SB 1047

Department of Legislative Services

Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

Senate Bill 1047 (Senator Klausmeier)
Finance

Family Investment Program - Temporary Cash Assistance - Eligibility

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This bill requires the asset limit established by the Secretary of Human Resources for a temporary cash assistance (TCA) case to be adjusted annually for inflation, in accordance with the Consumer Price Index. The bill also prohibits a local department of social services (LDSS), in determining a family's eligibility for the Family Investment Program (FIP), from considering: (1) the principal and interest of a defined contribution retirement plan account and (2) education savings accounts or plans.

Fiscal Summary

State Effect: Potential minimal increase in general and federal fund expenditures to the extent that additional individuals qualify for services. Revenues are not affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: In determining a family's eligibility for FIP, an LDSS must exclude:

- the principal and interest of a defined contribution retirement plan account, including: (1) a plan qualified under § 401(a), § 403, or § 457(b) of the Internal Revenue Code; and (2) an individual retirement account or annuity or a Roth individual retirement account under § 408 of the Internal Revenue Code; and

- education savings accounts or plans, including: (1) a Coverdell education savings account under § 530 of the Internal Revenue Code; and (2) a qualified tuition program under § 529 of the Internal Revenue Code.

Current Law: The Family Investment Program assists individuals in finding employment and determines eligibility for programs including TCA, food stamps, child care subsidy, public assistance to adults, medical assistance, and refugee assistance. In order for a family to be eligible for assistance under FIP, the family must include: (1) a minor child who resides with a custodial parent or other adult caretaker who is a relative of the child or (2) a pregnant individual. The applicant or recipient must: (1) reside in the State at the time of application for assistance; (2) if applicable, have applied for child support services and complied with the requirements of the local child support enforcement office; (3) engage in job search activities as requested by the Department of Human Resources (DHR); (4) participate in specified work activity; and (5) meet all other FIP requirements established by regulation.

In determining a family's eligibility for FIP, an LDSS must exclude supplemental security income benefits provided to an adult or child family member.

An LDSS must provide TCA to applicants or recipients only if:

- the applicant or recipient meets the requirements for participation in FIP as set forth above;
- the applicant or recipient assigns 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; and
- in the case of an applicant or recipient who is a minor parent, the applicant or recipient meets specified criteria as to living arrangements.

The current asset limit for a TCA case is established in COMAR at $2,000. COMAR includes a specified list of excluded assets, including:

- the home which is the usual residence of the assistance unit;
- basic items essential to day-to-day living;
- vehicles owned by assistance unit members;
- life insurance policies;
- life estates;

- tools and equipment necessary for employment; and
- income-producing property, farm machinery, livestock, tools, and business equipment.

State Fiscal Effect: DHR indicates that based on reports for federal fiscal 2003-2005, less than 0.2% of TCA denials and less than 0.1% of closures were due to the asset limit. Therefore, adjusting the asset limit annually for inflation will not have a significant fiscal impact.

In addition, the Family Investment Administration established a new policy effective February 1, 2009, that limits countable resources in determining eligibility for TCA, the Food Supplement Program, and Refugee Cash Assistance to: cash on hand; checking account; and savings account. All other customer resources are to be excluded when determining eligibility. Therefore, the bill's provisions to exclude certain retirement and education savings accounts will not have an impact on the provision of these services, as these assets are currently not being calculated in determining eligibility. DHR further advises that while specifically excluding retirement and education savings accounts from being considered in determining eligibility for other FIP programs may increase the number of individuals who will be eligible for the programs, it is not likely to have a significant fiscal impact.

Additional Information

Prior Introductions: None.

Cross File: HB 894 (Delegate Olszewski, *et al.*) - Appropriations.

Information Source(s): Department of Human Resources, Maryland Supplemental Retirement Plans, Department of Legislative Services

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