

May 20, 2015

Senator Eric Brakey, Chair
Representative Andrew Gattine, Chair
Joint Standing Committee on Health and Human Services
Maine State Legislature
100 State House Station
Augusta ME 04333

RE: Testimony Neither For nor Against LD 1402: An Act To Reward Work Performed by Welfare Recipients

Senator Brakey, Representative Gattine, distinguished members of the Joint Standing Committee on Health and Human Services,

MECEP fully supports the intent of this bill; however, we are concerned that portions of the bill actually will exacerbate the effects of the “welfare cliff” for families unable to find full-time work. We also think that it could attain the best outcome – more families employed in higher-wage jobs – if coupled with LD 1268, which includes structured career pathways to match workers with good jobs in their regions.

This proposal would soften the benefit cliff for workers fortunate enough to find a full-time job. When determining benefit levels, all gross earned income for the first full month of full-time (40 hour) employment would be disregarded, and 75% of gross earned income would be disregarded for the next six consecutive months. This would give low-income families a much-needed boost as they move into full-time employment – especially when combined with the proposed \$500,000 in funding to Family Development Accounts. Since many new-to-work families earn low wages, a family healthcare or transportation emergency is enough to disrupt their newfound independence. Smoothing the welfare cliff by continuing monthly benefits and seeding Family Development Accounts can help families cope with crises and save for future emergencies.

MECEP opposes the portion of the proposal that eliminates income disregards for families unable to find or perform employment totaling more than 20-30 hours a week. This aspect of the bill would steepen the cliff for these families, not smooth it. Maine has the eleventh-highest rate of part-time workers who would like to work full-time.¹ A recent analysis of employer demand across the state by the Center for Workforce Research and Information

illustrates the difficulties some Mainers face in securing 40-hour a week employment: not even two-thirds of jobs advertised in Maine last fall were full-time, and 12 percent were seasonal or temporary². Some regions wrestle not only with scarce openings, but scarce hours: in Lincoln, Knox, and Sagadahoc Counties, 54 percent of 2,500 open positions were part-time³.

It's insufficient to suggest that poor families in Lincoln, Knox, and Sagadahoc drive to neighboring counties to work, for as this proposal suggests, transportation is a key barrier to sustainable employment for poor families. Virginia has wrestled with low TANF workforce participation rates. Researchers in that state found that lack of transportation was the main barrier to TANF families' employment; the other barrier was lack of education and career skills. While this proposal would work to help many poor families escape the "welfare cliff," a complementary education and training proposal, LD 1268, would help those same families move from low-wage jobs to higher-wage, high-demand jobs through a combination of regional partnership and education.

Thank you for your consideration.

Sincerely

A handwritten signature in black ink, appearing to read "Garrett Martin". The signature is fluid and cursive, with the first name "Garrett" written in a larger, more prominent script than the last name "Martin".

Garrett Martin
Executive Director

¹ MECEP analysis of Bureau of Labor Statistics data.

² Center for Workforce Research and Information. "Job Vacancy Survey Provides Unique Snapshot of Employer Demand." February 12, 2015. Available at <http://cwri.blogspot.com/2015/02/job-vacancy-survey-provides-unique.html>

³ Ibid.