

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE
Revised

House Bill 1160 (Delegate Rosenberg. *et al.*)

Appropriations

Welfare Innovation Act of 2000

This bill directs the Secretary of the Department of Human Resources (DHR) and local directors of social services to work with local government officials to develop and implement a plan under which Family Investment Program (FIP) recipients may be hired by local governments.

The bill eliminates the requirements that applicants must sign a medical release permitting the department to receive information related to substance abuse assessment and treatment, and that legal immigrants must be residents of the State for 12 months or have previously resided in a state that provides assistance to legal immigrants. The bill also eliminates the requirement that a local department begin paying temporary cash assistance (TCA) 14 days after a qualified applicant applies for assistance.

The bill requires an addictions specialist to be on site at every local department of social services (DSS) for substance abuse screening, treatment assessment, and referrals for any adult or minor parent applicant or recipient. Detailed notification procedures, compliance requirements, and the conditions for receiving benefits, in coordination with substance abuse provisions, are specified in the bill.

The bill authorizes the Secretary of DHR to establish at least one, but no more than six, FIP pilot demonstration sites where FIP employees could earn pay incentives based on performance. The director of the local DSS must appoint the executive directors for the pilot sites.

The bill provides for a waiver from federal restrictions on public assistance to resident custodial parents convicted of a felony involving a controlled dangerous substance. It also establishes a one-year demonstration project for the awarding of noncompetitive service procurement contracts to benefit current recipients, former recipients, or non-custodial

parents of children who are current or former recipients of FIP benefits.

The bill's effective date is July 1, 2000.

Fiscal Summary

State Effect: Pooled general/federal fund expenditures increase by \$10,468,200 for Temporary Assistance for Needy Families (TANF). The FY 2001 budget includes \$2.5 million in pooled general/federal funds for substance abuse screening. Federal fund revenues and expenditures increase by \$232,200. Future year expenditures increase with inflation. No effect on general fund revenues.

(in dollars)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
FF Rev.	\$232,200	\$234,522	\$236,867	\$239,236	\$241,628
GF Rev.	0	0	0	0	0
GF/FF Exp.	10,468,200	10,717,900	10,838,400	11,218,900	11,429,300
FF Exp.	232,200	234,522	236,867	239,236	241,628
Net Effect	(\$10,468,200)	(\$10,717,900)	(\$10,838,400)	(\$11,218,900)	(\$11,429,300)

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

Local Effect: Impacts of providing increased opportunities for employment and noncompetitive contracts for FIP recipients cannot be estimated at this time.

Small Business Effect: None.

Analysis

Bill Summary: The hiring plan developed for FIP recipients by the Secretary of DHR, local directors of social services, and local government officials must include: an indication of suitable positions and appropriate government units; a determination of recruiting methods and retention strategies; and the targeted number of individuals to be hired. By November 1 of each year, the Secretary, in consultation with the Maryland Association of Counties (MACo) must report to the Senate Finance Committee and the House Appropriations Committee on the plan development, including the number of welfare recipients hired and retained by local governments.

The DSS director will be responsible for the development, timely implementation, and achievement of the target numbers in the local FIP hiring plan.

The bill modifies the existing substance abuse screening process by requiring an on-site addictions specialist in each local DSS to determine substance abuse needs assessments.

Specifically, the addictions specialist must: conduct substance abuse screening; determine appropriate treatment placement; obtain written consent for the release of confidential treatment information; refer the adult or minor parent applicant or recipient for treatment and related support services when necessary; and follow specific notification procedures concerning substance abuse screening, assessment, enrollment, treatment, and completion of treatment as outlined in the bill. The bill also details the time limits, notification procedures, and conditions for qualification or denial of FIP benefits by an adult or minor parent applicant or recipient referred to, or receiving substance abuse treatment. The Secretaries of DHR and the Department of Health and Mental Hygiene (DHMH) must submit a report on the implementation plan for placing addictions specialists in each local DSS by September 1, 2000.

This bill also requires the Secretary to establish at least one, but no more than six, FIP demonstration sites. The director of a local department participating in the demonstration project shall appoint a FIP director, develop a demonstration site plan, and establish pay incentives within the demonstration site. The Secretary will have sole authority to approve FIP demonstration site plans.

The bill provides for a waiver from current federal law which bars the distribution of public assistance to certain individuals convicted of felonies related to controlled dangerous substances. A resident custodial parent convicted of a related felony after August 22, 1996 will be subject to substance abuse testing and treatment requirements for a period of two years, starting from the date of application, to the extent permissible by federal law. If a resident custodial parent recipient is found in violation of the law pertaining to controlled dangerous substances after July 1, 2000, the recipient will: (1) be ineligible for cash assistance or food stamps for one year from the date of conviction; and (2) be subject to substance abuse testing and treatment for two years starting from the latter of the following dates: (a) release; (b) completion of parole/mandatory supervision; or (c) completion of probation. The Secretary of DHR must develop regulations in consultation with the Secretary of the Department of Health and Mental Hygiene (DHMH) to address testing methods and testing intervals for resident custodial parent public assistance applicants/recipients convicted of felonies.

The Secretaries of DHR and DHMH must ensure treatment on demand for qualified individuals convicted of felonies related to controlled dangerous substances. The Secretary of DHR, in consultation with the Secretary of DHMH must: (1) report to the General Assembly by October 1 of every year, beginning in 2001, on the effects of the waiver from federal law and the testing requirements, including the number of individuals affected; and (2) submit a report to the General Assembly on their implementation plan to ensure treatment for individuals convicted of felonies related to controlled dangerous substances.

The bill also provides for DHR to award noncompetitive procurement contracts involving direct or indirect services to benefit current recipients, former recipients, or non-custodial parents of children who are current or former recipients of FIP benefits. The procurement contracts must be approved by the Secretary of DHR and are not to exceed \$200,000. In addition, for any hiring agreement between an entity doing business with the State and DHR or a local department for FIP recipients, the bill removes the qualifying term “entry-level” from the descriptions of positions and job openings. The noncompetitive contract award provisions of the bill remain in effect only until June 30, 2001. The Secretary must submit a report to the House Appropriations Committee and the Senate Budget and Taxation Committee by October 1, 2000 on the feasibility of creating a centralized procurement assistance unit within DHR. The Secretary, in consultation with the Department of Budget and Management, must report to the Senate Finance Committee and the House Appropriations Committee by January 1, 2000 on the effectiveness of the bill’s procurement contract provisions.

The bill requires the Secretary of DHR to submit several reports to the Joint Committee on Welfare Reform. By October 1, 2000, the Secretary must report on efforts toward, and an implementation plan for, extending categorical eligibility for food stamps to households receiving or qualified to receive public assistance. If federal legislation is enacted requiring the federal government to share in the cost of implementing a State pass through of child support payments or relinquishing the federal government right to a share of a payment pass through, the Secretary: by October 1, 2000, must provide an explanation of enacted federal legislation concerning the pass through of child support payments to individuals receiving temporary cash assistance; and by December 15, 2000, present any State legislation required to implement the pass through of child support payments to TCA recipients.

Current Law: There are provisions in law for employing FIP recipients by State agencies, but there are no requirements for the development of a hiring plan by the Secretary and local government officials for employing FIP recipients by local governments.

Adult and minor parent applicants or recipients are required to undergo an assessment by a caseworker in the local DSS to determine the need for substance abuse treatment. After the adult or minor parent applicant or recipient has completed the initial assessment and has been certified as eligible for TCA and medical assistance, the individual enrolls with a managed care organization (MCO) under Medicaid. The MCO is required to screen the TCA recipient for substance abuse and if necessary refer the individual to appropriate treatment. The applicant/recipient remains eligible for benefits and may be exempt from work requirements depending on compliance and treatment status.

Persons convicted of a felony involving a controlled dangerous substance are not eligible for cash assistance or food stamps. The federal Personal Responsibility and Work Opportunity

Act of 1996, however, does authorize the State to “opt out” of the law prohibiting the distribution of benefits to persons convicted of a felony involving controlled dangerous substances.

Negotiations and the award of noncompetitive contracts for human, social, or educational services are addressed in statute, and the recipients of FIP benefits are not specifically targeted as procurement contract beneficiaries.

State Fiscal Effect: DHR advises of the need for 90 positions to fulfill the bill’s requirements, as follows:

- 6 positions (2 human services administrators and 4 human services specialists) to work with local jurisdictions to employ FIP recipients within the local governments;
- 71 positions (67 addictions counselors, 2 administrators, and 2 clerical staff) to provide for substance abuse screening and referral to treatment of adult and minor parent applicants and recipients; and
- 13 positions (4 program managers and 9 human services administrators) to establish an estimated 3 demonstration sites under the FIP.

The 90 positions can be funded with a combination of general and federal TANF dollars.

Net State expenditures would increase by \$10,468,208 in fiscal 2001 to implement and administer the bill’s requirements. Approximately \$2,242,211 of the total pooled general/federal expenditures is for the substance abuse screening provisions, and \$5,425,700 is due to the elimination of the 14-day delay in payments to qualified TCA applicants. Implementation of the bill’s various demonstration/FIP projects could cost \$2,752,897. The following chart shows a breakdown of the various costs associated with the bill’s requirements.

	<u>Demonstration/ FIP Projects</u>	<u>Substance Abuse Screening</u>
Incentive Payments	\$750,000	
Contractual Costs for Evaluation	375,000	
Demonstration Site Start-up Costs	750,000	
Salaries and Fringe Benefits	785,710	1,895,655
One-Time Equipment and Communications	84,846	332,800
Other Operating Expenses	<u>7,341</u>	<u>13,756</u>
Total FY 2001 State Expenditures	\$2,752,897	\$2,242,211

The estimates account for salaries, fringe benefits, ongoing operating expenses, and a 90-day start-up delay. Future year expenditures reflect: (1) full salaries with 4.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses. The Department of Legislative Services (DLS) advises that \$2,500,000 in general/federal pooled TANF funds are restricted in the fiscal 2001 budget to cover the substance abuse screening costs of \$2,242,211.

State expenditures will also increase by an additional \$47,400 in fiscal 2001 to serve an estimated 41 resident custodial parents previously disqualified from receiving TCA because of a felony conviction involving a controlled dangerous substance. In addition, the federally-funded food stamp program would be extended to serve as many as 258 disqualified recipients in fiscal 2001, increasing federal fund revenues and expenditures by up to \$232,200. Expenditures for both programs increase with inflation each year.

The bill is expected to increase the percentage of public assistance recipients receiving substance abuse treatment services. If caseloads continue a steady decrease, this would result in a negligible fiscal impact to overall substance abuse treatment spending. DLS advises that up to 15% of disqualified food stamp recipients may test positive for substance abuse. Therefore, the bill will also increase the percentage of food stamp recipients receiving substance abuse treatment services. As with public assistance, there should be a negligible fiscal impact to State spending on substance abuse treatment.

Local Fiscal Effect: Impacts of providing increased opportunities of employment to FIP recipients cannot be estimated at this time.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Prince George's County, Maryland Association of Counties, Department of Human Resources, Howard County, Montgomery County, Department of Budget and Management, Calvert County, Caroline County, Department of Legislative Services

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