

**Department of Legislative Services**  
Maryland General Assembly  
2023 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

Senate Bill 558

Finance

---

(Senator Guzzone)

---

**Recovery Residence Grant Program – Establishment**

---

This bill establishes a Recovery Residence Grant Program in the Maryland Department of Health (MDH) to award competitive grants to recovery residences to support operations, services, and programs. In fiscal 2024 through 2027, the annual budget bill must include an appropriation of \$500,000 for the program. By December 1, 2024, and annually thereafter, MDH must submit a report to the Governor and the General Assembly that includes (1) the number of grants distributed and (2) information about the grant recipients and programs and services provided.

---

**Fiscal Summary**

**State Effect:** General fund expenditures increase by \$500,000 annually beginning in FY 2024 to fund the grant program, including administrative costs. The FY 2024 budget as passed by the General Assembly includes \$500,000 in general funds for the grant program, contingent on enactment of this bill or its cross file. This analysis assumes discretionary funding in FY 2028 and beyond. Revenues are not affected. **This bill establishes a mandated appropriation for FY 2025 through 2027.**

(in dollars)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	500,000	500,000	500,000	500,000	500,000
Net Effect	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)

*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:** MDH must establish, in consultation with the credentialing entity, (1) application procedures; (2) criteria for prioritizing applications; (3) procedures for awarding grants; and (4) any other necessary procedures or criteria.

To qualify for a grant, a recovery residence must, among other things, (1) be a nonprofit organization; (2) submit a current copy of its form 990; (3) be certified by the credentialing entity as a level I, II, or III recovery residence in accordance with the National Alliance for Recovery Residences standards; (4) not accept or receive reimbursement from Medicaid or private insurance; and (5) meet any other requirements established by MDH in regulation.

**Current Law:** A recovery residence is a service that provides alcohol-free and illicit-drug-free housing to individuals with substance-related disorders or addictive disorders (including those that co-occur with mental disorders) and does not include clinical treatment services.

Chapters 710 and 711 of 2016 required MDH to approve a credentialing entity to develop and administer a certification process for recovery residences. The credentialing entity must (1) establish certification requirements; (2) establish processes to administer the application, certification, and recertification process; (3) establish processes to monitor and inspect recovery residences; (4) conduct an on-site inspection of a recovery residence before issuing a certificate of compliance and at least once during each certification renewal period; and (5) issue a certificate of compliance on approval of the application process and the inspection.

Pursuant to Chapters 710 and 711, MDH designated the Behavioral Health Administration (BHA) as the approved credentialing entity. BHA subsequently established the Maryland Certification of Recovery Residences process and adopted the [National Alliance for Recovery Residences 2015 Quality Standards](#) for the certification of recovery residences as levels I through IV in Maryland. For example, a level II recovery residence includes, at a minimum, peer recovery support (both one-on-one and group supports) and a peer house manager. Pursuant to statute, BHA must publish a list of all certified recovery residences on its [website](#). As of January 26, 2023, there were 186 certified recovery residences operating across Maryland.

**State Expenditures:** MDH general fund expenditures increase by \$500,000 in fiscal 2024 as the bill effectuates a contingent appropriation in the fiscal 2024 budget as passed by the General Assembly. MDH advises it requires three new staff to implement the grant program established by the bill, including one program administrator and two coordinators of special programs specializing in addiction at a cost of approximately \$250,000 in the

first fiscal year. The Department of Legislative Services agrees that additional staff is necessary to implement the grant program but advises that the program, particularly given its size, can likely be implemented with just one position. Existing staff within MDH can be consulted as necessary in establishing eligibility and prioritization criteria and formulating standard policies and procedures.

The \$500,000 in funding is assumed to be used to hire one program administrator on October 1, 2023, concurrent with the effective date of the bill, to plan, design, develop, implement, and issue the report for the grant program. Accordingly, the funding covers a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses in addition to monies for grant awards.

Position	1.0
Grant Awards	\$410,582
Salary and Fringe Benefits	82,009
Operating Expenses	7,409
<b>Total FY 2024 MDH Expenditures</b>	<b>\$500,000</b>

This analysis assumes that mandated funding for the grant program may likewise be used to cover the costs of administering the program. Thus, future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses and provision of the \$500,000 mandated appropriation in fiscal 2025 through 2027. The amount available for grant awards varies each year, ranging from about \$392,400 in fiscal 2025 to \$322,919 in fiscal 2027.

This analysis also assumes that funding for the grant program, which becomes discretionary beginning in fiscal 2028, is maintained. To the extent discretionary funding is not provided or is provided at an amount less than \$500,000, general fund expenditures are reduced beginning in fiscal 2028 and beyond; however, MDH will still incur personnel costs as the grant program is permanent.

---

## Additional Information

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

**Designated Cross File:** HB 681 (Delegate Ebersole, *et al.*) - Health and Government Operations.

**Information Source(s):** Department of Budget and Management; Maryland Department of Health; National Alliance for Recovery Residences; Department of Legislative Services

**Fiscal Note History:** First Reader - February 26, 2023  
rh/jc Third Reader - March 24, 2023  
Revised - Amendment(s) - March 24, 2023  
Revised - Budget Information - June 8, 2023

---

Analysis by: Amber R. Gundlach

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