

Department of Legislative Services
 Maryland General Assembly
 2017 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 134 (Chair, Appropriations Committee and Chair,
 Environment and Transportation Committee)(By Request
 - Departmental - Human Resources)

Appropriations and Environment and Transportation Finance and Education, Health, and Environmental Affairs

Homelessness and Supportive Services - Transfer to Department of Housing and Community Development

This departmental bill transfers the Bureau of Homeless Services within the Department of Human Resources (DHR) to the Department of Housing and Community Development (DHCD). The bill also transfers responsibilities related to the Interagency Council on Homelessness and the Homeless Women – Crisis Shelter Home Program from DHR to DHCD.

The bill takes effect July 1, 2017, and provisions related to the formation of a transition team terminate June 30, 2019.

Fiscal Summary

State Effect: General fund expenditures for DHR decrease by approximately \$5.2 million annually beginning in FY 2018 due to the transfer of programs to DHCD; general fund expenditures for DHCD increase correspondingly. In FY 2018 only, DHCD also incurs one-time moving costs totaling \$18,600. Overall State revenues are not affected.

(in dollars)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	18,600	0	0	0	0
Net Effect	(\$18,600)	\$0	\$0	\$0	\$0

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

Local Effect: None.

Small Business Effect: DHR has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services (DLS) concurs with this assessment.

Analysis

Bill Summary: On July 1, 2017, all of the records, credits, assets, liabilities, obligations, rights, and privileges held by DHR to carry out the responsibilities, authority, and functions transferred under the bill must be transferred to DHCD. Likewise, except as otherwise specified in law, all existing laws, regulations, proposed regulations, standards and guidelines, policies, orders, and other directives, forms, plans memberships, contracts, property, investigations, administrative and judicial responsibilities, rights to sue and be sued, and all other duties and responsibilities associated with the functions of the Bureau of Homeless Services continue in effect under DHCD until completed, withdrawn, canceled, modified, or otherwise changed under the law.

In addition, all appropriations (including State and federal funds) held by DHR to carry out the functions of the Bureau of Homeless Services (or any other program transferred under the bill), must be transferred to DHCD. Finally, all employees who are transferred to DHCD by the bill must be transferred without any diminution of their rights, benefits, or employment or retirement status. The bill does not diminish any of the powers or duties of DHR to investigate and respond to reports of homelessness.

The bill requires the Interagency Council on Homelessness to appoint a Bureau of Homeless Services Transition Team and specifies the membership. By December 1, 2018, the transition team must provide the Secretary of Housing and Community Development as well as the Joint Committee on Ending Homelessness an evaluation of homeless services transferred from DHR to DHCD. The evaluation must include recommendations to ensure the effective delivery of homeless services within each local jurisdiction.

Current Law/Background: The State offers a number of programs to help the homeless:

- DHCD operates several programs, including the Emergency Solutions Grant program, the Rental Allowance Program, Families First, Community Services Block Grants, and the Shelter and Transitional Housing Facilities Grant program. DHCD also has programs to increase the supply of affordable housing, as the lack of affordable housing is a major cause of homelessness. In Maryland, the U.S. Department of Housing and Urban Development (HUD) estimates that there is a shortage of approximately 190,700 affordable rental housing units for families earning less than 50% of the area median income. Affordable housing is generally defined as housing expenses costing no more than 30% of gross income.

- DHR, as the State’s primary human services agency, offers a number of programs that support low-income households or provide services for the currently homeless including direct eviction assistance or services to households that are currently homeless, providing funds to shelters to support operations, as well as programs that assist households with meeting needs that may then allow the household to maintain housing, *e.g.*, the Temporary Cash Assistance Program and the Supplemental Nutrition Assistance Program (formerly known as Food Stamps).
- The Department of Health and Mental Hygiene (DHMH) has four primary programs in the Behavioral Health Administration serving populations that are homeless or at risk of homelessness. These programs are each targeted to individuals with mental illness or co-occurring substance use disorders.

The majority of funding for homeless services comes from HUD. Maryland’s three State agencies that receive federal and State funding for homeless services are DHR, DHCD, and DHMH. Each agency awards grants to the local jurisdictions through local administering agencies. In 2016, Maryland received just over \$47 million in federal funding from HUD.

According to HUD data, in 2016, the total homeless population in Maryland was 7,689. While the total homeless population increased to a high of 11,698 in 2009, the number of homeless has declined in every other year since 2007. The majority of Maryland’s homeless population are individuals (65%) rather than people in families (35%).

Recent State Legislation to Address Homelessness in Maryland

Chapter 341 of 2014 created the Interagency Council on Homelessness to study issues relating to homelessness; review and make recommendations on State statutes, regulations, program services, and budgetary priorities; and provide an annual report to the General Assembly. Chapter 460 of 2015 required the council to determine best practices and models for providing emergency shelter and shelter diversion. Chapter 427 of 2014 established the Joint Committee on Ending Homelessness to study issues related to homelessness, including housing, income, health care, education, government supports, and veterans experiencing homelessness.

Proposed Transfer of Programs from the Department of Human Resources to the Department of Housing and Community Development

DHR advises that the purpose of the proposed transfer is, among other things, to design efficiencies in the funding process to allow providers to access funds easier, streamline and consolidate reporting requirements, and to align State funding goals with federal requirements and national best practices. The department further advises that there are

multiple State and federal funding sources. In total, there are 17 funding sources/programs in the State (8 federal programs and 9 State programs) for homeless services in Maryland, each with independent deadlines and requirements. Although little can be done to change federal requirements, some State funding programs are duplicative in purpose. For example, multiple programs fund emergency housing operations and provide rental assistance.

State Fiscal Effect: The bill transfers several programs currently managed by DHR (as well as four full-time staff) to DHCD, as shown in **Exhibit 1**. The total amount of funding in the Governor’s proposed fiscal 2018 budget for the programs transferred from DHR to DHCD under the bill is \$5,207,632.

Assuming the funding for the transferred programs remains flat in future years, general fund expenditures for DHCD increase by approximately \$5.2 million annually beginning in fiscal 2018, and general fund expenditures for DHR decrease correspondingly. In fiscal 2018 only, DHCD also incurs \$18,560 in expenses to procure additional equipment for the transferred DHR employees and for associated moving costs. Including the transferred funds and the one-time costs, total expenditures for DHCD are \$5,226,192 in fiscal 2018.

For purposes of this fiscal and policy note, it is assumed that the appropriation for the transferred programs is funded entirely with general funds. DLS notes that it is not clear whether any federal funding is used to support the Homeless Counselors Program; if so, it is a relatively small amount that is included in the summary of the Governor’s proposed fiscal 2018 budget below and, therefore, is not reflected separately in this analysis.

Exhibit 1
Governor’s Proposed Fiscal 2018 Budget for
Programs Transferred under the Bill and Additional Costs

<u>Component</u>	<u>FY 2018 Allowance</u>
Emergency Transition Housing Services	\$2,844,632
Homeless Counselors	258,414
Service Linked Housing	550,000
Homeless Women	1,173,786
Personnel	380,800
Total Funding Transferred from DHR to DHCD	\$5,207,632
Additional DHCD Costs – Moving Expenses	18,560
Total FY 2018 DHCD Expenditures	\$5,226,192

DHR: Department of Human Resources
DHCD: Department of Housing and Community Development
Source: Department of Legislative Services

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Montgomery County; Department of Budget and Management; Department of Housing and Community Development; Department of Human Resources; U.S. Department of Housing and Urban Development; Department of Legislative Services

Fiscal Note History: First Reader - February 6, 2017
kb/mcr Third Reader - March 16, 2017

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Human Services - Bureau of Homeless Services -
Transfer to Department of Housing and
Community Development

BILL NUMBER: HB 134

PREPARED BY: Department of
Human Resources (Dept./Agency)

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON
MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON
MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS