

Testimony in Support of LDS 336, 481, and 1302**by****James Myall, Maine Center for Economic Policy****April 24, 2017**

Good afternoon Senator Brakey, Representative Hymanson and members of the Joint Standing Committee on Health and Human Services. My name is James Myall and I am a policy analyst at the Maine Center for Economic policy. I am here today to testify in support of LDs 336, 481, and 1302. Maine's neediest families deserve real reform that helps direct resources where they are most needed, and we believe these bills open important pathways out of poverty for Maine families.

LD 336 - An Act To Amend the Requirements of the Temporary Assistance for Needy Families Program

Most Maine children living in poverty (62%) live in two-parent families.¹ The current limitation of Maine's TANF program to single-parent families is antiquated and Maine is among just a small number of states (10) that maintains this restriction. Restricting assistance to single-parent families creates upside-down incentives for parents to stay in separate households, and doesn't account for the modern conception of parenting, nor modern divorce arrangements. We know children have better life outcomes in families with stable parenting arrangements, and TANF should encourage, rather than discourage this situation.

Housing is one of the biggest costs any family can face, and for low-income families this cost is particularly acute. The entire current allocation for TANF for a family of two (\$685/month) is below the current fair market rent in all but two Maine counties and metropolitan areas.² There is a chronic shortage of affordable housing and housing assistance in Maine. For every 100 extremely-low income households, there are only 22 affordable rental units, which translates to a shortage of over 22,000 affordable, available units statewide for this population.³ Inability to maintain stable housing has a detrimental effect on the health and well-being of Maine children, as well as their educational achievement. It also makes it less possible for families to adapt to the changing labor market. While we have all read the headlines about Maine's "record low unemployment rate," there is a great divergence between Maine's metro areas and rural areas. The current unemployment rate in Washington County is more than twice what it is in the Greater Portland area.⁴ Inevitably, housing in these jobs areas

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is much more expensive, but we cannot expect individuals to move for work when their economic circumstances make that impossible.

LD 1302 – An Act To Increase Workforce Participation in the Temporary Assistance for Needy Families Program and Other Assistance Programs

Likewise, access to transportation is a critical component in the ability of any Mainer to find work. Nearly one in three (30%) TANF households in Maine are outside York, Cumberland and Androscoggin counties, where public transportation is very sparse. Even within those areas, there are plenty of communities where access to a car is essential. We've all had that morning when we get in the car to go to work and it doesn't start. For many of us, this is an inconvenience, but for those living on low incomes, it can be a catastrophe. Suddenly, you can't make it to work, you can't take the children to school, *and* you're facing a car repair that you don't have the savings to pay for. If your employer is understanding, perhaps you can miss a day, or take an expensive taxi and turn up late. But what about tomorrow? Next week? What if you can't pay for the repair? A number of states have recognized this reality and provided support for car repairs and even car ownership through the TANF program. We urge Maine to do the same.

LD 481 – An Act To Promote Workforce Participation

We also support changing the income disregard rules under the TANF program. Ask 50 economists a question and you'll get 51 answers. But one of the most universally popular programs that combats poverty in this country is the Earned Income Tax Credit (EITC), which is available at the state and federal levels. One reason it is so popular is that it is structured to encourage work and does not suffer from the "benefit cliff" seen in other programs, in which a small increase in earned income makes an individual ineligible for a program, and actually results in a net decline in overall income. Employment and work have their own rewards, including improved self-esteem, and most TANF recipients want to work and want to come off the program. But we shouldn't make them choose between taking on an extra shift and losing their benefits. This legislation follows the logic of the EITC and would have the TANF program support workers, instead of presenting them with false choices.

Real reform of Maine's safety net programs requires addressing the causes of poverty, and the ability of Mainers to get into work, education, or training. This legislation does that, by proposing common-sense modifications to the TANF program which will make a real difference in the lives of thousands of Maine children.

Thank you. I'll be happy to answer any questions.

¹ US Census Bureau, American Community Survey Data, 2015 1 year estimate.

² US Department of Housing and Urban Development data.

³ National Low-Income Housing Coalition: <http://nlihc.org/sites/default/files/2015-SHP-ME.pdf>

⁴ Local Area Unemployment Data is 2.9% (Feb 2017), but it's still nearly 7% in Wash Co (Mar 2017)