

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1449
Appropriations

(Delegate Parrott, *et al.*)

Food Stamp Program - Time Limit Waiver - Prohibition

This bill prohibits the State from applying for or implementing a federal waiver of the time limit on the receipt of benefits under the food stamp program by an individual who is an able-bodied adult without dependents (ABAWD) and does not meet all applicable work requirements.

Fiscal Summary

State Effect: General fund expenditures increase, potentially significantly, to the extent that additional individuals participate in work placement programs in order to remain eligible for food stamp benefits. This impact could be lessened to the extent any federal funds are received for this purpose; however, the availability of any such federal funds is unclear. Federal fund expenditures decrease, potentially significantly, to the extent that additional individuals are no longer eligible for food stamp benefits.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: The federal Supplemental Nutrition Assistance Program (SNAP), formerly known as the Food Stamp Program, provides benefits solely for the purchase of food items to families and individuals who meet income and resource requirements. Benefits are 100% federally funded, while administrative costs are split equally between the State and federal government. Program rules and regulations are issued by the federal government.

The federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 limited the length of time ABAWDs could receive SNAP benefits (three months in a three-year period) if not working, participating in, or complying with the requirements of a work program for 20 hours or more per week. Exemptions from this requirement are available for individuals (1) younger than age 18; (2) age 50 or older; (3) caring for a child or incapacitated household member; (4) medically certified as physically unfit for employment or pregnant; or (5) already exempt from SNAP general work requirements. States may also exempt 15% of individuals from this requirement. States are able to request a waiver for the ABAWD provision for areas with an unemployment rate greater than 10% or for areas with insufficient jobs, based on specified evidence.

During and since the recession, many states have operated with a statewide waiver of the ABAWD time limits for SNAP receipt, including Maryland. As the recovery has continued, more states have stopped receiving a waiver. For example, in the first quarter of federal fiscal year 2016, 28 states and the District of Columbia had waivers for the entire state (including Maryland), but in the second quarter of federal fiscal year 2016, only 6 states and the District of Columbia had waivers for the entire state. Maryland's statewide SNAP waiver of the ABAWD time limits expired December 31, 2015. States may continue to receive local waivers.

The Department of Human Resources (DHR) has received approval for local waivers in 10 counties (Allegany, Caroline, Cecil, Dorchester, Garrett, Harford, Queen Anne's, Somerset, Wicomico, and Worcester) and Baltimore City. In addition, DHR plans to use its 15% exemption on ABAWD individuals living in seven counties (Calvert, Charles, Frederick, Kent, St. Mary's, Talbot, and Washington). As a result of the waivers and exemption plans, only ABAWD individuals living in six counties (Anne Arundel, Baltimore, Carroll, Howard, Montgomery, and Prince George's) are impacted by the loss of the statewide waiver.

State Fiscal Effect: DHR advises that there are 37,500 ABAWDs. It is unknown how many of these individuals may seek to participate in work activities to maintain their SNAP benefits. DHR indicates that the average cost of work program placements per individual is \$1,200 annually. To the extent that additional individuals participate in work programs in order to remain eligible for SNAP benefits, general fund expenditures increase. *For illustrative purposes only*, if 10% of current ABAWDs participate in work programs, general fund expenditures increase by \$4.5 million annually. DHR advises that in order to reduce the general fund impact, the department will seek federal matching funds; however, because a funding award would be granted based on a request (and is not formula based), any availability of federal funding to support employment services to additional ABAWDs is speculative.

In addition, federal fund expenditures decrease to the extent that ABAWDs elect not to seek work placement opportunities and become ineligible to receive SNAP benefits due to the bill's prohibition against the use of a federal waiver. *For illustrative purposes only*, for every 10% of current ABAWDs who lose eligibility for food stamps, federal fund expenditures decrease by an estimated \$5.5 million annually, which is based on an average monthly benefit of \$122.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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