

Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536

**SFA****BILL ANALYSIS**

Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

Senate Bill 506 (as introduced 4-14-99)  
Sponsor: Senator Bev Hammerstrom  
Committee: Families, Mental Health and Human Services

Date Completed: 4-27-99

## **CONTENT**

**The bill would amend the Social Welfare Act to revise a prohibition against fraudulently obtaining public assistance; include the use of an access device in that prohibition; and define certain terms.**

### Fraudulently Obtaining Assistance

Under the Act, any person who by means of wilful false statement or representation, or by impersonation or other fraudulent device, does either of the following is guilty of a misdemeanor if the amount involved is \$500 or less, or of a felony if the amount involved is more than \$500:

- Obtains or attempts to obtain, or aids or abets any person to obtain assistance or relief to which that person is not entitled.
- Obtains or attempts to obtain, or aids or abets any person to obtain a larger amount of assistance or relief than that to which the person is entitled.

Also, the same penalties apply to any officer or employee of a county, city, or district department of social welfare who authorizes or recommends relief to persons known to the officer or employee to be ineligible or to have fraudulently created their eligibility.

The bill would delete those provisions and, instead, prohibit a person from making a willful false statement or representation, using an "access device" or other fraudulent device, or assisting another person to obtain public assistance that the person was not entitled to receive, or to obtain a larger amount of public assistance than the person was entitled to receive. In addition, the bill would prohibit an employee of the Family Independence Agency from knowingly authorizing or recommending that public assistance be issued to a person who was ineligible or whose eligibility was based on fraud. As under the current Act, a violation would be a misdemeanor if the amount involved were \$500 or less and a felony if the amount involved were more than \$500.

### Definition Revisions

"Access device" would mean a card, plate, code, account number, personal identification number, electronic benefits transfer card, or other means of access that could be used alone or in conjunction with another access device to do any of the following:

- Conduct financial transactions.
- Obtain money, payments, allotments, credits, benefits, assistance, or other things of value.
- Initiate a transfer of funds, payments, allotments, credits, benefits, or assistance from programs established under the Act.

The bill also would add the term "public assistance" to the Act's definitions in provisions pertaining to the family independence program. "Public assistance" would mean one or more of the following, provided under the Act:

- Family independence assistance.
- State family assistance.

- State disability assistance.
- Food stamps.

In addition, the definition of "recipient", which currently means an individual receiving family independence assistance, would be expanded to mean an individual receiving "public assistance".

MCL 400.57 & 400.60

Legislative Analyst: P. Affholter

### **FISCAL IMPACT**

Senate Bill 506 would have an indeterminate fiscal impact on State and local government. In 1997, there were 356 offenders convicted of violating or attempting to violate MCL 400.60 (fraudulently obtaining assistance). Of those convictions, only two offenders were sentenced to a prison term. There are no data to indicate how many more people would be convicted if the definition of "access device" were added to the violation. Because most violators are not sentenced to State prison, any changes in conviction rates would primarily affect local units of government.

The bill would have no fiscal impact on the Family Independence Agency.

Fiscal Analyst: K. Firestone  
C. Cole

S9900\506sa

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.