

Department of Legislative Services
 Maryland General Assembly
 2023 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

Senate Bill 556

(Senator Guzzone)

Budget and Taxation

Appropriations

**Maryland Community Health Resources Commission - Compensation of
 Employees and Funding**

This bill authorizes the Maryland Community Health Resources Commission (MCHRC), in consultation with the Secretary of Health, to set the compensation of specified commission employees. The bill also requires, for fiscal 2025 through 2029, the Governor to include in the annual budget bill an appropriation of \$8.0 million to MCHRC from the Cigarette Restitution Fund (CRF) and makes conforming changes. **The bill takes effect July 1, 2023, and provisions regarding increased funding for MCHRC from CRF terminate June 30, 2029.**

Fiscal Summary

State Effect: Total special fund expenditures from CRF are not anticipated to be affected, as discussed below, but \$8.0 million in appropriations from CRF are directed to MCHRC from FY 2025 through 2029; special fund revenues for MCHRC increase correspondingly. Further, as CRF funding for nonmandated purposes is reduced, general fund expenditures of up to \$8.0 million a year may be needed to maintain funding for certain purposes. Special fund expenditures for MCHRC increase as early as FY 2024 based on the determinations made by the Secretary of Budget and Management, Secretary of Health, and MCHRC, as discussed below; any such expenditures are fully accounted for from FY 2025 through 2029 due to the increased revenues. **This bill establishes a mandated distribution from FY 2025 through 2029.**

(\$ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
SF Revenue	\$0	\$8.0	\$8.0	\$8.0	\$8.0
GF Expenditure	\$0	\$8.0	\$8.0	\$8.0	\$8.0
SF Expenditure	-	-	-	-	-
Net Effect	(-)	(-)	(-)	(-)	(-)

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: MCHRC may consult with the Secretary of Health to set the compensation of a commission employee in a position that (1) is unique to the commission; (2) requires specific skills or experience to perform the duties of the position; and (3) does not require the employee to perform functions that are comparable to functions performed in other units of the Executive Branch of State government. The Secretary of Budget and Management must consult with MCHRC to determine which positions are affected by the bill.

Current Law:

Maryland Community Health Resources Commission

MCHRC is an independent commission that operates within the Maryland Department of Health (MDH). The commission is composed of 11 members appointed by the Governor with the advice and consent of the Senate, and its purpose is to increase access to health care through community health resources.

Additionally, Chapter 36 of 2021, The Blueprint for Maryland's Future established the Maryland Consortium on Coordinated Community Supports within MCHRC. The consortium must complete certain tasks related to the development of coordinated community supports partnerships to meet student behavioral health needs and other related challenges, including developing a statewide framework for the creation of coordinated community supports partnerships, implementing a related grant program, evaluating a payment reimbursement program for providers, and developing a program for uninsured students.

The other two independent commissions within MDH, the Maryland Health Care Commission and the Health Services Cost Review Commission, each currently have the same salary-setting authority granted to MCHRC under the bill.

Cigarette Restitution Fund

Chapters 172 and 173 of 1999 established CRF, which is supported by payments made under the Master Settlement Agreement (MSA). Through the MSA, settling tobacco manufacturers pay the litigating parties – 46 states, 5 territories, and the District of

Columbia – substantial annual payments in perpetuity. The distribution of MSA funds among the states is determined by formula; as of April 2022, Maryland has received more than \$3.3 billion since 1999.

The use of CRF funds is restricted by statute. The Governor must include appropriations from CRF in the annual budget bill equivalent to the lesser of \$100.0 million or 90% of the funds estimated to be available to CRF in the fiscal year for which the appropriations are made. At least 30% of the appropriations must be made to Medicaid. At least 50% of the appropriations must be dedicated to the Tobacco Use Prevention and Cessation Program; the Cancer Prevention, Education, Screening, and Treatment Program; specified activities of the Southern Maryland Agricultural Development Commission; and other programs that serve specified purposes, including, among others, reduction of the use of tobacco products by individuals younger than age 21, smoking cessation programs, or any other public purpose.

State Fiscal Effect: Current law requires the Governor to appropriate the lesser of \$100.0 million or 90% of the CRF fund balance each year. Of that amount, 80.2% is dedicated to specified purposes. Historically, the CRF fund balance has allowed for the full \$100.0 million to be appropriated each year. Assuming the continued availability of at least \$100.0 million annually from CRF through fiscal 2029, sufficient funds are available to provide the newly mandated \$8.0 million to MCHRC without affecting the other CRF funding mandates or requiring a larger appropriation from CRF. However, less funding from CRF is available for other, nonmandated, purposes due to the required \$8.0 million for MCHRC. Further, to the extent that such nonmandated CRF monies have been applied to Medicaid, which is an entitlement program, up to \$8.0 million in general fund expenditures are needed each year from fiscal 2025 through 2029 to backfill for the special funds that no longer go to Medicaid.

Special fund revenues for MCHRC increase by \$8.0 million annually from fiscal 2025 through 2029; however, MCHRC special fund expenditures due to the bill likely increase by substantially less than that amount and may be incurred beginning in fiscal 2024. The bill authorizes additional compensation to be paid to the MCHRC employees determined by the Secretary of Budget and Management (in consultation with MCHRC) and in the amounts determined by MCHRC (in consultation with the Secretary of Health). Accordingly, special fund expenditures increase to provide those employees with additional compensation; however, any such increase depends on the determinations made by MCHRC and the two secretaries, and a reliable estimate cannot be developed at this time. Further, since MCHRC currently has only nine budgeted staff, the total impact is unlikely to be significant. Any such increase in special fund expenditures is fully accounted for from fiscal 2025 through 2029 by the increased special fund revenues directed to MCHRC from CRF.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 701 (Delegate Kipke) - Appropriations.

Information Source(s): Department of Budget and Management; Maryland Department of Health; Department of Legislative Services

Fiscal Note History: First Reader - February 21, 2023
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