

Department of Legislative Services
 Maryland General Assembly
 2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 927 (Delegate Pena-Melnyk, *et al.*)
 Rules and Executive Nominations

**General Assembly - Fiscal Notes - Impact of Reduction in Health and
 Community Support Services**

This bill requires, if a bill (as introduced or amended) reduces health and community support services funded by the Maryland Department of Health (MDH), that the fiscal and policy note for the bill include (1) an estimate of the number of individuals who will lose services as a result of the reduction, aggregated by jurisdiction; (2) an assessment of the impact of the loss of services on the health and well-being of individuals and their families; and (3) an evaluation of the financial impact of health care and social services costs to the State as a result of the reduction in services.

Fiscal Summary

State Effect: General fund expenditures increase by \$361,000 in FY 2026 for staffing and consultant services. Future years reflect annualization, inflation, and the elimination of one-time consultant costs. MDH can likely provide information on the number of individuals impacted by jurisdiction to the Department of Legislative Services (DLS) using existing budgeted resources, as discussed below. Revenues are not affected.

| (in dollars) | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 |
|----------------|-------------|-------------|-------------|-------------|-------------|
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| GF Expenditure | 361,000 | 190,600 | 199,100 | 208,000 | 216,800 |
| Net Effect | (\$361,000) | (\$190,600) | (\$199,100) | (\$208,000) | (\$216,800) |

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

Local Effect: Local governments can provide information to DLS using existing budgeted resources. No effect on local revenues.

Small Business Effect: None.

Analysis

Current Law:

Fiscal and Policy Notes

DLS must prepare a fiscal and policy note for each bill considered by the General Assembly. Generally, a standing committee of the General Assembly may not vote on a bill unless the bill is accompanied by a fiscal and policy note.

A fiscal and policy note prepared by DLS must contain:

- an estimate of the fiscal impact of the bill on the revenues and expenditures of the State government and local governments for five years beginning with the year the bill takes effect. If the bill's full fiscal impact is not expected to occur during that time, the analysis must include an estimate for each year until and including the first year the impact occurs;
- for a bill that requires a mandated appropriation in the State budget, a statement to that effect and an estimate of the fiscal impact of the mandated appropriation;
- for a bill that imposes a mandate on a unit of local government, a statement to that effect and an estimate of the fiscal impact of the local mandate, including the effect on local property tax rates;
- an analysis of the bill's economic impact on small businesses; and
- a list of sources of information used in preparing the fiscal impact estimates.

DLS must prepare a revised fiscal and policy note as soon as possible following the adoption of an amendment that changes the fiscal impact of a bill. A revised fiscal and policy note is typically prepared when a bill passes third reading in the house of origin and crosses over for consideration by the second house.

Upon request by DLS, a unit of State or local government must promptly provide any information requested by DLS for preparing a fiscal and policy note. Statute also specifies that, in order to facilitate the preparation of the analyses of the fiscal, legal, and policy impact of proposed legislation, a unit of State government must respond to a request by the Office of Policy Analysis (OPA) within three business days, unless that requirement is waived. In practice, OPA typically sets a deadline for each request that is five business days after the request is sent, although this can vary depending on when the legislation is scheduled for a hearing.

Review and Evaluation of the Proposed State Budget

Among other responsibilities, OPA must perform the following duties with respect to the review of expenditures:

- review each item in the proposed State budget so as to be able to report on the justification of a unit for that item;
- review the proposed State budget at each stage of its consideration;
- during consideration of the proposed State budget, identify each of the items that (1) provides for a new function or (2) has been disapproved previously by the General Assembly;
- evaluate each proposal of a unit of the State government for an appropriation, including any proposal that (1) is in the proposed State budget; (2) is considered with the proposed State budget; or (3) involves State financing of a capital improvement; and
- evaluate the activities of each unit of the State government as these activities relate to a proposed or actual expenditure of public money.

State Expenditures: The bill does not define “health and community support services,” so it is unclear how many bills in any given legislative session may trigger the bill’s requirement to include the specified information in the fiscal and policy note. Over the past five legislative sessions, an average of 2,516 bills have been introduced in each session. While reductions in services are typically due to reductions in funding to State programs through the annual budget bill, for which a fiscal and policy note is not prepared, they may also result from budget reconciliation legislation, for which a comprehensive fiscal and policy note is prepared. Given that the bill explicitly requires that a fiscal and policy note must include the specified information for any bill (as introduced or amended) that reduces health and community support services funded by MDH, DLS anticipates an increase in workload that cannot be absorbed with existing staff.

As a result, general fund expenditures increase by \$360,992 in fiscal 2026, which accounts for the bill’s October 1, 2025 effective date. This estimate reflects the cost of hiring two policy analysts to develop the required assessments and evaluations for affected bills. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. It also includes one-time contractual costs for a consultant to assist with the development of a framework for assessing the impact of the loss of services on the health and well-being of individuals and their families and evaluating the financial impact of health care and social services costs to the State as a result of the reduction in services, as required by the bill.

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| Positions | 2.0 |
| Salaries and Fringe Benefits | \$146,254 |
| Contractual Services | 200,000 |
| Operating Expenses | <u>14,738</u> |
| Total FY 2026 State Expenditures | \$360,992 |

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses and the elimination of one-time consultant costs.

MDH advises that it may require additional resources to provide information to DLS under the bill. However, DLS anticipates that for affected bills, MDH can likely use existing resources to provide DLS with data related to the number of individuals affected by a reduction in health and community support services funded by MDH (aggregated by jurisdiction), and that any resulting analyses and evaluations are developed by DLS.

Given the volume of other health-related legislation that DLS submits requests to MDH for in developing fiscal and policy notes, to the extent existing resources prove insufficient, MDH may request additional resources through the annual budget process.

Additional Information

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

Designated Cross File: None.

Information Source(s): Prince George’s County; Maryland Association of Counties; Maryland Association of County Health Officers; Maryland Municipal League; Maryland Department of Health; Department of Human Services; Department of Legislative Services

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rh/jc

Analysis by: Thomas S. Elder

Direct Inquiries to:
(410) 946-5510
(301) 970-5510