

Department of Legislative Services
 Maryland General Assembly
 1999 Session

FISCAL NOTE

House Bill 1197 (Delegate Taylor)

Appropriations

Local Health Services Funding - Amount - Cost of Living Adjustment

This bill requires State funding of local health services to be adjusted for any cost of living adjustment (COLA) given to State employees. The adjustment is determined by the product of the percentage increase in the State COLA and the percentage of local health departments' budgets dedicated to employee salaries in the fiscal year two years before the adjustment. The bill takes effect July 1, 1999.

Fiscal Summary

State Effect: The proposed fiscal 2000 budget includes \$1.0 million for local health department employee COLA increases equivalent to State employee COLAs in FY 2000. Future year expenditures would increase by an indeterminate amount, depending on several variables. Revenues would not be affected.

(in millions)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	1.0	-	-	-	-
Net Effect	(\$1.0)	-	-	-	-

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

Local Effect: Revenues increase by an aggregate \$1.0 million for a FY 2000 COLA (based on the amount included in the proposed FY 2000 State budget). Future year revenues would increase by an indeterminate amount, depending on several variables. Indeterminate effect on expenditures.

Small Business Effect: None.

Fiscal Analysis

Background: The Targeted Local Health Program provides federal and State funds to support the delivery of public health services in each of Maryland's local jurisdictions. The amount of funding for this program is formula-driven with increases based on inflation and population growth, but no provision for a COLA. The proposed fiscal 2000 budget includes a total of \$51.6 million in federal and State funds for the Targeted Local Health Program. With a few exceptions, the employees of local health departments are in the State personnel system and receive salaries based on the State pay scale. The exceptions are Baltimore City and Baltimore, Prince George's, and Montgomery counties.

State Expenditures: The proposed fiscal 2000 budget includes \$1.0 million for local health department employee COLA increases equivalent to State employee COLAs in fiscal 2000. This amount represents a phased-in 3.5% increase and assumes that 81% of the federal and State funds for the Targeted Local Health Program represents salaries.

Future year expenditures would increase by an indeterminate amount, depending on the COLA given to State employees in a given year, the percentage of local health departments' budgets dedicated to employee salaries in a given year, and Targeted Local Health Program funding.

Local Effect: Revenues from the State will increase by an aggregate \$1.0 million for a fiscal 2000 COLA, based on the amount included in the proposed fiscal 2000 State budget. Future year revenues would increase by an indeterminate amount, depending on the State employee COLA, percentage of local health departments' budgets dedicated to employee salaries, and Targeted Local Health Program funding.

A local match is required to secure State and federal funds. The match rate varies depending on a jurisdiction's wealth from a minimum of 20% to a maximum of 80%. In aggregate, the current local match rate is just under 50%. In most jurisdictions, local funding for the health departments exceeds the required match. By increasing the amount of State/federal funds in the Targeted Local Health Program the bill would result in additional local match funds required, but could also reduce local expenditures for local health department salary adjustments.

Additional Comments: The proposed fiscal 2000 budget includes an additional \$2.8 million for a fiscal 1999 COLA for local health department employees. This amount includes: (1) a fiscal 1999 deficiency of \$1.4 million, which represents a 3.5% increase; and (2) \$1.4 million for annualization of the fiscal 1999 COLA.

Information Source(s): Department of Health and Mental Hygiene (Community and Public Health Administration), Department of Legislative Services

Fiscal Note History: First Reader - March 22, 1999

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