

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 1231

Finance

(Senator Madaleno, *et al.*)

Rules and Executive Nominations

Human Services - Temporary Disability Assistance Program

This bill generally codifies the State-funded Temporary Disability Assistance Program (TDAP) in the Department of Human Services. The program's purpose is to provide assistance to low-income, disabled adults who are ineligible for other categories of assistance. TDAP must be in effect in every county and administered by the local departments of social services in accordance with regulations. In fiscal 2020, the Governor must provide sufficient funds to ensure that the value of the maximum monthly benefit for TDAP is equal to at least \$215. Beginning in fiscal 2021, the Governor must provide sufficient funds to ensure that the value of the maximum monthly benefit for TDAP correlates with Temporary Cash Assistance (TCA), as specified.

Fiscal Summary

State Effect: General fund expenditures increase by \$2.9 million in FY 2020 to provide increased benefits to the TDAP caseload. Future year expenditures reflect increased levels of funding, as discussed below. Revenues are not affected. **This bill increases the cost of an entitlement program beginning in FY 2020.**

(\$ in millions)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	2.9	5.5	7.6	9.8
Net Effect	\$0.0	(\$2.9)	(\$5.5)	(\$7.6)	(\$9.8)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: An applicant is entitled to TDAP assistance if the applicant is (1) a U.S. citizen or a qualified alien, as determined by the Family Investment Administration (FIA); (2) a resident of the State and the jurisdiction served by the local department at the time of the application; (3) unemployed; (4) not receiving any other means-tested cash assistance; and (5) determined, as specified, to have an impairment that is expected to last at least three months.

If an applicant has an impairment that is expected to last at least 12 months, the applicant must pursue Supplemental Security Income (SSI) and sign an interim payment reimbursement authorization, as specified. A recipient who is otherwise eligible may not receive assistance for more than 9 months in a 36-month period unless the recipient has been certified as medically disabled, as specified, by a licensed health care provider and has a pending application for SSI that has not been withdrawn or finally denied. The bill specifies requirements for applications and the responsibilities of local departments relating to evaluation and notification of applicants.

Local departments must determine an eligibility period for a recipient based on the estimated duration of the impairment, as specified. If the local department determines that a recipient is unlikely to recover in less than 12 months, the recipient is eligible for assistance for no more than 12 months if the recipient pursues SSI and otherwise remains eligible. The local department may establish additional eligibility periods and adjust eligibility periods, as specified.

FIA must supervise the administration of TDAP by the local departments of social services and adopt necessary or desirable regulations.

The Governor must provide sufficient funds in the budget to ensure that the value of the maximum monthly allowable assistance under TDAP is \$215 in fiscal 2020. Furthermore, the Governor must provide sufficient funds in the budget to ensure that the value of the maximum monthly allowable assistance under TDAP is equal to the following percentages of the monthly allowable benefit for a one-person household receiving TCA through FIA in the same fiscal year:

- for fiscal 2021, 74%;
- for fiscal 2022, 78%;
- for fiscal 2023, 82%;
- for fiscal 2024, 86%;
- for fiscal 2025, 90%;

- for fiscal 2026, 94%; and
- for fiscal 2027 and annually thereafter, 100%.

The bill also expresses the intent of the General Assembly that the eligibility requirements for TDAP, codified pursuant to the bill and previously established under State regulations, are not made more restrictive than at the time the bill is enacted.

Current Law/Background: Although not codified in statute, TDAP is established in regulation and available to help low-income, disabled adults through a period of short-term disability or while they are awaiting approval of federal disability support. TDAP provides cash benefits to eligible individuals based on their assessed needs and subject to available funding. Assistance available under TDAP is based on the individual's need and subject to available funding. Pursuant to State regulations, the allowable monthly amount is \$185. Chapter 150 of 2017 (the fiscal 2018 budget bill) restricted \$2.0 million for the purpose of increasing the TDAP benefit by \$10 per month per recipient.

State Fiscal Effect: General fund expenditures increase by \$2.9 million in fiscal 2020, to reflect the increased monthly allowable benefit required by the bill. The information and assumptions used in calculating the estimate are stated below:

- the monthly TDAP caseload is 11,847;
- the existing correlation between the average TDAP benefit and the maximum benefit continues (*e.g.*, the average TDAP benefit is \$2.00 less than the maximum TDAP benefit); and
- the program would otherwise have been funded at \$27.4 million annually, with an average benefit of \$193 per month.

Beginning in fiscal 2021, the maximum allowable benefit for TDAP must correlate with TCA benefits, as specified. In fiscal 2021, the monthly allowable benefit for a one-person TCA household is estimated at \$315, thus the *maximum* TDAP benefit must be \$233 (74% of the one-person TCA benefit) and the average benefit is estimated at \$231. Accordingly, expenditures increase by \$5.5 million in fiscal 2021.

In fiscal 2022 and 2023, when the required maximum benefits increase to 78% and 82% of the allowable TCA benefit, expenditures increase by \$7.6 million and \$9.8 million, respectively, which reflect the same assumptions as stated above.

Expenditures continue to increase incrementally by at least \$2.2 million annually in future years. By fiscal 2027 and annually thereafter, when the maximum TDAP benefit must be

equal to 100% of the maximum one-person TCA benefit, general fund expenditures increase by \$19.9 million. This estimate also assumes a TCA inflationary increase of 1% annually and assumes that the TDAP caseload remains constant. To the extent that the TDAP caseload increases or decreases, expenditures are impacted accordingly.

Additional Information

Prior Introductions: None.

Cross File: HB 1615 (Delegate Valentino-Smith, *et al.*) - Appropriations.

Information Source(s): Montgomery County; Department of Human Services; Department of Legislative Services

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