Summary: Enacted Bill HUMAN SERVICES FY 2007-08 Senate Bill 232

Analyst: Bob Schneider, Bill Fairgrieve

Difference: Enacted from FY 2006-07 YTD

						FY 2006-07	YTD
		Revised			FY 2007-08		
	FY 2006-07 YTD	Executive	Senate	House	Enacted	Amount	%
IDG/IDT	4,384,600	2,416,000	2,416,000	2,416,000	2,416,000	(1,968,600)	(44.9)
Federal	3,099,421,400	3,109,378,300	3,107,934,700	3,136,319,700	3,147,497,400	48,076,000	1.6
Local	63,042,500	66,255,800	60,236,400	41,747,000	50,331,900	(12,710,600)	(20.2)
Private	9,202,200	9,039,200	9,039,200	9,039,200	9,039,200	(163,000)	(1.8)
Restricted	59,185,600	59,528,600	72,298,600	59,698,600	59,698,600	513,000	0.9
GF/GP	1,267,636,600	1,320,255,500	1,252,267,400	1,283,134,600	1,308,410,100	40,773,500	3.2
Gross	4,502,872,900	4,566,873,400	4,504,192,300	4,532,355,100	4,589,358,000	86,485,100	1.9
FTEs	10,388.4	10,609.1	9,524,4	10,412.5	10,580.4	192.0	1.8

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 YTD Appropriations	Enacted Chg from YTD	
1. Juvenile Justice Restructuring Includes a reduction in the "High Security Juvenile Services" line item to reflect the shift of 80 beds at the Woodland Center – East complex at the Maxey Training School to private residential service providers. The action would result in the elimination of 131 FTE positions at the Maxey Training School and another 10 central office Bureau of Juvenile Justice staff. Staff reductions would lead to \$4.7 million in direct savings during FY 2008 and assumes implementation of the bed shift on May 1, 2008. Another \$1.4 million is added to the budget to cover one-time separation costs for displaced public employees.	FTE Gross Local GF/GP	(141.0) (\$4,652,200) (2,620,700) (\$2,031,500)
2. Added Private Agency Costs for Juvenile Justice Youth Costs for the care of youth shifted from the Maxey facility to private residential facilities in item 1 are included in the Foster Care Payments and Child Care Fund line items. The appropriations assume an average cost of private care of \$250/day for these youth.	Gross Restricted GF/GP	\$2,433,300 912,500 \$1,520,800

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Major Budget Changes from YTD Appropriations	Enacted Chg from YTD	
3. Child Welfare Initiative Staff The Governor's budget proposal included 257 new positions related to a Child Welfare Improvements initiative. This included funding for 151 positions to help address and find permanent placements for long-term foster children, 41 positions aimed at licensing relative caregivers as foster parents, as well 20 Family-to-Family facilitators, and 45 other supporting positions (e.g. program and project management, licensing, training staff). The enrolled bill maintains funding for the 138 of 151 foster care positions, but does not include the relative licensing positions or Family-to-Family facilitators. It includes 33 of the 45 supporting positions. A separate proposal for private agency contracts to license relative caregivers does address the relative licensing policy issue.	FTE Gross Federal GF/GP	171.0 \$13,723,900 2,799,500 \$10,924,400
4. Title IV-E Specialist Positions and Accountability Office Includes funding for 100 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 to address Title IV-E policy issues. Both actions are aimed at improving the process of determining federal Title IV-E eligibility for foster care cases, thereby increasing the number of cases receiving federal funds. This would reduce state and particularly county costs for foster care, while increasing the federal share of costs.	FTE Gross Federal GF/GP	105.0 \$8,553,900 1,704,800 \$6,849,100
5. Title IV-E Funding Reforms Assumes a major shift in the financing of foster care payments by assuming an increase in the percentage of out-of-home placements determined eligible for federal Title IV-E support. Foster care payments for Title IV-E eligible cases are generally met with a combination of 58% federal and 42% state GF/GP revenue. Costs for non-IV-E eligible cases are split 50-50 between the State and local counties. The budget assumes the Title IV-E staff added in item 4 combined with other policy reforms can increase the State's federal draw. This would lead to lower state GF/GP costs, and an even greater reduction in county costs.	Gross Federal Local GF/GP	\$12,069,200 34,188,300 (17,403,900) (\$4,715,700)
6. Day Care Services Governor's budget proposal included a \$23.6 million GF/GP reduction for Day Care Services linked to a proposal to reduce the maximum allowable hours of support per 2-week pay period from 100 hours to 90 hours. The Conference Committee concurred in including this base reduction in the budget, but used savings achieved elsewhere in the budget to add back \$5.6 million to the line item. This amount would help to either directly offset some of the reduction in allowable hours or allow for provider rate increases to indirectly offset the some of this policy change.	Gross GF/GP	(\$18,013,800) (\$18,013,800)
7. Additional DHS Field Staff A portion of the savings achieved elsewhere in the budget were re-appropriated to support 150 additional DHS field staff positions.	FTE Gross Federal GF/GP	150.0 \$12,000,000 6,960,000 \$5,040,000
8. Rate Increase for Residential Providers Includes a 4% increase in the contracted rates paid to private residential facilities that serve both delinquent and abused/neglected youth. Related boilerplate in section 726 also establishes a rate floor of \$130.00 per day for these providers.	Gross Federal Local GF/GP	\$4,831,400 546,900 1,241,900 \$3,042,600

Major Budget Changes from YTD Appropriations		Enacted Chg from YTD
9. Rate Adjustment for Private Child Placing Agencies Provides child placing agencies with the option of choosing to either maintain the general foster care and specialized foster care administrative rates that they received for FY 2007 or converting to a new blended \$25.00 per day rate. Under current policy, these agencies receive \$19.49 per day for general foster care and an individualized amount set through their contracts for specialized foster care. Related boilerplate in section 546 also establishes legislative intent to move a single blended rate of \$27.00 per day in future budgets.	Gross Federal Local GF/GP	\$1,039,000 205,900 205,900 \$627,200
10. Adoption Agency Increases - VETOED Includes new funding to facilitate a 4% increase in adoption contract unit rates paid to private adoption agencies for adoption placements and finalizations. Note: The Governor vetoed section 576 of the enrolled bill due to a drafting error in the schedule that established these rates in boilerplate. Her signing letter, however, indicated she was ordering a 4% increase in the existing rates.	Gross Federal GF/GP	\$374,600 138,600 \$236,000
11. Caseload Adjustments Contains an overall reduction in appropriations for caseload programs of \$62.0 million below year-to-date appropriations. The major factor in the decrease is the Family Independence Program, which alone was reduced by \$64.9 million gross, \$53.2 million GF/GP from its year-to-date level. The budget assumes significant declines in caseload for the program due to policy change regarding eligibility determinations implemented in May 2007. The caseload has fallen sharply since this policy implementation. In addition, the budget assumes some downward impact from the statewide expansion of the Jobs Education and Training (JET) program aimed at engaging more recipients in work-related activities. The table below summarizes base caseload assumptions contained in the budget for the major caseload-driven programs: Program Caseload Funding Family Independence Program 76,000 \$374.0 million Day Care Services 57,333 \$409.9 million State Disability Assistance 10,933 \$34.7 million SSI Supplementation 227,800 \$58.3 million Foster Care 9,817 \$178.5 million Adoption Subsidies 27,400 \$223.3 million Child Care Fund	Gross GF/GP	(\$62,022,400) (\$45,550,800)
12. Private Agency Relative Licensure Contracts Provides \$2.5 million for private agency contracts to recruit and license relative caregivers as foster parents. Private agencies would receive \$2,300 for each licensure that results from their efforts. In addition, \$375,000 is appropriated to support family incentive grants to service providers that assist with home improvements needed by foster families to accommodate foster children.	Gross Federal GF/GP	\$2,875,000 529,000 \$2,346,000
13. Special Needs Adoption Contracts Includes funding for special needs adoption contracts with private adoption agencies. Contracts would focus on long-term state wards that have been wards for at least one year since the termination of parental rights. Agencies would receive \$16,000 for each finalized adoptive placement. Funding would cover roughly 65 placements. Note: A drafting error in the enrolled bill increased this line by an additional \$166,500. The House has passed Senate Bill 511 to correct this error.	Gross Federal GF/GP	\$1,049,400 193,400 \$856,000
14. 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 Conference Committee includes replacement GF/GP funding to offset the loss of federal funding to counties.	Gross Federal GF/GP	\$0 (9,570,000) \$9,570,000

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Major Budget Changes from YTD Appropriations	Enacted Chg from YTD	
15. Bridges Program Provides an additional \$10.0 million over current year funding to support the Department's "Bridges" computer systems integration project.	Gross Federal GF/GP	\$10,000,000 5,333,800 \$4,666,200
16. Jobs, Education and Training Program Expansion Increases funding to facilitate the statewide expansion of the existing Jobs Education and Training (JET) pilot projects, which aims to increase engagement in work activities by FIP cash assistance recipients. Just under \$13.5 million is to be passed through to the Department of Labor and Economic Growth to fund additional staff and services related to rehabilitation and employment support. DHS will retain \$4.5 million to support 30 additional JET coordinator positions and additional support services.	FTE Gross Federal GF/GP	30.0 \$17,980,800 1,836,000 \$16,144,800
17. Subsidized Guardianship Program Establishes a new program aimed at providing funding to caregivers who agree to become legal guardians for who have been victims of abuse and neglect. Legal guardianships would transfer the State's legal responsibility for affected children, thereby removing them from the foster care system. However, the legal guardians would receive financial support similar to that provided to current foster families.	Gross GF/GP	\$4,575,000 \$4,575,000
18. Indigent Burial Program - VETOED Restores the reduction to the program implemented in Executive Order 2007-3, and adds an additional \$1.0 million in funding above the level contained in the FY 2007 budget as it was enacted. Note: Section 613 of the conference report, which set payment rates for funeral providers under the program was vetoed by the Governor. The Governor's signing letter indicated she was ordering that rates by set at the levels established in administrative rules.	Gross GF/GP	\$1,738,700 \$1,738,700
19. Restorations of Executive Budget Reductions Restores reductions proposed in the Executive Budget for Before & After School programs (\$5.0 million), Teen Parent Counseling (\$3.8 million), Fatherhood and Marriage Initiatives (\$3.2 million), and Community Action Agencies (\$2.85 million).	Gross GF/GP	\$0 0
20. Child Support Arrearage Collections Contract - VETOED Included \$500,000 to support a contract with a private collection agency 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
21. 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	\$0 (450,000) \$450,000

GENERAL SECTIONS

Sec. 281. Local Office Management - MODIFIED

Requires DHS and county human services boards to implement a plan to improve local service delivery, including reducing unnecessary layers of management within the local office system before closing local offices. Provides that DHS shall not close offices in Presque Isle, Ontonagon, and Baraga Counties or other counties where closures would subject clients to undue travel burdens.

Sec. 286. Streamlining of Procurement Procedures - NEW

Requires the department to contract with a private company to conduct a study of ways to streamline procurement procedures for durable goods and services. The contractor shall submit recommendations to the Appropriations Committees.

COMMUNITY ACTION AND ECONOMIC OPPORTUNITY

Sec. 303(3). EITC and Marriage/Fatherhood Grants - VETOED

Provided allocation of \$250,000 for competitive grants combining education on the Earned Income Tax Credit (EITC) with marriage, fatherhood and parenting programs.

Sec. 304. Pontiac School-Based Crisis Intervention Program - VETOED

Provided allocation of \$78,500 in TANF funds to support this demonstration project.

Sec. 306. Michigan State University Kinship Care Center - VETOED

Allocated \$200,000 for the MSU School of Social Work to support its Kinship Care Resource Center.

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.

Sec. 309. Newberry Community Action Agency - VETOED

Allocated \$300,000 to support the Newberry Community Action Agency and its social services programs.

ADULT AND FAMILY SERVICES

Sec. 423. Crisis Prevention and Food for the Elderly Allocations - MODIFIED

Eliminates boilerplate allocations of \$50,000 each for Washtenaw County and City of Lansing homeless prevention programs.

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 out-of-state placement task force to make recommendations on the out-of-state placement of children. Task force is to establish a reporting process for counties and courts on out-of-state facilities. Also includes new audit requirement aimed at determining compliance with restrictions on 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 maintain or achieve national accreditation, agree to provide service if another provider in their region is no longer able to provide services, establish performance standards for interaction with the courts, establish court/county liaisons, and establish quality assurance or dispute resolution programs to resolve identified performance problems.

Sec. 531. Title IV-E Funding to Counties - VETOED

Required DHS to pay to local units of government the full benefit of federal title IV-E revenues earned on the first \$5.0 million in eligible costs, with the state retaining 50% of the revenues above \$5.0 million. The current budget allowed the department to retain 50% of any title IV-E revenues claimed on behalf of counties.

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

Requires the department to conduct licensing reviews no more than once every two years for child placing agencies and child caring institutions that are nationally accredited and have no outstanding violations, and requires DHS to develop a plan to license relatives of foster children as foster care providers.

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

Eliminates current law language requiring 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.

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

Provides child placing agencies with a choice for FY 2008 between maintaining their current administrative rates in effect for FY 2007 or switching to a single blended rate of \$25.00 per day for both general and specialized foster care. Prohibits a reduction in independent living rates, and establishes legislative intent to establish a single rate of \$27.00 per day in future budgets.

Sec. 561. Children's Advocacy Agencies - DELETED

Required DHS to give preference to children's advocacy agencies that use a multidisciplinary team approach for responding to child abuse allegations when granting contracts for child abuse services.

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

Adds a new provision requiring the department to submit Title IV-E claims for placements in secure residential facilities if a county can demonstrate the reason for the secure placement is a diagnosed medical necessity and not public protection.

Sec. 566. Direct Foster Care Services - NEW

Establishes a preference in the provision of direct foster care services to public and private agencies that are nationally accredited; requires private agency contracts to include specific performance and incentive measures focusing on permanency of placements; and prohibits DHS from entering or maintaining a contract with a for-profit child placing agency unless the agency was licensed on or before August 1, 2007.

Sec. 567. Residential Treatment Security Levels - NEW

Requires DHS, child caring agencies and Subcommittee Chairs to review all policies, practices and definitions for residential treatment security levels, and their impact on Title IV-E eligibility and consistency with federal Title IV-E regulations. The review is to include research into the policies and practices of other states in maximizing federal dollars while complying with federal regulations.

Sec. 568. Child Welfare Improvements - NEW

Outlines the various appropriations that make up the Legislature's decisions on the child welfare improvement funding proposal, and requires quarterly reporting staff hiring and related contracts as well as expected outcomes.

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 – PARTIALLY VETOED

Allocates \$2.5 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. Also provides \$375,000 to support family incentive grants aimed at assisting with home improvements needed by foster families. The Governor vetoed language which allowed private child placing agencies facilitating a relative licensure to retain the placement and provide case management services when cases were appropriate for the agency.

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 - VETOED

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. *Note: Section was vetoed due to a drafting error with the rate schedule. In her signing letter, the Governor indicated she would order a 4% rate increase for adoption agencies.*

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. 579. Youth in Transition Allocation to Wayne County - NEW

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

Sec. 580. Coordination of Mental Health Programs - NEW

Requires DHS and Department of Community Health (DCH) to initiate efforts to identify overlapping or uncoordinated mental health programs and activities and to report back to the Subcommittees on findings during next year's annual budget presentations.

Sec. 581. Midland County Kinship Care Program - VETOED

Provides \$11,500 to the Midland County Office to be used to continue a counseling and support program for kinship families.

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 - VETOED

Increases provider reimbursement rates by \$1.7 million over FY 2007 year-to-date levels. This also reverses a reduction in the program implemented in Executive Order 2007-3. 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. *Note: In her signing letter, the Governor announced her intention to order provider rates to be set at those outlined in administrative rules.*

Sec. 627. 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. 681. Food Assistance Payment Schedule - REVISED

Appropriates \$600,000 to revise the distribution of food assistance benefits to implement a staggered payment schedule that spans 19 days each month. Requires the DHS to collaborate with stakeholders on educating recipients on this policy change and requires updates to the Legislature on progress and issues related to the change.

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

Provides just under \$1.27 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. Language prohibits DHS from paying for submitting appeals or applications that are frivolous or have been denied in the past with no valid reason for pursuing an appeal.

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. 721(5). Shift of Medium Security Beds - NEW

Provides for the transfer of 80 medium security beds at the W.J. Maxey Boys Training School to community-based or privately operated facilities. The transfer is to be completed by May 1, 2008 if community-based or privately operated facilities have the capacity for the new placements.

Sec. 724. Medium and Low Juvenile Justice Services - NEW

Contains language providing that direct delinquency services for male juveniles requiring medium security services and male and female juveniles requiring low or community-based services be provided under contract with licensed, nonprofit, nationally accredited child caring institutions or child placing agencies. *Note: This House-passed language should have been deleted and is not consistent with funding decisions in the final bill which only shifts a portion of medium security beds to private agencies - see section 721(5). The House has passed a corrective bill (Senate Bill 511) to repeal this section.*

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Sec. 726. Residential Provider Contracts and Rates - NEW

Prohibits DHS from entering or maintaining a contract with a for-profit provider of residential services unless the provider was licensed on or before August 1, 2007. Establishes an increase in residential provider daily rates of 4% above FY 2007 levels. Language also establishes floor funding of \$130 per day for these providers.

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 public juvenile justice facilities. *Note: In her signing letter, the Governor declared this section unenforceable because it amends 1974 PA 150 by reference.*

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

Establishes legislative intent that the DHS and the Michigan Department of Corrections (DOC) examine the potential for entering an intergovernmental agreement to place 140 youth committed to the DOC into the Woodland and Sequoyah Centers at the Maxey Training School.

Sec. 731. County Charges for Agency Administrative Costs - NEW

Prohibits DHS from charging counties for the costs of administrative payments to private child placing agencies that oversee abuse/neglect wards if these same administrative costs are not charged in a uniform manner to all counties in the state.

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. 908. Use of Collection Agency for Child Support Arrearages – VETOED

Appropriated \$500,000 for a contract with private collection agency aimed at collecting child support arrearages and requires reporting on outcomes to the House and Senate Subcommittees.