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WELFARE REFORMS

House Bill 5353 as enrolled
Sponsor: Rep. Jack Horton
Public Act 223 of 1995

House Bill 5354 as enrolled
Sponsor: Rep. Alan Cropsey
Public Act 224 of 1995

Second Analysis (12-15-95)
House Committee: Human Services
Senate Committee: Families, Mental
Health, and Human Services

THE APPARENT PROBLEM:

As part of an overall plan to reduce federal spending and balance the federal budget, Congress is considering ending federal entitlement programs, including the Aid to Families with Dependent Children (AFDC) program, child protection, employment and training, emergency assistance, and child care programs, and, instead, consolidating them into a series of block grants to the states. The block grants are designed to give states wide authority and latitude in designing public assistance and human services programs. Among the proposed changes in the pending federal legislation are provisions related to the financing of public assistance programs. AFDC, for example, will no longer be financed as an entitlement program, under which the federal government matches state expenditures. Instead, the state would receive a fixed sum, based on its 1994 AFDC expenditures.

Some states, including Michigan, have long stated their support for block grants. The primary advantage of such a system, it is suggested, would be an increase in efficiency, and a potential for savings when federal restrictions and regulations are eliminated. Michigan, in fact, launched plans in 1992 in anticipation of the block grant legislation. Founded on the theme of "strengthening families, increasing responsibility, fostering self-sufficiency, and encouraging community involvement," the state established a "To Strengthen Michigan Families" plan in 1992, and received input from more than 4,000 participants in community advisory groups and from a Department of Social Services (DSS) work group to develop recommendations for welfare reform. Based on these recommendations, the state obtained waivers from the federal government to put new reform initiatives into effect.

The "To Strengthen Michigan Families" welfare reform initiative, as outlined in the department's "To Strengthen Michigan Families 1992-1994-1996 - Block Grant Reform" brochure, evolves around four principles: to encourage employment, to target support, to increase personal responsibility, and to involve communities. According to the report, the plan has resulted in lower AFDC caseloads, and an increase in the number of AFDC clients who have found work. In addition, according to the report, while the number of out-of-home placements of abused and neglected children has increased nationally, in Michigan the number has decreased. Consequently, the state proposes to build on these successes by incorporating them into a new program. The new welfare program, entitled the "Family Independence Program," would replace the AFDC program, and the DSS would become the Family Independence Agency (FIA). The focus of the new program would be to provide assistance to families moving toward independence and to support them during the transition from welfare to work. In anticipation that the federal legislation giving the states block grants and control over welfare funds will be passed before the end of 1995, the DSS, the chairpersons of the House and Senate standing committees having jurisdiction in this area, and the chairpersons of the social services appropriations subcommittees, have compiled legislation that would put Michigan's new welfare program into effect.

THE CONTENT OF THE BILLS:

House Bill 5353 would amend the Social Welfare Act (MCL 400.1 et. al.) to redesignate the Department of Social Services (DSS) as the Family Independence

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Agency (FIA), and to rename its programs, offices, and boards accordingly. The bill would replace current provisions regarding the Aid to Families with Dependent Children (AFDC) program with a Family Independence Program and, together with House Bill 5354, grant the FIA certain exemptions from the rule-promulgating requirements of the Administrative Procedures Act. In addition, the agency would be allowed to develop policies and regulations to achieve the goals and principles of assistance programs, including eligibility requirements. The bill would also repeal provisions establishing community work and job training programs, and provisions regarding state participation in the federal Social Security Act Title IV programs. House Bills 5353 and 5354 are tie-barred to each other. The following are some of the major provisions of the Family Independence Program:

-- New applicants for assistance would have to attend an orientation session, conducted by the FIA and the Michigan Jobs Commission, within one week after an initial eligibility determination is made.

-- Applicants would then be required to develop a social contract that defined their obligations to seek work or other productive activities.

-- Each adult and child aged 16 or older who was not in school would be required to participate in the Work First employment and training program, with the exception of certain persons who were considered exempt from participation.

-- Persons who did not cooperate with Work First or any social contract requirement could be penalized. If the terms of the social contract were not met after 60 days, benefits could be discontinued. If the terms were met, families would continue to receive assistance.

-- A temporary resident of the state would be eligible for medical assistance, but would not be eligible for Family Independence Assistance benefits unless he or she expressed the intent to become a resident.

-- A minor parent would be required to live in an adult-supervised household.

House Bill 5353 would specify that the Family Independence Program was a successor to the AFDC program administered under the Social Welfare Act, that the FIA could operate the AFDC program under the federal regulations in effect on September 30, 1995, for up to 180 days after the effective date of the bill, and that it could begin to implement the Family

Independence Program on a partial basis until that time as administrative procedures were developed to administer the program. However, individuals who were receiving AFDC on the effective date of the bill would continue to receive assistance under the program requirements in effect on September 30, 1995, until the family's eligibility was assessed under Family Independence Program regulations and policies.

Annual Appropriations Act. The bill would specify that its provisions would have to be read in conjunction with the annual appropriation act that appropriates funds for the Family Independence Agency, and that the annual appropriation act would be considered a time-limited addendum to the provisions of the bill. The bill would also specify that a program created or authorized under the bill would be subject to the annual appropriation of funds, that the inclusion of a program under the bill would not create an entitlement to that program, and that the Family Independence Agency would not be required to operate a program unless funds were appropriated for it by the legislature.

Legislative Review. The bill would specify that a bipartisan task force of legislators, appointed in the same manner as members are appointed to standing legislative committees, would meet regularly with the FIA to review proposed policies and regulations for the Family Independence Program for 12 months after the effective date of the bill. Meetings of the bipartisan task force would be subject to the provisions of the Open Meetings Act. In addition, all agency rules, regulations, and policies would have to be in writing, would have to be provided to the legislature, and would have to be made available to the public at agency offices during regular business hours.

Family Independence Agency. Under the bill, the DSS -- renamed the Family Independence Agency (FIA) -- would establish program goals consistent with the provisions of the Family Independence Program proposed under the bill, and report on the goals to the governor and the legislature within six months after the bill's effective date. The bill would also require that the agency's biennial report to the governor and legislature include a report on progress made toward the established goals. The agency could establish pilot programs in one or more county or district offices for as long as was necessary to provide a reasonable test of the policy being evaluated. The agency could also contract with a private individual or agency to administer its programs or to perform one of its responsibilities, subject to state civil service rules established under the state constitution. However, all contracts would have to be competitively bid.

The FIA would establish income and asset levels for eligibility, and types of income and assets to be considered in making eligibility determinations, payment standards, composition of a Program Group and a Family Independence Group, program budgeting and accounting methods, and client reporting requirements to meet the following goals:

**** Efficient, fair, cost-effective administration of the Family Independence Program.**

**** Provision of Family Independence Assistance to families willing to work toward eventual self-sufficiency.**

Rules and Regulations. House Bill 5353 would allow the FIA to promulgate rules to administer the programs proposed under the bill. The bill would specify, however, that, beginning two years after the effective date of the bill, if the Michigan Supreme Court ruled that certain provisions of the Administrative Procedures Act regarding the role of the joint committee on administrative rules were unconstitutional, and a statute requiring legislative review of administrative rules was not enacted within 90 days after that ruling, then these provisions would not apply. (Note: The act currently contains references to rules adopted by the Michigan Social Welfare Commission. The commission has been abolished and amendments to delete references to it are necessary.)

The bill would also permit the agency to develop policies establishing income and asset limits, types of income and assets to be considered for eligibility, payment standards for assistance programs, and policies to implement requirements mandated by federal statute or regulations as a condition of receiving federal funds. These policies would be effective and binding on all who were affected by assistance programs, and would be exempt from the provisions of the Administrative Procedures Act (APA). However, not less than 30 days before these policies were implemented, they would have to be submitted to the Senate and House standing committees and appropriation subcommittees with oversight of human services. The agency could also develop regulations to implement the goals and principles of assistance programs, including the establishment of the standards and policies related to applicants and recipients, under which the programs would be administered. These regulations would be exempt from the provisions of the APA for 12 months after the effective date of the bill. After 12 months, the regulations would cease to be effective and binding, unless processed as emergency rules or other rules promulgated under the provisions of the APA. These regulations however, would not apply to standards and

policies related to providers of services with a written contractual relationship, or to Medicaid providers enrolled with the FIA.

Family Independence Program. The FIA would be required, under the bill, to administer the program to accomplish the following objectives:

**** Provide financial support to eligible families while they pursue self-improvement activities and engage in efforts to become financially independent.**

**** Ensure that recipients who are minor parents live in adult-supervised households in order to reduce long-term dependence on financial assistance.**

**** Assist families in determining and overcoming the barriers preventing them from achieving financial independence.**

**** Ensure that families pursue other sources of support available to them.**

Eligibility Requirements. Eligibility for Family Independence Assistance would be restricted to an individual who:

**** Is a member of a family or a "family independence assistance group." (Under the bill, a "family" would be defined as one or more of the following: a household consisting of a child and either a parent, stepparent, or a caretaker of the child; a pregnant woman; a parent of a child in foster care; and an individual who was 17, attending secondary school full-time, and living independently. A "family independence assistance group" would mean the members of a household who were receiving assistance.)**

**** Is a member of a "program group" whose income and assets were less than the income and asset limits set by the Family Independence Agency. (A "program group" would be defined as a family and all individuals living with a family whose income and assets were considered for purposes of determining financial eligibility for Family Independence Assistance.)**

**** In the case of a minor parent, lives in a household supervised by an adult, who could be the minor's parent, stepparent, legal guardian, or another adult-supervised household, if the agency determined that to be in the minor's best interests. (A "minor parent" would be defined as a person under age 18 who was not an emancipated minor and who was either pregnant or the biological parent of a child living in the same household.) However, if moving would require the minor to change schools, a local agency office director**

could waive these requirements in situations where the minor was 17 years of age, attended secondary school full-time, and participated in an agency service plan or teen parenting program. The FIA would determine the circumstances that constituted good cause, based on a parent's, stepparent's, or guardian's unavailability or unwillingness, or, on a reasonable belief that there was physical, sexual, or substance abuse or domestic violence occurring in the household, or other risk to the minor parent or child.

**** Is a U.S. citizen or a permanent resident alien.**

**** Is a state resident, living here voluntarily with the intention of making the state his or her permanent home, and who was not receiving assistance from another state.**

**** Meets any other eligibility criterion required for the receipt of federal or state funds or determined by the agency to be necessary to accomplish the program's goals.**

The Michigan Jobs Commission (which administers the Work First employment and training program) and the FIA would be required to conduct joint orientation sessions for applicants at least once per week. Within one week after the FIA made an initial determination that an adult, or a child 16 years of age or older who did not attend school full-time might be eligible for assistance, the individual would be required to attend a joint orientation session. The individual and the agency would then develop the family's social contract. If all eligible criteria were met, Family Independence Assistance would be provided for up to two months.

Minor Parents' Eligibility. If a minor parent applied for Family Independence Assistance, he or she would have to live in a household supervised by an adult, who would receive assistance on the minor's behalf. The minor's child would receive child care, in conjunction with participation in education, employment readiness, training, or employment programs which have been approved by the agency. The agency would be required to inform the minor of the eligibility requirements specified under the bill, and the circumstance under which he or she could live in a household other than the home of his or her parent or legal guardian; complete a home visit before requiring a minor parent to live with his or her parent or legal guardian; and, if necessary, assist the minor parent to find an alternative adult-supervised household.

Family Social Contract. The agency and the applicant would develop the family's social contract, identifying the compliance goals that were to be met by members

of the household who were receiving assistance payments. The contract would oblige each adult (and each child age 16 or older) not attending school full-time to participate in the Work First program, unless considered exempt by the agency; for minor parents, to attend secondary school, if applicable; to engage in at least 20 hours of employment, Work First activities, education or training, or community service or self-improvement activities; to cooperate in establishing paternity and procuring child support, if applicable; to participate in substance abuse treatment and submit to periodic drug testing, where applicable; and any other obligation the agency determined necessary to enable the family to achieve independence. However, the agency could allow a mother who was exempted from Work First because her child was under three months of age to receive instruction in parenting, nutrition, and child development, as fulfillment of her social contract obligation to engage in employment or other activities. The instruction would begin six weeks after the birth of the child.

If all eligibility criteria were met, the family would receive Family Independence Assistance for not more than two months. At the end of the two-month period, each individual's compliance with the social contract would be reviewed by the agency. If an individual failed to cooperate with Work First, the family would be ineligible for further assistance. If the individual failed to cooperate with any other social contract requirement, penalties would be imposed (see below). If the individual complied with the social contract, the contract could be revised, if necessary, and the Family Independence Assistance Group would continue to receive assistance so long as the recipients met Family Independence Assistance program requirements. If the FIA determined that a recipient's failure to pay a child care provider with child care payments received from the FIA constituted money mismanagement, then future child care payments would be paid directly to the child care provider.

Penalties for Non-compliance. The Family Independence Agency would be required to develop a system of penalties, to be imposed if a recipient failed to comply with the goals in the family's social contract, or if the recipient committed fraud. Penalties could be cumulative and could include reduction of a grant, removal of an individual within the family from eligibility for assistance, and termination of assistance to the family. A penalty would not be imposed if the recipient had demonstrated to the agency's satisfaction that there was good cause for the noncompliance due to circumstances beyond the recipient's control, or if the recipient failed to participate due to child care or transportation problems.

Work First. The FIA would be required to enter into an agreement with the Michigan Jobs Commission in order to facilitate the administration of the Work First program, and to make information on the program available to the legislature. Every adult member of a household receiving assistance would be referred to Work First, and all would be required to participate, except the following:

** A child under 16.

** A child 16 or older who was attending school full-time, or a minor parent who was attending school full-time.

** An individual already working the minimum number of hours determined by the agency as necessary to meet federal requirements.

** The mother of a child under three months of age.

** A person age 65 or older.

** A recipient of Supplemental Security Income (SSI), Social Security Disability (SSD), or medical assistance for a disability or blindness, or a spouse who is the full-time caregiver of the recipient.

** An individual suffering from physical or mental impairment that met federal supplemental security income disability standards, except that no minimum duration would be required, or a spouse who is the full-time caregiver of the that person.

** The parent or caretaker of a child who was physically or mentally impaired, according to federal supplemental security income disability standards, except that no minimum duration would be required. (Note: a "caretaker" would be defined under the bill to mean an individual acting as parent in the absence, or because of, the disability of the child's parent or stepparent, who was the child's legal guardian or was related to the child, a parent of the putative father, or an unrelated individual aged 21 or older whose appointment as legal guardian was pending.)

If Work First determined that a recipient had cooperated, but was unable to find a job, then he or she would be allowed to enroll in a program that was specifically job-related and of not more than two years' duration at a college or university, community college, state-licensed vocational or technical education program, or state-licensed proprietary school. In addition, a temporary exemption could be granted for up to 90 days to an individual suffering from a documented short-term mental or physical illness, limitation, or disability that

severely restricted his or her ability to participate in employment or training activities, provided that the individual participated in Work First at a medically permissible level. However, the bill would specify that, if substance abuse was a contributing factor material to the determination of disability, then an individual would not be considered "disabled."

County Family Independence Agencies. In order to promote administrative efficiency, the director of the FIA could organize two counties into a single administrative unit. The director of the single administrative unit would be appointed by the FIA from among persons certified as eligible and recommended by the FIA and by all of the affected county boards. If the affected county boards were unable to reach agreement on recommended candidates within three months after being notified of a vacancy, the director of the single administrative unit would be appointed by the FIA from among persons certified as eligible and recommended by the FIA and by one or more of the affected county boards. The bill would also add a provision to the act to specify that current provisions regarding the appointment of a county Family Independence Agency director, employees, and assistants would not apply under conditions of reduction in the state work force. Instead, the Michigan Civil Service Commission's administrative employment preference rules for bumping would apply in this situation.

Repealers. Under the bill, current provisions of the Social Welfare Act would be repealed as follows:

** The provision requiring that a recipient of old age assistance, aid to families with dependent children, aid to the blind, or aid to the disabled submit a financial report, when required to do so.

** The provision requiring that the DSS establish employment skills and training programs for general assistance recipients.

** The provisions establishing AFDC under county departments of Social Services; and defining a "dependent child" for the purposes of the act, including a child in a foster care or child-care institution, and a child whose parents are unemployed.

** The provision establishing agreements between the employment security commission and the DSS for community work or job training programs

** The provision regarding state participation in the federal Social Security Act Title IV programs.

** The provision establishing eligibility requirements for participation in AFDC.

House Bill 5354 would amend the Administrative Procedures Act (MCL 24.207) to grant the Family Independence Agency (FIA) certain exemptions from the rule promulgation requirements of the act, and to replace references to certain statutes with references to parts of Public Act 451 of 1994, which repealed these statutes and established the Natural Resources and Environmental Protection Act. Under House Bill 5354, the following FIA policies would be exempted permanently from the rule promulgation requirements of the act:

** A policy that set income and asset limits, types of income and assets to be considered, and payment standards for assistance programs administered under the Social Welfare Act.

** A policy developed to fulfill requirements mandated by federal statute or regulations as a condition of receiving federal funds.

In addition, the bill would exempt from the rule promulgation requirements of the APA a regulation that -- for 12 months after the effective date of the bill -- established the standards and policies under which the agency's program would be administered. At the end of the 12-month period, these regulations would not be effective and binding unless processed as emergency rules or promulgated as rules under the act.

FISCAL IMPLICATIONS:

According to a House Fiscal Agency analysis, the provisions of House Bill 5353 would have an indeterminate impact on state funds, depending upon whether the state's annual unemployment figures rise or fall. The reduction in caseloads that is anticipated under House Bill 5353's provisions could result in a surplus of up to \$100 million in fiscal year 1995-96 if current levels of assistance payments are maintained. Higher unemployment, however, would result in a budget shortfall, since it is anticipated that the proposed block grants will be capped at current levels. In addition, the analysis notes that the proposed federal legislation that would end certain entitlement programs and consolidate them into block grants to the state could contain a "maintenance of effort" stipulation requiring that state spending continue at a certain percentage of 1994 levels. On the other hand, the state would no longer be required to provide matching funds for each federal dollar received.

In general, the House Fiscal Agency estimates that the following provisions of House Bill 5353 could result in an indeterminate reduction in expenditures:

-- The provision permitting the FIA to contract with private entities to administer certain of its programs.

-- The provision prohibiting migrants, or others who did not express an intent to reside in the state, from receiving cash assistance benefits.

-- The provision permitting the director of the FIA to organize two or more county offices in a single administrative unit.

-- The provision that applicants' benefits could be terminated if they did not develop a family social contract and participate in the Work First employment and training program.

-- The provision that the FIA develop a system of penalties to be imposed on a recipient who committed fraud, or who failed to comply with goals in the family's social contract.

According to the analysis, the following provisions could result in an indeterminate increase in expenditures:

-- The provision requiring a minor parent to live in an adult-supervised household in order to receive assistance.

-- The provision that all members of a Family Independence Assistance Group be referred to the Work First program (but added staffing costs could be offset by increased case closures and earned income among recipients).

In addition, a provision of the bill that would permit the FIA to establish pilot projects could either increase or decrease expenditures.

According to the HFA analysis, House Bill 5354 would have no impact on state funds. (12-19-95)

A Senate Fiscal Agency (SFA) analysis states that the bill does not lend itself to a fiscal impact assessment, since, due to the bill's broad nature, the department could institute either a much more costly or less costly program. However, the SFA notes that, according to public testimony, the program would be a codification and continuation of the welfare policies in effect for the past few years, and would therefore result in a

continuation of the savings that have resulted from the decline in assistance caseloads. This savings is included the Department of Social Services' fiscal year 1995-96 budget. (12-4-95)

ARGUMENTS:

For:

The bills would, to some extent, achieve the goals included in the principles of the Engler administration's welfare reform proposals. As outlined in the department's "To Strengthen Michigan Families 1992-1994-1996 - Block Grant Reform" brochure, the welfare reform evolves around four principles: to strengthen families by encouraging employment, targeting support, increasing personal responsibility, and involving communities. Specifically, the bills would address the principles as follows:

**** Principle I: To strengthen families by encouraging employment.** House Bill 5353 would eliminate barriers or disincentives to work and provide increased work requirements: all applicants for assistance would have to sign a "social contract" in which they agreed to enroll in the Work First jobs program, work toward an education, or volunteer for community service. If applicants refused to comply with these requirements, their benefits could be terminated. In addition, penalties could be imposed upon a client who failed to comply with any of the requirements outlined in the family's social contract. Outlined in department policies, but not in the bill, are additional provisions requiring that department staff assist clients with some of the problems they commonly face in finding and keeping work, such as transportation or child care difficulties.

**** Principle II: To strengthen families by targeting support.** By requiring that all minor parents live in adult-supervised settings in order to receive financial assistance, the bill would ensure that minor parents receive some guidance and supervision, so that they could complete school, take care of their children, and become self-sufficient. Moreover, if a minor's parents or guardians were judged incapable of providing a safe environment, then Family Independence Agency staff would help the minor locate a suitable household. Other provisions that would contribute toward targeting support, such as providing comprehensive training programs for child protective services and foster care workers, and increasing the number of these workers; developing programs to offer support services for sexual abuse victims; providing services for families with substance abuse problems; and eliminating the enrollment process for child-care providers, so that relatives may provide and receive payment for child

care, are outlined in department policies, but not in the bill. Still other provisions that would provide support for families, such as enforcing child support laws by suspending drivers' licenses, and denying or revoking the professional licenses of parents who refuse to pay child support, are included in other legislation currently before the legislature.

**** Principle III: To strengthen families by increasing responsibility.** Outlined in department policies, but not in the bill, are provisions that would enforce the principle that clients become productive members of society by closing the cases of those who do not comply with the provisions of their social contracts after four months. Additional provisions in department policies would reinforce the goal of having clients take personal responsibility in making decisions by providing cash payments for food stamps and by sending child care payments directly to clients, rather than to the day care provider. This provision would apply to recipients who earned at least \$350 a month for three consecutive months.

**** Principle IV: To strengthen families by involving communities.** This goal is not addressed under the provisions of the bill. However, partnerships between the DSS and communities have evolved during the past three years to assist in reducing dependence on public assistance, including a partnership with the Salvation Army to supplement the existing emergency shelter network, and cooperative efforts in housing with the Michigan State Housing Development Authority (MSHDA). In addition, in 1995 an executive order transferred the Community Services Block Grant and Weatherization Assistance program to DSS. Recent proposals include involving faith-based organizations in a supportive role in communities by having them provide such services as mentoring for teen mothers and victims of divorce and domestic violence, assisting with job search activities, providing child care on nights or weekends, reducing out-of-wedlock births through the provision of sex education, running support groups and classes on budgeting, car repair, and home maintenance, and assisting in meeting the needs of the elderly.

For:

The new program would provide significant improvements in administrative efficiency, including a simplified application form, simplified eligibility criteria, a simplified child care system, the elimination of many burdensome reporting requirements, and so forth. It would also allow the department the necessary flexibility to implement changes as needed in a timely manner. These administrative efficiencies would result in greatly improved services to clients, by allowing

caseworkers to spend much more time with clients providing direct assistance in obtaining services such as child care, transportation, employment and education opportunities, and the like, rather than spending such a great proportion of time filling out paperwork. Further, the changes would help to shrink the bureaucracy inherent in the present system, and allow for more dollars to be spent helping clients attain self-sufficiency, rather than on administrative costs.

For:

The provisions of House Bill 5353, as symbolized by the Department of Social Services' new designation as "The Family Independence Agency," represent the end of welfare as it has existed for decades and the beginning of an era in which the "work ethic" will be emphasized by making participation in Work First mandatory. The philosophy of the reformed welfare program is to lift people out of poverty, instead of trapping them in it, and to instill the knowledge that the value of work is realized through increased self-esteem and in providing positive role models for children.

The provisions of the bill would provide special motivation for teenage parents. In testimony before the House committee by the director of the M.S.U. School of Social Work, it is pointed out that mothers who were less than 20 years of age when their first child was born constitute 42 percent of all families receiving cash assistance. According to the testimony, a 1986 U.S. Department of Health and Human Services "welfare-to-work" program, in which financial sanctions were applied against teen mothers who did not attend school or participate in job training and/or work resulted in an increase in the number of teenagers attending school and participating in job training programs. In addition, 48 percent of the program's teenagers obtained employment, versus 43 percent of those who received welfare services, but who were not in the program.

Against:

It is understood that many of the provisions of the administration's welfare reform proposals, such as those that allow the agency to establish income and asset limits and payment standards for assistance programs, and many of the welfare reform proposals outlined in the brochure *"To Strengthen Michigan Families 1992-1994-1996"* -- for example, provisions requiring that department staff assist clients with child care or transportation difficulties encountered in finding and keeping work -- have been or will be outlined in agency policies, and that these policies will be exempt from the rule-making provisions of the Administrative Procedures Act (APA). However, such provisions are normally placed in statute or in administrative rules, especially when sweeping changes are made in a particular law.

The lack of such provisions in statute would seem to place the status of the Family Independence Program on a level that protects it from public input and legislative oversight. Moreover, it would give the department unprecedented latitude in implementing a major revision of the "safety net" without specific statutory limits, which could leave the program subject to frequent changes, resulting from political pressures or budget problems, without public notice. In light of these possibilities, the department should be held accountable; the establishment of the Family Independence Program should be more specifically defined in statute.

Against:

The provisions of House Bill 5353 reflect a fundamental change in policy -- from funding the state's welfare program as an entitlement program, to ending that entitlement program. In addition, no funding provisions are contained in House Bill 5353 for the Family Independence Program. Although the administration reports in its *"To Strengthen Michigan Families 1992-1994-1996"* brochure that money from federal block grants will be carried forward from year to year in order to build a contingency fund during times of high unemployment, theoretically the program could be vulnerable to the ups and downs of the state's economy. It is not impossible to imagine, in times of economic recession, when there are many forces competing for fewer budget dollars, that spending for the poor could fall under the axe. What will happen, for instance, when the budgeted amounts for the FIA program (including the federal block grant) are exhausted in the middle of a budget year, due to high unemployment and rising caseloads? Will assistance simply stop mid-year, or will payment levels be cut back dramatically? The concept of a social safety net for the poorest of the poor could be severely threatened by ending the entitlement status of public assistance.

Response:

Although the federal program has not yet been passed in its final form, both the House and Senate versions contain some sort of contingency plans to provide additional funds to states during periods of high unemployment.

Against:

Concerns have been raised regarding the haste in which the bills have been reported out of committee, and the lack of time for thoughtful deliberation this allows for public input on legislation that represents sweeping reforms in how Michigan responds to people in poverty. Many of the participants in the community advisory groups, whose advice was sought regarding welfare reform recommendations in the first stages of the state's reform initiatives, expected that they would also be consulted during the legislative process. They

point to the fact that those focus sessions were designed only to identify barriers to a set of broad social goals, and should not take the place of full public debate about fundamental changes in the design of safety net programs. It is thought by many that adopting these changes without allowing for public debate would be a subversion of the democratic process.

Against:

Some feel that, while the initial focus of the AFDC program was to assure that the basic needs of the children of poor families were met, the focus under the bills is, instead, to give parents independence at the expense of their children. In contrast, the Michigan Child Care Task Force, a bi-partisan group that has an informal affiliation with the legislature, maintains that the new welfare system will not work unless provisions for child care are stressed, since, with good stable child care, parents are more likely to remain employed. The task force suggests, among other things, that House Bill 5353 contain provisions that would: promote the use of regulated child care to enhance the well being of children receiving such care; increase the number of high quality child care slots available to families on welfare, in anticipation that the number of parents using these services will rise; maintain at least the current child care payment rates for children, so that parents aren't forced to use substandard care; and send child care payments directly to providers to assure that high quality providers remain available. The Michigan Chapter of the National Organization for Women (NOW) notes that, although the administration's *"To Strengthen Michigan Families 1992-1994-1996"* brochure refers to the fact that domestic violence harms children, House Bill 5353 contains no provisions that recognize and make allowances for the dilemma faced by battered women -- that they suffer from serious emotional problems that could make finding and keeping a job impossible. The bill should contain provisions specifying that a parent who is a victim of domestic violence is exempt from employment and training requirements of the bill in situations where it is determined that the parent's participation would impose a hardship for the children.

The children of migrant workers would also suffer under the provisions of the bill, since, unless their parents indicated their intention of becoming permanent state residents, they would not be eligible for child care. This provision would impose particular hardships on migrant workers, who cannot become permanent residents because they don't earn enough to afford housing in the regions where they work, and on their children, who are often prohibited from going to work with their parent when chemicals are sprayed on the

fields, and who might, under the proposed changes in eligibility, be left alone.

Response:

Difficulties in obtaining quality child care and in handling abusive relationships are problems that are faced by all citizens, not just parents who receive public assistance. Why should FIA recipients be entitled to special treatment in these areas when other citizens are not?

Against:

It is not clear how children will fare in situations where parents refuse to work or take community service jobs, and consequently have their benefits cut off. If these parents can no longer support a household, will their actions constitute child abuse and neglect? Will the children be removed and placed into foster care homes? If there is a shortage of child protective services workers now, how will they handle the increased number of cases that will undoubtedly occur as the provisions of the bill go into effect and more people have their benefits eliminated?

Response:

According to department testimony, refusal to work and a lack of household income could be treated as a case of child neglect. The department policy in such situations is as follows: department staffers investigate to see if the family has any income to support minor dependents. If they do not, child protection workers are called in, and the children could, after a hearing, be put in foster homes. In addition, the department estimates that the savings achieved by the reduction in welfare caseloads will cover the anticipated costs that will be incurred for more child protective services workers.

Against:

Some are concerned that the department's intention in implementing a policy allowing certain recipients to "cash out" their food stamps would result in families having to make impossible choices between buying food, paying rent, having enough cash on hand to cover out-of-pocket expenses of working as transportation, and so forth.

Response:

Working families who have demonstrated responsibility would be rewarded for their efforts, and would no longer have to bear the stigma of using food stamps in the check-out lane.

Against:

In anticipation of Congress passing legislation that would end federal entitlement programs and provide states instead with funds in the form of block grants, the bills are designed to give the state flexibility in

handling its welfare programs and to achieve savings through an increase in efficiency that is currently impossible under the restrictions imposed by the federal government. However, according to a fiscal impact statement on block grants, as outlined by the Michigan League for Human Services in its "Block Grants to the States: Risks and Responsibilities" report, state flexibility could actually be hindered as a result of the reduced funding that will be available under the block grants, since states will no longer receive a 50 percent federal match for state funds spent. The reports quotes U.S. Department of Health and Human Services estimates, which indicate that Michigan could lose a total of \$365 million between fiscal years 1996 and 2000 for the cash assistance block grant alone.

Against:

The proposal does not go far enough. What about such ideas as a time limit on receiving welfare assistance, such as one or two years? Some have suggested a "family cap", where there would be no additional cash assistance for additional babies born while a family is receiving assistance. Some would require participants to work 40 hours per week, not just 20 hours as is proposed here. And others would prefer direct payments to landlords, utility companies, and child care providers on behalf of recipient families. If the goal is to lessen dependence and encourage people to be self-sufficient, these and other proposals would strengthen the reform proposals even more.

Against:

A major source of concern among landlords is the tenant who leaves an apartment or house in a state of disrepair, who breaches the terms of a lease agreement, or who moves while owing the landlord for rental payments. In situations involving recipients of public assistance, it is often difficult for a landlord to collect the amount owed, even if a legal judgement for damages has been entered against the recipient. House Bill 5353 should be amended to allow the department to deduct a percentage of a recipient's monthly cash grant and transmit that amount to the person's landlord.

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.