

Department of Legislative Services  
 Maryland General Assembly  
 2025 Session

FISCAL AND POLICY NOTE  
 First Reader

Senate Bill 666 (Senator Guzzone)  
 Budget and Taxation

Maryland Community Action Agencies - Funding

This bill requires the Governor, for fiscal 2027 through 2032, to include in the annual budget bill an appropriation to the Department of Housing and Community Development (DHCD) to be used solely as operating grants to eligible community action agencies (CAA). The mandated appropriation must be distributed in the following amounts: (1) \$500,000 for each of fiscal 2027 and 2028; (2) \$1.0 million for fiscal 2029; (3) \$3.0 million for fiscal 2030; (4) \$5.0 million for fiscal 2031; and (5) \$7.0 million for fiscal 2032. **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 \$500,000 in each of FY 2027 and 2028, by \$1.0 million in FY 2029, by \$3.0 million in FY 2030, by \$5.0 million in FY 2031, and by \$7.0 million in FY 2032 due to the mandated appropriation. No effect on revenues. **This bill establishes a mandated appropriation for FY 2027 through 2032.**

(\$ in millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	0.5	0.5	1.0	3.0
Net Effect	\$0.0	(\$0.5)	(\$0.5)	(\$1.0)	(\$3.0)

*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:** Potential minimal.

## 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 \$500,000 in each of fiscal 2027 and fiscal 2028, by \$1.0 million in fiscal 2029, by \$3.0 million in fiscal 2030, by \$5.0 million in fiscal 2031, and by \$7.0 million in fiscal 2032 due to the bill's mandated appropriation to DHCD to be used as operating grants to eligible CAAs. DHCD advises that it can distribute the grants to CAAs using existing staff.

**Local Fiscal Effect:** Local government revenues and expenditures increase from fiscal 2027 through 2032 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.

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### **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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