

# Legislative Analysis



## FOSTERING FUTURES TRUST FUND

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### House Bill 5444

**Sponsor: Rep. Peter MacGregor**

**Committee: Families, Children, and Seniors**

**Complete to 9-15-14**

## A SUMMARY OF HOUSE BILL 5444 AS INTRODUCED 4-17-14

House Bill 5544 would amend the Foster Care Trust Fund Act. It would establish a new Fostering Futures Trust Fund and create a new five-member board to administer the fund.

The board would be charged with providing opportunities for individuals and organizations to make contributions to go toward providing scholarships for current and former foster care youth. The board's primary purpose would be to increase contributions and provide money to colleges. Toward that end, the board would collaborate with institutions of higher education to assist current and former foster care students with unmet financial education needs and assist in the effort to create sustainable futures for those students. Funds provided by the board could only be used for tuition, fees, room, board, books, supplies, and equipment required for enrollment.

The Fiscal Year 2014-15 Department of Human Services budget appropriates \$500,000 in one-time GF/GP to deposit into this new Fostering Futures Trust Fund. In addition, the state currently appropriates \$750,000 on an ongoing basis for the Fostering Futures Scholarships Program through the Michigan Education Trust.

Generally speaking, the bill would replace current statutory language that created a Foster Care Trust Fund and Board and strikes the provisions describing the purpose and functioning of that previous program. Two sections of the act describing the previous program are repealed. Executive Order No. 17 of 2010 already eliminated the previous Foster Care Trust Fund Board and reorganized it within the Child Abuse and Neglect Prevention Board.

### ***The Board***

The new board would have five voting members: the director of the Department of Human Services and the State Treasurer (or their designees), a former foster care youth who has graduated from a college or university, and two public members appointed by the Governor with the advice and consent of the State Senate. To the extent possible, the two public members must demonstrate knowledge in the area of foster care, be representative of the demographic composition of the state, and be representative of *any* of the following categories: birth and foster parents, the business community, the religious community, the legal community, higher education providers, professional foster care service providers, and foster care volunteers. [This list is the same as when it applied to the 10 public members on the board of the now-defunct Foster Care Trust Fund.] The members who are not public officials serve three-year terms, although initial terms would be staggered. The governor would designate the chair from the public members.

The board would have to meet at least twice annually. As with the previous board, it would be subject to the Open Meetings Act and the Freedom of Information Act. Members would

serve without compensation but could receive reimbursement for travel and expenses consistent with Civil Service Commission and Department of Technology, Management, and Budget rules and procedures. The board would be created within the Department of Human Services but would exercise its powers and duties independently of the department, although the budget, procurement, and related management functions would be performed by the department.

#### ***Executive Director***

The board would appoint an executive director (who need not be a member of the classified civil service), and the director would hire staff, with the board approving the number of staff members and their job descriptions.

#### ***The Fund***

The new fund would be created in the Department of Treasury as a charitable and educational endowment fund. The Fund Board would be the administrator of the fund for auditing purposes, and all powers, purposes, and duties of the fund would be exercised by the board. The State Treasurer would direct the investment of the fund. Money in the fund would be available for disbursement upon appropriation.

Not more than one-half of the balance 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. No money could be spent nor any appropriations made from the trust fund until the date the deposits credited into trust fund from all sources equal or exceed \$500,000. The trust fund administrative costs could not exceed 15 percent of the amount in the trust fund over \$500,000.

### **FISCAL IMPACT:**

House Bill 5444 could increase state costs to support staff costs hired by the executive director of the board in order to carry out the duties of the board and for travel reimbursements to the board members. These state administrative costs are prohibited from exceeding 15% of the amount in the trust fund over \$500,000. The bill will have no fiscal impact on local units of government.

As noted above, the FY 2014-15 Department of Human Services budget appropriates \$500,000 in one-time GF/GP to deposit into this new fostering futures trust fund. In addition, the state currently appropriates \$750,000 on an ongoing basis for the Fostering Futures Scholarships Program through the Michigan Education Trust

The bill would require the Department of Treasury to direct investment of the Fostering Futures Trust Fund. Any expenditures necessary to cover the costs of investment of the fund would be covered by the proceeds of the Fostering Futures Trust Fund. If not absorbed in the normal course of business, the costs to the Department of Treasury would be minimal.

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