



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

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Opening the Bottleneck - Historically High Caseloads and Inadequate Staffing Levels Prevent Many from Accessing Benefits

Branden A. McLeod

If, somehow, attendance at Orioles and Nationals baseball games started to rise dramatically, odds are that management would increase the staff at concession stands, parking lots and ticket booths to handle the increased demand. But when it comes to meeting the growing demand for a number of services that are crucial to helping people who struggle to stay afloat in a devastating national recession, the State of Maryland is doing the opposite.

State government has had a freeze on filling vacant positions since October 2001. The freeze was due to a structural deficit for fiscal 2002 and 2003 that saw ongoing expenses exceed revenues by an estimated \$1.7 billion.¹ At that time, the hiring freeze was to be imposed for 18 months. However, in subsequent years revenue came in below official projections. In response, there have been several rounds of spending cuts that resulted in the elimination of many positions. Clearly, the reaction to impose a hiring freeze and eliminate positions are negative byproducts that come when policymakers rely too heavily on spending cuts in an economic crisis instead of a balanced approach that includes revenue.

The elimination of positions has happened through the regular budget process and by governors' administrative powers. For example, Governor O'Malley abolished 577 vacant positions in his proposed budget for fiscal year 2009. Governors Glendening, Ehrlich and O'Malley have each continued the hiring freeze and reduced agencies' enacted budgets in mid-year, resulting in abolishing positions. Positions have also been added to the budget through the regular budget process.²

Certain jobs are exempt from the freeze (such as prison guards, state troopers, nurses and teachers), and agencies may request exceptions to fill other positions. Most of these requests are eventually approved.³ In the Department of Human Resources, child welfare positions are exempt from the hiring freeze. Staffing levels at the Department's Family Investment Administration (FIA) are at historic lows. The FIA delegates to local departments of social services the responsibility of processing applications to programs like Medical Assistance, Children Health, Food Stamps (now officially the Supplemental Nutrition Assistant program) and others. At the start of the freeze there were 2,102

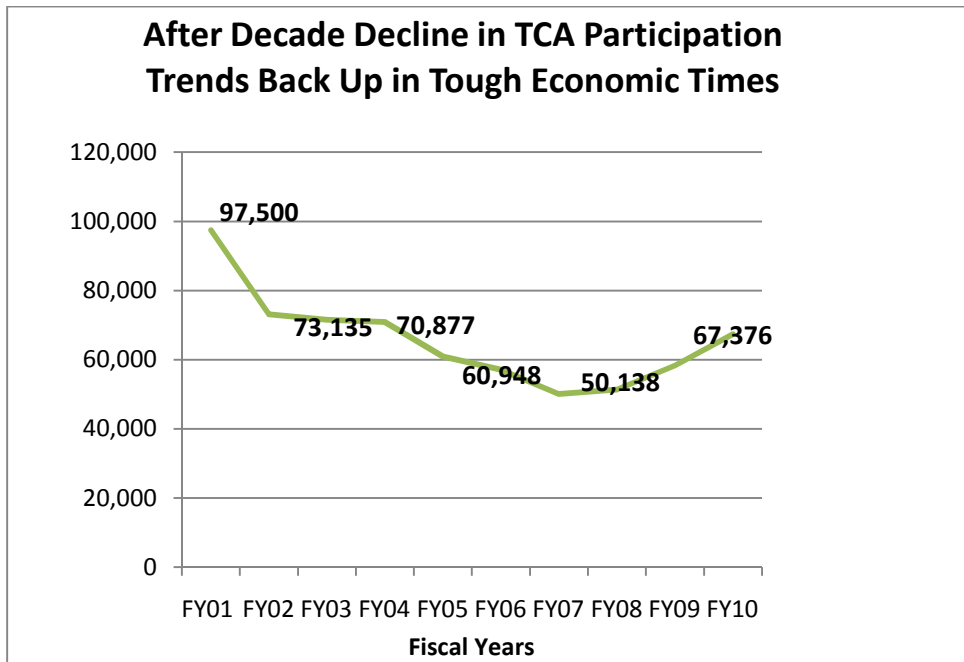
people working at FIA and today there are 1,629—a loss of 473 workers. Inadequate staffing is a dangerous situation for low-income and low-wage Marylanders who are relying now more than ever on FIA’s ability to determine eligibility, process applications and get assistance to people in need.

This report examines three of FIA’s important public functions — the Temporary Cash Assistance, Temporary Disability Assistance and Food Supplement Programs -- in relation to staff shortages at local departments at a time of rising demand for social services.

Temporary Cash Assistance (TCA)

TCA in Maryland is the cash assistance component of the state’s Family Investment Program (FIP), which was created after the welfare overhaul of the 1990s established federal Temporary Assistance to Needy Families (TANF). FIP provides eligible low-income families that have children with cash assistance, job training, and other services. The cash benefit ranges from \$216 to \$675 per month, depending on income, family size and other circumstances. The cash assistance is offered “when available resources do not fully address the family's needs.”⁴

In the initial years of the program, which coincided with a nationwide economic boom, the average monthly number of participants declined sharply. From an all-time high of 227,887 participants in January 1995, the program dropped to 77,340 in January 2000.⁵



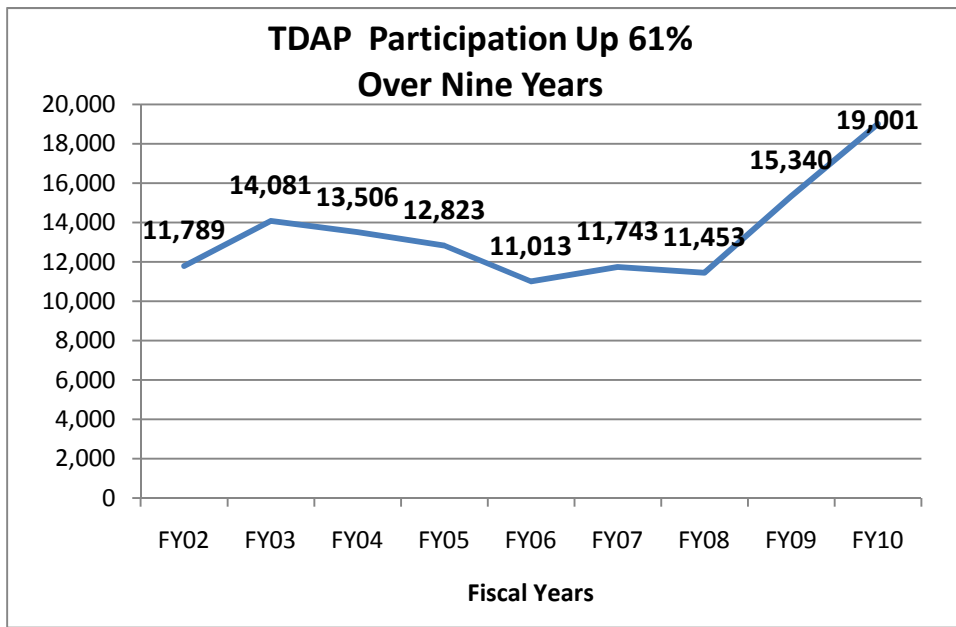
Note: FY 2010 average caseload is based on monthly caseload from July 2009 to May 2010.

From January 2004 through June 2005 participation was between 60,000 to 69,000, or 30% below the level before the welfare overhaul. Before the current recession hit, participation had dropped into the 40,000s for the first seven months of 2007. Since then the trend has been markedly in the other direction. The monthly average climbed back up to 51,361 for Fiscal Year 2008 and 58,294 for 2009. The most recent data (May 2010) shows the TCA participation to be 67,720. Through May, the 2010 average was 67,376, a level not matched for five years.

In 2005, when participation was last at today's levels, the state Family Investment Administration had 212 more filled positions than it does now. In FY 2005, FIA had 1,841 positions. Such a loss in staff means that people are waiting in lines longer, assistance is delayed or, the worst-case outcome, people are denied assistance. In a December 2009 interview on WYPR's Maryland Morning, Maryland Legal Aid staff attorney Sandra Brushart said, "Case workers now have on average about 1,000 cases, double the number of cases last year." There's a backlog, but also a multitude of problems. I have clients who have turned in paperwork three, four and five times."⁶

Temporary Disability Assistance Program (TDAP)

For nearly 20,000 Marylanders certified by health providers as unable to work due to serious medical disabilities, TDAP provides \$185 in monthly cash. Eligible are single adults with no other source of income. The monthly assistance is less than 25% of what the state has determined to be the minimal standard of living for a family in Maryland whose only source of financial income is Public Assistance. The Minimum Living Level was established in 1979 by the Commission on Welfare Grants during the Hughes administration and is based on nine components of a family budget. The family budget costs are projected using the Consumer Price Indices for All Urban Consumers (CPI-U) in the Monthly Labor Review, distributed by the U.S. Department of Labor, Bureau of Labor Statistics.⁷ Despite the fact that TDAP covers only one-quarter of the minimum living level, it helps recipients meet some of their basic needs – like shelter and food.



Note: FY 2010 average caseload is based on monthly caseload from July 2009 to May 2010.

TDAP provides support to two groups: individuals with short-term disabilities who are expected to recover and return to the workforce and those with long-term or permanent disabilities who are deemed unable to work. People with short-term disabilities (expected to last 12 months or less) are eligible to receive TDAP for nine months out of 36 consecutive months.⁸ As of May 2010, most TDAP beneficiaries were in the long-term group: 88% (17,183), compared to 12% (2,408) in the short-term category.

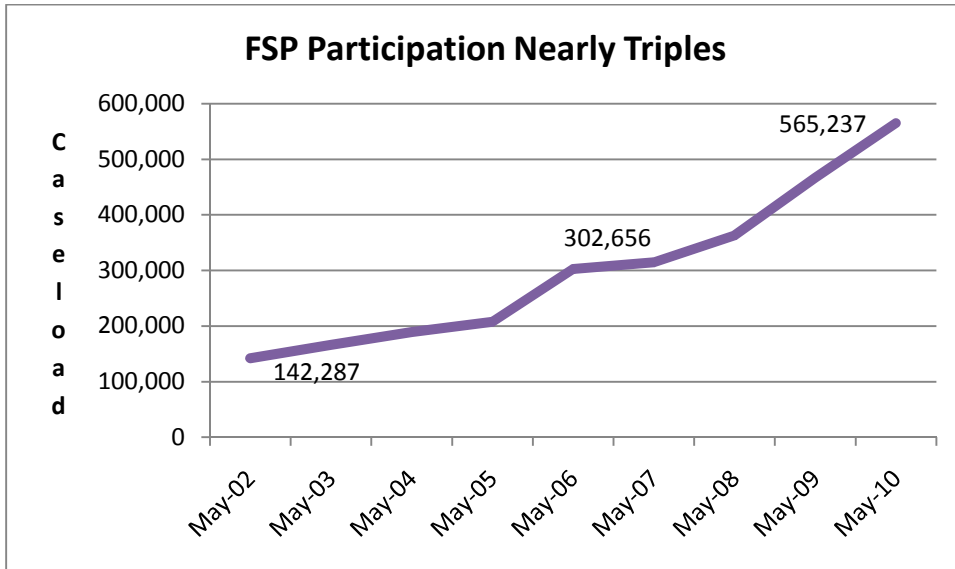
The economic downturn has had an impact on the number of people in the program. From Fiscal Year 2002 to 2010 there was a 61% increase in TDAP participation. From the onset of the recession in December 2007 through May 2010, growth was 76% (to 19,591 from 11,113) in just two and a half years. Prior to applying for assistance, some of the new TDAP recipients likely held jobs. Due to the recession it is likely that some who otherwise would have made it back to the workforce have been unable to get jobs. Since many other unemployed persons have higher levels of education, more job experience and live without disabilities they may have a greater likelihood of being hired before many participants of TDAP.

Food Supplement Program

The Food Supplement Program (formerly known as “food stamps”) is the most widely-used service provided by the Family Investment Administration. Over half a million Marylanders participate in the Food Supplement Program, which allows them to purchase food at grocery stores or farmers’ markets by using a card that, like a debit card, transfers money from the program to the seller. Sixty nine percent of participants come from five jurisdictions: Anne Arundel (28,181),

Baltimore (67,995), Montgomery (45,107) and Prince George's (80,458) Counties, and Baltimore City (170,023).

The current rate of unemployment has contributed greatly to growth in participation; one significant impact of unemployment is loss of income needed to provide a family with food. The program is open to households at 130% of poverty (less than \$24,000 a year for a family of three). Families who've never accessed FSP now find the need to do so, as household incomes have plummeted.



At the time Maryland imposed its hiring freeze in October 2001 FSP participation was at 130,864 per month. When the recession began in December 2007, the number had risen to 346,240. By December 2008, it was 422,373.⁹ Over the two-year period from December 2007 to December 2009 FSP participation jumped another 55% to 535,403. The most recent data, for May 2010, shows that FSP participation is 565,237.¹⁰ Nonprofit service and advocacy organizations report persistent problems with long waits before clients receive service, with lost files and documentation, and with other administrative errors.

Service Area	Positions Gained/Lost (FY 2001-2010)
Higher Education	+ 3,284
Judiciary	+ 592
Public Safety	-413
Juvenile Services	+ 119
Police	-170
Transportation	-416
<i>Health</i>	<i>-1,794</i>
<i>Human Resources</i>	<i>-1,690</i>
<i>Others</i>	<i>-927</i>

Connecting the Dots - Caseloads and Caseworkers

Unlike our area baseball teams, the Family Investment Administration’s “crowds” have grown dramatically, but at the same time the staff to serve the participants has shrunk.¹¹ Since the state instituted its hiring freeze in 2001, DHR has lost 1,700 employees. FIA alone has lost nearly 600 positions. The loss of FIA employees has had dramatic and negative consequences for its front-line services to Marylanders in need. Local departments of social services (DSS) must provide food stamps and cash assistance to eligible applicants within 30 days of making an application. If, for instance, an individual or family decides to apply for cash assistance and food assistance jointly, any delay in processing cash assistance should not result in a delay in food assistance.¹² Because of understaffed and overworked local DSS offices, assistance has taken longer than 60 days to be processed. This is particularly a problem for individuals and families with health conditions and special needs.

The state budget adopted for the fiscal year that starts July 1 offers some degree of optimism. No more FIA caseworker positions were eliminated and almost 100 FIA aide positions paid for with federal dollars were added. The entry level aide positions are to be filled by individuals who previously received TCA. The aides provide administrative help to local department of social services staff in

processing applications.¹³

But with the level of understaffing so great – and demand not likely to ease significantly in the near future – more needs to be done.

In baseball, you get a lot of customers when the team is doing well. In government, your business is booming just when times are tough and revenues are slow, but, we still need to take care of the customers. Especially when so many need help to feed their families, and care for their children and themselves. The state needs to add staff to the Family Investment Administration so that the people hardest hit by the national recession can get timely and professional access to the benefits they are entitled to.

Getting these benefits paid in an accurate and timely manner does not just help the recipients; it helps the state's economy. The recipients need to meet immediate needs. So the assistance dollars get recycled back into the economy, helping businesses to stay open and to pay their employees.

A Balanced Approach to Meet Maryland's Needs

An all-spending cuts approach to Maryland's budget sacrifices too many of the investments that makes Maryland a great state. In order to address service demands that have an impact on the future wellbeing of many, Maryland needs to put revenue options on the table. Maryland has within its reach a number of reasonable revenue proposals that would be a productive part of the balanced approach needed to preserve public investments in education, health, public safety, a good quality of life and a decent standard of living for all Marylanders.¹⁴

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Happy New Year 2011 – The Free-Fall May be Over

Neil Bergsman

July 2010 begins the state's fiscal year 2011. The final financial totals for fiscal year 2010 (which ended June 30) won't be available for a few more weeks. That's because the revenues from June will not all be collected and counted until the end of July.

Based on the latest monthly revenue reports from state Comptroller Peter Franchot, collections are coming in at or slightly above the official estimates. The state's general fund should end the year with at least \$154 million – maybe twice that. The state's "Rainy Day" reserve fund stands at roughly \$600 million. However, the deep and long national recession has battered the state's revenues and the budget. Fiscal 2010 revenues will have been 5% below the previous year's level, and nearly 10% below the 2008 level.

The new fiscal year begins with some bumps in the road.

As a result of the U.S. Senate's failure to pass its version of jobs legislation Maryland won't receive \$273 million in federal assistance. The budget counted on this aid providing \$380 million towards the 2011 budget. These actions will cause private- and public-sector job losses and raise the risk of a double-dip recession as the loss of spending power ripples through the economy. Without more federal aid, state budget-cutting actions nationwide could cost the economy 900,000 jobs in the public and private sectors over the next year.

Proponents of Medicaid funding in the U.S. Senate are continuing to seek passage of the bill. If their efforts remain thwarted, through December 31, the Governor has the option of recommending additional cuts to the 2011 budget (these cuts could go to the Board of Public Works for approval) or transferring money from the Local Income Tax Reserve fund. Any funds transferred would have to be repaid over a period of years.

Aside from the federal assistance, Medicaid caseloads and costs continue to grow as the weak economy makes more families and individuals eligible for and in need of health coverage. It looks like Medicaid will need a 100-million-dollar-plus infusion to meet the projected service needs.

However, as things stand today, none of this would require the Governor to propose mid-year budget cuts, as he has had to do the last three years.

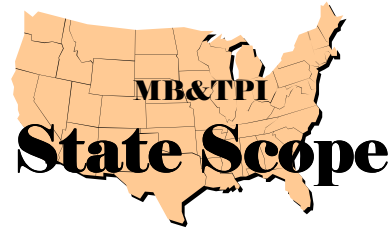
Severe unmet needs remain in the state, in education, drug treatment, developmental disability services and housing to name just a few. But it seems that the free-fall of the state budget has ended. For 2011, that will need to suffice for our “Happy New Year” message.

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States without Budgets

The nation’s two largest states, California and New York, began their new fiscal years without approved budgets.¹⁵ California faces a \$19 billion shortfall, about 20% of state spending. Governor Arnold Schwarzenegger has threatened that if a budget is not enacted, all state employees’ pay would be reduced to the minimum wage. The state controller would have to issue IOU’s in lieu of money payments to certain vendors and local governments.¹⁶



In New York State, the fiscal year actually began on April 1, but a budget is still not in place. Sticking points involve a proposed tax on hedge fund managers’ income, college tuition and scholarship aid increases, and a contingency plan in case federal Medicaid stimulus funding is not extended.¹⁷

Thirty states (including Maryland) counted on the extended federal Medicaid payments to balance their budgets. If congress does not extend the provision, many may have to revisit their budgets and make further program cuts or tax increases. Either option could damage the nation’s lackluster economic recovery.

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The year of good news and bad news

As a new fiscal year starts for the state, we are in a period of mixed messages from the economy and the state's finances. As the old joke goes: "I have good news and bad news."

Good news: The national and Maryland unemployment rates have started to improve. Bad news: they are still twice pre-recession levels.

Good news: State revenues seem to have stabilized. Bad news: They remain low. The estimated revenues for 2011 are about equal to actual 2007 revenues.

Good news: For the first time since 2007, there are no plans for mid-year cuts in the budget for the current fiscal year. Bad news: The next budget will need to bridge a new shortfall of \$1.5 billion.

Over the past three years, the Governor, legislature and Board of Public Works have used almost every budget balancing weapon in their arsenal: Used reserves and transferred fund balances. Used bond proceeds instead of current income for building programs. Froze programs like education and emergency housing. Cut programs like local transportation aid and subsidies to arts organizations. Closed mental hospitals, prisons and juvenile facilities. Eliminated employee pay raises, suspended matching payments for employee retirement contributions, and imposed unpaid furlough days. Raised taxes and fees. Eliminated over 4000 state jobs.

Maryland can claim some good news in this period as well. We extended medical coverage to low-income parents, and so far, we have been able to continue coverage for this group through the budget crisis. We continue to have a balance in the state reserve fund equal to 5% of revenues. The three major bond rating agencies have re-affirmed Maryland's triple-A bond rating, the highest possible credit rating for a state.

The future is uncertain. It will be important to protect Maryland's finances. But it will be equally important to protect Maryland's investments in education, healthcare, and other public goods. If we can do that, there's hope that in another year, the good news will outweigh the bad news.

-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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The Institute is a project of Maryland Nonprofits, www.mdnonprofits.org.

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² MB&TPI. Maryland Policy Reports. Frozen Out-State Hiring Freeze Has Hurt Human Services. April 2008. <http://www.marylandpolicy.org/documents/reportsapr08_001.pdf>

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⁵ DLS. DHR Budget Analysis FY 2001. TCA Deficits Projected as Caseload Decline Levels Off. <http://mlis.state.md.us/2001rs/budget_docs/All/Operating/N00100_-_DHR_Family_Investment.pdf>

⁶ Maryland Legal Aid Newsroom. Delays in Food Stamps. December 2009. <<http://newsroom1.wordpress.com/category/public-benefits/>>

⁷ The Minimum Living Level represents the minimal standard of living for a family in Maryland whose only source of financial income is Public Assistance. <<http://www.dhr.state.md.us/fia/pdf/tempcash.pdf>>

⁸ Health Care for the Homeless. Study: Client Utilization of Temporary Disability Assistance Program. August 2009. <<http://www.marylandpolicy.org/documents/FinalTDAPReport-August24.pdf>>

⁹ MB&TPI Fact Sheet. The ARRA Brings an Increase in Food Stamp Benefits Starting April 1st. March 2009. <http://www.marylandpolicy.org/documents/FoodStampBenefitIncrease-3.09_000.pdf>

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¹¹ It is uncertain the exact number of participants that each FIA specialist serves since FIA program participants in many cases rely *on multiple forms of assistance (e.g. energy, housing, medical and emergency assistance)*.

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¹³ DHR. Press Release. Department of Human Resources Uses Recovery Money to Put 100 Marylanders to Work. Feb 24, 2010. <<http://www.dhr.state.md.us/co/pr/O2242010.pdf>>

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