

**Summary: House Passed
FAMILY INDEPENDENCE AGENCY
FY 2004-05 House Bill 5516**



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| | FY 2003-04 YTD (as of 2/12/04) | Executive | House | Senate | Enacted | Difference: House from FY 2003-04 YTD | |
|-------------------|-----------------------------------|------------------------|------------------------|--------|---------|--|------------|
| | | | | | | Amount | % |
| IDG/IDT | \$1,055,800 | \$1,084,400 | \$1,084,400 | | | \$28,600 | 2.7 |
| Federal | 2,709,978,450 | 3,041,368,900 | 3,016,323,300 | | | 306,344,850 | 11.3 |
| Local | 61,819,100 | 75,535,700 | 76,743,800 | | | 14,924,700 | 24.1 |
| Private | 9,472,150 | 9,757,600 | 9,757,600 | | | 285,450 | 3.0 |
| Restricted | 70,096,800 | 70,321,400 | 70,321,400 | | | 224,600 | 0.3 |
| GF/GP | 1,100,979,000 | 1,138,331,400 | 1,130,449,900 | | | 29,470,900 | 2.7 |
| Gross | \$3,953,401,300 | \$4,336,399,400 | \$4,304,680,400 | | | 351,279,100 | 8.9 |
| FTEs | 10,774.6 | 10,590.1 | 10,305.0 | | | (469.6) | (4.4) |

Overview

The Family Independence Agency (FIA) budget provides funding for a wide range of programs and services to help improve the quality of life in Michigan by protecting children and vulnerable adults, delivering juvenile justice services, and providing support to strengthen families and individuals striving for independence.

Summary of FY 2004-05 Major Budget Issues

Program Caseload Spending Increases

Executive provides funding for projected caseload-related spending increases in the following programs: Child Day Care \$36.1 million, Family Independence Program \$21.7 million, Adoption Subsidy \$18.4 million, Foster Care \$11.5 million and State Disability Assistance \$2.9 million. House adjusts proposal by reducing the Child Day Care caseload spending increase by \$18.3 million to \$17.8 million and the Adoption Subsidy increase by \$12.3 million to \$7.1 million.

Food Stamp Waiver

Concurs with Executive addition of food assistance benefits under a Federal waiver to 75,000 childless adults beginning March, 2005. \$126.9 million in additional federal funds are included to cover costs of the proposed eligibility expansion.

Reduction in Child Support Enforcement System Automation

Concurs with anticipated \$12.0 million dollar savings from current year funding levels for Federally-mandated system implemented state-wide as of September 30, 2003.

Clothing Allowance Increase

Includes \$1.2 million in TANF funds to increase the clothing allowance to \$50 per child, but does not expand the program to include children from 0-3 years of age as recommended.

Wayne County Foster Care Permanency Pilot Elimination

Concurs with \$2.6 million savings included due to discontinuance of the Wayne County Foster Care Permanency Pilot.

Transfers of Program Responsibilities

Concurs in recognition of departmental reorganization from Executive Order 2003-18 which transfers out funding of \$18.6 million for the Commission for the Blind and other programs to the newly-created Department of Labor and Economic Growth (DLEG). Proposal also recognizes the transfer in of \$23.0 million from DLEG to fund the Office of Children and Adult Licensing, which licenses children and adult foster care facilities. These shifts result in a net increase of 118.0 FTEs.

Elimination of Unfunded FTEs

Concurs with elimination of a net 302.5 unfunded FTEs to reflect current staffing structure, the majority from Local Office Services (219.0) and Juvenile Justice Services (70.4). House adjusts lines to reflect actual staffing levels as of February 14, 2004, and adds FTEs to Local Office Services for net FIA total of 10,300. Funding for staffing level of 10,300 is included in the Executive Recommendation. House staffing adjustments have no fiscal impact.

Increase for Foster Care/Adoption Child Placing Agencies and Residential Facilities

House includes \$6.0 million gross (\$2.4 million GF/GP) to provide a 4% rate increase for both foster care and adoption child placing agencies and residential facilities and adds \$1.0 million gross (\$500,000 GF/GP) for specialized foster care.

Before and After School Program

House includes \$5.0 million in TANF funding for a state-wide Before and After School Program.

Add Individual Development Accounts (IDA), Fatherhood and Marriage Initiative Programs.

House adds \$200,000 to restore the Individual Development Account Program, \$100,000 to begin a Fatherhood Initiative Program, and \$100,000 to begin a Marriage Initiative Program, using TANF as the funding source.

Day Care Savings

House anticipates \$20.0 million in Day Care Services savings due to increased fraud detection and improved processes. Four Inspector General agents are added specifically for fraud detection.

Contractual Service, Supplies and Materials Savings

Requires 1% reduction in the four CSS&M line items, totaling \$434,500, included by the House.

Private Agency Staff Training Savings

House adds language to allow nationally accredited child welfare services agencies to conduct their own staff training based on the Department's policies and procedures and anticipates savings of \$432,300.

Staff Addition to Michigan Children's Institute

House includes an additional FTE to assist with cases under the Michigan Children's Institute.

Community Action Agencies Increase

Appropriates \$650,000 in TANF for Community Action Agencies, and encourages expansion of Federal Earned Income Tax Credit (EITC) education programs, added by the House.

School-Based Crisis Intervention Project in Pontiac

Includes \$78,500 in TANF for a school-based crisis intervention demonstration project in Pontiac intended to help troubled children remain in school, added by the House.

Abstinence Education Project

House adds \$75,000 in TANF for at-risk youth abstinence demonstration project.

Welfare to Work Funding

Adds \$10 million in TANF funding for use by Department of Labor and Economic Growth to support the Work First Program, included by the House.

Maxey Excess Property Sale

Reduces GF/GP funding for W.J. Maxey Training School line by \$3.0 million and provides boilerplate to restore funding with revenue from the sale of three excess land parcels.

| Major Budget Changes from FY 2003-04 YTD Appropriations: | | FY 2003-04 YTD (as of 2/12/04) | House Change |
|--|--------------|---|-------------------------|
| 1. Food Stamp (Food Assistance) Program | Gross | \$833,011,200 | \$266,418,100 |
| Adds \$126.9 million for a Federal waiver that extends benefits for 75,000 childless adults. Also provides \$139.5 million for caseload spending increases, concurring with Executive. | Federal | 833,011,200 | 266,418,100 |
| 2. Day Care Services | Gross | \$484,244,000 | \$259,300 |
| Includes an increase of \$17.8 million to cover projected caseload spending, increases allocation by \$2.5 million to a total of \$5.0 million for a state-wide Before and After School Program, recognizes \$20.0 million in potential savings due to increased fraud detection and improved processes, and includes \$2.3 million in GF/GP savings due to fund shift. Recommendation includes a projected average annual caseload of 69,000, up 1,014 from the FY 2003-04 budgeted caseload. | Federal | 296,499,800 | 2,559,300 |
| | GF/GP | \$187,744,200 | (\$2,300,000) |

| Major Budget Changes from FY 2003-04 YTD Appropriations: | | FY 2003-04 YTD (as of 2/12/04) | House Change |
|---|--------------|---|-------------------------|
| 3. Family Independence Program | Gross | \$ 369,339,600 | \$20,545,600 |
| Increases funding by \$20.5 million for the Family Independence Program: \$2.3 million in savings to a projected spending level of \$400,000 for the Kinship Care Pilot, \$1.2 million increase in TANF funds to raise the clothing allowance to \$50 per child (does not include expansion of program to include children from 0-3 years of age as recommended), and \$21.6 million increase in TANF funds to cover projected caseload spending. Includes a projected average annual caseload of 78,500, up 4,435 from the FY 2003-04 budgeted caseload. | Federal | 147,624,900 | 20,545,600 |
| | Restricted | 50,210,700 | 0 |
| | GF/GP | \$ 171,504,000 | \$0 |
| 4. Adoption Subsidy Program | Gross | \$ 220,859,900 | \$ 7,076,800 |
| Includes technical adjustment to proposal for a total increase of \$7.1 million gross (\$1.2 million GF/GP) to cover projected caseload spending for the Adoption Subsidy Program and concurs with \$863,800 in GF/GP savings due to fund shifts. Recommendation includes a projected average annual caseload of 26,500, up 446 from the FY 2003-04 budgeted caseload. | Federal | 137,063,100 | 6,787,000 |
| | GF/GP | \$83,796,800 | \$ 289,800 |
| | | | |
| 5. Foster Care Payments | Gross | \$214,571,400 | \$15,456,800 |
| Includes a net increase of \$15.5 million gross (\$7.2 million GF/GP) in the program: \$2.6 million gross (\$1.2 million GF/GP) in savings from the elimination of the Wayne County Foster Care Permanency Pilot, \$11.5 million gross (\$6.6 million GF/GP) to cover projected increase in caseload spending, \$900,700 in GF/GP savings due to fund shifts, \$1.0 million gross (\$500,000 GF/GP) for an increase in specialized foster care, and \$5.6 million gross (\$2.2 million GF/GP) to provide a 4% annual rate increase to child placing agencies and residential treatment facilities. Recommendation includes a projected average annual caseload of 11,300, up 368 from the FY 2003-04 budgeted caseload. | Federal | 91,778,600 | (5,677,000) |
| | Local | 34,918,000 | 13,885,600 |
| | Private | 5,033,900 | 0 |
| | GF/GP | \$ 82,840,900 | \$7,248,200 |
| | | | |
| 6. State Disability Assistance Program | Gross | \$28,745,100 | \$2,898,000 |
| Adds \$2.9 million in program base adjustments as proposed by the Governor. Assumes 400 average annual caseload increase to 10,300, and cost per case of \$250, concurring with Executive. | Federal | 3,326,500 | (\$3,326,500) |
| | Restricted | 5,108,800 | 0 |
| | GF/GP | \$17,035,100 | \$6,224,500 |
| 7. Child Care Fund | Gross | \$ 168,837,900 | \$2,500,000 |
| Concurs with proposal by providing a net increase of \$2.5 million, adding \$5.0 million in federal Title IV-E funds related to Wayne County claims to cover \$2.5 million in projected spending need and replacing \$2.5 million GF/GP within the Child Care Fund. | Federal | 64,137,900 | 5,000,000 |
| | GF/GP | \$ 104,700,000 | (\$2,500,000) |
| 8. Child Support Enforcement System Automation | Gross | \$68,000,000 | (\$12,000,000) |
| Recognizes \$12.0 million in savings to reflect the projected FY 2005 spending level of \$56.0 million, concurring with Executive. | Federal | 54,425,900 | (9,240,000) |
| | Restricted | 11,032,200 | 0 |
| | GF/GP | \$2,541,900 | (\$2,760,000) |
| 9. Juvenile Justice Operations Program Reductions | Gross | \$62,798,900 | (\$4,736,400) |
| Concurs with proposal to reduce funding by \$660,000 gross (\$330,000 GF/GP) by cutting 20% of the funds available for reintegration contracts and save \$1.1 million gross (\$557,600 GF/GP) by closing the Sequoyah Center within W. J. Maxey Training School. Also, unrolls line to identify facilities and reduces GF/GP funding for W.J. Maxey Training School line by \$3.0 million, providing boilerplate to restore funding with revenue from the sale of three excess land parcels. | Federal | 3,330,300 | 0 |
| | Private | 600,000 | 0 |
| | Local | 25,790,600 | (887,600) |
| | GF/GP | \$33,078,000 | (\$3,848,800) |
| | | | |
| 10. Program Transfer From DLEG from EO 2003-18 | Gross | \$0 | \$22,677,300 |
| Transfers a new appropriation unit to FIA, the Office of Children and Adult Licensing, from the newly-created Department of Labor and Economic Growth, including 219.0 FTEs, concurring with Executive. | Federal | 0 | \$11,139,300 |
| | Restricted | 0 | 590,500 |
| | GF/GP | \$0 | 10,947,500 |

| Major Budget Changes from FY 2003-04 YTD Appropriations: | | FY 2003-04 YTD (as of 2/12/04) | House Change |
|---|--------------|---|-------------------------|
| 11. Program Transfers To DLEG from EO 2003-18 | Gross | \$18,570,900 | (\$18,570,900) |
| Includes transfer out of Commission for the Blind, Commission on Disability Concerns and Youth Low Vision Program to newly-created Department of Labor and Economic Growth, including 101.0 FTEs, concurring with Executive. | Federal | 13,635,000 | (13,635,000) |
| | Private | 120,700 | (120,700) |
| | Local | 75,000 | (75,000) |
| | Restricted | 477,300 | (477,300) |
| | GF/GP | \$4,262,900 | (\$4,262,900) |
| 12. Employee-Related Economic Increases | Gross | \$0 | \$63,532,300 |
| Includes employee-related economics based on a 3% salary increase for FY 2004 and 4% for FY 2005 plus funding for increased insurance and retirement costs, concurring with Executive. See partial offset in Budgetary Savings below. | Federal | 0 | 37,611,000 |
| | Private | 0 | 489,100 |
| | Local | 0 | 2,740,900 |
| | Restricted | 0 | 135,300 |
| | IDG | 0 | 42,500 |
| | GF/GP | \$0 | \$22,513,500 |
| 13. Employee-Related Budgetary Savings | Gross | \$0 | (\$24,173,900) |
| Anticipates savings equal to 5% of employee compensation from sources that have not yet been defined, concurring with Executive. Some form of continued salary and wage concessions is being considered. | Federal | 0 | (14,791,750) |
| | Private | 0 | (82,950) |
| | Local | 0 | (739,200) |
| | Restricted | 0 | (23,900) |
| | IDG | 0 | (13,900) |
| | GF/GP | \$0 | (\$8,522,200) |
| 14. Employment and Training Support Services | Gross | \$19,739,100 | (\$2,710,000) |
| Revives IDA Program with funding of \$200,000. Adds \$100,000 for a Fatherhood Initiative Program, and \$100,000 for a Marriage Initiative Program. These three programs use TANF as a funding source. Also concurs with Executive transfer out of \$3.1million in Federal funds due to lower expected spending in this line. | Federal | 18,964,000 | (2,710,000) |
| | GF/GP | \$775,100 | \$0 |
| 15. Training and Staff Development | Gross | \$7,908,400 | \$17,200 |
| Adds language to allow nationally accredited child welfare services agencies to conduct their own staff training using the Department's policies and procedures. Anticipates FIA savings of \$432,300 (\$134,900 GF/GP), as well as savings to private agencies. Concurs with Executive provision for transfers in from lines with lower expected spending, netting to \$449,500 gross (\$133,300 GF/GP). | Federal | 5,249,100 | 18,800 |
| | GF/GP | \$2,659,300 | (1,600) |
| 16. Community Services Block Grant | Gross | \$24,350,000 | \$650,000 |
| Appropriates an additional \$650,000 TANF for Community Action Agencies, and encourages agencies to expand EITC education programs. | Federal | 24,350,000 | 650,000 |
| | GF/GP | 0 | 0 |
| 17. Welfare-to-Work Funding | Gross | \$0 | \$10,000,000 |
| Appropriates \$10.0 million TANF to support the Work First Program. | Federal | 0 | 10,000,000 |
| | GF/GP | 0 | 0 |

Major Boilerplate Changes from FY 2003-04:

GENERAL SECTIONS

Sec. 206. Contingency Fund Appropriations – NEW

Concurs with language that enables the Department to receive additional federal, local, private, and state restricted contingency funds, and prohibits expenditure unless funds are transferred to a line item in the act. This section is restored after being deleted in the FY 2004 enacted budget.

Sec. 261. Local Office Restructuring – MODIFIED

House adds requirement that the Department implement a five year plan in every county, in conjunction with the County FIA Boards of Directors and DMB, to restructure local offices, and provide a report on the plan by February 1, 2005. Allocates up to 25% of the savings to each county that generates savings to fund additional prevention services.

Sec. 275. Prohibits Use of Funds for Billboard Advertising – DELETED

Concurs with Executive deletion that prohibits the Department from using funds for billboard advertising unless required in state or federal regulation.

Major Boilerplate Changes from FY 2003-04:

Sec. 278. Private Consulting Firms to Evaluate Efficiency– NEW

House requires FIA to contract with private consulting firms to evaluate the maximization of federal funds, child day care program efficiency and savings, and improved local and central office management efficiency. Requires contingent fee arrangement with contractor working for a negotiated percentage of the savings, and a report on recommendations as part of the annual budget presentation.

EXECUTIVE OPERATIONS

Sec. 303. Additional Inspector General Agents– NEW

House appropriates up to \$204,000 to add four Inspector General agents dedicated to fraud detection in child day care.

Sec. 304. School-Based Crisis Intervention Project– NEW

House adds language allocating \$78,500 TANF to fund a school-based crisis intervention demonstration project in Pontiac intended to help at-risk youth remain in school.

Sec. 305. Abstinence Education– NEW

House appropriates \$75,000 TANF to fund an abstinence education demonstration project for at-risk youth and prohibits distribution of funds to groups that provide contraceptives to minors.

FAMILY INDEPENDENCE SERVICES ADMINISTRATION

Sec. 414. Community Action Agencies- MODIFIED

House allocates an additional \$650,000 TANF, raising the total TANF allocation to Community Action Agencies to \$3.0 million. Adds language encouraging agencies to expand Earned Income Tax Credit (EITC) education programs.

Sec. 415. Fatherhood Initiative– NEW

House provides \$100,000 in TANF funding to implement a Fatherhood Initiative Program with description of possible providers and topics covered. Provides for appropriation of Federal Health and Human Services grants for responsible fatherhood. Limits allocation per county to not more than 20% of total.

Sec. 416. Marriage Initiative– NEW

House provides \$100,000 in TANF funding to implement a Marriage Initiative Program with description of possible providers and topics covered. Provides for appropriation of Federal Health and Human Services grants for healthy marriage promotion. Limits allocation per county to not more than 20% of total.

Sec. 418. Individual Development Accounts Expansion – NEW

House requires the Department to expand the availability of individual development account (IDA) savings programs with TANF funding of \$200,000. Requires Michigan IDA Partnership to encourage each TANF eligible household to claim the Federal EITC and incorporate in household savings plan. States intent of legislature is to appropriate the same amount annually.

Sec. 421. Allow Private Foster Care and Adoption Agencies to Conduct Staff Training– NEW

House directs FIA to allow nationally accredited private foster care and adoption agencies to conduct their own staff training, using current FIA policies and procedures. States the intent of the Legislature is to reduce training and travel costs for both the Department and private agencies.

Sec. 422. Welfare-to-Work Funding– NEW

House appropriates \$10 million in TANF and requires a memorandum of understanding with the Department of Labor and Economic Growth (DLEG) outlining the distribution of these funds to support the Work First Program.

CHILD AND FAMILY SERVICES

Sec. 501. Foster Care Goals- MODIFIED

House modifies reporting requirements, and directs the Department to discontinue the Michigan Children's Institute (MCI) preliminary consent denial review process. Funding for 1 additional MCI staff person is added.

Sec. 537. Foster Care Placement – First Opportunity- MODIFIED

House modifies requirement to offer private nonprofit licensed foster care agencies first opportunity to provide services by requiring that the private agency has a direct care caseload no greater than 20 cases per caseworker and adjusts reporting requirement.

Sec. 545. Eliminate Freeze on Approval of New Specialized Foster Care Programs - MODIFIED

House directs FIA to implement a 4% rate increase for child placing agencies and residential facilities. Also increases the administrative rate paid to agencies for specialized foster care, and directs FIA to provide for approval of new specialized foster care programs.

Sec. 546. Domestic Violence Shelter for Barry County– NEW

House adds language allocating \$75,000 from existing appropriation to for a domestic violence shelter in Barry County.

Major Boilerplate Changes from FY 2003-04:

Sec. 547. Foster Care Court Orders– NEW

Requires FIA to implement a plan to review each court order placing a child in foster care within 60 days to verify federal compliance, and requires a report on results of the reviews to the Legislature by October 1, 2004.

PUBLIC ASSISTANCE

Sec. 657. Before- or After-School Program – MODIFIED

House requires the Department to offer a state-wide before- or after-school program for school-aged children, and provide a report. The House appropriates \$5 million in TANF funds for this program, with no county receiving more than 20% of this funding. Allocation of funds is based on a competitive bid process, with grantees providing a 25% match.

Sec. 669. Electronic Debit Cards and Annual School Clothing Allowance – MODIFIED

Requires FIA to distribute assistance to recipients using debit cards. Allocates funds for eligible children ages four to eighteen to receive a school clothing allowance, and encourages Department to expand outreach to retailers. House increases clothing allowance allocation to \$5.9 million, and increases allowance per child from \$40 to \$50.

Sec. 674. Day Care Savings – NEW

House specifies that FIA shall implement a plan to reduce fraud, waste and abuse within child day care services, and report to the Legislature on plan details quarterly, beginning December 31, 2004.

Sec. 675. New Day Care Rate Structure – NEW

House adds requirement that FIA establish a new rate structure for child day care services that more accurately reflects costs by vicinity, based on the most recent market survey.

Sec. 676. Extend Michigan After-School Initiative– NEW

House adds language extending the Michigan After-School Initiative, renaming it the Michigan After-School Partnership, to oversee implementation of policy recommendations identified in the report dated December 15, 2003.

JUVENILE JUSTICE SERVICES

Sec. 705. W. J. Maxey and Facility Reporting Requirements – MODIFIED

Requires FIA to develop measurable goals, objectives and performance standards for both public and private juvenile justice residential programs and report quarterly on progress and other information.

Sec. 716. Juvenile Justice Facilities Review– NEW

House adds intent language requiring FIA to continue to review efficiency of facilities, and report to the Legislature on utilization and potential consolidation efforts by January 15, 2005.

Sec. 717. Juvenile Offender Report– NEW

House directs FIA to assist the State Court Administrator with the development of a statistical report on offenders under age 18 who are adjudicated for offenses that would be felonies if committed by an adult.

Sec. 718. Sale of Excess Maxey Property– NEW

House appropriates \$3.0 million contingent upon the sale of W.J. Maxey Training School excess property identified by FIA as parcels one, three and four.

LOCAL OFFICE SERVICES– NEW

Sec. 751. New Family Resource Center Implementation Plans

House directs FIA to consult with the House and Senate Appropriations Subcommittees on the FIA budget on all new family resource center implementation plans.

OFFICE OF CHILDREN AND ADULT LICENSING

Sec. 1001. Licensing and Regulation Fees – NEW

Requires FIA to collect fees from child care organizations and adult foster care facilities to defray the costs of licensing and regulating them.

Sec. 1002. Juvenile Residential Facility Evaluation Reports – NEW

Requires FIA to provide a summary report to the Legislature of any evaluation reports and subsequent approvals and disapprovals of juvenile residential facilities operated by the Department.

Sec. 1003. Federal Funding Authority for Lead Testing – NEW

Requires FIA to require documentation verifying the facility is lead-safe before issuing a day care facility license, if federal funds are available to support a testing program.

Sec. 1004. Secure Adult Foster Care Facilities – NEW

Requires FIA to evaluate the potential for licensing of secure adult foster care facilities.