

Department of Legislative Services  
Maryland General Assembly  
2013 Session

**FISCAL AND POLICY NOTE**

Senate Bill 1055

(Senator Manno, *et al.*)

Budget and Taxation

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**State Aid for Critical Services - County Maintenance of Effort Requirements**

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This bill requires each county to, beginning in fiscal 2015, appropriate at least the amount of local funds appropriated in the prior fiscal year to each of five specified categories of critical services. Thus, the bill establishes maintenance of effort (MOE) requirements for these categories. "Critical services" include corrections; fire protection, rescue, and ambulance services; law enforcement, including sheriffs and deputy sheriffs; public libraries; and transportation. If the amount of local appropriations reported by a county for a fiscal year is below the amount for the prior year in a given category, State aid related to that category must be withheld from the county, unless within the effected fiscal year the county certifies that it subsequently has met MOE for that category. Any funds not disbursed to a county that does not meet a MOE requirement within a fiscal year revert to the general fund.

The bill takes effect July 1, 2013.

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**Fiscal Summary**

**State Effect:** The general fund may be relieved beginning in FY 2015 to the extent that counties do not meet one or more MOE requirements under the bill and related State aid funding amounts therefore revert to the general fund.

**Local Effect:** State aid revenues for one or more county governments decrease beginning in FY 2015, to the extent that one or more MOE requirements are not met in a given fiscal year. Local government funding for service categories covered by the bill, as well as those not covered by the bill, may be considerably altered. **This bill imposes a mandate on a unit of local government.**

**Small Business Effect:** None.

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## Analysis

**Bill Summary:** Each county must annually report by June 1 to the Department of Budget and Management (DBM) and to the Department of Legislative Services (DLS) the amount of local funds that are appropriated to each category of critical services in the current fiscal year and the amount of local funds to be appropriated to each category for the next fiscal year.

Critical services programs that currently have MOE requirements are exempted from the MOE requirements of the bill, including funding through the Senator William H. Amoss Fire, Rescue, and Ambulance Fund (Amoss Fund) and the State Aid for Police Protection (SAPP) Fund. MOE requirements of the bill do explicitly relate to transportation aid derived from highway user revenues as well as formula aid for public libraries.

**Current Law:** Each county government must provide on a per pupil basis at least as much funding for the local school board as was provided in the prior fiscal year. A county's governing body must apply to the State Board of Education for a waiver from the minimum MOE requirement if the county is unable to fund the full MOE amount. The Senator John A. Cade funding formula for community college aid requires a county (or group of counties for the regional colleges) to maintain at least the prior year funding amount in order to receive increases in State aid under the formula.

SAPP Fund grants are made to the counties and qualifying municipalities for the exclusive purpose of providing adequate police protection. No county whose population is less than the 1969 estimate receives less police aid than it received in any year since 1969, provided the subdivision has not reduced its local expenditures for police protection since the prior qualifying year. To qualify for grants, a municipality must make certain minimum expenditure for police protection. Amoss Fund formula grants are provided to counties and qualifying municipalities for local and volunteer fire, rescue, and ambulance services. To be eligible for State grants, a county must maintain a level of local spending for fire protection services equal to the average expenditure for the three preceding fiscal years.

**Background:** County governments and Baltimore City spent \$27.0 billion on public services in fiscal 2011. Local boards of education accounted for 51.6% of county expenditures, with \$13.1 billion going to fund public school systems. County government agencies accounted for 40.8% of expenditures or \$10.4 billion and library boards accounted for 1.1% of expenditures or \$267.7 million. Community colleges and local health departments accounted for the remaining 6.5% of county expenditures. In addition, approximately \$1.6 billion was spent on debt service for the various units of county government. **Exhibit 1** shows the distribution of county expenditures in fiscal 2011 by unit of county government.

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**Exhibit 1**  
**County Government Expenditures**  
**Fiscal 2011**  
**(\$ in Millions)**

	<u>Expenditures</u>	<u>Percent of Total</u>
Public Schools	\$13,073.9	51.6%
Libraries	267.7	1.1%
Community Colleges	1,245.6	4.9%
Health Departments	417.4	1.6%
County Government	10,352.6	40.8%
<b>Subtotal</b>	<b>\$25,357.2</b>	<b>100.0%</b>
Debt Service	1,597.4	
<b>Total</b>	<b>\$26,954.6</b>	

Source: Department of Legislative Services

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County government funding for police, fire, corrections, transportation, and libraries totaled \$3.9 billion in fiscal 2011, representing 15.5% of total expenditures, excluding debt service. Of this amount, approximately \$0.5 billion went towards capital projects. **Appendices 1 through 5** show the level of county government spending for these public services over a three-year period (fiscal 2009 through 2011).

*Police Protection*

- County governments spent \$1.4 billion on police protection in fiscal 2011, or approximately \$238 per resident. Police protection accounts for 5.1% of total county expenditures, ranging from 1.0% in Talbot County to 9.8% in Baltimore City.
- Operating expenditures for police protection increased by 0.3% in fiscal 2010 and by 0.2% in fiscal 2011. Ten jurisdictions realized an increase in police protection spending in fiscal 2011, while 14 jurisdictions realized an overall reduction in police protection spending.

### *Fire Protection*

- County governments spent \$827.9 million on fire protection in fiscal 2011 (\$806.6 million excluding capital project fund expenditures), or approximately \$143 per resident. Fire protection accounts for 3.1% of total county expenditures, ranging from 0.5% in St. Mary's County to 4.4% in Anne Arundel County.
- Operating expenditures for fire protection decreased by 0.2% in fiscal 2010 and increased by 1.1% in fiscal 2011. Thirteen jurisdictions realized an increase in fire protection spending in fiscal 2011, while 11 jurisdictions realized an overall reduction in fire protection spending.

### *Corrections*

- County governments spent \$374.7 million on corrections in fiscal 2011 (\$346.2 million excluding capital project fund expenditures), or approximately \$65 per resident. Corrections account for 1.4% of total county expenditures, ranging from 0.8% in Howard County to 7.1% in Cecil County.
- Operating expenditures for corrections decreased by 1.0% in fiscal 2010 and by 0.3% in fiscal 2011. Seventeen jurisdictions realized an increase in corrections spending in fiscal 2011, while six jurisdictions realized an overall reduction in corrections spending. Corrections services in Baltimore City are provided by a State agency; as a result, Baltimore City does not incur local expenditures for corrections services.

### *Transportation*

- County governments spent \$1.2 billion on transportation services in fiscal 2011 (\$721.7 million excluding capital project fund expenditures), or approximately \$206 per resident. Transportation services account for 4.4% of total county expenditures, ranging from 1.8% in Worcester County to 12.3% in Garrett County.
- Operating expenditures for transportation services increased by 17.1% in fiscal 2010 and decreased by 12.2% in fiscal 2011. Twelve jurisdictions realized an increase in transportation spending in fiscal 2011, while 12 jurisdictions realized an overall reduction in transportation spending.

## *Libraries*

- County governments spent \$267.7 million on library services in fiscal 2011, or approximately \$46 per resident. Library services account for 1.0% of total county expenditures, ranging from 0.6% in Charles County to 1.8% in Carroll and Harford counties.
- Operating expenditures for local library services decreased by 6.1% in fiscal 2010 and by 2.0% in fiscal 2011. Eleven jurisdictions realized an increase in library spending in fiscal 2011, while 13 jurisdictions realized an overall reduction in library spending.

**State Fiscal Effect:** The general fund may be relieved beginning in fiscal 2015 to the extent that counties do not meet one or more MOE requirements under the bill and related State aid funding amounts therefore revert to the general fund. Because State aid amounts vary considerably by program and by county, the amount of general fund relief in a given year will depend on which counties do not meet one or more MOE requirements, and the particular critical services categories involved. DBM and DLS can meet requirements of the bill with existing resources.

**Local Fiscal Effect:** Beginning in fiscal 2015, State aid revenues for one or more county governments may decrease to the extent that one or more MOE requirements are not met in a given fiscal year. Furthermore, local governments may realize certain inefficiencies resulting from reduced flexibility in targeting funding to meet year-to-year changes in local needs and in local government priorities. The bill may also provide a disincentive for local governments to increase funding in one or more critical service category beyond the minimum required level, because doing otherwise will result in ever-increasing annual required MOE amounts.

*For illustrative purposes only*, **Exhibit 2** shows the additional fiscal 2011 local funding within each critical services category that would have been required to match fiscal 2010 expenditures, excluding funding from local capital project funds. To do so, each of the State's 24 counties would have needed to increase funding within at least one of the five categories.

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**Exhibit 2**  
**Increase in Fiscal 2011 Expenditures Needed to Match Fiscal 2010 Levels**  
**by Critical Services Category**

<b><u>Critical Services Category</u></b>	<b><u>Number of Affected Counties</u></b>	<b><u>Additional Funds \$ Millions</u></b>
Police Protection	14	\$10.5
Fire Protection	11	16.9
Corrections	6	5.9
Transportation	12	108.5
Library Services	13	12.1
<b>Total</b>	<b>24</b>	<b>\$153.9</b>

Note: Totals do not include capital project fund expenditures.

Source: Department of Legislative Services

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**Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Baltimore City, Howard and Prince George's counties, Governor's Office of Crime Control and Prevention, Department of Budget and Management, Maryland State Department of Education, Department of State Police, Department of Public Safety and Correctional Services, Maryland Department of Transportation, Department of Legislative Services

**Fiscal Note History:** First Reader - March 19, 2013  
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**Appendix 1**  
**County Government Expenditures for Police Protection**  
**Fiscal 2009-2011**

<b>County</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>Percent Change</b>	
				<b>FY 09-10</b>	<b>FY 10-11</b>
Allegany	\$2,497,360	\$2,809,658	\$2,764,000	12.5%	-1.6%
Anne Arundel	95,901,050	100,013,963	98,805,901	4.3%	-1.2%
Baltimore City	353,313,533	343,575,484	342,672,825	-2.8%	-0.3%
Baltimore	191,467,569	196,613,547	199,891,739	2.7%	1.7%
Calvert	12,287,390	12,627,777	12,456,120	2.8%	-1.4%
Caroline	1,939,649	1,845,284	2,041,595	-4.9%	10.6%
Carroll	12,347,509	12,501,334	12,872,933	1.2%	3.0%
Cecil	8,411,320	9,029,839	9,032,176	7.4%	0.0%
Charles	47,461,592	47,479,809	46,814,524	0.0%	-1.4%
Dorchester	2,980,628	3,001,609	2,928,897	0.7%	-2.4%
Frederick	23,255,946	23,723,551	22,425,068	2.0%	-5.5%
Garrett	2,975,307	2,531,765	2,507,772	-14.9%	-0.9%
Harford	43,597,026	45,695,912	45,818,071	4.8%	0.3%
Howard	76,317,613	74,682,528	77,208,237	-2.1%	3.4%
Kent	2,696,666	2,547,681	2,408,130	-5.5%	-5.5%
Montgomery	227,333,390	223,506,293	218,665,208	-1.7%	-2.2%
Prince George's	186,950,287	196,915,803	202,488,852	5.3%	2.8%
Queen Anne's	6,444,582	5,948,129	6,134,551	-7.7%	3.1%
St. Mary's	20,684,592	18,829,021	19,671,717	-9.0%	4.5%
Somerset	2,340,862	1,861,754	1,998,096	-20.5%	7.3%
Talbot	1,301,303	1,288,981	1,268,565	-0.9%	-1.6%
Washington	9,219,977	8,874,250	8,446,833	-3.7%	-4.8%
Wicomico	8,329,303	7,556,745	7,321,685	-9.3%	-3.1%
Worcester	7,178,064	7,322,558	6,882,807	2.0%	-6.0%
Statewide	\$1,347,232,518	\$1,350,783,275	\$1,353,526,302	0.3%	0.2%

Note: Totals do not include capital project fund expenditures.

Source: Department of Legislative Services

**Appendix 2**  
**County Government Expenditures for Fire Protection**  
**Fiscal 2009-2011**

<b>County</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>Percent Change</b>	
				<b>FY 09-10</b>	<b>FY 10-11</b>
Allegany	\$1,998,398	\$1,291,439	\$2,671,618	-35.4%	106.9%
Anne Arundel	95,926,831	94,475,836	94,365,311	-1.5%	-0.1%
Baltimore City	149,431,842	138,959,898	148,966,543	-7.0%	7.2%
Baltimore	93,210,609	99,422,178	95,054,935	6.7%	-4.4%
Calvert	3,036,700	2,945,859	3,277,151	-3.0%	11.2%
Caroline	3,043,318	3,705,178	3,502,106	21.7%	-5.5%
Carroll	9,967,540	10,007,040	10,017,040	0.4%	0.1%
Cecil	7,859,434	8,523,133	8,153,895	8.4%	-4.3%
Charles	18,802,772	19,149,460	19,465,647	1.8%	1.7%
Dorchester	3,105,663	3,114,276	3,039,151	0.3%	-2.4%
Frederick	42,208,309	42,739,632	39,997,598	1.3%	-6.4%
Garrett	1,774,985	2,219,385	2,328,157	25.0%	4.9%
Harford	8,952,856	8,896,017	8,932,060	-0.6%	0.4%
Howard	54,647,244	59,027,090	64,079,897	8.0%	8.6%
Kent	1,230,186	1,257,580	1,280,329	2.2%	1.8%
Montgomery	194,006,043	197,550,830	189,416,610	1.8%	-4.1%
Prince George's	84,156,745	78,395,607	83,427,750	-6.8%	6.4%
Queen Anne's	3,272,361	3,207,876	2,888,607	-2.0%	-10.0%
St. Mary's	2,127,664	1,989,097	1,843,072	-6.5%	-7.3%
Somerset	593,336	900,364	883,519	51.7%	-1.9%
Talbot	4,339,646	4,550,060	4,718,349	4.8%	3.7%
Washington	4,906,256	4,750,835	7,383,315	-3.2%	55.4%
Wicomico	4,371,691	4,337,955	4,596,646	-0.8%	6.0%
Worcester	6,614,857	6,654,825	6,276,724	0.6%	-5.7%
Statewide	\$799,585,286	\$798,071,450	\$806,566,030	-0.2%	1.1%

Note: Totals do not include capital project fund expenditures.

Source: Department of Legislative Services



**Appendix 3**  
**County Government Expenditures for Corrections**  
**Fiscal 2009-2011**

<b>County</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>Percent Change</b>	
				<b>FY 09-10</b>	<b>FY 10-11</b>
Allegany	\$7,033,814	\$6,844,315	\$7,046,520	-2.7%	3.0%
Anne Arundel	41,324,945	40,336,952	39,804,157	-2.4%	-1.3%
Baltimore City	0	0	0	n/a	n/a
Baltimore	33,415,139	34,316,572	34,960,952	2.7%	1.9%
Calvert	7,105,020	7,264,312	7,345,569	2.2%	1.1%
Caroline	2,625,012	2,589,508	2,762,383	-1.4%	6.7%
Carroll	7,662,998	7,722,641	7,853,355	0.8%	1.7%
Cecil	8,973,290	8,816,343	9,021,641	-1.7%	2.3%
Charles	14,807,981	15,171,988	15,774,096	2.5%	4.0%
Dorchester	3,917,119	3,696,466	3,570,173	-5.6%	-3.4%
Frederick	15,712,219	14,784,075	13,413,230	-5.9%	-9.3%
Garrett	2,031,515	1,950,239	2,109,193	-4.0%	8.2%
Harford	19,506,531	19,404,232	19,681,455	-0.5%	1.4%
Howard	13,241,128	13,404,419	13,611,137	1.2%	1.5%
Kent	2,659,965	2,557,120	2,634,383	-3.9%	3.0%
Montgomery	66,624,898	65,851,743	63,041,636	-1.2%	-4.3%
Prince George's	54,733,983	52,379,648	52,123,014	-4.3%	-0.5%
Queen Anne's	3,864,097	4,058,586	4,194,025	5.0%	3.3%
St. Mary's	8,630,333	8,663,592	9,563,191	0.4%	10.4%
Somerset	2,379,236	2,334,178	2,491,851	-1.9%	6.8%
Talbot	2,757,254	2,589,930	2,664,899	-6.1%	2.9%
Washington	10,487,297	11,956,468	12,085,084	14.0%	1.1%
Wicomico	12,669,351	11,480,291	10,714,979	-9.4%	-6.7%
Worcester	8,520,917	9,136,399	9,692,691	7.2%	6.1%
Statewide	\$350,684,042	\$347,310,017	\$346,159,614	-1.0%	-0.3%

Note: Totals do not include capital project fund expenditures.

Source: Department of Legislative Services

**Appendix 4**  
**County Government Expenditures for Transportation**  
**Fiscal 2009-2011**

<b>County</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>Percent Change</b>	
				<b>FY 09-10</b>	<b>FY 10-11</b>
Allegany	\$9,411,206	\$9,419,265	\$10,217,992	0.1%	8.5%
Anne Arundel	40,965,250	62,301,631	43,239,605	52.1%	-30.6%
Baltimore City	115,504,891	164,343,485	146,182,354	42.3%	-11.1%
Baltimore	22,589,655	40,488,307	29,212,592	79.2%	-27.8%
Calvert	12,071,492	11,973,771	10,232,142	-0.8%	-14.5%
Caroline	2,420,435	2,193,816	2,292,217	-9.4%	4.5%
Carroll	13,272,707	14,295,091	12,578,899	7.7%	-12.0%
Cecil	12,915,369	8,525,908	9,438,103	-34.0%	10.7%
Charles	13,821,538	15,624,536	16,311,651	13.0%	4.4%
Dorchester	6,374,276	6,292,718	8,196,872	-1.3%	30.3%
Frederick	19,097,702	21,782,567	17,547,973	14.1%	-19.4%
Garrett	16,966,928	17,369,231	16,759,944	2.4%	-3.5%
Harford	29,142,771	29,764,133	28,858,690	2.1%	-3.0%
Howard	41,402,038	39,455,169	32,750,572	-4.7%	-17.0%
Kent	2,526,905	2,329,317	3,062,009	-7.8%	31.5%
Montgomery	198,693,735	233,423,094	191,026,043	17.5%	-18.2%
Prince George's	75,678,703	83,826,438	84,370,276	10.8%	0.6%
Queen Anne's	7,735,744	6,601,030	5,711,326	-14.7%	-13.5%
St. Mary's	8,215,494	8,551,095	7,738,601	4.1%	-9.5%
Somerset	6,664,275	3,896,963	4,186,202	-41.5%	7.4%
Talbot	7,292,956	5,793,270	6,708,700	-20.6%	15.8%
Washington	15,574,135	20,735,334	21,155,671	33.1%	2.0%
Wicomico	14,515,194	8,794,123	9,668,384	-39.4%	9.9%
Worcester	8,553,543	3,846,454	4,296,230	-55.0%	11.7%
Statewide	\$701,406,942	\$821,626,746	\$721,743,048	17.1%	-12.2%

Note: Totals do not include capital project fund expenditures.

Source: Department of Legislative Services

**Appendix 5**  
**County Government Expenditures for Library Services**  
**Fiscal 2009-2011**

<b>County</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>Percent Change</b>	
				<b>FY 09-10</b>	<b>FY 10-11</b>
Allegany	\$2,262,831	\$2,071,056	\$2,148,372	-8.5%	3.7%
Anne Arundel	16,522,031	16,913,228	16,457,907	2.4%	-2.7%
Baltimore City	45,079,700	36,458,000	37,360,500	-19.1%	2.5%
Baltimore	45,352,154	44,031,539	43,234,655	-2.9%	-1.8%
Calvert	3,904,655	3,617,938	3,634,235	-7.3%	0.5%
Caroline	1,918,307	1,872,119	1,599,245	-2.4%	-14.6%
Carroll	12,451,393	11,414,007	12,214,971	-8.3%	7.0%
Cecil	5,525,623	5,776,066	5,608,954	4.5%	-2.9%
Charles	4,086,635	3,992,353	3,980,570	-2.3%	-0.3%
Dorchester	1,003,493	1,002,497	1,000,089	-0.1%	-0.2%
Frederick	10,309,242	11,235,510	11,157,736	9.0%	-0.7%
Garrett	1,401,607	1,344,974	1,337,203	-4.0%	-0.6%
Harford	19,193,274	18,364,549	18,423,840	-4.3%	0.3%
Howard	18,712,547	18,376,269	19,696,769	-1.8%	7.2%
Kent	1,328,723	921,801	722,908	-30.6%	-21.6%
Montgomery	52,419,212	48,208,977	38,755,004	-8.0%	-19.6%
Prince George's	28,896,739	27,127,533	28,252,247	-6.1%	4.1%
Queen Anne's	1,627,803	1,770,258	1,776,370	8.8%	0.3%
St. Mary's	3,385,384	3,346,229	3,475,694	-1.2%	3.9%
Somerset	939,149	904,544	897,949	-3.7%	-0.7%
Talbot	1,457,892	1,467,687	2,024,407	0.7%	37.9%
Washington	6,914,991	6,738,949	8,320,582	-2.5%	23.5%
Wicomico	2,802,274	2,736,037	2,481,564	-2.4%	-9.3%
Worcester	3,565,063	3,533,636	3,094,220	-0.9%	-12.4%
Statewide	\$291,060,722	\$273,225,756	\$267,655,991	-6.1%	-2.0%

Source: Department of Legislative Services