HB 338

Department of Legislative Services

Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 338 (Delegate Queen, *et al.*)
Appropriations

Human Services - Food Supplements (Summer SNAP for Children Act)

This bill establishes a process for the State to provide additional funding to supplement benefits received under the Food Stamp Program for children. The additional funds must be used to increase the benefit by $30 per child in the months of June, July, and August and $10 per child in December. In fiscal 2021, the Governor must include $2.0 million in the budget to fund the supplements; in fiscal 2022 and annually thereafter, the Governor must include an additional $500,000 over the prior fiscal year appropriation.

Fiscal Summary

State Effect: General fund expenditures increase by $0.8 million in FY 2021. Future year expenditures reflect increased State funding for supplemental benefits and elimination of one-time only costs. Revenues are not affected. **This bill establishes a mandated appropriation beginning in FY 2022.**

($ in millions)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenues	$0	$0	$0	$0	$0
GF Expenditure	0.8	2.0	2.5	3.0	3.5
Net Effect	($0.8)	($2.0)	($2.5)	($3.0)	($3.5)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: County expenditures may increase minimally to develop and evaluate plans and potentially significantly for any county that voluntarily elects to provide additional funding for supplements.

Small Business Effect: None.

Analysis

Bill Summary: The bill establishes a process by which counties may apply to the Department of Human Services (DHS) for funding to provide a supplemental benefit for children within the county. Supplemental benefits must be added to a recipient's account within specified timeframes.

To receive funding in the following fiscal year, a county must submit an application to DHS by December 1 that includes specified information, including a proposed plan to successfully implement the distribution of supplements, food stamp program participation rates in the county, and the process by which the county will evaluate the impact of the supplements.

By January 15, DHS must notify each county that submitted a complete application of the amount of funding available in the next fiscal year for supplements. The receipt of available funding is contingent on approval of the county's final plan, which must be submitted by March 1. In addition to other requirements, the final plan must designate which children will be eligible to receive supplements if funding is not sufficient to provide a minimum supplement of $100 to all eligible children within the county.

DHS must review a final plan and notify the county of the plan's acceptance or rejection by May 15. If a final plan is rejected, the county may submit a revised final plan for approval. If DHS approves a final plan, it must certify the amount of funding that will be provided to the county in the following fiscal year.

In each fiscal year, DHS must use the mandated appropriation established by the bill to provide funds to each county with an approved final plan according to a specified formula (based on the proportion of eligible recipients per county to total State eligible recipients). A county may provide funding in addition to that provided by the State to increase the number of supplements provided in the county; any such funding may not affect the amount of funding DHS is required to provide.

Current Law/Background: The federal Supplemental Nutrition Assistance Program, formerly known as the Food Stamp Program, provides benefits solely for the purchase of food items to families and individuals who meet income and resource requirements. Food supplement benefits are provided to recipients through an electronic benefits card; the program is administered by DHS through its local departments of social services. Program rules and regulations are issued by the federal government. Administrative costs are split equally between the State and federal government. Pursuant to Chapter 696 of 2016, the State provides a supplement to ensure that all households that include an individual who is at least age 62 receive a minimum benefit of $30 per month. Otherwise, benefits are 100% federally funded.

The U.S. Department of Agriculture indicates that childhood hunger is more acute during the summer months, as many children do not have access to free lunch and breakfast programs provided in schools. Access to such programs is also limited in December, when many children are on an extended winter break from school. DHS estimates that over 230,000 annually could qualify for the supplement.

State and Local Fiscal Effect: General fund expenditures increase by $750,000 in fiscal 2020 for programming costs, which reflects the bill's October 1, 2019 effective date and assumes that, although funding is not awarded until fiscal 2021, programming expenditures are incurred in advance in order to accommodate system changes necessary to manually adjust benefit amounts for recipients who receive a supplement.

General fund expenditures increase by $2.0 million in fiscal 2021, which reflects the appropriation specified in the bill; annually thereafter, the Governor is required to include an additional $0.5 million over the prior fiscal year appropriation (*e.g.*, $2.5 million in fiscal 2022, $3.0 million in fiscal 2023, etc.).

The Department of Legislative Services (DLS) notes that although the bill requires the Governor to include $2.0 million in the fiscal 2021 budget, any legislation mandating funding of a program must be enacted before July 1 of the fiscal year before the first fiscal year in which the funding is mandated (*i.e.*, this bill would need to have an effective date of July 1, 2019, in order for funding to be mandated in fiscal 2021). Nonetheless, this fiscal and policy note assumes that funding is provided in fiscal 2021.

Although the bill's provisions set forth a process for grants to be awarded to counties, it also specifies that supplements are to be added to recipients' benefit accounts. These accounts are administered by local departments of social services, which are essentially arms of the *State* Department of Human Services and not county/local entities (the local department of social services in Montgomery County is a county entity, but the county receives a grant to support all State-mandated operations, including administration of SNAP). Therefore, while DHS can allocate additional funds for the benefit of recipients in particular counties, the counties will not actually receive increased grant revenues, as the supplements will instead be added directly to recipients' accounts through the operations of local departments of social services and not funneled through the county.

It is assumed that any potential minimal costs for counties to develop and submit plans for additional funding and to evaluate the impact of the supplemental benefits will not materially impact county finances. DLS notes that counties will likely rely on local departments of social services for much of the data needed to develop and evaluate any plan. County expenditures may increase significantly for any county that elects to provide additional funding to increase the number of supplements provided in the county. However, any participation by counties is voluntary.

Additional Information

Prior Introductions: None.

Cross File: SB 218 (Senator McCray, *et al.*) - Budget and Taxation.

Information Source(s): Charles and Montgomery counties; Department of Human Services; U.S. Department of Agriculture; Department of Legislative Services

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