Department of Human Services
Fiscal 2020 Budget Overview

Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland

January 2019

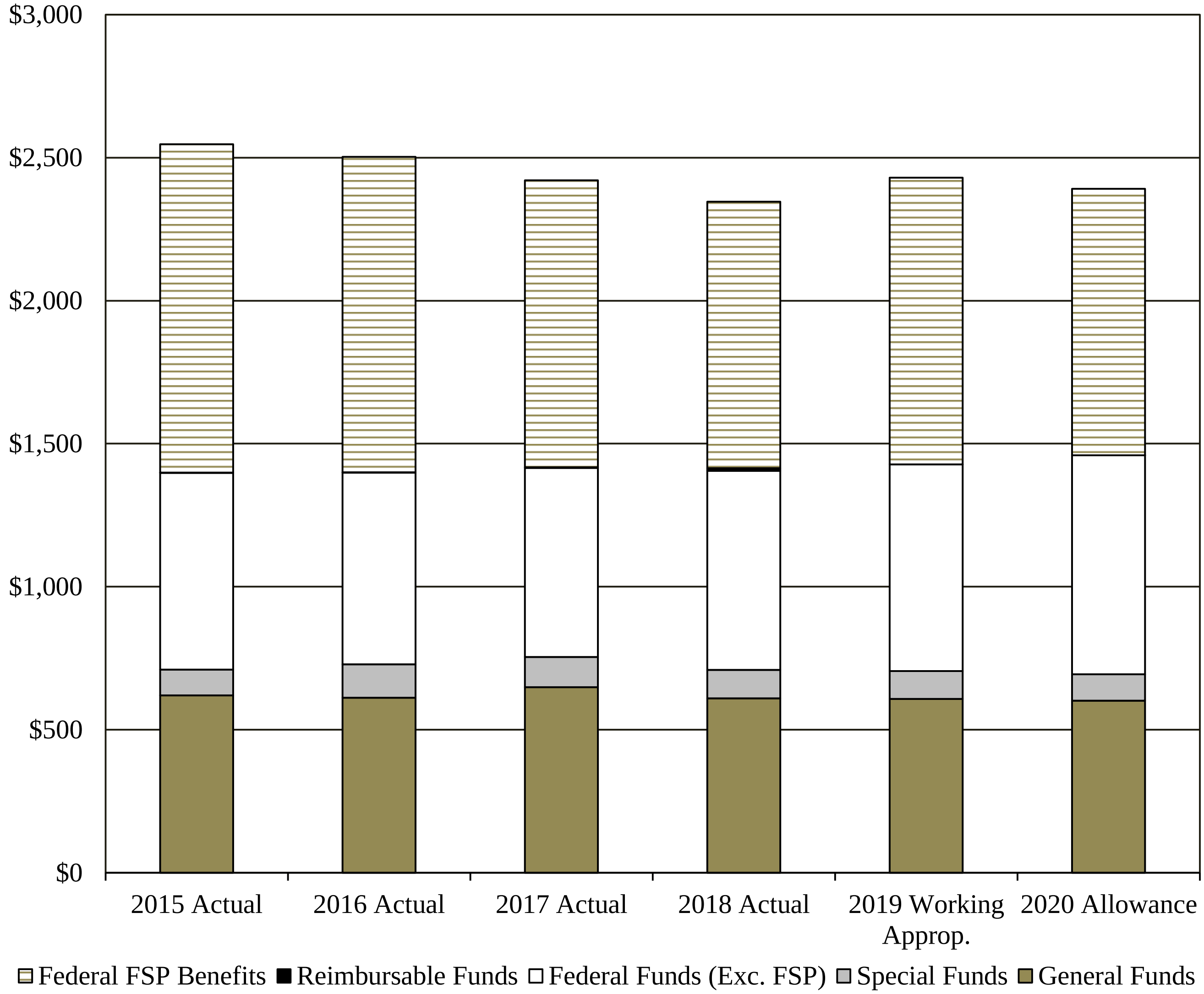
Note: Numbers may not sum to total due to rounding.

For further information contact: Tonya D. Zimmerman and Anne P. Wagner Phone: (410) 946-5530

Department of Human Services

Fiscal 2020 Budget Overview

Department of Human Services – Funding by Source
Fiscal 2015-2020
($ in Millions)

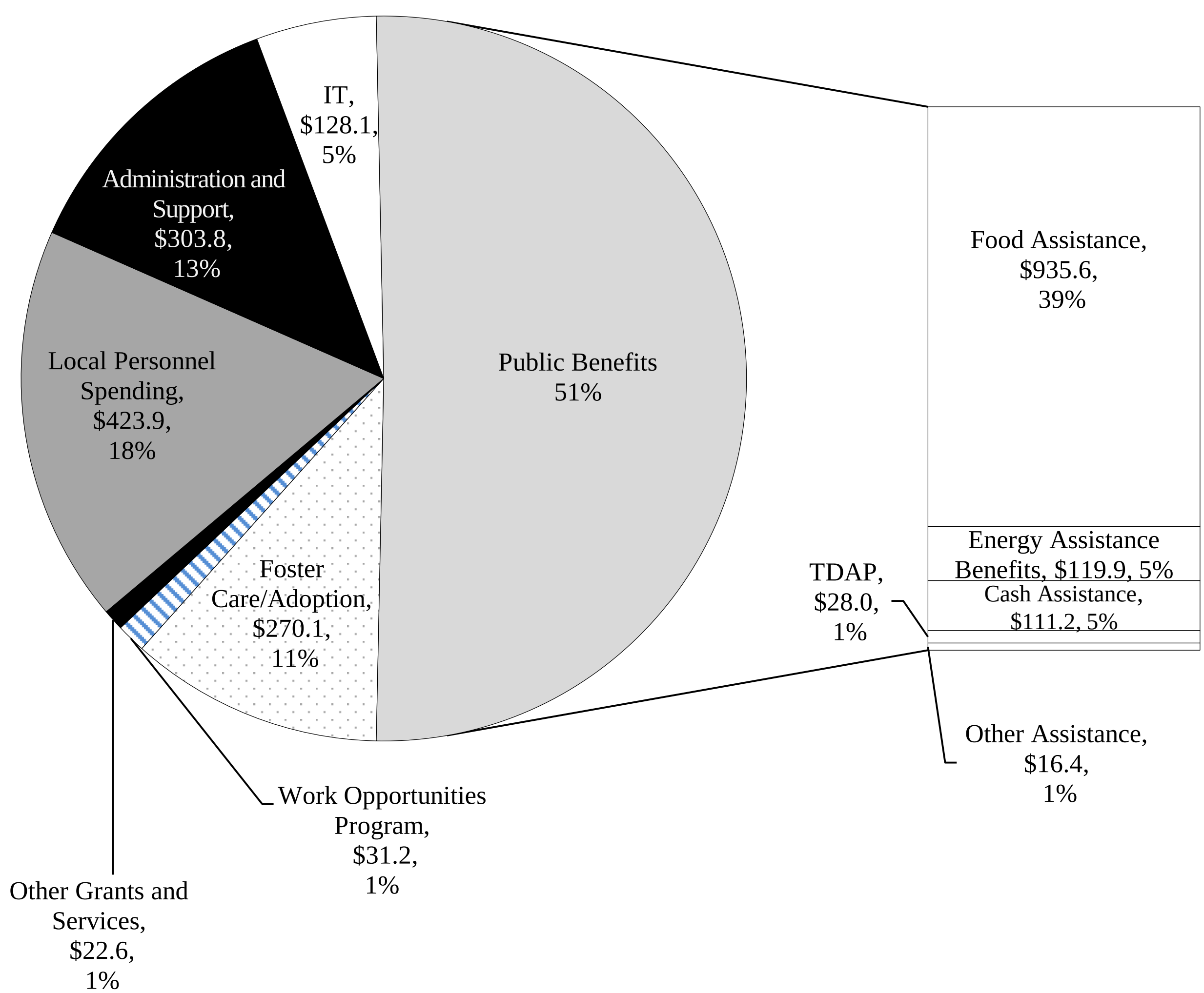


FSP: Food Supplement Program

Note: Numbers may not sum to total due to rounding. The fiscal 2019 appropriation includes deficiencies, a one-time $500 bonus, and general salary increases. The fiscal 2020 allowance includes general salary increases.

Source: Governor's Fiscal 2017-2020 Budget Books; Department of Legislative Services

Department of Human Services
Functional Breakdown of Spending
Fiscal 2020 Allowance
($ in Millions)



IT: information technology

TDAP: Temporary Disability Assistance Program

Note: Numbers may not sum due to rounding. Administration and Other State Office spending includes the Office of the Secretary, the Operations Office, the State Office of Social Services Administration, the State Office of Child Support, the State Office of Family Investment Administration, nonpersonnel costs of LDSS, and nonpersonnel and benefits costs of the Office of Home Energy Programs. Other grants and social services include the Office of Grants Management and the Maryland Office for Refugees and Asylees. The fiscal 2020 allowance does not include general salary increases.

Source: Governor's Fiscal 2020 Budget Books; Department of Legislative Services

Department of Human Services
Budget Overview: All Funds
Fiscal 2018-2020
($ in Thousands)

	Actual 2018	Working Approp. 2019	Allowance 2020	$ Change 2019-2020	% Change 2019-2020
Family Investment (Excluding FSP)	**$411,978**	**$407,145**	**$413,065**	**$5,920**	**1.5%**
TCA and Transitional Benefit	112,686	106,374	111,231	4,857	4.6%
TDAP	30,340	29,490	27,996	-1,495	-5.1%
Supplemental FSP Benefit	3,266	3,263	4,109	846	25.9%
Other Public Assistance	16,380	16,443	16,380	-62	-0.4%
Work Opportunities	30,321	32,528	31,187	-1,340	-4.1%
Office of Grants Management	14,408	7,942	7,939	-3	0.0%
Administration	204,577	211,105	214,223	3,118	1.5%
Office of Home Energy Programs	**$129,041**	**$129,601**	**$133,146**	**$3,545**	**$2.7%**
Social Services Administration	**$554,972**	**$568,815**	**$576,064**	**$7,249**	**1.3%**
Foster Care/Adoption	266,616	261,276	270,061	8,785	3.4%
Programs/Administration	288,356	307,539	306,002	-1,536	-0.5%
Child Support	**$94,701**	**$91,325**	**$92,145**	**$820**	**0.9%**
Administration	**$223,802**	**$227,083**	**232,088**	**5,005**	**2.2%**
Office of the Secretary	30,080	28,857	28,861	4	0.0%
Operations	32,109	28,772	31,945	3,173	11.0%
Information Management	119,743	126,942	128,145	1,203	0.9%
Local Department Operations	41,870	42,512	43,136	624	1.5%
Statewide Employee Compensation Adjustment		**$3,807**	**$12,825**	**$9,018**	**236.9%**
Total	**$1,414,494**	**$1,427,776**	**$1,459,333**	**$31,557**	**2.2%**
General Funds	610,170	607,773	601,428	-6,345	-1.0%
Special Funds	99,330	97,025	92,516	-4,509	-4.6%
Federal Funds (Excluding FSP)	696,137	722,772	765,183	42,412	5.9%
Reimbursable Funds	8,857	206	206	0	0.0%
Total Funds (Excluding Federal FSP)	**$1,414,494**	**$1,427,776**	**$1,459,333**	**$31,557**	**2.2%**
Federal FSP Benefits	**$931,488**	**$1,002,476**	**$931,488**	**-$70,988**	**-7.1%**
Total (Including Federal FSP)	**$2,345,983**	**$2,430,252**	**$2,390,821**	**-$39,431**	**-1.6%**

FSP: Food Supplement Program
TCA: Temporary Cash Assistance
TDAP: Temporary Disability Assistance Program

Note: Numbers may not sum to total due to rounding. The fiscal 2019 appropriation includes deficiencies, a one-time $500 bonus, and general salary increases. The fiscal 2020 allowance includes general salary increases.

Source: Governor's Fiscal 2020 Budget Books; Department of Legislative Services

Department of Human Services
Budget Overview: General Funds
Fiscal 2018-2020
($ in Thousands)

	Actual 2018	Working Approp. 2019	Allowance 2020	$ Change 2019-2020	% Change 2019-2020
Family Investment	**$126,104**	**$123,166**	**$120,482**	**-$2,684**	**-2.2%**
TCA Payments	16,452	7,060	3,034	-4,026	-57.0%
TDAP	25,674	25,210	23,690	-1,520	-6.0%
Supplemental FSP Benefit	3,266	3,263	4,109	846	25.9%
Other Public Assistance	9,743	9,826	9,743	-83	-0.8%
Work Opportunities	0	0	0	0	n/a
Office of Grants Management	6,115	7,273	7,271	-2	0.0%
Administration	64,853	70,534	72,636	2,102	3.0%
Office of Home Energy Programs	**$0**	**$0**	**$0**	**$0**	
Social Services Administration	**$374,294**	**$372,416**	**$364,259**	**-$8,157**	**-2.2%**
Foster Care/Adoption	191,943	188,173	191,228	3,055	1.6%
Programs/Administration	182,352	184,243	173,031	-11,213	-6.1%
Child Support	**$18,756**	**$19,233**	**$19,535**	**$302**	**1.6%**
Administration	**$91,016**	**$90,969**	**$90,346**	**-$623**	**-0.7%**
Office of the Secretary	23,195	21,970	21,979	9	0.0%
Operations	19,209	14,678	16,042	1,364	9.3%
Information Management	23,587	28,455	26,085	-2,370	-8.3%
Local Department Operations	25,025	25,867	26,240	374	1.4%
Statewide Employee Compensation Adjustments		**$1,989**	**$6,806**	**$4,817**	**242.2%**
Total	**$610,170**	**$607,773**	**$601,428**	**-$6,345**	**-1.0%**

FSP: Food Supplement Program
TCA: Temporary Cash Assistance
TDAP: Temporary Disability Assistance Program

Note: Numbers may not sum to total due to rounding. The fiscal 2019 appropriation includes deficiencies, a one-time $500 bonus, and general salary increases. The fiscal 2020 allowance includes general salary increases.

Source: Governor's Fiscal 2020 Budget Books; Department of Legislative Services

Fiscal 2019 Actions

Statewide Deficiency Appropriations

The fiscal 2020 budget contains two statewide deficiency appropriations; the department's share of these appropriations is:

- $3.3 million to support a $500 one-time bonus; and
- $492,122 to support a 0.5% cost-of-living adjustment effective April 1, 2019.

Impact of Federal Government Shutdown

- The Supplemental Nutrition Assistance Program (SNAP), known in Maryland as the Food Supplement Program (FSP), has no current funding authorization following the expiration of the most recent continuing resolution on December 21, 2018. The U.S. Department of Agriculture (USDA) has announced that funds will be available through February for states that request this funding by January 20. The provision of the expired continuing resolution that USDA is using to provide benefits for February allows payments within 30 days of a shutdown. As a result, significant uncertainty remains for the provision of benefits after February 2019. In November 2018, the most recent information available, the Department of Human Services (DHS) spent approximately $75 million in FSP benefits for 633,655 recipients.
- The Temporary Assistance for Needy Families (TANF) authorization also expired with the continuing resolution. DHS reports no immediate impacts due to having received some funding in federal fiscal 2019, available balance, and the ability to use State funds to support benefits and other costs as needed.

Proposed Budget Changes
Department of Human Services
Fiscal 2019-2020
($ in Thousands)

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
2019 Working Appropriation	$607,773	$97,025	$1,725,248	$206	$2,430,252
2020 Governor's Allowance	601,428	92,516	1,696,672	206	2,390,821
Amount Change	-6,345	-4,509	-28,576	0	-39,431
Percent Change	-1.0%	-4.6%	-1.7%	0.0%	-1.6%

Where It Goes:	
Personnel Expenses	
Fiscal 2020 general salary increase and annualization of additional 0.5% fiscal 2019 general salary increase partially offset by fiscal 2019 costs of one-time bonus and the additional 0.5% general salary increase	$9,018
Employee and retiree health insurance	5,666
Retirement contributions	3,294
Turnover adjustments	-269
Regular earnings due to annualization of the fiscal 2019 general salary increase more than offset by budgeting vacant positions at base salary levels	-307
Other personnel changes	-81
Assistance Payments Program	
New three-month transitional benefit for households leaving TCA due to employment or income	6,313
TCA due to an anticipated increase in the Maryland Minimum Living Level, resulting in an average benefit increase of 6.3%	6,232
TDAP monthly benefit increase to comply with Chapter 408 of 2018 ($20 to $215)	2,896
FSP supplemental benefit primarily due to an anticipated increase in average monthly recipients	846
TDAP due to an anticipated decline of 14.9% in the average monthly recipients	-4,391
TCA due to an anticipated decline of 7.2% in the average monthly recipients	-7,689
Federal FSP benefits to align with recent experience	-70,988
Family Investment Program Changes	
Supplemental Nutrition Assistance Program employment and training	1,639
Work Opportunities Program contracts to align with recent experience	-1,367
Foster Care Maintenance Payments	
Foster care and subsidized guardianship payments primarily due to a higher than budgeted caseload and changes in caseload mix	6,039

Where It Goes:	
Other foster care expenditures including flexible funds and day care expenditures to align with recent experience	2,799
Social Services Administration Changes	
Local Care Coordination Team reimbursement based on a Memorandum of Understanding (technical adjustment as funding is intended to be provided in fiscal 2019)	1,200
Title IV-E Waiver project implementation and technical support contracts due to the impending end of the waiver in September 2020	-2,073
Title IV-E Waiver Intervention Strategies funding due to the impending end of the waiver in September 2020	-6,000
Energy Assistance Program Due to Funding Availability	3,506
Information Technology and Other Administrative Expenses	
MD THINK to continue development and implementation of replacement systems and the shared platform	5,259
DoIT Services allocation partially offset by DBM paid telecommunications due to changes in the costs allocated for each activity	673
Maintenance and operations of existing information technology systems	-2,816
Other expenses	1,172
Total	**-$39,431**

DBM: Department of Budget and Management
DoIT: Department of Information Technology
FSP: Food Supplement Program
MD THINK: Maryland Total Human-services Information NetworK
TCA: Temporary Cash Assistance
TDAP: Temporary Disability Assistance Program

Note: Numbers may not sum to total due to rounding. The fiscal 2019 appropriation includes deficiencies, a one-time $500 bonus, and general salary increases. The fiscal 2020 allowance includes general salary increases.

Department of Human Services
Caseload Estimates Assumed in the Budget
Fiscal 2017-2020 Estimate

Program	2017 Actual	2018 Actual	2019 Estimated	2020 Estimated	2019-2020 % Change
Cash Assistance					
TCA	50,901	46,651	42,930	40,073	-7.1%
TCA Transitional Benefit				9,635	n/a
TDAP	16,719	13,844	12,143	10,851	-11.9%
FSP Supplemental Benefit	0	19,506	22,071	24,538	10.1%
Federal FSP Cases	364,980	346,054	346,054	346,054	0.0%
Child Welfare					
Foster Care	3,584	3,541	3,532	3,526	-0.2%
Subsidized Adoption/ Guardianship	9,305	9,185	9,069	8,951	-1.3%
Child Support					
TCA Collections	$18,190,140	$16,921,892	$16,099,822	$15,245,930	-5.6%
Non-TCA Collections	547,002,235	534,611,560	538,191,297	541,816,645	0.7%

FSP: Food Supplement Program
TCA: Temporary Cash Assistance
TDAP: Temporary Disability Assistance Program

Note: Federal FSP is provided in average monthly cases. The Transitional TCA Benefit figure represents all recipients expected to receive the benefit in the year. All other cash assistance figures are provided in average monthly recipients. Fiscal 2019 estimates have been updated from the 2018 session and do not reflect the caseload that the appropriation can support.

Source: Governor's Fiscal 2019 and 2020 Budget Books; Department of Human Services; Department of Budget and Management

Department of Human Services
Employment: Full-time Equivalent Regular Positions and Contractual Positions
Fiscal 2018-2020

	2018 Actual	2019 Working	2020 Allowance	2019-2020 Change
Regular Positions				
Social Services	2,687.0	2,652.5	2,654.5	2.0
Family Investment	2,042.3	2,000.3	1,992.3	-8.0
Administration	817.7	799.2	802.2	3.0
Child Support	658.2	653.2	655.2	2.0
Office of Home Energy Programs	14.9	14.9	15.9	1.0
Total Positions	**6,220.1**	**6,120.1**	**6,120.1**	**0.0**
Contractual Positions				
Social Services	5.00	2.5	2.50	0.0
Family Investment	83.96	70.0	70.00	0.0
Administration	35.88	3.3	3.33	0.0
Child Support	16.62	1.0	1.00	0.0
Office of Home Energy Programs	1.10	0.0	0.00	0.0
Total Positions	**142.56**	**76.8**	**76.8**	**0.0**

Source: Governor's Fiscal 2020 Budget Books

Department of Human Services
Filled Regular Positions
Fiscal 2017-2019
January 1 Data

	2017			2018			2019				
	Filled	Authorized	% Filled	Filled	Authorized	% Filled	Filled	Authorized	% Filled	Change in Filled	Change in % Filled
Administration	742.9	819.4	90.7%	725.2	817.7	88.7%	718.6	802.2	89.6%	-6.6	0.9%
Social Services	2,466.8	2,686.3	91.8%	2,473.0	2,687.0	92.0%	2,448.5	2,654.5	92.2%	-24.5	0.2%
Child Support	586.8	658.4	89.1%	598.7	658.2	91.0%	604.7	655.2	92.3%	6.0	1.3%
Family Investment	1,910.6	2,060.1	92.7%	1,845.3	2,057.2	89.7%	1,840.8	2,008.2	91.7%	-4.5	2.0%
Total	**5,707.0**	**6,224.1**	**91.7%**	**5,642.2**	**6,220.1**	**90.7%**	**5,612.6**	**6,120.1**	**91.7%**	**-29.6**	**1.0%**

Note: Numbers may not sum to total due to rounding. Authorized positions do not account for positions being transferred between administrations in fiscal 2020.

Source: Governor's Fiscal 2019 and 2020 Budget Books; Department of Budget and Management; Department of Legislative Services

Issues

1. TANF Surplus Increases Reducing General Fund Spending in TANF Supported Program

Maryland has traditionally received $229.1 million annually from the federal government for the State's TANF block grant (1.4% of the total block grant). Maryland received this amount in every year except the first year of the program until federal fiscal 2017. Language in the Consolidated Appropriations Act of 2017 reduced the block grant by 0.33% in federal fiscal 2017 and 2018. This funding was reserved for research, technical assistance, and evaluation. As a result, Maryland received $228.3 million from the block grant in those two years. Under the federal fiscal 2019 continuing resolution that expired in December 2018, TANF funding remained at federal fiscal 2018 level. With the expiration of that continuing resolution, no new TANF block grant funds are available in federal fiscal 2019, beyond first quarter payments already received, until a new continuing resolution or full-year funding authorization bill is passed.

Since fiscal 2009, Maryland has also received contingency funds that are available to states meeting certain criteria related to SNAP participation or unemployment. In order to receive TANF contingency funds, a state must meet one of two conditions:

- an unemployment rate of at least 6.5% and that is 10% higher in a three-month period compared to the same three-month period in either of the two prior years;
- an FSP caseload that is 10% higher in a three-month period than in a corresponding three-month period in 1994 or 1995.

Maryland continues to qualify for these funds because of the general increases in FSP cases over that period and, as long as the criteria remain unchanged, will continue to qualify for the foreseeable future. The amount of contingency funds received by Maryland has been higher than $20 million in each year since fiscal 2013. Although DHS expects to receive contingency funds at the same level as in recent years, the availability of these funds for federal fiscal 2019 are also in question absent a federal authorization.

TANF Balance

Maryland had a TANF deficit from fiscal 2011 through 2016. In fiscal 2017, DHS ended the year with a small positive balance due to a substantial reduction in spending, in part resulting from caseload declines. DHS maintained this lower level of spending in fiscal 2018 allowing a substantial TANF balance to accrue, as shown in **Exhibit 1**. Based on current spending plans, the fund balance is expected to continue to grow in fiscal 2019. This balance estimate assumes that TANF is received at the fiscal 2018 levels of the base grant and contingency funds. While this is a reasonable assumption, the current government shutdown calls into question the availability of these funds. Although DHS anticipates the same level of grant revenue in fiscal 2020, the balance is expected to decline due to the planned use of balance to reduce general fund need and to support a new benefit.

Exhibit 1
Availability of TANF Funding
Fiscal 2017-2020
($ in Millions)

	2017 Actual	2018 Actual	2019 Approp.	2020 Allowance
Beginning Balance	**-$20.416**	**$3.734**	**$25.551**	**$27.792**
TANF Grant	$228.342	$228.342	$228.342	$228.342
Contingency TANF	24.248	25.415	25.415	25.415
Total Income	**$252.590**	**$253.757**	**$253.757**	**$253.757**
Available Funding (Balance + Income)	**$232.174**	**$257.492**	**$279.309**	**$281.549**
DHS Appropriation	-$228.439	-$231.940	-$251.517	-$277.039
Total Expenditures	**-$228.439**	**-$231.940**	**-$251.517**	**-$277.039**
Ending Balance	**$3.734**	**$25.551**	**$27.792**	**$4.510**

DHS: Department of Human Services
TANF: Temporary Assistance for Needy Families

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

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

TANF Spending

In fiscal 2018 and 2019, the General Assembly added language to the budget bill capping the level of TANF expenditures to ensure that a TANF deficit did not increase or redevelop. The fiscal 2018 cap was amended in the Budget Reconciliation and Financing Act of 2018 to provide a cap of $256.3 million. The fiscal 2019 cap was established at $252.6 million. These amounts were based on the anticipated available amount of TANF. As shown in **Exhibit 2**, fiscal 2018 TANF spending was well below the fiscal 2018 cap. Overall, TANF spending in the fiscal 2020 allowance totals $277 million, which is higher than expected TANF revenue. The spending plan assumes the use of balance in fiscal 2020, but a small TANF balance is expected to remain at the close of that year. Spending in the out-years will need to be reduced to a level more in line with anticipated receipts to ensure that a deficit does not redevelop. As a result, much of this increased spending should be considered a one-time fund swap.

Exhibit 2
Changes in TANF Spending in the DHS Budget
Fiscal 2017-2020
($ in Millions)

Activity	2017 Actual	2018 Actual	2019 Working	2020 Allowance	2019- 2020 Change
Cash assistance	$97.1	$97.9	$100.1	$113.7	$13.6
Work opportunities	32.1	30.3	32.5	31.2	-$1.3
Family Investment Services	7.7	8.2	9.0	7.4	-$1.7
Local Family Investment Program	25.8	31.3	33.9	32.9	-$1.0
Foster care maintenance payments	11.4	11.4	11.4	23.8	$12.3
Local Child Welfare Services	18.9	15.7	39.9	33.3	-$6.7
Local Adult Services	10.8	12.9	4.9	11.8	$6.9
Social Services Administration State Operations	11.5	9.6	4.6	8.3	$3.8
General Administration	13.1	14.6	15.1	14.8	-$0.3
Total Expenditures	**$228.4**	**$231.9**	**$251.5**	**$277.0**	**$25.5**

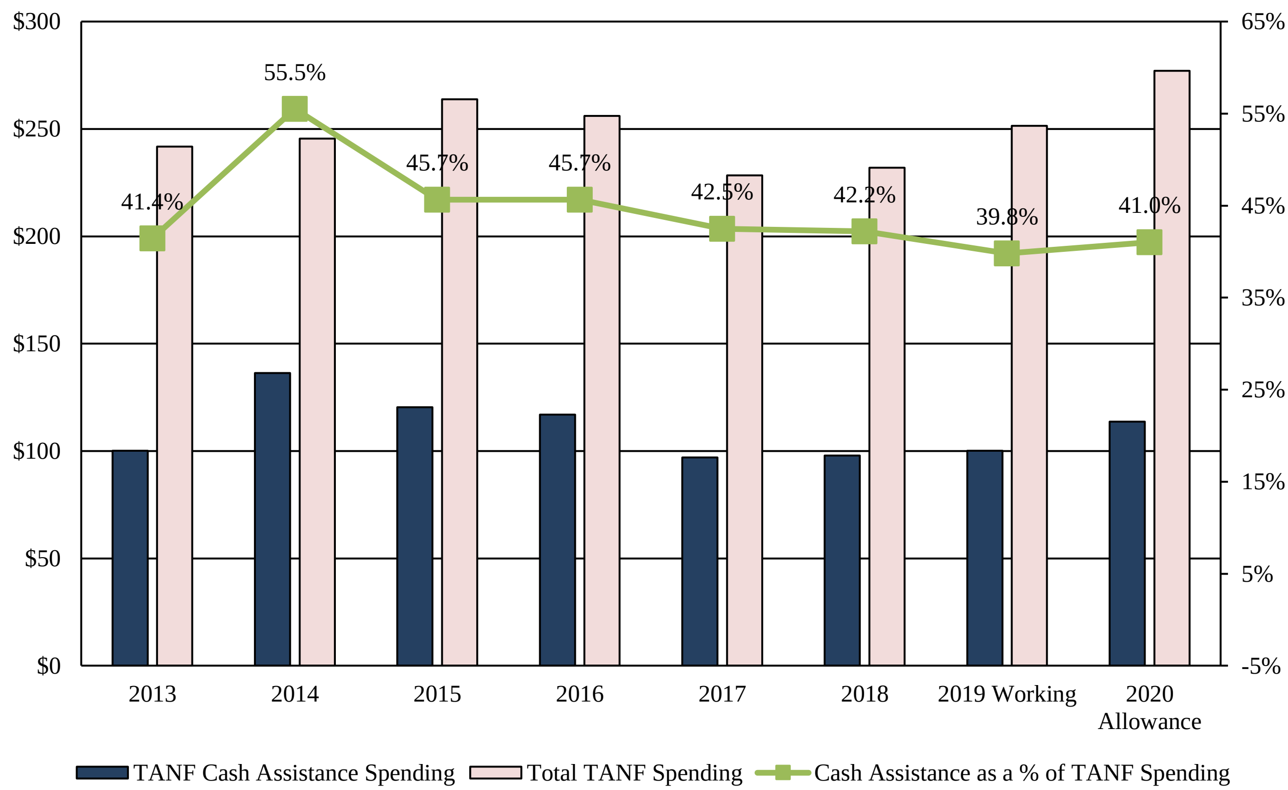
DHS: Department of Human Services
TANF: Temporary Assistance for Needy Families

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

Source: Governor's Fiscal 2019 and 2020 Budget Books; Department of Human Services

The amount of TANF budgeted for cash assistance increases by $13.6 million, or 13.6%, compared to fiscal 2019. A portion of this increase, $6.3 million, supports a planned new transitional TCA benefit. The remainder of the increase is for TCA benefits. Despite the anticipated decrease in the TCA caseload noted earlier, DHS will spend a higher amount of TANF on benefits, which reduces general fund spending in the program to the lowest level since fiscal 2011. As a result of these factors, the share of fiscal 2020 TANF spending on cash assistance increases to 41%. As shown in **Exhibit 3**, although an increase, the fiscal 2020 share of TANF spending on cash assistance remains below historical levels.

Exhibit 3
Cash Assistance as a Share of TANF Spending
Fiscal 2013-2020
($ in Millions)



TANF: Temporary Assistance for Needy Families

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

Source: Governor's Fiscal 2020 Budget Books; Department of Budget and Management; Department of Legislative Services

The Social Services Administration (SSA) contains the three other areas experiencing increases in TANF spending in fiscal 2020. TANF spending on Foster Care Maintenance payments increases by $12.3 million. TANF spending for these payments is the highest since fiscal 2003, reducing general fund need in the program in a period of transition for the primary federal fund source, Title IV-E. TANF spending on Local Adult Services returns to a level closer to recent history after a substantial decrease in fiscal 2019. While most areas of SSA will have an increase in TANF spending in fiscal 2020, TANF spending in Local Child Welfare Services decreases by $6.7 million, the largest decrease in TANF spending in the budget. Despite the decrease, budgeted TANF spending in this area remains above recent actual spending levels. In total, SSA represents 27.9% of TANF spending in fiscal 2020.

State's Maintenance of Effort Requirement Met

In return for the annual TANF block grant, the State must spend $177 million of its own money to meet a federal Maintenance of Effort (MOE) requirement, equal to 75% of its spending on TANF's predecessor programs in fiscal 1994. Additional MOE funds are required when a state receives contingency funds. Specifically, a state must spend 100% of what it spent on the predecessor programs, and then contingency funds must be matched by MOE spending.

Exhibit 4 provides a summary of MOE funding from fiscal 2017 through 2020. As shown in Exhibit 4, MOE spending increased by approximately $24 million between fiscal 2017 and 2018. The increase occurs primarily among the Electric Universal Service Program (EUSP) and employment services/caseworkers. Employment services/caseworker MOE spending returns to near the fiscal 2016 level. EUSP spending counted toward MOE can vary substantially year to year based on eligible spending.

Exhibit 4
TANF Maintenance of Effort
Fiscal 2017-2020
($ in Thousands)

	2017 Actual	2018 Actual	2019 Working	2020 Allowance
Cash Assistance	$18,521	$16,452	$7,060	$3,034
Employment Services/Caseworkers	12,025	23,027	23,257	23,489
Administration	3,994	6,219	6,281	6,344
Kinship Care/Foster Care Payments	514	1,706	1,710	1,710
Social Services Administration	2,081	59	60	61
Community Services – Emergency Food, Shelter, Child 1st	507	784	792	800
Refundable State Earned Income Tax Credit	131,279	132,056	132,333	132,611
Montgomery County Earned Income Tax Credit	21,303	20,602	20,645	20,689
MSDE PreK	55,962	58,188	58,310	58,433
Electric Universal Service Program	23,383	34,522	34,594	34,667
Subtotal	***$269,569***	***$293,615***	***$285,042***	***$281,836***

	2017 Actual	2018 Actual	2019 Working	2020 Allowance
Required Maintenance of Effort				
Base	$176,965	$176,965	$176,965	$176,965
Contingency Fund Add-on	35,941	35,941	35,941	35,941
Contingency Fund Match	24,248	25,415	25,415	25,415
Total Required	**$237,154**	**$238,321**	**$238,321**	**$238,321**
Excess Maintenance of Effort	**$32,415**	**$55,293**	**$46,721**	**$43,515**

MSDE: Maryland State Department of Education
TANF: Temporary Assistance for Needy Families

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

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

MOE spending is expected to decrease by approximately $8.6 million between fiscal 2018 and 2019. This decrease occurs primarily due to a reduction in spending in cash assistance due to a declining TCA caseload and increased use of TANF to support benefit payments. These changes also are the primary cause of the anticipated reduction in MOE spending in fiscal 2020. Despite the reductions, MOE spending is expected to continue to significantly exceed required levels in these years.

2. Two-Generation Family Economic Security Commission Final Report

In March 2017, Governor Lawrence J. Hogan, Jr. issued Executive Order 01.01.2017.03 that established a Two-Generation Family Economic Security Commission and pilot program. The two-generation approach is focused on addressing multigenerational poverty. The commission defined multigenerational poverty as poverty that occurs among two or more successive generations as measured by individuals who utilize public assistance for at least 12 months as an adult and at least 12 months as a child. The commission noted that 40% of Maryland adults who received TCA in fiscal 2016 and 2017 received FSP benefits as a child, indicating the level of multigenerational poverty in the State.

The commission was tasked with investigating policy challenges and opportunities and making recommendations regarding the mitigation of multigenerational poverty and specifically to:

- identify services and policies within the State that can be coordinated to support a multigenerational approach;

- identify program and service gaps and inconsistencies between federal, State, and local policies;

- identify, test, and recommend best practices utilized at the federal, State, and local levels; and

- solicit input and guidance regarding two-generation approach practices and policies.

The commission was to submit an interim report in December 2017 and a final report in December 2018. The final report was to include recommended legislative, policy, and regulatory actions to support a multigenerational approach.

Strategies for Implementation

The commission identified several strategies that it felt should be addressed to result in an intergenerational approach to reducing poverty:

- ***Implementation of Maryland Total Human-services Information NetworK (MD THINK):*** The commission believes that the new MD THINK system will provide an opportunity for a common intake form that would include the opportunity for a holistic family assessment to identify the needs of the whole family at first contact. The system is also expected to improve the State's ability to identify service gaps and create interventions that address needs.

- ***Implementation of a No Wrong Door Approach:*** The commission believes improving coordination between agencies is key to implementing a two-generation approach. A no wrong door approach would provide warm hand offs for families seeking assistance between agencies and require strong interagency relationships.

- ***Having a Two-Gen In and Out Culture:*** A Two-Gen In and Out Culture is one in which caseworkers embrace the holistic approach to addressing the family. The commission indicates that caseworker training and relationship building between agencies is necessary to create this type of culture change.

Findings

The report presented several themes that were identified during commission meetings as challenges to overcoming intergenerational poverty. The first barrier identified was communication about available services, both between providers and between providers and customers. A second set of challenges was identified in terms of understanding the eligibility for fathers for various programs because many programs focus on single mothers. In addition, the commission noted that child support arrearages and criminal records also impact the earning capacity of noncustodial parents (who are primarily fathers). The third barrier discussed was the "benefit cliff," which results from the loss of benefits as income rises. Strict income cut-offs mean that the increase in income is often less than the amount a family is losing in benefits. For example, the report highlights the hourly wage for full-time work at which benefits are lost for a family of three for a number of benefits including at $8.46 for TCA. All other benefits highlighted (Medicaid, energy assistance, FSP, *etc.*) are also lost at hourly wages below $21 ($43,680 annually for those working 40 hours per week).

Pilot Approaches

The final report, as did the interim report, presented four pilot approaches.

- ***Uniform Assessment Tool:*** The report indicates that DHS was evaluating an assessment tool referred to as wQ that would connect labor market opportunities and available programs and supports across the State. The goal of a uniform assistance tool is to provide a holistic family assessment, including a strengths-based assessment that identifies career pathways that align with family goals, localized resource mapping that can suggest services based on identified needs, and collecting data for the entire family.

- ***Multigenerational Educational Sites:*** The report describes this type of site as one that connects and co-locates childcare services and services for parents trying to improve their educational status, such as on a community college campus. A program currently exists in Prince George's County using this type of model.

- ***Transportation:*** The report explains a pilot to overcome transportation barriers could be built off of an existing program in the Mid-Shore area of the State. Delmarva Community Transit currently offers door-to-door service with 24 hours' notice to seniors and individuals with disabilities; a pilot could expand this to families needing transportation for youth to school and a parent to a job/adult educational activities. The report notes that the success of the pilot would be evaluated based on work activity participation, school attendance, and feedback of participants.

- ***Intergenerational Case Management:*** Based on a model in Zimbabwe, this pilot would provide an opportunity for retired workers (caseworkers, teachers, therapists, *etc.*) to volunteer to support an assigned case manager in the foster care reunification. These volunteers would provide support in areas such as mental health, parenting, and stress management.

Recommendations

The commission made two recommendations. First, the commission recommended creating a Two-Generation Program Officer within DHS to evaluate the work of the pilot sites and focus on the mission and approach. This position would serve as a liaison between agencies, the legislature, and federal partners. The report indicates that other states, such as Colorado, implementing a two-generation approach have had a position dedicated to the approach. DHS indicates that it will reclassify an existing vacant position in fiscal 2019 to serve as the Two-Generation Program Officer. **DHS should comment on the timeline for the evaluation of the two-generation pilot approaches.**

The second recommendation is to explore the provision of transitional, short-term cash assistance for families exiting TCA due to employment that places the family above the income limit. Transitional benefits assist households in dealing with the benefit cliff that results from increases in income at relatively low wages. The report notes that 21 states offer some type of transitional benefit for cash assistance, although the amount of the benefit and the length of time for which it is provided varies. According to research by the University of Maryland School of Social Work described in the report, 15 of these states provide the benefit for six months or less, of which 6 states offer these benefits for three months. Some of the positive outcomes for families from these benefits noted in the report include increased earnings and employment stability and the ability to manage new and recurring expenses. However, the report noted concerns with transitional benefits about the potential impact of the transitional benefits on other benefits that the household may receive (for example, FSP, Medicaid, and Child Care subsidy) because the benefit is considered income. In addition to benefits for the family, dependent on how the benefits are funded, the report states that the provision of benefits may assist in improving work participation rates. The fiscal 2020 allowance includes $6.3 million in TANF to support transitional benefits for those exiting TCA due to employment or an income over the limit. The transitional benefit will be provided for three months. DHS estimates these benefits will be provided to 9,635 recipients in fiscal 2020. **DHS should comment on how it anticipates that the transitional benefit will impact other benefits households may receive after exiting TCA and the benefits of delaying the cliff by three months.**

3. Substance Use Increases Foster Care Placements

Locally and nationally, the child welfare system has been impacted by the opioid epidemic. The increased focus on the impacts has led to research on the issue and successful state strategies to combat problems that have arisen. In calendar 2018, the U.S. Department of Health and Human Services (HHS) released several reports from a study on this issue.[1] The study used overdose death rates (excluding alcohol and tobacco) and rates of hospital stays and emergency visits related to substances (excluding alcohol and tobacco) as measures of substance use prevalence.

National Data

Following a period of declining caseloads, foster care caseloads have increased in recent years. Nationally, the number of children in foster care on the last day of each fiscal year increased by 10.6% (an increase of 42,601 children) between federal fiscal 2013 and 2017. During this period, drug overdose deaths and drug-related hospitalizations also increased. In general, states have reported a rise in foster care entries related to parental substance use. In federal fiscal 2017, HHS indicated parental substance/alcohol use was a factor in 41% of removals. However, HHS notes that improvements in reporting practices for factors at removal into care may account for some of this increase. HHS reports that certain areas of the country are more likely to have higher than the national median foster care entry rates and overdose rates, including Appalachia, New England, and parts of the Midwest. HHS also noted that in some areas, such as the Mid-Atlantic, there were counties with high rates of overdose

[1] The national data in this issue derives from these two research briefs and an annual update on foster care data: (1) Ghertner, Robin; Baldwin, Melinda; Crouse, Gilbert, Radel, Laura; and Waters, Annette. (2018). *The Relationship between Substance Use Indicators and Child Welfare Caseloads*. ASPE Research Brief. U.S. Department of Health and Human Services; (2) Radel, Laura; Baldwin, Melinda; Crouse, Gilbert; Ghertner, Robin; Waters, Annette. (2018) *Substance Use, the Opioid Epidemic, and the Child Welfare System: Key Findings from a Mixed Methods Study*. ASPE Research Brief. U.S. Department of Health and Human Services; and (3) *The AFCARS Report: Preliminary FY 2017 Estimates as of August 10, 2018 – No. 25*. (2018) U.S. Department of Health and Human Services, Administration for Children, Youth, and Families.

deaths but low foster care entry rates. However, in general, HHS found that from federal fiscal 2011 through 2016, a 10% increase in drug overdose death rates correlated with an increase of 4.4% in foster care entry rates. In addition, a 10% increase in drug hospitalizations is correlated with an increase of 2.9% in the foster care entry rate.

HHS explained that interviews revealed that child welfare cases involving substance use are generally more severe and involve circumstances that limit the availability of other supports to enable parents to care for the children safely. Interviews indicated that cases involving parents with opioid-related substance use issues regularly also involve neglect. Interviews also revealed that these cases often lead to removals due in part to difficulties in getting parents with substance use disorders to comply with safety plans and court orders as well as finding family members available to care for the children due to multigenerational substance use issues.

The research briefs also highlighted several key concerns related to substance use as it pertains to the child welfare system and removals into care/reunifications, such as:

- the limited availability of treatment beds generally as well as treatment options meeting the specific needs of the parent;

- the limited availability of family-friendly substance use treatment;

- the mistrust and misunderstanding of medication-assistance treatment (MAT), for example, misunderstanding the long-term reliance on MAT or concerns about abuse of the MAT drugs; and

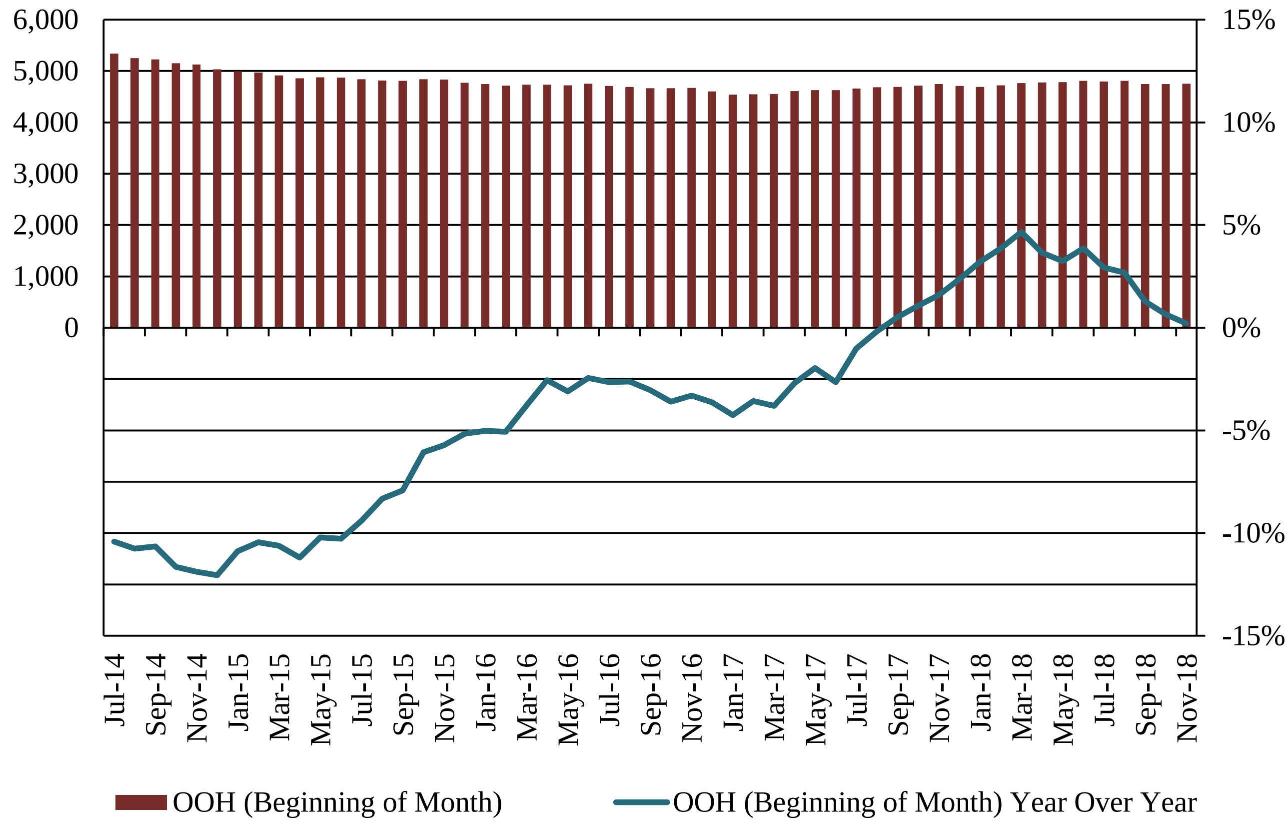
- the barriers to multiagency collaboration, such as data sharing and differences in agency missions.

HHS also noted that the increase in cases that result from substance use and limited treatment options have led to agencies and workers being overwhelmed, including high levels of stress, burnout, and turnover. The report also cited concerns about threats and violence against caseworkers. The increased caseload has also led to shortages in foster homes both due to more removals in to care and children remaining in care for longer periods.

Maryland Observations

Consistent with national reports, the number of children in out-of-home placements began to increase in calendar 2017. The number of children in out-of-home placements has generally increased since January 2017 and began increasing on a year-over-year basis in September 2017, as shown in **Exhibit 5**. Between January 2017 and November 2018, the number of children in out-of-home placements has increased by 4.7%.

Exhibit 5
Children in Out-of-home Placements at the Beginning of the Month
July 2014 to November 2018

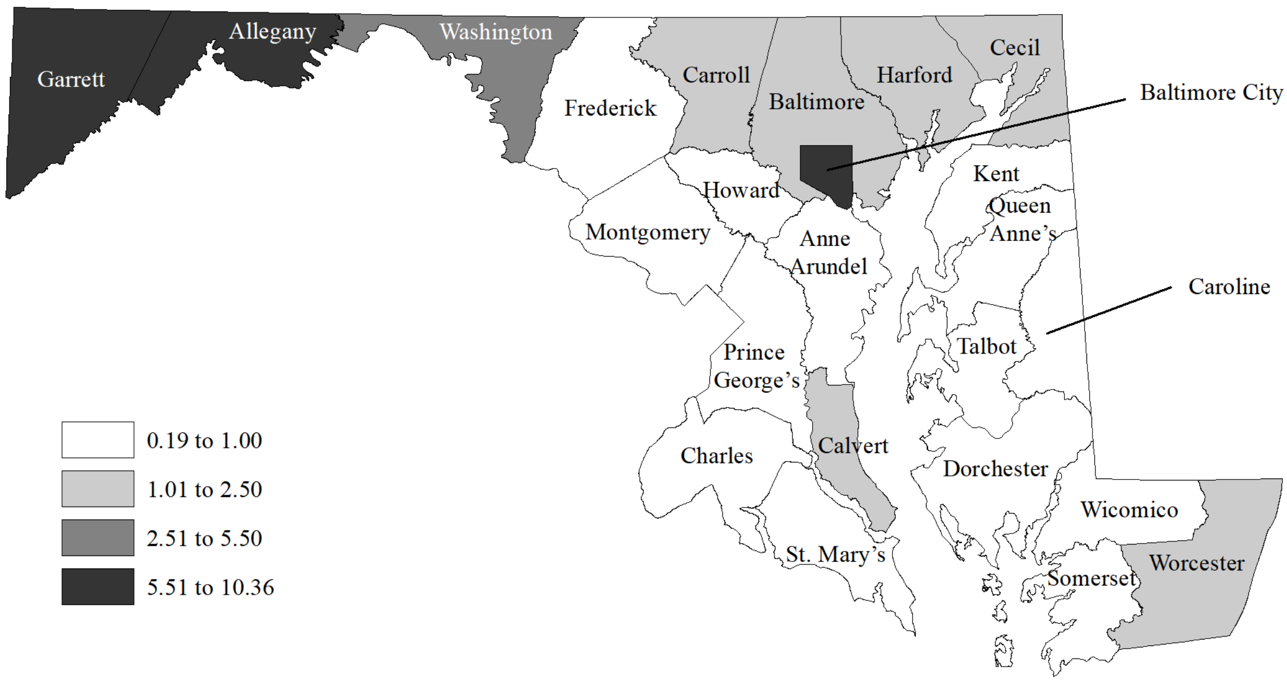


OOH: out-of-home placement

Source: Department of Human Services

Between fiscal 2015 and 2018, the number of entries into care increased by 17.4%, 2,191 to 2,573. The rate of removals into care has also increased. Between fiscal 2015 and 2018, the rate of removal into care statewide increased from 1.53 to 1.91 per 1,000 children under age 18 (a 24.8% increase). The statewide trend masks significant variation between jurisdictions. Nine jurisdictions saw a decrease in the rate of removals into care between fiscal 2015 and 2018. Of the 15 jurisdictions that had increases, 7 had a rate of removal of lower than 1.0 per 1,000 children in both fiscal 2015 and 2018. In total, 7 jurisdictions had a rate of removal higher than the department's goal (1.5 per 1,000 children) in each year between fiscal 2015 and 2018. As shown in **Exhibit 6**, the highest rates of removal into care are concentrated in three jurisdictions in (Allegany and Garrett counties and Baltimore City). In fiscal 2018, Garrett County and Baltimore City each had a rate of removal of greater than 10 per 1,000 children.

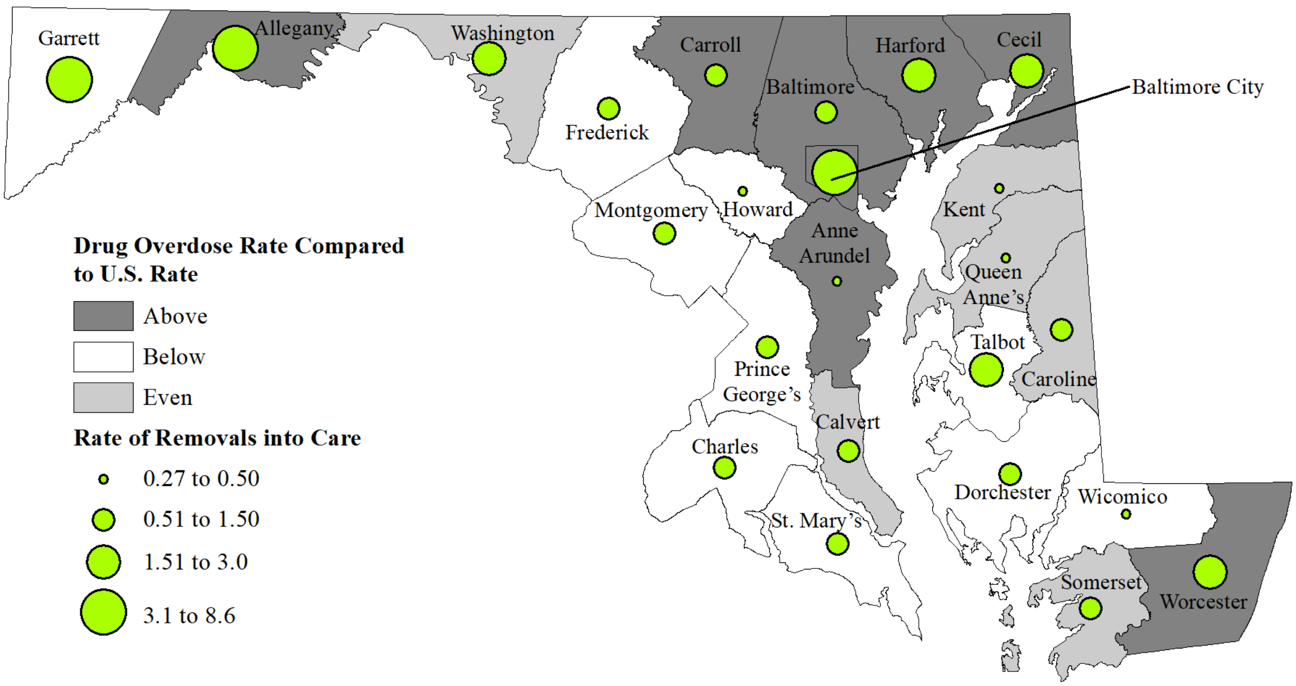
Exhibit 6
Rate of Removal into Care Per 1,000 Children
Fiscal 2018



Source: Department of Human Services

Similar to trends nationally, as shown in **Exhibit 7**, Maryland data shows that variations exist between jurisdictions regarding whether drug overdose rates above the national median occur in areas with high rates of removals into care.

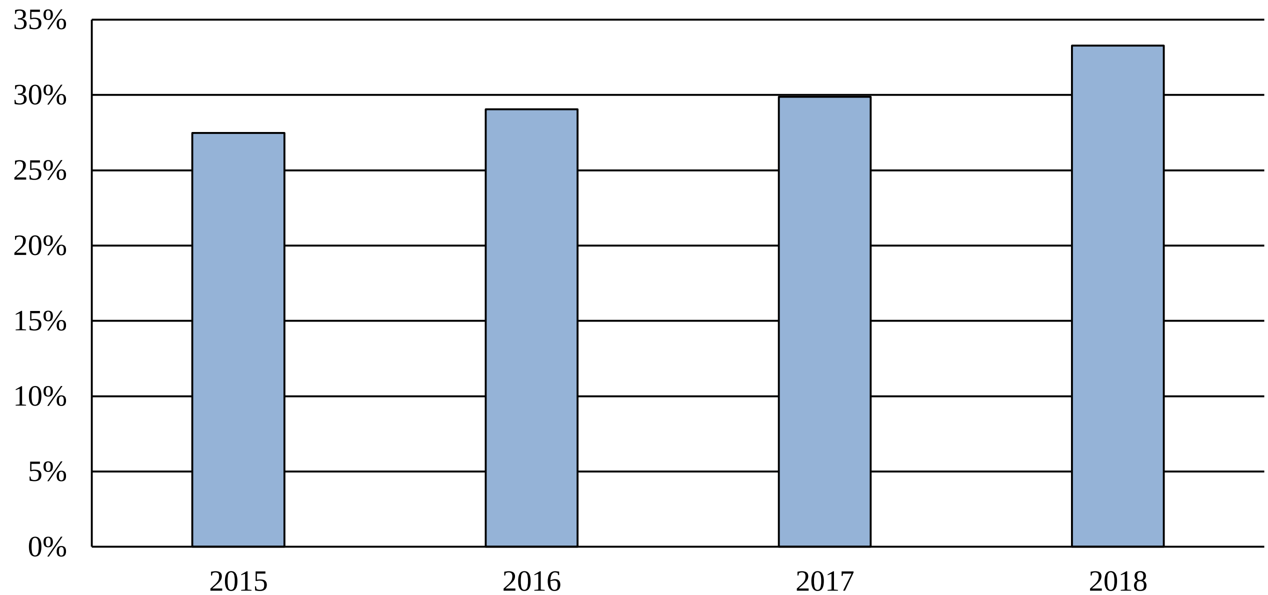
Exhibit 7
Rate of Removals into Care Per 1,000 Children and Drug Overdose Death Rate Compared to U.S. Rate
Fiscal 2016



Source: Department of Human Services; Center for Disease Control and Prevention; Department of Legislative Services

As noted nationally, the share of removals in which parental substance use was a factor in removal also increased during this period, as shown in **Exhibit 8**. In fiscal 2018, parental substance use was a factor in removal in more than one-third of removals into foster care, an increase of 5.8 percentage points compared to fiscal 2015. As noted earlier, it is unclear the degree to which this reflects a true increase because of improvements in reporting practices related to parental substance use as a factor in removal. Despite this limitation, the increase is still noteworthy.

Exhibit 8
Share of Removals in Which Parental Substance/Alcohol Use Was a Factor
Fiscal 2015-2018

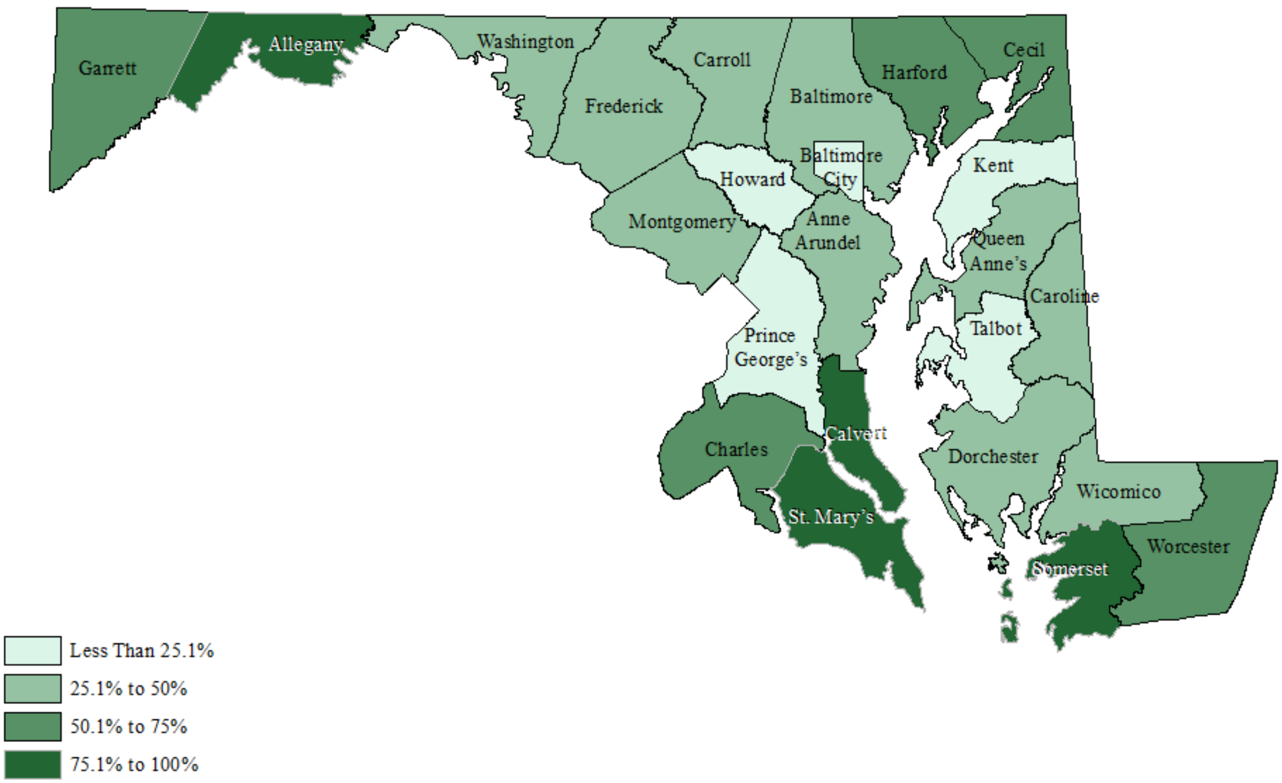


Note: Each removal may have multiple factors in the removal.

Source: Department of Human Services

In certain jurisdictions, the share of removals in which parental substance use is a factor is substantially greater. As shown in **Exhibit 9**, in fiscal 2018, parental substance use was a factor in greater than 75% of removals in three jurisdictions with more than 20 removals into care (Allegany, Calvert, and Somerset counties). Parental substance use was a factor in 100% of removals into care in St. Mary's County. However, there were only 2 removals in that county in fiscal 2018.

Exhibit 9
Share of Removals in Which Parental Substance Use Was a Factor by Jurisdiction
Fiscal 2018



Note: Each removal may have multiple factors in the removal.

Source: Department of Human Services; Department of Legislative Services

Allegany County Experiences

As shown earlier, Allegany County has experienced significant impacts from the opioid epidemic on foster care. To understand the impacts at the local level, in the 2018 interim, staff from the Department Legislative Services (DLS) met with staff at the Allegany County Department of Social Services (DSS). A number of the challenges found nationally related to the impact of the opioid epidemic on foster care have been experienced at the local level in Maryland including (1) lack of access to treatment including family-based treatment facilities; and (2) concerns about methadone as a treatment option. Other significant issues noted by Allegany County caseworkers in responding to the substance use issues included:

- lack of transportation impacting ability to receive treatment;
- housing-related issues for parents (an arrest record, including for substance related violations, prevents living in public housing); and
- limited ability to access information on the parent's health record (only available to the extent that the parent consents) due to privacy laws, which impacts the caseworkers ability to know whether the treatment plans are being followed.

In addition, consistent with the national research, the staff at the Allegany County DSS mentioned several staffing-related issues resulting from the opioid epidemic including:

- increased caseloads and paperwork, reducing time spent directly working on cases;
- fears for safety and the need to have a second person when meeting with the family; and
- mental and physical health impacts related to secondary trauma (for caseworkers), with limited resources to assist.

Strategies to Address the Impacts of the Opioid Epidemic on Foster Care

Portions of new federal legislation should assist Maryland, and all states, in addressing the impact of the opioid epidemic on child welfare. In particular, the Families First Prevention Services Act allows states to claim federal reimbursement for a child placed with a parent in a licensed residential family-based treatment facility for substance use for up to 12 months effective October 1, 2018. The ability to do so, however, is limited by the availability of these types of treatment. DHS indicates that no placements of this type have been made as of December 27, 2018, nor did DHS believe that such a facility was available in Maryland at this time. In addition, effective October 1, 2019, states will be able to receive federal reimbursement for up to 12 months of mental health services, substance use treatment, and in-home parenting training for families at risk of entry into the child welfare system. Under prior law, federal Title IV-E funding (the primary source of federal foster care funding) was not available for prevention activities without a waiver. These services must meet federal requirements related to evidence-based practices that are under development.

In September 2018, the National Academy for State Health Policy released a brief on *State Strategies to Meet the Needs of Young Children and Families Affected by the Opioid Crisis*. This brief highlighted strategies that were developed through interviews with officials in Kentucky, New Hampshire, and Virginia. Strategies highlighted include:

- facilitating rapid access to services and treatment for families with infants and children exposed to opioid use;

- expanding services available to families, including peer support specialists that can provide emotional support while navigating treatment, connect individuals to other services and supports, and provide parenting education and training;

- creating care coordinators for infants and children exposed to opioid use;

- providing services in locations convenient to families (assisting with impacts of lack of transportation and child care), which include covering through Medicaid residential treatment programs that accept children or providing home visiting services;

- providing family-centered treatment, including comprehensive wrap-around services;

- leveraging multiple funding streams to provide a full range of services, including using funds available to combat the opioid epidemic; and

- addressing silos between systems, such as child welfare and primary and behavioral health systems.

Conclusions

Maryland's experience in the child welfare system has mirrored the national experience of the opioid epidemic. The number of children in out-of-home placements and the rate of removal have increased putting strain on caseworkers and the number of available foster homes. Though the Title IV-E Waiver has allowed the state flexibility in spending federal funds on some preventive services, this waiver is temporary. Changes in federal law will also assist the State in responding to the challenges of the opioid epidemic. To date, none of the funding made available to respond to the opioid epidemic has been made available for the impacts on child welfare. **The department should comment on efforts to work with the Maryland Department of Health and other State agencies to allow for use of opioid epidemic funding to address child welfare needs. DHS should also comment on how it is working to address the impacts of the opioid epidemic on youth and families, particularly using some of the strategies highlighted nationally.**

4. Implementation of Child Support Pass-through

Under Section 408 of Title IV of the Social Security Act, states must require TANF recipients to assign child support rights to the State as a condition of receiving assistance. If the amount of child support received exceeds the amount of the assistance, the TCA recipient receives the child support rather than TCA, and the TCA case is closed. Child support received on behalf of TCA recipients is used to reimburse the federal government and the State. The State distributes a share to the federal government based on the Federal Medical Assistance Percentage, which is 50% in Maryland, and retains the remainder in the Child Support Offset Fund. The State share is primarily used to offset costs of the TCA program and for contracts related to child support. In fiscal 2018, the State share of child support payments spent was $8.5 million ($4.1 million used for TCA and $4.4 million used for child support contracts).

The federal Deficit Reduction Act (DRA) of 2005 allowed states to pass through support payments up to $100 for one child and $200 for two or more children per month to families, without needing to reimburse the federal government for its share of these collections. Chapters 737 and 738 of 2017 established the pass-through and disregard option as specified in the DRA in Maryland, effective July 1, 2019. For the federal government to waive its share, the State is required to disregard the passed through amount as income in the calculation of eligibility for TCA. Although pass-through payments are disregarded for TCA, DHS indicates that these payments would be included in the calculation for FSP benefits. Eligibility and benefit levels in other assistance programs are generally unaffected by the pass-through policy taking effect.

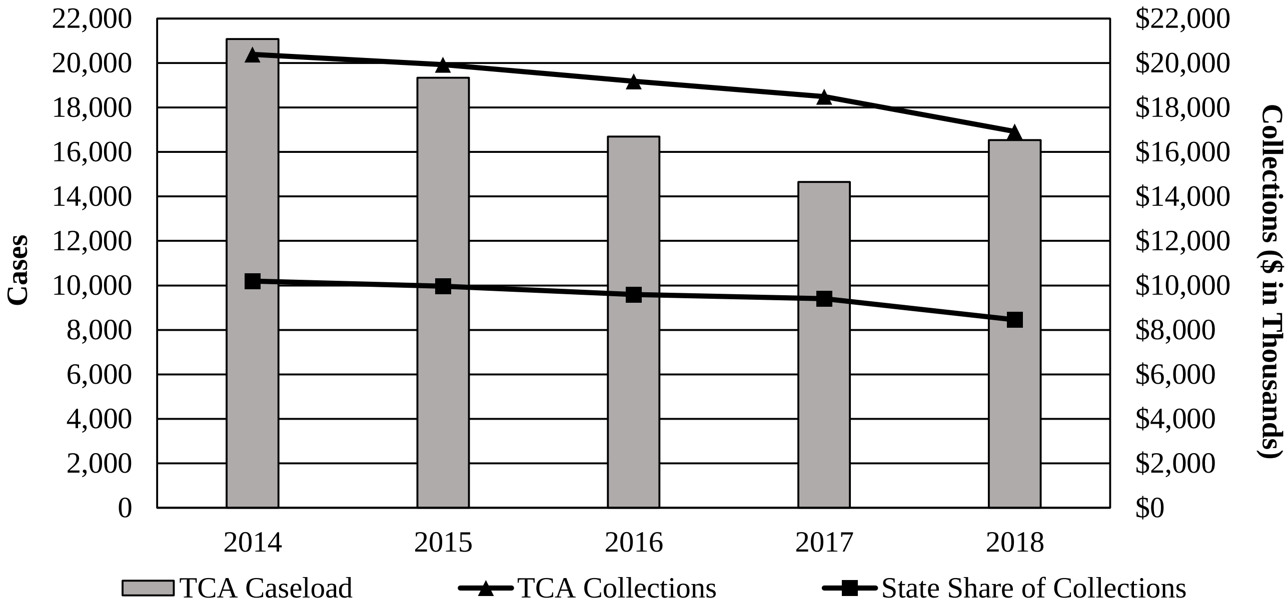
Estimated Budgetary Impact

As a result of Chapters 737 and 738, DHS projects that approximately $7.6 million in additional funds, formerly retained by the State and federal government, will be passed through to TCA recipients annually. The fiscal 2020 allowance includes a decrease of $3.8 million in special fund revenue (the State share) supporting TCA payments. In fiscal 2018, the average monthly support amount set per case was approximately $242. Therefore, DHS will continue to collect some payments in the Child Support Offset Fund for any payments above the DRA guidelines and will reimburse the federal government for 50% of these collections. For fiscal 2020, the expected decrease in special funds are replaced with TANF. However, with a lower TANF fund balance anticipated in future years, additional general funds may be required to replace this lost revenue.

DHS based the $7.6 million pass-through amount on the estimated fiscal 2017 TCA collections after discounting estimated collections on arrearages and monthly payments above $100 for one child and $200 for two or more children. When applying actual fiscal 2018 measures to the DHS calculation, $9.7 million total is projected to be passed through to families, and the state share is projected to decrease by $4.8 million. The estimated pass-through amount increases despite an overall decrease in TCA-related child support caseload (17%) and collections (21.6%) from fiscal 2014 to 2018, as shown in **Exhibit 10**. Child support payments on arrearages for TCA-related cases will not be passed through, so the calculation discounted the estimated fiscal 2017 collections on arrearages, which were significantly higher than the fiscal 2018 actual. The fiscal 2020 allowance only accounts for a $3.8 million reduction in special funds. This potentially understates the loss in special fund revenue by approximately $1 million based on recent experience, but the fiscal 2020 impact will vary based on total TCA collections on current support.

DHS indicates that a one-time information technology (IT) system enhancement costing $500,000 is needed to implement the pass-through policy by July 1, 2019. The federal fund/general fund split for this IT system enhancement is 66%/34%, so an estimated $170,000 in general funds are required over fiscal 2019 and 2020. DHS reports that this amount can be covered using existing resources. As part of MD THINK, the Child Support IT system will be rebuilt with the pass-through capability. Development of the Child Support IT system is scheduled to begin July 2019 with a pilot launch set for July 2020 and a statewide launch set for December 2020.

Exhibit 10
TCA-related Child Support Caseload and Collections
Fiscal 2014-2018



TCA: Temporary Cash Assistance

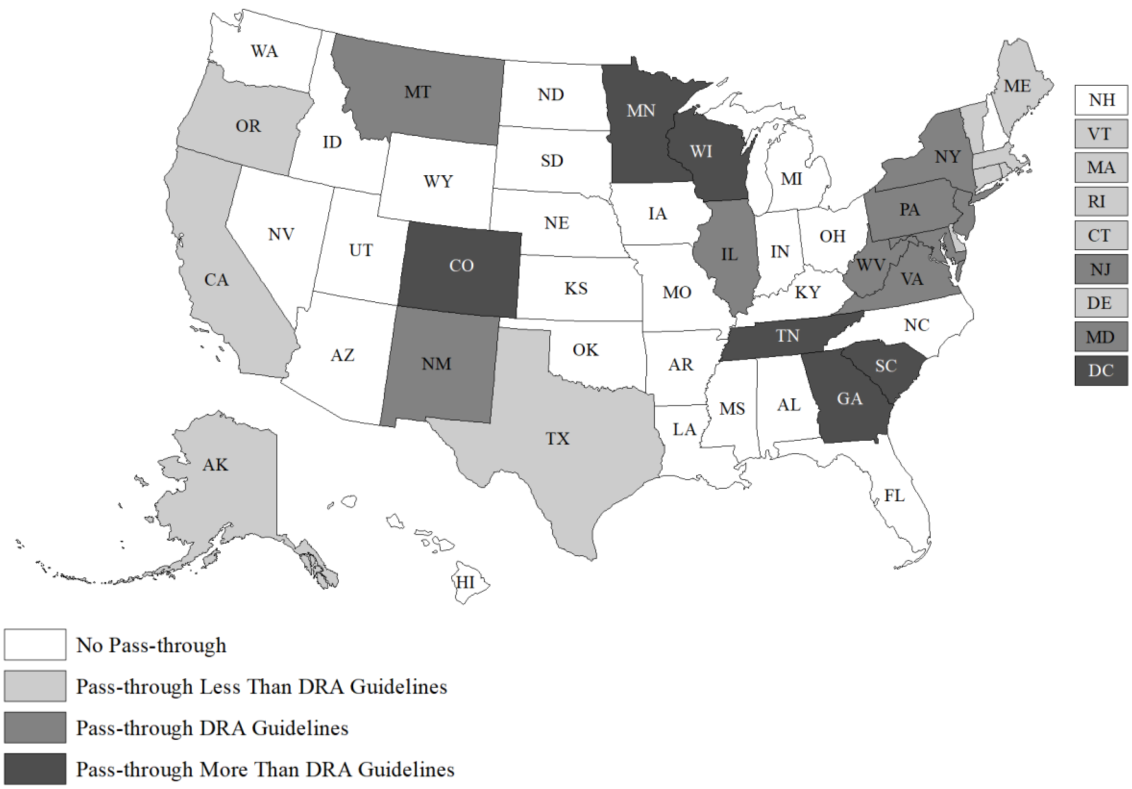
Source: Department of Human Services

Experiences with the Pass-through and Disregard Policy in Other States

Exhibit 11 displays the pass-through and disregard policies across states in relation to the DRA guidelines. According to the National Conference of State Legislatures, 25 states have enacted policies that allow some portion of the child support received on behalf of cash assistance recipients to be passed through. All 25 of these states disregard at least some of the passed-through amount as income in the calculation of TANF benefits.

Among the states that have pass-through and disregard policies, 10 states pass through less than the DRA guidelines. The majority of these states pass through $50 of child support regardless of the number of children receiving support. Eight states, including Maryland, enacted policies to pass through up to $100 for one child, consistent with the amount as limited by the DRA. Seven states enacted policies that allow more than $100 for one child to be passed through directly to families in some cases. For example, Colorado passes through the entire child support payment received for TCA-related cases, and Washington, DC passes through $150 regardless of the number of children. In these states, the federal government is still reimbursed for its share of the collected child support over $100 for one child and $200 for two or more children.

Exhibit 11
Pass-through and Disregard Policies in the United States



DRA: Deficit Reduction Act

Source: National Conference of State Legislatures

In a response to committee narrative in the 2016 *Joint Chairmen's Report*, DHS reported on findings from some studies of the states that had implemented pass-through and disregard policies. The studies found that:

- noncustodial parents are more likely to make informal payments (such as cash or in-kind goods) rather than formal payments when they know that child support is not passed through to families (from a national study);

- noncustodial parents were more likely to make a payment and paid 19% more when payments were fully passed through than those whose payments were only partially passed through (in Wisconsin);

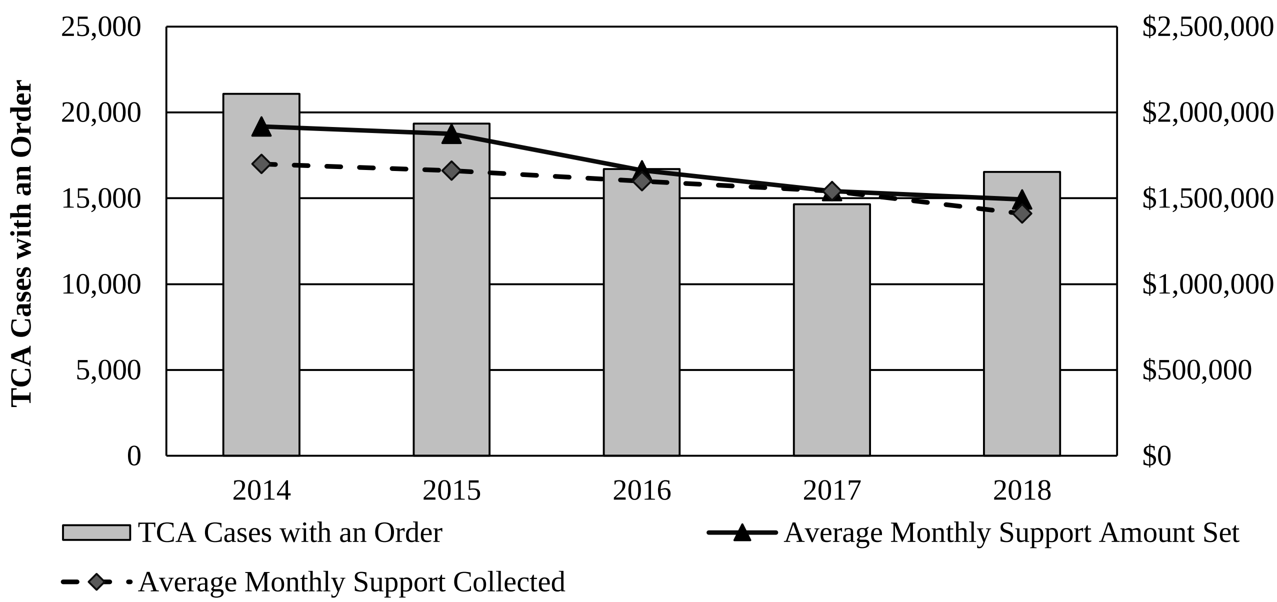
- more noncustodial parents made a payment, and the amount of payments was higher (by 5.6%) in the first year after the pass-through policy was implemented, and the increase in payments continued in the subsequent years studied, increasing by 10.8% in year three (in Washington, DC); and

- noncustodial parents with support orders in the amount passed through or lower were more likely to make payments than those with orders higher than the passed through amount (in Washington, DC).

Recent Trends in TCA-related Child Support Cases

Exhibit 12 shows the average monthly support amount set and collected for TCA-related cases and the number of TCA cases with a child support order. Since fiscal 2014, all three measures have decreased overall with some improvement between fiscal 2017 and 2018 in the number of TCA cases with support orders. Based on other states' experiences after implementing pass through and disregard policies, the average monthly support collected is expected to increase if noncustodial parents are aware that their payments go to the custodial parent. At this time, the impact on TCA recipients and noncustodial parents in Maryland is not clear.

Exhibit 12
Average Child Support Order and Payment Amounts for TCA-related Cases
Fiscal 2014-2018



TCA: Temporary Cash Assistance

Source: Department of Human Services