

FEBRUARY 11, 2020

Increasing Temporary Cash Assistance Moves Maryland Families out of Poverty

Position Statement in Support of Senate Bill 452

Given before the Senate Budget and Taxation Committee

Increasing the funding for Temporary Cash Assistance helps ensure that very-low-income Maryland families are better able to meet their basic needs. Maryland's Temporary Cash Assistance currently provides only a portion of what the state determines to be the minimum standard of living for a family in Maryland. In order to make Maryland a state with widely shared prosperity and a rising standard of living for every Marylander, the Maryland Center on Economic Policy supports Senate Bill 452 to increase Temporary Cash Assistance levels.

Currently, the maximum benefit for TCA is set at 61 percent of what the state determines to be Maryland's Minimum Living Level. This translates into \$709 per month for a family of three, which is 40 percent of the federal poverty line.ⁱ For federal fiscal year 2017, the Maryland Department of Human Services determined the Minimum Living Level for a family of three was \$1,900 per month, or \$22,800 annually, just slightly higher than the 2017 federal poverty level of \$20,420.ⁱⁱ Given the changes Maryland has experienced in this past decade, including the Great Recession and a rising cost of living, it is necessary to strengthen Maryland's safety net for those who are vulnerable to changing economic conditions.

The idea of increasing funding for TCA is not new. In fact, in 2016 the *Joint Chairmen's Report* requested that the Department of Human Services examine the feasibility of incrementally increasing the amount of monthly assistance over 10 years to 70 percent of the Minimum Living Level, similar to the goals proposed in SB 452. In 2017, the Department of Human Services estimated that the maximum benefit for a family of three would increase from \$648 per month in fiscal year 2017 to \$919 per month in fiscal year 2027, which is \$210 higher than the Department of Human Services would otherwise project.ⁱⁱⁱ This increase would make a difference in the lives of families in poverty – especially since Maryland's cost of living has increased over this time period.

In addition, TCA also reaches a very small share of low-income Maryland families. This is a sharp contrast from its predecessor, Aid to Families with Dependent Children, which reached nearly all low-income families in the state. In 1995-1996, Aid to Families with Dependent Children's cash assistance reached 97 of every 100 families with incomes below the federal poverty line in Maryland. In contrast, in 2015-2016, Temporary Cash Assistance reached only 30 of every 100 Maryland families experiencing poverty.^{iv} It is important that the state continue to invest in TCA to help families afford housing, food, and other necessities as they transition to work and climb the economic ladder.

Maryland can be a state with opportunity for everyone if we make sufficient investments in programs and services that support families in poverty. Increasing our investment into Temporary Cash Assistance would greatly benefit families that are experiencing poverty and their local communities. Furthermore, there is increasing evidence that giving greater support to families in poverty helps improve children’s long-term education and health outcomes.^v

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Budget and Taxation Committee make a favorable report on Senate Bill 452.

Equity Impact Analysis: Senate Bill 452

Bill summary

SB 452 requires the Governor to provide sufficient funds in the budget to ensure that the value of temporary cash assistance, combined with federal food stamps, is equal to at least 61% of the State minimum living level for fiscal year 2021, increasing to at least 71% of the State minimum living level by fiscal year 2026 and each fiscal year thereafter. Currently, the maximum benefit for TCA is set at 61 percent of what the state determines to be Maryland’s Minimum Living Level.

Background

Maryland’s Temporary Cash Assistance currently provides only a portion of what the state determines to be the minimum standard of living for a family in Maryland. Currently, Maryland’s TCA benefit for a family of three is approximately \$709 per month, which is 40 percent of the federal poverty line. For federal fiscal year 2017, the Maryland Department of Human Services determined the Minimum Living Level for a family of three was \$1,900 per month, or \$22,800 annually, just slightly higher than the 2017 federal poverty level of \$20,420. Given the increased cost of living, it is necessary to strengthen Maryland’s safety net for those who are vulnerable to changing economic conditions

Equity Implications

Policies in the past have led to a system of unequal opportunities for marginalized groups within Maryland. Although the most obvious racially discriminatory policies have long been overturned or mitigated, the impact of these policies continue to persist in both society and public policy, and have led to significant racial and wealth disparities. More than 20 percent of Maryland households of color have zero net worth, and nearly 40 percent of Black households don’t have enough assets to get by at the poverty level for three months without an income. Overall, people of color experience much higher rates of economic insecurity and poverty, and are more likely to have to rely on TCA to get by during times of hardship.

Current TCA benefit levels are barely enough to help families meet their basic needs, let alone build economic security. By increasing our investment into Temporary Cash Assistance, Maryland can help break cycles of poverty for people of color.

Impact

Senate Bill 452 would likely **improve racial and economic equity** in Maryland.

-
- i Center on Budget and Policy Priorities. More States Raising TANF Benefits to Boost Families Economic Security. December 2019. <https://www.cbpp.org/research/family-income-support/more-states-raising-tanf-benefits-to-boost-families-economic-security>
- ii Overview of the Temporary Assistance for Needy Families Program in Maryland. Maryland Department of Legislative Services. November 2017. <http://dls.maryland.gov/pubs/prod/HHS/Overview-of-the-Temporary-Assistance-for-Needy-Families-Program-in-Maryland.pdf>
- iii Overview of the Temporary Assistance for Needy Families Program in Maryland. Maryland Department of Legislative Services. November 2017. <http://dls.maryland.gov/pubs/prod/HHS/Overview-of-the-Temporary-Assistance-for-Needy-Families-Program-in-Maryland.pdf>
- iv Center on Budget and Policy Priorities. Maryland's TANF Cash Assistance Disappearing for Poor Families. https://www.cbpp.org/sites/default/files/atoms/files/tanf_trends_md.pdf
- v "Economic Security Programs Help Low-Income Children Succeed Over Long Term, Many Studies Find." The Center on Budget and Policy Priorities. July 2017. <https://www.cbpp.org/research/poverty-and-inequality/economic-security-programs-help-low-income-children-succeed-over>