

**SENATE FISCAL AGENCY
 ADMINISTRATIVE RULES FISCAL NOTE**

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<u>TRANS. NO.</u>	<u>AGENCY</u>	<u>SUBJECT</u>
24-21	Department of Health and Human Services - Economic Stability Administration	Food Assistance Program

FISCAL IMPACT:

In the Regulatory Impact Statement and Cost-Benefit Analysis (RIS) issued by the Michigan Department of Health and Human Services (DHHS) on rules changes proposed for Food Assistance Program (FAP), the text states the rules will have a positive fiscal impact due to additional participation in the FAP program. However, this analysis does not include a calculation for direct expenditure changes due to an additional 14,560 grantees who could become eligible for FAP benefits. This may require additional appropriations of FAP benefits of \$58.5 million annually. This is based on 14,560 potential grantees receiving a monthly average FAP case payment of \$335.00 for 12 months. FAP benefits are funded nearly exclusively with Federal funds.

The analysis also states that during an economic downturn, every \$1.00 of FAP benefits issued can increase gross domestic product by \$1.54. The analysis doesn't clearly define an economic downturn or whether Michigan is currently experiencing an economic downturn which would lead to a multiplier effect from FAP benefits due to this particular rule change.

The analysis states that the DHHS child support programs may experience a negative fiscal impact due to reduced federal incentives for child support collection. The magnitude of this effect is unclear because it is not known how many eligible grantees might qualify for FAP benefits once no longer required to cooperate in obtaining child support to become eligible for FAP. Another factor is that since most other states have also rescinded this policy, any reduction in Michigan's child support collections would not necessarily reduce Federal child support collection incentives relative to the Total federal child support incentive pool.

The RIS states that the DHHS will experience costs to make updates to the Michigan Child Support Enforcement System (MiCSES) database system and to make necessary changes to the MiBridges public assistance eligibility system to comply with the rules. DHHS also estimates that it will incur \$483,121.00 in costs to train staff on the rule change.