



126 Sewall Street

Augusta, Maine 04330-6822

Testimony of Christine Hastedt, Maine Equal Justice Partners April 24, 2017

In SUPPORT OF:

LD 336, An Act to Amend the Requirements of the Temporary Assistance for Needy Families Program; LD 481, An Act to Promote Workforce Participation; LD 1302, An Act to Increase Workforce Participation in the Temporary Assistance for Needy Families and Other Assistance Programs; and LD 1408, An Act to Establish an Independent Citizens Oversight Committee on Maine's Welfare Programs.

Senator Brakey, Representative Hymanson, and members of the Joint Standing Committee on Health and Human Services, my name is Christine Hastedt and I work for Maine Equal Justice Partners. We are a legal services organization working with and for people with low income in seeking solutions to poverty through policy, education and legal representation. I am speaking today in *support* of LD's 336, 481, 1302, and 1408.

There is no disagreement that TANF reforms are long overdue. That sentiment is shared by none more strongly than the families that call our office each day hoping for a better future for their children. The bills in front of you today offer a broad range of strategies to accomplish that reform. We ask that you test each against the common definition that we all share of the word "reform"—that is, would the policies that these bills promote really make changes that would improve the lives of poor children and families? Or not?

In the case of LD 336, 481, 1291, 1302, and 1408 our answer is a resounding "yes".

LD 336 would align Maine's TANF policy with the vast majority of other states that long ago have abandoned the outmoded policy of so-called "deprivation," which treats 2-parent families less favorably than equally poor single parent families. It would modernize our TANF program and remove barriers that discourage the formation of two-parent families and cooperation between separated parents in raising children. Moreover, our current "deprivation" policy also discourages work. Today Maine is one of only 4

states that puts a limit on the number of hours a 2-parent family can work and still receive assistance, regardless of how low their wages are.

Finally, the current “deprivation” requirement is tremendously complex and, in our experience, greatly error-prone. It results in many of the kinds of mistakes that you have already heard about today depriving eligible children and families of help when they need it most.

This bill also improves housing stability by increasing help for those families whose rent equals or exceeds 75% of their income. The current TANF benefit, even with the special housing payment included, equals only \$685 a month for a family of 3. This falls far short of the local HUD Fair Market Rent¹ in all but two counties and metropolitan areas in the State.

LD 481 effectively tackles the notorious “welfare cliff” by increasing the TANF “earned income disregard.” People fall off this cliff when a small increase in earnings triggers an abrupt loss of benefits that may have been more valuable than the amount of overall income they gain, leaving them worse off from a self-sufficiency standpoint. By increasing the amount of earnings that is not counted in the eligibility determination—that is, “disregarded”—families can keep more of their income when they go to work. This cushions the loss of benefits as a family transitions into work.

For example, under current law a single parent with 2 children would lose all of her TANF assistance as soon as she began working full time for the minimum wage. Under LD 481, this same family would receive TANF assistance of \$485 for the first two months of work; then \$233 for the next six months before losing assistance after their 8th month of employment.

¹ The HUD “fair market rent” (FMR) is expressed as a percentile point within the rent distribution of standard-quality rental housing units in an area. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented.

Maine's working TANF families have the lowest monthly earnings average (\$742) in New England. Their earnings levels are more than 20% lower than the national average.² Improving Maine's TANF earnings disregard, as proposed by LD 481, could help increase both hours of work and earnings. Multiple studies have shown that supplementing the earnings of TANF families through strategies like this one have led to increases in employment, earnings, income and to improvements in young children's school performance.³

LD 1302. Living in Maine we really don't need the federal Government Accounting Office (GAO) to tell us that, and why, transportation is a key welfare reform strategy. But their findings are helpful in corroborating our own common sense. This GAO summary of welfare studies found that:

- without adequate transportation, low-income families receiving assistance face significant barriers in trying to move from welfare to work;
- that challenges are particularly acute for rural poor families that generally drive long distances in poorly maintained cars;
- Public transportation systems cannot bridge the gap between where families live and where jobs are located; and
- Many entry-level jobs require shift work in the evenings or on weekends, when public transit services are either unavailable or limited.⁴

If families receive TANF and are fortunate to have help from the ASPIRE program they will already get some help with car repairs, but registration and inspection are considered to be included in the 30 cents per mile travel reimbursement that they receive. Yet this amount is only a fraction of the IRS mileage rate of 54 cents per mile that is meant to include the same expenses. This proposal would be particularly helpful to working SNAP families who right now have little or no access to car repairs, or help with registration or

² <http://www.gao.gov/assets/230/225766.pdf>;
https://www.acf.hhs.gov/sites/default/files/ofa/characteristics_and_financial_circumstances_of_tanf_recipients.pdf; Table 41

³ <http://www.cbpp.org/research/family-income-support/tanf-research-funds-promote-more-effective-human-service-programs-and>

⁴ <http://www.gao.gov/products/RCED-98-161>

inspection. Research shows that low-income families with reliable transportation have greater job stability, employment options and higher wages than those that do not.⁵

LD 1408 would make one of the most important reforms needed in the TANF program, by aligning what we measure, and the benchmarks we strive to achieve, with the ultimate goal of the TANF program—moving recipients out of poverty and into sustainable employment. The current federal work participation requirement is widely acknowledged to be a poor tool to measure whether we reach this goal. It measures only process, that is whether people are present at countable activities for a certain number of hours, not the actual outcome of those, that is, whether or not that participation has increased the participant's employability and earnings. Maine can and must take it upon itself to measure these outcomes if we are to really succeed in helping families find sustainable employment which is, after all the real measure of success that I believe families, policy makers and all Maine people want. While the measures listed in this bill may need some tinkering, this legislation is right on target with respect to the direction that we must take.

Thank you for the opportunity speak with you today. I urge you to support these four bills and I would be glad to try to answer any questions that you may have.

⁵ <http://www.workingcarsforworkingfamilies.org/images/files/shifting-into-gear.pdf>