



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 6089 (Substitute H-1 as passed by the House)
Sponsor: Representative Craig DeRoche
House Committee: Families and Children's Services
Senate Committee: Families and Human Services

Date Completed: 12-2-08

CONTENT

The bill would create the "Foster Care Trust Fund Act" to do the following:

- Establish the "Foster Care Trust Fund", to be used in part to fund the development or operation of a public or private nonprofit foster care program, if the organization could match 50% of the amount received.**
- Create a State foster care advisory board to administer the Fund and disburse money from it according to criteria developed by the board, upon appropriation by the Legislature.**
- Prohibit any money from being spent or appropriated from the Fund until the amount appropriated to it met or exceeded \$800,000.**
- Require the advisory board annually to prepare an accounting of revenue and expenditures from the Fund, and provide it to the Senate and House of Representatives Appropriations Committees.**
- Require the advisory board to work collaboratively with private and public foster care programs to identify and address the problems facing children in the foster care system, work to raise awareness of foster care, and develop a support network for youths aging out of foster care.**

The bill is tie-barred to House Bill 6090, which would amend the Income Tax Act to permit an individual to designate on his or her annual income tax a contribution to the Foster Care Trust Fund. House Bill 6089 (H-1) is described in detail below.

Trust Fund

The bill would create the Foster Care Trust Fund in the Department of Management and Budget (DMB) as a charitable and educational endowment fund. The State foster care advisory board would be the administrator of the Fund for auditing purposes and would have to exercise all powers, purposes, and duties of the Fund.

The State Treasurer would have to credit to the Fund all amounts appropriated for that purpose under Section 435 of the Income Tax Act (which House Bill 6090 would amend, as described above) and money from any other source for deposit into the Fund.

No money could be spent or appropriated from the Fund, and no compensation, reimbursement, or any other actual and necessary operating expenses of the advisory board

could be authorized and appropriated until the amounts appropriated by the Legislature to the Fund equaled or exceeded \$800,000.

Before spending any money from the Fund, the advisory board would have to establish qualifying criteria for spending the funds or awarding any grants and could specify any conditions for each expenditure or grant.

Subject to those requirements, money, interest, and earnings of the Fund would have to be used, upon appropriation, to fund a private nonprofit or public organization in the development or operation of a foster care program if the organization demonstrated an ability to match, through money or in-kind services, 50% of the amount of any Fund money received.

Not more than one-half of the money contributed to the Fund each year, plus the interest and earnings (excluding unrealized gains and losses) credited to the Fund during the previous fiscal year would be available for disbursement upon the authorization of the advisory board.

Money granted or received as gifts or donations to the Fund would be available for disbursement upon appropriation, and funds authorized for expenditure would not be considered assets for the purpose of the previous provision.

Money in the Fund also would have to be used to fund the advisory board, for the actual and necessary operating expenses that the board incurred in performing its duties. Authorizations for disbursement of Fund money for that purpose would have to be kept at a minimum to further the primary purpose of the Fund, which would be the disbursement of money to encourage the direct provision of services to foster care.

Advisory Board

The bill would create the State foster care advisory board within the DMB. The board would consist of 13 voting members, including the Director of Human Services, the Director of Community Health, the Chief Justice of the Michigan Supreme Court, and the Director of the Children's Ombudsman's Office, or their designees, and nine public members appointed by the Governor with the advice and consent of the Senate.

As a group, the public members would have to demonstrate knowledge in the area of foster care, be representative of the demographic composition of the State, and, to the extent practicable, be representative of all of the following; birth and foster parents, former foster care children, the business community, the religious community, the legal community, higher education providers, professional providers of foster care services, and volunteers in foster care services.

The term of each public member would be three years, and a public member could not serve more than two consecutive terms. The Governor would have to designate a chairperson from among the public members, who would serve at the pleasure of the Governor.

The board would have to serve as a collaborative body that worked with existing public and private foster care programs and provided financial assistance and resources to do the following:

- Work to identify and address the issues facing foster care children in the State.

- Work with the foster care community to solve the problems facing foster care children and those children who had been in the foster care system or who would soon age out of the system.
- Focus on developing an extensive support network for foster care youths aging out of the system.
- Provide for the coordination and exchange of information on the establishment and maintenance of foster care programs.
- Provide statewide educational and public informational seminars for the purpose of developing appropriate public awareness regarding foster care and for other related purposes.
- Educate the public on the various opportunities to serve within the foster care community, including foster parenting, volunteering, mentoring, and foster child adoption.

One year after its original appointment and then biennially, the board would have to develop a State plan for the distribution of funds from the Foster Care Trust Fund. The plan would have to ensure that an equal opportunity existed for establishment of foster care programs and receipt of Fund money among all geographic areas of the State. The plan would have to be sent to the Clerk of the House of Representatives and the Secretary of the Senate. The advisory board would have to notify the Governor and the Legislature that the plan was available.

In addition, the advisory board would have to do all of the following:

- Develop and publicize criteria for the receipt of Fund money by eligible local councils and eligible foster care programs.
- Review, approve, and monitor the expenditure of Fund money by foster care programs.
- Establish a procedure for an annual, internal evaluation of the functions, responsibilities, and performance of the board.
- Meet at least twice annually at the call of the chairperson.

The board could recommend to the Governor and the Legislature changes in State programs, statutes, policies, budgets, and standards that would reduce the problems facing foster care children, improve coordination among public and private agencies providing foster care services, and improve the condition of children and parents or guardians in need of support or assistance dealing with foster care issues.

The board would be subject to the Open Meetings Act and the Freedom of Information Act.

The board would have to seek input from the general public and from specified individuals and groups having an interest in or providing services to the foster care industry.

Subject to the restriction on expenditures from the Fund until appropriations to it reached \$800,000, for public members of the board, the actual and necessary per diem compensation and the schedule of reimbursement of expenses would be the same as that established annually by the Legislature for similar boards reimbursed from the State General Fund. Subject to the same restriction on Fund expenditures, compensation and reimbursement, executive director and staff salaries, and all actual and necessary operating expenses of the advisory board would be paid from the Foster Care Trust Fund.

The board could accept Federal money as well as gifts, grants, bequests, or donations from individuals, private organizations, or foundations. Money received would have to be transmitted to the State Treasurer and made available for expenditure as appropriated by the Legislature.

The advisory board annually would have to prepare an accounting of revenue and expenditures from the Fund, and provide it to the Senate and House of Representatives Appropriations Committees. To the extent practical, the board also would have to prepare an annual accounting of revenue and expenditures from the Fund for people who had donated to it.

Legislative Analyst: Curtis Walker

FISCAL IMPACT

All expenditures for the salaries of the executive director and staff as well as all actual and necessary operating expenses of the State foster care advisory board would be paid from the Foster Care Trust Fund. No expenditures could be made from the Fund until deposits credited to it equaled or exceeded \$800,000. It is estimated that the costs for the salaries and benefits for executive director and staff and minimal operating expenses would total approximately \$250,000 per year.

The bill would have no fiscal impact on local government.

Fiscal Analyst: Joe Carrasco

S0708\6089sa

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.