

HUMAN SERVICES

Summary: FY 2009-10 SB 248 (CR-1): Conference Report

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	FY 2008-09 YTD	FY 2009-10 Executive	FY 2009-10 Senate	FY 2009-10 House	FY 2009-10 Conference	Difference: Conference from FY 2008-09 YTD	
						Amount	%
IDG/IDT	\$2,416,700	\$2,426,600	\$2,426,600	\$0	\$2,426,600	\$9,900	0.4
Federal	3,313,267,900	4,922,281,100	4,937,312,400	0	4,974,010,600	1,660,742,700	50.1
Local	46,161,100	41,523,400	37,819,400	0	37,498,800	(8,662,300)	(18.8)
Private	10,174,700	9,822,200	9,822,200	0	10,184,700	10,000	0.1
Restricted	61,589,200	56,845,400	56,845,400	0	57,015,400	(4,573,800)	(7.4)
GF/GP	1,221,206,200	1,026,500,700	793,032,100	0	860,268,600	(360,937,600)	(29.6)
Gross	\$4,654,815,800	\$6,059,399,400	\$5,837,258,100	\$0	\$5,941,404,700	\$1,286,588,900	27.6
FTEs	10,401.8	11,224.5	10,711.8	0	10,911.8	510.0	4.9

Note: FY 2008-09 figures reflect supplementals, transfers, and Executive Order (EO) actions through January 31, 2009.

Overview

The Department of Human Services (DHS) administers a wide range of programs and services to assist Michigan's most vulnerable families, including public assistance programs that provide direct cash support as well as assistance with food, day care and other emergency needs. The Department is also charged with protecting children and assisting families by administering foster care, adoption and family preservation programs, and by enforcing child support laws. The DHS is also responsible for delivering juvenile justice services and for licensing day care, adult foster care, and child welfare agencies in the state.

Major Budget Changes From FY 2008-09 YTD Appropriations

1. Child Welfare Improvements: Staffing Increases

Executive budget provides \$78.4 million for 850 new child welfare staff to comply with caseload-to-staffing ratios established in the children's rights settlement agreement. The Conference report reduces the staffing increases by 306 positions. The Conference report included funding for 49 positions within a new Children's Services Administration, but reduced the number of new child welfare field staff, supervisory staff, and administrative support staff. The Conference staffing levels are shown below. The Conference report also concurred with the Executive in providing \$4.0 million for potential services required after a mandated needs assessment, \$1.4 million for the federal monitoring contract, and \$877,500 for a new data collection unit.

	FY 2008-09 YTD	Conference Change From YTD
FTEs	N/A	544.0
Gross	N/A	\$58,015,600
Federal	N/A	13,759,400
GF/GP	N/A	\$44,256,200

Positions	Confer.
Children's Services central staff	49
Child protective services workers	276
Foster care workers	41
Permanency/backlog staff	(22)
Team decision making facilitators	0
Child placing agency monitors	17
First-line supervisors	156
Second-line supervisors	0
Administrative support staff	27
TOTAL STAFF	544

Major Budget Changes From FY 2008-09 YTD Appropriations		FY 2008-09 YTD	Conference Change From YTD
2. Child Welfare Improvements: Private Agency Rate Increases		Gross	N/A
Provides a \$10 daily administrative rate increase for child placing agencies and a \$7 per diem increase for residential facilities to assist with staff increases required under the children's rights settlement agreement. Also provides a rate increase for private adoption agencies and for general independent living rates to meet the same caseload requirements as foster care caseworkers as required in the settlement agreement. By October 2010, 80% of private agency case workers must have a caseload of no more than 20 children.	Federal	N/A	\$29,340,700
	Local	N/A	7,169,300
	GF/GP	N/A	3,654,300
			\$18,517,100
3. Adoption Support Services		Gross	\$17,797,600
Increases funding for private adoption agencies to solely use private agencies for adoption casework. Current on-board DHS adoption workers will be redirected to foster care, children's protective services, or other child welfare programs.	Federal	7,294,400	\$7,200,000
	GF/GP	\$10,503,200	1,985,800
4. Closure of State Juvenile Justice Facilities		FTEs	75.0
Conference reduces funding to Nokomis challenge center and community juvenile justice centers by three quarters of their annual budget to reflect closure effective January 1, 2010. Federal revenues are redirected to other public facilities, so there is no reduction to federal revenues. Reduction is also adjusted to reflect the cost on the child care fund to move some of the foster youth from a public facility to a private facility.			(75.0)
	Gross	\$7,638,800	(\$5,201,500)
	Federal	222,000	0
	Local	4,118,600	(3,198,800)
5. State Juvenile Justice Facility Reductions		GF/GP	\$3,298,200
Reduces appropriations for state juvenile justice facilities by \$10.0 million, recognizing the full-year savings from the closure of the Adrian Training School in February 2009, and further savings at the W.J. Maxey Training School expected to result from the relocation of youth at that facility from the Woodland Center to the Green Oaks Center. Both the Woodland Center and Green Oaks Center will undergo needed renovations funded through the Department of Corrections (DOC), with the DOC then taking over the Woodland Center to house inmates with special mental health needs.			(\$2,002,700)
	Gross	\$36,331,500	(\$10,000,000)
	Local	20,025,500	(5,000,000)
	GF/GP	\$16,306,000	(\$5,000,000)
6. Public Assistance Caseloads		Gross	\$2,023,871,300
Increases funding for state public assistance programs by \$1.47 billion over year-to-date levels. By far the largest increase (\$1.47 billion) is provided for the Food Assistance Program (FAP). The FAP increase reflects both caseload increases and adjusting the line item, which has not been increased over the past few fiscal years, to reflect current expenditures. FAP benefits are 100% federally funded so there is no GF/GP impact. The Family Independence Program (FIP) increases by \$49.1 million to fund an average caseload of 74,000. State Disability Assistance increases \$718,400 to fund an average caseload of 10,700. SSI supplementation increases \$362,700 to fund 233,220 cases. The increases to FIP, SDA, and SSI are offset by a caseload decrease to day care payments of \$51.3 million to fund 42,000 cases. Caseloads for FIP, SDA, SSI, and Day care reflect the May caseload consensus agreement between HFA, SFA, and SBO.			\$1,474,405,000
	Federal	1,582,838,700	1,521,952,500
	Restricted	52,263,700	0
	GF/GP	\$388,768,900	(\$47,547,500)
7. Child Welfare Caseloads		Gross	\$656,852,800
Reduces overall appropriations for child welfare program caseloads by \$23.1 million. Caseload consensus projects a \$29.7 million decline in foster care payments, with caseload falling to 8,087. Offsetting caseload increases are expected for child care fund reimbursements to counties (\$2.1 million) and adoption subsidies (\$4.5 million, with caseload increasing to 28,375).			(\$23,112,200)
	Federal	332,213,900	(11,877,200)
	Local	22,304,200	(4,661,600)
	Private	2,650,000	0
	GF/GP	\$299,684,700	(\$6,573,400)

Major Budget Changes From FY 2008-09 YTD Appropriations	FY 2008-09 YTD	Conference Change From YTD
8. Day Care Services	Gross	N/A (\$58,252,700)
Conference adjusts day care services to reflect more recent caseload data by reducing federal funding in addition to the May caseload consensus by \$43.0 million to fund and average of 36,000 cases. Day care rates are then restructured to encourage licensure and/or training through a two tier payment structure for unregulated providers (\$15.3 million in savings). Conference also appropriates \$21.1 million in federal CCDF ARRA funds to help support day care services.	Federal	N/A \$58,252,700
	GF/GP	N/A \$0
9. Day Care Quality Assurance	FTEs	N/A 2.0
Adds two additional positions to the day care quality assurance initiative. Additional positions will expand the review process of time and attendance records of day care aides and relative care providers. Annual GF/GP savings in day care subsidies minus staffing costs is assumed to be \$15.0 million.	Gross	N/A (\$14,961,600)
	Federal	N/A 38,400
	GF/GP	N/A (\$15,000,000)
10. Limited Term Eligibility Staff	FTEs	N/A 200.0
Increases funding by \$11.5 million to continue the funding for 200 limited term eligibility staff to address the increasing applications for food assistance and Medicaid. \$5.6 million of the funding comes from the ARRA food assistance administration allotment. Funding for these eligibility staff was first included in 2009 PA 64 (HB 4310).	Gross	N/A \$11,516,200
	Federal	N/A 8,887,800
	GF/GP	N/A \$2,628,400
11. Staffing Reductions	FTEs	N/A (113.0)
Reduces FTEs from Executive Operations (31 less FTEs), Medical Consultation (3 less FTEs), Child Support Enforcement (11 less FTEs) and Local Office general field staff (68 less FTEs).	Gross	N/A (\$9,805,500)
	Federal	N/A (4,068,600)
	GF/GP	N/A (\$5,736,900)
12. Employment and Training Support Services	Gross	\$37,755,100 (\$22,714,900)
Reduces funding by \$22.7 million for employment and training support services. Most of this reduction recognizes that this line item has had significant lapses in previous fiscal years. There is also an additional \$2.0 million reduction to the grant for DELEG.	Federal	16,068,800 (8,218,600)
	GF/GP	\$21,686,300 (\$14,496,300)
13. Families First	Gross	N/A (\$496,000)
Increases funding for Families First by \$1.5 million in federal dollars freed up elsewhere in the budget. The increase in the number of families able to enroll in Families First will prevent a greater number of children from entering an out of home placement. There is an assumed partial year savings of \$2.0 million in foster care payments line item of which \$1.0 million is GF/GP. Once foster care savings can be annualized, the savings should be able to support this increase in future fiscal years.	Federal	N/A 1,004,000
	Local	N/A (500,000)
	GF/GP	N/A (\$1,000,000)
14. In-Home Care Incentive	Gross	N/A \$0
Creates a new in-home care incentive for local units of government by offering a higher state reimbursement rate. Funded with \$5.0 million in federal dollars freed up elsewhere in the budget, this incentive would generate enough GF/GP savings by preventing children from entering out-of-home placements that this program would be cost neutral.	Federal	N/A 5,000,000
	GF/GP	N/A (\$5,000,000)
15. FIP Clothing Allowance	Gross	N/A \$0
Reduces the annual clothing allowance down to the FY08 level (\$5.6 million in GF/GP savings). Of that savings, \$1.1 million is moved into a new one-time supplement for children of FIP recipients. The \$1.1 million will leverage \$4.5 million in federal TANF funds available through ARRA.	Federal	N/A 4,466,800
	GF/GP	N/A (\$4,466,800)
16. Program Increases	Gross	N/A \$6,439,000
Increases funding for Nutrition Education (\$2.0 million), a new mental health in-home treatment pilot program (\$1.8 million), local office call centers (\$850,000), Food Bank funding (\$670,000), child support arrearage collection contract (\$500,000), 2-1-1 (\$300,000), the incorporation of LEIN into "Bridges" (\$250,000), and multicultural integration (\$100,000).	Federal	N/A 2,330,000
	Restricted	N/A 170,000
	GF/GP	N/A \$3,939,000

Major Budget Changes From FY 2008-09 YTD Appropriations	FY 2008-09 YTD		Conference Change From YTD
17. TANF Funding Reductions	Gross	\$54,933,200	(\$11,105,700)
Reduces overall funding for TANF funded programs which are designed to serve at-risk families and prevent out-of-home child placements. Reduces allocations for Community Protection and Permanency funding (\$3.0 million), Strong Families/Safe Children (\$2.3 million), Community Support Services Block Grant (\$2.1 million), Before and After School (\$2.0 million), Teenage Parenting (\$816,800), Marriage and Fatherhood (\$630,100), Family Group Decision Making (\$154,700) and along with related administrative costs. Resulting TANF savings are redirected elsewhere in the bill, achieving equivalent GF/GP savings.	Federal	54,753,600	(11,105,700)
	GF/GP	\$179,600	\$0
18. Other GF/GP Program Reductions	Gross	N/A	(\$2,469,000)
Reduces Indigent burial (\$1.2 million), Michigan Community Service Commission (\$662,200), Runaway Youth program (\$250,000), ECIC (\$200,000), and demonstration projects (156,800).	GF/GP	N/A	(\$2,469,000)
19. Other Program or Department Savings	Gross	N/A	(\$10,270,300)
Reduces the rent line item by removing a one time FY09 expense and recognizes delays in facility maintenance projects (\$5.6 million), reduces administrative funding within the day services line items (\$1.7 million), annualizes EO 2009-22 within state disbursement unit (\$1.0 million) and IT (\$1.0 million). Reduces worker's compensation to reflect a lapse (\$441,200), Reduces local office emergency services (\$250,000), and recognizes smaller lapses elsewhere in the line items (\$250,000 total).	Federal	N/A	(3,434,500)
	GF/GP	N/A	(\$6,835,800)
20. Other Program Eliminations	Gross	\$4,644,800	(\$4,644,800)
Eliminates earmarked funding for the following organizations and programs: \$50 FIP work incentive (\$1.8 million), Friend of the Court Supplements (\$1.0 million) Youthville Detroit (\$100,000), Kent County Child Welfare Demonstration Project (\$300,000), Bridges Toward Responsible Adulthood (\$1.0 million), Black Child and Family Institute (\$100,000), Family formation (\$200,000), Camp O'Malley (\$126,500) and Cascade Engineering (\$40,000).	Federal	2,818,300	(2,818,300)
	GF/GP	\$1,826,500	(\$1,826,500)
21. "Bridges" Integration Project Development	Gross	N/A	(\$17,293,400)
With the completion of the development of the Department's "Bridges" information technology integration project, \$17.3 million in funding for development costs is removed. Another \$2.5 million is transferred to a new line item to support ongoing maintenance costs related to the new system. The "Bridges" initiative has integrated the various eligibility and payment determination functions for public assistance programs into a single computer system.	Federal	N/A	(5,158,300)
	GF/GP	N/A	(\$12,135,100)
22. Recognition of TANF Carry-forward and Contingency Fund Revenue	Gross	N/A	\$0
Assumes continued receipt in FY 2008-09 of federal TANF contingency fund revenue and uses \$158.4 million in additional available TANF to offset GF/GP costs. Of this savings, \$43.5 million is redirected to fund child welfare system enhancements (see items 1 and 2). Michigan drew \$155 million in contingency fund revenue in FY 2007-08 and is eligible for an equivalent amount for FY 2008-09. Federal contingency funding is available to "needy states" with high unemployment and/or high food stamp caseloads. The new revenue, which requires identification of additional state maintenance of effort and matching funds, allowed Michigan to generate a \$151 million TANF balance to carry into FY 2008-09, which is projected to grow to \$210 million by the close of FY 2008-09.	TANF	N/A	158,384,000
	GF/GP	N/A	(\$158,384,000)
23. Child Support Incentive Payments	Gross	N/A	\$0
Increases federal appropriations by \$16.7 million for child support incentive payments, which offsets GF/GP of the same amount. Federal funding is available as a result of a law change in ARRA which allows states to use federal incentive dollars as match.	Federal	N/A	16,713,400
	GF/GP	N/A	(\$16,713,400)

Major Budget Changes From FY 2008-09 YTD Appropriations	FY 2008-09 YTD	Conference Change From YTD
24. Medicaid Match Rate Adjustments	Gross	N/A
Shifts \$24.4 million in GF/GP appropriations to federal funding as a result of projected adjustments to the Federal Medical Assistance Percentage (FMAP) rate. This rate is used to determine federal cost sharing rates within several DHS programs, including foster care, adoption subsidies, and day care. Around \$8.2 million of this shift is attributable to the increase in the FY 2009-10 FMAP rate from 60.27% to 63.19%. This adjustment also increases anticipated federal Title IV-E funding as DHS works to maximize federal earnings in both foster care (\$6.0 million) and adoption subsidies (\$2.0 million). The GF/GP savings will be redirected to help fund the child welfare improvements. \$17.3 million is assumed to result from a further increase in FMAP rate of 6.2 percentage points through ARRA.	Federal	\$0
	Restricted	34,921,400
	GF/GP	(2,535,400)
		(\$32,386,000)
25. Economic Adjustments	Gross	N/A
Increases funding by \$23.6 million to cover the cost of a 1% salary and wage increase for state employees, as well as adjustments for retirement and worker's compensation costs, a 3.2% increase in insurance costs, and 3% inflationary increases for the cost of food, fuel oil, and utilities within the state juvenile justice system.	IDG	\$23,565,200
	Federal	9,900
	Local	14,565,400
	Private	356,300
	Restricted	85,000
	GF/GP	51,200
		\$8,497,400

Major Boilerplate Changes From FY 2008-09

GENERAL SECTIONS

Sec. 270. Reporting Program Costs and Outcomes - REVISED

Requires DHS to develop a plan to deliver results-oriented programs and services for listed program areas. Requires a report to Legislature on average program cost per recipient, performance indicators, goals and results and program innovations within these programs.

Sec. 283. Information Technology Work Projects - DELETED

Allows appropriations for information technology to be designated as work projects and carried forward into future fiscal years.

Sec. 288. Time Limits on Provider Payments - REVISED

Prohibits DHS from establishing time limits on payments to providers for purchased services that have been properly documented by the provider.

Sec. 290. Staff Reductions - NEW

Specifies a reduction of funding to support 65.0 FTE within the Department.

Sec. 295. Incorporating LEIN Into BRIDGES – REVISED

States legislative intent to have LEIN incorporated into the "Bridges" system by FY 2009-10.

CHILD AND FAMILY SERVICES

Sec. 504. Foster Children Ageing out of Foster Care – NEW

Establishes benchmarks and policy for children ageing out of foster care including referral to Michigan works! and MSHDA, extending foster care eligibility through age 20, and requires the department to hire 14 regional education planners.

Sec. 513. Child Placements in Out-of-State Facilities – REVISED

Revises language restricting DHS placement of children in out-of-state facilities unless by adding allowing out-of-state placement if there is documentation that no appropriate in-state facility is available. Also eliminates an audit requirement.

Sec. 515. Performance-Based Managed Care Approach to Foster Care – REVISED

Modifies language regarding use of performance-based contracts for foster care services to clarify performance-based contracts are to be used for all foster care services. Links contract goals to Children's Rights settlement and federal Child and Family Services review goals.

Sec. 536. Foster Care Assignment System - REVISED

Prohibits DHS from implementing a geographically-based foster care assignment system unless in the best interests of the foster children.

Major Boilerplate Changes From FY 2008-09

Sec. 546. Foster Care Rates – REVISED

Establishes a blended administrative rate of \$27.00 per day for private child placing agencies under contract with DHS. Requires reporting on the per diem costs of foster care services delivered by DHS.

Sec. 547. Foster Care Public Administrative Per-Diem - NEW

Requires the department to establish a \$40 administrative per-diem for publicly supervised foster care cases. The per diem would be shared between the State and Counties at a rate of 75% State and 25% County for children not eligible for title IV-E funding.

Sec. 578. Mental Health Assessment - NEW

Requires DHS to utilize a standardized assessment tool to determine the mental health needs of children placed with the Department.

Sec. 581. Adoption Administrative Rate Adjustment - NEW

Provides a reimbursement schedule for rates paid through the Adoption Support Services line to private agencies. The schedule represents a 36% rate increase to meet the 36% increase in caseworkers needed to meet the cases to worker ratio required in the children's rights settlement agreement.

Sec. 586. Purchase of Service Monitors – NEW

Requires the department to request a modification to the staffing requirements in the children's rights settlement agreement. Modification would change the staffing requirement to 75% of the monitors to have a caseload no more than 100 cases.

PUBLIC ASSISTANCE

Sec. 613. Indigent Burial Rates and Pilot Project – REVISED

Stipulates use of funds for indigent burial. Restores maximum payments to funeral providers for indigent burials levels in administrative rules: \$455 for funeral directors, \$145 for cemeteries and crematoriums, and \$100 for vault providers.

Sec. 657. Before- or After-School Program - REVISED

Requires DHS to use up to \$5.0 million to fund before- or after-school program for school-aged children, establishes guidelines for programs; eligibility limited to areas near schools not making annual yearly progress under federal law; TANF funding limited to children in families with income at or below 200% of federal poverty guidelines.

Sec. 670. FIP Program Supplement - NEW

Describes the structure of a one-time supplemental payment provided to FIP recipients. The payment utilizes State GF/GP dollars to access TANF emergency fund match provided through the ARRA.

Sec. 675. Day Care Services Rate Structure - NEW

Describes the rate structure used to achieve the savings in part 1. The rate structure would create two tiers for enrolled providers with the higher tier being available to the enrolled providers who complete annual training.

Sec. 686. Caseworker Policy Changes – NEW

Requires DHS to ensure that individuals presenting out-of-state identification are not enrolled in benefit programs in other states; to explore changes that would permit caseworkers to confirm resident addresses in FIP and SDA cases; to explore changes that will ensure individuals with homes worth more than \$500,000 cannot access assistance; and to collect up to date phone numbers from Medicaid recipients during eligibility determination and provide this information to DCH.

JUVENILE JUSTICE SERVICES

Sec. 717. Juvenile Justice Mental Health Report – NEW

Permits DHS to contract with a state university to study a sample of the juvenile detainees. The study will report on the number of youth with an emotional disorder, substance abuse, and dual diagnoses. The report will identify the population that receive treatment and if the youth received service elsewhere before entering the juvenile justice system.

Sec. 732. Nokomis Challenge Center and Community Juvenile Justice Staffing – NEW

Requires DHS to ensure that staff currently employed is state run Nokomis challenge center and community juvenile justice centers closed FY 2009-10 are given priority for new child welfare improvement staffing increases.