



Montgomery County Community Action Board Testimony for FY22 Operating Budget

Tiffany Jones, Chair

April 7, 2021

Good evening, Council President Hucker, Vice President Albornoz, and members of the County Council. My name is Tiffany Jones and I am the Chair of the Montgomery County Community Action Board. Thank you for the opportunity to share our Board's budget priorities for FY22. As CAB has reviewed Community Needs Assessment and the Self-Sufficiency Standard data, it is evident that two issues are at the root of the challenges facing people with low incomes as they strive to achieve social and economic mobility.

The pandemic has exacerbated the persistent race-based gaps and biases that are evident in health and economic status. Deeply rooted in systemic and structural racism, we have seen the well-being of our African American and Latino neighbors become greatly weakened within the last year. Other culturally diverse and marginalized groups are also affected, including the Asian American Pacific Islander community.

A second underlying issue is the digital divide. Lower-income people, including children and their families, seniors, and people with disabilities, are at a significant disadvantage. Through Head Start, we understand that these connections can offer new pathways to interact with parents as they become their child's best teacher, to engage with teachers, health care and social service providers, and to build relationships with their fellow parents, reducing isolation and establishing communities of caring. We strongly encourage the Council to continue to explore options for universal Wi-Fi in the County so that all residents can access the services they need, and all children can benefit from the advantages of quality internet access.

Through Community Action's services at TESS and VITA, and through the efforts of our nonprofit partners who deliver food, social services, housing, employment, legal help and more, we are aware that the internet can be a magic key or an enormous barrier in accessing services. We commend the Council and its support for helping to bridge these barriers through increasing funding, and especially through your work to address key needs within the community applying an equity lens, with strategies that ensure safety but are designed to assure access, including Covid-testing and the response.

The CAB's key budget priorities include- funding for the Working Families Income Supplement, affordable housing, early childhood education, employment support, and, for navigation and whole family practice.

WFIS/VITA

The Earned Income Tax Credit (EITC) has been a longtime CAB advocacy priority because it lifts people out of poverty. CAB supported the expansion of the Maryland EITC this year, which raised the state match to 45% of the federal EITC, increased the EITC for single adults, and, for the first time, included rather than excluded people who file taxes with an ITIN.

Community Action Agency coordinates the County's multilingual EITC outreach campaign, is the largest VITA program, and files more ITIN tax returns for free through VITA than any other organization in Maryland. So, we are delighted that the CE's budget includes \$20 million more in matching funding for the Working Families Income Supplement, and that it will now equitably serve ITIN filers. We are excited by the Council's and Executive's statements to fully fund the WFIS to match the new legislation. As the legislation moves forward to be enacted, it will be important to assure that the funding is sufficient to reach all who are eligible, that it continues to be a 100% match, and that it can be sustained at the increased level. The attached factsheet highlights the significant impact of the WFIS on Montgomery County residents.

With growing investment in EITC and WFIS, CAB recommends that the Council consider increasing support for the Agency and its network of VITA partners who deliver free tax help and EITC outreach. It is critical to ensure that lower income taxpayers are aware of services, as one in three households are typically new filers. This year brought new Ride-On ads and flyers in seven languages. Through the United Way, the agency launched a text messaging campaign, yielding a substantial surge at the CASHBACK website and a deluge of calls to the VITA line and 311. Yet at Community Action, just two staff people are dedicated to the program, with others pitching in. Although we are proud of the program's success in serving a diverse population, this is inadequate to serve the thousands of households who need but cannot secure free tax help due to high demand.

Housing

Housing is another area that has been greatly impacted by the pandemic. Many of the participants in our Board's free advocacy training program for lower-income residents, the Community Advocacy Institute, have shared their personal experiences of housing instability during the pandemic and in the years leading up to it. Their stories highlight the need for more affordable housing options and increased renters' rights. CAB thanks the Council for your ongoing support in these two areas, including the recent funding for a new HOC affordable housing project. It is important to note that while the moratorium on evictions is a huge help to lower-income residents struggling to pay their rent, CAB remains concerned that these same renters will eventually face tremendous financial hardship when the moratorium ends, and after the current federal funding level is reduced. We encourage the Council to continue to explore innovative policies that will help to prevent a wave of homelessness, and support efforts to increase financial stability through debt forgiveness, credit building, and access to safe banking.

Early Childhood Education

Another important issue that continues to be a primary focus for our Board is the need for high-quality early childhood education options for all families. This includes support for child care

providers and families who are struggling to afford high-quality care for their children. CAB greatly appreciates the Council's support for child care providers during the pandemic, including the grants program. We know that many child care providers are still struggling though due to the costs associated with reopening during COVID and maintaining standards.

We recommend continued expansion of financial assistance and support for child care providers so that they can stay in business. We also recommend added financial assistance for families so that they can afford high-quality child care options. The County Executive's proposed budget includes an additional \$5 million for the Early Care and Education Initiative, support that will help achieve the initiative's goals. We hope that this additional funding will be included in the final budget.

Additionally, CAB supports continuing the Basics, initially funded through Head Start. CAB endorses County funding for the Basics, following the pilot launched with the Head Start CARES grant. Ensuring continuity of funding of the model will allow it to be fully implemented and studied to consider expansion to serve additional areas of the County. We support the work of the ECEI and MMF to assure better access to high quality early and school age care for the children of working parents. Lastly, we support a mixed delivery model to expand access to Early Childhood Services, including Head Start, Early Head Start, and PreK.

Economy, Employment, and Workforce Training

Along with their HHS and nonprofit partners, TESS Community Action Center staff continue assisting residents seeking unemployment and referring them to WorkSource Montgomery, Montgomery College and to the County's network of nonprofit partners serving them, including County funded groups with contracts monitored by the Community Action Agency. The Community Action Board remains concerned about the high unemployment rates affecting low-wage workers, especially among African Americans and Latinos who have been disproportionately impacted by the Covid economy, people ineligible for unemployment support, and the seniors and people with disabilities who left jobs due to health concerns. CAB

is also concerned about the estimated 50,000 people who are discouraged workers, and with the older teens who seem to have left school to help their families during the pandemic. In addition to aligning services to reach these vulnerable populations, CAB supports efforts of the Council to ensure that WorkSource Montgomery and others are redesigning systems to engage them, assuring access for people with language, literacy, and documentation barriers, and to engage educational partners and employers to promote better-paying opportunities to close self-sufficiency gaps.

Navigation, Service Access Equity, and Whole Family Practice

We've learned of the tsunami of food insecurity, health, employment and housing crises facing fellow Board members and Community Advocacy Institute participants. We have also heard from our Head Start parents, TESS and VITA clients, and the nonprofit partners serving them, to better understand their experiences, including difficulties and the opportunities introduced with virtual service delivery.

The Board has reviewed research and participated in a DHHS "Service Access Equity" workgroup led by the Office of Community Affairs as part of the recovery planning and the Agency's CSBG CARES plan (through September 2022). Therefore, CAB supports the Department's recommendations to improve access, communication, technology, and navigation of systems, including the design of the Agency's CARES response. The Agency is deeply engaged with DHHS integration efforts to improve navigation and to align best practices in delivering two-generation, "whole family" approaches in communities most impacted by poverty and Covid, with partners including TESS, the Kresge efforts in East County and Germantown, Linkages to Leaning, the HUBs, the Minority Health Initiatives, 311, and Head Start.

The Board recognizes that ensuring that critical supports are accessible to all residents is not only an equity issue, but also a necessary step in the recovery process, and welcomes additional funding to assure that the technology and human resources are in place to provide equitable

systems navigation, including for training, outreach, communication, and management oversight.

On behalf of the Community Action Board, thank you for your ongoing support for low-income County residents. We look forward to continuing to work with you to develop and implement programs that will provide critical support to our neighbors during the pandemic and beyond.



UPDATES TO THE WORKING FAMILIES INCOME SUPPLEMENT



EITC & WFIS

BENEFITS

- Together, the federal, state and local credits lift family incomes above the poverty line
- Flexible funds that can be used to meet a range of needs
- Research links working family credits like the EITC to better health outcomes and higher levels of education
- Investing more in working family tax credits is good for business too. Low-income households are likely to quickly spend tax refunds at local businesses

Montgomery County's Working Family Income Supplement provides vital economic support to very low-income families living in a county that has some of the highest housing costs in the state. About 32,000 Montgomery County households received a credit for tax year 2019, with an average credit of \$546.

The WFIS adds another layer of support on top of federal and state tax credits, the Earned Income Tax Credit and the Child Tax Credit. These tax credits are powerful anti-poverty tools and high-quality research links them to a wide range of benefits. The WFIS provides an additional benefit in that it is delivered several months after families have received their federal and state tax refunds, providing economic stability throughout the year.

For most of its history, the WFIS has been a 100% match of the state Earned Income Tax Credit.

State Changes to the Earned Income Tax Credit

This month, the Maryland General Assembly passed emergency legislation providing additional economic assistance to low-income families and small businesses and Governor Hogan signed it into law.

One of the central provisions was a major expansion of the state EITC for tax years 2020 through 2022. A second emergency bill focused on expanding the EITC to include all immigrant taxpayers.

These changes will provide needed benefits to about 45,000 Montgomery County households.

The below changes automatically expand the benefits of the Montgomery County WFIS, but needs to be accounted for in the County budget:

Increased the refundable portion of Maryland's EITC for tax returns including dependents to 45% of the federal credit, up from 28%

- This is expected to increase the average credit to about \$1,100

Increased the refundable portion of the EITC for filers not claiming dependents on their taxes to 100%, or a max of \$530

- This change is important because the federal credit is very low for people not claiming dependents on their taxes.

- This will increase the average credit for these taxpayers from about \$75 to about \$375.
- This change will benefit an estimated 21,000 Montgomery County residents.

Allowing people to receive the EITC if they pay taxes using an Individual Taxpayer Identification Number (ITIN) rather than a Social Security number, or who are otherwise excluded by federal eligibility rules that aren't related to their income.

- About 5,300 Montgomery County households pay taxes using an ITIN and meet the income and other eligibility rules for the EITC.

Example: Married couple, 2 kids

