Legislative Analysis

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FAMILY INDEPENDENCE PROGRAM REVISIONS

House Bill 4409 (Substitute H-2)
Sponsor: Rep. Ken Horn

House Bill 4410 (Substitute H-1)
Sponsor: Rep. Sharon Tyler
Committee: Families, Children, and Seniors

Complete to 5-9-11

A SUMMARY OF HOUSE BILLS 4409 & 4410 AS REPORTED FROM COMMITTEE

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.

- Under the bill, only a month in which a recipient has been exempted from the JET Program would not be counted toward the cumulative total of 48 months in a lifetime. (This applies to full exemptions under Section 57(f)(3) and does not apply to temporary exemptions other than those related to domestic violence under Section 57f(4)(b).) 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).

- Require with the establishment of paternity an obligation to assign and procure child and spousal support to the department as required by federal law.

- 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 and provide information regarding sanctions that would be under this subsection for noncompliance. For purposes of this section, non-compliance would also include that: a recipient voluntarily reduces employment hours or earnings; refuses a bona fide offer of employment or additional hours up to 40 hours per week; states orally or in writing his or her intent not to comply with family independence program or JET program requirements; or refuses employment support services if the refusal prevents participation in an employment or self-sufficiency related activity. For instances of non-compliance, the recipient would have a 12-day negative action period before penalties would be imposed.

- 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 review and report on the feasibility of a substance abuse testing program. Report would include methods of possible substance abuse testing, and the costs associates with each method.

- 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.

- Specify that any month in which a recipient has been exempted from the JET program under section 57F(3) or (4) would not be counted toward the cumulative total of 48 months in a lifetime for Family Independence Program Assistance.

- Permit the department to promulgate rules in accordance with the Administrative Procedures Act of 1969 to identify other reasons for good cause. Any rule promulgated under this subsection would not apply one year after the effective date said amendatory act was added to this subjection.

- Eliminates all references to fingerprint imaging system design, implementation and processing.

- The bill would add the term "negative action period" and define it to mean the time frame a client is given notice for a benefit decrease or closure of the family independence program benefit.

- Revises the earned income disregard for case closure from $200.00 plus 20% of the Family Independence Program Assistant Group's earned income to $200 plus 50%, as of October 1, 2011.

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 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 that could not exceed specified periods without a review by a department caseworker for all of the following:

- An individual suffering from a documented short-term mental or physical illness or disability that severely restricts participation in JET program, with the exemption limited to 90 days without a review.

- An individual for whom certain program requirements have been waived under Section 56I (related to domestic violence). An exemption under this subdivision could not exceed a period of 90 days without a review.

- A parent with a child under the age of 60 days if that child is in the home, or a mother for postpartum recovery up to 60 days after giving birth if that child is not in the home.

- 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.

Also under the bill, an exemption for the following could not exceed a period of 365 days without a review by a department caseworker: (1) 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 and (2) 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.

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 would generate of 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 the total number 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 and 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 though 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 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 projection of this revision is a savings of $7.5 million. The reapplications for the groups with two noncompliance sections would receive from 3 to 1 month less in FIP payments, depending on when they reapply for FIP. The reapplications for the groups with three or more noncompliance sanctions would no longer be able to reapply for FIP.

The revisions to the earned income disregard in Sec. 57q costs $10.0 million. HB 4409 revises the earned income disregard for case closure from $200.00 plus 20% to $200 plus 50%. The costs of this change come from higher FIP benefit payments to the current FIP population that has earned income, and from some FIP cases no longer being closed because of net earned income being higher than the FIP payment standard.

POSITIONS*:*

Center for Civil Justice opposes the bills. (5-3-11)

Michigan Catholic Conference opposes the bills. (5-3-11)

Michigan's Children opposes House Bill 4409. (3-15-11)

Michigan Disability Rights Coalition opposes the bills. (3-15-11)

Michigan League for Human Services opposes the bills. (5-3-11)

United Cerebal Palsy of Michigan opposes the bills. (3-15-11)

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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.