



**House Appropriations Subcommittee on  
Health and Human Resources**

**Budget Hearing – DHMH  
Infectious Disease and Environmental Health Administration**

**February 22, 2012**

Maryland's Local Health Departments (LHDs) play a vital role in delivering health services to the public. These services range from maternal health and drug abuse treatment, to the inspection of food facilities and environmental testing. MACo appreciates the opportunity to provide information on LHDs during the budget hearing for the Departmental of Health and Mental Hygiene's Infectious Disease and Environmental Health Administration, which oversees the Core Funding formula.

The information compiled in this document is a six-part blog series published on the Maryland Association of Counties' blog, *Conduit Street*. It was designed to educate public officials and others on the significant role of Maryland's LHDs, highlight the budgetary challenges resulting from reductions over the past few years, and describe the expanding pressures placed on these agencies through health care reform and the economic downturn.

Of grave concern for LHDs is the significant reduction in the base funding level to \$37.3 million in FY 2010, which has been carried through to the FY 13 proposed budget, and the new interpretation with respect to inflationary adjustments which provide for only one year's growth in inflation and population, instead of cumulative growth.

Another concern is that compensation related adjustments are not reflected through the formula. This has resulted in local governments covering a greater proportion of increases in personnel costs as adjustments have been made to State employee salaries and benefits.

In the last segment of the blog series, MACo made the following recommendations to address these concerns.

**Recommendations – Funding Challenges**

1. As the State's fiscal condition improves, funding to LHDs should be restored and a new base established to ensure funding levels are commensurate with the needs of constituencies across the State.
2. Considering the new statutory interpretation with respect to inflationary increases, legislation should be introduced to clarify that inflationary increases should provide for cumulative growth, not one year's growth in inflation and population.

## **Recommendations – Compensation Related Adjustments**

1. Amend the current statute to base a portion of the annual change in the State share of Core Funds on the percentage change in State salaries and fringe benefits. Examples of changes in salaries and fringe benefits would include salary increments and COLAs as well as increases in the State share of retirement and health insurance costs. The same annual percentage change in salaries and fringe benefits would be applied to other operating expenses. This overall change would more closely align funding to the costs for operating LHDs. Existing statutory language that bases a portion of the annual change in the State share on a change in population would remain unchanged. The overall annual percentage change in the State share would be applied to the total amount of the State share in the base fiscal year to determine the State's contribution in the following fiscal year. All 24 LHDs would be included in this revised calculation of the annual formula adjustment.
  
2. Amend the current statute (or adopt language in the annual budget bill) to require COLAs and other compensation-related adjustments to be equitably distributed to all LHDs. State and local government positions supported by Core Funds (and State positions in general) should be treated in the same way, whenever these adjustments are approved for State employees.

Again, MACo appreciates the opportunity to provide comment on LHDs and looks forward to working with you to address these challenges.