

Department of Legislative Services
 Maryland General Assembly
 2016 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

House Bill 262
 Appropriations

(Delegate M. Washington, *et al.*)

Finance

Senior Citizen Activities Center Operating Fund - Distributions - Alteration

This bill increases, from \$500,000 to \$750,000, the required annual appropriation to the Senior Citizen Activities Center Operating Fund, requires additional expenditures under specified circumstances, and alters how the funds are distributed to counties within the State.

Fiscal Summary

State Effect: General fund expenditures increase by approximately \$263,800 in FY 2017 and by at least \$250,000 annually thereafter to meet the increased funding requirements under the bill, as discussed below. This analysis assumes the additional funding is provided in FY 2017; however, **this bill increases an existing mandated appropriation beginning in FY 2018.**

(in dollars)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	263,800	250,000	250,000	250,000	250,000
Net Effect	(\$263,800)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)

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

Local Effect: Many counties receive additional funding due to the enhanced appropriation and revised distribution provisions; a few counties receive less funding than under current distribution provisions, even with less total funding available currently, as discussed below.

Small Business Effect: None.

Analysis

Bill Summary: Under the bill, “distressed county” means a county:

- with an average unemployment rate for the most recent 24-month period (for which there is data) that exceeds either 150% of the average unemployment rate for the State or the average unemployment rate for the State during that period by at least two percentage points;
- with an average per capita personal income for the most recent 24-month period (for which there is data) that is equal to or less than 67% of the average per capita personal income for the State during that period; or
- that no longer meets either criterion but has met at least one of the criteria at some time during the preceding 24-month period.

The bill alters the distribution methodology for funds by dividing all funding into three categories:

- \$100,000 must be distributed to counties for senior citizen activities centers based on the existing competitive grant process administered by the Maryland Department of Aging (MDoA);
- \$400,000 must be distributed based on each county’s proportional share of the statewide population of senior citizens, with each county *guaranteed at least* \$5,000; and
- at least \$250,000 must be distributed to “distressed counties.” Of the \$250,000, \$150,000 must be divided evenly among the distressed counties, and \$100,000 must be divided proportionately among the distressed counties based on each county’s share of the total population of senior citizens in distressed counties.

Current Law: The Senior Citizen Activities Center Operating Fund is a nonlapsing fund that consists of appropriations from the State budget; the Governor is required to appropriate \$500,000 annually to the fund and does so with general funds. The Senior Citizen Activities Center Operating Fund supplements any other funding for senior citizen activities centers in the State budget; it may not be used to replace existing funding. Money is distributed to counties based on a competitive grant process, with at least 50% of the funds distributed based on need for senior citizen activities centers in counties determined by MDoA to meet criteria related to economic distress.

Currently, to qualify for a need-based distribution, a county must have a strategic plan for economic development that has been approved by the Secretary of Commerce and meets one of the following two distress-related criteria:

- have an average unemployment rate of more than 150% of the average State unemployment rate for the most recent 18-month period for which there is data; or
- have an average per capita personal income that is 67% or less of the average State per capita personal income for the most recent 24-month period for which there is data.

Background: Generally, the fund supports activities to keep individuals healthy through services provided at senior centers, such as fitness and nutrition education programs, dental health programs, and disease management programs. MDoA has also used the fund to help ensure senior centers remain open three to five days per week to support the local senior population. The fund does not support capital improvements, which are funded through the Senior Citizen Activities Centers Capital Improvement Grants Program.

The fund was established by Chapter 635 of 2000. At that time, the criteria for need-based distributions used by the fund relied on a definition of “qualified distressed county” that was consistent with the definition of “qualified distressed county” used for other programs in the State, many of which were under the purview of the former Department of Business and Economic Development. However, the definition applicable to other programs (under § 1-101 of the Economic Development Article) has subsequently been revised multiple times, while the criteria used by the fund remained unchanged. (Even so, code revision deleted as unnecessary the definition for “qualified distressed county” applicable to the fund.) The changes included in the bill conform the criteria used by the fund to the definition of a “qualified distressed county” currently included in the Economic Development Article.

Under the current criteria, three counties (Allegany, Somerset, and Worcester) qualify for need-based distributions for fiscal 2016 based on MDoA’s calculations. Thus, those three counties share one-half (or \$250,000) of the total amount of funding available. The rest of the funding is distributed to other counties that request funding, based on a competitive process. Some counties do not request funding; for fiscal 2016, Anne Arundel, Carroll, Kent, St. Mary’s, and Talbot counties did not apply and, thus, did not receive awards.

The Governor’s proposed fiscal 2017 budget includes \$500,000 in general funds for the fund; it also includes a deficiency general fund appropriation of \$291,500 for fiscal 2016 to hold harmless jurisdictions that applied for and received less funding in fiscal 2016 than in fiscal 2015.

State population data applicable to the distribution of funds under the bill, as provided by MDoA, is shown in **Exhibit 1**.

Exhibit 1
Population of Marylanders Age 60 and Older, by County

County	Population 60+	Share of Total
Allegany	18,260	1.76%
Anne Arundel	95,945	9.26%
Baltimore City	104,325	10.07%
Baltimore	165,860	16.01%
Calvert	14,600	1.41%
Caroline	6,215	0.60%
Carroll	32,640	3.15%
Cecil	17,860	1.72%
Charles	21,430	2.07%
Dorchester	7,970	0.77%
Frederick	39,000	3.76%
Garrett	7,080	0.68%
Harford	44,850	4.33%
Howard	44,690	4.31%
Kent	5,905	0.57%
Montgomery	175,965	16.99%
Prince George's	126,365	12.20%
Queen Anne's	10,250	0.99%
St. Mary's	15,735	1.52%
Somerset	5,200	0.50%
Talbot	12,210	1.18%
Washington	29,430	2.84%
Wicomico	18,210	1.76%
Worcester	15,900	1.53%
Total	1,035,895	100.00%

Source: Maryland Department of Aging, Administration for Community Living

State Fiscal Effect: The bill requires that the Governor include an additional \$250,000 in the annual State budget for the fund, thereby bringing the required total general fund appropriation to \$750,000 annually. However, in addition to that amount, the bill requires that the Governor provide sufficient funds to ensure that the distribution to each county – based on its proportional share of the statewide population of senior citizens – be at least \$5,000. Based on data provided by MDoA, general fund appropriations in fiscal 2017 increase by an additional \$13,828 (beyond the mandated \$250,000) to be distributed to Caroline, Dorchester, Garrett, Kent, Queen Anne's, Somerset, and Talbot counties in

amounts ranging from \$285 to \$2,992 to ensure each county receives at least \$5,000 for its proportional share of the statewide population of senior citizens.

MDoA advises that it utilized population data provided by the Administration for Community Living (ACL) for all population-based calculations. ACL uses information provided by the U.S. Census Bureau to create its detailed, publicly available, population data and updates its data annually. Thus, projections for the increased appropriation guaranteeing \$5,000 to each jurisdiction based on its proportional share of the statewide population of senior citizens in the out-years are not available at this time. This analysis assumes the additional funding is provided in fiscal 2017. Although the bill modifies the distribution methodology, staffing requirements for the program are not materially affected.

Local Fiscal Effect: As shown in **Exhibit 2**, counties that provide support for senior citizen activities centers may experience significant changes in total funds received from the Senior Citizen Activities Center Operating Fund as a result of the increased appropriation and revised distribution methodology. Five counties receive lower awards under than bill than they received in fiscal 2016, unless they receive a portion of the \$100,000 competitive grant funding. Specifically, funding for the three counties – Allegany, Somerset, and Worcester – eligible to receive a need-based distribution under current law (50% of the total amount of funding available – or \$250,000 shared amongst them), decreases by \$40,620, \$78,322, and \$42,878, respectively. Also, funding for Calvert and Garrett counties decreases by \$362 and \$15,000 respectively due to the new distribution methodology. However, MDoA advises that the five counties that did not apply for any funding in fiscal 2016 (Anne Arundel, Carroll, Kent, St. Mary’s, and Talbot counties) receive funding under the bill in amounts ranging from \$5,000 to \$37,048.

Six counties (Baltimore City and Allegany, Caroline, Dorchester, Wicomico, and Worcester counties) meet the bill’s definition of “distressed county” and are the only counties eligible to split \$250,000 of the mandated appropriation set aside for distressed counties. Thus, they share evenly \$150,000 (\$25,000 each) as well as proportionately \$100,000 – based on their share of the senior population in the distressed counties.

Most of the mandated appropriation – \$400,000 – is shared proportionately amongst *all* counties based on their share of the statewide population of senior citizens. However, each county must receive at least \$5,000 even if its population would not otherwise result in such an award. The remaining \$100,000 is to be distributed through a competitive grant process by MDoA. Because the counties that will receive these awards is not yet known, the amounts awarded to each county shown in Exhibit 2 may increase. Even so, because five counties are projected to receive, in total, \$177,182 less under the bill than they received in fiscal 2016, the monies available through the competitive grant process cannot fully offset the reduced funding for those counties.

Exhibit 2
Comparison of Current Funding to Funding under the Bill, by County

County	FY 2016 Award	Distribution under the Bill	Difference
Allegany	\$83,357	\$42,737	(\$40,620)
Anne Arundel	0	37,048	37,048
Baltimore City	45,000	126,336	81,336
Baltimore	36,000	64,045	28,045
Calvert	6,000	5,638	(362)
Caroline	2,000	33,637	31,637
Carroll	0	12,604	12,604
Cecil	6,000	6,896	896
Charles	7,000	8,275	1,275
Dorchester	6,000	34,664	28,664
Frederick	11,000	15,059	4,059
Garrett	20,000	5,000	(15,000)
Harford	3,000	17,318	14,318
Howard	11,000	17,257	6,257
Kent	0	5,000	5,000
Montgomery	50,000	67,947	17,947
Prince George's	34,000	48,795	14,795
Queen Anne's	3,000	5,000	2,000
St. Mary's	0	6,076	6,076
Somerset	83,322	5,000	(78,322)
Talbot	0	5,000	5,000
Washington	5,000	11,364	6,364
Wicomico	5,000	42,688	37,688
Worcester	83,322	40,444	(42,878)
Total	\$500,000	\$663,828	\$163,827

Notes: Although this exhibit reflects competitive grants awarded under current law, it does not include the \$100,000 to be distributed by MDoA through a competitive grant process under the bill. It does, however, include the increased appropriations to ensure each county receives at least \$5,000 for its proportional share of the statewide population of senior citizens. The five jurisdictions with an award of \$0 in fiscal 2016 did not apply for funding; in all cases, they receive funding under the bill. Allegany, Somerset, and Worcester counties currently share the required distribution of 50% funding based on the current definition of need. Funding under the bill is distributed based on the three categories outlined above. Numbers may not sum to total due to rounding.

Source: Maryland Department of Aging

Additional Information

Prior Introductions: None.

Cross File: SB 805 (Senator Pugh, *et al.*) - Finance. Additionally, SB 98, as passed by the General Assembly is identical.

Information Source(s): Maryland Department of Aging, Maryland Association of Counties, Department of Budget and Management, U.S. Department of Health and Human Services, Administration for Community Living, Department of Legislative Services

Fiscal Note History: First Reader - February 7, 2016
min/ljm Revised - Clarification - February 8, 2016
Revised - House Third Reader - March 28, 2016

Analysis by: Nathan W. McCurdy

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