

Department of Legislative Services  
Maryland General Assembly  
2000 Session

FISCAL NOTE

House Bill 1159 (Delegate Tavior. *et al.*)

Appropriations

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Local Health Services Funding - Salary Adjustment - Amount

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This bill alters the State funding formula for local health services by including a salary adjustment based on general salary increases given to State employees. The salary adjustment equals the sum of the State local health services funding for the fiscal year multiplied by 80% of the salary increase for State employees. If any special salary adjustment that affects a State position classification or classification series that is historically used by a local health department is provided in the State budget, the local health services funding would be multiplied by 80% times 1% of the special salary adjustment.

This bill also requires the Secretary of the Department of Health and Mental Hygiene (DHMH) to make provisions for State employee salary and fringe benefit adjustments that affect local health department employees in counties that continue to operate alcohol and drug treatment programs, and community mental health programs as part of the provision of local health services.

This bill has an effective date of July 1, 2000.

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Fiscal Summary

**State Effect:** General fund expenditures increase by approximately \$1.2 million in FY 2001, which is included in the proposed FY 2001 State budget. Future year expenditures could increase, by an indeterminate amount depending on the level of salary increases for State employees and whether the Governor includes funding for salary adjustments for local health department employees in the State budget. Revenues would not be affected.

**Local Effect:** None.

**Small Business Effect:** None.

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## **Analysis**

**Current Law:** Funding increases for local health services are based on 1997 funding levels adjusted for inflation and population growth. As a result of recent collective bargaining agreements, it is anticipated that State employees will receive an 8% COLA spread over two years. The proposed fiscal 2001 State budget provides for a 4% COLA effective November 15, 2000, resulting in a 2.5% annualized COLA. An additional 4% increase is planned for January 1, 2002, for fiscal 2002.

**Background:** The Targeted Local Health Program provides State and federal 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, depending on inflation rates and population growth, but there are no provisions for a COLA. This legislation adds into the formula a provision to allow for local health services salaries to be tied to increases in State employee salary rates.

**State Fiscal Effect:** The targeted local health formula is based on 1997 funding levels adjusted for inflation and population growth. The formula amount totaled \$44.8 million for fiscal 2000. Based on population growth and inflation, the mandated formula amount increases by \$1.2 million to \$46 million in fiscal 2001. Providing for an additional adjustment based on 80% of the salary increase for State employees would increase expenditures by approximately \$1.2 million in fiscal 2001. This is based on a 2.5% annualized COLA in fiscal 2001. Based on the salary adjustment, the targeted local health formula would total \$47.2 million in fiscal 2001.

The proposed State budget for fiscal 2001 includes \$51.6 million for the targeted local health formula, including \$46 million required under the formula and an additional \$5.6 million for local health departments to provide salary and benefit enhancements to employees. Accordingly, this bill would not result in an increase in State expenditures in fiscal 2001. State expenditures in future years could increase to the extent that the Governor does not include non-mandated funds in the State budget for salary adjustments for local health department employees. **Exhibit 1** shows the projected impact on the targeted local health formula.

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### **Exhibit 1** **Impact on Targeted Local Health Formula**

FY 2000 Formula Amount	\$44,764,194
FY 2001 Formula Increase	\$1,199,680
FY 2001 Formula Amount	\$45,963,874
Proposed Salary Adjustment	\$1,228,277
New FY 2001 Formula Amount	\$47,192,151
FY 2001 Allowance	\$51,604,866

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### Additional Information

**Prior Introductions:** A similar bill was introduced in the 1999 session as HB 1197, which was not reported from the House Appropriations Committee.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 1, 2000  
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