
Analysis of Supplemental Budget No. 2

**Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland**

April 2, 2015

Supplemental Budget No. 2
Action by Fund Source
Fiscal 2015-2016
(\$ in Millions)

	<u>General</u>	<u>Special</u>	<u>Federal</u>	<u>CUF</u>	<u>Total</u>
DPSCS: Overtime and Utilities Deficiencies	\$11.0				\$11.0
SDAT: Contingent Personal Property Tax Grants	7.4				7.4
DSP: 100 New Troopers	6.8				6.8
MSDE: Student Assistance Org. Business Entity Grants		\$5.0			5.0
BPW: PAYGO Grants	4.5				4.5
DSP: Deficiencies	1.6	2.4			4.0
DSP: Operating Expenses			\$2.1		2.1
DHMH: Substance Abuse Treatment	2.0				2.0
DSP: Annapolis Barracks	1.4				1.4
Other	0.4				0.4
<i>Subtotal</i>	<i>\$35.2</i>	<i>\$7.4</i>	<i>\$2.1</i>	<i>\$0.0</i>	<i>\$44.8</i>
Fund Swaps					
Public Debt	-33.3	\$33.3			0.0
Total Spending	\$1.9	\$40.7	\$2.1	\$0.0	\$44.8

BPW: Board of Public Works
DHMH: Department of Health and Mental Hygiene
DPSCS: Department of Public Safety and Correctional Services
DSP: Department of State Police
MSDE: Maryland State Department of Education
PAYGO: pay-as-you-go
SDAT: State Department of Assessments and Taxation

Supplemental Budget No. 2
General Fund Spending Summary
Fiscal 2015-2016
(\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>Total</u>
Revenue			
Military Retirement Income (SB 592/HB 482)		-\$2.7	-\$2.7
Hometown Heroes Act (SB 594/HB 488)		-3.0	-3.0
Total Revenue	\$0.0	-\$5.7	-\$5.7
Spending			
DPSCS: Overtime and Utilities Deficiencies	\$11.0		
SDAT: Contingent Personal Property Tax Grants		\$7.4	
DSP: 100 New Troopers		6.8	
BPW: PAYGO Grants		4.5	
DHMH: Substance Abuse Treatment		2.0	
DSP: Deficiencies	1.6		
DSP: Annapolis Barracks		1.4	
MSDE: Charter School Study and Young Audiences		0.4	
Public Debt	-33.3		
Total Spending	-\$20.7	\$22.6	\$1.9

BPW: Board of Public Works
DHMH: Department of Health and Mental Hygiene
DPSCS: Department of Public Safety and Correctional Services
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House and Senate General Fund Balance
Effect of Supplemental Budget No. 2
(\$ in Millions)

	<u>Admin.</u>	<u>Senate</u>	<u>House</u>
Starting Fiscal 2015 Balance	\$148	\$148	\$148
Appropriations	\$15,981	\$15,964	\$15,964
Supplemental Budget No. 2	-21	-21	-21
<i>Subtotal Appropriations</i>	<i>\$15,960</i>	<i>\$15,944</i>	<i>\$15,943</i>
Closing Fiscal 2015/Starting Fiscal 2016 Balance	\$53	\$69	\$69
Appropriations	\$16,362	\$16,382	\$16,366
Supplemental Budget No. 2 – New Spending	15	48	48
Supplemental Budget No. 2 – Legislative Reductions	0	0	0
<i>Subtotal Appropriations</i>	<i>\$16,377</i>	<i>\$16,431</i>	<i>\$16,415</i>
Contingent Items			
SB 592/HB 482 Military Retirement Income	-3	-3	-3
SB 594/HB 488 Hometown Heroes Act	-3	-3	-3
SB 590/HB 480 Personal Property Tax	-7	-7	-7
<i>Subtotal Contingent Items</i>	<i>-\$13</i>	<i>-\$13</i>	<i>-\$13</i>
Closing Fiscal 2016 Balance After Supplemental 2	\$32	\$7	\$22

**Spending Affordability Analysis
Effect of Supplemental Budget No. 2
(\$ in Millions)**

	<u>Senate</u>	<u>House</u>
Estimated Structural Gap (December 2014)	\$650.0	\$650.0
Target Reduction	\$325.0	\$325.0
2014 Session Actions Prior to Supplemental Budget No. 2	\$475.0	\$471.3
Supplemental Budget No. 2		
Ongoing Fiscal 2016 Spending	51.1	51.1
<i>Subtotal</i>	<i>\$51.1</i>	<i>\$51.1</i>
2015 Session Actions with Supplemental Budget No. 2	\$423.8	\$420.2
Amount Above (Bad) or Below (Good) SAC	-\$98.8	-\$95.2
Remaining Structural Deficit	\$226.2	\$229.8

Personnel

Regular Positions for All Agencies	81,422.0	81,422.0
Voluntary Separation Program	-500.0	-500.0
Reduced PINs	-55.0	-198.0
Regular Positions in the Supplemental Budget	113.0	113.0
Total SAC PINs	80,980.0	80,837.0
SAC Limit	81,081.0	81,081.0
Amount Over (Under) SAC	-101.0	-244.0

PIN: position identification number

SAC: Spending Affordability Committee

Supplemental Budget No. 2 Overview

<u>Pg.</u>	<u>Item #</u>	<u>Committee</u>	<u>Item</u>	<u>DLS Rec.</u>	<u>GF</u>	<u>SF</u>	<u>FF</u>
2	1	APP/B&T	Board of Public Works To provide capital grants for Sinai Hospital (\$2 million) Doctors Community Hospital (\$2 million), Southern Maryland Regional Higher Education Center (\$450,000), and the Harford County Agricultural Research and Exposition Foundation (\$50,000).		\$4,500,000		
2	2	PSA/HHS	State Department of Assessments and Taxation To provide funds to reimburse local governments for revenues lost for an exemption from the personal property tax for certain small businesses contingent on legislation to implement that exemption.	Delete	7,417,446		
2	3	HHR/HHS	Department of Health and Mental Hygiene To provide funds for substance abuse treatment for individuals with heroin addiction.		2,000,000		
2	4	PSA/PSTE	Department of Public Safety and Correctional Services To provide funds for overtime and utility expenses in fiscal 2015.		11,000,000		
3	5	EED/EBA	State Department of Education To provide funds and 2 positions for a charter school study and administer the charter school program.	Language	398,980		
3	6	EED/EBA	State Department of Education To provide funds for a grant to Young Audiences of Maryland under State Aided Educational Institutions.		50,000		

Supplemental Budget No. 2 Overview

<u>Pg.</u>	<u>Item #</u>	<u>Committee</u>	<u>Item</u>	<u>DLS Rec.</u>	<u>GF</u>	<u>SF</u>	<u>FF</u>
3-4	7	EED/EBA	State Department of Education To provide funds for a grant program to partially reimburse businesses for contributions to an organization providing financial assistance to students attending nonpublic schools.			\$5,000,000	
4	8	PSA/PSTE	Department of State Police To provide funds for overtime, leave payouts, and other operating expenses in fiscal 2015.		1,270,000	\$1,000,000	
4	9	PSA/PSTE	Department of State Police To provide funds to the Aviation Command for overtime and other operating expenses in fiscal 2015.		355,000	1,420,000	
5	10	PSA/PSTE	Department of State Police To provide funds and 100 positions for 2 new trooper classes.	Delete	6,803,856		
5	11	PSA/PSTE	Department of State Police To provide funds to reopen the Annapolis State Police Barracks.	Delete	1,433,123		
5	12	PSA/PSTE	Department of State Police To provide funds from the Asset Sharing program for overtime and other operating expenses in fiscal 2015.				\$2,145,000
6	13	APP/B&T	Public Debt To reduce general funds in fiscal 2015 based on the realization of additional bond premiums from the March 2015 bond sale.		-33,279,019	33,279,019	
Total Funds					\$1,949,386	\$40,699,019	\$2,145,000

E50
State Department of Assessments and Taxation

Supplemental Budget No. 2

Item # 2

Budget Amendments

E50C00.05 Business Property Valuation

Reduce appropriation for the purposes indicated:

1. Delete the contingent fiscal 2016 appropriation for funds for the exemption from the personal property tax for certain small businesses. This legislation does not mandate funding until fiscal 2017.

Funds

\$7,417,446

Total Reductions

\$7,417,446

R00A
Maryland State Department of Education

Supplemental Budget No. 2

Item # 5

Budget Amendments

R00A01.12 Division of Student, Family, and School Support

Add the following language:

, provided that this appropriation and positions are reduced contingent on the failure of House Bill 486 or Senate Bill 595, the Public Charter School Expansion and Improvement Act of 2015.

Explanation: This action makes the supplemental appropriation to provide funding and positions in support of State's charter school program contingent on the enactment of legislation that would expand and improve the current system.

W00A
Department of State Police

Supplemental Budget No. 2

Item #10

Budget Amendments

W00A0102 Field Operations Bureau

Reduce appropriation for the purposes indicated:

	<u>Funds</u>	<u>Positions</u>
1. Delete the fiscal 2016 appropriation for 100 Trooper candidated permanent positions and associated funding due to the department's current high rate of unfilled positions and creation of ongoing structural costs.	\$6,803,856	100.00
Total Reductions	\$6,803,856	100.00

W00A
Department of State Police

Supplemental Budget No. 1

Item # 11

Budget Amendments

W00A0102 Field Operations Bureau

Reduce appropriation for the purposes indicated:

	<u>Funds</u>	<u>Positions</u>
1. Delete the fiscal 2016 appropriation to reopen the Annapolis State Police Barracks due to the department's current high rate of unfilled positions, creation of ongoing structural costs and unknown costs associated with retrofitting the building to be usable by the department again. In addition, a study submitted by the department in 2008 highlighted the cost savings and efficiencies that are achieved by consolidating the Annapolis Barrack with the Glen Burnie Barrack, prompting the closure of the Annapolis Barrack in the first place.	\$1,433,123	11.00
Total Reductions	\$1,433,123	11.00