MICHIGAN LEAGUE FOR PUBLIC POLICY

Testimony Presented to the Joint House & Senate Appropriations Subcommittees for the Department of Human Services

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Good afternoon, Chairmen and Subcommittees members. I am Gilda Jacobs, President and CEO of the Michigan League for Public Policy. The League has been advocating for low-income families and children in Michigan for more than 100 years, and I am pleased today to have the opportunity to address the governor's proposed DHS budget for the upcoming fiscal year.

Merger of the Departments of Human Services and Community Health: Let me first say that the League is hopeful that the merger of the Departments of Human Services and Community Health will help to coordinate and improve services for low-income children and families in the state, and we appreciate the leadership of Director Nick Lyon.

We understand that revisions to the 2016 Executive Budget reflecting the merger will be made after April 10th, the effective date of the Executive Order. We will be watching for the details of the merger, particularly any further staffing reductions that make it difficult to provide high-quality services, as well as manage what will be a $24 billion department with nearly 16,000 workers.

Three-quarters of the staff that will be transferred to the new Department of Health and Human Services will be former DHS employees. Total local office staffing started to decline in early 2002, but began to rise again in 2008 when the state was required to hire additional child welfare workers to reduce caseloads and comply with the settlement agreement based on the state's failure to adequately protect abused and neglected children. DHS employees processing applications for income and other assistance were not increased, and an average worker now handles 800 cases.

Impact of extreme poverty on children and economic growth: The League is concerned about continuing high levels of poverty and the impact on families, children, educational achievement and economic growth. For example, the governor has wisely proposed a range of early childhood investments to improve third grade reading, as well as additional funding for distressed schools. The reality is that poverty affects school readiness and success, and the majority of financially and academically struggling schools are in high poverty areas—both urban and rural. Children who come to school hungry, or move from school to school because they are homeless, are unlikely to learn at the levels this state needs and expects.

Our most recent Kids Count data book documents that nearly one in every four children lives in poverty in Michigan—a 35% increase over six years. Latino and African American children are roughly three times more likely to live in poverty. The research is clear. Poverty undermines children's physical and mental health, safety and educational achievement. We must address poverty if we want our investments in education and economic growth to bear fruit.

Continuing disinvestments in economic security programs: Despite ongoing hardships for families, policy decisions made in Lansing have restricted access to economic security programs such as unemployment insurance, the Earned Income Tax Credit, DHS income assistance, and federally funded food assistance. Specifically, we are concerned about the following:

- **More limited access to basic income support through the Family Independence Program.** FIP caseloads are at their lowest levels since 1961, despite continuing high unemployment and poverty. Since FY 2011 alone, caseloads have fallen nearly 60%. More than 70% of all FIP recipients are children, with many under the age of 6.

  While economic improvements might account for some case closures, stricter sanctions and the more rigid enforcement of lifetime limits that were adopted in 2011 are likely major causes.

  - **Lifetime limits**: Beginning in October of 2011, changes in lifetime limits for FIP resulted in sharp caseload declines. One of the related FIP policies—the provision of Extended FIP benefits of $10 per month for 6 months which counted against lifetime limits—is discontinued in the governor's budget and we support that change. We are concerned about families' continued access to other benefits when their extended FIP cases are closed, including child care, and will be working with the new Department of Health and Human Services and the Department of Education to ensure a smooth transition.
  - **Truancy sanctions**: Under current DHS policy, FIP benefits for an entire family can be terminated if a child between the ages of 6 and 15 doesn't comply with attendance requirements. House Bill 4041 has been introduced based on that policy and we oppose the bill. We believe that sanctioning an entire family for the actions of one child will only increase the number of children living in extreme poverty, making it harder for them to get to school prepared to learn.
  - **School clothing allowance**: This benefit was originally designed to make sure that school-age children have the opportunity to at least start the school year with a decent set of clothes. Unfortunately, the program was restricted in 2011 to only those children in FIP cases that do not include an adult—e.g., children living with ineligible grand-parents or other caregivers. We believe that the clothing allowance should be restored and available for all school-age children.

- **Fewer children and low-income families with access to basic food assistance**. The number of families receiving federally funded food assistance is expected to fall from nearly 968,000 in 2011 to 848,000 next year, a decline of 12%. The decline began when the Legislature approved an asset test for food assistance, requiring families to have less than $5,000 in total assets, including the value of vehicles after certain exclusions. State asset tests are not required by federal law, and many states are removing them from their programs. We urge you to do the same, and because FAP is federally funded, there would be no state cost.

Additional child care licensing staff to ensure basic health and safety: The governor has recommended $5.7 million in federal funding for additional child care licensing staff needed to inspect all licensed child care centers and homes in Michigan, whether or not they serve children with state subsidies. Federal funds for child care licensing flow to the DHS through the Department of Education, and with the creation of the Department of Health and Human Services, licensing staff are slated to be moved to the Department of Licensing and Regulatory Affairs.

Federal audits have shown that because Michigan does not have enough child care inspectors, parents cannot be assured that the care they choose is safe and meets even basic state licensing requirements. The funds recommended by the governor would bring Michigan to the national average of one inspector for every 98 licensed sites, down from the current ratio of 1:153. This could be accomplished at no state cost. Funds for child care licensing are federal and if they are not spent, they will be returned to the federal government and reallocated to other states.

Continuing failure to invest in programs to prevent child abuse and neglect: Almost one in every 10 children in Michigan lived in a family investigated for abuse or neglect in 2013, and 34,000 were confirmed victims—up 17% from 2006. During that same time, funding for child abuse and neglect prevention services fell by almost 28%, from $57 million to $41 million.

Michigan has made investments in its child welfare system to comply with the settlement agreement, including additional staff and efforts to more quickly find permanent homes for maltreated children. The settlement agreement did not address the prevention of child abuse and neglect, and more investments are needed.

Thank you.