Department of Legislative Services

Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 774 (Delegate Acevero)
Appropriations

Human Services – Universal Basic Income for Transition–Age Youth – Establishment

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This bill establishes a Universal Basic Income for Transition-Age Youth Program within the Department of Human Services (DHS) to provide a universal basic income of $1,000 per month for a period of three years for specified individuals aging out of the out-of-home placement program. By October 1, 2023, and annually thereafter, DHS must submit a specified report about the program to the General Assembly. **The bill takes effect October 1, 2022, and terminates October 1, 2027**.

Fiscal Summary

State Effect: DHS general fund expenditures increase by an estimated $821,700 in FY 2023 for contractual staff and to provide a universal basic income to eligible individuals. Future years reflect annualization and a rolling number of individuals receiving the benefit. Revenues are not affected.

(in dollars)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues	$0	$0	$0	$0	$0
GF Expenditure	821,700	3,085,600	5,393,200	6,981,000	7,032,900
Net Effect	($821,700)	($3,085,600)	($5,393,200)	($6,981,000)	($7,032,900)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: "Universal basic income" means unconditional cash payments of equal amounts distributed monthly to eligible individuals.

An individual is eligible for a universal basic income of $1,000 per month if (1) the individual resided in an out-of-home placement on their eighteenth birthday, regardless of the age at which they entered out-of-home placement and (2) their eighteenth birthday is on or after October 1, 2022.

Universal income payments may not be considered income or resources for the purpose of determining the individual's eligibility to receive benefits, as permitted by federal law, for Medicaid, the Maryland Earned Income Tax Credit, or State and federal financial aid and college support programs.

By October 1 each year, DHS must submit a report to the General Assembly that contains descriptive information and outcome measures of program recipients during the previous year, including, at minimum (1) the starting income of each recipient, exclusive of universal basic income payments; (2) geographic information about each recipient, including county, city, and zip code of residence; (3) the employment status of each recipient before receiving universal basic income payments; and (4) the housing status of each recipient before receiving universal basic income payments.

Current Law: DHS, through its Social Services Administration, has the primary responsibility for child welfare services throughout the State, which are provided primarily by the local departments of social services. These services support the healthy development of families, assist families and children in need, and protect abused and neglected children. Programs include foster care, family preservation, adoption, child protective services, and family reunification.

DHS is required to establish a program of out-of-home placement for minor children (1) who are placed in the custody of a local department, for a period of up to 180 days, by a parent or legal guardian under a voluntary placement agreement; (2) who are abused, abandoned, neglected, or dependent, if a juvenile court has determined that continued residence in the child's home is contrary to the child's welfare and has committed the child to the custody or guardianship of a local department; or (3) who, with the approval of DHS, are placed in an out-of-home placement by a local department under a voluntary placement agreement regarding a child with a developmental disability or a mental illness, as specified.

A foster youth is an individual who is an adult in out-of-home care under the responsibility of the State or is an adult younger than age 25 and was in out-of-home care under the responsibility of the State on the individual's eighteenth birthday. An out-of-home placement may include family foster care, group and residential care, kinship care, and treatment foster care.

Foster youth are generally allowed to remain in care up until age 21, as long as the youth is in school, enrolled in a training program or other program or activity to promote or remove barriers to employment, employed at least 80 hours per month, or disabled. Independent living after-care services are available for youth exiting care after turning age 18 but before turning age 21, including financial assistance, assistance with utilities and room and board, educational and employment services, counseling, and other services to assist with self-sufficiency. These services are available for up to 180 days but may be extended, and youth may reapply for services until age 21.

Due to the COVID-19 pandemic, a State moratorium on youth aging out of care was instituted; however, a nationwide moratorium was subsequently instituted in December 2020, which extended through the end of federal fiscal 2021. On September 30, 2021, the nationwide moratorium on foster youth aging out of care ended, and certain temporary flexibilities granted to the states under the federal Supporting Foster Youth and Families Through the Pandemic Act (included in Division X of the Consolidated Appropriations Act) expired. These provisions included suspending Title IV-E eligibility criteria relating to age and participation in work or education activities, as well as providing additional funding and flexibility in usage for the John H. Chafee Foster Care Program for Successful Transition to Adulthood funds and Education and Training Vouchers. These are the two primary sources of federal funds that states can use to assist transition-aged youth or youth aging out of care. In addition, youth that left care during the pandemic were able to re-enter care, effective January 21, 2021, for 90 days.

Since January 2014, former foster care adolescents who were in foster care on their eighteenth birthday are eligible for Medicaid up to age 26.

State Expenditures: DHS general fund expenditures increase to provide universal basic income for specified individuals and to hire contractual staff to oversee the program.

Approximately 196 individuals in the out-of-home placement program turn 18 each year and will become eligible for the $1,000 monthly benefit. Assuming an average of 16 individuals turn 18 each month, enrollment into the program increases on a rolling basis (with approximately 16 additional enrollees per month) until October 1, 2025, when the three-year benefit for those individuals who entered the program in October 2022 ends, and program enrollment stabilizes at an estimated total of 576 individuals until the program terminates October 1, 2027.

Thus, DHS general fund expenditures increase by approximately $720,000 in fiscal 2023, which reflects the bill's October 1, 2022 effective date. The cost to provide a universal basic income increases to $3.0 million in fiscal 2024, $5.3 million in fiscal 2025, and $6.9 million in fiscal 2026 and 2027.

DHS general fund expenditures increase by an additional $101,693 in fiscal 2023, which accounts for the bill's October 1, 2022 effective date. This estimate reflects the cost of hiring two full-time contractual positions to determine eligibility for and oversee the benefit program and to complete the required reports. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Contractual Positions	2.0
Salaries and Fringe Benefits	$87,007
Operating Expenses	14,686
Total FY 2023 State Expenditures	**$101,693**

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

Additional Comments: The bill specifies that universal income payments may not be considered income or resources for the purpose of determining the individual's eligibility to receive benefits for Medicaid or federal financial aid and college support programs. However, the Department of Legislative Services notes that the bill cannot waive federal program requirements.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

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

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