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BILL



ANALYSIS

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House Bill 5562 (as passed by the House)
Sponsor: Representative Earl Poleski
House Committee: Appropriations
Senate Committee: Appropriations

Date Completed: 6-7-16

CONTENT

The bill would amend the Social Welfare Act to remove a sunset date on requirements that the Department of Health and Human Services (DHHS) pay the county cost share for certain services provided by private foster care providers. Under current law, the DHHS is responsible for 100% of the following until September 30, 2016: 1) a \$3 increase in the administrative rate for existing and new foster care cases; 2) the administrative rate for new foster care cases established after October 13, 2013; and 3) the costs of the rate increase that is provided to residential foster care providers.

First, the bill would delete the subsection that requires the DHHS to pay 100% of the \$3 increase in the administrative rate and defines "foster care" for this purpose. That definition of "foster care" is: 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) (neglect and abuse cases), in placements supervised by the Department 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, 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 revise the requirement that, subject to appropriations, the DHHS pay 100% of the administrative rate for foster care cases established after October 1, 2013, until September 30, 2016. Under the bill, the DHHS would be required to pay 100% of the administrative rate regardless of the date the foster care case was established, without a sunset date.

Finally, the bill would revise the requirement that, subject to appropriations, until September 30, 2016, the DHHS 100% of any rate increase to providers of residential foster care. Under the bill, the DHHS would be required to pay 100% of the costs of any rate increase for residential foster care, without a sunset date.

MCL 400.117a

FISCAL IMPACT

The bill would result in a cost to the State and savings to county governments. By eliminating the sunset provisions, the bill would require the DHHS to continue to make payments each fiscal year with a total estimated cost to the State of \$8.0 million Gross (\$6.3 million GF/GP). Counties would realize a reduction in Child Care Fund spending equal to the increase in State spending.

Fiscal Analyst: John P. Maxwell

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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.