

**SHELLY HETTLEMAN**  
Legislative District 11  
Baltimore County

Budget and Taxation Committee

Health and Human Services Subcommittee

Pensions Subcommittee

*Vice Chair*  
Rules Committee



James Senate Office Building  
11 Bladen Street, Room 203  
Annapolis, Maryland 21401  
410-841-3131 · 301-858-3131  
800-492-7122 Ext. 3131  
Shelly.Hettleman@senate.state.md.us

*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)