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Family Investment Administration

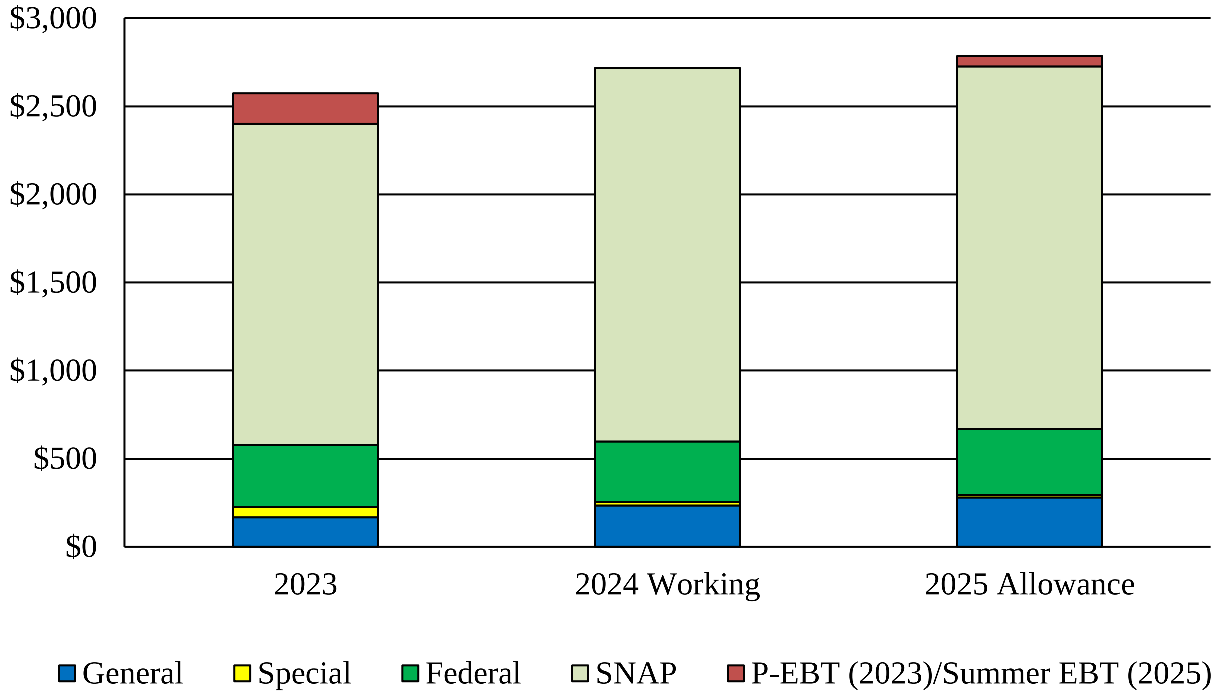
Department of Human Services

Executive Summary

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

Operating Budget Summary

Fiscal 2025 Budget Increases $69.3 Million, or 2.6%, to $2.78 Billion
($ in Millions)



P-EBT: Pandemic Electronic Benefit Transfer
SNAP: Supplemental Nutrition Assistance Program

Note: The fiscal 2024 working appropriation includes deficiencies. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency's budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency's budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency's budget.

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- The fiscal 2025 allowance of FIA increases by $69.3 million, or 2.6%, compared to the fiscal 2024 working appropriation after accounting for proposed deficiency appropriations. General funds increase in the fiscal 2025 allowance by $45.5 million, or 20.4%, while federal funds increase by $29.0 million, or 1.2%, compared to the fiscal 2024 working appropriation.

- The fiscal 2025 allowance includes $78 million, including $18 million for administrative costs and $60 million for benefits for a new nationwide Summer Electronic Benefit Transfer (EBT) program that begins summer 2024. However, the fiscal 2025 allowance funds the State share of administrative costs in lieu of the State Summer Supplemental Nutrition Assistance Program (SNAP) for Children program and therefore does not meet the mandated appropriation for the program. SB 213/HB 183 (departmental bills) as introduced, among other changes, would increase the mandate for the program.

- The fiscal 2025 budget includes six proposed deficiency appropriations for FIA for fiscal 2024 totaling $20.4 million ($9.8 million in general funds, $1.0 million in special funds, and $9.6 million in federal funds). These proposed deficiency appropriations support a new call center contract, the asset verification system contract, the employment and income verification contract, and moving costs for one local department of social services (LDSS) office and make changes to funding for Temporary Cash Assistance (TCA) and Temporary Disability Assistance Program (TDAP) benefits based on estimated caseloads.

Key Observations

- ***TDAP Application Denial Rates Increase:*** Application denial rates for TCA and TDAP consistently exceed SNAP, with denial rates generally under 30% for SNAP and exceeding 70% for TCA and TDAP. Application denial rates have increased in recent months for TDAP, exceeding 80% in each month since May 2023 and reaching 93% in August 2023.

- ***Benefit Replacement Due to EBT Theft:*** The federal Consolidated Appropriations Act of 2023 required states to replace SNAP benefits lost due to EBT theft for the period from October 1, 2022, through September 30, 2024. Chapters 171 and 172 of 2023 require DHS to replace benefits (including cash benefits) lost due to fraud and required DHS to replace these benefits dating back to January 1, 2021. Beginning in March 2023, DHS began issuing replacement benefits for benefits lost due to EBT theft. DHS replaced $7.4 million of benefits in fiscal 2023 and has replaced $9.5 million through December 2023 in fiscal 2024.

- ***Able-bodied Adults without Dependents (ABAWD) Requirements Restart:*** During the period of the national public health emergency (PHE), the limitation on receipt of benefits to 3 months in a 36-month period for ABAWD recipients of SNAP benefits unless working or participating in an employment or training (E&T) program an average of 20 or more hours per week was suspended. With the end of the emergency, the requirements have been reinstated, though some jurisdictions in Maryland have a waiver of this requirement. In addition, DHS is using discretionary exemptions to delay the impact on recipients in nonwaived jurisdictions.

- ***TCA Work Standard Changes:*** The federal Fiscal Responsibility Act (FRA) of 2023 made several changes to work standards in the Temporary Assistance for Needy Families (TANF) program, including calculations of various credits and who can be counted as families receiving assistance. In addition, the Act provides for additional reporting requirements similar to measures already captured for the SNAP E&T program.

Operating Budget Recommended Actions

		Funds
1.	Add language restricting general funds for the Assistance Payments program to that purpose.	
2.	Add language to the general fund appropriation to require the transfer of administrative funding for the Summer Electronic Benefits Transfer Program to the Local Family Investment Program.	
3.	Reduce funds for replacement of benefits due to lower estimated spending on cash benefit replacement.	-$7,500,000
4.	Reduce special funds not expected to be received or expended.	-$1,555,692
5.	Add language to the federal fund appropriation requiring the transfer of funds for administrative expenses of the Summer Electronic Benefit Transfer program.	
6.	Reduce federal funds for the Supplemental Nutrition Assistance Program based on lower estimated average benefits.	-$200,000,000
7.	Adopt committee narrative requesting a report on application processing times, application denial rates, and case closures.	
8.	Adopt committee narrative requesting a report on the implementation of the Summer Electronic Benefit Transfer Program and Summer Supplemental Nutrition Assistance Program for Children Program.	
	Total Net Change	**-$209,055,692**

Updates

- Chapter 509 of 2022, among other changes, added and altered State exemptions from federal work requirements beginning October 1, 2022. DHS reports that from January through October 2023, the number of State child-under-age-one exemptions averaged approximately 36 cases, and the number of new TCA customer exemptions averaged 849.

- The number of job placements and the job placement rate for TCA customers remains low in federal fiscal 2023 (28%). DHS reports that changes in State law that expanded exemptions and reduced sanctions for noncompliance with work requirements have impacted the job placement rate.

- The Pandemic Electronic Benefit Transfer (P-EBT) benefit program expired for children under age 6 at the end of the national PHE in May 2023, while benefits continued through the summer for school-aged children. Across all years of the program, $1.3 billion in P-EBT benefits were provided in Maryland.

Operating Budget Analysis

Program Description

DHS FIA through LDSS administers cash benefits and other grant programs that provide assistance to individuals and families in financial need as well as E&T programs to promote self-sufficiency. Benefit programs administered by FIA include:

- ***TCA:*** The State's largest cash assistance program provides financial assistance to dependent children and other family members due to death, incapacitation, underemployment, or unemployment of one or both parents. Although primarily funded through the TANF block grant, the State determines the eligibility criteria and benefit levels for cash assistance.

- ***TDAP:*** The State's cash assistance program for disabled adults provides a limited monthly benefit for individuals with a short-term disability (at least 3 months but less than 12 months) or a long-term disability. If the individual has a long-term disability, they are required to pursue a Supplemental Security Income (SSI) application and can receive a benefit until a final decision has been reached. Although primarily funded with general funds, the federal government reimburses the State for benefits paid during the processing of approved applications, which are budgeted as special funds within the program.

- ***SNAP:*** The federal program provides benefits to individuals and families solely for the purchase of food. These benefits are 100% federally funded. A new federal Summer EBT program for benefits to children eligible for free- and reduced-price meals (FRPM) in the summer months when school is not in session will begin summer 2024. In addition, the State provides two supplemental benefits: (1) a program to provide a minimum benefit of $40 for seniors; and (2) State matching funds for a supplemental benefit for children in the summer and in December. Administrative costs of federal SNAP and Summer EBT are split evenly between the State and the federal government.

- ***Transitional Support Services:*** This TANF-funded program provides a benefit at the same level as a case received prior to a TCA exit due to employment or income too high for three months after the TCA exit.

- ***Child Support Pass Through:*** This program distributes a maximum of $100 of child support collections for the first child and $200 for two or more children to TCA recipients. The remainder of collections are retained with half used to reimburse the State and half to the federal government.

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

- ***Emergency Assistance to Families with Children:*** This TANF-funded program provides financial assistance to resolve an emergency situation as defined by the LDSS in which the recipient resides. There is also a separate State-funded emergency assistance program.

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

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

LDSS, which are arms of DHS in each jurisdiction, are responsible for making eligibility determinations and redeterminations for the various benefit programs and certain populations in the Medicaid program, which is administered by the Maryland Department of Health (MDH).

FIA also administers the Family Investment Program, which provides services including efforts to divert potential TCA applicants through employment, move recipients to work, and provide job-retention services to enhance skills and prevent recidivism. The goal of the program is to assist TCA applicants/recipients in becoming self-sufficient. After assessing each family's specific needs and resources, staff focus on the services required to move clients into work. Local departments have the flexibility to determine what training and job search activities will be required of applicants. In addition, LDSS are responsible for networking with employers and determining the most appropriate job training.

Two other programs are administered through FIA. The Maryland Office for Refugees and Asylees (MORA) oversees a federally funded refugee resettlement program that provides cash assistance and services to refugees and asylees residing in Maryland. These services are primarily provided by local resettlement agencies through grants from MORA, though some services are provided by community colleges and other State agencies. The Office of Grants Management provides funding to organizations for hunger programs and other community initiatives and organizations; a list of grantees and funding by grant are included in **Appendix 2**.

Performance Analysis: Managing for Results

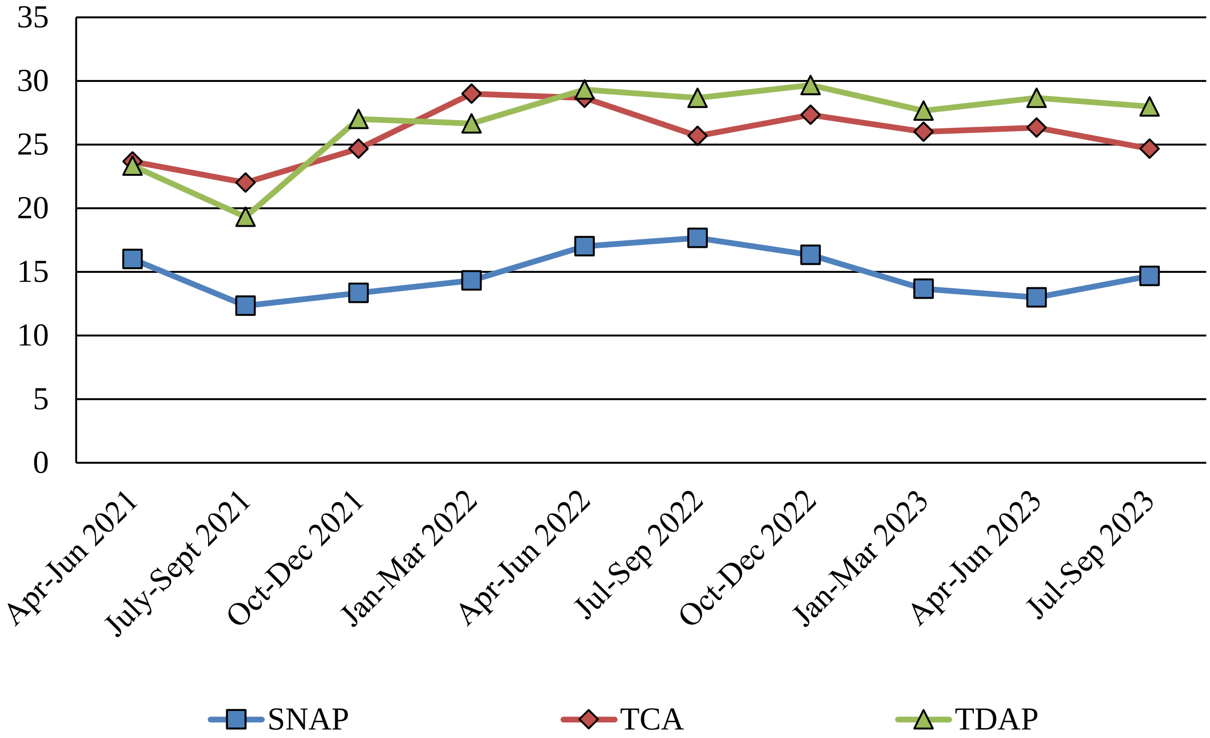
1. Application Processing Times Improve but Remain Higher Than Prior to the Restart of Recertification

A key measure of the success of FIA and LDSS is the ability to process applications in a timely manner to ensure that eligible households are receiving benefits timely. Annual committee narrative beginning with the 2021 *Joint Chairmen's Report* (JCR) has requested that DHS begin submitting regular reports on applications processing timeliness. In the 2023 JCR, quarterly reports were requested, of which the first two have been submitted, with the remaining two reports due later in the fiscal year.

After an initial surge in applications for SNAP and TCA at the start of the COVID-19 pandemic, applications returned to more typical levels in June and July 2020. After the initial surge, applications generally remained low, except for a period in which the recertification extension lapsed in calendar 2020, until several months into the restart of recertifications for benefits in January 2022. Since April 2022, applications for SNAP have exceeded the monthly average for applications from the year prior to the pandemic in each month. For calendar 2023, the average monthly applications exceeded the year prior to the pandemic by nearly 29%. In December 2023, applications for SNAP were 2.6% higher than the prepandemic period. Applications for TCA and TDAP have not exceeded prepandemic levels as consistently as SNAP; however, for calendar 2023 as a whole, the average number of applications exceeded the prepandemic period by 4.8% and 8.8%, respectively.

In general, applications for benefits are to be processed within 30 days, though expedited SNAP applications are required to be processed within 7 days. DHS notes that applications can take up to 60 days to be processed due to delays in submitting all documentation, completing other requirements (such as interviews), or agency delays. **Exhibit 1** provides information on the average days to process applications for SNAP, TCA, and TDAP for each quarter since April 2021 (the first month of data availability). Due to the requirements for some applications to be processed within shorter time frames, average processing times are substantially lower for SNAP than TCA and TDAP. Since the restart of recertification, the average number of days to process TCA applications in each quarter exceeded SNAP by between 8 and 14.7 days. Similarly, the average days to process TDAP applications in each quarter exceeded SNAP by 11 to 15.7 days.

Exhibit 1
Average Days to Process Applications Each Quarter by Benefit Type
April 2021 through September 2023



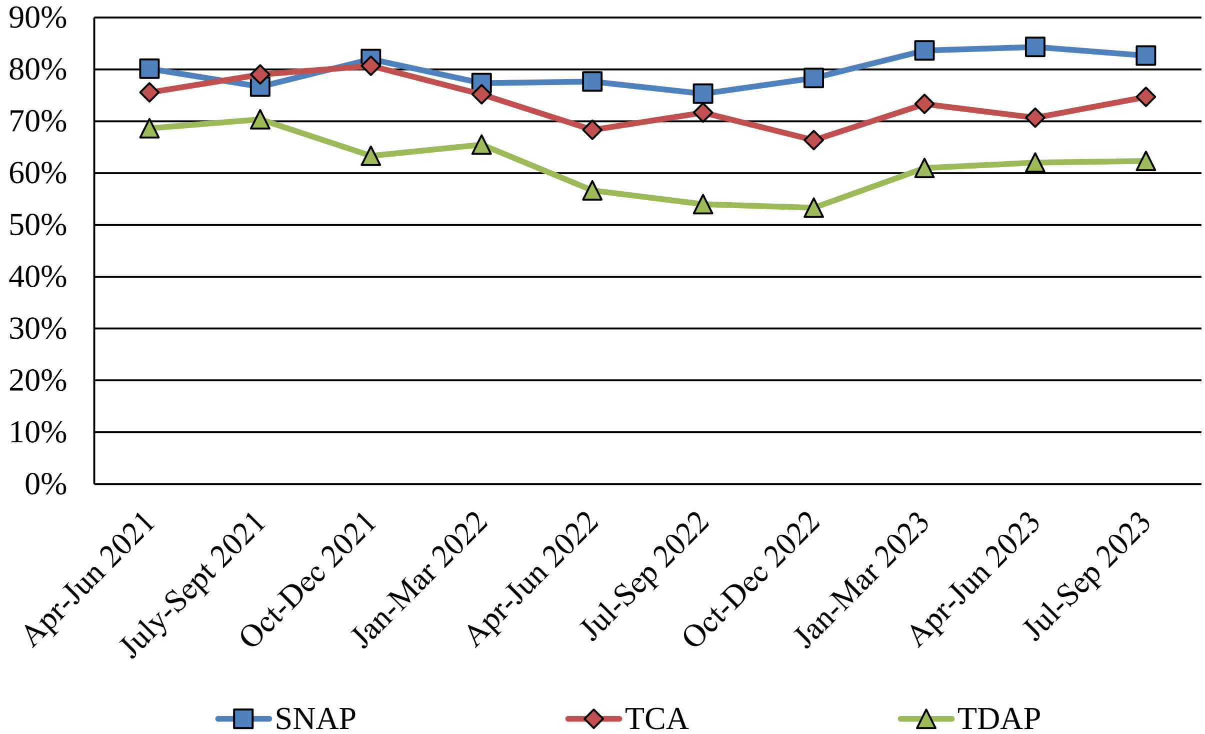
SNAP: Supplemental Nutrition Assistance Program
TCA: Temporary Cash Assistance
TDAP: Temporary Disability Assistance Program

Source: Department of Human Services; Department of Legislative Services

Following the restart of recertifications in calendar 2022, the average processing times for all three programs increased, with the largest increases among TCA and TDAP applications. The average number of days to process applications for each benefit type has generally been lower during calendar 2023 compared to calendar 2022. Despite the general decline, the average for TCA and TDAP remained higher than prior to the restart of recertification (by 1.8 and 4.3 days, respectively), while the average for SNAP has returned to the lower level.

The average number of days to process applications tells only a portion of the story related to timeliness. As shown in **Exhibit 2**, while TCA and TDAP experience a similar average number of days to process applications in each month, the percentage of applications processed within 30 days is substantially lower for TDAP as compared to TCA. In 8 of the 10 complete quarters of available data, TCA had an average of 70% or higher of applications processed in 30 days or less compared to 1 of the 10 quarters for TDAP. In the most recent quarter of complete data (July through September 2023), TDAP had an average of 62.3% of applications processed within 30 days compared to 74.7% for TCA and 82.7% for SNAP. In addition, as shown in **Exhibit 3**, the share of applications processed in 46 days or longer exceeded 25% on average for all but 1 quarter of complete data for TDAP, while TCA and SNAP experienced no such quarters. In general, fewer than 20% of TCA and SNAP applications were processed in 46 days or longer.

Exhibit 2
Average Quarterly Percentage of Applications Processed within 30 Days
April 2021 through September 2023



SNAP: Supplemental Nutrition Assistance Program
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Source: Department of Human Services; Department of Legislative Services

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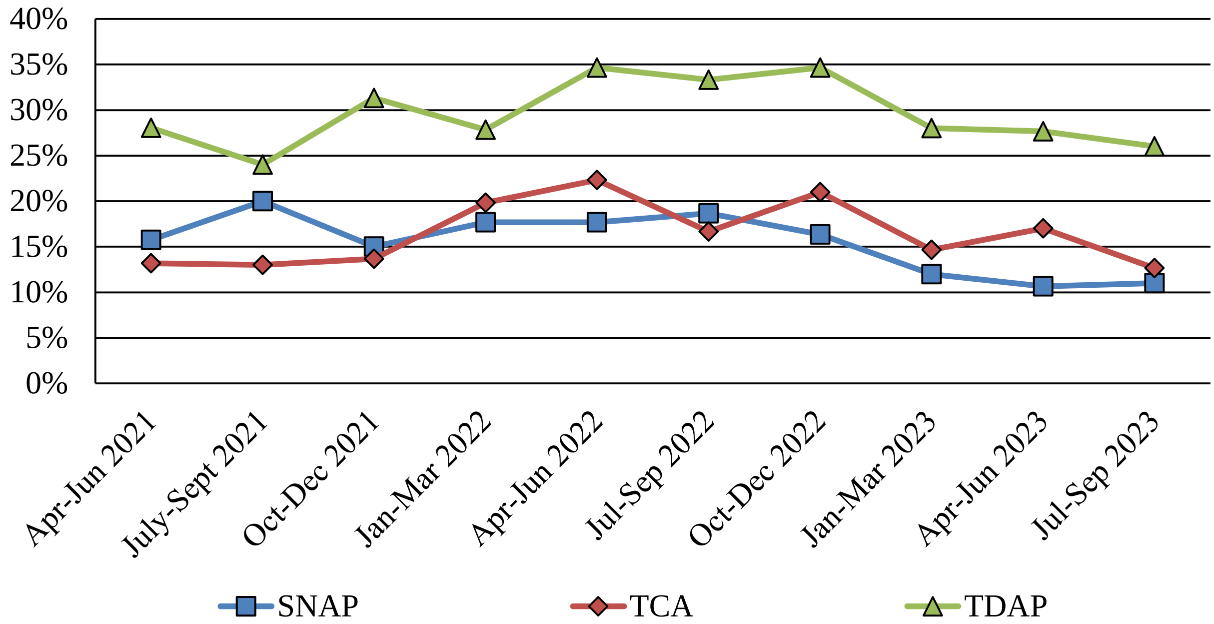
Exhibit 3
Average Quarterly Percentage of Applications Processed in 46 Days or Longer
April 2021 through September 2023



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

Source: Department of Human Services; Department of Legislative Services

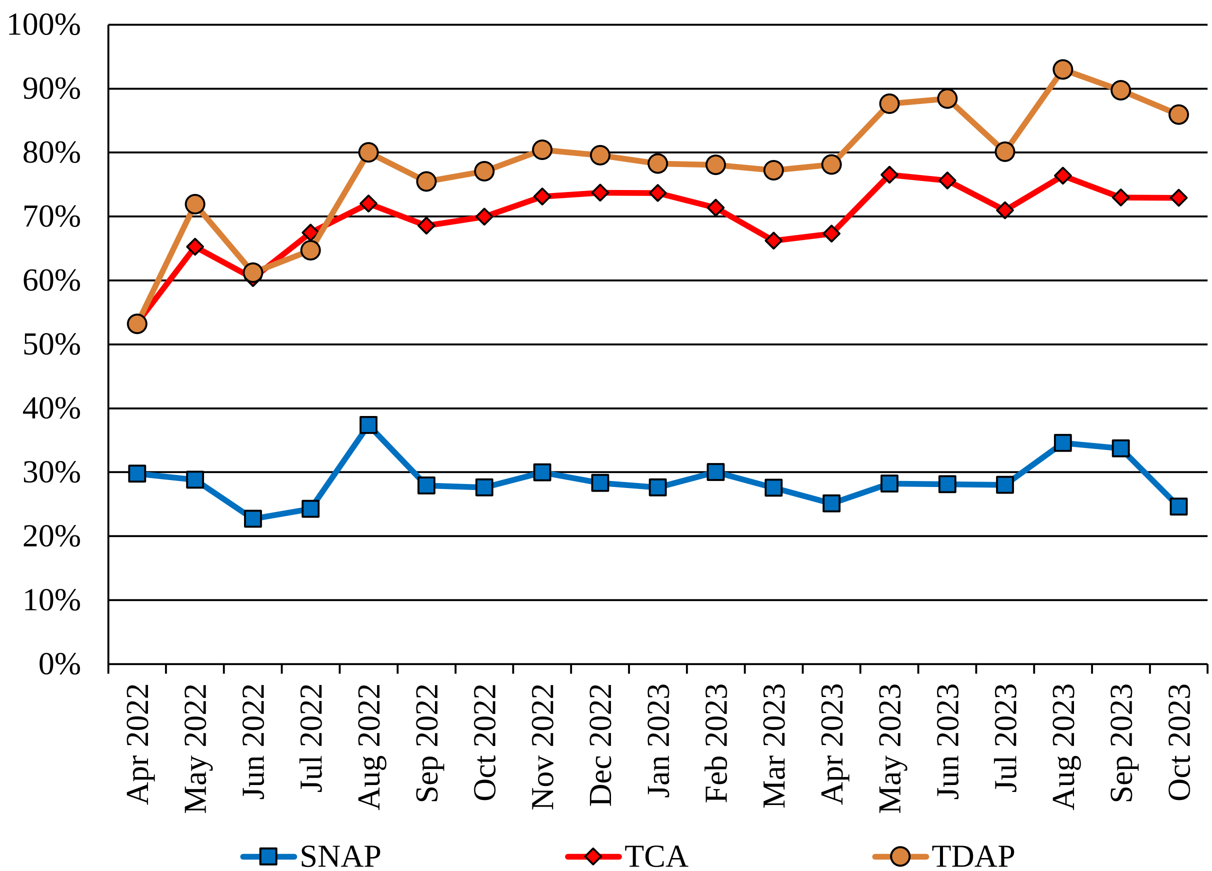
TDAP in particular contains a number of nonfinancial requirements requiring verification (such as those related to a determination of disability) that impact the timeliness of application processing. However, it is concerning that despite improvements since the restart of recertification, the recovery in the timeliness of TCA and TDAP application processing has fallen further behind SNAP. **DHS should comment on efforts that it has taken and plans to take to improve application processing timeliness for TCA and TDAP.**

2. Application Denial Rates Increase for Temporary Cash Assistance and the Temporary Disability Assistance Program

Along with application processing times, it is important to understand application denials for a complete picture of the customer experience when applying for benefits. Data on application denial rates has been available only since April 2022. Information on the reasons for denial has been available since April 2021; however, data provided is only for top reasons.

As shown in **Exhibit 4**, application denial rates are substantially higher for TCA and TDAP than the rates are for SNAP. In each month since August 2022, the application denial rates for TDAP have exceeded 75%. The denial rates exceeded 80% in each month from May through October 2023 and reached 93% in August 2023. Application denial rates for TCA have exceeded 70% in all but three months during that time period and exceeded 75% in three of the last six months of available data. In comparison, SNAP application denial rates are less variable and, with the exception of August and September 2023, generally stayed around 28% each month of the same period.

Exhibit 4
Application Denial Rates
April 2022 through October 2023



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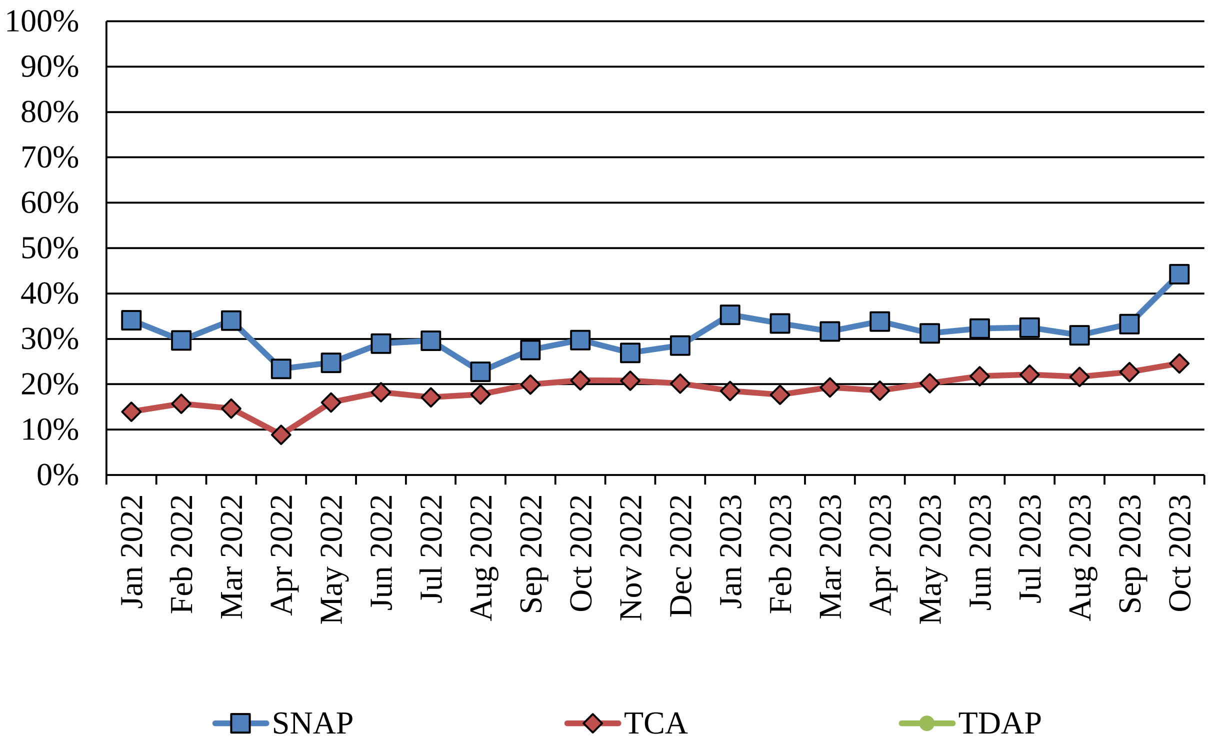
TDAP: Temporary Disability Assistance Program

Source: Department of Human Services; Department of Legislative Services

Higher denial rates for TDAP are consistent with additional program requirements. For example, TDAP applicants must meet criteria related to disability, length of disability, and cooperate with processes for obtaining SSI or Social Security Disability Insurance (SSDI) that make it more challenging to receive approval. However, it is concerning that denial rates have approached or exceeded 90% in four of the last six months of data. **DHS should comment on the cause of increases in TDAP denial rates since May 2023.**

As shown in **Exhibit 5**, failure to meet income eligibility is a common reason for denial for both SNAP and TCA. It has not been a top reason for denial in TDAP in any month since December 2021. The share of SNAP application denials for income-related reasons has exceeded 30% in each month since January 2023. The share of denials due to income-related reasons for TCA has been near or above 20% in nearly all months since September 2022.

Exhibit 5
Income-related Reasons as a Share of All Denials
January 2022 through October 2023

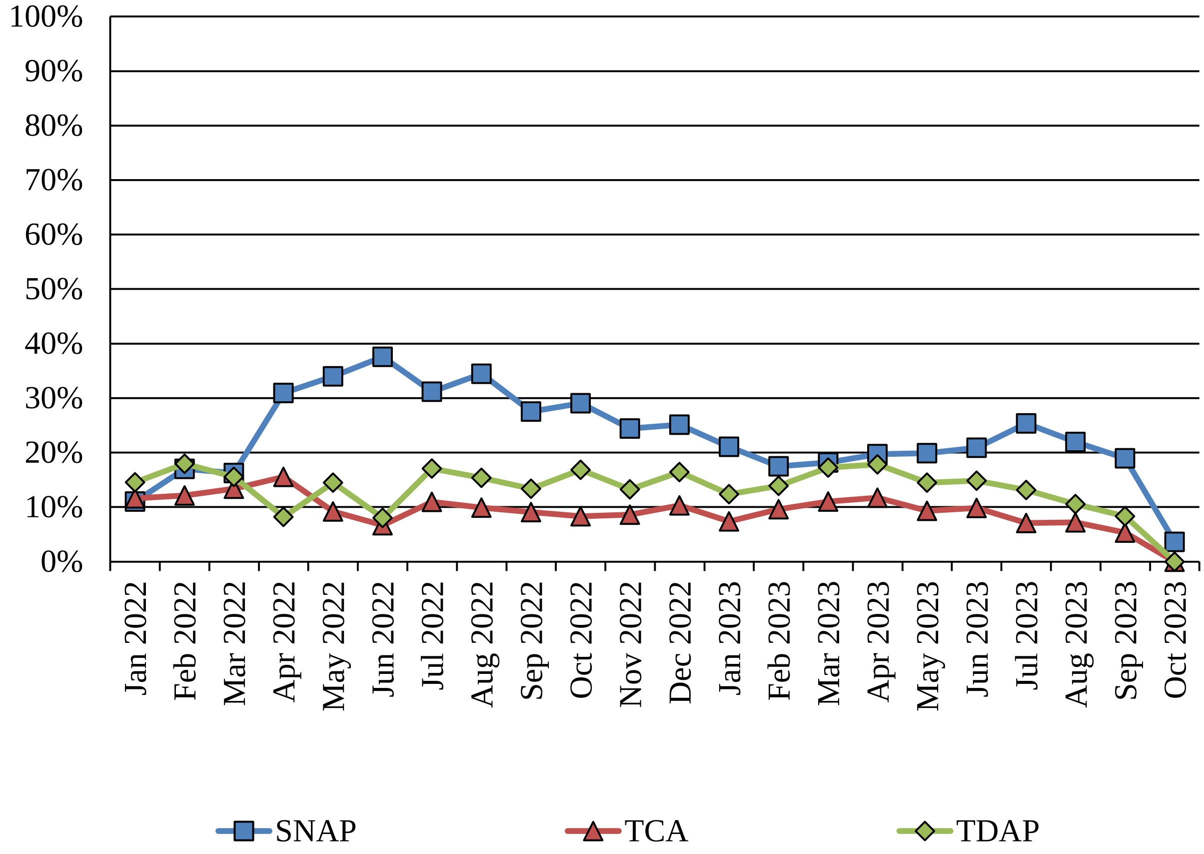


SNAP: Supplemental Nutrition Assistance Program
TCA: Temporary Cash Assistance
TDAP: Temporary Disability Assistance Program

Source: Department of Human Services; Department of Legislative Services

Throughout this period, there have been notable shifts in the top reasons for denial. Interview requirements were waived through December 2021 for all programs and for expedited cases through June 30, 2023. As shown in **Exhibit 6**, with the end of the waivers, missed interviews became a top reason for denial, though it has been a more common cause of denial in SNAP compared to TCA and TDAP. In 12 of the 20 months between January 2022 and September 2023, missed interviews as a share of SNAP application denials exceeded 20%. The share of denials attributable to missed interviews for SNAP exceeded 30% in each month from April through August 2022 before declining. The share of application denials due to missed interviews has varied less for TCA and TDAP, under 20% in each month, and under 10% in several months.

Exhibit 6
Missed Interviews as a Share of All Denials
January 2022 through October 2023



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

Source: Department of Human Services; Department of Legislative Services

Beginning in October 2023, DHS has once again received a federal waiver from the U.S. Department of Agriculture (USDA) Food and Nutrition Service (FNS) to waive interview requirements for SNAP applicants as long as identity and other verifications are completed. DHS indicates that the waiver lasts through May 31, 2024, and will not be extended beyond that date. DHS has reinstated a waiver for cash assistance programs, which do not require federal approval, to align with the SNAP waiver. The impact of the new waiver was immediately felt, with missed interviews no longer a top reason for denial in TCA and TDAP in that month and representing less than 4% of applications denials for SNAP.

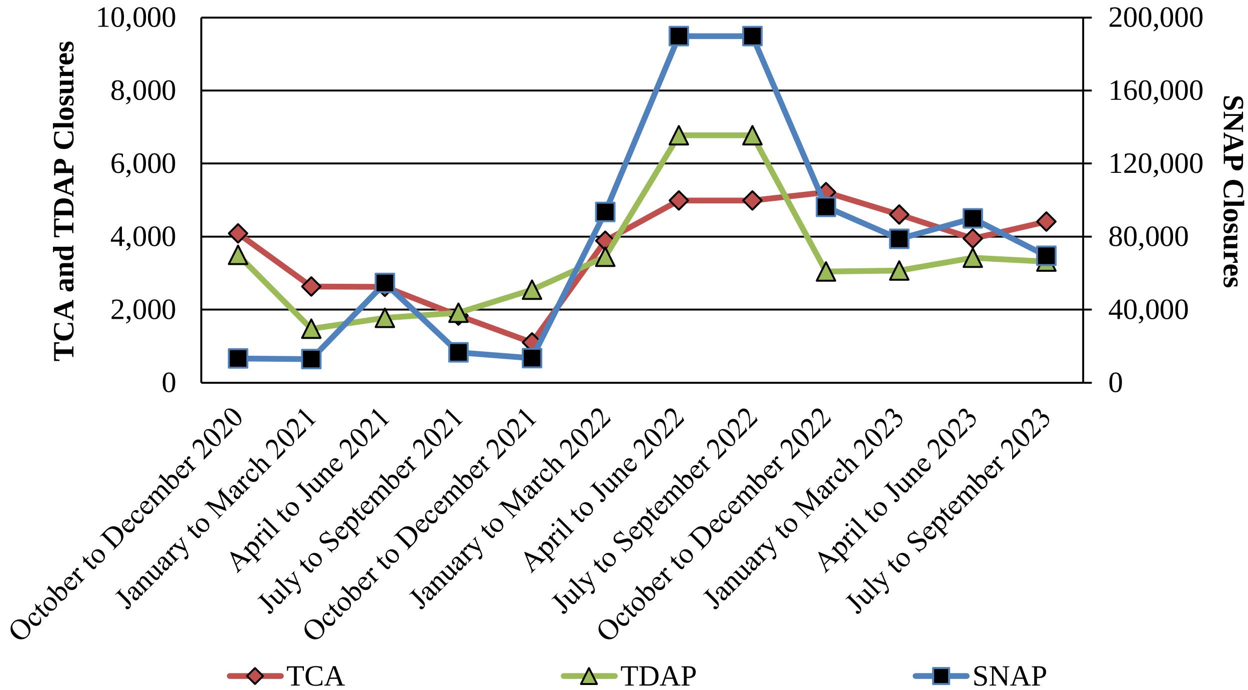
Verification- and noncooperation-related reasons have been the top reasons for denial for TCA applications in all months of available data, exceeding 30% in each month. Denials due to this cause are substantially lower for TDAP and SNAP.

3. Reasons for Case Closure

Recertifications for benefits were extended for most of the period from April 2020 through December 2021, though there were brief periods in which recertifications were required while the department was awaiting approvals for additional waivers. In general, DHS sought to align requirements for the cash assistance programs with those that were received FNS for SNAP. In addition, Chapter 39 of 2021 (the RELIEF Act) prohibited case closures for TDAP recipients except in limited circumstances through June 30, 2021, from the effective date of the Act.

Recertifications for the programs began in January 2022, and by March of that year, case closures each month began to substantially increase. For example, case closures in SNAP increased from 7,658 in December 2021 to 63,470 in March 2022. The initial spike in case closures generally lasted through June 2022 before beginning to level out. **Exhibit 7** provides information on case closures by quarter for the period of October 2020 through September 2023.

Exhibit 7
Case Closures by Program Per Quarter
October 2020 through September 2023



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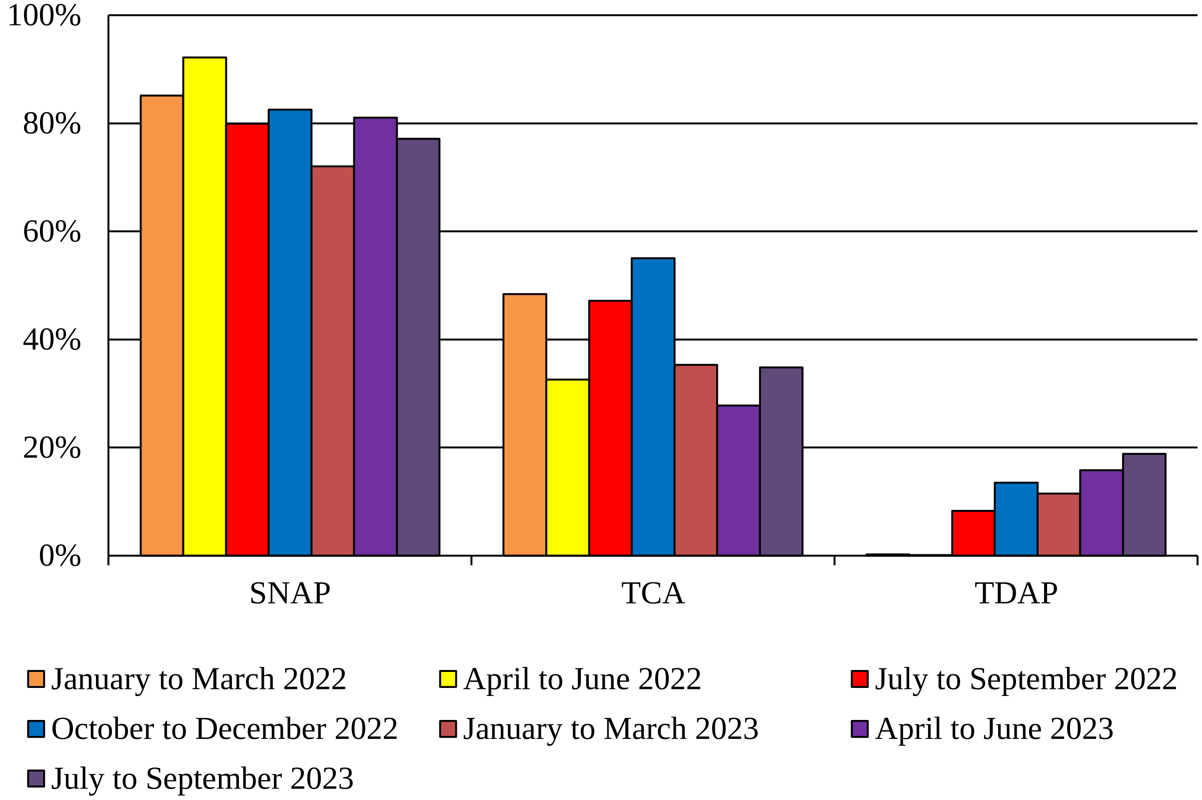
TDAP: Temporary Disability Assistance Program

Source: Department of Human Services; Department of Legislative Services

As shown in **Exhibit 8**, failure to reapply/recertify has been the predominant cause of case closures since the restart of recertification. The share of SNAP case closures due to this reason has exceeded 80% in five of the seven quarters since January 2022. Although a substantial reason for TCA case closures, the share of closures due to this reason is substantially lower than SNAP, with only one quarter exceeding 50% and the most recent three quarters of available data being below 40%. Overall, TDAP case closures due to failure to reapply are below 20%; however, the share trended slightly upward in recent quarters. Although rates of case closure due to this cause appear to be high, which could indicate challenges in the recertification process, the Department of Legislative Services (DLS) notes that some recipients may choose not to reapply because the individual/household believes that they are no longer eligible due to age or another circumstance. This was likely especially true in the initial round of recertifications, as many individuals who began to receive benefits early in the pandemic were still receiving benefits despite the significant economic improvements to their financial situation.

Exhibit 8
Share of Case Closures Due to Failure to Recertify by Program Per Quarter
January 2022 through September 2023



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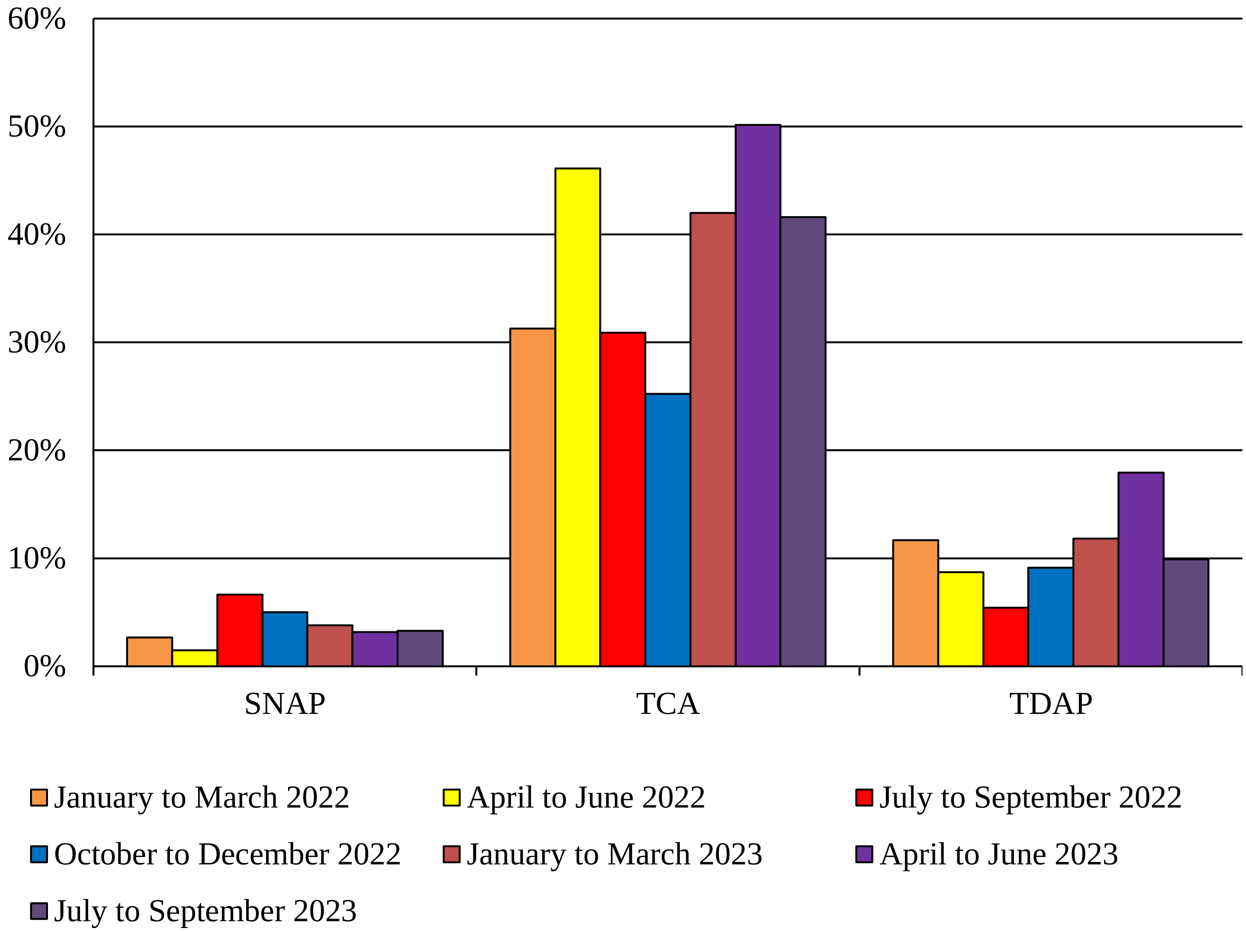
TDAP: Temporary Disability Assistance Program

Source: Department of Human Services; Department of Legislative Services

As shown in **Exhibit 9**, failure to provide all required verifications or cooperate with the eligibility process is a primary cause of case closures for TCA. The share of case closures due to this reason in TCA has exceeded 40% in four quarters since the restart of recertifications, including slightly exceeding 50% in the second quarter of calendar 2023. Case closures due to this reason are substantially lower among TDAP and SNAP. However, the share of closures for these reasons among those programs has trended in opposite directions since July 2022. In the most recent quarter, the share of TDAP closures due to this reason was approximately 10% compared to approximately 3% for SNAP after having a fairly similar share of these closures in the quarter from July to September 2022. **DHS should comment on efforts that it is taking to reduce case closures due to failure to provide verifications.**

Exhibit 9
Share of Case Closures Due to Failure to Provide Verification/Cooperate by Program Per Quarter
January 2022 through September 2023

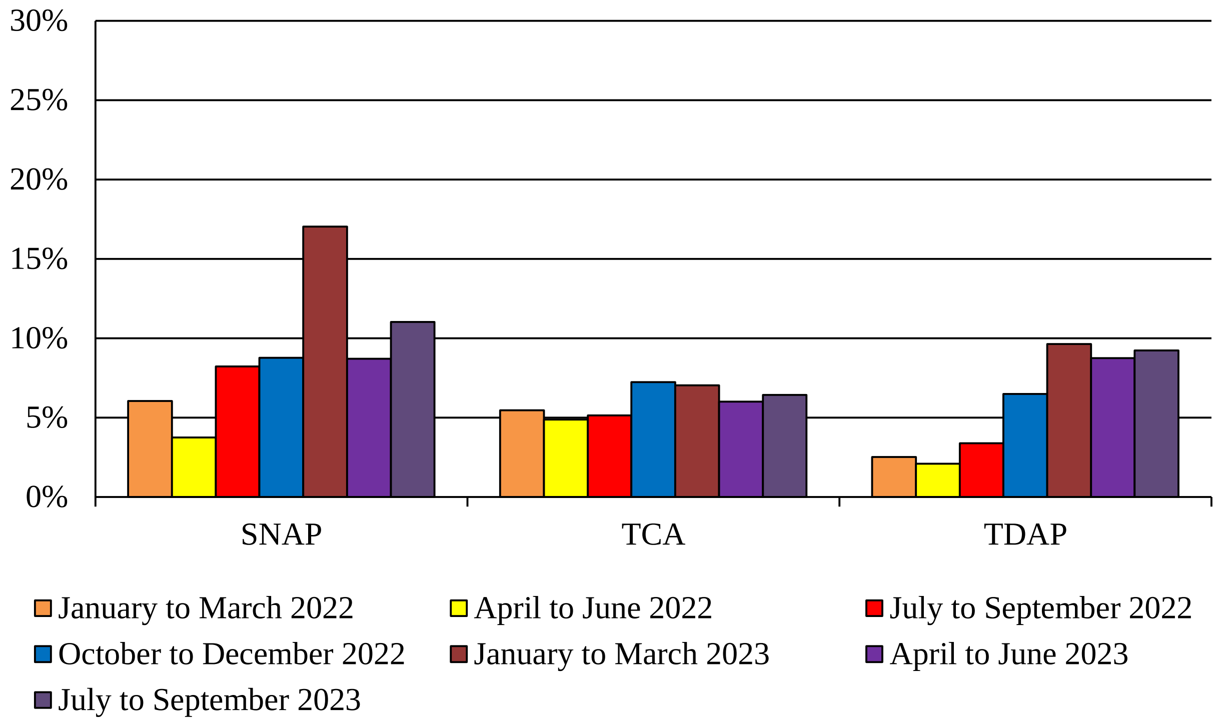


SNAP: Supplemental Nutrition Assistance Program
TCA: Temporary Cash Assistance
TDAP: Temporary Disability Assistance Program

Source: Department of Human Services; Department of Legislative Services

Since the restart of recertification, as shown in **Exhibit 10**, the share of case closures due to income has been fairly consistent among programs, generally less than 10%. However, it has exceeded 10% in two of the three most recent quarters in SNAP. In addition, the share of closures due to income-related reasons has increased in TDAP since October 2022. TDAP has the lowest income eligibility requirements, which could be influencing the recent increase.

Exhibit 10
Share of Case Closures Due to Income-related Reasons by Program Per Quarter
January 2022 through September 2023



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

Source: Department of Human Services; Department of Legislative Services

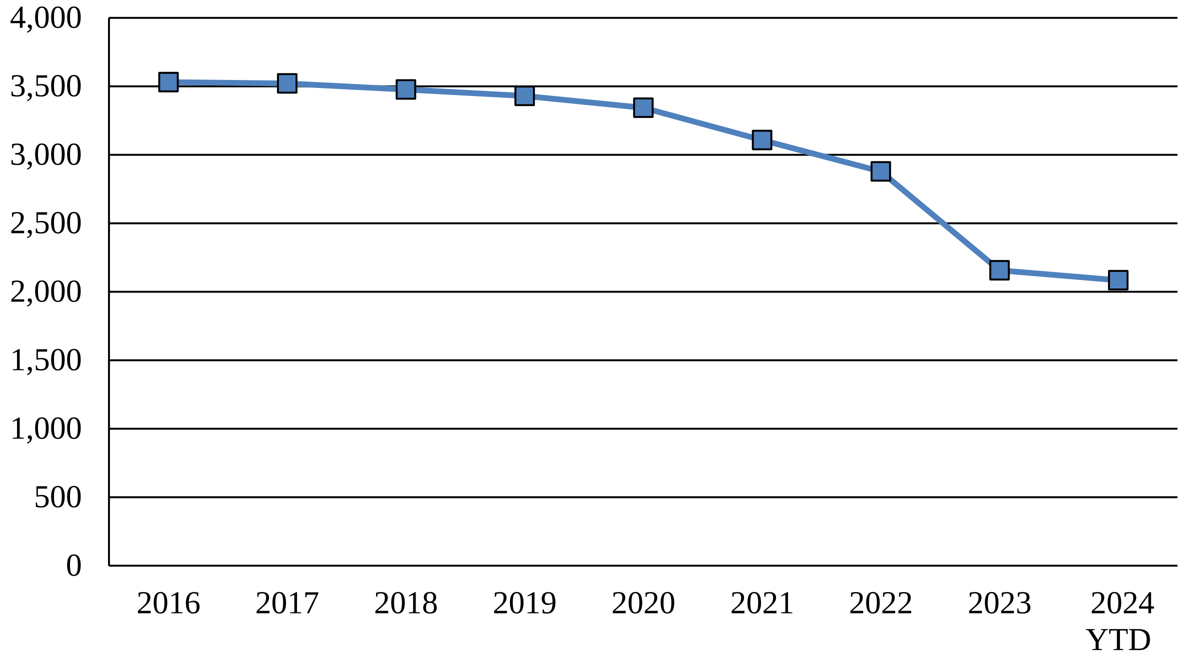
As noted earlier, TDAP has additional program requirements that also lead to substantial shares of case closures at times. DHS' current case closure codes no longer allow for the identification of closures related to individuals failing to meet the disability requirement. As a proxy, DLS examined the share of closures due to having no eligible members, which is a closure code used for failing to meet nonfinancial factors, though this can include closures due to other causes. The share of closures in this code was more than 70% of closures in the three quarters from October 2021 through June 2022 before declining and was 30% to 40% in the three most recent quarters. Failure to apply or cooperate with the SSI/SSDI process spiked in the quarter including July through September 2022 to more than 50% of closures. However, closures due to this reason have declined in each subsequent quarter and were less than 20% of closures in the two most recent quarters of available data. Overall, these trends indicate that TDAP customers are experiencing fewer barriers to recertification.

4. Public Assistance to Adults Caseload Decline and Reasons for Case Closure

The PAA program provides a monthly benefit to assist individuals in certain types of living situations: (1) Certified Adult Residential Environment (CARE) – an alternative to institutional care that is similar to foster care for adults, involving supervised residential living; (2) MDH rehabilitative residences for individuals recently discharged from State psychiatric hospitals; and (3) assisted living. Individuals must have a verified need for a protected living arrangement and must be applying for SSI or SSDI. To be financially eligible for a benefit, individuals must not have assets exceeding $2,000, and countable income cannot exceed an amount set as allowable needs. Allowable needs vary by placement type and level of care within the CARE placements and are meant to account for cost of care and personal needs. For example, individuals in assisted living have an allowable need of $894 per month, while the highest level of care in a CARE facility has an allowable need of $1,376 per month. The personal needs allowance is $93 per month.

DHS generally offered the same flexibilities, including extensions on recertifications, to individuals receiving PAA as was provided to those individuals receiving SNAP, TCA, and TDAP. As a result, recertifications began for these individuals in January 2022. As shown in **Exhibit 11**, the average monthly number of individuals receiving PAA declined slightly from fiscal 2016 through 2019, a decline of approximately 100 recipients, or less than 1.5% per year. The average monthly number of recipients continued this slight decline in the period of fiscal 2020 prior to the start of the COVID-19 pandemic, with an additional decrease of 34 individuals. Despite the extension of recertifications, the pace of decline in recipients accelerated with decreases of more than 7% in each fiscal 2021 and 2022. In fiscal 2023, the pace of decline further accelerated, with a decrease in average monthly recipients of 25% compared to fiscal 2022 and 37% lower than fiscal 2019. The number of recipients has begun to rebound in the first half of fiscal 2024, though it is too soon to tell if this trend will continue. Despite the modest rebound, the average caseload through the first half of fiscal 2024 (2,083) is 3.4% lower than fiscal 2023.

Exhibit 11
Public Assistance to Adults Average Monthly Recipients
Fiscal 2016-2024 YTD (through December 2023)

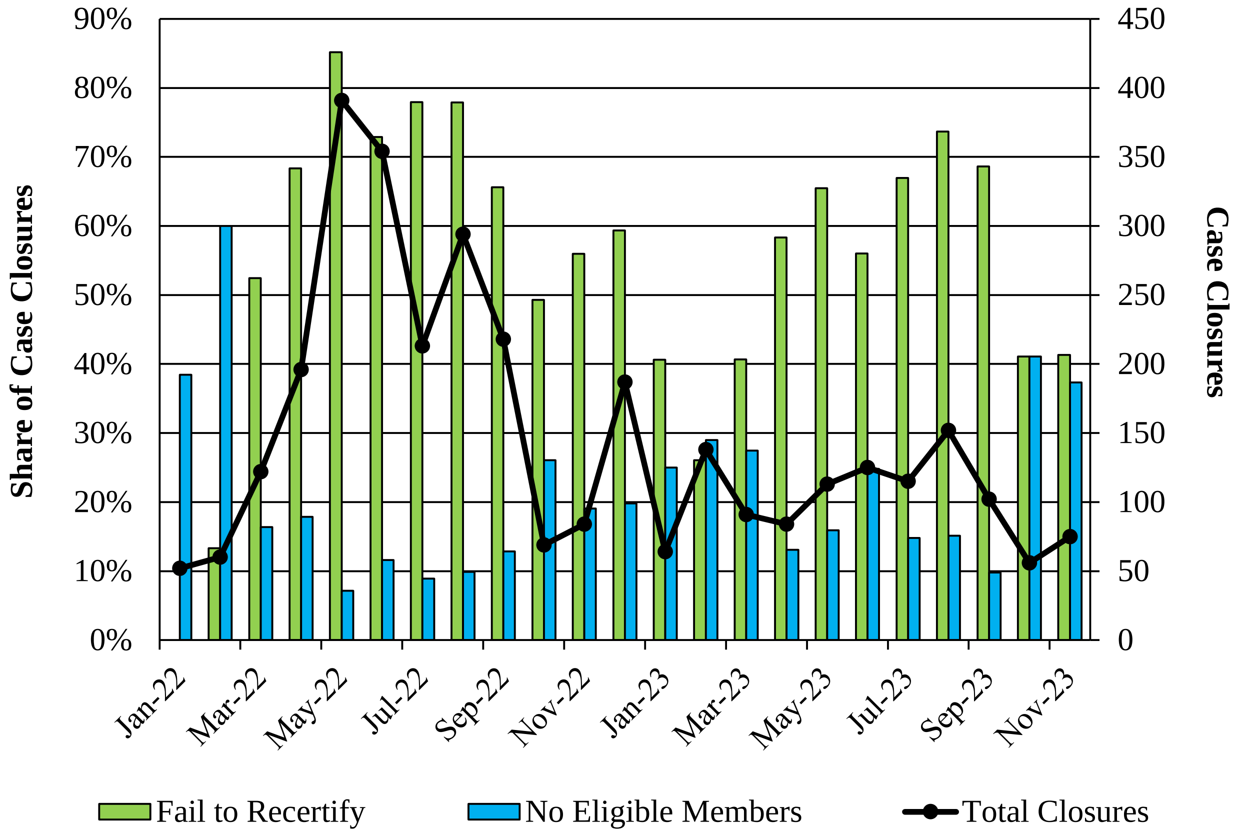


YTD: year to date

Source: Department of Human Services; Department of Legislative Services

Although some decline might be expected with the restart of recertification, the rapid decline is of concern, as this caseload had not experienced significant changes in the years prior to the pandemic. To determine potential reasons for the decline, DLS reviewed the reasons for case closure beginning with the restart of recertification. As shown in **Exhibit 12**, consistent with other benefit programs, case closures accelerated throughout the beginning of calendar 2022 with the restart of recertifications. In particular in this program, case closures peaked in May 2022 at nearly 400 cases. Case closures subsequently declined and have averaged approximately 100 per month in the beginning of fiscal 2024.

Exhibit 12
Public Assistance to Adults Reasons for Case Closure
January 2022 through November 2023



Source: Department of Human Services

As with other public assistance programs, the reasons for case closure vary, but the two primary causes of case closures in PAA between the period of January 2022 and November 2023 were failure to recertify and no eligible members. In all but five months since March 2022, more than half of the case closures were due to failure to recertify, peaking at 85% in May 2022 (the peak month of case closures). DLS notes that two of these five months were the most recent months of available data. It is possible that during the period of recertification extensions, circumstances of some recipients may have changed, leading the individuals to no longer reapply or be eligible, especially given the specific living arrangement requirements. However, given the relative stability in the program caseload in the years prior to the COVID-19 pandemic and the more limited impacts of the economy on recipients of this program, it is unclear why the caseload declined so rapidly and with little rebound after the initial closures. **DHS should comment on its outreach efforts to recipients and other potentially eligible individuals to ensure that they are aware of the program and requirements to recertify for benefits.**

The caseload decline has led to a substantial reduction in the overall spending on the program. General fund expenditures exceeded $8.6 million on the program in fiscal 2018 and 2019 before declining steadily to $5.3 million in fiscal 2023. Spending in the first half of fiscal 2024 indicates that expenditures in that year could be lower. The fiscal 2025 allowance includes $7.1 million for the program, which could account for additional growth in the program to return to closer-to-prepandemic levels, or the excess could be used to potentially offset costs in other programs.

Fiscal 2023

Supplemental Budget No. 5 of the fiscal 2023 budget included $35 million within the Dedicated Purpose Account (DPA) for a legislative priority to provide an additional $45 per recipient per month to TCA and TDAP recipients above their regularly calculated benefit. This funding was transferred by budget amendment to FIA. DHS began providing this benefit to recipients with issuances in July 2022, though an error was made in the initial distribution. DHS corrected this error for initially underissued benefits in September 2022. As a result, all recipients received the intended benefit levels. DLS estimates that a total of $33.5 million was needed to pay the additional benefits ($29.2 million for TCA recipients and $4.3 million of funds for TDAP recipients). The lower amount of spending relative to the $35 million provided is due to lower-than-anticipated TDAP recipients.

Although DHS did not appear to have spending to justify the use of the full $35 million of DPA funds available for this purpose, during the fiscal 2023 closeout process, the department reported that all of these funds were spent, which is also reflected in the Governor's Budget Books. The language restricted the use of the funds to the additional benefits, and so funds unneeded for this purpose should have reverted back to the DPA to be available for the purpose in the future. The fiscal 2024 budget includes funds to continue the additional benefits for TCA and TDAP recipients. If the funds reverted as required, these funds could have been used to offset the general fund expense of the additional benefits in fiscal 2024. Instead, these funds appeared to offset other benefit costs in fiscal 2023. The fiscal 2025 allowance also continues to fund these additional benefits. **DHS should discuss why these funds did not revert as required.**

Fiscal 2024

Implementation of Legislative Priorities

Section 19 of the fiscal 2024 Budget Bill added a total of $6.49 million in general funds to FIA. The largest share of these funds ($5 million) was added in MORA for assistance to immigrants relocated from other areas. As of January 26, 2024, DHS reported that it has plans for spending $4.7 million for four grants.

- SAMU First Response ($2.4 million) for an existing respite care center located in Montgomery County (70 bed facility) and expansion for a new respite care center in Baltimore County (planned for up to 150 individuals a month) and other impacted areas. The organization will provide case management, shelter and food distribution, referrals to other services including legal and immigration services and health care, and an emergency response team.

- Identity, Inc. ($1.4 million) to assistance to a minimum of 30 families or 115 individual migrants/asylum seekers. Forms of assistance include comprehensive case management, including a needs assessment, development of a service plan, connections to service providers, and delivery of services that lead to self-sufficiency and social integration; housing support for up to six months; legal and immigration support; and enrollment of school-aged children in public schools. The grantee has subgrants with executed grant agreements with Catholic Charities (legal and immigrant support) and Casa de Maryland (education and employment).

- Health Care for the Homeless, Inc. ($0.5 million) for support for up to 2,000 individuals, including case management, comprehensive primary health care including behavioral and dental health support at no cost, and the deployment of a fully equipped mobile clinic for areas with high concentrations of migrants and asylum seekers.

- Seventh Day Adventist ($0.4 million) for services for up to 700 individuals for case management, including a needs assessment to identify emergency and immediate needs such as food security, basic health care, and limited family reunification assistance; temporary emergency shelter for up to 60 to 70 individuals a day for up to three days per group, including 24/7 staff availability, feeding services, referrals for medical care, basic local transportation, and basic intake; and direct financial or transportation assistance.

The agreements with Seventh Day Adventist and Identity, Inc. were executed in August 2023, while the agreements with Health Care for the Homeless, Inc. and SAMU First Response were executed in December 2023. DHS indicates that an allocation of the remaining $0.3 million will be determined after additional monitoring of the landscape. The fiscal 2025 allowance continues funding at the same level, which DHS indicates will allow the department to maintain the structure developed in fiscal 2024.

The remaining funding ($1.49 million) was added for 10 specific grants in the Office of Grants Management. Four of the grantees that were provided additional funding are existing grantees. Of the four existing grantees, DHS has executed grant agreements with three of them as of January 26, 2024. As shown in **Exhibit 13**, DHS has executed grant agreements with four of the six other grantees. One of the grantees (Food for Thought) disbanded prior to the start of the fiscal year, so the funds cannot be used and will revert to the General Fund. DHS provides funding for grants after receiving invoices from the grantees, which can occur after the grant agreement is executed. As of January 26, 2024, DHS has disbursed funds to one grantee (UpCounty Hub) and is reviewing an invoice for one additional grantee (Mission of Love)

Exhibit 13
Status of Grants Added in Section 19 of the Fiscal 2024 Budget
As of January 26, 2024

Grantee	Amount	Status
Maryland Food Bank – Supplemental Funding	$375,000	Grant agreement executed (November 2023); awaiting invoices
Capital Area Food Bank – Supplemental Funding	375,000	Grant agreement being finalized
AfriThrive	150,000	Grant agreement being drafted
Manna Food Center	150,000	Grant agreement executed (January 2024); awaiting invoices
Roberta's House – Supplemental Funding	110,000	Grant agreement executed (December 2023); awaiting invoices
Mission of Love – Supplemental Funding	100,000	Grant agreement executed (November 2023); first invoice in review
Nonprofit Prince George's County (Stand Up and Deliver Program)	100,000	Grant agreement executed (January 2024); awaiting invoices
Food for Thought	50,000	Organization no longer exists
UpCounty Hub	50,000	Grant agreement executed; payment disbursed (January 2024)
Columbia Community Cares	30,000	Grant agreement executed (January 2024); awaiting invoices
Total Additions for Office of Grants Management	**$1,490,000**	

Source: Department of Human Services

Proposed Deficiency

The fiscal 2025 budget includes six proposed deficiency appropriations for FIA for fiscal 2024 totaling $20.4 million, including $9.8 million in general funds, $1.0 million in special funds, and $9.6 million in federal funds. Two of these deficiency appropriations would adjust funding for TCA and TDAP based on anticipated caseloads, providing a net increase of approximately $2.0 million in general funds in the Assistance Payments program.

The largest proposed deficiency, totaling $8.7 million, accounts for costs related to a new call center contract. The new departmentwide call center contract that was approved by the Board of Public Works (BPW) on January 31, 2024, would begin on February 1, 2024, which includes a six-month transition for the current contract that ends on July 31, 2024. The new contract totals $195.6 million for the contract period that extends through July 31, 2029. The contract provides for the development and integration of a customer relationship management (CRM) system with the existing Maryland Total Human-services Integrated Network applications and licensing access to 3,200 staff members to provide more seamless interaction for customers calling either the call center or LDSS. The contract will also allow for expanded hours as determined by the department. DHS will own the CRM system at the end of the contract. The new contract includes service-level agreements, including call response time. Although approved by BPW, the award is currently under appeal at the Maryland State Board of Contract Appeals. The fiscal 2025 allowance provides an additional increase of $12.3 million for the new contract.

The remaining deficiency appropriations would provide:

- $6.9 million ($2.5 million in general funds, $0.9 million in special funds, and $3.5 million in federal funds) for employment and income verification contracts due to higher-than-expected caseloads;

- $1.8 million ($0.6 million in general funds and $1.2 million in federal funds) for the asset verification system contract, primarily due to higher utilization due to the unwinding of the continuous enrollment requirement in Medicaid; and

- $1.1 million ($0.7 million in general funds and $0.4 million in federal funds) for relocation of a local office.

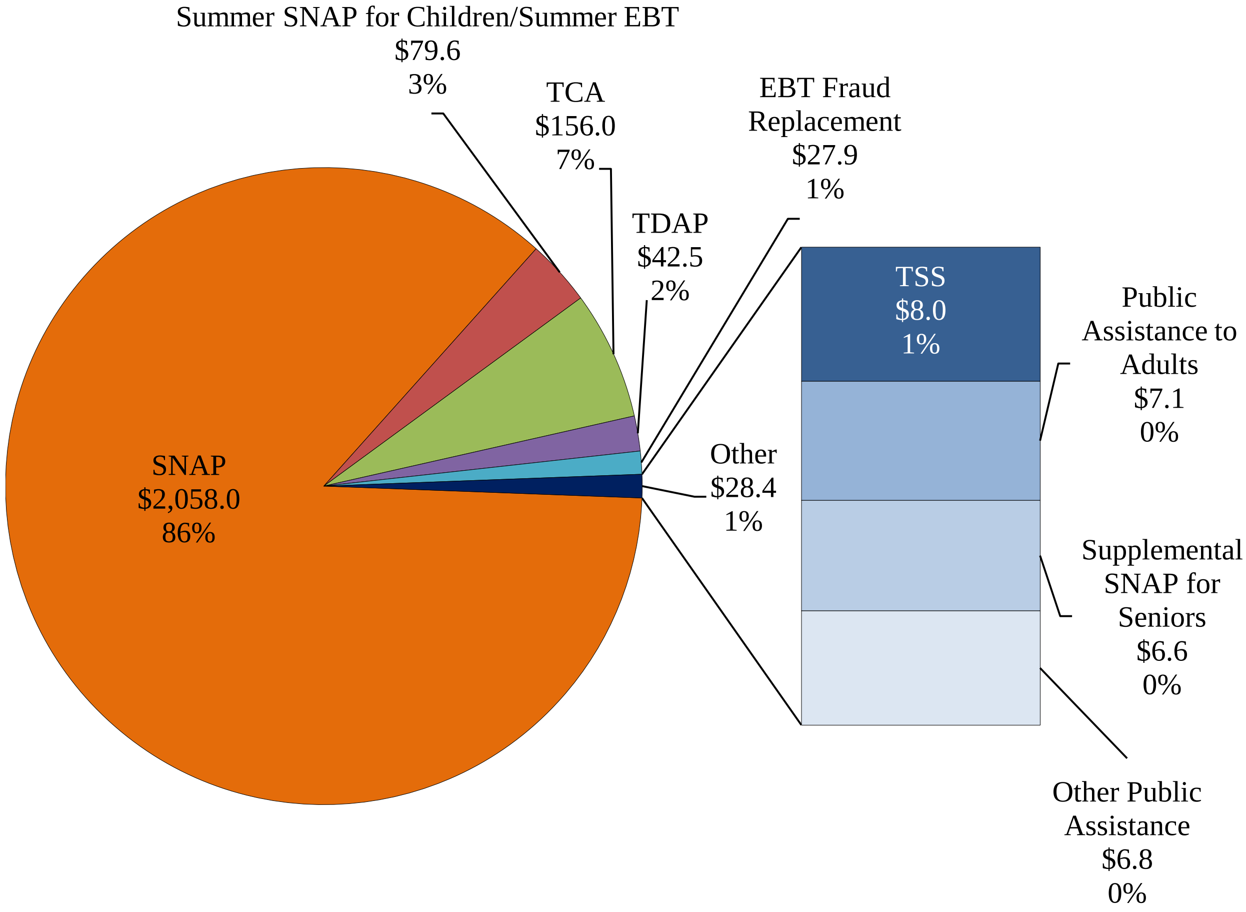
Safe Summer Initiative

DHS received $1.0 million in federal funds available from the American Rescue Plan Act (ARPA) State Fiscal Recovery Funds for programs for positive youth development, which was added to the fiscal 2024 appropriation as a budget amendment. DHS reports that in September 2023, funds were awarded to three organizations (Helping Our Youth Achieve MD, TIME Organization, and We Our Us Men’s Movement) totaling $958,535 for a youth and young adult supportive services pilot in Baltimore City. The funds have been disbursed to all three organizations. The pilot is focused on creating positive pathways to work, education, entrepreneurship, and support services.

Fiscal 2025 Overview of Agency Spending

The fiscal 2025 allowance of FIA totals $2.78 billion. Approximately 86% of the fiscal 2025 allowance for FIA occurs in the Assistance Payments program, the program in which public benefits are budgeted. **Exhibit 14** describes the Assistance Payments spending by benefit type in fiscal 2025. The vast majority of this funding ($2.06 billion,) is budgeted for SNAP, which comprises 86% of the Assistance Payments spending and nearly 74% of the total FIA budget. TCA benefits are budgeted at $156 million and comprise 6.5% of the Assistance Payments spending, or 5.6% of the fiscal 2025 allowance of FIA. All other benefit programs account for 6.4% of the fiscal 2025 allowance.

Exhibit 14
Assistance Payments Program Spending
Fiscal 2025 Allowance
($ in Millions)

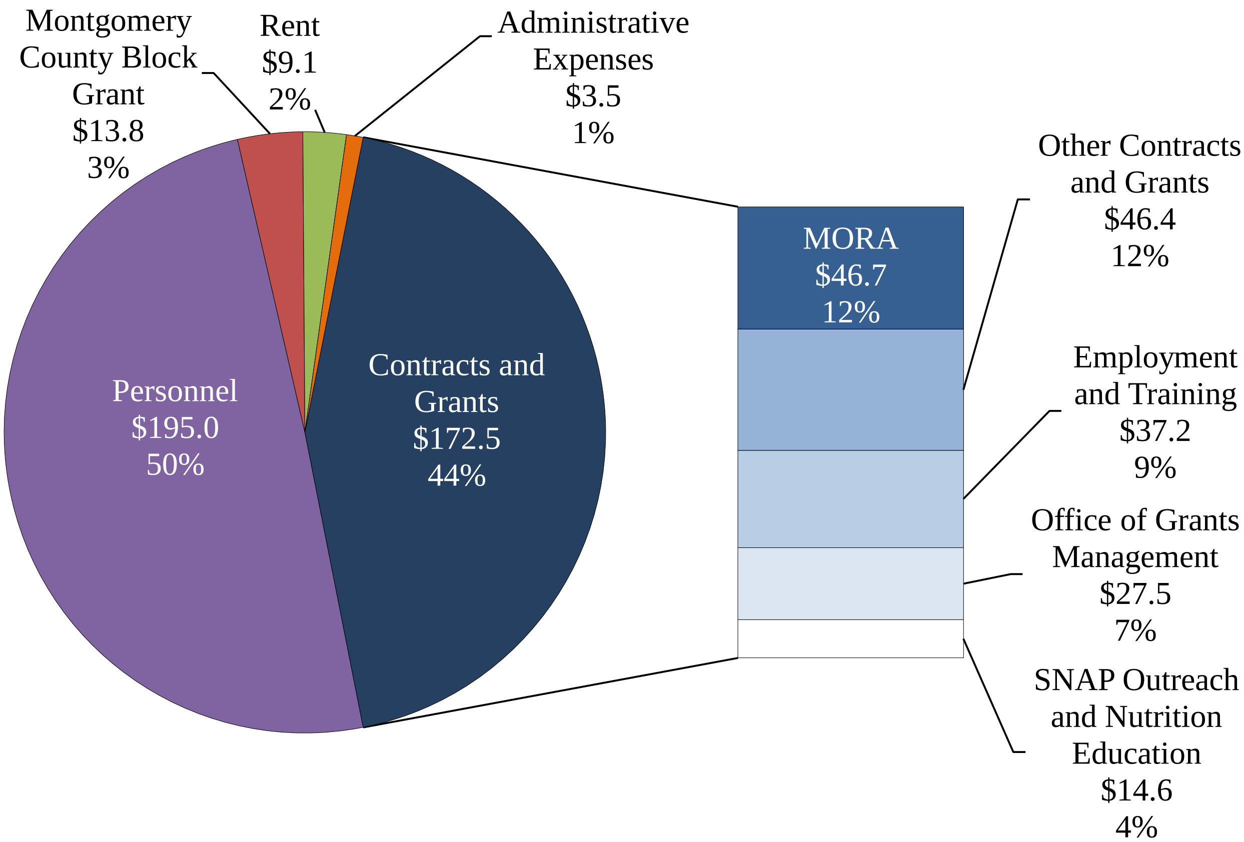


EBT: Electronic Benefit Transfer
SNAP: Supplemental Nutrition Assistance Program
TCA: Temporary Disability Assistance Program
TDAP: Temporary Disability Assistance Program
TSS: Transitional Support Services

Source: Governor's Fiscal 2025 Budget Books; Department of Budget and Management

As shown in **Exhibit 15**, excluding Assistance Payments, the fiscal 2025 allowance for FIA totals $393.9 million, of which approximately 50% is for personnel, including contractual employee payroll primarily in LDSS. Contracts and grants comprise approximately 47.2% of this spending. Spending in this area is somewhat distorted in the fiscal 2025 allowance, as increased funding for the new departmentwide call center contract is included entirely within FIA. E&T related contracts and grants, which include the SNAP E&T program, the Noncustodial Parent Employment Program, and the Work Opportunities Program under TANF, total $37.2 million (9.5% of this spending). Contracts and grants for MORA represent 11.9% of this spending ($46.9 million). Although typically funded exclusively with federal funds, the fiscal 2025 allowance continues the $5 million in general funds for immigrant services for those resettled from other areas. Another significant source of grant spending ($13.8 million) is the Montgomery County Block Grant. Under State law, Montgomery County receives a block grant for child welfare, adult services, family investment, and administrative expenditures rather than operating like other LDSSs. This allows the county the ability to offer higher pay and other flexibility. The State supports employees at a level comparable to what they would receive if they were State employees. Other contracts and grants total $46.4 million, or 11.8% of this spending.

Exhibit 15
Spending by Activity, Excluding Benefits
Fiscal 2025 Allowance
($ in Millions)



MORA: Maryland Office for Refugees and Asylees
SNAP: Supplemental Nutrition Assistance Program

Note: The fiscal 2025 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

Source: Governor's Fiscal 2025 Budget Books; Department of Legislative Services

Proposed Budget Change

As shown in **Exhibit 16**, the fiscal 2025 allowance increases by $69.3 million, or 2.6%, compared to the fiscal 2024 working appropriation after accounting for proposed deficiency appropriations. This increase is overstated as $10 million was transferred from the DPA to FIA for funding for food banks in fiscal 2024 through a budget amendment but is not reflected in the working appropriation. Excluding the Assistance Payments program, the two largest increases in the fiscal 2025 allowance are $19.0 million in personnel to assist in costs related to filling vacant positions and aligning expenses with experience and $12.3 million for the call center. DHS reports that while these increases appear only within FIA, the spending is meant to occur throughout the department.

The fiscal 2025 allowance increases spending in MORA by $12.3 million for a variety of contracts and grants, including increased administrative allocations, additional support services, and cash assistance provided through public-private partnerships due to the increase in humanitarian parolees and expanded eligible populations in recent years.

Exhibit 16
Proposed Budget
Department of Human Services Family Investment
($ in Thousands)

How Much It Grows:	**General Fund**	**Special Fund**	**Federal Fund**	**Total**
Fiscal 2023 Actual	$167,081	$58,146	$2,348,627	$2,573,853
Fiscal 2024 Working Appropriation	233,271	20,654	2,463,048	2,716,973
Fiscal 2025 Allowance	278,806	15,389	2,492,077	2,786,272
Fiscal 2024-2025 Amount Change	$45,535	-$5,265	$29,030	$69,299
Fiscal 2024-2025 Percent Change	19.5%	-25.5%	1.2%	2.6%

Where It Goes:	**Change**
Personnel Expenses	
Departmentwide cost related to anticipated filling vacant positions above base salaries, supporting contractual conversions, and aligning overtime and contractual personnel costs with experience	$19,015
Salary increases and related fringe benefits including the fiscal 2024 COLA and increments and filling of vacant positions above base salaries	9,482
Overtime, particularly in Baltimore City, to meet federal requirements due to staff shortages	1,406
Workers' compensation premium assessment	-21
Turnover expectancy increases from 7.69% to 8.64%	-1,304
Assistance Payments	
New Summer EBT Benefits, plus $18 million for administrative costs (see Issue 1)	78,000
EBT fraud replacement for SNAP and cash assistance	19,803
Temporary Disability Assistance Program	2,336
Refugee cash assistance to align with recent experience	1,555

Where It Goes:	**Change**
Transitional support services	-779
Emergency assistance to better align with recent experience	-1,668
Public assistance to adults to better align with recent experience	-1,745
State Summer SNAP for Children Program, only funded with local match, does not meet mandate	-3,444
Child support passthrough to better align with recent experience	-3,516
Temporary Cash Assistance due to anticipated caseload decline	-13,673
SNAP due to anticipated caseload decline	-61,796
Office of Grants Management	
Food banks due to realignment of funds from Dedicated Purpose Account (overstated as fiscal 2024 funds transferred but not yet reflected in the Office of Grants Management)	10,000
Food banks to align with recent experience	240
One-time grants added in Section 19 of fiscal 2024 Budget Bill	-740
Maryland Office for Refugees and Asylees	
Administrative allocations due to increases in refugees and humanitarian parolees, includes funding for medical screening	5,573
Social Services including employment programs, vocational training, English as a Second Language, and other support services	4,656
Public-private partnership administrative costs and costs for refugee cash assistance provided through the partnerships	2,338
Contracts	
Departmentwide costs for new call center contract, net of deficiency appropriation	12,296
SNAP Outreach due to increased activity and new partners	3,218
SNAP Employment and Training due to increased activity and new partners	2,663
Asset Verification System, net of deficiency appropriation, primarily due to Medicaid unwinding resulting in higher utilization	1,703
Contract for evaluation of the Family Investment Program as required under Chapter 506 of 2022	273
New hire directory	58
End of contract with University of Baltimore Jacob France Institute for SNAP analysis and reporting	-178
One-time stimulus funds for Safe Summer Initiative	-1,000
Employment and income verification, net of proposed deficiency appropriation	-1,627
Work Opportunities Contracts to align with recent experience	-5,239
Other Changes	
Interpreter fees for the Work Opportunities Program	174
Telephone costs, more than offset by cell phone expenditures, due to increased remote work	140

Where It Goes:	**Change**
Office of Administrative Hearings	105
Montgomery County Block Grant due to an error in fiscal 2024 appropriation	-4,259
Rent to better align with lease costs and recent experience, as well as an office closure including a one-time deficiency appropriation for relocation of the office	-$4,782
Other expenses	35
Total	**$69,299**

COLA: cost-of-living adjustment
EBT: Electronic Benefit Transfer
SNAP: Supplemental Nutrition Assistance Program

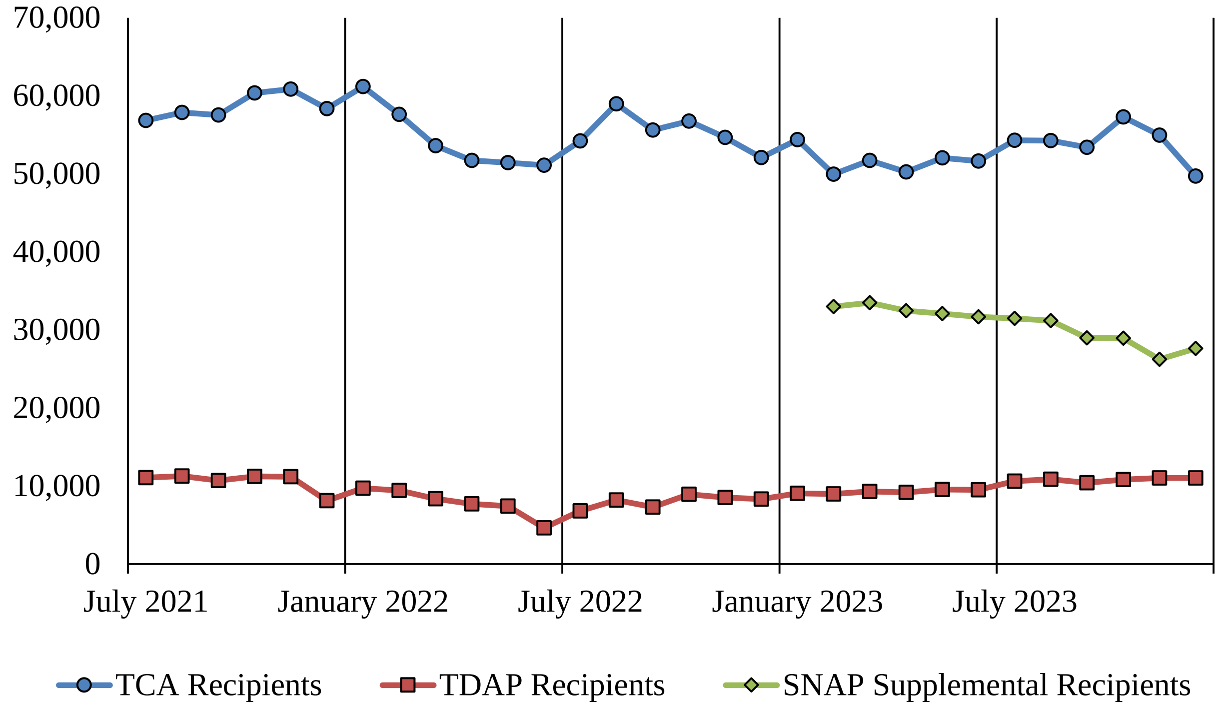
Note: Numbers may not sum to total due to rounding. The fiscal 2024 working appropriation includes deficiencies. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency's budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency's budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency's budget.

Caseloads Changes

In the early months of the pandemic, caseloads for TCA and TDAP rose quickly, increasing by 81.9% and 47.2%, respectively, between February and June 2020. After peaking in June 2020, the caseloads began to decline due to a temporary end to an extension of recertifications and the reinstatement of requirements for certain verifications. Although the number of TCA recipients stabilized following the restart of the extension on recertification, the number of TDAP recipients continued to decline and by January 2021 was 41% below prepandemic levels. The decline occurred even when recertification extensions were reinstated due to the reinstitution of certain requirements, including medical certifications, even as access to doctors and the ability to submit documentation remained difficult. Subsequently, DHS announced a plan to reenroll TDAP recipients whose cases closed due to certain reasons, and Chapter 39 (the RELIEF Act) required the reenrollment of certain TDAP recipients and prevented case closures except in limited circumstances. These actions led to an increase in the caseload as recipients were reenrolled, and the caseload then stabilized through the end of the prohibition on case closures in June 2021 at around 11,000 recipients.

As shown in **Exhibit 17**, with the restart of recertifications in January 2022, the number of TCA recipients declined by 15.5% between January and April 2022, the peak months of impact. The number of TDAP recipients began to decline in the months leading up to the restart of recertifications as lingering impacts of the prohibition on case closures subsided. Between November 2021 and May 2022, the number of TDAP recipients decreased by 33.6%. In December 2023, the number of recipients (11,018) had returned to near the level from prior to the restart of recertifications and closer to the prepandemic level.

Exhibit 17
Public Assistance Recipients
July 2021 through December 2023



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

Source: Department of Human Services

The number of TCA recipients generally stabilized through June 2022 before beginning to rise again, likely reflecting individuals returning to TCA after the initial case closures. The number of recipients returned to levels near that of December 2021 by August 2022 (nearly 59,000). Despite some monthly fluctuations, the number of recipients generally declined through June 2023, a net decrease of 12.5% between August 2022 and June 2023. For most of the first half of fiscal 2024, the caseload has remained above the June 2023 level but declined below 50,000 in December 2023.

Chapter 696 of 2016 created a supplemental benefit for households that include an individual who is at least 62 years old and receives a federal SNAP benefit of less than $30 per month. Chapter 324 of 2022 subsequently revised that level to $40 per month effective October 1, 2022. From April 2020 through February 2023, emergency allotments were authorized by the federal government for SNAP recipients. Under the Emergency Allotments program, households received the maximum allotment for their household size. During the period of the issuance of the emergency allotments, the supplemental benefit for seniors program was effectively suspended, as no households received less than the amount in statute. Benefits began to be issued in the program once again in February 2023. In the first month of issuances, 32,976 individuals received the supplemental benefit, which was 31% higher than in March 2020 (25,099), the last prior month of issuances in the program. The number of recipients stayed near that level for several months before decreasing in fall 2023. In December 2023, the number of recipients (27,632) was approximately 16% lower than the initial month of issuances.

Forecasted Expenditures Compared to the Budget

As enacted, the fiscal 2024 budget could support an average of 50,000 TCA recipients per month. The number of recipients had generally been above that level in the first half of fiscal 2024, and funding in a fiscal 2024 proposed deficiency would raise that level to 54,330. The number of recipients in fiscal 2024 declined below 50,000 in December 2023, and DLS anticipates that the lower number of recipients will continue through the remainder of the year, as historically recipient counts in the program decline in the second half of the fiscal year. As a result, as shown in **Exhibit 18**, DLS projects a surplus in general funds currently budgeted for the program in fiscal 2024 of approximately $9.9 million. DLS anticipates a smaller surplus in fiscal 2025 due to a lower starting caseload but a slightly lower rate of overall decline.

Exhibit 18
Adequacy of General Funds for Benefits
Fiscal 2024-2025

	2024	2025
TCA	$9,915,128	$7,381,209
TDAP	-11,473,381	-9,565,519
SNAP Supplemental Benefit for Seniors	2,695,312	2,886,625
Other Public Assistance	3,669,590	$538,245
Net Surplus/Shortfall	**$4,806,649**	**$1,240,560**

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

Note: Other public assistance includes general funded emergency assistance and Public Assistance to Adults. The adequacy of funding for the Electronic Benefit Transfer replacement benefits is discussed in Issue 2.

Source: Department of Legislative Services

DLS also projects a surplus in the SNAP supplemental benefit for seniors, totaling $2.7 million in fiscal 2024 and $2.9 million in fiscal 2025 The surplus in both years is primarily driven by different estimates of the average benefit, though DLS has a slightly higher caseload estimate (about 1,000 in fiscal 2024 and 1,400 in fiscal 2025). The State-funded supplemental benefit provides the difference between the federal benefit received by the household and the $40 minimum level. In federal fiscal 2023, the federal minimum benefit level is $23, meaning that the maximum State benefit is $17. Historically, recipients of the program have received near the maximum level. As a result, DLS assumes that level of average benefit in fiscal 2024 and slightly less in fiscal 2025 due to anticipated inflationary increases. However, the fiscal 2024 and 2025 budget assume an average benefit of $20, which is more than the maximum State benefit.

The remaining surplus primarily driven by PAA, which as discussed in Performance Discussion 4, has experienced substantial declines in the caseload. The surpluses in both years are partially offset by substantial shortfalls in TDAP. The fiscal 2024 budget accounting for a proposed deficiency appropriation and the fiscal 2025 budget could support a TDAP caseload generally reflective of the fiscal 2023 actual experience. In recent months, however, the number of TDAP recipients has returned to levels closer to those experienced prepandemic. DLS expects the caseload to continue to increase slightly through fiscal 2024, returning to near the level from the months prior to the start of the pandemic. Despite the substantial shortfall projected for TDAP, DLS anticipates a surplus in the Assistance Payments program in both fiscal 2024 and 2025.

Supplemental Nutrition Assistance Program

The fiscal 2025 allowance includes $2.06 billion for SNAP benefits, a decrease of $61.8 million compared to the fiscal 2024 working appropriation. The overall funding level substantially exceeds DLS estimates of SNAP benefit payments in fiscal 2025. The increase is driven primarily by different assumptions regarding the average benefit level. Following the end of emergency allotments in February 2020, average benefits per case decreased substantially from over $500 per month to around $320 per month. Average benefits increased beginning in October 2023 due to the annual changes in benefits announced by USDA. Since that time, benefits per case have averaged approximately $333 per month. Despite anticipated inflationary increases beginning in October 2024, the level of benefits is expected to be substantially below the level assumed in the fiscal 2025 budget of nearly $490 per month. Although DLS anticipates a higher average monthly number of cases by 2.6%, the lower average benefit results in an estimated overall spending level of $1.48 billion, approximately $0.57 billion lower than is included in the fiscal 2025 allowance. **DLS recommends reducing the federal funds for SNAP by $200 million to better align with anticipated spending while leaving a surplus in the event of unexpected caseload growth.**

Personnel Data

	FY 23 Actual	FY 24 Working	FY 25 Allowance	FY 24-25 Change
Regular Positions	1,917.80	1,917.30	1,917.30	0.00
Contractual FTEs	131.75	70.00	70.00	0.00
Total Personnel	**2,049.55**	**1,987.30**	**1,987.30**	**0.00**

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	165.65	8.64%
Positions and Percentage Vacant as of 12/31/23	136.00	7.09%
Vacancies Below Turnover	29.65	

- FIA has 136 vacant positions as of December 31, 2023. The majority of these vacant positions (122) are in the Local Family Investment Program, which also has the largest position complement in FIA. Of the vacant positions, 34 have been vacant for longer than 12 months, while 91 have been vacant for less than 6 months. FIA's vacancy rate declined from 15.3% as of December 31, 2022, to 7.1% as of December 31, 2023.

- Despite the substantial reduction in the vacancy rate, the budgeted turnover expectancy for FIA increases from 7.69% to 8.64%. To meet this budgeted turnover, FIA would need to have 165.7 vacant positions on average throughout the year, which is nearly 30 more vacancies than FIA has as of December 31, 2023. **DHS should discuss how it will fully fund salary and wages in fiscal 2025, given the higher relative budgeted turnover compared to vacant positions if the current vacancy levels continue.**

Family Investment Specialist Vacancies

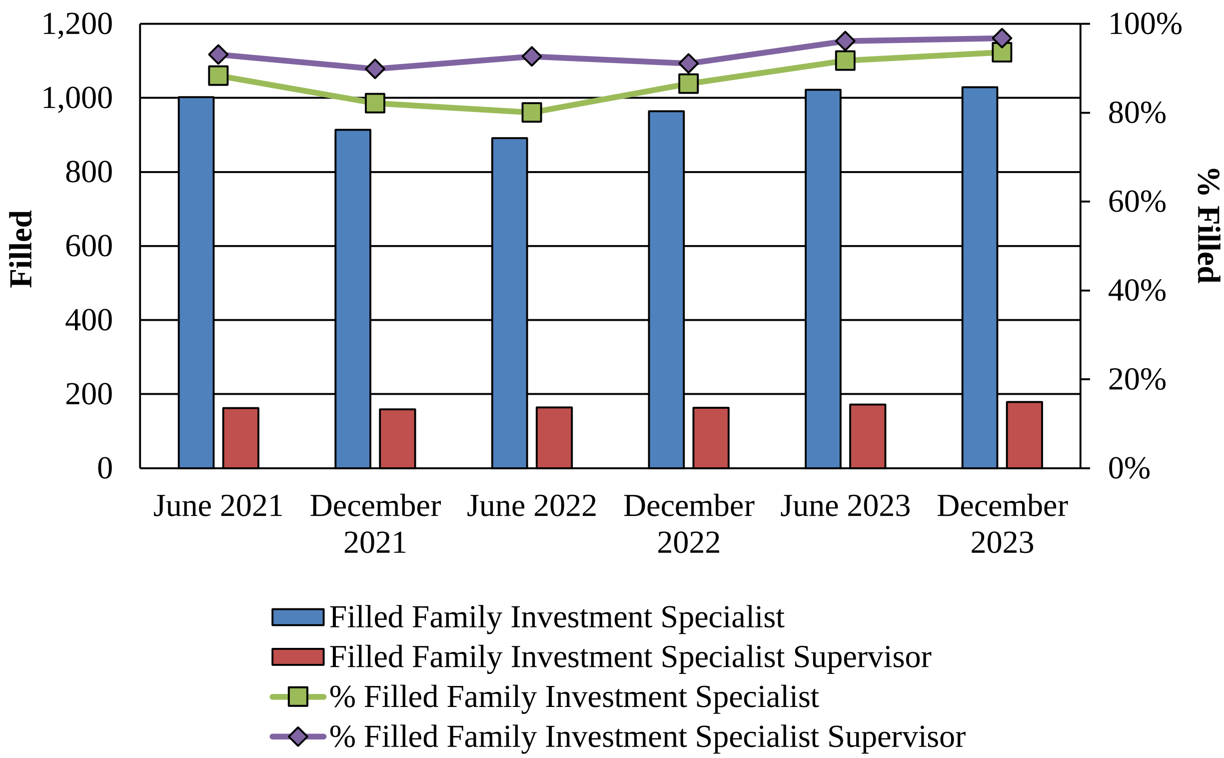
The number of filled family investment specialist positions declined to 891 in June 2022 (80.1% of authorized family investment specialist positions). These positions bear the primary responsibility for eligibility determinations and other case management for public benefit programs. The share of filled family investment specialist supervisor positions was also low at 92.7% in June 2022.

DHS undertook two substantial efforts to improve recruitment and increase the number of filled family investment specialist positions beginning in fiscal 2022 and 2023. First, DHS used a portion of a SNAP administrative grant from the ARPA to hire contractual full-time equivalents (FTE) to assist in case processing. DHS reported that those who were interested would have the opportunity to convert into regular State positions prior to the expiration of this funding, which occurred September 30, 2023. In response to committee narrative in the 2023 JCR in November 2023, DHS reported that 141 of the individuals hired into these contractual FTE roles had converted to regular State positions as family investment specialists with an additional 49 intending to convert when openings occurred in the appropriate jurisdictions.

In addition, in the 2022 session, DHS announced plans to alter education and experience requirements for these positions to provide a broader range of experience and require only a high school diploma or equivalent rather than bachelor's degree for entry-level positions. The change was approved by the Department of Budget and Management in March 2022.

As shown in **Exhibit 19**, subsequent to these changes, DHS has made substantial progress in the number of filled family investment specialist and family investment specialist supervisor positions. As of December 2023, both family investment specialists and family investment supervisors had more than 90% of authorized positions filled. In total, the Local Family Investment Program had 65 more filled family investment specialists in December 2023 than the year prior and 115 more than December 2021.

Exhibit 19
Filled and Percent Filled Local Family Investment Specialist Positions in the Local Family Investment Program
June 2021 to December 2023



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

Issues

1. Supplemental Benefits for Periods When Children Are Not in School

Summer Supplemental Nutrition Assistance Program for Children

Chapters 635 and 636 of 2019 created the Summer SNAP for Children program. Under this program, the State provides additional funding to supplement benefits received under SNAP for children in certain months. These funds are required to be matched by local funds, with the local share determined by the local cost-share formula for the public school construction program. Although a minimum local cost-share is required, participating jurisdictions are able to contribute more than the required amount to allow more children to be served.

The supplemental benefit is $30 per month in the months of June, July, and August and $10 in the month of December per school-aged child receiving the benefit. To participate in the program, under Chapters 635 and 636, jurisdictions must apply for the program and later submit a final plan that includes which children will be eligible to receive funding, if funding is insufficient to provide a minimum $100 benefit to all school-aged children in the jurisdiction receiving SNAP, and the criteria used to determine eligibility. DHS is to provide the State share of funds for each jurisdiction with an approved final plan in an amount equal to the product of (1) the total amount of funds appropriated and (2) the number of children in the households that receive a federal SNAP benefit in the jurisdiction divided by the number of children in households that receive a federal SNAP benefit in all jurisdictions with an approved plan. The Acts mandated $200,000 in State funding for the program, which began to be funded in fiscal 2021. The program received the mandated funding in both fiscal 2021 and 2022. The fiscal 2023 and 2024 budgets included a substantial discretionary increase in the program to provide a total of $5 million of State funds.

Recipients

As shown in **Exhibit 20**, with the limited amount of funding in the first two years of the program, only a few jurisdictions participated in the program. In addition, only a small share of school-aged SNAP recipients received the benefits. For example, as shown in **Exhibit 21**, combined, the four participating jurisdictions in fiscal 2021 served 2.8% of these recipients in those jurisdictions. In fiscal 2022, in total, the jurisdictions served a combined 2% of school-aged SNAP recipients in these jurisdictions. In both years, the highest percentage of children served were in the participating jurisdictions with the smallest number of school-aged SNAP recipients. However, in both years, some jurisdictions provided more than the required contribution, allowing more children to be served than would otherwise have been possible.

Exhibit 20
Children Receiving Benefits through Summer SNAP for Children Program Summer Benefits
Fiscal 2021-2024

	2021 Summer	2022 Summer	2023 Summer*	2024 Summer
Allegany			200	213
Anne Arundel			Maximum of 17,803	12,487
Baltimore City	935	1,000	11,913	12,607
Baltimore		450	Maximum of 30,250	27,860
Caroline			1,566	1,051
Carroll			919	1,115
Charles			2,317	2,005
Frederick				513
Harford			Maximum of 9,833	
Howard		212	5,433	3,002
Kent	138		266	179
Montgomery	1,968	1,672	7,814	15,359
Prince George’s	580	667	10,833	12,098
Queen Anne’s		289	Maximum of 1,062	889
Wicomico			2,436	1,392
Total Recipients	**3,621**	**4,290**	**102,645**	**76,678**

SNAP: Supplemental Nutrition Assistance Program

*Represents identified children; the Department of Human Services reports that substantially fewer children received benefits in each month than the number listed. Overall, only between 70% and 80% of children identified for benefits received benefits each month.

Note: Represents the number of children served/identified for the summer program in each fiscal year. Numbers served are typically lower in December as recipients must be in an open SNAP case to receive the benefit.

Source: Department of Human Services; Department of Legislative Services

Exhibit 21
Participation Rate
Fiscal 2021-2024

	2021 Summer	2022 Summer	2023 Summer*	2024 Summer
Allegany			4.5%	5.9%
Anne Arundel			100.0%	99.4%
Baltimore City	1.4%	1.3%	28.4%	34.8%
Baltimore		0.9%	100.0%	94.3%
Caroline			75.5%	62.6%
Carroll			31.2%	47.9%
Charles			44.2%	44.8%
Frederick				9.1%
Harford			100.0%	
Howard		2.2%	81.6%	52.4%
Kent	15.2%		28.5%	30.3%
Montgomery	8.4%	5.2%	36.4%	83.3%
Prince George's	1.6%	1.4%	31.3%	37.1%
Queen Anne's		17.7%	100.0%	96.0%
Wicomico			38.7%	27.0%
% of Eligible Recipients in Participating Jurisdictions	**2.8%**	**2.0%**	**56.3%**	**56.9%**

*Represents identified children; the Department of Human Services reports substantially fewer children received benefits in each month than the number listed; overall, only between 70% and 80% of children identified for benefits received benefits each month.

Note: Represents the number of children served/identified for the summer program in each fiscal year as a share of children between the ages of 5 and 18 receiving Supplemental Nutrition Assistance Program (SNAP) benefits. Participation rates are typically lower in December as recipients must be in an open SNAP case to receive the benefit.

Source: Department of Human Services; Department of Legislative Services

With the substantial increase in State funding, the number of participating jurisdictions increased from 6 in fiscal 2022 to 14 in fiscal 2023. The number remained at 14 in fiscal 2024, though Frederick County newly participated in that year, and Harford County did not participate after participating in the prior year. In fiscal 2023, 4 jurisdictions (Anne Arundel, Baltimore, Harford, and Queen Anne's counties) contributed funding at a level that allowed all school-aged SNAP recipients to receive the Summer SNAP benefit. In fiscal 2024, 3 jurisdictions (Anne Arundel, Baltimore, and Queen Anne's counties) did so. In fiscal 2024, approximately 57% of school-aged SNAP participants received the Summer SNAP benefit in participating jurisdictions, largely due to some jurisdictions providing funding sufficient to provide benefits to all children. The participation rate for those jurisdictions was slightly below 100% due to unsuccessful issuances related to cases that were no longer open. Similarly, DLS notes that the number and share of participants served in fiscal 2023 in these exhibits is substantially higher than those who actually received benefits, as DHS reported successful issuances of less than 80%, but sufficient data was not available to update the data by jurisdiction.

In jurisdictions where funding was not sufficient to serve all eligible children, a method for prioritizing was developed. The most common method was targeting benefits to children in select zip codes to target low-income areas.

Local Funding

As shown in **Exhibit 22**, 10 of 14 participating jurisdictions in fiscal 2024 exceeded the required match. The three jurisdictions with the largest dollar amount contributions beyond the requirement were the three that provided sufficient contributions so that all school-aged SNAP recipients could receive the benefit.

Exhibit 22
Funding by Jurisdiction Including Required Contribution
Fiscal 2024

	State Funds	Required Local Contribution	Required Local Contribution	Actual Local Contribution	Difference from Required	Total Funds
Allegany	$18,184	15%	$3,209	$3,209		$21,393
Anne Arundel	322,772	50%	322,772	1,050,167	$727,395	1,372,939
Baltimore City	1,350,818	7%	101,674	128,233	26,558	1,479,051
Baltimore	1,082,855	44%	850,815	1,707,645	856,831	2,790,500
Caroline	64,749	19%	15,188	$41,408	26,220	106,157
Carroll	65,775	41%	45,708	$53,910	8,202	119,685
Charles	122,283	39%	78,181	$78,181		200,464
Frederick	36,928	36%	20,772	$20,772		57,700
Howard	155,409	45%	127,153	160,574	33,421	315,983
Kent	9,351	50%	9,351	$9,350		18,701
Montgomery	760,937	50%	760,937	774,963	14,026	1,535,900
Prince George's	826,268	30%	354,115	383,690	29,576	1,209,958
Queen Anne's	35,947	49%	34,537	88,813	54,275	124,760
Wicomico	147,724	3%	4,569	4,899	330	152,623
Total	**$5,000,000**		**$2,728,981**	**$4,505,812**	**$1,776,832**	**$9,505,812**

Note: Local contributions total both new funding contributed in fiscal 2024 and funds carried over from fiscal 2023 in which unsuccessful issuances resulted in not all funding being used, and the jurisdiction elected to use the funds to contribute to fiscal 2024.

Source: Department of Human Services; Department of Legislative Services

Nationwide Summer Electronic Benefit Transfer Program

The federal Consolidated Appropriations Act authorized a new optional nationwide permanent Summer EBT program that will begin in summer 2024. In the initial year, the benefit is $40 per month per eligible child (a total of $120 for the three-month period), which will increase with inflation in subsequent years. The Act requires that states electing to participate should:

- automatically enroll those eligible for FRPM in the school year immediately preceding the summer without additional application;

- make an application available for others who were not eligible at that time; and

- develop procedures to allow households to opt out of receiving of the benefit.

FNS issued guidance throughout calendar 2023 for states to prepare for the beginning of the program in advance of the interim regulations being published in the Federal Register on December 29, 2023. In many cases, FNS made exceptions for summer 2024, given the short implementation timeline to start the program. The guidance includes additional information related to eligibility. For the Summer EBT program, states must make an individual determination of eligibility, which can be determined through the existing National School Lunch Program (NSLP) application process or a separate application. This requirement is unlike that of the P-EBT program, in which all children in Community Eligibility Provision (CEP) schools were eligible. However, states must have a method such as a separate application for children in CEP schools that would not otherwise be required to complete an application for FRPM to receive these benefits. To be eligible, children must be attending a school that participates in the NSLP and/or School Breakfast Program (SBP). However, children enrolled in a school that does not participate in NSLP/SBP may be determined eligible if they participate in SNAP, the state's TANF assistance program, or certain other means-tested programs.

Households can establish eligibility any time from the beginning of the school year immediately preceding the summer through the end of the summer operational period. Regardless of when during that period the child is determined to be eligible, the child is to receive the full summer benefit.

States are required to provide the benefit during the summer operational period. Benefits may be provided through a single issuance or in multiple issuances, with specifications on the timeframe of the first issuance. Benefits remain available to households for only 4 months from the issuance. This is unlike the P-EBT program, under which Maryland routinely has provided benefits long after the period for the program's operations due to the timing of State plan approval. The timing of required use by households is also different than the traditional SNAP benefit, which is generally available for 12 months after distribution.

Status of Implementation

For summer 2024, states were required to submit a Notice of Intent (NOI) to USDA FNS by January 1, 2024. In November 2023, USDA announced that an initial group of states and tribal organizations had submitted NOIs, of which Maryland was one. A total of 35 states and the District of Columbia in addition to several tribal nations and U.S. territories have opted to participate. States were also required to submit an Interim Plan of Operations and Management by December 15, 2023, or as soon as practicable, with a Final Plan due on February 15, 2024. Submitting the NOI also allows the states to receive an initial allocation of administrative funding. DHS indicates that it was unable to submit the Interim Plan of Operations and Management by December 15, 2023, because states are required to confirm that the state share of the administrative matching funds is available. DHS needed to wait until the introduction of the budget to confirm whether it did in fact have these funds. **DHS should discuss the status of its Interim and Final Plans of Operations, any initial allocation of administrative funds that it has received, other preparations that it is making to implement the program, and how it is working with the Maryland State Department of Education to ensure that the State will be ready to provide benefits for summer 2024.**

The interim and final plans are to include estimates of the number of children to be served. Although these plans are not yet available, USDA separately published estimates for states for budgeting purposes. USDA estimated that approximately 500,000 children would be eligible for the benefit in Maryland, including 203,000 children receiving SNAP (whether in an NSLP-participating school or not) and 297,000 eligible children in NSLP-participating schools that do not receive SNAP.

Overlap and Duplication with State Summer Supplemental Nutrition Assistance Program for Children

The State's participation in the program presents an overlap with the existing State Summer SNAP for Children program. Participation in the program greatly expands summer benefits to school-aged children in the State compared to the existing State program. In addition, it provides a higher benefit level in summer months. **Exhibit 23** highlights key areas of difference.

Exhibit 23
Comparison of the Summer SNAP for Children Program (State) and Summer EBT Program (Federal)

	Summer SNAP (State)	Summer EBT (Federal)
Benefit Level	$30 per month (June, July, August) $10 December	$40 per month in three summer months, *increased by inflation each year*
Availability	Jurisdictions must apply to participate; limited funding typically limits availability within participating jurisdictions and only for SNAP participating families (fiscal 2024 14 participating jurisdictions – 57% of eligible children in aggregate in those jurisdictions	All children receiving free and reduced-price meals in schools participating in the NSLP/SBP And children receiving certain other means-tested benefits (SNAP, TANF-funded benefits, among other potentially others) in nonparticipating schools
Fund Source	State and local matching funds	State 50% match for administrative Costs Federal 100% benefit costs and 50% for administrative costs

EBT: electronic benefit transfer
NSLP: National School Lunch Program
SBP: School Breakfast Program
SNAP: Supplemental Nutrition Assistance Program
TANF: Temporary Assistance for Needy Families

Source: U.S. Department of Agriculture; Section 5-501 of the Human Services Article; Department of Legislative Services

Department of Human Services Legislation and Fiscal 2025 Allowance

SB 213/HB 183 of 2024 (departmental bills) as introduced propose to make minor modifications to the administration of the Summer SNAP for Children program. Primarily, the legislation removes specific timeframes for benefits to be added to accounts of recipients and modifies requirements for jurisdictions applying to participate. These modifications alter the timing of required applications and the information to be provided in the application. Other changes would alter the dates by which DHS must notify jurisdictions of the amount of available funds and the date by which local jurisdictions must submit a final plan for the program to ones established by the department, instead of set dates. The bills would also increase the mandated funding to $5.0 million, the level that had been provided in fiscal 2023 and 2024.

SB 213/HB 183 as introduced do not modify the program to limit duplication with the Summer EBT program and in fact increase the required State funding. DHS indicates that it has submitted language that would amend the bills to allow the appropriation to have flexibility in the use of funds to align the program with the Summer EBT program. As this language has not been formally adopted, DLS is unclear on how this language would modify the bills to provide this flexibility; how that would work in practice given the other requirements of the program for local matches and specific benefit levels; or why, alternatively, the mandate would not simply be removed, as language would not be required to have funding to simply administer the Summer EBT program.

The fiscal 2025 allowance includes $9 million in general funds under the Summer SNAP for Children program, along with $1.6 million representing a placeholder for local matches. However, DHS has indicated that the $9 million is actually meant to serve as the State's share of the administrative costs for the Summer EBT program. As such, it appears that the mandated funding for the program was not provided in the fiscal 2025 allowance. The fiscal 2025 allowance also includes $9 million representing the federal share of administrative costs and $60 million for benefits under the program. The fiscal 2025 funding for the administrative costs is budgeted in a program designated solely for payment of benefits for various public benefit programs. **DLS recommends adding language to transfer the funds to administer the Summer EBT program to the Local Family Investment Program, a program more suited to administration of benefits. In addition, DLS recommends deleting the special funds, which will not be needed given there is not funding for the State share.**

2. Replacement of Benefits Due to Electronic Benefit Transfer Theft

Card skimming occurs when criminals place a device on a card reader to collect data and the PIN for a credit, debit, or EBT card and, in turn, copy and fraudulently use the card. In calendar 2022, there was an increase in reports of the skimming of EBT cards in multiple states, including Maryland. In response to the growing issue of lost benefits due to EBT skimming, the federal Consolidated Appropriations Act requires reimbursement for SNAP benefits lost due to skimming from October 1, 2022, through September 30, 2024, to be paid for with federal SNAP funds. However, there are limitations on the amount of replacement benefits that can be provided under this law. Specifically, replacement benefits cannot be provided more than twice in a federal fiscal year, and the replacement of benefits is limited to the lesser of the amount stolen or the amount equal to two months of the monthly allotment. States were required to submit a plan to USDA prior to beginning reimbursement. Prior to this law and after the end of the covered period, federal SNAP funds cannot be used to replace stolen benefits.

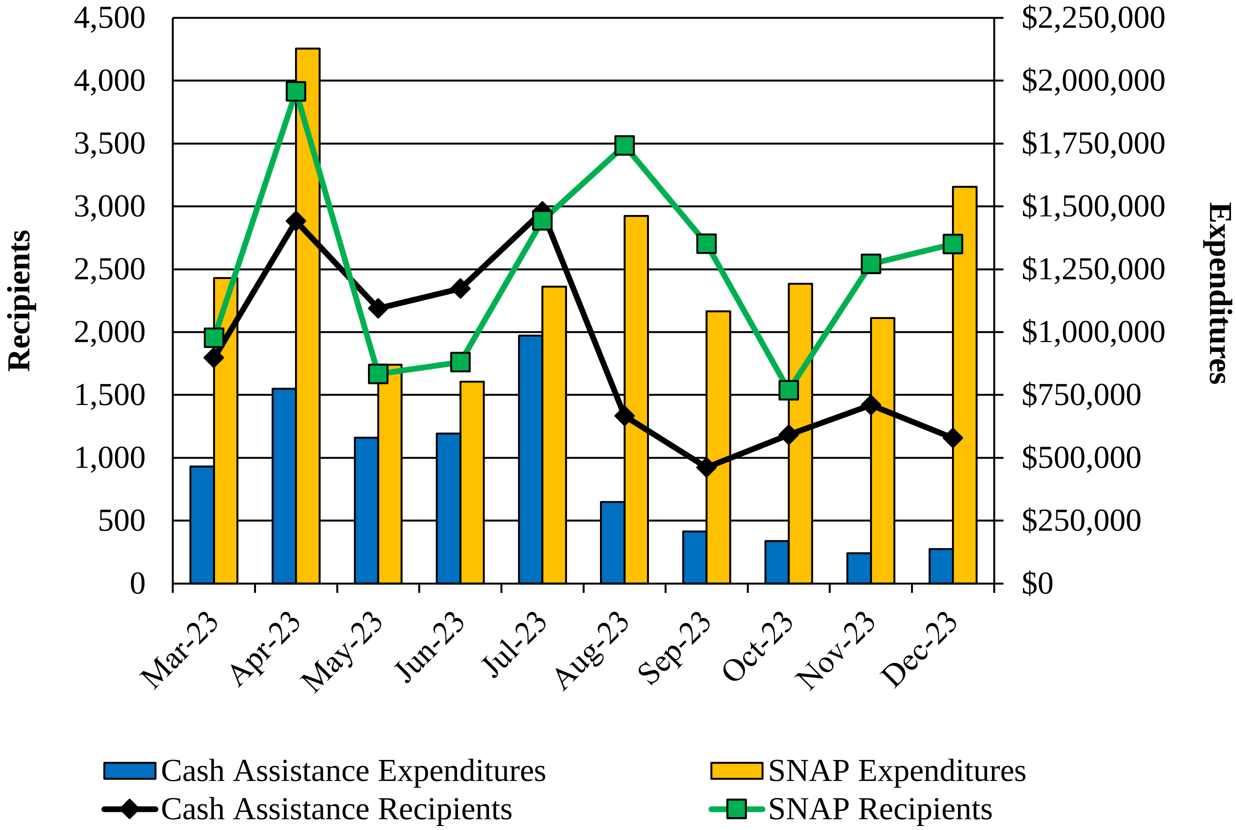
The Consolidated Appropriations Act applied only to federal SNAP benefits and did not address cash assistance benefits or benefits lost due to theft prior to October 1, 2022. Chapters 171 and 172 were emergency legislation that required DHS to restore lost benefits to a household due to EBT theft. The benefits are required to be automatically restored without additional action by the household if a DHS investigation shows that the benefits were lost due to theft. In general, the benefits must be restored within 10 days of being notified (if approved for replacement of benefits). DHS is prohibited from placing a limit on the number of months in which households could receive replacement benefits. In addition, DHS was required to restore benefits lost due to EBT theft that occurred between January 1, 2021, and October 1, 2022, by September 1, 2023, periods not covered by the federal legislation.

Maryland was the first state to receive federal approval of its State plan for replacing lost benefits on February 24, 2023, with an implementation date of March 18, 2023. Under its State plan, households had 90 days to submit a retroactive claim. For new claims, households have 45 calendar days after the date the household discovered the theft. Claims may be submitted online, by mail, or at LDSS. A determination on the claim is to be made within 10 days of the claim submission, with benefits paid for approved claims within 3 calendar dates of approval. DHS must replace the EBT card.

Benefits Replaced

DHS began to issue replacement benefits for both cash assistance and SNAP in March 2023. **Exhibit 24** provides data on the number of households receiving replaced benefits and total dollar of benefits replaced according to monthly reporting by DHS on public benefit payments. Cash assistance replacements are paid for with general funds, and SNAP benefit replacements are paid for with federal funds through the first quarter of fiscal 2025. In total in fiscal 2023, $7.4 million in replacement benefits were paid, $2.4 million for cash assistance and $5.0 million for SNAP. In fiscal 2023, the replacement benefits were issued to 9,212 recipients for cash assistance and 9,296 for SNAP.

Exhibit 24
Recipients Receiving Replacement Benefits and Replacement Benefits Issued
March through December 2023



SNAP: Supplemental Nutrition Assistance Program

Source: Department of Human Services

Through December 2023 in fiscal 2024, DHS has paid a total of $9.5 million in replacement benefits, $1.9 million for cash assistance and $7.6 million for SNAP. DLS projects that in total, general fund expenditures will total less than $5 million in fiscal 2024 for cash assistance benefits and approximately $15 million for SNAP replacement. The amount paid to date already exceeds the fiscal 2024 appropriation for this purpose, which totals $8.1 million, of which $1.8 million was general funds for cash assistance replacement, and $6.3 million was federal funds for SNAP replacement. The higher-than-budgeted expenditures for cash assistance can be absorbed by surplus funding in other benefit programs. The fiscal 2025 allowance provides a total of $27.9 million for benefit replacement. In fiscal 2025, nearly all of the funding is general funds ($26.3 million) because the current authorization to use federal funds expires on September 30, 2024. DLS anticipates a total need of about $19 million, of which $15.2 million would be general funds. The lower estimate is based on recent caseload trends for both programs; for example, average cash benefit replacement in fiscal 2024 to date has been 1,496 recipients per month and average replaced benefits of less than $200, with SNAP replacement averaging 2,642 recipients per month at around $500. **Due to the lower estimated costs, DLS recommends reducing general funds for benefits replacement by $7.5 million, which would leave excess funding in the event that costs rise.**

In fall 2023, USDA posted a dashboard containing data on the replacement of SNAP benefits under the Consolidated Appropriations Act. As of January 30, 2024, data is available only through the third quarter of federal fiscal 2023 (June 30, 2023). According to the dashboard, claims in Maryland through June 30, 2023, totaled 12,960, which represented 87.2% of claims reported in all states. The high share of claims reported in Maryland is partially attributable to being one of the first states to begin replacement benefits; only one other state (Vermont) reported data for a comparable period.

Consistent with the high share of total claims, Maryland had 86% of all approved claims. Maryland had approved approximately 72% of the claims. In total, Maryland reported 3,605 denied claims, of which 89% were denied due to being determined to be invalid.

Other Actions to Address Skimming

Chapters 171 and 172 also required that in the procurement process for electronic benefit distribution or administration, the State give preference to a vendor that holds insurance that can be used to reimburse a beneficiary for identity fraud or theft and provides identity access protections (such as multifactor authentication). Uncodified language in the Acts also required DHS to coordinate with venders to implement precautions to reduce the vulnerability of EBT cards to theft, including embedding microchips for cards issued on or after October 1, 2023, the use of two-way fraud alerts, monitoring transactions for suspicious activity, and enabling cardholders to place limits on the use of their cards (including limiting transactions during certain hours or out-of-state transactions.

DHS issued a request for proposals (RFP) for a new contract for its EBT system on September 19, 2023. Proposals were due on December 19, 2023. The RFP includes a section on requirements of the contractor that are related to fraud prevention and detection, which include:

- utilizing innovative methods or technologies to support deterrence and detection of fraud;
- providing steps to implement security features to assist in reducing the risk of card cloning;
- providing proactive account alert activity for certain types of activity and monthly reports of the alert activity;
- providing methods for cardholders to lock/unlock the card (temporary hold/freeze) and provide data on the adoption of the features;

- supporting proactive transaction scoring (the likelihood that it is fraudulent) and denying claims based on the score; and

- notifying DHS within 24 hours of incidents of card cloning and information on card cloning in other states for which the contractor processes transactions.

DHS's current vendor has already made modifications so that recipients are now able to easily lock and unlock their EBT card through an app and access activity alerts. In addition, DHS has posted tips for protecting cards, including highlighting the ability to sign up for alerts on cards. Other tips noted include (1) changing PINs frequently; (2) checking machines for skimmers; (3) avoiding using nonbank automated teller machines; and (4) checking the account regularly. **DHS should comment on additional steps being taken to reduce incidents of EBT theft.**

3. Able-bodied Adults without Dependents Requirements in the Supplemental Nutrition Assistance Program

SNAP contains two types of work requirements. General work requirements apply to individuals between ages 16 and 59 and require individuals to register for work and participate in a program if offered. The second pertains to ABAWDs, which limits SNAP receipt for those determined to be ABAWDs between certain ages in a 36-month period unless working or participating in an E&T program for an average of 20 or more hours per week. This limitation does not apply to individuals who are unable to work due to a physical or mental limitation, are pregnant, have an individual under age 18 living in the home, are meeting work requirements for another program, are participating regularly in an alcohol or drug treatment program, or are studying in school or a training program at least half-time.

Impact of the End of the National Public Health Emergency

Under the Families First Coronavirus Response Act, ABAWD requirements were suspended during the national PHE until one month after its end. As a result of the end of the national PHE in May 2023, ABAWD requirements remained suspended through June 30, 2023. During portions of the COVID-19 pandemic, DHS also had a waiver for the suspension of ABAWD requirements. However, the State did not have such a waiver at the time that the PHE was lifted. Although Maryland did not have a statewide waiver, Prince George's, Somerset, Wicomico, and Worcester counties and Baltimore City are operating with waivers that are in effect from July 1, 2023, through June 30, 2024.The waivers were granted due to having an average unemployment rate 20% above the national average for the 24-month period from December 2020 through November 2022 for all but Prince George's County, which used a period of October 2020 through September 2022. ABAWDs within these jurisdictions are not subject to the time limit. In the 19 jurisdictions without a waiver, ABAWDs began to reach their three-month time limit in October 2023.

Fiscal Responsibility Act Changes to Able-bodied Adults without Dependents Requirements

Implementation of the federal FRA is changing the ABAWD requirements with disparate impacts on SNAP recipients.

Expansion of those Subject to Requirements

Since the introduction of ABAWD requirements, they have applied to individuals ages 18 through 49. The FRA expanded the ABAWD requirements through October 1, 2030, as follows:

- expand to those up to age 50, effective September 1, 2023;
- expand to those up to age 52, effective October 1, 2023; and
- expand to those up to age 54, effective October 1, 2024.

Additional Exceptions and Exemptions

The FRA also created three new exceptions from ABAWD requirements. These additional exceptions end on October 1, 2030. States are only required to verify information that they determine is questionable related to the exceptions and are expected to support households in obtaining verification and accept reasonable evidence. These additional exceptions are:

- homeless individuals;
- veterans, regardless of the conditions of discharge or release; and
- individuals who are 24 years of age or younger and who were in foster care under the responsibility of the State on the date of aging out of foster care.

USDA FNS allocates discretionary exemptions to states. These exemptions can be used to relieve the requirement for one month for each exemption. DHS estimated that it had approximately 74,000 discretionary exemptions to use. Previously, these discretionary exemptions have totaled 12% of the caseload subject to the requirement. Under the FRA, these have decreased to 8% of those subject to the time limit beginning in fiscal 2024.

Additionally, states have historically been able to carry over all unused exemptions previously allotted but not used. However, beginning in federal fiscal 2026, states will only be able to carry over exemptions from the prior fiscal year. The delayed impact of the change allows states the opportunity to use accumulated exemptions from prior years.

Net Impact of Changes

DHS reports that as of November 2023, 6,103 SNAP recipients are newly subjected to the ABAWD requirements due to the increase in the upper age limit. Individuals in the newly added age groups would have delayed impacts (no earlier than December 2023 or January 2024) for the first month of reaching the end of the time limit because of the opportunity to receive three months of benefits before it begins.

However, DHS reports that a number of individuals are eligible to receive exceptions from the ABAWD requirements due to the new exceptions authorized in the FRA. In particular, DHS reports that from July through November 2023, 547 individuals qualified for the exception for veterans, 410 individuals qualified for the exception for homeless individuals, and 4 individuals qualified for the exception for former foster youth.

Beginning in October 2023, DHS has used discretionary exemptions automatically for all ABAWDs in nonwaived jurisdictions that reached the time limit, which was the first month that individuals already in the ABAWD category could hit the limit. As of December 2023, DHS estimated that it will run out of these exemptions at the end of February 2024. Individuals reaching the time limit after exemptions are exhausted will have benefits terminated. However, individuals could regain benefits by working or participating in an E&T program for the required number of hours or alternatively showing evidence that the individual qualifies for one of the exceptions.

As shown in **Exhibit 25**, based on the number of individuals in jurisdictions without a waiver as of November 2023, 18,881 individuals will be required to meet the work requirements when the exemptions run out. However, it is not expected that all individuals would fail to meet the requirements and therefore lose benefits. **DHS should comment on outreach efforts to those potentially impacted by the ABAWD requirements at the end of the PHE and as the requirements have changed to explain the requirements and how to maintain benefits.**

Exhibit 25
Individuals Subject to Able-bodied Adults without Dependents Time Limit
November 2023

Nonwaived Jurisdictions		Waived Jurisdictions	
Allegany	893	Baltimore City	9,757
Anne Arundel	2,182	Prince George’s	7,212
Baltimore	4,614	Somerset	366
Calvert	350	Wicomico	1,759
Caroline	291	Worcester	378
Carroll	390		
Cecil	743		
Charles	1,010		
Dorchester	403		
Frederick	871		
Garrett	253		
Harford	1,108		
Howard	862		
Kent	146		
Montgomery	2,679		
Queen Anne’s	142		
St. Mary’s	641		
Talbot	227		
Washington	1,076		
Total	**18,881**	**Total**	**19,472**

Note: Individuals in waived jurisdictions are not required to meet work requirements during the period of the waiver; waivers in these jurisdictions currently extend through June 30, 2024.

Source: Department of Human Services

Supplemental Nutritional Assistance Program Employment and Training

The federal SNAP E&T program provides funding to support E&T programs for SNAP recipients. For ABAWD cases, SNAP E&T participation would assist individuals in meeting the requirements. States may receive funding for SNAP E&T activities in three ways:

- ***100% Funds:*** Allocated to states for administrative costs and can be used for allowable costs related to planning, implementation, and operation of the program, including marketing and salaries for third-party providers. These funds cannot be used for participant reimbursements. No state match is required. These funds are distributed based on a formula that is based on the number of work registrants and the number of ABAWDs in the state.

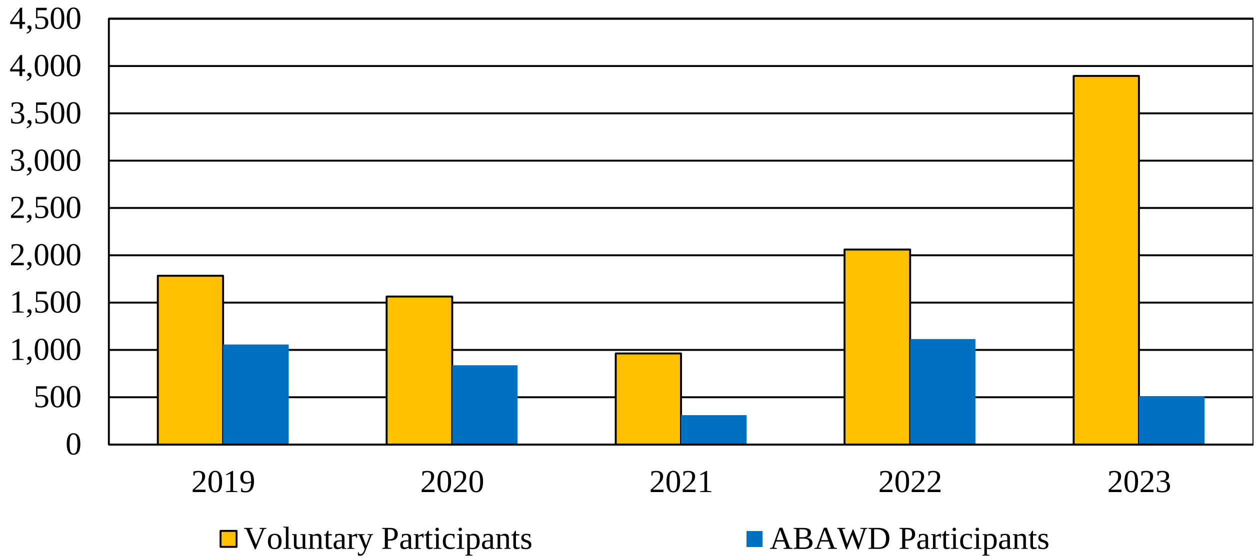
- ***50/50 Funds:*** Can be used for administrative costs of the program and participant reimbursements, including transportation, uniforms, or child care. These funds are reimbursement funds requiring an equal amount of nonfederal fund spending. The nonfederal spending for the reimbursement can come from third-party providers of the SNAP E&T programs.

- ***ABAWD Pledge Funds:*** A limited allocation available each year for State agencies that pledge to serve all ABAWDs at risk of losing benefits and in their final month of the time limit by offering them a slot in a qualifying activity.

Historically, Maryland's spending on SNAP E&T has come through 100% Funds and 50/50 Funds, with third-party providers responsible for the nonfederal share of the 50/50 Funds. The fiscal 2025 allowance includes a total of $14.2 million to support SNAP E&T.

In fiscal 2024, DHS reports that there are 31 third-party providers operating SNAP E&T programs. As shown in **Exhibit 26**, the number of voluntary and ABAWD participants decreased substantially between federal fiscal 2019 and 2021. A decrease during this period would be expected given the impact of the COVID-19 pandemic and suspension of ABAWD requirements. As noted previously, the ABAWD requirements were not reinstated until the final quarter of federal fiscal 2023. Despite that, the number of SNAP E&T participants more than doubled for both voluntary and ABAWD participants between federal fiscal 2021 and 2022. In federal fiscal 2023, the number of voluntary participants increased by 89% compared to federal fiscal 2022 to nearly 3,900. However, the number of ABAWD participants decreased by 54% but remained above the pandemic low in federal fiscal 2021.

Exhibit 26
SNAP Employment and Training Participation
Federal Fiscal 2019-2023



ABAWD: Able-bodied Adults without Dependents
SNAP: Supplemental Nutrition Assistance Program

Note: Federal fiscal 2019 through 2021 data are as reported in the Managing for Results submission. Fiscal 2022 and 2023 data is reported by the Department of Human Services.

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

DHS reports that, for federal fiscal 2022, the number of participants who remained in unsubsidized employment in the second quarter after completing a SNAP E&T program totaled 533 and that 244 remained in unsubsidized employment in the fourth quarter after completion. Median earnings for those in unsubsidized employment in the second quarter after completion were $6,162, a substantial increase over the levels in prior years, which ranged between $4,000 and $5,000. Data on federal fiscal 2023 will not be available until later in the calendar year.

4. Temporary Cash Assistance Work Standard Changes and Performance

States are required to meet an all-families work participation rate (WPR) of 50% for those receiving benefits through the TANF program. However, the actual rate that an individual state must meet may be adjusted based a caseload reduction credit. These caseload reduction credits are determined by the reduction in the caseload compared to a certain year. Currently, this base year is federal fiscal 2005.

Changes to Work Requirements and Reporting

The FRA made several changes to the work standards in TANF:

- beginning in federal fiscal 2026, adjusting the base year for the calculation of the caseload reduction credit from federal fiscal 2005 to 2015. The average monthly recipients in Maryland in federal fiscal 2015 was 60,705, which is 4.5% lower than the federal fiscal 2005 average of 63,555;

- eliminating the ability of states to include in its count families that receive assistance of less than $35 funded with maintenance of effort (MOE) funds in programs outside of TANF;

- adding reporting requirements that focus on outcomes from work programs. These additional outcome reporting requirements are similar to those required under the Workforce Innovation and Opportunity Act (in Maryland, this is the Maryland Department of Labor work programs). States would not be penalized for performance in these measures. DHS currently reports similar measures under the SNAP E&T program; and

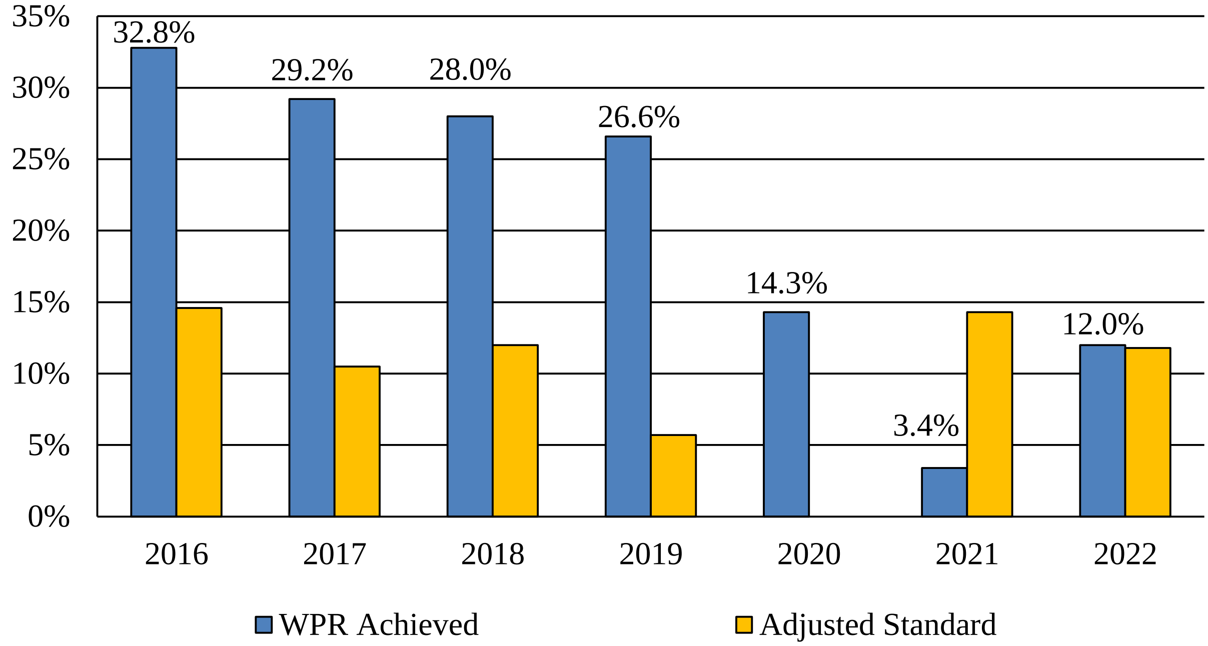
- authorizing a pilot project for up to five states to use negotiated benchmarks for work and family outcomes in lieu of the WPR. The measures would include employment in the second quarter after exit, a measure of employment retention, and measures to be decided by the U.S. Secretary of Health and Human Services related to family stability and well-being.

In November 2023, the U.S. Department of Health and Human Services Administration for Children and Families (ACF) announced the release of a request for information (ROI) regarding provisions related to the reporting on work outcomes and the authorized pilot project. The ROI announced that ACF anticipates a rulemaking beginning in spring 2024 for the provisions related to the new reporting requirements for work outcomes. ACF also anticipates providing instructions to states on how to apply for the pilot program in spring 2024. ACF noted that it also anticipates beginning to accept letters of interest in participation in the pilot at that time. ACF also noted that it does not anticipate the change in calculation of the caseload reduction credit to lead to significant changes for most states but noted it would complete a rulemaking related to this change prior to the effective date of the change. **DHS should discuss whether it expects to apply to participate in the pilot and its readiness to implement the new measures of work outcomes.**

Maryland's Work Participation Rate Performance

As shown in **Exhibit 27**, in federal fiscal 2021, the State failed to meet the required WPR. In that year, Maryland had an adjusted standard of 14.3%, while only 3.4% was achieved. Maryland was one of three states that failed to meet the required WPR in that year. DHS reported that the failure to meet the required rate in that year was influenced by suspensions and modifications of the requirements by the State during much of the period from March 2020 through December 2021 due to COVID-19 pandemic-related factors.

Exhibit 27
Adjusted WPR Standard and WPR Achieved
Fiscal 2016-2022



WPR: work participation rate

Note: The WPR Achieved and Adjusted Standard represent the combined all-families rate.

Source: U.S. Department of Health and Human Services, Administration for Children and Families

Due to the failure to reach the required rate, Maryland was initially assessed a penalty of $10.6 million. In addition to the penalty assessment, a states' required MOE for receipt of TANF also increases when a state fails to meet the WPR. However, DHS applied for a good cause waiver to reconsider and eliminate the penalty. In May 2023, DHS received a letter from ACF approving the waiving of the penalty. In the letter, ACF noted that it had previously explained that it would use its authority to grant reasonable cause exceptions to provide relief from WPR penalties caused by the COVID-19 pandemic. ACF determined that DHS provided an acceptable explanation for how the COVID-19 pandemic caused the State to fail to meet the WPR in federal fiscal 2021. As a result, no penalty was assessed. In federal fiscal 2022, Maryland had an adjusted standard of 11.8% and achieved a WPR of 12%, therefore meeting the required rate.

Operating Budget Recommended Actions

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

   , provided that these funds are to be used only for the purposes herein appropriated and there shall be no budgetary transfer to any other program or purpose except that funds may be transferred to programs N00G00.01 Foster Care Maintenance Payments or N00G00.03 Child Welfare Services for the purpose of replacing federal Temporary Assistance for Needy Families fund spending and to program N00G00.02 Local Family Investment Program for the purpose of transferring administrative spending for the Summer Electronic Benefits Transfer program. Funds not expended shall revert to the General Fund.

   Explanation: This language restricts the general funds appropriated for the Assistance Payments program, which support public benefit programs administered by the Department of Humans Services, to that use only with two exceptions. The first exception is to allow general funds to be transferred to the Foster Care Maintenance Program or Child Welfare Services program to replace Temporary Assistance for Needy Families (TANF) fund spending. The freed up TANF could then be spent in Assistance Payments for Temporary Cash Assistance benefits. The second exception would authorize transfers to the Local Family Investment Program for administrative funding for the Summer Electronic Benefit Transfer program. Language to require this transfer is included in separate actions. This restriction prevents a transfer of general funds to other programs. This language is consistent with actions on other entitlement programs.

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

   Further provided that $9,000,000 of this appropriation made for the purpose of administrative expenses for the Summer Electronic Benefits Transfer (EBT) program may not be expended for that purpose but instead may be transferred by budget amendment to program N00G00.02 Local Family Investment Program to be used only for administrative expenses for the Summer EBT program. Funds not expended for this restricted purpose may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund.

   Explanation: The fiscal 2025 allowance includes $9.0 million in general funds under the Summer Supplemental Nutrition Assistance Program for Children program that the Department of Human Services indicates will be used for administration of the Summer EBT program. The Assistance Payments program is used for benefit payments only. This language would require a transfer of these funds to the Local Family Investment Program to be used for the same purpose.

		Amount Change	
3.	Reduce funding for replacement benefits due to Electronic Benefit Transfer theft for cash benefit replacement due to lower estimated spending. The fiscal 2025 allowance includes $15.4 million in general funds for replacement of cash benefits. Based on caseload trends, less than $5.0 million is projected to be needed. A reduction of $7.5 million would still allow for growth over current trends.	-$ 7,500,000	GF
4.	Reduce special funds representing the estimated local match for the Summer Supplemental Nutrition Assistance Program for Children program. Although this level of local match is consistent with recent experience, the Department of Human Services indicates that the general funds budgeted in this program are instead intended for administrative costs for the federal Summer Electronic Benefits Transfer program, which does not require a local match. Therefore, these funds are not expected to be received or expended.	-$ 1,555,692	SF

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

<u>, provided that $9,000,000 of this appropriation made for the purpose of administrative expenses for the Summer Electronic Benefits Transfer (EBT) program may not be expended for that purpose but instead may be transferred by budget amendment to program N00G00.02 – Local Family Investment Program to be used only for administrative expenses for the Summer EBT program. Funds not expended for this restricted purpose may not be transferred by budget amendment or otherwise to any other purpose and shall be canceled.</u>

Explanation: The fiscal 2025 allowance includes $9.0 million in federal funds that the Department of Human Services indicates will be used for administration of the Summer EBT program. The Assistance Payments program is used for benefit payments only. This language would require a transfer of these funds to the Local Family Investment Program to be used for the same purpose.

	Amount Change	
6. Reduce federal funds in the Supplemental Nutrition Assistance Program (SNAP) based on lower estimated average benefits. The fiscal 2025 allowance includes $2.06 billion for SNAP benefits. Although the average number of cases is projected to be higher than what is assumed in the fiscal 2025 allowance, the average benefit is expected to be substantially lower based on recent experience. The fiscal 2025 allowance anticipates an average monthly benefit of approximately $488 compared to an estimated average of $342 based on recent experience and anticipated inflationary increases. This reduction would leave anticipated surplus in the event that benefits or caseloads are higher than anticipated.	-$ 200,000,000	FF

7. Adopt the following narrative:

Application Processing Times, Application Denials, and Case Closures: The committees remain interested in tracking the timeliness of application processing as well as the reason for denials and case closures. The committees request that the Department of Human Services (DHS) submit quarterly reports that contain:

- the number of applications processed by benefit type for Temporary Cash Assistance (TCA), Supplemental Nutrition Assistance Program (SNAP), and Temporary Disability Assistance Program (TDAP) separately by month;
- the average number of days to process applications by benefit type for TCA, SNAP, and TDAP separately by month;
- the percentage of applications denied by benefit type for TCA, SNAP, and TDAP separately by month;
- the number and percentage of applications denied by reason for denial and by benefit type for TCA, SNAP, and TDAP separately by month;
- the number of case closures by benefit type for TCA, TDAP, and SNAP separately by month; and
- the reasons for case closure by benefit type for TCA, TDAP, and SNAP separately by month.

The first report should include data for May through July 2024, and each subsequent report should provide data for the appropriate quarter.

Information Request	**Author**	**Due Date**
TCA, TDAP, and SNAP applications and case closures	DHS	October 5, 2024 January 5, 2025 April 5, 2025 June 30, 2025

8. Adopt the following narrative:

Summer Food Benefits for Children: In November 2023, the Department of Human Services (DHS) submitted a Notice of Intent to participate in the new permanent nationwide Summer Electronic Benefit Transfer (EBT) program. This program will provide a benefit of $40 per month per child for the three months in which children are out of school for those who qualify for free and reduced-price meals or meet certain other eligibility criteria. The committees are interested in monitoring the operation of the program. The committees request that DHS submit a report that:

- discusses actions taken by DHS to implement the new Summer EBT program;
- provides detail on administrative costs of the program;
- discusses efforts to work with local education agencies to implement the program;
- describes barriers or challenges faced in the implementation of the Summer EBT program; and
- provides information on the number of children receiving benefits by jurisdiction and month in the Summer EBT program as well as the dollar amount of benefits provided by jurisdiction and month.

Information Request	**Author**	**Due Date**
Summer EBT program implementation and participation	DHS	October 1, 2024

Total Net Change	**-$ 209,055,692**
Total General Fund Net Change	**-$ 7,500,000**
Total Special Fund Net Change	**-$ 1,555,692**
Total Federal Fund Net Change	**-$ 200,000,000**

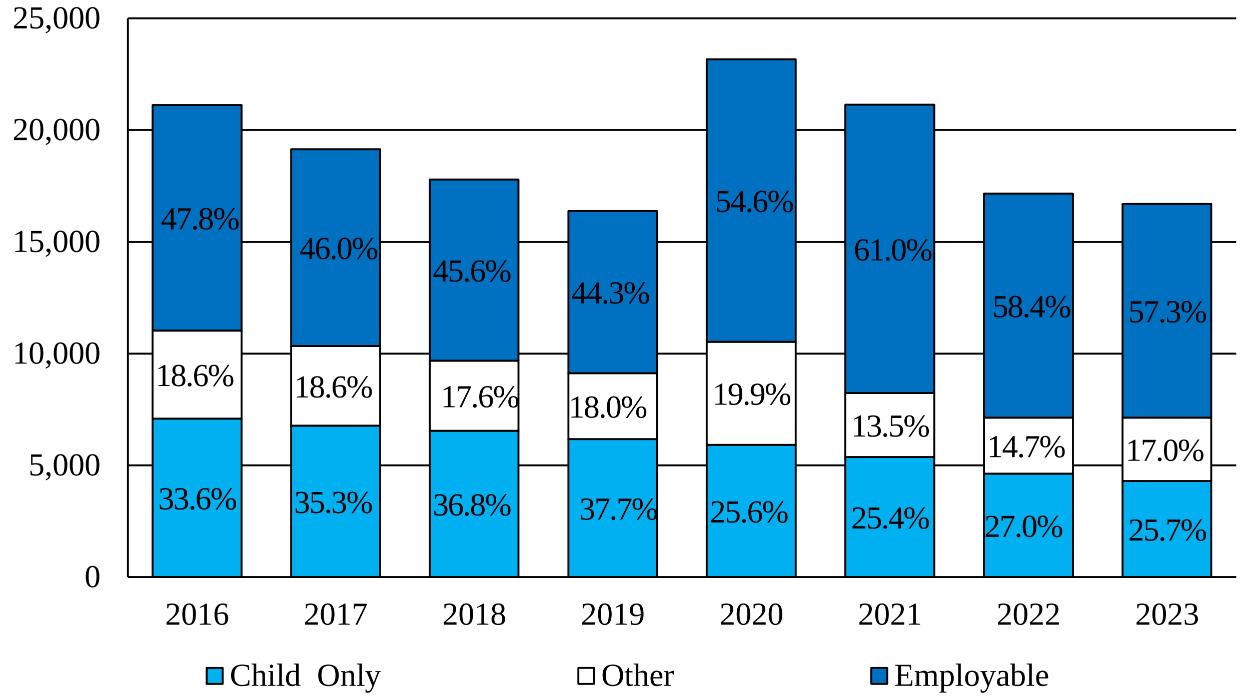
Updates

1. Work-eligible and Work-exempt Temporary Cash Assistance Caseload

The TCA caseload can be divided into two main groups: (1) the core caseload; and (2) cases headed by an employable adult. Core cases include child-only cases, cases with children under age one, caretaker relatives, and other cases exempt from work requirements. Prior to federal fiscal 2016 (October 1, 2015), DHS classified cases with individuals with a long-term disability as work exempt. However, following this date, these cases were subject to work requirements. Cases with individuals who have a short-term disability are still classified as work exempt.

Exhibit 28 presents information on TCA cases (which may consist of multiple recipients) categorized into employable, child-only, and other. Other cases represent all other core cases except child-only cases. In general, as employable adults successfully enter the labor market, core cases represent a larger share of the TCA caseload. This pattern generally alters during and immediately after recessions. Prior to the COVID-19 pandemic, the only recent exception to this pattern was the impact of the policy change regarding individuals with long-term disabilities, which increases the share of cases classified as employable between July 2015 and July 2016. The 47.8% in July 2016 of cases deemed employable was the highest share since July 2004. Following that initial change, the share of cases considered employable resumed the typical trend of declines but remained elevated compared to the period prior to the change.

Exhibit 28
TCA Caseload and Share of TCA Caseload That Is Work Eligible or Work Exempt
July 2016-2023



TCA: Temporary Cash Assistance

Note: Data for July 2022 has been revised since the 2023 session. In addition, data has been revised to recategorize State-only cases from work eligible to work exempt based on updated information for all years of data since the 2023 session.

Source: Department of Human Services; Department of Legislative Services

In July 2020, consistent with periods of economic uncertainty, the share of cases that were considered employable increased substantially compared to the prior year (an increase of slightly more than 10 percentage points) along with the overall number of cases. Since July 2020, the overall number of cases has steadily declined but the share of cases deemed employable, which remains well above prepandemic levels.

The number of core cases has declined in all but one year (July 2020) since the policy change regarding individuals with disabilities. Overall in July 2023, the net number of core cases declined by only 5 compared to the prior year. The largest decline occurred among child-only cases (a decrease of 324). Child-only cases represented 25.7% of all cases in July 2023.

New State Exemptions

Chapter 509, among other changes, added and altered State exemptions from federal work requirements effective October 1, 2022. Under federal rules, there is a 12-month limit on exemptions for having a child under age one, which the State previously followed. Chapter 509 prohibits a lifetime limit on exemptions related to having a child under age one. Under guidance issued by DHS, the State exemption applies after the federal exemption is exhausted. The number of cases determined work exempt due to having a child under age one generally declined after July 2013. Since July 2019, the number has been below 1,000. Chapter 509 also created a new State exemption for new TCA customers that have not received benefits for more than six months. These changes did not begin to impact the numbers in Exhibit 28 until July 2023; however, these exemptions began to be granted as required in October 2022. From January through October 2023, DHS reports that:

- the number of State child-under-age-one exemptions averaged approximately 36 cases; and

- the number of new TCA customer exemptions averaged 849 cases but has generally risen each month, with the highest number in October 2023 (1,132).

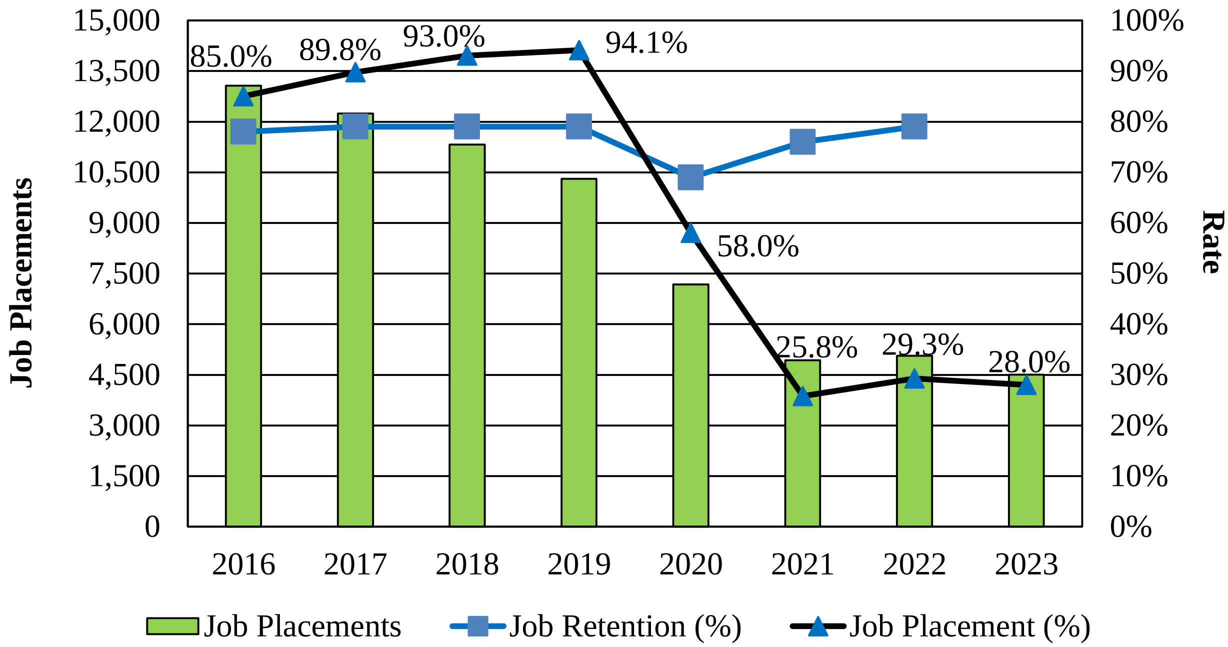
DHS notes that individuals who qualify for these State exemptions are still included in the calculation of the WPR, the measure of the State's work efforts.

2. Temporary Cash Assistance Job Placements and Retention

Early in the COVID-19 pandemic (March through September 2020) TCA work requirements were suspended. Following the end of the suspension, DHS modified the requirements rather than returning to regular enforcement. As a result, most TCA cases were in the good cause designation. DHS once again suspended work requirements in October 2021 due to the transition to the new Eligibility and Enrollment system. The suspension occurred at the same time as changes resulting from Chapter 457 of 2020, which altered the sanction process, defined good cause, and established a conciliation process for cases of noncompliance, became effective. DHS returned to enforcement of work requirements on January 3, 2022, using the new requirements from Chapter 457. As a result, the work requirements were in effect for the majority of federal fiscal 2022 and all of federal fiscal 2023. However, DHS noted that even after the resumption of enforcement, it continued to provide a good cause exemption for barriers directly related to the COVID-19 pandemic.

As shown in **Exhibit 29**, the ability to place TCA recipients in jobs varies to a large extent with the economy. This was compounded during the COVID-19 pandemic by widespread economic shutdowns and temporary suspensions and modifications to the work requirements. The job placement number in typical economic times is also sensitive to the overall caseload size. For example, the number of job placements may decline in a year, even though the overall rate of job placements increases, due to declines in the overall caseload size. To calculate the job placement rate, DLS uses the average number of adult recipients in the State fiscal year. DHS notes that an individual might be counted multiple times in one year in the number of job placements if the individual is placed in multiple jobs in the federal fiscal year. As a result, the job placement rate potentially overstates the number of unique job placements per adult recipients.

Exhibit 29
Job Placement and Retention
Fiscal 2016-2023



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

The number of job placements and the job placement rate decreased substantially in federal fiscal 2020 due to the caseload decline at the beginning of the year combined with the economic effects of the COVID-19 pandemic and subsequent rapid increases in the caseload. In federal fiscal 2020, the job placement rate (58%) was at its lowest level since fiscal 2011 (49%) during the Great Recession. In federal fiscal 2021, the number of job placements and the job placement rate continued to decline due to the modifications and suspension of work requirements along with the high number of adult recipients. In federal fiscal 2022, with the reinstitution of enforcement of work requirements and general economic improvements, the number of job placements and job placement rate each increased. Despite the higher number of job placements that year, the number was slightly less than half of the number in federal fiscal 2019 when the number of recipients was substantially lower. The gains made in job placements and the job placement rate lessened in federal fiscal 2023, with DHS reporting the lowest number of placements (4,508) and the second lowest job placement rate (28.0%) since the start of the COVID-19 pandemic. DHS indicates that changes in State law to create additional exemptions discussed in Update 1 have reduced the work eligible population. In addition, DHS reports that the change due Chapter 457 that altered the sanction policy may impact compliance with the requirements. As a result, DHS does not anticipate a return to prepandemic levels of job placements.

3. Pandemic Electronic Benefit Transfer Program Concludes

Federally funded P-EBT benefits were available in Maryland for four school years and three summers beginning with the 2019-2020 school year. P-EBT benefits provided the value of the federal daily reimbursement for free meals for students eligible for FRPM during periods that the students were not attending school due to closures or reduced hours and during the summer. FRPM-eligible children also included those who attend a CEP school at which all children receive free meals. Private (or nonpublic) schools that participate in the national school meals program were also eligible to participate in the program. Beginning in the 2020-2021 school year, eligibility was extended to children in child-care programs that were impacted by closures or reduced hours.

Exhibit 30 provides a summary of benefits provided under the P-EBT program for the entire period of operations. Cumulatively, approximately $1.3 billion in benefits was provided through the program.

Exhibit 30
P-EBT Benefits by Program Year

	School-aged Children		Under Six		
	School Year	Summer	School Year	Summer	Benefits
2019-2020 School Year	455,909				$167,372,754
2020-2021 School Year and Summer Program	463,214	462,272	102,833	82,392	775,968,454
2021-2022 School Year and Summer Program	157,930	454,799	86,201	79,507	256,292,592
2022-2023 School Year and Summer Program	38,788	467,555	117,515	n/a	100,530,341
Total Benefits Provided					**$1,300,164,140**

P-EBT: Pandemic Electronic Benefits Transfer

Note: Summer benefits were not available to children under age six due to the end of the national public health emergency. School year benefits for both children under age six and school-aged children were available only through the end of the national public health emergency in May 2023.

Source: Department of Human Services; Department of Legislative Services

Appendix 1
2023 *Joint Chairmen's Report* Responses from Agency

The 2023 JCR requested that DHS prepare eight reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Contractual FTEs Transitioned to Regular State Positions:*** DHS used a portion of the funding that it received as a three-year SNAP administrative grant in the ARPA to support contractual FTEs to assist in case processing. The individuals hired as contractual FTEs had the opportunity to transition to regular positions. The funds expired on September 30, 2023. In a report submitted in November 2023, DHS indicated that a total of 245 unique individuals were hired as contractual FTEs with this funding, of which 141 had transitioned to regular positions as family investment specialists and remained with DHS. A total of 19 transitioned to other regular positions, of which 14 were outside DHS. An additional 49 were planned to be transitioned as additional positions became available.

- ***Application Processing Times, Denials, and Case Closures:*** Four quarterly reports reflecting prior and current data on application processing times, denial rates, reasons for denial, and reasons for case closures for TCA, SNAP, and TDAP were requested. The two reports due to date have been submitted, while the remaining two have due dates in March and June 2024. Further discussion of this data can be found in the Performance Analysis section Items 1, 2, and 3 of this analysis.

- ***Summer SNAP:*** Two reports were requested reflecting the distribution of summer benefits and the December benefits as well as how the program will align or duplicate the new nationwide Summer EBT program. The report on the summer benefits was submitted in November 2023, while the second report is due in March 2024. Information contained in the first report can be found in Issue 1 of this analysis.

- ***Status of Corrective Actions Related to the Most Recent Fiscal Compliance Audit:*** Budget bill language restricted $100,000 of the DHS FIA administrative appropriation until a report is submitted by the Office of Legislative Audits to the budget committees indicating that DHS FIA has adopted corrective action regarding repeat audit findings contained in its most recent fiscal compliance audit. The report has not yet been submitted, and the funds have not been released.

Appendix 2
Grants Programs and Grantees
Fiscal 2024 and 2025

	2024 Working	2025 Allowance
Office of Grants Management		
Grant Programs		
Maryland Emergency Food Program*	$4,501,171	$14,741,661
Temporary Food Assistance Program – Food Commodities	6,762,221	6,762,223
TEFAP – Administrative Costs	749,873	749,874
Food Equipment Assistance	282,530	282,530
Access and Visitation Program	175,000	175,000
Project Retain	134,446	134,446
Grantees		
Food and Friends	$1,340,625	$1,340,625
Child First Authority	476,748	476,748
Moveable Feast	400,000	400,000
Maryland Food Bank – Supplemental Funding	375,000	375,000
Maryland Food Bank – Supplemental Funding	375,000	375,000
Roberta's House	460,000	350,000
Catholic Charities	350,000	350,000
Mission of Love	378,605	278,605
Make-a-Wish Foundation	250,000	250,000
Operation Warm	250,000	250,000
Parent Encouragement Program	250,000	250,000
AfriThrive, Inc.	150,000	0
Manna Food Center	150,000	0
Nonprofit Prince George's County Standup and Deliver Program	$100,000	$0
Food for Thought**	50,000	0
Upcounty Hub	50,000	0
Columbia Community Cares	30,000	0
Local Family Investment Program		
Two-Gen Model Grant	$950,000	$950,000

TEFAP: The Emergency Food Assistance Program

***Fiscal 2024 Working Appropriation does not reflect a budget amendment providing $10 million in special funds from the Dedicated Purpose Account

** Grantee no longer exists and will not receive funds in fiscal 2024, but funds remain budgeted for this purpose and will revert at the close of the fiscal year.

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

Appendix 3
Object/Fund Difference Report
Department of Human Services – Family Investment Administration

Object/Fund	FY 23 Actual	FY 24 Working Appropriation	FY 25 Allowance	FY 24 - FY 25 Amount Change	Percent Change
Positions					
01 Regular	1,917.80	1,917.30	1,917.30	0.00	0%
02 Contractual	131.75	70.00	70.00	0.00	0%
Total Positions	**2,049.55**	**1,987.30**	**1,987.30**	**0.00**	**0%**
Objects					
01 Salaries and Wages	$ 155,548,009	$ 162,679,971	$ 191,259,083	$ 28,579,112	17.6%
02 Technical and Special Fees	8,119,859	3,417,437	3,714,992	297,555	8.7%
03 Communication	1,399,063	948,169	1,118,884	170,715	18.0%
04 Travel	78,272	106,428	153,812	47,384	44.5%
06 Fuel and Utilities	1,645,575	1,010,343	991,826	-18,517	-1.8%
07 Motor Vehicles	12,715	9,428	9,435	7	0.1%
08 Contractual Services	64,620,818	58,689,435	88,483,353	29,793,918	50.8%
09 Supplies and Materials	744,066	983,586	1,015,502	31,916	3.2%
10 Equipment – Replacement	56,042	3,144	47,765	44,621	1419.2%
11 Equipment – Additional	298,929	20,423	141,490	121,067	592.8%
12 Grants, Subsidies, and Contributions	2,325,857,844	2,455,898,071	2,490,157,181	34,259,110	1.4%
13 Fixed Charges	15,471,753	12,816,741	9,178,993	-3,637,748	-28.4%
Total Objects	**$ 2,573,852,945**	**$ 2,696,583,176**	**$ 2,786,272,316**	**$ 89,689,140**	**3.3%**
Funds					
01 General Fund	$ 167,080,635	$ 223,459,995	$ 278,805,925	$ 55,345,930	24.8%
03 Special Fund	58,145,704	19,662,068	15,388,946	-4,273,122	-21.7%
05 Federal Fund	2,348,626,606	2,453,461,113	2,492,077,445	38,616,332	1.6%
Total Funds	**$ 2,573,852,945**	**$ 2,696,583,176**	**$ 2,786,272,316**	**$ 89,689,140**	**3.3%**

Note: The fiscal 2024 appropriation does not include deficiencies. The fiscal 2025 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management.

Appendix 4
Fiscal Summary
Department of Human Services – Family Investment Administration

Program/Unit	FY 23 Actual	FY 24 Wrk Approp	FY 25 Allowance	Change	FY 24 - FY 25 % Change
02 Local Family Investment Program	$ 172,229,878	$ 184,658,905	$ 203,752,010	$ 19,093,105	10.3%
08 Assistance Payments	2,240,658,233	2,375,348,784	2,392,385,757	17,036,973	0.7%
10 Work Opportunities	22,544,737	29,204,776	24,665,768	-4,539,008	-15.5%
04 Director's Office	59,352,990	54,328,669	90,410,509	36,081,840	66.4%
05 Maryland Office for Refugees	40,601,691	35,000,804	47,516,539	12,515,735	35.8%
07 Office of Grants Management	38,465,416	18,041,238	27,541,733	9,500,495	52.7%
Total Expenditures	**$ 2,573,852,945**	**$ 2,696,583,176**	**$ 2,786,272,316**	**$ 89,689,140**	**3.3%**
General Fund	$ 167,080,635	$ 223,459,995	$ 278,805,925	$ 55,345,930	24.8%
Special Fund	58,145,704	19,662,068	15,388,946	-4,273,122	-21.7%
Federal Fund	2,348,626,606	2,453,461,113	2,492,077,445	38,616,332	1.6%
Total Appropriations	**$ 2,573,852,945**	**$ 2,696,583,176**	**$ 2,786,272,316**	**$ 89,689,140**	**3.3%**

Note: The fiscal 2024 appropriation does not include deficiencies, targeted revenues. The fiscal 2025 allowance does not includes statewide salary adjustments budgeted within the Department of Budget and Management.