

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 881
Appropriations

(Delegate Shetty, *et al.*)

Family Investment Program and Supplemental Nutrition Assistance Program
Benefits - Child Support

This bill specifies that *any* child support collected in a month must pass through to the family and must be disregarded in computing the amount of assistance provided by the Family Investment Program (FIP). The bill prohibits a local department of social services from considering any child support collected by a household when computing the amount of *supplemental* benefits provided under the Supplemental Nutrition Assistance Program (SNAP).

Fiscal Summary

State Effect: State expenditures increase significantly beginning in FY 2026 (by at least \$10.0 million on an annual basis) to account for the loss of the State share of certain child support collections and to reimburse the federal government for its share of the collections, as further discussed below. Special fund revenues decrease accordingly, with a corresponding decrease in special fund expenditures. General/federal fund expenditures also increase by \$406,000 in FY 2026 only for programming changes; federal fund matching revenues correspondingly increase by \$268,000.

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

Small Business Effect: None.

Analysis

Current Law: The Family Investment Administration within the Department of Human Services (DHS) is the central coordinating and directing agency of all public assistance

programs in the State, including Temporary Cash Assistance (TCA) benefits as a last resort. TCA may be provided if the applicant or recipient (1) resides in the State; (2) has applied for child support services, if appropriate; (3) has engaged in job search activities as requested by DHS; (4) participates in work activity, as required; and (5) meets any requirements established by regulations. TCA provides monthly cash grants and is funded with general funds, federal Temporary Assistance for Needy Families (TANF) funds, and certain child support collections.

For a recipient that is an assistance unit that includes adults and children or minor parents and children, the amount of assistance must be designated as follows: (1) 75% for the child or children in the assistance unit; and (2) 25% for the adult member or members, or minor parent or parents of the assistance unit. For a recipient that is an assistance unit with only adults, or a recipient who is a pregnant individual, 100% of the assistance must be designated for the adult member or members or pregnant individual.

The amount of assistance must be computed by counting no more than four weeks of earned income in any month and disregarding 20% of that earned income. The first \$100 of child support collected in a month for one child and the first \$200 of child support collected in a month for two or more children must pass through to the family and must be disregarded in computing the amount of assistance.

The remaining amount of child support collected on behalf of families receiving TCA is retained and used to offset the cost of operating the program. The State distributes a portion to the federal government and retains the remainder. The amount distributed to the federal government, based on the Federal Medical Assistance Percentage, is 50% in Maryland. DHS places the retained amount in a special fund (the Child Support Offset Fund), which is used primarily to offset costs of TCA and for child support-related contracts.

Supplemental Nutrition Assistance Program

SNAP is a federally funded benefit that helps low-income households purchase food. Program rules and requirements are issued by the federal government, while administrative costs are split equally between the State and federal government. Participants must meet income and resource requirements.

Chapter 696 of 2016 established a State supplemental benefit for households with a member who is at least age 62 to ensure that these households receive at least \$30 per month. Chapter 324 of 2022 increased the benefit to ensure that these households receive at least \$40 per month. Chapters 374 and 375 of 2024 expanded eligibility for the benefit by lowering the age, from 62 to 60, for an individual to qualify for the State supplemental benefit and increased the supplemental benefit to ensure that qualifying households receive a total benefit of \$50 per month.

Chapters 635 and 636 of 2019 established Summer SNAP for Children, a State and local supplemental benefit that is provided to some households with school-aged children in select jurisdictions to address food insecurity during summer and winter school breaks when low-income children do not have access to free school meals. The federal Consolidated Appropriations Act of 2023 authorized a new nationwide Summer Electronic Benefit Transfer (now known as SUN BUCKS) program. Beginning in summer 2024, the benefit provides children eligible for free and reduced-price meals in the prior school year with a \$40 per month federal benefit. In subsequent years, the monthly benefit will increase with inflation. The State Summer SNAP for Children program largely duplicates the new federal benefit with certain exceptions. As such, State Summer SNAP for Children benefits were not issued in calendar 2024.

Households receiving or authorized to receive TCA, Supplemental Security Income, Temporary Disability Assistance Program, Public Assistance to Adults, or TANF-funded services or benefits are categorically eligible for SNAP benefits. Noncategorically eligible households are subject to eligibility requirements, including resource and income limits.

The minimum federal SNAP benefit is \$23 per month, and the maximum allotment for a household of one is \$292 per month. However, benefit levels vary based on expenses of the household, including housing, type of utility, child support payments, and out-of-pocket child care expenses.

Child Support Collections

The Child Support Administration (CSA) within DHS generally oversees child support services provided by the local departments of social services and other offices, provides technical assistance, formulates policy, develops and implements new programs, and ensures compliance with federal and State regulations and policy.

State Fiscal Effect:

Family Investment Program

The bill requires that *any* child support collected in a month must pass through to the family and be disregarded in computing the amount of assistance provided by FIP. The State, therefore, must use general funds to (1) account for the loss of special fund revenue from the State's share of child support collected on behalf of TCA recipients that is no longer available in the Child Support Offset Fund and used as described above, but is instead passed through to custodial parents and (2) reimburse the federal government 50% of those collections. Under current law, the State is not required to reimburse the federal government for its share of the passed through amounts. However, that exception is available *only* to \$100 for the first child and \$200 for two or more children.

Based on preliminary information, in fiscal 2026, the Department of Legislative Services (DLS) estimates that approximately \$15.4 million in child support payments (relevant to the bill) will be collected; of this amount, approximately \$1.5 million is expected to pass through to families under current law. Under the bill, an additional \$6.1 million in special fund revenue annually is anticipated to no longer be available for the Child Support Offset Fund. Therefore, general fund expenditures increase by approximately \$4.6 million in fiscal 2026, which accounts for the bill's October 1, 2025 effective date, and approximately \$6.1 million beginning in fiscal 2027 and annually thereafter. General fund expenditures increase correspondingly. This estimate reflects the loss of special fund revenues, as described above, that are passed through to custodial parents and are no longer retained in the Child Support Offset Fund. Instead, general funds are required to maintain current levels of funding to support TCA and child support programs. *In addition*, general fund expenditures are further incurred to account for the federal government's share of the additional passed through amount.

Supplemental Nutrition Assistance Program

The bill prohibits any child support collected by a household to be considered when computing the amount of *supplemental* benefits provided under SNAP. The State currently provides *supplemental* benefits to (1) households with a member who is at least age 60 to ensure that these households receive a total benefit of \$50 per month and (2) households with school-aged children in select jurisdictions through Summer SNAP for Children.

However, DLS notes that households with members who are at least age 60 typically do not receive child support payments, as custodial parents are typically the only individuals who receive child support payments. Additionally, Summer SNAP for Children benefits are not currently disbursed by the State since the federal program, SUN BUCKS, largely duplicates the new State supplemental benefit. Therefore, this analysis assumes there is no fiscal impact associated with the prohibition against considering any child support collected when computing the amount of *supplemental* benefits provided under SNAP. Additionally, since SNAP is an income-based program, all child support payments are considered income for the purpose of calculating the amount of a household's SNAP benefits. SNAP federal regulations designate child support as unearned income that state agencies cannot exclude in determining eligibility and calculating the benefit amount. To the extent that a household that receives child support payments *is* eligible to also receive State *supplemental* benefits provided under SNAP, general fund expenditures increase by an indeterminate, but likely minimal, amount annually beginning in fiscal 2026.

Technology Upgrades

DHS advises that one-time updates costing \$406,080 to both the Child Support Management System and the Eligibility and Enrollment System are necessary to meet the

requirements of the bill and that certain CSA program costs, including technology upgrades, are eligible for a 66% federal fund reimbursement. DHS general fund expenditures increase by \$138,067 in fiscal 2026 only; federal fund revenues and expenditures increase by \$268,013 in fiscal 2026 only.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 703 (Senator McCray) - Finance.

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

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