

**Department of Legislative Services**  
Maryland General Assembly  
1999 Session

**FISCAL NOTE**  
**Revised**

House Bill 271 (Delegate Hubbard)

Environmental Matters

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**Residential Educational Facilities - Licensing**

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This bill requires a “residential educational facility” to be licensed by the Social Services Administration (SSA) of the Department of Human Resources (DHR). On or after January 1, 2000, a person must be licensed by the administration before the person may operate such a facility. The bill specifies that a residential educational facility means a facility that provides special education for students with disabilities, holds a certificate of approval from the State Board of Education, provides continuous 24-hour care in a residential setting, or is one of the following schools: Benedictine School, the Linwood School, the Maryland School for the Blind, and the Maryland School for the Deaf. A residential educational facility may not be required to obtain a license from more than one State agency. The licensure requirements do not apply to a licensed child care home, child care institution, or institution that accepts only children placed by the Department of Health and Mental Hygiene (DHMH) or the Department of Juvenile Justice (DJJ). The bill takes effect July 1, 1999.

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**Fiscal Summary**

**State Effect:** Indeterminate. Maryland School for the Deaf general fund expenditures could increase by \$33,400 annually depending on the regulations adopted, exclusive of potential capital renovation expenditures. Revenues would not be affected.

**Local Effect:** None.

**Small Business Effect:** Potential minimal. A limited number of small business residential educational facilities could be adversely affected due to the bill’s licensure requirement.

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## Fiscal Analysis

### State Effect:

#### *Department of Human Resources*

DHR advises that expenditures in the Social Services Administration could increase by an estimated \$38,509 in fiscal 2000, which accounts for a 90-day start-up delay and assumes that there may be as many as 10 or 15 facilities that could request licensure under the bill's requirements. This estimate reflects the cost of hiring one administrator to license residential educational facilities. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

The Department of Legislative Services advises, however, that SSA should be able to handle the additional workload of licensing two additional residential educational facilities (the Maryland School for the Blind and Maryland School for the Deaf) with existing budgeted resources. SSA currently licenses almost 200 residential child care facilities in Maryland and already licenses the Benedictine School and the Linwood School. Further, the Maryland State Department of Education advises that it is aware of only four residential educational facilities in Maryland that would need to be licensed under the bill's requirements.

Revenues are not affected because the Social Services Administration does not charge licensure fees for residential child care facilities.

#### *Maryland School for the Deaf*

The Maryland School for the Deaf (MSD) advises that fiscal 2000 general fund expenditures could increase by an estimated \$98,400 in fiscal 2000 to meet State licensure requirements, which accounts for a 90-day start-up delay. This estimate reflects the cost of annual staff training to meet State regulations (\$33,400), hiring two secretaries (one at each campus) to handle additional record keeping requirements (\$45,000), and a one-time cost to complete the State licensure application (\$20,000). In addition, capital expenditures could increase if the school's facilities require renovation.

The main component of the staff training is additional salaries for dormitory staff (approximately \$25,000). MSD assumes that the 40-hour staff training would take place in the summer. Because dormitory staff are 10-month positions, such training would entail additional salaries. The other components of staff training would be contractual training services of around \$5,000 and interpretation services of around \$3,400. The \$20,000 licensure application cost includes \$10,000 in new computer software and \$10,000 in hardware equipment to improve the student record database.

However, the Department of Legislative Services (DLS) advises that it is not possible to

reliably estimate any such expenditures until DHR adopts regulations for residential education facilities and conducts its licensure inspection. Further, the MSD envisions implementing a student information management system to provide improved record organization by fiscal 2001 as part of Managing for Results. Therefore, the software and hardware equipment costs cannot necessarily be attributed solely to the bill's requirements. At most, the bill might result in MSD purchasing this equipment sooner than it would have otherwise. Further, a new student information management system could eliminate the need to hire secretarial staff to handle additional record keeping requirements. Therefore, DLS advises that MSD general fund expenditures could increase by an estimated \$33,400 for annual staff training, depending on DHR's regulations.

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**Information Source(s) :** Department of Human Resources; Maryland School for the Deaf; Department of Health and Mental Hygiene (Licensing and Certification Administration); Office for Children, Youth, and Families; Maryland State Department of Education; Department of Legislative Services

**Fiscal Note History:** First Reader - March 3, 1999  
dmm/jr Revised - Updated Information - March 5, 1999  
Revised - House Third Reader - March 29, 1999

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