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Senate Bill 309 (as introduced 5-15-25)
Sponsor: Senator Sylvia Santana
Committee: Housing and Human Services

Date Completed: 8-11-25

CONTENT

The bill would amend the Social Welfare Act to require the Department of Health and Human Services (DHHS) to establish and administer the Rx Kids Program (Program) upon appropriation. The Program would have to provide conditional cash allowances to expectant mothers and monthly payments to each household with a child of less than one year old if the mother or household resided in certain service areas and met certain income requirements developed by the DHHS.

"Rx Kids Program" would mean a program of Michigan State University Pediatric Public Health Initiative, in collaboration with Poverty Solutions at the University of Michigan, and administered by GiveDirectly (see **BACKGROUND**).

Beginning on the bill's effective date and subject to appropriation, the DHHS would have to establish and administer the Program to improve the economic stability of households with very young children. The bill would require the DHHS to establish income and asset levels for eligibility, types of income and assets to be considered in making eligibility determinations, and composition of the Program group. The DHHS also would have to contract with third-party organizations to administer the Program. The bill specifies that an individual who was eligible for medical assistance could be eligible for the Program if the individual met the eligibility requirements established by the DHHS.

Under the bill the DHHS would have to administer the Program to accomplish the following:

- Provide conditional cash allowances to each expectant mother who was residing in the Program service area and met the Program's income-eligibility requirements.
- Provide monthly payments to each household with at least one child who was less than one year of age who resided in the Program service area and met the Program's income-eligibility requirements.

The bill specifies that each monthly payment made for each household would have to begin at the date of the birth of a qualifying child for up to at least six months of age but not more than 12 months of age for the qualifying child.

"Rx Kids program service area" (service area) would mean a local unit of government that operated the Program before the bill's effective date.

Additionally, the DHHS would have to administer the Program in a service area that had raised two years of matching funds for the Program. The bill would allow the DHHS to create and administer the Program to an area that was not a service area only if the Legislature had appropriated an amount sufficient to operate the Program in that area.

The bill specifies that the DHHS would have to cap the cost of administering the Program at 5% of the costs of the Program.

Proposed MCL 400.104

BACKGROUND

The Rx Kids Program provides expectant mothers with \$1,500 during pregnancy and \$500 a month to children for either the first six or 12 months of life. The Program is part of the Michigan State University Pediatric Public Health Initiative, in collaboration with Poverty Solutions at the University of Michigan, and is administered by GiveDirectly. It is based on the Expanded Child Tax Credit.¹

Legislative Analyst: Eleni Lionas

FISCAL IMPACT

The bill would subject the Program's establishment to appropriation. There would be no direct fiscal impact on State or local units of government. The bill would require the Program to provide conditional payments to expectant mothers and a monthly payment to households with at least one child under the age of one years of age. The amount of the payments is not specified in the bill, so any estimate of an appropriation required to administer and operate the Program is uncertain. As the bill would require two years of an undefined amount of matching funding from an Rx Kids Program service area, there could be indirect costs for local units of government necessary to meet this requirement.

For contextual reference, approximately 100,000 births occur annually in the State. To estimate a maximum potential for statewide costs, by using the Flint Program as a model, the total maximum cost would be \$750.0 million. The Flint Program provided a \$1,500 payment to parents during pregnancy and \$500 monthly payments for 12 months following birth (totaling \$6,000). The combined income support per birth amounts to \$7,500, and extrapolated statewide for 100,000 births, the maximum cost would total \$750.0 million.

As the bill does not delineate payment amounts for expectant mothers or households with children under one year old, the total estimated required appropriation is uncertain; however, as the bill would impose some constraints on the theoretical maximum of full statewide operation, the total of 100,000 statewide births eligible for payments would be reduced by the bill's geographical constraints which limit eligibility to households located within a Program service area, defined as a local unit of government that operated the Program before the bill's effective date. The total pool of eligible pregnancies and households would be further reduced according to income and asset thresholds established by the DHHS. Additionally, the Program's operation would be contingent on securing two years of matching funds. These variables prevent a specific estimated appropriation requirement necessary to establish and administer the Program.

Any expansion of the Program outside existing service areas would require legislative appropriations, consistent with the requirements described in the bill for existing Rx Kids Program service areas.

Fiscal Analyst: John P. Maxwell

¹ "About Rx Kids" RXKids, <https://rxkids.org/about/> Retrieved 8-1-25.