

**Summary: Executive Budget Recommendation
for Fiscal Years 2012-13 and 2013-14
DEPARTMENT HUMAN SERVICES**



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	FY 2011-12 Year-to-Date as of 2/9/12	FY 2012-13 Executive	Difference: FY 2012-13 Vs. FY 2011-12		FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13	
			Amount	%		Amount	%
IDG/IDT	35,821,900	31,241,700	(4,580,200)	(12.8)	31,241,700	0	0.0
Federal	5,496,420,500	5,394,076,700	(102,343,800)	(1.9)	5,390,125,100	(3,951,600)	(0.1)
Local	28,679,500	33,549,200	4,869,700	17.0	33,549,200	0	0.0
Private	16,136,400	16,375,800	239,400	1.5	16,375,800	0	0.0
Restricted	123,701,000	88,847,000	(34,854,000)	(28.2)	88,847,000	0	0.0
GF/GP	1,047,330,500	1,028,796,400	(18,534,100)	(1.8)	1,033,695,300	4,898,900	0.5
Gross	6,748,089,800	6,592,886,800	(155,203,000)	(2.3)	6,593,834,100	947,300	0.0
FTEs	11,546.5	11,208.5	(338.0)	(2.9)	11,208.5	0	0.0

Notes: (1) FY 2011-12 year-to-date figures include mid-year budget adjustments through February 9, 2012, as well as anticipated adjustments for Other Post Employment Benefit prefunding under Senate Bill 683. (2) Appropriation figures for all years include all proposed appropriation amounts, including both standard line items and boilerplate appropriations designated as "one-time." (3) FY 2013-14 figures are projected budget amounts only and would not be legally-binding appropriations. (4) Budget changes described below are based on the "Schedule of Program" sections included in the Executive Budget; amounts listed in those schedules are informational in nature and could be potentially adjusted administratively, without legislative approval, within the larger line items into which programs have been rolled up.

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 and for licensing day care, adult foster care, and child welfare agencies in the state.

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>		FY 2011-12 YTD (as of 2/9/12)	Executive Changes	
			FY 2011-12 to FY 2012-13	FY 2012-13 to FY 2013-14
1. Child Welfare Caseload Adjustments	Gross	\$615,071,400	(\$32,514,900)	\$0
Reduces funding for child welfare programs \$32.5 million Gross (\$18.7 million GF/GP) as follows:	Federal	337,939,800	(17,400,300)	0
<ul style="list-style-type: none"> Foster care payments are reduced \$8.6 million Gross (\$8.1 million GF/GP) from 7,200 cases at \$24,378 per year to 7,150 cases at \$23,340 per year. Adoption subsidies are reduced \$2.0 million Gross (\$1.0 million GF/GP) from 27,450 cases at \$652.50 per month to 27,249 cases at \$651.00 per month. The County Child Care Fund is reduced \$23.9 million Gross (\$11.3 million GF/GP). Guardianship assistance payments are increased \$2.0 million Gross (\$1.8 million GF/GP). 	Local	13,388,800	3,341,000	0
	Private	1,400,000	200,000	0
	GF/GP	\$262,342,800	(\$18,655,600)	\$0
2. Foster Family Rate Increase	Gross	NA	\$11,291,300	\$0
Increases \$11.3 million Gross (\$6.3 million GF/GP) to increase foster family rates \$3.00 per child per day. New rate would be implemented for current foster care cases, new guardianship assistance cases, and new adoption subsidy cases. The last increase for family rates was implemented in 2004.	Federal	NA	4,166,700	0
	Local	NA	809,700	0
	GF/GP	NA	\$6,314,900	\$0

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3. Michigan Youth Opportunity Initiative	FTE	NA	18.0	0.0
Increases \$1.9 million Gross (\$878,900 GF/GP) to support 18.0 new FTEs to provide assistance to foster youth aging out of foster care. GF/GP would leverage federal funds to help support these new staff. The GF/GP contribution is redirected from other areas of the budget as a result of increasing federal Temporary Assistance for Needy Families (TANF) block grant funding.	Gross	NA	\$1,901,800	\$0
	Federal	NA	1,022,900	0
	GF/GP	NA	\$878,900	\$0
4. Family Preservation Programs	Gross	\$53,264,200	\$261,600	\$0
Increases funding for family reunification \$2.5 million Gross. Funding would support a new Supported Visitation contract and a new Parent Partners contract. Increases Families First \$500,000 Gross. Reduces Strong Families/Safe Children funding \$2.7 million Gross. The new programs emphasize mentoring and enhanced support to parents with a child removed from their home.	Federal	52,385,300	261,600	0
	GF/GP	\$878,900	\$0	\$0
5. One-Time Funding: Child Welfare Improvements	Gross	NA	\$5,700,000	(\$5,700,000)
Increases funding designated as one-time in boilerplate for child welfare improvements by \$5.7 million Gross (\$4.0 million GF/GP). The activities needing additional funding from the boilerplate authorization would be determined through the next Federal Monitor's report.	Federal	NA	1,700,000	(1,700,000)
	GF/GP	NA	\$4,000,000	(\$4,000,000)
6. Other Child Welfare Adjustments	Gross	NA	(\$880,900)	\$0
Includes child welfare adjustments as reviewed below:	Federal	NA	(280,900)	0
<ul style="list-style-type: none"> Increases funding for out-patient mental health services \$4.4 million GF/GP. Increases funding for new psychotropic oversight contracts \$1.1 million Gross (\$559,100 GF/GP). Increases Youth in Transition \$15,000 GF/GP. Eliminates \$4.0 million GF/GP for a one-time Needs Assessment. Reduces medical psychiatric evaluations \$1.4 million Gross (\$600,000 GF/GP) by implementing a statewide drug testing contract. Reduces medical subsidies for adoptive youth \$1.0 million GF/GP. 	GF/GP	NA	(\$600,000)	\$0
7. Public Assistance Caseload Adjustments	Gross	\$4,015,400,000	(\$91,828,700)	(\$14,736,000)
Reduces funding for public assistance programs \$91.8 million Gross (\$825,900 GF/GP) as follows:	Federal	3,707,089,500	(91,002,800)	(15,365,900)
<ul style="list-style-type: none"> Food Assistance Program (FAP) is reduced \$68.4 million Gross from 1,103,042 cases at \$271 per month to 996,958 cases at \$271 per month. Family Independence Program (FIP) is reduced \$22.6 million Gross from 69,363 cases at \$407 per month to 61,462 cases at \$427 per month. State Disability Assistance (SDA) program is reduced \$2.4 million GF/GP from 10,250 cases at \$227 per month to 9,350 cases at \$207 per month. State Supplementation program is increased \$1.6 million GF/GP from 258,500 cases at \$19.50 per month to 268,600 cases at \$19.50 per month. 	Restricted	81,211,700	0	0
	GF/GP	\$227,098,800	(\$825,900)	\$629,900
Also reduces FY 2013-14 projected budget \$14.7 million Gross and increases GF/GP by \$629,900 based on an estimated public assistance caseload adjustments.				

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8. Energy Services Adjustments	Gross	\$151,451,600	\$23,500,000	\$0
Increase federal Low-income Home Energy Assistance Program (LIHEAP) based on anticipated federal grant authorization by \$58.5 million. Transfers out \$35.0 million in restricted fee revenue targeted for energy assistance to the Department of Licensing and Regulatory Affairs (LARA). A total of \$60.0 million in restricted fee revenue is appropriated in LARA for energy services.	Federal	116,451,600	58,500,000	0
	Restricted	35,000,000	(35,000,000)	0
	GF/GP	\$0	\$0	\$0
9. State Supplementation Administration	Gross	\$2,681,100	(\$300,000)	\$0
Reduces \$300,000 GF/GP to recognize savings from distributing State SSI Supplementation payments through Electronic Funds Transfer rather than through paper checks.	GF/GP	\$2,681,100	(\$300,000)	\$0
10. Local Office Adult Services Increase	FTE	NA	41.0	0.0
Increases local office Adult Services staff by 41.0 FTEs and \$2.9 million Gross (\$924,700 GF/GP). New staff will reduce caseloads per worker from 237:1 to 200:1. Adult Services staff work on both Adult Protective Services and Adult Community Placements.	Gross	NA	\$2,935,700	\$0
	Federal	NA	2,011,000	0
	GF/GP	NA	\$924,700	\$0
11. Mobile Worker Initiative	Gross	NA	\$0	\$0
Increases funding \$2.4 million Gross (\$935,400 GF/GP) to purchase smart phones and apps to make direct care staff, licensing staff, and inspector general staff more mobile. With more staff in the field, the Executive Recommendation projects savings from rent and leases to offset the costs.	Federal	NA	0	0
	GF/GP	NA	\$0	\$0
12. Stratified Case Management	Gross	NA	\$1,195,000	\$0
Increases funding \$1.2 million Gross to launch an initiative to help DHS identify client cases with the most barriers, that use the most services (state, local, or community-based services), and to coordinate services to help persons reach self-sufficiency.	Federal	NA	1,145,000	0
	Private	NA	50,000	0
	GF/GP	NA	\$0	\$0
13. Other Local Office Increases	FTE	NA	1.0	0.0
Increases security costs \$495,000 Gross (\$352,700 GF/GP) in both ongoing and one-time costs to improve the security and safety at DHS local offices. Increases mileage reimbursement for volunteer services \$225,700 Gross (\$58,700 GF/GP) and adds \$74,800 Gross and 1.0 FTE for SSI advocacy.	Gross	NA	\$795,500	\$0
	Federal	NA	309,300	0
	Restricted	NA	74,800	0
	GF/GP	NA	\$411,4000	\$0
14. Child Support Enforcement - Paternity Testing	Gross	NA	\$1,800,000	\$0
Increases funding \$1.8 million Gross (\$612,000 GF/GP) to provide unwed mothers the option to have a paternity test at the hospital to legally identify the father as alternative to the current requirement to sign an affidavit of parentage. Program seeks to avoid future costs of paternity establishment and would be voluntary and not mandated.	Federal	NA	1,188,000	0
	GF/GP	NA	\$612,000	\$0
15. Background Check Program	Gross	\$1,000,000	(\$1,000,000)	\$0
Transfers out \$1.0 million GF/GP from the DHS budget to the LARA budget.	GF/GP	\$1,000,000	(\$1,000,000)	\$0
16. Disability Determination Services	FTEs	721.9	(175.0)	0.0
Eliminates funding and FTEs added during FY 2009-10 to again perform eligibility reconsiderations for persons applying for federal SSI and SSDI. The intent was that the reconsideration process would reduce the number of individuals requesting a federal appeal. The FTEs were never hired because the federal government suspended the reconsideration process.	Gross	\$114,949,500	(\$20,104,600)	\$0
	IDG	299,900	0	0
	Federal	113,651,200	(20,104,600)	0
	GF/GP	\$998,400	\$0	\$0

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17. Bridges Maintenance and Support	Gross	NA	\$2,218,600	\$0
Increases funding for maintenance and support for the Bridges information technology eligibility program by \$2.2 million Gross (\$856,300 GF/GP). Funding will be used for regular Bridges updates and revisions that have had to be delayed due to the number of recent public assistance policy revisions, in addition to IT activities related to transferring out the Child Development and Care (CDC) program to the Office of Great Start within the Department of Education.	Federal	NA	1,353,300	0
	GF/GP	NA	\$856,300	\$0
18. FTE and Federal Authorization Adjustments	FTEs	NA	(43.0)	0.0
Reduces FTE authorizations by 43.0 positions within child welfare, children services, and juvenile justice. Reduces federal authorization by \$47.4 million within child support enforcement, child support information technology, and payroll taxes and fringe benefits. These are adjustments to align spending with appropriations rather than program reductions or cuts.	Gross	NA	(\$47,423,900)	\$0
	Federal	NA	(47,423,900)	0
	GF/GP	NA	\$0	\$0
19. FY 2011-12 Employee Contingency Plan	FTEs	NA	(182.0)	0.0
Reduces budgeted salaries and wages to reflect actual realized salaries and wages by \$21.0 million Gross (\$5.8 million GF/GP). Eliminates funded staff vacancies saving \$6.0 million Gross (\$2.3 million GF/GP). Implements a targeted hiring freeze saving \$7.2 million Gross (\$2.8 million GF/GP) and offsets \$7.8 million GF/GP with TANF savings from the employee contingency plan.	Gross	NA	(\$34,241,100)	\$0
	Federal	NA	(15,470,100)	0
	GF/GP	NA	(\$18,771,000)	\$0
20. Employee Economics	Gross	NA	\$21,471,600	\$21,383,300
Increases employee economic costs related to salary and wages, retirement, insurances, and building occupancy changes by \$10.9 million Gross (\$5.5 million GF/GP). Replaces \$3.9 million in IDG funds from DTMB with federal funds. Increases funding designated as one-time in boilerplate for state employee lump sum payments by \$10.5 million Gross (\$3.9 million GF/GP). Also increases FY 2013-14 projected budget \$31.9 million Gross (\$12.2 million GF/G) based on an estimated 6.9% increase to retirement costs and an estimated 6.3% increase to insurance costs.	IDG	NA	(4,580,200)	0
	Federal	NA	15,922,000	13,114,300
	Local	NA	391,400	0
	Private	NA	219,400	0
	Restricted	NA	71,200	0
	GF/GP	NA	\$9,447,800	\$8,269,000
21. Federal Medical Assistance Percentage (FMAP) Adjustments	Gross	NA	\$0	\$0
Reduces GF/GP by \$529,900 from the FMAP federal match rate adjustment from 66.14% to 66.39%. This rate is used to determine federal cost sharing for foster care payments and adoption subsidies.	Federal	NA	529,900	0
	GF/GP	NA	(\$529,900)	\$0

Major Boilerplate Changes From FY 2011-12

NOTE: No boilerplate language proposed specific to FY 2013-14.

Executive Boilerplate Deletions

In general, the Executive Budget deletes a large majority of boilerplate language included in the FY 2011-12 budget. This includes many legislative reporting requirements, sections providing guidance and placing conditions on appropriations, and earmarks of funding for specific purposes. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections deleted.

GENERAL SECTIONS

Sec. 217. Limits on Out-of-State Travel – DELETED

Limits out-of-state travel to specific conditions; requires report on out-of-state travel exemptions.

Major Boilerplate Changes From FY 2011-12

Sec. 223. Medicaid Determination Requirements – DELETED

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

Sec. 224. Medicaid Determination Requirements for Nursing Home Patients – DELETED

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

Sec. 250. Information Technology Work Projects – DELETED

Allows appropriations for information technology to be designated as work projects and carried forward into future fiscal years.

Sec. 264. DHS Employee Communication with Legislature – DELETED

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

EXECUTIVE OPERATIONS

Sec. 307. 2-1-1 Statewide Call System – DELETED

Allocates \$550,000 for Michigan 2-1-1 to coordinate and support a statewide 2-1-1 call system; provides that funding shall not exceed 50% of total operating expenses; requires annual report.

ADULT AND FAMILY SERVICES

Sec. 423. Michigan MiCAFE Contract – DELETED

Allocates \$100,000 to Elder Law of Michigan MiCAFE to assist elderly citizens who may be eligible for food assistance; allows money to be used as matching funds to provide food assistance outreach as part of a food stamp hotline.

CHILDREN'S SERVICES

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

Restricts placement of children in out-of-state facilities unless specified criteria are met as determined by the interstate compact office and deputy director of children's services; requires report on number of children in out-of-state placements and costs of placements.

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 services; directs DHS to explore automated payments to private agencies to improve speed and accuracy; requires report.

Sec. 536. Foster Care Assignment System – DELETED

Establishes criteria requiring DHS to place children within their own county or within a 75-mile radius of the home from which they entered custody except under certain listed circumstances.

Sec. 546. Foster Care Agency Administrative Rates – DELETED

Establishes foster care administrative rate of \$37 for private child placing agencies under contract with DHS; establishes general independent living administrative rate of \$28; establishes specialized independent living administrative rates less than rates provided in FY 2008-09 but more than the general independent living rate.

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 recommendation strikes out \$2.5 million.*

Sec. 578. Mental Health Assessment – DELETED

Requires DHS and child placing agencies to utilize a standardized assessment tool to determine placement and mental health services of children placed with DHS.

PUBLIC ASSISTANCE

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

Allows DHS to make direct payments to energy providers; establishes energy caps based on available federal funds; requires DHS to review and adjust the state food assistance standard utility allowance based on current energy costs; requires payments for energy assistance to be paid to energy provider not the individual.

Sec. 610. State Emergency Relief – DELETED

Requires consideration of expenses for finding employment as good cause for persons applying for SER assistance; establishes housing affordability standard under SER of 75% of total net income; prohibits SER payments to individuals found guilty of fraud, out-of-state residents, and illegal immigrants; requires SER rent assistance to be paid directly to the landlord.

Sec. 613. Cremation of Unclaimed Bodies – DELETED

Provides reimbursements for the cremation of indigent persons if a person with the right to control the disposition of the body does not claim the body or refuses to exercise that right.

Major Boilerplate Changes From FY 2011-12

Sec. 615. Illegal Alien Public Assistance Prohibition – DELETED

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

Sec. 644. Regional Homeless Shelters – DELETED

Requires DHS to prioritize money for regional homeless shelters that offer wraparound services with a lower cost per night than an alternative homeless shelter.

Sec. 645. Domestic Violence Homeless Criteria for State Emergency Relief – DELETED

Allows individuals living with others to escape domestic violence to be defined as homeless for purpose of SER.

Sec. 677. Family Independence Program (FIP) Goals – DELETED

Establishes state goal of having 50% of FIP cases involved in employment activities; requires quarterly reports; directs DHS to develop improvement plan if actual percentage falls below goal for two consecutive quarters.

Sec. 686. Caseworker Policy Changes – 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 \$500,000 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. 696. Chaldean Community Foundation – DELETED

Appropriates \$100,000 to the Chaldean Community Foundation to provide translation services, health care, and youth services.

JUVENILE JUSTICE SERVICES

Sec. 719. Legislative Notification of Juvenile Justice Changes – DELETED

Requires DHS to notify Legislature at least 30 days before closing or making any change in the status of a state juvenile justice facility, including licensed bed capacity and operating bed capacity.

ONE-TIME BASIS ONLY

Sec. 1201. One-time Basis Appropriations – NEW

Appropriates, on a one-time bases only, \$10.5 million for state employee lump sum payments and \$5.7 million for child welfare enhancements; programs are funded with \$8.3 million in federal revenue and \$7.9 million in state general fund/general purpose.