

**Summary: Executive Budget Recommendation  
for Fiscal Years 2015-16 and 2016-17  
DEPARTMENT OF HUMAN SERVICES**



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	<b>FY 2014-15 Year-to-Date as of 2/11/15</b>	<b>Proposed FY 2014-15 Adjustments</b>	<b>Adjusted FY 2014-15 Year-to-Date</b>	<b>FY 2015-16 Executive Recommendation</b>	<b>Change: FY 2015-16 vs. FY 2014-15 Adjusted</b>	
					<b>Amount</b>	<b>%</b>
<b>IDG/IDT</b>	\$21,545,900	\$0	\$21,545,900	\$24,260,300	\$2,714,400	12.6
<b>Federal</b>	4,551,275,200	(11,166,800)	4,540,108,400	4,542,043,600	1,935,200	0.0
<b>Local</b>	40,364,300	1,573,400	41,937,700	45,441,300	3,503,600	8.4
<b>Private</b>	20,299,300	(829,400)	19,469,900	26,356,900	6,887,000	35.4
<b>Restricted</b>	126,237,400	(8,613,100)	117,624,300	117,333,400	(290,900)	(0.2)
<b>GF/GP</b>	995,452,600	(14,297,100)	981,155,500	978,891,000	(2,264,500)	(0.2)
<b>Gross</b>	<b>\$5,755,174,700</b>	<b>(\$33,333,000)</b>	<b>\$5,721,841,700</b>	<b>\$5,734,326,500</b>	<b>\$12,484,800</b>	<b>0.2</b>
<b>FTEs</b>	12,227.5	(19.0)	12,208.5	12,043.9	(164.6)	(1.3)

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through February 11, 2015. (2) Proposed FY 2014-15 adjustments include Executive Order 2015-5 and House Bill 4112. (3) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

**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 Adjusted FY 2014-15 Appropriations**

**1. Public Assistance Caseload Adjustments**

Increases funding for public assistance programs by \$11.8 million Gross (reduction of \$2.4 million GF/GP) as follows:

- Food Assistance Program (FAP) is increased \$13.7 million Gross (\$0 GF/GP) adjusting the monthly caseload estimate to 847,700 cases at \$252 per month.
- Family Independence Program (FIP) is reduced \$1.7 million Gross (\$1.7 million GF/GP) from 32,300 cases at \$363 per month to 31,400 cases at \$361 per month.
- State Disability Assistance (SDA) program is reduced \$770,400 Gross (GF/GP reduced \$1.3 million) from 6,450 cases at \$212 per month to 5,800 cases at \$214 per month.
- State Supplementation program is increased \$601,300 GF/GP from 279,100 cases at \$18.75 per month to 280,600 cases at \$18.75 per month.

	<b>FY 2014-15 Adjusted Year-to-Date</b>	<b>FY 2015-16 Executive Change</b>
<b>Gross</b>	<b>NA</b>	<b>\$11,816,600</b>
Federal	NA	13,719,100
Restricted	NA	508,700
GF/GP	NA	(\$2,411,200)

		<b>FY 2014-15 Adjusted Year-to-Date</b>	<b>FY 2015-16 Executive Change</b>
<b>Major Budget Changes From Adjusted FY 2014-15 Appropriations</b>			
<b>2. Child Welfare Caseload Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$2,730,900</b>
Increases funding for child welfare programs \$2.7 million Gross (\$1.3 million GF/GP) as follows:	Federal	NA	1,141,900
	Local	NA	254,100
	Private	NA	37,700
	GF/GP	NA	\$1,297,200
<ul style="list-style-type: none"> <li>Increases foster care caseload costs by \$2.7 million Gross (\$1.1 million GF/GP), in addition to FY 2014-15 supplemental reduction of \$4.2 million Gross (\$4.3 million GF/GP), for a total net reduction of \$1.4 million Gross (increase of \$5.4 million GF/GP) compared to the original FY 2014-15 budget. Because of the data system conversion, caseload forecast retains the consensus estimate for FY 2016 of 6,500 cases and annual cost per case estimate of \$27,085.</li> <li>Adoption subsidies are reduced \$938,600 Gross (reduction of 370,700 GF/GP); caseload forecast retains the consensus estimate of 26,600 cases at \$730 per month.</li> <li>Guardianship assistance payments are increased \$961,000 Gross (\$577,700 GF/GP) for an estimate of 900 cases at \$780 per month.</li> </ul>			
<b>3. Foster Care Rate Reductions</b>	<b>Gross</b>	<b>NA</b>	<b>(\$8,797,700)</b>
Reduces funding by a total of \$8.8 million Gross (\$7.1 million GF/GP) through two changes: (1) \$3.7 million Gross (\$3.3 million GF/GP) reduction from rescinding the FY 2014-15 increase for private residential rate foster care payments. DHS was required by statute to pay 100% of increase; this provision sunsets at the end of FY 2014-15. (2) \$5.1 million Gross (\$3.8 million GF/GP) reduction from rescinding a \$3 per day administrative rate increase for foster care services provided by child placing agencies; private agency daily administrative rates reduced from \$40 to \$37.	Federal	NA	(1,713,200)
	GF/GP	NA	(\$7,084,500)
<b>4. Adoption Subsidies Re-Determination of Care Program</b>	<b>Gross</b>	<b>\$1,000,000</b>	<b>\$0</b>
Continues a FY 2014-15 reduction of \$6.9 million Gross (\$6.5 million GF/GP) contained in EO 2015-5 to reduce the funding for the Adoption Re-Determination of Care Program; program allows eligible adoptive parents to request a redetermination of payments for certain children with special needs after an agreement has been finalized; reduces program funding to \$1.0 million.	Federal	0	0
	GF/GP	\$1,000,000	\$0
<b>5. Child Care Fund Administrative Rates – Eliminate County Hold Harmless Provision</b>	<b>Gross</b>	<b>\$1,650,000</b>	<b>(\$1,650,000)</b>
Reduces funding by \$1.7 million GF/GP by rescinding the county hold harmless provision requiring DHS to pay 100% of the foster care administrative rate to private agencies for all new cases referred to service providers beginning October 1, 2013.	GF/GP	\$1,650,000	(\$1,650,000)
<b>6. Family Independence Program</b>	<b>Gross</b>	<b>NA</b>	<b>(\$1,742,900)</b>
Reduces funding by a total of \$1.7 million Gross (\$1.7 million GF/GP) through the following three changes: (1) the elimination of the Extended Family Independence Program (EFIP), which provided \$10 per month benefit for six months as clients exited FIP program (\$116.4 GF/GP savings); (2) elimination of the Short Term Family Support Program, a short-term diversion program for families that could become eligible for ongoing FIP benefits (\$726,200 GF/GP savings); (3) new requirement of pre-assistance cooperation with child support before clients can receive public assistance benefits (\$900,300 Gross/ \$889,200 GF/GP).	Federal	NA	(11,100)
	GF/GP	NA	(\$1,731,800)
<b>7. Centers for Independent Living</b>	<b>Gross</b>	<b>\$6,488,600</b>	<b>(\$1,500,000)</b>
Reduces funding by \$1.5 million GF/GP for Centers for Independent Living which provide core independent living services for persons with disabilities.	Federal	2,818,600	0
	Private	100,000	0
	GF/GP	\$3,570,000	(\$1,500,000)
<b>8. One-Time Funding: Eliminate FY 2014-15 Appropriations</b>	<b>Gross</b>	<b>\$5,150,000</b>	<b>(\$5,150,000)</b>
Discontinues FY 2014-15 one-time appropriations of \$5.2 million GF/GP for Child Support Enforcement Operations, Legal Support Contracts, MRS, Flint Catholic Charities, Performance Based Funding Implementation, Private Child Welfare IT Services, Fostering Futures Endowment, JJ In-Home Community Care Grants, Food Banks, Michigan Reading Corps, and Parent-to-Parent Adoption Support Services.	GF/GP	\$5,150,000	(\$5,150,000)

<b>Major Budget Changes From Adjusted FY 2014-15 Appropriations</b>		<b>FY 2014-15 Adjusted Year-to-Date</b>	<b>FY 2015-16 Executive Change</b>
<b>9. Eliminate IDG Funding for Swift and Sure Program</b>	<b>Gross</b>	<b>\$3,000,000</b>	<b>(\$3,000,000)</b>
Reduces IDG funding by \$3.0 million to reflect the elimination of funding from the Corrections budget for the Swift and Sure Punishment program within the Michigan Rehabilitation Services Program for re-entry services for former prisoners.	IDG	\$3,000,000	(\$3,000,000)
<b>10. Office Closures and Consolidations</b>	<b>Gross</b>	<b>NA</b>	<b>(\$5,331,000)</b>
Reduces funding by \$5.3 million Gross (\$2.2 million GF/GP) through the closure and consolidation of targeted DHS facilities and the use of the community partner network facilities for certain county offices.	Federal	NA	(3,146,000)
	GF/GP	NA	(\$2,185,000)
<b>11. Other Program Reductions</b>	<b>Gross</b>	<b>NA</b>	<b>(\$2,865,000)</b>
Reduces funding by 2.9 million Gross (\$1.3 million GF/GP) from changing to electronic notifications for MiBridges and Child Support billing coupons by offering clients option of electronic correspondence.	Federal	NA	(1,550,100)
	GF/GP	NA	(\$1,314,900)
<b>12. Budgetary Savings: Staffing Reductions</b>	FTE	0.0	(332.0)
Rolls out the \$7.5 million GF/GP staffing reductions line item in FY 2014-15 to various line items within the DHS budget. The roll out is achieved through the following steps: First, 332.0 FTE positions are removed saving \$13.8 million Gross (\$4.5 million GF/GP). Second, \$3.0 million TANF federal block grant funding is used to offset \$3.0 million GF/GP.	<b>Gross</b>	<b>(\$13,796,800)</b>	<b>\$0</b>
	Federal	(6,291,700)	0
	Local	(5,100)	0
	GF/GP	(\$7,500,000)	\$0
<b>13. Adjustments to Current Services Baseline</b>	FTE	NA	(81.7)
Adjusts funding by decreasing federal funding by \$8.7 million and increasing GF/GP spending by \$8.7 million to align line item appropriations with projected spending and available revenues; also adjusts FTE allocations to align with supportable positions (81.7); discontinues \$7.0 million one-time fund source shift from GF/GP to TANF federal funding.	<b>Gross</b>	<b>NA</b>	<b>\$0</b>
	Federal	NA	(15,650,400)
	Private	NA	(90,000)
	GF/GP	NA	\$15,740,400
<b>14. Michigan Rehabilitation Services (MRS)</b>	FTE	526.0	0.0
Includes \$1.3 million GF/GP funding to replace the \$1.3 million GF/GP reduction in EO 2015-5 to allow MRS to draw down sufficient federal funds to maintain current services.	<b>Gross</b>	<b>\$149,289,700</b>	<b>\$1,300,000</b>
	IDG	3,000,000	0
	Federal	123,368,000	0
	Local	6,539,100	0
	Private	1,846,000	0
	Restricted	1,592,300	0
	GF/GP	\$12,944,300	\$1,300,000
<b>15. Child Care Licensing (CCL)</b>	FTE	NA	39.0
Provides \$5.7 million Gross and 39.0 FTEs to increase the number of CCL consultants and management staff to align the state's consultant-to-caseload ratio with the national average (1 consultant: 98 programs). Current caseload ratio is estimated to be 1:150; program funded through a federally funded IDG from Michigan Department of Education.	<b>Gross</b>	<b>NA</b>	<b>\$5,661,500</b>
	IDG	NA	5,661,500
	GF/GP	NA	\$0
<b>16. Donated Funds Positions</b>	FTE	338.0	200.0
Provides \$20.6 million Gross (\$0 GF/GP) to expand donated funds positions by 200 FTEs. These caseworkers would be located based on the requests of adult placement and independent living settings, federally qualified health clinics, hospitals with high uncompensated costs, and employer-based sites; the entities would expend their own funds to draw down federal funding to cover the personnel costs of caseworkers.	<b>Gross</b>	<b>\$39,690,800</b>	<b>\$20,551,200</b>
	IDG	236,400	0
	Federal	20,551,800	10,275,600
	Local	7,644,300	4,110,200
	Private	11,258,300	6,165,400
	GF/GP	\$0	\$0
<b>17. Healthy Michigan Plan Call Center</b>	<b>Gross</b>	<b>\$11,976,300</b>	<b>\$7,560,000</b>
Restores \$7.6 million Gross (\$2.2 million GF/GP) funding for the Healthy Michigan Plan Call Center to replace the funding reduced in EO 2015-5; includes additional \$2.1 million GF/GP for a fund source shift to replace federal funding.	Federal	8,510,700	3,313,100
	GF/GP	\$3,465,600	\$4,246,900
<b>18. Specialized Employment and Training Services Pilot</b>	<b>Gross</b>	<b>NA</b>	<b>\$800,000</b>
Includes \$800,000 Gross (\$400,000 GF/GP) one-time funding for an expanded pilot for specialized employment and training services in partnership with Michigan Works! Agencies to provide training for DHS clients with significant employment barriers.	Federal	NA	400,000
	GF/GP	NA	\$400,000

<u>Major Budget Changes From Adjusted FY 2014-15 Appropriations</u>		<u>FY 2014-15 Adjusted Year-to-Date</u>	<u>FY 2015-16 Executive Change</u>
<b>19. Disability Determination Program Positions</b>	FTE	545.9	16.0
Authorizes 16.0 additional FTE positions for Disability Determination Program to reflect supportable FTE positions authorized by the federal Social Security Administration; current federal funding authorization in line item is sufficient to support new positions.	<b>Gross</b>	<b>\$107,284,100</b>	<b>\$0</b>
	IDG	173,300	0
	Federal	105,097,400	0
	GF/GP	\$2,013,400	\$0
<b>20. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>(\$2,478,700)</b>
Reflects net cost reduction of \$2.5 million Gross (\$740,800 GF/GP) for negotiated salary and wage amounts (2.0% base increase), insurance rate increases, reductions in actuarially-determined retirement rates, and other economic adjustments.	IDG	NA	(33,000)
	Federal	NA	(1,619,400)
	Local	NA	(51,700)
	Private	NA	(30,000)
	Restricted	NA	(3,800)
	GF/GP	NA	(\$740,800)
<b>21. DHS Budget Restructure</b>	<b>Gross</b>	<b>NA</b>	<b>\$0</b>
Restructures budget to better align with the organizational structure of the DHS; includes consolidation of budget units and certain line items, as well as recombining program areas differently than current-year. These proposed structural changes are independent of the proposed merger of DHS with the Department of Community Health under Executive Order 2015-4.	GF/GP	NA	\$0

### Major Boilerplate Changes From FY 2014-15

#### **Executive Boilerplate Deletions**

In general, the Executive Budget deletes a large majority of boilerplate language included in the FY 2014-15 budget. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections proposed to be deleted.

#### **GENERAL SECTIONS**

##### **Sec. 226. Request for Information or Qualification – DELETED**

Requires DHS to issue a Request for Information or Qualification before any contract for new services, programs, or concepts in excess of \$1.0 million is approved, also requires DHS to provide the results of the Request for Information or Qualification before approval.

##### **Sec. 229. Job Readiness Work Group – DELETED**

Requires DHS to conduct a work group with Treasury and the Legislature to align spending on Michigan Works job readiness programs with the declining family independence program caseload; requires report on work group findings.

##### **Sec. 240. Child Welfare Contract Change Notification – DELETED**

Requires DHS to notify the Legislature if changes are made to a child welfare master contract not less than 30 days before the changes take effect.

##### **Sec. 264. DHS Employee Communication With Legislature – DELETED**

Prohibits disciplinary action by DHS against employees for communicating with a legislator or legislative staff.

##### **Sec. 291. E-Verify – DELETED**

Requires DHS to use E-Verify to verify that new employees and new contractors are legally present in the United States; requires report on number of employees found to not be legally present in the United States.

##### **Sec. 295. Late Boilerplate Reporting Penalty – DELETED**

Reduces appropriations by \$150,000 if DHS fails to provide boilerplate reports and other required data within 30 days after due date.

##### **Sec. 298. Supervisor-to-Staff Ratio Report – DELETED**

Requires DHS to report the supervisor-to-staff ratios by department divisions and subdivisions.

##### **Sec. 315. Licensing Adult Assisted Living Services Work Group – DELETED**

Requires DHS to conduct a work group in conjunction with Community Health, organizations representing disabled and elderly adults, representatives of assisted living facilities, and the Legislature that explores licensing standards, practices, and performance measures for facilities providing assisted living services.

##### **Sec. 316. Terminal Leave Payouts – NEW**

Prohibits DHS from spending amounts in excess of the annual terminal leave pay outs gross appropriation unless it identifies and requests a legislative transfer from another budgetary line item from the Legislature.

## **Major Boilerplate Changes From FY 2014-15**

### **Sec. 317. Child Care Licensure Funding – NEW**

Requires DHS to use the additional funds appropriated in part 1 for child care licensing to increase the number of licensing consultants and staff in order to increase the number of monitoring visits to child care license applicants and to already licensed individuals.

## **ADULT AND FAMILY SERVICES**

### **Sec. 404. Centers for Independent Living Guide Services – DELETED**

Provides \$1.5 million for Centers for Independent Living guide services to assist persons with disabilities.

### **Sec. 405. Order of Selection – DELETED**

States legislative intent that MRS not implement an order of selection for vocational and rehabilitative services.

### **Sec. 407. Swift and Sure Probation Program – DELETED**

Requires DHS to use IDG funding from Corrections to expand Swift and Sure Probation Program through MRS, requires legislative notification if available federal funding is less than appropriated.

## **CHILDREN SERVICES**

### **Sec. 506. Medicaid Coverage for Foster Children Report – DELETED**

Requires DHS to report on the number of foster children that experience a break in Medicaid coverage and the number that did not receive Medicaid coverage.

### **Sec. 511. Physical and Mental Health Assessment Report – DELETED**

Requires DHS to track and report quarterly the number and percentage of foster children who received physical and mental health assessments.

### **Sec. 525. On-Site Evaluations – DELETED**

Requires DHS to use same on-site evaluation process and noncompliance penalties for private-operated and state-operated residential facilities.

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

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.

### **Sec. 533. Child Welfare Payment Promptness – DELETED**

Directs DHS to make payments to child placing agencies within 30 days after receiving documentation for out-of-home care and in-home care services; requires report on implementation and operation.

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

Requires DHS to determine within 7 days whether to change prescribed psychotropic medication for state wards if the placement administration determines that the medication should be changed, to seek parental consent within 7 business days for a temporary court ward, or to petition the court on the eighth business day if parental consent is not provided.

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

Current-year language 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 language that requires a \$3 increase to the foster care administrative rate and deletes the language that increases funding to each private provider of residential services.

### **Sec. 556. Special Needs Adoption Subsidy – DELETED**

Requires report on number of complaints filed by adoptive parents for not being notified that their adoptive child has special needs; allows adoptive parents to request a redetermination of their adoption assistance when extraordinary care or expense is required for a condition that existed or the cause of which existed before the adoption was finalized, allows current adoptive parents to request redetermination between January 1, 2015 and March 31, 2015, allows new adoptive parents one request for redetermination; allows adoptive parent to request administrative hearing; requires DHS to notify in writing current adoptive parents of right to request redetermination; states that state statute amended subsequent to this act shall control; defines "certification".

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

Allocates \$700,000, including one-time funding, to parent to parent program for adoptive parents; requires report.

### **Sec. 563. Performance Evaluation Report – DELETED**

Requires DHS to report on the number and percentage of department employees who had a satisfactory and unsatisfactory performance evaluation.

## **Major Boilerplate Changes From FY 2014-15**

### **Sec. 585. Private Agency Staff Training – DELETED**

Requires DHS to make available at least 1 pre-service training class each month for caseworkers of private agencies.

### **Sec. 587. In-Home Community Programs Expansion – DELETED**

Provides \$650,000 to expand and create new in-home and community-based programs for juvenile justice services in rural counties, requires report.

### **Sec. 589. Payment of Foster Care Administrative Rate – DELETED**

Requires DHS to pay 100% of the administrative rate for all new cases referred to providers of foster care services beginning October 1, 2013; requires monthly report on the number of foster care cases supervised by private agencies and by DHS.

## **PUBLIC ASSISTANCE**

### **Sec. 612. Refugee Medical Benefits Asset Test – DELETED**

Requires DHS to implement an asset test for applicants and recipients of refugee assistance program medical benefits.

### **Sec. 620. Medicaid Eligibility Determination Standards of Promptness – REVISED**

Requires DHS to determine Medicaid eligibility in 60 days when disability is an eligibility factor and 45 days for other Medicaid applicants, including patients in nursing homes; requires quarterly reports on Medicaid standards of promptness. Executive revises language by eliminating the quarterly report requirement.

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

Requires DHS to notify individuals eligible for EFIP that receiving EFIP will count toward the federal and state lifetime cash assistance limits.

### **Sec. 686. Caseworker Policy – DELETED**

Requires DHS to ensure that individuals presenting out-of-state identification are not enrolled in benefit programs in other states; requires caseworkers to confirm resident addresses in FIP and SDA cases; prohibits individuals with homes worth more than \$200,000 from receiving assistance; requires caseworkers to collect up-to-date phone numbers from Medicaid recipients during eligibility determination and provide this information to DCH.

### **Sec. 721. Residential Facility of Last Resort – DELETED**

If demand exceeds capacity at state-operated facilities, requires DHS to post a request for proposals to contract with not less than 1 private provider to be a residential facility of last resort instead of increasing available occupancy at state-operated facilities.

## **LOCAL OFFICE SERVICES**

### **Sec. 751. Healthy Michigan Plan Administration – REVISED**

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; requires quarterly report. Executive eliminates language requiring DHS and DCH to establish an accounting structure within MAIN to allow Healthy Michigan Plan administrative expenditures to be identified.

### **Sec. 752. Donated Funds Positions and Contracts – NEW**

Requires the Department to maintain out-stationed eligibility specialists in community-based organizations, community mental health agencies, nursing homes, and hospitals unless these entities request them to be removed; authorizes 200 additional FTEs and places performance metrics on these contracts.