

Senate Budget and Taxation Committee

Report on

Senate Bill 190 – the Budget Bill

**Senate Bill 192 – the Budget Reconciliation and
Financing Act**

**Maryland General Assembly
Annapolis, Maryland**

March 9, 2020

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**Fiscal 2021 Budget
Budget Bill (SB 190) and the
Budget Reconciliation and Financing Act (SB 192)
As Amended by the Senate Budget and Taxation Committee**

Achieves Spending Affordability Committee Goals: The proposed budget achieves the Spending Affordability Committee's dual goals of leaving a general fund balance of at least \$100 million and eliminating the structural shortfall in fiscal 2021. The committee's actions leave a fund balance of \$129.1 million and produce a structural surplus of \$29 million.

Preserves Reserves: More than \$1.3 billion in cash resources are preserved, including \$1.2 billion in the Rainy Day Fund and \$129.1 million in the General Fund. Collectively, these cash balances equate to 6.6% of general fund revenues.

Constrains Growth in State Spending: Growth in total general fund spending increases \$113.1 million, or 0.6%.

Maintains the State's Commitment to Public Schools: Under the committee's budget plan, State support for public schools will exceed \$7.2 billion. Direct aid to local school systems will increase an estimated \$230.3 million, or 3.7%. The budget plan dedicates \$362 million to support the implementation of The Blueprint for Maryland's Future.

Restores Funds for Legislative Priorities: The budget restores almost \$40 million of general funds reduced by the Governor to increase reimbursement rates for providers delivering services to Maryland's most vulnerable populations and \$18.2 million for aid to community colleges. Funds are also restored for the Baltimore Symphony Orchestra, Maryland Public Television, and economic development projects in the National Capital region.

Continues to Provide Vital Health Care Services: Medicaid funding totals \$11.9 billion, allowing the State to provide coverage to 1.4 million of our residents.

Promotes Affordability of Higher Education: State support for Maryland's public four-year colleges and universities grows by \$65.2 million (3.9%), allowing undergraduate tuition rates to increase a modest 2.0%. Funding for community colleges increases by \$36.6 million (11%).

Funds Rate Increases for Providers Serving Children and Vulnerable Populations: A 4.0% rate increase is funded for providers serving the developmentally disabled, people with behavioral health needs, and Medicaid enrollees. Rate increases of 2.0% are funded for human service providers.

Employee Compensation: A 2% general salary increase is funded effective January 1, 2021 (5% for law enforcement officers effective July 1, 2020). If fiscal 2020 nonwithholding income tax revenues exceed the official revenue estimate by a specified amount, employees who were excluded from a 1% salary increase on January 1, 2020, will receive the 1% increase in fiscal 2021.

Fiscal 2021 Balancing Strategy
(\$ in Millions)

	<u>Governor</u>	<u>SB&T</u>
Fiscal 2021 Ending Balance Before Legislation	-\$641.1	-\$641.1
 Revenue Adjustments		
Legislative Actions		\$1.8
 Legislation		
Budget Reconciliation and Financing Act	\$727.5	\$649.5
Tax Relief Proposals	-17.9	0.0
Building Opportunity Act (SB 276/HB 338)	40.0	0.0
 Spending		
Supplemental Budget No. 1 – Net Savings	\$18.1	\$18.1
Net Legislative Budget Cuts		100.7
Additional Savings Reserved for Legislative Priorities		-0.5
Legislative Priorities		0.5
 Fiscal 2021 Estimated Closing Balance	 \$126.6	 \$129.1

SB&T: Senate Budget and Taxation Committee

**Proposed Budget Reductions
Senate Bill 190 and Senate Bill 192
Fiscal 2021 Budget and Fiscal 2020 Deficiency Appropriations
(\$ in Millions)**

General Funds

	<u>SB&T</u>
<u>Medicaid</u>	
<i>Remove Overbudgeted Fiscal 2020 Funding</i>	\$15.0
C Slow Reduction to Medicaid Hospital Deficit Assessment	10.0
Fund Swap to Recognize Available Federal Funds for Transportation Services	3.9
Savings from Resumption of Audits of Hospital Claims	3.0
C Fund Small Rural Pharmacy Access Program with Board of Pharmacy Fund Balance	0.8
C <i>Reduce Funds for Administrative Services Organization Contract for Liquidated Damages</i>	0.3
Total	\$32.9
 <u>Higher Education</u>	
C Limit Increase in Aid to Independent Colleges and Universities to 19%	\$20.9
Reduce Operating Support for University System of Maryland	5.0
Increase Promise Scholarship Funds by More Than 300% to Align with Expected Utilization	3.5
C <i>Withdraw Surplus Fiscal 2020 Promise Scholarship Funds</i>	3.0
Total	\$32.4
 <u>State Agencies</u>	
C <i>DPSCS Vacancy Savings in Fiscal 2020</i>	\$2.5
Overbudgeted Funds for MD THINK Major IT Project	16.5
Judiciary Operating Costs in Fiscal 2021	14.5
Shift Howard Street Tunnel Project Costs to Transportation Trust Fund	10.0
Employee and Retiree Health Insurance Program Costs Are Overstated	7.5
Reduce Funds for More Jobs for Marylanders Tax Credit to Still Allow \$9 Million in New Credits	7.1
DPSCS Vacancy Savings in Fiscal 2021	5.0
Reduce Overbudgeted Funds for Debt Service	5.0
Major IT Fund Surplus Due to Revenue Sharing Agreements and Cash Flow on Projects	3.0
C Raise Drinking Driver Monitoring Program Fee	1.3
Align Funds for SmartWork with Recent Experience	1.0
Fund Fiscal 2021 Local Health Improvement Coalition Grant with Available Special Funds	1.0
No Funds for More Jobs for Marylanders Sales Tax Refunds Due to Lack of Interest	1.0
C Fund Maryland Primary Care Program with Board of Physicians Fund Balance	0.8
Vacancy Savings in Juvenile Services	0.8
Better Align Vacancy Assumptions for Department of General Services with Experience	0.5

General Funds

	<u>SB&T</u>
Vacancy Savings in Department of Commerce Reflecting Actual Experience	0.3
Abolish 15 Long-term Vacancies in Department of Information Technology	0.3
Repeal Mandate for Child and Parent Resource Center Due to Audit Finding – Fiscal 2021	0.3
Vacancy Savings in Department of Labor	0.2
C <i>Withdraw Unused Fiscal 2020 Funds for Dairy Margin Coverage Program</i>	0.2
Vacancy Savings in Maryland Department of Health	0.2
Abolish 2 Long-term Vacant Positions in Comptroller’s Budget	0.2
C <i>Repeal Mandate for Child and Parent Resource Center Due to Audit Finding – Fiscal 2020</i>	0.2
Shift Office of Education Accountability to Office of Inspector General	0.2
Better Align Vacancy Assumptions for Office of Governor with Current Experience	0.1
Abolish a Vacant Position in Department of Planning	0.1
Delete 2 New Veterans’ Cemetery Caretakers as Existing Positions Remain Vacant	0.1
DHS Position Vacant More than One Year	0.03
Add Funds to Judiciary Budget for Fiscal 2021 General Salary Increase	-4.5
Total	\$75.2
<u>Reserves</u>	
C Reduce Appropriation to Rainy Day Fund	284.4
C Defer Repayment of Local Income Tax Reserve Fund Repayment	33.3
C No Use of Fiscal 2019 Surplus for Additional Retirement Payment	25.0
C No Use of Fiscal 2019 Surplus for Retiree Health Liability Payment	25.0
Total	\$367.8
<u>PAYGO</u>	
Reduce Community College Facility Renewal Funding to Amount Mandated	0.3
Total	\$0.3
Total General Funds	\$508.7

Special Funds

	<u>SB&T</u>
<u>Operating Costs</u>	
Vacancy Savings for Maryland Department of Transportation	\$10.5
<i>Reduce Unspent Concentration of Poverty Funds</i>	6.0
C Reduce Overbudgeted Funds for Health Benefit Exchange	3.0
Employee and Retiree Health Insurance Program Costs Are Overstated	1.6
No Funds for Animal Waste Technology Fund	1.5
Special Fund Availability for DHS Is Overstated	1.0
Align Funding for New Tax System with Cash Flow Needs of Project	0.7
Reduce Funds for SBE's Planned Wide Area Network Due to Objections from Local Boards	0.7
Judiciary Operating Costs	0.4
Reduce Funds for Contractual Employees for Office of Attorney General	0.3
Reduce Funds for Airport Consulting Contract	0.3
<i>Delete Funds for Energy Administration as Budget Overstates Available Revenue</i>	0.2
Delete Vacant Positions at MDE	0.2
Abolish Vacant Positions in Department of Natural Resources	0.2
Reduce Funds for MDL to Level Available	0.1
Abolish 15 Long-term Vacancies in Department of Information Technology	0.1
Abolish 2 Long-term Vacant Positions in Comptroller's Budget	0.01
Better Align Vacancy Assumptions for Department of General Services with Experience	0.02
Delete DHS Position Vacant More Than One Year	0.003
Add Funds to Judiciary Budget for FY 2021 General Salary Increase	-0.3
Total	\$26.5

DHS: Department of Human Services
 DPSCS: Department of Public Safety and Correctional Services
 IT: information technology
 MDE: Maryland Department of the Environment
 MDH: Maryland Department of Health
 MDL: Maryland Department of Labor
 PAYGO: pay-as-you-go
 SB&T: Senate Budget and Taxation Committee
 SBE: State Board of Elections

Note: Fiscal 2020 reductions in italics.

C: Contingent on Passage of Legislation

Legislative Priorities (\$ in Millions)

<u>Administration General Fund Reductions Restored by SB&T</u>	<u>SB&T</u>
Restore 4% Rate Increase for Developmental Disabilities, Behavioral Health, and Medicaid Providers (Governor Proposed Trimming to 2%)	\$39.5
Restore Full Funding for Community College Aid Formula	18.2
Fund Increase of Almost 19% for Independent Colleges and Universities	11.1
Restore Funds for National Capital Strategic Economic Development Program	7.2
No Increase to Local Share of SDAT Costs	4.4
Fund Film Tax Credit at \$12 Million	2.0
Fully Fund Mandate for Baltimore Symphony Orchestra	1.6
Fully Fund Increase to Annapolis PILOT Payment	0.4
Fully Fund Mandated Increase for Maryland Public Television	0.2
Total Administration Reductions Restored	\$84.6
General Funds Restricted (“Fenced”) for Legislative Priorities	
State Nutrition Program	0.5
Total Funding for Priorities Not Funded by Governor	\$85.0

PILOT: payment in lieu of taxes

SB&T: Senate Budget and Taxation Committee

SDAT: State Department of Assessments and Taxation

General Fund: Recent History and Outlook
Senate Budget and Taxation Committee
Fiscal 2019-2021
(\$ in Millions)

	<u>2019</u> <u>Actual</u>	<u>2020</u> <u>Working</u>	<u>2021</u> <u>Baseline</u>
Funds Available			
Ongoing Revenues	\$18,224	\$18,764	\$19,353
Balances and Transfers	391	1,132	443
Short-term Revenues	229	0	0
Total Funds Available	\$18,843	\$19,896	\$19,795
Appropriations, Deficiencies, and Cost Containment			
Net Ongoing Operating Costs and Deficiencies	\$17,758	\$18,786	\$19,303
One-time Spending	85	186	190
Appropriations to Reserve Fund	26	661	558
One-time Targeted Reversions/Contingent Reductions	0	-79	-384
Total Spending	\$17,869	\$19,553	\$19,666
Cash Balance/(Shortfall)	\$974	\$343	\$129
Structural			
Balance (Ongoing Revenues Less Ongoing Operating Costs)	\$466	-\$23	\$29
Ratio (Ongoing Revenues/Ongoing Operating Costs)	102.6%	99.9%	100.3%
Reserve Fund Activity			
Appropriations to Rainy Day Fund	\$15	\$444	\$7
Transfers to General Fund	0	-158	-54
Estimated Rainy Day Fund Balance – June 30	\$876	\$1,180	\$1,152
Total Cash (Rainy Day Fund and General Fund Balance)	\$1,851	\$1,523	\$1,281
Rainy Day Fund Balance In Excess of 5%	-\$33	\$244	\$193

Fiscal Note

Summary of the Budget Bill – Senate Bill 190

	<u>General Funds</u>	<u>Special Funds</u>	<u>Federal Funds</u>	<u>Higher Education Funds</u>	<u>Total Funds</u>
Governor's Allowance					
Fiscal 2020 Budget	\$19,540,602,063	\$9,569,634,124	\$13,381,629,278	\$4,774,010,928	\$47,265,876,393 ⁽¹⁾
Fiscal 2021 Budget	20,205,894,764 ⁽²⁾	9,605,504,378 ⁽³⁾	13,885,016,520	4,818,096,855	48,514,512,517
Supplemental Budget No. 1					
Fiscal 2020 Deficiencies	\$33,887,563	\$1,780,703	\$3,023,365	\$0	\$38,691,631
Fiscal 2021 Budget	-\$51,976,251	89,384,771	504,297		37,912,817
Subtotal	-\$18,088,688	\$91,165,474	\$3,527,662	\$0	\$76,604,448
Budget Reconciliation and Financing Act of 2020					
Fiscal 2020 Deficiencies	-\$6,160,253	-\$5,971,992	-\$287,500	\$0	-\$12,419,745
Fiscal 2021 Contingent Reductions	-401,772,482	9,850,000 ⁽⁴⁾	0	0	-391,922,482
Subtotal	-\$407,932,735	\$3,878,008	-\$287,500	\$0	-\$404,342,227
Senate Budget and Taxation Committee Reductions					
Fiscal 2020 Deficiencies	-\$15,000,000	-\$241,153	\$0	\$0	-\$15,241,153
Fiscal 2021 Budget	-85,741,781	-7,254,390 ⁽⁵⁾	-75,075,411	0	-168,071,582
Total Reductions	-\$100,741,781	-\$7,495,543	-\$75,075,411	\$0	-\$183,312,735
Appropriations					
Fiscal 2020 Budget	\$19,553,329,373	\$9,565,201,682	\$13,384,365,143	\$4,774,010,928	\$47,276,907,126
Fiscal 2021 Budget	19,666,404,250	9,697,484,759	13,810,445,406	4,818,096,855	47,992,431,270
Change	\$113,074,877	\$132,283,077	\$426,080,263	\$44,085,927	\$715,524,144

⁽¹⁾ Reflects \$615.2 million in proposed deficiencies, including \$223.3 million in general funds, \$135.8 million in special funds, \$255.3 million in federal funds, and \$0.8 million in current unrestricted funds. Assumes \$35.0 million in unspecified general fund reversions, \$101.5 million in targeted general reversions, and \$0.5 million in targeted special fund reversions. Excludes \$43.5 million that double counts general fund spending.

⁽²⁾ Assumes \$35.0 million in unspecified general fund reversions.

⁽³⁾ Excludes \$40 million that double counts general fund spending.

⁽⁴⁾ Assumes \$12.9 million in special funds to back-fill for general fund reductions.

⁽⁵⁾ Assumes \$10.0 million in special funds to back-fill for general fund reductions.

General Fund Reductions and Other Budgetary Actions Contingent on the Budget Reconciliation and Financing Act (SB 192) (\$ in Millions)

	<u>SBT</u>
Contingent General Fund Reductions – Fiscal 2020	
Maryland Community College Promise Scholarship Program Funds Unneeded Due to Awarded Scholarships	\$3.0
Personnel Savings in Department of Public Safety and Correctional Services Due to Vacancies	2.5
Anticipated Liquidated Damages for the Administrative Services Organization Contract in the Behavioral Health Administration	0.3
Unused Appropriation for the Dairy Margin Coverage Program	0.2
Grant to Child and Parent Resource Group, Inc. Portion of Grant Not Yet Provided to Grantee	0.2
Contingent Special Fund Reduction – Fiscal 2020	
Concentration of Poverty Grant Based on Eligible Schools	\$6.0
Contingent General Fund Reductions – Fiscal 2021	
Reduce the Appropriation to the Revenue Stabilization Fund	\$284.4
Eliminate Payments for the Retirement Reinvestment and for the Post-Retirement Health Benefits Fund	50.0
Alter Local Reserve Account Repayments to Make a Direct Distribution Beginning in Fiscal 2024 Rather Than an Appropriated Repayment and Extend Repayment	33.3
Rebase and Alter the Seller Formula to Slow Phase-in	20.9
Alter Medicaid Deficit Reduction in Fiscal 2021 to \$15 Million Rather Than \$25 Million	10.0
Increase the Fee for the Drinking Driver Monitor Program to Support Operational Costs	1.3
Use the Maryland Board of Physicians Fund Balance for the Maryland Primary Care Program	0.8
Use the State Board of Pharmacy Fund Balance for the Pharmacy Access Initiative in Medicaid	0.8
Grant to Child and Parent Resource Group, Inc. Repeal of Mandate	0.3
Contingent Special Fund Reductions – Fiscal 2021	
Reduce Maryland Health Benefit Exchange Mandate to \$32 Million in Fiscal 2021 Only	\$3.0
Total Reductions	\$416.9
Fund Balance Transfers – Fiscal 2021	
Rainy Day Fund Balance	\$54.0
Dedicated Purpose Account – Fiscal 2020 Program Open Space Repayment	43.9
Revenue Actions – Fiscal 2021	
Slow Phase-in of Revenue Volatility Adjustment	\$133.7
Alteration of Reporting Requirements for 1099 Forms	5.0
Reduce Mandate for the Maryland Health Benefit Exchange to \$32 Million in Fiscal 2021 Only	3.0
Reduce Maximum Credits Allowed Under Film Production Activity Tax Credit in Fiscal 2021 Only	2.0
Total Revenue Actions and Fund Balance Transfers	\$241.5
Total Impact of the BRFA on SBT Budget Plan	\$658.4

BRFA: Budget Reconciliation and Financing Act
SBT: Senate Budget and Taxation Committee

Senate Budget and Taxation Committee Action on the Budget Reconciliation and Financing Act (SB 192)

The Budget Reconciliation and Financing Act (BRFA) of 2020, as amended¹ by the Senate Budget and Taxation Committee (SBT), accomplishes the following:

Fiscal 2020 Expenditure Reductions	\$12.1
Fiscal 2021 Expenditure Reductions	404.8
Total Reductions	\$416.9
Fiscal 2021 Transfers	\$97.9
Fiscal 2021 Revenue Actions	143.7
Total Impact of BRFA on Budget Plan	\$658.4

Note: Numbers in chart do not sum to total due to rounding.

- Technical Amendments: Purpose and function paragraphs and renumbering.*
1
- Strikes a provision to repeal the mandated funding for the Baltimore Symphony Orchestra (p. 7).*
2
- Strikes a provision to repeal the National Capital Strategic Economic Development Program including the mandated appropriations of \$200,000 for operating costs and \$7.0 million for capital costs in fiscal 2021 through 2025 (p. 7-8).*
3
- Strikes a provision to eliminate the requirement that abandoned property notices be published and instead require a quarterly notification of the searchable electronic abandoned property database (p. 8-10).*
4
- Adds a provision to increase the Drinking Driver Monitor Program fee from \$55 to \$75 beginning in fiscal 2021 (p. 10-11).*
5
- Adds provisions to transfer the role of fiscal agent of the Children’s Cabinet Interagency Fund and its associated appropriation from MSDE to the Governor’s Office of Crime Prevention, Youth, and Victim Services (p. 13, 28).*
6
- Adds a provision to extend the \$40 land records surcharge used to fund the land records offices and the Judiciary’s information technology budget permanently, which would revert to \$20 under current law (p. 11-12).*
7

¹ Provisions added or amended in whole or in part, except by a technical amendment, are noted in *italics*.

Adds provisions to reduce the funding that the Governor is required to provide for the Maryland Agriculture and Resource-Based Industry Development Corporation from fiscal 2022 through 2024 and extend the required funding to fiscal 2025, as well as specify a distribution between core programs and the Certified Local Farm Enterprise Program contingent on legislation (p. 12-13, 47, 51).

8

Strikes a provision to rebase the Senator John A. Cade Funding Formula for Community Colleges in fiscal 2021 and alter the future formula increases to the level of projected general fund revenue growth (p. 13-18).

9

Amends a provision to strike the repeal of the mandate for the Community College Facilities Renewal Grant Program but authorize the program to be funded in the operating or capital budget beginning in fiscal 2022 rather than fiscal 2021 (p. 18).

10

Amends a provision related to the Joseph A. Sellinger Formula for private institutions to restore \$11.1 million of the mandated increase for fiscal 2021, retain the existing formula structure, and adjust the amount provided through the formula for fiscal 2022 and 2023 (p. 18-21).

11

Adds a provision to clarify that the Maryland 529 Save4College State Contribution Program award allocation is limited to one match per beneficiary (p. 21-22).

12

Strikes a provision to eliminate the mandate for the Maryland Public Broadcasting Commission (p. 22).

13

Strikes a provision to reduce the fiscal 2021 rate increase for behavioral health, developmental disabilities, and various Medicaid providers from 4% to 2% (p. 23-24).

14

Adds provisions to alter the distribution of payments collected under the value-based purchasing program and specifies how any surplus funding collected under the program can be used (p. 8, 24-27).

15

Strikes a provision to alter the use of the CareFirst premium tax exemption beginning in fiscal 2021 to make the distribution of \$8 million to the Community Health Resources Commission a cap rather than a floor and to make the distribution of \$14 million to the Senior Prescription Drug Assistance Program a floor rather than a cap (p. 27-28, 29-30).

16

Amends a provision to strike the repeal of the mandate for the Seed Community Development Anchor Institution Fund and reduce the mandate from \$10 million to \$5 million for fiscal 2021 only (p. 28).

17

Adds provisions to repeal, beginning in fiscal 2022, the Rate Stabilization Fund and the distribution of certain premium tax revenues to the Rate Stabilization Fund and instead direct those revenues to the General Fund (p. 8, 28-29, 51).

18

Amends a provision to reduce the mandate for the Maryland Health Benefit Exchange from \$35 million to \$32 million in fiscal 2021 only rather than permanently (p. 31).

19

Adds a provision to prohibit the Uninsured Employers' Fund from expending any money for administrative expenses without an appropriation beginning in fiscal 2021 (p. 31-32).

20

Strikes a provision to reduce the mandate to reimburse the City of Annapolis for services provided to the State from \$750,000 to \$367,000 and eliminate the inflationary increase that was set to begin in fiscal 2022 (p. 32).

21

Adds a provision to prohibit the restoration of an item specifically reduced by the General Assembly for the same purpose as originally proposed except in an emergency (p. 33).

22

Amends a provision to allow certain items to be provided electronically but otherwise rejects provisions to authorize the Governor's Budget Books to be provided either electronically or in print and repeal the requirement that the information be archived (p. 8, 33-35).

23

Amends a provision to eliminate, for fiscal 2021 only, the mandate to distribute general fund surplus to the State Retirement and Pension System and the Post-Retirement Health Benefits Trust Fund to make a technical correction (p. 36).

24

Amends a provision to reject the repeal of the authorization for the Fiscal Responsibility Fund to be used for a fiscal 2021 cost-of-living adjustment for permanent employees represented by certain bargaining units and also increases the cost-of-living adjustment provided to employees represented by a certain bargaining unit to 3% (p. 36-39).

25

Adds a provision to require the revenue from the State admissions and amusement tax on electronic bingo and electronic tip jars in Calvert County to specified recipients to be appropriated in the Payments to Civil Divisions of the State rather than provided outside the budget process (p. 39-40).

26

Amends a provision to alter the repayment mechanism and amount to the Local Reserve Account from a \$33.3 million annual appropriation to a \$10.0 million direct distribution of general fund revenue and delay the beginning of the direct distribution from fiscal 2021 to 2024 (p. 42).

27

Amends a provision to reduce the maximum credits for the film production activity tax credit from \$14 million to \$12 million in fiscal 2021 only rather than \$10 million (p. 42).

28

Adds a provision to alter the reporting threshold for third-party settlement organizations on the 1099-K to conform to the 1099-MISC (p. 43).

29

Strikes a provision to increase the local share of State Department of Assessments and Taxation costs from 50% to 60% (p. 43-44).

30

Strikes a provision to end the mandated transfer of \$1.5 million from the Strategic Energy Investment Fund to the Maryland Energy Innovation Fund after fiscal 2020 rather than fiscal 2022 (p. 48).

31

Strikes a provision to authorize a transfer of \$199,517 from the Board of Physicians Fund balance to the Maryland Department of Health – Office of the Secretary in fiscal 2021 (p. 49).

32

Strikes a provision to require the diversion of \$5.0 million for fiscal 2021 through 2024 from the Baltimore City share of Highway User Revenues to the Maryland Department of Transportation to support capital improvements for the Howard Street Tunnel (p. 49).

33

Amends a provision to require a transfer of unspent funds in the Dedicated Purpose Account to the Annuity Bond Fund rather than to the General Fund (p. 49).

34

Adds a provision to require a transfer of \$54 million from the Revenue Stabilization Fund to the General Fund in fiscal 2021 (p. 49).

35

Adds a provision to authorize a transfer of \$750,000 from the balance in the State Board of Pharmacy Fund in both fiscal 2021 and 2022 to Medicaid to support a small, rural pharmacy access initiative (p. 49).

36

Adds a provision to authorize a transfer of \$800,000 from the Maryland Board of Physicians Fund balance in both fiscal 2021 and 2022 to support the Maryland Primary Care Program (p. 50).

37

Adds a provision to reduce the fiscal 2020 appropriation for premium subsidy payments for the federal Dairy Margin Coverage Program in the Maryland Department of Agriculture by \$216,253 based on utilization (p. 50).

38

Adds a provision to reduce the fiscal 2020 appropriation for the new Administrative Services Organization contract in the Maryland Department of Health Behavioral Health Administration based on provisions in the contract authorizing liquidated damages (p. 50).

39

Adds a provision to reduce the fiscal 2020 special fund appropriation from The Blueprint for Maryland's Future Fund for Concentration of Poverty Grants by \$6.0 million based on funding needs (p. 50).

40

Adds a provision to reduce the fiscal 2020 appropriation for the Maryland Community College Promise Scholarship Program by \$3.0 million based on awarded scholarships (p. 50).

41

Adds a provision to reduce the fiscal 2020 appropriation for the Department of Public Safety and Correctional Services by \$2.5 million based on personnel spending trends (p. 50).

42

Adds provisions to repeal a mandate for fiscal 2020 through 2023 for the Child and Parent Resource Group, Inc. within the Violence Intervention Prevention Program and reduce the fiscal 2020 general fund appropriation by \$156,500, the amount that has not been provided to the grantee (p. 8, 50-51).

43

Provisions in SB 192 as Introduced That Were Not Amended

Allows The Blueprint for Maryland's Future Fund to be used for Maryland prekindergarten expansion grants (p. 13).

Changes the cap on the adjustment to general fund revenues related to nonwithholding income tax revenues, sets dollar amounts rather than a percent of general fund revenue, beginning with \$60 million in fiscal 2021, and slows the full phase-in to a 2% cap until fiscal 2026 rather than fiscal 2022 (p. 32-33).

Alters the repayment of transfer tax revenue to repeal the fiscal 2020 repayment and extend the repayment schedule by one year. In addition, portions of the repayment are restructured to specific levels rather than shares of the total amount (p. 44-47).

Alters the phase-down of the Medicaid Deficit Assessment for fiscal 2021 and 2022 to reduce the phase-down in fiscal 2021 (from \$25 million to \$15 million) while providing the same total decrease between the two years (\$50 million) (p. 47-48).

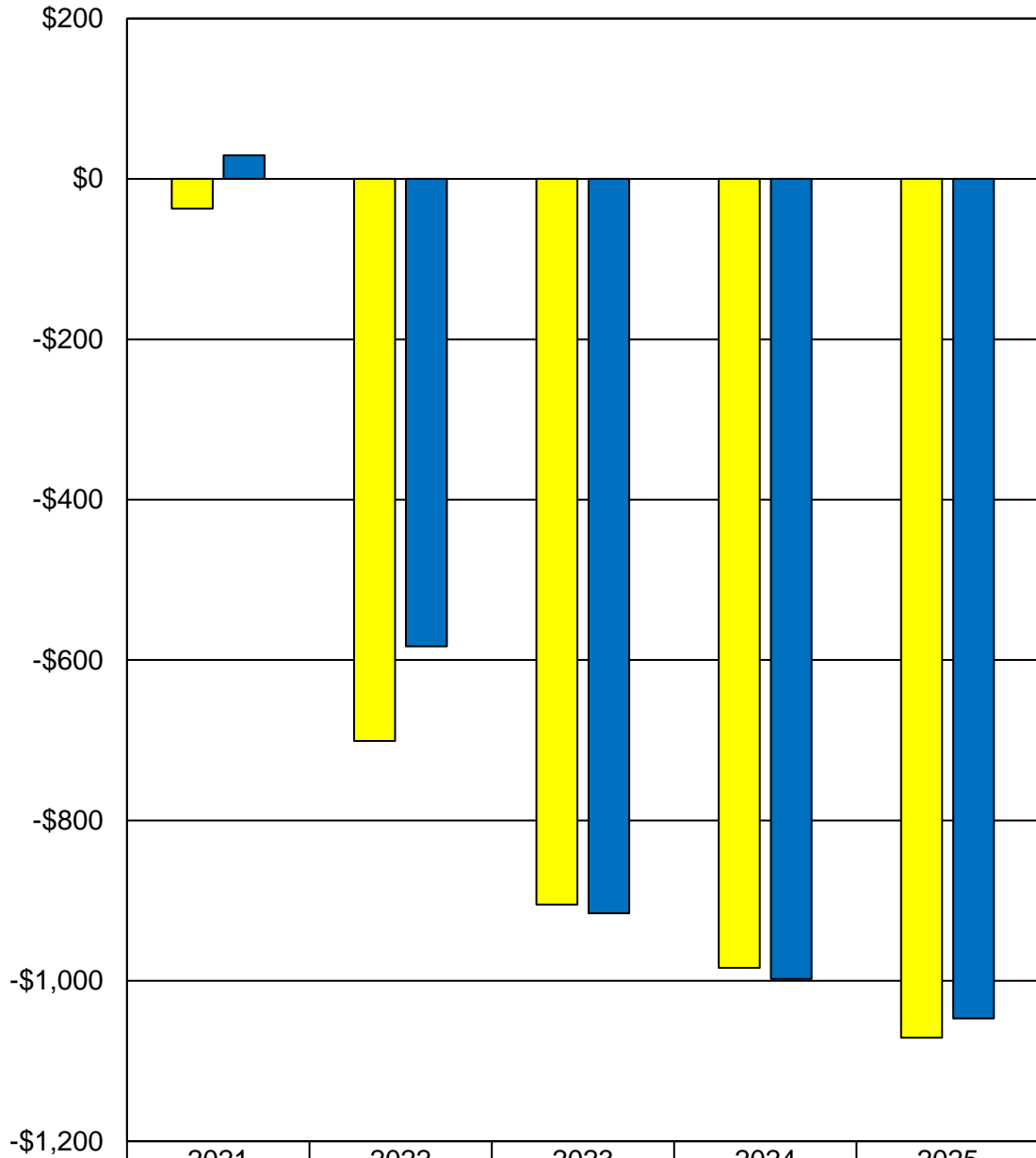
Limits the increase in rates for providers who have rates set by the Interagency Rates Committee to 2% in fiscal 2021 (p. 48).

Authorizes for fiscal 2021 only the use of \$400,000 from the Board of Physicians Fund balance for the Loan Assistance Repayment Program for Physicians and Physician Assistants (p. 49).

Reduces the fiscal 2021 funding to the Revenue Stabilization Account by \$284.4 million (p. 49).

Authorizes a transfer of \$43,860,950 from the Dedicated Purpose Account designated for Program Open Space from fiscal 2020, which will not be spent, to the General Fund in fiscal 2021 (p. 49).

Structural Budget Status Fiscal 2021-2025 (\$ in Millions)



	2021	2022	2023	2024	2025
Governor's Plan	-\$37	-\$701	-\$905	-\$984	-\$1,071
Senate	29	-583	-916	-998	-1,047

State Expenditures – General Funds

Fiscal 2020-2021

(\$ in Millions)

<u>Category</u>	<u>2020 Working Appropriation</u>	<u>2021 Allowance</u>	<u>SBT 2021 Reductions</u>	<u>SBT 2021 Appropriation</u>	<u>2020 to 2021 \$ Change</u>	<u>% Change</u>
Debt Service	\$287.0	\$136.0	-\$5.0	\$131.0	-\$156.0	-54.4%
County/Municipal	\$309.4	\$314.2	\$0.0	\$314.2	\$4.8	1.6%
Community Colleges	330.7	367.2	0.0	367.2	36.5	11.1%
Education/Libraries	6,405.1	6,624.5	0.0	6,624.5	219.4	3.4%
Health	59.1	60.0	0.0	60.0	0.9	1.6%
Aid to Local Governments	\$7,104.3	\$7,366.0	\$0.0	\$7,366.0	\$261.7	3.7%
Foster Care Payments	\$202.3	\$209.3	\$0.0	\$209.3	\$7.0	3.5%
Assistance Payments	43.3	47.6	0.0	47.6	4.3	10.0%
Medical Assistance	3,623.7	3,845.4	-17.7	3,827.8	204.0	5.6%
Property Tax Credits	97.2	97.2	0.0	97.2	0.0	0.0%
Entitlements	\$3,966.5	\$4,199.6	-\$17.7	\$4,181.9	\$215.4	5.4%
Health	\$1,585.4	\$1,642.8	-\$2.0	\$1,640.8	\$55.4	3.5%
Human Services	369.3	375.4	0.0	375.4	6.1	1.6%
Juvenile Services	264.4	265.9	-0.8	265.1	0.7	0.3%
Public Safety/Police	1,580.5	1,601.1	-6.3	1,594.8	14.3	0.9%
Higher Education	1,587.6	1,689.0	-5.0	1,684.0	96.3	6.1%
Other Education	483.8	529.0	-24.4	504.6	20.9	4.3%
Agriculture/Natural Res./Environment	148.7	161.7	0.0	161.7	12.9	8.7%
Other Executive Agencies	835.4	909.9	-48.2	861.6	26.3	3.1%
Judiciary	540.7	568.8	-10.0	558.8	18.1	3.4%
Legislative	97.6	102.3	0.0	102.3	4.7	4.8%
State Agencies	\$7,493.4	\$7,845.8	-\$96.8	\$7,749.1	\$255.7	3.4%
Total Operating	\$18,851.2	\$19,547.4	-\$119.4	\$19,428.0	\$576.8	3.1%
Capital ⁽¹⁾	\$77.0	\$83.5	-\$0.3	\$83.2	\$6.3	8.1%
Subtotal	\$18,928.2	\$19,631.0	-\$119.7	\$19,511.2	\$583.1	3.1%
Reserve Funds	\$660.2	\$557.9	-\$367.8	\$190.2	-\$470.0	-71.2%
Appropriations	\$19,588.3	\$20,188.9	-\$487.5	\$19,701.4	\$113.1	0.6%
Reversions	-\$35.0	-\$35.0	\$0.0	-\$35.0	\$0.0	0.0%
Grand Total	\$19,553.3	\$20,153.9	-\$487.5	\$19,666.4	\$113.1	0.6%

BRFA: Budget Reconciliation and Financing Act (SB 192)

SBT: Senate Budget and Taxation Committee

Note: The fiscal 2020 working appropriation includes \$257.2 million in deficiencies and supplemental deficiencies, SBT cuts to the deficiencies, \$6.2 million in reductions contingent on the BRFA, and \$66.5 million in targeted reversions. The fiscal 2021 SBT cuts include \$401.8 million contingent on the BRFA.

⁽¹⁾ Includes the Historic Revitalization Tax Credit Reserve Fund.

State Expenditures – State Funds
Fiscal 2020-2021
(\$ in Millions)

<u>Category</u>	2020	2021	SBT	SBT	2020 to 2021	
	<u>Working</u>		<u>Reductions</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
	<u>Appropriation</u>	<u>Allowance</u>	<u>+SF Add-Backs</u>	<u>Appropriation</u>		
Debt Service	\$1,675.8	\$1,754.9	-\$5.0	\$1,749.9	\$74.1	4.4%
County/Municipal	\$712.9	\$768.8	\$0.0	\$768.8	\$55.9	7.8%
Community Colleges	330.7	367.2	0.0	367.2	36.5	11.1%
Education/Libraries	7,087.2	7,300.6	0.0	7,300.6	213.4	3.0%
Health	59.1	60.0	0.0	60.0	0.9	1.6%
Aid to Local Governments	\$8,189.9	\$8,496.6	\$0.0	\$8,496.6	\$306.7	3.7%
Foster Care Payments	\$206.6	213.6	-\$1.0	\$212.6	\$6.0	2.9%
Assistance Payments	48.7	54.1	0.0	54.1	5.4	11.0%
Medical Assistance	4,616.3	4,756.1	-6.9	4,749.2	132.9	2.9%
Property Tax Credits	97.2	97.2	0.0	97.2	0.0	0.0%
Entitlements	\$4,968.8	\$5,121.0	-\$7.9	\$5,113.1	\$144.3	2.9%
Health	\$2,030.0	\$2,161.1	-\$4.2	\$2,156.9	\$126.8	6.2%
Human Services	445.9	452.6	0.0	452.6	6.6	1.5%
Juvenile Services	267.4	269.2	-0.8	268.4	1.0	0.4%
Public Safety/Police	1,815.9	1,887.3	-5.0	1,882.3	66.4	3.7%
Higher Education	6,455.9	6,599.8	-5.0	6,594.8	138.9	2.2%
Other Education	556.7	611.2	-24.4	586.8	30.1	5.4%
Transportation	2,046.6	2,184.3	-0.8	2,183.6	137.0	6.7%
Agriculture/Natural Res./Environment	452.9	464.5	-1.8	462.7	9.7	2.1%
Other Executive Agencies	1,581.4	1,680.8	-51.8	1,629.0	47.6	3.0%
Judiciary	607.4	638.6	-10.1	628.5	21.1	3.5%
Legislative	97.6	102.3	0.0	102.3	4.7	4.8%
State Agencies	\$16,357.9	\$17,051.7	-\$103.9	\$16,947.8	\$589.9	3.6%
Total Operating	\$31,192.4	\$32,424.3	-\$116.8	\$32,307.4	\$1,115.0	3.6%
Capital ⁽¹⁾	\$2,074.9	\$1,719.7	-\$0.3	\$1,719.4	-\$355.6	-17.1%
Transportation	1,568.2	1,205.2	0.0	1,205.2	-363.0	-23.1%
Environment	178.3	217.1	0.0	217.1	38.8	21.8%
Other	328.4	297.4	-0.3	297.1	-31.4	-9.5%
Subtotal	\$33,267.4	\$34,144.0	-\$117.1	\$34,026.8	\$759.4	2.3%
Reserve Funds	\$660.2	\$557.9	-\$367.8	\$190.2	-\$470.0	-71.2%
Appropriations	\$33,927.5	\$34,701.9	-\$484.9	\$34,217.0	\$289.4	0.9%
Reversions	-\$35.0	-\$35.0	\$0.0	-\$35.0	\$0.0	0.0%
Grand Total	\$33,892.5	\$34,666.9	-\$484.9	\$34,182.0	\$289.4	0.9%

BRFA: Budget Reconciliation and Financing Act (SB 192)

SBT: Senate Budget and Taxation Committee

SF: special funds

⁽¹⁾ Includes the Historic Revitalization Tax Credit Reserve Fund.

Note: The fiscal 2020 working appropriation reflects deficiencies and supplemental deficiencies of \$395.6 million, SBT cuts to the deficiencies, \$12.1 million in reductions contingent on the BRFA, \$67.0 million in targeted reversions and excludes \$43.5 million of special funds that double counts general fund spending. The fiscal 2021 allowance excludes \$40 million of special funds that double counts general fund spending. The fiscal 2021 SBT cuts include \$404.8 million in reductions contingent on the BRFA. The cuts are offset by \$22.9 million in additional special fund spending due to funding swaps.

State Expenditures – All Funds
Fiscal 2020-2021
(\$ in Millions)

<u>Category</u>	2020	2021	SBT	SBT	2020 to 2021	
	<u>Working</u> <u>Appropriation</u>	<u>Allowance</u>	<u>+SF Add-Backs</u>	<u>2021</u> <u>Appropriation</u>	<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$1,687.4	\$1,765.9	-\$5.0	\$1,760.9	\$73.6	4.4%
County/Municipal	\$787.0	\$843.5	\$0.0	\$843.5	\$56.5	7.2%
Community Colleges	330.7	367.2	0.0	367.2	36.5	11.1%
Education/Libraries	8,071.9	8,270.2	0.0	8,270.2	198.4	2.5%
Health	59.1	60.0	0.0	60.0	0.9	1.6%
Aid to Local Governments	\$9,248.6	\$9,541.0	\$0.0	\$9,541.0	\$292.4	3.2%
Foster Care Payments	\$281.2	\$288.0	-\$1.0	\$287.0	\$5.8	2.1%
Assistance Payments	1,093.9	1,098.5	-50.0	1,048.5	-45.4	-4.2%
Medical Assistance	11,674.6	11,857.2	-6.9	11,850.3	175.7	1.5%
Property Tax Credits	97.2	97.2	0.0	97.2	0.0	0.0%
Entitlements	\$13,146.8	\$13,340.9	-\$57.9	\$13,283.0	\$136.2	1.0%
Health	\$3,166.5	\$3,744.9	-\$19.5	\$3,725.5	\$559.0	17.7%
Human Services	1,056.1	1,079.4	-8.4	1,071.0	14.9	1.4%
Juvenile Services	272.0	273.5	-0.8	272.8	0.8	0.3%
Public Safety/Police	1,857.6	1,920.9	-5.0	1,915.9	58.4	3.1%
Higher Education	6,455.9	6,599.8	-5.0	6,594.8	138.9	2.2%
Other Education	864.5	936.3	-24.4	911.9	47.5	5.5%
Transportation	2,154.8	2,290.8	-0.8	2,290.1	135.3	6.3%
Agriculture/Natural Res./Environment	521.3	536.2	-2.3	533.9	12.6	2.4%
Other Executive Agencies	2,202.1	2,296.9	-52.8	2,244.1	42.0	1.9%
Judiciary	608.4	638.9	-10.1	628.8	20.4	3.4%
Legislative	97.6	102.3	0.0	102.3	4.7	4.8%
State Agencies	\$19,256.7	\$20,420.1	-\$129.0	\$20,291.1	\$1,034.4	5.4%
Total Operating	\$43,339.5	\$45,067.9	-\$191.9	\$44,876.0	\$1,536.5	3.5%
Capital ⁽¹⁾	\$3,312.2	\$2,961.6	-\$0.3	\$2,961.2	-\$351.0	-10.6%
Transportation	2,688.9	2,365.4	0.0	2,365.4	-323.5	-12.0%
Environment	264.1	270.2	0.0	270.2	6.2	2.3%
Other	359.3	325.9	-0.3	325.6	-33.7	-9.4%
Subtotal	\$46,651.7	\$48,029.5	-\$192.2	\$47,837.3	\$1,185.5	2.5%
Reserve Funds	\$660.2	\$557.9	-\$367.8	\$190.2	-\$470.0	-71.2%
Appropriations	\$47,311.9	\$48,587.4	-\$560.0	\$48,027.4	\$715.5	1.5%
Reversions	-\$35.0	-\$35.0	\$0.0	-\$35.0	\$0.0	0.0%
Grand Total	\$47,276.9	\$48,552.4	-\$560.0	\$47,992.4	\$715.5	1.5%

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Note: The fiscal 2020 working appropriation reflects deficiencies and supplemental deficiencies of \$653.9 million, SBT cuts to the deficiencies, \$12.4 million in reductions contingent on the BRFA, \$66.0 million in targeted reversions and excludes \$43.5 million of special funds that double counts general fund spending. The fiscal 2021 allowance excludes \$40 million of special funds that double counts general fund spending. The fiscal 2021 SBT cuts include \$404.8 million in reductions contingent on the BRFA. The cuts are offset by \$22.9 million in additional special fund spending due to funding swaps.