

2022 BUDGET PRIORITY: SUPPORT CHILDREN AND FAMILIES LIVING IN POVERTY BY UPDATING PUBLIC ASSISTANCE POLICIES AND SHIFTING FUNDING TO CORE SERVICES

LEAGUE RECOMMENDATION:

Improve access to opportunity for families by: (1) making use of the federal hardship exemption to Family Independence Program (FIP) lifetime limits as a tool for reducing deep poverty for children living in communities with few job opportunities; (2) shifting more of Michigan's Temporary Assistance for Needy Families (TANF) funding to FIP's core services; and (3) ending the requirement that applicants for food or child care assistance cooperate with child support enforcement efforts.

BACKGROUND:

Temporary cash assistance through FIP can help provide Michigan residents work supports and training as well as financial stability so they can meet basic needs. However, through restrictive policies and spending, Michigan has limited assistance and services to families and individuals facing unemployment or with very low incomes.

The elimination of the hardship exemption for lifetime limits on receiving FIP assistance prevents thousands of Michiganders from continuing to receive supplementary income that supports their children and families. In addition, state-specific cash assistance programs like FIP are funded through federal TANF block grants, but the state falls well below the national average when it comes to spending on FIP's "core services"—which include basic assistance, work activities, work supports and supportive services, and child care.

In 2011, Michigan saw profound changes to its TANF program, driven by the need to cut public benefit spending to fund large tax cuts to businesses. Michigan instituted a strict 48-month lifetime limit on FIP benefits—a full year less than the federal 60-month limit—and eliminated the federal hardship exemption that allows states to continue to extend FIP benefits beyond the 60-month limit to 20% of its caseload. Previously, Michigan's hardship exemption had been available to residents living in a county where unemployment was 10% or more or there were few job opportunities. The result of these changes has been a steep decline in the number of FIP caseloads in the years that followed: from the 2011-2012 period to 2018-2019, FIP caseloads fell by 75% (nearly 50,000 cases), the second largest percent decrease of any state.

Furthermore, Michigan TANF spending on FIP's core services is disproportionately low. In 2018, Michigan spent 21.5% of its block grant on core activities, which was far below the national average of 52% and ranked Michigan 45th in spending in this area out of all 50 states and Washington, D.C. When broken down by category of spending, the state ranks below the national average for many of the core activity areas.

Michigan is also one of only eight states that make receipt of Supplemental Nutrition Assistance Program (SNAP) benefits, and one of fewer than half of states that make receipt of child care subsidies, contingent on cooperation with child support efforts. Federal rules mandate that states require families to cooperate with child support in order to receive cash assistance or Medicaid, and give states the option to add a similar requirement for SNAP and subsidized child care. Michigan makes use of the option, requiring parents who apply for food assistance or a child care subsidy to cooperate with child support collection if the other parent of their child is not living in the home, or to show good cause (i.e. domestic violence or fear for the child's safety) for not doing so.

Share of Total TANF Spending on Core Services, in Michigan and Nationally

	Basic Assistance	Work Activities	Work Supports & Supportive Services	Child Care	Sum of Core Activities
Michigan	12.0%	0.3%	7.1%	2.0%	21.5%
National	21.4%	10.7%	2.7%	17.0%	51.8%
Michigan Ranking (50 states and D.C.)	37th	50th	4th	46th	45th

Source: U.S. Department of Health and Human Services, compiled by Center on Budget and Policy Priorities

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WHY DOES IT MATTER?

The lack of a hardship exemption for FIP lifetime limits and limited state spending on core services means FIP does not target Michiganders who would benefit most from the program. Currently, more than one in five Michigan counties have an unemployment rate of 6% or more and job opportunities may be hard to come by. Coupled with a 48-month lifetime limit, FIP's reach is restricted, and the state should make use of its ability to exempt up to 20% of its cases from this lifetime limit to provide continued cash assistance and employment supports to thousands more Michigan residents.

Michigan devotes 33% of its TANF money—more than all but three states—toward “other” services. TANF funding should be redirected to its intended purpose of providing direct supports, such as through cash assistance, work supports and child care. TANF dollars can additionally be directed toward necessary non-core services, such as program management, or expanding pre-K or child welfare. However, when allocated to “other” services, the state can currently spend this money on unrelated areas when it should be dedicated to supporting families in deep poverty.

Custodial parents who do not engage with child support collection often have a good reason for not doing so. Some parents may fear domestic abuse or harassment and may be eligible for a good cause exemption; however, they may not know how to apply for an exemption, may be concerned that the noncustodial parent will be contacted anyway, or may have a general distrust of the court system. Other custodial parents may have informal payment arrangements with the noncustodial parent and do not want to damage that relationship by opening a formal child support case. While a cooperation mandate takes a significant number of households off SNAP food assistance, few of those households actually receive funds from child support payments and thus end up with fewer resources. Because the requirement increases the administrative burden and expense for the state while jeopardizing family well-being, this policy should be overturned.