

Legislative Analysis



MODIFY ASSET & INCOME TESTS FOR CERTAIN PUBLIC BENEFITS

Mary Ann Cleary, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5032

Sponsor: Rep. Dale Zorn

House Bill 5033

Sponsor: Rep. Dave Agema

Committee: Families, Children, and Seniors

Complete to 10-10-11

A SUMMARY OF HOUSE BILLS 5032 AND 5033 AS INTRODUCED 10-4-11

House Bill 5032 would amend the McCauley-Traxler-Law-Bowman-McNeely Lottery Act (MCL 432.1 et al.) to require the Bureau of State Lottery, within seven days after paying a prize of \$1,000 or more, to notify the Department of Human Services (DHS) and the Unemployment Insurance Agency of the name and other available identifying information regarding the winner of the prize and the amount of the prize.

House Bill 5033 would amend Social Welfare Act (MCL 400.1 et al.) to require that (1) DHS apply an asset test of no more than \$5,000 in countable assets for the purposes of determining financial eligibility for food assistance, and that (2) money received from lottery or gaming winnings be considered countable income whether the money is received in a lump-sum payment or on a monthly basis for the purposes of determining financial eligibility for public assistance.

The terms "countable assets" and "countable income" have not been not defined in the bills. DHS has changed its policy manuals, effective October 1, 2011, to apply an asset test for Food Assistance Program (FAP) eligibility. The countable assets for FAP eligibility are liquid assets (cash, checking accounts, savings accounts, money market accounts, stocks and bonds, etc.), the cumulative fair market value of vehicles above \$15,000, and any property that is not the group's primary homestead. Some of the assets excluded from FAP eligibility include tuition and education savings accounts, life insurance, retirement accounts, and earned income tax credits.

Also current DHS policy counts gaming winnings taken in monthly installments as unearned income rather than an asset.

FISCAL IMPACT:

Fiscal impact for DHS is pending. A preliminary analysis suggests that HB 5033 will increase administrative costs to verify assets for FAP applicants. Administrative costs for FAP cases are split 50% federal funds and 50% state funds. House Bill 5033 will result in an unknown, but relatively small, number of FAP cases closing because of not meeting

the asset requirements; any savings from reducing the FAP caseload will be 100% federal funds.

Legislative Analyst: E. Best
Fiscal Analyst: Kevin Koorstra

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