

Date: March 10, 2022

Bill number: SB 828

Committee: Finance

Bill title: Family Investment Program – Eligibility, Work Experience, Community Service, and Reports – Alterations

DHS Position: Letter of Concern

The Department of Human Services (the Department) respectfully submits this letter of concern in regards to Senate Bill 828 (SB 828). SB 828 makes multiple changes to Temporary Assistance for Needy Families/Temporary Cash Assistance (TANF/TCA) work program requirements.

TANF is a federal flexible block grant to states with a range of goals, notably to provide income support that allows children to be raised at home, to promote work, and to encourage marriage. The only measure of performance for which states are held accountable is the work participation rate (WPR). States that fail to meet the WPR targets are at risk of losing a share of nearly \$229 million in TANF block grant.

Under the TANF Work Participation Rate (WPR) requirements, states must engage parents receiving assistance in allowable work activities for 20-30 hours a week or face financial penalties. By statute, the target rate is 50 percent; however, this target is lowered for states that have experienced caseload decreases, so many states have a lower effective target WPR. As of September 2021, our preliminary WPR was 4.8%, which fell short of the required adjusted WPR standard I of 12.8%, which was not met. DHS is currently discussing corrective action measures with the U.S Department of Health and Human Services.

SB 828 appears to be designed to effectively abolish unpaid work experience, a federally approved core work activity, from Maryland's TANF program. Among the Department's chief concerns, this bill would no longer require customers in an unpaid work experience to verify their hours of participation. In turn, these hours would not be counted towards the State's WPR. Currently, this category of work activity makes up just under 30% of Maryland's total WPR. Not counting these hours would make it difficult to maintain federal compliance.

Additionally, the bill provides a work activity exemption for adults who have not received assistance for at least 12 months. This would create further reduction in hours that may be counted toward WPR.

Next, the bill specifies that a customer may not be placed in an unpaid work experience or community service placement for more than 90 days in a 3-year period. This provision ignores the possibility that some customers may require more time to learn or master certain skills. If a work experience or community service placement is limited to 90 days, it may hinder the customers continuity of skill building. Currently, customers in these categories of work activity are already reassessed every 3 months to ensure the customer is learning and gaining valuable skills.

The bill further stipulates that a work experience site may not have more than 5 customers placed at that site at any given time. Many State agencies serve as work experience sites, and can accommodate more than 5 placements. Moreover, the bill dictates that a work experience site would be disqualified from accepting placements for 5 years, if they do not hire a certain number of customers as paid employees. The main purpose of unpaid work experience is to gain marketable job skills. Many work experience sites can, and do, hire TANF/TCA customers. The customers who are not hired at their placement site use the skills that they have obtained to become successful elsewhere. Disqualifying a work experience site for 5 years will drastically reduce the number of available placements, making it extraordinarily difficult for customers to meet the required countable hours.

The Department appreciates the opportunity to share the aforementioned concerns with the Committee, and asks that these be taken into consideration during deliberations.