



# A Thorough Review of Maryland’s Primary Family Income Support Program Is Overdue

## Position Statement Supporting House Bill 1041

*Given before the House Appropriations Committee*

Maryland’s economic security programs provide vital supports that can help families meet their basic needs and set them on a pathway to greater stability and economic opportunity. However, the requirements for people to participate in family income support programs, such as Temporary Assistance for Needy Families (TANF), are often rooted in racist ideas and policies, resulting in an inadequate system of support. **The Maryland Center on Economic Policy supports House Bill 1041 because it would take an in-depth look at how the state’s income support programs are serving families and provide opportunities for improvement.**

Maryland’s Temporary Cash Assistance (TCA) program (our state’s TANF program) is the only cash assistance program that provides economic support to families with children who have very low incomes. Cash assistance is flexible and allows families to address whatever their needs are in the moment, whether that is paying rent, buying clothes or school supplies for the children, or paying utility bills.

However, the program also includes a range of onerous eligibility requirements, including strict work participation requirements. 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.<sup>1</sup> It is also clear that Maryland’s current program is not helping families in the long term. Almost 68% of former TCA recipients are living in deep poverty five years after they received TCA and 80% of families still live in poverty<sup>2</sup>.

### **HB 1041 would:**

- Create a one-time comprehensive review of the TCA program by an experienced outside consultant who will assess the TCA program through an antiracist, client-centered, and trauma-informed lens. This review is vital to identifying ways that the state can improve its program so that families have better outcomes in the long term.
- Improve the vendor contracts that the state Department of Human Services uses to administer its TCA work programs. Currently, Maryland spends \$30 million annually on contracts related to TCA work activities. Each DHS vendor contract ranges from \$100,000 to over \$4 million.

- Increase economic mobility by requiring vendor contracts to be performance-based, and that measure overall program impact, progress toward employment for participants, and employment outcomes for families who leave TCA for work.

Data make it clear that Maryland’s TCA program is not meeting families’ needs today. Conducting a thorough review of the program and creating basic standards for the contractors who receive public funds for administering the program would create a path for improving economic security for thousands of Maryland families.

**For these reasons, the Maryland Center on Economic Policy respectfully requests that the Appropriations Committee make a favorable report on House Bill 1041.**

### **Equity Impact Analysis: House Bill 1041**

#### *Bill summary*

HB 1041 would:

- Create a one-time comprehensive review of the TCA program by an experienced outside consultant.
- Improve the vendor contracts that the state Department of Human Services uses to administer its TCA work programs.
- Require vendor contracts to be performance-based, and that measure overall program impact, progress toward employment for participants, and employment outcomes for families who leave TCA for work.

#### *Background*

Congress created the Temporary Assistance for Needy Families (TANF) program 26 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 SNAP 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*

- Steep barriers, including discrimination in the labor market and in government policies, have led to disproportionate levels of poverty among Black mothers, so they are more likely to participate in family income support programs like TCA.
- State data on the unpaid “work experience” program shows that 78% of the participants are Black and 90% are women.
- Work requirements and other eligibility requirements that were 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.

### *Impact*

House Bill 1041 would likely **improve racial, gender and economic equity** in Maryland.

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<sup>1</sup> Ife Floyd et. al., “TANF Policies Reflect Racist Legacy of Cash Assistance,” Center on Budget and Policy Priorities, August 2021, <https://www.cbpp.org/research/family-income-support/tanf-policies-reflect-racist-legacy-of-cash-assistance>

<sup>2</sup> “Life After Welfare,” University of Maryland School of Social Work, 2021 update, <https://www.ssw.umaryland.edu/media/ssw/fwrtg/welfare-research/life-after-welfare/Life-after-Welfare,-2021-Updated-2-15-22.pdf?&>

