

**Department of Legislative Services**  
Maryland General Assembly  
2000 Session

**FISCAL NOTE**  
**Revised**

Senate Bill 891 (Senator Madden. *et al.*)

Finance

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**Welfare Innovation Act for the Year 2000**

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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 would be hired by local governments. The bill requires an addictions specialist to be on site at every local department of social services (DSS) for substance abuse screening, treatment assessments, and referrals for adult and minor parent applicants and recipients. Detailed notification procedures, compliance requirements, and the conditions for receipt of Temporary Cash Assistance (TCA) benefits are specified.

The bill authorizes the Secretary to establish at least one, but no more than six, FIP pilot demonstration sites where FIP employees would be placed in positions where they can have the opportunity to earn pay incentives based on performance. The local DSS director must appoint a director for the pilot site and work with the Secretary to develop demonstration site plans.

This bill prohibits the Secretary of DHR from counting housing assistance subsidies, benefits, or payments as unearned income when calculating eligibility for temporary cash benefits under the Family Investment Program, and provides that DHR must pay TCA beginning from the date a qualified recipient applies for assistance.

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

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## Fiscal Summary

**State Effect:** Temporary Assistance for Needy Families (TANF) (pooled general fund/federal fund) expenditures could increase by \$10.04 million. General fund expenditures increase by \$2.75 million for a net increase of \$12.79 million in FY 2001. Future year expenditures increase with inflation. No effect on revenues.

(in millions)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF/FF Expenditures	10.04	13.09	13.31	13.55	13.79
GF Expenditures	2.75	2.58	2.65	2.72	2.79
Net Effect	(\$12.79)	(\$15.67)	(\$15.96)	(\$16.27)	(\$16.58)

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

The proposed FY 2001 budget includes \$2.5 million in TANF funds that could be used to implement the substance abuse screening provision of the bill, along with federal block grant funds, general funds, and certain special funds.

**Local Effect:** Impacts of providing increased opportunities for employment to 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 Human Resources, local directors of social services, and local government officials must include an indication of suitable positions, indicate appropriate government units, determine recruiting methods and retention strategies, and define a target number of individuals. By November 1 of each year, the Secretary of Human Resources (Secretary), the Maryland Association of Counties (MACo), and the Maryland Municipal League must report to the Senate Finance Committee and the House Appropriations Committee concerning plan development including the number of welfare recipients hired and retained by local governments.

The bill provides that TCA payments will start from the date a qualified recipient applies for assistance. It also repeals the authority for the Secretary of DHR to count housing subsidies, benefits, or payments as unearned income when calculating eligibility for TCA benefits under FIP.

The bill requires an addictions specialist to be on site at every local department of social services for substance abuse screening, treatment assessments, and referral to treatment of

any adult or minor parent applicant or recipient. The DSS addictions specialist must obtain a signed consent form from the adult or minor parent applicant or recipient agreeing to the release of confidential drug and alcohol information by the substance abuse treatment provider.

The treatment provider is required to notify the addictions specialist of ongoing treatment status and the addictions specialist must notify the FIP case manager. To provide the notification required, the addictions specialist must forward the consent for the release of the information to the substance abuse treatment provider and obtain the necessary treatment information from the treatment provider. The treatment provider must notify the FIP case manager if the adult or minor parent applicant or recipient is determined to be noncompliant by failing to: (1) complete the assessment; (2) sign the consent form; (3) enroll or remain enrolled with a treatment provider; or (4) complete the treatment protocol. The addictions specialist must notify the FIP case manager of noncompliance and the bill presents detailed notification procedures for the denial of TCA benefits for noncompliance. Eligibility determinations for food stamps and medical assistance are considered separately. The bill requires DHR to extend categorical eligibility for food stamps to households where each member is receiving benefits or services through TANF or State Maintenance of Effort (MOE) funds.

This bill requires the Secretary to establish at least one, but no more than six, FIP demonstration sites. The director of the local department participating in the demonstration project shall appoint a Family Investment Program Director and shall establish pay for performance incentives within the demonstration site. The Secretary along with the local DSS director will develop a demonstration site plan. The Secretary must develop a performance incentive program to provide pay incentives to demonstration site employees. The bill also eliminates the term “entry level” in reference to job openings or positions and repeals residency requirements for FIP eligibility for legal immigrants.

**Current Law:** There are provisions in law for employing FIP recipients, but there are no requirements for the development of a hiring plan by the Secretary of Human Resources and local government officials or for the establishment of this type of FIP pilot project.

The State counts up to \$60 per month in housing assistance as unearned income and TCA grants are reduced by \$60 for each family receiving housing assistance. Currently, the start date for recipients to begin receiving payment is 14 days after an eligible individual applies for assistance. Federal law prohibits the extension of categorical eligibility for food stamps to recipients with certain assets, such as a car valued at \$5,600 or more. The State has applied to release recipients from this requirement and be allowed to extend eligibility to recipients of services regardless of vehicle value.

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. Addictions specialists are not required to perform the assessment.

After the adult or minor parent applicant or recipient has completed the initial assessment by the local DSS 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.

The MCO is required to begin screening within the 90-day time frame specified in regulation. If a substance abuse problem is identified, the MCO must refer the applicant/recipient to substance abuse treatment and notify the DSS of the adult or minor parent's compliance and treatment status. If compliant, the applicant/recipient remains eligible for benefits and may be exempt from work requirements while in substance abuse treatment.

**State Fiscal Effect:** Total net expenditures increase by \$12.79 million to meet the bill's requirements as detailed below. DHR advises of the need for 90 positions to fulfill the bill's substance abuse screening and demonstration site requirements, as follows:

- 6 (2 human services administrators and 4 human services specialists) to work with local jurisdictions to employ FIP recipients within the local governments;
- 71 (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 71 substance abuse positions can be funded with a combination of general and federal TANF dollars.

Expenditures to meet the bill's requirements would increase by \$4,995,108 in fiscal 2001 to implement and administer the bill's staffing and demonstration site requirements. General fund expenditures increase by approximately \$2.75 million while combined general/federal expenditures increase by \$2.24 million. This estimate includes \$750,000 for employee incentives, \$375,000 for technical evaluation, \$750,000 for demonstration set-up costs (2001 only), \$417,646 for one-time equipment and communications costs, and approximately \$2.68

million for 90 new positions. It accounts for salaries, fringe benefits, ongoing operating expenses, and a 90-day start-up delay.

	<b><u>Demonstration/ FIP Projects</u></b>	<b><u>Substance Abuse Screening</u></b>	<b><u>Total</u></b>
Incentive Payments	\$750,000		<b>\$ 750,000</b>
Contractual Costs for Evaluation	375,000		<b>375,000</b>
Demonstration Site Start-up Costs	750,000		<b>750,000</b>
Salaries and Fringe Benefits	785,710	1,895,655	<b>2,681,365</b>
One-Time Equipment and Communications	84,846	332,800	<b>417,646</b>
Other Operating Expenses	<u>7,341</u>	<u>13,756</u>	<b><u>21,097</u></b>
<b>Subtotals</b>	<b>\$2,752,897</b>	<b>\$2,242,211</b>	
<b>Total FY 2001 State Expenditures</b>			<b>\$4,995,108</b>

Future year expenditures reflect: (1) full salaries with 4.5% annual increase and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

DLS advises that TANF funds already included in the proposed fiscal 2001 budget could be used to cover the substance abuse screening costs of \$2,242,211.

General/federal fund expenditures could increase by an additional \$3.7 million in fiscal 2001 by excluding the first \$60 of housing assistance from unearned income when determining TCA award amounts. General/federal fund expenditures are also increased by \$4.1 million to pay TCA assistance beginning from the date a qualified recipient applies for assistance.

The proposed 2001 budget includes \$96.6 million for cash assistance payments, of which \$43.4 million is federal block grants funds and \$39.3 million is general funds. The remaining \$13.9 million is the State share of child support collections on behalf of TCA recipients. TCA expenditures are represented as a pool of State and federal funds, and the exact split used for a particular program is not readily known. Any funds used to support the bill's requirements result in fewer funds available for other uses.

**Local Fiscal Effect:** Impacts of providing increased opportunities of employment to FIP

recipients cannot be estimated at this time.

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**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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