

The Maine Heritage Policy Center

Testimony Neither for Nor Against LDs 1772 & 1774

LD 1772: "An Act To Secure Transitions to Economic Prosperity for Maine Families and Children"

LD 1774: "An Act To Reduce Child Poverty by Leveraging Investments so Families Can Thrive"

Senator Gratwick, Representative Hymanson and distinguished members of the Committee Health and Human Services, my name is Adam Crepeau and I serve as a policy analyst at The Maine Heritage Policy Center. Thank you for the opportunity to testify neither for nor against LDs 1772 and 1774.

The Maine Heritage Policy Center is submitting testimony on these pieces of legislation because we are aware of the effects that the "welfare cliff" has in Maine. The welfare cliff is a point at which individuals lose their benefits because they earn more money than allowed for them to keep their benefits. Individuals that currently receive benefits may forego taking a raise, bonus and/or more hours at work in order to retain their benefits. The cliff may also result in individuals purposefully staying out of the workforce to receive benefits. In other words, work is not incentivized when applying for or receiving benefits in Maine.

LDs 1772 and 1774 both strive to solve the welfare cliff issue in Maine by disregarding all earned income for a period of time or altogether in the TANF program. The Maine Heritage Policy Center believes LD 1774 goes too far by removing the income test altogether from financial eligibility and benefit levels for TANF applicants and recipients. However, LD 1772 provides individuals with a tempered approach to reducing benefits for recipients, which is largely more efficient than maintaining the current welfare cliff or nixing the income test altogether.

Despite the fact that The Maine Heritage Policy Center believes LD 1772 is much more realistic, we also think it should be amended to disregard an individual's income for a shorter period of time - 100 percent of a person's income for six months is too much for too long. For example, Governor LePage introduced a bill in the 127th Legislature that would have narrowed the welfare cliff by continuing to provide TANF benefits to individuals with earned income over a shorter period of time; 100 percent of their income would have been exempt for two month, 75

percent for the following six months and 50 percent thereafter. This tiered approach is similar to the one outlined in LD 1772, but would occur over a much shorter period of time.¹

In sum, The Maine Heritage Policy Center urges the committee to strongly consider both LDs 1772 and 1774 to come to a consensus on how to end the welfare cliff in Maine. To that end, we also encourage the committee to use LD 1402 from the 127th Legislature as a guide to solve this complex problem. Thank you.

¹ <http://www.mainelegislature.org/legis/bills/getPDF.asp?paper=HP0951&item=1&snum=127>