



FEBRUARY 4TH AND 7TH, 2014

Statement Regarding the Impact of Social Safety Net Programs on Poverty in Maryland

Given before the House Appropriations and Senate Budget and Taxation Committees

Poverty is Sixth Largest County, but Investments Make a Difference

Poverty remains a daily challenge for many in our communities. In fact, if the estimated 594,000 Marylanders living below the federal poverty line were their own county it would be the sixth largest, with a population larger than that of Maryland's eleven smallest counties combined. But poverty would be a much bigger problem without our state safety net.

- The Census Bureau's Supplemental Poverty Measure (SPM) shows that safety net programs and other public benefits for the working poor lift millions of people out of poverty. Viewing poverty through the SPM suggests that the current national poverty rate of 16 percent would balloon to 29 percent if transfers through the safety net like nutrition assistance and child tax credits were not taken into account. These programs kept 41 million people, including 9 million children, out of poverty nationwide in 2012.ⁱ
- The SPM shows how our safety net helped blunt the impact of the Great Recession. Looking at income alone, the child poverty rate would have risen substantially between 2007 and 2012. But poverty remained relatively flat thanks to services like nutrition assistance and unemployment insurance, which helped shield millions of families from the worst of the recession.ⁱⁱ
- Together, the Earned Income Tax Credit and the Child Tax Credit kept 10.1 million people nationwide— including 5.3 million children — out of poverty in 2012.ⁱⁱⁱ This success is amplified in Maryland, which offers its own state EITC. Also in 2012, the Supplemental Nutrition Assistance Program, formerly known as food stamps, kept 4.9 million people — including 2.2 million children — out of poverty nationwide.^{iv}
- Besides the immediate relief they provide in terms of income and food assistance, programs such as SNAP and the EITC also make long-term improvements in the lives of individuals and families. A study of food stamp expansion in the 1960s and 1970s found that when pregnant mothers and disadvantaged children have access to food stamps, they become healthier, better educated adults.^v Specifically, children with access to food stamps are more likely to graduate from high school and are less likely in adulthood to have stunted growth and heart disease. They also have lower levels of obesity than those without access to food stamps.^{vi}
- The additional income that safety net programs provide low-income families also helps children

in these families perform better in school.^{vii} One study found that children in families that benefited from refundable tax credits such as the EITC were more likely to attend college and have higher earnings as adults. These higher earnings then translate into lower costs and higher revenues for the state over the long-term.^{viii}

- Safety net programs also help recipients return to work.. In 2012, unemployment benefits kept 2.5 million people (including 600,000 children) out of poverty nationwide.^{ix} In Maryland, studies of those who received Temporary Cash Assistance show that most families that leave the program do not return, and earnings for former recipients increase.^x
- Results are similar for public health programs such as Medicaid. Maryland has been a leader in expanding access to health care for low-income residents, while saving money and improving people's health in the process. Beginning this year, Maryland expanded Medicaid eligibility to all individuals at or below 138 percent of the federal poverty level, or \$32,499 for a family of four. According to the Center on Budget and Policy Priorities, 167,000 uninsured adults in Maryland will be eligible for Medicaid under expansion this year, while the Maryland Health Connection estimates that expansion will cover an additional 190,000 Marylanders by 2020.
- Providing families with health coverage through Medicaid leads to important long-term improvements in public health. Medicaid links families to a usual source of care, which helps to increase the quality and continuity of health care and improves the health of enrollees.^{xi} Compared with the uninsured, children on Medicaid or CHIP are more likely to have received preventive care, such as check-ups or flu shots, which is critical for optimal growth and development. Compared with uninsured adults, those with Medicaid were much less likely to delay seeking medical attention or go without.^{xii}
- Finally, these programs not only improve the lives of the low income residents that they are designed to help, they boost state's entire economy. For example, unemployment insurance also allows those looking for work to continue to buy food, clothing and other necessities, which benefits the employed as well. After Congress allowed emergency unemployment benefits to expire at the end of 2013, the maximum length of time for receiving unemployment insurance benefits went from 63 weeks to just 26 weeks in Maryland. An estimated 28,881 Marylanders lost their benefits immediately, and a total of 82,600 Marylanders will lose their benefits this year.^{xiii} ^{xiv} Nationally, the result of this Congressional decision will be a \$37.8 billion reduction in GDP and an estimated 310,000 fewer jobs in 2014, including 3,462 fewer jobs in Maryland^{xv} ^{xvi}

Safety net programs in Maryland not only immediately alleviate poverty for low- income residents, but also have long-term benefits for the health and well-being of recipients and their children, and improve the state's economy overall.

ⁱ Parrott, Sharron. "War on Poverty: Large Positive Impact, but More Work Remains," Center on Budget and Policy Priorities, January 7, 2014, <http://www.cbpp.org/cms/?fa=view&id=4074>

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- iii Center on Budget and Policy Priorities analysis of Census Bureau data from the March 2013 current population survey and SPM public use file http://www.cbpp.org/cms/?fa=view&id=4083#_ftn2
- iv Gould, Elise. “SNAP Kept 2 Million Children Out of Poverty,” Economic Policy Institute, August 1, 2013, <http://www.epi.org/publication/snap-2-million-children-poverty/>
- v Hilary W. Hoynes, Diane Whitmore Schanzenbach, Douglas Almond, “Long Run Impacts of Childhood Access to the Safety Net,” National Bureau of Economic Research Working Paper No. 18535, November 2012, <http://www.nber.org/papers/w18535>.
- vi Greenstein, Robert. “Testimony Before the House Budget Committee on Poverty and the Safety Net,” January 28, 2014, <http://www.cbpp.org/cms/?fa=view&id=4083>
- vii Center on Budget and Policy Priorities, “Various Supports for Low-Income Families Reduce Poverty and Have Long-Term Positive Effects on Families and Children” Center on Budget and Policy Priorities, July 2013, <http://www.cbpp.org/cms/?fa=view&id=3997>.
- viii Raj Chetty, John N. Friedman, and Jonah Rockoff, “New Evidence on the Long-Term Impacts of Tax Credits,” Statistics of Income Paper Series, November 2011, <http://www.irs.gov/pub/irs-soi/11rpchettyfriedmanrockoff.pdf>.
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- x Nicoli, Lisa Thiebaud, Letitia Passarella, and Catherine E. Born. “Life After Welfare: Annual Update,” University of Maryland School of Social Work, Family Welfare Research & Training Group, October 2013.
- xi Long, Sharon K, Karen Stockley, Elaine Grimm, and Christine Coyer, “National Findings on Access to Health Care and Service Use for Non-elderly Adults Enrolled in Medicaid,” MACPAC Contractor Report number 2, June 2012, <http://www.macpac.gov/reports>
- xii Long et al, 2012.
- xiii Sparshott, Jeffrey. “Without Unemployment Extension, Which States Will be Hit the Hardest?” The Wall Street Journal, December 20, 2013, <http://blogs.wsj.com/economics/2013/12/20/without-unemploymentextension-which-states-would-be-hit-hardest/>
- xiv Stone, Chad. “Failure to Extend Emergency Unemployment Benefits Will Hit Jobless Workers in Every State,” Center on Budget and Policy Priorities, December 11, 2013, <http://www.cbpp.org/cms/index.cfm?fa=view&id=4060>
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- xvi United States House of Representatives Committee on Ways and Means, Committee Democrats, “Expiring Unemployment Insurance Interactive Map,” <http://democrats.waysandmeans.house.gov/expiring-unemploymentinsurance-interactive-map#overlay-context=>