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HOUSE FISCAL AGENCY

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SB817 SUBSTITUTE

Sponsor: Sen. Shirley Johnson

H-1

Committee: FAMILY AND CHILDREN
SERVICES

Analyst(s): Freeman, Myron
Black, Erin

Completed: 12/7/01

State Fiscal Impact

Local Fiscal Impact

Cost: Indeterminate
Revenues: None

Cost: None
Revenues: None

Senate Bill 817 would amend the Social Welfare Act in the following manner:

- * - Requires the Family Independence Agency (FIA) to use an electronic benefit transfer system to distribute food stamp benefits.
- * - Revises provisions pertaining to initial family independence assistance eligibility after participation in a joint orientation program or other required employment and training activity. In effect, the bill would allow for immediate and full negative sanctions if certain provisions of the social contract are not met.
- * - Deletes from "social contract" the current 20-30 hour employment requirement and requires, instead, certain work-related activities for up to 40 hours per week.
- * - Revises Work First (employment and training) requirements, including some exemptions from work.
- * - Revises penalty provisions for noncompliance with certain requirements for receiving family independence assistance, including cooperation in the area of paternity establishment and child support payments.

Senate Bill 817 would have an indeterminate fiscal impact on the State of Michigan. The bill could require recipients to spend up to 40 hours per week in work or work related activities as opposed to the current requirement of 20 to 30 hours per week. This could lead to an increase in client wages, resulting in savings for FIA in the form of lower assistance grants or perhaps even increased case closures. Additionally, under SB 817, an indeterminate amount of saving can be anticipate resulting from the immediate elimination of assistance payments to individuals who have received cash assistance for more than 2 months and are now in non-compliance (without good cause) with their social contract provisions. This immediate sanction provision proposed under this bill is in contrast to current state administrative rules. Currently if an individual is non-compliant without good cause, the household's Family Independence Program grant is reduced by 25% each month for 4 months, at which time if the individual has not achieved compliance, their case is closed.

Conversely, the additional required work related activities could lead to increased usage of child day care services and other employment related costs resulting in greater costs for the State of Michigan.

