

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1423
Appropriations

(Delegate Bridges, *et al.*)

Human Services - Department of Aging - Budget

This bill prohibits the Secretary of Aging from making changes to the funding allocations provided in the Maryland Department of Aging (MDOA) budget for the immediately preceding fiscal year unless, at least six months before submitting the budget, the Secretary provides notice to the Governor, the General Assembly, and each local jurisdiction that received funding in the budget for the immediately preceding fiscal year. **The bill takes effect June 1, 2020.**

Fiscal Summary

State Effect: This procedural change affects MDOA operations, but it does not directly affect governmental finances.

Local Effect: Receiving notice of an intended change in allocation does not affect the amount of funding provided to local governments.

Small Business Effect: Minimal.

Analysis

Current Law/Background: The Secretary must prepare and submit a budget for MDOA; the Secretary may accept and use any State or federal funds. Chapter 206 of 2017 authorized the Secretary to accept and use any federal or private grant funds, so long as the grant is for purposes that will benefit older adults in the State and the grant funds are accepted and accounted for in accordance with State law.

MDOA administers community-based programs and services for older citizens. With input from local area agencies on aging (AAAs), MDOA establishes priorities for meeting the needs of older Marylanders. MDOA distributes funds in the form of grants to local AAAs; the AAAs administer State programs and services. In Maryland, each of 23 counties and Baltimore City designates an AAA. The agency may be a unit of local government or a private, nonprofit corporation. AAAs provide a variety of adult services, incorporating assisted living, protective services, and temporary disability programs.

Adjustments to the annual budget may affect how efficiently each AAA is able to administer State programs and services in local jurisdictions. When State funding to AAAs is reduced, the local jurisdiction must compensate for any loss of funds. If the Secretary modifies funding allocations too late, AAAs may not have ample time to seek additional funding to compensate for a reduction in State funds.

According to MDOA, the Secretary typically prepares the agency's budget for the following fiscal year during the summer and submits the budget to the Department of Budget and Management (DBM) in September. Pursuant to statutory requirements, the Governor compiles information received from State agencies to submit the annual budget for the next fiscal year by the third Wednesday in January. The budget must be passed before the Maryland General Assembly adjourns in April, and the budget goes into effect when the fiscal year begins on July 1 each year.

Additional Comments: Under the bill, the Secretary must notify the Governor, the General Assembly, and local jurisdictions of any changes to the funding allocation at least six months before the Secretary submits the budget to DBM in September. This would require the Secretary to provide notice in March, at which time the budget on which the bill bases the funding allocation may not yet have been approved by the General Assembly. *For illustrative purposes if the requirement were in effect for the next budget cycle*, the Secretary of Aging would need to provide notice for changes to allocations from those in the fiscal 2021 budget (which takes effect July 1, 2020) that are to be reflected in the fiscal 2022 budget (which takes effect July 1, 2021) in March 2020 – which is before the bill's June 1, 2020 effective date. That timeframe also does not allow for any legislative changes to be factored into budgeting decisions.

If the bill were interpreted to apply differently, the Secretary would still have to provide notice at least six months before the budget is introduced to the General Assembly in January. This scenario would require the Secretary to provide notice in July, at which time the budget for the immediately preceding year will begin. *For illustrative purposes*, the Secretary would need to provide notice for changes to allocations provided in the fiscal 2021 budget that will be reflected in the fiscal 2022 budget in July 2020.

Either scenario requires the Secretary to make decisions about an upcoming annual budget much earlier, with no or limited experience under the budget on which such decisions are based.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Maryland Department of Aging; Baltimore, Carroll, Cecil, Harford, Montgomery, Queen Anne's, and St. Mary's counties; Department of Budget and Management; Department of Legislative Services

Fiscal Note History: First Reader - March 1, 2020
mm/jc

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