

Department of Legislative Services
 Maryland General Assembly
 2019 Session

FISCAL AND POLICY NOTE
First Reader - Revised

Senate Bill 456 (Senator Guzzone)
 Budget and Taxation

Family Investment Program - Temporary Cash Assistance - Funding

This bill requires the Governor to provide sufficient funds in the budget to ensure that the value of Temporary Cash Assistance (TCA), combined with federal food stamps, is equal to at least the following percentages of the State minimum living level (MLL): (1) for fiscal 2021, 63%; (2) for fiscal 2022, 65%; (3) for fiscal 2023, 67%; (4) for fiscal 2024, 69%; and (5) for fiscal 2025 and thereafter, 71%.

Fiscal Summary

State Effect: No effect in FY 2020. General fund expenditures increase by \$6.0 million in FY 2021 to reflect increased benefits to the TCA caseload and the associated impact on the Temporary Disability Assistance Program (TDAP). Future year expenditures reflect increased levels of funding, as discussed below. Revenues are not affected. **This bill increases the cost of an existing entitlement program beginning in FY 2021.**

(\$ in millions)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	6.0	12.3	18.6	25.3
Net Effect	\$0.0	(\$6.0)	(\$12.3)	(\$18.6)	(\$25.3)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: The Maryland MLL represents a minimal standard of living for a family in Maryland. It is calculated using a standard household of three persons. The Governor must provide sufficient funds in the budget to ensure that the value of TCA, combined with federal food stamps, is equal to at least 61% of the State MLL.

State Expenditures: General fund expenditures increase by \$4,629,910 in fiscal 2021 to reflect increased TCA benefits in order to ensure the required percentages of State MLL. The information and assumptions used in calculating this estimate are stated below:

- the TCA population declines by approximately 1% in fiscal 2021 and 0.5% thereafter;
- there are 41,775 TCA recipients per month in fiscal 2021;
- the food supplement program benefit does not change;
- the MLL standard in fiscal 2021 is \$2,070 and increases by 2.0% annually; and
- the MLL standard is adjusted based on the federal fiscal year.

To the extent that the TCA population increases or decreases at a different rate than that estimated above (based on estimates from the Department of Human Services and the Department of Legislative Services) expenditures are affected. In addition, any changes in the food supplement benefit also impact estimated expenditures. As shown in **Exhibit 1**, general fund expenditures increase in future years as TCA benefits continue to increase to meet the mandatory percentages of the MLL level, as required by the bill.

Exhibit 1 Estimated Expenditures for Temporary Cash Assistance Under Senate Bill 456 of 2019 vs. Current Law (\$ in Millions)

	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Senate Bill 456	\$117.7	\$124.6	\$131.5	\$138.5	\$145.4
Current Law	113.0	115.3	117.5	119.7	122.0
Difference	\$4.6	\$9.3	\$13.9	\$18.7	\$23.4

Numbers may not sum due to rounding.

Source: Department of Human Services; Department of Legislative Services

Pursuant to Chapter 408 of 2018, beginning in fiscal 2021, the Governor must provide sufficient funds to ensure that the value of the maximum monthly benefit for TDAP correlates with TCA, as specified. Accordingly, TDAP program expenditures also increase in correlation with increased TCA benefits, as shown in **Exhibit 2**.

Exhibit 2
Estimated Expenditures for Temporary Disability Assistance Program
Under Senate Bill 456 of 2019 vs. Current Law
(\$ in Millions)

	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Senate Bill 456	\$35.7	\$39.5	\$43.6	\$48.2	\$53.0
Current Law	34.3	36.5	39.0	41.7	44.4
Difference	\$1.4	\$3.0	\$4.7	\$6.6	\$8.6

Numbers may not sum due to rounding.

Source: Department of Legislative Services

Additional Information

Prior Introductions: HB 1729 received a hearing in the House Appropriations Committee, but was withdrawn. Its cross file, SB 1164, received a hearing in the Senate Budget and Taxation Committee, but no further action was taken.

Cross File: HB 339 (Delegate Valentino-Smith, *et al.*) - Appropriations.

Information Source(s): Montgomery County; Governor’s Office; Department of Budget and Management; Department of Human Services; Department of Legislative Services

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