

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

Senate Bill 441

(Senator Simonaire, *et al.*)

Education, Health, and Environmental Affairs

Health and Government Operations

Veterans Affairs - Maryland Veterans Service Animal Program - Establishment

This bill establishes the Maryland Veterans Service Animal Program within the Maryland Department of Veterans Affairs (MDVA); generally, the purpose of the program is to refer “eligible veterans” to selected nonprofit organizations to be paired with service or support dogs and facilitate their training. MDVA must select at least one nonprofit program that meets specified qualifications to carry out elements of the program. The bill establishes a Maryland Veterans Service Animal Program Fund, consisting primarily of donations and any funds appropriated in the State budget, to support the program. MDVA must adopt specified regulations and meet specified reporting requirements.

The bill takes effect July 1, 2017.

Fiscal Summary

State Effect: General fund expenditures increase by *at least* \$16,600 in FY 2018 to capitalize the fund so as to cover administrative costs not covered by private donations. Special fund revenues increase by *at least* \$36,600 in FY 2018, reflecting the anticipated general fund appropriation as well as an estimated \$20,000 in private donations; special fund expenditures increase correspondingly. Future year estimates reflect the elimination of administrative costs in FY 2019 and assumed ongoing donations. This estimate does not include any payments to selected nonprofit organizations to implement the program, which may be significant. Thus, total program costs are likely to be significantly higher.

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
SF Revenue	\$36,600	\$20,000	\$20,000	\$20,000	\$20,000
GF Expenditure	\$16,600	\$0	\$0	\$0	\$0
SF Expenditure	\$36,600	-	-	-	-
Net Effect	(\$16,600)	-	-	-	-

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: “Eligible veteran” means an individual who (1) served on active duty in the U.S. Armed Forces, the National Guard, or a reserve component of the U.S. Armed Forces; (2) served in a capacity other than for training; (3) was discharged under conditions other than dishonorable; and (4) is a resident of the State or receives treatment or care from a Veterans’ Administration hospital in the State.

Maryland Veterans Service Animal Program

The stated purposes of the program are to (1) refer eligible veterans who inquire about participation in the program to one or more nonprofit training entities; (2) provide additional funding mechanisms to assist veterans in participating in the program; (3) encourage successful program participants to assist in specified outreach efforts; (4) assist in the reduction of the Maryland veteran suicide rate; and (5) identify potential capital projects and services to facilitate more services for veterans in the State.

MDVA must select at least one nonprofit training entity that qualifies as a 501(c)(3) corporation and engages in the training of service or support dogs for use by veterans to implement the program. To be eligible for selection, a nonprofit entity must (1) be based in the State; (2) serve the needs of veterans in the State; and (3) generate its own revenue and reinvest the proceeds of that revenue in the growth and development of its programs.

Under the program, the nonprofit training entity is to:

- implement a training protocol to teach program participants methods, strategies, and techniques for partnering with service dogs or support dogs;
- select qualified participants from those eligible veterans referred to the nonprofit entity under the program;
- select an appropriate service dog or support dog for each participant;
- facilitate each participant’s training; and
- partner each successful participant with the service dog or support dog after successful completion of the training protocol.

The bill authorizes the nonprofit training entity to disqualify a program participant if it determines that the participant's involvement in the program (1) presents a danger to the program participant's mental or physical well-being; (2) has caused or may potentially cause harm to others, an animal, or property; (3) presents a danger to the service dog's or support dog's mental or physical well-being; or (4) does not meet the training requirement of the nonprofit. A program participant may discontinue involvement in the program for any reason.

Maryland Veterans Service Animal Program Fund

The bill establishes a Maryland Veterans Service Animal Program Fund, administered by the Secretary of Veterans Affairs, to support the program. The fund consists of revenue collected by MDVA in the form of donations to the program, money appropriated in the State budget to the fund, and any other money from any other source accepted for the benefit of the fund. MDVA may accept gifts or grants for donations to the fund. Any interest earnings of the fund are credited to the general fund.

Revenue from the fund may be used only to pay a nonprofit training entity and for administrative costs of the program. Expenditures from the fund may be made only in accordance with the State budget. Money expended from the fund is supplemental to, and not intended to take the place of, money that would otherwise be appropriated for the program.

By October 1, 2018, and annually thereafter, MDVA must post and maintain on its website a list of individuals who have donated to the fund in the previous year and have not requested to remain anonymous.

Maryland Department of Veterans Affairs Regulations

The bill requires MDVA to adopt regulations establishing procedures for MDVA to (1) promote the program to eligible veterans through MDVA's outreach methods; (2) refer eligible veterans to selected nonprofit entities; (3) receive donations for the fund through a link placed in a prominent location on MDVA's website; and (4) use revenue from the fund to pay selected nonprofit entities for services that are provided through the program.

Reporting Requirements

By December 31, 2019, MDVA must report the following information regarding the program to the General Assembly: (1) the number of program participants involved in the program; (2) the nonprofit training entity or entities selected for involvement in the program; (3) an accounting of the fund, as specified; and (4) any other information related to the program that MDVA considers relevant.

Current Law/Background: Generally, a “service dog” means a dog that is professionally trained to aid individuals who are (1) blind or visually impaired; (2) deaf or hard of hearing; or (3) mobility impaired. Though not defined in statute, a “support dog” generally refers to a dog that helps an owner with a mental health condition. The U.S. Department of Veterans Affairs advises that emotional support dogs help owners feel better by giving friendship and companionship. Several programs have found that emotional support animals are beneficial to veterans suffering from post-traumatic stress disorder (PTSD).

In June 2016, Colorado passed legislation that established a pilot program designed to identify and train a group of up to 10 eligible veterans to pair with dogs, as identified by qualified canine trainers in conjunction with the veterans, to foster, train, and ultimately use the dogs as their own service or companion animals. While not explicitly stated in the bill, media interviews with the bill’s sponsor and others emphasized the bill’s potential to help veterans suffering from emotional problems often linked to PTSD.

MDVA advises that elements of its Outreach Program have relationships with service and companion dog programs in the State. MDVA provides background information and links to the websites of several local organizations on its [Guide and Service Dogs](#) website. At least two of the organizations included on the website likely satisfy the bill’s requirements for participation in the training program.

State Fiscal Effect: The total costs to implement the program are unknown, as a reliable estimate of the number of program participants and, therefore, the cost to pay the selected nonprofit training entity cannot be made at this time. However, *administrative costs* for MDVA are anticipated to total \$36,612 in fiscal 2018 only, which reflects the bill’s July 1, 2017 effective date. This estimate reflects the cost of hiring one half-time contractual program administrator for a period of 12 months to develop regulations, establish a legally and fiscally sound methodology for selecting nonprofit organizations for participation, and develop new funding mechanisms for one year following the bill’s effective date. It includes a half-time contractual salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Contractual Position	0.5
Contractual Salary and Fringe Benefits	\$31,159
One-time Start-up Costs	4,640
Operating Expenses	<u>813</u>
Minimum FY 2018 Expenditures	\$36,612

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State’s implementation of the federal Patient Protection and Affordable Care Act.

This estimate also does not include any payment to the selected nonprofit training entity; any such costs cannot be reliably estimated at this time. However, such costs may be significant, as estimates of the cost to train one service animal *begin* at approximately \$20,000. Accordingly, total program costs are likely significantly higher.

Although the amount that may be received in private donations is unknown, for purposes of this analysis, it is assumed that MDVA receives \$20,000 annually beginning in fiscal 2018 in private donations. Thus, general fund expenditures increase by *at least* \$16,612 in fiscal 2018 to cover the remainder of the estimated costs not covered by private donations; the need for additional general funds to cover any payments to the selected nonprofit training entity is unclear but may be significant.

Special fund revenues to the new fund increase by *at least* \$36,612 in fiscal 2018, reflecting \$20,000 annually in private donations and the anticipated general fund appropriation. Special fund expenditures likely increase correspondingly to implement the program as described above.

It is assumed that any minimal interest earnings do not materially affect general fund revenues.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Budget and Management; Maryland Department of Veterans Affairs; U.S. Department of Veterans Affairs; The Foundation for Service Dog Support, Inc.; Department of Legislative Services

Fiscal Note History: First Reader - February 15, 2017
mm/ljm Third Reader - March 22, 2017
Revised - Amendment(s) - March 22, 2017
Enrolled - May 8, 2017
Revised - Amendment(s) - May 8, 2017

Analysis by: Nathan W. McCurdy

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