

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 533

(Delegate Parrott, *et al.*)

Appropriations

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: Federal fund revenues decrease by \$17.5 million in FY 2018 and by \$23.4 million annually thereafter; federal fund expenditures decrease correspondingly. General fund expenditures increase by \$45,200 in FY 2018 only for computer programming costs. General fund expenditures further increase, potentially significantly, to the extent that the Department of Human Resources (DHR) funds additional work placement programs.

(\$ in millions)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
FF Revenue	(\$17.5)	(\$23.4)	(\$23.4)	(\$23.4)	(\$23.4)
GF Expenditure	-	-	-	-	-
FF Expenditure	(\$17.5)	(\$23.4)	(\$23.4)	(\$23.4)	(\$23.4)
Net Effect	-	-	-	-	-

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

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 2016, 28 states and the District of Columbia had waivers for the entire state (including Maryland), but in the second quarter of federal fiscal 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.

According to information prepared in response to the 2016 *Joint Chairmen's Report*, DHR indicates that the waiver expired as of January 1, 2016, for six counties (Anne Arundel, Baltimore, Carroll, Howard, Montgomery, and Prince George's). Frederick and Washington counties implemented the ABAWD policy in April 2016; Calvert, Charles, and St. Mary's counties followed in September 2016. All other counties are waived from the ABAWD policy for federal fiscal 2017 due to the local labor surplus that would make compliance with the work participation requirement impractical. DHR reports that between January 2016 and November 2016 (and accounting for the implementation schedule as outlined above), 13,937 individuals became ineligible for SNAP benefits due to ABAWD noncompliance.

State Fiscal Effect: Federal fund revenues decrease by \$17,553,051 in fiscal 2018, which accounts for the October 1, 2017 effective date, and by \$23,404,068 annually thereafter;

federal fund expenditures decrease correspondingly. The information and assumptions used in calculating the estimate are stated below:

- there are 53,441 potential ABAWDs in the 13 counties currently waived from the ABAWD policy;
- DHR estimates, based on data from prior counties that were required to implement the ABAWD, that 28,976 of these individuals will be subject to the time limits (and not otherwise exempt);
- of these individuals, 15,357 will have their cases closed due to noncompliance and no longer be eligible for SNAP benefits; and
- the average monthly SNAP benefit is \$127.

In addition, general fund expenditures increase by \$45,200 in fiscal 2018 only for computer modifications. While this estimate assumes that the remaining ABAWD individuals (13,619) will begin independently complying with work requirements once they become subject to the time restrictions, general fund expenditures increase further to the extent that DHR elects to fund work placement programs for these clients. *For illustrative purposes only*, if DHR uses funding to support work placement programs for 10% of the 13,619 individuals, general fund expenditures increase by \$1,634,400 annually, which is based on an average annual work placement cost of \$1,200 per individual.

Additional Information

Prior Introductions: HB 1449 of 2016 received an unfavorable report from the House Appropriations Committee.

Cross File: None.

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

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mm/jc

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