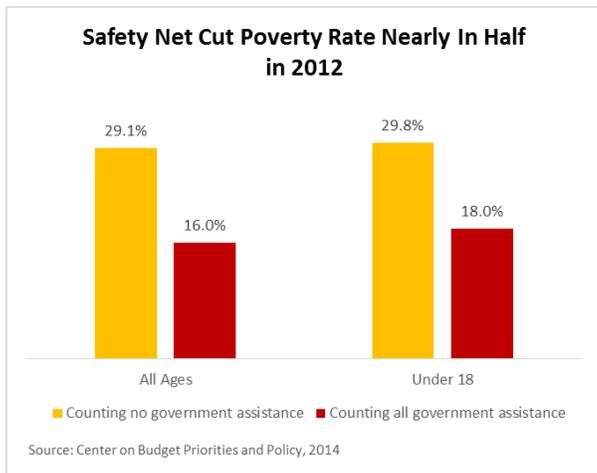


Maryland’s Safety Net Reduces Poverty, Helps Children Succeed and Boosts Our Economy

Given before the House Appropriations and Senate Budget and Taxation Committees

Nutrition assistance, tax credits, and other economic supports are working to keep thousands of Marylanders out of poverty and giving their children hope for a better future. For many Marylanders, meeting basic needs—like enough food, money to pay bills, or a safe and warm home—remains a daily challenge. In fact, if the estimated 585,000 Marylandersⁱ living below the federal poverty line were their own county, it would be the sixth-largest in the state. However, without our state safety net, that number would dramatically increase.

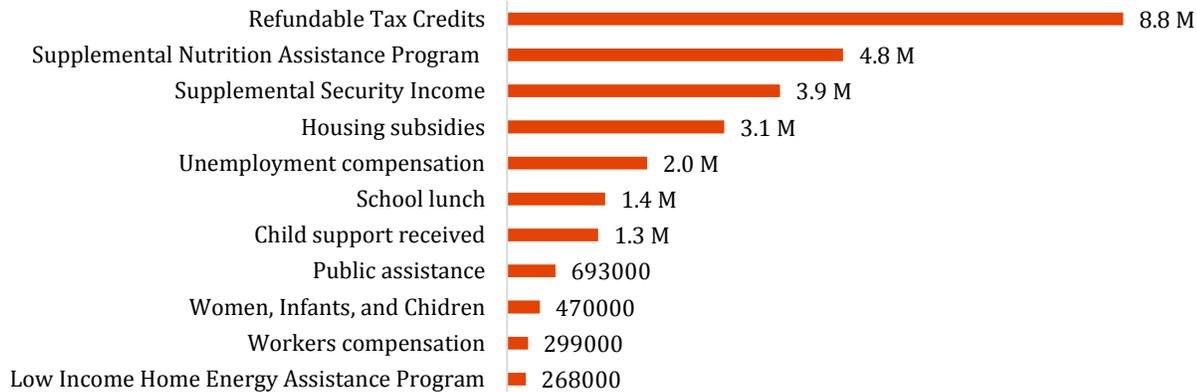
- Poverty in Maryland is a drag on our economy. Without the safety net, families in poverty are less likely to move into the middle class. A large and strong middle class fuels production and state revenue. Poverty also increases the cost of healthcare, decreases the level of educational attainment, and decreases life expectancyⁱⁱ.
- The Census Bureau’s Supplemental Poverty Measure (SPM) shows the importance of safety net services and other public benefits for the working poor. The SPM shows tax credits and programs kept the poverty rate at 16 percent instead of ballooning to 28 percent. While 16 percent is still too high, the data show the safety is doing a vital job. Nutrition assistance, child tax credits, and other supports kept 41 million people, including 9 million children, out of poverty nationwide in 2012.ⁱⁱⁱ
- Low- and middle-income families were hit hardest during the Great Recession, leading more Americans to turn to safety net programs. If these programs were not in place, 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.^{iv}
- Every \$5 in new Supplemental Nutrition Assistance Program (SNAP, formerly food stamps) /Food Supplement Program (FSP) benefits generates \$9 in economic activity for participating grocery stores, and Maryland saw an additional \$893 million in the economy from the Earned Income Tax Credit (EITC). The programs are an economic boost for Maryland.
- Besides the immediate relief they provide in terms of income and food assistance, supports such as SNAP and EITC also make long-term improvements in the lives of individuals and families. Pregnant mothers and disadvantaged children with access to food stamps become healthier, better educated adults, according to a study of food stamp expansion.^v Children who get nutrition assistance 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}

- Safety net programs also help jobless people return to work. In 2012, unemployment benefits kept 2.5 million people (including 600,000 children) out of poverty nationwide.^{vii} 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.^{viii}

People kept out of poverty by...



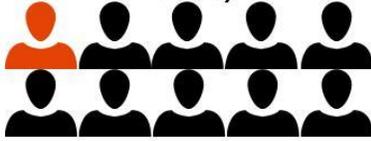
Source: U.S Census Bureau, "Poverty Rate Declines, Number of Poor Unchanged, Based on Supplemental Measure of Poverty", October 16, 2014

- Refundable tax credits like the EITC and the Child Tax Credit helped keep 8.8 million people out of poverty in 2013^{ix}. Maryland saw over 400,000 workers receive a needed boost from the EITC in 2012 and the credit added \$893 million to the local economy.
- The additional income that safety net programs provide low-income families also helps children in these families perform better in school.^x 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 translate into lower costs and higher revenues for the state over the long-term.^{xi}
- 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. The Maryland Health Connection has enrolled more than 156,000 for health coverage^{xii}.
- Providing families with health coverage through Medicaid leads to important long-term improvements in public health. Medicaid links families to a regular source of care, which increases the quality and continuity of health care and improves the health of enrollees.^{xiii} 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 skip it altogether.^{xiv}
- 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 allows those looking for work to continue to buy food, clothing and other necessities from local businesses, which benefits the employed as well.

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.

Poverty in Maryland

1 in 10 Marylanders lives in Poverty

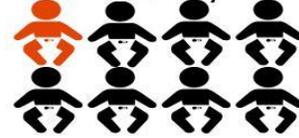


The Federal Poverty Line is a standardized measure of poverty created in 1963.

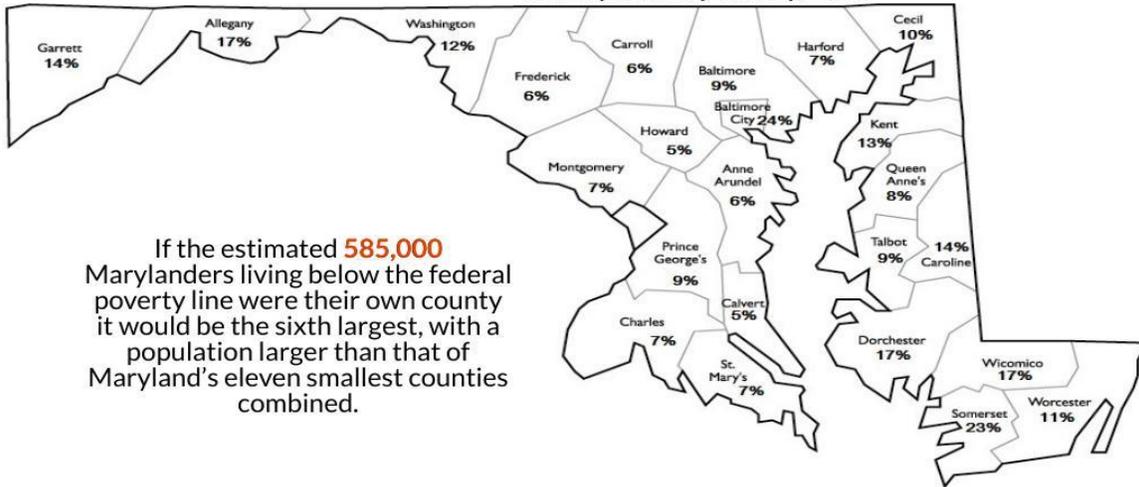
The Federal Poverty Line for a family of 3 is

\$19,790

1 in 8 Children lives in Poverty



Poverty Rates by County, 2013



If the estimated **585,000** 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.

Maryland's unemployment rate for the state was 5.6% in November 2014, but reached as high as **9%** in some counties/cities

45% of people in poverty worked in 2012

37.1% of the poorest people worked in 2012

The Safety Net helped millions of Marylanders and reduced the effects of poverty for families and the state



-
- i Census Bureau, American Community Survey, 2013, http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_13_1YR_S0201&prodType=table
- ii Brown, Desmond. “10 reasons cutting poverty is good for our nation”, 2011, <https://www.americanprogressaction.org/issues/poverty/news/2011/12/06/10771/10-reasons-why-cutting-poverty-is-good-for-our-nation/>
- iii 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>
- iv Liana Fox, Irwin Garfinkel, Neeraj Kaushal, Jane Waldfogel, and Christopher Wimer, “Waging War on Poverty: Historical Trends in Poverty Using the Supplemental Poverty Measure,” Columbia Population Research Center, December 2013, <http://cupop.columbia.edu/publications/2013>.
- 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 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
- viii 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.
- ix Center on Budget and Policy Priorities, “Safety Net Cut Poverty Nearly in Half Last Year, New Census Data Show”, October 16, 2014, <http://www.offthechartsblog.org/safety-net-cut-poverty-nearly-in-half-last-year-new-census-data-show/>
- x 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>.
- xi 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>.
- xii Maryland Health Benefits Exchange, <http://marylandhbe.com/news-and-updates/press-releases/>
- xiii 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>
- xiv Long et al, 2012.