

Act No. 131
Public Acts of 2007
Approved by the Governor*
October 31, 2007
Filed with the Secretary of State
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EFFECTIVE DATE: October 31, 2007

*Item Vetoes

Sec. 303. (3)

Entire Subsection. (Page 13)

Sec. 304.

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Sec. 306.

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Sec. 309.

Entire Section. (Page 14)

Sec. 531.

Entire Section. (Page 19)

Sec. 574. (1)

The words: "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." (Page 23)

Sec. 576.

Entire Section. (Pages 23-24)

Sec. 581.

Entire Section. (Page 24)

Sec. 613.

Entire Section. (Page 26)

Sec. 908.

Entire Section. (Page 35)

**STATE OF MICHIGAN
94TH LEGISLATURE
REGULAR SESSION OF 2007**

Introduced by Senator Hardiman

ENROLLED SENATE BILL No. 232

AN ACT to make appropriations for the department of human services and certain state purposes related to public welfare services for the fiscal year ending September 30, 2008; to provide for the expenditure of the appropriations; to create funds; to provide for the imposition of fees; to provide for reports; to provide for the disposition of fees and other income received by the state agency; and to provide for the powers and duties of certain individuals, local governments, and state departments, agencies, and officers.

The People of the State of Michigan enact:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this act, the amounts listed in this part are appropriated for the department of human services for the fiscal year ending September 30, 2008, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF HUMAN SERVICES

APPROPRIATION SUMMARY:

Full-time equated classified positions	10,575.4	
Full-time equated unclassified positions	5.0	
Total full-time equated positions	10,580.4	
GROSS APPROPRIATION		\$ 4,589,358,000
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental transfers		2,416,000
ADJUSTED GROSS APPROPRIATION		\$ 4,586,942,000
Federal revenues:		
Total federal revenues		3,154,939,900
Special revenue funds:		
Total private revenues		9,039,200
Total local revenues		50,331,900
Total other state restricted revenues		59,698,600
State general fund/general purpose		\$ 1,312,932,400

Sec. 102. EXECUTIVE OPERATIONS

Total full-time equated positions	473.3
Full-time equated unclassified positions	5.0

Full-time equated classified positions.....	468.3	
Unclassified salaries—5.0 FTE positions.....		\$ 537,900
Salaries and wages—326.3 FTE positions.....		18,813,000
Contractual services, supplies, and materials.....		5,900,500
Demonstration projects—9.0 FTE positions.....		8,235,800
Inspector general salaries and wages—106.0 FTE positions.....		5,752,400
Electronic benefit transfer EBT.....		7,333,600
Office of professional development—12.0 FTE positions.....		2,352,200
Michigan community service commission—15.0 FTE positions.....		9,733,700
State office of administrative hearings and rules.....		3,538,000
GROSS APPROPRIATION.....		\$ 62,197,100
Appropriated from:		
Federal revenues:		
Total federal revenues.....		40,585,300
Special revenue funds:		
Total private revenues.....		2,199,600
Total local revenues.....		175,000
Total other state restricted revenues.....		25,000
State general fund/general purpose.....		\$ 19,212,200

Sec. 103. CHILD SUPPORT ENFORCEMENT

Full-time equated classified positions.....	213.7	
Child support enforcement operations—207.7 FTE positions.....		\$ 24,136,900
Legal support contracts.....		139,753,600
Child support incentive payments.....		32,409,600
State disbursement unit—6.0 FTE positions.....		18,505,800
GROSS APPROPRIATION.....		\$ 214,805,900
Appropriated from:		
Federal revenues:		
Total federal revenues.....		186,443,100
Special revenue funds:		
Total local revenues.....		340,000
Total other state restricted revenues.....		2,625,000
State general fund/general purpose.....		\$ 25,397,800

Sec. 104. COMMUNITY ACTION AND ECONOMIC OPPORTUNITY

Full-time equated classified positions.....	17.0	
Bureau of community action and economic opportunity operations—17.0 FTE positions.....		\$ 1,920,700
Community services block grants.....		27,368,000
Weatherization assistance.....		18,418,700
GROSS APPROPRIATION.....		\$ 47,707,400
Appropriated from:		
Federal revenues:		
Total federal revenues.....		47,407,400
State general fund/general purpose.....		\$ 300,000

Sec. 105. ADULT AND FAMILY SERVICES

Full-time equated classified positions.....	76.2	
Executive direction and support—6.0 FTE positions.....		\$ 525,700
Domestic violence prevention and treatment—5.5 FTE positions.....		14,759,200
Rape prevention and services.....		2,600,000
Guardian contract.....		600,000
Adult services policy and administration—6.0 FTE positions.....		625,700
Income support policy and administration—28.7 FTE positions.....		4,716,700
Employment and training support services.....		30,259,300
Wage employment verification reporting.....		848,700
Urban and rural empowerment/enterprise zones.....		100
Nutrition education.....		13,100,000

		For Fiscal Year Ending Sept. 30, 2008
Marriage initiative.....	\$	2,475,000
Fatherhood initiative		1,725,000
Crisis prevention and elder law of Michigan food for the elderly project		170,000
Jobs, education and training expansion—30.0 FTE positions		17,980,800
GROSS APPROPRIATION	\$	90,386,200
Appropriated from:		
Interdepartmental grant revenues:		
IDG from DCH - crime victim's fund		1,300,000
ADJUSTED GROSS APPROPRIATION	\$	89,086,200
Appropriated from:		
Federal revenues:		
Total federal revenues		55,295,700
State general fund/general purpose	\$	33,790,500

Sec. 106. CHILDREN'S SERVICES

Full-time equated classified positions	107.5	
Salaries and wages—43.7 FTE positions	\$	2,734,900
Contractual services, supplies, and materials		936,300
Foster care payments		223,347,300
Adoption subsidies.....		235,637,200
Adoption support services—7.7 FTE positions		17,793,500
Youth in transition—2.0 FTE positions		13,263,700
Interstate compact		231,600
Children's benefit fund donations		21,000
Teenage parent counseling—2.3 FTE positions		3,815,800
Families first		16,946,700
Child safety and permanency planning		16,286,700
Strong families/safe children		14,919,600
Child protection/community partners—18.3 FTE positions		5,539,400
Zero to three		3,843,800
Family group decision making		2,454,700
Family reunification program.....		3,977,100
Family preservation and prevention services administration—14.5 FTE positions.....		2,255,300
Black child and family institute		100,000
Children's trust fund administration—9.0 FTE positions.....		1,027,300
Children's trust fund grants		3,825,100
ECIC, early childhood investment corporation		14,823,000
Attorney general contract.....		3,329,300
Prosecuting attorney contracts.....		1,061,700
Child protection—5.0 FTE positions.....		800,000
Subsidized guardianship program		4,575,000
Title IV-E compliance and accountability office—5.0 FTE positions		400,000
GROSS APPROPRIATION	\$	593,946,000
Appropriated from:		
Federal revenues:		
Total federal revenues		365,124,000
Special revenue funds:		
Private - children's benefit fund donations		21,000
Private - collections		3,100,000
Local funds - county chargeback		21,436,600
Children's trust fund		3,801,600
State general fund/general purpose	\$	200,462,800

Sec. 107. JUVENILE JUSTICE SERVICES

Full-time equated classified positions	494.5	
High security juvenile services, male—137.0 FTE positions	\$	21,273,100
Medium security juvenile services—254.0 FTE positions		23,901,200
Community juvenile justice centers—37.0 FTE positions		3,460,100
Child care fund		202,203,700
Child care fund administration—5.8 FTE positions		772,300

		For Fiscal Year Ending Sept. 30, 2008
County juvenile officers.....	\$	3,890,400
Community support services—2.0 FTE positions.....		1,495,600
Juvenile justice field staff, administration and maintenance—40.0 FTE positions.....		5,486,600
Federally funded activities—13.7 FTE positions.....		1,859,500
W.J. Maxey memorial fund.....		45,000
Juvenile accountability incentive block grant—1.0 FTE position.....		1,297,600
Committee on juvenile justice administration—4.0 FTE positions.....		510,300
Committee on juvenile justice grants.....		5,000,000
GROSS APPROPRIATION.....	\$	271,195,400
Appropriated from:		
Federal revenues:		
Total federal revenues.....		96,022,500
Special revenue funds:		
Total private revenues.....		45,000
Local funds - state share education funds.....		2,822,100
Local funds - county chargeback.....		23,746,200
State general fund/general purpose.....	\$	148,559,600
 Sec. 108. LOCAL OFFICE STAFF AND OPERATIONS		
Full-time equated classified positions.....		8,407.9
Field staff, salaries and wages—8,126.1 FTE positions.....	\$	411,004,000
Contractual services, supplies, and materials.....		17,152,800
Medical/psychiatric evaluations.....		6,300,000
Donated funds positions—131.0 FTE positions.....		10,769,400
Training and program support—62.0 FTE positions.....		8,340,900
Food stamp reinvestment—78.8 FTE positions.....		7,343,800
Wayne County gifts and bequests.....		100,000
Volunteer services and reimbursement.....		1,294,900
SSI advocates—10.0 FTE positions.....		2,163,700
GROSS APPROPRIATION.....	\$	464,469,500
Appropriated from:		
Federal revenues:		
Total federal revenues.....		263,357,100
Special revenue funds:		
Local funds - donated funds.....		1,812,000
Private funds - donated funds.....		643,900
Private funds - Wayne County gifts.....		100,000
Private funds - hospital contributions.....		2,929,700
Supplemental security income recoveries.....		675,200
State general fund/general purpose.....	\$	194,951,600
 Sec. 109. DISABILITY DETERMINATION SERVICES		
Full-time equated classified positions.....		568.4
Disability determination operations—545.9 FTE positions.....	\$	82,346,600
Medical consultation program—18.4 FTE positions.....		2,660,900
Retirement disability determination—4.1 FTE positions.....		827,000
GROSS APPROPRIATION.....	\$	85,834,500
Appropriated from:		
Interdepartmental grant revenues:		
IDG from DMB - office of retirement systems.....		1,116,000
ADJUSTED GROSS APPROPRIATION.....	\$	84,718,500
Appropriated from:		
Federal revenues:		
Total federal revenues.....		81,911,500
State general fund/general purpose.....	\$	2,807,000
 Sec. 110. CENTRAL SUPPORT ACCOUNTS		
Rent.....	\$	40,897,300
Occupancy charge.....		8,910,500

		For Fiscal Year Ending Sept. 30, 2008
Travel.....	\$	5,627,400
Equipment		277,300
Worker's compensation.....		4,259,000
Advisory commissions.....		17,900
Human resources optimization user charges.....		652,000
Payroll taxes and fringe benefits.....		263,208,700
GROSS APPROPRIATION.....	\$	323,850,100
Appropriated from:		
Federal revenues:		
Total federal revenues		188,732,600
State general fund/general purpose	\$	135,117,500
Sec. 111. OFFICE OF CHILDREN AND ADULT LICENSING		
Full-time equated classified positions.....	219.0	
AFC, children's welfare and day care licensure—219.0 FTE positions	\$	23,750,900
GROSS APPROPRIATION.....	\$	23,750,900
Appropriated from:		
Federal revenues:		
Total federal revenues		11,928,100
Special revenue funds:		
Licensing fees.....		832,900
Health systems fees and collections.....		499,400
State general fund/general purpose	\$	10,490,500
Sec. 112. PUBLIC ASSISTANCE		
Full-time equated classified positions.....	2.9	
Family independence program.....	\$	373,936,400
State disability assistance payments		33,798,200
Food assistance program benefits		1,221,340,900
State supplementation		58,280,400
State supplementation administration.....		2,477,100
Low-income home energy assistance program		116,451,600
Food bank funding.....		675,000
Homeless shelter contracts.....		11,646,700
Multicultural assimilation funding.....		1,715,500
Indigent burial		6,909,300
Emergency services local office allocations		21,865,500
Day care services.....		391,945,200
Refugee assistance program—2.9 FTE positions.....		12,715,800
GROSS APPROPRIATION.....	\$	2,253,757,600
Appropriated from:		
Federal revenues:		
Total federal revenues		1,716,877,900
Special revenue funds:		
Child support collections		38,311,200
Supplemental security income recoveries.....		9,318,300
Public assistance recoupment revenue.....		3,610,000
State general fund/general purpose	\$	485,640,200
Sec. 113. INFORMATION TECHNOLOGY		
Information technology services and projects.....	\$	103,912,200
Child support automation.....		53,545,200
GROSS APPROPRIATION.....	\$	157,457,400
Appropriated from:		
Federal revenues:		
Total federal revenues		101,254,700
State general fund/general purpose	\$	56,202,700

PART 2
PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2007-2008 is \$1,372,631,000.00 and state spending from state resources to be paid to local units of government for fiscal year 2007-2008 is \$123,730,400.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

DEPARTMENT OF HUMAN SERVICES
PERMANENCY FOR CHILDREN

Child care fund.....	\$	117,930,100
County juvenile officers.....		3,570,800

OPPORTUNITY FOR ADULTS TO LIVE AND WORK IN THE COMMUNITY

State disability program.....	\$	2,229,500
TOTAL	\$	123,730,400

Sec. 202. The appropriations authorized under this act are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

Sec. 203. As used in this act:

- (a) "AFC" means adult foster care.
- (b) "DCH" means the department of community health.
- (c) "Department" means the department of human services.
- (d) "DMB" means the department of management and budget.
- (e) "ECIC" means early childhood investment corporation.
- (f) "FTE" means full-time equated.
- (g) "IDG" means interdepartmental grant.
- (h) "JET" means jobs, education and training program.
- (i) "RSDI" means retirement survivors disability insurance.
- (j) "SSI" means supplemental security income.
- (k) "Temporary assistance for needy families" or "TANF" or "title IV-A" means part A of title IV of the social security act, 42 USC 601 to 604, 605 to 608, and 609 to 619.
- (l) "Title IV-D" means part D of title IV of the social security act, 42 USC 651 to 655 and 656 to 669b.
- (m) "Title IV-E" means part E of title IV of the social security act, 42 USC 670 to 673, 673b to 679, and 679b.
- (n) "VA" means veterans affairs.

Sec. 204. The department of civil service shall bill the department at the end of the first fiscal quarter for the 1% charge authorized by section 5 of article XI of the state constitution of 1963. Payments shall be made for the total amount of the billing by the end of the second fiscal quarter.

Sec. 205. (1) A hiring freeze is imposed on the state classified civil service. State departments and agencies are prohibited from hiring any new full-time state classified civil service employees and prohibited from filling any vacant state classified civil service positions. This hiring freeze does not apply to internal transfers of classified employees from 1 position to another within a department.

(2) The state budget director may grant exceptions to this hiring freeze when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause loss of revenue to the state, result in the inability of the state to receive federal funds, or necessitate additional expenditures that exceed any savings from maintaining a vacancy. The state budget director shall report quarterly to the chairpersons of the senate and house of representatives appropriations committees and the senate and house fiscal agencies and policy offices on the number of exceptions to the hiring freeze approved during the previous quarter and the reasons to justify the exception.

Sec. 207. At least 60 days before beginning any effort to privatize services, the department shall submit a complete project plan to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies. The plan shall include the criteria under which the privatization initiative will be evaluated. Sanctions, suspensions, conditions for provisional license status, and other penalties shall not be more stringent for

private service providers than for public entities performing equivalent or similar services. Private service providers or licensees shall not be granted preferential treatment or deemed automatically in compliance with administrative rules based on whether they have collective bargaining agreements with direct care workers. Private service providers or licensees without collective bargaining agreements shall not be subjected to additional requirements or conditions of licensure based on their lack of such collective bargaining agreements. The evaluation shall be completed and submitted to the appropriate senate and house of representatives appropriations subcommittees and the senate and house fiscal agencies within 9 months.

Sec. 208. Unless otherwise specified, the department shall use the Internet to fulfill the reporting requirements of this act. This shall include transmission of reports via electronic mail, including a link to the Internet site, to the recipients identified for each reporting requirement, or it may include placement of reports on the Internet or Intranet site. On an annual basis, the department shall provide a cumulative listing of the reports to the house and senate appropriations subcommittees and the house and senate fiscal agencies and policy offices.

Sec. 209. Funds appropriated in part 1 shall not be used for the purchase of foreign goods or services, or both, if competitively priced and of comparable quality American goods or services, or both, are available. Preference should be given to goods or services, or both, manufactured or provided by Michigan businesses, if they are competitively priced and of comparable quality. In addition, preference should be given to goods or services, or both, that are manufactured or provided by Michigan businesses owned and operated by veterans, if they are competitively priced and of comparable quality.

Sec. 210. The director shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. The director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services, supplies, or both.

Sec. 211. Funds appropriated in part 1 shall not be used by a principal executive department, state agency, or authority to hire a person to provide legal services that are the responsibility of the attorney general. This prohibition does not apply to legal services for bonding activities and for those activities that the attorney general authorizes.

Sec. 212. In addition to funds appropriated in part 1 for all programs and services, there is appropriated for write-offs of accounts receivable, deferrals, and for prior year obligations in excess of applicable prior year appropriations, an amount equal to total write-offs and prior year obligations, but not to exceed amounts available in prior year revenues or current year revenues that are in excess of the authorized amount.

Sec. 213. (1) The department may retain all of the state's share of food assistance overissuance collections as an offset to general fund/general purpose costs. Retained collections shall be applied against federal funds deductions in all appropriation units where department costs related to the investigation and recoupment of food assistance overissuances are incurred. Retained collections in excess of such costs shall be applied against the federal funds deducted in the executive operations appropriation unit.

(2) The department shall report to the legislature during the senate and house budget hearings on the status of the food stamp error rate. The report shall include at least all of the following:

- (a) An update on federal sanctions and federal requirements for reinvestment due to the food stamp error rate.
- (b) Review of the status of training for employees who administer the food assistance program.
- (c) An outline of the past year's monthly status of worker to food stamp cases and monthly status of worker to food stamp applications.
- (d) Information detailing the effect and change in staffing due to the early retirement option.
- (e) Corrective action through policy, rules, and programming being taken to reduce the food stamp error rate.
- (f) Any other information regarding the food stamp error rate, including information pertaining to technology and computer applications used for the food assistance program.

Sec. 214. (1) The department shall submit a report to the chairpersons of the senate and house appropriations subcommittees on the department budget, the senate and house fiscal agencies and policy offices, and the state budget director on the details of allocations within program budgeting line items and within the salaries and wages line items in all appropriation units. The report shall include a listing, by account, dollar amount, and fund source, of salaries and wages; longevity and insurance; retirement; contractual services, supplies, and materials; equipment; travel; and grants within each program line item appropriated for the fiscal year ending September 30, 2008. With regard to federal appropriations, for each program line item funded by no more than 3 federal funding sources, the department shall provide estimates of the allocation of the appropriation for each specific federal funding source.

(2) On a bimonthly basis, the department shall report on the number of FTEs in pay status by type of staff.

Sec. 215. If a legislative objective of this act or the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b, cannot be implemented without loss of federal financial participation because implementation would conflict with or violate federal regulations, the department shall notify the state budget director, the house and senate appropriations committees, and the house and senate fiscal agencies and policy offices of that fact.

Sec. 216. The department, in collaboration with the state budget office, shall submit to the house and senate appropriations subcommittees on the department budget, the house and senate fiscal agencies, and the house and senate policy offices on or before March 1, 2008 a report on appropriated and supportable FTE positions within the executive budget proposal for the fiscal year beginning October 1, 2008. The report shall contain all of the following information for each individual line item contained in the executive budget proposal for the department budget:

- (a) The number of FTEs to be funded from the line item.
- (b) The amount that is proposed to be allocated to salary and wage costs from the gross appropriation for the line item.
- (c) The amount that is proposed to be allocated to salary and wage costs from the gross appropriation for the line item on which was based the increase in the executive budget proposal from the amount appropriated for the line item in the department budget for the fiscal year ending September 30, 2008, if different from the amount in subdivision (b).
- (d) The portion of the amount described in subdivision (b) that is proposed to be taken from each funding source identified in the budget.
- (e) The gross salary and wage expenditures for the line item during the fiscal year ending September 30, 2007 and the estimated salary and wage expenditures for the line item during the fiscal year ending September 30, 2008.
- (f) The estimated number of FTE positions supportable by the amount described in subdivision (b).

Sec. 217. (1) Due to the current budgetary problems in this state, out-of-state travel shall be limited to situations in which 1 or more of the following conditions apply:

- (a) The travel is required by legal mandate or court order or for law enforcement purposes.
 - (b) The travel is necessary to protect the health or safety of Michigan citizens or visitors or to assist other states in similar circumstances.
 - (c) The travel is necessary to produce budgetary savings or to increase state revenues, including protecting existing federal funds or securing additional federal funds.
 - (d) The travel is necessary to comply with federal requirements.
 - (e) The travel is necessary to secure specialized training for staff that is not available within this state.
 - (f) The travel is financed entirely by federal or nonstate funds.
- (2) If out-of-state travel is necessary but does not meet 1 or more of the conditions in subsection (1), the state budget director may grant an exception to allow the travel. Any exceptions granted by the state budget director shall be reported on a monthly basis to the senate and house standing committees on appropriations.
- (3) Not later than January 1 of each year, each department shall prepare a travel report listing all travel by classified and unclassified employees outside this state in the immediately preceding fiscal year that was funded in whole or in part with funds appropriated in the department's budget. The report shall be submitted to the chairs and members of the house and senate appropriations committees, the fiscal agencies, and the state budget director. The report shall include the following information:

- (a) The name of each person receiving reimbursement for travel outside this state or whose travel costs were paid by this state.
- (b) The destination of each travel occurrence.
- (c) The dates of each travel occurrence.
- (d) A brief statement of the reason for each travel occurrence.
- (e) The transportation and related costs of each travel occurrence, including the proportion funded with state general fund/general purpose revenues, the proportion funded with state restricted revenues, the proportion funded with federal revenues, and the proportion funded with other revenues.
- (f) A total of all out-of-state travel funded for the immediately preceding fiscal year.

Sec. 218. (1) The department shall prepare an annual report on the TANF federal block grant. The report shall include projected expenditures for the current fiscal year, an accounting of any previous year funds carried forward, and a summary of all interdepartmental or interagency agreements relating to the use of TANF funds. The report shall be forwarded to the state budget director and the house and senate appropriations subcommittees on the department budget and the house and senate fiscal agencies and policy offices within 10 days after presentation of the executive budget.

(2) The state budget director shall give prior written notice to the members of the house and senate appropriations subcommittees for the department and to the house and senate fiscal agencies and policy offices of any proposed changes in utilization or distribution of TANF funding or the distribution of TANF maintenance of effort spending relative to the amounts reflected in the annual appropriations acts of all state agencies where TANF funding is appropriated. The written notice shall be given not less than 30 days before any changes being made in the funding allocations. This prior notice requirement also applies to new plans submitted in response to federal TANF reauthorization or replacement by an equivalent federal law.

Sec. 220. (1) In contracting with faith-based organizations for mentoring or supportive services, and in all contracts for services, the department shall ensure that no funds provided directly to institutions or organizations to provide services and administer programs shall be used or expended for any sectarian activity, including sectarian worship, instruction, or proselytization.

(2) If an individual requests the service and has an objection to the religious character of the institution or organization from which the individual receives or would receive services or assistance, the department shall provide the individual within a reasonable time after the date of the objection with assistance or services and which are substantially the same as the service the individual would have received from the organization.

(3) The department shall ensure that faith-based organizations are able to apply and compete for services, programs, or contracts that they are qualified and suitable to fulfill. The department shall not disqualify faith-based organizations solely on the basis of the religious nature of their organization or their guiding principles or statements of faith.

(4) The department shall follow guidelines related to faith-based involvement established in 42 USC 604a.

Sec. 221. If the revenue collected by the department from private and local sources exceeds the amount spent from amounts appropriated in part 1, the revenue may be carried forward, with approval from the state budget director, into the subsequent fiscal year.

Sec. 222. (1) The department shall report no later than April 1, 2008 on each specific policy change made to implement a public act affecting the department that took effect during the prior calendar year to the house and senate appropriations subcommittees on the budget for the department, the joint committee on administrative rules, and the senate and house fiscal agencies.

(2) Funds appropriated in part 1 shall not be used by the department to adopt a rule that will apply to a small business and that will have a disproportionate economic impact on small businesses because of the size of those businesses if the department fails to reduce the disproportionate economic impact of the rule on small businesses as provided under section 40 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.240.

(3) As used in this section:

(a) "Rule" means that term as defined under section 7 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.207.

(b) "Small business" means that term as defined under section 7a of the administrative procedures act of 1969, 1969 PA 306, MCL 24.207a.

Sec. 223. The department shall make a determination of Medicaid eligibility not later than 60 days after all information to make the determination is received from the applicant when disability is an eligibility factor. For all other Medicaid applicants, the department shall make a determination of Medicaid eligibility not later than 45 days after all information to make the determination is received from the applicant.

Sec. 224. The department shall approve or deny a Medicaid application for a patient of a nursing home within 45 days after the receipt of the necessary information.

Sec. 225. The department shall develop a rapid redetermination process for nursing home residents whose Medicaid stay is greater than 90 days. This process shall be implemented not later than September 30, 2008.

Sec. 227. The department, with the approval of the state budget director, is authorized to realign sources of financing authorizations in order to maximize temporary assistance for needy families' maintenance of effort countable expenditures. This realignment of financing shall not be made until 15 days after notifying the chairs of the house and senate appropriations subcommittees on the department budget and house and senate fiscal agencies, and shall not produce an increase or decrease in any line-item expenditure authorization.

Sec. 259. From the funds appropriated in part 1 for information technology, the department shall pay user fees to the department of information technology for technology-related services and projects. Such user fees shall be subject to provisions of an interagency agreement between the department and the department of information technology.

Sec. 262. (1) The department, in conjunction with county department of human services boards of directors and the department of management and budget, shall implement a plan to assist local services delivery effectiveness and efficiency by maximizing use of state resources while responding to unique needs in geographic regions of the state. The department shall work with the department of management and budget to reduce unnecessary layers of management, such as zone offices or regional offices that may have assumed their functions before eliminating county offices, particularly when those county office closures would subject clients and residents to lengthy travel in order to meet or consult with their caseworker. Savings resulting from the plan shall be allocated to county offices to fund additional frontline workers.

(2) The department shall not close county offices in Presque Isle County, Ontonagon County, Baraga County, or other counties where closure would subject clients to undue travel burdens.

Sec. 264. The department shall not take disciplinary action against an employee for communicating with a member of the legislature or his or her staff.

Sec. 269. If title IV-D-related child support collections are escheated, the state budget director is authorized to adjust the sources of financing for the funds appropriated in part 1 for legal support contracts to reduce federal authorization by 66% of the escheated amount and increase general fund/general purpose authorization by the same amount. This budget adjustment is required to offset the loss of federal revenue due to the escheated amount being counted as title IV-D program income in accordance with federal regulations at 45 CFR 304.50.

Sec. 270. (1) The department shall continue to implement a plan to provide client-centered results-oriented programs and services for each of the following programs:

- (a) Day care assistance.
- (b) Family independence program.
- (c) Adoption subsidy.
- (d) Foster care.
- (e) Juvenile justice services.
- (f) Jobs, education, and training (JET) pilot program and other welfare reform activities.

(2) The plan shall include detailed information to be compiled on an annual basis by the department on the following for each program listed in subsection (1):

- (a) The average cost per recipient served by the program.
- (b) Measurable performance indicators for each program.
- (c) Desired outcomes or results and goals for each program that can be measured on an annual basis, or desired results for a defined number of years.
- (d) Monitored results for each program.
- (e) Innovations for each program that may include savings or reductions in administrative costs.

(3) During the annual budget presentation, the department shall provide the senate and house appropriations subcommittees on the department budget the information listed in subsection (2).

Sec. 271. (1) The department shall report to the senate and house appropriations subcommittees on the department budget, the senate and house standing committees on human services, the senate and house fiscal agencies, the senate and house policy offices, and the state budget director on the progress of child and family services reviews (CFSR). The reviews, conducted in the state by the children's bureau of the United States department of health and human services, are intended to assess the department's compliance with the adoption and safe families act of 1997, Public Law 105-89, 111 Stat. 2115, with the ultimate goal of improving the state child welfare system and the safety, permanency, and child and family service outcomes to children and families. The report shall be submitted January 1 and July 1.

(2) The report required under subsection (1) shall include the findings and progress of all of the following:

- (a) Changes made by the courts with respect to court forms and court rules to meet the statutory requirement.
- (b) Department policy changes within the areas of foster care, juvenile justice, and adoption to meet the statutory requirements.
- (c) Recommendations made by a workgroup composed of department and other agency stakeholders.
- (d) A summary of the 7 systemic factors that determine the state's compliance with the adoption and safe families act of 1997, Public Law 105-89, 111 Stat. 2115.
- (e) A summary of the 7 data outcome indicators used to determine the state's compliance with the adoption and safe families act of 1997, Public Law 105-89, 111 Stat. 2115, including the length of time required to achieve family reunification for foster care cases.

- (f) Federal recommendations made to the state, including recommendations to the courts.
- (g) Federal penalties assessed against the state for noncompliance.
- (h) Status of the performance improvement plan submitted to the federal government.

Sec. 272. (1) The department shall report to the senate and house appropriations subcommittees on the department budget, the senate and house standing committees on human services, the senate and house fiscal agencies, the senate and house policy offices, and the state budget director on the result of the title IV-E foster care eligibility reviews. The reviews, conducted in the state by the United States department of health and human services, are intended to assess the department's compliance with the adoption and safe families act of 1997, Public Law 105-89, 111 Stat. 2115, ensuring the department's case files and payments records meet federal regulations, including standards on eligibility for placement reimbursement and the allowable payment rate. The report shall be submitted January 1 and July 1.

(2) The report required under subsection (1) shall include the findings and progress of all of the following:

- (a) Training programs conducted by the department, a university affiliate, the child welfare institute, the Michigan judicial institute, and any private agencies that have been authorized to provide training.
- (b) Changes made by the courts on court forms and rules used in meeting the statutory requirements.
- (c) Department policy changes that impact meeting the statutory requirements for day care assistance, family independence program, JET pilot, and foster care and adoption, including juvenile justice programs.
- (d) Recommendations for better compliance with federal standards and increased eligibility for federal money made by a workgroup composed of representatives from the department and other departments, public and private agencies, and individual citizens.
- (e) Federal recommendations submitted to the state, including recommendations to the courts.
- (f) Federal penalties assessed against the state.
- (g) Changes in policies or practices resulting in additional federal money, including how much additional federal money was received.
- (h) Any federal warnings or notices of potential sanctions or penalties that may be imposed unless corrective state action is taken.
- (i) Measures taken to prevent or avoid sanctions.

Sec. 273. (1) On a timely basis, the department shall report to the senate and house standing committees on human services and the senate and house appropriations subcommittees with oversight on the department budget regarding policy changes made to implement the provisions of enacted legislation, including the annual appropriation for the department budget.

(2) On an annual basis, the department shall provide a cumulative list of all policy changes in the following areas: child welfare services, child support, work first, work requirements, adult and child safety, local staff program responsibilities, and day care. The list shall be distributed to the senate and house appropriations subcommittees on the department budget, the senate and house standing committees dealing with human services, and the senate and house fiscal agencies and policy offices.

(3) Not later than July 1, 2008, the department shall report to the senate and house appropriations subcommittees on the department budget, the senate and house fiscal agencies and policy offices, and the state budget director with copies of the annual regulatory plan submitted to the state office of administrative hearings and rules pursuant to section 53 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.253. The annual regulatory reform plan shall not include proposals for rule promulgation that exceed the statutory authority granted to the department.

(4) Money for the preparation of the regulatory reform plan shall be provided solely in section 102 of the funds appropriated in part 1. Money appropriated in part 1 shall not be used to prepare regulatory plans or promulgate rules that would exceed statutory authority granted to the department. If the department fails to comply with the provisions of section 39(1) of the administrative procedures act of 1969, 1969 PA 306, MCL 24.239, no money shall be expended for the further preparation of that regulatory plan or the promulgation of rules for that regulatory plan.

(5) Money appropriated in part 1 shall not be used to prepare a regulatory plan or promulgate rules that fail to reduce the disproportionate economic impact on small businesses as required in section 40 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.240.

(6) Money appropriated in part 1 shall not be used to prepare a regulatory plan or promulgate rules that grant preferences to private providers of services based on whether that private provider has a collective bargaining agreement with its workers.

Sec. 274. The department shall report to the house and senate appropriations subcommittees on the department budget, the senate and house fiscal agencies, the senate and house policy offices, and the state budget director as part of the annual budget presentation on each federal grant this state was eligible to apply for, listing both grants applied

for and not applied for. This report will cover grants exceeding \$500,000.00, related to fatherhood and marriage initiatives, teen pregnancy prevention, kinship care, before- and after-school programs, family preservation and prevention, homeless prevention, and youth in transition.

Sec. 278. (1) The department shall contract with 1 or more private consulting firms for revenue maximization services for all caseload services currently provided by the department, including services expanded such as the SSI advocacy program. A contract under this section shall specify that the contractor locate waste, fraud, error, and abuse within the department's services and programs.

(2) A contractor shall not charge the department a fee for services provided under subsection (1). However, a contractor shall receive a negotiated percentage of the savings not to exceed 25% of the gross savings achieved from implementation of a recommendation made by the contractor under this section.

(3) The department shall retain up to \$7,500,000.00 of savings achieved through the revenue maximization services contract as an offset to general fund/general purpose costs. Additional savings shall be allocated within the department for the following purposes:

(a) Technology programs that help maintain an effective and efficient computer system for caseworkers.

(b) Additional staff in order to reduce worker-to-case ratios.

(4) The department shall provide a report to the senate and house appropriations subcommittees on the department budget, senate and house standing committees on human services matters, senate and house fiscal agencies and policy offices, and state budget director by December 31, 2007 on the waste, fraud, error, and abuse located under subsection (1). By April 1, 2008, the department shall provide a progress report including the specific changes implemented to achieve savings under this section and the timetable for implementation of the remaining changes.

Sec. 279. All contracts relating to human services entered into or renewed by the department on or after October 1, 2007 shall be performance-based contracts that employ a client-centered results-oriented process that is based on measurable performance indicators and desired outcomes and includes the annual assessment of the quality of services provided. During the annual budget presentation, the department shall provide the senate and house appropriations subcommittees on the department budget with the measurable performance indicators, desired outcomes, and the assessment of the quality of services provided for each contract relating to human services entered into by the department during fiscal year 2007-2008.

Sec. 280. The department shall submit a report to the house and senate appropriations subcommittees for the department budget, the house and senate fiscal agencies, the house and senate policy offices, and the state budget director by February 1, 2008 on the status of the department's information technology improvement initiatives, including the "Bridges" integration project. The report shall include details on the following:

(a) The amounts expended during the previous fiscal year and the first quarter of the current fiscal year by project.

(b) The amounts of appropriations carried forward from previous fiscal years for information technology improvement projects.

(c) A narrative describing the projects and activities undertaken during the previous fiscal year and during the first quarter of the current fiscal year.

Sec. 283. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support technology projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a.

Sec. 284. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$200,000,000.00 for federal contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(2) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$5,000,000.00 for state restricted contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(3) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$20,000,000.00 for local contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(4) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$20,000,000.00 for private contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this act under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

Sec. 285. From the money appropriated in part 1, the department shall implement continuous improvement efficiency mechanisms in the programs administered by the department. The continuous improvement efficiency mechanisms shall identify changes made in programs to increase efficiency and reduce expenditures in the programs. On March 31, 2008 and September 30, 2008, the department shall submit a report to the state budget director, the senate and house appropriations subcommittees, and the senate and house fiscal agencies on the progress made toward increased efficiencies in department programs. At a minimum, each report shall include information on the program review process, the type of improvement mechanisms implemented, and actual and projected expenditure savings as a result of the increased program efficiencies.

Sec. 286. The department shall contract with a private company to conduct a study of ways to streamline the department's procurement procedures for durable goods and services. A report and recommendations for streamlining the department's procurement procedures shall be prepared by the private contractor and submitted to the house and senate appropriations committees and the house and senate fiscal agencies by November 30, 2007.

EXECUTIVE OPERATIONS

Sec. 301. The department shall assess fees in the licensing and regulation of child care organizations as defined in 1973 PA 116, MCL 722.111 to 722.128, and adult foster care facilities as defined in the adult foster care facility licensing act, 1979 PA 218, MCL 400.701 to 400.737. Fees collected by the department shall be used exclusively for the purpose of licensing and regulating child care organizations and adult foster care facilities.

Sec. 302. The department shall furnish the clerk of the house, the secretary of the senate, the senate and house fiscal agencies and policy offices, the state budget office, and all members of the house and senate appropriations committees with a summary of any evaluation reports and subsequent approvals or disapprovals of juvenile residential facilities operated by the department, as required by section 6 of 1973 PA 116, MCL 722.116. If no evaluations are conducted during the fiscal year, the department shall notify the fiscal agencies and all members of the appropriate subcommittees of the house and senate appropriations committees.

Sec. 303. (1) Of the funds appropriated in part 1 for community services block grants, \$2,350,000.00 represents TANF funding earmarked for community action agencies.

(2) In addition to the money referred to in subsection (1), the department shall award up to \$500,000.00 in competitive grants to organizations based on their education and outreach with the earned income tax credit (EITC). Organizations shall be given preference based on their emphasis on clients who have never filed for the EITC, clients with children, and clients for whom receipt of the EITC will make it easier for them to move off public assistance.

(3) In addition to the money referred to in subsection (1), the department shall award up to \$250,000.00 in competitive grants to organizations that seek to provide programs combining education on the EITC with programs building skills for strong marriages, fatherhood, or parenting.

Sec. 304. From funds appropriated in part 1 for demonstration projects, the department shall expend up to \$78,500.00 in TANF to fund a school-based crisis intervention demonstration project in Pontiac.

Sec. 305. If federal funds become available to support a lead testing program, the department shall, before issuing a license for a day care facility and as part of licensing review and facility inspection, require documentation verifying that the facility has been inspected for lead hazards and that any lead hazards identified have been remediated.

Sec. 306. Of the funds appropriated in part 1 for demonstration projects, the department shall allocate \$200,000.00 to support the kinship care resource center administered by the Michigan State University school of social work. Funding is contingent upon the center's reporting of necessary data to the department to demonstrate TANF or maintenance of effort eligibility. The center shall submit quarterly reports to the department detailing expenditures from this appropriation and reviewing program outcomes including the number of families served through counseling, respite care, and other services as well as the number provided with information on kinship care. The department shall submit each quarterly report to the house and senate appropriations subcommittees on the department budget by January 15, April 15, July 15, and October 15 of each year.

Sec. 307. (1) Of the money appropriated in part 1 for demonstration projects, \$100,000.00 shall be distributed as provided in subsection (2). The amount distributed under this subsection shall not exceed 50% of the total operating expenses of the program described in subsection (2), with the remaining 50% paid by local United Way organizations and other nonprofit organizations and foundations.

(2) Money distributed under subsection (1) shall be distributed to Michigan 2-1-1, a nonprofit corporation organized under the laws of this state that is exempt from federal income tax under section 501(c)(3) of the internal revenue code, 26 USC 501(c)(3), and whose mission is to coordinate and support a statewide 2-1-1 system. Michigan 2-1-1 shall use the money only to fulfill the Michigan 2-1-1 business plan adopted by Michigan 2-1-1 in January 2005.

(3) Michigan 2-1-1 shall report annually to the department and the house and senate standing committees with primary jurisdiction over matters relating to human services and telecommunications on 2-1-1 system performance, including, but not limited to, call volume by community health and human service needs and unmet needs identified through caller data and customer satisfaction metrics.

Sec. 308. From the money appropriated in part 1 for demonstration projects, \$200,000.00 shall be expended on a contract with the University of Detroit Mercy to provide legal services for disabled veterans who are seeking eligibility under federal disability programs, including federal supplemental security income. The contract shall fund a statewide effort by the university through use of its mobile office to deliver these legal services.

Sec. 309. From the money appropriated in part 1 for community services block grants, \$300,000.00 shall be distributed to the Newberry community action agency to support its social services programs.

ADULT AND FAMILY SERVICES

Sec. 415. (1) In expending money appropriated in part 1 for the fatherhood initiative, the department may contract with independent contractors from various counties, including, but not limited to, faith-based and nonprofit organizations. Preference shall be given to independent contractors that provide at least 10% in matching funds, through any combination of local, state, or federal funds or in-kind or other donations. However, an independent contractor that cannot secure matching funds shall not be excluded from consideration for the fatherhood program.

(2) The department may choose providers that will work with counties to help eligible fathers under TANF guidelines to acquire skills that will enable them to increase their responsible behavior toward their children and the mothers of their children. An increase of financial support for their children should be a very high priority as well as emotional support.

(3) A fatherhood initiative program established under this section shall minimally include at least 3 of the following components: promoting responsible, caring, and effective parenting through counseling; mentoring and parental education; enhancing the abilities and commitment of unemployed or low-income fathers to provide material support for their families and to avoid or leave welfare programs by assisting them to take advantage of job search programs, job training, and education to improve their work habits and work skills; improving fathers' ability to effectively manage family business affairs by means such as education, counseling, and mentoring in household matters; infant care; effective communication and respect; anger management; children's financial support; and drug-free lifestyle.

(4) The department is authorized to make allocations of TANF funds, of not more than 20% per county, under this section only to agencies that report necessary data to the department for the purpose of meeting TANF eligibility reporting requirements.

(5) Upon receipt of the promotion of responsible fatherhood funds from the United States department of health and human services, the department shall use the program criteria set forth in subsection (3) to implement the program with the federal funds.

Sec. 416. (1) In expending money appropriated in part 1 for the marriage initiative, the department may contract with independent contractors from various counties, including, but not limited to, faith-based and nonprofit organizations. Preference shall be given to independent contractors that provide at least 10% in matching funds, through any combination of local, state, or federal funds or in-kind or other donations. However, an independent contractor that cannot secure matching funds shall not be excluded from consideration for a marriage initiative program.

(2) The department may choose providers to work with counties that will work to support and strengthen marriages of those eligible under the TANF guidelines. The areas of work may include, but are not limited to, marital counseling, domestic violence counseling, family counseling, effective communication, and anger management as well as parenting skills to improve the family structure.

(3) A marriage initiative program established under this section may include, but is not limited to, 1 or more of the following: public advertising campaigns on the value of marriage and the skills needed to increase marital stability and health; education in high schools on the value of marriage, relationship skills, and budgeting; premarital, marital, family, and domestic violence counseling; effective communication; marriage mentoring programs which use married couples as role models and mentors in at-risk communities; anger management; and parenting skills to improve the family structure.

(4) The department is authorized to make allocations of TANF funds, of not more than 20% per county, under this section only to agencies that report necessary data to the department for the purpose of meeting TANF eligibility reporting requirements.

(5) Upon receipt of the healthy marriage promotion grant from the United States department of health and human services, the department shall use the program criteria set forth in subsection (3) to implement the program with the federal funds.

Sec. 418. From the funds appropriated in part 1 for employment and training support services, the department may expand the availability of individual development accounts (IDAs) with \$200,000.00 for allocation to qualified IDA programs established through the Michigan IDA partnership to serve TANF eligible households in Michigan. The Michigan IDA partnership shall encourage each TANF eligible household served to claim the federal earned income tax credit (EITC) and to incorporate all or part of any tax credit received in the household's IDA savings plan, and shall provide the household with information concerning available free tax assistance resources. In addition, the Michigan IDA partnership and its program sites shall participate in community EITC coalitions established under the plan to increase the EITC participation of TANF families referenced in section 666. The same amount shall be appropriated annually to further expand IDA opportunities to low-income families to become more financially self-sufficient through financial education, saving, wise investment in home ownership, postsecondary education, small business development, or a combination of those programs.

Sec. 419. The department in collaboration with the Michigan State University center for urban affairs and its partner organizations, the Michigan credit union league and the national federation of community development credit unions, shall further the work begun in fiscal year 1999-2000 that implemented the individual development accounts programs in the growing number of low-income designated credit unions, i.e., community development credit unions (CDCUs) located in this state's poorest communities. This further work will extend capacity-building and technical assistance services to existing and emerging CDCUs serving low-income populations and will include:

(a) Creation of a Michigan-based support system for the capacity-building of existing and emerging CDCUs serving low-income individuals and families, including development and testing of training, technical assistance, and professional development initiatives and related materials, and other capacity-building services to Michigan CDCUs.

(b) Other related support to assist existing and emerging CDCUs in becoming self-supporting institutions to assist impoverished Michigan residents in becoming economically independent.

(c) Training and technical assistance to CDCUs in the development of support services, such as economic literacy, credit counseling, budget counseling, and asset management programs for low-income individuals and families.

Sec. 420. From the funds appropriated in part 1 for employment and training support services, the department may allocate \$40,000.00 in TANF for welfare to career innovation grants to replicate the Kent County model with Cascade engineering.

Sec. 423. (1) From the money appropriated in part 1 for crisis prevention and senior food aid projects, the department shall allocate \$75,000.00 to support ongoing efforts in Barry County to provide programs to women or children, or both, facing crisis situations as a result of domestic violence or abuse.

(2) From the money appropriated in part 1 for crisis prevention and senior food aid projects, the department shall allocate not less than \$70,000.00 to assist this state's elderly population to participate in the food assistance program. The money may be used as state matching funds to acquire available United States department of agriculture funding to provide outreach program activities, such as eligibility screen and information services, as part of a statewide food stamp hotline.

(3) Of the funds appropriated in part 1 for crisis prevention and senior food aid projects, the department shall allocate \$25,000.00 for a food aid outreach project in Muskegon County and \$25,000.00 for a food aid outreach project in Kent County.

Sec. 424. Of the funds appropriated in part 1 for employment and training, \$200,000.00 in TANF funds may be used for the effective family formation program by the child and family resource council in Kent County for the purpose of instructing unwed parents in developing family formation and sustaining behaviors.

CHILD AND FAMILY SERVICES

Sec. 501. The following goal is established by state law. During fiscal year 2007-2008, not more than 3,000 children supervised by the department shall remain in foster care longer than 24 months. The department shall give priority to reducing the number of children under 1 year of age in foster care. During the annual budget presentation, the department shall report on the number of children supervised by the department and by private agencies who remain in foster care between 12 and 24 months, and those who remain in foster care longer than 24 months.

Sec. 502. From the funds appropriated in part 1 for foster care, the department shall provide 50% reimbursement to Indian tribal governments for foster care expenditures for children who are under the jurisdiction of Indian tribal courts and who are not otherwise eligible for federal foster care cost sharing.

Sec. 503. The department shall continue adoption subsidy payments to families after the eighteenth birthday of an adoptee who meets the following criteria:

- (a) Has not yet graduated from high school or passed a high school equivalency examination.
- (b) Is making progress toward completing high school.
- (c) Has not yet reached his or her nineteenth birthday.
- (d) Is not eligible for federal supplemental security income (SSI) payments.

Sec. 504. The department's ability to satisfy appropriation deducts in part 1 for foster care private collections shall not be limited to collections and accruals pertaining to services provided only in the current fiscal year but shall include revenues collected during the fiscal year in excess of the amount specified in part 1.

Sec. 508. (1) In addition to the amount appropriated in part 1 for children's trust fund grants, money granted or money received as gifts or donations to the children's trust fund created by 1982 PA 249, MCL 21.171 to 21.172, is appropriated for expenditure.

(2) The state child abuse and neglect prevention board may initiate a joint project with another state agency to the extent that the project supports the programmatic goals of both the state child abuse and neglect prevention board and the state agency. The department may invoice the state agency for shared costs of a joint project in an amount authorized by the state agency, and the state child abuse and neglect prevention board may receive and expend funds for shared costs of a joint project in addition to those authorized by part 1.

(3) From the funds appropriated in part 1 for the children's trust fund, the department may utilize interest and investment revenue from the current fiscal year only for programs, administration, services, or all sanctioned by the child abuse and neglect prevention board.

(4) The department and the child abuse neglect and prevention board shall collaborate to ensure that administrative delays are avoided and the local grant recipients and direct service providers receive money in an expeditious manner. The department and board shall seek to have the children's trust fund grants distributed no later than October 31, 2007.

Sec. 509. (1) From the funds appropriated in part 1, the department shall not expend funds to preserve or reunite a family, unless there is a court order requiring the preservation or reuniting of the family or the court denies the petition, if either of the following would result:

- (a) A child would be living in the same household with a parent or other adult who has been convicted of criminal sexual conduct against a child.
- (b) A child would be living in the same household with a parent or other adult against whom there is a substantiated charge of sexual abuse against a child.
- (2) Notwithstanding subsection (1), this section shall not prohibit counseling or other services provided by the department, if the service is not directed toward influencing the child to remain in an abusive environment, justifying the actions of the abuser, or reuniting the family.

Sec. 510. The department shall not be required to put up for bids contracts with service providers if currently only 1 provider in the service area exists.

Sec. 513. (1) The department and representatives of private, licensed child caring institutions shall collaborate in establishing an out-of-state child placement task force to make recommendations on the out-of-state placement of children. Representation on the task force shall be equally divided between the department and private, licensed child caring institutions.

(2) The department shall not expend money appropriated in part 1 to pay for the direct placement by the department of a child in an out-of-state facility unless all of the following conditions are met:

- (a) There is no appropriate placement available in this state, and an out-of-state placement exists within 100 miles of the child's home.
- (b) The out-of-state facility meets all of the licensing standards of this state for a comparable facility.
- (c) The out-of-state facility meets all of the applicable licensing standards of the state in which it is located.
- (d) The department has done an on-site visit to the out-of-state facility, reviewed the facility records, and reviewed licensing records and reports on the facility and believes that the facility is an appropriate placement for the child.

(3) The child placement task force shall work with the department to establish a reporting process by which counties and courts may report negative experiences with out-of-state facilities, and whether they would or would not recommend placement of youth in those facilities.

(4) The department shall submit a report by February 1 of each year on the number of children who were placed in out-of-state facilities during the previous fiscal year, the number of Michigan children residing in such facilities at the time of the report, the total cost and average per diem cost of these out-of-state placements to this state, and a list of each such placement arranged by the Michigan county of residence for each child.

(5) The department shall cooperate with the auditor general to conduct an audit of out-of-state placements for the fiscal year ending September 30, 2007 to determine if the department properly enforced the criteria set forth in section 513 of article 10 of 2006 PA 345, and to determine if payments to counties were made for cases that were not eligible under the provisions of that act. The purpose of this audit is solely to determine compliance with the criteria. No child who was placed improperly in an out-of-state placement shall be forced to relocate to another placement as a result of this audit. A county that has received payment for a case that this audit determines to be ineligible shall not be required to reimburse the state for that payment.

(6) It is the intent of the legislature that future budgets for the department shall include a requirement for audits similar to the audit required in subsection (5). If a future audit determines a county has been improperly paid for an ineligible case under this section, it is the intent of the legislature that the county may be required to repay the amount received for the ineligible case.

Sec. 514. The department shall make a comprehensive report concerning children's protective services (CPS) to the legislature, including the senate and house policy offices and the state budget director, by January 1, 2008, that shall include all of the following:

(a) Statistical information including, at a minimum, all of the following:

(i) The total number of reports of abuse or neglect investigated under the child protection law, 1975 PA 238, MCL 722.621 to 722.638, and the number of cases classified under category I or category II and the number of cases classified under category III, category IV, or category V.

(ii) Characteristics of perpetrators of abuse or neglect and the child victims, such as age, relationship, socioeconomic status, race, and ethnicity and whether the perpetrator exposed the child victim to criminal drug activity, including the manufacture of illicit drugs, that exposed the child victim to significant health and environmental hazards.

(iii) The mandatory reporter category in which the individual who made the report fits, or other categorization if the individual is not within a group required to report under the child protection law, 1975 PA 238, MCL 722.621 to 722.638.

(b) New policies related to children's protective services including, but not limited to, major policy changes and court decisions affecting the children's protective services system during the immediately preceding 12-month period.

(c) The information contained in the report required under section 8d(5) of the child protection law, 1975 PA 238, MCL 722.628d, on cases classified under category III.

(d) The department policy, or changes to the department policy, regarding termination of parental rights or foster placement for children who have been exposed to the production of illicit drugs in their dwelling place or a place frequented by the children.

(e) The department policy, or changes to the department policy, regarding children who have been exposed to the production or manufacture of methamphetamines.

Sec. 515. (1) From the money appropriated in part 1 for foster care payments and Wayne County foster care payments and related administrative costs, the department shall use performance-based contracts for foster care services with private, nonprofit agencies and other service providers that provided satisfactory services under contract before January 1, 2007. The goal of these contracts shall be to provide incentives for agencies to improve services for children in foster care, but especially to improve the process of finding them quality permanent placements, and reducing their time as foster children. Not later than March 30, 2008, the department shall provide an update to the senate and house appropriations subcommittees on the department budget, the senate and house fiscal agencies and policy offices, and the office of the state budget on benchmarks developed in conjunction with private providers for these performance contracts, results agencies have achieved in improving permanency placements, and recommendations for further improvements for foster care services across the entire state.

(2) Performance-based contracts under subsection (1) shall include the following:

(a) When aggregated, the contracts shall provide coverage for all areas of this state with an emphasis on use of community-based services.

(b) Service providers shall not refuse a client or resident for whom they have the ability, resources, and capacity to care.

(c) Service providers shall maintain or achieve national accreditation for the services or activities they will provide.

(d) Service providers shall agree to provide services if another provider of similar services in a similar region of the state is no longer able to provide services.

(e) Service providers shall designate a specific court and county liaison to respond to performance problems and concerns about specific caseworkers and services. The liaisons shall be identified to all courts and counties where services are provided and shall be readily accessible to judges and chief administrative officers.

(f) Service providers shall have clear performance standards for staff and caseworkers regarding timely and professional interactions with courts that have jurisdiction over children and services provided to children.

(g) Service providers shall establish or maintain quality assurance programs or dispute resolution programs to resolve caseworker performance problems identified by courts.

Sec. 517. (1) From the funds appropriated in part 1, the department is authorized to allocate funds to multipurpose collaborative bodies. Priority for activities and services will be given to at-risk children and families and cases classified by the department as category III or category IV under sections 8 and 8d of the child protection law, 1975 PA 238, MCL 722.628 and 722.628d.

(2) Funds appropriated in part 1 for 0 to 3 may be used to fund community-based collaborative prevention services designed to do any of the following:

(a) Foster positive parenting skills especially for parents of children under 3 years of age.

(b) Improve parent/child interaction.

(c) Promote access to needed community services.

(d) Increase local capacity to serve families at risk.

(e) Improve school readiness.

(f) Support healthy family environments that discourage alcohol, tobacco, and other drug use.

(3) The appropriation provided for in subsection (2) is to fund secondary prevention programs as defined in the children's trust fund's preapplication materials for fiscal year 2007-2008 direct services grants.

(4) Projects funded through the appropriation provided for in subsection (2) shall meet all of the following criteria:

(a) Be awarded through a joint request for proposal process established by the department in conjunction with the children's trust fund and the state human services directors.

(b) Be secondary prevention initiatives. Funds are not intended to be expended in cases in which neglect or abuse has been substantiated.

(c) Demonstrate that the planned services are part of a community's integrated comprehensive family support strategy endorsed by the local multipurpose collaborative body.

(d) Provide a 25% local match of which not more than 10% is in-kind goods or services unless the maximum percentage is waived by the state human services directors.

(5) As used in this section, "state human services directors" means the director of the department of community health, the director of the department of education, and the director of the department.

Sec. 523. (1) From the funds appropriated in part 1 for youth in transition, domestic violence prevention and treatment, and teenage parent counseling, the department is authorized to make allocations of TANF funds only to the agencies that report necessary data to the department for the purpose of meeting TANF eligibility reporting requirements.

(2) The agencies receiving teenage parent counseling TANF funds shall report to the department on both of the following:

(a) Whether program services have impacted the following issue areas:

(i) The number of teen participants having fewer repeat pregnancies.

(ii) The completion rate for high school diplomas or GEDs.

(iii) The teen participants' rate of self-sufficiency.

(iv) The number of father participants.

(b) How many teens participate in the programs and have access to any or all of the following services:

(i) Adult supervised, supportive living arrangements.

(ii) Pregnancy prevention services or referrals.

(iii) Required completion of high school or receipt of GED, including child care to assist young mothers to focus on achievement.

- (iv) Support services, including, but not limited to, health care, transportation, and counseling.
- (v) Parenting and life-skills training.
- (vi) Education, job training, and employment services.
- (vii) Transition services in order to achieve self-sufficiency.
- (viii) Instruction on self-protection.

(3) Agencies receiving teenage parent counseling funds shall provide at least 10% in matching funds, through any combination of local, state, or federal funds or in-kind or other donations.

Sec. 524. The department shall report on prevention programs for which funds are appropriated in part 1 to the senate and house appropriations subcommittees on the department budget during the annual budget presentation. The report shall contain all of the following for each program:

- (a) The average cost per recipient served.
- (b) Measurable performance indicators.
- (c) Desired outcomes or results and goals that can be measured on an annual basis, or desired results for a defined number of years.
- (d) Monitored results.
- (e) Innovations that may include savings or reductions in administrative costs.

Sec. 531. (1) From the funds appropriated in part 1, the department shall make claims for and pay to local units of government the full benefit of federal title IV-E revenues earned as a result of the first \$5,000,000.00 of eligible costs incurred by local units of government.

(2) The department shall make payments under subsection (1) only to local units of government that have entered into formal agreements with the department. The agreement must include all of the following:

- (a) Provide for the department to retain 50% of any federal revenues earned above \$5,000,000.00.
- (b) Provide for department review and approval of the local unit's plan for allocating costs to title IV-E.
- (c) Provide for the local unit of government to submit bills at times, and in the format, specified by the department.
- (d) Specify that the local unit of government is responsible for meeting all federal title IV-E regulation requirements, including reporting requirements, with regard to the activities and costs being billed to title IV-E.
- (e) Provide for the local unit of government to pay the state for the amount of any federal revenues paid to the local unit that may subsequently be disallowed by the federal government.
- (f) Be signed by the director of the department, the chief executive officer of the local government agency providing the title IV-E services, the chair of the county board of commissioners, and the chief executive officer of the county.

Sec. 532. (1) The department, in collaboration with representatives of private child and family agencies, shall revise and improve the annual licensing review process and the annual contract compliance review process for child placing agencies and child caring institutions. The improvement goals shall be safety and care for children. Improvements to the review process shall be directed toward alleviating administrative burdens so that agency resources may be focused on children. The revision shall include identification of duplicative staff activities and information sought from child placing agencies and child caring institutions in the annual review process. The department shall report to the senate and house appropriations subcommittees on the department budget, the senate and house fiscal agencies and policy offices, and the state budget director on or before January 15, 2008 on the findings of the annual licensing review.

(2) The department shall conduct licensing reviews no more than once every 2 years for child placing agencies and child caring institutions that are nationally accredited and have no outstanding violations.

(3) The department shall develop a plan to license relatives of foster children as foster care providers to ensure consistent high standards of care for those foster children. The department shall report on the plan to the senate and house appropriations subcommittees with oversight over the department budget, the senate and house standing policy committees generally concerned with children's issues, the senate and house fiscal agencies and policy offices, and the state budget director during the annual budget process.

Sec. 533. (1) The department shall make payments to private nonprofit child placing facilities for title IV-E out-of-home care services within 30 days of receiving all necessary documentation from those agencies.

(2) The department shall explore various types of automated payments to private nonprofit child placing facilities to improve speed and accuracy of payments.

Sec. 536. The department shall not implement a geographically based assignment system for foster care unless determined to be in the best interests of the foster children.

Sec. 537. (1) The department, in collaboration with child placing agencies shall develop goals, objectives, and performance standards to evaluate achievements and results in providing quality foster care for children, reductions in their time in foster care, and better permanency placements.

(2) The department shall submit a report to the senate and house appropriations subcommittees with oversight over the department budget, the senate and house standing policy committees generally concerned with children's issues, the senate and house fiscal agencies and policy offices, and the state budget director on the goals, objectives, and performance standards developed under subsection (1) and the results or outcomes of using the measures. The report shall be submitted during the annual budget presentations.

(3) The department, in collaboration with child placing agencies, shall develop a strategy to implement section 1150 of the social welfare act, 1939 PA 280, MCL 400.1150. The strategy shall include a requirement that a department caseworker responsible for preparing a recommendation to a court concerning a juvenile placement shall provide, as part of the recommendation, information regarding the requirements of section 1150 of the social welfare act, 1939 PA 280, MCL 400.1150.

Sec. 539. The department shall work in collaboration with representatives from private nonprofit child placing agencies to ensure appropriate placement for children who have been adjudicated abused, neglected, or delinquent and for whom residential treatment is required. The department and the representatives from the private nonprofit child placing agencies shall focus on statewide placement criteria to address the best interest of the child in need of services. The placement criteria shall include a continuum of care settings and options as appropriate for each child and his or her needs at specific times, including home placements, relative placements, shelter placements, and other options.

Sec. 544. The department shall continue pilot projects with applications pending for accelerated residential treatment.

Sec. 545. (1) The department shall continue to implement a new specialized foster care system based upon the report and recommendations required in section 545(2) of 2004 PA 344.

(2) Not later than January 15, 2008, the department shall report to the senate and house appropriations subcommittees for the department budget, the standing committees of the senate and the house of representatives with primary jurisdiction over children's issues, and the senate and house fiscal agencies and policy offices on new services available to foster children needing special services. If new services have not been authorized or implemented in the previous calendar year, the department shall provide an explanation and a strategic plan to work with private child placing agencies to provide new services.

(3) The department shall use money appropriated in part 1 for foster care payments and Wayne County foster care payments to reduce rate disparities between providers of similar services in different geographic areas and to serve as demonstration projects for further efforts in reducing these disparities in future years.

Sec. 546. (1) From the money appropriated in part 1 for foster care payments and Wayne County foster care payments and from child care fund, the department shall pay providers of these services 1 of the following rates:

- (a) The applicable rate for the fiscal year ending September 30, 2007.
- (b) The \$25.00 blended rate.

(2) The department shall pay the rates in subsection (1)(a) or (b) based on the choice of the provider submitted in writing to the department.

(3) The department shall not reduce the rates for independent living cases that were paid in the fiscal year ending September 30, 2007.

(4) The department shall notify providers that it is the intent of the legislature that there be a single rate of \$27.00 for foster care excluding independent living placements.

Sec. 548. During the annual budget presentation to the house and senate appropriations subcommittees on the department budget, the department shall report on progress in implementing the recommendations of the task force that studied the disproportionate representation of African-American and other children of color in the child welfare and juvenile justice systems as required under former section 548 of the fiscal year 2005-2006 budget act for the department.

Sec. 549. The department shall meet with personnel employed by the office of the children's ombudsman and the state court administrative office's foster care review board to investigate streamlining the oversight process for child welfare services and to ensure appropriate and adequate oversight while reducing duplication and redundancy between government offices.

Sec. 556. The department shall submit a report to the chairpersons of the senate and house of representatives appropriations committees and the senate and house fiscal agencies and policy offices that includes all of the following:

(a) A description of how the department is complying with federal requirements to notify prospective adoptive parents about adoption subsidies for which those prospective adoptive parents may qualify.

(b) The number of requests received by the department from adoptive parents for funds or reimbursement of costs to attend conferences that include training or discussion of significant adoption issues.

(c) The number of the requests described in subdivision (b) that were approved by the department.

(d) The number of the requests described in subdivision (b) that were denied by the department.

(e) The total amount of money expended on the requests described in subdivision (b) that were approved.

(f) The number of fair hearing requests from adoptive parents received by the department challenging the amount of the adoption subsidy.

(g) The number of challenges described in subdivision (f) alleging that a means test or similar test was used to determine the amount of the adoption subsidy.

(h) The number of challenges described in subdivision (f) alleging that an adoption subsidy amount was reduced without the consent of the adoptive parent.

(i) The number of challenges described in subdivision (f) alleging that a request for an increase in an adoption subsidy amount was denied based on a means test or similar test.

(j) The number of adoption subsidy payments suspended when the child is still in the custody of the adoptive parent, but no longer in the physical care of that adoptive parent.

Sec. 559. If a conflict arises between the provisions of state law, department rules, or department policy, and the provisions of title IV-E, the provisions of title IV-E prevail.

Sec. 562. (1) The department shall allow a county to submit a claim for title IV-E foster care funding for a placement in a secure residential facility if the county can demonstrate that the reason for the secure placement is a diagnosed medical necessity and not protection of the public.

(2) The department shall submit a claim for title IV-E foster care funding for a placement in a secure residential facility if the county can demonstrate that the reason for the secure placement is a diagnosed medical necessity and not protection of the public.

Sec. 563. From the funds appropriated in part 1 for foster care payments and related administrative costs, the department may implement the federally approved title IV-E demonstration project waiver.

Sec. 565. (1) From the funds appropriated in part 1 for federally-funded family preservation programs, the department shall allocate \$2,000,000.00 to Wayne County to provide home-based programs as part of the county expansion of community-based services to serve the county's adjudicated delinquent and abused and neglected youth.

(2) One-half of the total amount allocated to Wayne County shall be used to serve adjudicated delinquent youth, and 1/2 shall be used to serve abused and neglected youth.

(3) Federal revenues shall be paid to Wayne County as reimbursement for actual costs incurred, consistent with established federal requirements.

(4) As a condition of receipt of federal funds pursuant to subsection (1), Wayne County shall provide the department with a plan for the use of allocated funds in a format to be specified by the department. The county shall also provide the department with all information required to demonstrate the appropriateness and allowability of expenditures and to meet federal financial and programmatic reporting requirements.

Sec. 566. (1) Subject to subsection (3), beginning October 1, 2007, preference shall be given in the provision of direct foster care services to public and private agencies that are nationally accredited.

(2) Contracts with licensed child placing agencies shall include specific performance and incentive measures with a focus on achieving permanency placement for children in foster care.

(3) Beginning October 1, 2007, the department shall not enter into or maintain a contract with a for-profit child placing agency to provide direct foster care services unless the for-profit child placing agency was licensed on or before August 1, 2007.

Sec. 567. (1) The department, in conjunction with private, nonprofit child caring agencies and the chairpersons of the house and senate appropriations subcommittees on the department budget, shall review all policies, practices, and definitions for residential treatment security levels. The department shall give special consideration to how the levels

affect the eligibility for title IV-E funding of residential facilities for both child welfare, abuse and neglect, and juvenile justice youth and whether the policies, practices, and definitions are consistent with federal title IV-E regulations, with the goal of maximizing the amount of federal money available to this state.

(2) In making its review under subsection (1), the department shall research the policies and practices of other states, including Ohio and Virginia, to determine how the states are able to maximize title IV-E money while complying with federal regulations.

Sec. 568. (1) From the money appropriated in part 1 for child welfare improvements, the department may allow the private sector to compete for the funds to achieve permanency placement for children in foster care and prioritize funding for children in foster care who have barriers to permanency placement.

(2) The money referred to as appropriated in subsection (1) includes all of the following appropriations:

(a) 138 FTE positions and \$7,313,500.00 in the field staff, salaries, and wages line item for foster care workers focusing on long-term foster care children who have not achieved permanent placements.

(b) 14 FTE positions and \$895,300.00 in the children's services, salaries, and wages line item for child welfare central office positions to administer programs.

(c) 13 FTE positions and \$1,140,800.00 in the training and program support line item for training staff to support child welfare workers and supervisors.

(d) 6.0 FTE positions and \$540,600.00 in the AFC, children's welfare, and day care licensure line item for foster care licensing staff.

(e) \$2,500,000.00 in the foster care payments line item to support contracts with private child placing agencies to license relative caregivers as foster parents.

(f) \$1,049,400.00 in the adoption support services line item to support contracts with private adoption agencies for special needs adoptions.

(3) Beginning December 31, 2007, the department shall submit quarterly reports to the legislature that include all of the following information on the appropriations listed in subsection (1):

(a) The number of positions hired or paid from these appropriations, what their titles and responsibilities will be, what performance objectives and measurable outcomes they are required to satisfy, and what they are being paid in salaries, wages, and fringe benefits. If a community-based provider of adoption services assumes an adoption case that was previously handled by a public agency or worker, the time that the case was handled by the public agency or worker shall not be counted in a performance measure without the consent of the community-based provider.

(b) Information on any contracts for services that have been awarded and the performance objectives and measurable outcomes that are incorporated in the contracts and the successes or failures that are achieved as a result.

(c) Detailed information on any money spent for child welfare improvements and what measurable outcome is expected for the money being spent.

Sec. 570. (1) From the money appropriated in part 1 for the subsidized guardianship program, the department shall provide subsidies under this program to children who are wards of the court under section 2(b) of chapter XIIA of the probate code of 1939, 1939 PA 288, MCL 712A.2.

(2) The department shall make money available to children who are receiving services from the department at the time a guardian is appointed for the child, if the court appointing the guardian considers it necessary to continue those services for the success of the guardianship.

(3) The department shall report during the annual budget presentation to the senate and house appropriations subcommittees on the department budget the number of guardianship subsidies and recommendations for any modifications in the subsidized guardianship program.

Sec. 571. The department shall establish a title IV-E compliance and accountability office with the following goals and responsibilities:

(a) Study efforts in other states to determine best practices for title IV-E-related activities and measures to maximize the receipt of federal money for eligible cases.

(b) Coordinate compliance with federal regulations in order to receive title IV-E money.

(c) Provide necessary technical assistance to local units of government, including courts, to ensure proper handling of cases and paperwork in preparation for federal audits and reviews.

(d) Coordinate a program to provide private persons, groups, and corporations with incentives to make tax-deductible contributions intended to assist foster care families to overcome barriers to becoming licensed and eligible to receive title IV-E money.

(e) Prepare quarterly reports to the house and senate appropriations subcommittees on the department budget on activities and progress toward meeting the responsibilities outlined above.

Sec. 573. From the money appropriated in part 1 for adoption support services, \$1,210,900.00 is allocated to support new adoption contracts focusing on long-term permanent wards who have been wards for more than 1 year after termination of parental rights. Private agencies shall receive \$16,000.00 for each finalized placement under the new program.

Sec. 574. (1) From the money appropriated in part 1 for foster care payments - abuse and neglect, \$2,500,000.00 is allocated to support new contracts with private, nonprofit child placing agencies to facilitate the licensure of relative caregivers as foster parents. Agencies shall receive \$2,300.00 for each facilitated licensure. 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.

(2) From the money appropriated for foster care payments, \$375,000.00 is allocated to support family incentive grants to private and community-based foster care service providers to assist with home improvements needed by foster families to accommodate foster children.

Sec. 575. (1) Of the funds provided for the training of human services workers, particularly caseworkers, the department shall use appropriated funds to begin cultural sensitivity training and awareness with the goal of effectively reducing the number of minority children inappropriately removed from their homes for neglect and placed in the foster care system when more appropriate action would include the provision of support services to the family.

(2) Of the money appropriated to the department for family preservation and prevention, more specific focus shall be placed on preserving and reunifying families in counties with major urban centers.

(3) As a condition for receiving appropriated money, the department and the office of the friend of the court shall work in cooperation to provide support services to families of custodial parents who have been awarded child support from a parent who is incarcerated.

(4) By March 31 and September 30 of each year, the department shall provide a report to the house and senate appropriations subcommittees with jurisdiction over the department budget, the house and senate fiscal agencies, and the house and senate policy offices on the specific cultural sensitivity training and awareness efforts, family preservation and reunification efforts, and collaborative efforts with the office of the friend of the court that are being undertaken to comply with this section.

Sec. 576. (1) Beginning October 1, 2007, from the funds appropriated in part 1, the department shall reimburse a private child placing agency for an adoption placement or finalization at the following unit rate, as applicable, depending on the category into which the placement falls under subsection (2):

(a) For basic and standard, \$2,750.00 for a placement, \$1,850.00 for a finalization.

(b) For enhanced, \$4,300.00 for a placement, \$2,875.00 for a finalization.

(c) For premium, \$5,725.00 for a placement, \$3,825.00 for a finalization.

(d) For residential, \$6,600.00 for a placement, \$4,400.00 for a finalization.

(e) For I-MARE, \$4,625.00 for a placement, \$3,075.00 for a finalization.

(f) For MARE, \$6,150.00 for a placement, \$4,100.00 for a finalization.

(g) For preplacement, \$1,425.00 for basic or standard, \$2,850.00 for enhanced.

(2) The following categories shall be used to determine which unit rate is applicable under subsection (1):

(a) The residential category shall be used for a placement that involves a child who was being cared for in a residential child caring institution.

(b) The MARE category shall be used for a placement other than an interagency placement in which the private agency used the Michigan adoption resource exchange photo-listing system.

(c) The I-MARE category shall be used for an interagency placement in which the private agency used the Michigan adoption resource exchange photo-listing system.

(d) A placement to which subdivisions (a) to (c) do not apply shall be reimbursed based on the length of time between the termination of parental rights or case referral and the placement as follows:

(i) The premium category shall be used if the placement is achieved less than 6 months after the termination of parental rights, or after the case referral to the agency if the case was referred 3 months or more after termination.

(ii) The enhanced category shall be used if the placement is achieved 6 months or more but less than 9 months after the termination of parental rights, or after the case referral to the agency if the case was referred 3 months or more after termination.

(iii) The basic and standard category shall be used if the placement is achieved 9 months or more after the termination of parental rights, or after the case referral to the agency if the case was referred 3 months or more after termination.

(3) The department shall not establish a payment category or unit rate other than those in this section and shall not expend funds appropriated in part 1 for a payment that does not fall within a payment category or unit rate structure established in this section.

Sec. 577. From the money appropriated in part 1, the department shall allow a community collaborative to use strong families safe children program funds for a prevention program that meets standards agreed upon between the community collaborative and county department offices in accordance with federal regulations regarding expenditure of strong families safe children program funds.

Sec. 579. From the money appropriated in part 1 for youth in transition, \$250,000.00 shall be allotted to Wayne County to support services provided to eligible delinquent state wards, for whom the department is statutorily responsible, to the county's juvenile services system.

Sec. 580. The department and the department of community health shall initiate efforts to identify mental health programs and activities where the services of the 2 departments overlap, or are uncoordinated. The goal shall be to provide adequate and stable mental health services which address the need of the individual child without duplicative, confusing, or needlessly complex services. The department shall report on these coordination efforts with the department of community health during the annual budget presentations to the senate and house appropriations subcommittees with jurisdiction over the department budget.

Sec. 581. From the money appropriated in part 1 for local family support projects, the department shall allocate \$11,500.00 to the Midland County office to be used to continue a counseling and support program for kinship families.

PUBLIC ASSISTANCE

Sec. 601. (1) The department may terminate a vendor payment for shelter upon written notice from the appropriate local unit of government that a recipient's rental unit is not in compliance with applicable local housing codes or when the landlord is delinquent on property tax payments. A landlord shall be considered to be in compliance with local housing codes when the department receives from the landlord a signed statement stating that the rental unit is in compliance with local housing codes and that statement is not contradicted by the recipient and the local housing authority. The department shall terminate vendor payments if a taxing authority notifies the department that taxes are delinquent.

(2) Whenever a client agrees to the release of his or her name and address to the local housing authority, the department shall request from the local housing authority information regarding whether the housing unit for which vendoring has been requested meets applicable local housing codes. Vendoring shall be terminated for those units that the local authority indicates in writing do not meet local housing codes until such time as the local authority indicates in writing that local housing codes have been met.

(3) In order to participate in the rent vendoring programs of the department, a landlord shall cooperate in weatherization and conservation efforts directed by the department or by an energy provider participating in an agreement with the department when the landlord's property has been identified as needing services.

Sec. 603. (1) The department, as it determines is appropriate, shall enter into agreements with energy providers by which cash assistance recipients and the energy providers agree to permit the department to make direct payments to the energy providers on behalf of the recipient. The payments may include heat and electric payment requirements from recipient grants and amounts in excess of the payment requirements.

(2) The department shall establish caps for natural gas, wood, electric heat service, deliverable fuel heat services, and for electric service based on available federal funds.

(3) The department shall review and adjust the standard utility allowance for the state food assistance program to ensure that it reflects current energy costs in the state.

Sec. 604. (1) The department shall operate a state disability assistance program. Except as provided in subsection (3), persons eligible for this program shall include needy citizens of the United States or aliens exempted from the supplemental security income citizenship requirement who are at least 18 years of age or emancipated minors meeting 1 or more of the following requirements:

(a) A recipient of supplemental security income, social security, or medical assistance due to disability or 65 years of age or older.

(b) A person with a physical or mental impairment which meets federal supplemental security income disability standards, except that the minimum duration of the disability shall be 90 days. Substance abuse alone is not defined as a basis for eligibility.

(c) A resident of an adult foster care facility, a home for the aged, a county infirmary, or a substance abuse treatment center.

(d) A person receiving 30-day postresidential substance abuse treatment.

(e) A person diagnosed as having acquired immunodeficiency syndrome.

(f) A person receiving special education services through the local intermediate school district.

(g) A caretaker of a disabled person as defined in subdivision (a), (b), (e), or (f) above.

(2) Applicants for and recipients of the state disability assistance program shall be considered needy if they:

(a) Meet the same asset test as is applied to applicants for the family independence program.

(b) Have a monthly budgetable income that is less than the payment standards.

(3) Except for a person described in subsection (1)(c) or (d), a person is not disabled for purposes of this section if his or her drug addiction or alcoholism is a contributing factor material to the determination of disability. "Material to the determination of disability" means that, if the person stopped using drugs or alcohol, his or her remaining physical or mental limitations would not be disabling. If his or her remaining physical or mental limitations would be disabling, then the drug addiction or alcoholism is not material to the determination of disability and the person may receive state disability assistance. Such a person must actively participate in a substance abuse treatment program, and the assistance must be paid to a third party or through vendor payments. For purposes of this section, substance abuse treatment includes receipt of inpatient or outpatient services or participation in alcoholics anonymous or a similar program.

(4) A refugee or asylee who loses his or her eligibility for the federal supplemental security income program by virtue of exceeding the maximum time limit for eligibility as delineated in 8 USC 1612 and who otherwise meets the eligibility criteria under this section shall be eligible to receive benefits under the state disability assistance program.

Sec. 605. The level of reimbursement provided to state disability assistance recipients in licensed adult foster care facilities shall be the same as the prevailing supplemental security income rate under the personal care category.

Sec. 606. County department offices shall require each recipient of state disability assistance who has applied with the social security administration for supplemental security income to sign a contract to repay any assistance rendered through the state disability assistance program upon receipt of retroactive supplemental security income benefits.

Sec. 607. The department's ability to satisfy appropriation deductions in part 1 for state disability assistance/supplemental security income recoveries and public assistance recoupment revenues shall not be limited to recoveries and accruals pertaining to state disability assistance, or family independence assistance grant payments provided only in the current fiscal year, but shall include all related net recoveries received during the current fiscal year.

Sec. 608. Adult foster care facilities providing domiciliary care or personal care to residents receiving supplemental security income or homes for the aged serving residents receiving supplemental security income shall not require those residents to reimburse the home or facility for care at rates in excess of those legislatively authorized. To the extent permitted by federal law, adult foster care facilities and homes for the aged serving residents receiving supplemental security income shall not be prohibited from accepting third-party payments in addition to supplemental security income provided that the payments are not for food, clothing, shelter, or result in a reduction in the recipient's supplemental security income payment.

Sec. 609. The state supplementation level under the supplemental security income program for the personal care/adult foster care and home for the aged categories shall not be reduced during the fiscal year beginning October 1, 2006 and ending September 30, 2007. The legislature shall be notified not less than 30 days before any proposed reduction in the state supplementation level.

Sec. 610. In developing good cause criteria for the state emergency relief program, the department shall grant exemptions if the emergency resulted from unexpected expenses related to maintaining or securing employment.

Sec. 611. (1) A provider of indigent burial services may collect additional payment from relatives or other persons on behalf of the deceased if the total additional payment does not exceed \$4,000.00.

(2) Any additional payment collected pursuant to subsection (1) shall not increase the maximum charge limit for state payment as established by law.

Sec. 612. For purposes of determining housing affordability eligibility for state emergency relief, a group is considered to have sufficient income to meet ongoing housing expenses if their total housing obligation does not exceed 75% of their total net income.

Sec. 613. (1) From the money appropriated in part 1 for state emergency relief, the maximum allowable reimbursement limit for indigent burials shall be \$1,063.00, which shall be distributed as follows: \$677.00 for funeral directors, \$225.00 for cemeteries or crematoriums, and \$161.00 for the provider of the vault.

(2) The department shall continue to work with funeral directors to establish a regional or statewide pilot program that allows flexibility in payments from the family of the deceased and other resources to provide options for different funeral arrangements and payment. The department may deviate from the payment limits established in subsection (1) and section 611 in making payments under the pilot program. The department shall forward a copy of the pilot program plan to the senate and house of representatives appropriations subcommittees with jurisdiction over the department budget not less than 30 days before it is implemented.

Sec. 614. The funds available in part 1 for burial services shall be available if the deceased was an eligible recipient and an application for emergency relief funds was made within 10 days of the burial or cremation of the deceased person. Each provider of burial services shall be paid directly by the department.

Sec. 615. Except as required by federal law or regulations, funds appropriated in part 1 shall not be used to provide public assistance to a person who is an illegal alien. This section shall not prohibit the department from entering into contracts with food banks or emergency shelter providers who may, as a normal part of doing business, provide food or emergency shelter to individuals.

Sec. 617. In operating the family independence program with funds appropriated in part 1, the department shall not approve as a minor parent's adult supervised household a living arrangement in which the minor parent lives with his or her partner as the supervising adult.

Sec. 618. The department may only reduce, terminate, or suspend assistance provided under the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b, without prior notice in 1 or more of the following situations:

- (a) The only eligible recipient has died.
- (b) A recipient member of a program group or family independence assistance group has died.
- (c) A recipient child is removed from his or her family home by court action.
- (d) A recipient requests in writing that his or her assistance be reduced, terminated, or suspended.
- (e) A recipient has been approved to receive assistance in another state.
- (f) A change in either state or federal law that requires automatic grant adjustments for classes of recipients.
- (g) The only eligible recipient in the household has been incarcerated.
- (h) A recipient is no longer a Michigan resident.
- (i) A recipient is closed on 1 case to be activated on another.
- (j) Federal payments (other than RSDI, railroad retirement, or VA) to the group have begun or increased.
- (k) A recipient is disqualified for intentional program violation.
- (l) When the department's negative action is upheld in an administrative hearing.

Sec. 619. The department shall exempt from the denial of title IV-A assistance and food assistance benefits, contained in 21 USC 862a, any individual who has been convicted of a felony that included the possession, use, or distribution of a controlled substance, after August 22, 1996, provided that the individual is not in violation of his or her probation or parole requirements. Benefits shall be provided to such individuals as follows:

- (a) A third-party payee or vendor shall be required for any cash benefits provided.
- (b) An authorized representative shall be required for food assistance receipt.

Sec. 620. The department with the approval of the state budget director is authorized to increase federal spending authority for food assistance program benefits if projected caseload spending will exceed the spending authority in part 1. This authorization adjustment shall be made 15 days after notifying the chairs of the house and senate appropriations subcommittees on the department budget and house and senate fiscal agencies.

Sec. 621. Funds appropriated in part 1 may be used to support multicultural assimilation and support services. The department shall distribute all of the funds described in this section based on assessed community needs.

Sec. 627. From the funds appropriated in part 1 for the ECIC, the department shall contract for the creation and support of great start communities. Great start collaborative grants will be awarded by competitive bid process to eligible intermediate districts in an amount to be determined by the ECIC. The ECIC shall provide technical assistance to great start communities through intermediate school districts or other community agencies for the implementation of their great start community needs assessment and strategic plan.

Sec. 631. The department shall maintain policies and procedures to achieve all of the following:

(a) The identification of individuals on entry into the system who have a history of domestic violence, while maintaining the confidentiality of that information.

(b) Referral of persons so identified to counseling and supportive services.

(c) In accordance with a determination of good cause, the waiving of certain requirements of family independence programs where compliance with those requirements would make it more difficult for the individual to escape domestic violence or would unfairly penalize individuals who have been victims of domestic violence or who are at risk of further domestic violence.

Sec. 635. Within 24 hours of receiving all information necessary to process an application for payments for child day care, the department shall determine whether the child day care provider to whom the payments, if approved, would be made, is listed on the child abuse and neglect central registry. If the provider is listed on the central registry, the department shall immediately send written notice denying the applicant's request for child day care payments.

Sec. 640. (1) From the funds appropriated in part 1 for day care services, the department may continue to provide infant and toddler incentive payments to child day care providers serving children from 0 to 2-1/2 years of age who meet licensing or training requirements.

(2) The use of the funds under this section should not be considered an ongoing commitment of funding.

Sec. 643. As a condition of receipt of federal TANF funds, homeless shelters shall collaborate with the department to obtain necessary TANF eligibility information on families as soon as possible after admitting a family to the homeless shelter. From the funds appropriated in part 1 for homeless shelter contracts, the department is authorized to make allocations of TANF funds only to the agencies that report necessary data to the department for the purpose of meeting TANF eligibility reporting requirements. Homeless shelters that do not report necessary data to the department for the purpose of meeting TANF eligibility reporting requirements will not receive reimbursements which exceed the per diem amount they received in fiscal year 2000. The use of TANF funds under this section should not be considered an ongoing commitment of funding.

Sec. 645. An individual or family is considered homeless, for purposes of eligibility for state emergency relief, if living temporarily with others in order to escape domestic violence. For purposes of this section, domestic violence is defined and verified in the same manner as in the department's policies on good cause for not cooperating with child support and paternity requirements.

Sec. 653. From the funds appropriated in part 1 for food assistance, an individual who is the victim of domestic violence and does not qualify for any other exemption may be exempt from the 3-month in 36-month limit on receiving food assistance under 7 USC 2015. This exemption can be extended an additional 3 months upon demonstration of continuing need.

Sec. 657. (1) The department shall fund a statewide before- or after-school program to provide youth with a safe, engaging environment to motivate and inspire learning outside the traditional classroom setting. Before- or after-school program eligibility is limited to geographic areas near school buildings that do not meet federal no child left behind annual yearly progress (AYP) requirements and that include the before- or after-school programs in the AYP plans as a means to improve outcomes. Before-school programs are limited to elementary school-aged children. Effective before- or after-school programs combine academic, enrichment, and recreation activities to guide learning and inspire children and youth in various activities. The before- or after-school programs can meet the needs of the communities served by the programs.

(2) The department shall work in collaboration with independent contractors to put into practice a program establishing quality before- or after-school programs for children in kindergarten to ninth grades. In order for an independent contractor to receive TANF funds, a child served must be a member of a family with an income that does not exceed 200% of the federal poverty guidelines published by the United States department of health and human services.

(3) The department shall, through a competitive bid process, provide grants or contracts up to \$5,000,100.00 in TANF funds for the program based on community needs. A county shall receive no more than 20% of the funds appropriated in part 1 for this program. From the funds appropriated in part 1 for before- or after-school programs

within day care services, the department is authorized to make allocations of funds only to the agencies that report necessary data to the department for the purpose of meeting TANF and maintenance of effort eligibility reporting requirements. The use of funds under this section should not be considered an ongoing commitment of funding.

(4) The before- or after-school programs shall include academic assistance, including assistance with reading and writing, and at least 3 of the following topics:

- (a) Abstinence-based pregnancy prevention.
- (b) Chemical abuse and dependency including nonmedical services.
- (c) Gang violence prevention.
- (d) Preparation toward future self-sufficiency.
- (e) Leadership development.
- (f) Case management or mentoring.
- (g) Parental involvement.
- (h) Anger management.

(5) The department may enter into grants or contracts with independent contractors including, but not limited to, faith-based organizations, boys or girls clubs, schools, or nonprofit organizations. The department shall grant priority in funding independent contractors who secure at least 25% in matching funds. The matching funds may either be fulfilled through local, state, or federal funds, and/or through in-kind or other donations.

(6) A referral to a program may be made by, but is not limited to, any of the following: a teacher, counselor, parent, police officer, judge, or social worker.

(7) By January 30, 2008, the department before- or after-school program expenditures shall be audited and the department shall work in collaboration with independent contractors to provide a report on the before- or after-school program to the senate and house standing committees dealing with human services, the senate and house appropriations subcommittees for the department budget, the senate and house fiscal agencies, and the senate and house policy offices. The report shall include the number of participants and the average cost per participant, as well as changes noted in program participants in any of the following categories:

- (a) Juvenile crime.
- (b) Aggressive behavior.
- (c) Academic achievement.
- (d) Development of new skills and interests.
- (e) School attendance and dropout rates.
- (f) Behavioral changes in school.

Sec. 658. From the funds appropriated in part 1 for day care services, \$126,500.00 in TANF funds shall be allocated to Grand Rapids youth commonwealth to support after-school and summer programs at camp O'Malley. As a condition for receiving funds, Grand Rapids youth commonwealth shall comply with all policies and reporting requirements placed on recipients of before- and after-school grants awarded under section 657.

Sec. 660. From the funds appropriated in part 1 for food bank funding, the department is authorized to make allocations of TANF funds only to the agencies that report necessary data to the department for the purpose of meeting TANF eligibility reporting requirements. The agencies that do not report necessary data to the department for the purpose of meeting TANF eligibility reporting requirements will not receive allocations in excess of those received in fiscal year 2000. The use of TANF funds under this section should not be considered an ongoing commitment of funding.

Sec. 665. The department shall partner with the department of transportation and may partner with other entities to use TANF and other sources of available funding to support public transportation needs of TANF-eligible individuals. This partnership shall place a priority on transportation needs for employment or seeking employment or medical or health-related transportation.

Sec. 666. The department shall continue efforts to increase the participation of eligible family independence program recipients in the federal earned income tax credit.

Sec. 668. (1) In coordination with the Michigan alliance of boys and girls clubs, the department shall expend \$250,000.00 to make allocations for a statewide collaborative project to develop a community-based program available to children ages 6 to 15.

(2) The department shall make allocations of TANF funds under this section only to agencies that report necessary data to the department for the purpose of meeting the TANF eligibility reporting requirements. The use of TANF funds under this section should not be considered an ongoing commitment.

(3) The department shall grant priority in funding to programs that provide at least 10% in matching funds. The matching funds requirement shall be fulfilled through any combination of local, state, or federal funds or in-kind or other donations. A program that cannot meet the matching requirement shall not be excluded from applying for a contract.

Sec. 669. (1) The department shall distribute cash and food assistance to recipients electronically by using debit cards.

(2) The department shall allocate up to \$7,167,500.00 for the annual clothing allowance. The allowance shall be granted to all eligible children as defined by the department.

Sec. 673. The department shall immediately send notification to a client participating in the state child day care program and his or her child day care provider if the client's eligibility is reduced or eliminated.

Sec. 674. The department shall develop and implement a plan to reduce waste, fraud, and abuse within the child day care program. Beginning December 31, 2007, the department shall report annually to the senate and house appropriations subcommittees for the department budget, the senate and house fiscal agencies and policy offices, and the state budget director on plan details and implementation status.

Sec. 675. The department shall continue to explore policy options and the potential costs of implementing a child day care rate structure that more accurately reflects the market cost of care by vicinity.

Sec. 676. (1) The department shall collaborate with the state board of education to extend the duration of the Michigan after-school partnership and oversee its efforts to implement the policy recommendations and strategic next steps identified in the Michigan after-school initiative's report of December 15, 2003.

(2) From the funds appropriated in part 1, \$25,000.00 may be used to support the Michigan after-school partnership and shall be used to leverage other private and public funding to engage the public and private sectors in building and sustaining high-quality out-of-school-time programs and resources. The co-chairs shall name a fiduciary agent and may authorize the fiduciary to expend funds and hire people to accomplish the work of the Michigan after-school partnership.

(3) Each year, on or before December 31, the Michigan after-school partnership shall report its progress in reaching the recommendations set forth in the Michigan after-school initiative's report to the senate and house committees on appropriations, the senate and house fiscal agencies and policy offices, and the state budget director.

Sec. 677. The department shall establish a state goal for the percentage of family independence program (FIP) cases involved in employment activities. The percentage established shall not be less than 50%. On a monthly basis, the department shall report to the senate and house appropriations subcommittees on the department budget, the senate and house fiscal agencies and policy offices, and the state budget director on the current percentage of FIP cases involved in employment activities and the current percentage of JET pilot program cases involved in employment activities. If the FIP case percentage is below the goal for more than 2 consecutive quarters, the department shall develop a plan to increase the percentage of FIP cases involved in employment-related activities. The department shall deliver the plan during the next annual budget presentation to the senate and house appropriations subcommittees on the department budget.

Sec. 678. (1) The department shall provide the house and senate appropriations subcommittees on the department budget with an annual report on the activities of the early childhood investment corporation (ECIC). The report is due by February 1 of each year and shall contain at least the following information:

(a) Expenditures for the prior fiscal year and planned expenditures for the current fiscal year for ECIC administration and for each program administered by the ECIC.

(b) The projected funding sources for the ECIC expenditures in subdivision (a).

(c) A list of all new and ongoing contracts for ECIC programs.

(2) All contracts shall be bid out through a statewide request-for-proposal process, and the department shall send a report to the house and senate appropriations subcommittees on the department budget covering the selection criteria for establishing contracts at least 30 days before the issuance of any request for proposals.

Sec. 681. From the money appropriated in part 1, the department shall expend \$600,000.00 to revise the distribution of food assistance benefits to implement a staggered food assistance payment schedule that spans 19 days in each month. The department shall work in collaboration with grocers, distributors, and merchants on effective education of food assistance recipients to ensure adequate notice of changes in the food assistance benefits distribution. The department shall update the senate and house appropriations subcommittees on the department budget and standing committees for human services on the progress and issues raised by this change in distribution.

Sec. 682. The department shall notify the house and senate appropriations subcommittees on the department budget, the house and senate fiscal agencies, and the house and senate policy staffs regarding the JET program savings for fiscal year 2006-2007 and the details on the proposed use of that money.

Sec. 683. (1) From the funds appropriated in part 1 for SSI advocacy, \$1,275,000.00 shall be paid to the Michigan state bar foundation for SSI advocacy services provided by the legal services association of Michigan. A payment of \$400.00 shall be made for each case referred to the legal services association of Michigan, with a final payment of \$250.00 on case completion.

(2) The department shall not provide payment to the legal services association of Michigan for assisting a recipient to submit a frivolous appeal or application or for assisting a recipient who has submitted multiple applications that have been denied regarding the same disability, unless the legal services association of Michigan determines that there is a valid reason to pursue an appeal.

Sec. 684. It is the intent of the legislature that, from the money appropriated in part 1 for day care services, 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. 685. (1) Not later than March 1, 2008, the department shall report to the senate and house appropriations subcommittees with jurisdiction over the department budget, and to the senate and house appropriations subcommittees with jurisdiction over the department of community health budget, on the number of recipients that applied for Medicaid coverage, the number of recipients that were approved for Medicaid coverage, and the number of recipients that were denied Medicaid coverage. The report shall describe these statistics for fiscal year 2007-2008 and summarize department programs to assist persons in applying for Medicaid.

(2) Not later than March 1, 2008, the department shall report to the senate and house appropriations subcommittees with jurisdiction over the department budget, and to the senate and house subcommittees with jurisdiction over the department of community health budget, on the number of applicants for home help services. The department shall give a summary report on the number of approved applications, denied applications, pending applications, and the number of applications in which the applicant was eligible for nursing home services.

JUVENILE JUSTICE SERVICES

Sec. 702. Expansion of facilities funded under part 1 for juvenile justice services shall not be authorized by the joint capital outlay subcommittee of the appropriations committees until the department has held a public hearing in the community where the facility proposed to be expanded is located.

Sec. 705. (1) The department, in conjunction with private juvenile justice residential programs, shall develop a methodology for measuring goals, objectives, and performance standards for the delivery of juvenile justice residential programs based on national standards and best practices. These goals, objectives, and performance standards shall apply to both public and private delivery of juvenile justice residential programs, and data shall be collected from both private and public juvenile justice residential programs that can be used to evaluate performance achievements, including, but not limited to, the following:

- (a) Admission and release data and other information related to demographics of population served.
- (b) Program descriptions and information related to treatment, educational services, and conditions of confinement.
- (c) Program outcomes including recidivism rates for youth served by the facility.
- (d) Trends in census and population demographics.
- (e) Staff and resident safety.
- (f) Facility profile.

(g) Fiscal information necessary for qualitative understanding of program operations and comparative costs of public and private facilities.

(2) The department during the annual budget presentation shall outline the progress of the development of the goals, objectives, and performance standards, as well as the information collected through the implementation of the performance measurement program. The presentation shall include all of the following:

- (a) Actual cost and actual days of care by facility for the most recently completed fiscal year.
- (b) Actual cost per day per youth by facility for the most recently completed fiscal year.

(c) An analysis of the variance between the estimated cost and days of care assumed in the original appropriation and the figures in subdivisions (a) and (b).

(d) Both the number of authorized FTE positions for each facility and the number of actual on-board FTE positions for the most recently completed fiscal year.

Sec. 706. Counties shall be subject to 50% charge-back for the use of alternative regional detention services, if those detention services do not fall under the basic provision of section 117e of the social welfare act, 1939 PA 280, MCL 400.117e, or if a county operates those detention services programs primarily with professional rather than volunteer staff.

Sec. 707. In order to be reimbursed for child care fund expenditures, counties are required to submit department-developed reports to enable the department to document potential federally claimable expenditures. This requirement is in accordance with the reporting requirements specified in section 117a(7) of the social welfare act, 1939 PA 280, MCL 400.117a.

Sec. 708. As a condition of receiving money appropriated in part 1 for the child care fund line item, by February 15, 2008, counties shall have an approved service spending plan for the fiscal year ending September 30, 2008. Counties must submit the service spending plan to the department by December 15, 2007 for approval.

Sec. 714. (1) The department shall provide technical assistance for counties to develop information networks including, but not limited to, serious habitual offenders comprehensive action program (SHOCAP), juvenile justice on-line technology (JJOLT), and juvenile violent reporting system (JVRS).

(2) The department shall assist counties in identifying funding sources for the networks, including, but not limited to, the child care fund and the juvenile accountability incentive block grant.

(3) The local units of government shall report to the department on expenditures of their juvenile justice information networks in concert with their requests for reimbursement from the child care fund.

Sec. 715. The department shall report to the senate and house appropriations subcommittees for the department budget, the senate and house fiscal agencies and policy offices, and the state budget director by October 30, 2007 on the status of implementing recommendations of the 2001 joint house and senate task force on juvenile justice, including, but not limited to, the following:

(a) Mentoring programs that focus on improving communication and collaboration, encourage quality mentoring programs, recruitment of mentors, and increasing public awareness of and participation in programs for at-risk youth.

(b) Discussion of programs relating to juvenile information networks as an Internet-based communication tool that assists with case management of juvenile offenders in the area.

Sec. 719. The department shall notify the legislature at least 30 days before closing or making any change in the status, including the licensed bed capacity and operating bed capacity, of a state juvenile justice facility.

Sec. 720. (1) The goal of high security juvenile services funded in part 1 shall be to protect the general public from dangerous juvenile offenders while providing rehabilitation services to those offenders to safely prepare them for entry into society.

(2) The department shall take into consideration the recommendations on a methodology for measuring goals, objectives, and performance standards developed in conjunction with private providers of juvenile justice residential programs required in section 705 of 2004 PA 344.

(3) The department shall allocate money to public and private, nonprofit providers of high security juvenile services based on their ability to demonstrate results in all of the following:

(a) Lower recidivism rates.

(b) Higher school completion rates or GED completion rates.

(c) Shorter average stays in a residential facility.

(d) Lower average actual cost per resident.

(e) Availability of appropriate services to residents.

(4) The department shall comply with section 115o of the social welfare act, 1939 PA 280, MCL 400.115o, regarding placement of juvenile offenders, and shall refer to that statutory requirement in making referral recommendations to courts for secure residential programs.

(5) The department shall require, if possible and practical, that aftercare services for a juvenile offender be provided by the same organization or provider that provided residential care for that juvenile.

Sec. 721. (1) The goal of medium or low security juvenile services shall be effective treatment of juvenile offenders to safely prepare them for entry into society.

(2) The department shall allocate money to public and private, nonprofit providers of medium security juvenile services or to private, nonprofit providers of low security juvenile services based on their ability to demonstrate results in all of the following:

- (a) Reduced rates of recidivism.
- (b) Higher rates of high school or GED completion.
- (c) Shorter average stays in a residential facility.
- (d) Availability of appropriate services to residents.
- (e) Lower average actual cost per resident.

(3) The department shall comply with section 1150 of the social welfare act, 1939 PA 280, MCL 400.1150, regarding the placement of juvenile offenders, and shall refer to that statutory requirement in making referral recommendations to courts for residential treatment programs.

(4) The department shall require, if possible and practical, that aftercare services for a juvenile offender be provided by the same program or provider that provided treatment for the juvenile in residential care.

(5) The department shall provide for the transfer of medium security services equivalent to 80 beds at the W.J. Maxey boys training school, and shall provide for the placement of juvenile offenders who need those services in community-based or privately operated facilities. The transfer and placements shall be completed by May 1, 2008 if community based or privately operated facilities have capacity for the new placements by that date.

Sec. 722. (1) The goal of juvenile justice day programs shall be the effective treatment and rehabilitation of juvenile offenders in appropriate community settings.

(2) The department shall allocate money to private, nonprofit providers of juvenile justice day programs based on their ability to demonstrate results in all of the following:

- (a) Reduced rates of recidivism.
- (b) Higher rates of high school or GED completion.
- (c) Availability of appropriate services to offenders.
- (d) Lower average actual cost per resident.
- (e) Shorter average stays in a residential facility.

(3) The department shall reimburse community juvenile justice providers at a daily rate of \$80.00 per day per juvenile resident.

Sec. 723. A private nonprofit provider of juvenile services may receive funding for services of different security levels if the provider has appropriate services for each security level and adequate measures to physically separate residents of each security level. However, to be eligible for funding, the private nonprofit service provider shall not use a for-profit management group or contract with a for-profit organization for its management.

Sec. 724. (1) Beginning October 1, 2007, direct delinquency services for male and female juveniles who require community or low security services and male juveniles who require medium security services shall be provided under contract with the department by a licensed, nonprofit, nationally accredited child caring institution or child placing agency.

(2) Beginning October 1, 2007, the department shall be responsible for oversight, licensure, and purchase of direct delinquency services for children and youth who require community low or medium security services. The department may also provide direct service and monitoring for children who require high security services.

(3) The contracts with licensed, nonprofit, nationally accredited child caring institutions or child placing agencies shall include specific performance objectives and measurable outcomes.

Sec. 726. (1) Beginning October 1, 2007, from the money appropriated in part 1 for foster care payments, Wayne County foster care payments, and child care fund, the department shall not enter into or maintain a contract with a for-profit provider of residential services for juvenile justice and abused or neglected youth unless the for-profit residential provider was licensed on or before August 1, 2007.

(2) Beginning October 1, 2007, from the money appropriated in part 1 for foster care payments, Wayne County foster care payments, and child care fund, the department shall pay a provider of residential services for juvenile justice and abused or neglected youth at daily rates that are 4.0% above the levels the provider received during the fiscal year 2006-2007. A provider shall not receive a daily rate below \$130.00.

Sec. 727. (1) The legislature shall determine the cost of care for public juvenile justice facilities by dividing the amount obtained under subdivision (a) by the number of days determined under subdivision (b):

(a) Add the initial appropriation for the facilities to an allocation from the appropriation for juvenile justice field staff, administration, and maintenance, and subtract amounts for applicable federal meal reimbursements.

(b) The projected days of care as determined by the legislature in consultation with the department.

(2) Total per diem and chargeback rates determined under subsection (1) are effective January 1 in the fiscal year of the initial appropriation. By November 1, 2007, the department shall publish the following 2008 per diem and chargeback rates:

(a) High security juvenile services, male: per diem rate of \$625.57; chargeback rate of \$312.79.

(b) High and medium security juvenile services, female: per diem rate of \$588.13; chargeback rate of \$294.07.

(c) Juvenile justice services, northern Michigan: per diem rate of \$328.70; chargeback rate of \$164.35.

Sec. 728. It is the intent of the legislature that the department and the department of corrections examine the potential of entering into an intergovernmental agreement to place 140 children in the west wing of the Woodland center and in the Sequoyah center on the campus of the W.J. Maxey training school. The facilities shall be used to house children currently committed to the department of corrections.

Sec. 731. As a condition for receiving the appropriation in part 1 for the child care fund line items, the department shall not charge any county for expenses related to the payment of an administrative rate to private child placing agencies that oversee neglect and abuse wards if these same administrative costs are not charged in a uniform manner to all counties in this state.

LOCAL OFFICE SERVICES

Sec. 750. The department shall maintain out-stationed eligibility specialists in community-based organizations and hospitals.

Sec. 751. (1) From the funds appropriated in part 1, the department shall implement school-based family resource centers based on the following guidelines:

(a) The center is supported by the local school district.

(b) The programs and information provided at the center do not conflict with sections 1169, 1507, and 1507b of the revised school code, 1976 PA 451, MCL 380.1169, 380.1507, and 380.1507b.

(c) Notwithstanding subdivision (b), the center shall provide information regarding crisis pregnancy centers or adoption service providers in the area.

(2) The department shall notify the senate and house subcommittees on the department budget, the senate and house fiscal agencies and policy offices, and the state budget office of family resource center expansion efforts and shall provide all of the following at the beginning of the selection process or no later than 5 days after eligible schools receive opportunity notification:

(a) A list of eligible schools.

(b) The selection criteria to be used.

(c) The projected number to be opened.

(d) The financial implications for expansion, including funding sources.

Sec. 753. The department shall implement the recommendations of the 2004 public private partnership initiative's training committee to define, design, and implement a train-the-trainer program to certify private agency staff to deliver child welfare staff training, explore the use of e-learning technologies, and include consumers in the design and implementation of training. The intent of the legislature is to reduce training and travel costs for both the department and the private agencies. The department shall report no later than December 1, 2007 on each specific policy change made to implement enacted legislation and the plans to implement the recommendations, including timelines, to the senate and house appropriations subcommittees on the department budget, the senate and house standing committees on human services matters, the senate and house fiscal agencies and policy offices, and the state budget director.

Sec. 754. The department shall allow private nationally accredited foster care and adoption agencies to conduct their own staff training, based on current department policies and procedures, provided that the agency trainer and training materials are accredited by the department, and that the agency documents to the department that the training was provided. The department shall provide access to any training materials requested by the private agencies to facilitate this training.

Sec. 755. From the money appropriated in part 1, \$8,154,100.00 shall be expended to add up to 200 FTE title IV-E eligibility specialist positions. Employees filling these positions shall be assigned to local county offices and shall serve as specialists in determining title IV-E eligibility for child welfare cases with the goal of increasing the number of title IV-E eligible cases statewide. These positions shall be classified as services specialists within the state classified civil service system.

DISABILITY DETERMINATION SERVICES

Sec. 801. The department disability determination services in agreement with the department of management and budget office of retirement systems will develop the medical information and make recommendations for medical disability retirement for state employees, state police, judges, and schoolteachers.

CHILD SUPPORT ENFORCEMENT

Sec. 901. (1) The appropriations in part 1 assume a total federal child support incentive payment of \$26,500,000.00.

(2) From the federal money received for child support incentive payments, \$12,000,000.00 shall be retained by the state and expended for child support program expenses.

(3) From the federal money received for child support incentive payments, \$14,500,000.00 shall be paid to the counties based on each county's performance level for each of the federal performance measures as established in the code of federal regulations, CFR 45.305.2.

(4) If the child support incentive payment to the state from the federal government is greater than \$26,500,000.00, then 100% of the excess shall be retained by the state and is appropriated until the total retained by the state reaches \$15,397,400.00.

(5) If the child support incentive payment to the state from the federal government is greater than the amount needed to satisfy the provisions identified in subsections (1), (2), (3), and (4), the additional funds shall be subject to appropriation by the legislature.

(6) If the child support incentive payment to the state from the federal government is less than \$26,500,000.00, then the state and county share shall each be reduced by 50% of the shortfall.

(7) From the state funds appropriated in part 1 for child support enforcement, not less than \$9,570,000.00 shall be used to be paid to counties for use as the local/state match for federal title IV-D services provided by the friend of the court and prosecuting attorney. The money is to be used to offset the net effect of the federal deficit reduction act that prohibits the use of federal performance incentive funds paid to the state as local/state match funds.

Sec. 902. (1) The department shall continue its work to fix and improve the child support computer system using the funding carried forward from fiscal year 2006-2007 appropriations.

(2) The department shall consult with the department of treasury and any outside consultant with collections expertise under contract with the department of treasury to develop a plan to maximize the collection of child support and child support arrearage settlement for the purposes of this section.

(3) The department, through the child support leadership group, shall provide semiannual reports to the legislature concerning money expended and improvements made as a result of this section.

Sec. 903. The department may facilitate with the department of community health a program under which the departments independently or jointly contract with local friend of the court offices to update and maintain the child support statewide database with health insurance information in cases in which the court has ordered a party to the case to maintain health insurance coverage for the minor child or children involved in the case and to assist in the recovery of money paid by the state for health care costs that are otherwise recoverable from a party to the case. The program shall be in addition to a program or programs under existing contract between either or both of the departments with a private entity on September 1, 2005. The program shall be entirely funded with state and federal funds from money first recovered or through costs that are avoided by charging the insurance coverage for minor children from state programs to private insurance.

Sec. 904. The department is prohibited from charging back to the counties any of the fees paid that are charged by the internal revenue service or the department of treasury related to the tax intercept and offset programs. The state share of those fees shall be paid from money otherwise provided for office of child support programs.

Sec. 905. Of the funds appropriated in part 1 for child support collections, \$500,000.00 shall be allocated to counties for the local match for friend of the court services legal support contracts and to payments to county prosecutors for related legal services.

Sec. 906. From the funds appropriated in part 1 for legal support contracts, \$500,000.00 shall be allocated and paid pursuant to section 18a of the social welfare act, 1939 PA 280, MCL 400.18a.

Sec. 907. The office of child support in cooperation with the state court administrative office shall establish a pilot program to examine the effectiveness of contracting with a public or private collection agency as authorized under section 10 of the office of child support act, 1971 PA 174, MCL 400.240. The pilot program shall be implemented during fiscal year 2007-2008. Any restricted revenue collected pursuant to this section shall not be expended until the department and representatives from counties and the friends of the court meet and agree upon recommendations for use of the revenue. The revenue is subject to appropriation by the legislature.

Sec. 908. From the money appropriated in part 1 for child support enforcement operations, \$500,000.00 shall be expended on a contract aimed at collecting child support arrearages. Cases shall be assigned to a contractor with the goal that at least 15% of collected arrearages be owed to this state on behalf of current or former TANF recipients. The contractor shall be allowed to retain up to 15% of arrearages collected as a fee for services. By September 30, 2008, the department shall report to the house and senate appropriations subcommittees on the department budget, the house and senate fiscal agencies, and the house and senate policy offices on the following contract results:

- (a) Number of cases assigned to the contractor.
- (b) Number of cases in which the contractor successfully collected on arrearages.
- (c) Total arrearages collected.
- (d) Total arrearages collected that were owed to this state as reimbursement for public assistance.
- (e) Total amount retained by the contractor.

OFFICE OF CHILDREN AND ADULT LICENSING

Sec. 1005. The department shall implement a performance-based licensing system. The plan shall include an approach that emphasizes site visits for new licensees and licensees with violations or filed complaints and random, but not required, site visits for licensees who have been in business for 5 years or more with no violations or filed complaints. The plan shall direct the licensing staff and field consultants to prioritize resources and site reviews on new licensees and those with documented complaints. The plan activities shall also be based on risk to the vulnerable children and adults receiving services from licensees. The plan shall include an implementation date for fiscal year 2007-2008 and be submitted, by January 31, 2008, to the senate and house appropriations subcommittees on the department budget, the senate and house fiscal agencies and policy offices, and the state budget director.

COMMUNITY ACTION AND ECONOMIC OPPORTUNITY

Sec. 1101. Not later than September 30 of each year, the department shall submit for public hearing to the chairpersons of the house and senate appropriations subcommittees dealing with appropriations for the department budget the proposed use and distribution plan for community services block grant funds appropriated in part 1 for the succeeding fiscal year.

Sec. 1102. The department shall develop a plan based on recommendations from the department of civil rights and from Native American organizations to assure that the community services block grant funds are equitably distributed. The plan must be developed by October 31, 2007, and the plan shall be delivered to the appropriations subcommittees on the department budget in the senate and house, the senate and house fiscal agencies, and the state budget director.

Sec. 1103. The appropriation in part 1 for the weatherization program shall be expended so that at least 25% of the households weatherized under the program shall be households of families receiving 1 or more of the following:

- (a) Family independence program assistance.
- (b) State disability assistance.

- (c) Food assistance.
- (d) Supplemental security income.

This act is ordered to take immediate effect.

Carol Morey Viventi

Secretary of the Senate

Richard J. Brown

Clerk of the House of Representatives

Approved _____

Governor