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Senate Bill 309 (Substitute S-1)
Sponsor: Senator Sylvia Santana
Committee: Housing and Human Services

Date Completed: 8-12-25

CONTENT

The bill would amend the Social Welfare Act to require the Department of Health and Human Services (DHHS) to contract with Michigan State University (MSU) to establish and administer the Rx Kids Program (Program). The Program would provide 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 a Program service area.

Beginning on the bill's effective date and subject to appropriation, the DHHS would have to contract with MSU to establish and administer the Program to improve the economic stability of households with very young children who lived in the Rx Kids Program service area.

The Program would have to do the following:

- Provide unconditional payments to an eligible expectant mother who resided in a Program service area.
- Provide monthly payments to a household with at least one child who was less than one year of age and who resided in the Program service area.

The bill specifies that each monthly payment made for a household would have to begin at the date of the birth of a qualifying child or from at least six months of age but could not continue once a child reached 12 months of age.

"Rx Kids program service area" (service area) would mean a zip code or geographically defined community, including a county, township, city, or village.

Eligible program service areas would have to be based on factors such as appropriated funds, geographic measures of disadvantage, community interest, and match funding. The bill would allow payment amounts to include cost of living adjustments over time.

The bill specifies that the cost of administering the Program would be capped at 15% 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 MSU

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: Abby Schneider

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 unconditional payments to expectant mothers and a monthly payment to households with at least one child under the age of one year of age. The amount and exact number of payments is not specified in the bill, so any estimate of an appropriation required to administer and operate the Program is uncertain.

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.

The administrative costs to operate the Program would be capped at 15% of the costs of the Program. A theoretical maximum of administrative costs based on a full statewide expansion of \$750.0 million would be \$112.5 million. As 15% and \$750.0 million are maximums, the overall administrative cost would likely to be lower than \$112.5 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 definition of eligible Program service areas is based on several variables that 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 Program service areas.

Fiscal Analyst: John P. Maxwell

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