

**FY 2014-15: DEPARTMENT OF HUMAN SERVICES**  
**Summary: As Reported by House Appropriations Committee**  
**Article X, House Bill 5313 (H-1)**



**Analyst: Kevin Koorstra**

|                   | FY 2013-14 YTD<br>as of 2/5/14 | FY 2014-15<br>Executive | FY 2014-15<br>House    | FY 2014-15<br>Senate | FY 2014-15<br>Enacted | <i>Difference: House<br/>From FY 2013-14 YTD</i> |              |
|-------------------|--------------------------------|-------------------------|------------------------|----------------------|-----------------------|--------------------------------------------------|--------------|
|                   |                                |                         |                        |                      |                       | <i>Amount</i>                                    | <i>%</i>     |
| <b>IDG/IDT</b>    | \$18,127,100                   | \$18,545,900            | \$18,545,900           |                      |                       | \$418,800                                        | 2.3          |
| <b>Federal</b>    | 4,814,517,900                  | 4,397,966,500           | 4,384,596,300          |                      |                       | (429,921,600)                                    | (8.9)        |
| <b>Local</b>      | 35,685,600                     | 38,876,800              | 33,762,000             |                      |                       | (1,923,600)                                      | (5.4)        |
| <b>Private</b>    | 11,582,800                     | 18,050,700              | 18,050,900             |                      |                       | 6,468,100                                        | 55.8         |
| <b>Restricted</b> | 135,470,000                    | 136,237,400             | 126,237,400            |                      |                       | (9,232,600)                                      | (6.8)        |
| <b>GF/GP</b>      | 1,003,000,000                  | 1,011,636,400           | 1,001,623,300          |                      |                       | (1,376,700)                                      | (0.1)        |
| <b>Gross</b>      | <b>\$6,018,383,400</b>         | <b>\$5,621,313,700</b>  | <b>\$5,582,815,800</b> |                      |                       | <b>(\$435,567,600)</b>                           | <b>(7.2)</b> |
| <b>FTEs</b>       | 12,150.5                       | 12,191.5                | 11,948.5               |                      |                       | (202.0)                                          | (1.7)        |

Notes: (1) FY 2013-14 year-to-date figures include mid-year budget adjustments through February 5, 2014. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) Executive figures do not reflect revisions submitted subsequent to House subcommittee action.

**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 and 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, for Michigan Rehabilitation Services, and for licensing day care, adult foster care, and child welfare agencies in the state.

**Major Budget Changes From FY 2013-14 YTD Appropriations**

**1. Public Assistance Caseload Adjustments**

Executive reduces funding for public assistance programs \$509.5 million Gross (\$36.0 million GF/GP) as follows:

- Food Assistance Program (FAP) is reduced \$445.5 million Gross (\$0 GF/GP) from 894,750 cases at \$264 per month to 890,000 cases at \$224 per month.
- Family Independence Program (FIP) is reduced \$62.8 million Gross (\$34.7 million GF/GP) from 44,400 cases at \$395 per month to 33,200 cases at \$372 per month.
- State Disability Assistance (SDA) program is reduced \$2.9 million GF/GP from 7,777 cases at \$223 per month to 6,693 cases at \$223 per month.
- State Supplementation program is increased \$1.6 million GF/GP from 275,000 cases at \$18.95 per month to 281,600 cases at \$18.98 per month.

House concurs.

**2. Energy Assistance**

House revises restricted low-income energy assistance funding based on statutory cap and unrolls low-income home energy assistance program line by service type as follows:

- Home Heating Credit at \$84.7 million
- Crisis Assistance at \$80.2 million
- Michigan Energy Assistance Program at \$60.0 million

|              | FY 2013-14<br>Year-to-Date<br>(as of 2/5/14) | FY 2014-15<br>House<br>Change |
|--------------|----------------------------------------------|-------------------------------|
| <b>Gross</b> | <b>\$3,131,610,200</b>                       | <b>(\$509,540,800)</b>        |
| Federal      | 2,901,593,400                                | (473,532,200)                 |
| Restricted   | 64,985,400                                   | 0                             |
| GF/GP        | \$165,031,400                                | (\$36,008,600)                |
| <b>FTE</b>   | <b>1.0</b>                                   | <b>0.0</b>                    |
| <b>Gross</b> | <b>\$234,951,600</b>                         | <b>(\$10,000,000)</b>         |
| Federal      | 174,951,600                                  | 0                             |
| Restricted   | 60,000,000                                   | (10,000,000)                  |
| GF/GP        | \$0                                          | \$0                           |

| <b>Major Budget Changes From FY 2013-14 YTD Appropriations</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |  | <b>FY 2013-14<br/>Year-to-Date<br/>(as of 2/5/14)</b> | <b>FY 2014-15<br/>House<br/>Change</b> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-------------------------------------------------------|----------------------------------------|
| <b>3. Child Welfare Caseload Adjustments</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |  | <b>Gross</b>                                          | <b>\$608,677,500</b>                   |
| <u>Executive</u> increases funding for child welfare programs \$2.8 million Gross (\$5.8 million GF/GP) as follows:                                                                                                                                                                                                                                                                                                                                                                                                                                                    |  | Federal                                               | 340,844,300                            |
| <ul style="list-style-type: none"> <li>Foster care payments are reduced \$2.4 million Gross (\$1.0 million GF/GP) from 6,250 cases at \$27,655 per year to 6,075 cases at \$28,061 per year.</li> <li>Adoption subsidies are reduced \$2.9 million Gross and are increased \$3.0 million GF/GP from 27,150 cases at \$732 per month to 26,800 cases at \$732 per month.</li> <li>The Child Care Fund is increased \$7.0 million Gross (\$3.6 million GF/GP).</li> <li>Guardianship assistance payments are increased \$1.2 million Gross (\$278,500 GF/GP).</li> </ul> |  | Local                                                 | 14,494,000                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  | Private                                               | 3,200,900                              |
| <u>House</u> concurs.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  | GF/GP                                                 | \$250,138,300                          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |                                                       | \$5,845,100                            |
| <b>4. Child Care Fund/Foster Care Payments</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |  | <b>Gross</b>                                          | <b>\$171,036,600</b>                   |
| <u>Executive</u> provides \$5.0 million GF/GP for the state to pay 100% of the private child placing agency administrative rates for new cases entering care, rather than the state and counties sharing the costs for these rates under certain circumstances through the Child Care Fund. <u>House</u> concurs with funding increase and makes a technical adjustment by appropriating the funds within the Child Care Fund.                                                                                                                                         |  | Federal                                               | 85,916,600                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  | GF/GP                                                 | \$85,120,000                           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |                                                       | \$5,000,000                            |
| <b>5. Private Residential Rates</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |  | <b>Gross</b>                                          | <b>N/A</b>                             |
| <u>House</u> increases private residential rates by 2.14% based on 2011-12 Michigan GDP increase to health care and social assistance industry. Sufficient GF/GP is provided to hold counties harmless.                                                                                                                                                                                                                                                                                                                                                                |  | Federal                                               | N/A                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  | GF/GP                                                 | N/A                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |                                                       | \$3,655,300                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |                                                       | 359,600                                |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |                                                       | \$3,295,700                            |
| <b>6. Child Welfare Performance-Base Funding Implementation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  | FTE                                                   | 0.0                                    |
| <u>Executive</u> provides \$1.4 million Gross (\$1.0 million GF/GP) for a Project Team, actuarial study for setting rates, MiTEAM contract, and project evaluation to implement the recommendations from the Child Welfare Performance-Based Funding Task Force. <u>House</u> concurs with funding and also requires amount to support a technical assistance contract for Kent County private steering consortia on a one-time basis.                                                                                                                                 |  | <b>Gross</b>                                          | <b>\$0</b>                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  | Federal                                               | 0                                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  | GF/GP                                                 | \$0                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |                                                       | \$1,372,100                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |                                                       | 372,100                                |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |                                                       | \$1,000,000                            |
| <b>7. Community Support Services</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |  | FTE                                                   | 2.0                                    |
| <u>Executive</u> provides \$800,000 Gross (\$200,000 GF/GP) for juvenile justice re-entry programming expansion that would provide services six months prior to re-entry. <u>House</u> concurs.                                                                                                                                                                                                                                                                                                                                                                        |  | <b>Gross</b>                                          | <b>\$1,295,200</b>                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  | Federal                                               | 0                                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  | GF/GP                                                 | \$1,295,200                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |                                                       | \$800,000                              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |                                                       | 600,000                                |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |                                                       | \$200,000                              |
| <b>8. W.J. Maxey Training School</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |  | FTE                                                   | 69.0                                   |
| <u>House</u> reduces \$8.1 million Gross (\$3.0 million GF/GP) by closing W.J. Maxey Training School. Net reduction includes \$1.0 million GF/GP for closed site costs and \$1.6 million Gross (\$814,400 GF/GP) to transfer youth to other facilities.                                                                                                                                                                                                                                                                                                                |  | <b>Gross</b>                                          | <b>\$10,592,400</b>                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  | Federal                                               | 164,100                                |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  | Local                                                 | 5,673,300                              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  | GF/GP                                                 | \$4,755,000                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |                                                       | (\$8,095,700)                          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |                                                       | 19,100                                 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |                                                       | (5,114,800)                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |                                                       | (\$3,000,000)                          |
| <b>9. Disability Determination Operations</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  | FTE                                                   | 546.9                                  |
| <u>Executive</u> provides \$20.6 million Gross (\$0 GF/GP) to hire 71.0 disability examiners and 9.0 clerical support staff. Funding based on final federal Social Security Administration appropriations and hiring allocations. There is sufficient FTE authorization in the line item that a FTE increase is not needed. <u>House</u> concurs.                                                                                                                                                                                                                      |  | <b>Gross</b>                                          | <b>\$85,975,200</b>                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  | IDG                                                   | 112,200                                |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  | Federal                                               | 84,257,900                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  | GF/GP                                                 | \$1,605,100                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |                                                       | \$20,639,700                           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |                                                       | 0                                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |                                                       | 20,639,700                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |                                                       | \$0                                    |
| <b>10. Healthy Michigan Plan Call Center</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |  | <b>Gross</b>                                          | <b>\$0</b>                             |
| <u>Executive</u> provides \$20.3 million Gross (\$6.4 million GF/GP) to implement a contract to provide call center services for applicants and recipients of the Healthy Michigan Plan/Medicaid Expansion. FY 2013-14 funding for this call center is within the Department of Community Health budget. <u>House</u> concurs with funding and unrolls Healthy Michigan Plan funding into separate line item.                                                                                                                                                          |  | Federal                                               | 0                                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  | GF/GP                                                 | \$0                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |                                                       | \$20,250,000                           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |                                                       | 13,888,800                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |                                                       | \$6,361,200                            |

| <b>Major Budget Changes From FY 2013-14 YTD Appropriations</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |              | <b>FY 2013-14<br/>Year-to-Date<br/>(as of 2/5/14)</b> | <b>FY 2014-15<br/>House<br/>Change</b> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------------------------------------------------------|----------------------------------------|
| <b>11. Donated Funds Positions</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | FTE          | 208.0                                                 | 0.0                                    |
| <u>Executive</u> expands donated funds positions by 150.0 FTEs, \$19.3 million Gross (\$0 GF/GP). These caseworkers would be located based on the requests of hospitals, nursing homes, school-based centers, and workplaces where the entity expends its own funds to draw down federal funding to cover the personnel costs of that caseworker. <u>House</u> concurs with donated funds positions increase but transfers FTEs and funding from local fields staff line items instead of increasing gross funding and FTEs authorizations.                | <b>Gross</b> | <b>\$13,757,600</b>                                   | <b>\$0</b>                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | IDG          | 234,300                                               | 0                                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Federal      | 7,573,100                                             | (1,368,700)                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Local        | 3,349,100                                             | 3,182,500                              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Private      | 2,601,100                                             | 6,462,500                              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | GF/GP        | \$0                                                   | (\$8,276,300)                          |
| <b>12. Information Technology</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Gross</b> | <b>\$156,676,900</b>                                  | <b>\$5,300,000</b>                     |
| <u>Executive</u> provides \$8.0 million Gross (\$3.8 million GF/GP) to automate asset verifications and to develop a child support web-based employer portal an information data base. The child support program is designated as one-time funding. <u>House</u> concurs with asset test automation and provides \$300,000 GF/GP to assist private child welfare service providers implement the statewide automated child welfare information system. The statewide automated child welfare information system funding is designated as one-time funding. | IDG          | 1,134,800                                             | 0                                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Federal      | 105,325,600                                           | 2,250,000                              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | GF/GP        | \$50,216,500                                          | \$3,050,000                            |
| <b>13. Michigan Rehabilitation Services (MRS)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | FTE          | 550.0                                                 | 0.0                                    |
| <u>Executive</u> provides \$4.4 million GF/GP for MRS to draw down sufficient federal funds that will allow MRS to maintain current services and to prevent the implementation of an Order of Selection (i.e. a wait- list for services). There is sufficient federal authorization in the line item that a federal increase is not needed. \$2.4 million GF/GP is designated as one-time funding. <u>House</u> concurs with ongoing authorization and provides \$100 designated as one-time funding.                                                      | <b>Gross</b> | <b>\$138,275,900</b>                                  | <b>\$2,000,100</b>                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Federal      | 114,263,900                                           | 0                                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Local        | 6,500,000                                             | 0                                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Private      | 1,835,000                                             | 0                                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Restricted   | 1,582,700                                             | 0                                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | GF/GP        | \$14,094,300                                          | \$2,000,100                            |
| <b>14. Centers for Independent Living</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>Gross</b> | <b>\$5,988,600</b>                                    | <b>\$1,000,000</b>                     |
| <u>House</u> provides \$1.0 million GF/GP to Centers for Independent Living.                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Federal      | 2,818,600                                             | 0                                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Private      | 100,000                                               | 0                                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | GF/GP        | \$3,070,000                                           | \$1,000,000                            |
| <b>15. Contractual Services, Supplies, and Materials</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>Gross</b> | <b>\$35,583,600</b>                                   | <b>\$2,110,400</b>                     |
| <u>Executive</u> increases \$2.5 million Gross (\$1.5 million GF/GP) to support single audit costs, increased TALX income verification costs, to pilot iPads for child welfare workers in 3 counties, and for the public assistance cost allocation plan. <u>House</u> reduces \$232,900 GF/GP for iPad pilot and does not concur with funding for public assistance cost allocation plan.                                                                                                                                                                 | IDG          | 531,200                                               | 0                                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Federal      | 21,103,900                                            | 1,046,900                              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Restricted   | 5,400                                                 | 0                                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | GF/GP        | \$13,943,100                                          | \$1,063,500                            |
| <b>16. Office of Inspector General</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | FTE          | 132.0                                                 | 20.0                                   |
| <u>Executive</u> increases funding to support 20.0 new inspector general field agents. Amount also includes payroll taxes and fringe benefit line item costs for new staff. <u>House</u> designates half of the increase as one-time funding.                                                                                                                                                                                                                                                                                                              | <b>Gross</b> | <b>\$7,495,100</b>                                    | <b>\$2,438,000</b>                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Federal      | 5,751,900                                             | 975,200                                |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | GF/GP        | \$1,743,200                                           | \$1,462,800                            |
| <b>17. Child Support Enforcement</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | FTE          | 185.7                                                 | 0.0                                    |
| <u>Executive</u> provides \$2.0 million GF/GP to replace lost revenue due to IRS negative offset. When IRS intercepts federal tax returns for child support in error, the state must return the money to the IRS even if it has already been sent to the custodial parent. This issue is nationwide as the IRS has experienced an increase in fraudulent income tax returns. \$1.0 million GF/GP is designated as one-time funding. <u>House</u> provides \$1.0 million GF/GP on an ongoing basis.                                                         | <b>Gross</b> | <b>\$134,950,800</b>                                  | <b>\$1,000,000</b>                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Federal      | 125,096,000                                           | 0                                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | GF/GP        | \$9,854,800                                           | \$1,000,000                            |
| <b>18. Other Executive Program Increases or New Programs</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>Gross</b> | <b>N/A</b>                                            | <b>\$1,311,800</b>                     |
| <u>Executive</u> provides \$1.8 million Gross (\$1.6 million GF/GP) to increase various line items and programs including: domestic violence prevention treatment, Catholic Charities Center for Hope Project, Attorney General contract, Michigan Community Services Commission, and Children's Trust Fund administration. Funding for Catholic Charities Center for Hope Project is designated as one-time funding. <u>House</u> does not concur with Catholic Charities Center for Hope Project.                                                        | Federal      | N/A                                                   | 189,400                                |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | GF/GP        | N/A                                                   | \$1,122,400                            |

| <b>Major Budget Changes From FY 2013-14 YTD Appropriations</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |              | <b>FY 2013-14<br/>Year-to-Date<br/>(as of 2/5/14)</b> | <b>FY 2014-15<br/>House<br/>Change</b> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------------------------------------------------------|----------------------------------------|
| <b>19. Other House Program Increases or New Programs</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>Gross</b> | <b>N/A</b>                                            | <b>\$5,050,000</b>                     |
| <u>House</u> provides \$5.1 million Gross (\$5.1 million GF/GP) to increase various programs including: before- or after-school, parent to parent, school success partnership, Michigan reading corps, child welfare assessments, 2-1-1, and replaces \$75,000 federal funds with \$75,000 GF/GP for MiCAFE.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Federal      | N/A                                                   | (75,000)                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | GF/GP        | N/A                                                   | \$5,125,000                            |
| <b>20. Temporary Assistance for Needy Families (TANF) Fund Source</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>Gross</b> | <b>\$4,814,517,900</b>                                | <b>\$0</b>                             |
| <u>Executive</u> rolls the federal TANF block grant fund source into the general "total federal revenues" fund source. <u>House</u> does not concur.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Federal      | 4,268,278,700                                         | 0                                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | TANF         | 546,239,200                                           | 0                                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | GF/GP        | \$0                                                   | \$0                                    |
| <b>21. TANF Offset of GF/GP and Other Federal Revenues</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>Gross</b> | <b>N/A</b>                                            | <b>\$0</b>                             |
| <u>Executive</u> \$7.9 million in federal TANF is appropriated in the adoption subsidies line item to offset GF/GP. That offset GF/GP is then redirected to the payroll taxes and fringes benefits, local office salaries and wages, and child welfare field staff line items to offset excess other federal revenues in those line items. <u>House</u> concurs.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Federal      | N/A                                                   | (7,893,000)                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | TANF         | N/A                                                   | 7,893,000                              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | GF/GP        | N/A                                                   | \$0                                    |
| <b>22. Youth in Transition</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | FTE          | 5.5                                                   | 0.0                                    |
| <u>Executive</u> Youth in Transition line item is adjusted in two ways. First, the line is increased by \$608,000 with federal TANF funds to support the Homeless Youth and Runaway contracts. The TANF is from a reduction in TANF funds for family preservation programs. Second, \$600,000 in TANF is used to offset \$600,000 in other federal revenues that cannot be claimed for the fostering futures college scholarship program. <u>House</u> concurs.                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Gross</b> | <b>\$14,443,600</b>                                   | <b>\$608,000</b>                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Federal      | 7,893,100                                             | (600,000)                              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | TANF         | 3,548,500                                             | 1,208,000                              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | GF/GP        | \$3,002,000                                           | \$0                                    |
| <b>23. FY 2013-14 IDG from Michigan Department of Education (MDE) Offset Adjustment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>Gross</b> | <b>N/A</b>                                            | <b>\$0</b>                             |
| <u>Executive</u> FY 2013-14 budget increased federal TANF by \$12.5 million to offset a reduction of \$12.5 million in IDG funding from MDE for Child Development and Care program administration. Adjusts that offset through the following steps. First, reduces \$4.1 million in TANF from payroll taxes and fringes benefits and local office salaries and wages line items and transfers those TANF funds to the Bureau of Child and Adult Licensing (BCAL) line item. Second, BCAL activities are not TANF eligible, so the \$4.1 million in TANF funds are then offset with other federal revenues. The other federal revenues that have historically supported BCAL are Title IV-E matching funds and the capped Social Services Block Grant. <u>House</u> transfers \$4.1 million in federal Social Service Block Grant funding from payroll taxes and fringes benefits and local office salaries and wages line items to BCAL. | IDG          | N/A                                                   | 0                                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Federal      | N/A                                                   | 0                                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | TANF         | N/A                                                   | 0                                      |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | GF/GP        | N/A                                                   | \$0                                    |
| <b>24. Low-income Home Energy Assistance Program (LIHEAP) Fund Source</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>Gross</b> | <b>\$4,268,278,700</b>                                | <b>\$0</b>                             |
| <u>House</u> rolls out the federal LIHEAP block grant from the general "total federal revenues" fund source into its own federal fund source.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Federal      | 4,268,278,700                                         | (188,313,300)                          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | LIHEAP       | 0                                                     | 188,313,300                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | GF/GP        | \$0                                                   | \$0                                    |
| <b>25. Social Services Block Grant (SSBG) Fund Source</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>Gross</b> | <b>\$4,268,278,700</b>                                | <b>\$0</b>                             |
| <u>House</u> rolls out the federal SSBG block grant from the general "total federal revenues" fund source into its own federal fund source.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Federal      | 4,268,278,700                                         | (126,190,600)                          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | SSBG         | 0                                                     | 126,190,600                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | GF/GP        | \$0                                                   | \$0                                    |
| <b>26. Budgetary Savings: Staffing Reductions</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | FTE          | 0.0                                                   | (81.0)                                 |
| <u>Executive</u> rolls out the \$3.5 million GF/GP staffing reductions line item to various line items within the DHS budget. The roll out is achieved through the following steps. First, 51.0 FTE positions are removed or held vacant saving \$7.7 million Gross (\$2.8 million GF/GP). Second, \$741,100 in available federal block grant funding from the 51.0 FTE reduction is used to offset GF/GP. <u>House</u> concurs with roll out and includes staffing reductions of \$2.5 million GF/GP for 30.0 fewer non-child welfare field staff supervisor FTEs to achieve a worker to supervisor ratio of 7:1.                                                                                                                                                                                                                                                                                                                       | <b>Gross</b> | <b>(\$3,500,000)</b>                                  | <b>(\$6,759,600)</b>                   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Federal      | 0                                                     | (4,218,500)                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | GF/GP        | (\$3,500,000)                                         | (\$2,541,100)                          |
| <b>27. Other House Reductions</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>Gross</b> | <b>N/A</b>                                            | <b>(\$250,000)</b>                     |
| <u>House</u> reduces \$150,000 GF/GP for legislative reporting delays and removes \$100,000 GF/GP for gentle teaching pilot.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | GF/GP        | N/A                                                   | (\$250,000)                            |

| <b>Major Budget Changes From FY 2013-14 YTD Appropriations</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |              | <b>FY 2013-14<br/>Year-to-Date<br/>(as of 2/5/14)</b> | <b>FY 2014-15<br/>House<br/>Change</b> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------------------------------------------------------|----------------------------------------|
| <b>28. Adjustments to Current Services Baseline</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | FTE          | N/A                                                   | (72.0)                                 |
| <u>Executive</u> increases \$6.3 million Gross (\$4.5 million GF/GP) to align line item appropriations with projected spending and available revenues. Line items adjusted are adoption support services (\$3.1 million Gross), child welfare medical/psychiatric evaluations (\$2.1 million Gross), and travel (\$993,600 Gross). Also adjusts FTE allocations to align with supportable positions in the donated funds (70.0 FTEs) and SSI advocacy (2.0 FTEs) line items. <u>House</u> does not concur with travel increase. | <b>Gross</b> | <b>N/A</b>                                            | <b>\$5,313,800</b>                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Federal      | N/A                                                   | 1,099,100                              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | GF/GP        | N/A                                                   | \$4,214,700                            |
| <b>29. Employee Economics</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>Gross</b> | <b>N/A</b>                                            | <b>\$23,880,300</b>                    |
| <u>Executive</u> reflects increased costs of \$23.9 million Gross (\$8.1 million GF/GP) for negotiated salary and wage amounts (2.0% ongoing increase plus 0.5% lump sum payments), actuarially-required retirement rate increases, and other economic adjustments. Insurance costs held flat due to recent state employee health plan revisions. <u>House</u> concurs.                                                                                                                                                         | IDG          | N/A                                                   | 282,200                                |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Federal      | N/A                                                   | 15,184,400                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Local        | N/A                                                   | 239,700                                |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Private      | N/A                                                   | 56,400                                 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Restricted   | N/A                                                   | 29,200                                 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | GF/GP        | N/A                                                   | \$8,088,400                            |
| <b>30. Federal Medical Assistance Percentage (FMAP) Adjustments</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>Gross</b> | <b>N/A</b>                                            | <b>\$143,700</b>                       |
| <u>Executive</u> increases GF/GP by \$2.1 million from the FMAP federal match rate adjustment from 66.32% to 65.54%. This rate is used to determine federal cost sharing for foster care payments, adoption subsidies and retained child support collections. <u>House</u> concurs and includes \$200 technical revision.                                                                                                                                                                                                       | Federal      | N/A                                                   | (2,287,500)                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Private      | N/A                                                   | 200                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Restricted   | N/A                                                   | 343,300                                |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | GF/GP        | N/A                                                   | \$2,087,700                            |
| <b>31. One-Time Funding: Eliminate FY 2013-14 Appropriations</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                | FTE          | 4.0                                                   | (4.0)                                  |
| <u>Executive</u> discontinues FY 2013-14 one-time appropriations of \$4.6 million Gross (\$2.8 million GF/GP) for information technology investments, fraud prevention demonstration project, medical consultation, and the juvenile justice behavioral health study. <u>House</u> concurs.                                                                                                                                                                                                                                     | <b>Gross</b> | <b>\$4,557,300</b>                                    | <b>(\$4,557,300)</b>                   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Federal      | 1,734,900                                             | (1,734,900)                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | GF/GP        | \$2,822,400                                           | (\$2,822,400)                          |

### **Major Boilerplate Changes From FY 2013-14**

#### **GENERAL SECTIONS**

##### **Sec. 205. Time-limited Addendum to Social Welfare Act – NEW**

House requires DHS to treat this bill as a time-limited addendum to the Social Welfare Act, pursuant to section 1b of the Social Welfare Act.

##### **Sec. 212. Write-Offs and Prior-Year Obligations – DELETED**

Allows use of prior-year revenue, or current-year revenue in excess of the authorized amount to write off receivables, deferrals, and prior-year obligations. Executive retains. House deletes.

##### **Sec. 231. Michigan Reading Corps – NEW**

House allocates \$350,000 to the Michigan Reading Corps; requires report.

##### **Sec. 232. Performance Metrics for Contracts – NEW**

House requires DHS to work with the Department of Technology, Management, and Budget to establish an automated annual metric collection, validation, and reporting process for contracts via the state's e-procurement system; requires report on performance metrics, including delivery volumes and outcomes, on new and existing contracts at renewal of \$1.0 million or more funded with state resources.

##### **Sec. 233. Healthy Michigan Plan Administration – NEW**

House requires DHS, in conjunction with the Department of Community Health, to establish an accounting structure in the state accounting system (Michigan administrative information network, or MAIN) to separately track expenditures for administration of the Healthy Michigan Plan.

#### **ADULT AND FAMILY SERVICES**

##### **Sec. 410. Guardian Contracts – NEW**

House requires DHS to provide guardian contract recipients the flexibility to set rates, but not less than \$45.00.

#### **CHILD AND FAMILY SERVICES**

##### **Sec. 501. Foster Care Age and Time Limit Goals – REVISED**

Establishes a goal to limit the number of children in foster care longer than 24 months, requires annual report. Executive retains. House revises goal from 31% to 25%.

## **Major Boilerplate Changes From FY 2013-14**

### **Sec. 508. Children Trust Fund (CTF) Revenues and Joint Projects – REVISED**

Appropriates gifts and donations to CTF; requires collaboration between DHS and Child Abuse and Neglect Prevention Board on policy matters to seek to avoid administrative delays to distribute grants. Executive revises administrative delays to "within 31 days of project start date". House concurs with revision and mandates distribution "within 31 days of project start date".

### **Sec. 515. Kent County Privatization Implementation – DELETED**

Requires DHS to privatize all foster care and adoption services within Kent County, based on work group findings. Executive deletes. House deletes and moves portions of section to new Sec. 561.

### **Sec. 515. Performance-based Funding Implementation: Regions – NEW**

House restricts implementation of performance-based funding to only those regions designated in the phased implementation timeline outlined in the performance-based funding workgroup report.

### **Sec. 522. Campus Coach Program – REVISED**

Allocates \$750,000 to the campus coach program for youth transition from foster care who are attending college, requires 100% of funding be used for scholarships. Executive strikes "for the campus coach program". House concurs with Executive and adds "through the fostering futures scholarship program", requires report.

### **Sec. 532. Licensing and Contract Compliance Review – REVISED**

Requires collaboration between DHS and representatives of private child and family agencies to revise and improve contract compliance and licensing review processes, requires report; restricts licensing reviews to no more than once every two years for nationally-accredited organizations with no outstanding violations. Executive deletes. House increases licensing review from 2 years to 4 years for accredited organizations with no outstanding violations.

### **Sec. 540. Psychotropic Medication For Youth in Out-of-Home Placements – DELETED**

Requires DHS to determine within 30 days whether to change prescribed psychotropic medication for state wards if the placement administration determines that the medication should be changed, or to seek parental consent within 7 business days for a temporary court ward. Executive and House delete.

### **Sec. 546. Foster Care Agency Administrative Rates – REVISED**

Establishes foster care administrative rate of \$37 for private child placing agencies under contract with DHS; establishes general independent living administrative rate of \$28; reinstates specialized independent living administrative rates provided in FY 2010-11; increases administrative rate for foster care services by \$3, provided that the county match rate is eliminated for this increase; requires providers to submit quarterly expenditure reports, if required by federal guidelines. Executive deletes. House requires at least monthly payment of \$3 rate and increases residential provider rates 2.14%, provided that the county match rate is eliminated for this increase.

### **Sec. 547. Guardianship Assistance Rates – DELETED**

Requires DHS to pay a minimum guardianship assistance rate that is not less than age-appropriate rates for family foster care. Executive and House delete.

### **Sec. 558. Adoption Subsidy Eligibility – NEW**

House prohibits using income of the adoptive parent to determine eligibility for adoption support subsidies, pursuant to section 115g of the Social Welfare Act.

### **Sec. 559. Parent to Parent – NEW**

House allocates \$1.0 million to parent to parent program for adoptive parents.

### **Sec. 560. Performance-based Funding Implementation: Community Mental Health Services – NEW**

House requires DHS to ensure that implementation of performance-based funding does not financially harm community mental health services located within implementation region.

### **Sec. 561. Performance-based Funding Implementation: Kent County – NEW**

House requires DHS to privatize all foster care and adoption services, except for child protective services, within Kent County by October 31, requires notification once transferred has occurred, requires integration of performance-based funding once implemented.

### **Sec. 574. Contracts to License Relative Caregivers – REVISED**

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. Executive strikes 50% private agency retention and adds requirement that agencies license within 180 days or have an approved waiver to receive full reimbursement. House concurs with new Executive language but keeps 50% private agency retention.

### **Sec. 589. Restrictions on Transfer of Foster Care Cases to Private Supervision – REVISED**

Prohibits DHS from transferring foster care cases to private agency supervision where the case requires a county contribution for the private agency administrative rate, unless agreed to by the county; requires monthly report on the number of foster care cases supervised by private agencies and by DHS. Executive deletes. House replaces transfer prohibition with requirement that DHS pay for 100% of the administrative rate for new foster care cases beginning October 1, 2013.

## **Major Boilerplate Changes From FY 2013-14**

### **PUBLIC ASSISTANCE**

#### ***Sec. 613. Indigent Burial – REVISED***

Provides reimbursements for the final disposition of indigent persons, establishes maximum allowable reimbursements, accounts for religious preferences that prohibits cremation. Executive deletes. House revises payment to \$700 for each eligible deceased and states that total expenditures for indigent burial shall not exceed the funds appropriated for indigent burial.

#### ***Sec. 621. Energy Self-Sufficiency Program – DELETED***

Establishes requirements and guidelines for the energy self-sufficiency program. Executive and House delete.

#### ***Sec. 656. Before- or After-School – NEW***

House allocates \$3.0 million for before- or after-school program.

#### ***Sec. 657. Extended Family Independence Program (EFIP) Notifications – REVISED***

Requires DHS to notify individuals eligible for EFIP that receiving EFIP will count toward the federal and state lifetime cash assistance limits. Executive deletes. House adds that notification be included on both the public assistance application and the form that notifies the person of eligibility of EFIP.

#### ***Sec. 669. Annual FIP Clothing Allowance – REVISED***

Allocates \$2.9 million for children's annual clothing allowance for eligible children in FIP groups that do not include an adult. Executive retains. House replaces "that does not include an adult" with "ages 4 through 18".

### **JUVENILE JUSTICE SERVICES**

#### ***Sec. 722. Staff Employed at Closed Juvenile Justice Facility – NEW***

House requires that staff employed at the closed juvenile justice facility are given priority for positions that are qualified to fulfill.

#### ***Sec. 723. Closed Juvenile Justice Facility – NEW***

House allows DHS, in conjunction with the Department of Technology, Management, and Budget, to repurpose the W.J. Maxey Training School.

### **INFORMATION TECHNOLOGY**

#### ***Sec. 1001. DHS Computer Reduction – REVISED***

Requires DHS to reduce number of computers by 3,000. Executive deletes. House replaces section with requirement that the number of computers shall not exceed the number of authorized FTEs, requires report.

### **COMMUNITY ACTION AND ECONOMIC OPPORTUNITY**

#### ***Sec. 1106. School Success Partnership – NEW***

House allocates \$500,000 to the Northeast Michigan Community Services Agency for the school success partnership program, requires report.

### **ONE-TIME BASIS ONLY**

#### ***Sec. 1201. Kent County Private Steering Consortia – NEW***

House allocates \$100,000 to the Kent County private steering consortia for technical assistance for implementing performance-based funding.

#### ***Sec. 1202. Private Agency Information Technology – NEW***

House allocates \$300,000 to assist private child welfare service providers meet the implementation requirements of the statewide automated child welfare information system.