

STATEMENT OF LOURDES R. PADILLA

SECRETARY

DEPARTMENT OF HUMAN SERVICES

BEFORE THE

HOUSE APPROPRIATIONS COMMITTEE

HEALTH AND SOCIAL SERVICES SUBCOMMITTEE

FY 2019 BUDGET

THURSDAY, FEBRUARY 22, 2018



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SENATE BUDGET AND TAXATION COMMITTEE

HEALTH AND HUMAN SERVICES SUBCOMMITTEE

FY 2019 BUDGET

MONDAY, FEBRUARY 26, 2018



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 Deputy Secretary for Operations, Gregory James, the Executive Director of the Family Investment Administration, Nicholette Smith-Bligen, 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), Temporary Disability Assistance Program (TDAP), Public Assistance to Adults (PAA) and for determining eligibility for the non-Modified Adjusted Gross Income (MAGI) Medical Assistance programs. The Family Investment Administration also provides emergency services, such as The Emergency Food Assistance Program, emergency housing related services for families with minor children and is responsible for resettling refugees and asylees. FIA continues to expand its two-generational philosophy to alleviate barriers that interfere with our customers' ability to fully participate in our employment and transitional services. These services are designed to facilitate low income Marylanders achieve sustainable independence.

The fiscal year 2019 Budget Allowance for FIA totals \$1,539,020,321 billion or approximately \$116,036,309 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.

Temporary Cash Assistance Payments

Maryland determines its Temporary Cash Assistance (TCA) grants by calculating the State Minimum Living Level (MLL); Maryland law requires that the combined TCA and Supplemental Nutrition Assistance Program (SNAP) benefit equal 61% of the MLL. In order to maintain the 61% of the MLL, the TCA benefit remains the same, is increased, or is decreased according to the need. TCA grants for a household of three increased from \$636 in Federal Fiscal Year (FFY) 2016 to \$648 in FFY 2017. Through an improving economy and increased job placements for our TCA customers, Maryland has paid \$10,316,268 million or approximately 8% percent less in TCA payments in 2017 as compared to 2016.

Jobs for Temporary Cash Assistance Recipients

For the fourth consecutive year, our dedication to the removal of barriers and expanding partnerships has allowed DHS to exceed our target job placements, DHS secured 13,561 jobs for our TCA related customers. This is an increase of 2.5% of job placements for FY 2017 during a period of time in which the TCA caseload declined by approximately 10% in comparison to FFY 2016. Additionally, DHS met and exceeded its federal Work Participation Rate requirement by achieving an overall rate of 62.1% (*as of 12/18/2017-rate was 25.9% + caseload reduction credit of 36.2%*).

The continued achievements in job placements during a time of TCA caseload reductions highlights the increased focus on in-depth customer assessments, expanded community partnerships, and opportunities for career pathways. Through our use of dynamic evaluation tools we are able to remove barriers, identify strengths, and reinforce strategies and skills that support employment retention and career advancement.

Workforce Development Employment and Training Programs Expansion

In collaboration with Maryland's Statewide Workforce Development System, DHS has further expanded available work opportunities for individuals receiving public assistance, from eight community partners to sixteen through the Food Supplement Employment and Training (FSET) program to assist Food Supplement Program recipients develop in-demand job skills that lead to stable employment. Further, DHS and the thirteen Local Department of Social Services (LDSS) offices implementing Able Bodied Adults Without Dependents (ABAWD) policy have cultivated partnerships with their local workforce development partners and will continue to work closely with them in FFY 2019. These partnerships have and will continue to create access for ABAWDs to Workforce Innovation Opportunities Act (WIOA)/workforce development services such as career counseling, education, vocational training, and employment opportunities. As a result of Maryland's leadership, our workforce staff has been invited by the U.S. Department of Agriculture (USDA) to continue our participation in the SNAP Employment & Training Learning Academy, where leaders from across the country convene to discuss best practices in the field.

Temporary Disability Assistance Program (TDAP) Payments

During Fiscal Year 2018, the TDAP caseload has declined as a result of our enhanced program integrity efforts. The caseload has decreased 20% during the past two years as a result, from 18,237 in SFY 2016 to 14,545 in SFY 2018. Likewise, expenditures decreased by 24% during the same time. Our integrity efforts include the review of a monthly sample of long-term disabled TDAP cases in order to identify cases that need to have action taken and customers who needed to be referred for assistance in their pursuit of federal disability benefits. For example, If customers are found to be deceased, incarcerated or receiving federal disability benefits, then the TDAP case is closed and the customer and/or authorized representative receives a mailed notice.

We also have centralized the processing of federal disability payments so that DHS (instead of the local offices) receives reimbursement for TDAP case payments from the lump-sum disability checks once the customer is approved. As a result, for last year and this year, we project receiving an 18% increase in reimbursements payments and a 13% increase in the number of cases processed.

A third increased level of effort during the past year has been the Department's efforts to assist the long-term disabled TDAP customers. DHS operates the Disability Benefits Advocacy program. Through a pay-for-performance contract with Maximus, long-term disabled TDAP customers are assisted in filing Federal disability claims and any subsequent appeals. If the Federal disability claim is approved, the customer is no longer eligible for TDAP benefits, but will receive a higher Federal benefit amount and Federal Medical Assistance. To date, this strategy has helped 86 customers with obtaining Federal disability.

This concludes my testimony. Thank you again for having me here today. I am happy to answer any question you may have.

Department of Human Services
FY 2019 Budget Highlights
Family Investment Administration
NI00

	<u>FY 2018</u> <u>Appropriation</u>	<u>FY 2019</u> <u>Allowance</u>	<u>Changes</u>
I. FUNDING^a			
General Funds	16,619,690	16,395,015	(224,675)
Special Funds	73,580,695	61,494,092	(12,086,603)
Federal Funds	112,439,073	110,467,461	(1,971,612)
Reim. Funds	-	-	-
Total	202,639,458	188,356,568	(14,282,890)
II. PERSONNEL^a			
Regular Positions:	258.87	251.87	(7.00)
Contractual Positions:	8.00	8.00	0.00
III. MAJOR CHANGES (In Thousands)			
01 Salaries			(418)
Decrease in Salaries mainly due to Regular Earnings, (\$460K); Employees' Retirement, (\$99K); and Fringe Benefits, (\$34K); Health Insurance, (\$9K); Retirees Health Insurance, (\$6K); Offset by Increase in Efficiency Reduction, \$117K; Turnover Adjustments, \$47K; Accrued Leave Payments, \$16K; and Workers Compensation, \$10K			
02 Technical and Special Fees			13
Increase in Technical and Special Fees due to Special Payments Payroll, \$14K; and FICA for Special Payments Payroll, \$1K; Offset by Decrease in Contractual Turnover Adjustments, (\$2K).			
03 Communications			(11)
Decrease in Communications due to Telephone, (\$8K); DGS-Office of Telecommunications, (\$2K); and Postage, (\$1K).			
04 Travel			29
Increase in Travel due to In-State Travel-Business.			
07 Vehicles			5
Increase in Vehicles due to Maintenance and Repair, \$7K; Offset by Decrease in Gas and Oil, (\$2K).			
08 Contractual Services			(16,374)
Decrease in Contractual Services due to Maryland Strategic Regional Greenhouse Gas Initiative (RGGI), (\$11,000K); Administrative Costs for Local Administrative Agencies, (\$1,405K); Maryland Energy Assistance Programs (MEAP), (\$1,242K); transfer of funding from MORA Social Services, (\$982K); and Targeted Assistance Program (TAP), (\$683K); to Grants, Subsidies & Contributions; Electric Universal Service Program (EUSP), (\$498K); Asset Verification System (AVS) Contract, (\$249K); Call Center Services, (\$237K); Disability Examinations, (\$104K); funding adjustments due to the transfer of the Homeless Program to the Department of Housing and Community Development (DHCD), (\$54K); National Directory of New Hires, (\$44K); and Court Costs, (\$1K); Offset by Increase in The Maryland Food Supplement Nutrition Education Program (FSNEP), \$41K; Administrative Hearings, \$40K; University of Maryland Research Contract, \$26K; University of Baltimore Research Contract, \$7K; Medicaid Determinations, \$6K; and IRS Matching Agreement Contract, \$5K.			
09 Supplies			(91)
Decrease in Supplies due to Promotional Expenses, (\$118K); Offset by Increase in Data Processing Supplies, \$15K; Printed Forms, \$9K; and Office Supplies, \$3K.			
12 Grants, Subsidies & Contributions			2,558
Increase in Grants mainly due to transfer-in of funding from Contractual Services to MORA Social Services, \$982K; Supplemental Nutrition Assistance Program Employment & Training (SNAP E&T), \$839K; transfer-in of funding from Contractual Services to Targeted Assistance Program (TAP), \$683K; and Increase in Grants to reflect funding adjustments due to the transfer of the Homeless Program to the Department of Housing and Community Development (DHCD); \$54K.			
13 Fixed Charges			6
Increase in Fixed Charges due to Subscriptions and Dues, \$7K; Offset by Decrease in Non-Motor Vehicle Insurance, (\$1K).			
Total			(14,283)

^a Reference Source: FY 2019 Maryland State Budget Book - Part II: Pages 253 - 257.

Department of Human Services
FY 2019 Budget Highlights
Family Investment Administration
NI00.04

	<u>FY 2018</u> <u>Appropriation</u>	<u>FY 2019</u> <u>Allowance</u>	<u>Changes</u>
I. FUNDING^a			
General Funds	10,222,238	9,622,214	(600,024)
Special Funds	364,919	566,458	201,539
Federal Funds	25,798,719	26,497,760	699,041
Reim. Funds	-	-	-
Total	<u>36,385,876</u>	<u>36,686,432</u>	<u>300,556</u>
II. PERSONNEL^a			
Regular Positions:	237.00	230.00	(7.00)
Contractual Positions:	7.00	7.00	0.00
III MAJOR CHANGES (In Thousands)			
01 Salaries			(303)
Decrease in Salaries mainly due to Regular Earnings, (\$375K); Employees' Retirement, (\$82K); and Fringe Benefits, (\$28K); Offset by Increase in Efficiency Reduction, \$117K; Turnover Adjustments, \$39K; Accrued Leave Payments, \$16K; and Workers Compensation, \$10K.			
03 Communications			(13)
Decrease in Communications due to Postage, (\$6K); Telephone, (\$5K); and DGS-Office of Telecommunications, (\$2K).			
04 Travel			25
Increase in Travel due to In-State Travel-Business.			
07 Vehicles			5
Increase in Vehicles due to Maintenance and Repair, \$7K; Offset by Decrease in Gas and Oil, (\$2K).			
08 Contractual Services			(272)
Decrease in Contractual Services due to Asset Verification System (AVS) Contract, (\$249K); Disability Examinations, (\$104K); National Directory of New Hires, (\$44K); Offset by Increase in The Maryland Food Supplement Nutrition Education Program (FSNEP), \$41K; Administrative Hearings, \$40K; University of Maryland Research Contract, \$26K; University of Baltimore Research Contract, \$7K; Medicaid Determinations, \$6K; and IRS Matching Agreement Contract, \$5K.			
09 Supplies			15
Increase in Supplies due to Data Processing Supplies, \$14K; and Office Supplies, \$2K; Offset by Decrease in Promotional Expense, (\$1K).			
12 Grants, Subsidies & Contributions			839
Increase in Grants due to Supplemental Nutrition Assistance Program Employment & Training (SNAP E&T),			
13 Fixed Charges			4
Increase in Fixed Charges due to Subscriptions and Dues, \$5K; Offset by Decrease in Non-Motor Vehicle Insurance, (\$1K)			
Total			<u><u>300</u></u>

^a Reference Source: FY 2019 Maryland State Budget Book - Part II: 254

Department of Human Services
FY 2019 Budget Highlights
Family Investment Administration
Maryland Office for Refugees and Asylees (MORA)
NI00.05

	<u>FY 2018</u> <u>Appropriation</u>	<u>FY 2019</u> <u>Allowance</u>	<u>Changes</u>
I. FUNDING^a			
General Funds	-	-	-
Special Funds	-	-	-
Federal Funds	14,641,884	14,625,561	(16,323)
Reim. Funds	-	-	-
Total	14,641,884	14,625,561	(16,323)
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>			(29)
Decrease in Salaries mainly due to Regular Earnings, (\$25K); Employees' Retirement, (\$5K); and Fringe Benefits, (\$2K); Offset by Increase in Turnover Adjustments, \$3K.			
02 <u>Technical and Special Fees</u>			13
Increase in Technical and Special Fees due to Special Payments Payroll, \$14K; and FICA for Special Payments Payroll, \$1K; Offset by Decrease in Contractual Turnover Adjustments, (\$2K).			
08 <u>Contractual Services</u>			(1,665)
Decrease in Contractual Services mainly due to transfer of funding from MORA Social Services, (\$982K); and Targeted Assistance Program (TAP), (\$683K) to Grants, Subsidies and Contributions.			
12 <u>Grants, Subsidies & Contributions</u>			1,665
Increase in Grants mainly due to transfer of MORA Social Services, \$982K; and Targeted Assistance Program (TAP), \$683K from Contractual Services.			
 Total			(16)

^a Reference Source: FY 2019 Maryland State Budget Book - Part II: 255

**Department of Human Services
FY 2019 Budget Highlights
Family Investment Administration
Office of Home Energy Program (OHEP)
NI00.06**

	<u>FY 2018 Appropriation</u>	<u>FY 2019 Allowance</u>	<u>Changes</u>
I. FUNDING^a			
General Funds	-	-	-
Special Funds	73,215,776	60,927,634	(12,288,142)
Federal Funds	70,869,385	68,675,164	(2,194,221)
Reim. Funds	-	-	-
Total	144,085,161	129,602,798	(14,482,363)
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 <u>Salaries</u>			(1)
Decrease in Salaries due to Regular Earnings.			
03 <u>Communications</u>			2
Increase in Communications due to Postage, \$5K; Offset by Decrease in Regular Telephone Services, (\$3K).			
04 <u>Travel</u>			4
Increase in Travel due to In-State Travel-Business.			
08 <u>Contractual Services</u>			(14,383)
Decrease in Contractual Services due to Maryland Strategic Regional Greenhouse Gas Initiative (RGGI), (\$11,000K); Administrative Costs for Local Administrative Agencies, (\$1,405K); Maryland Energy Assistance Programs (MEAP), (\$1,242K); Electric Universal Service Program (EUSP), (\$498K); Call Center Services, (\$237K); and Court Costs, (\$1K).			
09 <u>Supplies</u>			(106)
Decrease in Supplies due to Promotional Expenses, (\$117K); Offset by Increase in Printed Forms, \$9K; Office Supplies, \$1K; and Data Processing Supplies, \$1K.			
13 <u>Fixed Charges</u>			2
Increase in Fixed Charges due to Subscriptions and Dues.			
Total			(14,482)

^a Reference Source: FY 2019 Maryland State Budget Book - Part II: 256

**Department of Human Services
 FY 2019 Budget Highlights
 Office Of Grants Management
 NI00.07**

Allowance	<u>FY 2018</u> <u>Appropriation</u>	<u>FY 2019</u> <u>Allowance</u>	<u>Changes</u>
I. FUNDING^a			
General Funds	6,397,452	6,772,801	375,349
Special Funds			-
Federal Funds	1,129,085	668,976	(460,109)
Reim. Funds	-	-	-
Total	7,526,537	7,441,777	(84,760)
II. PERSONNEL^a			
Regular Positions:	1.00	1.00	0.00
Contractual Positions:	0.00	0.00	0.00
III. MAJOR CHANGES (In Thousands)			
01 <u>Salaries</u>			(85)
Decrease in Salaries mainly due to Regular Earnings, (\$59K); Employees' Retirement, (\$12K); Health Insurance, (\$9K); Retirees Health Insurance, (\$6K); and Fringe Benefits, (\$4K); Offset by Turnover Adjustments, \$5K.			
08 <u>Contractual Services</u>			(54)
Decrease in Contractual Services to reflect funding adjustments due to the transfer of the Homeless Program to the Department of Housing and Community Development (DHCD).			
12 <u>Grants, Subsidies & Contributions</u>			54
Increase in Grants to reflect funding adjustments due to the transfer of the Homeless Program to the Department of Housing and Community Development (DHCD).			
Total			(85)

^a Reference Source: FY 2019 Maryland State Budget Book - Part II: 257.

**Department of Human Services
FY 2019 Budget Highlights
Local Family Investment Program
NG00.02**

	FY 2018 <u>Appropriation</u>	FY 2019 <u>Allowance</u>	<u>Changes</u>
I. FUNDING^a			
General Funds	50,356,063	60,867,615	10,511,552
Special Funds	2,418,286	2,289,113	(129,173)
Federal Funds	99,542,949	96,931,891	(2,611,058)
Reim. Funds	-	-	-
Total	<u>152,317,298</u>	<u>160,088,619</u>	<u>7,771,321</u>
II. PERSONNEL^a			
Regular Positions:	1,776.30	1,743.30	(33.00)
Contractual Positions:	0.00	0.00	0.00
III MAJOR CHANGES (In Thousands)			
01 <u>Salaries</u>			7,528
Increase in Salaries due to Other Fringe Benefit, \$9,300K; Efficiency Reduction, \$924K; Turnover Expectancy, \$240K; and Overtime Earnings, \$62K; Offset by Decrease in Regular Earnings, (\$2,155K); Fringe Benefit Costs, (\$834K); and Accrued Leave Payments, (\$9K).			
02 <u>Technical and Special Fees</u>			(9)
Decrease in Technical and Special Fees due to Interpreter Fees.			
03 <u>Communications</u>			(31)
Decrease in Communications due to Data Processing Telecommunication Lines, (\$82K); Cell Phone, (\$9K); and Department of General Services Office of Telecommunications, (\$8K); Offset by Increase in Regular Telephone, \$59K; and Postage, \$9K.			
04 <u>Travel</u>			2
Increase in Travel due to In-State Travel-Business.			
06 <u>Utilities</u>			101
Increase in Utilities due to Electricity Usage, mainly for Baltimore City, \$104K; Offset by Decrease in Fuel-Oil, (\$3K).			
08 <u>Contractual Services</u>			(93)
Decrease in Contractual Services due to Disabled Examinations, mainly for Baltimore City, (\$247K); Service Contracts-Buildings and Grounds, mainly for Baltimore City, Baltimore County, and Prince George's County (\$4K); Medical Exams, (\$3K); Freight and Delivery, (\$1K); and Collection Expense, (\$1K); Offset by Increase in Other Contractual Services mainly for Baltimore City Security Guards, \$149K; Rental Copier, \$7K; Buildings & Grounds Alterations, \$3K; Repairs/Maintenance, \$2K; and Service Contracts-Equipment, \$2K.			
09 <u>Supplies</u>			(10)
Decrease in Supplies due to Office Supplies, (\$43K); and Building and Household, (\$1K); Offset by Increase in Data Processing Supplies, \$24K; Housekeeping, \$5K; Copier Services, \$2K; Promotional Expense, \$2K; and Library Supplies, \$1K.			
12 <u>Grants, Stipends and Contributions</u>			91
Increase in Grants, Stipends and Contributions due to Grants, mainly for Montgomery County Department of Health and Human Services, \$84K; and Background Checks, mainly for Prince George's County, \$7K.			
13 <u>Fixed Charges</u>			192
Increase in Fixed Charges due to Non-Department of General Services Rent, mainly for Baltimore City and Dorchester County, \$126K; Rental, \$51K; Rent Paid to Department of General Services, \$16K; and Subscriptions and Dues, \$1K; Offset by Decrease in Other Fixed Charges, (\$2K).			
Total			<u>7,771</u>

^a Reference Source: FY 2019 Maryland State Budget Book - Part II: Page 243.

Department of Human Services
FY 2019 Budget Highlights
Assistance Payments
NG00.08

		<u>FY 2018</u> <u>Appropriation</u>	<u>FY 2019</u> <u>Allowance</u>	<u>Changes</u>
I.	FUNDING^a			
	General Funds	59,598,097	45,359,069	(14,239,028)
	Special Funds	12,494,062	10,095,041	(2,399,021)
	Federal Funds	1,196,363,204	1,102,592,545	(93,770,659)
	Reim. Funds			-
	Total	1,268,455,363	1,158,046,655	(110,408,708)
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>			(2,287)
	Decrease in Temporary Cash Assistance to reflect average monthly recipients from 44,744 to 43,196 (\$3,813K); Offset by an Increase in monthly grants amount from \$202.37 to \$205.22 to reflect current payment, \$1,526K.			
	<u>Welfare Avoidance Grant</u>			(100)
	Decrease in Welfare Avoidance Grant to reflect current expenditure trend.			
	<u>Temporary Disability Assistance Program (TDAP)</u>			(8,613)
	Decrease in Temporary Disability Assistance Program to reflect average monthly recipients from 17,369 to 12,754 (\$10,125K); and monthly grants amount from \$182.81 to \$182.69 to reflect current payment, (\$19K); Offset by Increase of \$10 to reflect the average payment from \$182.69 to \$192.69, \$1,531K.			
	<u>Refugee</u>			(56)
	Decrease in Refugee to reflect average monthly recipients from 15 to 5, (\$48K); and in monthly grant amount from \$403.74 to \$272.88 to reflect current payment, (\$8K).			
	<u>Emergency Assistance to Families with Children</u>			(674)
	Decrease in Emergency Assistance to Families with Children to reflect average monthly recipients from 982 to 733, (\$1,520K); Offset by an Increase in monthly grants amount from \$508.85 to \$605.04 to reflect current payment, \$846K.			
	<u>Emergency Assistance (EA)</u>			268
	Increase in Emergency Assistance due to Eviction Assistance to reflect grant amount from \$5,436.15 to \$10,351.99 to reflect current payment, \$595K; Offset by Decrease in recipients from 121 to 89, (\$331K); and Increase in Burial Assistance to reflect recipients grant amount from 400 to 457, \$116K. Offset by Decrease in grant amount from \$2322.25 to \$2,042.11, (\$112K).			
	<u>Public Assistance to Adults</u>			211
	Increase in Public Assistance to Adults to reflect grant amounts from \$204.51 to \$211.75 to reflect current payment, \$306K; Offset by a Decrease in average monthly recipients from 3,574 to 3,535, (\$95K).			
	<u>Supplemental Nutrition Assistance Program (SNAP), formally Food Stamp</u>			(100,521)
	Decrease in Supplemental Nutrition Assistance Program to reflect an average monthly Household from 395,935 to 364,980, (\$85,023K); and average monthly grant amount from \$232.15 to \$228.89 to reflect current payment, (\$15,498K).			
	<u>Maryland Senior Supplemental Benefits (MSSB)</u>			1,363
	Increase in Maryland Senior Supplemental Benefits (MSSB) to reflect the annualization of the average monthly Household from 11,942 to 18,366, \$1,141K; and average monthly grant amount from \$13.26 to \$14.81 to reflect current payment, \$222K.			
	Total			(110,409)
	Temporary Cash Assistance: Recipient/Month:			
		<u>FY 2017 Actual</u>	<u>FY 2018 Appropriation</u>	<u>FY 2019 Allowance</u>
		50,901	44,744	43,196

^a Reference Source: FY 2019 Maryland State Budget Book - Part II: Page 249.

**Department of Human Services
FY 2019 Budget Highlights
Work Opportunities Program
NG00.10**

	<u>FY 2018 Appropriation</u>	<u>FY 2019 Allowance</u>	<u>Changes</u>
I. FUNDING^a			
General Funds	-	-	-
Special Funds	-	-	-
Federal Funds	31,644,511	32,528,479	883,968
Reim. Funds	-	-	-
Total	31,644,511	32,528,479	883,968
II. PERSONNEL^a			
Regular Positions:	22.00	21.00	(1.00)
Contractual Positions:	62.00	62.00	0.00
III. MAJOR CHANGES (In Thousands)			
01 Salaries			(84)
Decrease in Salaries due to Regular Earnings, (\$72K); Fringe Benefits, (\$19K); Offset by Increase in Turnover Expectancy, \$7K.			
02 Technical and Special Fees			(3)
Decrease in Technical and Special Fees due to Consultant Fees, (\$226K); Offset by Increase in Clerical and Secretarial Support, \$122K; and other Technical and Special Fees, \$101K.			
04 Travel			(1)
Decrease in Travel due to In-State Conferences, (\$2K); Offset by Increase in In-State Business Travel, \$1K.			
06 Utilities			(1)
Decrease in Utilities due to Electricity Usage.			
08 Contractual Services			708
Increase in Contractual Services due to Administrative Service Contracts mainly for Anne Arundel and Prince George's Counties, \$1,003K; Management Support Contract for Baltimore City, \$184K; Job Readiness Contracts, \$137K; Mental Health Service Contract, \$13K; Building and Grounds, \$12K; Winning New Job Contract, \$9K; Freight and Delivery, \$4K; and Service Contracts-Building and Grounds, \$3K; Offset by Decrease in Paid Internship and Subsidized Employment Contracts, (\$388K); Wage Connection Contracts, (\$230K); Customer Incentives Contract, (\$26K); and Maryland Transit Administration Contract, (\$13K).			
09 Supplies			75
Increase in Supplies due to Office Supplies, \$76K; Data Processing Supplies, \$11K; Promotional Expense, \$6K; Printed Forms, \$2K; and Library Supplies, \$1K; Offset by Decrease in Other Supplies and Materials, (\$20K); and Copier Services, (\$1K).			
10 Equipment - Replacement			29
Increase in Equipment - Replacement due to Office Equipment.			
11 Equipment - Additional			48
Increase in Equipment - Additional due to Office Equipment, \$27K; Micros Basic Hardware, \$15K; Other Equipment, \$5K; and Department Inventory Office Equipment, \$1K.			
12 Grants, Subsidies and Contributions			114
Increase in Grants, Subsidies and Contributions due to Taxable-Grants Contributions and Subsidies, \$116K; and Grants, \$3K; Offset by Decrease in Project Independent Transportation Allowance, (\$4K); and Project Independent Child Care Allowance, (\$1K).			
13 Fixed Charges			(1)
Decrease in Fixed Charges due to Non-Department of General Services Rent, (\$3K); Offset by Increase in Subscriptions and Dues, \$2K.			
Total			884

^a Reference Source: FY 2019 Maryland State Budget Book - Part II: Page 250.

**Department of Human Services
Family Investment Administration
N00I**

Response to Issues

Issue #1: DHS should comment on the reason for the increase in case closures due to failure to cooperate and how the department works with recipients during the application process to ensure that the required information is provided.

Response to Issue

There are multiple factors that have contributed to the increase of case closures. As a short-term assistance to disabled adults who are low-income, unemployed and ineligible for other categories for cash assistance, we take very seriously our charge of ensuring that this benefit is administered in a manner that ensures that this short-term benefit serves as a bridge. While those who are disabled and in need have help recovering from a short-term disability or await a federal disability determination, we work diligently to provide support and assistance towards long term federal benefits. All customers are encouraged to apply for benefits and if the customer is active on an associated program and still eligible, the customer will continue to remain active on that program.

The Department has increased our integrity efforts including the review of a monthly sample of TDAP cases in order to identify cases that need to have action taken and customers who need to be referred for assistance in their pursuit of federal disability benefits. FY 2008 to FY 2017 indicates that only 4% of the total TDAP cases closed for non-cooperation with the eligibility process.

There are nine primary reasons for case closure:

1. Failed to reapply for benefits;
2. Receiving Supplemental Security Income (SSI);
3. Not totally disabled;
4. Gross Income over limit;
5. Failure to give information to establish eligibility;
6. Receiving earned income;
7. Non-cooperation with eligibility process;
8. Assistance Unit requested closure; and,
9. Did not apply for SSI

For example, if customers are found to be deceased, incarcerated or receiving federal disability benefits, then the TDAP case is closed and the customer and/or authorized representative receives a mailed notice. A third increased level of effort during the past year has been the Department's efforts to assist the long-term disabled TDAP customers through DHS's operation of the Disability Benefits Advocacy Program. Through a pay-for-performance contract with MAXIMUS, long-term disabled TDAP customers are assisted in filing Federal disability claims and any subsequent appeals. The average length of stay for these customers to have an initial

SSI/SSDI decision is 274 days and the average duration for an appeals decision is 227 days. If the Federal disability claim is approved, the customer is no longer eligible for TDAP benefits, but will receive a higher Federal benefit amount and Federal Medical Assistance.

In order to assist more TDAP recipients, MAXIMUS has begun conducting community outreach meetings with community organizations that serve similar populations in an effort to engage hard to reach customers. MAXIMUS is working to co-locate their workers in the Local Departments of Social Services to see participants on site.

In addition, the Department and MAXIMUS developed a workgroup to collaborate with the Social Security Administration on ways to assist with DHS customers' disability claims. The workgroup reviews areas of concern and develops solutions to increase the number of Federal disability claims and to prevent delays in the claims process. MAXIMUS has co-located their workers in the Local Departments of Social Services to see participants on-site or schedule a time for the participant to do a phone or in-person screening. They have also begun community outreach meetings with community organizations that serve similar TDAP populations. Lastly, they have developed strategies to help participants unlikely to qualify for SSI/SSDI by referring them for vocational rehabilitation or wellness (medical treatment) and track cases for the Department.

Issue #2: DLS recommends reducing the fiscal 2018 TDAP appropriation from the funds that are restricted for the benefit increase by \$1.4 million.

Response to Issue

The Department disagrees with the Analyst's recommendation. We are still awaiting a final decision regarding the \$10 increase in funding for fiscal 2018, which has not been finalized. We believe there is still time remaining in fiscal 2018 and eliminating this funding removes any chance to make the increase effective. Furthermore, since the budget language provides reversion of these funds if they are not expended, the reduction is not necessary.

Issue #3: To help address the shortfalls in fiscal 2018, DLS recommends altering Section 5 of the BRFA to increase, rather than remove, the cap to a level that accounts for available revenue. DLS also recommends budget bill language establishing a cap on TANF spending in fiscal 2019.

Response to Issue

The Department disagrees with the Analyst's recommendation to cap TANF. Capping the Department's TANF spending, limits the Department's ability to help our neediest citizens and denies the Department the flexibility to increase our TANF should the caseload increase.

Issue #4: DHS should comment on how it plans to address any remaining fiscal 2018 and 2019 shortfalls.

Response to Issue

The Department does not anticipate any shortfalls both in fiscal 2018 and 2019. In the event that a shortfall would occur as estimated by the Analyst, the Department will align funding within the budget during the closing process. This also demonstrates the need to avoid limiting the level of spending for TANF as recommended by the Analyst.

Issue #5: DHS should comment on how it selects FSET partners and how it ensures that partner programs are following best practices to improve long-term outcomes of participants.

Response to Issue

Maryland's Department of Human Services (DHS) follows the recommended guidelines set forth by the USDA SNAP to Skills Project. The steps on securing partners are as follows:

Step 1: Maryland identifies potential third-party partners through resource mapping and outreach. Potential partners in targeted regions are assessed based on their ability to serve:

- The number of voluntary SNAP participants within the area;
- Individuals with barriers;
- Types of services offered; and,
- Organization mission and potential reimbursable resources.

Step 2: Maryland educates potential providers about SNAP E&T and the requirements of partnership. We do this through one on ones, readiness surveys sent to the providers, conference calls, webinars etc.

Step 3: Maryland assesses potential third-party partners to determine program fit and capacity to meet requirements through a "partner assessment". During this step, the universe of potential partners are narrowed down to the most likely providers Maryland may contract with. We assess outcomes, sources of non-federal match and their sustainability, staffing capacity and fiscal systems that track these items.

Step 4: Maryland contracts with the providers to formally become SNAP E&T Third-Party Partners.

Step 5: Maryland completes the on-boarding with contracted third-party partners.

For FFY18, Maryland's 50/50% third-party partners include:

1. A Wider Circle provides job readiness, job retention including case management;
2. Baltimore City Community College provides vocational training and case management;
3. Center for Urban Families provides basic education, job readiness, job retention and work experience;
4. Civic Works provides basic education, vocational training, work experience and job retention;

5. Community College of Baltimore County provides job readiness training;
6. Garrett County Community Action Committee provides job readiness training;
7. Goodwill Industries of the Chesapeake provides vocational training, basic education, job readiness/retention;
8. Goodwill Industries Horizon provides vocational training, workfare and work experience;
9. Humanim provides vocational training, job readiness and job retention;
10. International Rescue Committee provides vocational training, job readiness and job retention;
11. Jane Addams Resource Center provides vocational training, job readiness and job retention;
12. The Training Source provides job readiness, basic education, vocational training, and job retention
13. Upwardly Global provides job readiness and job retention;
14. Washington County Family Center provides basic education, job readiness and job retention;
15. Jewish Council for the Aging provides job readiness and workfare and job retention;
16. Job Opportunities Task Force provides vocational training, basic education and case management; and,
17. Per Scholas provides vocational training, job readiness and job retention (pending approval).

For FFY18, the Department through our collaboration and partnership with Maryland's Local Departments of Social Services provides 100% SNAP E&T federal funds to provide job readiness, work experience and basic education to our customers include the following:

1. Anne Arundel;
2. Baltimore County;
3. Calvert County;
4. Carroll County;
5. Charles County;
6. Frederick County;
7. Garrett County;
8. Howard County;
9. Montgomery County;
10. Prince George's County;
11. St. Mary's County;
12. Washington County.

The Department performs, one annual onsite monitoring visit to all FSET Third-Party Partners to ensure proper operation of FSET programs. In conjunction with the visit, a case review of, at a minimum of 10 FSET participants is conducted. Case reviews look for intake, assessment, release of information/consent form, eligibility verification, individual employment plan, participant progress and reimbursements. In addition to the case reviews, monitoring will include a fiscal review of staff time sheets, expenditures of non-federal funds and supporting documentation of participant reimbursement.

Upon completion of the monitoring visit, a list of findings and recommendations are provided to the vendor. If a corrective action plan is needed, we provide the vendor all actionable items with due dates. The Department provides any appropriate technical assistance, training and ongoing monitoring to assist with rectifying any issues.

The Department also provides ongoing technical assistance through desk monitoring, regular consultation, training and requested assistance by our FSET partners. Monthly performance data is monitored to ensure programs are meeting their performance goals.

DHS has a strong partnership with Maryland's statewide workforce development system. In collaboration with Maryland's Department of Labor, Licensing and Regulation (DLLR) and the Division of Rehabilitation Services (DORS), the Workforce Innovation and Opportunity Act (WIOA) provides the opportunity for workforce partnership success. Understanding the framework of what makes a successful workforce system, DHS and its sister agencies partner around common benchmarks and outcomes for Maryland's workforce.

With our FSET partnership, the Department is working with DLLR on the creation of the SNAP Module, which is an innovative tool created to better assess the employability of our customers, identify and reduce barriers, highlight strengths that would lead to a good match with an employer. This tool would be integrated within DLLR's Maryland Workforce Exchange (MWE), which would provide access to the most up to date labor market information, job search engines, resume assistance and other employable tasks leading to employment. In association with the aforementioned long-term strategies we are moving from the idea of only cash benefits to other kinds of support as a method to provide a full array of wrap-around services. This is just one of many collaborative efforts DHS is embarking on to create for Maryland a viable workforce system.

FSET partners are selected according to their ability to meet the needs of our constituents and the current in-demand careers. After assessing their proposals for a focus on career pathways, employment training and vocational education, DHS determines if their programs align with the overall vision of our department. The state ensures that the FSET partners are providing individualized assessments, addressing training needs, earning credentials, and developing in-demand skills by conducting annual monitoring visits and maintaining regular communication with our designated points of contacts.

Issue #6: DLS recommends adopting committee narrative requesting information on federal performance measures for federal fiscal 2017 and fiscal 2018.

Response to Issue

We concur and will provide federal fiscal year 2017 data in January 2019. The Department respectfully requests to provide 2018 FSET data in July 2019 instead of January 2019 because the wage data is not available. Due to employer reporting requirements, March 2019 wage data will not be available until May of 2019 and time would be needed to analyze the data.

Issue #7: DLS should discuss any preparations for how the department would handle any changes to work requirements for SNAP participants given the limited number of individuals currently participating in the program in Maryland.

Response to Issue

The Department has limited information regarding possible regulatory and policy changes associated with the federal SNAP mandatory work requirements. Guidance from our federal partners will determine the availability of sufficient funding and our ability to sustain our designation as a voluntary state for FSET participation.

Issue #8: Therefore, DLS recommends adding language to withhold \$250,000 of general funds until OLA has determined that the repeat findings have been corrected.

Response to Issue

The Department concurs with the Analyst's recommendation.

**Department of Human Services
Family Investment Administration
N00I**

Response to Recommended Actions

Recommendation #1

Adopt language establishing a cap on Temporary Assistance for Needy Families spending. (Page 4 and 36)

Response: The Department disagrees with the Analyst's recommendation. The cap hinders our ability to provide adequate benefits should the caseload increase.

Recommendation #2

Adopt committee narrative requesting Food Supplement Employment and Training program performance measures. (Page 4 and 36)

Response: We concur with the Analyst's recommendation and respectfully request to provide 2018 FSET data in March 2019 instead of January 2019.

Recommendation #3

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

Response: The Department will comply with the budget bill language as recommended.

Recommendation #4

Adopt committee narrative requesting notification of changes to either the Temporary Assistance for needy families Program or Supplemental Nutrition Assistance Program. (Page 4, 37 and 38)

Response: The Department concurs with the Analyst's recommendation.

**Department of Human Services
Family Investment Administration
N00I**

Response to Audit Findings

Audit Finding #1:

The Family Investment Administration (FIA) lacked documentation of required computer matches, and system alerts were not always adequately resolved. (Page 33)

Corrective Actions Taken:

The Department monitors the Local Department of Social Services (LDSS) completion of system computer matches including Overpayment BEGS, PARIS, National New Hires, State New Hires and, Missing Social Security Numbers. A newly established process to include the usage of a web based system allows our central office to provide increased monitoring of these alerts.

All matches are being performed on schedule. To ensure the results of data matches are investigated, FIA and the Office of the Inspector General (OIG) are creating an online database that will enhance the monitoring of matches. In the meantime, the Bureau of Program Evaluation sends memos rather than emails to the LDSS Directors and Assistant Directors to notify them of outstanding matches.

Audit Finding #3:

Documentation required to support recipient eligibility and the validity of payments for energy assistance programs was not always maintained. (Page 33)

Corrective Actions Taken:

The Department's Office of Home Energy Programs (OHEP), within the Family Investment Administration, instituted several measures to address concerns raised by the Office of Legislative Audits. In respect to obtaining and the maintenance of required documentation, all local agencies processing applications maintain file records for a minimum of three (3) years. Additionally, OHEP has mandated utilization of the Enterprise Content Management Systems (ECMS) to maintain electronic records of documentation. All local agencies began scanning applications beginning in fiscal 2017 and will scan 90% of application and supporting documents in fiscal 2018.

Audit Finding #4:

Certain contract costs and deliverables were not adequately monitored. (Page 33)

Corrective Actions Taken:

Prior to this audit, the Department had undertaken significant changes in our contracts and our processes based upon the recommendations and suggestions that we received from the auditors previously, and we addressed those concerns. The Department respectfully disagrees with this audit finding. We think that these are fixed deliverable contracts. While we are provided with a

budget, ultimately our vendors or contractors are required to provide expenditure details to the Department and are reimbursed for those expenditures. These are not time and material contracts and the level of detail of oversight that the auditors are suggesting, the Department should engage in essentially reducing these contracts to time and material contracts and that level of monitoring. That being said, the Department will do whatever is necessary to eliminate an audit finding in this area

To prevent this finding from being repeated in future audits, The Department has implemented more specific recommendations:

- FIA instituted improvements in the documentation supporting contracts, deliverables and scope of work;
- FIA did in good faith comply with the audit recommendations, and this was a considerable effort adding additional time for the contractors to produce; and,
- FIA to review as part of the monthly invoice submission/review process.

In early 2016, in consultation with the Department of Budget and Management, MORA developed contract monitoring and invoice protocols. These protocols are comprehensive and cover contracts diverse in scope and complexity.

In addition to the monitoring protocol in place for MORA, we have centralized our contract monitoring activities to one unit. Under this structure, we developed monitoring instruments customized to each contract specifications. Such instruments are made available to any oversight entity upon request. The invoice protocol includes separate documentation requirements for fixed-cost and performance-based contracts. The protocol also addresses how invoices are reviewed and approved internally. We maintain records of those invoices and the supporting documentation.

Monitoring plans for all contracts are developed at the beginning of every calendar year. All active contracts in fiscal 2018 are scheduled to be monitored.

Audit Finding #5:

FIA lacked procedures and documentation to support recipient eligibility for temporary Disability Assistance Program cases examined, and federal funds were not always recovered. (Page 33)

Corrective Actions Taken:

The Department centralized the processing of federal disability payments so instead of the local departments receiving reimbursement for TDAP cases, payments from the lump-sum disability checks are received at one centralized location. As a result, for last two years, we project receiving an 18% increase in reimbursements payments and a 13% increase in the number of cases processed.

In addition, FIA conducts case reviews to ensure that required documentation to support the eligibility process and identify areas that require corrections.