

**Summary: Conference Committee Recommendation
FAMILY INDEPENDENCE AGENCY FY 2003-04
Senate Bill 283**



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Budget Overview

The Family Independence Agency (FIA) budget provides funding for a wide range of programs and services to help improve the quality of life in Michigan by protecting children and vulnerable adults, delivering juvenile justice services, and providing support to strengthen families and individuals striving for independence. The FY 2003-04 proposed Conference Committee budget includes Gross appropriations of \$3.96 Billion and General Fund/General Purpose funding of \$1.13 Billion.

Summary of Major Budget Issues

Enhanced Child Care Fund Reimbursement – The proposed new Enhanced Child Care Fund Reimbursement for Community Programs to support more community-based in-home services for youth is not included in the Conference Committee recommendation. The Senate and House had both approved less funding for this initiative than the \$50 million in the Executive Budget.

Allocation of Federal TANF Funds – The Conference Committee report makes a series of adjustments in the use of Federal TANF funds to recognize increased caseloads and expenditures in a variety of programs.

Child Support Enforcement System Penalty Refund – The Conference Committee modifies the allocation of anticipated federal Child Support Enforcement System penalty refund monies previously paid by the state.

Caseload Adjustments – The Conference Committee provides additional funding to increase the Family Independence Program caseload by 4,565 cases and \$31.3 million compared to the Executive and Senate budgets, and \$26.8 million compared to the House version. Day Care Services and the State Disability Assistance program were increased by \$9.9 million and \$4.7 million, respectively, to reflect higher caseload adjustments.

FY 2003-04 Recommendations

	FY 2002-03 YTD (as of 2/26/03)	Executive	Senate	House	Conference	Difference: Conference to 2002-03	
						Amount	%
IDG/IDT	\$978,800	\$1,055,800	\$1,055,800	\$1,055,800	\$1,055,800	\$77,000	7.9
Federal	2,773,916,471	2,697,630,071	2,697,630,050	2,702,130,150	2,681,332,950	(92,583,521)	-3.3
Local	66,956,700	65,097,100	65,097,100	65,097,100	65,097,100	(1,859,600)	-2.8
Private	9,856,850	9,472,150	9,472,150	9,472,150	9,472,150	(384,700)	-3.9
Restricted	70,370,500	70,096,800	70,096,800	70,096,800	70,096,800	(273,700)	-0.4
GF/GP	1,115,085,079	1,102,339,379	1,102,339,400	1,102,344,900	1,133,739,400	18,654,321	1.7
Gross	\$4,037,164,400	\$3,945,691,300	\$3,945,691,300	\$3,950,196,900	\$3,960,794,200	(\$76,370,200)	-1.9
FTEs	12,501.1	10,771.6	10,771.6	10,774.6	10,774.6	(1,726.5)	-13.8

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		<u>YTD FY 2002-03</u>	<u>Conference Change</u>
<i>1. Employment and Training Support Services</i>	Gross	\$14,064,200	\$827,500
Provides a \$25,000 increase in the Fatherhood program, and increases the Marriage Initiatives program by \$512,500. Both programs were eliminated in the Executive Recommendation. (See Sec. 415 and Sec. 416)	Federal	13,339,100	777,500
	GF/GP	\$725,100	\$50,000
Includes \$200,000 in federal TANF funds and \$50,000 GF/GP for expansion of the Individual Development Account (IDA) program. Sec. 418 expresses legislative intent to appropriate the same amount in the next 4 years. \$40,000 is also allocated for Welfare to Career Work Innovation Grants as specified in Sec. 420.			
<i>2. Foster Care Payments</i>	Gross	\$245,010,600	(\$30,943,300)
Includes \$30.9 million in various base funding reductions, primarily related to a caseload decline as recommended by the Executive, and a technical adjustment for removal of supervised independent living contracts.	Local	34,918,000	0
	Private	5,033,900	0
	Federal	108,078,000	(16,803,700)
	GF/GP	\$96,980,700	(\$14,139,600)
Sec. 413 allocates \$650,000 from the CSES penalty refund to provide a more uniform rate structure for specialized foster care and an additional \$1.15 million from the CSES penalty refund to provide a foster care rate and adoption subsidy increase.			
<i>3. Adoption Subsidy Program</i>	Gross	\$204,952,800	\$14,433,500
Concurs with the Executive, Senate and House caseload adjustments totaling \$18.0 million, and a reduction of \$3.6 million to limit adoption subsidy payments to age 19 instead of age 21 for those who have not completed high school.	Federal	126,180,200	9,409,200
	GF/GP	\$78,772,600	\$5,024,300
<i>4. Teen Parent Counseling</i>	Gross	\$4,218,500	(\$447,200)
Reduces funding for the Teen Parent Counseling program by 9.4% (\$390,800). The Executive recommended elimination of the program while the Senate included a 5% reduction and the House a 10% reduction. Concurs with the Executive and Senate proposed base adjustments of \$56,400. Sec. 523 requires recipients of Teen Parent Counseling funds to provide at least 10% in matching funds.	Federal	4,218,500	(472,600)
	GF/GP	\$0	\$25,400
<i>5. Family Preservation and Prevention Services</i>	Gross	\$74,569,700	(\$8,184,000)
Includes \$8.2 million in total reductions as recommended by the Executive. Specifies in Sec. 546 that the \$8.0 million program reduction shall be based on an equal percentage basis for all programs receiving funds except for the 0-3 secondary prevention program that shall be maintained at FY 03 levels.	Federal	74,183,400	(8,142,700)
	GF/GP	\$286,300	(\$41,300)

Major Budget Changes from FY 2002-03 YTD Appropriations:		YTD FY 2002-03	Conference Change
6. Child Care Fund	Gross	\$139,500,000	\$29,337,900
Concurs with the Executive and Senate recommendation to transfer the line, recognize anticipated expenditure growth, annualize the TANF claim for in-home services. Does not include proposed increase in state reimbursement for in-home services from 50% to 75% or the transfer to the new Enhanced Child Care Fund line. Does include the consensus caseload adjustments.	Federal	53,104,400	23,533,500
	GF/GP	\$86,395,600	\$5,804,400
7. Family Independence Program	Gross	\$376,339,600	(\$7,000,000)
Recognizes \$34.8 million in savings from the current year budgeted FIP caseload as proposed by the Governor, but restores \$31.3 million GF/GP for the consensus caseload recommendation.	Restricted	50,449,300	(238,600)
	Federal	168,339,400	(38,300,000)
	GF/GP	\$157,550,900	\$31,538,600
Includes \$440,000 for an increase in the annual child clothing allowance to \$40 per child. Also, the Executive proposed elimination of the \$3.0 million Kinship Care Pilot Program is rejected, but the Conference Committee report reflects a 10% reduction in the program totaling \$300,000.			
8. State Disability Assistance Program	Gross	\$22,139,900	\$1,373,500
Includes \$1.9 million in program base adjustments as proposed by the Governor. Increases funding by \$1.4 million to reflect a portion of the consensus caseload recommendation. An additional \$3.3 million caseload adjustment is appropriated in Sec. 413 from the child support penalty refund.	Restricted	5,108,800	0
	GF/GP	\$17,035,100	\$1,373,500
9. State Emergency Relief	Gross	\$43,132,600	(\$1,724,400)
Concurs with the Executive and Senate base adjustments and a reduction of indigent burial payments by \$167 per burial saving \$952,000. Does not include the \$500,000 increase in the House version to partially restore the emergency shelter per diem rate from \$12.00 to \$12.50.	Federal	14,795,600	(719,200)
	GF/GP	\$28,337,000	(\$1,005,200)
10. Low Income Energy Assistance Program	Gross	\$96,903,600	\$35,504,900
Weatherization Assistance	Federal	96,903,600	35,504,900
	GF/GP	\$0	\$0
Concurs with the Executive and Senate recognition of increased federal funding available for the Low Income Home Energy Assistance Program (\$30.5 million) and the Weatherization Program (\$5.0 million).			

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		YTD FY 2002-03	Conference Change
<i>11. Day Care Services</i>	Gross	\$456,972,300	\$33,271,700
Concurs with the Executive proposed \$6.2 million base decrease, \$35.0 million increase to cover caseload spending adjustments, and a reduction of \$4.4 million to no longer allow exceptions to the 100 hours of care per 2 week pay period limit. An additional \$9.9 million GF/GP is included to reflect the consensus caseload adjustment. The Before- and After-School Program funding is maintained, but with a 10% reduction (\$950,000). The Executive recommended elimination of the program and the Senate reduced it by \$1.0 million. Sec. 657 specifies the funding for the program.	Federal	253,606,100	44,420,300
	GF/GP	\$203,366,200	(\$11,148,600)
<i>12. Food Stamp Reinvestment</i>	Gross	\$5,700,000	\$12,726,300
Concurs with the Executive proposed addition of \$12.7 million GF/GP for Food Stamp Reinvestment earmarked for reducing food stamp issuance error rates and a set aside in anticipation of additions federal food stamp error penalties.	GF/GP	\$5,700,000	\$12,726,300
<i>13. Information Technology Cost Reductions</i>	Gross	\$178,675,900	(\$45,479,500)
Concurs with the Executive reduction of \$34.3 million in the area of information systems associated with Child Support Enforcement System development costs and information technology services and data enhancement programs. The Conference Committee includes additional reductions totaling \$11.2 million.	Federal	121,472,421	(36,449,900)
	Restricted	11,032,200	(5,620,000)
	Other	407,600	(407,600)
	GF/GP	\$45,763,679	(\$3,002,000)

Major Boilerplate Changes from FY 2002-03:

GENERAL SECTIONS

Sec. 206 Contingency Fund Appropriations – DELETED (Senate and House)

Deletes language that enables the Department to receive additional federal, local, private, and state restricted contingency funds but prohibits expenditure unless funds are transferred to a line item in the act.

Executive retains the section. **Senate** deletes the section.

Sec. 222. Additional Appropriation Authorization – NOT INCLUDED (Senate and House)

Does not include Executive proposal to allow the Department to spend a portion of unexpended or unreserved FY 2003 GF/GP funds in identified areas for the same purposes in FY 2004.

Executive adds this new section. **Senate** does not include this section.

Sec. 261(2). Local Office Restructuring – NEW (House)

Requires FIA to implement a plan to save \$2.0 million by restructuring local field offices in counties with more than 10 local offices and provide a report on the plan by January 1, 2004.

Executive does not include this section. **Senate** does not include this section.

Sec. 270. Uniformed Standards in Reporting – NEW (Senate and House)

Requires departmental reports to the legislature include certain standard information (technical change to Senate).

Executive does not include this section. **Senate** includes this new section.

	YTD	Conference
<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>	<u>FY 2002-03</u>	<u>Change</u>

Sec. 271. Child and Family Services Federal Review – NEW (Senate and House)

Requires FIA to report to the appropriations subcommittees findings on review work performed by the Children’s Bureau of the U. S. Department of Health and Human Services (technical change to Senate).

Executive does not include this section. **Senate** includes this new section.

Sec. 272. Title IV-E Foster Care Eligibility Federal Review – NEW (Senate and House)

Requires FIA to report to the appropriations subcommittees findings on the Title IV-E Foster Care Eligibility Review conducted by the U. S. Department of Health and Human Services (technical change to Senate).

Executive does not include this section. **Senate** includes this new section.

Sec. 273. Report Requiring the Department to Report on Policy Changes – NEW (Senate)

Does not include Senate language that requires FIA to report on policy changes as they occur.

Executive does not include this section. **Senate** includes this new section.

Sec. 274. Report on Applications for Federal Grants – NEW (Senate and House)

Requires FIA to report on federal grant application activity (technical change to Senate).

Executive does not include this section. **Senate** includes this new section.

Sec. 275. Prohibits Use of Funds for Advertising – NEW (Senate and House)

Prohibits FIA from using funds for billboard advertising unless required in state or federal regulation.

Executive does not include this section. **Senate** prohibits billboard advertising only unless required in federal regulation only.

Sec. 276. Retention of Reports – NEW (House)

Requires the Department to retain copies of all reports funded in Part 1 and follow federal guidelines and state laws regarding retention of records.

Executive does not include this section. **Senate** does not include this section.

FAMILY INDEPENDENCE SERVICES ADMINISTRATION

Sec. 413. Child Support Enforcement System Penalty Refund – REVISED (Senate and House)

Appropriates up to \$12.7 million of the Child Support Enforcement System penalty refund. The remainder of the refund, \$16.1 million, is appropriated for FY 2002-2003 in Sec. 1001, which is discussed below.

Executive does not include this section. **Senate** retains current law with \$28.8 million appropriation and modifies language to name specific programs and amounts.

Sec. 415. Fatherhood Initiative – REVISED (Senate and House)

Allows the Department to spend up to \$500,000 in TANF to fund a fatherhood initiative program.

Executive does not include this section. **Senate** retains current law and modifies language increasing amount up to \$500,000.

Sec. 416. Marriage Initiative – REVISED (Senate and House)

Allows the Department to spend up to \$750,000 in TANF to fund a marriage initiative using licensed providers.

Executive does not include this section. **Senate** revises current law increasing amount up to \$750,000.

Sec. 418. (formerly Sec. 624) Individual Development Accounts (IDA) Plan – REVISED (House)

Continues current year language requiring FIA to maintain a plan to provide for the implementation of Individual Development Accounts. Includes House language appropriating \$200,000 to the Michigan IDA Partnership with the intent of appropriating the same amount in each of the next 4 years.

Executive does not include this section. **Senate** does not include this section.

Sec. 420. Work First Notification Procedure – NEW (House)

Directs FIA to work with the Department of Career Development to develop a monthly Work First notification procedure that reports each program participant's progress to FIA and the participant.

Executive does not include this section. **Senate** does not include this section.

CHILD AND FAMILY SERVICES

Sec. 517. Child Abuse and Neglect Prevention Programs – NO CHANGES (House)

Authorizes allocation of funds to local collaboratives for neglect and abuse prevention programs and requires that priority be given to at-risk children and families as well as meeting other criteria.

Executive and Senate allows, rather than requires, priority for at-risk children/families and other criteria.

Sec. 521. Foster Care Administrative Rate Adjustment – NOT INCLUDED (Senate and House)

Does not include Executive proposed language that reduces the total amount authorized for foster care administrative rates by \$453,000 and requires the reduction to result in a more uniform rate structure.

Executive adds this new section. **Senate** does not include this section.

Sec. 523.(3) Teenage Parent Counseling Funds – NEW (House)

Requires agencies receiving teenage Parent Counseling funds to provide at least 10% in matching funds.

Executive does not include this subsection. **Senate** does not include this subsection.

Sec. 532.(2) Child and Family Agency Contract Compliance and Licensing Review – NEW (House)

Requires FIA to develop a streamlined licensing, and contract compliance review process and a report on the new review process by April 1, 2004.

Executive does not include this subsection. **Senate** does not include this subsection.

Sec. 533 Prompt Payment to Child Placing Agencies – REVISED (House)

Revises current law that requires payment to child placing agencies within 30 days.

Executive deletes this section. **Senate** retains current law.

Sec. 537. Foster Care Placement - First Opportunity – REVISED (Senate and House)

Requires FIA to offer private nonprofit agencies the first opportunity to provide foster care services for new children if it has a child to caseworker ratio not more than the Department's child to caseworker ratio. Also provides a report on public-private service cost similarities and differences.

Executive does not include this section. **Senate** retains the section but does not include the House requirement related to the private agency's child to caseworker ratio.

Sec. 543. Training to Reduce Underage Youth Criminal Sexual Conduct – NEW (House)

Requires the Department to develop an education and training plan to reduce the incidence of criminal sexual conduct involving underage youth. Also requires a report.

Executive does not include this section. **Senate** does not include this section.

Sec. 544. Accelerated Residential Treatment Pilot Projects – NEW (House)

Directs the Department to consider approval of pilot projects with applications pending for accelerated residential treatment.

Executive does not include this section. **Senate** does not include this section.

Sec. 545. Specialized Foster Care Program Freeze – NEW (House)

Specifies that the Department shall eliminate the current administrative freeze on approval of new specialized foster care programs.

Executive does not include this section. **Senate** does not include this section.

Sec. 546. Family Preservation and Prevention Services Reduction – NEW (House)

Requires the \$8.0 million reduction in the Family Preservation and Prevention Services line item to be based on an equal percentage basis for all programs receiving funds except for the 0-3 secondary prevention program that shall be maintained at FY 03 levels.

Executive does not include this section. **Senate** does not include this section.

PUBLIC ASSISTANCE

Sec. 613. Indigent Burial Charge Limit and Report Requirements – REVISED

Reduces the maximum allowable charge limit of \$1,114 for indigent burials to \$947 per case and removes reporting requirement. House adds a report on the number of burials and cremations, as well as the amount spent for each.

Executive Reduces the maximum burial charge and removes the report. **Senate** concurs with Executive.

Sec. 657. Before- or After-School Program – REVISED (Senate and House)

Requires the Department to continue to offer a before- or after-school program pilot for school-aged children with funding of up to \$8.55 million, instead of \$10.0 million in current law, and provide a report on the pilot.

Executive deletes the section. **Senate** retains current law and includes \$8.5 million in TANF funds.

Sec. 666. Federal Earned Income Tax Credit – REVISED (House)

Directs the Department to develop and implement a plan to increase FIP recipient participation in the federal Earned Income Tax Credit. House adds language that requires the plan to be done in conjunction with the MSU Extension Services and a report by December 31, 2003.

Executive retains current law. **Senate** retains current law.

Sec. 668. SMART Moves Program – REVISED (House and Senate)

Restores vetoed language authorizing the Department to develop a community-based child care program for children ages 6 to 15. New language states that FIA may expend up to \$250,000 for a pilot program and provides funding priority to programs that provide at least 10% match.

Executive does not include this language. **Senate** modifies current law to require spending of up to \$250,000 in TANF funding and adding language on reporting requirements and matching.

Sec. 669(2). Annual School Clothing Allowance – REVISED (Senate and House)

Requires the Department to allocate \$4.7 million for the annual school clothing allowance and notify eligible recipients of participating retailers that offer discounts. House adds intent language for the Department to expand outreach to retailers encouraging them to offer discounts.

Executive does not include this section. **Senate** includes this section.

Sec. 671. Benefit Bank Internet-Based Information System– NEW (House)

Allows the Department to work with private nonprofit service providers to implement a benefit bank internet based information system providing centralized eligibility information and electronic application forms.

Executive does not include this section. **Senate** does not include this section.

Sec. 672. Food Assistance Outreach Efforts – NEW (House)

Provides for a report to the Legislature on the Department's Food Assistance outreach efforts by February 1, 2004.

Executive does not include this section. **Senate** does not include this section.

Sec. 673. Client Eligibility Termination Notice – NEW (House)

Directs the Department to send notification to clients participating in the State Child Day Care program and the child care providers when client eligibility is reduced or eliminated.

Executive does not include this section. **Senate** does not include this section.

JUVENILE JUSTICE SERVICES

Sec. 705. W. J. Maxey Reporting Requirement – REVISED (Senate and House)

Requires an annual report on the W.J. Maxey facility, outlines required assessment and treatment issues, and includes a new comparative analysis of public training schools and private facilities.

Executive deletes the section. **Senate** retains current law and adds report distribution and federal investigation results to the requirements.

Sec. 716. Appraisal and Sale of Excess Maxey Property – NEW (House)

Directs the Department to work with DMB to obtain an appraisal and pursue the sale of the excess property located at the Maxey facility. Appropriates \$5.0 million for salaries and wages and contractual services, supplies, and materials within the Executive Operations unit contingent upon the property sale.

Executive does not include this section. **Senate** does not include this section.

LOCAL OFFICE STAFF AND OPERATIONS

Sec. 750. Out-Stationed Eligibility Workers – NEW (House)

Requires FIA to maintain out-stationed eligibility specialists at the same locations and staffing levels that exists in FY 2002-03.

Executive does not include this section. **Senate** does not include this section.

CHILD SUPPORT ENFORCEMENT

Sec. 901. (formerly Sec. 401) Child Support Incentive Payments– REVISED (House and Senate)

Allows the Department to retain portions of federal child support incentive payments and expend them for various child support collection efforts. Provides guidelines for counties to avoid penalty payment.

Increases the incentive payment amount FIA may retain, identifies minimum payment levels to counties. It also requires the Department to enter into a cooperative agreement with the Attorney General to support child support enforcement activities.

Executive includes this section without the Attorney General cooperative agreement language. **Senate** retains current law plus Attorney General cooperative agreement language.

FY 2002-03

Sec. 1001. CSES Penalty Refund Appropriation – NEW (House)

Authorizes up to \$16.1 million of the CSES penalty refund for the child support enforcement system, caseload costs, and the transitional work support program. The proposed House recommendation would also repeal Sec. 413 in the current year FIA budget (Public Act 529 of 2002).

Executive does not include this section or the repealer. **Senate** does not include this section or the repealer.