



United Way  
of Kent County, Inc.

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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.**

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