

SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 5438

A bill to amend 1939 PA 280, entitled  
"The social welfare act,"  
by amending sections 14i, 57, 57a, 57d, and 57e (MCL 400.14i,  
400.57, 400.57a, 400.57d, and 400.57e), section 14i as amended by  
2004 PA 571, section 57 as added by 1995 PA 223, section 57a as  
amended by 1999 PA 26, and sections 57d and 57e as amended by 2001  
PA 280.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 14i. Section 57f(3)(c), (e), and (f) and section 57g(4),  
2           (5), (6), and (7) ~~shall~~ DO not apply after December 31, ~~2005~~  
3           2010.

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

1 (a) "Adult-supervised household" means either of the  
2 following:

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

5 (ii) A living arrangement not described in subparagraph (i) that  
6 the ~~family independence agency~~ **DEPARTMENT** approves as a family  
7 setting that provides care and control of a minor parent and his or  
8 her child and supportive services including, but not limited to,  
9 counseling, guidance, or supervision.

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

19 (c) "Child" means an individual who is not emancipated under  
20 ~~Act No. 293 of the Public Acts of 1968, being sections 722.1 to~~  
21 ~~722.6 of the Michigan Compiled Laws 1968 PA 293, MCL 722.1 TO~~  
22 **722.6**, who lives with a parent or caretaker, and who is either of  
23 the following:

24 (i) Under the age of 18.

25 (ii) Age 18 or 19, a full-time high school student, and  
26 reasonably expected to graduate from high school before the age of  
27 20.

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

2 (i) A household consisting of a child and either of the  
3 following:

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

5 (B) A caretaker of the child.

6 (ii) A pregnant woman.

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

8 (e) "Family independence assistance" means financial  
9 assistance provided to a family under the family independence  
10 program.

11 (f) "Family independence assistance group" means all those  
12 members of a program group who receive family independence  
13 assistance.

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

16 **(H) "FAMILY SELF-SUFFICIENCY PLAN" MEANS A DOCUMENT DESCRIBED**  
17 **IN SECTION 57E THAT IS EXECUTED BY A FAMILY IN RETURN FOR RECEIVING**  
18 **FAMILY INDEPENDENCE ASSISTANCE.**

19 (I) ~~(h)~~ "Minor parent" means an individual under the age of  
20 18 who is not emancipated under ~~Act No. 293 of the Public Acts of~~  
21 ~~1968~~ 1968 PA 293, MCL 722.1 TO 722.6, and who is either the  
22 biological parent of a child living in the same household or a  
23 pregnant woman.

24 (J) ~~(i)~~ "Payment standard" means the standard upon which  
25 family independence program benefits are based if the family  
26 independence assistance group has no net income.

27 (K) ~~(j)~~ "Program group" means a family and all those

1 individuals living with a family whose income and assets are  
 2 considered for purposes of determining financial eligibility for  
 3 family independence assistance.

4 (l) ~~-(k)-~~ "Recipient" means an individual receiving family  
 5 independence assistance.

6 ~~----- (l) "Social contract" means a document described in section 57e~~  
 7 ~~that is executed by a family in return for the receipt of family~~  
 8 ~~independence assistance.~~

9 (m) "Substance abuse" means that term as defined in section  
 10 6107 of the public health code, ~~Act No. 368 of the Public Acts of~~  
 11 ~~1978, being section 333.6107 of the Michigan Compiled Laws 1978 PA~~  
 12 **368, MCL 333.6107.**

13 (n) "Substance abuse treatment" means outpatient or inpatient  
 14 services or participation in alcoholics anonymous or a similar  
 15 program.

16 (o) **"SUPPLEMENTAL SECURITY INCOME" MEANS THE PROGRAM OF**  
 17 **SUPPLEMENTAL SECURITY INCOME PROVIDED UNDER TITLE XVI.**

18 (p) ~~-(e)-~~ "Work first" means the program of employment and  
 19 training administered by the ~~Michigan jobs commission~~ **DEPARTMENT**  
 20 **OF LABOR AND ECONOMIC GROWTH** for applicants and recipients of  
 21 family independence assistance.

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

25 Sec. 57a. (1) The ~~family independence agency~~ **DEPARTMENT**  
 26 shall establish and administer the family independence program to  
 27 provide assistance to families who are making efforts to achieve

1 independence.

2 (2) The ~~family independence agency~~ **DEPARTMENT** shall  
3 administer the family independence program to accomplish all of the  
4 following:

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

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

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

13 (d) Ensure that families pursue other sources of support  
14 available to them.

15 (3) The ~~family independence agency~~ **DEPARTMENT** shall  
16 establish income and asset levels for eligibility, types of income  
17 and assets to be considered in making eligibility determinations,  
18 payment standards, composition of the program group and the family  
19 independence assistance group, program budgeting and accounting  
20 methods, and client reporting requirements to meet the following  
21 goals:

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

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

26 **(4) AT THE TIME THE DEPARTMENT DETERMINES THAT AN INDIVIDUAL**  
27 **IS ELIGIBLE TO RECEIVE FAMILY INDEPENDENCE ASSISTANCE UNDER THIS**

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1 ACT, THE DEPARTMENT SHALL DETERMINE WHETHER THAT INDIVIDUAL IS  
2 ELIGIBLE TO PARTICIPATE IN THE WORK FIRST PROGRAM OR IF THE  
3 INDIVIDUAL IS EXEMPT FROM WORK FIRST PARTICIPATION UNDER SECTION  
4 57F. IF THE DEPARTMENT DETERMINES THAT AN INDIVIDUAL IS ELIGIBLE TO  
5 PARTICIPATE IN THE WORK FIRST PROGRAM, FAMILY INDEPENDENCE  
6 ASSISTANCE SHALL BE PAID TO THAT INDIVIDUAL FOR NOT LONGER THAN A  
7 CUMULATIVE TOTAL OF 48 MONTHS DURING THAT INDIVIDUAL'S LIFETIME.  
8 ANY MONTH IN WHICH THE UNEMPLOYMENT RATE IN THE COUNTY IN WHICH THE  
9 INDIVIDUAL RESIDES IS HIGHER THAN 10% SHALL NOT BE COUNTED TOWARD  
10 THE CUMULATIVE TOTAL OF 48 MONTHS IN A LIFETIME FOR FAMILY  
11 INDEPENDENCE ASSISTANCE. ANY MONTH IN WHICH AN INDIVIDUAL IS  
12 TEMPORARILY DEFERRED FROM WORK FIRST PARTICIPATION SHALL NOT BE  
13 COUNTED TOWARD THE CUMULATIVE TOTAL OF 48 MONTHS IN A LIFETIME FOR  
14 FAMILY INDEPENDENCE ASSISTANCE. IF THE RECIPIENT IS MEETING ALL THE  
15 REQUIREMENTS OUTLINED IN HIS OR HER FAMILY SELF-SUFFICIENCY PLAN,  
16 HAS NEVER RECEIVED A SANCTION UNDER SECTION 57G, AND LABOR MARKET  
17 CONDITIONS OR EMPLOYMENT BARRIERS PREVENT EMPLOYMENT PLACEMENT, A  
18 RECIPIENT MAY APPLY TO THE DEPARTMENT FOR AN EXTENSION OF FAMILY  
19 INDEPENDENCE ASSISTANCE BENEFITS FOR A PERIOD NOT TO EXCEED 12  
20 MONTHS OVER THE 48-MONTH CUMULATIVE LIFETIME TOTAL. <<NOTHING IN THIS  
SUBSECTION SHALL PREVENT THE DEPARTMENT FROM PROVIDING ASSISTANCE TO  
INDIVIDUALS WHO ARE DETERMINED TO BE EXEMPT UNDER SECTIONS 57F(3) OR  
56I(1) (C).>>

21 (5) NOT LATER THAN 90 DAYS AFTER THE EFFECTIVE DATE OF THE  
22 AMENDATORY ACT THAT ADDED THIS SUBSECTION, THE DEPARTMENT SHALL  
23 DETERMINE THE NUMBER OF MONTHS EACH FAMILY INDEPENDENCE ASSISTANCE  
24 RECIPIENT WHO IS NOT EXEMPT FROM WORK FIRST PARTICIPATION UNDER  
25 SECTION 57F HAS RECEIVED FAMILY INDEPENDENCE ASSISTANCE. IF THE  
26 DEPARTMENT DETERMINES THAT A FAMILY INDEPENDENCE ASSISTANCE  
27 RECIPIENT HAS RECEIVED FAMILY INDEPENDENCE ASSISTANCE FOR A

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1 CUMULATIVE TOTAL OF 36 MONTHS OR MORE AS OF THE EFFECTIVE DATE OF  
 2 THE AMENDATORY ACT THAT ADDED THIS SUBSECTION, THAT RECIPIENT IS  
 3 REQUIRED TO MEET WITH A DEPARTMENT WORKER AND WORK FIRST CASEWORKER  
 4 WITHIN 30 DAYS AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT  
 5 ADDED THIS SUBSECTION. AT THE TIME OF THE MEETING REQUIRED IN THIS  
 6 SUBSECTION, A NEW FAMILY SELF-SUFFICIENCY PLAN SHALL BE DEVELOPED.  
 7 NOT LATER THAN 12 MONTHS AFTER THE EFFECTIVE DATE OF THE AMENDATORY  
 8 ACT THAT ADDED THIS SUBSECTION, IF A RECIPIENT HAS HAD THE MEETING  
 9 REQUIRED UNDER THIS SUBSECTION AND IS MEETING ALL THE REQUIREMENTS  
 10 OUTLINED IN HIS OR HER FAMILY SELF-SUFFICIENCY PLAN BUT LABOR  
 11 MARKET CONDITIONS OR EMPLOYMENT BARRIERS PREVENT EMPLOYMENT  
 12 PLACEMENT, THE RECIPIENT MAY APPLY TO THE DEPARTMENT FOR AN  
 13 EXTENSION OF FAMILY INDEPENDENCE ASSISTANCE BENEFITS FOR A PERIOD  
 14 NOT TO EXCEED 12 MONTHS OVER THE 48-MONTH CUMULATIVE LIFETIME  
 15 TOTAL. <<NOTHING IN THIS SUBSECTION SHALL PREVENT THE DEPARTMENT FROM  
 PROVIDING ASSISTANCE TO INDIVIDUALS WHO ARE DETERMINED EXEMPT UNDER  
 SECTION 57F(3) OR 56I(1)(C).>>

16 (6) ~~(4)~~ Not later than October 1, 2001, the ~~family~~  
 17 ~~independence agency~~ DEPARTMENT shall implement an automated finger  
 18 imaging system designed to prevent an individual from receiving  
 19 cash assistance, food stamps, or both under more than 1 name.  
 20 Beginning at the effective date of the establishment and  
 21 implementation of the finger imaging system, an individual applying  
 22 for cash assistance, food stamps, or both must provide the ~~family~~  
 23 ~~independence agency~~ DEPARTMENT with an automated finger image or  
 24 images as a condition of eligibility. Finger imaging obtained  
 25 ~~pursuant to~~ UNDER this subsection shall be used only for the  
 26 purposes of reducing fraud in obtaining public benefits or  
 27 assistance under this act.

1           (7) ~~—(5)—~~ The ~~family independence agency~~ **DEPARTMENT** shall  
2 establish the automated finger image system that, at a minimum,  
3 includes the following:

4           (a) Confidentiality of the automated finger image records  
5 taken ~~—pursuant—~~ **ACCORDING** to this section.

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

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

15           (d) A requirement to exempt individuals from whom the  
16 automated finger image technology is unable to obtain an accurate  
17 finger image.

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

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

24           (8) ~~—(6)—~~ The ~~family independence agency~~ **DEPARTMENT** shall  
25 remove an individual's finger image from the department's file if  
26 the individual has not received benefits or assistance from the  
27 ~~family independence agency~~ **DEPARTMENT** within the previous 12

1 months.

2           (9) ~~-(7)-~~ The ~~family independence agency~~ **DEPARTMENT** may  
3 negotiate and enter into a compact or reciprocal agreement with  
4 another state department, the federal government, an agency of the  
5 federal government, or an agency of another state for the purpose  
6 of implementing and administering the finger imaging provisions of  
7 this section as long as the compact or reciprocal agreement is not  
8 inconsistent with the limitations of use and access contained in  
9 subsection ~~-(4)-~~ (6).

10           (10) ~~-(8)-~~ The ~~family independence agency~~ **DEPARTMENT** shall  
11 conduct ~~semi-annual~~ **SEMIANNUAL** security reviews to monitor the  
12 automated finger imaging system to insure that all of the following  
13 occur:

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

16           (b) Effective software and hardware designs have been  
17 instituted with security features to prevent unauthorized access to  
18 records.

19           (c) Access to record information is restricted to authorized  
20 personnel.

21           (d) System and operational programs are used that will  
22 prohibit inquiry, record updates, or destruction of records from a  
23 terminal other than automated finger imaging system terminals that  
24 are designated to permit inquiry, record updates, or destruction of  
25 records.

26           (e) System and operational programs are used to detect and  
27 report all unauthorized attempts to penetrate an automated finger

1 imaging system, program, or file.

2 (11) ~~-(9)-~~ Beginning December 31 of the first year the  
3 automated finger imaging system has been fully implemented, the  
4 ~~family independence agency~~ **DEPARTMENT** shall compile and report  
5 annually to the senate and house committees having jurisdiction  
6 over ~~family independence agency~~ **DEPARTMENT** matters the following  
7 information concerning the operation of the automated finger  
8 imaging system:

9 (a) An analysis of the costs and savings of the system  
10 including, but not limited to, administrative costs, operation  
11 costs, and actual savings due to confirmed fraud and fraud  
12 deterrence.

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

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

17 (d) A detailed summary of the results of reviews required by  
18 subsection ~~-(8)-~~ (10).

19 (12) ~~-(10)-~~ Except as necessary to carry out a compact or  
20 agreement under subsection ~~-(7)-~~ (9) or unless otherwise required  
21 by law, the ~~family independence agency~~ **DEPARTMENT** shall not sell,  
22 transfer, or release information identifying an individual named in  
23 the automated finger imaging system record to a third person,  
24 including, but not limited to, another state department or agency.

25 (13) ~~-(11)-~~ A person shall not disclose information from the  
26 automated finger imaging system record in a manner that is not  
27 authorized by law or rule. A ~~violation of~~ **PERSON WHO VIOLATES**

1 this subsection is **GUILTY OF** a misdemeanor punishable by  
2 imprisonment for not more than 93 days or a fine of not more than  
3 \$500.00, or both.

4 **(14)** ~~—(12)—~~ At the time an individual applies for cash  
5 assistance, food stamps, or both, the ~~family independence agency~~  
6 **DEPARTMENT** shall inform the individual of all of the following:

7 (a) The requirement to allow the department to take a finger  
8 image from the individual.

9 (b) The fact that the finger image may be compared to the  
10 finger images of other benefit recipients to prevent duplicate  
11 participation.

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

14 Sec. 57d. (1) The department ~~of career development~~ and the  
15 ~~family independence agency~~ **DEPARTMENT OF LABOR AND ECONOMIC GROWTH**  
16 shall conduct joint orientation sessions for family independence  
17 assistance applicants no less frequently than weekly. After the  
18 ~~family independence agency~~ **DEPARTMENT** makes an initial  
19 determination that an adult or a child aged 16 or older who is not  
20 attending elementary or secondary school full-time might be  
21 eligible for family independence assistance, that individual shall  
22 attend a joint orientation session as a condition of eligibility  
23 prior to receipt of family independence assistance. After  
24 completion of the orientation, the individual, ~~and~~ the ~~family~~  
25 ~~independence agency~~ **DEPARTMENT, AND A WORK FIRST REPRESENTATIVE**  
26 shall develop the family's ~~social contract~~ **FAMILY SELF-**  
27 **SUFFICIENCY PLAN** in accordance with section 57e.

1 (2) If the individual fails to cooperate with work first joint  
2 orientation or other required employment and training activities,  
3 the family is ineligible for family independence assistance.

4 (3) The ~~family independence agency~~ **DEPARTMENT** shall impose  
5 penalties under section 57g if the individual fails to comply with  
6 any of the following:

7 (a) Work first activities.

8 (b) Employment and training activities.

9 (c) Child support requirements.

10 (4) The ~~family independence agency may~~ **DEPARTMENT SHALL**  
11 impose penalties under section 57g if the individual fails to  
12 comply with the individual's ~~social contract~~ **FAMILY SELF-**  
13 **SUFFICIENCY PLAN** requirements.

14 (5) If the individual is complying with the ~~social contract~~  
15 **FAMILY SELF-SUFFICIENCY PLAN**, the ~~family independence agency~~  
16 **DEPARTMENT, A WORK FIRST REPRESENTATIVE**, and the recipient shall  
17 revise the ~~social contract~~ **FAMILY SELF-SUFFICIENCY PLAN** if  
18 necessary and the family independence assistance group shall  
19 continue to receive family independence assistance so long as the  
20 recipients meet family independence assistance program  
21 requirements.

22 Sec. 57e. (1) Each family receiving family independence  
23 assistance shall execute a ~~social contract~~ **FAMILY SELF-**  
24 **SUFFICIENCY PLAN** outlining the responsibilities of members of the  
25 family independence assistance group. The ~~social contract~~ **FAMILY**  
26 **SELF-SUFFICIENCY PLAN** shall be developed jointly by the ~~family~~  
27 ~~independence agency~~ **DEPARTMENT, A WORK FIRST REPRESENTATIVE**, and

1 the adult family members ~~and~~ OF THE FAMILY INDEPENDENCE  
2 ASSISTANCE GROUP. THE DEPARTMENT AND THE WORK FIRST REPRESENTATIVE  
3 SHALL COMPLETE A THOROUGH ASSESSMENT TO FACILITATE DEVELOPMENT OF  
4 THE FAMILY SELF-SUFFICIENCY PLAN, INCLUDING CONSIDERATION OF  
5 REFERRAL TO A LIFE SKILLS PROGRAM, AND DETERMINATION AS TO WHETHER  
6 THE FAMILY INDEPENDENCE ASSISTANCE GROUP'S ADULT MEMBERS ARE  
7 ELIGIBLE TO PARTICIPATE IN THE WORK FIRST PROGRAM OR ARE EXEMPT  
8 FROM WORK FIRST PARTICIPATION UNDER SECTION 57F. IF THE DEPARTMENT  
9 AND THE WORK FIRST CASEWORKER DETERMINE THAT AN INDIVIDUAL IS  
10 EXEMPT FROM PARTICIPATION IN WORK FIRST, THE DEPARTMENT AND WORK  
11 FIRST CASEWORKER SHALL EVALUATE THE INDIVIDUAL TO DETERMINE HIS OR  
12 HER ELIGIBILITY TO PARTICIPATE IN OTHER ACTIVITIES, INCLUDING WORK,  
13 VOLUNTEERISM, OR COMMUNITY SERVICE. IF AN INDIVIDUAL IS ELIGIBLE TO  
14 PARTICIPATE IN OTHER ACTIVITIES, INCLUDING WORK, VOLUNTEERISM, OR  
15 COMMUNITY SERVICE, THE DEPARTMENT AND WORK FIRST CASEWORKER SHALL  
16 REFER HIM OR HER TO THOSE ACTIVITIES. THE FAMILY SELF-SUFFICIENCY  
17 PLAN shall identify compliance goals that are to be met by members  
18 of the family independence assistance group AND GOALS AND  
19 RESPONSIBILITIES OF THE MEMBERS OF THE FAMILY INDEPENDENCE  
20 ASSISTANCE GROUP, THE DEPARTMENT, AND THE WORK FIRST PROGRAM. The  
21 ~~social contract~~ FAMILY SELF-SUFFICIENCY PLAN shall reflect the  
22 individual needs and abilities of the particular family, and shall  
23 include at least all of the following:

24 (a) The obligation of each adult and each child aged 16 or  
25 older who is not attending elementary or secondary school full-time  
26 to participate in work first unless exempt under section 57f.

27 (b) The obligation of each minor parent who has not completed

1 secondary school to attend school.

2 (c) Except as provided in section 57f(3), the obligation of  
3 each adult to engage in employment, work first activities,  
4 education or training, community service activities, or self-  
5 improvement activities, as determined appropriate by the ~~family~~  
6 ~~independence agency~~ **DEPARTMENT**, up to 40 hours per week.

7 (d) The obligation to cooperate in the establishment of  
8 paternity and the procurement of child support, if applicable.

9 (e) The obligation of a recipient who fails to comply with  
10 compliance goals due to substance abuse to participate in substance  
11 abuse treatment and submit to any periodic drug testing required by  
12 the treatment program.

13 (f) Any other obligation the ~~family independence agency~~  
14 **DEPARTMENT** determines is necessary to enable the family to achieve  
15 independence.

16 (2) The ~~family independence agency~~ **DEPARTMENT** shall monitor  
17 each family's compliance with the ~~social contract~~ **FAMILY SELF-**  
18 **SUFFICIENCY PLAN**.

19 Enacting section 1. This amendatory act does not take effect  
20 unless all of the following bills of the 93rd Legislature are  
21 enacted into law:

22 (a) Senate Bill No. 892.

23 (b) Senate Bill No. 893.

24 (c) Senate Bill No. 894.

25 (d) House Bill No. 5439.

26 (e) House Bill No. 5440.

27 (f) House Bill No. 5441.

1 (g) House Bill No. 5442.