

**Summary: Conference Report
FAMILY INDEPENDENCE AGENCY
FY 2004-05 House Bill 5516**



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	FY 2003-04 YTD (as of 2/12/04)	Rev. Executive	House	Senate	Conference	Difference: Conf. from FY 2003-04 YTD	
						Amount	%
IDG/IDT	\$1,055,800	\$1,084,400	\$1,084,400	\$1,084,400	\$1,084,400	\$28,600	2.7
Federal	2,709,978,450	3,017,695,900	3,016,323,300	3,020,670,600	3,028,126,600	318,148,150	11.7
Local	61,819,100	75,535,700	76,743,800	77,170,700	73,326,100	11,507,000	18.6
Private	9,472,150	9,757,600	9,757,600	9,757,600	9,757,600	285,450	3.0
Restricted	70,096,800	70,321,400	70,321,400	69,549,200	69,549,200	(547,600)	(0.8)
GF/GP	1,100,979,000	1,130,526,900	1,130,449,900	1,128,491,200	1,109,682,800	8,703,800	0.8
Gross	\$3,953,401,300	\$4,304,921,900	\$4,304,680,400	\$4,306,723,700	\$4,291,526,700	338,125,400	8.6
FTEs	10,774.6	10,590.1	10,305.0	10,303.0	10,302.0	(472.6)	(4.4)

Overview

The Family Independence Agency (FIA) budget provides funding for a wide range of programs and services to help improve the quality of life in Michigan by protecting children and vulnerable adults, delivering juvenile justice services, and providing support to strengthen families and individuals striving for independence.

Summary of FY 2004-05 Major Budget Issues

Program Caseload Spending Increases

Conference provides funding for projected caseload-related spending increases in the following programs: Child Day Care \$19.7 million, Family Independence Program \$17.3 million, Foster Care \$8.3 million, Child Day Care by \$19.7 million, and State Disability Assistance \$6.0 million. Conference reduces Adoption Subsidies spending by \$1.8 million, compared to current year-to-date funding.

Food Stamp Waiver

Concurs with Executive addition of food assistance benefits under a Federal waiver to 75,000 childless adults beginning March, 2005. \$126.9 million in additional federal funds are included to cover costs of the proposed eligibility expansion.

Reduction in Child Support Enforcement System Automation

Concurs with anticipated \$12.0 million dollar savings from current year funding levels for Federally-mandated system implemented state-wide as of September 30, 2003.

Clothing Allowance Increase

Includes \$2.1 million in TANF funds to increase the clothing allowance, and allows FIA to define the population of eligible children.

Wayne County Foster Care Permanency Pilot Elimination

Concurs with \$2.6 million savings included due to discontinuance of the Wayne County Foster Care Permanency Pilot.

Transfers of Program Responsibilities

Concurs in recognition of departmental reorganization from Executive Order 2003-18 which transfers out funding of \$18.6 million for the Commission for the Blind and other programs to the newly-created Department of Labor and Economic Growth (DLEG). Proposal also recognizes the transfer in of \$23.0 million from DLEG to fund the Office of Children and Adult Licensing, which licenses children and adult foster care facilities. These shifts result in a net increase of 118.0 FTEs.

Elimination of Unfunded FTEs

Concurs with elimination of a net 302.5 unfunded FTEs, to reflect current staffing structure, the majority from Local Office Services (219.0) and Juvenile Justice Services (70.4). Concurs with House adjustment of lines to reflect actual staffing levels as of February 14, 2004. Funding for staffing level of 10,300 is included in the Executive Recommendation. House staffing adjustments have no fiscal impact.

Increase for Foster Care/Adoption Child Placing Agencies and Residential Facilities

Conference includes \$4.6 million gross (\$1.8 million GF/GP) to provide a 3% rate increase for both foster care and adoption child placing agencies and residential facilities and adds a 1% rate increase of \$2.8 million gross (\$1.1 million GF/GP) for foster and adoptive parents.

Before and After School Program

Conference includes \$5.0 million in TANF funding for a state-wide Before and After School Program.

Add Individual Development Accounts (IDA), Fatherhood and Marriage Initiative Programs.

Conference adds \$200,000 to restore the Individual Development Account Program, \$200,000 to begin a Fatherhood Initiative Program, and \$250,000 to begin a Marriage Initiative Program, using TANF as the funding source.

Day Care Savings and Information Technology Savings

Conference anticipates \$15.0 million in Day Care Services savings due to increased fraud detection and improved processes. Four Inspector General agents are added specifically for fraud detection. Also includes a nearly 7% reduction in all Information Technology lines, totaling \$8.7 million gross (\$2.0 million GF/GP).

Contractual Service, Supplies and Materials Savings

Requires 1% reduction in the four CSS&M line items, totaling \$434,500 (\$156,200 GF/GP).

Community Action Agencies Increase

Appropriates \$500,000 in TANF, and \$3.2 million in other Federal funds for Community Action Agencies, and encourages expansion of Federal Earned Income Tax Credit (EITC) education programs.

School-Based Crisis Intervention Project in Pontiac

Includes \$78,500 in TANF for a school-based crisis intervention demonstration project in Pontiac intended to help troubled children remain in school, added by the House.

Major Budget Changes from FY 2003-04 YTD Appropriations:		FY 2003-04 YTD (as of 2/12/04)	Conference Change
1. Food Stamp (Food Assistance) Program	Gross	\$833,011,200	\$266,418,100
Adds \$126.9 million for a Federal waiver that extends benefits for 75,000 childless adults. Also provides \$139.5 million for caseload spending increases, concurring with Executive.	Federal	833,011,200	266,418,100
2. Day Care Services	Gross	\$484,244,000	\$7,428,000
Includes an increase of \$19.7 million to cover projected caseload spending, increases allocation by \$2.5 million to a total of \$5.0 million for a state-wide Before and After School Program, recognizes \$15.0 million in potential savings due to increased fraud detection and improved processes, and includes \$2.3 million in GF/GP savings due to fund shift. Recommendation includes a projected average annual caseload of 70,500, up 2,514 from the FY 2003-04 budgeted caseload.	Federal	296,499,800	9,782,300
	GF/GP	\$187,744,200	(\$2,354,300)
3. Family Independence Program	Gross	\$ 369,339,600	\$17,302,500
Increases funding by \$17.3 million for the Family Independence Program: \$1.7 million in savings to a projected spending level of \$1.0 million for the Kinship Care Pilot, \$2.1 million increase in TANF funds to raise the clothing allowance to include eligible children as defined by FIA , and \$16.9 million increase in TANF funds to cover projected caseload spending. Includes a projected average annual caseload of 77,000, up 2,935 from the FY 2003-04 budgeted caseload. Includes fund shift from GF/GP to TANF of \$3.0 million.	Federal	147,624,900	20,315,000
	Restricted	50,210,700	0
	GF/GP	\$ 171,504,000	(\$3,012,500)
4. Adoption Subsidy Program	Gross	\$ 220,859,900	(\$1,798,400)
Includes a projected average annual caseload of 25,300, down 754 from the FY 2003-04 budgeted caseload.	Federal	137,063,100	1,216,800
	GF/GP	\$83,796,800	(\$3,015,200)

Major Budget Changes from FY 2003-04 YTD Appropriations:		FY 2003-04 YTD (as of 2/12/04)	Conference Change
5. Foster Care Payments	Gross	\$214,571,400	\$10,792,700
Includes a net increase of \$10.8 million gross (\$5.2 million GF/GP) in the program: \$2.6 million gross (\$1.2 million GF/GP) in savings from the elimination of the Wayne County Foster Care Permanency Pilot, \$8.3 million gross (\$5.3 million GF/GP) to cover projected increase in caseload spending, \$4.6 million gross (\$1.8 million GF/GP) to provide a 3% annual rate increase to child placing agencies and residential treatment facilities, and \$2.8 million gross (\$1.1 million GF/GP) to provide a 1% rate increase to foster and adoptive parents. Recommendation includes a projected average annual caseload of 11,500, up 568 from the FY 2003-04 budgeted caseload.	Federal	91,778,600	(4,912,700)
	Local	34,918,000	10,467,900
	Private	5,033,900	0
	GF/GP	\$ 82,840,900	\$5,237,500
6. State Disability Assistance Program	Gross	\$28,745,100	\$6,003,600
Assumes 1,500 average annual caseload increase to 11,400, and cost per case of \$254.	Federal	3,326,500	(\$3,326,500)
	Restricted	5,108,800	0
	GF/GP	\$17,035,100	\$9,330,100
7. Child Care Fund	Gross	\$ 168,837,900	\$2,500,000
Concurs with proposal by providing a net increase of \$2.5 million, adding \$5.0 million in federal Title IV-E funds related to Wayne County claims to cover \$2.5 million in projected spending need and replacing \$12.0 million GF/GP with TANF within the Child Care Fund.	Federal	64,137,900	17,000,000
	GF/GP	\$ 104,700,000	(\$14,500,000)
8. Child Support Enforcement System Automation	Gross	\$68,000,000	(\$12,000,000)
Recognizes \$12.0 million in savings to reflect the projected FY 2005 spending level of \$56.0 million, concurring with Executive.	Federal	54,425,900	(9,240,000)
	Restricted	11,032,200	0
	GF/GP	\$2,541,900	(\$2,760,000)
9. Juvenile Justice Operations	Gross	\$62,798,900	\$2,993,300
Concurs with proposal to reduce funding by \$660,000 gross (\$330,000 GF/GP) by cutting 20% of the funds available for reintegration contracts and save \$1.1 million gross (\$557,600 GF/GP) by closing the Sequoyah Center within W. J. Maxey Training School. Net increase is due to employee economics.	Federal	3,330,300	229,000
	Private	600,000	0
	Local	25,790,600	1,109,500
	GF/GP	\$33,078,000	1,654,800
10. Program Transfer From DLEG from EO 2003-18	Gross	\$0	\$23,031,700
Transfers a new appropriation unit to FIA, the Office of Children and Adult Licensing, from the newly-created Department of Labor and Economic Growth, including 219.0 FTEs, concurring with Executive.	Federal	0	\$11,139,300
	Restricted	0	590,500
	GF/GP	\$0	11,301,900
11. Program Transfers To DLEG from EO 2003-18	Gross	\$18,570,900	(\$18,570,900)
Includes transfer out of Commission for the Blind, Commission on Disability Concerns and Youth Low Vision Program to newly-created Department of Labor and Economic Growth, including 101.0 FTEs, concurring with Executive.	Federal	13,635,000	(13,635,000)
	Private	120,700	(120,700)
	Local	75,000	(75,000)
	Restricted	477,300	(477,300)
	GF/GP	\$4,262,900	(\$4,262,900)
12. Employee-Related Economic Increases	Gross	\$0	\$63,532,300
Includes employee-related economics based on a 3% salary increase for FY 2004 and 4% for FY 2005 plus funding for increased insurance and retirement costs, concurring with Executive. See partial offset in Budgetary Savings below.	Federal	0	37,611,000
	Private	0	489,100
	Local	0	2,740,900
	Restricted	0	135,300
	IDG	0	42,500
	GF/GP	\$0	\$22,513,500

<u>Major Budget Changes from FY 2003-04 YTD Appropriations:</u>	FY 2003-04 YTD (as of 2/12/04)	Conference Change	
13. Employee-Related Budgetary Savings	Gross	\$0	(\$24,173,900)
Anticipates savings equal to 5% of employee compensation from sources that have not yet been defined, concurring with Executive. Some form of continued salary and wage concessions is being considered.	Federal	0	(14,791,750)
	Private	0	(82,950)
	Local	0	(739,200)
	Restricted	0	(23,900)
	IDG	0	(13,900)
	GF/GP	\$0	(\$8,522,200)
14. Employment and Training Support Services	Gross	\$19,739,100	(\$2,460,000)
Revives IDA Program with funding of \$200,000. Adds \$200,000 for a Fatherhood Initiative Program, and \$250,000 for a Marriage Initiative Program. These three programs use TANF as a funding source. Also concurs with Executive transfer out of \$3.1million in Federal funds due to lower expected spending in this line.	Federal	18,964,000	(2,460,000)
	GF/GP	\$775,100	\$0
15. Community Services Block Grant	Gross	\$24,350,000	\$3,732,700
Appropriates an additional \$500,000 in TANF, and \$3.2 million in other Federal funds for Community Action Agencies, and encourages agencies to expand EITC education programs.	Federal	24,350,000	3,732,700
	GF/GP	0	0

Major Boilerplate Changes from FY 2003-04:

GENERAL SECTIONS

Sec. 217. Out-of State Travel Freeze – NEW

Freezes out-of-state travel except under specific conditions and requires report to Legislature.

Sec. 261. Local Office Restructuring – MODIFIED

Adds requirement that the Department implement a five year plan in every county, in conjunction with the County FIA Boards of Directors and DMB, to restructure local offices, and provide a report on the plan by February 1, 2005. Allocates up to 25% of the savings to each county that generates savings to fund additional prevention services.

Sec. 275. Prohibits Use of Funds for Billboard Advertising – DELETED

Concurs with Executive deletion that prohibits the Department from using funds for billboard advertising unless required in state or federal regulation.

Sec. 278. Private Consulting Firms to Evaluate Efficiency– NEW

Conference requires FIA to contract with private consulting firms to evaluate the maximization of federal funds, child day care program efficiency and savings, and improved local and central office management efficiency. Requires contingent fee arrangement with contractor working for a negotiated percentage of the savings, and a report on recommendations as part of the annual budget presentation.

EXECUTIVE OPERATIONS

Sec. 303. Additional Inspector General Agents– NEW

Conference appropriates up to \$136,700 to add two Inspector General agents dedicated to fraud detection in child day care.

Sec. 304. School-Based Crisis Intervention Project– NEW

Conference adds language allocating \$78,500 TANF to fund a school-based crisis intervention demonstration project in Pontiac intended to help at-risk youth remain in school.

FAMILY INDEPENDENCE SERVICES ADMINISTRATION

Sec. 414. Community Action Agencies- MODIFIED

Conference allocates an additional \$1,000,000 TANF. Adds language encouraging agencies to expand Earned Income Tax Credit (EITC) education programs.

Sec. 415. Fatherhood Initiative– NEW

Conference provides \$200,000 in TANF funding to implement a Fatherhood Initiative Program with description of possible providers and topics covered. Provides for appropriation of Federal Health and Human Services grants for responsible fatherhood. Limits allocation per county to not more than 20% of total.

Major Boilerplate Changes from FY 2003-04:

Sec. 416. Marriage Initiative– NEW

Conference provides \$250,000 in TANF funding to implement a Marriage Initiative Program with description of possible providers and topics covered. Provides for appropriation of Federal Health and Human Services grants for healthy marriage promotion. Limits allocation per county to not more than 20% of total.

Sec. 418. Individual Development Accounts Expansion – NEW

Conference allows the Department to expand the availability of individual development account (IDA) savings programs with TANF funding of \$200,000. Requires Michigan IDA Partnership to encourage each TANF eligible household to claim the Federal EITC and incorporate in household savings plan. States intent of legislature is to appropriate the same amount annually.

Sec. 421. Allow Private Foster Care and Adoption Agencies to Conduct Staff Training– NEW

Directs FIA to allow nationally accredited private foster care and adoption agencies to conduct their own staff training, using current FIA policies and procedures. States the intent of the Legislature is to reduce training and travel costs for both the Department and private agencies.

CHILD AND FAMILY SERVICES

Sec. 501. Foster Care Goals- MODIFIED

Conference modifies reporting requirements, and directs the Department to discontinue the Michigan Children's Institute (MCI) preliminary consent denial review process.

Sec. 537. Foster Care Placement – First Opportunity- MODIFIED

Modifies requirement to offer private nonprofit licensed foster care agencies first opportunity to provide services by requiring that the private agency has a direct care caseload no greater than 20 cases per caseworker and adjusts reporting requirement.

Sec. 545. Eliminate Freeze on Approval of New Specialized Foster Care Programs - MODIFIED

Conference directs FIA to implement a 3% rate increase for child placing agencies and residential facilities. Also increases the annual rate paid to foster and adoptive parents by 1%, and directs FIA to provide for approval of new specialized foster care programs.

Sec. 547. Foster Care Court Orders– NEW

Requires FIA to implement a plan to review each court order placing a child in foster care within 60 days to verify federal compliance, and requires a report on results of the reviews to the Legislature by October 1, 2004.

PUBLIC ASSISTANCE

Sec. 657. Before- or After-School Program – MODIFIED

Conference requires the Department to offer a state-wide before- or after-school program for school-aged children, and provide a report. The House appropriates \$5 million in TANF funds for this program, with no county receiving more than 20% of this funding. Allocation of funds is based on a competitive bid process, with grantees providing a 25% match.

Sec. 669. Electronic Debit Cards and Annual School Clothing Allowance – MODIFIED

Requires FIA to distribute assistance to recipients using debit cards. Allocates funds for eligible children as defined by FIA to receive a school clothing allowance, and encourages Department to expand outreach to retailers. Conference increases clothing allowance allocation to \$6.9 million.

Sec. 674. Day Care Savings – NEW

Conference specifies that FIA shall implement a plan to reduce fraud, waste and abuse within child day care services, and report to the Legislature on plan details quarterly, beginning December 31, 2004.

Sec. 675. New Day Care Rate Structure – NEW

Conference adds requirement that FIA explore the cost of a new rate structure for child day care services that more accurately reflects costs by vicinity, based on the most recent market survey.

Sec. 676. Extend Michigan After-School Initiative– NEW

Conference adds language extending the Michigan After-School Initiative, renaming it the Michigan After-School Partnership, to oversee implementation of policy recommendations identified in the report dated December 15, 2003.

JUVENILE JUSTICE SERVICES

Sec. 705. W. J. Maxey and facility Reporting Requirements – MODIFIED

Requires FIA to develop measurable goals, objectives and performance standards for both public and private juvenile justice residential programs and report quarterly on progress and other information.

Major Boilerplate Changes from FY 2003-04:

Sec. 716. Juvenile Justice Facilities Review– NEW

Conference adds intent language requiring FIA to continue to review efficiency of facilities, and report to the Legislature on utilization and potential consolidation efforts by January 15, 2005.

LOCAL OFFICE SERVICES– NEW

Sec. 751. New Family Resource Center Implementation Plans

Conference directs FIA to notify the House and Senate Appropriations Subcommittees on the FIA budget on all new family resource center implementation plans.

OFFICE OF CHILDREN AND ADULT LICENSING

Sec. 1001. Licensing and Regulation Fees – NEW

Requires FIA to collect fees from child care organizations and adult foster care facilities to defray the costs of licensing and regulating them.

Sec. 1002. Juvenile Residential Facility Evaluation Reports – NEW

Requires FIA to provide a summary report to the Legislature of any evaluation reports and subsequent approvals and disapprovals of juvenile residential facilities operated by the Department.

Sec. 1003. Federal Funding Authority for Lead Testing – NEW

Requires FIA to require documentation verifying the facility is lead-safe before issuing a day care facility license, if federal funds are available to support a testing program.