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## BILL ANALYSIS

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Senate Bill 426 (Substitute S-1 as passed by the Senate)

Sponsor: Senator Paul Wojno

Committee: Civil Rights, Judiciary, and Public Safety

Date Completed: 10-23-23

### **CONTENT**

The bill would amend the Social Welfare Act to allow the Department of Health and Human Services (DHHS) to adjust the juvenile justice and residential per diem rate as needed. The per diem rate would have to remain within the appropriated amount provided in the annual budget. The Department could make changes to provider service agreements to respond to bed shortages, staff retention, and service needs.

The bill would take effect October 1, 2024.

Proposed MCL 400.117k

### **BRIEF RATIONALE**

Governor Gretchen Whitmer signed Executive Order 2021-6 on June 9, 2021, which created the Task Force on Juvenile Justice Reform (Task Force) within the DHHS. The Task Force was charged with analyzing Michigan's juvenile justice system and recommending changes to State law, policy, and appropriations aimed to improve youth outcomes. Among other recommendations, the Task Force recommended that "the DHHS be granted statutory authority to adjust per diem rates within [its] appropriated fiscal budget and make changes to provider service agreements to respond in a more flexible way to bed shortages, staff retention challenges, and service needs".<sup>1</sup>

### **PREVIOUS LEGISLATION**

*(This section does not provide a comprehensive account of previous legislative efforts on this subject matter.)*

Senate Bill 426 is a companion bill to House Bill 4632.

### **BACKGROUND**

Governor Gretchen Whitmer signed Executive Order 2021-6 on June 9, 2021, which, among other things, created the Task Force on Juvenile Justice Reform (Task Force) as a temporary advisory body within the DHHS. The Task Force was charged with acting in an advisory capacity with the goal of developing ambitious, innovative, and thorough analysis of Michigan's juvenile justice system, and include recommendations for changes to State law, policy, and appropriations aimed to improve youth outcomes.<sup>2</sup>

The Task Force released its report and recommendations on July 22, 2022. Overall, the report found that the quality of services and case management received by youth, from defense to post-disposition placement, differs across the State. The State lacks uniform judicial justice policies and quality assurance standards, leading to disparities the State cannot address and

<sup>1</sup> *Michigan Task Force on Juvenile Justice Reform Report and Recommendations*, p. 17, July 22, 2022.

<sup>2</sup> Executive Order 2021-6.

data it cannot rely upon. Additionally, the lack of State centralization has led to discrepancies in the implementation of research-based, developmentally appropriate practices across the State. Accordingly, the report specifies that children participating in the judicial justice system may not receive quality care or receive care different from their peers.

Among other recommendations, the Task Force unanimously recommended that "the DHHS be granted statutory authority to adjust per diem rates within their appropriated fiscal budget and make changes to provider service agreements to respond in a more flexible way to bed shortages, staff retention challenges, and service needs".<sup>3</sup>

Legislative Analyst: Tyler P. VanHuyse

## **FISCAL IMPACT**

The bill would not have a significant fiscal impact on the DHHS. It would have a limited fiscal impact on local units of government. The bill would allow the DHHS to adjust juvenile justice residential per diem rates as necessary; however, the rates would have to stay within the appropriated amount requiring no additional appropriations. If residential per diem rates were raised, it could have a negative fiscal impact on counties as these costs are shared with counties; however, given the constraints of the rate setting, the impact would be minimal.

Fiscal Analyst: Humphrey Akujobi

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<sup>3</sup> *Michigan Task Force on Juvenile Justice Reform Report and Recommendations*, p. 17, July 22, 2022.