

Act No. 109
Public Acts of 1997
Approved by the Governor*
August 18, 1997
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*Item Vetoes

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**STATE OF MICHIGAN
89TH LEGISLATURE
REGULAR SESSION OF 1997**

Introduced by Senators Geake, Steil, Conroy and McManus

ENROLLED SENATE BILL No. 169

AN ACT to make appropriations for the family independence agency and certain state purposes related to public welfare services for the fiscal year ending September 30, 1998; to provide for the expenditure of the appropriations; to create funds; to provide for the imposition of fees; to provide for reports; to provide for the disposition of fees and other income received by the state agency; and to provide for the powers and duties of certain individuals, local governments, and state departments, agencies, and officers.

The People of the State of Michigan enact:

Sec. 101. There is appropriated for the family independence agency and certain state purposes related to public welfare services for the fiscal year ending September 30, 1998, from the following funds:

FAMILY INDEPENDENCE AGENCY

Full-time equated classified positions	14,387.9	
Unclassified positions.....	6.0	
Total full-time equated positions	14,393.9	
GROSS APPROPRIATION.....		\$ 2,944,881,300
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		150,000
ADJUSTED GROSS APPROPRIATION.....		\$ 2,944,731,300
Federal revenues:		
Total federal revenues		1,674,242,600
Special revenue funds:		
Total private revenues.....		7,217,400
Total local revenues		67,336,500
Total other state restricted revenues		179,095,600
State general fund/general purpose		\$ 1,016,839,200
Payments to units of local government		84,565,000

EXECUTIVE OPERATIONS

Total full-time equated positions	1,000.3	
Full-time equated unclassified positions	6.0	
Full-time equated classified positions	994.3	
Unclassified salaries—6.0 FTE positions		\$ 464,100
Salaries and wages—795.3 FTE positions		37,719,000
Contractual services, supplies, and materials		10,318,000

	For Fiscal Year Ending Sept. 30, 1998
Demonstration projects—11.0 FTE positions	\$ 10,612,500
Health and welfare data center equipment	4,166,700
Computer service fees	10,120,600
Automated social services information system project—27.0 FTE positions	33,970,400
Data system enhancement—28.0 FTE positions	12,744,900
Child support automation—5.0 FTE positions.....	35,446,300
Child support distribution computer system.....	625,000
Commission on disability concerns—10.0 FTE positions	659,600
Commission for the blind—118.0 FTE positions	17,482,200
GROSS APPROPRIATION.....	\$ 174,329,300
Appropriated from:	
Interdepartmental grant revenues:	
IDG-ADP user fees	150,000
ADJUSTED GROSS APPROPRIATION.....	\$ 174,179,300
Appropriated from:	
Federal revenues:	
Total federal revenues	102,469,200
Special revenue funds:	
Total private revenues.....	1,840,000
Total local revenues	475,000
Total other state restricted revenues.....	477,300
State general fund/general purpose	\$ 68,917,800
 FAMILY SERVICES ADMINISTRATION	
Full-time equated classified positions	472.0
Salaries and wages—353.8 FTE positions	\$ 17,734,600
Contractual services, supplies, and materials	6,226,800
Child support incentive payments.....	32,409,600
Legal support contracts—5.0 FTE positions.....	79,117,900
Supplemental security income advocates, salaries and wages—18.0 FTE positions	734,350
State incentive payments	3,934,200
Employment and training support services.....	25,826,700
Food stamp issuance	5,374,400
High school completion project—4.0 FTE positions	278,400
Wage employment verification reporting—2.0 FTE positions	1,795,000
Urban and rural empowerment/enterprise zones.....	100
Supplemental security income advocacy—23.2 FTE positions	1,830,150
Training and staff development—66.0 FTE positions	10,284,300
Community services block grant	18,100,000
GROSS APPROPRIATION.....	\$ 203,646,500
Appropriated from:	
Federal revenues:	
Total federal revenues	177,799,200
Special revenue funds:	
State general fund/general purpose	\$ 25,847,300
 CHILD AND FAMILY SERVICES	
Full-time equated classified positions	126.3
Salaries and wages—70.3 FTE positions	\$ 3,357,900
Contractual services, supplies, and materials	1,782,000
Refugee assistance program—12.0 FTE positions.....	7,377,100
County juvenile officers.....	3,742,700
Foster care payments	246,162,100
Youth in transition—20.0 FTE positions	10,256,900
Interstate compact	300,000
Adoption subsidies.....	103,227,900
Child care fund.....	33,717,600
Children's benefit fund donations	21,000

	For Fiscal Year Ending Sept. 30, 1998
Domestic violence prevention and treatment—2.0 FTE positions.....	\$ 4,741,200
Teenage parent counseling—3.0 FTE positions	3,405,200
Family preservation and prevention services—14.0 FTE positions	71,255,700
Black child and family institute	100,000
Rape prevention and services	1,100,000
Attorney general contracts.....	1,658,900
Guardian contract	600,000
County shelters.....	200,000
Prosecuting attorney contracts—1.0 FTE position.....	1,061,700
Children’s trust fund administration—4.0 FTE positions.....	310,300
Children’s trust fund grants	2,615,000
GROSS APPROPRIATION.....	\$ 496,993,200
Appropriated from:	
Federal revenues:	
Total federal revenues	228,599,900
Special revenue funds:	
Private - children’s benefit fund donations	21,000
Private - collections	3,601,300
Children’s trust fund.....	1,810,300
Local funds - county payback.....	27,643,200
State general fund/general purpose	\$ 235,317,500
DELINQUENCY SERVICES	
Full-time equated classified positions	1,275.1
Delinquency services operations.....	\$ 14,528,600
Genesee valley and Detroit detention centers—210.2 FTE positions	14,398,500
Residential care centers—45.0 FTE positions	2,499,300
Federally funded activities—27.1 FTE positions	1,813,800
W.J. Maxey memorial fund.....	45,000
Regional detention services—10.6 FTE positions.....	1,207,300
Juvenile boot camp program	2,300,000
Committee on juvenile justice administration—4.0 FTE positions.....	340,500
Committee on juvenile justice grants.....	1,900,000
Personnel payroll costs—978.2 FTE positions	50,891,600
GROSS APPROPRIATION.....	\$ 89,924,600
Appropriated from:	
Federal revenues:	
Total federal revenues	14,512,600
Special revenue funds:	
Total private revenues.....	45,000
Local funds - county payback.....	39,025,200
State general fund/general purpose	\$ 36,341,800
ASSISTANCE PAYMENTS, SERVICES, AND CLERICAL FIELD STAFF	
Full-time equated classified positions	10,894.5
Field staff, salaries and wages—7,999.1 FTE positions	\$ 284,277,100
Children and adult services, salaries and wages—2,751.9 FTE positions	107,284,000
Contractual services, supplies, and materials	23,512,500
Outstationed eligibility workers—30.0 FTE positions	3,470,200
Volunteer services and reimbursement—113.5 FTE positions.....	8,227,600
GROSS APPROPRIATION.....	\$ 426,771,400
Appropriated from:	
Federal revenues:	
Total federal revenues	267,677,300
Special revenue funds:	
Local funds - donated funds.....	193,100
Private funds - hospital contributions.....	1,710,100
State general fund/general purpose	\$ 157,190,900

For Fiscal Year
Ending Sept. 30,
1998

CENTRAL SUPPORT ACCOUNTS

Rent.....	\$ 44,176,300
Occupancy charge	10,872,900
Travel.....	7,822,700
Equipment	2,684,900
Workers' compensation.....	5,234,100
Advisory commissions.....	17,900
Payroll taxes and fringe benefits.....	159,345,600
GROSS APPROPRIATION.....	\$ 230,154,400
Appropriated from:	
Federal revenues:	
Total federal revenues	129,920,800
Special revenue funds:	
Departmentwide lapse revenue	8,000,000
State general fund/general purpose	\$ 92,233,600

DISABILITY DETERMINATION SERVICES

Full-time equated classified positions.....	602.0
Disability determination operations—602.0 FTE positions.....	\$ 66,798,700
GROSS APPROPRIATION.....	\$ 66,798,700
Appropriated from:	
Federal revenues:	
Total federal revenues	66,798,700
State general fund/general purpose	\$ 0

PUBLIC ASSISTANCE

Full-time equated classified positions.....	23.7
Family independence program.....	\$ 702,626,600
State disability assistance payments	29,460,600
Food stamp program benefits	132,000,000
State supplementation	55,604,000
State supplementation administration.....	2,502,000
Low income energy assistance program—21.7 FTE positions	82,046,300
State emergency relief—2.0 FTE positions.....	37,400,000
Weatherization assistance	15,934,100
Day care services.....	211,215,000
GROSS APPROPRIATION.....	\$ 1,268,788,600
Appropriated from:	
Federal revenues:	
Total federal revenues	686,464,900
Special revenue funds:	
Child support collections	156,007,900
Supplemental security income recoveries	6,800,000
Public assistance recoupment revenue	6,000,100
State general fund/general purpose	\$ 413,515,700

EARLY RETIREMENT SAVINGS

Salaries and wages	\$ (12,525,400)
GROSS APPROPRIATION	\$ (12,525,400)
Appropriated from:	
State general fund/general purpose	\$ (12,525,400)

GENERAL SECTIONS

Sec. 201. (1) In accordance with section 30 of article IX of the state constitution of 1963, total state spending from state sources for fiscal year 1997-98 is estimated at \$1,195,934,800.00 in this act and state spending from state sources

to local units of government for fiscal year 1997-98 is estimated at \$84,565,000.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

FAMILY INDEPENDENCE AGENCY
CHILD AND FAMILY SERVICES

Child care fund.....	\$	33,717,600
County juvenile officers.....		2,744,000
Adoption subsidies.....		46,898,200

PUBLIC ASSISTANCE

State disability program.....		1,205,200
TOTAL	\$	<u>84,565,000</u>

(2) If it appears to the principal executive officer of a department or branch that state spending to local units of government will be less than the amount that was projected to be expended under subsection (1), the principal executive officer shall immediately give notice of the approximate shortfall to the department of management and budget.

Sec. 202. The family independence agency may receive and expend advances or reimbursements from the department of state police for the administration of the individual and family grant disaster assistance program. An account shall be established in the family independence agency for this purpose when a disaster is declared. The authorization and allotment for the account shall be in the amount advanced or reimbursed from the department of state police.

Sec. 203. The director of the department of management and budget may make administrative transfers of appropriations for the family independence agency to adjust amounts between the local funds - county payback line items in section 101. Such transfers shall be made in compliance with section 393(1) of the management and budget act, 1984 PA 431, MCL 18.1393.

Sec. 204. In addition to funds appropriated in section 101 for all programs and services, there is appropriated for write-offs of accounts receivable, deferrals, and for prior year obligations in excess of applicable prior year appropriations, an amount equal to total write-offs and prior year obligations, but not to exceed amounts available in prior year revenues.

Sec. 205. The expenditures and funding sources authorized under this act are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

Sec. 206. The family independence agency may retain all of the state's share of food stamp overissuance collections as an offset to general fund/general purpose costs. Retained collections shall be applied against federal funds deductions in all appropriation units where department costs related to the investigation and recoupment of food stamp overissuances are incurred. Retained collections in excess of such costs shall be applied against the federal funds deducted in the executive operations appropriation unit.

Sec. 207. (1) The family independence agency shall submit a report to the chairpersons of the senate and house appropriations subcommittees on the family independence agency budget and to the senate and house fiscal agencies on the details of allocations within program budgeting line items and within the salaries and wages line items in the field services appropriation unit. The report shall include a listing, by account, dollar amount, and fund source, of salaries and wages; longevity and insurance; retirement; contractual services, supplies, and materials; equipment; travel; and grants within each program line item appropriated for the fiscal year ending September 30, 1998.

(2) On a monthly basis, the family independence agency shall report on the number of FTEs in pay status by type of staff.

Sec. 208. As used in this act:

- (a) "ADP" means automated data processing.
- (b) "Department" means the family independence agency.
- (c) "FTE" means full-time equated position.
- (d) "IDG" means interdepartmental grant.
- (e) "Temporary assistance for needy families" or "title IV" means title IV of the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 601 to 603, 604 to 610, 612 to 613, 615 to 617, 620 to 629e, 651 to 669, 670 to 677, 679, and 681 to 687.
- (f) "Title XX" means title XX of the social security act, chapter 531, 49 Stat. 620, 42 U.S.C. 1397 to 1397f.

Sec. 209. (1) In addition to the funds appropriated in section 101, there is appropriated an amount not to exceed \$200,000,000.00 for federal contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act in accordance with section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(2) In addition to the funds appropriated in section 101, there is appropriated an amount not to exceed \$5,000,000.00 for state restricted contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act in accordance with section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(3) In addition to the funds appropriated in section 101, there is appropriated an amount not to exceed \$20,000,000.00 for local contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act in accordance with section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(4) In addition to the funds appropriated in section 101, there is appropriated an amount not to exceed \$20,000,000.00 for private contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act in accordance with section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

Sec. 210. If a legislative objective of this act or the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b, cannot be implemented without loss of federal financial participation because implementation would conflict with or violate federal regulations, the family independence agency shall notify the house and senate appropriations committees and the house and senate fiscal agencies of that fact. Upon receipt of the notification, a joint house and senate committee made up of the members of the house and senate appropriations subcommittees dealing with appropriations for the family independence agency may be appointed to meet with the director of the family independence agency to review the substantive, procedural, and legal ramifications of the legislative objective and to develop a plan to attain that legislative objective.

Sec. 211. Funds appropriated in section 101 shall not be used for the purchase of foreign goods or services when competitively priced and of comparable quality American goods or services are available. By May 1, 1998, the family independence agency shall submit a report to the department of management and budget, the speaker and minority leader of the house of representatives, the majority and minority leaders of the senate, and the chairpersons of the house and senate appropriations committees on efforts to comply with this section.

Sec. 212. The department of civil service shall bill departments and/or agencies at the end of the first fiscal quarter for the 1% charges authorized by section 5 of article XI of the state constitution of 1963. Payments shall be made for the total amount of the billing by the end of the second fiscal quarter.

Sec. 213. In compliance with governmental accounting standards board (GASB) statement no. 24, accounting and financial reporting for certain grants and other financial assistance, food stamp distributions are hereby appropriated and shall be recognized as general fund - special purpose expenditures in the state's accounting records and financial reports.

Sec. 214. (1) Beginning October 1, 1997, there is a hiring freeze imposed on the state classified civil service. State departments and agencies are prohibited from hiring any new full-time state classified civil service employees or prohibited from filling any vacant state classified civil service positions. This hiring freeze does not apply to internal transfers of classified employees from 1 position to another within a department or to positions that are funded 80% or more from federal or restricted funds.

(2) The director of the department of management and budget shall grant exceptions to this hiring freeze when the director believes that the hiring freeze will result in the state department or agency being unable to deliver basic services. The director of the department of management and budget shall report by the fifteenth of each month to the chairpersons of the senate and house appropriations committees the number of exclusions to the hiring freeze approved during the previous month and the justification for the exclusion.

Sec. 215. The director shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both, for the family independence agency. The director shall strongly encourage firms with which the department contracts to subcontract with businesses in depressed and deprived communities for services or supplies, or both.

Sec. 217. (1) The family independence agency shall submit to the department of management and budget, the house and senate appropriations committees, the house and senate fiscal agencies, and the house and senate standing committees having jurisdiction over technology issues, periodic reports on the department's efforts to change the department's computer software and hardware as necessary to perform properly in the year 2000 and beyond. These reports shall identify actual progress in comparison to the department's approved work plan for these efforts.

(2) The family independence agency may present progress billings to the department of management and budget for the costs incurred in changing computer software and hardware as necessary to perform properly in the year 2000 and beyond. At the time progress billings are presented for reimbursement, the department shall identify and forward as appropriate the funding sources that should support the work performed.

Sec. 218. In order to comply with revised federal regulations related to child support collections in the personal responsibility and work opportunity reconciliation act of 1996, the department is authorized, with the department of management and budget approval, to adjust amounts specified in section 101 and 1996 PA 352 sources of financing to enable the return of the federal share of child support collections to the federal government. The general fund/general purpose impact of these adjustments shall be zero.

Sec. 219. The department shall receive and retain copies of all reports funded from section 101 appropriations. Federal and state guidelines for short-term and long-term retention of records shall be followed.

Sec. 220. The family independence agency shall prepare a semiannual report on the temporary assistance for needy families (TANF) federal block grant. The report shall include projected expenditures for the current fiscal year, an accounting of any previous year funds carried forward, and a summary of all interdepartmental or interagency agreements relating to the use of TANF funds. The report shall be forwarded to the house and senate appropriations subcommittees on the family independence agency budget on or before October 15, 1997 and April 15, 1998.

Sec. 221. The family independence agency shall include in its quality control reporting the number of veterans receiving food stamps, family independence program assistance, and medicaid.

Sec. 222. (1) In contracting with faith-based organizations for mentoring or supportive services, and in all contracts for services, the family independence agency shall ensure that no funds provided directly to institutions or organizations to provide services and administer programs shall be used or expended for any sectarian activity, including sectarian worship, instruction, or proselytization.

(2) If an individual requests the service and has an objection to the religious character of the institution or organization from which the individual receives or would receive services or assistance, the family independence agency shall provide the individual within a reasonable time after the date of the objection with assistance or services and which are substantially the same as the service the individual would have received from the organization.

(3) Notwithstanding subsections (1) and (2), the family independence agency shall cooperate with faith-based organizations so that they are able to compete on the same basis as any other private organization for contracts to provide services to recipients of family independence agency services, including, but not limited to, mentoring or supportive services. The family independence agency shall not discriminate against an organization that applies to become a contractor on the basis that the organization has a religious character.

EXECUTIVE OPERATIONS

Sec. 301. The family independence agency may receive local funds to be applied toward the purchase of local office automation equipment. Local office automation equipment shall only be purchased through appropriate departmentwide automated data processing equipment contracts and shall be the property of the department.

Sec. 302. Any unencumbered balances of the automated social services information system line, the child support enforcement system line, and the data systems enhancement line may not lapse and shall be carried forward to the 1998-99 fiscal year.

Sec. 303. The family independence agency may distribute cash assistance to recipients electronically by using debit cards.

Sec. 304. The appropriation in section 101 for the Michigan commission for the blind includes funds for case services. These funds may be used for tuition payments for blind clients for the school year beginning September 1997.

Sec. 305. The appropriation in section 101 for commissions and boards may be used for per diem payments to members of commissions or boards for a full day of committee work at which a quorum is present for performing official business as authorized by each respective commission or board. The per diem payment for the Michigan commission for the blind shall be at a rate of \$50.00 per day.

Sec. 307. The data systems enhancement line-item supports automation initiatives such as the services worker support and electronic benefits transfer systems intended to enhance agency programs, functions, and services. The family independence agency shall submit by December 1, 1997 a report to the chairpersons and members of the house and senate appropriations subcommittees on the family independence agency specifying the allocation of data systems enhancement line-item appropriations by project and support service for the fiscal year ending September 30, 1998. The family independence agency shall submit by December 1, 1997 and each quarter thereafter, a report to the members of the house and senate appropriations subcommittees on family independence agency and the standing committees having jurisdiction over technology issues, a report detailing the use of funding and progress toward the completion of the assist project.

FAMILY SERVICES ADMINISTRATION

Sec. 401. (1) From the federal money received for child support incentive payments, up to \$6,265,200.00 shall be retained by the state and expended for legal support contracts, state incentive payments, and salaries and wages for office of child support staff.

(2) At the end of the current fiscal year, the family independence agency may, when it is cost beneficial to the state and counties, withhold from submitting to the federal office of child support administrative expenses eligible for federal financial participation. The department may recoup earned but unclaimed federal funds from the resulting increased federal child support incentive. The recoupment by the department shall be made prior to distribution of the increased incentive to the counties. Any incentive funds retained by the state under this section shall be separate and apart from incentive funds retained in any other section of this act.

Sec. 402. From the funds appropriated in section 101 for legal support contracts and child support incentive payments, the family independence agency may fund demonstration projects to enhance friend of the court child support collections efforts for public assistance recipients. Funding shall be from federal title IV-D and federal child support incentives earned. The projects shall be implemented in no more than 3 counties. Priority shall be given to counties with federal title IV-D aid to families with dependent children collections exceeding \$7,000,000.00 in fiscal year 1992.

Sec. 403. Unexpended funds in the urban and rural empowerment and enterprise zones line item shall not lapse but shall carry forward for use in fiscal year 1998-99.

Sec. 404. Not later than September 30 of each year, the family independence agency shall submit for public hearing to the chairpersons of the house and senate appropriations subcommittees dealing with appropriations for the family independence agency the proposed use and distribution plan for community services block grant funds appropriated in section 101 for the succeeding fiscal year.

Sec. 405. The family independence agency shall develop plans jointly with the Indian affairs commission for the implementation of programs and the distribution of funds for recognized tribal groups and organizations under the block grant programs that are established by the federal community services block grant act, subtitle B of title VI of Public Law 97-35, 95 Stat. 511, 42 U.S.C. 9901 to 9910a and 9911 to 9912, and that are administered by that bureau. The plans shall comply with the regulations issued by the United States department of health and human services.

Sec. 406. The state general fund/general purpose contribution related to the Wayne County third circuit court cooperative reimbursement contract resides in the judiciary budget. There are no general fund/general purpose funds appropriated for this purpose in the family independence agency budget.

Sec. 407. From the funds appropriated in section 101, county volunteer coordinators shall develop partnership agreements with their local volunteer agencies.

Sec. 408. From the funds appropriated in section 101 for food stamp issuance, the department may allocate up to \$1,000,000.00 to a food stamp continuance pool. Funds from this pool may be paid as grants to volunteer organizations who submit innovative approaches to aid individuals at risk of losing their food stamp eligibility due to the passage of Public Law 104-193. Acceptable criteria shall include assistance in job seeking or placement in qualified community service.

Sec. 409. From the funds appropriated in section 101, the family independence agency shall collaborate with the Michigan jobs commission to initiate an enhanced technical vocational training program that meets all of the following criteria and may use up to \$4,000,000.00 for that purpose:

- (a) The training program shall be available statewide.
- (b) Participants shall have a high school diploma or have completed the general education development (GED) program prior to entering the training program.
- (c) Participants shall be recipients of family independence program benefits under this act and be in full compliance with any applicable work first requirements.
- (d) Training shall be limited to not longer than 6 months' duration.
- (e) Training shall be directed to achieving or gaining skills that will lead to a career for the participant.
- (f) Training shall be reasonably calculated to lead to full-time, skilled employment.
- (g) Participants shall receive any additional support needed to facilitate participation in the training program including, but not limited to, all of the following:
 - (i) Child care, including evening or nighttime care if appropriate.
 - (ii) Transportation.

CHILD AND FAMILY SERVICES

Sec. 501. The following goal is established by state law. During the fiscal year ending September 30, 1998, not more than 3,500 children supervised by the family independence agency shall remain in foster care longer than 24 months. The department shall give priority to reducing the number of children under 1 year of age in foster care.

Sec. 502. From the funds appropriated in section 101 for foster care, the family independence agency shall provide 50% reimbursement to Indian tribal governments for foster care expenditures for children who are under the jurisdiction of Indian tribal courts and who are not otherwise eligible for federal foster care cost sharing.

Sec. 503. The family independence agency shall not expend funds appropriated in section 101 to provide intercountry adoption services.

Sec. 504. The family independence agency shall continue adoption subsidy payments to families after the eighteenth birthday of an adoptee who meets all of the following criteria:

- (a) Has not yet graduated from high school or passed a high school equivalency examination.
- (b) Is making progress toward completing high school.
- (c) Has not yet reached his or her twenty-first birthday.

Sec. 505. The family independence agency's ability to satisfy appropriation deducts in section 101 for foster care private collections shall not be limited to collections and accruals pertaining to services provided in the current fiscal year but shall include revenues collected in excess of the amount specified in section 101.

Sec. 506. Notwithstanding section 117a or 117c of the social welfare act, 1939 PA 280, MCL 400.117a and 400.117c, the distribution of collections made to counties by child, parent, guardian, or custodian, on behalf of children in foster care who are wards of the county, shall be made in accordance with section 18(2) of chapter XIIA of 1939 PA 2188, MCL 712A.18.

Sec. 507. Counties shall be subject to 50% charge back for the use of alternative regional detention services if those detention services do not fall under the basic provision of section 117e of the social welfare act, 1939 PA 280, MCL 400.117e, or if a county operates those detention services programs primarily with professional rather than volunteer staff.

Sec. 508. (1) In order to promote continuity of service for children and families, the family independence agency shall, to the maximum extent possible, enter into multiyear contracts for child welfare and juvenile justice services.

(2) The bid specifications and contract award determinations for child welfare and juvenile justice services shall include criteria relative to provider experience, placing emphasis on total years of experience in providing child welfare and juvenile justice services, provision of services to persons of similar characteristics as the target clientele, quality of prior child welfare and juvenile justice services, length of service in the targeted geographic area, and the adequacy of the provider's plan for coordinating the provision of services in the targeted geographic area.

Sec. 509. Funds appropriated in section 101 for the child care fund may be used as local match for the purchase of families first services for clients referred by juvenile courts. For local offices and courts choosing this option, the in-home

portion of the county child care fund plan must authorize the transfer of funds from the state child care fund account designated for that county to a local funds - county payback deduct account associated with the family preservation services appropriation while the involved county is still beneath its child care fund cap.

Sec. 510. (1) In addition to the amount appropriated in section 101, money granted or money received as gifts or donations to the children's trust fund created by 1982 PA 249, MCL 21.171 to 21.172, is appropriated for expenditure in an amount not to exceed \$800,000.00.

(2) The state child abuse and neglect prevention board may initiate a joint project with another state agency to the extent that the project supports the programmatic goals of both the state child abuse and neglect prevention board and the state agency. The family independence agency may invoice the state agency for shared costs of a joint project in an amount authorized by the state agency, and the state child abuse and neglect prevention board may receive and expend funds for shared costs of a joint project in addition to those authorized by section 101.

Sec. 512. (1) From the funds appropriated in section 101, the family independence agency shall not expend funds to preserve or reunite a family, unless there is a court order requiring the preservation or reuniting of the family, if either of the following would result:

(a) A child would be living in the same household with a parent or other adult who has been convicted of criminal sexual conduct against the child.

(b) A child would be living in the same household with a parent or other adult against whom there is a substantiated charge of sexual abuse against the child.

(2) Notwithstanding subsection (1), this section shall not prohibit counseling or other services provided by the family independence agency, if such service is not directed toward influencing the child to remain in an abusive environment, justifying the actions of the abuser, or reuniting the family.

Sec. 513. The department shall not be required to put up for bids contracts with service providers if currently only 1 provider in the service area exists. Existing runaway service contracts and contractors serving homeless youth shall be exempt from the bid process.

Sec. 515. (1) From the funds appropriated in section 101 for family preservation and prevention services, the department is authorized to allocate funds to multipurpose collaborative bodies to address issues raised in the Binsfeld children's commission report issued in July 1996. Priority for activities and services will be given to at-risk children and families in unsubstantiated child protective services cases or low-risk substantiated cases.

(2) From the funds appropriated in section 101 for family preservation and prevention services, up to \$2,000,000.00 may be used to fund community based collaborative prevention services designed to do any of the following:

(a) Foster positive parenting skills especially for parents of children under 3 years of age.

(b) Improve parent/child interaction.

(c) Promote access to needed community services.

(d) Increase local capacity to serve families at risk.

(e) Improve school readiness.

(f) Support healthy family environments that discourage alcohol, tobacco, and other drug use.

(3) The appropriation provided for in subsection (2) is to fund secondary prevention programs as defined in the children's trust fund's pre-application materials for fiscal year 1997-98 direct services grants.

(4) Projects funded through the appropriation provided for in subsection (2) shall meet all of the following criteria:

(a) Be awarded through a joint request for proposal process established by the family independence agency in conjunction with the children's trust fund and the state human services directors.

(b) Be secondary prevention initiatives. Funds are not intended to be expended in cases in which neglect or abuse has been substantiated.

(c) Demonstrate that the planned services are part of a community's integrated comprehensive family support strategy endorsed by the local multipurpose collaborative body.

(d) Provide a 25% local match of which not more than 10% is in-kind goods or services unless the maximum percentage is waived by the state human services directors.

(5) As used in this section, "state human services directors" means the director of the department of community health, the director of the department of education, and the director of the family independence agency.

Sec. 518. Multipurpose collaborative bodies shall include in their focus of responsibility the development of collaborative efforts to reduce the placement of delinquents in residential facilities. Information on delinquency trends shall be provided by the family independence agency to the multipurpose collaborative bodies.

Sec. 519. It is the intent of the legislature that the funds appropriated in section 101 for family preservation and prevention services in the 1997-98 fiscal year reflect strong families/safe children allocations to local multipurpose collaborative bodies that are no less than the allocations in effect on April 1, 1997.

Sec. 520. (1) From the funds appropriated in section 101 for youth in transition, delinquency services operations, or foster care payments, the family independence agency shall develop community-based alternatives to public and private residential placements for delinquent youth who are adjudicated for class 4 misdemeanors and class 5 status offenses. The following criteria should be considered in developing new programs:

(a) The percentage of female class 4 and class 5 offenders placed in residential settings should be reduced and a priority shall be placed on removing female status offenders from residential placements.

(b) New programs should emphasize reducing recidivism.

(c) New programs should not jeopardize public safety.

(d) The number of male and female class 4 and class 5 offenders placed in residential settings should decline as community-based alternatives are developed.

(2) The family independence agency shall conduct a study of the residential placements of female delinquents and make recommendations regarding community placement alternatives and options. The study required by this section shall be submitted to the house and senate appropriations subcommittees on the family independence agency budget before January 1, 1998.

Sec. 521. From the funds appropriated in section 101 for day care services, effective October 1, 1997, the maximum hourly payment rate for all day care providers whose rates were not adjusted in August 1996 shall be set at rates consistent with the state market rate analysis completed by the Michigan community coordinated child care association in 1994.

Sec. 522. From the funds appropriated in section 101 for day care services, the family independence agency shall expend \$315,000.00 to contract with the Michigan community coordinated child care association for additional resource and referral services and technical assistance to day care centers seeking accreditation.

Sec. 523. (1) From the funds appropriated in section 101 for day care services, the family independence agency shall expend \$800,000.00 to expand day care provider training programs administered under contract with the Michigan community coordinated child care association. Training shall be made available to all day care providers including those who work out of centers, group homes, family homes, and the homes of relatives, and in-home aides.

(2) From the funds appropriated in subsection (1), the Michigan community coordinated child care association shall establish a training pilot project targeting in-home aides and persons providing child care to relatives. Providers who verify that they have received day care payments for at least 3 months from the family independence agency and who successfully complete at least 15 hours of approved child care training shall be eligible to receive a 1-time lump sum payment of up to \$150.00 for training received after October 1, 1997. The total paid in lump sum payments shall not exceed \$375,000.00. Approved training may include programs operated by the Michigan community coordinated child care association, the Michigan association for the education of young children, community colleges, universities, or university extension programs.

(3) On or before April 1, 1998, the family independence agency shall provide the house and senate appropriations subcommittees on the family independence agency budget a report on the progress of implementing the pilot project authorized in subsection (2).

Sec. 525. From the funds appropriated in section 101 for day care services, on or before April 1, 1998 the family independence agency shall expend up to \$3,150,000.00 to expand eligibility for reimbursement to income eligible families subject to the following constraints:

(a) A family group of 2 shall be eligible for 30% of the agency's maximum rate if their gross monthly income is \$1,718.00 or more but less than \$2,109.00.

(b) A family group of 3 shall be eligible for 30% of the agency's maximum rate if their gross monthly income is \$2,134.00 or more but less than \$2,605.00.

(c) A family group of 4 shall be eligible for 30% of the agency's maximum rate if their gross monthly income is \$2,537.00 or more but less than \$3,102.00.

(d) A family group of 5 shall be eligible for 30% of the agency's maximum rate if their gross monthly income is \$2,942.00 or more but less than \$3,598.00.

(e) A family group of 6 shall be eligible for 30% of the agency's maximum rate if their gross monthly income is \$3,345.00 or more but less than \$4,095.00.

(f) A family group of 7 shall be eligible for 30% of the agency's maximum rate if their gross monthly income is \$3,748.00 or more but less than \$4,591.00.

(g) A family group of 8 shall be eligible for 30% of the agency's maximum rate if their gross monthly income is \$4,151.00 or more but less than \$5,018.00.

(h) A family group of 9 shall be eligible for 30% of the agency's maximum rate if their gross monthly income is \$4,554.00 or more but less than \$5,129.00.

(i) A family group of 10 or more shall be eligible for 30% of the agency's maximum rate if their gross monthly income is \$4,960.00 or more but less than \$5,353.00.

PUBLIC ASSISTANCE

Sec. 601. (1) The family independence agency may terminate a vendor payment for shelter when a recipient's rental unit is not in compliance with applicable local housing codes or when the landlord is delinquent on property tax payments. A landlord shall be considered to be in compliance with local housing codes when the family independence agency receives from the landlord a signed statement stating that the rental unit is in compliance with local housing codes and that statement is not contradicted by the recipient and the local housing authority. The landlord also shall provide to the department a signed statement indicating who currently owns the property and whether any delinquent taxes are owed.

(2) Whenever a client agrees to the release of his or her name and address to the local housing authority, the department shall request from the local housing authority information regarding whether the housing unit for which vendoring has been requested meets applicable local housing codes. Vendoring shall be terminated for those units that the local authority indicates in writing do not meet local housing codes until such time as the local authority indicates in writing that local housing codes have been met.

(3) In order to participate in the rent vendoring programs of the department, a landlord shall cooperate in weatherization and conservation efforts directed by an energy provider participating in an agreement with the department when the landlord's property has been identified as needing services.

Sec. 602. The department, together with other agencies, may establish special projects to provide special needs shelter payment levels for the family independence program that will support the development of transitional shelter facilities for homeless families. These facilities are to provide supportive services to families and to support the development of permanent low-income housing.

Sec. 603. (1) The family independence agency, as it determines is appropriate, shall enter into agreements with energy providers by which cash assistance recipients and the energy providers agree to permit the department to make direct payments to the energy providers on behalf of the recipient. The payments may include heat and electric payment requirements from recipient grants and amounts in excess of the payment requirements.

(2) The department shall establish caps for natural gas, wood, electric heat service, deliverable fuel heat services, and for electric service based on available federal funds.

(3) The department shall negotiate with positive billing utility companies to develop extended payment plans. Such plans shall allow clients who terminate from positive billing due to increased income to make monthly payments in order to gradually liquidate utility arrears.

Sec. 604. A provider utility shall be entitled to recover in its rates all qualifying costs incurred pursuant to an agreement between the provider utility and the family independence agency for the payment of all or part of assisted households' heating and electric service bills. Qualifying costs shall include prudently incurred costs for incentives, forgiveness, and energy conservation program development and operation costs and the cost of capital incurred for assisted household arrearages held by the provider utility. All qualifying costs incurred from program years beginning after October 1, 1997 shall be subject to deferred accounting and recovery through a general rate case application or shall be subject to timely recovery through separate limited purpose rate proceedings.

Sec. 605. (1) The family independence agency shall operate a state disability assistance program. Except as provided in subsection (3), persons eligible for this program shall include needy citizens of the United States or aliens exempted

from the supplemental security income citizenship requirement who are at least 18 years of age or emancipated minors meeting 1 or more of the following requirements:

(a) A recipient of supplemental security income, social security, or medical assistance due to disability or 65 years of age or older.

(b) A person with a physical or mental impairment which meets federal supplemental security income disability standards, except that the minimum duration of the disability shall be 90 days. Substance abuse alone is not defined as a basis for eligibility.

(c) A resident of an adult foster care facility, a home for the aged, a county infirmary, or a substance abuse treatment center.

(d) A person receiving 30-day postresidential substance abuse treatment.

(e) A person diagnosed as having acquired immunodeficiency syndrome.

(f) A person receiving special education services through the local intermediate school district.

(g) A caretaker of a disabled person as defined in subdivision (a), (b), (e), or (f) above.

(2) Applicants for and recipients of the state disability assistance program shall be considered needy if they:

(a) Meet the same asset test as is applied to applicants for the family independence program.

(b) Have a monthly budgetable income that is less than the payment standards.

(3) Except for a person described in subsection (1)(c) or (d), a person is not disabled for purposes of this section if his or her drug addiction or alcoholism is a contributing factor material to the determination of disability. "Material to the determination of disability" means that, if the person stopped using drugs or alcohol, his or her remaining physical or mental limitations would not be disabling. If his or her remaining physical or mental limitations would be disabling, then the drug addiction or alcoholism is not material to the determination of disability and the person may receive state disability assistance. Such a person must actively participate in a substance abuse treatment program, and the assistance must be paid to a third party or through vendor payments. For purposes of this section, substance abuse treatment includes receipt of inpatient or outpatient services or participation in alcoholics anonymous or a similar program.

Sec. 606. The level of reimbursement provided to state disability assistance recipients in licensed adult foster care facilities shall be the same as the prevailing supplemental security income rate under the personal care category.

Sec. 607. County family independence agencies shall require each recipient of state disability assistance who has applied with the social security administration for supplemental security income to sign a contract to repay any assistance rendered through the state disability assistance program upon receipt of retroactive supplemental security income benefits.

Sec. 608. The family independence agency's ability to satisfy appropriation deductions in section 101 for state disability assistance/supplemental security income recoveries and public assistance recoupment revenues shall not be limited to recoveries and accruals pertaining to state disability assistance, or family independence assistance grant payments provided only in the current fiscal year, but shall include all related net recoveries received during the current fiscal year.

Sec. 609. Adult foster care facilities providing domiciliary care or personal care to residents receiving supplemental security income or homes for the aged serving residents receiving supplemental security income shall not require those residents to reimburse the home or facility for care at rates in excess of those legislatively authorized. To the extent permitted by federal law, adult foster care facilities and homes for the aged serving residents receiving supplemental security income shall not be prohibited from accepting third party payments in addition to supplemental security income provided that the payments are not for food, clothing, shelter, or result in a reduction in the recipient's supplemental security income payment.

Sec. 610. The state supplementation level under the supplemental security income program for the personal care/adult foster care and home for the aged categories shall not be reduced during the fiscal year beginning October 1, 1997 and ending September 30, 1998.

Sec. 611. In developing good cause criteria for the state emergency relief program, the family independence agency shall grant exemptions if the emergency resulted from unexpected expenses related to maintaining or securing employment.

Sec. 612. (1) The family independence agency shall not require providers of burial services to accept state payment for indigent burials as payments in full. Providers shall be permitted to collect additional payment, not to exceed \$2,300.00, from relatives or other persons on behalf of the deceased.

(2) Of the additional payments collected in subsection (1), 75% shall be distributed to funeral directors and 25% to cemeteries or crematoriums if cemeteries provide the vaults.

(3) Any additional payment collected pursuant to subsection (1) shall not increase the maximum charge limit for state payment as established by law.

Sec. 613. For purposes of determining housing affordability eligibility for state emergency relief, a group is considered to have sufficient income to meet ongoing housing expenses if their total housing obligation does not exceed 75% of their total net income.

Sec. 614. From the funds appropriated in section 101 for state emergency relief, the family independence agency shall increase the maximum allowable charge limit for indigent burials to \$1,360.00 beginning October 1, 1997. It is the intent of the legislature that this charge limit reflect a maximum payment to funeral directors of \$860.00 for funeral goods and services and a maximum payment to cemeteries or crematoriums of \$300.00 for cemetery goods and services. In addition, a maximum payment of \$200.00 shall be distributed to either the funeral director or cemetery, whoever provides the burial vault. Each provider of burial services shall be paid directly by the family independence agency.

Sec. 615. Except as required by federal law or regulations, funds appropriated in section 101 shall not be used to provide public assistance to a person who is an illegal alien. This section shall not prohibit the family independence agency from entering into contracts with food banks or emergency shelter providers who may, as a normal part of doing business, provide food or emergency shelter to individuals without regard to citizenship status.

Sec. 616. Funds appropriated in section 101 may be used to support multicultural assimilation and support services.

Sec. 617. (1) The appropriation in section 101 for the weatherization program shall be expended in such a manner that at least 25% of the households weatherized under the program shall be households of families receiving family independence assistance, state disability assistance, or supplemental security income.

(2) Any unencumbered balances of the weatherization program shall not lapse and may be carried forward to the 1998-99 fiscal year. The director of the family independence agency shall report the amount and purpose of any funds carried forward under this section to the house and senate appropriations subcommittees dealing with appropriations for the family independence agency and to the house and senate fiscal agencies on or before November 15, 1998.

Sec. 618. The family independence agency and the Michigan jobs commission shall study the outcomes for recipients who have participated in work first and shall submit semiannual reports on the progress and findings of the study to the house and senate subcommittees dealing with appropriations for the family independence agency and for regulatory services and to the standing committees dealing with human services beginning November 1, 1997. The study shall examine whether the former participants have obtained jobs, the kind of jobs they have obtained, how long they have retained those jobs, current hourly wages, whether they are receiving basic health care benefits, tuition reimbursement, or training from their employers, whether they continue to receive other types of public assistance, and any other information the departments consider relevant.

Sec. 619. In operating the family independence program with funds appropriated in section 101, the family independence program shall not approve as a minor parent's adult supervised household a living arrangement in which the minor parent lives with his or her partner as the supervising adult.

Sec. 620. From the funds appropriated in section 101 for foster care payments, the department shall increase the rate of payments for foster care services by 3%.

Sec. 621. Section 605(1) notwithstanding, a refugee or asylee who loses their eligibility for the federal supplemental security income program by virtue of exceeding the maximum time limit for eligibility as delineated in Public Law 104-193 and who otherwise meets the eligibility criteria of section 605, shall be eligible to receive benefits under the state disability assistance program.

Sec. 622. The family independence agency shall exempt from the denial of title IV-A assistance and food stamp benefits, contained in section 115 of title I of the personal responsibility and work opportunity reconciliation act of 1996, Public Law 104-193, 21 U.S.C. 862a, any individual who has been convicted of a felony which included the possession, use, or distribution of a controlled substance, after August 22, 1996, provided that the individual is not in violation of his or her probation or parole requirements. Benefits shall be provided to such individuals as follows:

- (a) A third party payee or vendor shall be required for any cash benefits provided.
- (b) An authorized representative shall be required for food stamp receipt.

Sec. 624. The family independence agency shall permit a recipient to perform non-campaign-related volunteer work in the offices of the executive, judicial, and legislative branches of state government to meet his or her qualifying work activities under the federal food stamp program. Each family independence agency county office shall compile and maintain a list of legislative and executive branch offices willing to accept volunteers. This list shall be made available to public assistance clients to assist them in selecting their social contract activity.

Sec. 626. The family independence agency shall develop and implement policies and procedures in compliance with the Wellstone/Murray provisions, being section 402(a)(7) of part A of title IV of the social security act, chapter 531, 110 Stat. 2113, 42 U.S.C. 602, to achieve all of the following:

- (a) The identification of individuals on entry into the system who have a history of domestic violence, while maintaining the confidentiality of that information.
- (b) Referral of persons so identified to counseling and supportive services.
- (c) In accordance with a determination of good cause, the waiving of certain requirements of family independence programs where compliance with those requirements would make it more difficult for the individual to escape domestic violence or would unfairly penalize individuals who have been victims of domestic violence or who are at risk of further domestic violence.

Sec. 627. From the funds appropriated in section 101, \$100,000.00 shall be used to leverage additional funds and to match funds in individual development accounts for family independence program recipients pursuant to the personal responsibility and work opportunity reconciliation act of 1996, Public Law 104-193, 110 Stat. 2105. This section shall not take effect until statutory authorization for individual development accounts is in effect.

Sec. 627a. (1) The family independence agency shall prepare a plan to provide for the establishment of individual development accounts by individuals who apply for or receive public assistance from the family independence agency by January 1, 1998.

(2) Prior to the implementation of the plan prepared under subsection (1), the family independence agency shall present the plan to the legislature. The plan shall include, but is not limited to, all of the following:

- (a) An assessment of the fiscal impact of the plan.
- (b) An estimate of the impact the plan will have on family independence agency caseloads.
- (c) An assessment of whether the plan will encourage individuals to seek assistance who would not otherwise seek assistance.
- (d) The impact of the plan on short-term and long-term welfare dependency on assistance.
- (e) Methods to leverage nongovernmental funds.
- (f) Limitations, if any, on the number of participants in the program.
- (g) Methodology of evaluation.
- (h) Whether the program is restricted to FIP recipients or available to nonrecipient, low-income individuals as well.

Sec. 630. From the funds appropriated in section 101, the family independence agency shall increase the allocation for family independence specialists by 150 FTEs to increase the department's ability to efficiently implement welfare reform initiatives with a priority placed on the processing of child day care payments. It is the intent of the legislature that 75 FTEs be hired effective October 1, 1997 and 75 FTEs be hired effective April 1, 1998.

Sec. 631. In operating the family independence program from funds appropriated for that purpose in section 101, the family independence agency shall upon case closure send a notification to recipients of the availability of transitional child care that includes instructions on obtaining a child care application.

Sec. 632. From funds appropriated in section 101, the family independence agency may provide consumer services information, home budgeting information, and credit counseling for recipients participating in the project zero pilot project.

Sec. 633. In operating the family independence program, the family independence agency shall include in the social contract, as defined in section 57 of the social welfare act, 1939 PA 280, MCL 400.57, the responsibilities of both the family independence agency and the client, including support services that may be available to the client, the penalties for failure to comply with the social contract and a statement of the client's right to hearing. The social contract shall provide for signatures of the client and the caseworker.

Sec. 636. Proceeds from the child support arrearage securitization project shall ensure that current receipt levels are maintained in the family independence agency.

Sec. 638. (1) Subject to subsection (3), effective October 1, 1997, the family independence agency shall limit for 6 months the amount of family independence program (FIP) benefits paid to persons who move into this state to the lower of the following:

- (a) The Michigan amount of FIP benefits that would be allowed to the person or persons.
 - (b) The amount that the person or persons would have received from the state from which they moved to come to this state.
- (2) The family independence agency shall report to the legislature the number of FIP cases affected by this section.
- (3) This section shall not take effect until amendments to the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b, to implement this section are enacted.

Sec. 639. An able-bodied person between 18 and 50 years of age may not receive food stamp benefits for more than 3 countable months in a 36-month period unless that person meets 1 of the following criteria:

- (a) Works at least 25 hours per month in community service work activities within a 30-day period.
- (b) Works 80 hours or more within a 30-day period.
- (c) Participates in a work program for 80 hours or more within a 30-day period.
- (d) Becomes exempt.

Sec. 640. If funds appropriated in section 101 for state emergency relief are distributed for statewide homeless shelter contracts, the family independence agency shall ensure that reports on shelters' compliance with basic standards are on file and available for distribution to members of the legislature.

EARLY RETIREMENT SAVINGS

Sec. 701. The negative appropriation in section 101 for early retirement compensation savings represents savings from the state's 1997 early retirement program. Not later than October 15, 1997, the department and the state budget director shall request legislative transfers under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393, to apply the retirement costs and salary and fringe benefits savings to the appropriated line items affected by the early retirement of state employees.

This act is ordered to take immediate effect.

Carol Morey Viventi

Secretary of the Senate.

Mary B. Howell

Clerk of the House of Representatives.

Approved

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Governor.