FEBRUARY 2, 2023

Maryland Should End Policy Punishing TCA Recipients for Receiving Housing Assistance

Position Statement Supporting Senate Bill 160

Given before the Senate Finance Committee

Maryland's Temporary Cash Assistance (TCA) program provides vital economic support to some of the lowest income and most marginalized families in the state. While TCA benefits alone are far from enough to afford rent along with other basic necessities, Maryland currently penalizes households that also receive rental assistance by lowering their monthly TCA benefits. Allowing families to receive their full cash benefit will help ensure they can afford both rent and other essentials like utilities, food, diapers, and clothing. For these reasons, **the Maryland Center on Economic Policy supports Senate Bill 160.**

The federal Temporary Assistance for Needy Families program provides states with a multitude of options for how they administer their cash assistance programs. States do have the option under federal rules to reduce cash benefits if a family also receives a housing voucher or lives in public housing. However, Maryland is one of just a handful of states that have chosen this option. Families currently receive $60 less in TCA per month if they are fortunate enough to also be enrolled in a program that helps them stay housed – a significant amount of money for families living in deep poverty.

Housing assistance and cash assistance should go hand in hand, not be pitted in opposition to one another. SB 160 would stop the state's misguided practice of treating housing assistance as income and ensure families receive the full assistance they qualify for.

Families who qualify for TCA are experiencing deep poverty or homelessness and often have few or no assets to tap in tough times. They need cash for basic needs: personal care items (such as toothpaste, laundry detergent, and diapers), gas or bus fare, and so on. TCA helps families afford these basics in a way that is flexible and gives parents the flexibility to use the income in ways that best help their children. At a time when costs of so many basic household goods are rising, every dollar is vital for ensuring economic stability for families.

What is good for families is also good for their communities and our state's economy. When families can afford to go to local businesses and purchase the things they need, and when parents and their children experience greater economic security, we are all better off.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Finance Committee give a favorable report to Senate Bill 160.

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Equity Impact Analysis: Senate Bill 160

Bill summary

SB 160 would improve experiences and outcomes for Maryland parents receiving essential family income supports through the Temporary Cash Assistance (TCA) program by ending the practice of lowering monthly benefits by $60 if a family receives a housing subsidy.

Background

Congress created the Temporary Assistance for Needy Families (TANF) program 27 years ago as the nation's primary source of cash assistance to families with children when they fall on hard times or have very low incomes. TANF replaced Aid to Families with Dependent Children (AFDC), a program that had been in existence since 1935. Since TANF's creation, the accessibility and adequacy of cash assistance has fallen dramatically and, in some states, primarily in the South and where Black children are likelier to live, TANF cash assistance has all but disappeared. Temporary Cash Assistance is Maryland's TANF program.

TANF provides a vital support to families with the lowest incomes: cash assistance. Other anti-poverty programs, such as the Supplemental Nutrition Assistance Program and refundable tax credits, have grown significantly and have had a tremendous impact on reducing hardship, especially for Black and Latinx families and individuals. Yet families with little or no cash income still need monthly cash assistance to be more economically secure.

In large part because of work requirements, TANF today reaches few non-working families and leaves many families with children with no regular cash income. These requirements, put in place when the federal TANF program was created in the 1990s, are the outgrowth of decades of anti-Black racism and stereotypes that have always accompanied family income support programs in the U.S.

In Maryland, the program has had very limited success in moving families to long-term economic stability. 68% of former TCA recipients are living in deep poverty five years after they received TCA and 80% of families still live in poverty.

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 health disparities. People of color experience much higher rates of economic insecurity and poverty and are more likely to use other economic relief programs to afford basic necessities. In particular, single-parent households, women, and children of color are overrepresented among families living in poverty.

Research shows that increasing economic security for households through programs like TCA can help reduce overall poverty, child poverty, and racial and ethnic inequities. Ensuring people can meet their basic needs strengthens our economy and can dismantle the economic barriers that too often hold back Marylanders of color.

Impact

Senate Bill 160 would likely **improve racial and economic equity** in Maryland.