

Department of Legislative Services  
Maryland General Assembly  
2009 Session

FISCAL AND POLICY NOTE

House Bill 1466

(Chair, Appropriations Committee)(By Request -  
Departmental - Human Resources)

Appropriations

Finance

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Family Investment Program - Temporary Cash Assistance - Assignment of  
Support

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This departmental bill repeals a provision that requires Temporary Cash Assistance (TCA) applicants and recipients to assign to the State the right to receive child support accrued prior to receiving TCA. The bill specifies that the applicant or recipient must assign to the State all right, title, and interest in support for the period that the family receives TCA.

The bill takes effect July 1, 2009.

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Fiscal Summary

**State Effect:** Special fund revenues decrease by approximately \$31,000 in FY 2010 and by at least that much annually to reflect the loss of arrears which will no longer be assigned to the State. In addition, the bill may help prevent the loss of federal funds by conforming Maryland law with federal guidelines.

**Local Effect:** None.

**Small Business Effect:** The Department of Human Resources (DHR) has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

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## Analysis

**Current Law:** Prior to receiving TCA, an applicant or recipient must assign to the State all right, title, and interest in support from any other person that the applicant or recipient has on behalf of any intended or potential recipient for whom the applicant or recipient is applying for or receiving assistance, including any right accrued when the assignment is executed.

**Background:** The Federal Deficit Reduction Act of 2005, Public Law 109-171, limits the assignment of child support rights to the amount of support that accrues during the period of time the family receives public assistance not to exceed the cumulative amount of assistance received. The bill is intended to put Maryland in compliance with federal law.

**State Fiscal Effect:** Under the bill's provisions, non-TCA arrears (arrears accrued prior to an individual receiving TCA) will no longer be assigned to the State as a condition of receiving TCA. In fiscal 2008, \$2 million in non-TCA arrears was assigned to the State. Of the \$2 million, approximately \$62,000, or 3% was actually collected. TCA child support collections are distributed 50% to the State and 50% to the federal government. Therefore, assuming current assignment and collection rates remain consistent in fiscal 2010, special fund revenues will decrease by approximately \$31,000 in fiscal 2010 and by at least that much annually to reflect the loss of non-TCA arrears which will no longer be assigned to the State.

However, noncompliance with the federal requirements may result in a substantial loss of federal funds. Specifically, the grant for Temporary Assistance to Needy Families, which totaled approximately \$229.1 million in fiscal 2009, is at risk of being suspended if Maryland law does not conform to federal requirements.

DHR advises that although computer modifications to the Child Support Enforcement System and the Client's Automated Resources and Eligibility System will be required, funding for computer modifications was included in the fiscal 2009 budget.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 25, 2009  
ncs/hlb

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Family Investment Program – Temporary Cash Assistance – Assignment of Support

BILL NUMBER: HB 1466

PREPARED BY: Department of Human Resources

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND  
SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND  
SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have no impact on small business in Maryland.