

**SB 787 Testimony - MD FSRC\_3-16-23.pdf**

Uploaded by: Elisabet Eppes

Position: FAV

March 16, 2023

2023 Session Support Testimony  
SB0787: Human Services - Benefits Cliff Pilot Program - Establishment

COMMITTEE: Senate Finance Committee  
POSITION: Testimony of Support of SB0787  
BILL ANALYSIS: Establishes a Benefit Cliff Pilot Program within the Department of Human Services to mitigate the effects of the “benefit cliff” and assist those transitioning out of receiving benefits as they join the workforce.  
SIGNED: Maryland Food System Resiliency Council (FSRC)

Honorable Chair, Vice Chair, and Members of the Senate Finance Committee, thank you for the opportunity to submit this statement for the record in SUPPORT of S.B. 0787. This letter is submitted by Michael J. Wilson, Chair of the Communications and Coordination Committee of the Maryland Food System Resiliency Council (FSRC). These comments are submitted on behalf of the Council, and do not necessarily represent the views the State of Maryland. The FSRC was established by the Maryland General Assembly in the 2021 legislative session to bring together 33 appointed council members from across the state, all with different points of entry and expertise to work toward a common goal of a more resilient food system and address the food insecurity crisis due to COVID-19. One of the key mandates of this council was to develop policy recommendations to increase the long-term resiliency of the Maryland food system.

The FSRC supports S.B. 0787, which would establish a Benefit Cliff Pilot Program within the Department of Human Services to help mitigate the effects of the “benefit cliff” and assist those transitioning out of receiving benefits as they join the workforce or increase the hours they work. The benefits targeted in this bill include food and nutrition programs such as the Supplemental Nutrition Assistance Program (SNAP), the National School Breakfast and Lunch programs, and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).

Many families and individuals are on a fine line between maintaining eligibility for benefits like SNAP and WIC and losing their eligibility. The margin for this is a matter of tens of dollars a month in some cases, where a slight increase in hours worked or even a small wage increase can lead to being disqualified for receiving public benefits. For families that rely on these benefits, this can be a particularly difficult transition as the loss of benefits may not equal the amount of income gained. Establishing a program to provide support during these transitions can ensure a smooth adjustment and more financially stable households.

On behalf of the Maryland Food System Resiliency Council (FSRC), I would like to record SUPPORT of S.B. 0787.

Sincerely,

Michael J. Wilson  
Chair, Communications and Coordination Committee  
Maryland Food Council Resilience Council

**SB 787 Testimony - MD Hunger Solutions\_3-16-23.pdf**

Uploaded by: Elisabet Eppes

Position: FAV



**Senate Bill 787**  
**Human Services - Benefits Cliff Pilot Program - Establishment**  
**Senate Finance Committee**  
**March 16, 2023**

Dear Chair Griffith, Vice Chair Klausmeier, and members of the Senate Finance Committee,

My name is JD Robinson. I am the Program Coordinator for SNAP of Maryland Hunger Solutions, a statewide, nonpartisan, nonprofit organization working to end hunger in Maryland by improving participation in the federal nutrition programs. For over ten years, MD Hunger Solutions has provided application assistance to any Marylander trying to apply for the Supplemental Nutrition Assistance Program, also known as SNAP. We provide this service both in-person and over-the-phone, where our toll-free hotline receives 400-500 calls per month from Marylanders seeking assistance.

Maryland Hunger Solutions supports Senate Bill 787, which would establish a Benefit Cliff Pilot Program within the Department of Human Services to help mitigate the effects of the “benefit cliff” and assist those transitioning out of receiving benefits as they join the workforce or increase the hours they work.

Many families and individuals are on a fine line between maintaining eligibility for benefits like SNAP and being cut off. The margin for this is a matter of tens of dollars a month in some cases, where a slight increase in hours worked or even a small wage increase can lead to being disqualified for receiving public benefits. For families that rely on these benefits, this can be a particularly difficult transition as the loss of benefits may not equal the amount of income gained. Establishing a program to provide support during these transitions can ensure a smooth adjustment and more financially stable households.

The “benefit cliff” as mentioned in SB 787 is different from the one that families are currently facing as pandemic-era waivers from the US Department of Agriculture (USDA) have expired. The increased SNAP benefit through Emergency Allotments ended this month, with families seeing an average decrease of \$82 a month in their benefits, with some losing hundreds. The loss of the Pandemic-EBT program led to a sharp decrease in benefits for families with school-aged children during the school year and summer.

It is important to note that the pilot program created by this legislation will not be able to provide support to all families affected by the current, larger benefit cliff. However, we can look to examples being set by other states that are providing immediate and long-term aid to families on SNAP as they navigate the sudden decrease in their benefits. Massachusetts has allocated state funds to create a “benefit ramp” by providing 40% of a household’s maximum allotment for 3 months following the end of Emergency Allotments. New Jersey recently increased the



minimum SNAP benefit for all households to \$95 a month, a \$72 increase from the federal minimum of \$23 a month. Maryland can look to both of these states for possible solutions to this cliff.

HB 787 is a step in the right direction for long-term financial wellbeing for Marylanders transitioning out of benefit access. However, more robust and immediate action will be necessary to help families.

In conclusion, we urge a favorable report for SB 787. Thank you for your time.

**Support SB0787 UWKC.pdf**

Uploaded by: Hope Clark

Position: FAV



United Way  
of Kent County, Inc.

[www.unitedwayofkentcounty.org](http://www.unitedwayofkentcounty.org)

March 15, 2023

Bill: SB0787

TITLE: Human Services - Benefits Cliff Pilot Program - Establishment

POSITION: **SUPPORT**, HEARING DATE: 3/16/2023

COMMITTEE: Finance, SPONSOR: Senator Hettleman

Dear Members of the Committee,

In early 2020, the state's minimum wage increased to \$11 per hour. Even with this increase, "two parents who work full time minimum-wage jobs only see a net increase of \$320 per month because their eligibility for benefits decreases as earned income increases. And single parents with two children can meet their basic needs only if they also receive public assistance with housing and health insurance..." (Shwe, 2020). With legislation that provides a bigger safety net to mitigate the benefits cliff brought on by a minimum wage increase, these hypothetical households would be safe to earn and save more money without having to worry about housing and health insurance.

The Career Ladder Identifier and Financial Forecaster (CLIFF) was recently launched by the United Way of Central Maryland, which developed the tool in partnership with the Federal Reserve Bank of Atlanta and the Federal Reserve Bank of Richmond.

The tool is meant to *supplement financial, career, and education coaching so users can best determine their optimum financial situations*" (Kirby, 2022). Providing a benefits cliff calculator allows families to have autonomy in making decisions about their careers and finances.

A commission in 2017 found that families could also benefit from guaranteed income. The commission recommended that temporary cash assistance (TCA) families receive Transitional Support Services (TSS) benefits to help them once they were gainfully employed and no longer qualified for other benefits. "TSS payments are equal to the benefit amount that the household received before employment earnings" (Maryland Department of Human Services, 2021). Like in Massachusetts, this guaranteed income would allow families to begin building wealth while still maintaining the benefits they received before. Then, the program can be gradually phased out as their savings increase, creating a gentle slope to financial freedom rather than a benefits cliff.

Maryland can mitigate the benefits-cliff. This two twofold solution builds bridges to financial independence by changing or extending eligibility requirements for public assistance programs and allows families to be their own financial architects by providing easy to use benefits cliff calculators and career planning tools. If Maryland was to enact policy change that addressed these two factors, it would be preventing many residents from confronting a benefits cliff and wondering if they will be able to stop in time before plummeting to financial ruin.

Please pass the Human Services - Benefits Cliff Pilot Program - Establishment

Sincerely,

A handwritten signature in blue ink that reads "Hope Clark".

Hope Clark, Executive Director – United Way of Kent County

**GIVE. ADVOCATE. VOLUNTEER.**

United Way of Kent County P.O. Box 594 Chestertown, Maryland 21620 T: 410.778.3195 [help@unitedwayofkentcounty.org](mailto:help@unitedwayofkentcounty.org)

**I. Gordon - SB0787 Written Testimony.pdf**

Uploaded by: Ian Gordon

Position: FAV





## United Way of the National Capital Area

*Maryland General Assembly, Senate Finance Committee  
SB0787 – Human Services – Benefits Cliff Pilot Program Establishment  
Thursday, March 16<sup>th</sup>, 1 pm – Annapolis, MD  
In Support of SB0787 – Establishment of a Benefits Cliff Program*

Thank you for the opportunity to participate in this important conversation about benefits cliff. I'm Ian Gordon, VP of Community Impact and Engagement at United Way of the National Capital Area. I am testifying in favor of SB0787 – to establish a benefits cliff pilot program.

Benefits cliffs (also called “the cliff effect”) occur when someone earns more income at a job, but because of that increase in income, is no longer eligible for public benefits that were worth much more. The problem affects working Americans across the country who earn more money at a job just to make less money overall. One of the biggest issues with the benefits cliff is the abrupt nature in which recipients of benefits lose them, just as they begin to develop financial stability. Many families lose all the benefits they were once eligible for at one time, which leaves them continuously crippled despite their rising income. The effect of losing the benefits in this way tends to nullify whatever increased income they are receiving. The cliff effect leaves many breadwinners having to make the terrible choice between accepting a pay raise and keeping a critical work support, such as childcare assistance for their children. In some instances, they choose to decline the raise. This keeps them from improving their family's long-term financial situation. It also hurts the state's budget and economy because higher wages bring in more tax revenue, and generally lead to more discretionary spending, which improves the economy. However, if the benefits were gradually phased out as monthly incomes rise, that can give families the ability to adjust. Ultimately, to counteract the Benefit's Cliff, it is essential that there are supports that will make their current benefit programs serve their purpose of helping families achieve adequate living standards. These supports could include case management, financial counseling, and cash payments.

Benefits cliffs aren't just a public benefits issue, they are truly a workforce problem, particularly for employers paying at or around minimum wage in their state. Holistically, no one knows how many workers are susceptible to these benefits cliffs. While it varies by industry, it's likely that around 1 in 5 employers have workers facing benefits cliffs. The financial conservative decisions that workers are making in fear of hitting benefits cliffs impacts an employer's ability to attract and retain



**United Way  
of the National Capital Area**

talent, maintain predictable scheduling, and can contribute to staff turnover. Industries affected include restaurants and hospitality, retail, healthcare and more. The change in net financial resources for an individual pursuing the health care services career pathway decreases as they go from certified nursing assistant (CNA) to licensed practical nurse (LPN) to registered nurse (RN). Accounting for increases in taxes and the loss of public benefits, a single mother with two children receiving maximum available public benefits can be financially worse off in the short and medium term when advancing from the entry-level CNA position. Over a lifetime, career advancement leads to large financial gains, creating a mismatch between short- and long-term individual financial incentives. There is a large lifetime net public savings if the individual advances to the RN position.

In summary, a gradual step-down pilot program with supports could demonstrate how individuals who rely on public benefits might become self-sufficient, fully support themselves and their families while ending the cycle of dependence and building a financially secure future.

I am grateful for this opportunity to testify on this important issue and thank you for your time.

Ian Gordon  
United Way of the National Capital Area  
[igordon@uwnca.org](mailto:igordon@uwnca.org)  
202-763-8685

# **SB787- Benefits Cliff Pilot Program- Establishment**

Uploaded by: Indira Obichere

Position: FAV

Good afternoon, Madam chair and members of the Finance committee. I am Indira Obichere the Public Policy Manager for United Way of Central Maryland to testify on behalf of SB787. United Way has identified 39% of Maryland households as ALICE, Asset Limited, Income Constrained, Employed. ALICE is a framework that measures the challenges of the growing number of households whose income prohibits their ability to afford basic needs such as food, transportation, childcare, etc. Unfortunately, since the pandemic, we have seen ALICE families regress financially. As we are seeing a gradual decrease in benefits, we must find ways to ease the burden placed on families by creating a Benefits Cliff Pilot Program.

Kelly and her son, Christian, came to our Family Stability Program in Dundalk 4 months behind on her bills, facing eviction, and car repossession. They struggled to make ends meet even though Kelly worked an administrative job and a second job with a total income of just under \$32k a year. She received a raise of \$100 annually; however, she lost \$360 in food stamps. The Family Stability Program helped her avoid an eviction and car repossession. Kelly is determined to keep their family stable, so her son does not have to experience the same hardships when he is older.

State	Maryland	Massachusetts
Population (2021)	6,165,129	6,984,723
Part of Pop. at Risk of Poverty (2020)	9.2%	8.4%
GDP per Capita (2021)	\$72,007	\$91,819
Unemployment Rate (12/2022)	4.0%	3.3%
Population Density (2021)	192 people per sq km	256 people per sq km
Human Development Index (2015)	.934	.955

(Alldatanow, 2023)

On the chart in front of you, Maryland and Massachusetts are fairly similar when it comes to poverty risk and unemployment rates. Of particular note is the comparative Human Development Index score. A higher score means that a state's residents have a longer life expectancy, higher education levels, and a greater gross domestic profit per capita than residents in a state with a lower score (Stanton, 2007). A similar score here means that the residents in these two states face a similar landscape on their journey to health, happiness, and financial freedom.

The chart amplifies a need for Maryland to lead in efforts similar to the Massachusetts Benefits Cliff Pilot Program. The Benefits Cliff Pilot Program in Maryland is a tool that will be used to pilot solutions to the benefits cliff. Working collaboratively with other United Way's across the state and Department of Human Services, we will develop a state strategy that will seamlessly be implemented post-pilot program. Just imagine the results if fewer people who were experiencing poverty and becoming ALICE, were able to achieve financial stability without benefits from government assistance. Voting in support of this bill will mean enhancing the quality of life for ALICE households. It will also mean increasing equity and giving families a chance to obtain economic mobility that creates generational wealth. We ask for a favorable decision on SB787.



**SB787\_FAV\_Montgomery County Food Council.pdf**

Uploaded by: Michelle Caruso

Position: FAV



March 16, 2023

**2023 SESSION SUPPORT TESTIMONY  
SB0787: Benefits Cliff Pilot Program**

**BILL:** SB0787: Human Services - Benefits Cliff Pilot Program - Establishment  
**COMMITTEE:** Finance  
**POSITION:** Testimony in Support of Senate Bill 0787  
**BILL ANALYSIS:** Establishing the Benefits Cliff Pilot Program in the Department of Human Services to mitigate the cliff effect and increase workforce participation by Pilot Program participants; and requiring the Department to convene a certain stakeholder support group.

Dear Chair Griffith and members of the Senate Finance Committee:

The Montgomery County Food Council (MCFC) urges you to **SUPPORT** this bill to establish the Benefits Cliff Pilot Program to help mitigate the cliff effect from the loss of public benefits.

The Montgomery County Food Council serves as an authorized community benefit organization within the State of Maryland, and we work directly with SNAP recipients to help them enroll for their benefits. We have a unique perspective on the importance of SNAP support, and how that support can disappear with small increases in monthly earnings. The impact of the drop in benefits can force people to decide between increasing their income and being able to provide food for their families. This can disincentivize SNAP participants from additional participation in the labor force, and we support that this pilot program seeks to mitigate that effect.

The creation of the Benefits Cliff Pilot Program will reduce the impact of cliff effects across public benefit programs for pilot participants. This program will provide funding to people as they join the workforce to mitigate the impact of the loss of benefits. This legislation will include case management for pilot program participants, a peer support group, and technical support services including counseling, mentoring, and financial wellness education. The legislation includes a report of findings at the conclusion of the pilot program to assess impacts on workforce participation and participant benefits. **For these reasons, the Montgomery County Food Council supports SB0787 and urges a FAVORABLE REPORT for this bill.**

*The Montgomery County Food Council is a nonprofit organization that serves as the primary connection point*



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*for businesses, nonprofits, government agencies, and residents around food system issues in our County. We bring together over 2,000 local and regional partners in community-wide education, advocacy, and capacity building initiatives. Our work cultivates a more resilient, sustainable, and equitable local food system by enhancing food access for the over 100,000 at risk for hunger, expanding food education opportunities for all residents, supporting our County's farms and food and beverage businesses, and addressing the impact of local food production, distribution, consumption and recycling on our natural resources*

**For more information, please contact Massa Cressall, Interim Executive Director, at the email and phone number below.**



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**SB787\_FAV\_Hettleman.pdf**

Uploaded by: Shelly Hettleman

Position: FAV

SHELLY HETTLEMAN  
Legislative District 11  
Baltimore County

Budget and Taxation Committee

Health and Human Services Subcommittee

Pensions Subcommittee

Vice Chair  
Rules Committee



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## The Senate of Maryland

ANNAPOLIS, MARYLAND 21401

### DRAFT TESTIMONY OF SENATOR SHELLY HETTLEMAN SB787: HUMAN SERVICES- BENEFITS CLIFF PILOT PROGRAM- ESTABLISHMENT

Marylanders should not be penalized for seeking and gaining job security. Currently, low-income citizens and families are being denied access to public assistance programs as a consequence of *trying* to better their quality of life, leaving many beneficiaries at an impasse. SB 787 is an innovative policy tool that we can use to mitigate the benefit cliff effect on vulnerable, low-income Maryland families.

A benefits cliff refers to the phenomenon of increased wages for low-income families leading to decreases in their standard of living. Current laws and policies that determine a family's need for financial assistance perpetuate ongoing cycles of poverty. When a family's earned income increases enough that they lose eligibility for assistance, it does not mean that they are earning enough to suddenly afford food, childcare, transportation, education, and housing costs for their whole family on their new income alone.

As of now, Maryland's minimum wage is \$13.25/hour and is set to gradually increase to \$15/hour by 2025. Participants in public assistance programs have been shown to achieve economic stability between \$25-\$31 per hour. Those working full-time minimum wage jobs in our state receive significantly less than wages that are conducive to economic stability, yet they see decreases in public assistance benefits resulting from minor increases to their earnings. Vulnerable individuals in our workforce are discouraged from long term growth out of fear that they will lose critical government assistance needed to put food on the table for their families at home each day.

In 2017, our state legislature created the Two-Generation Family Economic Security Commission. The commission was tasked with monitoring and evaluating programs that aim to address multigenerational poverty brought on by systemic barriers to upward economic mobility. The advisory commission has since developed strategies to mitigate the effects of the benefits cliff. Maryland is a leader in what is a nationwide movement and effort to advance the Two-Generation (2Gen) approach. Senate Bill 787 sets out to operationalize the 2Gen Commission's 2023 priority set forth to identify tools for measuring and addressing the impact of the benefits cliff on Maryland families.

Under SB 787, the Department of Human Services (DHS) would administer a Benefits Cliff Pilot Program, to support participants in entering, reentering, and remaining in the workforce. DHS would be required to convene a stakeholder support group—including nonprofit organizations, private sector employees, training organizations, and business organizations—to inform program decisions and practices.

Within this pilot program, DHS will provide two case managers to oversee and assist participants in maximizing their benefits and planning for the gradual decrease of public benefits as earned income increases. The department, the stakeholder support group, and the case managers will work to leverage existing resources to provide coaching and mentoring, financial wellness education, cliff effect planning training, and two other services to assist participants in achieving the goals of the pilot program.

Participants will receive an adjustment to the state earned income tax credit (MD EITC) to enable upward economic mobility and career advancement. The adjustment incentive will reward work and remove the cliff gap each year without jeopardizing other benefits. The way this works is that for each year of participation in the program, the participating individual or household would keep all of their earned income and the EITC would be adjusted so that participants can continue to earn more than their base earnings.

The bill further provides **incentives** for full participation in the program including a savings bonus of up to \$10,000, upon completion of the program. For those who complete the program, DHS, the stakeholder group, and the case managers are to continue providing services such as counseling and technical support. They will also monitor the individual for data collection purposes. This data will allow us to determine if these programs would help to reduce costs to the state over time, incurred by our state's benefit cliff effects.

Public assistance programs should be functioning to promote opportunities for creating multigenerational wealth, especially given that income is so strongly associated with health and education outcomes. Our state agencies are seizing opportunities to innovate and rethink how our systems deliver resources to families, bridge gaps in economic opportunities, and empower our workforce in Maryland. SB 787 is one effective vehicle to reach these goals.

I urge a favorable report of SB 787, and I thank you for your consideration.

[https://uwcm.org/files/BENEFITS-CLIFF-STUDY-FINAL-7\\_24\\_20.pdf](https://uwcm.org/files/BENEFITS-CLIFF-STUDY-FINAL-7_24_20.pdf)