

**Summary: House
FY 2002-03 Family Independence Agency Budget
HB 5645 (H-1, R-1)**

	FTEs	Gross	IDG/IDT	Federal	Local	Private	State Restricted	GF/GP
2001-02 YTD	13,505.6	\$3,805,679,400	\$965,300	\$2,499,689,850	\$86,299,000	\$9,710,550	\$53,233,900	\$1,155,780,800
Executive	12,560.3	\$3,956,405,800	\$978,800	\$2,604,621,650	\$67,129,700	\$9,836,150	\$65,388,800	\$1,208,450,700
House	12,560.3	\$4,089,650,601	\$978,800	\$2,736,184,250	\$67,243,800	\$9,836,150	\$65,388,800	\$1,210,018,801
House Change from YTD	(945.3)	\$283,971,201	\$13,500	\$236,494,400	(\$19,055,200)	\$125,600	\$12,154,900	\$54,238,001
House Change from EXE	0	\$133,244,801	0	\$131,562,600	\$114,100	0	0	\$1,568,101

OVERVIEW

The mission of the Family Independence Agency (FIA) is to help meet the financial, medical, and social needs of individuals and families living in Michigan who are unable to provide for themselves; assist those who are capable of becoming self-sufficient through skill building, opportunity enhancement, and family-focused services; and help protect children and vulnerable adults from abuse, neglect, and exploitation.

Major Budget Changes from FY 2001-02 YTD Appropriations:

1. Food Assistance Program Increase (formerly Food Stamp Program)

Executive recommends adding \$88.5 million Gross to fully fund anticipated participation in the federal food assistance program. Executive projects the caseload to increase by 47,300 cases for FY 2003, to a budget level of 374,700 cases. Program outreach and the slowing economy have dramatically increased recent participation in the program. **House** adds an additional 38,500 cases (\$131.7 million federal) to the Executive's recommendation, raising the budgeted caseload level to 413,200. In addition, the House increases the projected monthly cost per case by \$12 to \$168.

	<u>Executive</u>	<u>House</u>	<u>Senate</u>
Gross	\$88,545,600	\$220,192,900	
Federal	\$88,545,600	\$220,192,900	
GF/GP	\$0	\$0	

2. Day Care Services Fund Source Adjustments

Executive proposes a \$23.0 million GF/GP increase to draw additional available federal Child Care Development Fund (CCDF) matching revenue and reduce TANF spending by \$58.6 million. Also, \$15.3 million in GF/GP is shifted from other accounts into Day Care Services making available additional CCDF, reducing TANF spending by \$39.3 million. This results in a total TANF savings of \$97.9 million. **House** concurs with Executive recommendation.

Gross	\$0	\$0
Federal	(\$22,975,400)	(\$22,975,400)
GF/GP	\$22,975,400	\$22,975,400

Major Budget Changes from FY 2001-02 YTD Appropriations:**Executive****House****Senate****3. Family Independence Program Adjustments**

Executive recommends a net increase in this area of \$71.6 million Gross, \$20.0 million GF/GP, which consists of additional funding for expanding assistance caseloads, offset partially by a reduction in the clothing allowance paid annually to qualifying families.

Gross	\$71,633,200	\$71,633,200
Federal	\$51,633,200	\$51,633,200
GF/GP	\$20,000,000	\$20,000,000

Projected caseload increase of 17,100 cases will cost \$80.2 million Gross, \$20.0 million GF/GP and would result in a 92,100-budgeted caseload level for this program.

Program expenditures would be reduced by \$8.6 million TANF by initiating a \$50 per child reduction in the annual school clothing allowance payment, lowering the budgeted level for this program to \$25 per child. Includes budget boilerplate restoring the reduction with child support penalty refund if available.

House recommends caseload increase of 16,165 cases (935 less than Executive) to a budgeted level of 91,165 cases. This adjustment would save \$4.3 million in TANF funding. This savings of \$4.3 million would then be used to restore ½ of the reduction in school clothing allowance recommended by the Executive, raising the annual allowance to \$50 per child. Budget boilerplate restoring the allowance to the present level of \$75 per child still remains within the bill.

4. Adoption Subsidies and Adoption Agencies Increase

Executive recommends an increase in funding authority of \$26.6 million Gross, \$9.8 million GF/GP to recognize a projected caseload increase from 21,200 cases in FY 2001-02 to 24,500 cases in FY 2002-03. **House** concurs with the above increase and adds \$47,700 Gross, \$27,200 GF/GP to provide a 1% increase for child placing agencies starting April 1, 2003.

Gross	\$26,581,500	\$26,629,200
Federal	\$16,799,400	\$16,819,900
GF/GP	\$9,782,100	\$9,809,300

5. Foster Care Adjustments

Executive reduces authority by \$62.9 million Gross. Adjustments include: a) reduction of \$42.9 million Gross, \$19.3 million GF/GP due to a projected caseload decrease from 14,100 cases in FY 2001-02 to 11,810 cases in FY 2002-03 (Note: Caseload projection assumes many delinquency cases previously funded in foster care lines will be funded in the Child Care Fund); and b) decrease in excess local and federal funding authority of \$20.0 million Gross.

Gross	(\$62,889,800)	(\$62,566,200)
Federal	(\$35,207,800)	(\$35,152,600)
Local	(\$8,409,000)	(\$8,294,900)
GF/GP	(\$19,273,000)	(\$19,118,700)

House reduces authority by \$62.6 million Gross. Adjustments include: a) reduction of \$43.9 million Gross, \$19.7 million GF/GP to bring the FY 2002-03 caseload to 11,756 (54 cases less than Executive); b) decrease in excess local and federal funding authority of \$20.0 million Gross; and c) addition of \$1.3 million Gross, \$630,600 GF/GP to provide a 1% increase for child placing agencies and residential treatment facilities starting April 1, 2003.

6. Child Care Fund Increase

Executive recommends a \$28.6 million Gross, \$26.3 million GF/GP increase in the Child Care Fund to fund additional delinquency cases that were previously funded in the foster care lines. Much of the spending shift is due to the classification of more children as court wards in Wayne County who are in turn being served locally through a managed care process. **House** concurs with Executive recommendation.

Gross	\$28,600,000	\$28,600,000
Federal	\$2,300,000	\$2,300,000
GF/GP	\$26,300,000	\$26,300,000

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>Executive</u>	<u>House</u>	<u>Senate</u>
7. Juvenile Justice Facility Savings	FTE	(271.0)	(271.0)	
Executive proposes an \$11.0 million Gross, \$5.2 million GF/GP decrease based on additional savings from Genesee Valley Regional Center closure and Maxey Training School bed reductions. Also, decrease of \$1.1 million Gross, \$610,700 GF/GP included to annualize the FY 2002 hiring freeze and \$1.0 million Gross, \$504,300 GF/GP to remove one-time funds. House concurs with Executive recommendation.	Gross	(\$13,077,300)	(\$13,077,300)	
	Local	(\$6,712,700)	(\$6,712,700)	
	GF/GP	(\$6,364,600)	(\$6,364,600)	
8. Emergency Relief Increase	Gross	\$8,944,600	\$10,512,601	
Executive recommends adding \$7.7 million Federal to cover increased program usage in the areas of emergency house and rent payments, taxes and utilities. Also recommends restoring \$1.2 million Gross, \$610,000 GF/GP for Arab/Caldean and Access programs. This amount was previously eliminated in Exec. Order 2001-9. House concurs with Executive recommendation. Additionally, a House Floor amendment added \$1.6 million GF/GP raising the maximum allowable charge limit for indigent burials by \$197 to \$1,311 per burial.	Federal	\$8,334,600	\$8,334,600	
	GF/GP	\$610,000	\$2,178,001	
9. Eliminate TANF Usage for Homestead Property Tax	Gross	(\$27,000,000)	(\$27,000,000)	
Executive recommends no longer utilizing \$27.0 million of TANF funding to pay Homestead Property Tax Credit to qualifying Michigan citizens. This change is in response to a new federal regulation (effective January 2002) prohibiting the usage of TANF for this purpose. Please Note – the elimination of TANF as a source of funding does not in any way change the program's purpose and accordingly, qualified Michigan citizens will continue to receive a tax credit. House concurs with Executive recommendation.	Federal	(\$27,000,000)	(\$27,000,000)	
	GF/GP	\$0	\$0	
10. TANF Program Spending Reductions	Gross	(\$11,400,000)	(\$11,400,000)	
Executive recommends program-spending reductions of \$11.4 million to lower TANF spending level. Program reductions include: 1) Before/After School Pilot, \$10.0 million; 2) Community Services Block Grant funding, \$650,000; 3) Fatherhood initiative, \$500,000; and 4) Innovation initiative, \$250,000. Includes budget boilerplate restoring the reductions with child support penalty refund if available. House adjusts language and amounts consistent with House recommended changes but maintains the same total TANF reduction. Major adjustment restores a portion of the Before/After School Pilot program with GF/GP funding, see item #14 below.	Federal	(\$11,400,000)	(\$11,400,000)	
	GF/GP	\$0	\$0	
11. Food Stamp Reinvestment Line Established	Gross	\$5,700,000	\$5,700,000	
Executive proposes adding \$5.7 million GF/GP to establish this new line. Funding will be used to augment on-going efforts to reduce issuance errors in the area of food assistance. House concurs with Executive recommendation.	Federal	\$0	\$0	
	GF/GP	\$5,700,000	\$5,700,000	
12. Child Support Enforcement System Administrative Reduction	Gross	(\$7,892,000)	(\$7,892,000)	
Executive recommends savings of \$7.8 million Gross, \$2.7 million GF/GP applicable to reduced costs associated with the development and implementation of the statewide Child Support Enforcement System. House concurs with Executive recommendation.	Federal	(\$5,208,700)	(\$5,208,700)	
	GF/GP	(\$2,683,300)	(\$2,683,300)	

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>Executive</u>	<u>House</u>	<u>Senate</u>
13. Transitional Work Support	Gross	\$0	(\$5,000,000)	
House reduces authorization in this area by \$5.0 million GF/GP and utilizes the \$5.0 million in the Day Care Services line to partially restore Executive recommended reduction to the Before/After School Pilot program, see item #14 below. Includes budget boilerplate restoring the reduction with child support penalty refund if available.	Federal	\$0	\$0	
	GF/GP	\$0	(\$5,000,000)	
14. Before/After School Pilot Program	Gross	\$0	\$5,000,000	
House adds \$5.0 million GF/GP to restore partial funding removed by Executive for the Before/After School program, see item #10 above. Reduces authorization in Transitional Work Support to support adjustment, see item #13 above.	Federal	\$0	\$0	
	GF/GP	\$0	\$5,000,000	
15. Commission for the Blind	Gross	\$0	(\$240,000)	
House adds \$10,000 GF/GP to help maintain existing programs. Also rolls-out the Youth Low Vision Program into its own line – transferring-out \$250,000 GF/GP.	Federal	\$0	\$0	
	GF/GP	\$0	(\$240,000)	
16. Youth Low Vision Program	Gross	\$0	\$260,000	
House creates a new line for Youth Low Vision Program by transferring-in \$250,000 GF/GP from the Commission for the Blind line. Also adds \$10,000 GF/GP to help maintain existing programs.	Federal	\$0	\$0	
	GF/GP	\$0	\$260,000	
17. General Fund/General Purpose - Savings	Gross	\$0	(\$201,500)	
House reduces authorization in certain areas in order to utilize the savings elsewhere in the department. Areas reduced are as follows:	Federal	\$0	\$0	
	GF/GP	\$0	(\$201,500)	
State Supplementation (over funded) -				
Executive Operations CSS&M -				
Child and Family Services CSS&M -				
Total				
18. Child Advocacy Centers	Gross	\$0	\$100	
House creates a "place holder" for Child Advocacy Centers.	Federal	\$0	\$0	
	GF/GP	\$0	\$100	

Major Boilerplate Changes from FY 2001-02:***Sec. 220. Contracts with Faith Based, Community Based and Nonprofit Organizations***

House adds subsection (5) requiring the Department to designate an individual to provide information on any new request for proposals to faith-based, community-based, and nonprofit organizations which have requested to be notified.

Sec. 225. Contractor Negotiations and Payment

Executive and **House** remove former Sec. 225 that expresses legislative intent regarding Department promptness standards for completion of contractual negotiations, notification of funding availability, and payment for allowable provider expenditures.

Sec. 259. Information Technology Agreement

Executive includes new section requiring the Department to pay user fees to the new Department of Information Technology based on an established interagency agreement. **House** adds language requiring the Department to report on the agreement reached.

Sec. 261. Local FIA Office Closing or Consolidation

House adds new section requiring the Department to consult with members of the Legislature regarding projected local FIA office closings and/or consolidations. Also requires the Department to present plans to the legislature which ensure that the Department maintain a full-time physical presence in every county.

Major Boilerplate Changes from FY 2001-02:

Sec. 262. Local FIA Office Closing

House adds new section requiring the Department to study the community impact of projected local office closings and discuss the findings with the house and senate appropriations subcommittee on the family independence agency. Discussion shall include input from community residents and affected employees.

Sec. 263. Foster Care Workers and Child Protective Services Workers

House adds new section requiring the Department to replace all foster care workers and child protective services workers who take an early retirement on a 1-to-1 basis.

Sec. 264. Disciplinary Action Against Employees

House adds new section which prohibits the Department from taking disciplinary action against employees who communicate with members of the legislature or their staff.

Sec. 301. Utilizing Annual Clothing Allowance at Thrift Stores

House adds new subsection (2) directing the Department to encourage all recipients of the annual child clothing allowance to consider utilizing the allowance at a thrift store whenever possible.

Sec. 401. Child Support Incentive Payments and Enforcement System Requirements

Outlines conditions for State use of federal child support incentive payments, ways for counties to avoid Child Support Enforcement System penalty payment, and reporting requirements. **Executive** and **House** modify language.

Sec. 405. Prohibits GF/GP Distribution to Wayne County 3rd Circuit Court

Executive and **House** delete former Sec. 405 that states the Wayne Co. 3rd Circuit Court cooperative reimbursement contract funding resides in the Judiciary Budget and that no GF/GP from the FIA budget may be used to fund this contract.

Sec. 407. Created for Caring

Executive and **House** delete former Sec. 407 that requires the Department to contract with Created for Caring.

Sec. 413. Field Investigation & Home Visit Policy

Executive and **House** remove former Sec. 413 that requires training for Department employees performing field investigations or home visits and requires employees to complete investigations with another trained Department employee or law enforcement officer in cases with documented risk.

Sec. 413. Contingent Appropriation

Executive adds new section restoring specified TANF program funds contingent upon receipt of federal child support enforcement system penalty refund. **House** modifies new section by adjusting program funds included, see page 7 for detail.

Sec. 414. Community Action Agency TANF Allocation

Executive removes former Sec. 414 that identifies \$3 million in TANF authorized for Community Action Agencies and requires agencies to report data needed to receive TANF funds. **House** retains language and adjusts TANF funding level to \$2.35 million.

Sec. 417. Innovation Grants

Executive deletes former Sec. 417 that allows the Department to spend up to \$250,000 in TANF to fund innovation grants and allows the department to spend up to \$1.0 million in TANF for employment and training support services in support of a youth learning innovations training center designed to enhance technical literacy. **House** retains part of subsection (1) allowing the Department to spend up to \$250,000 to fund innovation grants.

Sec. 518. Strong Families/Safe Children Funding

Executive modifies language to allow Strong Families/Safe Children allocation adjustments based on out-of-home placement outcomes. **House** adjusts language to require the Department to work with multipurpose collaborative bodies to arrange a reward and/or penalty plan related to out-of-home placement outcomes.

Sec. 519. Child Placing Agency and Residential Treatment Increase

Executive deletes former Sec. 519 requiring the Department to provide a 1% annual increase to foster care parents and parents receiving adoption subsidies. **House** modifies language to include a 1% increase to child placing agencies and residential treatment facilities beginning January 1, 2003, and allows the rate increase to support foster and adoptive parent resource centers.

Sec. 531. Local Title IV-E Claim Requirements

Executive adds new section outlining requirements for the Department to make federal Title IV-E claims for eligible costs incurred by local units of government. **House** concurs with Executive.

Major Boilerplate Changes from FY 2001-02:

Sec. 532. Licensing and Contract Compliance Review Team Pilot

House adds new section requiring the Department to work cooperatively with the Department of Consumer and Industry Services and with representatives from private agencies to form a licensing and contract compliance review team pilot.

Sec. 533. Payment Promptness – Title IV-E Services

House adds new section requiring the Department to make payments to child placing agencies within 30 days after receiving documentation for Title IV-E related services.

Sec. 534. Teen Pregnancy Prevention Pilot

House adds new section allowing the Department to utilize unexpended Teen Pregnancy Prevention Pilot Performance Bonus funding to support teen pregnancy prevention programs within the city of Pontiac.

Sec. 611. Indigent Burial – Additional Payments

House adjusts language to allow each provider to collect additional payment and limits total payments to \$2,600.

Sec. 613. Indigent Burial Charge Limit

House adjusts language by removing subsections (2) and (3) requiring reporting. House floor amendment raised the maximum allowable charge limit for indigent burials by \$197 to \$1,311 per burial.

Sec. 618. Assistance Adjustment Notification

Executive modifies language by removing subsections (1) and (3) requiring 10 days' notice and appeal resolution prior to reducing, terminating, or suspending assistance. **House** retains subsection (3) requiring appeal resolution.

Sec. 620. Program Eligibility Notification

Executive and **House** remove former Sec. 620 that ensures clients are informed in writing of programs for which they may be eligible upon leaving assistance and allows clients to request an exit interview.

Sec. 630. Training/Education Guidelines

Executive removes former Sec. 630 that requires the Department and the DCD to refine and make available clear joint guidelines on the eligibility of Work First participants for post-employment training support and on how training and education hours can be applied toward federal work requirements. **House** retains and modifies language consistent with language in Department of Career Development requiring work participation for up to 40 hours and adjusts language to allow training to include 1 year, instead of the final year, of a 2-year undergraduate program.

Sec. 634. Parenting Skills and Career Development Pilot

Executive deletes former Sec. 634 that requires the Department to expend up to \$250,000 to develop and fund a parenting skills and career development pilot program for single parents eligible for cash assistance having children up to 3 years old. **House** retains and modifies language allowing the Department to expand the pilot program to new sites.

Sec. 657. Before- and After-School Program

House adds subsection (8) allowing the Department to expand the before- or after-school program to additional counties if unexpended program funds exist.

Sec. 661. Transitional Work Support

Executive deletes former Sec. 661 requiring the Department to expend up to \$15 million GF/GP to fund a Transitional Work Support program. **House** retains and modifies language allowing the Department to expend up to \$10 million GF/GP.

Sec. 667. Child Day Care Provider Background Checks

House adds new section allowing the Department to expend funds necessary to perform child day care provider checks from fees collected.

Sec. 708. School Aid Funding for Juvenile Justice Education

Executive deletes former Sec. 708 that expresses legislative intent that the Department work with the Department of Education to explore a procedure to secure funding through School Aid to educate juveniles in state-operated detention or treatment facilities. **House** retains and modifies language expressing legislative intent that the Department work with state and local agencies necessary to ensure funding through school aid and requiring adjustments to facility per diem rates that reflect savings.

Sec. 713. Juvenile Justice Release Coordination

House adds new section requiring the Department to work cooperatively with other state departments to coordinate and improve the delivery of services to individuals leaving the juvenile justice system, especially those aging-out identified as continuing to pose a serious risk.