

Department of Legislative Services
 Maryland General Assembly
 2002 Session

FISCAL NOTE
Revised

Senate Bill 535
 Finance

(Senator Green)

Environmental Matters

The Elderly - Naturally Occurring Retirement Community Demonstration Program

This bill establishes a Naturally Occurring Retirement Community Demonstration Program within the Department of Aging. The program will award grants to “program participants” to provide services that help elderly residents in naturally occurring retirement communities. The stated purpose of the program is to assure elderly residents’ access to necessary services, prevent unnecessary hospital and nursing home stays, and increase private and charitable financial support for program grants to provide these services. This program is effective from October 1, 2002 through August 31, 2005, contingent upon the availability of federal funds.

Fiscal Summary

State Effect: Assuming ten grants at \$150,000 per grant and \$39,000 in contractual employee costs, the program is estimated to cost \$1.54 million annually in FY 2003, of which all would be paid with federal funds. State general funds may not be spent on the program. Future years reflect maximum grant funding, annualization, and inflation through August 31, 2005.

(in dollars)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Revenues	\$0	\$0	\$0	\$0	\$0
FF Expenditure	1,539,000	1,545,000	1,546,000	0	0
Net Effect	(\$1,539,000)	(\$1,545,000)	(\$1,546,000)	\$0	\$0

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

Local Effect: None.

Small Business Effect: Potential meaningful to the extent that naturally occurring retirement communities are small businesses and could qualify for the grants.

Analysis

Bill Summary: Naturally occurring retirement communities are a defined geographic area or an identifiable residential community that has existed for at least 20 years and, as a result of natural demographic changes, has concentrated clusters of residents over the age of 60.

The Department of Aging will set eligibility criteria for awarding grants in consultation with the Commission on Aging, the Interagency Committee on Aging Services, and representatives from housing and senior citizen groups from all areas of the State.

No more than 10 grants may be awarded in the first 12-month period. Grants may not exceed \$150,000 for a project in any 12-month period and generally must be matched with an equal amount of funds, 25% of which must come from the grant applicant. The department may waive all or part of the matching requirements if a low-income naturally occurring retirement community cannot afford the match.

A report on the program's status and effectiveness is due annually on or before December 1.

Current Law: None applicable.

State Expenditures: This program's existence is dependent upon the department's report that federal funding is available, which is unknown at this time. In any event, the program would cost an estimated \$1,538,971 in fiscal 2003, which accounts for the bill's October 1, 2002 effective date. The estimate assumes that the department will award the maximum number of grants (ten) at the maximum amount of money (\$150,000). The estimate also reflects the cost of hiring one contractual administrator to create the grant program, issue the grants, and write the required reports. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salary and Fringe Benefits	\$33,045
Grants	1,500,000
Other Operating Expenses	<u>5,926</u>
Total FY 2003 State Expenditures	\$1,538,971

Future year expenditures reflect: (1) a full salary with 2.3% annual increases; (2) 1% annual increases in ongoing operating expenses; and (3) the program ending August 31, 2005.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene, Department of Aging, Department of Legislative Services

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mld/jr Revised - Senate Third Reader - March 27, 2002
Revised - Enrolled Bill - April 23, 2002
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