



**STATEMENT OF SAM MALHOTRA
SECRETARY
DEPARTMENT OF HUMAN RESOURCES
BEFORE THE
SENATE BUDGET AND TAXATION COMMITTEE
HEALTH AND HUMAN SERVICES SUBCOMMITTEE
FY 2017 BUDGET**

THURSDAY, FEBRUARY 25, 2016



**STATEMENT OF SAM MALHOTRA
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HOUSE APPROPRIATIONS COMMITTEE
HEALTH AND HUMAN RESOURCES SUBCOMMITTEE
FY 2017 BUDGET**

MONDAY, FEBRUARY 29, 2016

Good afternoon Chairman Madaleno and members of the Committee. 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 Deputy Secretary for Programs, Tracey Paliath, the Executive Director of the Family Investment Administration, Rosemary Malone, and the Department's Chief Financial Officer, Stafford Chipungu.

FIA is responsible for administering the Food Supplement Program (which is Maryland's version of the federal Supplemental Nutrition Assistance Program or SNAP), Temporary Cash Assistance, and Energy Assistance for low-income individuals and families as well as for determining eligibility for the Medical Assistance programs, including long-term care. The Family Investment Administration provides emergency services, such as The Emergency Food Assistance Program and homeless services. FIA also provides employment and transitional services to assist low income Marylanders achieve self sufficiency, as well as resettling refugees and asylees.

The fiscal year 2017 Budget Allowance for FIA totals \$1.740 billion or approximately \$1.2 million more than the current year's working budget. This increase is primarily due to additional special funds for the Home Energy Assistance Program.

DHR Helps Record Numbers of Marylanders Find Jobs

We placed a record 13,413 people who were receiving welfare into jobs in the last federal fiscal year. This is an increase of 4 percent over the same time in FY 2014 even though the caseload

declined by approximately 6.7 percent. Over the last three years, nearly 38,000 individuals moved from welfare to work with 25 percent of them into jobs that pay more than \$10 per hour. This increase in job placements and work participation is the product of hard work and focus on assessing customers, matching them with relevant activities based on their needs, such as skills training, and rapid attachment to the labor force when the client is ready to move forward. Through judicious use of job placement metrics and investigation into promising job opportunities for TCA customers, DHR, and our partners are identifying and reinforcing strategies that work.

The USDA has recognized Maryland for High Performance in the Food Stamp Program.

Through the combined efforts of the campaign to end childhood hunger, FIA, the local departments of social services, and our community organization partners, we have enrolled 780,140 individuals into the FSP. As of September 2015, a total 323,630 were children under the age of 18; approximately 41 percent of our total FSP population consists of children who will not go hungry tonight.

Though the improving economy has reduced the Food Supplement Program rolls, Maryland made great strides in the take up rate for FSP among low-income state residents in recent years. Maryland received a bonus of \$1.6 million from the US Department of Agriculture for increasing access to the Food Supplement Program in calendar year 2014 due to our strong outreach efforts. Maryland ranked second in the nation for program access. Only Delaware had a higher Program Access Index that year.

During the past year, Maryland continued to reduce its Food Supplement Program payment error rate, from 3.41% in Federal Fiscal Year 2014 to 2.16% in Federal Fiscal Year 2015 (through June 2015's sample month). With three months of reviews in the year to finalize, it is possible we will meet or surpass the all-time lowest rate in 2013 of 2.12%. As of June, the national average is 3.01%.

Thank you for the opportunity to be here today. We are of course happy to answer any questions you may have.

Department of Human Resources
FY 2017 Budget Highlights
Family Investment Administration
NI00

	<u>FY 2016</u> <u>Appropriation</u>	<u>FY 2017</u> <u>Allowance</u>	<u>Changes</u>
I. FUNDING^a			
General Funds	20,549,483	22,826,828	2,277,345
Special Funds	70,740,969	77,970,849	7,229,880
Federal Funds	105,325,472	101,753,988	(3,571,484)
Reim. Funds	-	-	-
Total	196,615,924	202,551,665	5,935,741
II. PERSONNEL^a			
Regular Positions:	282.87	279.87	(3.00)
Contractual Positions:	8.00	8.00	0.00
III. MAJOR CHANGES (In Thousands)			
01 Salaries			2,148
Increase in Salaries mainly due to fully funding positions related to Healthcare Reform in Regular Earnings, \$1,387K; Employees' Retirement, \$568K; Retirees Health Insurance Premiums, \$533K; Health Insurance, \$477K; Accrued Leave Payments, \$95K; and Fringe Benefits, \$70K; Offset by Decrease in Turnover Adjustments, (\$526K); Salary Adjustments, (\$280K); Abolishment of 2 FTE positions and Transferred-out of 1 FTE position, (\$156K); and Workers' Compensation, (20K).			
02 Technical and Special Fees			2
Increase in Technical and Special Fees due to Special Payments Payroll.			
03 Communications			(13)
Decrease in Communications due to DGS - Office of Telecommunications, (11K); Postage, (\$1K); and Regular Telephone Services, (\$1K).			
04 Travel			(1)
Decrease in Travel due to In-State Routine Business Travel.			
07 Vehicles			(5)
Decrease in Vehicles due to Maintenance and Repair, (\$4K); and Gas and Oil, (\$1K).			
08 Contractual Services			2,653
Increase in Contractual Services due to Maryland Strategic Regional Greenhouse Gas Initiative (RGGI), \$7,206K; Electric Universal Service Program (EUSP), \$1,111K; Administrative Costs for Local Administrative Agencies, \$906K; Food Supplemental Nutrition services, \$595K; Workforce Innovation and Opportunity Act, \$110K; University of Baltimore Research Contract, \$59K; Call Center Services, \$21K; and Check Printing and Mailing Services, \$2K; Offset by Decrease in Maryland Energy Assistance Programs (MEAP), (\$6,040K); Employment Services, (\$1,013K); Warehouse Services under The Emergency Food Assistance Program (TEFAP), (\$186K); University of MD, College Park Web Hosting Contract, (\$104K); Administrative Hearings (\$8K); Medicaid Determination Fees, (\$4K); and Rental for Meetings, Training and Staff Development, (\$2K).			
09 Supplies			1
Increase in Supplies due to Data Processing Supplies.			
12 Grants, Subsidies & Contributions			1,149
Increase in Grants due to additional funding for Employment Services, \$1,013K; Food Distribution Services under The Emergency Food Assistance Program (TEFAP) \$186K; Offset by Decrease in Center for Urban Families, (\$50K).			
13 Fixed Charges			2
Increase in Fixed Charges due to Non-Motor Vehicle Insurance, \$4K; Offset by Decrease in Subscriptions and Dues, (\$2K).			
Total			5,936

^a Reference Source: FY 2017 Maryland State Budget Book - Part II: Pages 40-44

Department of Human Resources
FY 2017 Budget Highlights
Family Investment Administration
NI00.04

	<u>FY 2016</u>	<u>FY 2017</u>	<u>Changes</u>
	<u>Appropriation</u>	<u>Allowance</u>	
I. FUNDING^a			
General Funds	8,586,302	10,820,169	2,233,867
Special Funds	360,884	381,991	21,107
Federal Funds	22,571,135	23,147,924	576,789
Reim. Funds	-	-	-
Total	31,518,321	34,350,084	2,831,763
II. PERSONNEL^a			
Regular Positions:	251.00	248.00	(3.00)
Contractual Positions:	7.00	7.00	0.00
III MAJOR CHANGES (In Thousands)			
01 Salaries			2,231
Increase in Salaries mainly due to fully funding positions related to Healthcare Reform in Regular Earnings, \$1,416K; Employees' Retirement, \$521K; Retirees Health Insurance Premiums, \$493K; Health Insurance, \$465K; Accrued Leave Payments, \$146K; and Fringe Benefits, \$77K; Offset by Decrease in Turnover Adjustments, (\$471K); Salary Adjustments, (\$240K); Abolishment of 2 FTE positions and Transferred- out of 1 FTE position, (\$156K); and Workers' Compensation, (20K).			
03 Communications			3
Increase in Communications due to Postage, \$6K; and Regular Telephone Services, \$4K; Offset by Decrease in DGS - Office of Telecommunications, (7K).			
04 Travel			(1)
Decrease in Travel due to In-State Routine Business Travel.			
07 Vehicles			(5)
Decrease in Vehicles due to Maintenance and Repair, (\$4K); and Gas and Oil, (\$1K).			
08 Contractual Services			650
Increase in Contractual Services due to Food Supplemental Nutrition Services, \$595K; Workforce Innovation and Opportunity Act, \$110K; University of Baltimore Research Contract, \$59K; and Check Printing and Mailing Services, \$2K; Offset by Decrease in the University of MD, College Park Web Hosting Contract, (\$104K); Administrative Hearings (\$8K); and Medicaid Determination Fees, (\$4K).			
12 Grants, Subsidies & Contributions			(50)
Decrease in Grants due to Center for Urban Families.			
13 Fixed Charges			4
Increase in Fixed Charges due to Non-Motor Vehicle Insurance.			
Total			2,832

^a Reference Source: FY 2017 Maryland State Budget Book - Part II: Page 41

Department of Human Resources
FY 2017 Budget Highlights
Family Investment Administration
Maryland Office for Refugees and Asylees (MORA)
NI00.05

	<u>FY 2016</u>	<u>FY 2017</u>	<u>Changes</u>
	<u>Appropriation</u>	<u>Allowance</u>	
I. FUNDING^a			
General Funds	-	-	-
Special Funds	-	-	-
Federal Funds	14,396,684	14,215,543	(181,141)
Reim. Funds	-	-	-
Total	14,396,684	14,215,543	(181,141)
II. PERSONNEL^a			
Regular Positions:	5.00	5.00	0.00
Contractual Positions:	1.00	1.00	0.00
III. MAJOR CHANGES (In Thousands)			
01 <u>Salaries</u>			(181)
Decrease in Salaries due to Regular Earnings, (\$86K); Accrued Leave Payments, (\$64K); Fringe Benefits, (\$11K); Salary Adjustments, (\$9K); Health Insurance, (\$6K); Employees' Retirement, (\$4K); and Turnover Adjustments, (\$3K); Offset by Increase in Retirees Health Insurance Premiums, \$2K.			
02 <u>Technical and Special Fees</u>			2
Increase in Technical and Special Fees due to Special Payments Payroll.			
03 <u>Communications</u>			(2)
Decrease in Communications due to DGS - Office of Telecommunications.			
08 <u>Contractual Services</u>			(1,013)
Decrease in Contractual Services mainly due to transfer of funding for Employment Services to Grants, Subsidies & Contributions.			
12 <u>Grants, Subsidies & Contributions</u>			1,013
Increase in Grants mainly due to additional funding for Employment Services.			
Total			(181)

^a Reference Source: FY 2017 Maryland State Budget Book - Part II: Page 42

Department of Human Resources
FY 2017 Budget Highlights
Family Investment Administration
Office of Home Energy Program (OHEP)
NI00.06

	<u>FY 2016</u> <u>Appropriation</u>	<u>FY 2017</u> <u>Allowance</u>	<u>Changes</u>
I. FUNDING^a			
General Funds	-	-	-
Special Funds	70,380,085	77,588,858	7,208,773
Federal Funds	67,191,747	63,216,048	(3,975,699)
Reim. Funds	-	-	-
Total	137,571,832	140,804,906	3,233,074
 II. PERSONNEL^a			
Regular Positions:	16.87	16.87	0.00
Contractual Positions:	0.00	0.00	0.00
 III. MAJOR CHANGES (In Thousands)			
01 Salaries			45
Increase in Salaries due to Employees' Retirement, \$25K; Retirees Health Insurance Premiums, \$24K; Accrued Leave Payments, \$19K; Health Insurance, \$12K; Regular Earnings, \$11K; and Fringe Benefits, \$2K; Offset by Decrease in Turnover Adjustments, (\$30K); and Salary Adjustments, (\$18K).			
03 Communications			(13)
Decrease in Communications due to Postage, (\$7K); Regular Telephone Services, (\$5K); and DGS - Office of Telecommunications, (1K).			
08 Contractual Services			3,202
Increase in Contractual Services due to Maryland Strategic Regional Greenhouse Gas Initiative (RGGI), \$7,206K; Electric Universal Service Program (EUSP), \$1,111K; Administrative Costs for Local Administrative Agencies, \$906K; and Call Center Services, \$21K; Offset by Decrease in Maryland Energy Assistance Programs (MEAP), (\$6,040K); and Rental for Meetings, Training and Staff Development, (\$2K).			
09 Supplies			1
Increase in Supplies due to Data Processing Supplies.			
13 Fixed Charges			(2)
Decrease in Fixed Charges due to Subscriptions and Dues.			
Total			3,233

^a Reference Source: FY 2017 Maryland State Budget Book - Part II: Page 43

**Department of Human Resources
 FY 2017 Budget Highlights
 Office Of Grants Management
 NI00.07**

	<u>FY 2016</u> <u>Appropriation</u>	<u>FY 2017</u> <u>Allowance</u>	<u>Changes</u>
I. FUNDING^a			
General Funds	11,963,181	12,006,659	43,478
Special Funds	-	-	-
Federal Funds	1,165,906	1,174,473	8,567
Reim. Funds	-	-	-
Total	13,129,087	13,181,132	52,045
II. PERSONNEL^a			
Regular Positions:	10.00	10.00	0.00
Contractual Positions:	0.00	0.00	0.00
III. MAJOR CHANGES (In Thousands)			
01 Salaries			53
Increase in Salaries due to Regular Earnings, \$45K; Employees' Retirement, \$26K; Retirees Health Insurance Premiums, \$14K; Health Insurance, \$6K; and Fringe Benefits, \$3K; Offset by Decrease in Turnover Adjustments, (\$22K); Salary Adjustments, (\$13K); and Accrued Leave Payments, (\$6K).			
03 Communications			(1)
Decrease in Communications due to DGS - Office of Telecommunications.			
08 Contractual Services			(186)
Decrease in Contractual Services due to transfer of Warehouse Services under The Emergency Food Assistance Program (TEFAP) to Grants, Subsidies and Contributions.			
12 Grants, Subsidies & Contributions			186
Increase in Grants due to Food Distribution Services under The Emergency Food Assistance Program (TEFAP).			
Total			52

^a Reference Source: FY 2017 Maryland State Budget Book - Part II: Page 44

**Department of Human Resources
FY 2017 Budget Highlights
Local Family Investment Program
NG00.02**

	<u>FY 2016 Appropriation</u>	<u>FY 2017 Allowance</u>	<u>Changes</u>
I. FUNDING*			
General Funds	42,640,494	52,429,759	9,789,265
Special Funds	2,426,124	2,512,376	86,252
Federal Funds	112,928,306	112,186,048	(742,258)
Reim. Funds	-	-	-
Total	157,994,924	167,128,183	9,133,259
II. PERSONNEL*			
Regular Positions:	1,805.42	1,805.42	0.00
Contractual Positions:	0.00	0.00	0.00
III MAJOR CHANGES (In Thousands)			
01 Salaries			9,127
Increase in Salaries due to Overtime, \$3,316K; Employees' Retirement, \$2,136K; Health Insurance, \$2,130K; Turnover Adjustments, \$1,188K; Health Insurance, \$552K; Salary Adjustments, \$222K; and Accrued Leave Payments, \$72K; Offset by Decrease in Regular Earnings, (\$313K); and Fringe Benefits, (\$176K).			
02 Technical and Special Fees			62
Increase in Technical and Special Fees due to Interpreter Fees, mainly for Baltimore City, \$61K; and Clerical & Secretarial Support, \$1K.			
03 Communications			(142)
Decrease in Communications due to Regular Telephone Services, (\$86K); DGS - Office of Telecommunications, (\$31K); and Postage, (\$26K); Offset by Increase in Cell Phone, \$1K.			
04 Travel			2
Increase In Travel due to In-State/Routine Operations.			
06 Utilities			(80)
Decrease in Utilities due to Electricity Usage, mainly for Baltimore City, (\$79K); and Fuel-Oil, (\$2K); Offset by Increase in Water/Sewage, \$1K.			
08 Contractual Services			(110)
Decrease in Contractual Services due to Disabled Examinations, mainly for Baltimore City and Anne Arundel County, (\$216K); Medical Exams, (\$11K); and Service Contracts-Buildings, (\$1K); Offset by Increase in Repairs/Maintenance mainly for Baltimore County and Baltimore City, \$51K; Other Contractual Services mainly for Prince George's County and Baltimore County, \$43K; Rental-Copy Machines, \$19K; Freight and Delivery, \$2K; Service Contracts-Equipment, \$1K; Outside Services Computer Usage, \$1K; and Rental for Meetings, \$1K.			
09 Supplies			251
Increase in Supplies due to Office Supplies, mainly for Baltimore County and Baltimore City, \$182K; Data Processing Supplies, \$39K; Housekeeping, \$14K; Other Office Supplies and Materials, \$13K; Printed Forms, \$2K; and Copier Services, \$1K.			
12 Grants, Stipends and Contributions			(130)
Decrease in Grants due to Grants, mainly for Montgomery County Department of Health and Human Services, (\$119K); and Background Checks, (\$11K).			
Fixed Charges			
13 Increase in Fixed Charges			153
due to Rent Non-Department of General Services, mainly for Anne Arundel County, Cecil County, and Prince George's County, \$123K; Rent Paid to Department of General Services mainly for Calvert County and St. Mary's County, \$18K; Rental-Multi Service Centers, \$11K; and Other Fixed Charges, \$1K.			
Total			9,133

* Reference Source: FY 2016 Maryland State Budget Book - Part II: Pages 29-30.

Department of Human Resources
FY 2017 Budget Highlights
Assistance Payments
NG00.08

		<u>FY 2016</u> <u>Appropriation</u>	<u>FY 2017</u> <u>Allowance</u>	<u>Changes</u>
I.	FUNDING^a			
	General Funds	74,855,700	68,195,837	(6,659,863)
	Special Funds	16,618,898	13,318,408	(3,300,490)
	Federal Funds	1,259,526,265	1,255,552,861	(3,973,404)
	Reim. Funds			-
	Total	1,351,000,863	1,337,067,106	(13,933,757)
II.	PERSONNEL			
	Regular Positions:	0.00	0.00	0.00
	Contractual Positions:	0.00	0.00	0.00
III.	MAJOR CHANGES (In Thousands)			
	<u>Temporary Cash Assistance (TCA)</u>			
	Decrease in Temporary Cash Assistance to reflect Decrease in average monthly recipients from 62,191 to 57,768, (\$10,221K); Decrease in monthly grant amount from \$192.60 to \$192.30 to reflect current payment, (\$200K).			(10,421)
	<u>Welfare Avoidance Grant</u>			
	Increase in Welfare Avoidance Grant to reflect current expenditure trend, \$34K.			34
	<u>Refugee</u>			
	Decrease in Refugee to reflect Decrease in average monthly recipients from 19 to 13, (\$17K); Offset by an Increase in monthly grant amount from \$225.59 to \$248.27 to reflect current payment, \$4K.			(13)
	<u>Emergency Assistance (EA) - Burial</u>			
	Increase in Burial to reflect Increase in average monthly recipients from 422 to 504, \$151.90K; Offset by Decrease in monthly grant amount from \$1,858.15 to \$1,814.21 to reflect current payment, (\$22.2K).			130
	<u>Public Assistance to Adults</u>			
	Increase in Public Assistance to Adults to reflect an Increase in average monthly recipients from 2,736 to 2,878, \$401.3K; Offset by a Decrease in monthly grant amounts from \$234.53 to \$230.80 to reflect current payment, (\$128.9K).			272
	<u>Supplemental Nutrition Assistance Program (SNAP), formally Food Stamp</u>			
	Decrease in Supplemental Nutrition Assistance Program to reflect a Decrease in average monthly Household from 405,197 to 404,194, (\$2,850.5K); and a Decrease in average monthly grant amount from \$236.83 to \$236.61 to reflect current payment, (\$1,084.8K).			(3,935)
	Total			(13,934)
	Temporary Cash Assistance: Recipient/Month:	<u>FY 2015 Actual</u>	<u>FY 2016 Appropriation</u>	<u>FY 2017 Allowance</u>
		61,739	62,191	57,768

^a Reference Source: FY 2017 Maryland State Budget Book - Part II: Page 36.

**Department of Human Resources
 FY 2017 Budget Highlights
 Work Opportunities Program
 NG00.10**

	<u>FY 2016 Appropriation</u>	<u>FY 2017 Allowance</u>	<u>Changes</u>
I. FUNDING^a			
General Funds	-	-	-
Special Funds	-	-	-
Federal Funds	33,288,084	33,311,034	22,950
Reim. Funds	-	-	-
Total	33,288,084	33,311,034	22,950
II. PERSONNEL^a			
Regular Positions:	22.00	21.00	(1.00)
Contractual Positions:	60.00	60.00	0.00
III. MAJOR CHANGES (In Thousands)			
01 Salaries			12
Increase in Salaries due to Regular Earnings, \$57K; Fringe Benefits, \$41K; Retirees Health Insurance, \$24K; Health Insurance, \$4K; and Offset by a decrease in Turnover Adjustments, (\$45K); Abolishment of 1 FTE Position, (\$41K); and Salary Adjustments, (\$28K).			
02 Technical and Special Fees			11
Increase in Technical and Special Fees due to Contractual Health Insurance, \$11K.			
Total			23

^a Reference Source: FY 2017 Maryland State Budget Book - Part II: Page 37.

**Department of Human Resources
Family Investment Administration
N00I00**

Response to Issues

DHR should comment on the potential streamlining and the impact on DHR's homeless services programs.

Response to Issue

In November 2015, the Joint Committee on Ending Homelessness requested that the Departments of Human Resources, Housing and Community Development, and Health and Mental Hygiene identify ways to better coordinate service delivery for Marylanders experiencing homelessness.

Leadership within DHR and DHCD held preliminary meetings and have committed to completing an evaluation of our programs' efficiencies, impact, and strategic direction during FY 2016. The goals for this consolidation effort are 1) to maintain current funding levels, 2) improve the efficiency of the funding process and monthly reporting requirements, 3) align State funding goals with federal requirements and national best practice trends, and 4) increase availability of diverse supportive housing options statewide over time.

The Department of Human Resources has scheduled strategic planning sessions with each agency's leadership and key stakeholders to conduct the analysis and make recommendations on consolidation efforts. The evaluation and strategic planning will be complete by the end of FY 2016.

DHR should comment on steps it is taking to reduce overtime spending and whether filling vacant positions would reduce the need for overtime.

Response to Issue

The Family Investment Administration requires that local department administrators request and justify overtime funding for each calendar quarter. Both the Family Investment Administration Executive Director and the DHR Chief Financial Officer must approve the overtime.

Filling vacant positions will help reduce overtime, but not immediately. New case managers require considerable training on program policies and procedures as well as coaching as they practice their new skills. A typical new Family Investment Specialist requires about a year of training and coaching until they are able to handle a workload comparable to that of an experienced case manager.

The current drivers of the increases in overtime expenditures are the requirement to determine eligibility within timelines on at least 96% of applications, the conversion of MA cases for health

care reform, and, intensive case management for able-bodied adults without dependents in the SNAP program.

Determining eligibility within timelines: In 2009, in the case of Thompson vs. Donald, the Circuit Court of Baltimore City found in favor of the plaintiff and required the Department to determine eligibility timely in at least 96% of applications for FIA programs. The Department met those requirements and in 2012, the injunction was removed. However, the Department must continue to keep applications timely. Through the strategic use of overtime, we have met the requirement in every month except one, May 2015, since the injunction was removed.

Health Care Reform: The migration of Medical Assistance cases from the CARES legacy eligibility system to the new Maryland Health Connection began in April 2015. From April through March 2016, nearly 300,000 customers needed to create accounts and enter their case information into the new website to continue their eligibility. The vast majority of these customers required special individual or group assistance in order to accomplish the task. The work continues on converting the customers even after their cases have closed.

Intensive Case Management for the Food Supplement Program: During the second half of SFY 2016, six local departments must screen, assess and track weekly the work program activities or employment of more than 9,200 Food Supplement Program recipients who are able-bodied adults without dependents. This federal rule change was implemented in January 2016 and will require overtime to screen accurately, monitor and track work activities as well as create work activity slots for customers to participate in order to retain their benefits.

DHR should explain to the committees how it plans to address the significant shortfalls in the fiscal 2016 budget and its plan to monitor spending in fiscal 2017 to ensure the shortfalls can be fully resolved.

Response to Issue

It is our understanding that the Analyst has summarized all Departmental surpluses and shortfalls in this presentation. The Department has plans to address the potential shortfalls. These plans have been shared in DHR's budget hearings before the committees during the DHR Overview, the DHR Administration, and the DHR Social Services budget hearing sessions. Our plans will take advantage of declining caseloads and IV-E Waiver funding as well as Temporary Assistance for Needy Families (TANF).

The shortfalls mentioned by the Analyst in FIA for overtime, Temporary Disability Assistance Payments (TDAP), and TANF will also be addressed using Temporary Cash Assistance (TCA) caseload reductions. The TANF caseload has declined more rapidly than anticipated. In January 2016, the caseload has dropped to 55,031 from 59,142 in October 2015. The TDAP caseload is also trending downward from 18,582 in October 2015 to 18,079 in January 2016.

In addition it should be noted that overtime has been budgeted for fiscal 2017.

DHR should comment on when the evaluation of these work programs will be completed. DLS recommends committee narrative requesting FIA report on the number of ABAWDs removed from the FSP benefits due to failure to comply with work requirements and the number of those who returned to the program after complying.

Response to Issue

The University of Baltimore's Jacob France Institute (JFI) will provide DHR with an evaluation of ABAWD work participation. Because Maryland has had an ABAWD waiver since 2009 due to the recession and new changes to the ABAWD policy starting January 1, 2016, DHR and JFI will work collaboratively to develop the most accurate and appropriate indicators of work participation. Suggested indicators include:

- # of ABAWDs working at least 80 hours a month;
- # of ABAWDs participating in work activities at least 80 hours a month;
- # of ABAWDs participating in a WIOA activity;
- Wages earned; and,
- Retention.

These indicators will be completed by June 30, 2016 so that DHR can begin reporting the above suggested indicators and any other data elements deemed necessary by the beginning of SFY 2017.

DHR should comment on whether any additional issues have occurred during the second phase of the transition of benefit distribution dates.

Response to Issue

In December, DHR notified SNAP recipients of the final change to the benefit distribution schedule, expanding issuance from 15 days a month to 20 days a month, which took place in January. While Constituent Services did receive some complaints in January, they were fewer in number than those received in September when the expansion from 10 to 15 days took place. Constituent Services was able to refer those complaining to a nearby food pantry, so that they could get groceries to tide them over until their FSP benefits were in their EBT accounts. As in September, because we expanded one day earlier in the month as well as four days later in the month, no SNAP recipient waited longer than four days from their previous monthly issuance day.

Therefore, DLS recommends withholding a portion of the administration's appropriation until OLA has determined that the repeat findings have been corrected.

Response to Issue

DHR and the Family Investment Administration remain focused on resolving all audit findings. The Deputy Secretaries chair bi-weekly meetings on audits in which DHR leadership staff report updated information on corrective actions taken by their administrations on each audit finding.

In March 2015, FIA created an Audit Task Force to review and resolve findings from Federal and State audits and reviews. FIA has a corrective action plan for each audit finding. With membership from all FIA bureaus and several local offices, the Task Force meets monthly to review progress on the corrective action plans, and on systemic changes to prevent future audit findings, with a particular focus on repeat audit findings. Responses and actions taken on audit findings to date are detailed in the responses to individual audit findings.

DLS recommends budget bill language withholding funds until the agency submits information on the issues of gaps in accessing services, how coordination among agencies could be improved, whether expanding the scope of outreach workers' activities could further the goals of No Wrong Door, and the feasibility of creating a grant program to implement innovative strategies across the State.

Response to Issue

DHR and its local offices are the right door to comprehensive, integrated services to its clients. The Department has engaged in a number of efforts to increase customer access to public assistance and other services. The administration has focused efforts on system modernization which has the potential to more effectively serve recipients of state services. DHR is working with other state agencies, including the Department of Labor, Licensing, and Regulation, the Maryland State Department of Education, the Department of Aging, the Department of Juvenile Services and the Maryland Health Benefit Exchange to determine how improved data sharing and coordination around customer case management systems can produce more efficient programs that produce better outcomes for Marylanders in need. The Family Investment Administration focused efforts on ensuring the smooth implementation of myDHR, the Department's new customer-facing, web-based benefit application. Not only does the system improve the customer experience in submitting the application, but it makes customers aware of and directs them to other benefits programs for which they may be eligible.

DHR continues to receive recognition for successful outreach efforts in Maryland. The US Department of Agriculture ranked Maryland as the top performing state at achieving outreach targets, which earned the Department bonus funds in 2016. Collaboration with community-based outreach partners increases the awareness of the Food Supplement Program among individuals and families experiencing food insecurity. The community-based outreach partners take more than 2,500 applications a month from potentially eligible Maryland families with children and seniors.

The Department has focused work with the outreach partners on ensuring a smooth roll-out of myDHR and educating Maryland communities for expiration of the Able-Bodied Working Adults Without Dependents (ABAWD) Food Supplement Program waiver. DHR will continue to explore opportunities for outreach partners to increase outreach activities.

DHR also works closely with the Department of Labor, Licensing, and Regulation to coordinate services provided by Local Departments of Social Services and American Job Centers. As a partner in the federal Workforce Innovation and Opportunities Act, DHR is working with other agencies to identify opportunities to increase access to each agency's respective services. For example, DHR and DLLR are exploring co-location options to ensure that all dislocated workers

are screened for public assistance benefits and that TCA and FSP customers have access to appropriate employment, short-term training and credentialing programs.

The Department will report on interagency coordination and modernization efforts in the 2016 Joint Chairmen's Report. Additionally, FIA will conduct additional research on gaps in service and the potential of a grants program for expanding outreach.

**Department of Human Resources
Family Investment Administration
N00I00**

Responses to Recommended Actions

Recommendation #1:

Adopt committee narrative requesting a report on the impact of the end of the statewide waiver of the time limit for able bodied adults without dependents for the Food Supplement Program. **(Page 4 and 36)**

Response: Concur

The Department concurs with the Analyst's recommendation.

Recommendation #2:

Add budget bill language restricting general funds until corrective actions related to repeat audit findings are completed. **(Page 4, 36 and 37)**

Response: Concur

The Department is committed to resolving repeat audit findings.

Recommendation #3:

Add budget bill language restricting funds until a report is submitted identifying gaps in accessing services and opportunities for improved coordination. **(Page 4 and 37)**

Response: Concur

The Department concurs with the Analyst's recommendation.

**Department of Human Resources
Family Investment Administration
N00I00**

Response to Audit Findings

Audit Finding #1:

FIA lacked documentation of required computer matches, and system alerts were not always adequately resolved. (Page 29)

Response:

Missing SSNs: FIA is overseeing and managing the local offices' attention to missing Social Security Numbers. Using an automated tool for tracking within each local office, the Family Investment Administration Office of Operations reports that the number of cases with missing SSNs decreased 92%, from 12,326 in April 2015 to 997 in December 2015. Not all customers will have SSNs. For example, cases with newborns are missing SSNs until the customer reports receiving one for the child. Federal policy allows the customer until the next redetermination to provide the number.

DHR's policy is to retain three quarters of match data. We provided the OLA legislative auditors with match results from reports that are housed on DataWatch, proving that the matches were recorded in the Clients' Automated Resource Eligibility System (CARES) for Public Assistance Reporting Information System (PARIS), National Directory for New Hires (NDNH) and Social Security Number (SSN) matches.

Documentation of Performing Matches: DHR programmed its matches to apply filters that remove duplicate cases and those that do not require case manager attention (for example, closed cases and cases in which income was already reported and recorded in the eligibility system). As a result, the OLA team was not able to examine the raw match data. All matches are being performed on schedule and historical archiving of the raw data is occurring.

Audit Finding #3:

Documentation required to support energy assistance recipient eligibility and the validity of payments was not always maintained. (Page 29)

Response:

DHR is continuing to expand access and increase usage of its document imaging system by its LAAs. The electronic storage of documents creates searchable, electronic case files, improving efficiency and helps us avoid redundant requests for identity and other verification and loss of paper documentation. Many LAAs have fully incorporated document imaging into their operating protocols; however, several LAAs require further assistance in this area. OHEP is working in partnership with the department's OTHS to address equipment and system needs and will be using its Technology Work Group that was formed in the fall of 2015 to roll out additional guidance and assistance pertaining to document imaging.

Last year, DHR developed the Local Processing Time Report in response to a Joint Chairmen's Report request, which has helped Local Administering Agencies (LAAs) manage application timeliness better. As noted in the Office of Home Energy Program's budget analysis this year, statewide average annual energy assistance application processing times have improved so far in 2016 compared to the same time period in 2015 and the percent of applications processed in longer than 55 days decreased from 17% to 11%.

To further assist local agencies in their oversight and management of application processing times, the Office of Home Energy Programs' has developed an enhancement to its Local Processing Time Report to allow LAAs to track all cases, sorted by case worker, that are between 25-45 days in process and over 45 days in process. This level of reporting will allow local agencies to identify cases that are approaching non-compliance with timeliness and resolve them, as well as provide insight into what case workers are struggling with their workload demands.

Additionally, OHEP is developing a more detailed program dashboard to identify areas within the application process that are contributing to excessive processing times for applications and is expanding access to tools to assist local agencies with verifying eligibility requirements.

Audit Finding #4:

Certain contract costs and deliverables were not adequately monitored. (Page 29)

Response:

FIA has taken a number of actions to improve the contracting and monitoring processes. Improvements include annual meetings for contract managers and monitors to share information and best practices to monitor contract costs and deliverables. The agenda includes presentations from the Office of the Inspector General, Accounting Operations, Budget and Finance and the Bureau of Administration. The presenters provide tools (such as spreadsheets) to help monitor contract expenditures and deliverables, and share information related to site visits, invoice review and approval, and contract documentation (such as time and attendance records). In addition, a contract monitoring plan is required for with each contract.

Audit Finding #5:

FIA lacked procedures and documentation to support the TDAP recipient eligibility for certain cases and federal funds were not always recovered. (Page 29)

Response:

TDAP is a vital program that provides help to approximately 18,000 disabled or impaired adults per month, and DHR is taking appropriate steps to ensure these vulnerable populations receive the assistance for which they are eligible.

Documentation: FIA is overseeing and managing the local offices' administration of the TDAP benefits by performing case reviews to ensure required documentation has been scanned or uploaded into the Department's Enterprise Content Management Solution. During the past four months (October 2015-January 2016), FIA's Office of Operations conducted 4,912 case reviews

not just of documentation but reviewing CARES coding as well and found two-thirds of them needed some correction in CARES coding or completion of documentation.

Timely case closures: The case reviews referenced above resulted in the identification of 1,233 cases that needed closure. The Office of Operations followed up to ensure the cases were closed timely. During the past month alone, from December 2015 to January 2016, the caseload decrease by 458 cases.

Reimbursements: In order to improve the coordination of reimbursements, the Department has moved to centralize this critical function. During the next few months, all local offices' responsibilities for reimbursement will become centralized under the Department's Budget and Finance Office.