SB 348

Department of Legislative Services

Maryland General Assembly
2002 Session

FISCAL NOTE

Senate Bill 348 (Senators Van Hollen and Bromwell)
Finance

Economic Stimulus Program for Working Low Income Families

This bill, among other things, requires the Department of Human Resources (DHR) to create a pilot program to provide outreach and outplacement for local department of social services workers to help applicants and recipients under the cash assistance, food stamp, medical assistance, energy assistance, and purchase of care programs in at least three locations: Baltimore City, a suburban county, and a rural county. DHR must adopt regulations to implement the pilot program.

Fiscal Summary

State Effect: General fund administrative expenditures would increase by up to $16,709,200 in FY 2003, mainly for one-time changes to computer systems. Future years reflect a reduction in contractual staff, as well as annualization for other costs and inflation. Revenues would not be affected. Potential general fund expenditure increase for program costs, which could be significant.

(in dollars)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Revenues	$0	$0	$0	$0	$0
GF Expenditure	16,709,200	1,658,800	1,149,600	1,196,800	1,247,000
Net Effect	($16,709,200)	($1,658,800)	($1,149,600)	($1,196,800)	($1,247,000)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The bill requires the Family Investment Administration (FIA) director to: audit cash assistance application and recertification denials and sanctions; increase the rate of participation among eligible individuals in the food stamp, purchase of care, medical assistance, and energy assistance programs; and create strategies to increase coordination with other State and local government agencies that provide services and supports to low-income families.

The annual plan of measurable objectives local departments of social services are required to submit must also include objectives for increasing participation in the food stamp, purchase of care, medical assistance, and energy assistance programs, and objectives for outreach into the community. FIA must monitor each local department of social services' success in reaching its objectives.

The Secretary of Human Resources must designate staff to work with advocates and community providers to develop an outreach campaign that will include developing and disseminating simplified application forms and outreach materials through community-based organizations, community providers, State and local government agencies including the Office of the Comptroller, and schools.

DHR must adopt regulations that provide coordinated services to people applying for and receiving benefits under the cash assistance, food stamp, medical assistance, and the purchase of care programs. The regulations must be designed to streamline the application and recertification process, and related computer systems, including the adoption of a simplified application process, the coordination of verification process, and the synchronization of certification periods to the maximum duration allowed under federal law.

DHR also must adopt regulations to ensure benefit applicants and recipients have sufficient opportunity to establish eligibility for each program, including automatic supervisor review of denials and expedited fair hearings.

Current Law: The Family Investment Administration within the Department of Human Resources is responsible for the Family Investment Program and related cash benefit programs, public assistance to adults, emergency assistance, food stamps, and medical assistance eligibility determinations.

Local departments of social services are required to submit annual plans to the Secretary that have measurable objectives, including participating in work activities, to meet the goals of the Family Investment Program. The Secretary must monitor local departments' success at meeting their objectives.

State Expenditures: General fund expenditures could increase by an estimated $16,709,190 in fiscal 2003, which accounts for the bill's October 1, 2002 effective date. This estimate reflects the cost of 40 new positions (2 human services administrators, 11 income maintenance supervisors, 1 income maintenance IV employee, 4 income maintenance II employees, 1 office services clerk, and 21 contractual income maintenance supervisors) to coordinate federal waivers, track compliance by local departments of social services, implement the pilot program in three jurisdictions, and conduct automatic reviews of cases where services are denied. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. Also included are one-time computer costs to change the application and recertification portions of the CARES and CCAMIS systems and ongoing public education expenses.

Salaries and Fringe Benefits	$1,254,244
One-time Computer Costs	15,090,000
Operating and Marketing Expenses	364,946
Total FY 2003 State Expenditures	**$16,709,190**

Future year expenditures reflect: (1) full salaries with 3.5% annual increases and 3% employee turnover; (2) 1% annual increases in ongoing operating expenses; and (3) a reduction in contractual employees to 14 in fiscal 2004 and to zero in fiscal 2005.

DHR estimates that general fund expenditures could increase by $17,989,390 in fiscal 2003, $1,280,200 more than the Department of Legislative Services (DLS) estimates. This estimate includes 62 new full-time positions, $15.9 million in one-time costs to make changes to two computer systems, and $375,000 in statewide marketing costs to carry out the bill's provisions.

DLS disagrees. The bill essentially requires FIA staff to more effectively coordinate available assistance programs to eligible Maryland residents and develop an outreach campaign to encourage greater participation. As a result, existing staff can carry out many of the duties. A computer program DHR plans to purchase under its one-time computer estimate would make it easier for DHR to automatically review cases denied assistance, allowing for fewer staff to perform this function.

DLS notes that the fiscal 2003 budg*et allowance* for the DHR computer systems that would be affected under this bill -- CCAMIS II, CARES, and the Office of Home Energy Programs system -- is $21,555,801. DHR states that none of those systems has the ability to easily share information among programs, as would be required to increase the interoperability of computer systems for food stamps, purchase of care, medical assistance, and energy assistance programs. However, DHR has said in the past that interoperability among programs is one of the goals of the department's Office of Technology for Human Services. Depending on how much of the existing contracts include changes within the computer systems to make the programs interoperable, the estimate for one-time computer costs as a result of this bill, $15.1 million, will be lower.

In addition, DLS believes marketing costs can be reduced to $140,625.

How effective the pilot program and other efforts are to increase participation among eligible residents will determine additional general fund expenditures. There are insufficient data to reliably estimate the fiscal impact of the bill on increasing participation among eligible participants.

Increases in the food stamp caseload will not cause an increase in general fund expenditures because the program is federally funded.

Temporary Cash Assistance participation is expected to increase by 3,630 recipients in fiscal 2003. However, DHR has used its federal Temporary Assistance for Needy Families reserves and cannot transfer additional funds for TCA payments.

The purchase of care program is expected to serve 28,782 children in fiscal 2003, an increase of 745 children from fiscal 2002, without any additional outreach. This is the maximum number the department can serve without additional funding.

DHR projects that the Maryland Children's Health Program would receive only a modest increase in fiscal 2003 and future years because the program has been heavily marketed since it started in 1999.

The Office of Home Energy Programs estimates that an additional 3,800 families will become certified in fiscal 2003 over the 88,000 families certified in fiscal 2001, the most recent fiscal year when full-year data is available.

Additional Information

Prior Introductions: None.

Cross File: HB 402 (Delegates McIntosh and A. Jones) – Appropriations.

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

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