HB 161

Department of Legislative Services

Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 161 (The Speaker)(By Request - Administration)
Appropriations

Budget Reconciliation and Financing Act of 2018

This Administration bill executes actions to enhance revenues, provide mandate relief, and reduce future year general fund expenditures.

The bill generally takes effect June 1, 2018.

Fiscal Summary

State Effect: General fund revenues increase by $9.0 million in FY 2018, due to transfers. In FY 2019, special fund revenues decline by $35.3 million, mainly due to mandate relief that is offset by cost shifts and other actions. General fund expenditures decline by $404.4 million in FY 2019, due to mandate relief, cost control, and other actions, while special fund expenditures increase by $22.1 million, due in large part to corresponding special fund revenue actions. Federal funds are also affected. Future estimates reflect the ongoing effects of the bill. **The bill affects existing mandated appropriations.**

($ in millions)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
GF Revenue	$9.0	$0	$0	$0	$0
SF Revenue	$0	($35.3)	$20.6	$25.2	$40.9
FF Revenue	$0	($21.7)	($21.9)	($22.1)	($22.1)
GF Expenditure	$0	($404.4)	($135.0)	($206.1)	($228.3)
SF Expenditure	($0.4)	$22.1	$16.0	$13.2	$25.0
FF Expenditure	$0	($21.7)	($21.9)	($21.8)	($21.8)
Bond Exp.	$0	$0	$0	$29.0	$0
Net Effect	$9.4	$347.0	$139.6	$188.9	$243.9

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Direct State aid is reduced by a total of $23.5 million in FY 2019, including $0.9 million in core public health funding, $19.25 million of K-12 education aid, and $3.4 million in the Program Open Space (POS) local share. Local expenditures increase by $19.7 million in FY 2019 due to increased cost sharing of expenses related to property tax assessment. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: The Administration has determined that this bill has minimal or no impact on small business (attached as page 60). The Department of Legislative Services generally concurs with this assessment. However, at least three provisions have a meaningful impact on small business in the State, including a reduction in funding for the Baltimore Regional Neighborhood Initiative Program, a reduction in the mandated rate increase for community service providers, and the limiting mandate growth provision.

Analysis

Bill Summary: A brief overview of the bill's provisions is provided below. In general, the bill's actions enhance revenues and transfer funds, provide mandate relief, require fund swaps and cost shifts, and implement cost control and other administrative measures.

Revenue Enhancements and Transfers to the General Fund

- Authorizes the transfer of $9.0 million from the University System of Maryland's fund balance to the general fund in fiscal 2018.

Mandate Relief

- Reduces the fiscal 2019 appropriation for the Rainy Day Fund by $193.0 million.
- Repeals the requirement, for fiscal 2019, that the Governor include an appropriation of up to $50.0 million to the State Retirement and Pension System trust fund.
- Restructures mandated capital grants to the University of Maryland Capital Region Medical Center.
- Repeals the mandated $15.0 million general fund repayment to POS in fiscal 2019 and adds a $15.0 million repayment requirement in fiscal 2022.
- Reduces the mandated rate increase for community service providers under the Developmental Disabilities Administration from 3.5% to 1.0% in fiscal 2019 only.
- Restructures the requirement that the Governor reduce the Medicaid Deficit Assessment by $35.0 million in fiscal 2019 and $35.0 million in fiscal 2020 and instead reduces the assessment by $25.0 million in fiscal 2019 and $45.0 million in fiscal 2020.
- Repeals mandated funding for the Baltimore Regional Neighborhood Initiative Program that is provided through the operating or capital budget in fiscal 2019 through 2022.

- Reduces the mandated community provider rate increase for behavioral health providers from 3.5% to 2.0% in fiscal 2019 only.
- Reduces the fiscal 2019 appropriation for the Joseph A. Sellinger formula for qualifying independent colleges and universities to the fiscal 2018 amount.
- Repeals the mandate that the Governor provide $5.0 million annually for the Teacher Induction, Retention, and Advancement Pilot Program.
- Repeals the mandate that the Public School Opportunities Enhancement Program be funded at $7.5 million annually in fiscal 2019 through 2021.
- Repeals the mandate that the Next Generation Scholars of Maryland Program be funded at $5.0 million annually in fiscal 2019 through 2023.
- Reduces the minimum amount of funding the Governor must provide for State matching contributions to eligible 529 college savings accounts to $2.0 million annually beginning in fiscal 2019.
- Repeals the requirement that the Governor provide $5.0 million for the Seed Community Development Anchor Institution Fund in fiscal 2019 through 2022.
- Repeals the requirement that at least an additional $4.0 million be provided each year for fiscal 2019 through 2023 to the University System of Maryland Office to increase the estimated funding guideline attainment levels of the primarily residential institutions with the lowest estimated fiscal 2016 funding guideline attainment levels.
- Repeals the mandate that the State match county teacher stipends for teachers who hold National Board Certification and work in a comprehensive needs school and reduces the maximum amount of such a match beginning in fiscal 2019 from $4,000 to $2,000.
- Repeals the mandate that the State match stipends for specified Anne Arundel County Public Schools classroom teachers in fiscal 2019.
- Repeals the mandated funding for the University of Maryland Center for Economic and Entrepreneurship Development and reduces the fiscal 2019 funding level from $4.0 million to $2.0 million.
- Repeals the requirement that funding from the admissions and amusement tax must be included for the purposes of calculating the mandated general fund allowance to the Maryland State Arts Council and instead prohibits it from being included.
- Reduces the fiscal 2019 mandated appropriation for Baltimore City Community College.
- Reduces the Core Public Health Services funding formula to the fiscal 2018 level for fiscal 2019 and rebases the formula at the fiscal 2019 level.
- Repeals the mandate that the Robotics Grant Program be funded at $250,000 annually.

- Repeals a mandated grant in fiscal 2018 and 2019 of $350,000 to the Maryland Office of Sports Marketing for incentive grants for youth and amateur sporting events.
- Limits the increase over the previous fiscal year of certain mandated appropriations to the lesser of (1) the amount of the existing formula calculation or (2) an amount equal to 1.0% less than the reported amount of general fund revenue growth in the December report of the Board of Revenue Estimates (BRE).

Fund Swaps, Cost Shifts, and Cost Control

- Increases to 90% the amount that each county and Baltimore City must reimburse the State Department of Assessments and Taxation (SDAT) for costs related to real property valuation, business personal property valuation, information technology, and the Office of the Director.
- Authorizes, for fiscal 2019 only, $8.0 million from the Maryland Trauma Physician Services Fund to be used for Medicaid provider reimbursements.
- Authorizes the Maryland Community Health Resources Commission Fund, in fiscal 2019, to be used for mental health services for the uninsured if no less than $5.0 million of the $8.0 million premium tax exemption subsidy provided by CareFirst is used to fund a currently authorized community health resources purpose; beginning in fiscal 2020, and each fiscal year thereafter, funds may be used for mental health services for the uninsured if no less than $4.0 million of the CareFirst revenue is used to fund a currently authorized community health resources purpose.
- Directs funds from the Advance Directive Program Fund to be used for maternal and child health quality initiatives in fiscal 2019, and for subsequent years expands the authorized uses of money in the fund to include maternal and child health quality initiatives; authorizes the Cord Blood Transplant Center Support Fund to be used for maternal and child health surveillance.
- Authorizes the use of up to $300,000 of POS funding provided to the Maryland Heritage Areas Authority Financing Fund to be transferred to the Maryland Historical Trust for noncapital historic preservation grants.
- Limits growth in the fiscal 2019 provider rates set by the Interagency Rates Committee to no more than 1.0% over the rates in effect on June 30, 2018.
- Authorizes the expenditure of federal Temporary Assistance for Needy Families (TANF) funds in fiscal 2018 in excess of the $249.9 million cap on TANF spending that was included in the fiscal 2018 budget bill.

Other Administrative Measures

- Authorizes the Maryland Department of the Environment to retain a fund balance in the Maryland Clean Air Fund of up to $6.0 million in fiscal 2018 and 2019 only.
- Prohibits the General Assembly from enacting legislation that creates a new or increased level of required funding in the annual budget bill for a specific program or item unless it also enacts legislation at that same session that reduces or repeals an equivalent amount of required funding for the same fiscal year.

Current Law: The Maryland Constitution requires the Governor to submit, and the General Assembly to pass, a balanced budget. The General Assembly cannot add spending to the budget introduced by the Governor, nor can general funds be used to restore reductions made by the General Assembly after adoption of the budget, except through an approved deficiency appropriation in the following year's budget.

Background: In December 2017, BRE lowered its general fund estimate for fiscal 2018 by $73.2 million in light of revised economic assumptions and year-to-date performance. BRE also raised the fiscal 2019 general fund revenue estimate by $11.0 million. Taking into consideration the BRE revenue projections, the Spending Affordability Committee (SAC) projected a general fund deficit of $63.2 million at the end of fiscal 2018.

The baseline projection for fiscal 2019 reflects general fund growth of 5.3% when capital and reserve fund appropriations are included, resulting in an ending general fund deficit of $287.0 million. In recognition of this outlook, SAC recommended that the fiscal 2019 budget should eliminate 100% of the structural deficit and that the fiscal 2019 budget should leave a closing fund balance of $100.0 million. SAC recommended that the Rainy Day Fund balance be maintained at 5.0% of estimated revenue.

State Fiscal Effect: Estimates of the fiscal 2018 and 2019 impact of the bill on the State general fund are shown in **Exhibit 1**.

Exhibit 1
General Fund Impact of the Budget Reconciliation and Financing Act of 2018
Fiscal 2018 and 2019
($ in Millions)

	FY 2018	FY 2019
Revenues		
Transfers	$9.0	$0
Expenditures		
Mandate Relief	$0.0	($373.9)
Fund Swaps and Cost Shifts	0	(30.4)
Expenditure Subtotal	*0*	*(404.4)*
General Fund Impact	**$9.0**	**$404.4**

Note: Numbers may not sum to total due to rounding.
Source: Department of Legislative Services

A discussion of each provision in the bill is provided in **Appendix A** (beginning on page 8). The fiscal 2018 through 2023 State effects for each provision, including the general fund impacts, the effects on any other fund types, and information about any related contingent actions in the Governor's proposed fiscal 2019 budget are included with the discussions. **Appendix B** (beginning on page 55) identifies the fiscal impact of separate provisions by fund type.

Local Fiscal Effect: Multiple provisions in the bill reduce local revenues and State aid to counties or increase local expenditures as discussed below. The fiscal 2019 impact by county for most such provisions is shown in **Appendix C** on page 58.

Core Public Health: Local aid under the core public health formula is reduced by $890,794 in fiscal 2019, and the formula is rebased at the fiscal 2019 level.

Program Open Space: The POS Local allocation decreases by $3.4 million in fiscal 2019 and increases by the same amount in fiscal 2022.

Public Schools: Funding for public schools decreases by $19.25 million in fiscal 2019 due to reductions in funding for the Public School Opportunities Enhancement Program; Next Generation Scholars; the Teacher Induction, Retention, and Advancement Pilot Program;

Quality Teacher Stipends; an Anne Arundel County Teacher Pilot Program; and the Robotics Grant Program. Many of these reductions are ongoing.

Property Tax Assessment Cost Share: Local expenditures increase by $19.7 million in fiscal 2019 due to an increase in the amount that each county and Baltimore City must reimburse SDAT for costs related to real property valuation, business personal property valuation, information technology, and the Office of the Director. Beginning in fiscal 2019, local jurisdictions must pay 90.0% of these costs.

Additional Information

Prior Introductions: None.

Cross File: SB 187 (The President)(By Request - Administration) - Budget and Taxation.

Information Source(s): *Spending Affordability Committee Report and Recommendations to the Governor and the Legislative Policy Committee*, December 2017; Maryland Association of County Health Officers; Department of Commerce; Comptroller's Office; Maryland State Department of Education; Maryland Higher Education Commission; Baltimore City Community College; University of Maryland Medical System; University System of Maryland; Independent College and University Association; College Savings Plans of Maryland; Department of Budget and Management; Maryland Department of the Environment; Maryland Department of Health; Department of Housing and Community Development; Department of Human Services; Department of Natural Resources; Maryland Department of Planning; Board of Public Works; State Department of Assessments and Taxation; State Retirement Agency; Department of Legislative Services

Fiscal Note History: First Reader - February 28, 2018
md/ljm

Analysis by: Jennifer B. Chasse

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Appendix A – Contents

Other Administrative Measures

University System of Maryland Fund Balance Transfer

Provision in the Bill: Authorizes the transfer of $9.0 million from the State-supported portion of University System of Maryland (USM) fund balance to the general fund in fiscal 2018.

Agency: University System of Maryland

Type of Action: Fund balance transfer

Fiscal Impact:	*($ in millions)* **FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**
GF Rev	$9.0	$0.0	$0.0	$0.0	$0.0	$0.0

State Effect: General fund revenues increase by $9.0 million in fiscal 2018 as a result of the transfer. An estimated $232.8 million remains in the State-supported portion of the fund balance after the transfer. This provision implements a previously announced action taken by the Board of Public Works on September 6, 2017.

Local Effect: None.

Program Description: USM fund balances are maintained to protect individuals who hold USM-related bonds, to fund capital needs, and to preserve the system's credit rating. Fund balance reductions will be allocated to the 11 USM institutions, the research center, and the USM System Office based on the distribution of general funds to the entities.

Recent History: Budget reconciliation and financing legislation transferred $29.0 million from USM fund balances to the general fund in fiscal 2009, $133.3 million in fiscal 2010, $11.7 million in fiscal 2011, $31.0 million in fiscal 2014, and $30.0 million in fiscal 2017. A portion of the fiscal 2010 transfer was related to furlough savings.

Location of Provision in the Bill: Section 3 (p. 20)

Analysis prepared by: Sara Baker

Revenue Stabilization Account (Rainy Day Fund)

Provision in the Bill: Reduces the fiscal 2019 general fund appropriation into the Revenue Stabilization Account (Rainy Day Fund) by $193,000,000.

Agency: None.

Type of Action: Mandate relief

Fiscal Impact:	*($ in millions)* **FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**
GF Exp	$0	($193.0)	$0	$0	$0	$0

State Effect: General fund expenditures decrease by $193.0 million in fiscal 2019. The Governor's proposed fiscal 2019 budget includes a $193.0 million general fund reduction, contingent on legislation reducing the mandate. The fiscal 2019 ending balance in the Rainy Day Fund is projected to be $879.1 million, reflecting the reduced appropriation. The ending fund balance reflects 5.0% of projected general fund revenues. The Rainy Day Fund has ended each year since fiscal 2008 with a fund balance of about 5.0% of revenues.

Local Effect: None.

Program Description: The Rainy Day Fund was established in 1986 to retain State revenues to meet future short-term funding needs and to reduce the need for future tax increases by moderating revenue growth. Section 7-311 of the State Finance and Procurement Article requires that, if the fund balance is between 3.0% and 7.5% of projected general fund revenues, annual appropriations of at least $50.0 million must be made until the account balance reaches 7.5% of estimated general fund revenues. A sweeper provision requires that an amount equal to unappropriated revenues be appropriated into the fund two years after the close of each fiscal year. In fiscal 2019 and 2020, surpluses above $10.0 million are shared equally between the Rainy Day Fund and Pension System, with the pension general fund appropriations limited to $50.0 million. Beginning in fiscal 2021, surpluses above $10.0 million are shared among the Rainy Day Fund (receiving 50%), Pension System (receiving 25%), and Postretirement Health Benefits Trust Fund (receiving 25%), with pension and health general fund appropriations each limited to $25.0 million.

Location of Provision in the Bill: Section 2 (p. 20)

Analysis prepared by: Patrick S. Frank

Supplemental Pension Contribution (Sweeper)

Provision in the Bill: Repeals the requirement, for fiscal 2019 only, that the Governor include an appropriation to the State Retirement and Pension System (SRPS) trust fund equal to one-half of the amount by which the unappropriated general fund surplus exceeds $10.0 million in the second preceding fiscal year, up to a maximum of $50.0 million.

Agencies: State Retirement Agency; Department of Budget and Management

Type of Action: Mandate relief

Fiscal Impact:	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
			($ in millions)			
SF Rev	$0	($50.0)	$0	$4.00	$4.10	$4.29
GF Exp	$0	($50.0)	$0	$3.36	$3.44	$3.61
SF Exp	$0	$0	$0	$0.32	$0.33	$0.34
FF Exp	$0	$0	$0	$0.32	$0.33	$0.34

State Effect: General fund expenditures decrease by $50.0 million in fiscal 2019 due to repeal of the mandated appropriation; special fund revenues for the trust fund decrease commensurately. The Governor's proposed fiscal 2019 budget includes a $50.0 million reduction, contingent on legislation reducing the amount of the retirement reinvestment contribution. State pension contributions increase by a total of $4.0 million in fiscal 2021, which represents the amortized cost of not making the fiscal 2019 payment. The amortized costs do not begin until fiscal 2021 because the actuarial loss resulting from the missed payment is not recognized until the June 30, 2019 actuarial valuation of SRPS assets and liabilities. That valuation report determines State pension contributions for fiscal 2021. Amortization payments increase annually based on actuarial assumptions and are assumed to be allocated 84% general funds, 8% special funds, and 8% federal and other funds.

Local Effect: None. The State pension contribution that is being repealed represents a State payment in excess of the required State contribution for local employees, so there is no reduction in State pension contributions that are made on behalf of local governments.

Program Description: The Budget Reconciliation and Financing Act (BRFA) of 2015 (Chapter 489) required that, for fiscal 2017 through 2020, an amount equal to one-half of the unappropriated general fund surplus in excess of $10.0 million from the second prior fiscal year be paid to the SRPS trust fund, up to a maximum of $50.0 million annually. Any unappropriated general fund balance in excess of $10.0 million that is not otherwise paid to the pension trust fund is paid to the Revenue Stabilization Account (Rainy Day Fund). Any funds in the Rainy Day Fund in excess of 5% of the State's annual operating expenditures are available for transfer to the general fund for budget relief; if the transfer reduces the Rainy Day Fund balance below 5%, funds may only be transferred contingent on separate authorizing legislation.

Chapter 557 of 2017 extends the required payment indefinitely beyond fiscal 2020 (for years in which the unappropriated general fund balance exceeds $10.0 million), and requires that it be evenly divided between the SRPS trust fund and the Postretirement Health Benefits Trust Fund, up to a combined total of $50.0 million.

Recent History: The unappropriated general fund balance exceeded $10.0 million in fiscal 2015 ($295.3 million), fiscal 2016 ($196.5 million), and fiscal 2017 ($256.3 million). At these levels, the maximum $50.0 million contribution to the SRPS trust fund was made in fiscal 2017. However, the fiscal 2018 contribution was suspended, for that year only, by a provision in the BRFA of 2017. The provision does not affect the required payments, if any, for fiscal 2020 and beyond.

Location of Provision in the Bill: Section 1 (pp. 16-17)

Analysis prepared by: Michael C. Rubenstein

University of Maryland Capital Region Medical Center

Provision in the Bill: Restructures mandated capital grants to the University of Maryland Medical System (UMMS) for the University of Maryland Capital Region Medical Center (formerly known as the Prince George's County Regional Medical Center). The capital grant for fiscal 2019 is reduced by $29.0 million and an additional capital grant of $29.0 million is required in fiscal 2021.

Agency: Maryland Department of Health

Type of Action: Mandate Relief

Fiscal			*($ in millions)*			
Impact:	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**
GF Exp	$0	($29.0)	0	$0	0	0
GO Bonds	$0	$0	$0	$29.0	$0	$0

State Effect: General fund expenditures decrease by $29.0 million in fiscal 2019. The Governor's proposed fiscal 2019 budget includes a $29.0 million general fund reduction, contingent on the restructuring of the capital grant funding to UMMS. Expenditures increase by an equivalent amount in fiscal 2021. The Governor may use general funds and/or general obligation (GO) bonds to meet the fiscal 2021 requirement. The 2018 *Capital Improvement Program* programs $29.0 million of GO bonds in fiscal 2021 for the grant.

Local Effect: None.

Program Description/Recent History: This project will construct a new regional medical center and make improvements to existing health facilities in Prince George's County. The new University of Maryland Capital Region Medical Center will be built at Largo Town Center. The center will include 205 acute-inpatient beds and offer services available at the current hospital, including a 15-bed special pediatric unit at the Mt. Washington Pediatric Hospital, which is part of the current hospital center complex. In addition to the hospital building, the project incorporates an Ambulatory Care Center that will be adjacent to the new hospital.

Chapter 13 of 2016 mandated that the Governor include in the capital or operating budget bill specified amounts that are equal to $208.0 million in matching funds from Prince George's County. The Budget Reconciliation and Financing Act (BRFA) of 2017 clarified the mandate by specifying the amount of funding the State should provide for fiscal 2018 through 2020. **Exhibit 2** shows the total capital funding by year under current law and the total funding by year proposed under the BRFA of 2018.

Exhibit 2
Capital Funding for University of Maryland Capital Region Medical Center
Current Law vs. SB 187/HB 161 of 2018
Fiscal 2018-2022
($ in Millions)

	Prior Auth.	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Total
Under Current Law	$92.5	$11.3	$48.0	$56.2	$0.0	$0	$208.0
Under SB 187/HB 161 of 2018	92.5	11.3	19.0	56.2	29.0	0	208.0

Source: Department of Legislative Services

Location of Provision in the Bill: Section 1 (pp. 14-15)

Analysis prepared by: Jared S. Sussman

Program Open Space Repayment

Provisions in the Bill: Repeal the mandated $15.0 million general fund repayment to Program Open Space (POS) in fiscal 2019 and add a $15.0 million repayment requirement in fiscal 2022.

Agency: Department of Natural Resources (DNR), Maryland Department of Agriculture (MDA)

Type of Action: Mandate relief

Fiscal	*($ in millions)*					
Impact:	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**
GF Exp	$0	($15.0)	$0	$0	$15.0	$0
SF Rev	$0	($15.0)	$0	$0	$15.0	$0
SF Exp	$0	($15.0)	$0	$0	$15.0	$0

State Effect: General and special fund expenditures decrease by $15.0 million in fiscal 2019. Special fund revenues also decrease by $15.0 million. The Governor's proposed fiscal 2019 budget includes language that reduces the general fund appropriation for the Dedicated Purpose Account by $15.0 million, contingent upon the enactment of legislation adjusting the repayment schedule for programs supported by the transfer tax. Special fund revenues and expenditures for POS decrease correspondingly.

In fiscal 2022, general fund expenditures increase by $15.0 million to repay POS, and special fund revenues and expenditures for POS increase correspondingly. **Exhibit 3** reflects fiscal 2019 funding under current law and under the bill.

Exhibit 3
Transfer Tax Funding Under Current Law and Under the Bill
Fiscal 2019

	Fiscal 2019 Current Law	Fiscal 2019 Budget Reconciliation	Difference
Revenues			
Revenue Estimate	$221,902,552	$221,902,552	$0
Overattainment	25,108,596	25,108,596	0
Transfer to General Fund	0	0	0
Repayment – Fiscal 2006 Transfer – Critical Maintenance/NRDF	6,000,000	6,000,000	0
Repayment – Fiscal 2006 Transfer – Distributed through Formula	*15,000,000*	*0*	-15,000,000
Total Revenue	**$268,011,148**	**$253,011,148**	**-$15,000,000**
Expenditures			
Administrative Expenses	$6,657,077	$6,657,077	$0
Debt Service	7,059,179	7,059,179	0
MHAA	6,000,000	6,000,000	0
Forest and Park Service	38,379,717	36,125,217	-2,254,500
DNR – Land Acquisition and Planning			
POS – State Share	61,988,254	55,932,004	-6,056,250
POS – Local Share	55,769,575	52,387,825	-3,381,750
Rural Legacy Program	20,767,704	20,017,704	-750,000
NRDF	14,356,000	14,356,000	0
Critical Maintenance Program	13,000,000	13,000,000	0
Ocean City Beach Maintenance	1,000,000	1,000,000	0
MDA – MALPF	43,033,642	40,476,142	-2,557,500
Total Expenditures	**$268,011,148**	**$253,011,148**	**-$15,000,000**

DNR: Department of Natural Resources
MALPF: Maryland Agricultural Land Preservation Foundation
MDA: Maryland Department of Agriculture
MHAA: Maryland Heritage Areas Authority
NRDF: Natural Resources Development Fund
POS: Program Open Space

Source: Department of Budget and Management; Department of Legislative Services

Local Effect: Local governments receive grants for land acquisition, the development of park and recreational facilities, and the purchase of easements funded through the local share of POS, Rural Legacy, and the Maryland Agricultural Land Preservation Foundation (MALPF). Under this provision, the POS Local allocation decreases by $3.4 million in fiscal 2019 and increases by the same amount in fiscal 2022. The POS Local allocation by jurisdiction for fiscal 2019 under current law and the bill is shown in **Appendix C**.

Program Description: The State transfer tax of 0.5% of the consideration paid for the transfer of real property from one owner to another has been used to fund several land conservation programs in DNR and MDA. Transfer tax revenues are allocated as follows:

- First, transfer tax revenues for debt service on POS Acquisition Opportunity Loan of 2009 general obligation bond authorizations are credited to the Annuity Bond Fund.
- Second, before any program-specific allocations are made, 3% of the transfer tax is distributed to DNR and the other agencies involved in POS for administration of the program.
- Third, approximately 76% of the remaining transfer tax historically has been allocated to POS, which has four main components: a State share; a local share; a Forest Service/Maryland Park Service operations share; and an amount that may be transferred to the Maryland Heritage Areas Authority within the Maryland Department of Planning. All other funds are allocated to the Rural Legacy Program, MALPF, and the Heritage Conservation Fund.

Recent History: In recent years, pursuant to budget reconciliation legislation as well as other legislation, State transfer tax revenues and unexpended balances have been redirected and transferred to the general fund and repayment plans have been proposed and modified. Among other things, Chapter 10 of 2016 established a timeline for the repayment of $90.0 million transferred from the transfer tax special fund to the general fund in fiscal 2006 and the repayment of $242.2 million for the partial repayment of transfers that occurred between fiscal 2016 and 2018. The Budget Reconciliation and Financing Act of 2017 reduced the fiscal 2018 mandated appropriation for the Next Generation Farmland Acquisition Program (one of the components of the repayment of a transfer from fiscal 2006) from $5.0 million to $2.5 million and deferred funding of the remaining $2.5 million to fiscal 2019.

Location of Provisions in the Bill: Section 1 (pp. 18-19)

Analysis prepared by: Andrew Gray and Matthew Klein

Rate Increase for Community Service Providers

Provision in the Bill: Reduces the mandated rate increase for community service providers in fiscal 2019 from 3.5% to 1.0% for the Developmental Disabilities Administration (DDA).

Agency: Maryland Department of Health

Type of Action: Mandate Relief

Fiscal Impact:	($ in millions) **FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**
FF Rev	$0	($13.3)	($13.3)	($13.3)	($13.3)	($13.3)
GF Exp	$0	($14.6)	($14.6)	($14.6)	($14.6)	($14.6)
FF Exp	$0	($13.3)	($13.3)	($13.3)	($13.3)	($13.3)

State Effect: Fiscal 2019 expenditures decrease by $14.6 million in general funds and $13.3 million in federal funds. Federal fund revenues decrease by a corresponding amount. The Governor's proposed fiscal 2019 budget includes a $14.6 million general fund reduction and a $13.3 million federal fund reduction, contingent on legislation reducing the mandated provider rate increase from 3.5% to 1.0% for DDA. Fiscal 2019 is the last year of the mandated rate increase and as such, out-year savings are flat.

Local Effect: None.

Program Description: DDA provides services to developmentally disabled individuals through funding of a coordinated service delivery system that supports individuals in the community.

Recent History: Chapter 262 of 2014 mandated rate increases for developmental disabilities community service providers. Annual rate increases of 3.5% over the funding provided in the legislative appropriation for the prior fiscal year were required in fiscal 2016 through 2019. However, cost containment actions reduced provider rate increases from 3.5% to 3.0% in fiscal 2016. A provider rate increase of 3.5% was included in the fiscal 2018 budget.

Location of Provision in the Bill: Section 1 (p. 13)

Analysis prepared by: Jared S. Sussman

Medicaid Deficit Assessment

Provisions in the Bill: Alter, from $35.0 million to $25.0 million, the amount by which the Governor must reduce the Medicaid Deficit Assessment in fiscal 2019. Thus, the budgeted Medicaid Deficit Assessment required for fiscal 2019 is increased from $329,825,000 to $339,825,000.

Agency: Maryland Department of Health

Type of Action: Mandate relief

Fiscal Impact:			*($ in millions)*			
	FY 2018	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**
SF Rev	$0	$10.0	$0	$0	$0	$0
GF Exp	$0	($10.0)	$0	$0	$0	$0
SF Exp	$0	$10.0	$0	$0	$0	$0

State Effect: The provision results in a general fund expenditure decrease of $10.0 million in fiscal 2019, while special fund revenues and expenditures increase by $10.0 million. The Governor's proposed fiscal 2019 budget includes a general fund reduction of $10.0 million, contingent on legislation modifying the assessment. Out-year expenditures are unchanged.

Local Effect: None.

Recent History: During the most recent recession, a Medicaid Deficit Assessment was imposed on Maryland hospitals to support the Medicaid program. The assessment consists of (1) an amount included in hospital rates (and paid by hospital users) and (2) a remittance from hospitals. The Budget Reconciliation and Financing Act (BRFA) of 2014 (Chapter 464) required the Health Services Cost Review Commission (HSCRC) to calculate the general fund savings to Medicaid resulting from implementation of the all-payer model contract. Any savings were to be used to reduce the assessment. The BRFA of 2015 (Chapter 489) delayed the reduction in the assessment based on the methodology developed by HSCRC by one year and also replaced the savings methodology with a simple reduction of $25.0 million over the prior year appropriation of the assessment. The fiscal 2017 budget was the first to contain a reduction in the assessment, from $389.8 million to $364.8 million. The BRFA of 2017 (Chapter 23) included a one-year delay in the assessment reduction but amended the reduction required in fiscal 2019 and 2020 to $35.0 million in each year, and specified the deficit assessment level.

Location of Provisions in the Bill: Section 1 (p. 19)

Analysis prepared by: Simon G. Powell

Baltimore Regional Neighborhood Initiative Program

Provision in the Bill: Repeals the requirement that the Governor provide $12.0 million in the operating budget or capital budget for the Baltimore Regional Neighborhood Initiative (BRNI) Program in fiscal 2019 through 2022.

Agency: Department of Housing and Community Development (DHCD)

Type of Action: Mandate relief

Fiscal Impact:	*($ in millions)* FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
GF Exp	$0	($9.0)	($9.0)	($9.0)	($9.0)	$0

State Effect: General fund expenditures decrease by $9.0 million annually in fiscal 2019 through 2022, when the mandate is set to expire. The Governor's proposed fiscal 2019 budget includes a $9.0 million general fund reduction, contingent on legislation altering the mandated appropriation for BRNI. The Governor's proposed fiscal 2019 capital budget includes $3.0 million in general obligation (GO) bonds for BRNI, and the 2018 *Capital Improvement Program* includes $3.0 million annually in GO bonds in fiscal 2020 through 2023. Thus, it is assumed that, in the absence of the bill, $9.0 million annually in general funds would have been provided for the program in fiscal 2020 through 2022 in order to meet the mandate. Although the bill repeals the full mandated appropriation, because the *Capital Improvement Program* includes GO bonds for the program in fiscal 2023, after the funding mandate has expired, it is assumed that GO bond funding for BRNI is not affected by the bill and that $3.0 million annually in GO bond funding is provided for the program.

Local Effect: None.

Program Description: BRNI provides grants to fund comprehensive revitalization strategies in sustainable community areas in Baltimore City and Baltimore and Anne Arundel counties. Grant recipients are nonprofit community development groups performing property acquisition, redevelopment, rehabilitation, and new infill development.

Recent History: Chapter 29 of 2016 codified BRNI, a previously existing program within DHCD's Division of Neighborhood Revitalization, and mandated a $12.0 million appropriation in fiscal 2018 through 2022. The Budget Reconciliation and Financing Act of 2017 (Chapter 23) altered the mandate to allow the Governor to use either the operating budget, the capital budget, or a combination of both to meet the mandate.

Location of Provision in the Bill: Section 1 (p. 15)

Analysis prepared by: Jason A. Kramer

Behavioral Health Provider Rates

Provision in the Bill: Reduces the mandated community provider rate increase for behavioral health providers from 3.5% to 2.0% for fiscal 2019 only.

Agency: Maryland Department of Health

Type of Action: Mandate relief

Fiscal	*($ in millions)*					
Impact:	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**
FF Rev	$0	($8.4)	($8.6)	($8.8)	($8.8)	($8.8)
GF Exp	$0	($7.9)	($8.7)	($9.1)	($9.1)	($9.1)
FF Exp	$0	($8.4)	($8.6)	($8.8)	($8.8)	($8.8)

State Effect: General fund expenditures decline by $7.9 million and federal fund revenues and expenditures decline by $8.4 million in fiscal 2019. Changes in expenditures in future years represent a lower base upon which mandated rate increases in fiscal 2020 and 2021 are applied. The Governor's proposed fiscal 2019 budget reduces general funds by $7.9 million and federal funds by approximately $8.4 million, contingent on legislation reducing the mandated rate increase.

Local Effect: None.

Program Description: Behavioral health treatment services financed by the State for Medicaid-eligible, as well as specific uninsured individuals with severe mental illness or substance use disorders, are provided for through the Public Behavioral Health System, mostly on a fee-for-service basis. Community providers include those providers who do not operate under the rate regulations administered by the Health Services Cost Review Commission or whose fees are not cost settled, such as residential treatment services for children.

Recent History: The Heroin and Opioid Prevention Effort (HOPE) and Treatment Act of 2017 (Chapters 571 and 572) provided for a mandated rate increase for community behavioral health providers. These mandated rate increases are for 3.5% in fiscal 2019 and 2020 and 3.0% in fiscal 2021.

Location of Provision in the Bill: Section 1 (pp. 13-14)

Analysis prepared by: Jordan D. More

Joseph A. Sellinger Program for Independent Colleges and Universities

Provision in the Bill: Reduces the fiscal 2019 appropriation for the Joseph A. Sellinger formula for qualifying institutions to the fiscal 2018 amount. The statutory percentages are unchanged in future years.

Agency: Maryland Higher Education Commission

Type of Action: Mandate relief

Fiscal			*($ in millions)*			
Impact:	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**
GF Exp	$0	($7.4)	$0	$0	$0	$0

State Effect: General fund expenditures for the Sellinger formula decrease by $7.4 million. The Governor's proposed fiscal 2019 budget includes a $7.4 million general fund reduction, contingent on legislation to level fund the grant to private colleges and universities at the fiscal 2018 working appropriation. Future years are not affected.

Local Effect: None.

Program Description: The Joseph A. Sellinger Program provides State funding to 13 qualifying nonprofit independent colleges and universities. The Sellinger formula uses a percentage of the State's per full-time equivalent student (FTES) funding for select public four-year institutions of higher education to determine a per FTES funding amount for the independent institutions. Under current law, the mandated Sellinger percentage of per FTES funding at the four-year institutions is 10.8% for fiscal 2019 and is scheduled to phase up to full funding (15.5%) for fiscal 2021 and subsequent years. In September 2017, the Board of Public Works took numerous cost containment actions including reducing the fiscal 2018 appropriation for the Sellinger program to $48,908,667, which is the amount that the Governor is proposing for fiscal 2019 (equivalent to 9.4% of per FTES funding). Due to an error in calculating the required funding for the Sellinger formula in fiscal 2019, the allowance is overbudgeted by $271,331.

Recent History: The Budget Reconciliation and Financing Act (BRFA) of 2012 set State funding per FTES at the fiscal 2013 level from fiscal 2014 through 2017 and reduced formula funding levels for fiscal 2018 through 2020. The 2014 BRFA altered the funding percentages in statute to increase support for eligible institutions sooner than originally planned. The 2015 BRFA set Sellinger funding for fiscal 2016 at $42.8 million but did not alter the statutory percentages for future years.

Location of Provision in the Bill: Section 1 (pp. 10-11)

Analysis prepared by: Caroline Boice

Teacher Induction, Retention, and Advancement Pilot Program

Provision in the Bill: Repeals the mandate that the Governor provide $5.0 million for the Teacher Induction, Retention, and Advancement Pilot Program in fiscal 2019 through 2022; funding for the pilot program is discretionary beginning in fiscal 2019.

Agency: Maryland State Department of Education (MSDE)

Type of Action: Mandate relief

Fiscal	*($ in millions)*					
Impact:	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**
GF Exp	($0)	($5.0)	($5.0)	($5.0)	($5.0)	($0.0)

State Effect: General fund expenditures decrease by $5.0 million in fiscal 2019. The Governor's proposed fiscal 2019 budget includes a $5.0 million general fund reduction, contingent on legislation repealing the mandate that funding be provided for the pilot program. Future years assume no discretionary funding for the pilot program, as reflected in the Administration's out-year forecast. Thus, general fund expenditures decrease in fiscal 2020 through 2022. Under current law, the pilot program expires after fiscal 2022 so there is no impact in fiscal 2023.

Local Effect: Local school system revenues decrease by $5.0 million in fiscal 2019 through 2022 for those systems participating in the pilot program. Local school system expenditures for the program also decrease.

Program Description/Recent History: Chapter 740 of 2016 established the Teacher Induction, Retention, and Advancement Pilot Program for first-year teachers. The pilot program, in effect through fiscal 2022, is to afford first-year teachers and experienced mentor teachers selected by their local school systems more time on specified professional development activities. Any costs incurred must be borne 80% by the State (up to $5.0 million annually) and 20% by the local boards of education that choose to participate in the pilot program. By December 1, 2021, MSDE must report on the retention of first-year teachers who participated in the program, versus similarly situated first-year teachers who did not participate, and make recommendations on whether to continue, modify, or eliminate the pilot program. Fiscal 2018 is the first year of the program. The budget included $2.1 million for the program. Approximately $1.0 million is required for the State share of costs under the program. The Governor's proposed fiscal 2019 budget assumes that the remaining $1.1 million reverts at the end of fiscal 2018.

Recent History: The Budget Reconciliation and Financing Act of 2017 reduced mandated funding for fiscal 2018 by $2.9 million.

Location of Provision in the Bill: Section 1 (pp. 4-5)

Analysis prepared by: Caroline L. Boice

Public School Opportunities Enhancement Program

Provision in the Bill: Repeals the mandate that the Public School Opportunities Enhancement Program be funded at $7.5 million annually in fiscal 2019 through 2021; funding for the program is discretionary in fiscal 2019 through 2021.

Agency: Maryland State Department of Education

Type of Action: Mandate relief

Fiscal Impact:	*($ in millions)* **FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**
GF Exp	$0	($5.0)	($5.0)	($5.0)	$0	$0

State Effect: General fund expenditures decrease by $5.0 million in fiscal 2019. The Governor's proposed fiscal 2019 budget includes a $5.0 million general fund reduction, contingent on legislation repealing the funding mandate for the program, which leaves $2.5 million for the program in fiscal 2019. Fiscal 2020 and 2021 assume $2.5 million is provided each year for the program, as reflected in the Administration's out-year forecast. Thus, general fund expenditures decrease by $5.0 million in fiscal 2020 and 2021. No savings are assumed in fiscal 2022 or 2023; under current law the mandated funding is through fiscal 2021 only.

Local Effect: State revenues to local school systems decline to the extent they are potential grantees. Thirteen local school systems are eligible to apply for a grant. To be eligible for a grant, a grantee must provide programs in a county in which at least 50% of public school students as a percentage of full-time equivalent students qualify for free lunch under the National School Lunch Program. Local school systems are also relieved of matching fund expenditures, though some local school systems may choose to fund relevant programming even if State support is not provided.

Program Description/Recent History: Chapter 32 of 2016 established the Public School Opportunities Enhancement Program. The program is intended to assist local school systems, public community schools, and nonprofit organizations in the State in expanding or creating extended day and summer enhancement programs and to assist nonprofit organizations in the State and community schools in expanding or supporting existing educational programming during the school day. Chapter 23 of 2017 reduced the mandated appropriation for the program for fiscal 2018 from $7.5 million to $2.5 million. Fiscal 2018 is the first year of the program. Grants totaling $2.5 million were distributed to 15 grantees, including one school system (Allegany County).

Location of Provision in the Bill: Section 1 (p. 7)

Analysis prepared by: Scott P. Gates

Next Generation Scholars of Maryland Program

Provision in the Bill: Repeals the mandate that the Next Generation Scholars of Maryland Program be funded at $5.0 million annually through fiscal 2023; funding for the program is discretionary beginning in fiscal 2019.

Agency: Maryland State Department of Education

Type of Action: Mandate relief

Fiscal Impact:	*($ in millions)* **FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**
GF Exp	$0	($5.0)	($5.0)	($5.0)	($5.0)	($5.0)

State Effect: General fund expenditures decrease by $5.0 million beginning in fiscal 2019. The Governor's proposed fiscal 2019 budget includes a $5.0 million general fund reduction, contingent on legislation repealing the mandate that funding be provided for the program. Future years assume no discretionary funding for the program as reflected in the Administration's out-year forecast.

Local Effect: School systems are not eligible to receive grants. However, without funding, eligible students in eight school systems will not be able to participate in the program (Baltimore City and Allegany, Caroline, Dorchester, Kent, Prince George's, Somerset, and Wicomico counties).

Program Description/Recent History: Chapter 33 of 2016 reestablished the College Readiness Outreach Program as the Next Generation Scholars of Maryland Program. In addition to making significant changes to the program, from fiscal 2018 through 2023, Chapter 33 requires the Governor to include $5.0 million in general funds for the program to be administered in school systems in which at least 50% of the students are eligible to receive a free lunch under the National School Lunch Program in the 2015-2016 school year. Funding is to be distributed to qualified nonprofit organizations to provide guidance and services including mentorship, graduation guidance, and an intensive summer bridge program to specified students eligible for the Guaranteed Access scholarship for qualified low-income students to attend an institution of higher education. Fiscal 2018 is the first year of the program. Grants totaling $4.7 million were distributed to nonprofit organizations serving eligible students in Baltimore City and Allegany, Caroline, Dorchester, Kent, Prince George's, Somerset, and Wicomico counties.

Location of Provision in the Bill: Section 1 (pp. 11-12)

Analysis prepared by: Caroline L. Boice

Maryland 529 Matching Contributions

Provision in the Bill: Reduces the minimum amount of funding the Governor must provide for State matching contributions to eligible 529 college savings accounts to $2.0 million annually beginning in fiscal 2019.

Agency: Maryland 529

Type of Action: Mandate relief

Fiscal Impact:	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
	($ in millions)					
GF Exp	$0	($5.0)	($8.0)	($8.0)	($8.0)	($8.0)

State Effect: General fund expenditures decrease by $5.0 million in fiscal 2019 and by $8.0 million annually thereafter. The Governor's proposed fiscal 2019 budget includes a contingent general fund reduction of $5.0 million.

Local Effect: None.

Program Description/Recent History: As part of a multifaceted approach to address the affordability of higher education, the College Affordability Act of 2016 (Chapter 690) established an annual State matching contribution of $250, per beneficiary, for new accounts in the Maryland College Investment Plan, which is administered by Maryland 529, formerly the College Savings Plans of Maryland. The minimum personal contribution necessary to receive a State matching contribution varies with income, up to a maximum of $125,000/$175,000 for single/joint filers. The Governor must appropriate at least $7.0 million in fiscal 2019, and $10.0 million annually thereafter, for the State matching contributions. If funding provided in a fiscal year is not sufficient to fully fund all State contributions, Maryland 529 must prioritize certain recipients.

In 2017, the first year of the program, Maryland 529 received 3,084 applications, out of which 1,815, or 59%, qualified. Matching contributions totaling $453,750 were subsequently made in fiscal 2018. The Governor was required to include $5.0 million in the fiscal 2018 budget for this purpose. The Governor's proposed fiscal 2019 budget anticipates the reversion of $4,546,250 of unspent fiscal 2018 funds.

Location of Provision in the Bill: Section 1 (p. 12)

Analysis prepared by: Stephen M. Ross

Seed Community Development Anchor Institution Fund

Provision in the Bill: Repeals the requirement that the Governor provide $5.0 million for the Seed Community Development Anchor Institution Fund in fiscal 2019 through 2022 and instead makes the funding discretionary (through either the operating or capital budget) beginning in fiscal 2019.

Agency: Department of Housing and Community Development

Type of Action: Mandate relief

Fiscal	*($ in millions)*					
Impact:	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**
GF Exp	$0	($5.0)	($5.0)	($5.0)	($5.0)	$0

State Effect: General fund expenditures decrease by $5.0 million annually in fiscal 2019 through 2022, when the mandate is set to expire. The Governor's proposed fiscal 2019 budget includes a $5.0 million general fund reduction, contingent on legislation repealing the mandated appropriation for the Seed Community Development Anchor Institution Fund. The 2018 *Capital Improvement Program* does not include any funding for the program in the out-years.

Local Effect: None.

Program Description/Recent History: Chapter 31 of 2016 created the Seed Community Development Anchor Institution Fund and required a $5.0 million appropriation to the fund in fiscal 2018 through 2022. The purpose of the fund is to provide grants and loans to "anchor institutions" for community development projects in blighted areas of the State. The program has yet to receive funding.

The Budget Reconciliation and Financing Act of 2017 (Chapter 23) altered the mandate to allow the Governor to use either the operating budget, the capital budget, or a combination of both to meet the mandate.

Location of Provision in the Bill: Section 1 (p. 15)

Analysis prepared by: Jason A. Kramer

University System of Maryland Enhanced Funding Guideline Attainment

Provision in the Bill: Repeals the requirement to provide at least an additional $4.0 million to the University System of Maryland Office (USMO) each year from fiscal 2019 through 2021 to increase the estimated funding guideline attainment levels of the primarily residential institutions with the lowest estimated fiscal 2016 funding guideline attainment levels.

Agency: University System of Maryland Office

Type of Action: Mandate relief

Fiscal	*($ in millions)*					
Impact:	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**
GF Exp	$0	($4.0)	($8.0)	($12.0)	($12.0)	($12.0)

State Effect: General fund expenditures decrease by $4.0 million in fiscal 2019. The Governor's proposed fiscal 2019 budget includes a $4.0 million general fund reduction, contingent on legislation altering the mandate that funding be provided for the program. Any out-year funding for this purpose is made discretionary. For fiscal 2019, the reduction would only apply to the University of Maryland, Baltimore County. Required general fund expenditures decline by a total of $8.0 million in fiscal 2020 and $12.0 million in fiscal 2021 and each year thereafter.

Local Effect: None.

Program Description: Chapter 25 of 2016 requires the Governor, for each of fiscal 2018 through 2021, to provide at least an additional $4.0 million to USMO to increase estimated funding guideline attainment levels at specified institutions. USMO must allocate the funds in a manner that brings those institutions as close as possible to a 64% estimated funding guideline attainment level by fiscal 2021. Funding guidelines were used beginning in 2001 to assess how Maryland's public four-year institutions were funded relative to their peers.

Location of Provision in the Bill: Section 1 (pp. 19-20)

Analysis prepared by: Sara Baker

National Board and Anne Arundel County Teacher Stipends

Provisions in the Bill: Repeal the requirement that the State match county teacher stipends for teachers who hold National Board Certification (NBC) and reduce the maximum amount that the State *may* match for NBC stipends for teachers who work in a comprehensive needs school from $4,000 to $2,000. Also repeal the mandate, in fiscal 2019, that the State match stipends for specified Anne Arundel County Public Schools (AACPS) classroom teachers.

Agency: Maryland State Department of Education

Type of Action: Mandate relief

Fiscal Impact:	($ in millions) **FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**
GF Exp	$0	($4.0)	($2.1)	($2.1)	($2.1)	($2.1)

State Effect: General fund expenditures decrease by an estimated $4.0 million in fiscal 2019, assuming local school systems would choose to grant specified teachers the maximum stipend amount and a level number of eligible teachers. The Governor's proposed fiscal 2019 budget includes a $2.1 million general fund reduction, contingent on legislation reducing the mandated NBC stipend amount, and a $1.9 million general fund reduction, contingent on legislation repealing the AACPS stipend. After the contingent reduction for NBC stipends, $2.0 million remains in the Governor's proposed fiscal 2019 budget for the stipends. No funding remains for the AACPS stipend after the contingent reduction.

Based on the Administration's out-year forecast, it is assumed that the discretionary NBC stipends are level funded at $2.0 million in fiscal 2020 through 2023, resulting in general fund savings of $2.1 million annually. Under current law, the AACPS stipend program ends in fiscal 2019; thus, there are no savings for the program beyond fiscal 2019.

Local Effect: Local school system revenues and expenditures decrease by an estimated total of $2.1 million beginning in fiscal 2019 for the State match for NBC stipends, assuming counties intended to grant the maximum stipend amount. In addition, local school system expenditures for the local portion of the stipend may decrease due to the reduced State match in fiscal 2019 and beyond.

If AACPS intended to grant specified teachers the maximum stipend amount, AACPS revenues and expenditures decrease by an estimated $1.9 million in fiscal 2019. However, the county did not provide funding for the stipends in fiscal 2018, and it has indicated it does not plan to fund them in fiscal 2019. Thus, there is no impact.

Program Description: Chapter 600 of 1999, the Quality Teacher Incentives (QTI) Act, established the NBC teacher stipends and other incentives for teachers as a mandatory program beginning in fiscal 2000. The QTI program budget grew to $21.9 million in fiscal 2015, prompting cost containment actions, including the repeal of a non-NBC stipend in the Budget Reconciliation and Financing Act (BRFA) of 2015. Chapter 740 of 2016 increased the maximum State match for county stipends for teachers who hold NBC *and* work in a school with comprehensive needs from $2,000 to $4,000, beginning in fiscal 2018. In addition, Chapter 740 established a matching State stipend of up to a maximum of $1,500 for specified AACPS classroom teachers in fiscal 2017 through 2019 only. No funds were provided for the AACPS stipend in fiscal 2017. The Governor's budget balancing plan assumes that $1.5 million for NBC stipends and $950,000 for AACPS stipends (the entire budgeted amount) are not spent in fiscal 2018 and revert to the general fund at the end of the fiscal year.

Recent History: The BRFA of 2017 delayed the $2,000 increase in the State match for NBC teachers who work in comprehensive needs schools from fiscal 2018 to 2019. (The BRFA of 2018 permanently eliminates the $2,000 increase and makes the remaining $2,000 stipend discretionary.) The BRFA of 2017 also reduced the maximum State match for AACPS teacher stipends to $750 for fiscal 2018.

Location of Provisions in the Bill: Section 1 (pp. 5-6)

Analysis prepared by: Caroline L. Boice

University of Maryland Center for Economic and Entrepreneurship Development

Provision in the Bill: Repeals the mandated funding for the University of Maryland Center for Economic and Entrepreneurship Development (UMCEED) and reduces the fiscal 2019 funding level from $4.0 million to $2.0 million.

Agency: University of Maryland, College Park Campus (UMCP)

Type of Action: Mandate relief

Fiscal	*($ in millions)*					
Impact:	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**
GF Exp	$0	($2.0)	($4.0)	($4.0)	($4.0)	($4.0)

State Effect: General fund expenditures decrease by $2.0 million in fiscal 2019. The Governor's proposed fiscal 2019 budget includes a $2.0 million reduction, contingent on legislation repealing the mandate, leaving $2.0 million for the program. Current law mandates funding for UMCEED at $6.0 million in fiscal 2020 and beyond. General fund expenditures decrease by $4.0 million beginning in fiscal 2020 assuming the current $2.0 million funding level is maintained despite repeal of the mandate.

Local Effect: None.

Program Description: Chapter 25 of 2016 established UMCEED at UMCP to advance the education of students by developing degree and credential programs in virtual and augmented reality, neurosciences, biomedical devices, data analytics, and cybersecurity. The Act requires the Governor to provide $4.0 million in fiscal 2019 and $6.0 million in each fiscal year thereafter.

Location of Provision in the Bill: Section 1 (p. 7)

Analysis prepared by: Sara Baker

Maryland State Arts Council

Provision in the Bill: Repeals the requirement (and instead prohibits) that funding from the admissions and amusement (A&A) tax be included for the purposes of calculating the mandated general fund allowance to the Maryland State Arts Council (MSAC).

Agency: Department of Commerce

Type of Action: Mandate relief

Fiscal Impact:			*($ in millions)*			
	FY 2018	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**
GF Exp	$0	($1.0)	($2.1)	($3.2)	($3.3)	($3.4)

State Effect: General fund expenditures decrease by $1.0 million in fiscal 2019. The Governor's proposed fiscal 2019 budget includes a $1.0 million reduction in general funds for MSAC, contingent on enactment of this provision. The reduction would leave a fiscal 2019 appropriation of $19.8 million, $1.1 million more than required under this proposed revision to the mandate calculation. Savings increase in fiscal 2020 and 2021 due to the repeated exclusion of $1.0 million of revenue from the A&A tax from the mandate calculation and the cumulative impact of this provision on the base funding used to calculate the mandated amount.

Local Effect: None.

Program Description: MSAC is a 17-member State agency established in 1967. The council's mission is to encourage and invest in the advancement of the arts for the people of the State, which the council accomplishes largely through grants to arts organizations and local arts agencies. The Governor must appropriate general funds to the council that increase each year by the expected percentage of growth in general fund revenues.

The Special Fund for Preservation of Cultural Arts (POCA) in Maryland is a special, nonlapsing fund in the Department of Commerce that consists primarily of State A&A tax revenue from electronic bingo and tip jar machine proceeds. The fund is used to provide supplemental grants to cultural arts organizations that qualify for general operating support grants from MSAC. Due to the diversion of funds for cost containment and other budgetary purposes, the special fund has never been used for its intended purpose.

Recent History: Chapter 145 of 2016 increased available funding to MSAC by changing the allocation of A&A tax that was distributed to POCA. Chapter 145 specified that revenue attributable to a 5% State A&A tax rate on electronic bingo and electronic tip jars be disbursed so that *up to* an aggregate amount of $1.0 million in each fiscal year goes to the special fund for POCA and the remainder is distributed to MSAC, instead of *all* of the revenue going to POCA. Any funds distributed to MSAC from the A&A tax must be included in MSAC's prior fiscal year appropriation for purposes of calculating the required mandated general fund appropriation.

The Budget Reconciliation and Financing Act of 2017 (Chapter 23) placed a sunset of fiscal 2021 on distributing the A&A tax revenue to MSAC. Beginning in fiscal 2022, revenue from the A&A tax from certain electronic bingo machines will remain in the special fund for POCA rather than be distributed to MSAC.

Location of Provision in the Bill: Section 1 (p. 20)

Analysis prepared by: Jason A. Kramer

Baltimore City Community College Funding Formula

Provision in the Bill: Reduces the fiscal 2019 mandated appropriation for Baltimore City Community College (BCCC) from $39,797,307 to $38,946,307.

Agency: Baltimore City Community College

Type of Action: Mandate Relief

Fiscal Impact:	($ in dollars) FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
GF Exp	$0	($851,000)	$0	$0	$0	$0

State Effect: General fund expenditures decrease by $851,000 in fiscal 2019. The Governor's proposed fiscal 2019 budget reduces the BCCC general fund appropriation by $851,000, contingent on the legislation altering BCCC's funding formula. Out-year funding is unaffected. This reduction does not affect the amount of general funds BCCC receives through the English for Speakers of Other Languages program.

Local Effect: None.

Program Description: BCCC was established as the only State-sponsored community college by Chapter 220 of 1990 and Chapter 464 of 1991. The purpose of BCCC is to provide quality, accessible, and affordable education to the citizens of Baltimore in the areas of basic skills, technical and career education, continuing education, and the arts and sciences.

Recent History: Language in the fiscal 2018 budget reduced BCCC's general fund appropriation by $600,000, directing $450,000 to the Universities at Shady Grove, and $150,000 to the University System of Maryland at Hagerstown. Additionally, in September 2017, the Board of Public Works reduced BCCC's fiscal 2018 general fund appropriation by $251,000. The proposed contingent reduction carries these reductions through fiscal 2019.

Location of Provision in the Bill: Section 1 (pp. 7-10)

Analysis prepared by: Kyle D. Siefering

Core Public Health Services Funding Formula

Provisions in the Bill: Reduce the Core Public Health Services (CPHS) funding formula to $49,488,474 (the fiscal 2018 level) for fiscal 2019 and rebase the formula beginning in fiscal 2020 at the fiscal 2019 level plus inflation and population growth.

Agency: Maryland Department of Health

Type of Action: Mandate relief

Fiscal Impact	***($ in dollars)***					
	FY 2018	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**
GF Exp	$0	($890,794)	($908,610)	($932,234)	($962,065)	($990,927)

State Effect: General fund expenditures decrease by $890,794 in fiscal 2019. The Governor's proposed fiscal 2019 budget includes an $890,794 general fund reduction, contingent on legislation eliminating the mandated increase to the CPHS formula. Out-year savings are due to inflationary factors being applied to a lower base. The reduction funds CPHS at the same level as the fiscal 2018 appropriation.

Local Effect: Revenues to local health departments decline by the same amount as the State general fund savings shown. The fiscal 2019 impact of the reduction in aid by county is shown in **Appendix C**.

Program Description: CPHS funding is established by statutory formula adjusted yearly for inflation and population growth. Matching funds are required from each local jurisdiction according to each jurisdiction's revenue-raising ability.

Recent History: The Budget Reconciliation and Financing Act (BRFA) of 2014 clarified the CPHS formula by specifying that inflationary adjustments are made to the amount of funding for the preceding year beginning in fiscal 2015. Subsequent BRFAs, through fiscal 2018, have taken various cost containment actions affecting the CPHS formula.

Location of Provisions in the Bill: Section 1 (p. 12)

Analysis prepared by: Jared S. Sussman

Robotics Grant Program

Provision in the Bill: Repeals the mandate that the Robotics Grant Program be funded at $250,000 annually; funding for the program is discretionary beginning in fiscal 2019.

Agency: Maryland State Department of Education

Type of Action: Mandate relief

Fiscal Impact:	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
	($ in dollars)					
GF Exp	$0	($250,000)	($250,000)	($250,000)	($250,000)	($250,000)

State Effect: General fund expenditures decrease by $250,000 beginning in fiscal 2019. The Governor's proposed fiscal 2019 budget includes a $250,000 general fund reduction, contingent on legislation repealing the mandated funding for the program. Future years reflect no discretionary funding for the program as assumed in the Administration's out-year forecast.

Local Effect: State revenues to local school systems that have, or may propose to have, robotics programs decrease by up to $250,000 statewide. The direct impact on public schools may be significantly less, given that nonprofit organizations are also eligible to receive grant funding through the program.

Program Description/Recent History: Chapters 681 and 682 of 2016 established the Robotics Grant Program. The program is intended to provide grants to public schools and nonprofit robotics clubs to support existing robotics programs in the State and increase the number of robotics programs in the State. In 2017, the Governor also proposed repealing the funding mandate for the program beginning in fiscal 2018. However, this provision was not included in the Budget Reconciliation and Financing Act of 2017 as enacted.

Location of Provision in the Bill: Section 1 (pp. 6-7)

Analysis prepared by: Scott P. Gates

Horse Racing Special Fund – Maryland Stadium Authority Sports Marketing

Provision in the Bill: Repeals a mandated grant in fiscal 2018 and 2019 of $350,000 to the Maryland Office of Sports Marketing for incentive grants for youth and amateur sporting events.

Agency: Department of Labor, Licensing, and Regulation (DLLR); Maryland Stadium Authority (MSA)

Type of Action: Mandate relief

Fiscal			*($ in dollars)*			
Impact:	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**
SF Exp	($350,000)	($350,000)	$0	$0	$0	$0

State Effect: Special fund expenditures for a grant to the Maryland Office of Sports Marketing decrease by $350,000 in fiscal 2018 and 2019. The Governor's proposed fiscal 2019 budget includes a $350,000 special fund reduction, contingent on enactment of legislation repealing the revenue transfer associated with the grant for sports marketing. Chapter 727 of 2016 requires that these funds are transferred as reimbursable funds from the DLLR's Division of Racing to MSA's Maryland Office of Sports Marketing.

Program Description: The Maryland Office of Sports Marketing promotes amateur, professional, national, and international sports competitions in Maryland.

Recent History: Chapter 727 of 2016 established the Maryland International thoroughbred race to be conducted by a licensee at Laurel Park, subject to the approval of the Maryland Racing Commission. From the State Lottery Fund, the Comptroller must annually distribute $1.0 million to the horse racing special fund to fund (1) a purse for the Maryland International thoroughbred race; (2) a bonus award program for Maryland-bred or Maryland-sired horses running in the Preakness Stakes; and (3) grants to the Maryland Office of Sports Marketing and the Maryland Humanities Council. Although this provision removes the special fund spending mandate, the provision does not repeal the transfer of lottery revenues into the special fund. The Governor's proposed fiscal 2019 budget assumes $350,000 in general fund revenue in fiscal 2018 and 2019 related to this repeal; however, as drafted, the provision only repeals the grant. Thus, the revenue remains in the Horse Racing Special Fund unless another provision is adopted to retain the revenue as lottery revenue. Unallocated lottery revenue reverts to the general fund.

Location of Provision in the Bill: Section 1 (p. 4)

Analysis prepared by: Patrick S. Frank

Limiting Mandate Growth

Provision in the Bill: Section 8, beginning in fiscal 2020, limits the increase over the previous fiscal year of certain mandated appropriations to the lesser of (1) the amount of the existing formula calculation or (2) an amount equal to 1% less than the reported amount of general fund revenue growth in the December report of the Board of Revenue Estimates (BRE). Specified education spending, including most mandated K-12 spending, appropriations required to be made to the Revenue Stabilization Account, required payments of principal or interest on State debt, and appropriations required for the State's employer contribution to the State Retirement and Pension System are exempt.

Agency: Maryland Department of Transportation; Department of Natural Resources; Maryland Department of Health; Maryland State Department of Education; Maryland Higher Education Commission; University System of Maryland; St. Mary's College of Maryland; Baltimore City Community College; Department of Commerce; Maryland Public Broadcasting Commission; Maryland Stadium Authority

Type of Action: Mandate relief

Fiscal			*($ in millions)*			
Impact:	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**
GF Exp	$0	$0	($33.7)	($102.1)	($143.6)	($190.1)
SF Exp	$0	$0	($4.7)	($8.4)	($12.2)	($15.0)

State Effect: Required general and special fund expenditures decrease beginning in fiscal 2020 due to the ability to limit growth for certain mandated appropriations that would otherwise grow at a faster rate. As shown in **Exhibit 4**, expenditures decline by a total of $509.6 million between fiscal 2020 and 2023, including $469.4 million (92%) in general funds and $40.2 million (8%) in special funds. Actual savings may be less than estimated if the Governor elects to fund a program above the required level. This estimate is based on the following information and assumptions:

- Only mandates for which an appropriation is required by statute with either a clearly prescribed dollar amount or an objective basis from which funding can easily be computed and that are subject to inflationary growth adjustments are included; mandates for which appropriations cannot be clearly calculated in advance (*i.e.*, entitlements such as Temporary Cash Assistance and Medicaid) are excluded.
- Growth in mandated appropriations is limited to 1.9% in fiscal 2020, 2.6% in fiscal 2021, 2.7% in fiscal 2022, and 2.7% in fiscal 2023, based on one percentage point less than the December 2017 BRE estimates of general fund growth for those years.

- Mandates that begin after fiscal 2019 are not altered in the first year of the mandate (*i.e.*, mandated repayments of $33.0 million to the Dedicated Purpose Account for funds previously borrowed from the Local Income Tax Reserve Account, which begin in fiscal 2021).
- The estimate does not account for mandated repayments to the Program Open Space Fund, and other funds, that the Governor must repay due to diverting transfer tax funds in previous years.
- General fund revenue growth has been less than 1% twice in the past 15 years. It is unclear whether mandated appropriations would be required to decrease or remain at the prior year's appropriation if general fund revenue growth was less than 1%.
- Other provisions of this bill alter mandated appropriations; therefore, this estimate assumes the full impact of Section 8 *and* other provisions in this bill that impact mandated appropriations.

Many mandated appropriations affected by Section 8 are altered by other sections of the bill. Exhibit 4 illustrates the savings generated by Section 8 after accounting for other provisions in this bill. Many State mandates are not expected to be impacted by Section 8 because they are currently forecast to grow at a rate less than general fund revenues minus 1%.

Local Effect: Local governments receive a substantial amount of funding from mandated appropriations. Thus, State aid to local governments declines by $11.9 million in fiscal 2020, $49.2 million in fiscal 2021, $83.8 million in fiscal 2022, and $122.8 million in fiscal 2023.

Program Description: The Maryland Constitution requires the Governor to submit, and the General Assembly to pass, a balanced budget. The General Assembly cannot add spending to the budget introduced by the Governor, nor can general funds be used to restore reductions made by the General Assembly after adoption of the budget, except through an approved deficiency appropriation in the following year's budget.

The General Assembly can increase or add appropriations relating to the Legislature or Judiciary. Through a supplementary appropriations bill, the General Assembly can also add expenditures if matched with new revenues. Through legislation, the General Assembly can mandate expenditures in the executive budget for a subsequent fiscal year.

The Department of Legislative Services reported on Mandated Appropriations in the Maryland State Budget in September 2017. Altogether, proposed fiscal 2018 appropriations with a mandated amount total $11.2 billion and entitlements total an additional $5.1 billion, for a combined 53.3% of the State-sourced portion of the budget.

Exhibit 4
Impact on Total Expenditures
From Section 8 After Other Provisions in SB 187/HB 161
Fiscal 2020-2023
($ in Millions)

	FY 2020	FY 2021	FY 2022	FY 2023
Mandate Name				
Senator John A. Cade Formula	($9.6)	($44.4)	($77.1)	($115.6)
Joseph A. Sellinger Formula	(11.6)	(39.3)	(42.6)	(46.1)
HOPE and Treatment Act	(9.2)	(11.9)	(11.9)	(11.9)
P-Tech Grants	(0.5)	(1.6)	(2.9)	(4.0)
St. Mary's College of Maryland	(1.2)	(2.3)	(3.5)	(4.8)
Maryland State Arts Council	-	(0.2)	(0.4)	(0.6)
Baltimore City Community College	(0.1)	-	(2.8)	(5.3)
Other	(1.6)	(2.5)	(2.4)	(1.8)
General Fund Subtotal	*(33.7)*	*(102.1)*	*(143.6)*	*(190.1)*
Special Funds				
Washington Metropolitan Area Transit Authority Operating Subsidy	(4.1)	(5.4)	(7.2)	(8.7)
Outdoor Recreation Land Loan Program – State Share	-	(1.6)	(3.0)	(4.0)
Montgomery and Prince George's County Bus Service Operating Subsidies	(0.6)	(0.8)	(1.1)	(1.3)
Outdoor Recreation Land Loan Program – Local Share	-	(0.5)	(1.0)	(1.0)
Special Fund Subtotal	*(4.7)*	*(8.4)*	*(12.2)*	*(15.0)*
Total	**($38.3)**	**($110.5)**	**($155.8)**	**($205.0)**

Note: Numbers may not sum due to rounding. Other includes funding to Core Public Health Services formula, public libraries, Seed School of Maryland, senatorial and delegate scholarships, Virginia-Maryland Regional College of Veterinary Medicine, aid to community colleges (small college grants), Maryland Library for the Blind and Physically Handicapped, Maryland Public Broadcasting Commission, Maryland Stadium Authority, and child abuse and neglect centers of excellence initiative.

Source: Department of Legislative Services

Additional Comments: The provision is uncodified and, if enacted, will not be reflected in statute. This does not provide clarity or transparency regarding impacted mandated funding formulas and appropriations in future years.

The bill limits growth in mandated spending to the lesser of the existing formula calculation or an amount equal to 1% less than the reported amount of general fund revenue in the December BRE report. This analysis assumes that the growth limit relative to the BRE report is intended to be one percentage point lower and not 1%.

Location of Provision in the Bill: Section 8 (p. 21)

Analysis prepared by: Heather N. Ruby

Property Tax Assessment Cost Share

Provision in the Bill: Increases to 90% the amount that each county and Baltimore City must reimburse the State Department of Assessments and Taxation (SDAT) for the costs of real property valuation, business personal property valuation, information technology (IT), and the Office of the Director.

Agency: State Department of Assessments and Taxation

Type of Action: Cost control; fund swap

Fiscal	*($ in millions)*					
Impact:	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**
GF Exp	$0	($19.7)	($20.6)	($21.2)	($21.8)	($22.5)
SF Rev	$0	$19.7	$20.6	$21.2	$21.8	$22.5
SF Exp	$0	$19.7	$20.6	$21.2	$21.8	$22.5

State Effect: General fund expenditures for SDAT decline by $19.7 million in fiscal 2019, with a corresponding increase in special fund revenues and expenditures. The Governor's proposed fiscal 2019 budget includes $19.7 million in general fund reductions, contingent on legislation that increases the local share to 90%. Under the bill, local jurisdictions would also pay 90% of the costs of the Office of the Director which was not previously subject to State/local cost sharing.

Local Effect: Expenses for local jurisdictions increase by a total of $19.7 million in fiscal 2019. Under current law, local units will reimburse SDAT a total of $22.0 million in fiscal 2019. The impact on local expenditures for fiscal 2019 is shown by county in **Appendix C**.

Program Description: SDAT supervises the assessment of all property in the State. Under current law, the State and local units equally share the costs of conducting property tax assessments. Assessments are conducted by SDAT staff, and local governments levy the appropriate tax based on the assessment.

Recent History: Prior to fiscal 2012, all costs associated with property tax assessment were paid by the State. The Budget Reconciliation and Financing Act of 2011 required local units to fund 90% of the costs for real property valuation, business personal property valuation, and SDAT IT expenditures for fiscal 2012 and 2013, and 50% thereafter.

Location of Provision in the Bill: Section 1 (pp. 17-18)

Analysis prepared by: Benjamin B. Wilhelm

Maryland Trauma Physician Services Fund

Provisions in the Bill: Authorize, for fiscal 2019 only, $8.0 million from the Maryland Trauma Physician Services Fund to be used for Medicaid provider reimbursements.

Agency: Maryland Department of Health

Type of Action: Cost containment

Fiscal Impact:	*($ in millions)* FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
GF Exp	$0	($8.0)	$0	$0	$0	$0
SF Exp	$0	$8.0	$0	$0	$0	$0

State Effect: The proposed authorization to use the Maryland Trauma Physician Services Fund for Medicaid provider reimbursements in fiscal 2019 results in a general fund expenditure decrease of $8.0 million, while special fund expenditures increase by $8.0 million. The Governor's proposed fiscal 2019 budget includes a general fund reduction of $8.0 million, contingent upon authorization to use the fund for Medicaid.

Local Effect: None.

Recent History: The Maryland Trauma Physician Services Fund was established in 2003 and covers the cost of medical care provided by trauma physicians at Maryland's designated trauma centers for uncompensated care; Medicaid-enrolled patients; trauma-related, on-call, and standby expenses; and trauma equipment grants. For Medicaid-enrolled patients, the fund covers half of the difference between the standard Medicaid rate and 100% of the Medicare rate (with federal funds covering the other half). The fund is supported by a $5 surcharge on motor vehicle registrations and renewals and is administered by the Maryland Health Care Commission. In the fiscal 2017 Maryland Trauma Physician Services Fund annual report, it was noted that the fund had a fiscal 2017 year-ending fund balance of $10.4 million, up from $7.9 million in fiscal 2016. In fiscal 2017, the fund received $12.6 million from the $5 surcharge and other recoveries and disbursed $10.1 million. The projected fiscal 2018 year-end fund balance was $11.7 million.

Location of Provisions in the Bill: Section 7 (p. 20)

Analysis prepared by: Simon G. Powell

Maryland Community Health Resources Commission Fund

Provision in the Bill: Authorizes the Maryland Community Health Resources Commission (MCHRC) Fund, in fiscal 2019, to be used for mental health services for the uninsured if no less than $5.0 million of the $8.0 million premium tax exemption subsidy provided by CareFirst is used to fund currently authorized community health resources purposes. Beginning in fiscal 2020, and each fiscal year thereafter, funds may be used for mental health services for the uninsured if no less than $4.0 million of the CareFirst revenue is used to fund currently authorized community health resources purposes.

Agency: Maryland Department of Health

Type of Action: New use of existing revenues; fund swap

Fiscal Impact:	*($ in millions)* **FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**
GF Exp	$0	($2.0)	($3.0)	($3.0)	($3.0)	($3.0)
SF Exp	$0	($1.0)	$0	$0	$0	$0

State Effect: Expanding the authorized use of the MCHRC Fund and reducing the required funding for a currently authorized community health resources purpose allows special funds to be used in lieu of general funds for mental health services for the uninsured. General fund expenditures are reduced by $2.0 million in fiscal 2019 and $3.0 million annually beginning in fiscal 2020. Special fund revenues are not affected, but special fund expenditures decrease by $1.0 million in fiscal 2019 only. The Governor's proposed fiscal 2019 budget includes a $2.0 million general fund reduction and $3.0 million special fund reduction, contingent on enactment of legislation reducing the required appropriation for MCHRC. The special fund reduction exceeds the general fund reduction due to a decline in available revenues from CareFirst. The budget bill authorizes the processing of a special fund budget amendment of $2.0 million to replace the general fund reduction.

Local Effect: None.

Program Description: The MCHRC Fund receives a portion of the premium tax exemption subsidy provided by CareFirst. Section 14-106(d)(2)(ii)(2) of the Insurance Article prohibits the subsidy from being less than $8.0 million in fiscal 2014 and each fiscal year thereafter. The fund is used primarily to award operating grants to qualifying community health resources.

Recent History: The Budget Reconciliation and Financing Act of 2017 provided that beginning in fiscal 2018, these funds may be used for mental health services for the uninsured if no more than $4.75 million in fiscal 2018, and $8.0 million in each fiscal year thereafter, of the subsidy is used for community health resources.

Location of Provision in the Bill: Section 1 (p. 14)

Analysis prepared by: Jordan D. More

Advance Directive Program Fund and Cord Blood Transplant Center Support Fund

Provisions in the Bill: Limit the use of funds from the Advance Directive Program Fund in fiscal 2019 to maternal and child health quality initiatives and for subsequent years expand the authorized uses of money in the fund to include maternal and child health quality initiatives. Authorize the use of the Cord Blood Transplant Center Support Fund for maternal and child health surveillance.

Agency: Maryland Department of Health

Type of Action: New use of existing revenue; fund swap

Fiscal		*($ in dollars)*				
Impact:	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**
GF Exp	$0	($747,001)	(–)	(–)	(–)	(–)
SF Exp	$0	$747,001	–	–	–	–

State Effect: General fund expenditures decrease by $747,001 in fiscal 2019. Special fund expenditures from the Advance Directive Program Fund increase by $497,000 in fiscal 2019, and special fund expenditures from the Cord Blood Transplant Center Support Fund increase by $250,001 in fiscal 2019. The Governor's proposed fiscal 2019 budget reduces general funds, contingent on enactment of legislation authorizing the use of specified special funds for maternal and child health. The budget bill includes authorizations to process special fund budget amendments to replace the general fund reductions.

Local Effect: None.

Program Description: The Advance Directive Program Fund annually receives $500,000 in insurance premium tax revenues. The fund must be used to carry out the purposes of the Advance Directive Program. Chapter 667 of 2017 established the Advance Directive Program Fund and redirected funds previously allocated for the State Board of Spinal Cord Injury Research. The current balance in the fund is $497,000.

The Cord Blood Transplant Center Support Fund may be used only for the establishment of or support for a cord blood transplant center at a qualified medical institution. Qualified medical institutions may apply for a grant from the fund each year. The current balance in the fund is $250,001. The Governor's proposed budget for fiscal 2019 does not include any appropriation for a cord blood transplant center.

Location of Provisions in the Bill: Section 1 (pp. 12-13)

Analysis prepared by: Nathan W. McCurdy

Program Open Space – Maryland Historical Trust

Provision in the Bill: Authorizes the distribution of up to $300,000 of Program Open Space (POS) funding provided to the Maryland Heritage Areas Authority (MHAA) Financing Fund to the Maryland Historical Trust (MHT) for noncapital historic preservation grants.

Agency: Maryland Department of Planning (MDP)

Type of Action: New or expanded uses of existing revenues

State Effect: None. Total funding provided to MDP is not affected. MDP advises that this provision enables it to address the significant demand for the Non-Capital Grant Program without compromising the effectiveness of the MHAA Grant Program. The Governor's proposed fiscal 2019 budget restricts the use of $300,000 of MHAA's special fund appropriation for the Non-Capital Grant Program, contingent upon the enactment of legislation expanding the allowable uses of the MHAA Financing Fund.

This analysis assumes that MDP would have spent the $300,000 for the MHAA Grant Program in the absence of the bill. It also assumes that general funds would not have been provided for MHT's Non-Capital Grant Program in the absence of the bill.

Local Effect: None. Total funding to local governments is not affected.

Program Description: MHAA was established by Chapter 601 of 1996 to foster heritage tourism by providing technical and financial assistance to create additional historic and cultural destinations within the State. Maryland's 13 heritage areas are locally designated and State-certified regions where public and private partners make commitments to preserving historical, cultural, and natural resources for sustainable economic development through heritage tourism. MHAA plans to award $5.4 million in grants in fiscal 2019.

The MHT Grant Fund supports MHT's Historic Preservation Grant Program (also known as the MHT Grant Program) and its Historical and Cultural Museum Assistance Program. The purposes of the MHT Grant Program are to (1) implement and encourage the preservation of historic properties and (2) promote interest in and study of historic properties and their preservation. The Historical and Cultural Museum Assistance Program provides political subdivisions and nonprofit organizations with financial assistance for museums. MDP's fiscal 2018 legislative appropriation includes $200,000 in general funds for noncapital historic preservation grants; grant requests totaled $1.1 million.

Recent History: Chapter 513 of 2017 required the Governor to include in the annual State budget bill an appropriation of $1.5 million to the MHT Grant Fund for fiscal 2018 and each following fiscal year, subject to the limitations of the State budget. One purpose of the MHT Grant Fund is to fund the Non-Capital Grant Program.

Chapters 660 and 661 of 2017 increased, from $3.0 million to $6.0 million, the maximum amount of transfer tax funding distributed to POS which may be transferred to the MHAA Financing Fund.

Location of Provision in the Bill: Section 1 (pp. 15-16)

Analysis prepared by: Andrew Gray

Rate Increases for Providers with Rates Set by the Interagency Rates Committee

Provision in the Bill: Limits growth in the fiscal 2019 provider rates set by the Interagency Rates Committee (IRC) to no more than 1.0% over the rates in effect on June 30, 2018.

Agency: Department of Human Services (DHS); Department of Juvenile Services (DJS); Maryland Department of Health (MDH)

Type of Action: Cost control

State Effect: Limiting rates set by IRC to no more than 1.0% over the fiscal 2018 rates results in no direct savings in fiscal 2019. The Governor's proposed fiscal 2019 budget provides funding for a 1.0% increase for providers whose rates are set by IRC. These funds include $1.4 million in DHS and $269,262 in DJS. Rates for fiscal 2019 have not yet been finalized but, under this provision, cannot increase by more than 1.0%.

Local Effect: None.

Program Description: IRC establishes rates for residential or nonresidential child care programs licensed or approved by the Maryland State Department of Education (MSDE), MDH, DHS, or DJS, including nonpublic general education schools operated in conjunction with a residential or nonresidential child care program. IRC includes representatives from the Department of Budget and Management, MDH, DHS, DJS, MSDE, and the Governor's Office for Children.

Recent History: Budget reconciliation legislation in 2009 through 2011 froze rates set by IRC for three consecutive years. Budget reconciliation legislation in 2012, 2013, and 2014 limited rate increases to 1.0%, 2.5%, and 1.5%, respectively. Budget reconciliation legislation in 2015 capped fiscal 2016 rates at the fiscal 2015 level. The Budget Reconciliation and Financing Act of 2017 limited rate increases to 2.0%.

Location of Provision in the Bill: Section 4 (p. 20)

Analysis prepared by: Tonya D. Zimmerman

Temporary Assistance for Needy Families Federal Funds

Provision in the Bill: Authorizes the expenditure of federal Temporary Assistance for Needy Families (TANF) funds in fiscal 2018 in excess of the $249.9 million cap on TANF spending that was included in the fiscal 2018 budget bill.

Agency: Department of Human Services (DHS)

Type of Action: Fund swap

State Effect: The projected closing TANF balance in fiscal 2018 is $6.46 million. Removing the cap on TANF spending in fiscal 2018 would allow federal fund spending to increase by an indeterminate amount. The availability of federal TANF funds may mitigate the need to spend general funds if the fiscal 2018 appropriation for DHS is inadequate.

Local Effect: None.

Program Description: Under federal law, TANF is authorized to be used for four statutory purposes: (1) providing assistance to needy families so that children can be cared for in their homes; (2) reducing the dependency of needy parents by promoting job preparation, work, and marriage; (3) preventing and reducing out-of-wedlock pregnancies; and (4) encouraging the formation and maintenance of two-parent families. TANF may also be used for items authorized under the prior federal law. A maximum of 30% of TANF is authorized to be transferred to a combination of the Social Services Block Grant and the Child Care Development Fund. In Maryland, DHS is the State administrator of TANF. Since fiscal 2012, the funds have been used solely within DHS for cash assistance, the work opportunities program, child welfare/foster care, information technology, and caseworkers and other administrative expenses.

Recent History: Language added to the fiscal 2018 budget bill capped the level of TANF spending in fiscal 2018 to $249.9 million, which was the level included in the budget as introduced. From fiscal 2011 through 2016, the TANF program operated with a deficit in Maryland. During the 2017 session, the TANF deficit was expected to continue through fiscal 2018. The cap was intended to limit any increase in the deficit. However, spending reductions in fiscal 2017 eliminated the TANF deficit and the TANF program ended with a small positive balance ($3.73 million). That balance is expected to grow to $6.46 million in fiscal 2018.

Location of Provision in the Bill: Section 5 (p. 20)

Analysis prepared by: Tonya D. Zimmerman

Maryland Clean Air Fund Balance

Provision in the Bill: Authorizes the Maryland Department of the Environment (MDE) to retain a fund balance in the Maryland Clean Air Fund of up to $6.0 million in fiscal 2018 and 2019 only.

Agency: Maryland Department of the Environment

Type of Action: Administrative

State Effect: Current law caps the fund balance MDE may retain at $2.0 million and requires that any excess fund balance revert to the general fund. General fund revenues may decrease by an indeterminate amount in fiscal 2018 and 2019 to the extent that MDE retains a balance in excess of $2.0 million. General fund expenditures may decrease in fiscal 2019 and 2020 due to the availability of special funds from the Maryland Clean Air Fund to support costs that would otherwise be funded with State general funds.

MDE advises that this provision allows the department to retain and use penalty revenues that are anticipated from the State Volkswagen settlement. This temporary increase in the fund balance cap ensures that MDE has sufficient time to finalize procurement contracts without settlement funding reverting to the general fund.

Local Effect: None.

Program Description: The Maryland Clean Air Fund must be used to conduct activities related to identifying, monitoring, and regulating air pollution in the State and to provide grants to local governments to supplement funding for programs that are consistent with ambient air quality control.

Location of Provision in the Bill: Section 6 (p. 20)

Analysis prepared by: Kathleen P. Kennedy

Limitation on New Legislation with Mandated Funding

Provision in the Bill: Section 9 prohibits the General Assembly from enacting legislation that creates a new or increased level of required funding in the annual budget bill for a specific program or item unless it also enacts legislation at that same session that reduces or repeals an equivalent amount of required funding for the same fiscal year.

Agency: Any agency may be affected by the General Assembly's actions.

Type of Action: Cost control

State Effect: Prohibiting the General Assembly from enacting legislation that requires a new or increased level of funding in the annual budget bill, unless it also enacts legislation at that same session that reduces or repeals an equivalent amount of required funding, could significantly impede the General Assembly's ability to pass legislation with State mandates. Absent this provision, a new mandated appropriation results either in the Governor having to reduce appropriations in another area of the budget in order to maintain a balanced budget or in a lower fund balance if no such reductions are made. Under this provision, the General Assembly would be required to specify the area for reduced appropriations and would be limited only to other mandated appropriations rather than the entire budget. This would ensure that the anticipated fund balance, if any, would be realized.

Local Effect: None, unless actions taken by the General Assembly affect local governments.

Program Description: The Maryland Constitution requires the Governor to submit, and the General Assembly to pass, a balanced budget. The General Assembly cannot add spending to the budget introduced by the Governor, nor can general funds be used to restore reductions made by the General Assembly after adoption of the budget, except through an approved deficiency appropriation in the following year's budget.

The General Assembly can increase or add appropriations relating to the Legislature or Judiciary. Through a supplementary appropriations bill, the General Assembly can also add expenditures if matched with new revenues. Through legislation, the General Assembly can mandate expenditures in the executive budget for a subsequent fiscal year.

Location of Provision in the Bill: Section 9 (p. 21)

Analysis prepared by: Heather N. Ruby

Appendix B
($ in Dollars)

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
GENERAL FUND REVENUES						
USM Fund Balance Transfer	9,000,000	0	0	0	0	0
TOTAL GENERAL FUND REVENUES	**9,000,000**	**0**	**0**	**0**	**0**	**0**
SPECIAL FUND REVENUES						
Supplemental Pension Contribution (Sweeper)	0	(50,000,000)	0	4,000,000	4,100,000	4,290,000
Property Tax Assessment Cost Share	0	19,689,769	20,617,820	21,216,824	21,836,194	22,476,622
Program Open Space – Repayment	0	(15,000,000)	0	0	15,000,000	0
Medicaid Deficit Assessment	0	10,000,000	0	0	0	0
TOTAL SPECIAL FUND REVENUES	**0**	**(35,310,231)**	**20,617,820**	**25,216,824**	**40,936,194**	**26,766,622**
FEDERAL FUND REVENUES						
Rate Increase for Community Service Providers	0	(13,295,433)	(13,295,433)	(13,295,433)	(13,295,433)	(13,295,433)
Behavioral Health Provider Rates	0	(8,371,005)	(8,631,484)	(8,794,049)	(8,794,049)	(8,794,049)
TOTAL FEDERAL FUND REVENUES	**0**	**(21,666,438)**	**(21,926,917)**	**(22,089,482)**	**(22,089,482)**	**(22,089,482)**

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
GENERAL FUND EXPENDITURES						
Mandate Relief						
Revenue Stabilization Account (Rainy Day Fund)	0	(193,000,000)	0	0	0	0
Supplemental Pension Contribution (Sweeper)	0	(50,000,000)	0	3,360,000	3,440,000	3,610,000
University of Maryland Capital Region Medical Center	0	(29,000,000)	0	0	0	0
Program Open Space – Repayment	0	(15,000,000)	0	0	15,000,000	0
Rate Increase for Community Service Providers	0	(14,638,439)	(14,638,439)	(14,638,439)	(14,638,439)	(14,638,439)
Medicaid Deficit Assessment	0	(10,000,000)	0	0	0	0
Baltimore Regional Neighborhood Initiative Program	0	(9,000,000)	(9,000,000)	(9,000,000)	(9,000,000)	0
Behavioral Health Provider Rates	0	(7,942,754)	(8,707,768)	(9,065,380)	(9,065,380)	(9,065,380)
Joseph A. Sellinger Program for Independent Colleges and Universities	0	(7,364,333)	0	0	0	0
Teacher Induction, Retention, and Advancement Pilot Program	0	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	0
Public School Opportunities Enhancement Program	0	(5,000,000)	(5,000,000)	(5,000,000)	0	0
Next Generation Scholars of Maryland Program	0	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
Maryland 529 Matching Contributions	0	(5,000,000)	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)
Seed Community Development Anchor Institution Fund	0	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	0
USM Enhanced Funding Guideline Attainment	0	(4,000,000)	(8,000,000)	(12,000,000)	(12,000,000)	(12,000,000)
National Board and Anne Arundel County Teacher Stipends	0	(4,000,000)	(2,100,000)	(2,100,000)	(2,100,000)	(2,100,000)
UMD Center for Economic and Entrepreneurship Development	0	(2,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)
Maryland State Arts Council	0	(1,000,000)	(2,057,902)	(3,167,465)	(3,284,018)	(3,404,453)
Baltimore City Community College Funding Formula	0	(851,000)	0	0	0	0
Core Public Health Services Funding Formula	0	(890,794)	(908,610)	(932,234)	(962,065)	(990,927)
Robotics Grant Program	0	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)
Limiting Mandate Growth	0	0	(33,674,887)	(102,112,202)	(143,596,508)	(190,051,155)
Subtotal – Mandate Relief	***0***	***(373,937,320)***	***(111,337,606)***	***(181,905,720)***	***(203,456,410)***	***(245,890,354)***
Fund Swaps, Cost Shifts, and Cost Control						
Property Tax Assessment Cost Share	0	(19,689,769)	(20,617,820)	(21,216,824)	(21,836,194)	(22,476,622)
Maryland Trauma Physician Service Fund	0	(8,000,000)	0	0	0	0
Maryland Community Health Resources Commission Fund	0	(2,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
Advance Directive Program Fund & Cord Blood Transplant Center Support Fund	0	(747,001)	(-)	(-)	(-)	(-)
Program Open Space – Maryland Historical Trust	0	0	0	0	0	0
Rate Increases for Rates Set by the Interagency Rates Committee	0	0	0	0	0	0
Temporary Assistance for Needy Families	(-)	-	0	0	0	0
Subtotal – Fund Swaps and Cost Shifts	***0***	***(30,436,770)***	***(23,617,820)***	***(24,216,824)***	***(24,836,194)***	***(25,476,622)***
TOTAL GENERAL FUND EXPENDITURES	**0**	**(404,374,090)**	**(134,955,426)**	**(206,122,544)**	**(228,292,604)**	**(271,366,976)**

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
SPECIAL FUND EXPENDITURES						
Property Tax Assessment Cost Share	0	19,689,769	20,617,820	21,216,824	21,836,194	22,476,622
Program Open Space – Repayment	0	(15,000,000)	0	0	15,000,000	0
Maryland Community Health Resources Commission Fund	0	(1,000,000)	0	0	0	0
Medicaid Deficit Assessment	0	10,000,000	0	0	0	0
Maryland Trauma Physician Services Fund	0	8,000,000	0	0	0	0
Limiting Mandate Growth	0	0	(4,665,716)	(8,378,808)	(12,176,488)	(14,983,004)
Advance Directive Program Fund & Cord Blood Transplant Center Support Fund	0	747,001	-	-	-	-
Horse Racing Special Fund – MSA Sports Marketing	(350,000)	(350,000)	0	0	0	0
Supplemental Pension Contribution (Sweeper)	0	0	0	320,000	330,000	340,000
TOTAL SPECIAL FUND EXPENDITURES	**(350,000)**	**22,086,770**	**15,952,104**	**13,158,016**	**24,989,706**	**7,833,618**
FEDERAL FUND EXPENDITURES						
Rate Increase for Community Service Providers	0	(13,295,433)	(13,295,433)	(13,295,433)	(13,295,433)	(13,295,433)
Behavioral Health Provider Rates	0	(8,371,005)	(8,631,484)	(8,794,049)	(8,794,049)	(8,794,049)
Supplemental Pension Contribution (Sweeper)	0	0	0	320,000	330,000	340,000
Limiting Mandate Growth	0	0	0	0	0	0
Temporary Assistance for Needy Families	-	(-)	0	0	0	0
TOTAL FEDERAL FUND EXPENDITURES	**0**	**(21,666,438)**	**(21,926,917)**	**(21,769,482)**	**(21,759,482)**	**(21,749,482)**
OTHER FUND EXPENDITURES						
University of Maryland Capital Region Medical Center (GO Bonds)	$0	$0	$0	$29,000,000	$0	$0

USM: University System of Maryland
UMD: University of Maryland
MSA: Maryland Stadium Authority
GO: General obligation

Source: Department of Legislative Services

Appendix C
Impact on Local Jurisdictions of Selected Provisions of SB 187/HB 161 of 2018
Fiscal 2019
($ in Dollars)

County	Public Schools*	Core Public Health Services Formula	Program Open Space	Total Aid Reductions	Property Tax Assessment Cost Share	Total Impact
Allegany	($7,310)	($25,344)	($37,689)	($70,343)	($345,269)	($415,612)
Anne Arundel	(2,164,145)	(75,075)	(409,551)	(2,648,771)	(1,868,417)	(4,517,188)
Baltimore City	(91,371)	(147,935)	(271,503)	(510,809)	(2,009,888)	(2,520,697)
Baltimore	(259,325)	(97,581)	(460,957)	(817,863)	(2,557,843)	(3,375,706)
Calvert	(37,711)	(10,847)	(40,963)	(89,521)	(355,878)	(445,399)
Caroline	(10,466)	(13,065)	(17,743)	(41,274)	(137,175)	(178,449)
Carroll	(54,657)	(30,009)	(91,589)	(176,255)	(562,767)	(739,022)
Cecil	(84,892)	(20,228)	(46,966)	(152,086)	(398,947)	(551,033)
Charles	(68,944)	(26,155)	(83,615)	(178,714)	(574,749)	(753,463)
Dorchester	(38,210)	(11,178)	(15,314)	(64,702)	(182,544)	(247,246)
Frederick	(82,599)	(36,598)	(97,454)	(216,651)	(763,635)	(980,286)
Garrett	(30,901)	(11,508)	(18,943)	(61,352)	(245,991)	(307,343)
Harford	(54,989)	(41,555)	(135,755)	(232,299)	(854,193)	(1,086,492)
Howard	(113,134)	(31,206)	(242,835)	(387,175)	(954,229)	(1,341,404)
Kent	(24,753)	(9,828)	(11,422)	(46,003)	(106,064)	(152,067)
Montgomery	(416,581)	(71,416)	(615,145)	(1,103,142)	(2,926,671)	(4,029,813)
Prince George's	(286,074)	(114,048)	(521,257)	(921,379)	(2,476,929)	(3,398,308)
Queen Anne's	(14,619)	(10,347)	(24,766)	(49,732)	(204,391)	(254,123)
St. Mary's	(34,887)	(19,166)	(46,034)	(100,087)	(408,904)	(508,991)
Somerset	(9,802)	(10,414)	(10,929)	(31,145)	(137,467)	(168,612)

County	Public Schools*	Core Public Health Services Formula	Program Open Space	Total Aid Reductions	Property Tax Assessment Cost Share	Total Impact
Talbot	(997)	(8,748)	(26,037)	(35,782)	(167,787)	(203,569)
Washington	(72,100)	(32,346)	(71,640)	(176,086)	(511,616)	(687,702)
Wicomico	(36,549)	(23,529)	(47,803)	(107,881)	(390,612)	(498,493)
Worcester	(4,984)	(12,668)	(35,843)	(53,495)	(547,805)	(601,300)
Unallocated	(15,250,000)			(15,250,000)		(15,250,000)
Total	**($19,250,000)**	**($890,794)**	**($3,381,753)**	**($23,522,547)**	**($19,689,771)**	**($43,212,318)**

*Includes reductions for Public School Opportunities Enhancement Program ($5.0 million), Next Generation Scholars ($5.0 million), Teacher Induction and Retention Program ($5.0 million), Quality Teacher Stipends ($2.1 million), Anne Arundel Teacher Pilot Program ($1.9 million), and Robotics ($250,000).

Note: Numbers may sum to a total greater than the required reduction or cost share due to rounding of jurisdictions' shares.

Source: Department of Legislative Services

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: **Budget Reconciliation and Financing Act of 2018**

BILL NUMBER: SB0187/HB0161

PREPARED BY: Governor's Legislative Office

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

_X_ WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

____ WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS