



Welfare Advocates

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House Bill 559

Family Investment Program – Temporary Cash Assistance - Funding

House Appropriations Committee

February 18, 2020

Support

Welfare Advocates is a statewide coalition of social service organizations, advocacy groups, faith communities, and community members, whose mission it is to educate ourselves, and the wider community and to advocate for an adequate safety net and public policies that support families moving towards economic stability.

Welfare Advocates supports HB 559 as it increases the benefit amount for Temporary Cash Assistance, ultimately bringing families closer to financial stability. Temporary Cash Assistance, the cash assistance part of Maryland's TANF program, was created as part of Welfare Reform in the mid-nineties. Today, over 17,000 of Maryland's families have to rely on TCA to meet their basic needs, and more than 74% of TCA recipients are children.

TCA's indexing factor has not changed in over 24 years. One of the major decisions made during reform was the calculation of the benefit amount. There were two aspects negotiated – the benefit amount and the indexing factor. The negotiations resulted in a benefit amount that was close to the amount provided by the predecessor program, Aid to Families with Dependent Children. It was then indexed using a formula taking into account the State's Minimum Living Level and the federal Food Stamp Benefit.

$$\text{TCA Benefit} = .61(\text{Minimum Living Level} - \text{Maximum Food Stamp Benefit})$$

There was a lot of discussion about what percentage should be used. The parties finally agreed to 61% with the expectation that the percentage would inch up over time.

Increasing the benefit amount would improve the lives of children. TCA benefits are utilized by families to make ends meet – it is the cash they have to pay rent, buy clothes, and purchase personal hygiene products. Unfortunately, the current benefit amount leaves families constantly struggling to meet their basic needs. Children living in these households would benefit from an increase in family income. One study shows that a \$3,000 annual increase in family income leads to a 19% increase in the child's earnings as an adult.¹

¹ Early Childhood Poverty and Adult Attainment, Behavior and Health. Greg J. Duncan, et al.
<http://www.ipr.northwestern.edu/events/other-events/docs/conf08-attainment/papers/duncan.pdf>

Increasing the benefit amount would allow more families to qualify for needed assistance. Cash assistance is not available to most families living in poverty. In order to be eligible to receive TCA an applicant's income (after certain disregards) cannot be more than 120% above the maximum benefit level. Currently, for every 100 families living in poverty, only 30 receive Temporary Cash Assistance. This is striking when compared to the numbers just prior to Welfare Reform in 1995 when for every 100 families living in poverty 97 received cash assistance. While this program is a critical safety-net to those living at the deepest levels of poverty, it is not providing assistance to most struggling Maryland families.

Increasing the benefit amount would reduce the likelihood TCA recipients will need to return to the program. In order to continue to receive TCA, a recipient's income (after certain disregards) cannot be more than 140% above the maximum benefit level. An increased benefit would allow families to receive Temporary Cash Assistance until their income reaches a higher level, creating financial stability for low-income families. Under the current benefit amount, half of families returned to TCA within five years of exit. Of those returning, most came back within one year.² If families are in a more stable position when leaving TCA, they will be less likely to return.

It is time for Maryland to reexamine our Temporary Cash Assistance program and make policy changes to benefit families in need of temporary assistance. By increasing benefit levels, HB 559 would be a step in the right direction.

For the reasons stated above, we respectfully urge a favorable report on HB 559.

Submitted by Lisa Klingenmaier

² *Life After Welfare Report: 2018 Annual Update*. Letitia Logan Passarella and Lisa Thiebaud Nicoli.
<https://www.familywelfare.umaryland.edu/reports1/life2018.pdf>
