

Department of Legislative Services
 Maryland General Assembly
 2019 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 957 (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 significantly beginning in FY 2020; federal fund expenditures decrease correspondingly. General fund expenditures increase by \$45,200 in FY 2020 only for computer programming costs.

(in dollars)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
FF Revenue	(-)	(-)	(-)	(-)	(-)
GF Expenditure	\$45,200	\$0	\$0	\$0	\$0
FF Expenditure	(-)	(-)	(-)	(-)	(-)
Net Effect	(\$45,200)	\$0	\$0	\$0	\$0

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. 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.

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 receipts 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, the Department of Human Services (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 SNAP recipients, 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 Fiscal Effect: Federal fund revenues decrease beginning in fiscal 2020 to the extent that ABAWDs in currently waived jurisdictions become ineligible for SNAP benefits due to noncompliance; federal fund expenditures also decrease correspondingly. DHS estimates a decrease in federal fund revenues of \$12.2 million in fiscal 2020, which accounts for the bill's October 1, 2019 effective date, and \$16.3 million annually thereafter. This estimate assumes that 11,211 individuals are deemed ineligible for SNAP benefits and reflects an average monthly SNAP benefit of \$121. However, the estimate does not account for individuals who may *initially* lose eligibility for benefits but subsequently become eligible again.

For illustrative purposes only, and assuming the average number of ABAWDs in currently waived jurisdictions (27,874) remains constant, if 10% of these individuals each month are ineligible for SNAP benefits due to noncompliance once a waiver is no longer available, federal fund revenues and expenditures decrease by \$337,227 per month, and by approximately \$4.0 million annually; this also assumes an average monthly SNAP benefit of \$121. As noted above, changes regarding ABAWDs have been proposed at the federal level; the estimate does not account for the impact of those proposed changes.

In addition, general fund expenditures increase by \$45,200 in fiscal 2020 only for computer modifications.

Additional Information

Prior Introductions: HB 1273 of 2018 received an unfavorable report from the House Appropriations Committee. Its cross file, SB 513, received an unfavorable report from the Senate Finance Committee. HB 533 of 2017 and HB 1449 of 2016 also received unfavorable reports from the House Appropriations Committee.

Cross File: None.

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

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mm/jc

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