



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

1. **Child Welfare Staffing.** Adjustments include a net increase of 276.0 FTEs (foster care backlog, 138.0 FTE; IV-E specialists, 100.0 FTE; support positions for Child Welfare Initiative, 38.0 FTE; funding for private agency contracts for licensing relative caregivers; and additional funds for private agency contracts facilitating the adoption of hard-to-place children). 29,726,500
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 FTE 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. (1,708,500)
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 stating 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. 18,314,200
4. **Public Assistance Policy Changes.** Adjustments included \$1.0 million to increase the maximum allowable reimbursement limit for 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 for licensed day care providers; and a \$23,600,000 reduction to day care services. (17,971,500)
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. 62,974,800
6. **Other Changes.** Other changes include 150.0 FTE/ \$12,000,000 for local office staff; \$17,000,000 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 related to the closure of two offices in FY 2006-07; a net reduction of \$500,000 related to child support (this change 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. (2,264,100)

Total Changes.....	\$89,071,400
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FY 2007-08 Conference Report Gross Appropriation	\$4,589,358,000
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Amount Over/(Under) GF/GP Target: \$0

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 expansion JET (Sec. 682); and provided training to private agencies. (Sec. 754)
2. **Private Agencies' Staff Training.** The Governor, Senate and House permit agency provided training. (Sec. 754)

Conference Agreement on Items of Difference

3. **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 pursuant to Leadership Agreement.
4. **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.
5. **Earned Income Tax Credit Education (EITC).** The Governor recommended the elimination of FY 2006-07 language that provided that \$2.4 million of community services block grants represents TANF funding earmarked for community action agencies. The Senate and House restored modified versions of this section. The Conference Committee included \$2,350,000 from TANF, and in addition \$500,000 in competitive grants for EITC education and outreach. The Conference Report also earmarked \$250,000 for competitive grants to organizations that seek to provide programs combining education on the EITC with programs building skills for strong marriage, fatherhood, or parenting. (Sec. 303)
6. **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 CCA for social services programs. (Sec. 309)
7. **Out of State Child Placement Task Force.** Establishes task force to make recommendations on the out-of-state placement of children. Prohibits Department from paying for placement at an out-of-state facility unless no appropriate placement is available in Michigan, the out-of-state placement exists with 100 miles of the child's home, and the facility meets licensing standards of its home state and Michigan. Requires reports and audits. (Sec. 513)
8. **Title IV-E Revenues.** Allocates \$5.0 million of eligible costs to local units of government and allows the Department to retain 50% of any Federal revenue earned above that amount. (Sec. 531)
9. **Relative Caregiver Licensure.** Earmarks \$2.5 million to support new contracts with private, nonprofit child placing agencies to facilitate licensure of relative caregivers as foster parents. Also allocates \$375,000 to support family incentive grants to private and community-based foster care service providers to assist with home improvements need by foster families to accommodate foster children. (Sec. 574)
10. **Private Child Placing Agencies.** Sets reimbursement rates. (Sec. 576)
11. **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)
12. **Midland County Office.** Earmarks \$11,500 from Local Family Support Projects appropriation for the Midland Counseling and Support Program for Kinship Families. (Sec. 581).
13. **Indigent Burials.** Increases maximum allowable reimbursement to \$1,063.00. (Sec. 613)
14. **JET.** Conf. Report concurred with the House on expansion funding and notification to the Legislature of savings. (Sec. 682)
15. **Day Care Hours.** States Legislative intent that the Department provide day care payments to day care providers for all eligible hours of day care services delivered on behalf of Department clients up to a maximum of 100 hours per 2-week pay period. (Sec. 684)
16. **Public Juvenile Justice Facilities.** Sets per diem and chargeback rates. (Sec. 727)
17. **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: 11-2-07

Fiscal Analyst: Constance Cole and Bill Bowerman

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations.