



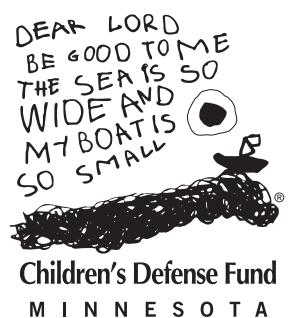
MINNESOTA'S INVISIBLE CHILDREN:

## Children in Families Receiving MFIP

### Overview

Minnesota has an opportunity to improve its outlook for future prosperity by increasing attention to some of its most vulnerable young children today. Seventy percent of the people receiving Minnesota Family Investment Program (MFIP) assistance are children, half of them age 5 or younger, yet few policies address them and little is known about their well-being. The limited data that are available indicate that too many of these children are at risk of, or already, experiencing the harmful effects of deep poverty and other stressors in their environments. This is concerning in light of the research on the short and long-term effects of adverse childhood experiences on children's development and their increased risk of need for remedial or other costly intervention later in life.

Minnesota has a good foundation of pilot programs and innovative providers on which to build an effective response to improving the early childhood experiences of MFIP children. The state can also take advantage of the targeting opportunity MFIP provides in identifying and offering early childhood services to these families. Including more attention to children in state policies and reports, increasing coordination across program silos at all levels, improving families' financial status, and increasing access to services for which these children are already eligible, such as Early Head Start and quality child care, are important efforts Minnesota could make to reduce future public expenditures, increase the productivity of its future workforce and improve the lives of its youngest citizens.



# Introduction

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Families receiving assistance through MFIP vary greatly in their characteristics and needs, but they all have children. Helping families meet their children's basic needs was the driving force behind the creation of MFIP and the programs that preceded it,<sup>1</sup> yet children receive scant attention in current laws, policies and public debates about welfare.

Since the establishment of MFIP and its predecessors, a wide body of research has documented the importance of early environments to children's future development. We have learned that these children are often experiencing adverse environments that make them highly vulnerable to not being ready for school, needing special education during their school years, and experiencing chronic health and other problems in adulthood. Furthermore, some of our current public policies exacerbate their risk. Fortunately, research is also documenting effective ways to reduce these risks, support parents and improve children's life outcomes.

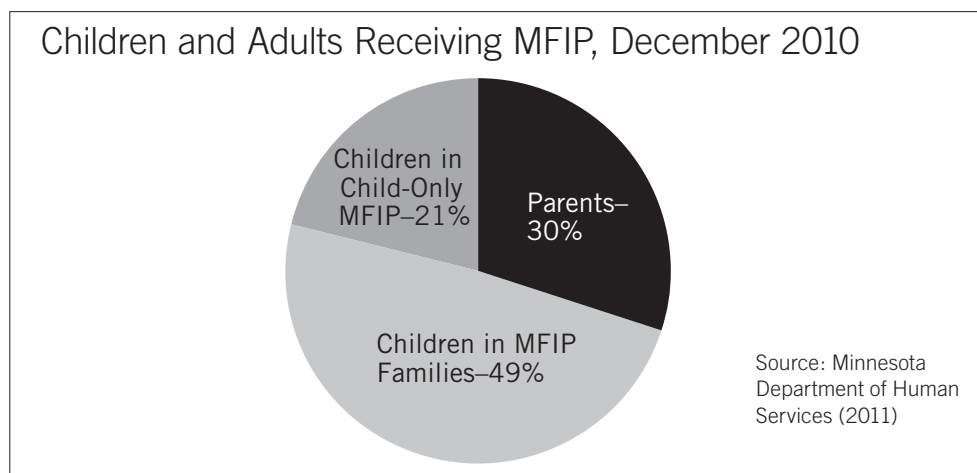
This brief provides background information on the children whose care is being supported by MFIP and provides recommendations to improve their chances for a healthy and productive adulthood. Addressing these issues is essential to their future life outcomes as well as the state's future prosperity.

## Facts: Children in MFIP

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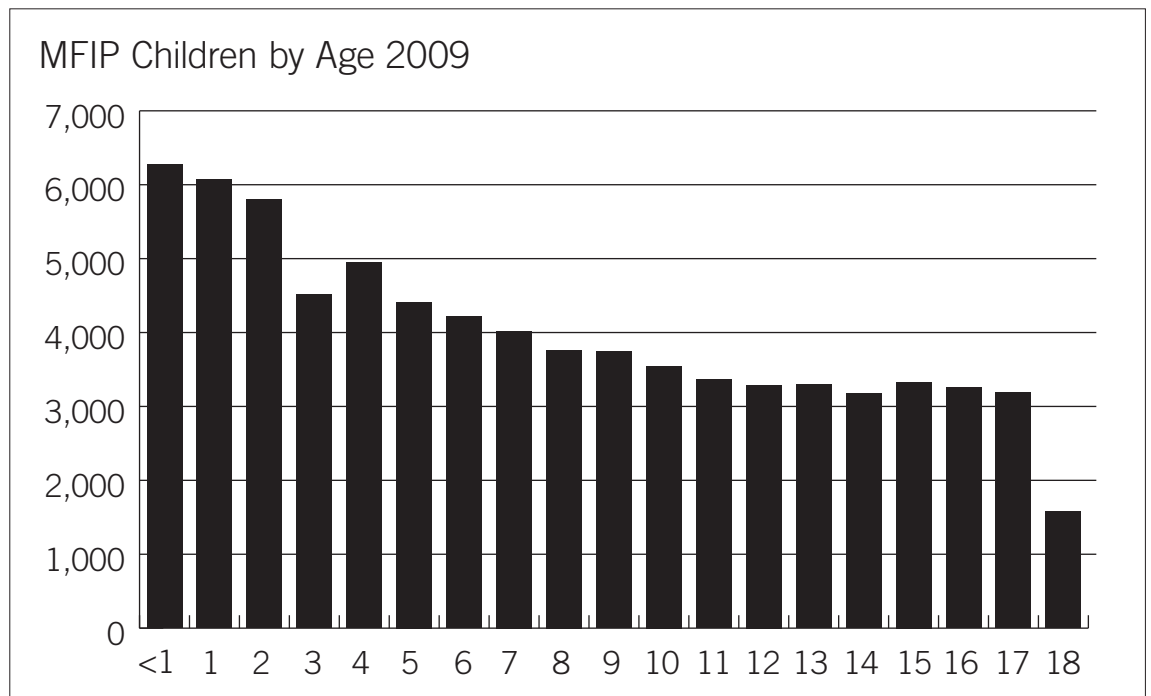
### **1) Seven out of ten people receiving MFIP are children. In December 2010, this represented approximately 71,000 Minnesota children.**

- Approximately two-thirds of the children receiving MFIP are in families where the adult (usually their mother) is also eligible for MFIP. The average number of children in MFIP families is two, but 43% of families had only one child. To be eligible for MFIP, families must include children (or be expecting a child), have incomes far below the poverty level, few financial assets and parents must comply with MFIP work requirements.<sup>2</sup>
- About one-third of MFIP children are in child-only cases. This typically means their caregiver (usually a parent) is ineligible for MFIP because they are receiving Supplemental Security Income (SSI) and are therefore too disabled to work. Some children in MFIP child-only cases are living with a relative (e.g., a grandparent or aunt) who is caring for them but who has elected not to receive MFIP or is ineligible to receive MFIP because their income is above the MFIP eligibility cut-off.<sup>3</sup> In these cases, the family from which the child came must have income at or below MFIP eligibility levels. Many of these children return to their original family once the crisis precipitating their move to a relative's home is resolved. The average payment in child-only cases is lower than it is for regular MFIP because its calculation is based only on the child's, or children's, eligibility.



- The number of children supported by MFIP is less than half the number living in poverty (174,000 in 2009).

**2) Almost half of the children in families receiving MFIP are age five or younger—years of rapid and critical brain development.** In 2009, the average age of the youngest child in an MFIP family was four years old, compared to eight years old for all Minnesota families.



Source: Minnesota Department of Human Services<sup>4</sup>

**3) MFIP keeps children from destitution, but they remain poor and are often pushed deeper into poverty by current policies.**

- The average monthly cash payment in December 2010 was \$303 for MFIP child-only cases, and \$357 for MFIP families. (Less than one percent of the total state general fund budget is spent on MFIP and General Assistance—the state’s cash assistance program for adults without children.) The basic MFIP cash assistance amount has not been increased or adjusted for inflation since 1986.<sup>5</sup>
- Since 2003, the state has frozen payment levels to families with newborns who have been receiving MFIP for 10 or more months. Called the “family cap,” infants born into a family already receiving MFIP are no longer counted when calculating family size, which determines the amount of assistance a family receives. (Previously, an additional child increased the assistance amount by at most \$95/month and as little as \$53/month, depending on family size.) Each year, approximately one in seven MFIP families is pushed deeper into poverty by the family cap.

As in other states, the family cap has not reduced the number of babies born to families receiving MFIP or affected family size. DHS data show, for instance, that the percent of total cases with a child under age one actually increased slightly—from 17.2% to 18.7% between 2000 and 2008.<sup>6</sup>

Family Size	Federal Poverty Level 2011	MFIP Monthly Cash Payment <sup>7</sup>	% of the Poverty Level	MFIP Payment to Families with a Newborn if Family Cap is Applied	% Poverty
Two	\$1214	\$437	36%	NA	NA
Three	\$1526	\$532	35%	\$437	29%
Four	\$1838	\$621	34%	\$532	29%

- Financial sanctions applied for caregivers’ failure to meet program requirements can also force a family deeper into poverty. In December 2008, approximately 1,300 cases (5%) were sanctioned for non-compliance with employment services requirements, thereby reducing their families’ cash assistance by 10% or 30%. Among the reasons families may be sanctioned include failure to attend MFIP orientation sessions, document their job search properly or comply with child support requirements. Many of these sanctioned families face substantial challenges that make cooperating with MFIP requirements difficult. This includes having children with disabilities or chronic health care problems and adults with severe depression or anxiety, domestic violence, and illiteracy. To reduce the number of families with severe challenges who are sanctioned, a new service track was created in 2008 called Family Stabilization Services. The FSS track allows more flexibility in employment plans so parents who are experiencing high rates of long-term illness or incapacitation can pursue medical or social services. State data indicate FSS has substantially reduced the sanction rate for these families, but there is very little information on the extent to which they or their children are accessing support services. Additional funding to cover the costs of early intervention services was not provided when the authorizing legislation was passed. Other research suggests that many of the MFIP families who are currently being sanctioned would qualify for FSS, but the system often fails to identify them.<sup>8,9</sup>

**4) Many children are in families experiencing additional challenges that put them at higher risk of developmental delay.** These other risk factors, such as homelessness, a parent with mental illness or chemical dependency, and child neglect, are often associated with poverty and can hamper children’s development. These risk factors can introduce toxic levels of stress that affect the building of neural connections in children’s brains.

- Almost half (47%) of parents or guardians in MFIP families are known to have received a mental health diagnosis within the prior three years.<sup>10</sup>
- More than one-third (37%) of MFIP parents or guardians were diagnosed with a chemical dependency within the prior three years.
- More than half (53%) of parents or guardians receiving SSI in MFIP child-only cases have a serious mental health diagnosis.
- Approximately one in five (18%) MFIP families were involved with the child protection system within the prior three years—almost five times the rate of the rest of the population.

**5) The limited available data show that the deep poverty MFIP children experience is harming their development.**

- One-third (35%) of children in MFIP families are enrolled in Special Education—nearly three times the rate of all children.
- Nearly two-thirds of the young children in MFIP families tested as part of a discontinued pilot project screened positive for potential developmental delays.
- One-third of MFIP children had a mental health diagnosis (including ADHD) in a longitudinal MFIP study; children ages 0–2 had higher rates of mental health problems than children in high school.
- Children being raised by relatives in MFIP child-only cases are more likely to have serious health concerns than children in MFIP families, but are less likely to have preventive health visits.

**6) The lack of a child focus in MFIP is reflected in early childhood program participation rates.**

- Based on Head Start data, which may understate MFIP eligibility, only one in eight MFIP children under age 6 (approximately 4,000 children) was enrolled in Head Start or Early Head Start in the 2009-2010 school year.
- Approximately one-fourth (550) of Early Head Start infants and toddlers are in families receiving MFIP.<sup>10</sup>
- No statewide data are available on how many children in MFIP families or in child-only cases are receiving Early Intervention (Part C/Help Me Grow) or Family Home Visiting services.

**7) Federal law and MFIP statutes focus almost exclusively on adults, and federal and state reports (with a few exceptions) reflect this lack of attention to children.<sup>11</sup>**

- Children's well-being is generally only addressed in terms of its impact on parents' employment. For instance, while a child with a medically certified illness or disability that keeps their parents from working can be a reason for eligibility for the Family Stabilization Services service track, there are no provisions in the MFIP statute to ensure those children are referred for necessary early intervention services. Nor are reports required about the school readiness, performance or progress of MFIP children in school, although this information currently exists and could be collected through an integrated data system.
- There are no data reporting requirements or county performance measures related to children or child well-being, except for a count of the number of child-only cases. For instance, the number of children affected by financial sanctions is not reported although research shows that these children will be at even higher risk for developmental delays at their family incomes drop further into deep poverty (Child Trends, 2009; Duncan and Magnuson, 2011).
- There are no follow-up requirements to ascertain a child's well-being when a family is sanctioned, although research suggests that families sanctioned for non-compliance are much more likely to be struggling with domestic violence, mental illness or illiteracy than other families (West Coast Poverty Center, 2006).

- While MFIP recipients must be informed about the availability and benefits of early childhood health and screening during their orientation to MFIP, there are no provisions to help parents follow through on the information. In addition, parents may be exempted from the orientation if it conflicts with work related activities, precluding them from receiving the information. Similarly, state statute requires them to be referred to social services if necessary but there are no provisions to ensure families can actually access those services.
- Coordination among early childhood programs and welfare is required in state statute and federal regulations (e.g., between Head Start and welfare) but it is difficult to determine the extent to which there is communication or collaboration at the local level across these programs.

**8) MFIP and Transition Year Child Care Assistance are the only programs specifically targeting MFIP children but the emphasis is on the role child care plays in promoting parents' employment, not child development.<sup>12</sup> Therefore, program requirements often run counter to best practices for early childhood.**

- Current Child Care Assistance Program (CCAP) requirements can result in families temporarily losing assistance and their slot with a child care provider when their employment changes, even if only for a short time (e.g., they lose a job or their hours change). When they can once again purchase child care they frequently have to find a new provider, disrupting the relationships their child has formed with a provider and preventing consistent care.
- Children in MFIP-child only cases often have little or no access to early learning or care experiences outside their home. If their caregiver is not employed (often due to mental illness), they are not eligible for regular child care assistance.<sup>13</sup> These children are often the most in need of an early learning or care experience outside the home due to the additional risk factors they face.
- The percent of eligible MFIP families who actually use child care assistance (40% of families with a child 6 or younger) is lower than expected and the reasons for the low rate are not well-understood. This suggests many children who could benefit from the current program are not able to do so.
- Trends in the child care assistance program may be affecting the quality of care children receive. Currently, CCAP provider payment rates are far below market rates.<sup>14</sup>

**9) A few pilot projects specifically oriented to children receiving MFIP have shown promise toward improving their life chances.**

- The original MFIP pilot conducted in the mid 1990s allowed families to continue receiving some cash assistance until the combination of their wages and assistance totaled 140% of the federal poverty level.<sup>15</sup> A national evaluation found children in those families did better in school than did children in the control group whose families were removed from the program once their incomes reached approximately 70% of the poverty level.<sup>16</sup>
- Children in the child care assistance program who participated in a Department of Human Services pilot project—School Readiness Connections—showed high rates of school readiness. The pilot reduced program administrative barriers; making it easier for children to receive consistent care when their parents' work schedule changed and provided financial incentives for providers to improve their quality of care. In addition, the other children in the providers' care who were not receiving MFIP also showed high rates of school readiness most likely due to the improvement in child care quality provided through the pilot project.

- Parents reported high rates of satisfaction with their experiences with the MFIP Children’s Mental Health pilot project. The project screened their children for developmental progress and allowed them to modify their MFIP employment plan to allow them to follow through on referrals for additional assessment or services when necessary.<sup>17</sup>
- In addition to these projects aimed especially at MFIP children, there is a large body of research and evaluations documenting the effectiveness of quality child care and early intervention programs in improving outcomes for children in similar circumstances.<sup>18</sup>

## Recommendations

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1. **Seek the input of parents** in families receiving MFIP to identify ways to enable them to improve their children’s life prospects and combine work with child rearing.
2. **Increase attention to children in MFIP families through improved data collection and reporting;** for example, regularly report the number and ages of children in cases affected by sanctions or exceeding the time limit in MFIP reports. Collect and report data (for use administratively as well as for planning services at the family level) regarding the participation of these children in early intervention and other early learning programs, and their utilization of preventive health services.
3. **Improve the state’s data reporting capacity to answer questions about children’s access to current services and outcomes** by linking data across programs and agencies. For instance, link education and MFIP data to determine how well children are doing in school and suggest ways to improve achievement and progress toward graduation. Identify and make recommendations about ways to increase communication and collaboration across departments of human services, education and health at the state and local levels to facilitate attention to the well-being of children in families receiving MFIP.
4. **Use the child behavior assessment included in the annual MFIP employability review (the “Employability Measure”) conducted with parents to identify potential early childhood issues** requiring follow-up assessment or referral. Provide resources and additional training for county employment counselors and financial workers to help parents determine when their children may benefit from early intervention or other services. Allow parents’ work requirements to be modified to allow them to follow-through on referrals, as allowed in the MFIP Children’s Mental Health Pilot Project and intended in the FSS service track.
5. **Provide training and professional development opportunities for front-line county workers on the impact of adverse childhood experiences.** Coordinate efforts with public health officials to expand community-based prevention efforts.
6. **Review MFIP cash assistance levels and related policies** such as financial sanctions and the family cap in terms of the research on the impact of poverty on children’s development. Modify policies as indicated.
7. **Conduct an analysis of the state’s current service capacity** to provide family home visiting and other early childhood services to MFIP and other low-income families.<sup>19</sup>
8. **Revisit the January, 2010 DHS Child Care Advisory Task Force report** recommending child care assistance follows the child (not the parent) and other measures to ensure consistent and accessible care. This means, for example, if a parent’s hours temporarily change, their child care assistance would not be disrupted, allowing the child to remain with the provider with whom he or she has developed a relationship.<sup>20</sup>

9. **Reconsider child care policies that make it difficult for children in some of the most vulnerable circumstances to access regular early learning experiences.** Expand early childhood and preschool opportunities for children whose parents are not employed or who are in unstable living situation, e.g., due to homelessness or serious mental illness.
10. **Expand efforts to improve low-income workers' wages** generally and access to education and other pathways to higher family incomes through wage and benefit policies.
11. **Adopt workplace policies that support parents** (e.g., paid sick leave) and ensure parents can access early care (child care and early intervention) while they work, pursue education, mental health or other resources to improve their family's financial situation.

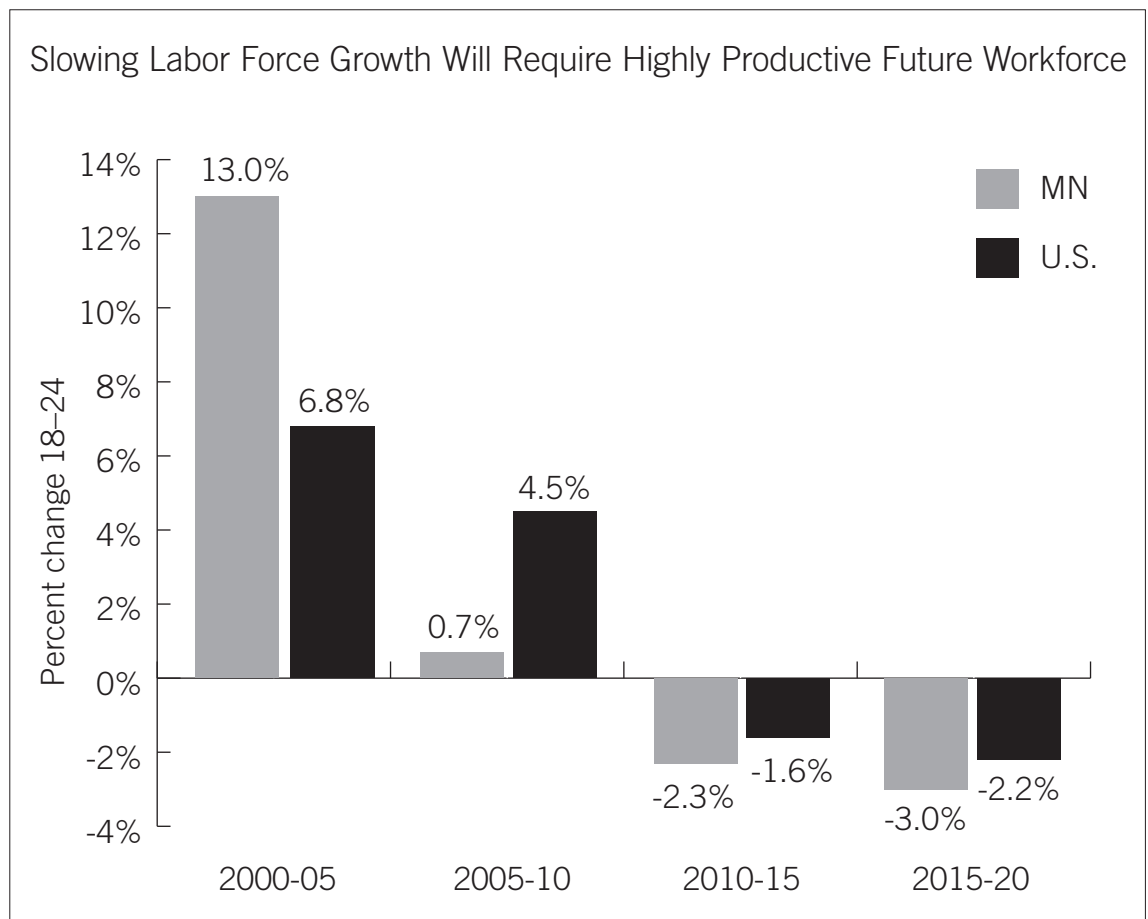


# Conclusion

The explosion in knowledge about the importance of early childhood to outcomes in adulthood is an impetus to reexamine all public policies that impact children. Many of the children whose families are receiving MFIP, especially those whose families receive assistance for a short time while they weather financial or personal crises, will experience little or no harm from the stressors of the temporary poverty their families find themselves in. But many more children are in families whose incomes will not substantially improve in the near or far term, and who will experience the lifelong effects of poverty.

If the stressors poor families experience are not reduced, these children have a much higher chance of repeating their parents' experiences as MFIP recipients in adulthood.<sup>21</sup> In addition to the personal costs these children will experience throughout their lives, public costs will also be unnecessarily higher due to both greater remedial needs and lowered productivity in adulthood. These outcomes are wasteful and avoidable.

Minnesota—along with the rest of the country—is undergoing a major demographic shift. By the time today's infants and toddlers enter the workforce, they will be supporting more older and younger Minnesotans than any prior generation. Minnesota will need every child born today to be as healthy and productive as possible if the state's economy is to thrive. Fortunately, research has greatly expanded our awareness of the environmental factors in children's lives that can be modified to improve their life chances. Policy makers and others can help more families plot a brighter future for their children.



Source: Stinson and Gillaspay, October 2008

## Resources

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# Endnotes

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- 1 Mothers' Pensions were authorized in the early years of the twentieth century to keep children out of orphanages. Most of these children had parents but their parents' were too poor to care for their children. Mothers' pensions were followed by Aid to Dependent Children in the 1930's, which later became Aid to Families with Dependent Children in the 1960's.
- 2 Most families are enrolled in the Diversionary Work Program (DWP) upon their initial application to MFIP. Under the DWP, they receive four months of assistance once they have completed an employment plan. If they are unable to find employment and still meet other MFIP eligibility requirements, they will be transitioned to MFIP at the end of the four-month period.
- 3 Many caregivers in these situations are grandparents or other relatives. Opting out of MFIP means they do not have to meet the work and other requirements that accompany MFIP. Other data indicates most of the relatives caring for children eligible for MFIP have low incomes.
- 4 Dana DeMaster, Department of Human Services, personal communication, 11/2/10.
- 5 Since 1996—ten years after Minnesota last increased the MFIP payment levels—31 other states have increased their payment amount. During that same period (1996—2010), the buying power of the MFIP payment decreased by 28%, due to the failure to reflect cost-of-living increases (see Center on Budget and Policy Priorities, 2010: <http://www.cbpp.org/pdf/11-24-08tanf.pdf>)
- 6 This conclusion is based on analyses completed by the Department of Human Services (Leslie Crichton, Department of Human Services, personal communication, 1/13/11); for other states, see for example: Center for Law and Social Policy, 2003. *Lifting the Lid off the Family Cap: States Revisit Problematic Policy for Welfare Mothers*. <http://www.clasp.org/admin/site/publications/files/0166.pdf>
- 7 Families also receive food stamps but these are not counted as income when tabulating families in poverty. Even when the value of food stamps is added to the cash assistance amount, however, they remain in poverty, e.g., a family of three is living at two-thirds of the poverty level.
- 8 See for example: University of Washington, 2006. *Review of Research on TANF Sanctions*, [http://www.workfirst.wa.gov/research/studies/sanction\\_literature\\_final.pdf](http://www.workfirst.wa.gov/research/studies/sanction_literature_final.pdf)
- 9 Rates may actually be higher. This information comes from the state's public health care billing data base.
- 10 The number may be higher if an agency chose a different category under which to place a child's reason for eligibility, but there is currently no way to determine how often that occurs.
- 11 The most recent annual DHS MFIP report highlights the limited amount of information that is currently available about children for the first time. DHS has also conducted special analyses and published informative occasional reports on children (e.g., child-only MFIP cases) and included information on children in its longitudinal studies. However, there is generally a lack of data collected on children, reflecting the lack of attention to children in the federal and state laws authorizing MFIP.
- 12 All children receiving MFIP are eligible for Medical Assistance.
- 13 Some families are able to receive limited child care assistance to participate in social services-related activities as part of their work plan, but there are indications that families that are experiencing the effects of severe depression or other serious mental illness may still face substantial challenges accessing child care.
- 14 Legislation passed in 2011 will further cut payment rates for some providers and further limit access.
- 15 The current exit level is 115% of the federal poverty level.
- 16 The final MDRC evaluation in 2005 showed that children who were preschoolers in the experimental group were doing better in math and reading as fifth graders than their peers in the control group.
- 17 The project was not recommended for continuation, however, because the measures of success were based on parents' employment status, not the impact of the project on their children's well-being.
- 18 For a good overview of current research on early childhood development, see the Center on the Developing Child at Harvard University <http://developingchild.harvard.edu/index.php/activities/forum/>
- 19 For instance, Early Head Start slots are available to serve only 10% of the infants and toddlers in poverty.
- 20 Minnesota Department of Human Services. January 2010. *Child Care Advisory Task Force Recommendations*. <http://www.house.leg.state.mn.us/comm/docs/ChildCareAdvisoryTaskForceReport.pdf>
- 21 A follow-up study of MFIP longer-term recipients (i.e., those facing the most challenges) found that half of the girls who were teenagers on their families' cash assistance had become MFIP mothers themselves eight years later.

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