

Department of Legislative Services
 Maryland General Assembly
 2018 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 1729
 Appropriations

(Delegate Valentino-Smith, *et al.*)

Family Investment Program - Temporary Cash Assistance - Funding

This bill requires the Governor to provide sufficient funds in the budget to ensure that the value of Temporary Cash Assistance (TCA), combined with federal food stamps, is equal to the following percentages of the State minimum living level (MLL): (1) for fiscal 2020, 63%; (2) for fiscal 2021, 65%; (3) for fiscal 2022, 67%; (4) for fiscal 2023, 69%; and (5) for fiscal 2024 and thereafter, 71%.

Fiscal Summary

State Effect: No effect in FY 2019. General fund expenditures increase by \$6.2 million in FY 2020 to reflect increased benefits to the TCA caseload. Future year expenditures reflect increased levels of funding, as discussed below. Revenues are not affected. **This bill increases the cost of an existing 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	6.2	12.2	18.1	23.9
Net Effect	\$0.0	(\$6.2)	(\$12.2)	(\$18.1)	(\$23.9)

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 Maryland MLL represents a minimal standard of living for a family in Maryland. It is calculated using a standard household of three persons. The Governor must provide sufficient funds in the budget to ensure that the value of TCA, combined with federal food stamps, is equal to at least 61% of the State MLL.

State Expenditures: General fund expenditures increase by \$6,222,874 in fiscal 2020 to reflect increased TCA benefits in order to ensure the required percentages of State MLL. The information and assumptions used in calculating this estimate are stated below:

- the TCA population declines by approximately 2.5% per year;
- there are 42,116 TCA recipients per month in fiscal 2020;
- the food supplement program benefit does not change; and
- the MLL standard in fiscal 2020 is \$1,973 and increases by 1.9% annually.

To the extent that the TCA population increases or decreases at a different rate than that estimated above (based on estimates from the Department of Human Services and the Department of Budget and Management), expenditures are affected. In addition, any changes in the food supplement benefit also impact estimated expenditures. As shown in **Exhibit 1**, general fund expenditures increase in future years as TCA benefits continue to increase to meet the mandatory percentages of the MLL level, as required by the bill.

Exhibit 1 Estimated Expenditures for Temporary Cash Assistance Under House Bill 1729 of 2018 vs. Current Law (\$ in Millions)

	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
House Bill 1729	\$113.3	\$119.9	\$126.5	\$133.0	\$139.4
Current Law	107.0	107.7	108.4	109.0	109.7
Difference	\$6.2	\$12.2	\$18.1	\$23.9	\$29.7

Source: Department of Budget and Management; Department of Human Services; Department of Legislative Services

Additional Information

Prior Introductions: None.

Cross File: SB 1164 (Senator Madaleno) - Budget and Taxation.

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

Fiscal Note History: First Reader - March 12, 2018

nb/jc

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