

DEPARTMENT OF HUMAN SERVICES
Summary: As Reported by House Subcommittee
for Fiscal Years 2011-12 and 2012-13
House Bill 4276 (H-1) Draft 1



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	FY 2010-11 Year-to-Date as of 2/17/11	FY 2011-12 House	Difference: FY 2011-12 Vs. FY 2010-11		FY 2012-13 House	Difference: FY 2012-13 Vs. FY 2011-12	
			Amount	%		Amount	%
IDG/IDT	\$1,230,300	\$1,243,100	\$12,800	1.0	\$1,256,200	\$13,100	1.1
Federal							
ARRA	774,767,800	549,632,400	(225,135,400)	(29.1)	549,632,400	0	0.0
Non-ARRA	5,140,056,800	5,103,513,800	(36,543,000)	(0.7)	5,057,504,700	(46,009,100)	(0.9)
Local	33,925,700	30,573,600	(3,352,100)	(9.9)	30,473,200	(100,400)	(0.3)
Private	14,483,500	16,336,100	1,852,600	12.8	16,485,600	149,500	0.9
Restricted	60,433,500	90,929,400	30,495,900	50.5	90,984,500	55,100	0.1
GF/GP	924,018,100	1,066,207,600	142,189,500	15.4	1,154,444,300	88,236,700	8.3
Gross	\$6,948,915,700	\$6,858,436,000	(\$90,479,700)	(1.3)	\$6,900,780,900	\$42,344,900	0.6
FTEs	11,869.5	11,554.5	(315.0)	(2.7)	11,554.5	0.0	0.0

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) "ARRA" represents temporary funds received under the federal American Recovery and Reinvestment Act or related sources. (3) FY 2012-13 figures are projected or proposed budget amounts only and would not be legally-binding appropriations.

Overview

The Department of Human Services (DHS) administers a wide range of programs and services to assist Michigan's most vulnerable families, including public assistance programs that provide direct cash support as well as assistance with food, child care and other emergency needs. The DHS is also charged with protecting children and assisting families by administering foster care, adoption and family preservation programs, and by enforcing child support laws. The DHS is also responsible for delivering juvenile justice services and for licensing day care, adult foster care, and child welfare agencies in the state.

		House Changes		
<u>Major Budget Changes From FY 2010-11 YTD Appropriations</u>		<u>FY 2010-11 YTD (as of 2/17/11)</u>	<u>FY 2010-11 to FY 2011-12</u>	<u>FY 2011-12 to FY 2012-13</u>
1. Child Welfare Services: Annualize Staff Added during FY11	FTE	684.0	0.0	0.0
Annualizes funding for 335 child welfare staff to be hired during FY 2010-11. Fiscal Year 2010-11 budget increased child welfare staffing by \$47.8 million for 684 additional FTEs. However, only partial-year funding was provided for 335 of these positions. These FTEs are appropriated to meet the caseload to worker ratios as required in the Children's Rights settlement agreement. By October 1, 2011 direct foster care staff can have a caseload to worker ratio of no more than 15:1.	Gross	\$47,838,600	\$29,723,600	\$0
	Federal	10,727,600	7,534,200	0
	GF/GP	\$37,111,000	\$22,189,400	\$0
2. Child Welfare Services: Annualize Shift to Private Agency Administration	Gross	\$5,924,600	\$30,106,700	\$0
Increases funding for private foster care administration by \$30.1 million. FY 2010-11 budget increased funding by \$5.9 million to transfer 2,625 (or 15%) publicly administered foster care cases to private child placing agencies during the last quarter. The intent of the transfer of foster care cases to the private agencies is to help the local DHS offices meet the 15:1 case to worker ratio as mandated by the Children's Rights settlement agreement.	Federal	1,777,400	9,662,500	0
	GF/GP	\$4,147,200	\$20,444,200	\$0

		House Changes		
Major Budget Changes From FY 2010-11 YTD Appropriations		FY 2010-11 YTD (as of 2/17/11)	FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13
3. Child Welfare Services: Private Agency Administrative Rate Changes		Gross	N/A	\$1,894,400
Increases appropriations \$2.8 million to increase private adoption rates by 15%. Also reduces specialized independent living administrative rates by 50% of the difference between the current specialized rates and the general independent living administrative rate saving \$877,600.		Federal	N/A	0
		GF/GP	N/A	\$0
4. Child Welfare Services: Other Changes		Gross	N/A	\$4,701,400
Increases funding \$4.0 million for the second needs assessment as required by the Children's Rights settlement agreement and increases appropriations \$2.7 million for IT upgrades. Also reduces guardianship assistance \$1.0 million recognizing prior year lapses and eliminates the partial tuition reimbursement for a savings of \$998,600. FY 2012-13 House recommendation removes the \$4.0 million for the needs assessment.		Federal	N/A	0
		GF/GP	N/A	(\$4,000,000)
5. Child Welfare Caseloads		Gross	\$633,047,400	(\$26,444,800)
Reduces overall appropriations for child welfare program caseloads \$26.4 million. Foster care payments decrease \$12.4 million to fund an average caseload of 7,200. Adoption subsidy payments decrease \$2.1 million to fund an average caseload of 28,200. Child care fund decreases \$12.0 million (or 5.5%) to reflect caseload projection. House projects an \$1.0 million increase to fund FY 2012-13 child welfare caseloads.		Federal	358,943,300	3,565,000
		Local	19,247,100	(3,233,200)
		Private	1,800,000	0
		GF/GP	\$253,057,000	(\$26,776,600)
				(\$3,013,000)
6. Temporary Assistance for Needy Families (TANF) Funding Adjustments		Gross	N/A	\$0
Increases GF/GP by \$181.8 million to offset one-time federal TANF revenues appropriated in FY 2010-11 that are no longer available. GF/GP is partially offset with \$38.8 million in new one-time TANF contingency funds. FY 2012-13 House recommendation includes an additional \$62.6 million GF/GP to offset the one-time TANF revenue used to support FY 2011-12 programs and services.		Federal	N/A	(143,006,600)
		GF/GP	N/A	\$143,006,600
				\$62,645,900
7. TANF Fund Shift with Higher Education		Gross	\$0	\$0
Transfers out federal TANF to Higher Education budget to fund financial aid programs and transfers in GF/GP and Merit Award Trust Funds from Higher Education to fund the Family Independence Program (FIP). This transfer improves the state's ability to meet federal TANF maintenance of effort (MOE) requirements and is consistent with supplemental adjustments made in previous fiscal years. Offsetting adjustments are made in the Higher Education budget. FY 2012-13 House recommendation adjusts fund shift to meet anticipated financial aid spending.		Federal	0	(93,826,400)
		Restricted	0	30,100,000
		GF/GP	\$0	\$63,726,400
				\$8,760,000
8. Public Assistance Caseloads		Gross	\$706,383,700	\$18,801,800
Increases funding for public assistance programs \$18.8 million. The Family Independence Program (FIP) increases \$10.3 million to fund an average caseload of 84,000. State Disability Assistance (SDA) decreases \$67,300 to fund an average caseload of 10,850. SSI supplementation increases \$4.1 million to fund 258,500 cases. Child Development and Care (CDC) increase \$4.5 million to fund 27,000 cases. House projects an additional \$8.7 million to fund FY 2012-13 public assistance caseloads.		Federal	519,313,100	2,027,500
		Restricted	45,062,400	0
		GF/GP	\$142,008,200	\$16,774,300
				\$8,700,000
9. Family Independence Program: 48-Month Lifetime Limit		Gross	\$428,835,100	(\$77,400,000)
Reduces FIP \$77.4 million by implementing a retroactive 48-month lifetime limit for FIP cases. Exemptions to the lifetime limit would include having a physical or mental incapacity, caring for a disabled family member, being a victim of domestic violence, certain periods of pregnancy, or after giving birth. Assumes 12,600 cases (15% of the caseload) would have their benefits expire.		Federal	374,130,200	(12,400,000)
		Restricted	32,784,100	0
		GF/GP	\$21,920,800	(\$65,000,000)
				\$0

		House Changes			
Major Budget Changes From FY 2010-11 YTD Appropriations		FY 2010-11 YTD (as of 2/17/11)	FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13	
10. Family Independence Program: Earned Income Disregard		Gross	\$428,835,100	\$10,000,000	\$0
Increases earned income disregard for FIP case closure from \$200 + 20% to \$200 + 50% at a projected cost of \$10.0 million (earned income disregard for case opening would stay \$200 + 20%). GF/GP costs are partially offset with half of the FY 2010-11 funding for JET Plus (\$4.3 million)(Other \$4.3 million in JET Plus funding is available for FY 2012-13).		Federal	374,130,200	4,250,000	0
		Restricted	32,784,100	0	0
		GF/GP	\$21,920,800	\$5,750,000	\$0
11. Family Independence Program: Other Reductions		Gross	\$428,835,100	(\$11,114,800)	\$0
Reduces the FIP clothing allowance \$9.9 million by limiting clothing allowance for only the children in FIP groups that do not include an adult. Reduces FIP \$1.2 million as a result of counting adoption subsidies as family income during the FIP benefit calculation. Also discontinues the policy of passing through the first \$50 in child support to the FIP recipients, increasing restricted revenues \$1.7 million and offsetting \$1.7 million in GF/GP.		Federal	374,130,200	0	0
		Restricted	32,784,100	1,700,000	0
		GF/GP	\$21,920,800	(\$12,814,800)	\$0
12. Child Development and Care Reductions		Gross	\$182,113,300	(\$23,900,000)	\$0
Reduces base child care subsidies from \$1.60 per child per hour to \$1.35 per child per hour for enrolled providers saving \$13.9 million in federal TANF funds. The enrolled providers would remain eligible to receive \$1.85 per child per hour if they complete additional training annually. Also reduces subsidy appropriations \$10.0 million by reducing maximum amount of reimbursable hours per case. The TANF funds are redirected elsewhere in the budget to offset GF/GP.		Federal	145,182,900	0	0
		GF/GP	\$36,930,400	(\$23,900,000)	\$0
13. State Disability Assistance Rate Reduction		Gross	\$34,765,000	(\$12,124,500)	\$0
Reduces SDA rates for persons in independent living arrangements from \$269 per month to \$175 per month SDA is a cash assistance program for disabled adults without children.		Restricted	12,278,300	(1,437,800)	0
		GF/GP	\$22,486,700	(\$10,686,700)	\$0
14. Local Office: Staff Reduction		FTE	N/A	(300.0)	0.0
Reduces local office staff by 300 positions with the assumption that the savings can be realized through attrition rather than layoffs. Executive states that increases in workload for remaining local office staff can be mitigated through IT improvements and the other local office adjustments outlined in item 15 below.		Gross	N/A	(\$19,534,800)	\$0
		Federal	N/A	(7,178,400)	0
		GF/GP	N/A	(\$12,356,400)	\$0
15. Local Office: Other Adjustments		FTE	N/A	57.0	0.0
Appropriates 50 additional outstationed eligibility specialists to determine Medicaid eligibility in nursing homes, hospitals and mental health facilities (\$4.3 million, no GF/GP cost), \$2.6 million for medical/psychiatric child welfare evaluations, \$1.7 million to annualize the costs of 100 limited-term eligibility specialists hired during FY 2010-11, \$850,000 to annualize the cost for a customer services center, and \$633,500 for 7 additional Supplemental Security Income (SSI) advocates that are projected to increase SSI recoveries by \$2.1 million. The \$2.1 million in restricted SSI recoveries is used to offset GF/GP.		Gross	N/A	\$10,037,900	\$0
		Federal	N/A	3,562,200	0
		Local	N/A	1,066,400	0
		Private	N/A	1,066,400	0
		Restricted	N/A	2,100,000	0
		GF/GP	N/A	\$2,242,900	\$0
16. Juvenile Justice Facility Closure and Reduction		FTE	180.0	(58.0)	0.0
Closes the Shawono Juvenile Justice Center saving \$4.7 million gross, \$1.8 million GF/GP, and reduces one of the four sections at the Maxey Training School saving \$900,000 gross, \$450,000 GF/GP. These savings are partially offset with costs to house the youth in private facilities (\$2.6 million gross, \$1.3 million GF/GP) and additional re-entry program costs (\$200,000 GF/GP) for a net savings of \$2.8 million gross, \$786,700 GF/GP. FY 2012-13 House recommendation removes \$696,500 GF/GP in one-time closing costs appropriated in FY 2011-12.		Gross	\$23,210,300	(\$2,822,000)	(\$696,500)
		Federal	1,715,900	(36,000)	0
		Local	11,476,700	(1,999,300)	0
		GF/GP	\$10,017,700	(\$786,700)	(\$696,500)

		House Changes		
Major Budget Changes From FY 2010-11 YTD Appropriations		FY 2010-11 YTD (as of 2/17/11)	FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13
17. Other Program Eliminations	Gross	N/A	(\$16,693,800)	\$0
Eliminates appropriation funding for Jobs Education and Training Plus (JET Plus) (\$8.5 million federal), Zero to Three (\$3.8 million federal), Before- and After-School (\$3.0 million GF/GP), Michigan 2-1-1 (\$550,000 GF/GP), Conductive Learning Center (\$300,000 GF/GP), Michigan Home Based Child Care Council (MHBCCC) (\$200,000 GF/GP), University of Detroit Mercy legal services (\$200,000 GF/GP), and YouthVille Detroit (\$100,000 GF/GP).		Federal	(12,343,800)	0
		GF/GP	(\$4,350,000)	\$0
18. Program Reductions	FTE	N/A	(12.0)	0.0
Reduces appropriation levels for employment and training support services (\$6.9 million gross, 2.0 million GF/GP), Local office emergency services allocation (\$4.0 million GF/GP), child protection and permanency (\$2.8 million gross, \$2.6 million GF/GP), family preservation programs (\$2.8 million GF/GP), state disbursement unit contract savings (\$1.8 million gross, \$626,700 GF/GP), strong families/safe children (\$1.5 million federal), children's trust fund grants (\$1.0 million restricted), Early Childhood Investment Corporation, (\$750,000 GF/GP) executive operation staff (\$712,000 gross, \$226,300 GF/GP), child support enforcement staff (\$588,300 gross, \$200,000 GF/GP), families first (\$500,000 federal), multicultural integration funding (\$300,000 gross, \$100,000 GF/GP), LEIN start-up costs (\$255,000 GF/GP), and domestic violence (\$250,000 GF/GP).		Gross	N/A	(\$24,146,000)
		Federal	(9,344,800)	0
		Restricted	(1,000,000)	0
		GF/GP	(\$13,801,200)	\$0
19. Federal Funding Increases	Gross	N/A	\$8,286,400	\$0
Increases federal funding available for Refugee Assistance Program (\$3.7 million), Michigan Community Services Commission (\$3.0 million), Community Services Block Grant (\$750,000), Bureau of Child and Adult Licensing (\$632,400), and Weatherization (\$250,000).		Federal	8,286,400	0
		GF/GP	\$0	\$0
20. Child Support Fees	Gross	\$0	\$0	\$0
FY 2010-11 budget removed boilerplate language authorizing DHS to collect an annual \$25 support fee from the custodial parent. House does not reinstitute the \$25 annual fee and removes \$1.0 million in fee revenue fund balance appropriated in FY 2010-11.		Restricted	(2,625,000)	0
		GF/GP	\$2,625,000	\$0
21. Child Support Incentive Payments Replacement	Gross	\$0	\$0	\$0
Changes enacted through ARRA allowed the state to temporally use federal child support incentive revenues to draw down additional regular federal IV-D funds. \$17.5 million in GF/GP is appropriated to offset potential revenue shortfalls for both the state and counties as a result of the re-instated prohibition from using child support incentive revenues to draw down additional federal funds.		Federal	17,489,900	0
		GF/GP	(\$17,489,900)	\$0
22. ARRA Funding	FTEs	2.0	(2.0)	0.0
Removes \$11.7 million in federal ARRA funding no longer available in FY 2011-12. \$9.5 million in food assistance administration ARRA funds is partially offset with \$4.0 million federal and \$4.0 million GF/GP. \$2.0 million in transitional supportive housing and \$250,000 and 2 FTEs for faith-based grants are not offset.		Gross	\$11,745,200	(\$3,759,500)
		ARRA	11,745,200	0
		Federal	0	3,992,900
		GF/GP	\$0	\$3,992,800
23. Office of Inspector General Savings	FTEs	36.0	0.0	0.0
Reduces Family Independence Program (FIP) and Child Development and Care Subsidies (CDC) \$4.3 million due to projected cost avoidances as a result of the January 1, 2011 expansion of the Front End Eligibility (FEE) program. FEE inspector general staff will review applications to identify persons ineligible before an application is approved or denied by local office staff. Also reduces \$1.0 million in net savings in public assistance funding from OIG program enhancements.		Gross	(\$7,753,400)	(\$5,274,200)
		Federal	(3,788,600)	0
		GF/GP	(\$3,964,800)	\$0

			House Changes	
Major Budget Changes From FY 2010-11 YTD Appropriations			FY 2010-11 to FY 2011-12	FY 2011-12 to FY 2012-13
	FY 2010-11 YTD (as of 2/17/11)			
24. Early Retirement Savings	Gross	N/A	(\$5,664,000)	\$0
Recognizes \$5.7 million in full year net savings from the retirement incentive program enacted in FY 2010-11. Around 1,300 DHS employees retired as a result of the retirement incentive program. Net savings include the added costs from a 5-year banked leave time payout.	IDG	N/A	5,000	0
	Federal	N/A	(3,365,200)	0
	Private	N/A	33,300	0
	Restricted	N/A	(800)	0
	GF/GP	N/A	(\$2,336,300)	\$0
25. Federal Medical Assistance Percentage Adjustments	Gross	N/A	\$0	\$0
Increases GF/GP by \$6.5 million to replace the ARRA FMAP increase no longer available for FY 2011-12. Reduces GF/GP by \$1.2 million from the base FMAP federal match rate adjustment from 65.79% to 66.14%. House projects an additional GF/GP need of \$2.4 million from a FMAP adjustment from 66.14% to 65.06% in FY 2012-13. This rate is used to determine federal cost sharing for several DHS programs, specifically foster care, adoption subsidies, and child care subsidies funded with federal Title IV-E.	ARRA	N/A	(6,499,700)	0
	Federal	N/A	1,162,500	(2,436,700)
	GF/GP	N/A	\$5,337,200	\$2,436,700
26. Economic Adjustments	Gross	N/A	\$24,646,500	\$37,385,100
Increases economic costs related to retirement, insurances, workers' compensation, and building occupancy charges by \$24.5 million gross, \$8.5 million GF/GP. House projects \$37.4 million gross, \$13.4 million GF/GP in economic adjustments for FY 2012-13.	IDG	N/A	7,800	13,100
	Federal	N/A	15,472,000	23,240,400
	Local	N/A	542,600	523,400
	Private	N/A	65,400	149,500
	Restricted	N/A	34,500	55,100
	GF/GP	N/A	\$8,524,200	\$13,403,600

Major Boilerplate Changes From FY 2010-11

NOTE: No boilerplate language is proposed for FY 2012-13

GENERAL SECTIONS

Sec. 223. Medicaid Determination Requirements – DELETED

Requires DHS to determine Medicaid eligibility within 60 days when disability is an eligibility factor and within 45 days for all other applicants.

Sec. 224. Medicaid Applications for Nursing Home Patients – DELETED

Requires DHS to approve or deny Medicaid applications for nursing home patients within 45 days of receipt of necessary information.

Sec. 287. Child Death Reviews and Communication – DELETED

Directs DHS to work collaboratively with the courts and child death review board improve communication and coordination on child death reviews; requires DHS to notify the Children's Ombudsman in certain instances.

CHILD AND FAMILY SERVICES

Sec. 502. Indian Tribal Government Foster Care Reimbursement – DELETED

Requires reimbursement to Indian Tribal governments for 50% of foster care expenditures not otherwise eligible for federal funding.

Sec. 503. Adoption Subsidy Payment Continuance – DELETED

Requires for continuance of adoption subsidy payments after the 18th birthday under certain criteria.

Sec. 513. Child Placements in Out-of-State Facilities – DELETED

Restricts placement of children in out-of-state facilities unless specified criteria are met as determined by the interstate compact office; includes reporting requirement on number of children in out-of-state placements and costs of these placements

Sec. 546. Foster Care Agency Administrative Rates – DELETED

Establishes administrative rate of \$37.00 for private child placing agencies under contract with DHS; establishes general independent living administrative rate of \$28.00; prohibits specialized independent living administrative rates from being less than rates provided in FY 2008-09; requires DHS to calculate and report on the per-diem cost of care for services delivered by DHS.

Sec. 565. Family Preservation Funding for Wayne County – DELETED

Allocates \$1.6 million of family preservation funding to Wayne County to support home-based programs as part of county expansion of community-based services for delinquent and abused/neglected youth.

Major Boilerplate Changes From FY 2010-11

Sec. 574. Contracts to License Relative Caregivers – DELETED

Allocates \$2.5 million to private child placing agencies to facilitate licensure of relative caregivers as foster parents and allows private agencies to retain supervision of at least 50% of the newly licensed cases; provides \$375,000 for family incentive grants to help with home improvements needed by foster families.

PUBLIC ASSISTANCE

Sec. 601. Shelter Vendor Payments – DELETED

Allows termination of shelter vendor payments if the rental unit is not in compliance with local housing codes, or when the landlord is delinquent on property taxes; requires landlord cooperation with weatherization and conservation efforts.

Sec. 603. Energy Provider Agreements and Standard Utility Allowance Adjustments – DELETED

Allows DHS to make direct payments to energy providers; establishes energy caps based on available federal funds; requires DHS to review and adjust the state food assistance standard utility allowance based on current energy costs.

Sec. 608. Adult Foster Care Facility Payment Limits – DELETED

Prohibits adult foster care facilities and homes for the aged from requiring payments by SSI recipients above legislatively-authorized rates; allows facilities and homes to receive certain third-party payments in addition to SSI.

Sec. 613. Indigent Burial Payment Rates and Pilot Project – DELETED

Establishes provider reimbursement rates of \$455 for funeral directors, \$145 for cemeteries/crematoriums, and \$100 for vault providers; allows DHS to work with funeral directors on a statewide pilot program for direct cremations of unclaimed bodies.

Sec. 615. Illegal Alien Public Assistance Prohibition – DELETED

Prohibits providing public assistance to illegal aliens except as required by federal regulations or for emergency food and shelter services.

Sec. 617. FIP Minor Parent Household Restriction – DELETED

Prohibits a minor parent from receiving family independence program (FIP) benefits if the supervising adult is his or her partner.

Sec. 619. Title IV-A and Food Assistance Benefit Exemption – REVISED

Exempts individuals convicted of a drug felony after August 22, 1996 from the federal prohibition on receiving Title IV-A and food assistance benefits; requires benefits be paid to a third party for these cases. Revision adds additional conditions to be exempt from federal prohibition.

Sec. 635. Child Development and Care (CDC) Provider Central Registry Notification – DELETED

Requires DHS to determine whether a child care provider is listed on the Child Abuse and Neglect Central Registry; if a provider is listed, requires DHS to immediately deny applicant's request for CDC payments.

Sec. 675. Child Development and Care Services Rate Structure – DELETED

Establishes rate structure for child development and care subsidies; requires enrolled providers complete one-time basic training; allows enrolled providers to receive higher rate if complete 10 hours of additional annual training.

JUVENILE JUSTICE SERVICES

Sec. 726. Residential Provider Contracts and Rate Floor – DELETED

Prohibits DHS from entering or maintaining a contract with for-profit provider of residential services or a provider that uses a for-profit management group unless provider was licensed or management group was under contract on or before August 1, 2007. Establishes floor funding of \$137 per day for these providers.

Sec. 732. Shawono Center Staffing – NEW

Requires DHS to ensure that staff currently employed at Shawono Center are given priority for staff positions they are qualified to fill.