Department of Human Services
Fiscal 2019 Budget Overview

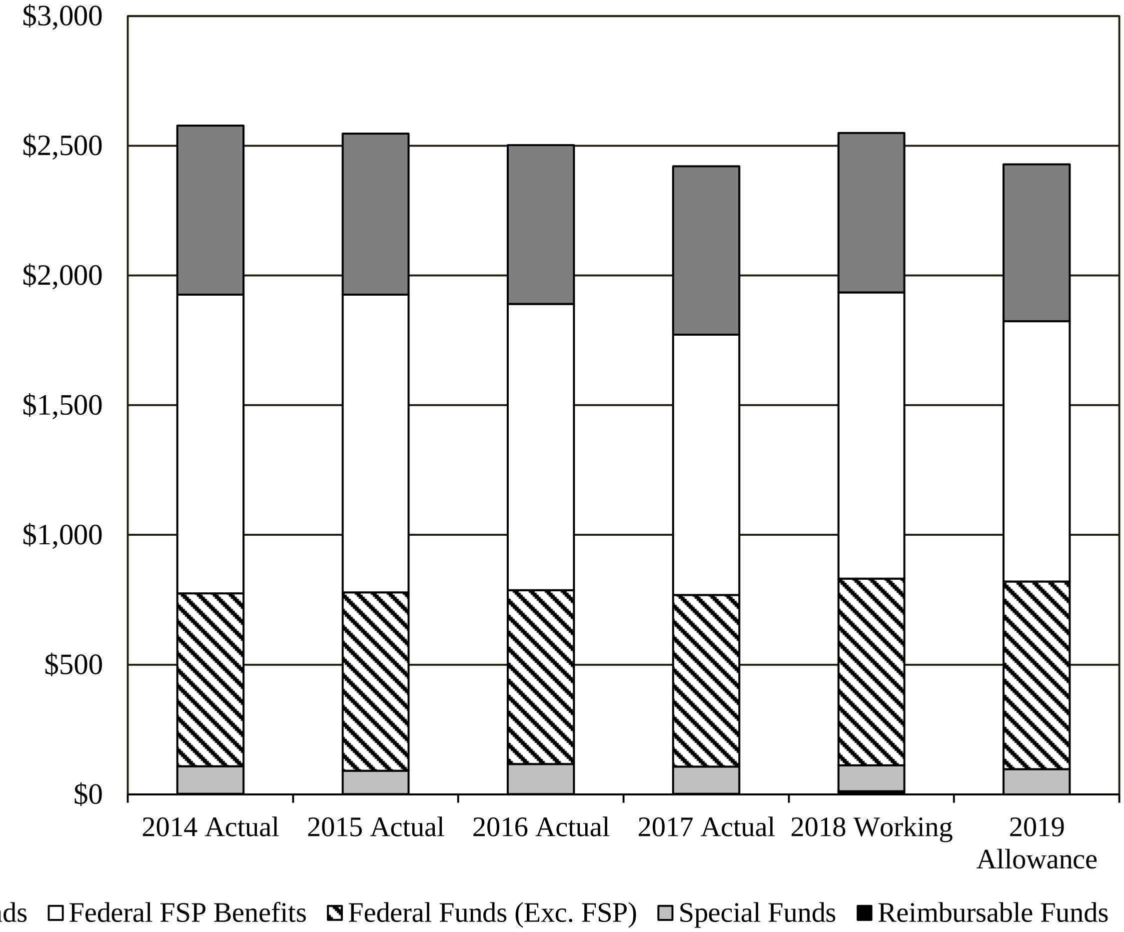
Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland

January 2018

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

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

Department of Human Services – Funding by Source
Fiscal 2014-2019
($ in Millions)



	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Working	2019 Allowance
Total	**$2,578.0**	**$2,546.4**	**$2,502.8**	**$2,420.4**	**$2,549.7**	**$2,427.9**
General Funds	652.1	620.3	612.3	648.8	614.9	604.9
Federal FSP Benefits	1,151.6	1,147.6	1,103.0	1,002.5	1,103.0	1,002.5
Federal Funds (Excluding Federal FSP Benefits)	666.3	688.0	670.5	661.7	720.2	723.3
Special Funds	106.0	90.0	116.6	105.2	100.3	97.0
Reimbursable Funds	2.1	0.4	0.4	2.1	11.4	0.2

FSP: Food Supplement Program

Note: Numbers may not sum to total due to rounding. The fiscal 2018 working appropriation of the Temporary Disability Assistance Program includes $2.0 million of funds restricted to be used for an increase in the monthly benefit. These funds are expected to be reverted. The fiscal 2018 working appropriation also includes deficiency appropriations and a reduction to health insurance in Section 19 of the budget bill. The fiscal 2019 allowance includes a distribution of the planned general salary increase.

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

Department of Human Services
Budget Overview: All Funds
Fiscal 2017-2019
($ in Thousands)

	Actual 2017	Working Approp. 2018	Allowance 2019	$ Change 2018-2019	% Change 2018-2019
Family Investment (Excluding FSP)	**$434,408**	**$407,974**	**$406,941**	**-$1,033**	**-0.3%**
TCA Payments	118,334	108,661	106,374	-2,286	-2.1%
TDAP	36,665	38,104	29,490	-8,613	-22.6%
FSP Supplemental Benefit	2,128	1,900	3,263	1,363	71.7%
Other Public Assistance	16,443	16,794	16,443	-351	-2.1%
Work Opportunities	32,066	31,645	32,528	884	2.8%
Office of Grants Management	18,675	7,527	7,442	-85	-1.1%
Administration	210,097	203,345	211,401	8,056	4.0%
Office of Home Energy Programs	**$143,572**	**$134,085**	**$129,603**	**-$4,482**	**-3.3%**
Social Services Administration	**$560,533**	**$572,205**	**$566,367**	**-$5,838**	**-1.0%**
Foster Care/Adoption	265,545	262,630	258,750	-3,880	-1.5%
Programs/Administration	294,988	309,575	307,617	-1,958	-0.6%
Child Support Enforcement	**$92,560**	**$91,835**	**$91,371**	**-$464**	**-0.5%**
Administration	**$186,803**	**$248,616**	**$227,470**	**-$21,146**	**-8.5%**
Office of the Secretary	32,668	28,883	28,833	-51	-0.2%
Operations	31,838	29,999	29,191	-808	-2.7%
Information Management	79,136	145,433	126,926	-18,507	-12.7%
Local Department Operations	43,162	44,300	42,520	-1,780	-4.0%
Total	**$1,417,875**	**$1,454,715**	**$1,421,752**	**-$32,963**	**-2.3%**
Statewide Adjustment		**-$8,003**	**$3,624**	**$11,627**	
General Funds	648,832	614,873	604,868	-10,005	-1.6%
Special Funds	105,199	100,251	97,032	-3,219	-3.2%
Federal Funds (Excluding FSP)	661,734	720,204	723,270	3,066	0.4%
Reimbursable Funds	2,110	11,384	206	-11,178	-98.2%
Total Funds (Excluding Federal FSP)	**$1,417,875**	**$1,446,712**	**$1,425,376**	**-$21,336**	**-1.5%**
Federal FSP Benefits	**$1,002,476**	**$1,102,997**	**$1,002,476**	**-$100,521**	**-9.1%**
Total (Including Federal FSP)	**$2,420,352**	**$2,549,709**	**$2,427,852**	**-$121,857**	**-4.8%**

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

Note: Numbers may not sum to total due to rounding. The fiscal 2018 working appropriation of TDAP includes $2.0 million of funds restricted to be used for an increase in the monthly benefit. These funds are expected to be reverted. The fiscal 2018 working appropriation also includes deficiency appropriations and a reduction to health insurance in Section 19 of the budget bill. The fiscal 2019 allowance includes a distribution of the planned general salary increase.

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

Department of Human Services
Budget Overview: General Funds
Fiscal 2017-2019
($ in Thousands)

	Actual 2017	Adjusted Working Approp. 2018	Allowance 2019	$ Change 2018-2019	% Change 2018-2019
Family Investment	**$151,073**	**$126,574**	**$122,622**	**-$3,952**	**-3.1%**
TCA Payments	21,488	16,452	7,060	-9,392	-57.1%
TDAP	31,054	32,065	25,210	-6,855	-21.4%
Supplemental FSP Benefit	2,128	1,900	3,263	1,363	71.7%
Other Public Assistance	9,826	9,180	9,826	646	7.0%
Work Opportunities	0	0	0	0	
Office of Grants Management	11,832	6,397	6,773	375	5.9%
Administration	74,745	60,578	70,490	9,912	16.4%
Office of Home Energy Programs	**$0**	**$0**	**$0**	**$0**	
Social Services Administration	**$376,095**	**$379,009**	**$369,976**	**-$9,033**	**-2.4%**
Foster Care/Adoption	190,477	184,452	185,646	1,194	0.6%
Programs/Administration	185,618	194,556	184,330	-10,226	-5.3%
Child Support Enforcement	**$18,896**	**$19,054**	**$19,245**	**$192**	**1.0%**
Administration	**$102,767**	**$94,142**	**$91,103**	**-$3,039**	**-3.2%**
Office of the Secretary	26,088	21,667	21,955	287	1.3%
Operations	19,826	14,947	14,825	-122	-0.8%
Information Management	30,214	30,578	28,447	-2,131	-7.0%
Local Department Operations	26,640	26,950	25,877	-1,073	-4.0%
Statewide Adjustments		**-$3,905**	**$1,923**	**$5,828**	
Total	**$648,832**	**$614,873**	**$604,868**	**-$10,005**	**-1.6%**

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

Note: Numbers may not sum to total due to rounding. The fiscal 2018 working appropriation of TDAP includes $2.0 million of funds restricted to be used for an increase in the monthly benefit. These funds are expected to be reverted. The fiscal 2018 working appropriation also includes a reduction to health insurance in Section 19 of the budget bill. The fiscal 2019 allowance includes a distribution of the planned general salary increase.

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

Fiscal 2018 Actions

Board of Public Works Cost Containment

The Department of Human Services (DHS) fiscal 2018 budget was reduced by $7.1 million in general funds in the cost containment actions approved at the September 6, 2017 Board of Public Works (BPW) meeting. Additional funds ($20,315 in special funds and $4.0 million in federal funds) are also expected to be canceled at the close of the fiscal year consistent with the actions taken by BPW.

The largest reduction ($3.7 million) occurred in the Assistance Payments Program of the Family Investment Administration (FIA) due to declining caseloads in the Temporary Cash Assistance (TCA) program. A reduction of $1.5 million in general funds ($3.5 million in total funds) in the Office of Technology for Human Services in DHS Administration results from a reduction in development and maintenance of the department’s legacy information technology systems due to the ongoing implementation of the Maryland Total Human-services Information Network (MD THINK) project, which will replace these systems.

The remaining reduction ($1.9 million in general funds) occurred due to higher than anticipated vacancy rates throughout the department. In total, DHS anticipates this action will result in a decrease of $3.9 million in total funds including:

- $2.2 million in FIA ($1.0 million in general funds, $20,315 in special funds, and $1.1 million in federal funds);
- $879,393 in DHS Administration ($523,187 in general funds and $356,206 in federal funds);
- $490,530 in the Child Support Administration (CSA) ($166,780 in general funds and $323,750 in federal funds); and
- $326,057 in the Social Services Administration (SSA) ($172,572 in general funds and $153,485 in federal funds).

Proposed Deficiency Appropriations

The fiscal 2019 budget bill includes one deficiency appropriation impacting DHS. The proposed deficiency appropriation would withdraw $10 million of special funds from the Office of Home Energy Program, due to lower than expected attainment of revenue from the Regional Greenhouse Gas Initiative carbon dioxide emission allowance auctions.

Across-the-board Employee and Retiree Health Insurance Reduction

The budget bill includes an across-the-board reduction for employee and retiree health insurance in fiscal 2018 to reflect a fund balance in the State health insurance account. DHS’ share of this reduction is $3.9 million in general funds, $113,283 in special funds, and $4.0 million in federal funds.

Department of Human Services
Major Changes in the Fiscal 2019 Allowance
($ in Thousands)

Where It Goes:	
Personnel Expenses	
Employee and retiree health insurance primarily because of the fiscal 2018 health insurance deduction holidays	$9,513
Fiscal 2018 fund split adjustment for which replacement federal funds have not yet been appropriated	9,300
Distribution of general salary increase	3,624
Turnover expectancy decrease	2,971
Employee retirement	-776
Social Security contributions	-836
Salary and wage adjustments primarily due to budgeting vacant positions at lower salary levels	-3,595
Abolition of 100.0 vacant regular positions	-6,247
Other personnel changes	326
Assistance Payments	
TDAP $10 per month per recipient benefit increase	1,530
TCA 1.9% benefit increase beginning October 1, 2018	1,493
Food Supplement Program Supplemental Benefit primarily due to aligning the caseload and the average benefit with recent increase	1,363
TDAP funds restricted in the fiscal 2018 budget for a benefit increase	-2,000
TCA caseload decrease	-3,779
TDAP caseload decrease	-8,144
Food Supplement Program benefits to align with recent experience (federal funds)	-100,521
Office of Home Energy Programs	
Contracts for local administering agencies and an employment and verification system	-1,642
Energy assistance due to available funding	-2,740
Foster Care Maintenance Payments Program	
1% provider rate increase and 1% increase in family foster care board rate	1,405
Subsidized guardianship caseload increase partially offset by a decrease in caseload for subsidized adoptions	-1,009
Semi-independent living services	-1,133
Foster care placement costs due to declining caseloads and changes in placement types	-3,772

Where It Goes:	
Information Technology	
Department's federal fund share of a statewide project to transition telephone service to a Voice Over Internet Protocol system	1,597
Legacy information technology contract costs due to ongoing replacement with MD THINK	-5,460
MD THINK due to a lower anticipated federal fund cost and fiscal 2019 general funds are in MITDPF	-14,465
Other Changes	
Work Opportunities program contracts and grants for job readiness, placement, retention, subsidized employment, and support services to align with recent experience	1,001
Other changes	139
Total	**-$121,857**

MD THINK: Maryland Total Human-services Information Network
MITDPF: Major Information Technology Development Project Fund
TCA: Temporary Cash Assistance
TDAP: Temporary Disability Assistance Program

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

Fiscal 2019 Budget Changes

Assistance Payments

Temporary Disability Assistance Program

The fiscal 2019 allowance for the Temporary Disability Assistance Program (TDAP) decreases by a net $8.6 million compared to the fiscal 2018 working appropriation. The decrease occurs among both general funds ($6.9 million) and special funds from Interim Assistance Reimbursement ($1.8 million). The fiscal 2018 working appropriation includes $2.0 million in general funds that were restricted to be used for a $10 per month per recipient benefit increase. This increase has not occurred and, as a result, these funds are expected to be reverted during the year-end closeout process. However, a $10 per month per recipient increase is expected to occur beginning July 1, 2018 (for fiscal 2019). In total, the improved benefit results in a $1.5 million increase in fiscal 2019. The fiscal 2019 allowance assumes a decrease in the average monthly number of recipients of more than 20%, to 12,754. The fiscal impact of the estimated caseload decline is overstated because the fiscal 2018 working appropriation is significantly overbudgeted compared to the amount likely necessary to support benefits in that year.

TCA

The fiscal 2019 allowance for TCA decreases by $2.3 million compared to the fiscal 2018 working appropriation. A decrease of $9.4 million in general funds and $474,614 million in special funds from the Child Support Offset Fund is partially offset by an increase in federal funds ($7.6 million) from Temporary Assistance for Needy Families (TANF).

In Maryland, the TCA grant plus Food Supplement Program (FSP) benefits must equal 61% of the Maryland Minimum Living Level (MLL). The MLL is updated annually based on inflation. The fiscal 2018 budget assumed an average benefit of $194.54, which was approximately a 1.1% increase over the fiscal 2017 estimate. This level of increase was consistent with the recent history. For federal fiscal 2018, the inflation update to the MLL resulted in a 1.9% increase, slightly higher than expected. Due to a federally determined decrease in FSP benefits, the actual increase in the TCA grant totaled 4.5%. As a result, the fiscal 2018 average grant assumed in the budget is much lower than current benefit amounts. Largely due to this higher than expected grant increase, fiscal 2018 spending is likely to be higher than is currently budgeted.

The fiscal 2019 allowance assumes a grant increase of 1.9% beginning on October 1, 2018, consistent with the inflationary increase in the MLL in the most recent year, which will result in an increase of $1.5 million in benefit costs.

FSP

Chapter 696 of 2016 created a new FSP supplemental benefit for households with an individual over age 62 who receives less than $30 in monthly benefits. The supplemental benefit provides the difference between the federal benefit and $30. In federal fiscal 2017, the minimum FSP benefit was

$16, resulting in a maximum benefit of $14 for the supplemental FSP benefit program. In federal fiscal 2018, the minimum FSP benefit was lowered to $15, resulting in a maximum benefit of $15 for the supplemental FSP benefit. Since the introduction of the program, the average benefit has been relatively near the maximum allowed benefit. This trend continued with change in the maximum benefit. For example, between September and October 2017, the average benefit increased from $13.25 to $14.16.

Because the program had only recently been implemented at the time the fiscal 2018 budget was introduced, limited information was available about the number of monthly recipients and benefit levels. As a result of this limited information, both the average monthly number of recipients (17,695) and the monthly benefit level ($8.95) used to build the fiscal 2018 budget are lower than what has actually occurred. The increase in the fiscal 2019 allowance ($1.4 million) likely overstates the actual increase between years because the fiscal 2019 allowance more closely reflects enrollment trends and benefit levels.

Department of Human Services
Caseload Estimates Assumed in the Budget
Fiscal 2016-2019

Program	2016 Actual	2017 Actual	2018 Estimated	2019 Estimated	2018-2019 % Change
Cash Assistance					
TCA[1]	56,115	50,901	46,546	43,196	-7.2%
TDAP[2]	18,249	16,719	17,369	12,754	-26.6%
FSP Supplemental Benefit	0	0	17,695	18,366	3.8%
Federal FSP Cases	395,935	364,980	395,935	364,980	-7.8%
Child Welfare					
Foster Care	3,790	3,584	3,401	3,217	-5.4%
Subsidized Adoption\Guardianship	9,620	9,305	9,054	8,804	-2.8%
Child Support					
TCA Collections	$19,185,608	$18,190,140	$17,261,464	$16,099,822	-6.7%
Non-TCA Collections	$546,474,840	$547,002,235	$550,756,873	$554,758,607	0.7%

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

[1] The fiscal 2018 estimate for TCA is estimated based on the average grant.
[2] However, due to the restriction of $2.0 million of general funds in TDAP for a benefit increase, the available funds could only support an average monthly caseload of 16,458.

Note: Federal FSP is provided in average monthly cases, all other cash assistance figures are provided in average monthly recipients.

Source: Maryland State Budget; Department of Human Services

- The fiscal 2019 allowance projects a decrease in the average monthly TCA recipients of 7.2%, to 43,196, compared to fiscal 2018 (46,546). The average monthly number of recipients in fiscal 2018 (through December 2017) is 48,367, which is 3.9% higher than the fiscal 2018 estimate. At estimated levels, the fiscal 2018 and 2019 average monthly number of recipients would be the lowest in program history by a substantial margin.

- The average monthly recipients in TDAP is expected to decrease to 12,754 in fiscal 2019, a decrease of 26.6%, compared to fiscal 2018 (17,369). However, the fiscal 2018 estimate overstates the number of recipients that could be supported in the fiscal 2018 budget, after accounting for the funds restricted for a benefit increase. Accounting for that restriction, the average monthly number of TDAP recipients that could be supported in fiscal 2018 is 16,458. Through December 2017, the average monthly number of recipients is 14,419, which is 12.4% lower than the fiscal 2018 estimate accounting for the restriction.

- The fiscal 2019 allowance projects an average monthly number of FSP supplemental benefit recipients of 18,366, an increase of 3.8% compared to fiscal 2018 (17,695). The average monthly number of recipients in fiscal 2018 (through December 2017) is 18,414, which is near the level of the projected fiscal 2019 caseload.

- The fiscal 2019 allowance assumes a net decrease of 5.4% in the average monthly foster care caseload (3,217) compared to fiscal 2018 (3,401). The fiscal 2019 allowance assumes a net decrease in the combined monthly subsidized guardianships/adoptions caseload (8,804) of 2.8% compared to fiscal 2018 (9,054). Through December 2017, the average monthly caseload of foster care placements is 4.6% higher than the fiscal 2018 estimate and the average monthly subsidized adoption/guardianship is 1.7% higher than the fiscal 2018 estimate.

- Child support collections are expected to increase by $2.8 million combined, or 0.5%, in total between federal fiscal 2018 and 2019, consistent with recent experience. This increase is driven by non-TCA child support cases. TCA-related child support collections are expected to decrease, consistent with a decrease in the number of TCA cases in recent years.

Department of Human Services
Employment: Full-time Equivalent Regular Positions and Contractual Positions
Fiscal 2017-2019

	2017 Actual	2018 Legislative	2018 Working	2018 Change	2019 Allowance	2018-2019 Change
Regular Positions						
Social Services	2,683.3	2,686.3	2,687.0	0.7	2,652.5	-34.5
Family Investment	2,044.2	2,045.2	2,042.3	-2.9	2,000.3	-42.0
Administration	823.4	819.4	817.7	-1.6	799.2	-18.5
Child Support	658.4	658.4	658.2	-0.2	653.2	-5.0
Office of Home Energy Programs	14.9	14.9	14.9	0.0	14.9	0.0
Total Positions	**6,224.1**	**6,224.1**	**6,220.1**	**-4.0**	**6,120.1**	**-100.0**
Contractual Positions						
Social Services	4.36	2.50	2.50	0.0	2.50	0.00
Family Investment	85.68	68.00	70.00	2.0	70.00	0.00
Administration	33.79	2.90	3.40	0.5	3.40	0.00
Child Support	15.20	1.00	1.00	0.0	1.00	0.00
Office of Home Energy Programs	1.62	0.00	0.00	0.0	0.00	0.00
Total Positions	**140.65**	**74.40**	**76.90**	**2.5**	**76.90**	**0.0**

Source: Maryland State Budget

- There has been a net reduction of 4.0 positions in DHS during fiscal 2018. These 4.0 positions were transferred from the Office of Grants Management in FIA as a result of Chapter 105 of 2017, which transferred the Bureau of Homeless Services and associated programs to the Department of Housing and Community Development.

- DHS also transferred some positions internally within fiscal 2018, resulting in a net increase of 1.1 positions in FIA (after accounting for the transferred position) and a 0.7 increase in SSA. The internal transfers resulted in net decreases of 1.6 positions in DHS Administration and 0.2 positions in CSA.

- The fiscal 2019 allowance abolishes 100.0 vacant positions throughout the department. No significant impact from the position abolitions is expected because all were vacant. Some of these positions are caseworker positions. However, the impact is still expected to be limited. In SSA, 23.5 positions were abolished in the Local Child Welfare Services programs, only 9.0 of these positions were caseworker positions. Most jurisdictions still meet the caseworker standards, and there are still sufficient vacant caseworker positions throughout the State to ensure all jurisdictions could meet the standard. In addition, FIA caseloads for public benefits have significantly declined, as has the overall workload, due to the transition of income-based Medicaid eligibility determination to the Health Benefit Exchange. As such, fewer positions are needed to complete the work of the administration. The abolitions include:

- 41.0 positions in FIA;
- 34.5 positions in SSA;
- 19.5 positions in DHS Administration; and
- 5 positions in CSA.

- In addition, 1.0 position was transferred from the Office of Grants Management in FIA to the Maryland Legal Services Program in DHS Administration.

- There has been a net increase of 2.5 contractual full-time equivalents (FTE) in the department in fiscal 2018. Two of the FTEs are in the Work Opportunities program in FIA. These 2.0 FTEs interview customers for job search activities, monitor job search activities, provide customer support services for work activities, and assist in overcoming issues that impact job retention and advancement. The additional 0.5 FTE is in the Division of Budget, Finance, and Personnel and provides backup and continuity of operations for an existing analyst position.

Department of Human Services
Filled Regular Positions
Fiscal 2016-2018
January 1 Data

	2016			2017			2018			Change	% Change
	Filled	Authorized	% Filled	Filled	Authorized	% Filled	Filled	Authorized	% Filled	in Filled	in Filled
Administration	775.0	846.0	91.6%	742.9	819.4	90.7%	725.2	817.7	88.7%	-17.6	-2.4%
Social Services	2,528.4	2,738.9	92.3%	2,466.8	2,686.3	91.8%	2,473.0	2,687.0	92.0%	6.2	0.3%
Child Support	607.9	664.9	91.4%	586.8	658.4	89.1%	598.7	658.2	91.0%	11.9	2.0%
Family Investment	1,951.3	2,110.3	92.5%	1,910.6	2,060.1	92.7%	1,845.3	2,057.2	89.7%	-65.3	-3.4%
Total	**5,862.6**	**6,360.1**	**92.2%**	**5,707.0**	**6,224.1**	**91.7%**	**5,642.2**	**6,220.1**	**90.7%**	**-64.8**	**-1.1%**

Note: Numbers may not sum to total due to rounding. Authorized positions include positions to be abolished in fiscal 2019.

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

- The number of filled regular positions in DHS decreased by 64.8 positions, or 1.1%, between January 1, 2017, and January 1, 2018. The largest decrease occurred in FIA, which had a decrease of 65.3 positions, or 3.4%. DHS Administration also had a decrease in filled positions, 17.6 positions, or 2.4%.

- Despite the net decrease, SSA and CSA each had an increase in the number of filled positions, 6.2 positions and 11.9 positions, respectively.

- In total, on January 1, 2018, 90.7% of the authorized positions in DHS were filled, a decrease of 1.0 percentage point compared to January 1, 2017, and 1.5 percentage points compared to January 1, 2016. On January 1, 2018, both DHS Administration and FIA had fewer than 90% of authorized positions that were filled.

- In total, as of January 1, 2018, DHS had 577.9 vacant regular positions, a vacancy rate of 9.3%. However, 100.0 of the vacant positions are being abolished in the fiscal 2019 allowance.

- In the fiscal 2019 allowance, all administrations of DHS have the same turnover rate of 7.07%, a decrease compared to the turnover budgeted in fiscal 2018. The budgeted turnover in fiscal 2019 would require 432.7 positions to be held vacant throughout the year. Based on the current number of vacancies, excluding the abolished positions (477.9), DHS has sufficient vacancies to meet its budgeted turnover.

Issues

1. DHS Eliminates TANF Deficit

Maryland has traditionally received $229.1 million annually from the federal government for the State's TANF block grant (1.4% of the total block grant). Maryland received this amount in every year except the first year of the program until federal fiscal 2017. Language in the Consolidated Appropriations Act of 2017 reserved 0.33% of the base block grant funds of TANF for research, technical assistance, and evaluation in federal fiscal 2017 and 2018. This language resulted in a reduction of 0.33% to each state's block grant. Maryland received $228.3 million from the TANF block grant in federal fiscal 2017 and will receive the same amount in federal fiscal 2018.

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

- an unemployment rate of at least 6.5% and that is 10.0% higher in a three-month period compared to the same three-month period in either of the two prior years; or

- a SNAP caseload that is 10.0% higher in a three-month period than in a corresponding three-month period in 1994 or 1995.

Maryland continues to qualify for these funds because of the general increase in FSP cases over that period. Even with recent decreases in the number of FSP cases, Maryland is still likely to continue to qualify. For example, in January 1996 (the earliest date for which data is readily available), households in Maryland certified for FSP totaled 160,593, while in November 2017, FSP cases totaled 349,712, 117.8% higher than the number of cases in January 1996. The amount of contingency funds received by Maryland has been higher than $20.0 million in each year since fiscal 2013.

TANF Balance

Despite the receipt of contingency funds, Maryland began to run a deficit in TANF funding beginning in fiscal 2011. In fiscal 2011, the deficit totaled nearly $50.0 million. DHS took steps to reduce the deficit, and by fiscal 2014, the deficit fell to $6.8 million. However, the deficit began to grow again in fiscal 2015 and 2016, reaching approximately $20.4 million. The growth in the deficit in fiscal 2015 occurred as DHS spent $263.8 million of TANF, despite having received only $254.6 million. The spending in that year was the highest since fiscal 2011. In fiscal 2016, DHS spent $256.0 million in TANF, despite having received only $251.6 million. To fund these deficits, DHS primarily used the following year's appropriation to cover expenditures.

In fiscal 2017, DHS ended the year with its first positive TANF balance since fiscal 2010, as shown in **Exhibit 1**. DHS achieved the elimination of the fund balance through a substantial reduction in spending. Fiscal 2017 TANF spending was originally budgeted at $243.9 million. However, DHS spent only $228.4 million in that year. The lower than expected spending occurred primarily in the

Local Family Investment program and funding for cash assistance. The fiscal 2018 working appropriation is also currently within the level of revenue expected to be available. Based on the current spending plan, the TANF balance would be expected to grow to $6.5 million in fiscal 2018. The fiscal 2019 allowance includes $251.5 million of TANF spending, an increase of $1.6 million (or 0.6%) compared to the fiscal 2018 working appropriation. This level of spending is below the current level of projected revenue ($252.6 million) and would allow the TANF balance to increase to $7.5 million.

Exhibit 1
Availability of TANF Funding
Fiscal 2016-2019
($ in Millions)

	2016 Actual	2017 Actual	2018 Approp.	2019 Allowance
Beginning Balance	**-$15.965**	**-$20.416**	**$3.734**	**$6.457**
TANF Grant	$229.098	$228.342	$228.342	$228.342
Contingency TANF	22.499	24.248	24.248	24.248
Total Income	**$251.597**	**$252.590**	**$252.590**	**$252.590**
Available Funding (Balance Plus Income)	**$235.633**	**$232.174**	**$256.324**	**$259.047**
DHS Appropriation	-$256.049	-$228.439	-$249.868	-$251.517
Total Expenditures	**-$256.049**	**-$228.439**	**-$249.868**	**-$251.517**
Ending Balance	**-$20.416**	**$3.734**	**$6.457**	**$7.529**

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

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

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

TANF Spending Cap

The General Assembly added language to the fiscal 2018 budget bill capping the level of TANF expenditures at $249.9 million (the level of TANF spending in the budget as introduced). This level of funding was near the estimated level of revenue for fiscal 2018, $251.6 million. At that time, DHS was still expected to have a $12.7 million deficit balance, so no funding beyond the available revenue should have been spent. Section 5 of the Budget Reconciliation and Financing Act of 2018 removes the fiscal 2018 cap on TANF spending. Removing this cap will allow the department to cover some projected shortfalls within the department including areas such as foster care maintenance payments. No deficiency appropriations are included in the fiscal 2019 budget reflecting this change, in part, because the exact amount of shortfalls are unknown. Any increase in TANF spending would likely occur during the fiscal year closing process when specific areas and amounts of shortfalls are known.

Given the discretionary nature of contingency funds, DHS should be cautious in spending all of the available TANF funding in fiscal 2018. The Department of Legislative Services (DLS) is concerned that too large of an increase could put the agency (and the State) back in the situation from which it has just emerged: an ongoing deficit. However, given the unexpected resolution of the TANF deficit, which puts the department in a very different financial state compared to the 2017 session, and with the caveat that the increased level of TANF spending should still allow for some level of ongoing balance, altering the TANF spending cap is reasonable. However, some limitation in fiscal 2018 TANF spending is reasonable. DLS will continue to examine this issue further and will make a recommendation in the FIA analysis on a revised cap.

TANF Spending

As shown in **Exhibit 2**, after declining in the two prior years, the amount of TANF budgeted for cash assistance increases in the fiscal 2019 allowance by $6.8 million, or 7.3%. The amount of TANF spent for cash assistance in the fiscal 2019 allowance, $100.1 million, represents 39.8% of all TANF spending, as shown in **Exhibit 3**. Although the share of TANF spending on cash assistance increases in the fiscal 2019 allowance, it is still projected to be the second lowest share since fiscal 2012.

Exhibit 2
Changes in TANF Spending in the DHS Budget
Fiscal 2016-2019 Allowance
($ in Millions)

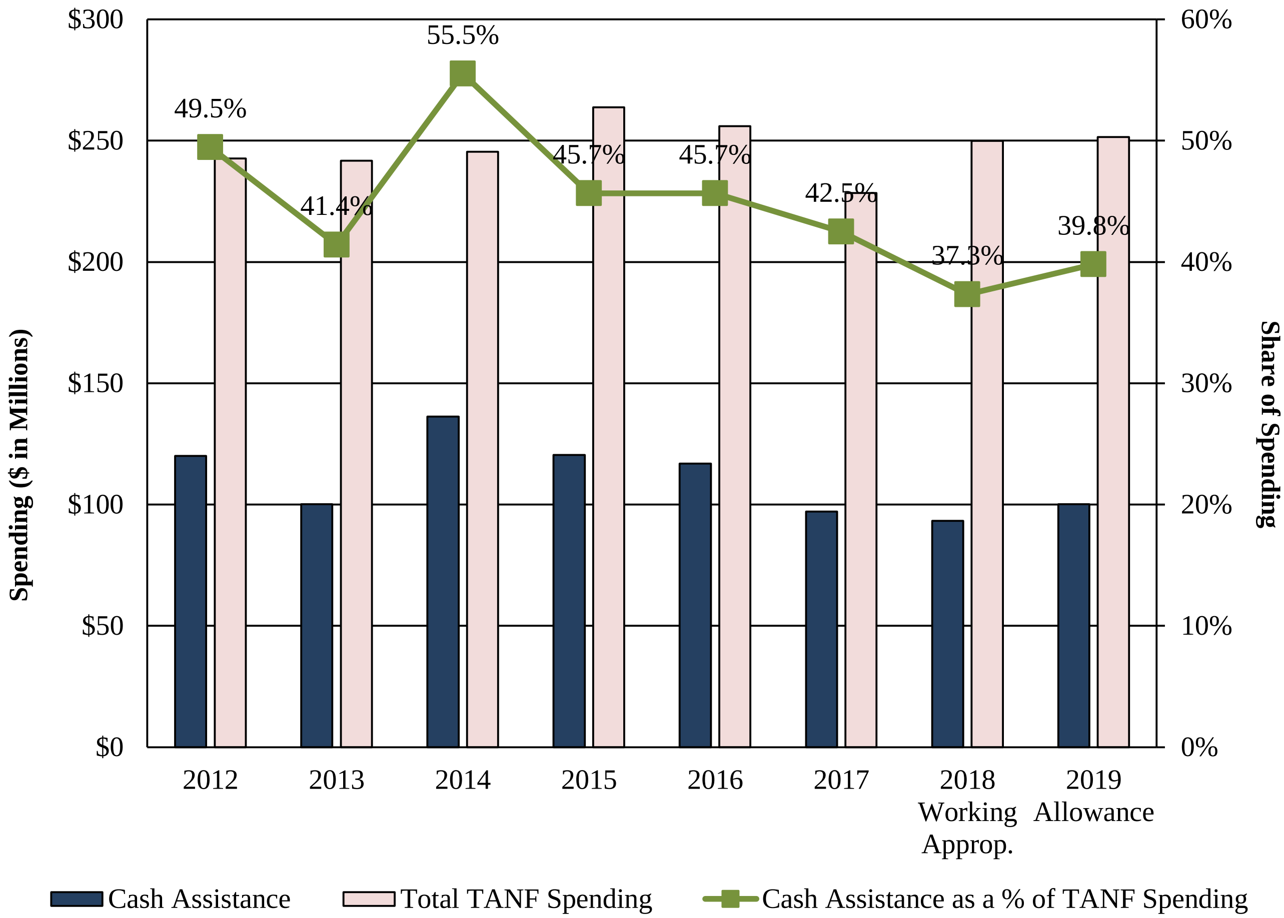
Activity	2016 Actual	2017 Actual	2018 Working	2019 Allowance	2018-2019 Change
Cash Assistance	$116.9	$97.1	$93.3	$100.1	$6.8
Work Opportunities	31.3	32.1	31.6	32.5	0.9
Family Investment Services	8.6	7.7	9.7	9.0	-0.7
Local Family Investment Program	28.8	25.8	57.1	33.9	-23.3
Foster Care Maintenance Payments	15.9	11.4	6.9	11.4	4.6
Local Child Welfare Services	16.8	18.9	30.7	39.9	9.2
Local Adult Services	9.6	10.8	4.6	4.9	0.3
Social Services Administration State Operations	12.3	11.5	2.5	4.6	2.1
General Administration	15.9	13.1	13.4	15.1	1.7
Total DHS Expenditures	**$256.0**	**$228.4**	**$249.9**	**$251.5**	**$1.6**

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

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

Source: Maryland State Budget; Department of Human Services

Exhibit 3
Cash Assistance as a Share of TANF Spending
Fiscal 2012-2019



TANF: Temporary Assistance for Needy Families

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

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

In the fiscal 2019 allowance, child welfare related spending experiences two of the three largest increases in TANF spending. TANF spending in Local Child Welfare Services increases by $9.2 million to $39.9 million, which is more than double that of fiscal 2017, the highest level since fiscal 2011. As a result, Local Child Welfare Services is the second highest spending category of TANF (15.9% of all TANF spending). The fiscal 2019 allowance provides $11.4 million of TANF for the Foster Care Maintenance Program, an increase of $4.6 million compared to the fiscal 2018 working appropriation but the same level as in fiscal 2017. Combined, these two areas receive 20.4% of total budgeted TANF spending. The high level of TANF spending in these areas in fiscal 2019 contributes to the ability to reduce general fund spending in these two programs beyond what would otherwise be possible. This is particularly evident in Local Child Welfare Services, where general fund spending is $15.3 million lower than fiscal 2017 despite an increase in total program spending of $8.1 million.

The largest area of decrease in TANF spending occurs in the Local Family Investment program, a decrease of $23.3 million. Despite the substantial decrease, the level of TANF spending in the fiscal 2019 allowance ($33.9 million) for the Local Family Investment program would be the third highest in program history, and $8.1 million higher than the fiscal 2017 spending.

State's Maintenance of Effort Requirement Met

In return for the annual TANF block grant, the State must spend $177.7 million of its own money to meet a federal Maintenance of Effort (MOE) requirement, equal to 75% of its spending on TANF's predecessor programs in fiscal 1994. Additional MOE funds are required when a state receives contingency funds. Specifically, a state must spend 100% of what it spent on the predecessor programs, and then contingency funds must be matched by MOE spending.

Exhibit 4 provides a summary of MOE funding from fiscal 2016 through 2019. As shown in Exhibit 4, MOE spending decreased by $46.1 between fiscal 2016 and 2017. MOE requirements slightly increased between fiscal 2016 and 2017, due to receiving a slightly higher level of contingency funds in fiscal 2017. Despite this, Maryland still exceeded the required MOE by $32.4 million. In fiscal 2019, MOE spending is projected to decrease by $6.9 million compared to fiscal 2018, primarily due to lower spending on cash assistance because of declining caseloads and a higher use of TANF on cash assistance. The projected MOE spending in fiscal 2019, $268.1 million, is only slightly below the level spent in fiscal 2017. In fiscal 2019, DHS anticipates MOE spending will exceed the required levels by nearly $31.0 million.

Exhibit 4
TANF Maintenance of Effort
Fiscal 2016-2019 Allowance
($ in Thousands)

	2016 Actual	2017 Actual	2018 Working	2019 Allowance
Cash Assistance	$18,650	$18,521	$16,452	$7,060
Employment Services/Caseworkers	24,393	12,025	12,386	12,506
Administration	6,452	3,994	4,114	4,154
Kinship Care/Foster Care Payments	3,087	514	529	534
Social Services Administration	65	2,081	2,143	2,164
Community Services – Emergency Food, Shelter, Child 1st	408	507	522	527
Refundable State Earned Income Tax Credit	138,873	131,279	135,218	136,529
Montgomery County Earned Income Tax Credit	19,986	21,303	21,942	22,155
MSDE PreK	73,817	55,962	57,641	58,200
Electric Universal Service Program	29,964	23,383	24,085	24,318
Subtotal	**$315,695**	**$269,569**	**$275,032**	**$268,147**
Required Maintenance of Effort				
Base	$176,965	$176,965	$176,965	$176,965
Contingency Fund Add-on	35,941	35,941	35,941	35,941
Contingency Fund Match	22,499	24,248	24,248	24,248
Total Required	**$235,405**	**$237,154**	**$237,154**	**$237,154**
Excess Maintenance of Effort	**$80,290**	**$32,415**	**$37,878**	**$30,993**

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

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

Source: Department of Human Services; Department of Legislative Services

2. Two-Generation Family Economic Security Commission

In March 2017, Governor Lawrence J. Hogan, Jr. issued Executive Order 01.01.2017.03 that established a Two-Generation Family Economic Security Commission. The two-generation approach is focused on addressing multigenerational poverty. The commission defined multigenerational poverty as poverty that occurs among two or more successive generations as measured by individuals who utilize public assistance for at least 12 months as an adult and at least 12 months as a child. The commission noted that 40% of Maryland adults who received TCA in fiscal 2017 and 2018 received FSP benefits as a child, indicating the level of multigenerational poverty in the State.

The commission was chaired by the Lieutenant Governor and included members from the General Assembly; State agencies; public members; and representatives appointed by the Maryland Association of County Health Offices, the Maryland Association of Social Services Directors, and the Maryland Association of Community Colleges. The commission was to investigate policy challenges, investigate opportunities, make recommendations regarding the mitigation of multigenerational poverty, and specifically to:

- identify services and policies within the State that can be coordinated to support a multigenerational approach;
- identify program and service gaps and inconsistences between federal, State, and local policies;
- identify, test, and recommend best practices utilized at the federal, State, and local levels; and
- solicit input and guidance regarding two-generation approach practices and policies.

An interim report was due December 31, 2017. A final report is due December 31, 2018, and is to include recommended legislative, policy, and regulatory actions to support a multigenerational approach.

Understanding Two-generation Approaches and Current Two-generation Efforts

The interim report describes a two-generation approach as one that connects policies, systems, and programs to simultaneously serve parents and children. In particular, the report states that it is an approach under which State agencies together place families at the center of the way agencies deliver services. For example, the report says a two-generation approach:

- removes unnecessary silos;
- integrates programs to work across generations;
- focuses on a holistic, family-centric service delivery; and
- streamlines services to empower children and families.

A two-generation approach focuses on several types of interventions: (1) education; (2) workforce development; (3) economic stability; (4) high-quality child care; (5) health and well-being; and

(6) family engagement. The approach includes a focus on social capital, *i.e.*, the connections of individuals to others that provide support for a household.

The report identifies several two-generation activities that are currently being undertaken throughout the State, some of which are described below.

- The Garrett County Community Action Commission has developed a model focused on linking children to high-quality early education and parents to services that build security through job coaching, adult education, and meeting health care needs. All of these are services provided by the organization. The organization has also developed a data management system to allow for tracking of outcomes, which can be shared as appropriate.

- The Allegany County Human Services Development Commission has developed a model under which career coaches work with families to develop a plan that focuses on the goals of the family and desired outcomes. The organization also works in a regional partnership with the Garrett County Community Action Commission.

- In Montgomery County, the community action agency has focused on maximizing funding through the use of multiple fund sources to develop a wrap-around service delivery model. The model also focuses on coordinating program resources to meet a family's needs rather than fitting a family to a service. The organization has also worked to coordinate resources to expand program eligibility for families earning up to 300% of the federal poverty level, in recognition of the high cost of living in that jurisidiction.

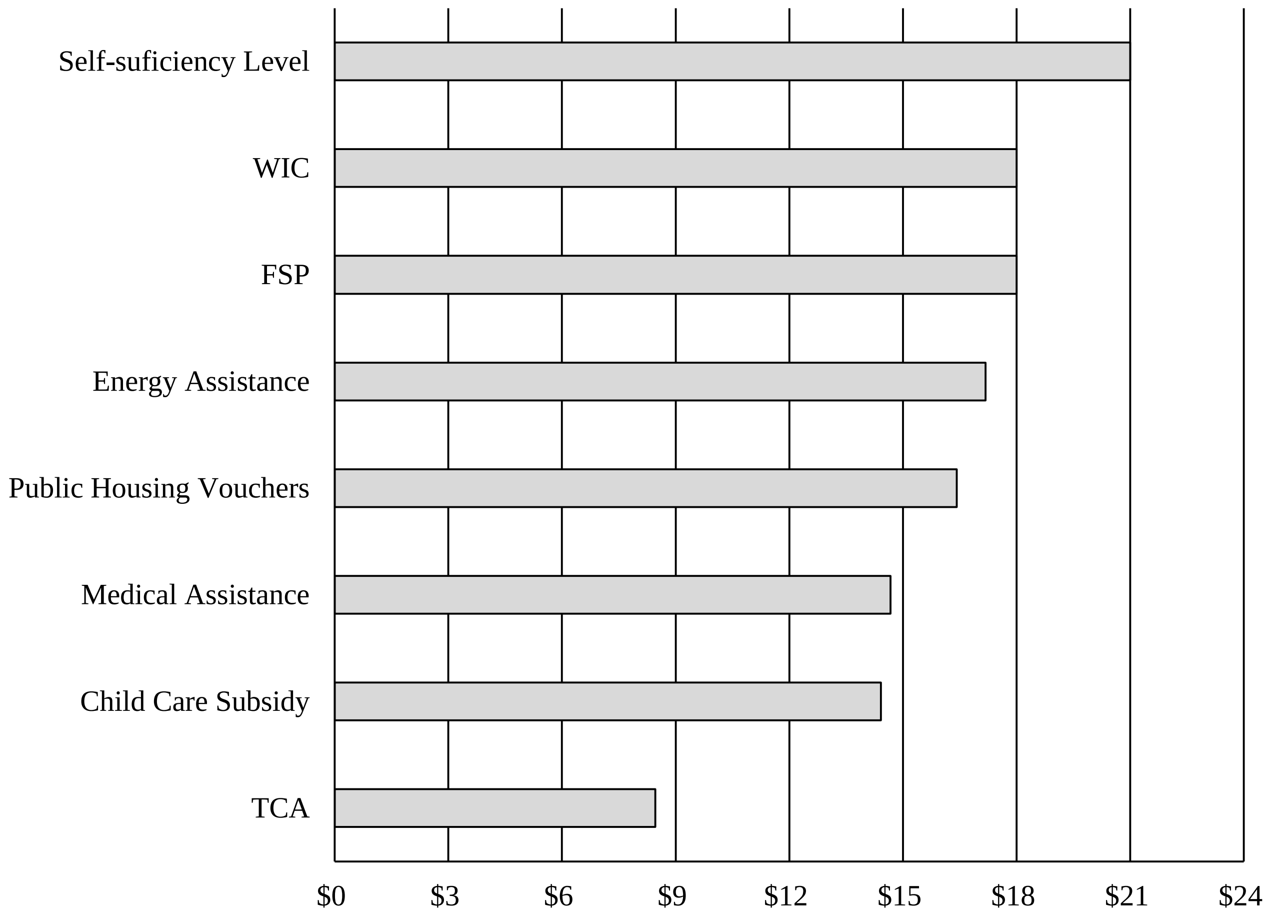
- The Department of Labor, Licensing, and Regulation (DLLR), DHS, and Maryland State Department of Education partnered to implement the federal Workforce Innovation and Opportunity Act, including the submission of a coordinated State plan. The agencies are examining ways to implement family friendly job centers. DLLR currently provides grants to family literacy programs.

- The Maryland Department of Disabilities provides training for youth with disabilities through the Maryland PROMISE program (a federal grant). In addition to providing transition planning, financial planning, and employment and postsecondary education activities for the youth, the program provides services to the entire family.

Findings

The commission heard from constituents and providers about successes and challenges faced in accessing and providing services. In the interim report, the commission described several barriers that were discussed at various meetings. One barrier addressed in the report is the benefits cliff. The benefits cliff is the loss of benefits associated with increased earnings. The report notes that in Maryland resources equal expenses at approximately $21/hour for a single parent with two children, meaning that this is the level at which households would not need assistance to support the family's needs. However, most public assistance programs have eligibility cut-offs at lower levels. **Exhibit 5** provides information cited by the commission on the earnings per hour at which various benefits are lost. However, the report notes that the value of various benefits decrease as wages rise even before the eligibility cut-off.

Exhibit 5
Earnings Per Hour at Which Benefits Are Lost for a Single Parent with Two Children



FSP: Food Supplement Program
TCA: Temporary Cash Assistance
WIC: Women, Infants, and Children

Note: The Medical Assistance figure applies to the parent; children remain eligible for Medical Assistance, including the Children's Health Insurance Program, well beyond this level.

Source: *Interim Report on the Two-Generation Family Economic Security Commission and Pilot Program*, December 2017.

Other barriers discussed in the report include:

- communication between service providers including both State and non-State agencies;

- services available to noncustodial parents and barriers to earnings for noncustodial parents due to child support arrearages and criminal records; and

- factors that limit the ability of providers to develop comprehensive family plans, including data sharing and access to partner agencies.

Strategies and Pilot Approaches

The remainder of the report focused on planned efforts to identify what a two-generation approach would look like in Maryland and planned pilot efforts. The report described four planned pilot approaches.

- ***Uniform Assessment Tool:*** A tool that would be standardized across the State to identify the needs of the family but is also connected to resources in the area where the family lives. The tool would identify strengths of the family and career pathways that align with the goals of the family and include questions to identify the needs of the entire family.

- ***Multigenerational Educational Sites:*** This approach would connect and co-locate services for families requiring child care, while the parent works to improve their own educational status. This would include locating child care on a community college campus or following the path of the Next Step Training and Education Program in Prince George's County. This program targets TCA recipients with services to access postsecondary education in areas that have clear connections to wages, while also creating an academic environment for the children of the recipients.

- ***Delmarva Intergenerational Community Center:*** This center, supported by the area's community action agency, provides services to seniors, children, and adults, including transportation to the center for services including job readiness/job search services and enriched child care activities. It also provides opportunities for interactions between the different generations.

- ***Intergenerational Case Management Supports:*** This model is based on an approach in Zimbabwe that uses lay health providers to address the mental health needs in the country through one-on-one counseling sessions. In Maryland, the pilot would use retired workers (social workers, teachers, therapists, counselors) as volunteers to support assigned case managers in foster care reunification.

The commission noted the MD THINK project is an important component of the two-generation efforts. The commission expects the system will allow for a common intake, including a holistic family assessment to identify the needs of the entire family at the first point of contact. The system is also expected to provide real time access to data and reduce the need for agencies to request data already collected by other agencies.

The commission also plans to address a No Wrong Door approach under which agencies provide warm hand offs during the service referral stage and having strong interagency relationships. The commission emphasized the need for buy in about the approach by caseworkers, which it referred to as "Two-Gen In & Out."

The department should comment on the timeline for implementing these pilots, evaluation strategies, and planned pilot locations.