Department of Legislative Services

Maryland General Assembly
2002 Session

FISCAL NOTE

House Bill 186 (Delegate Rosenberg, *et al.*)
Appropriations

Welfare Innovation Act of 2002

This bill requires local departments of social services to enter into hiring agreements with entities doing business with a county to employ Family Investment Program (welfare) recipients.

The bill takes effect July 1, 2002.

Fiscal Summary

State Effect: General fund expenditures would increase by $46,300 in FY 2003 to reflect the Department of Human Resources hiring one additional employee. Future years reflect annualization and inflation. Revenues would not be affected.

(in dollars)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Revenues	$0	$0	$0	$0	$0
GF Expenditure	46,300	56,300	58,800	61,500	64,300
Net Effect	($46,300)	($56,300)	($58,800)	($61,500)	($64,300)

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

Local Effect: The bill is not expected to have a significant impact on local government finances.

Small Business Effect: Minimal.

Analysis

Bill Summary: County governing bodies and the Department of Human Resources (DHR) must determine which county procurement contracts are appropriate for the execution of a hiring agreement. Under the hiring agreements, contractors must alert the local department of job openings, help create job-training programs, and give priority to qualified Family Investment Program (FIP) recipients.

DHR must create a model hiring agreement form for local departments and entities with eligible contracts to use by December 1, 2002. DHR and the local departments of social services must submit a report to the Joint Committee on Welfare Reform on the initiative's progress each year.

The bill also allows current FIP recipients to participate in a mentoring program, that currently only involves former welfare recipients.

In addition, the bill repeals certain unemployment insurance reporting requirements for employers that hire new employees. Specifically, the requirements that an employer submit to the Secretary of Labor, Licensing, and Regulation, the employee's starting wage and whether the employee has health insurance provided by the employer are repealed.

The bill also clarifies that the FIP dedicated purpose account may only be used for the four purposes outlined in the Federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and adds a fifth purpose, "reducing child poverty," as an additional use for the funds in the dedicated purpose account.

Current Law: FIP provides temporary cash assistance, medical assistance, child care, food stamps, and other social services to State residents who meet eligibility requirements. The program's goal is for each family receiving assistance to become self-sufficient. DHR is required to place FIP recipients in jobs with entities doing business with the State, principal State agencies, and local governments.

Background: As of December 31, 2001, DHR has placed 646 FIP recipients in local government jobs, 101 recipients in jobs with principal State agencies, and 140 recipients in jobs with entities contracting with the State.

State Fiscal Effect: General fund expenditures could increase by $46,263 in fiscal 2003, which accounts for a 90-day start-up delay. This estimate reflects the cost of DHR hiring a full-time human service administrator to work with county governments, entities contracting with county governments, and local departments of social services to create the hiring agreements. The administrator also will collect data on the local departments progress and write a report for the General Assembly's Joint Committee on Welfare Reform each year. The estimate includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	$40,300
Operating Expenses	5,963
Total FY 2003 State Expenditures	**$46,263**

Future year expenditures reflect: (1) a full salary with 3.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

DHR reported that it would need eight human service administrators and one office secretary to fulfill this bill's requirements and to help manage the three existing hiring initiatives. The Department of Legislative Services (DLS) disagrees. DHR already has one full-time employee managing the existing hiring initiatives. Considering that hiring agreements are not a new concept and that local departments of social services are already involved in efforts to place recipients, DLS believes that one additional administrator should be able to manage the additional workload resulting from this bill.

Additional Information

Prior Introductions: None.

Cross File: SB 178 (Senator Bromwell, *et al.*) – Finance.

Information Source(s): Department of Human Resources, Maryland Association of Counties, Department of Legislative Services

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