



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Testimony in Support of HB 168
Human Services - Temporary Cash Assistance - Calculation of Benefits

This bill would end Maryland's financial punishment of recipients of Temporary Cash Assistance (TCA) who receive government housing assistance.

Our state counts a portion of housing assistance as unearned income, thereby reducing monthly TCA benefits. Reducing families' monthly TCA benefits only makes it harder for these families to escape poverty, and in turn costs the State in the long run.¹

Maryland's TCA regulations stipulate that \$60 of each month's public housing subsidy is counted as unearned income for the purposes of TCA benefit calculation.² This means that all TCA recipients who reside in public housing, receive a Section 8 voucher, or who live in housing receiving rental assistance from the Farmers Home Administration lose out on \$60 each month of their TCA benefits that they otherwise would have qualified for.

This bill would require local social services departments to disregard 100% of the amount of government housing subsidies when calculating the amount of Temporary Cash Assistance for eligible recipients.

Temporary Cash Assistance Benefits

Temporary Cash Assistance is a key social safety net program that helps exceptionally low-income households. Due to their very low incomes, many TCA recipients also qualify for housing assistance, such as a Section 8 voucher or public housing. When TCA and housing assistance are combined, families are nearly half as likely to experience homelessness.³

¹ Bailey, M. J., Hoynes, H. W., Rossin-Slater, M., & Walker, R. (2020, April 6). *Is the social safety net a long-term investment? large-scale evidence from the Food Stamps Program*. National Bureau of Economic Research. Retrieved January 19, 2023, from <https://www.nber.org/papers/w26942>

² Maryland.gov. (n.d.). *13 Income and Benefit Amount*. Maryland.gov Division of State Documents. Retrieved from <https://dsd.maryland.gov/regulations/Pages/07.03.03.13.aspx>

³ Zane, A., Reyes, C., & Pavetti, L. (2022, July 19). *TANF can be a critical tool to address family housing instability and homelessness*. Center on Budget and Policy Priorities. Retrieved from <https://www.cbpp.org/research/family-income-support/tanf-can-be-a-critical-tool-to-address-family-housing-instability>

Research shows that social safety net programs like TCA improve health outcomes and health equity, reduce health care costs, and increase children's educational attainment and economic mobility.^{4,5,6,7} Investing in safety net programs is an investment in children and the fight against poverty.

According to data provided by Maryland Department of Human Services, an estimated 15% of all TCA recipients in Maryland have their benefits reduced by \$60 each month because of our state's regulatory requirement. Within this population, 98% are female-led households (i.e. single mothers) and 80% are Black families.

Maryland Is an Outlier Relative to Neighboring States

Unlike Maryland, many other states explicitly exclude government housing subsidies from being counted as income for TANF purposes. (TANF is the equivalent of Maryland's TCA program.) None of our neighboring states (VA, DE, PA, and WV) treat housing subsidies as income for TANF purposes. As a result, individuals in these states receive the maximum allowed assistance, which in turn removes some financial burden and makes economic stability attainable.

What This Bill Does

This bill prohibits the financially punitive practice that counts \$60 of the monthly value of public housing assistance as unearned income and reduces monthly TCA benefits by a corresponding amount.

We should follow the lead of our neighboring states and stop reducing TCA benefits for Marylanders who live in public housing and who are scraping to get by.

⁴ Shrivastava, A., & Thompson, G. A. (2022, February). *Policy brief: Cash assistance should reach millions more families to lessen hardship*. Center on Budget and Policy Priorities. Retrieved from <https://www.cbpp.org/research/family-income-support/cash-assistance-should-reach-millions-more-families-to-lesser>

⁵ Hendren, N., & Sprung-Keyser, B. (2020). A unified welfare analysis of government policies*. *The Quarterly Journal of Economics*, 135(3), 1209–1318. <https://doi.org/10.1093/qje/qjaa006>

⁶ Aizer, A., Hoynes, H., & Lleras-Muney, A. (2022). Children and the US social safety net: Balancing disincentives for adults and benefits for children. *Journal of Economic Perspectives*, 36(2), 149–174. <https://doi.org/10.1257/jep.36.2.149>

⁷ Finkelstein, D. M., Harding, J. F., Paulsell, D., English, B., Hijjawi, G. R., & Ng'andu, J. (2022). Economic well-being and health: The role of Income Support Programs in promoting health and Advancing Health Equity. *Health Affairs*, 41(12), 1700–1706. <https://doi.org/10.1377/hlthaff.2022.00846>