HB 981

Department of Fiscal Services

Maryland General Assembly

FISCAL NOTE

House Bill 981 (Delegate Dembrow)
Appropriations

Transfer of Duties of Local Health and Social Services Departments to Counties

This bill authorizes counties to enter into annual grant agreements with the Department of Human Resources (DHR) to administer State social service and public assistance programs and the Department of Health and Mental Hygiene (DHMH) to administer local health programs. State grants to "qualifying counties" cannot exceed the amount that would otherwise be budgeted to administer the programs.

Fiscal Summary

State Effect: Indeterminate effect on State expenditures. Revenues are not affected.

Local Effect: Indeterminate effect on local expenditures. Revenues are not affected.

Fiscal Analysis

Bill Summary: This bill authorizes county governments to request the transfer of the administration of the local health and social services departments from the State to the county governments. The bill provides for the following:

- County governments may apply to enter into an annual grant agreement for State funds to administer social service, public assistance, and health programs that are currently provided by the local departments of social services and the local health departments. Counties that are authorized by DHR and DHMH to administer programs are referred to as "qualifying counties".

- State grants to "qualifying counties" for administering social service and health programs cannot exceed the amount that would have been otherwise budgeted by the State for the State's share of costs for the administration of the local social services and health departments.

- DHR and DHMH are required to establish certain regulations governing application procedures, conditions for receiving grants, and procedures for the renewal and cancellation of grant agreements.

- County governments that are authorized to administer social service and health programs must continue to follow State and federal regulations.

- Local social services and health departments in "qualifying counties" are abolished and affected employees are transferred from the State personnel system to the county's personnel system.

Background:

Local Health Programs

Local health departments are located in each county and Baltimore City. The implementation of health programs in each county is directed by a local health officer, a State employee who serves as the local official responsible to the local board of health. In Baltimore City, the health officer is a city employee. Employees of the local health departments can be either State or county employees, depending upon the option of the home rule subdivisions. In non-home rule subdivisions, the employees are considered State employees. Currently, health department employees in Baltimore City and Baltimore, Montgomery, and Prince George's counties are local employees.

Local Social Services Programs

Social service programs operated by the Department of Human Resources are generally executed through a State supervised and locally administered system. Local departments of social services are located in each county and Baltimore City. Local directors are appointed jointly by the Secretary of Human Resources and local government officials. DHR headquarters is responsible for the overall direction of the departments. All employees at the local departments of social services are within the State personnel system.

State Effect:

Health Programs

Currently, employees at local health departments in 20 counties are within the State personnel system. This bill would transfer affected employees in "qualifying counties" from the State personnel system to the county system. DHMH will provide a grant to the "qualifying counties" to cover administrative expenses. Accordingly, State funding for the administration of local health departments should not be affected.

Social Services

Local department of social services staff are currently State employees and are paid by DHR. Under this bill, if a "qualifying county" is authorized to administer local social services programs, the local department of social services is abolished and the staff becomes county employees. The county will administer social service programs (such as income maintenance, child welfare service, adult service, and child care service) by grant agreement with the State Department of Human Resources. The grant agreement will cover administration, salaries, overhead, and employee benefit costs. State grants to "qualifying counties" cannot exceed the amount that would otherwise be budgeted to administer the programs. Accordingly, State finances should not be affected by this provision.

Health/Social Services

In addition, there are several unresolved issues that must be resolved through contract negotiations and could potentially result in a fiscal impact: (1) Will the State or the county own and maintain the CARES computer system? The CARES system automates the eligibility determination process for public assistance programs. (2) What role will the State have in monitoring the county's administration of health and social services programs? (3) What role will the State have in assessing federal penalties or allowances (based on whether the county is meeting federal grant requirements)? and (4) Will the State or the county be responsible for federal reporting requirements, i.e., ensuring that federal funds are being used for the required purposes?

In sum, the total impact on State expenditures will depend on the jurisdictions that decide to administer local health and social services programs and the outcome of contract negotiations between State and local officials.

Local Effect: This bill transfers affected employees from the local departments of social services and local health departments from the State personnel system to the county's system.

In addition, this bill enables affected employees to transfer all accumulated sick, annual, and compensatory leave to the county personnel system. Local government expenditures could increase by a significant amount depending upon whether the county's salaries are higher and whether affected employees are already in the local personnel system. In addition, if a local government retirement contribution rate exceeds 8.54% (the State retirement contribution rate for fiscal 1997), local government retirement expenditures would increase. Conversely, if the local government retirement contribution rate is less than 8.54% then local government retirement expenditures would decrease. Any impact will depend upon the jurisdiction and whether they apply to administer local health and social service programs.

For illustrative purposes only, the following is the potential impact in Prince George's County, if the county elects to administer local health and social service programs. Prince George's County advises that transferring the administration of social services to the county would result in a significant increase in county expenditures, since State salaries are lower than comparable county positions. There are 609 positions in the local department of social services (LDSS). The county estimates that the average salary differential per employee totals $4,237. Accordingly, county expenditures for salaries could increase by $2.6 million in fiscal 1997. There would be no additional cost to counties for transferring the administration of local health programs to the county, since these employees are already county employees.

Information Source(s): Department of Health and Mental Hygiene, Department of Human Resources, Prince George's County, Department of Fiscal Services

Fiscal Note History: First Reader - February 28, 1996
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