

FAMILY INVESTMENT PROGRAM (FIP) BASIC GRANT

Position Statement

NASW, Iowa Chapter, supports increasing the Family Investment Program basic grant to more closely align the grant with the cost of living and raising a family.

Discussion

Iowa's Family Investment Program (FIP) provides a monthly cash grant to low-income families with children to help meet basic needs such as shelter, utilities, and clothing. FIP also provides services to help families become self-sufficient.

- *Eligibility*

FIP helps people with minor children. Families must:

- Meet income and asset requirements
- Be residents of Iowa.
- Be citizens or legally qualified non-citizens (such as refugees).
- Participate in work, training, or educational services to become self-sufficient.

A parent and two children must have income after deductions below \$361 per month, or \$4,332 annually, to qualify.

Benefits are limited to a five-year lifetime limit with exceptions for hardship cases. Every month, about 60 recipients are canceled because of the 5-year lifetime limit (Iowa Department of Human Services, September 2012).

The Iowa Department of Human Services (IDHS) projects an average of 15,179 FIP cases per month in SFY 2013 (September, 2012), and that cases will continue a gradual decline until June of 2014, when they will level out. The number of people receiving FIP has been declining and is near a modern day record low.

- *Profile of FIP Recipients*

According to the IDHS (September, 2012) 76% of FIP recipients are one-parent families, while 6% include both parents. Eighteen percent of FIP households provide care to children of relatives. Some of these children are in the child welfare system, while others came to live with relatives as the result of voluntary arrangements of their parents.

The average FIP family is headed by a single Caucasian woman between 20 and 29 years old with a high school or GED education. The typical family has two children under the age of 6.

The average family receives FIP for 22 months. In FY 2012, 72% of people who left FIP remained off the benefit program for at least one year.

The average annual benefit per FIP recipient is \$1,572, or \$131 per month.

FIP recipients receive their monthly cash benefits via an Electronic Access Card (EAC) that can be used anywhere a VISA debit card is accepted.

- **PROMISE JOBS**

DHS contracts with Iowa Workforce Development to provide PROMISE JOBS services. PROMISE JOBS provides training, education, and employment services to FIP recipients. In SFY 2012, an average of 11,837 individuals representing 85% of all FIP cases were served by PROMISE JOBS each month (W. Rickman, personal communication, November 21, 2012).

- **Iowa's Basic FIP Grant**

Iowa's basic FIP grant has not been adjusted since SFY 1990, 22 fiscal years! Since that time, the basic grant for a family of 3, for example, has remained at \$426 per month.

- Iowa's grant ranks lower than 26 other states.
- Among surrounding states, Iowa's grant ranks lower than Kansas, Illinois, Minnesota, South Dakota and Wisconsin; only Missouri and Nebraska have lower grants.

The maximum annual FIP amount paid to a family of three is less than 31% of the federal poverty level. (Iowa Department of Human Services, September 2012.)

- **Cost of Living**

The Iowa Policy Project estimated that it cost \$3,322 per month in 2010 for a single parent with two children to meet their family's basic needs (e.g., food, clothing, housing, health care, etc.) – almost 8 times the FIP basic grant of \$426 for a family of three.

For the year 2012, that Federal Poverty Guideline (US Department of Health and Human Services, 2012) translates to \$1,591 per month in needed income – over 4 times the FIP basic grant of \$426 for a family of three.

The US Department of Labor reports that Consumer Price Index increased by approximately 87.4% between 1990 and 2010¹. The basic Iowa FIP grant, adjusted by 87.4%, it would be \$798 per month.

- **Funding**

The FIP program is funded with a combination of federal Temporary Assistance for Needy Families (TANF) funds and state funds.

In February 2012, the IDHS (February 13, 2012 letter from Jennifer Davis Harbison at DHS to Jess Benson at the Legislative Service Agency) estimated it would cost \$7,683,188 in SFY 2013 to increase FIP grant amounts by 10%.

Recommendation

- NASW Iowa Chapter recommends that the Basic FIP Grant be increased over a 3-year period, beginning in SFY 2014, to more closely align the grant with the cost of living.

References

Cannon, A. & Fleming, M. (2010). The cost of living in Iowa. *Iowa Policy Project*. Retrieved from <http://www.iowapolicyproject.org/2010docs/100125-CostOfLivinginIowa.pdf>

Iowa Department of Human Services. (September, 2012). *Family investment program*. Retrieved from http://www.dhs.state.ia.us/uploads/Improve_Iowans_Employment_and_Economic_Security.pdf.

Urban Institute. (2010). Welfare rules database. Retrieved from <http://anfdata.urban.org/wrd>

¹ Based on consumer price index for all urban consumers, average US city.

U.S. Department of Health and Human Services. (2012). 2012 HHS poverty guidelines. Retrieved from <http://aspe.hhs.gov/poverty/12poverty.shtml>

U.S. Department of Labor. (2012). Consumer price index. Retrieved from <ftp://ftp.bls.gov/pub/special.requests/cpi/cpi.ai.txt>

Written by: Mary Nelson