
Fiscal Update

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

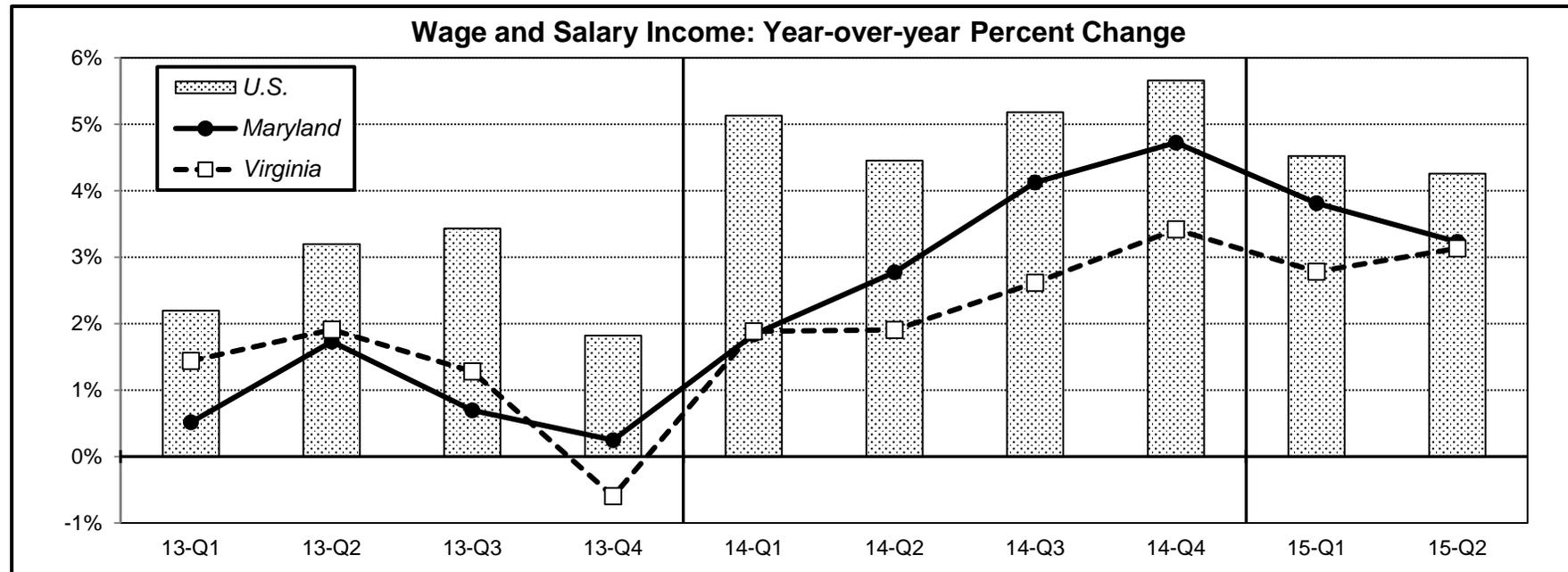
October 27, 2015

Maryland Economic Performance Year-over-year Percent Change

<u>Month-Year</u>	<u>Employment</u>		<u>Unemployment</u>	<u>Initial</u>	<u>Existing</u>	<u>Median</u>	<u>Vehicle</u>
	<u>CES</u>	<u>QCEW</u>	<u>Rate</u>	<u>UI Claims</u>	<u>Home Sales</u>	<u>Home Price</u>	<u>Sales</u>
Jan-15	1.5%	1.3%	5.5%	-13.7%	12.3%	-1.5%	7.9%
Feb-15	1.8%	1.5%	5.4%	-3.6%	16.3%	-3.7%	10.7%
Mar-15	1.4%	1.2%	5.4%	2.0%	24.4%	0.2%	6.5%
Apr-15	1.7%		5.3%	-15.3%	20.2%	-1.0%	6.0%
May-15	1.6%		5.3%	-12.5%	13.2%	0.6%	-1.1%
Jun-15	1.9%		5.2%	-4.4%	22.6%	-1.3%	-2.7%
Jul-15	2.3%		5.2%	-7.2%	20.8%	-0.3%	4.1%
Aug-15	2.0%		5.1%	0.7%	14.9%	-1.3%	4.5%
Sep-15	1.6%		5.1%	-10.8%	15.9%	-0.1%	2.9%

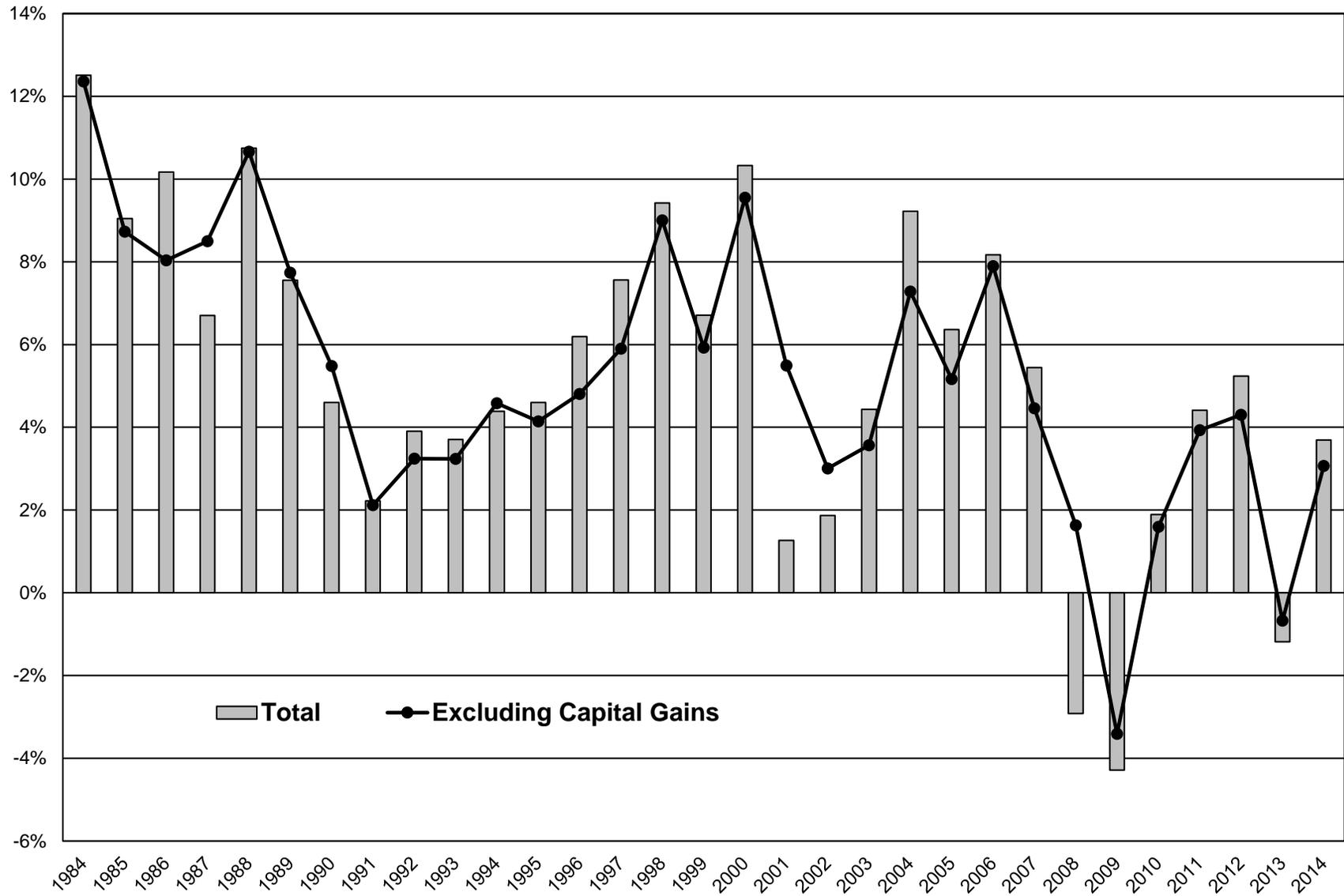
CES: Current Establishment Survey; QCEW: Quarterly Census of Employment and Wages; UI: unemployment insurance

Note: The unemployment rate is based on seasonally adjusted data. Monthly unemployment insurance claims from the U.S. Bureau of Labor Statistics with seasonal adjustment by Moody's Analytics.



Taxable Income Proxy*: Year-over-year Percent Change

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* Equals components of personal income that are generally subject to the income tax plus taxable capital gains income.

Maryland Economic Forecasts

Year-over-year Percent Change

Calendar <u>Year</u>	Employment		Personal Income*	
	<u>Dec. 2014</u>	<u>Sep. 2015</u>	<u>Dec. 2014</u>	<u>Sep. 2015</u>
2012	1.2%	1.2%	3.6%	3.3%
2013	0.9%	0.9%	1.1%	-0.2%
2014	0.7%	0.9%	3.3%	3.8%
2015E	1.1%	1.3%	3.8%	4.3%
2016E	1.3%	1.3%	4.1%	4.7%
2017E	1.0%	1.0%	4.7%	5.1%
2018E	0.5%	0.8%	4.2%	4.5%

Calendar <u>Year</u>	Wage and Salary Income		Taxable Capital Gains Income**	
	<u>Dec. 2014</u>	<u>Sep. 2015</u>	<u>Dec. 2014</u>	<u>Sep. 2015</u>
2012	3.2%	3.1%	41.1%	41.1%
2013	0.8%	0.8%	-10.0%	-15.6%
2014	3.5%	3.4%	5.0%	24.5%
2015E	4.0%	4.2%	6.0%	-10.0%
2016E	4.2%	4.2%	6.0%	1.3%
2017E	4.1%	4.1%	6.0%	3.8%
2018E	3.7%	4.0%	6.0%	6.9%

* The payroll tax holiday expired in calendar 2013 depressing growth in total personal income for that year. Total personal income growth in calendar 2013 was about 0.6% excluding the impact of the tax holiday expiration.

** The calendar 2013 figure is an estimate for Dec. 2014, and calendar 2014 figures are estimates for both Dec. 2014 and Sep. 2015.

Fiscal 2015 General Fund Revenues

(\$ in Millions)

<u>Source</u>	FY 2014	Fiscal 2015			FY 2014-2015 Percent Change	
	<u>Actual</u>	<u>Estimate⁽¹⁾</u>	<u>Actual</u>	<u>Difference</u>	<u>Estimated</u>	<u>Actual</u>
Personal Income Tax	\$7,773.8	\$8,168.4	\$8,346.1	\$177.7	5.1%	7.4%
Sales and Use Tax	4,143.2	4,334.8	4,350.7	15.9	4.6%	5.0%
State Lottery	501.1	500.5	506.5	6.0	-0.1%	1.1%
Corporate Income Tax	761.2	767.6	777.3	9.7	0.8%	2.1%
Business Franchise Taxes	228.4	230.3	225.7	-4.6	0.8%	-1.2%
Insurance Premiums Tax	334.8	312.9	316.1	3.2	-6.6%	-5.6%
Estate and Inheritance Taxes	213.8	239.4	243.4	4.1	12.0%	13.9%
Tobacco Tax	402.4	393.2	391.5	-1.8	-2.3%	-2.7%
Alcohol Beverages Tax	31.1	31.6	31.3	-0.3	1.5%	0.5%
Motor Vehicle Fuel Tax ⁽²⁾	5.0	5.0	5.0	0.0	0.0%	0.0%
District Courts	77.7	78.5	77.7	-0.8	1.1%	0.0%
Clerks of the Court	35.4	36.6	34.4	-2.2	3.6%	-2.6%
Hospital Patient Recoveries	63.0	63.3	65.2	1.9	0.4%	3.4%
Interest on Investments	21.4	20.4	10.7	-9.7	-4.8%	-49.9%
Miscellaneous	424.7	381.9	396.7	14.8	-10.1%	-6.6%
Subtotal	\$15,017.0	\$15,564.3	\$15,778.4	\$214.1	3.6%	5.1%
Transfer Tax ⁽³⁾	\$89.2	\$144.2	\$144.2	\$0.0	61.6%	61.6%
Total Revenues	\$15,106.2	\$15,708.4	\$15,922.6	\$214.1	4.0%	5.4%

⁽¹⁾ From the Board of Revenue Estimates, March 2015, with adjustments for action at the 2015 legislative session.

⁽²⁾ The Budget Reconciliation and Financing Act (BRFA) of 2011 (Chapter 397) diverted \$5.0 million in motor fuel tax revenue to the general fund that would otherwise have gone to the Chesapeake Bay 2010 Fund for fiscal 2012 through 2015 and \$4.6 million in fiscal 2016.

⁽³⁾ The BRFA of 2013 (Chapter 424) established a distribution of transfer tax revenues to the general fund for fiscal 2014 to 2018. The BRFA of 2014 (Chapter 464) increased the distribution in fiscal 2015 by \$69.1 million.

Maryland General Fund Revenue Forecast
(\$ in Millions)

<u>Source</u>	FY 2015	FY 2016 Estimate			% Change	FY 2017	% Change
	<u>Actual</u>	<u>March</u>	<u>September</u>	<u>Difference</u>	<u>Over FY 2015</u>	<u>Estimate</u>	<u>Over FY 2016</u>
Personal Income Tax	\$8,346.1	\$8,638.4	\$8,745.3	\$106.9	4.8%	\$9,173.3	4.9%
Sales and Use Tax	4,350.7	4,543.1	4,543.1	0.0	4.4%	4,710.1	3.7%
State Lottery ⁽¹⁾	506.5	477.4	487.7	10.3	-3.7%	494.7	1.4%
Corporate Income Tax ⁽²⁾	777.3	830.7	823.0	-7.7	5.9%	878.6	6.8%
Business Franchise Taxes	225.7	233.6	230.4	-3.2	2.1%	235.2	2.1%
Insurance Premiums Tax	316.1	301.6	304.8	3.2	-3.6%	316.1	3.7%
Estate and Inheritance Taxes	243.4	216.3	215.4	-0.8	-11.5%	199.9	-7.2%
Tobacco Tax	391.5	391.6	388.9	-2.7	-0.7%	387.1	-0.5%
Alcohol Beverages Tax	31.3	31.6	31.2	-0.3	-0.2%	31.4	0.4%
Motor Vehicle Fuel Tax ⁽³⁾	5.0	4.6	4.6	0.0	-7.5%	0.0	-100.0%
5 District Courts	77.7	78.8	77.7	-1.1	0.0%	77.6	-0.1%
Clerks of the Court	34.4	35.4	36.7	1.3	6.5%	38.5	4.9%
Hospital Patient Recoveries	65.2	63.3	63.3	0.0	-2.9%	63.3	0.0%
Interest on Investments	10.7	31.2	11.0	-20.2	2.7%	20.0	81.8%
Miscellaneous	396.7	330.2	325.4	-4.8	-18.0%	313.3	-3.7%
Subtotal	\$15,778.4	\$16,207.9	\$16,288.5	\$80.6	3.2%	\$16,939.0	4.0%
Transfer Tax ⁽⁴⁾	\$144.19	\$115.37	\$115.37	\$0.00	-20.0%	\$82.8	-28.3%
Total Revenues	\$15,922.6	\$16,323.3	\$16,403.9	\$80.6	3.0%	\$17,021.8	3.8%

⁽¹⁾ Fiscal 2016 and 2017 reflect a distribution of \$20 million to the Stadium Authority required by the Baltimore City Public Schools Construction and Revitalization Act of 2013 (Chapter 647).

⁽²⁾ The Budget Reconciliation and Financing Act (BRFA) of 2011 (Chapter 397) set the Transportation Trust Fund's share of the corporate income tax at 9.5% of net receipts (excluding the first 15.15%) in fiscal 2013, 19.5% in fiscal 2014 to 2016, and 17.2% for fiscal 2017 and beyond. Adjusted for this law change, baseline general fund corporate income tax revenues are expected to grow 4.1% in fiscal 2017.

⁽³⁾ The BRFA of 2011 diverted \$5.0 million in motor fuel tax revenue to the general fund that would otherwise have gone to the Chesapeake Bay 2010 Fund for fiscal 2012 through 2015 and \$4.6 million in fiscal 2016.

⁽⁴⁾ The BRFA of 2013 (Chapter 424) established a distribution of transfer tax revenues to the general fund for fiscal 2014 to 2018. The BRFA of 2014 (Chapter 464) increased the distribution in fiscal 2015 by \$69.1 million, and the BRFA of 2015 (Chapter 489) increased the distribution in fiscal 2016 by \$37.7 million.

Note: The estimate from March 2015 has been adjusted for actions taken at the 2015 legislative session.

Source: Board of Revenue Estimates

Fiscal 2016 General Fund Revenues
(\$ in Millions)

<u>Source</u>	<i>Fiscal Year through September</i>				Full-year Estimated
	<u>FY 2015</u>	<u>FY 2016</u>	<u>\$ Difference</u>	<u>% Difference</u>	<u>Growth Rate</u>
Personal Income Tax	\$1,581.2	\$1,572.2	-\$9.0	-0.6%	4.8%
Sales and Use Tax ⁽¹⁾	716.7	751.2	34.5	4.8%	4.4%
State Lottery	121.9	121.6	-0.3	-0.2%	-3.7%
Corporate Income Tax	149.3	189.0	39.7	26.6%	5.9%
Business Franchise Taxes	43.8	44.4	0.6	1.3%	2.1%
Insurance Premiums Tax	78.9	80.0	1.0	1.3%	-3.6%
Estate and Inheritance Taxes	70.5	54.8	-15.6	-22.2%	-11.5%
Tobacco Tax	76.8	79.9	3.1	4.0%	-0.7%
Alcohol Beverages Tax	5.4	5.6	0.2	2.9%	-0.2%
District Courts	24.5	23.0	-1.5	-5.9%	0.0%
Clerks of the Court	14.2	13.9	-0.3	-2.1%	6.5%
Interest and Miscellaneous ⁽²⁾	29.1	15.7	-13.4	-46.1%	-15.4%
Total Revenues	\$2,912.3	\$2,951.3	\$39.0	1.3%	3.2%

(1) Data reflects sales tax revenue remitted to the Comptroller from August through September, which were collected by retailers from July through August.

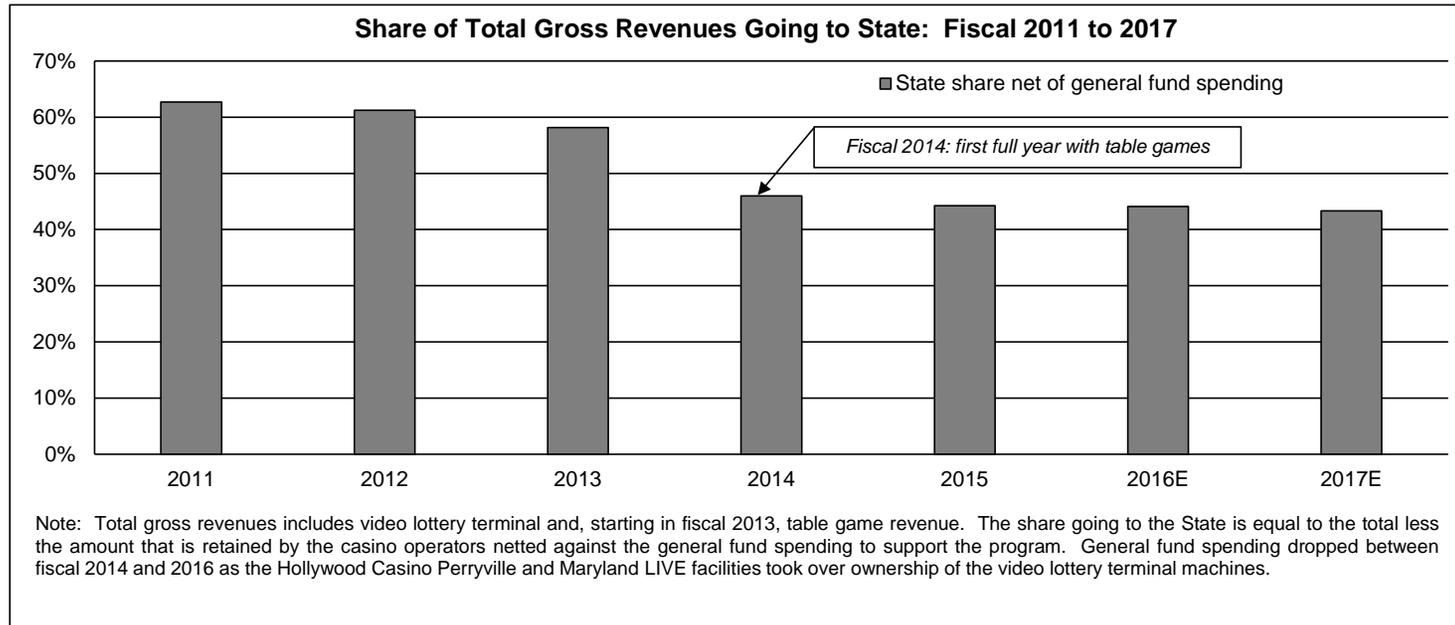
(2) Includes interest on investments, hospital patient recovery revenues from Medicare, insurance, and sponsors; general fund motor fuel tax revenue; and other miscellaneous revenues.

**Gaming Program
Revenues and Impact on the Education Trust Fund
(\$ in Millions)**

	Video Lottery Terminals						
	FY 2015			FY 2016			FY 2017
	Estimate	Actual	Difference	Mar. Est.	Sep. Est.	Difference	Estimate
Education Trust Fund	\$318.6	\$316.1	-\$2.5	\$314.5	\$304.6	-\$10.0	\$375.5
Casino Operators	255.1	253.6	-1.5	296.4	287.6	-8.8	400.2
Local Impact Grants	36.6	36.4	-0.2	38.7	37.5	-1.2	49.2
Small, Minority, and Women-Owned Businesses	10.0	9.9	-0.1	10.6	10.2	-0.3	13.4
Purse Dedication	46.2	46.0	-0.3	48.9	47.3	-1.5	56.8
Race Tracks Facility Renewal Account	7.1	7.1	0.0	6.8	6.6	-0.2	8.7
State Lottery Agency	12.0	11.9	-0.1	7.6	7.4	-0.2	9.5
Total Gross Revenues	\$685.7	\$681.0	-\$4.8	\$723.5	\$701.3	-\$22.2	\$913.3

	Table Games						
	FY 2015			FY 2016			FY 2017
	Estimate	Actual	Difference	Mar. Est.	Sep. Est.	Difference	Estimate
Education Trust Fund	\$70.8	\$71.3	\$0.4	\$76.0	\$75.0	-\$1.0	\$76.0
Casino Operators	283.4	285.1	1.7	303.9	300.1	-3.8	355.0
Local Impact Grants	0.0	0.0	0.0	0.0	0.0	0.0	12.7
Total Gross Revenues	\$354.2	\$356.4	\$2.2	\$379.8	\$375.1	-\$4.8	\$443.7

Source: Board of Revenue Estimates, September 2015; assumes the Prince George's facility opens in January 2017



Fiscal 2017 Baseline Budget Forecast Assumptions

Baseline Budget Concepts

- The baseline budget is an estimate of the cost of government services in the next budget year based on a set of assumptions.
- Assumptions include that current laws, policies, and practices are continued; federal mandates and multi-year commitments are observed; legislation adopted at the prior session is funded; and full-year costs of programs, rate increases, and any other enhancements started during the previous year are included.
- Major inflation assumptions include medical care and medicine/drugs at State facilities (3.38%), utilities/electricity (2.73%), postage (2.62%), and food (2.28%).
- Employee compensation costs include:
 - a general salary increase of 2.0% effective July 2016, and funding for employee increments on the regular July-January schedule;
 - employee health insurance inflation (8.5%); and
 - employee retirement costs (1.6%).
- Higher education grant is calculated assuming a 3.0% tuition increase.

Caseload Assumptions

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>% Change FY 2016-2017</u>
Pupil Enrollment*	834,524	842,229	850,292	1.0%
Medicaid	923,487	851,200	867,507	1.9%
Children's Health	122,955	135,251	139,308	3.0%
Expansion under Affordable Care Act	218,597	228,434	233,003	2.0%
Temporary Cash Assistance	61,739	57,636	53,945	-6.4%
Foster Care/Adoption/Guardianship	13,477	13,155	12,858	-2.3%
Adult Prison Population	20,920	19,871	19,871	0.0%

* Data for fiscal 2015, 2016, and 2017 reflect September 2013, September 2014, and September 2015 (est.) full-time equivalent enrollments.

Status of the General Fund
Fiscal 2016
(\$ in Millions)

Starting Balance **\$320.4**

Revenues

BRE Estimated Revenue July 2015 \$16,280.1
 September 2015 BRE Revision 86.0

Total **\$16,366.2**

Transfers

Rainy Day Fund \$21.3
 Budget Reconciliation and Financing Act of 2015 42.2
 Budgeted Tax Credits 16.6

Total **\$80.1**

Funds Available **\$16,766.7**

Spending

Fiscal 2016 Allowance \$16,428.8
 DLS Estimated Deficiencies 116.9
 DLS Estimated Medicaid Surplus -152.7
 Estimated Agency Reversions -146.0

Net Expenditures **\$16,247.0**

Ending Balance **\$519.7**

Fund Balance Reconciliation Since July 1, 2015

July 2015 Estimated Ending Fund Balance \$27.6
 BRE Revisions 86.0
 Rainy Day Fund Transfer -12.7
 Closeout 267.7
 Deficiencies 35.9
 Reversions (PG Hospital, GCEI, and Medicaid), Tax Credit 115.2
Revised Fiscal 2016 Closing Fund Balance **\$519.7**

BRE: Board of Revenue Estimates
 DLS: Department of Legislative Services
 GCEI: Geographic Cost of Education Index
 PG: Prince George's County

Status of the General Fund

Fiscal 2017
(\$ in Millions)

Starting Balance		\$519.7
Revenues		
BRE Estimated Revenue September 2015	\$17,021.8	
Total		\$17,021.8
Transfers		
Budgeted Tax Credits	17.1	
Total		\$17.1
Funds Available		\$17,558.6
Spending		
Fiscal 2017 DLS Baseline Estimate	\$17,373.4	
Estimated Agency Reversions	-30.0	
Net Expenditures		\$17,343.4
Ending Balance		\$215.2

DLS: Department of Legislative Services

BRE: Board of Revenue Estimates

General Fund: Recent History and Outlook
Fiscal 2015-2017
(\$ in Millions)

	<u>2015</u> <u>Actual</u>	<u>2016</u> <u>Working</u>	<u>2017</u> <u>Baseline</u>
Funds Available			
Ongoing Revenues	\$15,856	\$16,383	\$17,039
Balances and Transfers	290	346	520
Short-term Revenues	85	38	0
Total Funds Available	\$16,231	\$16,767	\$17,559
Appropriations, Deficiencies, and Cost Containment			
Net Ongoing Operating Costs and Deficiencies	\$16,141	\$16,363	\$17,038
One-time Spending	10	0	0
One-time Spending/Reductions	-258	-186	0
Pay-as-you-go Capital	3	21	20
Appropriations to Reserve Fund	15	50	285
Total Spending	\$15,911	\$16,247	\$17,343
Cash Balance/Shortfall	\$320	\$520	\$215
Structural			
Balance (Ongoing Revenues Less Operating Costs)	-\$285	\$20	\$1
Ratio (Ongoing Revenues/Operating Costs)	98.2%	100.1%	100.0%
Reserve Fund Activity			
Appropriations to Rainy Day Fund	\$15	\$50	\$235
Transfers to General Fund	0	21	0
Estimated Rainy Day Fund Balance – June 30	\$786	\$814	\$1,070
Total Cash (Rainy Day Fund and General Fund Balance)	\$1,107	\$1,334	\$1,285

**Potential Fiscal 2016 General Fund Deficiencies and
Medicaid Surplus
(\$ in Millions)**

Health and Maryland Health Benefit Exchange (Excluding Medicaid): Developmental Disabilities Administration federal audit disallowance (\$30.7 million); and Maryland Health Benefit Exchange fiscal 2015 and 2016 legal fees and call center costs (\$4.0 million).	\$34.7
K-12: Offset for Education Trust Fund cumulative revenue shortfall (\$19.9 million) and student assessment costs (\$7.0 million).	26.9
Public Safety and Correctional Services: Overtime (\$16.7 million); underfunding anticipated from the non-implementation of roll call (\$3.5 million); 10-hour shifts (\$1.0 million); lack of savings from the closure of the Men's Detention Center (\$1.9 million); and 2015 legislation (\$0.1 million).	23.2
State Police: Back-filling of unattained 2% cost containment (\$5.2 million) and fiscal 2015 shortfall in operating expenditures (\$4.5 million).	9.8
Human Resources: Offset of federal child care subsidy funds with program transfer to the Maryland State Department of Education (\$4.5 million); Temporary Assistance for Needy Families and Temporary Disability Assistance Payments (\$1.9 million); and backfill of child support enforcement fees (\$0.7 million).	7.1
Higher Education: Health manpower shortage and statewide program grants (\$2.7 million); community colleges optional retirement program (\$2.2 million); and back-filling of unattained 2% cost containment (\$2.0 million).	6.9
Office of the Public Defender: Underfunding of fiscal 2016 expenses for panel attorneys and other operating costs based on fiscal 2015 spending (\$4.9 million) and back-filling of unattained 2% cost containment (\$1.4 million).	6.3
Other: Stadium Authority back-filling of unattained 2% cost containment covering State share of Baltimore City and Ocean City convention centers operating deficit (\$1.3 million); various 2015 legislation (\$0.4 million); and other (\$0.3 million).	2.0
Total Deficiencies	\$116.9
Medicaid Surplus Fiscal 2016 savings driven by enrollment decline in the traditional Medicaid program, increased special fund availability, and a calendar 2015 mid-year managed care organization (MCO) rate adjustment partially offset by increased costs for a calendar 2016 MCO rate increase, higher Medicare premium buy-on costs, higher enrollment in the Maryland Children's Health Program, and higher costs for behavioral health services for the uninsured (\$152.7 million).	-\$152.7
Deficiencies Net of Medicaid Surplus	-\$35.9

State Expenditures – General Funds (\$ in Millions)

<u>Category</u>	<u>Work. Appr.</u>	<u>Leg. Appr.</u>	<u>Baseline</u>	<u>FY 2016 to FY 2017</u>	
	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$140.0	\$252.4	\$334.0	\$81.6	32.3%
County/Municipal	246.0	255.3	260.8	5.5	2.2%
Community Colleges	290.5	296.1	310.8	14.7	5.0%
Education/Libraries	5,770.3	5,813.1	5,938.7	125.6	2.2%
Health	41.7	44.7	48.4	3.7	8.3%
Aid to Local Governments	\$6,348.6	\$6,409.2	\$6,558.8	\$149.6	2.3%
Foster Care Payments	\$222.8	\$193.0	\$179.9	-\$13.0	-6.8%
Assistance Payments	73.9	63.4	57.6	-5.8	-9.2%
Medical Assistance	2,815.1	2,862.3	2,959.1	96.8	3.4%
Property Tax Credits	82.0	81.3	79.3	-2.0	-2.5%
Entitlements	\$3,193.9	\$3,200.0	\$3,275.9	\$75.9	2.4%
Health	\$1,262.0	\$1,286.5	\$1,385.1	\$98.6	7.7%
Human Resources	324.5	356.1	382.9	26.8	7.5%
Children's Cabinet Interagency Fund	20.8	22.5	22.5	0.0	0.0%
Juvenile Services	278.1	279.1	292.7	13.5	4.8%
Public Safety/Police	1,421.1	1,430.6	1,555.8	125.2	8.8%
Higher Education	1,287.9	1,330.8	1,442.5	111.7	8.4%
Other Education	389.8	395.5	433.8	38.3	9.7%
Agric./Nat'l. Res./Environment	132.1	112.8	121.2	8.4	7.5%
Other Executive Agencies	664.8	643.2	682.1	38.9	6.0%
Judiciary	429.9	452.9	482.4	29.5	6.5%
Legislative	82.3	84.5	89.0	4.5	5.3%
Across-the-board Cuts	-7.5	0.0	0.0	0.0	n/a
State Agencies	\$6,285.8	\$6,394.5	\$6,890.0	\$495.5	7.7%
Deficiencies	\$0.0	-\$35.9	\$0.0	\$35.9	-100.0%
Total Operating	\$15,968.3	\$16,220.3	\$17,058.7	\$838.4	5.2%
Capital ⁽¹⁾	\$11.5	\$29.6	\$29.4	-\$0.2	-0.6%
Subtotal	\$15,979.8	\$16,249.8	\$17,088.1	\$838.2	5.2%
Reserve Funds	\$14.8	\$60.0	\$285.3	\$225.3	375.6%
Appropriations	\$15,994.6	\$16,309.8	\$17,373.4	\$1,063.6	6.5%
Reversions	-\$30.3	-\$30.0	-\$30.0	\$0.0	0.0%
Grand Total	\$15,964.3	\$16,279.8	\$17,343.4	\$1,063.6	6.5%

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

Note: The fiscal 2015 working appropriation reflects \$197.8 million in reductions approved by the Board of Public Works on January 7. It also includes deficiencies, legislative reductions to the deficiencies, \$3.7 million in targeted reversions, and \$7.5 million in savings from Section 22 of the budget bill (HB 70). The fiscal 2016 legislative appropriation reflects \$201.7 million in reductions and \$118.7 million in restorations from Section 48 of the budget bill.

State Expenditures – Special and Higher Education Funds*

(\$ in Millions)

<u>Category</u>	<u>Work. Appr.</u> <u>FY 2015</u>	<u>Leg. Appr.</u> <u>FY 2016</u>	<u>Baseline</u> <u>FY 2017</u>	<u>FY 2016 to FY 2017</u> <u>\$ Change</u>	<u>% Change</u>
Debt Service	\$1,143.3	\$1,128.0	\$1,163.1	\$35.0	3.1%
County/Municipal	265.9	279.1	326.8	47.7	17.1%
Community Colleges	0.0	0.0	0.0	0.0	n/a
Education/Libraries	386.8	394.0	451.5	57.5	14.6%
Health	0.0	0.0	0.0	0.0	n/a
Aid to Local Governments	\$652.7	\$673.1	\$778.3	\$105.2	15.6%
Foster Care Payments	\$5.5	\$4.8	\$2.3	-\$2.5	-51.7%
Assistance Payments	18.6	16.6	15.8	-0.8	-4.6%
Medical Assistance	985.1	955.7	935.9	-19.8	-2.1%
Property Tax Credits	0.0	0.0	0.0	0.0	n/a
Entitlements	\$1,009.2	\$977.1	\$954.1	-\$23.0	-2.4%
Health	\$474.5	\$438.0	\$452.5	\$14.5	3.3%
Human Resources	96.9	90.6	103.1	12.5	13.8%
Children's Cabinet Interagency Fund	0.0	0.0	0.0	0.0	n/a
Juvenile Services	5.0	4.9	5.2	0.3	5.7%
Public Safety/Police	218.1	221.6	229.1	7.6	3.4%
Higher Education	4,093.5	4,185.4	4,303.1	117.6	2.8%
Other Education	61.8	47.9	59.5	11.6	24.3%
Transportation	1,671.4	1,756.5	1,832.5	76.0	4.3%
Agric./Nat'l. Res./Environment	225.5	249.4	285.7	36.3	14.6%
Other Executive Agencies	711.2	671.7	679.9	8.2	1.2%
Judiciary	64.1	64.7	61.1	-3.6	-5.6%
Legislative	0.0	0.0	0.0	0.0	n/a
Across-the-board Cuts	0.0	0.0	0.0	0.0	n/a
State Agencies	\$7,621.9	\$7,730.7	\$8,011.8	\$281.1	3.6%
Deficiencies	\$0.00	\$5.91	\$0.00	-\$5.91	-100.0%
Total Operating	\$10,427.1	\$10,514.9	\$10,907.3	\$392.4	3.7%
Capital	\$1,700.9	\$1,977.9	\$2,089.8	\$111.9	5.7%
– Transportation	1,449.4	1,725.4	1,807.7	82.3	4.8%
– Environment	197.6	193.3	193.8	0.5	0.3%
– Other	53.8	59.2	88.3	29.1	49.1%
Grand Total	\$12,128.0	\$12,492.9	\$12,997.1	\$504.3	4.0%

* Includes higher education fund (current unrestricted and current restricted) net of general and special funds.

Note: The fiscal 2015 working appropriation reflects \$7.5 million in reductions approved by the Board of Public Works on January 7, additional special fund spending of \$6.8 million due to funding swaps, deficiencies, and legislative reductions to the deficiencies. The fiscal 2016 legislative appropriation reflects \$12.9 million in additional special fund spending due to funding swaps and \$15.6 million to restore the 2% reduction in State salaries that was included in section 20 of the budget bill (HB 70).

State Expenditures – Federal Funds (\$ in Millions)

<u>Category</u>	<u>Work. Appr.</u> <u>FY 2015</u>	<u>Leg. Appr.</u> <u>FY 2016</u>	<u>Baseline</u> <u>FY 2017</u>	<u>FY 2016 to FY 2017</u> <u>\$ Change</u>	<u>% Change</u>
Debt Service	\$11.5	\$11.5	\$11.5	\$0.0	0.0%
County/Municipal	53.1	65.9	65.9	0.0	0.0%
Community Colleges	0.0	0.0	0.0	0.0	n/a
Education/Libraries	802.3	847.3	847.3	0.0	0.0%
Health	4.5	4.5	4.5	0.0	0.0%
Aid to Local Governments	\$859.9	\$917.7	\$917.7	\$0.0	0.0%
Foster Care Payments	\$90.6	\$98.7	\$73.5	-\$25.1	-25.5%
Assistance Payments	1,364.5	1,259.5	1,255.6	-4.0	-0.3%
Medical Assistance	6,112.5	5,970.8	6,325.3	354.5	5.9%
Property Tax Credits	0.0	0.0	0.0	0.0	n/a
Entitlements	\$7,567.7	\$7,329.0	\$7,654.4	\$325.4	4.4%
Health	\$1,011.9	\$883.6	\$932.4	\$48.8	5.5%
Human Resources	514.6	498.6	510.7	12.0	2.4%
Children's Cabinet Interagency Fund	0.0	0.0	0.0	0.0	n/a
Juvenile Services	7.1	7.4	7.8	0.4	5.5%
Public Safety/Police	30.0	30.0	31.7	1.7	5.6%
Higher Education	0.0	0.0	0.0	0.0	n/a
Other Education	263.6	248.0	254.8	6.8	2.7%
Transportation	93.7	94.9	95.7	0.8	0.8%
Agric./Nat'l. Res./Environment	71.1	64.4	67.3	2.9	4.5%
Other Executive Agencies	576.7	567.5	588.3	20.8	3.7%
Judiciary	1.7	0.2	0.2	0.0	7.3%
Across-the-board Cuts	0.0	0.0	0.0	0.0	n/a
State Agencies	\$2,570.5	\$2,394.5	\$2,488.7	\$94.2	3.9%
Deficiencies	\$0.0	-\$0.4	\$0.0	\$0.4	-100.0%
Total Operating	\$11,009.6	\$10,652.3	\$11,072.3	\$420.0	3.9%
Capital	\$831.7	\$965.4	\$998.1	\$32.7	3.4%
– Transportation	763.8	860.4	928.8	68.5	8.0%
– Environment	41.3	44.9	44.4	-0.5	-1.1%
– Other	26.5	60.1	24.9	-35.2	-58.6%
Grand Total	\$11,841.3	\$11,617.7	\$12,070.4	\$452.7	3.9%

Note: The fiscal 2015 working appropriation includes \$15.4 million in deficiencies. The fiscal 2016 legislative appropriation reflects \$77.8 million to restore funding per Section 48 of the budget bill (HB 70).

State Expenditures – State Funds

(\$ in Millions)

<u>Category</u>	<u>Work. Appr.</u> <u>FY 2015</u>	<u>Leg. Appr.</u> <u>FY 2016</u>	<u>Baseline</u> <u>FY 2017</u>	<u>FY 2016 to FY 2017</u> <u>\$ Change</u>	<u>% Change</u>
Debt Service	\$1,283.3	\$1,380.4	\$1,497.1	\$116.6	8.4%
County/Municipal	511.9	534.4	587.7	53.2	10.0%
Community Colleges	290.5	296.1	310.8	14.7	5.0%
Education/Libraries	6,157.1	6,207.1	6,390.2	183.1	3.0%
Health	41.7	44.7	48.4	3.7	8.3%
Aid to Local Governments	\$7,001.3	\$7,082.3	\$7,337.1	\$254.7	3.6%
Foster Care Payments	\$228.3	\$197.8	\$182.2	-\$15.6	-7.9%
Assistance Payments	92.5	80.0	73.4	-6.6	-8.3%
Medical Assistance	3,800.3	3,818.0	3,895.0	77.0	2.0%
Property Tax Credits	82.0	81.3	79.3	-2.0	-2.5%
Entitlements	\$4,203.1	\$4,177.1	\$4,230.0	\$52.8	1.3%
Health	\$1,736.5	\$1,724.5	\$1,837.6	\$113.1	6.6%
Human Resources	421.4	446.7	486.1	39.3	8.8%
Children's Cabinet Interagency Fund	20.8	22.5	22.5	0.0	0.0%
Juvenile Services	283.1	284.1	297.9	13.8	4.9%
Public Safety/Police	1,639.2	1,652.1	1,784.9	132.8	8.0%
Higher Education	5,381.4	5,516.2	5,745.6	229.4	4.2%
Other Education	451.6	443.4	493.3	49.9	11.3%
Transportation	1,671.4	1,756.5	1,832.5	76.0	4.3%
Agric./Nat'l. Res./Environment	357.5	362.2	406.9	44.8	12.4%
Other Executive Agencies	1,376.0	1,314.9	1,362.0	47.1	3.6%
Judiciary	494.0	517.6	543.5	25.9	5.0%
Legislative	82.3	84.5	89.0	4.5	5.3%
Across-the-board Cuts	-7.5	0.0	0.0	0.0	n/a
State Agencies	\$13,907.8	\$14,125.2	\$14,901.9	\$776.6	5.5%
Deficiency	\$0.0	-\$30.0	\$0.0	\$30.0	-100.0%
Total Operating	\$26,395.4	\$26,735.2	\$27,966.0	\$1,230.8	4.6%
Capital ⁽¹⁾	\$1,712.4	\$2,007.5	\$2,119.2	\$111.7	5.6%
– Transportation	1,449.4	1,725.4	1,807.7	82.3	4.8%
– Environment	198.6	194.0	194.2	0.2	0.1%
– Other	64.3	88.1	117.3	29.2	33.1%
Subtotal	\$28,107.8	\$28,742.7	\$30,085.2	\$1,342.5	4.7%
Reserve Funds	\$14.8	\$60.0	\$285.3	\$225.3	375.6%
Appropriations	\$28,122.6	\$28,802.7	\$30,370.5	\$1,567.8	5.4%
Reversions	-\$30.3	-\$30.0	-\$30.0	\$0.0	0.0%
Grand Total	\$28,092.3	\$28,772.7	\$30,340.5	\$1,567.8	5.4%

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

Note: The fiscal 2015 working appropriation reflects \$205.3 million in reductions approved by the Board of Public Works on January 7 and additional special funds spending of \$6.8 million due to funding swaps. It also includes deficiencies, reductions to the deficiencies, \$3.7 million in targeted reversions, and \$7.5 million in savings from Section 22 of the budget bill (HB 70). The fiscal 2016 legislative appropriation reflects \$201.7 million in general fund reductions and \$118.7 million in general fund restorations from Section 48 of the budget bill. The fiscal 2016 legislative appropriation also reflects \$12.9 million in additional special fund spending due to funding swaps and \$15.6 million in special funds to restore the 2% reduction in State salaries that was included in Section 20 of the budget bill.

State Expenditures – All Funds (\$ in Millions)

<u>Category</u>	<u>Work. Appr.</u>	<u>Leg. Appr.</u>	<u>Baseline</u>	<u>FY 2016 to FY 2017</u>	
	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$1,294.8	\$1,391.9	\$1,508.6	\$116.6	8.4%
County/Municipal	565.0	600.3	653.6	53.2	8.9%
Community Colleges	290.5	296.1	310.8	14.7	5.0%
Education/Libraries	6,959.5	7,054.4	7,237.5	183.1	2.6%
Health	46.2	49.2	52.9	3.7	7.6%
Aid to Local Governments	\$7,861.2	\$8,000.0	\$8,254.7	\$254.7	3.2%
Foster Care Payments	\$319.0	\$296.5	\$255.8	-\$40.7	-13.7%
Assistance Payments	1,457.0	1,339.6	1,329.0	-10.6	-0.8%
Medical Assistance	9,912.8	9,788.8	10,220.3	431.5	4.4%
Property Tax Credits	82.0	81.3	79.3	-2.0	-2.5%
Entitlements	\$11,770.8	\$11,506.1	\$11,884.4	\$378.3	3.3%
Health	\$2,748.3	\$2,608.1	\$2,770.0	\$161.9	6.2%
Human Resources	935.9	945.4	996.7	51.4	5.4%
Children's Cabinet Interagency Fund	20.8	22.5	22.5	0.0	0.0%
Juvenile Services	290.2	291.4	305.6	14.2	4.9%
Public Safety/Police	1,669.2	1,682.1	1,816.6	134.5	8.0%
Higher Education	5,381.4	5,516.2	5,745.6	229.4	4.2%
Other Education	715.2	691.4	748.1	56.7	8.2%
Transportation	1,765.1	1,851.4	1,928.2	76.8	4.1%
Agric./Nat'l. Res./Environment	428.6	426.5	474.2	47.7	11.2%
Other Executive Agencies	1,952.7	1,882.4	1,950.3	68.0	3.6%
Judiciary	495.8	517.8	543.7	25.9	5.0%
Legislative	82.3	84.5	89.0	4.5	5.3%
Across-the-board Cuts	-7.5	0.0	0.0	0.0	n/a
State Agencies	\$16,478.3	\$16,519.8	\$17,390.6	\$870.8	5.3%
Deficiency	\$0.0	-\$30.3	\$0.0	\$30.3	-100.0%
Total Operating	\$37,405.0	\$37,387.5	\$39,038.2	\$1,650.8	4.4%
Capital ⁽¹⁾	\$2,544.1	\$2,972.9	\$3,117.3	\$144.4	4.9%
– Transportation	2,213.3	2,585.8	2,736.6	150.8	5.8%
– Environment	239.9	238.9	238.6	-0.3	-0.1%
– Other	90.9	148.2	142.2	-6.1	-4.1%
Subtotal	\$39,949.1	\$40,360.4	\$42,155.6	\$1,795.2	4.4%
Reserve Funds	\$14.8	\$60.0	\$285.3	\$225.3	375.6%
Appropriations	\$39,963.9	\$40,420.4	\$42,440.9	\$2,020.6	5.0%
Reversions	-\$30.3	-\$30.0	-\$30.0	\$0.0	0.0%
Grand Total	\$39,933.6	\$40,390.4	\$42,410.9	\$2,020.6	5.0%

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

Note: The fiscal 2015 working appropriation reflects \$205.3 million in reductions approved by the Board of Public Works on January 7 and additional special fund spending of \$6.8 million due to funding swaps. It also includes deficiencies, legislative reductions to the deficiencies, \$3.7 million in targeted reversions, and \$7.5 million in savings from Section 22 of the budget bill (HB 70). The fiscal 2016 legislative appropriation reflects: (1) \$201.7 million in general fund reductions and \$118.7 million in general fund restorations from Section 48 of the budget bill; (2) \$12.9 million in additional special fund spending due to funding swaps and \$15.6 million in special funds to restore the 2% reduction in State salaries that was included in Section 20 of the budget bill; and (3) \$77.8 million in federal funds to restore funding per Section 48 of the budget bill.

Components of General Fund Budget Change (\$ in Millions)

Summary of Budget Growth Compared to Working Appropriation	<u>Dollars</u>	<u>Share of Growth</u>
Ongoing Requirements/Entitlements	\$307.1	38.3%
State Agency Costs	495.5	61.7%
Growth in Operating Budget, Including Anticipated Deficiencies	\$802.5	
Pay-as-you-go (PAYGO)	-\$0.2	
Appropriation to Reserve Fund	225.3	
Total Baseline Increase in State Expenditures	\$1,027.6	
Deficiency Appropriations	\$35.9	
Total	\$1,063.5	
Ongoing Requirements/Entitlements		
Education Aid Formulas		\$139.4
Medical Assistance – Slow enrollment growth off a lower enrollment base mitigates increase associated with managed care organization rate increase, modest provider rate increases, less reliance on special funds, and the initial impact of 95% funding of the Affordable Care Act expansion population		92.3
Debt Service – General funds to supplement property tax revenues		81.6
Community College Formula Plus Miscellaneous Grants		11.5
Disparity Grant Formula		4.8
State Aid for Police Protection Grant		4.4
Medicaid Behavioral Health		4.4
Community College Retirement Including Optional Retirement Program		3.2
Local Health Department Funding		2.7
Library Aid Formulas		1.4
Property Tax Credit Programs		-2.1
Assistance Payments – Primarily in Temporary Cash Assistance and Temporary Disability Assistance Program payments due to enrollment decline		-5.8
Quality Teacher Incentive Program		-7.5
Teachers and Librarians Retirement Payments		-7.7
Foster Care Payments – Reduced institutional placements and caseload decline		-13.0
Other Aid		-2.6
State Agency Costs		
Statewide Personnel Expenses (Including Higher Education)		
Merit Pay (increments)		\$77.7
General Salary Increase (2% assumed)		75.9
Health Insurance		57.2
Employee Retirement		52.2

Components of General Fund Budget Change (cont.)

Agency Programmatic and Operating Expenses

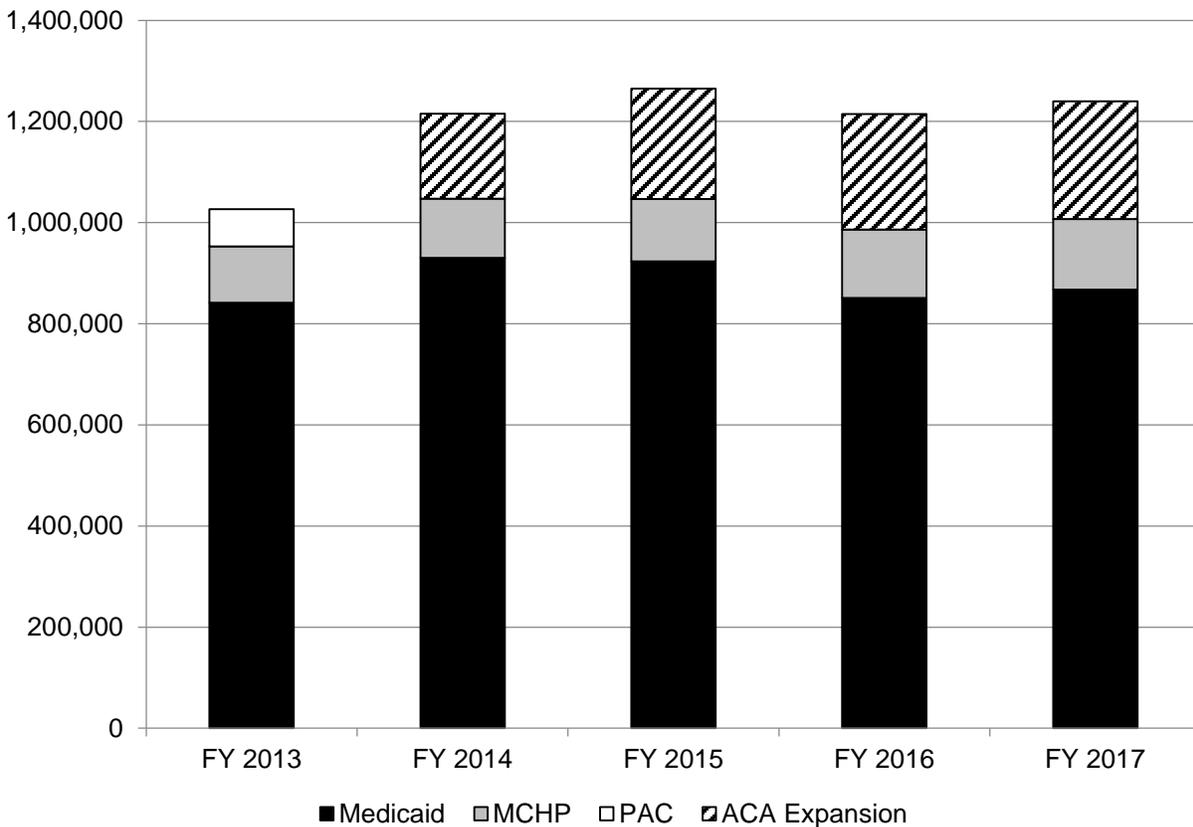
Fiscal 2016 Deficiency Expenses that Continue into Fiscal 2017 – Department of Public Safety and Correctional Services (DPSCS) overtime and operating expenses (\$23.1 million), State Police operating expenses (\$9.8 million), Office of the Public Defender panel attorneys and operating expenses (\$6.3 million), Maryland State Department of Education (MSDE) Partnership for Assessment of Readiness for College and Careers testing (\$6.0 million), Department of Human Resources (DHR) offset of loss of child care subsidy federal funds (\$4.5 million), and Stadium Authority State share of operating subsidies at Baltimore City and Ocean City convention centers	\$50.9
Developmental Disability Administration (DDA) – Mandated 3.5% provider rate increase (\$20.6 million), annualization of fiscal 2016 expansion (\$13.9 million), and transitioning youth fiscal 2017 expansion (\$2.9 million)	37.3
MSDE – Additional child care subsidies based on change in federal authorization (\$10.0 million) and Autism waiver including 2% provider rate increase (\$7.4 million)	17.4
Behavioral Health Administration – Behavioral health services for the uninsured	15.9
Department of Economic Competitiveness and Commerce – State film incentive program (\$14.4 million) and CyberMaryland program (\$1.0 million)	15.4
Department of Health and Human Services – Increase in fiscal 2017 base funding in DDA and institutions to reflect implementation of fiscal 2016 2% reduction	13.8
University System of Maryland – Enrollment growth and other program expenses	12.8
Sellinger Formula for Aid to Private Colleges and Universities	9.2
Major Information Technology Projects	6.9
DPSCS – Fiscal 2017 opening of Youth Detention Center	5.9
DHR – Increase in fiscal 2017 base funding to reflect implementation of the fiscal 2016 2% reduction	3.2
DBM – Enterprise Business System	3.1
Maryland Higher Education Commission – Educational Excellence Awards	2.3
Department of Natural Resources – Park service mandated funding	2.2
Maryland Health Benefit Exchange – Requirement over special fund statutory minimum	1.7
Judiciary – New judges (7) and clerks (5)	1.2
Department of Budget and Management – Annual salary review based on five-year average	1.1
Public Safety Communication System Operating Costs	1.0
St. Mary's College of Maryland Mandated Formula	0.5
State Share of Ocean City Convention Center Debt Service	-1.4
Other	32.2

Reserve Fund and PAYGO

Increase in Rainy Day Fund Sweeper of Unappropriated Fiscal 2015 General Fund Balance	\$185.3
Pension Sweeper as Required under the Budget Reconciliation and Financing Act of 2015	50.0
Removal of Repayment of Local Income Tax Reserve	-10.0
PAYGO One-time Grants – Removal of fiscal 2016 school construction PAYGO earmarked for housing, Sinai hospital and turf fields offset by \$20.0 million in PAYGO for enrollment growth, and relocatable classrooms per Chapter 355 of 2015	-0.2

Total **\$1,027.6**

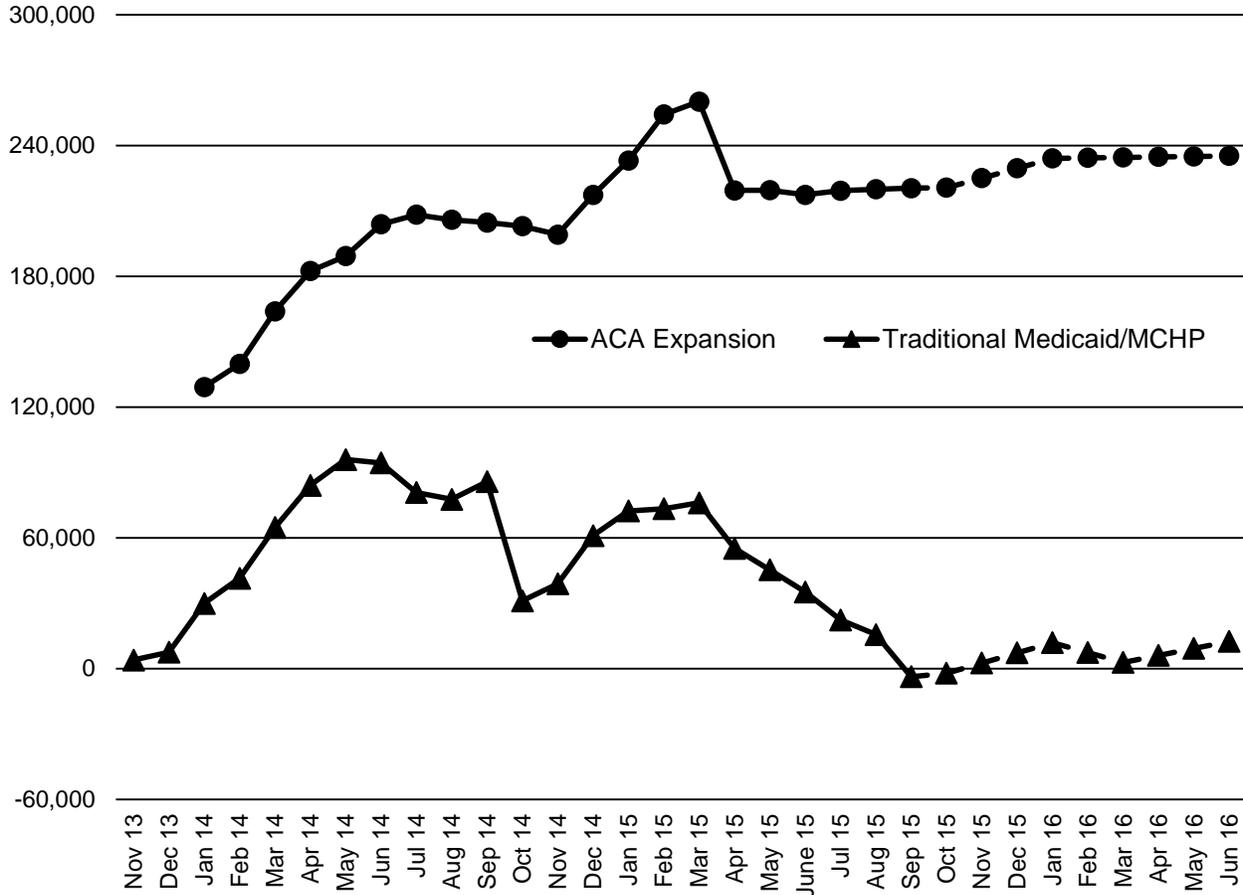
Declining Enrollment is Anticipated to Result in Combined Fiscal 2015 and 2016 General Fund Surplus in Medicaid of \$185 Million



- Medicaid/MCHP monthly enrollment peaked in March 2015 at 1.32 million. Since that time, total enrollment has dropped by 120,000, to 1.2 million, or 7.7%.
- The drop in enrollment coincides with the end of a three-month eligibility redetermination delay for individuals enrolled through the Exchange and the requirement that most individuals originally enrolled in the Department of Human Resources CARES eligibility system enroll in the Exchange eligibility system as they come up for redetermination.
- Most of the decline in enrollment since March (80,000) has been in the families and children eligibility category.
- This decline, combined with higher than budgeted attainment of special funds, resulted in a fiscal 2015 reversion of \$16.5 million in general funds. The Department of Legislative Services anticipates that Medicaid has over-accrued by \$32.9 million in fiscal 2015 which will result in an additional reversion of that amount.

ACA: Affordable Care Act
 CARES: Client Automated Resource and Eligibility System
 Exchange: Maryland Health Benefit Exchange
 MCHP: Maryland Children's Health Program

Cumulative Monthly Additional Enrollment in Medicaid November 2013 to June 2016. Will the Missing Medicaid Enrollees Return?



- Public awareness of Medicaid during the upcoming open enrollment period is anticipated to see some additional growth in Medicaid enrollment; that impact is muted by the ongoing redetermination of individuals from CARES to the Exchange eligibility system. That process should be complete by March 2016.
- Combined with overattainment in special funds, unless there is a significant bounce-back in enrollment, the fiscal 2016 Medicaid budget is overbudgeted by \$152.0 million. This surplus is after considering a proposed calendar 2016 5.9% managed care organization rate increase as well as anticipated increases in Medicare Part B premiums costs covered by Medicaid for the dually eligible.

ACA: Affordable Care Act
 CARES: Client Automated Resource and Eligibility System
 Exchange: Maryland Health Benefit Exchange
 MCHP: Maryland Children's Health Program

**A Lower Fiscal 2016 Base Budget Results in a Modest Increase in General Funds
in Fiscal 2017 Compared to Fiscal 2016 Appropriations
(\$ Millions)**

Funds	<u>FY 2015 Legis. App.</u>	<u>FY 2015 Actual</u>	<u>FY 2016 Budgeted</u>	<u>FY 2016 Projected</u>	<u>FY 2017 Baseline</u>
General	\$2,452.3	\$2,378.3	\$2,477.0	\$2,324.4	\$2,586.7
Special	960.6	1,001.2	943.6	979.7	924.8
Federal	4,484.0	5,174.4	5,231.8	5,531.8	5,701.7
Reimbursable	65.6	63.7	59.9	59.9	59.9
Total	\$7,962.4	\$8,617.7	\$8,712.3	\$8,895.8	\$9,273.1

- General fund growth in Medicaid in the fiscal 2017 baseline over the fiscal 2016 budgeted amount is modest due to the projected lower fiscal 2016 costs.
- However, overall general fund growth from the fiscal 2016 projected budget is more robust at \$262.3 million, or 11.3%. This general fund budget growth accommodates modest enrollment growth in fiscal 2017, or 2.1%; annualization of the calendar 2016 managed care organization (MCO) rate increase of 5.9%; provider rate increases for most services; higher costs for Medicare Part B premiums; the beginning of the State’s assumption of a share of the costs associated with the new Affordable Care Act expansion eligibility category in January 2017; and a decline of \$54.9 million, or 5.6%, in available special funds (primarily lower cigarette restitution funds and hospital assessments).
- Risk remains in terms of enrollment uncertainty, and also if MCOs require a significant adjustment to calendar 2016 rates based on case mix associated with the lower enrollment.

Note: Budgeted 2016 includes adjustments for 2% reductions taken in Medicaid.

Source: Department of Legislative Services

State Aid by Governmental Entity
Amount and Percent of Total
State Funds
(\$ in Millions)

	<u>FY 2017</u> <u>State Aid Amount</u>	<u>Percent</u> <u>of Total</u>
Public Schools	\$6,323.8	86.1%
County/Municipal	588.3	8.0%
Community Colleges	310.8	4.2%
Libraries	72.5	1.0%
Local Health	48.4	0.7%
Total	\$7,343.8	100.0%

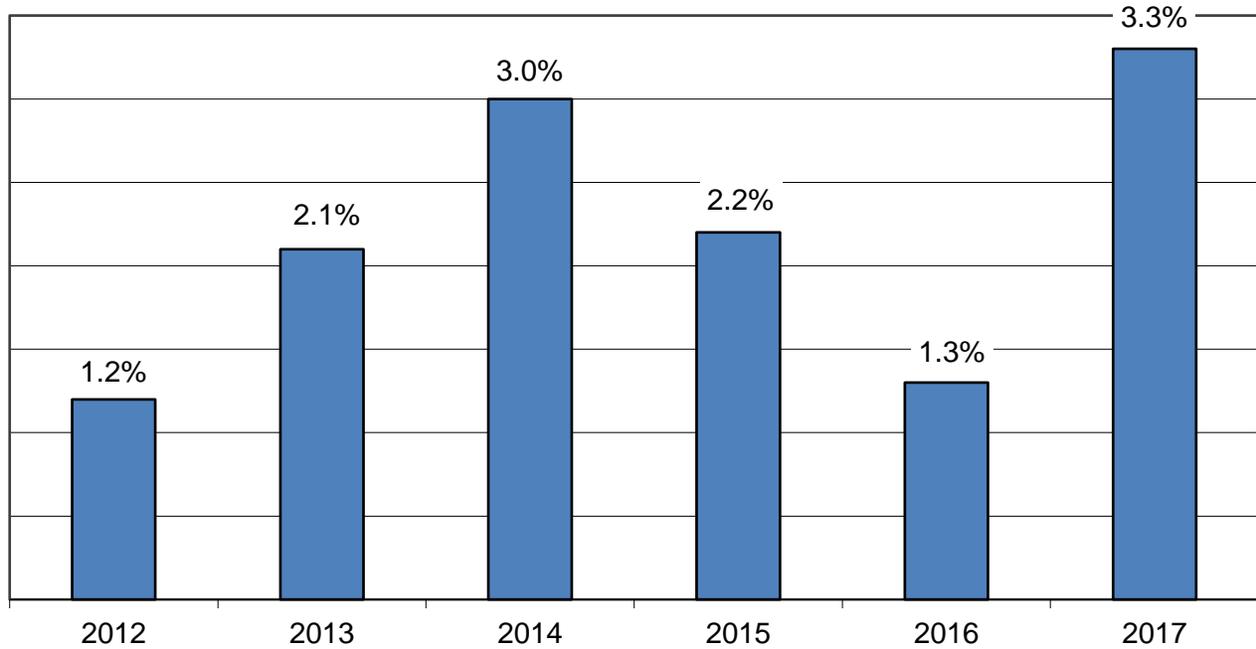
Change in State Aid
State Funds
(\$ in Millions)

	<u>FY 2017</u> <u>Aid Change</u>	<u>Percent</u> <u>Change</u>
Public Schools	\$181.7	3.0%
County/Municipal	31.3	5.6%
Community Colleges	14.7	5.0%
Libraries	1.4	2.0%
Local Health	2.7	6.0%
Total	\$231.8	3.3%

State Aid by Major Programs
Fiscal 2015-2017
State Funds
(\$ in Millions)

	<u>FY 2015</u>	<u>FY 2016</u>	<u>Baseline FY 2017</u>	<u>\$ Change 2016-2017</u>	<u>% Change 2016-2017</u>
Public Schools					
Foundation Program	\$2,882.4	\$2,947.1	\$2,977.2	\$30.1	1.0%
Supplemental Grant	46.6	46.6	46.6	0.0	0.0%
Geographic Cost Index	132.7	68.1	138.0	69.9	102.6%
Net Taxible Income Education Grants	26.9	23.8	37.4	13.6	56.9%
Foundation – Special Grants	0.6	0.1	0.0	-0.1	-100.0%
Compensatory Aid	1,251.7	1,305.1	1,357.1	51.9	4.0%
Student Transportation	258.4	266.2	271.5	5.2	2.0%
Special Education – Formula Aid	271.7	276.0	278.9	2.9	1.1%
Special Education – Nonpublic Placements	110.9	122.6	126.0	3.4	2.8%
Limited English Proficiency Grants	197.7	217.2	236.8	19.6	9.0%
Guaranteed Tax Base	59.4	53.8	54.9	1.1	2.1%
Aging Schools Program	6.1	6.1	6.1	0.0	0.0%
Head Start/Pre-kindergarten	6.1	6.1	6.1	0.0	0.0%
Other Education Programs	92.3	73.9	65.6	-8.3	-11.2%
Subtotal Direct Aid	\$5,343.5	\$5,412.8	\$5,602.2	\$189.4	3.5%
Retirement Payments	\$738.6	\$729.3	\$721.6	-\$7.7	-1.1%
Total Public School Aid	\$6,082.0	\$6,142.1	\$6,323.8	\$181.7	3.0%
Libraries					
Library Aid Formula	\$34.4	\$35.4	\$36.4	\$1.0	2.7%
State Library Network	16.3	16.6	17.0	0.4	2.4%
Subtotal Direct Aid	\$50.8	\$52.0	\$53.4	\$1.4	2.6%
Retirement Payments	\$18.5	\$19.1	\$19.2	\$0.0	0.2%
Total Library Aid	\$69.3	\$71.1	\$72.5	\$1.4	2.0%
Community Colleges					
Community College Formula	\$219.5	\$222.7	\$233.7	\$11.0	4.9%
Other Programs	30.7	31.4	32.7	1.3	4.1%
Subtotal Direct Aid	\$250.2	\$254.1	\$266.4	\$12.3	4.8%
Retirement Payments	\$40.3	\$42.0	\$44.4	\$2.4	5.8%
Total Community College Aid	\$290.5	\$296.1	\$310.8	\$14.7	5.0%
Local Health Grants	\$41.7	\$45.7	\$48.4	\$2.7	6.0%
County/Municipal Aid					
Transportation	\$192.9	\$201.5	\$205.9	\$4.4	2.2%
Public Safety	116.2	117.9	123.9	6.0	5.1%
Program Open Space	26.4	23.5	17.7	-5.8	-24.6%
Disparity Grant	127.7	129.8	134.7	4.8	3.7%
Gaming Impact Grants	36.8	38.9	61.9	23.0	59.1%
Teacher Retirement Supplemental Grant	27.7	27.7	27.7	0.0	0.0%
Other Grants	9.2	17.7	16.5	-1.2	-6.8%
Total County/Municipal Aid	\$537.0	\$557.0	\$588.3	\$31.3	5.6%
Total State Aid	\$7,020.6	\$7,112.0	\$7,343.8	\$231.8	3.3%

**Annual Change in State Aid to Local Governments
Fiscal 2012-2017**



**State Aid by Governmental Entity
(\$ in Millions)**

	<u>FY 2012</u>	<u>FY 2017</u>	<u>\$ Change</u>	<u>% Change</u>
Public Schools	\$4,945.5	\$5,602.2	\$656.7	13.3%
Libraries	48.8	53.4	4.6	9.4%
Community Colleges	230.4	266.4	35.9	15.6%
Local Health	38.3	48.4	10.1	26.4%
County/Municipal	386.4	588.3	201.9	52.3%
Subtotal – Direct Aid	\$5,649.4	\$6,558.6	\$909.2	16.1%
Retirement Payments	\$881.7	\$785.2	-\$96.5	-10.9%
Total	\$6,531.1	\$7,343.8	\$812.7	12.4%

State Reserve Fund Activity
Fiscal 2016 and 2017
(\$ in Millions)

	<u>Rainy Day Fund</u>	<u>Dedicated Purpose Acct.</u>	<u>Catastrophic Event Acct.</u>
Estimated Balances 6/30/15	\$773.1	\$0.0	\$0.1
Fiscal 2016 Appropriations	\$50.0	\$150.0	\$0.0
Transfer to General Fund	-21.3	0.0	0.0
Transfer to Local Income Tax Reserve Account	0.0	-10.0	0.0
Section 48 Initiatives Funded by Administration	0.0	-118.6	0.0
General Fund Reversion	0.0	-21.4	0.0
Interest	12.1	0.0	0.0
Estimated Balances 6/30/16	\$813.8	\$0.0	\$0.1
Fiscal 2017 Appropriations	\$235.3	\$50.0	\$0.0
Transfer to Pension Fund	0.0	-50.0	0.0
Interest	20.8	0.0	0.0
Estimated Balances 6/30/17	\$1,070.0	\$0.0	\$0.1
Percent of Revenues in Reserve	6.3%		