

June 3, 2010

## **FY 2011 Budget for the Department of Human Services Approved by the Michigan Senate and Awaiting House Action**

The fiscal year 2011 budget for the Department of Human Services (DHS) has now been approved by the Michigan Senate. The budget, which originated in the House of Representatives, has not yet been taken up by the House Appropriations Committee. After approval by the House Appropriations Committee and the full House, the DHS budget will 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.

The Governor's proposed budget failed to restore many of the cuts in children's programs that were made in the current fiscal year (fiscal year 2010), such as:

- Reductions in funding for child care subsidies for low-income working parents, including reductions in reimbursements for many relatives and aides providing child care services.
- Deep cuts in family preservation and support programs including a reduction of \$3 million for community child protection/permanency programs; and the elimination of family group decision-making, teen parent counseling, and marriage and fatherhood programs.
- Elimination of before- and after-school programs and funding for the Michigan After-School Partnership.
- Elimination of funding for the Communities in Schools program.

### **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 Subcommittee:**

- 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.
- 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 Subcommittee 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 it 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 Subcommittee 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. These funds were to be used to hire an additional 527 protective services, foster care, adoption and other child welfare workers.

**The Senate and House Subcommittee** provided funding for only 151 new child welfare workers, with the bulk of the funding used to hire an additional 112 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 Subcommittee** 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 Subcommittee** 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).
- Did not restore funding for Youthville Detroit, after having vetoed the grant (\$100,000) in the current fiscal year.

#### **The House Subcommittee:**

- 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.
- Concurs with the Governor on savings from the Medicaid waiver providing home-based services to children with serious emotional disturbances.
- Restored funding for the Kinship Care Resource Center.
- Restored funding for Youthville Detroit.

#### **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.
- Agreed with the Governor to not restore funding for Youthville Detroit.
- Increased funding for the Michigan 2-1-1 program by \$50,000 or 10 percent.

## 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 Subcommittee:**

- Restored payments to private agencies that licensed relative caregivers.
- Retained \$375,000 for family incentive grants for home improvements or payments for physical exams needed for licensure.
- Provided funding (\$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.
- Included funding for the per-diem increase for residential care, in recognition of increased requirements resulting from the lawsuit settlement agreement.

### **The Senate:**

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

## Youth in Transition Programs:

### **The Governor:**

- Removed budget language specifying the range of supportive services necessary for youths transitioning from foster care.
- Eliminated higher reimbursement rates to providers for specialized independent living services (savings of \$1.8 million).

### **The House Subcommittee:**

- Retained current year language specifying the range of services to be provided to youths in transition to adulthood.
- Retained higher reimbursement rates for specialized independent living services.

### **The Senate:**

- Modified current budget language specifying the range of services to be provided to youths in transition to adulthood, reflecting current DHS policies.
- Concurred with the House Subcommittee and retained higher reimbursement rates for specialized independent living services.

### Subsidized Guardianship Program:

**The Governor** slightly increased funding for the subsidized guardianship program to \$4.8 million. Budget language was removed specifying how the guardianship funds must be dispersed.

**The Senate and House Subcommittee** both modify language related to the subsidized guardianship program, consistent with the intent of the program and current policy.

### 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 Subcommittee** 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 Appropriations Subcommittee:**

- Included a reduction of \$50.7 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 Subcommittee 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 Subcommittee:**

- 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.
- Allocated \$6 million in emergency TANF funding to shift funding for local ECIC Great Start Collaboratives from the School Aid budget to the DHS budget.
- Removed budget language requiring the DHS to assess fees for the licensure and regulation of child care and adult foster care facilities, saving the state \$657,000.

**The Senate:**

- Agreed with the Governor and the House Subcommittee by providing continuation funding for child care quality enhancements through the ECIC.
- Concurred with the Governor and the House Subcommittee by eliminating DHS funding for the Child Care Expulsion project.
- Concurred with the Governor and House Subcommittee 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.
- Agreed with the Governor to retain funding for ECIC Great Start Collaboratives in the School Aid budget.

**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 Subcommittee:**

- Restored funding for before- and after-school programs (\$3 million).
- Retained current year language that requires that priority for before- and after-school funds be given to programs that serve areas with marked increases in gang violence, and added new language requiring applicants to demonstrate: (1) how their programs would involve parents; and (2) how other programs offered on the site would enhance the before and after school program. Priority for funding would be given to programs that demonstrate effectiveness in these areas.
- Added new language requiring evaluation of funded programs with an emphasis on academic accomplishments and attendance records of participants
- 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).
- Disagreed with the House Subcommittee by deleting current year budget language that requires that priority be given to before- and after-school programs that serve areas with marked increases in gang violence. Concurred with the House Subcommittee by adding new language that also gives priority to

applicants that can demonstrate how their programs involve parents and integrate other programs offered on the site.

- Concurred with the House Subcommittee by adding new language requiring evaluation of funded programs with an emphasis on academic accomplishments and attendance records.
- Restored \$25,000 for the Michigan After-School Partnership.

### **Income Assistance for Poor Children**

#### **The Governor:**

- Increased funding for the Family Independence Program (FIP) from \$379 million in the current year budget to \$441 million in 2011, reflecting increasing caseloads. The Governor assumes an average caseload of 85,000.
- 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 an additional \$20 million for the JET Plus employment and training program for public assistance recipients in Detroit, Flint, Saginaw, Muskegon and Grand Rapids.

#### **The House Subcommittee:**

- Assumed slightly lower average FIP caseloads of 82,700, with reductions in related costs.
- 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.
- Approved only \$5 million of the Governor's proposed \$20 million for the JET Plus employment and training program, diverting funds to prevention and other services.
- Included \$1.7 million for a customer services resource center for families seeking public assistance. The role of the center is to screen calls to county offices in order to allow caseworkers to devote more time to eligibility determinations and case management activities. The Governor vetoed the customer services resource center in the current fiscal year.

#### **The Senate:**

- Concurred with the Governor on FIP caseloads and related costs, with total funding of \$441 million.
- 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.
- Included \$850,000 for a customer services resource center for families seeking public assistance.