

Department of Legislative Services
 Maryland General Assembly

FISCAL NOTE

House Bill 582 (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 a food service facility in a county that has no food service manager certification program 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 must 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. Food service managers must train newly employed personnel in food handling techniques.

Fiscal Summary

State Effect: State general fund revenues could increase by \$500,000 in FY 1999. Future year revenues assume no growth in the number of State certificates issued each year. General fund expenditures could increase by \$411,200 in FY 1999. Future year expenditures reflect annualization and inflation.

| (in dollars) | FY 1999 | FY 2000 | FY 2001 | FY 2002 | FY 2003 |
|-----------------|-----------|-----------|-----------|------------|------------|
| GF Revenues | \$500,000 | \$500,000 | \$500,000 | \$500,000 | \$500,000 |
| GF Expenditures | \$411,200 | \$481,900 | \$498,600 | \$516,000 | \$533,900 |
| Net Effect | \$88,800 | \$18,100 | \$1,400 | (\$16,000) | (\$33,900) |

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

Local Effect: Potential increase in revenues and expenditures if the State delegates certification responsibilities. Expenditures could increase by an indeterminate minimal

amount for local food service facilities.

Small Business Effect: Potential meaningful.

Fiscal Analysis

State Effect: Assuming that the certification fee is set so as to cover the annual costs of the program, revenues would have to average approximately \$500,000 a year. Future year estimates assume that the rate of growth of new applicants for food service manager certificates would be offset by the attrition rate.

Currently, Baltimore City and Prince George's, Montgomery, and Howard counties have a certification process for food service managers. Food service facilities in these jurisdictions would be exempt from the bill's requirements. General fund expenditures for certification in the other jurisdictions could increase by an estimated \$411,218 in fiscal 1999, which reflects the bill's October 1, 1998 effective date. This estimate accounts for the cost of hiring 10 Sanitarians, one Secretary, and one Fiscal Clerk 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. The estimate assumes: (1) 17,000 food service establishments in jurisdictions without an existing certification program; and (2) an average of eight food service managers per facility. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

| | |
|---|------------------|
| Salaries and Fringe Benefits | \$341,123 |
| Operating Expenses | <u>\$70,095</u> |
| Total FY 1999 State Expenditures | \$411,218 |

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

DHMH anticipates that food service manager certification responsibilities could be split between the State and local health departments. To the extent that this occurs, State expenditures and revenues could decrease and local expenditures and revenues could increase by a corresponding amount.

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.

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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 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. 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.

The bill may prompt the development of more small business certificate programs for food service managers. Currently, Baltimore City and 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, and environmental organizations, among others.

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 Legislative Services

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