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BILL ANALYSIS



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Senate Bills 1500 and 1501 (as reported without amendment)
Sponsor: Senator Bill Hardiman
Committee: Families and Human Services

CONTENT

Senate Bill 1500 would amend the Social Welfare Act to delay from December 31, 2006, to June 30, 2007, the expiration of specific exemptions from Work First requirements and penalties for noncompliance with the Act.

Senate Bill 1501 would amend the Social Welfare Act to do the following:

- Require the Department of Human Services (DHS) and the Department of Labor and Economic Growth (DLEG) to track Work First participants and Family Independence Program (FIP) recipients using Social Security numbers and to maintain only one case number for each individual.
- Require the DHS and DLEG to develop program goals, including a goal that at least 50% of the FIP caseload would be involved in employment activities.
- Require verification from a physician or psychologist for certain individuals seeking an exemption from Work First, and specify that an individual who was applying for Supplemental Security Income would not automatically be exempt from Work First during the application process.
- Require an FIP recipient who did not have a high school diploma or a GED to enroll in one or more basic educational programs, if available.
- Allow a recipient, with the caseworker's approval, to count up to 20 hours per week of education or training toward his or her 40-hour-per-week work requirement for a lifetime maximum of two years, or receive a lifetime maximum six-month exemption from Work First requirements to participate in an approved education or training program.
- Require a recipient who was unable to find employment to participate either in relevant occupational work or in training or counseling, as determined appropriate by his or her caseworker.
- Require DLEG to report annually to the Legislature on the Work First program, including specific measurements of the progress of participants.
- Require the DHS to report annually to the Legislature on the Family Independence Program, including the number of recipients in noncompliance and the number of sanctions imposed.

MCL 400.14i (S.B. 1500)
400.57f et al. (S.B. 1501)

Legislative Analyst: Curtis Walker

FISCAL IMPACT

Senate Bill 1500 would have no fiscal impact on State or local government.

Senate Bill 1501 would have an indeterminate fiscal impact on State government. The administrative tracking and reporting provisions as well as the cash assistance recipient

work participation provisions are required by the Federal Temporary Assistance for Needy Families block grant, which was reauthorized by the Federal Deficit Reduction Act of 2005. The new Federal rules and regulations require, in addition to other provisions such as minimum work participation, the State to "establish and maintain work verification procedures that ensure an accurate measurement of work participation". The State faces a 1% to 5% reduction in the State's block grant for failure to comply with the requirement. This is a possible penalty of \$38.8 million. The penalty is in addition to the possible loss of 5% for failure to reach 50% caseload participation in work activities and the maintenance of effort in historical State program spending. Those penalties could amount up to approximately \$62.2 million. In losing Federal funds, the State must make up both penalties with State funds. The FY 2006-07 appropriation for the DHS includes a transfer of \$12.3 million Gross, \$8.0 million GF to the Department of Labor and Economic Growth for Work Force Development as part of the Jobs, Education and Training Program. It is assumed that no additional funds for this purpose will be necessary.

In FY 2005-06, Department of Labor and Economic Growth expenditures for administrative costs related to the Work First program totaled approximately \$2.5 million. The current appropriation for DLEG (Public Act 345 of 2006, Article 12) includes \$113,798,600 in FY 2006-07 that is awarded to the local agencies that provide training and job placement services to Work First participants.

Date Completed: 11-29-06

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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.