

Department of Legislative Services
 Maryland General Assembly
 2018 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 1432 (Delegates Queen and Carr)
 Appropriations

Food Stamp Program - Summer Supplement for Children - Pilot Program

This bill requires the State to provide a summer supplement to households in Garrett, Kent, and Talbot counties that receive benefits under the food stamp program to increase the total benefit by \$30 per child in the months of June, July, and August. The Department of Human Services (DHS) must measure the effects of the supplement and submit specified reports. In fiscal 2020 and 2021, the Governor must include \$350,000 in the annual budget to support the bill’s requirements; the bill expresses the intent of the General Assembly that the program be funded at \$350,000 in fiscal 2019. **The bill takes effect July 1, 2018, and terminates June 30, 2021.**

Fiscal Summary

State Effect: General fund expenditures increase by \$484,600 in FY 2019 to provide the supplement and for associated staff and contractual services. Future year expenditures reflect continuation of the supplement and the pilot program’s termination at the end of FY 2021. Revenues are not affected. **This bill establishes a mandated appropriation in FY 2020 and 2021.**

(in dollars)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	484,600	456,000	429,200	0	0
Net Effect	(\$484,600)	(\$456,000)	(\$429,200)	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: DHS must measure the effects of the summer supplement on recipients in comparison to similarly situated households that do not receive the supplement, including the following outcomes: (1) nourishment of supplement recipients; (2) poverty levels of supplement recipients; and (3) family enrollment in the food stamp program. By January 1, 2019, January 1, 2020, and January 1, 2021, DHS must report its findings to the Governor and the General Assembly.

Current Law/Background: The federal Supplemental Nutrition Assistance Program, formerly known as the Food Stamp Program, provides benefits solely for the purchase of food items to families and individuals who meet income and resource requirements. Program rules and regulations are issued by the federal government. Administrative costs are split equally between the State and federal government. Pursuant to Chapter 696 of 2016, the State provides a supplement to ensure that all households that include an individual who is at least age 62 receive a minimum benefit of \$30 per month. Otherwise, benefits are 100% federally funded.

The U.S. Department of Agriculture indicates that childhood hunger is more acute during the summer months, as many children do not have access to free lunch and breakfast programs provided in schools.

State Expenditures: General fund expenditures increase by \$484,597 in fiscal 2019, which accounts for the bill's July 1, 2018 effective date. This estimate reflects the cost of the increased benefit, hiring five contractual employees, and additional contractual services to perform the required analysis of the program's effectiveness. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. The information and assumptions used in calculating the estimate are stated below:

- 4,071 children will receive an increased benefit of \$30 per month, for three months, at a cost of \$366,390 in each fiscal year;
- in order to avoid extensive and temporary reprogramming costs, five contractual employees will be hired seasonally each year to manually alter the benefit amounts; and
- DHS will utilize contractual services to conduct the required analysis of the supplement, at an estimated expense of \$25,000 annually.

Contractual Positions	5
Supplemental Benefits	\$366,390
Salaries and Fringe Benefits	67,819
Operating Expenses	25,388
Contractual Services	<u>25,000</u>
Total FY 2019 State Expenditures	\$484,597

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State's implementation of the federal Patient Protection and Affordable Care Act.

Although the bill expresses the intent for the program to be funded at \$350,000 in fiscal 2019, the Department of Legislative Services advises that the bill's requirements, based on the information provided by DHS, cannot be met with that level of funding. Furthermore, the estimated expenditures required exceed the proposed mandated funding for the supplement in all years.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Garrett County; Department of Budget and Management; Department of Human Services; Maryland Food Bank; U.S. Department of Agriculture; Department of Legislative Services

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mm/jc

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