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BILL



ANALYSIS

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Senate Bill 752 (Substitute S-1 as reported)
Sponsor: Senator Wayne A. Schmidt
Committee: Families, Seniors and Human Services

CONTENT

The bill would amend the Social Welfare Act to require the Department of Health and Human Services (DHHS) to exclude a new spouse's income for the first 18 months of marriage when determining financial eligibility for Family Independence Program (FIP) assistance, under certain conditions.

The Act requires the DHHS to establish and administer the FIP to provide temporary assistance to families who are making efforts to achieve independence. The 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 the DHHS.

The bill would require the DHHS to exclude a new spouse's income when determining financial eligibility for FIP assistance for the first 18 months of marriage if the household income did not exceed 275% of the Federal poverty guidelines.

MCL 400.57 & 400.57b

Legislative Analyst: Nathan Leaman

FISCAL IMPACT

The bill could have a fiscal cost to State government and would have no fiscal impact on local government. The Family Independence Program, administered by the Michigan Department of Health and Human Services, provides cash assistance to families with children. The FIP uses the resources (income and assets) of all household members to determine eligibility of the household (referred to as the group). A DHHS caseworker will analyze the group composition and determine the number of eligible and ineligible grantees within the group. (Ineligible grantees are individuals who fall into one of the following categories: Supplemental Security Income recipients; caretakers who are optional group members and choose not to be in the group; unrelated caretakers who receive FIP assistance based solely on the presence of a child placed in the home by children's services; or recipients of independent living stipends.)

To qualify for FIP benefits, a group must contain a child. Under current Department policy, if cash assistance is requested for a dependent child, the FIP group will include (if the individuals live together): the dependent child, the child's legal parent(s), child's legal siblings, legal parent(s) of the child's siblings, child's legal stepparent, child's legal stepsiblings, and child's

child. The FIP payment amounts for different group sizes and eligibility categories are shown in Table 1, which reflects amounts effective as of October 1, 2018.

Table 1

FIP Monthly Assistance Payment		
Group Size	Eligible Grantee	Ineligible Grantee
1	\$306	\$158
2	403	274
3	492	420
4	597	557
5	694	694
6	828	828
7	905	905
8 or more	Add \$80 for each additional person	

Source: DHSS

The bill would exclude the income of a new spouse from an eligible group's resources until 18 months after the date of the marriage if the household income did not exceed 275% of the Federal poverty guidelines. The Federal poverty guidelines for 2018 range from \$12,140 for a one-person household to \$42,380 for an eight-person household (with the addition of \$4,320 for each person over eight). The amounts equivalent to 275% of the poverty guidelines range from \$33,380 for a one-person household to \$116,545 for an eight-person household (with the addition of \$11,800 for each person over eight).

To determine an accurate fiscal impact of the proposed changes, it would be necessary to predict responses to an incentive of cash assistance benefits if a current FIP group already includes the income and assets of unmarried parents or other caretakers living in the household. Based on available information, it is not known how many FIP groups contain unmarried parents who could become eligible to exclude from their group income and asset tests, for 18 months, the income and assets of one of the unmarried, cohabitating parents or caretakers. Predicting the response of a given household or group is uncertain. One way is to look at the number of cases that currently qualify as two-parent households. As of the most recent month of data available, December 2017, there were 19,118 FIP cases with 44,765 recipients. Based on data provided by the DHHS, about 10,000 of those cases were child-only cases, which are adults who receive FIP assistance based solely on the presence of a child placed in the home by children's services. For December 2017, 1,030 cases and 4,468 recipients were in two-parent groups, 100% of which were funded through State funds. If a group is currently not receiving cash assistance because the income and assets of the unmarried parents are too high, then, under the bill, there would likely be an increased, but uncertain, fiscal cost to the State. This is because a greater amount of the group's income and assets would be excluded in an eligibility determination, leading to increased eligibility for FIP assistance.

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