

HUMAN SERVICES: FY 2011-12

Summary: Conference Report

Senate Bill 179 (S-1) CR-1



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IDG/IDT	FY 2010-11 YTD as of 2/17/10	FY 2011-12 Executive	FY 2011-12 Senate	FY 2011-12 House	FY 2011-12 Conference	Difference: Conference From FY 2010-11 YTD	
						Amount	%
Federal	\$1,230,300	\$1,243,100	\$1,243,100	\$1,243,100	\$1,243,100	\$12,800	1.0
ARRA	774,767,800	549,632,400	549,632,400	549,632,400	549,632,400	(225,135,400)	(29.1)
Non-ARRA	5,140,056,800	5,100,154,100	5,084,979,600	5,103,513,800	5,077,418,800	(62,638,000)	(1.2)
Local	33,925,700	30,573,600	30,043,400	30,573,600	27,948,500	(5,977,200)	(17.6)
Private	14,483,500	16,336,100	15,325,100	16,336,100	15,911,100	1,427,600	9.9
Restricted	60,433,500	97,107,200	95,007,200	90,929,400	88,616,500	28,183,000	46.6
GF/GP	924,018,100	1,096,478,200	1,010,231,400	1,066,207,600	1,070,934,500	146,916,400	15.9
Gross	\$6,948,915,700	\$6,891,524,700	\$6,786,462,200	\$6,858,436,000	\$6,831,704,900	(\$117,210,800)	(1.7)
FTEs	11,869.5	11,554.5	11,555.5	11,554.5	11,582.5	(287.0)	(2.4)

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) House-passed appropriation amounts are based on the Human Services article contained in House Bill 4526.

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.

Major Budget Changes From FY 2010-11 YTD Appropriations		FY 2010-11 Year-to-Date (as of 2/17/11)	Conference Change from Year-to-Date
1. Child Welfare Services: Annualize Staff Added during FY11	FTE	684.0	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
	Federal	10,727,600	7,534,200
	GF/GP	\$37,111,000	\$22,189,400
2. Child Welfare Services: Annualize Shift to Private Agency Administration	Gross	\$5,924,600	\$30,106,700
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
	GF/GP	\$4,147,200	\$20,444,200
3. Child Welfare Services: Private Agency Administrative Rate Changes	Gross	N/A	\$6,907,700
Increases appropriations \$7.8 million to increase private adoption rates by 36%. 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	1,461,700
	GF/GP	N/A	\$5,446,000

Major Budget Changes From FY 2010-11 YTD Appropriations		FY 2010-11 Year-to-Date (as of 2/17/11)	Conference Change from Year-to-Date
4. Child Welfare Services: Other Changes		Gross	N/A
Increases funding \$4.3 million in anticipation of legislation changes allowing adoptive parents up to 1 year to request a higher adoption subsidy if the child has special needs, 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.		Federal	\$8,960,400
		GF/GP	665,300
			\$8,286,100
5. Child Welfare Caseloads		Gross	\$633,047,400
Reduces overall appropriations for child welfare program caseloads \$51.3 million. Foster care payments decrease \$29.6 million to fund an average caseload of 7,200. Adoption subsidy payments decrease \$9.3 million to fund an average caseload of 27,450. Child care fund decreases \$12.6 million to reflect caseload projection.		Federal	(\$51,331,300)
		Local	(14,187,800)
		Private	(5,858,300)
		GF/GP	(400,000)
			(\$30,885,200)
6. Temporary Assistance for Needy Families (TANF) Funding Adjustments		Gross	N/A
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.		Federal	\$0
		GF/GP	(143,006,600)
			\$143,006,600
7. TANF Fund Shift with Higher Education		Gross	\$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.		Federal	\$0
		Restricted	(93,826,400)
		GF/GP	30,100,000
			\$63,726,400
8. Public Assistance Caseloads		Gross	\$706,383,700
Increases funding for public assistance programs \$9.3 million. The Family Independence Program (FIP) increases \$2.1 million to fund an average caseload of 81,763. State Disability Assistance (SDA) decreases \$2.1 to fund an average caseload of 10,250. SSI supplementation increases \$2.4 million to fund 258,500 cases. Child Development and Care (CDC) increases \$6.8 million to fund 28,136 cases.		Federal	\$9,293,200
		Restricted	(6,046,000)
		GF/GP	0
			\$15,339,200
9. Family Independence Program: 48-Month Lifetime Limit		Gross	\$428,835,100
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	(\$77,400,000)
		Restricted	(12,400,000)
		GF/GP	0
			(\$65,000,000)
10. Family Independence Program: Earned Income Disregard		Gross	\$428,835,100
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%).		Federal	\$10,000,000
		Restricted	0
		GF/GP	0
			\$10,000,000
11. Family Independence Program: Other Reductions		Gross	\$428,835,100
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 and reduces FIP \$7.5 million in anticipation of savings from longer sanction periods in HB 4409 as passed by the House. 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. Also GF/GP is 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	(\$18,614,800)
		Restricted	4,250,000
		GF/GP	1,700,000
			(\$24,564,800)

Major Budget Changes From FY 2010-11 YTD Appropriations		FY 2010-11 Year-to-Date (as of 2/17/11)	Conference Change from Year-to-Date	
12. Child Development and Care Reductions		Gross	\$182,113,300	(\$28,900,000)
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 and \$5.0 million from fraud prevention. The TANF funds are redirected elsewhere in the budget to offset GF/GP.	Federal	145,182,900	0	
	GF/GP	\$36,930,400	(\$28,900,000)	
13. State Disability Assistance Rate Reduction		Gross	\$34,765,000	(\$4,716,400)
Reduces SDA rates for persons in independent living arrangements from \$269 per month to \$200 per month SDA is a cash assistance program for disabled adults without children. The new rate would be phased in for only new cases.	Restricted	12,278,300	(1,650,700)	
	GF/GP	\$22,486,700	(\$3,065,700)	
14. Local Office: Staff Reduction		FTE	N/A	(300.0)
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)	
	Federal	N/A	(7,178,400)	
	GF/GP	N/A	(\$12,356,400)	
15. Local Office: Other Adjustments		FTE	N/A	50.0
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, and \$1.7 million to annualize the costs of 100 limited-term eligibility specialists hired during FY 2010-11.	Gross	N/A	\$8,554,400	
	Federal	N/A	2,712,200	
	Local	N/A	1,066,400	
	Private	N/A	1,066,400	
	GF/GP	N/A	\$3,709,400	
16. Juvenile Justice Facility Reductions		FTE	180.0	(20.0)
Reduces Maxey \$1.6 million, Bay Pines \$905,800, and Shawono \$503,500. Additional re-entry program costs are included (\$200,000 GF/GP) for a net savings of \$2.8 million gross, \$786,700 GF/GP. This proposal generates the same about of gross and GF/GP savings as the original Executive proposal that would have closed Shawono.	Gross	\$23,210,300	(\$2,822,000)	
	Federal	1,715,900	(36,000)	
	Local	11,476,700	(1,999,300)	
	GF/GP	\$10,017,700	(\$786,700)	
17. Background Check Program		Gross	\$0	\$1,000,000
Appropriates \$1.0 million to fund the background check program for adult foster care facilities and homes for the aged within the LARA budget.	Federal	0	0	
	GF/GP	\$0	\$1,000,000	
18. Other Program Eliminations		Gross	N/A	(\$16,993,800)
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), customer service center (\$850,000 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	N/A	(12,343,800)	
	GF/GP	N/A	(\$4,650,000)	
19. Program Reductions		FTE	N/A	(15.0)
Reduces appropriation levels for employment and training support services (\$4.8 million federal), indigent burial (\$3.2 million gross, \$2.8 million GF/GP), child protection and permanency (\$2.8 million gross, \$2.6 million GF/GP), Early Childhood Investment Corporation, (\$1.9 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), 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), Bureau of Community Action and Economic Opportunity staff cut (\$380,000 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	(\$20,942,000.)	
	Federal	N/A	(10,155,600)	
	Restricted	N/A	(1,000,000)	
	GF/GP	N/A	(\$9,786,400)	
20. Federal Funding Increases		Gross	N/A	\$8,666,400
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). Also includes \$380,000 in funds freed up for CSBG and Weatherization by reducing 3 FTEs from the Bureau of Community Action and Economic Opportunity.	Federal	N/A	8,666,400	
	GF/GP	N/A	\$0	

Major Budget Changes From FY 2010-11 YTD Appropriations		FY 2010-11 Year-to-Date (as of 2/17/11)	Conference Change from Year-to-Date
21. Child Support Fees	Gross	\$0	\$0
FY 2010-11 budget removed boilerplate language authorizing DHS to collect an annual \$25 support fee from the custodial parent. Conference 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)	(1,000,000)
	GF/GP	\$2,625,000	\$1,000,000
22. Child Support Incentive Payments Replacement	Gross	\$0	\$0
Changes enacted through ARRA allowed the state to temporarily 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	(17,489,900)
	GF/GP	(\$17,489,900)	\$17,489,900
23. ARRA Funding	FTEs	2.0	(2.0)
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	(11,745,200)
	Federal	0	3,992,900
	GF/GP	\$0	\$3,992,800
24. Office of Inspector General Savings	FTEs	36.0	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. Conference also includes \$1.3 million in net savings in public assistance funding from OIG program enhancements.	Gross	(\$7,753,400)	(\$5,532,100)
	Federal	(3,788,600)	(4,546,700)
	GF/GP	(\$3,964,800)	(\$985,400)
25. Early Retirement Savings	Gross	N/A	(\$5,664,000)
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
	Federal	N/A	(3,365,200)
	Private	N/A	33,300
	Restricted	N/A	(800)
	GF/GP	N/A	(\$2,336,300)
26. Federal Medical Assistance Percentage Adjustments	Gross	N/A	\$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%. 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)
	Federal	N/A	1,162,500
	GF/GP	N/A	\$5,337,200
27. Economic Adjustments	Gross	N/A	\$24,646,500
Increases economic costs related to retirement, insurances, workers' compensation, and building occupancy charges by \$24.5 million gross, \$8.5 million GF/GP.	IDG	N/A	7,800
	Federal	N/A	15,472,000
	Local	N/A	542,600
	Private	N/A	65,400
	Restricted	N/A	34,500
	GF/GP	N/A	\$8,524,200

Major Boilerplate Changes From FY 2010-11

GENERAL SECTIONS

Sec. 231. TANF Contingency Funds – NEW

Permits DHS to utilize TANF Contingency funds, if they become available, to increase the family independence program earned income disregard or to improve public assistance programs by emphasizing work. Requires a report on the expenditures authorized under this section.

Sec. 294. Statewide Automated Child Welfare Information System Funding – NEW

Allows DHS to increase federal authorization at the relevant federal match rate if DHS can identify state funds elsewhere in the budget that can be transferred into the IT line item. Also allows funding to be designated as a work project.

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.

Major Boilerplate Changes From FY 2010-11

Sec. 503. Adoption Subsidy Payment Continuance – DELETED

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

Sec. 556. Adoption Subsidy Reporting– REVISED

Requires report on adoption subsidy program, including compliance with federal notification requirements, adoptive parent requests for training cost reimbursement, subsidy hearing requests, and number of payments suspended while children remain in custody of adoptive parents. Revised to require DHS to propose legislation that would allow adoptive parents up to 1 year to request to have the determination of care supplement revised.

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.

PUBLIC ASSISTANCE

Sec. 601. Shelter Vendor Payments – REVISED

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. Deletes subsections (1) and (3).

Sec. 610. State Emergency Relief Exemption– REVISED

Requires consideration of expenses for finding employment as good cause for persons applying for SER assistance. Revised to prohibit SER from being paid to individuals who have been convicted of public assistance fraud, from being paid to illegal immigrants, and SER for rent assistance from being paid directly to the applicant.

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

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. Revised to only allow DHS to provide reimbursements for the direct cremation of unclaimed bodies.

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 condition prohibiting repeat offenders from receiving Title IV-A and food assistance.

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.

GENERAL SECTIONS

Sec. 1201. FY 2012-13 Appropriations – NEW

States intent to provide same appropriations for FY 2012-13, adjusted for caseload and related costs, federal fund match rates, economic factors, and available revenue.