HB 1044

Department of Legislative Services

Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

House Bill 1044 (Delegate Carter, *et al.*)
Health and Government Operations

Walter P. Carter Center - Employees, Services, and Naming

This bill requires the Department of Health and Mental Hygiene (DHMH) and the University of Maryland, Baltimore (UMB) to make specific assurances in the event that the inpatient psychiatric unit of the Walter P. Carter Center closes.

The bill takes effect June 1, 2009.

Fiscal Summary

State Effect: General fund expenditures increase by $1.2 million in FY 2010 to ensure that the 23.3 full-time equivalent (FTE) employees set to be terminated October 1, 2009, with the closure of the Carter Center are employed by the State and receive pay and benefits equal to what each employee currently receives at the center. Future years reflect annualization and inflation. No likely effect on revenues.

($ in millions)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Revenues	$0	$0	$0	$0	$0
GF Expenditure	1.2	1.6	1.7	1.8	1.9
Net Effect	($1.2)	($1.6)	($1.7)	($1.8)	($1.9)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: In the event that the inpatient psychiatric unit of the Walter P. Carter Center closes, DHMH must ensure that:

- State employment with equal or greater pay and benefits is offered to employees of the center; and
- if another facility replaces the inpatient psychiatric unit of the center, the facility offers community-based services that are equal or more expansive than those offered by the Walter P. Carter Center as of January 1, 2009.

Likewise, if the center is transferred to UMB, the university must:

- pay fair market value for rent and to purchase the facility;
- ensure that any new facility is of equal quality if there is a change in facility location; and
- ensure that the facility is named the Walter P. Carter Center regardless of its location.

Current Law: The Mental Hygiene Administration (MHA) is responsible for the treatment and rehabilitation of the mentally ill. State-run psychiatric facilities include seven hospitals and two residential treatment centers – Regional Institutions for Children and Adolescents – for the mentally ill.

With some exceptions, State law permits the Board of Public Works (BPW) to transfer any property, and all rights of physical custody and control over the property, from a unit of the Executive Branch of the State government to another unit of the Executive Branch of the State government. The transferred property still remains subject to the continuing general jurisdiction of BPW. Under the State clearinghouse process, State and local agencies are allowed to express an interest in State excess real property and BPW decides how the property is disposed.

Proceeds from the sale or long-term lease of property and equipment of a Developmental Disabilities Administration (DDA) facility or a MHA facility are deposited into the Community Services Trust Fund. There are two accounts in the trust fund, one pertaining to proceeds from DDA facilities, and the other pertaining to proceeds from MHA facilities.

Investment earnings from the DDA account are transferred into the Waiting List Equity Fund within DHMH and are generally used to provide community-based services to individuals eligible for but not receiving DDA services. Funds in the MHA account are used primarily to meet the needs of individuals leaving facilities to enter community-based services. Any remaining funds are used to increase the availability of affordable housing and employment opportunities for individuals with mental illness and community mental health services to promote recovery and community integration, including development of the Maryland Mental Health Crisis Response System.

Employee layoffs occur when an employee is in a position that will be abolished, discontinued, or vacated because of a change in organization or because of a stoppage or lack of work. Generally, employees in a class are to be laid off according to seniority points, so that employees with less seniority points are laid off before those with more seniority points. Seniority points accrue based on length of State employment, length of employment in the affected principal unit, and length of employment in the affected job series. Reinstatements are also ordered on these criteria.

Background: The State-operated psychiatric facility portion of the Carter Center is scheduled to close on October 1, 2009, as part of a plan to move mentally ill and developmentally disabled individuals out of State psychiatric facilities into community placements and other institutional placements. Under the plan, 23.3 FTEs will be abolished, and 89 FTEs will be transferred to the Clifton T. Perkins Hospital Center. Only 11 FTEs will remain at Carter to keep the building in operation.

State Fiscal Effect: General fund expenditures increase by $1.2 million in fiscal 2010 to ensure that the 23.3 FTEs set to be terminated October 1, 2009, with the closure of the Carter Center are employed by the State and receive pay and benefits equal to what each employee currently receives at the center. This estimate includes salaries, fringe benefits, and ongoing operating expenses for each of the 23.3 FTEs. Future year expenditures reflect full salaries with 4.4% annual increases, 3% employee turnover, and 1% increases in ongoing operating expenses.

Legislative Services recognizes that, in the absence of the bill, some of the approximately 23 employees set to be terminated at the center may receive State employment in other areas and/or departments. However, given the current budget situation, which has led to the recent elimination of State jobs, there is no guarantee that these employees will secure other State jobs or be employed at a level that ensures equal or greater pay than what they receive at the Carter Center.

The bill also requires that, in the event that the Carter Center is transferred to UMB, employees of the new facility receive equivalent pay and benefits. While UMB has expressed interest in the Carter building, DHMH advises that property transfers often take many years to materialize. Legislative Services advises that it cannot determine how this provision will affect State finances, since the date of any such transfer is not known. Nevertheless, if the property were transferred, expenses would increase further under the bill to ensure that State employment with equal pay and benefits is offered to the 11 employees that will remain at the center after October 1, 2009. In addition, since the bill requires the property to be sold or leased at fair market value, revenue would be generated for the Community Services Trust Fund. The fair market value of the property is not known at this time.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Budget and Management, Department of Health and Mental Hygiene, University System of Maryland, Department of Legislative Services

Fiscal Note History: First Reader - March 11, 2009
mcp/mwc

Analysis by: Sarah K. Volker

Direct Inquiries to:
(410) 946-5510
(301) 970-5510