

**Department of Human Services
Fiscal Year 2021 Operating Budget
Response to Department of Legislative Services Budget Analysis**

**Senate Budget and Taxation Committee
Health and Human Services Subcommittee
Senator Melony Ghee Griffith
Thursday, February 13, 2020**

**House Appropriations Committee
Health and Social Services Subcommittee
Delegate Kirill Reznik
Monday, February 17, 2020**

Response to Issues

Issue #1: DHS should discuss the reason for the declining participation rates that occurred even while program offerings expanded. DHS should also describe efforts to increase participation, particularly among ABAWDs. (Page 9)

Response to Issue

The monthly annual average of SNAP participants continues to decline- from 654,256 in SFY 2018 to 625,914 in SFY 2019. This represents a 4.33% year over year decline in SNAP participation. The Department is working to reconcile FFY 2019 SNAP E&T Participant data. We believe that recordation error lead to an undercount in FFY 2019 SNAP E&T Participation data.

DHS remains committed to supporting SNAP recipients who are ready and able to work. Over the last three years, DHS has taken steps to ensure that SNAP E&T is accessible regardless of a SNAP recipient's ABAWD status or the jurisdiction in which they reside. We believe that these collective strategies will result in increased SNAP E&T participation during FFY 2020.

- Outreach to ABAWDs: DHS will mail out to all ABAWDs an informational flyer (entitled "Understanding the 3-Month SNAP Time Limit") explaining the new federal ABAWD work requirements and disseminate posters to all 24 local departments of social services. DHS will also create a dedicated SNAP E&T/ABAWD webpage on the DHS website.
- Increased Federal Funding to Support SNAP E&T: DHS increased the SNAP E&T budget from \$5 million in FFY 2018 to nearly \$12 million in FFY 2020. For State Fiscal Year 2020, DHS also allocated 100% SNAP E&T funds to Local Departments of Social



Services (LDSSs) to enhance internal capacity and establish a stronger connection between Third-Party Partners and local staff. Each LDSS will prioritize the use of SNAP E&T funds for referring eligible SNAP recipients to SNAP E&T activities offered in-house or through Third-Party Partners.

- Outreach to Maryland Colleges and Universities: DHS engaged Maryland's 16 community colleges that work collaboratively to promote the goals of continuing education, economic and workforce development and community services. This partnership with the Maryland Community College Association for Continuing Education and Training (MCCACET) will allow DHS to expand the program statewide and offer additional occupational training opportunities.
- SNAP Outreach Partners: DHS continues to meet monthly with over 20 Statewide SNAP Outreach partners to develop county and region specific outreach strategies that the partners will use when assisting SNAP customers, including ABAWDs and individuals experiencing homelessness, in applying for benefits.
- DHS Central Staffing: DHS has also hired two additional staff to support SNAP E&T expansion efforts. A contract manager serves as a liaison between DHS and SNAP E&T partners while streamlining the contract approval process. A data coordinator now works with stakeholders to ensure program data is entered in agency databases and provides technical assistance to local DSS staff and third-party vendors.
- LDSS Training: DHS will provide in-person training to all frontline Department of Social Services staff who work with impacted ABAWD SNAP recipients. Additionally, in March 2020, DHS will host its semi-annual Statewide Workforce Development Convening to discuss ABAWD implementation with participation from all 24 LDSSs as well as the Maryland Department of Labor.

Issue #2: The Department of Legislative Services(DLS) recommends deleting a portion of the unneeded federal fund appropriation in recognition of the declining caseload. (Page 15)

Response to Issue

Because this action doesn't impact in anyway those who are eligible, the Department is in agreement with the analyst's recommendation that deleting a portion the federal fund appropriation in recognition of the continued decrease in SNAP benefit spending as a result of the declining caseload is reasonable.

Issue #3: DHS should comment on how it anticipates covering the anticipated shortfall in fiscal 2020. (Page 17)

Response to Issue: The Department is in consultation with Department of Budget Management (DBM) for options to cover the anticipated shortfall in Temporary Disability Assistance Program (TDAP) in fiscal 2020.

Issue #4: DLS recommends deleting the remaining regular position that has been vacant for longer than one year. (Page 20)

Response to Issue

The Department respectfully disagrees with this recommendation. This position was reclassified to establish a new Contract Compliance Director position to provide appropriate oversight of contracts issued by the Department's Family Investment Administration. The Contract Compliance Director will be responsible for: ensuring that vendors doing business with the Department observe applicable laws, regulations, and contractual obligations; and developing and leading the implementation of strategies to ensure that contract managers are equipped with the skills necessary to monitor and hold vendors accountable. The position will support local contract managers and establish mechanisms to ensure consistency in the evaluation of contract performance outcomes and maintenance of records. The Department has conducted several rounds of interviews, and a candidate was selected in November 2019. Unfortunately, the selected candidate declined the position. The Department's Family Investment Administration will continue to seek a qualified candidate and intends to have the position filled shortly.

Issue #5: Given the uncertainty surrounding the potential impacts of the proposed changes to categorical eligibility and the calculation of utility allowances and the finalized rules related to ABAWDs, DLS recommends budget bill language restricting funds until DHS submits a report on the impact the changes in rules related to ABAWDs and any other finalized SNAP rule changes. (Page 28)

Response to Issue

The Department will provide its analysis regarding proposed SNAP rule changes to the legislature. DHS therefore respectfully disagrees with the recommendation to restrict funds.

Issue #6: DHS should comment on the number of children that it expects will be served when the State funding is combined with the local funding and the total funding that is expected to be available. (Page 30 - 31)

Response to Issue

The number of children that will be served during the implementation of the Summer SNAP Program in calendar year 2020 will depend on a final funding decision. We expect a decision no later than April 1, 2020 and, at that time, will share information regarding the number of children to be served and total funding.

Issue #7: DLS recommends committee narrative requesting reports on the number of children receiving the benefits, the value of benefits provided to each child receiving the benefits per month, and the number of children in participating jurisdictions that did not receive a benefit due to the lack of funding. (Page 31)

Response to Issue

The Department concurs with this recommendation.

Response to Recommended Actions

Recommended Actions #1

Reduce funds for the Supplemental Nutrition Assistance Program to better reflect anticipated spending. **(Page 3 and 38)**

Response:

Because this action doesn't impact in anyway those who are eligible, the Department concurs with the Recommended Action.

Recommended Actions #2

Adopt narrative requesting information on children served through the Summer SNAP for Children Program. **(Page 3 and 38)**

Response

The Department concurs with the Recommended Action.

Recommendation #3

Add language restricting funds until the Department of Human Services Family Investment Administration 's repeat audit findings are resolved. **(Page 3 and 39)**

Response:

DHS therefore respectfully disagrees with the recommendation to restrict funds. The Department is committed to working with OLA to address outstanding audit issues. In 2019, the Department's Family Investment Administration (FIA) took a major step toward this end by centralizing audit compliance functions within the newly formed Bureau of Audit Compliance and Reporting. This change has allowed FIA to more closely monitor and evaluate the effectiveness of corrective action plans while improving communication with OLA and other stakeholders. FIA has also enlisted technical assistance from the Department of Budget Management.

Recommended Actions #4

Add Language restricting funds until the Department of Human Services provides information on the impact of recent and planned federal rule changes. **(Page 4 and 40)**

Response:

The Department will provide its analysis regarding proposed SNAP rule changes to the legislature. DHS therefore respectfully disagrees with the recommendation to restrict funds.

Recommended Actions #5

Delete 1 regular position that has been vacant for longer than one year. **(Page 3 and 41)**

Response:

The Department respectfully disagrees with this recommendation. This position was reclassified to establish a new Contract Compliance Director position to provide appropriate oversight of contracts issued by the Department's Family Investment Administration. The Contract Compliance Director will be responsible for: ensuring that vendors doing business with the Department observe applicable laws, regulations, and contractual obligations; and developing and leading the implementation of strategies to ensure that contract managers are equipped with the skills necessary to monitor and hold vendors accountable. The position will support local contract managers and establish mechanisms to ensure consistency in the evaluation of contract performance outcomes and maintenance of records. The Department has conducted several rounds of interviews, and a candidate was selected in November 2019. Unfortunately, the selected candidate declined the position. The Department's Family Investment Administration will continue to seek a qualified candidate and intends to have the position filled shortly.

Recommended Actions #6

Adopt narrative requesting performance data for the Supplemental Nutrition Assistance Program Employment and Training Program. **(Page 3 and 41)**

Response:

The Department concurs with this recommendation.

Response to Audit Findings

REPEAT OLA AUDIT FINDINGS: Page 52

Finding 4:

FIA did not take adequate follow-up action when LDSS failed to conduct the required number of quality assurance reviews. In addition, FIA did not ensure errors identified during its own quality assurance reviews were corrected, and certain reviews it conducted were not comprehensive. Therefore, the reviews did not identify the full extent of any improper payments.

Corrective Actions Taken:

FIA utilizes a web-based tool, Pre-Review Direct, provide oversight and monitoring of quality assurance reviews completed by Local Departments of Social Services (LDSSs). Throughout each month FIA reviews reports from Pre-Review Direct providing the total percentage of applications and redeterminations met by each local department. Pre-Review Direct reports also detail whether or not each LDSS has met the 10% application and 15% redetermination requirements. Status reports are sent monthly to each local department. Local Departments continue to conduct the required number of reviews each month.

FIA reviews monthly reports of LDSS reviews requiring correction. FIA uses information from the monthly reports to generate memoranda to each LDSS to communicate the number of reviews awaiting correction and a request to finalize outstanding reviews.

FIA has adopted within its quality assurance review process a review of historical months case actions and payments disbursed when a payment error is identified during a quality assurance review. When FIA identifies payment errors in the month of review and prior months, communications are sent to the LDSSs to take appropriate action to correct the associated cases.

Finding 5:

FIA did not obtain required documentation from Temporary Disability Assistance Program(TDAP) recipients, resulting in the failure to recover certain federal reimbursements. FIA did not close certain TDAP cases timely, allowing improper benefits to be issued.

Corrective Actions Taken:

DHS has taken a bilateral approach to addressing timely TDAP case closures and obtaining federal reimbursements. The TDAP training provided to new case managers was updated in November 2018 to include a segment focusing on proper documentation and case closing procedures. Since the addition of this component, FIA has provided 13 TDAP training sessions, resulting in 209 case managers being trained in the module. FIA has also created a separate webinar accessible to all case managers that specifically addresses proper TDAP documentation and case closing procedures. This webinar was uploaded to the State's learning management system (known as the HUB) in November 2018.

FIA further supports program integrity through both a dedicated office responsible for cash programs as well as the centralization of all TDAP fiscal related activities. The partnership between the two units allows integrity efforts to be implemented through both program policy and operations. For example, updates have been made to the Interim Assistance Reimbursement (IAR) form. This form allows FIA to be reimbursed by the Social Security Administration any funds that are due as a result of TDAP payments being provided during the processing time of federal benefits. The Fiscal Unit informs the program office of any trends and common errors they identify when closing and/or processing cases for reimbursement. The Fiscal Unit also works closely with the Local Department of Social Services (LDSSs) informing the point of contact on the current federal status of each case. The Fiscal Unit also requests the LDSS to provide required updated documentation (such as an updated IAR form), data to be entered into the Client Automated Resource Eligibility System (CARES), and/or case closures. This is done through an established and implemented Standard Operating Procedure (SOP) process that includes up to three emails before action may be taken by FIA central.

FIA believes this dual approach to both preventing case errors and increasing responsiveness to case processing will result in a decrease of improper payments issued due to untimely case closures and, subsequently, an increase in federal reimbursements.

Finding 6:

FIA did not adequately monitor costs and deliverables for certain contracts and agreements related to its public assistance programs.

Corrective Actions Taken:

DHS has taken the following steps to exercise proper contract oversight and mitigate future compliance issues.

- DHS is in the process of establishing a Contract Compliance Office within the Family Investment Administration with staff to review and approve local contracts while overseeing contracts instituted at the FIA Central Headquarters.
- FIA has developed and currently observes Standard Operating Procedures (SOPs) for processing invoices and monitoring contracts.
- In March 2019, FIA provided contract compliance training to contract managers across all LDSSs.
- All scopes of work developed after March 2019 include clear reporting and invoice documentation requirements.
- FIA conducts at least one annual monitoring visit to address vendor performance, review local files, and provide technical assistance.
- FIA will emphasize the new invoice and monitoring procedures during the third annual contract compliance training to be held in June 2020.

Finding 7:

FIA did not verify that certain grant funds from the Office of Grants Management were spent as intended.

Corrective Actions Taken:

DHS has taken the following steps to exercise proper contract oversight and mitigate future compliance issues.

- DHS is in the process of establishing a Contract Compliance Office within the Family Investment Administration with staff to review and approve local contracts while overseeing contracts instituted at the FIA Central Headquarters.
- FIA has developed and currently observes Standard Operating Procedures (SOPs) for processing invoices and monitoring contracts.
- In March 2019, FIA provided contract compliance training to contract managers across all LDSSs.
- All scopes of work developed after March 2019 include clear reporting and invoice documentation requirements.
- FIA conducts at least one annual monitoring visit to address vendor performance, review local files, and provide technical assistance.
- FIA will emphasize the new invoice and monitoring procedures during the third annual contract compliance training to be held in June 2020.