Legislative Analysis

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ASSISTANCE BENEFITS AFTER MARRIAGE

Senate Bill 752 as enacted
Public Act 574 of 2018
Sponsor: Sen. Wayne Schmidt
House Committee: Families, Children, and Seniors
Senate Committee: Families, Seniors, and Human Services
Complete to 7-11-19

SUMMARY:

Senate Bill 752 amends the Social Welfare Act to require the Department of Health and Human Services (DHHS) to exclude a new spouse's income for a certain period of time when determining financial eligibility for Family Independence Program (FIP) assistance and when determining income and assets, as long as household income does not exceed twice the income asset limits set by DHHS. However, if the new spouse's income is excluded, the spouse and his or her children cannot be counted as an increase in the size of the program group.

Under the act, DHHS is required to establish and administer the FIP to provide temporary assistance to families who are making efforts to achieve independence. DHHS must establish income and asset levels for eligibility, types of income and assets to be considered in making eligibility determinations, payment standards, and composition of the program group and the FIP assistance group. An individual is eligible for FIP assistance if he or she meets certain requirements, which include being a member of a program group whose income and assets are less than the income and asset limits set by DHHS. The act defines program group as a family and all those individuals living with a family whose income and assets are considered for purposes of determining financial eligibility for FIP assistance.

The bill specifies that DHHS must disregard both the income and income and assets when determining eligibility for FIP assistance and a program group's income and assets of a new parent or new stepparent who becomes a new program group member as the result of marriage, from 1 month after the date of the marriage until 18 months after that date, unless the income disregard results in a decrease of eligible assistance. The disregard of a new parent's or stepparent's income and assets only applies if the program group's income and assets do not exceed twice the income and asset limits set by DHHS.

However, the bill also provides that a new parent or stepparent and his or her children must not be included in determining an increase in the size of the recipient's program group. If the recipient wishes to increase the size of his or her program group as a result of marriage, he or she may choose to reject the income disregard. If the recipient rejects the income disregard, his or her new spouse and the spouse's children may be included in determining the size of the recipient's program group.

Finally, the income disregard applies only if DHHS receives approval from the federal government to implement this program.

The bill takes effect January 1, 2020.

MCL 400.57, 400.57a, and 400.57b

FISCAL IMPACT:

Senate Bill 752 may increase costs for the state of Michigan and would have no fiscal impact on local units of government.

The FIP is a cash assistance program for low-income families with children that is administered by DHHS. The FIP grants help families meet their basic subsistence needs, and most recipient groups are single-parent families with one or more children that have little or no earned income. To be eligible for FIP, a family must meet both income and asset requirements. The benefits that family groups receive vary depending upon income and family size. In FY 2017-18, the FIP program was appropriated $82.4 million to distribute in benefits. As of April 2018, there was an average of 18,573 FIP cases, which included approximately 43,380 recipients, in Michigan. In 2018, the average monthly grant to families was $366.

Under the bill, the determination of financial eligibility of a family group would exclude the income of a new spouse until 18 months after the date of the marriage, if the household income and assets do not exceed twice the income and asset limits set by DHHS. In addition, the bill specifies that a new parent or stepparent and their own children shall not be included in the determination of the size of the recipient's program group, unless the recipient wishes them to be included as a result of marriage and rejects the income disregard. Any increased costs to the state FIP program would depend upon how many family groups would now become eligible for benefits or for a higher monthly benefit amount based upon a change in income eligibility due to the new spousal income exclusion.

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