

Department of Legislative Services  
 Maryland General Assembly  
 2020 Session

FISCAL AND POLICY NOTE  
 Third Reader - Revised

Senate Bill 452

(Senator McCray, *et al.*)

Budget and Taxation

Appropriations

**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 at least 61.25% of the State minimum living level (MLL) beginning fiscal 2022, and each fiscal year thereafter.

**Fiscal Summary**

**State Effect:** No effect in FY 2021. General fund expenditures increase by \$792,200 in FY 2022 to reflect increased benefits to the TCA caseload and the associated impact on the Temporary Disability Assistance Program (TDAP). Future year expenditures reflect increased levels of funding but a gradual decline in enrollment, as discussed below. Revenues are not affected. **The bill increases the cost of an entitlement program beginning in FY 2022.**

(in dollars)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	792,200	818,100	828,300	818,600
Net Effect	\$0	(\$792,200)	(\$818,100)	(\$828,300)	(\$818,600)

*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:

#### *Cost to Increase Temporary Cash Assistance Benefits*

General fund expenditures increase by \$592,792 in fiscal 2022 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 0.05% annually;
- there are 39,935 TCA recipients per month in fiscal 2022;
- the food supplement program benefit does not change;
- the MLL standard in fiscal 2022 is \$2,116 and increases by 2.2% annually; and
- the MLL standard is adjusted based on the federal fiscal year.

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 Legislative Services) expenditures are affected. In addition, any changes in the food supplement benefit also impact estimated expenditures.

As shown in **Exhibit 1**, general fund expenditures continue to increase in future years as benefits increase to meet the mandatory percentage of the MLL level, but at a slower rate beginning in fiscal 2025 as the TCA population declines.

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**Exhibit 1**  
**Estimated Expenditures for Temporary Cash Assistance**  
**Under Senate Bill 452 of 2020 vs. Current Law**  
**(\$ in Millions)**

	<u><b>FY 2022</b></u>	<u><b>FY 2023</b></u>	<u><b>FY 2024</b></u>	<u><b>FY 2025</b></u>	<u><b>FY 2026</b></u>
Senate Bill 452	\$111.3	\$113.2	\$115.2	\$117.2	\$119.2
Current Law	110.7	112.6	114.6	116.6	118.6
<b>Difference</b>	<b>\$0.59</b>	<b>\$0.60</b>	<b>\$0.60</b>	<b>\$0.59</b>	<b>\$0.56</b>

Numbers may not sum due to rounding.

Source: Department of Human Services; Department of Legislative Services

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*Associated Impact on the Temporary Disability Assistance Program*

Pursuant to Chapter 408 of 2018, beginning in fiscal 2021, the Governor must provide sufficient funds to ensure that the value of the maximum monthly benefit for TDAP correlates with TCA, as specified. The TDAP population is assumed to decline by approximately 1% in fiscal 2022 and 0.5% thereafter. Thus, general fund expenditures for TDAP increase by \$199,418 in fiscal 2022 in correlation with increased TCA benefits, as shown in **Exhibit 2**.

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**Exhibit 2**  
**Estimated Expenditures for Temporary Disability Assistance Program**  
**Under Senate Bill 452 of 2020 vs. Current Law**  
**(\$ in Millions)**

	<u><b>FY 2022</b></u>	<u><b>FY 2023</b></u>	<u><b>FY 2024</b></u>	<u><b>FY 2025</b></u>	<u><b>FY 2026</b></u>
Senate Bill 452	\$37.2	\$39.8	\$42.4	\$45.2	\$48.0
Current Law	37.0	39.6	42.2	45.0	47.8
<b>Difference</b>	<b>\$0.19</b>	<b>\$0.21</b>	<b>\$0.22</b>	<b>\$0.23</b>	<b>\$0.23</b>

Numbers may not sum due to rounding.

Source: Department of Legislative Services

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## **Additional Information**

**Prior Introductions:** HB 339 of 2019, a similar bill, received a hearing in the House Appropriations Committee, but no further action was taken. Its cross file, SB 456, received a hearing in the Senate Budget and Taxation Committee, but no further action was taken. HB 1729 of 2018, a similar bill, received a hearing in the House Appropriations Committee but was withdrawn. Its cross file, SB 1164, received a hearing in the Senate Budget and Taxation Committee, but no further action was taken.

**Designated Cross File:** HB 559 (Delegate Valentino-Smith, *et al.*) - Appropriations.

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

**Fiscal Note History:** First Reader - February 10, 2020  
rh/jc Third Reader - March 17, 2020  
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