

Department of Legislative Services
 Maryland General Assembly
 2023 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 598 (Senator Carter)(By Request - Baltimore County Administration)

Budget and Taxation

Maryland Violence Intervention and Prevention Program Fund - Appropriation

This bill increases – from \$3.0 million to \$40.0 million – the amount of the appropriation that the Governor must include in the annual budget bill for the Maryland Violence Intervention and Prevention Program Fund. In addition, the bill repeals the maximum amount that the Governor is authorized to appropriate to the fund. **The bill takes effect July 1, 2023.**

Fiscal Summary

State Effect: General fund expenditures increase by \$37.0 million annually beginning in FY 2025, reflecting the increase in the mandated appropriation; special fund revenues and expenditures increase correspondingly. **This bill increases an existing mandated appropriation beginning in FY 2025.**

(\$ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
SF Revenue	\$0	\$37.0	\$37.0	\$37.0	\$37.0
GF Expenditure	\$0	\$37.0	\$37.0	\$37.0	\$37.0
SF Expenditure	\$0	\$37.0	\$37.0	\$37.0	\$37.0
Net Effect	\$0.0	(\$37.0)	(\$37.0)	(\$37.0)	(\$37.0)

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

Local Effect: Local grant revenues and expenditures increase significantly beginning in FY 2025 due to the additional mandated funding.

Small Business Effect: None.

Analysis

Current Law: The Maryland Violence Intervention and Prevention Program Fund, a special, nonlapsing fund, is administered by the Executive Director of the Governor's Office of Crime Prevention, Youth, and Victim Services (GOCPYVS), in consultation with the Maryland Violence Intervention and Prevention Advisory Council, to (1) support effective violence reduction strategies by providing competitive grants to local governments and nonprofit organizations to fund evidence-based health programs or evidence-informed health programs and (2) evaluate the efficacy of the programs funded as a result. The fund consists of (1) money appropriated in the State budget to the fund; (2) investment earnings; and (3) any other money from any other source accepted for the benefit of the fund. The Governor (1) must include in the annual budget bill at least \$3.0 million in general funds to the fund and (2) is authorized, but not required, to annually appropriate up to \$10.0 million to the fund.

The fund must be used (1) to support effective violence reduction strategies by providing competitive grants to local governments and nonprofit organizations to fund evidence-based health program or evidence-informed health programs; (2) in an amount not less than 5% but not greater than 10% of the fund for the evaluation of the efficacy of evidence-based health program or evidence-informed health programs awarded grants through the fund; and (3) in an amount not greater than 4% of the fund for specified administrative costs, including oversight of the fund, public outreach and education about the fund, and technical assistance and best practice education for grantees.

Expenditures from the fund may be made only in accordance with the State budget. Money distributed from the fund may not be used to (1) supplant funding that would otherwise be available for violence intervention or prevention programs or (2) fund suppression activities by law enforcement. The fund is subject to audit by the Legislative Auditor, as specified.

State Expenditures:

Mandated Funding for the Maryland Violence Intervention and Prevention Program Fund

The fiscal 2024 budget as introduced includes \$3.0 million for the fund, consistent with the existing mandated appropriation. Beginning in fiscal 2025, general fund expenditures increase by \$37.0 million annually, reflecting the increase in the mandated appropriation under the bill. This assumes that, in the absence of the bill, \$3.0 million would have been provided for the fund each year.

Special fund revenues to and expenditures from the fund increase correspondingly each year, reflecting receipt of the additional general funds and the use of the funding to provide

additional grant awards to local governments and nonprofit organizations. For purposes of this analysis, it is assumed that the entire increase in the mandated appropriation is spent each year. However, the Department of Legislative Services notes that, according to GOCPYVS, from fiscal 2019 through 2023, grant awards from the fund totaled only \$5.4 million. Accordingly, spending from the fund in any given year could be less.

Administrative Expenses

GOCPYVS is authorized, under current law, to use up to 4% of the fund for specified administrative costs, including fund oversight. Due to the significant increase in funding provided under the bill, GOCPYVS needs additional staff to review grant applications and distribute grants. Accordingly, administrative costs for GOCPYVS, which are covered by the fund, total \$89,577 in fiscal 2025, which reflects the cost of hiring one grants manager at the start of fiscal 2025, consistent with the timing of the additional mandated funding. The estimate includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	1.0
Salary and Fringe Benefits	\$81,892
Operating Expenses/Equipment	<u>7,685</u>
Total FY 2025 Admin. Expenditures	\$89,577

Future year administrative expenditures – which range from \$86,644 in fiscal 2026 to \$95,308 in fiscal 2028 – reflect the salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

Local Fiscal Effect: Local grant revenues and expenditures increase significantly beginning in fiscal 2025 due to the additional mandated funding. Generally, in order to qualify for a grant from the fund, pursuant to current law, a local government must provide either a cash or in-kind match equivalent to 33% of the amount awarded; however, this matching fund requirement may be waived if the local government is able to demonstrate good cause, as specified. This is not changed by the bill.

While the total increase in grants awarded to local jurisdictions under the bill is significant given the \$37.0 million increase in the mandated appropriation for the fund, the distribution of awards among jurisdictions cannot be predicted.

Additional Comments: Although nonprofit organizations are not considered small businesses, the bill has a meaningful effect on nonprofit organizations that receive additional grant funding as a result of the bill and are able to expand services.

Additional Information

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

Designated Cross File: None.

Information Source(s): Governor's Office of Crime Prevention, Youth, and Victim Services; Department of Budget and Management; Maryland Association of County Health Officers; Baltimore, Frederick, and Montgomery counties; City of Havre de Grace; Department of Legislative Services

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