

June 20, 2010

FY 2011 Budget for the Department of Human Services Moves to a Joint House/Senate Conference Committee

The fiscal year 2011 budget for the Department of Human Services (DHS) has now been approved by the Michigan House of Representatives and the Michigan Senate, and will now go to a joint House/Senate conference committee that will be charged with negotiating the differences in the House and Senate versions of the bill.

Summary of Current FY 2011 DHS Budget Recommendations

Child Welfare Services

Child Abuse and Neglect Prevention Services:

The Governor:

- Provided continuation funding for the 0 to 3 Secondary Prevention program in the DHS budget at \$3.8 million. At its peak in 2001, \$7.75 million was available through three state budgets, including those for the Departments of Human Services and Community Health, and K-12 School Aid. In the current fiscal year, as a result of vetoes, funding was continued only in the DHS budget.
- Changed budget language relating to the administration of the 0 to 3 Secondary Prevention program. Reflecting a shift of administration of the program from the Children's Trust Fund (CTF) to DHS Children's Services this year, the Governor's proposed fiscal year 2011 budget removed language requiring that the funds be awarded through a joint request for proposal process established by the CTF and the state human services directors. Also removed was language specifying that funds must be used for secondary prevention initiatives where neglect or abuse have not been substantiated, and language requiring applicants to demonstrate that the planned services are endorsed by local Community Collaboratives and are part of local Great Start Collaborative strategic plans. Funds were redirected this year from a statewide competitive process to targeted services in five urban counties. The budget language retained by the Governor does the following: (1) allows the DHS to allocate the funds for services for at-risk children and families classified as category III or IV under the Child Protection law; (2) provide services that foster positive parenting skills especially for parents of children ages 0 to 3; and (3) requires a local match of 25 percent unless waived by the DHS.
- Increased funding for the Strong Families/Safe Children program from \$10.7 million to \$16.6 million (55%), with new funding to be used for a pilot project for intensive family services in five urban counties. Budget language is removed permitting the community collaboratives to use the funding for prevention programs that meet standards agreed upon by the collaboratives and county department offices. The expansion is funded with one-time carry-forward federal Title IV-B, part 2 funding.

The House:

- Concurred with the Governor in retaining continuation funding for 0 to 3 Secondary Prevention programs, and in eliminating budget language related to the administration of the program. The House

assumes that the programs will lapse \$2 million in the current fiscal year and uses one-time federal Title IV-B carry-forward dollars to fund the program in fiscal year 2011.

- Concurred with the Governor and increased funding for the Strong Families/Safe Children program to \$16.6 million, with new funding to be used for intensive family services in five urban counties. The House differed from the Governor by retaining budget language permitting Community Collaboratives to use the funding for prevention programs.

The Senate:

- Concurred with the Governor and the House to change boilerplate language guiding the administration and allocation of 0 to 3 Secondary Prevention dollars, but retained language specifying that funds appropriated for the program “shall be used to fund secondary prevention programs as defined in the Children’s Trust Fund’s pre-application materials for direct services grants for the current fiscal year,” as well as language requiring that the planned services are part of the community’s integrated family support strategy, endorsed by the community collaborative, and are part of the local Great Start strategic plan where applicable.
- Concurred with the Governor and the House by increasing funding for the Strong Families/Safe Children program from \$10.7 million to \$16.6 million, with new funding to be used for intensive family services in five urban counties. The Senate concurred with the House in retaining budget language permitting the Community Collaboratives to use the funding for prevention programs.
- Restored funding for the marriage initiative (\$2.3 million) and the fatherhood initiative (\$1.6 million).
- Restored funding for the Teenage Parent Counseling program (\$3 million), a program that was vetoed by the Governor in the current year budget.

Child Welfare Staffing:

The Governor increased funding for new child welfare staff needed to reduce caseloads in compliance with a settlement resulting from a lawsuit against the state for weaknesses in its protective services and foster care systems. Specifically, the Governor recommended that 189 workers be added in the current fiscal year (though a budget supplemental), 160 at the beginning of fiscal year 2011, and 335 in the last quarter of fiscal year 2011—for a total increase of 684.

The House concurred with the Governor, providing funding for an increase of 684 child welfare workers.

The Senate provided funding for only 119 new child welfare workers in fiscal year 2011, with the bulk of the funding used to hire additional protective services workers.

Children’s Services Data System:

The Governor included funding for upgrades in the children’s services data system to comply with the lawsuit settlement (\$10.5 million).

The Senate and House concurred with the Governor.

Extension of Child Welfare Services to Age 20:

The Governor included funding to extend eligibility to age 20 for foster care (\$6.2 million), subsidized guardianships (\$198,000), and adoption subsidy benefits (\$831,700) as required by the lawsuit settlement.

The Senate and House concurred with the Governor.

Other Child and Family Services:

The Governor:

- Provided continuation funding for the Family Reunification program (\$4 million), and the Families First program (\$18.5 million).
- Included a total of \$1 million in restricted funding (required by PA 546 of 2009) for child advocacy centers that work with victims of child abuse and neglect.
- Recognized \$3.6 million in savings from an expected drop in the need for residential care as a result the implementation of the Medicaid waiver that provides home-based services to children with serious emotional disturbances.
- Eliminated funding for the Kinship Care Resource Center at Michigan State University (\$200,000).

The House:

- Agreed with the Governor and provided continuation funding for the Family Reunification and Families First programs.
- Concurred with the Governor and appropriated \$1 million in restricted funding for child advocacy centers that work with victims of child abuse and neglect.
- Included \$5 million for financial incentives to counties to provide in-home services to children in the state's child abuse and neglect and juvenile justice systems (75% rather than 50% state reimbursement).
- Reduced funding for Wayne County family preservation services from \$2 million to \$1.6 million.
- Concurs with the Governor on savings from the Medicaid waiver providing home-based services to children with serious emotional disturbances.
- Increased funding for the Kinship Care Resource Center from \$200,000 to \$300,000.

The Senate:

- Agreed with the Governor and provided continuation funding for the Family Reunification and Families First programs.
- Concurred with the Governor and appropriated \$1 million in restricted funding for child advocacy centers.
- Included a \$100 placeholder for the Kinship Care Resource Center to allow further discussion in the joint House/Senate conference Committee.
- Agreed with the Governor on savings from the Medicaid waiver providing home-based services to children with serious emotional disturbances.

Child Welfare Provider Payments:

The Governor:

- Eliminated payments to private agencies to identify and license unlicensed relative caregivers (\$2.5 million). Agencies were allocated \$2,300 for each licensure, and could continue to supervise up to 50 percent of those cases.
- Eliminated funding (\$3.9 million) for a \$7 increase in the per-diem provided to residential care institutions serving juvenile justice and abused/neglected children.

The House:

- Concurred with the Governor in eliminating payments to private agencies that license relative caregivers, as well as funding for family incentive grants.

- Concurred with the Governor in eliminated funding for a \$7 increase in the per-diem provided to residential care institutions serving juvenile justice and abused/neglected children.
- Increased funding for private foster care and adoption services administration to reflect the transfer of more cases to private agencies. The budget assumes that all adoption services cases would be transferred to private agencies, while private agency supervision of foster care would increase 15 percent in the last quarter of fiscal year 2011.
- Included \$1 million to restore special adoption contracts (funding was vetoed in the current fiscal year). Funding is provided to agencies that place children who have been permanent wards of the state for over one year after termination of parental rights (\$16,000 for each finalized placement).
- Included \$6.7 million for a 36 percent increase in reimbursements to private agencies for adoption placements. Budget language requires that additional funds be used to increase staffing to comply with the 15:1 cases-to-work ratios required in the lawsuit settlement agreement. This funding was vetoed in the current fiscal year.
- Includes new budget language requiring the DHS to demonstrate a 10 percent cost savings before privatizing services, and to determine whether contracts achieved the required quality and cost savings before being renewed or rebid.

The Senate:

- Restored payments to private agencies that successfully identify and license relative caregivers.
- Retained budget language allocating \$375,000 for family incentive grants.
- Concurred with the House and provided funding for an increase in reimbursements to private agencies for adoption placements.
- Included funding for the per-diem increase for residential child care.

Overrepresentation of Children of Color in Child Welfare Systems:

The Governor retained budget language requiring the DHS to report its progress on recommendations to reduce the disproportionate representation of African American and other children of color in the state's child welfare systems.

The Senate and the House concurred with the Governor.

Child Care Assistance

Child Care Subsidies

The Governor:

- Reduced funding for child care services by a total of \$15.7 million, to reflect an anticipated drop in the number of families using care, for a total caseload of 33,000.

The House:

- Included a reduction of \$50.8 million in child care subsidies, with an anticipated caseload of 26,624.
- Removed budget language requiring fees for the licensing and regulation of child care organizations.

The Senate:

- Concurred with the Governor on total caseloads.
- Concurred with the House and removed budget language requiring the DHS to assess fees for the licensing and regulation of child care organizations.

- Prohibited the use of state funds (\$200,000) for the Michigan Home Based Child Care Council, as well as for the collection of union dues.
- Added budget language requiring the DHS to impose a sanctions policy for criminal or fraudulent behavior for the child development and care program no later than January 1, 2011.

Child Care Quality Improvements

The Governor:

- Provided continuation funding for child care quality enhancements through the Early Childhood Investment Corporation (ECIC) (\$14.6 million).
- Eliminated all funding (\$1 million in federal Child Care Development Fund dollars) for the Child Care Expulsion project. The funds are transferred to the Department of Community Health (DCH), and are reflected in the DCH budget (where the House has restored funding for the program, contrary to the Executive Budget and the Senate-passed DCH budget).
- Retained a basic training requirement for all child care aides and relatives.

The House:

- Agreed with the Governor and provided continuation funding for child care quality enhancements through the ECIC.
- Concurred with the Governor and eliminated funding for the Child Care Expulsion project.
- Concurred with the Governor and retained a basic training requirement for all child care aides and relatives.

The Senate:

- Agreed with the Governor and the House by providing continuation funding for child care quality enhancements through the ECIC.
- Concurred with the Governor and the House by eliminating DHS funding for the Child Care Expulsion project.
- Concurred with the Governor and House and retained a basic training requirement for all child care aides and relatives.
- Concurred with the House and removed budget language requiring the DHS to assess fees for the licensure and regulation of child care and adult foster care facilities.

Before and After School Programs

The Governor:

- Vetoed in the current year, and did not restore in her proposed fiscal year 2011 budget, funding for before- and after-school programs (\$3 million).
- Vetoed and did not restore budget language authorizing \$25,000 for the Michigan After-School Partnership.

The House:

- Restored funding for before- and after-school programs (\$3 million).
- Concurred with the Governor and did not restore \$25,000 in TANF funding for the Michigan After-School Partnership.

The Senate:

- Concurred with the House and restored funding for before- and after-school programs (\$3 million).

- Restored \$25,000 for the Michigan After-School Partnership.

Income Assistance for Poor Children

The Governor:

- Increased funding for the Family Independence Program (FIP), reflecting increasing caseloads.
- Significantly increased funding for food assistance programs (all federal dollars) in recognition of rapidly growing caseloads related to rising unemployment and poverty, with total funding (including ARRA funds) rising from approximately \$2.7 billion to \$3.6 billion.
- Provided continuation funding for low-income energy assistance for poor children (\$116.5 million).
- Provided continuation funding for local DHS emergency assistance (\$21.6 million).
- Appropriated a total of \$33 million (\$13 million in the current fiscal year and \$20 million in fiscal year 2011) for the JET Plus employment and training program for public assistance recipients in Detroit, Flint, Saginaw, Muskegon and Grand Rapids. Initial funding for the program in the Department of Energy, Labor and Economic Growth budget was eliminated through Executive Order.

The House:

- Included increased funding based on slightly lower estimated FIP caseloads.
- Concurred with the Governor on increases in food assistance caseloads and costs.
- Concurred with the Governor on funding for the low-income energy assistance program.
- Concurred with the Governor on continuation funding for local DHS emergency assistance.
- Diverted \$13 million of the funding the Governor proposed for the JET Plus employment and training program, using those funds for prevention and other services (including before- and after-school programs and the in-home incentive program).

The Senate:

- Concurred with the Governor on FIP caseloads and related costs.
- Concurred with the Governor and House Subcommittee on increases in food assistance caseloads and costs.
- Concurred with the Governor and House Subcommittee on funding for the low-income energy assistance program.
- Concurred with the Governor and House Subcommittee on continuation funding for local DHS emergency assistance.
- Provided a \$100 placeholder related to the Governor's proposed expansion of the JET Plus employment and training program.

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