

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 913

(Senator McCray, *et al.*)

Finance

Appropriations

Human Services - Supplemental Nutrition Assistance Program - Heat and Eat Program and Study on Maryland Energy Assistance Program Eligibility

This bill establishes a Heat and Eat Program within the Supplemental Nutrition Assistance Program (SNAP) to expand food access to households that are receiving or eligible for SNAP. A household is eligible to participate in the program if they are eligible for SNAP under State and federal law. In determining program eligibility, the Department of Human Services (DHS) must apply a “standard utility allowance” (SUA) to the shelter deduction used to determine countable gross income for SNAP eligibility. DHS must adopt regulations to verify eligibility for participation in the program and implement the bill. Uncodified language requires DHS to study and make recommendations on the feasibility of establishing automatic eligibility and approval for a household to participate in the Maryland Energy Assistance Program (MEAP) if the household is receiving or eligible to receive SNAP. DHS must conduct a cost-benefit analysis as part of the study. By December 31, 2021, DHS must submit its findings and recommendations to the Governor and the General Assembly. **The bill takes effect July 1, 2021.**

Fiscal Summary

State Effect: DHS can complete the required study and cost-benefit analysis with existing budgeted resources. Potential increase in federal fund expenditures to update existing data systems in FY 2022 only. Federal fund revenues and expenditures increase by an indeterminate but potentially significant amount to provide additional MEAP and SNAP benefits. Expenditures are not incurred until after the COVID-19 emergency ends, as discussed below.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: “Standard utility allowance” means a MEAP payment to a household that is at least \$21 per year.

SNAP provides benefits for the purchase of food items to families and individuals who meet income and resource requirements. Program rules and requirements are issued by the federal government. Administrative costs are split equally between the State and federal government.

A State supplemental benefit is provided to households with an individual older than age 62 for the difference between the monthly benefit and \$30. Beginning in fiscal 2021, a State and local supplemental benefit (Summer SNAP) is also provided to some households with school-aged children in select jurisdictions, which provides an additional \$30 per child, per month during summer months, and \$10 in December while children are not traditionally in school.

Chapter 475 of 2019 established the SNAP Restaurant Meals Program to expand food access to eligible individuals who do not have a place to store and cook food, may not be able to prepare food, or do not have access to a grocery store.

Supplemental Nutrition Assistance Program Eligibility

Households receiving or authorized to receive Temporary Cash Assistance, Supplemental Security Income, Temporary Disability Assistance Program, Public Assistance to Adults, or Temporary Assistance for Needy Families-funded services or benefits (including certain brochures) are categorically eligible for SNAP benefits.

Noncategorically eligible households are subject to eligibility requirements, including resource and income limits. Households may have up to \$2,250 in countable resources, which include a bank account. If a member of a household is age 60 or older or is disabled, allowable countable resources increase to \$3,500. Certain resources are excluded, including all vehicles. Most noncategorically eligible households must meet both a gross income test (130% of federal poverty guidelines (FPG)) and a net income test 100% FPG). If the noncategorically eligible household includes an elderly person or a person who is disabled, only the net income test must be met.

Maryland Energy Assistance Program

The Office of Home Energy Programs (OHEP) within DHS administers MEAP to assist low-income households pay their heating bills, minimize crises, and make heating costs more affordable. MEAP is funded by the federal Low Income Home Energy Assistance

Program (LIHEAP). In general, MEAP benefits are paid directly to the building operator, property management company, or landlord if they agree to reduce the tenant's utility charge or rent by the amount of the benefit received on the resident's behalf. However, it is possible for a resident to receive the benefit directly if the heating bill is in the resident's name.

Rather than remaining as a stand-alone system, DHS plans to integrate OHEP into the new Eligibility and Enrollment (E&E) System (part of the Maryland Total Human-Services Information Network system) in July 2022. DHS also plans to introduce categorical eligibility, under which a household's eligibility for another program can be used to determine eligibility for MEAP. Use of categorical eligibility would reduce the number of verifications needed to be provided to process applications, and, therefore, reduce denial rates.

In March 2020, Eleventh House Solutions submitted to DHS a report (*Process Evaluation Research and Cost Benefit Analysis*) completed under an OHEP contract. Eleventh House Solutions reviewed states that implement categorical eligibility for LIHEAP-funded benefits, reviewed the administrative operations of other states focusing on cost effectiveness of various eligibility and enrollment models, and conducted a cost-benefit valuation of changes to OHEP administrative operations. Eleventh House Solutions recommended (1) simplifying the application process; (2) aligning the eligibility of benefits with other benefit programs; and (3) fully integrating OHEP into the E&E System. DHS has not finalized the parameters for the implementation of categorical eligibility.

Heat and Eat Program

The "Heat and Eat" program uses an alternative method to calculate SNAP benefits for individuals who receive minimum amounts of energy assistance under LIHEAP. Under the program, instead of requiring an applicant's utility bill, states use a SUA, which increases the likelihood that individuals will qualify for relevant deductions and higher SNAP benefits. These households receive higher SNAP benefits because they automatically qualify for the SUA. The SUA is calculated as part of the shelter deduction when determining countable gross income for SNAP eligibility.

Chapter 475 required DHS to evaluate and [report](#) on the feasibility and cost of implementing a Heat and Eat program to determine SNAP (then known as the food supplement program) benefit levels for eligible households.

COVID-19 State of Emergency

The federal Families First Coronavirus Response Act of 2020 authorized an increase in SNAP benefits to the maximum allowable level for a household size (known as emergency

allotments) through the end of the public health emergency (PHE) or State emergency if it ends earlier. This action significantly increased average benefits per case in Maryland, and all households in the State are receiving the maximum allotment.

State Fiscal Effect:

Administrative Expenses

Updates to the OHEP data management system, enrollment and eligibility system, and the Electronic Benefit Transfer processing system are necessary to implement the bill. DHS advises that system upgrades will cost approximately \$200,000 in fiscal 2022 only. However, the Department of Legislative Services (DLS) advises that such costs can likely be absorbed within existing planned information technology updates. To the extent upgrades are more complex, federal fund expenditures increase to provide necessary system upgrades.

Maryland Energy Assistance Program Expenses

DHS advises that MEAP federal fund expenditures increase by *as much as* \$8.6 million annually to provide the \$21 SUA to all 410,565 SNAP participants (based on fiscal 2019 enrollment) in the State. However, DLS notes that only a proportion of SNAP participants will require the SUA. In a 2016 analysis of the impact of implementing a Heat and Eat program, DHS determined that approximately 32,690 households could receive additional SNAP benefits under such a program (primarily public housing and Housing Choice Voucher Program households that currently do not pay a separate heating bill). *For illustrative purposes only*, if these 32,690 households receive the \$21 SUA, federal fund expenditures increase by \$686,490 annually. Therefore, federal fund expenditures increase by an indeterminate but potentially significant amount.

Supplemental Nutrition Assistance Program Expenses

SNAP federal fund revenues and expenditures increase by an indeterminate but potentially significant amount to account for a higher SNAP allotment per household. All SNAP households in the State are currently receiving the maximum allotment, which will be provided through the end of the PHE or State emergency, whichever ends first.

The 2016 DHS analysis estimated that the average increased SNAP benefit under a Heat and Eat program would be \$59 per household per month. *For illustrative purposes only*, if the 32,690 households estimated to receive the \$21 SUA also receive an additional \$59 per month SNAP benefit, federal fund expenditures increase by \$1.9 million annually.

Provision of additional benefits would not begin until after the end of the PHE or State emergency as noted above.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 101 (Delegate Charkoudian) - Appropriations.

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

Fiscal Note History: First Reader - February 11, 2021
rh/jc Third Reader - March 23, 2021
Revised - Amendment(s) - March 23, 2021

Analysis by: Amberly Holcomb

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