

Public Assistance Programs

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"Welfare" is a general term used by most Minnesotans to describe many different cash assistance or health care programs which help people meet needs usually tied to income or special needs. "Welfare" and "public assistance" are terms which can be used interchangeably.

Public assistance programs were historically structured as entitlement programs. "Entitlement" means that, if the applicant meets certain criteria (age, income level, disability, etc.), the program must provide funds to enroll the applicant. No eligible applicant can be turned away because funding has run out. Such entitlement programs are considered "open-ended" appropriations programs. Therefore, government officials have historically estimated the need for these programs based on projections of potential enrollees. However, with federal welfare reform in 1996, all cash assistance entitlement programs were eliminated, effective July 1, 1997.

Background

In 1935 Congress enacted the Social Security Act as a response to the economic hardship created by the Great Depression. The various titles of the Social Security Act were the basis of the public assistance system in America for the next six decades. In 1996, federal welfare reform was enacted and implementation was required in all states by July 1, 1997. Prior to 1996, most changes in federal welfare policy were established as amendments to the Social Security Act (e.g. Title XIX, Title XX and Title IV-A).

Before Social Security was enacted, relief for the poor had been the responsibility of state and local governments as well as private charities. During the Depression, however, local governments and private agencies no longer had enough resources to help the growing number of people in need of direct financial assistance.

The Social Security Act marked the beginning of federal efforts to help people meet their basic needs. As originally drafted, the Social Security Act provided assistance to aged and blind people and widows with dependent children. Because this system grants aid to people who fit into certain categories, the programs are often referred to as "categorical assistance" programs.

Public assistance programs in Minnesota include:

- Minnesota Family Investment Program (MFIP)
- Supplemental Security Income (SSI)
- Medical Assistance (MA)
- Food Stamps (FS) and Minnesota Food Coupon Program
- General Assistance (GA)
- Minnesota Supplemental Aid (MSA) and
- General Assistance Medical Care (GAMC)
- Minnesota Care
- Medicare (*Federally administered*)

Contrary to popular opinion, the largest and fastest growing share of public assistance programs are health care programs, such as Medicaid and Medicare. The cash assistance programs, such as MFIP (formerly Aid to Families with Dependent Children), are actually a relatively small and stable share of these programs.

As of May, 2001, there were 44,299 MFIP cases in Minnesota, with an average payment of \$618 per case (\$211 per person). Of these, 35,180 were single-parent and two parent cases and 9,119 were children. Over three-quarters of the families that were on assistance in July 1998 were off assistance (62%) or working (14%) three years later in July 2001.

In 1965, the Medicare and Medicaid programs were added to the social security system as part of the Great Society programs of President Lyndon Johnson.

Food Stamps

In addition to cash public assistance programs, Congress established the Food Stamp Program which is a general entitlement program. Some changes and limits to this entitlement have been enacted as part of federal welfare reform.

The Food Stamp (FS) program increases the food purchasing power of low-income households. Many food stamp households do not receive any other form of public assistance. However, since the majority of people who receive MFIP, SSI, and General Assistance grants are also recipients of food stamps, the FS program is closely associated with these cash assistance programs. Like the other public assistance programs, the Food Stamp program is administered by the counties under state supervision. It is, therefore, part of Minnesota's public assistance system for county purposes.

Program Administration

With the exception of the federally-administered SSI and Medicare programs, public assistance programs in Minnesota

are administered by the counties. Minnesota is one of a handful of states in which most programs are administered at the county level. The costs of these direct payment to clients (the "welfare check") are funded with state and federal money. However, counties pay 100% of the costs of administration with some federal reimbursement. "County administration" includes enrollment, eligibility determination, case management and other related support services for clients. All administrative functions are conducted locally by county employees.

Funding of Programs

State law dictates which levels of government in the state are responsible for payment of the non-federal share of public assistance programs. The county, state, and federal share of direct payments to public assistance clients varies by program. Over the past three decades, the state has gradually assumed a larger share of responsibility for financing public assistance, particularly in the 1991 "income maintenance takeover". In the last year, however, some costs have been reapportioned to counties in an effort to resolve state budget shortfalls. Unless specified in statute, counties pay most of the administrative costs (e.g., determining eligibility, enrollment) of public assistance programs.

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Minnesota Family Investment Program

Temporary Assistance in Minnesota

In August 1996, major welfare reform legislation was passed which requires states to end the Aid to Families with Dependent Children (AFDC) program no later than July 1, 1997. In Minnesota, AFDC has been replaced with a non-entitlement assistance program called the Minnesota Family Investment Program (MFIP). MFIP is Minnesota's name for the federal Temporary Assistance for Needy Families (TANF) program.

MFIP is intended to promote work, responsibility and family stability while preventing welfare dependency and lifting children out of poverty. Independent evaluation of MFIP, released in 2000, found MFIP to be perhaps the most successful welfare reform effort in the nation, increasing work, decreasing poverty, stabilizing families, and improving the lives of children.

Enrollment in MFIP will be limited to five years in a lifetime. Minnesota has chosen to provide very limited assistance to families who have reached the five-year limit, but the state must use its own funds—not federal funds—to do so. The first Minnesota families reached the 60-month limit on July 1, 2002.

All MFIP participants must work to receive cash assistance. Minnesota continues to receive federal money as long as certain work participation rates are achieved. Certain categories of individuals may have benefits extended. Among these are: ill or incapacitated; hard to employ (eg. mentally retarded or mentally ill), or working adults meeting specified work hours.

MFIP provides important services to people moving off the welfare system. All families moving from welfare to work and working families trying to avoid welfare will have access to supports outside the welfare system:

- State funding for child care has substantially increased. Families going from welfare to work have access to subsidized child care. Working families will have access to additional child care subsidies through the Basic Sliding Fee program.
- Strong child support enforcement efforts and state-subsidized health care through MinnesotaCare also helps families avoid welfare dependency.

Sanctions

Minnesota has enacted stiff financial sanctions for participants in MFIP who are not meeting the terms and conditions of the program. If a participant is not working, the benefit received will be reduced as follows:

1. All housing costs will be paid directly to the landlord, not the participant, and reduced from the monthly benefit (a county may also elect to directly pay utility costs);
2. The remaining benefit amount, if any, will be reduced 10 percent in the first month of noncompliance and 30 percent in succeeding months.

Counties may choose to enact a 100% sanction for those not meeting work requirements.

Food Stamps

Federal welfare reform enacted in August 1996 makes some changes in Food Stamp eligibility and benefit levels. Children and families using Food Stamps will continue to receive services as an entitlement. However, single adults between the ages of 18 and 50 who do not live in a household with children are only eligible for Food Stamps for 3 months in any 36-month period. In order to qualify for an extension of three more months, the recipient must be participating in a federally-approved Food Stamp Employment & Training (FSET) program. Minnesota has created a state food supplement program, which will provide legal noncitizens with about \$30 per month in food benefits to replace lost federal benefits.

Other Provisions of Welfare Reform

In addition to the MFIP and Food Stamp changes enacted as part of the state implementation of federal welfare reform, several other major changes to eligibility were enacted.

Minnesota has elected to maintain eligibility for current legal non-citizens for MFIP, Medical Assistance and Title XX. County staff must review each non-citizen case and redetermine eligibility for these programs.

Future legal immigrants are barred from all federal means-tested benefit programs for their first five years in the United States. There are some exceptions to this ban (e.g. school meal programs, immunizations and Emergency Medical Assistance). Illegal aliens will continue to be ineligible for federal programs.

Supplemental Security Income (SSI): The federal act tightens eligibility for the Supplemental Security Income (SSI) program. Children who have been receiving SSI due to certain disabilities, generally behavioral in nature or related to mental health, are no longer eligible. In addition, individuals on SSI due to drug or alcohol addiction will no longer be eligible.

The state Minnesota Family Investment Program (MFIP) went into effect January 1, 1998. The federal TANF program is currently up for reauthorization and Minnesota may experience changes in eligibility or financing as a result.

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