Department of Legislative Services

Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1369 (Delegate Marriott) (By Request – Baltimore City Administration)
Appropriations

Family Investment Program - Temporary Cash Assistance - Funding

This bill repeals the Governor's authority: (1) to fund Temporary Cash Assistance (TCA) when combined with food stamps, at a rate lower than 61% of the State minimum living level (MLL); and (2) to appropriate an amount for the Family Investment Program (FIP) at an amount lower than the fiscal 1997 appropriation.

Fiscal Summary

State Effect: General fund expenditures could increase by $7.4 million in FY 2006. No effect on general fund revenues. Future years reflect cumulative cost-of-living increases and a 1% annual decline in TCA recipients.

($ in millions)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Revenues	$0	$0	$0	$0	$0
GF Expenditure	7.4	15.7	21.9	27.9	34.3
Net Effect	($7.4)	($15.7)	($21.9)	($27.9)	($34.3)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The Governor must provide sufficient funds under FIP to ensure that the value of TCA, combined with federal food stamps, is at a minimum equal to 61% of the State MLL. The Governor must provide sufficient funds to maintain FIP at the level of the fiscal 1997 appropriation. Funds provided under FIP may be less than the amounts described above if the Governor reports to the General Assembly on the reasons for the reduced funding for TCA and food stamps.

Background: In 1996, when Maryland's welfare reform law was passed, the value of TCA and food stamps was 61% of MLL. Regular cost-of-living adjustment (COLA) increases were given under FIP until fiscal 2004 when the General Assembly provided for a maximum increase of no more than 1%. In fiscal 2005, the Governor's budget allowance did not include any funds for a COLA, but the General Assembly restricted $1 million in the fiscal 2005 budget appropriation for that purpose. There are not any funds for a COLA in the Governor's fiscal 2006 budget allowance.

MLL represents the minimal standard of living for a family in Maryland whose only source of financial income is public assistance, as determined by the Department of Human Resources (DHR). It is based upon nine components in a family budget: food, rent, utilities, household furnishings, clothing and cleaning, personal care, transportation, other family consumption, and medical care for one adult. The estimated fiscal 2005 MLL is $1,460 for a family of three. MLL is different from the poverty threshold level developed by the U.S. Department of Commerce, Bureau of Census or the poverty guidelines published in the Federal Register by the U.S. Department of Health and Human Services.

State Fiscal Effect: General fund expenditures for TCA could increase by an estimated $7,443,809 in fiscal 2006, which accounts for the bill's October 1, 2005 effective date. No effect on general fund revenues. Federal funds DHR receives for TCA come from the Temporary Assistance for Needy Families (TANF) block grant which would not increase as a result of this bill. The information and assumptions used in calculating the estimate are stated below:

- 67,647 TCA recipients;
- 8.3% increase in the average recipient TCA grant to $159.56; and
- for the increased TCA payments, DHR uses all general funds because the federal funds as a result of the TANF block grant are committed for other purposes.

Future years assume: (1) a 1% annual decline in TCA recipients; and (2) cumulative TCA grant COLA increases of 13.3% in fiscal 2007, 18.7% in fiscal 2008, 24.1% in fiscal 2009, and 29.9% in 2010.

Additional Information

Prior Introductions: None.

Cross File: SB 847 (Senator McFadden) (By Request – Baltimore City Administration) – Finance.

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

Fiscal Note History: First Reader - March 16, 2005
mp/ljm Revised - Updated Information - March 24, 2005

Analysis by: Lisa A. Daigle

Direct Inquiries to:
(410) 946-5510
(301) 970-5510