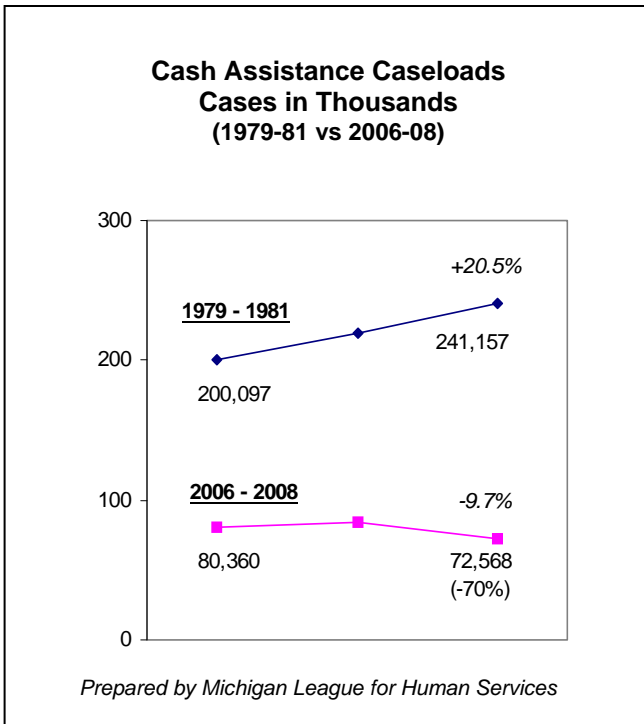




Michigan's Incredible Shrinking Safety Net

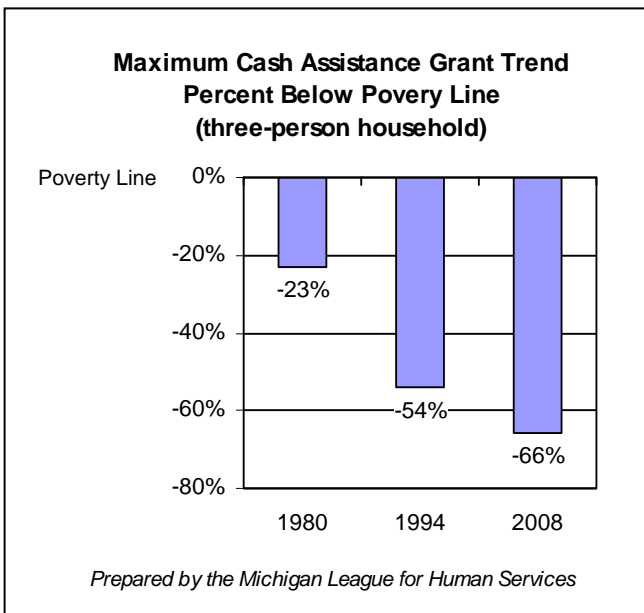


Public assistance caseloads and grant levels have declined precipitously since the recession of the early 1980s, the last time unemployment exceeded 12 percent.

The average monthly caseload of the Family Independence Program (FIP) -- formerly known as the Aid to Families with Dependent Children -- fell by 70 percent, from 241,147 cases to 72,568 cases from fiscal year 1981 to fiscal year 2008.

During the same period, the maximum public assistance grant (now \$492 a month for a family of three) dropped from 23 percent below the poverty threshold to 66 percent below the poverty threshold.

As a result of these dramatic declines, the Michigan League for Human Services estimates that **less than one-third of Michigan households with children living in poverty now receive FIP cash assistance** benefits to meet the basic needs of the family.



We recommend that Michigan policymakers move immediately to change eligibility levels that will allow more families with children living in poverty to access cash assistance.

An additional action that could be taken by the administration is to reverse a requirement that new FIP applicants first attend a session at a Michigan Works! office to look for jobs before their case is opened. After that and other new requirements were implemented in April 2007, caseloads began to fall.

Many parents applying for cash assistance have been looking for work and have been to the Michigan Works! offices. Returning to those offices is one more discouraging hoop to jump through, according to testimony gathered last year during hearings on poverty.

A major advantage of reversing this rule is that Michigan can claim federal American Recovery and Reinvestment Act monies if expenditures for assistance rise in a fiscal quarter compared with the same fiscal quarter the previous year. There is \$232 million in emergency Temporary Aid to Needy Families potentially available to Michigan.

Policymakers can revisit that requirement once unemployment returns to more normal levels.