

**Department of Legislative Services**  
 Maryland General Assembly  
 2020 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

House Bill 547

(Delegate Barron, *et al.*)

Health and Government Operations

Finance

**Health - Maryland Children's Service Animal Program - Establishment**

This bill establishes the Maryland Children’s Service Animal Program in the Maryland Department of Health (MDH) to refer “eligible children” to selected nonprofit entities to be paired with service or support animals or interact with therapy horses and facilitate their training or therapy. MDH must select at least one nonprofit entity that meets specified qualifications to carry out elements of the program. The bill establishes a Maryland Children’s Service Animal Program Fund to support the program, which includes donations and money appropriated in the State budget to the fund.

**Fiscal Summary**

**State Effect:** General fund expenditures increase by *at least* \$26,100 in FY 2021 to capitalize the fund so as to cover administrative costs not covered by private donations. Special fund revenues increase by *at least* \$36,100 in FY 2021, reflecting an anticipated general fund appropriation and an estimated \$10,000 in private donations; special fund expenditures increase correspondingly. Future year estimates reflect elimination of administrative costs in FY 2022 and assume ongoing donations. This estimate does not quantify any payments to nonprofit entities to implement the program, which may be significant. Thus, total program costs are likely to be significantly higher.

(in dollars)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
SF Revenue	\$36,100	\$10,000	\$10,000	\$10,000	\$10,000
GF Expenditure	\$26,100	-	\$0	\$0	\$0
SF Expenditure	\$36,100	\$10,000	-	-	-
Net Effect	(\$26,100)	\$0	\$10,000	\$10,000	\$10,000

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

**Local Effect:** None.

**Small Business Effect:** None.

## Analysis

**Bill Summary:** “Eligible child” means a child who (1) has a history of trauma; (2) has been diagnosed with post-traumatic stress disorder (PTSD); or (3) has been diagnosed with a developmental disability and special health care need, as specified.

### *Maryland Children’s Service Animal Program*

The purposes of the program are to (1) refer eligible children who may benefit from participation to nonprofit training entities; (2) provide additional funding mechanisms to assist children participating in the program; and (3) expand treatment of children with a history of trauma, PTSD, or a developmental disability and special health care need.

To implement the program, MDH must select at least one nonprofit training entity that qualifies as a 501(c)(3) corporation and engages in the training of service or support dogs for use by children, or uses trained therapy horses for interaction with children. To be eligible for selection, a nonprofit entity must also (1) be based in the State; (2) serve the needs of children with a history of trauma, PTSD, or a developmental disability and special health care need; and (3) generate its own revenue and reinvest the proceeds of that revenue in the growth and development of its programs.

Under the program, the nonprofit training entity is to:

- implement a training or therapy protocol to teach program participants methodologies, strategies, and techniques for partnering with a service or support dog or interacting with therapy horses;
- select qualified program participants from eligible children referred to the entity;
- select an appropriate service dog, support dog, or therapy horse for each participant;
- facilitate each participant’s training or therapy; and
- partner each successful participant with the service dog or support dog after successful completion of the training protocol (unless the nonprofit entity uses trained therapy horses).

A nonprofit training entity may disqualify a program participant under specified circumstances.

### *Maryland Children’s Service Animal Program Fund*

Any interest earnings of the fund are credited to the general fund. The fund is a special, nonlapsing fund. Revenue from the fund may be used only to pay a nonprofit training entity and for administrative costs of the program. Money expended from the fund is

supplemental to, and not intended to take place of, money that would otherwise be appropriated for the program.

### *Reporting Requirements*

By December 31, 2022, MDH must report the following information regarding the program to the General Assembly: (1) the number of program participants; (2) the nonprofit training entity or entities selected for involvement; (3) an accounting of the fund, as specified; and (4) any other information related to the program that MDH considers relevant.

**Current Law/Background:** Chapter 416 of 2017 created the Maryland Veteran Service Animal Program to refer eligible veterans to nonprofit organizations to be paired with a service or support dog and facilitate their training. Chapter 419 also established the Maryland Veterans Service Animal Program Fund, consisting of revenue collected by the Maryland Department of Veterans Affairs (MDVA) in the form of donations to the program, money appropriated in the State budget, and money from any other source. Chapter 465 of 2019 expanded the program to include nonprofit organizations that use trained therapy horses for interaction with veterans.

Under program regulations, a “service dog” is a dog that is professionally trained to aid individuals who are (1) blind or visually impaired; (2) deaf or hard of hearing; or (3) mobility impaired. A “support dog” is a dog that serves as an emotional support animal that a medical professional has determined provides benefit for an individual with a sensory, psychiatric, intellectual, or other disability. Service and support dogs generally help alleviate some of the symptoms of post-traumatic stress and provide companionship for someone who may feel detached or disengaged as a result of their PTSD.

Equine therapy involves horse-based activities to assist the cognitive, physical, emotional, and social well-being of those being treated. Generally, participants are guided by a trained therapy rider who facilitates activities between the participant and their horse. Typical therapies can include hippotherapy (horseback riding as a means of improving coordination, balance, and strength); therapeutic driving (driving a carriage pulled by horse or pony); and equine-assisted activities (grooming and stable management, in addition to riding activities). The duration of therapy sessions, for either individuals or groups, ranges from 30 to 50 minutes. Costs per therapy session range from \$115 to \$300.

**State Fiscal Effect:** The total costs to implement the program are unknown, as a reliable estimate of the number of program participants and, therefore, the cost to pay the selected nonprofit training entities cannot be made at this time. However, *administrative costs* for MDH are anticipated to total \$36,096 in fiscal 2021, which accounts for the bill’s October 1, 2020 effective date. This estimate reflects the cost of hiring one half-time contractual program administrator for a period of 12 months to develop regulations,

establish a legally and fiscally sound methodology for selecting nonprofit training entities for participation, and develop new funding mechanisms for one year following the bill's effective date. Thereafter, MDH is assumed to be able to absorb administrative duties with existing staff. It includes a half-time contractual salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Contractual Position	0.5
Salary and Fringe Benefits	\$24,925
One-time Start-up Costs	4,890
Operating Expenses	<u>6,281</u>
<b>Total FY 2021 State Administrative Expenditures</b>	<b>\$36,096</b>

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State's implementation of the federal Patient Protection and Affordable Care Act.

This estimate also does not include any payment to the selected nonprofit training entity; any such costs cannot be reliably estimated at this time. However, such costs may be significant, as estimates of the cost to train one service animal *begin* at approximately \$20,000. Accordingly, total program costs are likely significantly higher.

Although the amount that may be received in private donations is unknown, for purposes of this analysis, it is assumed that MDH may receive donations similar to those received by MDVA for the Maryland Veterans Service Animal Program, which totaled approximately \$10,000 in fiscal 2018 and \$575 in fiscal 2019. Thus, it is assumed MDH will receive \$10,000 in private donations in fiscal 2021, and general fund expenditures increase by *at least* \$26,096 in fiscal 2021 to cover the remainder of the estimated costs not covered by private donations. If sufficient donations are not realized in fiscal 2022, minimal additional general fund expenditures may be needed to cover administrative expenditures for the first three months of that year (totaling \$9,990). The need for additional general funds to cover any payments to the selected nonprofit training entities is unclear but may be significant.

Special fund revenues to the new fund are assumed to increase by *at least* \$36,096 in fiscal 2021, reflecting \$10,000 annually in private donations and the anticipated general fund appropriation. Special fund expenditures likely increase correspondingly to implement the program as described above.

It is assumed that any minimal interest earnings do not materially affect general fund revenues.

## Additional Information

**Prior Introductions:** None.

**Designated Cross File:** SB 455 (Senator Pinsky, *et al.*) - Finance.

**Information Source(s):** Maryland Department of Health; Maryland Department of Veterans Affairs; Department of Legislative Services

**Fiscal Note History:** First Reader - February 17, 2020  
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