

**Department of Human Services
Fiscal Year 2023 Operating Budget
Response to Department of Legislative Services Budget Analysis**

**Senate Budget and Taxation Committee
Health and Human Services Subcommittee
Senator Melony Griffith
Thursday, February 24, 2022**

**House Appropriations Committee
Health and Social Services Subcommittee
Delegate Kirill Reznik
Monday, February 28, 2022**

Testimony of Secretary Lourdes R. Padilla

Good afternoon, Chair 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 Netsanet Kibret, Deputy Secretary for Programs; La Sherra Ayala, Executive Director of the Family Investment Administration; and Stafford Chipungu, Chief Financial Officer.

FIA is responsible for administering several programs aimed at providing families and individuals with economic support and stability including the Supplemental Nutrition Assistance Program (SNAP), Temporary Cash Assistance (TCA), Temporary Disability Assistance Program (TDAP), Public Assistance to Adults (PAA), and energy assistance through the Office of Home Energy Assistance Programs (OHEP). In addition, FIA provides eligibility determination and enrollment services for various Medicaid programs. FIA also provides emergency services, such as The Emergency Food Assistance Program (TEFAP), emergency housing related services for families with minor children, and services related to resettling refugees and asylees.



The FY 2023 Allowance for the FIA totals \$2.7 billion, an increase of \$759 million or 39.9% compared to the FY 2022 Appropriation.

With the second year of the COVID-19 pandemic impacting lives across the State, our work has never been more critical. The Department's Family Investment Administration now serves over 300,000 more individuals who are recipients of safety net programs compared to prior year caseload levels. This represents a 35% increase in the number of cases served. We manage over 770,000 cases across all FIA programs.

I would like to highlight several programs and initiatives that we continue to manage to maintain increased resources available to Marylanders in need during this challenging and transitioning time.

With Governor Hogan's authorization, DHS issued over \$2 billion in additional nutrition assistance benefits to ensure that individuals who were affected by the pandemic were able to put food at the dinner table. The Pandemic EBT program, which supported school children who no longer had access to free school meals served over 550,000 individuals. We issued over \$1 billion in P-EBT benefits since the program began.

The Emergency Allotment (EA) program provided an average of \$175 in extra SNAP benefits per month - over 800,000 individuals benefited from the program.

In preparation of the statewide system launch to the Eligibility & Enrollment (E&E) eligibility determination system, the Department provided training specific to all Outreach partners on the use of the E&E system. The training was developed to ensure that the Outreach partners could assist public benefit applicants with system navigation and application submission. Training is



conducted on the 4th Friday of every month. There are training sessions on the 4th Friday of every month.

Additional funding made available for TCA and TDAP recipients provided a monthly amount of \$100 for each active household member in addition to the household's regular benefit amount through December 31, 2021.

SNAP Outreach

SNAP outreach efforts ensure that Marylanders know about the SNAP program in case they ever need to access the program. During FFY 2022, DHS has contracts with 19 Community Based Organizations (CBO) who partner with an additional 9 non-profit organizations as subrecipients within the Outreach Program for a total of 28 partnerships. The Department convenes a Monthly Workgroup Meeting to ensure the 28 CBO are informed regarding the State's position with waivers and operations of the SNAP program.

The CBO are located throughout Maryland, including Western Maryland and the Eastern Shore, and provide support to Marylanders to increase access to SNAP services and to ensure recipients maintain benefit eligibility. For FFY 2022, a total of \$8.4 million was approved by USDA to support the State's Outreach efforts. This is an increase of 55% over the FFY 21 budget of \$5.4 million. The significant increase is in part due to CBO providing additional resources to the State to help support Maryland's COVID-19 pandemic mitigation activities and to expand outreach efforts to previously underserved communities.

State SNAP Expansion Benefits

The Department issues a Minimum State Supplement (MSS) SNAP benefit which guarantees recipients 62 years and older receive a minimum benefit of \$30. MSS is funded with general funds and is designed to ensure that individuals aged 62 and older eligible for less than \$30 in federal SNAP benefits are issued state SNAP benefits to total \$30 in SNAP benefits. The MSS was paused in April 2020 when the USDA authorized all SNAP households to receive the maximum allotment through Emergency Allotments (EA) for their household size as a flexibility within the Continuing Resolution as it relates to the public health emergency. Because the public health emergency continues, EA maximum allotments continue to be issued to SNAP recipients following a month-to-month approval from the Food and Nutrition Service (FNS). MSS will resume when SNAP EA maximum allotments for all SNAP households ends.

Pandemic-Emergency Benefit Transfer (P-EBT) Continuing

DHS, in partnership with the Maryland State Department of Education (MSDE), successfully issued School Year (SY) 2020 - 2021 and Summer 2021 P-EBT benefits to eligible households. Expanded from the SY 2019 - 2020, P-EBT households included children under the age of six now eligible based on the childcare eligibility provision enacted in the Continuing Appropriations Act. Under this provision, a child under the age of six is eligible for P-EBT if she or he is a member of a SNAP household and lives in an area where a school or a childcare facility is operating at reduced capacity due to COVID-19. DHS has secured \$1 billion in P-EBT benefits for Maryland's children, with a total of \$808 million of which 78.2% have been expended to date.

Maryland's new P-EBT Plan, which covers issuing benefits for September 2021 through June 2022 is in the review process with state and federal partners.

Temporary Cash Assistance (TCA) Payments

Maryland determines its TCA benefit amounts by calculating the State Minimum Living Level (MLL); Maryland law requires that the combined TCA and SNAP benefit equal 61% of the MLL. For Federal Fiscal Year (FFY) 2022 the MLL was increased to 61.25%. Using the required MLL formula, TCA households would have realized a decrease of 8% in benefits in FFY 2022. DHS opted to maintain FFY 2021 benefit levels for FFY 2022 in the spirit of preventing the negative impact a decrease in benefits would cause families that depend on TCA to cover basic expenses.

Jobs for Temporary Cash Assistance Recipients

DHS is committed to helping TCA recipients find jobs with sustainable wages so that they can meet basic household needs independent of public assistance. For the fifth consecutive year, our dedication to the removal of barriers and to expanding partnerships has allowed DHS to secure 5,023 jobs for our TCA-related customers.

The continued achievements in job placements during a time of economic uncertainty and the restrictions resulting from the COVID-19 public health crisis highlights the continued focus on in-depth customer assessments, expanded community partnerships, and opportunities for career pathways. DHS committed to placing “people before performance” by ensuring TCA recipients were provided with the needed tools (including but not limited to broadband internet, laptops, tablets, etc.) to participate in virtual learning and employment. With a combined Workforce Innovation and Opportunity Act/Temporary Assistance for Needy Families (WIOA/TANF) plan,

DHS continues to work with the Maryland Department of Labor, Maryland State Department of Education, and the Division of Rehabilitation Services to continue to address the needs of low-income individuals enrolled in TCA and other public assistance programs. These partnerships proved integral to the success in keeping TCA recipients connected to virtual learning and job training opportunities and improved customer experience during unprecedented times.

Temporary Disability Assistance Program (TDAP) Payments

Effective July 1, 2021, TDAP recipients saw monthly benefits increase from \$243 to \$256 and another increase to \$328 effective January 1, 2022. This increase now matches the Temporary Cash Assistance (TCA) household size of one 100%.

Conclusion

We continue to innovate and adapt our model of service delivery to meet customer needs. As a result of the successful rollout of the Department's new Eligibility and Enrollment System last November, 100% of Maryland's SNAP, Cash, and non-MAGI MA caseloads are now managed by an innovative, secure cloud-based web service, built from the ground up to serve Marylanders.

Thanks to updated processes, forms, and redesigned notices, eligibility determination and enrollment now requires fewer manual steps by state workers. Additionally, customer notices have been enhanced significantly to ensure we are communicating effectively with customers. The Department is committed to preparations to support our customers as they navigate the post-pandemic world in which the economic landscape, the way we work, and so much more will look different.

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



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Response to Issues

Issue#1: - DHS should comment on efforts it intends to make to improve employment retention for participants in the SNAP E & T programs. (Page 13)

Response to Issue: The unstable economic conditions caused by the COVID-19 Pandemic over the last two years negatively affected customers ability to obtain and retain jobs. DHS anticipates that SNAP E&T employment retention and other outcomes will improve as Maryland recovers from the pandemic. DHS has made, and continues to make, the following efforts towards improving employment retention for participants in the SNAP E & T programs:

- Educating SNAP recipients on leveraging their resources to participate in employment and training programs.
- Enhancing the screening processes for each SNAP applicant and registering them for work.
- Providing a comprehensive overview of the training programs available to applicants during the initial interview process.
- Enrolling the customer in a training program where a complete assessment of their abilities is conducted.
- Placing the customer in the most appropriate program to enhance chance of success.
- Arranging incentives such as child care, transportation, and educational advancement opportunities offered by our 3rd party partners.



Issue #2: DHS should comment on whether this increase is expected to allow more jurisdictions to participate or if it is expected to increase the participation rate in the six jurisdictions that participated in fiscal 2022. DLS also recommends adopting committee narrative requesting information on the number of children served through this program. (Page 23 and 24)

Response to Issue: The increased funding for Summer SNAP is meant to broaden the reach of the program statewide. With Governor Hogan’s initiative to increase the program budget in State Fiscal Year (SFY) 2023 to \$4.8 million, DHS will extend Summer SNAP benefits to additional recipients across the state. All jurisdictions are encouraged to apply for the Summer SNAP Program. Individual jurisdictions determine whether or not to apply to participate in Summer SNAP. There are several factors that impact the amount of Summer SNAP allocation a particular jurisdiction receives and the number of participating jurisdictions - this includes the ability of a local government to contribute the required share of funds, the number of jurisdictions that submit acceptable applications, number of children receiving SNAP benefits, and the general funds appropriation for the program. We are happy to report that during the State Fiscal Year 2021, DHS authorized all jurisdictions that submitted Summer SNAP applications to participate.

DHS concurs with the Analyst’s recommendation to adopt a committee narrative requesting information on the number of children served through this program.

Issue #3 DHS should comment on why the program appears to be serving more people than should be eligible under the stated eligibility criteria. DLS also recommends adopting committee narrative requesting a report on the causes of the increased recipients in the program and a copy of the evaluation. (Page 29)

Response to Issue: DHS concurs with the Analyst’s recommendation requesting a report on the causes of the increased recipients in the program and a copy of the evaluation.

Customers are returning to work due to a more favorable job market compared to the peak of the pandemic. The Department anticipates the caseload will stabilize to pre-pandemic levels over time.

Issue #4 DHS should comment on efforts to add contractual staff given the current high vacancy rates among caseworkers and if the contractual staff will have a pathway to transition to regular position employment in FIA. (Page 31)

Response to Issue: The Department is aggressively recruiting to fill both regular positions in FIA and a cohort of contractual positions. As of February 16, 2022, FIA has used federal



stimulus funds to hire 88 contractual staff to supplement regular positions with a focus on processing redeterminations for the SNAP caseload. This is in addition to the 54 regular positions recently filled. The Department expects to continue to increase the rate of hiring for these positions moving forward. The contractual employees have a path of conversion to regular positions.

Issue #5 DHS should comment on the educational efforts it undertook prior to the beginning of recertifications to refamiliarize customers with the process and steps it has taken and continues to take to limit case closures for those remaining eligible for benefits due to failure to submit recertification applications and documents. (Page 40)

Response to Issue: DHS customers are educated about program requirements as part of the application process. Materials, including applications and notices, advise program recipients of their responsibility to respond to agency requests and correspondence, including recertification notices. DHS has taken additional measures to communicate with customers regarding recertifications resuming. In addition to standard recertification notices each participating household receives, DHS has sent mass correspondences to nearly 650,000 customer email addresses. The emails are strategically timed and focused on educational information regarding recertifications. DHS also regularly shares recertification policy changes with our local departments of social services staff and our SNAP Outreach and SNAP E&T partners, for dissemination. DHS leveraged its social media platforms including Twitter and Facebook to reach the target population. During the month of February 2022, DHS took further steps to call customers with a February recertification due date to encourage them to submit their reapplication. Future outreach initiatives include auto dialing and text technology for continued outreach.

Response to Recommended Action

Recommended Action #1

Adopt narrative requesting information on application processing times, application denials and case closures. (Pages 3 and 45)

Reports Due: September 30, 2022
December 30, 2022
March 30, 2023
June 30, 2023

Response: The Department concurs with this recommendation.

Recommended Action #2

Adopt narrative requesting a report on children served in the Summer Supplemental Nutrition Assistance Program. (Pages 3 and 46)

Reports Due: October 1, 2022
February 1, 2023

Response: The Department concurs with this recommendation.

Recommended Action #3

Adopt narrative requesting data on Pandemic Electronic Benefit Transfer spending (Pages 3,46 and 47)

Due Date: With the submission of the fiscal 2024 allowance

Response: The Department concurs with this recommendation.

Recommended Action #4

Adopt committee narrative requesting information on the Temporary Cash Assistance cliff initiative and the Temporary Assistance for the Needy Families Pandemic Emergency Assistance Fund job retention incentives. (Pages 3 and 47)

Report Due: August 1, 2022

Response: The Department concurs with this recommendation.

