

Anti-Poverty Strategies

A mixed-methods analysis of Temporary Assistance for Needy Families in Michigan



Executive Summary

Extensive research demonstrates that income support is exceptionally effective at reducing poverty and its effects, promoting work, and contributing to the well-being of children and families (Finklestein, et al., 2022; Courtin, et. al. 2020; Collins, et al., 2024). Michigan's cash assistance program, the Family Independence Program (FIP) is one of many programs funded by the federal Temporary Assistance for Needy Families (TANF) block grant with the potential to play this role. To understand the extent to which FIP and TANF supports Michigan's anti-poverty goals, researchers used a mixed methods design to examine the following research questions:

- ❓ **To what extent is TANF funding being effectively distributed to address the needs of poor Michigan families?**
- ❓ **What barriers prevent low-income Michigan families from getting the help they need?**

Michigan has recently advanced several key policy and program changes to fight poverty and improve child well-being. [There are several opportunities](#) to leverage TANF funding more effectively as part of the state's anti-poverty strategy.

FIP benefit levels are low and eligibility thresholds are outdated. Access is restricted to very few families who often fail to make it past the application eligibility period. Families that do make it past eligibility still struggle to meet complicated and limiting requirements in PATH (Partnership. Accountability. Training. Hope.), Michigan's work participation program. Despite considerable efforts from families and staff, the current program fails to meet the basic needs and goals of families, and many participants find themselves no better off upon exiting the program. This executive summary highlights several key findings and opportunities for Michigan to strengthen TANF's potential as an anti-poverty and workforce development strategy.

FINDINGS AT-A-GLANCE

- 1 TANF distribution limits its effectiveness. >
- 2 Most families in poverty are not eligible for FIP. >
- 3 Requirements, program guidelines, & stigma hinder access to assistance. >
- 4 High caseloads negatively impact effective services. >
- 5 Barriers negatively impact participant experience. >
- 6 Restrictive work participation rules discourage clients and lead to case closures. >
- 7 PATH struggles to serve clients without previous success in the job market. >

Michigan TANF

Summary of Findings

1 Michigan's distribution of TANF funding limits its effectiveness as an anti-poverty strategy.

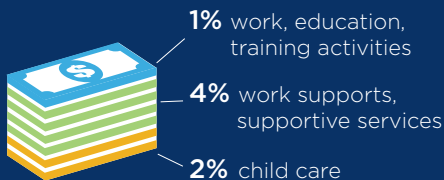
Michigan ranks among the lowest in the nation for basic assistance spending.

38th

In FY22, Michigan spent only 7% of federal TANF and state Maintenance of Effort (MOE) funds on basic assistance; with 4% going to relative foster care payments and adoption subsidies and 3% going to cash assistance to low-income families.

Michigan spent less than 7% on core activities that directly support families and their self-sufficiency goals:

Core activities spending

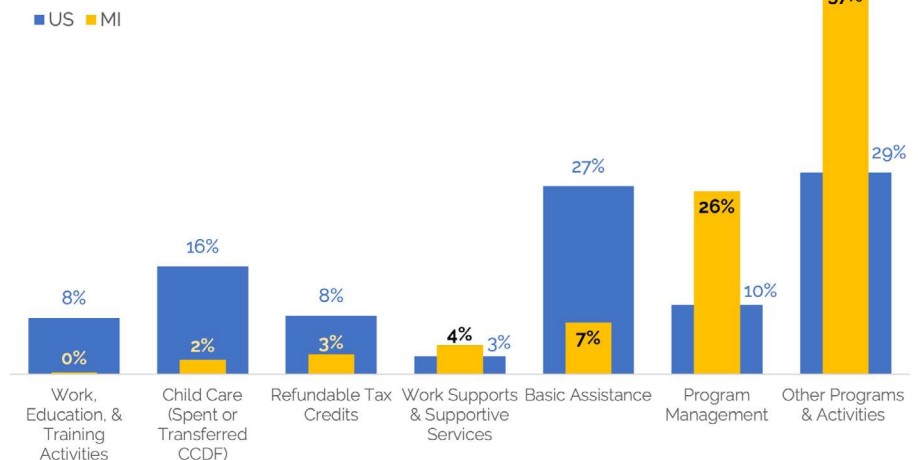


Michigan carries forward a significant unused balance from prior years (\$124 million in FY22) with potential to help with short-term transition costs related to increased access and benefits.

Program management spending in Michigan is high at 26%, mainly due to child welfare expenses, while only 4% of total funds used went to administrative costs.

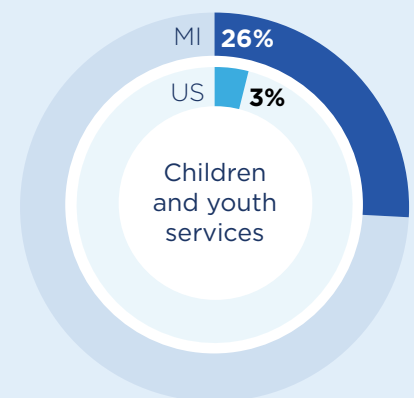
Michigan is one of 22 states that allocates funds to refundable tax credits, representing 3% of total funds used. The Earned Income Tax Credit (EITC) has proven positive effects on employment, well-being, and health and educational outcomes, but the generosity of state payments matters, and cash remains essential to addressing the needs of families in deep poverty.

Michigan's allocation of federal TANF and state MOE funds as compared with U.S. allocation. FY 2022



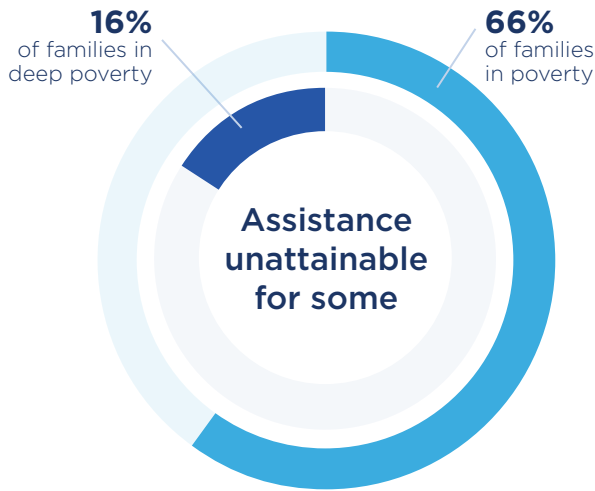
Michigan dedicates 26% of TANF and MOE funds to services for children and youth, which is significantly above the 3% US average.

68% of funding for services for children and youth supports at-risk youth programming, and the remaining 32% goes towards tuition assistance grants and scholarships. (Over half of tuition grants and scholarships are mandated to serve low-income families, but the rest have no income limits or established mechanisms to track TANF's impact on low-income families.)



2 Most families experiencing poverty are not eligible for cash assistance and eligible families still cannot meet their basic needs.

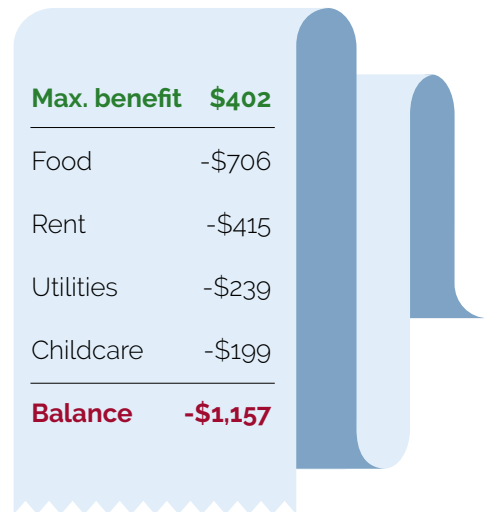
FIP is out of reach for most families in poverty.



The current income eligibility formulas create a significant barrier to accessing FIP. 66% of families in poverty and 16% in deep poverty can't access FIP due to low-income eligibility thresholds.

FIP is critical in moments of crisis but often not enough to create stability, even with the help of other assistance programs such as food assistance.

In 2022, 97% of households receiving FIP could not cover monthly housing and utilities costs* leaving them unable to meet basic needs or handle unexpected expenses.



**2021 ALICE Household Survival Budget*

FIP benefits grow less effective as a safety net every year.



Since 1996, **FIP's maximum monthly payment has lost 49% of its value** after adjusting for inflation.



Since 2005, the maximum benefit for a family of two has increased by just \$2.

3 FIP requirements, program guidelines, and stigma hinder access to critical assistance.

Difficult verification processes and stigma deter applicants from completing the eligibility period.

15% of applicants are denied due to incomplete information and these applicants being less likely to apply again.

Individuals with cases previously closed due to child support non-compliance have 78% higher odds of having that closure again, indicating that compliance challenges persist over time.



Getting better information up front could improve approval rates and client experience.

Familiarity with the application process reduces the likelihood of denial, suggesting that better upfront information could improve approval rates and client experience.

Policies and staff struggle to support diverse family structures, with complexities in custody and guardianship often hindering access to benefits.



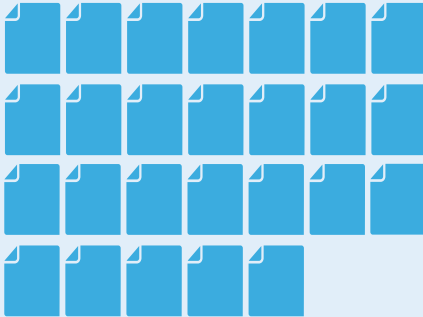
Applications from clients ages 18 to 30 has increased substantially yet they face higher odds of denial.

Despite a significant increase in applications from younger individuals aged 18 to 30, their approval rates have not improved, and they face higher odds of denial for various reasons, including failure to provide information.



4 High MDHHS caseloads negatively impact the ability of staff to provide effective services to clients.

High caseloads at Michigan Department of Health and Human Services (MDHHS) offices adversely affect both client experiences and outcomes within the program.



MDHHS manages
26 cases/week

Staff feel overwhelmed by the volume of applications, shortened eligibility review periods, and seasonal demands and cannot provide the necessary attention to each case, which leads to diminished service quality and timeliness.

High caseload strain results in
12% lower
odds of successful
case closures due to excess earnings
and an increased probability of
closures for non-compliance with work
participation requirements.



**Barrier
identification
decreases by 18%**
when caseloads
are high.

High caseloads combined with Universal Case Load (UCL)'s shared service, task-oriented approach may impede the identification of client barriers.

High caseloads decrease the odds of barrier identification by 18%, and Universal Case Load complicates the development of a personal connection and trust between clients and caseworkers.

Technical problems and inconsistent staff practices across MDHHS and Michigan Works! Associations (MWA) lead to communication difficulties, further exacerbating the negative impacts of high caseloads.

5 Risk of homelessness, unmet basic needs, child care, transportation, and mental health issues significantly hinder FIP applicants' success with the program.



Child care poses a complex challenge for low-income families. 31% of cases reporting a barrier cite child care as a difficulty. The issues include wait lists, lack of specialized care, and stringent accreditation requirements.



The mental health of FIP participants and other crises are increasingly concerning and result in a 49% higher chance of noncompliance.

73% of cases with a barrier cite transportation as a challenge.

Despite resources, unclear financial support guidelines hinder the staff's ability to assist.



Unmet basic needs prevent effective program participation, perpetuating cycles of poverty and dependence.



Clients in remote areas may face higher odds of program noncompliance due to long commutes and limited transportation and child care options.



12% of applicants experienced homelessness after application, suggesting that the program failed to serve their needs in times of acute crisis.

6 Overly restrictive work participation rules discourage clients and lead to untimely case closures.



27% of closures are due to non-compliance in employment or work activities as clients struggle with "jumping through hoops" on limited resources.



Restrictions on what counts toward **work participation hours** further limit clients' activities and discourage participation.



System limitations on data entry like rounding down work hours **may inadvertently cause noncompliance.**

The current support and program guidelines may not meet the unique needs of younger participants. Younger applicants (18 to 30) struggle more with work participation and have poorer outcomes in the PATH program.

7 PATH struggles to serve clients who do not already have characteristics for success in the job market.



Already being employed or getting **employed while in PATH** **drives successful closures** due to excess earnings, however, the sustainability of these outcomes depends on other factors.

The program struggles to serve applicants with the most critical needs for self-sufficiency, i.e. clients with no recent or current job market experience (measured as clients with no earned income during application) or clients with lower educational qualifications.



Employment during PATH in higher paying jobs or participation in education and training activities results in more sustainable outcomes and reduced reapplication rates.



When staff prioritize barrier removal and individualized goals over the urgency of meeting work requirements, clients have a more positive program experience and outcomes.

Michigan TANF

Recommendations

There are several opportunities to make TANF a more effective means of addressing poverty in Michigan.

Increase the use of TANF funding to directly support poor families with cash assistance.

The top priority should be to increase the use of TANF funding to directly support poor families with cash assistance.

- » Prioritize serving families under 200% FPL for all TANF-funded programming and increase spending on:
 1. cash assistance;
 2. core work, employment, and training services; and
 3. direct financial support such as child care and emergency assistance.
- » Continue to increase allocations to the Michigan EITC, while prioritizing cash assistance as a pathway to employment for those in deep poverty.
- » Move child welfare spending under program management to the general fund to the extent possible.
- » Increase the payment standard to expand reach to more families living in poverty and ensure those families can meet their basic needs, thereby increasing the proportion of the block grant that funds cash assistance.
- » Tie payment standards to annual cost of living increases to ensure ongoing effectiveness.
- » Work with agency partners to establish shared definitions of effectiveness, poverty reduction goals, and benchmarks for monitoring TANF's impact in all areas of spending.
- » Develop a method for estimating the portion of expenditures that benefit low-income families, by program, and ensuring program accountability across agencies and departments.
- » Create housing assistance supplemental grant on top of cash assistance (see Minnesota for an example, which provides a \$110 supplement) (Minnesota Department of Human Services, 2024).

Make policy changes that better support families experiencing poverty.

FIP is currently implemented in a manner that is onerous, punitive, and stigmatizing for families seeking help. This is counterproductive to the goal of eradicating child and family poverty in Michigan. There are several policy changes that would better support families experiencing poverty:

- » Eliminate full family sanctions and lifetime bans to create a more stable safety net for children.
- » Simplify the application eligibility period (AEP) process and provide clearer guidance to applicants on what FIP and PATH provide and require.
- » Reduce requirements that go beyond federal standards, and allow more time for compliance so that families can gain stability.
- » Expand the preparation and barrier removal phase within the federally allowable 24 months for clients with significant barriers before they are required to engage in work activities (TANF CFR, 1999). Tie this policy change to broader expansion of time limits (from 48 months to within the federally allowable limit of 60 months) and/or redefine activities within federal leeway to promote more staff discretion throughout the preparation process.

Harness employment and training for long-term positive impact.

Participation in employment and training has the potential to have long-term positive impact for families if adequately supported and implemented with a holistic understanding of the individual's needs, barriers, and goals.

- » Increase the proportion of the block grant that supports core work, employment, and training services and direct work supports such as expanded EITC.
- » Continue to support community-based partnerships offering targeted FIP and PATH outreach, education, and application support to families.
- » Boost funding for and staff guidance on work supports and supportive services for mental health, transportation, job skills and resources, and child care.
- » Continue to collaborate with local and statewide partnerships dedicated to housing, homelessness prevention, and mental health services for FIP clients with a focus on streamlining enrollment in services.
- » Invest in and incentivize more creative core activities that engage clients with barriers in evidenced-based activities such as On the Job Training (OJT) and allow more time, as needed, to complete education and training goals that increase the likelihood of higher-paying wages.

Give staff the resources they need to effectively help families.

Staff should be given the resources to effectively help families, including more policy guidance and education, streamlined program requirements, reduced caseloads, and incentive structures that prioritize the long-term success of clients.

- » Employ more MDHHS staff and allow more time for processing cases, interviewing, trust-building, and assessing for barriers.
- » Structure and facilitate communication between MDHHS staff and PATH case workers to ensure adequate details for each case are accessible across staff.
- » Establish shared agency goals and metrics to recognize and prioritize barrier removal, industry-driven job training, education, job retention, and living wages.
- » Revise policy to ensure staff are empowered to leverage caseload reduction credits to focus on individual goals and outcomes over state-level work participation rate (WPR) goals.
- » Provide more training in managing specialized cases and ensure clear guidance on flexibility and discretion with temporary deferrals and employment or information/verification requirements.
- » Ensure staff across agencies are trauma-informed and adequately trained on deferrals.
- » Continue to take a person-centered approach to examining UCL and its impact on personalized service and trust-building.