

Change Item Title: Rebuilding an Effective MFIP Program

Fiscal Impact (\$000s)	FY 2014	FY 2015	FY 2016	FY 2017
General Fund				
Expenditures	3,240	5,261	2,084	1,730
Revenues	0	0	0	0
Federal TANF Fund				
Expenditures	3,500	1,700	2,000	2,000
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	6,740	6,961	4,084	3,730

Recommendation:

The Governor recommends investing \$8.5 million from the General Fund and \$5.2 million from the Temporary Assistance for Needy Families (TANF) fund in the 2014-15 biennium to the Minnesota Family Investment Program (MFIP) to simplify the program, provide supports to improve parents’ employment outcomes and provide funding to more effectively serve teen parents in collaboration with the Minnesota Department of Health. Funding for one full-time equivalency position is included to oversee teen parent supports.

Rationale/Background:

These changes renew Minnesota’s investment in supporting strong employment outcomes for families who turn to MFIP, and help to simplify the program which has become increasingly complex and difficult for participants to comply with and counties to administer. Increasing the earned income disregard supports the employment goals of MFIP and aligns with the disregard in the Unemployment Insurance program. Investing in paid work experience and local strategies to reduce disparities promotes strong employment outcomes. Suspending the Work Benefit program reduces administrative complexity for counties. Providing home visiting services to teen parents has proven to improve high school graduation rates and increase the rates at which their children reach healthy developmental milestones.

Proposal:

Changes include: 1) When determining initial eligibility for MFIP and the Diversionary Work Program for employed parents, use the Family Wage Level standard; 2) Increase the ongoing earned income disregard from 40 percent to 50 percent and suspend the Work Benefit program; and, 3) Make one-time investments in FY 2014 and FY 2015 to improve outcomes for MFIP participants, including \$4 million for local service strategies to improve employment outcomes for African American and American Indian MFIP participants and \$4.8 million in 2014-15 to provide funding for paid work experience and work study. In addition, ongoing funding of \$500,000 per year is provided for training, evaluation and technical assistance to establish home visiting initiatives for MFIP teen parents. Beginning in FY 2016, \$1.5 million per year from the TANF fund will be provided for bonus funds for counties that exceed expected performance based on the Minnesota Self-Support Index.

Performance Measures:

Among the positive impacts by these investments are improved employment outcomes for parents on MFIP and improved high school graduation rates among teen parents on MFIP.

Statutory Change: Minnesota Statutes 2012 § 256J

2014-15 Biennial Budget

Human Services

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (000's)			FY 2014	FY 2015	FY 14-15	FY 2016	FY 2017	FY 16-17
General Fund			3,240	5,261	8,501	2,084	1,730	3,814
TANF			3,500	1,700	5,200	2,000	2,000	4,000
Total All Funds			6,740	6,961	13,701	4,084	3,730	7,814
Budget Detail	BACT#	Description	FY 2014	FY 2015	FY 14-15	FY 2016	FY 2017	FY 16-17
GF	21	MFIP	1,265	1,108	2,373	1,466	1,188	2,654
GF	22	MFIP CC	628	1,040	1,668	618	542	1,160
GF	41	Support Services	668	2,668	3,336	0	0	0
GF	41	Support Services	450	250	700	0	0	0
TANF	41	Support Services	3,500	1,500	5,000	1,500	1,500	3,000
TANF	41	Support Services	0	200	200	200	200	400
TANF	12	CFS Admin.	0	0	0	300	300	600
GF	12	CFS Admin.	300	300	600	0	0	0
GF	REV1	FFP @ 35%	(105)	(105)	(210)	0	0	0
GF	11	Operations (MAXIS)	34	0	34	0	0	0
Requested FTE's								
GF	12	CFS Admin.	1	1	1	0	0	0
TANF	12	CFS Admin.	0	0	0	1	1	1