

Summary: House Committee-Reported Bill
HUMAN SERVICES
FY 2007-08
Senate Bill 232 (H-1)

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	FY 2006-07 Enacted	Revised Executive	Senate	House Cmte	FY 2007-08 Enacted	Difference: House Cmte from FY 2006-07 YTD	
						Amount	%
IDG/IDT	3,102,700	2,416,000	2,416,000	2,416,000		(686,700)	(22.1)
Federal	3,135,487,200	3,109,378,300	3,107,934,700	3,136,319,700		832,500	0.0
Local	55,519,400	66,255,800	60,236,400	41,747,000		(13,772,400)	(24.8)
Private	8,876,100	9,039,200	9,039,200	9,039,200		163,100	1.8
Restricted	67,702,000	59,528,600	72,298,600	59,698,600		(8,003,400)	(11.8)
GF/GP	1,197,447,900	1,320,255,500	1,252,267,400	1,283,134,600		85,686,700	7.2
Gross	4,468,135,300	4,566,873,400	4,504,192,300	4,532,355,100		64,219,800	1.4
FTEs	10,343.4	10,609.1	9,524.4	10,412.5		69.1	6.7

Overview

The Department of Human Services (DHS) administers a wide range of programs and services to assist Michigan's most vulnerable families, including public assistance programs that provide direct cash support as well as assistance with food, day care and other emergency needs. The Department is also charged with protecting children and assisting families by administering foster care, adoption and family preservation programs, and by enforcing child support laws. Finally, the DHS is responsible for delivering juvenile justice services and for licensing day care, adult foster care, and child welfare agencies in the state.

Major Budget Changes from Enacted Appropriations		House Cmte
1. Title IV-E Reforms and Specialist Staff Includes initial year funding for up to 200 Title IV-E specialist positions to work within local DHS offices to help ensure all eligible cases are qualified for Title IV-E funding. Also includes funding for 5 positions within a new Title IV-E Compliance and Accountability Office, a slight increase in funding over the recommendation of the Senate Committee, which also included this office in its recommendation. In addition, the budget reflects an assumed shift from non Title IV-E funded placements to Title IV-E cases. This reduces state and particularly local costs for foster care, while increasing the federal share of costs.	Staff:	
	FTE	205.0
	Gross	\$8,349,900
	Federal	1,653,600
	GF/GP	\$6,696,300
2. Child Welfare Initiative Staff The Governor's budget proposal included funding for 151 positions to address a current backlog of foster children who have been in the foster care system for more than a year as well as 41 positions aimed at licensing relative caregivers as foster parents, 20 Family-to-Family facilitators, and 10 project management positions. The Committee bill maintains funding for the 151 foster care backlog positions, but does not include the other positions. A separate proposal for private agency contracts to license relative caregivers does address the relative licensing policy issue, however.	Care:	
	Gross	12,069,200
	Federal	34,188,300
	Restricted	(17,403,900)
	GF/GP	(4,715,700)
	FTE	151.0
	Gross	\$12,189,000
	Federal	2,246,000
	GF/GP	\$9,943,000

Major Budget Changes from Enacted Appropriations		House Cmte
3. Juvenile Justice Facilities The budget proposal includes the closures of the Woodland Center – East complex at the Maxey Training School, four community justice centers, and reduces funding for medium security facility beds for male youth. These changes are in addition to previous closures of the Sequoyah Center at Maxey and the low security Arbor Heights facility which are included in the Governor's recommendation. The Juvenile Justice unit is realigned to contain line items for high security services for males at Woodland Center – West, retain funding for high and medium security services for females, and services in Northern Michigan at the Bay Pines facility. The budget also includes language directing the DHS to enter into an intergovernmental agreement with the Department of Corrections to place 140 children at the Maxey Training School in areas vacated by these closures.	FTE Gross Federal Local GF/GP	(317.0) (\$30,775,800) (515,800) (13,571,300) (\$16,688,700)
4. Added Private Agency Costs for Juvenile Justice Youth Costs for the care of youth transferred from closed public facilities in item 3 are included in the Child Care Fund, Juvenile Justice and Foster Care Payments, Juvenile Justice line items. The appropriations assume an average cost of private care of \$250/day for high security youth moved from Maxey, \$160/day for youth moved from medium security facilities, and \$120/day for youth moved from community juvenile justice centers. In general, line items for foster care are realigned within the budget to reflect either abuse and neglect or juvenile justice related costs.	Gross Restricted GF/GP	\$12,229,800 4,586,200 \$7,643,600
5. Day Care Provider Increase Provides a 2% rate increase for licensed day care centers and day care family homes and group homes.	Gross GF/GP	\$2,739,500 2,739,500
6. Rate Increases for Private Placing Agencies and Residential Facilities Increases the rate paid for general foster care to child placing agencies from \$19.49 per day to \$21.15 per day and also establishes a fixed specialized foster care rate of \$42.00. In addition, the recommendation contains an average 7% increase for residential facilities under contract with DHS and establishes a floor rate of \$130/day for these services.	Gross Federal Local GF/GP	\$13,377,000 2,185,300 2,880,200 8,311,500
7. Caseload Adjustments Contains overall caseload adjustments of \$49.5 million above the enacted appropriation for FY 2007. The major changes in this area are the Family Independence Program, for which caseloads rose dramatically beginning in late FY 2006. The FIP caseload, however, is assumed to fall well below the caseload projected in May, which are contained in a revised Governor's recommendation. The FIP caseload began to fall significantly starting in April and May of this year with a change to FIP eligibility policy and also the expansion of the Jobs Education and Training program. Another significant program is Day Care Services, for which caseload is reduced by \$30.4 million to reflect a trend caseload decline for this program.	Gross Federal Other GF/GP	\$49,492,100 (36,881,100) 1,133,000 85,690,200
8. Adoption Agency Increases Includes new funding to facilitate an increase in adoption contract unit rates for adoptive placements. A new rate structure for private contract placements is outlined in boilerplate.	Gross Federal GF/GP	\$936,400 346,500 \$589,900
9. Private Agency Relative Licensure Contracts Provides for private agency contracts to recruit and license 1,250 relative caregivers as foster parents. Private agencies would receive \$2,300 for each licensure that results from their efforts.	Gross Federal GF/GP	\$2,875,000 529,000 \$2,346,000

Major Budget Changes from Enacted Appropriations		House Cmte
10. Child Support Incentive Payments Reduces federal revenue for child support incentive payments paid to counties by \$9.6 million to reflect the loss of federal funding resulting from changes in federal law which forbid states from using federal incentive revenue to draw additional federal funds. The Governor's recommendation had included replacement GF/GP funding to offset the loss of federal funding. The House Committee recommendation includes 50% of this proposed GF/GP funding.	Gross Federal GF/GP	(\$4,785,000) (9,570,000) \$4,875,000
11. Bridges Program Provides an additional \$7.0 million over current year funding to support the Department's "Bridges" computer systems integration project. This is below the Governor's recommendation of \$14.0 million in additional funding for the project.	Gross Federal GF/GP	\$7,000,000 2,333,800 \$4,666,200
12. Transfer Internal Audit Functions to DMB Transfers out \$1.4 million to move the DHS Internal Audit unit from DHS to the Department of Management and Budget.	Gross Federal GF/GP	\$1,400,000 844,500 \$555,500
13. Child Support Arrearage Collections Contract Includes \$500,000 to support a contract with GC Services to collect child support arrearages owed to custodial parents and owed to the State as reimbursement for past public assistance support.	Gross Federal GF/GP	\$500,000 330,000 \$170,000
14. Replace Federal Domestic Violence Funding Replaces \$450,000 in appropriations of federal Violence Against Women Act (VAWA) funding with GF/GP to offset potential federal funding losses in this program.	Gross Federal GF/GP	\$500,000 330,000 \$170,000
15. Capital Improvements, Maxey – Sequoyah Center Appropriates \$2.0 million for capital improvements to meet federal requirements at the Sequoyah Center on the campus of the Maxey Training School. Funding is contingent on the establishment of an intergovernmental agreement between the DHS and the Department of Corrections to house youth committed to the Department of Corrections at this facility.	Gross GF/GP	\$2,000,000 \$2,000,000

Major Boilerplate Changes From FY 2006-07
GENERAL SECTIONS Sec. 281. Federal Maximization Project – MODIFIED Requires DHS to contract with two or more private consulting firms for revenue maximization services. Executive recommendation provided the department contract with one or more firms. Current law limits the amount retained by the contractor to not more than 25% of gross identified savings, and allows the department to retain up to \$7.5 million in achieved savings to offset GF/GP costs. Both limitations are removed in the Executive recommendation and House Committee recommendation.
COMMUNITY ACTION AND ECONOMIC OPPORTUNITY Sec. 304. Pontiac School-Based Crisis Intervention Program – DELETED Provided allocation of \$78,500 in TANF funds to support this demonstration project.
Sec. 308. University of Detroit Mercy Legal Services – NEW Allocates \$200,000 for the University of Detroit Mercy for use of their mobile legal services office in providing assistance to disabled veterans who are seeking eligibility under the federal supplemental security income program.
ADULT AND FAMILY SERVICES Sec. 423. Crisis Prevention and Food for the Elderly Allocations - MODIFIED Eliminates boilerplate allocations of \$75,000 for Barry County domestic violence programs, \$25,000 each for senior food aid projects in Kent and Muskegon counties, and \$50,000 each for Washtenaw County and City of Lansing homeless prevention programs.

Major Boilerplate Changes From FY 2006-07

Sec. 424. Kent County Family Formation Program - DELETED

Allowed DHS to allocate \$200,000 in TANF funding to the Effective Family Formation Program operated by the Child and Family Resource Council in Kent County.

CHILD AND FAMILY SERVICES

Sec. 513. Out-of-State Placements of Children – MODIFIED

Requires the DHS to representatives of private licensed child caring institutions to collaborate in establishing a child placement review board to oversee child placements and ensure that statutory and boilerplate restrictions on out-of-state placements of children are upheld. Clarifies that these restrictions apply to both direct DHS placements and court placements, and adds new requirements that out-of-state facilities be non-profit organizations, that appropriate Title IV-E reviews are conducted, and that department or court provide a written explanation of the special need that requires an out-of-state placement. Finally, requires a compliance audit of recent out-of-state placements.

Sec. 515. Performance-Based Foster Care Contracts – MODIFIED

Requires the DHS to use performance-based contracts with private nonprofit child placing agencies in an effort to improve services for children. Requires performance-based contracts to provide statewide coverage. Requires service providers to be nonprofit organizations, maintain national accreditation, establish performance standards for interaction with the courts, establish quality assurance or dispute resolution programs to resolve identified performance problems, and prohibits service providers from refusing to accept clients or residents that they have the ability, capacity and resources to serve.

Sec. 532. Contract Compliance and Licensing Review Process – MODIFIED

Clarifies legislative intent to require the DHS to revise and improve its current contract review and licensing review processes for child welfare organizations by reducing administrative burdens and duplicative activities. House Committee bill provides that the department conduct licensing reviews no more than once every two years for nationally accredited organizations that have no outstanding violations.

Sec. 537. Use of Child Placing Agencies in High-Caseload Counties - MODIFIED

Current law requires DHS to offer private nonprofit child placing agencies the first opportunity to offer foster care services for children entering the system in county's where DHS foster care caseload is greater than 20 cases per worker, provided the private agency has an opening, has caseload of no greater than 20 cases per worker, and the placement is not contrary to the best interests of the child. The requirement is modified to require the private agency to have a caseload no greater than that stipulated in its contract.

Sec. 546. General Foster Care and Specialized Foster Care Rates – MODIFIED

Establishes a new general foster care rate of \$21.15 per day and a specialized rate daily rate of \$42.00.

Sec. 562 and 567. Title IV-E Claims for Secure Residential Facilities – MODIFIED

Section 562 requires DHS to submit and to allow a county to submit Title IV-E foster care claims for placements in secure residential facilities when the county can demonstrate the placement is based on a diagnosed medical necessity. Section 567 requires the DHS in conjunction with nonprofit child caring institutions and the appropriations subcommittees to review policies and practices for residential treatment security levels and their impact on Title IV-E eligibility.

Sec. 566. ECIC and Great Start Collaborative Grants – NEW

New language requires the DHS to contract with the Early Childhood Investment Corporation (ECIC) to create and support Great Start Collaborative Communities, including the provision of grant funding and technical assistance to intermediate school districts for implementation of strategic planning and needs assessment efforts.

Sec. 571. Title IV-E Compliance and Accountability Office – NEW

Language requires DHS to establish this office and outlines its goals and responsibilities, including determining best practices in other states, coordinating compliance with Title IV-E regulations and providing technical assistance.

Sec. 574. Contracts to License Relative Caregivers – NEW

Allocates \$2.87 million to contracts with private nonprofit child placing agencies to facilitate the licensure of relative caregivers as foster parents. Provides \$2,300 for each facilitated licensure.

Major Boilerplate Changes From FY 2006-07

Sec. 575. Cultural Sensitivity and Family Preservation – NEW

Requires the DHS to use appropriated funds to begin cultural sensitivity and awareness training for caseworkers with the goal of reducing inappropriate removals of children from their homes; requires more focus on family preservation and reunification in urban areas; and requires cooperation with local Friends of the Court on providing support services to families where a child support order is established against an incarcerated parent.

Sec. 576. Adoption Contract Unit Rates – NEW

Establishes a new unit rate schedule for adoption contract payments, providing an overall increase in these unit rates and prohibiting the department from establishing rates or payment categories outside of those outlined in this section.

Sec. 577. Strong Families/Safe Children Funding – NEW

Requires the DHS to allow community collaboratives to use Strong Families/Safe Children program funds for prevention programs approved by the collaboratives and local DHS offices. Programs would also be required to meet any federal requirements.

Sec. 578. Title IV-E Payments to Local Units of Government – NEW

Provides that the department make claims for and pay the full benefit of federal Title IV-E revenues earned by local units of government.

Sec. 579. Youth in Transition Allocation to Wayne County – NEW

Earmarks at least \$250,000 in Youth in Transition funding to Wayne County to support services provided to delinquent state wards.

PUBLIC ASSISTANCE

Sec. 611. Indigent Burial Program Family Contributions – MODIFIED

Raises the maximum amount a funeral provider can accept from relatives and/or friends of a low-income deceased person while retaining state indigent burial assistance. The maximum is raised from \$2,600 to \$4,000.

Sec. 613. Indigent Burial Rates and Pilot Project – MODIFIED

Maintains provider reimbursement rates at the current law levels, rejecting a Executive-proposed reduction in these rates. Requires the DHS to continue to work with funeral directors on a statewide pilot program that allows flexibility in the amount that can be provided by the deceased's family towards funeral and burial costs.

Sec. 658. Grand Rapids Youth Commonwealth, Camp O'Malley – DELETED

Provided \$126,500 TANF allocation to Grand Rapids Youth Commonwealth to support after-school and summer programs for youth at Camp O'Malley.

Sec. 683. Legal Services Association of Michigan Contract – NEW

Provides \$1.28 million to support a Supplemental Security Income (SSI) advocacy program provided by through the Legal Services Association of Michigan. Under contract, DHS would pay \$400 upon case referral and \$250 upon case completion.

Sec. 684. Legislative Intent on Day Care Hours Limit – NEW

Establishes legislative intent that the department provide day care payments to day care providers for all eligible service hours up to 100 hours per 2-week pay period. This would call for the reversal of an Executive proposal to limit hours to 90 hours per pay period.

JUVENILE JUSTICE SERVICES

Sec. 724. Privatizing Juvenile Justice Services – NEW

Establishes that beginning October 1, 2007, direct delinquency services for male juveniles requiring medium security services and male and female juveniles requiring low or community-based services shall be provided under contract with licensed, nonprofit, nationally accredited child caring institutions or child placing agencies. DHS would be responsible for contract oversight and licensure of these entities.

Sec. 726. Residential Provider Contract Rates – NEW

Lists the daily rates to be paid to providers of residential services for juvenile justice and abuse/neglect youth. Language establishes floor funding and provides a general increase of about 7.5% over current rates.

Sec. 727. Juvenile Justice Per Diem and Chargeback Rates – NEW

Outlines the factors to be used by the Legislature in determining the cost of care for public juvenile justice facilities and establishes specific 2008 per diem and chargeback rates for the Maxey, Adrian and Bay Pines facilities.

Major Boilerplate Changes From FY 2006-07

Sec. 728. Intergovernmental Agreement – Maxey Training School – NEW

Requires the DHS and the Michigan Department of Corrections (DOC) to enter an intergovernmental agreement to place 140 youth committed to the DOC into the Woodland and Sequoyah Centers at the Maxey Training School.

Sec. 730. Displaced DHS Workers - NEW

Establishes legislative intent that any DHS workers displaced from their positions during FY 2008 should be re-assigned and placed at the Maxey Training School.

Sec. 732. Wage Pass-Through for Agency Rate Increases – NEW

Establishes legislative intent that the department establish a wage pass-through program for the rate increases included in the budget for child caring institutions and placing agencies. Provides that 85% of the rate increase be passed through to direct care workers, and requires the department to report the details of the program to the Subcommittees for approval.

LOCAL OFFICE STAFF AND OPERATIONS

Sec. 755. Title IV-E Eligibility Specialists – NEW

Allocates \$8.15 million for up to 200 new Title IV-E Eligibility Specialist positions in local DHS offices aimed at increasing the percentage of Title IV-E eligible placements. Requires these positions to be filled as "Services Specialists" within the civil service classification system.

CHILD SUPPORT ENFORCEMENT

Sec. 901. Distribution of Federal Child Support Incentive Funds – MODIFIED

Revises current law provisions regarding the distribution of Title IV-D child support incentive payment funds. Assumes \$26.5 million in incentive revenue and allocates \$14.5 million to counties and \$12.0 million to State activities. If revenue exceeds \$26.5 million but is below \$30.0 million, the excess revenue is split 50-50 between counties and the State. Under current law, the State retained 100% of any excess revenue up to \$3.4 million.

Sec. 908. Use of Collection Agency for Child Support Arrearages – NEW

Appropriates \$500,000 for a contract with GC Services aimed at collecting child support arrearages and requires reporting on outcomes to the House and Senate Subcommittees.

