Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 752 (as introduced 1-17-18)
Sponsor: Senator Wayne A. Schmidt
Committee: Families, Seniors and Human Services

Date Completed: 2-14-18

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, composition of the program group and the FIP assistance group, program budgeting and accounting methods, and client reporting requirements.

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.

Under the Act, 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.

Under the bill, the DHHS would have to exclude a new spouse's income when determining a program group's income and assets for the first 18 months of marriage if the household income did not exceed 275% of the Federal Poverty Guidelines.

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 Family Independence Program assistance.

Under the bill, a program group would not include a new spouse beginning one month after the marriage until 18 months after the marriage.

The bill would take effect 90 days after enactment.

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 scope of the program is to strengthen family life for children and the parents or other caretakers with whom they are living by helping the family meet self-support and independence measures. 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. 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.

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	
(Effective 10/1/2008)		

Source: Michigan Department of Health and Human Services

Ineligible grantees are individuals who fall into one of the following categories:

- Supplemental Security Income (SSI) recipients.
- Caretakers who are optional group members and choose not to be in the group.
- Unrelated caretakers who receive Family Independence Program assistance based solely on the presence of a child placed in the home by children's services.
- Recipients of independent living stipends.

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 are shown in Table 2.

Table 2

2018 Poverty Guidelines For The 48 Contiguous States and the District of Columbia		
People in Family/Household	**Poverty Guideline: 100%**	**Poverty Guideline: 275%**
1	$12,140	$33,385
2	$16,460	$45,265
3	$20,780	$57,145
4	$25,100	$69,025
5	$29,420	$80,905
6	$33,740	$92,785
7	$38,060	$104,665
8[1,2]	$42,380	$116,545

[1] For families/households at 100% FPL with more than 8 people, add $4,320 for each additional person.
[2] For families/households at 275% FPL with more than 8 people, add $11,800 for each additional person.

Source: United States Department of Health and Human Services - Office of the Assistance Secretary for Planning and Evaluation

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.

Fiscal Analyst: John Maxwell

SAS\S1718\s752sa