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SUPPORT – HB 559: Family Investment Program – Temporary Cash Assistance - Funding

Hearing of the Appropriations Committee, February 18, 2020

Testimony of Michelle Madaio, Senior Attorney, Homeless Persons Representation Project, Inc.

Homeless Persons Representation Project, Inc. (HPRP) is a non-profit legal services organization that provides free legal representation to people who are experiencing or at risk of homelessness, on legal issues that will lead to an end to homelessness. HPRP has represented hundreds of families and individuals in appeals to obtain and preserve public benefits, including Temporary Cash Assistance (TCA). HPRP strongly supports HB 559, which would gradually increase the TCA benefit amount and provide families with critical financial support.

HB 559 would assist with efforts to reduce and end homelessness in Maryland. A conservative estimate of the number of people experiencing homelessness on any given night in Maryland is 6,561.¹ Maryland is the eighth least affordable state in the nation for rental housing.² According to a 2019 report, fair market rent for a two-bedroom apartment in Maryland is \$1,431.³ As the maximum TCA benefit for a three person family is \$727⁴ per month, it is not surprising that many families receiving TCA are also experiencing homelessness.⁵ Families rely on their TCA benefit to pay for their rent, utilities, transportation, food, toiletries, diapers, and child care, among other basic needs. An increase to a family's monthly income would increase housing opportunities for families and decrease the likelihood that a family is evicted from their home because they are unable to pay monthly rent.

Maryland can increase the TCA benefit using existing funding streams. Funding for TCA comes from state and federal Temporary Assistance for Needy Families (TANF) dollars. But Maryland only spends 24% of its combined TANF dollars on basic assistance that goes directly to families.⁶ The majority of Maryland's TANF dollars goes to the state Earned Income Tax Credit (EITC), pre-kindergarten programs, and various social service programs (including child welfare, foster care, adult and community services).⁷ These are very important programs that we should continue to invest in, however, TANF dollars should not be the funding source as the programs are not core to TANF's

1 Maryland Interagency Council on Homelessness, *2019 Annual Report on Homelessness* (November 2019), p. 4, available at <https://dhcd.maryland.gov/HomelessServices/Documents/2019AnnualReport.pdf>.

2 National Low Income Housing Coalition, *Out of Reach: 2019* (2019), p. 16, available at https://reports.nlihc.org/sites/default/files/oor/OOR_2019.pdf.

3 Id. at 116.

4 Family Investment Administration Action Transmittal #20-06 (effective October 1, 2019), available at <http://dhs.maryland.gov/documents/FIA/Action%20Transmittals/AT2020/20-06%20AT-TCA%20Benefit%20Increase.pdf> (DHS documents → FIA → Action Transmittals → AT2020).

5 U.S. Department of Health & Human Services, Administration for Children & Families, *Use of TANF Funds to Serve Homeless Families and Families at Risk of Experiencing Homelessness*, (February 20, 2013), available at https://www.acf.hhs.gov/sites/default/files/ofa/tanf_acf_im_2013_01.pdf, citing the U.S. Department of Housing and Urban Development multi-city study *The Impact of Housing and Services Interventions on Homeless Families*, which indicated that 41% of families experiencing homelessness receive TANF.

6 Shamekka Kuykendall, *Maryland's Investment in TANF Falls Short of Meeting Core Program Goals*, Maryland Center on Economic Policy (February 2018), p. 5, available at <http://www.mdeconomy.org/wp-content/uploads/2018/03/Maryland-TANF-Brief-February-2018.pdf>.

7 Id. at 2.

purposes of funding basic assistance, work-related activities and supports and child care.⁸ Maryland could fund HB 559 by shifting TANF dollars from non-core programs into the pockets of families living in poverty who are struggling to barely survive.

HB 559 would assist families in making the transition from welfare to work. Studies with families who receive TCA in Maryland show that over a quarter (27.2%) of families receiving TCA are also employed.⁹ Many of these jobs only have part time hours or low wages, which does not leave families with enough income to be independent from TCA. When families are able to leave TCA, about 14% of families return within three months of exit and 9% return within the first six months.¹⁰ A family not having sufficient income to sustain independence is among the most common reasons for a former recipient to return to TCA.¹¹ This research suggests that the post-exit welfare period is the time when families are most vulnerable to circumstances that precipitate a return to TCA. Adults who find employment the first year after receiving TCA are typically employed in low-wage industries and earn a median income of \$8,300 per year.¹² HB 559 would provide families receiving TCA with a greater financial cushion to assist in becoming financially independent from TCA.

HPRP strongly urges the Committee to issue a FAVORABLE REPORT on HB 559. Please contact Michelle Madaio at 410-685-6589 x16 or mmadaio@hprplaw.org with any questions.

8 Center for Budget and Policy Priorities, Policy Basics – Temporary Assistance for Needy Families (August 2018), p. 7, available at <https://www.cbpp.org/sites/default/files/atoms/files/7-22-10tanf2.pdf>.

9 Lauren A. Hall, Letitia Logan Passarella, Life on Welfare: Trends in the 2014 TCA Caseload, University of Maryland School of Social Work (February 2016), p. 17, available at https://familywelfare.umaryland.edu/reports1/caseload_trends2014.pdf. This study examined earnings during the fourth quarter of 2014. Their median total earnings was \$2,443 (over the three month quarter).

10 Letitia Logan Passarella & Lisa Thiebaud Nicoli, Life After Welfare: 2017 Annual Update, University of Maryland School of Social Work (2017), p. 28, available at <http://www.familywelfare.umaryland.edu/reports1/life2017.pdf>.

11 Letitia Logan Passarella & Catherine E. Born, Welfare Recidivism in Maryland: A Review of Administrative Case Narratives, University of Maryland School of Social Work (October 2013), available at <http://www.familywelfare.umaryland.edu/reports1/TANFnarratives.pdf>.

12 Letitia Logan Passarella & Lisa Thiebaud Nicoli, *supra* at 17.