



Department of Human Resources
311 W. Saratoga Street
Baltimore, MD 21201-3521

FIA INFORMATION MEMO

Issuance Date: July 27, 1996

Effective Date: July 1996

Control Number: FIA OPA #97-02

TO: DIRECTORS, LOCAL DEPARTMENTS OF SOCIAL SERVICES
DEPUTY/ASSISTANT DIRECTORS FOR FAMILY INVESTMENT
FAMILY INVESTMENT SUPERVISORS
Charles E. Henry for

FROM: KEVIN MAHON, EXECUTIVE DIRECTOR, FIA

RE: THE FAMILY INVESTMENT PROGRAM OVERVIEW - JULY 1996

PROGRAMS AFFECTED: AID TO FAMILIES WITH DEPENDENT CHILDREN
(AFDC) AND FOOD STAMPS (FS)

ORIGINATING OFFICE: OPA/ DIVISION OF PROGRAM POLICY AND
REGULATION

As you are aware, Senate Bill 778, the Welfare Innovation Act of 1996, was passed by the Maryland Legislature and signed by Governor Glendening.

This information memo gives some of the highlights of Senate Bill 778:

- o The Maryland welfare reform initiative will be called the "Family Investment Program (FIP)." The Family Investment Program is a Demonstration waiver approved by the United States Department of Health and Human Services.
- o The name of the Income Maintenance Administration (IMA) will be changed to the "Family Investment Administration (FIA)."
- o Aid to Families with Dependent Children (AFDC) program will be replaced by "Temporary Cash Assistance (TCA)."
- o The following October 1996 program changes will be implemented statewide without a Control group:
 - Recoupment of 10% for overpayments
 - Counting \$60 of housing subsidy as income

- o The following October 1996 program changes will be implemented with a Control group:
 - Using a 4 week month as conversion factor in earnings calculation
 - Flat Earnings Disregards of 20% (50% for self earnings)
 - Stop payment of \$50 child support bonus effective with July collections
 - \$2000 Asset limit
 - Life insurance not counted
 - Property not lived in is not counted if up for sale
 - One car per household regardless of value is disregarded
 - Five day adverse action notice
 - Full family sanction for non-compliance with work requirements
 - Transitional assistance for some families that have the full family sanction
 - Limited verification requirements
 - Medical Assistance extensions without quarterly reporting:
 - One eligibility income scale - payment standard
 - Welfare Avoidance Grant (WAG)
 - All parents and eligible children in one unit - degree of relationship not a factor
 - \$175 dependent care limits
 - Full family sanction for non-compliance with child support
 - Full family sanction for fraud

- o A small Control group will not be affected by the new FIP procedures. Existing AFDC policies and procedures will continue to be used in determining the Control group's eligibility.

- o The current supply of forms and notices will continue to be used after July 1996. Documents will be revised and updated as they are reprinted.

Many of the changes will occur during a mass change which will be run in September.

PROVISIONS IMPLEMENTED THROUGH MASS CHANGE

- Earned income in the system will be divided by 4.3 and the result will be multiplied x 4 for TCA cases in the AIMS and CARES systems..
- Self-employed income will be treated the same way. AIMS will deduct 20% from regular earned and self-employed earned income since the amount after cost to produce is entered into the system. CARES will deduct 50% from self employment earnings when one of the current self-employment codes is used.
- AIMS will convert earned income on the associated Food Stamp case.
- CARES will not mass change PA/FS income.
- Recoupment will change based on the new 10% standard. Cases in AIMS with "W" code or CARES with "GR" code must be done manually. Reports identifying these cases will come out the beginning of September.
- Cases where customers live in subsidized housing will automatically be updated to count \$60 of the subsidy.

AIMS

Mass change will take place in September 1996. You will be notified of the exact date when it is set. Prior to the mass change date, use the current AFDC rules. After the date, use the new FIP rules. Notices will be produced for clients during a trial run and will be mailed. The notice will state "Your benefits are being reduced because the new welfare reform Family Investment Program is now in effect."

NOTE: As AFDC cases close, the FS case "flips" to category 18. These cases will be treated as NPA/FS cases during mass change. As AFDC cases reopen, be sure the FS category goes back to an 02.

CARES

Mass change will take place in two stages. The first stage will produce notices for cases affected by the recoupment change, the subsidized housing change, and the prenatal needs allowances. The second stage will produce notices (some customers will receive two notices) for earnings cases.

Customers currently sanctioned in PI will not be mass changed. This means the full-family sanction will not automatically apply. These cases must be offered an opportunity to comply and be granted a conciliation time period before the case can be closed for FIP work requirements.

Inquiries may be directed to Sue Woolford, Division of Program Policy and Regulation, at (410) 767-7190.

KM/bbr

**cc: IMA Management Staff
Constituent Services**