

FAMILY INDEPENDENCE PROGRAM REVISIONS

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House Bill 4409

Sponsor: Rep. Ken Horn

House Bill 4410

Sponsor: Rep. Sharon Tyler

Committee: Families, Children, and Seniors

Complete to 3-15-11

A SUMMARY OF HOUSE BILLS 4409 AND 4410 AS INTRODUCED 3-10-11

Both bills would amend the Social Welfare Act (MCL 400.57 et al.). House Bill 4409 would provide general revisions to the Family Independence Program, the state's cash assistance program for low-income families with children. House Bill 4410 would revise the criteria that determine which individuals receive exemptions from the Jobs, Education, and Training (JET) Program.

House Bill 4409 would do all of the following:

- Eliminate the sunset of September 30, 2011, that applies to the current 48-month lifetime limit on FIP cash assistance benefits and the various exceptions to that limit. This extends the 48-month limitation indefinitely.
- Revise the provision listing conditions when certain months will not count against the 48-month lifetime assistance limit, so that it applies only when (1) the recipient is exempted from the JET Program and (2) a parent or caretaker has a documented claim of threatened or actual domestic violence against him or herself, or a dependent child, that could reasonably be expected to interfere with work requirements. Eliminated as conditions would be that a recipient is employed and meeting the requirements of the self-sufficiency plan and that the unemployment rate in the recipient's county is 25 percent above the state average.
- Increase the sanctions on recipients that do not meet family self-sufficiency plan requirements, and thus are noncompliant, as follows: for a second instance of noncompliance, a family would be ineligible for assistance for at least 6 calendar months (rather than 3 calendar months now); and for a third instance, the family would be permanently ineligible for assistance (rather than ineligible for 12 calendar months).
- Replace references to the Work First Program with references to the JET Program, which is administered by Michigan Works!.
- Require the Department of Human Services to verify the immigration status of non-citizen applicants for assistance using the federal Systematic Alien Verification for Entitlements (SAVE) Program.

- Amend the definition of "child" to eliminate 19-year olds who are high school students expected to graduate by age 20. Under the bill, 18-year olds in school and children under 18 would remain under the definition.
- Require the DHS to inform a minor parent who applies for assistance of the requirement to attend school full time.
- Require that a family self sufficiency plan notify the recipient of the 48-month lifetime cumulative total for collecting family independence program assistance.
- Require that a family self sufficiency plan prohibit using family independence program assistance to purchase lottery tickets, alcohol, or tobacco, for gambling, or for illegal activities or any other non-essential items.
- Specify that if the department is notified that a landlord or provider of housing is delinquent on payment of property taxes or if the title of the property reverts to the state for non-payment of property taxes, the department could terminate that landlord's or provider's housing participation in the rent vendoring program for that property.
- Require the department implement a substance abuse testing program for family independence program assistance in order to identify individuals for substance abuse treatment plans. Substance abuse testing would be ordered only for recipients for whom the department has a reasonable suspicion of substance abuse. The term "reasonable suspicion" would be defined to mean one or more of the following: visible intoxication, a substance abuse-related conviction, or information that a recipient is engaged in conduct proscribed under Part 74 of the Public Health Code, which deals with controlled substance crimes, and other signs of substance abuse.
- Repeal a number of existing provisions, including one that allows for the establishment of individual development accounts for financing post-secondary education, business capitalization, or first-time home purchases.

House Bill 4410 would strike existing exemption language in the JET Program and would specify that the following individuals are exempt from participation in JET:

- A child under the age of 16.
- A child age 16 to 18 who is attending elementary or secondary school full time.
- A recipient who has medical documentation of disability or an inability to participate in employment or the JET program for more than 90 days because of a mental or physical condition.
- A spouse of a recipient who is verified as disabled and living in the home if it is verified that the spouse is needed in the home full-time due to the extent of the required medical care.
- A parent of a child who is verified as disabled and living in the home if it is verified that the parent is needed in the home due to the extent of medical care required. If the child attends school, the parent could be referred to the JET program with limitations.
- A recipient unable to participate as determined for the medical review team.
- A recipient 65 years or older.
- A recipient of supplemental security income.

- A recipient of retirement, survivor, or disability insurance based on disability or blindness, or a recipient found eligible for retirement, survivor or disability insurance based on disability or blindness who is in nonpay status.

The bill also specifies temporary exemptions for all of the following:

- A parent or caretaker with a documented claim of threatened or actual domestic violence against himself or herself, or a dependent child, that can reasonably be expected to interfere with the JET program requirements.
- A parent with a child under the age of 2 months up to 2 months if that child is in the home, or a mother for postpartum recovery up to 2 months after giving birth if that child is not in the home.
- A recipient who lacks child care that is appropriate, that is a reasonable distance from his or her home or work site, that is with a suitable provider, or that is affordable, if the recipient can provide documentation for the exemption.
- A pregnant recipient who, based on medical evidence, is severely restricted in her ability to participate in JET program for the duration of the pregnancy.

Currently, DHS is authorized to promulgate rules to identify exemptions under the statute. It also can grant exemptions for extenuating circumstances beyond those provided in statute. The department must report annually to the Legislature about exemptions issued and the reasons for them. The bill would say that these provisions (including rulemaking) would no longer apply one year after the bill's effective date.

FISCAL IMPACT:

House Bills 4409 and 4410 as introduced would generate over \$60 million in state savings from a variety of changes to the Family Independence Program (FIP), the state's cash assistance program for families with children.

HB 4409 and 4410 eliminate the September 30, 2011, sunset for the 48-month lifetime limit to receive FIP. The sunset elimination is projected to save \$77.4 million gross, \$65.0 million GF/GP from closing 12,600 cases (15% of FIP cases) that have received FIP for 48 nonexempt months or more.

HB 4409 strikes out the definition of a child as an individual age 19 who is reasonably expected to graduate high school before the age of 20 and only defines individuals up to age 18 as children. In January 2011, there were 1,067 children over the age of 18 in FIP. It is unclear if all of these persons would become ineligible for FIP under this new definition. The state would generate \$1.1 million in state savings if these persons are removed from the FIP group. The federal Social Security Act defines a minor child as an individual who has not attained 19 years of age.

HB 4409 codifies current DHS policy to verify the applicant's immigration status through the federal Systematic Alien Verification for Entitlements (SAVE) Program if the

applicant indicates he or she is not a citizen. DHS policy was implemented and effective February 28, 2011, to utilize SAVE.

HB 4409 allows DHS to complete a home visit or other appropriate investigation before approving a minor parent applicant. Current statute requires a home visit. This revision could generate administrative savings if the family independence specialist does not have to complete home visits for minor parent applicants.

HB 4409 codifies current policy to redetermine FIP eligibility every 12 months.

The sanction requirements in Sec. 57g(10) are revised for the second and third instances of noncompliance. The second noncompliance is increased from 3 months to 6 months. The third noncompliance is increased from 12 months to permanent ineligibility. The fiscal impact of this revision is still pending.

The fiscal impact of the revision to Sec. 57l to require reasonable suspicion substance abuse testing for recipients and any subsequent substance abuse treatment costs is still pending.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.