

**SENATE FISCAL AGENCY
 ADMINISTRATIVE RULES FISCAL NOTE**

DATE: February 19, 2025
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<u>TRANS. NO.</u>	<u>AGENCY</u>	<u>SUBJECT</u>
25-18	Department of Health and Human Services - Economic Stability Administration	Family Independence 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 Electronic Benefits Transfer (EBT) card benefit replacement, the RIS states the rules will have no fiscal impact on costs to the DHHS. The rationale for this statement is that no system changes to Bridges are necessary and there will be no staffing changes. Additionally, the RIS states that there are potential savings to the DHHS as the new rules permit a replacement of benefits rather than replacing fraudulently used benefits from the Emergency services local office allocation line-item in the annual DHHS appropriation.

It is not clear from the text of the rule change that there would be fiscal savings. An EBT card can include benefits from many different programs and it is likely any benefits stolen would be at a general level, not at a program level meaning that funds stolen could be from multiple programs. The proposed rule allows for the replacement benefits from the Family Independence Program (FIP), Refugee Cash Assistance (RCA), and State Disability Assistance (SDA), the replacement of funds depends on the underlying financing of the existing programming. For instance, the SDA program is entirely funded from state funding from state resources, so any replacement of fraudulently used funds would need to be funded through existing state funds. To the extent that replacement of funds that was fraudulently removed from an EBT card is dependent on state funding from state resources, there would be fiscal impact relative to the existing appropriation. For the FIP and RCA programs, as these programs are Federally funded, to the extent that fraudulently removed benefits are replaced with Federal funds, there would be no fiscal impact to the State of Michigan. In fiscal year 2022-23, there were 6 cases of FIP benefits approved for replacement for a total replacement cost of \$1,570. For fiscal year 2023-24 there were 26 approved for replacement for a total replacement cost of \$15,151.

On October 31, 2022, the United States Department of Agriculture – Food and Nutrition Services and the United States Department of Health and Human Services – Administration for Children and Families issued a joint memo to all State Supplemental Nutrition Assistance Program (SNAP) Agencies and all State Temporary Assistance for Needy Families (TANF) Agencies. The memo was written in response to increasing reports of EBT benefits being stolen through “card skimming” fraud. Additionally, on December 29, 2022, Congress passed the Consolidated

Continuing Appropriations Act, 2023 which allowed for replacement of a portion of Federal SNAP benefits with Federal funding through September 30, 2024. On September 26, 2024 the Continuing Appropriations and Extensions Act, 2025 extended this deadline to December 31, 2024. However, these changes to Federal law do not appear to include any reference to replacement benefits for the programs listed in the proposed rule change: the FIP program (funded by TANF), Refugee Cash Assistance or any separate state operated programs such as Michigan's State Disability Assistance program.