

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 211 (Senator Kelley, *et al.*)
Finance

**Community-Based Residential Programs - Group Homes -
Minimum Staff Requirements**

This bill provides that the Department of Health and Mental Hygiene (DHMH) must require staff working in community-based residential developmental disabilities or mental health group homes or alternative living units be at least 21 years old and have an associate of arts degree (that includes at least 18 hours in a social science or education).

Fiscal Summary

State Effect: Developmental Disabilities Administration expenditures could increase by \$58.2 million in FY 1998, including one-time only training costs of \$19.5 million. 42% (\$24.4 million) would be federal funds and 58% (\$33.8 million) would be general funds. Mental Hygiene Administration expenditures could increase by a moderate amount in FY 1998. Future year expenditures increase with inflation. Revenues would not be affected.

(in millions)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	33.8	30.6	31.1	31.8	32.4
FF Expenditures	24.4	22.1	24.4	23.0	23.5
Net Effect	(\$58.2)	(\$52.7)	(\$53.7)	(\$54.8)	(\$55.9)

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

Local Effect: None.

Small Business Effect: Potential meaningful effect as discussed below.

Fiscal Analysis

State Expenditures: Developmental Disabilities Administration (DDA) expenditures could increase by an estimated \$58.2 million in fiscal 1998, which reflects the bill's October 1, 1997 effective date. Of the \$58.2 million in fiscal 1998 costs, \$24.4 million would be reimbursable with federal funds under the Home and Community-Based Waiver. This estimate reflects the cost of providing additional funding for group homes to hire staff who have an associate of arts degree and are over the age of 21. It includes \$38.7 million in contractual services to pay higher salaries to attract staff with an associate of arts degree and \$19.5 million for one-time training costs for the new staff. The information and assumptions used in calculating the estimate are stated below:

- There are an estimated 16,000 residential group home staff.
- 75% or 12,000, don't have an associate of arts degree or are under 21 years of age. These are primarily direct care workers.
- The cost of training a replacement worker is \$1,620 per person. State regulations currently do not mandate specific education or training for direct care workers, but do require a certain amount of training for new staff.
- An additional \$4,300 in salary must be paid to attract each staff person with an associate of arts degree who replaces a person without a degree.

Future year expenditures reflect 2% annual increases in ongoing operating expenses.

Expenditures for the Mental Hygiene Administration (MHA) would increase by only a moderate amount in fiscal 1998 for two reasons. First, most residential mental health group home staff already have associate degrees and are over 21 years of age, even though regulations only require a high school diploma. Second, any increase in MHA costs would be spread out over a two-year period because group home licenses are renewed every two years (as compared to the annual renewal required for DDA group homes).

Small Business Effect: The bill's requirements would apply to 1,385 group homes for clients with developmental disabilities and 40 group homes for clients with mental disorders. There would be no direct impact because the State would provide funds for additional costs resulting from the bill. Group homes would have to lay off 75% of their direct care workers, hire replacement workers, and train those workers. This could cause disruptions in the orderly operation of these group homes. There could be a significant detrimental effect to the extent that providers are unable to find and retain employees that have an associate

degree willing to work at the salaries paid by group home providers.

Information Source(s): Department of Health and Mental Hygiene (Developmental Disabilities Administration), Office on Aging, Department of Human Resources

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Analysis by: Sue Friedlander

Reviewed by: John Rixey

Direct Inquiries to:

John Rixey, Coordinating Analyst
(410) 841-3710
(301) 858-3710