

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 849 (Delegate Acevero, *et al.*)
 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, 2025, and annually thereafter, DHS must submit a specified report about the program to the General Assembly. **The bill terminates September 30, 2029.**

Fiscal Summary

State Effect: DHS general fund expenditures increase by an estimated \$4.2 million in FY 2025 for contractual staff, one-time only information technology (IT) costs, and to provide a universal basic income benefit to eligible individuals, as discussed below. Future years reflect annualization, elimination of one-time costs, and a rolling number of individuals receiving the benefit. Revenues are not affected.

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	4.2	9.9	13.0	12.7	10.0
Net Effect	(\$4.2)	(\$9.9)	(\$13.0)	(\$12.7)	(\$10.0)

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 until the age of 26.

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

Universal Basic Income Benefits

The bill requires DHS to provide a universal basic income to individuals that resided in an out-of-home placement on their eighteenth birthday. DHS must provide eligible individuals with a monthly benefit of \$1,000 for a period of three years. DHS advises that there is an average of 3,800 individuals in foster care in the State per year, and approximately 790 individuals in foster care each year are between age 18 and 21. This estimate assumes:

- DHS requires a 90-day start up delay from the bill's October 1, 2024, effective date to make IT changes, train staff, and begin issuance of benefits beginning January 1, 2025;
- because eligibility for the program includes individuals who turned 18 on or after October 1, 2022, and based on the ages and birth dates of individuals in foster care as of March 2024, 526 individuals are eligible to begin receiving the benefit on January 1, 2025; and
- an average of 22 individuals in foster care will turn 18 each month and enroll into the program on a rolling basis (with approximately 22 additional enrollees per month) until January 1, 2028, when the three-year benefit for those individuals who entered the program in January 2025 ends, and program enrollment stabilizes at an estimated total of 814 individuals until the program terminates September 30, 2029.

Thus, DHS general fund expenditures increase by approximately \$3.6 million in fiscal 2025, which reflects provision of the benefit beginning January 1, 2025, (and excludes staffing costs discussed below). The cost to provide a universal basic income

increases to \$9.6 million in fiscal 2026, peaks at \$12.8 million in fiscal 2027, then declines to \$12.5 million in fiscal 2028 (as initial entrants to the program from January 2025 begin to exit the program), and \$9.8 million in fiscal 2029. Although outside the five-year fiscal estimate of this analysis, benefit costs for fiscal 2030 are estimated at \$2.4 million for the final three months of the program, which terminates September 30, 2029.

The Department of Legislative Services (DLS) notes that, due to bill’s termination date, individuals who enroll in the program after on or after October 1, 2026, will not receive benefits for a full three years as required under the bill.

Staffing and Administrative Costs

DHS advises that existing staff are unable to absorb the bill’s requirements. Accordingly, DHS general fund expenditures also increase by an additional \$549,731 in fiscal 2025, which accounts for the bill’s October 1, 2024, effective date. This estimate reflects the cost of hiring four full-time contractual positions to generally determine eligibility for and oversee the benefit program and to complete the required reports. Additionally, DHS advises that one-time only programming costs of approximately \$360,000 are required in fiscal 2025 only to update the MD THINK (Maryland “Total Human-Services Integrated Network”) to manage the monthly distribution of funds to eligible individuals; annual maintenance costs are approximately \$36,000. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses (including MD THINK maintenance).

Contractual Positions	4.0
Salaries and Fringe Benefits	\$160,707
One-time Only MD THINK Upgrade	360,000
Operating Expenses	<u>29,024</u>
FY 2025 State Administrative Expenditures	\$549,731

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

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See HB 108 of 2023 and HB 774 of 2022.

Designated Cross File: None.

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

Fiscal Note History: First Reader - March 5, 2024
js/jc

Analysis by: Amberly E. Holcomb

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