

Department of Legislative Services  
Maryland General Assembly  
2020 Session

FISCAL AND POLICY NOTE  
Third Reader - Revised

Senate Bill 787

(Senator Klausmeier)

Finance and Budget and Taxation

Appropriations

---

Family Investment Program - Temporary Cash Assistance - Eligibility

---

This bill prohibits the Department of Human Services (DHS) from reducing or terminating the assistance provided to Family Investment Program (FIP) recipients for noncompliance with work activity requirements if individuals have “good cause.” Individuals who are noncompliant with FIP work requirements for good cause must receive a lesser sanction, particularly individuals who have children in the assistance unit. The bill modifies the conciliation processes for individuals found to be noncompliant and requires local departments of human services to assist individuals to return to compliance. **The bill takes effect July 1, 2021.**

---

Fiscal Summary

**State Effect:** DHS can implement the bill’s requirements with existing budgeted resources; however, Temporary Cash Assistance (TCA) expenditures may increase depending on the number of individuals who will no longer be noncompliant under the bill. Revenues are not affected.

**Local Effect:** None.

**Small Business Effect:** None.

---

Analysis

**Bill Summary:** FIP assistance may not be reduced or terminated for noncompliance with work activity requirements if the individual has “good cause” under the criteria established by the Secretary of Human Services. The criteria must provide that any of the following are sufficient to show good cause:

- temporary illness or incapacity;
- court-required appearances or temporary incarceration;
- domestic violence;
- family crisis that threatens normal family functioning, as specified;
- breakdown in transportation arrangements;
- breakdown in child care arrangements or lack of child care arrangements for a child younger than age 12;
- for a single parent of a child younger than age 6, the unavailability of appropriate child care, as specified;
- lack of supportive services identified and agreed on by an individual and a local department of human services; or
- failure of a local department to offer or provide a reasonable accommodation to an individual with a disability.

An individual who voluntarily participates in work activity, despite qualifying for an exemption, may not have their assistance reduced or terminated as a result of participation in the work activity.

#### *Family Investment Program Work Requirements*

Except for an applicant or recipient who is a single child, in assessing each applicant or recipient, FIP must include in its evaluation of appropriate work activities the applicant's literacy, health, mental or physical impairments, housing stability, child care needs, transportation needs, and history of domestic or family violence. FIP must also consider whether the applicant or recipient qualifies for an exemption from work requirements or has good cause not to participate in a work activity.

Except for a recipient who is a single child, FIP must include an agreement between DHS and the recipient that specifies the reasonable accommodations a local department will provide to a recipient with a disability that are necessary to meet the recipients' obligations under FIP.

#### *Family Investment Program Sanctions and Noncompliance*

For an FIP recipient that is an assistance unit with adults and children or minor parents and children, the amount of assistance must be designated as (1) 75% for the child or children in the assistance unit and (2) 25% for the adult member or members, or minor parent or parents of the assistance unit. For an FIP recipient that is an assistance unit with only adults, or a recipient who is a pregnant individual, 100% of the assistance must be designated for the adult member or members or pregnant individual.

If an adult member, minor parent, or pregnant individual is found to be noncompliant of FIP work activity requirements *without* good cause, the local department must impose a 30% reduction of the portion of the TCA grant amount designated for the adult member, minor parent, or pregnant individual. The portion of the TCA grant designated for the child or children may not be reduced or terminated based on noncompliance by an adult member's or minor parent's noncompliance with FIP work activity requirements. If an adult member or minor parent is found to be in noncompliance with child support requirements without adequate reason or good cause, the local department must impose a 25% reduction of the entire TCA grant amount.

If a recipient is noncompliant with FIP requirements, the local department must provide a 30-day conciliation period for each instance of noncompliance. During the 30-day conciliation period, the case manager must advise the noncompliant individual and help the individual comply by (1) investigating the reasons for noncompliance; (2) evaluating and preparing a written determination of whether the recipient qualifies for an exemption or good cause; (3) sending the recipient a letter offering a conciliation conference; and (4) assisting the recipient in identifying and resolving any barriers to compliance. For noncompliance with an FIP requirement, the full amount of TCA must resume on compliance with the FIP requirement.

**Current Law/Background:** The Family Investment Administration (FIA) is the central coordinating and directing agency of all public assistance programs in the State, including FIP and related cash benefit programs. FIP supports family efforts to achieve and maintain self-sufficiency through services and financial aid geared to individual family needs. FIP includes supportive services activities, appropriate referrals to family planning counseling and services, and TCA, as a last resort.

DHS must provide assistance to a family that includes a pregnant individual, or a minor who resides with a custodial parent or a relative. Assistance will be provided if the applicant or recipient (1) resides in the State; (2) has applied for child support services, if appropriate; (3) has engaged in job search activities as requested by DHS; (4) participates in work activity, as required; and (5) meets any requirements established by [regulations](#).

#### *Family Investment Program Work Requirements*

FIA must assess each applicant or recipient, except a single child, to consider (1) the reasons for applying for or continuing to rely on assistance; (2) an evaluation of appropriate work activities based on educational level, job skills and readiness, and interests; and (3) personal and family resources available to facilitate independence. Welfare avoidance grants may be established as DHS considers appropriate to meet immediate needs and allow an applicant or recipient to avoid requiring TCA.

An FIP agreement between DHS and the recipient specifies required work activities. However, certain individuals are exempt from work activity requirements as a result of providing care for a child who is less than one year old or a severe disability.

Federal law establishes the work participation rate (WPR) that states must meet in order to avoid penalties. A state that does not meet WPR requirements may lose part of its Temporary Assistance for Needy Families (TANF) grant. Each state's annual WPR is calculated based on an average of the state's monthly participation rates in that year. The monthly WPR is based on the number of families receiving TANF assistance that includes a working adult or an adult engaged in countable workable activities for the required number of hours per week as a percentage of the number of families, with a work *eligible* individual, receiving TANF assistance.

Chapter 476 of 2019 established that, effective July 1, 2020, DHS must allow an applicant or recipient in a FIP case to meet the work activity requirement for a maximum of 24 months by engaging in (1) a minimum of 20 hours per week of vocational education that leads to an associate degree, a diploma, or a certificate or (2) an average of at least 20 hours per week of education directly related to employment, which may include an adult basic education program, an English as a second language program, or a GED program.

Chapter 476 also established that if the WPR does not exceed the target work rate by 10% in any month, DHS, after providing at least 30 days prior notice to the Senate Finance and House Appropriations committees, may suspend application of the above provisions to new applicants until the WPR exceeds the target work rate by 10% for three consecutive months.

Although federal law requires each state to engage at least 50% of all TANF families with a work-eligible individual in work or work-related activities, the WPR for each state is reduced by one percentage point for each percentage point the state's average monthly TANF caseload is below its fiscal 2005 average monthly caseload (commonly referred to as the caseload reduction credit) to establish the target work rate. According to DHS, the State's WPR in federal fiscal 2018 was 42%; the target work rate was 13.3%. Although the WPR is below the 50% federal standard, the State is compliant based on the target work rate, as adjusted for the caseload reduction credit.

### *Temporary Cash Assistance*

A recipient who meets the requirements of FIP is entitled to TCA benefits. TCA is not intended to create an incentive for individuals to seek benefits instead of employment. TCA provides monthly cash grants to needy children and their parents or caretakers and is funded with general funds, TANF funds, and certain child support collections.

## *Noncompliance*

If a recipient is found to be in noncompliance with FIP requirements, a caseworker must investigate the reasons for noncompliance. TCA benefits may not be reduced or terminated until 30 days after written notice of noncompliance was sent to the recipient. For noncompliance with a FIP requirement, other than a work activity, the full amount of TCA must resume on compliance with the FIP requirement.

For noncompliance with a work activity, TCA resumes (1) immediately on compliance for the first instance of noncompliance; (2) 10 days after compliance for the second instance of noncompliance; and (3) after 30 days of compliance for each subsequent instance of noncompliance.

After termination of TCA, a recipient may receive transitional assistance. If a caseworker determines transitional assistance is appropriate, the FIP benefit that would have been paid must be paid instead to a third party on behalf of the recipient for a period of up to three months. The third party payee must provide transitional assistance in the form of (1) counseling; (2) housing; (3) child care; (4) household supplies and equipment; (5) direct assistance other than a cash payment; and (6) any other noncash assistance that may be necessary to assist the recipient to make the transition from welfare. A recipient who has received transitional assistance may reapply for the FIP benefit.

Under Maryland regulations ([COMAR 07.03.03.19](#)) a local department of human services must allow one 30-day conciliation period for each failure to comply with work requirements. During the 30-day period, a case manager must (1) investigate any barriers or good cause reasons for noncompliance and (2) assist the noncompliant individual in resolving the barriers to compliance.

When an adult recipient is noncompliant, the adult's entire assistance unit (including children) is ineligible for TCA benefits. When a child recipient is noncompliant, the child remains a member of the assistance unit and an incremental portion of the grant is deducted from the monthly amount received.

DHS advises that the most common reasons for noncompliance with work requirements are (1) failure to submit the timesheet as required; (2) failure to appear for appointments with counselors, employers, or other services to address employment barriers; and (3) failure to meet the number of required activities per week.

**State Expenditures:** Currently, when individuals are sanctioned for noncompliance with work requirements, their case is closed and only reopened when the case returns to compliance. The majority of cases closed due to sanction are reopened within three months of closure. Under the bill, it is likely that the number of individuals sanctioned for

noncompliance will decrease as a result of the good cause provision. When individuals are noncompliant, only a portion of their FIP benefit will be reduced, rather than the entire benefit. The Department of Legislative Services advises that TCA expenditures may increase depending on the number of individuals who will no longer be noncompliant under the bill.

TCA is primarily funded through the State's TANF block grant; federal fund revenues will not increase if TCA expenditures increase. Therefore, any increase in TCA expenditures will result in either (1) an increase in general fund expenditures to compensate for the TCA increase or (2) TANF funds being redirected from other DHS services.

---

### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** HB 1313 (Delegate Valentino-Smith, *et al.*) - Appropriations.

**Information Source(s):** Montgomery County; Department of Human Services; Department of Legislative Services

**Fiscal Note History:** First Reader - March 2, 2020  
rh/jc Third Reader - March 17, 2020  
Revised - Amendment(s) - March 17, 2020

---

Analysis by: Amberly Holcomb

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510