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House Bill 5507 (as passed by the House)
Sponsor: Representative Peter MacGregor
House Committee: Appropriations
Senate Committee: Appropriations

Date Completed: 9-16-14

CONTENT

House Bill 5507 would amend the Social Welfare Act to require the Department of Human Services (DHS) to pay 100% of the \$37 administrative rate that is referred to in Section 546(1) of Article X of Public Act 59 of 2013, to providers of eligible foster care services for all new cases that are established beginning October 1, 2013, through September 30, 2015. Currently, the counties are responsible for 50.0% of the administrative rate through the Child Care Fund.

(Article X of Public Act 59 of 2013 contains the 2013-14 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 includes a definition of "foster care" as it pertains to this requirement and the current requirement that the DHS pay, for FY 2013-14, 100% of the costs of a \$3 increase to the administrative rate for providers of foster care services, as required by Article X of Public Act 59. The bill would define "foster care" as: "24-hour substitute care for children placed away from their parents or guardians in placements supervised by the department as a result of a court order or a private child placing agency under contract with the department for foster care services. Foster care services include supervision of placements in foster family homes, relative homes, group homes, emergency shelters, residential facilities, child care institutions, court-operated facilities, treatment foster care homes, independent living, and preadoptive placements."

MCL 400.117a

FISCAL IMPACT

The bill would increase General Fund/General Purpose spending by \$2.5 million in FY 2013-14 and by \$5.0 million in FY 2014-15, in order to pay the counties' portion of administrative rate expenditures from the Child Care Fund. 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.

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

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.