

Tackling Deep Poverty

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This package of proposals crosses adult and family cash assistance programs managed out of two administrations at DHS.

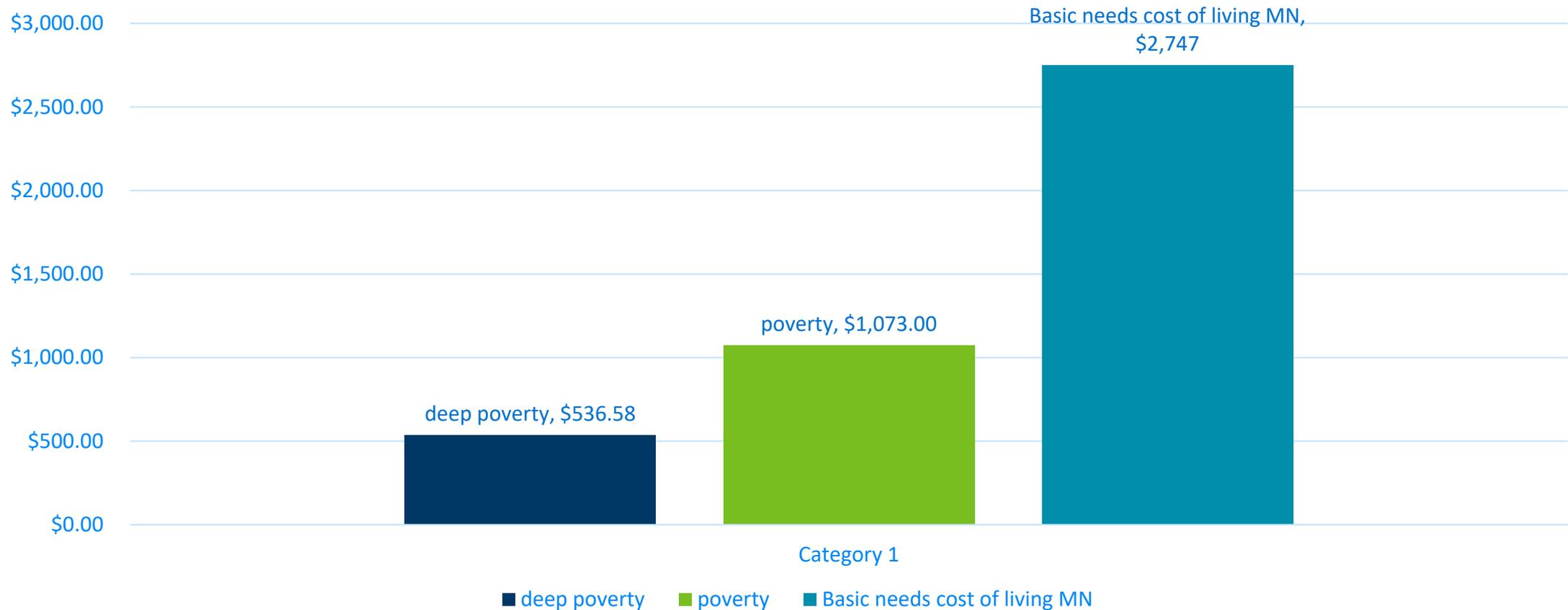
The Roots of This Proposal

1. The Department's report on the impact of deep poverty in Medical Assistance: *We definitely struggle . . . The worry is always there: Improving the health of people living in deep poverty, December 2020.**
2. The income volatility of the Minnesotans who turn to public assistance.
3. The legislature's multi-year effort to simplify public assistance policy and create more uniformity across programs.

* <https://edocs.dhs.state.mn.us/lfservlet/Public/DHS-8061-ENG>

Deep Poverty and Single Adults

Monthly income



Cost of living information from MN Department of Employment and Economic Development Cost of Living Calculator at <https://mn.gov/deed/data/data-tools/col/>

Deep Poverty and a Family of 3

Monthly income levels



Deep Poverty and Health

Minnesota Adults in deep poverty:

- Have higher rates of every chronic condition measured in the study
 - including a mortality rate two times higher than adults who are not as poor
- Experience 40 percent more preventable emergency department visits
- End up in 23 percent more preventable hospitalizations than those who are not as poor

Minnesota Children living in deep poverty:

- Have a mortality rate that is two times higher
- Experience a higher rate of PTSD than children who are not as poor

Income Support Programs

Improvements to Minnesota's income support programs are an opportunity to respond more effectively to deep poverty:

The Minnesota Family Investment Program – for families with children

General Assistance – for adults without children

Recommendations in the Deep Poverty Report

1. Redesign DHS programs and policies to more effectively respond to the realities of deep poverty – including income volatility and chronic stress
2. Ensure resources that carry people through the birth of a new baby, loss of a job, and other events that quickly turn into a crisis and send a life on the edge over the edge

Our proposals :

- Increase income support to get people closer to being over the deep poverty line
- Create more predictability and transparency in the programs
- Build on the multi-year work in the legislature to create more uniform policies across Minnesota's public assistance programs

Specific Proposals

1. Increase the General Assistance benefit in alignment with MFIP
2. Extend the window for people with disabilities who receive General Assistance or Housing Support to apply for Social Security disability benefits from 30 to 90 days
3. Modify Emergency General Assistance policies to ensure an emergency like the pandemic does not disrupt future funding
4. Simplify cash assistance overpayment policies
5. Better stabilize income for people trying to work their way off cash assistance

General Assistance

An income support to childless adults who are destitute and unable to work:

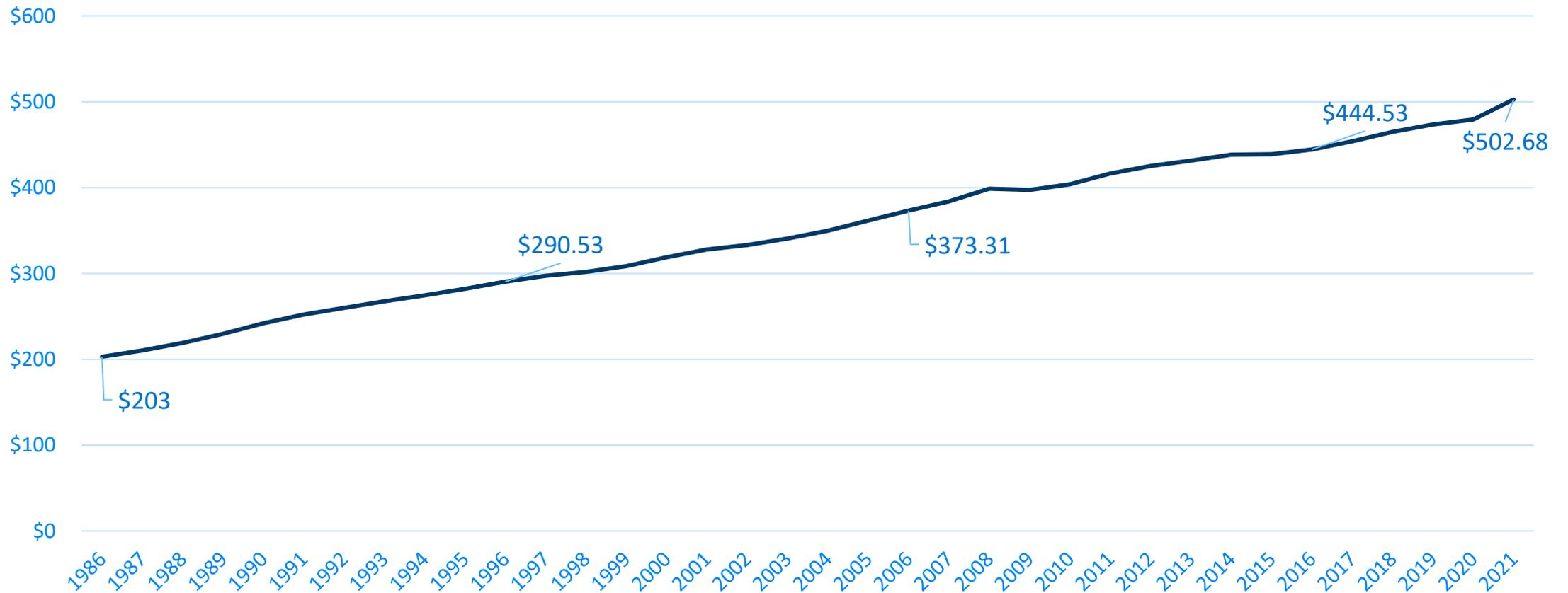
- About 23,000 people receive General Assistance in an average month
- The benefit amount depends on the person's circumstances:
 - About 60% receive \$203 a month
 - About 40% receive a personal needs benefit of \$111. Many members of this group also receive Housing Support, which pays room and board for seniors and adults with disabilities living on low incomes

People receiving General Assistance are unable to work because of a number of conditions. The most common conditions are:

- Disability and applying for disability income
- Have a serious medical illness, mental illness, developmental disability, or severe learning disability
- Staying in a treatment facility
- Older than 55 and unable to work
- Assessed by a specialist to be unemployable
- In protective or court-ordered services that prevent work

Last GA Benefit Increase: 1986

What size would the GA benefit have to be to have the same spending power in 2021?



Proposal: Increase GA benefit

Increase the General Assistance benefit to \$355 a month.

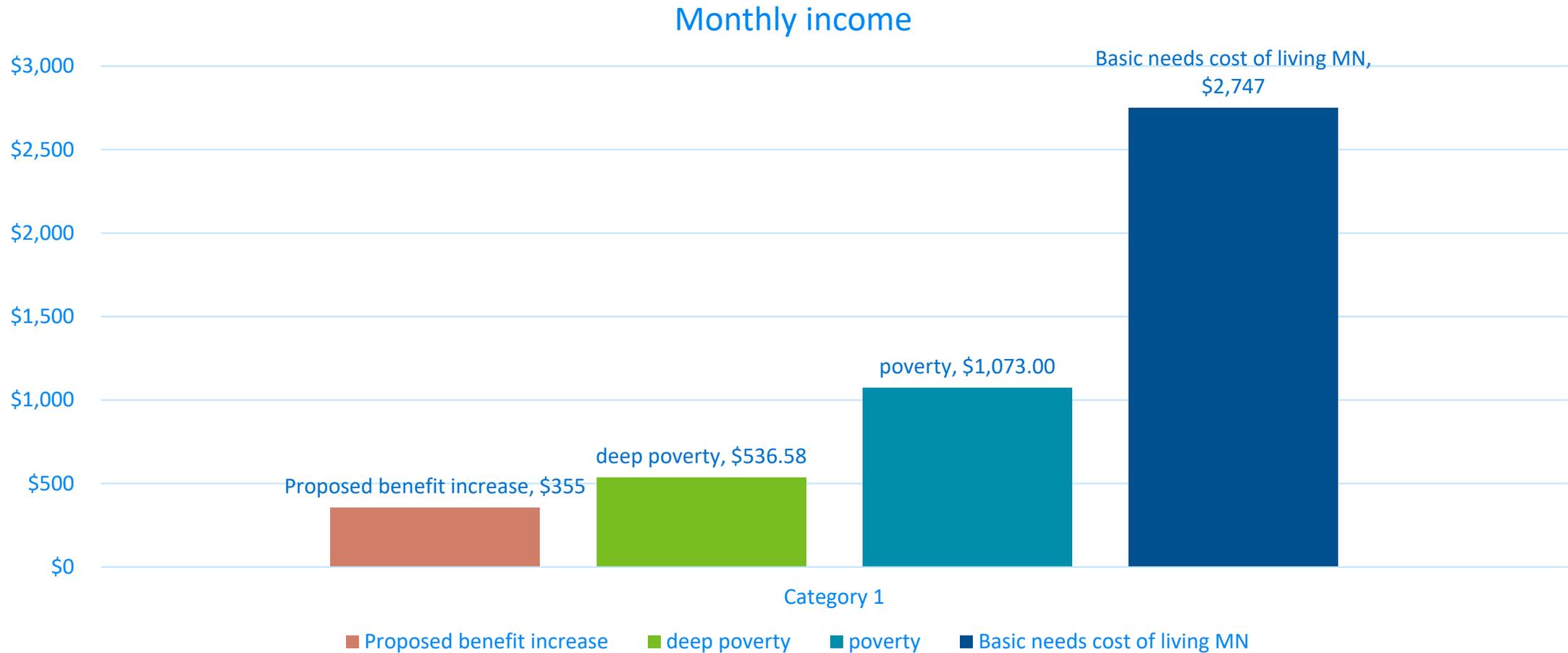
This would be the first significant increase in 36 years

It would still be below the deep poverty line of \$536 a month

This would align with MFIP:

- Using the single person standard in the MFIP program
- Incorporating MFIP's annual cost of living adjustment

Deep Poverty and Single adults



Proposal: Extend Timeline to Apply for Social Security Benefits

- Many people who apply for General Assistance or Housing Support are required to apply for federal Social Security benefits within 30 days
- This 30-day requirement is impossible to meet for most people, especially those needing an interview with Social Security, where there are delays in getting appointments
- A 90-day window will allow people a more realistic timeline
- It will also give people a chance to seek help from agencies that provide advocacy and support services to help people move from state programs to federal benefits

Proposal: Simplify Overpayment Policy

Align cash assistance overpayment policy with Child Care Assistance Program policy

In child care assistance: The individual is not required to pay back an overpayment resulting from an error by the county or tribe

In cash assistance: The overpayment is not charged *if a reasonable person would not have recognized the error*

The reasonable person standard is unnecessary:

- The eligibility IT system prevents a household from getting more than the maximum benefit allowed a family of their size – so an overpayment is always in increments of that amount
- The only very large overpayments a household can receive result from an error allowed to continue over a long period of time
 - The long duration of the error makes it improbable that the person would know it to be an error
- DHS has set up a review process for agency error overpayments and found none that meet the reasonable person standard

Proposal: Emergency General Assistance

Amend the Emergency General Assistance allocation formula.

- DHS allocates funds annually to counties and tribes
- Counties and tribes determine how to use that money within some basic guidelines
- The allocation formula relies on actual EGA expenditures in recent years

Our proposal amends the formula to adjust for outlier spending during crises like the COVID 19 pandemic

Proposal: Address Income Instability

Stabilize income for households trying to work their way off cash assistance by changing budgeting methods and budget periods for cash assistance

This would apply to MFIP and General Assistance

- Housing Support already made this change in 2016
- This aligns with federal SNAP policy

More than half the workers turning to public assistance come from the following industries:

- Hotel/restaurant
- Retail
- Low wage health care
- Temp agencies



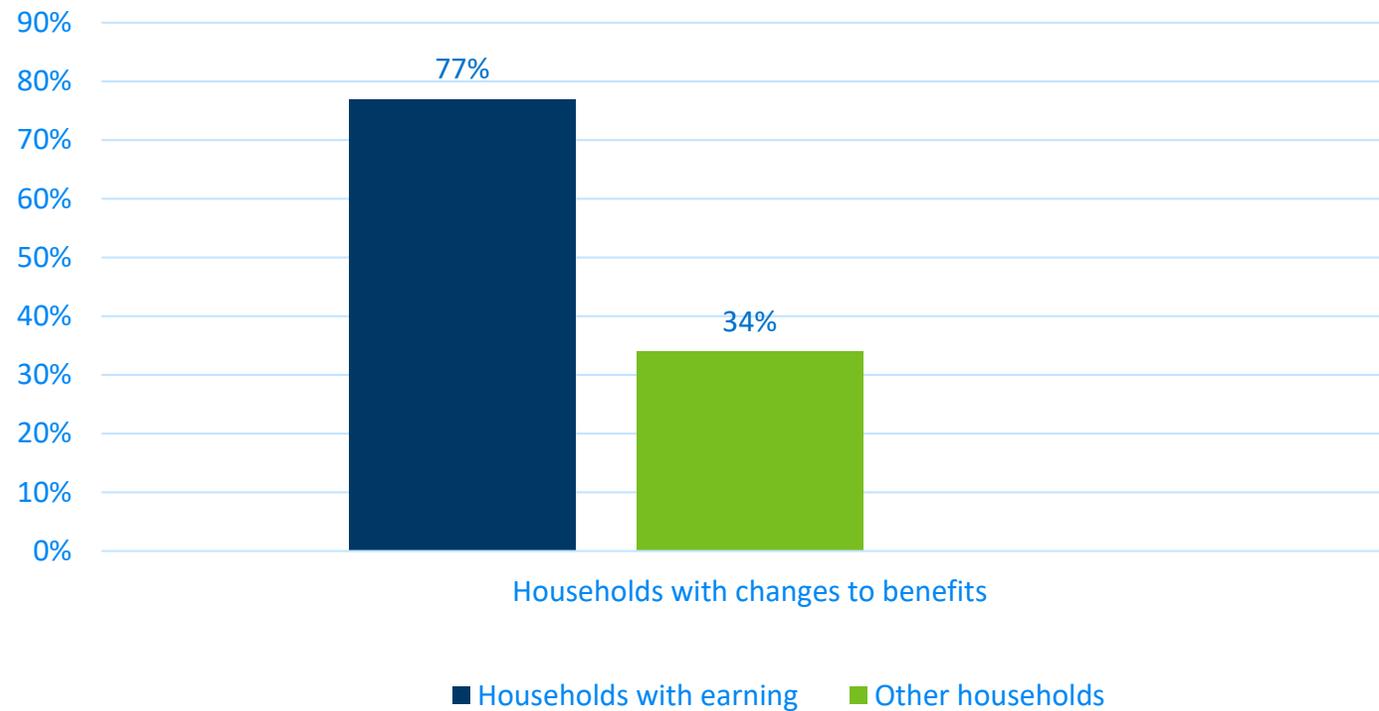
Income instability

44% of families receiving assistance through MFIP experience extreme income instability:

- in any month they have over a 30% chance to have zero income or twice their average monthly income

More than half the households with earnings had changes in income **three or more times** between January and June 2017

Volatile Income: Especially true for workers

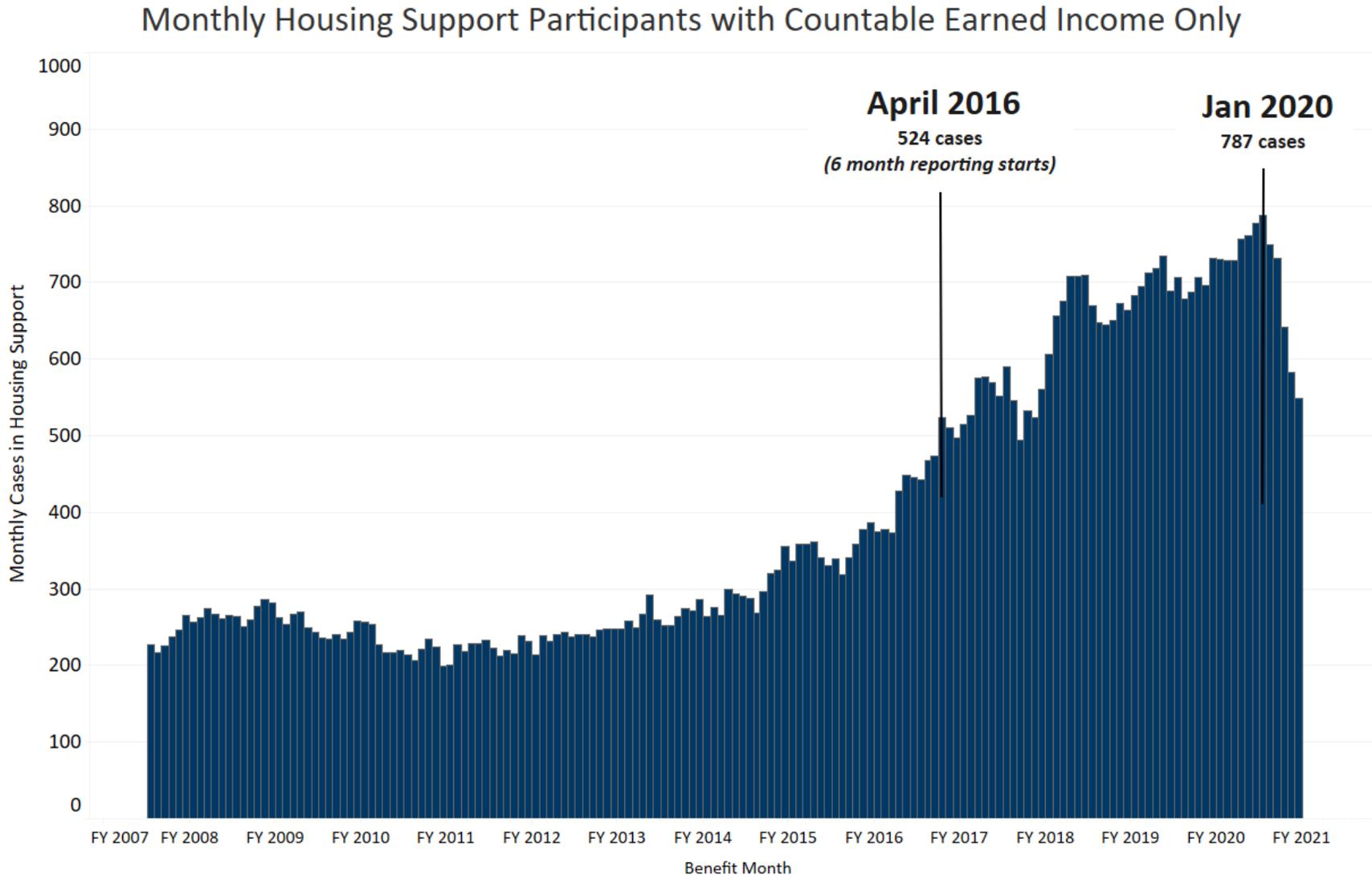


Based on analysis of households receiving MFIP between November 2019 and January 2020

Changes that stabilize income

1. Set benefits for a six-month period instead of month-to-month
2. Reduce the number of changes all households must report
3. Determine benefits based on more current income information

Impact of six month budget periods on Housing Support Program



Thank You!

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