

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 694 (The Speaker, *et al.*) (By Request - Administration)
 Appropriations and Health and
 Government Operations

Governor's Office for Children - Engaging Neighborhoods, Organizations,
 Unions, Governments, and Households (ENOUGH) Grant Program (ENOUGH
 Act of 2024)

This Administration bill codifies the Governor’s Office for Children (GOC) and specifies that the Special Secretary of GOC is the head of the office. The Special Secretary must establish an ENOUGH Grant Program designed to advance place-based strategies targeting child poverty. The bill also establishes an ENOUGH Grant Fund and requires the Governor to include in the fiscal 2026 budget bill an appropriation of \$15.0 million to the fund. This appropriation is supplemental to and not intended to supplant any federal funding received for place-based support. **The bill takes effect July 1, 2024.**

Fiscal Summary

State Effect: General fund expenditures and GOC special fund revenues increase by \$15.0 million in FY 2025 and 2026. GOC special fund expenditures increase by an indeterminate amount beginning in FY 2025 to provide grants. General fund expenditures increase by an additional \$333,800 in FY 2025 for initial staff and contractual expenses to administer the program. Out-years reflect annualization and additional staff. The FY 2025 budget as introduced includes \$15.0 million in general funds for GOC contingent on enactment of the bill. **This bill establishes a mandated appropriation for FY 2026.**

(in dollars)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
SF Revenue	\$15,000,000	\$15,000,000	\$0	\$0	\$0
GF Expenditure	\$15,333,800	\$16,073,100	\$1,070,300	\$1,113,700	\$1,159,000
SF Expenditure	-	-	-	-	-
Net Effect	(\$-)	(\$-)	(\$-)	(\$-)	(\$-)

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

Local Effect: Revenues and expenditures increase by an indeterminate but potentially significant amount to the extent local jurisdictions receive grants under the program or local health departments serve as a lead partner or fiscal agent.

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

Analysis

Bill Summary: “Fiscal agent” means an entity that manages fiscal matters for the grant applicant or recipient, and includes a nonprofit entity, local governmental entity, or local management board (LMB). “Lead partner” means a nonprofit or governmental entity that is responsible for coordinating across partner organizations and driving plan implementation for the grant applicant or recipient. “Partner organization” includes a (1) local community organization; (2) union or worker organization; (3) anchor institution, including local health care organizations, institutions of higher education, local school districts, workforce investment boards, or local care management teams; (4) small business owner or organization; (5) local law enforcement agency; and (6) faith-based organization.

Engaging Neighborhoods, Organizations, Unions, Governments, and Households Grant Program

The purpose of ENOUGH grants is to (1) increase community health and safety; (2) provide “cradle to career” access to high-quality education and care; (3) connect residents to quality jobs and in-demand occupations; (4) enable family-sustaining income and access to affordable high-quality housing, child care, and health care; and (5) provide high-quality support for children with disabilities, child welfare, and justice-involved youth and young adults.

GOC may award ENOUGH grants for (1) technical assistance to support the development of grant applications; (2) neighborhood implementation grants to support implementation of community-driven and place-based strategies; (3) regional implementation grants of up to \$500,000 each year for up to three years for regional nonprofit entities and local governing bodies, as specified; and (4) planning grants of up to \$300,000 for communities that require additional time to build local organizational capacity to successfully execute a coordinated strategy. The ENOUGH Grant Program may include a phased approach to grant awards and tiers of grant awards.

Neighborhood Implementation Grants

An applicant for a neighborhood implementation grant must (1) serve a community that includes census tracts with more than 20% of children living in poverty and (2) represent a partnership that includes at least one community-based organization, one public school, and one local governmental entity and has identified a lead partner and a fiscal agent.

A neighborhood implementation grant recipient may designate the lead partner as the fiscal agent. If the lead partner does not have expertise in data use, the grant recipient may partner with an additional organization with that expertise.

GOC must attempt to award neighborhood implementation grants in a manner that reflects the geographic diversity of the State. GOC must assign at least one staff person to each partnership that receives such a grant to assist the partnership, as specified.

Governor's Office for Children

GOC may consult with entities that it deems relevant to support ENOUGH partnerships, and apply for, receive, and spend grants-in-aid made available for GOC to carry out the duties of the Special Secretary. Beginning in fiscal 2025, GOC must prepare an annual report of the ENOUGH Grant Program that includes specified elements.

By June 1, 2027, GOC must conduct an evaluation of the ENOUGH Grant Program and report to the Governor and the General Assembly, as specified.

Engaging Neighborhoods, Organizations, Unions, Governments, and Households Grant Fund

The fund is a special, nonlapsing fund that must be administered by the Special Secretary. The fund consists of money appropriated in the State budget to the fund, interest earnings, and any other money from any other source accepted for the benefit of the fund. The fund may be used only for ENOUGH grants. Expenditures from the fund may be made only in accordance with the State budget.

Current Law: GOC was established by an executive order in 2005 to provide a coordinated, comprehensive interagency approach to the development of a continuum of care that is family- and child-oriented and emphasizes prevention, early intervention, and community-based services for all children and families, with special attention to at-risk populations. GOC activities include staffing the Children's Cabinet, administering the Children's Cabinet Interagency Fund, providing technical assistance to LMBs, promoting child and family policy, and measuring results for child well-being.

In December 2018, GOC was moved under the Governor's Office of Crime Prevention and Policy (GOCPP, formerly known as the Governor's Office of Crime Control and Prevention and later renamed the Governor's Office of Crime Prevention, Youth, and Victim Services – GOCPYVS), with funding for personnel and operational expenses absorbed into that office in fiscal 2020. In January 2024, [Executive Order 01.01.2024.05](#) separated GOC from GOCPYVS; the bill codifies GOC as a separate office.

Community Schools and Concentration of Poverty Grants

A community school is a whole school model designed to promote positive, equitable outcomes by providing students and families with the physical and mental health, academic, and extracurricular supports needed to thrive. In Maryland, a community school is any school that receives Concentration of Poverty Grants (CPGs). CPGs are formula-based and awarded to schools on an annual basis. Eligibility is based on the four-year average of the percentage of the school's students living in poverty (excluding the 2020-2021 school year), as determined by the compensatory education enrollment (essentially the number of students receiving free and reduced-price meals).

CPGs have two components. First, each qualifying school receives a personnel grant to employ a community school coordinator and provide full-time coverage by at least one health care practitioner. The coordinator is responsible for identifying student needs along with input from the community, establishing partnerships with service providers, and coordination of wraparound services. The health care practitioner is tasked with arranging and providing health services. Second, per pupil grants are provided for each qualifying school following the completion of a community school needs assessment. The personnel grant is a State-funded categorical amount that increases with inflation. Per pupil grants are only wealth equalized for districts that receive the minimum State funding (40%) under the compensatory education formula; for all other districts, the State pays the full amount. The local funding percentage is based on the compensatory education wealth equalization formula. In fiscal 2023, 358 community schools received CPGs. The fiscal 2025 budget as introduced includes \$358.4 million for CPGs.

Background: The Administration advises that the bill reflects a first-in-the-nation state level effort to end concentrated child poverty and build safe and thriving communities. ENOUGH grants are intended to provide a direct investment from the State to support communities that have experienced multi-generational poverty and its consequences. The program will prioritize evidence-based investments in communities.

According to the National Governor's Association, place-based strategies address the physical, social, structural, and economic conditions of a community that affect the well-being of the children, families, and individuals who live there. An important purpose of place-based strategies is to develop local solutions to poverty and inequality by addressing community-level problems such as limited employment opportunities, poor housing, under-resourced schools, social isolation, and poor or fragmented service provisions that lead to gaps or duplication of effort.

State Fiscal Effect:

Impact of the Fiscal 2025 Budget as Introduced and Fiscal 2026 Mandated Appropriation

The fiscal 2025 budget as introduced includes \$15.0 million in general funds for GOC, contingent on the enactment of the ENOUGH Act. As the bill effectuates the contingency, general fund expenditures increase by \$15.0 million in fiscal 2025. GOC special fund revenues increase accordingly.

In fiscal 2026, general fund expenditures increase by \$15.0 million to reflect the mandated appropriation under the bill. GOC special fund revenues increase accordingly. To the extent GOC identifies additional federal or private-sector funding sources for the program, special fund revenues may increase by an additional indeterminate amount.

Provision of Engaging Neighborhoods, Organizations, Unions, Governments, and Households Grants

GOC special fund expenditures increase by an indeterminate amount beginning in fiscal 2025 to provide ENOUGH grants. The amount of grants awarded in any given year cannot be reliably estimated at this time. Any such expenditures must be made only in accordance with the State budget. Any unspent funds are available in future years for authorized grant awards. Additional funding for grant awards is discretionary in fiscal 2027 and future years and has not been accounted for in this analysis.

Administrative Expenses

General fund expenditures increase by \$333,799 in fiscal 2025, which accounts for a 90-day start-up delay from the bill’s July 1, 2024, effective date. This estimate reflects the cost of hiring three partnership liaisons to implement the program, evaluate grant applications, issue and monitor grants, support data collection, consult with entities to support ENOUGH partnerships, pursue additional federal and private-sector funding, and prepare an annual report. It includes salaries, fringe benefits, ongoing contractual expenses for a grant management system, one-time start-up costs, and ongoing operating expenses. As the ENOUGH Grant Fund may only be used for grants, these expenditures are funded with general funds.

	<u>FY 2025</u>	<u>FY 2026</u>
New Positions	3.0	7.0
Salaries and Fringe Benefits	\$212,031	\$916,109
Grant Management System	100,000	101,000
One-time Start-up Expenses	19,338	45,122
Ongoing Operating Expenses	2,430	10,908
Total FY 2025 and 2026 Administrative Expenditures	\$333,799	\$1,073,139

In fiscal 2026, GOC plans to hire an additional seven partnership liaisons as the program is fully implemented to support the program and complete the evaluation of the program as required by June 1, 2027. As the bill requires GOC to assign at least one staff person to each partnership that receives a neighborhood implementation grant, additional staff are also needed to assist partnerships in navigating funding streams and serve as a liaison between the partnership and State government.

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

State entities that meet the bill's definition of "anchor institutions" benefit to the extent they receive grants under the bill.

Additional Information

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

Designated Cross File: SB 482 (The President, *et al.*) (By Request - Administration) - Education, Energy, and the Environment and Budget and Taxation.

Information Source(s): National Governor's Association; Baltimore, Frederick, and Montgomery counties; Maryland Association of Counties; Maryland Association of County Health Officers; Governor's Office; Maryland State Department of Education; University System of Maryland; Morgan State University; Department of Budget and Management; Maryland Department of Health; Department of Human Services; Department of Juvenile Services; Department of Housing and Community Development; Department of Legislative Services

Fiscal Note History: First Reader - February 27, 2024
js/mcr

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Governor's Office for Children - Engaging Neighborhoods, Organizations, Unions, Governments, and Households (ENOUGH) Grant Program (ENOUGH Act of 2024)

BILL NUMBER: HB 694

PREPARED BY: Governor's Legislative Office

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