



2021

POVERTY TASK FORCE REPORT

DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY

SUMMARY

When Gov. Gretchen Whitmer issued Executive Order 2019-19 creating the Michigan Poverty Task Force (PTF) on Dec. 18, 2019, she could not have known that less than three months later, the world would be plunged into the most consequential public health crisis of the past century.

Like all crises, COVID-19 has laid bare how poverty affects every dimension of existence, from physical health to education, employment and training to housing and food security and beyond.

It seems prescient, then, that Gov. Whitmer designed the PTF to harness the power of state departments, philanthropy, community organizations and local leaders to develop a comprehensive anti-poverty agenda for Michigan. There is no area of state government that does not have a role in the efforts to eradicate poverty. The work – if it is to succeed – must not be siloed. Cross-departmental collaboration is a linchpin of our approach and we have combined that with Michigan’s most insightful nongovernmental poverty thought leaders for partnerships that will build this agenda from the ground up.

Over the span of four months, leaders representing 14 state departments met in workgroups that researched and developed a list of 35 policy recommendations to help struggling Michiganders and restore the state’s safety net. The Task Force presents these recommendations understanding

that the innovative adjustments to the machinery of state government needed in the short term to help Michiganders whose financial security has been undermined by COVID-19 must also be considered for the long-term stability and effectiveness of anti-poverty efforts. These short, medium and long-term strategies include expansion of existing, effective anti-poverty policies as well as bold new initiatives to help low-income Michiganders navigate and transcend poverty.

We present this agenda fully recognizing that the economic challenges brought on by the COVID-19 crisis will severely limit the ability to create new programs and initiatives that require significant financial investments. In 2021, the PTF will use these recommendations as a platform to create long-overdue conversations with stakeholders both within and outside of state government about building the state’s intentional commitment to focus on anti-poverty policymaking. The construction of this agenda has, as a guiding principle, the idea that a primary goal of state economic policy should be rising household incomes for all Michiganders, especially those who are struggling. Some of the recommendations would require state investment that is not likely to materialize in the near future. But it is our fervent hope that this document and the ideas within will serve as a roadmap for a discussion about how the state can better leverage existing resources, create pathways to new resources and build partnerships with external stakeholders to better serve struggling Michiganders.



01. POVERTY TASK FORCE OBJECTIVES

When Gov. Whitmer issued Executive Order 19-19, she set out a list of 12 objectives for the PTF's work:

- 01.** Identify and evaluate poverty's root causes and contributing factors in Michigan, the needs of those in poverty in Michigan, and the effectiveness of efforts on all levels that have been undertaken or are currently being undertaken to address poverty. Develop strategies for supporting or otherwise improving the efficacy of those efforts, including programmatic effectiveness and administrative efficiencies.
- 02.** Identify and evaluate the nature and scope of poverty's impact on various locations and communities throughout the state and what response actions would be most effective in helping each of those impacted areas. Develop strategies for implementing those response actions.
- 03.** Identify and evaluate what financial and other resources are available on all levels to combat poverty in Michigan. Develop strategies for securing, coordinating, augmenting and deploying those resources.
- 04.** Identify and evaluate key barriers to upward mobility among populations in poverty in Michigan. Develop strategies for overcoming these barriers, focusing on improved economic development and opportunities for upward mobility among families and individuals experiencing poverty in Michigan.
- 05.** Develop strategies for increasing public awareness of poverty in Michigan, its causes and effects, the resources available to those impacted by it, and the actions that can be taken to combat it.
- 06.** Develop routine communication and information-sharing protocols between members of the Task Force and stakeholders on all levels.
- 07.** Identify key stakeholders in impacted areas, and perform outreach to ensure stakeholders are informed, educated and empowered. Stakeholder outreach will include, but is not limited to, community leaders, partner organizations, tribal governments, local government officials and other elected officials representing the impacted areas.
- 08.** Perform outreach to the general public regarding poverty in Michigan and the work of the Task Force.
- 09.** Create measurable goals and objectives along an established timeline.
- 10.** Recommend changes in Michigan law, and policy-related changes that can be implemented by governmental and nongovernmental agencies, relevant to fighting poverty in Michigan.
- 11.** Provide other information and advice and perform other duties as requested by the department directors or the governor.
- 12.** The Task Force shall report regularly to the governor on its activities.



02. POVERTY TASK FORCE STRUCTURE AND WORKFLOW

The PTF's first meeting was held in January 2020 and then PTF staff began meeting one-on-one with department directors to gain insight into their current strategies and collaborate about new initiatives, pilots, policies and legislation that could have meaningful impact in the state's fight against poverty. Department directors then appointed key staff to PTF work groups, which met for several months to develop policy recommendations to coordinate and activate efforts within state government.

Using the ideas generated by those meetings as a platform and deploying the expertise and experience of key staff from the 14 state departments, the PTF divided its work into four groups:

- **Safe and Secure:** This work group was charged with creating and strengthening safety nets that ensure economic security and quality of life for all. Examples: housing security, food security, utilities, crime prevention and rebuilding the social safety net.
- **Strong Beginnings:** This work group was focused on programs targeting children to combat generational poverty. Examples: child care, school-based nutrition programs and youth employment.
- **Removing Barriers:** This work group was responsible for grappling with strategies to address structural barriers for poor job seekers. Examples: efforts to expand eligibility for expunction of criminal records and support for returning citizens who face barriers to employment, housing and other staples of life.

- **Providing Opportunity:** The workgroup was charged with creating durable pathways to jobs and higher income, including higher education, high-quality certifications and industry-recognized credentials.

The work was organized around three key organizing principles.

First, our goal is to reduce the state's ALICE population. According to the Michigan Association of United Ways, 43% of Michiganders are Asset Limited, Income Constrained, Employed (ALICE). These are Michiganders who work every day but struggle to pay for basic needs such as shelter, food, transportation, communication and child care. Our approach to poverty eradication will not only lift the poorest Michiganders, but will also help stabilize the income of those who have seen their middle class status slip away because of stagnant wages and an evolving job market.



Second, the work groups were asked to leverage the broad representation of state departments at the table to build intentionally collaborative programs. The causes and effects of poverty are multidimensional and our approach to address them must also be.

Finally, in recognition of the Whitmer administration's commitment to racial equity, our work groups approached their assignments with a racial equity lens. Michigan Department of Civil Rights officials met with each work group before they started their assignments to shine a light on how state policies have contributed to racial inequity in Michigan and to offer strategies to acknowledge and address racial disparities in policy decision-making.

As the groups met, they organized themselves into smaller issue groups to develop policy recommendations in five categories:

- **Benefits:** The committee examined current state policy and imagined pilots, priority shifts and administrative changes designed to streamline processes to give low-income Michiganders the resources and supports they need to thrive.
- **Criminal Justice:** Acknowledging the groundbreaking work of Lt. Gov. Garlin Gilchrist and Michigan Supreme Court Chief Justice Bridget Mary McCormick on criminal justice reform, this committee examined the many ways engagement with the justice system is

linked with barriers to economic mobility and explored strategies to untangle these links.

- **Economic:** This committee focused on strategies that will help low-income Michiganders build wealth through entrepreneurship, homeownership, employment and training and other pathways.
- **Education:** This committee targeted strategies to build educational equity to ensure every K-12 student in Michigan is being prepared to succeed in postsecondary education or work and meet the state's Sixty by 30 goal where at least 60% of Michigan's working adults have a postsecondary educational credential by the year 2030.
- **Health, Housing and Safety:** This committee examined strategies to ensure state government is effectively deploying policies to ensure that the basic needs of low-income Michiganders are met.

These issue groups produced the following 35 policy recommendations that constitute the first iteration of an anti-poverty agenda for Michigan.



03. POLICY RECOMMENDATIONS

BENEFITS POLICY RECOMMENDATIONS

Michigan is an outlier in the way state government distributes benefits to its poorest citizens, lagging far behind the national average and Midwest states in the percentage of Temporary Aid to Needy Families (TANF) dollars that are dedicated to core purposes. Additionally, the state's benefits processes have been designed with the intent to make access to needed assistance extremely difficult and inadequate. While the Whitmer administration has taken steps to expand eligibility and streamline the process to receive benefits such as food and cash assistance and emergency relief, much work remains to be done.

Simply put, Michigan needs to completely overhaul its approach to how it allocates TANF dollars. Too often, the state's TANF block grant has been used for purposes that do not fulfill the foundational goal of giving needed assistance to Michigan's poorest families.



What is needed is a sober examination of how Michigan's deployment of TANF dollars does – or does not – forward the goal of giving poor families access to economic stability. To that end, the PTF makes the following recommendations:

01. Conduct an In-Depth Study of the Effectiveness of TANF Distribution

To better understand the effectiveness of the state's TANF distribution as a safety net strategy, the PTF will commission an in-depth study from a qualified third-party academic entity in 2021. As of 2017, only 19% of available TANF dollars were used for basic assistance, child care and resources to help poor Michiganders connect to and retain jobs. This compares with a national average of 52% of TANF dollars being used for core purposes by state governments. Instead, much of Michigan's TANF block grant is allocated to pay for foster care services and for other priorities such as funding merit-based college scholarships for students of any economic status who earn high scores on standardized tests. Gov. Whitmer has requested funding for a comprehensive study of whether the state's approach to TANF distribution is serving low-income families well.

02. Rethink College Scholarships Funded With TANF Dollars

The PTF recommends that Michigan target TANF dollars that are used for college scholarships to low-income students who will most benefit from

postsecondary education and training. There is ample evidence that a college education is the single most effective anti-poverty strategy. States with higher college attainment rates typically have a bevy of positive outcomes ranging from higher per capita income to better health outcomes.

Currently, Michigan spends more than \$125 million of the state's \$700 million TANF allocation to provide college scholarships for Michigan students who earn high standardized test scores, regardless of students' financial status. We propose a study of that policy in the previous recommendation, but at a minimum, state leaders should consider redirecting those scholarships to benefit only low-income students given that this is the population that is targeted by TANF.

03. Commission a Comprehensive Study on Outcomes for Former State Assistance Recipients

Michigan's TANF rules have locked many out of opportunities to get assistance for life staples. While supporters of these policies point to falling benefit enrollment numbers as evidence of their success, there has been no evidence-based research about what happens to poor Michigan families who lose these resources. Gov. Whitmer has requested funding for a comprehensive study that will examine how former TANF recipients have fared in the years since their benefits ended.

Furthermore, current state policies are intentionally designed to make accessing benefits difficult. The Michigan Department of Health and Human Services (MDHHS) team has successfully streamlined some processes to make benefits more accessible during the COVID-19 crisis. **For example:**

- Early in the COVID-19 crisis, Michigan used federal funds to greatly expand its food assistance programs through the Pandemic EBT program, providing benefits to 300,000 additional struggling families. The expansion required an aggressive process to reach the families of students who were eligible for free and reduced lunch at school but were at home due to the pandemic.
- The state expanded eligibility for food assistance to all low-income college students in Michigan who are enrolled in career or technical education programs and met food assistance eligibility criteria. The policy change will help students avoid food insecurity as they invest in their own long-term economic stability. This policy change aligns with the state's Sixty by 30 goal.



MDHHS should continue to prioritize innovation, leveraging technology to boost flexibility and make the department’s efforts to provide benefits nimbler and more responsive to the needs of poor families.

One critically important way Michigan can and should innovate is by addressing its benefits cliff. A core purpose of Michigan’s public assistance safety net is to support low-income Michiganders on their path to self-sufficiency. A key roadblock facing families on that path is the benefits cliff, the steep loss of public assistance benefits as income increases. This phenomenon disincentivizes work as the amount of benefits loss is often greater than the amount of increased income earned, leading to an overall decline in household resources.

The following policy options could reduce the benefits cliff by providing additional time for maintaining benefits and creating smoother off-ramps from public assistance:

04. Improving FIP Participants’ Transition to Self-Sufficiency

Federal law imposes lifetime limits on cash assistance provided under the TANF program, known in Michigan as the Family Independence Program (FIP). States have considerable flexibility to “stop the clock” for particular groups, such as adults working substantial hours or adults facing barriers to work participation, an option that Michigan once had. Pursuing that flexibility could ensure that recipients have access to

cash assistance even as they pursue work, which would significantly curtail the benefits cliff.

In addition, the law allows states to set a time limit shorter than 60 months, and in Michigan, the limit is 48 months. Increasing the time limit from 48 months to 60 months will ensure families have additional assistance that can help smooth their transition to self-sufficiency.

05. Increasing the FIP Grant Amount

In Michigan, the monthly TANF/FIP benefit level for a single-parent family of three is \$492. While Michigan’s current benefit level is an increase from \$459 in 1996, benefits are 34 % lower in inflation-adjusted dollars, meaning that the purchasing power of FIP benefits has eroded substantially over time. FIP remains the primary cash assistance program in Michigan and plays an important role in stabilizing a family’s economic situation by ensuring they have the income to meet basic needs such as food, shelter, clothes and transportation.

However, the decline in the purchasing power of cash assistance means that assistance is failing to push families above the poverty line. Research has also shown that state decisions on FIP grant amounts have consequences for racial disparities, as Black children are more likely to live in states with the lowest benefit levels. A more substantial benefit can help recipients find work, thereby reducing the impact of the benefits cliff.

06. Adopt COLA for FIP

Michigan has the option of reforming FIP by raising benefit levels to account for the cost of inflation. The state can also adopt a cost-of-living adjustment (COLA) like that used by Social Security and Supplemental Security Income to ensure that benefits keep pace with inflation over time. A cost-of-living adjustment is already done in the food assistance program.

07. Adopt a TANF Shelter Stipend

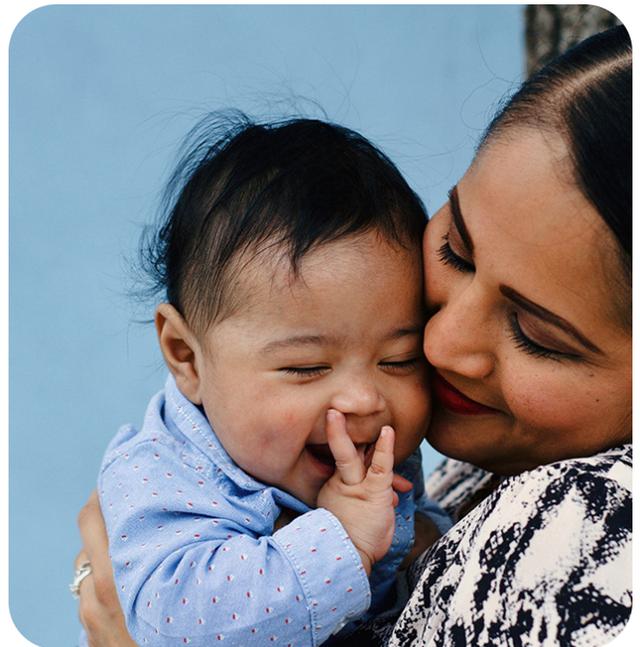
With the growing cost of housing, cash assistance benefits often fail to cover rent for a modest two-bedroom apartment. In Michigan, cash assistance benefit levels cover only 55% of average Fair Market Rents (FMR). This coverage has eroded over time, with FIP benefits covering 84.5% of FMR in 1996. Cash assistance is often the primary benefit used to stabilize housing costs, as only 17% of TANF families receive U.S. Department of Housing and Urban Development (HUD) housing assistance. Without proper housing support, TANF families face the risk of housing instability, eviction and homelessness, which are associated with poor school performance and physical and mental health risks.

One way to combat the growing cost of housing is to adopt a TANF Shelter Stipend (TSS). A TSS provides additional assistance to families with high housing cost. In Minnesota, \$110 is given to all TANF clients who are not in subsidized housing.

A TSS can increase the purchasing power of FIP and stabilize housing situations, thereby helping clients secure better forms of employment.

08. Adopting a Short-Term Family Support Program

One way to reduce the benefits cliff is to provide families with a short-term lump-sum payment to address immediate needs. Families who are normally self-sufficient and facing temporary obstacles to continued self-sufficiency may be better served by a one-time lump-sum payment than ongoing cash assistance. States can implement a Short-Term Family Support Program (STFS) to provide a lump-sum payment to targeted cash assistance applicant families, such as those with recent work history and promise of work in the future.



09. Adopting an Extended FIP Program

Another way of reducing the benefits cliff is to provide benefits to families who are transitioning out of TANF after meeting their income limits. Previously, MDHHS operated an Extended FIP (EFIP) program that provided \$10 in FIP benefits for six months for families transitioning out of the program, which allowed them to remain categorically eligible for Child Development Care (CDC) and State Emergency Relief (SER). One benefit of this program is that it aids the transition out of cash assistance by ensuring households have access to other resources. It allows clients to remain involved with the Michigan Works! Agencies (MWAs) employment and training programs should they need their supportive services.



10. Establishing an MDOC Notification Process

Establishing a process for the Michigan Department of Corrections (MDOC) to notify other state agencies of the incarceration of a family's primary income earner will make it easier for agencies such as MDHHS and LEO to proactively offer these families assistance through benefits programs and employment and training opportunities. This is especially important as the State Legislature contemplates legislation that would freeze child support payments for incarcerated parents.

11. Incentivize School Attendance for At-Risk Populations

Michigan families with children between the ages of 6 and 15 lose cash assistance if a child is truant from school. Proponents of 2015 legislation that stripped benefits from parents with truant children, argued that the threat of losing cash assistance would force families to ensure student attendance in school, but ample research has demonstrated the linkages between poverty and truancy. In contrast, other states offer financial incentives to support parents in getting their children to school. Making poor families poorer is not a logical strategy to address the factors that contribute to truancy. The PTF will examine outcomes for families who lose benefits due to truancy and push for more effective strategies to boost school attendance among poor children.

12. End Asset Tests for Food Assistance

Michigan is one of only 16 states that has an asset test to obtain food assistance. While state officials took a step in the right direction by raising the asset test for food assistance from \$5,000 to \$15,000, the PTF strongly recommends that Michigan not use an asset test for food assistance at all.

Asset tests can discourage low-income families from saving money, which leaves them vulnerable to food insecurity when emergencies arise. Conversely, if a family has a short-term financial win, they can find themselves disqualified from receiving needed food assistance. Since food assistance dollars are provided by the federal government, the state can actually save money by reducing the administrative costs of assessing families' eligibility.

13. Simplify the Application Eligibility Period for PATH Program

The Partnership. Accountability. Training. Hope. (PATH) program assists families in identifying and eliminating economic and social barriers to economic independence to build wealth and stability among ALICE families. Simplifying PATH's application eligibility period would increase access to the program. Changes would require both administrative and legislative policy changes.

14. End Lifetime Bans for Work Requirement Violations

Michigan legislators have instituted some of the nation's most ineffective work requirement rules for benefits. One work requirement violation can lead to the loss of benefits for three months. Two work requirement violations could cost a recipient benefits for one year and the third violation could lead to a recipient being banned for life from receiving benefits. These ineffective, punitive rules do not take into account the many inherent challenges that low-income workers experience in the workforce. There is also evidence that recipients of color are more likely to lose benefits for workforce violations. The PTF urges the State Legislature revisit the punishment structure for work requirement violations, focusing more on supporting rather than penalizing benefit recipients who struggle with work requirements.

15. Automate the Processing of Medicaid/Medicare Benefits for Returning Citizens

By simply updating the incarceration status when an individual enters prison and when he/she is released from prison, the state can give returning citizens access to needed health benefits, a path to better health outcomes and more productivity.

16. Establish a "LIHEAP" Program for Water

Water is a staple of life, but far too many Michiganders struggle to pay their water bills and have faced losing this vital resource. During the COVID-19 crisis, Gov. Whitmer instituted a water shutoff moratorium and ordered water utilities to restore water connections in occupied dwellings that did not have service. On December 22, 2020, the governor signed legislation to extend the moratorium through spring 2021.

Furthermore, the mayors of Detroit and Flint have instituted water shutoff moratoriums in their cities, with Detroit officials signaling that a water shutoff moratorium may become permanent.

To provide assistance to low-income Michiganders who struggle with water affordability, the PTF proposes the establishment of a program that mirrors the Michigan Low Income Home Energy Assistance Program (LIHEAP) to ensure that low-income Michiganders have a funding source to pay their water bills. While there are inherent challenges to establishing such a program for water as opposed to the program for energy providers, given that energy providers are heavily regulated by state government, we believe this approach could be a boon for both families who are struggling to pay for water and the water authorities that serve them.

ECONOMIC POLICY RECOMMENDATIONS

17. Examine How Technology Can Help Low-Income Michiganders Gain Mobility Through Transit

Transportation is a major employment barrier for Michiganders who live in poverty. Technology is advancing, vehicles are becoming smarter and applications are being developed for various uses. The PTF recommends a study that leverages the expertise of the Michigan Office of Future Mobility, MDOT and MDHHS to create innovative strategies that modernize transit to make it more responsive to the needs of low-income workers. The project should include regional diversity and consider a plethora of technological innovations designed to improve mobility.

18. Establish a Coordinated Strategy to Help Communities Address the Digital Divide

The COVID-19 crisis shined a bright light on the economic and educational consequences of the digital divide. CARES Act funding has allowed Michigan to provide expanded broadband access in underserved communities. The state has allocated \$25 million in CARES Act funding for a device purchasing program and distance learning to the Michigan Association of Intermediate School District Administrators. Funds have been used to coordinate and incentivize strategic purchasing of

devices for use by students at home and in the school environment and to address immediate access and connectivity issues for students, families and community members who do not have internet access.

Also, the Connecting Michigan Communities Grant program was established in 2018 to provide grant opportunities to extend broadband service into underserved areas in Michigan. And the Michigan Department of Education dedicated \$29.75 million to narrowing the digital divide in its creation of an education equity fund with federal CARES Act dollars. But more can – and should – be done. The PTF recommends expansion of strategies to widen broadband and device access and will work with philanthropic partners and other stakeholders to boost connectivity.

19. Support and Incubate Children’s Savings Accounts

Philanthropic organizations have long partnered with entities such as school districts and community development organizations to create wealth-building strategies. Children’s savings accounts offer an exciting platform to help low-income families build wealth and pay for educational expenses – including extracurricular activities that have been lost to budget cuts in struggling districts. We believe state government can and should have a role in incubating efforts to help low-income families build savings accounts to help their children thrive. In her 2022 budget proposal, Gov.

Whitmer requested \$2 million to work with philanthropic partners to build pilot programs and to stand up a statewide infrastructure to help incubate and support the development of children's savings accounts throughout Michigan.

20. Expand Housing Choice Voucher Pilot Between MSHDA and the MDOC

The PTF will explore opportunities to partner with philanthropic organizations that are interested in building state support for efforts to lower recidivism rates of returning citizens by expanding an existing pilot program that gives returning citizens access to affordable housing opportunities. While the Michigan State Housing Development Authority (MSHDA) has recently increased the available vouchers by 50%, far too many parolees still do not have access to affordable housing options. The hope is to build legislative support for the expansion of the voucher program by demonstrating the correlation between secure housing opportunities and post-incarceration success for parolees.



CRIMINAL JUSTICE POLICY RECOMMENDATIONS

21. Expand Apprenticeship Opportunities While Incarcerated

MDOC apprenticeship programs are meant to coordinate efforts to address employment of formerly incarcerated people in high-demand fields, reduce recidivism and increase economic and social independence in individuals and social mobility in families. MDOC currently provides vocational training in over a dozen trades, including horticulture, commercial driving, welding, tree trimming and computer coding. Some of these programs are already supported by relationships with unions, including the International Brotherhood of Electrical Workers and the Michigan Regional Council of Carpenters and Millwrights. The MDOC is also currently exploring a formal partnership with the U.S. Department of Labor (USDOL) for USDOL apprenticeships for some programs.

Administrative changes within the MDOC, namely establishing a formal agreement with the USDOL will be necessary to expand these apprenticeships. In addition, the MDOC can continue to work to attract union and employer support for other programs so that participants accumulate hours toward their apprenticeship and training while in the MDOC.

22. Diverting People With Behavioral Health Needs Away From the Justice System

The PTF fully supports policies giving people with behavioral health issues access to needed treatment instead of incarceration. This will require investing in behavioral crisis training for law enforcement and corrections officers. This includes legislative reforms to promote the use of mental health alternatives (in progress), improved training (in progress) and legislative and administrative prioritization of funding to support increased mental health/crisis stabilization/training in the community. Other stakeholders (law enforcement, Michigan Commission on Law Enforcement Standards, courts and MDOC) must adopt internal policies that support diversion, have a clear understanding of available resources and actively engage in diversion programming and training.



HEALTH, SAFETY AND HOUSING POLICY RECOMMENDATIONS

23. Expand Addiction Treatment

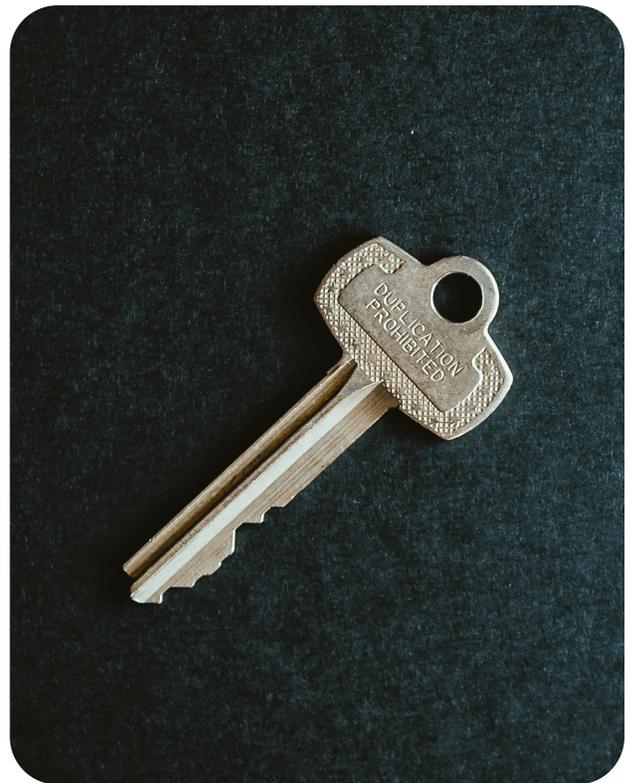
Accessible treatment is shown to decrease death rates and promote social and economic mobility among populations and families affected by addiction. The state can play a crucial role in expanding social services to include treatment for substance use disorders and benefit public health, employment and the economy. Expanding access to treatment will allow substance use disorder patients to improve their health and begin their path toward recovery. Sustained recovery will provide better opportunities for employment and increase their likelihood of completing educational opportunities. State officials have already removed Medicaid policy barriers, applied for additional grant funding and expanded Medicaid. The PTF recommends leveraging available federal resources to continue the expansion of state support for addiction treatment throughout Michigan.

24. Establish Community Land Trusts

Shared equity housing models are successfully being used in other states to create home ownership opportunities for low- and moderate-income families who would not otherwise qualify as homeowners. The Community Land Trust shared equity model increases

home ownership opportunities for lower-income households by removing the cost of land from the transaction and subsidizing the cost of a sale down to just 75% of the appraised value of the land and improvements.

Low- or moderate-income homebuyers benefit because they can qualify for a loan that would otherwise not be possible and build equity in their home, albeit with some restrictions to maintain affordability for the next homebuyer. More than 279 community land trusts are in operation in the United States. In Houston, 100% of owners are people of color; in Atlanta, 75% are people of color; and in Portland in 2019, 70 % were people of color.



EDUCATION POLICY RECOMMENDATIONS

“The policy recommendations from the Poverty Task Force are an important first step in assisting residents in the State of Michigan and I appreciate the fact that the ALICE population are considered in this work. From an early childhood perspective, these steps are necessary to continue the work that has begun in this state and will continue to help our youngest residents and their families. Additionally, from a trauma perspective, these are the beginnings of a solid foundation to begin to address the trauma and build resilience in people across the state.”

- Gretchen Wagner, Director of Early Childhood Education, Bay-Arenac ISD

25. Increase Michigan’s Income Eligibility for Child Care Services

The Child Development and Care (CDC) program is Michigan’s implementation of the federal Child and Development Care Block Grant. The CDC helps families afford child care. Families can qualify for support if they meet eligibility guidelines, including needing child care for an approved activity such as employment or education programs. Michigan’s current income eligibility threshold is 130% of the federal poverty line. The PTF recommends a long-term program eligibility goal of 180% to 250% in Michigan.

This would benefit ALICE families in several ways, including reducing their out-of-pocket costs for child care and freeing money for other necessities. Additional child care support also makes it easier for ALICE families to access the labor force, increasing their earning potential. Finally, it helps families afford higher-quality care, which can provide long-term benefits to children, including potentially increasing their earning potential in the long run.

26. Expand Availability of School Breakfast Programs

The PTF recommends expanding access to the school breakfast programs to ALL full-time pupils enrolled and in regular daily attendance at each public school in its district (independent of free or reduced-price eligibility). Revised School Code Act 451 of 1976 states if 20% or more of students qualify for free or reduced-price eligibility, then a breakfast program must be served. This should be changed to ensure that all students have access to a breakfast (as they do for lunch). Even in districts with less than 20%, there are students in need of breakfast.



27. Expand Breakfast After the Bell Programs

The PTF urges the State Legislature to pass legislation to require breakfast after the bell implementation for all school buildings with 60% or more free and reduced-price eligible students. Challenges such as unreliable transportation and negative stigmas often stymie efforts to get children who are eligible for free breakfast at school to access the meal before the school day begins. Breakfast after the bell programs eliminate these barriers and provide students with a healthy breakfast to start their day. Eating breakfast also decreases chronic absenteeism. By providing students breakfast after the bell, the meal is more likely to be consumed, which not only leads to decreased absenteeism but also increased nourishment for students who are in ALICE households.

28. Eliminate “Pay to Play” Fees for Free and Reduced-Lunch Students

Extracurricular activities that build confidence, teach important life skills and strengthen ties to school are critical to a child’s development, but far too often low-income children are locked out these opportunities because they cannot afford to pay school fees for them. The PTF recommends legislation that would make “pay to play” illegal for free and reduced-price lunch eligible children.

29. Expand Great Start Readiness Program

The PTF recommends expanding access and eligibility with State School Aid funding for Michigan’s proven effective preschool model, the Great Start Readiness Program (GSRP). The program helps four-year-old children who are at risk of school failure to reach a statewide target enrollment rate of 90%, when combined with the children served by the federally funded Head Start program.

According to U.S. Census American Community Survey 2018 data, there are 64,148 four-year-old children in Michigan who are at or below 250% of the federal poverty level. Currently, the federally funded Head Start program is exclusively serving 6,899 (or 10.75%) of those 64,148 four-year-old children. When accounting for the four-year-old children served by GSRP (including GSRP/Head Start Blends) and those served exclusively by Head Start, this leaves an unmet need of 20,109 low-income four-year-old children who would benefit from GSRP at the 250% of FPL. Gov. Whitmer has requested \$32 million to expand the program.



04. POLICY RECOMMENDATIONS WITH SIGNIFICANT BUDGET IMPLICATIONS

COVID-19 has threatened not only the state's health and economic stability but also Michigan's bottom line. Many of the bold policy initiatives that are needed to rebuild the state's social safety net and give support to ALICE households will require investment. The following recommendations are not likely to get traction in the 2022 budget year. However the PTF believes they have merit and should be part of a larger discussion about the state's anti-poverty policy priorities.

BENEFITS POLICY RECOMMENDATIONS

30. Funding for Non-Food Purchases

People who rely on both FIP payments and food assistance have struggled to purchase necessary products such as cleaning supplies, which have been especially critical during the COVID-19 crisis, because the Bridge card cannot be used for non-food purchases. The Poverty Task Force will work with DHHS to identify funding to give a subset of



FIP recipients with children a monthly payment enhancement that can be used for non-food purchases.

ECONOMIC POLICY RECOMMENDATIONS

31. Redesign, Expand and Increase Access to Michigan's EITC

The Earned Income Tax Credit (EITC) has been one of the most successful anti-poverty tools of recent decades. In addition to incentivizing work, the tax credit gives struggling families a much-needed infusion of cash. Michigan's EITC is 6% of the federal credit. The Whitmer Administration has been supportive of expanding the EITC and the governor proposed doubling it to 12% in an earlier budget (this increase was not enacted).

Research has demonstrated that the federal EITC has led to positive health outcomes for parents and children, higher test scores for children, increased high school completion and college attendance rates. Increasing the state's EITC from 6% to 20% would be a good policy change but would cost an estimated \$266 million a year.

While expansion of the state's EITC is not likely in the near future, the PTF highly recommends this as an effective strategy to help low-income working families gain financial security and should be on the table as a strategy that could be phased in over a period of time.

EDUCATION POLICY RECOMMENDATIONS

32. Eliminate Reduced-Price Fee for School Breakfast and Lunch Meals

Many ALICE families fall in the reduced-price category, for breakfast and lunch meal programs. The PFT recommends eliminating the entire fee in the reduced fee for meals category to greatly benefit struggling families. The state would need to supplement these costs. There are twelve other states plus the District of Columbia that have eliminated the reduced meal price category using state funds.

HEALTH, SAFETY AND HOUSING POLICY RECOMMENDATIONS

"As I talked to community leaders and legislators across the state in 2020, I repeatedly heard about the need for more housing resources. The Housing and Community Development Fund is a proven solution that simply needs a dedicated funding source. When funded, it has leveraged each state dollar into \$11 of additional investment, creating jobs and homes for those in need."

- **Luke Forrest**, Executive Director, Community Economic Development Association of Michigan (CEDAM)

33. Establish a Child Support Pass-Through for Families Who Receive Cash Assistance

The PTF recommends the implementation of a full child support pass-through for current and former cash assistance families and those funds should be disregarded in determining eligibility for cash assistance. Currently, any child support over \$100 for one child or \$200 for two or more children paid to someone while they are or were on assistance is used to reimburse state and federal TANF funds. While the state created a partial pass-through in January 2020, the PTF recommends that state officials take steps to implement a full pass-through. Because this change will mean the state would forgo approximately \$30 million in cost recovery, we recognize that this is not a strategy that could be implemented immediately, but it is one worth pursuing to get those dollars into the hands of low-income single parents.



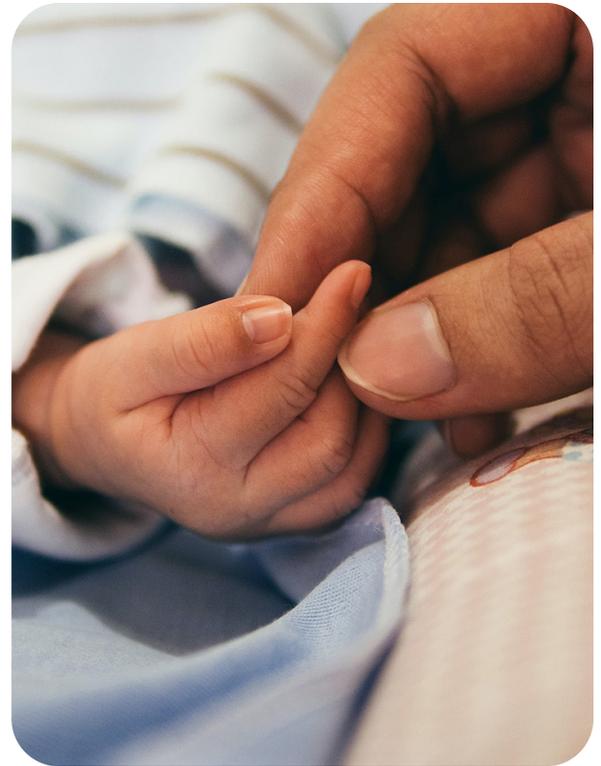
34. Expand Home-Visiting Programs and Maternal-Infant Health Initiatives

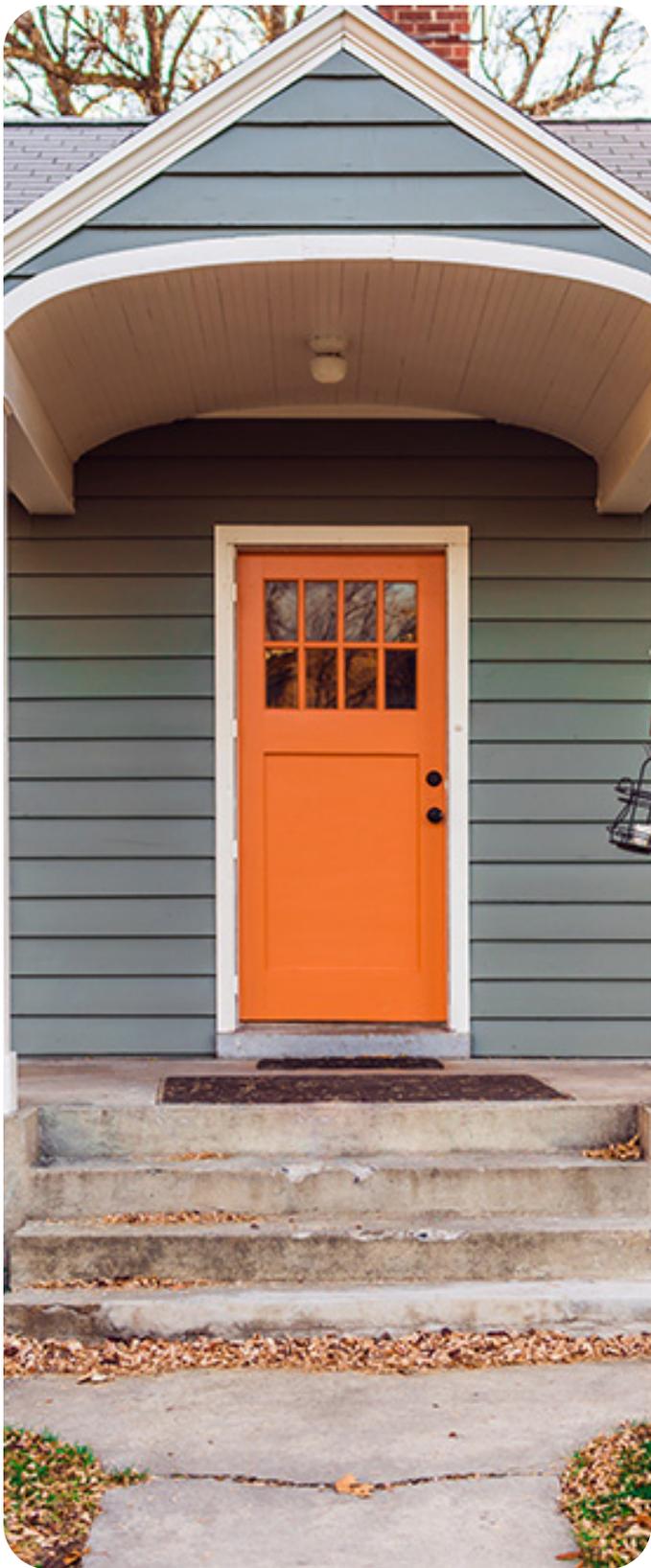
There are programs that provide nurse home visits to pregnant women with no previous live births, most of whom are low income, unmarried and teenagers. The nurses visit the women approximately once per month during their pregnancy and the first two years of their children's lives. The nurses teach positive health-related behaviors, competent care of children and maternal personal development (family planning, educational achievement and participation in the workforce).

To accomplish this policy goal, the PTF recommends the following:

- Implement home visiting screening policy for social determinants of health across all home visiting models. This recommendation will require minimal financial investment. Utilize Centers for Medicare & Medicaid Services (CMS) policy for expanding Medicaid coverage of appropriate evidence-based home visiting models in Michigan. Policy will require additional Medicaid dollars to be spent to support home visiting. Costs depend on the Home Visiting Model selected to be implemented. A minimum of \$500,000 is necessary for a new program. Other home visiting programs will be slightly less.

- Define the scope of the home visiting system and identify the gaps that need to be filled to put that system in place. This recommendation requires minimal financial investment.
- Establish administrative rules for the home visiting system. The recommendation requires minimal financial investment.
- Utilize results of statewide needs assessment to determine appropriate communities to expand home visitation. Utilize needs assessment and local community input to determine appropriate model (e.g., Healthy Families America, Early Head Start, Parents as Teachers, etc.) to implement based on community gaps. Startup costs are estimated to be \$500,000.





- Identify potential centralized access opportunities to enhance family connection to appropriate home visiting program. Establish policy and funding opportunities for Community Health Workers (CHW) to support connecting families to home visiting as part of the larger early childhood system. Costs for a centralized access system estimated at \$250,000 per year per region. The estimated cost for 10 statewide regions is \$2.5 million per year. CHW costs would vary across counties and would be a minimum of two CHW per region, estimated at a cost of \$400,000 per region per year. For ten statewide regions, estimated costs are \$4 million per year.

35. Housing and Community Development Fund

The Housing and Community Development Fund is an affordable housing program to increase the supply of affordable housing for extremely low and very low-income households, including homeless families and individuals and people with special needs. However, it has been inadequately funded. The PTF will promote the importance of identifying consistent funding sources for this vital program. It is estimated that \$10 million annually is needed to have the desired impact. Gov. Whitmer has requested \$10 million in the fiscal year 2022 budget for this program.



05. 2020 ACCOMPLISHMENTS

The COVID-19 crisis has demonstrated that with federal support and adjustments to bureaucratic red tape, state government can be nimble and effective in its efforts to assist Michigan's poorest families. Here are examples of policy adjustments, legislation and pilots that were wins for the state's anti-poverty efforts in the past year.

HEALTH, SAFETY AND HOUSING

Expanded Support for Syringe Service Programs

Programs that supply addicts with syringes have been proved to increase public safety, and reduce deaths caused by addiction. In 2020, syringe service programs have expanded from four sites to 61 sites, with plans to expand further. The 21,000 clients served through the first three quarters of FY20 is a 50% increase over the previous year.

The 10 Cents a Meal Farm-to-School Pilot Program Expansion

The 10 Cents a Meal for School Kids and Farms is a state pilot program that provides schools with up to 10 cents per meal in match funding to purchase and serve Michigan-grown fruits, vegetables and dry beans. It has been a pilot project for over the last three years in several regions of the state. Funding was increased from \$575,000 to \$2 million for the FY21 budget.

EDUCATION

Michigan Reconnect Funding

The Legislature allocated \$30 million in the state's fiscal year 2021 budget to provide scholarships to adults seeking a postsecondary education. LEO launched the program in February 2021. Gov. Whitmer has recommended \$120 million for FY 2022, to continue her commitment to this program.

Futures for Frontliners

Futures for Frontliners is a state scholarship program for Michiganders without college degrees who worked in essential industries during the state COVID-19 shutdown in spring 2020 (April 1-June 30). This scholarship provides frontline workers with tuition-free access to community college to pursue an associate degree or a skills certificate, either full time or part time while they work. Over 120,000 Michiganders have applied for the scholarship. Gov. Whitmer has included \$60.4 million to continue this vital program in 2022.

Additionally, Gov. Whitmer has requested \$12 million to provide wraparound services to support single parents enrolled in Reconnect and Futures for Frontliners.

Skills to Work

Skills to Work was developed to serve as a digital hub to connect residents with online learning opportunities and other training resources. The online resource provides Michiganders who are looking to return to work, explore in-demand careers, learn new skills or take the first step toward a degree

or certificate. The hub is a one-stop shop to help Michigan workers expand their opportunities in an evolving economy.

Free CLEP Tests and Courses

As citizens of Michigan are looking to further their education and potentially earn additional college credits, LEO has entered into a partnership with Modern States, which will offer 10,000 free College Level Examination Program (CLEP) tests for Michigan adult learners through December 2021. Successful passage of a CLEP exam will allow learners to test out of core college courses and save tuition dollars. The partnership will also provide test preparation courses for eligible adult learners.

CRIMINAL JUSTICE

Reducing Arrests for Failure to Appear and Pretrial Release Conditions

Failure to appear in court is the most common reason for arrest. Recently signed legislation allows the issuance of an appearance ticket by an arresting officer, instead of taking a person into custody, for low-level misdemeanors. The package also allows a probationer to be considered for early discharge when fines and fees are still owed, as long as there is an effort to make payments. Courts would be required to ensure that individuals in contempt for nonpayment of fines are able to pay before imposing additional sentences. This legislation saves counties and communities limited funds by reducing the use of police and jail resources simply to enforce failure-to-appear warrants.

In many of these cases, individuals are failing to appear in court because they lack the funds to pay various court costs and fees, but arresting them and placing them in jail jeopardizes their employment, perpetually keeping them income constrained and in debt to the criminal justice system.

Ending the reliance on warrants and arrests to enforce appearances before the court will help individuals maintain employment and engage in a manner with the court where they can constructively work to address any obligations. Contact with the criminal justice system impacts the financial stability of not only the individual but also the family unit. Placement in jail during pretrial is likely to lead to job loss and may result in the loss of public benefits. By limiting unnecessary pretrial incarceration, collateral consequences that result in households losing financial stability could be avoided.

Michigan Clean Slate Legislative Package

In Oct. 2020, Gov. Whitmer signed a package of bills to greatly expand the number of people who are eligible to have their felony and misdemeanor convictions



expunged and automatically hide certain convictions from public view. According to a University of Michigan study, people who have a conviction expunged see their likelihood of employment increase 11% and their income rise 25% within two years. The bills are also expected to give hundreds of thousands of Michiganders access to jobs, housing and opportunities that are blocked off to them because of their convictions.

State Identification Pilot Program for Parolees

In 2020, MDOC and Secretary of State Jocelyn Benson launched a pilot program that will provide a state ID when a parolee reenters the community. Through the initiative, MDOC obtains required documents, paperwork and photos for individuals designated for parole and sends that information directly to the Michigan Department of State, where either a driver's license or state ID is processed. Parolees will also be registered to vote upon release, unless they choose not to be. Lack of identification is a major barrier for employment, housing and other efforts to reintegrate into society after incarceration.



BENEFITS

Expansion of Unemployment Benefits

Through federal and state administrative action, eligibility for unemployment benefits was boosted to a total of 59 weeks for workers whose jobs were affected by COVID-19. And access was also expanded to self-employed workers, those who were sick or needed to care for a loved one because of COVID-19. These funds have been instrumental in helping Michiganders provide for their families during the crisis.

Simplification of Redetermination Process to Allow for Continued Support

MDHHS has streamlined the entire benefits delivery process and cut its redetermination forms and benefits application by more than half. MDHHS went through a human-centered design process. As a result, there is a much higher annual recertification rate for benefits.

Streamlining the Application Eligibility Period for the PATH Program

PATH is a program where applicants who receive cash assistance will take part in a robust, results-oriented work participation program. The program features an assessment period during which barriers to employment are identified and caseworkers work individually with clients to connect them with resources to address these barriers. PATH workers are assigned to schools to assist students and families who meet the TANF criteria, where they provide resources to children and families to help obtain

the necessary resources (food, clothes, housing, etc.) so children can remain focused on schoolwork.

Pandemic Electronic Benefits Transfer (P-EBT)

MDHHS collaborated on the first federally approved P-EBT program in the country. MDE requested United States Department of Agriculture (USDA) waivers that permitted 2,000 mobile and stationary feeding operations in the state once in-person instruction had ceased in the spring. These mobile and stationary feeding operations produced and distributed more than 100 million meals since the beginning of the pandemic.

Through an administrative change, the assessment period was reduced from 21 days to 10 days.

Asset Test Policy Change

On Nov. 1, 2019, Gov. Whitmer announced a policy change that allowed families to have up to \$15,000 in assets and still be eligible for food assistance, cash assistance and State Emergency Relief.

Before the policy change, Michigan had among the most restrictive asset tests in the nation for people applying for public assistance benefits. In order to tap State Emergency Relief for assistance to prevent utility shutoff or furnace repairs, a family could have no more than \$500 in assets. To be eligible for the \$3,000 for the Family Independence Program and other cash

assistance programs, families could not have more than \$3,000 in assets or more than \$5,000 in assets for food assistance.

The new asset limits put Michigan more in alignment with most other states, which have concluded that stringent asset tests are counterproductive. Currently, 34 states have no asset test for food assistance under the federal Supplemental Nutrition Assistance Program (SNAP).

ECONOMIC

MI Tri-Share Child Care Pilot

Through a \$1 million pilot funded in the 2021 budget, employers in three Michigan communities will share one-third of their employees' child care costs, with the other two-thirds coming from the employees and state government. This approach will help make child care costs more affordable for Michigan families and help employers retain talent. Gov. Whitmer has requested \$2.2 million in the FY 2022 budget to further support this pilot program.





APPENDICES

A SNAPSHOT OF POVERTY IN MICHIGAN

Population: **9,986,857**

Median income: **\$59,584**

Above poverty level, below the ALICE Rate: **29%**

ALICE or below: **43%**

Life expectancy: **77.9 years**

Single-parent households: **34.2%**

Homeless by 5th grade: **7.6%**

13% Percent Below Poverty Level

17.6% Under 18 Years Below Poverty Level

11.7% With Food Stamp/ SNAP Benefits

Source: Michigan Poverty Solutions

Percent Below Poverty Level by Race/Ethnicity

- White – **10.3%**
- Black – **25.9%**
- American Indian and Alaskan Native – **24.6%**
- Asian – **10.6%**
- Hispanic (of any race) – **22.2%**

Percent Below Poverty Level by Sex

- Male – **11.9%**
- Female – **14.0%**

Percent Below Poverty Level by Educational Attainment (Population 25 years and over)

- Less than High School Graduate – **26.3%**
- High School Graduate – **13.8%**
- Some College, Associate Degree – **9.5%**
- Bachelor's Degree or higher – **3.9%**

Percent Below Poverty Level (Top Five Counties)

01. Isabella – **26.0%**
02. Clare – **22.7%**
03. Wayne – **22.3%**
04. Mecosta – **21.2%**
05. Lake – **21.0%**



POVERTY TASK FORCE 2020 OUTREACH

Introductory Videoconference With Anti-Poverty External Stakeholders

On May 7, 2020, Poverty Task Force staff held a videoconference with more than 30 anti-poverty experts from across the state to discuss the Task Force's goals, activities and initiatives.

Eviction Diversion Program Briefings

Poverty Task Force staff hosted a virtual briefing for anti-poverty stakeholders about the state's eviction diversion program on July 20, 2020. The event gave MSHDA staff an opportunity to discuss the state's effort to leverage federal CARES Act dollars to prevent foreclosures during the COVID-19 crisis.

The Poverty Task Force staff hosted a follow-up meeting with MSHDA Acting Director Gary Heidel on Nov. 30, 2020, that offered community development professionals from throughout the state an opportunity to share news from the field about the efficacy of the eviction diversion program.

Michigan Clean Slate Bills Videoconference

Lt. Gov. Garlin Gilchrist and State Rep. Sherry Gay-Dagnogo were among the presenters for a videoconference with anti-poverty and criminal justice activists to discuss a package of bills signed by Gov. Whitmer in Oct. 2020, that will automatically expunge the convictions of hundreds of thousands of Michiganders, removing a barrier to employment, housing and other opportunities.



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The Poverty Task Force would like to recognize the contributions of H. Luke Shaefer and Patrick Cooney from Michigan Poverty Solutions.

