

February 2, 2023

Testimony on Senate Bill 160
Human Services – Temporary Cash Assistance – Calculation of Benefits
Senate Finance Committee

Position: Favorable

Maryland Nonprofits is a statewide association of more than 1500 nonprofit organizations and institutions. For all the reasons discussed below, and the fact that this practice most frequently harms families of color, we strongly urge you to support Senate Bill 160, and require the Department of Human Services to end the practice of reducing a Temporary Cash Assistance (TCA) benefit – typically by \$60/month - if the TCA recipient also receives housing assistance.

Low-income families should not be punished for accessing more than one safety net program.

The TCA program serves families with children who live in deep poverty, and families use their benefits to purchase food, transportation, utilities, and meet other basic needs. While TCA is a critical safety net, the benefit amount is only statutorily required to meet 61.25% of the Maryland Minimum Living Level when combined with the Supplemental Nutrition Assistance Program (SNAP), leaving families who receive the full benefit still struggling to make ends meet on an amount that is – by definition – not enough to live on in Maryland. Consequently, reducing the TCA benefit by \$60/month for families who receive housing subsidies is short-sighted and harmful, as families can't use a housing voucher in their household budget to buy diapers or prescription medicines. For a parent and their child receiving TCA, \$60/month is the equivalent of losing 10% of their possible maximum benefit.

Decreasing a TCA household's budget increases the likelihood they will remain on TCA and puts families at risk for poor outcomes. Decreasing a families' TCA benefit means they will have a difficult time building the economic security necessary to transition off of TCA permanently. Regrettably, Maryland has one of the highest rates of Deep Poverty in the entire country, and our state's practice of reducing benefits for families who receive housing assistance further entrenches families into cyclic poverty. It is no surprise that even if families are eventually able to move off TCA, data from the *Life After Welfare* report shows that almost 68% of former recipients of TCA are still living in deep poverty five years later.

Decreasing TCA benefits hurts our state's economy. Families receiving TCA immediately spend their benefits in the local economy, generating economic growth. Thus, decreasing TCA benefits not only hurts families, but it also hurts Maryland's businesses, communities, and local

economies. A study from Arkansas' TANF cash program found that every dollar the state spent on benefits resulted in a return of \$1.79 to taxpayers, which is a significant return on investment for the state. Allowing families who receive federal housing assistance to receive their full TCA benefit is a boost to our local economies.

Decreasing benefits for families who receive housing assistance out of step nationwide. None of Maryland's neighboring states reduce their TCA-equivalent benefits when a family in the program also receives federal housing subsidies. Maryland is an outlier in this practice, which is only limiting the amount of federal assistance available to low-income families. Passing SB 160 will put Maryland in line with other states, will increase the budgets of low-income families, and improve our state's economy overall.

We urge you to give Senate Bill 160 a **favorable report**.