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## BILL ANALYSIS

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Senate Bills 892, 893, and 894 (as introduced 11-10-05)

Sponsor: Senator Bill Hardiman (S.B. 892)  
Senator Alan L. Cropsey (S.B. 893)  
Senator Irma Clark-Coleman

Committee: Families and Human Services

Date Completed: 11-29-05

**CONTENT**

**Senate Bill 892** would amend the Social Welfare Act to do the following:

- Require each family receiving family independence assistance to develop a family independence plan that would include the recipient's goals, responsibilities, expectations, and current barriers to employment and self-sufficiency, in place of the current requirement for a social contract.
- Require an individual unable to find employment through the Work First program to participate in training or counseling for at least 10 hours per week.
- Require the Department of Human Services (DHS) and the Department of Labor and Economic Growth (DLEG) to track Family Independence Program recipients and Work First participants by Social Security number; and require the tracking information to be shared between the DHS and DLEG and provided to the Legislature.
- Establish as a State goal for the family independence caseload at least 50% involvement in employment activities, and require the DHS to report the current percentage to the Legislature each quarter.
- Require a recipient of family independence assistance who lacked a high school diploma or GED to enroll in a course to obtain a diploma or GED.

- Allow an individual to count up to 20 hours of education or training once toward the 40-hour-per-week work requirement for up to 24 months under certain conditions.
- Allow an individual one six-month exemption from Work First work requirements for education or training, under certain conditions.

**Senate Bill 893** would amend the Social Welfare Act to prohibit the DHS from changing the amount of assistance provided to a recipient based on family size more than once in a 36-month period; and to revise the penalties for noncompliance with provisions of the Act and rules.

**Senate Bill 894** would amend the Social Welfare Act to require an individual to undergo an initial assessment of certain skills and abilities before receiving family independence assistance; and to require an individual lacking basic life skills necessary to maintain employment to be referred for additional assessment and training in basic life skills.

The bills are described in detail below.

**Senate Bill 892**

The Act requires each family receiving family independence assistance to execute a social contract outlining the responsibilities of members of the family independence assistance group. The contract is to be

developed jointly by the DHS and the adult family members. Rather than a social contract, the bill would refer to a family independence plan. (The Act defines "family independence assistance group" as all members of a program group who receive family independence assistance. "Program group" means a family and all individuals living with a family whose income and assets are considered in determining eligibility for family independence assistance.)

The bill would require the family independence plan to meet the current requirements for the social contract, and also to outline the goals, responsibilities, expectations, and sanctions that the recipient was contractually obligated to follow and a list of the family's current barriers to employment and self-sufficiency.

Under the bill, DLEG would have to monitor the family's compliance with the family independence plan for all recipients who were referred to participate in the Work First program. A recipient would have to review, sign, and date the family independence plan each time he or she met with a caseworker from the DHS or DLEG, including when the recipient had an instance of noncompliance or failed to meet an expectation of the family independence plan.

If a recipient were unable to find employment or be placed by the Work First program into a job and therefore were not fulfilling his or her obligation to participate in Work First, he or she would have to participate in training or counseling for at least 10 hours per week in any of the following areas considered relevant and appropriate by the Work First counselor: marriage, fatherhood, parenting, self-improvement, substance abuse, or volunteer activities.

The bill would require the DHS to track all Family Independence Program (FIP) recipients by Social Security number so that tracking information would be traceable for a recipient's lifetime. Also, DLEG would have to track Work First participants by Social Security number and the recipient's job status for at least one year after job placement. This information would have to be shared between the DHS and DLEG, and would have to be provided to the Legislature, standing committees, and

Appropriations Committees during the annual budget review.

The DHS and DLEG would have to develop individual program goals and measurable performance indicators to be reviewed for success or failure annually, including a State goal for the percentage of the FIP caseload involved in employment activities, which would have to be developed jointly by the Departments, and could not be less than 50% of the caseload. The annual success or failure rates of the goals would have to be reported to the Legislature.

On a quarterly basis, the DHS would be required to report the current percentage of the FIP caseload involved in employment activities to the Senate and House Appropriations subcommittees on the DHS, the Senate and House Fiscal Agencies, and the Senate and House policy staffs. If the percentage were below the goal for more than two consecutive quarters, the DHS would be required to develop a plan for increasing the percentage of the caseload involved in employment-related activities, and would have to deliver the plan during the following annual budget presentations to the Appropriations subcommittees on the DHS in the Senate and House.

Under the Act, a recipient who has cooperated with Work First may enroll in a training or education program approved by the local workforce development board. Other than high school completion and GED preparation, all training or education must be occupationally relevant and in demand in the local market. The program may not be longer than two years, and participants must make satisfactory progress in the program. The bill would remove the time restriction and the requirement for satisfactory progress, and would require a recipient who did not have a high school diploma or GED to enroll in a course to obtain a diploma or GED.

The Act exempts certain individuals from participation in Work First, including the parent of a child under the age of three months. A parent receiving this exemption may be required to participate in family services, including instruction in parenting, nutrition, and child development, beginning six weeks after the birth of the child until the child is three months old. The bill also would include marriage and fatherhood

classes or counseling, and exempted parents would be required to participate.

The Act also allows the Department to grant a maximum 90-day exemption from participation in Work First for an individual suffering from a documented short-term mental or physical illness, limitation, or disability that severely restricts his or her ability to participate in employment or training activities. If the illness, limitation, or disability does not severely restrict the person's ability to participate in such activities, he or she is required to participate in Work First at a medically permissible level. The bill would remove these provisions.

Under the bill, the DHS could not exempt an individual from participation in Work First if he or she had received an initial determination from the Social Security Administration denying Supplemental Security Income (SSI) benefits. The DHS could exempt an individual from Work First if he or she had applied for SSI benefits but had not yet received an initial determination, only if the individual could document a mental or physical illness, limitation, or disability that resulted in an inability to engage in any substantial gainful activity and could be expected to result in death or had lasted or could be expected to last at least 12 months.

The bill provides that at the discretion of the Work First caseworker, the recipient could request to enroll in education or training and count up to 20 hours per week of that education toward his or her 40-hour-per-week work requirement, for a maximum total of 24 months in the recipient's lifetime. The education and training course requirements and responsibilities, including attendance, performance, and minimum grade point average, would have to be outlined in the recipient's family independence plan.

Alternatively, at his or her discretion, the Work First counselor could allow a recipient to be exempt from Work First work requirements for a maximum of six months in the client's lifetime if the recipient could demonstrate the current demand for workers with the education or training he or she was seeking. If an exemption were granted, the recipient could not count any education or training toward his or her work

requirement. The education and training course requirements and responsibilities, including attendance, performance, and minimum grade point average, would have to be outlined in the recipient's family independence plan. The recipient would have to meet with his or her Work First caseworker at least every 45 days, and if he or she were not in compliance with the expectations outlined in the family independence plan, the recipient would be prohibited from using education or training toward his or her 40-hour-per-week work requirement.

A recipient participating in education or training to meet the 40-hour-per-week work requirement would have to meet with his or her caseworker at least every 90 days. If the recipient were not in compliance with the expectations outlined in the family independence plan, he or she would be prohibited from using education or training toward his or her 40-hour-per-week work requirement.

### **Senate Bill 893**

The bill would prohibit the DHS from changing the amount of assistance provided to a recipient based on family size more than once in a 36-month period. The Act requires all assistance granted under it to be reconsidered as frequently as required by the Department. The amount and manner of giving assistance may be changed or withdrawn after further investigation by the county department of social welfare, if the recipient's circumstances have changed sufficiently to warrant that action. Under the bill, this provision would be subject to the prohibition against changing the amount of assistance more than once every 36 months.

The Act requires the DHS to develop a system of penalties to be imposed if a recipient fails to comply with provisions in the Act or applicable rules. Penalties may be cumulative and may include reduction of the grant, removal of an individual from the family independence assistance group, and termination of assistance to the family. The bill would delete these provisions, and instead would require the DHS to develop a system of penalties to comply with provisions in the Act or applicable rules. If a recipient demonstrated noncompliance or did not meet his or her family independence

plan expectations, the DHS would have to impose a penalty as follows:

- For the first instance of noncompliance or failure to meet an expectation in the family independence plan, the recipient would be ineligible for FIP assistance for at least one calendar month.
- For the second instance, the recipient would be ineligible for FIP assistance for at least two calendar months.
- For the third instance within a 24-month period, the recipient would be ineligible for FIP assistance for at least 24 months.

Currently, if good cause is not determined to exist for any instance of noncompliance, assistance must be terminated for at least one calendar month. The bill would delete this requirement.

The Act had required the Department to submit to the Legislature, the Senate and House Fiscal Agencies, and the appropriate Senate and House standing committees, a report on sanctions imposed for the period between February 1, 2002, and December 31, 2002. The bill would require that the DHS submit such a report annually.

#### **Senate Bill 894**

The Act requires an individual to attend a joint orientation session conducted by the DHS and DLEG, as a condition of eligibility before receiving family independence assistance. Under the bill, the joint orientation sessions would have to include an initial assessment of the applicant, including at least literacy and skills determination, job readiness assessment, a basic skills identifier, and mental or physical barriers or disability assessment.

In addition, the orientation sessions would have to include basic life skills orientation to prepared the individual for employment. If the initial assessment indicated that the individual did not have the basic life skills required to maintain employment, the individual would have to be immediately referred for further assessment and training or education in basic life skills.

Under the Act, the DHS may impose penalties if an individual fails to comply with his or her social contract requirements. Under the bill, the DHS would be required to impose penalties, and rather than a social

contract, the bill would refer to a family independence plan.

The bill would require a recipient who received a penalty resulting in termination from the Family Independence Program for 30 days or more to attend a joint meeting with a family independence caseworker and a Work First program caseworker.

MCL 400.57e & 400.57f (S.B. 892)  
400.57e & 400.57f (S.B. 893)  
400.57d & 400.57g (S.B. 894)

Legislative Analyst: Curtis Walker

#### **FISCAL IMPACT**

The bills would have a fiscal impact on State government. The bills would provide sanctions that would close cases not in compliance with the family independence plan. If an estimated 16% of cases closed for half of FY 2005-06, approximately \$30 million would be saved. The policy to limit deferment of cases for Supplemental Security Income application and expect these recipients to be employed could affect an estimated 2,400 cases, resulting in savings of \$6 million. The bills would provide for an increased number of recipients expected to work. If the bills provided a 12% increase in cases with income in the first year, approximately \$37.5 million in income would offset the cost of full grant payments. The extended monitoring of recipients referred to the Work First Program would increase the costs for Michigan Works Agency services; services for approximately 19,800 additional cases would cost about \$35 million. In addition, full-time equated positions would be needed for monitoring cases; if 40 county or multiple-county sites were served, the cost would be about \$2.5 million.

Fiscal Analyst: Constance Cole

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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.