

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 666

(Senator Guzzone)

Budget and Taxation

Appropriations

Maryland Community Action Agencies - Funding

This bill requires the Governor, for each of fiscal 2027 through 2030, to include in the annual budget bill an appropriation of \$250,000 to the Department of Housing and Community Development (DHCD) to be used solely as operating grants to eligible community action agencies (CAA). **The bill takes effect July 1, 2025, and terminates June 30, 2032.**

Fiscal Summary

State Effect: No effect in FY 2026. General fund expenditures increase by \$250,000 annually in FY 2027 through 2030 due to the mandated appropriation. DHCD can administer the grants with existing resources. No effect on revenues. **This bill establishes a mandated appropriation for FY 2027 through 2030.**

| (in dollars) | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 |
|----------------|---------|-------------|-------------|-------------|-------------|
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| GF Expenditure | 0 | 250,000 | 250,000 | 250,000 | 250,000 |
| Net Effect | \$0 | (\$250,000) | (\$250,000) | (\$250,000) | (\$250,000) |

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

Local Effect: Local government revenues and expenditures increase to the extent they receive and spend operating grants from DHCD as a result of the bill.

Small Business Effect: Minimal or none.

Analysis

Current Law:

Community Action Agencies

A CAA is defined as (1) a governmental unit in a political subdivision; (2) a governmental unit created by a combination of political subdivisions; (3) an agency designated as a CAA under the federal Community Services Block Grant Program (CSBG); or (4) a private, nonprofit organization that meets requirements for designation.

A CAA must actively supplement local efforts to combat poverty by (1) focusing resources on the most needy; (2) providing employment opportunities for low-income persons; (3) closing service gaps; and (4) enabling low-income persons to participate in community action programs and projects. Among other responsibilities, CAAs must also join with and encourage business, labor, and other private or public officials and organizations to support community action programs that (1) use private resources and capabilities for new employment opportunities; (2) stimulate investments that measurably reduce poverty in areas of concentrated poverty; and (3) provide residents in those areas with methods to work with private organizations, firms, and institutions to seek solutions to problems of common concern.

Community Services Block Grant Program

CSBG, which is funded by the U.S. Department of Health and Human Services, is administered by DHCD for the State. Funds are allocated to 17 CAAs that serve all areas of the State. CAAs provide a range of services under CSBG, involving employment, education, income and asset building services, housing, nutrition, emergency services, and health care based on needs assessments conducted by local entities. DHCD distributed \$9.9 million in federal funds as grants to CAAs in fiscal 2024, and DHCD advises that it anticipates distributing \$9.8 million in federal funds as grants to CCAs during fiscal 2025.

State Expenditures: General fund expenditures increase by \$250,000 annually in fiscal 2027 through 2030 due to the bill's mandated appropriation to DHCD to be used as operating grants to eligible CAAs. DHCD can distribute the grants to CAAs using existing staff.

Local Fiscal Effect: Local government revenues and expenditures increase from fiscal 2027 through 2030 to the extent local CAAs receive grant funding from DHCD under the bill and spend the grants for authorized purposes. The Department of Legislative Services notes, however, that some CAAs are nonprofit organizations (and not local government agencies), so not all of the mandated funding provided by the bill is distributed

to local governments. A reliable estimate of the amount of additional funding that local governments receive as a result of the bill cannot be made at this time.

Additional Information

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

Designated Cross File: None.

Information Source(s): Harford and Wicomico counties; Maryland Association of Counties; City of Frederick; Maryland Municipal League; Department of Budget and Management; Department of Housing and Community Development; U.S. Department of Health and Human Services; Department of Legislative Services

Fiscal Note History: First Reader - February 14, 2025
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