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Family Investment Administration
Department of Human Services

Operating Budget Data

($ in Thousands)

	FY 17 Actual	FY 18 Working	FY 19 Allowance	FY 18-19 Change	% Change Prior Year
General Fund	$151,073	$126,574	$122,622	-$3,952	-3.1%
Adjustments	0	-813	435	1,248	
Adjusted General Fund	**$151,073**	**$125,761**	**$123,057**	**-$2,704**	**-2.2%**
Special Fund	18,682	15,277	12,951	-2,327	-15.2%
Adjustments	0	-58	22	80	
Adjusted Special Fund	**$18,682**	**$15,219**	**$12,973**	**-$2,246**	**-14.8%**
Federal Fund	1,267,129	1,369,120	1,273,845	-95,275	-7.0%
Adjustments	0	-1,746	587	2,333	
Adjusted Federal Fund	**$1,267,129**	**$1,367,374**	**$1,274,432**	**-$92,942**	**-6.8%**
Adjusted Grand Total	**$1,436,884**	**$1,508,354**	**$1,410,462**	**-$97,892**	**-6.5%**

Note: FY 18 Working includes targeted reversions, deficiencies, and across-the-board reductions. FY 19 Allowance includes contingent reductions and cost-of-living adjustments.

- The fiscal 2019 allowance for the Department of Human Services (DHS) Family Investment Administration (FIA) decreases by $97.9 million, or 6.5%, compared to the fiscal 2018 working appropriation after accounting for the across-the-board reduction in health insurance in fiscal 2018 and the distribution of the general salary increase in fiscal 2019. Excluding the Food Supplement Program (FSP) benefits, the fiscal 2019 allowance for FIA increases by $2.6 million.

- In total, federal funds decrease by $92.9 million, or 6.8%, in fiscal 2019. FSP benefit spending decreases by $100.5 million in the fiscal 2019 allowance to align to fiscal 2017 actual spending. Excluding the FSP benefits, federal funds increase by $7.6 million, or 2.9%. This increase of federal funds occurs primarily among administrative matching funds for FSP, which were underbudgeted in fiscal 2018. The fiscal 2018 general fund budget of FIA was reduced to account for the availability of the additional federal funds. However, the federal funds have not yet been brought in to the fiscal 2018 working appropriation.

Note: Numbers may not sum to total due to rounding.

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- General funds decrease by $2.7 million, or 2.2%, in the fiscal 2019 allowance.

- Special funds decrease by $2.2 million, or 14.8%, which occurs largely due to lower than expected Interim Assistance Reimbursement in the Temporary Disability Assistance Program and the Child Support Offset Fund in the Temporary Cash Assistance Program (TCA).

Personnel Data

	FY 17 Actual	FY 18 Working	FY 19 Allowance	FY 18-19 Change
Regular Positions	2,044.18	2,042.30	2,000.30	-42.00
Contractual FTEs	85.68	70.00	70.00	0.00
Total Personnel	**2,129.86**	**2,112.30**	**2,070.30**	**-42.00**

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions		141.42	7.07%
Positions and Percentage Vacant as of 01/01/18		208.00	10.18%

- During fiscal 2018, 4 positions and associated funding were transferred as a result of Chapter 105 of 2017. This chapter transferred the Bureau of Homeless Services to the Department of Housing and Community Development.

- The fiscal 2019 allowance abolishes 41 vacant positions in FIA and transfers 1 position to DHS Administration Maryland Legal Services Program. Of the abolished positions, 33 positions were from the Local Family Investment program, 7 were from the Director's Office, and 1 was from the Work Opportunities program. Although the majority of the abolished positions are in the Local Family Investment program, which is where most caseworkers are budgeted, no impact is expected. In recent years, caseload declines and the transfer of eligibility determinations for income-based eligibility categories of Medicaid to the Maryland Health Benefit Exchange has reduced the workload of the local departments.

- The turnover expectancy in FIA decreases to 7.07% in the fiscal 2019 allowance.

- As of January 1, 2018, FIA has 208 vacant positions, a vacancy rate of 10.2%. To meet its turnover expectancy, FIA would need to maintain 141.42 vacant positions in fiscal 2019. Excluding the positions abolished in the fiscal 2019 allowance, FIA has 167 vacant positions. Even with the position abolitions, FIA could fill approximately 25.5 vacant positions and still meet its budgeted turnover.

Analysis in Brief

Major Trends

Employment and Earnings: The percent of TCA leavers who worked at some point during the year declined in each of the first five years after exit, from 67.1% in the first year after exit to 52.6% in the fifth year after exit. However, the percent of TCA leavers who worked in all four quarters of each year remained relatively level in each of these years (around 30%).

Receipt of Public Assistance After Exiting TCA: The rate of TCA receipt after exit declines over time, so that by the fifth year after exit, 22.1% received TCA. However, five years after exit, 67.1% were receiving FSP benefits.

Poverty Status After Exiting TCA: In the first five years after exit, the percent of leavers with earnings above the federal poverty level (FPL) increased. By five years after exit, 19.5% of TCA leavers had earnings at this level, compared to 13.7% in the first year post-exit. However, slightly more than two-thirds of TCA leavers were still in deep poverty (earning less than 50% of FPL) five years after exit.

Office of Grants Management: In fiscal 2017, the number of meals distributed to hungry Marylanders through grant programs of DHS decreased to 13.7 million, a drop of 432,103. DHS indicates that this results from the receipt of fewer federal food commodities in The Emergency Food Assistance Program.

Issues

TCA Caseload Characteristics: In July 2017, 48.8% of TCA cases were work eligible. While lower than July 2016, the share of cases that were work eligible remains elevated due to a change in policy that results in cases headed by an individual with a disability to no longer be work exempt. The share of cases that are child only increased to 35.3% in July 2017 compared to the prior year.

Food Supplement Employment and Training Program Performance Measures: Able-bodied adults without dependents (ABAWD) are required to work or participate in certain job training programs for 80 hours per month or face a time limit on benefit receipt in FSP (3 months in a 36-month period). Maryland received a statewide waiver of this time limit for several years, but the waiver ended prior to calendar 2016. With the end of the waiver of the time limit for ABAWDs, the importance of the Food Supplement Employment and Training (FSET) program performance has increased. DHS indicated that in federal fiscal 2017, 5,763 individuals participated in FSET, of which 1,096 were ABAWD participants.

FIA Audit: In April 2015, the Office of Legislative Audits (OLA) released a fiscal compliance audit for FIA. The audit contained five findings including four findings repeated from the prior audit. The fiscal 2017 budget bill included language withholding funds from the Director's Office in FIA until

OLA determined that each repeat finding was corrected. On April 5, 2017, OLA submitted a letter indicating that only one of the four audit findings had been corrected. As a result, the budget committees did not authorize the release of the withheld funds.

Operating Budget Recommended Actions

1. Add language establishing a cap on Temporary Assistance for Needy Families spending.
2. Adopt committee narrative requesting Food Supplement Employment and Training program performance measures.
3. Add language restricting general funds until corrective actions related to repeat audit findings are completed.
4. Adopt committee narrative requesting notification of changes to either the Temporary Assistance for Needy Families Program or Supplemental Nutrition Assistance Program.

Budget Reconciliation and Financing Act Recommended Actions

1. The Department of Legislative Services recommends amending Section 5 of the Budget Reconciliation and Financing Act (BRFA) of 2018 to increase the cap on Temporary Assistance for Needy Families spending to $256,324,264 rather than removing the cap as proposed in the BRFA as introduced.
2. The Department of Legislative Services recommends adding a new provision to the Budget Reconciliation and Financing Act of 2018 to reduce the appropriation of the Temporary Disability Assistance Program in fiscal 2018 by $1,423,240 from the $2,000,000 restricted for the $10 per month per recipient benefit increase to account for the lower caseload and the fact that no benefit increase has been provided through February 2018.

Updates

Re-authorization of the Temporary Assistance for Needy Families Program: Since federal fiscal 2010, the Temporary Assistance for Needy Families program has operated under a series of temporary extensions. The current extension expires September 30, 2018.

Re-authorization of the Supplemental Nutrition Assistance Program: The Supplemental Nutrition Assistance Program, known as FSP in Maryland, is expected to be re-authorized in calendar 2018 as part of the Farm Bill. The current authorization expires September 30, 2018.

Feasibility of Creating a Benefit for the Purchase of Diapers: Committee narrative in the 2017 *Joint Chairmen's Report* requested DHS, in collaboration with the Maryland Department of Health and Maryland State Department of Education, to examine the feasibility of establishing a benefit for the purchase of diapers. DHS examined the costs of this program using the number of children participating in TCA; the child care subsidy; and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). The cost of such a program varies depending on the number of children eligible but could be as high as $35 million if using eligibility criteria similar to WIC or lower than $5 million under TCA or the Child Care Subsidy Program.

Earned Income Disregard Pilot Program Final Report: Chapter 526 of 2013 established an Earned Income Disregard Pilot Program in DHS. The pilot program was conducted in Anne Arundel County. A total of 38 recipients participated in the pilot, of which only 1 completed all three phases between October 2014 and July 2017. Of those that did not complete all three phases, 17 had their case closed due to having an income over the limit, even with a higher earned income disregard amount.

Family Investment Administration

Department of Human Services

Operating Budget Analysis

Program Description

The Department of Human Services (DHS) Family Investment Administration (FIA), along with the Local Family Investment programs, administers cash benefits and other grant programs that provide assistance to individuals and families in financial need, as well as employment programs to promote self-sufficiency. Programs administered include:

- ***Temporary Cash Assistance (TCA):*** The State's largest cash assistance program provides financial assistance to dependent children and other family members deprived of support due to the death, incapacitation, underemployment, or unemployment of one or both parents. Under the federal welfare reform legislation enacted in August 1996, the individual entitlement to cash assistance was eliminated. States determine the eligibility criteria for TCA. The federal legislation also established a five-year time limit on the receipt of benefits with a hardship exception for as much as 20% of a state's caseload. Applicants for cash assistance are required to cooperate with child support staff as a condition of eligibility and must undertake job search activities if asked. Welfare recipients are required to work in order to receive assistance for more than two years. Recipients are sanctioned if they fail to comply with any work or training requirements. Screening of TCA recipients for substance use is mandatory, with participation in appropriate treatment required of individuals if offered.

- ***Family Investment Program:*** The State's program for serving welfare recipients encompasses the provision of TCA and efforts to divert potential applicants through employment, move recipients to work, and provide retention services to enhance skills and prevent recidivism. The goal of the Family Investment Program is to assist TCA applicants/recipients in becoming self-sufficient. After assessing each family's specific needs and resources, staff focuses on the services required to move clients into work.

- ***Temporary Disability Assistance Program (TDAP):*** The State's program for disabled adults provides a limited monthly cash benefit for individuals with a short-term disability (at least 3 months but less than 12 months) or long-term disability. If the individual has a long-term disability, they are required to pursue a Supplemental Security Income (SSI) application and may receive help doing so. Those clients receive State cash assistance until their SSI applications are approved. The federal government reimburses the State for cash assistance paid during the processing of approved SSI applications.

- ***Food Supplement Program (FSP):*** This program provides benefits to individuals and families solely for the purchase of food items. Nationally, the program is known as the Supplemental Nutrition Assistance Program (SNAP). These benefits are traditionally 100% federally funded. In October 2017, the State began providing a supplemental benefit for seniors receiving FSP benefits of less than $30 per month. The supplemental benefit ensures these households receive a benefit of $30. The Supplemental FSP benefit for seniors is 100% State funded. Administrative costs of FSP are split evenly between the State and federal government.

- ***Burial Assistance Program:*** This program subsidizes funeral expenses of public assistance recipients, youth in foster care, and Medical Assistance recipients. The program is funded by State and local governments.

- ***Emergency Assistance to Families with Children Program:*** This federally funded program provides financial assistance to resolve an emergency situation as defined by the local department.

- ***Public Assistance to Adults:*** This State program provides payments to indigent clients residing in licensed assisted living homes, Project Home clients, and adult foster care clients.

- ***Welfare Avoidance Grants:*** These federally funded grants allow a local department to divert customers from cash assistance when a one-time payment resolves a specific problem and allows the customer to become or remain independent.

The local department of social services (LDSS) are responsible for making eligible determinations and redeterminations for the aforementioned programs and certain populations in the Medical Assistance program, which is administered by the Maryland Department of Health (MDH). Local departments have the flexibility to determine what training and job search activities will be required of applicants. In addition, LDSS are responsible for networking with employers and determining the most appropriate use for job training funds.

DHS has one key goal related to the work of FIA, which is that Maryland residents have access to essential services to support themselves and their families.

Maryland Office for Refugees and Asylees

The Maryland Office for Refugees and Asylees (MORA) oversees a federally funded refugee resettlement program that provides various services to refugees and asylees residing in Maryland. Since fiscal 2016, these services are primarily provided by local resettlement agencies through grants from MORA.

Office of Grants Management

The Office of Grants Management provides funding to government and community-based organizations for hunger programs and other community initiatives.

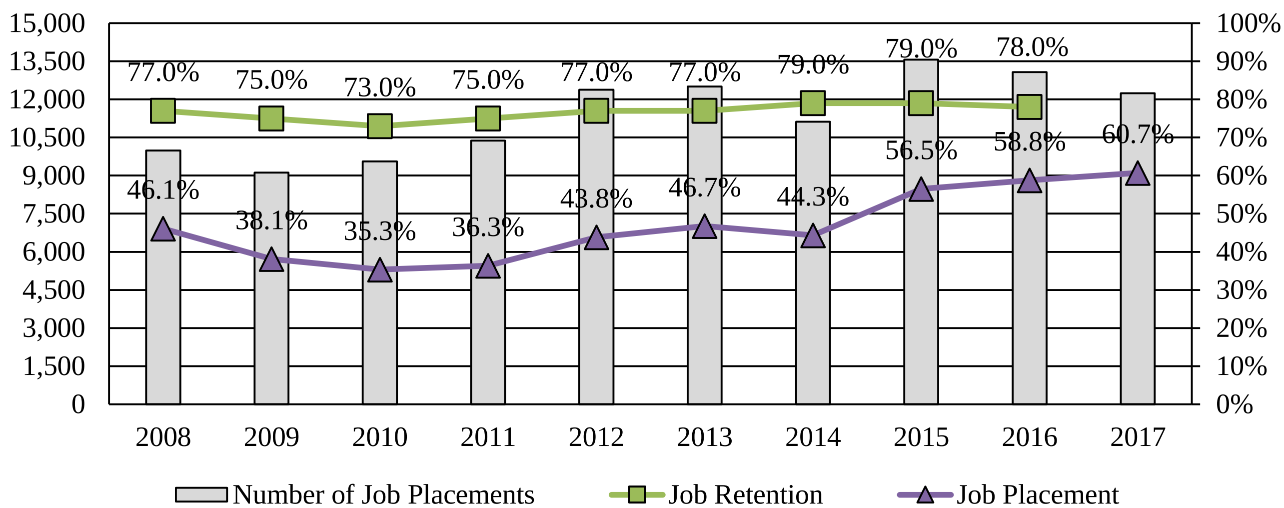
Performance Analysis: Managing for Results

1. Employment and Earnings

Job Placement and Retention

The goal of welfare reform was not only that caseloads would decrease but that customers would get jobs and keep them, eliminating the family's need for cash assistance. As shown in **Exhibit 1**, following the Great Recession, the number of job placements increased in all but one year through federal fiscal 2015. However, the number of job placements has decreased in each of the last two years. The decrease in job placements is not unexpected given the substantial declines in TCA recipients in recent years. Despite the decrease in the number of job placements, the job placement rate has continued to increase through federal fiscal 2017, reaching 60.7%. The job retention rate has been relatively steady since federal fiscal 2012.

Exhibit 1
Job Placement and Job Retention
Federal Fiscal 2008-2017



Note: Since the 2017 session, the Department of Human Services has revised the job placement numbers for federal fiscal 2015 and 2016. Job placement measures the total number of placements as a percent of the average monthly Temporary Cash Assistance cases in each State fiscal year. Some cases are work exempt, such as child only; as a result, the job placement rate could never reach 100%. Job retention measures the percent of individuals who obtained employment in one calendar quarter and remained employed in the following quarter. Job retention rate information for federal fiscal 2017 is not expected to be available until November 2018.

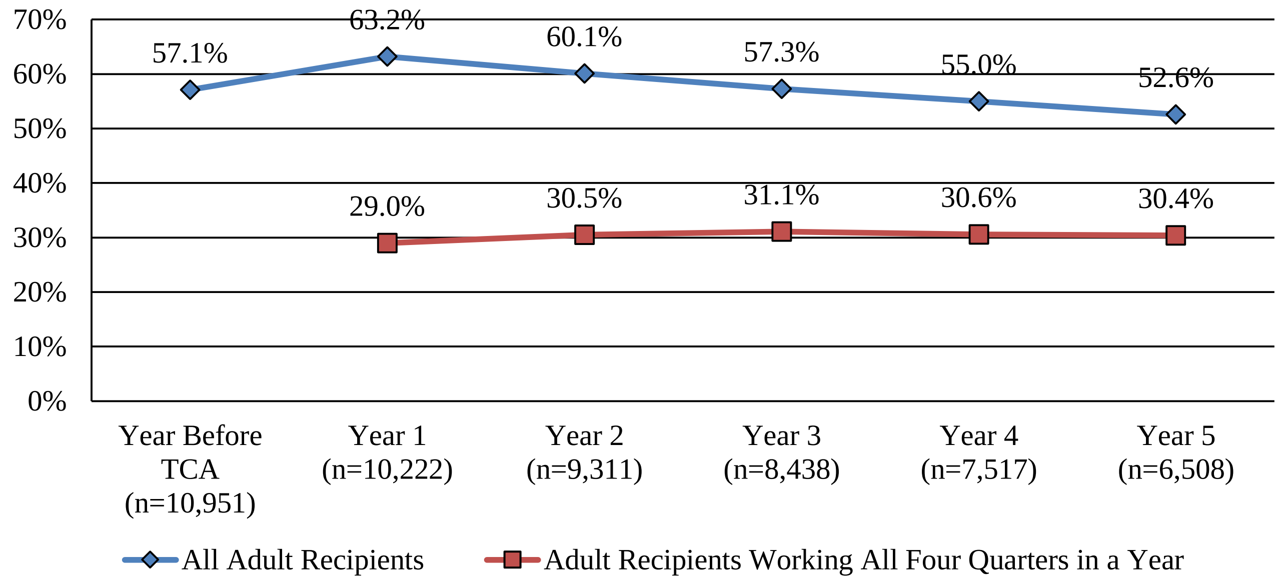
Source: Department of Human Services; Department of Budget and Management; *Governor's Budget Books*; Department of Legislative Services

Post-TCA Employment and Earnings

The 2017 *Life After Welfare* annual update published by the University of Maryland School of Social Work reports on a sample of 12,597 individuals who left TCA between January 2004 and 2017. The report presents data covering leavers from the entire period for the first five years after exit, comparing cohorts of leavers. For the most recent leavers, five years of data post-exit is not available. The data presented in this section will focus on data for all leavers for the first five years after exit to provide an indication of how outcomes of leavers improve or not as time passes after exit.

As shown in **Exhibit 2**, the percent of TCA leavers working at some point during the year declined each year post-exit. In the fourth and fifth year after exit, the percent of TCA leavers employed at some point during the year was lower than in the year before receiving TCA. The report explains that, in part, this decline may be related to data limitations. However, the authors note that it is also partly a factor of unstable employment in low-wage, low-skill jobs. This is reflected in the percent of TCA leavers who worked in all four quarters of each year, which has stayed around 30% in each year after exit.

Exhibit 2
Employment Prior to Receiving and After Leaving TCA



TCA: Temporary Cash Assistance

Note: This exhibit is derived from data collected by the University of Maryland School of Social Work and presented in the *Life After Welfare, Annual Update*, December 2017. It follows a sample of TCA leavers from October 1996 (though the data presented in the report is only for leavers beginning January 2004) through March 2015; the sample excludes leavers that returned to TCA within 30 days. This data includes TCA leavers employed in jobs in Maryland covered by Maryland unemployment insurance. Due to the timing of the report, a full five years post-exit is not available for all leavers.

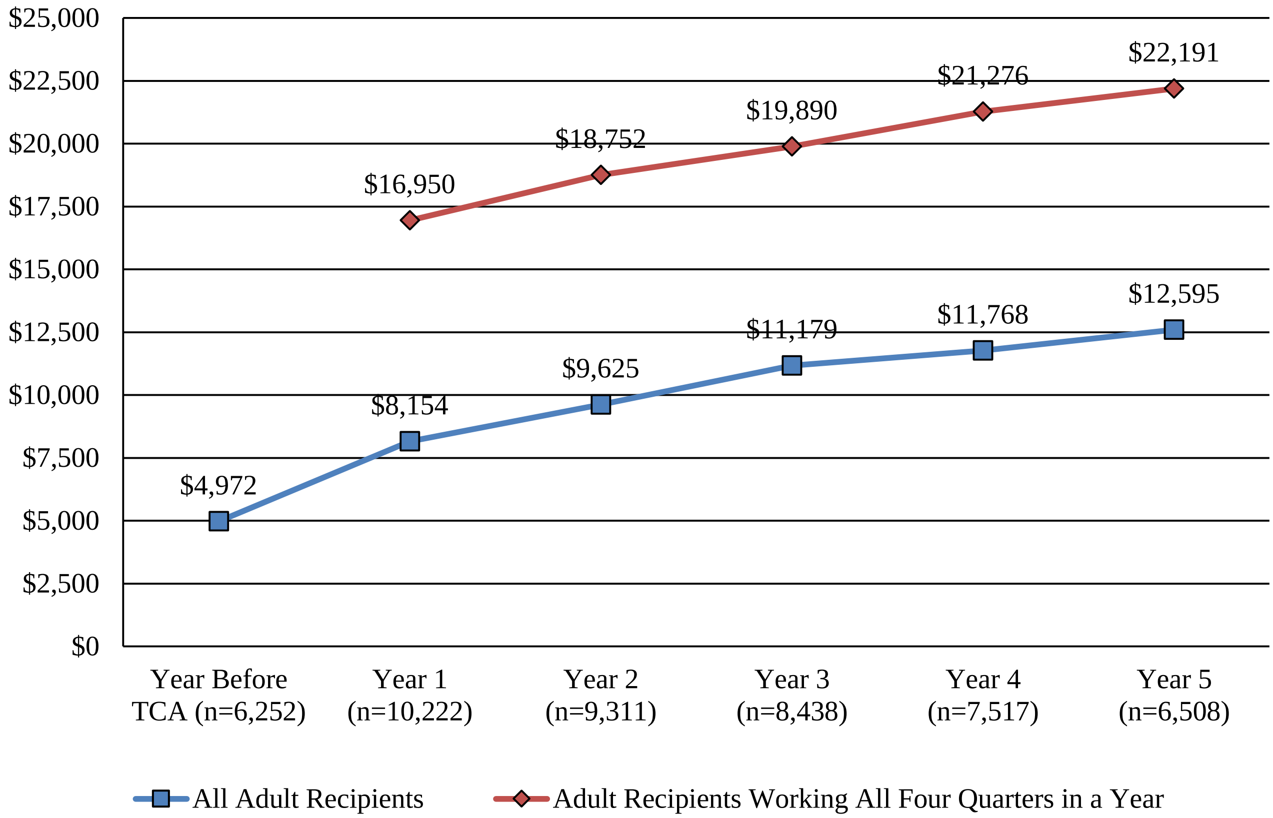
Source: *Life After Welfare, Annual Update*, December 2017, University of Maryland School of Social Work

As shown in **Exhibit 3**, the median annual earnings in the first year after exit were nearly 64.0% higher than the median annual earnings in the year prior to receiving TCA. This would be expected as individuals with significant earnings are unlikely to have qualified for TCA. The median annual earnings increased in each year post-exit, with the largest gains occurring in the first few years after exit. By the fifth year after exit, median annual earnings had increased by more than 50% compared to the first year after exit.

Exhibit 3

Median Annual Earnings Prior to Receiving and After Leaving TCA

Among Employed Adults



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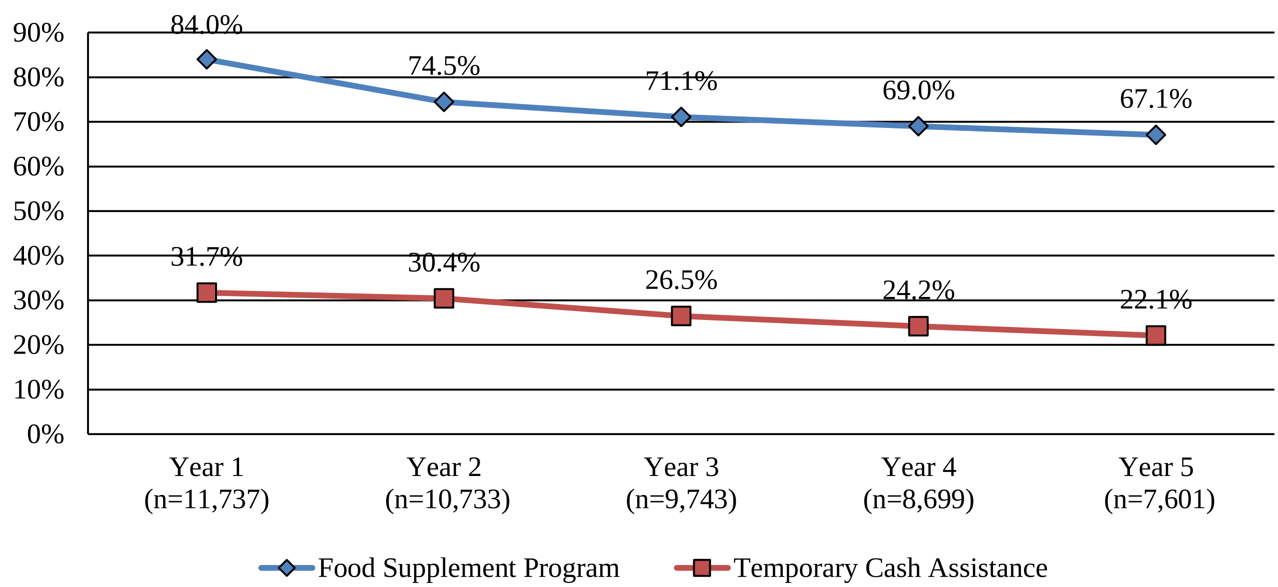
Source: *Life After Welfare, Annual Update*, December 2017, University of Maryland School of Social Work

In each year after exit, median annual earnings for those employed in all four quarters of each year were substantially higher than the median annual earnings for leavers who were employed at any time during the year. In the first year after exit, median annual earnings of those employed for all four quarters were more than twice that of those with any employment. The advantage of full-year employment decreased slightly over time but was still substantial (76.2% higher) in the fifth year after exit.

2. Receipt of Public Assistance After Exiting TCA

As shown in **Exhibit 4**, in the first two years after exit, more than 30% of leavers received TCA. However, after the first two years, the rate of TCA receipt among leavers declines substantially. By five years after exit, only 22.1% of leavers were receiving TCA. The decline of TCA receipt over time indicates that some households are achieving some improvement in financial condition after exit.

Exhibit 4
Receipt of Food Supplement Program and Temporary Cash Assistance Benefits After Exit



Note: This exhibit is derived from data collected by the University of Maryland School of Social Work and presented in the *Life After Welfare, Annual Update*, December 2017. It follows a sample of Temporary Cash Assistance (TCA) leavers from October 1996 (though the data presented in the report is only for leavers beginning January 2004) through March 2015; the sample excludes leavers that returned to TCA within 30 days. Due to the timing of the report, a full five years post-exit is not available for all leavers.

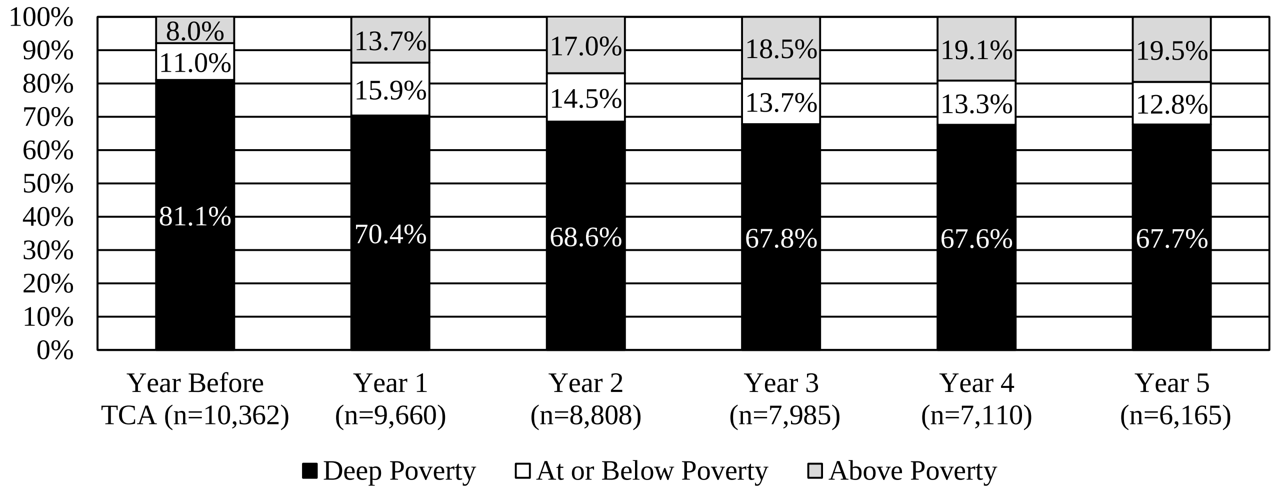
Source: *Life After Welfare, Annual Update*, December 2017, University of Maryland School of Social Work

Most TCA leavers, 84%, receive FSP in the first year after exit. This high level of receipt is unsurprising given that Maryland provides several months of transitional FSP benefits after exiting TCA. Between the first and second year post-exit, leavers receiving FSP decreases by nearly 10 percentage points. Even with this initial decrease following the end of transitional FSP benefits, the rate of FSP receipt remains high (67.1%) five years after exit. While considerably lower than the first year after exit, this level of FSP receipt indicates that those exiting TCA continue to have low earnings even five years after exit.

3. Poverty Status After Exiting TCA

The 2017 *Life After Welfare* annual update introduced a measure showing how those exiting TCA fared compared to the federal poverty thresholds. As shown in **Exhibit 5**, in the year prior to receiving TCA, 81.1% of households were in deep poverty (defined as those earning 50% or less of the federal poverty threshold), while 8% earned more than the federal poverty threshold. In the first year after exit, 70.4% of households continue to be in deep poverty, and 13.7% of households have earnings above the poverty thresholds. These changes show modest improvement in the financial condition of households exiting TCA compared to household circumstances prior to receiving TCA.

Exhibit 5
Poverty Status Prior to and After Exiting TCA



TCA: Temporary Cash Assistance

Note: This exhibit is derived from data collected by the University of Maryland School of Social Work and presented in the *Life After Welfare, Annual Update*, December 2017. It follows a sample of TCA leavers from October 1996 (though the data presented in the report is only for leavers beginning January 2004) through March 2015, the sample excludes leavers that returned to TCA within 30 days. Due to the timing of the report, a full five years post-exit is not available for all leavers.

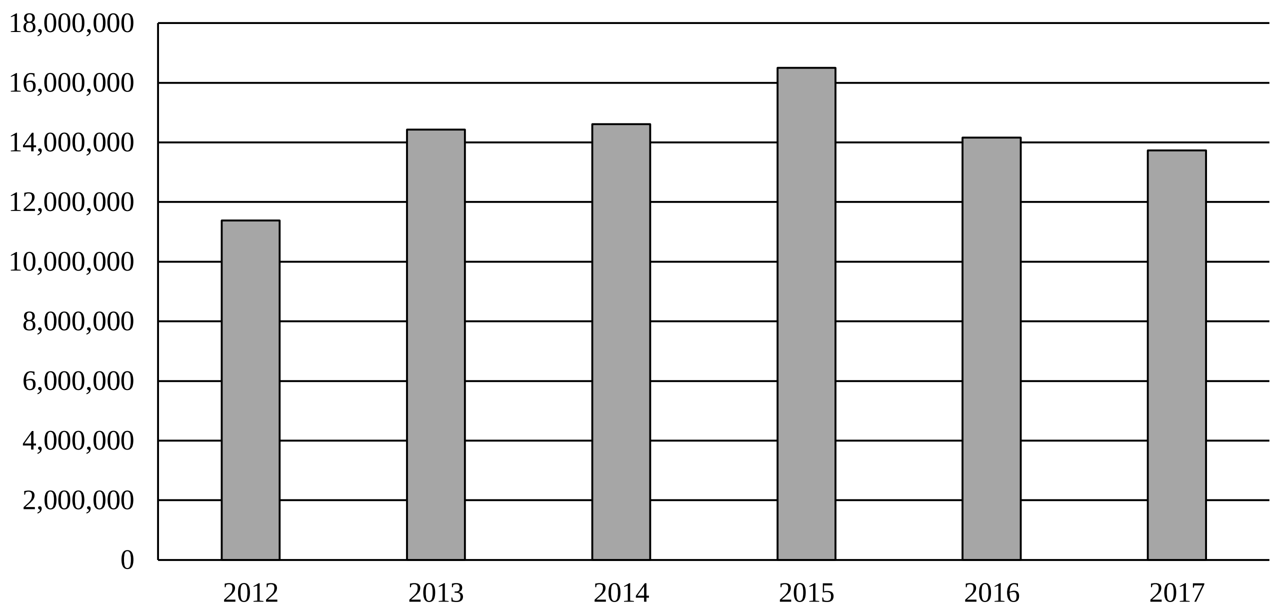
Source: *Life After Welfare, Annual Update*, December 2017, University of Maryland School of Social Work

The percent of TCA leavers in deep poverty decreases only slightly over time. Five years after exit, 67.7% of TCA leavers remain in deep poverty. While leavers are earning enough to largely remain off of TCA, the persistence of deep poverty indicates that their financial situation is very precarious. Despite the persistence of deep poverty, households with earnings above the poverty level increased over time. By the fifth year after exit, 19.5% of TCA leavers had earnings at this level, an increase of 5.8 percentage points compared to the first year after exit. Most of this increase occurred between the first and second year after exit.

4. Office of Grants Management

As shown in **Exhibit 6**, the number of meals distributed to hungry Marylanders decreased by 3.1% in fiscal 2017, a decrease of 433,000, and was less than 14 million for the first time since fiscal 2012. The decrease occurred primarily due to lower availability of federal food commodities available in The Emergency Food Assistance Program (TEFAP). Compared to the prior year, the value of the federal food commodities in TEFAP decreased by $2.0 million.

Exhibit 6
Meals Distributed to Hungry Marylanders
Fiscal 2012-2017



Source: Department of Human Services; Department of Budget and Management

Fiscal 2018 Actions

Cost Containment

There were two actions impacting FIA approved at the September 6, 2017 Board of Public Works meeting. One action reduced $3.7 million in general funds from the Assistance Payments Program due to declining caseloads in TCA programs.

The second action reduced $1.9 million in general funds departmentwide due to higher than anticipated vacancies. DHS advises that special and federal fund reductions are also expected to occur as a result of these actions. These reductions are expected to occur through closeout actions of the department at the end of the fiscal year. FIA's share of this reduction is $2.2 million in total funds ($1.0 million in general funds, $20,315 in special funds, and $1.1 million in federal funds).

Across-the-board Employee and Retiree Health Insurance Reduction

The budget bill includes an across-the-board reduction for employee and retiree health insurance in fiscal 2018 to reflect a surplus balance in the fund. This agency's share of this reduction is $812,715 in general funds, $58,190 in special funds, and $1,746,342 in federal funds.

Proposed Budget

As shown in **Exhibit 7**, the fiscal 2019 allowance for FIA decreases by $97.9 million, or 6.5%, compared to the fiscal 2018 working appropriation after accounting for the across-the-board reduction in health insurance in fiscal 2018 and the distribution of the general salary increase in fiscal 2019. The decrease occurs among all three fund sources but is largely driven by federal fund spending, particularly for FSP benefits. Excluding the change in FSP benefits, federal funds increase in fiscal 2019 in FIA by $7.6 million. An increase of $21.6 million in State administrative matching funds for SNAP is largely due to underbudgeting of these funds in fiscal 2018. A general fund reduction of $9.3 million was made in fiscal 2018 to account for the availability of the additional federal funds, but the additional federal funds are not yet reflected in the fiscal 2018 working appropriation. This increase is partially offset by a reduction in federal funds from Temporary Assistance for Needy Families (TANF) due to the need for these funds in other areas of the DHS budget.

Exhibit 7
Proposed Budget
DHS – Family Investment Administration
($ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Total
Fiscal 2017 Actual	$151,073	$18,682	$1,267,129	$1,436,884
Fiscal 2018 Working Appropriation	125,761	15,219	1,367,374	1,508,354
Fiscal 2019 Allowance	123,057	12,973	1,274,432	1,410,462
Fiscal 2018-2019 Amount Change	-$2,704	-$2,246	-$92,942	-$97,892
Fiscal 2018-2019 Percent Change	-2.2%	-14.8%	-6.8%	-6.5%

Where It Goes:

Personnel Expenses	
Fiscal 2018 fund split adjustment for which replacement federal funds have not yet been appropriated	$9,300
Employee and retiree health insurance, primarily the impact of the health insurance deduction holidays in fiscal 2018	3,212
Turnover expectancy decreases to 7.07%	1,431
General salary increase, 2% effective January 1, 2019	1,044
Employee retirement	-288
Social Security contributions	-351
Regular earnings primarily due to budgeting vacant positions at lower salary levels	-1,254
Abolition of 41 vacant positions and transfer of 1 position to the Maryland Legal Services Program in the Department of Human Services (DHS) Administration	-2,478
Other fringe benefit adjustments	71
Assistance Payments Program	
Temporary Disability Assistance Program (TDAP) $10 per month per recipient benefit increase effective July 1, 2018	1,530
Temporary Cash Assistance (TCA) anticipated 1.9% inflationary increase in the Maryland Living Level effective October 1, 2018	1,493
Food Supplement Program (FSP) supplemental benefit for seniors to better align with experience	1,363
Emergency assistance including burial assistance to align with recent experience	268
Public Assistance to Adults to align with recent experience	211
Emergency Assistance to Families with Children to align with recent experience	-674
TDAP funds restricted in fiscal 2018 for a benefit increase	-2,000

Where It Goes:	
TCA due to caseload decrease	-3,779
TDAP due to caseload decrease	-8,144
Federal FSP benefits to align with recent experience	-100,521
Other public assistance benefits to align with recent experience	324
Work Opportunities Program	
Work Opportunities programs contracts and grants for job readiness, placement, retention, subsidized employment, and other services to align with recent experience	1,001
Administrative support contracts to align with recent experience	-203
Other Expenses	
Food Supplement Employment and Training funding for third-party vendor programs due to a higher number of vendors	839
Rent	190
Contractual services in Baltimore City primarily due to increased cost of security guard services	175
Montgomery County block grant primarily due to lease and other miscellaneous expenses	84
Lower than anticipated contract cost for the asset verification system	-249
Medical examinations primarily for disability determination services due to reduced need following health care reform	-340
Other changes	-149
Total	**-$97,892**

Note: Numbers may not sum to total due to rounding.

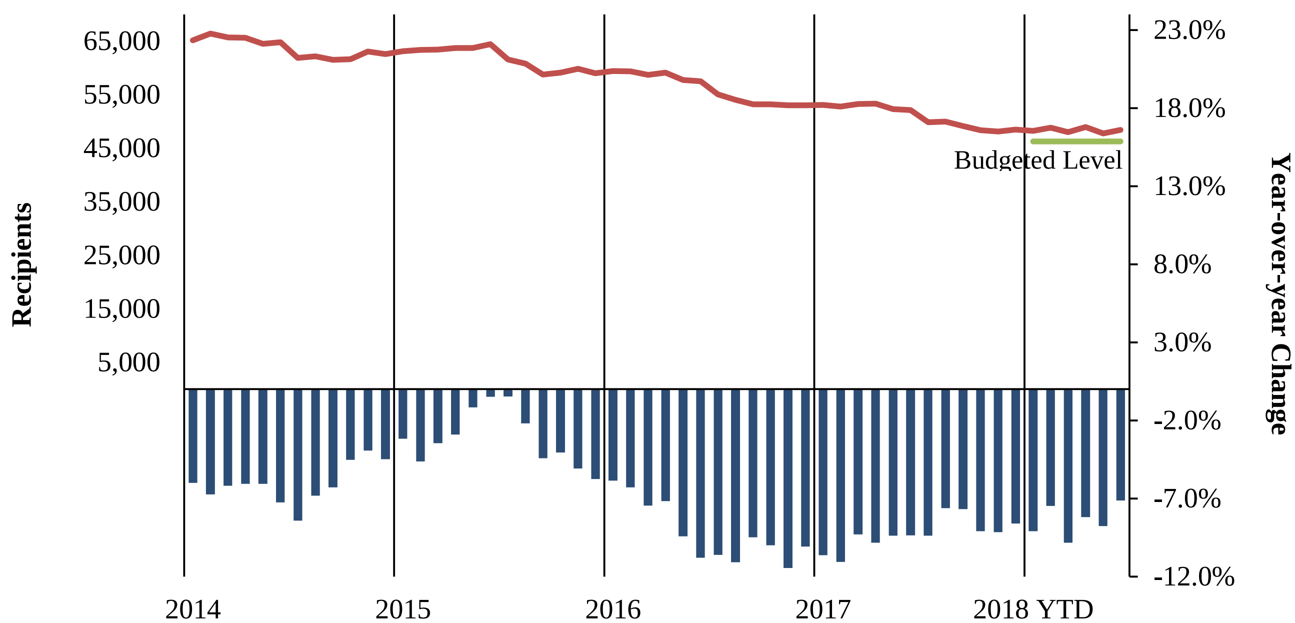
Benefits and Services to Clients

The fiscal 2019 allowance for the Assistance Payments Program decreases by $110.4 million, 8.7%, compared to the fiscal 2018 working appropriation. The majority of this decrease occurs among federal funds for FSP benefits, a decrease of $100.5 million, to align with fiscal 2017 experience. Despite the significant reduction in the fiscal 2019 allowance for FSP benefits, the fiscal 2019 allowance of $1.0 billion likely substantially overstates the amount of funds needed for the program. The fiscal 2019 budget of $1.0 billion assumes an average monthly caseload of 364,980. The caseload has continued to decline and, in fiscal 2018 year to date, the average monthly caseload of FSP is 350,460. Any excess funds resulting from this overstatement will be canceled during the fiscal 2019 closeout process. Outside of the decrease in FSP benefits, the remainder of the public benefit programs decrease by a net $9.9 million.

TCA Caseload and Expenditure Trends

After peaking in December 2011 (75,442), the number of TCA recipients has generally declined. While some months have seen an increase compared to the prior month (most notably in the first half of fiscal 2015), the monthly caseload has declined on a year-over-year basis for some years. As shown in **Exhibit 8**, the number of recipients was below 50,000 in every month of calendar 2017. Prior to calendar 2017, there had only been seven total months in program history (January through July 2007) when there were fewer than 50,000 recipients. In addition, in November 2017, the number of TCA recipients was 47,731, the lowest number in program history. The prior low (47,949) occurred in March 2007. Despite these record lows, the number of recipients has generally declined at a slower rate in fiscal 2018 year to date than the same period in fiscal 2017. The Department of Legislative Services (DLS) projects the average monthly number of recipients to decrease by 5.9% compared to fiscal 2017 to 47,880, reflecting the slower rate of decline year to date. DLS projects the decline in TCA to slow even further in fiscal 2019, 4.4%. This rate of decrease is substantially lower than was assumed in budget development (7.2%). The estimated average monthly number of recipients in both years would be the lowest in program history by a substantial margin.

Exhibit 8
Temporary Cash Assistance Recipients
Fiscal 2014-2018 YTD



YTD: year to date

Note: Fiscal 2018 data is through December 2017

Source: Department of Human Services; Department of Budget and Management; Department of Legislative Services

The fiscal 2018 budget assumed an average grant of $194.54, which was an increase of approximately 1.0% compared to the amount expected for fiscal 2017. This level of increase reflected recent inflationary increases. However, the inflationary increase in the Maryland Minimum Living Level (MMLL) was larger than expected, 1.9%. In addition, the federal FSP benefits decreased effective October 1, 2017. While the decrease was only a few dollars, this necessitated an increase in the TCA grants to maintain benefits at the required 61% of the MMLL. In total, TCA benefits increased by approximately 4.5% effective October 1 due to the combination of these factors. As shown in **Exhibit 9**, in fiscal 2018, DLS projects a shortfall of $6.4 million due to a combination of a slower estimated caseload decline and to account for the higher than projected average benefit. The fiscal 2019 estimated shortfall is largely the result of the slower estimated caseload decline.

Exhibit 9
Temporary Cash Assistance Enrollment and Funding
Fiscal 2017-2019 Est.

	2017 Actual	2018 Working	2018 DLS Estimate	2019 Allowance	2019 DLS Estimate	2018-2019 % Change
Average Monthly Enrollment	50,901	46,546	47,880	43,196	45,782	-4.4%
Average Monthly Grant	$193.79	$194.54	$200.33	$203.09	$205.62	2.6%
Budgeted Funds ($ in Millions)						
General Funds	$21.5	$16.5	$22.9	$7.1	$13.7	-40.4%
Total Funds	**$118.3**	**$108.7**	**$115.1**	**$106.4**	**$113.0**	-1.9%
Estimated Shortfall			**-$6.4**		**-$6.6**	

DLS: Department of Legislative Services

Source: Department of Human Services; Department of Budget and Management; *Governor's Budget Books*; Department of Legislative Services

FSP Supplemental Benefit

Chapter 696 of 2016 created a supplemental FSP benefit for households, including for an individual who is at least 62 years old and who receives less than $30 per month in federal FSP benefits. The supplemental benefit provides the amount that is required to increase the total benefit to $30. The benefit was implemented October 1, 2016. For the first year of the program (federal fiscal 2017), the federal minimum benefit was $16, resulting in a maximum supplemental benefit of $14. However, effective October 1, 2017, the federal minimum benefit was lowered to $15, increasing the maximum supplemental benefit to $15. Since the program was implemented, the average monthly benefit has been near the maximum possible benefit. For example, in fiscal 2017, the average monthly benefit was $13.26. In the months since the maximum benefit increased, the average monthly benefit has increased to $14.17. However, the fiscal 2018 budget assumed an average monthly benefit of $8.95.

Through the first 15 months of the program, the FSP supplemental benefit caseload has generally increased. The caseload was 8.2% higher in December 2017 than the first month of implementation (an increase of 1,435 cases) and 4.7% higher than July 2017. DLS expects the caseload to continue to grow at the same rate through the remainder of fiscal 2018. The fiscal 2018 budget could support an average monthly caseload of 17,695 cases, which was very near the average number of cases in the first three months of implementation of the program (the data available at the time of budget development). However, in fiscal 2018 year to date, the average monthly caseload has been 18,414. As shown in **Exhibit 10**, DLS estimates a shortfall of $1.3 million in fiscal 2018 due to the combination of the higher estimated caseload and grant amount. The fiscal 2019 budget was based on a caseload and average benefit amount that more closely resembles recent experience. However, DLS anticipates that the average monthly number of cases will continue to increase, though at a slower rate, through fiscal 2019, which results in a slight shortfall.

Exhibit 10

Food Supplement Program Supplemental Benefit Enrollment and Funding

Fiscal 2017-2019 Est.

	2017 Actual	2018 Working	2018 DLS Estimate	2019 Allowance	2019 DLS Estimate	2018-2019 % Change
Average Monthly Enrollment	17,837	17,695	18,908	18,366	20,082	6.2%
Average Monthly Grant	$13.26	$8.95	$14.07	$14.01	$14.17	0.8%
Budgeted Funds ($ in Millions)						
General Funds	$2.1	$1.9	$3.2	$3.3	$3.4	7.0%
Estimated Shortfall			**-$1.3**		**-$0.2**	

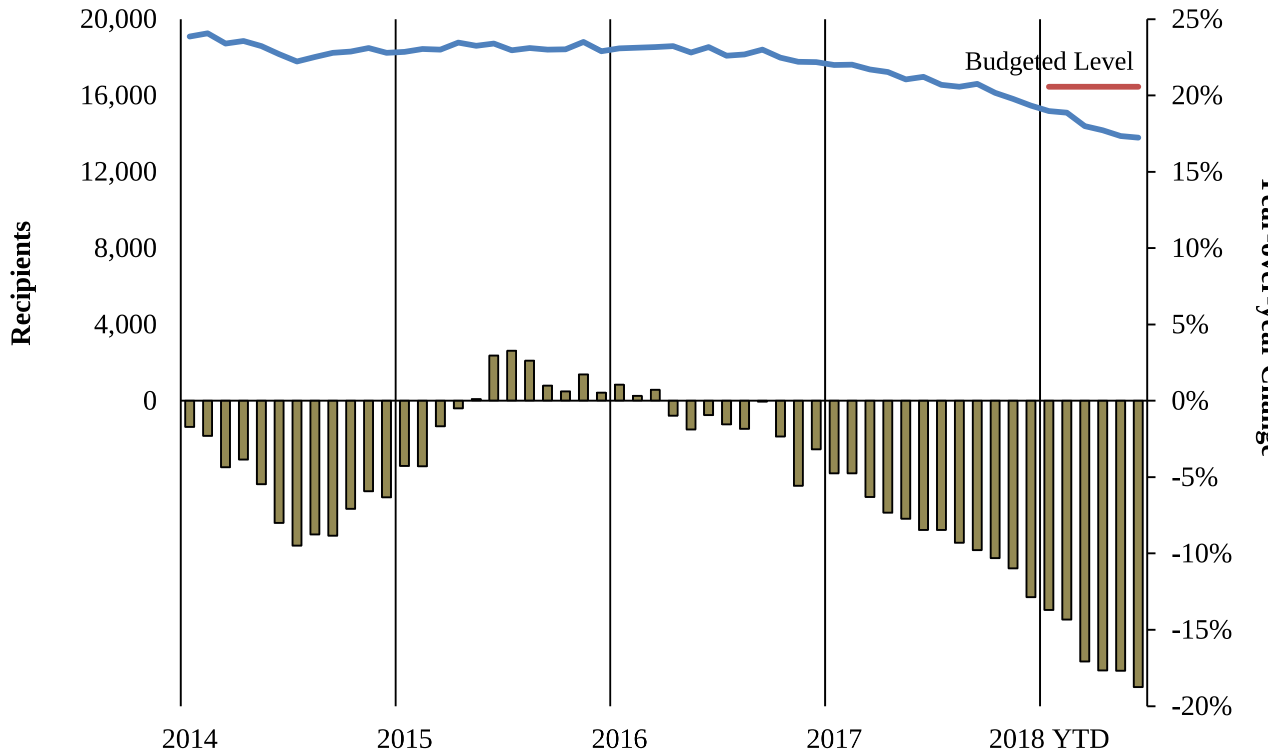
DLS: Department of Legislative Services

Source: Department of Human Services; Department of Budget and Management; *Governor's Budget Books*; Department of Legislative Services

TDAP Caseload and Expenditures

The number of monthly TDAP recipients peaked in March 2011 (20,841) and then generally declined through calendar 2013. As shown in **Exhibit 11**, after a period of relative stability, the number of recipients began to decline on a year-over-year basis again in October 2015. The pace of the decline accelerated beginning in September 2016. The number of TDAP recipients in December 2017, 13,785, is 18.8% lower than December 2016 and 9.2% lower than July 2017.

Exhibit 11
Temporary Disability Assistance Program Recipients
Fiscal 2014-2018 YTD



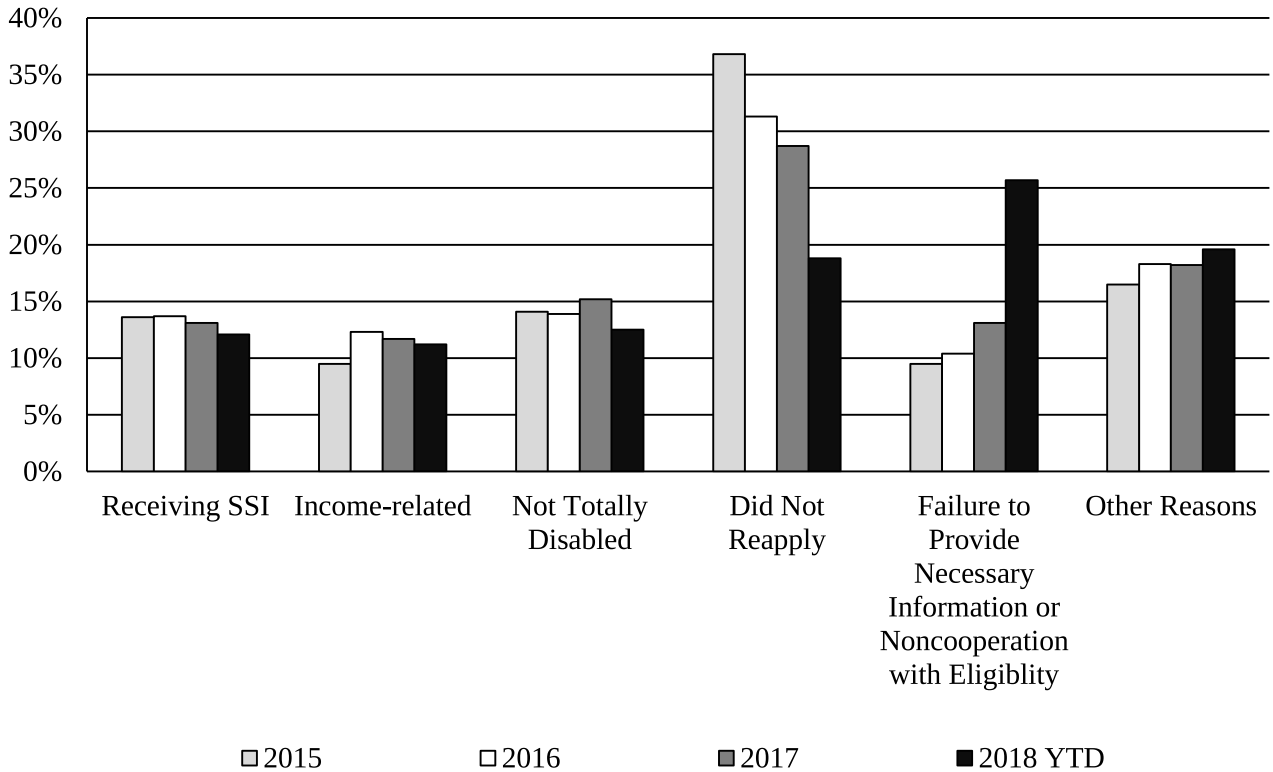
YTD: year to date

Note: Fiscal 2018 data is through December 2017.

Source: Department of Human Services; Department of Legislative Services

The exact cause of the acceleration in the caseload decline is not clear, which makes it somewhat unpredictable. As shown in **Exhibit 12**, since fiscal 2015, the share of long-term disability TDAP cases closed due to receipt of SSI has generally declined. Similarly, the share closing due to income-related reasons has also declined. After a spike in fiscal 2017 in cases closing because the individual was deemed not totally disabled, the share of case closures due to this reason is at its lowest level in fiscal 2018. The only area of increase occurs among closures due to failure to provide information necessary to determine eligibility and those that did not cooperate with the eligibility process. In fiscal 2015, only 9.5% of case closures occurred due to these reasons, while in fiscal 2018, 25.7% of case closures were due to these reasons. **DHS should comment on the reason for the increase in case closures due to failure to cooperate and how the department works with recipients during the application process to ensure that the required information is provided.**

Exhibit 12
Reason for Case Closure
Temporary Disability Assistance Program Long-term Disability Recipients
Fiscal 2015-2018 YTD



SSI: Supplemental Security Income
YTD: year to date

Note: Fiscal 2018 data is through December 2017.

Source: Department of Human Services

Language in the fiscal 2018 budget bill restricted $2 million of funding for TDAP to be used to increase the TDAP benefit by $10 per month per recipient. While no official statement has been made on the restricted funds, the average monthly benefit paid has not yet reflected such an increase. However, the fiscal 2019 budget does include funding to support a $10 per month per recipient benefit increase for the whole year. DLS assumes that at a minimum, $1.4 million of the fiscal 2018 restricted funds will be reverted due to caseload changes and because the benefit has not been provided through February 2018. Additional funds could be reverted depending on the timing of the benefit increase. **DLS recommends reducing the fiscal 2018 TDAP appropriation from the funds that are restricted for the benefit increase by $1.4 million.**

In fiscal 2018 year to date, the average monthly number of TDAP recipients, 14,419, is 12.4% lower than the number of recipients the budget could support. DLS projects that the caseload will continue to decline at the rate that has occurred over the last year, a decrease of 18.0% compared to fiscal 2017. As shown in **Exhibit 13**, DLS anticipates a substantial surplus in TDAP in fiscal 2018 due to the much lower than budgeted caseload. In fiscal 2019, DLS projects a slower rate of caseload decline than in fiscal 2018, 13.5%. This would result in an average monthly number of recipients of 11,847 and a small surplus due to a lower than budgeted caseload.

Exhibit 13
Temporary Disability Assistance Program Enrollment and Funding
Fiscal 2017-2019 Est.

	2017 Actual	2018 Working	2018 DLS Estimate	2019 Allowance	2019 DLS Estimate	2018-2019 % Change
Average Monthly Enrollment	16,719	16,458	13,703	12,754	11,847	-13.5%
Average Monthly Grant	$182.77	$182.81	$182.60	$192.64	$192.60	5.5%
Budgeted Funds ($ in Millions)						
General Funds	$31.1	$30.1	$24.0	$25.2	$23.1	-3.7%
Total Funds	**$36.7**	**$36.1**	**$30.0**	**$29.5**	**$27.4**	**-8.8%**
Estimated General Fund Surplus			**$6.1**		**$2.1**	

DLS: Department of Legislative Services

Note: The budgeted funds in fiscal 2018 exclude the $2 million that is restricted since this is only available for the limited purpose of a benefit increase.

Source: Department of Human Services; Department of Legislative Services

DHS Shortfalls

As shown in **Exhibit 14**, in total, DLS projects significant shortfalls in fiscal 2018 and 2019 in the caseload driven programs of DHS. Even after accounting for anticipated surpluses in TDAP, the estimated shortfalls are more than $7 million in each year. In fiscal 2019, DHS has a small surplus of general funds available in TEFAP in the Office of Grants Management, which is available to assist in reducing the fiscal 2019 shortfall. The fiscal 2019 allowance provides funding for administrative costs as is typical. These costs are typically funded entirely with federal funds. However, the fiscal 2019 allowance provides half of the funding ($374,923) with general funds. The needed federal funds will be added by budget amendment during the fiscal year, and the general funds are available to assist with addressing the department's fiscal 2019 shortfall.

Exhibit 14
Projected General Fund Shortfalls/Surpluses
Fiscal 2018 and 2019

	2018	2019
Foster Care Maintenance Payments	-$6,050,595	-$2,842,222
Temporary Cash Assistance	-6,439,597	-6,590,011
Food Supplement Program Supplement Benefit	-1,291,339	-152,272
Temporary Disability Assistance Program	6,077,665	2,109,186
Shortfall	**-$7,703,866**	**-$7,475,319**
Surplus Funding Budgeted for the Emergency Food Assistance Program Unneeded for That Purpose		$374,923
Available Temporary Assistance for Needy Families (Not Appropriated)	$6,456,577	1,072,714
Net Shortfall	**-$1,247,289**	**-$6,027,682**

Note: Assumes Temporary Assistance for Needy Families contingency funds available at the level received in fiscal 2017.

Source: Department of Legislative Services

Section 5 of the Budget Reconciliation and Financing Act (BRFA) of 2018 proposes to remove the cap on TANF spending that was included in the fiscal 2018 budget bill. In the DHS Overview, DLS concurred that it is reasonable to alter the cap given the change in the outlook for TANF since the cap was imposed but cautioned that maintaining a cap is also reasonable to ensure that the department does not fall back into a deficit in the program. **To help address the shortfalls in fiscal 2018, DLS recommends altering Section 5 of the BRFA to increase, rather than remove, the cap to a level that accounts for the available revenue. DLS also recommends budget bill language establishing a cap on TANF spending in fiscal 2019.** DLS projects shortfalls will remain in both years even if DHS increases TANF spending. **DHS should comment on how it plans to address any remaining fiscal 2018 and 2019 shortfalls.**

Issues

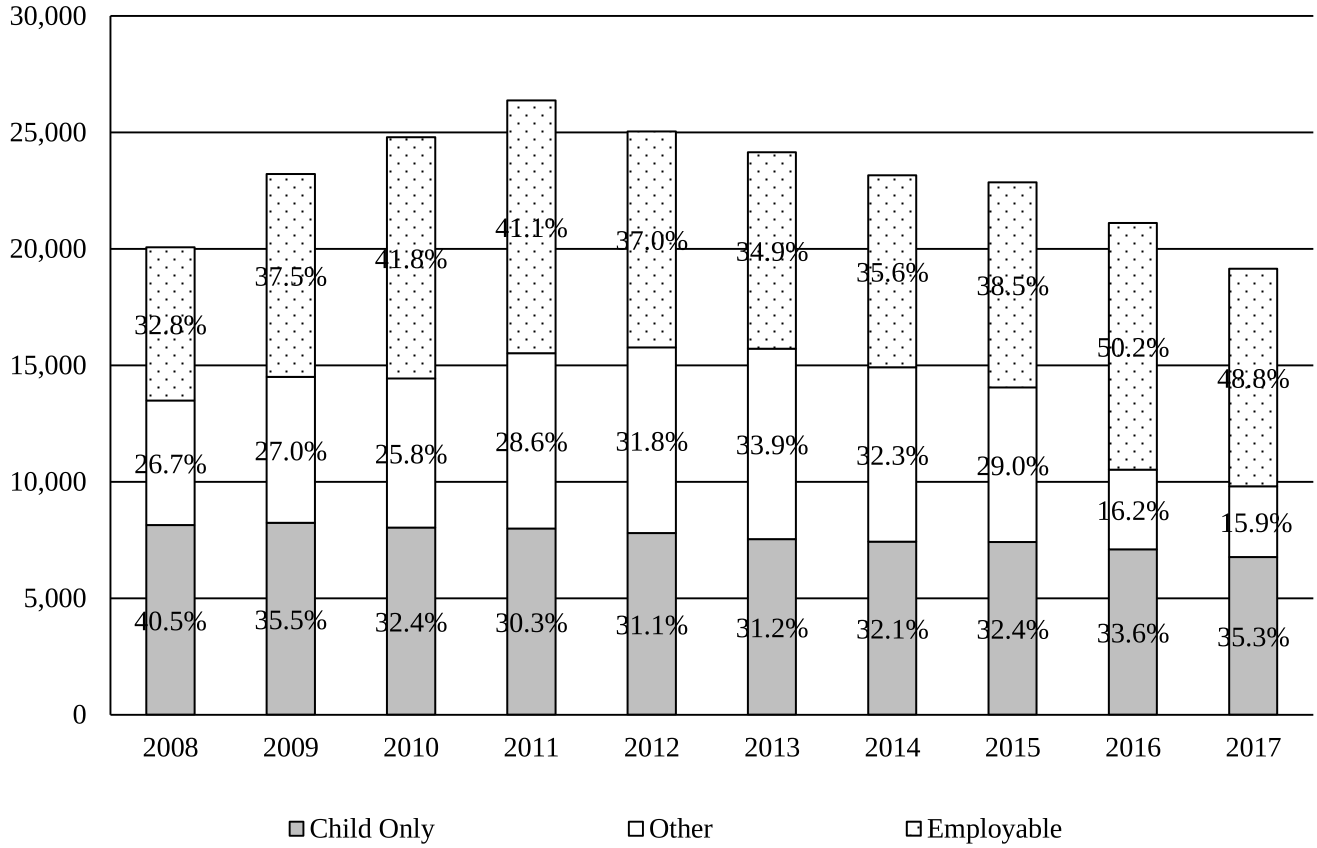
1. TCA Caseload Characteristics

Characteristics of the TCA Core Caseload

The TCA caseload can be divided into two main groups: (1) the core caseload; and (2) cases headed by an employable adult. Core cases include child-only cases, women with children under age one, cases headed by individuals with disabilities, caretaker relatives, and other cases exempt from work requirements. Beginning October 1, 2015 (federal fiscal 2016), DHS ended its use of State funds for cases with an individual with a long-term disability. By using State funds, these individuals were exempt from work requirements. Under the new policy, in which these cases are part of the regular TANF program, these cases are subject to work requirements. With the exception of women with children under age one, DHS does not expect core cases to transition off cash assistance by seeking employment. Child-only cases, for example, typically leave the TCA rolls after reaching adulthood.

Exhibit 15 presents information on TCA cases (which may consist of multiple recipients) in July 2017 compared to prior years. These cases are categorized into employable, child only, and other. Other cases represent all other core cases except child only cases. In general, as employable adults successfully enter the labor market, core cases typically represent a larger share of the TCA caseload. Outside of the Great Recession and its immediate aftermath, this expected outcome has generally held true in Maryland’s caseload. For example, in July 2007, prior to the full impact of the Great Recession, 32.4% of cases were employable while in July 2010, 41.8% of cases were employable. However, following the removal of the work-exempt status for cases headed by an individual with a disability, Maryland experienced a substantial increase in the number of cases that were employable. In July 2016, the share of cases that were employable reached 50.2%, which was the highest level since July 2004. In July 2017, the number of employable cases decreased compared to the prior year consistent with the overall decline in TCA cases. While the share of cases that were employable also decreased, at 48.8%, the share of cases that are employable remains elevated.

Exhibit 15
Temporary Cash Assistance Caseload Characteristics
July 2008-2017



Source: Department of Human Services

The number of child-only cases has declined in each year since July 2009. In July 2017, there were 326 fewer child-only cases than in July 2016. However, the share of cases that were child only increased by 1.7 percentage points to 35.3%. The share of cases that were child only in July 2017 was the highest level since July 2009. The other category also experienced a decrease in cases in July 2017 compared to the prior year. Over half of the decline in the other category was among cases with a child under age one. In total, in July 2017, 9,808 cases were work exempt, the lowest number in any year.

Five-year Lifetime Limit on a Recipient of Cash Assistance

Federal law prohibits cases headed by an adult from receiving TANF-funded cash benefits for more than five cumulative years (60 months). However, federal law also provides for exemptions to the time limit for "hardship." Under this provision, 20% of the caseload receiving TANF-funded cash assistance from the previous fiscal year may continue to receive these benefits beyond five years. The annual average number of cases receiving TCA subject to the 60-month benefit limit was 19,255. Of this number, the annual average number of cases headed by adults that received assistance for more than 60 months that were subject to the time limit was 2,030, 10.5% of those subject to the limit. Since this number is below the 20% exemption limit for federal fiscal 2017, 3,851, no cases were removed from TCA due to the time limit.

2. Food Supplement Employment and Training Program Performance Measures

The federal SNAP Employment and Training Program was established in the Food Security Act of 1985. In Maryland, the program is known as the Food Supplement Employment and Training Program (FSET). There are two types of work requirements in SNAP. The first are general work requirements, which primarily require individuals to register to work or participate in a program if assigned. States may require individuals to participate in the general work requirements (mandatory states) or make them voluntary. Maryland changed from a mandatory to a voluntary state in fiscal 2016. Even in mandatory states, certain individuals are exempt, including individuals already working 30 hours per week or in another work program, older than age 59 or younger than 16, receiving unemployment, enrolled at least half time in school, participating in a substance use treatment program, or caring for an incapacitated adult or a child under age 6. The second type of work requirement makes SNAP benefits a time-limited benefit (3 months in a 36-month period) for able-bodied adults without dependents (ABAWD) who are not working or participating in, or complying with, a work program for 20 hours or more per week. The ABAWD requirements carry exemptions in addition to those that qualify under the general work requirements, including individuals older than 50 or younger than age 18, medically certified as unfit for employment, or pregnant. States are also able to exempt a certain percent of the caseload from the requirements and continue to provide benefits to the individual receiving an exemption. Waivers are available from the ABAWD time limits for areas with high unemployment (10% or higher) or for areas with insufficient jobs based on various criteria.

Maryland had a statewide waiver for the ABAWD time limit between April 2009 and December 31, 2015. Local waivers remain for 12 counties and Baltimore City. DHS re-implemented the ABAWD time limits for the jurisdictions that did not qualify for a waiver on a rolling basis:

- January 1, 2016, in 6 counties (Anne Arundel, Baltimore, Carroll, Howard, Montgomery, and Prince George's counties);

- April 1, 2016, in 2 counties (Frederick and Washington counties); and

- September 1, 2016, in 3 counties (Calvert, Charles, and St. Mary's counties).

Committee narrative in the 2017 *Joint Chairmen's Report* (JCR) requested that DHS provide information on the types of programs offered through FSET, performance data for federal fiscal 2017, individuals determined ineligible for benefits due to the ABAWD time limit, and the number of individuals that regained eligibility after complying with, or showing an exemption, from the ABAWD time limit.

Best Practices

In November 2016, the U.S. Department of Agriculture (USDA) released a report (*Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Best Practices Study: Final Report*) that reviewed best practices related to employment and training programs, including some which are specifically for SNAP E&T programs.[1] The review found that stand-alone basic skills programs and job search assistance programs are not adequate to assist participants in increasing employment or earnings in the long term and noted that intensive services combining components (job search plus education/training) are more promising. The review also found that programs resulting in academic credentials or community college certificates are generally associated with better outcomes, particularly if the program is in a high-growth, high-wage field. The study recommended states offer programs that:

- include individualized assessments;
- comprehensively address training needs;
- assist participants in earning credentials; and
- develop skills that are linked to in-demand fields.

As a result, the review suggested that states that focus SNAP E&T services on postsecondary education designed to meet the demands of the labor market. Such services are better suited to improving employment and earnings outcomes in the long term than those programs that focus on job search only.

Current Maryland FSET Programs

The fiscal 2019 allowance includes $1.04 million of federal funds for third-party vendors and an additional $1.17 million for other FSET activities. In total, DHS has 13 third-party partners in FSET. Eight of the partners offer at least one credential or area of vocational training. Most of these programs also offer other services including case management, support services, and job placement and retention. These types of programs seem to follow the findings of the best practice study that indicates vocational training and credentials with various job readiness programs have shown promise in employment and earnings outcomes. Areas of credentialing or vocational training offered by DHS' third-party partners programs include:

[1] Kogan, Deborah, Anne Paprocki, and Hannah Diaz. *Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Best Practices Study: Final Report*. Prepared by Social Policy Research Associates for the U.S. Department of Agriculture, Food and Nutrition Service, November 2016. This study may be accessed at https://fns-prod.azureedge.net/sites/default/files/ops/SNAPEandTBestPractices.pdf.

- training in medical fields, such as basic first aid and cardiopulmonary resuscitation, nursing assistant, medical technician, paramedic, and medical coding and billing;
- construction, maintenance, or factory-related fields including apartment/building maintenance technician, weatherization, construction safety, lead abatement, asbestos hazard emergency response, and machining and welding;
- warehouse-related fields including warehouse inventory control specialist and forklift operation and safety;
- child care;
- information technology;
- culinary arts; and
- commercial driver's license.

Some of DHS' FSET partners target particular populations. For example, two are focused on the particular needs of immigrants, refugees, and asylees and, therefore, provide services most relevant to that population.

Of the 13 third-party programs and partnerships, DHS reports that only 6 programs had FSET participants in federal fiscal 2017. These 6 programs served a total of 216 individuals. Four of the programs with participants served Baltimore City; the remaining 2 programs serve individuals in Garrett and Montgomery counties. While programs were also offered in Baltimore, Carroll, and Prince George's counties, no individuals were served in these programs. Of the 6 programs with participants, 5 of the programs offer the opportunity to earn at least one type of credential. **DHS should comment on how it selects FSET partners and how it ensures that partner programs are following best practices to improve long-term outcomes of participants.**

Performance Measures

Participation

In total, DHS reported that 5,763 individuals participated in FSET programs in federal fiscal 2017. DHS noted that while some individuals applied for activities and are, therefore, counted in FSET participants, not all actually took part in an activity. Individual participants may also participate in multiple activities. As shown in **Exhibit 16**, of those that undertook any activity, DHS reports that the majority participated in a private-sector work experience component. This was true for both all participants and ABAWD participants. Few individuals undertook occupational skills training.

Exhibit 16
Participation in Food Supplement Employment and Training Program by Program Component
Federal Fiscal 2017

	All Participants		ABAWDs	
	Number	**% of Total Participants**	**Number**	**% of Total Participants**
Staff Assisted Job Search and Readiness Training	278	7.3%	68	4.7%
Job Retention Services	242	6.4%	21	1.4%
Basic Education	19	0.5%	5	0.3%
Small Business or Self-employment Training	5	0.1%	5	0.3%
Occupational Skills Training	18	0.5%	12	0.8%
Public-sector Work Experience	161	4.2%	68	4.7%
Private-sector Work Experience	3,087	81.0%	1,276	87.7%
Total Participants	**3,810**		**1,455**	

ABAWD: able-bodied adults without dependents

Note: Total participants does not match total Food Supplement Employment and Training program (FSET) participants of 5,763 because some individuals applied to participate in FSET but did not actually participate in a component. Basic education includes adult basic education, literacy, English as a second language, GED, and postsecondary education. Occupational skills training focuses on in-demand, high-growth, and emerging industries and often includes industry recognized credentials.

Source: Department of Human Services

DHS indicated in its report that several components of the federal performance measures, primarily data related to unsubsidized employment and median quarterly earnings in the second and fourth quarter after participation, were unavailable. The data required was not expected to be submitted to the Department of Labor, Licensing, and Regulation until November 30, 2017, and it would take several more months before it was available to DHS. DHS indicates that the earliest the data from the second quarter after participation will be available is March 2018. Data from the fourth quarter after participation will not be available until after federal fiscal 2018. **DLS recommends adopting committee narrative requesting information on federal performance measures for federal fiscal 2017 and 2018.**

Participant Characteristics

As requested, DHS provided certain federally required demographic data on FSET participants. In federal fiscal 2017, few FSET participants were ABAWDs, 19% (1,096). Given that Maryland otherwise is only a voluntary state for FSET participation, this indicates that most of the participants in the program choose to participate. Of the participants, in federal fiscal 2017:

- 58% had a high school diploma or equivalent prior to program participation;
- 61% were female;
- 85% were between the ages of 18 and 49;
- 15% were 50 or older, including 3% who were 60 or older.

Because individuals are exempt from ABAWD requirements at age 50 and from general work requirements at age 60, it is notable that so many individuals of those ages participated in FSET and emphasizes the voluntary nature of participation.

Future of FSET

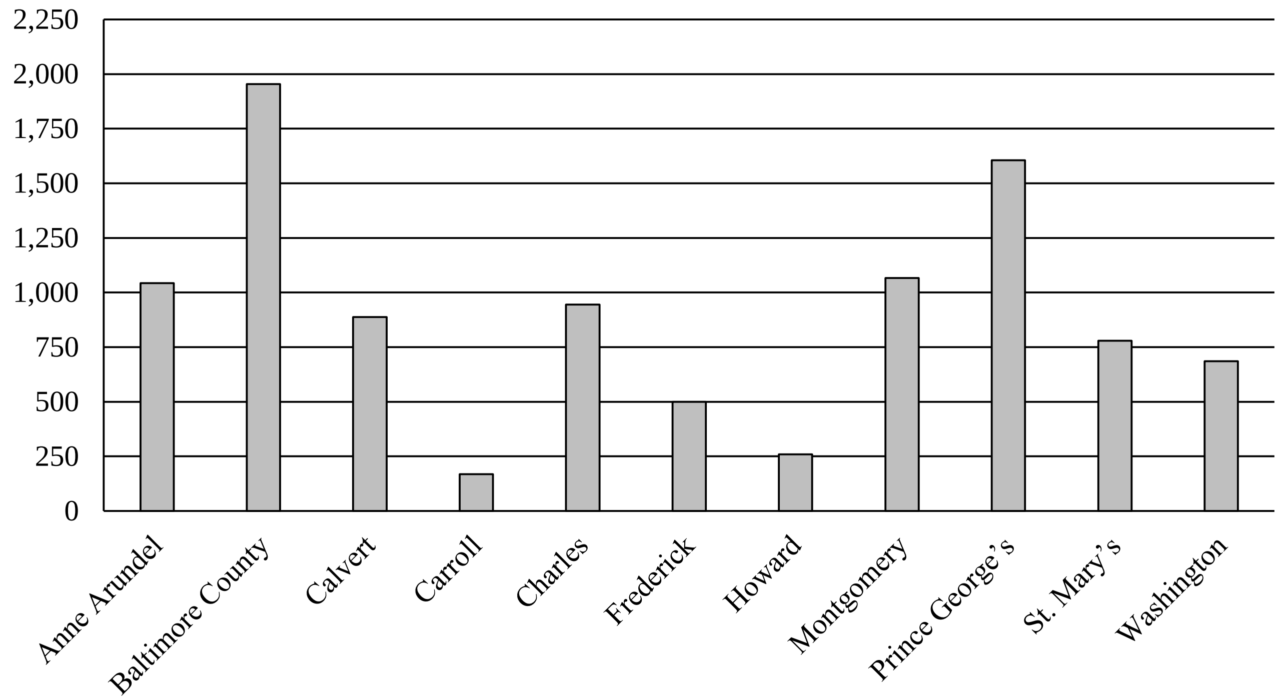
In December 2017, the administrator of the USDA Food and Nutrition Service announced three areas of focus: self-sufficiency, integrity, and customer service. In the description of self-sufficiency, the administrator emphasized that those who are able to work should work. Also, in the announcement, the administrator indicated an openness to greater State flexibility and future policies that focus on those three areas. These announcements indicate a potential plan to alter the work requirements associated with SNAP. **DHS should discuss any preparations for how the department would handle any changes to work requirements for SNAP participants given the limited number of individuals currently participating in the program in Maryland.**

ABAWD Time Limit-related Case Closures

Implementation of the ABAWD requirements results in a three-month count for individuals to begin complying with the work requirements. As a result, no individuals were determined ineligible in Maryland until the end of March (for the counties implementing January 1), the end of June (for the counties implementing April 1), and the end of November (for the counties implementing September 1). On average, in federal fiscal 2017, 11,715 ABAWDs were subject to the time limit in each month. In total, in federal fiscal 2017, 11,211 FSP cases closed due to the ABAWD time limits. November was the highest month of case closures (2,096), followed by December and January. In all, those three months accounted for 33.9% of all closures during federal fiscal 2017. This pattern is expected given that additional jurisdictions became subject to case closure beginning in November, and the first month typically results in the highest number of closures. In no other month was the number of closures greater than 1,000.

As shown in **Exhibit 17**, in federal fiscal 2017, Baltimore County had the largest number of ABAWD-related closures, with Prince George's County the second largest. However, DHS notes that during this period, it transitioned its ABAWD case management process to a new tool, and one month of data is unavailable. Therefore, this data does not reflect all case closures during this period. In addition, three counties did not have individuals subject to case closure until November (Calvert, Charles, and St. Mary's counties) which slightly skews results, as the largest number of closures occur in the first month.

Exhibit 17
ABAWD-related Case Closures by Jurisdiction
Federal Fiscal 2017



ABAWD: able-bodied adults without dependents

Note: Data from December 2016 is not available and is excluded from these totals. Baltimore City recorded three closures, and Talbot County recorded five closures; both jurisdictions have received waivers from the time limit. As a result, these figures are not included in this exhibit.

Source: Department of Human Services; Department of Legislative Services

Those determined ineligible are able to receive benefits again if either the individual provides evidence that they qualify for an exemption, or they comply with work requirements. However, if an individual does not comply or does not receive an exemption, the individual is ineligible for benefits until after the 36-month period concludes. DHS indicates that during federal fiscal 2017, 1,899, or 16.9%, of those initially determined ineligible due to the time limit returned to eligibility after showing an exemption or complying with the requirements. Nearly three-quarters (73.7%) of those returned to eligibility between November 2016 and January 2017. This is the same three-month period in which the largest numbers of individuals had cases closed due to the time limit.

3. FIA Audit

In April 2015, the Office of Legislative Audits (OLA) released a fiscal compliance audit for FIA covering the period July 1, 2010, through November 24, 2013. The audit contained five findings, of which four were repeated from the prior audit. **Exhibit 18** provides information on each of the findings included in the audit. Consistent with the requests of the Joint Audit Committee, the General Assembly adopted language in the fiscal 2017 budget bill that withheld $100,000 of the director's office of FIA until DHS takes actions to resolve all repeat audit findings. To have the funds released, OLA must certify that the repeat audit findings have been corrected.

Exhibit 18
Fiscal Compliance Audit Findings

Audit Period for Last Audit:	July 1, 2010 – November 24, 2013
Issue Date:	April 2015
Number of Findings:	5
Number of Repeat Findings:	4
% of Repeat Findings:	80.0%
Rating: (if applicable)	n/a

Finding 1: **The Family Investment Administration (FIA) lacked documentation of required computer matches, and system alerts were not always adequately resolved.**

Finding 2: Certain quality assurance reviews were not always conducted as required.

Finding 3: **Documentation required to support recipient eligibility and the validity of payments for energy assistance programs was not always maintained.**

Finding 4: **Certain contract costs and deliverables were not adequately monitored.**

Finding 5: **FIA lacked procedures and documentation to support recipient eligibility for Temporary Disability Assistance Program cases examined, and federal funds were not always recovered.**

*Bold denotes item repeated in full or part from preceding audit report.

Source: Office of Legislative Audits

On April 5, 2017, OLA submitted its review of the corrective actions taken by FIA to resolve the repeat audit findings. OLA determined one repeat audit finding had been resolved, while actions taken for the remaining three repeat findings were not sufficient to correct the finding. Details of the remaining repeat findings follow. As a result of the failure to complete actions to resolve all repeat audit findings, the withheld funds were not released, and the funds reverted to the General Fund at the close of the fiscal year. **Therefore, DLS recommends adding language to withhold $250,000 of general funds until OLA has determined that the repeat findings have been corrected.**

Computer Matches

Finding 1 stated that FIA lacked documentation that required computer matches were performed and alerts were adequately resolved. Specifically, OLA noted that FIA could not provide documentation that it conducted all matches of recipient or benefit data, did not record all system alerts or always investigate why the alerts were not recorded, and did not resolve all missing or invalid Social Security numbers (SSN) in a timely manner. OLA made three recommendations, only one of which was repeated. OLA recommended that FIA ensure that local departments investigate and resolve unverified or mission recipient SSN in a timely manner. In the report on corrective actions, OLA noted that FIA data shows that it has reduced the number of outstanding alerts. However, OLA found 1,733 alerts that were outstanding as of January 2014 that were still unresolved as of January 2017, while FIA reported only 351 of those alerts were listed as older than one year.

Contract Monitoring

Finding 4 stated that FIA's monitoring of contract costs and deliverables for certain contracts was insufficient. In particular, OLA noted that FIA did not sufficiently verify billed costs or receive required deliverables. Of the two recommendations, only one was repeated. The recommendation was to obtain adequate documentation, such as time and payroll records to verify the accuracy and propriety of contract billings. In the report on the corrective actions, OLA explained that, while MORA had developed a comprehensive monitoring plan, the plan did not include the type of contracts referenced in the finding. In addition, OLA also explained that the program continued to lack the recommended documentation during the review of the corrective actions.

TDAP

Finding 5 indicated that FIA lacked procedures and documentation to ensure that TDAP payments were made only to eligible recipients and that federal funds were recovered. In particular, OLA noted that FIA (1) could not provide documentation for some recipients including the application, medical forms, and Interim Assistance Reimbursement forms (needed to receive federal reimbursement upon approval for federal disability benefits); (2) did not immediately close cases after a final decision was made on the application for federal benefits; and (3) continued to provide benefits to individuals after the approval of federal benefits. OLA made three recommendations, only one of which was repeated. The recommendation was that cases should be closed in a timely manner after a decision is made about an individual's application for federal benefits. In the report on corrective actions, OLA explained that FIA had developed a process to review cases for closure, but OLA did not find the process to be effective.

Operating Budget Recommended Actions

1. Add the following language:

   <u>Provided that the spending in fiscal 2019 of the Temporary Assistance for Needy Families federal funds shall not exceed $252,590,029.</u>

   Explanation: The Department of Human Services (DHS) ran a deficit in the Temporary Assistance for Needy Families (TANF) funds from fiscal 2011 through 2016. DHS ended fiscal 2017 with a positive balance ($3.7 million). Assuming a provision in the Budget Reconciliation and Financing Act of 2018 is adopted that increases the fiscal 2018 cap on TANF spending to the level of estimated available funds, no balance is expected in the TANF to begin fiscal 2019 . As a result, to prevent a return to deficit spending in TANF, this language caps TANF spending to the amount of TANF revenue that DHS expects to receive in fiscal 2019. This level of cap allows for an additional $1.1 million of TANF spending beyond the amount included in the fiscal 2019 budget as introduced.

2. Adopt the following narrative:

   Food Supplement Employment and Training Performance Measures: The committees are interested in understanding more about the performance of the Food Supplement Employment and Training (FSET) program given the potential for changes to work requirements for Food Supplement Program recipients with the re-authorization of the Supplemental Nutrition Assistance Program. The committees request that the Department of Human Services (DHS) provide information on:

   - performance in each of the national performance measures for the FSET program, including both the total population and the Able-bodied Adults without Dependents (ABAWD) population; and

   - performance in the State option measures identified in the State plan for program components serving 100 or more individuals, including both the total population and ABAWD population.

   DHS should submit this information for federal fiscal 2017 and to the extent available for federal fiscal 2018 on January 1, 2019.

Information Request	**Author**	**Due Date**
Report on FSET performance measures for federal fiscal 2017 and 2018	DHS	January 1, 2019

3. Add the following language to the general fund appropriation:

, provided that since the Department of Human Services (DHS) Family Investment Administration has had four or more repeat audit findings in the most recent fiscal compliance audit issued by the Office of Legislative Audits (OLA), and DHS failed to completely resolve or make adequate progress toward resolving, those repeat audit findings, $250,000 of this agency's administrative appropriation may not be expended unless:

(1) DHS has reported the corrective action taken with respect to all repeat findings on or before November 1, 2018; and

(2) a report is submitted to the budget committees by OLA listing each repeat finding along with an assessment of the corrective action taken by DHS for each repeat finding. The budget committees shall have 45 days to review and comment to allow funds to be released prior to the end of fiscal 2019.

Explanation: The Joint Audit Committee (JAC) has requested that budget bill language be added for each unit of State government that has four or more repeat audit findings in its most recent fiscal compliance audit. Each such agency is to have a portion of its administrative budget withheld pending the adoption of corrective action by the agency and a determination by OLA that each finding was corrected. OLA shall submit a report to the budget committees on the status of repeat findings.

If OLA reports that an agency failed to completely resolve or make adequate progress toward resolving those repeat audit findings, JAC requests that $250,000 in general funds is withheld from each agency's appropriation in the fiscal year following the OLA report until more satisfactory progress has been made toward resolution of those repeat findings.

Information Request	**Author**	**Due Date**
Status of corrective actions related to the most recent fiscal compliance audit	OLA	45 days before the release of funds

4. Adopt the following narrative:

Changes to the Temporary Assistance for Needy Families Program or the Supplemental Nutrition Assistance Program: The most recent re-authorization for the Temporary Assistance for Needy Families (TANF) program ended in federal fiscal 2010. Since that time, TANF has operated under a series of temporary extensions. The current extension ends September 30, 2018. The Supplemental Nutrition Assistance Program (SNAP) is expected to be re-authorized during calendar 2018 as part of the Farm Bill. The committees are concerned about the potential impact of any changes to TANF or SNAP contained as part of any re-authorization or other legislation related to the program on beneficiaries or State spending. The committees request that the Department of Human Services (DHS) provide notification within 30 days of any federal changes to TANF or SNAP that the State must adopt or that the State chooses to adopt that would impact:

- TANF-related or SNAP benefits (eligibility, benefit levels, or types of benefits provided);
- work participation requirements or calculations; or
- State spending on the TANF program, TANF maintenance of effort (MOE) requirements (including the type of spending that counts toward MOE requirements), SNAP benefits, or other SNAP requirements.

Information Request	**Author**	**Due Date**
Notification of changes to TANF or SNAP	DHS	Within 30 days of federal changes

Updates

1. Re-authorization of the Temporary Assistance for Needy Families Program

TANF must be periodically re-authorized by the U.S. Congress. The most recent re-authorization occurred in the Deficit Reduction Act of 2005. This re-authorization ended in federal fiscal 2010 (September 30, 2010). Since that time, TANF has operated on a series of temporary extensions. TANF is currently operating under a temporary extension approved as part of the Consolidated Appropriations Act of 2017. The temporary extension runs through federal fiscal 2018 (September 30, 2018). As part of the extension, the U.S. Department of Health and Human Services, in consultation with the U.S Department of Labor, is to establish a clearinghouse related to moving recipients into work. This activity, along with other research and technical assistance, was funded through a 0.33% set-aside from the TANF block grant. This set-aside effectively reduced each state's block grant by 0.33% for each federal fiscal 2017 and 2018.

In a June 2017 brief, the Federal Fund Information for States described several recent proposals to alter TANF including H.R. 2842 (Accelerating Individuals into the Workforce Act) that would have provided grants to states for demonstration projects related to subsidized employment. It would have reserved funding for career pathways training programs and required at least one demonstration to be of an apprenticeship program. The other proposal discussed was the fiscal 2018 budget proposed by President Donald J. Trump that would have reduced the TANF block grant and eliminated the contingency fund. While not impacting any current activities, it is possible that any full TANF re-authorization could make changes to the work requirements, funding, or other aspects of the TANF program.

2. Re-authorization of the Supplemental Nutrition Assistance Program

SNAP must be periodically re-authorized by the U.S. Congress. The current authorization extends through September 30, 2018. The re-authorization occurs as part of the larger legislation referred to as the Farm Bill. Congress has begun work related to the Farm Bill and SNAP re-authorization. In January 2018, the Chairman of the House Agriculture Committee stated that his committee planned to pass a re-authorization in the first quarter of calendar 2018.

A current draft of the Farm Bill is not yet available. However, there is some indication of the types of provisions related to SNAP that may be contained, at least in the version produced by the House Agriculture Committee. In December 2016, the committee released a report, *Past, Present, & Future of SNAP: Hearing Series Findings: 114th Congress*, based on a review of the SNAP that included areas for potential program improvement. According to the report, SNAP accounts for 79% of the Farm Bill spending. Specifically, the report reviewed eligibility requirements, state options and waivers, the importance of work requirements and employment and training programs, program integrity including both intentional fraud and unintentional errors, and improving access to food and promoting healthy food. While the report makes no recommendations, it is likely that the SNAP re-authorization in the Farm Bill will address some of these areas.

3. Feasibility of Creating a Benefit for the Purchase of Diapers

Committee narrative in the 2017 JCR requested that DHS, in conjunction with MDH and the Maryland State Department of Education (MSDE), submit a report discussing the feasibility of creating a State supplemental benefit for the purchase of diapers. The report was expected to discuss options for implementing the benefit including:

- the appropriate benefit size;
- the appropriate agency to administer the benefit;
- the appropriate method of administering the benefit, such as through either SNAP or Supplemental Nutrition Assistance for Women, Infants, and Children (WIC) electronic benefit transfer (EBT) cards;
- the appropriate eligibility criteria, including if the benefit should be provided to a subset of recipients of a current public benefit; and
- a review of options proposed in other states or federally in order to create a similar benefits.

DHS submitted information related to this request in a report submitted in January 2018. However, the report did not include information directly responsive to some of these requests, such as appropriate eligibility criteria or the appropriate agency to administer the program. Some of the information, such as the appropriate benefit size, was not directly provided, but could be inferred by the use of the average cost of a pack of a diapers (rather than a partial cost) in the calculation.

Calculation of the Cost of Providing a Benefit

DHS used several assumptions in the calculation of benefits including the average cost for diapers of various sizes and the average number of diapers needed at various ages per day. DHS used the average retail cost for a pack of diapers roughly equivalent of the estimated diapers needed per month. In general, the size of a pack is larger than the estimated diapers needed per month for children of various ages, which slightly reduces the estimated annual cost. DHS calculated these costs for infants and children up to age three, using diapers of different sizes for different age groups.

The estimated cost of a diaper benefit would vary by the current public benefit that would be used in determining eligibility and the age mix of eligible children, since different size diapers have different costs. **Exhibit 19** provides information on the estimated annual cost of the benefit provision only, excluding administrative costs, based on the enrollment of children of various ages in certain existing public benefit programs. As shown in this exhibit, the program would have the highest cost using the eligibility associated with WIC. However, this higher cost results from reaching more children. For example, in total, DHS estimates that benefits would be provided for 76,000 children using WIC eligibility criteria, compared to 10,032 under TCA, or 7,737 under the Child Care Subsidy

Program. DHS indicates an even higher number of benefits would be provided for children using SNAP eligibility criteria but did not provide sufficient detail for this population to estimate a cost.

Exhibit 19
Estimated Annual Cost of Diaper Benefits Using Various Existing Eligibility Criteria

	Birth to One Year	One to Two Years Old	Two to Three Years Old	Est. Total Annual Cost
Average Diapers Needed Per Month	320/240	186	186	
Average Retail Cost For One Pack	$44.75	$40.06	$36.32	
Estimated Annual Cost Per Child	$537	$401	$436	
TCA	**$1,970,790**	**$1,230,643**	**$1,433,914**	**$4,635,347**
WIC	**$18,258,000**	**$9,213,800**	**$8,280,960**	**$35,752,760**
Child Care Subsidy	**$915,048**	**$1,135,300**	**$1,394,252**	**$3,444,601**

TCA: Temporary Cash Assistance
WIC: Special Supplemental Nutrition Program for Women, Infants, and Children

Source: Department of Human Services; Department of Legislative Services

Feasibility of a Diaper Benefit

DHS did not recommend an appropriate agency to administer the benefit. However, DHS notes that for WIC and SNAP, federal regulations prohibit the use of the benefit for diapers. DHS noted that the WIC program could distribute a state-developed instrument for the delivery of a diaper benefit. This distribution would need to be developed and administered through separate contracts and systems because federal dollars from the program could not be used to support this separate benefit. DHS also explained that the Child Care Subsidy vouchers are currently provided directly to child care providers. As such, MSDE does not currently have a mechanism for providing benefits directly to recipients. Under current federal rules, TCA can be used for the purchase of diapers, so federal funds could be used for this purpose. This would require a diversion of use of TANF from existing purposes.

Although under current federal rules only the TCA benefit can be used for a diaper benefit, it seems likely that any of these programs could be used to establish categorical eligibility for a State-funded diaper benefit. Therefore, the determination of the appropriate agency to administer the benefit would require weighing the benefit of reaching more children versus the cost of a broader eligibility criteria. For any of these options, administrative costs would increase the total cost of the program in each year. DHS did not specify the total administrative cost, but it is likely to be significant because of the need to develop an EBT system, including monthly maintenance charges (a per family cost paid to the processor), to develop a database to limit the use of the EBT benefit to diapers, to develop an authorization process for vendors to accept the additional payment type, and for staff for both eligibility determination and EBT or database issues. DHS stated that the cost to develop the EBT system for WIC, for example, was $4.5 million.

4. Earned Income Disregard Pilot Program Final Report

Chapter 526 of 2013 established an Earned Income Disregard Pilot Program in DHS, which was effective between October 1, 2014, and September 30, 2017. The final report was due on September 30, 2017. Due to the timing of the report submission, data on the pilot was available only through July 2017.

Under Chapter 526, DHS was to establish the pilot in a county that has more than one district office and could choose a rural county to participate. DHS and the local department were to select and assign eligible individuals to the pilot and inform participants of the assignment. Participants could not have received TCA between May 1, 2014, and September 30, 2014, and had to apply and qualify for TCA on or after October 1, 2014. Participants who obtained unsubsidized employment and worked less than 25 hours per week were able to disregard 40% of earned income. Participants who obtained unsubsidized employment and worked more than 25 hours per week were able to disregard 100% of the earned income for the first 3 months of employment, 60% for employment longer than 3 months but less than 10 months, and 40% of the earned income for employment exceeding 9 months. Typically, individuals may disregard 20% of earned income.

Outcomes

DHS chose to implement the pilot in Anne Arundel County. DHS planned to recruit 100 households to participate in the pilot. As of July 2017, 38 individuals participated in the pilot. **Exhibit 20** presents information on individuals completing and participating in each phase of the pilot. As shown in this exhibit, only 1 participant completed all three phases. In total, 17 of 38 (44.7%) individuals that began the program were not able to participate in at least one of the phases of the pilot due to having an income over the limit despite the enhanced earned income disregard. Nine individuals returned to TCA after case closure.

Exhibit 20
Earned Income Disregard Pilot Participation

	Number	% of Those That Began Phase
Began Phase 1 (100% Disregard)	**38**	
Completed Phase 1	28	73.7%
Still in Phase 1	6	15.8%
Began Phase 2 (60% Disregard)	**11**	
Completed Phase 2	4	36.4%
Still in Phase 2	1	9.1%
Did Not Participate Due to Income Over Limit	15	
Began Phase 3 (40% Disregard)	**2**	
Completed Phase 3	1	50.0%
Still in Phase 3	0	0.0%
Did Not Participate Due to Income Over Limit	2	

Source: Department of Human Services

Of the 38 participants, DHS indicates that 18 participants worked for employers that were covered by Maryland unemployment insurance. DHS found that only 3 of these participants were unemployed before applying for TCA and employed after participation in the pilot. The remaining 15 participants were employed at both points. However, DHS found that 15 of 18 (83.3%) participants had an increase in earnings during program participation. Nearly all of these had increases of at least $501. The median increase in earnings was $5,333.

Appendix 1
Current and Prior Year Budgets
DHS – Family Investment Administration
($ in Thousands)

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2017					
Legislative Appropriation	$142,882	$16,200	$1,439,196	$0	$1,598,277
Deficiency Appropriation	7,300	0	-7,300	0	0
Cost Containment	-3,700	0	0	0	-3,700
Budget Amendments	4,691	3,835	-30,952	0	-22,426
Reversions and Cancellations	-100	-1,353	-133,814	0	-135,267
Actual Expenditures	**$151,073**	**$18,682**	**$1,267,129**	**$0**	**$1,436,884**
Fiscal 2018					
Legislative Appropriation	$136,424	$15,277	$1,369,120	$0	$1,520,822
Cost Containment	-4,757	0	0	0	-4,757
Budget Amendments	-5,094	0	0	0	-5,094
Working Appropriation	**$126,574**	**$15,277**	**$1,369,120**	**$0**	**$1,510,971**

DHS: Department of Human Services

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. Numbers may not sum to total due to rounding.

Fiscal 2017

The fiscal 2017 actual expenditures for the Department of Human Services Family Investment Administration (FIA) were $161.4 million lower than the legislative appropriation. General fund expenditures were $8.2 million higher than the legislative appropriation, primarily due to a deficiency appropriation ($7.3 million) that replaced federal funds with the same amount of general funds to better align the federal fund appropriation with anticipated attainment. A decrease of $3.7 million in cost containment actions to reflect a lower than anticipated Temporary Cash Assistance (TCA) caseload approved by the Board of Public Works (BPW) on November 2, 2016, was more than offset by increases totaling $4.7 million by budget amendment. These increases were the result of salary and wage adjustments, including the general fund share of the distribution of employee increments that were centrally budgeted.

FIA's special fund expenditures were $2.5 million higher than the legislative appropriation. Increases by budget amendment totaled $3.8 million to reflect salary and wage adjustments, including the special fund share of the distribution of employee increments. These increases were partially offset by cancellations totaling $1.4 million in the assistance payments program due to lower than expected attainment by the child support offset program in TCA and interim assistance reimbursement in the Temporary Disability Assistance Program.

Federal fund expenditures in FIA were $172.1 million lower than the legislative appropriation including $7.3 million withdrawn by deficiency appropriation noted above. Budget amendments further decreased the appropriation by a net of $31.0 million. A decrease of $41.2 million in the Assistance Payments Program resulted from a lower than anticipated Food Supplement Program (FSP) caseload. This decrease was partially offset by increases due to:

- the value of federal food commodities in the Temporary Emergency Food Assistance Program ($5.7 million);
- the availability of Supplemental Nutrition Assistance Program (SNAP) administrative matching funds for the Food Supplement Nutrition Education program ($2.0 million);
- the federal fund share of the distribution of employee increments ($1.2 million); and
- availability of SNAP administrative matching funds for the Food Supplement Employment and Training program ($1.0 million).

In addition, FIA canceled $133.8 million of the federal fund appropriation, primarily in the Assistance Payments Program ($114.8 million) due to lower than anticipated TCA and FSP caseloads. Other federal fund cancellations were due to:

- salary and wage adjustments in the Local Family Investment program ($10.2 million);

- the transfer of the eligibility determination function for the child care subsidy to the Maryland State Department of Education ($6.1 million);

- lower than anticipated attainment of a variety of federal fund sources for refugee services in the Maryland Office of Refugee Assistance ($1.4 million); and

- lower than anticipated expenditures in the Work Opportunities program due to a decline in the TCA caseload ($1.3 million).

Fiscal 2018

FIA's fiscal 2018 general fund appropriation has decreased by $9.9 million. A decrease of $5.1 million is the result of Chapter 105 of 2017, which transfers the Bureau of Homeless Services and related programs to the Department of Housing and Community Development. The remaining decrease of $4.8 million is due to cost containment actions approved by BPW at the September 6, 2017 meeting, including $3.7 million due to anticipated lower TCA caseloads and $1.0 million to account for higher than expected vacancies.

Appendix 2
Object/Fund Difference Report
DHS – Family Investment Administration

Object/Fund	FY 17 Actual	FY 18 Working Appropriation	FY 19 Allowance	FY 18 - FY 19 Amount Change	Percent Change
Positions					
01 Regular	2,044.18	2,042.30	2,000.30	-42.00	- 2.1%
02 Contractual	85.68	70.00	70.00	0.00	0%
Total Positions	**2,129.86**	**2,112.30**	**2,070.30**	**-42.00**	**- 2.0%**
Objects					
01 Salaries and Wages	$ 150,088,270	$ 129,581,852	$ 136,607,648	$ 7,025,796	5.4%
02 Technical and Spec. Fees	3,329,293	2,609,291	2,610,724	1,433	0.1%
03 Communication	1,009,921	1,082,634	1,038,907	- 43,727	- 4.0%
04 Travel	275,316	188,326	214,448	26,122	13.9%
06 Fuel and Utilities	1,934,240	1,792,976	1,893,019	100,043	5.6%
07 Motor Vehicles	54,611	20,647	25,806	5,159	25.0%
08 Contractual Services	61,612,587	56,990,190	55,614,672	- 1,375,518	- 2.4%
09 Supplies and Materials	1,267,770	1,074,459	1,154,209	79,750	7.4%
10 Equipment – Replacement	41,192	118	29,558	29,440	24949.2%
11 Equipment – Additional	154,327	40,498	88,036	47,538	117.4%
12 Grants, Subsidies, and Contributions	1,201,469,749	1,302,763,125	1,195,118,217	- 107,644,908	- 8.3%
13 Fixed Charges	15,647,180	14,827,353	15,022,279	194,926	1.3%
Total Objects	**$ 1,436,884,456**	**$ 1,510,971,469**	**$ 1,409,417,523**	**- $ 101,553,946**	**- 6.7%**
Funds					
01 General Fund	$ 151,073,147	$ 126,573,850	$ 122,621,699	- $ 3,952,151	- 3.1%
03 Special Fund	18,682,213	15,277,267	12,950,612	- 2,326,655	- 15.2%
05 Federal Fund	1,267,129,096	1,369,120,352	1,273,845,212	- 95,275,140	- 7.0%
Total Funds	**$ 1,436,884,456**	**$ 1,510,971,469**	**$ 1,409,417,523**	**- $ 101,553,946**	**- 6.7%**

DHS: Department of Human Services

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2019 allowance does not include contingent reductions or cost-of-living adjustments.

Appendix 3
Fiscal Summary
DHS – Family Investment Administration

Program/Unit	FY 17 Actual	FY 18 Wrk Approp	FY 19 Allowance	Change	FY 18 - FY 19 % Change
02 Local Family Investment Program	$ 159,766,777	$ 152,317,298	$ 160,088,619	$ 7,771,321	5.1%
08 Assistance Payments	1,176,046,827	1,268,455,363	1,158,046,655	- 110,408,708	- 8.7%
10 Work Opportunities	32,065,985	31,644,511	32,528,479	883,968	2.8%
04 Director's Office	37,526,912	36,385,876	36,686,432	300,556	0.8%
05 Maryland Office for New Americans	12,803,167	14,641,884	14,625,561	- 16,323	- 0.1%
07 Office of Grants Management	18,674,788	7,526,537	7,441,777	- 84,760	- 1.1%
Total Expenditures	**$ 1,436,884,456**	**$ 1,510,971,469**	**$ 1,409,417,523**	**- $ 101,553,946**	**- 6.7%**
General Fund	$ 151,073,147	$ 126,573,850	$ 122,621,699	- $ 3,952,151	- 3.1%
Special Fund	18,682,213	15,277,267	12,950,612	- 2,326,655	- 15.2%
Federal Fund	1,267,129,096	1,369,120,352	1,273,845,212	- 95,275,140	- 7.0%
Total Appropriations	**$ 1,436,884,456**	**$ 1,510,971,469**	**$ 1,409,417,523**	**- $ 101,553,946**	**- 6.7%**

DHS: Department of Human Services

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2019 allowance does not include contingent reductions or cost-of-living adjustments.