



Senate Fiscal Agency
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**BILL ANALYSIS**

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Senate Bill 975 (as enacted)
Sponsor: Senator Bruce Caswell
Senate Committee: Families, Seniors and Human Services
House Committee: Appropriations

PUBLIC ACT 520 of 2014

Date Completed: 3-24-15

CONTENT

The bill amended the Social Welfare Act to do the following:

- Require the Department of Human Services (DHS) to pay 100% of the administrative rate to providers of case management services to families of children in foster care because of abuse or neglect in a county with a population of at least 575,000 but not more than 650,000.**
- Allow the DHS to implement a prospective payment system in a county meeting that population parameter for case management of children in foster care.**
- Specify that the bill's provisions do not apply after May 1, 2018.**

The bill took effect on January 14, 2015.

The Act establishes a juvenile justice funding system for counties that are not county juvenile agencies, and requires the DHS to provide for the distribution of money appropriated by the Legislature to counties for the costs of juvenile justice services. For a county that is not a county juvenile agency, the distributed amount must equal 50% of the annual expenditures from the county child care fund, not including certain expenditures. A distribution under the Act may not be made to a county that fails to comply with the Act's requirements, and the DHS may reduce the amount distributed to a county by the amount owed to the State for care received in a State-operated facility.

The bill specifies that, notwithstanding those provisions, and subject to appropriations, in a county with a population of not less than 575,000 or more than 650,000, and only for cases transferred by the DHS to a child placing agency, the DHS must pay 100% of the administrative rate to providers responsible for foster care case management services to families of children who are 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 is implemented.

The bill requires 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 bill requires the county to contribute to foster care services payments only in an amount that does 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 must be implemented as described above, but may 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.)

The bill indicates that its provisions affect abuse and neglect services only, and not juvenile justice program funding. The bill's requirements do not apply after May 1, 2018.

BACKGROUND

A county is a county juvenile agency if it has approved a resolution to become such an agency under the County Juvenile Agency Act. Among other things, a county juvenile agency is required to provide or contract for the provision of an effective program of supervision and care for juveniles committed to the county juvenile agency by the family division of circuit court (family court) or a court of general criminal jurisdiction. These provisions apply to juveniles younger than 17 who are within the jurisdiction of the family court for violating a State law or local ordinance, as well as juveniles who are 14 or older but under 17 and are within the jurisdiction of the family court or the circuit court for a "specified juvenile violation" (a violation of a particular section of the Michigan Penal Code or the Public Health Code listed in the definition).

Under the Social Welfare Act, juvenile justice services include intake, detention, detention alternatives, probation, foster care, diagnostic evaluation and treatment, and shelter care. The Act refers to services provided to juveniles who are within or likely to come within the jurisdiction of the family court under Section 2 of the juvenile code. In addition to the individuals described above, these include juveniles under 17 who have left home without sufficient cause, are repeatedly disobedient to their parents, or are repeatedly truant; and juveniles under 18 in cases of abuse or neglect or in certain other situations. Juvenile justice services also apply to a juvenile who is within the jurisdiction of the circuit court for a specified juvenile violation, if the court commits the juvenile to a county or court juvenile facility.

MCL 400.117a

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill will 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 will pay the county's share of the expenditures, which is 50%, through the Child Care Fund. Currently, the base administrative rate is \$37. A temporary increase of \$3 was in effect through FY 2013-14, and Public Act 304 of 2014 provides 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 have been supervised by the DHS will transfer to private child placing agencies for supervision. In order to hold the county harmless for these cases for one year, the State will 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 is implemented in less than a year, however, these costs will be lower.

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

If the State implements a prospective payment system that does not increase county spending over a five-year average, the State may realize some indeterminate costs if the actual spending exceeds the average. The payment system will not result in additional costs to the county.

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.