Raising the MFIP cash grant for families living in poverty

Issues:

- The Minnesota Family Investment Program, or MFIP, is Minnesota’s only cash assistance program for families with children and pregnant women living in poverty.
  - The program provides income support, food benefits and employment services to help low-wage parents with children meet their basic needs, while helping them move to financial stability through work. The annual earned income limit for a family of three is $26,784.
  - The Diversionary Work Program is for families with children who apply for cash benefits and have not received cash assistance in the past year. They receive intensive services focused on immediate employment. After four months, they may become eligible for MFIP.
- The monthly MFIP cash grant of $532 for a family of three hasn’t changed since 1986. Some MFIP families also receive a monthly housing assistance grant of $110.
- Low-wage workers are 2.5 times more likely than higher-wage workers to lose a job, but have half the chance of receiving unemployment insurance benefits, according to the federal Government Accountability Office.
- Children make up 72 percent of the MFIP caseload. They are often most at risk of experiencing poverty.
- The current cash grant, even paired with the housing assistance grant, is no longer enough to build economic well-being for children and families.

Proposal:

- Governor Tim Walz proposes raising the cash grant by $100 a month for households in both the Minnesota Family Investment Program and Diversionary Work Program.
- This increase would benefit all participants in both programs.
- This proposal would build on progress made in 2013, when lawmakers established the $110 monthly housing assistance grant for many but not all families in MFIP.

Benefits:

- Increasing the cash grant would be the first action since 1986 to benefit all families in both the Minnesota Family Investment Program and Diversionary Work Program.
- With the higher cash grant and the housing assistance grant, a family of three would have a monthly income of $742. Receiving child support would be enough to move that family out of deep poverty, defined as less than half the federal poverty guidelines, or less than $888 a month for a family of three.
The increase creates a foundation for future increments, which could move all families out of poverty.

**Fiscal impact:**

- Invests $44.8 million in FY 2020-21 and $65.1 million in FY 2022-23

**Related information:**

- Diversionary Work Program: Emphasizing employment: [https://edocs.dhs.state.mn.us/lfserver/Public/DHS-5848-ENG](https://edocs.dhs.state.mn.us/lfserver/Public/DHS-5848-ENG)
- Facts about Minnesota Family Investment Program: [https://edocs.dhs.state.mn.us/lfserver/Public/DHS-5830-ENG](https://edocs.dhs.state.mn.us/lfserver/Public/DHS-5830-ENG)

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