



Background Briefing

HUMAN SERVICES

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January 2011

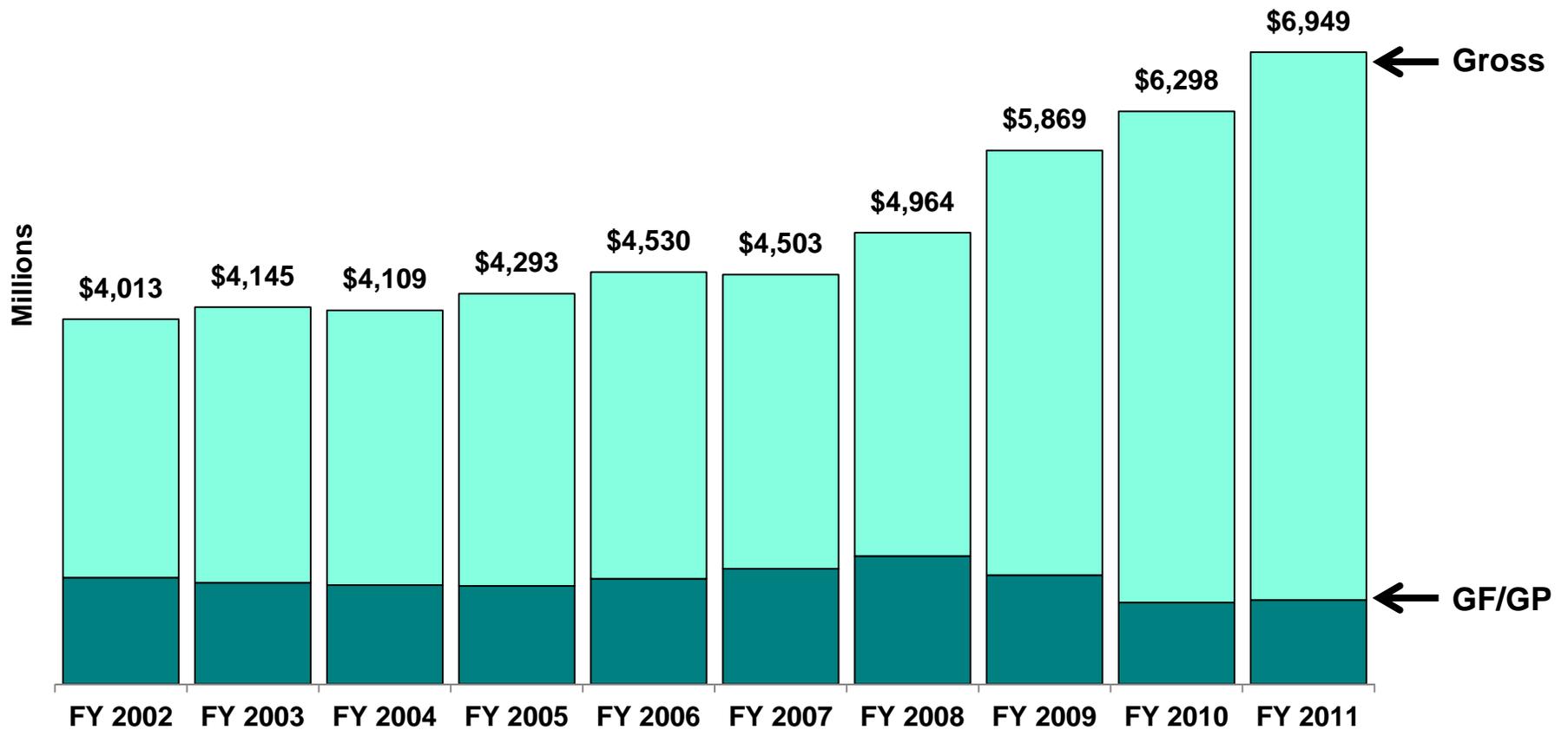
The fiscal information in this background briefing is based on data through January 1, 2011.

Department of Human Services (DHS)

- Michigan's public assistance, child and family welfare agency
- Administers a wide range of assistance and service programs through network of county and district DHS offices
- DHS mission: "The Michigan Department of Human Services assists children, families and vulnerable adults to be safe, stable, and self-supporting."
- Plan vision statement outlines three primary goals:
 - Reduce poverty
 - Help all children have a great start in life
 - Help clients achieve their full potential

Human Services Gross Appropriations

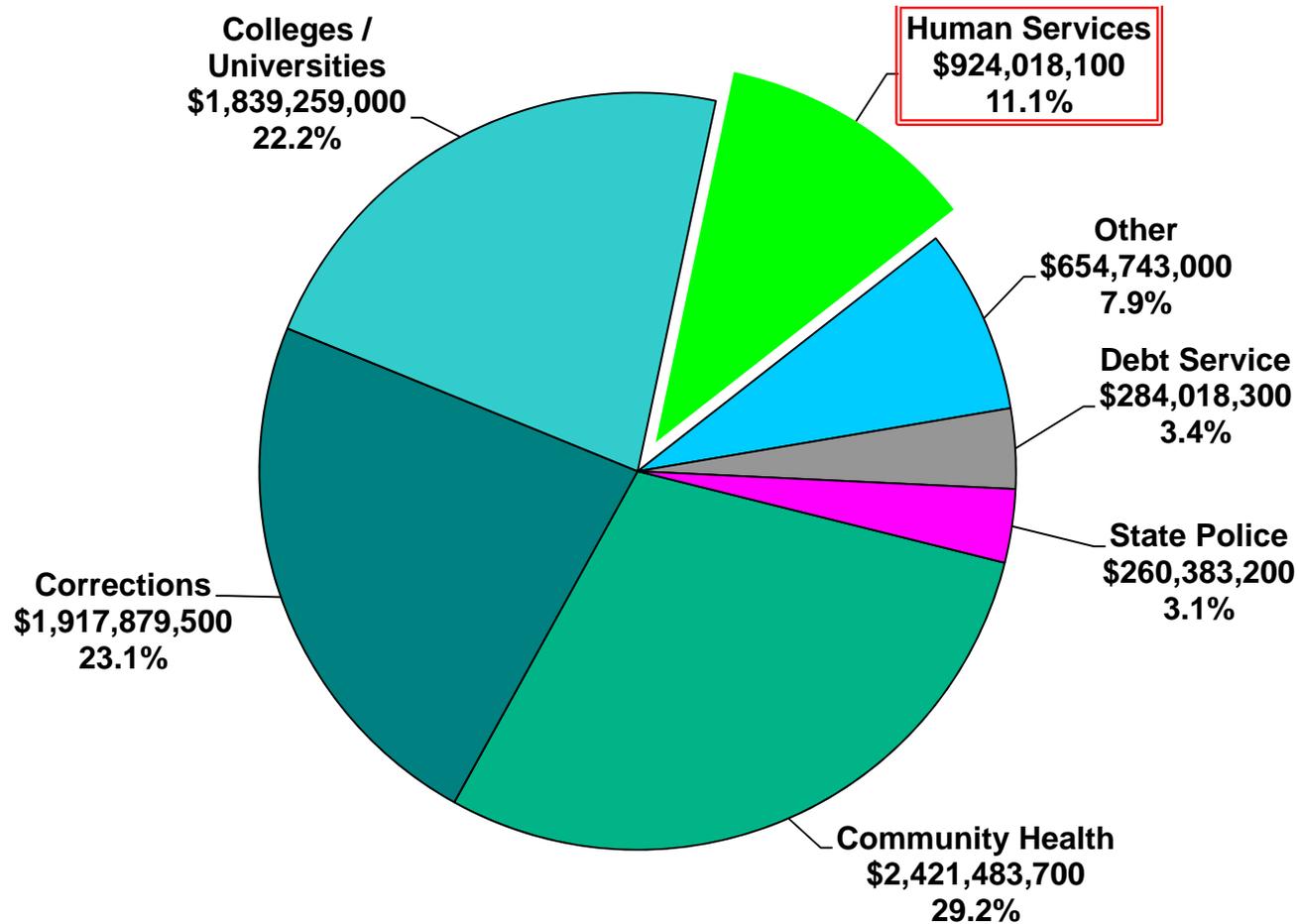
Gross appropriations increased by an average of 8.5% annually from FY 2005-06 to FY 2010-11, driven mostly by growth in federal food assistance expenditures.



Human Services Share of State GF/GP

Human Services makes up 11.1% of the total state GF/GP budget

FY 2010-11 GF/GP Total = \$8,301,784,800



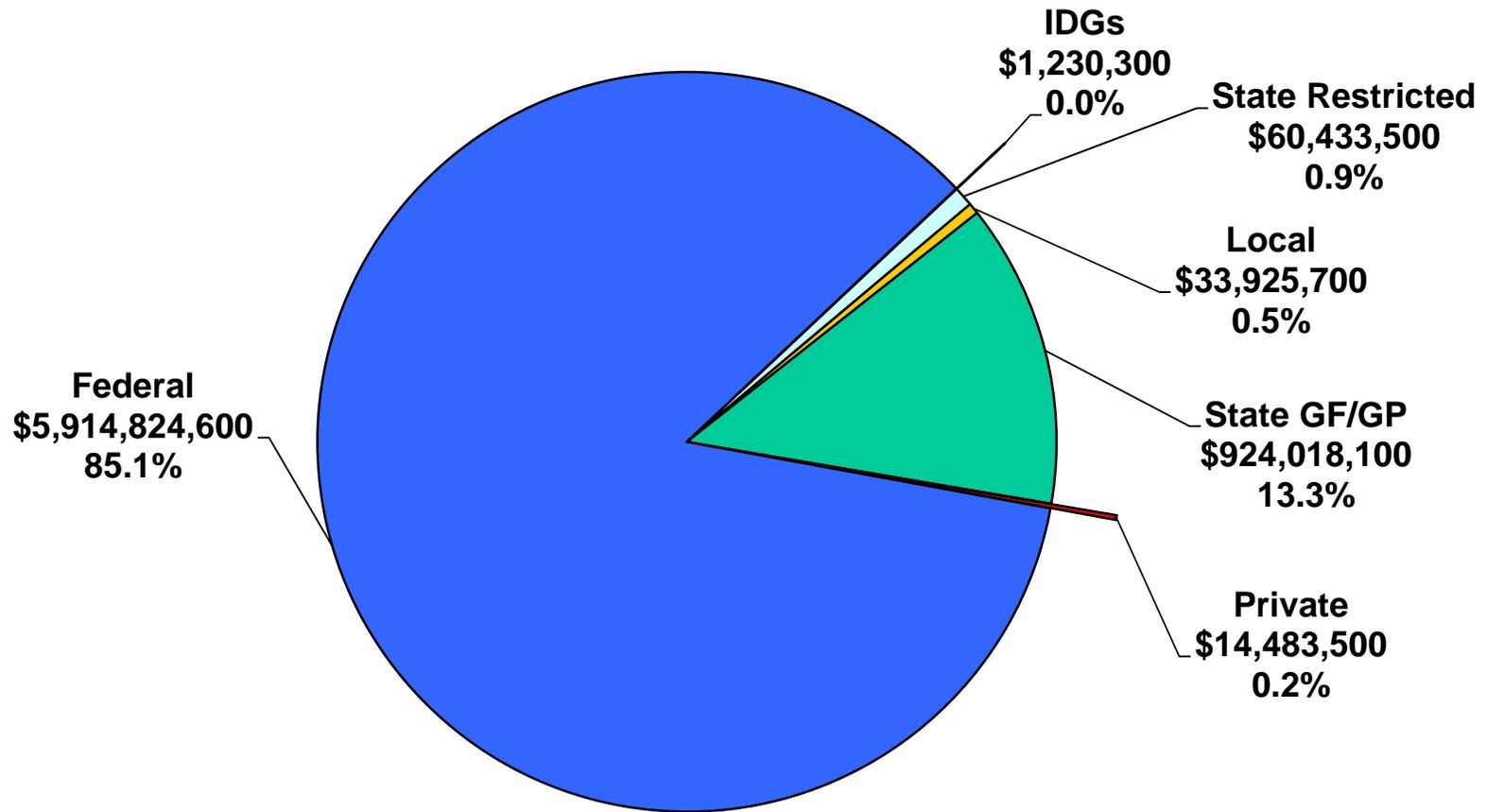
SOURCES OF FUNDING

Human Services Revenue Sources

- **FY 2010-11 DHS budget = \$6.9 billion; 13.3% is GF/GP**
- **85.1% of DHS revenue is federal**
 - **Food Assistance Program benefits (51.5% of all revenue)**
 - **Temporary Assistance for Needy Families (TANF)**
 - **Other major federal sources**
 - **Title IV-E: Foster Care/Adoption Assistance**
 - **Title IV-D: Child Support Program**
 - **Title XIX: Medicaid**
 - **Title XX: Social Services Block Grant**
 - **CCDF: Child Care Development Funds**
 - **LIHEAP: Low-Income Home Energy Assistance Program**
- **Local and restricted revenue (1.4% of budget) includes:**
 - **County payments toward child welfare services**
 - **Retained child support**
 - **Recouped public assistance collections**
 - **SSI Recoveries**

Human Services Revenue Sources

FY 2010-11 Total = \$6,948,915,700



DEPARTMENT APPROPRIATIONS

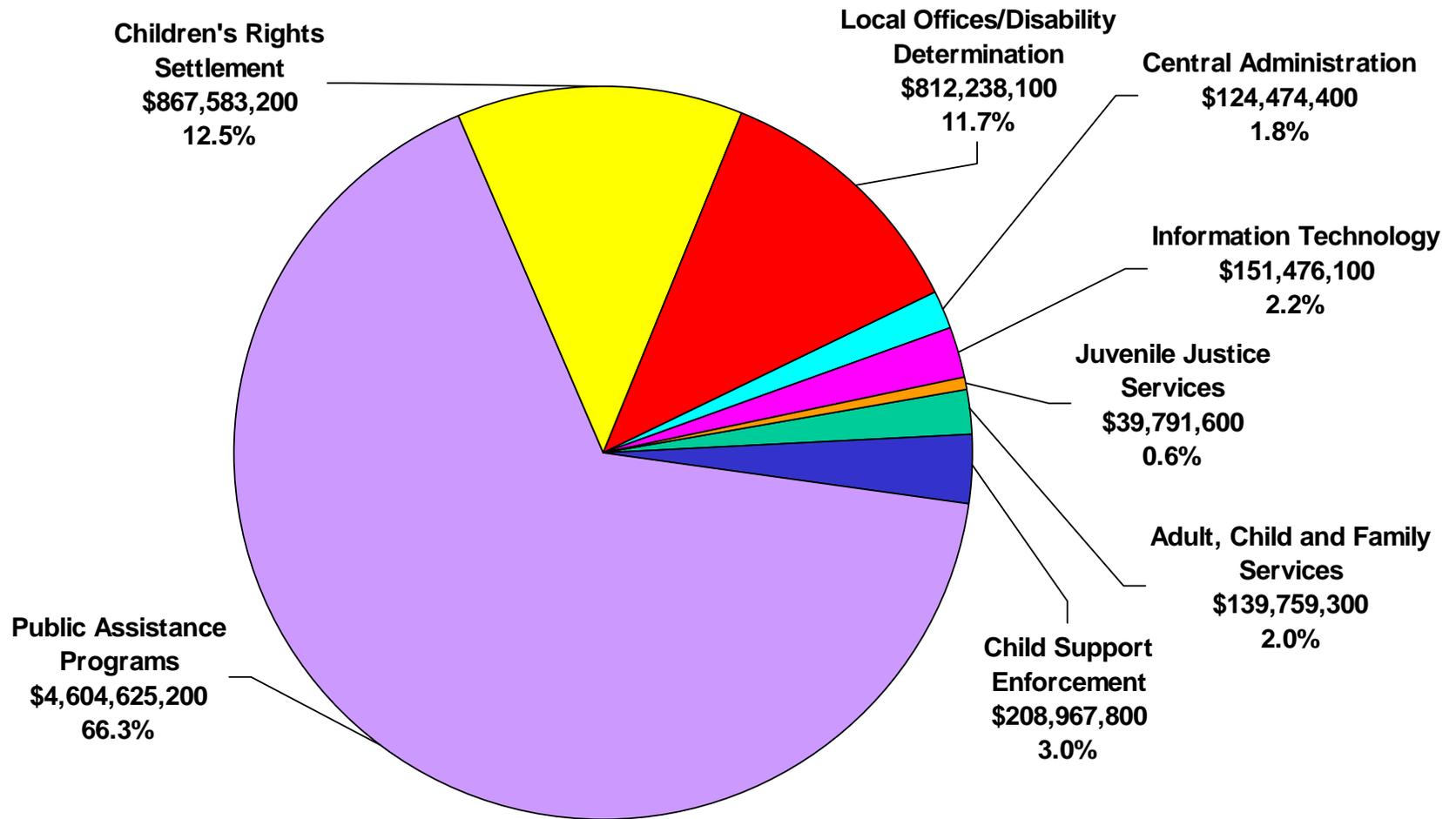
Human Services Appropriations

The Human Services budget is allocated into the following major spending areas:

- Public Assistance Programs
- Children's Rights Settlement
- Local Offices/Disability Determination
- Child Support Enforcement
- Adult, Child and Family Services
- Juvenile Justice
- Central Administration
- Information Technology

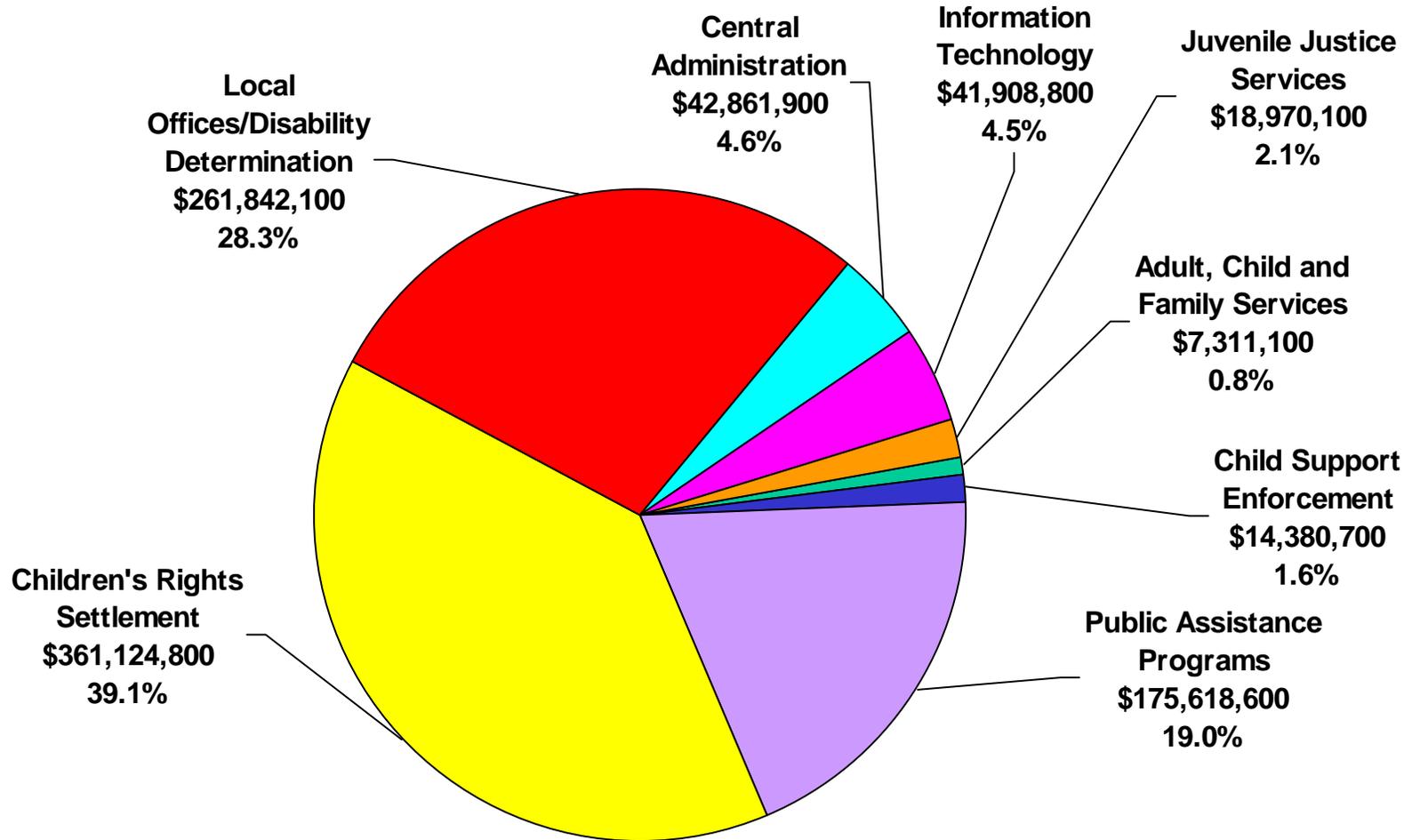
DHS Gross Appropriations by Category

FY 2010-11 Total = \$6,948,915,700



DHS GF/GP Appropriations by Category

FY 2010-11 Total = \$924,018,100

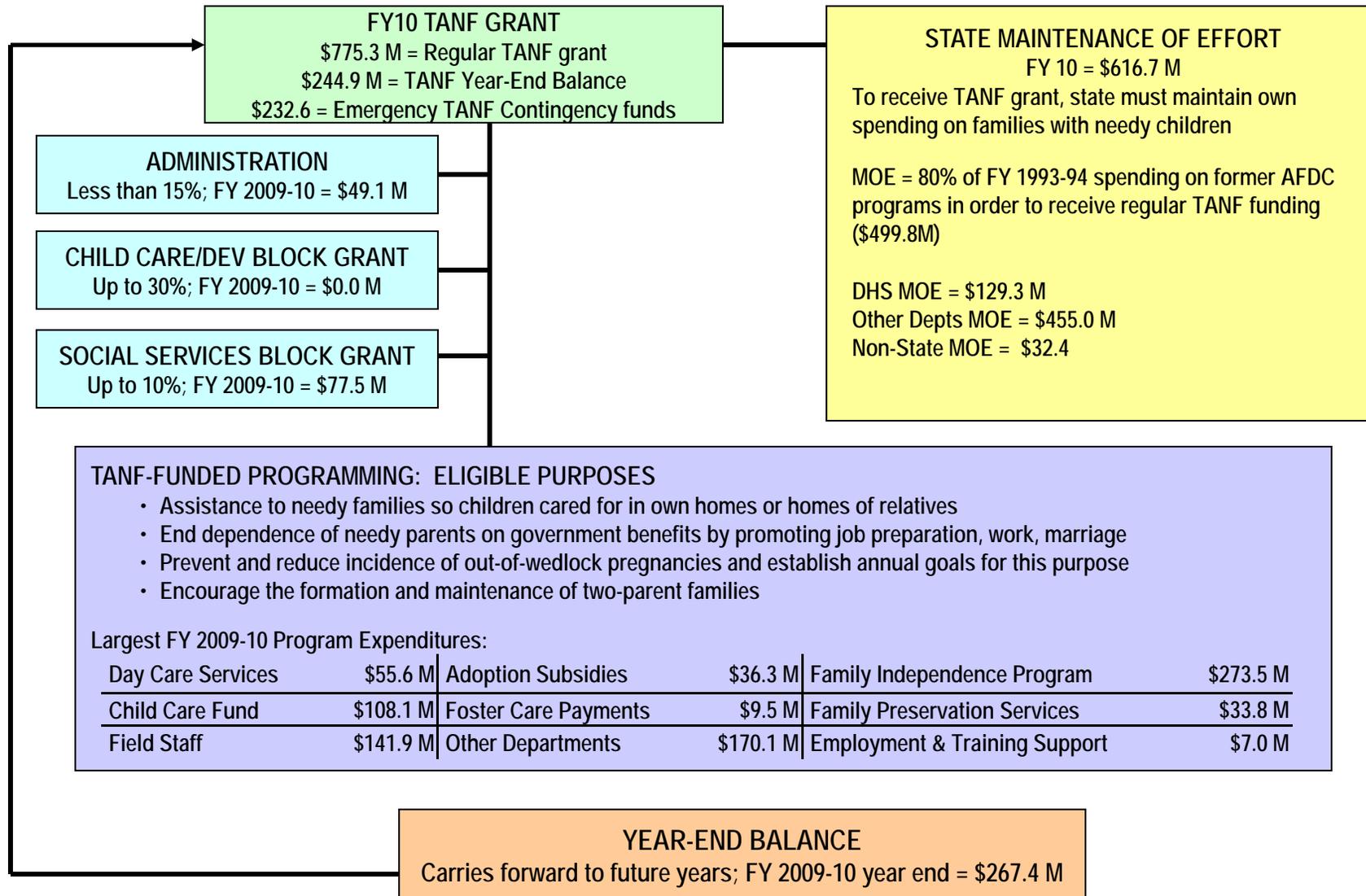


MAJOR BUDGET ISSUES

Temporary Assistance for Needy Families

- **Block grant established in 1996 by federal welfare reform legislation (replaced former Aid to Families with Dependent Children)**
- **State family assistance grants can be used to assist families with minor children or pregnant women**
- **State plan must outline:**
 - **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**
 - **Plan to comply with work participation requirements**
 - **Goals to prevent and reduce the incidence of out-of-wedlock pregnancies**
- **Federal lifetime limit of 60 months TANF assistance for recipients with 20% hardship exemption**
 - **States allowed to use their own funds to negate time limit**
 - **Beginning April 1, 2007, Michigan law set a 48-month state time limit on assistance with various exemptions, law sunsets September 30, 2011**

Overview of TANF Funding



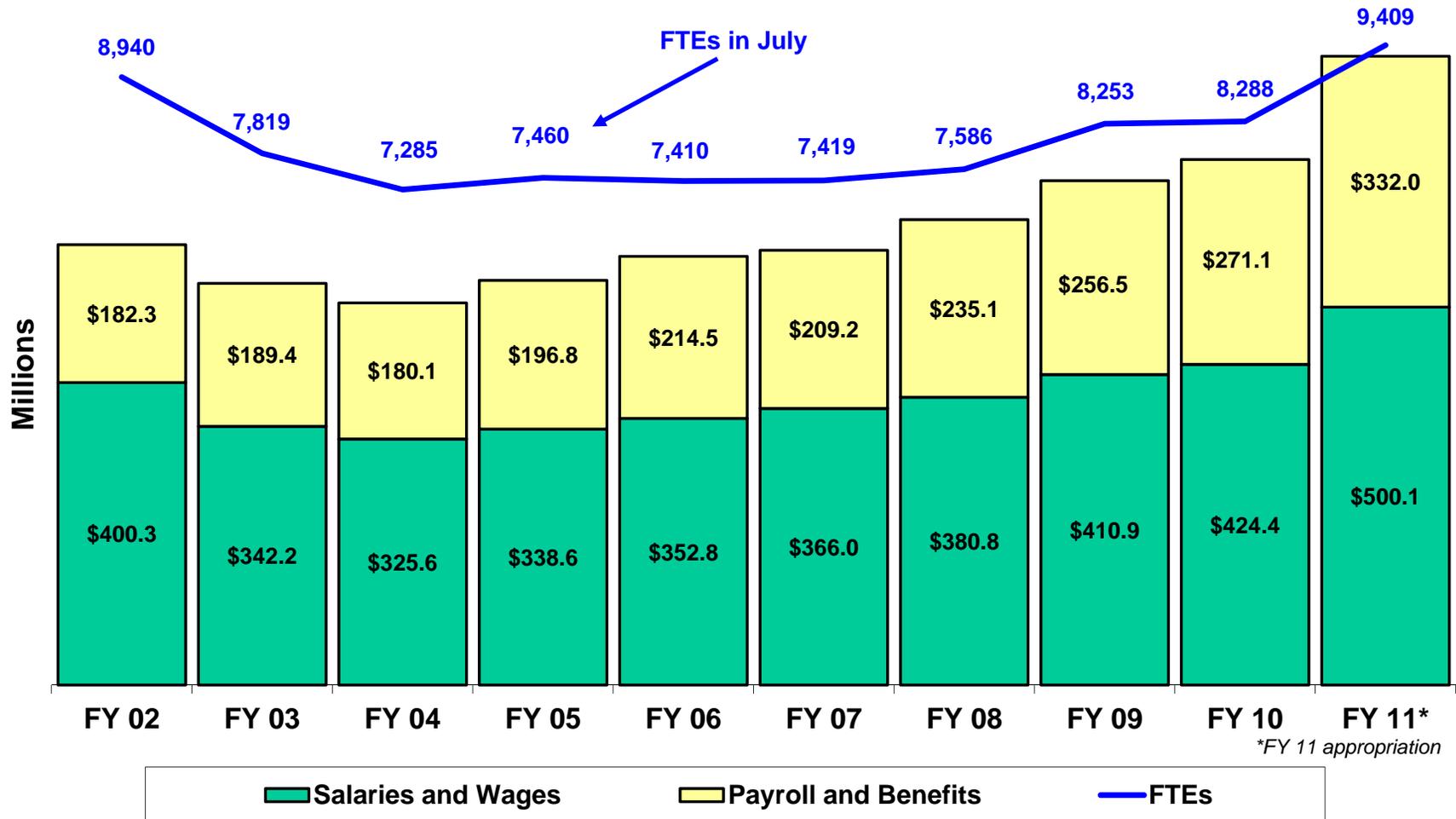
Federal TANF Program Reauthorization

- **Budget Reconciliation Act of 2006 reauthorized TANF through FY 2009-10**
- **Major provision of Act increased effective “work participation requirements” for all states: states must engage at least 50% of cash assistance cases in minimum levels of work activities to avoid federal penalties**
 - **Prior to reauthorization, states received “caseload reduction credit” for decreases in welfare caseloads from FY 1994-95 levels**
 - **Credit effectively reduced Michigan’s work requirement to 0% as Michigan’s caseload dropped sharply in the late 1990s**
 - **New caseload reduction credit is now linked to FY 2004-05 caseload level, effectively restoring the 50% participation rate requirement for FY 2006-07**
 - **Michigan’s caseload reduction credit reduced target rate to 26.8% for FY 2009-10; attained participation rate for FY 2010 is 22.7%**
- **TANF authorization has been extended through FY 2010-11 with no major changes**

Local Office Staff Spending

- **DHS has 110 local offices across the state which are responsible for processing public assistance applications and monitoring case files, overseeing foster care and protective services cases, and administering other DHS programs.**
- **Local office appropriations account for 12 percent of the DHS budget and can support 9,400 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 in 2008.**
- **Settlement of 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.**

Field Staff Spending and Change in FTEs by Fiscal Year



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**
 - **Child Development and Care Services: supports child day care subsidies for low-income households with dependent children**
 - **State Emergency Relief programs: emergency assistance to provide energy, shelter, and financial support to low-income households**

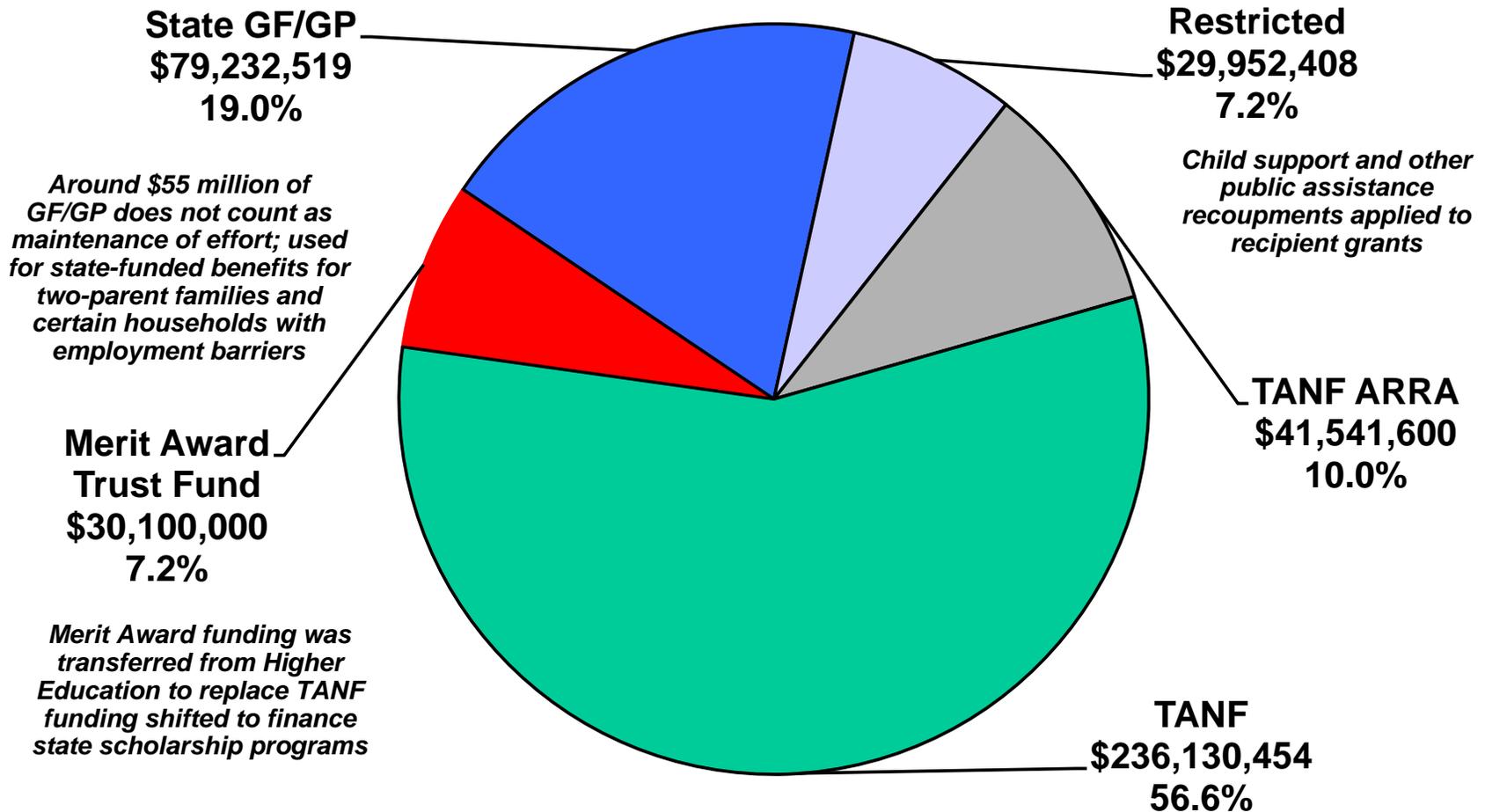
Family Independence Program (FIP)

- **Cash assistance to low-income households with dependent children to help with basic subsistence needs (clothing, housing, utilities)**
- **FIP group must meet income and asset eligibility requirements (typical 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**
 - **\$10 monthly extended FIP benefit for six months to those who leave FIP due to earned income**

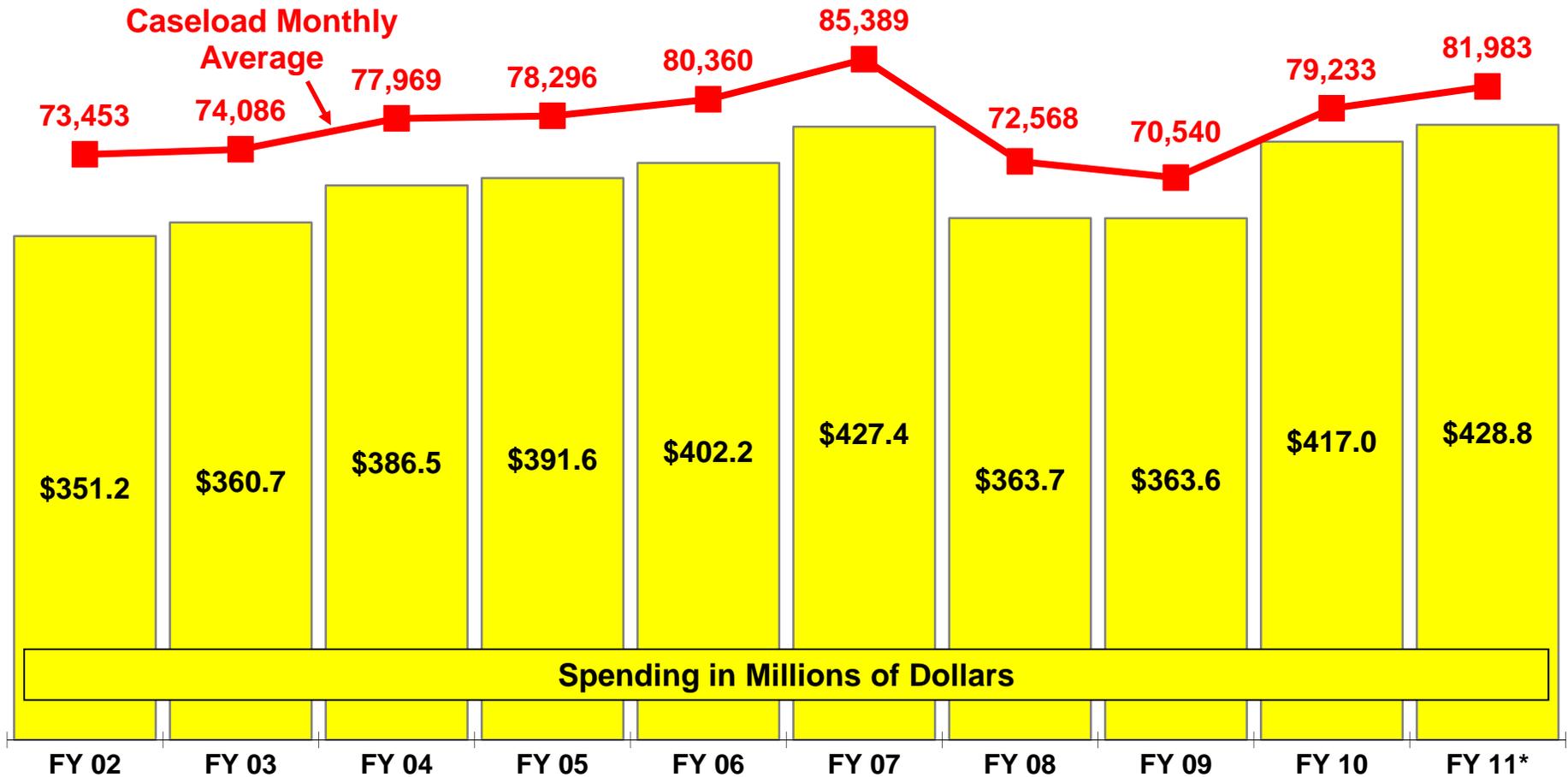
FIP Funding Sources

FY 2010-11 Total = \$428,835,100

Chart Shows FY 2009-10 Spending by Source



FIP Caseload and Spending Trends



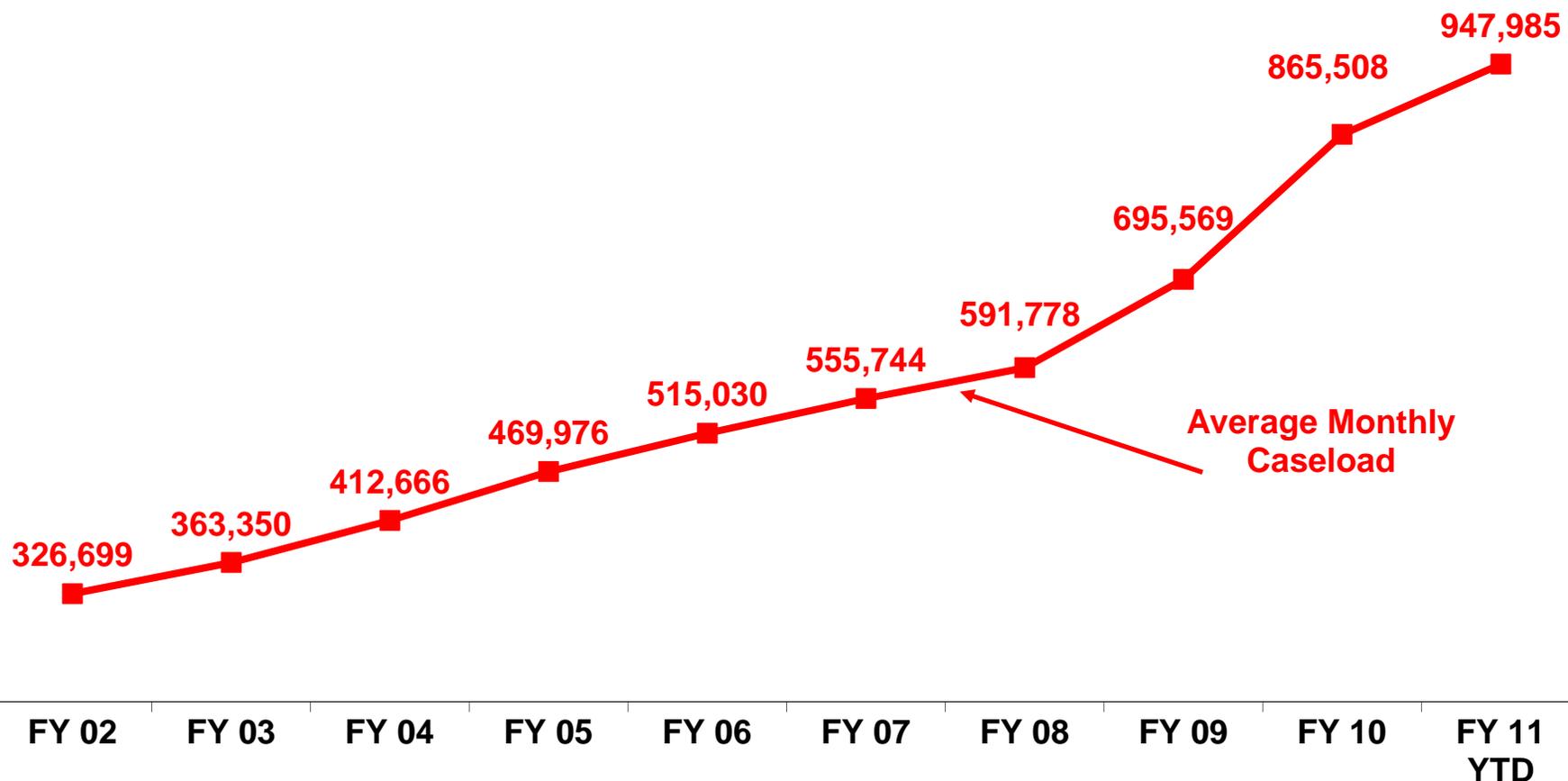
*FY 11 appropriation

- Primarily due to case openings policy change, FIP caseload increased from 78,198 in April 2006 to 89,333 by May 2007; policy modification reversed the trend and caseload decreased steadily until December 2008
- Average monthly benefit is about \$434 with average family group of 2.7 persons
- One adult recipient and two children can receive benefits of up to \$492 per month

Food Assistance Program

- **Supplements food purchase power of low-income individuals and families**
- **Benefits, calculated through federal formula, 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 \$36,300 for family of three)**
 - **Groups authorized to receive a TANF program do not have to meet asset requirements**
- **Benefit payments are 100% federal funds and 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; clients receive \$1 in LIHEAP annually so clients can claim maximum utility deduction to maximize benefit payments**

Food Assistance Caseload Trends

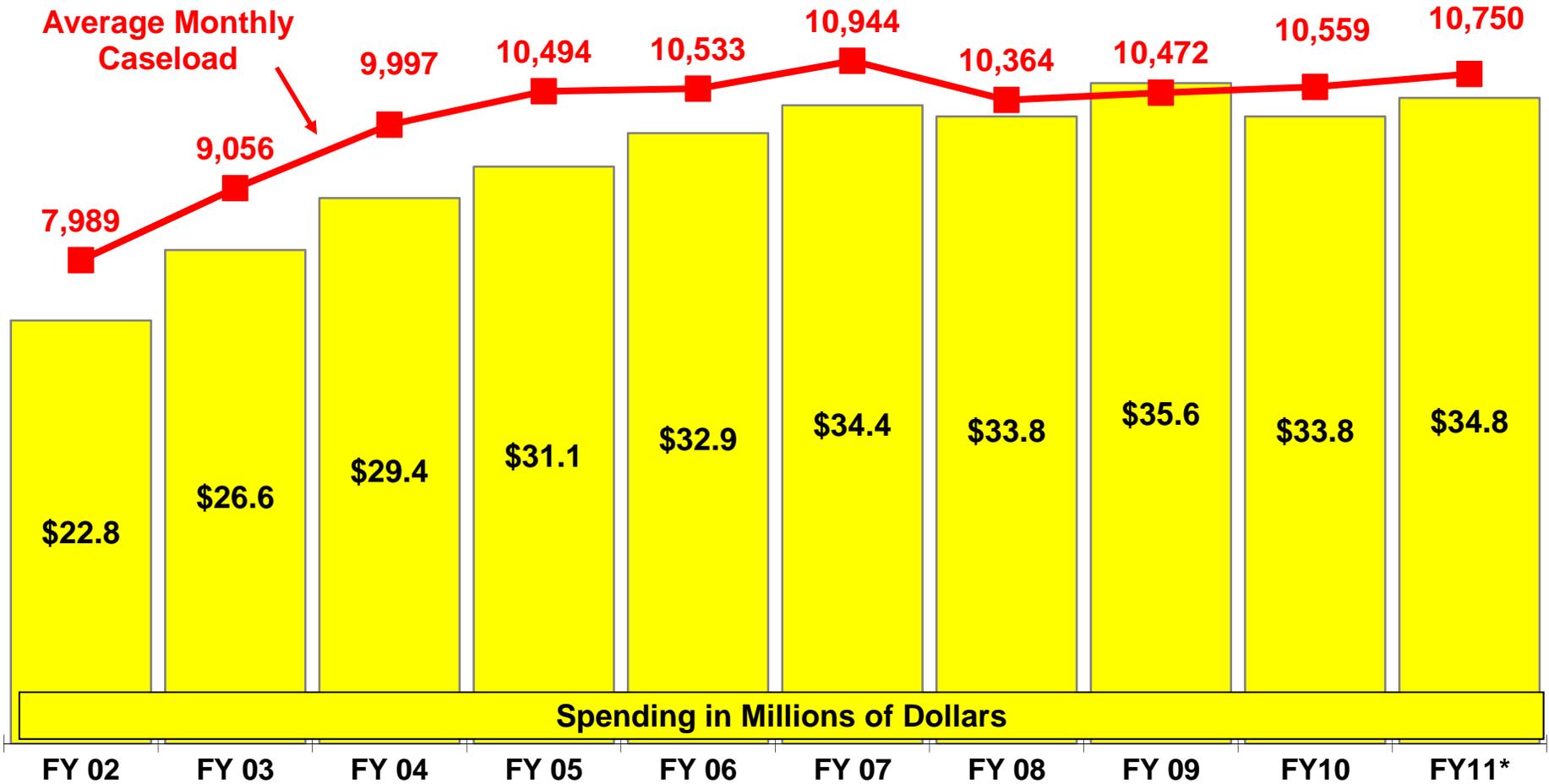


- Average monthly benefit is about \$266 per case / \$130 per person
- Actual benefit level varies depending on group size and income
 - Benefit = Maximum allotment for group size minus 30% of counted income (represents expected contribution by family toward food); maximum allotment for family of three is \$526
- Average Food Stamp household size is 2.05 persons; about 71% receive no other state administered cash assistance

State Disability Assistance (SDA)

- **Cash assistance to disabled adults who are permanently or temporarily unable to work**
- **SDA group must meet income and asset eligibility requirements**
- **100% state-funded program; both GF/GP and restricted revenues**
- **Program began in FY 1991-92 after state General Assistance program was eliminated**
- **Michigan's monthly payment standard is \$269 for a single adult and from \$423 for an adult with a spouse**
- **Payments levels are higher for those in special living arrangements (e.g. adult foster care, homes for the aged)**

SDA Caseload and Spending Trends



- Average monthly benefit is about \$270 per month
- Most SDA groups consist of a single person between the ages of 18 and 65
- Average length of time on SDA is about 7–8 months

*FY 11 appropriation

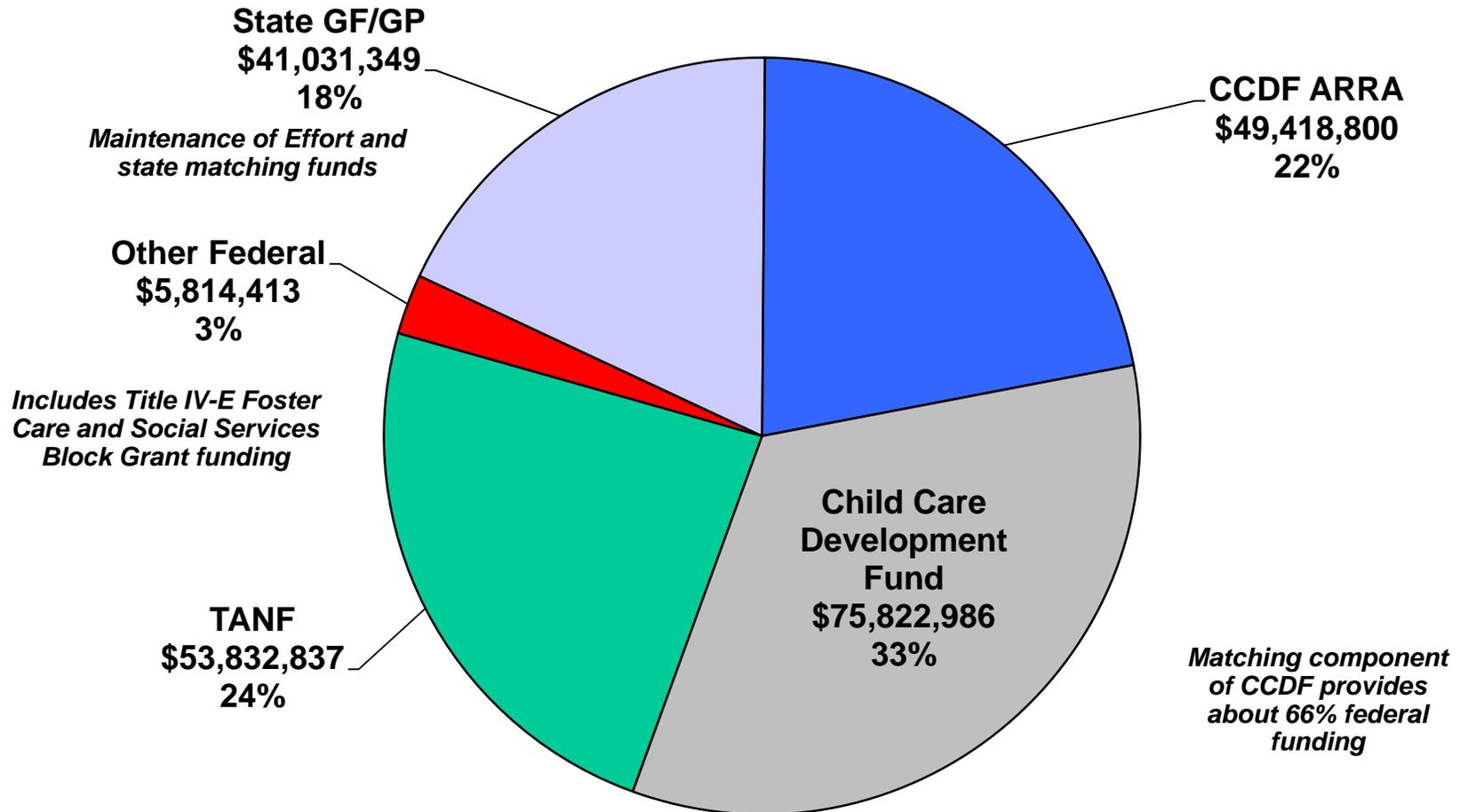
Child Development and Care (CDC) Services

- **Financial assistance for child day care to qualifying families when caretaker is unavailable due to employment, education, or treatment of health/social condition**
- **Eligibility:**
 - **Family groups receiving FIP assistance, foster care families, and families with protective service cases are categorically eligible**
 - **Other family groups must meet income eligibility requirements (monthly income below \$1,990 for typical family of three, about \$23,900 annual—around 38% of median income)**
- **Federal law allows:**
 - **Use of TANF revenue for child care, and provides Child Care and Development Block Grant funds**
 - **States to serve families with incomes up to 85% of state median income for same-sized groups (must provide parents with “maximum choice” in selecting provider)**
- **Michigan can establish its own eligibility guidelines/payment structure; 2008 Auditor General review suggested significant levels of mispayments and potential fraud within the program prompting legislative action to enhance oversight**

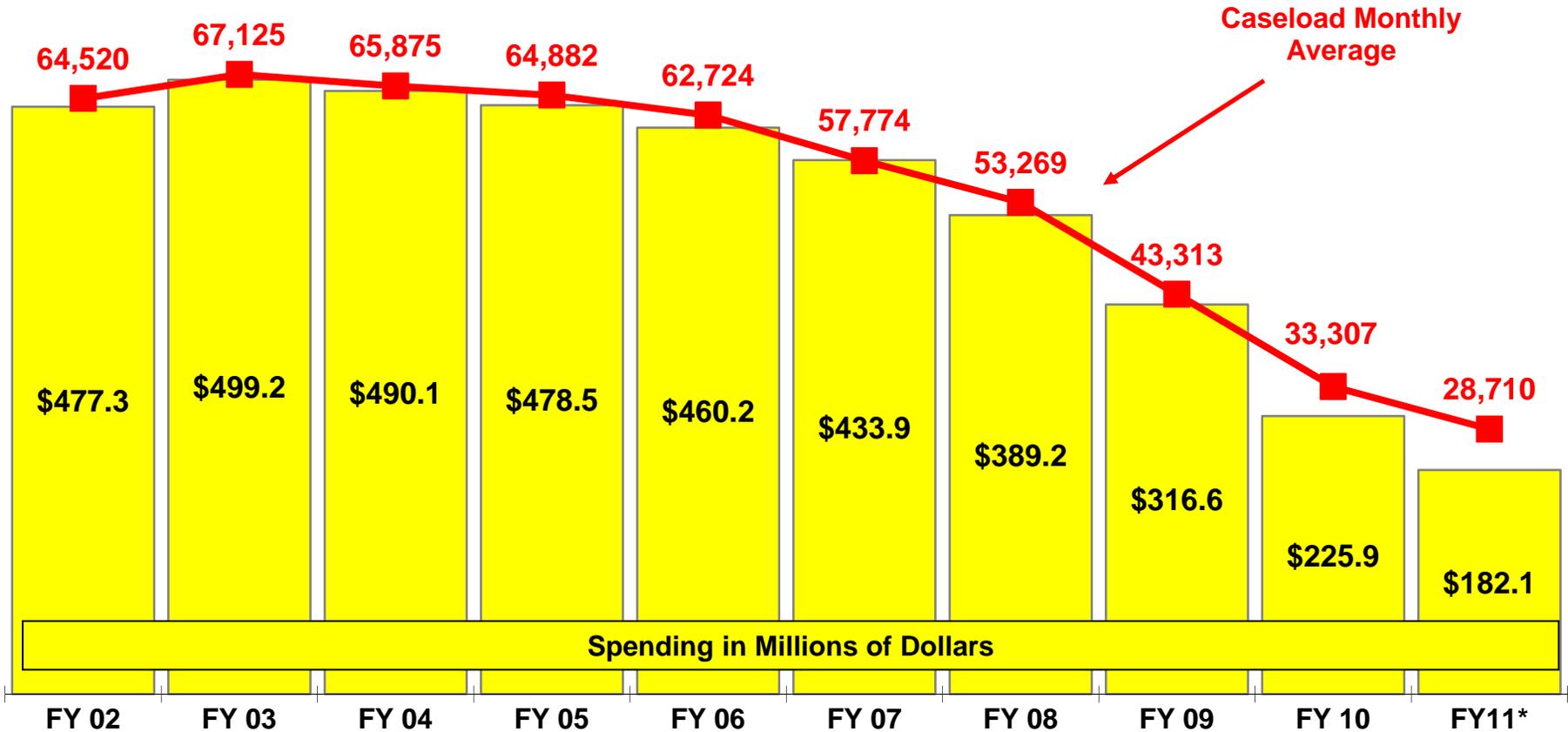
CDC Funding Sources

FY 2010-11 Total = \$182,113,300

Chart Shows FY 2009-10 Spending by Source



CDC Caseload and Spending Trends



- Average monthly benefit is about \$580; average of two children per CDC case
- Maximum hourly rate of support varies depending on child's age and provider type
- FY 10 budget reduces amount by \$15 million for day care provider rates as a result of eliminating the use of shelter areas in setting provider rates and requiring enrolled providers to complete training

*FY 11 appropriation

State Emergency Relief Program (SER)

- **Assists applicants with safe, affordable housing and other essential needs when an emergency arises**
- **Family group must meet asset and income requirements**
- **Applicants must take action, as able, to help themselves and not have caused the emergency**
- **Family with countable cash assets above \$50 and monthly income above “need standard” must make a co-payment equal to the amount assets and income exceed the need standard; need standard for heat and electricity assistance is 60% of the state median income (equal to an annual gross income of around \$37,875 for a family of three); need standard for family of three is \$625 in countable monthly income for other SER assistance (annual gross income of around \$12,000)**

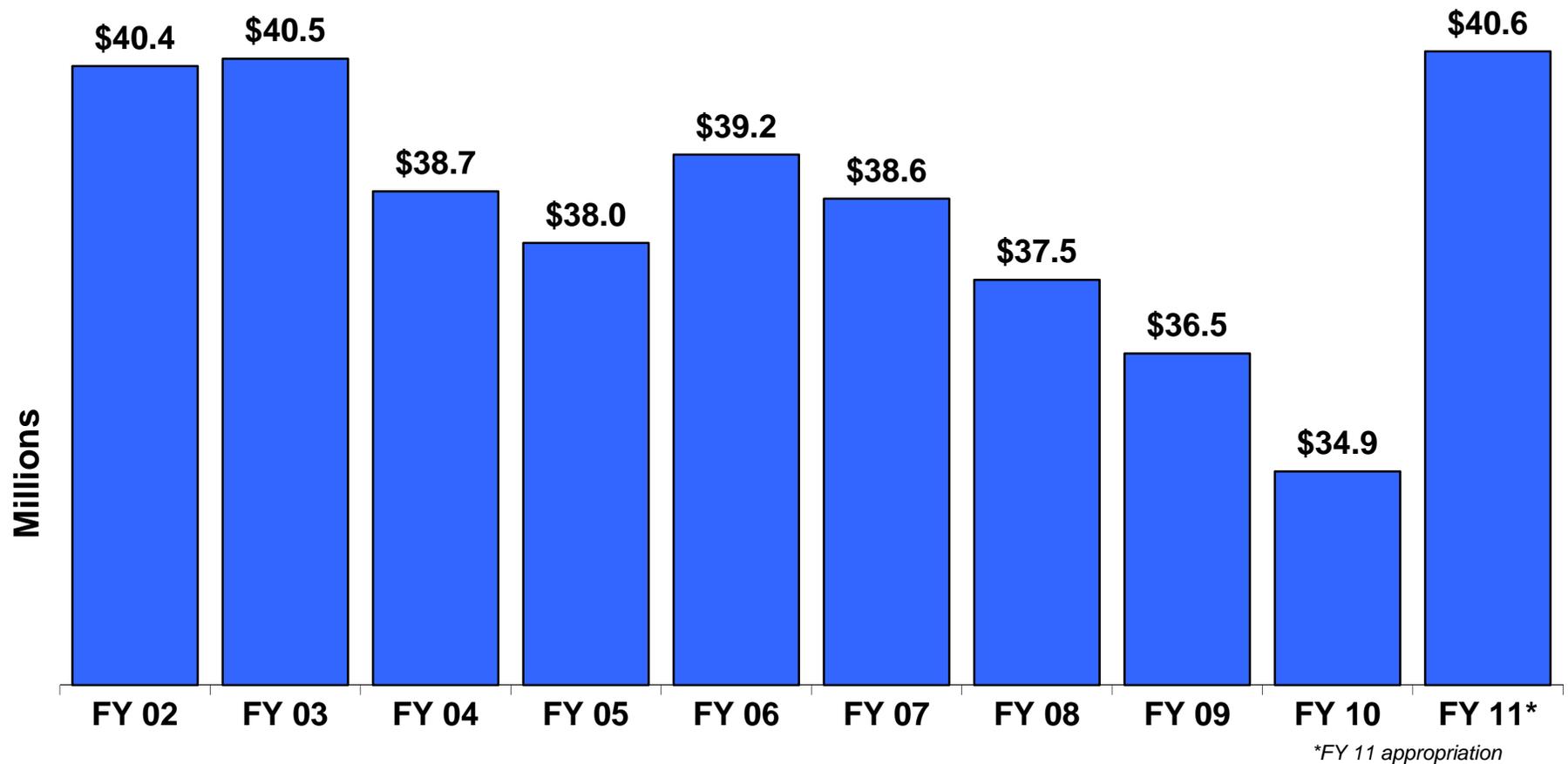
FY 2010-11 Emergency Services Appropriations

- **State Emergency Relief (SER) Program**
 - **Local Office Emergency Services allocations (rent/moving expenses, housing payments and repairs, utility assistance): \$21.6 million**
 - **Salvation Army Homeless Shelter contract: \$11.6 million**
 - **Indigent Burials: \$4.2 million**
 - **Multicultural contracts (Arab Chaldean Council, ACCESS): \$1.8 million**
 - **Food Bank Council: \$1.3 million**

- **Low Income Home Energy Assistance Program (LIHEAP): \$116.5 million in federal funding and \$46.0 million in Public Service Commission grants**

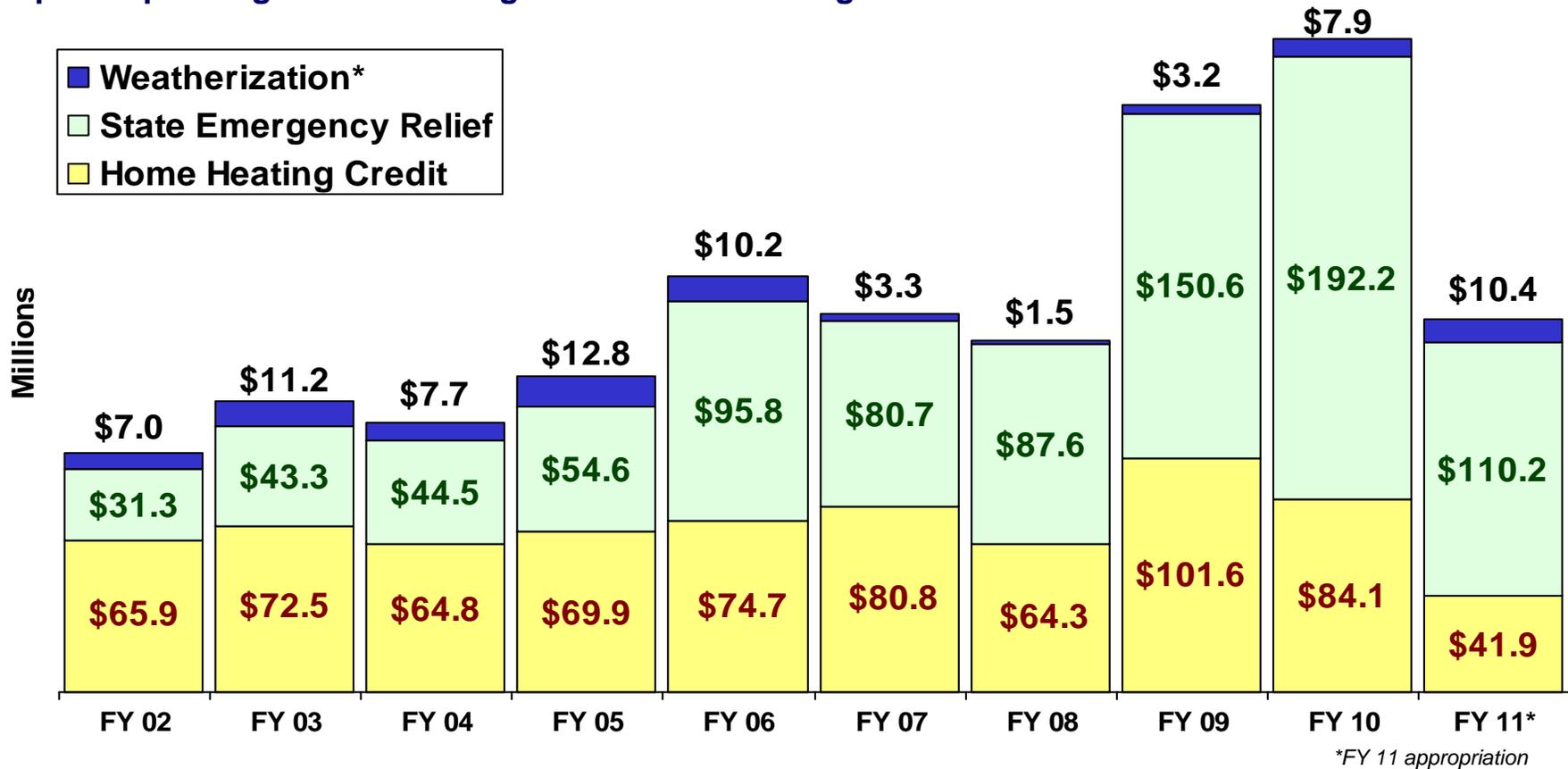
State Emergency Relief Expenditures

Program financed with GF/GP and federal revenues. FY 2011 appropriations funded at same level as FY 2010 appropriations; appropriations of past years have tended to lapse.



LIHEAP Spending

The Federal LIHEAP funding is used to fund three programs: the Home Heating Credit, SER, and Weatherization. LIHEAP funding saw a significant increase to the FY 2009 allocation and was maintained in FY 2010. FY 2011 state LIHEAP allocation is uncertain until a FY 2011 federal budget is passed and reflects the spending per program according to the FY 2011 LIHEAP state plan. Spending also includes grants from the Michigan Public Service Commission.



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

*FY 11 appropriation

Child and Family Services Program

- **Children's Foster Care:** placement and supervision of children who can not remain in their own homes due to abuse, neglect, or other emergency
- **Adoption Subsidy:** financial support and medical subsidies to adoptive families of children with special needs
- **Child Care Fund:** collaborative effort between DHS and counties to finance programs serving neglected, abused, and delinquent youth
- **Family Preservation and Prevention Services:** programs aimed at developing state and local child welfare partnerships and reducing barriers to service delivery for children and families

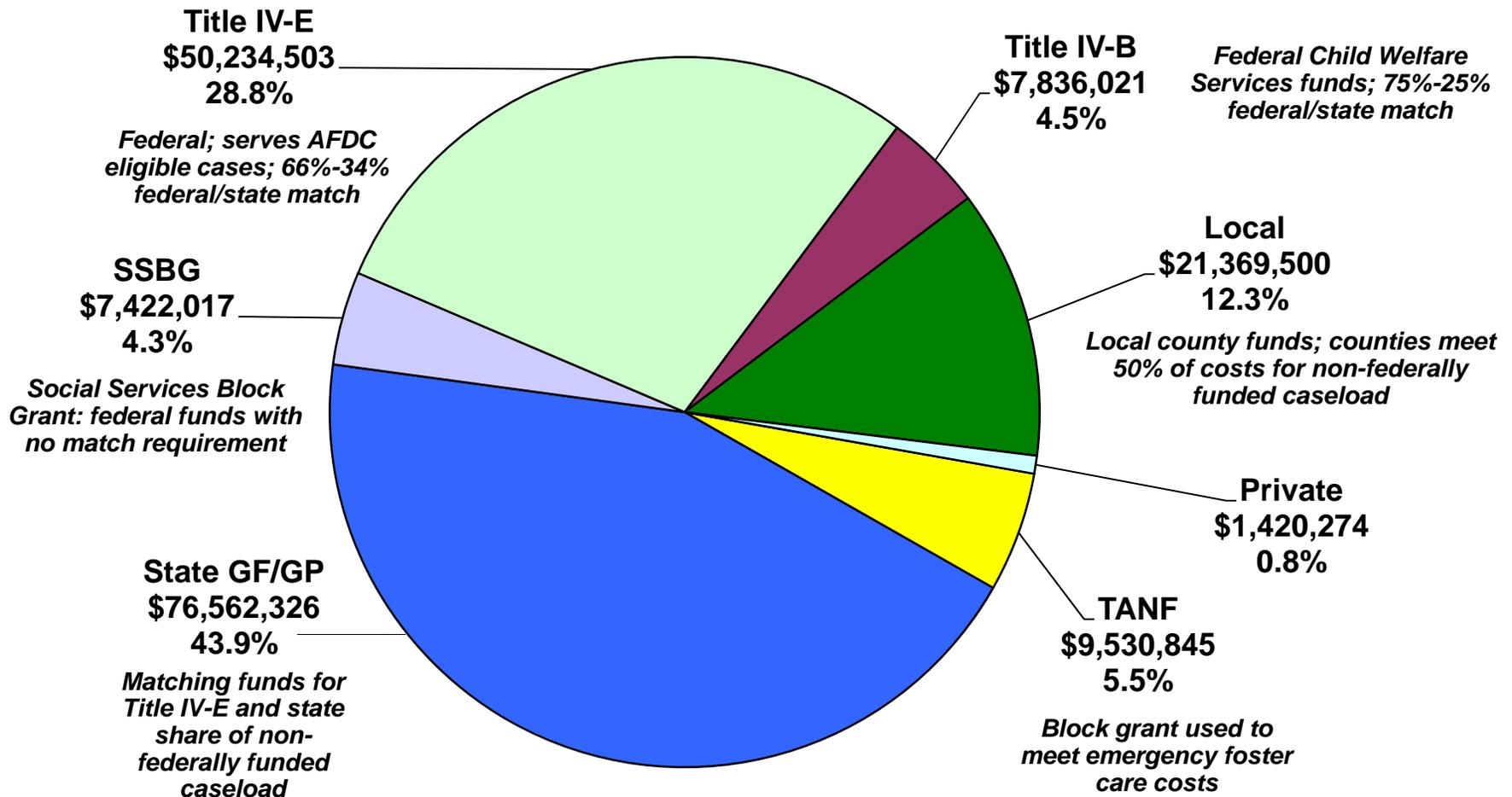
Children's Foster Care

- **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**
- **Statute requires state support for court-ordered foster care placements**
- **Foster care appropriations cover court wards eligible for federal funds and state wards**
- **Federal TANF law requires states to administer a foster care program**
- **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 restrictions**
- **State sets foster care payment rates for foster families, child care institutions, and child placing agencies**

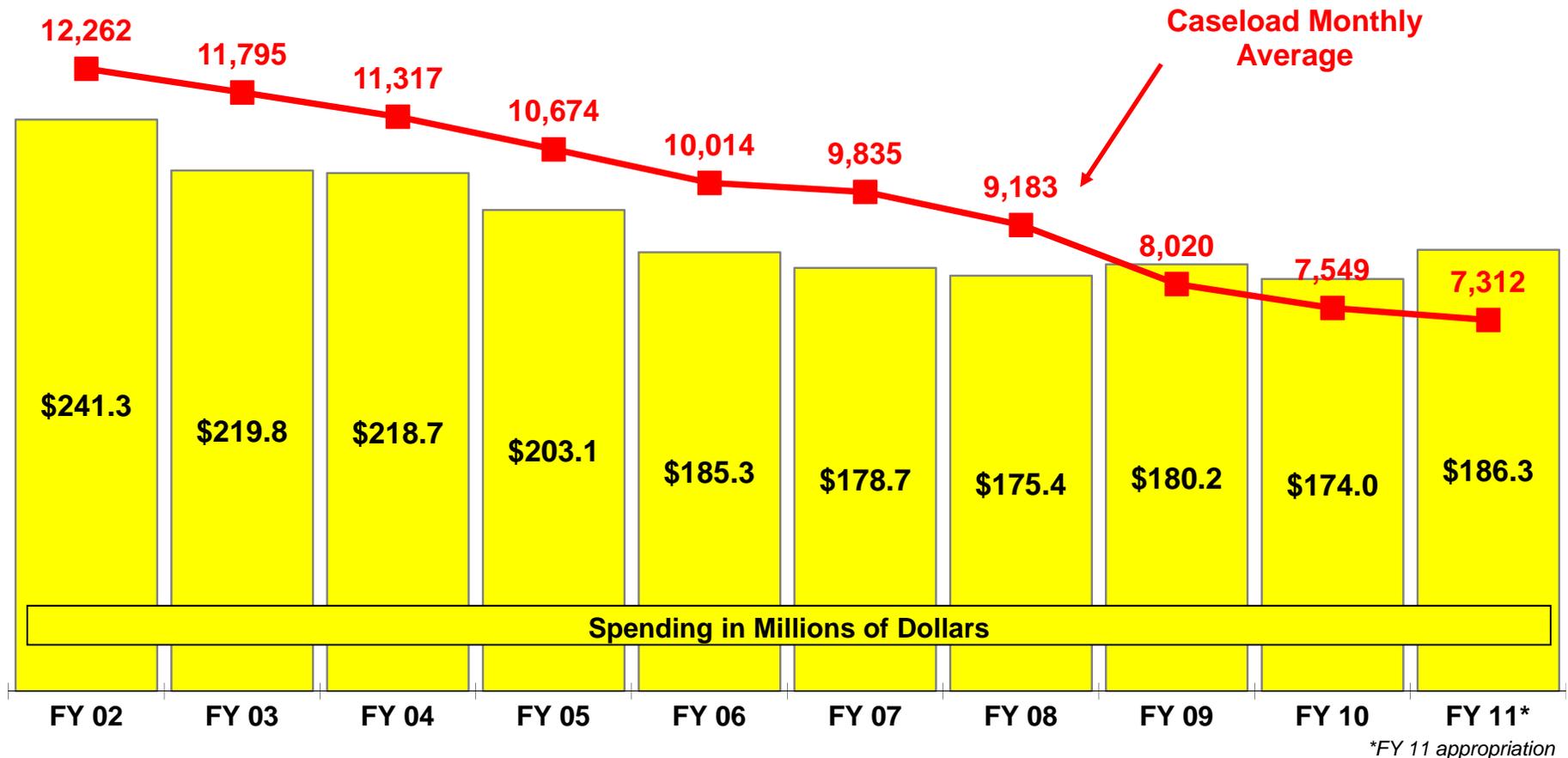
Foster Care Funding Sources

FY 2010-11 Total = \$186,264,800

Chart Shows FY 2009-10 Spending by Source



Foster Care Caseload/Spending Trends



- Payments: Standard per diem family foster care rates between \$14 and \$18 depending on age and living situation; higher rates for special needs children and those in residential care
- Cost per foster case in FY 2009 increased as a result of increasing the private child placing agencies' administrative rate to help meet staffing requirements in the Children's Rights settlement agreement as well as efforts to license relative care providers.
- Foster care cases have declined by an average of 6.6% over the last 5 years.

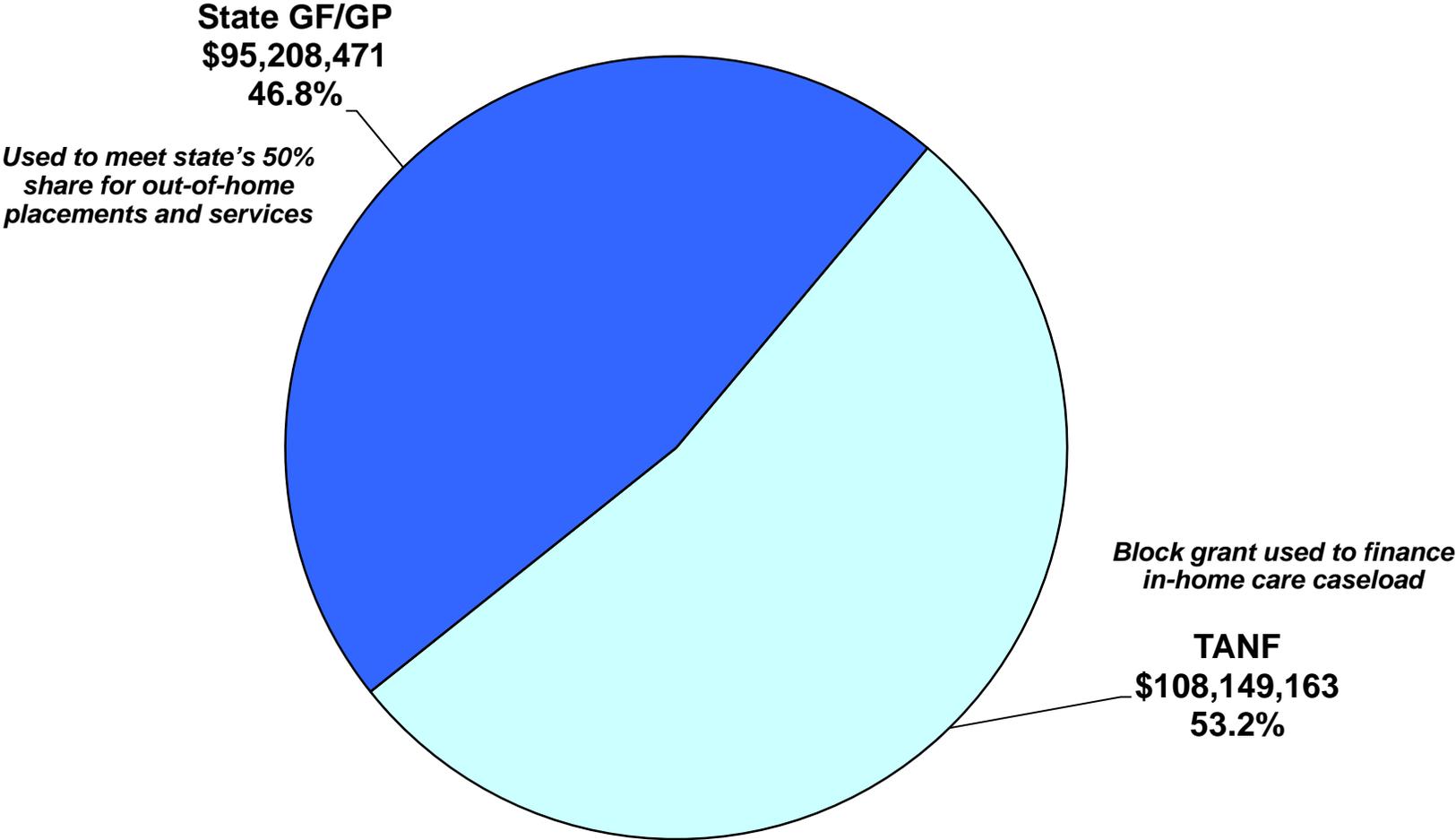
Child Care Fund (CCF)

- Provides for care and treatment of delinquent, neglected and/or abused children
- Cases involve youth that are court wards and either are not eligible for federal Title IV-E funding or 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

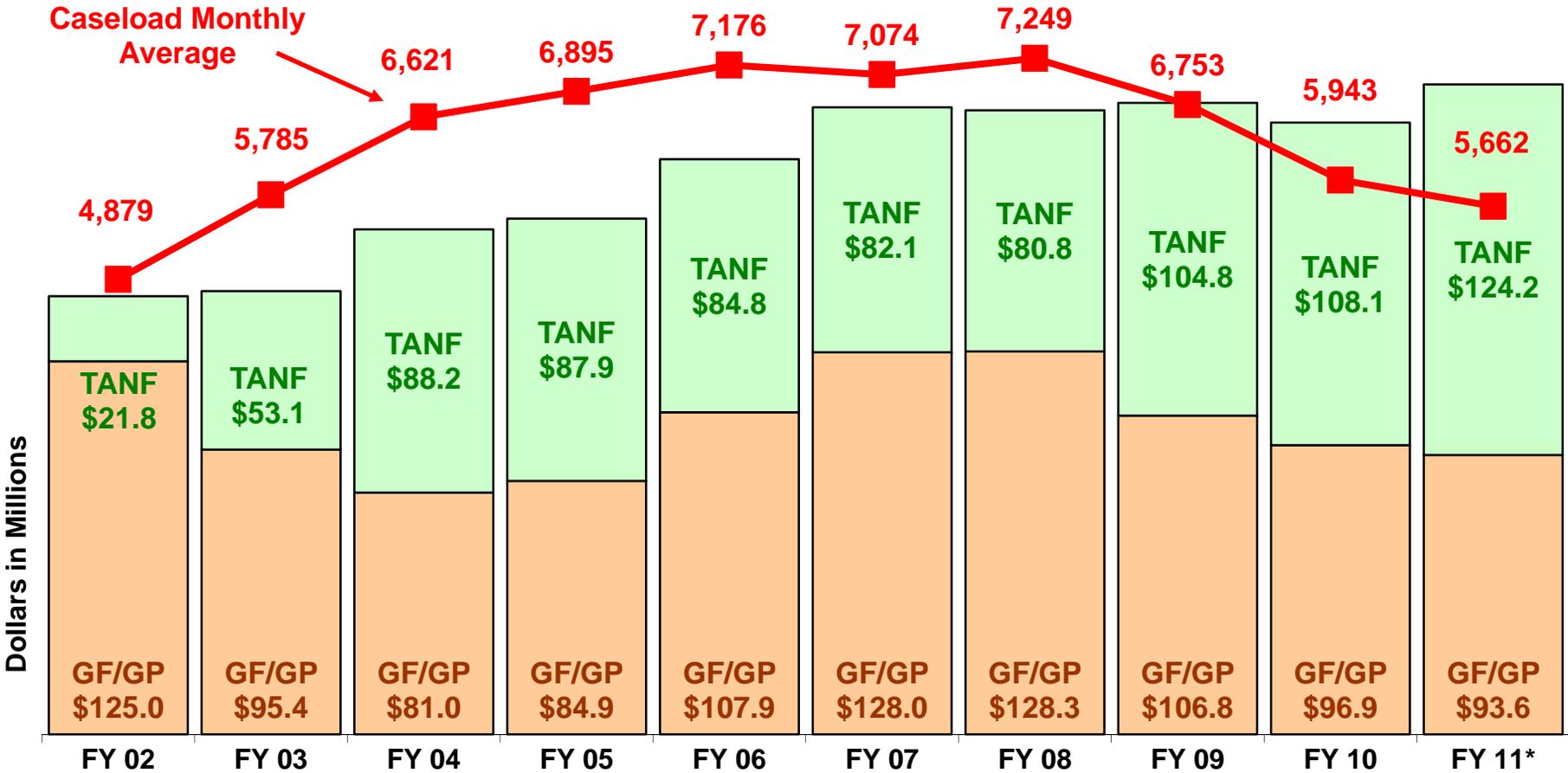
CCF Funding Sources

FY 2010-11 Total = \$217,766,400

Chart Shows FY 2009-10 Spending by Source



CCF Caseload and Spending Trends



- Spending represents 50% state reimbursement to counties; does not reflect county spending
- TANF contribution has increased significantly and is used as reimbursement for in-home care services

*FY 11 appropriation

Adoption Subsidy Program

- **Helps address financial barriers to adopting 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**

- **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 state**

- **Written Adoption Assistance agreement must be entered prior to finalizing adoption**

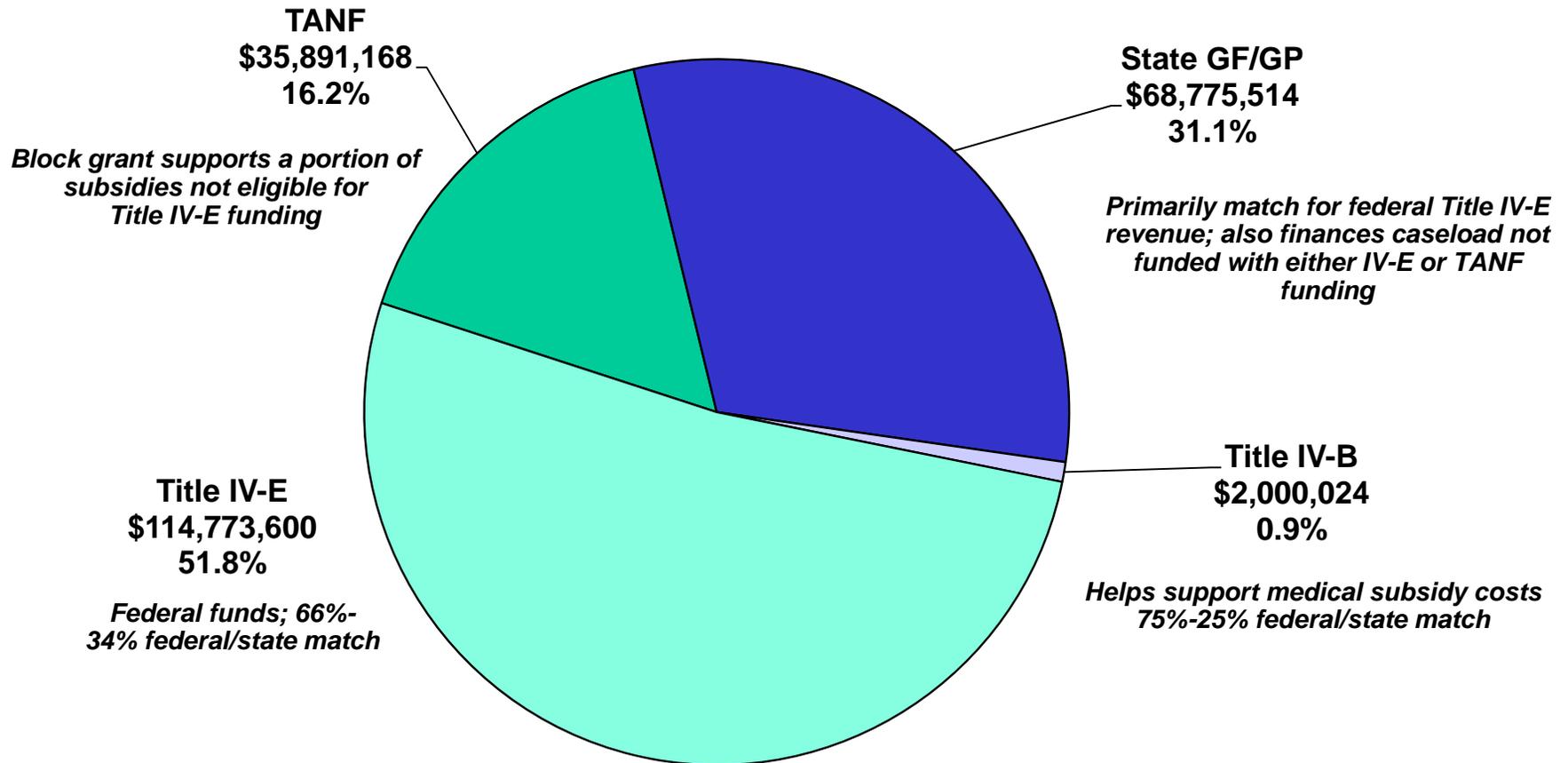
Adoption Subsidy Program (continued)

- **Federal TANF law requires states to administer Adoption Subsidy program and forbids states from using a means test as an eligibility factor**
- **Adoption subsidy rates are limited to the relevant foster care rate for the child**
- **Michigan determines the definition of “special needs” and sets payment level standards**
- **States may use income to determine payment level (Michigan does not exercise this option—adoption subsidies reflect full foster care rates)**

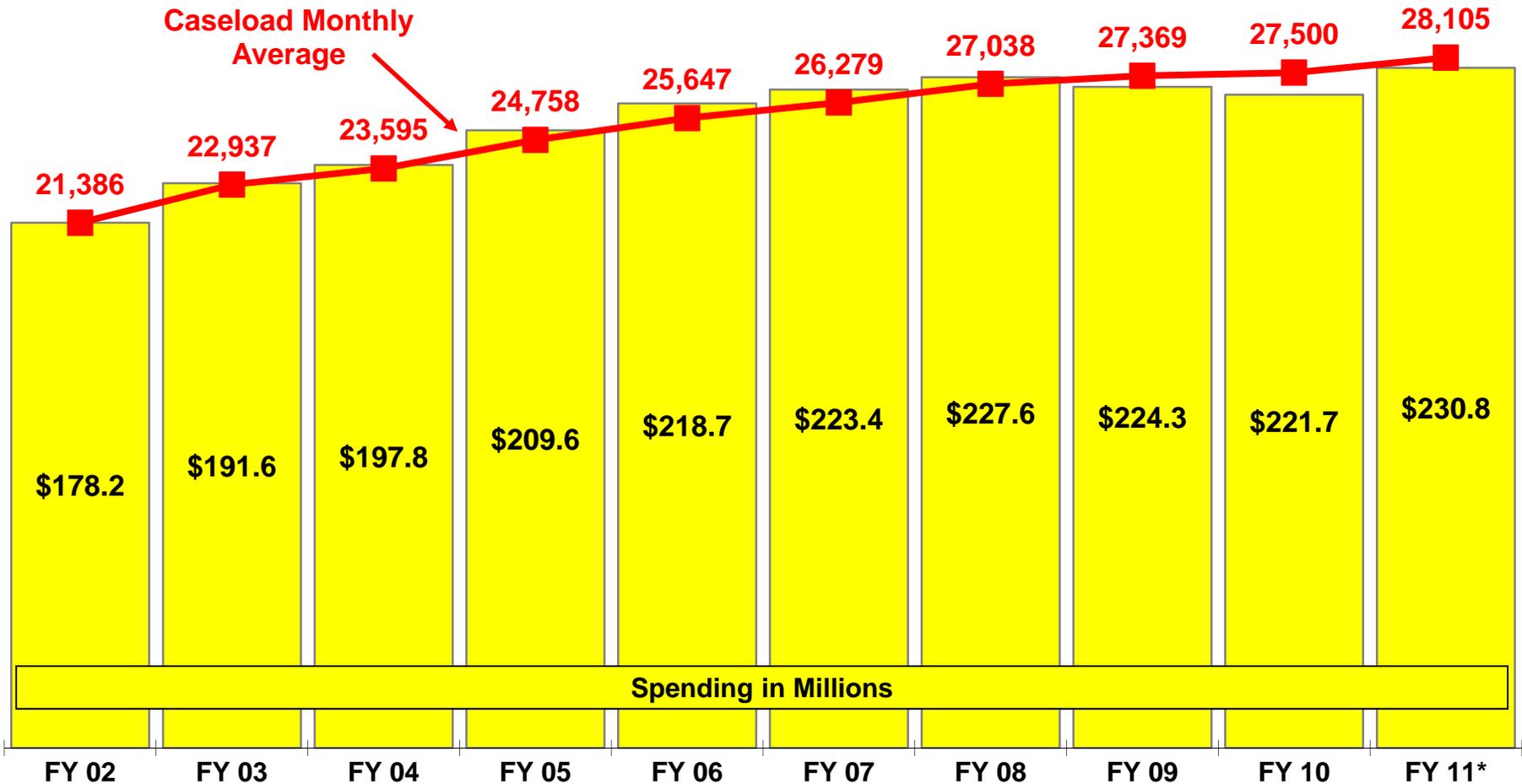
Adoption Subsidy Funding Sources

FY 2010-11 Total = \$230,785,200

Chart Shows FY 2009-10 Spending by Source



Adoption Subsidy Caseload/Spending Trends



- Average monthly adoption subsidy payment is about \$650
- Caseload has an upward trend, but may have started to plateau
- Average percentage increase in caseload over the last five years is 2.1%

*FY 11 appropriation

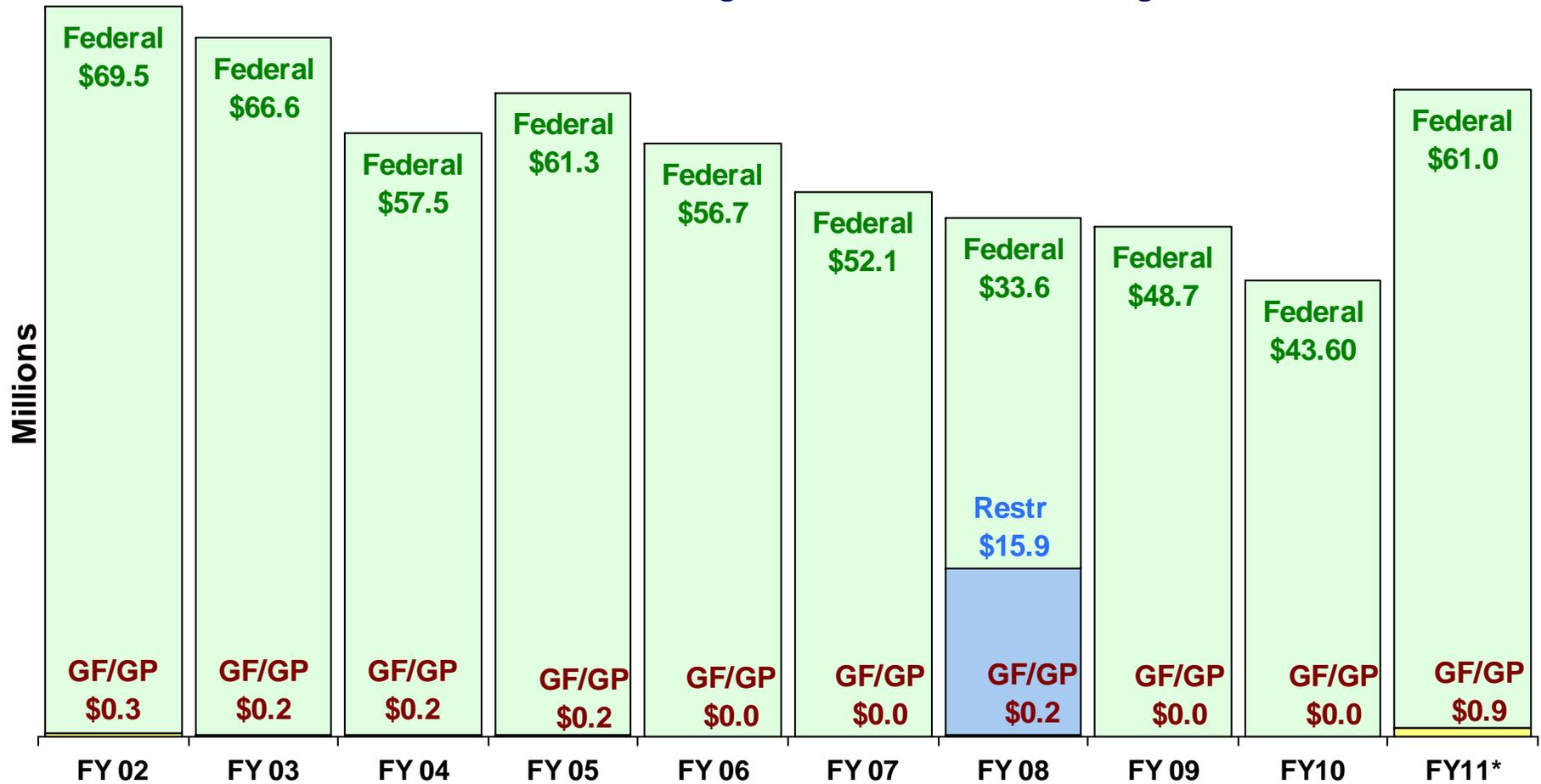
Family Preservation/Prevention Services

- **Programs provide community-based assistance aimed at developing state/local collaboration and reducing barriers to effective service**

- **Programs include the following:**
 - **Families First**
 - **Strong Families/Safe Children**
 - **Child Protection and Permanency**
 - **“Zero to Three” secondary neglect/abuse prevention**
 - **Family Reunification**

Family Preservation/Prevention Services Expenditures

By FY 2000-01 budget, most GF/GP is removed from program. Merit Award funds were appropriated in FY 2007-08 to better position the state to draw down additional TANF contingency funds. Most federal funding in this area is TANF block grant.



Child Support Enforcement

- **Create an efficient process to**
 - **Locate absent parents**
 - **Establish paternity**
 - **Establish, review and modify support orders**
 - **Enforce support order**
 - **Collect and distribute child support**

- **FIP family groups required to assign support to state for enforcement unless “good cause” exists; any family may request these services**

- **Federal TANF law requires states to administer a Child Support Enforcement program and provides partial funding**

- **Federal law**
 - **Specifies mandatory enforcement techniques**
 - **Requires participation by TANF families**
 - **Requires same services be provided non-TANF families for \$25 application fee; Michigan does not impose this fee on clients**

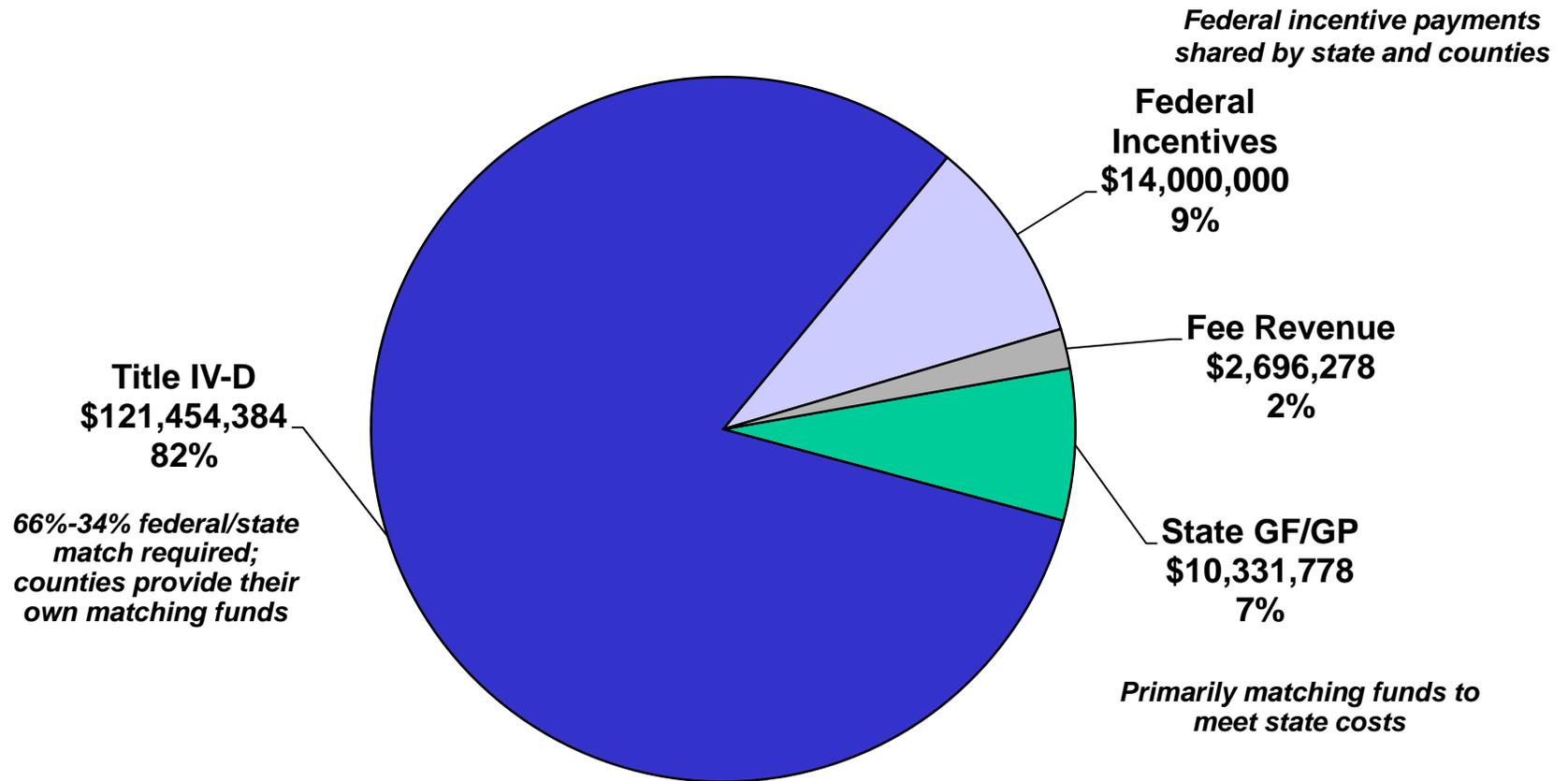
Child Support Enforcement (continued)

- **Office of Child Support administers program in accordance with federal guidelines and contracts with prosecuting attorneys and Friends of the Court**
- **Collection and distribution of support handled though contracted State Disbursement Unit (MiSDU)**
- **State does not imposes annual \$25 service fee for non-TANF families (as allowed under federal law) that receive at least \$500 in collected support annually. State appropriates GF/GP to fund federal share of fee revenue**
- **Recent change to federal law**
 - **Eliminated the ability of state and counties to use federal incentive grant awards as match to draw additional federal dollars**
 - **Led to \$16.7 million in new GF/GP replacement funding being added to the FY 2007-08 budget to avoid state and local program reductions**
 - **American Recovery and Reinvestment Act restored the state's ability to use federal incentive awards as match for additional federal dollars for FY 2008-09 and FY 2009-10 only**

Child Support Enforcement Funding Sources

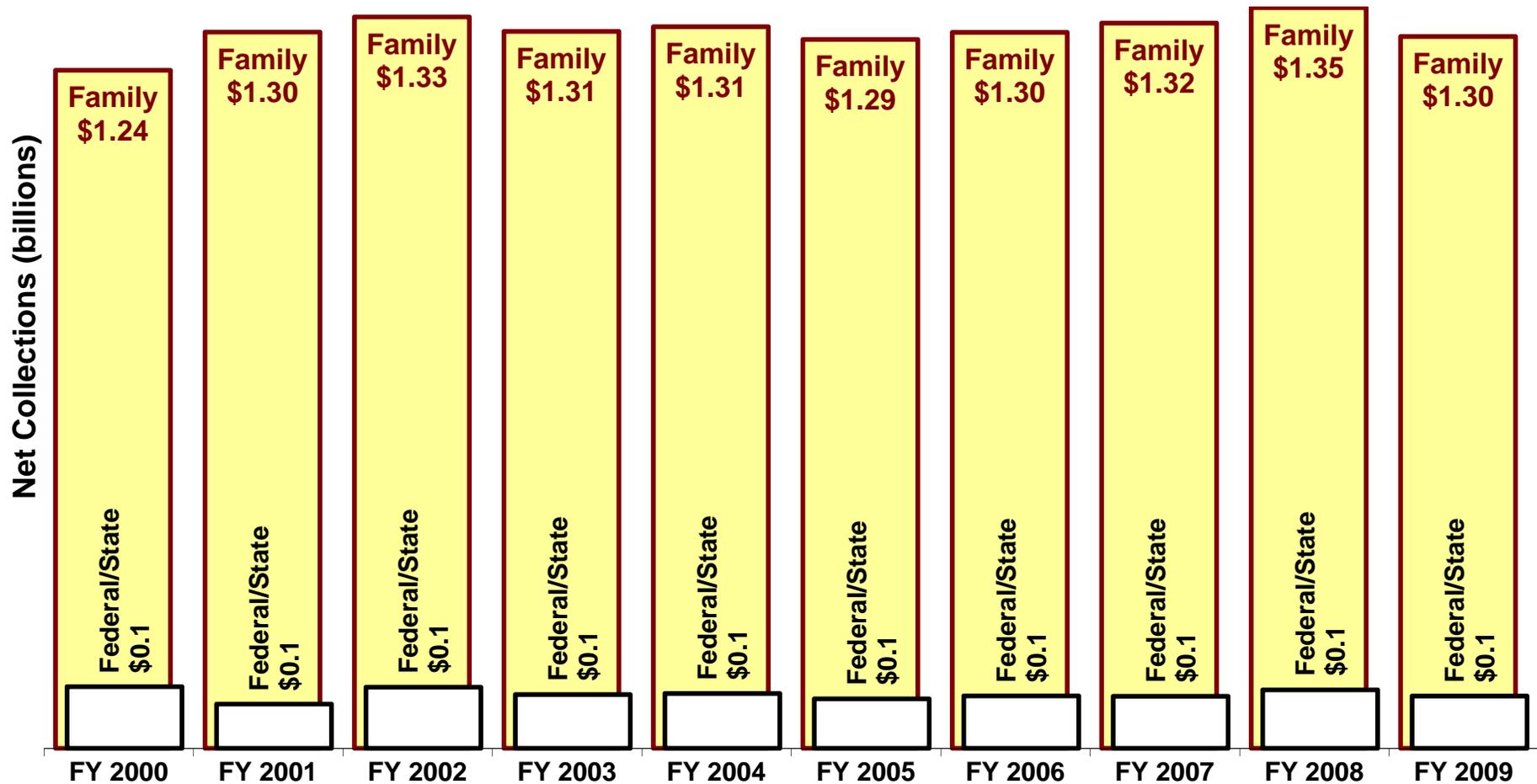
FY 2010-11 Total = \$208,967,800

Chart Shows FY 2009-10 Fund Source Distribution



Child Support Distributed Collections

Just over \$1.3 billion in collected child support was disbursed to families in FY 2008-09; \$95.2 million in collections was returned to state and federal governments as reimbursement for public assistance payments.



Children and Adult Licensing

- **Ensure protection of vulnerable adults and children receiving care from**
 - Licensed day care
 - Adult foster care
 - Child welfare agencies and facilities

- **State statute and administration rules provide licensing requirements**

- **Federal laws often require compliance with state guidelines, but do not mandate or prescribe licensing requirements**

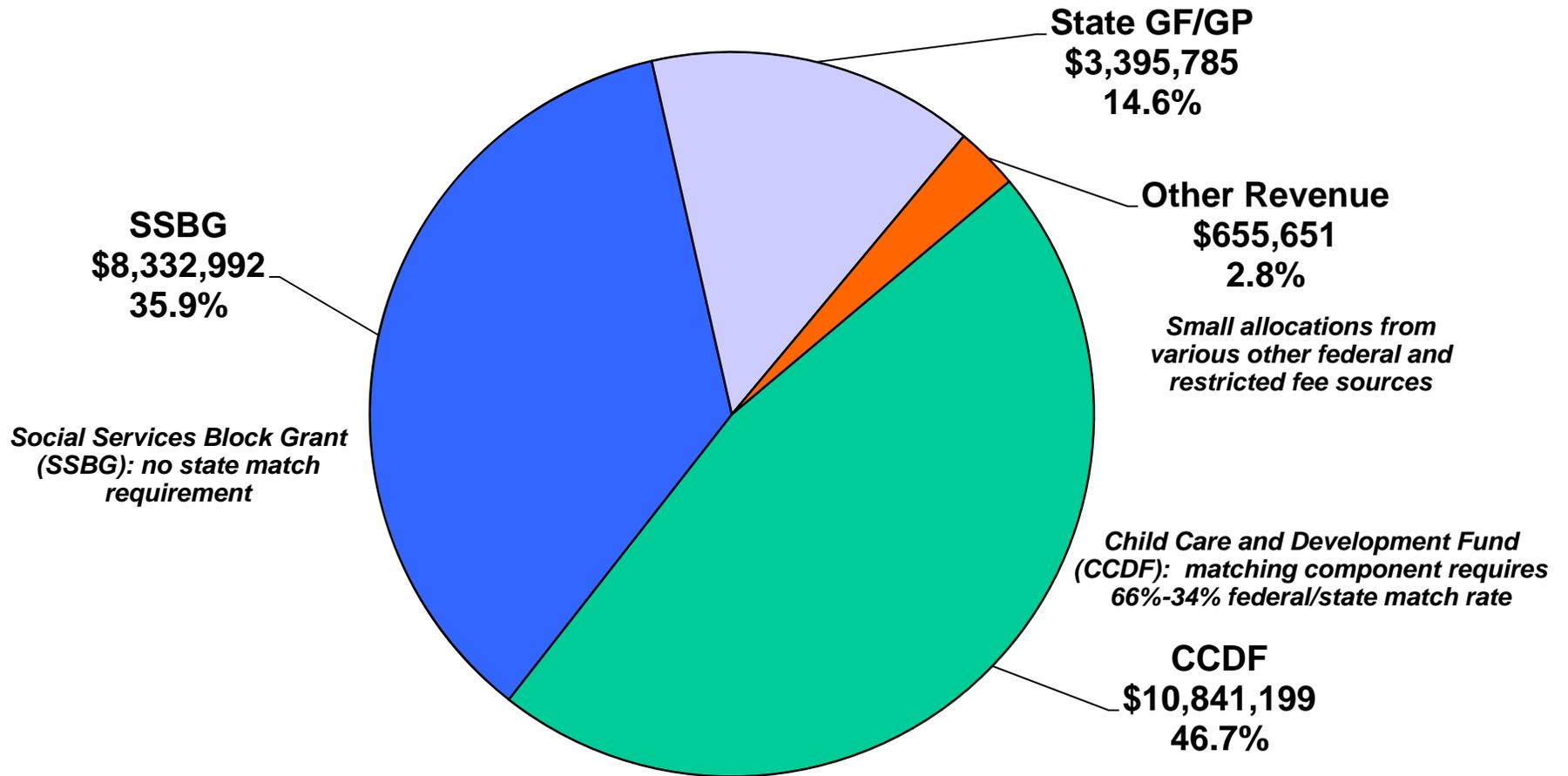
- **Total facilities in FY 2008-09**
 - Adult Foster Care and Homes for the Aged: 4,775
 - Child Day Care: 13,423
 - Foster Care and Child Welfare: 7,809

- **Capacity of facilities during FY 2008-09**
 - Adult Foster Care and Homes for the Aged: 49,811 persons
 - Child Day Care: 365,955 children
 - Foster Care and Child Welfare: 108,870 children

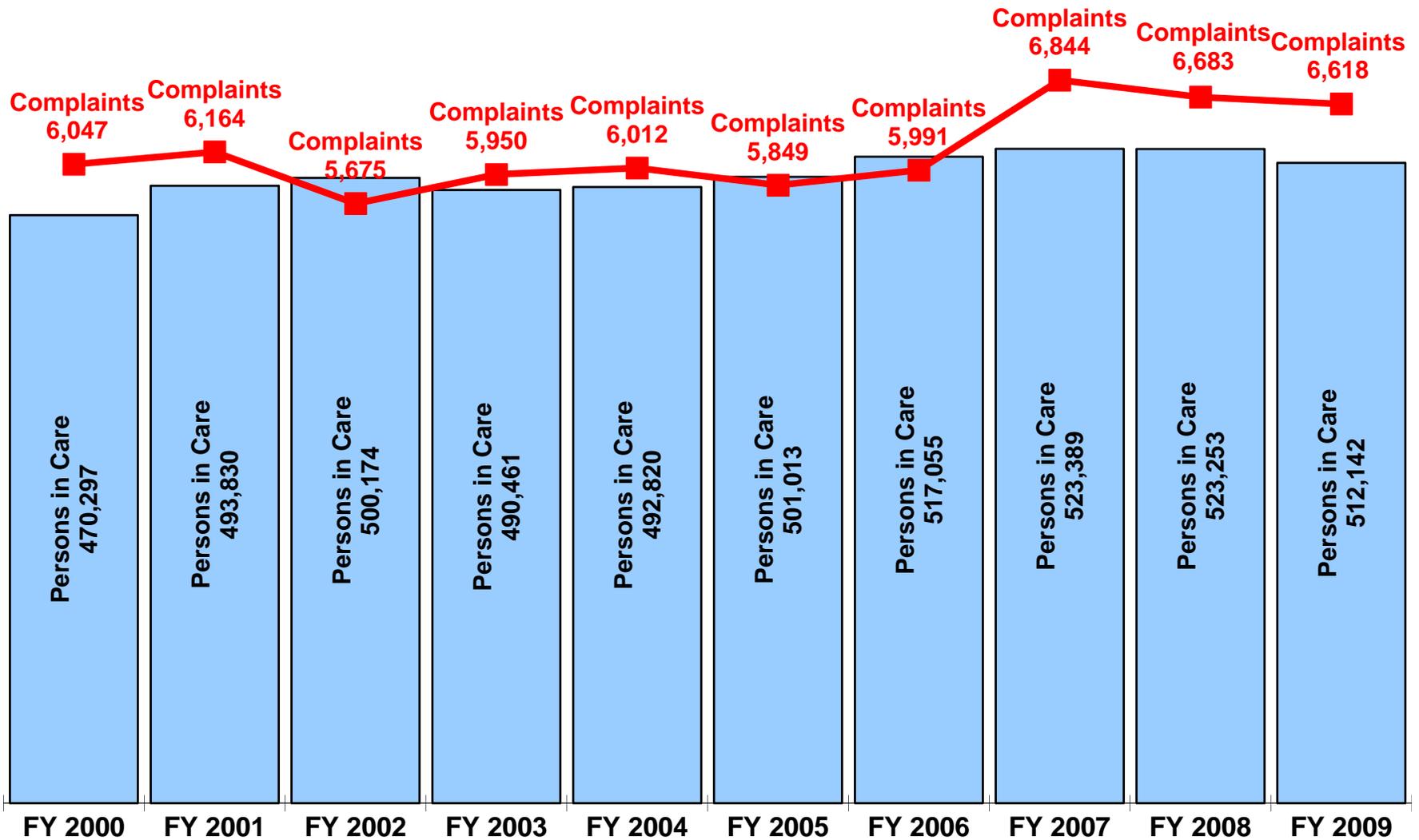
Children/Adult Licensing Funding Sources

FY 2010-11 Total = \$24,566,000

Chart Shows FY 2009-10 Fund Source Distribution



Persons in Care and Licensing Activities



Juvenile Justice Services Program

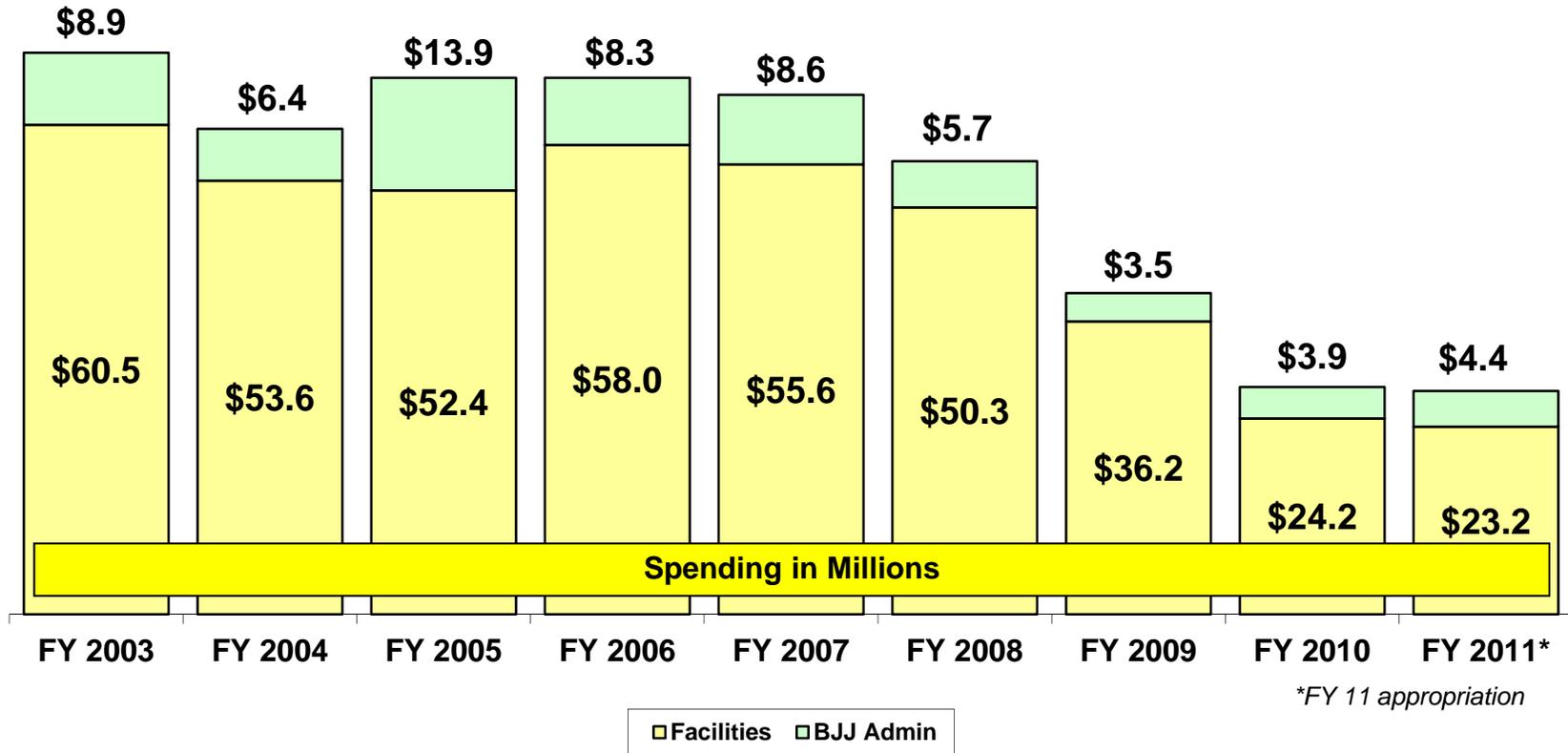
- Bureau of Juvenile Justice provides for care and supervision of state wards age 12 to age 21 referred to DHS by the courts due to delinquency
- Program focuses on prevention and rehabilitation as well as correctional services
- Major responsibilities:
 - DHS-Operated (Public) Residential Facilities
 - Administration of Child Care Fund reimbursements to counties
 - Juvenile Justice grant administration and distribution
- Recent issues:
 - FY 2009-10 budget closed Nokomis Challenge Center and two remaining community juvenile justice centers at the end of the first quarter
 - Moved the youth at the W.J. Maxey Training School from the larger Woodland unit to the smaller Green Oaks unit; Department of Corrections will take over the Woodland Unit to house inmates with mental illness and or special accommodations that cannot be met in the general population

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

DHS-Operated Residential Facilities

- **W. J. Maxey Training School, Whitmore Lake**
- **Shawono Center, Grayling**
- **Bay Pines Center, Escanaba**

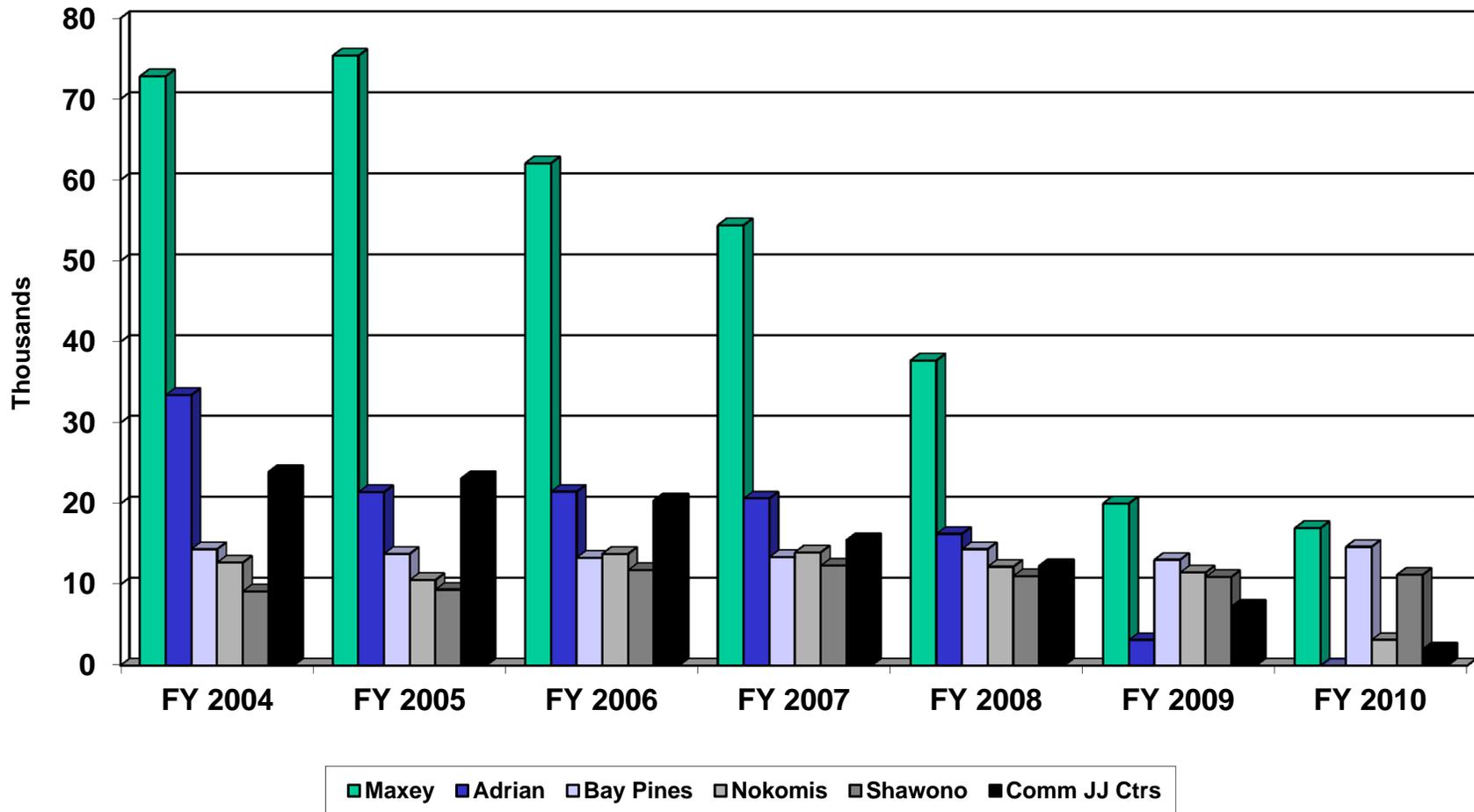
Juvenile Justice Operations Spending



Recent reductions in spending/appropriations primarily attributable to:

- FY 2010 moving youth at Maxey Training School to the smaller Green Oaks facility on the campus
- January 2010 closure of the Nokomis and both community juvenile justice centers
- February 2009 closure of Adrian Training School for girls

Facility Days of Care



**For more information about the
Department of Human Services budget,
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