

# SENATE BILL No. 18

January 8, 2003, Introduced by Senator JELINEK and referred to the Committee on Families and Human Services.

A bill to amend 1939 PA 280, entitled  
"The social welfare act,"  
by amending sections 6, 41, 57, and 57a (MCL 400.6, 400.41,  
400.57, and 400.57a), section 6 as amended and section 57 as  
added by 1995 PA 223 and section 57a as amended by 1999 PA 26.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 6. (1) The family independence agency may promulgate  
2 all rules necessary or desirable for the administration of  
3 programs under this act. Rules shall be promulgated under the  
4 administrative procedures act of 1969, ~~Act No. 306 of the Public~~  
5 ~~Acts of 1969, being sections 24.201 to 24.328 of the Michigan~~  
6 ~~Compiled Laws. Beginning 2 years after the effective date of~~  
7 ~~subsection (2), if the Michigan supreme court rules that sections~~  
8 ~~45 and 46 of Act No. 306 of the Public Acts of 1969, being~~  
9 ~~sections 24.245 and 24.246 of the Michigan Compiled Laws, are~~

1 ~~unconstitutional and a statute requiring legislative review of~~  
2 ~~administrative rules is not enacted within 90 days after the~~  
3 ~~Michigan supreme court ruling, this subsection does not apply~~  
4 **1969 PA 306, MCL 24.201 to 24.328.**

5 (2) The family independence agency may develop regulations to  
6 implement the goals and principles of assistance programs created  
7 under this act, including all standards and policies related to  
8 applicants and recipients that are necessary or desirable to  
9 administer the programs. ~~These regulations are effective and~~  
10 ~~binding on all those affected by the assistance programs. Except~~  
11 ~~for policies described in subsections (3) and (4), regulations~~  
12 ~~described in this subsection, setting standards and policies~~  
13 ~~necessary or desirable to administer the programs, are exempt~~  
14 ~~until the expiration of 12 months after the effective date of~~  
15 ~~this subsection from the rule promulgation requirements of the~~  
16 ~~administrative procedures act of 1969, Act No. 306 of the Public~~  
17 ~~Acts of 1969, being sections 24.201 to 24.328 of the Michigan~~  
18 ~~Compiled Laws. Upon the expiration of 12 months after the~~  
19 ~~effective date of this subsection, regulations described in this~~  
20 ~~subsection are not effective and binding unless processed as~~  
21 ~~emergency rules under section 48 of Act No. 306 of the Public~~  
22 ~~Acts of 1969, being section 24.248 of the Michigan Compiled Laws,~~  
23 ~~or promulgated in accordance with Act No. 306 of the Public Acts~~  
24 ~~of 1969.~~

25 (3) The family independence agency may develop policies to  
26 establish income and asset limits, types of income and assets to  
27 be considered for eligibility, and payment standards for

1 assistance programs administered under this act. Policies  
2 developed under this subsection are effective and binding on all  
3 those affected by the assistance programs. **For an adult who is**  
4 **unable to live without assistance due to physical or mental**  
5 **disability and who does not live in a health facility or agency**  
6 **as defined in section 20106 or rules promulgated under section**  
7 **20115 of the public health code, 1978 PA 368, MCL 333.20106 and**  
8 **333.20115, a policy establishing income and asset limits**  
9 **developed under this subsection shall consider only that adult's**  
10 **income and assets in determining eligibility.** Policies described  
11 in this subsection are exempt from the rule promulgation  
12 requirements of ~~Act No. 306 of the Public Acts of 1969~~ **the**  
13 **administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to**  
14 **24.328.** Not less than 30 days before policies developed under  
15 this subsection are implemented, they shall be submitted to the  
16 senate and house standing committees and appropriation  
17 subcommittees with oversight of human services.

18 (4) The family independence agency may develop policies to  
19 implement requirements that are mandated by federal statute or  
20 regulations as a condition of receipt of federal funds. Policies  
21 developed under this subsection are effective and binding on all  
22 those affected by the programs. Policies described in this  
23 subsection are exempt from the rule promulgation requirements of  
24 ~~Act No. 306 of the Public Acts of 1969~~ **the administrative**  
25 **procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.**

26 (5) All rules, regulations, and policies established by the  
27 family independence agency shall be in writing, shall be provided

1 to the legislature, and shall be made available for inspection by  
2 any member of the public at all offices of the family  
3 independence agency during regular business hours.

4 ~~(6) Until the expiration of 12 months after the effective~~  
5 ~~date of this subsection, a bipartisan task force of legislators~~  
6 ~~appointed in the same manner as members are appointed to standing~~  
7 ~~committees of the legislature shall meet regularly with the~~  
8 ~~family independence agency to review proposed policies and~~  
9 ~~regulations for the family independence program. Meetings of the~~  
10 ~~bipartisan task force are subject to the open meetings act, Act~~  
11 ~~No. 267 of the Public Acts of 1976, being sections 15.261 to~~  
12 ~~15.275 of the Michigan Compiled Laws.~~

13 (6) ~~-(7)-~~ Subsection (2) does not apply to standards and  
14 policies related to ~~the providers~~ **a provider** of services ~~which~~  
15 ~~have~~ **that has** a written contractual relationship or ~~are~~ **that**  
16 **is** an enrolled medicaid provider with the family independence  
17 agency.

18 Sec. 41. If at any time after approval of a grant of  
19 assistance the recipient ~~— or, except as provided in this~~  
20 **section,** the spouse of the recipient ~~—~~ becomes possessed of any  
21 property or income of which the county ~~department of social~~  
22 ~~welfare~~ **family independence agency** has no knowledge, it shall be  
23 the duty of the recipient to notify ~~said~~ **that** county  
24 department, ~~of social welfare~~ which shall report and make  
25 recommendations to the state department, which in turn may  
26 cancel, suspend, or alter the certificate of allowance. **This**  
27 **section does not apply to the spouse of an adult who is unable to**

1 live without assistance due to physical or mental disability and  
2 who does not live in a health facility or agency as defined in  
3 section 20106 or rules promulgated under section 20115 of the  
4 public health code, 1978 PA 368, MCL 333.20106 and 333.20115.

5 Sec. 57. (1) As used in this section and sections 57a to  
6 ~~57g~~ 57l:

7 (a) "Adult-supervised household" means either of the  
8 following:

9 (i) The place of residence of a parent, stepparent, or legal  
10 guardian of a minor parent.

11 (ii) A living arrangement not described in subparagraph (i)  
12 that the family independence agency approves as a family setting  
13 that provides care and control of a minor parent and his or her  
14 child and supportive services including, but not limited to,  
15 counseling, guidance, or supervision.

16 (b) "Caretaker" means an individual who is acting as parent  
17 for a child in the absence or because of the disability of the  
18 child's parent or stepparent and who is the child's legal  
19 guardian, grandparent, great grandparent, great-great  
20 grandparent, sibling, stepsibling, aunt, great aunt, great-great  
21 aunt, uncle, great uncle, great-great uncle, nephew, niece, first  
22 cousin, or first cousin once-removed, a spouse of ~~any~~ a person  
23 listed above, a parent of the putative father, or an unrelated  
24 individual aged 21 or older whose appointment as legal guardian  
25 of the child is pending.

26 (c) "Child" means an individual who is not emancipated under  
27 ~~Act No. 293 of the Public Acts of 1968, being sections 722.1 to~~

1 ~~722.6 of the Michigan Compiled Laws~~ **1968 PA 293, MCL 722.1 to**  
2 **722.6**, who lives with a parent or caretaker, and who is either of  
3 the following:

4 (i) Under the age of 18.

5 (ii) Age 18 or 19, a full-time high school student, and  
6 reasonably expected to graduate from high school before the age  
7 of 20.

8 (d) "Family" means 1 or more of the following:

9 (i) A household consisting of a child and either of the  
10 following:

11 (A) A parent or stepparent of the child.

12 (B) A caretaker of the child.

13 (ii) A pregnant woman.

14 (iii) A parent of a child in foster care.

15 (iv) **An adult who is unable to live without assistance due**  
16 **to physical or mental disability and who does not live in a**  
17 **health facility or agency as defined in section 20106 or rules**  
18 **promulgated under section 20115 of the public health code, 1978**  
19 **PA 368, MCL 333.20106 and 333.20115.**

20 (e) "Family independence assistance" means financial  
21 assistance provided to a family under the family independence  
22 program.

23 (f) "Family independence assistance group" means all those  
24 members of a program group who receive family independence  
25 assistance.

26 (g) "Family independence program" means the program of  
27 financial assistance established under section 57a.

1 (h) "Minor parent" means an individual under the age of 18  
2 who is not emancipated under ~~Act No. 293 of the Public Acts of~~  
3 ~~1968~~ **1968 PA 293, MCL 722.1 to 722.6**, and who is either the  
4 biological parent of a child living in the same household or a  
5 pregnant woman.

6 (i) "Payment standard" means the standard upon which family  
7 independence program benefits are based if the family  
8 independence assistance group has no net income.

9 (j) "Program group" means a family and all those individuals  
10 living with a family whose income and assets are considered for  
11 purposes of determining financial eligibility for family  
12 independence assistance.

13 (k) "Recipient" means an individual receiving family  
14 independence assistance.

15 (l) "Social contract" means a document described in section  
16 57e that is executed by a family in return for the receipt of  
17 family independence assistance.

18 (m) "Substance abuse" means that term as defined in section  
19 6107 of the public health code, ~~Act No. 368 of the Public Acts~~  
20 ~~of 1978, being section 333.6107 of the Michigan Compiled Laws~~  
21 **1978 PA 368, MCL 333.6107.**

22 (n) "Substance abuse treatment" means outpatient or  
23 inpatient services or participation in alcoholics anonymous or a  
24 similar program.

25 (o) "Work first" means the program of employment and  
26 training administered by the Michigan ~~jobs commission~~  
27 **department of career development** for applicants and recipients of

1 family independence assistance.

2 (2) A reference in this act to "aid to dependent children"  
3 or "aid to families with dependent children" means "family  
4 independence assistance".

5 Sec. 57a. (1) The family independence agency shall  
6 establish and administer the family independence program to  
7 provide assistance to families who are making efforts to achieve  
8 independence.

9 (2) The family independence agency shall administer the  
10 family independence program to accomplish all of the following:

11 (a) Provide financial support to eligible families while they  
12 pursue self-improvement activities and engage in efforts to  
13 become financially independent.

14 (b) Ensure that recipients who are minor parents live in  
15 adult-supervised households in order to reduce long-term  
16 dependency on financial assistance.

17 (c) Assist families in determining and overcoming the  
18 barriers preventing them from achieving financial independence.

19 (d) Ensure that families pursue other sources of support  
20 available to them.

21 (3) ~~The~~ **Subject to subsection (4), the** family independence  
22 agency shall establish income and asset levels for eligibility,  
23 types of income and assets to be considered in making eligibility  
24 determinations, payment standards, composition of the program  
25 group and the family independence assistance group, program  
26 budgeting and accounting methods, and client reporting  
27 requirements to meet the following goals:



1 (a) Efficient, fair, cost-effective administration of the  
2 family independence program.

3 (b) Provision of family independence assistance to families  
4 willing to work toward eventual self-sufficiency.

5 **(4) In determining whether an adult who is unable to live**  
6 **without assistance due to physical or mental disability and who**  
7 **does not live in a health facility or agency as defined in**  
8 **section 20106 or rules promulgated under section 20115 of the**  
9 **public health code, 1978 PA 368, MCL 333.20106 and 333.20115,**  
10 **meets the income and asset levels requirement established under**  
11 **subsection (3), the family independence agency shall consider**  
12 **only that adult's income and assets.**

13 **(5) —(4)—** Not later than October 1, 2001, the family  
14 independence agency shall implement an automated finger imaging  
15 system designed to prevent an individual from receiving cash  
16 assistance, food stamps, or both under more than 1 name.  
17 Beginning at the effective date of the establishment and  
18 implementation of the finger imaging system, an individual  
19 applying for cash assistance, food stamps, or both must provide  
20 the family independence agency with an automated finger image or  
21 images as a condition of eligibility. Finger imaging obtained  
22 ~~pursuant to~~ **in accordance with** this subsection shall be used  
23 only for the purposes of reducing fraud in obtaining public  
24 benefits or assistance under this act.

25 **(6) —(5)—** The family independence agency shall establish the  
26 automated finger image system that, at a minimum, includes the  
27 following:

1 (a) Confidentiality of the automated finger image records  
2 taken ~~pursuant to~~ **in accordance with** this section.

3 (b) A system for administrative appeal of a matter relating  
4 to the taking or verification of an individual's automated finger  
5 image.

6 (c) A requirement to exempt children from providing the  
7 automated finger image unless there is a reasonable suspicion  
8 that the family group is committing fraud. For the purpose of  
9 this subdivision, "family group" means a family and all those  
10 individuals living with a family who apply for or receive cash  
11 assistance, food stamps, or both.

12 (d) A requirement to exempt individuals from whom the  
13 automated finger image technology is unable to obtain an accurate  
14 finger image.

15 (e) A requirement to exempt patients placed in nursing homes  
16 from providing the automated finger image.

17 (f) In addition to the population groups named in  
18 subdivisions (c), (d), and (e), authority to exempt certain other  
19 population groups from providing the automated finger image  
20 including, but not limited to, homebound recipients.

21 **(7)** ~~—(6)—~~ The family independence agency shall remove an  
22 individual's finger image from the department's file if the  
23 individual has not received benefits or assistance from the  
24 family independence agency within the previous 12 months.

25 **(8)** ~~—(7)—~~ The family independence agency may negotiate and  
26 enter into a compact or reciprocal agreement with another state  
27 department, the federal government, an agency of the federal

1 government, or an agency of another state for the purpose of  
2 implementing and administering the finger imaging provisions of  
3 this section as long as the compact or reciprocal agreement is  
4 not inconsistent with the limitations of use and access contained  
5 in subsection ~~-(4)-~~ (5).

6 (9) ~~-(8)-~~ The family independence agency shall conduct  
7 semi-annual security reviews to monitor the automated finger  
8 imaging system to insure that all of the following occur:

9 (a) All records maintained as part of the system are accurate  
10 and complete.

11 (b) Effective software and hardware designs have been  
12 instituted with security features to prevent unauthorized access  
13 to records.

14 (c) Access to record information is restricted to authorized  
15 personnel.

16 (d) System and operational programs are used that will  
17 prohibit inquiry, record updates, or destruction of records from  
18 a terminal other than automated finger imaging system terminals  
19 that are designated to permit inquiry, record updates, or  
20 destruction of records.

21 (e) System and operational programs are used to detect and  
22 report all unauthorized attempts to penetrate an automated finger  
23 imaging system, program, or file.

24 (10) ~~-(9)-~~ Beginning December 31 of the first year the  
25 automated finger imaging system has been fully implemented, the  
26 family independence agency shall compile and report annually to  
27 the senate and house committees having jurisdiction over family

1 independence agency matters the following information concerning  
2 the operation of the automated finger imaging system:

3 (a) An analysis of the costs and savings of the system  
4 including, but not limited to, administrative costs, operation  
5 costs, and actual savings due to confirmed fraud and fraud  
6 deterrence.

7 (b) The number of individuals who have applied for assistance  
8 under more than 1 name.

9 (c) The number of individuals refusing to provide a finger  
10 image and the reasons for the refusal.

11 (d) A detailed summary of the results of reviews required by  
12 subsection ~~-(8)-~~ (9).

13 (11) ~~-(10)-~~ Except as necessary to carry out a compact or  
14 agreement under subsection ~~-(7)-~~ (8) or unless otherwise required  
15 by law, the family independence agency shall not sell, transfer,  
16 or release information identifying an individual named in the  
17 automated finger imaging system record to a third person,  
18 including, but not limited to, another state department or  
19 agency.

20 (12) ~~-(11)-~~ A person shall not disclose information from the  
21 automated finger imaging system record in a manner that is not  
22 authorized by law or rule. A violation of this subsection is a  
23 misdemeanor punishable by imprisonment for not more than 93 days  
24 or a fine of not more than \$500.00, or both.

25 (13) ~~-(12)-~~ At the time an individual applies for cash  
26 assistance, food stamps, or both, the family independence agency  
27 shall inform the individual of all of the following:

1           (a) The requirement to allow the department to take a finger  
2 image from the individual.

3           (b) The fact that the finger image may be compared to the  
4 finger images of other benefit recipients to prevent duplicate  
5 participation.

6           (c) The fact that the department is prohibited by law from  
7 using the finger image for a different purpose.