

**Conference Committee  
Summary Document on  
Senate Bill 170 – the Budget Bill**

**and**

**Senate Bill 172 – the Budget Reconciliation and  
Financing Act**

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**Maryland General Assembly  
Annapolis, Maryland**

**April 3, 2014**



# Contents

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|   | <u>Page</u> |
|---|-------------|
| Fiscal 2015 Budget – Budget Bill (SB 170) and the Budget Reconciliation and Financing Act (SB 172) as Amended by the Conference Committee ..... | 1           |
| Budget Summary.....   | 3           |
| Spending Affordability Analysis .....   | 4           |
| Proposed Budget Reductions – Senate Bill 170.....   | 5           |
| State Expenditures – General Funds .....  | 7           |
| State Expenditures – State Funds.....   | 8           |
| State Expenditures – All Funds .....  | 9           |
| Fiscal Note – Summary of the Budget Bill – Senate Bill 170 .....  | 10          |
| General Fund Revenues – 2014 Session Legislation – Proposed under the Governor’s Budget Plan .....  | 11          |
| General Fund Reductions and Transfers Contingent on the Budget Reconciliation and Financing Act of 2014 (SB 172) .....                          | 12          |
| Final Budget Status as of April 3, 2014 .....   | 13          |
| State Retirement and Pension System – Total Employer and Employee Contributions .....   | 14          |
| Budget Reconciliation and Financing Act of 2014 – Employer Pension Contributions .....  | 15          |
| Conference Committee Action on the Budget Reconciliation and Financing Act of 2014 (SB 172).....  | 16          |
| General Fund Budget Outlook.....  | 21          |



**Fiscal 2015 Budget  
Budget Bill (SB 170) and the Budget Reconciliation and  
Financing Act (SB 172)  
As Amended by the Conference Committee**

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- 1. Preserves State Fund Balances and Reduces the Structural Budget Gap** – Although the State’s revenues were recently revised downward by \$248.0 million across fiscal 2014 and 2015, budget actions result in a general fund balance of over \$84.0 million, and the Rainy Day Fund balance will continue at 5.0% of general fund revenues, an amount estimated to be \$794.8 million. In addition, the structural gap between revenues and spending is reduced by \$127.4 million, consistent with the \$125.0 million target recommended by the Spending Affordability Committee. Ongoing revenues now cover 98.5% of spending.
- 2. Continues to Constrain Spending** – Growth in State spending, excluding federal funds, is 3.5% and below the 3.6 to 5.1% forecasted growth in Maryland personal income for calendar 2014 and 2015. Constrained by sluggish revenue growth, the budget maintains current services and funds several education, public safety, and economic development initiatives.
- 3. Avoids Reductions to Essential Programs and Reaffirms Commitment to Full Supplemental Retirement Payment** – The 2011 legislation making changes to the State pension system requires a \$300 million State supplement beyond the annually required amount. To avoid reductions to education, health, and other essential programs, as well as to fully fund collectively bargained employee compensation increases, the supplemental payment is temporarily scaled back by \$200 million in fiscal 2014 and 2015. Unlike the permanent \$100 million reduction proposed by the Governor, however, the legislative plan phases the additional State payment up to \$300 million by fiscal 2019.

4. **Maintains the State's Commitment to the Public Schools** – Total State support for public schools will be almost \$6.1 billion. Distributions to local school systems will increase an estimated \$124.5 million, or 2.4%. The budget funds a \$4.3 million initiative to expand prekindergarten programs, and for the second straight year, there is new funding to provide school breakfast to an additional 40,000 students.
5. **Increases State Support for Higher Education and Moderates Tuition Growth** – Maryland's State colleges and universities receive over \$1.4 billion in State funds, an increase of \$122.5 million, or 9.4%, over fiscal 2014. This funding will enable the institutions to hold in-state undergraduate tuition increases to 3.0% for the 5<sup>th</sup> consecutive year. Ongoing efforts to constrain tuition growth have resulted in Maryland's average tuition and fee costs dropping from 7<sup>th</sup> to 27<sup>th</sup> most expensive in the country since fall 2004. Formula aid for community colleges increases \$13.1 million, or 6.2%.
6. **Supports Expansion of and Access to Affordable Health Care to More Marylanders** – Maryland continues to take advantage of opportunities to expand Medicaid coverage under the federal Affordable Care Act. The budget includes \$495 million in new federal funds to provide full Medicaid benefits to 130,000 individuals, \$300 million to fund provider rate increases, and \$33 million to expand home- and community-based services for the elderly and disabled. Total Medicaid spending is \$8.1 billion to provide services to over 1.1 million Marylanders. Funding is also provided for the Maryland Health Benefit Exchange, including funding to ensure that the Exchange's enrollment system is properly functional. However, that funding also comes with enhanced legislative oversight.
7. **Recognizes Efforts of State Workforce** – The budget includes funds for a 2.0% cost-of-living adjustment for State employees, and employee merit raises are budgeted for a full year for the first time since 2009. Also, due to health insurance savings, State employees will not be required to pay insurance premiums for an additional four pay periods in calendar 2014.

**Budget Summary**  
**Fiscal 2014 and 2015**  
**(\$ in Millions)**

**General Fund**

|   | <b><u>Admin.</u></b> | <b><u>Senate</u></b> | <b><u>House</u></b> | <b><u>Conf.</u></b> |
|---|----------------------|----------------------|---------------------|---------------------|
| <b><u>Fiscal 2014</u></b>                           |                      |                      |                     |                     |
| Ending Balance Before Legislative Action            | \$5.0                | \$5.0                | \$5.0               | \$5.0               |
| Revenues – BRE March Revision                       | -126.7               | -126.7               | -126.7              | -126.7              |
| Revenues – Legislation                              | 8.0                  | 8.0                  | 8.0                 | 8.0                 |
| Fund Transfers – Legislation                        | 7.2                  | 55.1                 | 55.2                | 58.2                |
| Expenditure Reductions – Deficiency Approp.**       | 3.8                  | 5.6                  | 5.6                 | 7.9                 |
| Expenditure Reductions – Contingent on BRFA         | 87.4                 | 174.5                | 174.5               | 174.5               |
| <b>Adjusted Ending Balance*</b>                     | <b>-\$15.2</b>       | <b>\$121.6</b>       | <b>\$121.7</b>      | <b>\$127.0</b>      |
| <b><u>Fiscal 2015</u></b>                           |                      |                      |                     |                     |
| Revenues – BRE Estimate                             | \$16,005.3           | \$16,005.3           | \$16,005.3          | \$16,005.3          |
| Revenues – BRE March Revision                       | -111.1               | -111.1               | -111.1              | -111.1              |
| Other Revenues                                      | 23.4                 | 23.4                 | 23.4                | 23.4                |
| Revenues – Legislation                              | 24.3                 | 28.1                 | 31.1                | 31.1                |
| Fund Transfers – Legislation                        | 115.0                | 69.1                 | 69.1                | 70.1                |
| Transfer from Rainy Day Fund                        | 204.5                | 204.5                | 0.0                 | 0.0                 |
| <b>Total Revenues and Balance</b>                   | <b>\$16,246.1</b>    | <b>\$16,340.9</b>    | <b>\$16,139.6</b>   | <b>\$16,145.8</b>   |
| Expenditures – Allowance                            | \$16,561.5           | \$16,561.5           | \$16,561.5          | \$16,561.5          |
| Retirement Reinvestment Reduction                   | -88.3                | -176.5               | -176.5              | -176.5              |
| Expenditure Reductions – Contingent on BRFA         | -11.4                | -1.6                 | -4.8                | -4.8                |
| Expenditure Reductions**                            | -283.8               | -149.1               | -120.7              | -110.2              |
| Rainy Day Fund                                      | 0.0                  | -5.5                 | -208.5              | -208.5              |
| <b>Total Expenditures</b>                           | <b>\$16,178.1</b>    | <b>\$16,228.8</b>    | <b>\$16,051.0</b>   | <b>\$16,061.5</b>   |
| <b>Ending Balance (Revenues Less Expenditures)*</b> | <b>\$68.1</b>        | <b>\$112.1</b>       | <b>\$88.6</b>       | <b>\$84.3</b>       |

**Cash Position**

|  |                |                |                |                |
|--|----------------|----------------|----------------|----------------|
| General Fund Balance                   | \$68.1         | \$112.1        | \$88.6         | \$84.3         |
| Rainy Day Fund Balance – June 30, 2015 | 794.8          | 794.8          | 794.8          | 794.8          |
| <b>Total</b>                           | <b>\$862.9</b> | <b>\$906.9</b> | <b>\$883.4</b> | <b>\$879.1</b> |
| Cash and Rainy Day Fund Over 5%        | \$68.1         | \$112.1        | \$88.6         | \$84.3         |

BRE: Board of Revenue Estimates  
BRFA: Budget Reconciliation and Financing Act

\*The Administration budget proposal before the BRE March revenue revisions resulted in estimated balances of \$82.8 million for fiscal 2014 and \$28.9 million for fiscal 2015.

\*\*Expenditure reductions for the Administration are assumed reversions from the Judiciary and General Assembly, and \$281 million in General Assembly reductions are assumed in Supplemental Budget No.1.

**Spending Affordability Analysis**  
**Conference Committee**  
**Fiscal 2015**  
**(\$ in Millions)**

**Structural Analysis**

**Target**

|  |              |
|--|--------------|
| Estimated Structural Gap (December 2013) | <b>\$362</b> |
| Target Reduction                         | 125          |

**Revenues**

|                             |                 |
|-----------------------------|-----------------|
|                             | \$16,060        |
| March 2014 Revenue Revision | -111            |
| Supplemental Budget No. 1   | 1               |
| Medevac Sale                | -18             |
| Other One-time Items        | -8              |
| <b><i>Subtotal</i></b>      | <b>\$15,924</b> |

**Spending**

|   |                 |
|---|-----------------|
|   | \$16,061        |
| Rainy Day Fund                                | -20             |
| Tobacco Arbitration                           | 40              |
| One-time Attorney Expense                     | -10             |
| One-time Reduction to Mandated Appropriations | 1               |
| One-time Supplemental Retirement Contribution | 88              |
| Supplemental Budget No. 1                     | 1               |
| Pay-as-you-go Capital                         | -1              |
| <b><i>Subtotal</i></b>                        | <b>\$16,159</b> |

|   |              |
|---|--------------|
| <b>Amount Reduced from Structural Shortfall</b> | <b>\$127</b> |
| <b>Remaining Structural Gap</b>                 | <b>\$235</b> |



**Proposed Budget Reductions  
Senate Bill 170  
Fiscal 2015 Budget and Fiscal 2014 Deficiency Appropriations  
(\$ in Millions)**

**General Funds**

|  | <u>Senate</u>  | <u>House</u>   | <u>Conf.<br/>Comm.</u> |
|--|----------------|----------------|------------------------|
| <b><u>Local Aid</u></b>  |                |                |                        |
| Community College Formula  | \$3.4          | \$3.3          | \$2.2                  |
| Early College Innovation Fund  | 2.0            | 0.0            | 0.6                    |
| Limit Decrease in Education Aid Formulas (Redirected from Early College Innovation Fund)         | -1.7           | 0.0            | -0.6                   |
| <b>C Savings from Limiting Retirement Reinvestment to \$100 Million</b>                          | <b>131.9</b>   | <b>131.9</b>   | <b>131.9</b>           |
| Prince George's County State's Attorney Grant  | 0.7            | 0.0            | 0.0                    |
| <b>Total</b>   | <b>\$136.2</b> | <b>\$135.2</b> | <b>\$134.0</b>         |
| <b><u>Medicaid</u></b>   |                |                |                        |
| <b>C Medicaid Savings from Reduced MHIP Assessment</b>   | <b>\$1.5</b>   | <b>\$4.7</b>   | <b>\$4.7</b>           |
| Extend Managed Care Organization Cost Containment for Second Half of Fiscal 2015                 | 10.1           | 10.1           | 10.1                   |
| No Early Takeover of Maryland Medicaid Information Systems                                       | 4.8            | 4.8            | 4.8                    |
| Reduce Funding for Balancing Incentive Payment Program   | 2.2            | 2.2            | 2.2                    |
| Special Funds from Cigarette Restitution Fund Available  | 0.8            | 0.0            | 0.0                    |
| Use Vacancies for New Positions/Kidney Disease Program Enrollment Trends                         | 0.4            | 0.4            | 0.4                    |
| <b>Total</b>   | <b>\$19.8</b>  | <b>\$22.2</b>  | <b>\$22.2</b>          |
| <b><u>Higher Education</u></b>   |                |                |                        |
| University System of Maryland – Reduction of Proposed Increase in Funding                        | \$10.0         | \$9.5          | \$1.7                  |
| Morgan State University – Reduction of Proposed Increase in Funding                              | 1.0            | 1.0            | 0.3                    |
| Reduce Funding for Private Higher Education Due to Reduction in Four-year Funding                | 0.7            | 0.7            | 0.4                    |
| <b>Total</b>   | <b>\$11.7</b>  | <b>\$11.1</b>  | <b>\$2.4</b>           |
| <b><u>Personnel</u></b>  |                |                |                        |
| Delete Vacant Executive Branch Positions   | \$17.0         | \$10.0         | 14.0                   |
| <b>C Savings from Limiting Pension Reinvestment to \$100 Million</b>                             | <b>44.7</b>    | <b>44.7</b>    | <b>44.7</b>            |
| <i>Judiciary/Gen. Assembly – Health Insurance/Personnel System Costs (Fiscal 2014)</i>           | 3.8            | 3.8            | 6.1                    |
| Judiciary and General Assembly – Employee Health Insurance Costs                                 | 1.5            | 1.5            | -0.7                   |
| <b>Total</b>   | <b>\$67.0</b>  | <b>\$60.0</b>  | <b>\$64.0</b>          |
| <b><u>State Agencies</u></b>   |                |                |                        |
| Judiciary – Conf. Com. Restricts \$10 Million for Attorney Representation at Initial Appearances | \$10.0         | \$9.1          | \$0.0                  |
| No Additional Judges   | 0.0            | 0.0            | 1.9                    |
| Information Technology Projects  | 2.0            | 2.0            | 2.0                    |
| Fund a More Realistic Vacancy Rate for Comptroller   | 0.7            | 0.3            | 0.5                    |
| State Lottery Agency – Higher Turnover for New Positions   | 0.5            | 0.0            | 0.3                    |
| <b>C Assessments and Taxation – Use Charter Unit Revenues for Office of Director Costs</b>       | <b>0.1</b>     | <b>0.1</b>     | <b>0.1</b>             |
| Public Safety and Corrections Operations – Long-term Vacant Positions                            | 2.0            | 0.0            | 1.0                    |
| Reduce Funding for Program to Provide Community Services for Youthful Offenders                  | 0.2            | 0.0            | 0.4                    |
| Assume More Realistic Vacancy Rate for State Police  | 3.5            | 1.8            | 1.8                    |
| Foster Care – Lower Caseload Estimates   | 3.0            | 5.0            | 5.0                    |
| <i>Temporary Disability Assistance – Lower Caseloads (Fiscal 2014)</i>                           | 1.7            | 1.7            | 1.7                    |
| <i>Temporary Disability Assistance – Lower Caseloads (Fiscal 2015)</i>                           | 2.1            | 2.1            | 2.1                    |
| Child Care Subsidy Program   | 1.0            | 0.0            | 0.0                    |
| Less Funding for Contractual Mental Health Evaluations Based on Fiscal 2013 Actuals (DJS)        | 0.5            | 0.5            | 0.5                    |
| <i>Scale Back Fiscal 2014 Deficiency for Contractual Mental Health Services (DJS)</i>            | 0.1            | 0.1            | 0.1                    |
| Less General Funds for Moving Department of Housing and Community Dev. Headquarters              | 1.1            | 1.1            | 1.1                    |
| <i>MARBIDCO – Concur with Governor's Proposed Reduction</i>                                      | 1.1            | 1.1            | 1.1                    |
| Reduce Oil Control Program Funding Consistent with Fiscal 2014 Targeted Reversion                | 0.6            | 0.6            | 0.6                    |

|   |                |                |                |
|---|----------------|----------------|----------------|
| General Funds for Maryland Economic Assistance Authority and Fund                     | 8.9            | 0.0            | 0.0            |
| Funding for Tourism – Conference Committee Restricted \$450,000 for MD Science Center | 1.0            | 0.0            | 0.0            |
| Other Reductions  | 1.5            | 1.5            | 1.4            |
| <b>Total</b>  | <b>\$41.7</b>  | <b>\$27.1</b>  | <b>\$21.7</b>  |
| <b><u>Grants/Tax Credits</u></b>  |                |                |                |
| Biotechnology Tax Credit Program  | \$0.0          | \$2.0          | \$0.0          |
| Funding for Employment Advancement Right Now Program Grants                           | 0.9            | 0.0            | 0.0            |
| New Victims Services Grant Program  | 0.5            | 0.0            | 0.0            |
| <b>Total</b>  | <b>\$1.4</b>   | <b>\$2.0</b>   | <b>\$0.0</b>   |
| <b><u>Debt Service/State Reserve Fund</u></b>   |                |                |                |
| Additional Bond Premiums for Debt Service   | \$55.0         | \$50.0         | 55.0           |
| <i>Reduce Rainy Day Fund Appropriation – Maintain at 5% of Revenue</i>                | 5.5            | 208.5          | 208.5          |
| <b>Total</b>  | <b>\$60.5</b>  | <b>\$258.5</b> | <b>\$263.5</b> |
| <b>Total General Funds</b>  | <b>\$338.4</b> | <b>\$516.2</b> | <b>\$507.9</b> |
| Reductions Also Incorporated in the Governor’s Budget Proposal                        | 100.5          | 100.4          | 99.0           |
| <b>Total Reductions Proposed in Addition to the Governor’s Proposal</b>               | <b>\$237.8</b> | <b>\$415.8</b> | <b>\$408.9</b> |
| <b>"Structural" Reductions In Addition to Governor’s Proposal – Fiscal 2015</b>       | <b>\$142.3</b> | <b>\$117.2</b> | <b>\$110.3</b> |

Note: Non-structural reductions in italics (not ongoing or fiscal 2014 deficiencies).

## Special Funds

|   | <u>Senate</u>  | <u>House</u>   | <u>Conf.<br/>Comm.</u> |
|---|----------------|----------------|------------------------|
| <b>C</b> Savings from Limiting Pension Reinvestment to \$100 Million                          | \$12.5         | \$12.5         | \$12.5                 |
| Chesapeake and Atlantic Coastal Bays 2010 Trust Fund Double Budgeted                          | 17.6           | 17.6           | 17.6                   |
| Tobacco Transition Program Agricultural Land Preservation Funding                             | 0.8            | 0.0            | 0.0                    |
| <b>C</b> Reduce Chesapeake and Atlantic Coastal Bays 2010 Spending – Revenues to General Fund | 3.2            | 6.2            | 6.2                    |
| Other Reductions  | 1.0            | 0.9            | 0.8                    |
| <b>Total</b>  | <b>\$35.0</b>  | <b>\$37.2</b>  | <b>\$37.1</b>          |
| <b><u>Pay-as-you-go Capital</u></b>   |                |                |                        |
| Level Fund Jane Lawton Conservation Loan Program – Maryland Energy Administration             | \$0.3          | \$0.3          | \$0.3                  |
| <b>C</b> Reduce Funds for Open Space, Rural Legacy, and Ag. Land Preservation – Use Bonds     | 69.1           | 69.1           | 69.1                   |
| <b>Total</b>  | <b>\$69.4</b>  | <b>\$69.4</b>  | <b>\$69.4</b>          |
| <b>Total Special Funds</b>  | <b>\$104.4</b> | <b>\$106.5</b> | <b>\$106.5</b>         |

DJS: Department of Juvenile Services

MARBIDCO: Maryland Agricultural and Resource-Based Industry Development Corporation

MHIP: Maryland Health Insurance Program

**C: These Items Are Contingent on Passage of the Budget Reconciliation and Financing.**

## State Expenditures – General Funds (\$ in Millions)

| <u>Category</u>                     | Actual            | Conference                 | Allowance         | Conference        | Conference                   | FY 2014 to FY 2015 |                 |
|-------------------------------------|-------------------|----------------------------|-------------------|-------------------|------------------------------|--------------------|-----------------|
|                                     | <u>FY 2013</u>    | <u>Work. Appr. FY 2014</u> | <u>FY 2015</u>    | <u>Reductions</u> | <u>Appropriation FY 2015</u> | <u>\$ Change</u>   | <u>% Change</u> |
| Debt Service                        | \$0.0             | \$83.0                     | \$195.0           | \$55.0            | \$140.0                      | \$57.0             | 68.7%           |
| County/Municipal                    | 159.0             | 245.0                      | 254.5             | 0.0               | 254.5                        | 9.5                | 3.9%            |
| Community Colleges                  | 252.4             | 281.3                      | 304.7             | 7.4               | 297.3                        | 16.0               | 5.7%            |
| Education/Libraries                 | 5,453.8           | 5,605.5                    | 5,856.0           | 126.6             | 5,729.3                      | 123.8              | 2.2%            |
| Health                              | 37.3              | 41.7                       | 46.9              | 0.0               | 46.9                         | 5.1                | 12.3%           |
| <b>Aid to Local Governments</b>     | <b>\$5,902.4</b>  | <b>\$6,173.6</b>           | <b>\$6,462.1</b>  | <b>\$134.0</b>    | <b>\$6,328.1</b>             | <b>\$154.5</b>     | <b>2.5%</b>     |
| Foster Care Payments                | 203.1             | 256.9                      | 237.6             | 5.0               | 232.6                        | -24.3              | -9.5%           |
| Assistance Payments                 | 84.9              | 71.5                       | 76.0              | 2.1               | 73.9                         | 2.4                | 3.4%            |
| Medical Assistance                  | 2,311.7           | 2,478.8                    | 2,474.4           | 22.1              | 2,452.3                      | -26.5              | -1.1%           |
| Property Tax Credits                | 81.9              | 80.2                       | 82.0              | 0.0               | 82.0                         | 1.7                | 2.2%            |
| <b>Entitlements</b>                 | <b>\$2,681.5</b>  | <b>\$2,887.4</b>           | <b>\$2,869.9</b>  | <b>\$29.2</b>     | <b>\$2,840.7</b>             | <b>-\$46.7</b>     | <b>-1.6%</b>    |
| Health                              | 1,470.5           | 1,573.2                    | 1,634.6           | 0.2               | 1,634.4                      | 61.3               | 3.9%            |
| Human Resources                     | 372.3             | 331.1                      | 338.3             | 0.4               | 337.9                        | 6.8                | 2.0%            |
| Children's Cabinet Interagency Fund | 13.4              | 20.1                       | 21.8              | 0.0               | 21.8                         | 1.7                | 8.6%            |
| Juvenile Services                   | 269.5             | 278.7                      | 291.6             | 0.8               | 290.7                        | 12.0               | 4.3%            |
| Public Safety/Police                | 1,309.2           | 1,384.9                    | 1,455.1           | 3.1               | 1,451.9                      | 67.0               | 4.8%            |
| Higher Education                    | 1,106.6           | 1,214.2                    | 1,359.9           | 2.0               | 1,357.9                      | 143.7              | 11.8%           |
| Other Education                     | 366.9             | 386.3                      | 386.5             | 0.4               | 386.1                        | -0.2               | -0.1%           |
| Agric./Nat'l. Res./Environment      | 107.5             | 114.4                      | 120.0             | 1.7               | 118.3                        | 3.9                | 3.4%            |
| Other Executive Agencies            | 594.6             | 663.4                      | 698.8             | 4.7               | 694.1                        | 30.7               | 4.6%            |
| Legislative                         | 77.3              | 79.6                       | 83.1              | -0.1              | 83.3                         | 3.7                | 4.6%            |
| Judiciary                           | 384.2             | 404.3                      | 434.4             | 1.4               | 433.0                        | 28.7               | 7.1%            |
| Across-the-board Cuts               | 0.0               | -42.1                      | 0.0               | 58.7              | -58.7                        | -16.5              | 39.2%           |
| <b>State Agencies</b>               | <b>\$6,072.0</b>  | <b>\$6,408.1</b>           | <b>\$6,824.1</b>  | <b>\$73.3</b>     | <b>\$6,750.8</b>             | <b>\$342.6</b>     | <b>5.3%</b>     |
| <b>Total Operating</b>              | <b>\$14,656.0</b> | <b>\$15,552.1</b>          | <b>\$16,351.1</b> | <b>\$291.5</b>    | <b>\$16,059.6</b>            | <b>\$507.5</b>     | <b>3.3%</b>     |
| Capital <sup>(1)</sup>              | 3.2               | 42.7                       | 12.5              | 0.0               | 12.5                         | -30.2              | -70.7%          |
| <b>Subtotal</b>                     | <b>\$14,659.2</b> | <b>\$15,594.8</b>          | <b>\$16,363.6</b> | <b>\$291.5</b>    | <b>\$16,072.1</b>            | <b>\$477.3</b>     | <b>3.1%</b>     |
| Reserve Funds                       | 37.8              | 55.3                       | 228.2             | 208.5             | 19.7                         | -35.5              | -64.3%          |
| <b>Appropriations</b>               | <b>\$14,697.0</b> | <b>\$15,650.0</b>          | <b>\$16,591.8</b> | <b>\$500.0</b>    | <b>\$16,091.8</b>            | <b>\$441.8</b>     | <b>2.8%</b>     |
| Reversions                          | 0.0               | -67.2                      | -30.3             | 0.0               | -30.3                        | 36.9               | -55.0%          |
| <b>Grand Total</b>                  | <b>\$14,697.0</b> | <b>\$15,582.8</b>          | <b>\$16,561.5</b> | <b>\$500.0</b>    | <b>\$16,061.5</b>            | <b>\$478.7</b>     | <b>3.1%</b>     |

<sup>(1)</sup> Includes the Sustainable Communities Tax Credit Reserve Fund.

Note: The fiscal 2014 working appropriation includes deficiencies, supplemental deficiencies, \$255.3 million in cost containment, \$51.0 million in targeted reversions, and Conference Committee cuts to the deficiencies. The fiscal 2015 allowance includes \$16.3 million in reductions from Section 19 of the budget bill (SB 170) plus \$33.9 million in additional spending from Supplemental Budget No. 1. The fiscal 2015 appropriation includes \$181.4 million in reductions contingent on legislation.

## State Expenditures – State Funds (\$ in Millions)

| <u>Category</u>                     | <u>Actual<br/>FY 2013</u> | <u>Conference<br/>Work. Appr.<br/>FY 2014</u> | <u>Allowance<br/>FY 2015</u> | <u>Conference<br/>Reductions</u> | <u>Conference<br/>Appropriation<br/>FY 2015</u> | <u>FY 2014 to FY 2015</u> |                 |
|-------------------------------------|---------------------------|---|------------------------------|----------------------------------|---|---------------------------|-----------------|
|                                     |                           |   |                              |                                  |   | <u>\$ Change</u>          | <u>% Change</u> |
| Debt Service                        | \$1,078.2                 | \$1,183.0                                     | \$1,338.3                    | \$55.0                           | \$1,283.3                                       | \$100.3                   | 8.5%            |
| County/Municipal                    | 436.3                     | 522.0   | 543.1                        | 22.7                             | 520.4   | -1.6                      | -0.3%           |
| Community Colleges                  | 272.3                     | 281.3   | 304.7                        | 7.4                              | 297.3   | 16.0                      | 5.7%            |
| Education/Libraries                 | 5,875.9                   | 5,995.2                                       | 6,263.3                      | 126.6                            | 6,136.6   | 141.5                     | 2.4%            |
| Health                              | 38.1                      | 41.7  | 46.9                         | 0.0                              | 46.9  | 5.1                       | 12.3%           |
| <b>Aid to Local Governments</b>     | <b>\$6,622.5</b>          | <b>\$6,840.2</b>                              | <b>\$7,158.0</b>             | <b>\$156.7</b>                   | <b>\$7,001.3</b>                                | <b>\$161.1</b>            | <b>2.4%</b>     |
| Foster Care Payments                | 210.2                     | 262.4   | 243.1                        | 5.0                              | 238.1   | -24.3                     | -9.3%           |
| Assistance Payments                 | 103.6                     | 90.1  | 94.6                         | 2.1                              | 92.5  | 2.4                       | 2.7%            |
| Medical Assistance                  | 3,297.3                   | 3,312.3                                       | 3,435.0                      | 22.1                             | 3,412.8   | 100.6                     | 3.0%            |
| Property Tax Credits                | 81.9                      | 80.2  | 82.0                         | 0.0                              | 82.0  | 1.7                       | 2.2%            |
| <b>Entitlements</b>                 | <b>\$3,693.0</b>          | <b>\$3,744.9</b>                              | <b>\$3,854.6</b>             | <b>\$29.2</b>                    | <b>\$3,825.4</b>                                | <b>\$80.4</b>             | <b>2.1%</b>     |
| Health                              | 1,975.2                   | 2,111.6                                       | 2,113.4                      | 0.2                              | 2,113.2   | 1.6                       | 0.1%            |
| Human Resources                     | 453.5                     | 429.8   | 434.1                        | 0.6                              | 433.5   | 3.6                       | 0.8%            |
| Children's Cabinet Interagency Fund | 13.4                      | 20.1  | 21.8                         | 0.0                              | 21.8  | 1.7                       | 8.6%            |
| Juvenile Services                   | 272.6                     | 283.2   | 295.3                        | 0.8                              | 294.5   | 11.4                      | 4.0%            |
| Public Safety/Police                | 1,522.9                   | 1,611.3                                       | 1,666.0                      | 3.1                              | 1,662.9   | 51.6                      | 3.2%            |
| Higher Education                    | 5,072.1                   | 5,358.6                                       | 5,541.7                      | 2.0                              | 5,539.7   | 181.1                     | 3.4%            |
| Other Education                     | 430.3                     | 459.0   | 442.1                        | -0.4                             | 442.5   | -16.5                     | -3.6%           |
| Transportation                      | 1,558.6                   | 1,606.0                                       | 1,657.6                      | 0.1                              | 1,657.5   | 51.5                      | 3.2%            |
| Agric./Nat'l. Res./Environment      | 305.4                     | 339.5   | 390.0                        | 25.5                             | 364.6   | 25.0                      | 7.4%            |
| Other Executive Agencies            | 1,167.3                   | 1,302.1                                       | 1,382.6                      | 6.1                              | 1,376.5   | 74.5                      | 5.7%            |
| Legislative                         | 77.8                      | 79.6  | 83.1                         | -0.1                             | 83.3  | 3.7                       | 4.6%            |
| Judiciary                           | 432.6                     | 458.1   | 497.4                        | 1.3                              | 496.1   | 37.9                      | 8.3%            |
| Across-the-board Cuts               | 0.0                       | -54.4   | 0.0                          | 71.1                             | -71.1   | -16.7                     | 30.6%           |
| <b>State Agencies</b>               | <b>\$13,281.8</b>         | <b>\$14,004.4</b>                             | <b>\$14,525.2</b>            | <b>\$110.2</b>                   | <b>\$14,414.9</b>                               | <b>\$410.5</b>            | <b>2.9%</b>     |
| <b>Total Operating</b>              | <b>\$24,675.5</b>         | <b>\$25,772.6</b>                             | <b>\$26,876.0</b>            | <b>\$351.2</b>                   | <b>\$26,524.9</b>                               | <b>\$752.3</b>            | <b>2.9%</b>     |
| Capital <sup>(1)</sup>              | 1,222.1                   | 1,631.4                                       | 1,875.8                      | 46.7                             | 1,829.1   | 197.7                     | 12.1%           |
| <b>Subtotal</b>                     | <b>\$25,897.6</b>         | <b>\$27,404.0</b>                             | <b>\$28,751.8</b>            | <b>\$397.8</b>                   | <b>\$28,354.0</b>                               | <b>\$950.0</b>            | <b>3.5%</b>     |
| Reserve Funds                       | 37.8                      | 55.3  | 228.2                        | 208.5                            | 19.7  | -35.5                     | -64.3%          |
| <b>Appropriations</b>               | <b>\$25,935.3</b>         | <b>\$27,459.2</b>                             | <b>\$28,980.0</b>            | <b>\$606.3</b>                   | <b>\$28,373.7</b>                               | <b>\$914.5</b>            | <b>3.3%</b>     |
| Reversions                          | 0.0                       | -67.2   | -30.3                        | 0.0                              | -30.3   | 36.9                      | -55.0%          |
| <b>Grand Total</b>                  | <b>\$25,935.3</b>         | <b>\$27,392.0</b>                             | <b>\$28,949.8</b>            | <b>\$606.3</b>                   | <b>\$28,343.4</b>                               | <b>\$951.4</b>            | <b>3.5%</b>     |

<sup>(1)</sup> Includes the Sustainable Communities Tax Credit Reserve Fund.

Note: The fiscal 2014 working appropriation includes deficiencies, supplemental deficiencies, \$274.2 million in cost containment, \$51.0 million in targeted reversions, and Conference Committee cuts to the deficiencies. The fiscal 2015 allowance includes \$21.0 million in reductions from Section 19 of the budget bill (SB 170) and \$105.2 million in additional spending from Supplemental Budget No. 1. The fiscal 2015 appropriation includes \$269.1 million in reductions contingent on legislation offset by \$0.1 million in additional special funds due to funding swaps.

## State Expenditures – All Funds (\$ in Millions)

| <u>Category</u>                     | <u>Actual<br/>FY 2013</u> | <u>Conference<br/>Work. Appr.<br/>FY 2014</u> | <u>Allowance<br/>FY 2015</u> | <u>Conference<br/>Reductions</u> | <u>Conference<br/>Appropriation<br/>FY 2015</u> | <u>FY 2014 to FY 2015<br/>\$ Change</u> | <u>% Change</u> |
|-------------------------------------|---------------------------|---|------------------------------|----------------------------------|---|---|-----------------|
| Debt Service                        | \$1,090.3                 | \$1,195.3                                     | \$1,349.8                    | \$55.0                           | \$1,294.8                                       | \$99.4                                  | 8.3%            |
| County/Municipal                    | 508.4                     | 581.3   | 598.4                        | 22.7                             | 575.7   | -5.6                                    | -1.0%           |
| Community Colleges                  | 272.3                     | 281.3   | 304.7                        | 7.4                              | 297.3   | 16.0                                    | 5.7%            |
| Education/Libraries                 | 6,624.2                   | 6,749.5                                       | 7,065.6                      | 126.6                            | 6,939.0   | 189.5                                   | 2.8%            |
| Health                              | 42.5                      | 46.2  | 51.4                         | 0.0                              | 51.4  | 5.1                                     | 11.1%           |
| <b>Aid to Local Governments</b>     | <b>\$7,447.5</b>          | <b>\$7,658.3</b>                              | <b>\$8,020.1</b>             | <b>\$156.7</b>                   | <b>\$7,863.4</b>                                | <b>\$205.1</b>                          | <b>2.7%</b>     |
| Foster Care Payments                | 298.4                     | 346.3   | 333.7                        | 5.0                              | 328.7   | -17.6                                   | -5.1%           |
| Assistance Payments                 | 1,373.5                   | 1,287.7                                       | 1,447.7                      | 2.1                              | 1,445.6   | 157.8                                   | 12.3%           |
| Medical Assistance                  | 6,764.2                   | 7,248.7                                       | 7,945.8                      | 49.0                             | 7,896.8   | 648.2                                   | 8.9%            |
| Property Tax Credits                | 81.9                      | 80.2  | 82.0                         | 0.0                              | 82.0  | 1.7                                     | 2.2%            |
| <b>Entitlements</b>                 | <b>\$8,518.0</b>          | <b>\$8,963.0</b>                              | <b>\$9,809.1</b>             | <b>\$56.1</b>                    | <b>\$9,753.0</b>                                | <b>\$790.1</b>                          | <b>8.8%</b>     |
| Health                              | 3,152.4                   | 3,511.9                                       | 3,493.1                      | 20.3                             | 3,472.8   | -39.1                                   | -1.1%           |
| Human Resources                     | 932.3                     | 950.8   | 954.8                        | 0.7                              | 954.1   | 3.2                                     | 0.3%            |
| Children's Cabinet Interagency Fund | 13.4                      | 20.1  | 21.8                         | 0.0                              | 21.8  | 1.7                                     | 8.6%            |
| Juvenile Services                   | 281.2                     | 290.6   | 303.7                        | 0.8                              | 302.9   | 12.3                                    | 4.2%            |
| Public Safety/Police                | 1,553.2                   | 1,640.8                                       | 1,703.8                      | 3.1                              | 1,700.7   | 59.9                                    | 3.6%            |
| Higher Education                    | 5,072.1                   | 5,358.6                                       | 5,545.9                      | 2.0                              | 5,543.9   | 185.3                                   | 3.5%            |
| Other Education                     | 665.7                     | 797.7   | 684.0                        | -0.4                             | 684.3   | -113.4                                  | -14.2%          |
| Transportation                      | 1,631.0                   | 1,703.1                                       | 1,752.8                      | 0.1                              | 1,752.7   | 49.6                                    | 2.9%            |
| Agric./Nat'l. Res./Environment      | 366.9                     | 407.6   | 457.6                        | 25.5                             | 432.1   | 24.5                                    | 6.0%            |
| Other Executive Agencies            | 1,763.9                   | 1,875.3                                       | 1,905.3                      | 6.1                              | 1,899.2   | 23.9                                    | 1.3%            |
| Legislative                         | 77.8                      | 79.6  | 83.1                         | -0.1                             | 83.3  | 3.7                                     | 4.6%            |
| Judiciary                           | 438.1                     | 463.5   | 497.6                        | 1.3                              | 496.4   | 32.8                                    | 7.1%            |
| Across-the-board Cuts               | 0.0                       | -63.2   | -0.1                         | 79.4                             | -79.4   | -16.2                                   | 25.7%           |
| <b>State Agencies</b>               | <b>\$15,948.2</b>         | <b>\$17,036.5</b>                             | <b>\$17,403.6</b>            | <b>\$138.7</b>                   | <b>\$17,264.8</b>                               | <b>\$228.3</b>                          | <b>1.3%</b>     |
| <b>Total Operating</b>              | <b>\$33,003.9</b>         | <b>\$34,853.2</b>                             | <b>\$36,582.5</b>            | <b>\$406.5</b>                   | <b>\$36,176.1</b>                               | <b>\$1,322.9</b>                        | <b>3.8%</b>     |
| Capital <sup>(1)</sup>              | 2,077.9                   | 2,430.8                                       | 2,737.9                      | 46.7                             | 2,691.2   | 260.4                                   | 10.7%           |
| <b>Subtotal</b>                     | <b>\$35,081.8</b>         | <b>\$37,284.0</b>                             | <b>\$39,320.4</b>            | <b>\$453.2</b>                   | <b>\$38,867.3</b>                               | <b>\$1,583.3</b>                        | <b>4.2%</b>     |
| Reserve Funds                       | 37.8                      | 55.3  | 228.2                        | 208.5                            | 19.7  | -35.5                                   | -64.3%          |
| <b>Appropriations</b>               | <b>\$35,119.5</b>         | <b>\$37,339.3</b>                             | <b>\$39,548.7</b>            | <b>\$661.7</b>                   | <b>\$38,887.0</b>                               | <b>\$1,547.7</b>                        | <b>4.1%</b>     |
| Reversions                          | 0.0                       | -67.2   | -30.3                        | 0.0                              | -30.3   | 36.9                                    | -55.0%          |
| <b>Grand Total</b>                  | <b>\$35,119.5</b>         | <b>\$37,272.0</b>                             | <b>\$39,518.4</b>            | <b>\$661.7</b>                   | <b>\$38,856.7</b>                               | <b>\$1,584.7</b>                        | <b>4.3%</b>     |

<sup>(1)</sup> Includes the Sustainable Communities Tax Credit Reserve Fund.

Note: The fiscal 2014 working appropriation includes deficiencies, supplemental deficiencies, \$287.3 million in cost containment, \$51.0 million in targeted reversions, and Conference Committee cuts to the deficiencies. The fiscal 2015 allowance includes \$23.8 million in reductions from Section 19 of the budget bill (SB 170) and \$112.9 million in additional spending from Supplemental Budget No. 1. The fiscal 2015 appropriation includes \$277.4 million in reductions contingent on legislation offset by \$0.1 million in additional special funds due to funding swaps.

## Fiscal Note

### Summary of the Budget Bill – Senate Bill 170

|  | <u>General Funds</u>         | <u>Special Funds</u>       | <u>Federal Funds</u> | <u>Higher<br/>Education Funds</u> | <u>Total Funds</u>              |
|--|------------------------------|----------------------------|----------------------|-----------------------------------|---------------------------------|
| <b>Governor's Allowance</b>                            |                              |                            |                      |                                   |                                 |
| Fiscal 2014 Budget                                     | \$15,775,377,975             | \$7,740,284,179            | \$9,858,731,182      | \$4,054,412,900                   | \$37,428,806,236 <sup>(1)</sup> |
| Fiscal 2015 Budget                                     | 16,527,609,954               | 8,199,702,176              | 10,560,748,098       | 4,117,413,398                     | 39,405,473,626 <sup>(2)</sup>   |
| <b>Supplemental Budget No. 1</b>                       |                              |                            |                      |                                   |                                 |
| Fiscal 2014 Deficiencies                               | -\$10,251,823 <sup>(3)</sup> | \$26,947,686               | \$31,085,064         | \$0                               | \$47,780,927                    |
| Fiscal 2015 Budget                                     | 33,921,058 <sup>(3)</sup>    | 71,269,459                 | 7,871,738            | -155,945                          | 112,906,310                     |
| <b>Subtotal</b>  | <b>\$23,669,235</b>          | <b>\$98,217,145</b>        | <b>\$38,956,802</b>  | <b>-\$155,945</b>                 | <b>\$160,687,237</b>            |
| <b>Budget Reconciliation and Financing Act of 2014</b> |                              |                            |                      |                                   |                                 |
| Fiscal 2014 Deficiencies                               | -\$174,463,553               | -\$12,295,546              | -\$8,770,214         | \$0                               | -\$195,529,313                  |
| Fiscal 2015 Contingent Reductions                      | -181,359,500                 | -87,642,176 <sup>(4)</sup> | -8,258,002           | 0                                 | -277,259,678                    |
| <b>Subtotal</b>  | <b>-\$355,823,053</b>        | <b>-\$99,937,722</b>       | <b>-\$17,028,216</b> | <b>\$0</b>                        | <b>-\$472,788,991</b>           |
| <b>Conference Committee Reductions</b>                 |                              |                            |                      |                                   |                                 |
| Fiscal 2014 Deficiencies                               | -\$7,856,516                 | -\$128,532                 | -\$1,028,557         | \$0                               | -\$9,013,605                    |
| Fiscal 2015 Budget                                     | -318,675,326                 | -18,665,553                | -47,064,802          | 0                                 | -384,405,681                    |
| <b>Total Reductions</b>                                | <b>-\$326,531,842</b>        | <b>-\$18,794,085</b>       | <b>-\$48,093,359</b> | <b>\$0</b>                        | <b>-\$393,419,286</b>           |
| <b>Appropriations</b>                                  |                              |                            |                      |                                   |                                 |
| Fiscal 2014 Budget                                     | \$15,582,806,083             | \$7,754,807,787            | \$9,880,017,475      | \$4,054,412,900                   | \$37,272,044,245                |
| Fiscal 2015 Budget                                     | 16,061,496,186               | 8,164,663,906              | 10,513,297,032       | 4,117,257,453                     | 38,856,714,577                  |
| <b>Change</b>  | <b>\$478,690,103</b>         | <b>\$409,856,119</b>       | <b>\$633,279,557</b> | <b>\$62,844,553</b>               | <b>\$1,584,670,332</b>          |

<sup>(1)</sup> Reflects \$198.7 million in proposed deficiencies, including \$137.3 million in general funds, \$0.3 million in special funds, and \$61.1 million in federal funds. Reversion assumptions total \$66.9 million, including \$30.0 million in unspecified reversions and \$36.9 million in targeted reversions.

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

<sup>(3)</sup> Reflects targeted reversions of \$9.3 million in fiscal 2014 and \$0.3 million in fiscal 2015.

<sup>(4)</sup> Includes \$0.1 million in special funds that will be added back to the budget by budget amendment to replace general fund reductions.

**General Fund Revenues  
2014 Session Legislation  
Proposed under the Governor's Budget Plan  
Fiscal 2014 and 2015  
(\$ in Millions)**

|   | <u>Admin.</u> | <u>Senate</u> | <u>House</u>  | <u>Conf.<br/>Comm.</u> |
|---|---------------|---------------|---------------|------------------------|
| <b><u>Fiscal 2014 Revenues</u></b>            |               |               |               |                        |
| Chesapeake Bay Trust Fund                     | \$8.0         | \$8.0         | \$8.0         | \$8.0                  |
| <b>Total Fiscal 2014 Revenues</b>             | <b>\$8.0</b>  | <b>\$8.0</b>  | <b>\$8.0</b>  | <b>\$8.0</b>           |
| <br><b><u>Fiscal 2015 Revenues</u></b>        |               |               |               |                        |
| Chesapeake Bay Trust Fund                     | \$3.2         | \$3.2         | \$6.2         | \$6.2                  |
| Helicopter Sales                              | 17.6          | 17.6          | 17.6          | 17.6                   |
| Lottery Commissions                           | 7.3           | 7.3           | 7.3           | 7.3                    |
| Research and Development Tax Credit (HB 616)* | -0.4          |               |               |                        |
| Film Tax Credit (HB 520)*                     | -3.5          |               |               |                        |
| <b>Total Fiscal 2015 Revenues</b>             | <b>\$24.3</b> | <b>\$28.1</b> | <b>\$31.1</b> | <b>\$31.1</b>          |

\*Legislation pending in the House that was included in the Administration's budget plan.

**General Fund Reductions and Transfers**  
**Contingent on the Budget Reconciliation and Financing Act of 2014 (SB 172)**  
(\$ in Millions)

|  | <u>Admin.<br/>Plan</u> | <u>Senate</u>  | <u>House</u>   | <u>Conf.<br/>Comm.</u> |
|--|------------------------|----------------|----------------|------------------------|
| <b>Contingent Reductions – Fiscal 2014</b>                       |                        |                |                |                        |
| Savings from Reducing Pension Reinvestment                       | \$87.1                 | \$174.2        | \$174.2        | \$174.2                |
| Assessments and Taxation – Use Charter Unit Funds for Operations | 0.3                    | 0.3            | 0.3            | 0.3                    |
| <b>Total Reductions</b>  | <b>\$87.4</b>          | <b>\$174.5</b> | <b>\$174.5</b> | <b>\$174.5</b>         |
| <b>Contingent Reductions – Fiscal 2015</b>                       |                        |                |                |                        |
| Savings from Reducing Pension Reinvestment                       | \$88.3                 | \$176.5        | \$176.5        | \$176.5                |
| Community College Formula*                                       | 4.6                    | 0.0            | 0.0            | 0.0                    |
| Aid to Private Colleges and Universities*                        | 3.9                    | 0.0            | 0.0            | 0.0                    |
| Medicaid Savings from Reduced MHIP Assessment                    | 1.5                    | 1.5            | 4.7            | 4.7                    |
| Level Fund MARBIDCO*   | 1.1                    | 0.0            | 0.0            | 0.0                    |
| Assessments and Taxation – Use Charter Unit Funds for Operations | 0.3                    | 0.1            | 0.1            | 0.1                    |
| <b>Total Reductions</b>  | <b>\$99.7</b>          | <b>\$178.2</b> | <b>\$181.4</b> | <b>\$181.4</b>         |
| <b>Transfers – Fiscal 2014</b>                                   |                        |                |                |                        |
| Biotech Tax Credit   | \$0.7                  | \$0.7          | \$0.7          | \$0.7                  |
| Sustainable Communities Tax Credit**                             | 0.0                    | 19.1           | 19.1           | 19.1                   |
| University System of Maryland                                    | 0.0                    | 30.8           | 31.0           | 31.0                   |
| Morgan State University  | 2.0                    | 0.0            | 0.0            | 2.0                    |
| Senior Prescription Drug Assistance Program                      | 0.0                    | 1.0            | 1.0            | 1.0                    |
| Maryland Correctional Enterprises                                | 1.8                    | 0.8            | 0.8            | 1.8                    |
| Radiation Control – Department of the Environment                | 0.3                    | 0.3            | 0.3            | 0.3                    |
| Chesapeake Bay Trust Fund  | 2.4                    | 2.4            | 2.4            | 2.4                    |
| <b>Total Transfers</b>   | <b>\$7.2</b>           | <b>\$55.1</b>  | <b>\$55.2</b>  | <b>\$58.2</b>          |
| <b>Transfers – Fiscal 2015</b>                                   |                        |                |                |                        |
| Sustainable Communities Tax Credit**                             | \$19.1                 | \$0.0          | \$0.0          | \$0.0                  |
| Transfer Tax   | 69.1                   | 69.1           | 69.1           | 69.1                   |
| Maryland Correctional Enterprises                                | 1.0                    | 0.0            | 0.0            | 1.0                    |
| University System of Maryland                                    | 25.8                   | 0.0            | 0.0            | 0.0                    |
| <b>Total Transfers</b>   | <b>\$115.0</b>         | <b>\$69.1</b>  | <b>\$69.1</b>  | <b>\$70.1</b>          |

MARBIDCO: Maryland Agricultural and Resource-Based Industry Development Corporation  
MHIP: Maryland Health Insurance Program

\*The Senate, House, and Conference Committee made reductions; however, they are not contingent on legislation.

\*\*Also contingent on the enactment of HB 510.



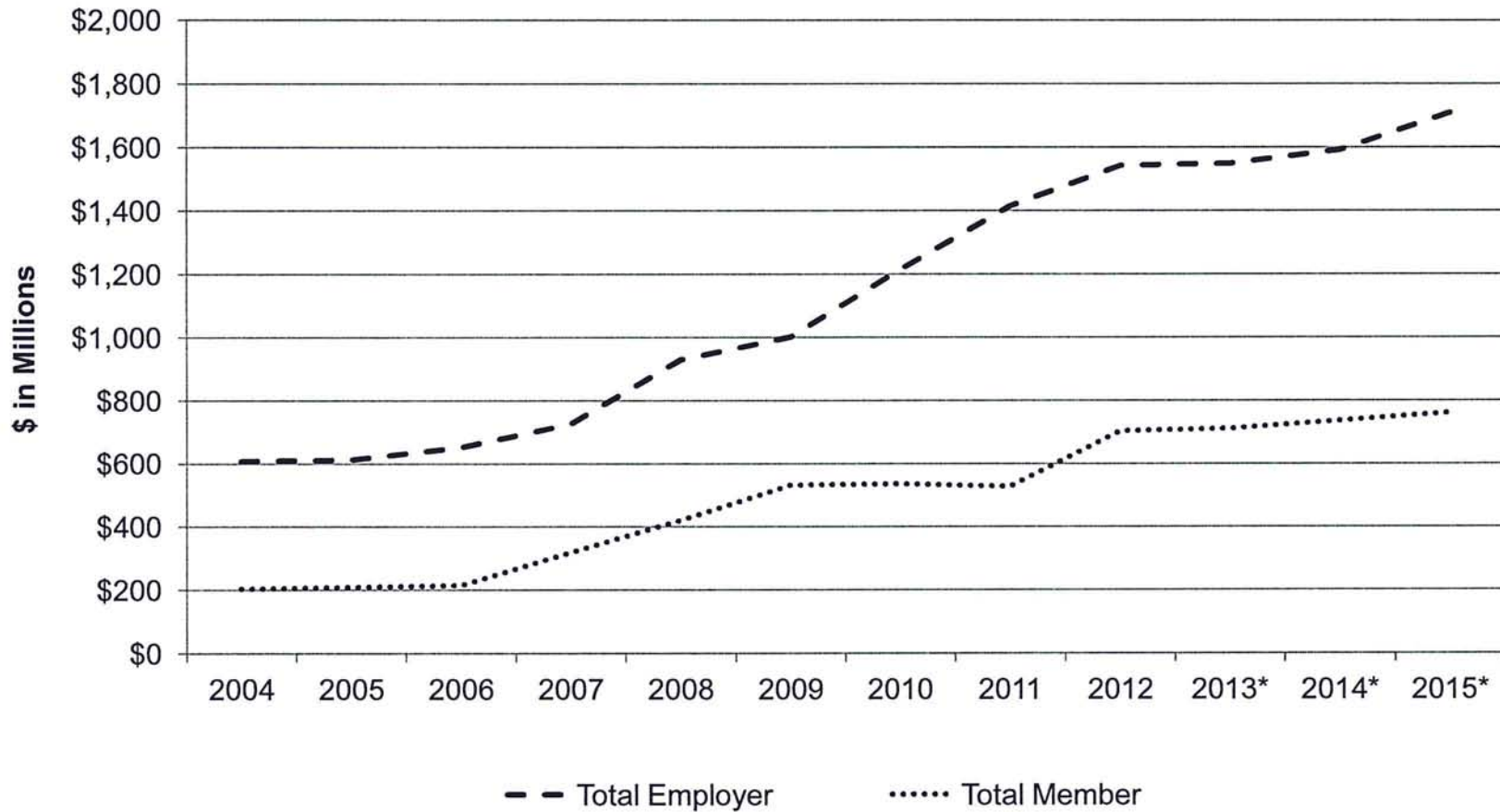
## Final Budget Status

### Status as of April 3, 2014

|   | <u>FY 2014</u>          | <u>FY 2015</u>          |
|---|-------------------------|-------------------------|
| <b>Starting General Fund Balance</b>          | <b>\$501,897,613</b>    | <b>\$126,951,280</b>    |
| <b>Revenues</b>                               |                         |                         |
| BRE Estimated Revenues – December 2013        | \$15,230,561,555        | \$16,005,344,000        |
| BRE Revenue Revision – March 2014             | -126,659,611            | -111,104,866            |
| Supplemental Budget No. 1                     | 15,389,571              | 191,000                 |
| Budget Reconciliation Legislation – Revenues  | 8,000,000               | 31,145,833              |
| Budget Reconciliation Legislation – Transfers | 58,246,632              | 70,126,544              |
| Additional Revenues                           | 22,321,603              | 23,161,662              |
| <b>Subtotal Revenues</b>                      | <b>\$15,207,859,750</b> | <b>\$16,018,864,173</b> |
| <b>Subtotal Available Revenues</b>            | <b>\$15,709,757,363</b> | <b>\$16,145,815,453</b> |
| <b>Appropriations</b>                         |                         |                         |
| General Fund Appropriations                   | \$15,644,697,888        | \$16,557,609,954        |
| Deficiencies                                  | 197,629,694             | 0                       |
| Supplemental Budget No. 1                     | -1,001,823              | 34,201,058              |
| Legislative Reductions/Contingent Legislation | -182,320,069            | -500,034,826            |
| Estimated Agency Reversions                   | -76,199,607             | -30,280,000             |
| <b>Subtotal Appropriations</b>                | <b>\$15,582,806,083</b> | <b>\$16,061,496,186</b> |
| <b>Closing General Fund Balance</b>           | <b>\$126,951,280</b>    | <b>\$84,319,267</b>     |

BRE: Board of Revenue Estimates

# State Retirement and Pension System Total Employer and Employee Contributions Fiscal 2004-2015



\* Figures for fiscal 2013 through 2015 include combined State and local shares for teachers; fiscal 2014 and 2015 include supplemental payments of \$100 million each.

**Budget Reconciliation and Financing Act of 2014**  
**Employer Pension Contributions**  
**Fiscal 2014-2025**  
**(\$ in Millions)**

| <b><u>Fiscal Year</u></b> | <b><u>Annual Required Contribution</u></b> | <b><u>Supplemental Payment</u></b> | <b><u>Total Contribution</u></b> |
|---------------------------|--|------------------------------------|----------------------------------|
| 2014                      | \$1,453                                    | \$100                              | \$1,553                          |
| 2015                      | 1,589                                      | 100                                | 1,689                            |
| 2016                      | 1,726                                      | 150                                | 1,876                            |
| 2017                      | 1,864                                      | 200                                | 2,064                            |
| 2018                      | 2,020                                      | 250                                | 2,270                            |
| 2019                      | 2,124                                      | 300                                | 2,424                            |
| 2020                      | 2,201                                      | 300                                | 2,501                            |
| 2021                      | 2,262                                      | 300                                | 2,562                            |
| 2022                      | 2,317                                      | 300                                | 2,617                            |
| 2023                      | 2,371                                      | 300                                | 2,671                            |
| 2024                      | 2,426                                      | 300                                | 2,726                            |
| 2025                      | 2,484                                      | 300                                | 2,784                            |

## Conference Committee Action on the Budget Reconciliation and Financing Act of 2014 (SB 172)

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The Budget Reconciliation and Financing Act of 2014, as amended<sup>1</sup> by the Conference Committee, accomplishes the following for the general fund:

|                                    |                        |
|------------------------------------|------------------------|
| Fiscal 2014 Fund Transfers         | \$58.2 million         |
| Fiscal 2015 Fund Transfers         | 70.1 million           |
| Fiscal 2014 Revenues               | 8.0 million            |
| Fiscal 2015 Revenues               | 31.1 million           |
| Fiscal 2014 Expenditure Reductions | 174.5 million          |
| Fiscal 2015 Expenditure Reductions | 181.4 million          |
| <b>Total Budgetary Action</b>      | <b>\$523.3 million</b> |

Authorizes the State Department of Assessments and Taxation to use revenues in the Charter Unit Fund to cover up to 5% of the administrative expenses of the Office of the Director beginning in fiscal 2015

Establishes that an annual grant to the Maryland State Firemen's Association Widows' and Orphans' Fund is made from proceeds of the moving violation surcharge before such proceeds are distributed to the Maryland Emergency Medical System Operations Fund

Modifies the membership of the Maryland Amusement Game Advisory Committee (established to advise the State Lottery and Gaming Control Commission on issues related to the amusement industry) to include the Lottery Director as a non-voting member

Authorizes the Department of General Services to use monies in the Not-For-Profit Development Fund to evaluate the participation of not-for-profit entities in State procurement

Maryland Agricultural and Resource-Based Industry Development Corporation – reduces the fiscal 2015 appropriation from \$4,000,000 to \$2,875,000 and extends the period for the corporation to receive a grant by one year to 2021

Community College Funding Formula – modifies the percentage of per student funding for selected public institutions that is used to calculate the Cade formula for fiscal 2016 through 2019

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<sup>1</sup> Conference Committee changes to the bill as passed by the House are noted in *italics*.

Clarifies that a community college is only eligible to receive a payment under the hold harmless component of the community college funding formula if the county government(s) meets maintenance of effort

Sellinger Formula – modifies the percentage of per student funding for selected public institutions that is used to calculate the formula for fiscal 2016 through 2020

Targeted Public Health Formula – clarifies that the inflation and population adjustments included in the formula are to be applied to the prior year's grant, consistent with current practice

Authorizes charter counties to impose a hotel rental tax

Maryland Park Service – requires that at least a certain percentage of Park Service revenues be provided to the Park Service for its operations

*Clarifies that the Department of Legislative Services' Office of Policy Analysis may bring to completion its work on code revision*

*Consolidates the Joint Advisory Committee on Legislative Data Systems and the Joint Committee on Transparency and Open Government to become the Joint Committee on Legislative Information Technology Systems and Open Government; alters the Joint Information Technology and Biotechnology Committee to become the Joint Committee on Cybersecurity, Information Technology, and Biotechnology*

*Lottery Agent Commissions – permanently establishes commissions at 5.5% of gross receipts from ticket sales and repeals an agent incentive pool while maintaining the authority to pay agent bonuses*

*Racetrack Impact Aid – provides \$500,000 annually for fiscal 2015 through 2019 for impact aid for communities within three miles of the Laurel Race Course from the funds that would otherwise go to the Pimlico area under the video lottery terminal program and modifies reporting requirements*

State Employees and Teachers Retirement System – sets out the amount of supplemental contribution that is to be paid into the system, increasing to \$300 million in fiscal 2019 and thereafter; ends the supplemental contribution when the system is 85% funded and has exited the corridor method of payment; and requires the pension system to conduct certain actuarial studies

Chesapeake and Coastal Bays 2010 Trust Fund – increases the revenue from the sales tax on vehicle rentals that is directed to the general fund by \$8.0 million in fiscal 2014 and \$6.2 million in fiscal 2015

Increases by \$69.1 million the amount of transfer tax revenues directed to the general fund in fiscal 2015

Clarifies that, for purposes of local education maintenance of effort requirements, the wealth per pupil is calculated using September 1 net taxable income for fiscal 2015 through 2017; beginning in fiscal 2018, November 1 net taxable income will be used

Maryland Health Benefit Exchange – authorizes the Secretary of the Department of Information Technology to designate any project of the Exchange as a Major Information Technology Project and, therefore, subject to those statutory requirements

Modifies the allocation of revenue from Regional Greenhouse Gas Initiative auctions as follows: at least 50% for low-income energy assistance; at least 20% for energy efficiency and conservation projects; at least 20% for renewable and clean energy programs; and up to 10% but no more than \$5 million for administration

*Speed Camera Revenue – in fiscal 2016 through 2018, requires that at least \$7,000,000 annually be used to purchase State Police vehicles and related equipment*

*Extends through fiscal 2016 a statutory provision that maintains the certificate of title fee for rental vehicles at \$50; otherwise, the fee would increase to \$100 after fiscal 2014*

Modifies the process for the reduction of the Medicaid deficit hospital assessment based on savings to the Medicaid program that result from the new All-payer Model Contract by changing the agency in charge of the process

Reduces the annual hospital assessment levied for the Maryland Health Insurance Plan to a maximum of 0.3%

*Repeals legislative committees that are obsolete or duplicative – Joint Committee on Welfare Reform, Joint Committee on Access to Mental Health Services, and Joint Committee on Health Care Delivery and Financing*

Strikes a provision that would require the Health Services Cost Review Commission to raise the rates of hospitals by \$30 million in fiscal 2015 only to provide funds to implement the new All-payer Model Contract

*Authorizes, for fiscal 2015 only, the Health Services Cost Review Commission to include \$15 million in hospital rates to fund costs incurred by hospitals to implement the new All-payer Model Contract and to fund statewide or regional proposals to support the Model Contract*

*Directs the proceeds from the sale of the Dauphin 365N Medevac helicopters to the general fund instead of the Annuity Bond Fund and authorizes the State Police to donate a helicopter to the Smithsonian Institution*

Strikes a provision which would have delayed until January 1, 2015, any increase in rates for payments to providers of nonpublic placements

Limits, for fiscal 2015, the increase in rates paid to group homes to 1.5% over the rates in effect on January 15, 2014, and strikes a provision which would have delayed the implementation of any rate increase until January 1, 2015

Makes the following transfers to the general fund:

|   | <u>Fiscal 2014</u> | <u>Fiscal 2015</u> |
|---|--------------------|--------------------|
| Radiation Control Fund                                  | \$300,000          |                    |
| Biotechnology Investment Tax Credit Reserve Fund        | 650,000            |                    |
| Senior Prescription Drug Assistance Program             | 1,000,000          |                    |
| <i>Maryland Correctional Enterprises Revolving Fund</i> | <i>1,800,000</i>   | <i>\$1,000,000</i> |
| <i>Morgan State University</i>                          | <i>2,000,000</i>   |                    |
| Chesapeake and Atlantic Coastal Bays 2010 Trust Fund    | 2,400,000          |                    |
| Sustainable Communities Tax Credit Reserve Fund         | 125,000            |                    |
| University System of Maryland                           | 31,000,000         |                    |

Sustainable Communities Tax Credit Reserve Fund – transfers \$19 million to the general fund, which is the amount of commercial tax credit certificates issued in fiscal 2006-2010 that have not been claimed or extended; provision is contingent on the enactment of HB 510

*Specifies grants to be distributed from the Special Fund for Preservation of Cultural Arts: \$100,000 to Arena Players, Inc.; \$150,000 to the Great Blacks in Wax Museum, Inc; \$200,000 to the Prince George’s African-American Museum and Cultural Center at North Brentwood, Inc.; and \$800,000 to the Maryland School for the Blind*

*Authorizes the use of funds from the Economic Development Opportunities Fund (Sunny Day) and the Special Fund for the Preservation of Cultural Arts to provide grants to supplement tax credits awarded under the film production activity tax credit program*

*Charges a State Department of Assessments and Taxation workgroup to study issues related to the calculation and administration of tax credits and exemptions but not the filing and enforcement of personal property taxes; authorizes the agency to procure auditing assistance*

Establishes the rate of interest to be paid for income tax refunds paid as a result of the Comptroller v. Brian Wynne case at the average prime rate of fiscal 2015; applies this provision to refunds attributable to tax years 2006 through 2014

*Establishes that costs for attorneys appointed to implement the holding in DeWolfe v. Richmond beyond the amount expressly provided for this purpose in the State budget are to be billed to and paid by the county in which the representation is provided*

*Authorizes the Maryland Department of the Environment to enter into a memorandum of understanding with Carroll County or Frederick County by December 1, 2014, to establish an alternative source of revenue to be deposited into a local watershed protection and restoration fund*

### **House Provisions Stricken by the Conference Committee**

*Baltimore City Community College – would have transferred \$9,000,000 from the college’s fund balance to the Major Information Technology Development Fund for development of the college’s Enterprise Resource Planning project*

*Film Tax Credit – would have authorized the use of eminent domain to acquire property of a film production company that has claimed more than \$10,000,000 in film tax credits and ceases operation in the State*

*A Community Partnership Assistance Program would have been created to fund, through hospital rates, regional and statewide partnerships to improve the health and well-being of the community*



**General Fund Budget Outlook**  
**Fiscal 2014-2019**  
(\$ in Millions)

|  | FY 2014<br>Work. App. | FY 2015<br>Allowance | FY 2016<br>Est. | FY 2017<br>Est. | FY 2018<br>Est. | FY 2019<br>Est. | Average<br>Annual<br>Change<br>2015-2019 |
|--|-----------------------|----------------------|-----------------|-----------------|-----------------|-----------------|--|
| <b>Revenues</b>                          |                       |                      |                 |                 |                 |                 |  |
| Opening Fund Balance                     | \$502                 | \$127                | \$84            | \$0             | \$0             | \$0             |  |
| Transfer                                 | 84                    | 94                   | 27              | 28              | 30              | 35              |  |
| One-time Revenues/Legislation            | 4                     | 1                    | 0               | 0               | 0               | 0               |  |
| <b>Subtotal One-time Revenue</b>         | <b>\$590</b>          | <b>\$222</b>         | <b>\$111</b>    | <b>\$28</b>     | <b>\$30</b>     | <b>\$35</b>     | <b>-37.0%</b>                            |
| Ongoing Revenues                         | \$15,120              | \$15,924             | \$16,686        | \$17,475        | \$18,243        | \$18,930        |  |
| Revenue Adjustments – Legislation        | 0                     | 0                    | -21             | -46             | -77             | -105            |  |
| <b>Subtotal Ongoing Revenue</b>          | <b>\$15,120</b>       | <b>\$15,924</b>      | <b>\$16,664</b> | <b>\$17,429</b> | <b>\$18,166</b> | <b>\$18,825</b> | <b>4.3%</b>                              |
| <b>Total Revenues &amp; Fund Balance</b> | <b>\$15,710</b>       | <b>\$16,146</b>      | <b>\$16,776</b> | <b>\$17,457</b> | <b>\$18,196</b> | <b>\$18,860</b> | <b>4.0%</b>                              |
| <b>Ongoing Spending</b>                  |                       |                      |                 |                 |                 |                 |  |
| Operating Spending                       | \$16,081              | \$16,758             | \$17,605        | \$18,230        | \$19,010        | \$19,782        |  |
| Education Trust Fund <sup>1</sup>        | -385                  | -407                 | -419            | -535            | -563            | -570            |  |
| Multi-year Commitments                   | 10                    | 10                   | 10              | 10              | 10              | 10              |  |
| Ongoing Reductions                       | -182                  | -202                 | -161            | -102            | -64             | -41             |  |
| Ongoing Spending – Legislation           | 0                     | 0                    | 0               | 0               | 0               | 0               |  |
| <b>Subtotal Ongoing Spending</b>         | <b>\$15,524</b>       | <b>\$16,159</b>      | <b>\$17,036</b> | <b>\$17,603</b> | <b>\$18,393</b> | <b>\$19,181</b> | <b>4.4%</b>                              |
| <b>One-time Spending</b>                 |                       |                      |                 |                 |                 |                 |  |
| PAYGO Capital                            | \$33                  | \$3                  | \$66            | \$86            | \$101           | \$101           |  |
| One-time Reductions                      | -29                   | -328                 | 0               | 0               | 0               | 0               |  |
| Legislation/One-time Adjustments/Swaps   | 0                     | 0                    | 0               | 0               | 0               | 0               |  |
| Appropriation to Reserve Fund            | 55                    | 228                  | 100             | 50              | 50              | 50              |  |
| <b>Subtotal One-time Spending</b>        | <b>\$59</b>           | <b>-\$97</b>         | <b>\$166</b>    | <b>\$136</b>    | <b>\$151</b>    | <b>\$151</b>    |  |
| <b>Total Spending</b>                    | <b>\$15,583</b>       | <b>\$16,061</b>      | <b>\$17,202</b> | <b>\$17,739</b> | <b>\$18,544</b> | <b>\$19,332</b> | <b>4.7%</b>                              |
| <b>Ending Balance</b>                    | <b>\$127</b>          | <b>\$84</b>          | <b>-\$426</b>   | <b>-\$282</b>   | <b>-\$348</b>   | <b>-\$472</b>   |  |
| Rainy Day Fund Balance                   | \$763                 | \$795                | \$835           | \$874           | \$913           | \$947           |  |
| Balance over 5% of General Fund Revenues | 7                     | 0                    | 0               | 0               | 0               | 0               |  |
| As % of GF Revenues                      | 5.05%                 | 5.00%                | 5.00%           | 5.00%           | 5.00%           | 5.00%           |  |
| <b>Structural Balance</b>                | <b>-\$404</b>         | <b>-\$235</b>        | <b>-\$371</b>   | <b>-\$174</b>   | <b>-\$227</b>   | <b>-\$356</b>   |  |

PAYGO: pay-as-you-go

<sup>1</sup> Education Trust Fund is supported by revenues from video lottery terminals, table games, and savings from equipment leases.