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House Bill 5974 (Substitute S-1 as reported)  
House Bill 5975 (Substitute H-1 as reported without amendment)  
House Bills 5976 through 5978 (as reported without amendment)  
House Bills 5980 and 5981 (as reported without amendment)  
House Bill 6070 (Substitute H-2 as reported without amendment)  
House Bill 6073 (Substitute H-2 as reported without amendment)  
House Bills 6074 and 6075 (as reported without amendment)  
Sponsor: Representative Mary Whiteford (H.B. 4974, 6073, & 6074)  
Representative Laurie Pohutsky (H.B. 4975)  
Representative Tyrone A. Carter (H.B. 5976)  
Representative Phil Green (H.B. 5977)  
Representative Rodney Wakeman (H.B. 5978)  
Representative Stephanie A. Young (5980)  
Representative Sarah Anthony (H.B. 5981)  
Representative Jack O'Malley (H.B. 6070)  
Representative Daire Rendon (H.B. 6075)  
House Committee: Families, Children and Seniors  
Senate Committee: Health Policy and Human Services

## **CONTENT**

House Bill 5974 (S-1) would amend the juvenile code to modify the definition of "relative".

House Bill 5975 (H-1) would amend the juvenile code to include in a lawyer-guardian ad litem's duties participating in trauma-involved training if provided by the State Court Administrative Office (SCAO).

House Bill 5976 would amend Foster Care and Adoption Services Act to require the Department of Health and Human Services (DHHS) to annually report to the Legislature on certain cost savings that occurred due to reductions in foster youth in the foster care program, and to require the report to include certain reinvestment information.

House Bill 5977 would amend the child care licensing Act to require the DHHS to conduct an annual comprehensive needs assessment regarding using residential treatment and the needs of youth who were referred to this type of treatment.

House Bill 5978 would amend the Foster Care and Adoption Services Act to do the following:

- Require the DHHS, upon appropriation and by October 1, 2022, to work in conjunction with entities that performed family finding and engagement services to help foster youth who were separated from their family to connect to family and friends who could assist in the foster youth's care.
- Require the DHHS to make, by December 31, 2022, efforts in family finding and engagement services on behalf of all foster youth currently in the foster care program.

House Bill 5980 would amend the child care licensing Act to require the DHHS to issue an extended license to a foster family home or a foster family group home under certain

conditions, beginning January 1, 2023, and to specify that an extended license would be effective for three years unless revoked or refused renewal or modified to a provisional license.

House Bill 5981 would amend the Michigan Zoning Enabling Act to specify that a qualified residential treatment program would be a residential type of property for certain prescribed purposes.

House Bill 6070 (H-2) would amend Chapter 17 of the Income Tax Act to do the following:

- Allow a qualified employer that voluntarily provided paid adoption leave to its employees to claim, beginning on and after January 1, 2023, a credit against the income taxes required to be withheld and remitted to the State.
- Prescribe the maximum amount of credit allowed per qualified employee.
- Require the qualified employer to claim the credit on the annual return required under Chapter 17.

House Bill 6073 (H-2) would amend the child care licensing Act to modify various definitions.

House Bill 6074 would amend the Michigan Adoption Code and the juvenile code to modify the definition of "relative".

House Bill 6075 would amend the Guardian Assistance Act to modify the definition of "relative".

House Bills 6073 (H-2) through 6075 are tie-barred to House Bill 5974.

MCL 712A.13a (H.B. 5974)

Legislative Analyst: Stephen P. Jackson

MCL 712A.17d (H.B. 5975)

Proposed MCL 722.953a (H.B. 5976)

Proposed MCL 722.116a (H.B. 5977)

Proposed MCL 722.953a (H.B. 5978)

MCL 722.118 (H.B. 5980)

MCL 125.3102 & 125.3206 (H.B. 5981)

Proposed MCL 206.715 (H.B. 6070)

MCL 722.111 (H.B. 6073)

MCL 710.22 & 712A.18 (H.B. 6074)

MCL 722.872 (H.B. 6075)

### **FISCAL IMPACT**

House Bills 5974 (S-1), 5981, and 6073 (H-2)-6075 would have no fiscal impact on State or local government.

House Bill 5976 would have a direct fiscal impact of \$132,500 to the DHHS and no direct fiscal impact on local government. The direct cost would be the result of the DHHS's preparing the report described in the bill, which would require the identification of identified savings and reinvestment efforts. These amounts would be difficult to determine with accuracy, as foster care caseloads and appropriations are updated annually to reflect caseload trends. Section 367b of the Management and Budget Act requires the May Consensus Revenue Estimating Conference to forecast Medicaid and human services (including foster care) expenditure and caseload projections for the entitlement lines for the current and following two fiscal years. These projections effectively increase or decrease the Medicaid and human services entitlement line items, which makes any efforts to "reinvest" savings difficult. Equally, if a

Medicaid and human services entitlement line item is forecasted to have a shortfall, that entitlement line is not then required, for example, to reduce reimbursement rates, eligibility limits, or utilization limits.

House Bill 5977 would increase State costs by up to \$500,000 and would have no fiscal impact on local units of government.

House Bill 5978 would have no direct fiscal impact on State or local units of government. To the extent that there is an appropriation for family finding and engagement services, that amount would represent the cost for the DHHS to provide these services. The DHHS estimates that it costs approximately \$30 per performance of family finding and engagement services. Assuming 6,075 children entered into care, the estimated annual potential appropriation would be \$182,300.

House Bill 5980 likely would have a negative fiscal impact on the State and no fiscal impact on local units of government. To the extent there were savings generated from extending license renewal to every three years rather than every two years, increased costs to the DHHS could offset the cost of changing the administration of licenses.

House Bill 6070 (H-2) would reduce State individual income tax revenue by an unknown amount that would depend on the number of individual's affected, the number of qualified employers, and the ways of affected employees.

In tax year 2019, approximately 63,500 Federal tax returns were filed nationally claiming the Federal adoption credit. If approximately 3.5% of those were from Michigan, and each adopting return was represented by a couple who both were working, it would suggest a maximum of approximately 4,500 workers that could be affected by the bill. If all potentially affected workers earned sufficient wages and benefits under the bill to generate the maximum credit, the maximum potential revenue reduction would be approximately \$17.8 million per year. The actual revenue reduction likely would be less, both because not all potential adopters would be employed, and many could work for employers that did not offer the qualifying benefits and/or pay wages sufficient to qualify for the maximum credit.

The reduction definitely would lower General Fund revenue but also could lower School Aid Fund (SAF) revenue. Any reduction in SAF revenue would depend on how the State accounted for the credits. Normally, a credit would lower General Fund revenue only, but the bill requires that the credits be claimed against withholding liability. As a result, the credit could reduce gross collections. If gross collections were lowered, then 23.8% of the impact (using the maximum potential estimates above, the total would be \$4.2 million) would reduce SAF revenue.

House Bill 5975 (H-1) would have a minor, negative fiscal impact on SCAO only if it provided trauma-informed training for lawyer-guardians ad litem. Expenses for this training can vary depending on the format of the training. Webinars and video training would be a relatively minor expense for SCAO, perhaps as much as a few hundred dollars, while in-person training for a large number of lawyer-guardians ad litem would cost more, perhaps as much as several thousand dollars. These expenses likely would be absorbed by SCAO, if it chose to provide this training.

Date Completed: 7-14-22

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