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BILL ANALYSIS

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Senate Bill 975 (Substitute S-4 as reported by the Committee of the Whole)
Sponsor: Senator Bruce Caswell
Committee: Families, Seniors and Human Services

CONTENT

The bill would amend the Social Welfare Act to require the Department of Human Services (DHS), in a county with a population of not less than 575,000 or more than 650,000, for cases transferred by the DHS to a child placing agency, to pay 100% of the administrative rate to providers responsible for foster care case management services to families of children who were court-ordered into foster care because of abuse or neglect and placed into the care and supervision of the DHS, regardless of placement setting until a prospective payment system was implemented.

The bill would require the DHS, notwithstanding current provisions, and subject to appropriations, to implement a prospective payment system as part of a State-administered performance-based child welfare system in a county with a population of 575,000 to 650,000, for foster care case management of children in accordance with Section 503 of the Article X of Public Act 252 of 2014. (Article X of Public Act 252 provides for the DHS's budget in the annual appropriation for fiscal year 2014-15. Section 503 pertains to a performance-based funding model for child welfare services.)

The county would be required to contribute to foster care services payments only in an amount that did not exceed the average net contribution made by the county for cases received under Section 2(b) of the juvenile code, in the five fiscal years before October 1, 2015. The State-administered performance-based system would have to be implemented as described above, but would not include in-home care service funding. (Section 2(b) relates to the jurisdiction of a court in proceedings concerning a juvenile in situations involving abuse or neglect.)

None of the bill's requirements would apply after May 1, 2018.

MCL 400.117a | Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill would increase State spending by up to $1.0 million Gross and General Fund/General Purpose (GF/GP) revenue.

In order to hold the county harmless for 100% of the administrative rate costs for foster care supervision as defined by the bill, the State would pay the county's share of the expenditures, which is 50%, through the Child Care Fund. Currently, the base administrative rate is $37 plus a temporary increase of $3, which is in effect through FY 2013-14. Pending legislation would provide a $3 administrative rate increase for the supervision of certain foster care cases in FY 2014-15.

The Department has determined that up to 139 cases that are currently supervised by the DHS would transfer to private child placing agencies for supervision. In order to hold the county harmless for these cases for one year, the State would incur costs of up to $1.0 million Gross and GF/GP. This calculation includes courtesy supervision of cases from other counties, out-of-State placements, and residential placements. This calculation also includes the $3 increase for the private child placing agencies. If a prospective payment system were implemented in less than a year, however, these costs would be lower.

The bill would reduce the costs to the defined county by the amount that the State's costs would increase.

If the State were to implement a prospective payment system that did not increase county spending over a five-year average, the State could realize some indeterminate costs if the actual spending exceeded the average. The payment system would not result in additional costs to the county.

Date Completed: 10-29-14 Fiscal Analyst: Frances Carley

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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.