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SFA BILL ANALYSIS

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Senate Bill 411 (Substitute S-1)
Sponsor: Senator R. Robert Geake
Committee: Appropriations

Date Completed: 10-23-97

CONTENT

The bill would amend the Social Welfare Act to limit the cash assistance benefit, except payments for day care, of a former resident of another state (or U.S. territory or the District of Columbia) to the level of assistance from the former state, if that state's level of assistance were lower than Michigan's level, and if the individual had received cash assistance in that state within 30 days prior to applying for assistance benefits in Michigan. The applicant would not be eligible to receive benefits equal to an amount received by Michigan residents until the applicant had received the reduced benefits for six months. The bill includes an effective date of January 1, 1999.

Currently, there are some restrictions for individuals and families who reside in Michigan and apply for social welfare assistance. For example, the State welfare reform legislation, which created the Family Independence Program as a successor to the Federal Aid to Families with Dependent Children (AFDC) cash assistance program, does provide that everyone who applies for cash assistance must, in conjunction with the Family Independence Agency, sign and comply with a social contract that outlines the individual's and/or family's goals for achieving economic self sufficiency and participation in the work requirements outlined in the contract. Failure to comply with the contract and cooperate with the work requirements means that the family is subject to certain penalties, even becoming ineligible for further assistance. No current restrictions specifically prohibit individuals moving from other states from receiving a full amount of cash assistance benefits afforded to current Michigan residents.

Proposed MCL 400.13a

FISCAL IMPACT

The bill would have an indeterminate impact on the State General Fund. The Family Independence Agency conducted a telephone survey of a Family Independence Program (FIP) caseload representative sample during which recipients were asked to identify their former state of residence within the past year. Although it is unknown whether survey participants were cash assistance recipients in that former state, the survey does give some indication of the number of former residents of other states who applied for FIP assistance in Michigan within the past year. It was found that 206 of the 13,766 survey respondents resided in another state; 162 of the former residents resided in states that had a maximum benefit level below that of Michigan. Comparatively, if the findings are applied to a total FIP caseload of 150,000 cases, one can assume that the expenditure savings for six months, if this bill were enacted, could be approximately $1,555,600 Gross, but no General Fund (GF/GP) savings would apply for the FIP. The GF/GP spending has to remain at the appropriated level to assure State compliance with the Federal maintenance of effort requirements for GF/GP spending. Therefore, all savings would be of Federal funds.

There are a number of other cash assistance programs that would be affected by this bill; for example, supplemental security income, State disability assistance, and food stamps. Each program has various requirements and some may not have a counterpart in other states. Therefore, further study is needed to calculate more accurate potential savings or costs generated from the administrative expenses for verification of the recent residential history of each new applicant and manual six-month monitoring of each case that would take place upon enactment of the bill.

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