a caregiver from pursuing legal guardianship.

The DHHS reported in 2025 that there were 1,040 children in a guardianship. The DHHS Juvenile Guardianship Assistance Rate Determination policy (GDM 720) states that guardians who do not have an assistance payment agreement signed prior to the court's appointment will not be eligible for payments in the future. Therefore, unless a DHHS policy change accompanied the bills, the cost of the expanded assistance payments would be contained to those applicable guardianships established after enactment.

Guardianship assistance is paid by State, local, and Federal Title IV-E funds at a rate that is meant to reflect what the child was receiving from foster care maintenance payments. The total daily rates are currently set at $22.35 for children aged zero to 12 and $26.69 for children aged 13 to 18 (FOM 905-3). The fiscal impact of the bills also would depend on how many children in guardianships qualify for Title IV-E, which would shift a greater portion of the cost to Federal funding (cost sharing is currently set at 65% Federal, 35% State).

The bills could reduce administrative costs if more children avoided entering foster care through the establishment of guardianships at the onset of child welfare involvement, or if foster care cases closed more quickly due to an expanded pool of potential guardians; however, it is unknown whether any such savings would be large enough to offset the increased cost of additional guardianship assistance payments.

Date Completed: 5-21-26 Fiscal Analyst: Jaymie Tibbits

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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.