



LITTLE PROGRESS ON POVERTY REDUCTION IN 2020 STATE BUDGET

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Michigan Senate and House are moving forward with budget bills for 2020 that fail to address the persistent problem of poverty and its impact on the state’s children and families. While unemployment has dropped, nearly 1 in 5 children in Michigan live below the federal poverty line, and an estimated 23% live in working families with low incomes who are struggling to make ends meet—in part because of low-wage jobs, and unaffordable child care and housing.

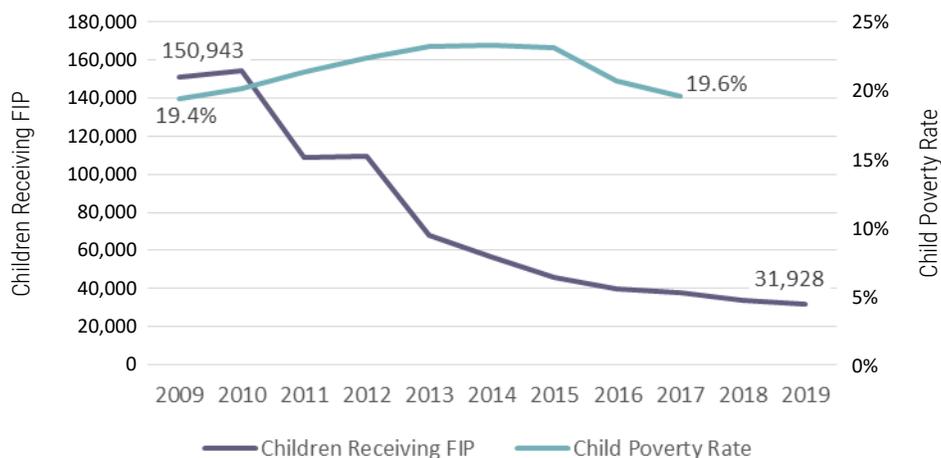
Differences in economic security and opportunity are at the core of racial and ethnic inequities for children of color, and stem from longstanding policies and practices including housing discrimination, the historical impact of redlining on homeownership, racial discrimination in the workplace and inequities in the ability to accumulate assets and wealth. The result has been disproportionately high numbers of children of color living in poverty, including more than 4 of every 10 African American children in the state, and 27% of Latinx children.

Despite continuing high levels of poverty, the number of families benefiting from state programs—including the Family Independence Program (FIP), food assistance and child

The League’s Human Services Priorities for the 2020 Budget

- ✓ [Improve access to public assistance](#) by updating the cash assistance payment standard and eliminating the drug felony ban.
- ✓ [Eliminate the asset test](#) for food assistance .

CHILDREN RECEIVING INCOME ASSISTANCE (FIP) FALLS STEEPLY WHILE CHILD POVERTY REMAINS HIGH



Source: Kids Count and Michigan Department of Health and Human Services

care subsidies—has dropped steeply, in part because of the state’s strict eligibility guidelines. Childhood poverty in 2017 was at almost the same level as it was in 2009, but the number of children receiving FIP income assistance has fallen by nearly 80%—in large part due to policy changes such as the imposition of lifetime limits on assistance and strict income eligibility requirements.

The impact of a childhood lived in poverty is well documented. Children in poverty are more likely to have inadequate nutrition; live in homes and neighborhoods where they are exposed to environmental toxins; have untreated health conditions; move frequently, disrupting their educations and social connections; and be exposed to the family stresses that can lead to involvement with the state’s child welfare system—a system that is under-resourced and receives little funding for the prevention of child abuse and neglect.

The state budget process is ongoing, and changes are expected in the final budgets adopted by the Legislature and ultimately signed by the governor. This is your opportunity to communicate with legislators about the state’s responses to the basic needs of families and the welfare of children in your community.

Food Assistance

- **Governor:** The governor’s 2020 budget assumes that the number of Michigan residents receiving food assistance and related costs will continue to fall because of changes in state policy, along with improvements in the economy. The Michigan Food Assistance Program (FAP) caseload has declined from its peak in the 2011 budget year of nearly 968,000 to a projected 613,000 in 2020—a decline of 37%. Caseloads are expected to decrease from 690,916 in the current year to 613,000 in the 2020 budget year, for a loss in federal funding of \$170.9 million. The governor did not recommend any changes in the federally-funded FAP, leaving in place the state-imposed asset test for families seeking assistance.
- **Senate and House¹:** The Senate and House agreed with the governor’s projections for food assistance caseloads and costs.

STATE EXPENDITURES ON BASIC NEEDS CONTINUE TO FALL (Dollars in Millions)

	Income Assistance (FIP)	Food Assistance
FY 2016	\$100.80	\$2,165.70
FY 2017	\$89.30	\$2,014.10
FY 2018	\$79.20	\$1,910.50
FY 2019	\$75.20	\$1,931.70
Governor’s Rec. FY 2020	\$65.80	\$1,760.80
Decrease	34.7%	18.7%

Source: Michigan Department of Health and Human Services

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Income Assistance

Fewer children and families receiving income assistance:

- **Governor:** The number of families receiving income assistance through the Family Independence Program (FIP) is now lower than it was in the late 1950s. For the 2020 budget year, the governor projects that only 14,890 families will be eligible for FIP, receiving an average monthly payment of \$368—including the annual clothing allowance for children—for a reduction of Temporary Assistance for Needy Families (TANF) funding of \$9.4 million. Nearly 8 of every 10 recipients of FIP income assistance are children, including many young children under the age of 6. The governor proposed no changes in state policy to reverse the decline in FIP income assistance for children living significantly below poverty.
- **Senate and House:** Both the Senate and the House agreed with the governor's estimates on FIP caseloads and costs.

More child support money passed through to families receiving FIP:

- **Governor:** Currently, Michigan keeps all child support funds that would normally be paid to FIP recipients, with a portion returned to the federal government (64%) and the remainder retained by the state to offset FIP costs (36%). Under federal law, states can pass through up to \$200 of child support to FIP families with two or more children (\$100 to those with only one child), and 27 states allowed the pass-through in 2017. Experiences in other states and Michigan—which had a \$50 pass-through until 2012—show that policies that allow parents to keep more of their court-ordered child support increase compliance by non-custodial parents who know that their payments will go directly to their children. The governor recommended that the state adopt the maximum federally-allowed child support pass-through for the approximately 2,300 FIP families that would be eligible, at a cost of less than \$1 million in federal TANF funds.
- **Senate and House:** The Senate and the House rejected the governor's proposal to pass more child support through to children living well below the federal poverty line.

Energy Assistance

- **Governor:** The governor maintained flat funding for energy assistance, including approximately \$175 million in federal Low-Income Home Energy Assistance (LIHEAP), and \$50 million in restricted funds for the Michigan Energy Assistance Program.
- **Senate and House:** The Senate and House both maintained flat funding for energy assistance.

Child Abuse and Neglect

Foster care and adoption assistance:

- **Governor:** The governor projects that the number of children placed in foster care will decline from 6,400 to 6,189, while the average annual payment will increase to \$37,700. Total spending for foster care payments in the 2020 budget year is expected to be \$249.1 million. In addition, the state will spend \$198.6 million on adoption subsidies (22,123 cases), and \$212.1 million on child welfare services through the Child Care Fund. Foster care costs have been rising since 2009 even though the

number of children in foster care has dropped—in part because of increased administrative rates provided to private child-placing agencies to meet the staffing requirements that resulted from a lawsuit against the state for failures in its child welfare system.

- **Senate:** The Senate projects lower foster care costs than the governor, for a decrease of \$1.9 million, as well as less growth in the need for services funded by the Child Care Fund. The Senate agreed with the governor on the costs of adoption assistance. Finally, the Senate included \$50,000 for a Foster Care Task Force that would make recommendations on how to make Michigan a top 5 state for foster care service quality.
- **House:** The House agreed with the governor on foster care, adoption subsidy and Child Care Fund projected caseloads for 2020.

Response to the child protection audit:

- **Governor:** Considerable legislative and public attention has been given to problems in the state's child protection system that were highlighted in a program audit. Late in 2018, additional funding was provided to hire more protective services staff, and the governor continues that funding in 2020.
- **Senate:**
 - The Senate agreed with the governor by providing full-year funding for an additional 175 Children's Protective Services (CPS) staff that were first funded late in 2018—in part in response to issues raised in the audit of CPS issued last year. In the 2018 budget year approximately 95,500 complaints of potential child abuse and neglect were investigated by state CPS workers, with nearly 7,000 children separated from a parent or legal guardian.
 - The Senate also added \$1 million in new funding for Child Advocacy Centers, bringing total state funding to \$2.4 million. Child Advocacy Centers partner with prosecutors, law enforcement and protective services to coordinate the investigation of child maltreatment—often child sexual abuse.
- **House:**
 - The House agreed with the governor and Senate by providing full-year funding for an additional 175 CPS staff.
 - The House added \$500,000 in expanded funding for Child Advocacy Centers (currently funded at \$1.4 million), bringing total state funding to \$1.9 million.

Child abuse and neglect prevention & family preservation:

- **Governor:** For 2020, the governor includes several investments in family preservation and reunification programs, including:
 - \$5.9 million to help parents visit children placed outside the home, expanding the program from the current 70 counties to all 83 counties;
 - \$1.8 million for a one-time financial incentive for relatives to become licensed foster caregivers;
 - \$2.4 million to continue five family reunification programs; and
 - \$975,000 to continue the Parent Partner program that provides parent mentoring and support services to help reunify families.

The governor reduces funding for the Strong Families/Safe Children program by \$2.6 million to reflect a loss of federal funding. The governor also eliminates funding for the School Success Partnership Program in Northeast Michigan (\$525,000), as well as funding to the Adoptive Family Support Network for parent-to-parent mentoring (\$250,000).

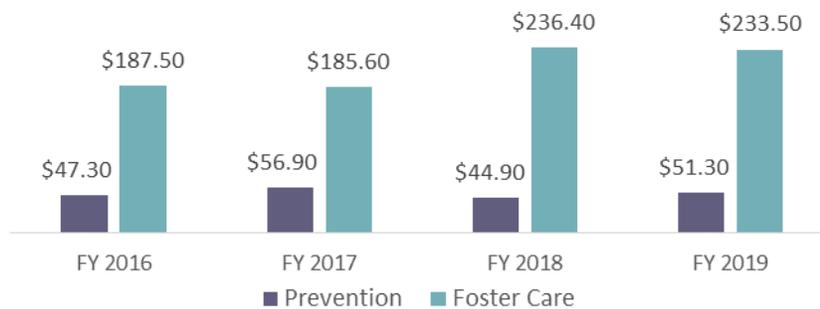
- **Senate:**

- Reduced funding for supports for parent visitations from the governor’s recommendation of \$5.9 million to \$1 million.
- Reduced funding for incentives for relatives to become licensed foster caregivers from \$1.8 million to \$500,000.
- Included a placeholder for further discussions about the Parent Partner program.
- Included a placeholder to continue discussions on an increase in overall Family Preservation funding.
- Restored funding (\$525,000) for the School Success Partnership program, as well as funds for the Parent to Parent Mentoring program.

- **House:**

- Agreed with the governor by providing \$5.9 million for supports for parent visitations when children are in out-of-home care.
- Reduced funding for incentives for relatives to become licensed foster caregivers from \$1.8 million to \$1 million.
- Rejected the governor’s recommendation to include \$2.4 million in federal TANF funding to continue current family reunifications programs.
- Rejected the governor’s recommendation for \$975,000 for the Parent Partner program.
- Agreed with the Senate to restore funding for both the School Success Partnership program and the Parent to Parent Mentoring program.

INVESTMENTS IN CHILD ABUSE AND NEGLECT PREVENTION & FAMILY PRESERVATION REMAIN LOW (Dollars in Millions)



Source: House Fiscal Agency

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Endnote

1. In addition to the specific provisions of the House budget outlined above, the budget for the Department of Health and Human Services approved by the House assumes: 1) a reduction of lapsed savings based on historical lapses in specific budget areas; and 2) a 3% across-the-board reduction for most budget items to be achieved through administrative efficiencies. A 3% across-the-board reduction could affect the ability of the DHHS to administer and provide services needed by families and children with low incomes.