

Department of Legislative Services
 Maryland General Assembly
 2014 Session

FISCAL AND POLICY NOTE

Senate Bill 1105

(Senators Manno and Robey)

Finance

Temporary Cash Assistance - Termination of Benefits and Case Closure - Timing

This bill authorizes the Secretary of Human Resources to suspend payment of temporary cash assistance (TCA) to a recipient who is found to be in noncompliance with Family Investment Program (FIP) requirements based on household income that exceeds eligibility standards for assistance due to an increase in the amount of child support payment. The Secretary may not terminate the TCA or close the recipient’s case during the three months after the end of the month in which the increased support payment is received. If, at the end of the three-month period, the recipient’s household income continues to exceed the eligibility standards, the Secretary may terminate the recipient’s TCA and close the case.

Fiscal Summary

State Effect: General fund expenditures for the Department of Human Resources (DHR) increase by \$689,700 in FY 2015 only for computer modifications. Otherwise, altering the process by which TCA cases are terminated when child support payments are received does not materially impact State finances.

(in dollars)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	689,700	0	0	0	0
Net Effect	(\$689,700)	\$0	\$0	\$0	\$0

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

Local Effect: None.

Small Business Effect: None.

Analysis

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 TCA, as a last resort.

As one of the conditions to receiving assistance from FIP, the applicant or recipient must apply for child support services with the appropriate local child support enforcement office, if applicable, and comply with the requirements of that office. An individual applying for assistance must meet other requirements established by regulation, which include a determination of financial eligibility. In addition to earned income (*e.g.*, wages, salaries, commissions, tips, *etc.*), unearned income, such as child support payments, is also considered when determining financial eligibility.

Background: A sizeable subset of the TCA population also receives child support payments. For example, 22,247 TCA recipients in fiscal 2012 (31% of the total TCA caseload) also received child support. For some of these recipients, the amount received one month may be enough to make the recipient ineligible for TCA. When this happens, no TCA payment is made and the individual's case is closed. Occasionally, however, the amount of child support received is reduced the following month, and the individual is again eligible for TCA. When this happens, the individual must again go through the application and eligibility process before TCA payments resume.

The 2013 *Joint Chairmen's Report* directed DHR to submit a report on the number of individuals receiving TCA and child support whose cases had closed due to an increase in child support and who subsequently reapplied the following month because child support was less than the prior month or was not received. DHR was also asked to report on how many cases would have been closed if the calculation used a three-month average of income rather than one month's income. DHR submitted data based on federal fiscal 2012 data, and determined that 547 cases were closed in federal fiscal 2012 after a child support payment resulted in enough income to make the recipient ineligible for TCA. Of those, 70 cases, or 12.8%, were reopened the following month after the child support payment was lower or not made. If a three-month average were used instead, 368 cases would have still been closed due to income exceeding the eligibility thresholds; 179 cases would have remained eligible for TCA (including the 70 cases in which the individual reapplied and TCA payments resumed). For the remaining 109 cases, DHR further reported that although the income levels were lower than TCA eligibility thresholds, the individuals either did not reapply or did so but were deemed ineligible for a different reason.

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 18, 2014
mm/lgc

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