

**SFA**

BILL ANALYSIS

Senate Fiscal Agency

• Lansing, Michigan 48909

• (517) 373-5383

Senate Bill 867

Sponsor: Senator Doug Carl

Committee: Human Resources and Senior Citizens

JUN 20 1990

Date Completed: 5-15-90

SUMMARY OF SENATE BILL 867 as introduced 3-13-90:

The bill would amend the Social Welfare Act to require the State Department of Social Services to take all necessary steps to recover an overpayment made to a public assistance recipient. Procedures for the recovery of overpayments made under Federally assisted programs would have to be consistent with Federal law and regulations. "Overpayment" would mean payment of public assistance to a recipient in excess of that to which he or she is entitled, or payment made to a person who, at the time the payment was made, was not eligible to receive that assistance.

Generally, if the person who received the overpayment were no longer a public assistance recipient, the Department would be required to bring an action to recover the overpayment in the circuit court for the county in which the person resided, and the Attorney General or the prosecuting attorney of the county in which the action was brought would be required to represent the Department in the action. The Department could waive recovery of the overpayment, however, if the cost of the recovery would equal or exceed the amount of the overpayment. The cost of recovery would have to be determined by the Department in accordance with Federal regulations. The waiver would not apply if the overpayment were the result of fraud on the part of the public assistance recipient.

S.B. 867 (5-15-90)

Proposed MCL 400.60b

Legislative Analyst: L. Burghardt

FISCAL IMPACT

The Department of Social Services already has a recoupment procedure. Senate Bill 867 would alter this procedure by directing the Department, in the case of an overpayment made to an individual no longer on assistance, to recoup the overpayment through circuit court. Currently, the Department recoups approximately \$1.9 million gross (\$1.1 million GF/GP) from former clients. Given that the current total of unrecouped overpayments to clients no longer on assistance is over \$50,000,000, Senate Bill 867 should result in GF/GP savings to the State.

Fiscal Analyst: S. Angelotti

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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.