

Department of Legislative Services  
 Maryland General Assembly  
 2016 Session

FISCAL AND POLICY NOTE  
 Third Reader - Revised

House Bill 744  
 Economic Matters

(Delegate Kramer, *et al.*)

Finance

Senior Call-Check Service Program - Establishment

This bill requires the Department of Information Technology (DoIT), in consultation with the Maryland Department of Aging (MDoA) to establish and administer the Senior Call-Check Service Program, subject to specified conditions. The costs of the program are authorized to be paid from the Universal Service Trust Fund (USTF).

Fiscal Summary

**State Effect:** Special fund expenditures for USTF increase by \$230,900 in FY 2017, \$269,000 in FY 2018, and \$273,900 annually thereafter for contractual services necessary for DoIT to implement the program, as discussed below. Given the FY 2015 USTF ending fund balance of \$12.5 million, special fund revenues likely do not need to increase to fund the program, as discussed below. State finances are otherwise not materially affected.

(in dollars)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	230,900	269,000	273,900	273,900	273,900
Net Effect	(\$230,900)	(\$269,000)	(\$273,900)	(\$273,900)	(\$273,900)

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

**Local Effect:** Local government finances and operations are not materially affected.

**Small Business Effect:** Minimal.

Analysis

**Bill Summary:** “Senior call-check service” means a telephone call made or received each day at a regularly scheduled time by DoIT or the department’s designee to the residence of

an eligible subscriber to verify that the subscriber is able to answer the telephone or place a call from the telephone. “Senior call-check service” includes:

- an automated or live telephone call placed by an eligible participant or received by an eligible participant at a regularly scheduled time each day;
- if the eligible participant does not answer or place the regularly scheduled call, an automated or live telephone call to the eligible participant; and
- if the eligible participant does not answer the telephone call made, an additional automated or live telephone call to notify a “person of record” whose name has been provided to DoIT.

DoIT, in consultation with MDoA, must adopt regulations to implement the program and may contract with a private vendor or nonprofit organization to provide the senior call-check service. All individuals and entities involved in administering the program are immune from civil liability or criminal penalty for the performance or nonperformance of the requirements under the program.

Eligible participants must be age 65 or older. “Person of record” includes a local law enforcement unit or other local government agency.

**Current Law:** There is no State requirement for a senior-call check service program. USTF pays for the Maryland Relay Service and additional services and equipment for persons with disabilities. The Comptroller collects fees for this purpose through a surcharge, determined by the Public Service Commission (PSC), on individuals’ phone bills. Chapters 571 and 572 of 2012, expanded the services to which the fee applies to include cellular, wireless, and Voice-over-Internet-Protocol services while reducing the maximum monthly account fee from 45 cents to 18 cents. PSC must annually set the surcharge for the following fiscal year at an amount that is no higher than necessary to generate sufficient revenues to fund the costs of the programs for the following fiscal year, given the current fund balance.

**Background:** Generally, senior call-check programs call an individual or receive a call from the individual each day at a predetermined time. If the individual does not answer, or does not call, the program notifies family, friends, and/or local agencies of that fact. A number of organizations in the State provide volunteer call-check services for senior citizens in their communities. Counties with dedicated programs include Anne Arundel, Baltimore, Montgomery, and Prince George’s. Commercial call-check services are also available for a monthly fee that ranges from about \$15 to \$40.

There are approximately 824,000 Maryland residents age 65 or older. Nationally, approximately 44% of those age 65 or older live alone. Assuming national statistics are representative of Maryland seniors, approximately 360,000 seniors live alone in the State.

In fiscal 2015, USTF revenues were \$5.4 million and expenditures were \$3.2 million, with a monthly fee of 11 cents per customer. The fiscal 2015 USTF ending fund balance was \$12.5 million.

**State Fiscal Effect:** Based on information received by the Department of Legislative Services (DLS) from a company that provides senior call-check services, a program of the scope contemplated in the bill costs approximately \$295,000 in the first full year of operation. This includes \$125,000 in equipment costs and assumes subscribers are gradually added throughout the year and eventually reach 50,000 by the end of the year, at which point subscribership is stable.

Therefore, accounting for the bill's October 1, 2016 effective date, special fund expenditures for USTF increase by \$230,900 in fiscal 2017, \$269,000 in fiscal 2018, and \$273,900 annually thereafter for contractual services necessary for DoIT to implement the program. At 50,000 subscribers, the marginal variable cost per subscriber is about \$5.29 per year – any variation from 50,000 subscribers alters the actual cost of the program.

As the bill authorizes USTF to pay for the program, special fund expenditures for USTF increase by \$230,900 in fiscal 2017, \$269,000 in fiscal 2018, and \$273,900 annually thereafter for expenses related to the program.

DLS notes that there is likely sufficient fund balance to pay for the program without raising the USTF charge from its current level of 11 cents per month. In fact, citing an available USTF balance of \$12.5 million, DoIT applied to PSC in December 2015 to *reduce* the USTF surcharge to 5.5 cents per month through fiscal 2016. PSC had not made a decision on the application as of March 23, 2016.

However, in the unlikely event that the USTF fund balance is insufficient to pay for some or all of the program, special fund revenues increase as necessary to cover the costs of the program.

**Additional Comments:** DoIT advises that the cost estimates above do not reflect a system that the department itself would design and build. The costs of directly developing and maintaining the system (as opposed to contracting for an existing system, as assumed above) are substantially higher.

## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Information Technology; Maryland Department of Aging; Department of State Police; Office of People's Counsel; Public Service Commission; Dorchester, Garrett, and, Montgomery counties; Database Systems Corp.; U.S. Census Bureau; Department of Legislative Services

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