

Conference Committee

Report on

House Bill 100 – the Budget Bill

and

**House Bill 102 – the Budget Reconciliation and
Financing Act**

Maryland General Assembly
Annapolis, Maryland

April 4, 2013

Contents

	<u>Page</u>
Fiscal 2014 Budget Proposal, Budget Bill (HB 100) and Budget Reconciliation and Financing Act (HB 102), As Amended by the Conference Committee.....	1
Budget Summary.....	3
Spending Affordability Analysis	4
A General Fund Surplus Is Projected by Fiscal 2017	5
Proposed Budget Reductions – House Bill 100.....	6
State Expenditures – General Funds.....	8
State Expenditures – State Funds.....	9
State Expenditures – All Funds	10
Fiscal Note – Summary of the Budget Bill – House Bill 100	11
General Fund Revenues – 2013 Session Legislation – Proposed Under the Governor’s Budget Plan	12
General Fund Reductions and Transfers Contingent on the Budget Reconciliation and Financing Act of 2013 (HB 102)	13
Conference Committee – Status as of April 4, 2013.....	14
Conference Committee Action on the Budget Reconciliation and Financing Act of 2013 (HB 102).....	15

Fiscal 2014 Budget Proposal
Budget Bill (HB 100) and Budget Reconciliation and
Financing Act (HB 102)
As Amended by the Conference Committee

1. **Closes the Structural Budget Gap, Enhances Funding for Programs, and Builds Up Fund Balances** – The structural gap between revenues and spending is reduced by \$209.0 million, and ongoing revenues now cover 98.9% of spending. Fund balances exceed \$1.0 billion, and there is increased funding for education and programs to stimulate investment in Maryland's economy.
2. **Continues to Constrain Spending** – Growth in State spending, excluding federal funds and Rainy Day Fund appropriations, is 2.3%, well under the 3.5 to 4.5% forecasted growth in Maryland personal income for calendar 2013 and 2014.
3. **Increases State Fund Balances** – Budget actions result in a general fund balance of over \$290.0 million, well above the \$200.0 million minimum recommended by the Spending Affordability Committee. The Rainy Day Fund balance will continue at 5.0% of general fund revenues, an amount estimated to be \$767.6 million. These balances will help cushion any negative impacts on the Maryland economy resulting from federal budget actions. In addition, almost \$100.0 million has been set aside specifically to address programs impacted by federal sequestration.
4. **Maintains the State's Commitment to the Public Schools** – Total State support for the public schools will be over \$6.0 billion. Distributions to local school systems will increase an estimated \$110.2 million, or 2.2%. There are initiatives to provide school breakfast to an additional 57,000 students, expand early college access programs, and support digital learning.
5. **Commits New Funds for School Safety** – This year's budget includes \$25.0 million for grants to local school systems for school safety and security improvements. In addition, there are funds to

support the Center for School Safety under the auspices of the Maryland State Police.

6. **Increases Investment in Higher Education** – Maryland's State colleges and universities receive about \$1.3 billion in State funds, an increase of \$89.5 million, or 7.4%, over fiscal 2013. This funding will enable the institutions to hold in-state undergraduate tuition increases to 3.0% for the fourth consecutive year. Monies are targeted for course redesign, closing achievement gaps, and increasing college completion. Formula aid for community colleges increases \$13.8 million, or 6.9%.
7. **Enhances Efforts to Spur Investment in the Maryland Economy** – There are additional funds for the Biotechnology and Sustainable Communities Tax Credits. A new cyber security investment tax credit receives funding. The new strategic alliance between the University of Maryland, College Park and the University of Maryland, Baltimore receives funding to enhance research, technology transfer, and commercialization.
8. **Supports Expansion of Affordable Health Care to More Marylanders** – Maryland is taking advantage of the opportunity to expand Medicaid coverage under the federal Affordable Care Act. The fiscal 2014 budget assumes \$349.0 million in new federal funds to cover an additional 109,000 individuals. Total Medicaid spending is estimated to be over \$7.1 billion to provide services to almost 1.1 million Marylanders. The Maryland Health Benefits Exchange that will provide a marketplace for individuals and small businesses to purchase affordable health coverage also receives additional funding in fiscal 2013 and 2014.
9. **Recognizes Efforts of State Workforce** – The budget includes funds for a 3.0% cost-of-living adjustment for State employees, and for the first time since 2009, there is funding for employee merit raises.

Budget Summary
Fiscal 2013 and 2014
(\$ in Millions)

General Fund

	<u>Admin.</u>	<u>House</u>	<u>Senate</u>	<u>Conf.</u>
<u>Fiscal 2013</u>				
Ending Balance Before Legislative Action	\$611.1	\$611.1	\$611.1	\$611.1
Revenues – BRE March Revision	-76.8	-76.8	-76.8	-76.8
Fund Transfers – BRFA	-12.5	-12.0	-12.0	-12.0
Expenditure Reduction – Deficiency Approp.	0.0	30.7	30.7	31.1
Adjusted Ending Balance	\$521.8	\$553.0	\$553.0	\$553.4
<u>Fiscal 2014</u>				
Revenues – BRE Estimate	\$15,351.2	\$15,351.2	\$15,351.2	\$15,351.2
Revenues – BRE March Revision	-38.5	-38.5	-38.5	-38.5
Other Revenues	28.8	28.2	29.2	29.2
Revenues – BRFA	8.5	2.0	0.0	0.0
Revenues – Other Legislation*	-18.3	-18.4	-18.3	-18.3
Fund Transfers – Legislation – BRFA	89.2	89.2	89.2	89.2
Transfer from Rainy Day Fund	166.0	0.0	4.9	0.0
Total Revenues and Balance	\$16,108.7	\$15,966.5	\$15,970.6	\$15,966.2
Expenditures – Allowance	\$16,145.9	\$16,145.9	\$16,145.9	\$16,145.9
Expenditure Reductions – Contingent on BRFA	-102.7	-2.7	-89.8	-2.7
Expenditure Reductions**	-140.0	-162.4	-152.1	-152.2
Rainy Day Fund	0.0	-165.0	-240.0	-316.0
Total Expenditures	\$15,903.3	\$15,815.9	\$15,664.1	\$15,675.1
Ending Balance (Revenues Less Expenditures)	\$205.4	\$150.7	\$306.5	\$291.1
SAC Recommended Balance	\$200.0	\$200.0	\$200.0	\$200.0
Over/Under SAC Balance	\$5.4	-\$49.3	\$106.5	\$91.1

Cash Position

General Fund Balance	\$205.4	\$150.7	\$306.5	\$291.1
Rainy Day Fund Balance – June 30, 2014	864.4	920.9	839.8	767.6
Total	\$1,069.8	\$1,071.6	\$1,146.3	\$1,058.7
Cash and Rainy Day Fund Over 5%	\$302.2	\$304.0	\$378.7	\$291.1

BRE: Board of Revenue Estimates

BRFA: Budget Reconciliation and Financing Act

SAC: Spending Affordability Committee

*Several bills proposed by the Administration are being considered by the General Assembly. Amount shows the impact if the bills were to pass. Amount for the House reflects that all the bills have passed the House.

** Amount shown under Administration plan are reductions assumed in Supplemental Budget #1. It is assumed that a portion of the reductions are to the Rainy Day Fund appropriation consistent with the actions of the conference committee.

Spending Affordability Analysis
Conference Committee
(\$ in Millions)

Target

Estimated Structural Gap (December 2012)	\$383
Target Reduction	200

Revenues

	15,341	
50% of Transfer Tax	75	
Supplemental Budget No. 1	3	
Legislation	-3	
Telecomm. Revenues to General Fund	-7	
Other One-time Items	-2	
Subtotal	<hr/>	\$15,407

Spending

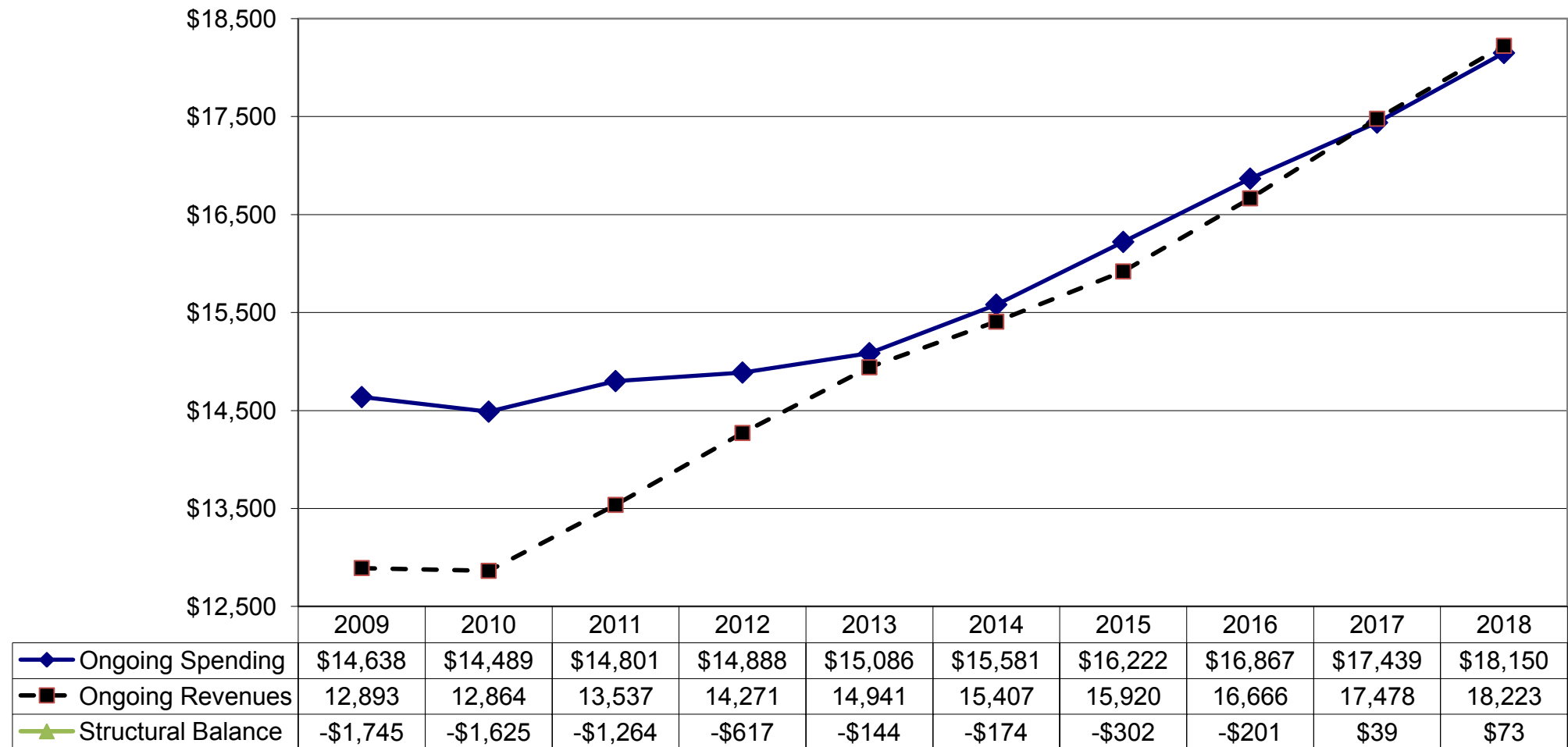
	15,675	
Rainy Day Fund	-55	
Use Program Open Space for Administration	1	
Supplemental Budget No. 1 One-time Spending	-7	
Pay-as-you-go Capital	-33	
Subtotal	<hr/>	\$15,581

Amount Reduced from Structural Shortfall	\$209
Remaining Structural Deficit	\$174

A General Fund Structural Surplus Is Projected by Fiscal 2017

Fiscal 2009-2018

(\$ in Millions)



Fiscal 2009 through 2011 data reflects ongoing general fund spending supplanted by the American Recovery and Reinvestment Act of 2009. Fiscal 2013 data reflects ongoing spending and revenues associated with the Budget Restoration Fund.

Proposed Budget Reductions
House Bill 100
Fiscal 2014 Budget and Fiscal 2013 Deficiency Appropriations
(\$ in Millions)

General Funds

	<u>House</u>	<u>Senate</u>	<u>Conf. Comm.</u>
<u>Local Aid</u>			
Community College Formula – Consistent with Reduction in Funding for Four-year Institutions	\$1.6	\$0.1	\$0.0
C Savings from Limiting Pension Reinvestment to \$200 Million	0.0	66.0	0.0
Scale Back New Digital Learning Innovation Fund	2.5	1.0	1.5
Limit Decrease in Education Aid Formula Funding	0.0	-4.9	-2.2
Student Transportation Funds Should Be Based on Zero Inflation Rate	2.3	2.3	2.3
Total	\$6.3	\$64.5	\$1.6
<u>Medicaid</u>			
<i>Increase Fiscal 2013 Reduction – Favorable Trends and Availability of Fiscal 2012 Funds</i>	\$30.7	\$30.7	\$30.7
Provider Reimbursements – Projections Lower Due to Favorable Trends	8.0	8.0	8.0
Personnel Savings from Early Takeover of Maryland Medicaid Information System	1.2	1.2	1.2
Physician Rate Increases Double Budgeted	2.0	2.0	2.0
Less Funding for Federally Qualified Health Center Supplemental Payments	2.3	2.3	2.3
Limit Non-emergency Transportation Grant Growth to 6%/Later Chronic Health Homes Start Date	1.5	1.5	1.5
Total	\$45.7	\$45.7	\$45.7
<u>Higher Education</u>			
University System of Maryland – Reduction of Proposed Increase in Funding	\$9.5	\$0.6	\$3.0
Reduce Funds for College Park Charter School (USM)	0.5	0.0	0.0
Need Based Scholarships – Funds Redirected from USM Increase	-5.5	-0.6	-3.0
Reduce Funding for BCCC and Private Higher Education Due to Reduction in Four-year Funding	0.6	0.0	0.0
Total	\$5.1	\$0.0	\$0.0
<u>State Agencies</u>			
Less Judiciary Operating Expenditures	\$2.4	\$2.9	\$2.9
Delete New Positions and Contractual Conversions – Judiciary	0.9	0.9	0.9
Scale Back Funding for Second Courtroom Bailiff	0.5	0.5	0.5
Judiciary and General Assembly – Lower Employee Health Insurance Costs	0.5	0.5	0.5
C Savings from Limiting Pension Reinvestment to \$200 Million	0.0	21.1	0.0
<i>Use Catastrophic Event Fund for Unanticipated 2013 Storm Costs (Fiscal 2013 Deficiency)</i>			0.4
<i>Energy Administration – Reduce Capital Grants for Commercial/Industrial Retrofits</i>	4.5	4.0	4.5
Funding for Beds at Private Psychiatric Hospitals – Mental Hygiene Administration	1.3	1.3	1.3
C Charge Local School Systems for Department of Juvenile Services Education Services*	1.5	1.5	1.5
C Allow Use of Transfer Tax for Department of Natural Resources Operations*	1.2	1.2	1.2
Reduce General Funds for Maryland Economic Assistance Authority and Fund	1.9	4.5	1.0
Other Reductions	1.2	1.1	1.2
Total	\$15.7	\$39.4	\$15.8
<u>Debt Service</u>			
Bond Premiums from March 2013 Bond Sale Exceed Estimates	\$18.0	\$18.0	\$18.0

	<u>House</u>	<u>Senate</u>	<u>Conf. Comm.</u>
<u>State Reserve Fund</u>			
<i>Repayment of Transfer Tax That Was Transferred to General Fund in Fiscal 2006*</i>	\$50.0	\$50.0	\$50.0
Delete General Fund Repayment of the Local Income Tax Reserve Account*	50.0	50.0	50.0
<i>Reduce Rainy Day Fund Appropriation and Eliminate Associated Transfer to General Fund</i>	165.0	240.0	316.0
<i>No Funds for Government Innovation Fund</i>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>
Total	\$270.0	\$345.0	\$421.0
Total General Funds	\$360.8	\$512.5	\$502.0
Reductions Also Incorporated in the Governor's Budget Proposal	102.7	102.7	102.7
Total Reductions Proposed in Addition to the Governor's Proposal	\$258.1	\$409.8	\$399.3
"Structural" Reductions In Addition to Governor's Proposal – Fiscal 2014	\$52.9	\$130.1	\$42.7

Note: Non-structural reductions in italics (not ongoing or fiscal 2013 deficiencies).

Special Funds

	<u>House</u>	<u>Senate</u>	<u>Conf. Comm.</u>
Eliminate Funding for Design of Internet Lottery Sales Website	\$0.4	\$0.4	\$0.4
No Transfer from Small, Minority and Women-Owned Business Account to MSBDFA	2.0	2.0	2.0
Mass Transit Administration – Reduce Increase for Additional Assistance	1.5	1.5	1.5
Reduce Funding for Kidney Disease Program Based on Enrollment Trends	0.3	0.3	0.3
Lower Cost Estimates for Integrated Medical Licensure System (Fiscal 2013 Deficiency)	0.5	0.5	0.5
No Increase in Textbook Aid for Non-public Schools	1.1	0.0	0.0
C Savings from Limiting Pension Reinvestment to \$200 Million	0.0	6.5	0.0
Other Reductions	0.7	0.9	0.9
Total	\$6.3	\$12.0	\$5.5
<u>Pay-as-you-go Capital</u>			
C Reduce Funds for Open Space, Rural Legacy, and Agricultural Land Preservation – Use Bonds*	\$89.2	\$89.2	\$89.2
Total	\$89.2	\$89.2	\$89.2
Total Special Funds	\$95.5	\$101.2	\$94.7

BCCC: Baltimore City Community College

MHEC: Maryland Higher Education Commission

MSBDFA: Maryland Small Business Development Financing Authority

USM: University System of Maryland

*Reductions proposed by the Governor.

C: These Items Are Contingent on Passage of the Budget Reconciliation and Financing Act (HB 102).

State Expenditures – General Funds
(\$ in Millions)

<u>Category</u>	<u>Actual FY 2012</u>	<u>Adjusted Work. Appr. FY 2013</u>	<u>Allowance FY 2014</u>	<u>Conference Reductions</u>	<u>Conference Approp. FY 2014</u>	<u>FY 2013 to FY 2014</u>	
						<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$0.0	\$0.0	\$101.0	\$18.0	\$83.0	\$83.0	n/a
County/Municipal	186.6	159.0	245.0	0.0	245.0	86.0	54.1%
Community Colleges	263.3	252.4	286.6	0.0	286.6	34.2	13.5%
Education/Libraries	5,616.6	5,448.0	5,764.4	1.6	5,762.8	314.8	5.8%
Health	38.3	37.3	40.0	0.0	40.0	2.8	7.4%
Aid to Local Governments	\$6,104.7	\$5,896.7	\$6,336.1	\$1.6	\$6,334.5	\$437.8	7.4%
Foster Care Payments	208.8	234.3	237.9	0.0	237.9	3.6	1.5%
Assistance Payments	69.9	101.0	76.4	0.0	76.4	-24.6	-24.3%
Medical Assistance	2,462.9	2,312.1	2,349.7	15.0	2,334.8	22.7	1.0%
Property Tax Credits	81.8	82.0	80.2	0.0	80.2	-1.7	-2.1%
Entitlements	\$2,823.3	\$2,729.4	\$2,744.3	\$15.0	\$2,729.4	\$0.0	0.0%
Health	1,449.7	1,473.7	1,547.9	1.7	1,546.2	72.5	4.9%
Human Resources	323.4	326.8	333.4	0.0	333.4	6.6	2.0%
Children's Cabinet Interagency Fund	21.2	16.9	21.5	0.0	21.5	4.6	27.0%
Juvenile Services	269.2	270.7	280.8	0.0	280.8	10.1	3.7%
Public Safety/Police	1,273.9	1,321.7	1,352.2	0.2	1,352.0	30.3	2.3%
Higher Education	1,136.7	1,105.3	1,217.9	3.0	1,214.9	109.5	9.9%
Other Education	382.3	370.3	376.6	-1.5	378.1	7.9	2.1%
Agric./Nat'l. Res./Environment	104.1	109.1	116.2	1.2	115.0	5.9	5.4%
Other Executive Agencies	541.6	594.0	727.0	1.6	725.4	131.4	22.1%
Legislative	76.8	78.3	80.6	0.1	80.5	2.1	2.7%
Judiciary	374.3	387.4	409.9	4.6	405.2	17.8	4.6%
State Agencies	\$5,953.1	\$6,054.3	\$6,463.9	\$10.9	\$6,453.0	\$398.7	6.6%
Total Operating	\$14,881.2	\$14,680.4	\$15,645.3	\$45.4	\$15,599.9	\$919.5	6.3%
Capital ⁽¹⁾	54.5	3.2	54.4	4.5	49.9	46.7	1458.3%
Subtotal	\$14,935.7	\$14,683.6	\$15,699.7	\$49.9	\$15,649.8	\$966.2	6.6%
Reserve Funds	15.0	37.8	476.3	421.0	55.3	17.5	46.3%
Appropriations	\$14,950.7	\$14,721.4	\$16,175.9	\$470.9	\$15,705.1	\$983.7	6.7%
Reversions	0.0	-30.0	-30.0	0.0	-30.0	0.0	0.0%
Grand Total	\$14,950.7	\$14,691.4	\$16,145.9	\$470.9	\$15,675.1	\$983.7	6.7%

⁽¹⁾ Includes the Sustainable Communities Tax Credit Reserve Fund.

Note: The fiscal 2013 adjusted working appropriation includes deficiencies, \$19.6 million in targeted reversions and Conference Committee reductions to the deficiencies. The fiscal 2014 allowance includes \$5.0 million in reductions from Section 19 of the budget bill (HB 100). The Conference Committee actions include \$2.7 million in reductions contingent on the Budget Reconciliation and Financing Act of 2013 (HB 102).

State Expenditures – State Funds
(\$ in Millions)

<u>Category</u>	<u>Actual FY 2012</u>	<u>Adjusted Work. Appr. FY 2013</u>	<u>Allowance FY 2014</u>	<u>Conference Reductions & Fund Swaps</u>	<u>Conference Approp. FY 2014</u>	<u>FY 2013 to FY 2014</u>	
						<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$1,039.1	\$1,102.4	\$1,201.0	\$18.0	\$1,183.0	\$80.5	7.3%
County/Municipal	378.5	444.8	537.6	23.7	513.8	69.1	15.5%
Community Colleges	263.3	272.3	285.9	0.0	285.9	13.6	5.0%
Education/Libraries	5,707.7	5,870.2	6,101.1	1.6	6,099.5	229.4	3.9%
Health	38.3	38.1	40.0	0.0	40.0	2.0	5.3%
Aid to Local Governments	\$6,387.8	\$6,625.3	\$6,964.6	\$25.3	\$6,939.3	\$314.0	4.7%
Foster Care Payments	213.4	236.8	243.0	0.0	243.0	6.2	2.6%
Assistance Payments	94.0	120.4	95.0	0.0	95.0	-25.4	-21.1%
Medical Assistance	3,300.7	3,340.2	3,253.5	15.2	3,238.3	-101.9	-3.1%
Property Tax Credits	81.8	82.0	80.2	0.0	80.2	-1.7	-2.1%
Entitlements	\$3,689.9	\$3,779.4	\$3,671.7	\$15.2	\$3,656.5	-\$122.8	-3.2%
Health	1,910.5	2,014.6	2,074.2	1.5	2,072.6	58.0	2.9%
Human Resources	407.2	409.5	411.2	0.5	410.8	1.2	0.3%
Children's Cabinet Interagency Fund	21.2	16.9	21.5	0.0	21.5	4.6	27.0%
Juvenile Services	273.8	275.1	285.2	0.0	285.2	10.2	3.7%
Public Safety/Police	1,482.9	1,542.9	1,574.1	0.2	1,573.9	31.0	2.0%
Higher Education	4,975.6	5,218.0	5,364.7	3.0	5,361.7	143.7	2.8%
Other Education	447.0	464.4	447.1	-3.0	450.1	-14.4	-3.1%
Transportation	1,471.9	1,522.5	1,579.4	1.6	1,577.8	55.3	3.6%
Agric./Nat'l. Res./Environment	298.1	322.8	337.2	0.0	337.2	14.4	4.5%
Other Executive Agencies	1,019.6	1,328.3	1,320.2	3.9	1,316.3	-12.0	-0.9%
Legislative	76.8	78.8	80.6	0.1	80.5	1.7	2.2%
Judiciary	419.3	446.0	463.8	4.9	459.0	13.0	2.9%
State Agencies	\$12,804.2	\$13,639.9	\$13,959.3	\$12.7	\$13,946.6	\$306.7	2.2%
Total Operating	\$23,920.9	\$25,147.0	\$25,796.6	\$71.2	\$25,725.4	\$578.5	2.3%
Capital ⁽¹⁾	920.5	1,348.1	1,461.6	71.2	1,390.4	42.3	3.1%
Subtotal	\$24,841.4	\$26,495.1	\$27,258.2	\$142.4	\$27,115.8	\$620.7	2.3%
Reserve Funds	15.0	37.8	476.3	421.0	55.3	17.5	46.3%
Appropriations	\$24,856.4	\$26,532.8	\$27,734.5	\$563.4	\$27,171.1	\$638.2	2.4%
Reversions	0.0	-30.0	-30.0	0.0	-30.0	0.0	0.0%
Grand Total	\$24,856.4	\$26,502.8	\$27,704.5	\$563.4	\$27,141.1	\$638.2	2.4%

⁽¹⁾ Includes the Sustainable Communities Tax Credit Reserve Fund.

Note: The fiscal 2013 adjusted working appropriation reflects deficiencies, \$19.6 million in targeted reversions, \$430.3 million from the Budget Restoration Fund, Conference Committee reductions to the deficiencies, and \$0.4 million in additional special fund spending due to funding swaps. The fiscal 2014 allowance includes \$6.4 million in reductions from Section 19 of the budget bill (HB 100). The fiscal 2014 Conference Committee actions include \$565.1 million in reductions (\$91.9 million contingent on the Budget Reconciliation and Financing Act of 2013) and \$1.7 million in additional special fund spending due to funding swaps.

State Expenditures – All Funds
(\$ in Millions)

<u>Category</u>	<u>Actual FY 2012</u>	<u>Adjusted Work. Appr. FY 2013</u>	<u>Allowance FY 2014</u>	<u>Conference Reductions & Fund Swaps</u>	<u>Conference Approp. FY 2014</u>	<u>FY 2013 to FY 2014 \$ Change</u>	<u>% Change</u>
Debt Service	\$1,050.6	\$1,114.6	\$1,213.3	\$18.0	\$1,195.3	\$80.8	7.2%
County/Municipal	481.5	496.6	596.8	23.7	573.1	76.5	15.4%
Community Colleges	263.3	272.3	285.9	0.0	285.9	13.6	5.0%
Education/Libraries	6,471.3	6,667.1	6,855.4	1.6	6,853.8	186.7	2.8%
Health	42.8	42.5	44.5	0.0	44.5	2.0	4.7%
Aid to Local Governments	\$7,258.9	\$7,478.6	\$7,782.7	\$25.3	\$7,757.4	\$278.8	3.7%
Foster Care Payments	306.4	316.4	327.0	0.0	327.0	10.6	3.4%
Assistance Payments	1,301.5	1,237.8	1,292.7	0.0	1,292.7	54.9	4.4%
Medical Assistance	6,665.8	6,906.5	7,190.1	40.5	7,149.6	243.1	3.5%
Property Tax Credits	81.8	82.0	80.2	0.0	80.2	-1.7	-2.1%
Entitlements	\$8,355.5	\$8,542.6	\$8,890.0	\$40.5	\$8,849.6	\$306.9	3.6%
Health	3,010.8	3,244.3	3,383.6	1.6	3,382.0	137.7	4.2%
Human Resources	846.1	922.7	932.1	1.4	930.7	8.0	0.9%
Children's Cabinet Interagency Fund	21.2	16.9	21.5	0.0	21.5	4.6	27.0%
Juvenile Services	285.6	283.4	293.4	0.7	292.7	9.2	3.3%
Public Safety/Police	1,518.1	1,572.1	1,600.4	0.2	1,600.2	28.1	1.8%
Higher Education	4,975.6	5,218.0	5,364.7	3.0	5,361.7	143.7	2.8%
Other Education	677.7	734.2	690.6	-3.0	693.6	-40.6	-5.5%
Transportation	1,564.7	1,608.0	1,676.5	1.6	1,674.9	66.9	4.2%
Agric./Nat'l. Res./Environment	364.6	395.6	403.2	0.0	403.2	7.6	1.9%
Other Executive Agencies	1,661.8	1,885.4	1,862.9	3.9	1,858.9	-26.4	-1.4%
Legislative	76.8	78.8	80.6	0.1	80.5	1.7	2.2%
Judiciary	423.8	451.9	468.0	4.9	463.1	11.2	2.5%
State Agencies	\$15,426.9	\$16,411.3	\$16,777.5	\$14.4	\$16,763.1	\$351.8	2.1%
Total Operating	\$32,091.8	\$33,547.1	\$34,663.6	\$98.2	\$34,565.4	\$1,018.3	3.0%
Capital ⁽¹⁾	1,808.0	2,286.9	2,403.0	71.2	2,331.8	44.9	2.0%
Subtotal	\$33,899.7	\$35,834.0	\$37,066.5	\$169.4	\$36,897.2	\$1,063.2	3.0%
Reserve Funds	15.0	37.8	476.3	421.0	55.3	17.5	46.3%
Appropriations	\$33,914.7	\$35,871.8	\$37,542.8	\$590.4	\$36,952.5	\$1,080.7	3.0%
Reversions	0.0	-30.0	-30.0	0.0	-30.0	0.0	0.0%
Grand Total	\$33,914.7	\$35,841.8	\$37,512.8	\$590.4	\$36,922.5	\$1,080.7	3.0%

⁽¹⁾ Includes the Sustainable Communities Tax Credit Reserve Fund.

Note: The fiscal 2013 adjusted working appropriation reflects deficiencies, \$19.6 million in targeted reversions, \$430.3 million from the Budget Restoration Fund, Conference Committee reductions to the deficiencies, and \$0.4 million in additional special fund spending due to funding swaps. The fiscal 2014 allowance includes \$7.4 million in reductions from Section 19 of the budget bill (HB 100). The fiscal 2014 Conference Committee actions include \$592.1 million in reductions (\$91.9 million contingent on the Budget Reconciliation and Financing Act of 2013) and \$1.7 million in additional special fund spending due to funding swaps.

Fiscal Note Summary of the Budget Bill – House Bill 100

	<u>General Funds</u>	<u>Special Funds</u>	<u>Federal Funds</u>	<u>Education Funds</u>	<u>Total Funds</u>
Governor's Allowance					
Fiscal 2013 Budget	\$14,697,932,395	\$7,805,388,992	\$9,270,210,947	\$4,002,676,885	\$35,776,209,219 ⁽¹⁾
Fiscal 2014 Budget	16,106,026,286	7,436,262,756	9,808,326,259	4,056,925,242	37,407,540,543 ⁽²⁾
Supplemental Budget No. 1					
Fiscal 2013 Deficiencies	\$24,560,005	\$3,456,898	\$99,427,325	\$0	\$127,444,228
Fiscal 2014 Budget	39,904,895	65,357,624	0	0	105,262,519
Subtotal	\$64,464,900	\$68,814,522	\$99,427,325	\$0	\$232,706,747
Budget Reconciliation and Financing Act of 2013					
Fiscal 2013 Deficiencies	\$0	\$0	\$0	\$0	\$0
Fiscal 2014 Contingent Reductions	-2,675,671	-87,739,667 ⁽³⁾	0	0	-90,415,338
Subtotal	-\$2,675,671	-\$87,739,667	\$0	\$0	-\$90,415,338
Conference Committee Reductions					
Fiscal 2013 Deficiencies	-\$31,132,313	-\$35,687 ⁽⁴⁾	-\$30,700,000	\$0	-\$61,868,000
Fiscal 2014 Budget	-468,204,359	-4,778,494 ⁽⁵⁾	-26,953,011	0	-499,935,864
Total Reductions	-\$499,336,672	-\$4,814,181	-\$57,653,011	\$0	-\$561,803,864
Appropriations					
Fiscal 2013 Budget	\$14,691,360,087	\$7,808,810,203	\$9,338,938,272	\$4,002,676,885	\$35,841,785,447
Fiscal 2014 Budget	15,675,051,151	7,409,102,219	9,781,373,248	4,056,925,242	36,922,451,860
Change	\$983,691,064	-\$399,707,984	\$442,434,976	\$54,248,357	\$1,080,666,413

⁽¹⁾ Reflects \$103.0 million in proposed deficiencies, including \$124.6 million in general funds, \$44.5 million in special funds, -\$66.1 million in federal funds. Reversion assumptions total \$49.6 million, including \$30.0 million in unspecified reversions and \$19.6 million in targeted reversions.

⁽²⁾ Reflects estimated general fund reversions of \$30.0 million and across-the-board reductions for overbudgeted health insurance.

⁽³⁾ Includes \$1.5 million in special funds that will be added back to the budget by budget amendment to replace general fund reductions.

⁽⁴⁾ Includes \$0.4 million in special funds that will be added back to the budget by budget amendment to replace general fund reductions.

⁽⁵⁾ Includes \$0.3 million in special funds that will be added back to the budget by budget amendment to replace general fund reductions.

General Fund Revenues
2013 Session Legislation
Proposed Under the Governor's Budget Plan
Fiscal 2014
(\$ in Millions)

Budget Reconciliation and Financing Act (HB 102)

	<u>Admin.</u>	<u>House</u>	<u>Senate</u>	<u>Conf. Comm.</u>
Electronic Bingo/Tip Jar Monies – Cultural Arts Fund to General Fund	\$2.0	\$2.0	\$0.0	\$0.0
Repeal Maryland Mined Coal Tax Credit	6.0	0.0	0.0	0.0
Abandoned Property – Repeal Requirement to Notify in Newspapers	0.5	0.0	0.0	0.0
Total – BRFA	\$8.5	\$2.0	\$0.0	\$0.0

Other Legislation Pending Before the Legislature*

Film Production Activity Tax Credit (SB 183)	-\$17.5	-\$17.5	-\$17.5	-\$17.5
Research and Development Tax Credit (HB 751/HB 386)	0.0	-1.1		
Cyber Security Tax Credit (HB 803)	-3.0	-2.0		
Firearm Licensing Revenue (SB 281/HB 294)	2.2	2.2	2.2	
Total – Other Legislation	-\$18.3	-\$18.4	-\$15.3	-\$17.5

BRFA: Budget Reconciliation and Financing Act

HB: House Bill

SB: Senate Bill

*The Film Production Activity Tax Credit has passed the General Assembly. The other bills are still pending in either the House or Senate.

**General Fund Reductions and Transfers Contingent on the
Budget Reconciliation and Financing Act of 2013 (HB 102)**
(\$ in Millions)

	<u>Admin. Plan</u>	<u>House</u>	<u>Senate</u>	<u>Conf. Comm.</u>
Contingent Reductions (Fiscal 2014)				
Charge Local School Systems for DJS Education Services	\$1.5	\$1.5	\$1.5	\$1.5
Allow Use of Transfer Tax for Department of Natural Resources Operations	1.2	1.2	1.2	1.2
Savings from Limiting Pension Reinvestment to \$200 Million	0.0	0.0	87.1	0.0
Defer Repayment of Fiscal 2006 Transfer of the Transfer Tax to General Fund	50.0	0.0	0.0	0.0
Eliminate Requirement to Pay Back Transfer from Local Income Tax Reserve	50.0	0.0	0.0	0.0
Total Reductions	\$102.7	\$2.7	\$89.8	\$2.7
Fiscal 2013 Transfers				
State Insurance Trust Fund – State Treasurer	\$1.0	\$1.0	\$1.0	\$1.0
Electronic Bingo/Tip Jar Monies from Cultural Arts Fund to General Fund	1.9	1.9	1.9	1.9
Sustainable Communities Tax Credit Reserve Fund – Expired Tax Credits	0.0	0.4	0.4	0.4
Local Reserve Account to Be Used for Municipal Transportation Grants	-15.4	-15.4	-15.4	-15.4
Total Transfers	-\$12.5	-\$12.0	-\$12.0	-\$12.0
Fiscal 2014 Transfers				
Portion of State Transfer Tax Revenues to the General Fund	\$89.2	\$89.2	\$89.2	\$89.2

DJS: Department of Juvenile Services

Conference Committee
Status as of April 4, 2013
Fiscal 2013-2014

	<u>FY 2013</u>	<u>FY 2014</u>
Starting General Fund Balance	\$551,152,508	\$553,387,853
Revenues		
BRE Estimated Revenues – December 2012	\$14,725,564,600	\$15,351,176,000
BRE Revenue Revision – March 2013	-76,792,000	-38,513,000
Supplemental Budget No. 1	8,463,753	866,295
Prior Budget Reconciliation Legislation	3,205,036	0
Budget Reconciliation Legislation – Transfers	3,330,500	89,198,555
Other Legislation	0	-18,278,700
Additional Revenues	29,823,543	28,319,519
Subtotal Revenues	\$14,693,595,432	\$15,412,768,669
Subtotal Available Revenues	\$15,244,747,940	\$15,966,156,522
Appropriations		
General Fund Appropriations	\$14,623,003,880	\$16,136,026,286
Deficiencies	124,574,487	0
Supplemental Budget No. 1	24,560,005	39,904,895
Legislative Reductions/Contingent Legislation	-31,132,313	-470,880,030
Estimated Agency Reversions	-49,645,972	-30,000,000
Subtotal Appropriations	\$14,691,360,087	\$15,675,051,151
Closing General Fund Balance	\$553,387,853	\$291,105,371

BRE: Board of Revenue Estimates

Conference Committee Action on the Budget Reconciliation and Financing Act of 2013 (HB 102)

The Budget Reconciliation and Financing Act of 2013, as amended¹ by the Conference Committee, accomplishes the following for the general fund:

Fiscal 2013 Fund Transfers	-\$12.0 million
Fiscal 2014 Fund Transfers	89.2 million
Fiscal 2014 Expenditure Reductions	2.7 million
Total Budgetary Action	\$79.9 million

Modifies the distribution of racing revenue impact aid to provide for pro-rata allocations of local impact grants if revenues are insufficient

Strikes a provision that would repeal the requirement that the Comptroller publish, in newspapers of general circulation, notice of abandoned property; authorizes the establishment of an electronic database with access via an Internet website

Makes the imposition of the \$7.50 surcharge for moving violations a mandatory surcharge to the fine, rather than a court cost that may be waived

Clarifies the authority of the State Lottery and Gaming Control Commission to license and regulate locally authorized electronic gaming operations

Strikes a technical amendment to the source of revenue available to the Special Fund for the Preservation of Cultural Arts, consistent with the action to continue to distribute a portion of admission and amusement taxes on electronic bingo and tip jars to the fund

Aid to Education – modifies the calculation of Supplemental Grants to provide that no grant should be less than \$0

Aid to Education – authorizes a grant to a county board of education equal to 25% of a decrease in direct State aid if the decrease is in excess of 1% from fiscal 2013 to 2014

Requires county boards of education to reimburse the Department of Juvenile Services a portion of the costs to educate a child in detention in a facility for 15 consecutive days or more

¹ Conference Committee changes to the bill as passed by the Senate are noted in *italics*.

Program Open Space – continues the authorization through fiscal 2015 that \$1.2 million of the State share may be used for program administration expenses in the Department of Natural Resources, the Department of General Services, and the Department of Planning

Major Information Technology Projects – modify the requirements for new projects to include those undertaken via memoranda of understanding with public institutions of higher education

Instant Ticket Lottery Machines – repeals the requirement that veterans' organizations purchase or lease machines from the State Lottery and Gaming Control Agency

Increases from \$10 to \$11 the fee that the Secretary of State may charge to issue a notary public commission, and increases from \$2 to \$4 the fee that may be charged for an original notarial act

Repeals the requirement that the State repay \$50.0 million annually, from fiscal 2014 to 2020, to replenish the Local Income Tax Reserve Account

From the Local Reserve Account held by the Comptroller, \$15.4 million to a special fund in the Department of Transportation to provide transportation grants to municipalities

Defers until fiscal 2016 the requirement that transfer tax funds diverted to the general fund in fiscal 2006 be repaid by unappropriated general fund balance in excess of \$10.0 million

Directs a portion of transfer tax revenues to the general fund: \$89.2 million in fiscal 2014; \$75.1 million in fiscal 2015; \$77.7 million in fiscal 2016; \$82.8 million in fiscal 2017; and \$86.0 million in fiscal 2018

Sustainable Communities Tax Credit – repeals certain credits authorized prior to fiscal 2006 and authorizes the transfer of \$430,000 from the tax credit reserve fund to the general fund for three expired fiscal 2007 projects

Clarifies the calculation of the hospital assessment for Medicaid to require, effective each fiscal year beginning in fiscal 2015, assessments, remittances, or general fund savings up to \$389.8 million

Modifies existing authorization on the use of the Fair Campaign Financing Fund to allow up to \$250,000 be used for studies required under HB 224/SB 279 of 2013

Disparity Grant – modifies the formula to add a minimum grant amount based on local tax effort of eligible counties and raises from 2.4 to 2.6% the local income tax rate required to be eligible to receive a grant

Maryland-mined Coal Tax Credit – strikes a provision that would repeal the credit effective January 1, 2013

Establishes a credit of \$400 against the State income tax for the expense of registering certain tractor-trailers titled and registered in the State, contingent on the taking effect of an increase in tolls at Maryland toll facilities

From the balance in the State Insurance Trust Fund, \$1.0 million to the general fund in fiscal 2013

Strikes a provision that would transfer \$2.0 million from the Small, Minority, Women-Owned Business Account, established with the revenues from the video lottery terminal program, to the Maryland Small Business Development Financing Authority in fiscal 2014

Limits, for fiscal 2014, the increase in rates paid to providers of nonpublic placements to 2.5% over the rates in effect on January 16, 2013

Limits, for fiscal 2014, the increase in rates paid to providers with rates set by the Interagency Rates Committee to 2.5% over the rates in effect on January 16, 2013

Requires the Health Services Cost Review Commission to study the projected savings that will accrue to Medicaid through the application of tiered rates for hospital outpatient and emergency department services and to take certain action to ensure that general fund savings of \$30.0 million are realized for fiscal 2014

Mental Hygiene Administration – strikes a provision that would restrict \$2.1 million in fiscal 2013 general funds to be used only to increase specialty physician rates for evaluation and management activities effective January 1, 2013, as the funds were withdrawn from the budget

Mental Hygiene Administration – restricts \$4.2 million in fiscal 2013 general funds to be used only to eliminate the fiscal 2012 unprovided for payables that had been carried into fiscal 2013

Aid to Education – restricts any surplus fiscal 2013 general funds in the Nonpublic Placement Program and the Out of County Living Arrangements Program to be used only to cover an anticipated deficiency in the Quality Teacher Incentive Program

Special Fund for the Preservation of Cultural Arts – transfers any balance in the fund as of June 30, 2013, to the general fund

Continues, for fiscal 2014, a policy to allow merit increases when necessary to retain faculty at public institutions of higher education, to comply with certain collective bargaining agreements, and for operationally critical staff, subject to certain reporting requirements

Authorizes the transfer of funds, up to \$3.5 million before June 30, 2013, and any remaining balance as of December 31, 2013, from the Oil Contaminated Site Environmental Clean-up Fund to the Maryland Oil Disaster Containment, Clean-up and Contingency Fund; requires a report on the long-term financial stability of oil pollution programs

Requires the Comptroller to make local income tax distributions in fiscal 2014 without accounting for amended returns from previous years that are determined to be extraordinary or anomalous, and requires the Comptroller to undertake an evaluation of the Local Reserve Account

Authorizes that certain reductions to pension contributions may be held in the Dedicated Purpose Account, as provided in the budget bill

Senate Provisions Stricken by the Conference Committee

Provision would have required the Maryland Transit Administration to adjust fares to the nearest dime triennially, beginning in fiscal 2014, based on the increase in the Consumer Price Index over the preceding three calendar years

For fiscal 2014 only, would have authorized the Governor to provide funds for county library capital projects at the lesser of \$5 million or the amount needed to fund approved projects

Reduces the required reinvestment of savings due to pension reform to \$200 million, rather than \$300 million, in fiscal 2014 and each year thereafter