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Family Investment Administration

Department of Human Services

Executive Summary

The Department of Human Services (DHS) Family Investment Administration (FIA) 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.

Operating Budget Data

($ in Thousands)

	FY 18 Actual	FY 19 Working	FY 20 Allowance	FY 19-20 Change	% Change Prior Year
General Fund	$126,104	$123,166	$120,482	-$2,684	-2.2%
Adjustments	0	539	1,579	1,039	
Adjusted General Fund	**$126,104**	**$123,705**	**$122,061**	**-$1,644**	**-1.3%**
Special Fund	15,842	12,943	8,293	-4,649	-35.9%
Adjustments	0	27	75	48	
Adjusted Special Fund	**$15,842**	**$12,970**	**$8,368**	**-$4,602**	**-35.5%**
Federal Fund	1,200,856	1,273,513	1,215,778	-57,735	-4.5%
Adjustments	0	652	1,930	1,278	
Adjusted Federal Fund	**$1,200,856**	**$1,274,165**	**$1,217,708**	**-$56,457**	**-4.4%**
Reimbursable Fund	666	0	0	0	
Adjustments	0	0	0	0	
Adjusted Reimbursable Fund	**$666**	**$0**	**$0**	**$0**	
Adjusted Grand Total	**$1,343,467**	**$1,410,839**	**$1,348,137**	**-$62,702**	**-4.4%**

Note: The fiscal 2019 appropriation includes deficiencies, a one-time $500 bonus, and general salary increases. The fiscal 2020 allowance includes general salary increases.

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

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- The decrease in the fiscal 2020 allowance occurs primarily in the Assistance Payments program ($66.8 million) to account for anticipated caseload declines in the Food Supplement Program (FSP), Temporary Cash Assistance (TCA), and Temporary Disability Assistance Program (TDAP).

- Despite relatively slow declines in the first half of fiscal 2019, the fiscal 2020 allowance assumes substantial reductions in the caseloads for TCA (7.2%) and TDAP (14.9%) compared to the budgeted levels in fiscal 2019. The Department of Legislative Services anticipates slower caseload declines and, as a result, projects a total shortfall of approximately $3.7 million and $8.8 million in the Assistance Payments program in fiscal 2019 and 2020, respectively.

Personnel Data

	FY 18 Actual	FY 19 Working	FY 20 Allowance	FY 19-20 Change
Regular Positions	2,042.30	2,000.30	1,992.30	-8.00
Contractual FTEs	83.96	70.00	70.00	0.00
Total Personnel	**2,126.26**	**2,070.30**	**2,062.30**	**-8.00**
Vacancy Data: Regular Positions				
Turnover and Necessary Vacancies, Excluding New Positions		142.11	7.18%	
Positions and Percentage Vacant as of 12/31/18		165.00	8.25%	

- The fiscal 2020 allowance transfers a number of positions both within and between administrations in DHS. These transfers result in a net loss of 8 positions in FIA, primarily in the Local Family Investment Program. DHS reports that most of these transfers better reflect the work of the position.

Key Observations

- ***New Transitional Benefit:*** The fiscal 2020 allowance includes $6.3 million for a new three-month transitional benefit for those exiting TCA due to employment/income over limit. The benefit provides the same level of a grant as the recipients were receiving from TCA prior to the exit and is expected to provide benefits to 9,635 recipients.

- ***Potential FSP Changes for Able-bodied Adults without Dependents (ABAWD) Recipients:*** In December 2018, the U.S. Department of Agriculture proposed changes to regulations that would limit the ability of states to receive waivers of the requirements related to ABAWD recipients. If the proposed changes go into effect, they could have a significant impact in Maryland, particularly given that only a fraction of ABAWD recipients are served through employment and training programs.

- ***TDAP Case Closures Increase Due to Program Integrity Efforts:*** In fiscal 2018, the share of case closures among TDAP recipients due to failure to provide information/noncooperation with eligibility increased to 21% from 13.1% in the prior year due to enhanced program integrity efforts. However, DHS did not provide detail on these efforts.

Operating Budget Recommended Actions

1. Add language to delay the implementation of the transitional benefit program.

2. Add language restricting funds until a report on case closures for long-term disability Temporary Disability Assistance Program recipients is submitted.

3. Adopt committee narrative requesting tracking of outcomes for recipients of the transitional benefit.

4. Adopt committee narrative requesting information on the Food Supplement Employment and Training Program performance data.

Updates

- ***DHS Submits Responses to Two 2018 Joint Chairmen's Report Requests:*** In one response related to efforts to improve financial stability after an exit from TCA, DHS described a number of employment and training programs available to individuals receiving TCA offered by both the department and the Department of Labor, Licensing, and Regulation to improve earnings after exit. In the other, DHS reported that based on available data, 39,653 individuals experiencing homelessness received FSP, 3,382 received TDAP, and 2,916 received TCA in fiscal 2018.

Operating Budget Analysis

Program Description

The Department of Human Services (DHS) Family Investment Administration (FIA), along with the local departments of social services (LDSS), 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 include:

- ***Temporary Cash Assistance (TCA):*** The State's largest cash assistance program provides financial assistance to dependent children and other family members 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 and benefit levels for cash assistance. The federal legislation also established a five-year time limit on the receipt of benefits with a hardship exemption for as much as 20% of a state's caseload. Applicants for cash assistance are required to cooperate with child support staff and must undertake job search activities if asked. TCA recipients are required to work in order to receive assistance for more than two years. Recipients are sanctioned if they fail to comply with these 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 job retention services to enhance skills and prevent recidivism. The goal of the 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 cash assistance program for disabled adults provides a limited monthly 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. Those clients receive the benefit until their SSI applications have a final decision. The federal government reimburses the State for benefits paid during the processing of approved SSI applications.

- ***Food Supplement Program (FSP):*** Known nationally as the Supplemental Nutrition Assistance Program (SNAP), the federal program provides benefits to individuals and families solely for the purchase of food. These benefits are 100% federally funded. The State provides a solely State-funded supplemental benefit for seniors receiving FSP benefits to ensure that these households receive a benefit of $30. Administrative costs of FSP are split evenly between the State and federal government.

- ***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.

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

- ***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.

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

LDSS are responsible for making eligibility 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 settlement program that provides various services to refugees and asylees residing in Maryland. 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. TCA Caseload Characteristics

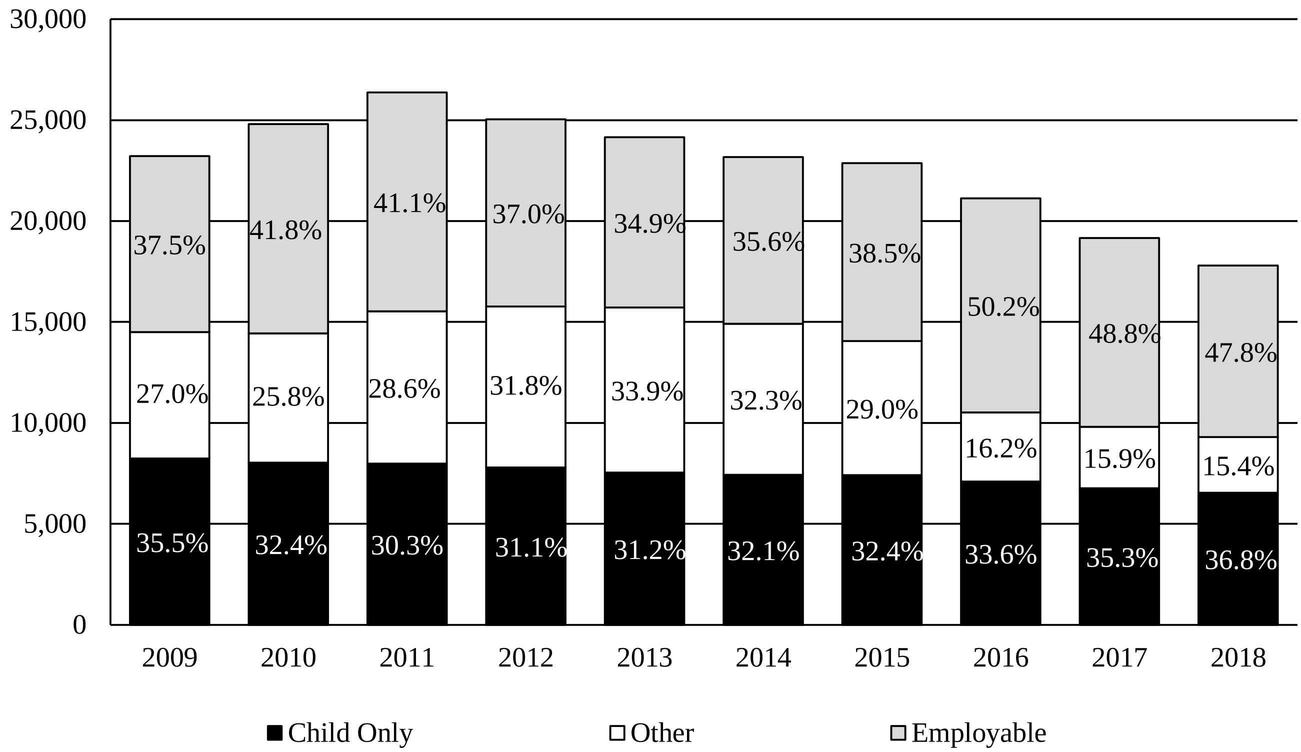
Share of Caseload That Is Work Exempt

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, caretaker relatives, and other cases exempt from work requirements. Beginning on October 1, 2015 (federal fiscal 2016), DHS ended its use of State funds for cases with an individual with a long-term disability and began funding them through the regular Temporary Assistance for Needy Families (TANF) program. By using State funds, these individuals were exempt from work requirements. However, with this change in policy, these cases are now subject to work requirements.

Exhibit 1 presents information on TCA cases (which may consist of multiple recipients) in July 2018 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, with exceptions during and immediately after recessions. The change in policy related to cases headed by an individual with a longer term disability altered this pattern. In July 2016, just over half of cases were employable, an increase of 11.7 percentage points from July 2015, the highest since July 2003. In the subsequent two years, the share of cases that were employable has slightly decreased but remains elevated compared to the period before the policy change.

The number of child only cases has decreased in each year since July 2009. The number of child only cases in July 2018 was 220 lower than July 2017. However, the share of cases that are child only continues to rise in recent years due to the overall lower number of cases.

Exhibit 1
TCA Caseload and Share of TCA Caseload That Is Work Eligible or Work Exempt
July 2009 to July 2018



TCA: Temporary Cash Assistance

Source: Department of Human Services

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. 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. Because the law only applies to federally funded cases, State-only cases are excluded from the calculation. In federal fiscal 2018, 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 2,019, 11.3% of those subject to the limit (17,846). Since that number is below the 20% exemption limit for federal fiscal 2018, 3,569, no cases were removed from TCA due to the time limit.

2. Employment and Earnings

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.

Job Placement and Retention

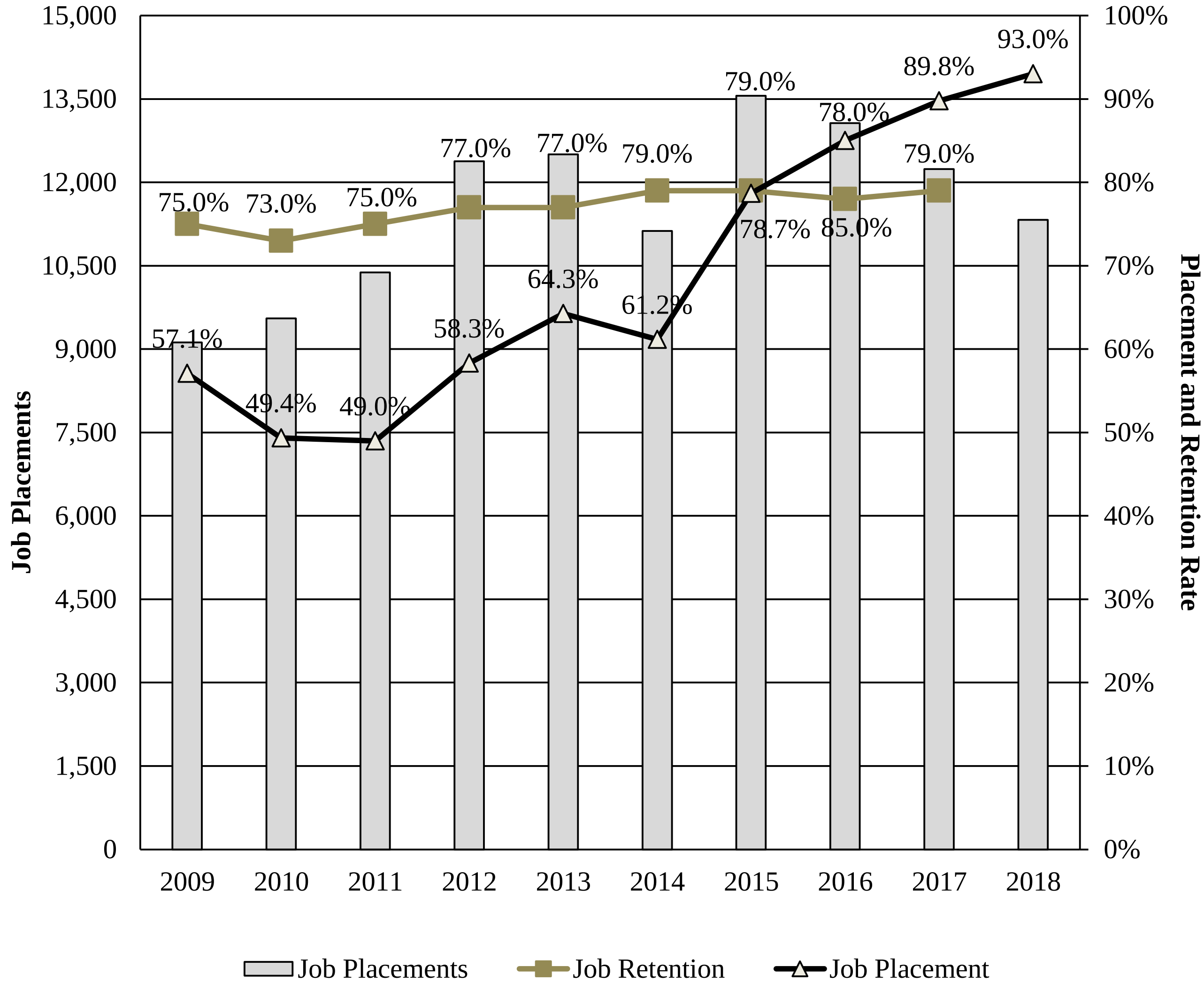
As shown in **Exhibit 2**, after increasing in most years between federal fiscal 2009 and 2015, the number of job placements has decreased in each of the last three years,16.5% since federal fiscal 2015. A decline in the number of job placements is unsurprising given the substantial decline in TCA recipients in recent years. However, the job placement rate (the number of job placements relative to the average number of adult recipients) has sharply increased since federal fiscal 2014. In federal fiscal 2018, the job placement rate exceeded 90%. However, DHS notes that an individual might be counted multiple times in one year if the individual is placed in multiple jobs during the federal fiscal year. As a result, the job placement rate overstates the number of unique job placements per adult recipient. Nonetheless, the high job placement rate is an indication of success.

Post-TCA Employment and Earnings

The 2018 *Life After Welfare, Annual Update* report, published by the University of Maryland School of Social Work, reports on a sample of 10,406 families that left the TCA program between April 2007 and March 2018. The report compares those leavers that left during the Great Recession (April 2007 through December 2011), Great Recession Recovery (January 2012 through December 2014), and more recent leavers (January 2015 through March 2018) as well as for the first five years after exit (combining groups of leavers). However, not all data is available for all leavers because of the length of time since they left TCA.

As shown in **Exhibits 3** and **4**, the groups of leavers had differing rates of employment and earnings in the year before entry and the year after exit. Fewer than 60% of TCA leavers from each group worked at some point in the year prior to receiving TCA. However, the lowest rate of employment and median annual earnings in the year prior to receiving TCA was found among those that left in the Great Recession Recovery period. As expected, those who left during the Great Recession had the lowest rates of employment (59.6%) and median annual earnings in the first year after exit ($7,997). Recent leavers had the highest rate of employment (66.5%) and median annual earnings in the first year after exit ($8,830), reflective of improved economic conditions.

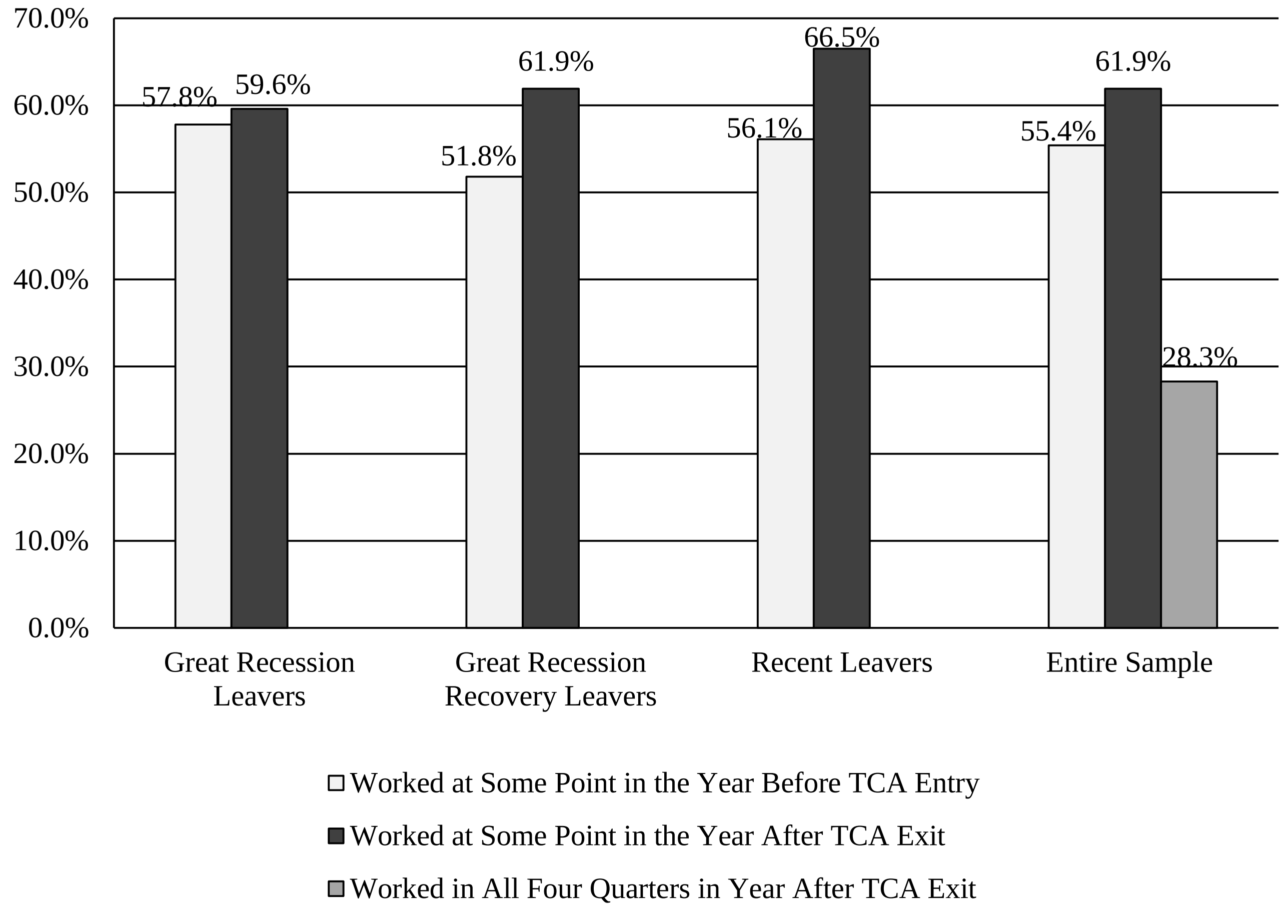
Exhibit 2
Job Placement and Job Retention
Federal Fiscal 2009-2018



Note: Job placement figures have been revised from prior years to account for only adult recipients. The job placement rate measures the total number of placements in a federal fiscal year as a percent of the average monthly number of adult Temporary Cash Assistance recipients in a state fiscal year. Some adult recipients are work exempt and, therefore, unlikely to be placed into work. 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 2018 is not expected to be available until November 2019.

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

Exhibit 3
Employment Before TCA Entry and After TCA Exit

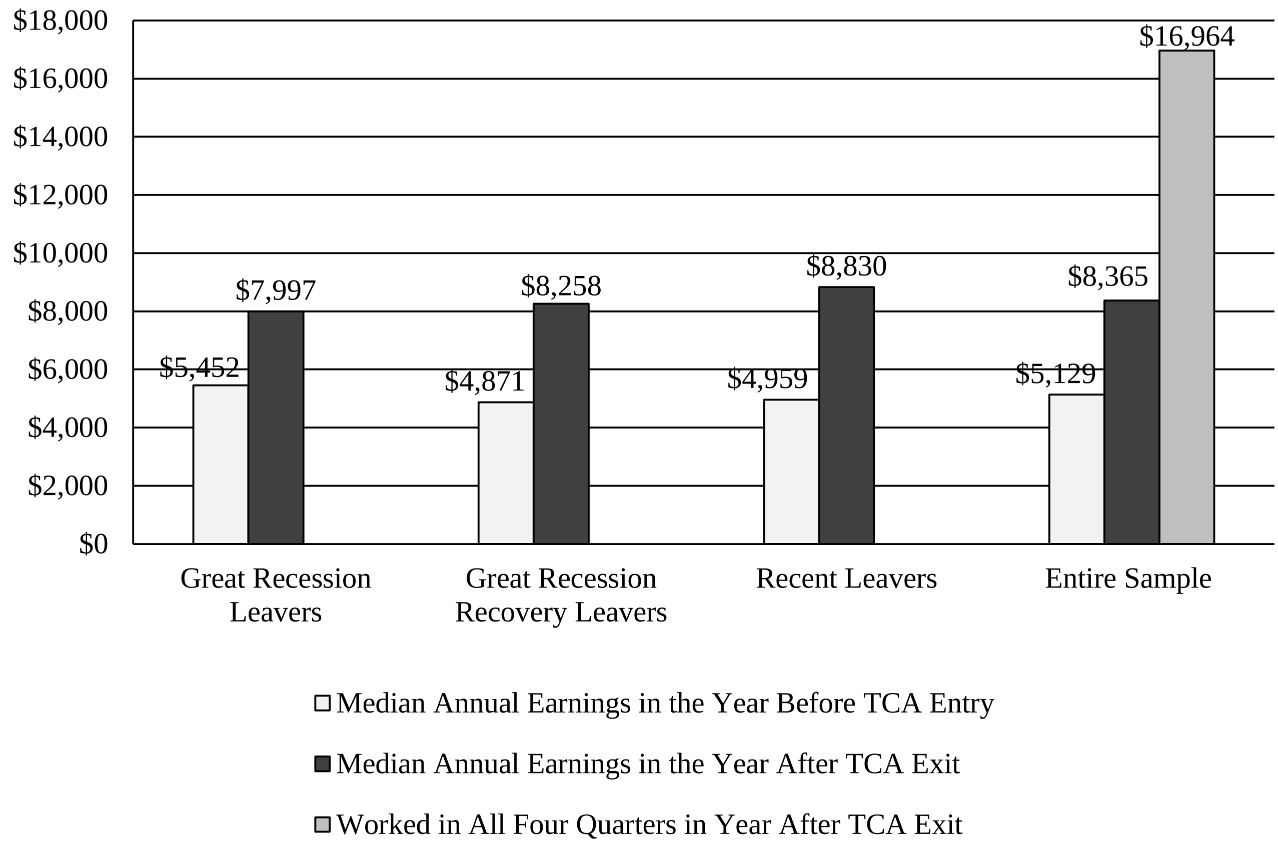


TCA: Temporary Cash Assistance

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 2018. Due to timing and data availability, information is not available for all leavers in both periods. The number of leavers included in each group are (1) Great Recession – 3,720 year before entry and 3,724 year after exit; (2) Great Recession Recovery – 2,841 year before entry and 2,482 year after exit; (3) Recent Leavers – 2,572 year before entry and 1,891 year after exit; and (4) Entire Sample – 8,468 in for year before entry, year after exit, and worked in all four quarters in year after exit.

Source: *Life After Welfare, Annual Update*, December 2018, University of Maryland School of Social Work

Exhibit 4
Median Annual Earnings Prior to TCA Entry and After TCA Exit



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 2018. Due to timing and data availability, information is not available for all leavers in both periods. The number of leavers included in each group are (1) Great Recession – 2,149 year before entry and 2,221 year after exit; (2) Great Recession Recovery – 1,468 year before entry and 1,758 year after exit; (3) Recent Leavers – 1,441 year before entry and 1,257 year after exit; and (4) Entire Sample – 8,468 in for year before entry, year after exit, and worked in all four quarters in year after exit.

Source: *Life After Welfare, Annual Update*, December 2018, University of Maryland School of Social Work

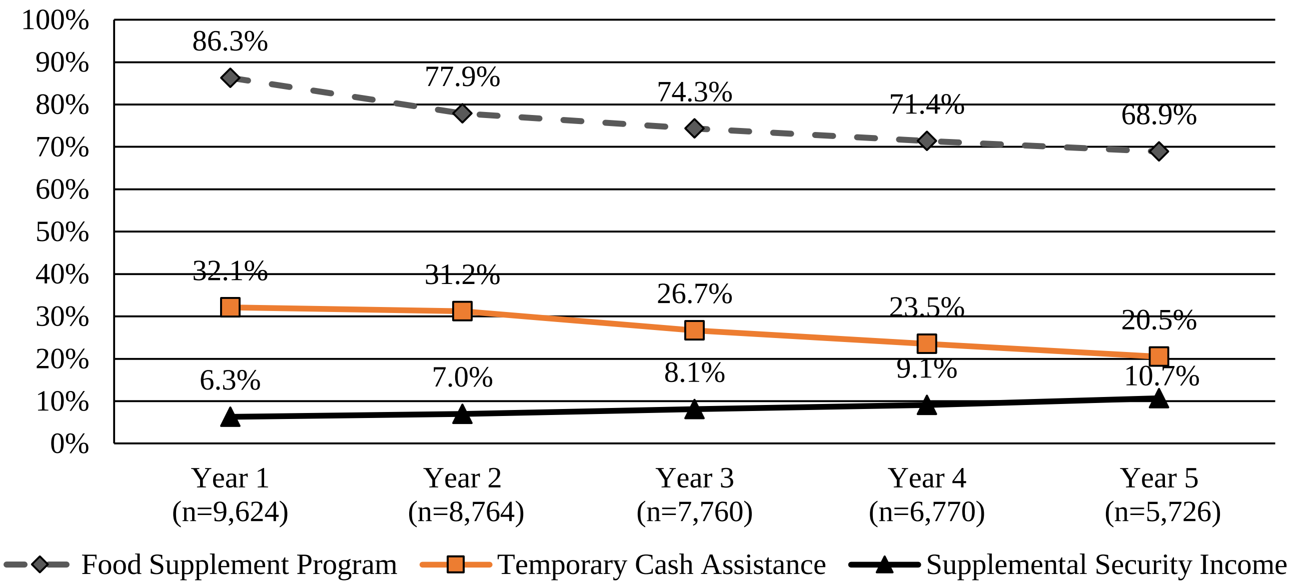
The 2018 report also provides information on those that worked in all four quarters after exit for both employment rates and median annual earnings. This data is not differentiated by period of exit. As shown in Exhibit 3, the share of those exiting TCA that worked in all four quarters in the year after exit was much lower (by 33.6 percentage points) than those that worked at any point during the year. However, as shown in Exhibit 4, those individuals that worked in all four quarters had median annual earnings slightly more than double that of those that worked at any point during the year.

While the share of those working at any point during the year declined in each year after exit, the share working in all four quarters increased in the first four years after exit. By year four after exit, 32.3% of leavers worked in all four quarters compared to only 28.3% in the first year after exit, while 56.3% worked at any point during the year compared to 61.9% in the first year after exit. This demonstrates that for many leaving TCA, long-term ongoing employment remains a challenge.

3. Receipt of Public Assistance After Exiting TCA

As shown in **Exhibit 5**, in the first two years after exit, more than 30% of leavers return to TCA. However, after the first two years, the rate of return to TCA decreases substantially, a 36% decrease from year one to year five, indicating some improvement in the financial condition for households over time. Consistent with that, the rate of FSP receipt declines from the first year after exit to the fifth year after exit by 20%. Some portion of this decline would be expected given that households receive transitional benefits for several months after exit. Despite the decline, more than two-thirds of leavers receive FSP five years after exit. This level of receipt means that many of these leavers continue to have relatively low-incomes even well after exit.

Exhibit 5
Receipt of Benefits After Temporary Cash Assistance 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 2018. Due to timing and data availability, information is not available for all leavers in all periods.

Source: *Life After Welfare, Annual Update*, December 2018, University of Maryland School of Social Work

For the first time, the *Life After Welfare, Annual Update* report provides information on the receipt of SSI after exit. This benefit provides an alternative source of cash income but also generally means that these leavers are unable to work. Over time, the receipt of SSI increases among TCA leavers. By the fifth year after exit, more than 10% of leavers receive SSI. In past years, the report also included data on the rate of Medicaid receipt after exit. The report stopped including this data beginning with the 2017 report because the data is no longer available in DHS' Client Automated Resource and Eligibility System with the transition of the income-eligible portion of the Medicaid population into the information technology system for the Maryland Health Benefit Exchange (MHBE). **The Department of Legislative Services (DLS) recommends that DHS and MDH sign a Memorandum of Understanding that will allow for sharing of the Medicaid recipient data so that this data can again be included in the *Life After Welfare, Annual Update* report.**

Fiscal 2019 Actions

Proposed Deficiency

The fiscal 2020 budget includes two statewide deficiency appropriations; FIA's share of these is:

- $1.1 million for a one-time bonus; and

- $136,895 for a 0.5% general salary increase effective April 1, 2019.

Impact of Federal Government Shutdown

- FSP had no funding authorization following the expiration of the continuing resolution December 21, 2018, through January 25, 2019. During that time, the U.S. Department of Agriculture (USDA) provided funding for benefits in February, but the benefits had to be provided by January 20 to comply with the provision authorizing the funds. DHS provided these benefits to existing recipients by January 17, 2019. The new continuing resolution provides funding through February 15. USDA reports that this will provide funding for March benefits even if another lapse occurs. One lingering effect of the shutdown is that some recipients may experience a longer than typical time between benefit distribution, in whichever month the benefit distribution returns to the normal schedule. The Center for Law and Social Policy estimates that 40% of Maryland recipients would have more than 55 days between benefit distributions in March if the benefit distribution returns to the normal schedule. USDA has requested that states develop a plan to minimize the length of time between benefit distributions. **DHS should describe the plan it has or will submit to USDA.**

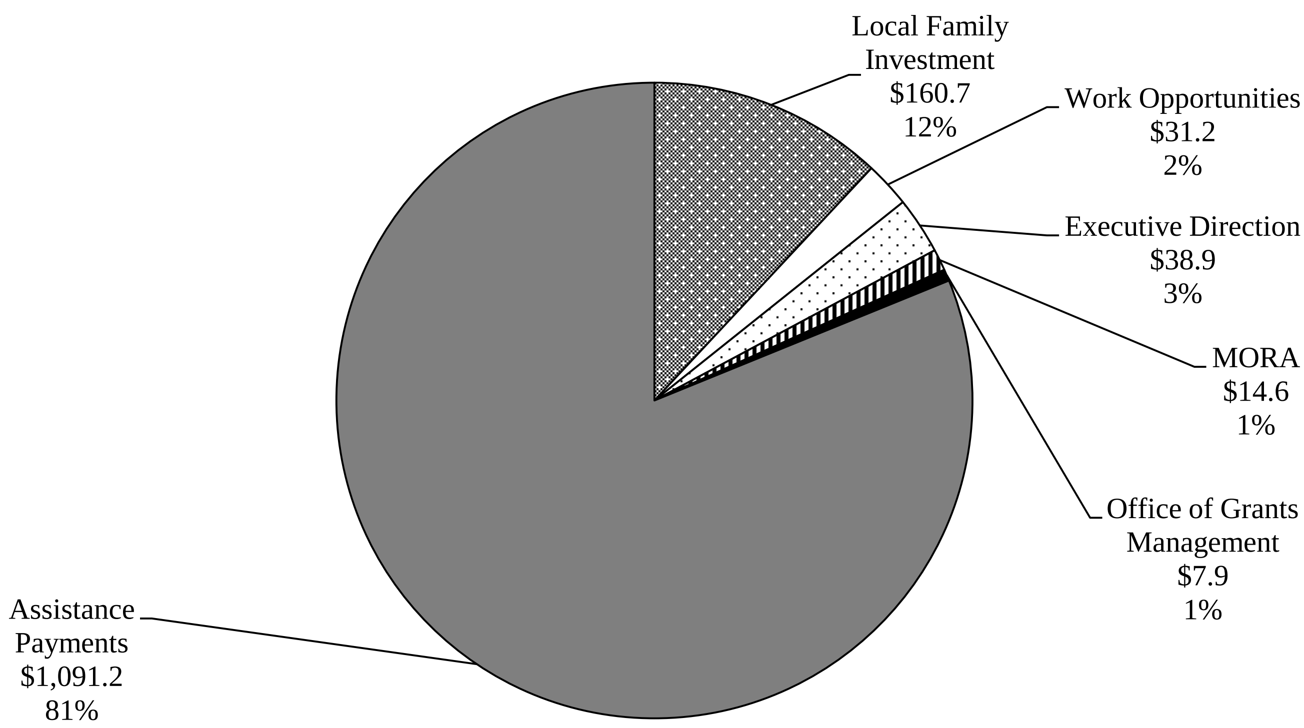
- TANF has been operating on a series of temporary extensions since September 30, 2010. A temporary extension was included in the continuing resolution that expired December 21, 2018. As a result, TANF had no authorization for approximately one month. However, an extension was signed into law on January 24, 2019, that extends the TANF authorization through June 30, 2019.

Fiscal 2020 Allowance

Overview of Agency Spending

The fiscal 2020 allowance of FIA is $1.35 billion. As shown in **Exhibit 6**, the vast majority of FIA spending (81%) occurs in the Assistance Payments program, the program in which the benefit programs are budgeted. The majority of the Assistance Payments program spending ($1.1 billion) supports FSP benefits ($931 million). FSP benefits comprise 69% of FIA's spending. TCA benefits are budgeted at $104.9 million (8% of the allowance). All other benefit programs total approximately 4% of FIA spending. The next largest category of FIA spending is the Local Family Investment program, the program in which caseworkers and related LDSS expenses are budgeted.

Exhibit 6
Spending by Program
Fiscal 2020 Allowance
($ in Millions)



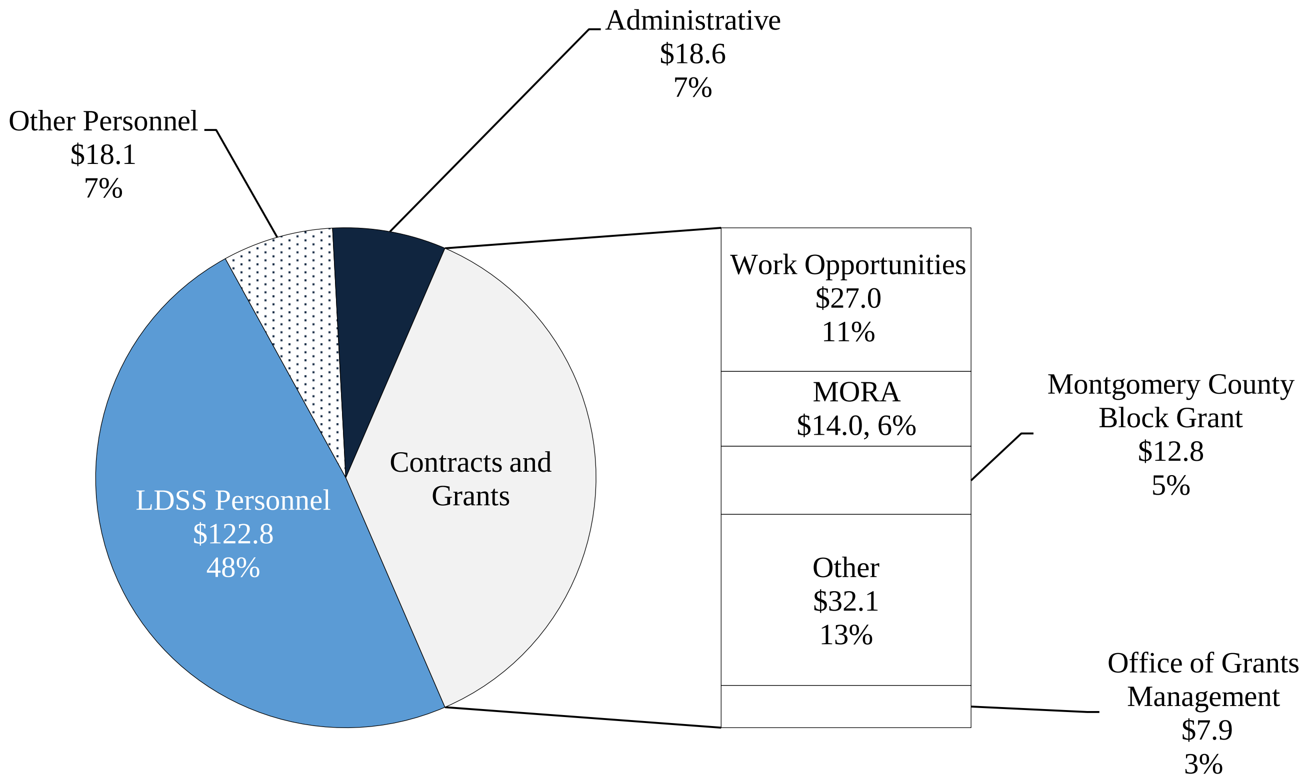
MORA: Maryland Office for Refugees and Asylees

Note: Excludes statewide employee compensation adjustments.

Source: Governor's Fiscal 2020 Budget Books

Exhibit 7 provides information on the non-Assistance Payment spending of FIA in the fiscal 2020 allowance. Approximately 55% of this spending is for personnel, including contractual employee payroll and other temporary assistance, primarily in LDSS. Contracts and grants comprise 37% of this spending. The FIA share of the Montgomery County block grant totals 5% of this spending. Montgomery County receives a block grant for child welfare, adult services, family investment, and administrative expenditures that allows the county to offer higher pay and other flexibility. The same type of spending in other jurisdictions would be split among the personnel, administrative, and other contracts and grants spending.

Exhibit 7
Spending by Activity, Excluding Benefits
Fiscal 2020 Allowance
($ in Millions)



LDSS: local departments of social services
MORA: Maryland Office for Refugees and Asylees

Note: Excludes statewide employee adjustments.

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

Proposed Budget Change

As shown in **Exhibit 8**, the fiscal 2020 allowance for FIA decreases by $62.7 million, or 4.4%, compared to the fiscal 2019 working appropriation after accounting for statewide employee compensation adjustments. Excluding the Assistance Payments program, the fiscal 2020 allowance increases by $4.1 million. Most of this change occurs in the area of personnel.

Exhibit 8
Proposed Budget
DHS – Family Investment Administration
($ in Thousands)

How Much It Grows:	**General Fund**	**Special Fund**	**Federal Fund**	**Reimb. Fund**	**Total**
Fiscal 2018 Actual	$126,104	$15,842	$1,200,856	$666	$1,343,467
Fiscal 2019 Working Appropriation	123,705	12,970	1,274,165	0	1,410,839
Fiscal 2020 Allowance	122,061	8,368	1,217,708	0	1,348,137
Fiscal 2019-2020 Amount Change	-$1,644	-$4,602	-$56,457	$0	-$62,702
Fiscal 2019-2020 Percent Change	-1.3%	-35.5%	-4.4%		-4.4%

Where It Goes:	
Personnel Expenses	
Fiscal 2020 general salary increase and annualization of the additional 0.5% general salary increase in fiscal 2019	$3,447
Employee and retiree health insurance	1,851
Retirement contributions	813
Regular earnings due to annualization of the fiscal 2019 general salary increase more than offset by budgeting vacant positions at base salaries	-280
Net loss of 8 positions transferred to other administrations in the department	-435
One-time bonus in fiscal 2019	-1,081
Other fringe benefit adjustments	-43
Assistance Payments	
New transitional benefit provided for three months after exit from TCA due to employment/income over limit (See Issue 1 for more detail)	6,313
Average benefit increase of 6.3% in TCA due to understatement in fiscal 2019 and adjustment to Maryland Minimum Living Level in fiscal 2020	6,232
TDAP monthly benefit increase to comply with Chapter 408 of 2018 ($20 to $215)	2,896
FSP supplemental benefit primarily due to anticipated caseload growth	846
Emergency Assistance for Families with Children to align with recent experience	160
Eviction/burial assistance to align with recent experience	-256
TDAP due to an anticipated 14.9% decrease in the average monthly recipients	-4,391
TCA due to an anticipated 7.2% decrease in the average monthly recipients	-7,689

Where It Goes:	
Federal FSP benefits to align with recent experience	-70,988
Other public assistance programs to align with recent experience	34
Program Changes	
Food Supplemental Employment and Training contracts to align with recent experience in part due to additional third-party partners	1,750
FSP outreach	73
Work Opportunities contracts and grants for activities, including transportation assistance, job readiness, job training and retention, and paid internships to align with recent experience resulting from caseload declines	-1,324
Administrative Expenses	
Contractual health insurance (a technical adjustment as funds are expected to be used for this purpose in fiscal 2019)	113
Administrative hearings	60
Rent	32
DBM paid telecommunications due to a statewide reallocation of costs and centralized budgeting of the DoIT services allocation within the department	-239
Electricity costs to align with recent experience primarily due to milder weather	-692
Other changes	95
Total	**-$62,702**

DBM: Department of Budget and Management
DoIT: Department of Information Technology
DHS: Department of Human Services
FSP: Food Supplement Program
TCA: Temporary Cash Assistance
TDAP: Temporary Disability Assistance Program

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

Special funds in FIA decrease by $4.6 million, or 35.5%, in the fiscal 2020 allowance. The largest share of this decrease ($3.8 million) is the result of the implementation of the child support pass-through on July 1, 2019. Chapters 737 and 738 of 2017 required DHS to begin passing through a portion of child support payments received on behalf of TCA recipients to those families. In the past, all of these payments were retained and split between the federal government and State. A portion of the State share was used to offset the costs of the TCA program, shown in the budget as special funds. Less than $300,000 of special funds remain in the fiscal 2020 allowance to support TCA. The fiscal 2020 allowance compensates for this loss of special funds with additional TANF funds available from fund balance. However, the balance is largely eliminated after fiscal 2020 and so in future years, additional general funds are likely to be needed to compensate for the loss of revenue.

The decrease of $56.5 million in federal funds in the fiscal 2020 allowance is driven by aligning FSP funding with recent experience. Excluding FSP, federal funds in FIA increase by $14.5 million, primarily from heavier reliance on TANF to support benefit payments and aligning Medicaid funding with recent experience.

Benefits and Services to Clients

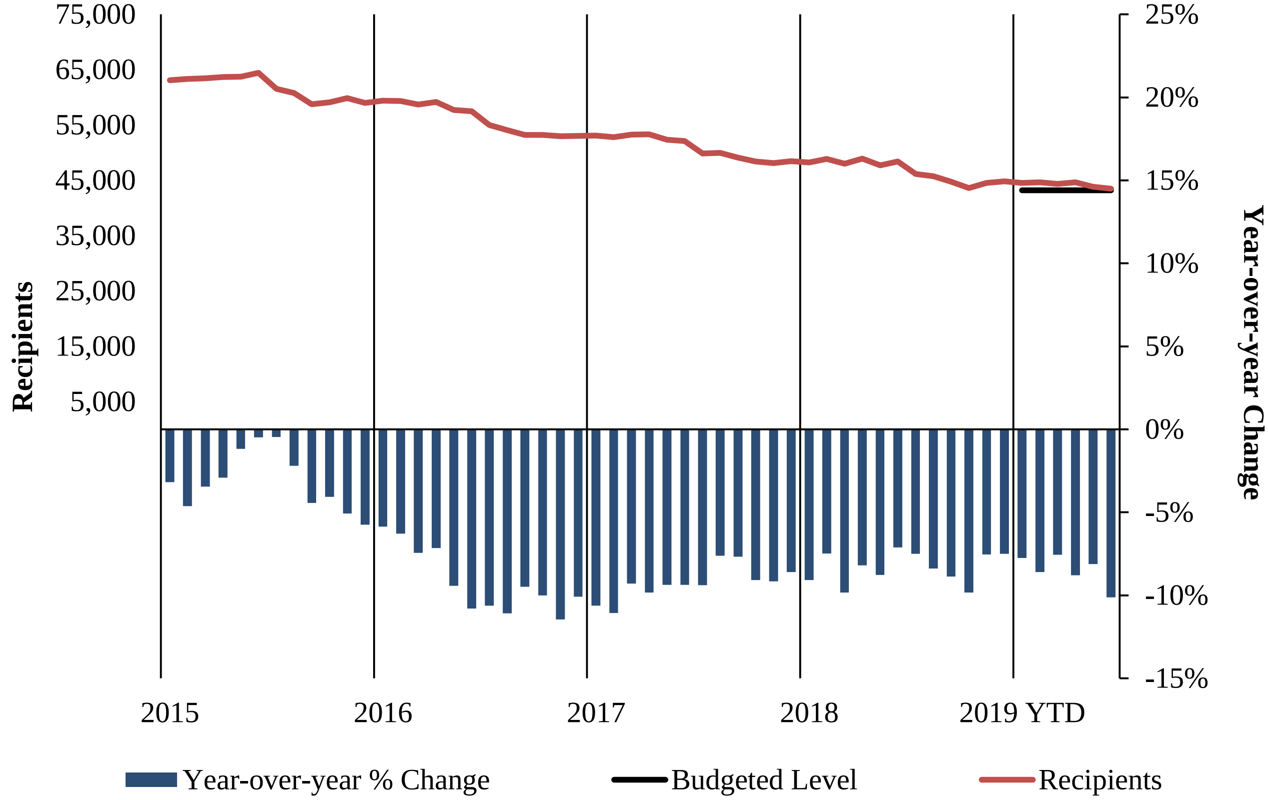
The fiscal 2020 allowance for the Assistance Payments program decreases by $66.8 million, or 5.8%, compared to the fiscal 2019 working appropriation. The largest decrease occurs among federal funds for FSP benefits, a decrease of $71 million, to align with the fiscal 2018 experience. The decrease is overstated because the fiscal 2019 budgeted amount is too high, not reflecting that the caseload has continued to decline through the first half of fiscal 2019. Through December in fiscal 2019, the average monthly caseload is 340,811 compared to 356,054 in fiscal 2018. Outside of FSP, benefits increase by $3.3 million. The increase primarily occurs due to a new transitional benefit (discussed in Issue 1 of this analysis), an increase of $6.3 million. The other major benefit programs (TCA and TDAP) decrease compared to fiscal 2019 due to anticipated caseload declines, approximately $1.5 million for both programs.

TCA Caseload and Expenditure Trends

The number of TCA recipients has generally declined since December 2011. While some months have seen an increase compared to the prior month (most notably the first half of fiscal 2015), the monthly caseload has declined on a year-over-year basis since that time. Prior to calendar 2017, the number of TCA recipients had been below 50,000 for only a total of seven months. As shown in **Exhibit 9**, the number of recipients has been below that level in each month since that time. In fact, the number of TCA recipients was below 44,000 in three months in calendar 2018. Since March 2018, the caseload has remained relatively unchanged. It is not uncommon to have lengthy periods of slow to no declines in the program. The largest decline in recipients typically occurs during the early parts of each calendar year. Given the uncertainty about the impact of the recently ended federal government shutdown, particularly on lower paid federal government and contract employees, it is unclear if this trend will continue in fiscal 2019. Data for January 2019 will not be available until late in February.

As shown in **Exhibit 10**, the fiscal 2019 budget assumed a caseload of 43,196, relatively near the DLS estimate. Despite the similar caseload projection, in fiscal 2019, DLS projects a shortfall of $3.9 million in TCA largely due to a higher estimated average monthly grant. The fiscal 2019 budget assumed a 1.9% increase in the Maryland Minimum Living Level (MMLL), which was consistent with recent inflationary increases. However, the actual increase in the MMLL was 2.8%. Because there was no meaningful increase in the federal FSP benefit, to maintain the required 61% of the MMLL for the combined benefit, the maximum TCA grant benefit increased by 4.7%.

Exhibit 9
Temporary Cash Assistance Recipients
Fiscal 2015-2019 YTD (through December)



YTD: year to date

Note: Year to date through December 2018.

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

Exhibit 10
Temporary Cash Assistance Enrollment and Funding
Fiscal 2018-2020 Est.

	Actual 2018	Approp. 2019	DLS Estimate 2019	Allowance 2020	DLS Estimate 2020	DLS % Change 2019-2020
Average Monthly Enrollment	46,651	43,196	43,502	40,073	42,197	-3.0%
Average Monthly Grant	$201.4	$205.2	$211.3	$218.2	$219.9	4.1%
Budgeted Funds in Millions						
General Funds	$16.5	$7.1	$11.0	$3.0	$9.5	-13.9%
Total Funds	**$112.8**	**$106.4**	**$110.3**	**$104.9**	**$111.3**	0.9%
Estimated Shortfall			**-$3.9**		**-$6.4**	

DLS: Department of Legislative Services

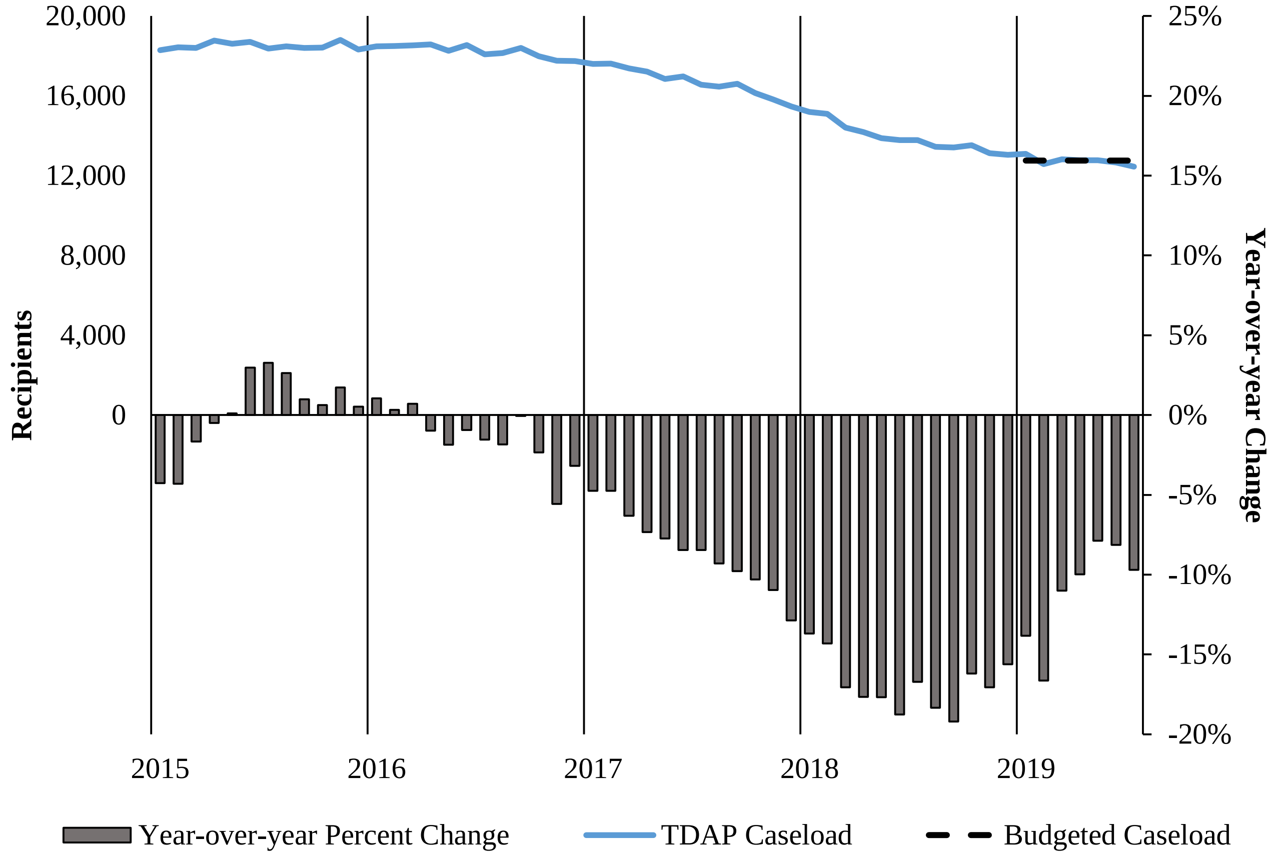
Source: Department of Human Services; Department of Budget and Management; Department of Legislative Services

The fiscal 2020 allowance assumes a 7.2% decrease in the average monthly TCA recipients, similar to the estimated rate of decline in fiscal 2019. DLS projects a slower rate of decline in fiscal 2019 (3%) due to questions about the sustainability of caseload decreases given the unprecedented lows in the number of recipients, combined with the relatively modest decline in the early part of fiscal 2019. As a result, DLS projects a shortfall in TCA of $6.4 million in fiscal 2020.

TDAP Enrollment and Funding

As shown in **Exhibit 11**, the number of monthly TDAP recipients has declined on a year-over-year basis since October 2015. The pace of the decline accelerated in September 2016 and remained at this relatively high rate through calendar 2017. However, the rate of caseload decline has slowed considerably in the latter half of calendar 2018. From October 2015 through December 2018 (the most recent information available), the number of TDAP recipients decreased by 33%. However, between July and December 2018, in fiscal 2019, the number of TDAP recipients decreased by only 1.1%.

Exhibit 11
Temporary Disability Assistance Program Recipients
Fiscal 2015-2019 (through December)



TDAP: Temporary Disability Assistance Program

Source: Department of Human Services; Department of Legislative Services

The monthly average number of TDAP recipients through December in fiscal 2019 is below the budgeted level. Therefore, even with the recent slow rate of caseload decreases, DLS anticipates a slight surplus in fiscal 2019, as shown in **Exhibit 12**. DLS projects that the current rate of caseload decline will continue through fiscal 2020, a decrease of 4.3% in average monthly recipients. However, the budget assumes that the average monthly recipients will decrease by 14.9% compared to fiscal 2019. Part of this decrease is a correction to reflect the lower than budgeted fiscal 2019 caseload. However, the average monthly number of recipients assumed in the fiscal 2020 budget is near the lowest levels that the program has experienced in the last 15 years. The number of TDAP recipients was last below 11,000 in March 2008. Due to the anticipated slower caseload decline, DLS projects a shortfall of approximately $2.5 million in the program.

Exhibit 12
Temporary Disability Assistance Program Enrollment and Funding Trends
Fiscal 2018-2020
($ in Millions)

	2018 Actual	2019 Approp.	2019 DLS Estimate	2020 Allowance	2020 DLS Estimate	2019-2020 % Change
Average Monthly Enrollment	13,844	12,754	12,460	10,851	11,930	-4.3%
Average Monthly Grant	182.63	192.64	192.73	215.00	212.73	10.4%
Budgeted Funds						
General Funds	$25.7	$25.2	$24.5	$23.7	$26.1	6.6%
Total Funds	**$30.3**	**$29.5**	**$28.8**	**$28.0**	**$30.5**	**5.7%**
Estimated General Fund Surplus			**$0.7**		**-$2.5**	

DLS: Department of Legislative Services

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

Overall Funding Concerns

As noted, DLS projects shortfalls in TCA in fiscal 2019 and 2020 and in TDAP in fiscal 2020. DLS also projects a small shortfall (less than $0.5 million) in the Supplemental FSP benefit for seniors in fiscal 2019. When netting out projected surpluses, DLS anticipates total shortfalls in the Assistance Payments program of:

- $3.7 million in fiscal 2019; and
- $8.8 million in fiscal 2020.

The fiscal 2019 budget includes a cap on TANF spending that is slightly higher than the amount currently included in the fiscal 2019 budget. The additional TANF spending allowed under the cap would be insufficient to cover the projected TCA shortfall. However, the department could reduce TANF spending in other areas of the budget to cover this level of shortfall within the overall TANF cap. The fiscal 2020 shortfall is of greater concern. The fiscal 2020 allowance currently includes a plan to spend most of the available TANF balance. The balance at the close of fiscal 2020 is estimated at $4.5 million, assuming there is no increase in spending in fiscal 2019. As such, an increase in TANF spending in fiscal 2020 could not resolve the shortfall. **DHS should discuss how it will address a shortfall in fiscal 2020 if the caseloads for TCA and TDAP do not decline to the levels anticipated in the budget.**

Issues

1. New Transitional Benefit for Those Exiting TCA

The Two-Generation Family Economic Security Commission made two recommendations in its final report released in December 2018. One of these recommendations was to investigate creating a short-term transitional benefit for households leaving TCA due to employment/income over limit. The report describes a number of benefits to families and the state with these benefits. For example, it notes that research indicates that three months of a transitional benefit reduces the six-month return rate to cash assistance. However, it also explains that limited research is available on the effectiveness of transitional benefits in reducing return rates or increasing employment, earnings, or job retention.

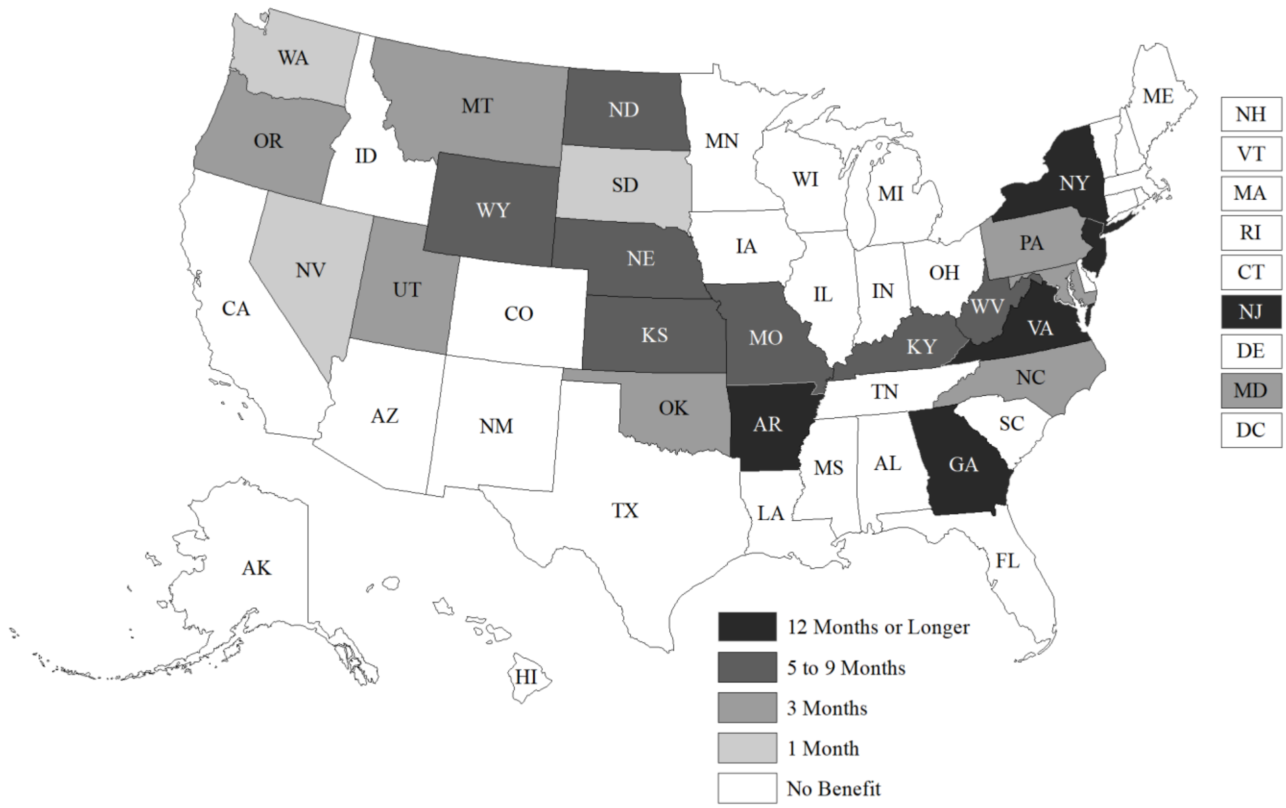
Maryland Plans

The fiscal 2020 allowance introduces a transitional benefit in Maryland. The benefit is planned for three months and is equivalent to the TCA grant amount that the family was receiving. The fiscal 2020 allowance provides $6.3 million of TANF to support this benefit for an estimated 9,635 recipients. DHS used the recent history of the number of recipients exiting TCA due to employment/income over limit to estimate the fiscal 2020 caseload. This new benefit delays the benefit cliff by three months for families exiting TCA. However, a benefit cliff still exists, the size of which will vary based on the level of grant received prior to exiting TCA.

Transitional Benefit in Other States

As noted in the commission report, 21 states currently have some type of transitional benefit. These benefits vary in length and method of calculation. As shown in **Exhibit 13**, the length of time that the grant is provided varies but in the majority of states is less than 12 months. Only 5 states have a benefit of 12 months or longer. Six states have a transitional benefit for 3 months with 3 states having a 1-month benefit. As shown in **Exhibit 14**, 5 states have a benefit that phases out. Three states have a transitional benefit equal to the cash assistance grant amount. The report also explains that some states place additional requirements on the receipt of these benefits. For example, 14 states require adults to work a minimum number of hours.

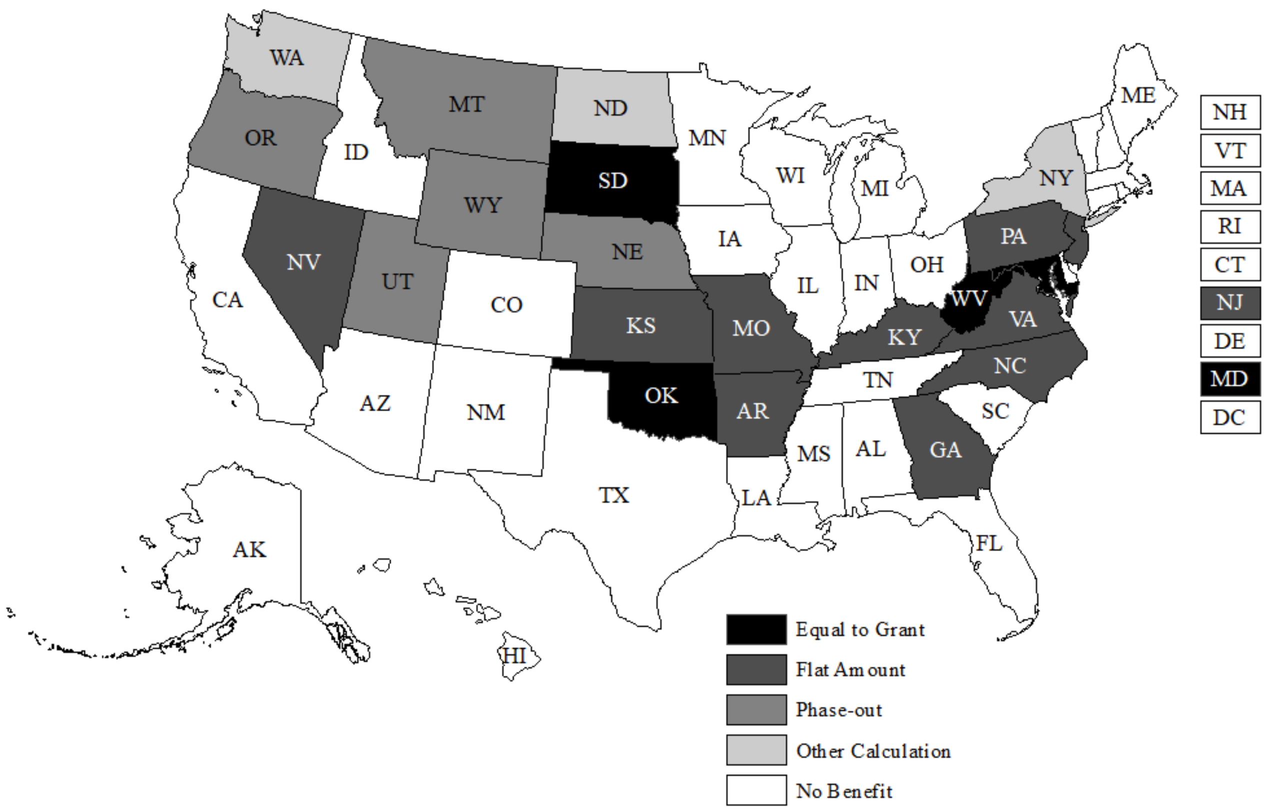
Exhibit 13
Length of Transitional Benefit



Note: Maryland benefit is a proposal in the fiscal 2020 budget.

Source: Department of Human Services; Two-Generation Family Economic Security Commission; Department of Legislative Services

Exhibit 14
Transitional Benefit Calculation



Note: Maryland benefit is a proposal in the fiscal 2020 budget.

Source: Department of Human Services; Two-Generation Family Economic Security Commission; Department of Legislative Services

DHS should explain how it decided on the benefit length and benefit calculation, including whether it considered implementing a benefit for a longer period or with a phase-out amount. DHS should also discuss whether it plans on imposing any other requirements on the provision of the benefit (such as a minimum number of hours of work). DLS recommends committee narrative requesting that DHS and the University of Maryland School of Social Work track the outcomes of recipients of the transitional benefit and report on these outcomes as data becomes available in the annual *Life After Welfare, Annual Update* report. DLS also recommends delaying the implementation until January to assist in reducing the projected TCA shortfall and to provide time to consider alternative methods of calculating the benefit.

2. SNAP Reauthorization Impacts and Other Proposed SNAP Changes

The Agriculture Improvement Act of 2018, more commonly referred to as the 2018 Farm Bill, was enacted in December 2018. The reauthorization contains limited substantive impacts on recipients of FSP. However, in a separate action, USDA proposed changes to regulations related to the waiver and exemption rules related to the able-bodied adults without dependents (ABAWD) requirements. ABAWDs may receive benefits for only 3 months in a 36-month period unless they are working or participating in an employment and training activity for at least 20 hours per week. ABAWD rules apply to individuals between the ages of 18 and 49. States are able to request waivers for the whole state or portions of the state. Exemptions are available for individual recipients. The state's allocation of exemptions can be carried over indefinitely.

Summary of Major SNAP-related Provisions in 2018 Farm Bill

Employment- and Training-related Changes

While making no changes to the rules regarding participation in work or training activities, the reauthorization altered employment and training funding and required program offerings as well as some rules related to ABAWD waivers and exemptions. In particular, the 2018 Farm Bill:

- increases annual funding for SNAP employment and training (in Maryland known as the Food Supplement Employment and Training (FSET) program) from $90 million to $103.9 million annually; establishes a priority for reallocating unexpended funds based on demonstrable results, particularly for targeted populations; and increases the minimum state allotment from $50,000 to $100,000;

- requires employment and training programs to be designed in consultation with state workforce development boards, private employers, or an employment organization;

- adds case management services as a required part of each component offered through FSET;

- replaces the job search component with a supervised job search component;

- requires job retention services, if offered, to be offered for a minimum of 30 days;

- adds a requirement that states notify households with at least one nonelderly or nondisabled adult recipient and no earned income about the availability of employment and training services;

- creates the option of workforce partnerships (offered by private employers, an organization of private employers, a nonprofit organization, or a provider of workforce development services) for individuals to meet employment and training participation requirements;

- requires the chief executive officer of a state to support a request for waivers of the ABAWD requirements; and

- reduces the available exemptions from ABAWD requirements from 15% to 12% beginning in federal fiscal 2020.

Other Significant Changes

The Act eliminated all state performance bonuses effective for performance in federal fiscal 2018. The Act also made changes to the quality control process, including oversight of contracts that states enter into related to improving payment accuracy. There have been ongoing concerns about the quality control process related to the review of payment accuracy. USDA did not publish national payment accuracy data for federal fiscal 2015 and 2016 nor did it award performance bonuses for this measure for federal fiscal 2016. However, USDA published payment accuracy data and awarded bonuses related to that measure for federal fiscal 2017. Performance bonuses for program access and application processing timeliness were awarded for federal fiscal 2015 through 2017 performance. Maryland received a performance bonus for program access for each federal fiscal 2013 through 2017 but did not qualify for or receive a performance bonus related to payment accuracy during this period. Maryland’s performance bonus for program access for federal fiscal 2017 was $1.1 million.

Other significant actions included in the reauthorization were to:

- establish a National Accuracy Clearinghouse to prevent the issuance of benefits in multiple states simultaneously;

- require states to act on data matches if that data is recent and presents significantly conflicting information from that which was presented at the time of the certification of benefits;

- require an evaluation of the implementation and impact on eligibility of requirements to cooperate with child support using states that previously had or currently have such requirements and the feasibility of implementing these requirements in other states;

- create a new method of calculating housing costs deductions for individuals that are homeless;

- alter requirements related to electronic benefit transfer systems used for accessing benefits, including to authorize the use of mobile technologies, and rules surrounding the use of these systems at farmers markets;

- authorize retailer incentives for the purchase of certain foods (fruit, vegetables, dairy, and whole grains); and

- establish a funding set-aside for grants to states to establish longitudinal databases on SNAP participation for research purposes.

Proposed Regulation Changes

In December 2018, USDA announced a proposal to change regulations related to the availability of waivers and calculation of exemptions from ABAWD requirements. The stated goal of the proposed rule change is to reduce the number of ABAWDs that live in areas covered by waivers. USDA indicates that, nationally, 44% of ABAWDs currently live in areas covered by waivers. With the proposed changes, USDA calculates that the share of ABAWDs living in waived areas nationally would be reduced to 11%. Changes to the waiver process proposed by USDA would:

- eliminate the ability of states to request statewide waivers unless the state shows that each area would qualify for a waiver on its own or because the state qualifies for extended unemployment benefits;
- limit the groupings of jurisdictions under one waiver request to areas federally defined as a Labor Market Area;
- modify the ability to request a waiver based on having an unemployment rate that is 20% higher than the national average for 24 months to set a minimum unemployment rate of 7% below which the 20% rule does not apply; and
- eliminate some categories for requesting waivers.

The proposal does not alter the ability to request a waiver based on a 12-month average of an unemployment rate of 10% or extended unemployment benefits.

The proposal would also alter the calculation of exemptions from ABAWD requirements beginning in federal fiscal 2020 when exemptions are reduced from 15% to 12%. The change removes the unlimited carryover of exemptions, instead essentially reducing the carryover to one year. Actual carryover would vary based on a calculation of how many exemptions the state used in one year compared to the number of new exemptions available for that year. The proposal also provides for a penalty for providing more exemptions than are available to the state based on the USDA calculation.

The proposed changes were published in the *Federal Register* on February 1, 2019. Public comments on the proposed changes will be accepted until April 2, 2019. The changes are expected to go into effect on October 1, 2019.

Maryland Impacts

Maryland's statewide waiver of ABAWD requirements expired at the end of calendar 2015. Subsequently, the State applied for and received waivers for certain jurisdictions. As of January 2019, DHS reports ABAWDs living in 13 jurisdictions (Allegany, Caroline, Cecil, Dorchester, Garrett, Harford, Kent, Queen Anne's, Somerset, Talbot, Wicomico, and Worcester counties and Baltimore City) are waived from the requirements. In December 2018, DHS reports that there were 27,874 likely ABAWDs in these jurisdictions. DHS received waivers for these jurisdictions due to these areas having an aggregate unemployment rate of 20% above the national average for a recent 24-month period in each of the three regions (Baltimore, Western Maryland, and the Eastern Shore). The combined area unemployment rates in the three groupings were 5.6%, 5.8%, and 5.5%, respectively, just over the threshold for this measure (5.4%). DHS explains that only 2 of these jurisdictions (Somerset and Worcester counties) would potentially qualify for waivers under the proposed regulations. DHS reports that in December 2018, there were 853 likely ABAWDs in these 2 jurisdictions. ABAWDs living in the remaining 11 of the 13 currently waived jurisdictions, including Baltimore City, are facing the prospect of having to meet these requirements. **The department should comment on the steps that it will take to assist individuals newly impacted by ABAWD requirements if the change in waiver rules goes into effect. DHS should also provide information on the exemption process and the impact that the change in exemptions included in the federal legislation and proposed regulations will have on ABAWDs throughout the state.**

3. FSET Program Performance Measures

The federal SNAP Employment and Training Program, known in Maryland as FSET, was established in the Food Security Act. In Maryland, work requirements for FSP, except in nonexempt or nonwaived ABAWD cases, are voluntary. For ABAWD cases, FSET program participation would assist individuals in meeting the requirements. FSET programs in Maryland offer a variety of services. Components offered through FSET include public- and private-sector work experience, occupational skills training, small business or self-employment training, basic education, staff assisted job search and readiness training, and job retention services. DHS currently has 18 third-party partners that also participate in providing FSET services. These partners offer a variety of programs such as credential or vocational training, case management, support services, and job placement and retention.

FSET Performance Data

Committee narrative in the 2018 *Joint Chairmen's Report* (JCR) requested that DHS report on federal performance measures for federal fiscal 2017 for FSET. These measures include unsubsidized employment and median quarterly wages in the second and fourth quarter after completion of the program. As a result of apparent miscommunication regarding the year for which performance data was being requested in the 2018 JCR, DHS did not report the federal fiscal 2017 data in the submission of its response nor did it submit federal fiscal 2018 data (due to data lags). Subsequently, DHS submitted some federal fiscal 2017 and 2018 data but did not include information on all of the measures.

Participation

In total, DHS reports 5,763 individuals applied to participate in FSET programs in federal fiscal 2017, of which 1,096 (19%) were ABAWDs. In federal fiscal 2018, this number decreased to 3,114, of which 1,535 (49%) were ABAWDs. The demographic composition of these individuals also changed, likely reflecting the much higher portion of applicants that were ABAWDs in federal fiscal 2018. For example, in federal fiscal 2018, 95% of these individuals were between the ages of 18 and 49 compared to 85% in federal fiscal 2017. ABAWD requirements apply to individuals aged 18 to 49.

Not all individuals that apply for program participation actually participate in one of the education and training components. In federal fiscal 2017, DHS reported that 3,810 individuals participated in one of the offered components (66% of the applicants), while in federal fiscal 2018, only 1,714 individuals (55%) of the applicants participated in one of the components. **Exhibit 15** compares FSET participation by component in federal fiscal 2017 and 2018. Not only did the number of individuals actually participating in the programs decrease, but there was a substantial shift in the components undertaken by participants. In federal fiscal 2017, the vast majority of participants undertook private-sector work experience, while in federal fiscal 2018, assisted job search and readiness was the most undertaken component. Even though ABAWD participation generally followed overall trends, ABAWD participants undertook occupational skills training and public-sector work experience at higher rates than general participants. DHS also reported that in federal fiscal 2017, only about half (52%) of those that began educational, work experience, or on-the-job training actually completed the program. **DHS should comment on the reason for the shift in activities undertaken and whether DHS intends to change the emphasis on the types of activities undertaken in future years.**

Exhibit 15
FSET Participation by Component
Federal Fiscal 2017-2018

	All Participants		ABAWD Participants	
	2017	2018	2017	2018
Assisted Job Search and Readiness	278	1,375	68	552
Job Retention	242	6	21	2
Occupational Skills Training	18	130	12	74
Public Work Experience	161	167	68	92
Private-sector Work Experience	3,087	36	1,276	19
Education	19	not reported	5	not reported
Small Business/Self-employment Training	5	not reported	5	not reported
Total Participants	**3,810**	**1,714**	**1,455**	**739**

ABAWD: able-bodied adults without dependents
FSET: Food Supplement Employment and Training

Source: Department of Human Services

Outcomes

DHS provided information on the percent of participants in unsubsidized employment in the second quarter after completing an employment and training program and the median quarterly earnings in that same period. However, it was unable to provide this data for the fourth quarter after participation.

This data was only provided for a small subset of participants. In federal fiscal 2017, 56% of the 232 individuals for which DHS reported data were in unsubsidized employment in the second quarter after completion. Median quarterly earnings were $3,430 (which translates to $13,720 for a full year). Of the 129 individuals in unsubsidized employment, 53% were ABAWDs. Median earnings for ABAWDs were slightly less than the group as a whole ($3,352). **DHS should explain why data was available for only such a limited number of participants. DLS recommends committee narrative requesting a report on FSET performance data and efforts to increase participation.**

Reason for Low Participation

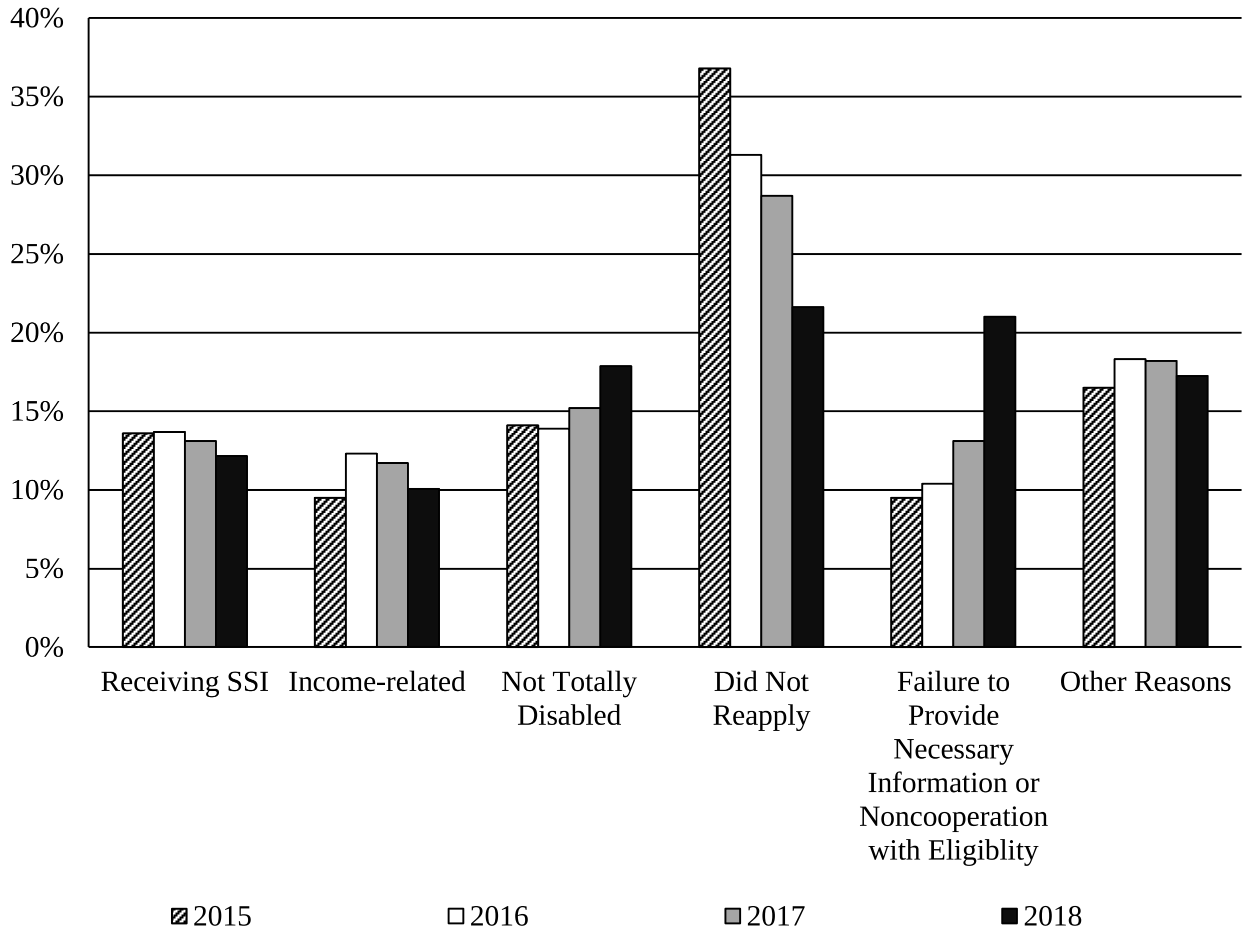
The committee narrative in the 2018 JCR also requested that the department provide information on the reason for the low number of participants in the FSET program and efforts by DHS and LDSS to increase participation. DHS reports that staff vacancies and limited program infrastructure contributed to the low levels of participation. In calendar 2017, DHS reported that both the Director for the Office of Workforce Development and FSET Program Coordinator positions were vacant. Due to the vacancies, DHS was unable to adequately support third-party partners or conduct outreach to cultivate new partners. DHS notes that both positions are now filled, which will allow for more technical assistance and efforts to increase the number of third-party partners. DHS also explained that it allocated $0.9 million in federal fiscal 2019 to local jurisdictions to assist individuals impacted by ABAWD requirements to meet these requirements. DHS also plans to streamline the referral of ABAWDs to FSET. The fiscal 2020 allowance provides approximately $4.0 million for the FSET program.

4. Reasons for TDAP Case Closure

As discussed earlier, the number of TDAP recipients declined at a rapid pace through calendar 2017. In an attempt to understand the cause, during the 2018 session, DLS examined information on the reason for recent case closures for individuals with long-term disabilities. At that time, the case closure reason experiencing the most significant increase in fiscal 2018 (through December) compared to prior years related to noncooperation with the eligibility process and failure to provide information necessary to establish eligibility. These reasons accounted for 25.7% of case closures. Committee narrative in the 2018 JCR requested that DHS report on the cause of this increase, a plan to assist these recipients with the redetermination process, and efforts to increase the share of recipients qualifying for SSI. The report also requested updated information on the reasons for case closures.

Exhibit 16 provides information on the reason for case closure for fiscal 2015 through 2018. Consistent with the partial year data, the case closure reason experiencing the most significant increase was for failure to give information/noncooperation with the eligibility process. In fiscal 2018, this grouping represented the second most common reason for case closure (21%), an increase of 60% compared to fiscal 2017. Despite the report not being submitted until January 28, 2019, DHS provided data on the reason for case closures in fiscal 2019 for only July and August. In this period, 86.5% of closures were due to noncooperation with the eligibility process. However, the small sample size (52) compared to full year data (10,185 in fiscal 2018) makes it difficult to draw any meaningful conclusions.

Exhibit 16
Reason for Case Closure TDAP Long-term Disability Recipients
Fiscal 2015-2018



SSI: Supplemental Security Income
TDAP: Temporary Disability Assistance Program

Source: Department of Human Services; Department of Legislative Services

DHS stated that enhanced program integrity efforts were undertaken during fiscal 2018, which resulted in the increase in case closures due to failure to provide information/noncooperation with eligibility. While providing limited detail on the scope of this action, DHS noted that these efforts included reviewing a monthly sample of TDAP long-term disability recipients to identify cases that required action, such as referrals for assistance in pursuit of federal disability benefits. Without additional detail, it is unclear whether this was because of actions that were needed to be taken by recipients (providing additional documentation, *etc.*) or what efforts were made by the department to resolve these actions prior to case closure.

Plan to Assist Recipients with Redetermination Process

The response by DHS generally indicated that the department assists TDAP recipients in completing redetermination actions, submitting medical forms required for determining eligibility, obtaining SSI case status information, and filing SSI-related appeals. However, the department did not explain the types of assistance that it provides. The only example provided by DHS was for individuals who are homeless and/or lack transportation, for which the department indicated that phone interviews can be conducted, and applications can be submitted online. **DHS should provide more information describing its program integrity efforts.**

Efforts to Increase the Share of Recipients Qualifying for SSI

As shown in Exhibit 16, the share of case closures because individuals are receiving SSI has decreased since fiscal 2016. In fiscal 2018, 12.2% of case closures (1,938) were due to this reason compared to 13.7% (2,001) in fiscal 2017. DHS reported that in October 2017, the Disability Benefits Advocacy vendor (which assists recipients in completing the SSI application process) established a Disabilities Services Workgroup. The workgroup involved the Social Security Administration and the Maryland Disability Determination Services (part of the Maryland State Department of Education Division of Rehabilitation Services). The workgroup is expected to review areas of concern and develop solutions to prevent delays in the application process. DHS also noted that the vendor began a pilot outreach project in Baltimore City for TDAP recipients in the redetermination process or who are not cooperating with the eligibility process in which the vendor is onsite to provide direct assistance.

DLS recommends language restricting funds until DHS submits a report on case closure data for fiscal 2019 and 2020 and information on how the department works with recipients/applicants prior to case closure due to failure to provide information/noncooperation.

Operating Budget Recommended Actions

1. Add the following language to the federal fund appropriation:

   , provided that no funding in this appropriation may be expended to implement a transitional benefit for those exiting Temporary Cash Assistance until January 1, 2020. The Department of Human Services shall submit a report detailing how the benefit will be implemented, including the length of time the benefit will be provided for and the calculation of the benefit. The report shall also include a revised fiscal estimate, including how the estimate was calculated, of the cost of the benefit. The report shall be submitted on December 1, 2019.

   Explanation: This language prevents the Department of Human Services (DHS) from implementing the planned transitional benefit for those exiting Temporary Cash Assistance (TCA) until January 1, 2020. The TCA program is currently projected to experiencing a funding shortfall in fiscal 2020. This delay would free up funding budgeted for the transitional benefit to assist in reducing the projected shortfall in TCA. The additional time would also provide the department the opportunity to examine options for implementing the program including phasing the benefit out over the period of the benefit (with either a longer benefit period or the length of the benefit). The language also requires DHS to submit a report on how the benefit will be implemented and a current cost estimate.

Information Request	**Author**	**Due Date**
Report on the transitional benefit for those exiting TCA	DHS	December 1, 2019

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

   . provided that $250,000 of this appropriation made for the purpose of administration in the Director's Office in the Family Investment Administration may not be expended until the Department of Human Services (DHS) submits a report including:

   (1) information on the number and share of Temporary Disability Assistance Program long-term disability recipients case closures by reason for fiscal 2019 and 2020 (current within 60 days of submission);

   (2) information on how DHS and local departments of social services staff work with recipients and applicants prior to case closure due to failure to give information to establish eligibility or noncooperation with eligibility process; and

   (3) information on the number of individuals assisted by the Disability Benefits Advocacy vendor who received Supplemental Security Income benefits in fiscal 2018 and 2019.

The report shall be submitted by December 31, 2019, and the budget committees shall have 45 days to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

Explanation: During fiscal 2018, the share of case closures due to failure to provide information necessary to establish eligibility or noncooperation with the eligibility process increased by 60% (from 13.1% to 21%). The department indicates that this resulted from program integrity efforts. This language restricts funds until DHS submits updated information on case closures to allow the General Assembly to continue to monitor this issue. The language also requires information on how DHS works with customers prior to closing cases for these reasons and information on individuals receiving Supplemental Security Income benefits.

Information Request	Author	Due Date
Report on Temporary Disability Assistance Program case closures	DHS	December 31, 2019

3. Adopt the following narrative:

Outcome Data for Recipients of the Transitional Benefit: The committees are interested in understanding the impact of the provision of a transitional benefit on returns to Temporary Cash Assistance, employment, and earnings. The committees request that the Department of Human Services and the University of Maryland School of Social Work track and report outcomes for these recipients as the information becomes available through the annual Life After Welfare update.

4. Adopt the following narrative:

Performance Data for the Food Supplement Employment and Training Program: The committees continue to be interested in the participation in and performance of the Food Supplement Employment and Training (FSET) program, particularly with the planned changes to the waiver rules related to able-bodied adults without dependents (ABAWD). The committees request that the Department of Human Services (DHS) report on:

- current program offerings, including those by third-party partners, and, if available, participation by third-party partners for fiscal 2019;

- efforts to increase participation, particularly for ABAWD participants in jurisdictions without waivers;

- performance in the national performance measures for the fourth quarter after completing an employment and training program, including both the total population and the ABAWD population for federal fiscal 2017;

- performance in each of the national performance measures, including both the total population and the ABAWD population for federal fiscal 2018; 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 for federal fiscal 2019.

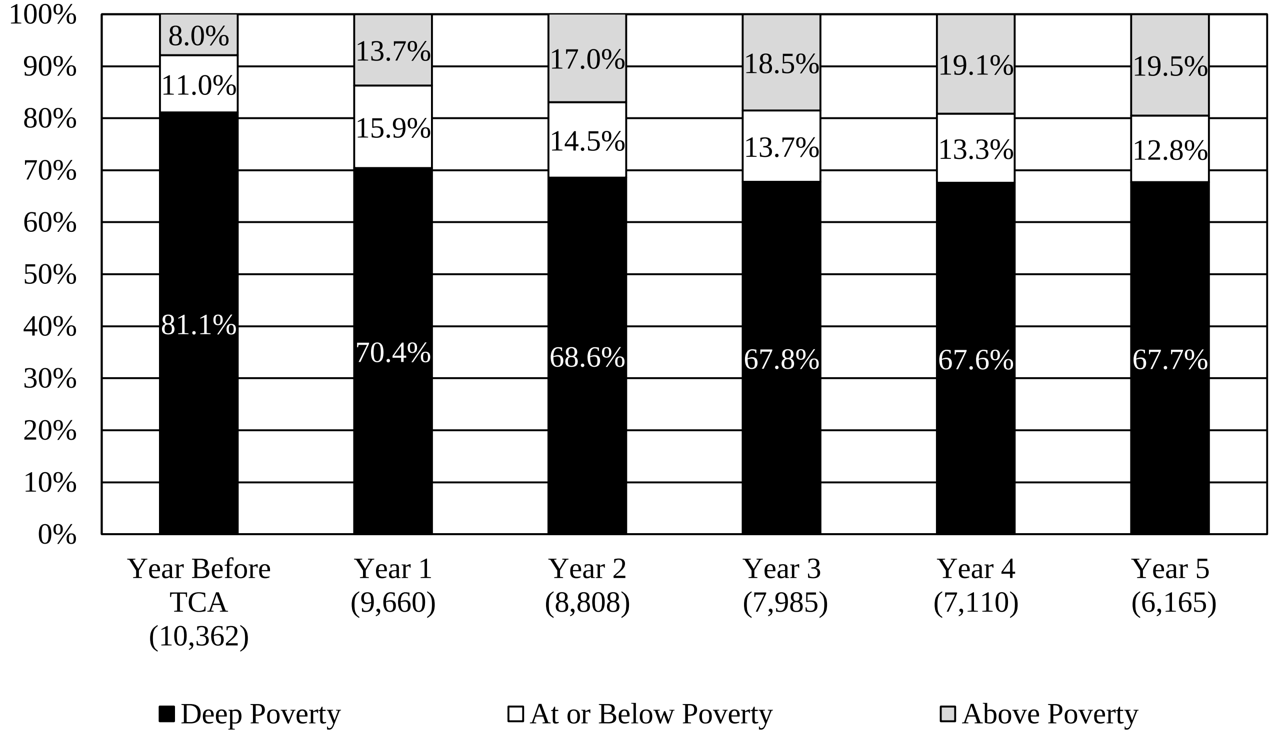
Information Request	**Author**	**Due Date**
Report on FSET participation and performance	DHS	December 30, 2019

Updates

1. Efforts to Ensure Financial Stability After TCA Exit

The 2017 *Life After Welfare* report included a measure showing how those exiting TCA fared compared to the federal poverty thresholds. As shown in **Exhibit 17**, fewer households experienced deep poverty (70.4%) in the year after exit compared to the year prior to receiving TCA (81.1%). Deep poverty is defined as those earning 50% or less of the federal poverty threshold. Although the share of households in deep poverty slightly declined in most of the first five years after exit, 67.7% were in deep poverty five years after exit. In addition, five years after exit, only 19.5% of cases had earnings above the federal poverty level. The 2018 JCR included committee narrative that requested that DHS, in coordination with the Department of Labor, Licensing, and Regulation (DLLR); MDH; the Maryland Higher Education Commission (MHEC); the Two-Generation Family Economic Security Commission; and other stakeholders develop and report on strategies to improve the financial situation of families after they leave TCA. The committees also requested that DHS include the cost of each strategy, to the extent feasible.

Exhibit 17
Poverty Status Prior to and After Exiting TCA
2017 Update of the *Life After Welfare Report*



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. If 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 was not available for all leavers. Deep poverty is defined as those earning 50% or less of the federal poverty threshold.

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

In the response, DHS explained that the rate of deep poverty after exit may be overstated. For example, DHS stated that the measure of earnings used in the calculation included only earnings from salary and wages from employment in Maryland and excluded earnings from out-of-state employment or jobs not covered by Unemployment Insurance. DHS also noted that sources of income that are not earnings, such as child support payments, reduce the rate of deep poverty of those exiting TCA but were not included in the calculation of the *Life After Welfare* report. DHS reported that this reduces the share in deep poverty by about 6 percentage points in the first three years after exit and 5 percentage points in the fifth year after exit.

Current Initiatives

Despite disagreeing about the level of households in deep poverty, DHS did describe ongoing programs and activities designed to improve financial stability and provided recommendations on new strategies.

Employment and Training Programs

Each LDSS determines strategies and programs specific to the needs of their jurisdiction. DHS did not provide specific examples of the programs offered by LDSS or note the mix of programs offered. Instead, DHS broadly described the types or programs that can be offered (for example, job search and readiness, work experience, subsidized employment, basic vocational education, and secondary education). With no detailed information on the mix of programs offered at LDSS, it is unclear how many LDSS are focused on providing the types of work experience and vocational education that may lead to higher paying jobs rather than just any type of job.

DHS also highlighted the ongoing implementation of a program that provides training for individuals receiving public assistance attempting to start their own business, the Public Assistance to Entrepreneurship program. The program is currently operating in three regions (Upper Eastern Shore, Lower Eastern Shore, and Western Maryland) and was expected to be expanded to Prince George's County.

DLLR also offers programs for which TCA customers are eligible to participate. In particular, DHS highlighted two initiatives that are part of the workforce development system and designed to increase access to higher paying jobs.

- ***Apprenticeship Programs:*** These programs combine on-the-job training and instruction to increase workers' skill levels and wages. DLLR supports the expansion of registered apprenticeship opportunities through the Apprenticeship Innovation Fund (established in March 2017) that provides grant funds to seed implementation of new ideas or adapt proven strategies; and

- ***Career Pathway Programs:*** These programs provide jobseekers with education, skills training, and credentials to meet industry demands. DLLR committed $1.0 million of Workforce Investment Opportunity Act (WIOA) funds for demonstration projects related to these initiatives in October 2017.

DHS also explained that the agencies are working with Mathematica Policy Research to improve outcomes of TCA recipients through the Next Level Innovation Series WIOA Professional Development Series. In this model, the local offices are working to pilot models for helping customers to set goals and build positive habits.

Education Programs

DHS also briefly highlighted two avenues for financial assistance for educational activities that could increase financial stability post exit. The Workforce Development Sequence Scholarship (administered by MHEC) provides up to $2,000 toward the costs of a noncredit course offered at a community college related to job preparation, registered apprenticeship, licensure or certification, or job skill enhancement. DHS also indicated that TCA recipients would be eligible for the Legislative Scholarship Award programs.

Recommended Strategies

DHS included three recommendations in the report for additional actions to improve the financial stability of those exiting TCA:

- ***State Partners Identifying Strategies on How They Will Support TCA Recipients in Their Path to Self-sufficiency:*** DHS anticipates that DLLR will include in the guidance for local workforce partners a prompt asking them to identify strategies that will support TCA recipients in accessing skills and credentialing, life management, and employment to improve their financial status after exit.

- ***Focus on Education:*** DHS notes that those exiting TCA with higher levels of education have higher median earnings than those exiting with lower levels of education. DHS provided no specifics about how this strategy will be implemented.

- ***Continued Monitoring of the Value of the Child Care Subsidy:*** DHS explains that vouchers allow for stable child care arrangements and help families retain employment. The value of the subsidy is expected to increase over the next several years due to legislation passed during the 2018 session.

DHS did not include information on the cost of any of the recommended strategies.

2. Public Assistance to Individuals Experiencing Homelessness

The 2018 JCR included committee narrative requesting that DHS submit a report providing information on:

- how or whether the department tracks if individuals receiving public assistance benefits are experiencing homelessness;

- how the department coordinates with homeless service providers to ensure that individuals experiencing homelessness are receiving benefits for which they are eligible; and

- the number of individuals experiencing homelessness receiving benefits by type.

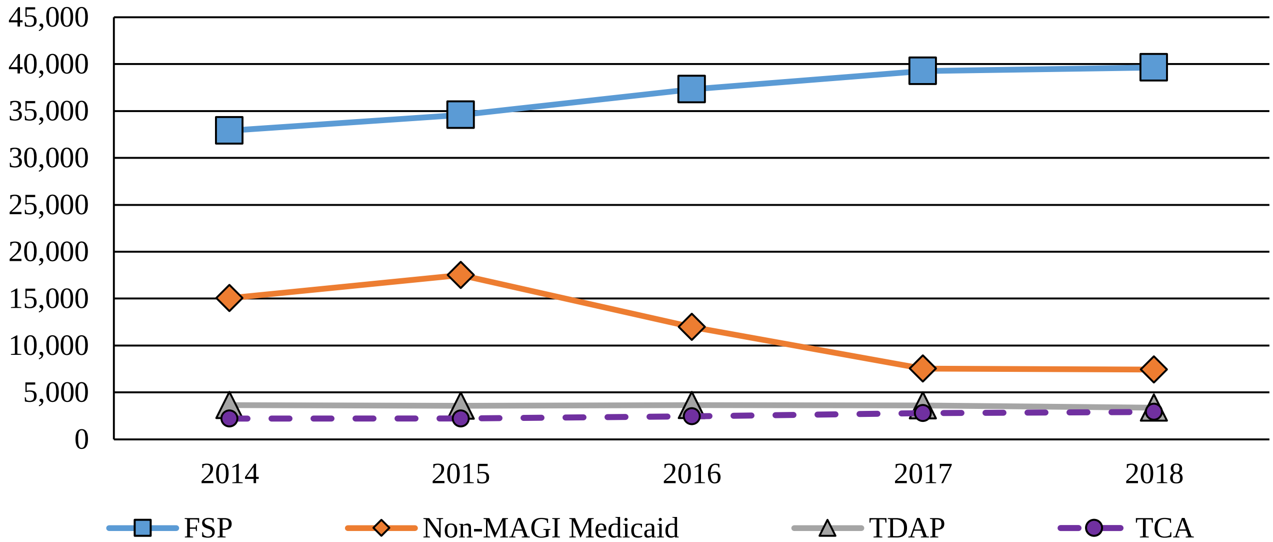
Method of Tracking Individuals Experiencing Homelessness Receiving Benefits

DHS tracks individuals experiencing homelessness in its current information technology system. The data is not required to be tracked by the federal government, though case managers are trained to identify when the episode of homelessness impacts the ability of the household to meet program requirements. However, DHS explains that there are concerns with how accurately this data is captured. For example, the data is not required to be updated, so it may not reflect the current housing status of individuals. In addition, current counts may be duplicated when benefits are viewed individually. DHS anticipates that some of these issues will be resolved when the benefit programs are fully integrated into Maryland Total Human-services Information NetworK. For example, the new system will include a clear field for caseworkers to identify when individuals are homeless.

Number of Individual Experiencing Homelessness Receiving Benefits

Recent counts of individuals experiencing homelessness by benefit type are shown in **Exhibit 18**. FSP has the highest counts of individuals experiencing homelessness (over 30,000 in each year). The next highest count is among non-Modified Adjusted Gross Income (MAGI) Medicaid populations (long-term care and aged, blind, and disabled). The only program having substantial decreases in the counts of individuals experiencing homelessness during this period is the non-MAGI Medicaid population. DHS indicates that this decrease is due to customers previously receiving Medicaid through these eligibility categories that are now income eligible. Eligibility for MAGI Medicaid recipients is conducted by MHBE and, therefore, not included in the DHS counts. However, some portion is due to an overstatement of recipients in this count in fiscal 2014 and 2015 due to data issues following the implementation of the Medicaid expansion effective January 1, 2014.

Exhibit 18
Households Experiencing Homelessness Receiving Benefits by Benefit Type
Fiscal 2014-2018



FSP: Food Supplement Program
MAGI: Modified Adjusted Gross Income
TCA: Temporary Cash Assistance
TDAP: Temporary Disability Assistance Program

Note: Households may be counted in more than one program.

Source: Department of Human Services

Coordination with Providers

DHS reports that LDSS staff participates in local Continuums of Care (COC). As part of the COC, LDSS partner with community service providers, local housing providers, hospitals, law enforcement, and others to address the needs of individuals experiencing or at risk of homelessness. The providers and LDSS use a Coordinated Entry System, a uniform assessment and referral process, to meet the needs of customers. DHS indicates that during business hours, LDSS serve as the point of access for homeless prevention, diversion, and housing services. After business hours, DHS notes that the local housing provider serves as the access point. Customer records are entered into the Homeless Management Information System that is a shared system with providers.

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

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2018					
Legislative Appropriation	$136,424	$15,277	$1,369,120	$0	$1,520,822
Deficiency/Withdrawn Appropriation	-813	-58	-1,746	0	-2,617
Cost Containment	-4,757	0	0	0	-4,757
Budget Amendments	-3,723	623	-6,869	1,193	-8,776
Reversions and Cancellations	-1,029	0	-159,650	-527	-161,206
Actual Expenditures	**$126,104**	**$15,842**	**$1,200,856**	**$666**	**$1,343,467**
Fiscal 2019					
Legislative Appropriation	$122,715	$12,921	$1,272,971	$0	$1,408,607
Budget Amendments	451	21	542	0	1,014
Working Appropriation	**$123,166**	**$12,943**	**$1,273,513**	**$0**	**$1,409,621**

DHS: Department of Human Services

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time $500 bonus, or general salary increases. Numbers may not sum to total due to rounding.

Fiscal 2018

The fiscal 2018 expenditures of the Department of Human Services Family Investment Administration (FIA) were $177.4 million lower than the legislative appropriation. General fund expenditures were $10.3 million lower than the legislative appropriation. An increase of $5.1 million occurred by budget amendment due to salary and wage adjustments. This increase was more than offset by decreases occurring by budget amendment, withdrawn appropriation, and cost containment, including:

- the transfer of homeless services programs and the Bureau of Homeless Services to the Department of Housing and Community Development (DHCD) ($5.1 million);

- cost containment actions ($4.8 million) approved at the September 6, 2017 Board of Public Works meeting, including a reduction due to lower than anticipated Temporary Cash Assistance (TCA) caseloads ($3.7 million) and FIA's share of a departmentwide action resulting from higher than expected vacancies ($1.0 million);

- lower than expected Assistance Payments program expenditures due to a declining Temporary Disability Assistance Program (TDAP) caseload ($2.0 million);

- a partial withdrawal of the funds restricted in the Assistance Payments program for a TDAP benefit increase as authorized by the Budget Reconciliation and Financing Act of 2018 because the benefit increase had not been provided ($1.4 million);

- the general fund share of a withdrawn appropriation in Section 19 of the fiscal 2019 Budget Bill due to a surplus in the health insurance account ($812,913); and

- the use of Temporary Assistance for Needy Families (TANF) funds in lieu of general funds in the Office of Grants Management ($280,986).

In addition, FIA reverted $1.0 million. A portion of this reversion ($576,760) accounts for the remaining funds that were restricted in the fiscal 2018 Budget Bill for the TDAP benefit increase that was not provided. The remainder of the reversion is primarily the result of the availability of TANF to support expenditures in the Assistance Payments program ($451,823).

Special fund expenditures of FIA increased by $564,529 compared to the legislative appropriation. Decreases of $3.0 million occurred by budget amendment primarily due to lower than anticipated attainment of child support offset, interim assistance reimbursement, and local government payments in the Assistance Payments program. The remaining decrease ($58,243) is the special fund share of the withdrawn appropriation in Section 19 of the fiscal 2019 Budget Bill. These decreases were more than offset by an increase of $3.5 million occurring by budget amendment due to salary and wage adjustments. FIA canceled a small amount of special funds.

Federal fund expenditures were $168.3 million lower than the legislative appropriation. Federal funds decreased by a net $8.6 million by budget amendment and withdrawn appropriations. Increases by budget amendment totaled $12.8 million primarily due to the value of federal food commodities in the Temporary Emergency Food Assistance Program ($7.2 million). Other increases resulted from:

- higher than anticipated grant expenditures for Food Supplement Employment and Training (FSET) and Food Supplement Program (FSP) outreach ($2.6 million);
- higher than anticipated contractual services for FSET, the Disability Advocacy program, and employment and income verification activities ($2.0 million); and
- salaries and wage adjustments ($1.1 million).

These increases were more than offset by decreases totaling $21.4 million, the largest of which was due to lower than anticipated FSP caseloads ($19.6 million). The remainder of the decrease ($1.7 million) is the federal fund share of the withdrawn appropriation in Section 19 of the fiscal 2019 Budget Bill. FIA also canceled $159.6 million of federal funds, the majority of which ($147.3 million) is the result of lower than anticipated FSP caseloads. Other significant cancellations were due to:

- lower than anticipated federal fund attainment in the Local Family Investment Program ($7.1 million);
- lower than anticipated number of refugees and asylees ($4.0 million); and
- lower than anticipated TCA caseload, reducing the need for case management and work activities spending in the Work Opportunities Program ($1.3 million).

The reimbursable fund expenditures of FIA increased by $665,625 compared to the legislative appropriation. An increase of $1.2 million by budget amendment was available for local departments of social services for administration of homeless services programs from DHCD. This increase is partially offset by a cancellation of $527,155 for these programs due to lower than expected expenditures in Prince George's County.

Fiscal 2019

The fiscal 2019 appropriation of FIA has increased by $1.0 million ($450,693 in general funds, $21,463 in special funds, and $542,001 in federal funds) compared to the legislative appropriation due to the distribution of the general salary increase that was centrally budgeted.

Appendix 2
Object/Fund Difference Report
Department of Human Services – Family Investment

Object/Fund	FY 18 Actual	FY 19 Working Appropriation	FY 20 Allowance	FY 19 - FY 20 Amount Change	Percent Change
Positions					
01 Regular	2,042.30	2,000.30	1,992.30	-8.00	- 0.4%
02 Contractual	83.96	70.00	70.00	0.00	0%
Total Positions	**2,126.26**	**2,070.30**	**2,062.30**	**-8.00**	**- 0.4%**
Objects					
01 Salaries and Wages	$ 141,054,925	$ 136,311,583	$ 138,217,338	$ 1,905,755	1.4%
02 Technical and Special Fees	3,625,496	2,610,724	2,751,421	140,697	5.4%
03 Communication	897,451	1,038,907	770,115	- 268,792	- 25.9%
04 Travel	214,869	214,448	224,353	9,905	4.6%
06 Fuel and Utilities	1,186,982	1,893,019	1,201,143	- 691,876	- 36.5%
07 Motor Vehicles	22,705	25,806	29,376	3,570	13.8%
08 Contractual Services	58,648,182	56,114,672	54,957,769	- 1,156,903	- 2.1%
09 Supplies and Materials	1,226,928	1,154,209	1,182,760	28,551	2.5%
10 Equipment – Replacement	24,943	29,558	29,558	0	0%
11 Equipment – Additional	159,216	88,036	88,036	0	0%
12 Grants, Subsidies, and Contributions	1,121,866,881	1,195,118,217	1,130,048,482	- 65,069,735	- 5.4%
13 Fixed Charges	14,538,035	15,022,279	15,053,105	30,826	0.2%
Total Objects	**$ 1,343,466,613**	**$ 1,409,621,458**	**$ 1,344,553,456**	**- $ 65,068,002**	**- 4.6%**
Funds					
01 General Fund	$ 126,103,567	$ 123,165,923	$ 120,482,143	- $ 2,683,780	- 2.2%
03 Special Fund	15,841,796	12,942,873	8,293,414	- 4,649,459	- 35.9%
05 Federal Fund	1,200,855,625	1,273,512,662	1,215,777,899	- 57,734,763	- 4.5%
09 Reimbursable Fund	665,625	0	0	0	0.0%
Total Funds	**$ 1,343,466,613**	**$ 1,409,621,458**	**$ 1,344,553,456**	**- $ 65,068,002**	**- 4.6%**

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time $500 bonus, or general salary increases. The fiscal 2020 allowance does not include general salary increases.

Appendix 3
Fiscal Summary
Department of Human Services – Family Investment

Program/Unit	FY 18 Actual	FY 19 Wrk Approp	FY 20 Allowance	Change	FY 19 - FY 20 % Change
02 Local Family Investment Program	$ 151,112,613	$ 159,812,420	$ 160,713,302	$ 900,882	0.6%
08 Assistance Payments	1,094,160,492	1,158,046,655	1,091,203,926	- 66,842,729	- 5.8%
10 Work Opportunities	30,321,487	32,527,988	31,187,494	- 1,340,494	- 4.1%
04 Director's Office	42,792,418	36,666,765	38,881,122	2,214,357	6.0%
05 Maryland Office for Refugees	10,671,661	14,625,853	14,628,586	2,733	0%
07 Office of Grants Management	14,407,942	7,941,777	7,939,026	- 2,751	0%
Total Expenditures	**$ 1,343,466,613**	**$ 1,409,621,458**	**$ 1,344,553,456**	**- $ 65,068,002**	**- 4.6%**
General Fund	$ 126,103,567	$ 123,165,923	$ 120,482,143	- $ 2,683,780	- 2.2%
Special Fund	15,841,796	12,942,873	8,293,414	- 4,649,459	- 35.9%
Federal Fund	1,200,855,625	1,273,512,662	1,215,777,899	- 57,734,763	- 4.5%
Total Appropriations	**$ 1,342,800,988**	**$ 1,409,621,458**	**$ 1,344,553,456**	**- $ 65,068,002**	**- 4.6%**
Reimbursable Fund	$ 665,625	$ 0	$ 0	$ 0	0.0%
Total Funds	**$ 1,343,466,613**	**$ 1,409,621,458**	**$ 1,344,553,456**	**- $ 65,068,002**	**- 4.6%**

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time $500 bonus, or general salary increases. The fiscal 2020 allowance does not include general salary increases.