



Economic Stability & the Benefits Cliff

Background

In FY 2021, 16,000 households in the County earned less than \$75,000 a year, which is 60% of the Area Median Income¹. This measure is a working measure of the annual salary that would allow a person to live making ends meet, or ALICE². Further in FY 2021, approximately 5.2% of the population (16,336 residents, including 4,388 children) was at or below the poverty line. In 2020, the poverty threshold was \$26,200 for a family of four³. “Economic mobility supports” means to provide residents the opportunity to move from their lowest economic status to a means that allows the household to make ends meet. Families in the ALICE and/or poverty categories should have access to benefits that support both economic mobility (while recognizing that this mobility is impacted by a number of factors), and ease of access, and reduce benefits cliff impacts when they experience incremental income growth. Although these are not direct topics of this discussion, affordable housing, transportation, behavioral health, and equity are all issues that impact economic mobility and exacerbate the benefits cliff for families.

Key Issues

- **Benefits Cliff:** As families’ income increases (e.g., through minimum wage increases), there is loss of other benefits that are a necessity to maintain ongoing employment and continue moving towards economic stability. The current benefits cliff includes loss of SNAP, daycare scholarships, and health care. As household income increases slightly, the resulting loss of benefits is greater than the additional income impacting families’ ability to meet their basic needs.
- **Childcare:** Childcare costs in Howard County well-exceed benefit amounts by MSDE's Child Care Scholarship Program (CCSP). Childcare for an infant and preschooler in the County exceeds \$1,900 per month, but the CCSP vouchers do not cover the full amount. Further, childcare providers are reluctant to accept the vouchers because of the difficulty in being paid timely by the state.
- **Documentation Requirements:** Too many obstacles prevent residents from accessing services. Policies, regulations, and practices need to be re-evaluated and changed so the criteria for eligibility for services are less cumbersome and demoralizing, particularly when an individual’s information has not changed when seeking a renewal of services. Organizations that assist in removing these obstacles need funding to meet the demand of families in accessing the needed documents and benefits without need for documentation.
- **Wrap Around/Support Services:** Utilize the Community School Model and navigator programming to support families in a one stop model for families living in poverty and ALICE households to obtain.
- **Funding for Collaboration:** Organizations need financial support to collaborate around food and housing insecurity, childcare, and building generational wealth.

¹ Association of Community Services (ACS) Self Sufficient Indicators 2020 report; <https://www.acshoco.org/self-sufficiency-indicators/>

² ALICE — Asset Limited, Income Constrained, Employed <https://www.unitedforalice.org/state-overview/Maryland>

³ Maryland Poverty Profiles.2020; http://mapadvocacy.org/wp-content/uploads/2020/02/Maryland-Poverty-Profiles_2020-FINAL.pdf



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Recommendations

- Adjust income requirements for programs/services as they correlate with minimum wage requirements and/or inflation. Expand income limits for wrap around benefits to support working households, such as: childcare, healthcare, eviction prevention, energy/water assistance, transportation, home buying, and broadband access.
- Increase means to provide resources without being overly burdensome; alleviate the need for ID, income, etc. to receive support.
- Fully utilize MD's Blueprint opportunity to bring services to youth and families and involve their voice in the solutions. Bring this perspective to the higher decision-making level.
- Make sure state offices are fully funded to provide services and grant/community funds are sufficient, disbursed in a timely manner, and grow with economic needs of community. Recognize the critical role of government and nonprofits in service delivery to people made the most vulnerable in society⁴.
- Ensure full access to legislative participation virtually and in person so actions and decisions are informed by communities at every level of governance.
- Remove barriers to voter registration and voter participation, including an expansion of "Ban the Box" legislation that connects people returning from incarceration to a broader array of services (e.g., housing, most employment), so people who face challenges with economic mobility are fully included in civic matters that directly impact their lives.

⁴ While nonprofits have long helped Maryland, state government has not always returned the favor
By Heather Iliff <https://www.baltimoresun.com/opinion/op-ed/bs-ed-op-0912-nonprofit-governor-20220909-e3ugacpyjfa3dbxno7cetr2cpq-story.html>