

## JOTF Works

### JOTF PUBLIC POLICY AGENDA 2009

By Melissa Chalmers Broome

As the 2009 session of the Maryland General Assembly gets underway, JOTF is preparing to advocate for legislation that will improve the economic opportunities of Maryland's low-skill, low-income workers and their families.

During the 2009 state legislative session, JOTF will support legislative and budget initiatives that support post-secondary education, family-friendly sick leave, ex-offender employment, unemployment insurance benefits, and workforce training for low-income families among others.

With the recent economic downturn and the state's fiscal crisis, JOTF will also monitor potential budget cuts that could harm the programs and services that are critical to Marylanders living in poverty.

#### **Establish and maintain family-friendly sick leave policies.**

Managing work and caring for young or elderly family members is a fact of life for many. Thanks to the newly enacted Flexible Leave Act, Marylanders now have the right to use their earned paid leave for the care of a child, parent, or spouse. Nationally, less than one third of workers with paid sick days can use their leave when their child gets sick. Businesses that offer flexible sick leave benefit from lower turnover and training costs, and higher levels of productivity and customer satisfaction.

- *Solution: Protect Flexible Leave. Ensure that employees continue to have the flexibility to use their accrued paid leave to care for an ill child, parent, or spouse.*

**During the 2009 state legislative session, JOTF will support legislative and budget initiatives that support post-secondary education, family-friendly sick leave, ex-offender employment, unemployment insurance benefits, and workforce training for low-income families among others.**

#### **Strengthen Maryland's unemployment safety net.**

Unemployment insurance (UI) is a critical safety net for workers forced to leave their jobs involuntarily. In Maryland, unfortunately, the UI system gives only minimal support to only a fraction of workers facing this sudden hardship. Only one-third of unemployed workers receive benefits, with an average weekly payment of \$305. This is not enough to keep workers and their families out of poverty as they transition into new jobs, or to bolster the economy in times of recession.

- *Solution: Extend benefit coverage to part-time workers whose wages are already taxed for unemployment insurance.*
- *Solution: Increase unemployment insurance benefits so that workers are able to pay their bills while seeking employment.*

#### **Establish an initiative to address long-term poverty reduction.**

Despite Maryland's ranking as the wealthiest state in the nation, a large number of residents live in poverty. One in five Marylanders – over one million individuals – live below 200% of poverty. 16% of all working families in the state are low-income. Programs and services that give Marylanders the opportunity to achieve economic security must be identified and supported.

- *Solution: Implement and evaluate poverty reduction programs, set goals, and track progress.*

#### **Help Marylanders access and succeed in post-secondary education.**

Over 1.3 million working-age Marylanders lack a college degree. More education could help many of these workers move into high-demand, better-paying jobs but many cannot afford the tuition. Nearly half of all students at two- and four-year colleges are enrolled part-time. State policies often overlook these non-traditional students.

- *Solution: Expand eligibility for the Part-Time Grant Program to students attending less than half-time.*

#### **Promote successful re-entry and employment of ex-offenders.**

Each year approximately 15,000 inmates return from prison to communities across Maryland. Their criminal record and low education levels are enormous barriers to mainstream employment. By investing in transitional services in prison and in the community, we can help ensure that these Marylanders find legitimate work, contribute to the economy, and turn their lives around.

- *Solution: Support education and job training programs for inmates and ex-inmates.*
- *Solution: Ensure that inmates leave prison with a Maryland state identification card.*

#### **Increase basic education opportunities for working adults.**

One in five Marylanders reads at less than a fourth-grade level. Nearly half read at or below an eighth-grade level. Since a solid education is the cornerstone of a qualified workforce, investing in adult education for Maryland's workers carries benefits to employers, low-income families, and the economy.

- *Solution: Ensure a smooth transition of Adult Education and Literacy Services from the State Department of Education to the State Department of Labor, Licensing and Regulation.*
- *Solution: Increase accountability by tracking outcomes for adult education students. The State Department of Labor, Licensing and Regulation should collect and analyze data regarding adult learners' success in employment and post-secondary education.*

# EXPANDED EARNED INCOME CREDIT INCREASES TAX TIME BENEFITS FOR LOW-WAGE WORKERS

By Andrea Payne

During the 2007 legislative Special Session, Maryland took a hard look at state tax policy. The General Assembly ultimately approved a series of changes to Maryland's tax structure, including two expansions of the state's Earned Income Credit (EIC). These changes go into effect this tax season.

In light of these changes, outreach on the part of community-based organizations will take on even more importance this year. For the families served by local providers, it will translate into direct cash supplements that most workers could use greatly in these tough economic times.

## Refundable Credit Increased to 25%

All families who receive the state Earned Income Credit will be eligible for a larger refund than they would have been under former law. The Maryland EIC is broken into two pieces. First, those who claim the credit receive a non-refundable amount that wipes out all or a portion of any taxes they may owe. Second, there is a refundable portion of the credit. This portion of the credit is very meaningful to low-income families because it represents an actual cash payment.

Previously, the refundable portion of the credit was worth 20% of a taxpayer's federal Earned Income Tax Credit. For example, if a family received a \$1000 federal EITC payment, they could receive up to \$200 from the state of Maryland.

During the 2007 legislative Special Session, the refundable portion of the state EIC was increased to 25% of a taxpayer's federal credit. The same family mentioned above would now be eligible for up to \$250 as a refundable state EIC.

## Childless Workers Now Eligible

The second change expands the program to include childless workers. Previously, workers were only eligible for the refundable state EIC if they claimed at least one child on their federal tax return. As of this tax year, they will be eligible for the same 25% refundable credit as other low-wage Maryland workers.

While the credit for workers without any qualifying children is small, it may still be enough to help low-wage childless workers close the gap, whether to pay for a higher winter heating bill, or simply make up for the increasing price of food. This year, workers without qualifying children are eligible for up to \$438 in federal EITC, which means they may be eligible for up to \$110 in Maryland state EIC.

## Getting the Word Out

The legislature took the first step by ratcheting up value of the state EIC for low-wage working Marylanders. Now it is up to advocates and providers to make sure we get the word out to local workers about how to file their taxes and claim the credits they may be eligible for. There are free tax preparation services around the state currently making appointments to file returns for workers earning less than \$40,000. Whether you're in need of more details on tax sites, tax credits, or you'd like brochures to distribute, there are a few organizations that can help:

### Baltimore City

#### *Baltimore CASH Campaign*

What they Provide: Free tax prep for workers with an income of under \$40,000, with services around the city, and at a few sites in Baltimore County.

Who to Call: For an appointment at any site, clients may call 410-234-8008. For more information about the campaign or materials to distribute, call 443-451-4079 or visit [www.baltimorecashcampaign.org](http://www.baltimorecashcampaign.org).

## FAST FACTS ON THE EITC

### *Who Is Eligible for the EITC?*

This tax year, families are eligible if they earn less than:

- \$38,646 with two or more qualifying children; (\$41,646 married filing jointly)
- \$33,995 with one qualifying child; (\$36,995 married filing jointly)
- \$12,880 with no qualifying children. (\$15,880 married filing jointly)

### *How Much Is the EITC Worth?*

The federal EITC can provide a significant supplement to a low-wage family's budget. This tax year, families can receive up to:

- \$4,824 with two or more qualifying children;
- \$2,917 with one qualifying child;
- \$438 with no qualifying children.

In addition, families can receive up to 25% of their federal credit in Maryland state EIC.

## Statewide

### *United Way First Call for Help Hotline*

What They Provide: Free tax preparation services are available to low-and moderate-income families in many areas in Maryland. The United Way hotline helps connect people in all areas of the state to their local tax prep site.

Who to Call: Taxpayers can call the United Way hotline toll-free line at 1-800-492-0618.

## Maryland EIC Campaign

What They Provide: A coalition of organizations that works to spread the word on the benefits of the EIC to Maryland families. Organizations are invited to join the campaign and distribute information on the EIC and free tax prep to the customers, clients, and employees.

Who to Call: To join the campaign or request materials, contact the Maryland Committee for Children at 410-752-7588 x226 or [eic@mdchildcare.org](mailto:eic@mdchildcare.org).

## FINANCIAL ASSISTANCE BEYOND TAX TIME

In 2008, the Maryland CASH Campaign, Baltimore CASH Campaign, and the Consumer Credit Counseling Service of Maryland and Delaware partnered to launch a free hotline to help answer Marylanders' financial questions.

The hotline provides assistance with everything from reducing debt, to managing credit card issues, to creating spending and savings plans. The hotline is open to callers from around the state, and provides free, individual counseling. Services are provided by certified non-profit financial counselors, and are open to everyone regardless of income.

Clients can reach the Maryland Money Hotline at 1-877-254-1097. Hours of operation are: Monday - Thursday, 8AM to 9PM; Friday, 8AM to 5PM; and Saturday, 9AM to 1PM.

# UNEMPLOYED WORKERS FACE OUTDATED SYSTEM; FEDERAL INCENTIVES COULD PAVE THE WAY TO REFORM

By Andrea Payne

Unemployment is on the rise across the nation and here in Maryland. In 2008, the U.S. economy lost a total of 2.6 million jobs, leaving the national unemployment rate at 7.2%. In Maryland, the unemployment rate has risen from 3.6% to 5.3% in just the past year.

The unemployment insurance system (UI) was designed not only as a safety net for these workers, but also as a way to stabilize the economy during times of recession. As more and more Americans are experiencing unemployment insurance first hand, it's becoming clear that there are major gaps preventing state systems from meeting these goals. In fact, most unemployed workers are not even eligible for benefits. In Maryland, just over one-third of unemployed workers actually receive benefits.

To encourage states to adopt policies that better align with the modern economy, Congress is considering a UI reform package that links policy change to significant financial incentives. The federal package, known as the Unemployment Insurance Modernization Act (UIMA), would provide \$7 billion to states that adopt policies that close the gaps in UI coverage, and an additional \$500 million to help states with increasing administrative costs. For Maryland, this could mean over \$139 million in federal funds.

To tap into these funds, Maryland would have to reform a few outdated elements of its UI system. To tap into the first one-third of the incentive funds, Maryland would have to adopt an Alternative Base Period. Currently in Maryland, a worker's most recent earnings are not considered when determining UI eligibility and calculating benefits. In some cases, a UI applicant could be denied after as much as 9 months of full-time work, simply because our system is not set up to consider recent work.

This disadvantages new workers, and denies a safety net to those who need it most. Many workers impacted by these restrictions are low-wage and already have a tenuous connection to the labor market. Many states use the Alternative Base Period method to avoid this problem. This system counts recent work for individuals ineligible under the traditional system. The National Employment Law Center estimates that adopting this policy would benefit 11,467 Maryland workers per year.

To tap into the remaining two-thirds of Maryland's incentive funds, the state would have to adopt two of four additional reforms. One of these reforms is the expansion of UI coverage to part-time workers. This reform should be Maryland's number one priority, since our current policy categorically excludes this important segment of the workforce.

Currently, part-time Maryland workers are not eligible for UI benefits. All laid-off workers must seek full-time work in order to receive benefits, despite the fact that wages are taxed for all workers. This is an outdated restriction, created at a time when one full-time breadwinner was expected to support a family. Today's workforce is not so homogenous. Our economy depends heavily on the contributions of part-time workers.

## WHAT THE UIMA COULD MEAN FOR MARYLAND

The UIMA (H.R. 290) is part of the House of Representative's American Recovery and Reinvestment Bill of 2009. If passed in its current form, the UIMA will distribute over \$7 billion to the 50 states. Maryland's allotment will total over \$139 million, broken down as follows:

- \$9.2 million in an automatic distribution towards program administration
- \$130.2 million in incentive funds tied to UI reform

To tap into the incentive funds, Maryland would have to make a series of changes to modernize its UI system.

1. Adopt an Alternative Base Period so that new workers are not denied coverage
2. Adopt at least two of the following reforms:
  - Provide coverage for part-time workers
  - Increase the dependent benefit to at least \$15
  - Extend benefits for unemployed workers enrolled in job training
  - Cover workers who must leave jobs for compelling family reasons (such as domestic violence)

Last session, the General Assembly came very close to passing a bill that would have expanded UI coverage to part-time workers. The legislation received broad support, actually passing in the Senate, but failing to move out of the House after a deadlocked 10-10 committee vote. If federal UIMA funds are available to ease the transition to expanded coverage, Maryland can and should pass this legislation during the 2009 session.

Part-time coverage should be the first option Maryland selects, followed by one of three additional reforms. First, Maryland could increase its dependent benefit from \$8 to \$15. Maryland could also choose to extend benefits to unemployed workers who are participating in job training. Finally, Maryland could extend benefits to workers forced to leave jobs for compelling family reasons such as domestic violence or the relocation of a spouse.

The first two reforms alone—the Alternative Base Period and coverage for part-time workers—would have a major impact on the effectiveness of Maryland's unemployment insurance safety net. Many workers who are currently denied would be included under these policies. These modernizations would be a good idea at any time, but especially in light of the current economic downturn, they are all the more compelling and all the more important to the stability of our economy. If and when the UIMA passes, Maryland must be ready to capitalize on this \$139 million opportunity.

**Note:** At the time this article went to press, the UIMA was pending. The legislation was expected to move quickly, but was only one element of a larger economic recovery package. For updates on the current status, please contact Andrea Payne at 410-234-8303.

1 Bureau of Labor Statistics, Current Employment Statistics, Jan 2008 & Dec 2008.

2 Bureau of Labor Statistics, Current Employment Statistics, Nov 2007 & Nov 2008.

3 Maryland's UI reciprocity rate was 36% in the 3rd quarter of 2008, according to the Department of Labor's Unemployment Insurance Data Summary.

4 For more details, see JOTF's Issue Brief "Patching the Leaky Pipeline."

5 National Employment Law Center. "The Unemployment Insurance Modernization Act: Filling the Gaps in the Unemployment Safety Net While Stimulating the Economy." November 2008.

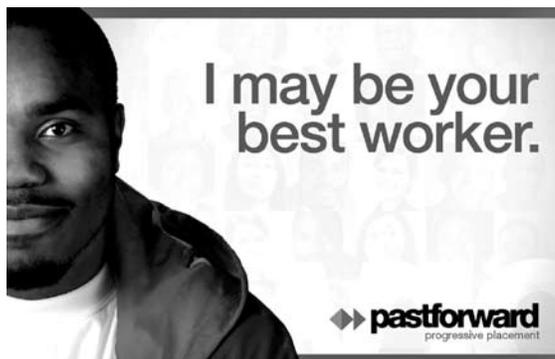
## Job Opportunities Task Force

231 East Baltimore Street

Suite 1102

Baltimore, Maryland 21202

*Advocating better skills, jobs, and incomes*



## PASTFORWARD

JOTF is pleased to announce PastForward, a new marketing campaign designed to encourage employers to hire individuals with criminal backgrounds.

In addition to featuring employer perspectives, the campaign materials tell stories of real, hardworking Marylanders who have moved past their criminal record to become outstanding employees and productive members of the community. Film clips and additional resource information can be viewed at [www.pastforwardmd.org](http://www.pastforwardmd.org).

Working together, we can open new employment possibilities for people who have made a mistake in their life and who are committed to getting a job and changing their life for the better.

### Meet Our Board and Staff:

#### BOARD OF DIRECTORS

[Melanie Styles](#)

JOTF President

[Patrice Cromwell](#)

Annie E. Casey Foundation

[Phil C. Holmes](#)

Goodwill Industries of the Chesapeake

[Jason Frank, ESQ](#)

Frank, Frank, and Scherr, LLC

[Kevin Jordan](#)

Bon Secours Foundation

[David Kandel](#)

Community Volunteer

[John Kortecamp](#)

Home Builders Assoc. of MD

[Constance Maddox](#)

Community Volunteer

[Pat McLaughlin, SSND](#)

Caroline Center

[Lynda Meade](#)

Catholic Charities

[Molly Nash](#)

Catholic Charities

[Joanne Nathans](#)

JOTF Founding President

[Pamela Paulk](#)

Johns Hopkins Hospital

[Michael Pinard](#)

University of Maryland School of Law

[Marion Pines](#)

JHU Institute for Policy Studies

[Avis Ransom](#)

Morgan State University

[Tanya Terrell](#)

Associated Black Charities

[Ellen Yerman](#)

EMY & Associates

#### STAFF

[Jason Perkins-Cohen](#), Executive Director

[Melissa Chalmers Broome](#), Senior Policy Advocate

[Andrea Payne](#), Policy Analyst

[Gerald Ford](#), Business Liaison

[Jessica Traskey](#), Office Manager