

SENATE BILL 787

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By: **Senator Hettleman**

Introduced and read first time: February 6, 2023

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Human Services – Benefits Cliff Pilot Program – Establishment**

3 FOR the purpose of establishing the Benefits Cliff Pilot Program in the Department of
4 Human Services to mitigate the cliff effect and increase workforce participation by
5 Pilot Program participants; requiring the Department to convene a certain
6 stakeholder support group; and generally relating to the establishment of the
7 Benefits Cliff Pilot Program.

8 BY adding to

9 Article – Human Services

10 Section 5–5C–01 through 5–5C–05 to be under the new subtitle “Subtitle 5C.
11 Benefits Cliff Pilot Program”

12 Annotated Code of Maryland

13 (2019 Replacement Volume and 2022 Supplement)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
15 That the Laws of Maryland read as follows:

16 **Article – Human Services**

17 **SUBTITLE 5C. BENEFITS CLIFF PILOT PROGRAM.**

18 **5–5C–01.**

19 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
20 INDICATED.

21 (B) “CLIFF EFFECT” MEANS THE SUDDEN AND OFTEN UNEXPECTED
22 DECREASE IN PUBLIC BENEFITS THAT CAN OCCUR WITH A SMALL INCREASE IN
23 EARNINGS.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (C) "PARTICIPANT" MEANS AN INDIVIDUAL OR A HOUSEHOLD
2 PARTICIPATING IN THE BENEFITS CLIFF PILOT PROGRAM.

3 (D) "PILOT PROGRAM" MEANS THE BENEFITS CLIFF PILOT PROGRAM.

4 5-5C-02.

5 (A) THERE IS A BENEFITS CLIFF PILOT PROGRAM IN THE DEPARTMENT.

6 (B) THE PURPOSE OF THE PILOT PROGRAM IS TO:

7 (1) MITIGATE THE CLIFF EFFECT THAT OCCURS WHEN A HOUSEHOLD
8 OR INDIVIDUAL RECEIVING ASSISTANCE UNDER THIS TITLE BEGINS TO EARN ABOVE
9 THE INCOME ELIGIBILITY LIMIT; AND

10 (2) FACILITATE, ENCOURAGE, AND SUPPORT PARTICIPANTS IN
11 ENTERING, REENTERING, AND REMAINING IN THE WORKFORCE.

12 (C) THE DEPARTMENT SHALL CONVENE A STAKEHOLDER SUPPORT GROUP
13 CONSISTING OF PRIVATE SECTOR EMPLOYEES, BUSINESS AND EMPLOYER
14 ORGANIZATIONS, NONPROFIT ORGANIZATIONS, TRAINING ORGANIZATIONS,
15 MUNICIPAL DEPARTMENTS, AND COMMUNITY-BASED ORGANIZATIONS.

16 (D) THE DEPARTMENT, IN CONSULTATION WITH THE STAKEHOLDER
17 SUPPORT GROUP, SHALL:

18 (1) DEVELOP THE PILOT PROGRAM IN COLLABORATION WITH
19 APPROPRIATE STATE AGENCIES, DEPARTMENTS, AND OFFICIALS;

20 (2) DETERMINE THE LENGTH OF ELIGIBILITY FOR A PARTICIPANT
21 AND THE FREQUENCY WITH WHICH A PARTICIPANT MAY ENROLL IN THE PILOT
22 PROGRAM; AND

23 (3) ADMINISTER THE PILOT PROGRAM.

24 (E) THE DEPARTMENT SHALL PROVIDE TWO CASE MANAGERS TO OVERSEE
25 AND ASSIST PARTICIPANTS IN MAXIMIZING THEIR BENEFITS AND PLANNING FOR
26 THE GRADUAL LESSENING OF BENEFITS AS EMPLOYMENT INCOME INCREASES.

27 (F) THE DEPARTMENT, THE STAKEHOLDER SUPPORT GROUP, AND THE
28 CASE MANAGERS PROVIDED UNDER SUBSECTION (E) OF THIS SECTION SHALL USE
29 AND LEVERAGE EXISTING RESOURCES TO PROVIDE COACHING AND MENTORING,

1 FINANCIAL WELLNESS EDUCATION, CLIFF EFFECT PLANNING TRAINING, AND OTHER
2 SERVICES TO ASSIST PARTICIPANTS IN ACHIEVING THE GOALS OF THE PILOT
3 PROGRAM.

4 **5-5C-03.**

5 (A) IN THIS SECTION, "BASE" MEANS THE AMOUNT OF ALL ASSISTANCE AND
6 AFTER-TAX EARNINGS THAT A PARTICIPANT IS RECEIVING AT THE TIME THE
7 PARTICIPANT ENROLLS IN THE PILOT PROGRAM AND BECOMES FULLY EMPLOYED
8 AT A MINIMUM OF 37.5 HOURS PER WEEK.

9 (B) AN INDIVIDUAL OR A HOUSEHOLD IS ELIGIBLE FOR THE PILOT
10 PROGRAM IF:

11 (1) THE INDIVIDUAL OR HOUSEHOLD HAS BEEN RECEIVING
12 ASSISTANCE UNDER THIS TITLE FOR LESS THAN 12 MONTHS BEFORE THE DATE OF
13 APPLICATION TO THE PILOT PROGRAM; AND

14 (2) THE INDIVIDUAL OR HOUSEHOLD IS ELIGIBLE FOR THE WORK
15 OPPORTUNITY TAX CREDIT.

16 (C) FOR EACH YEAR THAT AN INDIVIDUAL OR A HOUSEHOLD PARTICIPATES
17 IN THE PILOT PROGRAM, THE PARTICIPANT SHALL KEEP ALL EARNED INCOME AND
18 SHALL BE AWARDED AN ADJUSTMENT TO THE EARNED INCOME TAX CREDIT UNDER
19 § 10-704 OF THE TAX - GENERAL ARTICLE THAT ALLOWS THE PARTICIPANT TO
20 CONTINUE TO EARN AN AMOUNT NOT LESS THAN THE PARTICIPANT'S BASE
21 EARNINGS.

22 (D) IF THE DEPARTMENT DETERMINES THAT A PARTICIPANT HAS
23 SUCCESSFULLY MOVED INTO THE WORKFORCE WHILE PARTICIPATING IN, OR ON
24 COMPLETION OF, THE PILOT PROGRAM:

25 (1) THE STATE SHALL AWARD THE PARTICIPANT A MATCH EQUAL TO
26 20% OF THE PARTICIPANT'S BASE, NOT TO EXCEED \$10,000; AND

27 (2) THE DEPARTMENT, IN CONSULTATION WITH THE STAKEHOLDER
28 SUPPORT GROUP, SHALL CONTINUE TO PROVIDE THE INDIVIDUAL WITH
29 COUNSELING AND TECHNICAL SUPPORT SERVICES AND MONITOR THE INDIVIDUAL
30 FOR DATA COLLECTION PURPOSES.

31 **5-5C-04.**

32 (A) ON OR BEFORE DECEMBER 1, 2024, THE DEPARTMENT, IN

1 CONSULTATION WITH THE STAKEHOLDER SUPPORT GROUP AND A THIRD-PARTY
2 EVALUATOR HIRED BY THE DEPARTMENT, SHALL SUBMIT AN INTERIM REPORT ON
3 THE PILOT PROGRAM TO THE SENATE FINANCE COMMITTEE AND THE HOUSE
4 APPROPRIATIONS COMMITTEE, IN ACCORDANCE WITH § 2-1257 OF THE STATE
5 GOVERNMENT ARTICLE.

6 (B) ON OR BEFORE DECEMBER 1, 2026, THE DEPARTMENT, IN
7 CONSULTATION WITH THE STAKEHOLDER SUPPORT GROUP AND A THIRD-PARTY
8 EVALUATOR HIRED BY THE DEPARTMENT, SHALL SUBMIT A FINAL REPORT ON THE
9 PILOT PROGRAM TO THE SENATE FINANCE COMMITTEE AND THE HOUSE
10 APPROPRIATIONS COMMITTEE, IN ACCORDANCE WITH § 2-1257 OF THE STATE
11 GOVERNMENT ARTICLE.

12 (C) THE REPORTS REQUIRED UNDER SUBSECTIONS (A) AND (B) OF THIS
13 SECTION SHALL INCLUDE:

14 (1) THE NUMBER OF PARTICIPANTS WHO ENTERED THE WORKFORCE;

15 (2) THE AMOUNT OF YEARLY INCOME EARNED BY EACH PARTICIPANT;

16 (3) THE HOURLY WAGE RATE OF EACH PARTICIPANT, INCLUDING A
17 RECORD OF ALL SALARY INCREASES OVER EACH YEAR;

18 (4) THE AMOUNT OF EXPENSES INCURRED BY THE STATE IN EACH
19 YEAR OF THE PILOT PROGRAM; AND

20 (5) RECORDS OF ALL PARTICIPANTS ENTERING OR EXITING THE
21 WORKFORCE, INCLUDING A PARTICIPANT'S REASON FOR EXITING THE WORKFORCE.

22 5-5C-05.

23 THE DEPARTMENT MAY ADOPT REGULATIONS TO CARRY OUT THIS SUBTITLE.

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
25 1, 2023. It shall remain effective for a period of 4 years and, at the end of June 30, 2027,
26 this Act, with no further action required by the General Assembly, shall be abrogated and
27 of no further force and effect.