

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 420
Finance

(Senator Hettleman)

Human Services – Temporary Cash Assistance – Housing Allowance

This bill requires the Department of Human Services (DHS), through the local departments of social service, to provide a specified housing allowance to an “eligible household” receiving Temporary Cash Assistance (TCA) or transitional support services, and continue providing the allowance for six months after termination of TCA benefits under specified circumstances.

Fiscal Summary

State Effect: General fund expenditures increase *significantly* (exceeding \$50.0 million annually) beginning in FY 2024 to provide the housing allowance, as discussed below. Revenues are not affected.

Local Effect: The bill is not anticipated to materially affect local government finances or operations.

Small Business Effect: None.

Analysis

Bill Summary: An “eligible household” is a household that (1) receives TCA or transitional support services and (2) is not receiving a federal, State, or local housing subsidy where the tenant’s portion of rent is based on a percentage of the tenant’s income.

The bill requires a local department of social services to provide an eligible household with a housing allowance of at least:

- \$350 per month for a household of one; and
- an additional \$100 per month for each additional household member.

A household must be eligible for a housing allowance for a full month if the household is eligible for any portion of that month.

The bill requires that a local department must:

- pay the housing allowance directly to the household through the same method of payment as TCA received by the household;
- issue a separate payment for the housing allowance in addition to the TCA payment;
- issue the housing allowance within 10 days of the reported change if a household that was previously ineligible for a housing allowance reports a change in circumstances that would qualify the household for a housing allowance;
- by November 1, 2023, screen for housing allowance eligibility all (1) current recipients of TCA or transitional support services and (2) individuals who have received TCA in the immediately preceding three months;
- screen for housing allowance eligibility all (1) applicants for TCA and (2) recipients of TCA at redetermination; and
- disregard the housing allowance received under the bill in determining the amount of TCA to be received by a household.

The Secretary of DHS may not reduce or terminate a housing allowance for a household's noncompliance with a Family Investment Program (FIP) requirement.

A housing allowance must continue for an additional six months following the termination of TCA if the household is receiving or is eligible to receive Supplemental Nutrition Assistance Program (SNAP) benefits.

Current Law:

Temporary Cash Assistance Program

TCA is Maryland's Temporary Assistance for Needy Families Program. TCA is provided to families with dependent children when available resources do not fully address the family's needs. Statutory provisions and the Code of Maryland Regulations specify standards for both eligibility to receive TCA and the proper determination of the allowable amount of TCA benefits.

Transitional Support Services

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 to the recipient 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 to the recipient 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.

State Expenditures: General fund expenditures increase *significantly* beginning in fiscal 2024 to provide the housing allowance specified in the bill. DHS estimates that over 10,000 households per month could potentially be eligible for an average housing allowance of \$550 per month (which assumes an average household size of three members), with an associated fiscal impact of approximately \$50.7 million in fiscal 2024, which accounts for the bill’s October 1, 2023 effective date and \$67.6 million annually thereafter. Based on the information submitted by DHS, *it is assumed* that the aforementioned costs are intended to reflect only the housing allowance for *initially* “eligible households” under § 5-314.1(a) and does not include estimated costs associated with households whose TCA has been terminated but who are receiving (or are eligible to receive) SNAP benefits and are therefore eligible for a continued housing allowance for an additional six months. *For illustrative purposes only*, for every 300 households that transition from TCA-related eligibility for the housing allowance – but continue to receive the allowance due to SNAP receipt/eligibility – general fund expenditures increase by *an additional* \$1.0 million annually. This assumes that the average number of *initially eligible* households, as estimated by DHS, remains constant each month.

In fiscal 2024 only, computer programing costs of \$129,600 are incurred.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 562 (Delegate Palakovich Carr, *et al.*) - Appropriations.

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

Fiscal Note History: First Reader - February 23, 2023
js/jkb

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