

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
 Enrolled - Revised

Senate Bill 482 (The President, *et al.*) (By Request - Administration)
 Education, Energy, and the Environment and Appropriations and Health and
 Budget and Taxation Government Operations

Governor's Office for Children - Engaging Neighborhoods, Organizations,
 Unions, Governments, and Households (ENOUGH) Grant Program (ENOUGH
 Act of 2024)

This Administration bill codifies the Governor’s Office for Children (GOC) and specifies the Special Secretary of GOC is the head of the office. The Special Secretary must establish an Engaging Neighborhoods, Organizations, Unions, Governments, and Households (ENOUGH) Grant Program to advance place-based strategies targeting child poverty. The bill establishes an ENOUGH Grant Fund and requires the Governor to appropriate *at least* \$15.0 million to the fund in the fiscal 2026 budget bill. GOC must establish a database of resources by July 1, 2025, and submit a report by October 1, 2025. By December 1, 2025, the Accountability and Implementation Board (AIB) must submit a recommendation to the General Assembly based on the GOC report. The Children’s Cabinet must meet at least four times per year, be chaired by the Special Secretary, be staffed by GOC, submit an annual report, and submit a three-year plan. **The bill takes effect July 1, 2024.**

Fiscal Summary

State Effect: General fund expenditures increase by \$20.3 million in FY 2025 (the FY 2025 budget includes \$20.2 million, contingent on the enactment of the bill) and by *at least* \$15.6 million in FY 2026 (to reflect the mandated appropriation, staffing, and contractual costs). Future years reflect ongoing personnel costs. GOC special fund revenues increase by \$10.0 million in FY 2025 and by *at least* \$15.0 million in FY 2026; special fund expenditures increase by an indeterminate amount beginning in FY 2025 as discussed below. **This bill establishes a mandated appropriation for FY 2026.**

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
SF Revenue	\$10.0	\$15.0	\$0	\$0	\$0
GF Expenditure	\$20.3	\$15.6	\$0.6	\$0.6	\$0.7
SF Expenditure	-	-	-	-	-
Net Effect	(\$-)	(\$-)	(\$-)	(\$-)	(\$-)

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

Local Effect: Local revenues and expenditures increase by as much as \$5.0 million from additional funding for local management boards (LMBs), as discussed below. Revenues and expenditures increase by an additional indeterminate but potentially significant amount to the extent a local governmental entity serves as a lead partner.

Small Business Effect: The Administration has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services (DLS) concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Bill Summary:

ENOUGH Grant Program and Fund

The purpose of ENOUGH grants is to (1) increase community health and safety; (2) provide “cradle to career” access to high-quality education and care; (3) connect residents to quality jobs and in-demand occupations; (4) enable family-sustaining income and access to affordable high-quality housing, child care, and health care; (5) provide high-quality support for children with disabilities, child welfare, and justice-involved youth and young adults; (6) connect individuals to State programs; and (7) leverage federal, local, and private funding for the eligible neighborhood.

ENOUGH Grant Fund: The bill establishes the ENOUGH Grant Fund as a special, nonlapsing fund that must be administered by the Special Secretary. The fund consists of money appropriated in the State budget to the fund (at least \$15.0 million is required to be appropriated to the fund in fiscal 2026), interest earnings, and any other money from any other source accepted for the benefit of the fund. The fund may be used *only* for ENOUGH grants. Expenditures from the fund may be made only in accordance with the State budget.

Eligible Neighborhoods: “Eligible neighborhood” means a neighborhood that includes census tracts with more than 30% of children living in poverty and is served by, as defined by GOC, a community school with a concentration of poverty level of (1) in fiscal 2025 and 2026, at least 80%; (2) in fiscal 2027 through 2029, at least 75%; (3) in fiscal 2030, at least 60%; and (4) in fiscal 2031 and thereafter, at least 55%.

GOC must annually identify and communicate to each local government the neighborhoods that are eligible for the ENOUGH program. GOC may determine that a regional

neighborhood would maximize resources, but a regional neighborhood may not receive less funding because of the coordination of multiple eligible neighborhoods.

Lead Partners: GOC must establish qualifications, standards, and processes for determining the lead partner for the neighborhood. When an eligible neighborhood is identified, GOC must engage with the neighborhood community, seek input from residents, and approve a lead partner for the neighborhood (which may be an LMB, local governmental entity, community action agency, local community organization, or nonprofit organization). In addition, GOC may assign staff or otherwise provide technical assistance to assist the neighborhood. The lead partner must coordinate all aspects of the program for the neighborhood and any other responsibilities defined by GOC.

Needs Assessments: Subject to the availability of funds, each lead partner must receive a grant from GOC (in an amount determined by GOC) to complete a needs assessment for the eligible neighborhood, which must include specified elements. GOC must establish the standards and policies for developing a needs assessment, as specified. The needs assessment must supplement and not conflict with the needs assessment completed for the community school served by the eligible neighborhood. In completing the needs assessment, the lead partner (1) must coordinate with the local community school, a community-based organization, and the local government and (2) may coordinate with other specified entities. If an eligible neighborhood has recently completed a similar assessment, GOC may require submission of an abbreviated needs assessment, as specified. GOC may assist the lead partner to complete a needs assessment on request. The lead partner must submit the needs assessment to GOC for approval.

Neighborhood Implementation Grants: If the needs assessment is approved (and subject to the availability of funds), GOC must provide a neighborhood implementation grant (in an amount determined by GOC) to a lead partner to complete the items in the eligible neighborhood's needs assessment.

Additional Authority: GOC may consult with entities that it deems relevant to support ENOUGH partnerships, and apply for, receive, and spend grants-in-aid made available for GOC to carry out the duties of the Special Secretary or GOC.

Annual Report and Evaluation: Beginning in fiscal 2025, GOC must prepare an annual report on the ENOUGH Grant Program that includes specified elements. By June 1, 2027, GOC must conduct an evaluation of the program and report to the Governor and specified committees of the General Assembly, as specified.

Related Establishment of Centralized Resource Database: Uncodified language requires GOC, by July 1, 2025, to develop a public centralized database of all State, local, and private resources for children, youth, and families in the State.

Children's Cabinet

The Children's Cabinet must meet at least four times annually in open session to discuss matters related to State needs for children, youth, and families. By December 1, 2024, and annually thereafter, the Children's Cabinet must submit a report to the General Assembly on its meetings in the prior year and activities planned in the upcoming year. Uncodified language requires the Children's Cabinet to submit the State's three-year plan for children, youth, and families to the General Assembly by December 1, 2025.

Neighborhood Indicators of Poverty Report and Recommendations

By October 1, 2025, GOC must submit a report on neighborhood indicators of poverty to the General Assembly, AIB, and the Maryland State Department of Education (MSDE). Any State agency must share any data needed by GOC to complete the report. The report must include an analysis of different methods used to calculate indicators of poverty to determine eligibility for the Compensatory Education Program and the Concentration of Poverty School Grant Program, as specified. In completing the report, GOC must:

- evaluate *American Community Survey* data, as specified;
- evaluate the *Area Deprivation Index* to rank neighborhoods by socioeconomic status disadvantage;
- analyze how other states approach measuring poverty;
- analyze how other states calculate eligibility for state programs for school districts that participate in the federal Community Eligibility Provision; and
- consult with each local school system for input.

By December 1, 2025, AIB, in consultation with DLS and the Department of Budget and Management, must submit a methodological recommendation to the General Assembly based on GOC's neighborhood indicators of poverty report. The recommendation must include whether there should be an updated methodology for calculating eligibility for compensatory grants to local boards, and if so, an updated methodology for calculating the compensatory education formula.

Current Law: GOC was established by an executive order in 2005 to provide a coordinated, comprehensive interagency approach to the development of a continuum of care that is family- and child-oriented and emphasizes prevention, early intervention, and community-based services for all children and families, with special attention to at-risk populations. GOC activities include staffing the Children's Cabinet, administering the Children's Cabinet Interagency Fund (CCIF), providing technical assistance to LMBs, promoting child and family policy, and measuring results for child well-being.

In December 2018, GOC was moved under the Governor’s Office of Crime Prevention and Policy (GOCPP, which was temporarily renamed the Governor’s Office of Crime Prevention, Youth, and Victim Services), with funding for personnel and operational expenses absorbed into that office in fiscal 2020. In January 2024, [Executive Order 01.01.2024.05](#) separated GOC from GOCPP; the bill codifies GOC as a separate office.

Community Schools and Concentration of Poverty Grants

A community school is a whole school model designed to promote positive, equitable outcomes by providing students and families with the physical and mental health, academic, and extracurricular supports needed to thrive. In Maryland, a community school is any school that receives Concentration of Poverty Grants (CPGs). CPGs are formula-based and awarded to schools on an annual basis. Eligibility is based on the four-year average of the percentage of the school’s students living in poverty (excluding the 2020-2021 school year), as determined by the compensatory education enrollment (essentially the number of students receiving free and reduced-price meals).

CPGs have two components. First, each qualifying school receives a personnel grant to employ a community school coordinator and provide full-time coverage by at least one health care practitioner. The coordinator is responsible for identifying student needs along with input from the community, establishing partnerships with service providers, and coordinating wraparound services. The health care practitioner is tasked with arranging and providing health services. Second, per pupil grants are provided for each qualifying school following the completion of a community school needs assessment. The personnel grant is a State-funded categorical amount that increases with inflation. Per pupil grants are only wealth equalized for districts that receive the minimum State funding (40%) under the compensatory education formula; for all other districts, the State pays the full amount. The local funding percentage is based on the compensatory education wealth equalization formula. In fiscal 2023, 358 community schools received CPGs. The fiscal 2025 budget as passed by the General Assembly includes a total of \$363.3 million for CPGs.

Background: The Administration advises that the bill reflects a first-in-the-nation state-level effort to end concentrated child poverty and build safe and thriving communities. ENOUGH grants are intended to provide a direct investment from the State to support communities that have experienced multi-generational poverty and its consequences. The program will prioritize evidence-based investments in communities.

According to the National Governor’s Association, place-based strategies address the physical, social, structural, and economic conditions of a community that affect the well-being of the children, families, and individuals who live there. An important purpose of place-based strategies is to develop local solutions to poverty and inequality by

addressing community-level problems such as limited employment opportunities, poor housing, under-resourced schools, social isolation, and poor or fragmented service provisions that lead to gaps or duplication of effort.

State Fiscal Effect: General fund expenditures increase by \$20.3 million in fiscal 2025, at least \$15.6 million in fiscal 2026, and at least \$0.6 million annually thereafter for ongoing personnel costs. Special fund revenues and expenditures are also affected, as discussed below.

Impact of the Fiscal 2025 Budget on the ENOUGH Grant Program

The fiscal 2025 budget as passed by the General Assembly includes a total of \$20.2 million in general funds for GOC, contingent on the enactment of Senate Bill 482 or House Bill 694 of 2024, for the ENOUGH Grant Program, LMBs, and development of the database required under this bill. More specifically, the budget includes:

- \$10.0 million in general funds to support the ENOUGH Grant Program (these funds are assumed to accrue as special funds to the ENOUGH Grant Fund);
- \$5.0 million in general funds to develop a public centralized database of resources for children, youth, and families in the State, with excess funds used for ENOUGH grants (any unspent funds for these two purposes revert to the ENOUGH Grant Fund);
- \$5.0 million in general funds for CCIF to provide funding to LMBs (any unspent funds must revert to the ENOUGH Grant Fund); and
- \$239,625 in general funds for GOC to fund three partnership liaison positions to support implementation of the bill.

As the bill effectuates these contingent appropriations, general fund expenditures increase by a total \$20.2 million in fiscal 2025 for, or related to, the ENOUGH Grant Program.

GOC special fund revenues increase by \$10.0 million to reflect the budgeted funds for the ENOUGH Grant Program that are assumed to be used for grants. Accordingly, special fund expenditures may increase beginning in fiscal 2025. However, this analysis assumes all such funding is not expended that year; instead, a large portion of the \$10.0 million is likely carried forward as fund balance for use in future years. As the bill specifies that the ENOUGH Grant Fund may only be used for grants, the other \$10.2 million in budgeted general funds do not accrue to the special fund – at least not for expenditure in fiscal 2025. Indeed, as provided for in the budget, administrative and other expenditures associated with the bill must come from other sources (in this case, general funds).

Out-year Funding for the ENOUGH Grant Fund

In fiscal 2026, general fund expenditures increase by *at least* \$15.0 million to reflect the mandated appropriation for that year only to the ENOUGH Grant Fund. GOC special fund revenues increase accordingly. While special fund expenditures may increase by that amount as well, it is likely that a large portion of that funding is again carried forward as fund balance for expenditure as ENOUGH grants in future years. Also, to the extent GOC identifies additional federal or private-sector funding sources for the program, special fund revenues (and possibly expenditures) increase by an additional indeterminate amount. Further, to the extent that any of the \$10.0 million in funds appropriated to GOC in fiscal 2025 for the database and LMBs is unspent that year, the residual funds revert to the ENOUGH Grant Fund and are available beginning in fiscal 2026 for additional ENOUGH grants.

Expenditures for the Governor's Office for Children

ENOUGH Grant Program: Under the bill, as part of the ENOUGH Grant Program, GOC must (1) annually identify and communicate to each local government eligible neighborhoods for the program; (2) engage with the neighborhood community and approve lead partners for eligible neighborhoods; (3) establish qualifications, standards, and processes for determining lead partners; (4) subject to the availability of funds, provide grants to eligible neighborhoods to complete a needs assessment; (5) subject to the availability of funds, provide neighborhood implementation grants to qualified lead partners; (6) beginning in fiscal 2025, prepare an annual report on the program; and (7) by June 1, 2027, conduct an evaluation of the program and report to the Governor and specified committees of the General Assembly.

As noted above, the fiscal 2025 budget as passed by the General Assembly includes \$10.0 million in general funds, specifically for GOC to implement the program, as well as \$239,625 in general funds for three partnership liaison positions to support program implementation – all contingent on the enactment of the bill. Thus, GOC special fund revenues increase by \$10.0 million in fiscal 2025 and special fund expenditures increase by an indeterminate amount (up to \$10.0 million in fiscal 2025) to provide ENOUGH grants. The amount of grants awarded in any given year cannot be reliably estimated at this time. Any such expenditures must be made only in accordance with the State budget. Any unspent funds are available in future years for authorized grant awards. As noted above, at least \$15.0 million must be appropriated to the ENOUGH Grant Fund in fiscal 2026. Accordingly, general fund expenditures increase by at least \$15.0 million to meet the mandate, while special fund revenues increase correspondingly. Additional annual funding for grant awards is discretionary beginning in fiscal 2027 and has not been accounted for in this analysis.

GOC general fund expenditures increase by *at least* \$239,625 in fiscal 2025, the amount budgeted for positions, which accounts for a 90-day start-up delay from the bill’s July 1, 2024 effective date. This estimate reflects the cost of hiring three partnership liaisons to implement the program; identify and engage with eligible neighborhoods; establish specified qualifications, standards, and processes; issue and monitor grants; pursue additional federal and private-sector funding; and prepare an annual report. It includes salaries, fringe benefits, and ongoing operating expenses.

	<u>FY 2025</u>	<u>FY 2026</u>
New Positions	3.0	3.0
Salaries and Fringe Benefits	\$236,185	\$565,440
Operating Expenses	<u>3,440</u>	<u>25,883</u>
General Fund Personnel Expenditures	\$239,625	\$591,323

This analysis further assumes that at least three more positions – to oversee grants and help manage the program – are needed in fiscal 2026 when the program is more fully operational, increasing total personnel costs in fiscal 2026 to at least \$591,323. As the ENOUGH Grant Fund may only be used for grants, the costs associated with these positions must continue to be funded with general funds in fiscal 2026 and the out-years.

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses. To the extent that more personnel are needed, additional positions can be requested through the budget process.

Related CCIF Awards to LMBs: Also, as discussed above, the fiscal 2025 budget as passed by the General Assembly includes \$5.0 million in general funds to provide funding for LMBs, contingent on the enactment of the bill, specifically to be allocated in the jurisdictions in the same proportion as other awards to all LMBs. This funding is assumed to be fully expended in fiscal 2025; however, should any of the funding remain unspent, it reverts to the ENOUGH Grant Fund for expenditure as grants in future years.

Related Database of Resources: Uncodified language requires GOC, by July 1, 2025, to develop a public centralized database of all State, local, and private resources for children, youth, and families in the State. The fiscal 2025 budget as passed by the General Assembly includes \$5.0 million in general funds for this purpose, contingent on the enactment of the bill. Thus, GOC general fund expenditures increase by up to \$5.0 million in fiscal 2025 to develop the database. Funds not needed for this purpose may be expended as ENOUGH grants, and any funds not expended for these two purposes revert to the ENOUGH Grant Fund to be used for ENOUGH grants in future years. Thus, to the extent the cost to develop the database is less than \$5.0 million, unspent funds may be used to provide additional grants under the program.

Children's Cabinet: Outside of the ENOUGH Grant Program, GOC must staff the Children's Cabinet, which must submit an annual report by December 1, 2024, and annually thereafter and submit the State's three-year plan for children, youth, and families to the General Assembly by December 1, 2025. This analysis does not reflect any additional costs that may be incurred to support the Children's Cabinet.

Neighborhood Indicators of Poverty: GOC must also, by October 1, 2025, submit a report on neighborhood indicators of poverty to the General Assembly, AIB, and MSDE, as specified. GOC advises that an additional full-time position with requisite expertise, as well as at least \$50,000 to support external data analysis, are necessary to complete the report. DLS notes that, as the report is only required to be completed on a one-times basis, contractual services are more appropriately used for this purpose. Thus, GOC general fund expenditures increase by *at least* \$100,000 (assumed to be incurred as \$75,000 in fiscal 2025 and \$25,000 in fiscal 2026) for contractual services to complete the neighborhood indicators of poverty report by the October 1, 2025 deadline.

Impact on Expenditures for the Accountability and Implementation Board

By December 1, 2025, AIB must submit a methodological recommendation to the General Assembly based on GOC's neighborhood indicators of poverty report. The recommendation must include whether there should be an updated methodology for calculating eligibility for compensatory grants to local boards, and if so, an updated methodology for calculating the compensatory education formula. AIB can make this recommendation using existing budgeted resources. This analysis does not reflect any potential impact on the methodology used to calculate the compensatory education formula nor any potential future impact on State education aid that may result.

Local Fiscal Effect: As noted above, the fiscal 2025 budget as passed by the General Assembly includes \$5.0 million in general funds to provide funding to LMBs, contingent on the enactment of the bill. As the bill satisfies this contingency, funds to local jurisdictions for LMBs increase by \$5.0 million in fiscal 2025. Funds must be allocated to jurisdictions in the same proportion as other awards made in fiscal 2025. Any unspent funds revert to the ENOUGH Grant Fund. While most LMBs are local government entities, a few are nonprofit organizations – nevertheless, for purposes of this analysis, the local jurisdiction is assumed to benefit from the funding. The additional funding by jurisdiction is shown in **Exhibit 1**.

Exhibit 1
Additional Funding to Local Management Boards from Contingent Appropriation
Fiscal 2025

<u>Jurisdiction</u>	<u>Additional Funding</u>
Allegany	\$127,942
Anne Arundel	343,148
Baltimore City	807,547
Baltimore	386,181
Calvert	98,712
Caroline	155,760
Carroll	141,849
Cecil	145,809
Charles	106,110
Dorchester	119,819
Frederick	108,813
Garrett	146,593
Harford	157,853
Howard	123,865
Kent	104,045
Montgomery	422,191
Prince George's	476,715
Queen Anne's	92,691
St. Mary's	111,056
Somerset	79,827
Talbot	130,065
Washington	186,453
Wicomico	211,345
Worcester	215,611
Total	\$5,000,000

Note: The fiscal 2025 budget includes \$5.0 million in general funds to provide funding to local management boards, contingent on the enactment of Senate Bill 482 or House Bill 694 of 2024. Funds must be allocated to jurisdictions in the same proportion as other awards made in fiscal 2025. Any unspent funds revert to the ENOUGH Grant Fund.

Source: Department of Legislative Services

Additional Comments: The fiscal 2025 budget recognizes \$20.0 million in special funds associated with the ENOUGH Grant Program; however, this amount encompasses almost *all* monies made available to GOC contingent on the enactment of the bill (except for monies associated with the positions), including \$5.0 million earmarked for development of the specified database and \$5.0 million for LMBs, which, if unexpended by year end, are directed to the ENOUGH Grant Fund. Thus, this analysis assumes that those two appropriations are not immediately deposited into the special fund, but are expended as general funds, with any unspent portion reverting to the ENOUGH Grant Fund.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 694 (The Speaker, *et al.*) (By Request - Administration) - Appropriations and Health and Government Operations.

Information Source(s): National Governor’s Association; Baltimore, Frederick, and Montgomery counties; Maryland Association of Counties; Maryland Association of County Health Officers; Governor’s Office; Accountability and Implementation Board; Maryland State Department of Education; University System of Maryland; Morgan State University; Department of Budget and Management; Maryland Department of Health; Department of Human Services; Department of Juvenile Services; Department of Housing and Community Development; Department of Legislative Services

Fiscal Note History: First Reader - February 27, 2024
rh/mcr Third Reader - March 16, 2024
Enrolled - May 13, 2024
Revised - Amendment(s) - May 13, 2024
Revised - Budget Information - May 13, 2024
Revised - Other - May 13, 2024

Analysis by: Jennifer B. Chasse

Direct Inquiries to:

(410) 946-5510

(301) 970-5510

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Governor's Office for Children - Engaging Neighborhoods, Organizations, Unions, Governments, and Households (ENOUGH) Grant Program (ENOUGH Act of 2024)

BILL NUMBER: SB 482

PREPARED BY: Governor's Legislative Office

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS