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Senate Bill 1086 (Substitute S-2 as reported by the Committee of the Whole)
Sponsor: Senator Bruce Caswell
Committee: Families, Seniors and Human Services

CONTENT

The bill would amend the Youth Rehabilitation Services Act to specify that in a county with a population of not less than 575,000 or more than 650,000, and only for cases transferred by the Department of Human Services (DHS) to a child placing agency, the DHS would have 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 803.305

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on the State and the county that would be affected by the bill.

The State currently pays the administrative rate for State Ward Board and Care cases that are supervised by private child placing agencies. While most of the expenditures in the State Ward Board and Care fund are split between the State and the counties 50-50, this is not the case with the administrative rate. Certain cases, such as residential treatment, do not currently receive an administrative rate. To the extent that a new administrative rate would be applied to such cases and depending on the number of them, the Department could realize some increased costs. 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. If a prospective payment system were implemented in less than a year, however, the annual costs of a case transfer would be lower.

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.