N00I00

Family Investment

Department of Human Resources

Operating Budget Data

($ in Thousands)

	FY 13 Actual	FY 14 Working	FY 15 Allowance	FY 14-15 Change	% Change Prior Year
General Fund	$161,616	$135,790	$130,228	-$5,562	-4.1%
Contingent & Back of Bill Reductions	0	-9,134	-667	8,467	
Adjusted General Fund	**$161,616**	**$126,656**	**$129,561**	**$2,905**	**2.3%**
Special Fund	24,575	21,468	21,311	-156	-0.7%
Contingent & Back of Bill Reductions	0	0	-37	-37	
Adjusted Special Fund	**$24,575**	**$21,468**	**$21,274**	**-$193**	**-0.9%**
Federal Fund	1,417,831	1,364,563	1,528,915	164,352	12.0%
Contingent & Back of Bill Reductions	0	0	-1,007	-1,007	
Adjusted Federal Fund	**$1,417,831**	**$1,364,563**	**$1,527,908**	**$163,345**	**12.0%**
Reimbursable Fund	0	0	1,385	1,385	0.0%
Adjusted Reimbursable Fund	**$0**	**$0**	**$1,385**	**$1,385**	**0.0%**
Adjusted Grand Total	**$1,604,022**	**$1,512,686**	**$1,680,127**	**$167,441**	**11.1%**

- The fiscal 2015 allowance grows $167.4 million, or 11.1%, after accounting for withdrawn appropriations in fiscal 2014 and across-the-board reductions in fiscal 2015.

- Excluding the Supplemental Nutrition Assistance Program (SNAP), a large federal program increasing $165.4 million in the allowance, growth slows to $2.2 million and less than 0.1%.

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

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Personnel Data

	FY 13 Actual	FY 14 Working	FY 15 Allowance	FY 14-15 Change
Regular Positions	2,037.42	2,073.42	2,068.42	-5.00
Contractual FTEs	51.82	68.00	68.00	0.00
Total Personnel	**2,089.24**	**2,141.42**	**2,136.42**	**-5.00**

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	125.16	6.06%
Positions and Percentage Vacant as of 12/31/13	132.25	6.38%

- The allowance abolishes 8.0 positions (4.0 local caseworkers and 4.0 local administrative positions), and adds 3.0 new caseworkers for the Baltimore County local family investment office.

- The Department of Human Resources (DHR) – Family Investment has a turnover rate budgeted at 6.1% and a vacancy rate of 6.4% as of December 31, 2013.

Analysis in Brief

Major Trends

Job Placement and Retention: One goal for the State's welfare program is to increase employment and job retention for Temporary Cash Assistance (TCA) recipients. The job placement rate improved from 43 to 44% in fiscal 2013, while the retention rate was level, at 77%. **The Secretary should comment on increasing job placement and retention of TCA recipients as the State's economy improves.**

Employment and Earnings: The employment rate of individuals leaving TCA during the recession is lower than those who left before the recession. On the other hand, those that are working are earning nearly as much as those who left TCA before the recession began. The rates of pre-TCA employment and earnings for those who left the program after the recession are significantly lower than pre-recession and recession leavers.

Issues

TCA Closures Due to Child Support Income: For individuals who receive both TCA and child support, the monthly TCA payment changes based on the amount of child support received each month, and cases are closed when the child support payment is enough to raise the income level above the TCA eligibility level. This occurred in 547 TCA cases in federal fiscal 2012. Of those, 70 cases were re-opened the following month after income fell back below the TCA threshold. If a three-month income average were used instead, 179 cases would have remained open. **The Secretary should comment on the advantage of using a single month's income for TCA eligibility of child support recipients as opposed to a three-month income average.**

Child Care Eligibility Determinations Shift to the Maryland State Department of Education: DHR oversees the eligibility determinations for many social services, including the child care subsidy. Starting July 1, 2014, responsibility for this is expected to transfer to the Maryland State Department of Education (MSDE), though funds to cover the costs are still budgeted within DHR. This change is to generate expected cost savings, though it is unclear how overall lower costs will materialize. **The Secretary should comment on when the eligibility determination funds are expected to be transferred to MSDE, the impact this will have on DHR's eligibility determination services, and the agency's budget. The Secretary should also comment on the impact this transition to MSDE will have on individuals applying for benefits.**

Substance Abuse Data Collection: In order to track the outcomes of substance abuse programs for the TCA, the 2013 *Joint Chairman's Report* requested DHR and the Alcohol and Drug Abuse Administration (ADAA) to report on changes to the data collection process that allow better tracking of the TCA population in treatment. The report outlines changes in provider reporting requirements and monthly reporting by ADAA. **The Department of Legislative Services recommends adopting committee narrative requesting a report on the first year of outcomes data for individuals receiving TCA.**

Annual Closeout Audit Finds Unsupported Special Fund Spending: The Office of Legislative Audits fiscal 2013 closeout audit found that DHR had unsupported revenues of $15.2 million in special funds expenditures between fiscal 2010 and 2013. **The Secretary should comment on the closeout shortfalls in the child support offset and Temporary Disabilities Assistance Program reinvestment.**

Recommended Actions

		Funds
1.	Reduce funding for Temporary Disability Assistance to account for falling caseloads.	$ 2,100,000
2.	Reduce the Temporary Disability Assistance Program fiscal 2014 appropriation to account for lower caseloads.	1,700,000
3.	Add budget bill language requesting a report from the Department of Human Resources and the Maryland State Department of Education on the transfer of child care subsidy eligibility determinations.	
4.	Adopt committee narrative requesting a report on outcomes of Temporary Cash Assistance Program recipients in drug and alcohol abuse programs.	
	Total Reductions to Fiscal 2014 Deficiency Appropriation	**$ 1,700,000**
	Total Reductions to Allowance	**$ 2,100,000**

Updates

Assisting Cancer Patients and Individuals with Disabilities: A 2013 *Joint Chairmen's Report* item asked DHR to report on special assistance that is provided to individuals with cancer or other disabilities and improvements that could be made for them. The agency reports that some changes local offices have implemented or are considering include allowing online applications and telephone interviews.

SNAP Reauthorization Does Not Significantly Impact Maryland: The federal government reauthorized the SNAP for five years in February 2014 with an estimated spending reduction of $8 billion over 10 years. However, the changes for Maryland are expected to be minimal and mainly administrative. A reauthorization bill for Temporary Assistance for Needy Families has not been approved by either chamber.

Operating Budget Analysis

Program Description

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

- **Temporary Cash Assistance (TCA)** – the State's largest cash assistance program provides financial assistance to dependent children and other family members deprived of support due to the death, incapacitation, underemployment, or unemployment of one or both parents. Federal welfare reform legislation enacted in August 1996 eliminated an individual entitlement to cash assistance and replaced it with a Temporary Assistance for Needy Families (TANF) block grant. States receive their share of the block grant as long as they comply with a maintenance of effort requirement of 80% (75% if a state is successful in meeting the federal work participation rate) of the amount the State spent under the former Aid to Families with Dependent Children program. Under the legislation, states determine the eligibility criteria for TCA. The federal legislation also requires welfare recipients to work in order to receive assistance for more than two years and establishes a five-year time limit on the receipt of benefits with a hardship exemption for as much as 20% of a state's caseload.

- **Family Investment Program (FIP)** – the State's program for serving welfare recipients encompasses the provision of TCA and efforts to divert potential applicants through employment, move recipients to work, and provide retention services to enhance skills and prevent recidivism. The goal of the FIP 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. TCA is provided only as a last resort. Applicants for cash assistance are required to cooperate with child support enforcement staff as a condition of eligibility and must undertake job search activities if asked. Recipients are sanctioned if they fail to comply with any work or training requirements. Screening of TCA recipients for substance abuse is mandatory, with participation in treatment required of individuals offered appropriate treatment.

- **Temporary Disability Assistance Program (TDAP)** – the State's program for disabled adults provides a limited monthly cash benefit. The State is responsible for clients with a short-term disability (at least 3 months but less than 12 months). If the disability will last longer, the client may be eligible for federal disability payments through Supplemental Security Income (SSI). If so, they are required to pursue an SSI application and may receive help doing so. Those clients receive State cash assistance until their SSI applications are approved. The federal government reimburses the State for cash assistance paid during the processing of approved SSI applications.

- **The Burial Assistance Program** – subsidizes funeral expenses of public assistance recipients, children receiving foster care, and Medical Assistance recipients. The program is funded by the State and local governments.

- **The Supplemental Nutrition Assistance Program (SNAP)** – provides benefits solely for the purchase of food items to individuals and families who meet income and resource requirements. Benefit costs are 100% federally funded, while the administrative costs are split evenly between the State and federal government. Maryland provided State-funded food assistance to legal immigrant children until October 1, 2003, when the Farm Security and Rural Investment Act of 2002 (commonly known as the Farm Bill) authorized federal food benefits for qualified immigrant children.

- **Emergency Assistance to Families Program –** provides payments to indigent clients residing in licensed domiciliary care homes and to Project Home clients. Recipients include mentally and physically disabled adults and individuals with Acquired Immune Deficiency Syndrome who remain in their homes.

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

The local Departments of Social Services (DSS) are responsible for making eligibility determinations and redeterminations for the aforementioned programs, the State's subsidized child care program, which is administered by the Maryland State Department of Education (MSDE), and the Medical Assistance program, which is administered by the Department of Health and Mental Hygiene. Local departments have the flexibility to create their own tailor-made welfare program and determine what training and job search activities will be required of applicants. In addition, the local departments are responsible for networking with employers and determining the most appropriate use for job training funds.

Key goals for DHR – Family Investment include:

- moving families with an employable parent and no children under the age of one toward a speedy and lasting exit from TCA;

- assuring individuals and families receive appropriate benefits;

- placing TCA individuals in employment where earnings increase over time;

- increasing the number of TCA families where an adult family member obtains and retains employment; and

- placing Maryland Reaching Independence and Stability Through Employment participants into self-sustaining career jobs.

Maryland Office for Refugees and Asylees

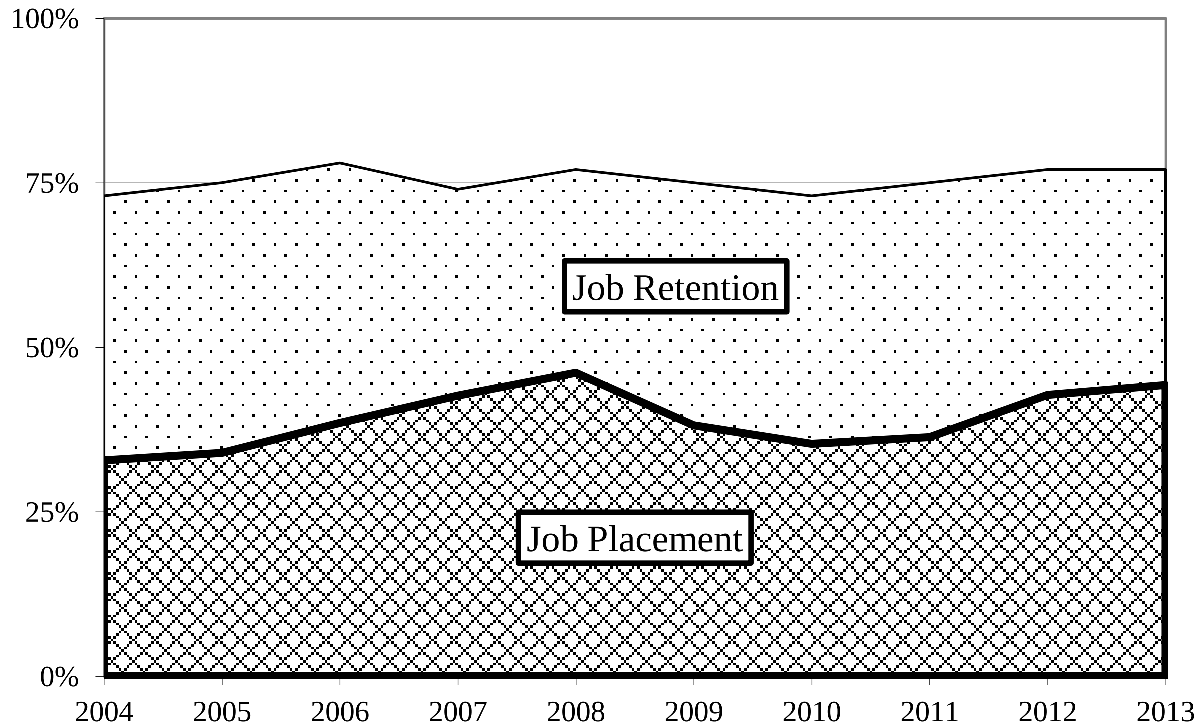
FIA also includes the Maryland Office for Refugees and Asylees (MORA). MORA oversees a federally funded refugee settlement program that provides various services to refugees and asylees residing in Maryland. The key goals for MORA are to assist refugees and asylees to attain early economic independence and social adjustment.

Performance Analysis: Managing for Results

1. Job Placement and Retention

The hope of reforming the welfare system is not only that welfare caseloads will decline but also that parents will get jobs and keep them, eliminating their family's need for cash assistance. **Exhibit 1** illustrates DHR's performance in this regard, showing the job placement and job retention rates. The placement rate increased for the third year in a row in fiscal 2013, while the job retention rate was level, at 77%. Over time, job retention has fluctuated around the 75% level, which is the goal for this indicator. **The Secretary should comment on increasing job placement and retention of TCA recipients as the State's economy improves.**

Exhibit 1
Job Placement and Job Retention
Fiscal 2004-2013



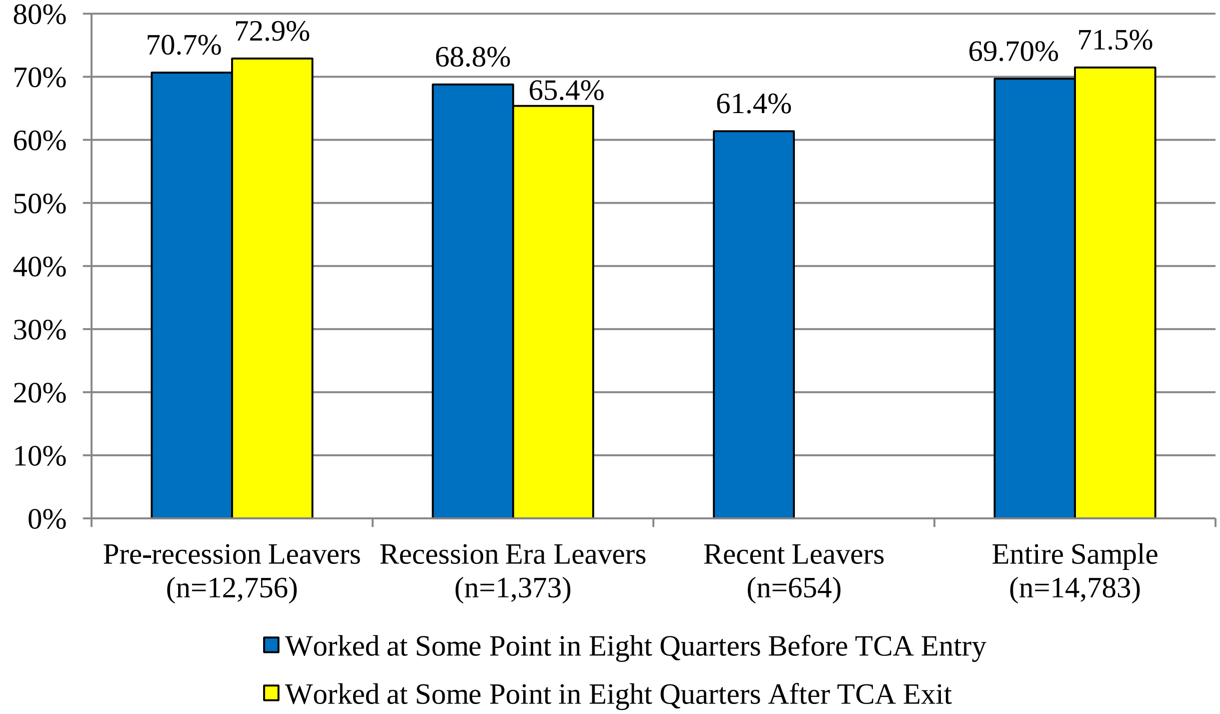
Note: Job placement measures the total number of placements as a percent of the total number of Temporary Cash Assistance cases. Job retention measures the percent of individuals who obtained employment in one calendar quarter and remain employed in the following quarter.

Source: Department of Human Resources; Department of Legislative Services

2. Employment and Earnings

Exhibit 2 shows the rates of employment for individuals in the eight quarters prior to receiving TCA benefits and in the eight quarters following the end of receiving TCA benefits. It graphs the rates for a pre-recession cohort (those who exited between October 1996 and November 2007), for a recession-era cohort (those who exited between December 2007 and March 2012), and a recent leaver cohort (those who exited from April 2012 to March 2013).

Exhibit 2
Employment Prior to and After Leaving TCA



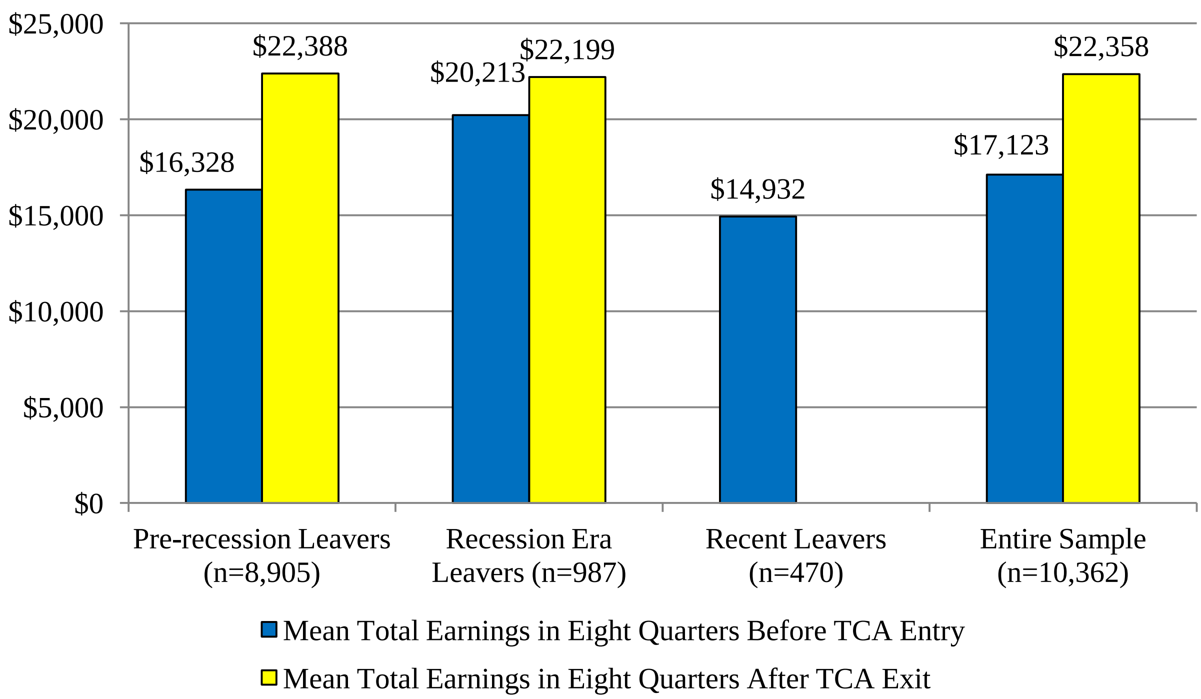
TCA: Temporary Cash Assistance

Note: Post-TCA employment data for post-recession leavers is not yet available. This exhibit is derived from data collected by the University of Maryland School of Social Work and presented in *After Welfare: Annual Update,* October 2013. It follows a sample of TCA leavers from October 1996 through March 2013, adding 5% of new TCA leavers every month and excluding any that return to TCA within 30 days. This data includes TCA leavers employed in jobs in Maryland covered by unemployment insurance. Because the data does not include employment in other states, with the federal government, with multi-state employers, and in jobs not covered by unemployment insurance, it underestimates the level of post-TCA employment.

Source: *After Welfare: Annual Update,* October 2013, University of Maryland School of Social Work

Employment rates in the eight quarters following exit from TCA were lower for those exiting during the recession than for pre-recession leavers, which illustrates the weak recovery with respect to employment. The pre-TCA employment of those leaving after the recession was significantly lower than the other two cohorts, at 61.4%. Earnings for those exiting TCA are slightly more positive. **Exhibit 3** shows the mean total earnings for individuals in the eight quarters prior to receiving TCA benefits and in the eight quarters following the end of receiving TCA benefits. It graphs the rates for a pre-recession cohort (those who exited between October 1996 and November 2007), for a recession-era cohort (those who exited between December 2007 and March 2012), and a recent leaver cohort (those who exited from April 2012 to March 2013).

Exhibit 3
Total Earnings Prior to and After Leaving TCA



TCA: Temporary Cash Assistance

Note: Post-TCA earnings data for post-recession leavers is not yet available. This exhibit is derived from data collected by the University of Maryland School of Social Work and presented in *After Welfare: Annual Update*, October 2013. It follows a sample of Temporary Cash Assistance (TCA) leavers beginning in October 1996 through March 2013, adding 5% of new TCA leavers every month and excluding any that return to TCA within 30 days. This data includes TCA leavers employed in jobs in Maryland covered by unemployment insurance. Because the data does not include employment in other states, with the federal government, with multi-state employers, and in jobs not covered by unemployment insurance, it underestimates the level of post-TCA employment.

Source: *After Welfare: Annual Update,* October 2013, University of Maryland School of Social Work

Earnings in the eight quarters following exit for individuals leaving TCA during the recession is close to those who left before the recession began. Though post-TCA earnings data is not available for recent leavers, their pre-entry earnings were significantly lower than the other cohorts.

Fiscal 2014 Actions

Cost Containment

The Governor's proposed fiscal 2015 budget plan includes four withdrawn fiscal 2014 appropriations and two fund swaps, reducing general funds and adding other funds in their place as a deficiency appropriation. The Governor's budget plan assumes that lower than budgeted TCA caseloads will result in general fund savings of $1.7 million and lower use of Emergency Assistance for Families with Children (EAFC) funds will result in savings of $1.5 million in federal funds.

The savings from EAFC are due to both the improving economy and also a change to eligibility rules for how often an individual can apply for benefits from EAFC, lengthening it from once every year to once every three years. Exceptions to the three year rule can be made to avert child homelessness, and in what are judged to be "dire circumstances." The $1.5 million in federal fund savings from EAFC were transferred to TCA to allow for a combined $3.2 million general fund withdrawal from the TCA working budget.

An additional $1.8 million in general funds is withdrawn, with the expectation that reimbursable funds will be appropriated by budget amendment from the Maryland Health Benefits Exchange, to fund the salaries of employees helping residents sign up for health insurance under the Affordable Care Act. A related fund swap reduces $3.0 million in general funds for an equal amount of federal Medicaid funds for the same purpose.

The three additional withdrawn appropriations are three across-the-board reductions to employee/retiree health insurance and retirement reinvestment. These actions are fully explained in the analyses of the Department of Budget and Management (DBM) – Personnel and the State Retirement Agency (SRA), respectively. For FIA, the amount is a combined $1.0 million in general funds.

Proposed Budget

Exhibit 4 details the changes throughout the FIA budget. Regular salaries increase $6.1 million after accounting for the withdrawn appropriations in fiscal 2014, and annualization of the fiscal 2014 salary adjustments totals $3.4 million. These increases are offset somewhat by a $2.2 million decline in turnover and $2.1 reduction million for lower health insurance spending. The changes detailed under general operations include a $1.3 million increase for health screenings in the Office for New Americans and a $1.0 million increase in the Montgomery County block grant.

Exhibit 4
Proposed Budget
DHR – Family Investment
($ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
2014 Working Appropriation	$126,656	$21,468	$1,364,563	$0	$1,512,686
2015 Allowance	129,561	21,274	1,527,908	1,385	1,680,127
Amount Change	$2,905	-$193	$163,345	$1,385	$167,441
Percent Change	2.3%	-0.9%	12.0%		11.1%

Where It Goes:	
Personnel Expenses	
Increments and other compensation	$6,074
Annualized salary increases	3,424
Employee retirement	1,087
Accrued leave	323
Social Security	256
New positions	125
Other personnel changes	14
Abolished/transferred positions	-413
Employee and retiree health insurance	-2,094
Turnover adjustments	-2,219
Benefit Programs	
SNAP average monthly caseload increase from 353,428 to 410,000	174,054
SNAP average monthly grant decrease from $256.39 to $254.60	-8,807
TCA average monthly grant increase from $181.64 to $183.94	1,668
TCA average monthly caseload decline from 65,127 to 60,421	-10,255
Operations	
Increase in health screenings for refugees and asylees	1,281
Increase in the Montgomery County Grant	1,026
Growth in Food Supplemental Program and Couples Advancing Together Outreach	594
Data processing supplies aligned with fiscal 2013 costs	104

Where It Goes:	
Communications	96
Electricity	-194
Medicaid eligibility testing	-307
Other changes	1,603
Total	**$167,441**

SNAP: Supplemental Nutrition Assistance Program
TCA: Temporary Cash Assistance

Note: The fiscal 2014 working appropriation reflects negative deficiencies and contingent reductions. The fiscal 2015 allowance reflects back of the bill and contingent reductions. Numbers may not sum to total due to rounding.

The biggest changes are related to the SNAP and TCA programs. Funding for the SNAP increases $165.2 million, as the monthly payment declines $1.79 but the caseload increases 56,572. Falling TCA caseloads result in a budgeted $8.6 million decline in spending, even as the average budgeted monthly payment grows $2.30. The Department of Legislative Services (DLS) estimates that the budgeted monthly payment is too low and that actual spending will likely be higher. This is discussed further under the heading TCA Caseload and Expenditure Trends.

Although Exhibit 4 shows an overall change of $167.4 million, this does not account for the federal and reimbursable fund deficiency appropriations related to the two fund swaps assumed in the Governor's budget plan. When accounting for the $4.8 million in deficiency appropriations, growth slows slightly to $162.6 million, or 10.7%. When separating out the federally funded SNAP program, which totals $1.3 billion in the allowance, spending declines $2.6 million compared to fiscal 2014.

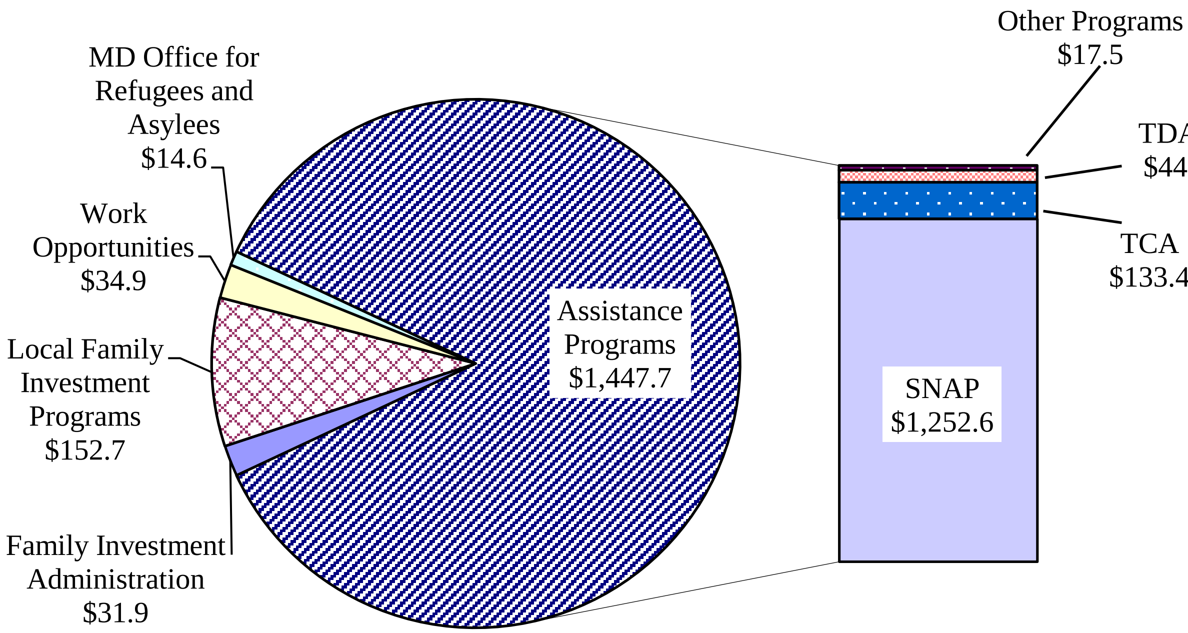
Cost Containment

There is one across-the-board reduction and one contingent reduction reflected in the Governor's spending plan for the fiscal 2015 allowance. This affects funding for employee/retiree health insurance and retirement reinvestment. These actions are fully explained in the analyses of DBM – Personnel and SRA. For FIA, this totals $1.7 million in all funds.

Benefits and Services to Clients

Exhibit 5 shows the share of the fiscal 2015 budget represented by each category of spending. Assistance payments represent 86% of the total.

Exhibit 5
Family Investment Administration
Fiscal 2015 Allowance
($ in Millions)



SNAP: Supplemental Nutrition Assistance Program
TCA: Temporary Cash Assistance
TDAP: Temporary Disability Assistance Program

Note: "Other Programs" comprises General Public Assistance, Burial Assistance, Eviction Assistance, Welfare Avoidance Grants, Emergency Assistance to Families with Children, and Public Assistance to Adults.

Source: Maryland State Budget

- **SNAP:** The largest assistance program receives $1.3 billion in the allowance, increasing $165.2 million over fiscal 2014. The average monthly caseload grows 56,572, accounting for an increase of $174.1 million, offset by a $8.8 million reduction due to a $1.79 decline in the monthly SNAP benefit payment.

- **TCA:** The State's main cash assistance program totals $133.4 million in the allowance. Falling caseloads reduce spending by $10.3 million, while a $2.30 increase in the monthly benefit boosts the cost of the program by $1.7 million. The increased payment is necessary to ensure that the sum of the TCA and SNAP benefits equals at least 61% of the Maryland Minimum Living Level, as required by statute. DLS is estimating that the average budgeted benefit level of $183.94 is too low compared to recent experience, and there may be a shortfall in DHR's budget with respect to TCA. However, as budgeted, TCA spending declines $8.6 million.

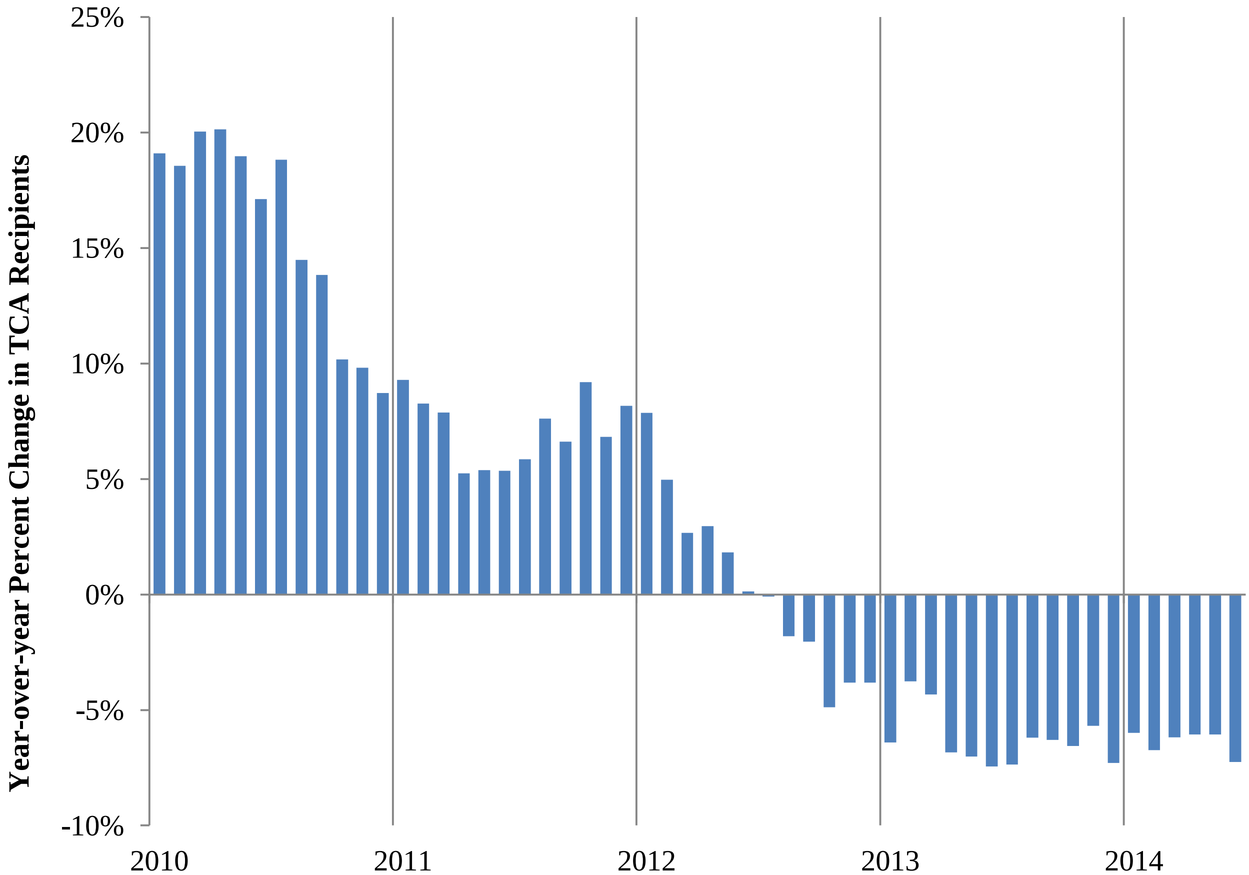
- **TDAP, Emergency Assistance, Emergency Assistance to Families with Children, General Public Assistance, Welfare Avoidance Grants, and Public Assistance to Adults:** These programs are level funded in the allowance.

- **Work Opportunities:** Although not a benefit program, the Work Opportunities Program pays for services to clients such as skills assessment, job readiness, job training, and job search services. The program is funded entirely from federal TANF dollars and increases $55,186 in personnel-related expenses.

TCA Caseload and Expenditure Trends

Exhibit 6 shows the year-over-year percent change in the TCA monthly recipients from July 2009 through December 2013. After increasing on a year-over-year basis every month from July 2009 through December 2011, the caseload has decreased every month since January 2012. December 2013 was 7.3% lower than December 2012.

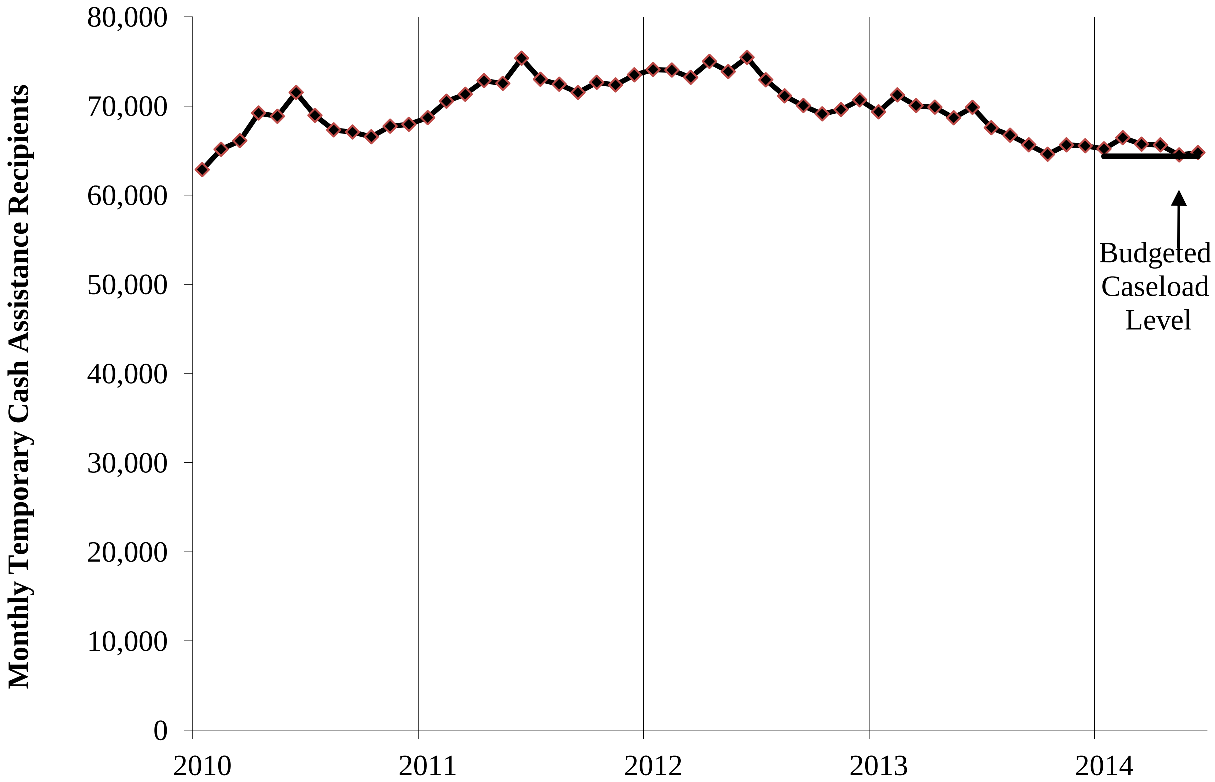
Exhibit 6
Temporary Cash Assistance Monthly Recipients
Percent Change over Prior Year
Fiscal 2010-2014



Source: Department of Human Resources; Department of Legislative Services

Exhibit 7 shows the monthly recipient count from July 2009 through December 2013. After steadily increasing, the caseload peaked in December 2011 at 75,442 and has trended downward since that time. The rate of decline slowed in the beginning of fiscal 2014, though this is similar to fiscal 2012 and 2013, where the declines occurred later in the fiscal year. Through the first six months of fiscal 2014, the monthly recipient level has averaged 65,362. The working appropriation assumes an average monthly recipient level of 64,359.

Exhibit 7
Temporary Cash Assistance Recipients by Month
Fiscal 2010-2014



Source: Department of Human Resources; Department of Legislative Services

DLS projects a somewhat lower TCA monthly recipient average in fiscal 2014, 63,839, as shown in **Exhibit 8**. Continued declines in fiscal 2015 are expected to result in a monthly average of 59,053 recipients, lower than the 60,421 upon which the allowance is built.

Exhibit 8
TCA Enrollment and Funding Trends
Fiscal 2013-2015

TCA	Actual 2013	Working Budget 2014	Allowance 2015	DLS Estimate 2014	DLS Estimate 2015
Average Monthly Enrollment	67,876	64,359	60,421	63,839	59,053
Average Monthly Grant	$174.82	$181.64	$183.94	$190.14	$199.19
Total Funding	**$142.4**	**$140.2**	**$133.4**	**$145.7**	**$141.2**
Estimated Deficit			$0.0	-$5.4	-$7.8
Unbudgeted TANF Contingency Funds				20.4	10.2
Surplus with Contingency				**15.0**	**2.4**
Fiscal 2013 Closing Shortfall				-12.7	0.0
TCA Total Surplus				**$2.3**	**$2.4**

DLS: Department of Legislative Services
TCA: Temporary Cash Assistance

Note: The fiscal 2014 budgeted funds reflect the negative deficiency appropriation of $1.7 million.

Source: Department of Human Resources; Department of Legislative Services

Where the DLS projection differs more significantly from the Governor's budget plan is in the average monthly benefit payment to individuals receiving TCA. Statute dictates that the combined TCA and SNAP benefits equal 61% of the Maryland Minimum Living Level, calculated by DHR as $1,837 per month for a three-person household in fiscal 2014. A temporary boost in SNAP payments from federal stimulus programs ended in November 2013, and monthly SNAP benefits declined. As a result, average TCA payments increased by about $25 in November and December 2013 compared to July through October 2013.

If monthly TCA payments remain at this new level through the end of fiscal 2014, it is likely that the year's average benefit payment will be closer to the $190.14 projected by DLS rather than the $181.64 assumed in the Governor's budget plan. Similarly, the budgeted $2.30 increase in benefit payments between fiscal 2014 and 2015 is likely not enough to account for this increase in TCA payments.

As a result, Exhibit 8 shows that DLS is projecting deficits in the TCA program of $5.4 million in fiscal 2014 (after accounting for the $1.7 million withdrawn appropriation) and $7.8 million in fiscal 2015.

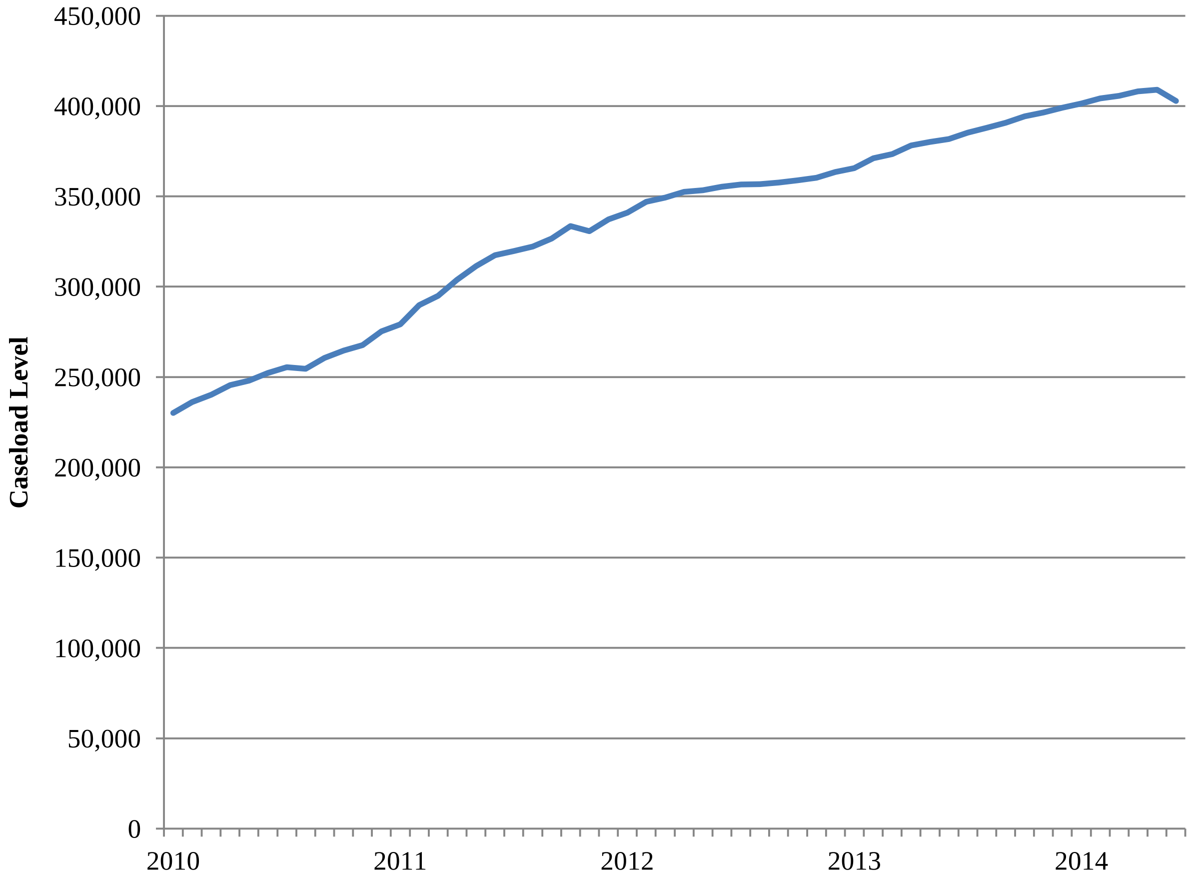
Exhibit 8 includes a calculation assuming DHR receives $20.4 million in TANF contingency funds in fiscal 2014 and $10.2 million in fiscal 2015 and that it is all spent on TCA. States are eligible to receive these funds if one of a few conditions is met, including quarterly increases in SNAP caseloads, which Maryland has had for several years. Though the fiscal 2014 working appropriation does not include any TANF contingency funds, DHR reports that it has already received $15.3 million so far in fiscal 2014 and expects a total of $20.4 million by the end of the fiscal year.

Combined with a fiscal 2014 opening shortfall of $12.7 million in TANF, the receipt of TANF contingency funds would be enough to erase the existing shortfall and the $5.4 million deficit estimated in the fiscal 2014 budget, ending the year with a surplus of $2.3 million. Similarly, the $10.2 million in TANF contingency funds for fiscal 2015, shown in Exhibit 8, would be enough to cover the allowance's estimated $7.8 million deficit with an additional $2.4 million surplus remaining.

It should be noted that the surpluses exist only when assuming DHR will spend all of the TANF contingency on TCA. With the number and size of shortfalls throughout DHR's budget over the past several years, it is possible that DHR could choose to use the contingency funds in other areas eligible for TANF spending instead and carry forward a shortfall into both fiscal 2015 and 2016.

Finally, though Exhibit 8 shows $10.2 million in TANF contingency funds in fiscal 2015, DHR has indicated that it expects the amount to be the same as fiscal 2014, $20.4 million. Using $10.2 million represents a conservative estimate based on the chance that SNAP caseloads could begin to fall during fiscal 2014 (TANF contingency funds received in a fiscal year reflect the caseload growth experienced in the previous fiscal year). **Exhibit 9** shows that SNAP participation declined in December 2013 for the first time since May 2011, by 6,231 cases, below the August 2013 caseload level.

Exhibit 9
Supplemental Nutrition Assistance Program Caseload
Fiscal 2010-2014



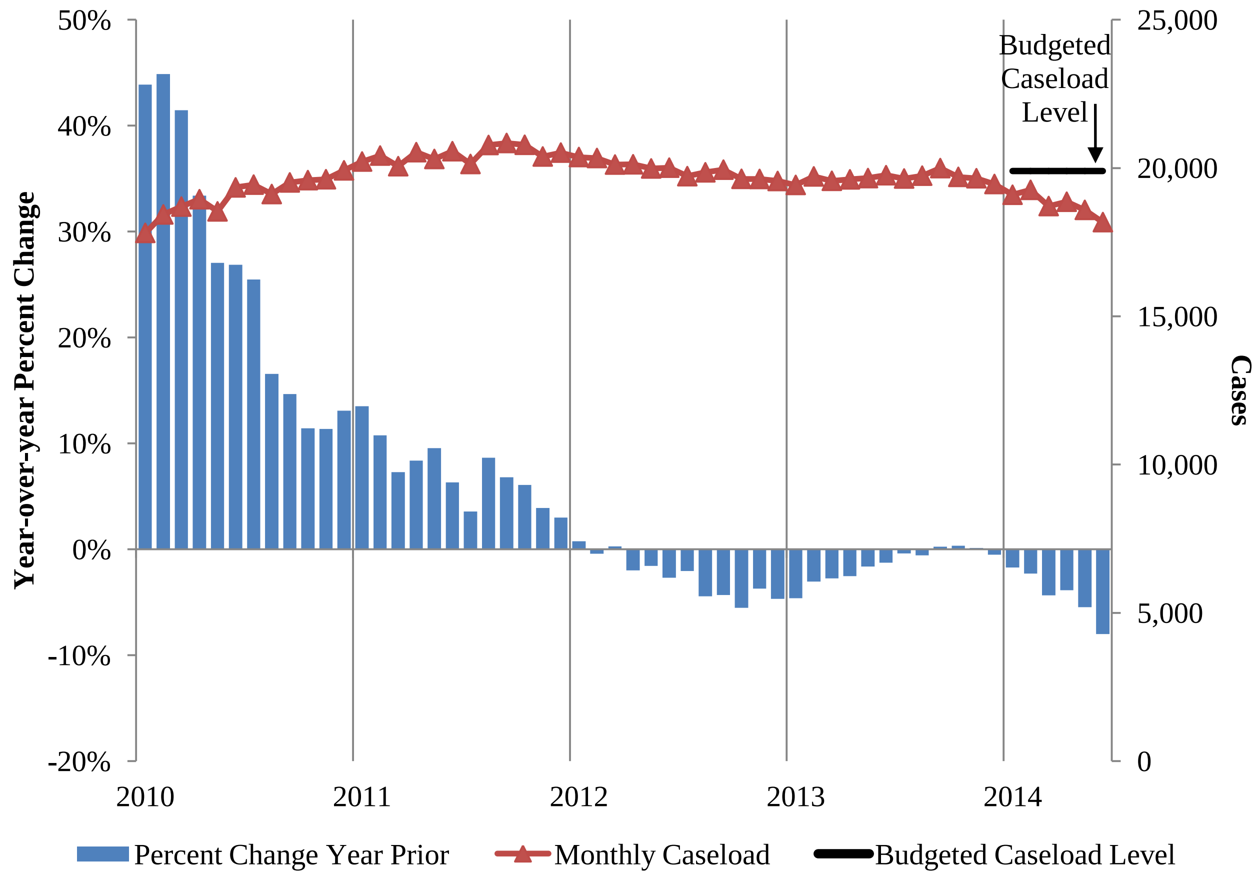
Source: Department of Human Resources

DHR explained that the reduction in December was the result in a seasonal reduction in new cases combined with higher than usual case closings that month, and that though growth in SNAP caseloads is slowing, the peak has not yet been reached. If SNAP caseloads continue to grow as DHR expects, the State would receive $20.4 million and have a surplus of $12.6 million in fiscal 2015.

TDAP Caseload and Expenditure Trends

Similar to TCA, the DLS projections for TDAP differ from the allowance, most significantly in caseload levels. Though TCA declines began sooner, the smaller TDAP caseload has started to decline as well. **Exhibit 10** shows that caseloads peaked at 20,841 in March 2011 and gradually declined in fiscal 2012 before starting to increase in fiscal 2013. Caseloads started to decline more rapidly in the beginning of fiscal 2014 and were at 18,173 in December 2013.

Exhibit 10
TDAP Monthly Recipients
Monthly Change and Caseload Level
Fiscal 2010-2014



TDAP: Temporary Disability Assistance Program

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

The solid line shown in fiscal 2014 is the caseload level at which the working appropriation and allowance are budgeted, 19,895, higher than the average caseload level for all of fiscal 2013, 19,660. DLS is projecting further caseload declines and a resulting surplus in the TDAP program. **Exhibit 11** shows that DLS projects caseload averages of 18,477 in fiscal 2014 and 18,126 in fiscal 2015. The program is estimated to have a surplus of $3.6 million in fiscal 2014 and $4.3 million in fiscal 2015.

Exhibit 11
TDAP Enrollment and Funding Trends
Fiscal 2013-2015

TDAP	**Actual 2013**	**Working 2014**	**Allowance 2015**	**DLS 2014 Est.**	**DLS 2015 Est.**
Average Monthly Enrollment	19,660	19,895	19,895	18,477	18,126
Average Monthly Grant	$183.08	$185.01	$185.01	$183.15	$183.15
Total Budgeted Funds ($ in Millions)	**$43.2**	**$44.2**	**$44.2**	**$40.6**	**$39.8**
Estimated Surplus ($ in Millions)				**$3.6**	**$4.3**

DLS: Department of Legislative Services
TDAP: Temporary Disability Assistance Program

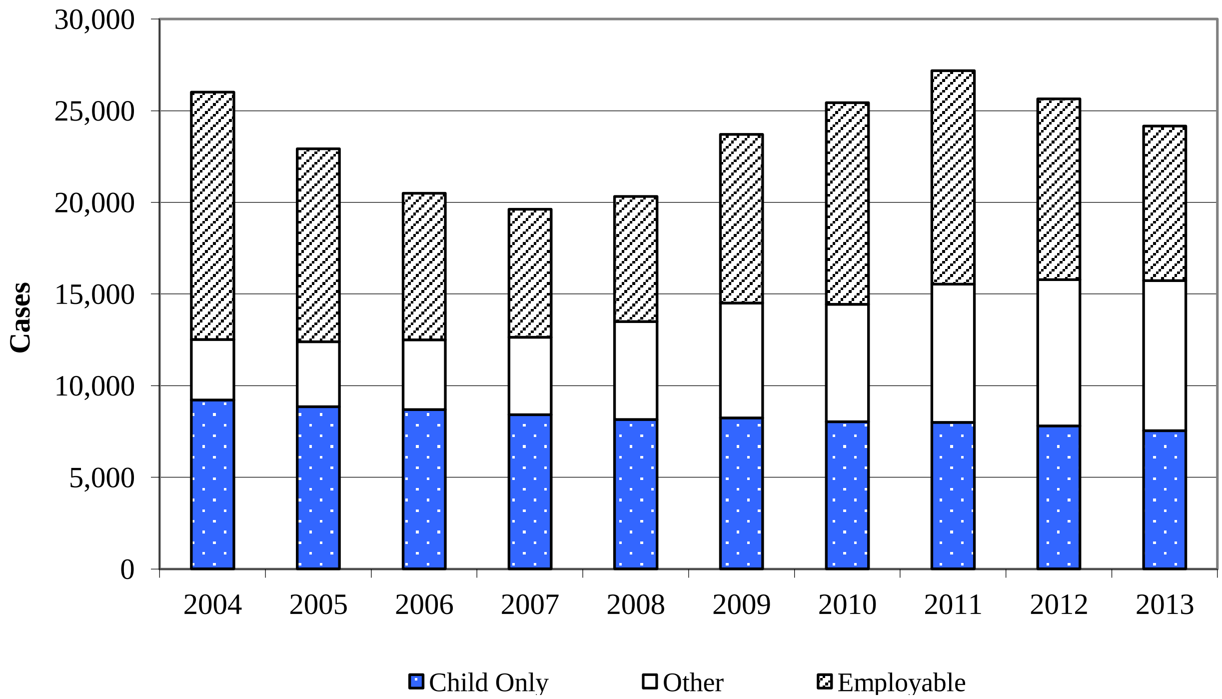
Source: Department of Human Resources; Department of Legislative Services

Characteristics of the Current TCA Caseload

To track recipients needing employment services, DHR divides the caseload into two main groups: (1) the core caseload; and (2) cases headed by an employable adult. The core cases include child only cases, women with children under age one, disabled individuals, caretaker relatives, and other cases exempted from work requirements. With the exception of women with children under age one, DHR does not expect the core cases to transition off of cash assistance by seeking employment. Child only cases, for example, typically leave the rolls after reaching adulthood. As employable adults successfully entered the labor market, the core cases represented an increasing percentage of the total TCA caseload.

As shown in **Exhibit 12**, the total caseload fell in fiscal 2013 by 1,492 cases. Most of the decrease occurred in the employable category (1,440), with a smaller decline in the number of child only cases (253), "Other" cases increased by a net 201 mainly due to disabled cases (507). In July 2012, child only cases comprised 31.2% of the total caseload, up slightly from 30.4% a year ago. Cases headed by an employable adult decreased in 2013 as percent of the total caseload by 3.6 percentage points, to 34.9%.

Exhibit 12
Characteristics of the Current Caseload
July Caseloads
2004-2013



Source: Department of Human Resources

In the early years of welfare reform, DHR concentrated on serving those easiest to place in employment. Through its successful efforts, most of those cases transitioned from welfare to work. Except for recent additions to the caseload due to the poor economy, which include well-educated individuals with lengthy employment experience, remaining cases headed by an employable adult typically face multiple barriers to employment, such as substance abuse and/or mental health issues, poor work histories, low educational attainment, and limited access to transportation and child care. To realize further caseload reductions, DHR must continue to provide intensive services to help these employable adults enter and remain in the workforce.

Five-year Lifetime Limit on a Recipient of Cash Assistance

Moving employable adults to self-sufficiency is of particular importance in light of the federal limit placed on recipients 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 exemptions to the time limit for "hardship", as defined by the State. 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.

December 2013 was the one hundred and forty-fourth consecutive month in which some families had reached the five-year benefit limit. The annual average number of families receiving TANF assistance during federal fiscal 2013 was 21,958. The annual average number of cases headed by adults that received assistance for more than 60 months during federal fiscal 2013 was 1,570. Since this number is below the 20% exemption limit for federal fiscal 2013 of 4,392, no one was removed from the caseload. According to DHR's projections, the earliest any recipient would lose benefits because of the time limit is federal fiscal 2017. Until that time, the department expects to accommodate, under federal hardship exemptions, all families who cooperate with program requirements.

Issues

1. TCA Closures Due to Child Support Income

A sizeable subset of the TCA population also receives child support payments – 22,247 individuals in fiscal 2012, or 31% of the total TCA caseload. For some of these recipients, the amount received one month may be enough to make the recipient ineligible for TCA. When this happens, no TCA payment is made and the individual's case is closed.

Occasionally, however, the amount of child support received falls the following month, and the individual is again eligible for TCA. When this happens, the person must again go through the application and eligibility process before resuming TCA payments.

This pattern was a concern for the budget committees during the 2013 legislative session. DHR was asked to submit a report on the number of individuals receiving TCA and child support whose cases had closed due to an increase in child support and who subsequently reapplied the following month because child support was less than the prior month or was not received. DHR was also asked to report on how many cases would have been closed if the calculation used a three-month average of income rather than one month's income. The agency submitted data based on federal fiscal 2012, and it is shown in **Exhibit 13**.

Exhibit 13
Temporary Cash Assistance and Child Support Case Closures
One-month and Three-month Average Income
Federal Fiscal 2012

Based on One Month of Income		
547		Cases closed based on income above monthly limit
70	12.8%	Cases re-opened the following month
Based on Three-month Income Average		
368	67.3%	Cases would have closed
179	32.7%	Number of cases closed that would have remained open using a three-month average
70		Cases reapplied and received TCA payments the following month
109		Cases either did not reapply or did so and were ineligible for another reason*

TCA: Temporary Cash Assistance

* The submission did not specify how many cases fell into each category, that is, how many cases were ineligible and how many were still eligible but did not reapply.

Source: Department of Human Resources

The data shows that 547 TCA/child support cases were closed in federal fiscal 2012 after the child support payment brought in enough income to make the recipient ineligible for TCA. Of that amount, 70 cases, or 12.8%, were reopened the following month after the child support payment was lower or not made. If a three-month average were used, 368 cases would still have been closed due to high enough income levels.

Conversely, if a three-month average were used, 179 cases would have remained eligible for TCA and would not have closed (the 70 cases that re-applied and resumed TCA payments are a part of those 179 cases). For the remaining 109 cases, DHR further reported that the income level of those 109 cases were lower than the TCA eligibility threshold because either child support payments were inconsistent or were lower than initially expected. However, they either did not reapply or did so and were deemed ineligible for a different reason. DHR did not indicate how many of the 109 cases were eligible but had not reapplied.

Child Support Is Part of Income, Not All Income

In the report, DHR notes that child support is usually only a part of a recipient's income and that when a TCA/child support case goes over the TCA threshold limit, it is normally because the household began to receive another form of income, such as earnings, Social Security, or unemployment insurance. This was the case with many of the 368 cases whose incomes still would have been above the threshold using the three-month average.

Of the other 179 cases that were closed, not all of them reapplied and only some of those that did were found to be newly ineligible. It is likely that more than 70 cases would have remained open under a three-month income average calculation. **The Secretary should comment on the advantage to using a single month's income for TCA eligibility of child support recipients as opposed to a three-month income average.**

2. Child Care Eligibility Determinations Shift to the Maryland State Department of Education

DHR currently handles eligibility determinations for most social services available to Marylanders – cash assistance, SNAP, child care, *etc*. However, MSDE is in the process of administering and privatizing the role of eligibility determinations for the child care subsidy, with contract approval expected in March 2014 and full implementation July 1, 2014.

To cover the costs of doing eligibility determinations, DHR receives a share of the federal Child Care and Development Fund, and the Governor's budget plan includes $12.7 million in fiscal 2014 and $13.1 million in fiscal 2015 for this purpose. However, as the responsibility for determinations shifts to MSDE, the funds in the allowance will have to be transferred to MSDE. **The Secretary should comment on when the eligibility determination funds are expected to be transferred to MSDE and the impact this will have on DHR's eligibility determination services.**

Impact on State Spending

It should be noted that the reason for shifting eligibility determinations to MSDE is anticipated cost savings of about $4.0 million to $5.0 million. In fact, the Governor's budget plan anticipates savings in fiscal 2014 through a $2.0 million withdrawn general fund appropriation from the MSDE budget. While DHR receives $13.1 million in the fiscal 2015 allowance for eligibility determinations, actual spending in recent years has totaled $9.7 million. MSDE expects a vendor contract to be between $5 million and $6 million, which when compared to actual spending by DHR would generate these estimated savings.

However, DHR will continue to perform eligibility determinations for other social services and expects that this transfer will not result in a significant reduction in filled positions or a decline in spending close to the $13.1 million that is budgeted fiscal 2015 or the $9.7 million that was spent in fiscal 2012 and 2013.

If the amount DHR needs is greater than the savings generated from this transfer, there will be a net increase in State spending, possibly requiring additional general funds in the DHR budget. However, to the extent that MSDE's projections are correct and savings in the $4 million to $5 million range will result, additional savings over the $2.0 million withdrawn appropriation would be expected.

Impact on Services

Part of the reason for having eligibility determinations for various services housed within DHR is so that people in need of various services can apply for them in a single location, usually their local DSS office. If they may no longer apply for the child care subsidy at their local DSS, it may add a burden on individuals in need of services who now have to travel to different locations to apply for different benefits. DSS offices can accept applications for benefits even if they do not process the application, such as for energy assistance, and it is possible that applying for the child care subsidy could operate in that manner. **The Secretary should comment on the impact this transition to MSDE will have on individuals applying for benefits.**

3. Substance Abuse Data Collection

In order to track the outcomes of substance abuse programs for the TCA population, the General Assembly requested a report from DHR and the then Alcohol and Drug Abuse Administration (ADAA) on changes to the data collection process for TCA recipients who are also in drug treatment programs. The concern was that outcomes were only tracked for individuals who were referred to treatment at TCA entry, but a significant number of applicants were in treatment at time of entry.

DHR and ADAA submitted a report to the General Assembly outlining changes to ADAA's data system, State of Maryland Automated Record Tracking (SMART), making it mandatory for treatment providers to document whether an individual is a TCA recipient or not, with the status being self-reported by the recipient to the treatment provider. ADAA (now part of the Behavioral Health Administration) has also revised its reporting to show outcomes of TCA recipients, such as the length of time an individual is in treatment.

As the reporting change occurred in September 2013, it is relatively new. **DLS recommends adopting committee narrative requesting a report on the first year of outcomes data for individuals receiving TCA.**

4. Annual Closeout Audit Finds Unsupported Special Fund Spending

The Office of Legislative Audits annual closeout audit found that DHR made special fund expenditures that exceeded the available special fund revenues from fiscal 2010 to 2013. The special funds in question are TDAP reinvestment funds and child support offset revenue. Unsupported spending from the two sources was $3.7 million in fiscal 2013 and totaled $15.2 million over the period.

DHR explained that the agency spends special funds as they arrive, and prior year shortfalls are covered with the next year's revenue (that is, the fiscal 2013 shortfall was covered with a part of the fiscal 2014 appropriation). **The Secretary should comment on the closeout shortfalls in the child support offset and TDAP reinvestment.**

Recommended Actions

		Amount Reduction	
1.	Reduce the appropriation to account for lower Temporary Disability Assistance Program caseloads. The allowance assumes a caseload higher than fiscal 2013, even though caseloads have been gradually declining. The program is estimated to have a fiscal 2015 surplus of $4.3 million.	$ 2,100,000	GF
2.	Reduce the fiscal 2014 appropriation to account for lower Temporary Disability Assistance Program caseloads. The Governor's proposed budget assumes a caseload higher than fiscal 2013, even as caseloads have started to decline. The program is estimated to have a fiscal 2014 surplus of $3.6 million.	1,700,000	GF

3. Add the following section:

SECTION XX. AND BE IT FURTHER ENACTED, That $100,000 of the General Fund appropriation for the Department of Human Resources (DHR) and $100,000 of the General Fund appropriation for the Maryland State Department of Education (MSDE) may not be expended unless, by July 1, 2014, DHR and MSDE jointly submit a report to the budget committees regarding the transfer of child care subsidy eligibility determinations from DHR to MSDE. The report shall include the following information:

(1) How the shift in eligibility determinations improves the program for both individuals receiving the child care subsidy and MSDE;

(2) how MSDE's vendor will implement child care subsidy eligibility determinations;

(3) the impact on services provided to individuals who want to apply for multiple social services including the child care subsidy;

(4) the impact on DHR's eligibility determinations function with respect to quality of performance, positions required, budgetary needs, and how DHR can reduce spending on eligibility determinations by $13.1 million;

(5) how and when funding will shift from DHR to MSDE and how much DHR will need as a replacement; and

(6) an accounting of costs and savings for MSDE and the vendor.

As it has been estimated that the transfer of eligibility determinations will result in budgetary savings of up to $5,000,000 in general funds, $2,000,000 of which is accounted for as a withdrawn appropriation from the fiscal 2014 budget, the budget committees have the expectation of an additional $2,000,000 General Fund withdrawn appropriation during the 2015 legislative session, or a targeted reversion of that amount at the close of fiscal 2015.

The budget committees shall have 45 days for review and comment following receipt of the report. Funds restricted pending receipt of the 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: Child care subsidy eligibility determinations are currently performed by DHR, but the responsibility is expected to transfer to MSDE on July 1, 2014, who will then use a private vendor. DHR receives funding from the Child Care and Development Fund to perform the determinations, and that funding is also expected to transfer from DHR's budget to MSDE. DHR receives $13.1 million in fiscal 2015 for eligibility determinations.

The language restricts $100,000 from the general fund appropriations of DHR and MSDE until a report is submitted with more information about the transfer of eligibility determinations, including how it improves the program for both recipients of the subsidy and MSDE, how MSDE's vendor will perform eligibility determinations, the impact on individuals who wish to apply for multiple services, the impact on DHR's other eligibility determination functions, DHR's position and budgetary needs, and the expected cost savings.

MSDE believes transitioning to a private vendor could reduce costs by $4 million to $5 million. The Governor's fiscal 2015 budget plan already accounts for some of the cost savings, withdrawing $2 million in general funds from MSDE's fiscal 2014 working budget. The budget languages adds the expectation of the budget committees that an additional $2 million in general fund cost savings will be recognized either through a withdrawn appropriation during the 2015 legislative session or at the closing of the fiscal 2015 budget.

Information Request	**Authors**	**Due Date**
Information in transitioning child care subsidy eligibility determinations from DHR to MSDE	DHR MSDE	July 1, 2014

4. Adopt the following narrative:

Outcomes of Temporary Cash Assistance (TCA) Program Recipients in Substance Abuse Programs: The budget committees are interested in learning more about the effectiveness of drug and alcohol abuse treatment programs for individuals on TCA. A change in data collection starting in September 2013 allowed for the Behavioral Health Administration (BHA) to collect additional data on recipients who had entered a substance abuse program prior to enrolling in TCA. The Department of Human Resources (DHR), together with BHA, shall submit a report discussing the effectiveness of substance abuse programs on the TCA population based on the first year of data collected under this new reporting system.

Information Request	**Authors**	**Due Date**
Effectiveness of substance abuse programs on TCA recipients	DHR BHA	December 1, 2014

Total Reductions to Fiscal 2014 Deficiency	**$ 1,700,000**
Total General Fund Reductions to Allowance	**$ 2,100,000**

Updates

1. Assisting Cancer Patients and Individuals with Disabilities

Individuals with disabilities or long-term illnesses like cancer face unique challenges when inquiring about and applying for benefits from agencies like DHR. Trying to navigate the different offices and eligibility rules can add stress to an already stressful situation. To learn more about the accommodations that are made for people with disabilities and long-term diseases, the 2013 *Joint Chairmen's Report* (JCR) asked DHR to report on what it currently does to assist them, and how assistance could be improved.

The report discusses different times that a person would come in contact with DHR and DSS. For the convenience of applicants, they are encouraged to use the online Service Access and Information Link application. It allows for quicker processing by the local DSS, and enhancements to the system will soon allow for redeterminations and change reporting to be done online. Next, an interview is scheduled, which can occur in person at the office, over the phone, at the applicant's home, or another location.

Regarding improvements to the system, the report notes that there are 24 DSS offices throughout the State, and some have already adopted new processes to assist individuals with disabilities, but other offices may still be considering options. The following are two different accommodations that could be made:

- For paperwork that the individual is not able to or cannot complete online, DSS offices could have drop boxes where it may be dropped off if the office is closed.

- Reducing wait times for individuals who apply in person for Medicaid. The report outlines changes in the Affordable Care Act that eliminates the need for a disability determination and the wait time for an eligibility determination. Wait times in the office, or for other benefits, are not addressed.

The 2013 JCR specifically asks the agency to address waiving drug testing for individuals who are on medication that would cause the individual to fail the drug test. The report explains that drug testing is usually the result of federal requirements and cannot be waived, but an explanation from the individual's doctor can satisfactorily explain the positive result.

2. SNAP Reauthorization Does Not Significantly Impact Maryland

The SNAP and TANF, the two major federal social welfare programs funded by the federal government, have been overdue for reauthorization for several years. In February 2014, Congress approved a five-year reauthorization of the SNAP containing administrative and programmatic changes, although the impact for Maryland is minimal. TANF's authorization expired on September 30, 2010, and since then has been funded through continuing resolutions.

SNAP

The SNAP is authorized through Farm Bill legislation and was reauthorized by Congress in February 2014 for five years. Changes in the legislation include alterations to benefit calculations and administrative changes totaling an $8 billion reduction in spending over 10 years, though the impact on Maryland is expected to be minimal. The main benefit calculation change is from a program known as "Heat and Eat," where states give small heating assistance grants to households and use an assumed utility expense in their SNAP benefit calculation, even if utility costs are indirect and are included in the cost of housing (rent). The SNAP re-authorization increases the amount of heating assistance that states must grant an individual to allow for a higher SNAP payment.

Though the change is estimated to reduce SNAP costs by more than $8 billion over 10 years, it does not impact Maryland since the State does not use Heat and Eat in SNAP benefit calculations. However, Maryland is impacted by several administrative changes, one of which directly impacts the number of people that will receive SNAP benefits. The changes and DHR's expected impact are below.

- **Outreach and Advertising** – Reauthorization language prevents states from spending on outreach that encourages people to apply for SNAP benefits: 1,801 fewer cases and $750,000 reduction in benefits paid.

- **Violent Offenders** – SNAP eligibility is ended for certain violent crimes: $224,848 increase in federal funds for increased workload.

- **Gambling/Lottery Winners** – SNAP eligibility is ended after significant winnings: $125,000 increase for additional administrative costs.

- **Work Pilot Projects** – funding is added for work and training pilot programs and increased state reporting requirements on work programs: $118,000 for administrative costs.

- **Fraud Deduction** – the reauthorization adds funding for retailer and recipient fraud detection: an expected but unknown increase in funds.

TANF

The TANF block grant and related programs are mandatory spending that must be reauthorized. The last reauthorization, in the Deficit Reduction Act of 2005, expired on September 30, 2010, with funding continuing under temporary extensions. This most recent extension is through September 30, 2014. Legislation to fully reauthorize the program for an extended period of time (typically five years) is not currently under consideration.

Appendix 1

Current and Prior Year Budgets

Current and Prior Year Budgets
DHR – Family Investment Administration
($ in Thousands)

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2013					
Legislative Appropriation	$138,074	$22,090	$1,297,439	$0	$1,457,602
Deficiency Appropriation	19,282		-24,525	0	-5,243
Budget Amendments	4,260	3,166	162,343		169,770
Reversions and Cancellations	0	-681	-17,426	0	-18,107
Actual Expenditures	**$161,616**	**$24,575**	**$1,417,831**	**$0**	**$1,604,022**
Fiscal 2014					
Legislative Appropriation	$135,015	$21,421	$1,363,310	$0	$1,519,746
Budget Amendments	774	46	1,253	0	2,074
Working Appropriation	**$135,790**	**$21,468**	**$1,364,563**	**$0**	**$1,521,820**

Note: The fiscal 2014 working appropriation does not include deficiencies or contingent reductions. Numbers may not sum to total due to rounding.

Fiscal 2013

FIA received two deficiency appropriations to adjust TANF funding and align the budget with actual TCA spending, which was lower than initially expected. The deficiencies withdrew $24.5 million in federal funds and increased general funds by $19.3 million. The agency also received $0.2 million in special funds and $0.6 million in federal funds for an employee cost-of-living adjustment (COLA).

Throughout the fiscal year, FIA received a number of budget amendments to adjust spending as needed. The first was an alignment of telecommunications expenses throughout State agencies, increasing FIA's budget by $13,222 in general funds.

Agencywide realignments made the following changes to FIA's appropriation through the budget amendment process:

- General funds overall increased by $4.3 million through a number of changes: a $19.4 million increase supported salary and benefits spending in the Family Investment Program, $0.5 million in funding for disability determination for applicants to the Maryland Medical Assistance program (funding that was transferred from Assistance Payments due to a lower than expected TCA caseload), and $0.4 million for equipment used to reduce SNAP error rates and verify employment and income. Offsetting those increases was another decrease of $15.6 million, as TANF funds were available to be used in lieu of these general funds.

- Special fund increases were available from local government payments to support salary and benefits spending. The Local Family Investment Program received $1.9 million for this purpose, while the FIA Director's Office received $1.1 million.

- Federal funds overall increased $161.8 million by budget amendment. A higher SNAP caseload increased funds for the program by $136.2 million, and FIA shifted $22.2 million in TANF funds mid-year – $16.3 million to TCA payments and $4.9 million to employee salaries at local DSS. MORA also received $3.4 million for salaries from the federal Refugee Entrant Assistance grant, in addition to $0.2 million for screenings of recently arrived refugees. Finally, TANF funds were shifted to fund increased spending in the Subsidized Employment Program.

The year-end cancellation of $18.1 million was mainly federal funds ($17.4 million), but also included $0.7 million in cancelled special funds due to a smaller than expected adult foster care caseload. The two biggest federal cancellations were from lower than expected revenues from the Medical Assistance Program ($7.2 million) and authorized TANF spending ($6.5 million). SNAP spending was also $1.5 million higher than expected, and Child Care Mandatory and Matching Funds were over-budgeted by $1.2 million. The remaining cancellations of $1.0 million came largely from an unspent appropriation for health screenings and services at MORA.

Fiscal 2014

The legislative appropriation increased by $774,385 in general funds, $46,443 in special funds, and $1,253,074 in federal funds, representing FIA's share of the fiscal 2014 employee COLA and increments.

Object/Fund Difference Report
DHR – Family Investment

Object/Fund	FY 13 Actual	FY 14 Working Appropriation	FY 15 Allowance	FY 14 - FY 15 Amount Change	Percent Change
Positions					
01 Regular	2,037.42	2,073.42	2,068.42	-5.00	-0.2%
02 Contractual	51.82	68.00	68.00	0.00	0%
Total Positions	**2,089.24**	**2,141.42**	**2,136.42**	**-5.00**	**-0.2%**
Objects					
01 Salaries and Wages	$ 139,428,864	$ 127,381,284	$ 129,775,807	$ 2,394,523	1.9%
02 Technical and Spec. Fees	2,761,955	2,340,027	2,334,599	-5,428	-0.2%
03 Communication	1,369,241	1,179,099	1,274,599	95,500	8.1%
04 Travel	241,562	139,848	130,912	-8,936	-6.4%
06 Fuel and Utilities	1,172,139	1,426,736	1,229,705	-197,031	-13.8%
07 Motor Vehicles	61,109	17,975	22,379	4,404	24.5%
08 Contractual Services	56,342,218	56,582,362	57,484,240	901,878	1.6%
09 Supplies and Materials	1,221,883	642,146	894,982	252,836	39.4%
10 Equipment – Replacement	11,490	0	0	0	0.0%
11 Equipment – Additional	246,486	0	0	0	0.0%
12 Grants, Subsidies, and Contributions	1,386,885,805	1,317,968,298	1,474,559,156	156,590,858	11.9%
13 Fixed Charges	14,278,969	14,142,296	14,132,103	-10,193	-0.1%
Total Objects	**$ 1,604,021,721**	**$ 1,521,820,071**	**$ 1,681,838,482**	**$ 160,018,411**	**10.5%**
Funds					
01 General Fund	$ 161,615,959	$ 135,789,653	$ 130,227,744	-$ 5,561,909	-4.1%
03 Special Fund	24,574,904	21,467,662	21,311,183	-156,479	-0.7%
05 Federal Fund	1,417,830,858	1,364,562,756	1,528,915,039	164,352,283	12.0%
09 Reimbursable Fund	0	0	1,384,516	1,384,516	N/A
Total Funds	**$ 1,604,021,721**	**$ 1,521,820,071**	**$ 1,681,838,482**	**$ 160,018,411**	**10.5%**

Note: The fiscal 2014 appropriation does not include deficiencies. The fiscal 2015 allowance does not include contingent reductions.

Fiscal Summary
DHR – Family Investment

Program/Unit	FY 13 Actual	FY 14 Wrk Approp	FY 15 Allowance	Change	FY 14 - FY 15 % Change
02 Local Family Investment Program	$ 153,775,411	$ 150,271,885	$ 152,678,300	$ 2,406,415	1.6%
08 Assistance Payments	1,373,539,919	1,292,685,929	1,447,656,947	154,971,018	12.0%
10 Work Opportunities	35,506,752	34,883,467	34,938,653	55,186	0.2%
04 Director's Office	27,405,202	30,677,186	31,935,716	1,258,530	4.1%
05 Maryland Office for New Americans	13,794,437	13,301,604	14,628,866	1,327,262	10.0%
Total Expenditures	**$ 1,604,021,721**	**$ 1,521,820,071**	**$ 1,681,838,482**	**$ 160,018,411**	**10.5%**
General Fund	$ 161,615,959	$ 135,789,653	$ 130,227,744	-$ 5,561,909	-4.1%
Special Fund	24,574,904	21,467,662	21,311,183	-156,479	-0.7%
Federal Fund	1,417,830,858	1,364,562,756	1,528,915,039	164,352,283	12.0%
Total Appropriations	**$ 1,604,021,721**	**$ 1,521,820,071**	**$ 1,680,453,966**	**$ 158,633,895**	**10.4%**
Reimbursable Fund	$ 0	$ 0	$ 1,384,516	$ 1,384,516	N/A
Total Funds	**$ 1,604,021,721**	**$ 1,521,820,071**	**$ 1,681,838,482**	**$ 160,018,411**	**10.5%**

Note: The fiscal 2014 appropriation does not include deficiencies. The fiscal 2015 allowance does not include contingent reductions.