
**Testimony of Liz Schott and Ife Floyd, Center on Budget and Policy Priorities,
before the Maryland Senate Finance Committee in Support of Senate Bill 787
March 6, 2020**

The Center on Budget and Policy Priorities (CBPP) is a nonpartisan research and policy institute. CBPP pursues federal and state policies designed to reduce both poverty and disparity, to promote opportunity, and to achieve fiscal responsibility in equitable and effective ways. The Family Income Support Team at CBPP has deep TANF expertise and follows TANF policy and research related to very low-income families at a national level. Among the areas that we have followed closely are state TANF policies including the impact of sanctions on TANF families and the effect of receipt of – or loss of – cash income on the well-being of children.

State TANF sanction policies should not penalize children when parents not able to meet program requirements. There is now clear scientific evidence on the importance of stability for children’s futures. Furthermore, there is no evidence that full-family sanctions that cut off benefits to children are more effective than imposing partial sanctions.

- *States’ use of full-family sanctions:* Senate Bill 787 takes an important step to improve child well-being by ending the current practice of closing TANF benefits to the children when a parent is unable to demonstrate that they have met their work requirements. Some states – California, New York and Vermont -- have never cut off the children as a TANF sanction penalty. And more states are moving to reconsider this policy given the impacts on children. This bill follows the model recently adopted by Illinois, just implemented, that ends full-family sanctions in that state. The District of Columbia also eliminated full-family sanctions in recent years. Bills to stop cutting benefits off to children are progressing in several other states this legislative session including New Jersey and Washington State.
- *Good cause before sanctions are imposed:* Under federal TANF law, states must sanction an individual (and may sanction the whole family) who is required to engage in work activities and refuses to do so *unless the individual has good cause*. All states, including Maryland, thus have policies to consider good cause before imposing sanctions. *This bill does not add a good cause requirement;* Maryland already has one. The bill does, however, codify circumstances that can be considered good cause. The good cause language in this bill is thus intended to lead to a more consistent application of good cause considerations.
- *No evidence that full-family sanctions are more effective:* An oft-raised argument is that caseworkers need the threat of cutting off all benefits in order to bring families into compliance. But there is no research evidence that full-family sanctions are more effective than partial-family sanctions at encouraging recipients to participate or at improving employment outcomes. A review completed by MDRC for the non-partisan Brookings Institute found that “[i]t is not clear

whether full-family sanctions generate larger changes in recipients' behavior than partial sanctions. It may be that most of the recipients who are able to follow the rules are induced to do so by partial sanctions. If that were true, full-family sanctions could end up imposing greater penalties on people who are unable to comply.”¹

- *Partial sanctions can lead to more effective engagement:* Case closure due to full-family sanction represents the TANF agency essentially giving up on engaging the parent in work or assisting to address barriers. Research has found that states with partial sanctions lead to the workers making more of an effort and having more success. A Mathematica Policy Research multi-state study found that in general, the studied sites with partial sanction policies focused more intensively than sites with full-family sanctions on working with the families to reduce their sanction rates. The researchers found that the counties studied in New York and California – states that did not impose full-family sanctions were the sites that did the most to help clients prevent and/or cure sanctions. “Though there were exceptions, the other sites in the study generally relied either on identifying noncompliance quickly and removing nonparticipants from the caseload or on stringent applicant work requirements to meet required participation rates.”²
 - Additional evidence is provided by a Los Angeles County initiative that included telephone calls, letters and in some cases home visits to reach out to TANF participants who were at risk of sanction or in partial sanction led to positive results in 73 percent of cases. About one-third agreed to participate; another third was found to have good cause for nonparticipation. The remaining third included those who should have been exempt from participation, who found employment, or other circumstances.
- *Research shows how income and stability are critical to families and, most importantly, children.* The stress from instability and scarcity caused by full family sanctions can take their toll on children’s bodies and minds. When families are cut off from cash before they are stable, they operate under increased scarcity of resources. Parents may have to face multiple crises after losing cash assistance draining the mental resources needed to solve new problems and plan for the long term. This can negatively impact parenting skills.³ When parents cannot shield their children emotionally from instability, the children may experience “toxic stress.” This kind of stress can dramatically alter the development of a child’s brain and lead to poorer physical health later in life.⁴ However, a consensus of social science researchers agree if families in poverty have more income to maintain their stability, children are more likely to have higher earnings and better health as adults.⁵

¹ Dan Bloom and Don Winstead, *Sanctions and Welfare*, Brookings Institution Policy Brief, at <http://www.mdrc.org/publications/191/policybrief.html>.

² Kauff, Jacqueline, Michelle Derr, LaDonna Pavetti, and Emily Martin (2007). Using Work-Oriented Sanctions to Increase TANF Program Participation. Mathematica Policy research, at www.mathematica-mpr.com/publications/pdfs/worksanctions.pdf

³ Allison Daminger, Jonathan Hayes, Anthony Barrows, and Josh Wright, “Poverty Interrupted: Applying Behavioral Science to the Context of Chronic Scarcity” 2015, ideas42, http://www.ideas42.org/wp-content/uploads/2015/05/I42_PovertyWhitePaper_Digital_FINAL-1.pdf

⁴ Arloc Sherman and Tazra Mitchell, “Economic Security Programs Help Low-Income Children Succeed Over Long Term, Many Studies Find,” 2017, Center on Budget and Policy Priorities, <https://www.cbpp.org/research/poverty-and-inequality/economic-security-programs-help-low-income-children-succeed-over>.

⁵ National Academies of Sciences, Engineering and Medicine, “A Roadmap to Reducing Child Poverty,” 2019, <https://www.nap.edu/catalog/25246/a-roadmap-to-reducing-child-poverty>.