

# Legislative Analysis

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## REMOVE SUNSET IN SOCIAL WELFARE ACT

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**House Bill 5417 as introduced**  
**Sponsor: Rep. Brenda J. Clack**  
**Committee: Family and Children Services**  
**First Analysis (6-4-04)**

**BRIEF SUMMARY:** The bill would remove two sunset provisions in the Social Welfare Act related to penalties for noncompliance with work requirements and exemptions to certain individuals from work requirements.

**FISCAL IMPACT:** The legislation maintains the current work first exemptions and penalty structure by repealing the sunset. Therefore, the legislation would have no fiscal impact.

### **THE APPARENT PROBLEM:**

During the 2001-2002 legislative session the legislature enacted, and then-Governor Engler signed, Public Act 280 of 2001 (enrolled Senate Bill 817). Among numerous other changes to the Social Welfare Act, Public Act 280 increased the work participation requirements for recipients of Family Independent Program (FIP) assistance to at least 40 hours and established immediate penalties for the failure to comply with the work participation requirements. The act also exempts certain individuals from the work participation requirements, including the parents of newborn infants, recipients of Supplemental Security Income (SSI), disabled individuals, and the caregivers of disabled individuals.

The legislation sparked a great deal of activity on the House floor during its second reading (see the House Journal for December 11, 2001). Among the amendments considered was an amendment to provide a sunset of December 31, 2004 on the exemption from the work participation requirements and the noncompliance penalties. The amendment was adopted by voice vote at the end of a long day of session (see page 2687 of the House Journal). Ostensibly, the amendment was intended to sunset the entire bill, thereby prompting a review of the effectiveness and impact of the increased work requirements and the immediate sanction provisions. However, an amendment of that nature would have required a new substitute bill to be drafted. That being said, legislation has been introduced to repeal the sunset provision and fix an apparent mistake in the Social Welfare Act.

### **THE CONTENT OF THE BILL:**

The bill would amend the Social Welfare Act to keep in place certain exemptions and penalties associated with the Work First program. The bill would do this by repealing Section 14i of the Social Welfare Act, which provides that Section 57f(3)(c),(e), and (f) and Section 57g(4), (5), (6), and (7) shall not apply after December 31, 2004.

By extending the relevant provisions in Section 57f (MCL 400.57f) indefinitely, the bill would make the act continue to provide the following individuals an exemption from participation in the Work First program:

- The parent of a child under three months of age. [Section 57f(3)(c)]
- A recipient of Supplemental Security Income (SSI). [Section 57f(3)(e)]
- An individual who meets one or more of the following criteria to the extent that the individual, based on medical evidence and an assessment of need by the FIA, is severely restricted in his or her ability to participate in employment or training activities:
  - \* a recipient of social security disability or medical assistance due to disability or blindness;
  - \* an individual suffering from a physical or mental impairment that meets the federal supplemental security income disability standards, except that no minimum duration is required;
  - \* the spouse of an individual described in above who is the full-time caregiver of that individual; and
  - \* a parent or caretaker of a child who is suffering from a physical or mental impairment that meets the federal supplemental security income disability standards, except that non minimum duration is required. [Section 57f(f)]

Section 57g (MCL 400.57g) requires the FIA to develop a system of penalties to be imposed if a recipient of assistance fails to comply with applicable rules or the provisions of the section. The bill would keep the following current penalties in place after December 31, 2004.

- The system of penalties developed by the FIA must provide that (1) family independence program (FIP) benefits be terminated if a recipient fails, without good cause, to comply with applicable child support requirements; and (2) for any instance of noncompliance, before determining that a penalty shall be imposed, the FIA must determine if good cause for noncompliance exists. [Section 57g(4)]
- “Noncompliance” means that the recipient quits a job, is fired for misconduct or for absenteeism without good cause, voluntarily reduces the hours of employment or otherwise reduces earnings, or does not participate in work first activities. [Section 57g(5)]
- If a recipient does not meet his or her social contract requirements, the FIA may impose a penalty. [Section 57g(6)]

- After termination for noncompliance, the assistance group is ineligible for FIP assistance for at least one calendar month. After FIP assistance has been terminated for at least one calendar month, FIP assistance may be approved if the recipient completes a willingness to comply test. [Section 57g(7)]

***ARGUMENTS:***

***For:***

The bill is necessary to correct a mistake made to the Social Welfare Act during the deliberations of Public Act 280. Apparently the intent of the sunset provision was not to require exempt individuals to participate in work activities. Absent the bill, the parents of newborns, recipients of SSI, and disabled individuals - people with a demonstrated hardship and significant barrier to meeting the work participation requirements - would be required to find work (or participate in some other work activity). These individuals are exempt from the work requirements, because the work requirements are generally not feasible.

***POSITIONS:***

The Family Independence Agency supports the bill. (6-2-04)

The Michigan Works! Association supports the bill. (6-2-04)

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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.