




Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 5417 (as passed by the House)
Sponsor: Representative Brenda J. Clack
House Committee: Family and Children Services
Senate Committee: Families and Human Services

Date Completed: 11-30-04

CONTENT

The bill would amend the Social Welfare Act to provide that Section 14i would not apply after December 31, 2005. Section 14i provides that certain sections related to exemptions and penalties associated with the Work First program do not apply after December 31, 2004.

Work First Exemptions

Under the Act, subject to certain exceptions, every member of a Family Independence Assistance Group must be referred to and participate in Work First. The particular activities in which a recipient is required or authorized to participate, the number of hours of work required, and other details of Work First must be set forth in the recipient's social contract developed with the Family Independence Agency (FIA).

The December 31, 2004, sunset applies to exemptions from Work First participation for the following: the parent of a child under the age of three months; a recipient of supplemental security income (SSI); and an individual who meets any of the following criteria to the extent that he or she 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 Federal SSI disability standards, except that no minimum duration is required.
- The spouse of an individual who meets either of the previous criteria and is the individual's full-time caregiver.
- A parent or caretaker of a child who is suffering from a physical or mental impairment that meets the Federal SSI standards, except that no minimum duration is required.

Noncompliance Penalties

Under the Act, the FIA must develop a system of penalties to be imposed if a recipient fails to comply with applicable rules or the provisions of the Act. Penalties may include reduction of the grant, removal of an individual from the Family Independence Assistance Group, and termination of assistance to the family. The December 31, 2004, sunset applies to a provision stating that "noncompliance" means that a recipient quits a job, is fired for misconduct or absenteeism without good cause, voluntarily reduces the hours of employment or otherwise reduces earnings, or does not participate in Work First activities.

The sunset also applies to a requirement that the penalty system provide that Family Independence Program (FIP) benefits must be terminated if a recipient fails, without good cause, to comply with applicable child support requirements, including efforts to establish paternity and obtain child support; and that for any instance of noncompliance, before determining that a penalty must be imposed, the FIA must determine if good cause for noncompliance exists. The FIA must notify the recipient that he or she has 10 days to demonstrate good cause for noncompliance. If good cause is not determined to exist, assistance must be terminated. In the case of noncompliance with child support requirements, the assistance group is ineligible for FIP assistance for at least one calendar month. After assistance has been terminated for at least one month, it may be restored if the noncompliant recipient complies with child support requirements.

Additionally, the sunset applies to provisions allowing the FIA to impose a penalty if a recipient does not meet his or her individual social contract requirements, and allowing FIP assistance to be approved after it has been terminated for at least one month if the recipient completes a willingness to comply test. "Willingness to comply" means participating in Work First or other self-sufficiency activities for up to 40 hours within 10 working days. When the penalty is imposed, the FIA must give the recipient written notice of his or her option to reapply immediately for FIP benefits and complete a "willingness to comply test" during the penalty period.

MCL 400.14i

Legislative Analyst: Julie Koval

FISCAL IMPACT

The bill would have no fiscal impact on State or local government. The bill would maintain current exceptions and have no fiscal impact on the Family Independence Agency.

Fiscal Analyst: Constance Cole

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.