

**SUBSTITUTE FOR
SENATE BILL NO. 418**

A bill to amend 1939 PA 280, entitled
"The social welfare act,"
by amending section 117a (MCL 400.117a), as amended by 2019 PA 114.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 117a. (1) As used in this section and sections 117b to
2 117h:

3 (a) "County juvenile agency" means that term as defined in
4 section 2 of the county juvenile agency act, 1998 PA 518, MCL
5 45.622.

6 (b) "County juvenile agency services" means all juvenile
7 justice services for a juvenile who is within the court's
8 jurisdiction under section 2(a) or (d) of chapter XIIIA of the
9 probate code of 1939, 1939 PA 288, MCL 712A.2, or within the



1 jurisdiction of the court of general jurisdiction under section 606
2 of the revised judicature act of 1961, 1961 PA 236, MCL 600.606, if
3 that court commits the juvenile to a county or court juvenile
4 facility under section 27a of chapter IV of the code of criminal
5 procedure, 1927 PA 175, MCL 764.27a. If a juvenile who comes within
6 the court's jurisdiction under section 2(a) or (d) of chapter XIIIA
7 of the probate code of 1939, 1939 PA 288, MCL 712A.2, is at that
8 time subject to a court order in connection with a proceeding for
9 which the court acquired jurisdiction under section 2(b) or (c) of
10 chapter XIIIA of the probate code of 1939, 1939 PA 288, MCL 712A.2,
11 juvenile justice services provided to the juvenile before the court
12 enters an order in the subsequent proceeding are not county
13 juvenile agency services, except for juvenile justice services
14 related to detention.

15 (c) "Donated funds" means any gifts of money made available to
16 the county child care fund for services for child welfare or
17 delinquency matters, including juvenile justice services.

18 (d) "Donor" means the entity, person, or persons providing the
19 donated funds.

20 (e) "Gross expenditure" means the total adjusted expenditures
21 included in a county's monthly expenditure report and submitted to
22 the department.

23 (f) "In-home care" means expenditure of child care fund money
24 for services and items listed in this section **that are provided in**
25 **the home or in the community** to be an alternative to out-of-home
26 care or to provide an early return home for a child placed out of
27 ~~his or her~~ **the child's** home.

28 (g) "Juvenile detention facility" means a county-operated or
29 court-operated juvenile facility that houses and provides group



1 care, shelter care, or detention administered and staffed by county
2 or court employees.

3 (h) "Juvenile justice service" means a service, exclusive of
4 judicial functions, provided by a county for juveniles who are
5 within or likely to come within the court's jurisdiction under
6 section 2 of chapter XIIA of the probate code of 1939, 1939 PA 288,
7 MCL 712A.2, or within the jurisdiction of the court of general
8 criminal jurisdiction under section 606 of the revised judicature
9 act of 1961, 1961 PA 236, MCL 600.606, if that court commits the
10 juvenile to a county or court juvenile facility under section 27a
11 of chapter IV of the code of criminal procedure, 1927 PA 175, MCL
12 764.27a. A service includes intake, detention, detention
13 alternatives, probation, foster care, diagnostic evaluation and
14 treatment, shelter care, or any other service approved by the
15 office or county juvenile agency, as applicable, including
16 preventive, diversionary, or protective care services. A juvenile
17 justice service approved by the office or county juvenile agency
18 must meet all applicable state and local government licensing
19 standards.

20 (i) "Out-of-home care" means placement outside of the
21 residence of the child's parent, legal guardian, or, except as
22 provided in this subdivision, relative where the child is found,
23 from which the child was removed by the authority of the court, or
24 in which the child will be placed on a permanent basis.

25 (j) "Technology and software" means risk and needs assessment
26 software or software directly related to treatment or services
27 provided within a reimbursable in-home care program. Technology and
28 software does not include the purchase of new equipment or
29 hardware, or maintenance of equipment or hardware for the



1 reimbursable in-home care program. Technology and software also
2 does not include new equipment cost, maintenance of equipment,
3 technology, or software used exclusively for general support for
4 the court.

5 (2) A juvenile justice funding system for counties that are
6 not county juvenile agencies, including a child care fund, is
7 established and shall be administered under the department's
8 superintending control.

9 (3) The department shall promulgate rules under the
10 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
11 24.328, to monitor juvenile justice services money and to prescribe
12 child care fund accounting, reporting, and authorization controls
13 and procedures and child care fund expenditure classifications. For
14 counties required to have a child care fund, the department shall
15 fund services that conform to the child care rules promulgated
16 under this act. **The child care fund may be used for programs and
17 practices starting when a complaint, referral, or petition is
18 generated by the local prosecutor, law enforcement, or authorized
19 school personnel for a youth at risk of juvenile court involvement
20 through residential placement and reentry, excluding general
21 prevention services for all youth at risk of juvenile justice
22 system involvement. The department must align child care fund
23 policies, budget requirements, and oversight practices to support
24 these goals as well as to ensure the appropriate use of funding.**

25 (4) The department shall distribute money appropriated by the
26 legislature to counties for the cost of juvenile justice services
27 as follows:

28 (a) Payment for expenditures for children placed with the
29 department for care, supervision, or placement, including children



1 who are within the court's jurisdiction under section 2(a) and (b)
 2 of chapter XIIIA of the probate code of 1939, 1939 PA 288, MCL
 3 712A.2, shall be paid by the department and reimbursed by the
 4 county for all undisputed charges. Implementation of this
 5 subdivision takes effect on October 1 of the fiscal year following
 6 the appropriation to support new payment processes and the
 7 implementation of technological changes to the statewide automated
 8 child welfare information system.

9 (b) Payment for expenditures for children not placed with the
 10 department for care, supervision, or placement, including children
 11 who are within the court's jurisdiction under section 2(a) and (b)
 12 of chapter XIIIA of the probate code of 1939, 1939 PA 288, MCL
 13 712A.2, shall be paid by a county and be reimbursed by the
 14 department for all undisputed charges. Expenditures described in
 15 this subdivision include the following:

16 (i) Direct expenditures for out-of-home care, including all of
 17 the following:

18 (A) Salaries of county- or court-operated detention center,
 19 shelter care, or group care facility specific employees, including,
 20 but not limited to, all of the following:

21 (I) Management staff of a facility.

22 (II) Direct service staff of a facility.

23 (III) Mental health staff of a facility.

24 (IV) Support staff including clerical staff of a facility.

25 (V) Janitorial, maintenance, or ground staff of a facility, or
 26 any combination of these.

27 (VI) Kitchen staff of a facility.

28 (VII) Security staff of a facility.

29 (VIII) Circuit court employees who support the child care fund



1 county- or court-operated detention center, shelter care, or group
2 care facility.

3 (B) Fringe benefits, including payroll taxes, medical, vision
4 and dental insurance, group life insurance, disability insurance,
5 accident insurance, health savings accounts, retirement
6 contributions, worker's compensation, and accrued severance
7 benefits of county- or court-operated detention center, shelter
8 care, or group care facility specific employees and circuit court
9 administration who administrate and support the child care fund
10 county- or court-operated detention center, shelter care, or group
11 care facility.

12 (C) Clothing for children.

13 (D) Food for children.

14 (E) Meals furnished to staff who are on duty at a county- or
15 court-operated detention center, shelter care, or group care
16 facility and assigned responsibilities for the supervision and care
17 of the youth during facility mealtime.

18 (F) Hygiene supplies for children, including shampoo, soap, or
19 toothpaste.

20 (G) Education costs for children who are temporary residents
21 in a county- or court-operated detention center, shelter care, or
22 group care facility and for whom attendance in a public school
23 system or local education agency is not an option.

24 (H) Utilities of a county- or court-operated detention center,
25 shelter care, or group care facility, including water, gas,
26 electric, trash, and sewer.

27 (I) Janitorial supplies of a county- or court-operated
28 detention center, shelter care, or group care facility.

29 (J) Kitchen supplies of a county- or court-operated detention



1 center, shelter care, or group care facility.

2 (K) Laundry supplies or service of a county- or court-operated
3 detention center, shelter care, or group care facility.

4 (L) Linen supplies or service of a county- or court-operated
5 detention center, shelter care, or group care facility, including
6 towels and bedding.

7 (M) Office supplies that are dedicated solely to the county-
8 or court-operated detention center, shelter care, or group care
9 facility.

10 (N) Cellular telephones, landline telephones, and 2-way radios
11 used for communication that are dedicated solely to the county- or
12 court-operated detention center, shelter care, or group care
13 facility.

14 (O) Copy machine charges that are dedicated to the county- or
15 court-operated detention center, shelter care, or group care
16 facility.

17 (P) Mattress, box spring, or bed frame used in a county- or
18 court-operated detention center, shelter care, or group care
19 facility.

20 (Q) Medical, dental, psychological, and psychiatric services,
21 including medication, for children who are not covered by another
22 source which services are not to determine competency.

23 (R) Periodicals and books of a county- or court-operated
24 detention center, shelter care, or group care facility.

25 (S) Recreational supplies, programs, and television in a
26 county- or court-operated detention center, shelter care, or group
27 care facility.

28 (T) Training for child care fund-funded staff and in-service
29 education directly related to the out-of-home program, excluding



1 tuition grants or scholarships for college credit.

2 (U) Mileage reimbursement rate costs for transporting children
3 of a county- or court-operated detention center, shelter care, or
4 group care facility. Mileage reimbursement rates used must adhere
5 to the county or tribe published rates. Mileage reimbursement rates
6 cover all costs of operating a vehicle, including maintenance,
7 repairs, taxes, gas, insurance, and registration fees.

8 (V) Drug testing for children.

9 (W) Birth certificates for children.

10 (X) Incentives for youth.

11 (Y) Interpreter fees for nonjudicial processes.

12 (Z) Printing, binding, and postage for materials relating to
13 the education or correspondence relating to children in the county-
14 or court-operated detention center, shelter care, or group care
15 facility.

16 (AA) Membership dues or fees for professional credential
17 maintenance of staff who provide or support a service to children
18 under the child care fund, or professional staff for whom
19 professional licensure is required in their respective job
20 description.

21 (BB) Contracted personnel, programming, or services, or any
22 combination of these.

23 (CC) Nonscheduled payments.

24 (DD) New services that the department may agree with counties
25 and tribes to include that are not identified in this section that
26 support eligible children and families.

27 (ii) Administrative or indirect expenditures for out-of-home
28 care. An administrative or indirect cost payment equal to 10% of a
29 county's total monthly gross expenditures will automatically be



1 distributed to the county on a monthly basis. A county is not
2 required to submit documentation to the department for any of the
3 expenditures that are covered under the 10% payment.

4 (iii) Direct expenditures for in-home care, including the
5 following:

6 (A) Salaries of circuit court employees who support the child
7 care fund in-home care program.

8 (B) Fringe benefits, including payroll taxes, medical and
9 dental insurance, group life insurance, disability insurance,
10 accident insurance, health savings accounts, retirement
11 contributions, and accrued severance benefits of circuit court
12 employees who support the child care fund in-home care program. For
13 a county that receives the juvenile court officer grant and the
14 appointed juvenile court officer works within an approved program,
15 the proportional fringe benefits for the juvenile court officer may
16 be reimbursable.

17 (C) Mileage reimbursement rate costs associated with the child
18 care fund in-home care program. Mileage reimbursement rates used
19 must adhere to the county or tribe published rates. Mileage
20 reimbursement rates cover all costs of operating a vehicle,
21 including maintenance, repairs, taxes, gas, insurance, and
22 registration fees.

23 (D) Program supplies and materials, including, but not limited
24 to, all of the following:

25 (I) Program-specific supplies, including risk or needs
26 assessments, recognition plaques, and educational or program
27 licenses.

28 (II) Office supplies related to program activities and pro-
29 social activities.



1 (III) Food related to program activities and pro-social
2 activities.

3 (IV) Drug test kits.

4 (V) Tethers and other forms of electronic monitoring.

5 (E) Other costs, including all of the following:

6 (I) Cellular telephones and other safety tracking technology
7 for child care fund-funded staff.

8 (II) Training for child care fund-funded staff and in-service
9 education related to the in-home care component, excluding tuition
10 grants or scholarships for college credit.

11 (III) Education costs for children who are prohibited from
12 school attendance in a public school system or the local education
13 agency or have severe educational issues and have been court
14 ordered into a child care fund-funded educational program.

15 (IV) Printing, binding, or postage for materials relating to
16 the education or correspondence on behalf of children in the in-
17 home care program.

18 (V) Membership dues or fees - professional credential
19 maintenance of staff who provide or support a service to children
20 under the child care fund or professional staff for whom
21 professional licensure is required in their respective job
22 descriptions.

23 (VI) Business cards.

24 (F) Other program-specific activities costs, including
25 entrance fees for programs.

26 (G) Conference travel costs for other non-child-care-fund-
27 related training, including evidence-based and promising practices
28 training.

29 (H) Contracted personnel, programming, or services, or any



1 combination of these.

2 (I) Unit cost contracts, including all of the following:

3 (I) Contracted - drug testing - lab (per "drug test" basis).

4 (II) Contracted - counselor fees - (per "hour" basis).

5 (III) Contracted - group session dollar per session (per
6 "session" basis). Group roster documentation required.

7 (IV) Contracted - psychological evaluations, excluding
8 competency examinations - (per "evaluation" basis).

9 (V) Contracted - service providers (per "service" basis).

10 (J) Closed-end contracts. Closed-end contracts include, but
11 are not limited to, all of the following:

12 (I) University contracts, including "program evaluation".

13 (II) Private agency services contracts.

14 (III) Educational services contracts.

15 (IV) Court appointed special advocate (CASA) and wraparound
16 contracts.

17 (V) Other contracts identifiable to the program.

18 (K) Nonscheduled payments or case services payments. A
19 nonscheduled payment is a payment to an individual or organization
20 for items specified and defined in the child care fund handbook
21 that are not included in the state-established per diem rate. A
22 nonscheduled payment may include the following list:

23 (I) Emergency costs, including immediate food, clothing,
24 medical, or dental needs that are not covered by another source.

25 (II) Gymnasium or other pro-social activity requiring a
26 membership per child related to program activities.

27 (III) Rewards or incentive pay for youth related to program
28 activities.

29 (IV) Bus tokens or gas cards related to program activities.



1 (V) Mentor costs - meals, mileage, movies, or social costs
2 related to program activities.

3 (VI) Noncontracted service provider related to program
4 activities.

5 (VII) Noncontracted group session related to program
6 activities.

7 (VIII) Noncontracted psychological evaluations, excluding
8 competency examinations.

9 (IX) Family assessment or evaluations.

10 (X) Noncontracted counselor fees.

11 (XI) Noncontracted drug testing - labs.

12 (XII) Camps or field trips.

13 (XIII) Birth certificates for children.

14 (L) New services that the department may agree with counties
15 and tribes to include that are not identified in this section that
16 support eligible children and families.

17 (M) Technology and software.

18 (iv) Administrative or indirect expenditures for in-home care.
19 An administrative or indirect cost payment equal to 10% of a
20 county's total monthly gross expenditures will automatically be
21 distributed to the county on a monthly basis. A county is not
22 required to submit documentation to the department for any of the
23 expenditures that are covered under the 10% payment.

24 (c) Except as provided in subdivision (j), the county amount
25 distributed shall equal 50% of the annual expenditures from the
26 child care fund of the county established under section 117c **for**
27 **residential services of detention and long-term residential**
28 **placements**, except that expenditures under section 117c(3) and
29 expenditures that exceed the amount of a budget approved under



1 section 117c shall not be included. **Except as provided in**
2 **subdivision (j), the county amount distributed shall equal 75% of**
3 **the annual expenditures from the child care fund of the county**
4 **established under section 117c for in-home expenses including**
5 **community-based supervision, services, and related practices, and**
6 **per diem rates for the use of respite care and shelter for less**
7 **than 30 days.** A distribution under this subdivision shall not be
8 made to a county that does not comply with the requirements of this
9 act. Subject to a county's approval, the department may reduce the
10 amount distributed to a county by the amount owed to the state for
11 care received in a state operated facility or for care received
12 under 1935 PA 220, MCL 400.201 to 400.214, or under the youth
13 rehabilitation services act, 1974 PA 150, MCL 803.301 to 803.309.

14 (d) For a county that is a county juvenile agency, a county's
15 block grant amount as determined under section 117g in equal
16 distributions on October 1, January 1, April 1, and July 1 of each
17 state fiscal year.

18 (e) Notwithstanding the provisions in subdivision (a), subject
19 to appropriations, the department shall pay 100% of the costs of
20 the \$9.20 increase to the administrative rate for providers of
21 foster care services provided in the annual appropriation for the
22 department budget. For the purposes of this subdivision only,
23 "foster care" means 24-hour substitute care for children placed
24 away from their parents or guardians, as a result of a court order
25 under section 2(b) of chapter XIIA of the probate code of 1939,
26 1939 PA 288, MCL 712A.2, in placements supervised by the department
27 or a private child placing agency under contract with the
28 department for foster care services. Foster care services include
29 supervision of placements in foster family homes, foster family



1 group homes, and preadoptive placements.

2 (f) Notwithstanding the provisions of subdivision (c), the
3 department shall pay 100% of the administrative rate that is in
4 effect on September 26, 2018 for providers of treatment foster care
5 services and foster care services provided in the annual
6 appropriation for the department budget. For the purposes of this
7 subdivision only, "foster care" means 24-hour substitute care for
8 children placed away from their parents or guardians, as a result
9 of a court order under section 2(b) of chapter XIIIA of the probate
10 code of 1939, 1939 PA 288, MCL 712A.2, in placements supervised by
11 the department or a private child placing agency under contract
12 with the department for foster care services. Foster care services
13 include supervision of placements in foster family homes, foster
14 family group homes, treatment foster care, preadoptive placements,
15 and supervision of children reunified with the parent with whom the
16 child lived at the time of removal.

17 (g) Notwithstanding the provisions in subdivision (c), the
18 department shall pay 100% of the costs of any rate increase that is
19 in effect on September 26, 2018 to the providers of residential
20 foster care services under contract with the department, as
21 provided in the annual appropriation for the department budget.

22 (h) Notwithstanding the provisions in subdivision (c) and
23 subject to appropriations, the department shall implement a
24 prospective payment system as part of a state-administered
25 performance-based child welfare system in a county with a
26 population of not less than 575,000 or more than 750,000, for
27 foster care case management in accordance with section 503 of
28 article X of 2014 PA 252. The county is only required to contribute
29 to foster care services payments in an amount that does not exceed



1 the average of the annual net contribution made by the county for
 2 cases received under section 2(b) of chapter XIIIA of the probate
 3 code of 1939, 1939 PA 288, MCL 712A.2, in the 5 previous fiscal
 4 years before October 1, 2015. The prospective payment system as
 5 part of the state-administered performance-based child welfare
 6 system shall be implemented as described in this subdivision but
 7 shall not include in-home care service funding.

8 (i) Subdivision (h) only impacts child abuse and child neglect
 9 services and not juvenile justice program funding.

10 (j) Beginning October 1, 2021 **and ending September 30, 2024,**
 11 the state shall pay 100% of the cost to provide juvenile justice
 12 services when a court exercises jurisdiction over a juvenile who is
 13 17 years of age, but under ~~the age of 18~~ **years of age** at the time
 14 of the offense. The costs must include all expenditures under
 15 subdivision (b) until jurisdiction is terminated, for youth under
 16 section 2(a) and (d) of chapter XIIIA of the probate code of 1939,
 17 1939 PA 288, MCL 712A.2. There shall be no change in funding
 18 provided for juveniles who are under 17 years ~~old~~ **of age** at the
 19 time of the offense.

20 ~~(5) Beginning October 1, 2025, the rate of reimbursement paid~~
 21 ~~by the state for all juveniles is equal to the quotient of the~~
 22 ~~following, expressed as a percentage, using actual expenditures for~~
 23 ~~the fiscal years ending September 30, 2022, September 30, 2023, and~~
 24 ~~September 30, 2024:~~

25 ~~(a) The sum of both of the following:~~

26 ~~(i) Total state expenditures under the reimbursement rate~~
 27 ~~established under subsection (4) (c) for juveniles under 17 years of~~
 28 ~~age at the time of offense.~~

29 ~~(ii) Total expenditures for juveniles 17 years of age under~~



1 ~~this section.~~

2 ~~(b) The sum from subdivision (a) divided by total expenditures~~
3 ~~under this section for all eligible juveniles.~~

4 (5) ~~(6)~~—The purposes for which funding under this section
5 shall be distributed as provided under subsection (4) may be
6 allowed unless otherwise accessible and available by other public
7 assistance programs necessary to achieve the goals and outcomes for
8 in-home care or out-of-home care. Reimbursement shall not be made
9 for costs associated with an otherwise eligible child or family, or
10 both, if the reason for the unavailability of public assistance is
11 due to intentional program violations and disqualification of any
12 public assistance.

13 (6) ~~(7)~~—All service providers shall submit a request for
14 payment within 1 calendar year of the date of service. A request
15 for payment submitted after 1 calendar year from the date of
16 service requires the provider to submit an exception request to the
17 county or the department for approval or denial.

18 (7) ~~(8)~~—The county or the department is not subject to an
19 offset, chargeback, or reimbursement liability when a child care
20 fund cost is approved by the county or the department for payment
21 after 1 year from the date of service.

22 (8) ~~(9)~~—The county is not subject to an offset, chargeback, or
23 reimbursement liability for prior expenditures resulting from an
24 error in foster care fund source determinations.

25 (9) ~~(10)~~—The department is liable for the costs of all
26 juvenile justice services in a county that is a county juvenile
27 agency other than county juvenile agency services.

28 (10) ~~(11)~~—The department shall establish guidelines for the
29 development of county juvenile justice service plans in counties



1 that are not county juvenile agencies.

2 **(11) ~~(12)~~**—A county that is not a county juvenile agency and
3 receives state funds for in-home or out-of-home care of children
4 ~~shall~~**must** submit reports to the department at least quarterly or
5 as the department otherwise requires. The reports ~~shall~~**must** be
6 submitted on forms provided by the executive director and ~~shall~~
7 **must** include the number of children receiving foster care services
8 and the number of days of care provided.

9 **(12) ~~(13)~~**—The department shall maintain a reporting system
10 providing that reimbursement under subsection (4) (c) shall be made
11 only on submission of billings based on care given to a specific,
12 individual child.

13 **(13) From the funds received in subsection (4) (c), a county**
14 **must do all of the following:**

15 **(a) Adopt a validated risk screening tool to guide diversion**
16 **and consent calendar decisions.**

17 **(b) Adopt a validated risk assessment tool to use before**
18 **disposition.**

19 **(c) Adopt a detention screening tool to inform the use of**
20 **secure detention.**

21 **(d) Utilize research-based juvenile-specific probation**
22 **standards as developed and approved by the state court**
23 **administrative office.**

24 **(e) Employ a local quality assurance specialist to support the**
25 **county with implementing research-based practices, excluding**
26 **counties or tribes receiving the basic grant as described in**
27 **section 117e.**

28 **(14) From the funds received in subsection (4) (c), a county**
29 **may utilize juvenile client management software to allow for**



1 statewide juvenile justice data aggregation, analysis, and
2 reporting.

3 (15) The department shall promulgate rules, policies, and
4 practices to implement the requirements of subsection (13) and to
5 oversee compliance with these requirements by counties and tribes.

6 (16) The department, in consultation with the state court
7 administrative office, must establish performance measures for
8 evaluating county adherence to requirements in subsection (13) and
9 for evaluating the goals of the child care fund more generally.
10 Beginning October 1, 2025, the department must prepare and submit
11 an annual report to the legislature on yearly child care fund
12 juvenile justice expenditures and related performance measures.

