

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 444 (Delegate Nathan-Pulliam, *et al.*)
Environmental Matters

Food Service Managers - Certification

This bill specifies that in order to qualify for a food establishment license, each food service manager employed by the food service facility must be certified by the Department of Health and Mental Hygiene (DHMH). This bill authorizes the department to set a fee for the issuance and renewal of the certificate. The certificate and renewal fee will be paid by the food service facility that employs the food service manager. The department must establish a certification program, which includes setting continuing education requirements for certificate renewal. The department may deny an application for a food establishment license if the individual employed as a food service manager is not certified by the department. The department may accept prior training and experience as a food service manager in lieu of the education requirements specified in the bill for certification.

Fiscal Summary

State Effect: State general fund revenues could increase by \$500,000 in FY 1998. Future year revenues reflect annual renewals and assume no growth in the number of State certificates issued each year. General fund expenditures could increase by \$398,900 in FY 1998. Future year expenditures reflect annualization and inflation.

(in dollars)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
GF Revenues	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
GF Expenditures	\$398,900	\$496,800	\$514,600	\$533,100	\$552,300
Net Effect	\$101,100	\$3,200	(\$14,600)	(\$33,100)	(\$52,300)

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

Local Effect: Decrease in revenues for some local jurisdictions. Expenditures could increase by an indeterminate minimal amount.

Small Business Effect: Potential meaningful effect on small businesses as discussed below.

Fiscal Analysis

State Revenues: DHMH has indicated that a certificate fee of \$5 would be imposed for each food service manager. Assuming that there are 100,000 applicants, general fund expenditures could increase by an estimated \$500,000 in fiscal 1998. Future year estimates assume that the rate of growth of new applicants for food service manager certificates would be offset by the attrition rate.

State Expenditures: Currently, Prince George's, Montgomery, and Howard counties have a certification process for food service managers. If the State certificate preempts the county certificate, general fund expenditures could increase by an estimated \$398,882 in fiscal 1998, which reflects the bill's October 1, 1997 effective date. This estimate reflects the cost of hiring ten Sanitarians, one Secretary, and two Fiscal Clerks to process applications, review courses and credentials of instructors, administer exams, evaluate prior training and experience, and coordinate activities with the local jurisdictions that issue the food establishment licenses. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$354,877
Operating Expenses	<u>\$44,005</u>
Total FY 1998 State Expenditures	\$398,882

Future year expenditures reflect (1) full salaries with 3.5% annual increases and 3% employee turnover; and (2) 2% annual increases in ongoing operating expenses.

Expenditures for any State facility which prepares and serves food would increase by an indeterminate minimal amount, depending on the number of food service managers employed by the facility. The cumulative cost to these facilities cannot be reliably estimated at this time because information on the total number of food service managers employed by the State is not available.

Local Revenues: Currently, only Prince George's, Montgomery, and Howard counties have a certification process for food service managers. The counties require applicants to complete a certification program, pass an exam and pay a certification fee to qualify for a certificate. The certificate fee is paid by the applicant. Certificates are renewable every three years and food service managers have to complete a recertification program. Currently, Prince George's, Montgomery, and Howard counties charge \$25, \$20 and \$12, respectively, for the certificates.

If the State certificate preempts the county certificate, the three local jurisdictions that currently issue certificates would lose revenues. It is estimated that there are approximately

7,000 certified food service managers in Prince George's County and between 3,000 and 5,000 certified food service managers in Montgomery County. Revenue loss to the two counties would be between \$235,000 and \$275,000 in fiscal 1998.

Local Expenditures: Expenditures for any local facility which prepares and serves food would increase by an indeterminate minimal amount, depending on the number of food service managers employed by the facility. The cumulative cost to these facilities cannot be reliably estimated at this time because information on the total number of food service managers employed by the local jurisdictions is not available.

Local jurisdiction expenditures for those counties currently issuing certificates would decrease if the State certificate preempts the county certificate since those counties would cease processing certificates.

Small Business Effect: The bill specifies certificate requirements for a food service manager employed by a food service facility. The food service manager is defined as the individual who exercises "operational supervision" in the facility. This bill will impact all restaurants and bars (most of which are small businesses); and any other facility that prepares food (some of which may be small businesses).

The bill specifies that the food service facility must pay for the certificate and the renewal fees but does not say who should pay for the certification and continuing education programs.

The magnitude of the impact on small businesses would be the annual fee of \$5 and the associated costs of the certification and continuing education programs if food establishments bear some or all the cost of the program, times the number of managers employed by the small business. It is assumed that food establishments would have to employ more than one food service manager as a result of this bill. The bill does allow the department to accept prior training and experience in lieu of the education requirements, so it is anticipated that in the first year of certification, a large number of applicants would not have to incur the cost of an education program.

Currently, Prince George's, Montgomery, and Howard counties require food service managers to be certified by the county health department, renewable every three years. Prince George's county has approximately 7,000 certified food service managers. There are approximately 230 instructors and 130 organizations offering certification and recertification programs for the 7,000 food service managers. It is estimated that the certification and continuing education requirements in this bill would require additional instructors and classes to be offered. These programs are taught at community colleges, restaurants, private career schools, environmental organizations, among others. To the extent that some of these organizations may be small businesses, demand for classes at these institutions would increase. Alternatively, this bill may also prompt the development of more private certificate

programs for food service managers in the State.

Information Source(s): Department of Health and Mental Hygiene (Community and Public Health Administration), Department of Public Safety and Correctional Services (Division of Correction), Montgomery and Prince George's counties, Department of Fiscal Services

Fiscal Note History: First Reader - January 31, 1997
ncs

Analysis by: Lina Walker
Reviewed by: Paul Ballou

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 841-3710
(301) 858-3710