

Testimony Against SB0370

Please vote against HB0370.

The State already has the following programs and staff in place to help those needing assistance in paying rent and utilities:

- Maryland Energy Assistance Program
- Homelessness Solutions Program
- Concentration of Poverty Schools (CPG) Grant Program

Prior to COVID, this type of assistance was being addressed by these three programs. Now that the COVID pandemic has ended and the Federal Rental Assistance Program (FRAP) is rightfully ending, why do we need to create a replacement FRAP program in addition to the three programs listed above?

At a time when we have structural budget deficits over \$3 billion looming because of the unfunded Kirwan Educational Program and a transportation fund that cannot deal with our aging roads and bridges because of the additions of future mass transit projects such as the Red Line construction, why are we creating an additional \$10 million dollar per year bureaucracy?

After 40 years as a federal auditor, I learned that cost projections for new components are always underestimated, and the staffing almost always increases over time. Already, the program will start with six employees in year one and grow to 11 by year two. These 11 will need to train and assist the 610 CPG coordinators that will soon grow to an estimated 692 (no mention of funding for that growth).

What's worse is that the \$8.9 million available after administrative costs would only provide roughly \$3,000 per year to 3,000 families when there could be as many as 12,500 families in need. At most, the \$3,000 might cover 3 months of rents and utilities. So we would be paying \$10 million for a program that by definition cannot even meet its estimated needs (Assuming that the other three programs listed are not meeting their needs). Then, inevitably there will be a bill in a year or two requesting additional funding.

As a relative recent retiree, I would like to stay in Maryland, but the budget for next year and the next several years are going to constantly whittle away at my pension to pay for new programs when we cannot pay for the programs we already have. Just like the proposed tax increases are going to force me to find WAYS to cut back so I have the MEANS to live within my budget, you should consider WAYS and MEANS of cutting waste and programs before funding additional programs that will not meet their objectives.

Please vote against SB0370.

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Below are excerpts from the fiscal analysis for HB0370

Emergency Rental Assistance Program: In response to the economic hardships caused by the COVID-19 pandemic, DHCD and local governments received a combined total of more than \$700 million from the federal Emergency Rental Assistance Program (ERAP) to provide relief for families struggling with unpaid rent and/or utility bills. However, most of those funds have been exhausted and will likely no longer be available when the bill takes effect.

Current Law: CPGs have two components. First, each qualifying school receives a personnel grant to employ a community school coordinator with specified qualifications and provide full-time coverage by at least one health care practitioner.

State Expenditures: Based on the most recent data available, the number of schools receiving CPG personnel grants is projected to be 610 in fiscal 2025, with the potential to grow to as many as 692 in the next few years. Combined, schools projected to receive CPG personnel grants in fiscal 2025 have a total enrollment of about 325,000 students, almost 250,000 of whom are eligible for free or reduced-price meals (FARMS). Based on a conservative estimate that 5% of FARMS families in community schools qualify for rental assistance under the bill, at least 12,500 families may be eligible for assistance. If all these families were to receive assistance, the average amount would be \$800 per family over the entire 12 months of eligibility based on the \$10.0 million in mandated funding; however, the funding available for assistance is assumed to be less due to the staffing requirements. To further put the funding in context, DHCD estimates, based on current average ERAP assistance levels, that the full \$10.0 million could serve up to 3,000 to 3,500 families per year, which equates to approximately \$2,900 to \$3,300 per family each year.

Accordingly, general fund expenditures increase by \$358,651 in fiscal 2025, which accounts for six MSDE staff starting January 1, 2025, and by \$10.0 million annually thereafter. This estimate reflects the cost of hiring five education program specialists and one management associate to develop application and eligibility verification procedures and train community school coordinators. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. General fund expenditures increase by \$10.0 million beginning in fiscal 2026, due to the mandated appropriation, and include the cost of hiring an additional five fiscal compliance staff to verify, process, and monitor outgoing payments to landlords and utility companies. The program specialists will also provide ongoing support to coordinators in identifying and verifying eligible households.