

Michigan Office of Administrative Hearings and Rules

Administrative Rules Division (ARD)

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**REGULATORY IMPACT STATEMENT
and COST-BENEFIT ANALYSIS (RIS)**

Agency Information:

Department name:

Health and Human Services

Bureau name:

Economic Stability Administration

Name of person filling out RIS:

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Rule Set Information:

ARD assigned rule set number:

2021-87 HS

Title of proposed rule set:

Family Independence Program

Comparison of Rule(s) to Federal/State/Association Standard

1. Compare the proposed rules to parallel federal rules or standards set by a state or national licensing agency or accreditation association, if any exist.

The Family Independence Program (FIP) federal guidelines provide the State and MDHHS the authority to choose how and when clients are interviewed during the eligibility process. See 42 USC 602(a)(B)(iii). The changes proposed will provide an option to the client to either choose a telephone interview, in addition to an in-person interview or home call. A telephone interview offers an alternative to those who have transportation issues, childcare issues, employment issues, are disabled, or susceptible to illness, particularly with the spread of flu and COVID and its variants.

A. Are these rules required by state law or federal mandate?

The federal law requires states to draw down federal funding grants to have a procedure in place to determine eligibility of clientele. This proposed rule offers an alternative to interviewing the client for determination of eligibility to FIP.

B. If these rules exceed a federal standard, please identify the federal standard or citation, describe why it is necessary that the proposed rules exceed the federal standard or law, and specify the costs and benefits arising out of the deviation.

The proposed rules do not exceed any federal standard.

2. Compare the proposed rules to standards in similarly situated states, based on geographic location, topography, natural resources, commonalities, or economic similarities.

The federal grant program applies to all states and each state may have different procedures for eligibility determinations. The state has the authority to determine eligibility standards procedures. New York contacts the client by telephone after the client has submitted his or her application. See NYC311, Public Assistance or Welfare · NYC311. Washington State allows telephone interviews. See WAC 388-452-0005. Minnesota allows four contact procedures for its FIP program which includes a telephone interview. See Minnesota Policy Manual 0005.12.12.

A. If the rules exceed standards in those states, please explain why and specify the costs and benefits arising out of the deviation.

The proposed rules do not exceed any standards in any situation.

3. Identify any laws, rules, and other legal requirements that may duplicate, overlap, or conflict with the proposed rules.

There are no rules or legal requirements that duplicate, overlap, or conflict. Federal law allows the states the authority to determine eligibility procedures. Nothing in state law conflicts with the proposed rules as to how eligibility and approval procedures should be conducted, other than an application be provided in writing. Once an application is received under MCL 400.25, the interview will take place. The only change will be the availability of a telephone interview, in addition to the in-person interview.

A. Explain how the rules have been coordinated, to the extent practicable, with other federal, state, and local laws applicable to the same activity or subject matter. This section should include a discussion of the efforts undertaken by the agency to avoid or minimize duplication.

The proposed rule change works in coordination with the federal guidelines in that it gives MDHHS the credence in choosing the method to which they want to conduct their interviews when determining eligibility for the FIP program and cash program as whole. Telephone interviews would join the current forms of communication to allow the client to choose the best interview process based upon individual needs and global protection for clients and DHHS staff.

4. If MCL 24.232(8) applies and the proposed rules are more stringent than the applicable federally mandated standard, provide a statement of specific facts that establish the clear and convincing need to adopt the more stringent rules.

The rules proposed are not more stringent than the applicable federally mandated standard. This rule gives MDHHS the option of a telephone interview versus an in-person interview when determining eligibility for FIP program.

5. If MCL 24.232(9) applies and the proposed rules are more stringent than the applicable federal standard, provide either the Michigan statute that specifically authorizes the more stringent rules OR a statement of the specific facts that establish the clear and convincing need to adopt the more stringent rules.

MCL 24.232 (9) is not applicable to the changes proposed. The changes are not more stringent than the applicable federal standard. MDHHS would like the telephone interview as the preferred method when determining eligibility for the FIP program.

Purpose and Objectives of the Rule(s)

6. Identify the behavior and frequency of behavior that the proposed rules are designed to alter.

The proposed change is designed to supplement the form of interview conducted by MDHHS when determining eligibility for the FIP program.

A. Estimate the change in the frequency of the targeted behavior expected from the proposed rules.

The proposed rule change would allow clients to utilize the method of conducting an interview via telephone daily. Thousands of interviews are conducted around the State daily.

B. Describe the difference between current behavior/practice and desired behavior/practice.

Currently MDHHS does not have a telephone interview as a supplemental option to determine eligibility for FIP program. This proposed change would allow this as an option in order to better serve our clients who cannot be served by other interview options.

C. What is the desired outcome?

The desired outcome is for MDHHS to be able to conduct interviews for determining eligibility via telephone. This would allow clients to have other options to assist with their eligibility approvals. The proposed rules offers an option that may result in easing the issues of transportation, child care, and lowering the risk of the spread of communicable diseases for the elderly and those with compromised immune systems.

7. Identify the harm resulting from the behavior that the proposed rules are designed to alter and the likelihood that the harm will occur in the absence of the rule.

The resulting harm of not allowing telephone as an interview option may lengthen the time an applicant receives eligibility approval due to transportation, child care, disability, employment, and other restraints due to availability. These restraints, together with the spread of COVID that may impact vulnerable adults and children, leaves families without needed resources to pay bills and provide for the families.

A. What is the rationale for changing the rules instead of leaving them as currently written?

The proposed change to the rule would align with our current climate shift due to COVID. To keep employees and clients safe and minimize transmission of COVID, a telephone interview should be presented as an option. The change also saves the State funding. The telephone interview reduces barriers that clients would need to overcome with in-person interviews and alleviates issues such as childcare, transportation, and employment. Access to benefits would likely be increased with this change.

8. Describe how the proposed rules protect the health, safety, and welfare of Michigan citizens while promoting a regulatory environment in Michigan that is the least burdensome alternative for those required to comply.

This method is least burdensome because clients would not have the hardship of arranging transportation, childcare, or time off from work to attend an in-person interview. The proposed rules would protect citizens by not having them exposed to the flu and COVID, in addition to MDHHS staff by not having them exposed to illnesses that the clients may bring into the buildings.

9. Describe any rules in the affected rule set that are obsolete or unnecessary and can be rescinded.

The portion in this rule that can be rescinded is the option of the MDHHS worker to make a house call to the client. This was only given as an option when the number of individuals applying for assistance was low and manageable. Also, this was before Covid-19 and other illnesses were prevalent in our community.

Fiscal Impact on the Agency

Fiscal impact is an increase or decrease in expenditures from the current level of expenditures, i.e. hiring additional staff, higher contract costs, programming costs, changes in reimbursements rates, etc. over and above what is currently expended for that function. It does not include more intangible costs for benefits, such as opportunity costs, the value of time saved or lost, etc., unless those issues result in a measurable impact on expenditures.

10. Please provide the fiscal impact on the agency (an estimate of the cost of rule imposition or potential savings for the agency promulgating the rule).

The cost to the agency is minimal and may include technical changes for the correspondence to autogenerate a telephone interview as well as notice costs associated to changing the rule under the Administrative Procedures Act.

11. Describe whether or not an agency appropriation has been made or a funding source provided for any expenditures associated with the proposed rules.

Funding is currently made available for technical and system changes, as well as costs associated with proper notice to clientele.

12. Describe how the proposed rules are necessary and suitable to accomplish their purpose, in relationship to the burden(s) the rules place on individuals. Burdens may include fiscal or administrative burdens, or duplicative acts.

The proposed rule is necessary to keep clients and employees safe and healthy from communicable diseases such as the flu and COVID, and removes the anxiety and inability for a client to get a quicker eligibility finding due to child care, transportation, and employment hardship. The burden is minimal compared to what could arise if this change does not take effect.

A. Despite the identified burden(s), identify how the requirements in the rules are still needed and reasonable compared to the burdens.

The proposed change is needed to ensure clients have access to benefits. Telephone technology has expanded greatly and, as an additional form of communication to access needed benefits, is reasonable and easily implemented. The change also ensures clients and State employees have minimal exposure to communicable diseases such as flu or COVID.

Impact on Other State or Local Governmental Units

13. Estimate any increase or decrease in revenues to other state or local governmental units (i.e. cities, counties, school districts) as a result of the rule. Estimate the cost increases or reductions for other state or local governmental units (i.e. cities, counties, school districts) as a result of the rule. Include the cost of equipment, supplies, labor, and increased administrative costs in both the initial imposition of the rule and any ongoing monitoring.

There are no anticipated costs to other state or local governmental units. The minimal costs should remain internal to DHHS and only involve change of forms as needed.

14. Discuss any program, service, duty, or responsibility imposed upon any city, county, town, village, or school district by the rules.

There are no programs, services, duties, or responsibilities imposed on any city, county, town, village, or school district.

A. Describe any actions that governmental units must take to be in compliance with the rules. This section should include items such as record keeping and reporting requirements or changing operational practices.

No reporting requirements would change to include this method of interviewing .

15. Describe whether or not an appropriation to state or local governmental units has been made or a funding source provided for any additional expenditures associated with the proposed rules.

There are no anticipated appropriations by state or local governments expected to implement changes. Funding is currently budgeted for the technical system changes as well as notice fees associated with the change.

Rural Impact

16. In general, what impact will the rules have on rural areas?

Individuals living in rural communities will have easier access to FIP benefits. They will not need to overcome barriers such as transportation and child care. They also will no longer need to drive a far distance and incur gas expenses to attend an in-person interview. With the proposed change these clients in rural communities will be able to complete their interview over the phone.

A. Describe the types of public or private interests in rural areas that will be affected by the rules.

Private interests will be affected in that it will be less difficult to complete an interview for the FIP program. More families with children will be approved and be able to meet their needs with the cash benefits provided.

Environmental Impact

17. Do the proposed rules have any impact on the environment? If yes, please explain.

The proposed rule may save on carbon emissions as less transportation is needed to get to the in-person interview.

Small Business Impact Statement

18. Describe whether and how the agency considered exempting small businesses from the proposed rules.

Small businesses will not be directly impacted by the changes proposed. The proposed rule benefits small businesses in that their employees will no longer need to request time off to attend in-person interviews with the Department.

They will be able to conduct it via telephone from their place of work. Further, the proposed rule may shorten eligibility timeframes allowing families to shop in and support small businesses in the community.

19. If small businesses are not exempt, describe (a) the manner in which the agency reduced the economic impact of the proposed rules on small businesses, including a detailed recitation of the efforts of the agency to comply with the mandate to reduce the disproportionate impact of the rules upon small businesses as described below (in accordance with MCL 24.240(1)(a-d)), or (b) the reasons such a reduction was not lawful or feasible.

This change does not impact small businesses as it only has bearing on individuals applying for FIP; not establishments.

A. Identify and estimate the number of small businesses affected by the proposed rules and the probable effect on small businesses.

Small businesses will not be affected by this change. This change only affects individuals applying for FIP benefits.

B. Describe how the agency established differing compliance or reporting requirements or timetables for small businesses under the rules after projecting the required reporting, record-keeping, and other administrative costs.

Small businesses compliance and reporting requirements will not be affected with this change.

C. Describe how the agency consolidated or simplified the compliance and reporting requirements for small businesses and identify the skills necessary to comply with the reporting requirements.

Small businesses compliance and reporting requirements will not be affected with this change.

D. Describe how the agency established performance standards to replace design or operation standards required by the proposed rules.

Small business standards will not be affected by this change.

20. Identify any disproportionate impact the proposed rules may have on small businesses because of their size or geographic location.

The change will not disproportionately impact businesses. The change impacts individuals equally giving the clients ease of completing an interview over the telephone.

21. Identify the nature of any report and the estimated cost of its preparation by small businesses required to comply with the proposed rules.

Small businesses will not be required to comply with any report nor any preparation by small businesses is needed.

22. Analyze the costs of compliance for all small businesses affected by the proposed rules, including costs of equipment, supplies, labor, and increased administrative costs.

There is no applicable cost to small businesses for equipment, supplies, labor, and increased administrative costs.

23. Identify the nature and estimated cost of any legal, consulting, or accounting services that small businesses would incur in complying with the proposed rules.

None of these costs will be incurred by small businesses.

24. Estimate the ability of small businesses to absorb the costs without suffering economic harm and without adversely affecting competition in the marketplace.

There is no cost to small businesses with this proposed change that would result in adverse competition in the marketplace.

25. Estimate the cost, if any, to the agency of administering or enforcing a rule that exempts or sets lesser standards for compliance by small businesses.

The proposed rules will have no impact on small businesses and removing any enforcement of a rule that exempts/sets lesser standards for small businesses.

26. Identify the impact on the public interest of exempting or setting lesser standards of compliance for small businesses.

Small business standards are not affected by the proposed rule and therefore should have no impact on public interest. The proposed rule only affects individuals applying for FIP benefits.

27. Describe whether and how the agency has involved small businesses in the development of the proposed rules.

DHHS did not involve small businesses. The proposed rules involve recipients of public assistance. Collateral issues involving small businesses would involve increased customer base if and when eligibility for public assistance is approved faster and more efficiently.

A. If small businesses were involved in the development of the rules, please identify the business(es).

Small businesses are not affected by the proposed rule. The proposed rule only affects individuals applying for FIP benefits.

Cost-Benefit Analysis of Rules (independent of statutory impact)

28. Estimate the actual statewide compliance costs of the rule amendments on businesses or groups.

There is no cost of compliance on businesses. Groups, which may involve the FIP recipient and families, have no costs associated with these proposed rules.

A. Identify the businesses or groups who will be directly affected by, bear the cost of, or directly benefit from the proposed rules.

There is no cost of compliance on businesses, nor requirements that businesses bear the costs at all as a result of this rule change. Groups such as FIP recipients, benefit from the rules to save money on gas, child care, and time off expenses from employment.

B. What additional costs will be imposed on businesses and other groups as a result of these proposed rules (i.e. new equipment, supplies, labor, accounting, or recordkeeping)? Please identify the types and number of businesses and groups. Be sure to quantify how each entity will be affected.

There are no additional costs to be imposed on businesses or groups as a result of the rule change.

29. Estimate the actual statewide compliance costs of the proposed rules on individuals (regulated individuals or the public). Include the costs of education, training, application fees, examination fees, license fees, new equipment, supplies, labor, accounting, or recordkeeping.

The statewide cost of compliance is minimal. Technical costs to automate the correspondence for the correct method of interview is available as budgeted.

A. How many and what category of individuals will be affected by the rules?

All individuals applying for the FIP program and being interviewed.

B. What qualitative and quantitative impact do the proposed changes in rules have on these individuals?

Quantitatively there are roughly 164,398 applicants every quarter applying for the FIP program. This means that many individuals may be interviewed for the program and maybe able to utilize the telephone interview mode as a normal interviewing method. These interviews will be better quality because clients and employees will not be inconvenienced to come into the Department office.

30. Quantify any cost reductions to businesses, individuals, groups of individuals, or governmental units as a result of the proposed rules.

Cost reductions to FIP recipients may include transportation costs (gas, bus fare, requesting a ride to the local office), child care costs for an applicant who has issues with providing child care while getting to an in-person interview, and employment costs to the applicant who may have a position that does not offer paid leave.

31. Estimate the primary and direct benefits and any secondary or indirect benefits of the proposed rules. Please provide both quantitative and qualitative information, as well as your assumptions.

The primary benefit to the proposed rule change is that clients will no longer need to attend an in-person interview during the FIP eligibility process. This change ensures families with children access to benefits needed to sustain the family, while providing a shorter timeframe for that eligibility to occur. The change would minimize health risks to both families and DHHS workers, especially during the current pandemic of exposure to COVID and other illnesses.

32. Explain how the proposed rules will impact business growth and job creation (or elimination) in Michigan.

The proposed change may allow clients to spend more time at work and less time attending in-person interviews. Through the FIP program many clients attend work-first and may be expected to find employment giving business more potential employees.

33. Identify any individuals or businesses who will be disproportionately affected by the rules as a result of their industrial sector, segment of the public, business size, or geographic location.

There should not be a group or business disproportionately affected by the change.

34. Identify the sources the agency relied upon in compiling the regulatory impact statement, including the methodology utilized in determining the existence and extent of the impact of the proposed rules and a cost-benefit analysis of the proposed rules.

The Social Welfare Act, MCL 400.1 et seq.; State of Michigan DHHS policy and procedures; Bridges Eligibility Manual, and Bridges Administrative Manual.

A. How were estimates made, and what were your assumptions? Include internal and external sources, published reports, information provided by associations or organizations, etc., that demonstrate a need for the proposed rules.

Green Book Reporting, which is a comprehensive data report regarding the assistance provided from DHHS.

Alternative to Regulation

35. Identify any reasonable alternatives to the proposed rules that would achieve the same or similar goals.

Allowing telephone interviews is the most reasonable form of communication to expedite communication and eligibility approvals to needy families. There are no other reasonable alternatives to provide that would achieve the same or similar goals.

A. Please include any statutory amendments that may be necessary to achieve such alternatives.

No statutory amendments will be needed. The Social Welfare Act requires DHHS to develop programs for needy families in the State. The federal law allows the State to determine those processes and procedures to provide that necessary aid to families.

36. Discuss the feasibility of establishing a regulatory program similar to that proposed in the rules that would operate through private market-based mechanisms. Please include a discussion of private market-based systems utilized by other states.

A private telephone service maybe used to call the clients to conduct the telephone interview. This would not likely be a feasible option as the cost would be too great for the State. In the alternative, MDHHS has been able to administer a task-based workload. Workers are assigned to a specific task. This would ensure the high volume of telephone interviews are conducted in timely manner.

37. Discuss all significant alternatives the agency considered during rule development and why they were not incorporated into the rules. This section should include ideas considered both during internal discussions and discussions with stakeholders, affected parties, or advisory groups.

Removing the interview requirement was discussed but not a feasible option given federal standards that require an interview.

Additional Information

38. As required by MCL 24.245b(1)(c), please describe any instructions regarding the method of complying with the rules, if applicable.

The change to add telephone interviews would be part of DHHS policy and manual updates, including website and form edits to allow this form of communication as an alternative to DHHS' clientele.