



## **Community Action Board's Testimony to the Montgomery County Delegation**

### **Joint House and Senate Priorities Hearing**

November 13, 2023

Good evening. My name is Dr. Jeffery Johnson and I am the Chair of the Montgomery County Community Action Board, which advocates on behalf of the County's lower-income community members and serves as the governing body for the Community Action Agency and the County's Head Start program. Thank you for the opportunity to share our board's statewide priorities.

I want to start by thanking the delegation for continuing to support policies that address the most critical issues impacting lower-income County residents, including affordable housing, early care and education, reducing health disparities, food security, and much more. Our board was thrilled that several of the bills we supported last year passed and were signed into law, including the Family Prosperity Act of 2023, Maryland Educator Shortage Act of 2023, Maryland Small Food Banks Grant Program, Access to Counsel in Evictions, and several bills that will streamline and improve access to services. Thank you to all of you for supporting these bills, and many others, that will help more people move towards the Self-Sufficiency Standard.

### **Community Action Anti-Poverty Fund**

Our first priority this year is to create a Community Action Anti-Poverty Fund. We join our state association, the Maryland Community Action Partnership, and all Maryland Community Action Agencies in requesting permanent funding in the state budget for our agencies. Community Action Agencies provide critical services to residents. In many parts of the state, Community Action is the only program addressing the needs of lower-income residents, linking people with

housing, child care, food, healthcare, and much more. Despite limited resources, the impact of these agencies is far-reaching, with 858,741 households served across the state in 2021. While agencies rely heavily on federal funding through the Community Services Block Grant, it is often not enough to meet the growing needs. According to our federal funding data, the number of individuals served by Maryland Community Action Agencies has increased by 84% since before the COVID-19 pandemic. We need an additional permanent source of funding from the state so that agencies can hire and retain staff, provide adequate services to meet the demand, and continue to develop new and innovative programs to meet emerging needs. We request the delegation's support to establish the Community Action Anti-Poverty Fund this year.

### **2-Gen/Whole Family Approach**

Our second priority focuses on funding for 2-Gen/Whole Family services. Community Action Agencies and our sister program, Head Start, have been at the forefront of this approach, which is considered a best practice in human services delivery. Services are offered to all members of a family using a "no wrong door" approach. The idea is to break down silos and ensure that the needs of an entire household are addressed so that there is less burden placed on families to seek out supports and services. Community Action Agencies have greatly appreciated the 2Gen funding we have received for the past six years. Our own agency has utilized this funding to hire an Opportunity Coach at the TESS Community Action Center. The Opportunity Coach is now providing case management services to 46 families, including some who are participating in a new diaper distribution program thanks to a grant through the Maryland Community Action Partnership. We request the delegation's support to continue this funding, allocating \$950,000 in the FY25 budget for Community Action Agencies to continue these services.

### **Earned Income Tax Credit and Child Tax Credit**

Our final priorities reflect our board's ongoing advocacy for key programs that we believe directly improve the lives of lower-income households. First, while we were excited to see the temporary expansions of the state Earned Income Tax Credit become permanent last year, we encourage the delegation to support expanding the EITC for single adults without dependents. Because the income guidelines for this group are so low, many single filers are excluded from

the state's EITC. Here in Montgomery County where we also have a local credit for lower-income filers that matches a portion of the state EITC, called the Working Families Income Supplement, it is especially important that eligibility for the Maryland EITC be expanded to reach more lower-income households. As many of you know, our agency's Volunteer Income Tax Assistance (VITA) program works to connect lower-income households with all of the credits for which they are eligible. Last year, our VITA program completed the over 1,900 tax returns for lower-income County households, with a total free tax impact of \$7 million. Expanding tax credits for our clients and other lower-income households can make a significant impact. We ask the delegation to support expanding the state EITC this year so that more single adults can benefit.

### **Early Childhood Education**

Next, our board was pleased to see the passage of the Maryland Educator Shortage Act of 2023 last year, but we remain concerned about the challenges many early childhood educators face in meeting the new standards laid out by the Blueprint for Maryland's Future legislation. Our board continues to advocate for a mixed delivery system for early childhood education. To accomplish this and to meet the goals laid out in the Blueprint, we ask the delegation to support expanding opportunities for private daycare providers to become certified teachers through alternative pathways that are competency-based.

### **Self-Sufficiency Standard**

Finally, we would like to share some exciting news with the delegation. The 2023 Montgomery County Self-Sufficiency Standard Report was recently finalized and is now available on the Community Action Agency's website. The new report reflects substantial increases in the cost of living in the County. For example, the Self-Sufficiency Standard for a family of three with two adults, one school-age child, and one preschooler is \$116,864 - over four and a half times the Federal Poverty Guidelines.<sup>1</sup> Included with our testimony, please find a summary handout for the new report, which includes some key highlights. We encourage all members of the

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<sup>1</sup> [Selfsufficiencystandard.org](http://Selfsufficiencystandard.org)

delegation to explore the full report and incorporate the findings into your policymaking decisions.

Thank you for the opportunity to speak with you this evening and share our board's priorities. We look forward to working with the delegation throughout the legislative session.

# The 2023 Montgomery County Self-Sufficiency Standard

## A SNAPSHOT

The Self-Sufficiency Standard describes how much income families of various sizes and compositions need to make ends meet without public or private assistance in a specific geographic area.

The Self-Sufficiency Standard is a measure of income adequacy based on the costs of basic needs for working families: housing, child care, food, health care, transportation, and miscellaneous items, as well as the cost of taxes and the impact of tax credits.

### How Does the Standard Compare?

The Self-Sufficiency Standard calculates the real costs of meeting all basic needs. In contrast, the official poverty measure is based only on the cost of food.

#### The Standard Calculates the Real Costs of Meeting Each of the Major Budget Items:

**Official Poverty Measure**  
Food is 1/3 of the budget and all other costs are 2/3 of the budget.



**Self-Sufficiency Standard**  
Housing and child care account for almost half of the family budget in the Standard.



**21%** The official poverty measure only covers 21% of the cost of all basic needs as defined by the Self-Sufficiency Standard.

Montgomery County  
2 adults + 1 infant + 1 preschooler

- Housing Costs
- Healthcare
- Child Care
- Miscellaneous
- Food
- Taxes
- Transportation



## Key Findings

- ✓ In Maryland, the amount needed to be economically self-sufficient varies greatly by geographic location. Montgomery County is the second most expensive county in the state.
- ✓ The Standard varies by family type; that is, by how many adults and children are in a family and the age of each child.
- ✓ For families with young children, the combined costs of housing and child care typically make up the most substantial portion of the family's budget.
- ✓ The 2023 Self-Sufficiency Standard for Montgomery County falls above many similarly sized counties. The Self-Sufficiency Standard for one adult, one preschooler, and one school-age child in Montgomery County, MD (\$55.33 per hour) is most comparable to Fairfax County, VA (\$53.38 per hour).
- ✓ The amount needed to meet the costs of basic needs increased between 2001 and 2023 by a larger amount than predicted using the Consumer Price Index (CPI). For a family with two adults, one preschooler, and one school-age child, the cost of living increased by 101% not including taxes, rather than the 71% predicted if the 2001 Standard were adjusted to 2023 using the CPI.
- ✓ The federal poverty guidelines for three-person families (\$24,860 annually) are set at a level well below what is needed to meet a family's basic needs.
- ✓ Even working full time, earning the 2023 Montgomery County minimum wage of \$16.70 per hour (as of July 1, 2023) is not enough to meet the Standard for a family with children across Montgomery County, Maryland. If a parent has one preschooler and one school-age child, they would be able to cover only 39% of the family's basic needs earning minimum wage (with their take-home pay after accounting for taxes).



# A Minimum Wage Job Does Not Cover the Cost of Basic Needs in Montgomery County

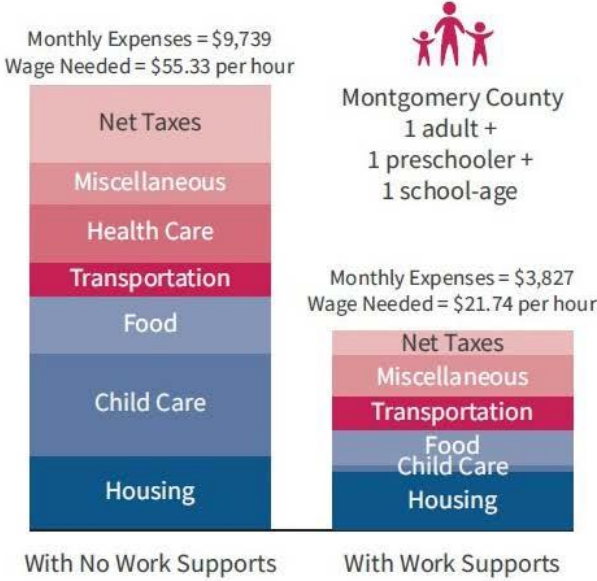


# How Do Work Supports Help Families Meet Basic Needs?

This figure shows how work supports, some of which are specific to Montgomery County, can reduce a family's expenses, so they can get by on a lower wage until they are able to earn Self-Sufficiency Wages.

- Taxes (net of tax credits) decrease from \$2,996 to \$832 per month.
- Child health insurance and Medicaid reduce health care costs from \$697 to \$238 per month.
- Child care assistance reduces child care costs from \$2,698 to \$0 per month.
- A housing voucher which sets rent at 30% of income reduces housing costs from \$1,934 to \$1,134.

However, this family is not eligible for food assistance, maintaining a grocery bill of \$905 per month.





# The Self-Sufficiency Standard for Select Family Types\*

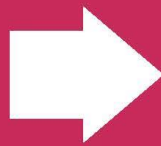
Montgomery County, MD 2023

	1 Adult	1 Adult 1 Preschooler	1 Adult 1 Preschooler 1 School-age	2 Adults 1 Preschooler 1 School-age
<b>Monthly Costs</b>				
Housing	\$1,699	\$1,934	\$1,934	\$1,934
Child Care	\$0	\$1,677	\$2,698	\$2,698
Food	\$413	\$610	\$905	\$1,207
Transportation	\$189	\$189	\$189	\$378
Health Care	\$238	\$667	\$697	\$790
Miscellaneous	\$365	\$619	\$753	\$856
Broadband & Cell Phone	\$111	\$111	\$111	\$155
Other Necessities	\$254	\$508	\$642	\$701
Taxes	\$1,038	\$2,160	\$2,996	\$2,816
Earned Income Tax Credit (-)	\$0	\$0	\$0	\$0
Child Care Tax Credit (-)	\$0	(\$50)	(\$100)	(\$100)
Child Tax Credit (-)	\$0	(\$167)	(\$333)	(\$333)
<b>Self-Sufficiency Wage</b>				
Hourly (per adult) **	\$22.39	\$43.41	\$55.33	\$29.11
Monthly	\$3,941	\$7,639	\$9,739	\$10,245
Annual	\$47,294	\$91,674	\$116,864	\$122,943
Emergency Savings Fund (Monthly)	\$122	\$519	\$742	\$280

\* The Standard is calculated by adding expenses and taxes and subtracting tax credits.

\*\* The hourly wage is calculated by dividing the monthly wage by 176 hours (8 hours per day times 22 days per month). The hourly wage for families with two adults represents the hourly wage that each adult would need to earn, while the monthly and annual wages represent both parents' wages combined. Note: Totals may not add exactly due to rounding.

Scan here to read the full report!



[montgomerycountymd.gov/communityaction](https://montgomerycountymd.gov/communityaction)

[selfsufficiencystandard.org/](https://selfsufficiencystandard.org/)

