



Budget Briefing: HHS - Human Services

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Briefing Topics

- Funding Sources
- Appropriation Areas
- Major Budget Topics
 - Public Assistance Programs
 - Child Welfare Programs
 - Field Operations and Local Office Staff
 - Juvenile Justice Programs

Human Services

This is one of three program area briefings about the Department of Health and Human Services budget. See also briefings on Medicaid/Behavioral Health and Public Health and Aging and Adult Services.

The Human Services portion of the DHHS budget provides funding for:

- Public assistance programs
- Child and family welfare programs, including foster care, adoption, family preservation, and the enforcement of child support laws
- Juvenile justice programs
- The administration of the public assistance and service programs through a network of county and district DHHS offices

Key Budget Terms

Fiscal Year: The state's fiscal year (FY) runs from October to September. FY 2016-17 is October 1, 2016 through September 30, 2017.

Appropriation: Authority to expend funds. An appropriation is not a mandate to spend. Constitutionally, state funds cannot be expended without an appropriation by the Legislature.

Line Item: Specific appropriation amount in a budget bill which establishes spending authorization for a particular program or function.

Boilerplate: Specific language sections in a budget bill which direct, limit, or restrict line item expenditures, express legislative intent, and/or require reports.

Lapse: Appropriated amounts that are unspent or unobligated at the end of a fiscal year. Appropriations are automatically terminated at the end of a fiscal year unless designated as a multi-year work project under a statutory process. Lapsed funds are available for expenditure in the subsequent fiscal year.

Note: Unless otherwise indicated, historical budget figures in this presentation have not been adjusted for inflation.

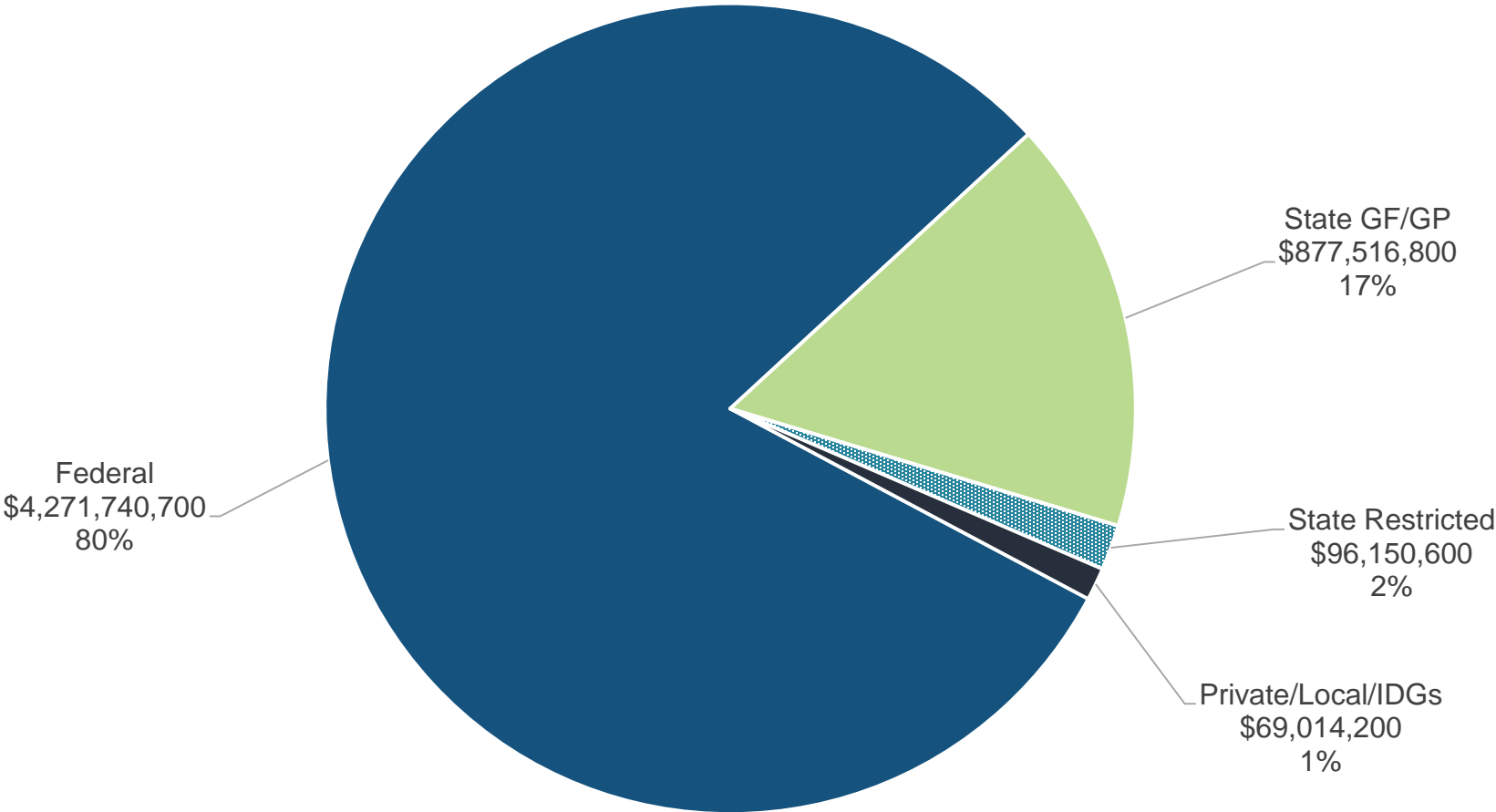
Funding Sources

FY 2016-17 Human Services Portion of the DHHS Budget

Fund Source	Funding	Description
Gross Appropriations	\$5,314,422,300	Total spending authority from all revenue sources
Interdepartmental Grants (IDG) Revenue	8,648,500	Funds received by one state department from another state department, usually for services provided
Adjusted Gross Appropriations	\$5,305,773,800	Gross appropriations excluding IDGs; avoids double counting when adding appropriation amounts across budget areas
Federal Revenue	4,271,740,700	Federal grant or matching revenue; major federal sources: <ul style="list-style-type: none"> - Title IV-A: Temporary Assistance for Needy Families (TANF) - Title IV-D: Child Support Program - Title IV-E: Foster Care/Adoption Assistance - Title XX: Social Services Block Grant - LIHEAP: Low-Income Home Energy Assistance Program
Local Revenue	37,622,800	Revenue received from local units of government for state services
Private Revenue	22,742,900	Revenue from individuals and private entities, including payments for services, grants, and other contributions
State Restricted Revenue	96,150,600	State revenue restricted by the State Constitution, state statute, or outside restriction that is available only for specified purposes; includes most fee revenue
State General Fund/General Purpose (GF/GP) Revenue	\$877,516,800	Unrestricted revenue from taxes and other sources available to fund basic state programs and other purposes determined by the Legislature

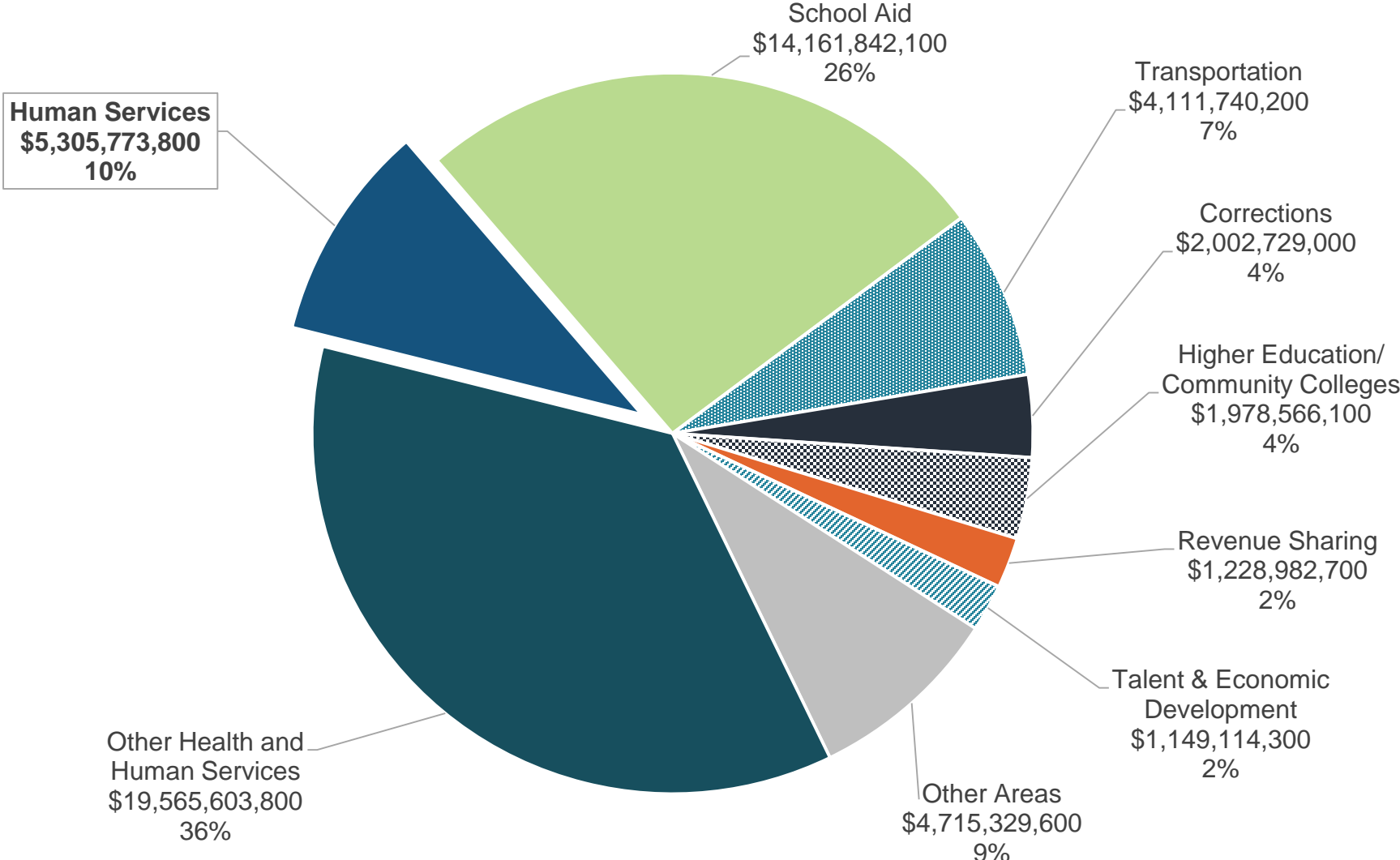
FY 2016-17 Human Services Fund Sources

80% of the **\$5.3 billion** Human Services portion of the DHHS budget is funded by federal revenue, including food assistance funds and the TANF block grant.



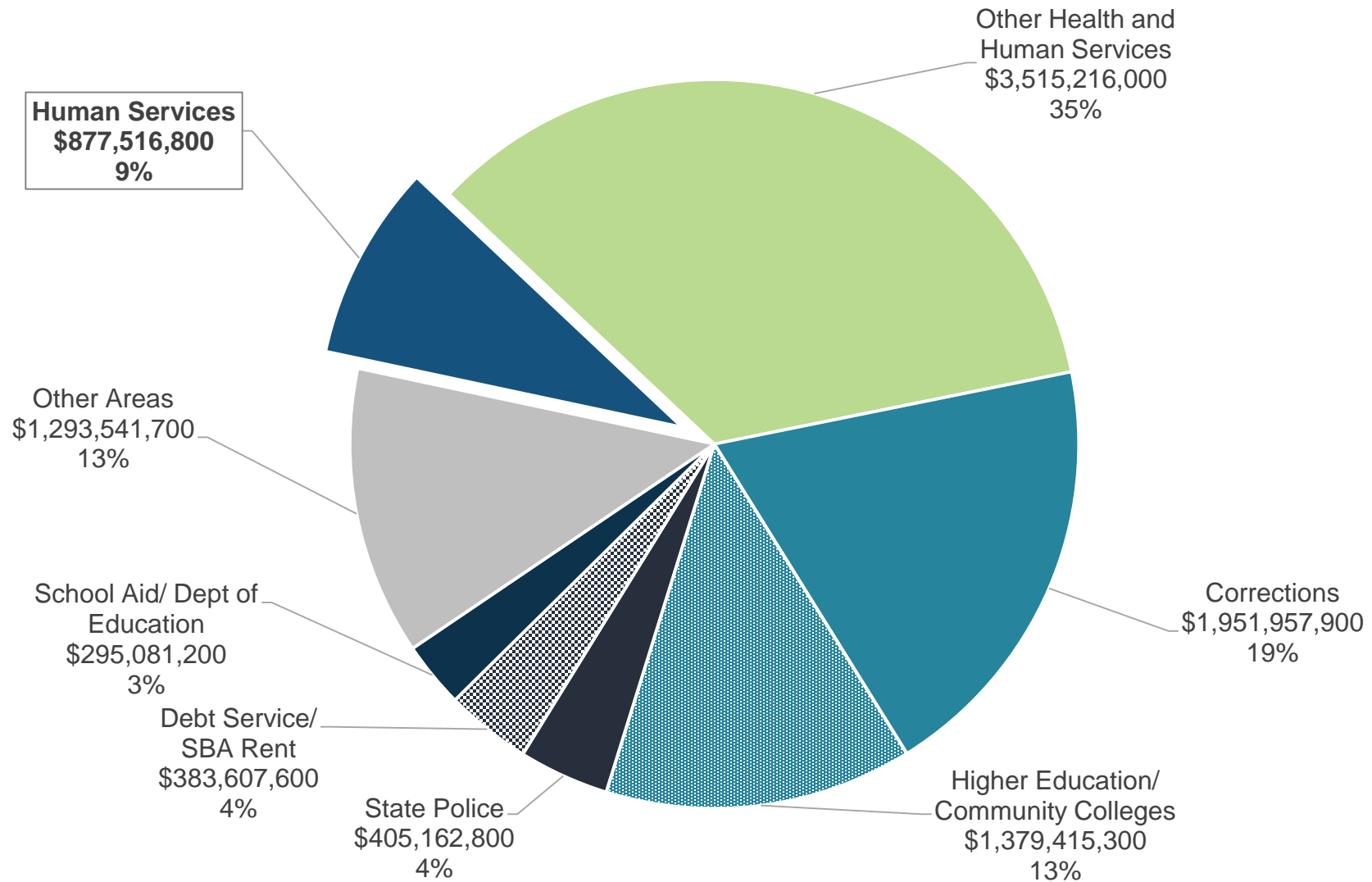
Human Services Share of Total State Budget

The Human Services portion of the DHHS budget represents 10% of the **\$54.2 billion** state budget (adjusted gross) for FY 2016-17.



Human Services Share of Total GF/GP Budget

The Human Services portion of the DHHS budget represents 9% of the state's **\$10.1 billion** GF/GP budget for FY 2016-17.



Appropriation Areas

Human Services Appropriation Areas

Public Assistance: Cash assistance, food assistance, and emergency relief programs

Child Welfare: Foster care, adoption, and family preservation programs; funding for the Child Care Fund, the federal settlement monitor, Child Protective Services (CPS), and Child Support Enforcement

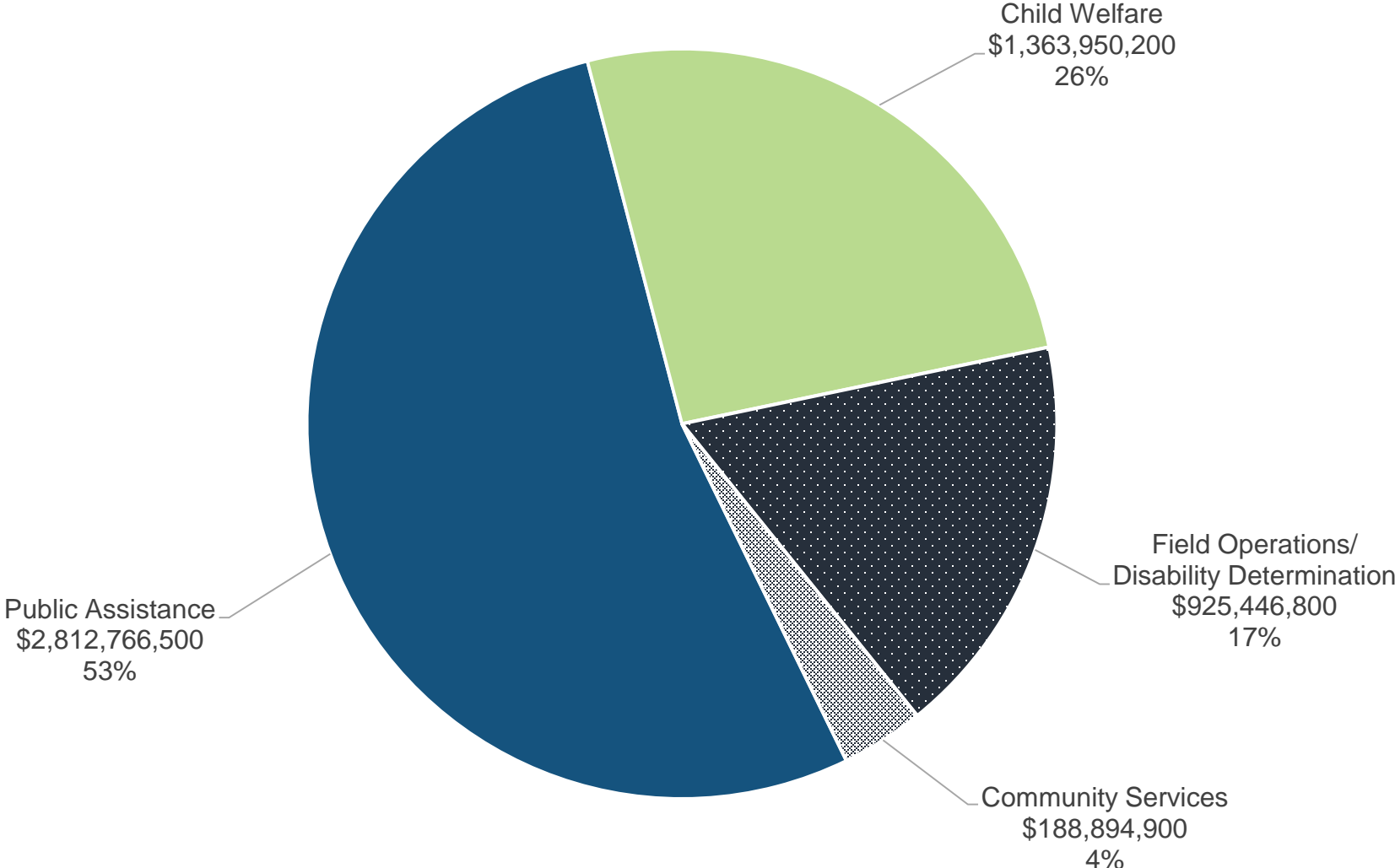
Juvenile Justice: Juvenile justice facilities and community-based delinquency programs

Field Operations: Local county and district DHHS offices, through which most DHHS programs and services are accessed; includes Disability Determination Services

Community Services: Training and technical assistance to Community Action Agencies; funding for homeless, domestic violence prevention, rape prevention, child advocacy, and crime victims programs

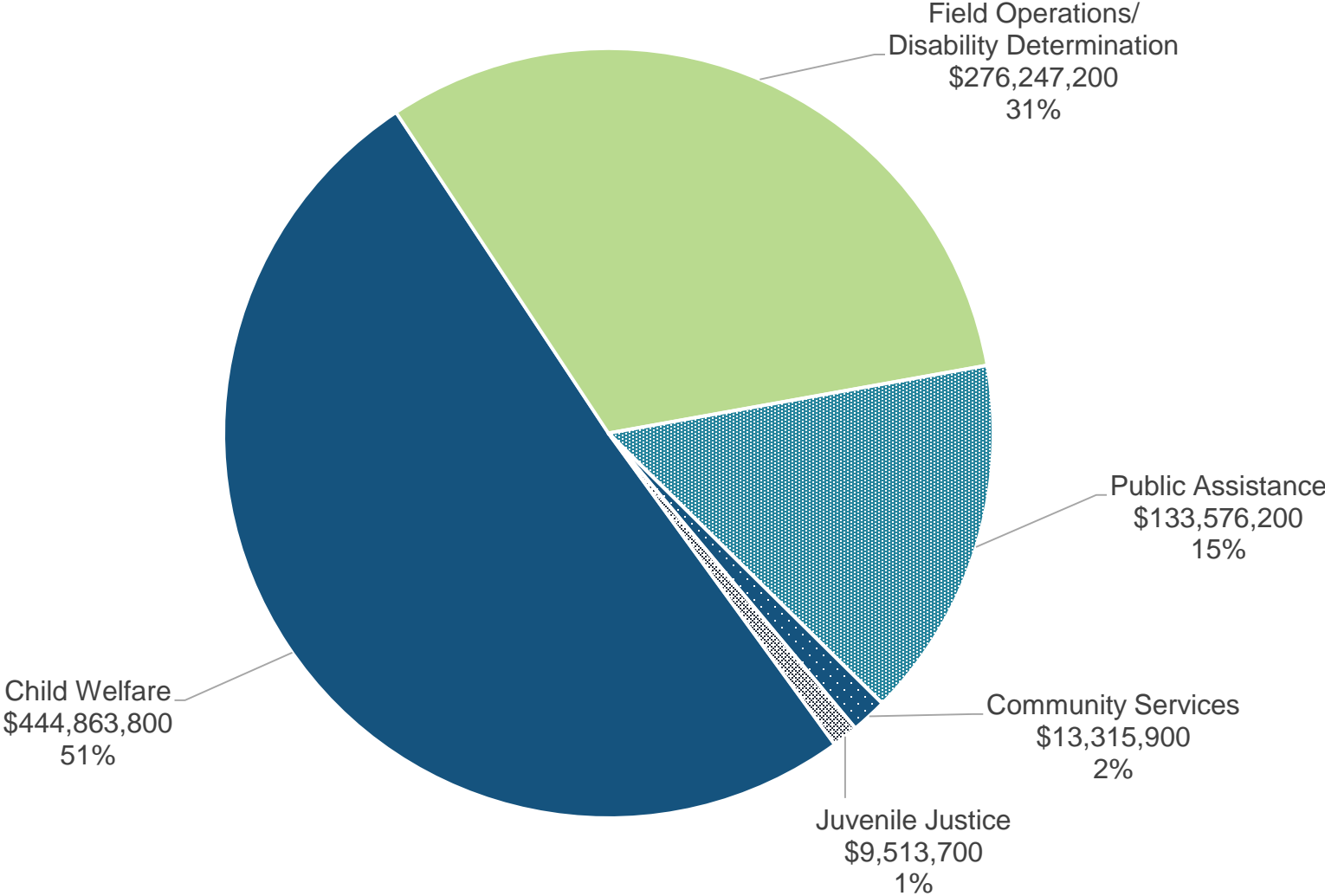
FY 2016-17 Gross Appropriations

About 53% of the \$5.3 billion human services portion of the DHHS budget supports public assistance programs which are mainly funded by federal revenues.



FY 2016-17 GF/GP Appropriations

GF/GP funding (totaling **\$877.5 million**) is more heavily concentrated in child welfare programs, field operations, and juvenile justice programs, and less heavily concentrated in public assistance and community services.

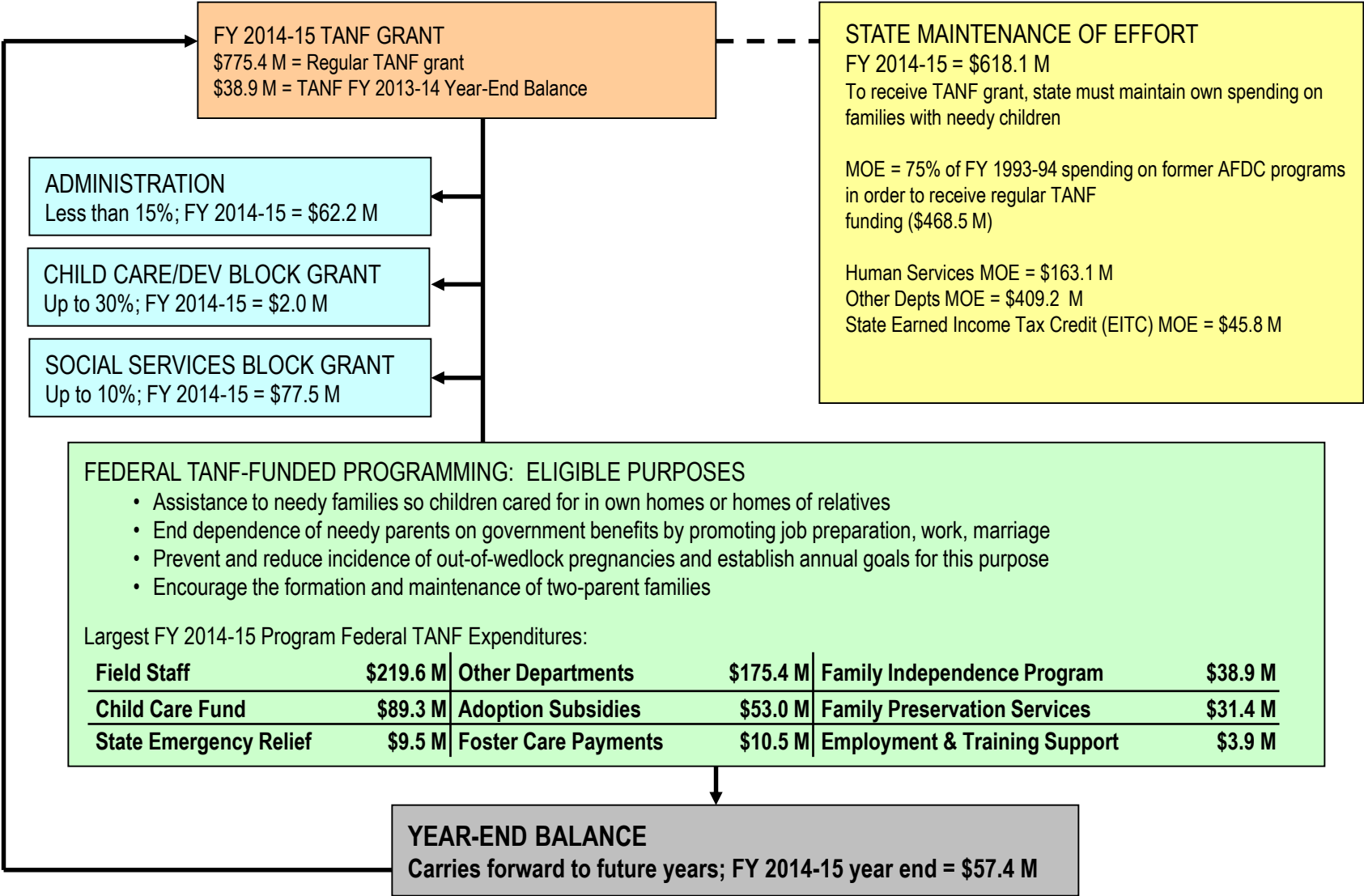


Major Budget Topics

Temporary Assistance for Needy Families (TANF)

- Federal block grant established in 1996 to be used to assist families with minor children or pregnant women (replaced former Aid to Families with Dependent Children)
- State must develop annual plan that outlines:
 - Details of cash assistance program for needy families
 - Work requirements for parents, whichever one is earlier:
 - Once state determines the parent is ready to engage in work, or
 - Once the parent has received assistance for 24 months
 - Goals to prevent and reduce the incidence of out-of-wedlock pregnancies
- Federal lifetime limit of 60 months of TANF assistance for recipients with state option for a hardship exception for up to 20% of the caseload
 - States allowed to use their own funds to negate federal time limit
 - Beginning October 1, 2007, Michigan law set a 48-month state lifetime limit on assistance with various exemptions
 - Beginning October 1, 2011, Michigan no longer allows TANF-funded cases to exceed the federal 60-month lifetime limit

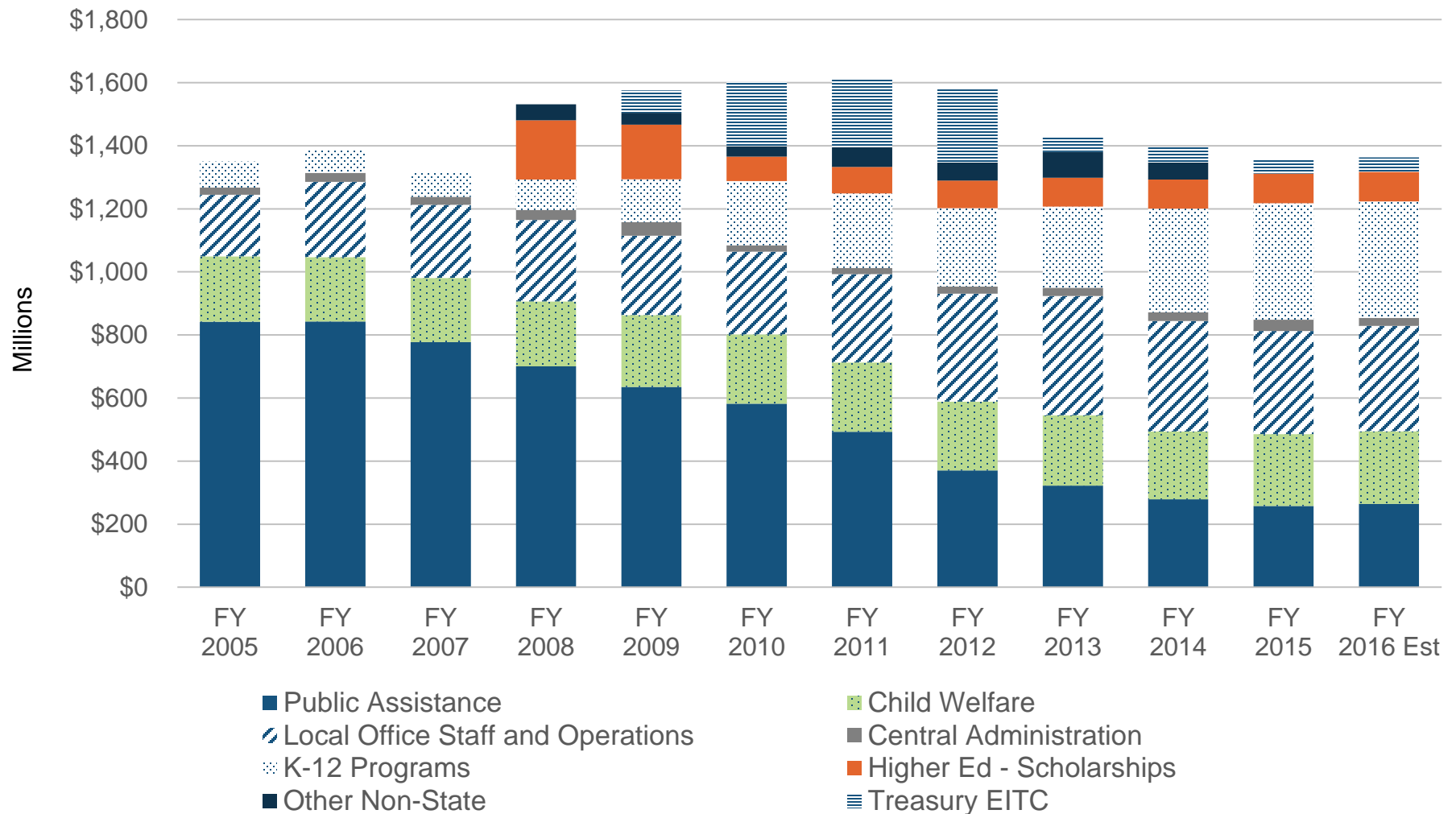
Overview of TANF Funding



Note: Projected TANF year-end balance for FY 2015-16 is \$42.0 M and FY 2016-17 is \$7.0 M.

Overview of Statewide TANF and TANF MOE Funding

Since FY 2006-07, TANF spending on Public Assistance has declined by **\$512.9 million**, or **66.0%**. Those funds have either been redirected to other programs (e.g. Local Staff and Scholarships), and the state has been able to identify additional sources of TANF MOE (e.g. K-12 and non-state programs).



Public Assistance Programs

Public Assistance Programs

Major programs include:

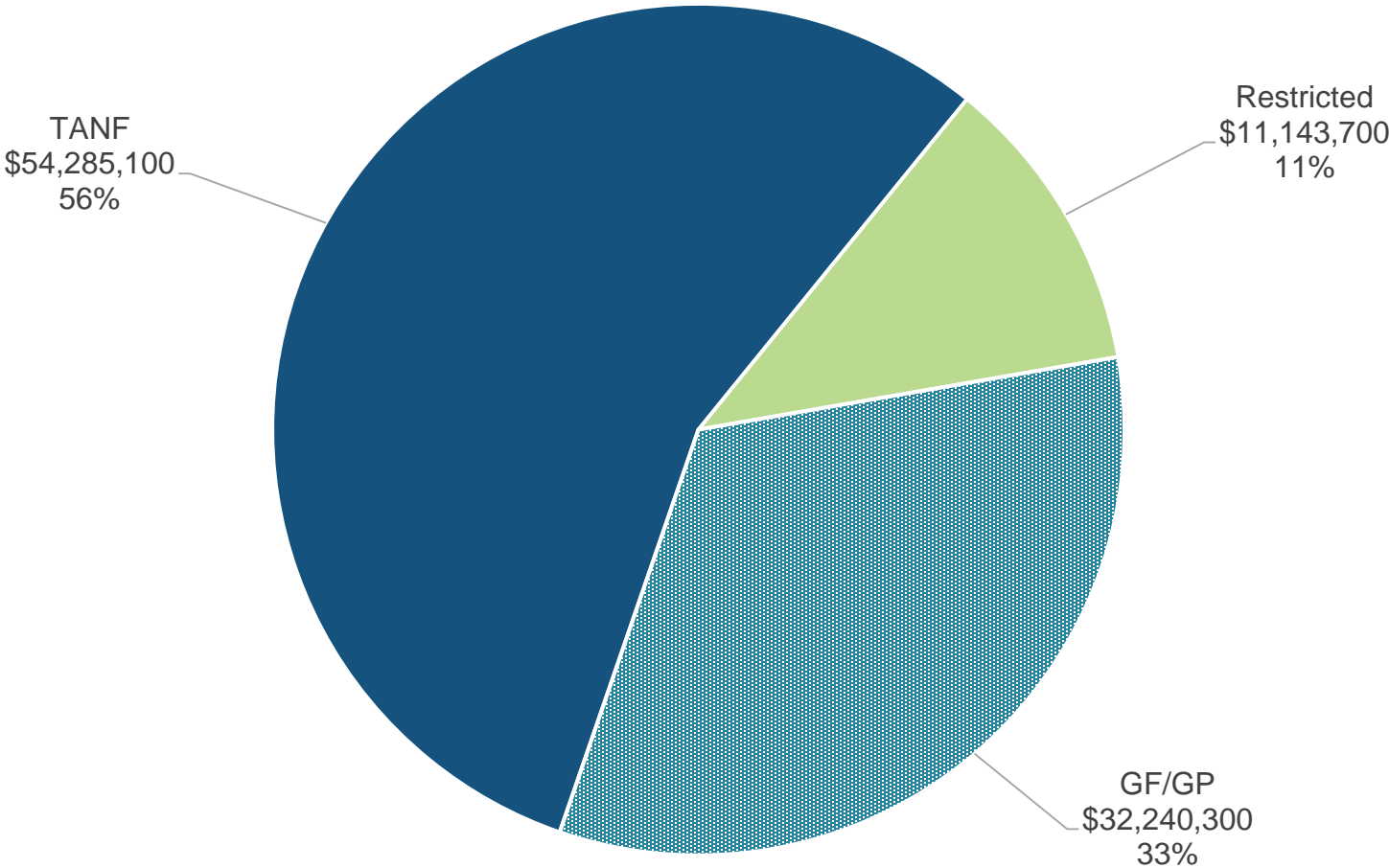
- **Family Independence Program:** cash assistance to low-income households
- **Food Assistance Program:** supports food purchases of eligible low-income households
- **State Disability Assistance:** cash assistance for disabled adults who are unable to work
- **State Emergency Relief programs:** emergency assistance to provide energy, shelter, and other financial supports to low-income households

Family Independence Program (FIP)

- Cash assistance to low-income households with dependent children to help with basic subsistence needs (housing, utilities, clothing)
- FIP group must meet income and asset eligibility requirements: a family of three must have monthly income below \$815—\$9,780 annual; financial assets of less than \$3,000
- Federal TANF law provides funds and maintenance of effort requirements, establishes work requirements, and sets 60-month lifetime time limit (with exceptions) for TANF recipients
- Michigan has discretion to set benefit levels and eligibility requirements and to define activities to meet work requirements within federal guidelines
- Program changes to help Michigan address work requirements:
 - Additional GF/GP not counted towards MOE requirements used to finance some benefits; recipients of state-funded benefits do not count toward state's work participation rate
 - Increased earned income disregard for benefit amount and case closure

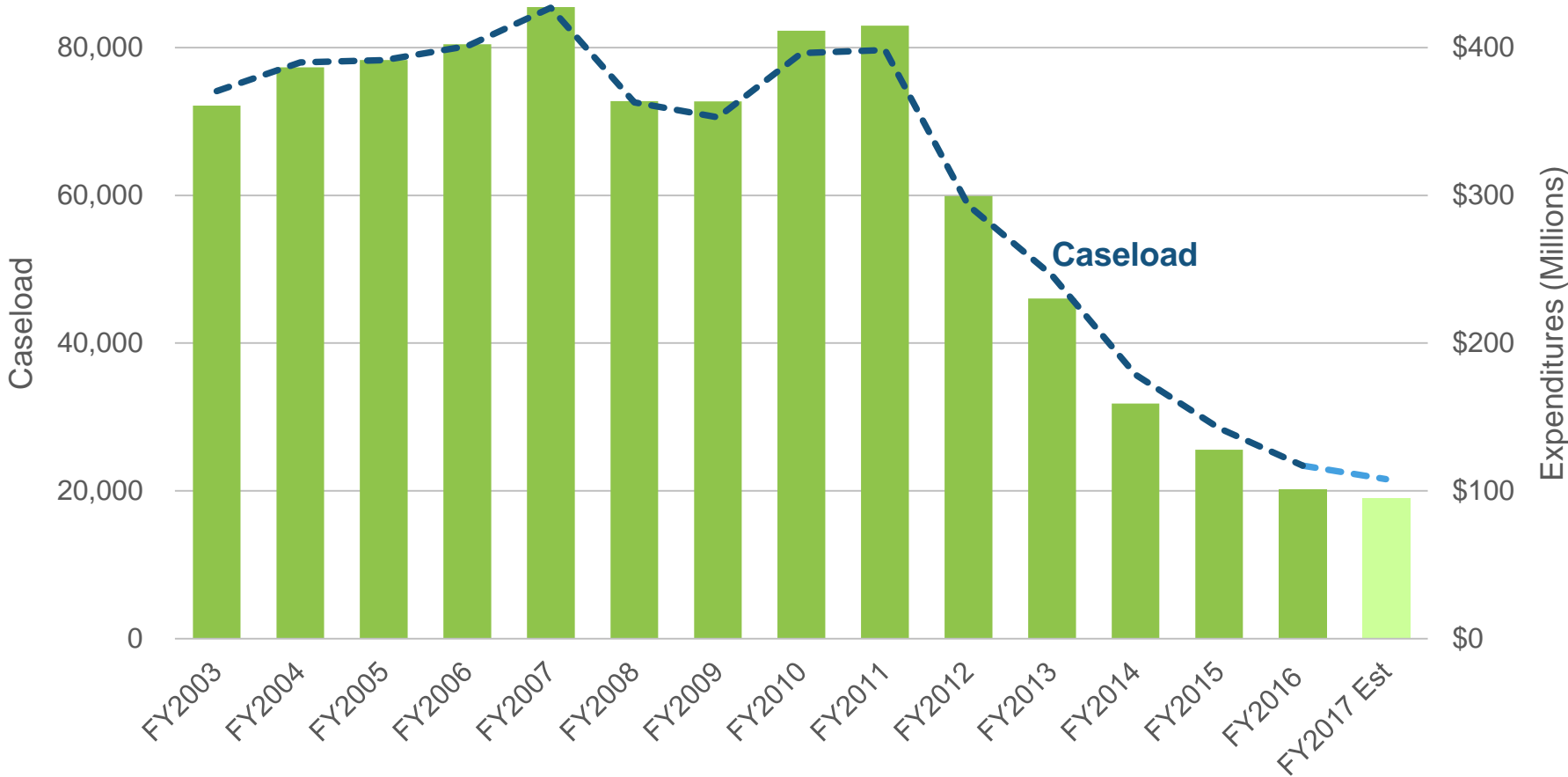
FY 2016-17 FIP Funding Sources

Over 56% of the **\$97.7 million** FIP program budget is funded by federal TANF funding. TANF funding in the program was increased 18% from FY 2015-16 as part of a fund source shift within the DHHS budget.



Family Independence Program (FIP) Expenditures

Expenditures for FIP, Michigan's cash assistance program funded from a combination of state funds and federal TANF block grant funds, have declined markedly due to both economic conditions and policy changes, including imposition of lifetime time limits.

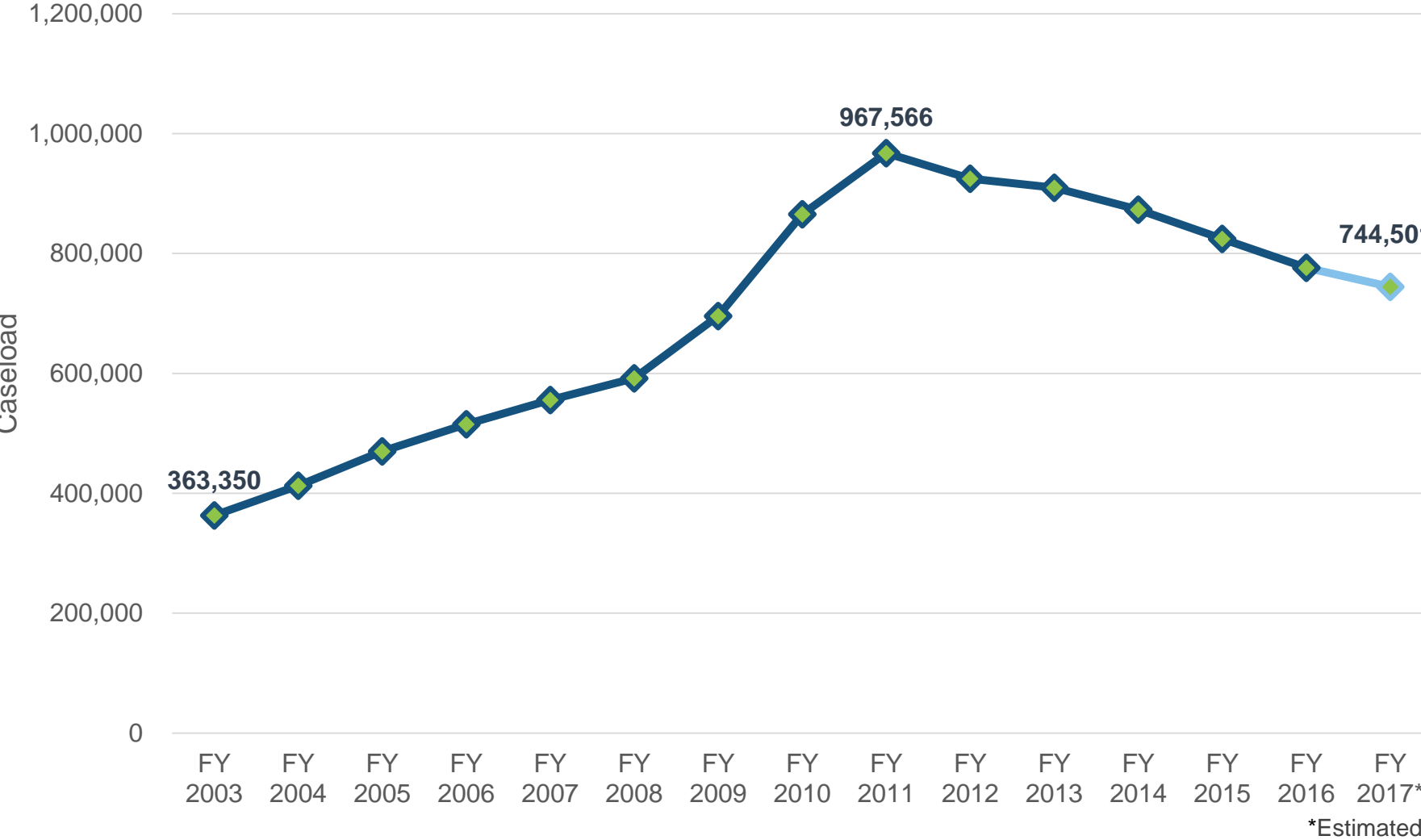


Food Assistance Program (FAP)

- Federally funded program that supplements food purchase power of low-income individuals and families
- Benefit amount is calculated through federal formula and can be used to purchase eligible food from authorized retailers or approved meal providers
- Eligibility:
 - Groups must meet income requirements: generally groups with gross incomes below 200% of federal poverty guidelines—annual income of \$40,840 for family of three
 - Beginning October 1, 2011, Groups must have less than \$5,000 in assets – including the value of vehicles after certain exemptions
- Benefit payments are 100% federal funds, with 50% federal match for administrative costs
- Michigan administers program based on federal guidelines, with limited state flexibility; federal waiver expands time limit for eligibility for able-bodied childless adults

Food Assistance Program Caseload Trends

Despite experiencing a decline from a peak level in FY 2010-11, the Michigan FAP caseload has grown by 217% since FY 2002-03. Caseload declines in recent years are due to changes in policy, such as a new countable asset test, and an improving state economy.

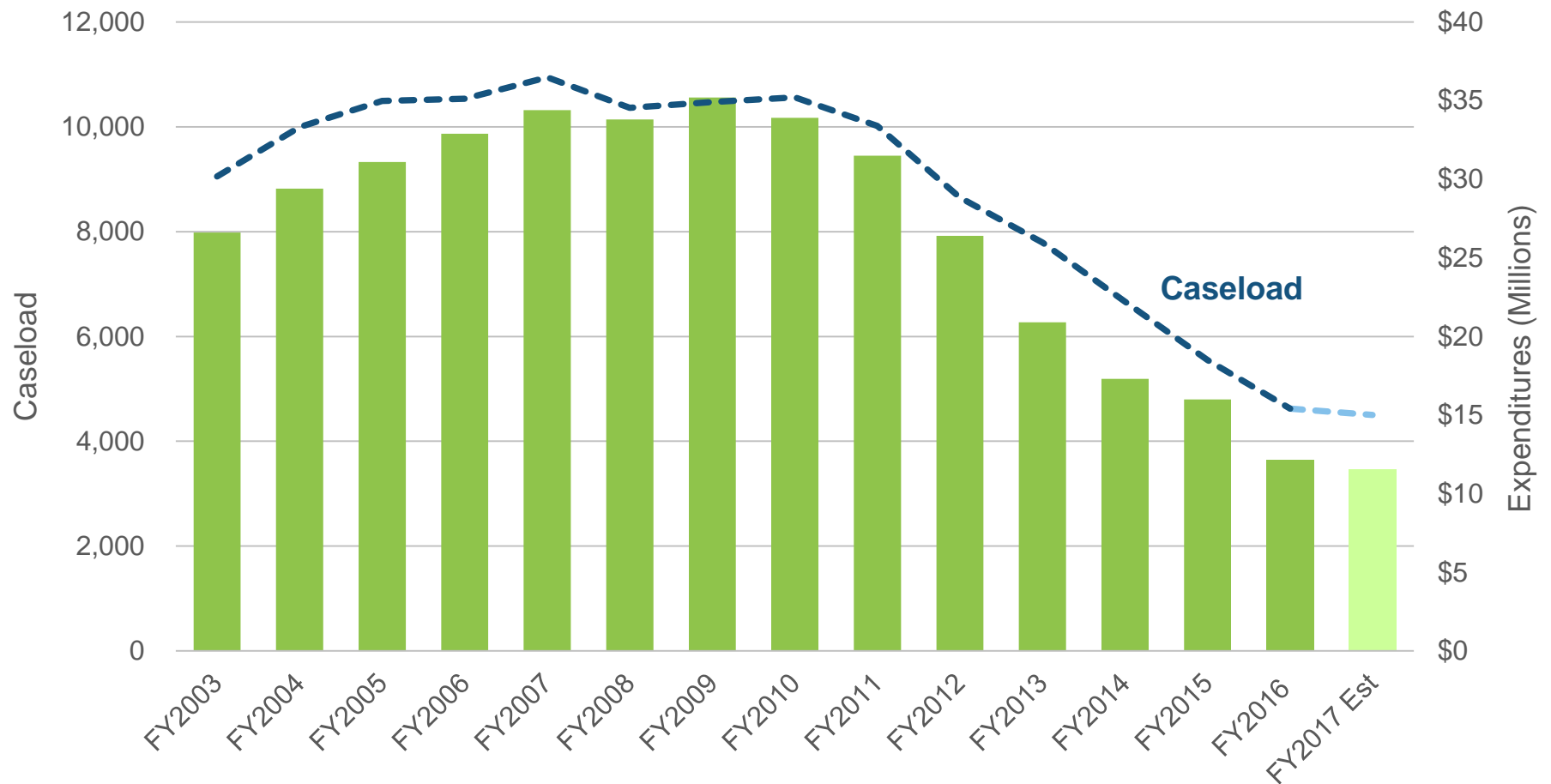


State Disability Assistance (SDA)

- Cash assistance to disabled adults who are permanently or temporarily unable to work
- Established in FY 1991-92 after state General Assistance program was eliminated
- 100% state-funded program; both GF/GP and restricted revenues
- SDA group must meet income and asset eligibility requirements: single adult must have monthly income below \$600—\$7,200 annual; financial assets of less than \$3,000
- New cases after October 1, 2011 can receive up to the maximum monthly benefit of \$200 for a single adult and \$315 for a adult with a spouse. The monthly maximum payment for cases opened before October 1, 2011 is \$269 for a single adult and \$423 for an adult with a spouse.
- Payment levels are higher for those in special living arrangements (e.g. adult foster care, homes for the aged)

State Disability Assistance Caseload and Spending Trends

Expenditures for SDA, Michigan's cash assistance program for disabled adults, have been declining steadily since FY 2008-09, partly due to increases in federal Social Security Income (SSI) approvals. Earlier federal approvals help certain individuals move more quickly into the federal program and thus shortens the time period they receive state SDA benefits.



State Emergency Relief Program (SER)

- Assists applicants with safe, affordable housing and other essential needs when an emergency arises that occurs due to factors or conditions beyond their control
- For non-energy services, family of three must meet income requirement of having countable monthly income below \$625 for other SER assistance (annual gross income of around \$12,000); monthly income above "need standard" must make a co-payment equal to the amount income exceeds the need standard
- For energy services, family group must meet income requirements of having income below 150% of federal poverty guidelines (equal to an annual gross income of around \$30,630 for a family of three)

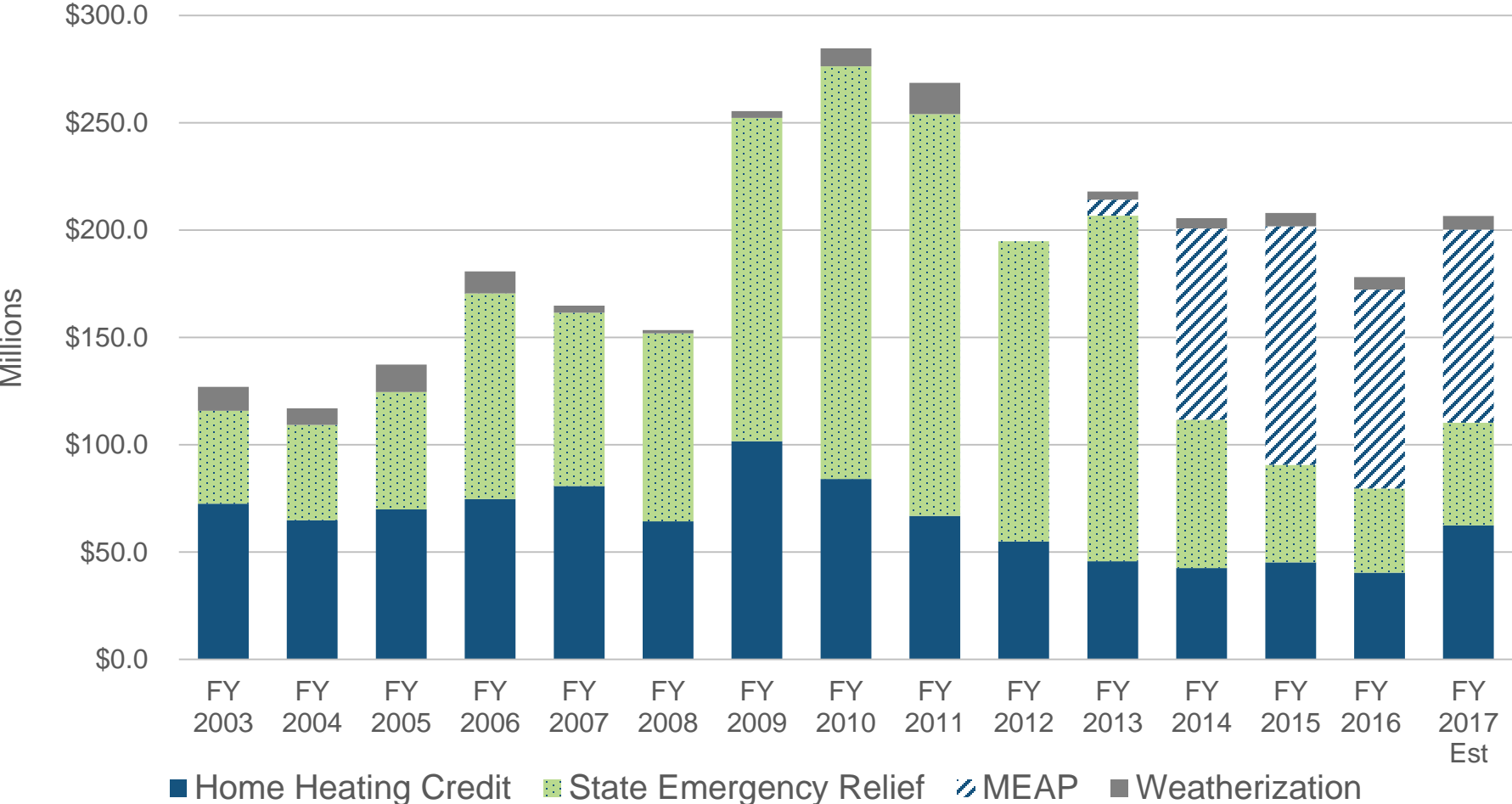
FY 2016-17 Emergency Services Appropriations

- **State Emergency Relief (SER) Program: \$45.8 million Gross**
 - Local Office Emergency Services allocations (rent/moving expenses, housing payments and repairs, non-energy utility assistance): \$10.4 million
 - Salvation Army Homeless Shelter contract: \$15.7 million
 - Indigent Burials/Unclaimed Bodies: \$4.4 million
 - Multicultural contracts (Arab Chaldean Council, ACCESS, Chaldean Community Foundation, Jewish Federation, Michigan Inter-Tribal Council, Vietnam Veterans, Hispanic/Latino Commission in Department of Civil Rights): \$13.3 million
 - Food Bank Council: \$2.0 million

- **Energy Assistance Programs (includes administration costs) \$231.7 million:**
 - Human Services receives approximately \$156.0 million annually in federal Low-Income Home Energy Assistance Program (LIHEAP) block grant funding of which 10.0% is used for administration
 - In FY 2016-17, LIHEAP line item is appropriated \$181.7 million Gross funding to allow expenditure of prior year carry forward funding, any additional federal LIHEAP funding the state might receive, and \$6.8 million GF/GP funding for the "Heat and Eat" program
 - FY 2013-14 Legislature passed new surcharge on electric meters to collect \$50.0 million through Low-Income Energy Assistance Fund (LIEAF); funding is appropriated in Michigan Energy Assistance Program (MEAP) line item

Energy Assistance Expenditures

The federal LIHEAP funding primarily funds four programs: the Home Heating Credit, State Emergency Relief, the new Michigan Energy Assistance Program (MEAP), and Weatherization. In FY 2016-17, expenditures are expected to be \$207 million.



Note: Does not include separate weatherization funding provided through the U.S. Department of Energy

Child Welfare Programs

Child Welfare and Family Services Programs

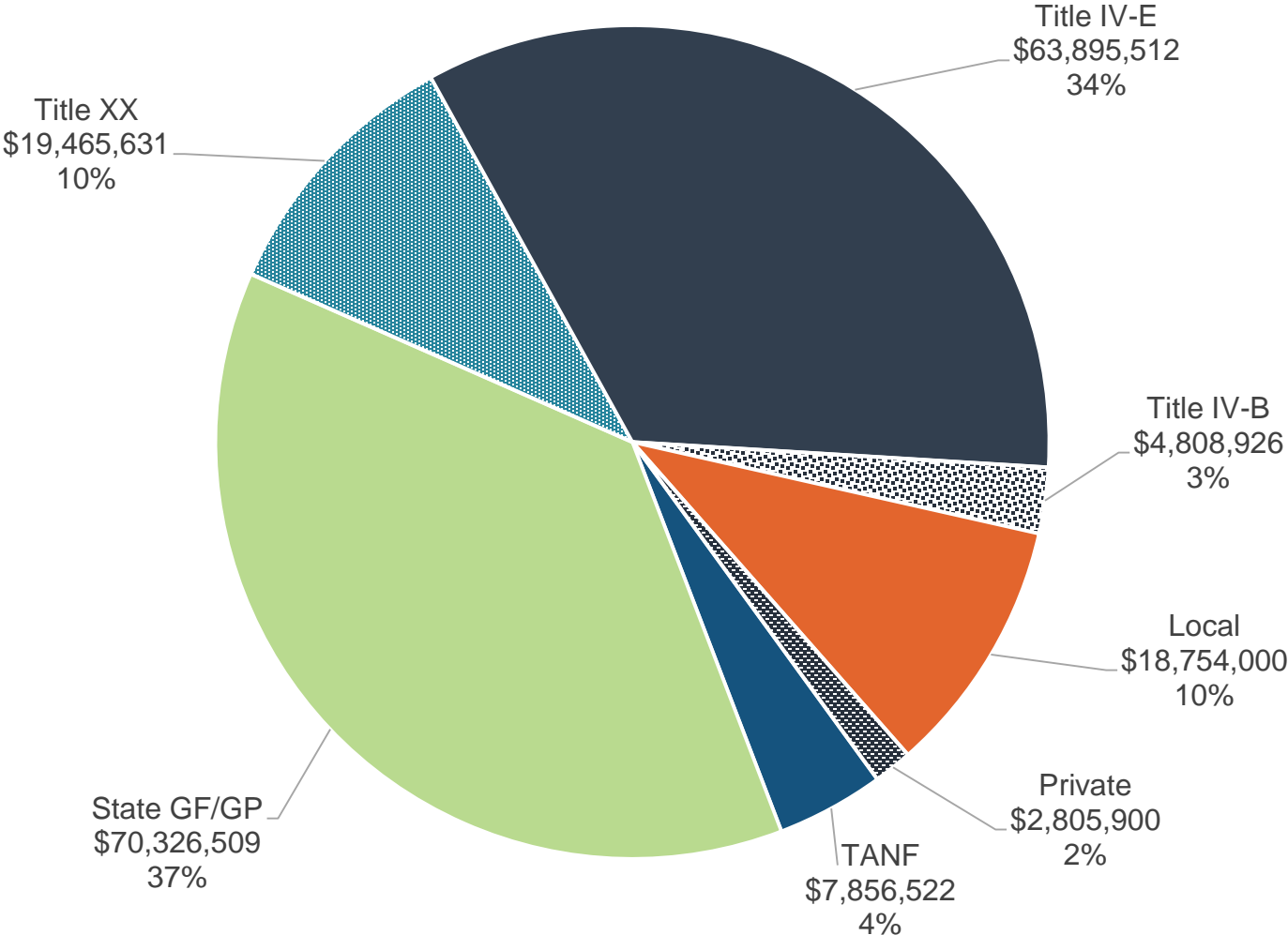
- **Children's Foster Care:** placement and supervision of children who can not remain in their own homes due to abuse, neglect, or other emergency
- **Child Care Fund:** collaborative effort between DHHS and counties to finance programs serving delinquent, neglected, and/or abused youth
- **Adoption Subsidy:** financial support and medical subsidies to adoptive families of children with special needs
- **Family Preservation and Prevention Services:** programs aimed at assisting families through in-home services with the goal of preventing an out-of-home placement or to accelerate reunification

Children's Foster Care

- Provides placement/supervision of children who cannot remain in their own homes due to one or more of the following:
 - Family inability/unwillingness to provide minimal care/supervision
 - Safety concerns brought on by serious abuse or neglect
 - Termination of parental rights
- Federal TANF law requires states to administer a foster care program
- Statute requires state support for court-ordered foster care placements
- Foster care line item supports court wards eligible for federal funds and state wards (other court ward cases are funded through the Child Care Fund)
- Federal Title IV-E funds meet about 66% of out-of-home placement costs for children that meet former AFDC eligibility requirements and other federal requirements
- State sets foster care payment rates for foster families, child care institutions, and child placing agencies
- Standard per diem family foster care rates are between \$17 and \$21, depending upon age and living situation; higher rates for special needs and residential care

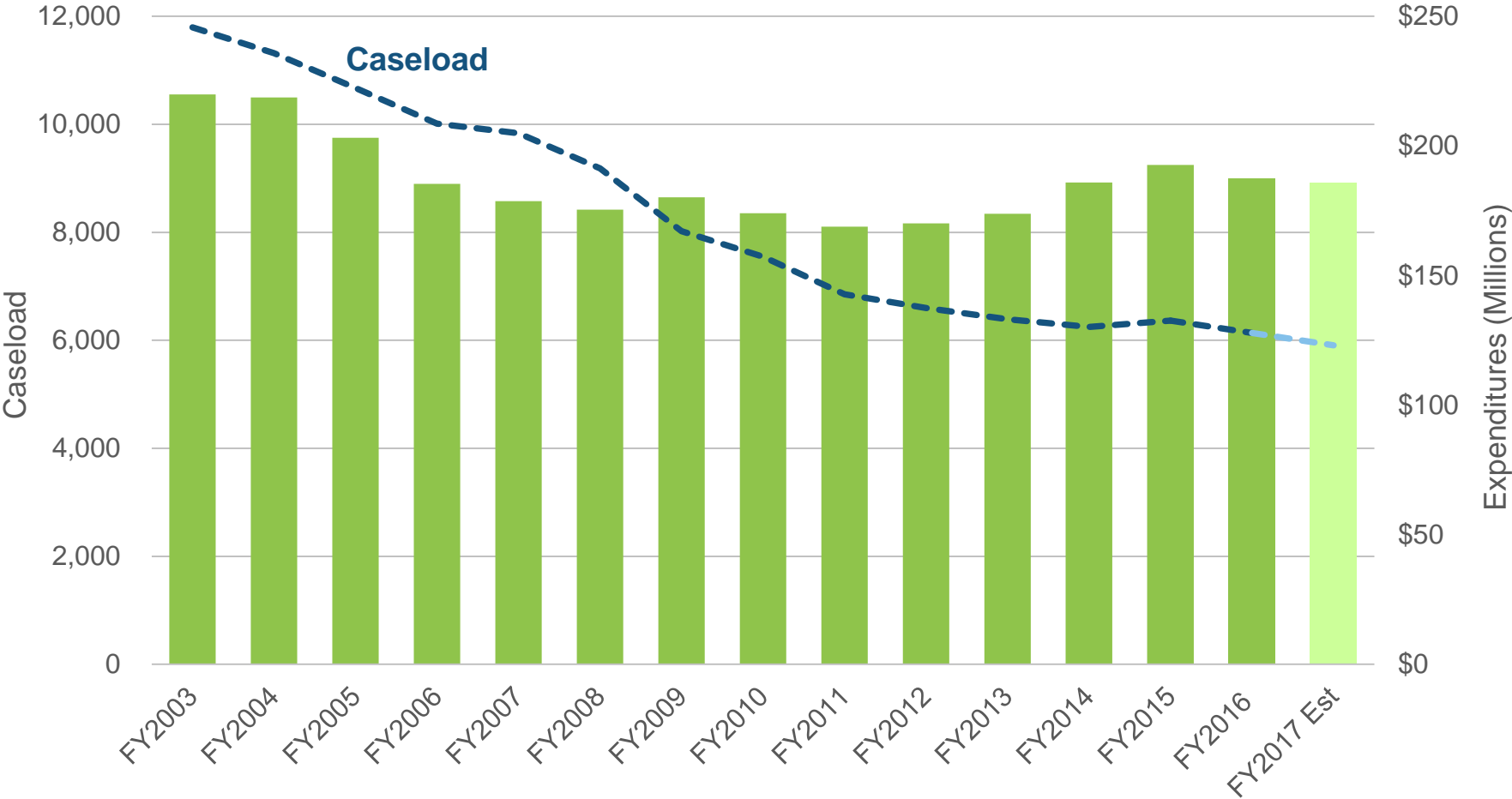
FY 2016-17 Foster Care Funding Sources

Over 50% of the **\$185.6 million** foster care program funding is funded by federal revenue, while 41% is funded by GF/GP. Chart shows FY 2015-16 spending by fund source.



Foster Care Caseload and Spending Trends

Foster care costs have been increasing since FY 2008-09 even though caseloads have been declining, partly as a result of increasing private child placing agencies' administrative rates to help meet staffing requirements of the Children's Rights settlement agreement.

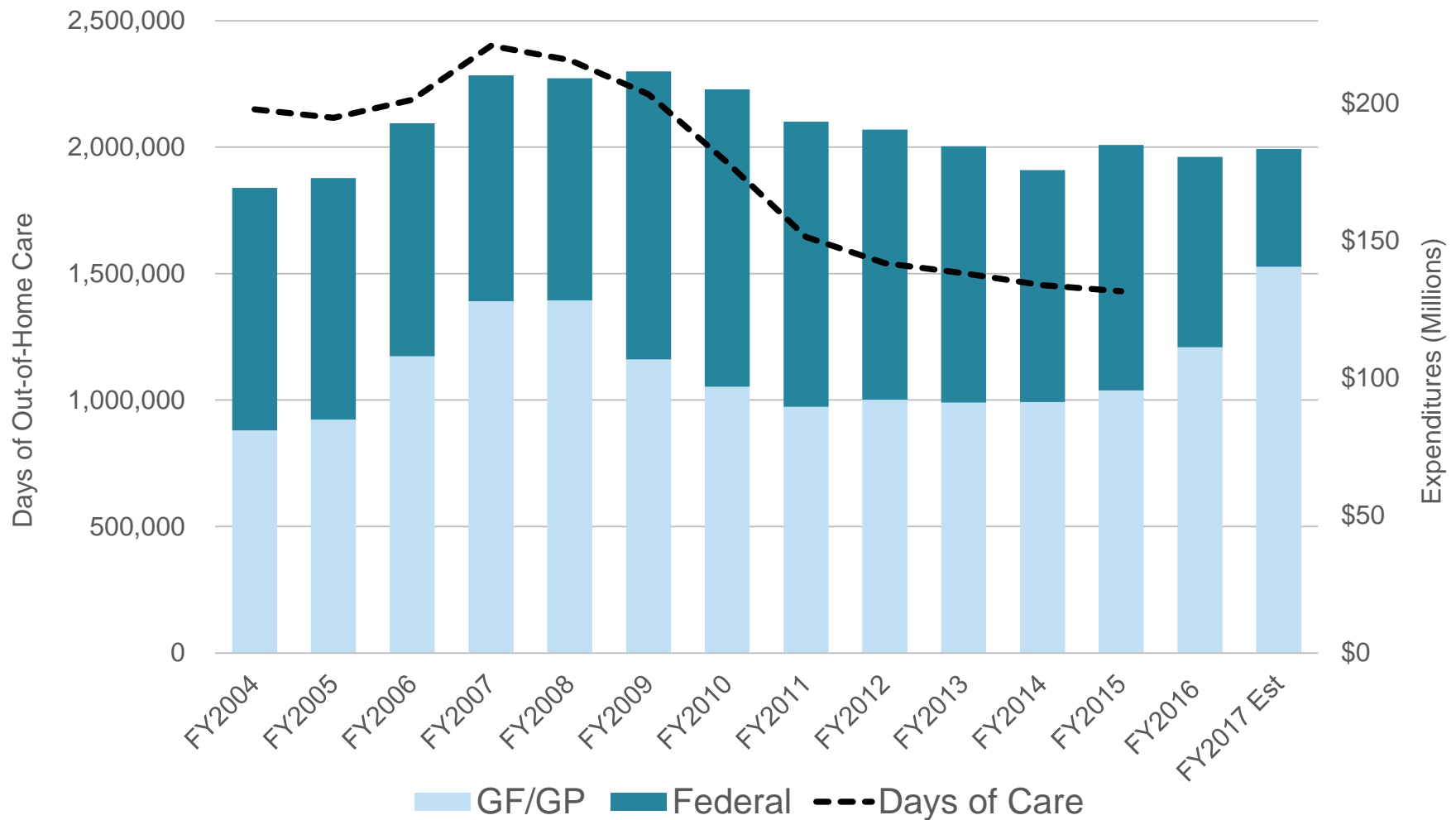


Child Care Fund (CCF)

- Provides for care and treatment of delinquent, neglected, and/or abused children
- Cases involve youth that are court wards that are not eligible for federal Title IV-E funding and are court-supervised
- Statute requires state support for court-ordered foster care placements
- Child Care Fund reimburses counties for 50% of their eligible costs incurred in providing services to court wards
- State-established foster care payment rates for foster families, child care institutions, and child placing agencies also apply in general to Child Care Fund placements
- Under a Memorandum of Understanding, Wayne County assumed responsibility for providing all juvenile justice services in the county and is responsible for rate setting in this area

Child Care Fund Caseload and Spending Trends

CCF spending represents 50% state reimbursement to counties; does not reflect county spending. Caseloads are decreasing partly because of policy and program changes and improvements implemented in response to the Children's Rights Settlement Agreement.

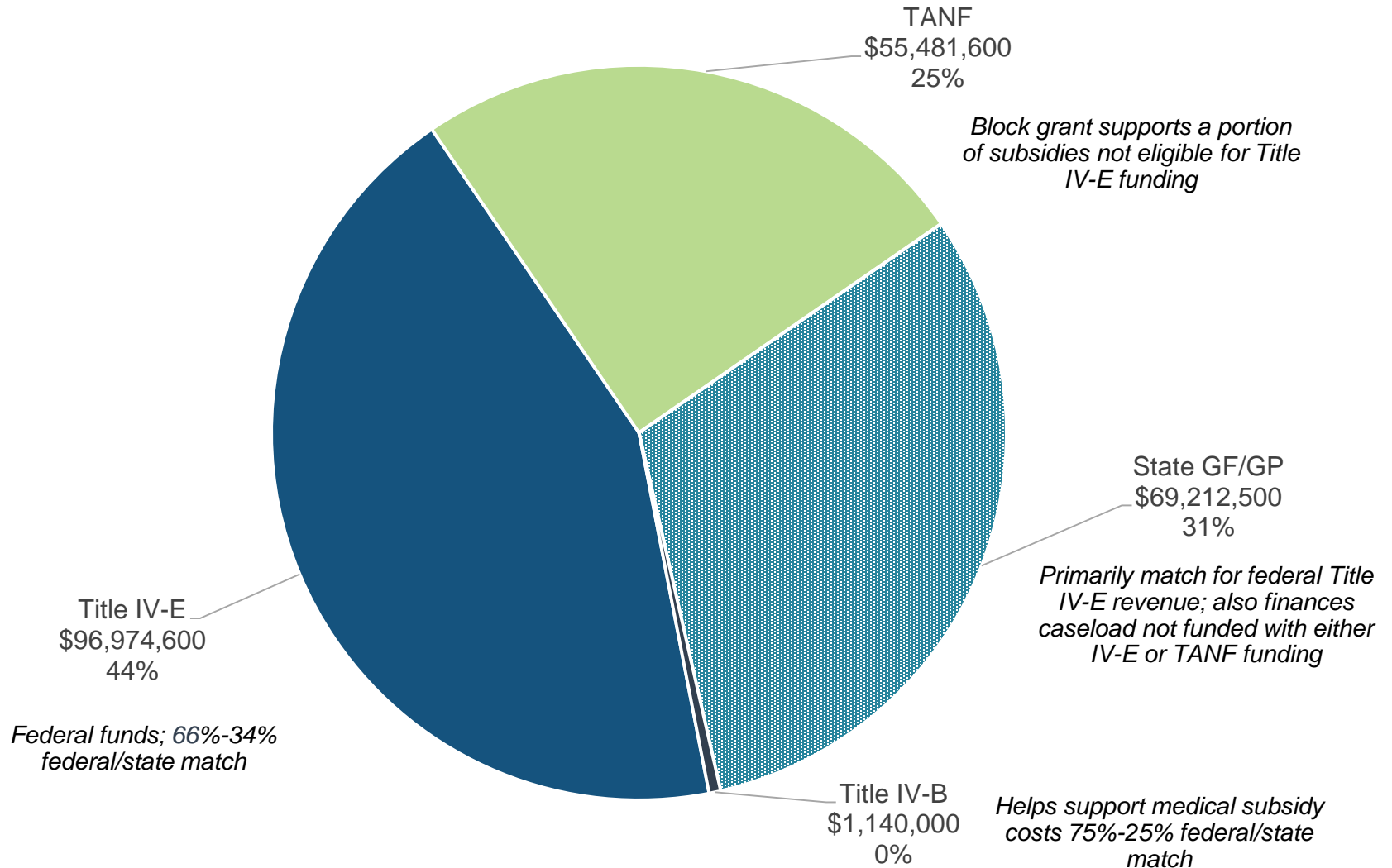


Adoption Subsidy Program

- Helps address financial barriers to adopting eligible foster children with special needs by providing financial and medical support subsidies to adoptive families
 - Cash subsidies provide for basic support and care
 - Medical subsidies help support necessary treatment for pre-existing physical, mental, or emotional condition
- Federal TANF law requires states to administer adoption subsidy program and forbids states from using a means test as an eligibility factor
- Child must
 - Be AFDC or SSI-eligible
 - Have "special needs" (medical/mental health needs, age three or older, part of sibling group, relative adoption) as defined by the state
- Written adoption assistance agreement must be entered prior to finalizing adoption
- States may use income to determine payment level (Michigan does not exercise this option—adoption subsidies reflect full foster care rates)

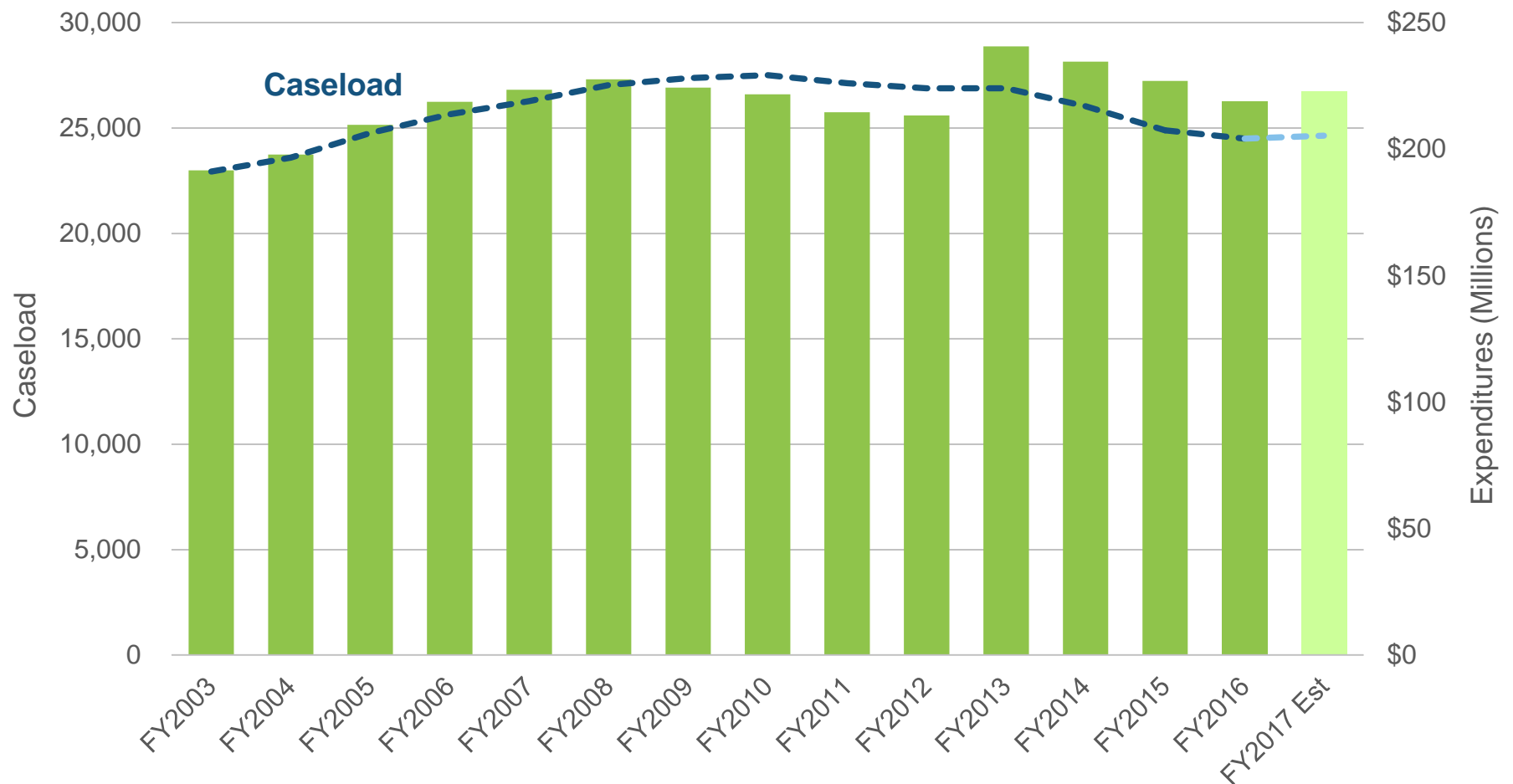
FY 2016-17 Adoption Subsidy Funding Sources

Approximately 70% of the **\$222.8 million** adoption subsidy program funding is funded by federal revenue, including TANF and other federal grants.



Adoption Subsidy Caseload and Spending Trends

Adoption subsidy costs increased in FY 2012-13 partly as a result of increasing adoption subsidy per diem by \$3 for all cases. Average monthly adoption subsidy payment is \$735.



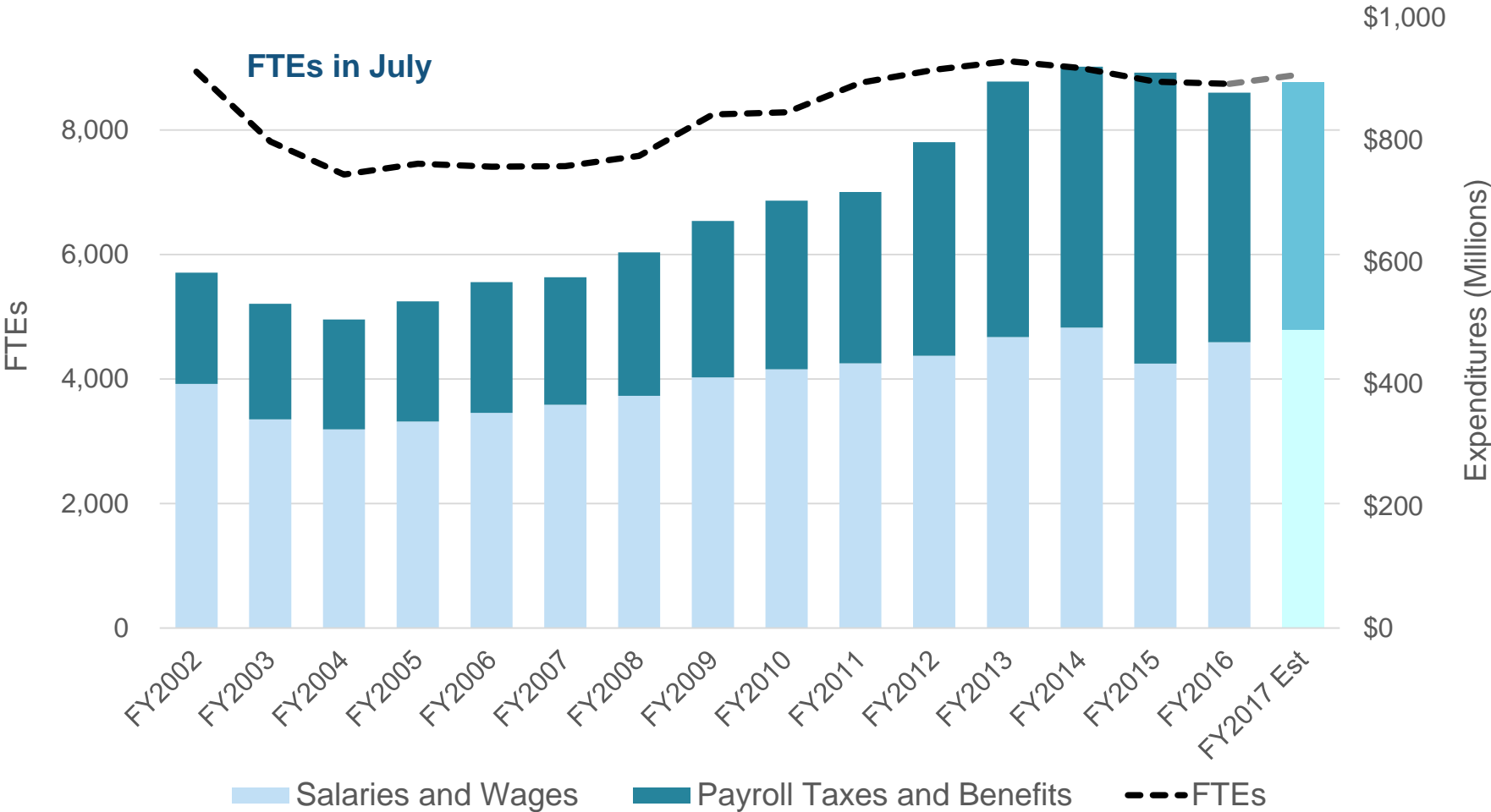
Field Operations and Local Office Staff

Local Office Staff Spending

- DHHS has 101 local and district Human Services offices across the state which are responsible for processing public assistance applications (including Medicaid and Child Development and Care) and monitoring case files, overseeing foster care and protective services cases, and administering other Human Services programs.
- In FY 2015-16, local office staff costs account for 16.7% of the Human Services portion of the DHHS budget and the appropriated funding can support 8,741 FTEs. The number of FTEs in the local offices started to decline in early 2002 as a result of an early retirement incentive. FTEs began to increase again in 2008.
- Settlement of a lawsuit brought against Michigan by the non-profit advocacy group Children's Rights requires reductions in caseload-to-worker ratios for various categories of child welfare workers. These requirements have contributed significantly to recent staffing increases.
- Fringe benefit costs increased \$45.0 million in FY 2011-12 as a result of prefunding retiree health, dental, and vision benefits known as Other Post-Employment Benefits (OPEB). Retirement costs increased an additional \$50.0 million during FY 2012-13.

Field Staff Spending and FTEs

Field staff payroll taxes and benefits increased over 44.7% since FY 2010-11 due mainly to increased retirement liabilities, while employee salary and wages only increased by 12.6% in that time period.



Michigan Rehabilitation Services (MRS)

- Assists persons with disabilities achieve employment outcomes and independence
- Primarily funded through federal Vocational Rehabilitation Title 1 grant, with a 21.3% state match
- 34,842 persons served during FY 2014-15
- To receive federal funding, MRS must meet at least 5 of the 7 federal evaluation standards and performance indicators shown in table below.

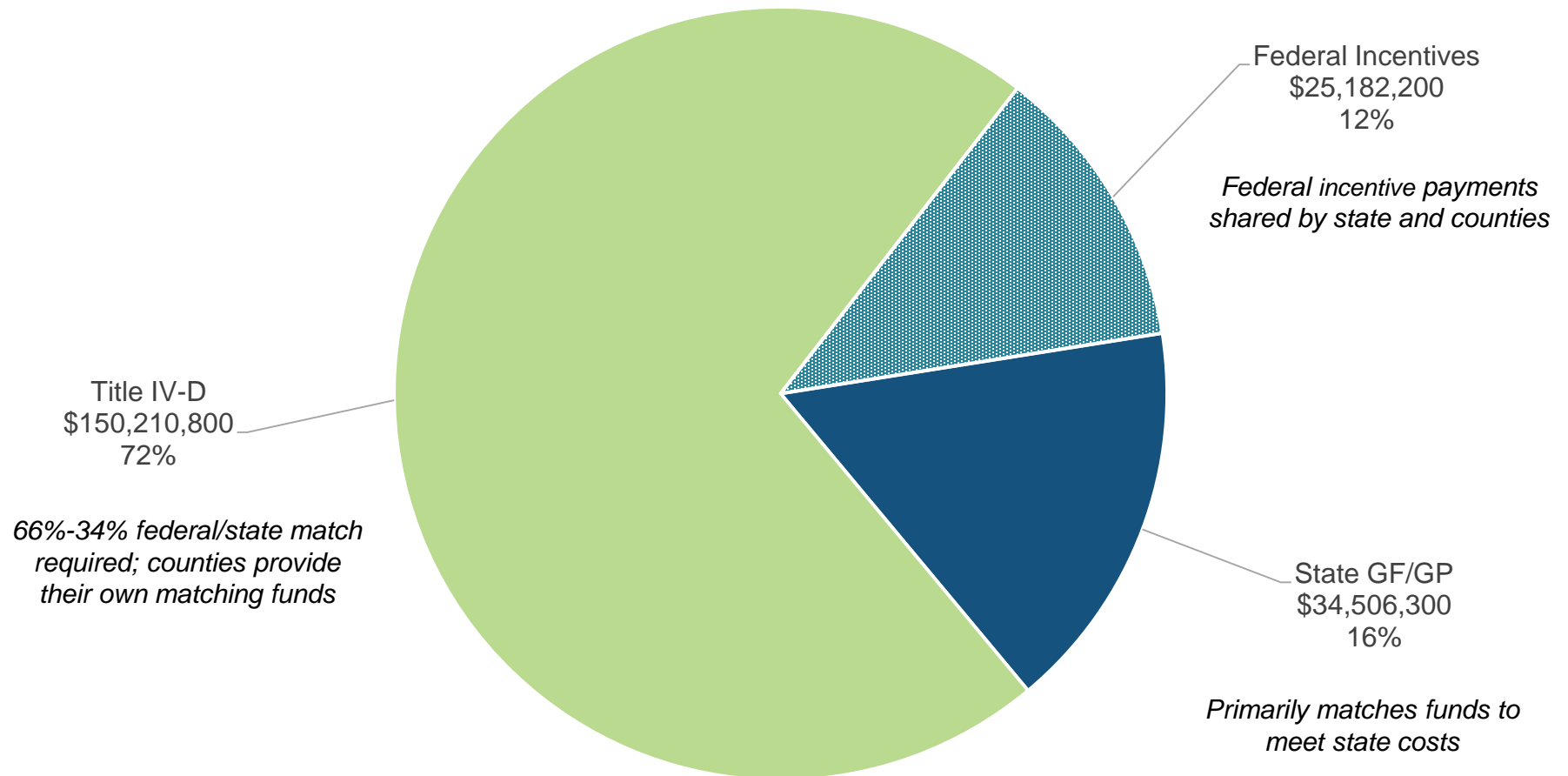
Performance Measures	Federal Standards	MRS Performance FY 2014-15
Number of employment Outcomes	6,695	6,653
Percent Employed	≥55.8%	57.9%
Employed Competitively	≥72.6%	93.8%
Significantly Disabled	≥62.4%	83.5%
Earnings Ratio	≥0.52	0.6
Self-Support	≥53.0%	70.0%
Minority Ratio	≥0.80	0.84

Child Support Enforcement (CSE)

- CSE Program creates an efficient process to
 - Locate absent parents
 - Establish paternity
 - Establish, review, and modify support orders
 - Enforce support order
 - Collect and distribute child support
- Federal TANF law requires states to administer a Child Support Enforcement program and provides partial funding
- Office of Child Support administers program in accordance with federal guidelines and contracts with prosecuting attorneys and Friends of the Court
- FIP family groups are required to assign child support to the state for enforcement unless "good cause" exists; any family may request these services
- Federal law
 - Specifies mandatory enforcement techniques
 - Requires participation by TANF families
 - Requires same services be provided to non-TANF families for \$25 application fee; Michigan does not impose this fee on clients
- In FY 2014-15, over \$1.4 billion child support was collected and disbursed to families

FY 2016-17 Child Support Enforcement Funding Sources

Over 84% of the **\$209.9 million** Child Support Enforcement Program funding is funded by federal revenue, the majority of which requires a 34% GF/GP state match.



Juvenile Justice Programs

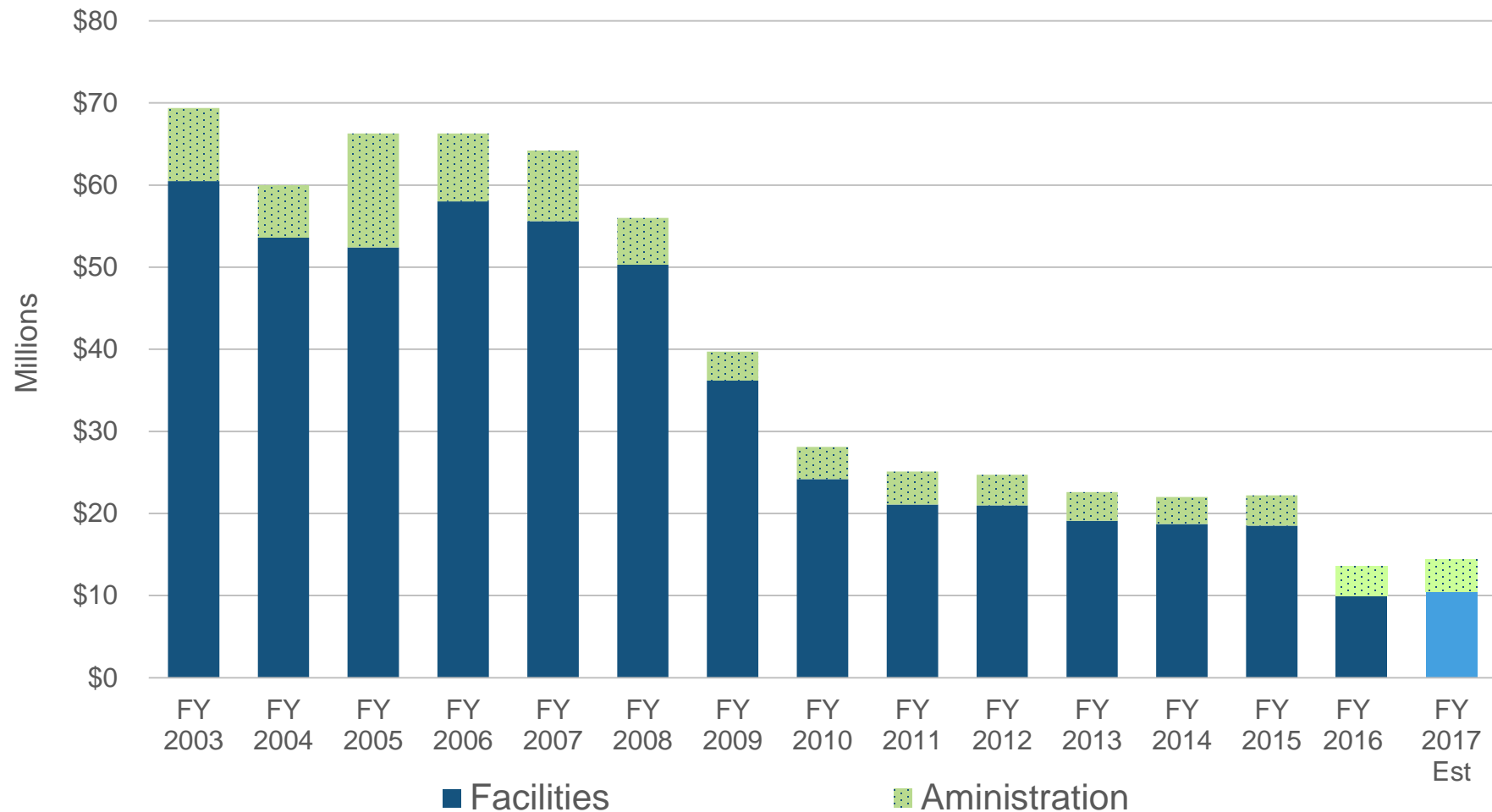
Juvenile Justice Services (JJ)

- Bureau of Juvenile Justice provides for care and supervision of state wards age 12 to age 21 referred to DHHS by the courts due to delinquency
- Major responsibilities:
 - Juvenile Justice grant administration and distribution
 - DHHS-operated (public) residential facilities
 - **Shawono Center** – Located in Grayling and has a capacity for 40 youth; offers general and specialized treatment for female and male youth with substance abuse issues or a history of chronic or violent offenses
 - **Bay Pines Center** – Located in Escanaba and has a capacity for 40 youth; offers specialized treatment programs for sex offenders, addiction and substance abuse, and general delinquents with mild-to-medium mental health issues
- Recent DHHS-operated facility closures:
 - FY 2009-10 budget closed Nokomis Challenge Center and two remaining community juvenile justice centers
 - FY 2015-16 budget closed W.J. Maxey Training School on October 15, 2015

Note: Private residential facilities for delinquency and abuse/neglect cases are funded in Foster Care Payments and Child Care Fund line items.

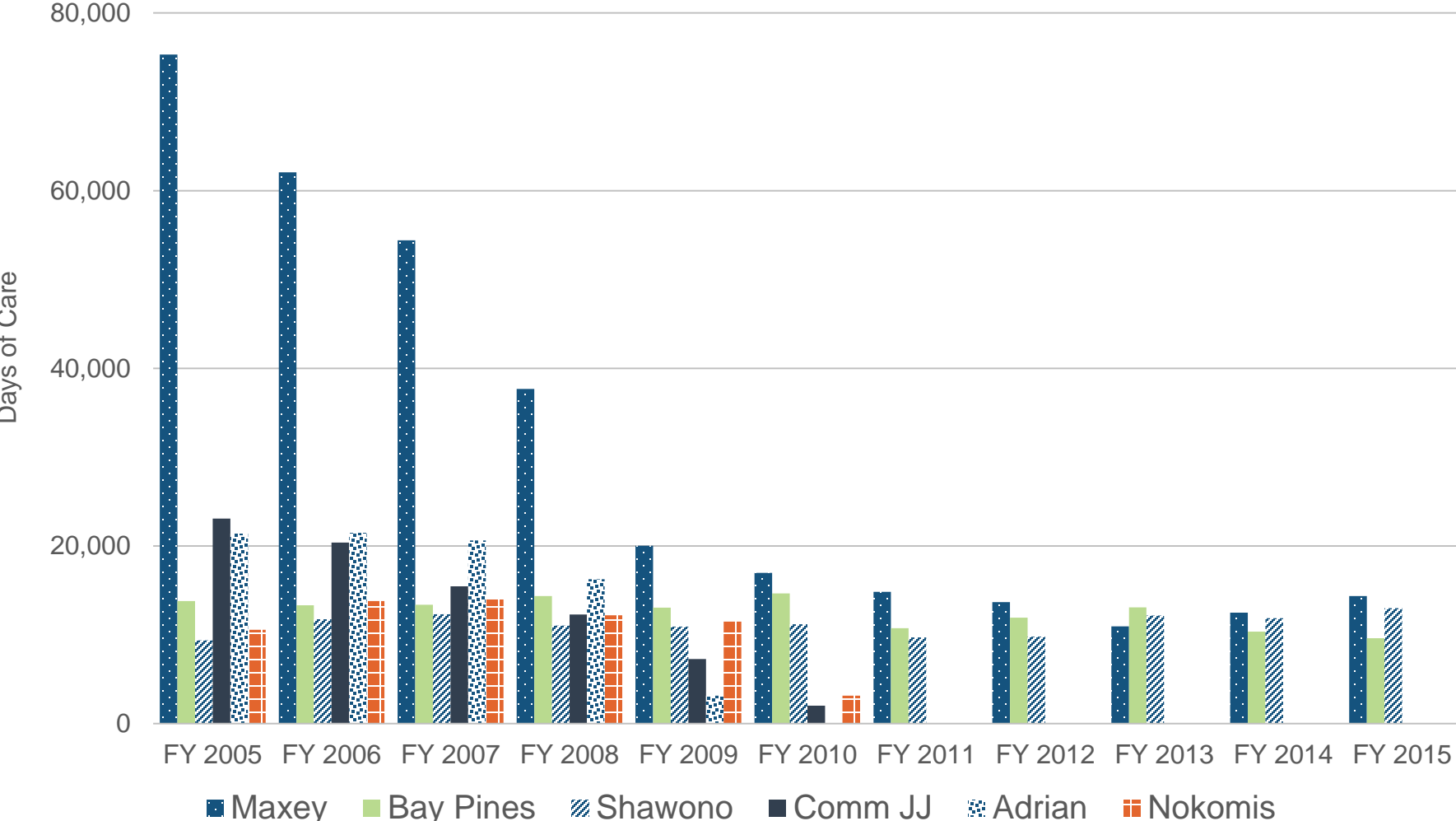
Juvenile Justice Operations Expenditures

State JJ operations costs have decreased steadily since FY 2006-07 due to the implementation of community-based diversion programming in many counties and the closure of several state-operated residential facilities. Some of these reduced costs have been shifted to payments to locals through the CCF.



Facility Days of Care

State facility days of care have also decreased steadily since FY 2006-07 due to the implementation of community-based diversion programming and the closure of Nokomis, Adrian, and Community JJ residential facilities. Maxey was closed in FY 2015-16.



For more information about the Health and Human Services budget:

HFA Resources

<http://www.house.mi.gov/hfa/HealthandHumanServices.asp>

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