

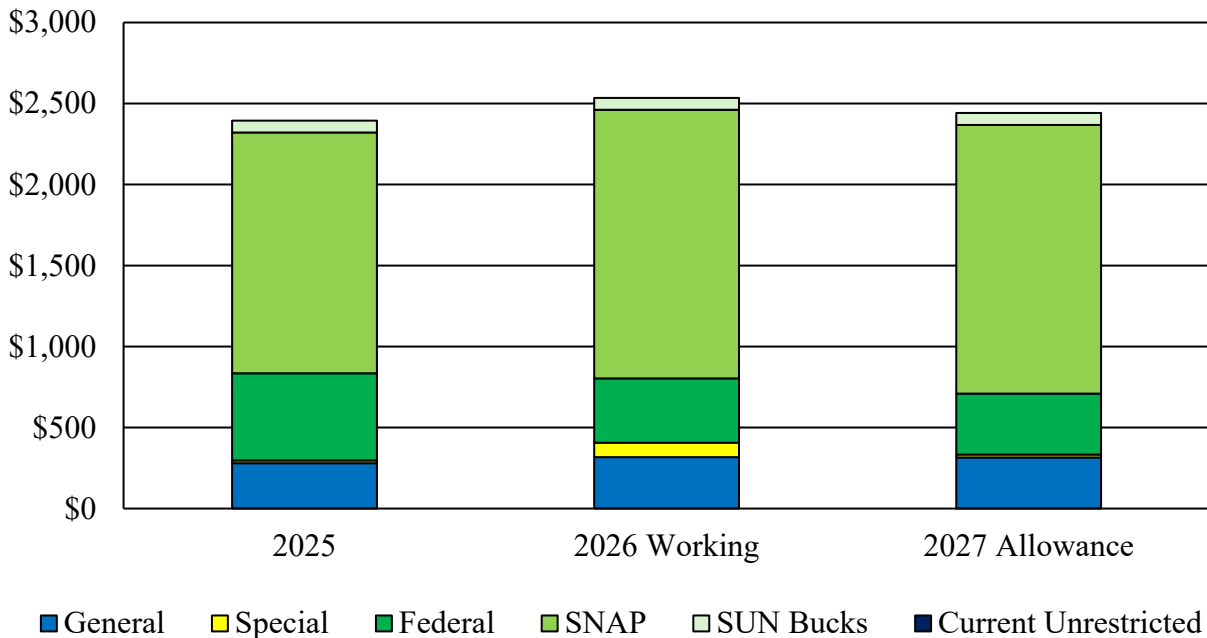
N00100
Family Investment Administration
Department of Human Services

Executive Summary

The Department of Human Services (DHS) Family Investment Administration (FIA) administers cash benefits, food assistance, 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 2027 Budget Decreases \$92.0 million, or 3.6%, to \$2.4 Billion
(\$ in Millions)



SNAP: Supplemental Nutrition Assistance Program

Note: Numbers may not sum due to rounding. The fiscal 2026 working appropriation accounts for deficiencies. The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

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- The fiscal 2027 budget includes proposed deficiency appropriations totaling a net of \$32.3 million, including \$23.5 million in general funds, \$5.0 million in special funds, and \$3.8 million in federal funds. The largest deficiency appropriation totaling \$28.0 million in general funds represents the cost associated with the Supplemental Nutrition Assistance Payments (SNAP) payment error rate penalties for federal fiscal 2023 and 2024.
- The fiscal 2027 allowance decreases by \$92 million compared to the fiscal 2026 working appropriation, after accounting for proposed deficiency appropriations. The decrease is primarily driven by the removal of \$72 million in one-time special funds from the Fiscal Responsibility Fund to support food banks and feeding organizations and to pay partial SNAP benefits during the federal government shutdown.

Key Observations

- ***Application Denial Rates Elevated:*** In September 2025, application denial rates across benefit types were at the highest level since at least April 2022 and exceeded 90% for the Temporary Disability Assistance Program (TDAP) and 85% for Temporary Cash Assistance (TCA). While lower in other months of calendar 2025, the rates have been generally higher than calendar 2024.
- ***Uncertainty About Assumptions for Benefit Programs Poses Risks to General Funds:*** Uncertainty regarding Temporary Assistance to Needy Families (TANF) fund balance due to fiscal 2025 closeout issues and unclear balance reporting lead to a range of possible forecasted general fund costs for TCA. In addition, the budget assumes significant savings in the electronic benefit transfer (EBT) fraud replacement program due to new technology. However, it is unclear if savings will be achieved at that level so quickly. Due to the uncertainty, the Department of Legislative Services (DLS) forecasted outcomes range from generally adequate funding to a shortfall exceeding \$32 million.
- ***One Big Beautiful Bill Act (OBBBA) Implementation Begins:*** Rollout of changes to the determination of who is an able-bodied adult without dependents (ABAWD), how certain benefit calculations are made, and eligibility for refugees and asylees began in November 2025. However, due to timing of data availability, impacts are not yet clear. In addition, the fiscal 2027 allowance includes \$43 million to reflect the higher SNAP administrative match beginning October 1, 2026. Although the budget accounts for the increased general funds, the associated federal funds were not reduced, resulting in the fiscal 2027 budget for FIA being overstated.

Operating Budget Recommended Actions

	<u>Amount Change</u>
1. Delete funds for the Supplemental Nutrition Assistance Program Nutrition Education Program that was repealed by the One Big Beautiful Bill Act.	-\$9,270,850
2. Delete funds intended to support costs associated with departmental legislation that has been withdrawn.	-\$250,000
3. Reduce the appropriation for Supplemental Nutrition Assistance Program benefits to better align with benefit levels.	-\$200,000,000
4. Reduce the federal fund appropriation in the Family Investment Administration to reflect the decrease in the federal share of Supplemental Nutrition Assistance Program administrative match beginning October 1, 2026.	-\$43,120,000
5. Add language restricting funds pending the submission of quarterly reports on application processing times, application denial rates, and case closures.	
6. Add language restricting funds pending the submission of a report containing the calculation of the Maryland Minimum Living Level annual inflationary adjustment and the date for which resulting benefit increases are to be effective.	
7. Add language restricting the appropriation for the Assistance Payments program to that purpose only.	
8. Adopt committee narrative requesting a report on SUN Bucks participation and administration	
Total Net Change to Fiscal 2027 Allowance	-\$252,640,850

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	<u>Amount Change</u>
9. Reduce the deficiency appropriation for the Employment and Income Verification contract as the department indicates the federal fund amount is overstated.	-\$3,772,306
10. Add a section to reduce the fiscal 2026 appropriation for Assistance Payments due to unused Fiscal Responsibility Funds to pay partial Supplemental Nutrition Assistance Program benefits during the fall 2025 federal government shutdown.	
Total Net Change to Fiscal 2026 Deficiency	-\$63,086,782

Updates

- Annual Managing for Results submissions indicate the share of adult TCA cases placed in a job increased for the second consecutive year. In addition, the number of ABAWD individuals participating in SNAP Employment and Training (E&T) in federal fiscal 2024 (the most recent data available) increased compared to federal fiscal 2023.
- The *Life After Welfare: 2025 Annual Update* indicates that between 30% and 40% of TCA exiters in the fiscal 2020 and 2024 cohorts experienced increased earnings, while generally fewer than 30% experienced increased employment.

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Operating Budget Analysis

Program Description

DHS FIA, through local departments of social services (LDSS), administers cash benefits, food assistance, and other grant programs that provide assistance to individuals and families in financial need as well as E&T to promote self-sufficiency. Benefit programs administered by FIA include the following.

- ***TCA:*** The State’s largest cash assistance program provides financial assistance to dependent children and other family members due to death or incapacitation through the 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 a long-term disability. If the individual has a long-term disability, they are required to pursue a Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) application and can receive benefits until a final decision has been reached. Although primarily funded with general funds, 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 and SUN Bucks:*** These federal programs provide benefits solely for the purchase of food. These benefits are 100% federally funded. SNAP is provided to individuals and families, while the SUN Bucks program provides benefits to children eligible for free and reduced-price meals (FRPM) and certain other means-tested programs in the summer months when school is not in session. Administrative costs of SUN Bucks are split evenly between the State and federal government. Administrative costs for federal SNAP will change from an even split to 75% State funds and 25% federal funds beginning October 1, 2026. In addition, the State operates a general fund-supported program that provides a benefit to seniors in the amount of the difference between the benefit that they qualify for and \$50.

- ***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.

- ***Child Support Pass-through:*** This program distributes a maximum of \$100 of child support collections for the first child and \$200 for two or more children to TCA recipients. The remainder of collections are retained with half used to reimburse the State and half to

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the federal government. Under Chapter 373 of 2025, the amounts passed through will change beginning in fiscal 2028 to the greater of the amounts previously required or 25% of monthly child support collections in fiscal 2028, 50% in fiscal 2029, 75% in fiscal 2030, and 100% in fiscal 2031.

- ***Public Assistance to Adults (PAA):*** This State program provides payments to indigent clients residing in 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 LDSS in which the recipient resides. There is also a separate State-funded emergency assistance program.
- ***Welfare Avoidance Grants:*** These TANF-funded grants allow 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 for 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 (MDH).

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 applications/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 cash assistance and services to refugees and asylees residing in Maryland. These services are primarily provided by local resettlement agencies through contracts and grants through MORA, though some services are provided by community colleges and other State agencies. The Office of Grants Management provides funding to organizations for hunger programs and other community initiatives and organizations.

Performance Analysis: Managing for Results

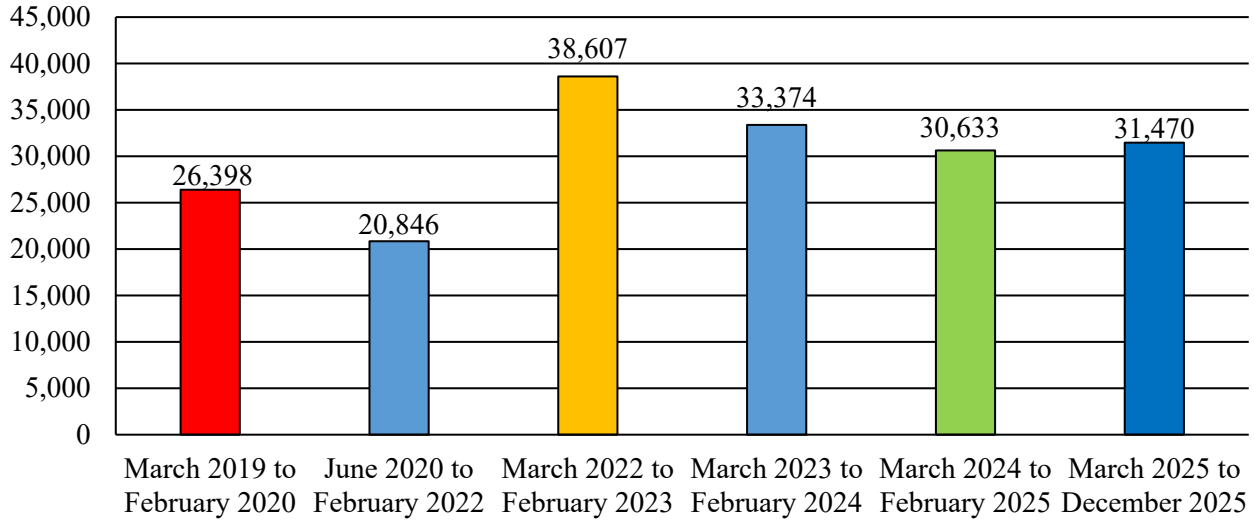
1. Application Processing Times Generally Improve, Except for SNAP

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. Annual committee narrative or budget bill language since the 2021 *Joint Chairmen’s Report* (JCR) has requested that DHS submit regular reports on application processing timeliness, among other data.

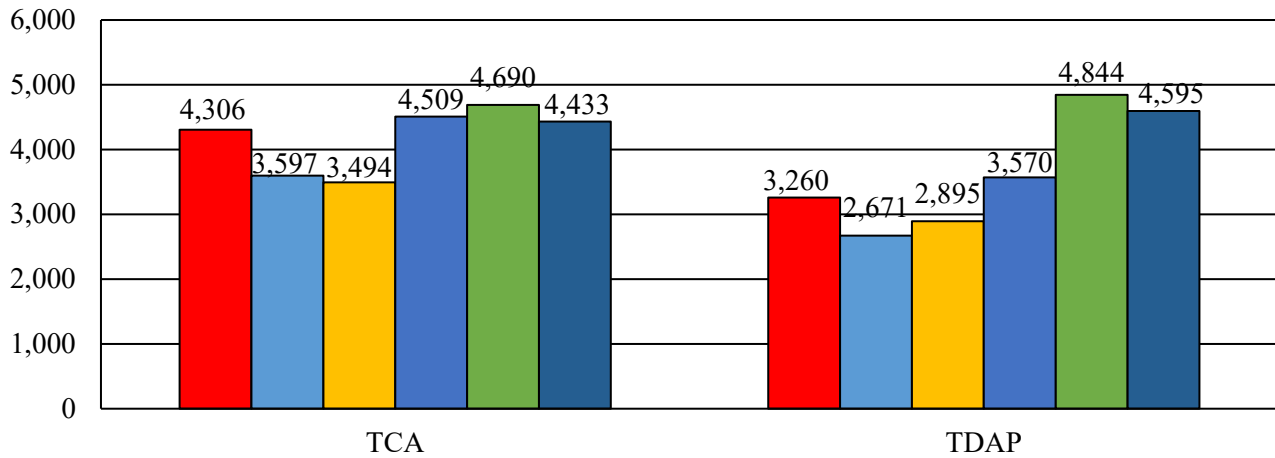
Following the initial surge in applications at the start of the COVID-19 pandemic, applications for benefits generally remained lower than typical until several months into the restart of recertifications for benefits in January 2022. Generally, a portion of applications each month are from cases that have previously closed, during the extension of the recertifications the lower levels of case closures therefore limited applications. As shown in **Exhibit 1**, with the restart of recertifications and higher case closures, the number of applications per month increased. Applications for SNAP were the highest relative to the pre-COVID-19 period in the first year after the restart, consistent with the higher case closures during this period. However, in calendar 2025, SNAP applications have been consistently higher than pre-COVID-19 levels, with applications 18% higher than pre-COVID-19 levels in December 2025 (the most recent data available). TCA and TDAP each experienced a lagging recovery in applications following the restart of recertifications; however, each were experiencing year-over-year increases consistently by July 2022. While TCA applications have remained relatively near (though slightly higher on average) applications compared to the pre-COVID-19 period, TDAP applications have grown substantially over those levels. In December 2025, TDAP applications were 57% higher than the pre-COVID-19 period.

**Exhibit 1
Applications by Benefit Type
March 2019 to December 2025**

SNAP



TCA and TDAP



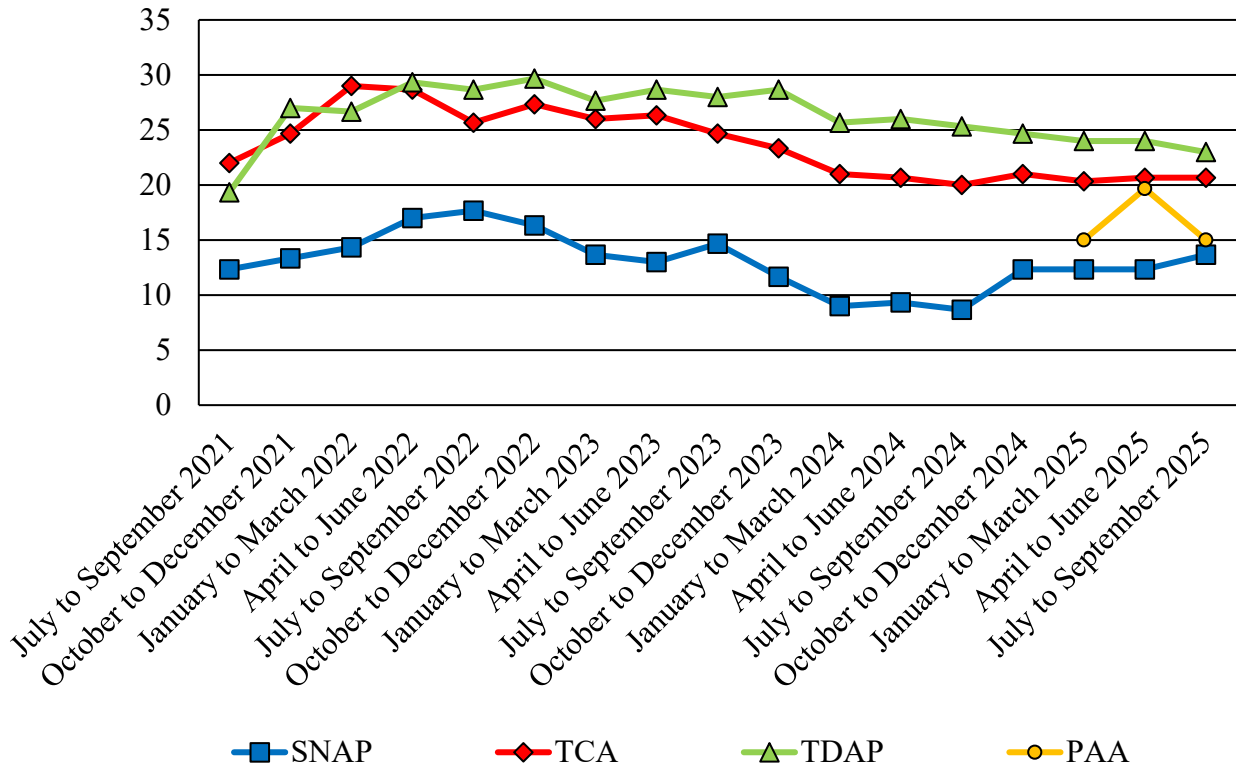
- March 2019 to February 2020
 ■ June 2020 to February 2022
 ■ March 2022 to February 2023
- March 2023 to February 2024
 ■ March 2024 to February 2025
 ■ March 2025 to December 2025

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

Source: Department of Human Services; Department of Legislative Services

In general, applications for benefits are to be processed within 30 days, though expedited SNAP applications are required to be processed within 7 days. 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 2** provides information on the average number of days to process applications for each quarter since July 2021 for SNAP, TCA, and TDAP and for PAA beginning in February 2025 (the first month of data availability). Due to the requirements for some applications to be processed within short time frames, average processing times are substantially lower for SNAP than TCA and TDAP. For example, during the most recently completed quarter (July to September 2025), the average number of days to process applications is approximately 7 days higher for TCA and 9 days higher for TDAP than SNAP.

Exhibit 2
Average Days to Process Applications Each Quarter by Benefit Type
July 2021 through September 2025



PAA: Public Assistance to Adults
 SNAP: Supplemental Nutrition Assistance Program
 TCA: Temporary Cash Assistance
 TDAP: Temporary Disability Assistance Program

Source: Department of Human Services; Department of Legislative Services

Overall, processing times for TCA in calendar 2025 (20.5 days) are the lowest in the period of available data, though relatively similar to calendar 2024. TDAP has also experienced a decline in application processing times, particularly between calendar 2023 and 2024, despite a growth in applications. Application processing times in calendar 2025 for TDAP (23.8 days) are approximately 4 days lower than calendar 2022. However, SNAP has a higher average number of days to process applications in calendar 2025 (13 days) than calendar 2024 (10 days). Despite the increase, the average number of days remains lower than calendar 2022, a decrease of 3 days. Although inconsistent with the other programs, this is consistent with application trends that show a higher overall volume in calendar 2025.

In addition to the average number of days to process applications, DHS also has generally reported on the percentage of applications processed within certain time periods. Data is unavailable for the period between May 2024 and January 2025. More than 75% of SNAP applications in each quarter of available data since April 2021 have been processed in 30 days or less, with greater than 85% processed in the 5 quarters of complete data. By contrast until the final quarter of calendar 2023, TCA had not had a quarter with more than 75% of applications processed within 30 days since the growth in applications following the restart of certification. Improvement in application processing timeliness has continued for TCA, with greater than 90% of applications processed in each month of available data in calendar 2025, and TCA has the highest percentage of applications processed in 30 days or less (95%) in the most recent quarter. Due to more complicated program requirements, TDAP consistently has the highest average processing times and lowest percentage of applications processed within 30 days. After falling to a low of 53.3% in the final quarter of calendar 2022, the percentage of TDAP applications processed within 30 days has generally increased and has exceeded 70% in all but one month of available data in calendar 2025.

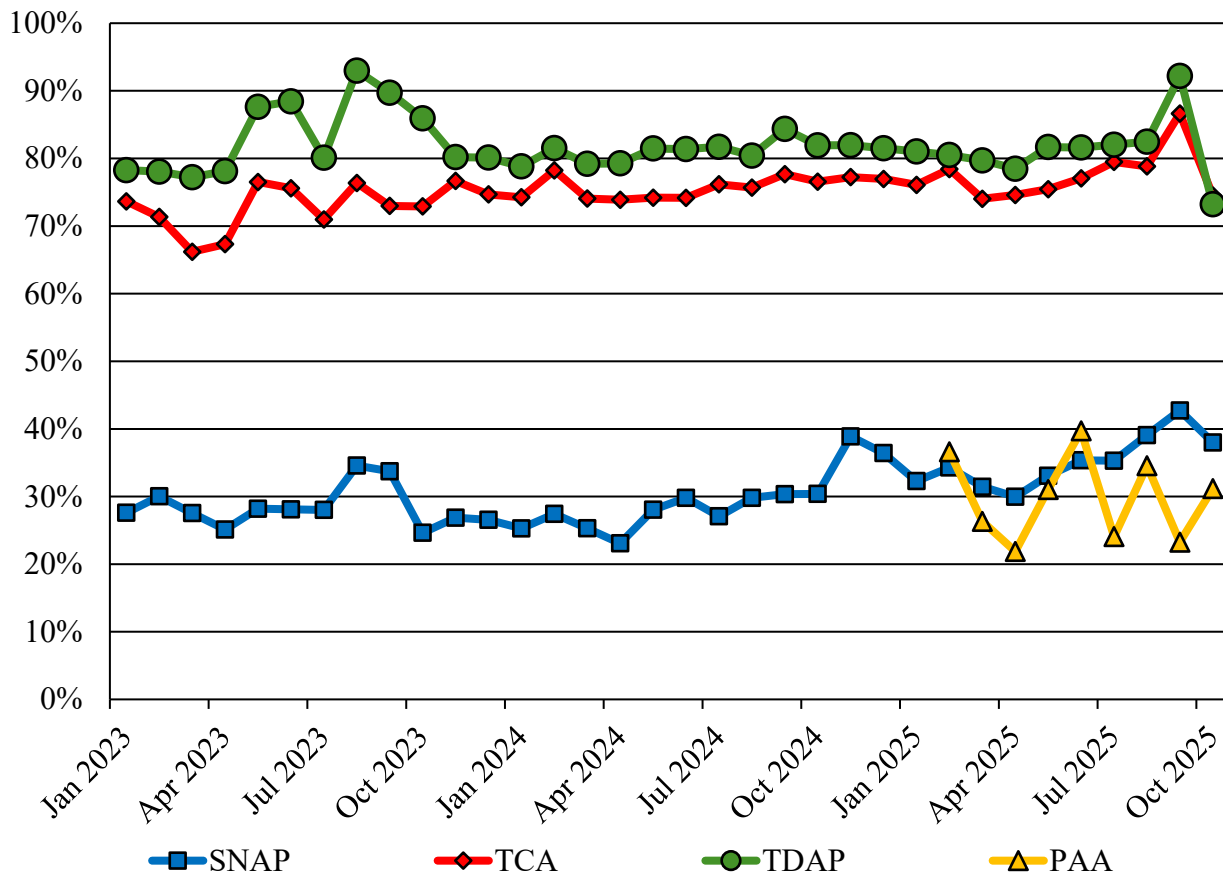
2. Application Denial Rates Spike to Highest Levels in September 2025

Along with application processing times, it is important to understand application denials for a complete picture of the experience when applying for benefits. DHS has provided data on application denial rates for months beginning with April 2022. Information on the reasons for denial has been provided since April 2021; however, data provided is only for the top reasons, meaning that no data provided in a particular month could mean no denials due to that reason or that it was not one of the top reasons for denial. Information on application denials and reasons for denial for PAA are only available beginning with February 2025.

As shown in **Exhibit 3**, application denial rates are substantially higher for TCA and TDAP than SNAP. Denial rates for TDAP exceeded 75% in each month between January 2023 and September 2025 and exceeded 80% in all but nine months in this time period. After holding relatively steady near 82% between May and August 2025, the denial rates spiked to 92% in September 2025 (the second highest since at least April 2021), before falling to 73% in October 2025. Application denial rates for TCA also generally exceed 70% and reached its highest levels (during the period of data availability) in July 2025 (79.5%) and September 2025 (86.6%). Denial rates in SNAP have been below 40% in all months during this period except

September 2025 but have generally been higher since September 2024 than in the preceding year. Between September 2024 and October 2025, the denial rate for SNAP has been at 30% or higher in each month, compared to only three months at a level of 30% or higher between January 2023 and August 2024. The denial rate was nearly 43% in September 2025, which is the highest dating back to at least April 2021. **DHS should discuss the cause of higher denial rates in recent months of available data and if there have been any changes to application processing that have contributed to these increases.**

Exhibit 3
Application Denial Rates by Benefit Type
January 2023 through October 2025



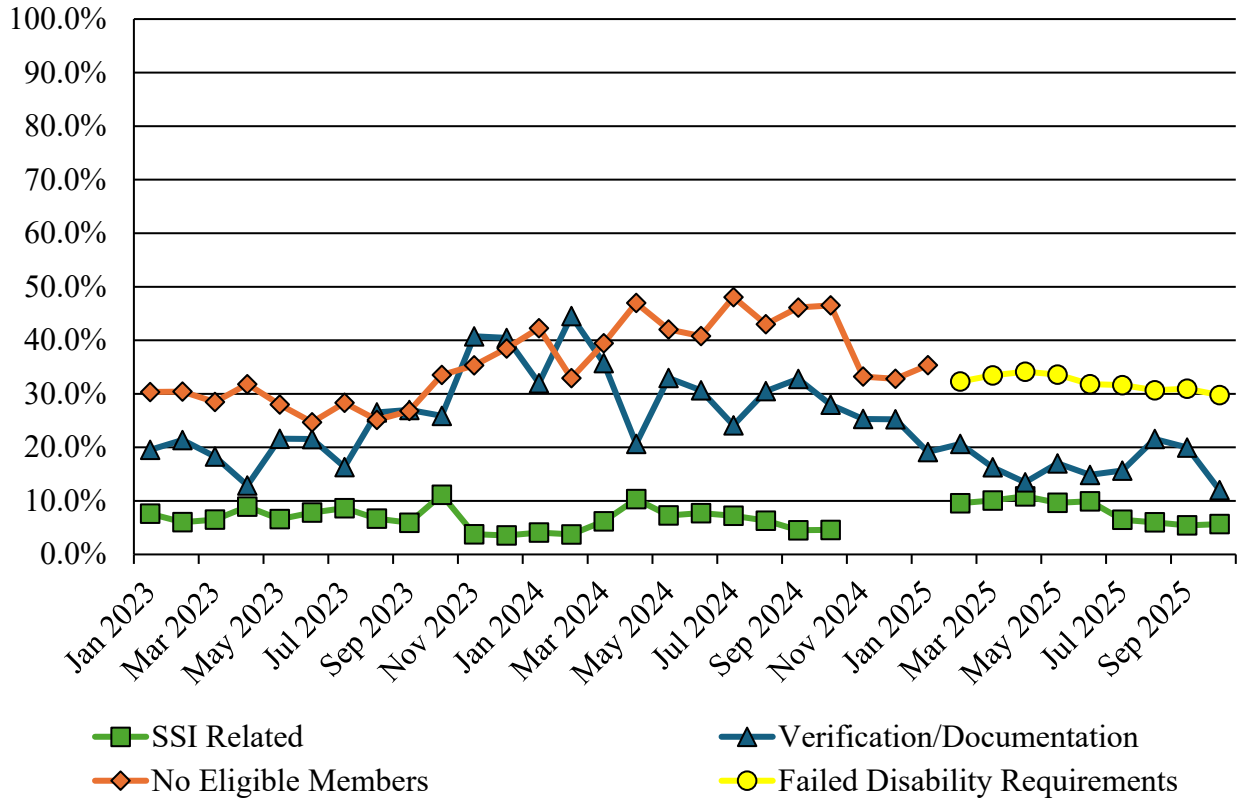
PAA: Public Assistance to Adults
 SNAP: Supplemental Nutrition Assistance Program
 TCA: Temporary Cash Assistance
 TDAP: Temporary Disability Assistance Program

Source: Department of Legislative Services; Department of Human Services

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Higher denial rates for TDAP compared to the other programs are consistent with the additional program requirements that apply to the program, such as criteria related to disability status and length of disability and cooperation with the process for obtaining SSI or SSDI, that make it more challenging to receive approval. **Exhibit 4** provides information on the share of TDAP application denials due to causes related to these higher barriers. Until January 2025, the category “no eligible members” included disability-related factors, after that month, failing the disability requirement began to be separately reported, and no eligible members was no longer a top reason for denial. In nearly all months between January 2023 and October 2025, either no eligible members or failing disability requirements was the leading cause of denials of TDAP applications. The share of applications denied for these reasons has exceeded 30% in all but one month during the period October 2023 to October 2025. Verification/noncooperation-related denials are generally the second highest cause of denials for TDAP, though in some months during this period, it was the leading cause. While verification/noncooperation is also a leading cause of TCA denial, the additional verifications required for TDAP make it particularly noteworthy as a factor in TDAP denials. Although it remains a leading cause of denials, the share of denials due to this reason has declined since December 2024, from greater than 20% typically to generally under that level since, including a low of 12.0% in October 2025. SSI-related factors include not completing the form to allow for reimbursement of benefits provided during a pending application, failure to apply, or receiving SSI benefits (beginning in February 2025). SSI-related factors accounted for approximately 10% of denials in the first half of calendar 2025 before falling to around 6% during the latter portions of available data.

Exhibit 4
Select Reasons for TDAP Application Denials
January 2023 through October 2025

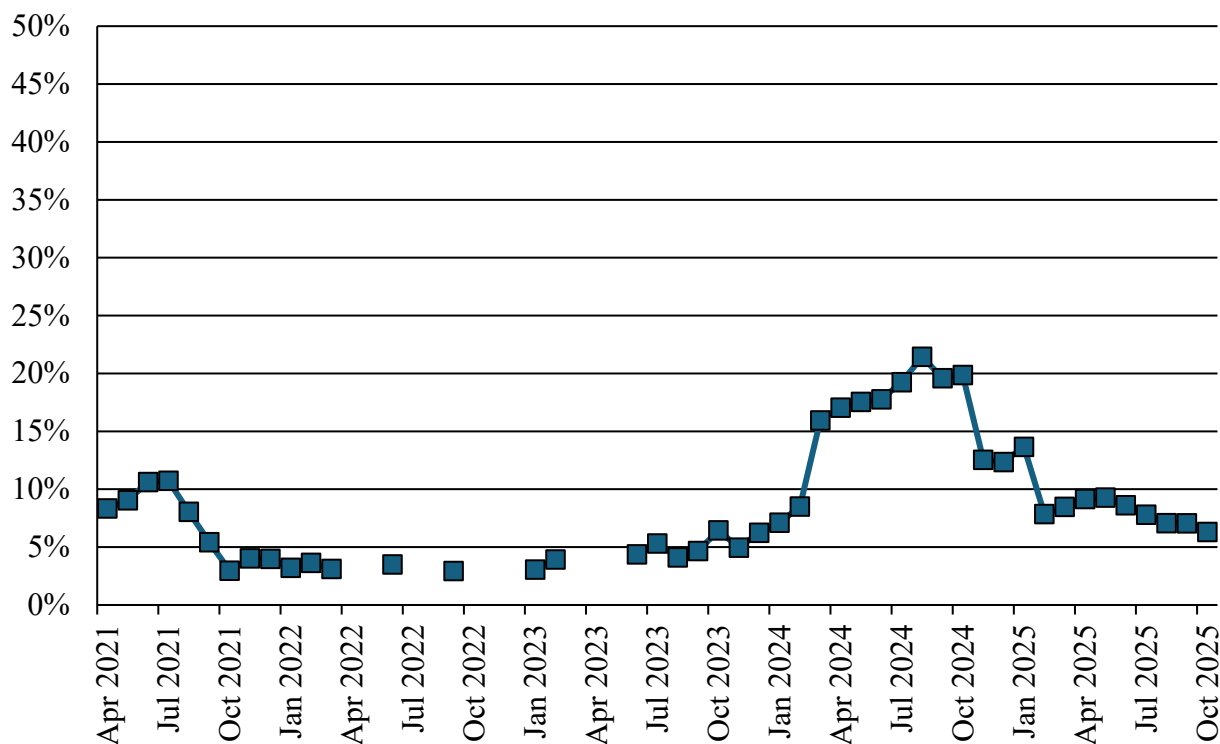


SSI: Supplemental Security Income
 TDAP: Temporary Disability Assistance Program

Source: Department of Legislative Services; Department of Human Services

Chapter 47 of 2020 altered the sanction policy for noncooperation with child support requirements to reduce the benefits by 25% rather than a case closure; DHS may still deny applications for failure to cooperate with child support requirements. As shown in **Exhibit 5**, from October 2021 through September 2023, noncooperation with child support represented fewer than 5% of application denials in all but 1 month, and in 10 of the months in that period, it was not a top cause of denial resulting in no separate reporting of denials due to this reason. Beginning in calendar 2024, noncooperation with child support has consistently been among the top reasons for denial. Denials due to this reason spiked from 5% in that month to 21% in August 2024. Although the share of denials due to this reason have declined since October 2024, the rates remain higher than prior periods, and it remains one of the top reported reasons. In October 2025, 6% of denials were due to this reason.

Exhibit 5
Share of TCA Application Denials Due to Noncooperation with Child Support
April 2021 through October 2025

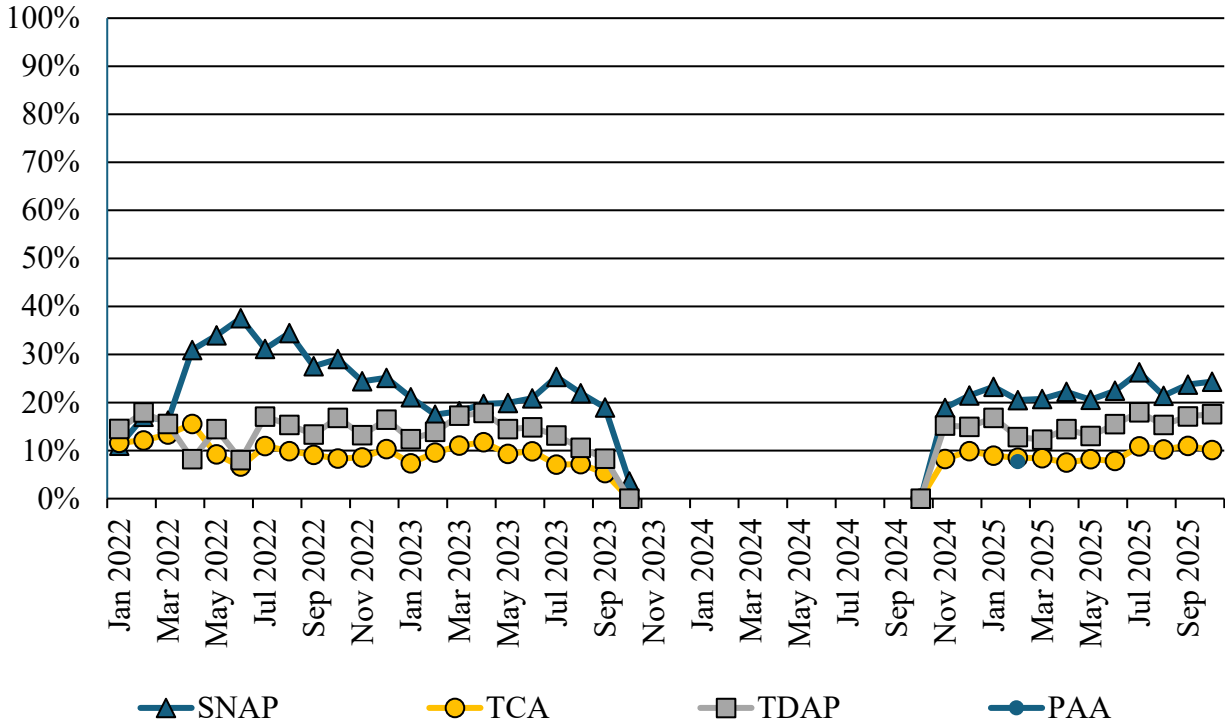


TCA: Temporary Cash Assistance

Source: Department of Legislative Services; Department of Human Services

Interview requirements for applications have been waived during various periods since the start of the COVID-19 pandemic. Specifically, these requirements were waived through December 2021 for all programs and for expedited SNAP cases through June 30, 2023. DHS received a new waiver of interview requirements for SNAP from the U.S. Department of Agriculture (USDA) beginning in October 2023, and these requirements were waived for approximately a year. Although the USDA waiver applied only to SNAP, DHS reinstated a waiver for cash assistance programs (which did not require federal approval) during this time. In all months without a waiver, missed interviews is a top reason for denial of applications for all three programs. As shown in **Exhibit 6**, missed interviews have accounted for at least 20% of applications in SNAP for each month beginning in December 2024. Missed interviews account for lower shares of denials for TCA (typically between 8% and 10%) and TDAP (ranging between 12% and 18%). For all three benefit types, July 2025 had the highest share of denials due to missed interviews since the end of the most recent waiver.

Exhibit 6
Share of Application Denials Due to Missed Interview
January 2022 through October 2025



PAA: Public Assistance to Adults
 SNAP: Supplemental Nutrition Assistance Program
 TCA: Temporary Cash Assistance
 TDAP: Temporary Disability Assistance Program

Source: Department of Legislative Services; Department of Human Services

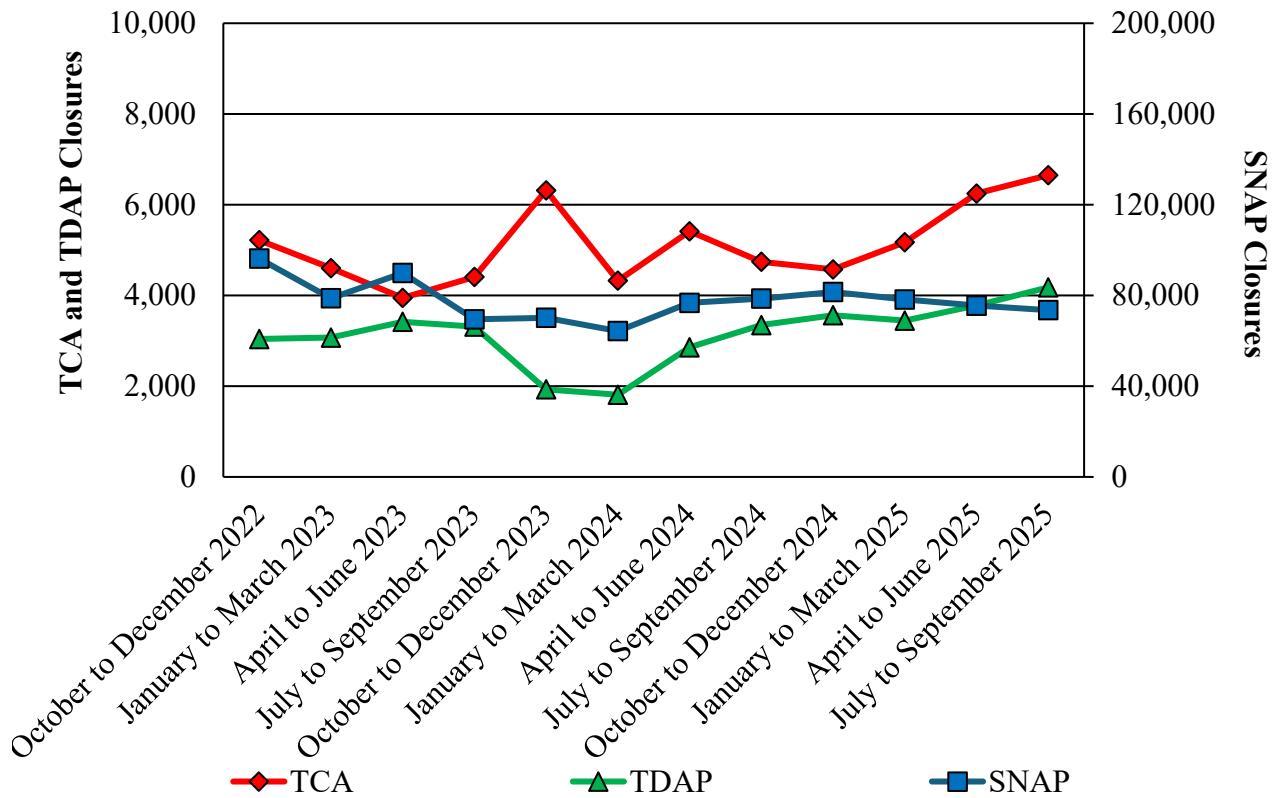
Income-related reasons continue to consistently be among the top reasons for denials for SNAP and TCA applications. For most months in calendar 2025 (through October), income-related reasons caused about 27% of SNAP application denials (and was the most common cause of denial in all but one of these months) and approximately 21% of TCA applications denials. It is also a top reason for denial for PAA applications. It is a less common reason for denial for TDAP.

3. Case Closures Increase

Exhibit 7 shows case closures by quarter for SNAP, TCA, and TDAP from the quarter beginning October 2022 through the quarter ending September 2025 (the last quarter of complete

data). SNAP case closures per quarter have hovered between 73,000 and 82,000 since the quarter beginning April 2024. Although lower than the initial periods after the restart of recertification, the case closures since then are higher than during the period from July 2023 through March 2024. Overall closures during this period were impacted by ABAWD work requirements, which were suspended during the public health emergency, and for which upper age requirements increased due to the Fiscal Responsibility Act (FRA) of 2023. In addition, jurisdiction-level waivers also expired near the end of this period. These changes led to higher closures than were previously occurring. However, the closures during the most recent quarter of complete data (73,524) were the lowest of that period despite a spike in closures with the end of remaining ABAWD waivers. Additional discussion of ABAWD changes and closures may be found in Issue 1 of this analysis.

Exhibit 7
Case Closures by Program Per Quarter
October 2022 through September 2025



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

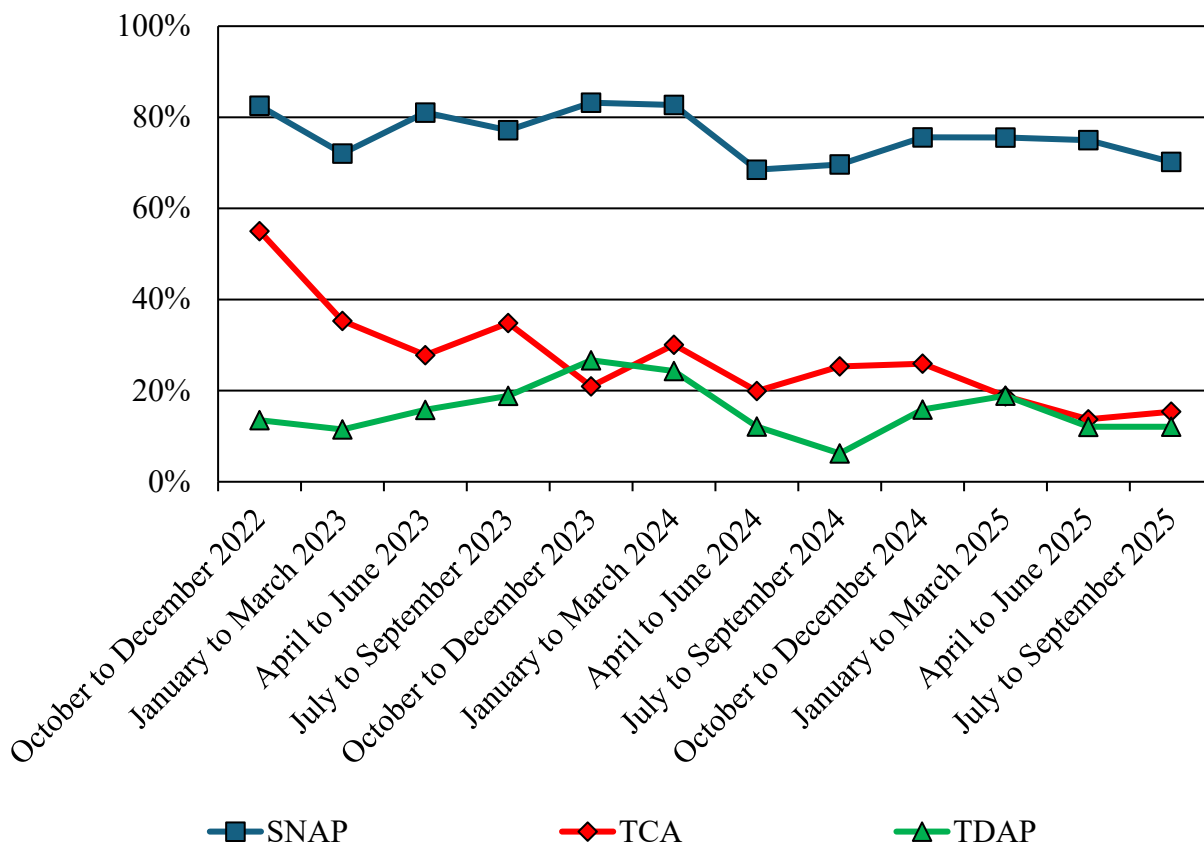
Source: Department of Legislative Services; Department of Human Services

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TDAP closures increased during all but one of the quarters during this period. The closures during the most recent quarter of available data (4,178) were the highest since the quarter ending September 2022. TCA case closures have fluctuated during this period but have trended up over the last four quarters. This increase relates at least in part to a change in reporting of data for cases that transitioned to the TSS program to more accurately report cases whose TCA case has closed.

As shown in **Exhibit 8**, failure to reapply/recertify has been the predominant cause of SNAP case closures during this period. In five of the eight quarters during this period, 75% or more of SNAP closures occurred due to failure to reapply. Failure to reapply/recertify is a common cause of case closures for both TCA and TDAP; however, the share of closures due to this reason is much lower than SNAP. For TDAP, the lower share of closures due to this reason is indicative of the additional program requirements that commonly result in case closures. In general, the share of closures due to this reason has declined for TCA recipients during this period, with the most recent quarter of complete data (July to September 2025) having the lowest share of closures due to this reason for TCA recipients since the restart of recertification. Although the rates of case closure due to this cause appear to be high, particularly for SNAP cases, which could indicate challenges in the recertification process, DLS notes that some recipients may choose not to reapply because the individual/household believes they are no longer eligible due to income or other circumstances.

Exhibit 8
Share of Case Closures Due to Failure to Reapply by Program Per Quarter
October 2022 through October 2025

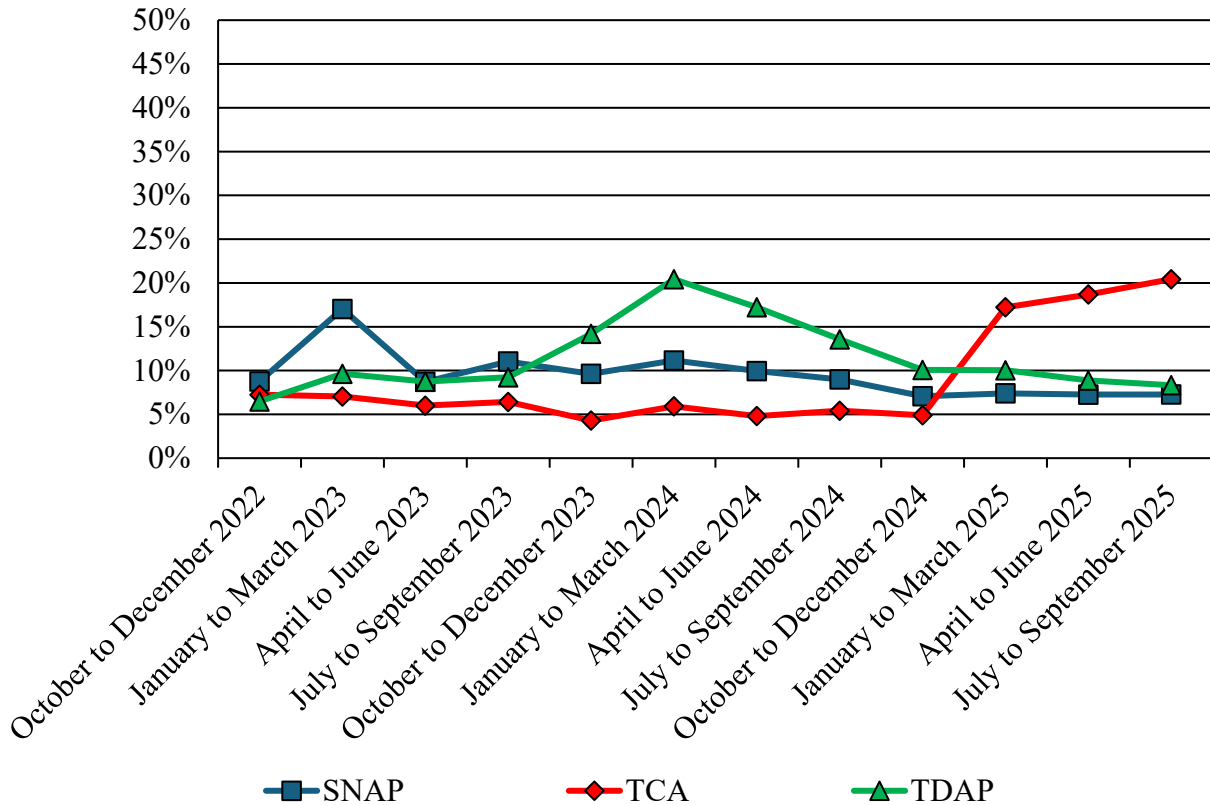


SNAP: Supplemental Nutrition Assistance Program
 TCA: Temporary Cash Assistance
 TDAP: Temporary Disability Assistance Program

Source: Department of Legislative Services; Department of Human Services

As shown in **Exhibit 9**, TCA closures due to income were relatively steady between 5% and 6% during much of this period. However, closures due to income substantially increased in the most recent three quarters of complete data. DHS made a change in the reporting of case closure data following January 2025 related to cases that moved to the TSS program due to income from earnings being too high. Previously, these transitions were not captured in the reported TCA closure data in the submitted reports. The revised methodology beginning with February 2025 reports these cases as closures in TCA due to income being too high, substantially increasing the reported closures due to this reason. However, this change presents a more accurate picture of case closures and case closure reasons.

Exhibit 9
Quarterly Share of Case Closures Due to Income-related Reasons by Program
October 2022 through September 2025



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

Source: Department of Legislative Services; Department of Human Services

The share of TDAP case closures related to income generally increased from the quarter beginning with October 2022 (6.5%) through the quarter ending March 2024 (20.4%). Following that quarter, the share of closures due to income began to decline to a low of 8.3% in the quarter ending September 2025. Despite the decline, the share in that quarter remains notably higher than the quarter beginning October 2022 and prior quarters.

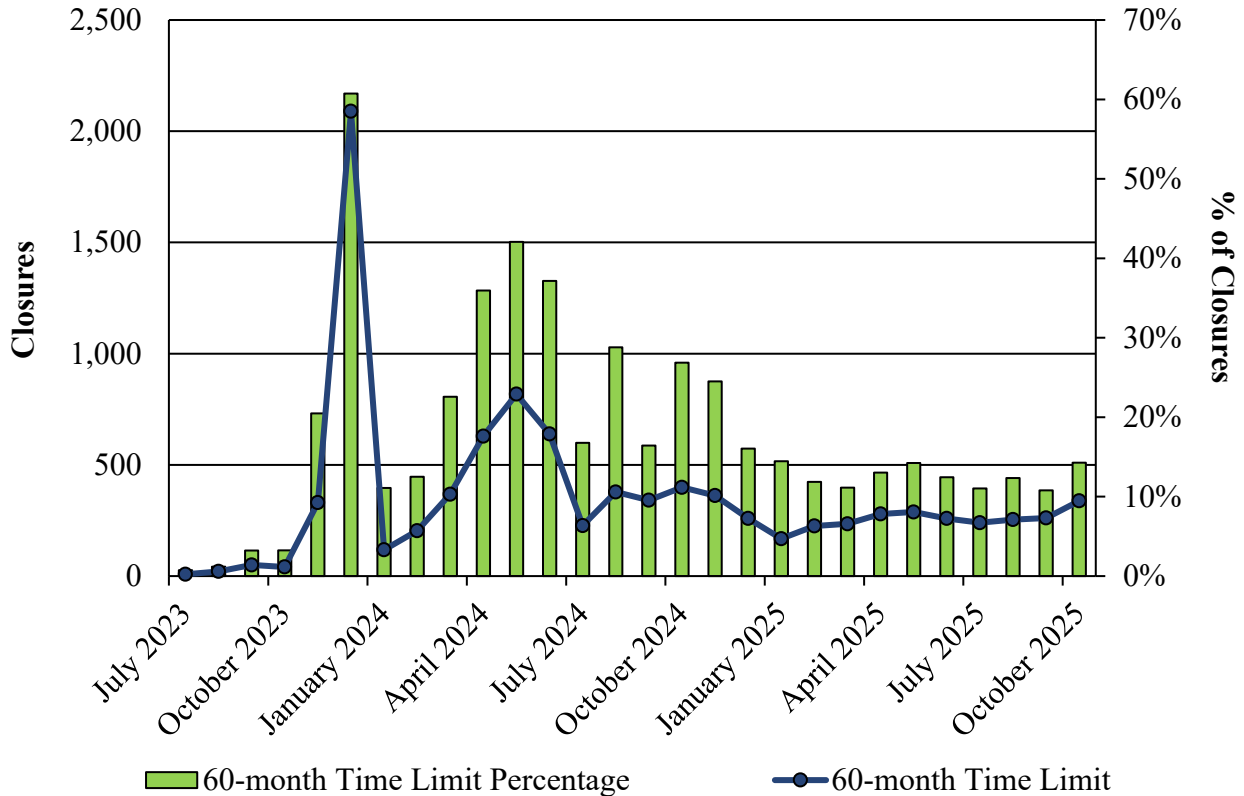
4. Program Specific Case Closure Reasons

TCA

Federal law prohibits cases headed by an adult from receiving TANF-funded cash benefits for more than five cumulative years. However, federal law provides the option for exemptions to the time limit for hardship. Under this provision, 20% of caseloads receiving TANF-funded cash assistance from the previous year may continue to receive benefits beyond five years. Historically, DHS had granted hardship exemptions to all cases reaching the time limit, as the percentage of cases receiving the exemption was below the 20% limit. Therefore, few, if any, cases were closed due to reaching the time limit.

To resolve an audit finding from a fiscal compliance audit released in October 2022, but contrary to long standing practice of the department, DHS began closing cases reaching the time limit without a documented hardship exemption. Actual case closures due to this cause did not significantly increase, however, until State fiscal 2024. As shown in **Exhibit 10**, prior to November 2023, 50 or fewer cases were closed each month due to reaching the time limit. However, closures due to this reason increased after that time, peaking in December 2023 at 2,090. In calendar 2025 (through October), an average of 255 cases per month closed due to this reason, generally around 11% to 14% of case closures. In total, between November 2023 and October 2025, 9,709 TCA cases have closed due to reaching the time limit.

**Exhibit 10
TCA Case Closures Due to 60-month Time Limit
July 2023 through October 2025**



TCA: Temporary Cash Assistance

Source: Department of Human Services; Department of Legislative Services

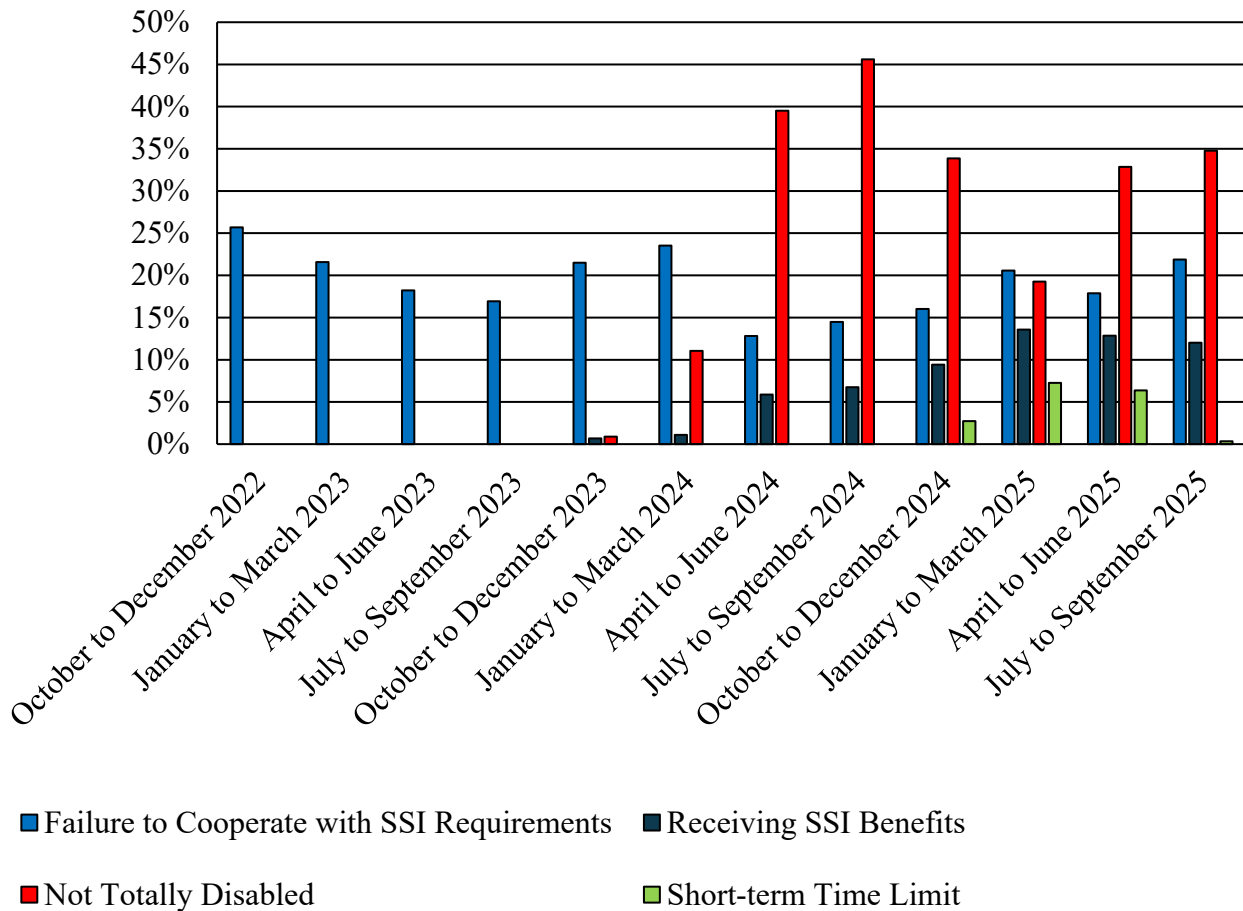
DHS separately provides data on the cases subject to the limit that continue to receive benefits beyond the 60-month limit due to a hardship exemption. DHS notes that during federal fiscal 2025 (October 1, 2024, through September 30, 2025), 1,429 households continued to receive benefits beyond the 60-month time period due to the hardship exemption. At 9.4% of those subject to the limit, this level remains well below the 20% level allowed under federal law.

TDAP

As noted earlier, TDAP has additional program requirements that lead to substantial shares of case closures at times, including requirements related to disability status. Due to a change in its reporting of closure codes with the transition in eligibility systems, DHS was not able to report on the number of case closures due to disability status from the period December 2021 through

October 2023. As shown in **Exhibit 11**, after limited closures were reported due to this reason in the initial months of data availability, closures due to this reason increased substantially beginning in calendar 2024. The share of TDAP case closures due to this reason exceeded 30% in six of the last seven quarters of complete data. Another disability-related factor resulting in closures in length of disability, for cases that are short term, is that TDAP receipt is limited to nine months. In two of the last three quarters of complete data for which this data is available, 6% to 7% of closures were due to this reason; however, less than 1% of closures were due to this reason in the most recent quarter.

Exhibit 11
Select Causes of TDAP Case Closures by Quarter
October 2022 through October 2025



SSI: Supplemental Security Income
 TDAP: Temporary Disability Assistance Program

Source: Department of Legislative Services; Department of Human Services

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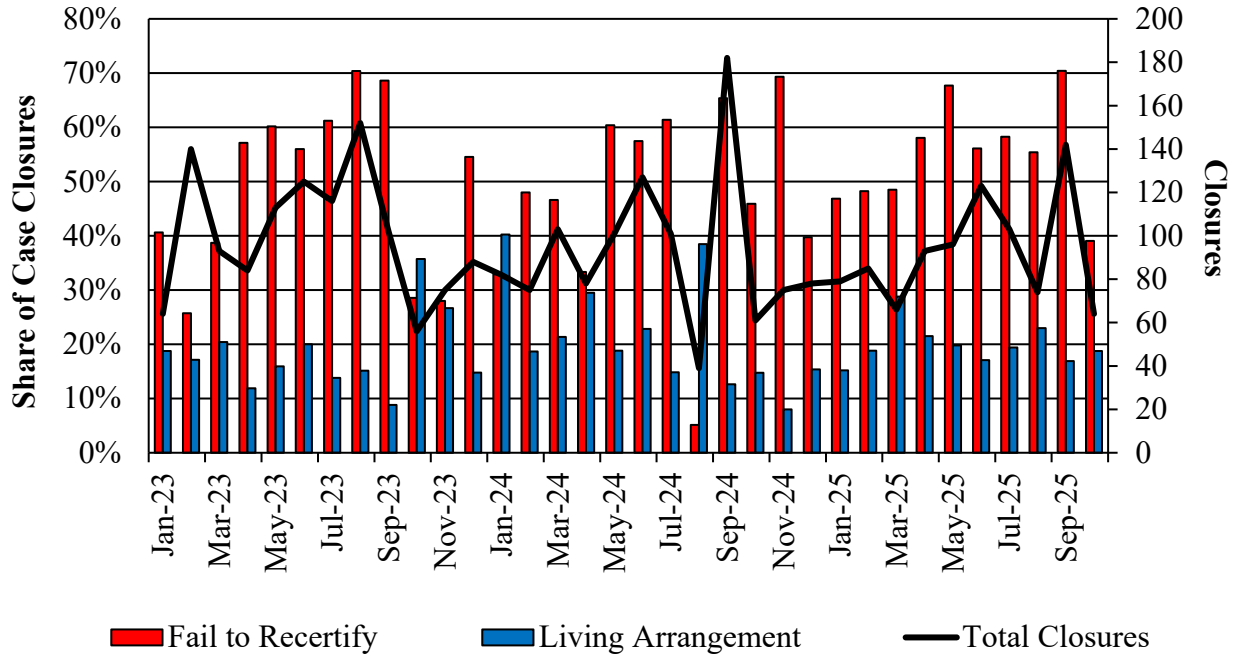
DHS also reports on closures in TDAP related to factors associated with SSI/SSDI; historically, these have been reported for closures related to noncompliance with the process including both application and cooperation when applying for benefits as well as failure to complete documents that allow for reimbursement to the State for benefits paid during the approval process. Beginning in October 2023, DHS began to separately report closures related to receipt of SSI/SSDI benefits. Once an individual has received a final determination/approval for benefit, the individual is no longer eligible for TDAP. After spiking in the quarter beginning July 2022 to more than 50% of closures, TDAP closures related to failure to apply or cooperate with the SSI/SSDI process have fluctuated but have been below 25% in all but one quarter. Closures related to receipt of SSI/SSDI increased in the first seven quarters that it was separately reported. In the most recent three quarters, closures related to this reason have been approximately 12% or 14%. DHS noted that it has made improvements to the Eligibility and Enrollment (E&E) system to automatically capture individuals approved for benefits rather than needing to be manually added. This change has increased the speed and accuracy for which closures can be made due to this reason.

PAA

The PAA program provides a monthly benefit to assist individuals in certain types of living situations: (1) Certified Adult Residential Environment (CARE) – an alternative to institutional care that is similar to foster care for adults, involving supervised residential living; (2) MDH rehabilitative residences for individuals recently discharged from State psychiatric hospitals; and (3) assisted living. Individuals must have a verified need for a protected living arrangement and, similar to TDAP, must be applying for SSI or SSDI. To be financially eligible for a benefit, individuals must not have assets exceeding \$2,000 and a countable income that cannot exceed an amount set as allowable needs. Allowable needs vary by placement type and level of care within the CARE placements and are meant to account for cost of care and personal needs. From fiscal 2016 through 2019, the PAA caseload had slightly declined from 3,531 to 3,431. After that period, the pace of decline accelerated with year-over-year declines of more than 7% in fiscal 2021 and 2022 and a 25% decline in fiscal 2023. The declines in fiscal 2021 and 2022 occurred even as the department offered the same flexibilities in the PAA program as in the other benefit programs. Although the caseload continued to decline, the pace of decline slowed somewhat in fiscal 2024 and 2025. Despite this, the average monthly caseload had declined 42% between fiscal 2019 and 2025. An additional 3.4% decline in fiscal 2026 year to date (through December 2025) has resulted in an average monthly caseload of 1,928.

As shown in **Exhibit 12**, failure to recertify is a substantial cause of case closures. Failure to recertify has been the leading cause of case closures in all but three months between October 2022 and October 2025. Approximately 57% of closures during calendar 2025 (through October) have been due to this cause. Case closures related to failing the living arrangement requirements have generally been the second leading cause of PAA case closures. In calendar 2025 (through October), approximately 20% of closures have been due to this reason.

Exhibit 12
Select Causes of Public Assistance to Adults Case Closures
January 2023 through October 2025



Source: Department of Legislative Services; Department of Human Services

Fiscal 2025

Restrictive Language Not Followed

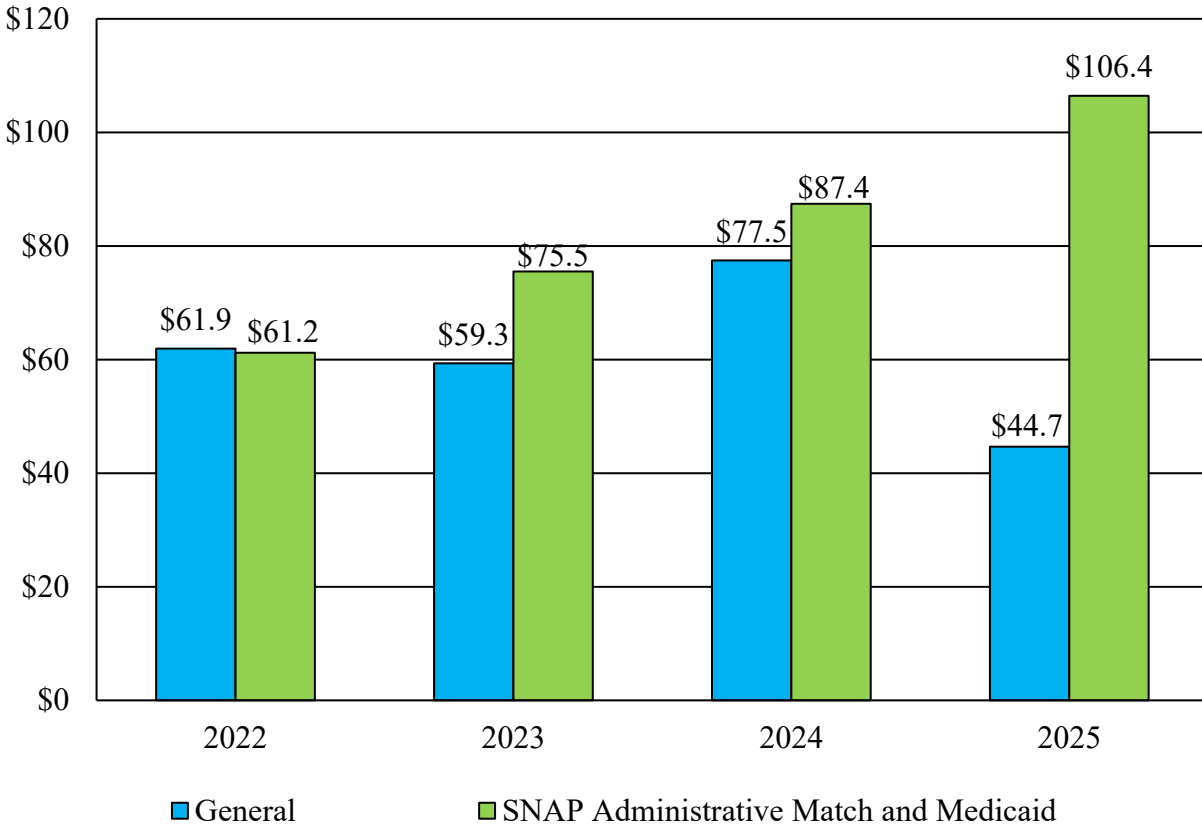
Language in the fiscal 2025 Budget Bill restricted \$5.8 million of general funds and \$5.8 million of federal funds in the Assistance Payments program to be transferred only to N00I00.04 (the Director’s Office in FIA). These funds, according to DHS, were intended to be used for administrative expenses for the Summer Electronic Benefit Transfer (now known as SUN Bucks) program. Under the language, funds not transferred were required to be reverted or canceled and were not available to be used for any other purpose. During the fiscal 2025 closeout, DHS failed to either transfer these funds or revert the general funds. Federal funds of an amount greater than the \$5.8 million were canceled, so although not intended to be canceled because of failure to comply with the language, technically, the federal fund portion could be considered in compliance. DHS reports the failure to comply with the language was an oversight. **DHS should discuss any changes to its processes to ensure that language in the budget bill restricting the use of funds for particular purposes is followed.**

DHS reports that in lieu of transferring the funds, costs of administering the SUN Bucks program were funded by using existing appropriations in the Director’s Office (\$1.8 million) and the Local Family Investment Program (\$1.4 million). An additional \$978,000 of spending occurred using existing appropriations for information technology (IT) and other administrative programs.

Closeout Results in Apparent Improper Fund Splits

Family Investment administrative programs are funded with a mix of general, special, and federal funds. The federal funds are from a variety of federal sources, though primarily from the SNAP administrative match, TANF, and Medicaid. SNAP administrative match and Medicaid generally have a 50% federal match, though some expenses may have a higher match and, for some SNAP expenditures, third parties may pay the State share of the match. However, the reported expenditures in fiscal 2025 for the administrative programs appear to have higher levels of federal match than could be supported with the general funds. As shown in **Exhibit 13**, the general funds reported as expenditures in the Local Family Investment Program were less than half of the reported federal fund expenditures for the SNAP administrative match and Medicaid combined. In other recent years, these have been closer to even levels, with the largest discrepancy before fiscal 2025 in fiscal 2023, a time when there was an enhanced match in Medicaid. DLS notes that similar issues occur in the reported expenditures in the Director’s Office of FIA. DLS has similar concerns about the fiscal 2026 working appropriation and fiscal 2027 allowance. **DHS should comment on how it could have general fund expenditures of less than half of the reported expenditures of federal SNAP administrative match and Medicaid expenditures when the programs generally require a dollar-for-dollar match. DHS should also discuss how it will ensure that actual expenditures in fiscal 2026 and 2027 better align with available federal matches.**

Exhibit 13
Local Family Investment Program Expenditures by Source
Fiscal 2022-2025
(\$ in Millions)



SNAP: Supplemental Nutrition Assistance Program

Note: Excludes special funds (generally around \$4 million to \$5 million per year) and other federal funds (generally around \$33 million per year primarily from Temporary Assistance to Needy Families).

Source: Governor’s Fiscal 2024-2027 Budget Books; Department of Legislative Services

Federal Government Shutdown Impacts

SNAP had no funding authorization beginning October 1, 2025, through the end of the federal government shutdown on November 12, 2025. During the first month of the federal government shutdown, SNAP benefits continued uninterrupted. However, a memo from USDA on October 24, 2025, indicated issuances would not be made in November and that it did not believe contingency funds could be used to cover regular benefits, which was contrary to guidance

provided prior to the start of the shutdown. On October 28, 2025, Maryland along with 24 states filed a lawsuit against USDA to compel the release of funding for November benefits. Separately, some local governments and nonprofits filed a similar lawsuit. Judges in each lawsuit sided with the filers, though the orders were slightly different. One of these rulings required USDA to indicate whether it would provide full benefits using SNAP contingency funds in combination with other funds or provide a partial benefit. If full benefits were to be issued, the order required the funds to be available on November 3, 2025, under a partial release the funds were to be available by November 5, 2025. USDA chose the partial benefit option and indicated that it would provide funding for allotments at 50% of the typical maximum monthly allotment, which was subsequently revised to 65%. States were required to recalculate benefits for households based on the new allotment schedule rather than providing benefits at 65% of the typical benefit level.

On October 30, 2025, Governor Wes Moore declared a state of emergency and issued an executive order to use \$10 million of funds from the Fiscal Responsibility Fund to support food banks. On November 6, 2025, DHS issued a question-and-answer document describing how this funding would be used. Of these funds, \$1 million was used to provide additional funding under the Maryland Emergency Food Program, which supports community pantries and other emergency food relief. This funding was provided to existing grantees without application. In fiscal 2026, there were grantees in all Maryland counties, except Kent County, under this program. Though there was no Kent County grantee, at least one grantee serves Kent County. **Exhibit 14** provides information on the use of funds provided to the Maryland Food Bank and Capital Area Food Bank. Within these distributions each organization had a plan to prioritize certain partners, though the prioritization varied.

Exhibit 14
Planned Use of Funds During the State of Emergency

Maryland Food Bank (\$5.5 Million)

Purchase and distribute food to its network to be provided within one week of receipt (\$3 million).

Provide cash to certain network partners and redistribution organizations to buy food from local retailers within two weeks of receipt of funds (\$2 million).

Food distribution (\$0.5 million).

Capital Area Food Bank (\$3.5 Million)

Purchase and distribute food to its network to be provided within one week of receipt (\$1.5 million).

Provide cash to partners to buy food from local retailers within two weeks of receipt of funds (\$1.4 million).

Direct distributions, including support to students and families through existing school-based grocery distributions and workforce programs (\$0.6 million).

Source: Department of Human Services; Department of Legislative Services

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On November 3, 2025, Governor Moore issued an executive order under the previously declared state of emergency to order the use of \$62 million from the Fiscal Responsibility Fund to provide SNAP benefits. Although initially announced as being used to provide full SNAP benefits (complementing the 50% USDA had indicated that it was paying), ultimately, these funds were used instead to ensure that all households received at least 50% of their typical benefit. Under the release of 65% of allotments, the required recalculation of benefits meant that not all households that would typically receive a benefit received one, and others received less than 65% (including some receiving less than 50%). The supplemental benefit provided the difference between the benefit at the 65% allotment and 50% of the typical benefit (if any). DHS began issuing these benefits on November 11, 2025, with issuances on November 11, 2025, provided to those normally receiving benefits between November 4, 2025, and November 11, 2025. DHS reports that, in total, it used \$2,685,524 of the appropriated funds. The remainder of the funds are unneeded and are part of the proposed transfer of funds from the Fiscal Responsibility Fund to the General Fund included in the Budget Reconciliation and Financing Act of 2026. DHS also issued a \$50 benefit to recipients eligible for the Supplemental Benefit for Seniors reflecting the full minimum benefit under State law, representing the typical State benefit (maximum \$26) and the federal minimum benefit (\$24). DHS anticipates being reimbursed for the extra benefits paid to these recipients for both the supplemental benefit and the partial State payments made using Fiscal Responsibility Funds. **DHS should comment on the status of the reimbursement of these funds. DLS recommends deleting the unused Fiscal Responsibility funds.**

Following the end of the federal government shutdown, DHS began issuing full benefits on November 18, 2025. As regular distributions extend through November 23, 2025, not all recipients experienced a disruption in benefits. Recipients that received a partial distribution between November 11, 2025, and November 17, 2025, received the remainder of their typical benefit on November 18, 2025.

In regular monthly reporting, DHS reported no child support through distributions in monthly data for October. DHS explained that child support pass-through payments were delayed due to changes needed to benefit files for SNAP. DHS stated that these payments are normally prepared for distribution in bulk at the end of each month. However, changes in federal SNAP guidance impacted the timing of file preparation and initially caused the system to set availability dates for these funds for a later month. However, the delayed payments were subsequently made available in November 2025.

Fiscal 2026

Status of Legislative Additions

Section 21 of the fiscal 2026 Budget Bill added \$250,000 in the Office of Grants Management for a grant to the Maryland Community Action Partnership (MCAP) to provide a match for the Community Services Block Grant to support a two-generation model of service delivery. DHS reports that as of December 30, 2025, no funds have been expended from this grant. However, DHS stated that it was in the process of developing the grant agreement, including

working with MCAP to draft a scope of work. **DHS should provide an update on the status of this grant agreement and timing of distribution of funds.**

Proposed Deficiency

The fiscal 2027 budget includes \$32.3 million in proposed deficiency appropriations for FIA, of which \$23.5 million is general funds, \$5.0 million is special funds, and \$3.8 million is federal funds. The largest proposed deficiency appropriation totaling \$28 million in general funds will support costs associated with penalties for the SNAP payment error rate in federal fiscal 2023 and 2024. These penalties are under appeal; however, the funds will support the amounts needed if the appeals are not successful.

Proposed deficiency appropriations in the Assistance Payments program provide a net decrease of \$1.3 million. Three deficiency appropriations provide net increases in funding to support (1) SUN Bucks (\$6.3 million in federal funds); (2) TDAP (\$3.7 million – though the increase was \$5.1 million in special funds and \$1.4 million of general funds were withdrawn); and (3) EBT Fraud Replacement (\$300,000 in general funds). These increases were partially offset by a reduction of \$700,000 in general funds for the Supplemental Benefit for Seniors program and a reduction of \$11.0 million in total funds for TCA (withdrawing \$6.8 million in federal funds, \$4 million in general funds, and \$110,000 in special funds). Each of these are intended to align appropriations with expected caseloads based on year-to-date trends.

Deficiency appropriations for other areas of DHS total \$5.6 million. The largest of these totaling \$11.7 million, including \$8.0 million in federal funds and \$3.8 million in general funds, is for the employment and income verification contract to align with anticipated contract costs and higher utilization – however, DHS notes that the overall deficiency amount particularly related to the federal funds is overstated compared with the anticipated need. **DLS recommends deleting the overstated federal fund amount.**

The remaining deficiency appropriations provide (1) support for work programs including \$987,797 in federal funds for SNAP E&T and \$2,500 for an entrepreneurship training program; (2) SNAP Outreach (\$547,636 in federal funds) due to the addition of new outreach partners to address impacts of changes in work requirements under the OBBBA; and (3) contracts to assist individuals applying for SSI (\$172,524 in total funds, split between general and federal funds). These increases are partially offset by two proposed deficiency appropriations reducing funds including for the call center (\$2.6 million in federal funds) as part of a departmentwide realignment and a withdrawal of \$5.2 million in total funds, split between general and special funds, to align SUN Bucks administrative costs with fiscal 2025 experience.

DLS notes that while a deficiency appropriation in the Maryland Department of Aging (MDOA) withdraws \$284,611 in federal funds related to the transition in administering the Commodity Supplemental Food Program to DHS, no deficiency appropriation or processed budget amendment has added the corresponding funds to DHS. Chapter 370 of 2025 required the transfer of this program from MDOA to DHS. DHS confirms that the transfer has occurred and is determining next steps for appropriating funds within the agency for the program.

Cash Assistance Benefit Levels

Section 5-316(a)(1)(i) of the Human Services Article requires the Governor to provide sufficient funding to ensure that the TCA benefit, when combined with the SNAP benefit, equals 61.25% of the Maryland Minimum Living Level (MMLL). The statute allows the Governor to provide less funding than is required to meet this level if the Governor reports to the General Assembly on the reasons for the reduced funding. The MMLL calculation has been updated annually based on inflation for each federal fiscal year since federal fiscal 1980 except in federal fiscal 1981. This inflation update has historically been based on the May year-over-year change in the Consumer Price Index for All Urban Consumers (CPI-U). Under the MMLL, TCA benefits each year are impacted by not only inflation but the level of benefits set for SNAP each year by USDA. SNAP benefit levels are typically announced in August of each year. This calculation also impacts TDAP benefits, which have been tied to the one-person household benefit under TCA since Chapter 408 of 2018.

While benefits typically increase annually due to inflation, in some years, when SNAP benefit increases exceed inflationary increases, TCA benefits may not be required to increase to comply with statute. However, in other years, the increase may be higher than inflation, if the SNAP benefit increase does not fully cover inflation. A combination of factors, including low inflation early in the COVID-19 pandemic, a reevaluation of the Thrifty Food Plan upon which SNAP benefits are based, and higher than inflationary benefit increases, led to no changes in the TCA benefit between federal fiscal 2020 and 2024. On August 13, 2025, USDA released the maximum monthly allotment for SNAP benefits beginning October 1, 2025 (federal fiscal 2026). For a household of three, these benefits increase by 2.2% (\$17). The year-over-year inflation increase based on May 2025 CPI-U data resulted in a 2.4% increase. As a result, DHS calculated the maximum benefit for a three-person household in federal fiscal 2026 to meet the required level would need to be \$773, a \$20 per month increase in the maximum benefit for a three-person household compared to federal fiscal 2025. The maximum one-person benefit level, which is also the TDAP benefit level, increased to \$348 (an \$8 increase).

Historically, the calculation has been made in advance of the start of the federal fiscal year so that benefit changes coincide with the change in the SNAP benefit (October 1) as determined by USDA, which is the second component of the TCA benefit calculation under § 5-316(a)(1)(i). In a break with historical practice, DHS did not calculate the update for federal fiscal 2025 until November 2024, with benefit changes not effective until January 2025. For federal fiscal 2026, DHS submitted the updated calculation on October 14, 2025, to the General Assembly. However, DHS separately indicated that it did not plan to increase benefit levels until January 1, 2026.

It is unclear why DHS has broken with historical practice in the last two years to not provide the benefit increase at the same time as the SNAP benefit increase. Although initially in fall 2025, DHS seemed to indicate that it did not have all of the information needed to complete the calculation before October 1, 2025; as previously noted, the SNAP benefit change was announced on August 13, 2025, and the CPI-U data was available in summer 2025. For federal fiscal 2026, the delay was particularly concerning, as the federal shutdown delayed full issuances of SNAP benefits for some households. A higher TCA and TDAP benefit could have provided

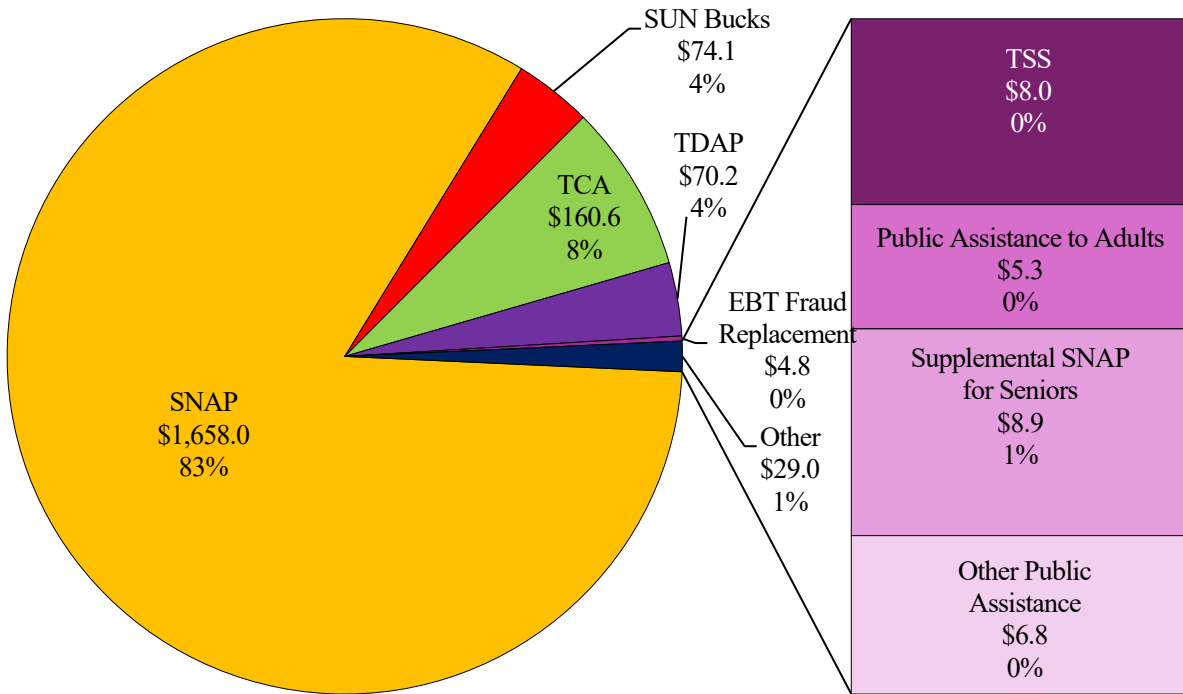
additional assistance to at least some of those impacted by the delayed and initially partial SNAP benefits. **DHS should explain the rationale for not providing the required benefit increases until January 2026 despite having calculated the benefit increase by mid-October.**

DLS notes that by delaying the benefit increase, households that receive the maximum TCA benefit level received \$60 less than they would have for the October 2025 through December 2025 issuances, and TDAP recipients received \$24 less than they would have during this period. DLS estimates that this delay reduced overall benefit payments by \$1.16 million.

Fiscal 2027 Overview of Agency Spending

The fiscal 2027 allowance of FIA totals \$2.4 billion. Approximately 82% of the fiscal 2027 allowance for FIA occurs in the Assistance Payments program, the program in which public benefits are budgeted. **Exhibit 15** describes the Assistance Payments spending by benefit type in fiscal 2027. The vast majority of this funding (\$1.69 billion) is budgeted for SNAP, which comprises 83% of the Assistance Payments spending and 67.9% of the total FIA budget. TCA benefits are budgeted at \$160.6 million and comprise 8% of the Assistance Payments spending, or 6.6% of the fiscal 2027 allowance of FIA. All other benefit programs combine to account for 7.3% of the fiscal 2027 allowance.

Exhibit 15
Overview of Agency Spending on Assistance Payments
Fiscal 2027 Allowance
(\$ in Millions)



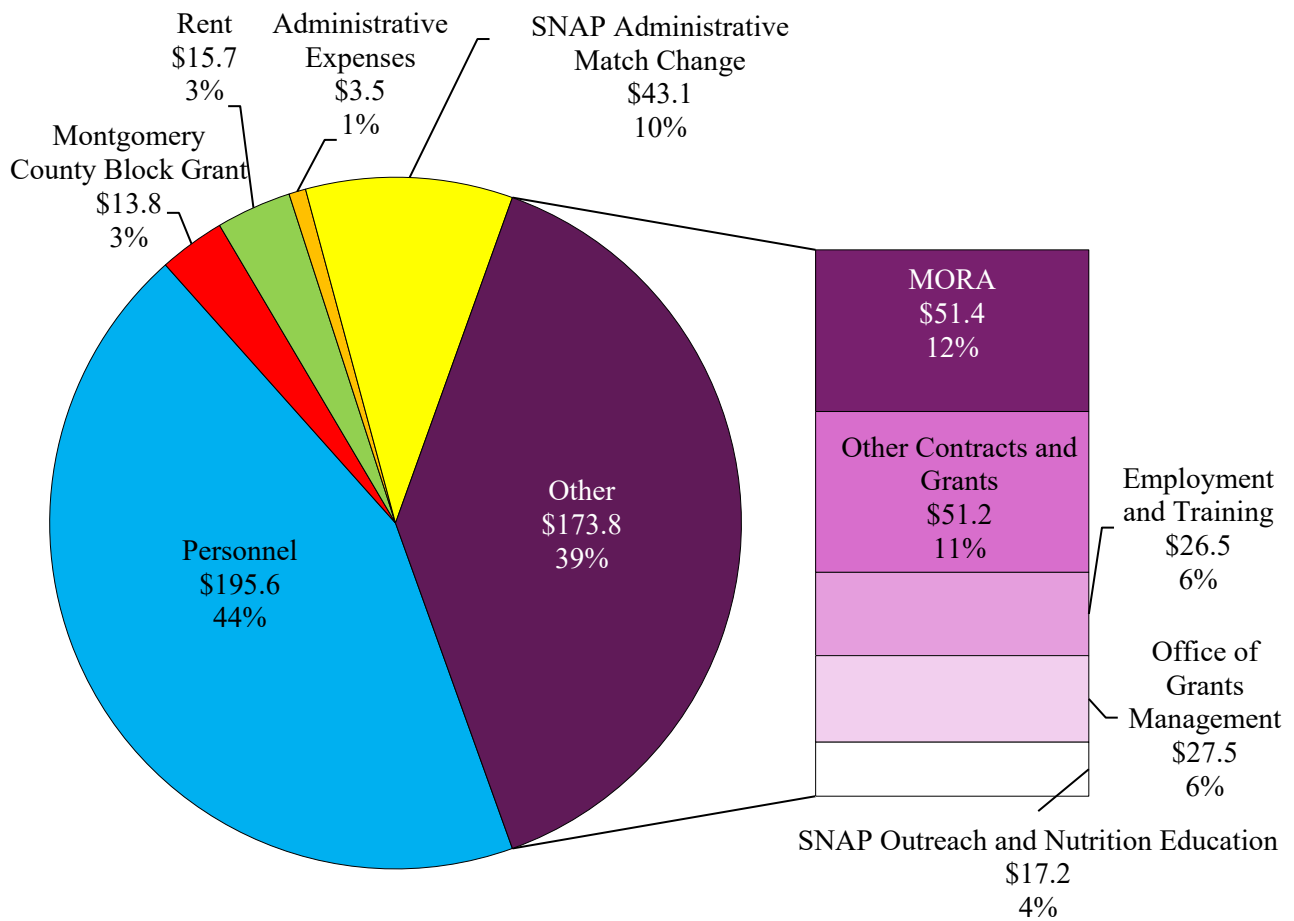
EBT: electronic benefit transfer
 SNAP: Supplemental Nutrition Assistance Program
 TCA: Temporary Cash Assistance
 TDAP: Temporary Disability Assistance Program
 TSS: Transitional Support Services

Source: Department of Budget and Management

As shown in **Exhibit 16**, excluding Assistance Payments, the fiscal 2027 allowance for FIA totals \$445.5 million, of which approximately 43.9% is for personnel, including contractual employee payroll primarily in LDSS. Contracts and grants comprise 42.1% of this spending. E&T-related contracts, which include the SNAP E&T program, the Noncustodial Parent Employment Program, and the Work Opportunities Program under TANF total \$26.5 million, or 5.9%, of non-Assistance Payments spending in FIA. The spending for this purpose in the fiscal 2027 allowance is lower than recent years, primarily due to SNAP E&T spending, which due to late approval of the State Plan is budgeted at a lower level than has occurred in recent years. Contracts and grants for MORA represent 11.5% of the non-Assistance Payments spending and

total \$51.4 million. This program is almost exclusively funded with federal funds specific to supporting refugees and asylees. Overall spending in MORA is budgeted at lower levels in fiscal 2027 compared to recent actual spending due to limited refugee admissions and reduced months of benefits available under the refugee cash assistance program following a change in federal policy. The budget continues for fourth-year general funds first added for immigrant services for those resettled from other areas.

Exhibit 16
Overview of Agency Spending, Excluding Assistance Payments
Fiscal 2027 Allowance
(\$ in Millions)



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

Note: The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

Source: Governor’s Fiscal 2027 Budget Books; Department of Legislative Services

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Another significant source of grant spending (\$13.8 million) is the Montgomery County 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 the ability to offer higher pay and other flexibility. The State supports employee salaries at a level comparable to what they would receive if they were State employees. Although the fiscal 2027 allowance includes funding for a 1.5% general salary increase and other adjustments to the employee pay scale, the funding for the block grant is level compared to fiscal 2026. This is the second consecutive year that the funding for the block grant is level funded in FIA despite general salary increases provided to State employees.

Proposed Budget Change

As shown in **Exhibit 17**, the fiscal 2027 allowance decreases by \$92.0 million, or 3.6%, compared to the fiscal 2026 working appropriation after accounting for proposed deficiency appropriations. The largest share of the decrease relates to one-time costs including \$72 million that relates to one-time funding from the Fiscal Responsibility Fund to respond to food assistance needs during the federal government shutdown in fall 2025 and \$28 million provided in fiscal 2026 for SNAP payment error rate penalties. Excluding these one-time funds, the fiscal 2027 allowance of FIA would increase by \$8.0 million.

**Exhibit 17
Proposed Budget
Department of Human Services – Family Investment Administration
(\$ in Thousands)**

How Much It Grows:	General <u>Fund</u>	Special <u>Fund</u>	Federal <u>Fund</u>	<u>Total</u>
Fiscal 2025 Actual	\$279,734	\$16,679	\$2,097,964	\$2,394,376
Fiscal 2026 Working	317,803	88,646	2,127,602	2,534,051
Fiscal 2027 Allowance	315,308	17,874	2,108,886	2,442,068
Fiscal 2026-2027 \$ Change	-\$2,494	-\$70,772	-\$18,717	-\$91,983
Fiscal 2026-2027 % Change	-0.78%	-79.84%	-0.88%	-3.63%

Where It Goes:	<u>Change</u>
Personnel Expenses	
Employee and retiree health insurance.....	\$10,185
Deferred compensation match due to statewide change in budgeting	430
Transfer of 2 positions to the Department of Information Technology due to the transfer of Maryland Benefits in fiscal 2026	-249

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Where It Goes:	<u>Change</u>
Turnover expectancy increases from 6.02% to 7.02%	-1,464
Salary and fringe benefits, including an agency realignment of personnel expenditures to better reflect recent spending.....	-11,113
Other fringe benefit adjustments	39
Assistance Payments	
TDAP due to anticipated changes in caseload and benefit levels	6,560
TCA due to anticipated changes in benefit levels	4,601
SUN Bucks to reflect anticipated caseloads.....	1,600
Senior Supplemental Benefit to reflect anticipated caseloads.....	-200
EBT fraud replacement assuming savings for three quarters of the year due to new technology	-7,500
Fiscal Responsibility Funds provided to partially pay SNAP benefits during government shutdown.....	-62,000
One-time Funds	
Fiscal 2026 legislative addition for the Maryland Community Action Partnership	-250
Fiscal Responsibility Funds provided to feeding organizations due to government shutdown.....	-10,000
SNAP Payment Error Rate penalties for federal fiscal 2023 and 2024.....	-27,957
Contract and Grant Changes	
Technical Assistance for SNAP Employment and Training	274
Funds intended to support legislation that has been withdrawn.....	250
Asset verification to better align with anticipated contract costs	-977
Refugee TANF Coordination federal funds due to expiration of the federal grant in September 2025	-1,264
Employment and income verification contract to reflect anticipated costs and due to overstated funding in the proposed deficiency appropriation	-2,192
Refugee medical screenings due to decline in refugee admissions.....	-5,000
Call center contract due to realignment of costs between programs and to reflect recent costs.....	-6,371
Costs for local resettlement agencies and RTCA due to declining admissions and reduced eligibility period for RTCA	-8,997
SNAP Employment & Training due to timing of approval of State Plan	-11,726
Administrative Costs	
SNAP Administrative Match changes beginning October 1, 2026 (see Issue 1 for additional discussion).....	43,120
Contractual employee health insurance.....	99

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Where It Goes:	<u>Change</u>
Rent to better align with lease costs and an office move for one LDSS	-2,228
Other changes	348
Total	-\$91,983

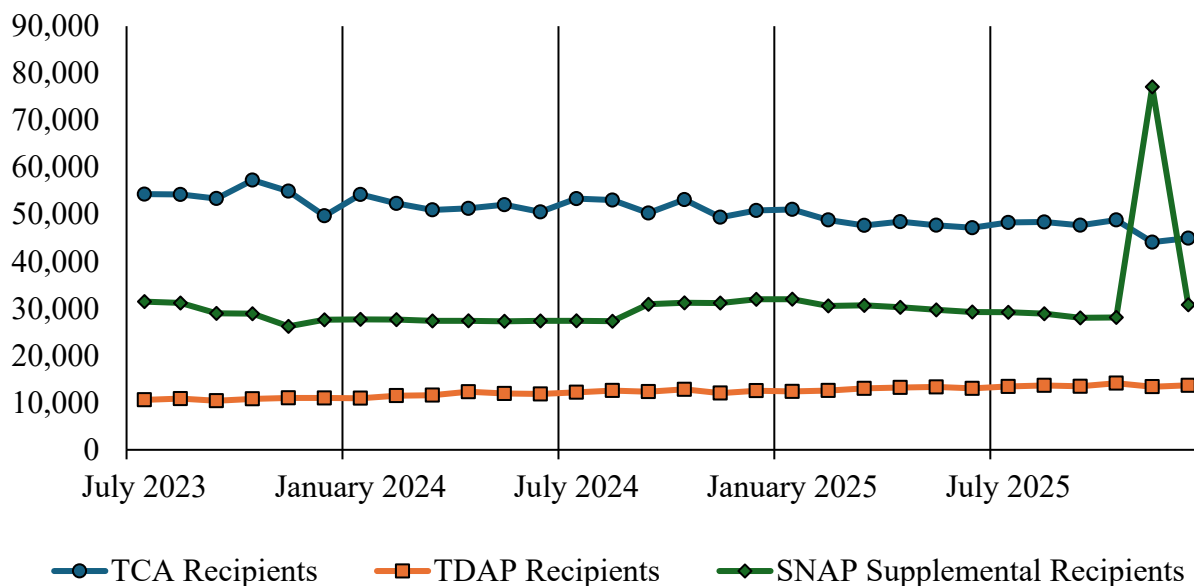
EBT: electronic benefit transfer
LDSS: local department of social services
RTCA: refugee Transitional Cash Assistance
SNAP: Supplemental Nutrition Assistance Program
TANF: Temporary Assistance for Needy Families
TCA: Temporary Cash Assistance
TDAP: Temporary Disability Assistance Program

Note: Numbers may not sum to total due to rounding. The fiscal 2026 working appropriation accounts for deficiencies. The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

Caseload Changes

As shown in **Exhibit 18**, the number of TCA recipients has fluctuated since the start of fiscal 2024 but has been on a generally declining trend consistent with improved economic conditions and changes in departmental policy (as noted earlier) to close cases reaching the 60-month time limit. Despite the overall decline, from an average of 52,945 recipients in fiscal 2024 to an average of 47,055 in fiscal 2026 (through December 2025), the average remains substantially above prepandemic levels. For reference, in February 2020, the number of TCA recipients was 39,715, and the fiscal 2020 average (through February 2020) was 40,779. The average number of recipients in fiscal 2026 (through December) is slightly below (2.3%) the level the budget is based on accounting for a proposed deficiency appropriation. DLS forecasts an increase in recipients in fiscal 2027 of approximately 3% due to ongoing economic uncertainty. The fiscal 2027 allowance accounts for a relatively stable number of recipients.

**Exhibit 18
Recipients by Program
July 2023 through December 2025**



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

Note: SNAP Supplemental Recipient count in November 2025 is distorted by additional support provided during the federal government shutdown, for which the Department of Human Services is seeking federal reimbursement.

Source: Department of Human Services; Department of Legislative Services

The number of TDAP recipients in June 2022 was the lowest in program history. However, the number of TDAP recipients has increased in nearly all months since then. Since April 2024, the number of recipients has consistently exceeded the number of recipients in February 2020 (11,812). The number of recipients has exceeded 13,000 in each month since March 2025 and exceeded 14,000 in October 2025 before a decline in November 2025. The average monthly number of recipients in fiscal 2026 through December 2025 (13,649) is the highest since fiscal 2018. The year-to-date average exceeds the level that can be supported by the fiscal 2026 budget (13,543) accounting for a proposed deficiency appropriation. It is unclear what is driving the growth in the TDAP caseload. As noted earlier, applications have exceeded prepandemic levels more than offsetting case closures. Long-term disability cases have risen substantially from 8,556 in June 2021 to over 11,000 in each month since April 2021. Short-term disability cases have fluctuated to some degree during this period but have generally declined over the last year, emphasizing that the growth is in long-term cases. As a result of the uncertainty around the

contributing factors, DLS anticipates that the number of recipients will continue to increase through fiscal 2027, exceeding the level that the budget can support in fiscal 2026 and in fiscal 2027, by 482 and 226 recipients respectively.

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. Chapters 374 and 375 of 2024 further increased the level to \$40 and altered eligibility to include households with an individual that is at least 60 years old effective October 1, 2024. In July 2023, 31,484 individuals received the supplemental benefit, slightly lower than the initial months after the restart of the program (after it was effectively suspended due to emergency allotments for several years). However, by September 2023, the number of recipients fell to 28,990 and declined further through the end of the calendar year before stabilizing near 27,400 in calendar 2024. With the implementation of Chapters 374 and 375, the number of recipients initially increased and peaked at 32,003 in January 2025 before declining again to approximately 28,000 by September 2025. In November 2025, the number of reported recipients spiked to over 77,000. However, this was a function of how DHS provided support during the federal government shutdown as discussed previously. In December 2025, though the number of recipients decreased as expected, the number (30,832) was well above prior levels. DLS anticipates that the number of recipients will be just over 30,000 in each fiscal 2026 and 2027. The budget in fiscal 2026 after accounting for a proposed deficiency appropriation and the fiscal 2027 allowance could support approximately 29,000 recipients.

Forecasted Expenditures Compared to the Budget

The forecast for fiscal 2026 and 2027 for public benefits has a higher than typical degree of uncertainty. The uncertainty stems in part from apparent errors in the fiscal 2025 closeout and unresolved concerns regarding the available TANF balance discussed in the analysis for N00 – DHS Overview. Additional uncertainty relates to assumptions about savings in the EBT fraud replacement programs after implementation of new technology (80% reduction beginning in the second quarter of fiscal 2027), which is based on the experience of the only state to have adopted this technology to date, and assumptions about the available federal reimbursement (budgeted as special funds) in TDAP.

DHS receives federal reimbursement for benefits paid under TDAP for cases whose applications for SSI/SSDI are ultimately approved. DHS has reported higher- than-historical levels of federal reimbursement in TDAP in fiscal 2025 and year to date in fiscal 2026. It is unclear if this higher level relates to the federal government working through backlogs in SSI/SSDI applications and would therefore be just a temporary increase, or if it is due to improved processes that could mean that the increased reimbursement is sustainable. DHS reported receipt of more than \$10 million of federal reimbursement in fiscal 2025 and \$5.0 million year to date in fiscal 2026 (through December 2025) compared to \$3 million to \$4 million annually between fiscal 2021 and 2024. Prior to fiscal 2025, DHS had reported receipt of more than \$7 million only twice dating back to fiscal 2002, both in a period when the caseload exceeded 19,000 compared to just under 14,000 currently.

As shown in **Exhibit 19**, if these assumptions along with assumptions about the accuracy of TANF balance and spending on non-benefit expenses are accurate, DLS would estimate shortfalls of less than \$1.0 million combined between fiscal 2026 and 2027. However, if fewer TANF funds are available in each year due to higher spending outside of benefits, fewer federal reimbursement dollars for TDAP, and less savings are available from reduced fraud in the EBT benefit replacement program, DLS’ forecasted shortfalls would exceed \$12 million in fiscal 2026 and \$32 million in fiscal 2027. The higher end forecasts still assume the TANF balance at the close of fiscal 2025 is as presented in the analysis for the DHS Overview, though there are questions about the accuracy of that information. Any changes that occur to the fiscal 2025 closing balance following a reconciliation would impact these estimates.

Exhibit 19
Shortfall Estimates for Assistance Payments
Fiscal 2026-2027

	<u>Low End Estimate</u>	<u>High End Estimate</u>
Fiscal 2026		
TCA (includes TANF Availability)	\$3,056,667	-\$8,467,307
TDAP	-1,878,903	-1,878,903
EBT Fraud Replacement	-1,772,978	-1,772,978
Other Public Assistance	-171,911	-171,911
Total General Funds Shortfall	-\$767,125	-\$12,291,099
Fiscal 2027		
TCA (includes TANF Availability)	-\$276,855	-\$19,656,829
TDAP	-624,577	-4,757,589
EBT Fraud Replacement	-822,877	-9,272,978
Other Public Assistance	1,571,362	1,571,362
Total General Funds Shortfall	-\$152,947	-\$32,116,034

EBT: electronic benefit transfer
TANF: Temporary Assistance for Needy Families
TCA: Temporary Cash Assistance
TDAP: Temporary Disability Assistance Program

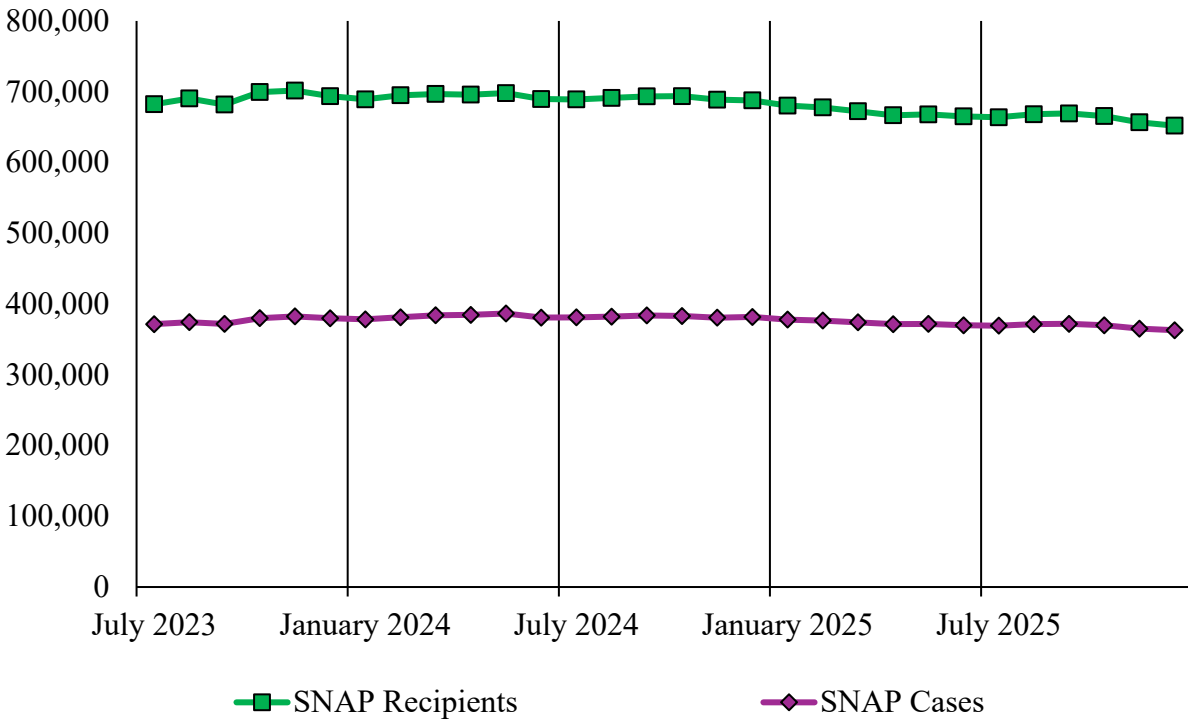
Source: Department of Legislative Services

SNAP

As shown in **Exhibit 20**, the number of SNAP recipients stayed relatively steady from December 2023 to December 2024 with about 687,000 recipients in each month. During

calendar 2025, the number of recipients initially declined through March 2025 and stayed between 665,000 and 670,000 in each subsequent month through October 2025, before declining through December 2025. SNAP cases, which may comprise multiple recipients, generally follow similar trends, though due to variations in the number of recipients per case peak numbers do not always occur in the same months.

Exhibit 20
Supplemental Nutrition Assistance Program Recipients and Cases
July 2023 through December 2025



SNAP: Supplemental Nutrition Assistance Program

Source: Department of Human Services; Department of Legislative Services

The fiscal 2027 allowance includes \$1.66 billion in federal funds to support SNAP benefit payments, which is the same level as the fiscal 2026 working appropriation. The fiscal 2025 actual expenditures in SNAP totaled \$1.49 billion when the average monthly number of recipients was higher than the year-to-date level. As further discussed in Issue 1, the average monthly caseload and average monthly benefits are expected to decline due to the impacts of the OBBBA. **DLS recommends reducing SNAP funding by \$200,000,000 to better align the fiscal 2027 allowance with recent experience. This funding level would still leave an appropriation near the level of fiscal 2025, in the event caseload or benefit reductions do not materialize.**

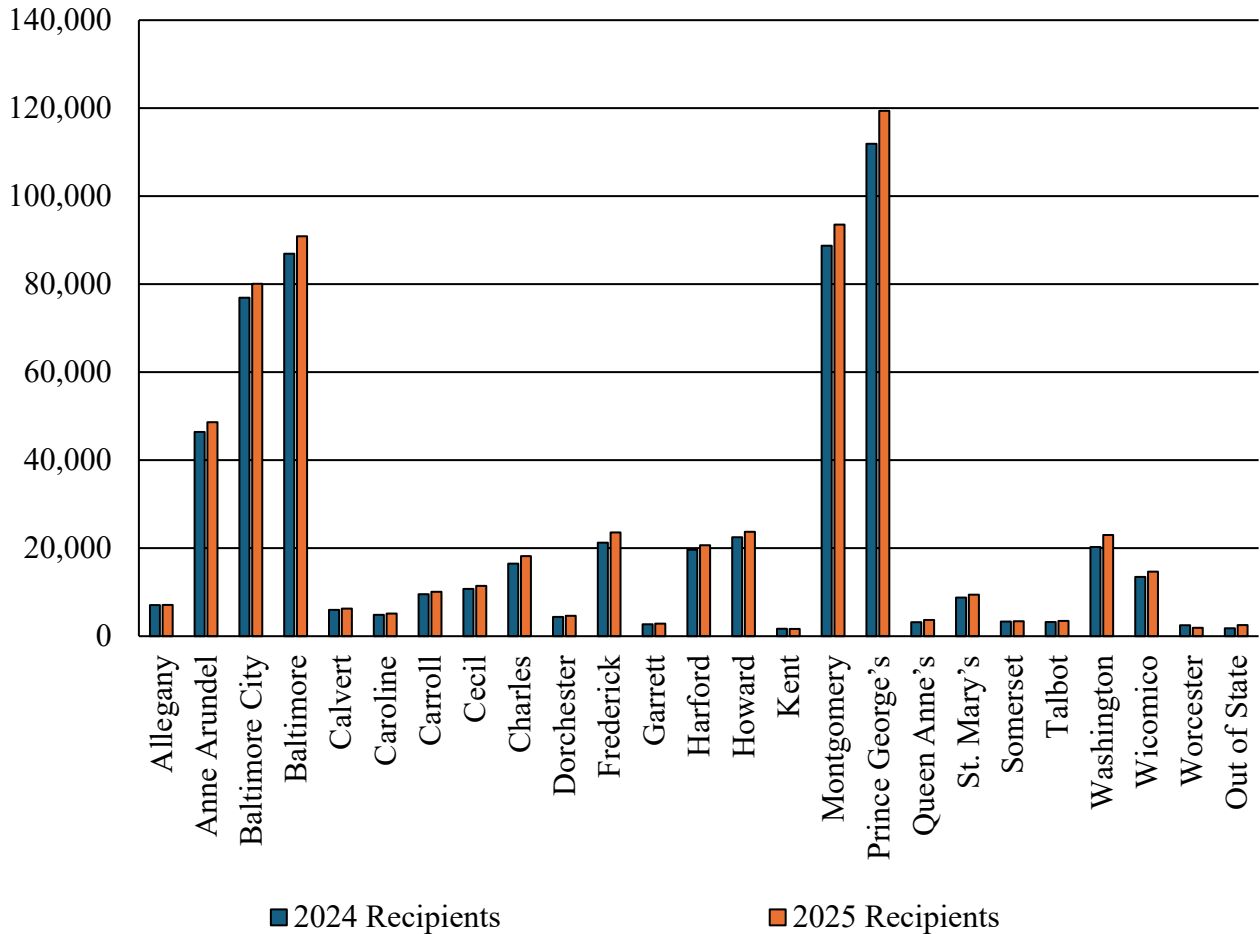
SUN Bucks

Summer 2025 was the second year of the nationwide permanent SUN Bucks program. The program is administered by USDA at the national level and by DHS at the State level. Under the program, eligible children receive a benefit of \$40 per month for each of the three months when school is out of session (a \$120 total benefit). The benefit amount may increase in subsequent years based on inflation. Although the benefits in Maryland are provided for the months of June, July, and August, consistent with the federal requirements, all children determined eligible receive the full \$120 benefit regardless of when the determination is made. Under the program, children receiving FRPM through the National School Lunch program (NSLP) are automatically eligible for the benefit. However, because the program requires an individual determination of eligibility, households with children receiving free meals under NSLP due to the Community Eligibility Provision, must apply separately unless they participate in other programs that are eligible for automatic enrollment (SNAP, TCA, Medicaid, or youth in foster care). To be eligible, children must attend a school that participates in the NSLP or School Breakfast Program.

Committee narrative in the 2025 JCR requested that DHS report on certain information related to the SUN Bucks program. As part of the response, DHS indicated that it works with the Maryland State Department of Education (MSDE) and the Maryland Health Benefit Exchange to determine the children that are eligible for automatic enrollment. Overall, DHS reports that 625,526 (99.29%) of the children that received the benefit for summer 2025 were directly certified. DHS also indicated it collaborates with MSDE for an outreach campaign, which specifically targeted families at Community Eligibility Provision schools in the first phase and families that had not yet used their benefit in the second phase (as benefits are expunged under federal requirements after 122 days).

In total, for summer 2025, DHS reported that 630,006 unique students received benefits through September 2025, an increase of 6% (35,719) compared to data reported by DHS in December 2024 for the summer 2024 program period. DHS reported a total of \$75.6 million in benefits were provided to these children. Additional students received these benefits throughout the fall if a determination is made that the children were eligible during the summer program period. As shown in **Exhibit 21**, Prince George’s County had the highest number of participating children in summer 2025 (119,391), followed by Montgomery County (93,546). Queen Anne’s County had the largest increase in participation by percentage (16%), while Prince George’s County experienced the largest growth in numbers (7,495). Two jurisdictions (Kent and Worcester counties) experienced decreases in the number of participating children by 60 and 610, respectively.

Exhibit 21
SUN Bucks Participation by Jurisdiction
Summer 2024 and Summer 2025



Note: Data for both years is as of submission of the report. Additional children may be qualified after that data, though these numbers are relatively limited.

Source: Department of Human Services; Department of Legislative Services

States choosing to participate in the program are required to annually submit a Notice of Intent (NOI) to participate as well as submit an Interim Operations Plan and Final Operations Plan. DHS reports that it submitted the required NOI and Interim Operations Plan by the required deadline and received approval of the plan on December 4, 2025. The fiscal 2027 allowance includes \$74.1 million to support benefit payments for the program. This funding would support any benefits provided in June 2027 for the summer 2027 period, as well benefits paid in July or later for the summer 2026 period.

N00100 – DHS – Family Investment Administration

Administrative costs for the program are shared 50/50 with the federal government. The fiscal 2027 allowance of FIA includes \$4.2 million; however, it is included in only one program and not shown in the area of planned expenditure. This funding is the same level as in fiscal 2026, after accounting for a proposed deficiency appropriation. In the response to committee narrative regarding the program, DHS reported, administrative costs in fiscal 2025 totaling \$7.4 million to support staffing, primarily related to 99 contractual full-time equivalents (FTE) and 1 regular position in the State offices of DHS. The contractual FTE primarily support application processing, case management, and outreach. However, not all contractual FTE are continuously filled. The second largest cost relates to issuance costs with the EBT vendor. Other expenditures support outreach and MSDE-related costs. **DHS recommends adopting committee narrative requesting information on participation and administrative costs for the program and expressing intent that administrative costs be budgeted in the planned area of expenditure.**

Personnel Data

	FY 25	FY 26	FY 27	FY 26-27
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	1,917.30	1,885.50	1,856.50	-29.00
Contractual FTEs	<u>130.46</u>	<u>70.00</u>	<u>70.00</u>	<u>0.00</u>
Total Personnel	2,047.76	1,955.50	1,926.50	-29.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	130.37	7.02%
Positions and Percentage Vacant as of 12/31/25	113.00	6.00%
Vacancies Below Turnover	-17.37	

- On October 22, 2025, the Board of Public Works approved the abolition of 502.7 positions statewide, including 170.7 vacant positions and 332 positions associated with the Voluntary Separation Program (VSP). In FIA, 31.8 positions were abolished, of which 5.8 were vacant, and 26 were due to the VSP. Of the abolished positions, 14.8 were family investment specialist positions, the positions responsibility for eligibility determination and case management, including 1.8 vacant positions and 13 positions associated with the VSP.
- As part of the transfer of responsibility for Maryland Benefits (formerly known as MDTHINK) including the Shared Platform and E&E System, 18 positions were transferred from DHS to the Department of Information Technology, including 2 positions from FIA.

N00100 – DHS – Family Investment Administration

- The fiscal 2027 allowance transfers 29 positions from FIA to other areas of DHS. DHS indicates that transfer is meant to align the budget with the work of the positions and does not result in a change in responsibilities of individuals in these roles.
- The fiscal 2027 allowance increases budgeted turnover from 6.02% to 7.02%, despite the current number of vacancies in FIA, better aligning with a 6% level. DHS reports that to meet this turnover rate, it plans to maintain a freeze on hiring for non-customer-facing administrative positions.

Issues

1. Impacts of the One Big Beautiful Bill Act

The OBBBA, enacted on July 4, 2025, made substantial changes to SNAP. These changes impact both State costs of the program and availability and amount of benefits for recipients.

Eligibility Changes

Work Requirements

SNAP contains two types of work requirements. General work requirements have historically applied 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 ABAWD. This requirement instituted as part of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 limits SNAP receipt to 3 months for those determined to be ABAWDs between certain ages in a 36-month period unless working or participating in an E&T program for an average of 20 or more hours per week. In general, ABAWD requirements have applied to individuals ages 18 through 49; however, the upper age limit was increased on a phased-in basis through October 1, 2030, in the FRA to age 54 beginning October 1, 2024.

The limitation in benefit receipt does not apply to individuals who are unable to work due to a physical or mental limitation, are pregnant, have an individual under age 18 living in the home, are meeting work requirements for another program, are participating regularly in an alcohol or drug treatment program, or are studying in school or a training program at least half-time. The FRA also temporarily (through October 1, 2030) added additional exceptions to the ABAWD requirements for individuals who are homeless, veterans regardless of the conditions of discharge or release, and individuals who are 24 years of age or younger and were in foster care under the responsibility of the State on the date of aging out of foster care.

The OBBBA expanded the individuals who are considered ABAWDS by increasing the upper age limit to 64 and limiting the exception for having a child to those with children under age 14 living in the home. In addition, the OBBBA removed the exceptions temporarily added by the FRA. The OBBBA also limited the options for states to receive a waiver for the State or specific jurisdictions that have an unemployment rate of greater than 10%. No jurisdiction in Maryland currently has such a rate. Waivers previously held by Maryland covering four counties, Baltimore City, and three municipalities expired prior to the enactment of the OBBBA.

DHS indicates that it is taking steps to reduce the impact of these changes on customers, and DHS and MDH also indicate they are collaborating to reduce the combined impact of these changes and the new Medicaid work requirements on recipients. For example, DHS reported in a briefing to the Senate Finance and the then House Health and Government Operations committees in December 2025 that it has expanded SNAP E&T partner organizations, which will provide more opportunity for individuals to meet the requirements. In addition, DHS reported that it developed

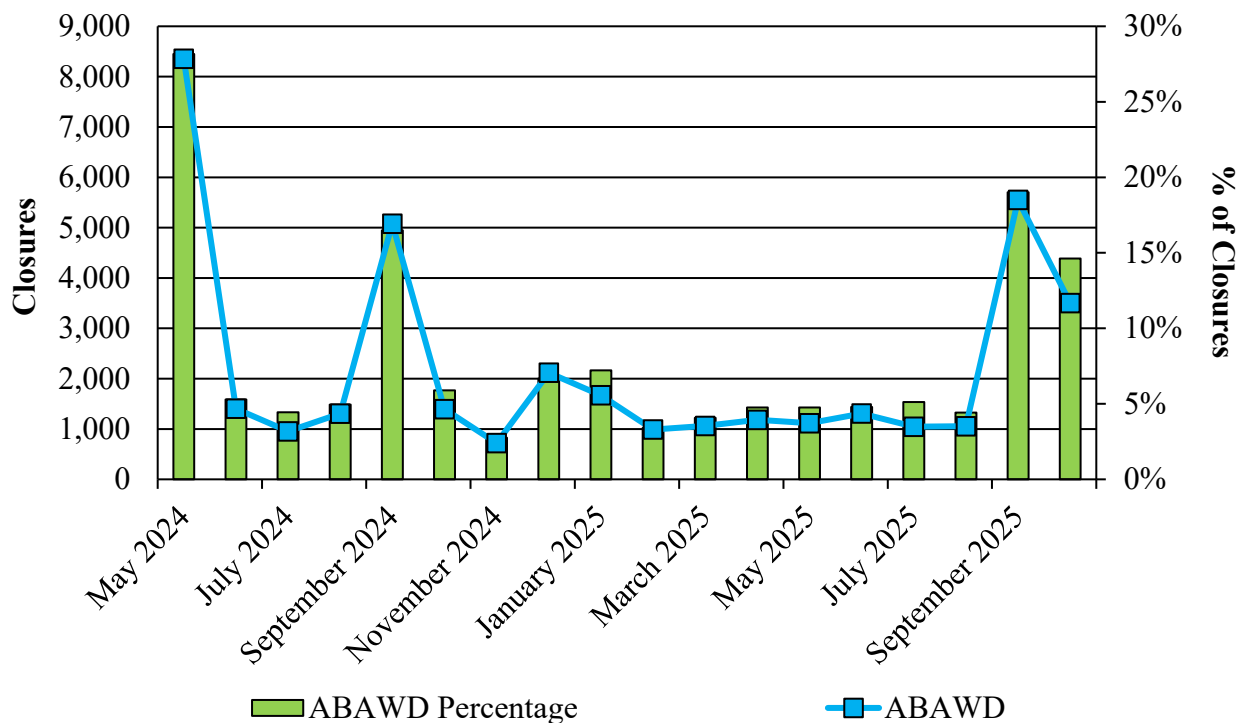
a new screening tool for ABAWDs and exemptions. DHS and MDH also indicate that they are working together to coordinate policy and leverage data to identify customers eligible for exemptions. For example, DHS and MDH are working to leverage data on compliance with one program's requirements to meet the other program's requirements (once Medicaid's work requirements are in effect), partnering with the Maryland Department of Labor to expand partners for E&T and tracking data that can be used to verify work requirements, and to leverage data through the Maryland Health Care Commission to identify individuals that may qualify for exemptions. **DHS should discuss its partnership and collaboration with MDH and other agencies to reduce the impact of OBBBA changes on customers.**

Although this change in requirement was effective upon enactment, guidance by USDA was not issued until October 2025. DHS began implementing in November 2025 with the impact on recipients occurring on a phased-in basis. New recipients face the changed requirements immediately, while current recipients will face the changed requirements with their normal recertification. This rolling basis at recertification ensures individuals have the opportunity to be screened for exceptions prior to being required to comply. Guidance issued by USDA following the end of the government shutdown noted that November 2025 would not be considered a countable month for the purposes of the ABAWD requirements due to impacts on benefit distribution of the shutdown in that month. As a result, the first countable month for the expanded ABAWD population for new applications or redeterminations processed in November 2025 will be December 2025. Therefore, the first month individuals in the expanded population may lose SNAP benefits will be March 2026. DHS has reported up to 80,000 additional customers would be impacted by the expanded ABAWD requirements and changes in exceptions.

The exact impact of this change on case closures is unknown as no cases from the expanded ABAWD population have reached the end of countable months as of this writing. DLS anticipates a reduction in overall cases due to the expanded requirement; however, some cases may not fully close but instead experience reductions in benefits as children in the home may remain eligible. However, DLS notes that with the reinstatement of ABAWD requirements following the end of the COVID-19-related public health emergency, expansions of the ABAWD population under the FRA, limitations on the available discretionary exemptions, and the end of remaining waivers, the State has seen spikes in the ABAWD closures.

As shown in **Exhibit 22**, the largest spike occurred in what was effectively the first month of closures (May 2024) for Maryland since COVID-19. However, subsequent spikes occurred with additional phase in of the FRA upper age limit changes and with the end of remaining waivers. The second largest number of closures due to this reason occurred in September 2025 (5,551), which would be when closures related to the end of waivers in several jurisdictions including Baltimore City would have been first felt. In general, except for the months with higher closures due to expanded eligibility, around 1,000 cases were closed per month due to the requirements (approximately 5% of closures). A certain portion of the cases that close each month are re-opened. Based on data provided by DHS, of the 29,705 cases closed between May 2024 and July 2025, 7,982 had reopened in that time period.

Exhibit 22
SNAP Case Closures Due to the ABAWD Time Limit
May 2024 through July 2025



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

Source: Department of Human Services; Department of Legislative Services

Noncitizen Eligibility

In general, qualified immigrants are ineligible to receive SNAP benefits (similar to other means-tested federal benefits) until five years after entry as a qualified alien; exceptions applied prior to the OBBBA for refugees and asylees and other humanitarian parolees. The OBBBA made alterations to this eligibility by removing eligibility for refugees and asylees. Individuals remain eligible without a waiting period if they are Cuban or Haitian entrants or Compacts of Free Association citizens. Lawful permanent residents remain eligible after a five-year waiting period. States, including Maryland, initially challenged the determination that refugees and asylees would not be eligible even after the five-year waiting period. However, USDA revised its guidance to conform with other federal law that would allow refugees, asylees, and certain other humanitarian parolees to be eligible after a change in status to lawful permanent resident without a five-year waiting period.

Although effective upon enactment, DHS reports that it began implementing this change for new applications and redeterminations completed on or after November 1, 2025. Therefore, for current recipients, the impact would be phased in based on the redetermination date. The number of impacted individuals is unclear as data on case closures is only currently available through October 2025.

Combined Impact of Eligibility Changes

DLS' current forecast lowers the expected number of SNAP cases beginning in fiscal 2026 compared to the forecast absent OBBBA changes in eligibility. Absent changes under the OBBBA, DLS forecasts the average monthly caseload would decline by 1.5%, which is slightly less than the decline through October 2025, the last month prior to any impact of OBBBA changes and increase by 2% in fiscal 2027 due to the economic conditions. However, due to the impact of the OBBBA, DLS forecasts that the average monthly caseload will decline by 3.5% in fiscal 2026 and 4.5% in fiscal 2027 instead. These differences result in a caseload that is 7,555 lower in fiscal 2026 and approximately 31,400 lower in fiscal 2027 than would have been expected to occur absent OBBBA changes to work requirements and noncitizen eligibility.

Benefit Calculation Changes

Although the OBBBA makes no direct changes to SNAP benefit levels, it impacts certain factors that contribute to the calculation of benefits. The most significant change for recipients is a provision related to the interaction between energy assistance benefits and SNAP. Historically, households receiving at least \$20 of benefits funded through the Low-Income Home Energy Assistance Program (LIHEAP) automatically qualified for the Heating and Cooling Standard Utility Allowance (HCSUA) without having to document utility costs. Using the HCSUA in the calculation of SNAP benefits generally increases a household's benefits as it contributes to the excess shelter deduction used in the calculation of benefits. However, the OBBBA limits the ability to use the receipt of energy assistance benefits to qualify for the HCSUA to households with individuals who are elderly or disabled. Energy assistance benefits will also not count toward income for these households. DHS initially indicated that 118,697 households in Maryland will lose the excess shelter deduction due to this change. However, DLS notes that some of these individuals may still qualify for the HCSUA based on documented utility costs.

Although this change is effective upon enactment, DHS reported that it is applying the change for new applications and recertifications on or after November 1, 2025. As a result, the full impact of this provision on benefits will not be known until completion of a full recertification cycle. Limited data is available for periods impacted by this change. DHS also indicates that it will no longer provide the nominal LIHEAP benefit to individuals who do not qualify for the HCSUA based on the receipt of energy assistance. DLS anticipates that by fiscal 2027, the average benefit for all SNAP cases will be reduced by \$50 compared to what would have occurred absent the OBBBA due to this provision. The impact is smaller than other estimates of potential impacts, as DLS anticipates that some households will continue to qualify for the HCSUA due to documented utility costs.

The OBBBA also limits future increases to benefits to the level of inflation, by reinstating a prior limitation that Thrifty Food Plan reevaluations be cost neutral. In addition, the OBBBA states that the next reevaluation cannot occur before October 1, 2027. Although this change will likely reduce future benefits compared to what might otherwise have been provided, the impact is unknown as only one reevaluation has occurred absent a cost neutrality requirement.

Changes to State Costs

Administrative Costs

Historically, SNAP administrative costs were shared equally between the federal and State government. Beginning October 1, 2026, the OBBBA reduces the federal share of administrative costs to 25%, with the State share of costs, therefore, increasing to 75%. The actual impact of the change will depend on costs in any particular year. Prior year spending may only partially be predictive as other impacts of the OBBBA may result in higher SNAP administrative costs. In addition, changes to IT systems would have been required to implement changes to SNAP under the OBBBA; full data on that is unknown, but much of this change would be one-time and occurring before the change in fund split.

The fiscal 2027 allowance includes \$43.1 million of additional general funds in the Local Family Investment Program that is intended to reflect the higher State costs due to the change in match. DLS notes that while the fiscal 2027 allowance reflects a higher level of general funds needed for the State share of the match, the federal funds were not reduced proportionately. **DLS recommends deleting the equivalent amount of federal funds to more accurately reflect the availability of funds.**

It is unclear if the additional general funds provided are sufficient to meet the higher match needed for the three-quarters of the year in which it is in effect due to recent variations in the actual reported SNAP administrative match discussed earlier in the analysis. In addition, the enhanced amount of general funds was appropriated to a single program in FIA instead of where costs will be claimed. **DHS should discuss the process by which the general funds will be allocated to the appropriate programs and when this allocation will occur.**

Benefit Costs

Traditionally SNAP benefits have been 100% federally funded. Under the OBBBA, beginning in federal fiscal 2028 (starting October 1, 2027), states with a payment error rate of 6% or more must pay a portion of SNAP benefit costs. The state share of costs will vary based on the payment error rate:

- **Error Rate of 6% to 8%:** State share will be 5%;
- **Error Rate of 8% to 10%:** State share will be 10%; and

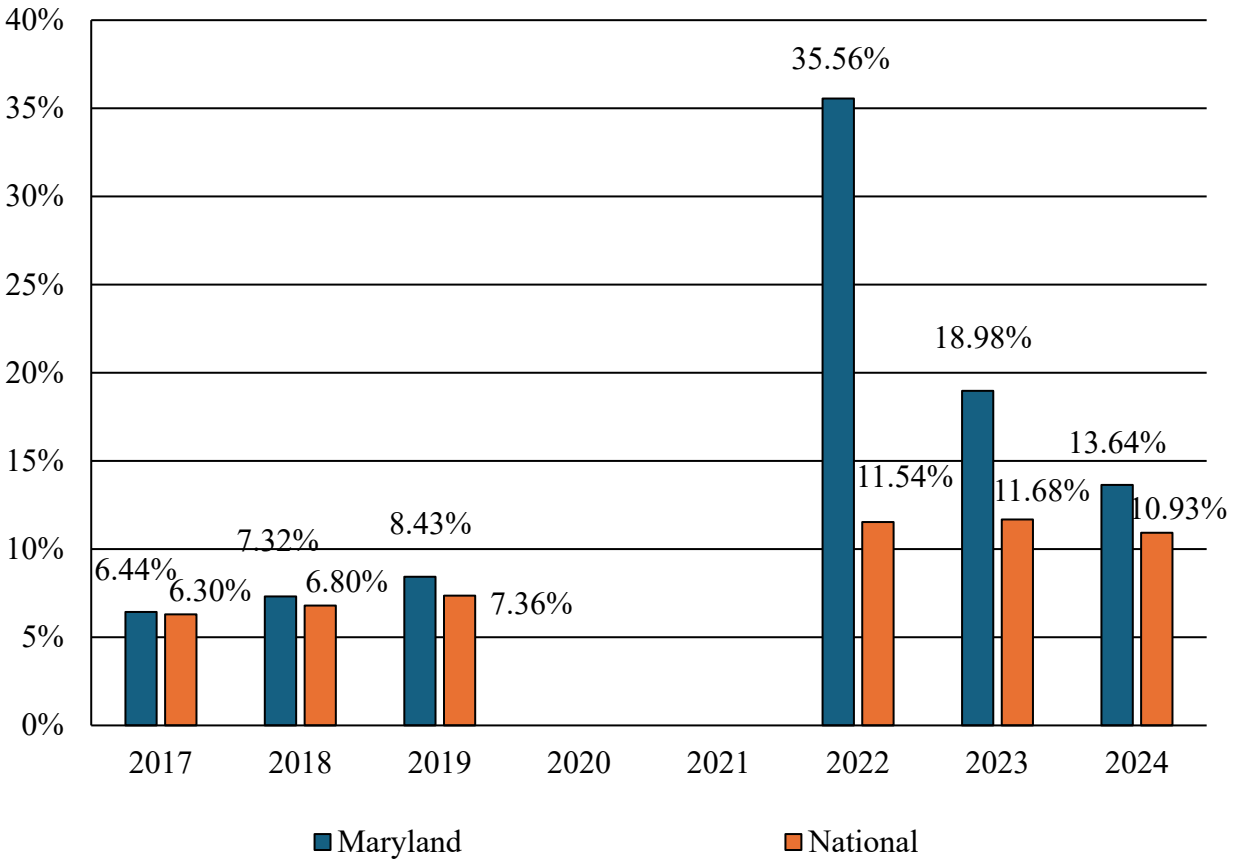
- **Error Rate of 10% or Higher:** State share will be 15%.

In federal fiscal 2028, states may choose the error rate from federal fiscal 2025 to 2026 to determine their cost share. In federal fiscal 2029, the cost share will be determined based on the error rate from the third preceding year (*i.e.*, for federal fiscal 2029, the federal fiscal 2026 rate will be used). States with a payment error rate that when multiplied by 1.5 times is equal to or greater than 20% may delay implementation of the cost share requirement to federal fiscal 2029 (if the federal fiscal 2025 rate meets the criteria) or until federal fiscal 2030 (if the federal fiscal 2026 rate also meets the criteria).

USDA calculates the payment error rate for each state, which measures the accuracy of each state’s eligibility and benefit determinations, and releases them in June of the fiscal year following the year it was related to (*i.e.*, the federal fiscal 2024 rate was released in June 2025). The timing of the release of the data provides Maryland sufficient time to budget for the State share that will be applied based on the payment error rate.

As shown in **Exhibit 23**, Maryland’s payment error rate has exceeded 6% since at least federal fiscal 2017 and exceeded the national rate in each of these years. Error rates were not calculated in federal fiscal 2020 or 2021 as part of COVID-19-related flexibilities. Maryland’s payment error rate in federal fiscal 2022 increased to 35.56%. DHS reports a few factors contributed to the high payment error rate in that year. These factors are (1) system calculation errors during the transition to the new E&E system; (2) high caseloads and vacancy rates at a time when DHS was conducting recertifications effectively for the first time since the COVID-19 pandemic began (recertifications began in January 2022); and (3) impacts of changing guidance and waivers at the end of the public health emergency. DHS reports it has since taken steps to reduce the payment error rate, including (1) reducing vacancy rates; (2) standardizing training including training to help workers “connect the dots between their work and performance and the payment error rate”; and (3) addressing IT system issues including processes to more quickly identify errors. In response to these efforts, the payment error rate has declined since federal fiscal 2022 and was at 13.64% in federal fiscal 2024.

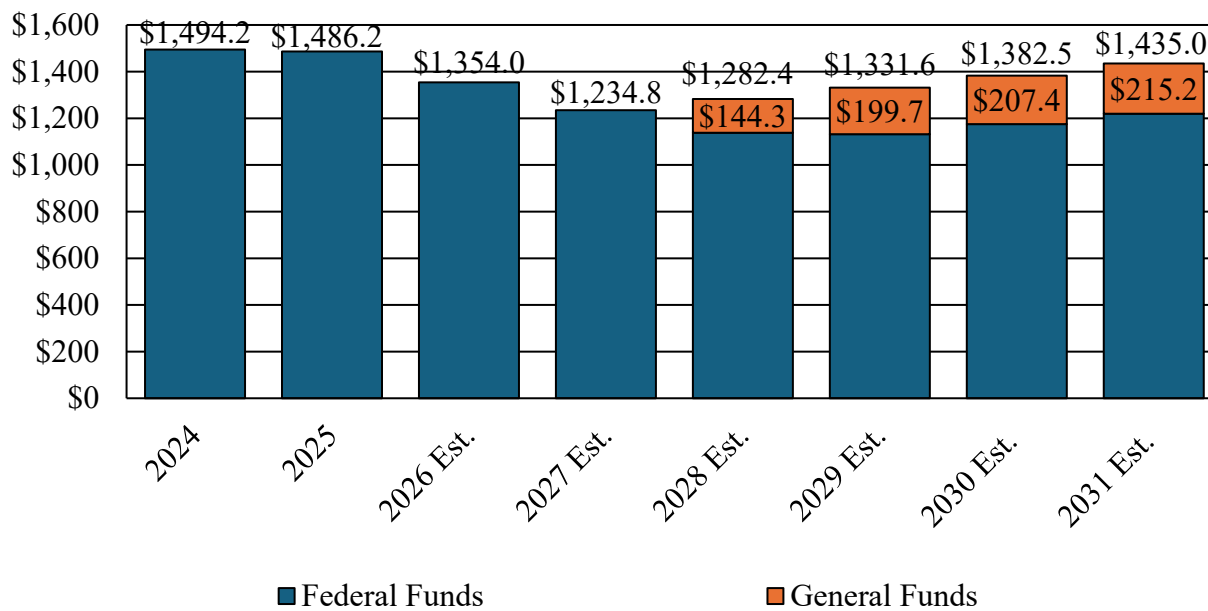
Exhibit 23
Payment Error Rates Maryland vs National
Federal Fiscal 2017-2024



Source: U.S. Department of Agriculture; Department of Legislative Services

DLS notes that at the federal fiscal 2024 level, Maryland would qualify for a delay in implementation of the benefit cost-share. However, a reduction of 0.31 percentage points from that level would remove the option to delay the implementation. DLS’ forecast assumes that the payment error rate decreases sufficiently to prevent the delay in cost-share but remains over 10%. As shown in **Exhibit 24**, based on currently forecasted SNAP benefit costs overall including the impact of other provisions, the State share in fiscal 2028 would total \$144 million accounting for a 15% cost share for three quarters of the year. The State share would increase to nearly \$200 million in fiscal 2029 due to an increase in expected benefit payments and annualizing the benefit cost-share. By fiscal 2031, the State cost-share is forecasted to increase to \$215 million. The actual cost-share may vary substantially as the forecast anticipates impacts of the changes in benefits, eligibility, and work requirements that substantially reduce expected benefit payments beginning in fiscal 2026.

Exhibit 24
Supplemental Nutrition Assistance Program Forecasted Costs
Fiscal 2024-2031 Est.
(\$ in Millions)



Note: Fiscal 2024 and 2025 reflect actual expenditures. Fiscal 2026 through 2027 represent forecasted benefit expenditures by the Department of Legislative Services.

Source: Department of Human Services; Department of Legislative Services

Nutrition Education Program

The OBBBA repealed the Nutrition Education and Obesity Prevention Grant Program after federal fiscal 2025. USDA guidance allows states to use unexpended funds from federal fiscal 2025 for the program in federal fiscal 2026. Historically in Maryland, DHS has worked with the University of Maryland Extension to operate the program. DHS advised that 70 individuals were employed by the program with 541 partners statewide.

DHS anticipated \$2.3 million in carryover funding to be available in federal fiscal 2026, a substantial reduction from the \$9.2 million budgeted in fiscal 2026 (which included anticipated carryover funding). DHS expected to use this funding to focus on a county or State-level intervention model with the provision of more material online. Previously, the program focused on a site-based model. Despite the repeal of the program, the fiscal 2027 allowance level funds the program at the level of the fiscal 2026 budget as introduced. **DLS recommends deleting these funds which will not be needed due to the program repeal.**

2. Voluntary Settlement Agreement

On October 10, 2024, the U.S. Department of Health and Human Services (HHS) Office of Civil Rights (OCR) announced a settlement agreement with Maryland related to protecting the civil rights of persons with disabilities. Specifically, the focus of the agreement is under § 504 of the Rehabilitation Act of 1973 and Title II of the Americans with Disabilities Act (ADA) and relates to protecting individuals with disabilities from discrimination on the basis of disability in the provision of benefits and services. As part of the announcement, HHS indicates that OCR received a number of complaints from both individuals and advocacy groups that alleged that DHS did not properly screen individuals for disability-related service needs or provide accommodations. In particular, the released settlement agreement covered 12 complaint files, covering periods from 2011 through 2022. According to the announcement, the investigation by OCR found systemic concerns including that (1) LDSS lacked a consistent approach for assessing disabilities and related modifications or accommodations for customers to participate in and meet requirements of the program and (2) a need for statewide policies and procedures related to providing reasonable modifications and accommodations as well as staff training, grievance procedures, and monitoring and oversight of compliance with these federal laws.

The settlement agreement requires a number of different actions by the department; most are based on certain times from the effective date of the agreement, which DHS reported was August 13, 2024. As part of the report submission, DHS indicated that on September 9, 2025, OCR granted DHS a six-month extension on all of the deadlines in the agreement, including those with deadlines that had passed. The settlement agreement remains in effect for three years or until OCR’s written acceptance of the final required quarterly report. Under the terms of the agreement, if OCR determines that DHS has failed to substantially comply with any provision in the agreement after following certain steps, OCR could terminate the agreement and take additional measures, including reopening the investigation into the cases that were the basis for the agreement, and any other remedies available under federal law. These remedies could include an enforcement proceeding to terminate federal financial assistance to the department.

Status of Implementation of Agreement Provisions

Language in the fiscal 2026 Budget Bill withheld funds pending submission of a report regarding the status of implementation of provisions in the agreement. DHS submitted this report on October 30, 2025, and on November 19, 2025, a letter was sent authorizing the release of the withheld funds. DHS reported the status of 10 provisions with deadlines that have passed based on the adjusted due dates. As of the report submission, DHS reported that 8 were completed with 2 in progress. Both in-progress items related to a required universal assessment tool.

Assessment Tool

A provision of the requirement requires the Secretary of Human Services to identify one universal assessment tool to be used by all LDSS. The assessment tool is used to determine a customer’s strengths and weaknesses, educational level, work history, job skills and readiness, interests, health (including if the customer has a disability including learning disabilities or

cognitive or behavioral health disorders) or other barriers to participation in program requirements. The new assessment is required to be tested to identify biases and steps taken to remove any identified biases. DHS was also required to develop written procedures to be submitted to OCR to review, with procedures including when the assessment will be used, who and when evaluations will occur based on the assessment, how the information from assessments and evaluations will be used, how reasonable accommodations will be shared with vendors and work activity assignments, and how the services and accommodations will be monitored.

Of the three deadlines related to the assessment that had passed prior to the submission of the report, DHS reported completing one, which was to identify a universal assessment tool and provide a copy to OCR. However, DHS reported the remaining two deadlines related to proposing policy revisions for the new assessment system (July 10, 2025) and implementing the assessment tool (August 9, 2025) as in progress. DHS has subsequently reported that it anticipates finalizing and implementing regulation changes related to the new assessment in calendar 2026. **DHS should comment on how it is working with OCR to ensure that it is not deemed noncompliant for failing to meet these deadlines and its efforts to complete these activities.**

Notifications Related to Certain Case Closures

Among the provisions in the agreement was a requirement that a notice of the agreement and availability of free assessments and evaluations of the need for reasonable modifications for current and potential participants, including those who previously received benefits be mailed to all those whose TCA cases were closed since July 1, 2021, under certain circumstances (in particular, cases which were closed due to noncooperation with eligibility and related work sanctions). In the submitted report, DHS indicated that it had identified approximately 11,000 notices that might be required due to a closure code for noncooperation with eligibility based on closures through the date of the settlement. However, DHS ultimately determined only 5,999 notices were required to be sent. DHS sent these notices by e-mail in July 2025 and August 2025. As of January 13, 2025, DHS reported that no appeals have been received; however, there was no set deadline for reapplication or appeal.

DHS also reported that it is in the process of publishing new policies regarding when it is appropriate to close a case for noncooperation with eligibility versus using a conciliation process. Under a conciliation process, caseworkers are to investigate whether the customer has good cause for noncompliance and steps that the customer must take to comply with program requirements. DHS reports that the proposed policy is being reviewed by OCR.

IT Changes

As part of the agreement, DHS was required to modify the E&E system within 180 days of the effective date to have (1) a field on the first observable screen and made prominent by an alert when an individual has a disability requiring an accommodation; (2) fields to identify the disability and details of accommodations; (3) an alert on certain screens to prompt a call when certain notifications are required for individuals requiring oral notification or who need appropriate language services; (4) a method of tracking types of disabilities and reasonable accommodations;

and (5) an alert to contact the customer to determine whether an accommodation is needed when customers with disabilities requiring accommodations are scheduled to have benefits terminated or reduced. The settlement agreement also requires monitoring certain activities related to assessments, reasonable accommodations, and sanctioning, for which the E&E system must be modified to be able to track.

DHS reported that system enhancements implemented in July 2025 include the changes related to the visual alerts and improvements to the reasonable accommodation process as well as a new report to monitor key metrics.

Other Provisions

As part of the submission, DHS reported additional actions that it has taken to comply with provisions in the agreement, including conducting required civil rights training to staff in February 2025, hiring a new civil rights officer in August 2025 (who is responsible for several activities under the agreement), developing revised grievance procedures and developing a tracking system for grievances alleging disability-based discriminations, and reviewing vendors contracts and policies of vendors to ensure these are in alignment with agreement. DHS also reported that it is collaborating with the Maryland Department of Disabilities to form a workgroup to review notices of adverse actions and fair hearing rights to ensure that these documents are clear and accessible. In addition, DHS specifically indicates that it has partnered with the Mid-Atlantic ADA Center to assist with the review of its reasonable accommodations. DHS also intends to submit regulation changes during calendar 2026 related to language on customer rights and reasonable accommodations.

In addition to the deadlines that have passed, DHS reported a number of additional deadlines with adjusted due dates between August 13, 2026, and February 13, 2028. Many of these deadlines relate to summarizing data collected under various provisions and completion of annual reviews and self-evaluations. These provisions generally require periodic updates to OCR on activities. In addition, DHS is required to assess the affected parties from the 12 cases that resulted in the agreement using the new assessment tool and take any corrective actions (November 10, 2026).

Operating Recommended Actions

	<u>Amount Change</u>	
1. Delete funds for the Supplemental Nutrition Assistance Program Nutrition Education Program. This program was repealed effective the end of federal fiscal 2025 as part of the One Big Beautiful Bill Act. States were able to continue to spend funds in federal fiscal 2026 if the state had unused appropriation from federal fiscal 2025. However, the fiscal 2027 budget does not account for the repeal of the program by appropriating funds at the same level as the fiscal 2026 budget as enacted, prior to the repeal of the program.	-\$377,639 GF -\$8,893,211 FF	
2. Delete funds intended to be used to implement departmental legislation. However, this legislation has been withdrawn. Therefore, the funds are no longer required.	-\$250,000 GF	
3. Reduce the appropriation for Supplemental Nutrition Assistance Program (SNAP) benefits to better align with benefit levels. The fiscal 2027 allowance provides \$1.66 billion in federal funds for SNAP benefits, which is approximately \$172 million more than was spent in fiscal 2025, despite caseload declines since fiscal 2025. This action reduces the appropriation for SNAP while leaving an appropriation that is more than \$200 million higher than forecasted levels in the event that caseload and benefit reductions are lower than anticipated.	-\$200,000,000 FF	
4. Reduce the federal fund appropriation in the Family Investment Administration to reflect the decrease in the federal share of Supplemental Nutrition Assistance Program (SNAP) administrative match beginning October 1, 2026. The fiscal 2027 budget includes \$43.12 million of general funds in the Local Family Investment Program to reflect the increase in the State share of the SNAP administrative match from 50% to 75%. However, the fiscal 2027 budget does not reflect the equivalent reduction in federal fund appropriation. This action reduces the equivalent amount of federal fund	-\$43,120,000 FF	

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appropriation. The department is authorized to allocate the reduction among programs to reflect the areas of reduced federal fund availability.

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

, provided that \$250,000 of this appropriation made for the purpose of administrative expenses may not be expended until the Department of Human Services submits quarterly reports to the budget committees on application processing times, application denial rates, and case closures for benefit programs. In particular, the report shall include:

- (1) the number of applications processed by benefit type for Temporary Cash Assistance (TCA), Supplemental Nutrition Assistance Program (SNAP), Temporary Disability Assistance Program (TDAP), and Public Assistance to Adults (PAA) separately by month;
- (2) the average number of days to process applications by benefit type for TCA, SNAP, TDAP, and PAA separately by month;
- (3) 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, TDAP, and PAA separately by month of application;
- (4) the number and percentage of applications denied by benefit type for TCA, SNAP, TDAP, and PAA separately by month;
- (5) the number and percentage of applications denied by reason for denial and by benefit type for TCA, SNAP, TDAP, and PAA separately by month;
- (6) the number of case closures by benefit type for TCA, SNAP, TDAP, and PAA separately by month; and
- (7) the number of case closures separately by reason for case closure by benefit type for TCA, SNAP, TDAP, and PAA separately by month.

The first quarterly report shall include data for February through April 2026, and each subsequent report shall provide data for the appropriate quarter. The first report shall be submitted by August 1, 2026, the second report shall be submitted by November 1, 2026, the third report shall be submitted by February 1, 2027, the fourth report shall be submitted by May 1, 2027, and the budget committees shall have 45 days from the date of the receipt of the fourth report to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

Explanation: The General Assembly remains interested in tracking the timeliness of application processing as well as the reason for denials and case closures. This language restricts funds pending submission of four quarterly reports on application processing times; application denial rates; reasons for application denials; and case closures for TCA, SNAP, TDAP, and PAA. Similar reports have been requested since fiscal 2022.

Information Request	Author	Due Date
Application processing times, denial rates, and case closures	Department of Human Services	August 1, 2026
		November 1, 2026
		February 1, 2027
		May 1, 2027

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

Further provided that \$100,000 of this appropriation made for the purpose of administrative expenses may not be expended until the Department of Human Services submits a report to the budget committees including the calculation of the Maryland Minimum Living Level annual inflationary adjustment including details of the calculation, and the resulting Temporary Cash Assistance benefit levels separately by size of the assistance unit. The report shall also include the date for which the resulting benefit changes will become effective, and if applicable, an explanation for the reason for an effective date beyond October 1, 2026. The report shall be submitted by October 1, 2026, and the budget committees shall have 45 days from the date of the receipt of the report to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted.

Explanation: Annually, the Department of Human Services (DHS) calculates the Maryland Minimum Living Level (MMLL) to ensure that the Temporary Cash Assistance (TCA) benefit levels comply with statutory requirements that the TCA plus the Supplemental Nutrition Assistance Program (SNAP) benefit level equals 61.25% of the MMLL. This calculation has historically been completed to allow the benefit change to become effective October 1 for each, the date for which SNAP benefit changes are effective. In calendar 2024, DHS was delayed in providing information on the calculation and, for each of calendar 2024 and 2025, DHS did not implement the benefit increases until January 1 of the following year. This language requires DHS to submit the calculation and resulting benefit increases by October 1, 2026, the date for which benefit increases are effective, and an explanation of the reason for an effective date after October 1, 2026.

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Information Request	Author	Due Date
MMLL calculation and resulting TCA benefit changes	DHS	October 1, 2026

7. Add the following language:

Provided that all appropriations provided for program N00G00.08 Assistance Payments 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 be reverted or canceled.

Explanation: This language restricts funding for the Assistance Payments program, which supports public benefit programs administered by the Department of Human Services (DHS), to that purpose only and prevents budgetary transfers to any other programs. This language is consistent with actions on other entitlement programs and is the same language as was applied for fiscal 2026. In fiscal 2024 and 2025, DHS made errors at closeout in the Assistance Payments program, including in fiscal 2024 transferring special fund appropriation from the Assistance Payments program, which was needed to cover costs in the Assistance Payments program.

8. Adopt the following narrative:

SUN Bucks Participation and Administration: The fiscal 2027 budget includes funding to support the third year of participation in the SUN Bucks program. The committees are interested in continuing to monitor the operation of the program. The committees request that the Department of Human Services (DHS) submit a report that:

- details administrative cost by object and purpose separately by budgetary program for fiscal 2026 and fiscal 2027;
- the number of regular positions and contractual full-time equivalents (FTE) supporting the program (including total and filled) and how these positions and contractual FTEs are allocated by budgetary program and jurisdiction (if allocated within specific jurisdiction position complements) in fiscal 2026 and 2027;
- the number of children receiving benefits by jurisdiction and month of issuance, the total number of unique recipients, and the dollar amount of benefits provided by jurisdiction and month of issuance for the summer 2026 program;
- the number of children receiving benefits that were directly certified and the number of children receiving benefits for which a separate application was submitted for the summer 2026 program;

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- a description of outreach to households with children attending Community Eligibility Provision schools to inform the households about the availability of the program and application requirements; and
- an update on the status of the summer 2027 program including the timing of submission of the Notice of Intent to participate and Final Plan of Operations.

It is the intent of the committees that DHS begin reporting expenditures within the object and comptroller subobject related to that spending and in the budgetary program for which the expenditures occur beginning with the fiscal 2028 budget submission.

Information Request	Author	Due Date
SUN Bucks participation and administration	DHS	December 1, 2026
Total Net Change to FY 2027 Allowance		-\$252,640,850

- | | <u>Amount Change</u> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| 9. Reduce the federal funds for a deficiency appropriation for the Employment and Income Verification contract. The Department of Human Services indicates that the federal funding need for this deficiency appropriation is \$4.1 million rather than the \$8.0 million provided. This action aligns the deficiency appropriation with the projected need. | -\$3,772,306 FF |
| 10. Add the following section: | |

Section XX Reduce Unneeded Fiscal Responsibility Funds in Fiscal 2026

Section XX. AND BE IT FURTHER ENACTED, That funds are reduced immediately upon passage of this budget from the fiscal 2026 appropriation in the following manner: \$59,314,476 in special funds from the Fiscal Responsibility Fund is reduced from the appropriation for program N00G00.08 Assistance Payments within the Department of Human Services that was made for the purpose of providing partial State-funded Supplemental Nutrition Assistance Program benefits during the federal government shutdown.

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Explanation: During a state of emergency related to the federal government shutdown, \$62 million from the Fiscal Responsibility Fund was transferred to the Department of Human Services (DHS) to pay partial State-funded Supplemental Nutrition Assistance Program benefits in that month. Due to court rulings, the federal government ultimately distributed funds for a partial benefit prior to the end of the federal government shutdown, reducing the needed funds to pay a partial benefit through State funds. As a result, DHS used only \$2,685,524 of the appropriated funds. The remainder of these funds would revert back to the Fiscal Responsibility Fund at the close of the fiscal year. The Budget Reconciliation and Financing Act of 2026 assumes that these funds are available to be transferred, along with other balance in the fund, to the General Fund in fiscal 2026. This action reduces the appropriation by the amount of the unused appropriation.

Total Net Change to Fiscal 2026 Deficiency **- \$63,086,782**

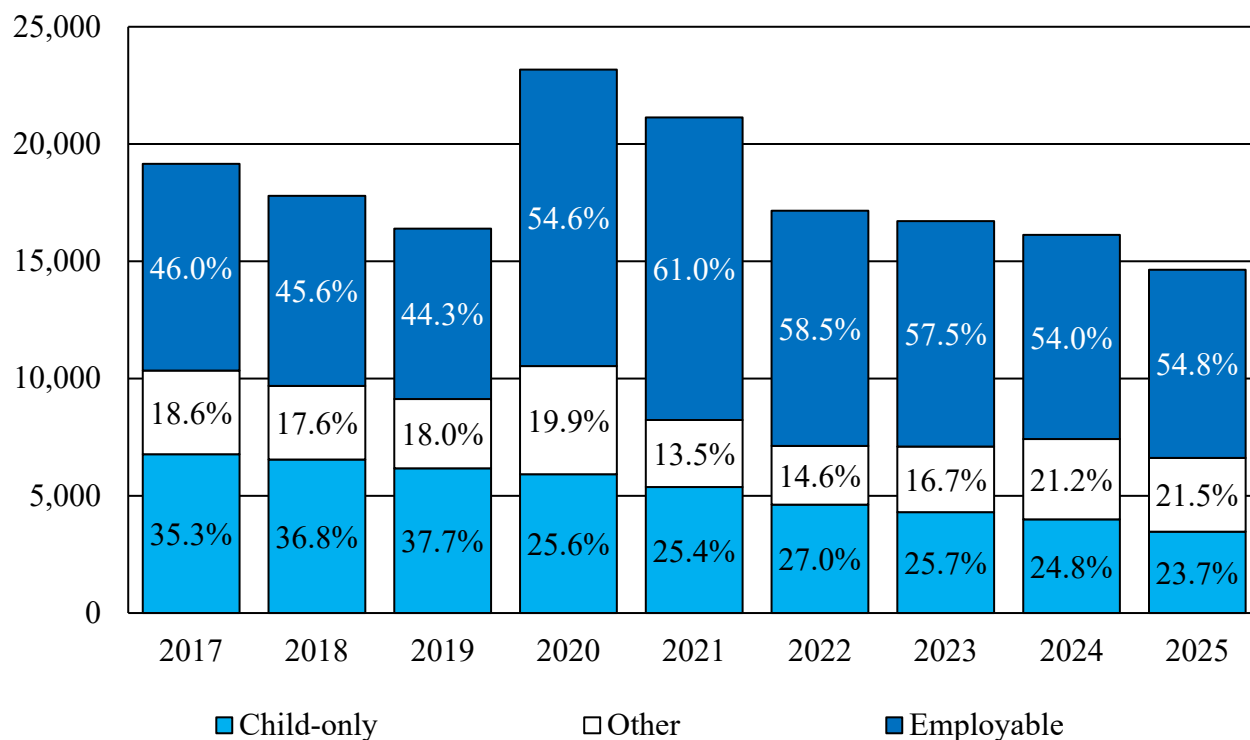
Updates

1. Work-eligible and Work-exempt Temporary Cash Assistance Caseload

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 a long-term disability as work exempt. However, following this date, these cases began to be counted as work eligible. Cases with individuals who have a short-term disability are still classified as work exempt.

Exhibit 25 presents information on TCA cases (which may consist of multiple recipients) categorized into employable, child only, and other cases as of July in each year. 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. In July 2020, consistent with periods of economic uncertainty, the share of cases that were considered employable increased substantially compared to the prior year (an increase of slightly more than 10 percentage points) along with the number of cases. The share further increased by July 2021, to the highest levels dating back to at least July 2001, due to a higher number of employable cases as the number of cases began to decline. Following that period, the typical pattern held, with the share of cases deemed employable declining, falling to 54.0% (the lowest since the start of the COVID-19 pandemic). However, in July 2025, the share of cases deemed employable increased for the first time since July 2021, though remaining lower than any postpandemic year except July 2024. The increase in the share of employable cases occurred despite an overall decline in these cases (710), due to a larger decline in work exempt cases (802).

Exhibit 25
TCA Caseload and the Share of TCA Caseload That Is
Work Eligible or Work Exempt
July 2017 through July 2025



TCA: Temporary Cash Assistance

Source: Department of Human Services; Department of Legislative Services

The decline in work exempt cases was driven by two work exempt categories: (1) child-only; and (2) State-only cases. Child-only cases have declined in all years since July 2009. July 2025 is the first year with fewer than 4,000 child-only cases, and the share of cases that are child-only (23.7%) was the lowest since at least July 2001. DHS indicates that the decrease of 538 State-only cases is the result of a data coding issue. DHS anticipates that a system fix is expected by March 2, 2026. Aside from these two caseload categories, all other core caseload categories experienced increases between July 2024 and July 2025, with the largest increases among the disabled (140 cases) and child under 1 (106 cases) categories. Due to the noted data coding issues, DLS advises that some of this data is subject to revision.

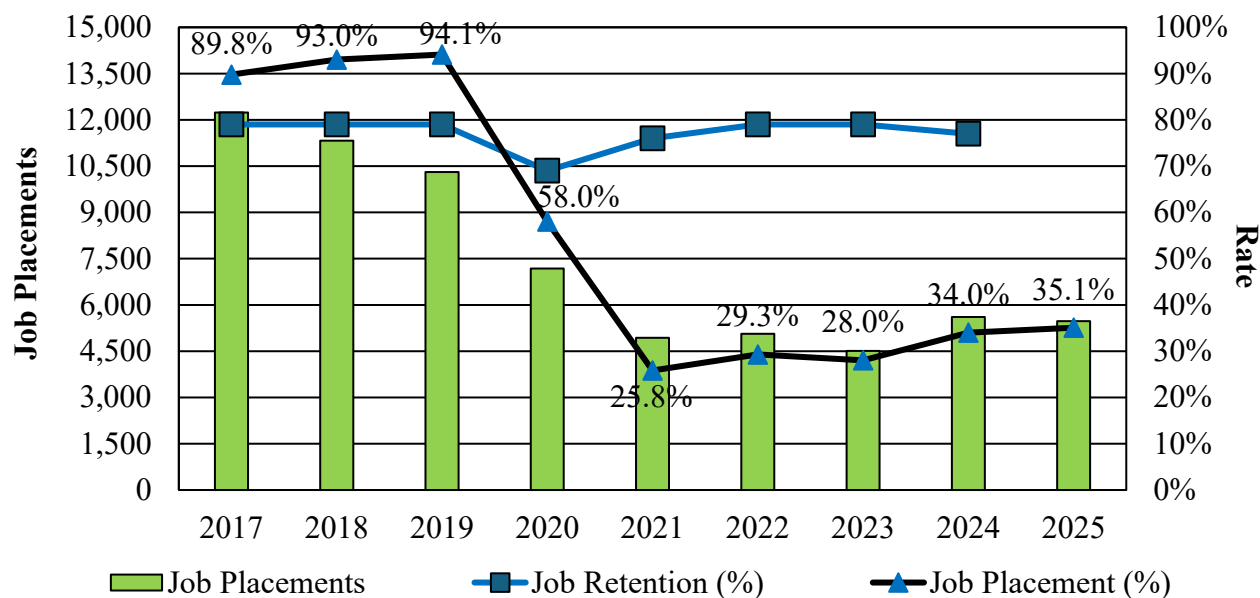
2. Work Activities and Outcomes

TCA Job Placements and 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; DHS once again suspended work requirements in October 2021 due to the transition to the new E&E system. The suspension occurred at the same time as changes resulting from Chapter 457 of 2020, which altered the sanction process, defined good cause, and established a conciliation process for cases of noncompliance, became effective. DHS returned to enforcement of work requirements on January 3, 2022, using the new requirements from Chapter 457. However, DHS noted that even after the initial resumption of enforcement, it continued to provide a good cause exemption for barriers directly related to the COVID-19 pandemic.

As shown in **Exhibit 26**, 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 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 rate of job placements increases, due to declines in the overall caseload size. Since the start of the COVID-19 pandemic, the rate of job placements has remained well below the prepandemic levels. The alterations related to work sanctions under Chapter 457 likely contribute to the ongoing lower rate compared to prepandemic levels. However, the placement rate increased from 25.8% in federal fiscal 2021 to 35.1% in federal fiscal 2025. Despite the declines in job placement, with a limited exception during the peak of the COVID-19 pandemic, the job retention rate through federal fiscal 2023 remained at prepandemic levels (79%). However, DHS reported a decrease in the job retention rate to 77% in fiscal 2024. To assist in improving job retention, DHS indicates that it is working to monitor performance across its workforce programs and is considering financial incentives for participants achieving employment and training milestones.

Exhibit 26
Job Placement and Retention
Federal Fiscal 2017-2025

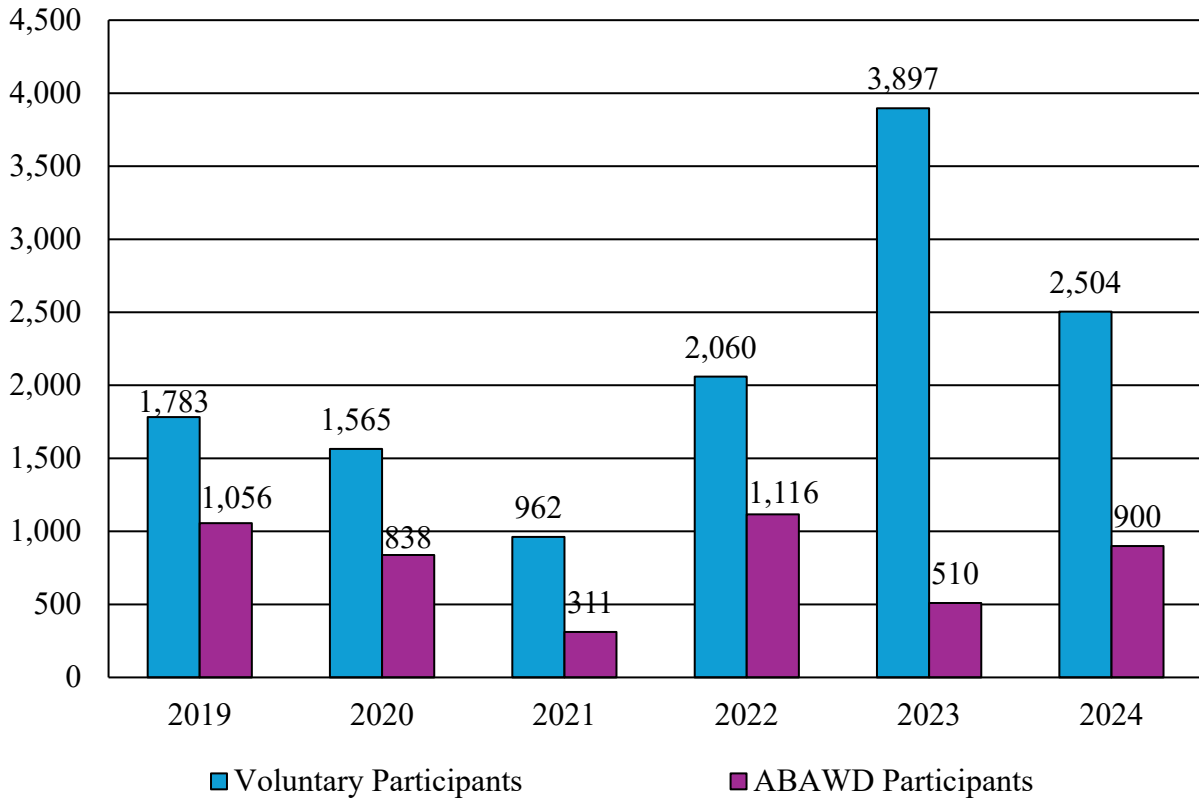


Source: Department of Budget and Management; Department of Human Services; Department of Legislative Services

SNAP E&T Participation and Outcomes

The federal SNAP E&T program provides funding to support E&T programs for SNAP recipients. For ABAWD cases, SNAP E&T participation can assist individuals in meeting the requirements. As shown in **Exhibit 27**, the number of voluntary and ABAWD participants in SNAP E&T programs decreased substantially between federal fiscal 2019 and 2021. A decrease during this period would be expected given the impact of the COVID-19 pandemic and suspension of ABAWD requirements through the third quarter of federal fiscal 2023. Participation began to increase in federal fiscal 2022, exceeding prepandemic levels for both voluntary and ABAWD participants. After peaking in federal fiscal 2023, the number of voluntary participants declined in federal fiscal 2024 but remained elevated compared to federal fiscal 2019. ABAWD participants increased by 76.5% in federal fiscal 2024, compared to the prior year. Given the enforcement of the time limit during that year, an increase in ABAWD participation would be expected. Additionally, DHS notes that because of the phased-in increase of the upper age limit for ABAWD designation under the FRA, more individuals were considered ABAWDs in federal fiscal 2024, which also likely contributes to the growth. DHS reports that the decrease in voluntary participation relates to a change in methodology between years. In particular, DHS reports that its previous counting method may have overstated participation particularly among individuals receiving both TANF funded services and SNAP.

Exhibit 27
SNAP Employment and Training Participation
Federal Fiscal 2019-2024



ABAWD: able-bodied adults without dependents
 SNAP: Supplemental Nutrition Assistance Program

Note: The Department of Human Services reports that federal fiscal 2025 data will not be available until April 2026.

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

DHS reports that, for federal fiscal 2024, 777 participants remained in unsubsidized employment in the second quarter after completing a SNAP E&T program, and 319 remained in unsubsidized employment in the fourth quarter after completion. These figures represent substantial improvement compared to data reported for federal fiscal 2023 (increases of 45.8% and 30.7% respectively). However, DHS notes that it has adjusted its methodology by changing the period examined for outcomes following completion between years, which contributed to the increase along with technical assistance provided by USDA. Median earnings for those in unsubsidized employment in the second quarter after completion in federal fiscal 2024 were \$6,733. Data for federal fiscal 2025 will not be available until April 2026.

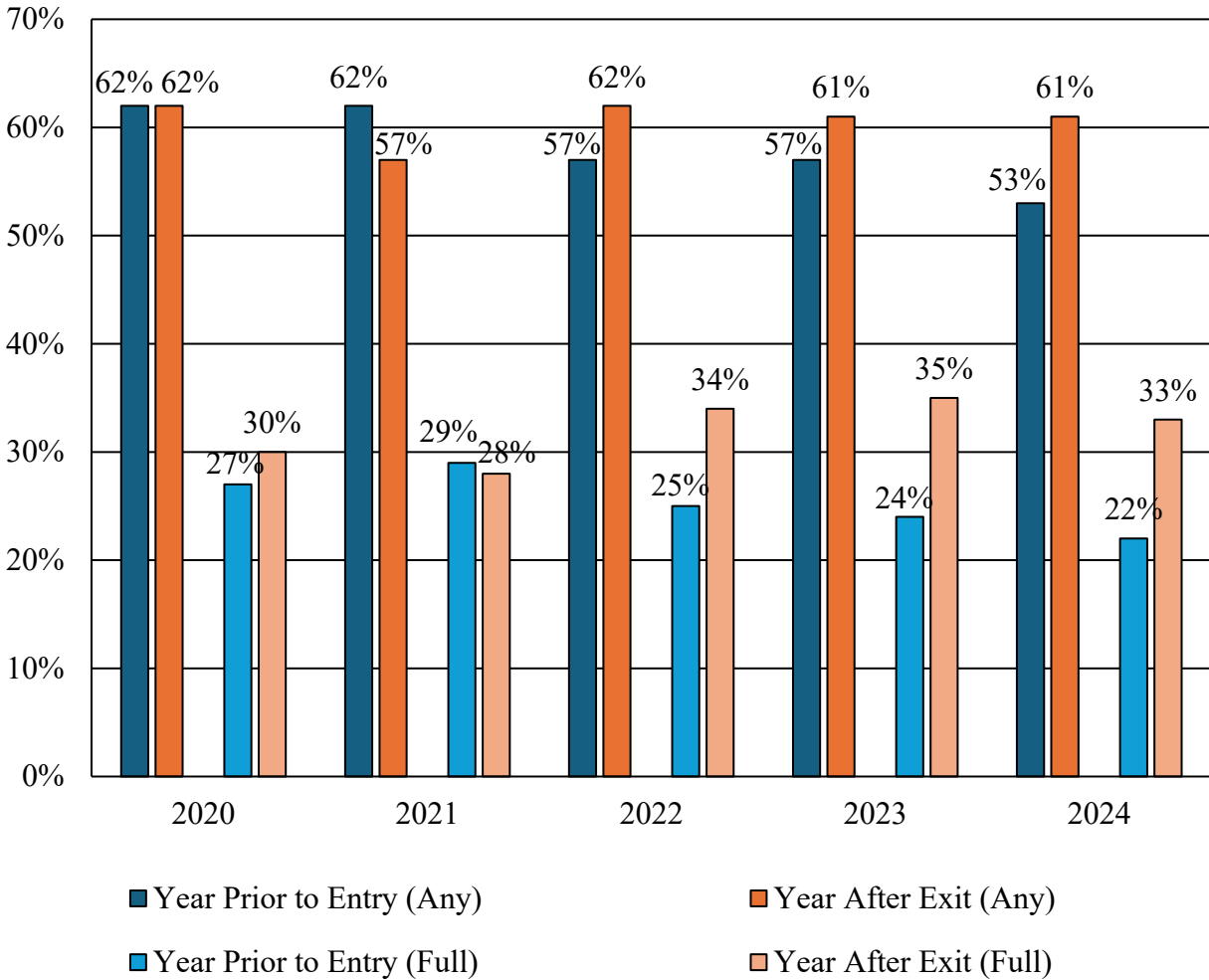
3. Life After Welfare

The *Life After Welfare: 2025 Annual Update*, published by the University of Maryland School of Social Work Family Welfare Research and Training Group, provides information on characteristics and outcomes of households exiting the TCA program. The 2025 annual update specifically analyzes 44,869 households that left TCA between July 2019 through June 2024. In general, the 2025 update examines these exiters through cohorts based on the fiscal year of exit.

Employment and Earnings

Historically, the *Life After Welfare* annual updates have found that employment in the year after exit was higher than the year prior to exit. This data reflects employment at any point during those years, regardless of the length of employment. Similarly, median earnings have historically been found to have increased in the year after exit compared to the year prior to entry. As shown in **Exhibit 28**, the 2025 annual update found that this trend occurred in all years for employment except fiscal 2020 and 2021, likely reflecting impacts of the pandemic. Of note, fiscal 2024 exiters had the lowest share of employment in the year prior to entry to TCA, but a similar level of employment in year after exit to other exiting cohorts. The 2025 annual update also compares the share of those with full year and partial year employment in the year prior to entry and after exit. Exhibit 28 also shows the share of exiters with full year employment in year prior to TCA receipt and a year after exit. Full-year employment in either the year prior to or after exit is uncommon. Fewer than 30% of each exiting cohort experienced employment in full year prior to entry. Notably, the share of full year employment in the year prior to entry declined with each exiting cohort after fiscal 2021.

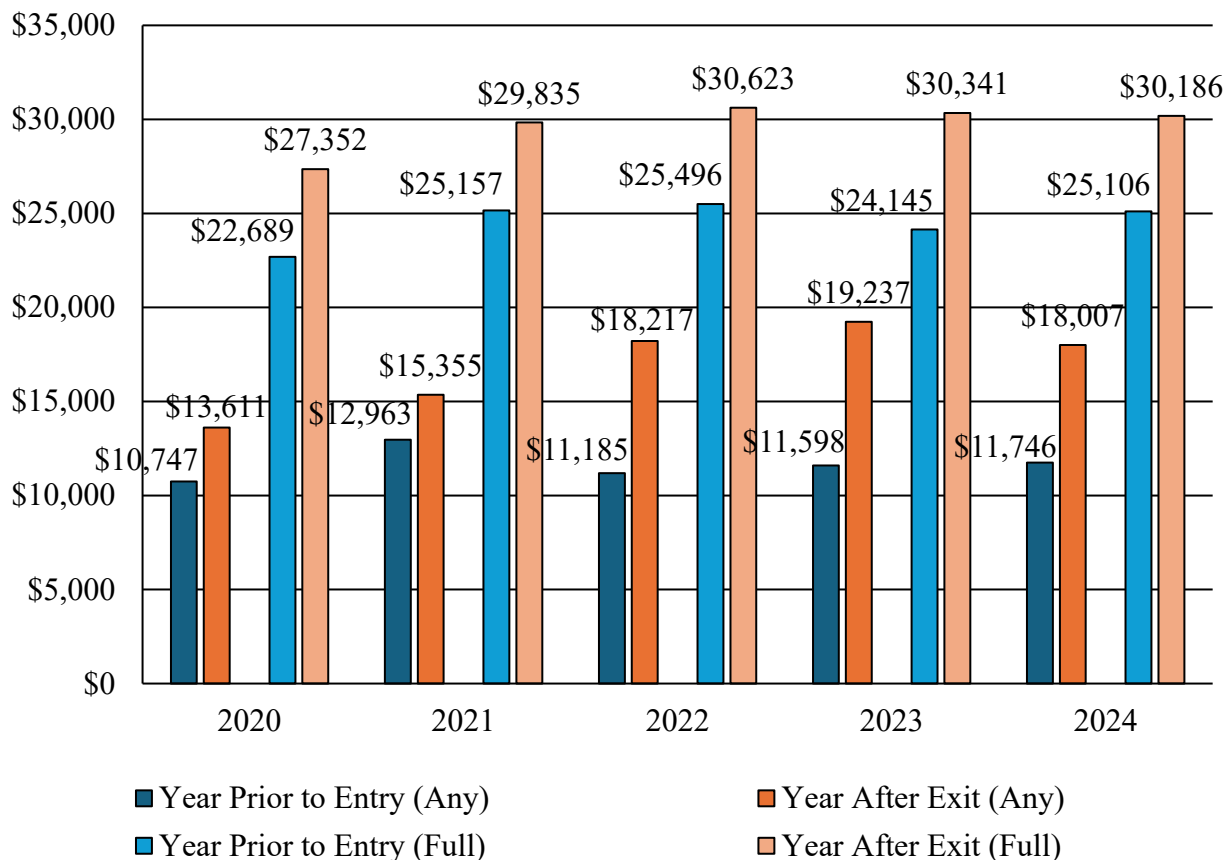
Exhibit 28
Employment in the Year Prior to Entry and Year After Exit



Source: University of Maryland School of Social Work, *Life After Welfare: 2025 Annual Update*

As shown in **Exhibit 29**, median earnings were higher in the year after exit than the year prior to entry among all exiting cohorts. This is not unexpected as many cases close due to earnings, and entry to TCA occurs with low levels of earnings. Median earnings prior to entry were the highest for exiters in fiscal 2021. Aside from that year, median earnings in the year prior to entry were relatively consistent among cohorts. Median earnings were the highest in the year after exit for the fiscal 2023 cohort, and this cohort also had the largest gain in median earnings in the year after exit compared to the year prior to entry. Those with a full year of earnings had higher median earnings than all exiters both in the year prior to entry and year after exit. Overall gains between these periods were smaller however for those with a full-year of earnings.

Exhibit 29
Median Earnings in the Year Prior to Entry and Year After Exit



Source: University of Maryland School of Social Work, *Life After Welfare: 2025 Annual Update*

The 2025 annual update includes for the first time an examination of employment and earnings gains among individual exiters. The report provides information on the share of individual exiters experiencing an increase in employment (no employment to partial or full year, partial to full, no employment to full) or increased earnings (of at least \$2,500), consistent employment (partial or full employment in both periods) or earnings (no increase or decrease of more than \$2,500), decreased employment (full to partial or no employment or partial to no employment) or earnings (a decrease of more than \$2,500), or no employment in either period. As shown in **Exhibit 30**, overall, the report indicated that the share of exiters with increased earnings was higher than the share with increased employment with over 30% experiencing increased earnings in each cohort. The highest shares of exiters with increased earnings occurred among fiscal 2022 and 2024 exiting cohorts (37%). The highest share of exiters with increased employment occurred among the fiscal 2024 cohort. Of particular concern is the higher shares of exiters with no employment earnings in either the year prior to or after exit.

**Exhibit 30
Individual Employment and Earnings**



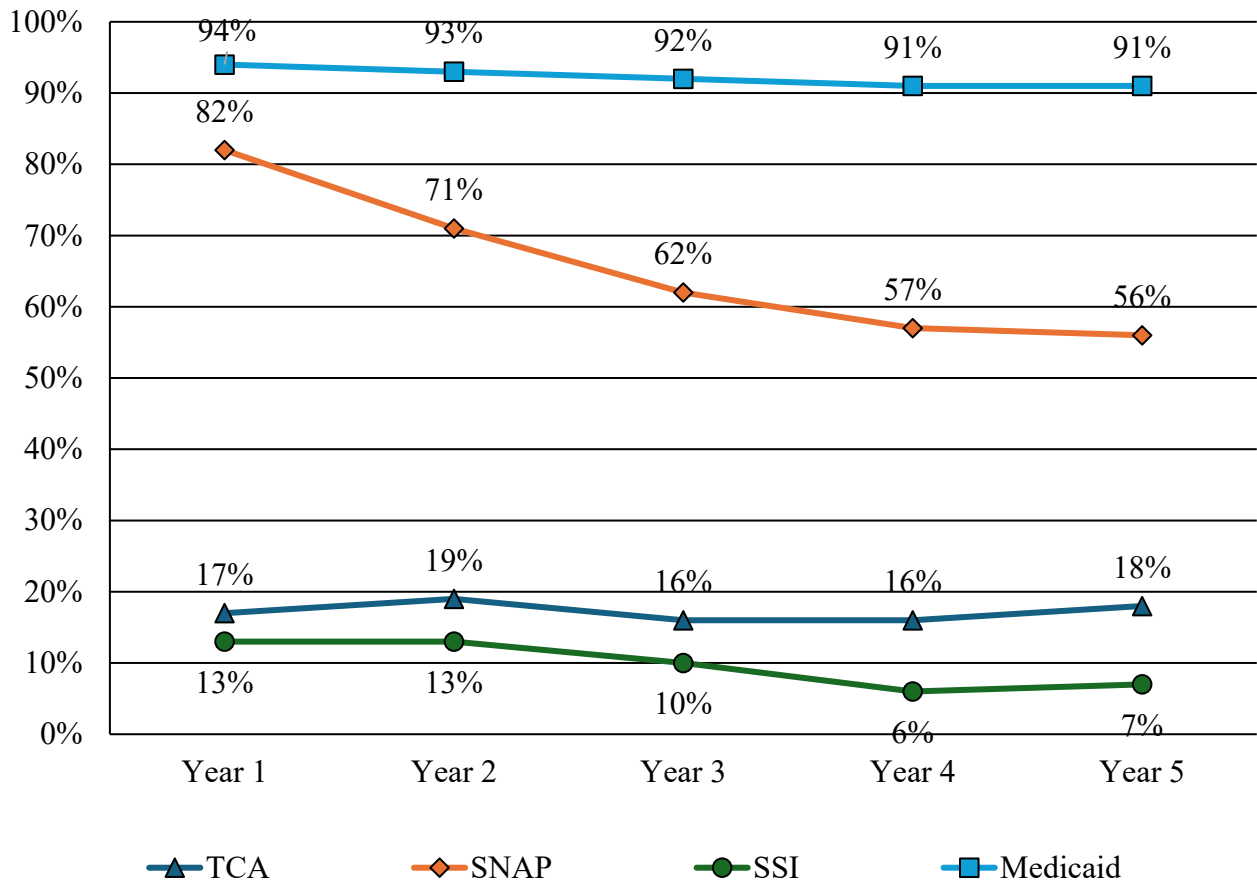
Source: University of Maryland School of Social Work, *Life After Welfare: 2025 Annual Update*

Program Participation After Exit

Although earnings are generally higher in the year after exit than prior to entry into TCA, incomes remain relatively low. As a result, participation in public benefits continues for many exiters in the first year after exit. Contributing to the high rates of public benefits in the year after exit is certain transitional benefits. For example, TSS is a transitional benefit for those exiting TCA due to income being too high if the income is from earnings. In addition, SNAP benefits are available for five months as a transitional benefit. The *Life After Welfare* report examines receipt of benefits over the first five years after exit. Although this data represents cumulative exits, the longer in the time period, the fewer exiting cohorts in this analysis are included, so that by year five only, the fiscal 2020 exiting cohort is included. The unique nature of some cohorts particularly during the pandemic could skew results, so trends will bear watching over time. Notably, as shown

in **Exhibit 31**, the receipt of Medicaid remains above 90% five years after exit. While SNAP has a similar income eligibility, receipt of SNAP declines substantially between the first and fifth year after exit though it remains over 50%. Returns to TCA stay near the same level throughout the period, indicating a substantial portion of exiters continue to have very low incomes well after exiting.

Exhibit 31
Program Participation in the First Five Years After Exit



SNAP: Supplemental Nutrition Assistance Program
 SSI: Supplemental Security Income
 TCA: Temporary Cash Assistance

Source: University of Maryland School of Social Work, *Life After Welfare: 2025 Annual Update*

Appendix 1 2025 Joint Chairmen’s Report Responses from Agency

The 2025 JCR requested that DHS FIA prepare eight reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- **Grants Management:** Language in the fiscal 2026 Budget Bill restricted funds pending submission of a report on grants management processes in the Office of Grants Management. DHS submitted the required report on October 9, 2025, and the withheld funds were authorized for release on November 5, 2025. DHS described a revised timeline for competitive grants, which will occur over about a six- or seven-month period beginning in December of the prior fiscal year. DHS reports about a 60-day process for noncompetitive grants. DHS also described steps that it has taken to improve processes, including revising its process for competitive grants to begin earlier in the year. DHS also noted that it has begun using tracking systems to monitor the progress of each grant. DHS reported plans to quantify the average number of days for each stage of the process, set internal deadlines for each step, develop a fast-track process for grants reaching a certain delay, and provide additional training to reduce submission errors.
- **SUN Bucks Participation and Administration:** Committee narrative requested a report on the participation and administrative costs of the SUN Bucks program. The report was submitted December 16, 2025. Further discussion of the information including in this report can be found in the Budget section of this analysis.
- **Application Processing Times, Denial Rates, and Case Closures:** Language in the fiscal 2026 Budget Bill restricted funds pending submission of quarterly reports on application processing times, denials, and case closures for TCA, TDAP, SNAP, and PAA. DHS has submitted three of the quarterly reports, with the remaining due date later in the year. Further discussion of this data can be found in the Performance Analysis section and Issue 1 of this analysis.
- **Voluntary Settlement Agreement:** Language in the fiscal 2026 Budget Bill restricted funds pending a report containing updates on implementation of requirements of the Voluntary Settlement Agreement that DHS entered into with OCR. The report was submitted on October 30, 2025, and the withheld funds were authorized for release on November 19, 2025. Further discussion of the information contained in this report can be found in Issue 2 of this analysis.
- **Resolution of Repeal Audit Findings:** Language in the fiscal 2026 Budget Bill restricted funds pending a report by the Office of Legislative Audits (OLA) indicating that the DHS has resolved the repeat audit findings contained in its most recent fiscal compliance audit. OLA has not yet submitted the report on this status.

Appendix 2
Object/Fund Difference Report
Department of Human Services – Family Investment Administration

<u>Object/Fund</u>	<u>FY 25 Actual</u>	<u>FY 26 Wrk Approp</u>	<u>FY 27 Allowance</u>	<u>FY 26 - 27 \$ Change</u>	<u>% Change</u>
Positions					
01 Regular	1,917.30	1,885.50	1,856.50	-29.00	-1.5%
02 Contractual	130.46	70.00	70.00	0.00	0.0%
Total Positions	2,047.76	1,955.50	1,926.50	-29.00	-1.5%
Objects					
01 Salaries, Wages, and Fringe Benefits	\$173,459,529	\$193,756,345	\$191,584,112	-\$2,172,233	-1.1%
02 Technical and Special Fees	7,488,271	3,886,157	3,996,024	109,867	2.8%
03 Communications	2,392,385	1,118,884	1,104,020	-14,864	-1.3%
04 Travel	198,403	148,141	147,036	-1,105	-0.7%
06 Fuel and Utilities	617,746	991,826	1,003,933	12,107	1.2%
07 Motor Vehicle Operation and Maintenance	35,484	9,440	9,465	25	0.3%
08 Contractual Services	106,232,293	102,783,554	131,933,679	29,150,125	28.4%
09 Supplies and Materials	729,968	1,015,502	1,019,661	4,159	0.4%
10 Equipment – Replacement	84,199	47,765	47,765	0	0.0%
11 Equipment – Additional	147,755	141,490	141,490	0	0.0%
12 Grants, Subsidies, and Contributions	2,086,626,054	2,212,216,841	2,095,374,707	-116,842,134	-5.3%
13 Fixed Charges	16,364,406	17,935,531	15,706,469	-2,229,062	-12.4%
Total Objects	\$2,394,376,493	\$2,534,051,476	\$2,442,068,361	-\$91,983,115	-3.6%
Funds					
01 General Funds	\$279,733,813	\$317,802,687	\$315,308,405	-\$2,494,282	-0.8%
03 Special Funds	16,678,812	88,646,323	17,874,077	-70,772,246	-79.8%
05 Federal Funds	2,097,963,868	2,127,602,466	2,108,885,879	-18,716,587	-0.9%
Total Funds	\$2,394,376,493	\$2,534,051,476	\$2,442,068,361	-\$91,983,115	-3.6%

Note: The fiscal 2026 appropriation includes proposed deficiency appropriations. The fiscal 2027 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management.

**Appendix 3
Fiscal Summary
Department of Human Services – Family Investment Administration**

<u>Program/Unit</u>	<u>FY 25 Actual</u>	<u>FY 26 Wrk Approp</u>	<u>FY 27 Allowance</u>	<u>FY 26 - 27 \$ Change</u>	<u>% Change</u>
02 Local Family Investment Program	\$188,083,087	\$212,941,925	\$252,525,726	\$39,583,801	18.6%
08 Assistance Payments	1,985,436,109	2,053,524,741	1,996,585,741	-56,939,000	-2.8%
10 Work Opportunities	33,196,682	24,693,213	24,360,700	-332,513	-1.3%
04 Director's Office	93,629,620	137,621,904	89,133,367	-48,488,537	-35.2%
05 Maryland Office for Refugees and Asylees	56,900,415	67,477,960	51,921,094	-15,556,866	-23.1%
07 Office of Grants Management	37,130,580	37,791,733	27,541,733	-10,250,000	-27.1%
Total Expenditures	\$2,394,376,493	\$2,534,051,476	\$2,442,068,361	-\$91,983,115	-3.6%
General Funds	\$279,733,813	\$317,802,687	\$315,308,405	-\$2,494,282	-0.8%
Special Funds	16,678,812	88,646,323	17,874,077	-70,772,246	-79.8%
Federal Funds	2,097,963,868	2,127,602,466	2,108,885,879	-18,716,587	-0.9%
Total Appropriations	\$2,394,376,493	\$2,534,051,476	\$2,442,068,361	-\$91,983,115	-3.6%

Note: The fiscal 2026 appropriation includes proposed deficiency appropriations. The fiscal 2027 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management.