

**Department of Legislative Services**  
Maryland General Assembly

**FISCAL NOTE**

**Revised**

Senate Bill 352 (Senators Hoffman and Hollinger)

Budget & Taxation and

Economic & Environmental Affairs

Ref. to Environmental Matters

**Health Occupations - Boards - Project Reserve Funds**

This bill authorizes specified health occupation boards to allocate money from their respective funds to create a Project Reserve Fund within their respective boards. The bill also specifies that the Project Reserve Fund may not exceed 50% of the preceding fiscal year's budget appropriation. The Project Reserve Fund will be used to pay for unanticipated expenses relating to disciplinary actions, litigation, and certain legislative mandates. The bill also authorizes each health occupation board to amend its appropriation to access the balance in the Project Reserve Fund if: (1) the purpose of the appropriation is that for which the fund is authorized; and (2) the board provides notice of the amendment to the Comptroller of the Treasury and the Department of Budget and Management. The bill applies to all health occupation boards except the Board of Physician Quality Assurance, the State Board of Nursing, and the State Board of Examiners of Nursing Home Administrators.

The bill takes effect July 1, 1998 and sunsets June 30, 2001.

---

**Fiscal Summary**

**State Effect:** Potential significant increase in special fund expenditures, depending on the level of unanticipated expenses.

**Local Effect:** None.

**Small Business Effect:** None.

---

**Fiscal Analysis**

**Bill Summary:** The monies held in the Project Reserve Fund may not be used to fund permanent positions. The Legislative Auditor must audit the accounts and transactions of the Project Reserve Fund.

The Deputy Secretary for Health Care Policy, Financing, and Regulation within the

Department of Health and Mental Hygiene must report to the Governor and the General Assembly all the transactions of each Project Reserve Fund by November 1, 2000. The report must include the amount and purpose of each withdrawal and the accumulated fund balance of each Project Reserve Fund as of October 1, 2000.

**State Expenditures:** The bill creates an off-budget Project Reserve Fund such that money from the fund could be drawn down without going through the budget amendment process. Consequently, expenditures for each board could increase over and above their appropriation by as much as the full value of the Project Reserve Fund in any one year, depending on the level of unanticipated expenses.

The table below indicates the possible size of the Project Reserve Fund for each board:

**Table 1: The Potential Size of the Project Reserve Fund**

Board	Appropriation, Averaged over FY 1996 and 1997	Ending Balance, Averaged over FY 1996 and 1997	Potential Project Reserve Fund Based on FY 96 and 97 Data*
Acupuncture	\$70,493	\$132,007	\$35,247
Dietitians	\$105,921	\$17,477	\$17,477
Professional Counselors	\$134,911	\$10,245	\$10,245
Chiropractors	\$306,584	\$143,086	\$143,086
Dental Examiners	\$938,519	\$237,279	\$237,279
Electrologist	\$50,152	\$46,314	\$25,076
Morticians	\$261,366	\$309,833	\$130,683
Occupational Therapy	\$203,950	\$383,321	\$101,975
Optometry	\$151,499	\$267,601	\$75,750
Pharmacy	\$737,035	\$1,074,532	\$368,518
Physical Therapy	\$430,320	\$633,410	\$215,160
Podiatrists	\$197,485	\$104,907	\$98,743
Psychology	\$341,047	\$502,879	\$170,524
Social Work	\$510,673	\$228,336	\$228,336
Audiology/Speech Language	\$163,921	\$300,698	\$81,961
<b>Total of all the Project Reserve Funds</b>		<b>\$1,940,060</b>	

\* Amount in the Project Reserve Fund is the lower of 50% of the appropriation or the ending balance. Values are based on the average of fiscal 1996 and 1997 appropriations and ending balances.

**Information Source(s):** Department of Health and Mental Hygiene (Boards and Commissions), Department of Legislative Services

**Fiscal Note History:** First Reader - February 16, 1998  
Inc Revised - Senate Third Reader - March 25, 1998

---

Analysis by: Lina Walker  
Reviewed by: John Rixey

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