

Department of Legislative Services
 Maryland General Assembly
 2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 396 (Prince George's County Delegation)
 Health and Government Operations

Prince George's County - Substance Abuse Early Intervention and Detoxification Services Fund - Establishment
PG 407-25

This bill creates the Substance Abuse Early Intervention and Detoxification Services Fund to support treatment and rehabilitation for minors in Prince George’s County. Beginning in fiscal 2027, the Governor must include an appropriation of \$2.0 million to the fund in the annual budget bill. The Prince George’s County Health Department (PGCHD) must administer the fund. The Maryland Department of Health (MDH) or the Department of Juvenile Services (DJS) may refer students expelled from school in Prince George’s County to the local behavioral health authority (LBHA) for treatment related to the misuse of alcohol and drugs. **The bill takes effect July 1, 2025.**

Fiscal Summary

State Effect: No likely effect in FY 2026, but general fund expenditures increase by \$2.0 million annually beginning in FY 2027 to capitalize the special fund. Special fund revenues to and expenditures from the fund increase correspondingly. Any unused funds appropriated to the special fund revert to the general fund. General fund revenues increase minimally from interest earnings of the new special fund. **This bill establishes a mandated appropriation beginning in FY 2027.**

| (\$ in millions) | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 |
|------------------|---------|---------|---------|---------|---------|
| GF Revenue | - | - | - | - | - |
| SF Revenue | - | \$2.0 | \$2.0 | \$2.0 | \$2.0 |
| GF Expenditure | - | \$2.0 | \$2.0 | \$2.0 | \$2.0 |
| SF Expenditure | - | \$2.0 | \$2.0 | \$2.0 | \$2.0 |
| Net Effect | \$0.0 | (\$2.0) | (\$2.0) | (\$2.0) | (\$2.0) |

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

Local Effect: LBHA revenues and expenditures in Prince George’s County increase correspondingly; county expenditures also likely increase beginning in FY 2027 for staff

to manage the fund and write the annual report. **This bill may impose a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Bill Summary: The purpose of the fund is to provide up to 90 days of treatment and rehabilitation by the LBHA for the misuse of drugs and alcohol to students expelled from school in Prince George's County. Any remaining money in the fund can be used to cover expenses incurred by uninsured or underinsured minors in the county for services provided by the LBHA for the misuse of alcohol and drugs.

The fund is a special, nonlapsing fund that consists of (1) money appropriated in the State budget to the fund; (2) gifts or grants received by PGCHD for the fund; and (3) any other money from any other source accepted for the benefit of the fund.

Any investment earnings of the fund must be credited to the general fund. Expenditures from the fund can only be made in accordance with the State budget. Any unspent State appropriation to the fund must revert to the general fund at the end of the fiscal year, but other remaining money (such as grants or gifts) does not revert.

By October 1, 2027, and annually thereafter, PGCHD must submit an annual report of the fund to the General Assembly that includes, for the preceding fiscal year:

- an accounting of all receipts and expenditures to and from the fund;
- the total number of expelled students in the county whose treatment or rehabilitation was paid for by the fund, disaggregated by demographic categories;
- the total number of uninsured and underinsured minors referred to the LBHA by MDH or DJS, disaggregated by demographic categories; and
- the total number of uninsured and underinsured minors who received services paid for by the fund, disaggregated by demographic categories.

The fund may be subject to an audit by the Legislative Auditor.

Current Law: An LBHA is the designated county or multicounty authority responsible for planning, managing, and monitoring publicly funded mental health, substance-related disorder, and addictive disorder services. Each region in Maryland has an LBHA to assist the public in finding and accessing treatment and recovery for mental health and substance use disorders (SUDs). In Prince George's County, the LBHA is part of PGCHD.

Youth Substance Use Disorder Treatment

In September 2024, MDH launched a Residential Substance Use Disorder Treatment for Minors program in collaboration with the Montgomery County Department of Health. The program is intended to provide inpatient treatment specifically designed for Maryland residents younger than 21 and is partially funded by the Opioid Restitution Fund (ORF).

Opioid Restitution Fund

Chapter 537 of 2019 established ORF, a special fund to retain any revenues received by the State relating to specified opioid judgments or settlements, which may be used for opioid-related programs and services, as well as programs, services, supports, and resources for evidence-based SUD prevention, treatment, recovery, or harm reduction that have the purpose of authorized outcomes and activities. ORF may also be used for:

- evidence-informed SUD prevention, treatment recovery, or harm reduction pilot programs or demonstration studies that are not evidence based if the advisory council (discussed below) determines that emerging evidence supports funding or that there is a reasonable basis for funding with the expectation of creating an evidence-based program and approves the use of money for the pilot program or demonstration study; and
- evaluations of the effectiveness and outcomes reporting for SUD abatement infrastructure, programs, services, supports, and resources for which the fund is used.

State Fiscal Effect: The bill mandates that the Governor, beginning in fiscal 2027, appropriate \$2.0 million to the special fund in the annual budget bill. Although discretionary funding could also be provided in fiscal 2026, this analysis assumes such funding is not intended to be provided that year – which is consistent with the timing of the annual reporting requirement. Thus, general fund expenditures increase by \$2.0 million annually beginning in fiscal 2027 to capitalize the special fund.

Special fund revenues to and expenditures from the fund increase correspondingly, reflecting receipt of general funds to capitalize the fund and expenditures from the fund for treatment and rehabilitation services for minors who misuse alcohol and drugs. To the extent funds are available from other sources such as gifts or grants, special fund revenues and expenditures may increase by an additional indeterminate amount – beginning as early as fiscal 2026.

General fund revenues increase by an indeterminate amount beginning in fiscal 2027 due to interest earnings from the new special fund accruing to the general fund and from reversion of any unspent budget appropriations to the general fund.

Local Expenditures: As the LBHA for the county, PGCHD revenues and expenditures – *for services* – increase by \$2.0 million each year due to the funding made available to it. However, Prince George’s County advises that it must hire four additional staff: a project coordinator at an annual salary of \$125,000, two project assistants at annual salaries of \$75,000 each, and one administrator at an annual salary of \$100,000. Prince George’s County also advises of the need for \$10,000 in annual communications expenditures, \$15,000 in annual travel expenditures, \$10,000 in supplies, leaving only about \$1.4 million for treatment services. Thus, the county assumes *total annual* expenditures of \$2.0 million.

The Department of Legislative Services notes that the bill does not allow the fund to be used for any such administrative costs (only for treatment and rehabilitation services for expelled students as well as related costs incurred by uninsured and underinsured minors may be covered with special funds). Accordingly, as administrator of the fund, PGCHD’s administrative needs must be absorbed by existing staff or additional staff likely must be covered with county monies. *For illustrative purposes*, if two administrative staff at an annual salary of \$75,000 each are needed (and sufficient) to manage the fund, handle the referrals, and write the annual report, county expenditures could increase by more than \$150,000 annually beginning in fiscal 2027 (or in fiscal 2026 if discretionary funding is provided that year). In addition, Prince George’s County Public Schools (PGCPS) advises it needs to establish a referral process for expelled students and envisions working closely with DJS and PGCHD. PGCPS assumes a need for two additional staff to handle such referrals and to work with students as they transition back to the school setting; if existing staff cannot absorb those duties, additional costs may be incurred.

Additional Information

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

Designated Cross File: None.

Information Source(s): Maryland Association of County Health Officers; Prince George’s County; Prince George’s County Public Schools; Department of Budget and Management; Maryland Department of Health; Department of Juvenile Services; Department of Legislative Services

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