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## BILL ANALYSIS



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House Bill 5507 (Substitute S-1 as reported)  
Sponsor: Representative Peter MacGregor  
House Committee: Appropriations  
Senate Committee: Appropriations

**CONTENT**

House Bill 5507 (S-1) would amend the Social Welfare Act to require the Department of Human Services (DHS) to pay the county cost share for three items: 1) the administrative rate for new foster care cases; 2) a \$3 increase for the administrative rate for existing and new foster care cases; and 3) any rate increase that is provided to residential foster care providers. Currently, the counties are responsible for 50% of the costs of these administrative rates through the Child Care Fund. The bill also provides definitions of "foster care".

First, the bill would require the DHS to pay 100% of the administrative rate for treatment foster cases and 100% of the \$37 administrative rate that is referred to in Section 546(1) of Article X of Public Act 59 of 2013 and Section 546(1) of Article X of Public Act 252 of 2014, to providers of eligible foster care services for all new cases that are established beginning October 1, 2013, through September 30, 2015.

(Article X of Public Act 59 of 2013 and Article X of Public Act 252 of 2014 contain the 2013-14 and 2014-15 fiscal year appropriations for the DHS. Section 546(1) states, "From the funds appropriate for foster care payments and from [the] child care fund, the department shall pay providers of foster care services not less than a \$37.00 administrative rate.")

The bill would define "foster care" as it pertains to this requirement as: 24-hour substitute care for children placed away from their parents or guardians, as a result of a court order under MCL 712A.2(b), in placements supervised by the department or a private child placing agency under contract with the department for foster care services. Foster care services would include supervision of placements in foster family homes, foster family group homes, treatment foster care, preadoptive placements and supervision of children reunified with the parent the child lived with at the time of removal.

Second, the bill would require the DHS to pay 100% of a \$3 increase to the administrative rate for cases that receive the \$37 administrative rate that is referred to in Section 546(1) of Article X of Public Act 252 of 2014. This rate increase is included in the FY 2013-14 budget and would continue through the upcoming fiscal year.

The bill would define "foster care" as it pertains to the \$3 rate increase as: 24-hour substitute care for children placed away from their parents or guardians, as a result of a court order under MCL 712A.2(b), in placements supervised by the department or a private child placing agency under contract with the department for foster care services. Foster care services would include supervision of placements in foster family homes, foster family group homes and preadoptive placements.

Finally, Section 546(6) of Article X of Public Act 252 of 2014 requires the State to pay 100% of any increase that the providers of residential foster care services receive in the upcoming fiscal year. The bill would require the DHS to pay this increase.

MCL 400.117a

### **FISCAL IMPACT**

The bill would increase spending by \$2.5 million Gross and GF/GP in FY 2013-14 and by \$13.8 million Gross (\$12.1 million GF/GP) in FY 2014-15. Funding for these changes is included in the Department's budgets for both fiscal years.

In order to pay the counties' portion of administrative rate expenditures from the Child Care Fund for new cases, State spending would increase by \$2.5 million Gross and GF/GP in FY 2013-14 and by \$5.0 million Gross and GF/GP in FY 2014-15. Funding for FY 2013-14 expenditures was already provided in the supplemental request reflected in Public Act 34 of 2014. Additionally, \$5.0 million Gross was included for the same purpose in the FY 2014-15 enacted budget for the DHS, Article X of Public Act 252 of 2014. The estimated costs are based on the projected number of new cases and average days of care in eligible out-of-home placements.

Article X of Public Act 252 of 2014 also included \$5.1 million Gross (\$3.8 million GF/GP) to continue the \$3 administrative rate increase that was provided in Section 546(4). Additionally, Section 546(6) of the enacted budget included a requirement for the State to pay 100% of any per diem rate increase for residential foster care providers, and provided \$3.7 million Gross (\$3.3 million GF/GP) for this purpose.

County governments would realize a reduction in Child Care Fund spending equal to the increase in State spending.

Date Completed: 9-22-14

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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.