

# Budget Basics

Detailed information and recommendations regarding State of Michigan budgets.

## for Child and Family Advocates



June 29, 2012

### Fiscal Year 2013 Department of Human Services Budget

The last week of May, the Conference Committees approved all of their budget bills for fiscal year (FY) 2013, and on June 26, 2012, Governor Snyder signed the budget bills into law. The 2013 fiscal year begins October 1, 2012 and ends September 30, 2013. As anticipated, the final budgets were in the form of two omnibus bills – one for Education (PA 201) including School Aid, Community Colleges, and Higher Education; and another (PA 200) for all of the department budgets. The Governor vetoed several items in PA 200, including \$1 million for before and after school programming and a \$3 million increase for 0-3 prevention programs.

The Department of Human Services (DHS) budget is included in HB 5365 and appropriates over \$6.5 billion for the 2013 fiscal year, down from \$6.7 billion in the 2012 fiscal year. More than 84 percent of the budget (\$5.5 billion) is provided through federal and restricted funds. Total funding for the DHS budget has grown by over 63 percent since fiscal year 2002, \$4.0 billion to \$6.5 billion, with the growth driven by large increases in demand for the federally-funded food assistance program.

The Governor's budget provided a total of \$6.6 billion for the Michigan Department of Human Services (DHS) for fiscal year 2013, \$1 billion from the state general fund. More than half (54%) the dollars spent through the DHS budget are for the federally funded food assistance program, with only 10 percent allocated for other public assistance, including the Family Independence Program. Approximately 15 percent supports child welfare services.

The Senate FY2013 DHS budget totaled \$6.55 billion (\$991 million state general fund) for FY2013 is \$45 million below the Governor's recommended budget and appropriated \$35 million less the Governor's recommendation in state general fund spending. The Senate included boilerplate language directing DHS to operate a pilot program in Kent County to privatize some child welfare services and included the Governor's recommended Supported Visitation program and Parent Partners program.

The House FY2013 DHS budget totaled \$6.53 billion, \$67 million below the Governor's recommendation (\$35 million less in GF than the Governor's budget). Some of the differences in the House budget compared to the Governor's recommendation include the reinstatement of \$5 million for before- or after-school funding as well as the closure of all three state-run juvenile justice facilities. The House also includes language requiring all departments that spend more than \$75 million, which includes DHS, to publicly list the top 10 measurable outcomes they will achieve with their funds. Beginning April 1, 2013, the department will have to provide biennial updates to the House and Senate Appropriations Committees regarding changes to those outcomes and department efforts to improve the outcomes.

Michigan's FY13 budget conversations follow more than a decade of disinvestment in programs for children and families throughout the public sector, mitigated temporarily by an influx of federal economic stimulus dollars. It is during the state budget process that decisions are made about the expenditure of state revenues, and there are many competing interests that the Governor, legislators and other policymakers must consider when dividing up tax dollars.

## Fiscal Year 2013 Budget

### **Income Assistance Programs**

#### Family Independence Program (FIP)

- *Governor:* The Governor's budget reflects the ongoing implementation of a 48 month lifetime limit on the receipt of FIP benefits, with an expected reduction of over 7,000 cases between fiscal years 2012 and 2013 as a result of this policy change. FIP caseloads are expected to fall from 85,389 in fiscal year 2007 to 61,850 in 2013, a reduction of 28 percent. The Governor's budget assumes \$22 million in savings from caseload reduction.
- *Senate:* Concurs with the Governor.
- *House:* The House revises caseload projections to approximately 59,000 cases for FY 2013 at average of \$406.60 per month instead of the Governor's caseload estimation and average amount of \$427 per month. This results in a \$51.7 million gross, \$10.5 million GF reduction to FIP.
- ***Final Budget:* FIP funding is reduced to \$254 million and assumes caseload reductions of 69,363 to 53,298 with funding reductions from \$407 per month to 397.01 per month.**

#### Home heating assistance

- *Governor:* The Governor's budget includes \$195 million in federal funds for the home heating credit, energy-related crisis payments and weatherization for low-income home owners. \$60 million in state general funds is also available through the Department of Licensing and Regulatory Affairs (LARA) to provide heating assistance to low-income families and individuals – including DHS clients – through the Vulnerable Fund.
- *Senate:* Concurs with the Governor.
- *House:* The House concurs with the Governor in the increase to the Low-Income Home Energy Assistance Program (LIHEAP) reflecting the changes in federal funding. The House does not concur with the \$60 million in GF from LARA. The House reduces administrative costs and shifts \$8 million in federal LIHEAP funds strictly for energy assistance and uses \$52 million in TANF funding to fill the \$60 million removal from LARA. This is one time funding.
- ***Final Budget:* Includes \$174 million in LIHEAP funding (anticipated \$58.5 million federal) and \$60 million one-time funding (\$27.7 million general fund) to replace LARA funding for heating assistance through the Vulnerable Fund.**

#### Children's Clothing Allowance

- *Governor:* The Governor's budget retains \$2.9 million for eligible children in a FIP program group that do not have an adult included in the program group.
- *Senate:* Concurs with the Governor.
- *House:* Concurs with the Governor.
- ***Final Budget:* Concurs with the Governor - maintains \$2.9 million for foster children and youth.**

### **Child Welfare**

#### Child Abuse and Neglect Prevention and Family Preservation Programs

- *Governor:* The Governor's budget includes some changes from FY2012 including a \$2.7 million reduction to Strong Families Safe Children for a total of \$12.4 million to reflect an anticipated federal grant reduction and a \$500,000 increase to Families First for a total of \$18.5 million. Child Protection and Permanency would be funded at \$16.6 million and Family Reunification at \$4.0 million. The Governor also includes \$2 million in federal funds for a new supported visitation, home-based parent education program that will support family reunification for approximately 7,000 families as well as \$500,000 in federal funds for a new parent partners program – a peer-to-peer mentoring program for parents – to serve 360 families in cases where the child/children have been removed from the home.

- *Senate:* The Senate concurs with the Governor on funding for Strong Families Safe Children, Child Protection and Permanency, Family Reunification, Supported Visitation, and Parent Partners program. The Senate reduces Families First funding to \$16 million (\$2.5 million below the Governor). The Senate recommends removing excess authorization in several line items pertaining to child abuse and neglect programs including Children's Trust Fund Grants, Child Protective Services Workers, Direct Care Workers, Permanency Planning Specialists, and Child Welfare First Line Supervisors.
- *House:* The House provides \$4 million below the Governor's recommendation in prevention and family preservation programs including \$16 million for Families First (\$2.5 million below the Governor's proposal), \$12.4 million for Strong Families Safe Children (concur with the Governor), \$16.0 million for Families First (\$2.5 million below the Governor), \$15.3 million for Child Protection and Permanency (\$1.3 million below the Governor), and \$3.6 million for Family Reunification (\$400,000 below the Governor). The House includes the Governor's Supported Visitation and Parent Partners program.
- ***Final Budget: Concur with the Governor on everything but the \$500,000 increase to Families First. The final budget continues funding for the Families First program at \$18 million.***

#### Foster Care

- *Governor:* The Governor's budget includes funding for child welfare improvements required as a result of a consent decree following litigation by Children's Rights, a child advocacy organization, including additional staff to reduce caseloads, technology and data collection improvements, and expansion of foster care eligibility to age 21. The Governor provides an \$11.3 million increase (\$6.3 million in state general funds) to increase the rate paid to foster and adoptive parents by \$3 per day, to \$19.83 per day for children ages 0 to 12; \$24.78 per day for children ages 13-17; and \$21.27 for children in independent living. Finally, \$23.9 million is cut from the County Child Care Fund in anticipation of a reduction in caseloads.
- *Senate:* The Senate concurs with the Governor's recommendation to increase the rate paid to foster parents by \$3 per day but not for adoptive parents and guardians for a total increase of \$7.5 million. The Senate also includes a \$4.1 million (\$1.7 million GF) in additional funds to increase the administrative per diem to \$40 for private foster care providers and assumes a caseload of 4,175. The Senate provides \$2 million in GF for a special adoption subsidy that would allow adoptive parents with special needs children to claim increased subsidies for up to a year after an adoption has been finalized. The Senate concurs with the Governor on the County Child Care Fund. Boilerplate language is added directing the department to implement a pilot program in Kent County to privatize some child welfare services. The Senate also directs the department to track and report quarterly the number and percentage of children who received both a physical and mental health assessment prior to placement in the foster care and juvenile justice systems.
- *House:* The House concurs with the Governor on the increase to increase the rate paid to foster and adoptive parents by \$3 per day. The House increases the child placing agency administrative rate to \$42 for a total of \$1.9 million in GF to hold counties harmless. The House reduces funding for the County Child Care Fund by \$14.5 million and increases funding for the in-home incentive program; total program costs are \$15 million and assumes the program will save \$10 million in residential placement costs.
- ***Final Budget: Concur with the Governor and provides an \$11.3 million increase (\$6.3 million in state general funds) to increase the rate paid to foster and adoptive parents by \$3 per day, to \$19.83 per day for children ages 0 to 12; \$24.78 per day for children ages 13-17; and \$21.27 for children in independent living.***

#### Youth in Transition

- *Governor:* The Governor recommends maintaining funding for youth in transition programs at \$14.7 million, which includes a \$1.9 million (\$878,000 in state general funds) increase for the Michigan Youth Opportunities Initiative (MYOI) from FY2012, which helps youths transition from the child welfare system to adult employment and independence.

- *Senate:* The Senate provides a smaller increase of \$1.6 million to MYOI (\$648,900 GF).
- *House:* Concurs with the Governor.
- ***Final Budget:* Concurs with the Governor and maintains funding at \$14.7 million including \$1.9 million for the MYOI.**

#### Guardianship assistance program

- *Governor:* The Governor recommends a \$2 million (\$1.8 million GF) increase to the Guardianship assistance program to reflect an increase in the number of cases and cost per case.
- *Senate:* Concurs with the Governor.
- *House:* The House revises the funding source for FY2013 caseload projections and increases the foster family per diem by \$3 for new guardianship assistance cases for a \$2.1 million increase (\$1.3 million GF).
- ***Final Budget:* Increases funding by \$2.6 million (\$2.1 million general fund) to \$4.7 million.**

#### Before- or After-School Programs

- *Governor:* The Governor's budget does not include funding for before- or after-school funding.
- *Senate:* Concurs with the Governor.
- *House:* The House provides \$5 million in federal funding for before- or after-school programs targeted to children in kindergarten to ninth grade. Eligible programs must serve areas near schools that do not meet AYP and serve children below 200% of federal poverty level.
- ***Final Budget:* The Governor vetoed this appropriation "because it is not prudent to establish an ongoing program utilizing one-time revenues." The Conference Committee had included \$1 million (TANF) one-time funding for before- or after-school programs. Previous years funding had provided specific language detailing the scope of the program targeted to children in kindergarten to ninth grade. Eligible programs must serve areas near schools that do not meet AYP and serve children in families with income below 200% of the federal poverty level.**

### Juvenile Justice

#### Residential Facilities for Juvenile Offenders

- *Governor:* The Governor recommends funding the W.J. Maxey Training School at \$11.5 million, the Bay Pines Center at \$5 million, and the Shawono Center at \$5 million.
- *Senate:* The Senate recommends reducing the funding for the three state-run juvenile justice facilities by \$1 million total - \$500,000 cut to Maxey Training School and \$250,000 cut each to Bay Pines and Shawono Center. The Senate appropriates \$1.6 million in state general funds to pay all exceptional medical expenses at all three facilities, and appropriate an additional \$1.6 million to reduce the county share of the per diem costs of the facilities to 40 percent.
- *House:* The House recommends closing all three facilities and transferring the youths to private residential facilities funded through foster care payments. Boilerplate language is added requiring the DHS to report on the placement of the youth in the juvenile justice facilities and their current status six months after the facilities are closed.
- ***Final Budget:* Decreases funding by \$2 million- funding the W.J. Maxey Training School at \$10.5 million, the Bay Pines Center at \$4.4 million, and the Shawono Center at \$4.5 million. If demand for placement exceeds capacity of the three state-run facilities, DHS is required to contract with private residential facilities, instead of increasing capacity at the three state-run facilities.**