

**Summary: Executive Budget Recommendation
for Fiscal Years 2013-14 and 2014-15
DEPARTMENT OF HUMAN SERVICES**



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	FY 2012-13 Year-to-Date as of 2/7/13	FY 2013-14 Executive	Difference: FY 2013-14 Vs. FY 2012-13		FY 2014-15 Executive	Difference: FY 2014-15 Vs. FY 2013-14	
			Amount	%		Amount	%
IDG/IDT	\$30,581,300	\$30,594,600	\$13,300	0.0	\$30,594,600	\$0	0.0
Federal	5,507,467,200	4,802,702,800	(704,764,400)	(12.8)	4,805,562,500	2,859,700	0.1
Local	39,029,400	37,891,500	(1,137,900)	(2.9)	37,891,500	0	0.0
Private	9,792,600	9,856,000	63,400	0.6	9,856,000	0	0.0
Restricted	88,453,600	151,618,800	63,165,200	71.4	151,618,800	0	0.0
GF/GP	1,028,769,600	1,013,112,400	(15,657,200)	(1.5)	1,022,565,000	9,452,600	0.9
Gross	\$6,704,093,700	\$6,045,776,100	(\$658,317,600)	(9.8)	\$6,058,088,400	\$12,312,300	0.2
FTEs	12,314.0	12,282.5	(31.5)	(0.3)	12,263.0	(19.5)	(0.2)

Notes: (1) FY 2012-13 year-to-date figures include mid-year budget adjustments through February 7, 2013. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time." (3) FY 2014-15 figures are projected budget amounts only and would not be legally binding appropriations.

Overview

The Department of Human Services (DHS) administers a wide range of programs and services to assist Michigan's most vulnerable families, including public assistance programs that provide direct cash support as well as assistance with food and emergency needs. The DHS is also charged with protecting children and assisting families by administering foster care, adoption and family preservation programs, and by enforcing child support laws. The DHS is also responsible for delivering juvenile justice services, for Michigan Rehabilitation Services, and for licensing day care, adult foster care, and child welfare agencies in the state.

Major Budget Changes From FY 2012-13 YTD Appropriations	Executive Changes		
	FY 2012-13 YTD (as of 2/7/13)	FY 2012-13 to FY 2013-14	FY 2013-14 to FY 2014-15
1. Public Assistance Caseload Adjustments	Gross \$3,862,229,300	(\$699,359,200)	(\$8,937,100)
Reduces funding for public assistance programs \$699.4 million Gross and increases GF/GP by \$186,100 as follows:	Federal 3,603,104,200	(699,545,300)	(9,624,000)
	Restricted 81,211,700	0	0
	GF/GP \$177,913,400	\$186,100	\$686,900
<ul style="list-style-type: none"> Food Assistance Program (FAP) is reduced \$683.7 million Gross from 1,088,146 cases at \$271 per month to 876,650 cases at \$269 per month. Family Independence Program (FIP) is reduced \$15.8 million Gross from 53,298 cases at \$397 per month to 49,226 cases at \$401 per month. State Disability Assistance (SDA) program is reduced \$546,600 GF/GP from 8,777 cases at \$257 per month to 8,600 cases at \$257 per month. State Supplementation program is increased \$732,700 GF/GP from 271,800 cases at \$19.31 per month to 275,000 cases at \$19.08 per month. 			
Also reduces FY 2014-15 projected budget \$8.9 million Gross and increases GF/GP by \$686,900 based on estimated public assistance caseload adjustments.			

Major Budget Changes From FY 2012-13 YTD Appropriations	Executive Changes			
	FY 2012-13 YTD (as of 2/7/13)	FY 2012-13 to FY 2013-14	FY 2013-14 to FY 2014-15	
2. Energy Services	Gross	\$59,900,000	\$100,000	\$0
Eliminates \$59.9 million Gross (\$27.7 million GF/GP) designated as one-time funding for state emergency relief energy services. Provides \$60.0 million in restricted revenues to offset elimination of one-time funding. Restricted revenues generated from proposed legislation to create a new fee payable by every electric utility customer.	Federal	32,200,000	(32,200,000)	0
	Restricted	0	60,000,000	0
	GF/GP	\$27,700,000	(\$27,700,000)	\$0
3. Temporary Assistance for Needy Families (TANF) Fund Source	Gross	\$4,988,881,000	\$0	\$0
Rolls the federal Temporary Assistance for Needy Families (TANF) block grant fund source into the general "total federal revenues" fund source.	Federal	4,409,541,200	579,339,800	0
	TANF	579,339,800	(579,339,800)	0
	GF/GP	\$0	\$0	\$0
4. Child Welfare Caseload Adjustments	Gross	\$614,653,700	(\$23,242,300)	\$0
Reduces funding for child welfare programs \$23.2 million Gross (\$8.4 million GF/GP) as follows:	Federal	330,598,300	(13,124,000)	0
	Local	18,274,500	(1,574,600)	0
	Private	1,600,000	(125,900)	0
	GF/GP	\$264,180,900	(\$8,417,800)	\$0
<ul style="list-style-type: none"> Foster care payments are reduced \$15.0 million Gross (\$7.0 million GF/GP) from 7,200 cases at \$24,378 per year to 6,650 cases at \$26,844 per year. Adoption subsidies are increased \$2.0 million Gross (\$3.8 million GF/GP) from 26,850 cases at \$651 per month to 27,100 cases at \$651 per month. The County Child Care Fund is reduced \$11.1 million Gross (\$5.3 million GF/GP). Guardianship assistance payments are increased \$970,700 million Gross (\$166,500 GF/GP). 				
5. Child Welfare Staffing Enhancement	FTE	577.0	0.0	0.0
Annualizes the cost to hire 577.0 additional child welfare staff during FY 2012-13. Staff were requested in order to be in compliance with the case-to-supervisor ratios required by the Children's Rights settlement agreement. On May 22, 2012, DHS requested 307 new child protective service workers, 174 new direct care workers, and 96 new first-line supervisors. The FY 2013-14 Executive Recommendation revises the staffing request to 404 new child protective service workers, 113 new direct care workers, 1 new education planner, 2 new permanency planning conference coordinators, 41 new first-line supervisors, and 16 new second-line supervisors.	Gross	\$23,320,300	\$26,297,300	\$0
	Federal	16,027,300	18,073,100	0
	GF/GP	\$7,293,000	\$8,224,200	\$0
6. One-Time Funding: Family Preservation Expansion	FTE	NA	1.0	(1.0)
Provides \$2.5 million in federal TANF funds to expand Families Together Building Solutions to Macomb and Muskegon Counties and to expand Supportive Visitation/Home-Based Parent Education Program to additional counties.	Gross	NA	\$2,500,000	(\$2,500,000)
	Federal	NA	2,500,000	(2,500,000)
	GF/GP	NA	\$0	(\$0)
7. Pathways to Potential	FTE	NA	26.0	0.0
Provides \$6.2 million Gross (\$2.2 million GF/GP) to hire new child support specialists to provide child support case management, to hire new child welfare training staff to support a new Crucial Accountability Training program, and to hire new medical consultation staff to address a backlog of medical determination cases. The funding would also provide partial tuition reimbursement for DHS staff seeking a Master's Degree in Social Work.	Gross	NA	\$6,220,200	\$0
	Federal	NA	4,033,700	0
	GF/GP	NA	\$2,186,500	\$0

Executive Changes

Major Budget Changes From FY 2012-13 YTD Appropriations	FY 2012-13 YTD (as of 2/7/13)	FY 2012-13 to FY 2013-14	FY 2013-14 to FY 2014-15	
8. Phone Costs	Gross	NA	\$2,187,300	\$0
Increases \$1.2 million Gross (\$478,100 GF/GP) for Cisco phone charges, \$1.0 million Gross (\$394,400 GF/GP) for DTMB smartphone \$22 per month charges, and \$218,100 Gross (\$92,100 GF/GP) for Mobile Worker Initiative. Reduces rent \$218,100 Gross (\$92,100 GF/GP) to pay for Mobile Worker Initiative costs.	Federal	NA	1,314,800	0
	GF/GP	NA	\$872,500	\$0
9. Fraud Prevention, Detection, and Recoupment	Gross	NA	\$2,000,000	(\$1,500,000)
Provides \$500,000 GF/GP for 3 attorneys within the Department of Attorney General to prosecute persons who provide fraudulent information to DHS. Also provides \$1.5 million Gross (\$1.0 million GF/GP) for one-time biometrics fraud detection technology.	Federal	NA	500,000	(500,000)
	GF/GP	NA	\$1,500,000	(\$1,000,000)
10. National Voter Registration Act	Gross	NA	\$717,600	\$0
Provides \$717,600 Gross (\$350,600 GF/GP) for printing and postage costs to comply with the National Voter Registration Act.	Federal	NA	367,000	0
	GF/GP	NA	\$350,600	\$0
11. Juvenile Justice Data Analyst	FTE	23.0	1.0	0.0
Provides \$116,000 GF/GP to hire a juvenile justice data analyst. Data analyst would work with State Court Administrative Office (SCAO), counties, and other stakeholders to compile statewide data on juvenile justice.	Gross	\$4,362,400	\$116,000	\$0
	Federal	78,300	0	0
	Local	946,200	0	0
	GF/GP	\$3,337,900	\$116,000	\$0
12. SSI Advocates	FTE	10.0	0.0	0.0
Increase Supplemental Security Income (SSI) recoveries \$78,200 to support all 10.0 FTEs allocated for SSI advocacy.	Gross	\$755,500	\$78,200	\$0
	Restricted	605,900	78,200	0
	GF/GP	\$149,600	\$0	\$0
13. One-Time Funding: Eliminate FY 2012-13 Appropriations	Gross	\$12,546,500	(\$12,546,500)	\$0
Discontinues FY 2012-13 one-time appropriations of \$12.5 million Gross (\$5.4 million GF/GP) for state employee lump sum payments, Seita Scholarship, juvenile justice behavioral health study, and Medicaid eligibility review.	Federal	7,104,100	(7,104,100)	0
	Restricted	5,600	(5,600)	0
	GF/GP	\$5,436,800	(\$5,436,800)	\$0
14. Information Technology	FTE	0.0	18.5	(18.5)
Reduces SACWIS development costs \$7.5 million Gross (\$3.2 million GF/GP) and discontinues FY 2012-13 one-time appropriations of \$2.5 million Gross (\$1.5 million GF/GP) for Inspector General IT upgrades. Provides \$2.4 million Gross (\$754,300 GF/GP) for SACWIS T-1 lines, \$467,900 Gross (\$168,400) for wireless infrastructure, \$407,700 Gross (\$108,500 GF/GP) for Microsoft enterprise agreement, \$351,800 Gross (\$126,600 GF/GP) to increase internet bandwidth, and \$140,600 Gross (\$50,600 GF/GP) for the Center for Shared Solutions within DTMB. Also provides 18.5 FTEs and \$2.0 million Gross (\$1.0 million GF/GP) for one-time BRIDGES improvements.	Gross	\$162,780,500	(\$4,232,000)	(\$2,000,000)
	IDG	1,943,600	0	0
	Federal	107,101,500	(1,814,100)	(960,400)
	GF/GP	\$53,735,400	(\$2,417,900)	(\$1,039,600)
15. Adjustments to Current Services Baseline	Gross	NA	\$96,700	\$0
Increases \$96,700 Gross (\$2.5 million GF/GP) to align line item appropriations with projected spending and available revenues. Offsets \$2.5 million GF/GP increase with \$2.5 million in federal TANF appropriated in Payroll Taxes and Fringe Benefits line item.	Federal	NA	(2,903,300)	0
	Restricted	NA	3,000,000	0
	GF/GP	NA	\$0	\$0
16. Employee Economics	Gross	NA	\$40,270,600	\$27,249,400
Reflects increased costs of \$40.3 million Gross (\$14.5 million GF/GP) for negotiated salary and wage amounts (1.0%), insurance rate increases, actuarially-required retirement rate increases, and other economic adjustments. Additional increase of \$27.2 million Gross (\$10.8 million GF/GP) projected for FY 2014-15.	IDG	NA	13,300	0
	Federal	NA	24,991,100	16,444,100
	Local	NA	436,700	0
	Private	NA	189,300	0
	Restricted	NA	92,600	0
	GF/GP	NA	\$14,547,600	\$10,805,300

Major Budget Changes From FY 2012-13 YTD Appropriations		FY 2012-13 YTD (as of 2/7/13)	Executive Changes	
			FY 2012-13 to FY 2013-14	FY 2013-14 to FY 2014-15
17. Federal Medical Assistance Percentage (FMAP) Adjustments	Gross	NA	\$12,900	\$0
	Federal	NA	(63,000)	0
	Restricted	NA	(112,400)	0
	GF/GP	NA	\$188,300	\$0

Increases GF/GP by \$188,300 from the FMAP federal match rate adjustment from 66.39% to 66.32%. Also increases federal TANF funds to offset child support collections. This rate is used to determine federal cost sharing for foster care payments, adoption subsidies and retained child support collections.

Major Boilerplate Changes From FY 2012-13

NOTE: No boilerplate language proposed specific to FY 2014-15.

Executive Boilerplate Deletions

In general, the Executive Budget deletes a large majority of boilerplate language included in the FY 2012-13 budget. This includes many legislative reporting requirements, sections providing guidance and placing conditions on appropriations, and earmarks of funding for specific purposes. The list below includes major changes to boilerplate, but is not a comprehensive list of all sections proposed to be deleted.

GENERAL SECTIONS

Sec. 250. Information Technology Work Projects – DELETED

Allows appropriations for information technology to be designated as work projects and carried forward into future fiscal years.

Sec. 264. DHS Employee Communication with Legislature – DELETED

Prohibits disciplinary action by DHS against employees for communicating with a legislator or legislative staff.

Sec. 290. Welfare Fraud Hotline – DELETED

Requires DHS to include the welfare fraud hotline phone number on any public advertisement.

Sec. 291. E-Verify – DELETED

Requires DHS to use E-Verify to verify that new employees and new contractors are legally present in the United States; requires report on implementation.

Sec. 299. DHS Performance Metrics – NEW

Requires DHS to maintain, on a publically accessible website, a scorecard that identifies, tracks, and updates key metrics.

EXECUTIVE OPERATIONS

Sec. 307. 2-1-1 Statewide Call System – DELETED

Allocates \$400,000 for Michigan 2-1-1 to coordinate and support a statewide 2-1-1 call system; provides that funding shall not exceed 50% of total operating expenses; requires 2-1-1 to refer to DHS any calls of fraud, waste, and abuse of state-administered public assistance; and requires annual report.

ADULT AND FAMILY SERVICES

Sec. 401. Centers for Independent Living – DELETED

Distributes grant funds to state's centers for independent living. Funds are used by existing centers to provide services in underserved areas or to build capacity to provide independent living services, in accordance with applicable federal law and regulations.

Sec. 402. Vocational Rehabilitation Matching Funds – DELETED

Directs the MRS and the Michigan Commission for the Blind to work collaboratively with organizations and agencies to identify match dollars and maximize federal funds.

Sec. 420. Elder Abuse Prosecuting Attorney Contract – DELETED

Requires DHS to contract with the Prosecuting Attorneys Association of Michigan to fund 2 elder abuse resource prosecuting attorney positions to provide support and services to state prosecutors, adult protective service workers, and criminal justice system to assist with elder abuse and financial exploitation cases; requires annual report.

Sec. 423. Michigan MiCAFE Contract – DELETED

Allocates \$175,000 to Elder Law of Michigan MiCAFE to assist elderly citizens who may be eligible for food assistance; allows money to be used as matching funds to provide food assistance outreach as part of a food stamp hotline.

Sec. 425. Vehicle Repairs – DELETED

Limits car repair allocations to not more than \$500 per year per individual, but allows DHS to approve exceptions up to \$900 per year; requires report on number of exceptions.

Major Boilerplate Changes From FY 2012-13

CHILDREN'S SERVICES

Sec. 506. Medicaid Coverage for Children under State or Court Supervision – DELETED

Requires DHS to guarantee that a child in foster care who is eligible for Medicaid will not have a break in coverage if they move from one county to another.

Sec. 513. Child Placements in Out-of-State Facilities – DELETED

Restricts placement of children in out-of-state facilities unless specified criteria are met as determined by the interstate compact office and deputy director of children's services; requires annual report.

Sec. 519. Treatment Foster Care – DELETED

Requires DHS to permit private agencies with existing contracts to provide treatment foster care services.

Sec. 525. On-site Evaluations – DELETED

Requires DHS to use same on-site evaluation process and noncompliance penalties for private-operated and state-operated residential facilities.

Sec. 533. Child Welfare Payment Promptness – DELETED

Directs DHS to make payments to child placing agencies within 30 days after receiving documentation for out-of-home care services; directs DHS to explore automated payments to private agencies to improve speed and accuracy; requires report.

Sec. 540. Psychotropic Medication For Youth in Out-of-Home Placements – DELETED

Requires DHS to determine within 30 days whether to change prescribed psychotropic medication for state wards if the placement administration determines that the medication should be changed, or to seek parental consent within 7 business days for a temporary court ward.

Sec. 546. Foster Care Agency Administrative Rates – DELETED

Establishes foster care administrative rate of \$37 for private child placing agencies under contract with DHS; establishes general independent living administrative rate of \$28; reinstates specialized independent living administrative rates provided in FY 2010-11.

Sec. 574. Contracts to License Relative Caregivers – DELETED

Allocates \$2.5 million to private child placing agencies to facilitate licensure of relative caregivers as foster parents and allows private agencies to retain supervision of at least 50% of the newly licensed cases; provides \$375,000 for family incentive grants to help with home improvements needed by foster families.

Sec. 585. Private Agency Staff Training – DELETED

Allows private nationally accredited foster care and adoption agencies to conduct their own staff training provided that training and materials are accredited by DHS; requires DHS to provide access to training materials and post training materials online.

Sec. 589. Restrictions on Transfer of Foster Care Cases to Private Supervision – DELETED

Prohibits DHS from transferring foster care cases currently under DHS supervision to private agency supervision where the case requires a county contribution for the private agency administrative rate; requires monthly report on the number of foster care cases supervised by private agencies and by DHS.

PUBLIC ASSISTANCE

Sec. 609. SSI State Supplementation

Prohibits reduction of SSI state supplementation for recipients in institutional settings during the fiscal year, requires 30 day notice to the Legislature for any proposed reduction to the state supplementation level.

Sec. 610. State Emergency Relief (SER) – DELETED

Requires consideration of expenses for finding employment as good cause for persons applying for SER assistance; establishes housing affordability standard under SER of 75% of total net income; prohibits SER payments to individuals found guilty of fraud, out-of-state residents, and illegal immigrants; requires SER rent assistance to be paid directly to the landlord.

Sec. 611. State Supplementation Rate Restriction – DELETED

Prohibits state supplementation levels for living independently or living in the household of another from exceeding the minimum level required under federal law or regulations.

Sec. 612. Refugee Medical Benefits Asset Test – DELETED

Requires DHS to implement an asset test for applicants and recipients of refugee assistance program medical benefits.

Sec. 613. Cremation of Unclaimed Bodies – REVISED

Provides reimbursements for the cremation of indigent persons if a person with the right to control the disposition of the body does not claim the body or refuses to exercise that right. Revision allows DHS to provide indigent burial services and strikes reference to cremation of unclaimed persons.

Sec. 615. Illegal Alien Public Assistance Prohibition – DELETED

Prohibits providing public assistance to illegal aliens except as required by federal regulations or for emergency food and shelter services.

Major Boilerplate Changes From FY 2012-13

Sec. 616. Electronic Benefit Transfer (EBT) Fees – DELETED

Prohibits retailers participating in EBT program from charging more than \$2.50 in fees for cash back.

Sec. 645. Domestic Violence Homeless Criteria for State Emergency Relief – DELETED

Allows individuals living with others to escape domestic violence to be defined as homeless for purpose of SER.

Sec. 653. Domestic Violence Exemption to Food Assistance Requirements – DELETED

Exempts an individual who is the victim of domestic violence for up to an additional three months from the three-month-in-36-month limit on receiving food assistance.

Sec. 657. Extended Family Independence Program (EFIP) Notifications – DELETED

Requires DHS to notify individuals eligible for EFIP that receiving EFIP will count toward the federal and state lifetime cash assistance limits.

Sec. 696. Chaldean Community Foundation – DELETED

Appropriates \$1.0 million to the Chaldean Community Foundation to provide translation services, health care, and youth services.

JUVENILE JUSTICE SERVICES

Sec. 708. County Spending Plan – DELETED

Specifies that in order for counties to receive allocations from the Child Care Fund, they must submit a service spending plan for DHS approval by October 1 of each year; approval must be obtained prior to December 15.

Sec. 719. Legislative Notification of Juvenile Justice Changes – DELETED

Requires DHS to notify Legislature at least 30 days before closing or making any change in the status of a state juvenile justice facility, including licensed bed capacity and operating bed capacity.

Sec. 721. Residential Facility of Last Resort – DELETED

If demand exceeds capacity at state-operated facilities, requires DHS to post a request for proposals to contract with not less than 1 private provider to be a residential facility of last resort instead of increasing available occupancy at state-operated facilities.

LOCAL OFFICE SERVICES

Sec. 750. Out-Stationed Eligibility Specialists – DELETED

Requires DHS to maintain out-stationed eligibility specialists in community-based organizations, community mental health agencies, nursing homes, and hospitals unless the out-stationed location requests the program discontinued.

Supplemental Recommendations for FY 2012-13 Appropriations

**FY 2012-13
Recommendation**

1. Public Assistance Caseload Adjustments

Reduces funding for public assistance programs \$598.5 million Gross (\$0 GF/GP) as follows:

- Food Assistance Program (FAP) is reduced \$603.0 million Gross from 1,088,146 cases at \$271 per month to 901,625 cases at \$269 per month.
- Family Independence Program (FIP) is increased \$4.5 million Gross from 53,298 cases at \$397 per month to 54,284 cases at \$397 per month. FIP increase is due to cases exempt from case closure due to passage of Senate Bill 1386. (SBO Request 2013-4)

Gross	(\$598,462,700)
Federal	(598,462,700)
GF/GP	\$0

2. Child Welfare Caseload Adjustments

Reduces funding for child welfare programs \$30.2 million Gross (\$14.3 million GF/GP) as follows:

- Foster care payments are reduced \$19.0 million Gross (\$8.9 million GF/GP) from 7,200 cases at \$24,378 per year to 6,500 cases at \$26,844 per year.
- The County Child Care Fund is reduced \$11.1 million Gross (\$5.3 million GF/GP). (SBO Request 2013-4)

Gross	(\$30,194,300)
Federal	(13,751,900)
Local	(2,009,500)
Private	(162,100)
GF/GP	(\$14,270,800)

3. Family Independence Program - Litigation Payments

Provides \$16.7 million in federal Temporary Assistance for Needy Families (TANF) block grant funding into the Family Independence Program line item and redirects \$16.7 million in GF/GP to a new Family Independence Program - Litigation Payments line item. The current standing of *Smith v. Corrigan*, and passage of Senate Bill 1386 (PA 607 of 2012), allows DHS to implement its policy revisions to the federal 60-month lifetime limit effective March 1, 2013. Approximately 7,000 cases will be closed. This new line item will fund the FIP payments made to these 7,000 cases from October 2012 - February 2013. (SBO Request 2013-4)

Gross	\$16,728,400
Federal	16,728,400
GF/GP	\$0