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Michigan League FOR Human Services

The Facts: Michigan's Recent Welfare Changes

On December 14, 2006 the legislature passed a package of welfare reform bills that the Governor signed on December 20, 2006. The bills, Senate Bills 1500 (PA 470) and 1501 (PA 471), as well as House Bills 6580 (PA 468) and 6587 (PA 469), make changes to Michigan's Social Welfare Act. Senate Bill 1500 specifically extends the sunset of certain sections of the Michigan's current Social Welfare Act until March 31, 2007; the new provisions will be effective April 1, 2007. A brief outline of the major changes is below. A more thorough analysis is forthcoming.

Time Limits: Beginning on October 1, 2007 Family Independence Program (FIP) recipients will have a 48-month lifetime limit on receiving benefits. Time in which sanctions are imposed will count towards the 48-month limit. A one-time 12-month extension is available to recipients who have received no more than two penalties after December 31, 2006 and no penalties within one year of applying for the extension. The 48-month clock is not retroactive.

Sanctions: Beginning April 1, 2007 the first sanction will result in a 90 day termination of benefits, as will the second sanction. The third sanction will result in the loss of benefits for 12 months. The first sanction may be avoided if the recipient meets with the caseworker within 10 days of being notified of the sanction.

Non-compliance/Good Cause: As of April 1, 2007 non-compliance will be defined as quitting a job, being fired for misconduct/absenteeism, failure to participate in Work First activities and non-compliance with the family self-sufficiency plan. However, good cause for non-compliance is included, such as: temporary illness, lack of childcare, transportation issues, illegal work environment, or discrimination.

Exemptions: Beginning April 1, 2007 recipients exempt from Work First requirements include recipients with learning disabilities or low intellectual capacity that would impede comprehension and prevent success in obtaining basic reading, writing and math including, but not limited to those individuals with an IQ of less than 80. Individuals with a chronic mental illness that cannot be controlled with medication or treatment, or a recipient with physical limitations that impede his or her ability to perform routine manual labor tasks such as lifting or bending who also has limited intellectual capacity or learning disabilities would also be exempt from Work First requirements.

Clock-stoppers: Starting April 1, 2007 there are four reasons for which the 48-month clock may be stopped: the recipient has been temporarily exempted from work, the recipient is meeting the requirements of the family self-sufficiency plan, the unemployment rate in the recipient's county is 25 percent above the state average for unemployment or compliance with certain requirements has been waived.

Education: If the recipient has cooperated with Work First, the recipient may enroll in an education program approved by the local

workforce development board. All training or education (excluding GED prep, high school completion or literacy training) must be in demand by the labor market as determined by the local workforce development board and occupationally relevant. The training may last no longer than two years.

SSI: Starting December 31, 2006 an individual applying for SSI is no longer exempt from Work First. A recipient who is applying for SSI will be assessed and evaluated by a nonprofit rehabilitation organization or rehabilitation services organization. The evaluation will include a report from which the caseworker will determine whether the SSI applicant will still be eligible for Work First, exempt from Work First, but referred to a sheltered work environment or subsidized employment, or the recipient is exempt from Work First and is referred to a legal services organization for SSI advocacy.

Reporting Requirements: Reporting will be done quarterly. Each district office must report the number of sanctions, compliance exemptions, and the success rate of those given the compliance exemption. District managers must also track caseworker performance in regards to sanctions. County

offices must quarterly report SSI referrals and assessments and state the number pending for specific time periods.

Earned Income Disregard: The earned income disregard will incrementally increase to 67% by September 30, 2010. Currently, in JET pilot counties the current disregard is \$200 + 50% of additional earned income and in non-JET counties the current disregard is \$200 + 20% of additional earned income.

Employment Subsidy: For recipients who leave FIP due to earned income, if he/she continues to meet the federal work participation guidelines, the recipient would be given a \$10/month employment subsidy for six months.

Jobs, Education, and Training (JET) Implementation: The JET program will be fully implemented statewide by September 30, 2007.

Family Self-Sufficiency Plan: The plan will require that the recipient must meet federal requirements and state that FIP is contractual in nature with the goal being self-sufficiency. The plan will also outline the responsibilities and obligations of members of the FIP assistance group.