

**Department of Legislative Services**  
Maryland General Assembly  
2019 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

House Bill 677  
Appropriations

(Delegate Rosenberg)

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**Human Services - Food Assistance Program - Continuity of Benefits**

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This bill establishes a Food Assistance Program in the Department of Human Services (DHS) to ensure the continuity of food assistance benefits in the State.

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**Fiscal Summary**

**State Effect:** Potential significant increase in general fund expenditures depending on action taken by the federal government, as discussed below. Revenues are not affected.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Bill Summary:** The program must provide equivalent food assistance benefits for individuals who lost eligibility for federally funded benefits as a result of the termination of federal funding for the Supplemental Nutrition Assistance Program (SNAP). Benefits must also be provided to individuals who lost eligibility due to changes in SNAP, including the termination or alteration of federal provisions that (1) allow the State to request a waiver of the able-bodied adult without dependents (ABAWD) work requirements based on the unemployment rate or insufficient jobs in any area of the State or (2) exempt categories of individuals from ABAWD work requirements.

An individual must be eligible for food assistance benefits for up to six months immediately following the termination of federally funded benefits if the individual continues to meet the eligibility requirements for SNAP that were in effect on

December 31, 2018. DHS may adopt regulations to implement the bill. Funding to support benefits under the program must be in addition to any funding applied by DHS to the nonfederal portion of the administrative costs of the Food Stamp Program and the State supplement provided to senior recipients.

**Current Law:** 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. Program rules and regulations are issued by the federal government. Administrative costs are split equally between the State and federal government. Pursuant to Chapter 696 of 2016, the State provides a supplement to ensure that all households that include an individual who is at least age 62 receive a minimum benefit of \$30 per month. Otherwise, benefits are 100% federally funded.

**Background:** During the recent federal government shutdown, there was significant uncertainty regarding the provision of SNAP benefits (known in Maryland as the Food Supplement Program or FSP). The program had no funding authorization following the expiration of the continuing resolution December 21, 2018, through January 25, 2019.

#### *Able-bodied Adults Without Dependents*

The federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 limited the length of time ABAWDs can receive SNAP benefits to 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. States may exempt 15% of individuals from this requirement. States are also able to request a waiver from the ABAWD provision for areas with specified unemployment rates or insufficient jobs based on specified evidence. During and since the recession, many states, including Maryland, have operated with a statewide waiver (or waivers) of the ABAWD time limits for SNAP receipt for certain jurisdictions or areas of the state. ABAWD rules apply to individuals between the ages of 18 and 49.

Maryland's statewide waiver of ABAWD requirements expired at the end of calendar 2015. Subsequently, the State applied for and received waivers for certain jurisdictions. As of January 2019, DHS reports that ABAWDs living in 13 jurisdictions (Allegany, Caroline, Cecil, Dorchester, Garrett, Harford, Kent, Queen Anne's, Somerset, Talbot, Wicomico, and Worcester counties and Baltimore City) are waived from the requirements. In December 2018, DHS reported that there were approximately 27,874 likely ABAWDs in these jurisdictions.

### *Proposed Federal Changes*

The Agriculture Improvement Act of 2018 (also known as the 2018 Farm Bill) was enacted in December 2018. While the Act contains limited substantive impacts on recipients of FSP, it reduces the available exemptions of ABAWD rules from 15% to 12%.

In a separate action, the U.S. Department of Agriculture (USDA) proposed changes to regulations related to waiver and exemption rules for ABAWD requirements. The stated goal of the proposed changes is to reduce the number of ABAWDs that live in areas covered by waivers. USDA calculates that the share of ABAWDs living in waived areas nationally will be reduced from 44% to 11%. The proposed regulations would alter the measures for which waivers based on unemployment rates are granted, alter the carryover of exemptions from ABAWD requirements beginning in federal fiscal 2020 when exemptions are reduced, and limit the ability of states to apply for statewide waivers and groupings of jurisdictions in waiver requests. The proposed changes were published in the *Federal Register* on February 1, 2019; if finalized, the changes are expected to take effect on October 1, 2019.

DHS has received waivers for the jurisdictions noted above due to these areas meeting specified unemployment rate measures as jurisdictional groupings. However, DHS explains that only two of these jurisdictions (Somerset and Worcester counties) would potentially qualify for waivers under the proposed regulations. DHS reports that, in December 2018, there were 853 likely ABAWDs in these two jurisdictions. The ABAWDs living in the remaining 11 of the 13 currently waived jurisdictions, including Baltimore City, are facing the prospect of having to meet ABAWD requirements.

**State Expenditures:** General fund expenditures increase significantly to the extent that the State must provide benefits to individuals who lose eligibility for federally funded SNAP benefits. A precise estimate cannot be reliably estimated at this time, as it depends on what, if any, action is taken by the federal government in future years regarding overall funding for SNAP, as well as final action on proposed regulations.

As noted above, aside from funding to provide a State supplemental benefit to seniors, all SNAP benefits are federally funded. To the extent that federal funding is terminated for SNAP, general fund expenditures increase correspondingly.

*For illustrative purposes only*, DHS reports that, in December 2018, it spent approximately \$74.0 million in federal funds to provide SNAP to 626,738 recipients. However, the Department of Legislative Services notes that, unless funding is terminated or delayed for a significantly longer period in future years, it is likely that federal funding would remain available for use during any federal shutdown (*e.g.*, despite the lack of funding

authorization as of December 21, 2018, federal funding was available for February benefits).

General fund expenditures also increase to the extent that final regulations are adopted that reduce the number of individuals who live in jurisdictions eligible for a waiver or who are eligible for an exemption from ABAWD requirements.

*For illustrative purposes only*, if the State is required to fund six months of benefits for all of the 27,021 *existing* ABAWDS likely impacted by the regulations, general fund expenditures increase by \$19.6 million in fiscal 2020, which assumes an average benefit of \$121 per month. However, this estimate does not account for individuals who will be successful in meeting new requirements under any adopted regulations (and will continue to be eligible for *federally funded* benefits). If even 20% of individuals are able to comply with new requirements, the expenditures noted above are reduced by \$3.9 million. However, the estimate also only considers the *current* ABAWD population and does not account for additional individuals who may apply for benefits prior to the bill's effective date and meet existing ABAWD requirements but lose benefits if proposed regulations are adopted, or individuals currently receiving exemptions that would no longer receive one due to the reduction in available exemptions.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 15, 2019  
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