



MEMORANDUM

TO: Members of the House Appropriations Subcommittee for Health and Human Services

FROM: Gilda Z. Jacobs, President and CEO

DATE: February 22, 2018

SUBJECT: Human Services Budget for 2019

I am pleased to offer for your consideration the priorities of the Michigan League for Public Policy for the human services portion of the 2019 state budget.

The League is very concerned about the decline in support for families who have not yet been able to benefit from the state's recovery since the depths of the Great Recession. Current caseloads for the Family Independence Program (FIP) are at their lowest levels since the 1950s—despite increases in child poverty.

More than 1 of every 5 children in Michigan lives in poverty, and rates are particularly high for children of color. A history of systemic barriers to economic security for families of color in this state has resulted in nearly half of African-American children and approximately one-third of Hispanic children living below the federal poverty line. Michigan must begin to address these inequities head-on. As a first step, we encourage you to use data on the disproportionate impact of budget and other policies on children of color, and have attached a fact sheet on this recommendation in your packet.

We know that children who live in homes stressed by poverty, frequent moves, homelessness and hunger cannot learn to their potential. Michigan must address the issue of child poverty if it is ever to realize its goal of becoming a top state for educational achievement—the clear foundation of economic growth.

For 2019, we offer the following recommendations for human services:

- **Support increases in basic income supports for children living in extreme poverty.** We support the governor's recommendation to increase FIP grants to begin to halt the inflationary erosion of families' purchasing power. However, because FIP grants have been largely flat since 1996, more will be needed to help families remain stable while receiving temporary assistance. To that end, we also recommend that you also expand the school clothing allowance as originally proposed by the governor for the current fiscal year.
- **Support the continuation of the "heat and eat" policy.** The League thanks you for your support of this important policy that helps prevent hunger among children, the elderly and persons with disabilities. We support the governor's decision to continue the policy in 2019 and urge your support as well.

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- **Remove the asset test for food assistance.** The League further believes that the asset test for federal food assistance should be reconsidered. Approximately 35 states have eliminated their asset tests—a policy that can discourage families with low incomes for savings for emergencies, and that can actually increase state administrative costs.
- **Expand access to healthy food.** The League supports efforts to ensure that families and children have access to healthy foods, and urge your support for the Michigan Corner Store Initiative that was considered during last year’s budget deliberations but not funded, as well as the Double-Up Food Bucks program.
- **Provide appropriate justice for juveniles.** The League urges you to fund implementation of “Raise the Age” legislation to ensure that 17-year-old youths are not treated as adults in the criminal justice system. Michigan is one of five states that automatically charges 17-year-old youths as adults.

Please contact me if you would like additional information. We appreciate your consideration of our recommendations.

Michigan League for Public Policy

2019 BUDGET PRIORITIES

Increase School Clothing Allowance for Children in Deep Poverty

— LEAGUE RECOMMENDATION —

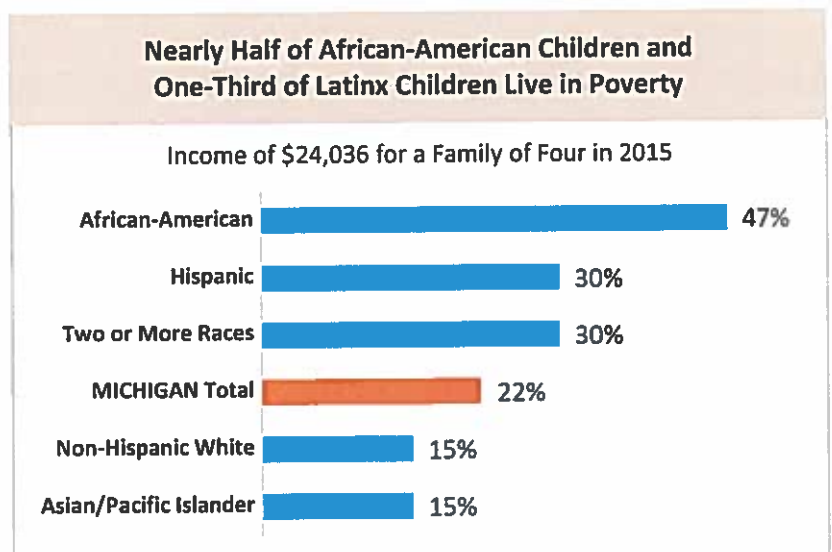
Increase the annual clothing allowance for children in families receiving income assistance through the Family Independence Program (FIP) to \$200, as recommended by the governor for the current budget year.

BACKGROUND: In 2017, Gov. Rick Snyder proposed expanding eligibility for the clothing allowance to all children in families receiving FIP and also recommended increasing the annual payment to \$200 per child. The Michigan Legislature approved only the eligibility expansion. For 2018, the governor again called for an increase in the payment from \$140 to \$200 per child at a cost of \$2.7 million in federal Temporary Assistance for Needy Families (TANF) funds, a recommendation the Legislature again rejected.

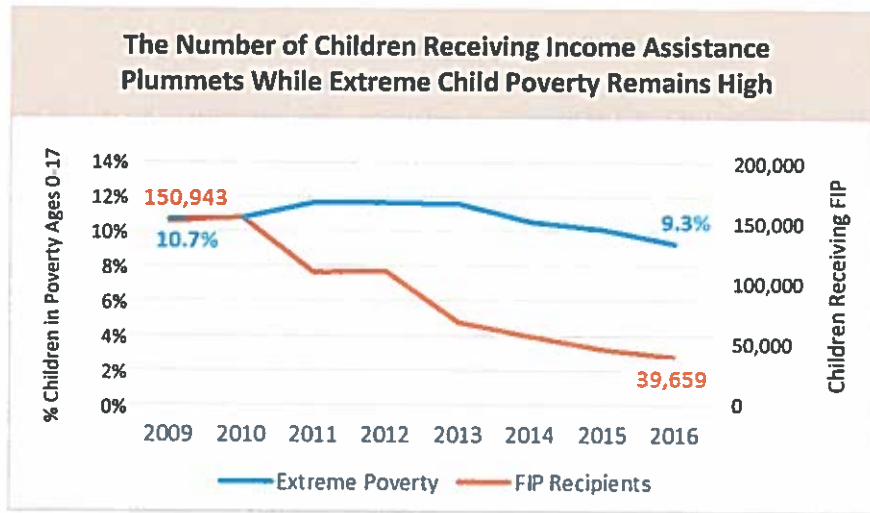
- **FIP cases and expenditures are down dramatically.** FIP expenditures have dropped dramatically in part because of policy changes, including more stringent lifetime limits. Between 2010 and 2017, the average FIP caseload fell by 75% from 82,480 to 20,380; spending fell from \$34.4 million monthly to only \$7.5 million.
- **The purchasing power of the FIP grant has dropped.** The maximum monthly FIP grant is \$492 for a family of three—up only 7% in nearly a quarter-century when in 1993 the maximum was set at \$459 per month. Without increases, the purchasing power of FIP families with children has dropped.
- **Children are most affected.** Nearly 8 of every 10 people receiving FIP assistance are children, and many are under the age of 6.

WHY IT MATTERS:

- **The clothing allowance increases the purchasing power of families to provide for the basic needs of their children.** Children receiving public assistance are living in deep poverty. FIP payments represent only 31% of the federal poverty level, leaving little for families to meet basic needs for shelter and clothing.
- **Children of color are two to three times more likely to live in poverty and represent more than half (55%) of those receiving FIP benefits.** Differences in economic security and opportunity are at the core of racial and ethnic disparities in outcomes for families and children. These disparities are the outgrowth of years of systemic barriers that families of color must overcome, including housing discrimination, differences in educational quality and opportunity, and racial discrimination in the workplace. Inequities persist today in part because of state budget decisions that do not recognize the extra resources required to overcome these barriers.



- Childhood poverty has lasting effects for children.** Despite economic improvements that have lowered unemployment, childhood poverty—particularly for very young children—remains high. Children who live in areas of concentrated poverty are more likely to be in poor health and be exposed to environmental hazards, lack access to healthy foods, miss out on high-quality child care and early education experiences, and struggle in school and ultimately in the workplace.



Michigan League for Public Policy

2019 BUDGET PRIORITIES

Prevent Hunger by Continuing the “Heat and Eat” Policy

— LEAGUE RECOMMENDATION —

Continue the current “heat and eat” policy to ensure adequate nutrition for Michigan families, children, people with disabilities and seniors.

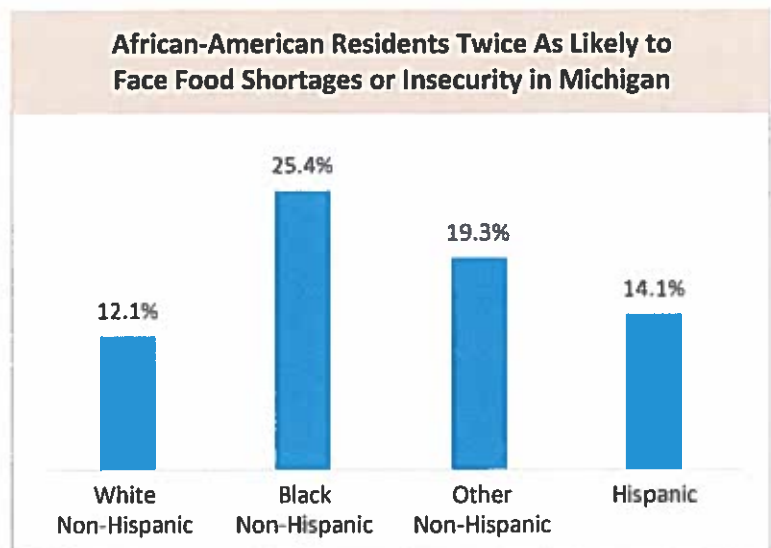
BACKGROUND: Between 2010 and 2014, Michigan participated in the federal “heat and eat” policy that allowed the state to maximize food assistance payments by providing \$1 in federal energy assistance funding to households receiving Food Assistance Program (FAP) benefits—funding that allowed them to claim additional federal food assistance. In 2014, federal law changed to require families to receive more than \$20 in energy assistance to be eligible for additional FAP benefits.

With that change in federal law, Michigan began to phase out the “heat and eat” policy, reducing more than \$75 per month in food benefits for approximately 340,000 Michigan residents. Recognizing the impact on Michiganders, the Legislature restored the “heat and eat” policy in both the 2017 and 2018 state budgets.

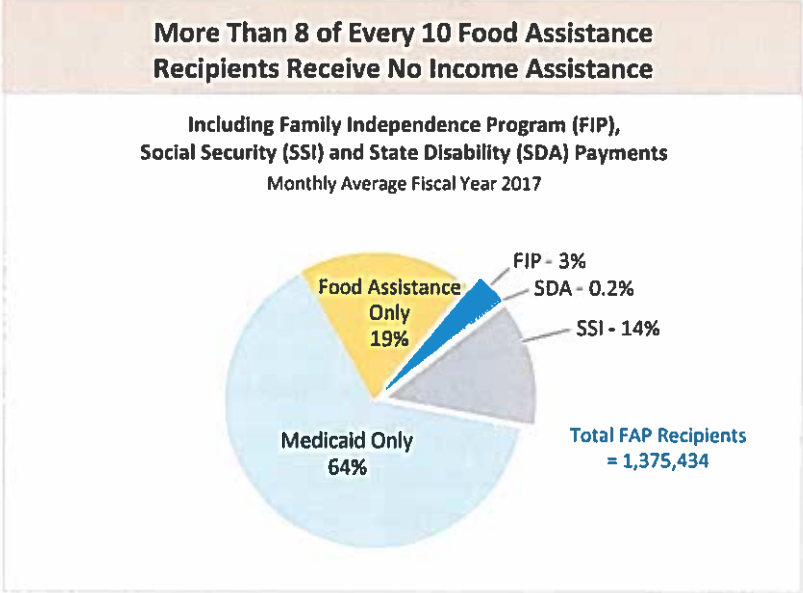
- **Many Michiganders need food assistance to avoid hunger.** In the 2017 budget year, 1.4 million Michigan residents used food assistance to ensure basic nutrition, including approximately 1 in 4 of the state’s children. Food assistance benefits respond well to economic downturns by providing a needed safety net.
- **Food assistance benefits are low and are often not enough to get a family through a month.** In 2017, the average monthly food benefit was \$121 per person, or roughly \$1.35 per meal.

WHY IT MATTERS:

- **Many children receiving food assistance live in deep poverty.** In 2015, 26% of the state’s children received FAP benefits. More than one-third of those children lived in families with incomes under 51% of poverty, while another 41% lived in households with incomes between 51% and 100% of the poverty line.
- **African-American and Latinx families are more likely to face food shortages.** Approximately 14% of Michiganders live in households that do not have consistent, secure supplies of food. African-American residents, who are much more likely to live in high-poverty neighborhoods with few sources of healthy foods, are twice as likely to face food shortages.
- **The impact of inadequate nutrition in childhood can be long-lasting.** Children whose mothers lacked adequate nutrition during pregnancy and preconception are more likely to be born underweight and face related health challenges. Further, without



access to healthy foods, children can struggle in school and fall behind their peers. And, adults who had access to federally funded food assistance through age 5 are less likely to have stunted growth (down 6%) and heart disease (down 5%), substantially less likely to be obese (down 16%), and more likely to have completed high school (up 18%).



Michigan League for Public Policy

2019 BUDGET PRIORITIES

Eliminate the Asset Test for Food Assistance

— LEAGUE RECOMMENDATION —

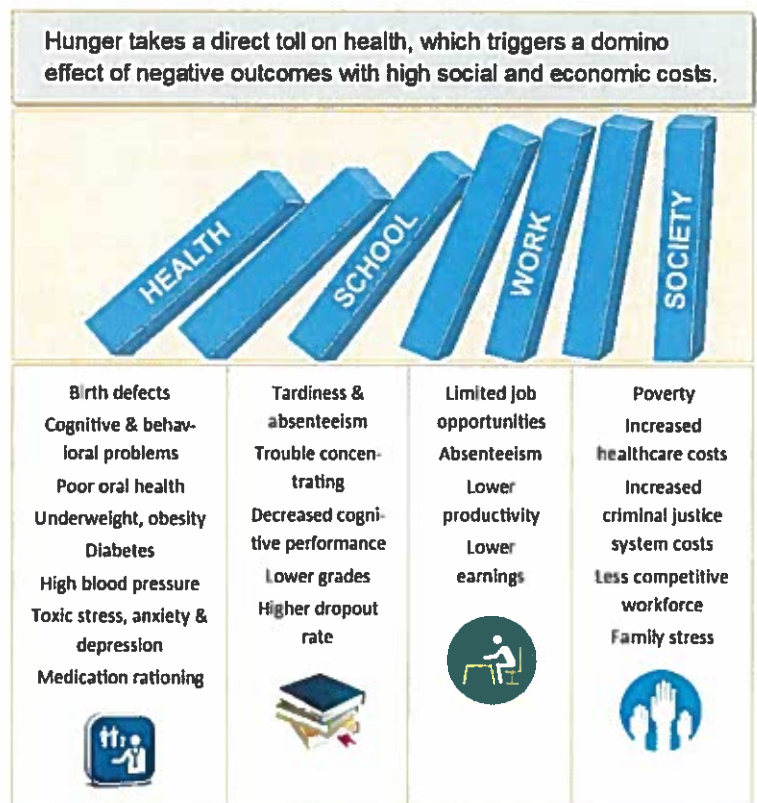
Reverse the state’s decision to apply an asset test to food assistance—a policy that discourages families from saving the small amounts needed to handle temporary crises or setbacks, and has administrative costs for the state.

BACKGROUND: In 2002, the federal government gave states the option of setting their own asset limits for food assistance, including eliminating them entirely. Since then approximately 35 states have eliminated their asset tests. Michigan was one of the first states to eliminate the asset limits, but reinstated them in 2012.

- **Michigan’s asset test for food assistance is a state policy that can be reversed.** Since states control the food assistance asset test, Michigan could opt to eliminate it or increase the level. To receive food assistance, families currently cannot have more than \$5,000 in countable assets, with some exemptions for vehicles. Countable assets include, among others, checking and savings accounts.
- **Eliminating the asset test would not increase state costs, and may even save the state money.** Food assistance benefits are entirely federally funded, so any increases in benefits would not come from the state’s General Fund. However, the state participates in food assistance administrative costs with a 50% match. Given already high caseloads for eligibility specialists, eliminating the food assistance asset test could streamline the state’s efforts.

WHY IT MATTERS:

- **Asset tests can discourage families with low incomes from saving.** States that have eliminated or relaxed asset limits have seen increases in the savings families need to weather a temporary crisis like the breakdown of a car, unusually high heating costs or a potential eviction.
- **The asset test can create greater food insecurity for families.** Short-term or transitory increases in assets—like a student loan or unexpected bonus—can disqualify families, even though their ongoing income has not increased. This can result in more families cycling in and out of the program, placing them at greater risk of falling short of food, and increasing administrative costs associated with reassessing eligibility.
- **Some Michigan residents are more vulnerable to hunger.** One in 7 Michiganders is food insecure, but the numbers are higher for children, residents in rural areas, people with disabilities, people of color and seniors.
- **Hunger takes a direct toll on health and triggers a domino effect of negative outcomes.**



Michigan League for Public Policy

2019 BUDGET PRIORITIES

Expand Access to Healthy Foods

— LEAGUE RECOMMENDATION —

Expand state funding for initiatives that improve access to healthy food for Michigan families and children in both rural and urban areas of the state including assistance for farmers markets, the Double Up Food Bucks and 10 Cents a Meal programs, and the Michigan Corner Store Initiative.

BACKGROUND: Federally funded food assistance does not ensure access to healthy food for many Michigan families, particularly those living in urban communities of color or in more remote rural areas. State funding for access to healthy foods has been minimal, with most initiatives relying on federal or philanthropic dollars.

- The 2018 state budget includes: 1) \$380,000 for the Flint Double Up Food Bucks program, plus a supplemental appropriation for \$750,000 for the program statewide; 2) \$500,000 (\$250,000 in state funds) for the purchase of wireless equipment by farmers markets so families can use their Bridge Cards to purchase healthy food; and 3) \$375,000 (an increase of \$125,000) for the 10 Cents a Meal program that provides incentives for schools to purchase healthy foods grown in Michigan.
- The Legislature failed to fund a Michigan Corner Store Initiative that was intended to provide grants to small food retailers to increase the availability of fresh and nutritious foods in low- and moderate-income areas of the state.

WHY IT MATTERS:

- **Large numbers of Michiganders live in communities with limited access to healthy food.** An estimated 1.8 million people in Michigan, including 300,000 children, live in communities with few healthy food options, forcing them to either travel to shop or make do with the food that is readily available. Without the option of reliable private or public transportation, for many families with low incomes the only option is to rely on smaller convenience stores where the offerings are typically high-calorie with low nutritional value.
- **Access to healthy food is a problem in both urban and rural areas of the state, and some residents are more likely to be affected.** Low-income, urban neighborhoods of color have been found to have the least availability of grocery stores and supermarkets compared with both low- and high-income White communities. In addition to communities of color, children in families with low incomes, seniors and the disabled are more likely to face barriers accessing fresh and healthy foods.
- **The lack of access to healthy food can affect the health of Michigan residents and contribute to long-term healthcare costs.** Removing barriers to the consumption of healthy food is a first step in reducing obesity, diabetes, hypertension, heart disease and other diet-related diseases that have become increasingly prevalent—even among children. In Michigan, 1 in 3 children is overweight or obese, and 70-80% of obese children become obese adults. This comes at a cost to the state: Michigan is expected to spend \$12.5 billion on obesity-related healthcare costs in 2018.
- **The expansion of healthy food businesses can spark local economies.** When new supermarkets or other healthy food businesses like farmers markets and corner stores come into underserved, low-income communities, opportunities for local farmers are expanded, and new jobs are created in neighborhoods where they are most needed. In addition, improved access to healthy food can reduce the costs of diet-related diseases that affect employers in the form of absenteeism and disability.



RAISE THE AGE



Michigan is one of only five states across the country that automatically prosecutes 17-year-olds as adults for any offense.

17-year-olds cannot legally:



Vote in elections



Rent a car



Serve on a jury



Live independently from parents or guardians



Enter a legal contract



Purchase or use tobacco

Yet they are automatically charged as adults in the criminal justice system.

According to *Youth Behind Bars*:

60%

of 17-year-olds were charged for nonviolent offenses

58%

had no prior juvenile record

Kids of color are overrepresented

Total 17-year-old population



Total 17-year-olds entering state corrections



Kids of color

Prosecuting youth as adults is expensive and threatens public safety:

- ◆ Youth prosecuted as adults are 34% more likely to reoffend than youth in the juvenile justice system.
- ◆ Youth prosecuted as adults earn 40% less over their lifetime than youth in the juvenile justice system, which translates in a loss of state tax revenue.
- ◆ Adult convictions lead to lifelong barriers in housing, employment and education.

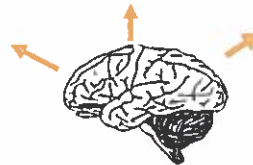
Youth in adult prisons are at a higher risk than youth in the juvenile justice system for:

- Sexual assault
- Solitary confinement
- Restraint
- Suicide

Teens are more inclined to take risks, act impulsively and succumb to peer pressure.

Youth are amenable to rehabilitative programs and behavior modification.

Youth need access to age-appropriate services, like those provided in the juvenile justice system.



Research shows that young brains are still developing and are not the same as adult brains.

Take Action

www.raisetheagemi.org

STEP 1

Identify a Point Person for Raise the Age Updates and Actions

STEP 4

Draft an Organizational Position Statement

STEP 2

Help Spread the Word Via Newsletters and Social Media

STEP 5

Encourage Support for Raise the Age Among Colleagues, Local Leaders and State Policymakers

STEP 3

Raise the Voices of Impacted Youth and Families



