

Position Statement

For 2022 Session

Simplify and reduce structural barriers to cash programs

Proposal

Issue: Cash programs MFIP, GA and MSA have antiquated procedural requirements that are not uniform with other public assistance programs. This proposal aims to simplify and modernize the MFIP, GA and MSA reporting requirements, to align budgeting methods with nationwide best practice, to encourage earned income and employment, and to create equity across the program. The MFIP program includes requirements that go beyond federal requirements and no longer align with nationwide best practice in fostering self-sufficiency and financial stability. The idea is to make monthly assistance families receive more stable even as their outside income fluctuates. Instead of immediately reducing benefits when earnings increase, MFIP would set benefits for a six-month period — the same way we do for SNAP food benefits. This would create a stable base income for families to move beyond crisis and gather momentum to secure more steady earned income, incentivize having earned income, and reducing county administrative time. The proposal supports similarly updating GA and MSA.

The current policy requires households with earned income to report income monthly, even if the income has not changed, which has at least three unintended, negative outcomes:

- 1) The administrative process disincentivizes having earned income. The 30 day cycle for submitting the changes creates unnecessary burden for families that may not outweigh the benefit of the small amount of earned income they could receive as they enter or re-enter the workforce into jobs that may not start off as regular or high paying. This is problematic for employers in sectors where jobs are difficult to fill. More than half of the workers on public assistance work in hospitality, retail and low wage health care jobs.
- 2) Counties spend tens of thousands of hours processing the monthly reports and responding to inquiries from families who “churn” on and off the program each month, rather than working with those families on the outcomes of the program.
- 3) The monthly churn destabilizes families who are already in crisis. Families served by this program are in deep poverty and thus experiencing many negative health and mental health outcomes (e.g. children have a mortality rate that is twice that of higher income groups, adults experience 23 percent more preventable hospitalizations as those who are not poor). Placing them at risk each month of losing much needed help due to their updates crossing in the mail with the timeline for case closure. Having a different set of rules for this program, versus other programs (health care, SNAP and Child Care assistance also creates confusion).

The current policy for this program also uses a methodology of calculating benefits for families requires counties to evaluate income they had in the past, rather than look at what they will be earning moving forward. This reduces the program’s potential to resolve crisis for families who previously had income and reported it monthly, but lose a job or income source. The program rules require workers to take the prior income into account, even if that income is no longer available moving forward. This is different from all other major public assistance programs (e.g. SNAP, Health Care) and is not required by federal policy.

In addition to the profound impact on families, this proposal also simplifies and streamlines the business process for county staff, making the program more efficient. It supports the Department of Human Services’ multi-year effort to create more uniformity across public assistance programs.

Implementation Strategy: MACSSA will seek legislation to support moving to six month reporting for all families, thus eliminating systemic and structural barriers for families with earned income. MACSSA will also seek to update the budgeting methodology, which will align it with other public assistance programs and eliminate situations which negatively impacts families in crisis due to recent loss of income.

Systemic Priority Alignment (highlight all that apply and explain why)

- Equity
- Integrated Services
- Fiscal Framework

From the GARE Toolkit (See www.racialequityalliance.org): What are the racial equity impacts of this particular decision? Who will benefit from or be burdened by it? Are there strategies to mitigate unintended consequences?

Comments: This proposal strongly impacts equity: Families experiencing poverty and financial de-stabilization are disproportionately families of color. Families in deep poverty experience many negative health outcomes, including higher mortality rates for children. They also are disproportionately represented in the kind of jobs that have inconsistent income. When families in hourly, scheduled positions gain or lose hours of work, they also need to report this monthly, or risk case closure. At the same time families with more consistent unearned income, are not burdened with this requirement. This policy disproportionately impacts families who are employed and those who are already experiencing instability, thus reducing the potential impact of the program and disincentivizing families from moving down a path toward self-sufficiency. The families who need the program most, have dozens of chances to drop off the program and then be burdened with the follow-up to get it started again. These same families are subject to budgeting procedures that do not allow the program to help with a newly lost job or crisis that occurs while on the program. In fact, for most families, the experience of looking back at income that they previously had creates a systemic stranglehold on families trying to get out of a crisis and make ends meet.

Relevant Committee (highlight all that apply and explain why)

- Adult Services
- Behavioral Health
- Children's Services
- Modernization
- Policy
- Self-Sufficiency

Why:

Self Sufficiency – MFIP, GA and MSA programs are handled by staff in this area. Children's services and behavioral health likely have families they are serving that will benefit and be more stable due to this change. The goals of this change also align with the program simplification goals of Modernization.

Rationale/Background:

Monthly reporting is an added administrative step that burdens families and leads to benefits not reaching their intended target population. The budgeting methodology is an out-dated strategy that is not considered best practice and reduces the program's potential to help families when they are de-stabilized.

While there is a fiscal note to this proposal, it is due to families who would be eligible continuing to receive service rather than having disruptions in service. These are families that include potential workers in important sectors experiencing shortages, such as hospitality, health care and retail. Excellent public service should not have system or process barriers that incorrectly classify people into eligible versus ineligible. The intent of MFIP is to stabilize families so they can move toward self-sufficiency. When a family falls off the program due to process gaps, versus due to financial situation, the program has failed.



Submitted by:

Approved on: