

Department of Legislative Services  
 Maryland General Assembly  
 2019 Session

FISCAL AND POLICY NOTE  
 Third Reader - Revised

House Bill 338  
 Appropriations

(Delegate Queen, *et al.*)

Budget and Taxation

**Human Services - Food Supplements (Summer SNAP for Children Act)**

This bill establishes a process for the State to provide additional funding to supplement benefits received under the Food Stamp Program for children; participating counties must provide matching funds. The combined State and county supplement must be used to increase the benefit by at least \$30 per child in the months of June, July, and August and \$10 per child in December. The Governor must include at least \$200,000 in the annual budget to fund the supplements. The bill also renames the Food Stamp Program as the Food Supplement Program. **The bill takes effect July 1, 2019; provisions regarding reporting and grant application requirements terminate June 30, 2022.**

**Fiscal Summary**

**State Effect:** General fund expenditures increase by \$750,000 in FY 2020, and by a minimum of \$200,000 annually thereafter, as discussed below. Special fund revenues and expenditures increase as local jurisdictions provide required matching funds. Potential increase in federal fund grant revenues and expenditures in FY 2020 through FY 2022 (not shown below). **This bill establishes a mandated appropriation beginning in FY 2021.**

(in dollars)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
SF Revenue	\$0	-	-	-	-
GF Expenditure	\$750,000	\$200,000	\$200,000	\$200,000	\$200,000
SF Expenditure	\$0	-	-	-	-
Net Effect	(\$750,000)	(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)

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

**Local Effect:** County expenditures increase, potentially significantly, to provide matching funds for supplemental benefits and for any county that voluntarily elects to provide additional funding for supplements.

**Small Business Effect:** None.

## Analysis

**Bill Summary:** The bill establishes a process by which counties may apply to the Department of Human Services (DHS) for matching funds to provide a supplemental benefit for children within the county. Supplemental benefits must be added to a recipient's account within specified timeframes.

To receive funding in the following fiscal year, a county must submit an application to DHS by December 1 that includes specified information, including a proposed plan to successfully implement the distribution of supplements, food supplement program eligibility and enrollment rates in the county, certification of the maximum amount of local share funds available, and the process by which the county will evaluate the impact of the supplements.

By January 15, DHS must notify each county that submitted a complete application of the amount of funding available in the next fiscal year for supplements. The receipt of available funding is contingent on approval of the county's final plan, which must be submitted by March 1. In addition to other requirements, the final plan must designate which children will be eligible to receive supplements if funding is not sufficient to provide a minimum supplement of \$100 to all eligible children within the county.

DHS must review a final plan and notify the county of the plan's acceptance or rejection by April 1. If a final plan is rejected, the county may submit a revised final plan for approval by April 15. If DHS approves a final plan, it must certify the amount of funding that will be provided for the county in the following fiscal year.

The State and local shares of funding required for a county with an approved final plan must be equal to that established by the State and local cost-share formula for school construction and renovation projects, as shown in **Exhibit 1**.

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**Exhibit 1**  
**State Share of Eligible School Construction Costs**  
**Fiscal 2020**

<b>County</b>	<b>FY 2020</b>
Allegany	85%
Anne Arundel	50%
Baltimore City	91%
Baltimore	56%
Calvert	53%
Caroline	81%
Carroll	55%
Cecil	66%
Charles	61%
Dorchester	75%
Frederick	60%
Garrett	50%
Harford	60%
Howard	54%
Kent	50%
Montgomery	50%
Prince George's	70%
Queen Anne's	51%
St. Mary's	57%
Somerset	96%
Talbot	50%
Washington	71%
Wicomico	95%
Worcester	50%

Source: Interagency Commission on School Construction

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In each fiscal year, DHS must provide the State share of funds for each county with an approved final plan according to a specified formula (based on the proportion of eligible children per county to total children in all counties with an approved final plan). The amount of funds provided to a county may not be greater than the State share amount that corresponds to the maximum available local share funds that were certified. A county may provide funding in addition to that required by the State to increase the number of supplements provided in the county; any such funding may not affect the amount of funding DHS is required to provide.

If federal funding is available, DHS, in consultation with the Maryland State Department of Education, must annually apply for a grant from the U.S. Department of Agriculture to implement a Summer Electronic Benefit Transfer for Children demonstration project. By October 1 of each year, DHS must report to the Senate Budget and Taxation and House Appropriations committees on the status of the grant application and, if a grant has been awarded, the progress toward implementing a demonstration project.

### **Current Law/Background:**

#### *Supplemental Nutrition Assistance Program*

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. Food supplement benefits are provided to recipients through an electronic benefits card; the program is administered by DHS through its local departments of social services. 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.

#### *Summer Electronic Benefits Transfer for Children*

The U.S. Department of Agriculture (USDA) indicates that child hunger is more acute during the summer months, as many children do not have access to free lunch and breakfast programs provided in schools. Access to such programs is also limited in December, when many children are on an extended winter break from school. DHS estimates that over 230,000 annually could qualify for the supplement. As part of its efforts to end child hunger, USDA's Food and Nutrition Service created the Summer Electronic Benefits Transfer for Children demonstration to study the use of SNAP electronic benefits transfer technology in providing food assistance to low-income children during the summer by providing their families with more resources to use at food stores.

#### *State Share for School Construction and Renovation Projects*

The State pays at least 50% of eligible costs of school construction and renovation projects based on a funding formula that takes into account numerous factors including each local school system's wealth and ability to pay. The cost-share formula is recalculated every two years. The most recent recalculation was approved by the Interagency Commission on School Construction in January 2019.

**State and Local Fiscal Effect:** General fund expenditures increase by \$750,000 in fiscal 2020 for programming costs, which assumes that, although funding is not awarded until fiscal 2021, programming expenditures are incurred in advance in order to accommodate system changes necessary to manually adjust benefit amounts for recipients who receive a supplement.

General fund expenditures increase by at least \$200,000 annually beginning in fiscal 2021, which reflects the minimum mandated appropriation specified in the bill. DHS can use existing resources to apply for a grant and submit the required reports. To the extent that a grant is received, federal fund revenues and expenditures increase accordingly.

Although the bill's provisions set forth a process for grants to be awarded to counties, it also specifies that supplements are to be added to recipients' benefit accounts. These accounts are administered by local departments of social services, which are essentially arms of the *State* Department of Human Services and not county/local entities (the local department of social services in Montgomery County is a county entity, but the county receives a grant to support all State-mandated operations, including administration of SNAP). Therefore, while DHS can allocate additional funds for the benefit of recipients in particular counties, the counties will not actually receive increased grant revenues, as the supplements will instead be added directly to recipients' accounts through the operations of local departments of social services and not funneled through the county. However, special fund revenues and expenditures correspondingly increase to account for the matching local funds to be provided to DHS in order to be added to recipients' accounts.

It is assumed that any potential minimal costs for counties to develop and submit plans for additional funding and to evaluate the impact of the supplemental benefits will not materially impact county finances. The Department of Legislative Services notes that counties will likely rely on local departments of social services for much of the data needed to develop and evaluate any plan. County expenditures increase for any county with an approved final plan to reflect the requirement for local matching funds. Specific expenditures for each county depend on the number of counties that submit plans, whether funding above the minimum mandated appropriation is included in the budget, the total number of children within the county who are eligible to receive supplemental benefits, and the matching funds required pursuant to the cost-share formula. County expenditures may increase significantly for any county that elects to provide additional funding to increase the number of supplements provided in the county. However, any participation by counties is voluntary.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 218 (Senator McCray, *et al.*) - Budget and Taxation.

**Information Source(s):** Charles and Montgomery counties; Department of Human Services; U.S. Department of Agriculture; Department of Legislative Services

**Fiscal Note History:** First Reader - February 5, 2019  
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