

# WELFARE 101:

## busting myths about welfare



### myth 03:

Welfare is a waste of Michigan taxpayers' dollars.

#### fact:

Welfare benefits contribute to local communities and represent an investment the nation has made in Michigan. In turn, those dollars have a significant economic impact on local communities.

The Michigan Department of Human Services budget totals about \$6 billion, of which about \$1 billion is from Michigan tax sources. Generally speaking, the federal government funds benefits and Michigan funds the administration of the programs, such as food assistance.

In fiscal year 2009, DHS distributed:

- More than \$2.1 billion in Food Assistance Program benefits to almost 2 million state residents. These are dollars that were spent exclusively on food and related products in Michigan grocery stores, convenience stores and local markets. The more than \$2 billion in federal benefits helped more than 1.7 million people access healthy foods.
- \$362.9 million in Family Independence Program benefits to more than 120,000 families and households with minor children. Of this total, more than \$300 million of the benefit dollars were provided by the federal government, not state taxes. These benefits help families pay rent and house payments, property taxes, utilities, clothing and other living costs, and the money is primarily spent in local communities.
- \$317 million in Child Development and Care payments covering service for more than 191,000 children. These payments were made directly to small businesses and individuals that provided services for children from low-income families. The majority of these funds came from federal sources.
- \$136.8 million in emergency energy payments for heat, electricity, heating fuel, furnace repairs and related services. These funds were paid to Michigan utilities and other businesses that provided energy services or products. All of the funding was federal.
- \$16.9 million for non-energy emergency payments for relocation, home ownership, utilities and deposits, home repairs, burials and other services. More than \$10 million came from federal sources and \$6.6 million from state funds.

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Defining the scope and effectiveness of public assistance is difficult when people are unfamiliar with programs and services. Misunderstandings lead to myths; we prefer to discuss the facts.

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### fact:

The Michigan Department of Human Services and a network of community action agencies and other partners saw an unprecedented influx of federal dollars in fiscal year 2009 that helped citizens and created jobs throughout Michigan. Some examples:

#### stimulus funding:

In 2009, Michigan received \$36 million in grant funding under the American Recovery and Reinvestment Act (stimulus) in addition to the department's \$23 million federal allocation.

The funds, all federal, support community action agencies that serve 489,000 low-income individuals each year with housing assistance, income tax preparation, food, transportation, employment assistance and economic development.

The DHS Weatherization Assistance Program received \$243 million in federal stimulus funding to be delivered over three years.

The weatherization program helps low-income renters and homeowners save money on energy – typically as much as 25 percent or about \$300 per year.

More than 4,800 low-income households received weatherization services such as insulation, furnace repair or replacement, and energy conservation education in the program year from April 2008 through March 2009.

Over the three-year period, the additional federal funding will enable 33,000 homes to be weatherized and will create 700 to 1,300 jobs new jobs in local businesses that provide weatherization services.

#### food assistance:

A new benefit increased Food Assistance Program benefits for many households starting in March 2010.

DHS will provide \$1 in federal Low Income Home Energy Assistance Program (LIHEAP) funds to all households receiving food assistance. This will enable these households to qualify for the standard utility allowance when calculating benefits, regardless of their living arrangements. As a result, as many as 180,000 households that currently receive food assistance could see an increased benefit of about \$88 per month.

This could put an estimated \$16 million in additional direct food dollars into Michigan communities each month. DHS will provide every food assistance case with the \$1 LIHEAP benefit on their Bridge card. DHS will provide the \$1 on an annual basis to households receiving food assistance as long as there are federal funds available to support it.

We know that every \$5 of food benefits generates about \$9.20 in economic activity in communities. We expect the additional direct food benefits put into communities could generate an estimated \$360 million in annual economic activity, including through increased demand for goods and services.

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