

Martin O'Malley  
Governor

Anthony Brown  
Lt. Governor

Theodore Dallas  
Secretary

**STATEMENT OF TED DALLAS**  
**SECRETARY**  
**DEPARTMENT OF HUMAN RESOURCES**  
**BEFORE THE**  
**HOUSE APPROPRIATIONS COMMITTEE**  
**HEALTH AND HUMAN RESOURCES SUBCOMMITTEE**  
**FY 2013 BUDGET**

**WEDNESDAY, FEBRUARY 22, 2012**

Martin O'Malley  
Governor

Anthony Brown  
Lt. Governor

Theodore Dallas  
Secretary

**STATEMENT OF TED DALLAS**  
**SECRETARY**  
**DEPARTMENT OF HUMAN RESOURCES**  
**BEFORE THE**  
**SENATE BUDGET AND TAXATION COMMITTEE**  
**HEALTH AND HUMAN SERVICES SUBCOMMITTEE**  
**FY 2013 BUDGET**

**THURSDAY, FEBRUARY 23, 2012**

Good afternoon Chairman James and members of the Committee, my name is M.L. Wernecke and I am the Chief of Staff at the Department of Human Resources. I am testifying today on behalf of Ted Dallas, Secretary of the Department of Human Resources. Thank you for the opportunity to appear before you today to discuss the Department's budget request for our Family Investment Administration (FIA). With me today are the Department's Budget Director, Stafford Chipungu, and Executive Director of the Family Investment Administration, Rosemary Malone.

FIA is primarily responsible for administering Temporary Cash Assistance (TCA), the Food Supplement Program (which is Maryland's version of the federal Supplemental Nutrition Assistance Program), and energy assistance for low-income individuals and families as well as determining eligibility for the medical assistance programs administered by the Department of Health and Mental Hygiene. FIA also provides service to Maryland's international population through the Maryland Office for Refugees and Asylees and operates several other smaller programs that primarily benefit low-income Marylanders.

The fiscal year 2013 budget allowance for FIA totals \$1.46 billion or approximately \$145 million less than the current year's working budget. The decrease is primarily due to the fact that growth in the caseload for Maryland's Food Supplement Program has moderated as the economy has improved. Benefits for the FSP program are 100 percent funded with federal funds.

### **Caseload Trends**

Although evidence is mounting that the national economy has turned the corner, far too many Marylanders are still struggling and need help making ends meet. During the last fiscal year, we estimate more than one in ten children and adults in Maryland received help making ends meet from one or more programs that are administered through FIA. Let me take a moment to summarize the latest caseload trends and put them into context:

- **Food Supplement Program (FSP).** There are approximately 709,000 Marylanders receiving FSP assistance as of January 2012. That is an increase of approximately of approximately 55,000 persons from a year ago and more than double the caseload in

January 2007. While the caseload is still rising, we are encouraged that the increase has moderated in the last quarter of the year.

- **Temporary Cash Assistance (TCA).** The Department issued approximately \$151 million in Temporary Cash Assistance or TCA benefits to an average of over 72,000 individuals (or 28,500 households) per month in FY 2011. This is increase of approximately 33 percent compared with January 2007. Enrollment has been fluctuating over the last six months of 2012.
- **Temporary Disability Assistance Program (TDAP).** Over the year to date in FY 2012, the average number of people receiving TDAP benefits is slightly below 20,200 each month. This is a decrease of about 250 people per month since last year, and may signal a turning point in the upward trend we have seen in the past six years.

In short, core caseloads remain high in comparison to the number of persons and families served just four year ago prior to the start of the Great Recession. At the same time, we are encouraged by recent evidence that the rate of increase is moderating.

### **Maryland RISE**

One of the most important things DHR does is to help low income Maryland families achieve economic independence. While the overall employment picture in Maryland is improving, many of our TCA customers have multiple barriers including limited education, little work experience, and behavioral health issues. These individuals are now competing for jobs in a tougher job market against people who lost their jobs during the Great Recession and who have more education, more recent work experience and stronger resumes. As a result, even though the economy is improving, the competition for jobs is stiffer. This means we have an even bigger job to do.

Through Maryland RISE – which stand for Reaching Independence and Stability through Employment –we are helping people to get back on their feet and begin to support themselves and their families again. Maryland RISE serves low-income heads of household enrolled in

TCA, Maryland's Non-custodial Parent Employment Program (NPEP), and foster care youth career services with a special focus on teens leaving foster care.

The goal of Maryland RISE is to promote self-sustaining employment and family independence. Education and training activities are geared toward helping customers get good jobs that offer a competitive wage (minimum \$10 per hour), career ladders, medical benefits and leave benefits such as paid vacation and sick leave.

In fiscal year 2011, the department placed 10,614 of our clients in jobs with an average hourly wage of \$9.43. Nine out of ten (89%) of these positions were in the private sector. Some of the jobs paying \$10 to \$17 per hour were in administrative, medical and geriatric care, environmental, security and warehousing fields. The overall job retention rate is about 75 percent.

In addition, last year nearly 2,500 low income adults became more job ready by enrolling in occupational skills training, nearly twice as many jobseekers as in the prior year. By continuing to focus on quality training, we can help our customers be more successful in this highly competitive job market as the recovery continues.

### **Timeliness**

As we noted during our Overview budget testimony, we have made substantial improvements in our timeliness for eligibility determination. Timeliness rates for applications completed within 30 days went from approximately 83% in December 2009 to more than 97% of applications completed within the 30-day window since November 2010. The department has also reduced the average number of days to process an application from 35 days to less than 20 days.

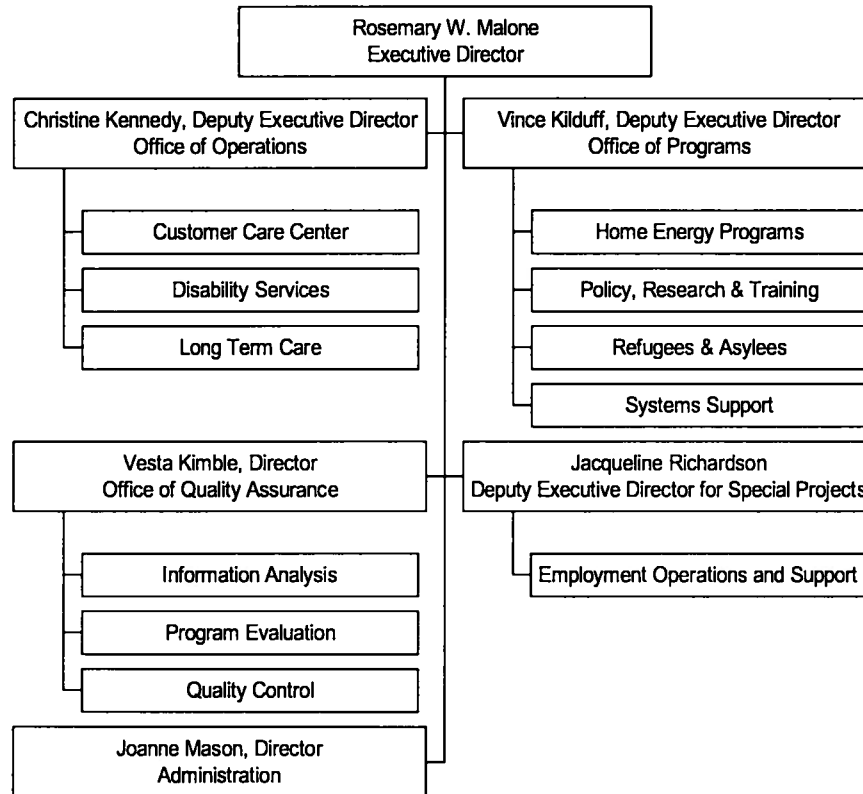
**In short, under FIA's leadership, the Department has met or exceeded the 96% timeliness standard for application required by the Thompson court order every month since November 2010.** This means that 96 out of 100 families who applied for safety net services – including food, health care and cash assistance – had their applications processed on time. These

increases are due to the hard work of department employees across this state and I wanted to take this opportunity to again thank them for efforts – we could not have done it without them.

**Conclusion**

Thank you again for having us here today. I welcome any questions you may have.

# FAMILY INVESTMENT ADMINISTRATION



*Rosemary W. Malone* 2/15/12  
\_\_\_\_\_  
Rosemary W. Malone Date  
Executive Director

*Theodore Dallas* 2/15/12  
\_\_\_\_\_  
Theodore Dallas Date  
Secretary, DHR

**Department of Human Resources**  
**FY 2013 Budget Highlights**  
**Family Investment Administration**  
**NI00.00**

	<u>FY 2012</u> <u>Appropriation</u>	<u>FY 2013</u> <u>Allowance</u>	<u>Changes</u>
<b>I. FUNDING<sup>a</sup></b>			
General Funds	6,346,345	6,724,485	378,140
Special Funds	55,996,756	57,962,415	1,965,659
Federal Funds	116,975,836	118,983,245	2,007,409
Reim. Funds	-	-	-
Total	179,318,937	183,670,145	4,351,208
<b>II. PERSONNEL<sup>a</sup></b>			
Regular Positions:	216.87	215.87	(1.00)
Contractual Positions:	8.00	8.00	0.00
<b>III. MAJOR CHANGES (In Thousands)</b>			
<b>01 Salaries</b>			203
Increase due to the Annualization of the Voluntary Separation Program and Section 47 of FY 2012, \$364K; Health Insurance, \$198K; Turnover Adjustment, \$149K; Fringe Benefits, \$55K; and Accrued Leave Payment, \$10K; Offset by a decrease in Salaries due to the Voluntary Separation Program, Section 47 of FY 2012 (1 FTE), and previously transferred-in positions, (\$363K); Salary Adjustments, (\$139K); and Reclassifications, (\$55K).			
<b>02 Technical and Special Fees</b>			(8)
Decrease in Technical and Special Fees due to Turnover Adjustment, (\$7K); and Interpreter Fees, (\$1K).			
<b>03 Communications</b>			(85)
Decrease in Communications due to Capital Leases for Quality Control Administration, (\$93K); Offset by an increase in Telephones, \$8K.			
<b>04 Travel</b>			17
Increase in Travel due to in In-State Routine Business Travel, \$17K.			
<b>06 Utilities</b>			(7)
Decrease in Utilities due to Electricity.			
<b>08 Contractual Services</b>			4,490
Increase in Contractual Services due to Maryland Strategic Regional Greenhouse Gas Initiative (RGGI) Energy Investment funds, \$2,826K; Call Center Contract, \$1,020K; Disabled Examinations, \$676K; Employment Verification Services, \$444K; Maryland Energy Assistance Programs, \$401K; National Directory of New Hires (NDNH), \$47K; and Outreach Contractual Services, \$18K. Offset by Electric Universal Service funds for customers, (\$867K); the Maryland Food Supplement Nutrition Education and Outreach, (\$66K); Rental for Meetings - Training and Staff Development, (\$4K); Printing/Reproduction, (\$3K); and Medicaid Determinations, (\$2K);			
<b>09 Supplies</b>			(11)
Decrease in Promotional Expense, (\$8K); Printed Forms, (\$2K); and Data Processing Supplies, (\$1K).			
<b>12 Grants, Subsidies &amp; Contributions</b>			(250)
Decrease in Grants, Subsidies and Contributions due to DHR Adult Workforce Development Partnership with the Open Society Institute (OSI), (\$345K); Offset by an increase in the Food Supplement Program (FSP) Outreach to the Community Based Organizations (CBO), \$95K.			
<b>13 Fixed Charges</b>			2
Increase in Fixed charges due to Insurance Coverage paid to the State Treasury Office			
<b>Total</b>			4,351

<sup>a</sup> Reference Source: FY 2013 Maryland State Budget Book - Part II: Page 388 - 393

**Department of Human Resources**  
**FY 2013 Budget Highlights**  
**Family Investment Administration**  
**NI00.04**

	<u>FY 2012</u> <u>Appropriation</u>	<u>FY 2013</u> <u>Allowance</u>	<u>Changes</u>
<b>I. FUNDING<sup>a</sup></b>			
General Funds	6,337,169	6,724,485	387,316
Special Funds	404	23,479	23,075
Federal Funds	19,568,400	21,168,483	1,600,083
Reim. Funds	-	-	-
Total	25,905,973	27,916,447	2,010,474
<b>II. PERSONNEL<sup>a</sup></b>			
Regular Positions:	196.00	195.00	(1.00)
Contractual Positions:	7.00	7.00	0.00
<b>III. MAJOR CHANGES (In Thousands)</b>			
<b>01 <u>Salaries</u></b>			219
Increase due to the Annualization of the Voluntary Separation Program and Section 47 of FY 2012, \$364K; Health Insurance, \$198K; Turnover Adjustment, \$149K; Fringe Benefits, \$55K; and Accrued Leave Payment, \$10K; Offset by a decrease in Salaries due to the Voluntary Separation Program, Section 47 of FY 2012 (1 FTE), and previously transferred-in positions, (\$363K); Salary Adjustments, (\$139K); and Reclassifications, (\$55K).			
<b>02 <u>Technical &amp; Special Fees</u></b>			(7)
Decrease in Technical and Special Fees due to Turnover Adjustment, (\$6K); and Interpreter Fees, (\$1K).			
<b>03 <u>Communications</u></b>			(90)
Decrease in Communications due to Capital Leases for Quality Control Administration, (\$93K); Offset by an increase in Telephones, \$3K.			
<b>04 <u>Travel</u></b>			17
Increase in Travel due to in In-State Routine Business Travel.			
<b>08 <u>Contractual Services</u></b>			2,119
Increase in Contractual Services due to Call Center Contract, \$1,020K; Disabled Examinations, \$676K; Employment Verification Services, \$444K; and National Directory of New Hires (NDNH), \$47K; Offset by Maryland Food Supplement Nutrition Education and Outreach, (\$66K); and Medicaid Determinations, (\$2K).			
<b>12 <u>Grants, Subsidies &amp; Contributions</u></b>			(250)
Decrease in Grants, Subsidies and Contributions due to Adult Workforce Development Partnership with the Open Society Institute (OSI), (\$345K). Offset by increase due to Food Supplement Program (FSP) Outreach to the Community Based Organizations (CBO), \$95K.			
<b>13 <u>Fixed Charges</u></b>			2
Increase in Fixed Charges due to Insurance Coverage paid to the State Treasury Office			
<b>Total</b>			2,010

<sup>a</sup> Reference Source: FY 2013 Maryland State Budget Book - Part II: Page 388 - 389

**Department of Human Resources  
 FY 2013 Budget Highlights  
 Family Investment Administration  
 Maryland Office for Refugees and Asylees (MORA)  
 NI00.05**

	<u>FY 2012</u> <u>Appropriation</u>	<u>FY 2013</u> <u>Allowance</u>	<u>Changes</u>
<b>I. FUNDING<sup>a</sup></b>			
General Funds	-	-	-
Special Funds	-	-	-
Federal Funds	10,199,237	10,176,854	(22,383)
Reim. Funds	-	-	-
Total	10,199,237	10,176,854	(22,383)
<b>II. PERSONNEL<sup>a</sup></b>			
Regular Positions:	7.00	7.00	0.00
Contractual Positions:	1.00	1.00	0.00
<b>III. MAJOR CHANGES (In Thousands)</b>			
<b>01 <u>Salaries</u></b>			(16)
Decrease in Salaries due to Regular Earnings, (\$17K); Salary Adjustments, (\$5K); and Turnover Adjustment, (\$2K); Offset by an increase in Health Insurance, \$8K.			
<b>02 <u>Technical &amp; Special Fees</u></b>			(1)
Decrease in Technical and Special Fees due to Turnover Adjustment.			
<b>04 <u>Travel</u></b>			(1)
Decrease in Travel due to Volunteer Meals.			
<b>08 <u>Contractual Services</u></b>			(4)
Decrease in Contractual Services due to less than anticipated costs for translation, interpretation and media outreach services, (\$3K); and Rental for Meetings and Training, (\$1K)			
 <b>Total</b>			(22)

<sup>a</sup> Reference Source: FY 2013 Maryland State Budget Book - Part II: Page 390 - 391

**Department of Human Resources**  
**FY 2013 Budget Highlights**  
**Family Investment Administration**  
**Office of Home Energy Program (OHEP)**  
**NI00.06**

	<u>FY 2012</u> <u>Appropriation</u>	<u>FY 2013</u> <u>Allowance</u>	<u>Changes</u>
<b>I. FUNDING<sup>a</sup></b>			
General Funds	9,176	-	(9,176)
Special Funds	55,996,352	57,938,936	1,942,584
Federal Funds	87,208,199	87,637,908	429,709
Reim. Funds	-	-	-
Total	143,213,727	145,576,844	2,363,117
<b>II. PERSONNEL<sup>a</sup></b>			
Regular Positions:	13.87	13.87	0.00
Contractual Positions:	0.00	0.00	0.00
<b>III. MAJOR CHANGES (In Thousands)</b>			
<b><u>03 Communications</u></b>			5
Increase in Communications for Telephones, \$4K; and Postage, \$1K.			
<b><u>04 Travel</u></b>			1
Increase in In-State Business Travel.			
<b><u>06 Utilities</u></b>			(7)
Decrease in Utilities due to Electricity.			
<b><u>08 Contractual Services</u></b>			2,375
Increase in Contractual Services due to the Maryland Strategic Regional Greenhouse Gas Initiative (RGGI) Energy Investment funds, \$2,826K; Maryland Energy Assistance Programs, \$401K; and Baltimore County Outreach Contractual Services, \$21K; Offset by Electric Universal Service funds for customers, (\$867K); Rental for Meetings - Training and Staff Development, (\$3K); and Printing/Reproduction, (\$3K).			
<b><u>09 Supplies</u></b>			(11)
Decrease in Promotional Expense, (\$8K); Printed Forms, (\$2K); and Data Processing Supplies, (\$1K).			
			2,363

<sup>a</sup> Reference Source: FY 2013 Maryland State Budget Book - Part II: Page 392 - 393

**Department of Human Resources  
FY 2013 Budget Highlights  
Local Family Investment Program  
NG00.02**

	<u>FY 2012 Appropriation</u>	<u>FY 2013 Allowance</u>	<u>Changes</u>
<b>I. FUNDING*</b>			
General Funds	50,695,962	49,808,533	(887,429)
Special Funds	2,681,962	2,680,018	(1,944)
Federal Funds	89,270,756	89,737,817	467,061
Reim. Funds	-	-	-
<b>Total</b>	142,648,680	142,226,368	(422,312)
<b>II. PERSONNEL*</b>			
Regular Positions:	1,812.42	1,812.42	0.00
Contractual Positions:	0.00	0.00	0.00
<b>III. MAJOR CHANGES (In Thousands)</b>			
<b>01 Salaries</b>			(163)
Decrease in Salaries due to the Voluntary Separation Program, Section 47 of FY 2012 , and previously transferred-out positions, (\$1,605K); Salary Adjustments, (\$1,349K); Accrued Leave Payments, (\$98K); and Reclassifications, (\$47K); Offset by an increase in Health Insurance, \$1,657K; Fringe Benefits, \$673K; Turnover Adjustment, \$306K; Annualization of the Voluntary Separation Program and Section 47 of FY 2012, \$294K; and Overtime, \$6K.			
<b>02 Technical and Special Fees</b>			13
Increase in Technical and Special Fees due to increase in Interpreter Fees.			
<b>03 Communication</b>			(135)
Decrease in Communications due to Telephones to reflect the current experience, (\$157K); Offset by an increase in Postage, \$21K; and Cell Phones, \$1K.			
<b>04 Travel</b>			(5)
Decrease in Travel due to In-State Business Travel.			
<b>06 Utilities</b>			178
Increase in Utilities due to Electricity in various Local Departments, \$181K; Offset by decrease in Fuel & Oil, (\$3K).			
<b>08 Contractual Services</b>			(104)
Decrease in Contractual Services due to Purchase of Services for Clients in the Supplemental Nutrition Assistance Employment and Training Program, (\$117K); Buildings & Grounds, (\$20K); Disabled Examinations (\$17K); Medical Examinations, (\$4K); Equipment Repairs, (\$2K); Service Contracts - Equipment, (\$1K); and Birth Certificates, (\$1K). Offset by an increase in Security Guards for Howard, \$29K; Other Contractual Services, \$12K; Repairs & Maintenance, \$8K; Printing & Reproduction, \$5K; Rental of Copy Machines, \$3K; and Advertising \$1K.			
<b>09 Supplies</b>			2
Increase in Supplies due to Data Processing Supplies, \$10K; Office Supplies & Materials, \$1K; Copier Services, \$1K; and Uniforms, \$1K; Offset by a decrease in Printed Forms, (\$11K).			
<b>12 Grants, Stipends and Contributions</b>			146
Increase in Grants, Stipends and Contributions due to Montgomery County Grant, \$144K; and Background Checks, \$2K.			
<b>13 Fixed Charges</b>			(354)
Decrease in Fixed Charges due to Non-Department of General Services Rent, (\$264K); Multi-Service Center Rent, (\$165K); and Department of General Services Rent, (\$103K); Offset by an increase in Lease Escalation, \$177K; and Other Fixed Charges, \$1K.			
<b>Total</b>			(422)

\*Reference Source: FY 2013 Maryland State Budget Book - Part II: Pages 369 - 372.

**Department of Human Resources**  
**FY 2013 Budget Highlights**  
**Assistance Payments**  
**NG00.08**

	<u>FY 2012</u> <u>Appropriation</u>	<u>FY 2013</u> <u>Allowance</u>	<u>Changes</u>
<b>I. FUNDING<sup>a</sup></b>			
General Funds	49,914,935	81,725,999	31,811,064
Special Funds	16,399,197	19,399,132	2,999,935
Federal Funds	1,318,890,060	1,141,898,795	(176,991,265)
Reim. Funds			-
Total	<u>1,385,204,192</u>	<u>1,243,023,926</u>	<u>(142,180,266)</u>
 <b>II. PERSONNEL</b>			
Regular Positions:	0.00	0.00	0.00
Contractual Positions:	0.00	0.00	0.00
 <b>III. MAJOR CHANGES (In Thousands)</b>			
Increase in Temporary Cash Assistance (TCA) to reflect an increase in projected average caseload from 65,004 to 71,243.			8,117
Decrease in Supplemental Assistance Nutrition Program (SNAP), formally Food Stamp Benefits, to reflect decrease in average caseload from 399,940 to 326,169, (\$218,349K); Offset by an increase in average grant from \$246.65 to \$264.05 to reflect current payment, \$68,086K.			(150,263)
Decrease in Refugee Assistance due to drop in monthly recipient count from 34 to 20.			(34)
 <b>Total</b>			<u><u>(142,180)</u></u>

**Temporary Cash Assistance: Recipient/Month:**

FY 2011	FY 2012	FY 2013
<u>Actual</u>	<u>Appropriation</u>	<u>Allowance</u>
72,211	65,004	71,243

<sup>a</sup> Reference Source: FY 2012 Maryland State Budget Book - Part II: Page 382 - 383.

**Department of Human Resources  
FY 2013 Budget Highlights  
Work Opportunities Program  
NG00.10**

	<u>FY 2012 Appropriation</u>	<u>FY 2013 Allowance</u>	<u>Changes</u>
<b>I. FUNDING<sup>a</sup></b>			
General Funds	-	-	-
Special Funds	-	-	-
Federal Funds	39,010,085	34,773,962	(4,236,123)
Reim. Funds	-	-	-
Total	39,010,085	34,773,962	(4,236,123)
<b>II. PERSONNEL<sup>a</sup></b>			
Regular Positions:	24.00	24.00	0.00
Contractual Positions:	60.00	60.00	0.00
<b>III. MAJOR CHANGES (In Thousands)</b>			
<b>01 <u>Salaries</u></b>			15
Increase in Salaries due to Health Insurance, \$26K; Fringe Benefits, \$12K; and Regular Salaries due to hiring of replacement employees, \$3K; Offset by a decrease in Salary Adjustment, (\$14K); Turnover Adjustment, (\$9K); and Accrued Leave Payments, (\$3K).			
<b>02 <u>Technical and Special Fees</u></b>			(73)
Decrease in Technical and Special Fees due to decrease in Special Payments Payroll, (\$279K); and FICA, (\$21K); Offset by Increase in Contractual Turnover, \$218K; and Consultant Fees, \$9K.			
<b>08 <u>Contractual Services</u></b>			(7,570)
Decrease in Other Contractual Services due to decrease in Job Training and Placement Program for Baltimore City, (\$4,000K); Transfer of Job Network Program and Internal Staff/Services to Grant, Subsidies and Contributions for Baltimore County, (\$3,441K); and Work Experience Program for Baltimore City, (\$260K); Offset by an increase in Customer Incentives to Support Mandated Work Activities for Washington County, \$85K; Frederick County, \$35K, and Wicomico County, \$11K.			
<b>09 <u>Supplies</u></b>			6
Increase in Supplies due to Office Supplies, \$7K; Promotional Expense, \$7K; and Library Supplies, \$5K; Offset by a decrease in Other Supplies and Materials, for TCA customers, (\$13K).			
<b>12 <u>Grants, Subsidies and Contributions</u></b>			3,374
Increase in Grants, Subsidies and Contributions due to Transfer of Job Network and Internal Staff/Services from Contractual Services for Baltimore County, \$3,441K; Wheels to Work Program for Garrett County, \$7K; Automated Services System for Baltimore County, \$5K; and Stipends and Tuition for Work Opportunity Experience, \$4K; Offset by decrease in Taxable-Grants, Contributions and Subsidies for Work Opportunity Program Staff for Kent County, (\$69K); and Washington County, (\$14K).			
<b>13 <u>Subscriptions and Dues</u></b>			12
Increase in Subscriptions and Dues, due to increase in Subscriptions for Queen Anne County, \$12K.			
<b>Total</b>			(4,236)

<sup>a</sup> Reference Source: FY 2013 Maryland State Budget Book - Part II: Page 384.

## **FAMILY INVESTMENT ADMINISTRATION ACCOMPLISHMENTS**

- Increased the number of job placements between SFY 2010 and SFY 2011 from 9,533 placements to 10,614 placements, which is an increase of 11%. The average hourly wage was \$9.43.
- Contributed to the Governor's Skills2Compete Maryland initiative by increasing the number of enrollments in occupational skills training from 1,357 in SFY 2010 to 2,496 in SFY 2011, which is an increase of 84%.
- In the Maryland Office for Refugees and Asylees (MORA, formerly the Maryland Office for New Americans), the Refugee Employment Services Program registered 1417 individuals. 1008 were placed into jobs, with an average hourly wage of \$9.35.
- Celebrated one year (November 2010 – November 2011) of meeting or exceeding 96% timeliness compliance in all program areas covered by the Thompson court order.
- From December 2008 to January 2012, the number of households with children age 18 and under receiving Food Supplement Program (FSP) benefits increased from 97,679 to 152,764 households, an increase of 56%. During the same period, the number of children age 18 and under receiving Food Supplement Program (FSP) benefits increased from 200,072 to 298,700 children or 49%. We have exceeded goals set forth by the Governor's Partnership to End Childhood Hunger in every year of the Partnership.
- Began Implementation of document imaging: by 2013, DHR will fully implement the Enterprise Content Management System (ECMS) project, also known as the document imaging project. Two of the primary objectives of the document imaging project are to create a secure, centralized Statewide Electronic Document Repository and to send electronic documents from this system and disparate imaging systems to the Repository to facilitate secure information sharing across jurisdictions, sites and administrations. Document imaging will dramatically reduce needs for storage space and the workload associated with filing and maintenance of case records. Document imaging is one facet of the overall plan to modernize CARES, the Department's eligibility determination system.
  - Anne Arundel County Department of Social Services and Charles County Department of Social Services have been selected as pilot sites. The pilot in Anne Arundel County DSS and Charles County DSS commenced during the week of December 12, 2011.
- Began Development of the business process management system: By 2014, the Business Process Management System (BPMS) will be fully implemented, which will result in increased automation of the eligibility determination process, faster turnaround time (time lapse between application and eligibility determination) and increased ability to make changes to the 10 year-old mainframe CARES system as needed.

**DHR – FAMILY INVESTMENT  
N00I**

**Response to Issues**

***The department should comment on the likely costs and challenges that would be involved with instituting location restrictions on EBTs.***

**Response to Issue:**

The Department has been monitoring Congressional action on TANF Reauthorization and related bills, including HR 3567, the “Welfare Integrity Now for Children and Families Act of 2011.”

We have spoken with representatives from states that have already imposed Electronic Benefit Transactions (EBT) restrictions about the implementation challenges they encountered. California pointed out that identifying restricted locations was a manual process that involved staff identifying every ATM location used by welfare recipients to determine if the site should be blocked. Other states noted that ATMs are often in small businesses that are frequently opening and closing, requiring ongoing maintenance of a restricted area listing. Another state representative pointed out that there are no budget savings for states in the bill, only penalty avoidance.

We estimate that a minimum of \$160,000 will be required to implement and monitor compliance in the first year if this bill becomes federal law. This would include \$70,000 in personnel costs to identify specific ATMs that would be subject to the restrictions and monitor compliance with the law and \$90,000 in one time systems costs to block transactions. The federal legislation as written does not include new funding for States to implement these provisions.

Although there are considerable costs and challenges to implementing location restrictions, the Department is confident that we are prepared comply with the requirements of this bill, as written.

***DHR should brief the committees on the steps it has taken to address the problems that have led to high error rates.***

**Response to Issue**

**Corrective Action.** We have implemented a four-part strategy to address the state’s FSP error rate and improve program integrity.

**Pre-Review:** We have implemented a mandatory review of records at application and redetermination to prevent errors before applications are submitted. Local offices must

review 10 percent of their monthly applications and 15 percent of their redeterminations. The focus is on fact checking, reviewing verifications, validating data exchanges with other systems such as SVES and MABS, checking data entry screens and reviewing the calculations of income and expenses. We are also analyzing the results of the pre-reviews to improve our performance going forward by changing business practices, training workers on the most frequent types of errors and making other systems improvements.

***The SNAP Challenge:*** The SNAP Challenge is an innovative approach to help staff stay up to date on FSP policies and procedures. Twice each month, staff must review a procedure and take an online SNAP Challenge quiz. Results are tracked by jurisdiction down to the level of the individual worker. Based on the results local management hold internal review and training sessions to improve staff competency levels.

***Targeting key jurisdictions:*** DHR gives dedicated attention to the four largest jurisdictions that carry the higher number of errors. We hold meetings twice a month to review data on FSP timeliness, pre-review and SNAP Challenge compliance and related outcomes. Corrective action plans are developed and monitored for effectiveness.

***Adopt best practices from other states:*** DHR contracted with a Quality Control consultation firm to have them provide technical support to our Quality Control and Policy teams. By accessing the consultants' in-depth technical knowledge of SNAP policy and QC practices that are working in other states, we are incorporating best practices and better understand federal SNAP regulations so our state will review cases in the same manner that other states do.

DHR has also launched a number of other strategies to enhance reporting, monitoring, one-to-one staff training as well as forming partnerships with federal Food and Nutrition Service and community organizations that can assist with customer education.

**Update on Error Rate and Judgments.** For FFY 2010 the state's FSP error rate was 7.68%, which was above the 6% allowable threshold. As a result, the state was assessed a financial penalty in the amount of \$1,474,999. DHR successfully appealed due to a continued caseload increase of 59 percent between FFY 2008 and 2010. The final judgment assessed was reduced to \$948,524.83.

DHR has successfully reduced the number and dollar value of errors throughout the FFY 2011 sample year. Because the final federally regressed payment error rate will not be known until June 2012, we cannot determine if a sanction will be imposed.

***DHR should brief the committee on any new developments in this case.***

**Response to Issue**

There are no new developments in the case. The Department has complied with every provision of the injunction. DHR has met the target rate of at least 96 percent timeliness set by the court order every month since November 2010.

The court has not acted on the two motions filed by Department around this time last year. These include:

- A motion to dismiss the injunction based on our compliance with the court order, and
- A motion opposing the plaintiffs' motion for attorneys' fees and costs, based on our consultant's analysis that the nearly \$1 million requested by the plaintiffs' legal team was substantially in excess of the prevailing norms.

We filed a new motion to dismiss on December 7, 2011 after we completed our first full year of compliance with the target rates. This motion remains before the court.

**Department of Human Resources  
Family Investment  
N00I00**

**Response to Recommended Actions**

**Recommendation #1:**

***Concur with Governor's allowance. (Page 3 and 22)***

**Response: Concur**

The Department concurs with the Analyst's recommendation.