



Senate Fiscal Agency
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BILL ANALYSIS

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FY 2006-07 Year-to-Date Gross Appropriation	\$4,500,286,600
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Changes from FY 2006-07 Year-to-Date:

Conference Agreement on Items of Difference

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| <p>1. Child Welfare Staffing. Adjustments include a net increase of 276.0 FTEs (foster care backlog, 138.0 FTEs; IV-E specialists, 100.0 FTEs; support positions for Child Welfare Initiative, 38.0 FTEs; funding for private agency contracts for licensing relative caregivers; and funding for private agency contracts to facilitate adoption of hard-to-place children).</p> | 29,726,500 |
| <p>2. Juvenile Justice & Foster Care. Major changes include reductions related to transitioning 80 beds at Maxey to private providers which will result in the reduction of 131.0 FTE staff and 10.0 FTE central administrative staff. Adoption services staff are reduced by 47.0 FTEs and 12.0 FTE administrative/supervisory positions. The budget includes \$1,825,000 for private agency costs related to privatization issues and an additional \$4,578,800 for private adoption placements.</p> | (1,708,500) |
| <p>3. Foster Care/Adoption Rates & Title IV-E Reforms. Residential facility rates (abuse/neglect and juvenile justice) are increased by 4.0%. Private adoption agency unit rates are also increased by 4.0%. Child placing agencies will have a choice of continuing current administrative rates or moving to a \$25 single administrative rate, with legislative intent that a \$27 single rate will be implemented in FY 2008-09. Savings are assumed based from shifting to Federal IV-E funding within foster care.</p> | 18,314,200 |
| <p>4. Public Assistance Policy Changes. Adjustments included \$1.0 million to increase the maximum allowable reimbursement limit per indigent burials to \$1,063.00; a reduction of \$1,127,700 contract savings and funding shifts; an increase of \$5,586,200 to fund a 2.0% increase and a \$23.6 million reduction for licensed day care providers.</p> | (17,971,500) |
| <p>5. Caseload Adjustments. Adjustments related to consensus caseload estimates are included in the budget. The amounts fully fund projected caseloads and costs for family support programs including Child Day Care Services, State Disability Assistance Program, and the Family Independence Program.</p> | 62,974,800 |
| <p>6. Other Changes. Other changes include 150.0 FTEs/ \$12.0 million for local office staff; \$17.0 million for the Bridges Project; \$1,275,000 for the Legal Services Association contract; \$150,000 for the Food Bank Council in the Department of Agriculture, a \$684,000 reduction for the closure of two offices in FY 2006-07; a net reduction of \$500,000 for child support (also includes a funding shift from Federal to State General Fund to hold counties harmless regarding recent changes in Federal Child Support Law, incentive payments and funding shifts; \$200,000 for a demonstration contract project with the University of Detroit Mercy Legal Services; \$300,000 for the Newberry Community Action Agency; a \$350,000 reduction related to equipment purchases; and a net reduction \$36,828,400 related to facility closings and position adjustments included by the Governor, Senate, and House; and one-time adjustments.</p> | (2,264,100) |

<p><i>The Governor vetoed sections 303 (3), 304, 306, 309, 531, 574 (1), 576, 581, 613, and 908. Details are contained on the following page.</i></p>	(11,964,800)
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Total Changes	\$77,106,600
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FY 2007-08 Enacted Gross Appropriation	\$4,577,393,200
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Changes from FY 2006-07 Year to Date:

Items Included by the Senate and House

1. **Sections included by the Senate and House.** Sections included in both versions of the bill include language ensuring businesses in deprived and depressed communities compete for and perform contracts (Sec. 210); allow counties to submit claims for federal Title IV-E claims for reimbursement (Sec. 562); maintained reporting requirement on Department compliance with the Adoption and Safe Families Act (Sec. 271); included State-wide JET expansion (Sec. 682); and provided training to private agencies. (Sec. 754)

Conference Agreement on Items of Difference

2. **Leadership Agreement on Standard Boilerplate.** Hiring Freeze (Sec. 205), Buy American Language (Sec. 209), legal services (Sec. 211), Administrative Rule Policy Changes (Sec. 221), and Contingency Fund Authorization (Sec. 284) were included.
3. **University of Detroit Mercy Legal Services.** Allocates \$200,000 for the University of Detroit Mercy Legal Services to provide assistance to disabled veterans who are seeking disability under the Federal SSI Program. (Sec. 308)
4. **Out of State Child Placement Task Force.** Establishes task force to make recommendations on the out-of-state placement of children.
5. **Title IV-E Funds.** The Conference Report included language on facilities' eligibility policy review for revenue maximization (Sec. 567) and a compliance and accountability office. (Sec. 571)
6. **Day Care Hours.** States Legislative intent that the Department provide day care providers' payments for all eligible service hours delivered on behalf of Department clients up to a maximum of 100 hours per 2-week pay period. (Sec. 684)

The Governor's veto letter stated this section can not be implemented due to the funding reduction in Part 1.

7. **Public Juvenile Justice Facilities.** Sets per diem and chargeback rates. (Sec. 727)

The Governor's veto letter stated this section is legally unenforceable because it attempts to amend 1974 PA 150 by reference.

The Governor vetoed the following sections:

8. **Earned Income Tax Credit Education (EITC).** Section 303 (3) \$250,000 for competitive grants to organizations to provide programs on the EITC education and skills for strong marriage, fatherhood, or parenting.
9. **Other Earmarks.** Other earmarks include \$78,500 in TANF to fund a school based crisis intervention demonstration project in Pontiac (Sec. 304); \$250,000 for the MSU Kinship Care Resource Center contingent upon TANF eligibility (Sec 306); and \$300,000 to the Newberry CAA for social services programs. (Sec. 309)
10. **Title IV-E Revenues.** Allocates \$5.0 million for eligible costs to local units of government and allows the Department to retain 50% of any Federal revenue earned above that amount. (Sec. 531)
11. **Relative Caregiver Licensure.** Earmarks \$2.5 million for new contracts with private, nonprofit child placing agencies for licensure of relative caregivers as foster parents. Allocates \$375,000 for family incentive grants to private and community-based foster care service providers for with home improvements need by foster families to accommodate foster children. The Governor vetoed the following sentence: "The private, nonprofit, agency facilitating the licensure shall retain the placement and continue to provide case management services if the placement was appropriate to the agency." (Sec. 574)
12. **Private Child Placing Agencies.** Sets reimbursement rates. (Sec. 576)
13. **Midland County Office.** Earmarks \$11,500 from Local Family Support Projects appropriation for the Midland Counseling and Support Program for Kinship Families. (Sec. 581).
14. **Indigent Burials.** Increases maximum allowable reimbursement to \$1,063.00 per burial. (Sec. 613)
15. **Child Support Arrearages Contract.** Allocates \$500,000 for a contract aimed at collecting child support arrearages. Allows contractor to retain 15% of arrearages collected as a fee for services. Requires report. (Sec. 908).

Date Completed: 11-08-07

Fiscal Analyst: Bill Bowerman and Constance Cole