

Conference Committee

Summary Report on

House Bill 588 – the Budget Bill

and

**House Bill 589 – the Budget Reconciliation and
Financing Act**

Maryland General Assembly
Annapolis, Maryland

April 2, 2021

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Fiscal 2022 Budget Budget Bill (HB 588) and the Budget Reconciliation and Financing Act (HB 589) As Amended by the Conference Committee

Achieves Structural Balance: Ongoing general fund revenues exceed ongoing expenditures by \$79 million in fiscal 2022, and a structural surplus of \$121 million is forecast by fiscal 2026.

Preserves Reserves: \$2.1 billion in cash resources are preserved including \$1.4 billion in the Rainy Day Fund (6.8% of general fund revenues) and \$696 million in the General Fund. This exceeds the goals of the Spending Affordability Committee for a \$100 million general fund balance and a Rainy Day Fund balance equal to 5.0% of general fund revenues.

Resolves Projected Fiscal 2023 and Fiscal 2024 Budget Shortfalls: The cash balance at the close of fiscal 2022 is more than sufficient to erase the projected fiscal 2023 budget shortfall. In addition, a general fund surplus is forecast through fiscal 2024.

Allocates Extra Funds to the Pension System: The contribution to the pension system exceeds the actuarially required contribution by \$75 million in fiscal 2021 and \$100 million in fiscal 2022, helping to accelerate progress toward adequate funding.

Dedicates One-time Cash to Capital Priorities: The budget supplements the general obligation bond programs with \$512 million for pay-as-you-go projects including \$80 million of federal stimulus funds for heating, ventilation, and air conditioning improvements at public schools over the next two years.

Responds to the COVID-19 Public Health Emergency: \$572 million of federal funding is provided for testing, contract tracing, and vaccinations. The RELIEF Act authorized \$687 million of State spending and provided \$585 million of targeted tax relief across fiscal 2021 and 2022 to support Maryland's recovery.

Maintains the State's Commitment to Public Schools: State support for public schools will exceed \$7.5 billion. Direct aid to local school systems will increase an estimated \$229.4 million, or 3.5%.

Invests Federal Stimulus Funds in Maryland's Future: \$300 million of federal stimulus funding is allocated to expanding access to broadband by building out the infrastructure and subsidizing service and devices for low-income households. \$75 million is invested in workforce training and apprenticeships to enable the unemployed and underemployed to obtain jobs in the evolving economy.

Restores Funds for Legislative Priorities: The budget restores \$616 million of reductions proposed by the Governor. Funding restorations include \$422 million for the Rainy Day Fund, \$29.8 million for independent colleges and universities, \$26.6 million for community colleges, and \$50 million to reduce unfunded pension and retiree health liabilities. Funds are also restored for Maryland Public Television, the Office of the Attorney General, the City of Annapolis, Medicaid to mitigate the need to raise the hospital deficit assessment, and the State Department of Assessments and Taxation to prevent an increase in charges to local governments.

Continues to Provide Vital Health Care Services: Medicaid funding totals \$13.5 billion, allowing the State to provide coverage to over 1.5 million of our residents. Expenditures increase by about \$673 million to support unprecedented enrollment growth of over 151,000 since the beginning of the COVID-19 pandemic as well as provider rate increases.

Enhances Services for Vulnerable Populations: Recipients of Temporary Cash Assistance and Temporary Disability Assistance will receive an extra \$100 per month for all of calendar 2021 to help them weather the recession. A 4.0% rate increase effective January 2021 is funded for most health care providers, including those serving the developmentally disabled and people with behavioral health needs. Rate increases of up to 4.0% are authorized for group homes serving youth in foster care and the juvenile justice system.

Park Maintenance and Lake Restoration: In recognition of the impact that the pandemic has had on the use of outdoor space, the budget allocates almost \$23 million to critical maintenance projects at State parks, \$2.2 million for dredging at Deep Creek Lake, and \$1 million to the restoration and protection of State-owned lakes.

Employee Compensation: A \$1,000 bonus for all State employees is funded in fiscal 2021, and \$100 million is provided to fund Level 1 and Level 2 response pay for essential State workers through December 2021.

Community College Aid: The budget plan provides \$371.5 million for community colleges, a 9% increase over fiscal 2021.

Fiscal 2022 Balancing Strategy

	<u>Governor</u>	<u>House</u>	<u>Senate</u>	<u>Final</u>
Fiscal 2022 Ending Balance Before Legislation	-\$236.6	-\$236.6	-\$236.6	-\$236.6
Revenue Adjustments				
Board of Revenue Estimates March 2021	897.3	897.3	897.3	897.3
Veto Overrides		116.0	116.0	116.0
Other		3.0	2.0	2.0
Supplemental No. 5 – Federal Reimbursements				519.0
Legislation				
Budget Reconciliation and Financing Act	949.4	266.1	263.2	468.3
RELIEF Act	-636.7	-762.5	-762.5	-762.5
Other Tax Relief Proposals	-31.7			
Child Tax Credit and Expansion of EITC – SB 218		-132.7	-132.7	-132.7
Spending				
Net Legislative Budget Cuts		534.7	528.2	523.8
Supplemental Budget No. 5 – Expenditures				-1,003.2
Fund RELIEF Act Costs with Federal Stimulus				306.0
Legislative Additions				-1.7
Additional Savings Reserved for Legislative Priorities		-6.7	-6.3	-4.9
Legislative Priorities		6.7	6.3	4.9
Fiscal 2022 Estimated Closing Balance	\$941.6	\$685.2	\$674.8	\$695.5

EITC: Earned Income Tax Credit

Proposed Budget Reductions
House Bill 588 and House Bill 589
Fiscal 2022 Budget and Fiscal 2021 Deficiency Appropriations
(\$ in Millions)

General Funds

	<u>House</u>	<u>Senate</u>	<u>Final</u>
Medicaid			
Enhanced Medicaid Match Available in Fiscal 2022 (Include DDA and Behavioral Health)	\$317.4	\$317.4	\$317.4
BRFA <i>Utilize Health Exchange Reinsurance Funds for Medicaid in Fiscal 2021</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>
BRFA Utilize Health Exchange Reinsurance Funds for Medicaid in Fiscal 2022	100.0	100.0	100.0
Fiscal 2022 Savings from Favorable Utilization Trends	77.0	77.0	77.0
<i>Fiscal 2021 Savings from Favorable Utilization Trends</i>	<i>75.0</i>	<i>75.0</i>	<i>75.0</i>
<i>Fiscal 2021 Savings from Availability of Enhanced Federal Match In Medicaid</i>	<i>37.3</i>	<i>37.3</i>	<i>37.3</i>
BRFA Unspent Behavioral Health Funds from Prior Years	5.0	5.0	5.0
Fund Swap to Recognize Available Federal Funds for Transportation Services	4.5	4.5	4.5
Fund Swap to Use Available Cigarette Restitution Funds	3.3	2.9	
Fund Pharmacy Access Program from Board of Pharmacy Fund Balance	0.8	0.8	0.8
State Agencies			
BRFA <i>Local Income Tax Reserve Funds Cover Disaster Relief Costs Until Federal Funds Arrive</i>			\$210.4
Judiciary: No Fiscal 2022 COLA	\$12.3	\$4.8	4.8
BRFA <i>Unspent Prior Year Funds for Non-Public Placements in MSDE</i>	<i>7.5</i>	<i>7.5</i>	<i>7.5</i>
BRFA Fund Behavioral Health Costs from Medical Cannabis Commission Fund	3.0	2.0	2.0
Vacancy Savings for DPSCS to Align with Current Experience		2.0	
BRFA Fund Behavioral Health Costs from Board of Professional Counselors Fund Balance	2.0	1.5	1.5
BRFA No General Funds for Fisheries Due to Available Special Fund Balance	1.8	1.8	1.8
BRFA <i>Reduce Excess Fiscal 2021 Funding for Statewide Salary Adjustments</i>	<i>1.8</i>	<i>1.8</i>	<i>1.8</i>
Use Special Fund Surplus for Violence Intervention and Prevention Program	1.7	1.7	1.7
<i>Reduce Excess Fiscal 2021 Funding for Department of Human Services</i>	<i>1.5</i>	<i>0.8</i>	<i>1.5</i>
Judiciary: Vacancy Savings	1.4	1.4	1.4
Comptroller: Vacancy Savings	1.0	0.5	0.5
Reduce DHS Funding for Administrative Costs Due to Improper Retention of Prior Year Funds	1.0	1.0	1.0
BRFA Fund Behavioral Health Costs with Transfer from Board of Psychologists	0.7		
Judiciary: Slow Capital Improvement Project Implementation		0.5	
BRFA Use Special Fund Surplus for Attorney General's Office of Consumer Protection		0.4	
Reduce Funds for New Postions and Operating Expenses in MSDE Office of Inspector General			0.4
Fund Dept. of Aging's Community for Life Program at Expected Fiscal 2021 Level	0.3	0.3	0.3
<i>TEDCO: Reduce Fiscal 2021 Funding Due to Failure to Revert Unspent Fiscal 2020 Funds</i>	<i>0.3</i>	<i>0.3</i>	<i>0.3</i>
Vacancy Savings Due to Time Line for Filling New State Police Positions		0.3	
BRFA <i>Reversion of Prior Year Encumbrance for Maryland State Library Agency</i>	<i>0.2</i>	<i>0.2</i>	<i>0.2</i>
BRFA No Dedication of Loan Assistance Repayment Program Funds to Foster Care as Adequate Funding Is Available	0.1		
Total General Fund Reductions to Governor's Proposed Budget	\$756.8	\$748.4	\$953.9

Special Funds

Operating Costs			
<i>No Increase in Medicaid Deficit Assessment on Hospitals</i>	<i>\$35.0</i>	<i>\$35.0</i>	<i>\$35.0</i>
BRFA Level Fund Transit Administration Operating Costs		38.0	38.0
Reduce Funding for BOOST	3.3	2.9	
Reduce Lottery Advertising	3.0	2.0	2.0
Judiciary: No Fiscal 22 COLA	0.8	0.3	0.3
Public Service Commission Vacancy Savings		0.3	
Comptroller: Vacancy Savings	0.1		
Judiciary: Vacancy Savings	0.04	0.04	0.04
Total Special Fund Reductions to Governor's Proposed Budget	\$45.3	\$81.5	\$78.3

Note: Fiscal 2021 reductions and reversions are in italics.

BOOST: Broadening Options and Opportunities for Students Today
BRFA: Budget Reconciliation and Financing Act
COLA: cost-of-living adjustment
DDA: Developmental Disabilities Administration

DHS: Department of Human Services
DPSCS: Department of Public Safety and Correctional Services
MSDE: Maryland State Department of Education
TEDCO: Maryland Technology Development Corporation

Legislative Priorities (\$ in Millions)

Administration General Fund Reductions Restored by General Assembly

	Amount Restored		
	<u>House</u>	<u>Senate</u>	<u>Final</u>
Restore Appropriation to Rainy Day Fund Bringing Balance to 5.6% of General Fund Revenues	\$422.0	\$422.0	\$422.0
Restore Funds to Address Unfunded Liabilities for Retirement System and Retiree Health Benefits	50.0	50.0	50.0
Restore Program Open Space Repayment	43.9	43.9	43.9
No Increase in Medicaid Deficit Assessment on Hospital Charges	35.0	35.0	35.0
Restore Full Funding for Independent Colleges and Universities	29.8	29.8	29.8
Restore Full Funding for Community College Aid Formula	26.6	26.6	26.6
No Increase to Local Share of Department of Assessments and Taxation Costs	3.9	3.9	3.9
Fully Fund Arts Council	2.9	2.9	2.9
Fully Fund Mandated Increase for Maryland Public Television	0.8	0.8	0.8
Restore Funds for Attorney General's Consumer Protection Unit	0.7	0.4	0.7
Fully Fund Increase to Annapolis PILOT Payment	0.4	0.4	0.4
Total Administration Reductions Restored	\$616.0	\$615.7	\$616.0

General Funds Restricted (Fenced) for Legislative Priorities

Continue Operations of Southern Maryland Pre-Release Unit and the Eastern Pre-Release Unit	\$2.8		
Expand Number of Slots for Autism Waiver		\$2.0	*
Baltimore Symphony Orchestra	1.5	1.5	\$1.5
Stem Cell Research in Fiscal 2021	1.0	1.0	*
Grants to Businesses Impacted by Purple Line	0.5	0.5	*
Grant to Chesapeake Bay Foundation for Educational Programming	0.5	0.5	0.5
Reduce Waitlists for Services at Area Agencies on Aging	0.3	0.3	0.3
Grant to Adult High School Pilot Program		0.3	*
Boys and Girls Clubs of Southern Maryland		0.1	0.1
Grant to Montgomery County Agricultural Center Inc. to Pay Stormwater Fees		0.1	0.1
Deep Creek Lake Pilot Dredging Project			2.2
Nonprofit Micro Bridge Loans			0.2
Center for Infant and Child Loss at University of Maryland, Baltimore Campus	0.1	0.1	0.1
	\$6.7	\$6.3	\$4.9

Total Funding for Priorities Not Funded by Governor

	\$622.7	\$621.9	\$620.9
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*Funded by Governor in Supplemental Budget No. 5.

PILOT: payment in lieu of taxes

Fiscal Note – Summary of the Fiscal 2022 Budget Bill – House Bill 588

	<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 2021 Budget	\$18,757,431,610	\$9,879,420,958	\$17,033,043,572	\$4,720,166,433	\$50,390,062,573 ⁽¹⁾
Fiscal 2022 Budget	20,790,269,812 ⁽²⁾	9,182,958,136 ⁽³⁾	15,383,111,598	4,670,789,010	50,027,128,556
Supplemental Budget No. 1					
Fiscal 2021 Deficiencies	\$10,088,425	\$45,000,000	\$1,411,858,219	\$0	\$1,466,946,644
Fiscal 2022 Budget	\$0	105,000,000	19,393,094		124,393,094
Subtotal	\$10,088,425	\$150,000,000	\$1,431,251,313	\$0	\$1,591,339,738
Supplemental Budget No. 2					
Fiscal 2021 Deficiencies	-\$117,352,950	\$35,482	\$507,066,704	\$0	\$389,749,236
Fiscal 2022 Budget	52,031,942	1,473,144	365,701,955	0	419,207,041
Subtotal	-\$65,321,008	\$1,508,626	\$872,768,659	\$0	\$808,956,277
Supplemental Budget No. 3					
Fiscal 2021 Deficiencies	\$54,444,308	\$12,642,930	\$7,038,172	\$0	\$74,125,410
Subtotal	\$54,444,308	\$12,642,930	\$7,038,172	\$0	\$74,125,410
Supplemental Budget No. 4					
Fiscal 2021 Deficiencies	\$3,079,652	\$10,700,000	\$337,236,270	\$138,185,749	\$489,201,671
Fiscal 2022 Budget	45,736,566	248,300,000	154,140,536	88,610,020	\$536,787,122
Subtotal	\$48,816,218	\$259,000,000	\$491,376,806	\$226,795,769	\$1,025,988,793
Supplemental Budget No. 5					
Fiscal 2021 Deficiencies	\$303,504,357 ⁽³⁾	-\$248,540,618	\$1,487,839,811	\$0	\$1,542,803,550
Fiscal 2022 Budget	\$521,886,740	-\$191,076,259	\$1,145,651,443	\$31,984	\$1,476,493,908
Subtotal	\$825,391,097	-\$439,616,877	\$2,633,491,254	\$31,984	\$3,019,297,458
Budget Reconciliation and Financing Act of 2021					
Fiscal 2021 Deficiencies	-\$224,869,550	\$0	\$0	\$0	-\$224,869,550
Fiscal 2022 Contingent Reductions	-105,294,000	62,500,000 ⁽⁵⁾	-4,156,408	0	-46,950,408
Subtotal	-\$330,163,550	\$62,500,000	-\$4,156,408	\$0	-\$271,819,958
Chapter 39 of 2021 (RELIEF Act)					
Fiscal 2021 Budget	\$177,800,000	\$336,000,000	\$0	\$0	513,800,000
Subtotal	\$177,800,000	\$336,000,000	\$0	\$0	\$513,800,000
Legislative Reductions					
Fiscal 2021 Deficiencies	-\$114,093,103	-\$35,000,000	\$37,300,000 ⁽⁶⁾	\$0	-\$111,793,103
Fiscal 2022 Budget	-408,005,983	69,988 ⁽⁶⁾	314,400,000 ⁽⁶⁾	0	-93,535,995
Total Reductions	-\$522,099,086	-\$34,930,012	\$351,700,000	\$0	-\$205,329,098
Appropriations					
Fiscal 2021 Budget	\$18,850,032,749	\$10,000,258,752	\$20,821,382,748	\$4,858,352,182	\$54,530,026,431
Fiscal 2022 Budget	20,896,625,077	9,409,225,009	17,378,242,218	4,759,431,014	52,443,523,318
Change	\$2,046,592,328	-\$591,033,743	-\$3,443,140,530	-\$98,921,168	-\$2,086,503,113

⁽¹⁾ Reflects \$2.7 billion in proposed deficiencies, including the withdrawal of \$274.1 million in general funds and the addition of \$157.2 million in special funds, \$2.8 billion in federal funds, \$1.0 million in current unrestricted funds, and \$21 million in current restricted funds. Assumes \$35.0 million in unspecified general fund reversions and includes \$28.4 million in targeted general fund reversions and \$173.4 million in targeted general fund salary reversions replaced with CARES Act funding. Excludes \$70.3 million in special funds that double counts general fund (\$40.0 million) and special fund (\$30.3 million) spending.

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

⁽³⁾ Assumes \$177.8 million in RELIEF Act general fund support is replaced with federal funds and \$177.8 million in withdrawn special funds is not reflected as those funds are not reflected in the fiscal 2021 budget.

⁽⁴⁾ Excludes \$10 million that double counts general fund spending.

⁽⁵⁾ Assumes \$103.5 million in special funds to backfill for general fund reductions.

⁽⁶⁾ Assumes \$2.4 million in special funds and \$354.7 million in federal funds (\$37.3 million in fiscal 2021, \$317.4 million in fiscal 2022) to backfill for general fund reductions.

**General Fund Reductions and Other Budgetary Actions
Contingent on the Budget Reconciliation and Financing Act (HB 589)
(\$ in Millions)**

	<u>House</u>	<u>Senate</u>	<u>Final</u>
Revenue Actions			
MHBE Mandate Decrease	\$3.0	\$3.0	\$3.0
Fund Balance Transfers			
State Unemployment Insurance Fund Balance Transfer (Fiscal 2021)	\$30.0	\$30.0	\$30.0
Rate Stabilization Fund Improperly Retained (Fiscal 2021)	5.0	5.0	5.0
Maryland-National Capital Park and Planning Commission Park Taxes Transfer	5.0	5.0	0.1
Charlotte Hall Veterans Home Fund to Offset CARES Act Grant	1.0	0.0	0.0
Total Revenue Actions and Fund Balance Transfers	\$44.0	\$43.0	\$38.1
General Fund Reductions Due to Changes to Mandates			
DNR Fisheries Research and Development Fund One-time Repeal of Mandate	\$1.8	\$1.8	\$1.8
Loan Assistance Repayment Program For Foster Care Recipients Mandate Repeal	0.1	0.0	0.0
General Fund Reductions Due to Fund Swaps			
MDH Office of Preparedness and Response for Disaster Relief Related Expenditures (Fiscal 2021)	\$0.0	\$0.0	\$210.4
Use Reinsurance Program Provider Assessment Fund Balance for Medicaid (Fiscal 2021 and 2022)	200.0	200.0	200.0
Use Medical Cannabis Commission Fund Balance to Support BHA	3.0	2.0	2.0
Use Board of Examiners of Professional Counselors Fund Balance to Support BHA	2.0	1.5	1.5
Use Consumer Protection Funds for Financial Consumer Protection in the Office of the Attorney General	0.0	0.4	0.0
Use Board of Examiners of Psychologists Fund Balance to Support BHA	0.7	0.0	0.0
Withdrawn Spending from Prior Years			
Fiscal 2020 Accruals in MSDE for Nonpublic Placements	\$7.5	\$7.5	\$7.5
Fiscal 2020 Accruals in the BHA Provider Reimbursements	5.0	5.0	5.0
Fiscal 2021 DBM Statewide Program Due to Excess Salary Funding	1.8	1.8	1.8
Prior Year Funding in MSDE Headquarters Due to Improper Encumbrance	0.2	0.2	0.2
Total General Fund Reductions	\$222.1	\$220.2	\$430.2
Fiscal 2021 Special Fund Contingent Appropriations			
Use Marketplace Facilitator Revenues to Cover ETF Shortfall	\$174.8	\$174.8	\$0.0
Maryland Transit Administration Capital Funds Due to Operating Budget Relief	0.0	150.0	150.0
Use Reinsurance Program Provider Assessment Fund Balance for Medicaid	100.0	100.0	100.0
Total Special Fund Contingent Appropriations	\$274.8	\$424.8	\$250.0
Special Fund Reductions			
Level Fund Maryland Transit Administration Operating Budget at Fiscal 2021 Level	\$0.0	\$38.0	\$38.0
MHBE Mandate Decrease	3.0	3.0	3.0
Community Health Resource Mandate Change as part of Carefirst Premium Tax Exemption Distribution Alteration	1.9	0.0	0.0
Total Special Fund Reductions	\$4.9	\$41.0	\$41.0

	<u>House</u>	<u>Senate</u>	<u>Final</u>
Federal Fund Reduction			
MHBE	\$4.2	\$4.2	\$4.2
Impact of BRFA on General Funds	\$266.1	\$263.2	\$468.3
Impact of BRFA on Special Funds	-\$270.0	-\$383.8	-\$209.0
Impact of BRFA on Federal Funds	\$4.2	\$4.2	\$4.2

BHA: Behavioral Health Administration
 BRFA: Budget Reconciliation and Financing Act
 CARES: Coronavirus Aid, Relief, and Economic Security
 DBM: Department of Budget and Management
 DNR: Department of Natural Resources
 ETF: Education Trust Fund
 MDH: Maryland Department of Health
 MHBE: Maryland Health Benefit Exchange
 MSDE: Maryland State Department of Education

Conference Committee Action on the Budget Reconciliation and Financing Act (HB 589)

The Budget Reconciliation and Financing Act (BRFA) of 2021, as amended by the Conference Committee, accomplishes the following:

Reversions and Expenditure Reductions	\$475.3
Special Fund Contingent Appropriations	\$250.0
Transfers	\$35.1
Revenue Actions	\$3.0

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

Technical Amendments: Purpose and function paragraphs and renumbering.

Strikes a provision to alter the mandate to partially provide funding for Office of the Attorney General financial consumer protection activities with special funds rather than general funds.

Amends a provision added by the House to limit the use of revenue from certain raffles to benefit a certain area in addition to requiring that revenue from certain raffles are deposited into the Michael Erin Busch Sports Fund and adds a sunset to these distribution changes.

Waives the requirement that the Maryland Stadium Authority submit economic impact reports for the Baltimore City Convention Center, the Ocean City Convention Center, the Hippodrome Theater, and the Montgomery County Conference Center for fiscal 2021.

Amends a provision to alter the allowable uses of the Blueprint for Maryland's Future Fund to include one-time grants to address enrollment declines related to the pandemic and to ensure that all jurisdictions receive an increase over fiscal 2021 (hold harmless grants) to also include grants to address learning loss, summer school, school re-opening, and trauma and behavioral health needs related to COVID-19.

Strikes a provision to rebase the Cade formula in fiscal 2022 and alter the future formula increases to the level of projected general fund revenue growth.

Strikes a provision to rebase the Sellinger program to level fund it in fiscal 2022 and alter the future increases to 1 percentage point lower than the projected general fund revenue growth.

Strikes a provision to require funds awarded and not expended within two years in the Senatorial/Delegate Scholarship Program to be deposited into the Need-Based Student Financial Assistance Fund.

Strikes a provision to repeal the mandate for the Maryland Loan Assistance Repayment Program for Foster Care Recipients and require the Loan Assistance Repayment Program to serve foster care recipients.

Strikes a provision to repeal the mandate for the Maryland Public Broadcasting Commission.

Alters the eligible costs for private wastewater treatment plant facilities in the Bay Restoration Fund to 50%.

Establishes a Maternal and Child Health Improvement Fund with revenue from broad-based and uniform assessments on hospitals by the Health Services Cost Review Commission to support maternal and child health improvements through December 2025. The funds are authorized to be used only by the Maryland Department of Health (MDH) Medical Care Programs Administration and the Prevention and Health Promotion Administration.

Amends a provision increasing the share of the revenue from the Carefirst premium tax exemption allocated to the Senior Prescription Drug Program to delay the increase until fiscal 2023 and dedicate the entire premium tax exemption to the program beginning in fiscal 2023, authorizes, for fiscal 2022 only, the the Maryland Health Benefit Exchange (MHBE) Fund to partially fund the program, and authorizes a diversion of revenue from the provider assessment for the Health Benefit Exchange Reinsurance Program to support the Community Health Resources Commission in fiscal 2023 and 2024.

Further amends a provision with additional technical amendments to authorize MHBE Fund to be used for Medicaid consistent with the provision to require transfers of \$100 million from the provider assessment created for the MHBE Reinsurance Program to Medicaid in fiscal 2021 and 2022 only rather than annually through fiscal 2026.

Reduces the mandate from the premium tax revenue for MHBE from \$35 million to \$32 million beginning in fiscal 2022.

Repeals, for fiscal 2022 only, the mandate for the Department of Natural Resources Fisheries Research and Development Fund.

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

Strikes a provision to set the amount of nonwithholding income tax revenue that must be subtracted from the general fund revenue estimate at \$0 in fiscal 2022.

Adds a provision that authorizes, for fiscal 2023 only, funds in the Fiscal Responsibility Fund to be used for a cost-of-living adjustment of up to 4.5% for employees in certain bargaining units.

Strikes a provision to set the fiscal 2022 funding to the Revenue Stabilization Account at a level that reduces the appropriation by \$422.0 million.

Strikes a provision to eliminate, for fiscal 2022 only, the mandate to distribute general fund surplus to the State Retirement and Pension System and to the Post-Retirement Health Benefits Trust Fund.

Strikes a provision to level fund the mandate for the Maryland State Arts Council in fiscal 2022 and alter the rate of increase in fiscal 2023 and beyond.

Strikes a provision to alter the allowable uses of bond premiums in the Annuity Bond Fund to include capital projects that were included in previous authorizations of bonds, capital projects authorized after the issuance of the bonds for fiscal 2021 through 2023 only, and reducing the principal amount of the issuance of sales.

Strikes a provision to require a 50% local cost share for settlements to individuals erroneously convicted entered into beginning in fiscal 2021.

Strikes a provision to authorize the transfer of Marketplace Facilitator Revenues, otherwise distributed to the Blueprint for Maryland's Future Fund, to the Education Trust Fund in fiscal 2021 only to replace current and prior year revenue shortfalls.

Strikes a provision to phase in increases of the local share of State Department of Assessments and Taxation costs beginning in fiscal 2022 and increase the cost share by 10 percentage points per year until it reaches 90% in fiscal 2025.

Adds a provision to clarify and streamline the existing process for property tax assessment of land actively used as a country club or golf course.

Strikes a provision that would have extended, for fiscal 2022 only, the authorization to divert transfer tax revenue to the General Fund to the extent that funds are provided to replace those funds in the capital budget for capital eligible projects.

Further amends a provision related to the transfer tax repayment to add a pilot dredging project to the uses in fiscal 2022 and alters the allocation of future repayments to include \$2.5 million per year from fiscal 2023 through 2027 to the Next Generation Farmland Acquisition Program and \$2.735 million in fiscal 2025 to the Maryland Agricultural and Resource-Based Industry Development Corporation. In addition, the provision strikes an alteration of the repayment of transfer tax revenue and instead increases the share of the transfer tax repayment to be used for critical maintenance in fiscal 2022.

Adds a provision to alter the Maryland Transit Administration operating budget mandate for fiscal 2022 to require level funding rather than a 4.4% increase over fiscal 2021.

Strikes a provision to increase the Medicaid Deficit Assessment beginning in fiscal 2021 by \$35 million to \$329,825,000 from the amount authorized in the Budget Reconciliation and Financing Act of 2020 and maintaining it at that level in the out-years.

Authorizes a transfer of \$30 million from the State Unemployment Insurance Fund to the General Fund in fiscal 2021.

Amends a provision to limit the increase in rates for providers who have rates set by the Interagency Rates Committee to 4% over the rates in effect on January 1, 2021, rather than December 31, 2020.

Strikes a provision to authorize a transfer of \$500,000 from the State Board of Pharmacy fund balance to the Office of Controlled Substances Administration in fiscal 2022.

Amends a provision to authorize a transfer of \$1.5 million rather than \$2.0 million from the State Board of Professional Counselors and Therapists Fund balance to the Behavioral Health Administration (BHA) in fiscal 2022.

Amends a provision to authorize a transfer of \$2.0 million rather than \$3.0 million from the Medical Cannabis Commission Fund balance to BHA in fiscal 2022.

Restores a provision to authorize MDH and other State agencies to temporarily charge expenditures related to the COVID-19 pandemic response that are eligible for federal Disaster Relief Funds to the Local Income Tax Reserve Fund and require those funds to be repaid by any Disaster Relief Funds received or general funds if not all of the charged funds are reimbursed.

Authorizes, for fiscal 2022 only, a reduced number of the Governor's Budget Books to be printed due to the COVID-19 pandemic.

Strikes a provision to require the Comptroller to transfer \$10 million from the Consumer Protection Recoveries to the General Fund if the Office of the Attorney General has not on or before May 1, 2022.

Requires local funding for education in fiscal 2022 to exceed the fiscal 2021 level for the local school system to qualify for one-time education grants in fiscal 2022.

Prevents individuals who retired from MDH or the Maryland Department of Labor and were rehired for no more than two years to assist in the administration of federally funded grants or unemployment insurance related to the COVID-19 pandemic from being subject to a reduction in their retirement allowance for that service.

Restores a provision to require employees in facilities that were closed effective June 30, 2021, (prerelease units in Church Hill and Charlotte Hall) to be transferred to vacant positions in comparable classifications in other facilities without the loss of compensation, status, or benefits.

Strikes a provision to authorize a transfer of \$700,000 from the Board of Examiners of Psychologists Fund balance to BHA in fiscal 2022.

Adds a provision to authorize a transfer of \$5 million from the Rate Stabilization Fund to the General Fund in fiscal 2021. The funds were identified in the fiscal 2020 Statewide Closeout Audit as being improperly retained.

Adds a provision to authorize a reversion of a prior year encumbrance of \$235,000 from the Maryland State Department of Education (MSDE) Headquarters that was identified as improper in the fiscal 2020 Statewide Closeout Audit.

Strikes a provision to authorize a transfer of \$1 million from the Charlotte Hall Veterans Home Fund to the General Fund to partially offset federal coronavirus relief funds provided to the contractor.

Adds a provision to reduce the fiscal 2021 spending in the Department of Budget and Management Statewide Expense Program by \$1.8 million due to unneeded funds for statewide salary actions.

Adds a provision to reduce the fiscal 2020 spending in the MDH Behavioral Health Provider Reimbursements by \$5 million in general funds due to accruals that are unneeded to pay bills.

Adds a provision to reduce the fiscal 2020 spending in the MSDE Nonpublic Placements program by \$7.5 million due to accruals that are unneeded to pay bills.

Modifies a provision to require the Maryland-National Capital Park and Planning Commission to transfer up to \$100,000 rather than \$5 million from its park taxes balance to the General Fund on or before October 1, 2021.

State Expenditures – General Funds

(\$ in Millions)

<u>Category</u>	<u>FY 2021 Adj. Working Appropriation</u>	<u>FY 2022 Allowance</u>	<u>Conference FY 2022 Reductions</u>	<u>Conference FY 2022 Appropriation</u>	<u>FY 2021 to FY 2022 \$ Change</u>	<u>% Change</u>
Debt Service	\$131.0	\$260.0	\$0.0	\$260.0	\$129.0	98.5%
County/Municipal	\$313.6	\$311.2	\$0.0	\$311.2	-\$2.4	-0.8%
Community Colleges	330.8	371.5	0.0	371.5	40.7	12.3%
Education/Libraries	6,617.0	6,593.6	0.0	6,593.6	-23.4	-0.4%
Health	34.4	52.3	0.0	52.3	17.9	52.1%
Aid to Local Governments	\$7,295.9	\$7,328.7	\$0.0	\$7,328.7	\$32.8	0.4%
Foster Care Payments	\$206.2	\$210.2	\$0.0	\$210.2	\$4.0	1.9%
Assistance Payments	127.7	103.0	0.0	103.0	-24.7	-19.3%
Medical Assistance	3,118.5	4,500.3	-461.9	4,038.4	919.9	29.5%
Property Tax Credits	96.3	93.7	0.0	93.7	-2.6	-2.7%
Entitlements	\$3,548.8	\$4,907.2	-\$461.9	\$4,445.4	\$896.6	25.3%
Health	\$1,948.5	\$1,741.7	-\$41.3	\$1,700.4	-\$248.0	-12.7%
Human Services	370.4	396.2	-1.0	395.3	24.9	6.7%
Juvenile Services	246.2	253.6	0.0	253.6	7.4	3.0%
Public Safety/Police	1,442.3	1,571.5	0.0	1,571.5	129.2	9.0%
Higher Education	1,577.2	1,588.7	0.0	1,588.7	11.5	0.7%
Other Education	491.6	535.6	-0.4	535.2	43.6	8.9%
Agriculture/Natural Res./Environmer	131.4	159.6	-1.8	157.8	26.4	20.1%
Other Executive Agencies	878.4	873.9	-2.5	871.4	-7.0	-0.8%
Judiciary	558.6	591.7	-5.2	586.5	27.9	5.0%
Legislative	104.2	105.5	0.7	106.2	2.0	1.9%
State Agencies	\$7,748.7	\$7,817.9	-\$51.4	\$7,766.5	\$17.8	0.2%
Total Operating	\$18,724.3	\$20,313.8	-\$513.3	\$19,800.5	\$1,076.2	5.7%
Capital ⁽¹⁾	\$68.2	\$461.4	\$0.0	\$461.4	\$393.3	576.9%
Subtotal	\$18,792.5	\$20,775.3	-\$513.3	\$20,262.0	\$1,469.5	7.8%
Reserve Funds	\$114.0	\$669.6	\$0.0	\$669.6	\$555.6	487.4%
Appropriations	\$18,906.5	\$21,444.9	-\$513.3	\$20,931.6	\$2,025.1	10.7%
Reversions	-\$56.5	-\$35.0	\$0.0	-\$35.0	\$21.5	-38.0%
Grand Total	\$18,850.0	\$21,409.9	-\$513.3	\$20,896.6	\$2,046.6	10.9%

BRFA: Budget Reconciliation and Financing Act of 2021 (HB 589)

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

Note: The fiscal 2021 adjusted working appropriation reflects \$157.5 million in deficiencies and supplemental deficiencies less Conference Committee cuts of \$114.1 million, \$224.9 million in reductions contingent on the BRFA, \$28.4 million in targeted reversions and \$173.4 million in reductions to be replaced with federal funds. The fiscal 2022 Conference Committee cuts include \$105.3 million contingent on the BRFA.

State Expenditures – Federal Funds (\$ in Millions)

<u>Category</u>	<u>FY 2021 Working Appropriation</u>	<u>FY 2022 Allowance</u>	<u>Conference Reductions & FF Add-Backs</u>	<u>Conference FY 2022 Appropriation</u>	<u>FY 2021 to FY 2022 \$ Change</u>	<u>% Change</u>
Debt Service	\$11.0	\$11.0	\$0.0	\$11.0	\$0.0	0.0%
County/Municipal	\$74.7	\$74.7	\$0.0	\$74.7	\$0.0	0.0%
Community Colleges	7.4	0.0	0.0	0.0	-7.4	-100.0%
Education/Libraries	2,027.1	1,181.3	-3.0	1,178.3	-848.7	-41.9%
Health	0.0	13.5	0.0	13.5	13.5	n/a
Aid to Local Governments	\$2,109.2	\$1,269.5	-\$3.0	\$1,266.5	-\$842.6	-40.0%
Foster Care Payments	\$78.5	\$86.6	\$0.0	\$86.6	\$8.0	10.2%
Assistance Payments	2,584.4	1,368.9	0.0	1,368.9	-1,215.5	-47.0%
Medical Assistance	8,350.6	8,092.4	279.6	8,372.0	21.5	0.3%
Property Tax Credits	0.0	0.0	0.0	0.0	0.0	n/a
Entitlements	\$11,013.5	\$9,547.9	\$279.6	\$9,827.5	-\$1,186.1	-10.8%
Health	\$2,629.3	\$2,034.1	\$33.6	\$2,067.7	-\$561.5	-21.4%
Human Services	655.2	603.2	0.0	603.2	-52.0	-7.9%
Juvenile Services	4.4	5.5	0.0	5.5	1.2	26.7%
Public Safety/Police	34.2	36.3	0.0	36.3	2.2	6.4%
Higher Education	0.0	0.0	0.0	0.0	0.0	n/a
Other Education	472.8	349.8	0.0	349.8	-123.0	-26.0%
Transportation	227.7	227.4	0.0	227.4	-0.3	-0.1%
Agriculture/Natural Res./Environmer	82.0	73.3	0.0	73.3	-8.7	-10.6%
Other Executive Agencies	2,223.4	1,238.4	0.0	1,238.4	-984.9	-44.3%
Judiciary	1.0	0.3	0.0	0.3	-0.7	-68.5%
State Agencies	\$6,329.8	\$4,568.4	\$33.6	\$4,602.1	-\$1,727.8	-27.3%
Total Operating	\$19,463.6	\$15,396.9	\$310.2	\$15,707.1	-\$3,756.5	-19.3%
Capital	\$1,357.8	\$1,353.3	\$0.0	\$1,353.3	-\$4.5	-0.3%
Transportation	1,233.3	1,217.5	0.0	1,217.5	-15.9	-1.3%
Environment	53.1	53.2	0.0	53.2	0.0	0.0%
Other	71.3	82.7	0.0	82.7	11.4	15.9%
Subtotal	\$20,821.4	\$16,750.2	\$310.2	\$17,060.4	-3,761.0	-18.1%
Reserve Funds	0.0	317.8	0.0	317.8	317.8	n/a
Grand Total	\$20,821.4	\$17,068.0	\$310.2	\$17,378.24	-\$3,443.1	-16.5%

BRFA: Budget Reconciliation and Financing Act of 2021 (HB 589)

Note: The fiscal 2021 working appropriation includes \$6.5 billion in deficiencies and supplemental deficiencies and \$37.3 million in additional federal fund spending due to funding swaps. The fiscal 2022 Conference Committee total reductions of \$7.2 million include \$4.2 million contingent on the BRFA offset by \$317.4 million in additional federal fund spending due to funding swaps.

State Expenditures – All Funds (\$ in Millions)

Category	FY 2021	FY 2022 Allowance	Conference	Conference	FY 2021 to FY 2022	
	Adj. Working Appropriation		Reductions & SF/FF Add-Backs	FY 2022 Appropriation	\$ Change	% Change
Debt Service	\$1,760.9	\$1,845.3	\$0.0	\$1,845.3	\$84.4	4.8%
County/Municipal	\$821.0	\$837.6	\$0.0	\$837.6	\$16.6	2.0%
Community Colleges	347.0	371.5	0.0	371.5	24.5	7.1%
Education/Libraries	9,145.3	8,580.3	-3.0	8,577.3	-568.0	-6.2%
Health	34.4	65.8	0.0	65.8	31.4	91.3%
Aid to Local Governments	\$10,347.6	\$9,855.1	-\$3.0	\$9,852.1	-\$495.5	-4.8%
Foster Care Payments	\$288.0	\$299.6	\$0.0	\$299.6	\$11.5	4.0%
Assistance Payments	2,745.5	1,486.0	0.0	1,486.0	-1,259.5	-45.9%
Medical Assistance	12,494.7	13,325.7	-81.5	13,244.2	749.5	6.0%
Property Tax Credits	96.3	93.7	0.0	93.7	-2.6	-2.7%
Entitlements	\$15,624.6	\$15,205.0	-\$81.5	\$15,123.5	-\$501.1	-3.2%
Health	\$5,042.5	\$4,241.9	-\$7.2	\$4,234.8	-\$807.7	-16.0%
Human Services	1,112.8	1,094.3	-1.0	1,093.4	-19.4	-1.7%
Juvenile Services	253.8	262.5	0.0	262.5	8.6	3.4%
Public Safety/Police	1,761.4	1,933.2	0.0	1,933.2	171.8	9.8%
Higher Education	6,553.7	6,446.6	0.0	6,446.6	-107.1	-1.6%
Other Education	1,045.3	965.2	-0.4	964.8	-80.5	-7.7%
Transportation	2,197.9	2,279.3	-38.0	2,241.3	43.3	2.0%
Agriculture/Natural Res./Environmer	517.4	514.9	-1.8	513.2	-4.3	-0.8%
Other Executive Agencies	4,368.4	2,933.0	-2.8	2,930.2	-1,438.2	-32.9%
Judiciary	632.3	659.9	-5.5	654.4	22.1	3.5%
Legislative	104.2	105.5	0.7	106.2	2.0	1.9%
State Agencies	\$23,589.7	\$21,436.4	-\$56.0	\$21,380.4	-\$2,209.3	-9.4%
Total Operating	\$51,322.9	\$48,341.9	-\$140.5	\$48,201.4	-\$3,121.5	-6.1%
Prior Year Deficiencies	\$144.6	\$0.0	\$0.0	\$0.0	-\$144.6	-100.0%
Capital ⁽¹⁾	\$3,005.0	\$3,289.7	\$0.0	\$3,289.7	\$284.7	9.5%
Transportation	2,365.0	2,208.5	0.0	2,208.5	-156.6	-6.6%
Environment	264.1	313.7	0.0	313.7	49.6	18.8%
Other	375.9	767.5	0.0	767.5	391.6	104.2%
Subtotal	\$54,472.5	\$51,631.5	-\$140.5	\$51,491.1	-\$2,981.4	-5.5%
Reserve Funds	\$114.0	\$987.5	\$0.0	\$987.5	\$873.5	766.2%
Appropriations	\$54,586.5	\$52,619.0	-\$140.5	\$52,478.5	-\$2,108.0	-3.9%
Reversions	-\$56.5	-\$35.0	\$0.0	-\$35.0	\$21.5	-38.0%
Grand Total	\$54,530.0	\$52,584.0	-\$140.5	\$52,443.5	-\$2,086.5	-3.8%

BRFA: Budget Reconciliation and Financing Act of 2021 (HB 589)

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

Note: The fiscal 2021 adjusted working appropriation reflects \$6.8 billion of deficiencies and supplemental deficiencies less Conference Committee cuts of \$149.1 million, \$224.9 million in reductions contingent on the BRFA, \$28.4 million in targeted reversions, \$173.4 million in general fund reductions to be replaced with federal funds, \$37.3 million in additional federal fund spending due to funding swaps, and \$336.0 million in spending authorized by budget amendment pursuant to Chapter 39 of 2021 (The RELIEF Act). It excludes \$40 million that double counts general fund spending and \$30.3 million that double counts special fund spending. The fiscal 2022 allowance excludes \$10 million that double counts general fund spending. The fiscal 2022 Conference Committee total reductions of \$563.8 million include \$150.5 million contingent on the BRFA offset by \$423.3 million of additional special and federal fund spending due to funding swaps.