



Senate Fiscal Agency
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Senate Bill 418 (Substitute S-2 as passed by the Senate)

Senate Bills 419 through 421 (as passed by the Senate)

Sponsor: Senator Kevin Hertel (S.B. 418)

Senator Kevin Daley (S.B. 419)

Senator Sam Singh (S.B. 420)

Senator John Cherry (S.B. 421)

Committee: Health Policy

Date Completed: 10-7-25

RATIONALE

Generally, the Child Abuse and Neglect Prevention Board's (Board) mission is to support programs across the State that work to prevent child abuse and neglect instead of reacting to child abuse and neglect. According to testimony before the Senate Committee on Health Policy, the Board received Federal funding from the 2021 American Rescue Plan Act until recently when this funding expired, which resulted in the Board returning to its baseline \$4.0 million budget. Testimony also indicates that the Board's service as the only statewide organization focused on preventing child abuse and neglect requires more funding. Accordingly, cost-saving and fundraising measures, such as expanding the types of fundraising organizations with whom the Board could partner and increasing the annual expenditure cap of the Fund from 5% to 8%, have been suggested.

CONTENT

Senate Bill 418 (S-2) would amend the Child Abuse and Neglect Prevention Act to do the following:

- Allow the Board to partner with a fundraising entity, including a 501(c)(3) nonprofit organization, to ensure that the Board delivered on its mission to fundraise and maximize the prevention of child abuse and neglect.
- Delete the requirement that the Board seek the approval of the appropriate local council to disburse funds to private nonprofit or public organizations.
- Require the Board to consider whether the board of directors of a local council had parent representation before disbursing a grant to that local council.
- and performance of the Board every three years.
- Rename the Board to the Children Trust Michigan Board.
- Replace references to a local council with a prevention partner.

Senate Bill 419 would amend Public Act 249 of 1982, which establishes the State Children's Trust Fund, to raise, to 8% of the 12-quarter rolling Fund average, the cap on the percent of the Fund available for disbursement for expenditure.

Senate Bill 420 would amend the Open Meetings Act to allow the Board to meet electronically under any circumstance, including any circumstance requiring accommodation of absent members.

Senate Bill 421 would amend Chapter 7 (Registration Fees) of the Michigan Vehicle Code to modify references to the Board to reflect the proposed renaming in **Senate Bill 418 (S-2)**.

Senate Bills 420 and 421 are tie-barred to Senate Bill 418. Senate Bills 418 and 419 are explained in further detail below.

Senate Bill 418 (S-2)

Amending Requirements for Monetary Assistance from the Board

The Board is an autonomous agency within the Department of Health and Human Services (DHHS) tasked with proactively enacting support programs with education, funding, and resources across the State with the goal of preventing child abuse and neglect. The bill would rename the Board to the Children Trust Michigan Board.

Under the bill, the Board could partner with a fundraising entity, including a 501(c)(3) nonprofit organization, in accordance with State and Federal requirements, to ensure that the Board delivered on its mission to fundraise and maximize the prevention of child abuse and neglect.

Additionally, under current law, the Board may authorize the disbursement of available money from the Trust Fund, upon legislative appropriation, to fund a private nonprofit or public organization in the development or operation of a prevention program if specific conditions are met. Among other conditions, the appropriate local council must review and approve the program, unless that geographic area does not have a local council. The bill would delete this requirement.

Under the bill, "local councils" are organizations who develop and facilitate a collaborative community prevention program in a specific geographical area and use trained volunteers and existing community resources wherever practicable. The bill would rename local councils to prevention partners.

Finally, in making grants to prevention partners, the Board must consider the degree to which the prevention partner is administered by a board of directors composed of members representing the demographic composition of the community served, among other requirements. Under the bill, the Board also would have to consider whether the board of directors had parent representation.

Senate Bill 419

The Board may authorize expenditures from the Children's Trust Fund for the purpose of proactively enacting support programs with the goal of preventing child abuse and neglect. Generally, the rolling average of the Fund for the previous 12 quarters (three fiscal years) is considered when the cap on expenditures is enacted for a specific fiscal year. Currently, if the rolling average of the Fund, including unrealized gains and losses, is \$23.5 million or higher at the start of the fiscal year, then up to 5% of the 12-quarter rolling average must be available for disbursement; however, if the rolling average of the Fund, including unrealized gains and losses, is below \$23.5 million at the start of the fiscal year, then up to 4.25% of the 12-quarter rolling average must be available for disbursement.

Under the bill, beginning with Fiscal Year (FY) 2026, up to 8% of the 12-quarter rolling average would have to be available for disbursement.

MCL 722.602 et al. (S.B. 418)

21.171 (S.B. 419)

15.263a (S.B. 420)

257.811j (S.B. 421)

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Public policy that prevents child abuse and neglect should be prioritized. In peer fields like medicine, public policy often has moved away from reaction and toward prevention. Examples of this include public messaging campaigns that have decreased rates of cigarette smoking in the United States and implementation of seat belt laws in automobiles to decrease the rate of lethal and harmful accidents; however, testimony before the Senate Committee on Health Policy indicates that prevention of child abuse and neglect is not emphasized enough. Among other things, the Board funds local initiatives to publicly inform parents and community members about practices to prevent child abuse and neglect, like positive parenting techniques and age-appropriate expectations. This education is effective at preventing child abuse and neglect. The bill would increase the resources at the disposal of the Board and so should be passed to make the Board more effective in its prevention efforts.

Legislative Analyst: Alex Krabill

FISCAL IMPACT

Senate Bill 418 (S-2)

The bill would have a minimal fiscal impact on the DHHS. Updating the branding with the new name of the Board could incur minor costs but would not produce a significant increase in administrative expenses. The bill would have no fiscal impact on the Department of Technology, Management, and Budget. The Board is already administered under the supervision of the DHHS. The auditor general likely could complete a written review using current appropriations.

Senate Bill 419

The bill would authorize increased spending from the Children's Trust Fund beginning in FY 2025-2026 by allowing up to 8% of the 12-quarter rolling Fund balance to be available for annual distribution. The bill does not indicate a required Fund balance threshold prior to implementing the 8% cap. The additional spending would need to be approved by the Board and appropriated by the Legislature. If disbursement were increased pursuant to the bill, State payments available for child abuse prevention grants to providers of direct services, some of which are local governments, and to local child abuse prevention councils, would increase at least temporarily.

The amount of funds available for distribution would depend on the actions of the Board, the level of enacted appropriations, investment returns, and contributions to the Fund. Under Public Act 121 of 2024, the total authorized spending for the Fund is approximately \$5.1 million for FY 2024-25 as part of the DHHS budget. The total appropriation for FY 2024-25 comprises approximately \$1.9 million of Federal revenue. The Michigan Comprehensive Annual Financial Report for the fiscal year ending September 30, 2024, shows the closing balance for the Fund as approximately \$29.2 million.

The bill would not have a fiscal impact on the Department of Treasury. While the Department would monitor the amount available for disbursement, this would not require any additional expenditures. Disbursements from the Fund would depend upon the amounts appropriated to the DHHS in the annual appropriations bill.

Senate Bill 420

The bill would have no fiscal impact on State or local government.

Senate Bill 421

The cost to create a fund-raising specialty plate currently averages an estimated \$90,000 for design and production of the plate. This start-up cost would first need to be paid by Children's Trust Fund, before the Department of State (DOS) would begin production and issuance of the Children's Trust plate.

Upon issuance of a fund-raising plate, the applicant must submit a \$25 fund-raising donation (\$10 donation for a renewal) along with the applicable vehicle registration tax. The fund-raising donations would be deposited into the Children's Trust Fund to be used for the support and benefit of the children of Michigan. The vehicle registration tax revenue would be deposited into the Michigan Transportation Fund (MTF) while any other fee revenue, aside from the fund-raising donation, would be deposited into the Transportation Administration Collection Fund. Finally, there could be additional costs to the DOS associated with the development and issuance of the new plate; however, these costs should be minimal and absorbable within annual appropriations. The MTF likely would not see much of an increase in revenues as most applicants for the new plate likely are already paying the vehicle registration tax which would not be affected under this bill.

The bill would have no fiscal impact on local government.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.