



## **Testimony Presented to the House Committee on Families, Children and Seniors**

### **House Bill 5560 Restrictions on Bridge Card Usage**

**Peter Ruark, Senior Policy Analyst  
March 1, 2018**

Good morning, Chair Rendon and members of the committee. Thank you for the opportunity to testify today. I am Peter Ruark, Senior Policy Analyst at the Michigan League for Public Policy, a nonpartisan policy institute dedicated to economic opportunity for all. We oppose House Bill 5560, which would prohibit recipients of cash assistance through the Family Independence Program from withdrawing their benefits in cash from ATM machines, would restrict the retail establishments at which Bridge Cards could be used to a list of state-approved stores, and would restrict the items that may be purchased using the card.

To begin receiving cash assistance through FIP, families must be in “deep poverty,” at or below 50% of the poverty threshold, and the maximum amount a family of three with no earnings from work may receive is \$492 per month (those with earnings receive less). The League believes that the best way out of poverty and toward economic security for able-bodied adults and their families is through work and that cash assistance can help families in extreme hardship as they make the transition to economic security. However, \$492 for a family without earnings brings that family of three to only 30% of the poverty threshold, so there is not “extra” money in that benefit for luxuries. Parents who receive cash assistance use it for a variety of needs, including some that are often paid for with cash, such as public transportation, parking, babysitting, fees at their children’s schools, and some retailers such as farmers’ markets. Barring ATM cash withdrawals from the Bridge Card would make it difficult to pay for these necessities.

Restricting the retail establishments to a list of state-approved stores would also create difficulty, especially for recipients without reliable transportation, and would especially affect those recipients who live in largely impoverished communities with few retail choices. Restricting the items that may be purchased with the Bridge Card runs the risk of also creating difficulty, but not taking into account the varied needs of people in deep poverty. Moreover, the added administrative burden on retailers to program their cash registers and train their staff accordingly would likely lead some stores to stop accepting Bridge Cards for purchases altogether, creating more hardship.

There are already a number of items that are not permitted to be purchased with Bridge Cards, such as lottery tickets and liquor. There are also specified establishments at which Bridge Cards may not be used for purchases or ATM withdrawals, such as liquor stores, casinos and adult-oriented businesses. We

encourage this committee to continue the current practice of prohibiting Bridge Card use for a limited list of items and at selected types of establishments, rather than creating a state-approved list of items and establishments as this legislation would do.

While we agree there are some Bridge Card purchases that should continue to be prohibited, we are concerned that this legislation, in addition to creating some difficulty in paying for legitimate needs, also perpetuates a negative stereotype of cash assistance recipients. We ask this committee to keep in mind several of the trends in the Family Independence Program:

- In 1996, the year of the federal welfare reform, a family of three had to be at or below 73% of the poverty level to qualify for cash assistance; in 2017, a similar family must be at or below 49% of the poverty line to initially qualify.
- In 1996, the monthly FIP grants of \$459 brought a family of three with no earnings to 44% of the poverty threshold; in 2017, it brings a similar family to only 30% of the poverty threshold.
- The number of families receiving cash assistance in Michigan has decreased from 177,600 in 1996 to 80,000 in 2006 to 20,380 in 2017—the lowest cash assistance caseload in Michigan since the 1950s!
- In December 2017, nearly 35,500 cash assistance recipients were children, comprising 79% of all cash assistance recipients.

In light of the fact that cash assistance serves only the poorest of the poor, the eroding value of the monthly cash assistance benefit, the record low number of families receiving cash assistance, and the fact that four out of five recipients affected by these proposals are children, we believe that legislation to enact further barriers to the use of the Bridge Card is not necessary or helpful and in fact would hurt those who most need the assistance as they try to get back on their feet. We ask this committee to reject HB 5560.

Thank you again for the opportunity to address this important issue.