
Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 467 (Substitute S-2 as reported)
Sponsor: Senator Michael J. Bouchard
Committee: Families, Mental Health and Human Services

CONTENT

The bill would amend the Social Welfare Act to require that, if cost-effective, no later than the beginning of fiscal year 2002, the Family Independence Agency (FIA) provide all assistance paid to clients under the Act by electronic means, including, but not limited to, the use of an electronic benefit transfer system.

Proposed MCL 400.10c

Legislative Analyst: P. Affholter

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on State government expenditures. If the Family Independence Agency continues its current plan to implement the Michigan Electronic Benefits Transfer (EBT) system, this bill would codify that plan. The FIA is in the development stages of implementing the system with a pilot project scheduled to begin March 1, 1998, in Jackson County at an approximate cost of \$1,700,000. It is estimated that the statewide system will begin October 1, 1998, at an estimated cost of \$7,900,000. The FIA cost projections estimate that by FY 2000 to 2004 the system's cost will be approximately \$10,100,000 per year. By FY 2005 this cost will be in the FIA's base appropriation. However, additional costs could be incurred for inflationary increases.

The estimated saving to the State would be reflected in the cost of warrants issued versus the cost for EBT transactions. The latest FIA cash benefits caseload is approximately 162,022. The cost of each warrant, including postage, is approximately \$.51, or \$82,631.22 each month for all warrants. An EBT transaction costs approximately an average of \$.07, for a total cost of \$11,341.54 per month. The saving, therefore, would be approximately \$855,500 for the year. However, taking into account that caseloads are dropping, the saving would be adjusted downward as long as caseload reduction continued to happen.

It appears that the bill would have no fiscal impact on local government.

Date Completed: 5-13-97

Fiscal Analyst: C. Cole

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.