





**FAMILY INVESTMENT ADMINISTRATION**

**MEMORANDUM**

**DATE:** September 12, 2016  
**TO:** Sam Malhotra, Secretary  
**THRU:** Stafford Chipungu, Chief Financial Officer   
**FROM:** Tracey C. Paliath, Executive Director   
**RE:** Increase in Temporary Cash Assistance (TCA)

Each year, in accordance with the Annotated Code of Maryland Human Services Article § 5-316 (a)(1)(i), the Family Investment Administration (FIA) must ensure that the value of Temporary Cash Assistance (TCA) benefits combined with federal Supplemental Nutrition Assistance Program (SNAP) benefits is equal to at least 61% of the State Minimum Living Level (MLL). Maryland's MLL is indexed to the United States Bureau of Labor Statistics Consumer Price Index for All Urban Consumers (CPI-U) as described in the Methodology section of the attached report.

This year, the FIA annual State MLL reassessment has established that the TCA allotments should be increased by 1.9% in order to maintain the total of the TCA and SNAP benefits at 61% of the MLL for FFY17.

In the twelve-month period ending in June 2016, the Department issued \$129,534,409 in TCA benefits. Using this figure as a baseline, *all other factors remaining equal*, the proposed increase in TCA would require an additional \$2,461,154 in annual funding. This increase is projected to take effect January 1, 2017. Therefore, only 50% of the projected annual total should be factored into the FY17 budget.

Thank you in advance for your cooperation. If you have any questions, please contact me at [tracey.paliath@maryland.gov](mailto:tracey.paliath@maryland.gov) or 410-767-7338 or Ann Flagg at [ann.flagg@maryland.gov](mailto:ann.flagg@maryland.gov) or 410-767-2346.

Approve  Discuss \_\_\_\_\_

cc: Greg James  
Ann Flagg on behalf of **Craig F. Eichler**  
Carrie Durham **Chief of Staff**  
Peggy Hughes **Secretary Malhotra**  
Kenyatta Powers

# MARYLAND

Department of Human Resources



***ESTIMATED  
MINIMUM LIVING LEVELS  
for  
TEMPORARY CASH ASSISTANCE  
PARTICIPANTS***

Updated Through  
***FISCAL YEAR 2017***

***ESTIMATED MINIMUM LIVING LEVEL***

for

***TEMPORARY CASH ASSISTANCE***

***PARTICIPANTS***

Updated Through

***FISCAL YEAR 2017***

***Department of Human Resources***

***Sam Malhotra, Secretary***

***Family Investment Administration***

***Tracey Paliath, Executive Director***

INQUIRIES TO:

**Ann Flagg**

Deputy Executive Director

Family Investment Administration

410- 767- 2346

[ann.flagg@maryland.gov](mailto:ann.flagg@maryland.gov)

## TABLE OF CONTENTS

	<b>Page</b>
<b>Background</b>	<b>4</b>
<b>Methodology</b>	<b>4</b>
<b>Table 1</b> FY 1980 - FY 2017 Minimum Living Level Estimates for a TCA Household of Three	<b>5</b>
<b>Table 2</b> Calculation of the Year Over Year Change in the CPI-U	<b>6</b>
<b>Table 3</b> Calculation of the MLL for FY 2017	<b>6</b>
<b>Table 4</b> Calculation of the Maximum TCA Grant for a Household of Three	<b>7</b>
<b>Table 5</b> Graphic Display of the Maximum TCA & FSP Grants, the MLL and the Estimated FY 2017 Federal Poverty Level	<b>8</b>
<b>Table 6</b> FFY 2017 TCA & FSP Maximum Grants by Household Size	<b>9</b>

# ESTIMATED MINIMUM LIVING LEVEL for Temporary Cash Assistance Participants

## *Fiscal Year 2017 Update*

### Background

The Minimum Living Level represents a minimal standard of living for a family in Maryland. In 1979, the Governor's Commission on Welfare Grants proposed that the estimated monthly Minimum Living Level for recipients of Aid to Families with Dependent Children (AFDC) be increased from \$314 per month to \$600 per month for a family of four persons. To be consistent with the average of 2.7 persons per household in 1995, the Minimum Living Level data was recalculated in Federal Fiscal Year (FFY) 1995 to convert the standard household from four persons to three persons.

Senate Joint Resolution 34, enacted by the General Assembly in 1980, requires the Department of Human Resources to use the Commission's "findings, updated annually, as a basis for evaluating budgetary requirements for the various public assistance programs." This document updates the Minimum Living Level for FFY 2017. The standard recommended by the Governor's Commission for FFY 1980 was based on actual costs for July 1979. The Department of Human Resources has completed updates for the proposed Minimum Living Level annually, except for FFY 1981.

### Methodology

DHR determined the Minimum Living Level (MLL) for FFY 2017 by comparing the year over year change between May 2015 and May 2016 in the Consumer Price Index for All Urban Consumers (CPI-U), found in the U.S. Department of Labor, Bureau of Labor Statistics Monthly Labor Review. The result of this comparison was a one percent (1%) change. Consequently, the MLL for FFY 2017 increases to \$1,900. This is attributed to the United States Department of Agriculture's (USDA) determination of a zero percent change for a second consecutive year in the index it uses to determine Supplemental Nutrition Assistance Program (SNAP) benefits, called the Food Supplement Program (FSP) in Maryland.

To determine the TCA benefit for a household of three for FFY 2017, the DHR multiplied the MLL for FFY 2017 by 61%, the percentage required by State law, which equals \$1,159.<sup>1</sup> The federal SNAP benefit amount for a household of three for FFY 2017 (\$511) is then subtracted from \$1,159, which equals \$648. This represents an increase of 1.9% from FFY 2016. Therefore, DHR must increase the maximum TCA payment for a household of three by 1.9% (\$12) to **\$648** beginning October 1, 2016.

---

<sup>1</sup> "the value of temporary cash assistance, combined with federal food stamps, is equal to at least 61% of the State minimum living level" *Md. Human Services Code. Ann. §5-316(a)(1)(i)*

**TABLE 1**  
**MINIMUM LIVING LEVELS**  
**TEMPORARY CASH ASSISTANCE**

SOURCE	Fiscal Year	TOTAL
<b>Governor's Commission Report</b>	<b>FY '80</b>	<b>\$600</b>
(FAMILY OF FOUR)		
<b>Commission Report - Prorated</b>	<b>FY '80</b>	<b>\$504</b>
(FAMILY OF THREE)		
Updated Minimum Living Level	FY '81	---
Updated Minimum Living Level	FY '82	\$585
Updated Minimum Living Level	FY '83	\$614
Updated Minimum Living Level	FY '84	\$631
Updated Minimum Living Level	FY '85	\$659
Updated Minimum Living Level	FY '86	\$685
Updated Minimum Living Level	FY '87	\$704
Updated Minimum Living Level	FY '88	\$728
Updated Minimum Living Level	FY '89	\$761
Updated Minimum Living Level	FY '90	\$798
Updated Minimum Living Level	FY '91	\$852
Updated Minimum Living Level	FY '92	\$867
Updated Minimum Living Level	FY '93	\$987
Updated Minimum Living Level	FY '94	\$1,007
Updated Minimum Living Level	FY '95	\$1,079
Updated Minimum Living Level	FY '96	\$1,107
Updated Minimum Living Level	FY '97	\$1,134
Updated Minimum Living Level	FY '98	\$1,163
Updated Minimum Living Level	FY '99	\$1,194
Updated Minimum Living Level	FY '00	\$1,232
Updated Minimum Living Level	FY '01	\$1,278
Updated Minimum Living Level	FY '02	\$1,356
Updated Minimum Living Level	FY '03	\$1,374
Updated Minimum Living Level	FY '04	\$1,406
Updated Minimum Living Level	FY '05	\$1,460
Updated Minimum Living Level	FY '06	\$1,517
Updated Minimum Living Level	FY '07	\$1,569

<b>SOURCE</b>	<b>Fiscal Year</b>	<b>TOTAL</b>
Updated Minimum Living Level	FY '08	\$1,624
Updated Minimum Living Level	FY '09	\$1,700
Updated Minimum Living Level	FY '10	\$1,708
Updated Minimum Living Level	FY '11	\$1,726
Updated Minimum Living Level	FY '12	\$1,773
Updated Minimum Living Level	FY '13	\$1,806
Updated Minimum Living Level	FY '14	\$1,837
Updated Minimum Living Level	FY '15	\$1,881
Updated Minimum Living Level	FY '16	\$1,881
<b><i>Updated Minimum Living Level</i></b>	<b><i>FY 2017</i></b>	<b><i>\$1,900</i></b>

**TABLE 2**

**CALCULATION OF THE YEAR/YEAR CHANGE IN CPI-U**

<b>Month/Year</b>	<b>Expenditure category</b>	<b>Unadjusted indexes</b>
May 2015	All items	237.805
May 2016	All items	240.236

<b>Year over Year Change</b>	<b>1%</b>
------------------------------	-----------

**TABLE 3**

**CALCULATION OF THE FFY 2017 MINIMUM LIVING LEVEL HOUSEHOLD OF THREE**

<b>Year</b>	<b>CPI-U Percentage Change</b>	<b>MLL</b>
2016		\$1,881
<i>multiplied by</i>	1.01	
<b>2017</b>		<b>\$1,900</b>

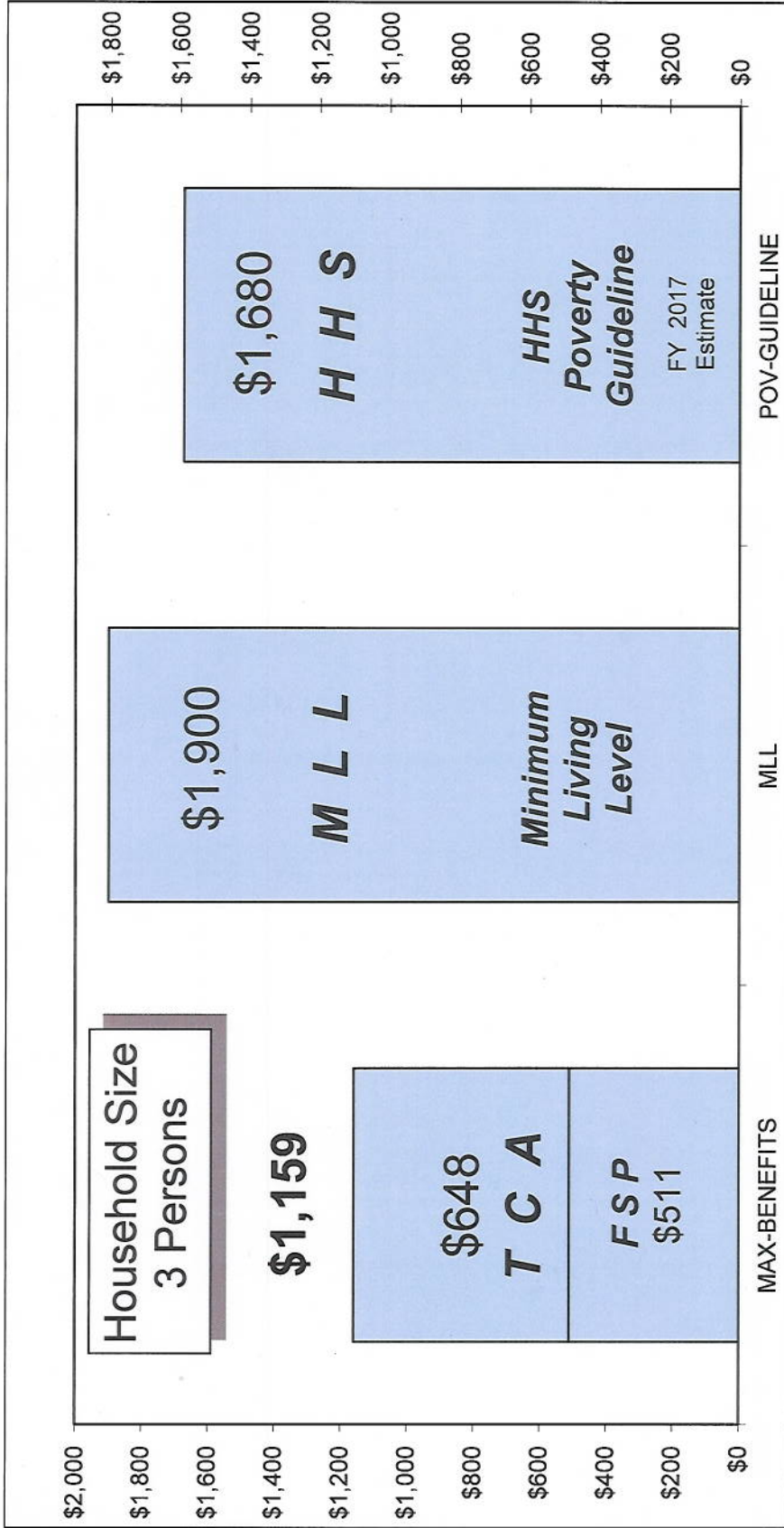
**TABLE 4**  
**CALCULATION OF THE MAXIMUM TCA GRANT FOR A**  
**HOUSEHOLD OF THREE, FY 2017**

Year	MLL	Target for TCA and FSP maximum benefits as a percentage of the MLL	MLL multiplied by the target percentage	FSP grant for household of three (set by the USDA)	Subtract FSP grant from the MLL multiple to determine TCA grant for household of three
2016	\$1881	61%	\$1147	\$511	\$636
2017	\$1900	61%	\$1159	\$511	\$648



**TABLE 5**

**TCA & FSP MAXIMUM GRANTS / MLL / FEDERAL POVERTY LEVEL**



**TABLE 6**  
**FFY 2017 TCA & FSP MAXIMUM GRANTS**  
**BY HOUSEHOLD SIZE**

Household Size	Allowable TCA Payment	Allowable FSP Payment
1	\$293	\$194
2	\$513	\$357
3	<b>\$648</b>	<b>\$511</b>
4	\$776	\$649
5	\$900	\$771
6	\$989	\$925
7	\$1,112	\$1,022
8	\$1,224	\$1,169
9	\$1,320	\$1,315
10	\$1,426	\$1,461
11	\$1,555	\$1,607
12	\$1,626	\$1,753
13	\$1,725	\$1,899
14	\$1,826	\$2,045
15	\$1,930	\$2,191
16	\$2,054	\$2,337