

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 715 (Senators Trotter and McFadden)
Budget and Taxation

Department of Human Resources - Maryland Emergency Food Program

This bill establishes the Maryland Emergency Food Program in the Department of Human Resources (DHR), subject to the limitations in the State budget. The purpose of the program is to provide funding to assist “emergency food providers” in purchasing food for needy individuals, to encourage needy individuals to become self-sufficient, and to distribute information on Maryland’s earned income tax credit. No more than 5% of the program’s funds may be used for program administration costs; the remaining funds are to be used to purchase food. When feasible and cost effective, food purchased is to be produced, grown, and harvested in Maryland. Program funds may not be used for equipment or other capital expenditures. DHR is to adopt regulations to establish a single “administering agency” in each county, adopt a formula for allocating program funds among the counties, and submit a report each year to the Governor’s Advisory Council on Nutrition on the funding allocated to the program.

The bill takes effect July 1, 1998.

Fiscal Summary

State Effect: Supplemental Budget #2 for FY 1999 includes \$500,000 for the Emergency Food Program, contingent upon enactment of this bill. It is assumed that future year expenditures would remain constant. Revenues would not be affected.

(in dollars)	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	500,000	500,000	500,000	500,000	500,000
Net Effect	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)

Note: () - decrease; GF - general funds; FF - federal funds; SF - special funds

Local Effect: Revenues could increase by a significant amount due to State grants.

Expenditures would not be affected.

Small Business Effect: Meaningful. The bill could favorably affect small business farmers, food wholesalers, and transportation vendors.

Fiscal Analysis

Background: The following programs in DHR provide food, food benefits, or equipment needed to transport and distribute food to needy Maryland citizens:

The Office of Food and Nutrition within the DHR's Community Services Administration includes The Emergency Food Assistance Program (TEFAP), which distributes federally-funded food to emergency food pantries, soup kitchens, shelters, and needy households. Each local jurisdiction directs the food to where it is most needed. Recent federal welfare reform legislation requires that TEFAP and the Soup Kitchen/Food Bank Program be administered by one agency. The Soup Kitchen/Food Bank had been administered by the Maryland State Department of Education, but was transferred to DHR in fiscal 1998. The soup kitchens will become part of TEFAP's distribution network. TEFAP has been authorized by the federal government through 2002; as a result, Maryland will receive \$1.4 million in federal funds to purchase food through 2002. The fiscal 1998 TEFAP budget includes \$1.4 million in federal funds for food and \$663,000 for administration, including staffing, transportation, and warehousing of food. Of the administrative funds, \$60,000 is general funds and the balance is federal funds.

In fiscal 1998, the Statewide Nutrition Assistance Program (SNAP) in the Office of Food and Nutrition will provide \$300,000 in capital equipment grants to nonprofit organizations that distribute food to soup kitchens and emergency food pantries. The proposed fiscal 1999 budget includes \$325,000 in general funds. The number of feeding sites has grown from 50 in 1980 to almost 900 to date. The Maryland Food Committee administers all SNAP funds.

DHR's Family Investment Administration oversees the federally-funded Food Stamp program, which provides benefits for the purchase of food items to individuals and families who are eligible based on income. Benefit costs are 100% federally-funded, while the administrative costs are split evenly between the State and federal government. The average monthly grant is estimated at \$190 in fiscal 1999. An estimated \$332 million will be spent on food stamps in Maryland in fiscal 1999 to serve 146,000 individuals on an average monthly basis. In addition, the State will provide \$2 million in general funds for food stamps to serve 2,271 legal immigrant children.

State Expenditures: Despite existing programs to provide food to needy Marylanders, several factors indicate an increased demand for food: (1) soup kitchens have reported

reduced food donations from businesses and charitable organizations and a 16% increase in clientele; (2) food pantries have reported a 10-20% increase in demand; (3) soup kitchens and food pantries have been contacting DHR to request additional food when supplies run out before the end of the month; and (4) the federal government recently notified DHR that unused TEFAP administrative funds can no longer be used to purchase additional food.

DHR advises that the statewide average increased demand for food is 15%. In order to meet that demand and create a viable program, general fund expenditures for the Maryland Emergency Food Program could increase by a minimum of \$500,000. This estimate accounts for the bill's July 1, 1998 effective date. General funds in the amount of \$500,000 are included for the Emergency Food Program in Supplemental Budget #2 to the proposed fiscal 1999 budget, contingent upon enactment of SB 715 or HB 350. Future year expenditures are assumed to remain constant.

Local Effect: Revenues could increase by a significant amount in fiscal 1999 due to State grants, to the extent that a local administering agency is a unit of local government. Local expenditures would not be affected.

Information Source(s): Department of Human Resources (Community Services Administration), Department of Legislative Services

Fiscal Note History: First Reader - March 3, 1998
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