Department of Human Services
Fiscal 2023 Budget Overview

Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland

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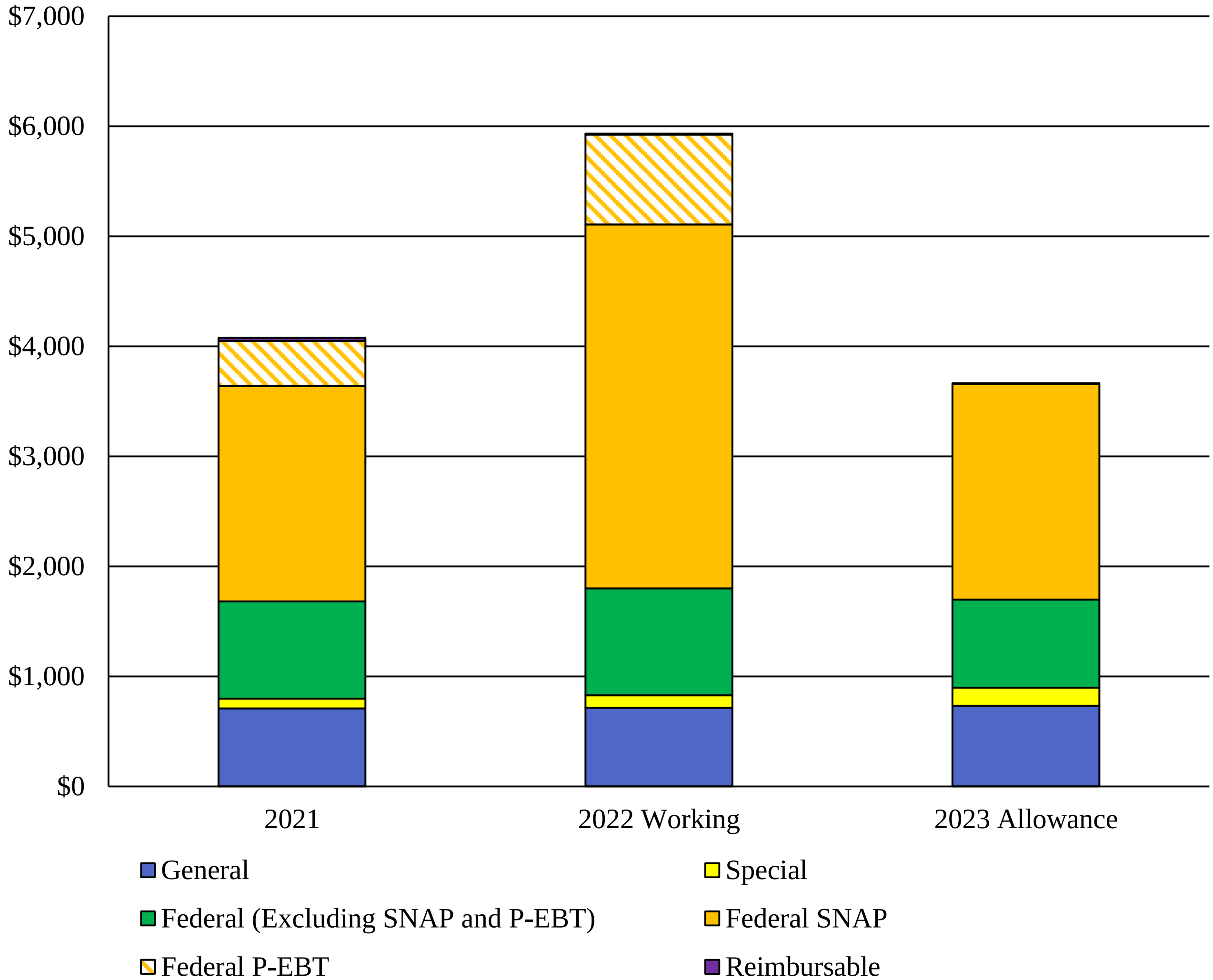
Department of Human Services

Fiscal 2023 Budget Overview

Funding by Source
Fiscal 2021-2023 Allowance
($ in Millions)

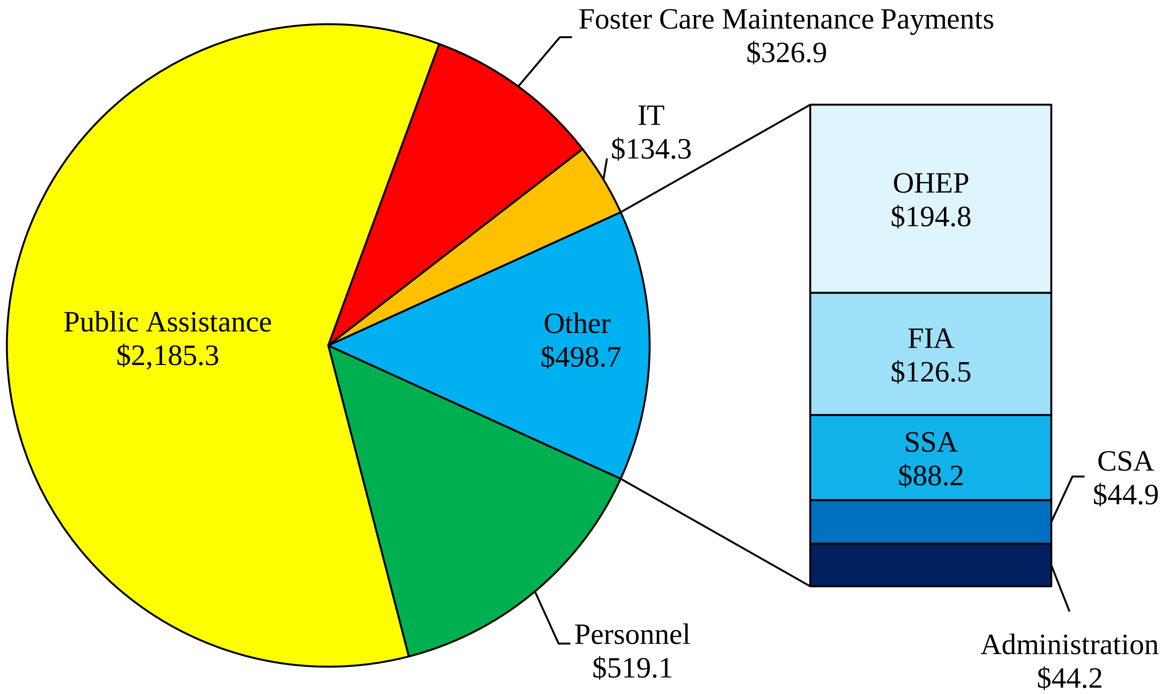


P-EBT: Pandemic Electronic Benefits Transfer
SNAP: Supplemental Nutrition Assistance Program

Note: The fiscal 2022 working appropriation includes deficiency appropriations. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.

Source: Governor's Fiscal 2023 Budget Books; Department of Legislative Services

Functional Breakdown of Spending
Fiscal 2023 Allowance
($ in Millions)



CSA: Child Support Administration
FIA: Family Investment Administration
IT: information technology
OHEP: Office of Home Energy Programs
SSA: Social Services Administration

Note: The fiscal 2023 allowance does not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.

Source: Governor's Fiscal 2023 Budget Books; Department of Legislative Services

Budget Overview: All Funds
Fiscal 2021-2023 Allowance
($ in Thousands)

	Actual 2021	Working App. 2022	Allowance 2023	$ Change 2022-2023	% Change 2022-2023
Family Investment (Excluding SNAP and P-EBT)	**$543,724**	**$560,904**	**$504,296**	**-$56,607**	**-10.1%**
TCA and Transitional Benefit	210,851	217,350	149,690	-67,659	-31.1%
TDAP	39,603	49,113	44,406	-4,707	-9.6%
Supplemental SNAP Benefit	533	4,781	11,567	6,786	142.0%
Other Public Assistance	13,726	17,849	19,676	1,827	10.2%
Work Opportunities	26,262	28,806	28,884	77	0.3%
Office of Grants Management	35,539	16,512	15,901	-611	-3.7%
Administration	217,209	226,493	234,172	7,679	3.4%
Office of Home Energy Programs	**$153,652**	**$241,948**	**$195,904**	**-$46,044**	**-19.0%**
Social Services Administration	**$602,435**	**$637,941**	**$653,264**	**$15,323**	**2.4%**
Foster Care/Adoption	292,884	308,843	326,881	18,038	5.8%
Programs/Administration	309,551	329,098	326,384	-2,715	-0.8%
Child Support	**$101,561**	**$95,610**	**$97,387**	**$1,777**	**1.9%**
Administration	**$307,489**	**$270,973**	**$253,529**	**-$17,445**	**-6.4%**
Office of the Secretary	35,664	30,038	29,970	-68	-0.2%
Operations	46,412	33,351	34,931	1,579	4.7%
Information Management	182,440	164,494	143,915	-20,579	-12.5%
Local Department Operations	42,974	43,090	44,713	1,623	3.8%
Total	**$1,708,861**	**$1,807,375**	**$1,704,380**	**-$102,995**	**-5.7%**
General Funds	$707,055	$714,898	$732,456	$17,558	2.5%
Special Funds	90,820	112,127	163,640	51,513	45.9%
Federal Funds (Excluding SNAP and P-EBT)	881,989	971,875	800,341	-171,534	-17.6%
Reimbursable Funds	28,997	8,475	7,943	-533	-6.3%
Total Funds (Excluding Federal SNAP and P-EBT)	**$1,708,861**	**$1,807,375**	**$1,704,380**	**-$102,995**	**-5.7%**
Federal SNAP Benefits	$1,959,945	$3,307,899	$1,959,945	-$1,347,954	-40.7%
Federal P-EBT Benefits	408,276	818,072	0	-818,072	-100.0%
Total (Including Federal SNAP and P-EBT)	**$4,077,082**	**$5,933,346**	**$3,664,325**	**-$2,269,021**	**-38.2%**

P-EBT: Pandemic Electronic Benefits Transfer
SNAP: Supplemental Nutrition Assistance Program
TCA: Temporary Cash Assistance
TDAP: Temporary Disability Assistance Payment

Note: Numbers may not sum to total due to rounding. The fiscal 2022 working appropriation includes deficiency appropriations. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments. Supplemental SNAP includes the Summer SNAP for Children and Supplemental Benefit for Seniors programs.

Source: Governor’s Fiscal 2023 Budget Books; Department of Legislative Services

Budget Overview: General Funds
Fiscal 2021-2023 Allowance
($ in Thousands)

	Actual 2021	Working App. 2022	Allowance 2023	$ Change 2022-2023	% Change 2022-2023
Family Investment	**$197,662**	**$181,666**	**$178,405**	**-$3,261**	**-1.8%**
TCA Payments	85,515	55,864	39,220	-16,644	-29.8%
TDAP	22,380	33,894	38,189	4,295	12.7%
Supplemental SNAP Benefit	533	4,781	11,567	6,786	142.0%
Other Public Assistance	7,703	9,899	9,899	0	0.0%
Office of Grants Management	7,423	8,121	8,471	350	4.3%
Administration	74,107	69,107	71,058	1,951	2.8%
Office of Home Energy Programs	**$0**	**$0**	**$80**	**$80**	
Social Services Administration	**$378,931**	**$388,943**	**$410,327**	**$21,384**	**5.6%**
Foster Care/Adoption	206,224	215,224	233,440	18,216	8.8%
Programs/Administration	172,707	173,718	176,887	3,168	1.8%
Child Support	**$19,102**	**$19,102**	**$18,898**	**-$204**	**-1.1%**
Administration	**$111,360**	**$125,188**	**$124,747**	**-$441**	**-0.4%**
Office of the Secretary	24,776	22,881	22,126	-755	-3.0%
Operations	22,482	15,538	16,385	848	3.8%
Information Management	37,866	61,222	60,184	-1,039	-2.7%
Local Department Operations	26,236	25,547	26,052	505	1.9%
Total	**$707,055**	**$714,898**	**$732,456**	**$17,558**	**2.5%**

SNAP: Supplemental Nutrition Assistance Program
TCA: Temporary Cash Assistance
TDAP: Temporary Disability Assistance Payment

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Source: Governor's Fiscal 2023 Budget Books; Department of Legislative Services

Fiscal 2022 Actions

Deficiency Appropriations

The fiscal 2023 budget proposes deficiency appropriations totaling $3.05 billion across the Department of Human Services (DHS) primarily reflecting the availability of federal funding due to enhanced Supplemental Nutrition Assistance Program (SNAP) benefit levels and caseloads, the impact of various stimulus legislation and economic stability initiatives, and programmatic changes in fiscal 2022. Further discussed in Issue 3 of this analysis, another deficiency proposes to swap $50 million in federal Temporary Assistance for Needy Families (TANF) funds for State Fiscal Recovery Funds from the American Rescue Plan Act (ARPA) funds.

Deficiency Appropriations, By Purpose
Fiscal 2022
($ in Thousands)

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
SNAP and P-EBT benefits			$2,909,623		$2,909,623
ARPA LIHEAP funds			73,506		73,506
TCA Temporary Supplemental Payments and Funding for Employment Incentives			17,756		17,756
Low Income Household Water Assistance Program, as Provided under Federal COVID-19-related Legislation			14,062		14,062
ARPA Funding for the Administration of the SNAP Program			10,232		10,232
COVID-19 Relief Funding for Child Welfare and Social Services Programming			6,766		6,766
One-time Corrective Action Plan Required by CMS			4,795	$533	5,328
Funds Rates Set by the Interagency Rates Committee	$5,000				5,000
Funds Increased TDAP Benefit	1,449	$236			1,684
COVID-19 Relief Funding for Adult Services			1,636		1,636
Emergency Food Assistance Program, as Provided under Federal COVID-19-related Legislation			$961		961
Total	**$6,449**	**$236**	**$3,039,337**	**$533**	**$3,046,555**

ARPA: American Rescue Plan Act
CMS: Centers for Medicare and Medicaid Services
LIHEAP: Low Income Home Energy Assistance Program
P-EBT: Pandemic Electronic Benefits Transfer+
SNAP: Supplemental Nutrition Assistance Program
TCA: Temporary Cash Assistance
TDAP: Temporary Disability Assistance Payment

Proposed Budget Changes
Department of Human Services
Fiscal 2022-2023
($ in Thousands)

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
2022 Working Appropriation	$714,898	$112,127	$5,097,846	$8,475	$5,933,346
2023 Governor's Allowance	732,456	163,640	2,760,286	7,943	3,664,325
Amount Change	17,558	51,513	-2,337,560	-533	-$2,269,021
Percent Change	2.5%	45.9%	-45.9%	-6.3%	-38.2%

Where It Goes:	Change
Personnel Expenses	
Employee and retiree health insurance	$5,950
Turnover adjustments	1,543
Reclassification	1,008
Workers' compensation premium assessment	309
Abolition of 20 positions	-1,423
Regular earnings primarily due to budgeting vacant positions at lower salary levels	-2,536
Other fringe benefit adjustments	19
Assistance Payments	
Summer SNAP due to enhancement	4,800
TDAP due to annualization of benefit changes occurring in fiscal 2022	4,793
Transitional TCA Benefit to align with fiscal 2021 actual expenditures	4,227
Supplemental SNAP benefits due to anticipated benefit changes	1,986
Child support pass-through to align with fiscal 2021 actual expenditures	1,830
TCA due to anticipated caseload declines	-17,630
One-time TANF Pandemic Emergency Assistance Funds from the American Rescue Plan Act	-17,756
American Rescue Plan funds available in fiscal 2022 to support an additional $100 per recipient per month benefit from July to December 2021	-46,000
P-EBT program not expected to be available in fiscal 2023	-818,072
Federal SNAP benefit to align with fiscal 2021 actual expenditures	-1,347,954
Foster Care	
Foster care maintenance payments including anticipated caseload changes and provider rate increases	22,285
Limited-time federal funds available to support foster care maintenance payments	-4,247
Family Investment Administration	
SNAP Employment and Training to align with actual	4,053
SNAP outreach	1,635
Disability Determination Services	1,369
Work development training programs	-1,000

Where It Goes:	**Change**
Office of Home Energy Programs	
Additional SEIF Fund Revenue for Energy Assistance Benefits	50,870
Limited-time federal funds available to support Chapters 638 and 639 of 2021	-9,430
Water assistance primarily due to limited-time federal support for COVID-19 relief	-14,062
Energy assistance primarily due to limited-time federal support for COVID-19 relief	-73,506
Information Technology	
Maintenance of new systems	5,749
MD THINK legacy systems	-1,284
One-time deficiency appropriation to support a CMS corrective action plan	-5,328
Data center services and office and information systems	-9,247
Social Services Administration	
One-time COVID-19 relief funding available for Adult Services and elder abuse prevention	-1,740
Limited-time federal funds available to support child welfare services	-2,519
Other Changes	
Statewide cost allocations	1,159
Child Support Administration cooperative reimbursement agreements	1,103
Other	-9,977
Total	**-$2,269,021**

CMS: Centers for Medicare and Medicaid Services
MD THINK: Maryland Total Human Services Information Network
P-EBT: Pandemic Electronic Benefits Transfer
SEIF: Strategic Energy Investment Fund
SNAP: Supplemental Nutrition Assistance Program
TANF: Temporary Assistance for Needy Families
TCA: Temporary Cash Assistance
TDAP: Temporary Disability Assistance Payment

Note: Numbers may not sum to total due to rounding. The fiscal 2022 working appropriation includes deficiency appropriations. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.

Source: Governor’s Fiscal 2023 Budget Books; Department of Human Services; Department of Legislative Services

Caseload Estimates Assumed in the Budget
Fiscal 2020-2023 Estimated

Program	2020 Actual	2021 Actual	2022 Est.	2023 Est.	2022-2023 % Change
Cash Assistance					
TCA	47,767	62,552	59,488	52,053	-5%
TCA Transitional Benefit	1,319	2,130	6,639	2,130	-68%
TDAP	13,159	12,835	11,305	11,282	-12%
SNAP Supplemental Benefit[1]	20,769	0	27,363	27,363	0%
Federal SNAP Cases	341,292	479,694	446,186	396,996	-7%
Child Welfare					
Foster Care	3,338	2,821	3,407	2,892	-15%
Subsidized Adoption\Guardianship	8,525	8,168	8,406	8,294	-1%
Child Support					
TCA Collections	$21,115,387	$21,333,516	$20,266,840	$ 19,253,498	-5%
Non-TCA Collections	561,800,108	521,223,195	530,489,318	528,728,780	-0%
Total Collections	**$582,915,495**	**$542,556,711**	**$550,756,158**	**$547,982,278**	**-1%**

SNAP: Supplemental Nutrition Assistance Program
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TDAP: Temporary Disability Assistance Payment

Note: The TCA Transitional Benefit figure represents all recipients expected to receive the benefit in the year. All other cash assistance figures are provided in average monthly recipients.

[1] The SNAP Supplemental Benefit program has been effectively suspended throughout the pandemic due to the availability of SNAP emergency allotments. This reduced the average recipients in fiscal 2020, which was averaging over 24,000 prior to April 2020. The fiscal 2022 figures represent an estimate based on caseload upon resumption of benefits when emergency allotments expire. Currently, emergency allotments are available through January 2022.

Source: Governor's Fiscal 2022 and 2023 Budget Books; Department of Human Services; Department of Budget and Management

Employment: Full-time Equivalent Regular Positions and Contractual Positions
Fiscal 2021-2023

	Actual 2021	Working 2022	Allowance 2023	Change 2022-2023
Regular Positions				
Social Services	2,648.45	2,629.45	2,626.68	-2.77
Family Investment	1,993.30	1,933.30	1,917.80	-15.50
Administration	797.23	762.23	760.00	-2.23
Child Support	664.20	652.20	652.20	0.00
Office of Home Energy Programs	14.87	13.50	14.00	0.50
Total Positions	**6,118.05**	**5,990.68**	**5,970.68**	**-20.00**
Contractual Positions				
Social Services	2.50	2.50	2.50	0.00
Family Investment	51.00	70.00	70.00	0.00
Administration	42.30	3.33	3.33	0.00
Child Support	23.30	1.00	1.00	0.00
Office of Home Energy Programs	0.50	0.00	0.00	0.00
Total Positions	**119.60**	**76.83**	**76.83**	**0.00**

Source: Governor's Fiscal 2023 Budget Books

Filled Regular Positions
Fiscal 2020-2022
January 1 Data

	2020 Filled	2020 Auth.	2020 % Filled	2021 Filled	2021 Auth.	2021 % Filled	2022 Filled	2022 Auth.	2022 % Filled	2021 to 2022 Change in Filled	Change in % Filled
Administration	702.1	802.2	87.5%	674.7	797.2	84.6%	664.7	762.2	87.2%	-10.0	2.6%
Social Services	2,398.0	2,653.5	90.4%	2,411.5	2,648.5	91.1%	2,286.7	2,629.5	87.0%	-124.7	-4.1%
Child Support	596.2	655.2	91.0%	588.2	664.2	88.6%	561.2	652.2	86.0%	-27.0	-2.5%
Family Investment	1,816.3	2,008.2	90.4%	1,721.8	2,008.2	85.7%	1,595.8	1,946.8	82.0%	-126.0	-3.8%
Total	**5,512.6**	**6,119.1**	**90.1%**	**5,396.2**	**6,118.1**	**88.2%**	**5,108.5**	**5,990.7**	**85.3%**	**-287.7**	**-2.9%**

Note: Numbers may not sum to total due to rounding. Fiscal 2022 authorized positions include positions abolished in the fiscal 2023 allowance.

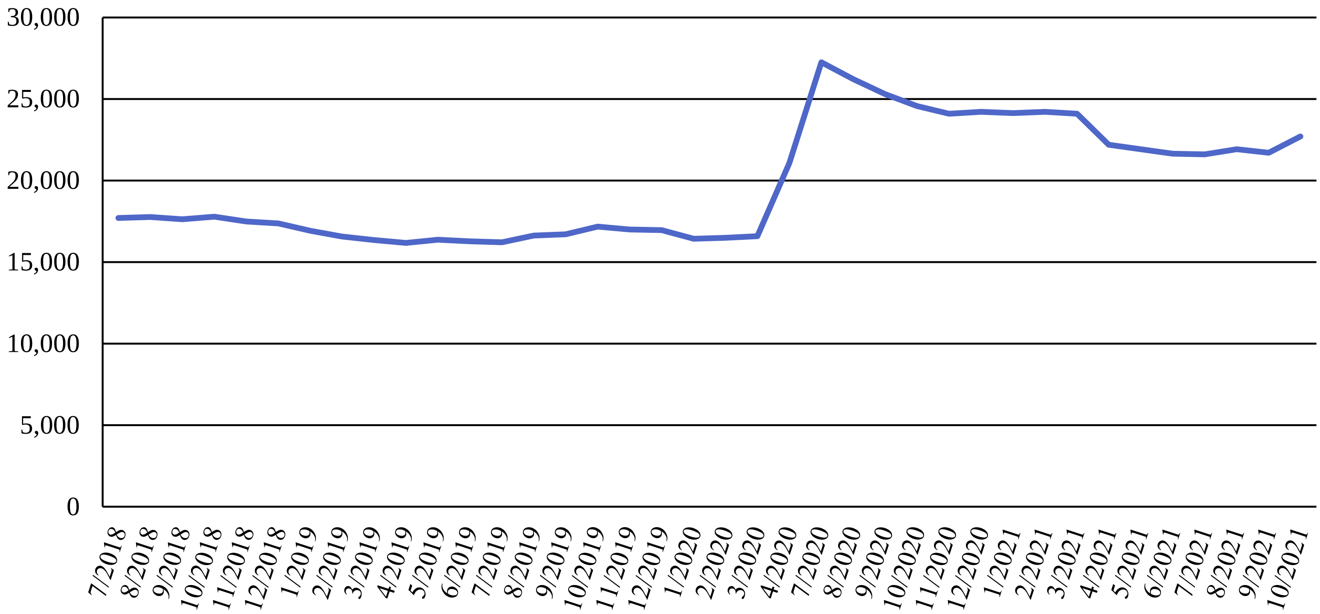
Source: Governor's Fiscal 2022 and 2023 Budget Books; Department of Budget and Management; Department of Legislative Services

Issues

1. Temporary Cash Assistance Receipt Before and During the Pandemic

Temporary Cash Assistance (TCA) provides cash assistance to families with dependent children that do not have the resources to fully address the family's needs. TCA is only available to dependent children and other family members due to death, incapacitation, underemployment, or unemployment of one or both parents. As shown in **Exhibit 1**, as evidenced by the elevated TCA caseloads since April 2020, many families have faced financial hardships amidst the pandemic's disruptions.

Exhibit 1
Statewide Temporary Cash Assistance Cases
Fiscal 2019-2022 (through October 2021)



Note: May and June 2020 data was not published at the time of this writing.

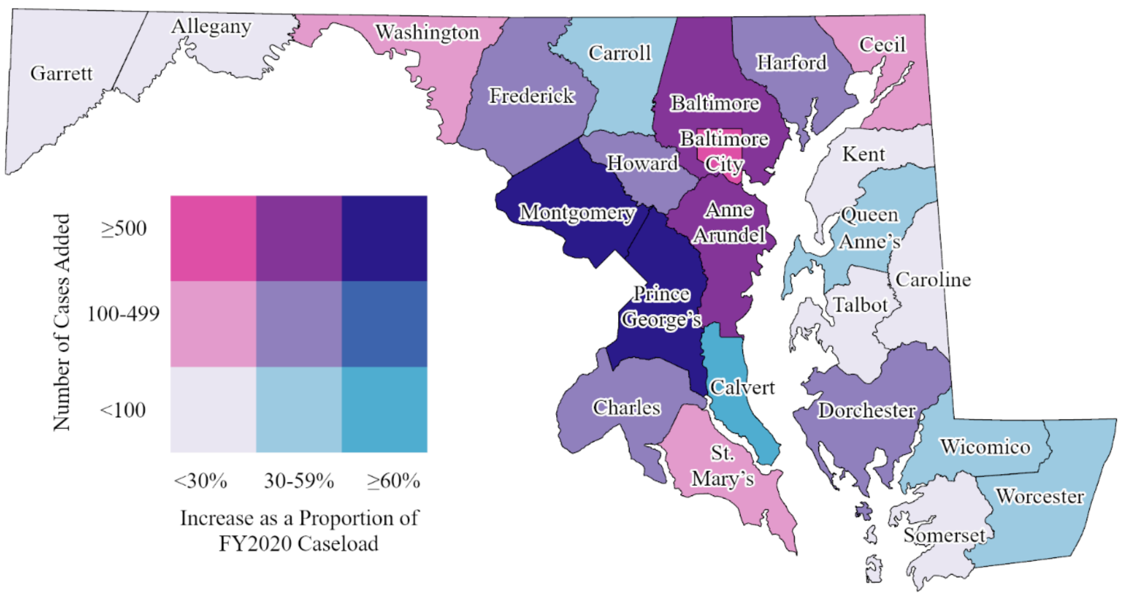
Source: Department of Human Services

Early Pandemic Caseload Increases (April to June 2020)

In February 2021, the University of Maryland School of Social Work released the annual *Life on Welfare* report. Due to the unique circumstances of fiscal 2020, the report separates information for cases in which TCA was received before (July 2019 to March 2020) and new cases during the early months of the pandemic (April to June 2020).

As described in the report, beginning in April 2020, the fiscal 2020 caseload grew 43% compared to prepandemic cases that year. **Exhibit 2** shows the geographic distribution of caseload growth during the pandemic months of fiscal 2020. While some counties' caseloads did not increase numerically as much as others, 14 counties saw their TCA cases increase by 30% or more. The Prince George's County caseload more than doubled, increasing by over 2,000, the only other jurisdiction to join Baltimore City in doing so. Montgomery and Calvert counties' caseload grew by more than 70%. Five other jurisdictions' caseloads grew by more than 50%, including Baltimore County, which saw an additional 1,694 cases during this time, the third highest numeric increase in cases.

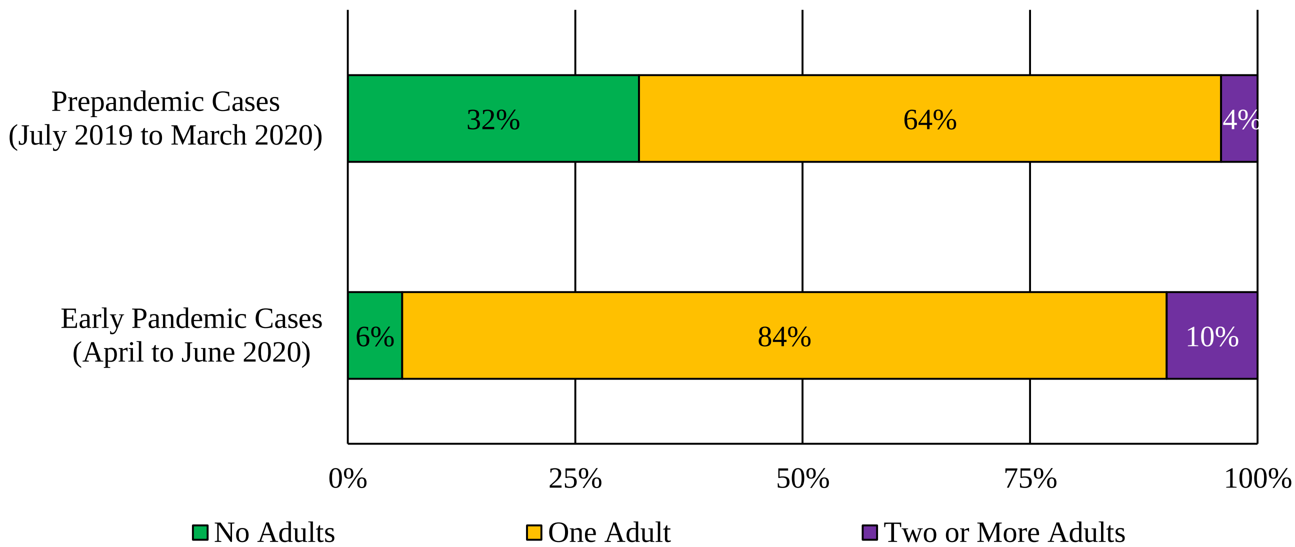
Exhibit 2
Temporary Cash Assistance Cases Added During Early Pandemic Months
April-June 2020



Source: University of Maryland School of Social Work, *Life on Welfare 2020 Report*; Department of Legislative Services

As identified in the report, the early pandemic cases demonstrate some demographic shifts that indicate the deepened severity of economic instability during this time. Before the pandemic, a third of cases were child only, and only 4% of cases had two or more adult recipients. During the pandemic, 84% of cases had one adult recipient, and a further 10% had two or more adult recipients, as shown in **Exhibit 3**. The early pandemic adult recipients were more likely to be male (16% of adult recipients), married (16% of adult recipients), and were more likely to have completed a higher level of education (17% of adult recipients) compared to prepandemic fiscal 2020 adult recipients (where just 10% were male, 9% were married, and 11% received education after grade 12). The former two demographic shifts are consistent with the higher share of two or more adult cases.

Exhibit 3
Adults Per Temporary Cash Assistance Case
Fiscal 2020



Source: University of Maryland School of Social Work, *Life on Welfare* 2020 Report; Department of Legislative Services

In addition, 75% of TCA cases during the early pandemic months had not received TCA in the prior five years. The reverse was true for prepandemic cases, as 81% had experience with the program in the prior five years. Consistent with that trend, early pandemic adult TCA recipients were also more likely to be employed before TCA receipt:

- 49% of pandemic adult recipients had full-year employment in the year before receiving TCA, compared to 39% of prepandemic adult recipients in fiscal 2020;
- 63% of pandemic adult recipients worked at some point in the year before receipt, compared to 57% of prepandemic adult recipients; and
- 44% of pandemic adult recipients were employed in the quarter before receiving the benefit, compared to 33% of prepandemic adult recipients.

Income before TCA receipt was also relatively higher for pandemic adult recipients, as median earnings for these recipients was $3,686 in the quarter before receipt and $10,777 in the year before receipt. In comparison, prepandemic recipients made just over two-thirds pandemic recipients' income ($2,174 in the quarter before receipt and $6,797 in the year before receipt). Although both prepandemic and pandemic adult recipients had worked in approximately the same proportion for many industries, pandemic adult recipients' earnings in these industries were higher on average (receiving income more than 20% higher than their prepandemic counterparts in administrative and support; restaurant; outpatient health care; nursing homes; food and beverage retail; educational services; accommodation; and professional, scientific, and technical services).

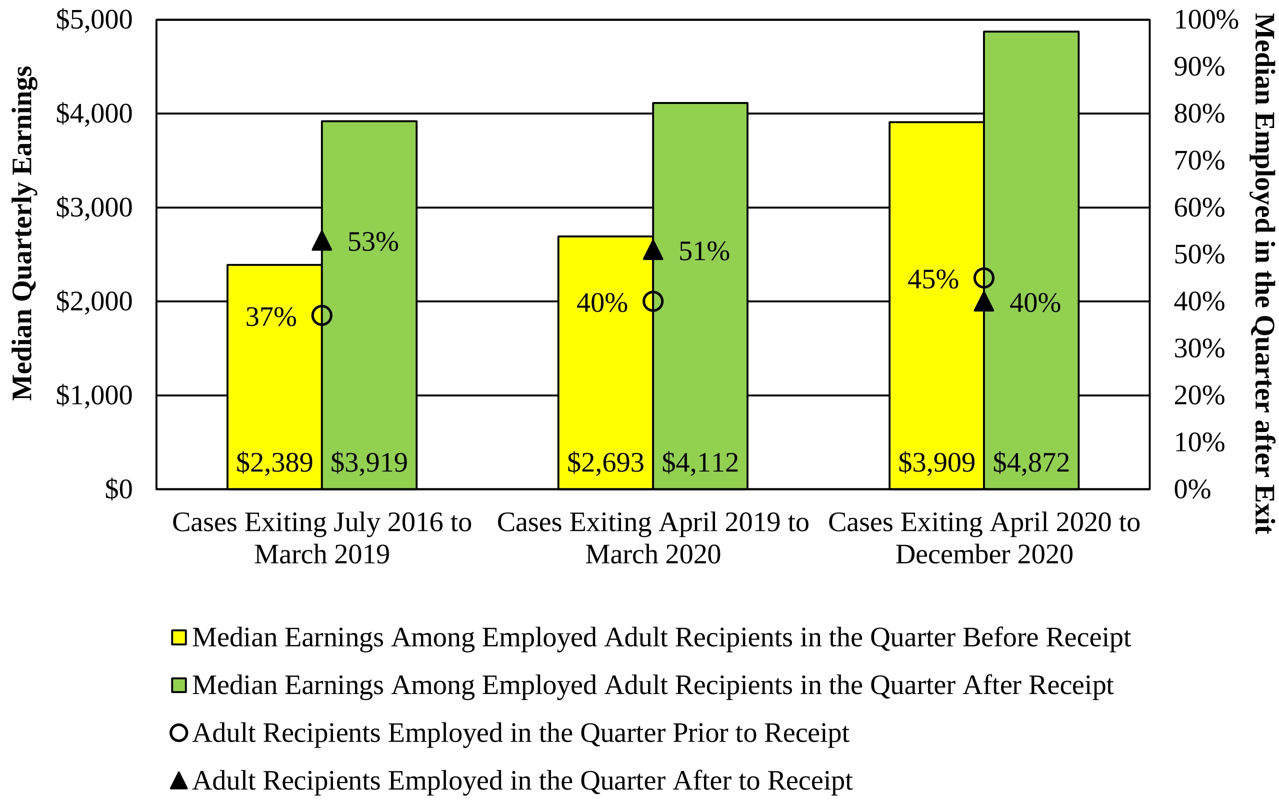
These data suggest that the pandemic's increased caseload demonstrates the scale of challenges presented by the pandemic and a picture of the number of families that were near the cusp of economic instability before the pandemic but not yet participating in TCA. Although cases have declined since this period, the October 2021 TCA caseload was still elevated, at 137% of the March 2020 caseload, illustrating that prepandemic levels of economic stability have not been restored for thousands of Maryland families.

Pandemic Post-receipt Outcomes (TCA Case Closures April to December 2020)

In December 2021, the University of Maryland School of Social Work released the annual *Life After Welfare* report, which analyzes the characteristics of families that exit the TCA program, including the families that left TCA during the pandemic, through December 2020. Of the families that left TCA from April to December 2020, 68% had used the program for less than 12 months in the five years before exit, a substantial difference from families that exited in April 2019 to March 2020 (50% of cases) and July 2016 through March 2019 (46% of cases) that were more likely to use the program for more than 12 months over the prior five years.

Six additional months of calendar 2020 data continues to show cases that participated and left TCA during pandemic months had relatively greater economic stability before receipt compared to prepandemic recipients. As shown in **Exhibit 4**, pandemic leavers had greater median earnings and were more likely to be employed in the quarter before receipt than earlier leavers. However, prepandemic leavers were more likely to be employed in the quarter after exit compared to pandemic leavers. In fact, in contrast to other periods, adults leaving the program during the pandemic were less likely to be employed in the quarter after receipt than in the quarter before receipt. In addition, quarterly earnings growth after receipt was also lowest among pandemic leavers.

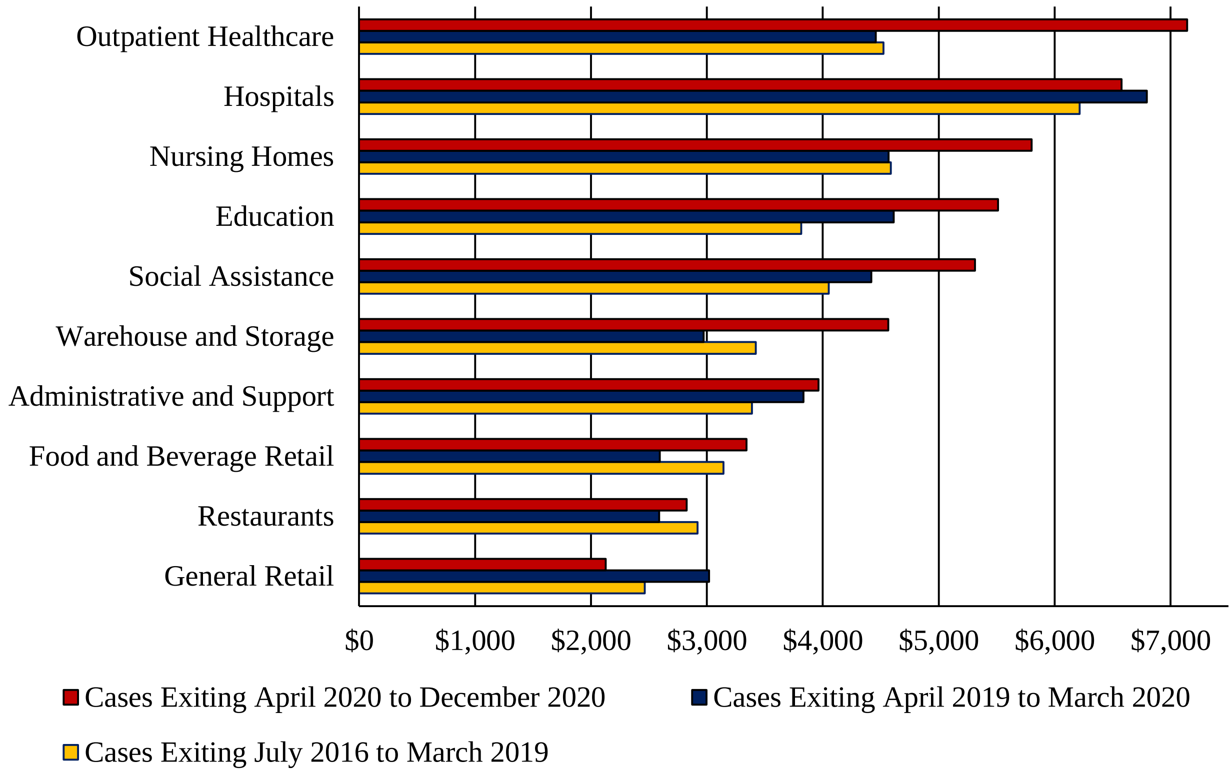
Exhibit 4
Employment and Median Earnings Among Temporary Cash Assistance Recipients in the Quarter After Receipt
Cases Exiting July 2016 to December 2020



Source: University of Maryland School of Social Work, *Life After Welfare 2021 Annual Update*; Department of Legislative Services

In calendar 2020, earnings of pandemic leavers employed in the first quarter after receipt were either higher or approximately level with prepandemic cases' median earnings in the first quarter after exit. **Exhibit 5** provides information on the median earnings in the quarter after exit by industry for those exiting. Outpatient healthcare offered pandemic leavers $7,133 median earnings in the quarter after exit, the highest quarterly earnings among all industries for pandemic leavers. Earnings in this industry were 60% greater than prepandemic leavers' earnings in this industry in the quarter after exit. Hospitals offered prepandemic leavers the greatest median earnings in the quarter after exit. Earnings in hospitals were consistently higher than earnings in other industries across all years. Restaurants and general retail offered the lowest earnings for both prepandemic and pandemic leavers, providing approximately $3,000 or less in earnings in the quarter after exit, yet these low-earnings industries employed approximately one in five leavers in the quarter after exit.

Exhibit 5
Median Earnings in the Quarter after Exit
Fiscal 2017 through December 2020



Source: University of Maryland School of Social Work, *Life After Welfare 2021 Annual Update*; Department of Legislative Services

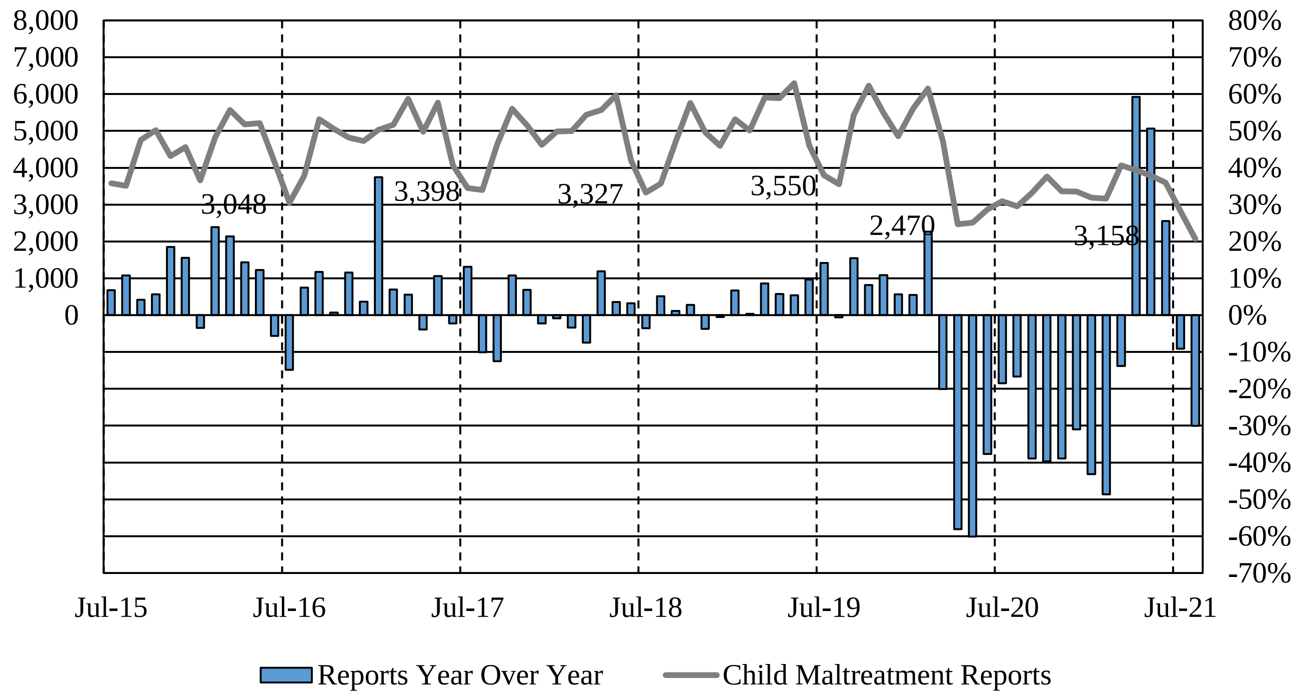
2. Pandemic Effects on Child Welfare

Child Maltreatment Reports During the Pandemic

Since the beginning of the COVID-19 pandemic in March 2020, Maryland has experienced substantial declines in the reporting of child maltreatment, resulting in greater declines in child welfare caseloads compared to prepandemic trends. Concerns have arisen over unreported cases of child maltreatment, as declines in the number of child maltreatment reports seen during the pandemic do not necessarily reflect fewer instances of child maltreatment having occurred. The decline in maltreatment reporting resulted primarily from the widespread closures of in-person school, child care facilities, medical visits, and court proceedings due to the COVID-19 pandemic, which reduced opportunities for the observation and mandated reporting of child maltreatment.

As illustrated in **Exhibit 6,** in April and May 2020, child maltreatment reports were 58.1% and 60.1% lower than during the same months in the prior year, the largest month-over-month declines during the pandemic. Although maltreatment reports increased during fiscal 2021 as some in-person activities resumed, the number of reports remained significantly lower than prepandemic levels and once again declined during the summer months in the beginning of fiscal 2022. August 2021 is the last month for which data is available, representing a four-month delay from when the data is typically published. As this data remains unavailable, it is not possible to determine whether the return to more fully in-person education may have impacted maltreatment reporting trends. **DHS should indicate when it expects to publish monthly maltreatment data through December 2021.**

Exhibit 6
Child Maltreatment Reports
Fiscal 2016-2022 (through August 2021)



Source: Department of Human Services; Department of Legislative Services

In some states, officials have observed more severe cases of child abuse during the pandemic, such that child maltreatment in those cases was not apparent until it became more severe. Officials in some states also noticed cases of child maltreatment impacted as a result of the negative economic effects of the pandemic, as increased unemployment and mental health concerns negatively impacted family conditions. Maryland caseload fluctuations during the pandemic are similar to those reported nationwide by other state and local child welfare agencies. However, while other states have seen their child welfare caseloads rebound more quickly Maryland has not experienced as quick of a rebound; however, as noted, the current data lag on maltreatment reports could be impacting the view on the status of the caseload. **DHS should comment on the current status of child welfare caseloads and any insights that it has into potential causes behind the slower than expected return of caseloads to prepandemic levels and whether issues with more severe cases of abuse have been observed in Maryland.**

Pandemic Relief Funding Supporting Public Assistance for Families

As discussed in Issue 1, the pandemic created financial hardships for many families. Amidst these challenges, pandemic relief legislation has provided historic levels of funding to support public assistance programs. Combined, the fiscal 2022 budget for SNAP, TCA, and Temporary Disability Assistance Program benefits is more than $1.4 billion greater than typical funding levels for these programs. In addition, the temporary Pandemic Electronic Benefits Transfer program, which is expected to conclude in fiscal 2022, is funded with a further $818 million in the working appropriation. Families with children have also received support from a significant temporary enhancement to the federal child tax credit (which is refundable) in calendar 2021 and from three rounds of federal stimulus payments to income eligible households during the pandemic.

In light of these extraordinary influxes of public assistance funding available to lower income families, the potential impact on child welfare is worth consideration. In November 2021, the journal *Pediatrics* published a study that found that state spending on benefit programs was associated with reductions in child maltreatment. Using federal fiscal 2010 to 2017 data across all states and the District of Columbia, the study examined the per capita spending on public assistance programs. Independent of population risk and federal funding available to states, the study found that each additional $1,000 spent by states on benefit programs per person living in poverty was associated with:

- a 4.3% reduction in maltreatment reporting;
- a 4.0% decrease in substantiated maltreatment reports;
- a 2.1% decrease in foster care placements; and
- a 7.7% decrease in fatalities.

The study found that states' spending on Medicaid, child care assistance, cash, housing, and in-kind assistance were the categories of spending most consistently associated with decreases in child maltreatment. The study also included a literature review of previous academic research with consistent findings of an association between spending on public assistance programs and reduced reports of neglect.

Neglect is considered the failure of a parent or other caregiver to provide for a child's basic needs. The U.S. Department of Health and Human Services Administration on Children, Youth, and Families indicates that neglect generally includes the following categories:

- physical neglect, such as the failure to provide necessary food or shelter, or lack of appropriate supervision;

- medical neglect, such as the failure to provide necessary medical or mental health treatment;

- educational neglect, such as the failure to educate a child or attend to special education needs; and

- emotional neglect, such as inattention to a child's emotional needs or failure to provide psychological care.

Some forms of neglect could be associated with families' economic instability, such as the inability to afford adequate housing, child care, diapers, *etc.* During this period of atypically high investment in public assistance programs, the effect on families' economic stability, and the incidence of economic stability-related neglect may have been impacted. **To examine the impact of economic instability on neglect reports, the Department of Legislative Services recommends committee narrative requesting data on causes behind removals into care, particularly for cases related to economic hardship caused by the pandemic, and proposed actions that could be taken to prevent child neglect and maltreatment going unreported. The recommendation will be included in the DHS Social Services Administration analysis.**

3. TANF Update

Since fiscal 2017, Maryland has annually received $228 million from the federal TANF block grant. The same amount is expected to be available in fiscal 2023. Maryland has also received TANF contingency funds each year since the Great Recession. Contingency funds are available to states meeting certain criteria related to SNAP participation or unemployment. In order to receive TANF contingency funds, a state must meet one of two conditions:

- an unemployment rate of at least 6.5% and that is 10% higher in a three-month period compared to the same three-month period in either of the two prior years; or

- a SNAP caseload that is 10% higher in a three-month period than in a corresponding three-month period in 1994 or 1995.

Maryland continues to qualify for these funds because of SNAP caseload changes over that period and, as long as the criteria remain unchanged, will continue to qualify for the foreseeable future. The amount of contingency funds received year to year has varied throughout the period of receipt but has been relatively steady in recent years. In each fiscal 2020 and 2021, Maryland received $27.2 million of these funds, and DHS projects to receive the same level in fiscal 2022 and 2023.

The ARPA provided states with an additional source of TANF, the Pandemic Emergency Assistance Funds. These funds are available to be used for administrative costs and nonrecurrent, short-term benefits. These benefits must be limited to no more than four months in duration. Maryland's share of these funds totals $17.8 million. The funds are available to be used until the end of federal fiscal 2022.

TANF Balance

As initially submitted, the fiscal 2022 budget, including a fiscal 2021 deficiency appropriation, was expected to fully exhaust the TANF balance in fiscal 2021. However, with the availability of funds through the State Fiscal Recovery Funds in the ARPA, substantial changes were planned for fiscal 2021 and 2022 spending of TANF for TCA. Supplemental Budget No. 5 to the fiscal 2022 budget included a fiscal 2021 deficiency appropriation that replaced $100 million of TANF spending for TCA with State Fiscal Recovery Funds from the ARPA. In addition, $40 million of fiscal 2022 TANF spending for TCA was replaced with these funds. The use of these funds for this purpose was intended to assist the State with the higher-than-expected TCA caseload and allow the State to retain TANF balance for future years. Subsequent to the enactment of the budget, federal guidance on the State Fiscal Recovery Funds prohibited the use of State Fiscal Recovery Funds for spending prior to March 3, 2021. As a result, DHS ultimately only used $50 million of the State Fiscal Recovery Funds in fiscal 2021. However, the Department of Budget and Management (DBM) indicated that it planned to use the additional $50 million that could not be spent for this purpose in fiscal 2021 instead in fiscal 2022. A proposed fiscal 2022 deficiency appropriation effectuates this change.

As shown in **Exhibit 7**, as a result of the funds swaps reducing TANF spending, the fiscal 2021 closing TANF balance was $35.8 million. With the additional fund swap planned in fiscal 2022, the anticipated fiscal 2022 closing balance is $125.1 million, the highest since at least fiscal 2005. The TANF balance had not exceeded $85 million during that period. In fiscal 2023, TANF spending is expected to once again exceed revenue, though by a relatively limited level ($6.9 million). As a result, the TANF balance is projected to decrease to $118.2 million. However, this level of balance still allows the department to retain significant flexibility to either increase spending for programs or to save the balance to be used to reduce general fund need for cash assistance at some future period with a more limited level of general funds than currently exists.

Exhibit 7
Availability of TANF Funding
Fiscal 2020-2023 Allowance
($ in Millions)

	2020 Actual	2021 Actual	2022 Approp.	2023 Allowance
Beginning Balance	**$40.727**	**$19.985**	**$35.791**	**$125.101**
TANF Grant	228.342	228.342	228.342	228.342
Contingency TANF	27.202	27.202	27.202	27.202
TANF Pandemic Emergency Assistance Funds			17.756	
Total Income	**$255.544**	**$255.544**	**$273.300**	**$255.544**
Available Funding (Balance + Income)	**$296.270**	**$275.529**	**$309.091**	**$380.645**
Total Expenditures	**-$276.286**	**-$239.738**	**-$183.990**	**-$262.427**
Ending Balance	**$19.985**	**$35.791**	**$125.101**	**$118.219**

TANF: Temporary Assistance for Needy Families

Note: Numbers may not sum to total due to rounding. Fiscal 2022 appropriation includes deficiency appropriations.

Source: Department of Human Services; Department of Budget and Management

TANF Spending

With declining TCA caseloads and efforts to rebuild a TANF balance after some years of deficits, DHS reduced TANF spending to levels inline or below the available revenue through fiscal 2019. However, with the sudden rapid increase in TCA cases at the end of fiscal 2020, TANF spending exceeded any year since fiscal 2011. TANF spending on cash assistance that year was the highest since fiscal 2015. As shown in **Exhibit 8**, with the availability of the State Fiscal Recovery Funds in fiscal 2021, TANF spending was reduced from the fiscal 2020 level by approximately $36.5 million despite the continued elevated TCA case levels. TANF spending on cash assistance was also at the lowest level in recent history. Partially offsetting this decrease in use of TANF for cash assistance was a continuation of recent trends that have increased the TANF spending in the areas of Foster Care Maintenance Payments and Child Welfare Services.

Exhibit 8
Changes in TANF Spending
Fiscal 2020-2023 Allowance
($ in Millions)

Activity	Actual 2020	Actual 2021	Working 2022	Allowance 2023	Change 2022-2023
Cash Assistance	$120.2	$72.5	$34.3	$112.8	$78.5
Work Opportunities	28.7	26.3	28.8	28.9	0.1
Family Investment Services	8.4	7.4	7.9	8.0	0.0
Local Family Investment Program	26.8	26.5	25.6	23.4	-2.2
Foster Care Maintenance Payments	26.0	30.6	31.0	34.9	3.9
Local Child Welfare Services	31.2	39.5	24.9	23.2	-1.7
Local Adult Services	11.0	11.4	10.0	9.7	-0.2
Social Services Administration State Operations	9.9	8.6	8.5	8.4	-0.1
General Administration	14.2	17.0	13.0	13.2	0.2
Total Expenditures	**$276.3**	**$239.7**	**$184.0**	**$262.4**	**$78.4**

TANF: Temporary Assistance for Needy Families

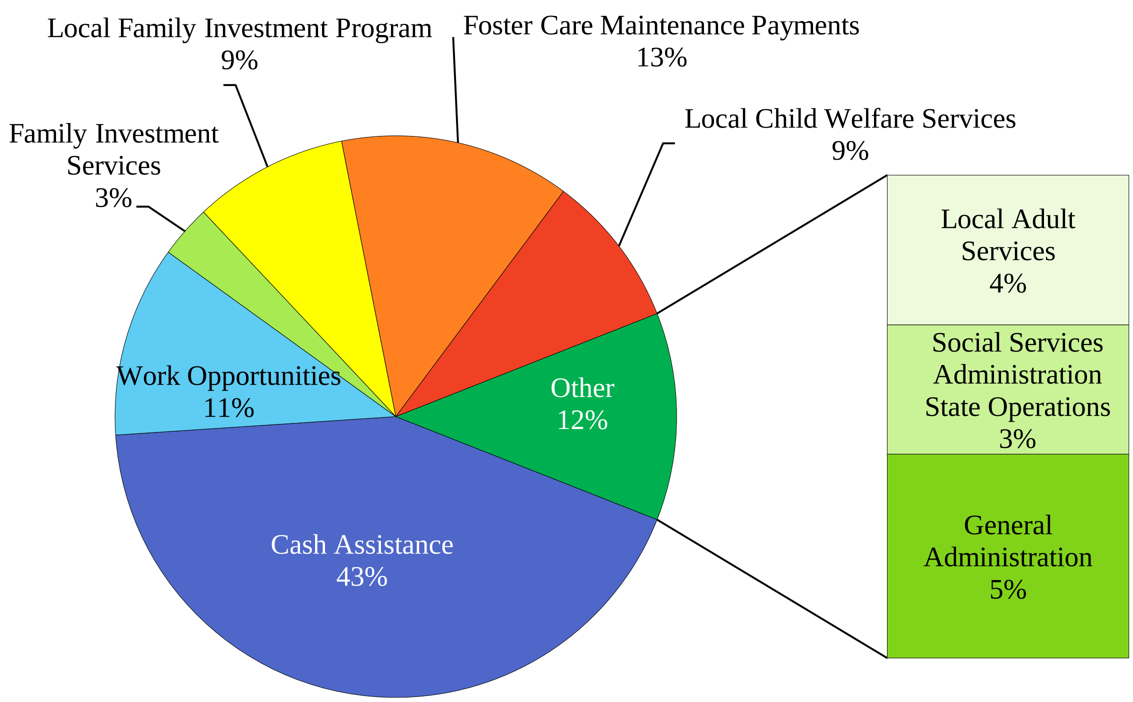
Note: Numbers may not sum to total due to round. Fiscal 2022 working appropriation includes deficiency appropriations.

Source: Department of Human Services; Governor’s Fiscal 2022 and 2023 Budget Books

Fiscal 2022 TANF spending is expected to be at the lowest levels in recent history due to the continued availability of State Fiscal Recovery Funds for TCA ($34.3 million), despite the availability of the TANF Pandemic Emergency Assistance Fund to support time-limited supplemental benefits and employment incentives. In fiscal 2023, TANF spending overall and spending on cash assistance return to more typical levels in the absence of the additional support from the State Fiscal Recovery Funds.

As shown in **Exhibit 9**, in fiscal 2023, 43% of TANF spending is expected to support cash assistance, including both TCA benefits, the transitional benefit for those exiting TCA due to employment or income, and emergency and diversionary assistance. The second largest share of TANF spending occurs in Foster Care Maintenance Payments (13% or $34.9 million), which is budgeted at the highest level since fiscal 2002. Although, DHS has resumed enforcement of TCA work requirements as of January 2022, the fiscal 2023 allowance maintains spending on work programs at the fiscal 2020 actual level of expenditures, which is lower than historical levels due to the effects of the pandemic in the last quarter of the fiscal year.

Exhibit 9
TANF Spending by Activity
Fiscal 2023 Allowance

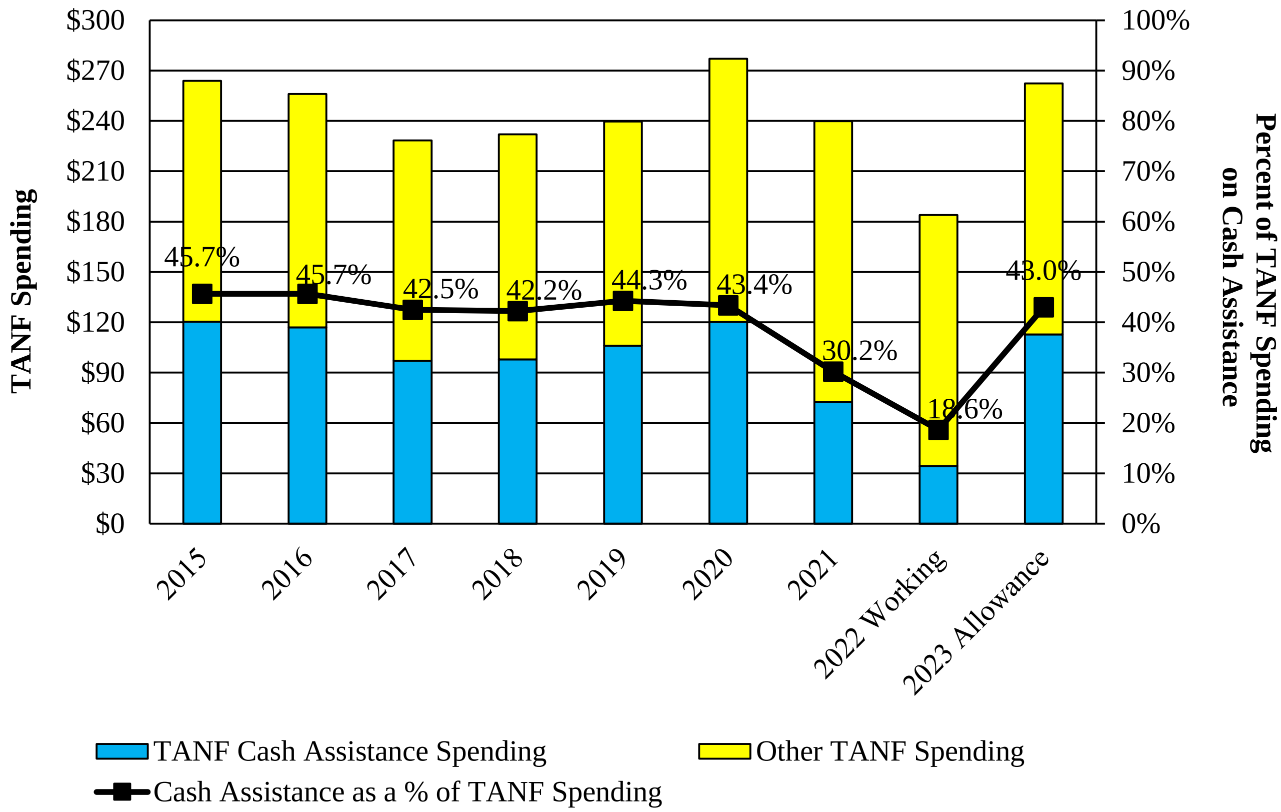


TANF: Temporary Assistance for Needy Families

Source: Governor's Fiscal 2023 Budget Books

The share of TANF spending on cash assistance was relatively stable from fiscal 2015 through 2020, ranging between 42% and 46%. This held even with the considerably higher than typical expenditures in fiscal 2020. However, as shown in **Exhibit 10**, due to the combination of the TCA fund swap in fiscal 2021 and 2022 and high levels of spending on foster care and child welfare services, TANF spending for cash assistance decreased to approximately 30% in fiscal 2021. In fiscal 2022, the share of spending for cash assistance is expected to decline even further, to less than 19% of total TANF spending. However, in fiscal 2023, the share of TANF spending returns to the recent levels of historical spending (43%).

Exhibit 10
Cash Assistance as a Share of TANF Spending
Fiscal 2015-2023 Allowance
($ in Millions)



TANF: Temporary Assistance for Needy Families

Source: Governor's Fiscal 2016 to 2023 Budget Books; Department of Legislative Services

TANF Maintenance of Effort

In return for the annual TANF block grant, the State must spend $177 million of its own money to meet a federal maintenance of effort (MOE) requirement equal to 75% of its spending on TANF's predecessor programs in fiscal 1994. Additional MOE funds are required when a state receives contingency funds. Specifically, a state must spend 100% of what it spent on the predecessor programs, and then contingency funds must be matched by MOE spending.

Exhibit 11 provides a summary of MOE spending from fiscal 2020 through estimate for 2023. MOE spending increased by $106.8 million between fiscal 2020 and 2021. The largest area of growth was for cash assistance, an increase of nearly $60 million, primarily due to the growth in caseload and distribution of spending among fund sources. MOE related to the Refundable State Earned Income Tax Credit (EITC) increased by nearly $50 million due to the alterations to the program in Chapter 39 of 2021 for tax years 2020 through 2022. Governor Hogan has announced his intention to introduce legislation in the 2022 session to continue the changes to the EITC.

Exhibit 11
TANF Maintenance of Effort
Fiscal 2020-2023 Allowance
($ in Thousands)

	Actual 2020	Actual 2021	Allowance 2022	Allowance 2023
Refundable State Earned Income Tax Credit	$133,857	$183,586	$185,421	$187,276
Cash Assistance	2,559	62,328	62,951	63,581
MSDE Pre-K	76,530	58,021	58,601	59,187
Electric Universal Service Program	20,555	44,342	44,785	45,233
Montgomery County Earned Income Tax Credit	20,276	18,443	18,628	18,814
Employment Services/Caseworkers	9,138	7,049	7,119	7,190
Administration	2,666	1,892	1,911	1,930
Community Services – Emergency Food, Shelter, Child 1st	280	303	306	309
Social Services Administration	$63	38	39	39
Kinship Care/Foster Care Payments	3,250	0	0	0
Subtotal	***$269,173***	***$376,002***	***$379,762***	***$383,559***
Required Maintenance of Effort				
Base and Contingency Fund Add-on	$212,907	$212,907	$212,907	$212,907
Contingency Fund Match	27,202	27,202	27,202	27,202
Total Required	**$240,109**	**$240,109**	**$240,109**	**$240,109**
Excess Maintenance of Effort	**$29,063**	**$135,893**	**$139,653**	**$143,450**

MSDE: Maryland State Department of Education
TANF: Temporary Assistance for Needy Families

Source: Department of Human Services

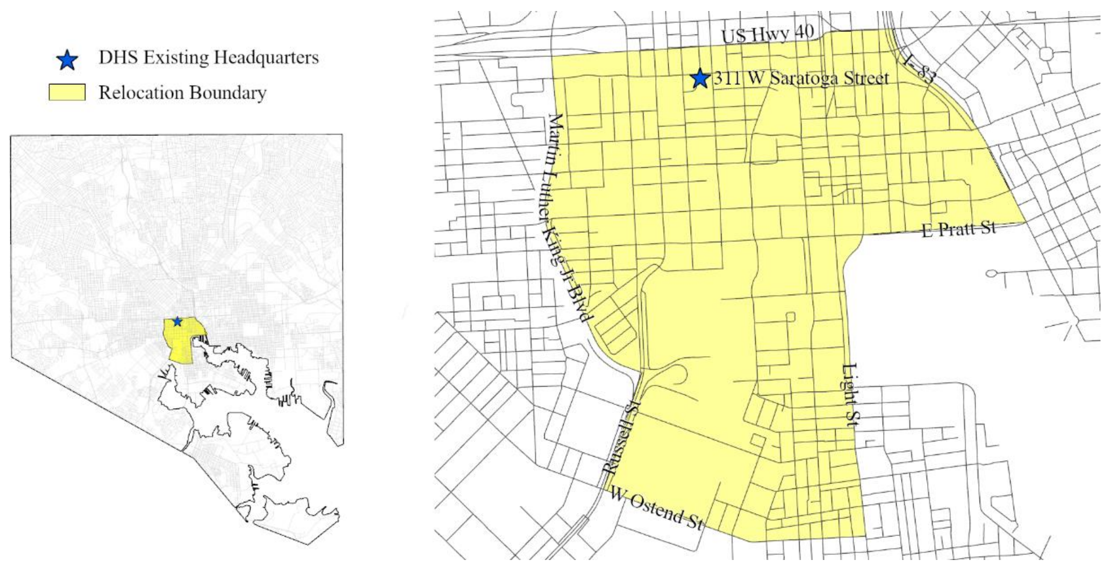
Due to the increased MOE spending, the State exceeded the required MOE by nearly $136 million in fiscal 2021. The State is expected to exceed required MOE spending by more than $100 million through fiscal 2023.

4. Relocation of DHS Headquarters to Downtown Baltimore City

Supplemental Budget No. 5 of the fiscal 2022 budget bill added $50 million in general funds to the State's Dedicated Purpose Account to support the relocation of State agencies from the State Center complex to other locations in Baltimore. On April 19, 2021, the Administration described the initial stages of the plan to relocate 3,300 State employees from 12 different agencies to downtown Baltimore and indicated that the move is intended to revitalize the city's Central Business District. DHS was selected as the first agency to move. DHS expects to relocate 720 employees to an office space of approximately 105,700 square feet.

The request for proposals indicates that new office space should be located within a northern boundary of U.S. Route 40; a southern boundary of East Pratt Street to Light Street to East Ostend Street to West Ostend Street to Russel Street; an eastern boundary of Interstate 83; and a western boundary of South Martin Luther King (MLK) Jr. Boulevard to North MLK Jr. Boulevard. As shown in **Exhibit 12**, DHS' existing office space, located at 311 West Saratoga Street, is already within this boundary, rendering the relocation's capacity to contribute new revitalization to the area unclear. However, there may be other benefits to the relocation from DHS' current location.

Exhibit 12
DHS Headquarters Existing Location within Relocation Boundary



DHS: Department of Human Services

Source: Maryland iMAP; State Highway Administration; Department of Human Services; Department of General Services; Department of Legislative Services

In response to committee narrative in the 2021 *Joint Chairmen's Report*, the Department of General Services submitted a report on remote work at State agencies. The report included a description of agencies' space reductions and the proportion of employees that are able to telework or work on a hybrid schedule. As indicated in the report, DHS has prepared a master plan to assist in reducing its office space portfolio over the next 5 years. DHS plans to achieve a 176,578 square footage reduction across locations in Anne Arundel and Dorchester counties and Baltimore City. This reduction includes the Baltimore City headquarters reduction and another reduction at the Cambridge office location. As of December 14, 2021, 60% of the planned space reduction was achieved.

As of November 12, 2021, DBM surveyed telework practices by State agencies and reports that DHS anticipates that 28% of its employees require full-time office space, another 28% exclusively telework, and the remaining 44% work on a hybrid schedule. DHS' ratio includes more telework and less full-time office space needs than the average across all State agencies (49% full-time office space, 12% full-time telework, 39% hybrid). Combined, this data indicates that the current size of DHS' headquarters may be inefficient for its future needs and likely contributing to the planned relocation. **DHS should comment on the anticipated timeline for relocation and additional benefits expected to be achieved with this relocation.**