

Department of Legislative Services
 Maryland General Assembly
 2023 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 108 (Delegate Acevero)
 Appropriations

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

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, 2024, and annually thereafter, DHS must submit a specified report about the program to the General Assembly. **The bill takes effect October 1, 2023, and terminates September 30, 2028.**

Fiscal Summary

State Effect: DHS general fund expenditures increase by an estimated \$2.6 million in FY 2024 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 millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	2.6	5.5	7.8	7.6	7.1
Net Effect	(\$2.6)	(\$5.5)	(\$7.8)	(\$7.6)	(\$7.1)

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

Local Effect: The bill does not materially affect local government operations or finances.

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 the individual’s eighteenth birthday, regardless of the age at which the individual entered out-of-home placement and (2) the individual’s 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 (or the amounts of benefits received), 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. 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.

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.

Universal Basic Income Benefits

Approximately 196 individuals in the out-of-home placement program turn 18 each year and will become eligible for the \$1,000 monthly benefit. Because eligibility for the program includes individuals who turned 18 on or after October 1, 2022, 196 individuals are immediately eligible to begin receiving monthly benefits once the bill takes effect October 1, 2023. Furthermore, 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, 2026, when the three-year benefit for those individuals who entered the program in October 2023 ends, and program enrollment stabilizes at an estimated total of 576 individuals until the program terminates September 30, 2028.

Thus, DHS general fund expenditures increase by approximately \$2.5 million in fiscal 2024, which reflects the bill's October 1, 2023 effective date (and excludes staffing costs discussed below). The cost to provide a universal basic income increases to \$5.3 million in fiscal 2025 and to \$7.6 million in fiscal 2026. Because the program is anticipated to receive an initial influx of eligible recipients immediately on the bill's effective date (from individuals who turned 18 after October 1, 2022), costs gradually decrease from fiscal 2026 levels once these individuals exit the program October 1, 2026. Specifically, expenditures of \$7.5 million in fiscal 2027 and \$6.9 million in fiscal 2028 are estimated.

Staffing Costs

In addition to two full-time staff to administer the program, DHS estimates that 16 caseworkers are needed to ensure proper payment of the universal basic income and

collection of the necessary data for the annual reports to the General Assembly. The Department of Legislative Services (DLS) agrees that oversight of the new program, including the annual collection of data from hundreds of recipients until the program terminates on September 30, 2028, necessitates additional resources. However, DLS disagrees that 16 caseworkers are required for the bill’s implementation. The bill only requires limited data collection for the annual report, and not the ordinary responsibilities of a caseworker (*e.g.*, assessment and management of services to meet an individual’s needs, etc.). While acknowledging that collecting data about a recipient after the program ends likely necessitates time, effort, and resources, because of potential difficulties in locating and contacting the recipient, DLS advises that the limited scope of the annual report (and overall administration of the program) does not require the personnel costs estimated by DHS. Accordingly, DHS general fund expenditures also increase by an additional \$149,859 in fiscal 2024, which accounts for the bill’s October 1, 2023 effective date. This estimate reflects the cost of hiring three full-time contractual positions to generally 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	3.0
Salaries and Fringe Benefits	\$127,632
Operating Expenses	<u>22,227</u>
FY 2024 State Expenditures for Staff	\$149,859

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State’s implementation of the federal Patient Protection and Affordable Care Act.

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, DLS notes that the bill cannot waive federal program requirements.

Additional Information

Prior Introductions: Similar legislation has been introduced within the last three years. See HB 774 of 2022.

Designated Cross File: None.

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

Fiscal Note History: First Reader - January 30, 2023
km/jkb

Analysis by: Joanne E. Tetlow

Direct Inquiries to:
(410) 946-5510
(301) 970-5510