



**STATEMENT OF LOURDES R. PADILLA
SECRETARY
DEPARTMENT OF HUMAN RESOURCES
BEFORE THE
HOUSE APPROPRIATIONS COMMITTEE
HEALTH AND HUMAN RESOURCES SUBCOMMITTEE
FY 2018 BUDGET**

WEDNESDAY, MARCH 1, 2017



**STATEMENT OF LOURDES R. PADILLA
SECRETARY
DEPARTMENT OF HUMAN RESOURCES
BEFORE THE
SENATE BUDGET AND TAXATION COMMITTEE
HEALTH AND HUMAN SERVICES SUBCOMMITTEE
FY 2018 BUDGET**

THURSDAY, MARCH 2, 2017

Good afternoon Chairman Reznik 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 Acting Deputy Secretary for Programs, Ann Flagg, the Acting Deputy Executive Director of the Family Investment Administration, Matthew Lyons, 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 (TCA) and for determining eligibility for the non-Modified Adjusted Gross Income (MAGI) Medical Assistance programs, including long-term care. The Family Investment Administration also provides emergency services, such as The Emergency Food Assistance Program and homeless services. FIA additionally provides employment and transitional services to assist low income Marylanders achieve self sufficiency, and is responsible for resettling refugees and asylees.

The fiscal year 2018 Budget Allowance for FIA totals \$1.53 billion or approximately \$62.8 million less than the current year's working budget. This decrease is primarily due to a recent decline in the caseload for Maryland's Food Supplement Program (FSP) and Temporary Cash Assistance (TCA). Benefits for the FSP program are 100 percent federally funded.

DHR Helps Record Numbers of Marylanders on TCA Find Jobs

For the third consecutive year, DHR surpassed our target of placements and secured over 13,000 jobs for individuals receiving welfare. This is an increase of 4.4 percent over the same time in FY 2013 even though the caseload declined by approximately 16 percent. Additionally, DHR met and exceeded its federal Work Participation Rate requirement by achieving an overall rate of 51.5%

This progress 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.

DHR Expands the Availability of Employment and Training Programs to Marylanders on SNAP

Responding to the need to expand available work opportunities for individuals receiving public assistance, DHR stood up an initial cadre of eight community partners through the Food Supplement Employment & Training (FSET) program to help food stamp recipients develop in-demand job skills that lead to stable employment. These services are essential as more able-bodied individuals without dependents become subject to work requirements in order to maintain their food benefits. The Department is currently standing up an additional 5 to 7 more community partners through its FSET program and plans to on board even more partners in the fall. As a result of Maryland's leadership, our workforce staff has been invited by the U.S. Department of Agriculture

(USDA) to participate in the SNAP Employment & Training Learning Academy, where leaders from across the country will convene to discuss best practices in the field. Additionally, Maryland is one of ten states selected by USDA to receive one-on-one technical assistance to develop, improve and expand our employment and training programs through the SNAP to Skills initiative.

DHR Continues to be a National Leader in Improving Customer Outreach and Access to Benefits

Through the combined efforts of the campaign to end childhood hunger, FIA, the local departments of social services, and our community organization partners, 744,343 individuals enrolled in the FSP in FFY 2016. Of those individuals, 309,682 were children under the age of 18; approximately 42 percent of our total FSP population consists of children who will have improved food security.

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 \$2.7 million from the US Department of Agriculture for increasing access to the Food Supplement Program in calendar year 2015 due to our strong outreach efforts. Maryland is among the States with the highest penetration rates in the nation for program access.

This past Fall, DHR obtained a federal waiver and launched its Elderly Simplified Application Program (ESAP) to streamline the application and certification process for

the Food Supplement Program for elderly individuals. Under the program, elderly customers with no earned income have their benefits extended to a 36-month period and are not required to complete redetermination interviews. This process eases the burden and improves access to benefits for seniors in our communities. Already, 1,266 individuals have been enrolled in the simplified process.

In addition to streamlining the application process for these customers, older adults under FSP are further supported through the successful launch of the Minimum State Supplement Benefit in October of 2016. 17,793 seniors have been helped by raising the minimum FSP benefit for households with members 62 and older to \$30 per month as a result of the program.

Lastly, DHR is improving overall customer access to our array of benefit programs through a comprehensive online consumer portal, myDHR. Through myDHR, individuals and community partners can find out information and apply online for benefit programs and child support, as well as report changes and check the status of their cases. DHR continues to make the portal more customer-friendly by adding features such as the ability to upload supporting documents as part of the application process.

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 2018 Budget Highlights
Family Investment Administration
NI00

	<u>FY 2017</u> <u>Appropriation</u>	<u>FY 2018</u> <u>Allowance</u>	<u>Changes</u>
I. FUNDING^a			
General Funds	22,828,449	21,862,086	(966,363)
Special Funds	77,988,022	73,583,458	(4,404,564)
Federal Funds	101,925,425	112,475,203	10,549,778
Reim. Funds	-	-	-
Total	202,741,896	207,920,747	5,178,851
II. PERSONNEL^a			
Regular Positions:	261.87	261.87	0.00
Contractual Positions:	8.00	8.00	0.00
III. MAJOR CHANGES (In Thousands)			
01 Salaries			(888)
Decrease in Salaries mainly due to Regular Earnings, (\$532K); Health Insurance, (\$404K); Salary Adjustments, (\$352K); Employees' Retirement, (\$98K); Fringe Benefits, (\$63K); and Accrued Leave Payments, (\$47K); Offset by Increase in Turnover Adjustments, \$558K; Reclassifications, \$40K; and Workers' Compensation, \$10K.			
02 Technical and Special Fees			(31)
Decrease in Technical and Special Fees due to Consultant Fees, (\$35K); Offset by Increase in Interpreter Fees, \$3K; and Special Payments Payroll, \$1K.			
04 Travel			(26)
Decrease in Travel due to In-State Travel-Business.			
07 Vehicles			1
Increase in Vehicles due to Maintenance and Repair, \$3K; Offset by Decrease in Gas and Oil, (\$2K).			
08 Contractual Services			4,882
Increase in Contractual Services due to Maryland Energy Assistance Programs (MEAP), \$6,903K; The Maryland Food Supplement Nutrition Education Program (FSNEP), \$2,757K; Costs for Local Administrative Agencies, \$1,103K; Employment Verification Services, \$1,012K; Electronic Asset Verification System, \$700K; Dominion Cove Point Funds, \$400K; Call Center Services, \$136K; Emergency and Transitional Housing Services (ETHS), \$35K; and University of Baltimore Research Contract, \$10K; Offset by Decrease in Maryland Strategic Regional Greenhouse Gas Initiative (RGGI), (\$5,000K); Disability Determination Services, (\$1,682K); Electric Universal Service Program (EUSP), (\$699K); Targeted Assistance Discretionary Program funding, (\$559K); Disability Examinations, (\$191K); and Administrative Hearings, (\$43K).			
09 Supplies			122
Increase in Supplies due to Promotional Expenses, \$100K; Printed Forms, \$15K; Data Processing Supplies, \$4K; and Office Supplies, \$3K.			
12 Grants, Subsidies & Contributions			1,121
Increase in Grants mainly due to the Refugee Transitional Cash Assistance (RTCA) services for the Baltimore Metropolitan area, \$744K; Supplemental Nutrition Assistance Program Employment & Training (SNAP E&T), \$201K; Targeted Assistance Discretionary Grant for the Women's Employability Program, \$100K; and Food Supplement Outreach Programs, \$76K.			
13 Fixed Charges			(2)
Decrease in Fixed Charges due to Subscriptions and Fees, (\$4K); Offset by Increase in Non-Motor Vehicle Insurance, \$2K.			
Total			5,179

^a Reference Source: FY 2018 Maryland State Budget Book - Part II: Pages 44-49.

Department of Human Resources
FY 2018 Budget Highlights
Family Investment Administration
N100.04

	<u>FY 2017</u>	<u>FY 2018</u>	<u>Changes</u>
	<u>Appropriation</u>	<u>Allowance</u>	
I. FUNDING^a			
General Funds	10,827,580	10,369,218	(458,362)
Special Funds	389,706	366,144	(23,562)
Federal Funds	23,300,983	25,830,725	2,529,742
Reim. Funds	-	-	-
Total	34,518,269	36,566,087	2,047,818
 II. PERSONNEL^a			
Regular Positions:	237.00	237.00	0.00
Contractual Positions:	7.00	7.00	0.00
 III MAJOR CHANGES (In Thousands)			
01 Salaries			(319)
Decrease in Salaries mainly due to Salary Adjustments, (\$313K); Health Insurance, (\$284K); Regular Earnings, (\$122K); Accrued Leave Payments, (\$50K); Fringe Benefits (\$31K); and Employees' Retirement, (\$25K); Offset by Increase in Turnover Adjustments, \$456K; Reclassifications, \$40K; and Workers' Compensation, \$10K.			
02 Technical and Special Fees			3
Increase in Technical and Special Fees due to Interpreter Fees.			
03 Communications			1
Increase in Communications due to DGS - Office of Telecommunications, \$2K; Offset by decrease in Postage, (\$1K).			
04 Travel			(28)
Decrease in Travel due to In-State Travel-Business.			
07 Vehicles			1
Increase in Vehicles due to Maintenance and Repair, \$3K; Offset by Decrease in Gas and Oil, (\$2K).			
08 Contractual Services			2,109
Increase in Contractual Services due to The Maryland Food Supplement Nutrition Education Program (FSNEP), \$2,757K; Electronic Asset Verification System, \$700K; Employment Verification Services, \$422K; Call Center Services, \$136K; and University of Baltimore Research Contract, \$10K; Offset by Decrease in Disability Determination Services, (\$1,682K); Disability Examinations, (\$192K); and Administrative Hearings, (\$43K).			
09 Supplies			8
Increase in Supplies due to Office Supplies, \$4K; and Data Processing Supplies, \$4K.			
12 Grants, Subsidies & Contributions			277
Increase in Grants due to Supplemental Nutrition Assistance Program Employment & Training (SNAP E&T), \$201K; and Food Supplement Outreach Programs, \$76K			
13 Fixed Charges			(4)
Decrease in Fixed Charges due to Subscriptions and Fees, (\$6K); Offset by Increase in Non-Motor Vehicle Insurance, \$2K.			
 Total			2,048

^a Reference Source: FY 2018 Maryland State Budget Book - Part II:45-46.

Department of Human Resources
FY 2018 Budget Highlights
Family Investment Administration
Maryland Office for Refugees and Asylees (MORA)
N100.05

	<u>FY 2017</u> <u>Appropriation</u>	<u>FY 2018</u> <u>Allowance</u>	<u>Changes</u>
I. FUNDING^a			
General Funds	-	-	-
Special Funds	-	-	-
Federal Funds	14,222,665	14,643,916	421,251
Reim. Funds	-	-	-
Total	<u>14,222,665</u>	<u>14,643,916</u>	<u>421,251</u>
II. PERSONNEL^a			
Regular Positions:	6.00	6.00	0.00
Contractual Positions:	1.00	1.00	0.00
III. MAJOR CHANGES (In Thousands)			
01 <u>Salaries</u>			131
Increase in Salaries due to Regular Earnings, \$81K; Accrued Leave Payments, \$17K; Employees' Retirement, \$16K; Health Insurance, \$12K; Fringe Benefits, \$7K; Turnover Adjustments, \$4K; and Reclassifications, \$2K; Offset by Decrease in Salary Adjustments, (\$8K).			
02 <u>Technical and Special Fees</u>			1
Increase in Technical and Special Fees due to Special Payments Payroll.			
03 <u>Communications</u>			1
Increase in Communications due to DGS - Office of Telecommunications.			
04 <u>Travel</u>			2
Increase in Travel due to In-State Travel-Business.			
08 <u>Contractual Services</u>			(559)
Decrease in Contractual Services mainly due to reduction of the Targeted Assistance Discretionary Program funding.			
09 <u>Supplies</u>			(1)
Decrease in Supplies due to Office Supplies.			
12 <u>Grants, Subsidies & Contributions</u>			844
Increase in Grants mainly due to the Refugee Transitional Cash Assistance (RTCA) services for the Baltimore Metropolitan area, \$744K; and Targeted Assistance Discretionary Grant for the Women's Employability Program, \$100K.			
13 <u>Fixed Charges</u>			2
Increase in Fixed Charges due to Subscriptions and Fees.			
Total			<u><u>421</u></u>

^a Reference Source: FY 2018 Maryland State Budget Book - Part II: 47.

Department of Human Resources
FY 2018 Budget Highlights
Family Investment Administration
Office of Home Energy Program (OHEP)
NI00.06

	<u>FY 2017</u> <u>Appropriation</u>	<u>FY 2018</u> <u>Allowance</u>	<u>Changes</u>
I. FUNDING^a			
General Funds	-	-	-
Special Funds	77,598,316	73,217,314	(4,381,002)
Federal Funds	63,219,893	70,871,477	7,651,584
Reim. Funds	-	-	-
Total	140,818,209	144,088,791	3,270,582
 II. PERSONNEL^a			
Regular Positions:	14.87	14.87	0.00
Contractual Positions:	0.00	0.00	0.00
 III. MAJOR CHANGES (In Thousands)			
01 Salaries			(139)
Decrease in Salaries due to Regular Earnings, (\$78K); Health Insurance, (\$38K); Salary Adjustments, (\$18K); Accrued Leave Payments, (\$16K); Employees' Retirement, (\$15K); Fringe Benefits, (\$7K); and Reclassifications, (\$2K); Offset by Increase in Turnover Adjustments, \$35K.			
03 Communications			(2)
Decrease in Communications due to Postage, (\$12K); Offset by Increase in Regular Telephone Services, \$10K.			
08 Contractual Services			3,297
Increase in Contractual Services due to Maryland Energy Assistance Programs (MEAP), \$6,903K; Administrative Costs for Local Administrative Agencies, \$1,103K; Employment Verification Services, \$590K; and Dominion Cove Point Funds, \$400K; Offset by Decrease in Maryland Strategic Regional Greenhouse Gas Initiative (RGGI), (\$5,000K); and Electric Universal Service Program (EUSP), (\$699K).			
09 Supplies			115
Increase in Supplies due to Promotional Expenses, \$100K; and Office Supplies, \$15K.			
Total			3,271

^a Reference Source: FY 2018 Maryland State Budget Book - Part II: 48.

**Department of Human Resources
 FY 2018 Budget Highlights
 Office Of Grants Management
 N100.07**

	<u>FY 2017</u> <u>Appropriation</u>	<u>FY 2018</u> <u>Allowance</u>	<u>Changes</u>
I. FUNDING^a			
General Funds	12,000,869	11,492,868	(508,001)
Special Funds	-	-	-
Federal Funds	1,181,884	1,129,085	(52,799)
Reim. Funds	-	-	-
Total	13,182,753	12,621,953	(560,800)
II. PERSONNEL^a			
Regular Positions:	4.00	4.00	0.00
Contractual Positions:	0.00	0.00	0.00
III. MAJOR CHANGES (In Thousands)			
01 <u>Salaries</u>			(561)
Decrease in Salaries due to Regular Earnings, (\$413K); Health Insurance, (\$94K); Employees' Retirement, (\$74K); Fringe Benefits, (\$32K); and Salary Adjustments, (\$13K); Offset by Increase in Turnover Adjustments, \$63K; and Accrued Leave Payments, \$2K.			
02 <u>Technical and Special Fees</u>			(35)
Decrease in Technical and Special Fees due to Consultant Fees.			
08 <u>Contractual Services</u>			
Increase in Contractual Services due to Emergency and Transitional Housing Services (ETHS)			
			35
Total			(561)

^a Reference Source: FY 2018 Maryland State Budget Book - Part II: 49.

**Department of Human Resources
FY 2018 Budget Highlights
Local Family Investment Program
NG00.02**

	<u>FY 2017 Appropriation</u>	<u>FY 2018 Allowance</u>	<u>Changes</u>
I. FUNDING^a			
General Funds	52,945,210	60,701,862	7,756,652
Special Funds	2,545,242	2,426,545	(118,697)
Federal Funds	112,819,894	99,820,448	(12,999,446)
Reim. Funds	-	-	-
Total	168,310,346	162,948,855	(5,361,491)
II. PERSONNEL^a			
Regular Positions:	1,776.18	1,776.18	0.00
Contractual Positions:	0.00	0.00	0.00
III MAJOR CHANGES (In Thousands)			
01 Salaries			(6,141)
Decrease in Salaries due to Salary Adjustments, (\$3,993K); Turnover Adjustments, (\$1,542K); and Health Insurance, (\$1,330K); Offset by Increase in Regular Earnings, \$283K; Fringe Benefits, \$171K; Reclassification, \$163K; Employees' Retirement, \$76K; and Accrued Leave Payments, \$31K.			
02 Technical and Special Fees			22
Increase in Technical and Special Fees due to Interpreter Fees, mainly for Baltimore City, \$21K; and Clerical and Secretarial Support, \$1K.			
03 Communications			43
Increase in Communications due to Data Processing Telecommunication Lines, \$84K; Regular Telephone Services, \$12K; DGS - Office of Telecommunication, \$9K; and Cell Phone, \$2K; Offset by Decrease in Postage, (\$64K).			
04 Travel			9
Increase in Travel due to In-State Travel-Business.			
06 Utilities			214
Increase in Utilities due to Electricity Usage, mainly for Prince George's County and Baltimore City.			
08 Contractual Services			(182)
Decrease in Contractual Services due to Disabled Examinations, mainly for Baltimore City, Cecil County, Harford County, and Allegany County, (\$94K); Other Contractual Services mainly for Prince George's County, (\$80K); Rental-Copy Machines, (\$17K); Medical Exams, (\$6K); Repairs/Maintenance, (\$5K); Outside Services Computer Usage, (\$4K); and Collection Expense, (\$1K); Offset by Increase in Service Contracts-Buildings, \$22K; and Printing/Reproduction, \$3K.			
09 Supplies			(47)
Decrease in Supplies due to Office Supplies, mainly for Baltimore County and Baltimore City, (\$85K); and Other Office Supplies and Materials, (\$6K); Offset by Increase in Data Processing Supplies, \$44K.			
12 Grants, Stipends and Contributions			572
Increase in Grants, Stipends and Contributions due to Grants, mainly for Montgomery County Department of Health and Human Services.			
Fixed Charges			
13			149
Increase in Fixed Charges due to Rent Non-Department of General Services, mainly for Harford County, \$147K; and Rent Paid to Department of General Services \$5K; Offset by Decrease in Other Fixed Charges, (\$3K).			
Total			(5,361)

^a Reference Source: FY 2018 Maryland State Budget Book - Part II: Pages 31-32.

Department of Human Resources
FY 2018 Budget Highlights
Assistance Payments
NG00.08

	<u>FY 2017</u> <u>Appropriation</u>	<u>FY 2018</u> <u>Allowance</u>	<u>Changes</u>
I. FUNDING^a			
General Funds	64,495,837	67,312,926	2,817,089
Special Funds	13,318,408	12,494,062	(824,346)
Federal Funds	1,255,552,861	1,196,363,204	(59,189,657)
Reim. Funds			-
Total	1,333,367,106	1,276,170,192	(57,196,914)

II. PERSONNEL			
Regular Positions:	0.00	0.00	0.00
Contractual Positions:	0.00	0.00	0.00

III. MAJOR CHANGES (In Thousands)

Temporary Cash Assistance (TCA)

Decrease in Temporary Cash Assistance to reflect Decrease in average monthly recipients from 56,119 to 48,994, (\$16,455K); Offset by an Increase in monthly grant amount from \$192.46 to \$194.54 to reflect current payment, \$1,224K. (15,231)

Welfare Avoidance Grant

Decrease in Welfare Avoidance Grant to reflect current expenditure trend (94)

Refugee

Increase in Refugee to reflect Increase in average monthly recipients from 13 to 15, \$6K; Increase in monthly grant amount from \$243.50 to \$403.75 to reflect current payment, \$29K. 35

Emergency Assistance (EA) - Burial

Increase in Burial to reflect Increase in monthly grant amount from \$1,814.21 to \$2,322.24 to reflect current payment, \$203K; Offset by Decrease in average monthly recipients from 504 to 400, (\$189K). 14

Public Assistance to Adults

Increase in Public Assistance to Adults to reflect an Increase in average monthly recipients from 2,879 to 3,574, \$1,925K; Offset by a Decrease in monthly grant amounts from \$230.76 to \$204.51 to reflect current payment, (\$1,126K). 799

Supplemental Nutrition Assistance Program (SNAP), formally Food Stamp

Decrease in Supplemental Nutrition Assistance Program to reflect a Decrease in average monthly Household from 404,194 to 395,935, (\$23,449K); and a Decrease in average monthly grant amount from \$236.61 to \$232.15 to reflect current payment, (\$21,171K); Offset by an Increase of \$1,900K for Senior SNAP Supplement. (42,720)

Total

(57,197)

Temporary Cash Assistance: Recipient/Month:

<u>FY 2016 Actual</u>	<u>FY 2017 Appropriation</u>	<u>FY 2018 Allowance</u>
56,115	56,119	48,994

^a Reference Source: FY 2018 Maryland State Budget Book - Part II: Page 40.

**Department of Human Resources
FY 2018 Budget Highlights
Work Opportunities Program
NG00.10**

	<u>FY 2017 Appropriation</u>	<u>FY 2018 Allowance</u>	<u>Changes</u>
I. FUNDING^a			
General Funds	-	-	-
Special Funds	-	-	-
Federal Funds	33,331,699	31,650,929	(1,680,770)
Reim. Funds	-	-	-
Total	<u>33,331,699</u>	<u>31,650,929</u>	<u>(1,680,770)</u>
II. PERSONNEL^a			
Regular Positions:	22.00	22.00	0.00
Contractual Positions:	60.00	60.00	0.00
III. MAJOR CHANGES (In Thousands)			
01 Salaries			80
Increase in Salaries due to Regular Earnings, \$49K; Turnover Adjustments, \$39K; Employees' Retirement, \$11K; Health Insurance, \$5K; and Fringe Benefits, \$3K; Offset by Decrease in Salary Adjustments, (\$27K).			
02 Technical and Special Fees			27
Increase in Technical and Special Fees due to Contractual Health Insurance.			
03 Communication			1
Increase in Communication due to Regular Telephone Services.			
04 Travel			26
Increase in Travel due to Volunteer Travel, \$15K; In-State Travel-Business, \$9K; and In-State Conference Travel, \$2K.			
06 Utilities			3
Increase in Utilities due to Electricity Usage.			
08 Contractual Services			842
Increase in Contractual Services mainly due to Purchase of Client Services, \$3,167K; Advertising, \$6K; Buildings and Grounds, \$3K; Rental Copy Machines, \$2K; and Software Licenses, \$1K; Offset by Decrease in Other Contractual Services (\$2,337).			
09 Supplies			77
Increase in Supplies due to Other Supplies and Materials, \$36K; Office Supplies, \$21K; Data Processing Supplies, \$17K; Promotion Expense, \$7K; and Copier Services, \$1K; Offset by Decrease in Library Supplies, (\$4K); and Printed Forms, (\$1K).			
11 Equipment - Additional			41
Increase in Equipment - Additional due to Office Equipment, \$32K; and Micros Basic Hardware, \$9K.			
12 Grants, Subsidies and Contributions			(2,770)
Decrease in Grants, Subsidies and Contributions due to Taxable Grants, (\$2,785K); and Background Checks, (\$4K); Offset by Increase in Transportation Allowances for Job Training, \$16K; Stipends and Tuition, \$2K; and Child Care Allowance for Job Training, \$1K.			
13 Fixed Charges			(8)
Decrease in Fixed Charges due to Subscriptions & Dues, (\$11K); Offset by Increase in Non-Department of General Services Rent, \$3K.			
Total			<u>(1,681)</u>

^a Reference Source: FY 2018 Maryland State Budget Book - Part II: Page 41.

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

Response to Issues

Issue #1: DLS recommends a BRFA provision that would require DHR to use savings in the Assistance Payments Program to reduce the TANF deficit.

Response to Issue

The Department concurs with the Analyst's recommendation to include a BRFA provision to require the Department to use savings from the Assistance Payments Program to reduce the TANF deficit.

Issue #2: DHR should comment on why it made this change and its efforts to continue to meet the work participation requirement given the resulting increase in work eligible customers.

Response to Issue

Under federal statute, the Department is required to ensure at least 50 percent of families receiving Temporary Cash Assistance are engaged in countable work activities while receiving benefits. However, this work participation rate target is reduced one percentage point by each corresponding percentage reduction in Maryland's overall caseload compared to 2005. This is done so that states are not penalized when they successfully help individuals exit welfare through work opportunities. In federal fiscal year 2015, Maryland achieved a work participation rate of 51.5%. When accounting for caseload reductions, the actual rate that Maryland had to meet to remain compliant with federal rules was only 21%. With the significant cushion Maryland has in meeting its work requirements, it was determined that it is prudent to support long-term disabled TCA customers and include them into work activities.

As part of the Workforce Innovation and Opportunity Act, the Department is aggressively working with partners such as the Maryland State Department of Education, Division of Rehabilitation Services to help our TCA customers with disabilities obtain work. By fostering local workforce development partnerships, we will be able to better connect long-term disabled TCA recipients with supportive services that eliminate barriers to work.

Issue #3: DLS recommends reducing the funding for TDAP in the fiscal 2018 allowance to better reflect the anticipated caseload.

Response to Issue

The Department disagrees with the Analyst's optimistic caseload projections for fiscal 2018. The Department expects to maintain the caseload estimates that have been included in the fiscal 2018 allowance. Reducing the program expenditures by 10% or \$4.0 million as recommended by the Analyst will make it difficult to pay the benefits provided by this critical program. The

benefits are based on eligibility and this reduction has the potential of requiring additional funding through a deficiency request in fiscal 2018 that would be avoidable.

Issue #4: DHR should comment on the potential cost of altering the eligibility criteria to these options.

Response to Issue

If the eligibility criteria for TCA customers were altered from the current Minimum Living Level calculation to a percentage of the federal poverty level, the cost of such a change would depend on a number of factors. In DHR's analysis of this change to its total caseload, it assumed no change in the number of applications and did not assume any standard deductions for costs such as child care would be built into the altered eligibility criteria. Based off these assumptions, we anticipate the change would result in an increase in benefit expenditures of \$8.3 million at 130% of the federal poverty level, \$3.9 million at 100% of the federal poverty level and \$920,500 at 85% of the federal poverty level. At 50% of the federal poverty level, the policy change would result in a reduction in benefits of \$13.8 million. These cost estimates would increase significantly if standard deductions for certain expenses were allowed when calculating eligibility.

Under the current eligibility criteria, Maryland is one of only two states that have increased TCA benefit amounts in inflation-adjusted dollars compared to 1996, and currently has the ninth highest benefit amount in the United States.

Issue #5: Due to the uncertainty about the impact of any re-authorization on TCA recipients or the use of TANF, DLS recommends committee narrative requesting notification of any federal changes to TANF that impact either recipients of TANF-related benefits, work participation requirements, work participation rate calculations, or TANF and Maintenance of Effort spending.

Response to Issue

The Department concurs with the Analyst recommendation to provide notification about any federal changes to TANF that impact either recipients of TANF-related benefits, work participation requirements, work participation rate calculations, or TANF and Maintenance of Effort spending.

Issue #6: DHR should comment on efforts to assist individuals in complying with the requirements so that the individual is able to return benefits.

Response to Issue

The Department continues to expand the availability of employment and training services to able-bodied adults without dependents (ABAWDs) in order to help them comply with work requirements under the Food Supplement Program (FSP). Specific efforts underway include:

- DHR is growing its Food Supplement Employment & Training (FSET) third-party vendor model, which partners with community-based organizations and community

colleges to provide education, training, employment and supportive services to FSP recipients. To date, the Department has brought on eight third-party partners and is in the process of standing up five-to-seven additional partners. More partners in ABAWD-affected areas will be stood up in the fall;

- DHR is pending federal approval of funds to launch a marketing, awareness and outreach plan to increase access to its FSET program. This campaign will help brand, market and target employment and training services to individuals that need the services the most;
- Local Department of Social Services staff makes extensive efforts to screen and exempt all customers that do not meet the specific definition of an able-bodied adult without dependents. This time intensive work ensures only the customers mandated to comply with the requirements are asked to do so, and those customers are given ample notice prior to termination of benefits so that they can engage in a qualifying work activity; and,
- DHR works with community-based organizations in its Food Supplement Program Workgroup to target outreach and communications to customers that are subject to work requirements. Coordination with these partners, such as Maryland Hunger Solutions and the Maryland Food Bank, are critical to help customers understand how they can comply with work requirements to maintain their benefits.

Issue #7: To understand whether the FSET programs are effective, including whether ABAWDs are receiving services that will assist them in maintaining compliance with the programs, DLS recommends committee narrative requesting a report on the impacts of the FSET program and performance measures.

Response to Issue

The Department concurs with the Analyst's recommendation to provide a report on the impacts of the FSET program and performance measures.

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

Response to Recommended Actions

Recommendation #1

Add language limiting Temporary Assistance for Needy Families spending to the level of the fiscal 2018 allowance. **(Page 5 and 45)**

Response: The Department concurs with the Analyst's recommendation as we did in the Department's Overview budget hearing.

Recommendation #2

Reduce general funds based on the availability of additional federal funds from the State Administrative Matching Grants for the Food Stamp Program. **(Page 5 and 45)**

Response: The Department disagrees with the Analyst's recommendation and believes that the funding should remain in the budget to address the lingering issue of the TANF shortfall that the Analyst has identified and this will be in keeping in line with the language that limit the spending to the fiscal 2018 allowance.

This funding, if left in the Programs, provides the opportunity to the Department to effectuate that recommendation and should work towards reducing the deficit by leaving the funds in the budget.

Recommendation #3

Adopt committee narrative requesting an update on outcomes in the Food Supplement Employment and Training program. **(Page 5 and 46)**

Response: The Department concurs with the Analyst's recommendation to provide an update on outcomes in the Food Supplement and Training program.

Recommendation #4

Reduce funds for the Temporary Disability Assistance Program due to lower caseload estimates. **(Page 5, 45 and 46)**

Response: The Department disagrees with the Analysts optimistic caseload projections for fiscal 2018. The Department expects to maintain the caseload estimates that have been included in the fiscal 2018 allowance. Reducing the program expenditures by 10% or \$4.0 million as recommended by the Analyst will make it difficult to pay the benefits provided by this critical program. The benefits are based on eligibility and this reduction has the potential of requiring additional funding through a deficiency request in fiscal 2018 that would be avoidable.

Recommendation #5

Adopt committee narrative requesting notification about changes to the Temporary Assistance for Needy Families program. **(Page 5 and 46)**

Response: The Department concurs with the Analyst recommendation to provide notification about changes to the Temporary Assistance for Needy Families program.