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**Testimony of LaDonna Pavetti, Vice President for Family Income Support at the Center on Budget and Policy Priorities on HB 1043/SB 828**

**Appropriations Committee  
March 10, 2022**

Good afternoon Delegate McIntosh, Delegate Valentino-Smith and members of the Appropriations Committee. I am testifying today in support of HB 1043/SB 828 because it advances policies that will help to improve Maryland's Temporary Cash Assistance (TCA) and Family Investment Program (FIP).

My name is LaDonna Pavetti and I am the Vice President for Family Income Support at the Center on Budget and Policy Priorities, a nonpartisan policy think tank that focuses on improving the lives of families with low incomes. I lead the Center's work on TANF (TCA and FIP in Maryland) which involves working with state and federal agencies and advocates to increase TANF's effectiveness. Before coming to the Center, I was a senior fellow at Mathematica Policy Research, a leading social policy research organization. I have worked on TANF since it was created and worked on AFDC prior to its creation. My work has primarily focused on studying program implementation, with a focus on identifying best practices. Most recently, I have been working with state agencies to redesign their TANF work programs to increase their effectiveness. Over the course of my career, I have worked in more than half the states. Most recently, I have been asked to provide guidance to improve TANF work programs in Vermont, Louisiana, Maine, Massachusetts, Michigan, California, Pennsylvania, and Oregon. I also regularly work with advocates in more than half the states and recently conducted focus groups with TANF recipients in Maine, Indiana, and Louisiana.

**Putting Maryland in Perspective**

The Personal Responsibility and Work Opportunity Act of 1996 (PRWORA), the law that created the Temporary Assistance for Needy Families (TANF) block grant, provides states with considerable flexibility to decide how to spend their federal and state TANF funds and how to design programs to provide work opportunities to TANF recipients. States are required to meet a 50 percent work participation rate (WPR) for all work-eligible families, but that requirement is reduced by one percentage point for every percentage point decline in the TCA caseload since 2005. Because cash assistance caseloads have declined so much, Maryland, like 27 other states, had a zero target Work Participation Rate (WPR) in FY 2020 (the latest year for which published data is available). This provides Maryland with considerable flexibility to provide work opportunities that will help TCA recipients to improve their employment prospects, rather than simply implementing requirements to meet the rate.

Although Maryland met its WPR for FY 2022 with significant room to spare, there are several facts that suggest substantial room for improvement, including the following:

- It's achieved WPR was low – just 14.3 percent; only seven states achieved lower rates.
- It relied more heavily on work experience than most other states. Of the families counted as meeting the work requirement for the all-family work participation rate, 27.2 percent were participating in unpaid work experience, compared to just 1.7 percent nationally. Only four states – Georgia, Montana, Ohio and Wyoming—had a higher percentage of families counted as meeting the work participation requirement engaged in unpaid work.
- The share of participants meeting the work participation rate through unsubsidized employment was substantially lower than the national average. Nationally, 85.6 percent of TANF recipients counted as meeting their work requirement for the all-family work rate were working in an unsubsidized job; the comparable percentage in Maryland was just 54.5 percent. Only seven states had a smaller share working in an unsubsidized job.
- Maryland spent very little of its TANF funds to provide work opportunities for TCA recipients. In FY 2020, Maryland spent just 5.6 percent of its state and federal TANF dollars on work activities compared to 9.7 percent nationally.

### **Concerns Regarding Maryland's Extensive Use of Unpaid Work Experience**

Maryland's reliance on unpaid work experience is cause for concern for three key reasons:

- Studies conducted prior to the advent of TANF found that work experience programs were not an effective strategy for increasing employment or earnings for cash assistance recipients. Because so few states operate large unpaid work experience programs more recent results of their effectiveness are not available.
- Parents participating in unpaid work experience are denied access to tax benefits that are only provided to parents with earnings. Both the Earned Income Tax Credit and the current Child Tax Credit are only available to parents with earnings. Thus, even though TANF recipients are working, they are denied access to those benefits which would provide them with more cash benefits to meet their basic needs and that have significant positive impacts on children's growth and development.
- The focus on mandatory work requirements with an emphasis on immediate job placement, including in unpaid work experience for recipients who can't find paid work, reinforces stereotypes that parents receiving assistance who are disproportionately people of color, do not work and do not wish to work and will only do so if coerced. This stereotype persists even though data show that Black women have consistently maintained the highest levels of labor market participation regardless of age, marital status, and presence of children in the home when compared to other women in the United States. TANF work programs largely ignore the fact that many TANF recipients working or seeking work face structural barriers and discrimination that makes finding stable, high-paying employment — or any employment at all — challenging.

### **HB 1043/SB 828 Would Make Important Improvements**

HB 1043/SB 828 makes changes to Maryland's work experience program that could potentially improve its effectiveness and ensure that it is only used when the participant thinks it is the best choice for them and when it is designed to increase their skills. The following aspects of HB 1043/SB 828 could potentially lead to a more effective program:

- **It requires that work experience placements focus on helping recipients to develop marketable skills.** Some people learn best by doing. When that is the case and when the placement is designed to meet the individual’s goals, work experience could help participants achieve their goals and lead to placement in unsubsidized employment. By placing greater requirements on the department and employers to demonstrate that the placement will build marketable skills, the number of recipients that move from unpaid to paid employment should increase.
- **It limits its use to employers who are committed to hiring participants.** Employers benefit from unpaid work experience in multiple ways. First, it reduces their costs since they are not paying wages and other wage-related costs. Second, it reduces their recruiting costs since they are able to “try out” employees without incurring the costs usually associated with hiring new employees. HB 1043/SB 828 limits the ability of employers to rely on work experience participants only as a source of unpaid labor. To continue to serve as a work experience placement HB 1043/SB 828, employers will have to demonstrate that they are committed to hiring participants or provide adequate training to prepare recipients to be hired by other employers.
- **It gives recipients choice and ensures that recipients are not continually cycled in and out of unpaid work experience placements.** Research shows that programs are more effective when recipients are able to choose the programs in which they participate. The requirement that recipients be given multiple placement options and the limits placed on the number of placements will ensure that placements are aligned with recipients’ goals and aspirations and that they are not just a source of paid labor.
- **It requires data collection that can be used to assess program outcomes and establish program improvement plans.** The Department does not systematically review the outcomes associated with unpaid work experience. Requirements for standardized annual reporting will provide the information necessary to assess the program’s value and to establish program improvement targets.

In addition to program changes to increase the effectiveness of work experience programs, HB1043/SB 828 also includes a provision to reduce the onerous verification requirement imposed upon TCA recipients. In focus groups, recipients noted that these verification requirements strip them of their dignity by reinforcing stereotypes that they are not deserving of assistance and not to be trusted. State are required to document participation for activities that they will count towards the WPR, but they are not required to implement them for all work activities.

It is up to states to decide what it means to be “engaged in work.” HB 1043/SB 828 follows Texas’ lead in defining “engaged in work” to mean that a TCA work-eligible individual is considered engaged in work by participating in unsubsidized employment, subsidized employment, on-the-job (OJT) training, or educational services for TCA-eligible individuals who have not completed secondary school or received a high school equivalency credential. These activities mostly can be verified through electronic means, reducing the reporting burden on both staff and participants.

Last week, the American Human Services Association released a report with six principles for modernizing TANF. These principles include the following:

1. To help families achieve economic mobility, TANF must support the physical, social, and emotional well-being of individuals and their families.

2. TANF must prioritize tailored solutions that help families succeed for the long-term.
3. TANF should foster conditions that advance a person's sense of agency over their life and belonging within their community.
4. To best help families achieve their goals, TANF policies should be centered in evidence and promising practices that reflect the lived experiences of families.
5. The broader workforce system must provide a coordinated continuum of services that support all jobseekers' strengths, goals, and needs.
6. Families must have access to adequate assistance and services that allows them to meet their basic needs while working to achieve their long-term goals.

Many more changes are needed to fully embrace these principles, but HB 1043/SB 828 will put Maryland on a path to begin to embrace these principles and modernize their TANF program.