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# Family Investment Administration

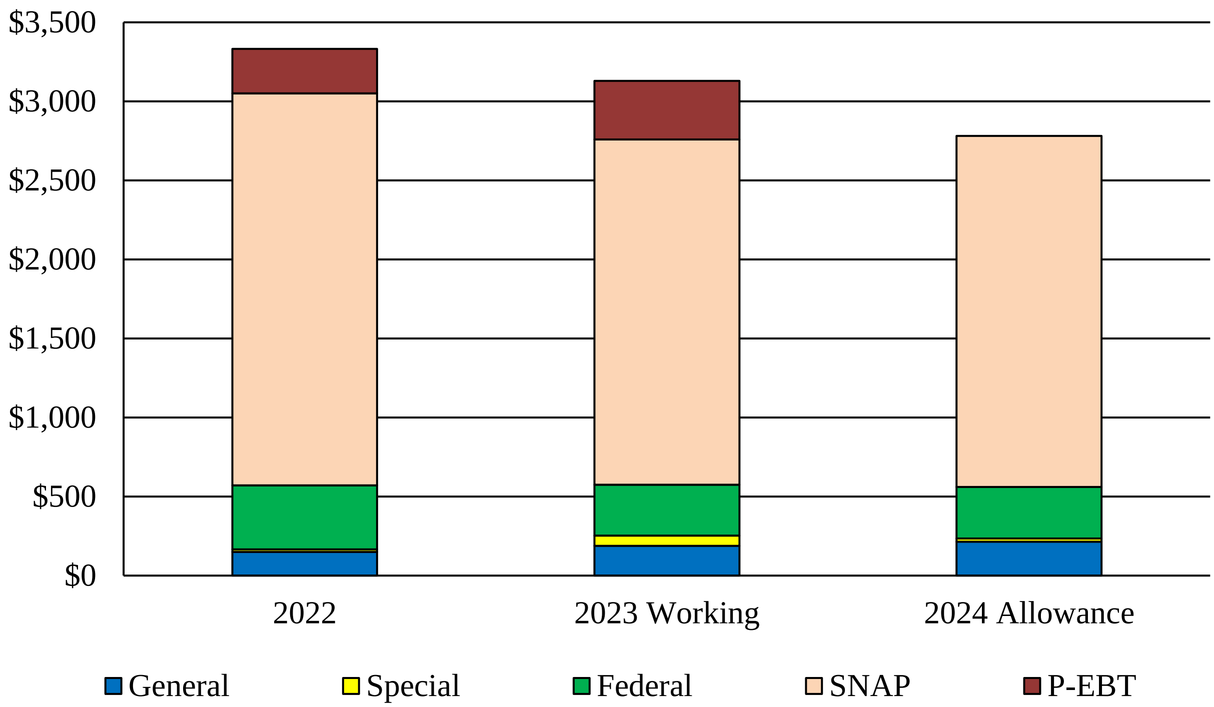
**Department of Human Services**

## *Executive Summary*

The Department of Human Services (DHS) Family Investment Administration (FIA) administers cash benefits and other grant programs that provide assistance to individuals and families in financial need as well as employment programs to promote self-sufficiency.

## *Operating Budget Summary*

**Fiscal 2024 Decreases $348.4 Million, or 11.1%, to $2.8 Billion**
**($ in Millions)**




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

Note: Numbers may not sum due to rounding. The fiscal 2023 working appropriation includes deficiency appropriations including this agency's share of a deficiency appropriation budgeted in the Statewide Account within the Department of Budget and Management (DBM). Fiscal 2024 salary enhancements are budgeted in the Statewide Account within DBM.

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- The fiscal 2024 allowance decreases by $348.4 million, or 11.1%, compared to the adjusted fiscal 2023 working appropriation. This decrease is driven by Pandemic Electronic Benefit Transfer (P-EBT) benefits, which are not budgeted in fiscal 2024, a decrease of $371.3 million. Aside from P-EBT benefits, Supplemental Nutrition Assistance Program (SNAP) benefits increase by approximately $36.1 million. However, the Department of Legislative Services (DLS) notes that the total funding for SNAP of $2.2 billion is substantially more than will be required for regular SNAP benefits due to a reduction in benefits that will begin March 2023 due to the federal Consolidated Appropriations Act of 2023, which ends Emergency Allotments after February 2023.

- Excluding the SNAP and P-EBT benefits, the fiscal 2024 allowance for FIA would decrease by $13.2 million, or 2.3%, compared to the adjusted fiscal 2023 working appropriation primarily due to lower anticipated caseloads in public benefit programs and a SNAP administrative grant from the American Rescue Plan Act (ARPA) that is expected to be fully utilized by the end of fiscal 2023.

- The fiscal 2024 budget includes three proposed deficiency appropriations totaling $606.4 million in total funds, the vast majority of which ($595.1 million) is expected to support higher estimated caseloads and benefits for SNAP and P-EBT benefits not originally budgeted in fiscal 2023.

## *Key Observations*

- ***Following Restart of Recertifications, Case Closures and Application Processing Times Increase:*** In January 2022, DHS restarted required recertifications for benefit programs after these recertifications had been extended for much of the period since March 2020. Following this change, case closures increased from under 5,000 to above 60,000 for the period of March through June 2022 for SNAP. Case closures also substantially increased for Temporary Cash Assistance (TCA) and Temporary Disability Assistance Program (TDAP). Failure to reapply has generally been the leading cause of case closures for SNAP and TCA. With the higher case closures, applications for benefit programs increased likely as households reapplied. Average application processing times increased by 2.3 days for SNAP, 4 days for TCA, and 4.7 days for TDAP.

- ***New Nationwide Summer Electronic Benefit Transfer (EBT) Program Will Begin in Summer 2024:*** The Consolidated Appropriations Act of 2023, created a new nationwide Summer EBT program for children eligible for free- and reduced-price meals (FRPM) beginning summer 2024. The program will provide benefits of $120 for the summer in the first year. DHS indicates that the State plans to participate. The new program largely duplicates, with higher benefit levels and greater availability, an existing State benefit.

- ***EBT Skimming:*** Following increased numbers of reports of EBT skimming, the Consolidated Appropriations Act of 2023 required states to reimburse benefits that were skimmed between October 1, 2022, and September 30, 2024. Guidance was recently issued by the U.S. Department of Agriculture (USDA) on the process for submitting a state plan, a precondition of beginning to reimburse benefits. DHS reports that in calendar 2022, a total of $1.68 million benefits were lost due to skimming across SNAP and the State's cash assistance programs.

- ***Fiscal Compliance Audit Includes Five Repeat Findings:*** In October 2022, the Office of Legislative Audits (OLA) released a fiscal compliance audit for FIA that included 10 findings, 5 of which are repeated from the prior audit.

## Operating Budget Recommended Actions

| | | Funds |
|---|---|---|
| 1. | Adopt committee narrative requesting a report on contractual full-time equivalents that transitioned to regular State positions. | |
| 2. | Add language restricting the general fund appropriation for Assistance Payments to that purpose only. | |
| 3. | Reduce funds for Supplemental Nutrition Assistance Program due to lower anticipated benefit levels. | -$ 100,000,000 |
| 4. | Adopt narrative requesting a report on application processing times, denial rates, and case closures. | |
| 5. | Adopt committee narrative requesting a report on the Summer Supplemental Nutrition Assistance Program. | |
| 6. | Adopt committee narrative requesting information on Pandemic Electronic Benefit Transfer Program and Summer Electronic Benefit Transfer Program spending. | |
| 7. | Add language restricting funds until a report is submitted on the resolution of repeat audit findings. | |
| | **Total Net Change** | **-$ 100,000,000** |

## Updates

- For the 2021-2022 school year and summer 2022, DHS issued P-EBT benefits between July and December 2022. Issuances for this period totaled $256.3 million. DHS is in the process of submitting a state plan for issuances during the 2022-2023 school year and summer 2023. School year benefits will not be available after the end of the national public health emergency, while summer benefits will be available for school-aged children even if the emergency ends in May 2023 as expected. If the emergency ends at that time, summer 2023 would be the final issuances under the program.

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# Family Investment Administration
### Department of Human Services

## *Operating Budget Analysis*

### Program Description

DHS FIA, through local departments of social services (LDSS), administers cash benefits and other grant programs that provide assistance to individuals and families in financial need as well as employment and training programs to promote self-sufficiency. Benefits programs administered by FIA include:

- ***TCA:*** The State's largest cash assistance program provides financial assistance to dependent children and other family members due to death, incapacitation, underemployment, or unemployment of one or both parents. Although primarily federally funded through the Temporary Assistance for Needy Families (TANF) block grant, the State determines the eligibility criteria and benefit levels for cash assistance.

- ***TDAP:*** The State's cash assistance program for disabled adults provides a limited monthly benefit for individuals with a short-term disability (at least 3 months but less than 12 months) or long-term disability. If the individual has a long-term disability, they are required to pursue a Supplemental Security Income (SSI) application and can receive a benefit until a final decision has been reached. The federal government reimburses the State for benefits paid during the processing of approved applications, which are budgeted as special funds within the program.

- ***SNAP:*** The federal program provides benefits to individuals and families solely for the purchase of food. These benefits are 100% federally funded. However, the State provides two supplemental benefits: (1) a program to provide a minimum benefit of $40 for seniors; and (2) State matching funds for a supplemental benefit for children in the summer and in December. Administrative costs of federal SNAP are split evenly between the State and the federal government.

- ***Transitional Support Services (TSS):*** This TANF-funded program provides a benefit at the same level as a case received prior to a TCA exit due to employment or income too high for three months after the TCA exit. The program is intended to reduce the impact of the benefit cliff for recipients.

- ***Public Assistance to Adults (PAA):*** This State program provides payments to indigent clients residing in licensed assisted living homes, Project Home clients, and adult foster care clients.

- ***Emergency Assistance to Families with Children:*** This TANF-funded program provides financial assistance to resolve an emergency situation as defined by the LDSS in which the recipient resides.

- ***Welfare Avoidance Grants:*** These TANF-funded grants allow an LDSS to divert customers from cash assistance when a one-time payment resolves a specific problem and allows the customer to become or remain independent.

- ***Burial Assistance Program:*** This State program subsidizes funeral expenses of public assistance recipients, youth in foster care, and Medicaid recipients.

LDSS, which are arms of DHS in each jurisdiction, are responsible for making eligibility determinations and redeterminations for the various benefit programs and certain populations in the Medicaid program, which is administered by the Maryland Department of Health.

FIA also administers the Family Investment Program, which provides services including efforts to divert potential TCA applicants through employment, move recipients to work, and provide job retention services to enhance skills and prevent recidivism. The goal of the program is to assist TCA applicants/recipients in becoming self-sufficient. After assessing each family's specific needs and resources, staff focus on the services required to move clients into work. Local departments have the flexibility to determine what training and job search activities will be required of applicants. In addition, LDSS are responsible for networking with employers and determining the most appropriate job training.

Two other programs are administered through FIA. The Maryland Office for Refugees and Asylees (MORA) oversees a federally funded refugee resettlement program that provides services to refugees and asylees residing in Maryland. These services are primarily provided by local resettlement agencies through grants from MORA. The Office of Grants Management provides funding to local government and community-based organizations for hunger programs and other community initiatives and organizations.

# *Performance Analysis: Managing for Results*

## 1. Application Processing Timeliness Slows After Restart of Recertifications

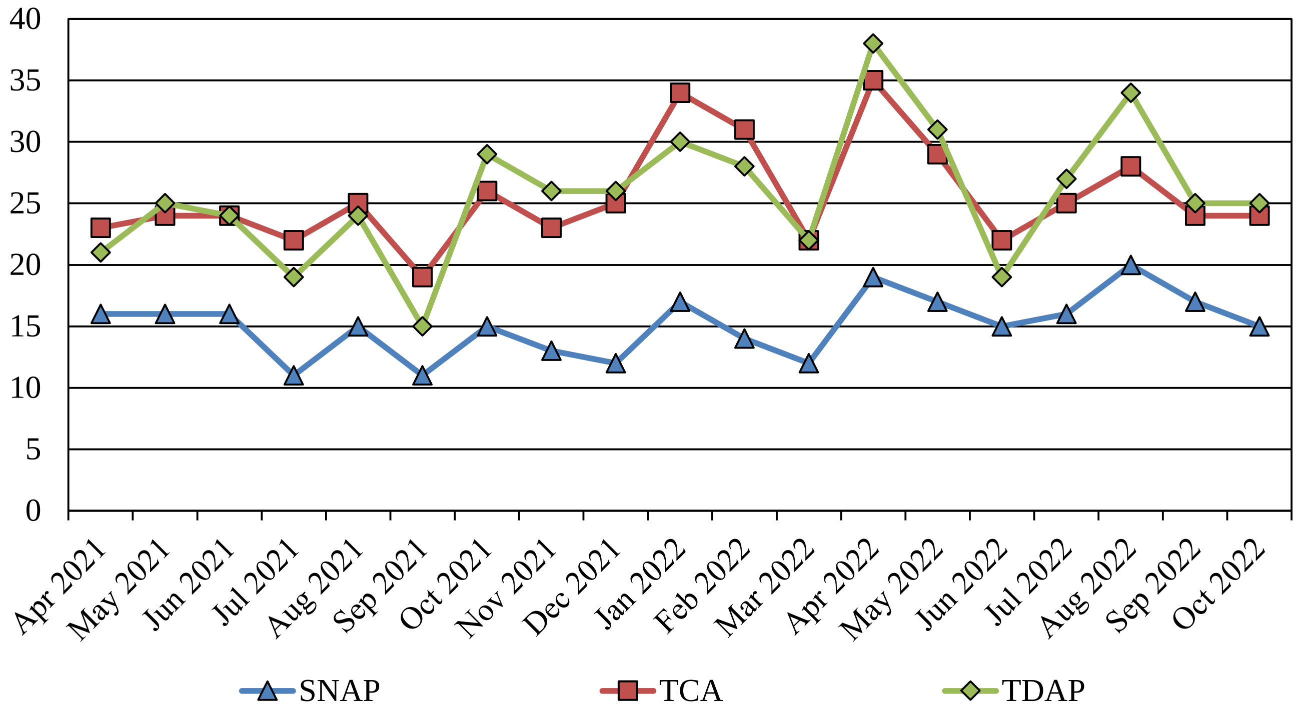
A key measure of the success of FIA and LDSS is the ability to process applications in a timely manner to ensure that eligible households are receiving benefits timely. Narrative in the 2021 and 2021 *Joint Chairmen's Reports* (JCR) has requested that DHS begin submitting regular reports on application processing timeliness. In the 2022 JCR, quarterly reports were requested, of which the first two have been submitted, with the final reports due later in the fiscal year. Due to the timing of these new requests, data on application processing timeliness is available only from April 2021 through October 2022.

After an initial surge in applications for SNAP and TCA at the start of the COVID-19 pandemic, applications returned to more typical levels in June and July 2020. Applications increased to above prepandemic levels for SNAP, TCA, and TDAP from August through December 2020. These elevated levels were impacted by a temporary end to the extension on recertifications from July through October 2020, resulting in a number of case closures and subsequent applications to reobtain benefits. Following the reissuance of the extension of recertifications, applications began to decline and generally remained well below prepandemic levels through February 2022. DHS began recertifications in January 2022, and by March 2022, applications were beginning to increase once again. Applications for SNAP have exceeded prepandemic levels in each month since April 2022. TCA and TDAP have not yet regularly exceeded prepandemic levels but are generally higher than the period prior to the restart of recertifications.

In general, applications for benefits are to be processed withing 30 days, though expedited SNAP applications are required to be processed within 7 days. DHS notes that applications can take up to 60 days to be processed due to delays in submitting all documentation, completing other requirements (such as interviews), or agency delays. **Exhibit 1** provides information on the average days to process applications for SNAP, TCA, and TDAP. As shown in this exhibit, following the restart of recertifications, the application processing times have generally increased, though TCA and TDAP application have seen the most consistent and substantial increases. The increase in processing times predates the impact of case closures on the number of applications, indicating at least some of these increases were likely due to higher volumes of other activity with the restart of recertifications after such a long period. The average days to process applications increased from:

- 13.9 days prior to the restart of recertifications to 16.2 days after the restart for SNAP;
- 23.4 days prior to the restart of recertifications to 27.4 days after the restart for TCA; and
- 23.2 days prior to the restart of recertifications to 27.9 days after the restart for TDAP.

**Exhibit 1**
**Average Days to Process Applications by Benefit Type**
**April 2021 through October 2022**



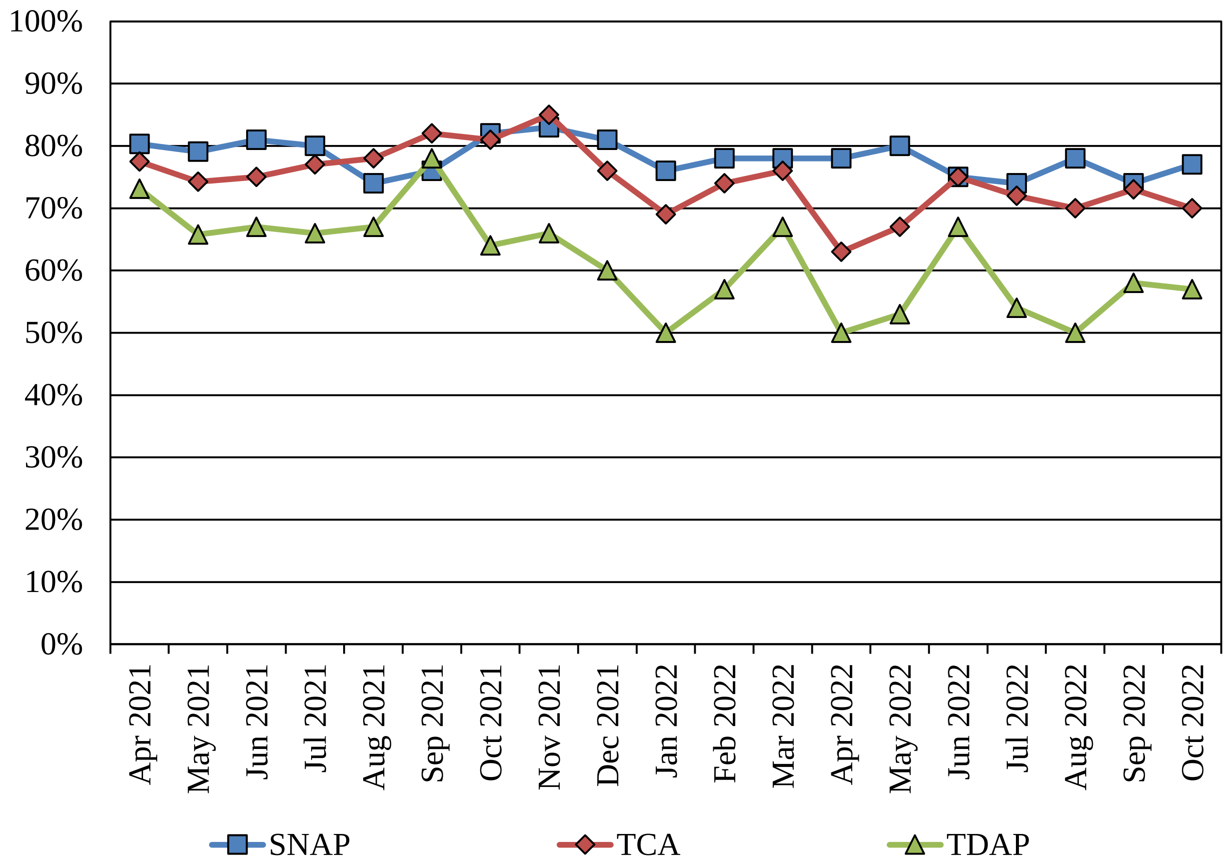

SNAP: Supplemental Nutrition Assistance Program
TCA: Temporary Cash Assistance
TDAP: Temporary Disability Assistance Program

Source: Department of Human Services

SNAP application processing times remain the lowest of the three benefit types, which is partially attributed to some applications having a shorter processing requirement. Application processing times for this benefit remain on average substantially below the 30-day limit. Average processing times exceeded 30 days in three months for TCA and TDAP applications between January and October 2022.

The average number of days to process applications tells only a portion of the story related to timeliness. As shown in **Exhibit 2**, while TCA and TDAP experience a similar average number of days to process applications in each month, the percentage of applications processed within 30 days is substantially lower in most months of available data for TDAP as compared to TCA. TCA applications have been 70% or higher in 7 of the 10 months. In addition, as shown in **Exhibit 3**, 30% or more of TDAP applications were processed in 46 days or longer in 7 months since January 2022, while this occurred only one time for TCA applications. Of note, in 2 months, more than 40% of TDAP applications were processed in 46 days or longer. However, both programs experienced a notable decline in performance with the restart of recertifications. **DHS should comment on the decline in application processing timeliness since the restart of recertifications in January 2022 for TCA and TDAP and steps the department is taking to improve performance in these programs.**

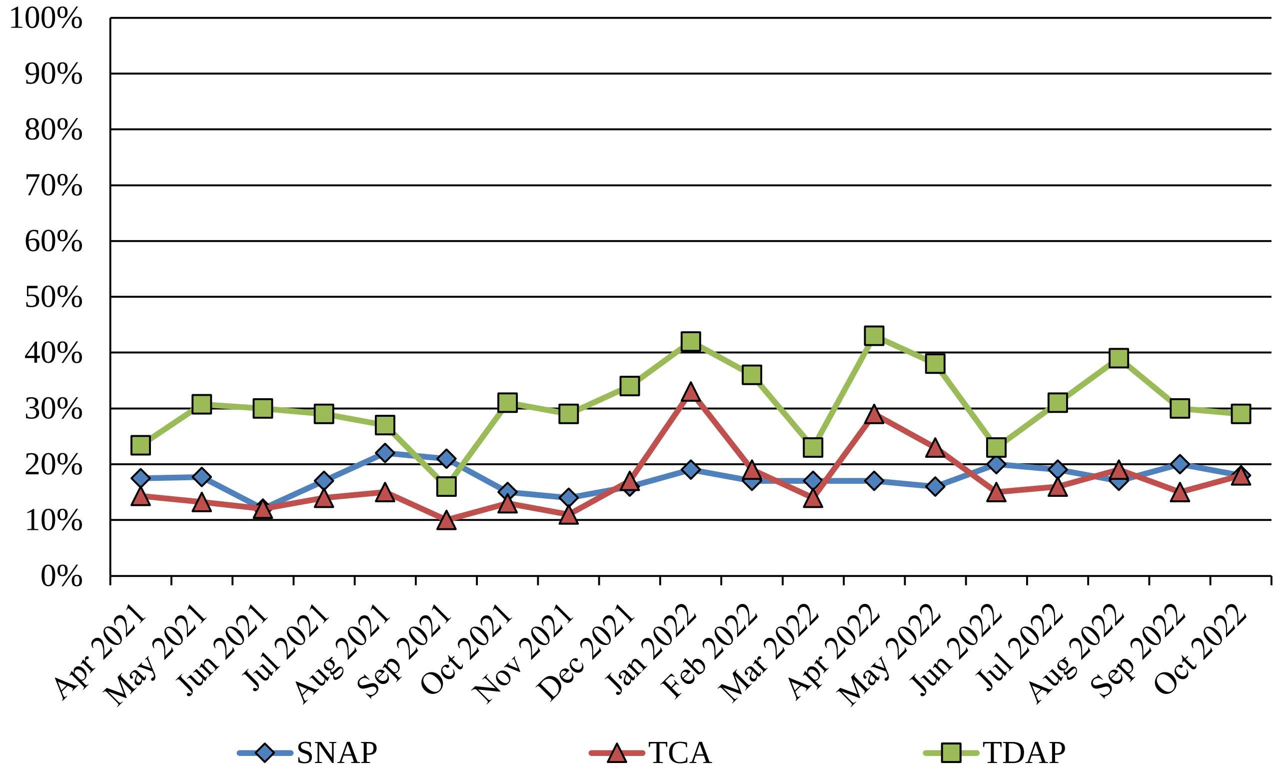
**Exhibit 2**
**Percent of Applications Processed within 30 Days**
**April 2021 through October 2022**




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

Source: Department of Human Services

**Exhibit 3**
**Percent of Applications Processed in Longer Than 46 Days**
**April 2021 through October 2022**




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

Source: Department of Human Services

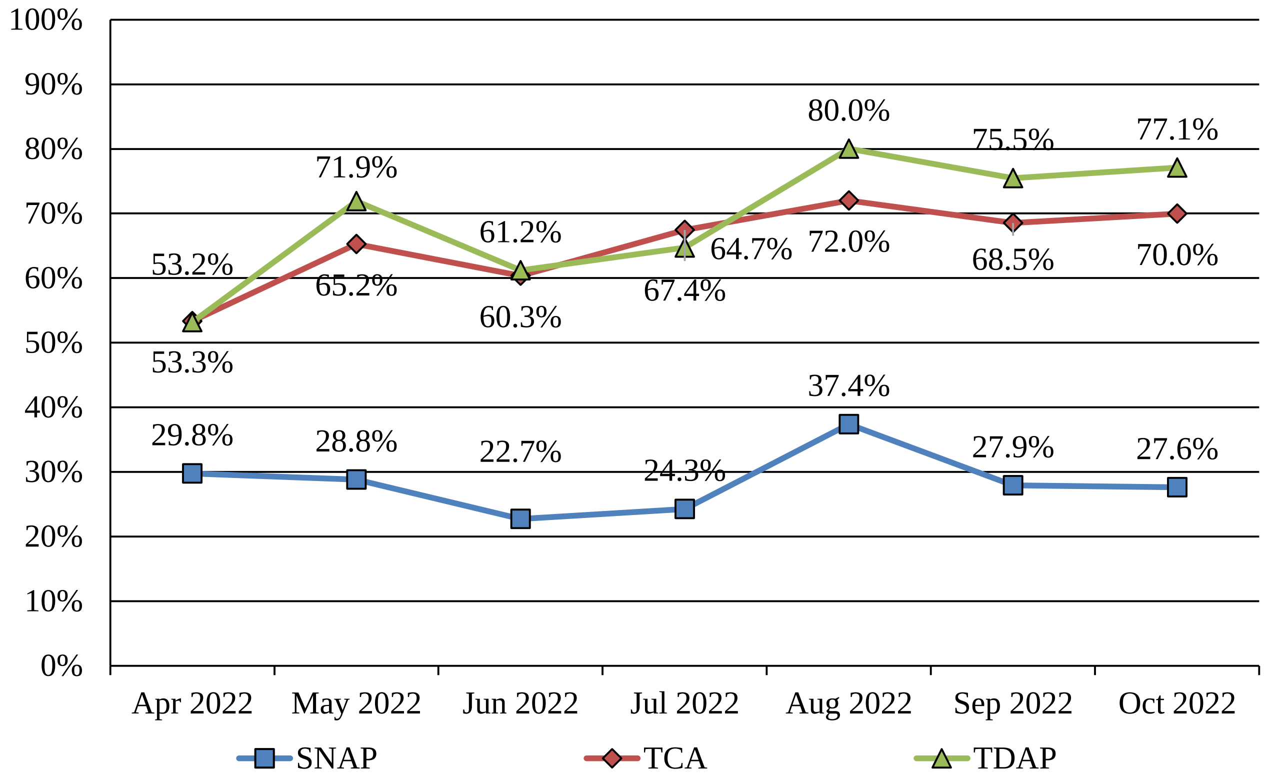
The share of SNAP applications processed within 30 days also decreased following the restart of recertifications but has remained higher than 70% in all months. The share of SNAP applications processed in longer than 46 days did not substantially increase as it did for the other two programs.

## 2. Denial Rates

Along with application processing times, it is important to understand application denials for a complete picture of the customer experience when applying for benefits. Data on the number of denials and top reasons for denial are available for the period April 2021 to October 2022, while denial rates are available only from April 2022 to October 2022.

As shown in **Exhibit 4**, application denial rates are substantially higher for TCA and TDAP than the rates are for SNAP. More than half of applications for TCA and TDAP benefits are denied each month, with denial rates exceeding 60% in all but one of the months of available data. In contrast, less than 30% of SNAP applications have been denied in all but one month.

**Exhibit 4**
**Application Denial Rates**
**April 2022 through October 2022**




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

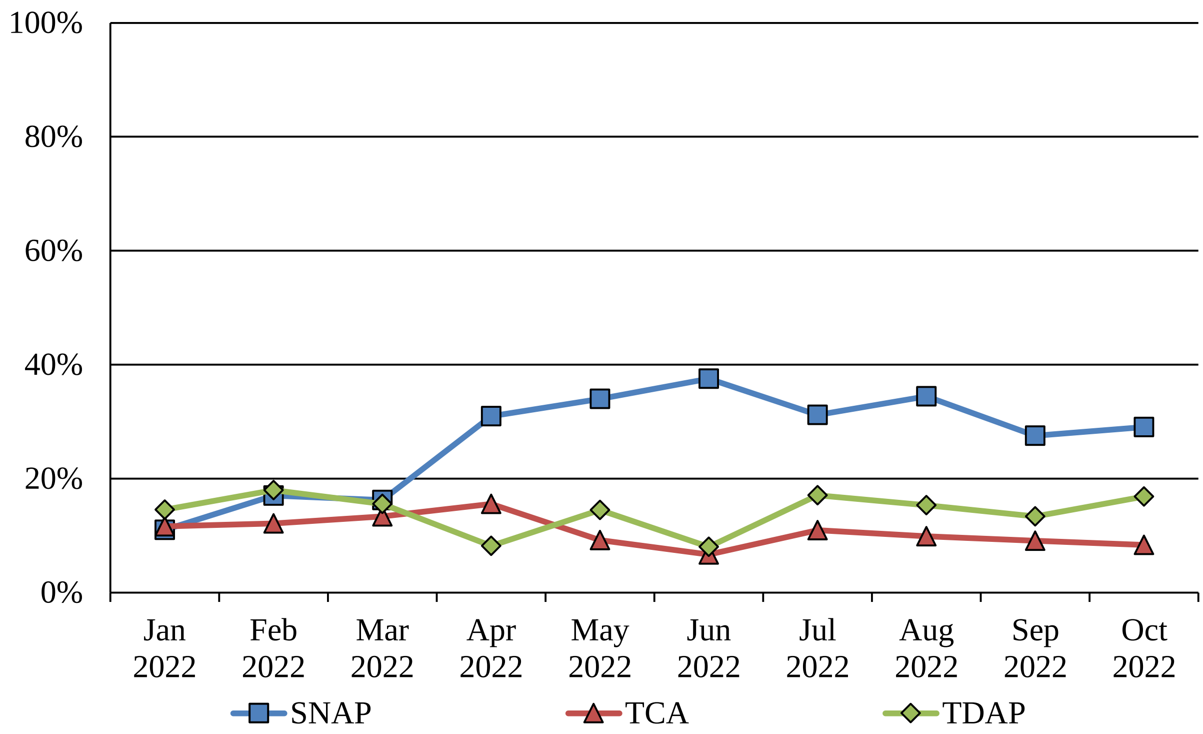
Source: Department of Human Services; Department of Legislative Services

Higher denial rates for TDAP are consistent with additional program requirements. For example, TDAP applicants must also meet criteria related to disability and cooperating with the

SSI or Social Security Disability Insurance (SSDI) that make it more challenging to receive approval. As noted earlier, applications were generally low through the restart of recertification, and as a result, application denials also remained relatively low until after January 2022, particularly for SNAP.

Throughout this period, there have been notable shifts in the top reasons for denial. Interview requirements were waived through December 2021 for all programs, and an interview waiver remains in effect for expedited SNAP cases (through March 2023). With the end of the more complete waiver, missed interview has become a top reason for denial for all three programs. As shown in **Exhibit 5**, missed interviews are a more common cause of denial for SNAP than TCA or TDAP.

**Exhibit 5**
**Missed Interviews as a Share of All Denials**
**January through October 2022**




SNAP: Supplemental Nutrition Assistance Program
TCA: Temporary Cash Assistance
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Source: Department of Human Services; Department of Legislative Services.

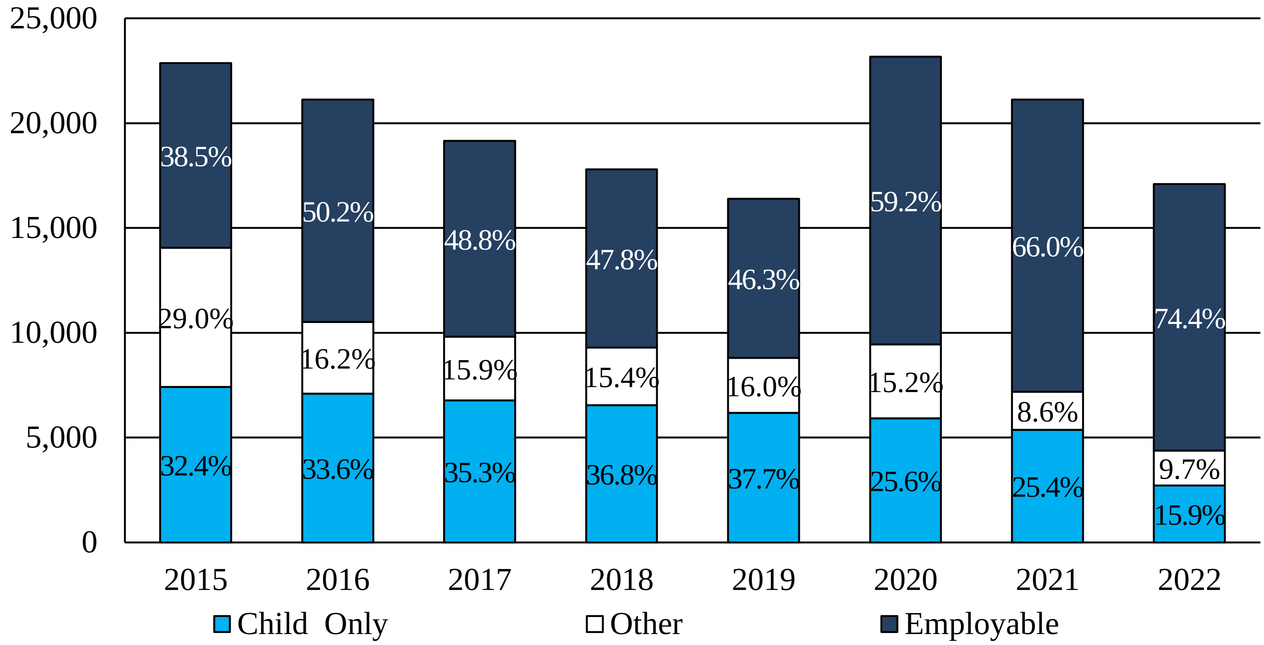
Verification- and noncooperation-related reasons have been the top reason for denial for TCA applications in all months. Denials due to this reason have exceeded 30% or higher in each month. This reason has also been the most common reason for denial for TDAP applications at times. **DHS should discuss efforts that it has undertaken or plans to take to reduce the number of applications denied due to missed interviews and missing verification/documentation.**

## 3. High Shares of TCA Cases Continue to Be Determined as Work Eligible

The TCA caseload can be divided into two main groups: (1) the core caseload; and (2) cases headed by an employable adult. Core cases include child-only cases, cases with children under age one, caretaker relatives, and other cases exempt from work requirements. Prior to federal fiscal 2016 (October 1, 2015), DHS classified cases with individuals with a long-term disability as work exempt. However, following this date, these cases were subject to work requirements. Cases with individuals who have a short-term disability are still classified as work exempt.

**Exhibit 6** presents information on TCA cases (which may consist of multiple recipients) categorized into employable, child only, and other. Other cases represent all other core cases except child-only cases. In general, as employable adults successfully enter the labor market, core cases represent a larger share of the TCA caseload. This pattern generally alters during and immediately after recessions. Prior to the pandemic, the only recent exception to this pattern was the impact of the policy change regarding individuals with long-term disabilities, which increased the share of cases classified as employable between July 2015 and July 2016. The 50.2% of cases deemed employable in July 2016 was the highest share since July 2004. Following that initial change, the share of cases considered employable resumed the typical trend of declines but remained elevated compared to the period prior to the change.

**Exhibit 6**
**TCA Caseload and Share of TCA Caseload That Is Work Eligible or Work Exempt**
**July 2015-2022**




TCA: Temporary Cash Assistance

Note: The data for 2021 has been revised since the 2022 session. Due to the transition to the new Enrollment and Eligibility System, initially, the Department of Human Services (DHS) was unable to report July caseload data and instead presented a partial-year average. However, DHS has subsequently been able to provide the July 2021, one-month snapshot consistent with all other years.

Source: Department of Human Services

In July 2020, consistent with periods of economic uncertainty, the share of cases considered employable increased substantially compared to the prior year (an increase of nearly 13 percentage points), along with the overall number of cases. July 2020 was just after the peak month of cases since the beginning of the COVID-19 pandemic. However, unlike in other periods of economic improvements, as the overall number of cases has declined, the share of cases considered work eligible has increased further, reaching 74.4% in 2022. In July 2021, this occurred due to an increase in cases classified as employable with current earnings, leading to an overall increase in work-eligible cases despite a decrease in overall cases. In 2022, the higher share of work-eligible cases occurred despite a decrease in the number of these cases, due to a larger decline in work-exempt cases. The decrease in work-exempt cases was primarily in child-only and State-only cases. State-only cases are primarily composed of immigrant and two-parent households. These cases were much higher than typical during the pandemic but have decreased to levels more typical prepandemic. DHS attributes the decrease in child-only cases to trends consistent with returns to prepandemic levels. However, DLS notes that the level of child-only cases in July 2022 was less than half of the prepandemic levels. **DHS should discuss the cause of the substantial decrease in child-only cases.**

## New State Exemptions

Chapter 509 of 2022, among other changes, added and altered State exemptions from federal work requirements effective October 1, 2022. Under federal rules, there is a 12-month limit on exemptions for having a child under age one, which the State previously followed. Chapter 509 prohibits a lifetime limit on exemptions related to having a child under age one. Under guidance issued by DHS, the State exemptions applies after the federal exemption is exhausted. The number of cases determined work exempt due to having a child under age one generally declined after July 2013. Since July 2019, the number has been below 1,000. In July 2022, there were 676 such cases under the prior exemption rules. Chapter 509 also creates a new State exemption for new TCA customers that have not received TCA benefits for more than six months. Because these changes were not in effect on July 2022, information on the impacts of these changes is not shown in Exhibit 6. Between October and December 2022, DHS reports that:

- the number of State child under age one exemptions increased from 8 (0.6% of work-eligible cases) to 70 (0.52% of work-eligible cases); and

- the number of new TCA customer exemptions varied from a low of 2,134 (15.7% of work-eligible cases) in December to a high of 3,540 (25.46% of work-eligible cases) in November.

DHS notes that individuals who qualify for these State exemptions are still included in the calculation of the Work Participation Rate (WPR), the measure of the State's work efforts. DHS reports that if an average of 21% of the work-eligible population is exempt under a State exemption, there will be a substantial impact on the State's WPR.

## State Fails to Meet Work Participation Rate

Of note, prior to the implementation of these exemptions, the State failed to meet the required WPR in federal fiscal 2021. In that year, Maryland had an adjusted standard of 14.3%, while only 3.4% was achieved, and the State was assessed a penalty of $10.6 million.[1] Maryland was one of only three states that did not meet the required WPR. DHS is in the process of applying for a good cause waiver to reconsider and eliminate the penalty and is awaiting a response. In addition to a penalty assessment, a state's required maintenance of effort for receipt of the TANF block grant is also increased when a state fails to meet the WPR. The failure to meet the required rate in federal fiscal 2021 was influenced by suspensions and modifications of the work

[1] The overall all-families work participation rate is 50% for all states; however, these rates are adjusted based on factors including a caseload reduction credit.

requirements by the State during much of the period from March 2020 through December 2021. **DHS should comment on the status of the review of its good cause waiver, the factors that impacted the ability to meet the WPR, and the likelihood the State will fail to meet this rate in federal fiscal 2022.**

## Fiscal 2022

Supplemental Budget No. 5 of the fiscal 2022 budget included $46 million in State Fiscal Recovery Funds from the ARPA to provide an additional $100 per recipient per month benefits to TCA and TDAP recipients above their regularly calculated benefit for the period July through December 2021. At the close of fiscal 2022, DHS canceled $5 million of these funds due to lower numbers of recipients than anticipated. Based on the number of recipients in each of those months, DLS estimated that just under $41 million was needed for this purpose, so the cancellation overall was in line with expectations. However, DHS indicated the entire cancellation was from the TCA portion, rather than TDAP, where DLS projected the largest share of the excess funds. If the cancellation was, in fact, from TCA rather than TDAP, it is unclear how DHS fully funded the benefit in TCA and whether DHS used funds in TDAP for purposes other than that which it was originally intended.

## Fiscal 2023

Supplemental Budget No. 5 of the fiscal 2023 budget included $35 million within the Dedicated Purpose Account (DPA) for a legislative priority to provide an additional $45 per recipient per month benefit to TCA and TDAP recipients above their regularly calculated benefit. This funding was transferred by budget amendment to FIA. DHS began providing this benefit to recipients with issuances in July, though an error was made in the initial distributions. However, DHS retroactively provided benefits that were underissued in the prior months in September 2022. As a result, all recipients received the intended benefit levels. Through issuances in December, DHS has distributed $17.4 million to support these additional benefits ($15.2 million for TCA and $2.2 million for TDAP). DLS anticipates that approximately $1.4 million of the funding dedicated toward this purpose may be unneeded due to lower than anticipated TDAP recipients, only partially offset by higher TCA recipients than anticipated in the 2022 session. Additional discussion of the TCA and TDAP caseload may be found in the fiscal 2024 budget discussion. Unused funding transferred for this purpose will be canceled and return to the DPA. The fiscal 2024 allowance continues funding for the $45 per recipient per month additional benefits but with the programs' typical fund sources.

### Proposed Deficiency

The fiscal 2024 budget includes three proposed deficiency appropriations for FIA totaling $606.4 million. The largest deficiency appropriation would provide an additional $595.1 million in federal funds for SNAP benefits and P-EBT benefits. Of this amount, $371.3 million is expected to be used for P-EBT benefits. As enacted, the fiscal 2023 budget included no funding for P-EBT benefits; however, benefits have been provided for the prior school year and summer 2022 program during fiscal 2023 due to the timing of federal approvals. Additional benefits are expected to be provided for the current school year and in summer 2023 with these funds. Additional discussion of these benefits is provided in Update 1 of this analysis.

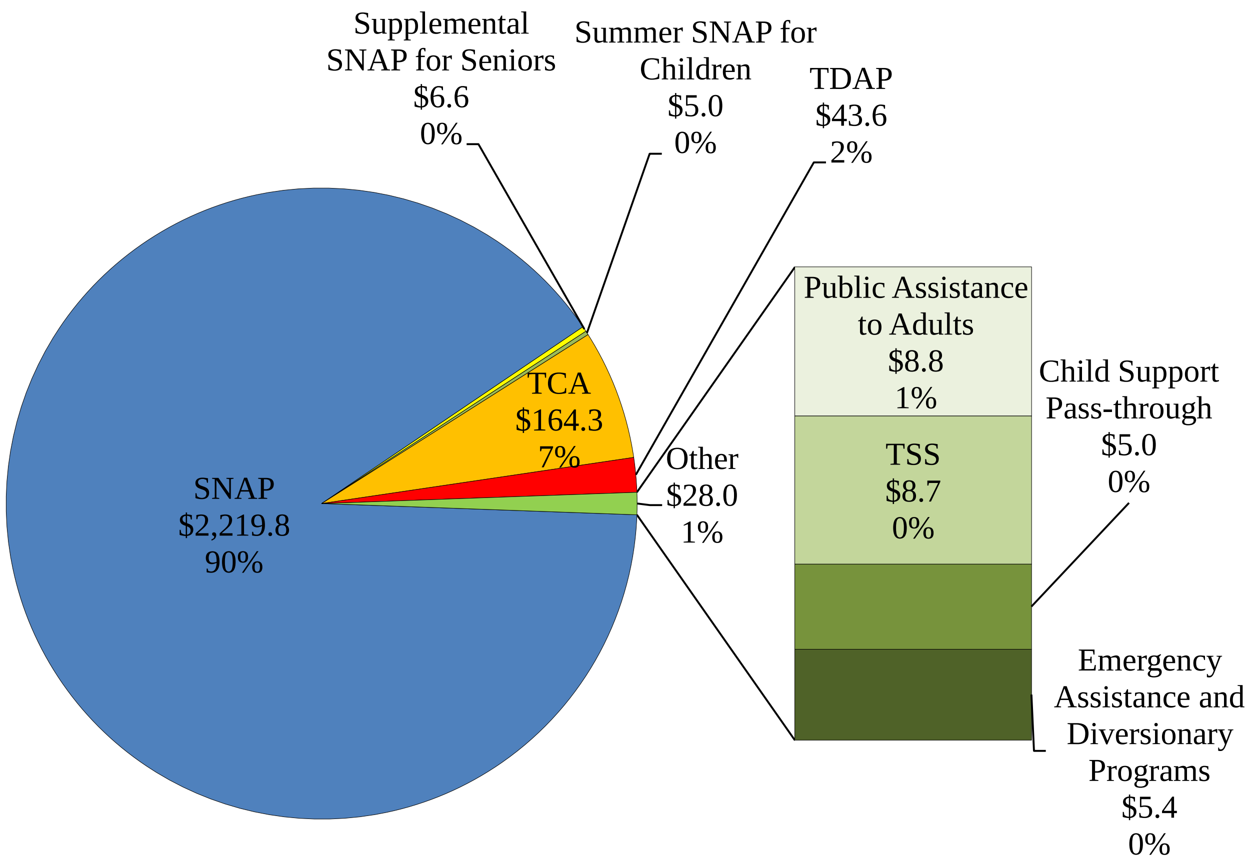
A second deficiency appropriation would provide an additional $7.0 million of federal funds from the SNAP administrative grant provided through the ARPA, for a total of $17.3 million of these funds in fiscal 2023. DHS reports that these funds will be used for administrative expenses in the Local Family Investment Program, where caseworkers and other LDSS functions for FIA are budgeted. This appropriation provides the remaining funding available to DHS from this grant, which expires in September 2023.

A third proposed deficiency of $4.3 million in general funds is provided for the local FIA share of the Montgomery County Block Grant to better reflect the most recent actual fund split for this grant. This is one of several deficiency appropriations across the department in each area of the block grant. Under State law, Montgomery County receives a block grant for child welfare, adult services, family investment, and administrative expenditures rather than operating like other LDSS. This allows the county to offer higher pay and other flexibility. The State supports employees at a level comparable to if they were State employees.

## Fiscal 2024 Overview of Agency Spending

The fiscal 2024 allowance of FIA totals $2.78 billion. Approximately 89% of the fiscal 2024 allowance for FIA occurs in the Assistance Payments program, the program in which public benefits are budgeted. **Exhibit 7** describes the Assistance Payments spending by benefit type in fiscal 2024. The vast majority of this funding ($2.2 billion) is budgeted for SNAP, which compromises 90% of the Assistance Payments spending and nearly 80% of the total FIA budget. TCA benefits are budgeted at $164.3 million and comprise 6.7% of the Assistance Payments spending, or 5.9% of the fiscal 2024 allowance. All other public benefit programs account for 3% of the fiscal 2024 allowance.

**Exhibit 7**
**Assistance Payments Program Spending**
**Fiscal 2024 Allowance**
**($ in Millions)**



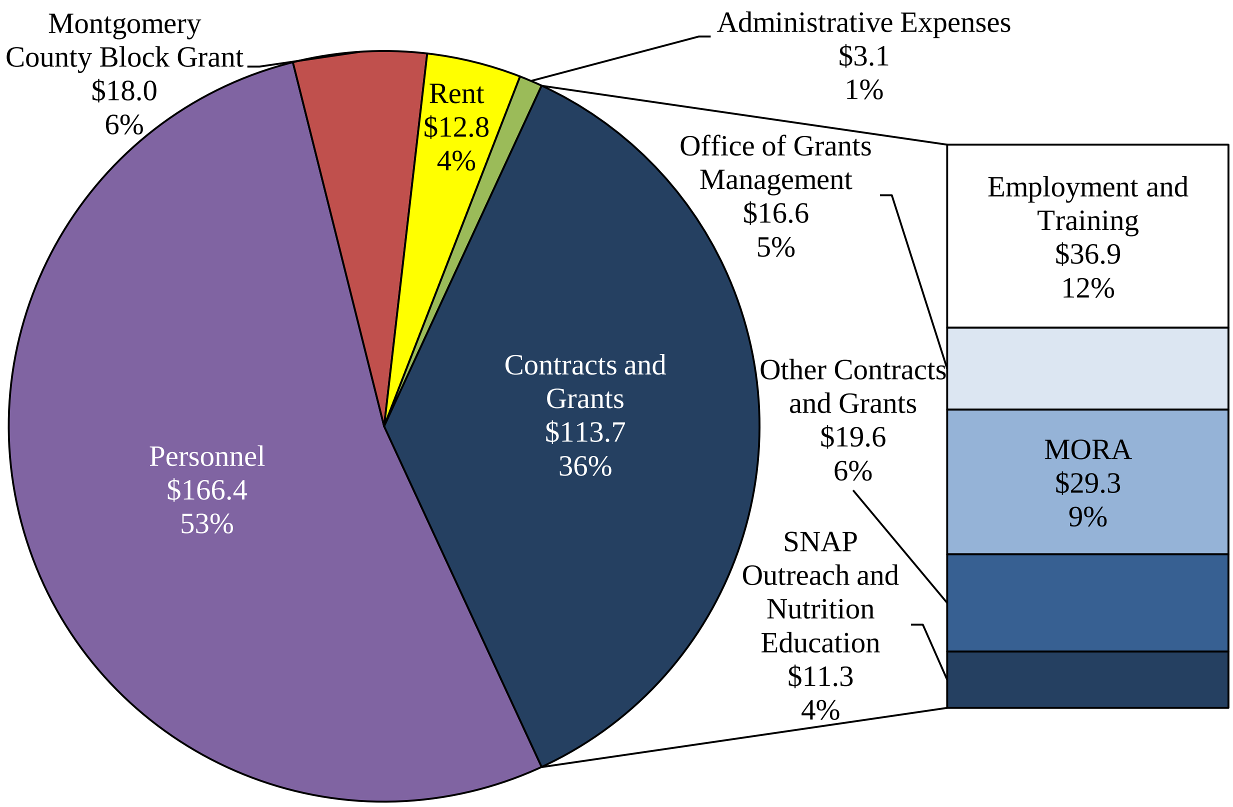

SNAP: Supplemental Nutrition Assistance Program
TCA: Temporary Cash Assistance
TDAP: Temporary Disability Assistance Program
TSS: Transitional Support Services

Source: Governor's Fiscal 2024 Budget Books; Department of Budget and Management

As shown in **Exhibit 8**, excluding Assistance Payments, the fiscal 2024 allowance for FIA totals $314 million, of which 53% is for personnel, including contractual employee payroll, primarily in LDSS. Contracts and grants comprise approximately 42% of this spending. Employment and training related contracts and grants, which include the SNAP Employment and Training (E&T) program, the Noncustodial Parent Employment Program, and the Work

Opportunities Program under TANF, total $37 million (12% of this spending). Contracts and grants for MORA represent 9% of this spending ($29.3 million), a substantial increase from the fiscal 2023 working appropriation when it accounted for 5% of this spending (with less than $15 million budgeted). This increase in the share of spending reflects recent influxes of refugees and other humanitarian immigrants primarily from Ukraine and Afghanistan. DLS anticipates that fiscal 2023 spending under MORA will ultimately be more in line with the fiscal 2024 allowance.

**Exhibit 8**
**Spending by Activity, Excluding Benefits**
**Fiscal 2024**
**($ in Millions)**




MORA: Maryland Office of Refugees and Asylees
SNAP: Supplemental Nutrition Assistance Program

Note: The fiscal 2024 allowance does not reflect salary enhancements that are budgeted in the Department of Budget and Management.

Source: Governor's Fiscal 2024 Budget Books; Department of Legislative Services

## Proposed Budget Change

As shown in **Exhibit 9**, the fiscal 2024 allowance for FIA decreases by $348.4 million, or 11.1%, compared to the fiscal 2023 working appropriation after accounting for deficiency appropriations and FIA's share of the statewide deficiency appropriation for the 4.5% cost-of-living adjustment provided in November 2022. A decrease of $348.1 million occurs in the Assistance Payments program. Excluding the Assistance Payments program, the fiscal 2024 allowance of FIA decreases by $0.3 million, or 0.1%. Despite the effectively level funding, there are several substantial changes within FIA, including two primary areas of decrease. One relates to enhanced funding for the food banks in fiscal 2023 from the DPA of $10 million, which does not appear in the budget of FIA in fiscal 2024. The enhanced $10 million for the food banks is budgeted and shown only within the DPA in fiscal 2024. There is no decrease in funding for this purpose in fiscal 2024. The other is $17.2 million from the SNAP administrative grant under the ARPA that is expected to be fully exhausted in fiscal 2023. These decreases are largely offset by increases in other areas, primarily personnel and MORA.

**Exhibit 9**
**Proposed Budget**
**Department of Human Services – Family Investment**
**($ in Thousands)**

| How Much It Grows: | General Fund | Special Fund | Federal Fund | Total |
|---|---|---|---|---|
| Fiscal 2022 Actual | $149,043 | $17,392 | $3,166,041 | $3,332,476 |
| Fiscal 2023 Working Appropriation | 189,138 | 63,087 | 2,877,463 | 3,129,688 |
| Fiscal 2024 Allowance | 215,318 | 19,669 | 2,546,334 | 2,781,320 |
| Fiscal 2023-2024 Amount Change | $26,179 | -$43,418 | -$331,129 | -$348,367 |
| Fiscal 2023-2024 Percent Change | 13.8% | -68.8% | -11.5% | -11.1% |

| Where It Goes: | Change |
|---|---|
| **Personnel Expenses** | |
| Minimum step increases for Family Investment Specialist classifications in fiscal 2023 funded with vacancy savings in that year | $5,978 |
| Employee and retiree health insurance | 3,652 |
| Annualization of 4.5% COLA | 1,585 |
| Employee retirement | 228 |
| 0.5 position transferred to Local Adult Services | -32 |
| Turnover adjustments partly due to increase in turnover expectancy from 7.5% to 7.7% | -246 |
| Salary and wages primarily due to budgeting vacant positions at lower salary levels | -608 |
| Other fringe benefit adjustments | -50 |

| **Where It Goes:** | **Change** |
|---|---|
| **Assistance Payments** | |
| SNAP due to anticipating higher anticipated benefits levels | 36,091 |
| Public Assistance to Adults to reflect experience with local funds | -430 |
| Temporary Cash Assistance due to an anticipated decrease in recipients of 4% | -5,670 |
| Temporary Disability Assistance Program due to an anticipated decrease in recipients of 15.6% to align with recent experience | -6,765 |
| P-EBT benefits not budgeted in fiscal 2024 | -371,306 |
| **Maryland Office for Refugees and Asylees (Federal Funds)** | |
| Immigration-related legal assistance to support Afghan immigrants provided by the federal Office of Refugee Resettlement | 9,822 |
| Health screening for refugees primarily due to increase in refugees from Afghanistan and Ukraine (provided through MDH) | 4,646 |
| Refugee Transitional Cash Assistance due to federal request to provide 12 months of benefits rather than typical 8 months | 1,307 |
| Competitive grant received to assist employable TANF-eligible refugees gain skills and resources to achieve self sufficiency | 886 |
| Language services due to increase in refugees from Afghanistan and Ukraine | 213 |
| Grant agreements for administrative costs based on number of clients enrolled in Refugee Transitional Cash Assistance | -1,855 |
| **Other Changes** | |
| Asset verification system contract based on recent experience | 719 |
| Montgomery County Block Grant including impacts of salary adjustments | 474 |
| Grant to Roberta’s House | 150 |
| Cell phones primarily due to increase in telework | 138 |
| Contractual employee payroll including annualization of 4.5% COLA | 133 |
| Fiscal 2023 funding for food banks from the DPA, funded in the DPA at same level in fiscal 2024 | -10,000 |
| End of SNAP administrative grant from the American Rescue Plan Act, which is expected to be fully exhausted in fiscal 2023 | -17,234 |
| Other changes | -190 |
| **Total** | **-$348,367** |

COLA: cost-of-living adjustment
DPA: Dedicated Purpose Account
MDH: Maryland Department of Health
P-EBT: Pandemic Electronic Benefit Transfer
SNAP: Supplemental Nutrition Assistance Program
TANF: Temporary Assistance for Needy Families

Note: Numbers may not sum to total due to rounding. The fiscal 2023 working appropriation includes deficiency appropriations including this agency’s share of a deficiency appropriation budgeted in the Statewide Account within the Department of Budget and Management (DBM). Fiscal 2024 salary enhancements are budgeted in the Statewide Account within DBM.

## SNAP

Since April 2020, the State has been able to issue Emergency Allotments, under which households receive the maximum allotment for their household size. Approvals to continue these allotments had been provided to interested states on a month-to-month basis and was expected to remain available through one month after the end of the national public health emergency. The Consolidated Appropriations Act of 2023, however, provided a set end date for the Emergency Allotments (February 2023 issuances). There is no option to provide these allotments beyond that date. DHS indicates that average benefits will decrease by approximately $170 per month per case to $290. Despite this change, the fiscal 2024 allowance assumes average benefits will increase from levels that account for both Emergency Allotments and P-EBT benefits. This results in the total funding for SNAP increasing by $36.1 million in the fiscal 2024 allowance compared to the fiscal 2023 working appropriation adjusted for the proposed deficiency, to a total of $2.2 billion, despite the anticipated decrease in caseload of approximately 14%. The budget assumes a caseload (341,492) that is generally consistent with the DLS forecast.

Assuming the same average caseload as assumed in the fiscal 2024 allowance, at an average benefit of approximately $307 per month in fiscal 2024, which accounts for some increase above DHS' current estimate of average benefits after Emergency Allotments end, the total funding requirements for SNAP would be $1.26 billion, approximately $961 million lower than the fiscal 2024 allowance. A portion of this funding could support P-EBT benefits, which are not specifically budgeted in fiscal 2024. DHS has expressed its intention to submit a state plan to USDA to provide these benefits in summer 2023, and two-thirds of the benefits would be owed and paid in fiscal 2024 at minimum. The exact amount that would be required for this purpose is unknown as the state plan has not been approved, but DLS estimates it would be less than $50 million. It is possible that additional funds may be needed for that purpose as well, given that for the two prior years of issuances of P-EBT benefits, the timing of approval of the state plan led to issuances for school year benefits also occurring during the summer and sometimes in the fall of the following year (as discussed in Update 1). Any excess federal funds appropriated but not needed for SNAP would be expected to be canceled at the close of fiscal 2024, as these funds are a pass-through that are only received and spent if the department has benefits to issue. **DLS recommends reducing a portion of the excess funding but leaving the majority of this surplus to account for higher than anticipated P-EBT spending, the beginning of the Summer EBT program (discussed in Issue 3), and potential increases in the caseload.**

## Supplemental Benefit for Seniors

Chapter 696 of 2016 created a supplemental benefit for households that include an individual who is at least 62 years old and receives a federal SNAP benefit of less than $30 per month. Chapter 324 of 2022 subsequently revised that level to $40 per month effective October 1, 2022. The State-funded supplemental benefit provides the difference between the federal benefit received by the household and the $40 level. At the time of the 2022 session, this was expected to result in a maximum State benefit of $20 in fiscal 2023 because the federal minimum benefit was $20. However, the actual federal minimum SNAP benefit in federal fiscal 2023 is $23, meaning the maximum State benefit is $17. Historically, recipients of the program received near the maximum level.

During the period of the issuance of the Emergency Allotments, the supplemental benefit for seniors has been effectively suspended, as no households received less than the minimum amount in statute. However, with the end of Emergency Allotments, benefits are expected to be issued under this program beginning in March 2023. Since the program will have been effectively suspended for three years, the number of recipients in the program when it resumes is also unclear. In the last month that benefits were provided through the program (March 2020), there were 25,099 recipients. However, as of November 2022, the number of SNAP recipients that are age 62 or older was 24% higher than that month. Not all seniors qualify for the program. In March 2020, benefits were provided to approximately 30% of the total senior SNAP recipients, though this figure varied by month. Assuming a similar proportion of seniors will be eligible for the benefit when it returns, DLS estimates that there will be just over 31,000 recipients when the program resumes. Information on the recipients of the benefit will not be known at least April 2023.

The fiscal 2023 budget assumed benefits would be provided under the program for a full year because at that time, the national public health emergency and therefore the availability of Emergency Allotments was expected to end before fiscal 2023. The budget also assumed benefits would be provided to an average of 27,363 recipients at $20 per month. Although DLS estimates a higher number of recipients, because the benefit will only be available for 3 months rather than 12 and the maximum State benefit is lower than anticipated, a surplus of $5 million is expected in fiscal 2023. Given the uncertainty of the number of recipients upon resumption, the fiscal 2024 allowance level funds the program compared to fiscal 2023. DLS anticipates a potential surplus, though any surplus is highly uncertain due to the unknowns regarding recipients.

### Additional Benefits Continue for TCA and TDAP Recipients in Fiscal 2024

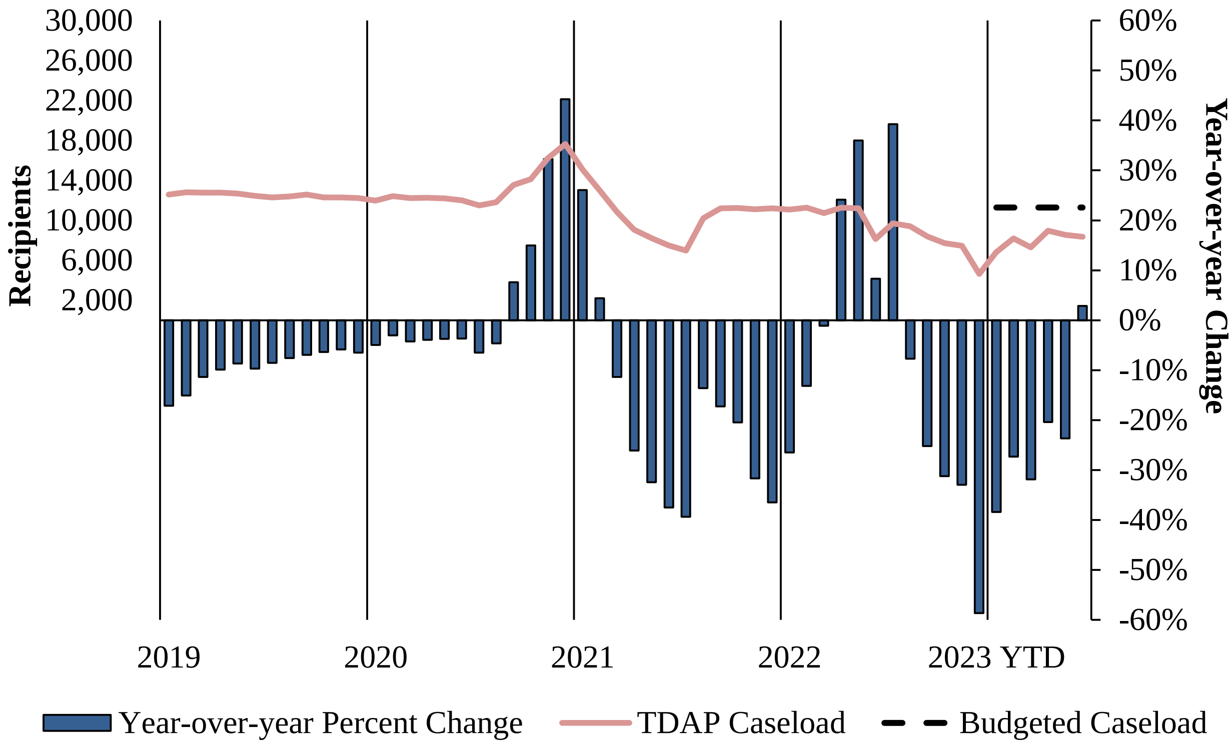
Additional benefits beyond the level of the benefit that assistance units would otherwise receive of various levels have been provided to TCA and TDAP recipients for most of the period from January 2021 through June 2023, the exception being during the second half of fiscal 2022 when no additional benefits were available to TDAP recipients and phased-down levels were provided for TCA recipients in four of six months. Supplemental Budget No. 5 to the fiscal 2023 budget included $35 million in the DPA to provide an additional $45 per recipient per month for TCA and TDAP recipients, which appear in FIA’s budget as special funds. The fiscal 2024 allowance continues the additional benefits with the programs’ regular fund sources. It has been expressed that this additional benefit is intended to be permanent.

Providing an equal benefit to all recipients provides a disproportionately higher benefit to recipients that would otherwise qualify for a lower benefit. This primarily impacts TCA as TDAP recipients generally receive the maximum benefit. **DHS should comment on whether a permanent change to the benefit calculation would provide a more equitable impact of higher benefit levels than a permanent flat additional benefit provided equally to recipients of varying income levels.**

## TDAP Caseload and Expenditure Trends

As shown in **Exhibit 10**, after initially increasing between March and June 2020, the number of TDAP recipients dramatically declined. The decline began as DHS reinstituted certain requirements, including medical certifications, even as access to doctors and the ability to submit documentation remained difficult. In addition, the program was also impacted by a temporary end to the extension on recertifications that also impacted TCA and SNAP. From June 2020 through January 2021, the number of TDAP recipients decreased by 60.5% to historically low levels and was 41% below prepandemic levels in January 2021. Subsequently, DHS announced a plan to reenroll TDAP recipients whose cases closed due to certain reasons, and Chapter 39 of 2021 (the RELIEF Act) required the reenrollment of certain TDAP recipients and prevented case closures in limited circumstances. This led to an increase in caseload as the recipients were reenrolled and caseload stabilized through the end of the prohibition on case closures (June 2021).

**Exhibit 10**
**Temporary Disability Assistance Program Recipients**
**Fiscal 2019-2023 (through December)**




TDAP: Temporary Disability Assistance Program
YTD: year to date

Source: Governor's Budget Books; Department of Budget and Management; Department of Human Services; Department of Legislative Services

Although the caseload remained stable for several months after the end of the prohibition on case closures, the caseload began to decline substantially with the restart of recertifications in calendar 2022, a decrease of 33.6% between November 2021 and May 2022. After falling to an all-time low in June 2022, the number of recipients has generally stabilized at a level between 8,000 and 9,000 recipients. Although relatively stable, the number of TDAP recipients in December 2022 was 29.3% below prepandemic levels (February 2020).

The fiscal 2023 budget provided funding to support a level of recipients at near the level that was occurring during the period leading up to the introduction of the budget (11,282) and relatively near prepandemic levels. However, the average number of recipients for the first half of the year is approximately 40% below this level. As shown in **Exhibit 11**, as a result, DLS forecasts a general fund surplus of $9.4 million. The higher overall surplus forecast is due to DLS estimating a lower availability of special funds consistent with recent history. For fiscal 2024, the budget anticipates an increase in recipients compared to the year-to-date levels in fiscal 2023 but a decline of 13.6% to the level that could be supported with the fiscal 2023 budget. This lower caseload level results in a decrease in the anticipated funding requirements in fiscal 2024. DLS generally agrees with the fiscal 2024 estimate of funding but notes the anticipated caseload would still be 17% below prepandemic levels.

**Exhibit 11**

## Temporary Disability Assistance Program Caseload and Expenditure Trends

**Fiscal 2022-2024**

| | 2022 | Working Approp. 2023 | DLS Estimate 2023 | Budget Estimate 2024 | % Change 2023-2024 |
|---|---|---|---|---|---|
| Average Monthly Enrollment | 9,242 | 11,282 | 8,409 | 9,750 | -13.6% |
| Average Monthly Grant | $399.61 | $372.32 | $371.00 | $373.00 | 0.2% |
| **Budgeted Funds (in Millions)** | | | | | |
| General Funds | $31.0 | $38.2 | $28.8 | $37.5 | -1.7% |
| **Total Funds** | **$44.1** | **$50.4** | **$37.4** | **$43.6** | -13.4% |
| **Estimated Surplus** | | | **$13.0** | | |
| Estimated General Fund Surplus | | | $9.4 | | |

DLS: Department of Legislative Services

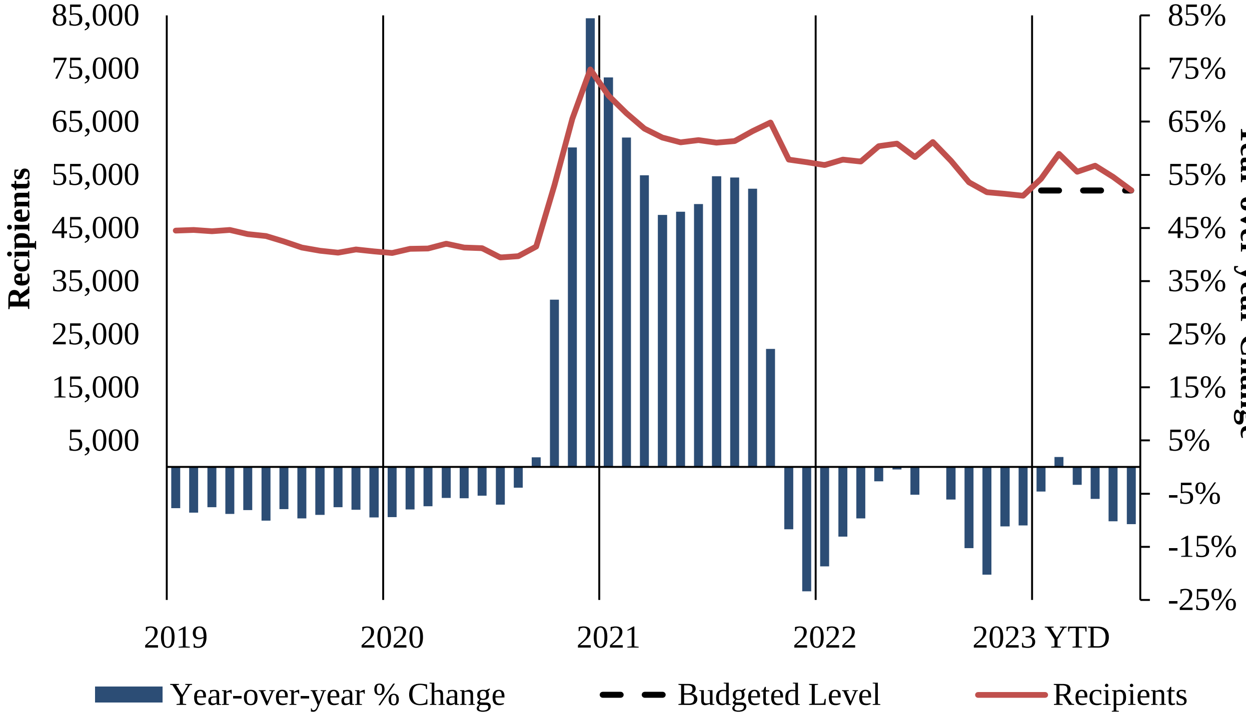
Note: Average monthly grants and funding include an additional $100 per month per recipient provided from July through December 2021 in fiscal 2022 and an additional $45 per month per recipient provided in fiscal 2023 and 2024.

Source: Governor's Budget Books; Department of Budget and Management; Department of Human Services; Department of Legislative Services

## TCA Caseload and Expenditure Trends

As shown in **Exhibit 12**, after initially increasing at an unprecedented pace from March through June 2020, the number of recipients began to decline in subsequent months. The decline occurred, in part, due to a temporary end of an extension on recertifications in July 2020. In October 2020, DHS reimplemented these extensions, which generally remained in place through the end of calendar 2021. Although the caseload was relatively stable at times, despite the extension on recertifications, there were periods where the caseload declined, particularly when there was a temporary restart to recertifications while awaiting new waivers. Between January and April 2022, the number of recipients declined by 15.5%, following the restart of recertifications. Since that time, the number of recipients has fluctuated due to the ongoing recertification process and churn as those whose cases closed but remained eligible reapplied and were reenrolled. Additional discussion of case closures may be found in Issue 1 of this analysis.

**Exhibit 12**
**Temporary Cash Assistance Recipients**
**Fiscal 2019-2023 (through December)**




YTD: year to date

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

Despite these fluctuations, in general, the number of recipients is lower than the period prior to the restart of recertifications. Until December 2022, the number of recipients has been notably higher than the level the fiscal 2023 can support, as shown in **Exhibit 13**. However, if the December 2022 data reflects an ongoing change in recipients and based on continued caseload declines given general economic trends, DLS forecasts the fiscal 2023 budget to be in line with spending needs. In the event that the recipient count is higher than forecasted over the second half of the year, sufficient funding should be available from unneeded support for other public benefits to offset any shortfall. The fiscal 2024 allowance appears to be more than sufficient to cover anticipated benefits in that year as DLS currently estimates a lower caseload.

**Exhibit 13**

**Temporary Cash Assistance Enrollment and Funding Trends**

**Fiscal 2022-2024**

| | 2022 | Working Approp. 2023 | Budget Estimate 2024 | % Change 2023-2024 |
|---|---|---|---|---|
| Average Monthly Enrollment | 56,530 | 52,053 | 50,000 | -3.94% |
| Average Monthly Grant | $297.94 | $277.43 | $279.86 | 0.88% |
| **Budgeted Funds (in Millions)** | | | | |
| General Funds | $24.5 | $39.2 | $60.0 | 52.98% |
| **Total Funds** | **$197.7** | **$140.9** | **$164.3** | **-3.34%** |

Note: Average monthly grants and funding include an additional $100 per month per recipient provided from July through December 2021 in fiscal 2022, a phase-down of that additional benefit from January through April 2022, and an additional $45 per month per recipient provided in fiscal 2023 and 2024. In fiscal 2022, total funds include Pandemic Emergency Assistance Funds that supported the phase-down of additional benefits.

Source: Governor's Budget Books; Department of Budget and Management; Department of Human Services; Department of Legislative Services

DLS recognizes potential surpluses in fiscal 2024 in these public benefit programs. However, there are potential risks to these surpluses as well. As a result, DLS is not recommending that these surplus funds be reduced. **Instead, DLS recommends adding language restricting general funds for the Assistance Payments program to that purpose only, so that any surplus due to lower than anticipated caseloads is reverted to the General Fund.**

## *Personnel Data*

| | FY 22 Actual | FY 23 Working | FY 24 Allowance | FY 23-24 Change |
|---|---|---|---|---|
| Regular Positions | 1,933.30 | 1,917.80 | 1,917.30 | -0.50 |
| Contractual FTEs | 96.16 | 70.00 | 70.00 | 0.00 |
| **Total Personnel** | **2,029.46** | **1,987.80** | **1,987.30** | **-0.50** |

***Vacancy Data: Regular Positions***

| | | |
|---|---|---|
| Turnover and Necessary Vacancies, Excluding New Positions | 147.44 | 7.69% |
| Positions and Percentage Vacant as of 12/31/22 | 294.00 | 15.33% |
| Vacancies Above Turnover | 146.56 | |

- As of December 31, 2022, FIA had 294 vacant positions, which is nearly double the number needed to meet the level of turnover expectancy budgeted in fiscal 2024. While the vacancy rate of 15.3% is substantial, both the number of vacant positions and the vacancy rate have decreased compared to January 2022. Overall, after accounting for 15.5 positions abolished in the fiscal 2023 allowance that were vacant in January 2022, the number of vacant positions has decreased by 40. DLS notes that the net reduction in vacant positions has primarily occurred in the Local Family Investment Program, while the number of vacant positions in the administrative office of FIA has increased.

- Approximately 24% of these vacant positions (71) have been vacant longer than one year, while 54% (135) have been vacant for six months or less.

- In an effort to improve recruitment and retention, as of November 15, 2022, DHS raised the minimum hiring step for the family investment specialist classification series to step 6. Current employees below this step also received this increase. In fiscal 2023, this increase is funded with savings from higher vacancies than needed to meet turnover. The fiscal 2024 allowance includes approximately $6.0 million for this purpose.

### Contractual Full-time Equivalent Use

A fiscal 2022 deficiency appropriation and the fiscal 2023 budget included funding in FIA available through a three-year SNAP administrative grant received through the ARPA. Funding from this grant is available through September 30, 2023. In the 2022 session, DHS indicated that it planned to use the funds to support 188 contractual full-time equivalents (FTE) to assist in processing redeterminations for SNAP as it restarted eligibility redeterminations given the high caseloads.

In a response to a request for information on the use of contractual FTEs throughout the department included in the 2022 JCR submitted in October 2022, DHS indicates that the first of these contractual FTEs was hired on September 15, 2021. Due to the expiration of the funding on September 30, 2023, DHS indicates that it will continue to actively recruit for these contractual FTEs only until March 31, 2023. DHS further explained that these contractual FTE workers will have the opportunity to convert into State regular positions prior to the end of the federal funding. Individuals hired into these contractual FTEs must meet the qualifications for the family investment specialist I category, which is the classification that the individuals are hired into. DHS notes that the level of training to onboard contractual FTEs in the department is generally equivalent to the training provided for new hires in the regular position classification for which they are being hired but may in some cases be accelerated or adjusted if the individuals are being hired for specialized tasks.

On January 6, 2023, DHS indicated that 190 unique individuals had been hired into these contractual FTE positions. Of these 190 individuals, a total of 136 remained with the department on that date, and 54 were no longer with the department. Of those 136, 89 remained as contractual FTEs, and 47 had converted into State regular positions. Although DHS did not have a set timeline for transition of the remaining contractual FTEs, the department indicated that it was working to transition additional of these contractual FTEs into State regular positions. As of January 6, 2023, DHS indicates that it was recruiting for 99 of these vacant contractual FTEs (in addition to other vacant regular positions). **DLS recommends committee narrative requesting information on the final number of these contractual FTEs that were converted to State regular positions.**

## Change in Education and Experience Requirements for the Family Investment Specialist Classification

During the 2022 session, DHS indicated that in an effort to address high vacancy levels within the family investment specialist classification, the agency was working with the Department of Budget and Management (DBM) to alter the education and experience requirements for these positions. Committee narrative in the 2022 JCR requested information on the proposed changes and impacts of these changes on existing employees. DHS submitted the requested report in August 2022.

**Exhibit 14** provides details on the changes in the requirements for entry-level positions. Other changes occurred for family investment specialist III and III advanced to require an associate degree rather than a bachelor's degree. Supervisor positions retained the requirement for a bachelor's degree. However, for both, the education requirements can be substituted for combinations of education and experience. In the response, DHS noted that DBM approved the changes on March 16, 2022, and a new job announcement for family investment specialist I was posted on that date with the altered criteria. DHS noted that it received 959 applications that met the minimum qualifications from this initial posting but did not compare that to applications received from prior postings or report actual hirings that resulted from the posting.

**Exhibit 14**
## Education and Experience Requirements
## Family Investment Specialists I and II

| **Current** | **Prior** |
|---|---|
| *Education:* Graduation from an accredited high school or a high school equivalency certificate | *Education:* Bachelor's degree |
| *Experience:* Six months of public contact experience involving specific skills (negotiating, interviewing, explaining information, gathering and compiling data, analyzing data, writing correspondence, and completing math or legal tasks)<br><br>OR<br><br>Six months of general office, retail, food service, or construction trades, of similar experience including data entry, record filing and maintenance, multiline phone use; general computer skills, and email software | *Experience:* None* |

* Family investment specialist II had a requirement of one year experience in Governmental Assistance eligibility.

Source: Department of Human Services; Department of Budget and Management Job Postings (Statewide Recruitment Dated April 2, 2019, through June 2, 2021, for family investment specialist I and Dated January 5, 2017, through January 19, 2017, for family investment specialist II)

In the response to the committee narrative, DHS provided information on requirements for equivalent positions in Delaware, Pennsylvania, Virginia, and Washington, DC for comparison with the department's new requirements. Of these four jurisdictions, two (Delaware and Virginia) do not list education requirements in their minimum qualifications, which focus on particular skills or experience. However, Virginia mentions a preference for a high school diploma supplemented with additional training or work experience but also notes this can be substituted for a combination of training and experience with the required skills. For the remaining two jurisdictions, a bachelor's degree is required for one of the of minimum qualifications. However, Washington, DC provides an option to substitute a combination of education and experience, and Pennsylvania has an experience requirement that can met in lieu of a degree or a combination of experience and training to be substituted for either. As a result, it appears that this change would put Maryland in line with other surrounding jurisdictions.

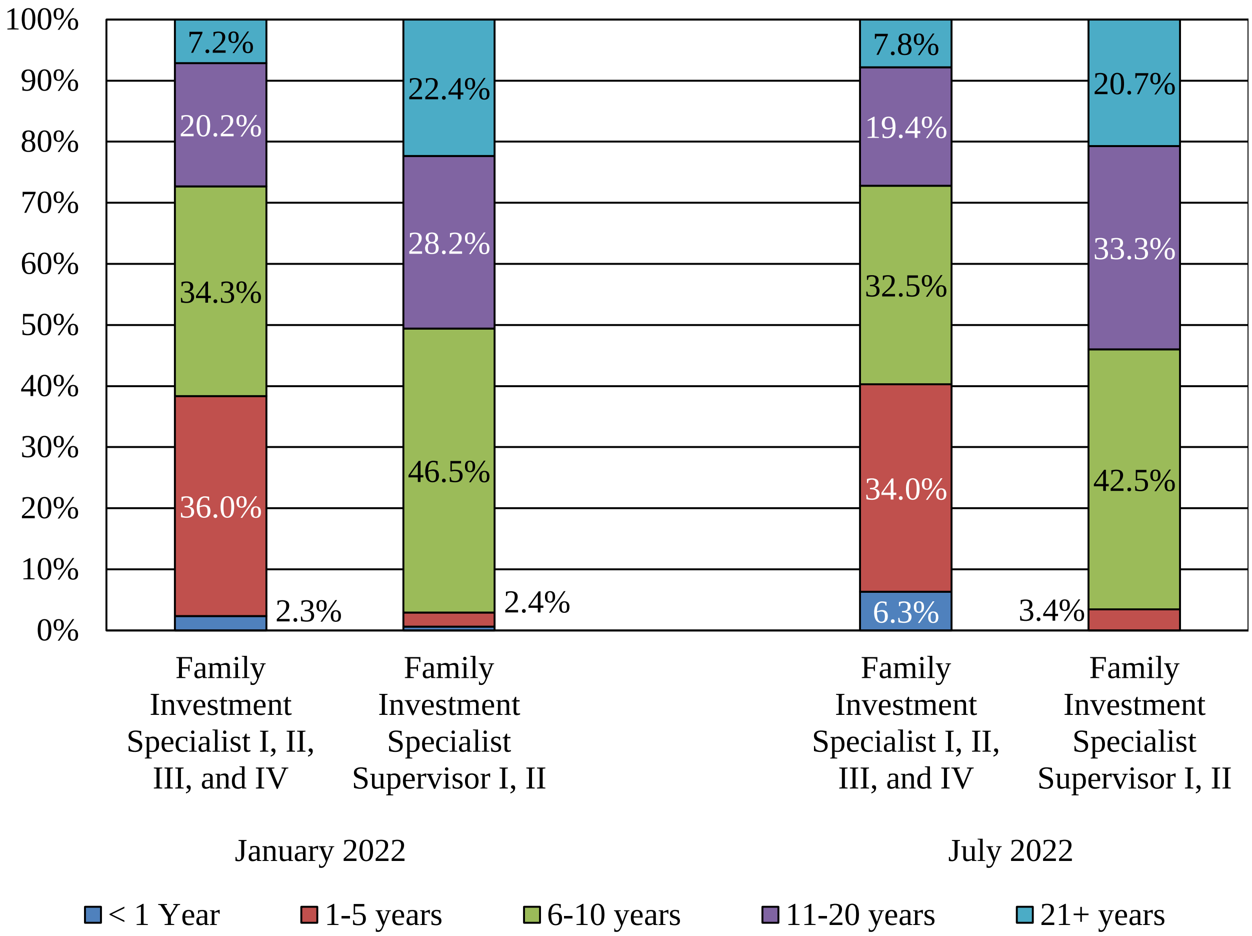
DHS explained that it would not set specific salary criteria based on different levels of education or experience within each classification. In addition, DHS did not anticipate any change for existing staff related to these changes. In subsequent information provided by the department, DHS stated that it would monitor separation trends to determine if the change in requirements has caused an acceleration of separations, a trend that is inconsistent with prior separation rates, or trends that are inconsistent with frontline staff in other program areas following this change. At the time, DHS indicated that it had not identified any clear impact from the change.

## Results of Efforts to Address Family Investment Specialist Series Vacancies

Both of these efforts, either directly or indirectly, are expected to assist the department in reducing the high level of vacancies within the family investment specialist series. However, concerns have been raised about whether the change in requirements could lead to departures of existing staff, if existing staff become concerned that their education and experience levels are not being compensated in a manner that they view as adequate. To understand the overall impact, DLS reviewed data provided by DBM on filled positions provided twice a year, which includes detail related to the date an individual began employment. Using this data, DLS has analyzed the tenure of staff in the family investment specialist classification series. Although data is available for individual classifications, DLS examined the data for the series collectively, as positions of higher classifications are generally reclassified to family investment specialist I when the position becomes vacant/filled by a new employee.

The data available to date provides limited information on the overall tenure of positions, as this data is available only available for July 2022, which is a short period of time after the changes went into effect. As shown in **Exhibit 15**, there were 8 fewer filled family investment specialist positions between January and July 2022. In July 2022, 6.3% of the filled family investment specialist I through IV positions had been in that role less than 1 year, an increase from 2.3% in January 2022. The number of individuals in these roles that had been in that role for 11 years or longer was effectively stable between these periods around 27%. Overall, it is too early to tell the impact on tenure of these changes.

**Exhibit 15**
**Tenure of Family Investment Specialists**




Note: Data includes family investment specialist positions throughout the department, which includes some positions outside of the Family Investment Administration.

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

In an additional review of the impact of these efforts, DLS has also reviewed the vacancy data to see the impact on the number of vacant family investment specialist positions. Excluding positions abolished in fiscal 2023, the number of vacant family investment specialist positions has decreased by 56.5 positions between January 2022 and January 2023. Although too early to provide full clarity on the impact, it appears that these efforts have begun to assist the department in reducing vacancies.

# *Issues*

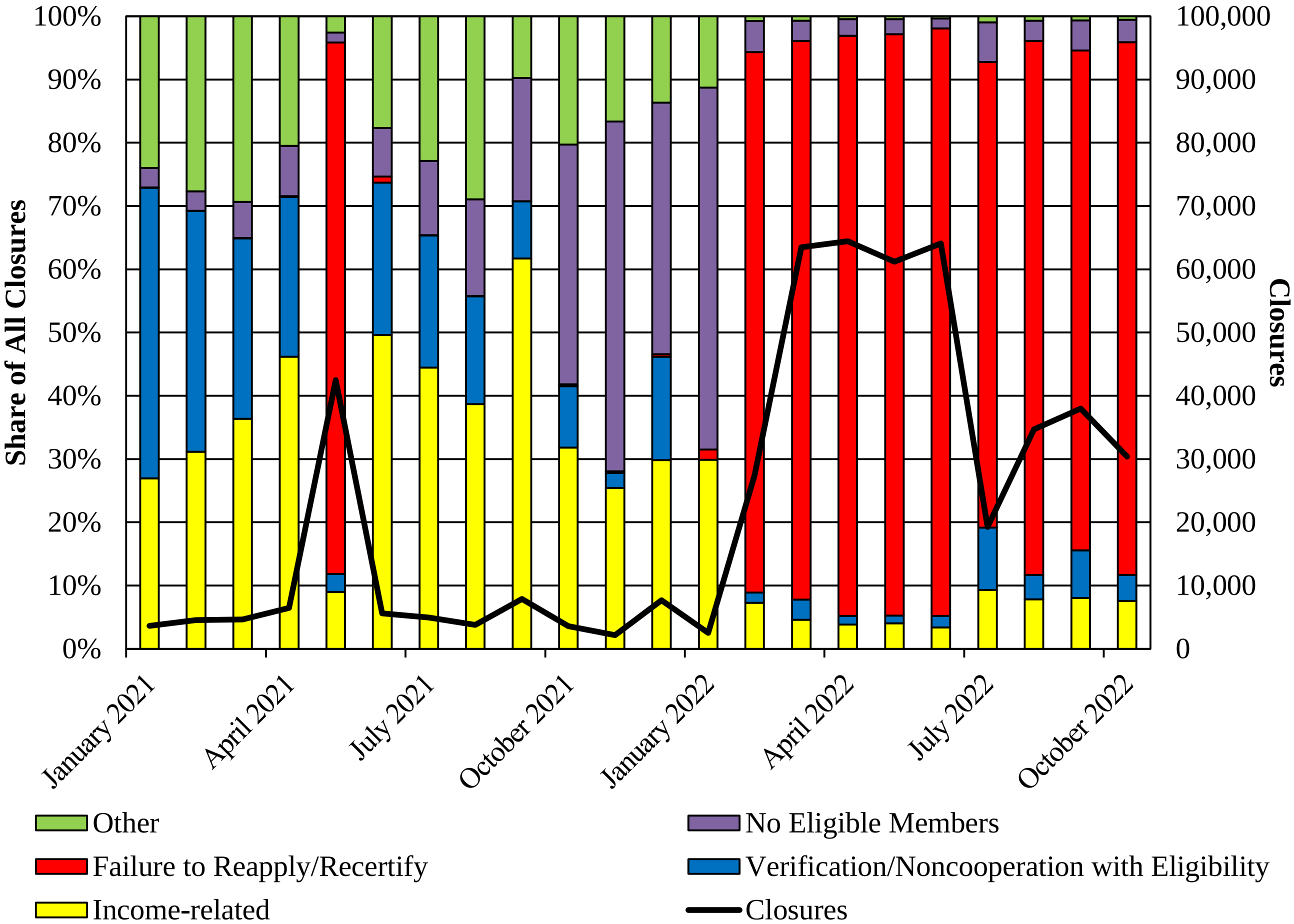
## 1. Case Closures Increase with the Restart of Recertifications

Recertification for benefits was extended for most of the period from April 2020 through December 2021, though there were brief periods where recertifications were required while the department was awaiting approvals for additional waivers. In addition, Chapter 39 (the RELIEF Act) prohibited case closures for TDAP recipients, except in limited circumstances, through June 30, 2021, from the effective date of the Act. As a result, until early calendar 2022, case closures were relatively limited for SNAP and TCA recipients. Case closures were higher among TDAP recipients due to other program requirements.

### Failure to Reapply/Recertify Leading Cause of Closures After January 2022

As shown in **Exhibit 16** and **Exhibit 17**, SNAP and TCA case closures increased rapidly in the initial months of calendar 2022. Although closures remained relatively low in January 2022, the case closures in SNAP increased from generally under 5,000 to nearly 27,500 in February 2022 before reaching more than 60,000 case closures in each month from March through June 2022. Closures have decreased from those high levels in the following months, and from August to October 2022, have remained in the 30,000 to 40,000 case closure range. Similarly, case closures in TCA increased from generally under 600 to more than 1,000 in February 2022. Case closures further increased to more than 2,000 in March 2022, before fluctuating between 1,000 and 2,000 case closures in subsequent months.

**Exhibit 16**
## SNAP Case Closures and Reasons for Case Closures
**January 2020 through October 2022**

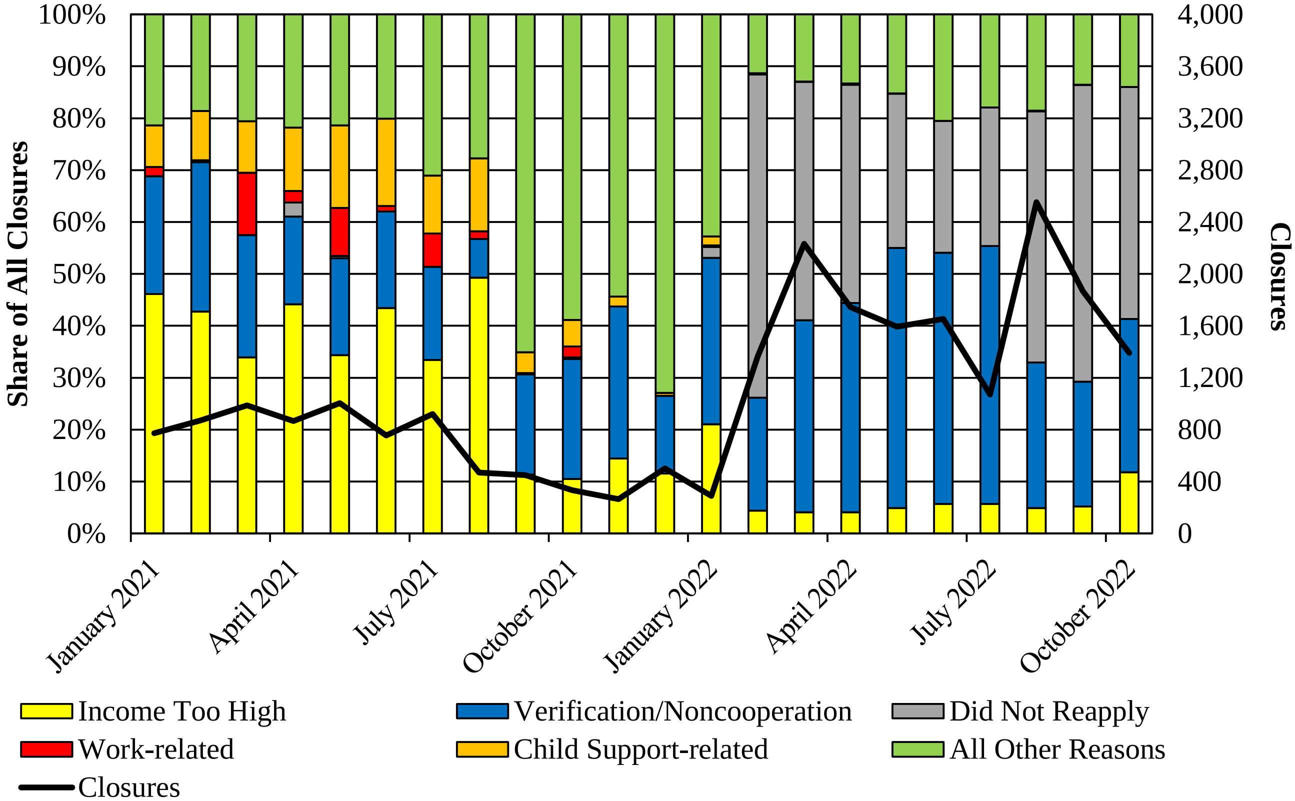



SNAP: Supplemental Nutrition Assistance Program

Note: In May 2021, the Department of Human Services (DHS) initially required recertification prior to receiving an additional waiver. In September 2021, DHS conducted an eligibility redetermination as part of updating benefit calculations for an October 2021 increase in benefits resulting in a higher-than-typical case closure number in that month.

Source: Department of Human Services; Department of Legislative Services

**Exhibit 17**
**TCA Case Closures and Reasons for Case Closure**
**January 2021 through October 2022**




TCA: Temporary Cash Assistance

Note: From September 2021 through November 2021, All Other represented the largest share of closures due to the closure code related to having no dependent child. The Department of Human Services indicates that this was related to a data issue, and the impacted cases were identified and reopened.

Source: Department of Human Services; Department of Legislative Services

Since February 2022, failure to reapply/recertify has been the leading cause of case closures in SNAP for all months, with more than 80% of closures due to this reason in seven of nine months including three months of more than 90%. For TCA recipients, failure to reapply/recertify has been the leading cause of case closures in six of nine months from February to October 2022, with more than 40% of closures due to this reason in those months. The primary cause of cause closure for TCA recipients in the remaining three months related to failure to provide verification or noncooperation with the eligibility process. It should be noted that some recipients may choose not to reapply because the individual/household believes they are no longer eligible due to age or other circumstance. This may be especially true in this initial round of recertification as many individuals who began receiving benefits early in the pandemic were still receiving benefits despite the significant economic improvements. However, it does point to some potential challenges for individuals in the recertification process. **DHS should comment on efforts that it has made and is making to improve outreach in the recertification process to ensure that those who remain eligible are able to maintain benefits.**

Of note, work-related closures and child support-related closures have been largely eliminated as a reason for closure in calendar 2022. Chapter 457 of 2020, among other changes, altered the sanctions for both work sanctions and child support sanctions to a reduction in the adult portion of the benefit rather than full case closure. This change was effective in fall 2021.

## TDAP Case Closures Generally Related to Specific Program Required

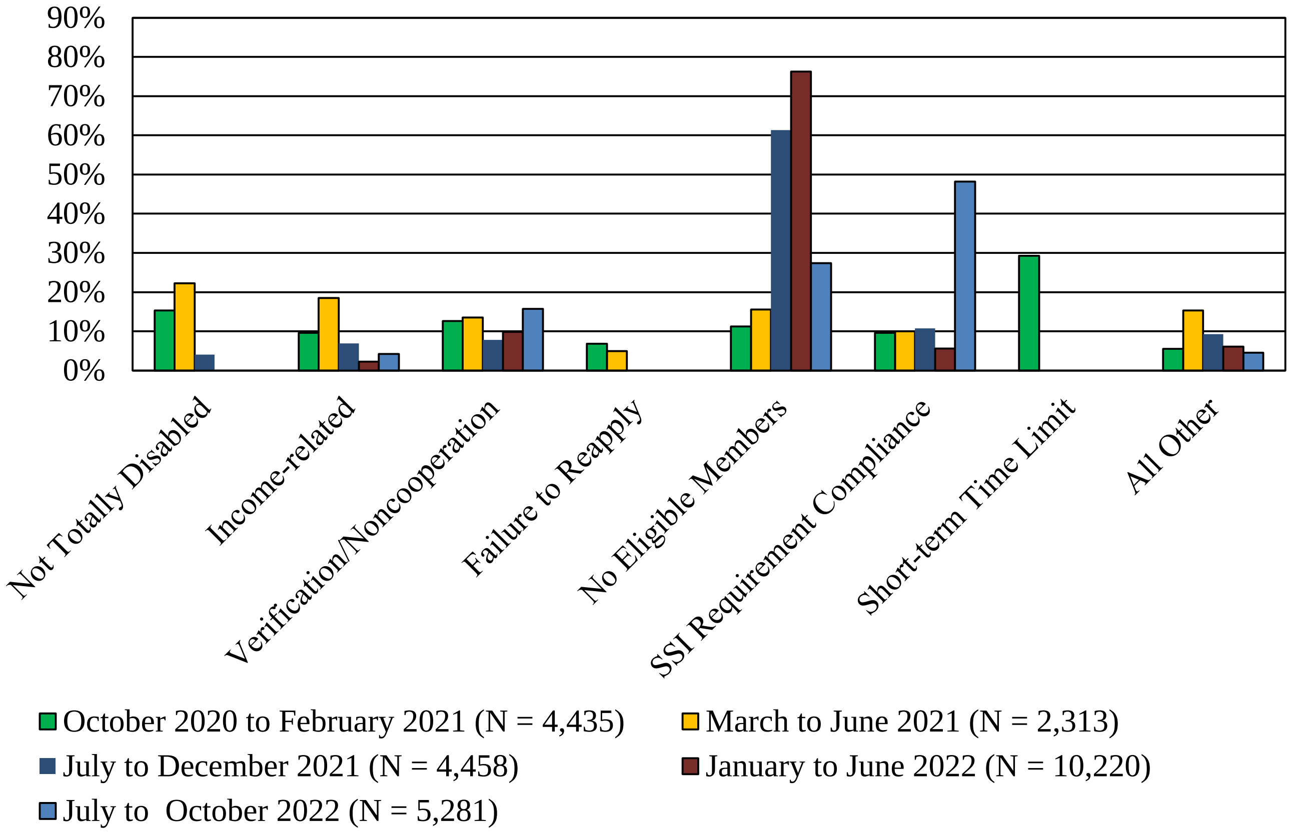
To receive TDAP benefits, an individual may have only extremely limited income and be limited in the other public benefits that can be received. In addition, the individual must have a disability. If the disability is long-term, the individual is required to apply for SSI/SSDI benefits and follow other requirements related to that process. Benefits terminate when a final decision on the SSI/SSDI application is made. Individuals with a disability lasting longer than 3 months but less than 12 months may receive TDAP without applying for SSI/SSDI but are limited to receiving benefits for only 9 months in a 36-month period. The additional requirements related to the time limit, medical certification of disability, application for SSI/SSDI, and final determination on that application result in some differences in the causes of case closure compared to SNAP and TCA.

Recently, focus has been paid to delays in the federal Social Security Administration (SSA) for receipt of federal disability benefits. For example, the Center for Budget and Policy Priorities (CBPP) noted in a September 2022 brief that in August 2022, the average wait for an initial disability decision at SSA was 198 days, which was two months longer than prior to the COVID-19 pandemic. Overall, for federal fiscal 2022, at that time, CBPP reported that the average wait was 6.1 months. The timelines and delays in the federal process may make TDAP a more vital benefit for long-term recipients who are awaiting a final determination on SSI/SSDI.

As with SNAP and TCA, the number of TDAP case closures began to increase with the end of recertification extensions. However, TDAP had some periods of higher case closures prior to that due to the end of a prohibition on case closures contained in the RELIEF Act of 2021, which expired in June 2021, and a data issue that led to inadvertent case closures in fall 2021. Case closures for TDAP exceeded 2,000 in March 2022, compared to generally under 1,000 case closures in the prior period. Case closures have exceeded 2,000 in four of the nine months between February and October 2022.

As shown in **Exhibit 18**, the leading cause of case closures has varied; in earlier periods, the primary causes were related to reaching the short-term time limit and certification of disability. Case closure due to no eligible members was the leading cause (more than 60% of closures) in subsequent periods. However, from July to October 2022, failure to meet SSI/SSDI requirements led to nearly 50% of closures with no eligible members being the second largest reason for closure.

**Exhibit 18**
**TDAP Reasons for Case Closure**
**October 2020 through October 2022**




SSI: Supplemental Security Income
TDAP: Temporary Disability Assistance Program

Source: Department of Human Services; Department of Legislative Services

The no eligible member code in the past had typically represented cases where a final determination had been made on the SSI/SSDI application. However, with the change in eligibility system, some prior closure codes were rolled up into this larger code. DHS indicates that this code now reflects a variety of technical eligibility factors. As a result, this code appears to now include those related to medical certification of disability, which has been largely eliminated as a reason for denial. The consolidation of this closure code makes it difficult to understand whether individuals are experiencing specific barriers related to medical certification of disability or other eligibility requirements. **DHS should comment on the share of recent closures that are related to difficulties in obtaining medical certification of disability. DHS should also discuss the**

**recent increase in closures related to failing to meet SSI/SSDI requirements and whether this may be impacted by difficulties that have been experienced in federal processing.**

## 2. Supplemental Benefits for Periods When Children Are Not in School

### Summer SNAP for Children Program

Chapters 635 and 636 of 2019 created the Summer SNAP for Children program. Under this program, the State provides additional funding to supplement benefits received under SNAP for children in certain months. These funds are matched by local funds, with the local share determined by the local cost-share formula for the public school construction program. Although a minimum local cost-share is required, participating jurisdictions are able to contribute more than the required amount to allow more children to be served.

The supplemental benefit is $30 per month in the months of June, July, and August and $10 in the month of December per child in the household. To participate in the program, under Chapters 635 and 636, jurisdictions must apply for the program and later submit a final plan that includes which children will be eligible to receiving funding, if funding is insufficient to provide a minimum $100 benefit to all children in the jurisdiction receiving SNAP, and the criteria used to determine eligibility. DHS is to provide the State share of funds for each jurisdiction with an approved final plan in an amount equal to the product of (1) the total amount of funds appropriated and (2) the number of children in the households that receive a federal SNAP benefit in the jurisdiction divided by the number of children in households that receive a federal SNAP benefit in all jurisdictions with an approved plan. The chapters mandated $200,000 in State funding for the program, which began to be funded in fiscal 2021. The program received the mandated funding in each of fiscal 2021 and 2022. The fiscal 2023 budget included a substantial discretionary increase in the program fund to provide a total of $5 million of State funds. The fiscal 2024 allowance continues funding at this level.

#### Recipients

As shown in **Exhibit 19**, with the limited amount of funding in the first two years of the program, only a limited number of jurisdictions participated in the program. In addition, only a small share of child SNAP recipients received the benefits. For example, combined, the four participating jurisdictions in fiscal 2021 served 2.8% of child SNAP recipients in those jurisdictions, though the percentages varied by individual jurisdiction, as shown in **Exhibit 20**. In fiscal 2022, in total, the jurisdictions served a combined 2% of child SNAP recipients in the jurisdictions. In both years, the highest percentage of children served were in the jurisdictions with the smallest number of child SNAP recipients of the participating jurisdictions. Of note, in both years, Montgomery County provided more funding than the required contribution, which allowed more children to be served. In addition, in fiscal 2021, Baltimore City provided slightly more than was required, as did Howard County in fiscal 2022.

**Exhibit 19**
## Children Receiving Benefits through Summer SNAP for Children Program Summer Benefits
**Fiscal 2021-2023**

| Jurisdiction | 2021 | 2022 | 2023 |
|---|---|---|---|
| Allegany | | | 200 |
| Anne Arundel | | | maximum of 17,803 |
| Baltimore City | 935 | 1,000 | 11,913 |
| Baltimore | | 450 | maximum of 30,250 |
| Caroline | | | 1,566 |
| Carroll | | | 919 |
| Charles | | | 2,317 |
| Harford | | | maximum of 9,833 |
| Howard | | 212 | 5,433 |
| Kent | 138 | | 266 |
| Montgomery | 1,968 | 1,672 | 7,814 |
| Prince George’s | 580 | 667 | 10,833 |
| Queen Anne’s | | 289 | maximum of 1,062 |
| Wicomico | | | 2,436 |
| **Total Recipients** | **3,621** | **4,290** | **102,645** |

SNAP: Supplemental Nutrition Assistance Program

Note: Represents the number of children served in the summer program in each fiscal year. Numbers served vary between summer and December as recipients have to be in an open case.

Source: Department of Human Services; Department of Legislative Services

**Exhibit 20**
## Participation Rate
## Summer Benefits
**Fiscal 2021-2023**

| | 2021 | 2022 | 2023 |
|---|---|---|---|
| Allegany | | | 4.5% |
| Anne Arundel | | | 100.0% |
| Baltimore City | 1.4% | 1.3% | 28.4% |
| Baltimore | | 0.9% | 100.0% |
| Caroline | | | 75.5% |
| Carroll | | | 31.2% |
| Charles | | | 44.2% |
| Harford | | | 100.0% |
| Howard | | 2.2% | 81.6% |
| Kent | 15.2% | | 28.5% |
| Montgomery | 8.4% | 5.2% | 36.4% |
| Prince George's | 1.6% | 1.4% | 31.3% |
| Queen Anne's | | 17.7% | 100.0% |
| Wicomico | | | 38.7% |
| **Percent of Eligible Recipients in Participating Jurisdictions** | **2.8%** | **2.0%** | **56.3%** |

Note: Represents the number of children served in the summer program in each fiscal year as a share of children between the ages of 5 and 18 years old receiving Supplemental Nutrition Assistance Program benefits as of September 2022. Participation rates may vary between summer and December as recipients have to be in an open case.

Source: Department of Human Services; Department of Legislative Services

With the substantial increase in State funding in fiscal 2023, the number of participating jurisdictions increased from 6 in fiscal 2022 to 14 in fiscal 2023. Of these, 14 jurisdictions, 4 jurisdictions (Anne Arundel, Baltimore, Harford, and Queen Anne's counties) contributed funding at a level that allowed all child SNAP recipients to receive the Summer SNAP benefit. The share of child SNAP recipients receiving benefits varied in the other jurisdictions, from a low of 4.5% in Allegany County to 75.5% in Caroline County. In total, 56.3% of child SNAP recipients in participating jurisdictions received the benefit, a substantial increase over the prior two years. In the jurisdictions that did not provide the benefit to all children, the selection criteria varied, but the largest share targeted benefits to children living in specific areas or zip codes.

**Local Funding**

As shown in **Exhibit 21**, nine jurisdictions did not meet the required match, though one was by less than $1,000. The underfunding appears to stem from how the required contribution was calculated. Under the local cost-share formula, if a jurisdiction has a 50% match, that means it is required to contribute an amount equal to the State's contribution. Other contributions would be unequal matches, but in general, the contribution rate is based on the total funding rather than the State match, so for example, if Allegany County received $17,000 in State funds (as it did in fiscal 2023) and has a 15% local cost-share, it would be required to contribute $3,000. Based on how the local cost-share was provided, it appears that in some jurisdictions, the match rate was interpreted as a share of the State contribution. For example, in Howard County, the State provided $372,100 and with a 46% match rate the local contribution should have been $316,974, but was instead provided at $171,200, which is approximately 46% of the State's contribution. DHS concurs that some jurisdictions did not meet the required match.

**Exhibit 21**
**Funding by Jurisdiction Including Required Contribution**
**Fiscal 2023**

| | | Required Local Contribution | | | Difference | |
|---|---|---|---|---|---|---|
| **Jurisdiction** | **State Funds** | **Percent** | **Amount** | **Actual Local Contribution** | **from Required** | **Total Funds** |
| Anne Arundel | $280,320 | 50% | $280,320 | $1,500,000 | $1,219,680 | $1,780,320 |
| Harford | 154,560 | 40% | 103,040 | 828,740 | 725,700 | 983,300 |
| Baltimore | 1,556,240 | 44% | 1,222,760 | 1,468,760 | 246,000 | 3,025,000 |
| Allegany | 17,000 | 15% | 3,000 | 3,000 | 0 | 20,000 |
| Queen Anne's | 54,162 | 49% | 52,038 | 52,038 | 0 | 106,200 |
| Wicomico | 232,000 | 5% | 12,211 | 11,600 | -611 | 243,600 |
| Caroline | 131,579 | 19% | 30,864 | 25,000 | -5,864 | 156,579 |
| Kent | 17,760 | 50% | 17,760 | 8,880 | -8,880 | 26,640 |
| Baltimore City | 1,092,960 | 9% | 108,095 | 98,366 | -9,729 | 1,191,326 |
| Carroll | 63,360 | 45% | 51,840 | 28,512 | -23,328 | 91,872 |
| Charles | 166,667 | 39% | 106,558 | 65,000 | -41,558 | 231,667 |
| Prince George's | 833,300 | 30% | 357,129 | 250,000 | -107,129 | 1,083,300 |
| Montgomery | 453,600 | 50% | 453,600 | 327,800 | -125,800 | 781,400 |
| Howard | 372,100 | 46% | 316,974 | 171,200 | -145,774 | 543,300 |
| **Total** | **$5,425,608** | | **$3,116,188** | **$4,838,896** | **$1,722,708** | **$10,264,504** |

Source: Department of Human Services; Department of Legislative Services

DHS stated that to ensure that this does not reoccur it will (1) meet with jurisdictions that failed to meet the match in previous years; (2) revise the application guidelines for the program to state that jurisdictions will not be allowed to participate unless they commit to the local match; and (3) consider withholding issuances for jurisdictions that have not signed an agreement committing to reimbursing the State for the required local share.

## Nationwide Summer EBT Program

The federal Consolidated Appropriations Act of 2023 authorized a nationwide permanent Summer EBT program beginning in summer 2024. States will be required to submit a state plan to administer the program beginning in 2024. In the initial year, the benefit is $40 per month per eligible child. This amount is inflated in each subsequent year. The Act requires that states electing to participate should:

- automatically enroll those eligible for FRPMs in the school year immediately preceding the summer without additional application;
- make an application available for others who were not eligible at that time;
- develop procedures to allow households to opt out of receiving of the benefit.

DHS has expressed its intention to participate in this new program. This new program presents a potential overlap with the State's Summer SNAP for Children program, and as a result, some discussion will need to occur regarding how the two programs will work together or whether alterations are required to the State program. Issues to consider include:

- ***Benefit Level:*** the existing State program provides $100 (including $90 in the summer and $10 in December), while the new program provides $120 in the summer to be increased annually;
- ***Timing of Issuances:*** both provide benefits for three months in the summer, but the State program also provides a benefit in December, which the new nationwide program does not;
- ***Funding:*** the existing State program is funded with general funds and requires a local match as discussed previously, while the new nationwide program will be 100% federally funded benefits and only requires the State to share in administrative costs; and
- ***Availability:*** the State program as noted earlier is limited based on funding availability and jurisdictions choosing to apply to the program, while this new program would be available throughout the State.

Despite the availability of P-EBT benefits in the summer period over the last two years, some jurisdictions did choose to apply to the State program. However, the decision by jurisdictions to apply occurred prior to the State receiving approval to issue P-EBT benefits for the summer period. Additional information on the State's participation and timing of state plan approval for P-EBT benefits is provided in Update 1. It is unclear whether jurisdictions would choose to apply knowing that a summer program was available at a higher level and to all FRPM-eligible children without requiring a jurisdiction to contribute funding. **DLS recommends committee narrative requesting a report on implementation of the State Summer SNAP for Children program in fiscal 2024 and additional information on the new nationwide program including the overlap between the programs.**

## 3. EBT Card Skimming

### Recipients Impacted

Card skimming occurs when criminals place a device on a card reader to collect data and the PIN for a credit, debit, or EBT card and, in turn, copy and fraudulently use the card. In calendar 2022, there had been an increase in reports of skimming of EBT cards in multiple states, including Maryland. In calendar 2021, DHS reports there were a total of 137 incidents of EBT card fraud. In calendar 2022, DHS reported 2,334 incidents of EBT card fraud with $1.68 million of lost benefits, including:

- 1,692 incidents for SNAP totaling $1.18 million in lost benefits;
- 607 incidents for TCA totaling $487,227 in lost benefits;
- 34 incidents for TDAP totaling $15,082 in lost benefits; and
- 1 incident for PAA totaling $360.

### Reimbursement of Skimmed Benefits

Prior to the enactment of the federal Consolidated Appropriations Act of 2023, DHS reported that federal SNAP dollars could not be used to replace SNAP benefits. However, the new law requires reimbursements for benefits lost due to skimming from October 1, 2022, through September 30, 2024. The reimbursement will be available from federal funds. USDA issued guidance on January 31, 2023, regarding the development of state plans for these reimbursements. These state plans will guide reimbursements until federal regulations are in place for this process. Under the guidance, the state plans are due to USDA no later than February 27, 2023. Approval of the plan is required for reimbursement. Replacement of benefits cannot be provided more than twice in a federal fiscal year. Replacement of benefits is limited to the lesser of the amount stolen or the amount equal to two months of the monthly allotment.

However, this action does not impact the TCA, TDAP, or PAA benefits lost due to skimming. Nothing prohibits the State from using State funds for this purpose. In response to a question posed in the budget analysis for DHS Administration – N00A01, the department indicated that one of its options for using savings from having higher than expected to vacancies is to reimburse cash assistance benefits lost due to skimming. **DHS should comment on the status of submission of the state plan to reimburse SNAP benefits lost due to skimming and the timing for reimbursing cash assistance benefits that were lost due to skimming.**

## Other DHS Actions to Address Skimming

On October 31, 2022, the USDA Food and Nutrition Service (FNS) and the U.S. Department of Health and Human Services Administration for Children and Families (ACF) released a joint memorandum to state SNAP and TANF agencies on EBT card skimming. The memorandum identified steps that can be taken to improve card security while working toward longer-term strategies. The memo separately identified card security options available to households and steps states can take. Household steps include: (1) frequently changing their PIN; (2) freezing or locking cards until needed; (3) signing up for alerts for purchases or PIN changes and routinely checking balances; and (4) blocking certain transactions (out-of-state or online for example). Actions that FNS and ACF encouraged agencies to take fall into general categories related to card security, education and outreach, and information gathering:

- ***Card Security:*** restricting common PINs, enhancing interactive voice response security for activities such as balance inquiries, implementing additional magnetic stripe safeguards and checks (for example, requiring the card authentication value to be validated);

- ***Education and Outreach:*** improving educational materials including developing and sharing easily understandable guidance on protecting cards and risks of skimming in multiple languages and ensuring these materials are available on the agencies website; and

- ***Information Gathering:*** improving data collection regarding reports of stolen benefits to assist in future analysis of fraud trends and working to develop call center scripts to gather information that would allow for investigators to identify when/where the household became a victim of skimming.

Even prior to the release of this memorandum, DHS had implemented some of these actions, particularly related to education and outreach. On May 18, 2022, DHS issued a press release alerting customers and recommending steps recipients can take to protect their benefits. The steps noted included (1) changing the PIN often; (2) changing passwords regularly if used for online purchases; and (3) if using an ATM, examine the slot to ensure it has not been tampered with. If the card has already been compromised, DHS indicated that customers should call the LDSS to freeze the use of card and call the Maryland EBT Customer Call Center to order a replacement card. A related flyer on the DHS website also notes recipients should report the stolen benefits to the local police authority and submit a copy of the police report to the LDSS. DHS has also posted on its website a video (including a Spanish-language version) of how customers can protect the card. **DHS should discuss actions that it has taken or plans to take to improve the security of EBT cards.**

## 4. Fiscal Compliance Audit for FIA Includes 10 Findings

In October 2022, OLA released a fiscal compliance audit for FIA covering the period May 1, 2017, through May 31, 2021. The period covered by the audit includes the period in which the department was transitioning information technology (IT) system for its eligibility and case management system as well as the beginning of the COVID-19 pandemic. Both of these unique circumstances impacted the audit review. OLA indicates that because the transition of the IT system had not been completed statewide, the audit review focused on the prior IT system. Overall, the audit included 10 findings of which 5 were repeated from the prior audit. A summary of the findings may be found in **Appendix 2**. **Due to the number of repeat audit findings, DLS recommends adopting language restricting funds pending the resolution of the repeat audit findings.** Although included in the audit of FIA, one of the findings is related to the Office of Home Energy Programs (OHEP) and shown in that analysis.

### SNAP

Eligibility for SNAP includes two income limits that most cases must meet to qualify for benefits: (1) gross income limit 130% of the federal poverty level (FPL), the income before any deductions; and (2) net income limit of 100% of FPL, the income after relevant deductions. Some cases (such as those with an individual who is elderly), have a higher gross income limit or do not have to meet the net income limit. From April 2020 through February 2023, through various authorities and waivers provided by USDA, DHS has provided Emergency Allotments for SNAP recipients. Emergency Allotments allow all SNAP cases to receive the maximum benefit for the household size, regardless of the level of benefit the case would actually qualify for based on income and other circumstances.

OLA reports that upon implementing the Emergency Allotments, FIA inadvertently disabled a system control that prevents SNAP benefits from being awarded to applicants whose income exceeds the federally established thresholds. The issue was not discovered between April 2020 and March 2021, when it was discovered as part of the transition to the new IT system. OLA notes that FIA notified USDA of the error. OLA stated that analyzing data from April 2021 (just after the discovery of the error), there were 86,479 cases out of 465,038 households receiving SNAP that had income that exceeded either the gross or net income limits. However, OLA notes that some of these households (such as those with individuals who are elderly or disabled) may be exempt from these limits. OLA was unable to determine how many of these households in its analysis would have qualified for that type of exemption. The income thresholds were reestablished in the system in November 2021 (the month of the full transition to the new IT system).

OLA explained that FIA does not plan on collecting any overpayments made in error due to this issue, due to waivers available during the COVID-19 pandemic that allowed for the suspension of claims. OLA questioned whether that waiver permanently suspended collections for payment errors that occurred during that period, or only suspended collections during the waiver period. OLA noted that DHS could not provide documentation to support that USDA had agreed to its interpretation that overpayments related to this error are not subject to collection.

During a hearing related to this audit before the Joint Audit and Evaluation Committee (JAEC) on November 15, 2022, OLA indicated that DHS would not ask USDA about its interpretation. During the hearing, DHS continued to assert that it did not plan to collect overpayments related to this issue and that it did not intend to request additional guidance from USDA on its interpretation that such collection is not required.

## TCA

Federal law prohibits cases headed by an adult from receiving TANF-funded cash benefits for more than five cumulative years. However, federal law also provides for exemptions to the time limit for hardship. Under this provision, 20% of the caseload receiving TANF-funded cash assistance from the previous fiscal year may continue to receive these benefits beyond five years. State-only cases are excluded from the calculation. For federal fiscal 2022, DHS reports that 19,920 cases were subject to the time limit, of which 2,337 cases (11.7%) continued to receive benefits longer than 60 months. Although this figure is below the 20% hardship exemption limit, DHS also reports 4 cases were closed due to the time limit.

In the fiscal compliance audit, OLA included a repeat finding that FIA allowed recipients to receive TCA benefits beyond the five-year period allowed under federal and State regulations. OLA noted that it tested 15 recipients who had received benefits beyond five years as of September 2021 and noted that there was not documentation of the hardship exemption for 9 of these recipients. As of the time of the audit, the IT system used by the department did not have a feature that automatically terminates benefits reaching the time limit. In response to the audit finding, DHS indicated that it does not believe this is a widespread issue and had received the cases noted by OLA and determined that all but 3 were eligible for the hardship exemption and it was assessing action for those cases. DHS also explained that effective March 2022, it resumed reviewing cases reaching the time limit. The process includes reviewing monthly reports of cases approaching the timeline to determine if a hardship exemption should be provided and that required plans are in place if this occurs. FIA also plans to update the new IT system to generate an alert for caseworkers for situations in which the time limit is exceeded with no hardship exemption documentation.

## Findings Related to Review of Cases, Eligibility, and Documentation

The audit included five findings, of which two were repeated related to FIA's quality control, eligibility documentation, and procedures to ensure households are eligible for benefits. These include findings that:

- FIA did not conduct comprehensive quality assurance reviews to ensure that eligibility determinations and related benefits for TCA cases were proper and that errors identified in TDAP reviews were corrected timely;

- FIA did not ensure that LDSS maintained application documentation to support eligibility determinations;

- FIA did not always determine whether TCA applicants received unemployment income, as is required under federal regulations;

- FIA did not ensure all Social Security number alerts were recorded in the IT system to be followed up on; and

- FIA did not ensure that LDSS conducted timely and appropriate follow-up on Public Assistance Reporting Information System (PARIS) alerts (which is the system that compares benefits and income data with data from other states).

In general, DHS agreed with the recommendations presented by OLA. However, DHS noted in several instances the impact of the COVID-19 pandemic on the findings or actions to implement recommendations due to impacts of the suspension of collection on overpayments and quality control reviews.

However, DHS reported other actions to address recommendations related to these findings that include:

- updating policy manuals to establish documentation requirements and providing initial and refresher training on the requirements;

- obtaining missing documentation;

- conducting refresher training on verifying unemployment income;

- working with the developer of the new IT system to create alerts for case managers for unemployment income after the new system has been integrated in the BEACON system (the unemployment benefit management system);

- enhancing procedures, including alerts in the new IT system, to ensure Social Security number match results are addressed; and

- completing monthly review of overdue PARIS alerts and sampling cases within the monthly overdue alerts.

## Findings Related to Contract and Grants Management

OLA expressed several concerns in the audit related to DHS' contract management. These concerns included inadequate oversight of LDSS contracts due to a lack of established procedures to oversee and approve these contracts or maintain record of agreements and for documentation related to deliverables and invoices to ensure propriety of payments for centralized contracts. A similar finding occurred for grants management, in which OLA noted that FIA did not obtain supporting documentation to show that grant funds were spent as intended. The lack of documentation included supporting information such as timesheets and receipts. Both sets of findings were repeated from the prior audit.

In addition to these oversight concerns, OLA also specifically noted issues related to contract modifications for the vendor that assists TCA and TDAP recipients in obtaining federal benefits. OLA was concerned that the modification was made without determining whether it would be practical or appropriate to conduct a new procurement. OLA noted that with the modifications, the payment method was changed from a payment based on cases in which federal benefits were approved to one in which the payment is based on reported effort in screening individuals to obtain the benefits. OLA noted the modification was approved by the Board of Public Works, but the impact on payments was not noted. Information in the audit showed that this modification increased payments to the vendor to over $1 million in fiscal 2021, compared to less than $400,000 in four of the five prior years. FIA disagreed with the finding related to this contract. DHS noted that the contract review did not violate any law or regulatory requirement and underwent a multistep review process. In testimony before JAEC, DHS explained that it modified the payment structure to address issues related to delays in the federal SSI application and appeal process, which can lead to a payment point for the vendor two years after the referral. The department noted that this issue could also make some work unreimbursable as the timeframe for the payment to the vendor would be outside of the contract term. DHS indicated that this modification allows the vendor to continue operations and stays within the original contract budget.

# *Operating Budget Recommended Actions*

1. Adopt the following narrative:

**Contractual Full-time Equivalents (FTE) Transitioned to State Regular Positions:** The Department of Human Services (DHS) used portions of a three-year Supplemental Nutrition Assistance Program (SNAP) administrative grant available through the American Rescue Plan Act (ARPA) to support contractual FTEs to assist in case processing. DHS indicated that those hired as contractual FTEs through this grant would have an opportunity to transition to State regular positions. Through January 6, 2023, DHS reported that 47 contractual FTEs had converted to State regular positions. The SNAP administrative grant funds are expected to be fully utilized by the end of fiscal 2023 and are required under the ARPA to be used by September 30, 2023. The committees are interested in the final number of those that transitioned. The committees request that DHS submit a report detailing the final number of unique contractual FTEs hired under this grant, the number that transitioned to State regular positions as family investment specialists, the number that transitioned to any other regular State regular positions within DHS, the number that left the role without transitioning to a State regular position, and a summary of reasons why those that left this role without transitioning failed to transition.

| Information Request | Author | Due Date |
|---|---|---|
| Report on contractual FTE transitions to State regular positions | DHS | November 1, 2023 |

2. Add the following language to the general fund appropriation:

<u>, provided that these funds are to be used only for the purposes herein appropriated, and there shall be no budgetary transfer to any other program or purpose. Funds not expended shall revert to the General Fund.</u>

**Explanation:** This language restricts the general funds appropriated for Assistance Payments, which support public benefit programs administered by the Department of Human Services, to that use only. This restriction prevents a transfer of general funds to other programs. This language is consistent with actions on other entitlement programs.

| | Amount Change | |
|---|---|---|
| 3. Reduce funds for the Supplemental Nutrition Assistance Program (SNAP) due to lower anticipated benefit levels. The fiscal 2024 | -$100,000,000 | FF |

allowance assumes average benefits will increase despite the end of Emergency Allotments, which have increased benefits on average by $170 per month according to the Department of Human Services. This reduction still provides funding beyond what is currently expected to be required for SNAP benefits to support program needs if caseloads rise, to provide appropriation if needed for the new federal Summer Electronic Benefit Transfer program, and Pandemic Electronic Benefit Transfer benefits that may be issued in fiscal 2024. Federal funds not needed to issued benefits for SNAP are not received from the U.S. Department of Agriculture.

4. Adopt the following narrative:

**Application Processing Times, Denials, and Case Closures:** The committees remain interested in tracking the timeliness of application processing as well as reasons for denials and case closures. The committees request that the Department of Human Services (DHS) submit quarterly reports that contain:

- the number of applications processed by benefit type for Temporary Cash Assistance (TCA), Supplemental Nutrition Assistance Program (SNAP), and Temporary Disability Assistance Program (TDAP) separately by month;

- the average number of days to process applications by benefit type for TCA, SNAP, and TDAP separately by month;

- the percentage of applications processed in 0 to 30 days, 31 to 45 days, and longer than 45 days by benefit type for TCA, SNAP, and TDAP separately by month of application;

- the number and percentage of applications denied by benefit type for TCA, SNAP, and TDAP separately by month;

- the number and percentage of applications denied by reason for denial and by benefit type for TCA, SNAP, and TDAP separately by month;

- the number of case closures by benefit type for TCA, SNAP, and TDAP separately by month; and

- the reasons for case closure by benefit type for TCA, TDAP, and SNAP separately by month.

The first report should include data for May through July 2023, and each subsequent report should provide data for the appropriate quarter.

| **Information Request** | **Author** | **Due Date** |
|---|---|---|
| TCA, TDAP, and SNAP applications and case closures | DHS | September 29, 2023<br>December 29, 2023<br>March 29, 2024<br>June 30, 2024 |

5. Adopt the following narrative:

**Summer Supplemental Nutrition Assistance Program (SNAP):** Chapters 635 and 636 of 2019 created a supplemental benefit for children receiving the Summer SNAP in jurisdictions that chose to implement the program. The program began in fiscal 2021. The committees are interested in continuing to monitor the operation of the program and understanding how it may align or duplicate the new nationwide Summer Electronic Benefit Transfer (EBT) program expected to begin in 2024. The committees request that the Department of Human Services (DHS) provide two reports with the following information:

- the number of children served by participating jurisdiction;
- the benefit level provided by jurisdiction;
- the number of children in participating jurisdictions that are not able to receive benefits due to insufficient funding by jurisdiction; and
- participation rates by jurisdiction.

In addition, the first report should also provide information on the number of jurisdictions that applied for the program funding; how the determination for funding was made by jurisdiction; the total funding available for benefits, including the local match by jurisdiction and any funding provided by jurisdictions beyond the amount required; and how jurisdictions determined which children would receive the benefit. The first report should also address efforts to implement the new nationwide Summer EBT program, including how or whether the State's Summer SNAP will align or duplicate the new program.

The first report should cover the summer portion of the program (June, July, and August 2023), while the second report should cover the winter portion of the program (December 2023).

| Information Request | Author | Due Date |
|---|---|---|
| Children receiving benefits through the Summer SNAP for Children Act | DHS | October 1, 2023<br>March 1, 2024 |

6. Adopt the following narrative:

**Identifying Spending on Separate Benefit Programs:** The committees continue to be interested in understanding the Supplemental Nutrition Assistance Program spending separately from federal supplemental benefits. Although the Pandemic Electronic Benefit Transfer (P-EBT) program is expected to end with the 2022-2023 school year and summer 2023 program, a new nationwide Summer Electronic Benefit Transfer (EBT) program is expected to begin in 2024. The committees request that the Department of Human Services (DHS) and the Department of Budget and Management (DBM) separately identify in subprogram detail spending related to the P-EBT program in the fiscal 2023 actual and to the extent applicable the fiscal 2024 working appropriation. The committees also request that DHS and DBM separately identify in subprogram detail spending related to the Summer EBT program beginning in the budget submission for fiscal 2025 (including any funding required for fiscal 2024).

| Information Request | Author | Due Date |
|---|---|---|
| P-EBT and Summer EBT costs | DHS<br>DBM | With the submission of the fiscal 2025 allowance and annually thereafter |

7. Add the following language to the general fund appropriation:

<u>, provided that since the Department of Human Services (DHS) Family Investment Administration has had four or more repeat audit findings in the most recent fiscal compliance audit issued by the Office of Legislative Audits (OLA), $100,000 of this agency's administrative appropriation may not be expended unless:</u>

<u>(1)</u> <u>DHS has taken corrective action with respect to all repeat audit findings on or before November 1, 2023; and</u>

<u>(2)</u> <u>a report is submitted to the budget committees by OLA listing each repeat audit finding along with a determination that each repeat finding was corrected. The budget committees shall have 45 days from the receipt of the report to review and comment to allow for funds to be released prior to the end of fiscal 2024.</u>

**Explanation:** The Joint Audit and Evaluation Committee has requested that budget bill language be added for each unit of State government that has four or more repeat audit findings in its most recent fiscal compliance audit. Each agency is to have a portion of its administrative budget withheld pending the adoption of corrective action by the agency and a determination by OLA that each finding was corrected. OLA shall submit a report to the budget committees on the status of the repeat findings.

| **Information Request** | **Author** | **Due Date** |
|---|---|---|
| Status of corrective actions related to the most recent fiscal compliance audit | OLA | 45 days before the release of funds |

**Total Federal Fund Net Change** **-$ 100,000,000**

# *Updates*

## 1. P-EBT Benefit Distribution

The Families First Coronavirus Relief Act (FFCRA) authorized P-EBT benefits to provide the value of the federal daily reimbursement for free meals to children receiving FRPMs but for whom schools were closed at least five consecutive days due to the pandemic. FRPM-eligible children also included those who attend a Community Eligibility School at which all children receive free meals. Private (or nonpublic) schools that participate in the national school meals program are also eligible to participate in the program. The FFCRA authorization for P-EBT expired on September 30, 2021, and provided benefits primarily for school closures during the 2019-2020 school year. However, some states, including Maryland, received approval under this authorization to provide benefits for the portion of the 2020-2021 school year that occurred prior to the expiration of the authorization.

The Continuing Appropriations Act, signed into law on October 1, 2020, authorized the P-EBT program to continue for the 2020-2021 school year and expanded the program to include schools operating at reduced hours rather than only complete closures and to child care programs that are closed or operating at reduced hours. The ARPA extended the P-EBT program through the end of the national public health emergency and authorized a P-EBT benefit for the summer for school-aged children and children under age six. The P-EBT benefit is available in the summer program for children who would have been eligible but did not receive a P-EBT benefit in the last month of the school year because they attended school in person. Summer benefits are able to be provided based on a standard amount set by USDA.

The P-EBT program operates through SNAP and, therefore, benefit delivery occurs through DHS. However, the information on eligible children and benefit levels comes from the Maryland State Department of Education (MSDE) and local education agencies.

### Implementation Challenges

The initial program contained some challenges associated with a new benefit. These challenges also included data gathering and exchange between agencies. However, schools in Maryland were uniformly closed, so all eligible children received a benefit for the period when school would otherwise have been in session. The expansions of the program in subsequent legislation made the program more challenging to implement; however, it created additional flexibilities reflecting the more complex school arrangements in subsequent school years, where particularly initially schools were operating in a number of different ways and ways that changed during the school year. Two of the more complex issues related to the variety of school statuses and how to implement the child care program. Subsequent legislation and guidance assisted states in overcoming these challenges; however, the time to work through the issues led to delays in implementation in many states.

Ultimately, states through USDA guidance were able to use simplifying assumptions related to school schedules where individual or school-level detail was not available or feasible, including the use of the most common or predominant school schedule to determine the benefit amount. The status of schools was required to be reassessed at least once every two months. States were also able to use prior year eligibility for FRPMs to determine eligibility in recognition that other waivers meant that local school systems may not have undertaken a FRPM application process. However, children who were no longer eligible due to changes in school status were required to be removed, and states were required to provide an opportunity for newly eligible children to receive benefits.

Subsequent legislation amended the child care portion of the program to make it easier to implement by providing eligibility for the benefit for all children in SNAP households (initially beginning with October 1, 2020) and deeming all children younger than age six to be enrolled in a covered child care facility. These changes effectively allowed all children in SNAP households as there is no FRPM program for child care programs. USDA guidance also allowed states to use school closures and reduced hours of schools in the area rather than the specific child care program to determine eligibility.

## Benefit Provision

Due to the complexities, for the 2020-2021 school year, Maryland’s school year plan was not approved until April 27, 2021, and the summer program was approved July 15, 2021. As a result, benefits were provided retroactively with benefits provided for several months at a time over the period May to October 2021. Due to the standardized summer benefits, all children received the same benefit for that period, but school year benefits varied by jurisdiction for the school year program based on the differences in the in-person/virtual mixes.

For the 2021-2022 school year, additional complexities factored in as benefits tended to be more individual based for children missing school due to COVID-19, rather than schools as a whole being closed or operating at reduced hours/attendance. To qualify for benefits, the program criteria requires at least one period of five consecutive days of school closure or reduced operations (attendance or hours) due to the pandemic. Maryland’s school year plan was approved on April 26, 2022, but only included school-aged children. The child care program plan for the school year was not approved until August 30, 2022. The summer program plan for both school-aged and children under age six was approved on June 24, 2022. Due to the timing of these approvals, DHS provided benefits for the school year program for school-aged children and summer benefits for all children between July and October 2022. Benefits under the child care program for the school year were provided in November and December 2022.

**Exhibit 22** provides a summary of benefits provided under the P-EBT program to date. Cumulatively, $1.2 billion of benefits have been provided through the P-EBT program. **Exhibit 23** provides additional information on the recipients by jurisdiction in the 2021-2022 program. The number of recipients in the summer program are higher than the school year, since all children in in a qualifying school that are eligible for FRPMs receive the benefit, whereas in the school year, the child would have needed to have had a qualifying absence in a qualifying school. This limitation also leads to a substantial variation in the number of recipients between jurisdictions in the school year program as a share of the number of children receiving benefits in the summer.

**Exhibit 22**
## P-EBT Benefits by Program Year

| | School Aged Children | | Under 6 | | |
|---|---|---|---|---|---|
| | School Year | Summer | School Year | Summer | Benefits |
| 2019-2020 School Year | 455,909 | | | | $167,372,754 |
| 2020-2021 School Year and Summer Program | 463,214 | 462,272 | 102,833 | 82,392 | 775,968,454 |
| 2021-2022 School Year and Summer Program | 157,930 | 454,799 | 86,201 | 79,507 | 256,292,592 |
| **Total Benefits Provided** | | | | | **$1,199,633,800** |

P-EBT: Pandemic-Electronic Benefit Transfer

Source: Department of Human Services; Department of Legislative Services

**Exhibit 23**
## P-EBT Recipients by Jurisdiction
**2021-2022 School Year and Summer Program**

| | School Aged Children | | Children Under 6 | |
|---|---|---|---|---|
| | School Year | Summer | School Year | Summer |
| Allegany | 3,432 | 4,528 | 1,741 | 1,649 |
| Anne Arundel | 12,673 | 29,310 | 5,485 | 4,947 |
| Baltimore City | 12,306 | 72,604 | 17,275 | 15,146 |
| Baltimore | 25,398 | 73,195 | 11,662 | 10,711 |
| Calvert | 2,047 | 4,369 | 744 | 721 |
| Caroline | 2,060 | 3,076 | 768 | 740 |
| Carroll | 3,040 | 5,357 | 1,077 | 1,042 |
| Cecil | 4,029 | 6,498 | 1,892 | 1,810 |
| Charles | 2,664 | 11,217 | 2,158 | 1,957 |
| Dorchester | 3,059 | 4,454 | 885 | 895 |
| Frederick | 7,557 | 14,939 | 2,681 | 2,496 |
| Garrett | 1,087 | 1,518 | 442 | 402 |
| Harford | 4,646 | 13,980 | 3,072 | 2,907 |
| Howard | 8,053 | 16,127 | 2,133 | 2,005 |
| Kent | 598 | 1,254 | 277 | 270 |
| Montgomery | 9,875 | 71,180 | 9,117 | 8,143 |
| Prince George’s | 32,996 | 79,214 | 14,725 | 14,223 |
| Queen Anne’s | 761 | 1,622 | 406 | 385 |
| St. Mary’s | 2,142 | 4,636 | 1,473 | 1,372 |

| | School Aged Children | | Children Under 6 | |
|---|---|---|---|---|
| | **School Year** | **Summer** | **School Year** | **Summer** |
| Somerset | 1,411 | 2,711 | 764 | 722 |
| Talbot | 1,407 | 2,334 | 599 | 561 |
| Washington | 7,398 | 13,559 | 3,112 | 2,982 |
| Wicomico | 6,664 | 13,713 | 3,008 | 2,771 |
| Worcester | 889 | 2,998 | 698 | 650 |
| SEED | 388 | 406 | 7 | |
| Private Schools | 1,350 | 0 | | |
| **Total** | **157,930** | **454,799** | **86,201** | **79,507** |

P-EBT: Pandemic-Electronic Benefit Transfer
SEED: School for Educational Evolution and Development

Note: To receive these benefits, school-aged children receiving benefits attending private schools must be attending a private school that participates in the national school meals program.

Source: Department of Human Services; Department of Legislative Services

## 2022-2023 School Year and Summer Program

As the national public health emergency remained in effect, on September 8, 2022, USDA issued guidance to states on a 2022-2023 P-EBT program. Program criteria remains generally unchanged from the prior year; therefore, to be eligible under the school program, a school must be closed or operating at reduced hours or attendance for five consecutive days during the school year to receive benefits. Schools must meet this criteria once during the school year, and then children are eligible to receive benefits for any day they do not attend school in person or have access to meal service at the school due to COVID-19 (including the initial five-day period). These eligible days can be schoolwide or classroom-based closures but also isolated incidents of student absences due to COVID-19. Eligible missed days of school must be related to concerns about a COVID-19 outbreak (for example, quarantining due to exposure). One notable change is that eligibility for FRPMs is based on the current school year only, there is no option to rely on prior eligibility.

USDA encouraged all states to submit a plan for the year even if benefits are not expected to be provided in the event conditions change. School year benefits will not be available after the end of the national public health emergency currently anticipated in May 2023, except that states may provide benefits for qualifying situations that occurred prior to end of the national public health emergency but for which the benefit had not yet been paid. However, the summer program will be available for school-aged children only in summer 2023, if a state has an approved plan for issuance, regardless of when the national public health emergency ends. The Consolidated Appropriations Act of 2023 made two changes to the P-EBT program for summer benefits. First, the benefit was reduced to $120 for the summer ($40 per month) compared to the $391 that was available in summer 2022. This new benefit level is in line with the level that will be available for the Summer EBT program that will begin in summer 2024. In addition, states will no longer have to have an approved school year plan to receive approval to issue summer benefits, which was previously a requirement.

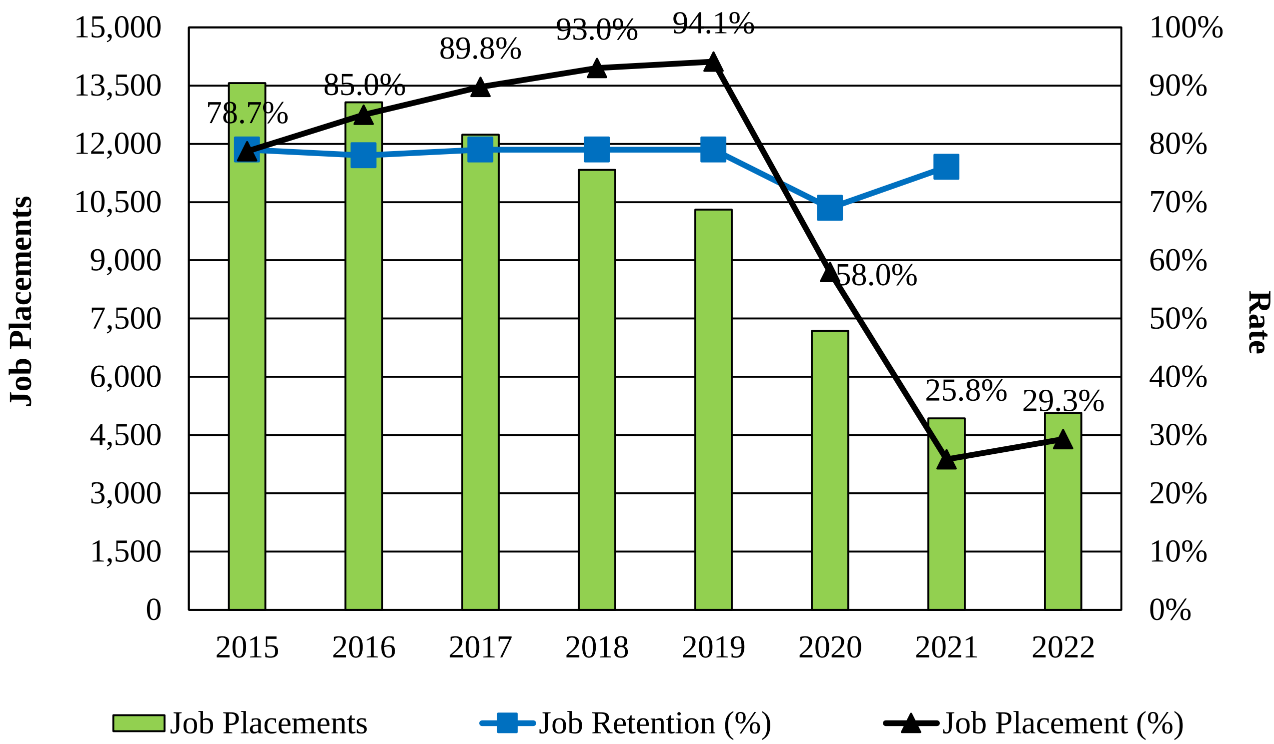
DHS anticipates submitting a state plan to USDA for both school-aged children and children under age six but is awaiting MSDE's development for a mechanism to identify children in virtual schools and who are homeschooled, which is a new requirement for this year.

## 2. TCA Job Placements and Job Retention

Early in the COVID-19 pandemic (March through September 2020) TCA work requirements were suspended. Following the end of the suspension, DHS modified the requirements rather than returning to regular enforcement. As a result, most TCA cases were in good cause designation. DHS once again suspended work requirements due to the transition to the new Eligibility and Enrollment system. The suspension occurred at the same time as changes resulting from Chapter 457, which altered the sanction process, defined good cause, and established a conciliation process for noncompliance cases, which was effective October 1, 2021. DHS returned to enforcement of work requirements on January 3, 2022, using the new requirements from Chapter 457. As a result, the work requirements were in effect for the majority of federal fiscal 2022. However, DHS notes that it will still provide a good cause exemption for barriers directly related to the COVID-19 pandemic.

As shown in **Exhibit 24**, the ability to place TCA recipients in jobs varies to a large extent with the economy. This was compounded during the COVID-19 pandemic by widespread economic shutdowns and temporary suspensions and modifications to the work requirements. The job placement number in typical economic times is also sensitive to the overall caseload size. For example, the number of job placements may decline in a year, even though the overall rate of job placement increases, due to declines in the overall size of the caseload. To calculate the job placement rate, DLS uses the average number of adult recipients in the State fiscal year. DHS notes that an individual might be counted multiple times in one year in the number of job placements if the individual is placed in multiple jobs in the federal fiscal year. As a result, the job placement rate overstates the number of unique job placements per adult recipients.

**Exhibit 24**
## Job Placement and Retention
**Federal Fiscal 2015-2022**




Source: Governor's Budget Books; Department of Budget and Management; Department of Human Services; Department of Legislative Services

The number of job placements and the job placement rate decreased substantially in federal fiscal 2020 due to the caseload decline at the beginning of the year combined with the economic effects of the COVID-19 pandemic and subsequent rapid increases in the caseload. In federal fiscal 2020 (58%), the job placement rate was the lowest level since fiscal 2011 during the Great Recession (49%). In federal fiscal 2021, the number of job placements and the job placement rate continued to decline, due to the modifications and suspension of work requirements along with the high number of adult recipients. In federal fiscal 2022, the number of job placements increased by 2.7%, and the job placement rate increased by 3.5 percentage points. Despite the higher number of job placements in federal fiscal 2022, the number was slightly less than half the number in federal fiscal 2019 when the number of recipients was substantially lower. DHS anticipates continued increases in the number of job placements as the State continues to recover from the pandemic. However, DHS anticipates legislation expanding exemptions, and altering sanction requirements may alter the long-term trend.

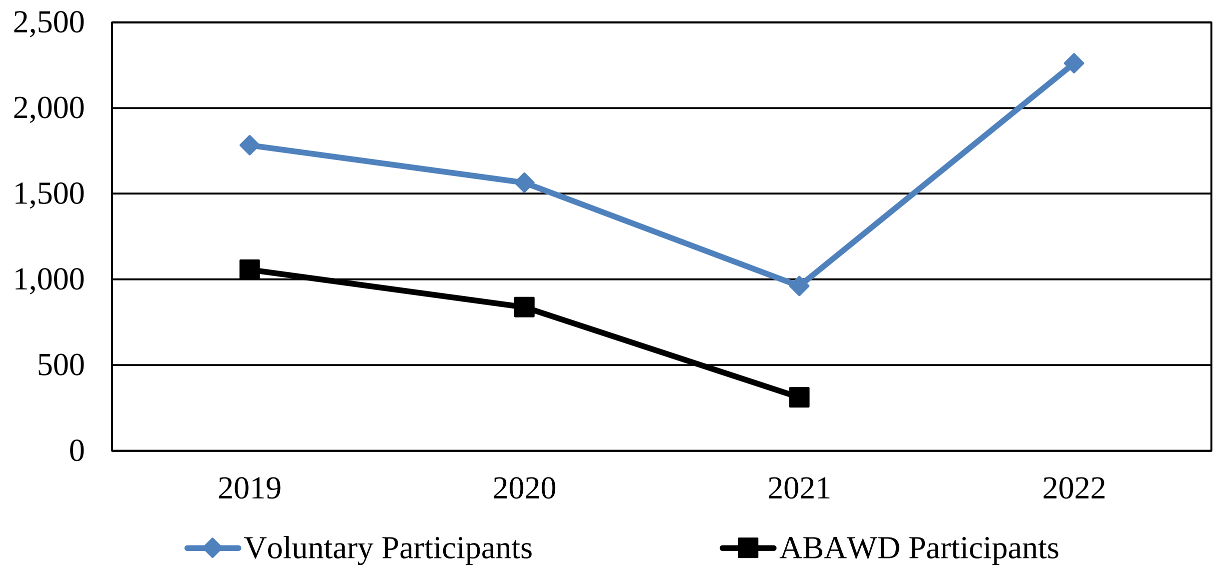
The job retention rate (defined as individuals obtaining employment in one calendar quarter that remain employed in the following quarter) decreased substantially in federal fiscal 2020 compared to federal fiscal 2019, a decrease of 10 percentage points, due to the impacts of the pandemic. The job retention rate in that year was the lowest in available data (through federal fiscal 1998). Prior to federal fiscal 2020, the job retention rate was 77% or higher in each year from federal fiscal 2012 through 2019. In federal fiscal 2021, the job retention rate returned to a level near prepandemic levels, an increase of 7 percentage points (from 69% to 76%).

## 3. SNAP Employment and Training Performance Measures

SNAP contains two types of work requirements. General work requirements apply to individuals between ages 16 and 59 and require individuals to register for work and participate in a program if offered. The second pertains to able-bodied adults without dependents (ABAWD) and limits SNAP receipt for those between ages 18 and 49 to 3 months in a 36-month period unless working or participating in an E&T program an average of 20 or more hours per week. The federal SNAP E&T program provides states funding to support E&T programs for SNAP recipients. SNAP E&T participation would assist ABAWD cases to meet the work requirements. Under the FFCRA, ABAWD eligibility for SNAP is not limited unless the individual does not comply with a work requirement offered by the State. The suspension remains in effect until the month after the end of the national public health emergency. Currently, the national public health emergency is anticipated to end in May 2023. During portions of the COVID-19 pandemic, DHS also received a state waiver for the suspension of the ABAWD requirements. However, currently, the State currently has no such waiver. As a result, the time limit will go into effect one month after the end of the public health emergency unless the department applies for and receives a waiver for all or a portion of the State.

Committee narrative in the 2021 JCR requested that DHS begin including the SNAP E&T performance measures in its annual Managing for Results submission. As shown in **Exhibit 25**, the number of both voluntary ABAWD participants decreased slightly in federal fiscal 2020 due to the onset of the COVID-19 pandemic before declining substantially in federal fiscal 2021. With the suspension of the ABAWD requirements for the full federal fiscal year, 70.5% fewer ABAWD individuals participated in the SNAP E&T program in federal fiscal 2021 than in federal fiscal 2019. DHS indicates that data on ABAWD participants in federal fiscal 2022 is not yet available. The number of voluntary participants more than doubled in federal fiscal 2022, exceeding even the prepandemic level of federal fiscal 2019.

**Exhibit 25**
**SNAP Employment and Training Participation**
**Federal Fiscal 2019-2022**



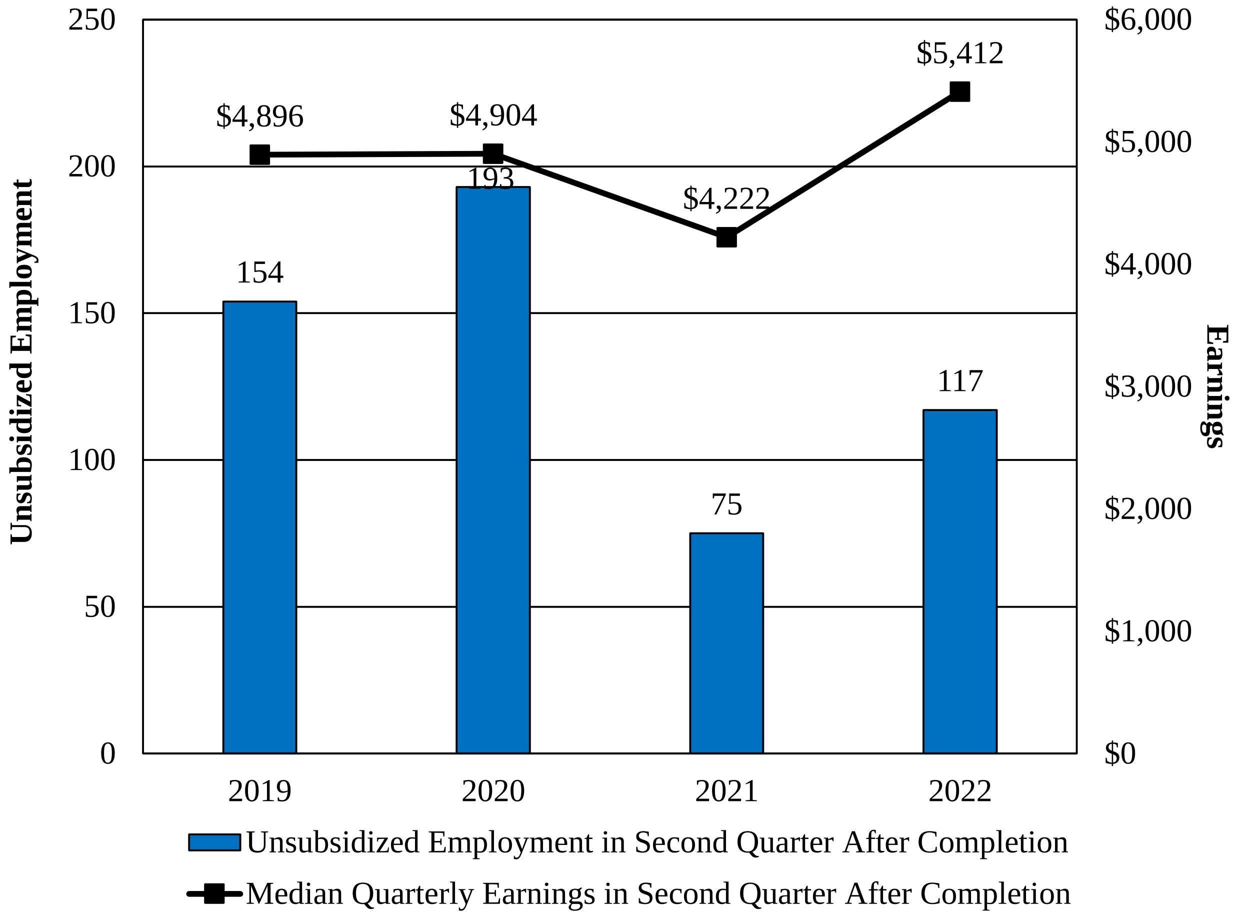

ABAWD: Able-bodied Adults without Dependents
SNAP: Supplemental Nutrition Assistance Program

Note: Federal fiscal 2019 through 2021 data from Managing for Results submissions. Federal fiscal 2022 reported by the Department of Human Services.

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

As shown in **Exhibit 26**, fewer than 200 participants remained in unsubsidized employment in the second quarter after completion of the E&T program in each year of available data. However, the number slightly increased in federal fiscal 2020, before declining by 61.1% in federal fiscal 2021. The decline was impacted not only by the economic conditions, but also the decline in SNAP E&T participation since the onset of the COVID-19 pandemic. In federal fiscal 2022, the number of participants remaining in unsubsidized employment increased by 56% compared to the federal fiscal 2021. Despite the increase, the number remained about 25% below federal fiscal 2019. Median quarterly earnings in the second quarter after completion held relatively steady in federal fiscal 2019 and 2020 at approximately $4,900 before declining by approximately 14% in federal fiscal 2020. In federal fiscal 2022, median quarterly earnings in the second quarter after program completion increased by 28% compared to federal fiscal 2021 and exceeded the federal fiscal 2019 level by 10.5%. Both the number maintaining employment and earnings show positive trends and that the impacts of the pandemic on participation and outcomes are beginning to ease.

**Exhibit 26**
**Unsubsidized Employment and Earnings in the Second Quarter After Completion**
**Federal Fiscal 2019-2022**




Note: Federal fiscal 2019-2021 data from Managing for Results submissions. Federal fiscal 2022 reported by the Department of Human Services.

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

## Appendix 1
## 2022 *Joint Chairmen's Report* Responses from Agency

The 2022 JCR requested that DHS FIA prepare eight reports, some of which are not yet due. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Application Processing Times, Denials, and Case Closures:*** Four quarterly reports reflecting prior and current data on application processing times, denial rates and reasons for denial, and reasons for case closures for TCA, SNAP, and TDAP were requested. Both of these reports requested by February 2023 have been submitted. Further discussion of this data can be found in the Performance discussion and Issue 1 of this analysis.

- ***Children Served in Summer SNAP:*** Two reports were requested reflecting the distribution of summer benefits and the December benefits. Benefits were provided in 14 jurisdictions. Information from the report related to summer benefits can be found in Issue 2 of this analysis. DHS requested and received an extension of the report on the December benefits until March 1, 2023.

- ***Employment Incentive Benefit Programs:*** DHS was requested to submit a report on job retention bonuses provided with available TANF Pandemic Emergency Assistance Funds, including how recipients were identified and whether the department planned to continue the program after the federal funds were fully utilize, as well as a cause for a spike in cases receiving TSS benefits. The report was submitted in August 2022. DHS indicated that the increase in cases receiving TSS benefits was due to economic improvements that led to more case closures due to income being too high, a requirement of receiving the benefits and as more individuals engaged in work search activities as other pandemic assistance expired. DHS anticipated that the level would stabilize over time. Cases eligible for TSS are automatically enrolled for three months after their TCA case closes. DHS used the TSS recipient list to identify those that may be eligible for the job retention bonuses. These individuals were to provide a notice of potential eligibility if they remain employed and provided proof of continued employment after four and six months. This benefit is only available from October 2021 through September 2022, and the department does not plan to continue after the federal funds are exhausted.

- ***Changes to Educational and Experience Requirements for Family Investment Specialists:*** DHS indicated that changes to the education and experience requirements for the family investment specialist classification series were approved by DBM on March 16, 2022, with the first posting running through May 31, 2022. Further discussion of this data can be found in the Personnel section of this analysis.

## Appendix 2
# Audit Findings

| | |
|---|---|
| Audit Period for Last Audit: | May 1, 2017 – May 31, 2021 |
| Issue Date: | October 2022 |
| Number of Findings: | 10 |
| Number of Repeat Findings: | 5 |
| % of Repeat Findings: | 50% |
| Rating: (if applicable) | n/a |

***Finding 1:*** FIA inadvertently disabled a critical system control resulting in SNAP benefits being awarded to applicants whose income exceeded the federally established income thresholds.

***Finding 2:*** **FIA allowed numerous recipients to continue receiving TCA benefits beyond the five years allowed by federal and State regulations.**

***Finding 3:*** FIA did not conduct comprehensive quality assurance reviews of TCA cases to ensure that eligibility determinations and related benefits were proper. In addition, FIA did not ensure that errors identified through the TDAP quality assurance reviews were corrected timely.

***Finding 4:*** FIA did not ensure that the LDSS maintained application documentation to support the propriety of SNAP, TCA, and TDAP eligibility determinations and other requirements.

***Finding 5:*** FIA did not always determine whether TCA applicants received unemployment income, as required by federal regulations.

***Finding 6:*** **FIA did not ensure that all Social Security number alerts were recorded in the Clients' Automated Resource and Eligibility System for follow-up purposes.**

***Finding 7:*** **FIA did not ensure that the LDSSs conducted timely and appropriate follow-up on PARIS alerts.**

***Finding 8:*** FIA did not conduct monitoring reviews of certain local administering agencies in accordance with its policy and did not always execute agreements with energy suppliers. This finding pertains to OHEP and is discussed more fully in the DHS OHEP – N00I0006 analysis.

***Finding 9:*** **FIA did not adequately administer certain contracts and agreements related to its public assistance programs.**

***Finding 10:*** **FIA did not obtain supporting documentation to support that grant funds were spent as intended.**

*Bold denotes item repeated in full or part from preceding audit report.

**Appendix 3**
**Object/Fund Difference Report**
**Department of Human Services – Family Investment Administration**

| Object/Fund | FY 22 Actual | FY 23 Working Appropriation | FY 24 Allowance | FY 23 - FY 24 Amount Change | Percent Change |
|---|---|---|---|---|---|
| **Positions** | | | | | |
| 01 Regular | 1,933.30 | 1,917.80 | 1,917.30 | -0.50 | 0% |
| 02 Contractual | 96.16 | 70.00 | 70.00 | 0.00 | 0% |
| **Total Positions** | **2,029.46** | **1,987.80** | **1,987.30** | **-0.50** | **0%** |
| **Objects** | | | | | |
| 01 Salaries and Wages | $ 140,139,446 | $ 149,298,873 | $ 162,974,450 | $ 13,675,577 | 9.2% |
| 02 Technical and Special Fees | 5,495,020 | 13,436,382 | 3,417,437 | -10,018,945 | -74.6% |
| 03 Communication | 1,525,622 | 787,149 | 948,169 | 161,020 | 20.5% |
| 04 Travel | 54,303 | 182,945 | 106,428 | -76,517 | -41.8% |
| 06 Fuel and Utilities | 1,041,950 | 985,506 | 1,010,343 | 24,837 | 2.5% |
| 07 Motor Vehicles | 10,091 | 6,777 | 9,428 | 2,651 | 39.1% |
| 08 Contractual Services | 65,999,253 | 53,148,625 | 58,689,435 | 5,540,810 | 10.4% |
| 09 Supplies and Materials | 592,226 | 1,079,264 | 983,586 | -95,678 | -8.9% |
| 10 Equipment – Replacement | 4,688 | 22,721 | 3,144 | -19,577 | -86.2% |
| 11 Equipment – Additional | 438,042 | 35,197 | 20,423 | -14,774 | -42.0% |
| 12 Grants, Subsidies, and Contributions | 3,100,609,372 | 2,288,232,182 | 2,540,340,903 | 252,108,721 | 11.0% |
| 13 Fixed Charges | 16,565,516 | 12,812,329 | 12,816,741 | 4,412 | 0% |
| **Total Objects** | **$ 3,332,475,529** | **$ 2,520,027,950** | **$ 2,781,320,487** | **$ 261,292,537** | **10.4%** |
| **Funds** | | | | | |
| 01 General Fund | $ 149,042,604 | $ 183,391,335 | $ 215,317,508 | $ 31,926,173 | 17.4% |
| 03 Special Fund | 17,391,849 | 63,020,287 | 19,669,136 | -43,351,151 | -68.8% |
| 05 Federal Fund | 3,166,041,076 | 2,273,616,328 | 2,546,333,843 | 272,717,515 | 12.0% |
| **Total Funds** | **$ 3,332,475,529** | **$ 2,520,027,950** | **$ 2,781,320,487** | **$ 261,292,537** | **10.4%** |

Note: The fiscal 2023 appropriation does not include deficiencies. The fiscal 2024 allowance does not include salary adjustments budgeted within the Department of Budget and Management.

**Appendix 4**
**Fiscal Summary**
**Department of Human Services – Family Investment Administration**

| Program/Unit | FY 22 Actual | FY 23 Wrk Approp | FY 24 Allowance | Change | FY 23 - FY 24 % Change |
|---|---|---|---|---|---|
| 02 Local Family Investment Program | $ 157,197,117 | $ 178,082,921 | $ 184,911,202 | $ 6,828,281 | 3.8% |
| 08 Assistance Payments | 3,042,663,321 | 2,220,284,042 | 2,467,281,616 | 246,997,574 | 11.1% |
| 10 Work Opportunities | 26,950,733 | 29,197,173 | 29,208,247 | 11,074 | 0% |
| 04 Director's Office | 54,781,526 | 51,119,906 | 53,365,999 | 2,246,093 | 4.4% |
| 05 Maryland Office for Refugees | 26,545,004 | 14,942,673 | 30,002,185 | 15,059,512 | 100.8% |
| 07 Office of Grants Management | 24,337,828 | 26,401,235 | 16,551,238 | -9,849,997 | -37.3% |
| **Total Expenditures** | **$ 3,332,475,529** | **$ 2,520,027,950** | **$ 2,781,320,487** | **$ 261,292,537** | **10.4%** |
| | | | | | |
| General Fund | $ 149,042,604 | $ 183,391,335 | $ 215,317,508 | $ 31,926,173 | 17.4% |
| Special Fund | 17,391,849 | 63,020,287 | 19,669,136 | -43,351,151 | -68.8% |
| Federal Fund | 3,166,041,076 | 2,273,616,328 | 2,546,333,843 | 272,717,515 | 12.0% |
| **Total Appropriations** | **$ 3,332,475,529** | **$ 2,520,027,950** | **$ 2,781,320,487** | **$ 261,292,537** | **10.4%** |

Note: The fiscal 2023 appropriation does not include deficiencies. The fiscal 2024 allowance does not include salary adjustments budgeted within the Department of Budget and Management.