A History of the Minnesota Family Investment Program (MFIP)

1986 – Out of conflict the Governor creates a chance to think big

To prevent the legislature from going into special session because of a fight over welfare grant levels, Gov. Perpich convenes a bi-partisan commission to contemplate an overhaul of the state's welfare system. The Rev. Jerome Boxleitner of Catholic Charities and Hennepin County commissioner Randy Johnson co-chair. The commission recommended a new program that would expect and reward work.

1994 – Minnesota launches a pilot program

The state wins a waiver from the federal government to pilot the *Minnesota Family Investment Program* in 7 counties (Anoka, Dakota, Hennepin, Mille Lacs, Morrison, Sherburne and Todd counties). The goals are to reduce dependency <u>and</u> reduce poverty. The strategy is make sure work pays.

August 1996 – Congress enacts federal welfare reform

The Personal Responsibility and Work Reconciliation Act ends the 65-year-old federal AFDC (Aid to Families with Dependent Children) program and in its place creates the Temporary Assistance to Needy Families (TANF) block grant and invites the states to create their own programs. The state programs must require work and must limit assistance for at least 80% of the families served to five years.

1997 – Outside researchers document ground breaking results

MDRC – an independent non-partisan research firm evaluates the pilot program by managing a random-assignment of some families to the new program and others to the AFDC program. Their first findings indicate that MFIP increased income, reduced poverty and increased employment.

The legislature takes a new phase of bipartisan approach to creating a new statewide welfare program

A joint House and Senate conference committee of Republicans and Democrats working with a Republican governor and a Democratic majority in the legislature put serious time and effort into crafting the legislation for Minnesota's new welfare to work program, MFIP.

January 1998 – MFIP is launched statewide

Key differences from the pilot include:

- an exit level set at 120% instead of 140% of poverty;
- food stamps no longer "cashed out" but combined with the cash grant;
- parents required to work with an employment counselor from the start

2001 – Minnesota creates policies around the new time limits

The legislature defines which families qualify for extensions beyond the 5 year lifetime limit:

- Those where a family member's incapacitating illness prevents work;
- Those whose mental illness, cognitive disabilities, learning disabilities or a combination of factors prevent sustained work;
- Those whose full-time or almost full-time work does not earn them enough to reach the exit levels.

2003 – The State abandons a mission of moving families out of poverty.

Significant changes are made to MFIP:

- A new Diversionary Work Program with smaller grants and intensive services intended to help put families new to assistance into work within four months. Families getting jobs in that four months have an even lower exit level than MFIP.
- The exit level is reduced to 115% of poverty.
- Families with disabled family members on SSI lose $125 of their monthly assistance for every family member on SSI.
- Families living in public housing have their grants reduced by $50 a month. (Public Housing rules require that the family's housing subsidy be increased, thereby allowing public housing to help fewer families.)
- Families can lose all of their grant to penalties called sanctions – even though research in Minnesota and at a national level show that parents with significant impairments or disabilities are the most likely to be sanctioned.
- Barriers to parents pursuing post-secondary education are created by requiring paid work of at 20 hour a week on top of fulltime education for single parents.
- Families on assistance have their grants frozen when a new baby is born; these sort of "family caps" in other states have been shown to not change the birth rate, but do result in more children in deeper poverty.
- The child care program is redesigned – making families' co-pays higher and eligibility levels lower.

February 2006 –New federal welfare policy

After five years of being unable to agree on policy language, Congress reauthorizes the TANF funding as part of the "Deficit Reduction Act". The only change is to elements of the formula that measure states' performance. The Congressional Budget Office analysis forecasts that 47 of the 50 states will fail to reach their performance targets and that therefore the federal government will realize a savings because of penalties to the states' TANF block grants.

2007—Regaining lost ground and introducing effective new services

Minnesota rolls back some of the damaging changes in MFIP:

- Ending the cuts to families with disabled parents and children;
- Parents are once again allowed access to post-secondary education and training.
- In order to increase the chances of meeting tougher federal performance goals:
- Creating paid "stepping stone jobs" that help parents gain workplace skills for the competitive labor market.
- Creates a $75 a month work bonus for families leaving MFIP with jobs, returning to the program's original anti-poverty mission.
- Creates the Family Stabilization Services, which allow flexible and comprehensive services for the most challenged families on MFIP.

Sources of Information:

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- *Reforming Welfare by Rewarding Work*, Dave Hage, University of MN Press, 2004.
- *Making Welfare Work and Work Pay: Implementation and 18-month impacts of the Minnesota Family Investment Program*, MDRC, October 1997.