



FY2023 Budget Priorities of the Michigan Federation for Children and Families

The Michigan Federation for Children and Families requests support for the following provisions through the Michigan Department of Health and Human Services FY2023 appropriations:

1. RESIDENTIAL TREATMENT (CCIs) PANDEMIC RELIEF AND REIMBURSEMENT RATE INCREASES

The governor's FY23 budget recommendation includes a \$15M one-time appropriation for congregate care pandemic relief grants. These relief grants are already long overdue, and the funding is critical to have in effect immediately, in the current fiscal year. We respectfully request this \$15M be included in a supplemental appropriation now and distributed quickly.

Residential treatment facilities (licensed as Child Caring Institutions, CCIs) provide trauma-informed behavioral health interventions to youth whose needs exceed those that can be met in a community or home-based environment. In order to support the kinds of outcomes MDHHS is looking to drive within the realm of residential treatment services, community-based organizations providing quality services to children, families, and individuals throughout the state should be fully reimbursed for the cost of providing services as identified by the state's contracted independent third-party actuarial assessor, Public Consulting Group (PCG). The last assessment published by PCG in 2021 recommended a 5% rate increase to be implemented on October 1, 2021. The Governor's budget recommendations include the 5% rate adjustment, totaling \$10.5M (\$9.0M general fund), however, the report is based upon data from 2019 and does not reflect current program utilization rates, updates for direct care worker compensation, or an annual Cost of Living Adjustment. Increasing acuity of young people entering treatment results in either higher staffing ratios or more intensive treatment, increasing the cost of doing this work with young people.

We ask for your support of an additional \$42 million appropriation necessary to fund a 20% residential treatment per diem rate adjustment for FY23.

2. ACTUARIALLY SOUND FAMILY PRESERVATION RATES

Michigan's family preservation programs save the state several hundred thousand dollars annually in foster care expenditures and, most importantly, prevent kids from experiencing the trauma of removal from their families. In order for continued savings to the state through utilization of family preservation services and continued benefits for kids and families, urgent attention is needed to adjust the family preservation contracts and funding structures. Despite their proven success, family preservation contracts have seen very limited funding increases since 2009. The Federation has advocated for an actuarial rate study to occur for family preservation services, as it does in the areas of foster care, adoption and residential treatment, and this process has yet to commence. A rate study, while critical work, is a time-intensive activity. While this work is directed and ongoing, the contracted reimbursement rates must be updated to modernize the rates paid for this important work that helps families remain safely together in their communities.

We ask for your support of a \$8.55M appropriation necessary to fund a 15% rate adjustment to family preservation programming.

3. WORKFORCE SUPPORT

The current labor shortage is well-documented across multiple industries, including Michigan's child welfare system, which is strained with an unprecedented challenge of attracting qualified candidates and retaining an experienced workforce needed to serve and support the well-being of children and families. Now, more than ever, it is critical the state and federal governments are nimble and responsive to the needs of their contracted partners in community-based organizations during this uncertain and unpredictable time. Absent the appropriate level of financial support and swift infusion of resources, there could be catastrophic consequences to the safety net vital to restoring the health and well-being of Michigan's citizens.

The private sector youth specialist, residential supervisory, case management and clinical staff deserve to be paid with parity to the public agencies. Equitable compensation is critical to staff retention, which directly ties to a youth's outcomes and timeliness to permanency in many cases. While the governor has made strong recommendations for investment in frontline workers in healthcare, behavioral health, nursing home and teacher retention, child welfare professionals need the same recognition and opportunities to advance their careers in working with kids and families.

We ask for your support of an additional \$32 million appropriation necessary to fund hero pay for child welfare workers (\$7M for family preservation, foster care, independent living, adoption, and residential treatment), and to provide scholarships and loan repayment programs (\$25M) for child welfare specialty workers to meet the workforce needs.

4. RATE INCREASES FOR FOSTER AND ADOPTIVE FAMILIES AND JUVENILE GUARDIANS

The Executive Budget includes \$33.7 million (\$13.3 million general fund) to fund an 18% increase in FY 2023 for rates paid to families who serve as foster or adoptive parents, or guardians. The daily maintenance rate to families is intended to cover the basic needs of children in their care, and have not been increased since 2012. At a time when parents and families have been facing increasing challenges associated with parenting during the pandemic and skyrocketing inflation, attracting, retaining and supporting licensed foster and adoptive families is crucial to having a continuum of care that is prepared to meet the needs of youth in the least restrictive setting.

We ask for your support of the \$33.7 million appropriation necessary to fund an 18% increase in rates paid to foster and adoptive parents, or juvenile guardians.

5. INCREASE BEHAVIORAL HEALTH CAPACITY AND INVEST IN STRUCTURAL REFORM

The FY 2023 Executive Budget and accompanying FY 2022 supplemental combined provide \$280.5 million Gross, \$266.2 million general fund to implement immediate structural improvements to Michigan's behavioral health delivery system and to enhance and expand the availability and capacity of behavioral health services. The Executive Budget Recommendation funds several other initiatives to purchase access to new private behavioral health supports and provide bonus pay and loan repayment for practitioners. It is critical to ensure actuarially sound rates are paid to providers of behavioral health services, reflecting the demand and cost of providing services.

We ask for your support of the governor's recommendations for investments in the structural improvement to Michigan's behavioral health delivery system to enhance and expand availability and capacity of behavioral health services, and \$135M in Hero Pay for behavioral health workers.