SB 686

Department of Legislative Services

Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 686 (Senator Garagiola)

Finance Appropriations

Family Investment Program - Earned Income Disregard Pilot Program

This bill establishes the Earned Income Disregard Pilot Program within the Family Investment Program (FIP) of the Department of Human Resources (DHR).

The bill takes effect October 1, 2014, and terminates September 30, 2017.

Fiscal Summary

State Effect: General and federal fund expenditures increase by a total of $142,040 in FY 2015 to reflect temporary cash assistance (TCA) payments for pilot program participants and computer reprogramming expenditures. Future years reflect additional pilot program participation, as discussed below. Revenues are not affected.

(in dollars)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Revenues	$0	$0	$0	$0	$0
GF Expenditure	71,000	102,800	85,300	16,700	0
FF Expenditure	71,000	102,800	85,300	16,700	0
Net Effect	($142,000)	($205,600)	($170,600)	($33,500)	$0

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: DHR must select one county that has more than one district office to participate in the pilot program and may select one rural county to participate. For applicants to the pilot program who are selected to participate, the amount of assistance for FIP must be computed by counting no more than four weeks of earned income in any month and disregarding 20% of that earned income. Assistance for pilot program participants who obtain unsubsidized employment and work less than 25 hours per week is computed by counting no more than four weeks of earned income in any month and disregarding 40%. For recipients who obtain unsubsidized employment and work at least 25 hours per week, the amount of assistance must be computed by counting no more than four weeks of earned income in any month and disregarding (1) 100% of the earned income for the first 3 months of employment; (2) 60% of the earned income for employment exceeding 3 months, but less than 10 months; and (3) 40% of the earned income for employment exceeding 9 months.

DHR and local directors must select and assign eligible individuals to the pilot program and inform selected participants of the assignment. To be eligible for the pilot program, an individual may not receive TCA between May 1, 2014, and September 30, 2014, and must apply and qualify for TCA on or after October 1, 2014.

DHR must collect information necessary to assess the effectiveness of the pilot program, including (1) the number of clients receiving FIP benefits after receiving benefits under the pilot program; (2) the number of clients working for an employer covered by Maryland Unemployment Insurance; and (3) whether the clients made progress in their quarterly earnings. By September 30, 2016, DHR must submit an interim report of its findings to the Senate Finance Committee, the House Appropriations Committee, and the Joint Committee on Welfare Reform. A final report must be submitted by September 30, 2017.

DHR must adopt any regulations necessary to implement the pilot program.

Current Law: FIP within local departments of social services has the primary purpose of supporting family efforts to achieve and maintain self-sufficiency through services and financial aid geared to individual family needs. FIP for a recipient must include supportive services activities, appropriate referrals to family planning counseling and services, and temporary cash assistance, as a last resort.

For FIP applicants, DHR calculates the amount of assistance they will receive by counting no more than four weeks of earned income in any month and disregarding 20% of that earned income. DHR calculates TCA benefits for eligible FIP recipients who obtain unsubsidized employment by counting no more than four weeks of earned income in any month and disregarding 40% of that earned income.

State Expenditures: General and federal fund expenditures increase by a total of $142,040 in fiscal 2015, which accounts for the bill's October 1, 2014 effective date. This estimate reflects TCA payments to 100 participants in the first year of the pilot program and computer reprogramming expenditures. General and federal fund expenditures increase by a total of $205,560 in fiscal 2016, by $170,640 in fiscal 2017, and by $33,480 in fiscal 2018 for additional pilot program participation. The information and assumptions used in calculating the estimates are stated below:

- the pilot program has 400 participants (100 beginning October 1, 2014; 150 beginning July 1, 2015; and 150 beginning July 1, 2016);
- 40% of pilot program participants in each year obtain unsubsidized employment and work at least 25 hours per week;
- pilot program participants receive TCA under current standards for approximately eight months before finding unsubsidized employment and becoming eligible for continued TCA payments using the higher disregard standards;
- TCA payments to each pilot program participant average $576 in the first three months of employment and $186 in months four through nine, which reflects an average income of $975 per month once employment is obtained;
- there are no additional expenditures after the first nine months of a participant's employment, as a participant will no longer be eligible for TCA once 40% of earned income is disregarded;
- computer reprogramming expenditures of $119,609 in fiscal 2015 only; and
- expenditures are split 50%/50% between federal funds and general funds.

DHR can adopt regulations and submit the required reports using existing resources.

Additional Information

Prior Introductions: None.

Cross File: HB 884 (Delegate Rosenberg, *et al.*) **-** Appropriations.

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

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