

Department of Legislative Services  
Maryland General Assembly  
2019 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 332 (Delegate McKay)  
Health and Government Operations

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Maryland Department of Health - Community Dental Clinics Grant Program

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This bill establishes the Community Dental Clinics Grant Program in the Maryland Department of Health (MDH). The Governor must include an appropriation in the State capital budget for the program beginning in fiscal 2021 and each fiscal year thereafter.

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Fiscal Summary

**State Effect:** Pay-as-you-go (PAYGO) general fund expenditures increase by *at least* \$1.0 million annually, beginning as early as FY 2020, as discussed below. Revenues are not affected.

**Local Effect:** To the extent local governments apply for and receive grants, local revenues and expenditures increase.

**Small Business Effect:** Potential minimal.

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Analysis

**Bill Summary:**

*Definitions*

A “community dental clinic” is a nonprofit organization that provides dental services and is (1) a health care center or program that offers dental services either free of cost or on a sliding scale fee schedule without regard to an individual’s ability to pay and (2) wholly owned and operated under the authority of a county, municipal corporation, or nonprofit

organization. A “community dental clinic” does not include a federally qualified health center (FQHC) or an FQHC look-alike.

A “nonprofit organization” is (1) a bona fide religious organization or (2) an organization that is chartered as a nonprofit corporation and classified by the Internal Revenue Service as a nonprofit. In either case, the earnings of the organization are used only for the purpose of the maintenance and operation of a facility, the purchase of equipment to be used in a facility, or the expansion of a facility.

“Wholly owned” includes leased, if (1) the lease is for at least 15 years following project completion or the lease agreement provides the lessee with the right to purchase and (2) the lessor consents to recording the State’s right of recovery in the land records where the facility is located.

### *Community Dental Clinics Grant Program*

On the recommendation of the Secretary of Health, the Board of Public Works may make grants to counties, municipal corporations, and nonprofit organizations for (1) the conversion of public buildings to community dental clinics; (2) the acquisition of existing buildings for use as community dental clinics; (3) the renovation of community dental clinics; (4) the purchase of capital equipment for community dental clinics; or (5) the planning, design, and construction of community dental clinics.

Any county, municipal corporation, or nonprofit organization sponsoring a project involving community dental clinics may apply to the Secretary for a State grant to be applied toward the cost of the project.

With specified exceptions, any federal or other grant that is received for an eligible project must be applied first to the project’s cost. Generally, a State grant may not exceed 50% of the cost of eligible work remaining unpaid after all federal grants have been applied. However, for a project designated as eligible for poverty area funding, a State grant may cover up to 75% of the cost of eligible work remaining unpaid after all federal grants have been applied. For purposes of this program, community development block grant funds are considered local matching funds and may not be considered federal grant funds.

The bill specifies prohibited uses of State grant funds and provides for State recovery of grants when community dental clinic property is sold or ceases to be a community dental clinic. The bill establishes remedies for the State if a grantee defaults on the grant agreement, including liens against the property.

**Current Law:** Title 24 of the Health-General Article has a number of grant programs with similar provisions: (1) Community Mental Health, Addiction, and Developmental

Disabilities Facilities Capital Program; (2) Adult Day Care Centers Program; (3) Assisted Living Facilities Grant Program; (4) FQHC Grant Program; and (5) Nursing Facility Conversion Grant Program. Of these five programs, the Administration's fiscal 2020 *Capital Improvement Program* provides funding to only two of these programs: the Community Mental Health, Addiction, and Developmental Disabilities Facilities Program (\$6.5 million under the Community Health Facilities Grant Program) and the FQHC Grant Program (\$2.5 million).

**Background:** The U.S. Centers for Disease Control and Prevention reports that cavities are one of the most common chronic diseases in the United States. By age 34, more than 80% of people have had at least one cavity. Oral health is also linked with other chronic diseases such as diabetes and heart disease. Despite improvements in oral health for the population as a whole, oral health disparities still exist by socioeconomic status.

In April 2018, the National Center for Health Statistics reported on the prevalence of untreated tooth decay among youth from 2015 through 2016. The data shows that as family incomes increased, the prevalence of untreated tooth decay decreased; 18.6% of youth from families living below the federal poverty level (FPL) had untreated tooth decay, while 7.0% of youth from families with incomes greater than 300% of FPL had untreated tooth decay.

**State Expenditures:** The Department of Legislative Services assumes that a minimum of \$1.0 million is required to establish a viable capital grant program based on funding provided for similar programs. For example, \$2.5 million is provided annually to the FQHC grant program. This analysis assumes that PAYGO general funds are used for the grant program as a capital program within the operating budget rather than general obligation (GO) bonds within the capital budget. Therefore, general fund expenditures increase by *at least* \$1.0 million annually beginning in fiscal 2021 to fund the new grant program. Although not specified in the bill, the Governor could include discretionary funding in fiscal 2020.

To the extent GO bonds are used for the new grant program, there is no effect on total capital expenditures. However, funding available for other capital projects is reduced.

**Additional Comments:** The bill intends to establish a mandated appropriation in the capital budget. Legislation mandating funding must include either an exact dollar figure for the funding or a funding formula that makes it possible to compute the level of funding required. Furthermore, legislation cannot mandate appropriation of GO bond funds. Instead, the mandate should specify the funding source (in this case, general PAYGO funds) or give the Governor the option of satisfying the mandate using either PAYGO or GO bond funds.

## **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 158 (Senator Guzzone) - Finance and Budget and Taxation.

**Information Source(s):** Maryland Association of County Health Officers; City of Takoma Park; Harford and Montgomery counties; Maryland State Treasurer's Office; Judiciary (Administrative Office of the Courts); Maryland Department of Health; Board of Public Works; Maryland Association of Counties; U.S. Centers for Disease Control and Prevention; National Center for Health Statistics; Department of Legislative Services

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