



Analysis of state policy choices with particular attention to their impacts on low- and moderate-income Marylanders

MARYLAND POLICY REPORTS

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Temporary Cash Assistance: Will Unfilled Vacancies at the Family Investment Administration Affect Service Delivery?

By Branden A. McLeod

Present Reality. Is there anyone not in need of temporary cash assistance? Well, in the present economy who doesn't need assistance? With the skyrocketing costs of food prices, energy costs, transportation, and housing, many working families find it difficult to get their heads above water to catch their breath. Too often we hear news reports identifying families who have to skip paying certain bills from month-to-month in order to catch up on other bills.

Brief Overview. Temporary Cash Assistance (TCA) is one of three cash assistance programs in Maryland's Department of Human Resources Family Investment Program (FIP)¹. According to the Family Investment Administration (FIA), TCA is offered as a last resort to low-income families with children when other resources and services do not fully meet the family's needs. Applicants must apply for all potential resources for which they may be eligible (i.e. Social Security Retirement, Survivor Disability Insurance (RSDI), Unemployment Insurance (UI), Supplemental Security Insurance (SSI), Worker's Compensation, etc.). It is also important to note that families eligible for federally funded TCA are automatically eligible for Medical Assistance (MA), but not all families eligible for federally funded TCA are automatically eligible for Food Stamps (FS)².

The TCA program emphasizes the importance of the family maintaining independence, and views workforce participation as the vehicle to gain and maintain such independence in accordance with the Temporary Assistance to Needy Families (TANF) block grant program. TANF was created by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 as a way to reform the old Aid to Families with Dependent Children (AFDC) program and "end welfare as we know it" (see archived reports under "[Poverty and Economic Well-Being](#)³" for more detailed information).

Four immediate considerations for the upcoming fiscal year. In Maryland, as in many states, the most prominent number used to tout success under welfare reform is the dramatic decline in caseloads. However, focusing on caseload declines masks the economic hardship that continues for most families that have stopped receiving cash assistance⁴. And, if Maryland really wants to both decrease caseloads, while truly helping families leave poverty, there are four critical factors to be considered.

(1) *Job opportunities decline with the slowed economy.* Knowing that work participation is a key component in the TCA program, it seems that based on the current economy, TCA participants may hit a brick wall. According to the Maryland Department of Legislative Services (DLS), the slowing economy is expected to reduce the percent of

TCA cases that remain closed for 12 consecutive months. It is also expected to negatively impact the number of job placements of individuals receiving TCA⁵.

(2) *Increasing Caseloads.* The TCA caseload has been increasing since March 2007, and as of December 2007, stood at 53,000 cases. The program is likely to be underfunded by \$14 million, since the fiscal 2008 budget is based on an average monthly caseload of 49,000. If the caseload numbers continue this trend, an equal shortfall will occur in fiscal 2009⁶.

(3) *Staff Vacancies.* About six months ago, almost 80% of the vacancies at the Family Investment Administration (FIA) were income maintenance specialists and income maintenance supervisors (those employees determining and re-determining eligibility of TCA applicants). High vacancy rates impact clients awaiting benefits⁷. Income maintenance specialists, like many other human services positions face high turnover rates. Too often, these workers are overburdened with high caseloads and additional administrative tasks. Combining the two often equates to low-quality case management services for beneficiaries. Moreover, hiring freezes do not take into consideration that eligibility applications and redetermination of benefits continue

despite vacancies. This further adds on to the caseload to existing employees, which in some cases causes more workers to vacate their positions, and the cycle continues.

Almost 80% of the vacancies at the Family Investment Administration are the employees who determine eligibility of applicants.

It is important to note that the Maryland Board of Public Works (BPW) approved \$50 million in budget cuts on June 25th. Of this \$50 million, \$1.8 million is to come from freezing Department of Human Resources positions. Child protective services workers are exempt from the hiring freeze, but the positions for workers who determine eligibility of benefits are subject to the freeze.

There is a close connection between child neglect and financial stress. Timely provision of Temporary Cash Assistance and other benefits will actually prevent some instances of neglect. Lifting the freeze on income

maintenance specialists, would be a proactive measure. It would provide families the resources they need to take care of their children in the first place.

(4) *Final TANF rule will take effect on October 1, 2008.* The Deficit Reduction Act of 2005 (DRA) provided the U.S. Department of Health and Human Services (HHS) with broad new regulatory authority to define the work activities listed in the TANF statute. Such authority allowed HHS to craft rules on how states must count, track, and verify hours of work participation, and the circumstances in which parents of children receiving assistance should be considered in the work participation rate calculations. Final regulations to implement these changes take effect in October (*just 2 months from now*). In the view of many states, analysts, and advocates, the Interim Final Rule set forth overly restrictive definitions of work activities that would count

toward the work participation rates and rigid requirements for documenting hours of participation. The Interim Final Rule set forth a number of policies that made it harder for a state to get credit for a family's participation in various work-related activities. These included restrictions on when educational programs or programs that remove barriers to employment (such as, substance abuse treatment) could count towards meeting the work rates⁸.

What must be done immediately? Stop! Think about the ramifications of a hiring freeze and unfilled vacancies of income maintenance specialist positions. We know that individuals receiving TCA must participate in work related activities in order to receive cash assistance. Not only has DLS indicated that the slowed economy will affect job opportunities, but the final TANF rule will make educational programs and barrier-removal activities count less towards meeting work participation rates. In this situation, employing enough well-qualified income maintenance specialists should be a no-brainer. Specialists can help beneficiaries work through the bureaucratic requirements put in place by the new TANF regulations.

Let's be proactive based on this forecast. The Family Investment Administration must be prepared for these imminent challenges.

- Governor O'Malley should remove the hiring freeze on income maintenance specialists.
- The Department of Human Resources should set priorities to fill positions in the jurisdictions with the highest caseloads and the biggest backlogs.
- The Governor and the Legislature must provide funds to maintain the DHR caseworkers and back-office staff at reasonable levels to process benefits for eligible citizens on a timely basis.

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It's Budget Time

By Neil Bergsman

There are still five months until Governor O'Malley submits his next budget proposal to the 2009 legislature. However, they will be due to the state Secretary of Budget and Management at the end of August, or sometime in September, depending on the agency.

State agencies are working on their budget requests right now.

This phase of the budget process goes on largely behind closed doors – shielded by the principle of executive privilege. However, it is critical because most of what ends up in the budget originates at this stage.

The legislative staff has presented a very grim outlook for the upcoming year. At the end of the 2008 session of the legislature, the forecast for the 2010 budget called for a shortfall of \$243 million⁹. Since then, revenue performance has weakened somewhat; so the next forecast will be a bit worse.¹⁰ State agencies are probably being asked to absorb most cost increases within their existing budgets and to identify cost savings.

Agencies may request funding above their budget target, however in this financial climate, the odds of success are not good.

The official agency budget instructions contain the following guidance:

DBM has reviewed projected State revenue for FY 2009 and FY 2010 and has compared the projections to base funding needs. Based on projected revenue **DBM DISCOURAGES THE SUBMISSION OF FY 2010 OVER-THE-TARGET REQUESTS. WE WILL CONSIDER A MAXIMUM OF THREE OVER-THE-TARGET REQUESTS FROM ANY DEPARTMENT OR INDEPENDENT AGENCY. SUCH REQUESTS SHOULD BE LIMITED TO ADDRESSING CRITICAL OPERATIONAL NEEDS OR ITEMS THAT THE GOVERNOR HAS CLEARLY AND SPECIFICALLY ENDORSED.** For other additional funding requirements, agencies should first attempt to identify areas within their own budgets where efficiencies might occur that could then free up funding for such re-allocations. ¹¹

The screaming bold capital letters are in the original. Advocates for state-funded programs should take four major lessons from this information:

1. Now is the time to begin your budget advocacy. The people to talk with are agency heads (and their key staff), and staff in the Governor's office.
2. Prepare a defensive strategy. If you have any concerns about funding in the existing budget that might be vulnerable, you need to work to protect that item.
3. If you want to get items added to the budget, it will probably have to get it on the Governor's list of priorities.
4. This may be a good year for awareness-building and groundwork-laying, more than for decisive action.

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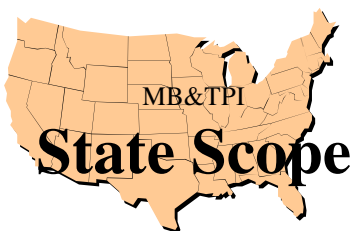
MB&TPI STATE SCOPE

Chickens Come Home to Roost

As the fiscal year begins in most states, we are beginning to get reports of real-world budget effects.

In **California** rural hospitals are looking at shutting down or borrowing to cover operating costs as state Medical Assistance payments are suspended pending the page of a budget.¹² Governor Arnold Schwarzenegger is moving forward with plans to reduce state employees' salaries down to the minimum wage and to lay off 22,000 part-time employees. These reductions, in turn will increase waiting times in motor vehicle offices, reduce the number of food safety inspections, slow the stocking of state park and forests waterways with fish, and cause many other reductions and disruptions of services.¹³

Schools in **Kentucky** have cut almost 1000 positions, including 450 teachers, principals and guidance counselors to meet budget constraints. School districts have also cut teacher training, after-school programs and textbook funding.¹⁴ Building security has been slashed at Kentucky's social services offices, leaving employees concerned for their safety.¹⁵



In **Georgia**, public universities are planning 5% spending cuts. Larger classes, fewer classes offered, reduced security and reduced library offerings are some of the cuts contemplated.¹⁶

Sometimes, budget pressure can accelerate positive changes. Georgia is also converting three prison diversion centers to day reporting centers. Georgia

corrections officials believe the reporting centers are a more effective and less costly model for alternatives to incarceration than the existing diversion centers.¹⁷

As state budgets tighten around the nation, there will be more and more examples of the real-world effects of funding lapses. In Maryland the budget will get tighter and tighter in the upcoming year. MB&TPI encourages the Governor and Budget Secretary to use the StateStat performance measurement process to identify program gaps affecting vulnerable citizens, to work out practical remedies, and to implement effective service models that reduce costs, where we can. We also encourage the legislature to allow the 5% State Reserve Fund balance to be used in a prudent way to avoid damaging lapses and reductions in services.

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A Plan to Help Kids

Over the last eight months, I have been a part of a strategic planning process for children's services in Maryland. Maryland's situation is that we have positive overall trends in test scores (up), juvenile crime rates (down) and out-of-home placements of children (down). But there are serious gaps and there are many children with serious problems who need better services. The report covers all of the state's programs for kids with serious problems: child welfare, foster care, special education, mental health, and juvenile delinquency.

The plan comes at a time when dollars are tight. So the recommendations focus on ways to improve services without spending a lot of new money.

The plan recommends over 50 specific strategies. They focus on involving families in service decisions; re-working government processes so different agencies communicate and work better together; and improving the capabilities and consistency of the agencies' workers through training and accountability.

The report also looked at referring kids to the right programs more promptly, and to providing a full array of services in each region of the state.

With a sustained commitment from the Governor, legislators, and the key agency heads, I believe that a lot can be accomplished with a small amount of money. It will not be easy. The state is in for tough budgets for the next few years. The existing budgets for Juvenile Services and Child Welfare are not sufficient to fully fund the current program requirements.

These reforms will require not just the leadership from Annapolis and agency headquarters. They will require pro-active teamwork from hundreds of case workers, direct care workers, and courthouse workers. The policies of the leaders need to become the practices of the men and women who do the real work with the kids and their families.

My worry is that we continue to balance budgets by holding positions vacant and skimping on things like training, travel, and communications. It's hard to coordinate with all the other agencies' case workers and consult with family members if you have 75 kids in your caseload. You can't provide new and better training if you don't have the money to fund all the training that's already required for professional certifications.

I hope that the Governor and Legislature will give the agencies the resources and the flexibility they need to implement most of the recommendations of the interagency plan. If so, more kids will share in Maryland's good outcomes.

-Neil Bergsman

About the Maryland Budget & Tax Policy Institute

The Maryland Budget and Tax Policy Institute is a nonpartisan research organization that provides timely, accurate and accessible analysis of state budget and tax issues. In addition to general budget and tax research and analysis, the Institute examines issues affecting low-income Marylanders and other vulnerable populations and the important community programs that serve them. For additional information, to be added to our e-mail list, or to make a tax-deductible contribution, please visit our website at www.marylandpolicy.org.

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