

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

House Bill 704
Ways and Means

(Delegate Hixson, *et al.*)

Blind Industries and Services of Maryland - Powers and Duties

This bill requires the Blind Industries and Services of Maryland (BISM) Board of Trustees to oversee the provision of rehabilitation services to eligible blind individuals in Maryland.

Fiscal Summary

State Effect: Depending on the funding transfer formula decided upon, in FY 2005 the Maryland State Department of Education (MSDE) could transfer from \$6.7 million to \$13.8 million in federal, general, and special fund revenues to BISM. BISM expenditures are expected to increase and MSDE expenditures are expected to decrease by an equivalent amount. Future year revenues and expenditures would depend on the funding transfer formula and inflationary increases in revenues.

Local Effect: None.

Small Business Effect: BISM could receive from \$6.7 million to \$13.8 million in federal, general, and special fund revenues in FY 2005.

Analysis

Bill Summary: At least 80% of the funds received under the federal acts must be disbursed to the State Board of Education (SBE), and a maximum of 20% of the federal funds must be disbursed to BISM. SBE and BISM's board must jointly establish and may revise the percentage of funds each entity receives under this bill. Funds BISM receives under this bill must be used to provide vocational rehabilitation, independent

living, supported employment, and other services authorized by these federal acts. In administering these services, BISM must cooperate with federal agencies to do anything necessary to secure the federal benefits.

BISM must license blind individuals to operate vending machine facilities in federal, State, county, and municipal buildings and in privately-owned buildings and premises. BISM must serve as the State licensing agency for this purpose. The bill repeals MSDE's authority to license these vending facility managers. MSDE's Division of Rehabilitation Services' authority to act as the licensing agency of these licensed vending facilities in the State also is repealed.

The bill also requires at least six of BISM's 11 trustees to be blind. Currently, four must be blind. Uncodified bill language requires this to take place as board vacancies occur.

Current Law: BISM is a State-established nonprofit training and employment provider for the blind in Baltimore and may operate centers in other parts of the State. Its board is authorized to spend part of its endowment fund and annual income to establish training and employment centers and open a store to sell items made by the blind.

SBE must: (1) disburse all funds provided and administer all programs established under MSDE's Division of Rehabilitation Services for rehabilitating disabled individuals; (2) appoint and fix compensation for necessary personnel to administer these services; (3) rehabilitate and place in gainful occupation individuals eligible for benefits from the division; (4) rehabilitate eligible individuals to function more independently; (5) adopt necessary rules and regulations to administer these services; (6) annually report to the Governor on the administration of these services; and (7) cooperate with other public and private departments, agencies, and institutions to rehabilitate disabled individuals, provide for the independent living rehabilitation of severely disabled individuals, study rehabilitation problems, and develop and provide programs, facilities, and services.

Background: In federal fiscal 2003, which ended September 30, 2003, MSDE served 1,172 clients through individual plans for employment. These plans may include attending a community college, attending a community rehabilitation program, or purchasing equipment. Clients typically receive services for 29 months. Program success is determined by the individual getting a job and keeping it for 90 days.

To implement this bill, MSDE advises that it must submit and receive approval from the federal Department of Education for a State Plan for Vocational Rehabilitation Services. After receiving approval, MSDE could transfer resources to BISM.

State Fiscal Effect: The fiscal effect of this bill would vary depending on the percentage of federal vocational rehabilitation funds for the blind and visually impaired that would be transferred from MSDE to BISM. Depending on the funding distribution, MSDE could transfer from \$6.7 million to \$13.8 million in federal, general, and special fund revenues in fiscal 2005. The bill also requires transferring the authority to license blind individuals to operate vending machines from MSDE to BISM. The fiscal 2005 budget request assumes \$2.8 million in special fund revenues would be transferred.

MSDE spends 8% of its federal funds serving 5% of its blind and visually impaired clients. The remaining 92% of its federal funds serve the 95% of its clients who have other disabilities.

An 8% federal fund revenue transfer to BISM in fiscal 2005 would transfer \$3.9 million (\$3.2 million federal funds, \$0.7 million general funds) and expenditures. If MSDE only transferred these funds, there would not be a net fiscal effect on the State. BISM would use these revenues to serve the 1,172 blind and visually impaired clients instead of MSDE. However, if more than 8% of MSDE's total federal vocational rehabilitation revenues are transferred to BISM, MSDE will have to reduce services to other disabled individuals it serves.

A 20% federal fund revenue transfer to BISM in fiscal 2005 (the maximum allowable under the bill) would transfer \$11.0 million (\$8.3 million federal funds, \$2.7 million general funds). Of this amount, \$7.1 million that MSDE would normally spend on services for other disabled individuals would instead go to BISM for services to the blind or visually impaired. As a result, MSDE estimates that it would lose the ability to serve 3,375 disabled individuals. The remaining \$3.9 million would also be transferred to BISM to serve the blind and visually impaired.

The bill does not require the MSDE positions to transfer to BISM with the MSDE revenues and BISM has not indicated whether it would hire the MSDE employees. Under the 8% fund transfer, 40 employees could be laid off. If 20% of the federal vocational rehabilitation funds are transferred to BISM, 96 employees could be laid off.

The Department of Legislative Services advises that BISM refused several requests to provide detailed information on how BISM would spend the federal, general, and special funds transferred to it as a result of this bill.

Additional Information

Prior Introductions: None.

Cross File: SB 619 (Senator Conway, *et al.*) – Finance.

Information Source(s): Maryland State Department of Education, Blind Industries and Services of Maryland, Department of Legislative Services

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