

# Privatization Plan of Child Welfare Services in Kent County

(FY2017 Appropriation Act - Public Act 268 of 2016)

**March 1, 2017**

**Sec. 515.** *By March 1, 2017, the department shall submit a report to the senate and house appropriations subcommittees on the department budget, the senate and house fiscal agencies, the senate and house policy offices, and the state budget office that provides an update on the privatization of child welfare services in Kent County as described in section 515 of article X of 2013 PA 59 and includes all of the following:*

- a) *Costs or savings that resulted from the program.*
- b) *Gaps in funding.*
- c) *Program successes.*
- d) *Challenges and barriers to a successful implementation.*



Michigan Department of  
Health & Human Services

RICK SNYDER, GOVERNOR  
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# **Privatization Plan of Child Welfare Services in Kent County**

## **Costs, Savings and Gaps in Funding**

One-hundred percent of Kent County foster care services continue to be provided by contracted private agency foster care providers. As of October 1, 2016, an average of 119 more cases are supervised by contracted private agency foster care providers at a cost of \$45.00 per day than were supervised prior to privatization. In fiscal year 2016, the additional cost equated to an increased expenditure of approximately \$1,737,400 (gross) from the state foster care line appropriation. State child welfare staff previously assigned to manage those cases were transferred to neighboring counties or moved into other positions. The State of Michigan reduced costs from the salary, wage and supplies appropriation line by approximately \$916,300 (gross) in fiscal year 2015. No additional funding was appropriated to the foster care payments line item to cover the additional costs resulting from the Kent County privatization however, the appropriation has been subsequently adjusted through the annual budget process and no shortfall is currently projected.

## **Program Successes**

- One-hundred percent of foster care cases, unlicensed foster homes and licensed foster family homes continue to be managed by private child welfare agencies.
- Contract language continues to provide administrative daily rates for all cases managed by a private agency to allow for a single case manager regardless of placement setting.
- The child placing network (comprised of MDHHS and private agencies in Kent County) continues to assign placement and case management based upon the best interest of the child.
- MDHHS continues to provide oversight and monitoring of financial, authorization and care-level activities for foster care provided by private agencies.
- The court continues to provide oversight for foster care activities provided by the private agencies.

## **Challenges and Barriers**

The privatization of foster care services in Kent County was accomplished in October of 2014 and there are no additional challenges and barriers to report.