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FIA ACTION TRANSMITTAL

Issuance Date: SEPTEMBER 3, 1996

Effective Date: OCTOBER 1, 1996

Control Number: FIA/OPR 97-23

**TO: DIRECTORS, LOCAL DEPARTMENTS OF SOCIAL SERVICES
DEPUTY/ASSISTANT DIRECTORS FOR FAMILY INVESTMENT
FAMILY INVESTMENT SUPERVISORS**

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RE: FAMILY INVESTMENT PROGRAM REQUIREMENTS

**PROGRAM AFFECTED: TEMPORARY CASH ASSISTANCE (TCA),
FOOD STAMPS (FS), MEDICAL ASSISTANCE (MA),
WELFARE AVOIDANCE GRANT (WAG), AND
EMERGENCY ASSISTANCE TO FAMILIES WITH
CHILDREN (EAFIC)**

**ORIGINATING OFFICE: OPA/ DIVISION OF PROGRAM POLICY AND
REGULATION**

Background Information:

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 Maryland welfare reform initiative is called The Family Investment Program (FIP). The Family Investment Program will be implemented through a demonstration waiver approved by the United States Department of Health and Human Services (HHS) or block grant.

Philosophy of FIP:

The goal of FIP is to move as many families as possible to independence as soon as possible. FIP follows principles that promote work, independence, and responsibility. The needs of the family are met as the family works toward independence. Simplification and streamlining policies free the case manager to assist the customer achieve the FIP goals. Local department flexibility is allowed whenever possible.

Local Plan:

Each local department develops a local plan specific to its jurisdiction to administer the FIP program. The local plan is renewed every 12 months, or when modifications occur. The plan must be approved or disapproved by the Department within 45 days of submission.

FIP Programs:

All cash assistance programs for families are under the FIP umbrella. Cash programs include Temporary Cash Assistance (TCA), Emergency Assistance to Families With Children (EAFWC), and Welfare Avoidance Grant (WAG). Customers who receive TCA are categorically eligible for Medical Assistance (MA). EAFWC and WAG customers must file for Non-Public Assistance Medical Assistance (NPA-MA) and be determined technically and financially eligible according to existing MA regulations. TCA Food Stamps follow most of the same policies as TCA cash cases.

Synopsis of FIP:

Basic Principles:

Under FIP, complicated regulations are simplified when possible, two parent families will be treated the same as one parent families, eligibility rules apply to everyone instead of having many exceptions, and a minimum amount of verification will be required. Customers will get a consistent message about the value of work. Where federal law permits, policy will conform Food Stamps and Medical Assistance to Temporary Cash Assistance.

Non-financial Requirements: (generally conform to Food Stamps)

A FIP family must be a family with related children. All parents and children living together will be in the assistance unit, and other related eligible children must be added to the unit. A caretaker other than the parent must be related, but degree of relationship is not a factor. The FIP policy is less restrictive than current policy.

The worker will conduct an assessment to explore each applicant's needs and job readiness. The questions are designed to determine the customer's reason for requesting help, what personal or community resources are available, and the customer's level of job readiness, work experience and education level.

Each person must live in Maryland, be a citizen or legal immigrant, and provide a Social Security number. Case reviews are scheduled based on each family's independence plan but at least once a year. Current policy is every six months. The

suggested review schedule is:

- ▶ Child only cases - annual review
- ▶ Actively working on a job plan - annual review
- ▶ Other cases - according to individual situations

FIP Financial Requirements are Synchronized with Other Programs Whenever Possible:

The FIP asset limit increased to \$2,000 from \$1,000. Life insurance will be excluded instead of counting cash value to meet current needs. One vehicle per household will be excluded regardless of value, rather than limiting to \$1,500 value. Property not lived in will not be counted as long as it is for sale. When sold, proceeds are an asset. Current policy regarding real property is very complicated and penalizes customers.

All cash income will be countable with the exception of SSI. There will be one income test for Temporary Cash Assistance (TCA) units. All net income is tested against the maximum benefit amount for the family size. Multiple income tests are eliminated (Col. IV, Col. III, etc). Additional income will be allowed for stepparents by disregarding income if less than 50% of poverty. The portion of the housing subsidy counted as income will increase to sixty dollars, up from forty-five dollars. The first \$50 of child support collected will no longer be sent directly to the family. This will cause the food stamp benefit to increase by about \$15. In-kind income, whether earned or unearned, will not be counted as income. This eliminates the complication of determining a value for in-kind earnings.

When calculating earned income, twenty percent of wages and fifty percent of self employment earnings will be deducted to cover work expenses. This calculation is consistent with food stamps, is easy to understand, and eliminates complicated disregard systems.

A deduction for out of pocket expenses up to \$200 for child care if employed 100 hours or more per month for a child of any age eliminates the complicated policy of using the child's age to determine the maximum expense. A deduction for out-of-pocket expenses up to \$100 is allowed from part-time employment.

Other:

Overpayments - The amount collected from active cases with no earned income will increase from 5% of the payment standard to 10%. Employed cases will be allowed to keep 90% of the payment standard, down from 95%. The period the family is overpaid

will begin in the first month the benefits could have been reduced. This change eliminates overpayments that now occur even when a person reports all changes immediately, and does not penalize the person starting employment.

If the customer does not verify actual income, secondary sources such as wage files will be used to calculate the amount of the overpayment. This will expedite and simplify the process.

Child Specific Benefit - The benefit for a child born 10 or more months after application or redetermination will be paid to a third party.

Timely Notice - The customer will receive 5 working days notice instead of 10 days notice when a benefit is reduced or closed.

WAG - Local department may pay up to 12 months of benefits in a lump sum if it will divert the family from TCA. The family will not be eligible for TCA for the period covered by the payment. Local departments will define their specific criteria in the local plan.

Child Support First - Families must file for child support services before they can receive cash assistance and continue to cooperate with child support.

Good Cause policy remains the same - rape, incest, possibility of mental or physical harm to the caretaker or the child. IV-A continues to determine good cause for failure to cooperate with child support requirements.

Adequate Reason - The local IV-A and IV-D offices may negotiate the responsibility for the determination of adequate reason for non-compliance with child support requirements.

Work Requirements - Individuals may be required to complete up front job search before the family receives assistance. An individual must be in an activity 20 or more hours per week.

Good Cause for not fulfilling work requirements - Child under the age of one, severe disability, needed in the home for a child with a severe disability.

Sanctions - The entire family will be ineligible for cash assistance when the adult commits fraud or does not meet the following program requirements: work, child support, providing required verifications, or keeping appointments to periodically assess eligibility for benefits.

Removing Sanctions - Cash assistance will be resumed when the adult cooperates with child support, provides verifications, and keeps appointments. The sanction for work activity non-compliance is removed and cash assistance resumed:

- Upon beginning a work activity after the first incidence of non-compliance
- Upon participating in a work activity for ten days after the second incidence
- Upon participating in a work activity for 30 days after any additional incidence

Fraud sanctions will be six months for the first time, twelve months for the second time, and life for the third time. The first and second sanction periods can be removed sooner if the customer fully repays the debt. Current policy provides no way to remove sanctions.

Transitional Assistance - After termination of TCA for non-compliance with work requirements, the TCA benefit may be paid to a nonprofit organization on behalf of the recipient for a period of up to 3 months for:

- ▶ counseling
- ▶ housing
- ▶ child care
- ▶ household supplies and equipment
- ▶ direct assistance other than cash payment
- ▶ any other non cash assistance to assist the recipient in the transition from welfare

Establishment of Cooperative Living Projects - Provide grants for a minimum of three demonstration projects to non-profit organizations which jointly develop proposals with local departments of social services. At least one will be located outside the two largest jurisdictions, at least one will include school-based resources, each must provide on-site child care, communal dining, job readiness programs, and other necessary support services. Participants will be volunteers who enter into agreements to:

- ▶ Attend one communal meal daily
- ▶ assist in providing child care
- ▶ work toward economic self-sufficiency

If individualized case management is offered, volunteers transfer their cash and food benefits to the demonstration project

Allocation and award of funds - Ten percent of the total FIP anticipated savings during the current fiscal year shall be used to finance the projects. Whenever possible, the funds shall be awarded to the jurisdictions where they were saved.

Application of FIP Policies and Principles:

Determining what a family needs and what a family may be eligible for are essentially covered by exploring five basic areas. The five basic areas and the information gathered from those areas are:

1. Who are you?

- ▶ Family composition for FIP programs
- ▶ Family composition for Food Stamps
- ▶ Social Security numbers are verified

The case manager sees the full family picture. Are there children under the age of 1? To what degree is child care needed? Are absent parents available to help?

2. Where do you live?

- ▶ Actual address
- ▶ Living arrangements

Can someone in the home provide child care? Is there any moral support from other family or friends? Can a community resource help over the short term?

3. What is your income?

- ▶ Current employment
- ▶ Any disabilities
- ▶ Employment plans
- ▶ Current active child support order
- ▶ Verify all sources of income

The case manager determines work history. How many resources will this customer need to become employed?

4. What are your assets?

- ▶ Transportation for employment
- ▶ Verify all assets

Are there any funds for a "cushion"? Is transportation to a job or training available?

5. What do you need?

- ▶ WAG possibilities
- ▶ Child support first
- ▶ Up-front job search
- ▶ Child care
- ▶ Medical Assistance
- ▶ Food Stamps

What alternatives to cash assistance are available? Can a WAG keep the customer independent? Will child care, Food Stamps, and Medical Assistance be enough? Is there a potential for child support? Is child care or other resources needed to perform up-front job search?

By the end of the initial interview, the case manager knows who is in the family, what personal or family resources are available to support independence, the history of independence for this unit and how to build upon this history, and what resources the local department needs to offer.

An agreement between the local department and the customer is formulated and signed. In most cases, the up-front job search and child support first activities are initiated. The customer has adequate time to complete the up-front job search and child support first requirements during the 14 day delay period.

Control cases continue to follow the current AFDC regulations found in COMAR 07.03.01 and 07.03.02. The control group will be located in the Baltimore City districts of Hilton Heights, Mt. Clare, and Park Circle.

The WAG program is for treatment/experimental cases only, and the EAFC requirements are statewide with no control group.

CC: FIA Executive Staff
FIA Management Staff
DHMH Management Staff
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Constituent Services