



Date: April 15, 2025

To: Chair Roth and Members of the House Appropriations Subcommittee on Human Services

From: Monique Stanton, President and CEO of the Michigan League for Public Policy

Subject: Comments on Public Assistance Programs

The Michigan League for Public Policy is pleased to provide comments on the importance of public assistance programs in the state, which are critical to allow Michigan families to meet their daily needs. While there are several ways that the state and federal agencies help families afford their basic needs, these comments focus on two key areas: food assistance and basic cash transfer programs.

For those of you who are not yet familiar, the League is a nonpartisan research and advocacy organization that promotes economic opportunity for all and analyzes the impact of public policy and budget decisions on the lives of Michiganders who have been historically and systemically left out of opportunities to advance prosperity. The League is also the state's Kids Count organization, working as a part of a national effort to measure the well-being of children at the state and local levels and to shape efforts that improve the lives of Michigan children.

Michiganders succeed when they are given the resources that allow them to go to school, work and participate in their community. Children have a difficult time learning if they are hungry or if they worry about whether their family can afford their next meal. Stable, safe, affordable housing is necessary to find and retain a job. Being able to access their basic needs helps Michiganders achieve better educational outcomes, live healthier lives and access economic prosperity. Our state budget provides us with the opportunity to prioritize state investments that help Michiganders afford their basic needs, put food on their tables and access safe housing, and these investments have long-lasting impacts on the lives of Michigan's families and children.

Supplemental Nutrition Assistance Program (SNAP)

The Supplemental Nutrition Assistance Program (SNAP), the nation's largest nutrition program, is the load-bearing wall for anti-hunger efforts in the United States. In Michigan, more than 1.4 million (1 in 7 Michiganders) benefit from SNAP. This includes over 527,500 (or 23%) of Michigan's children and 39,000 (or 8%) of Michigan's veterans. Michiganders statewide benefit from SNAP, with more than 1 in 5 residents in Lake, Clare, Genesee and Wayne counties putting food on their tables due to SNAP.

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In addition to children, older adults and people with disabilities, SNAP supports millions of Americans who work in jobs that don't pay enough to cover basic needs. In fact, 4 out of 5 Michigan families that buy groceries with SNAP include at least one working adult.

Here's how it works: The Michigan SNAP eligibility ceiling is 200% of the federal poverty level, and the average SNAP benefit is \$173 per person per month. For a single person, the maximum income is \$30,120 per year (or about \$2,500 per month), and they receive an average SNAP benefit of \$173 per month. For a single parent with two kids, they can make up to \$51,640 per year (or about \$4,300 per month) and receive an average benefit of \$519 per month.

SNAP has wide-ranging benefits:

- In Fiscal Year (FY) 2023-2024, nearly \$3 billion in benefits came to the state, supporting jobs in agriculture and food processing, trucking and grocery retail.
- SNAP provides a critical economic stimulus during a downturn, generating \$1.50 in economic activity for each \$1 redeemed in benefits.
- Every \$1 invested in children through SNAP yields \$62 in the long term through boosted academic achievement and greater self-sufficiency in adulthood.
- SNAP is proven to improve health for participants of all ages and reduce health care costs. In fact, health care costs are reduced by an average of 25% every year for adults with low incomes who are enrolled in SNAP.

Benefits are currently 100% federally funded; however, budget discussions in Washington are putting SNAP at risk. If the \$230 billion cut to SNAP included in the budget resolution is adopted, a recent report¹ has estimated that Michigan will lose the following over the next 10 years:

- \$722 million in federal funding,
- \$971 million in economic output (\$582 million in state GDP),
- 5,000 jobs (2,700 directly related to food, 2,300 million in other industries),
- \$75 million in federal tax revenue, and
- \$57 million in state and local tax revenue.

Reportedly, the federal government may seek to shift SNAP costs to states, possibly by instituting a match requirement for the first time in the program's history. Even a small 5% match requirement could be a heavy burden for Michigan, costing the state a projected \$152 million in FY 2026 alone and a total of \$1.5 billion from FY 2026 to FY 2034; a 10% match would cost \$304 million in FY 2026 (\$2.9 billion total from FY 2026-2034) and a 25% match would cost \$761 million in FY 2026 (\$7.2 billion total from FY 2026-2034).²

These threats to SNAP pose real risks for Michiganders; however, state policymakers can ensure that we are supporting people even as benefits are threatened. One way the state budget

¹ Leighton Ku et al., *How Potential Federal Cuts to Medicaid and SNAP Could Trigger the Loss of a Million-Plus Jobs, Reduced Economic Activity, and Less State Revenue* (Commonwealth Fund, Mar. 2025), <https://doi.org/10.26099/x2q9-7027>

² Dottie Rosenbaum et al., *Imposing SNAP Food Benefit Costs on States Would Worsen Hunger, Hurt States' Ability to Meet Residents' Needs* (Center on Budget and Policy Priorities, Mar. 2025), <https://www.cbpp.org/research/food-assistance/imposing-snap-food-benefit-costs-on-states-would-worsen-hunger-hurt-states>

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can support food security is by continuing healthy school meals for all in our K-12 budget. Guaranteed access to school meals will help ensure that all Michigan kids, including the 1 in 8 who experience hunger, have the opportunity to reach their full potential. Food security is associated with better health, higher school attendance and greater academic achievement. Additionally, school meals are linked to improved student attendance, attentiveness and behavior. All of this translates into success in school. Busy parents at all income levels will also save time and money — an estimated \$850 per student annually. That's an entire year's worth of diapers, five months of electricity bills or 20 tanks of gasoline. This investment has wide-ranging benefits that go beyond the classroom and should be continued.

Basic Cash Assistance (Temporary Assistance for Needy Families (TANF))

Family Independence Program (FIP)

The Family Independence Program (FIP) is Michigan's cash assistance program, funded through the federal Temporary Assistance for Needy Families (TANF) funding stream. This program provides cash assistance to households with dependent children who are living with very low incomes to help them meet basic needs, such as housing, utilities and clothing. After years of harmful policies enacted by the Legislature, far too few Michigan families can access cash assistance, and those who meet the stringent qualifications receive benefits that are far lower than necessary to meet basic needs. In FY 2023-2024, only about 11,500 families per month received cash assistance through FIP (including approximately 21,500 children and just over 6,400 parents), a sharp drop from nearly 80,000 per month in 2011.

Here's how it works: In Michigan, the Department of Health and Human Services establishes a payment standard; a monetary level on which determinations for cash assistance eligibility and benefits amount are based. The 2025 payment standard of \$583 for a family of three — increased for the first time since 2008 — means a family of three can make no more than \$925 per month (earnings plus cash assistance grant combined) or \$11,100 per year. This means a qualifying family of three still earns just 42% of the federal poverty level (or \$26,650 for a family of three). Additional support is given for an annual children's clothing allowance and a per-child supplemental payment. Michigan follows the federal lifetime limit of 60 months of TANF assistance for recipients.

Our TANF block grant is the main way we pay for basic cash assistance for families. In FY 2024-2025, of the nearly \$105 million FIP program, 86% of it is funded by federal TANF funding. While an increase over recent years, Michigan has historically spent very little of its TANF block grant and state maintenance of effort (MOE) requirements on basic assistance programs.³ In fact, in 2023, only 7.7% of the state's TANF and MOE were spent on basic assistance, below what most other states spend. Instead, we historically have used our TANF block grant on other programs and services, which, while allowable, are not really meant to serve the end goals of TANF.

Policymakers can improve access to basic cash assistance by doing the following, among other investments and policy changes:

³ The TANF block grant was established in 1996 to help assist families with minor children or pregnant people. To be eligible to receive roughly \$773 million in federal funds, Michigan must spend from its own funds 75-80% (depending on whether we are meeting specific work participation rate requirements) of its historical spending on families with low incomes who have children.

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- Allocating more of Michigan's TANF block grant to basic assistance programs;
- Further increasing the payment standard and tying it to the poverty threshold or some other inflation-tied metric, which would ensure that eligibility standards and benefits are maintained and not depreciated;
- Eliminating other barriers by investing in work supports and supportive services, like mental health, transportation, job skills, and child care; and
- Supporting program staff by hiring more case workers, providing more training and easing communication between workers on the same case.⁴

Rx Kids Program

Recently, Michigan began providing basic cash assistance in a new and innovative way. Childbirth, even of a planned child, can cause significant financial strain on a family's budget. Research shows that family income drops sharply – and poverty increases – near the birth of a child. The toxic stress of poverty can have long-lasting impacts on the lives of children. Providing direct cash at this moment can create a buffer to allow families afford basic needs, like housing and food. The Rx Kids program, piloted in Flint, MI, beginning in January 2024, is the nation's first-ever community-wide prenatal and infant cash prescription program. In 2025, it expanded to the city of Kalamazoo and several counties in the Eastern Upper Peninsula (Alger, Chippewa, Luce, Mackinac and Schoolcraft), and it was recently announced that the city of Pontiac would begin providing the program.

Here's how it works: A pregnant person receives \$1,500 during pregnancy, and babies receive \$500 per month for a designated length of time that varies between 6 and 12 months. This allows new families to receive up to \$7,500 in cash during the first year of a baby's life. The dollars are provided through a mix of TANF allocation and local philanthropic investments.

According to the Rx Kids Dashboard, since its inception, Rx Kids has prescribed nearly \$8.2 million in unconditional cash transfers. Over 2,000 families have been enrolled, and more than 1,500 babies have been born. Nearly 3 in 4 of these families have incomes under \$30,000. An initial survey of Flint participants in 2024 showed that families spent their cash prescriptions on their children and essential household items, like baby supplies (88%), food (78%), rent (57%), utility bills (48%) and transportation (36%). Most also felt that it helped them improve their health and made it easier to access health care.

Policymakers can ensure continued access for Rx Kids by maintaining support and funding for the programs that currently exist. Additionally, the state should continue increasing the investment in order to expand the program to more communities.

Benefits of Direct Cash Transfer Programs

Research shows that direct cash transfer programs, including tax credits like the Earned Income Tax Credit and the Child Tax Credit, have a wide range of benefits, including:

⁴ In 2024, the Center for Public Partnerships and Research at the University of Kansas released a report commissioned by the state that identified gaps and opportunities in how Michigan uses its Temporary Assistance for Needy Families block grant. More of their research and findings can be found at: *Anti-Poverty Strategies: A mixed methods analysis of Temporary Assistance for Needy Families in Michigan* (University of Kansas, Center for Public Partnerships and Research, Mar. 2024), <https://www.michigan.gov/leo/-/media/Project/Websites/leo/Documents/Poverty-Task-Force/TANF-Report.pdf>

- Healthier pregnancies, including positive impacts on birthweight, premature births and parental mental health;
- Improved early development;
- Reduced poverty rates, such as the 2021 expanded Child Tax Credit which helped cut national child poverty in half to a record low of 5.2%;
- Reduced food insecurity;
- Improved health; and
- Better school performance for kids.

Research also shows these benefits are long-lasting, and children who live in families that received direct cash have improved outcomes in adulthood.