

## Increase Family Investment Program (FIP) Basic Grants

Iowa Human Needs Advocates supports an increase in Family Investment Program grants.

### Discussion

Iowa's basic Family Investment Program (FIP) grants to recipients have not been adjusted since FY 1989, 26 fiscal years now! Since that time, the maximum basic grant for a family of 4, for example, has been \$495 per month. Over those 26 years, the Consumer Price Index has increased by more than 125%.

In the same time period, the Federal Poverty Guideline for a family of 4 has been adjusted from \$12,100 annually to \$23,550 annually, or an 94.6% increase. In the year 2013, that Federal Poverty Guideline translated to \$1,963 per month in needed income, for that family of 4.

That Iowa basic grant, adjusted by 94.6%, would be \$970 per month, an annual income of \$11,642, or still only 49.4% of the Federal Poverty Guideline.

In FY 2002, the Department of Human Services Budget request did include a 4% increase in the basic FIP grants, which was not successfully considered by the Governor or Legislature. Now, more than ten years later, the need is even greater; the economic plight of Iowa's dependent children and families has become more desperate. Recent Iowa data shows that 17.0% of all Iowa children live in families with incomes below the federal poverty level.

FIP-assisted families have been expected to subsist on the shrinking purchasing power of a grant level out-dated by 25 fiscal years. As of June 2010, 32% of all families receiving FIP Basic Grants in Iowa were referred to the PROMISE JOBS program and were employed, fulfilling work requirements and lowering basic grants received.

The buying power of FIP grants should be at least partially restored in the interest of the welfare of the children for whom they are provided. We recommend that this be considered a "first step" toward an appropriate adjustment to the basic FIP grant to families.

### Policy Recommendations

- Family Investment Program (FIP) grants should be adjusted by at least a 10% increase.
- FIP grant levels should be adjusted for inflation regularly. This should be an additional step in assisting struggling families to improve their family's economic position as they work themselves off of the welfare system. Estimated Cost: \$7-9 million.

For further information contact:

Family Investment Program (FIP)

FIP provides cash assistance to needy families as they become self-supporting so children may be cared for in their own homes or in the homes of relatives.

2014 HHS Poverty Guidelines for the 48 Contiguous States and the District of Columbia <sup>1</sup>

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Size of family unit	<sup>1</sup> Poverty guideline *	<sup>2</sup> FIP Grant, maximum per month **
1 .....	\$11,670	\$183
2 .....	15,730	361
3 .....	19,790	426
4 .....	23,850	495
5 .....	27,910	548
6 .....	31,970	610
7 .....	36,030	670
8 .....	40,090	731

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\* - For families with more than 8 persons, the Federal Poverty Guideline adds \$4,060 for each additional person.

\*\* - Maximum grant for families with no outside income.

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<sup>1</sup> Federal Register to be published January 22, 2014.

<sup>2</sup> Department of Human Services, FIP Basic Grant schedule.