

Department of Legislative Services
 Maryland General Assembly
 2019 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

House Bill 838
 Appropriations

(Delegate Valentino-Smith, *et al.*)

Finance

Food Supplement Program - Restaurant Meals Program

This bill requires the Department of Human Services (DHS) to create a Restaurant Meals Program (RMP) to expand food access to eligible individuals who do not have a place to store and cook food, may not be able to prepare food, or do not have access to a grocery store. It also renames the Food Stamp Program as the Food Supplement Program (FSP). **The bill takes effect July 1, 2019; provisions regarding RMP reporting requirements terminate June 30, 2022.**

Fiscal Summary

State Effect: General fund expenditures increase by a minimum of \$83,800 in FY 2020 for staff and one-time only programming costs. Out-year expenditures reflect annualization and elimination of one-time costs. Revenues are not affected.

| (in dollars) | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 |
|----------------|------------|------------|------------|------------|------------|
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| GF Expenditure | 83,800 | 74,400 | 76,900 | 79,600 | 82,300 |
| Net Effect | (\$83,800) | (\$74,400) | (\$76,900) | (\$79,600) | (\$82,300) |

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

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary: A household is eligible to participate in RMP if it is eligible to receive FSP benefits under State and federal law and the household (1) lacks a fixed, regular, and

adequate nighttime residence; (2) includes only individuals who are age 60 or older or designated disabled by a government entity; (3) includes only an individual and the individual's spouse if the individual is age 60 or older or designated disabled; or (4) includes only individuals who are age 60 or older and individuals who are designated disabled.

Before participating in RMP, a restaurant must (1) submit an application and be approved under a process determined by DHS; (2) become a provider licensed by the U.S. Department of Agriculture; and (3) be able to process electronic benefit transaction (EBT) card payments at the point of sale.

DHS must adopt regulations (1) to verify household eligibility for participation in RMP; (2) to establish eligibility standards, an application process, and an approval process for restaurants to participate in RMP; and (3) as otherwise necessary to carry out the bill's provisions.

By December 1, 2019, and each year thereafter until December 1, 2021, DHS must report to the Senate Finance Committee and the House Appropriations Committee on progress toward establishing RMP, including (1) the names and addresses of all approved restaurants; (2) the number of FSP recipients participating in the program by county; (3) a plan to expand the number of participating restaurants, particularly in areas of high demand; and (4) barriers to program expansion, including availability of equipment necessary to process EBT card payments at the point of sale.

DHS must also evaluate the feasibility and cost of (1) implementing mobile and web-based technology for recertification of FSP benefits; (2) implementing a "Heat and Eat" program to determine food supplement program benefit levels for eligible households; and (3) exempting veterans from veteran time limits applicable to able-bodied adults without dependents (ABAWD) under FSP. DHS must report these findings to the Senate Finance Committee and the House Appropriations Committee by December 1, 2019.

Current Law/Background: The federal Supplemental Nutrition Assistance Program (SNAP), 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. 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. States are authorized to implement RMP in order to allow qualified homeless, elderly, or disabled individuals to use SNAP benefits at participating restaurants.

The federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 limited the length of time ABAWDs can receive SNAP benefits to three months in a three-year period if not working, participating in, or complying with the requirements of a work program for 20 hours or more per week. States are also able to request a waiver from the ABAWD provision for areas with specified unemployment rates or insufficient jobs based on specified evidence. ABAWD rules apply to individuals between the ages of 18 and 49. ABAWD does not apply to individuals who are unable to work because of specified circumstances, including physical or mental health reasons.

The “Heat and Eat” program is one in which states use an alternate method to calculate SNAP benefits for individuals who receive minimum amounts of energy assistance under the Low Income Home Energy Assistance Program. Under the program, instead of requiring an applicant’s utility bill, states use a “standard utility allowance” (an average of the state’s utility costs), which increases the likelihood that individuals will qualify for relevant deductions and higher SNAP benefits.

State Expenditures: General fund expenditures increase by a minimum of \$83,813 in fiscal 2020, which accounts for a 90 day start-up delay from the bill’s July 1, 2019 effective date. This estimate reflects the cost of hiring one administrator to develop and facilitate RMP, including preparing required reports and coordinating with local departments of social services regarding eligibility standards and the application and approval process for participating restaurants. It includes a salary, fringe benefits, one-time programming costs, one-time start-up costs, and ongoing operating expenses.

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|---|-----------------|
| Position | 1.0 |
| Salary and Fringe Benefits | \$55,364 |
| One-time Programming Costs | 23,090 |
| Operating Expenses | <u>5,359</u> |
| Total FY 2020 State Expenditures | \$83,813 |

Because federal funding used to administer FSP is fully subscribed for existing needs, it is assumed that general funds are required to support the costs specified above. Although DHS anticipates needing six additional staff members to facilitate RMP (in addition to the one above), the Department of Legislative Services advises that the need for further staff in future years depends on the number of restaurants that elect to participate in the program, as well as the substance of the regulations that DHS is required to adopt. *For illustrative purposes only*, for every additional staff person that *may* be needed, expenditures increase by at least \$73,800 annually.

Additional Information

Prior Introductions: None.

Cross File: SB 752 (Senator Lam) - Finance.

Information Source(s): Montgomery County; Department of Human Services; National Conference of State Legislatures; Department of Legislative Services

Fiscal Note History: First Reader - February 19, 2019
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