

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

Senate Bill 628

(Senator Madaleno, *et al.*)

Budget and Taxation

Task Force to Study the Needs and Expenditures of State Programs

This bill establishes a Task Force to Study the Needs and Expenditures of State Programs, staffed by the Department of Legislative Services (DLS). The task force will examine State funding patterns since fiscal 2001 and recommend staffing and program funding requirements in order to meet current or future demands for government services. An interim report is due to the Governor and the General Assembly by December 1, 2014, with a final report due by December 1, 2015.

The bill takes effect July 1, 2014, and terminates June 30, 2016.

Fiscal Summary

State Effect: Any expense reimbursements for task force members and staffing costs for DLS are absorbable within existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: In making its findings and recommendations, the task force must consider the requirements of all agencies supported by general funds, in particular:

- funding requirements for programs serving individuals with special needs, including the poor, homeless, abused, mentally ill, developmentally disabled, juveniles, or elderly;

- demographics and needs related to income support, medical support, housing, nutrition, training, or other services; and
- funding requirements for higher education, public safety, environmental programs, economic development programs, other State agencies, debt service, and the revenue stabilization account.

Current Law: A similar task force to study State expenditures does not currently exist.

Background: Fiscal 2001 immediately preceded a national recession that resulted in State general fund revenues declining in fiscal 2002 and 2003. This coincided with the implementation of the Bridge to Excellence in Education Act, which mandated an increase of \$1.4 billion in State aid for public education between fiscal 2003 and 2008. Since fiscal 2011, and especially in the years since the “Great Recession” of 2008 and 2009, the State has experienced severe structural general fund deficits that have been addressed in a variety of ways, including increased use of State debt for operating expenses, transfers of special funds to the general fund, and delayed implementation of funding mandates. **Appendix 1** shows the average annual increase in State general fund expenditures since fiscal 2001 by program. Over a 15-year period, total general fund expenditures are expected to increase by \$6.3 billion, for an average annual increase of almost 3.5%.

Additional Information

Prior Introductions: HB 1190 of 2008 was heard by the House Appropriations Committee, but no further action was taken on the bill. HB 944 of 2007 was also heard by the House Appropriations Committee, where it received no further action. Its cross file, SB 420, was heard by the Senate Budget and Taxation Committee, but no further action was taken.

Cross File: None.

Information Source(s): Department of Budget and Management, Department of Legislative Services

Fiscal Note History: First Reader - February 24, 2014
ncs/ljm

Analysis by: Michael C. Rubenstein

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

Appendix 1
State Expenditure Trends – General Funds
Fiscal 2001-2015
(\$ in Millions)

	Actual FY 2001	Allowance FY 2015	Average Annual Increase
Debt Service	\$204.5	\$195.0	-0.34%
Aid to Local Governments			
Education/Libraries	2,718.1	5,846.5	5.62%
County/Municipal Governments	174.5	252.5	2.67%
Community Colleges	163.3	304.7	4.56%
Health Departments	52.5	46.9	-0.80%
Subtotal	\$3,108.4	\$6,450.6	5.35%
Entitlements			
Medical Assistance	1,320.3	2,474.4	4.59%
Foster Care Payments	126.9	237.6	4.58%
Assistance Payments	34.5	76.0	5.80%
Property Tax Credits	52.6	82.0	3.22%
Subtotal	\$1,534.3	\$2,869.9	4.57%
State Agencies			
Health	1,006.6	1,631.3	3.51%
Human Resources	303.8	336.9	0.74%
Systems Reform/Children's Cabinet	46.9	21.8	-5.33%
Juvenile Services	150.3	290.4	4.82%
Public Safety/Police	863.9	1,448.0	3.76%
Higher Education	886.5	1,356.7	3.09%
Other Education	248.6	386.0	3.19%
Agriculture/Natural Res./Environment	125.5	119.5	-0.35%
Other Executive Agencies	520.6	694.2	2.08%
Judicial/Legislative	281.4	517.5	4.45%
Subtotal	\$4,434.2	\$6,802.4	3.10%
Total Operating	\$9,281.4	\$16,318.0	4.11%
Capital	638.4	11.4	-24.99%
Reserve Fund	315.8	228.2	-2.29%
Appropriations	\$10,237.5	\$16,557.6	3.49%
Reversions	0.0	-30.0	
Grand Total	\$10,237.5	\$16,527.6	3.48%

Source: Department of Legislative Services