

House and Senate Human Services Budgets Do Little to Address Childhood Poverty

Both the Michigan Senate and House have approved budget bills for 2019 that do little to address continuing high levels of poverty for children and their families. While unemployment has fallen statewide, more than half of the state's African-American children live in families where no parent has full-time, year-round employment, along with 40% of Latinx children. For many families, the only jobs available are low-wage and lack benefits, leaving parents struggling to make ends meet.

The result has been stubbornly high rates of poverty, affecting one of every five children in Michigan. Children of color are two to three times more likely to live in poverty, including 42% of African-American children and 30% of Latinx children—compared to 15% of White children.

Differences in economic security and opportunity are at the core of racial and ethnic inequities for children of color in Michigan. Those inequities stem from longstanding systemic barriers to economic security including housing discrimination, the historical impact of redlining on homeownership, differences in educational quality and opportunity, racial discrimination in the workplace, and inequities in the ability to accumulate assets and wealth. While steeped in a history of discrimination, many racial and ethnic inequities persist today because federal and [state budgets do not provide the resources needed to overcome them](#).

The children of parents who find they must turn to public income assistance live in very deep poverty because public investments in income assistance programs have fallen dramatically. With tightened eligibility and limited benefits—including strict lifetime limits and the failure to update public assistance grant levels for decades—children whose parents have not yet benefited from overall economic improvements are often placed at risk.

The impact of a childhood lived in poverty is well documented. Children are more likely to have poor nutrition;

League Priorities: 2019 Human Services Budget
<ul style="list-style-type: none">▶ Incorporate an assessment of the racial, ethnic and social justice impact of budget recommendations on children and families.▶ Increase the annual clothing allowance for children in families receiving income assistance.▶ Preserve the “heat and eat” policy that increases food assistance for families with low incomes, seniors and persons with disabilities.▶ Remove the asset test on food assistance benefits to help families save the small amount of money needed to weather a crisis and work.

live in homes and neighborhoods where they are exposed to environmental toxins; have untreated health conditions; and move frequently, making it difficult to continue their educations uninterrupted. In addition, children without adequate income supports are less likely to have the educational and enrichment activities needed in the earliest years of life to help prepare them for success in school. The loss of potential for so many of the state's children is unacceptable in both human and economic terms.

FOOD ASSISTANCE

Families Receiving Food Assistance

- **Governor:** The governor's 2019 budget assumes that the food assistance caseload will fall 20% from the level appropriated for the current year (from 854,072 to 683,950) for a reduction of \$415 million in federal funding. After peaking in 2011 at 967,566, the number

of families receiving assistance has dropped, falling to 691,259 in February of 2018. A total of 522,479 of all persons receiving assistance that month were children, representing 40% of all food assistance recipients. The drop in cases is attributed to an improving economy, along with policy changes such as the state’s adoption of an asset test for food assistance—[a decision the League opposed](#).

- **Senate:** The Senate agreed with the governor.
- **House:** The House agreed with the governor.

Heat and Eat Policy

- **Governor:** The governor continued the [“heat and eat” policy](#) that provides additional food assistance to nearly 340,000 Michigan residents with low incomes. In 2017, 1.4 million people in the state used food assistance, including approximately 1 in 4 of the state’s children. African-American and Latinx children are more likely to face food shortages.
- **Senate:** The Senate agreed with the governor, continuing the “heat and eat” policy.
- **House:** The House agreed with the governor, continuing the “heat and eat” policy.

INCOME ASSISTANCE

Families Receiving Income Assistance

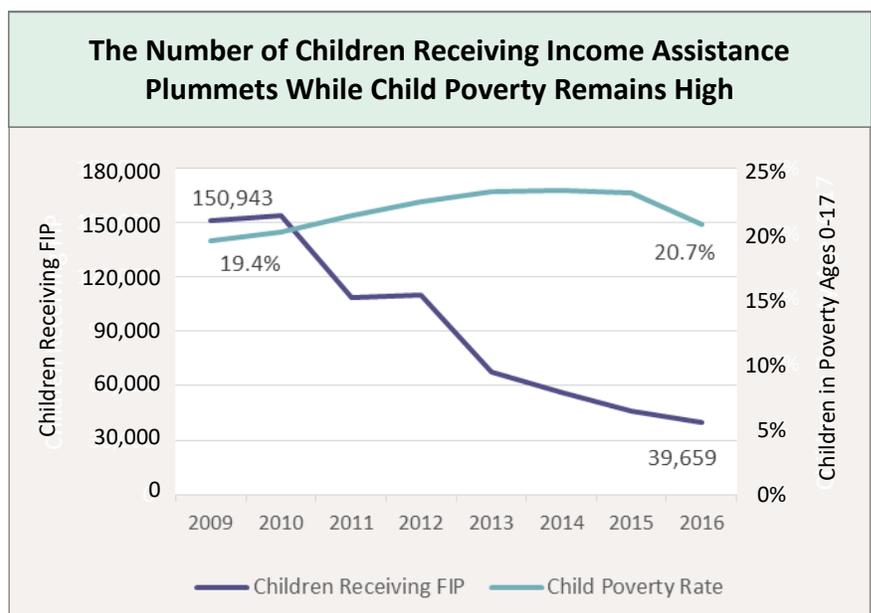
- **Governor:** The number of families eligible for and receiving income assistance through the state’s Family Independence Program (FIP) has dropped dramatically in Michigan and is now lower than it was in the late 1950s. For the 2019 budget year, the governor projects that FIP caseloads will continue to fall to under 18,000 statewide. Of great concern is the reality that nearly 8 of every 10 recipients of income assistance through FIP are children. Despite continuing high levels of childhood poverty, the number of children receiving support has dropped sharply.
- State policies, including the adoption of very strict lifetime limits on assistance, and the imposition of sanctions on entire families when a single child is truant from school, have fueled the caseload decline.

The governor proposed no changes in state policy to reverse this trend.

- **Senate:** The Senate agreed with the governor.
- **House:** The House agreed with the governor.

Income Assistance Grants

- **Governor:** The governor recommended a small inflationary increase in FIP grants. FIP grants have been essentially flat since 1996, and as a result their purchasing power fell from 42% of poverty to only 29%. The governor recognized savings of \$2.2 million in FIP because of declining caseloads, and used less than half of that money for a 1.2% increase in FIP grants. This \$1 million investment would increase the maximum monthly benefit from \$492 to \$498 and equate to an additional \$2 per person per month. After two years of unsuccessful [proposals to increase the school clothing allowance](#) provided to FIP families every fall, the governor did not recommend a boost in 2019.
- **Senate:** The Senate rejected the FIP increase proposed by the governor and did not recommend increases in the FIP school clothing allowance. The Senate included a placeholder for further discussion of potential increases in the daily rate paid to homeless shelters.
- **House:** The House included a \$100 placeholder in the budget to allow for further discussion of the governor’s proposed FIP grant increase in the joint House/Senate conference committee, and also did not



Sources: Michigan Department of Health and Human Services and Kids Count Data Center

recommend increases in the school clothing allowance. The House also included a placeholder for further discussion of a three-year pilot to provide rental assistance and support to persons with behavioral health and housing needs.

CHILD ABUSE AND NEGLECT

Foster Care/Out-of-Home Placements

- Governor:** After being sued by a national children’s rights organization for failures in its child welfare system related to high caseloads for workers and delays in finding permanent homes for children, Michigan has increased its spending on protective services and foster care. For 2019, the governor recommended an increase of \$36.5 million for foster care, based on an expected increase in foster care cases next year (from 5,800 cases to 6,620), as well as an increase in the average annual cost of foster care (from \$31,643 to \$33,244). Overall, foster care caseloads have been declining since 2009, even as costs have increased—partly because rates for private child welfare agencies have increased to help meet the staffing requirements set in the lawsuit’s settlement agreement.

The governor projected a small decline in adoption subsidy cases (from 23,406 to 22,791) for a cut in funding of \$5.7 million, and eliminated funding for the Parent-to-Parent program that facilitates peer coaching between adoptive parents. Adoption subsidies include financial and medical supports for families who adopt children with special needs.

In addition, the governor increased the county Child Care Fund by \$10 million. The county Child Care Fund includes funds the state provides to counties to help cover the costs of serving delinquent, neglected and abused youths.

- Senate:** The Senate agreed with the governor on the \$5.7 million reduction in adoption subsidy payments,

but cut the governor’s increases for foster care and the Child Care Fund in half. The Senate retained funding for the Parent-to-Parent mentoring program.

- House:** The House agreed with the governor on projected foster care, adoption subsidy, and Child Care Fund costs, and included a placeholder for the Parent-to-Parent program.

Child Abuse and Neglect Prevention & Family Preservation

- Governor:** The governor provided no new funding for prevention and family preservation services in 2019, but authorized the Children’s Trust Fund to spend \$800,000 in restricted funding for local prevention services and grants. Funding for services to prevent child abuse and neglect and to preserve families has been inadequate in Michigan. In 2006, Michigan spent over \$65 million on family preservation and prevention services and had fewer than 29,000 confirmed victims of child abuse and neglect. For the upcoming fiscal year, the governor proposes to spend approximately \$51 million—despite an increase in the number of confirmed victims to nearly 40,000.
- Senate:** The Senate included \$1 million in federal funding to increase reimbursement rates for the Family Support Subsidy, which helps families with children with severe disabilities. The Senate also included new budget language requiring DHHS to redraft two health education curriculum modules to include information about the importance of consent, setting and respecting personal boundaries and the prevention of child sexual abuse.
- House:** The House included an additional \$200,000 in state General Fund dollars for the Children’s Trust Fund, with the requirement that half be spent on grants addressing substance use disorders. The House also included a \$750,000 increase in state funds for runaway and homeless youth services, bringing total funding to \$16.1 million.

Funding Trends for Out-of-Home for Children in Michigan						
	FY 2015	FY 2016	FY 2017	FY 2019 Enacted	FY 2019 Governor’s Budget	% Change
Foster Care Payments	\$192.7	\$187.5	\$185.6	\$198.4	\$235.3	22.1%
Adoption Subsidy Payments	\$226.9	\$218.7	\$222.8	\$210.4	\$204.7	-9.8%
Child Care Fund	\$184.9	\$180.4	\$183.4	\$192.5	\$194.6	5.2%

Source: Michigan Department of Health and Human Services