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# Summary Reports of Committees To the Legislative Policy Committee

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2019 Interim Report

Annapolis, Maryland  
January 2020

This document was prepared by the Department of Legislative Services  
General Assembly of Maryland

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MARYLAND GENERAL ASSEMBLY  
LEGISLATIVE POLICY COMMITTEE

January 2020

Members of the Legislative Policy Committee  
Members of the Maryland General Assembly

Ladies and Gentlemen:

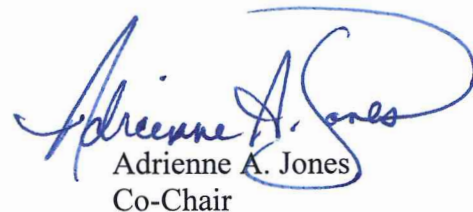
Pursuant to Section 2-409(b) of the State Government Article, attached for your review and information is a compilation of the 2019 interim activities and recommendations of the standing, joint statutory, and special joint committees of the General Assembly.

For further information and copies of this summary report or individual committee reports, please contact Ryane Necessary or Dana Tagalicod, staff for the Legislative Policy Committee, at (410) 946-5350 or (301) 970-5350.

We wish to thank the committee chairs and the staff from the Department of Legislative Services that were assigned to assist them for their time, effort, and contributions during the 2019 interim.

Sincerely,

  
Thomas V. Mike Miller  
Co-Chair

  
Adrienne A. Jones  
Co-Chair

TVMM:AAJ/RMN/mpd





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## **Standing Committees**

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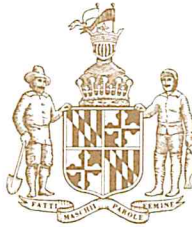
## **Senate Budget and Taxation Committee**

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NANCY J. KING  
Legislative District 39  
Montgomery County

Chair  
Budget and Taxation Committee



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## THE SENATE OF MARYLAND ANNAPOLIS, MARYLAND 21401

November 20, 2019

The Honorable Thomas V. Mike Miller, Jr., Co-Chair  
The Honorable Adrienne A. Jones, Co-Chair  
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Senate Budget and Taxation Committee is pleased to present the report of its interim activities. The committee members were very active in numerous commissions, committees, and studies. The committee met four times during the 2019 interim and attended a site visit to the Baltimore/Washington International Thurgood Marshall (BWI) Airport and Maryland Live! Casino.

### Full Committee Activities

On October 15, the committee held a briefing on the Department of Commerce's audit. The Office of Legislative Audits (OLA) presented its findings and the Department of Commerce responded to OLA's recommendations.

On October 22, 2019 the committee traveled to Maryland Live! Casino and toured the new hotel and other projects at the casino and were briefed on sports betting in other States and the various scenarios for implementation in Maryland. That afternoon, on October 22, 2019, the committee visited BWI Airport. The committee received a briefing by the Maryland Aviation Administration on the amount of revenue generated by Maryland's airports as well as the airports capital needs. Following the briefing the committee toured the new construction projects at the airport.

On October 29, the committee held a joint briefing with the House Appropriations Committee on State Staff Issues. The Department of Legislative Services (DLS) gave an update on the 2018 Executive Branch Staffing Adequacy Study followed by an AFSCME panel of employees. The briefing concluded with speakers from the Department of Budget and Management and relevant Executive Branch agencies.

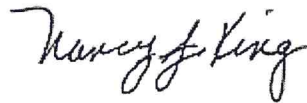
On November 13, the committee joined the Spending Affordability Committee, the House Appropriations Committee, and the House Ways and Means Committee for a fiscal briefing by DLS. During the briefing, DLS staff provided the committee with an overview of the State's fiscal

The Honorable Thomas V. Mike Miller, Jr., Co-Chair  
The Honorable Adrienne A. Jones, Co-Chair  
Members of the Legislative Policy Committee  
November 20, 2019  
Page 2

situation. Specifically, the committee was briefed on the economic outlook and revenue estimates for Maryland, as well as a fiscal 2021 baseline estimate of spending.

I would like to thank the committee members for their continued dedication, representatives of the public and private organizations who kept us informed and expressed their views, as well as our committee counsel and staff for their support.

Respectfully submitted,

A handwritten signature in cursive script, reading "Nancy J. King".

Nancy J. King  
Chair

NJK/PSA/msr

cc: Ms. Victoria L. Gruber  
Mr. Ryan Bishop  
Mr. Jake Weissmann  
Ms. Alexandra Hughes



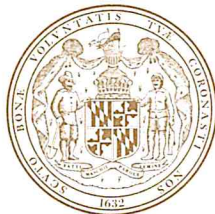
**Senate, Education, Health,  
and Environmental Affairs Committee**

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THE SENATE OF MARYLAND  
EDUCATION, HEALTH, AND ENVIRONMENTAL AFFAIRS COMMITTEE

December 6, 2019

The Honorable Thomas V. Mike Miller, Jr., Co-Chair  
The Honorable Adrienne A. Jones, Co-Chair  
The Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Senate Education, Health, and Environmental Affairs Committee respectfully submits this report of its activities during the 2019 legislative interim. The committee met twice over the interim for briefings on election-related issues, coastal and inland flooding, neighborhood revitalization programs, and the implementation of the Community College Promise Scholarship and the Maryland Teaching Fellows for Maryland Scholarship. The committee also took two site visits: one to the Eastern Shore (Dorchester County and Talbot County), focusing on agricultural and environmental topics; and one to the Baltimore Region (Howard County, Baltimore County, and Baltimore City), focusing on education and community development. The enclosed report describes these activities in greater detail.

The committee greatly appreciates the assistance of the many private citizens, public officials, and legislative staff who participated in the activities of the committee during this 2019 interim.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul G. Pinsky", is written over a large, stylized, handwritten "P" that serves as a background for the signature.

Paul G. Pinsky  
Chair

PGP/AMM/ajn

Enclosure

cc: Ms. Victoria L. Gruber  
Mr. Ryan Bishop  
Ms. Alexandria Hughes  
Mr. Jake Weissmann  
Members of the Education, Health, and Environmental Affairs Committee

# Education, Health, and Environmental Affairs Committee

## 2019 Interim Report

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### Briefings

#### Election Law

On October 23, the committee held a briefing on various election-related issues, including an overview of the State Board of Election's (State Board) preparations for the special election for the vacancy for Maryland's 7<sup>th</sup> Congressional District, cybersecurity issues, implementation of Election Day voter registration, an overview of the local public campaign financing system in Montgomery County during the 2018 election, the policy for use of ballot marking devices, and legislative requirements for decoupling of the candidates for Governor and Lieutenant Governor during primary elections.

Linda Lamone, the State Administrator of Elections, began the briefing with summary of the State Board's preparations for the special election for the vacancy created by the passing of Congressman Elijah Cummings and preparations for implementation of Election Day voter registration during the next election. Governor Larry Hogan announced that the primary for the special election is February 4, and the general election is April 28, the existing date for the presidential primary. Ms. Lamone discussed the administrative and system challenges for administering different types of elections on the same day. Nikki Charlson, Deputy Administrator of Elections, gave a short presentation on the security features and practices of the Maryland voting system.

Next, Jared DeMarinis, Director of Candidacy and Campaign Finance, and David Crowe, Fiscal Projects Manager for Montgomery County, gave an overview of the first successful implementation of the Montgomery County public campaign financing system, established in 2014. This was the first time the 2013 local campaign finance system law was implemented in the State. It attracted a total of 68 candidates and used \$5.2 million in public matching funds. Participating candidates agreed to abide by limits established by the Montgomery County Council, including accepting small dollar contributions between \$5 and \$150, meeting qualifying dollar thresholds, collecting a qualifying number of contributions from county residents, and refusing contributions from certain entities. The law also has a limit on the maximum amount of public funds per candidate per type of election. During the 2019 session, the General Assembly passed Chapter 376 (House Bill 830) *County Public Campaign Financing – Administration*. The bill requires a county that establishes a system of public campaign financing to provide the funding and staff necessary for the administration and auditing of the system, to relieve the burden on the State Board staff as other local systems from other counties come online in the coming years.

During the 2019 session, the committee heard Senate Bill 363/ House Bill 565 Election Law – Voting Systems – Accessibility for Voters With Disabilities. This bill would have required all voters to use ballot marking devices (BMD) and would have prohibited ballots for voters with



disabilities from being distinguishable from the paper ballots cast by voters without disabilities. The State Board was recently sued by an organization representing individuals with disabilities alleging that (1) the ballots printed by the BMD are distinguishable from regular paper ballots and fail to preserve the secrecy of votes cast by voters with disabilities and (2) the State Board's policy of limiting use of BMDs contributes to the problem. In response to the legislation and discussions during session, Ms. Lamone reported that the State Board approved a new policy requiring at least five voters in each precinct to use the BMD, requires a new statement to be made to each voter regarding the use of the BMD, and requires a local board to deploy a minimum of two BMDs in each precinct.

Mr. DeMarinis concluded the briefing with a short presentation on the requirements for repealing provisions of law that require candidates for Governor to select a candidate for Lieutenant Governor to run as a ticket during the primary election. This would establish a system similar to how vice presidential candidates are selected in presidential elections. This change would require an amendment to Article II, Section 1B of the Maryland Constitution and changes to the campaign finance law, and the election calendar for the 2022 election.

## **Coastal and Inland Flooding**

On October 23, the committee also held a briefing on coastal and inland flooding, the flood outlook for Maryland, and State and local flood preparation efforts. The briefing began with a presentation by Dr. William Sweet, an oceanographer from the National Oceanic and Atmospheric Administration, who discussed a recent federal report finding that Maryland coastal communities are experiencing accelerating rates of high tide (or "sunny day") flooding, driven by sea level rise. Dr. Sweet discussed recent trends in high tide flooding; the causes of high tide flooding; the consequences of high tide flooding to infrastructure, farmland, and local economies; and the challenges of adapting to increased rates of high tide flooding. He also briefed the committee on the short- and long-term flood outlook for the State.

Next, the committee received a briefing by representatives of Maryland's Coast Smart Council, including Matthew Fleming, Director of Chesapeake and Coastal Services at the Maryland Department of Natural Resources; Chuck Boyd, Director of Planning Coordination at the Maryland Department of Planning (MDP); Jason Dubow, Manager of the Resource Conservation and Management Unit at MDP; and Sandy Hertz, Assistant Director of the Office of Environment at the Maryland Department of Transportation. After providing a general overview of the Coast Smart Council's responsibilities, the panel provided a status update on the implementation of Chapters 628 and 629 of 2018. Among other things, the bills expanded the applicability of Coast Smart siting and design criteria, and required the criteria to be updated to address inundation from short-term storm events (storm surge) as well as long-term sea level rise. The bills also directed MDP, in consultation with other State agencies, to establish a plan to adapt to saltwater intrusion, and required certain local jurisdictions to develop plans to address nuisance flooding and submit them to MDP. Local jurisdictions have begun to submit their plans as required by the bills. MDP indicates that the saltwater intrusion plan is on track to be completed by the December 15 deadline. Although MDP is aware that some Maryland farmland has already been impacted by saltwater intrusion, the department was unable to estimate the number of acres affected.

Chapters 628 and 629 required Coast Smart siting and design criteria to be updated to include a requirement that certain structures be designed and constructed, or reconstructed in a manner to withstand the storm surge from a storm that registers as a Category 2 on the Saffir-Simpson hurricane wind scale, including a requirement for structures to be constructed or reconstructed at a minimum elevation above the projected storm surge. At the briefing, the panelists indicated that the Council was using a requirement that structures be constructed with a minimum of three feet of freeboard above the 100-year base flood elevation, as defined by the National Flood Insurance Plan, as a proxy for the law's storm resiliency requirements. Some committee members questioned whether this standard adequately accounts for the cumulative effects of storm surge on top of already elevated seas.

Finally, the committee was briefed on flash flooding in Ellicott City by the following Howard County officials: Shaina Hernandez, Senior Advisor for Policy to County Executive Calvin Ball; Mark DeLuca, Deputy Director of the Howard County Department of Public Works; and Angela Price, Deputy Director of the Howard County Department of Finance. The panel discussed the factors – including historic stormwater management regulations, Ellicott City's unique topography, and increasingly severe weather caused by climate change – that contributed to the devastating floods that occurred in 2016 and 2018. They also discussed the County Executive's Ellicott City Safe and Sound Plan, which calls for the construction of a number of flood mitigation projects aimed at reducing the impact of future flash floods. The plan has an estimated cost of \$113.5 to \$140.5 million and is expected to take five years to complete.

## **Neighborhood Revitalization Programs**

On November 5, the committee held a briefing on State neighborhood revitalization programs with Carol Gilbert, Assistance Secretary for Neighborhood Revitalization at the Department of Housing and Community Development (DHCD) and Kevin Baynes, Director of Community Programs at DHCD. The briefing provided an overview of the following DHCD revitalization programs:

- Neighborhood Business Works;
- Community Investment Tax Credit;
- Main Street Maryland Program;
- Community Legacy;
- Strategic Demolition Fund;
- Baltimore Regional Neighborhoods Initiative (BRNI);
- Project C.O.R.E.;
- National Capital Strategic Economic Development Fund; and
- Seed Anchor Capital Fund.

The briefing also covered different State and federal geographic designations and how these designations are used to direct resources to particular areas. Designation programs include Priority Funding Areas; Sustainable Community Areas; Main Streets; Arts and Entertainment



Districts; Historic Districts; Heritage Areas; Enterprise Zones; and Opportunity Zones. DHCD and MDP provide technical assistance to communities trying to navigate these various programs.

## **Implementation of Scholarship Programs**

On November 5, the committee held a briefing on the implementation of the Maryland Community College Promise Scholarship and the Maryland Teaching Fellows for Maryland Scholarship.

Secretary James Fielder, Jr., and Donna Thomas, Director of the Office of Student Financial Assistance from the Maryland Higher Education Commission (commission) gave a presentation on the background and implementation of the Promise Scholarship. They also made suggestions for changes to eligibility requirements and award timing for ease of administration and to expand eligibility to a greater population of students. Ms. Thomas reported that a total of \$4,350,369 was awarded to 1,276 students of the 2,943 eligible applicants (as of August 12, 2019). The next panel, Dr. Bernard Sadusky, Executive Director of the Maryland Association of Community Colleges, Dr. DeRionne Pollard, President of Montgomery College, Dr. Melissa Gregory, Associate Senior Vice President for Student Affairs at Montgomery College, and Dr. Charlene Dukes, President of Prince George's Community College, gave a presentation on implementation from the community college perspective. These representatives were critical of the initial implementation by the commission, and made various suggestions on how to improve the awarding process, including improved communication, moving up the scholarship award date, and eliminating the service obligation to improve student participation.

The briefing also covered the implementation of the Maryland Teaching Fellows for Maryland Scholarship. Committee counsel gave a brief overview of the background and funding timeline of the scholarship. Next, Dr. Jennifer Rice, Dean of the College of Education at the University of Maryland College Park, gave a presentation on the purpose and importance of the scholarship for attracting students to the profession of teaching in the State as Maryland has a chronic teacher shortage and is a net importer of teachers. Lastly, Secretary Fielder and Ms. Thomas from the commission gave a presentation on the implementation process and suggested changes to make the scholarship more attractive to students. Ms. Thomas reported that the commission received 310 applications as of October 31, for awards to be made in December. Under the terms of the program, an eligible award is approximately \$21,600.

## **Site Visits**

### **Eastern Shore**

On September 11, the committee traveled to various locations in Dorchester and Talbot Counties on Maryland's Eastern Shore. Stops included the Eastern Shore Conservation Center, for a presentation on water quality issues by the environmental nonprofit ShoreRivers; Sears Farm for a tour of a multi-practice agricultural restoration project designed to treat nutrient and sediment pollution from nearby agricultural land; the University of Maryland Center for Environmental Science Horn Point Laboratory for a presentation on cutting-edge oyster research, a tour of the oyster hatchery, and a brief conversation with a local waterman; and the Choptank

Oyster Company, for a tour of a private oyster aquaculture operation. Representatives of the Maryland Department of Agriculture and DNR also participated in the site visit.

## **Baltimore Region**

On November 22, the committee visited various locations in Howard County and in and around Baltimore City. The committee began the day at Howard Community College for a briefing on the school's partnership with the Howard County Public Schools on the dual enrollment program and the early college program. Dual enrollment programs allow high school students to enroll in college classes for college credit while still enrolled in high school. Early college programs allow high school students to earn an associate's degree at the same time the students earn their high school diploma. Howard Community College staff and the Baltimore County Superintendent of Schools discussed logistics, administration, and funding issues, and student graduates discussed their experiences with these programs, and the impact on their future.

Next, the committee visited the Western School of Technology in Catonsville. This school provides students with the opportunity to enroll in one of ten magnet programs that allow students to earn a high school diploma while training for a career skill that is employable on graduation. School faculty provided a short briefing on, and a tour of the school's career and technology education programs. Student representatives from the various programs, including cosmetology, culinary arts, environmental science, health programs, and information technology, met one-on-one with committee members and staff to discuss their daily experiences.

On its third stop, the committee visited the Pathways in Technology Early College High School (P-TECH) at the Carver Vocational Technical High School in Baltimore City. P-TECH is a four-to-six year program during which students earn a high school diploma, no-cost associate's degree, and first-in-line status for job placement. This school focuses on information technology, and has a partnership with IBM. Students in the program may earn an associate's degree in cybersecurity or computer information systems. Faculty, students, and an IBM liaison gave a presentation on the implementation of the program, and examples of the types of projects assigned to students. The committee also visited a classroom on program participating students.

The committee ended the day with a visit with the Central Baltimore Partnership, a nonprofit organization working to achieve a comprehensive strategy for community revival in 11 Central Baltimore neighborhoods. Working with community leaders, private developers, and other nonprofit organizations, the Central Baltimore Partnership has helped to obtain millions of dollars in State funding (including through BRNI and other DHCD neighborhood revitalization programs) to rehabilitate vacant buildings, develop affordable housing, and create green space. Partnership staff discussed these efforts, and led a short tour of community development projects located in the Charles North and Greenmount neighborhoods.



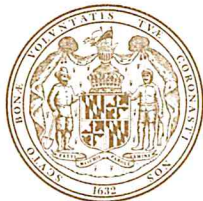
## **Senate Finance Committee**

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DELORES G. KELLEY  
CHAIR

BRIAN J. FELDMAN  
VICE CHAIR



MALCOLM AUGUSTINE  
PAMELA G. BEIDLE  
JOANNE C. BENSON  
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THE SENATE OF MARYLAND  
FINANCE COMMITTEE

December 18, 2019

The Honorable Thomas V. Mike Miller Jr., Co-chair  
The Honorable Adrienne A. Jones, Co-chair  
Members of the Legislative Policy Committee

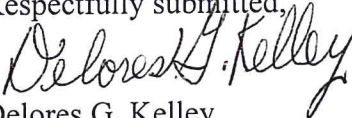
Ladies and Gentlemen:

The Senate Finance Committee respectfully submits its report summarizing the committee's activities during the 2019 interim. The full committee met five times during the 2019 interim, which included two site visits. The Health and Long-Term Care and Energy and Public Utilities subcommittees did not meet.

Many members of the committee participated in other committees, task forces, and commissions including the Workers' Compensation Benefit and Insurance Oversight Committee; the Joint Audit and Evaluation Committee; the Joint Committee on Unemployment Insurance Oversight; the Joint Committee on Fair Practices and State Personnel Oversight; the Joint Committee on Cybersecurity, Information Technology, and Biotechnology; the Joint Committee on Behavioral Health and Opioid Use Disorders; and the Maryland Health Insurance Coverage Protection Commission. The activities of these committees, task forces, and commissions that met during the interim are not summarized in this report.

The committee expresses its appreciation for the advice and assistance provided by governmental officials, State agency staff, and members of the public during the 2019 interim. The committee looks forward to the same spirit of cooperation and assistance during the forthcoming 2020 session.

Respectfully submitted,

  
Delores G. Kelley  
Chair

DGK/DAS/msr

cc: Ms. Vicki Gruber  
Mr. Ryan Bishop  
Mr. Jake Weissmann  
Ms. Alexandra Hughes

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## **Senate Finance Committee 2019 Interim Report**

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### **Site Visit – Port of Baltimore**

On September 11, 2019, the committee met with executives from the Maryland Port Administration. Mr. Jim White, Executive Director of the Administration, provided an update on Port operations since the 2019 legislative session. Mr. Mike Miller, Director of Property Management, updated the committee on the Port's capital projects and land acquisition. These presentations were followed by a roundtable discussion with Port officials and committee members. After the meeting, the committee had a landside tour of Seagirt and Dundalk marine terminals, followed by a tour of the Port by boat.

### **Briefing on Utility Issues**

On September 16, 2019, the committee held a series of briefings on utility issues. The first briefing provided background on rate setting and State energy regulation generally and included presentations from the Public Service Commission (PSC), the Office of People's Counsel (OPC), and the Maryland Energy Administration. The second briefing addressed alternative rate setting and other regulatory updates and included presentations from PSC, OPC, and distribution utilities and electric cooperatives. The third briefing addressed the Maryland Renewable Portfolio Standard, as well as the implementation of the Clean Energy Jobs Act, and included presentations from PSC and renewable energy advocates. The final briefing provided an update on solar, net metering, and other related policies and included briefings from PSC, the Maryland Association of Counties, Montgomery County, the solar industry, and distribution utilities and electric cooperatives.

### **Site Visit – PJM in Valley Forge, PA**

On October 7, 2019, the committee visited the headquarters of PJM Interconnection in Valley Forge, Pennsylvania. Ms. Sue Riley, interim CEO, with the assistance of Mr. Asim Haque, Head of State Policy, provided an introduction to PJM activities. Mr. Stu Bresler, Senior Vice President, briefed the committee on electricity markets. Finally, Mr. Jonathan Monken, Senior Director of Infrastructure Policy, presented information about grid reliability and stability. After the meeting, committee members toured the facility control room.



## **Briefing on Hospital Facility Fees**

On November 12, 2019, the committee held a briefing, along with members of the House Health and Government Operations Committee, on hospital facility fees. The briefing was a follow-up to Senate Bill 803 and House Bill 849 of 2019, which would have mandated disclosure of the hospital facility fees to patients. Hospital facility fees vary in amount and are generally charged separately from patient care to cover the overhead costs of a hospital. The committee first heard from Ms. Kimberly S. Cammarata, Assistant Attorney General and Director of the Health Education Advocacy Unit, and Ms. Patricia F. O'Connor, Assistant Attorney General and Deputy Director of the Unit. Ms. O'Connor described hospital facility fees and the effect that these fees have on patients. Ms. O'Connor also described last year's legislation and provided an overview of other states. She noted that Maryland is unique because of its hospital rate setting system and, compared to the 2019 legislation introduced in Maryland, the proposals in most other states have been more limited with respect to disclosure of hospital facility fees.

Next, Ms. Katie Wunderlich, Executive Director of the Health Services Cost Review Commission (HSCRC), and Ms. Tequila Terry, Deputy Director of HSCRC, described HSCRC's role regarding regulating hospital facility fees. HSCRC recently updated its regulations to provide more consumer awareness. Hospital facility fees have been part of HSCRC rates since the 1970s, but because insurance benefit designs have changed, consumers are now bearing more health care costs. The Office of the Attorney General, HSCRC, and the Maryland Hospital Association (MHA) all agree that consumer awareness should be increased. The briefing concluded with statements from Ms. Jennifer Witten and Mr. Brett McCone of MHA. Hospital clinics exist because private providers do not have to see all patients, and visits to these clinics often result in hospital facility fee charges. All hospitals charge facility fees and providers choose to be part of the hospital for many reasons, such as convenience for the provider.

## **Briefings on Department of Labor Initiatives, Certificates of Need and the Total Cost of Care Model, and Maryland Technology Development Corporation**

On December 10, 2019, the committee held a series of briefings on various topics of interest to the committee. The committee first heard from Ms. Tiffany P. Robinson, Secretary of the Maryland Department of Labor (MDL). Secretary Robinson introduced herself to the committee and provided an overview of MDL. The Secretary also provided information on recent accomplishments of MDL and efforts to modernize various functions of MDL, including information systems of the Unemployment Insurance Division. Due to the impending State Center Project in Baltimore City, the MDL employees who work at State Center will be relocated to another building in which most other MDL employees are located.

The next set of topics included Certificate of Need (CON) modernization and CON integration with the Total Cost of Care Model. Mr. Ben Steffen, Executive Director of the Maryland Health Care Commission (MHCC), described MHCC and also gave an overview of CON. MHCC develops the State Health Plan and approves CONs for health care facilities and

specified health care services, but MHCC does not regulate health care equipment. The State has been issuing CONs for 40 years. Mr. Steffen next described a CON modernization study, which was requested by members of the General Assembly in 2017, and he stated that efforts to implement recommendations are ongoing.

Regarding CON and the Total Cost of Care Model, Ms. Wunderlich described the Total Cost of Care Model. The model is now the mechanism that HSCRC uses to regulate hospital rates in Maryland. Ms. Wunderlich noted that health care premiums are high in Maryland, but the premiums include regulated and nonregulated charges. Hospital costs, however, are less for health care payors in Maryland. Regardless, Maryland is a high cost State for health care because of various factors, including two teaching hospitals and a large number of hospitals in a small State. Mr. Brett McCone, Senior Vice President of Health Care Payment for MHA, concluded this portion of the briefing with a description of the hospital perspective of CON and, from the hospital's point of view, what are the next steps for modernizing CON in Maryland.

The final topic of the day was a report on the Maryland Technology Development Corporation (TEDCO). Mr. Stephen Auvil, Acting Executive Director of TEDCO, provided an update on the implementation of Senate Bill 340 (Chapter 488) of 2019. Chapter 488 altered and established specified eligibility criteria for investments made by TEDCO in order to generally require that a business have, and subsequently maintain, a presence in the State. Chapter 488 also requires TEDCO to adopt regulations establishing an investment committee and authorizes the TEDCO board to appoint an advisory committee, subject to specified requirements. Mr. Auvil advised that implementation has generally proceeded well, and TEDCO hopes to begin accepting new submissions for investments in January 2020. In response to questions about a recent *Baltimore Business Journal* article that criticized the new regulations, Mr. Auvil stated that the intent of Chapter 488 included not only supplying venture capital funding but also increasing economic development in the State.





## **Senate Judicial Proceedings Committee**

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VICE CHAIR



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KATIE FRY HESTER  
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THE SENATE OF MARYLAND  
JUDICIAL PROCEEDINGS COMMITTEE

December 10, 2019

The Honorable Thomas V. Mike Miller, Jr., Co-Chairman  
The Honorable Adrienne A. Jones, Co-Chairman  
Members of the Legislative Policy Committee

Ladies and Gentlemen:

Last spring, in response to the request of the President and the Speaker that I submit a tentative interim agenda, I indicated that the Judicial Proceedings Committee did not intend to meet during the 2019 interim. I am writing now to report that, as expected, the committee did not meet.

Sincerely,

Senator Bobby A. Zirkin  
Chairman

BAZ/JDL/mjp

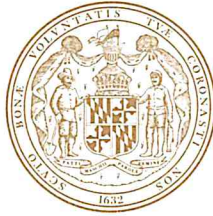
cc: Victoria L. Gruber  
Ryan Bishop  
Alexandra Hughes  
Jake Weissmann



## **House Appropriations Committee**

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THE MARYLAND HOUSE OF DELEGATES  
APPROPRIATIONS COMMITTEE

December 19, 2019

The Honorable Thomas. V. Mike Miller, Jr., Co-chair  
The Honorable Adrienne A. Jones, Co-chair  
Members of the Legislative Policy Committee

Ladies and Gentlemen:

I am pleased to provide the 2019 interim report for the House Appropriations Committee. The committee had a productive interim with multiple full committee and subcommittee site visits and briefings.

**Baltimore County and Baltimore City Public Schools**

On August 27, 2019, the full committee visited Lansdowne and Pikesville high schools in Baltimore County and Stadium School and City College High School in Baltimore City. These site visits provided the committee with an opportunity to assess the capital needs of each jurisdiction. Additionally, committee members were able to speak with local officials, teachers, and school administrators regarding their concerns and priorities. The site visits concluded with a presentation by the Maryland Stadium Authority on the success and status of the 21st Century Schools Program.

**University of Maryland Medical Center**

On October 10, 2019, the full committee visited the University of Maryland Medical Center to learn about its operations and capital needs. The committee toured the Marlene and Stewart Greenebaum Comprehensive Cancer Center, the Neonatal Intensive Care Unit, and the R. Adams Cowley Shock Trauma Center. Committee members had the opportunity to speak with hospital staff regarding their experience working at the medical center, as well as their recommendations for improvements to hospital facilities.

**State Staffing Briefing**

On October 29, 2019, the full committee held a briefing on staffing issues at State agencies jointly with the Senate Budget and Taxation Committee. The Department of Legislative Services (DLS) provided the committees with an update on DLS's Executive Branch Staffing Adequacy Study, highlighting quantifiable staffing shortages by agency and function. Members and representatives of the American Federation of State, County, and Municipal Employees (AFSCME) then provided testimony regarding their experiences in State facilities, giving the

December 19, 2019

Page 2

committees insight into overtime, pay disparities, and the impact that staffing shortages have on communities throughout Maryland. The briefing concluded with a presentation by the Department of Budget and Management, accompanied by select agencies experiencing significant staffing shortages, to address concerns raised by DLS and AFSCME and to provide the committees with a description of plans to address staffing challenges.

### **Fiscal Briefing**

On November 13, 2019, the full committee held a fiscal briefing jointly with the Senate Budget and Taxation Committee, the House Ways and Means Committee, and the Spending Affordability Committee. DLS reported on the State's economic outlook, revenue estimates, general fund forecast, and status of the reserve fund. DLS indicated that the fiscal 2020 working appropriation would leave a general fund balance of \$503 million and a structural balance of \$91 million.

### **Maryland Transit and Aviation Administrations**

On November 13, 2019, the Transportation and Environment Subcommittee held a hearing regarding paratransit services provided by the Maryland Transit Administration (MTA), known as MobilityLink. Prompted by a number of concerns raised by paratransit riders and advocates regarding operational efficiencies, the subcommittee heard from MTA and advocates regarding, among other things, recent contract changes to MobilityLink. Additionally, on December 6, 2019, the subcommittee visited the Baltimore/Washington International Thurgood Marshall Airport to gain a better understanding of airport operations and the Maryland Aviation Administration's capital needs.

The committee extends its appreciation for the assistance and information provided by State and local officials, private citizens, and the staff of DLS during the 2019 interim. The committee looks forward to continuing its work in the upcoming legislative session.

Sincerely,



Maggie McIntosh  
Chairman, House Appropriations Committee

MM/MJ/kkh

cc: Ms. Victoria L. Gruber  
Mr. Ryan Bishop  
Ms. Alexandra Hughes  
Mr. Jake Weissmann



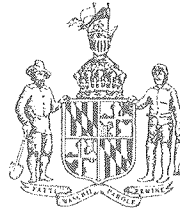
## **House Economic Matters Committee**

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DELEGATE DERECK DAVIS  
25th Legislative District  
Prince George's County

Chair  
Economic Matters Committee



The Maryland House of Delegates  
6 Bladen Street, Room 231  
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## *The Maryland House of Delegates*

ANNAPOLIS, MARYLAND 21401

December 9, 2019

The Honorable Thomas V. Mike Miller, Jr., Co-chair  
The Honorable Adrienne A. Jones, Co-chair  
Members of the Legislative Policy Committee

Ladies and Gentlemen:

On behalf of the House Economic Matters Committee, I am submitting a summary report of our activities during the 2019 legislative interim.

When the 2019 legislative session ended, the members of the Economic Matters Committee anticipated monitoring several issues within its subject matter jurisdiction. The committee met on retreat to explore several issues, and expected to receive information on proceedings in several other areas.

The retreat on the Eastern Shore focused on three areas. The first portion of the retreat was a site visit to Poplar Island, where material dredged from shipping channels in the Chesapeake Bay is deposited in order to restore the island to its historic size, create habitat for native species of plants and wildlife, and provide for the continued economic viability of the Port of Baltimore by ensuring continued accessibility of the harbor to cargo vessels. After that, the committee visited Lyon Distillery in St. Michaels, a small craft distillery, to learn about their production and distribution as well as regulatory and economic issues that affect them. The next morning, the committee was briefed on low-income energy and weatherization assistance. The Department of Human Services spoke about energy assistance and arrearage retirement through the Electric Universal Service Program and the Maryland Energy Assistance Program. Representatives of the Department of Housing and Community Development presented information on weatherization and energy upgrades targeted to low-income households. Two utilities, Baltimore Gas and Electric and Choptank Electric Cooperative spoke about how they interact with customers threatened with disconnection and how legislators may help constituents maintain electricity service.

In the area of renewable energy, the committee continues to monitor the proceedings of the study of the renewable energy portfolio standard by the Power Plant Research Program in light of the enactment of Chapter 393 of 2017, as amended by Chapter 757 of 2019. The committee anticipates receiving the program's reports and recommendations on renewable energy and nuclear generation early in the 2020 session.

December 9, 2019

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As a follow up to House Bill 329 of 2019, the committee anticipates receiving a report that the committee and the Senate Finance Committee requested from the Maryland Insurance Administration, detailing current Maryland information on the use of occupation and education in rating and pricing auto insurance. Although the bill did not pass, the committees requested the study to assist in consideration of the issue expected in coming years.

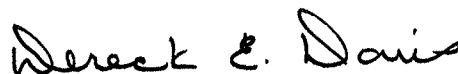
In addition, the committee expects to review the Department of Labor's ongoing implementation of the Maryland Healthy Working Families Act, Chapter 1 of the Acts of 2018, in an early session briefing.

Although the committee considered taking up wireless communications facilities that were the subject of House Bills 654 and 1020, the status of related litigation stayed the committee's hand until the matter is resolved in the court system.

The committee may take up the status of these and other matters of concern in briefings early in the 2020 session.

The Economic Matters Committee wishes to thank those agencies and individuals who contributed their time and talent during this 2019 interim to inform and advise the committee.

Respectfully submitted,



Dereck E. Davis  
Chair

DED/RKS:LHA:MAC:JC/kms

cc: Ms. Victoria L. Gruber  
Mr. Ryan Bishop  
Ms. Alexandra Hughes  
Mr. Jake Weissmann

## **House Environment and Transportation Committee**

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THE MARYLAND HOUSE OF DELEGATES  
ENVIRONMENT AND TRANSPORTATION COMMITTEE

December 9, 2019

The Honorable Thomas V. Mike Miller, Jr., Co-Chairman  
The Honorable Adrienne A. Jones, Co-Chairman  
Members of the Legislative Policy Committee

Ladies and Gentlemen:

On behalf of the Environment and Transportation Committee, I am submitting this summary report of the committee's activities during the 2019 interim.

The committee identified a number of issues for study this interim, primarily by way of work group meetings. In addition, the committee went on five site visits. Lastly, many members worked diligently throughout the interim to assist the work of the committee by participating in several task forces and study commissions.

## Issues

### Land Use

#### Solar Energy Development

During the 2019 session, the committee considered but did not pass legislation (House Bill 532/Senate Bill 744) that would have established a commission to study and make recommendations regarding the development and siting of solar energy projects in Maryland. In light of conflicting testimony on several key issues, the committee concluded that a more in-depth review of the topic should take place during the interim.

The chair of the committee, along with the vice chair of the committee and the chair of the Land Use and Ethics Subcommittee formed a work group and met with stakeholders to further study issues relating to solar energy development in Maryland. The work group met with representatives of State and local government to gather information on the current framework for solar energy project siting in the State. In addition, the work group held a roundtable discussion with a variety of interested parties, including representatives of State and local government, utility-scale solar, small-scale solar, farming, environmental organizations, land preservation organizations, and an energy utility. The primary goal of the roundtable discussion was to further examine the challenges relating to siting solar energy projects in areas with low potential for conflict with natural and agricultural resources, as well as to explore options for reducing those challenges.

The Honorable Thomas V. Mike Miller, Jr., Co-Chairman  
The Honorable Adrienne A. Jones, Co-Chairman  
Members of the Legislative Policy Committee  
December 9, 2019  
Page 2

The committee is also monitoring the activities of the Task Force on Renewable Energy Development and Siting, which was established by the Governor by executive order in August 2019. The Task Force is required to submit a preliminary report to the Governor by December 1, 2019 (a final report is due August 14, 2020).

## **Natural Resources**

### **Hunting**

Over the years the committee has heard a considerable amount of legislation related to Sunday hunting. Among the issues that Sunday hunting legislation generally addresses are the counties to which the legislation applies, the hours and days for Sunday hunting, the species involved, and the application of the legislation to public or private land. Over the 2019 interim, the committee worked with the Department of Natural Resources (DNR) to harmonize and clarify provisions of law governing Sunday hunting. The committee intends to continue this process in anticipation of legislation addressing these matters during the 2020 session.

## **Motor Vehicles and Transportation**

### **Automated Enforcement**

#### *Speed Monitoring Systems*

Chapter 806 of 2018 and Chapter 586 of 2019 together authorized the use of speed monitoring systems under specific standards on Maryland Route 210 (Indian Head Highway) in Prince George's County, one of the most dangerous highways in the State. These Acts were the first instances in which Maryland law authorized the use of speed monitoring systems at a specific location not associated with a school zone, residential zone, or highway work zone. During the 2019 interim, the committee further reviewed policies related to the use of speed monitoring systems for specific stretches of Maryland highways, including policies addressing the determination of dangers posed by specific highways, standards for the use of speed monitoring systems on these highways, the use of revenues derived from these speed monitoring systems, and appropriate termination provisions for the authorization to use these speed monitoring systems. The committee will continue this review in anticipation of legislation addressing these matters during the 2020 session.

#### *Move Over Safety Monitoring Systems*

Under the Maryland Vehicle Law, when approaching an emergency vehicle that is stopped, standing, or parked and using its visual signals, a driver is required to (1) if practicable "move over" to a lane further away from the emergency vehicle; or (2) slow to a reasonable and prudent speed given the conditions. House Bill 1368 of 2019 would have established a governing



The Honorable Thomas V. Mike Miller, Jr., Co-Chairman  
The Honorable Adrienne A. Jones, Co-Chairman  
Members of the Legislative Policy Committee  
December 9, 2019  
Page 3

framework for the use of move over safety monitoring systems on emergency vehicles to enforce the “move over” law. On December 12, 2019, the committee will hold a demonstration of and briefing on the operation of this technology in anticipation of corresponding legislation during the 2020 session.

### **Monorails**

If used in the right circumstances, a monorail can be an integral part of a transit system. Monorails are often cheaper to build, can be used within existing rights-of-way (including highway medians), and are environmentally friendly. Toward the end of the 2019 interim, the committee anticipates reviewing a draft monorail feasibility study report, prepared by the Maryland Department of Transportation and the Maryland Transportation Authority as required by the Board of Public Works, in anticipation of a possible briefing on the matter during the 2020 session.

## **Full Committee Site Visits**

### **August**

On August 22, by invitation of DNR, the committee toured the Severn River in Anne Arundel County to discuss and observe oyster restoration efforts. The committee also received a demonstration by the Natural Resources Police on the Maritime Law Enforcement Information Network. The committee then traveled to Kent Island in Queen Anne’s County to explore the Ferry Point Climate Resiliency Project and receive a briefing on DNR’s climate resiliency efforts. Finally, the committee received a briefing on the status of the Phase III Watershed Implementation Plan.

### **September**

On September 19, the committee visited the Eastern Shore to tour the Eastern Shore Conservation Center, the University of Maryland Center for Environmental Science Ferry Point Hatchery, and the Sears Farm Agricultural Ditch Retrofit and Stream Restoration Project.

### **October**

On October 23, the committee visited Harford County to tour the Conowingo Dam.

### **November**

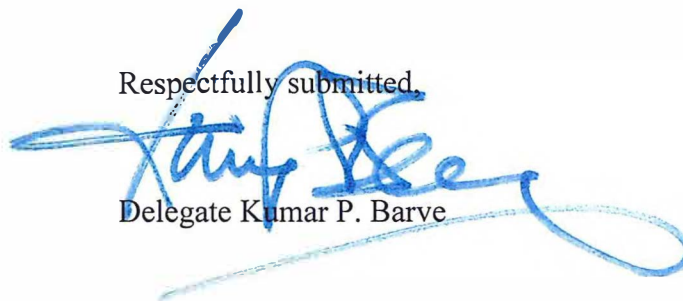
On November 7, the committee visited the Eastern Shore and met with individuals from the Maryland Department of Agriculture and the farming community. The committee toured a poultry farm, a winery, and a cash grain and vegetable cropping operation.

The Honorable Thomas V. Mike Miller, Jr., Co-Chairman  
The Honorable Adrienne A. Jones, Co-Chairman  
Members of the Legislative Policy Committee  
December 9, 2019  
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On November 15, some members of the committee visited Garrett County to tour Wolf Den Run State Park. Wolf Den Run State Park is Garrett County's newest State Park and opened in July 2019.

The Environment and Transportation Committee wishes to thank the many private citizens and public officials who participated in the committee's activities during the 2019 interim; their time and talents are greatly appreciated.

Respectfully submitted,



Delegate Kumar P. Barve

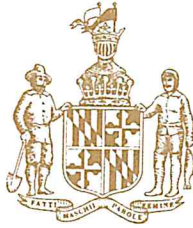
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cc: Ms. Victoria L. Gruber  
Mr. Ryan Bishop  
Alexandra Hughes  
Jake Weissmann

## **House Health and Government Operations Committee**

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THE MARYLAND GENERAL ASSEMBLY  
ANNAPOLIS, MARYLAND 21401-1991

**HEALTH AND GOVERNMENT OPERATIONS COMMITTEE**

December 12, 2019

The Honorable Thomas V. Mike Miller, Jr., President of the Senate  
The Honorable Adrienne A. Jones, Speaker of the House  
Members of the Legislative Policy Committee

Ladies and Gentlemen:

This letter responds to your request for a summary of the interim work of the Health and Government Operations Committee. The full committee met two times in 2019: on October 8 and December 10. At the October 8 meeting, the committee received briefings on health insurance rates approved by the Maryland Insurance Administration (MIA) for 2020, the *MIA Report on Cost-Sharing Trends in Health Insurance*, the Maryland Health Benefit Exchange (MHBE) *Affordability Work Group Report*, the MHBE *State Benchmark Plan Work Group Report*, MIA's pharmacy benefit manager (PBM) regulations, and the Maryland Department of Health's (MDH) audit of PBMs that contract with medical care organizations. On December 10, the committee received a briefing on MDH's behavioral health system of care. In addition, on November 12, 2019, members of the committee attended a Senate Finance Committee briefing on hospital facility fees.

The Health and Government Operations Committee appreciates the advice and assistance of the numerous private citizens and public officials who participated in the committee's activities during the 2019 interim. As chairman, I would also like to thank the committee members and staff for their time and effort.

Sincerely,

A handwritten signature in cursive script, reading "Shane Pendergrass".

Delegate Shane E. Pendergrass  
Chair  
Health and Government Operations Committee

SEP/ERH:LAR:LJS/bao

Enclosure

cc: Ms. Victoria L. Gruber  
Mr. Ryan Bishop  
Members, Health and Government Operations Committee



# **House Health and Government Operations Committee**

## **2019 Interim Report**

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### **Approved 2020 Individual and Small Group Rates**

The Maryland Insurance Administration (MIA) briefed the committee on October 8, 2019, on health insurance rates approved for calendar 2020 and described how the State reinsurance program has reduced rates for the second consecutive year. For calendar 2019, individual market premium rates approved by MIA declined by an overall 13.2%, and for calendar 2020, approved rates fell an additional 10.3%. Without the program, the 2020 rates would have increased by 27.6%.

### ***MIA Report on Cost-Spending Trends in Health Insurance***

The 2019 *Joint Chairmen's Report* requested that MIA produce an informational report on trends in health insurance. On October 8, 2019, MIA briefed the committee on its findings. MIA found that (1) the average actuarial value of plans in the individual and small group markets increased between 2016 and 2018, meaning plans were covering a higher percentage of total average costs for covered benefits; (2) the average medical deductible increased steadily between 2016 and 2018; (3) the average drug deductible has gradually declined since 2016; and (4) the average out-of-pocket (OOP) maximum increased through 2018 and is approaching the maximum allowable for OOP expenses under federal regulations.

### ***Maryland Health Benefit Exchange Affordability Work Group Report***

The Maryland Health Benefit Exchange (MHBE) established an affordability workgroup to develop recommendations to reduce OOP costs and maximize affordability for both subsidized (those receiving advanced premium tax credits) and unsubsidized consumers. MHBE briefed the committee on the workgroup's findings at the October 8, 2019 meeting. The workgroup found that the reinsurance program has helped to stabilize the individual market and provide insurance to individuals with chronic illnesses that would not otherwise be able to obtain insurance. Further, the workgroup found that young adults between the ages of 19 and 34 represent the largest group of the remaining uninsured in Maryland. The workgroup recommended continuing the reinsurance program and considering a young adult subsidy that would require Maryland to apply for an additional 1332 Waiver. MHBE also told committee members that it has required carriers to offer value plans through the individual exchange for calendar 2020. Value plans will cap deductibles at \$2,500 for silver plans and \$1,000 for gold plans and will increase access to health care services with copayments before deductibles apply.

## **MHBE State Benchmark Plan Work Group Report**

The MHBE State Benchmark Plan Work Group was required to determine whether the current benchmark plan meets the needs of the individual market and issue a report of its findings and recommendations. MHBE briefed the committee on the workgroup report on October 8, 2019. The workgroup reported two findings and three recommendations.

First, the workgroup found that the State Benchmark Plan differs from other states by not including weight loss and routine foot care and including a more generous drug formulary and limitless acupuncture. To address the finding, the workgroup recommended that the State establish a definition statement that the ideal benchmark plan is “[c]omprehensive, high quality, non-discriminatory, customized to the individual needs and unique morbidity profile of Marylanders, and encourages participation in the individual and small group markets” and criteria for determining whether a plan meets the definition statement. Additionally, the workgroup recommended that to make the benchmark plan more effective, the State should conduct studies on mandated services, consumer experience with benefits, and the intersection of social determinants of health and benefits.

Second, the workgroup found that § 31-116(c)(1) of the Insurance Article precludes the State from modifying the benchmark plan without a directive from the U.S. Secretary of Health and Human Services. In response to this finding, the workgroup recommended amending the statute to allow the State to modify the benchmark plan and establish modification criteria to ensure study-driven decision making, consideration of special populations, ample public input, and process transparency.

## **Pharmacy Benefit Manager Regulations**

House Bill 754 of 2019 made several changes to provisions of law regulating pharmacy benefit managers (PBM) and required MIA to adopt regulations to implement those changes. On October 8, 2019, MIA briefed the committee on its process of drafting the regulations. MIA established a workgroup to draft regulations that met eight times during 2019. The workgroup distributed draft regulations for comment on two separate occasions and were awaiting responses to the second draft when MIA presented to the committee. Through questions asked by committee members, the committee learned that the draft regulations discourage PBMs from modifying compensation but do not prohibit it. Members expressed concern that it was the legislative intent to prohibit the modification of compensation. However, MIA explained that the legislation passed by the General Assembly only prohibits a PBM or a purchaser from directly or indirectly charging a contracted pharmacy, or holding a contracted pharmacy responsible for, a fee or performance-based reimbursement related to the adjudication of a claim or an incentive program *if* the pharmacist is not provided notice at the time of claim processing or the initial remittance advice of an adjudicated claim. Members indicated that legislation will be introduced during the 2020 session to address the issue.



## **Audit of PBMs That Contract with Medical Care Organizations**

House Bill 589 of 2019 required the Maryland Medical Assistance Program (Medicaid) to contract with an independent auditor for an audit of PBMs that contract with managed care organizations (MCO) and provide the results of the audit to the General Assembly by December 1, 2019. The Maryland Department of Health (MDH) provided the committee with an update of the audit on October 8, 2019. MDH contracted with Myers and Stauffer to collect and review (1) contracts between MCOs and PBMs; (2) contracts between PBMs and pharmacies; (3) claims data from MCOs and PBMs; and (4) questionnaires completed by PBMs. The preliminary conclusion of the audit found that all MCOs and PBMs used spread pricing in 2018. At the time MDH presented to the committee, it was expecting the completion of a detailed claim analysis to validate the accuracy of the claims data from MCOs.

MDH indicated that in calendar 2020 it plans to phase out spread pricing and eliminate its use by 2021. MDH also indicated that it intends to make administration fees and reimbursement more transparent. Committee members expressed concern that MDH had not compared spread pricing in Maryland to spread pricing in other states that have undergone similar audits. Members also voiced concern that, because of the continued use of spread pricing, many small pharmacies will close before 2021 if MDH does not find another solution.

## **Maryland Behavioral Health System of Care**

On December 10, 2019, representatives from MDH, Mr. Dennis R. Schrader, Chief Operating Officer and Medicaid Director, and Dr. Lisa A. Burgess, Acting Deputy Secretary for the Behavioral Health Administration, provided an update on the Maryland Behavioral Health System of Care. In July 2019, MDH established a Behavioral Health System of Care workgroup to examine how Maryland should provide, administer, and finance Medicaid behavioral health services with the Maryland Total Care of Care Model. The goal of the workgroup is to increase care coordination and quality for Medicaid enrollees, be cost efficient, and promote access to care. Members of the workgroup include representatives from mental health consumer groups, substance use disorder consumer groups, behavioral health providers, local systems managers, hospitals, MCOs, and local health departments.

Mr. Schrader provided an overview of the system of care design team that includes a steering committee, stakeholder discussion groups, a working group with a chair and representatives from the discussion groups, and a project manager. The design principles for the system of care will be centered around quality integrated care management, oversight and accountability, cost management, access to behavioral health services through provider administration and network adequacy, and parity. MDH is working on the operational framework to implement these principles and on documenting the system processes and improvements that will be needed. By early spring 2020, MDH expects to finalize the framework to propose, organize, and discuss categories of improvements to operationalize design principles. If legislation is needed for implementation, it would be proposed during the 2021 session. Dr. Burgess noted that the



workgroup has been working closely with the Governor's Commission to Study Mental and Behavioral Health.

### **Hospital Facility Fees**

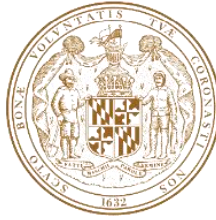
On November 12, 2019, members of the committee attended a Senate Finance Committee briefing on hospital facility fees. The briefing was a follow-up to Senate Bill 803 and House Bill 849, which attempted to mandate disclosure of the hospital facility fees to patients. A summary of the briefing is provided in the Senate Finance Committee's interim report.



## House Judiciary Committee

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THE MARYLAND HOUSE OF DELEGATES  
JUDICIARY COMMITTEE

December 18, 2019

The Honorable Thomas V. Mike Miller, Jr., Co-Chair  
The Honorable Adrienne A. Jones, Co-Chair  
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The House Judiciary Committee respectfully submits this summary report of its activities during the 2019 interim.

On August 5, 2019, the committee toured three correctional facilities in Jessup operated by the Department of Public Safety and Correctional Services – Maryland Correctional Institution – Jessup, Dorsey Run Correctional Facility, and Maryland Correctional Institution – Women. Later that day, the committee met with a group of correctional officers and union representatives to discuss their concerns about their working conditions.

On September 16, 2019, the committee visited the Howard County Child Advocacy Center in Ellicott City to learn about the services provided by that agency. At that site, the committee was briefed by Howard County Chief of Police Lisa Myers and Howard County State's Attorney Rich Gibson regarding law enforcement in Howard County. Committee members then traveled to the Howard County Public Safety Training Facility in Marriottsville where they toured the facility, received gun safety and educational instruction, and participated in an active shooter police training simulation activity.

On October 8, 2019, the Law Enforcement Officers – Public Information Workgroup held an organizational meeting.

On November 7 and 8, 2019, the committee held an overnight retreat at the Hyatt Regency Chesapeake Bay in Cambridge. Briefings were conducted on the topics of DNA Evidence, Pretrial Release, Provision of Mental Health Services in Correctional Facilities, Special Police Officers, Asbestos Litigation Update, and Medical Liability Update. In addition, the second meeting of the Law Enforcement Officers – Public Information Workgroup was held.

The committee plans to conduct a third meeting of the Law Enforcement Officers – Public Information Workgroup in December or early January.

The House Judiciary Committee had a productive interim and we are looking forward to applying what we have learned during our interim activities to our consideration of bills introduced in the upcoming legislative session.

Sincerely,

A handwritten signature in cursive script that reads "Luke Clippinger".

Luke Clippinger  
Chair

LC/CER/mta

cc: Mr. Jake Weissman  
Ms. Alexandra Hughes  
Ms. Victoria L. Gruber  
Mr. Ryan Bishop

## **House Ways and Means Committee**

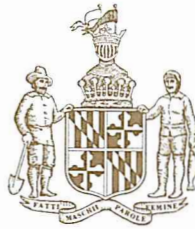
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ANNE R. KAISER  
Legislative District 14  
Montgomery County

Chair  
Ways and Means Committee



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THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401  
WAYS AND MEANS COMMITTEE

November 20, 2019

The Honorable Thomas V. Mike Miller Jr., Co-Chair  
The Honorable Adrienne A. Jones, Co-Chair  
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The House Ways and Means Committee respectfully submits its report of activities for the 2019 interim. The committee had a productive interim that included a site visit, an interim study, and a briefing that will inform the committee's legislative work during the 2020 session of the General Assembly and in future years. A summary of the committee's activities is listed below.

**Full Committee**

On October 18, 2019, the committee visited several sites in Cecil County that were related to economic development, education, taxes, and gaming. The committee began its day with a tour of the Fair Hill Natural Resources Management Area site in Elkton. Fair Hill is the site of the Fair Hill Training Center, where several top thoroughbred racehorses are trained. It is also the home of the Fair Hill International's annual Festival in the Country, an international eventing equestrian competition featuring dressage, cross-country, and show jumping. The committee visited the fairgrounds on the day before the festival was scheduled to begin, and committee members were treated to a tour of the grounds where the event was to be held. In 2017, the U.S. Equestrian Federation chose Fair Hill to become home to a Fédération Equestre Internationale five-star event. There are only six other five-star events in the world and only one other in the United States. The State, through the Department of Natural Resources (DNR) has helped fund renovations to prepare the grounds for this event. During the committee's time at Fair Hill, members toured the future site of the five-star event, which was under construction, and learned from DNR and race officials about the event and how it could impact tourism in the region.

The committee then toured the NorthBay Adventure Camp in North East. NorthBay contains many facilities for various educational programs for groups of students, hosting 10,000 public school students per year. One of the major programs is a five-day, four-night residential program in which environmental education is combined with character development. Committee members toured the facilities, participated in some of the adventure activities, and observed part of an environmental course.

November 20, 2019

Page 2

The committee ended its day with a tour of the Hollywood Casino in Perryville. Committee members learned about the casino's future plans and received a presentation about the casino's tax rate in comparison with other casinos in the State.

Finally, on November 13, 2019, the committee met jointly with the Senate Budget and Taxation Committee, the House Appropriations Committee, and the Spending Affordability Committee for a fiscal briefing from the Department of Legislative Services (DLS).

### **Election Law Subcommittee**

During the 2019 session, the committee referred House Bill 565, which would have required all voters to use ballot marking devices at polling places, to interim study. Over the summer, DLS staff gathered information from various sources, including from the National Conference of State Legislatures and academic literature. At a public meeting on November 5, 2019, DLS staff briefed members of the Election Law Subcommittee and other committee members on the results of the study. The briefing covered the history of Maryland's ballot marking device policy, ballot marking device policies in other states, advantages and disadvantages of using ballot marking devices for all voters, and policy options on ballot marking devices. This briefing will help inform the committee's deliberations on ballot marking device policy during the 2020 session.

The committee would like to extend its gratitude to the State and local officials as well as other private and public individuals who contributed their time, effort, knowledge, and talent during the 2019 interim to inform and advise the committee on issues of interest to the committee. The committee would also like to thank DLS and the committee staff for their continued support.

Respectfully submitted,



Anne R. Kaiser  
Chair

cc: Ms. Victoria Gruber  
Mr. Ryan Bishop  
Ms. Alexandra Hughes  
Mr. Jake Weissmann

## **Statutory and Special Joint Committees**

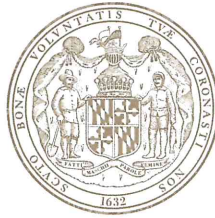
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**Joint Committee on  
Administrative, Executive, and Legislative Review**

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MARYLAND GENERAL ASSEMBLY  
JOINT COMMITTEE ON ADMINISTRATIVE, EXECUTIVE, AND LEGISLATIVE REVIEW

December 14, 2019

The Honorable Thomas V. Mike Miller, Jr., Co-chair  
The Honorable Adrienne A. Jones, Co-chair  
Members of the Legislative Policy Committee

Dear Members of the Legislative Policy Committee:

The following report of the Joint Committee on Administrative, Executive, and Legislative Review for 2019 is submitted in accordance with § 2-506(b) of the State Government Article.

**Functions of the Committee**

The committee has several statutory review functions relating to the activities of the Executive Branch. The committee's primary role is to review regulations issued by State administrative agencies. The specific statutory functions of the committee are as follows:

- review of all regulations proposed by State executive agencies before publication of the regulations in the *Maryland Register*;
- review and approval of all requests from State executive agencies for the immediate adoption, through the emergency process, of proposed regulations;
- discretionary review of the operations of any executive agency;
- discretionary inquiry into any alleged failure of an officer or employee of any branch of State government to comply with the laws of the State;
- review and approval of any executive order promulgated by the Governor pursuant to the Governor's emergency energy powers under Title 14, Subtitle 3 of the Public Safety Article;



- review of executive agency “work plans” and “evaluation reports” submitted in the course of an agency’s cyclical review of its existing regulations under the Regulatory Review and Evaluation Act, as implemented by Executive Order 01.01.2003.20;
- ongoing supervisory responsibilities under the “State Documents Law” relating to the publication of the *Maryland Register* and the *Code of Maryland Regulations* (COMAR) and;
- other specific review responsibilities established by statute.

## Statistical Overview

As of December 9, 2019, the committee had received 8 regulations submitted by executive agencies in 2019 for emergency approval and 279 regulations proposed for adoption within normal timeframes, for an overall total of 287 regulations. In 2018, the committee received 9 emergency regulations and 385 proposed regulations for a total of 394 regulations.

The committee has compiled statistics since 1993 on the number of regulations received by the committee from each agency. The Maryland Department of Health (MDH) consistently has been the most prolific in submitting regulations to the committee. In 2019, MDH submitted 64 regulations to the committee, of which 2 were emergency regulations and 62 were proposed regulations. The regulations submitted by MDH constituted approximately 22% of the total number of regulations the committee received for the year.

The Department of Natural Resources, which submitted 37 proposed regulations, was the second most prolific source of regulations. The Department of Labor (formerly the Department of Labor, Licensing, and Regulation), submitted 1 emergency regulation and 30 proposed regulations, and was the third most prolific source of regulations. The State Board of Education was the fourth highest source of regulations in 2019, submitting 1 emergency regulation and 28 proposed regulations, for a total of 29 regulations. Other agencies submitting significant numbers of regulations were the Maryland Insurance Administration (13 proposed regulations), the Department of the Environment (1 emergency regulation and 11 proposed regulations), the Maryland Higher Education Commission (11 proposed regulations), the Department of Transportation (1 emergency regulation and 9 proposed regulations), the Department of Agriculture (10 proposed regulations), and the State Board of Elections (9 proposed regulations).

## **Major Regulatory Issues of 2019 – Public Hearings**

In 2019 the committee held public hearings to review regulatory submissions from the State Board of Education as described below.

### **State Board of Education**

#### **Emergency Regulations**

**DLS Control No. 19-169E**

**State Board of Education: School Personnel:**

**State Board of Education Teacher Member Election:**

**COMAR 13A.07.13.01-.07**

Chapters 576 and 577 of 2019 increased the membership of the State Board of Education by adding a certified teacher who is actively teaching and a parent of a student enrolled in a public school in the State, with the terms of the initial teacher and parent members to begin January 1, 2020. The Acts also required the adoption of regulations to govern the election of the teacher member.

On September 13, 2019, the State board submitted emergency regulations to establish a process through which a certified teacher may be elected to serve on the State board in accordance with Chapters 576 and 577. The regulations require the State Department of Education to conduct online elections and disseminate information in accordance with specified notice, schedule, and procedural requirements. The regulations also specify eligibility requirements for candidates and the information that must be submitted with a nomination. Two members of the AELR committee requested that a public hearing be held to allow for a more thorough examination of the eligibility requirements and the election process.

**The committee held a public hearing on October 24, 2019 and heard from representatives of the State board, the department, and interested parties. The committee approved the requested emergency status at the hearing, beginning October 24, 2019 and expiring April 21, 2020.**

#### **Proposed Regulations**

**DLS Control Nos. 19-139P, 19-140P, 19-141P, and 19-142P**

**State Board of Education:**

**Large Family Child Care Homes, Child Care – Letters of Compliance, Child Care Centers, and Family Child Care Homes, respectively**

**COMAR 13A.18, 13A.17, 13A.16, and 13A.15, respectively**

**(multiple chapters in each subtitle)**



On August 16, 2019, the State board submitted a suite of regulations relating to child care. The concurrent submissions update and clarify various definitions and requirements that relate to:

- the registration and operation of large family child care homes (DLS Control No. 19-139P);
- letters of compliance and the operation of child care services by certain religious organizations (DLS Control No. 19-140P);
- the licensing and operation of child care centers (DLS Control No. 19-141P); and
- the registration and operation of family child care homes (DLS Control No. 19-142P).

According to the State board, the regulations are necessary to bring Maryland into compliance with the reauthorized federal Child Care Development Block Grant, which establishes the requirements for receiving funding through the federal Child Care Development Fund. The fund provides support for safe and quality child care services and subsidies for low income families. In the process of incorporating the requirements for the fund, the department made other corrections and updates to the regulations.

**The committee held a public hearing on October 24, 2019 and heard from representatives of the State board, the department, and interested parties. In response to concerns raised at the hearing, the committee placed the regulations on hold on November 25, 2019. The department worked with interested parties to address the concerns and the agreed-upon changes to the regulations were approved by the State board at its meeting on December 3, 2019. The committee released the hold on December 5, 2019.**

## **Supervisory Responsibilities under the State Documents Law**

As part of its supervisory responsibilities under the “State Documents Law” (Title 7, Subtitle 2 of the State Government Article), the committee continued to monitor significant developments concerning publications of the Division of State Documents (DSD), a unit within the Office of the Secretary of State. DSD publishes the *Maryland Register* and COMAR.

## **Existing Agency Operations and Regulations**

Under § 2-506(b) of the State Government Article, the committee is required to comment on any legislative action that is needed to change or reverse a regulation of a unit of the Executive Branch. The committee has been satisfied with the continued cooperation it receives from the Executive Branch and is pleased to report that no recommendations for change are required at this time.

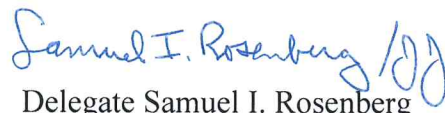
December 14, 2019  
Page 5

The committee wishes to note its appreciation for the continued cooperation of the Executive Branch and its various agencies in making the process of legislative review of regulations successful.

Respectfully submitted,

Handwritten signature of Cheryl C. Kagan in blue ink, followed by a stylized monogram.

Senator Cheryl C. Kagan  
Senate Chair

Handwritten signature of Samuel I. Rosenberg in blue ink, followed by a stylized monogram.

Delegate Samuel I. Rosenberg  
House Chair

CCK:SIR/JJJ:KPK:KHS/cr

cc: Ms. Victoria L. Gruber  
Mr. Ryan Bishop  
Mr. Jake Weissmann  
Ms. Alexandra Hughes

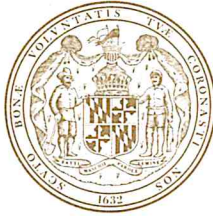


## **Joint Audit and Evaluation Committee**

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MARYLAND GENERAL ASSEMBLY  
JOINT AUDIT AND EVALUATION COMMITTEE

December 17, 2019

The Honorable Thomas V. Mike Miller, Jr., Co-chair  
The Honorable Adrienne A. Jones, Co-chair  
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Audit and Evaluation Committee respectfully submits the report of its activities during the 2019 interim. The committee's work covered the following principal areas of activity.

**Review of Selected Legislative Audits**

The committee met on October 29 and December 17 to review several legislative audits conducted by the Office of Legislative Audits (OLA) in accordance with the authority granted to the committee by Section 2-1224 of the State Government Article. The committee reviewed the following audits:

- Maryland Technology Development Corporation
- Department of Commerce
- Maryland Department of Health
  - Developmental Disabilities Administration
  - Medical Care Programs Administration
- Department of Budget and Management – Office of the Secretary and Other Units
- Maryland 529

## **Summary and Follow-up Audit Reports**

At the October 29 meeting, the committee reviewed the audit reports issued by OLA from January 1, 2019, to September 30, 2019, including those proposed for committee monitoring. At the December 17 meeting, the committee reviewed the audit reports issued by OLA from October 1, 2019, to November 30, 2019.

The summary analyses of items in fiscal compliance audits as of June 30, 2019, were reviewed by the committee at the December 17 meeting. Agencies with five or more repeat audit findings are required to provide status reports to OLA on corrective actions taken on all findings within nine months of the related audit reports and, thereafter, quarterly status reports until satisfactory progress has been made on all findings or the next audit begins.

Review of the follow-up audit process from 2006 through 2019 revealed the following:

- From 2006 to October 2010, 38 audit reports involving 28 agencies had five or more repeat audit findings, requiring those agencies to submit quarterly status reports.
- From October 2010 through December 2016, 4 audit reports had five or more repeat findings. The quarterly status report process for these audits has concluded.
- During calendar years 2017 and 2018, 4 audit reports had five or more repeat findings and have been subject to budget action and/or OLA follow-up review process for agencies with unsatisfactory ratings in addition to the quarterly status report process.
- During calendar year 2019, 1 audit report had five or more repeat findings and will be subject to an OLA follow-up review process for agencies with unsatisfactory ratings in addition to the quarterly status report process.
- Between June 2006 and June 2019, the percentage of repeat audit findings decreased from 40% to 26%. However, the percentage of repeat findings has risen slightly over the past two years from a low of 23%. As of June 2019, 6% of findings were repeated after the second subsequent audit.

In addition, at the December 17 meeting, OLA presented to the committee on audit findings and recommendations related to the protection of personally identifiable information (PII) by State agencies. The presentation revealed that of the 457 audit reports issued from fiscal 2014 through November 2019, 77 reports involving 69 units of State and local government identified 84 findings concerning the lack of adequate controls over the protection of PII, including 12 repeat findings. PII control issues commonly identified in audits include those related to PII data protection, access, and policies.

### **Budget Actions on Repeat Audit Findings**

Since 2013, the *Joint Chairmen's Report* (JCR) has included budget bill language restricting appropriations for agencies with four or more repeat audit findings until corrective action has been taken. In 2018, the JCR included fund restrictions for six agencies with four or more repeat audit findings. These agencies made progress in addressing 24 of the 33 repeat findings. The restricted funds for five of the six agencies were released.

The 2019 JCR required one agency to take corrective actions for repeat audit findings; a portion of the administrative appropriation for fiscal 2020 has been withheld from this agency until the agency submits a report to the budget committees describing corrective actions taken to address the findings.

### **Additional Areas of Committee Study**

- **University of Maryland Medical System Corporation (UMMSC) Audits:** Chapters 18 and 19 of 2019 required, among structural and other changes to UMMSC, that two audits be conducted in the short-term: (1) a performance audit conducted by a certified public accountancy firm (CPA) competitively procured by UMMSC; and (2) a forensic audit conducted by OLA.
  - For the performance audit, the Acts required the CPA firm to consult with the committee and OLA in the development of the audit's scope and objectives; the CPA firm did so in July/August and incorporated the suggestions. The performance audit is due to the Governor, the President of the Senate, and the Speaker of the House of Delegates by December 31, 2019.
  - For the forensic audit, the Acts required OLA to collect and analyze information related to contracts and procurements by members of the UMMSC board beginning in 2016. The report was originally due to the Governor, the President of the Senate, and the Speaker of the House of Delegates by December 15, 2019, but OLA requested and received an extension until March 13, 2020, due to delays in receiving information from UMMSC.
- **Racetrack Facility Renewal Account (RFRA) Information Request:** By letter dated July 22, 2019, the committee requested information related to funds awarded from RFRA by the Maryland Racing Commission. The commission responded to the committee's request in a letter dated August 21, 2019.
- **Office of the Commissioner of Financial Regulation (OCFR) Information Request:** By letter dated July 22, 2019, the committee requested information from OCFR on whether current OCFR practices are sufficient to ensure access to credit for Marylanders who traditionally have minimal or no such access. Specifically, the committee requested



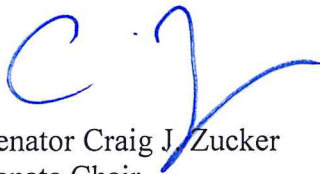
information on the inclusiveness of the banking system in Maryland and the availability of credit enhancement services for individuals who are unbanked or underbanked. OCFR responded to the committee's request in a letter dated October 1, 2019.

#### **Enhanced Committee Purview**

Finally, Chapters 510 and 511 of 2019 established the Office of Program Evaluation and Government Accountability (OPE) in the Department of Legislative Services (DLS), effective July 1, 2019. The Acts also renamed and expanded the purview of what is now the Joint Audit and Evaluation Committee to include OPE. The office has similar powers and responsibilities to OLA but with respect to conducting performance evaluations instead of audits. The office director position was filled in November 2019, and implementation is ongoing. OPE's first evaluations are anticipated in 2020.

The committee extends its appreciation for the assistance and information provided by State and local officials, private citizens, and the staff of DLS during the 2019 interim.

Respectfully submitted,



Senator Craig J. Zucker  
Senate Chair



Delegate Shelly Hettleman  
House Chair

CJZ:SH/EJA/mag

cc: Members of the Joint Audit and Evaluation Committee  
Mr. Jake Weissmann  
Ms. Alexandra Hughes  
Mr. Gregory A. Hook  
Mr. Michael Powell  
Ms. Victoria L. Gruber  
Mr. Ryan Bishop

## **Joint Committee on Behavioral Health and Opioid Use Disorders**

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THE MARYLAND GENERAL ASSEMBLY  
ANNAPOLIS, MARYLAND 21401-1991

**JOINT COMMITTEE ON BEHAVIORAL HEALTH AND OPIOID USE DISORDERS**

December 10, 2019

The Honorable Thomas V. Mike Miller, Jr., Co-Chair  
The Honorable Adrienne A. Jones, Co-Chair  
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Committee on Behavioral Health and Opioid Use Disorders respectfully submits the following summary of its 2019 interim activities.

The joint committee met on November 20, 2019, and received updates on the Governor's Opioid Operational Command Center and the Prescription Drug Monitoring Program and rate increases for adult residential substance use disorder treatment.

**Governor's Opioid Operational Command Center**

Steven R. Schuh, Executive Director of the Opioid Operational Command Center (OOC), provided an overview of the work of OOC. Mr. Schuh's presentation included fatality data and trends, the State's response, policy priorities, OOC's mission and operations, OOC's grant programs, key accomplishments of OOC, and information about State Opioid Response Grants. Mr. Schuh noted that deaths from opioids in the State are declining from a peak of 2,143 deaths in 2018. He also noted that currently the vast majority of overdose deaths involve fentanyl.

In response to the opioid epidemic, the State has formed Opioid Intervention Teams (OIT) at the local level. According to Mr. Schuh, OOC allocates approximately \$10 million in crisis grants per year, \$4 million of which are allocated as block grants and \$5.5 million as competitive grants to OITs in Maryland's 24 jurisdictions. Mr. Schuh stated that he visited each of the OITs and that OOC has identified over 75 promising practices that will be used to develop an Opioid Use Disorder Program Inventory. In addition, OOC works with the Maryland Department of Health (MDH) to allocate \$33 million in federal State Opioid Response Grants.

**Prescription Drug Monitoring Program**

Frances B. Philips, Deputy Secretary of the Public Health Services Administration in MDH, and Kate Jackson, Director of the Office of Provider Engagement and Regulation in MDH, updated the joint committee on the Prescription Drug Monitoring Program (PDMP). The mission of PDMP is to collect controlled dangerous substance prescription dispensing information and to enable authorized users' access to the data for the purpose of improving the health and safety of Maryland patients and the public. According to Ms. Jackson, since 2015, total opioid prescriptions dispensed to Maryland recipients have been reduced by 31.6%. Ms. Jackson also noted that, in response to legislation requiring providers to register with PDMP, 87% of the individuals subject to the registration mandate have complied. Also, since



the effective date of the July 1, 2018 mandate requiring use of PDMP by prescribers and dispensers, there has been a nearly 70% increase in queries by registered users. Ms. Jackson updated the joint committee on unsolicited reporting notifications, which is the authority to analyze PDMP data and proactively inform prescribers about a finding. Since 2016, PDMP has sent notifications to users regarding 717 multiple provider episodes, 177 fatal overdose notifications, and 8 “high amount” of opioid prescriptions. Legislation passed in 2019 requires, instead of authorizes, PDMP to provide unsolicited reporting notifications and allows PDMP to refer cases to the Office of Controlled Substances Administration in MDH for further review. PDMP is currently implementing this requirement, which will be discussed in their annual report to the General Assembly.

Pegeen Townsend, Vice President of Governmental Affairs for MedStar Health, and Dr. Danielle Gerry, Associate Medical Director of MedStar Health, briefed the joint committee on the reporting of PDMP data to managed care organizations (MCO). House Bill 847 of 2019 would have allowed the medical director of an MCO to access PDMP data to comply with the Corrective Managed Care Program in Medicaid and the standards developed by the Maryland Medicaid Opioid Drug Utilization Review Workgroup. The statute governing PDMP allows 12 specific entities to query the system, which does not include MCO medical directors. According to MedStar Health, this lack of access to PDMP data hinders their ability to comply with State-mandated programs.

#### **Rate Increases for Adult Residential Substance Use Disorder Treatment**

Jake Whitaker, Deputy Director of the Office of Governmental Affairs in MDH, updated the joint committee on rate increases for adult residential substance use disorder treatment that were mandated by the Heroin and Opioid Prevention Effort (HOPE) and Treatment Act of 2017. According to Mr. Whitaker, the Medicaid program is now in compliance with reimbursing adult residential substance use disorder treatment services for required American Society of Addiction Medicine (ASAM) levels of care and for providing a 3.5% rate increase in fiscal 2020 to those levels of care being reimbursed at the time. Substance use disorder treatment services at levels of care that began receiving Medicaid reimbursement in fiscal 2019 will be included in any future rate increases.

The joint committee held a very informative and comprehensive briefing during the 2019 interim. We wish to thank the committee members for their participation, the individuals who briefed the committee, and committee staff for their support.

Sincerely,

Senator Antonio Hayes  
Senate Chair

Delegate Kirill Reznik  
House Chair

AH:KR/ERH:DAS/mag

cc: Members of the Joint Committee on Behavioral Health and Opioid Use Disorders  
Mr. Jake Weissmann  
Ms. Alexandra Hughes  
Ms. Victoria L. Gruber  
Mr. Ryan Bishop

**Joint Committee on the  
Chesapeake and Atlantic Coastal Bays Critical Area**

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THE MARYLAND GENERAL ASSEMBLY

ANNAPOLIS, MARYLAND 21401

December 17, 2019

The Honorable Thomas V. Mike Miller, Jr., Co-chairman  
The Honorable Adrienne A. Jones, Co-chairman  
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Committee on the Chesapeake and Atlantic Coastal Bays Critical Area respectfully submits the following summary of its 2019 interim activities.

During recent interims, the joint committee has monitored the implementation of Chapter 119 of 2008 (Chesapeake and Atlantic Coastal Bays Critical Area Protection Program – Administrative and Enforcement Provisions), which enacted specific recommendations that resulted from a 2007 comprehensive review of the critical area law. During the 2019 interim, the joint committee continued to monitor the ongoing implementation of this legislation and the corresponding regulations to ensure compliance with legislative intent and to determine if any further legislation is necessary.

In addition, due to turnover in the membership of the joint committee, on September 24, 2019, the joint committee held an informational briefing on the Critical Area Program presented by the Critical Area Commission for the Chesapeake and Atlantic Coastal Bays. The commission addressed several general topics, including the critical area law, commission responsibilities, the relationship between the State and local jurisdictions under the program, and growth allocation. The commission also updated the joint committee on specific current issues relevant to the critical areas, including forest conservation and solar panels in the critical area, an update on matters related to Little Dobbins Island, and an update on the status of the critical area mapping program.

The joint committee and the commission also began preliminary planning for a site visit at some point during the 2020 interim. We will continue to forward you the dates and locations of any future meetings and site visits as soon as they are scheduled.

The joint committee greatly appreciates the assistance of the commission and its staff, the Department of Natural Resources, the Office of the Attorney General, the local

The Honorable Thomas V. Mike Miller, Jr., Co-chairman  
The Honorable Adrienne A. Jones, Co-chairman  
Members of the Legislative Policy Committee  
December 17, 2019  
Page 2

programs, and the other public officials who participated in the activities of the joint committee during the 2019 interim.

Respectfully submitted,



Senator Sarah K. Elfreth  
Presiding Chair



Delegate Dana Stein  
House Chair

TPT/RMN/ajn

cc: Ms. Victoria L. Gruber  
Mr. Ryan Bishop  
Mr. Jake Weissmann  
Mr. Alexander M. Hughes

## **Joint Committee on Children, Youth, and Families**

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THE MARYLAND GENERAL ASSEMBLY  
ANNAPOLIS, MARYLAND 21401-1991

**JOINT COMMITTEE ON CHILDREN, YOUTH, AND FAMILIES**

December 10, 2019

The Honorable Thomas V. Mike Miller, Jr., Co-chair  
The Honorable Adrienne A. Jones, Co-chair  
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Committee on Children, Youth, and Families respectfully submits the following summary of its 2019 interim activities.

The joint committee met three times during the interim to consider a multitude of issues impacting children, youth, and families. Joint committee members were interested this year in learning about issues and programs that may be relevant throughout an individual's lifespan, and topics covered by presentations this interim ranged from healthy home visits for new parents through challenges faced by elderly individuals and those who care for them.

The joint committee's first meeting on September 4, 2019, focused on issues related to child care. The National Women's Law Center began the meeting by providing members with a national perspective on child care. Among other things, the presentation reviewed key elements of the federal Child Care and Development Block Grant Act of 2014 and how states, including Maryland, have used the increased funding it provided to enhance child care programs. For example, Maryland has increased provider reimbursement rates and income eligibility levels, reduced parent copays, and created a new position to coordinate criminal background checks. The Maryland State Department of Education next provided an update of the Child Care Scholarship Program. The presentation included an overview of the program, including a review of program expenditures and the number of children and families served in fiscal 2019, as well as information on the most recent market rate survey that is used to set provider reimbursement rates. Representatives from the child care provider community also spoke to the committee about the importance of quality child care and offered insight into operating a child care business, including an overview of the myriad of requirements as set forth in regulation. Finally, the committee heard from representatives of four Local Management Boards, who described their holistic work coordinating local interagency service delivery systems for children, youth, and families. The representatives described some of the programs their local management boards have recently funded and the programs' outcomes benefiting children in Maryland.

The joint committee's meeting on October 16, 2019, was primarily devoted to issues regarding paid family and medical leave. The committee heard an overview of the findings issued in 2017 from the Task Force to Study Family and Medical Leave Insurance as well as information on related legislation that has been introduced since the final report of the task force was issued. A representative

December 10, 2019

Page 2

from MomsRising presented information on related federal legislation and policies in other states, including noting that eight states and the District of Columbia have passed comprehensive paid leave laws and that only 17% of workers have access to paid leave through their employers. The presentation also included statistics on the number of claims filed in some of the jurisdictions with family leave programs as well as information on the benefits of such programs. The joint committee next heard from a panel of presenters representing a broad spectrum of interests, such as employees, children and families, the aging and disabled communities, and small businesses, who all discussed with the committee the benefits that a paid family leave program would have from their perspectives. The October 16 meeting also included a brief presentation on home visiting programs in the State and the importance of these programs.

At the November 20, 2019 meeting, the joint committee heard presentations on long-term care policies and issues for families. Representatives from the Maryland Department of Health began the meeting by briefing the committee on Medical Assistance (Medicaid) long-term care programs and waivers that improve access to services. The joint committee then heard from the National Academy for State Health Policy on other states' approaches to supporting family caregiving by sharing information, assessing family caregivers' needs, offering caregiver training, and improving financing for caregivers' supports. The committee also heard public testimony from two disability rights advocates who described the challenges that they have faced navigating long-term care for individuals with complex medical needs transitioning to adult services. The Maryland Department of Aging and AARP Maryland presented as a panel on caregiving for aging adults including recent policy changes, available programs and innovations, and the increasing need for services. A panel of representatives from The Coordinating Center and a staff member for the Maryland Commission on Caregiving shared systemwide resources and care coordination efforts for families and medically complex individuals. To conclude the meeting, the committee heard from a panel of stakeholders who described critical staffing and personnel issues facing caregivers for aging adults, medically complex individuals, and families. The committee recognizes that long-term care and family caregiving greatly affects families across the State and looks forward to exploring these issues further during the 2020 interim.

The Joint Committee on Children, Youth, and Families wishes to thank those individuals who contributed their time and expertise during the 2019 interim to inform and advise the committee's work.

Sincerely,

  
Mary L. Washington  
Senate Chair

  
Ariana B. Kelly  
House Chair

MLW:ABK/JKB:APW/km

cc: Members, Joint Committee on Children, Youth, and Families

Ms. Victoria L. Gruber

Mr. Ryan Bishop

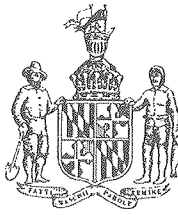
Ms. Alexandra Hughes

Mr. Jake Weissmann

# **Joint Committee on Cybersecurity, Information Technology, and Biotechnology**

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THE MARYLAND GENERAL ASSEMBLY  
ANNAPOLIS, MARYLAND 21401

JOINT COMMITTEE ON CYBERSECURITY, INFORMATION TECHNOLOGY, AND BIOTECHNOLOGY

December 18, 2019

The Honorable Thomas V. Mike Miller, Jr., Co-chair  
The Honorable Adrienne A. Jones, Co-chair  
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Committee on Cybersecurity, Information Technology (IT), and Biotechnology respectfully submits this summary report of its 2019 interim activities. The committee held three meetings during the 2019 interim covering a range of issues related to its charge.

At the first meeting, held June 26, the committee was briefed on the following topics.

- Todd Tucker from the Technology Business Management (TBM) Council, a national nonprofit professional organization, discussed the TBM information technology management strategy. TBM is used by numerous private companies, as well as state-level and federal agencies to cost-effectively manage its IT systems.
- The Department of Information Technology (DoIT) presented on its goals for 2019 and future years, which included standardizing cybersecurity governance across all State agencies, establishing a one-stop portal in the State for license and permit applications, and further developing the State-owned internet service, Network Maryland. DoIT also discussed the newly created State Chief Information Security Officer (CISO) position and its responsibilities. The National Association of State CISOs further discussed the important role played by state CISOs and the importance of comprehensive cybersecurity practices.
- The Maryland Emergency Management Agency (MEMA) and National Guard discussed the State's response and recovery process during and after cyberattacks, and their agencies roles in that process. MEMA advised that its role is primarily one of ensuring coordination between first responders and other involved parties. The National Guard advised that it responds when requested to do so by the Governor, and is primarily involved in triage and stabilization of systems after a cyberattack takes place.



- Richard Forno, Director of the University of Maryland, Baltimore County's graduate cybersecurity program, discussed the program's goals and accomplishments in training the next generation of cybersecurity experts and working to connect those students to State agencies.
- A panel of experts working for private companies in the cybersecurity industry shared a variety of insights and advice for the committee and emphasized the importance of comprehensive cybersecurity practices by discussing recent incidents experienced throughout the State. The centralization of IT systems and administration was a key concern among the experts.

At the second meeting, held October 2, the committee was briefed on the following topics.

- A panel of representatives from the Georgetown University Hospital, University of Maryland School of Medicine, and University of Maryland Children's Hospital presented information on the link between teen and child mental health problems and internet use. The speakers discussed strategies for caregivers to mitigate the risks, including limiting internet use, monitoring content, and using the internet with your teen/child to build healthy internet usage habits.
- Mike Galiazzo, President of the Regional Manufacturing Institute of Maryland, and LaToya Staten, Chief Strategy Officer of Connected2Tech, discussed the future of work and workforce development. Both speakers emphasized that new technologies, including automation, are changing what work will look like in the future. Most notably, entry-level jobs are beginning to require more and more technical skills, as current entry-level jobs (such as retail work) are automated. The speakers made policy recommendations for the committee, including trying to anticipate new technologies and address problems they may cause before the problems arise and supporting workforce development programs through various means.
- The Southern Maryland Agricultural Development Commission, Maryland Farm Bureau, and Mid-Atlantic Farm Credit presented on the future of agriculture. The speakers emphasized the importance of new technologies to farming, the prominence of automation in the industry, and the importance of ensuring farmers have access to credit and loans to afford the new technologies.
- Martin Rosendale, Chief Executive Officer of the Maryland Technology Council, presented on the importance and future of biotechnology, as well as what the State can do to assist the biotechnology industry, including supporting innovation in the industry, ensuring access to capital through incentives and acceleration programs, encouraging workforce development programs, and supporting the construction of infrastructure, such as lab space.

At the third meeting, held December 4, the committee was briefed on the following topics.

- Mike Thielke, from the F3 Tech Accelerator Program, and Aaron Ault, senior research engineer for the Open Ag Technology Center at Purdue University, discussed the importance of data and the automation of data-related processes for the farming industry. They further discussed the technology strategies to make this possible, including new strategies to securely transport and analyze data and open source software.
- Alec Ross, author of the “Industries of the Future,” and former senior advisor for innovation to Secretary of State Hillary Clinton, discussed the effect that automation, artificial intelligence, and robotics will have on the nation’s work and workforce in the coming years. He described the skills that will be less necessary for the workforce to have (such as manual dexterity skills), the skills that will be more necessary for the workforce to have (such as critical thinking and emotional intelligence), and made suggestions on how Maryland legislators can prepare for these changes with the development of technology.
- Representatives from DoIT answered questions from the committee concerning what they as an agency can do and are doing to keep State agencies and other entities in the State (such as public utilities) safe from cyberattack. Among other things, DoIT advised that it cannot do much to help or assist non-State agencies unless they are asked to do so and that it is working on departmental legislation to address various issues with the protection of State data.
- Maryland Technology Development Corporation (TEDCO) and some of its entrepreneurial partners discussed the process by which, TEDCO directly supports technology companies in the State. In addition, TEDCO agreed to survey its partners and entrepreneurs to get a better sense of what the legislature can do to improve the business climate for tech companies in the State.

While the joint committee are still reviewing the input gathered through these three hearings, the key insights and recommendations for consideration going into the 2020 session include the following.

## **State Cybersecurity**

Through numerous conversations with DoIT, the joint committee received a better understanding of the State’s overall cybersecurity posture. These insights are collected in a questions and answers document which the joint committee can provide upon request. The State has made a number of key improvements; however, it is still hampered by key variables, including (1) that only half of state agencies work with DoIT, Legacy systems across the state agencies present vulnerabilities, and the State is significantly under-invested in cybersecurity compared to

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the private sector and other states. Given this context, the joint committee is reviewing legislation to support including:

- statutorily defining the State Chief Information Security Officer (CISO) position and its responsibilities;
- requiring all state agencies using the State-owned internet service to comply with DoIT standards;
- providing incentives for students to connect to the state government through internships and apprenticeship incentives;
- increasing the budget allocation for cybersecurity in accordance with the Cyber Security Council's recommendations and the department's request;
- supporting departmental legislation to address the protection of State data; and
- considering the redaction of specific details of cybersecurity breaches from the publicly available audit reports.

## **Local Government Cybersecurity**

Given the recent cyber-attack on Baltimore City and the economic fallout resulting from the attack, the joint committee was particularly interested in how it could help local governments. Since DoIT is only able to assist non-State agencies when they are asked to do so, and the National Guard only responds when requested to do so by the Governor (and is primarily involved in triage and stabilization after an attack), the joint committee is reviewing legislation to support including:

- encouraging MEMA's coordination role following an attack;
- sharing DoIT products with localities and small businesses, including encouraging local governments to adopt DoIT's cybersecurity policies, security handbook, and 24-hour response plan (which is currently being developed);
- marketing these policies and best practices to small business, potentially with the assistance of the Maryland Small Business Development Center.

## **Workforce Development in Cybersecurity, IT & Biotechnology**

New technologies including automation, robotics, and artificial intelligence are changing what work will look like in the future and it is the State's responsibility to ensure that its students are employable. Most notably, entry-level jobs are beginning to require more and more technical skills, as current entry-level jobs (such as retail work) are becoming more automated. Given this context and the importance of the recommendations of the Commission on Innovation and Excellence in Education (Kirwan Commission) this year, the joint committee is considering how the state can:

- best anticipate new technologies and address potential workforce problems before they arise;
- encourage the development of workforce skills less susceptible to automation (such as analytical and emotional skills);
- ensure our students have a baseline knowledge of IT and cybersecurity when graduating from high school;
- invest in the development of the local and regional workforce; and
- support innovation across industries (in particular biotechnology, agriculture, and aquaculture through access to capital through credit and loans, acceleration programs, encouraging workforce development programs, and supporting infrastructure, such as lab space).

## **Education, IT & Cybersecurity**

Directly related to workforce development, the joint committee is interested in exploring the link between technology and mental health, especially as it relates to students. This issue is directly relevant to the work of the Kirwan Commission and is changing rapidly given the nature of technology. The joint committee is considering:

- encouraging the collaboration of the Maryland State Department of Education (MSDE) and the Department of Health to study and look for opportunities to encourage the mental health of our kids – in partnership with the University of Maryland School of Medicine;
- finding ways to discourage unhealthy practices (such as cyber bullying);

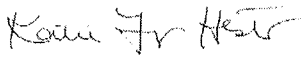
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- finding ways to use technology to support mental health (for example Utah's mental health app for kids which connects them to a variety of resources); and
- developing state-level guidance for caregivers to mitigate the risks, including limiting internet use, monitoring content, and using the internet with your teen/child.

Please contact us or the committee staff, Richard Duncan and Mary Clarke, at (410) 946-5510 if you have any questions concerning the committee's activities.

Respectfully submitted,



Katie Fry Hester  
Senate Chair



Michael A. Jackson  
House Chair

KFH:MAJ/RLD/mta

cc: Mr. Jake Weissman  
Ms. Alexandra M. Hughes  
Ms. Victoria L. Gruber  
Mr. Ryan Bishop

## **Joint Committee on Fair Practices and State Personnel Oversight**

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THE MARYLAND GENERAL ASSEMBLY  
ANNAPOLIS, MARYLAND 21401

**Joint Committee on Fair Practices and State Personnel Oversight**

December 18, 2019

The Honorable Thomas V. Mike Miller, Jr., Co-Chair  
The Honorable Adrienne A. Jones, Co-Chair  
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Committee on Fair Practices and State Personnel Oversight is charged with overseeing the employment policies and personnel systems of the Executive Branch of State government and the State's equal employment opportunity policies and procedures. The committee met twice during the 2019 interim on November 19 and December 17, and is pleased to present its interim report.

**November 19 Meeting**

The first item on the agenda concerned the Governor's Appointments Office involvement in State personnel hiring and promotions. Senator Lam opened this portion of the meeting with a presentation on the history of the role of the Governor's Appointments Office regarding personnel decisions, in response to concerns with the role of the office in vetting certain employees regarding hiring and promotions. Senator Lam also mentioned legislation that passed the General Assembly during the 2019 session that attempted to address the concerns but the legislation was vetoed by the Governor.

The committee next heard from Chris Cavey, Secretary of Appointments in the Office of the Governor regarding the primary function of the office, which is to vet applicants to the various State boards and commissions, and high level political appointees. The office also maintains a database of potential employees for political appointments, but it is not involved with any merit system employment. The Secretary relayed that the office is not involved with hiring and only vets employees at the request of an agency to flag agency conflicts of interests for potential political employees.

The second item on the agenda concerned the waiver of immunity from State employment discrimination law (*Pense v. DPSCS*, 926 F.3d97 (4th Cir. 2019) and Title 20, Subtitle 6 of the State Government Article). Susan Kruger, an attorney from the firm that represents Mr. Pense, opened this portion of the agenda with a description of the court case. Mr. Pense filed a lawsuit in the U.S. District Court for the District of Maryland alleging disability discrimination in violation of the federal Rehabilitation Act, and sexual orientation discrimination and disability discrimination in violation of Maryland's Fair Employment Practices Act (FEPA). The

Department of Public Safety and Correctional Services (DPSCS) filed a motion to dismiss claiming that the 11th Amendment rendered it immune from suit in federal court with respect to the FEPA claims. The District Court judge denied DPSCS's motion and DPSCS then filed an appeal to the Fourth Circuit. The Fourth Circuit ruled in favor of DPSCS, determining that because State law does not explicitly state that the State can be sued in federal court, the statute cannot be read to waive the State's 11th Amendment immunity.

### **December 17 Meeting**

The meeting started with an overview of the use of polygraph tests for State employment. Senator Lam gave a brief presentation on the use of polygraph tests as an employment tool. Senator Lam also described Senate Bill 272, State Correctional Facilities – Correctional Officers – Background Check, which did not pass the General Assembly last session. The bill would have required the Secretary of Public Safety and Correctional Services to require applicants for correctional officer positions to pass either a polygraph test, an extensive background check, or both. Senator Lam concluded with a discussion on the reliability of polygraph tests as an employment tool.

Robert L. Green, Secretary of DPSCS, next described the use of polygraph tests in DPSCS. The test is one tool in the process to hire correctional officers; there is also a psychological test, employment testing, and a background check. Seventy percent of correctional officer applicants are cleared by the polygraph test, and most applicants failing the test do so due to drug use. Lt. Colonel Dalaine Brady, of the Maryland State Police (MSP), detailed the use of polygraph exams in the hiring of State Police Officers and civilian employees. The pre-employment polygraph is one part of the decision process. MSP uses a lifestyle polygraph test, which focuses on drug use and criminal activity. Applicants can receive up to three polygraph tests, depending on false positives. Most applicants pass the test, and there are no disparities for those who have failed. It is the pre- and post-test interviews from the polygraph test that are of the most value to the MSP.

The second item on the agenda was the use of medical cannabis and consideration for State employment. Present for this item were representatives of the three largest State personnel systems. Cindy Kollner, Executive Director of the Office of Personnel Services and Benefits in the Department of Budget and Management (DBM), described how random drug testing works in the State Personnel Management System. Generally for most State employees, the use of medical cannabis is treated similarly as other prescription medications that are not subject to the U.S. Department of Transportation's (USDOT) drug testing regulations. Medical cannabis must be used as medically prescribed and cannot impair job performance. State employees who are subject to testing pursuant to USDOT regulations (e.g., helicopter pilots at Maryland State Police), may not use medical cannabis. Carolyn Skolnik, Associate Vice Chancellor for Human Resources, University System of Maryland (USM), stated that all USM employees are subject to the same drug policy, and employees who deal with the health and safety of students are subject to random drug testing. Judy Slater, Director of Human Resources in the Maryland Department of Transportation (MDOT), relayed that one-half of MDOT employees are subject to the USDOT standards (safety sensitive positions) so these employees are tested for drugs. MDOT basically follows the same process as DBM relating to medical cannabis.



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The third item was a status report on the follow-up to a recent Office of Administrative Hearing's (OAH) Decision regarding AFSCME vs. the State of Maryland. Patrick Moran, President of AFSCME (American Federation of State, County, and Municipal Employees) Maryland Council 3, stated that AFSCME must use different ground rules than other exclusive representatives when negotiating with the State during collective bargaining. Therefore, AFSCME initiated a series of complaints that ended with a decision by OAH siding with AFSCME that the State was participating in unfair labor practices. OAH made recommendations to the State Labor Relations Board but the Board has not acted and the recommendations and the matter are still under litigation. Ms. Kollner said that the State disagreed with the OAH decision and has filed several exceptions. Both Mr. Moran and Ms. Kollner provided that collective bargaining negotiations have resumed but there has been little progress to date.

The meeting continued with the committee receiving its annual update on the State Equal Employment Opportunity Program (EEO) and the EEO complaint process from Glynis Watford, the Statewide Equal Employment Opportunity Coordinator. Ms. Watford described the role of the EEO Coordinator, and relayed the activities of office, which included training and outreach to the State's fair practice officers. Ms. Watkins concluded her presentation by reporting various demographic statistics compiled by the program.

The last two items on the agenda were an overview of the use of permanent versus contractual employees in the State workforce and an update on employees classified as political special appointments and at-will positions filled between July 2017 and August 2019. Regarding the use of contractual positions, Ms. Kollner stated that there are about 3,300 employees in the State Personnel Management System, which has increased slightly from previous years. One of the drivers is the re-employment of State retirees as contractual employees. DBM has initiated a review of the increase in contractual employment and the review should be ready within the next two months. Regarding at-will employment, Ms. Kollner reported that from July 2017 to August 2019, 107 political special appointment positions were filled and 780 special appointment positions were filled. Ms. Kollner concluded the meetings' presentations with demographic information on the filled positions.

We wish to thank the committee members for their participation, the representatives of public and private organizations who kept us informed and expressed their views, and the committee staff for their support.

Sincerely,



Clarence K. Lam  
Senate Chair



Erik L. Barron  
House Chair

CKL:ELB/DAS/cr

cc: Mr. Jake Weissmann  
Ms. Victoria L. Gruber

Ms. Alexandra Hughes  
Mr. Ryan Bishop



## **Joint Committee on Federal Relations**

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THE MARYLAND GENERAL ASSEMBLY  
ANNAPOLIS, MARYLAND 21401-1991

**JOINT COMMITTEE ON FEDERAL RELATIONS**

December 9, 2019

The Honorable Thomas V. Mike Miller, Jr., Co-Chairman  
The Honorable Adrienne A. Jones, Co-Chairman  
Members of the Legislative Policy Committee

Ladies and Gentlemen:

During the 2019 Interim, the Joint Committee on Federal Relations (1) held one briefing on the proposed reauthorization of federal capital funding for the Washington Metropolitan Area Transit Authority (WMATA) and Maryland's withholding of certain WMATA capital funding and (2) undertook its annual review of a portion of the interstate compacts of which Maryland is a member. These activities are summarized below.

**October 2, 2019 Briefing**

The committee held one briefing on October 2, 2019 at 1:00 pm in the William Amoss Room of the Miller Senate Office Building. The committee discussed two primary topics: (1) the proposed reauthorization of federal capital funding for WMATA and (2) Maryland's withholding of certain WMATA capital funding. The participants in the briefing included Andrew Perlstein, Legislative Assistant with the Office of Senator Ben Cardin; Pete K. Rahn, Secretary of the Maryland Department of Transportation; and Regina Sullivan, Vice President of Government Relations with WMATA.

Representatives of the Federal Highway Administration (FHWA) and Build America Bureau (BAB) were also invited to the briefing to discuss federal oversight of highway P3 projects and the extent to which that oversight is changing following a report by the U.S. Department of Transportation's Inspector General's office; however, due to an issue which arose just prior to the briefing, the FHWA and BAB representatives were not able to participate. That topic was not addressed at the briefing, but the committee requested that FHWA and BAB provide any available information on this subject which the entities believe will provide the committee sufficient background on these issues.

The briefing was live-streamed, and a recording of the briefing is available on the Maryland General Assembly website.

The Honorable Thomas V. Mike Miller, Jr., Co-Chairman  
The Honorable Adrienne A. Jones, Co-Chairman  
Members of the Legislative Policy Committee  
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**Presentation by Andrew Perlstein – Legislative Assistant  
Office of Senator Ben Cardin**

Andrew Perlstein's presentation covered the major similarities and differences between H.R. 2520 – the Metro Accountability and Investment Act; and S. 1663 – the Metro Safety, Accountability, and Investment Act of 2019.

As background, the 2008 Passenger Rail Investment and Improvement Act (PRIIA) authorized federal capital funding of \$150 million per year for 10 years for WMATA; however, the original authorization ended in federal fiscal year 2019. Although there was no authorization in federal fiscal year 2020, the presidential budget request included \$150 million to maintain funding at the current level. Despite this, Mr. Perlstein stated that the system is in a much stronger position with a long-term funding authorization.

Both bills reauthorize the capital funding for WMATA, and authorize additional funding, but in somewhat different ways. H.R. 2520 reauthorizes the base grants at \$2 billion over 10 years (equivalent to the existing \$150 million per year plus an additional \$50 million per year), with the additional funds to be used for operating expenses of the WMATA Office of Inspector General and WMATA generally. The reauthorized (and additional) funding is conditioned on reforms to the WMATA Office of Inspector General, including the establishment of independent hiring, budget, and procurement authorities for the office. Further, the bill authorizes an additional \$2 billion in grants over 20 years if (1) WMATA meets various reliability, safety, and cost efficiency measures developed by the Secretary of the U.S. Department of Transportation and (2) the regional partners establish a dedicated funding source for capital projects that is expected to raise, in total, at least \$300 million annually. S. 1663 reauthorizes grant funding at current levels (\$150 million per year), and authorizes an additional \$50 million per year provided that certain conditions established by the bill are met, including WMATA Office of Inspector General reforms, the establishment of bus and rail safety task forces, and the implementation of specified capital program and planning procedures and reporting. Finally, S. 1663 would generally prohibit the use of financial assistance made available to WMATA under the Act for the acquisition of rail rolling stock from a manufacturer related legally or financially to a corporation based in a specifically-defined nonmarket economy country.

Mr. Perlstein indicated that, at the time of the briefing, neither bill had advanced as a stand-alone bill, but it was expected that the bills would receive serious consideration for inclusion in larger legislation, in particular surface transportation reauthorization bills. In essence, the bills were identified as markers of what the sponsors representing the regional partners would like to see happen.

The Honorable Thomas V. Mike Miller, Jr., Co-Chairman  
The Honorable Adrienne A. Jones, Co-Chairman  
Members of the Legislative Policy Committee  
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**Presentation by Pete K. Rahn – Secretary  
Maryland Department of Transportation**

Secretary Rahn's comments at the briefing focused primarily on the withholding of \$55.6 million in capital funds appropriated in the Maryland budget for WMATA. However, by the time of the briefing, Secretary Rahn noted that the WMATA Board voted to approve a multijurisdictional Capital Funding Agreement and took steps necessary to form a Dedicated Funding Agreement with Maryland. As described by Secretary Rahn, the Maryland-WMATA Dedicated Funding Agreement requires WMATA to have a detailed 6 year capital budget plan for projects, with a level of detail reminiscent of Maryland's Consolidated Transportation Plan. Further, WMATA would be required to produce monthly and quarterly project reports, a debt policy, and a robust auditing policy. With these reforms planned, the State released approximately \$83 million marked for WMATA on October 1, 2019, which included most of the withheld funds (the fiscal 2020 first quarter payment of dedicated funding – one half of the \$83 million), plus the second quarter payment of dedicated funding. At the time of the briefing, approximately \$13 million of the \$55.6 million in withheld funds remained withheld due to unresolved audit issues associated with other capital funding that Maryland provides to WMATA separately from the dedicated funding. Secretary Rahn indicated he felt confident those issues would be resolved.

Secretary Rahn also (1) further discussed the WMATA capital planning process; (2) provided additional detail on MDOT's audit concerns regarding capital funding provided by Maryland; (3) and discussed the use of the technique of withholding funding to address the State's concerns.

Finally, Secretary Rahn provided his perspective on the importance of both the proposed reauthorization of federal capital funding for WMATA as well as the safety and oversight measures included in S. 1663 and H.R. 2520.

**Presentation by Regina Sullivan – Vice President of Government Relation  
WMATA**

Ms. Sullivan's comments at the briefing focused both on how federal funding impacts the WMATA mission and on WMATA's experiences as a result of Maryland withholding capital funding. WMATA has used funding under PRIIA to maintain the safety of its operations and the system's state of good repair as required under the Act. Such investments include the rehabilitation of facilities, the development of testing facilities for railcars, and an investment in railcars in an effort to improve the system overall. Improvements have also been made to the track and communications systems, including the implementation of a 700 MHz radio system to improve communications between WMATA employees and emergency responders. Further, WMATA continues to make improvements to its station infrastructure, including its ongoing rehabilitation project for elevators and escalators. Ms. Sullivan noted that all this translated into improvements

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The Honorable Adrienne A. Jones, Co-Chairman  
Members of the Legislative Policy Committee  
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WMATA has seen in key performance indicators, including on-time performance, safety, and railcar reliability.

As for the withholding, Ms. Sullivan noted that WMATA had been monitoring the bond market and rating agencies and keeping these groups apprised of the status of Maryland's withholding of funding. As to the dedicated funding agreement (the earlier lack of which had been a factor in the withholding), Ms. Sullivan noted that while it is not required by statute, Virginia also has such an agreement with WMATA, and that the District of Columbia was working on an agreement at the time of the briefing. Further, regarding audit issues that had factored into the withholding, WMATA representatives, including the Chief Internal Auditor, had met with MDOT, provided information associated with the audit issues, and were working to resolve those issues.

This portion of the briefing briefly focused on Metrobus. While Metrorail ridership is growing, Ms. Sullivan noted that Metrobus ridership is falling. When surveyed, riders wanted reliability and speed, two things which WMATA, per Ms. Sullivan, cannot entirely control as it does not own the roads on which its buses operate. Things such as the proliferation of bus rapid transit and transit prioritization, which require the support of the jurisdictions, would benefit the Metrobus program.

Ms. Sullivan also addressed questions about (1) the impact of jurisdictions withholding funding; (2) additional detail on WMATA capital planning and resolution of Maryland's audit concerns; (3) WMATA's clean audits for the system overall and Metrorail's increased ridership and transit-oriented development successes; (4) clarification regarding the capital funding agreement for the non-dedicated capital funding; (5) WMATA's management of large D.C events; (6) personal safety on Metro; (7) potential fare increases; and (8) any future safety recommendations to bring to the committee's attention.

### **Letter of Support for S. 1663 and H.R. 2520**

During the briefing, the idea of sending a letter of support for H.R. 2520 and S. 1663 was raised. We, in our individual capacity as the chairs of the committee, sent letters of support for these bills, on November 25, to the House Committee on Transportation and Infrastructure and the Senate Committee on Banking, Housing, and Urban Affairs.

### **Annual Interstate Compact Review**

The joint committee conducts an annual review of Maryland's membership in various interstate compacts, covering all compacts over a four-year cycle. The review focuses on whether Maryland's continued membership in the compacts serves the interests of the State and whether effective implementation of the compacts requires legislative modification. This interim, committee staff sent questionnaires to the State agencies involved with each of the compacts and

The Honorable Thomas V. Mike Miller, Jr., Co-Chairman  
The Honorable Adrienne A. Jones, Co-Chairman  
Members of the Legislative Policy Committee  
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prepared summaries based on the agencies' responses, for the following compacts up for review this year:

- Education Commission of the States;
- Interstate Agreement on Qualifications of Educational Personnel;
- Interstate Compact on Adoption and Medical Assistance;
- Interstate Compact on Mental Health;
- Interstate Compact on the Placement of Children;
- Interstate Library Compact;
- Interstate Wildlife Violator Compact;
- Nurse Licensure Compact;
- Potomac Highlands Airport Authority; and
- Southern Regional Education Board.

The State agencies involved with each of these compacts indicated that Maryland's membership in the compacts continues to serve the interests of the State. The agencies indicated that no legislative modifications are needed, with the exception of the Department of Human Services' (DHS) indication that there is a need for the introduction of the new Interstate Compact *for* the Placement of Children, to replace the existing Interstate Compact *on* the Placement of Children.

DHS indicates that the new Interstate Compact for the Placement of Children will assist all states in providing a more uniform system of placing children in safe and stable homes, and one of the most significant changes should be a legal framework that will provide for timely placements across state lines. However, to date only 12 states have adopted the new compact (since the mid-2000's, when it was finalized) and at least 35 states must adopt it in order for it to go into effect. DHS does not, at the moment, have plans to introduce departmental legislation to implement the new compact. The department indicates it has prioritized other critical issues and projects that must be completed before they can consider implementation of the new compact. The Joint Committee on Federal Relations may address the new Interstate Compact for the Placement of Children, and whether the committee could play a role in facilitating its adoption, next interim.

We have also continued to pursue a resolution to inconsistencies between Maryland's and Virginia's annotated codes with regard to whether changes to the Potomac River Compact which were enacted in 2007 and 2013 by Maryland and Virginia are in effect or not. This issue was



The Honorable Thomas V. Mike Miller, Jr., Co-Chairman  
The Honorable Adrienne A. Jones, Co-Chairman  
Members of the Legislative Policy Committee  
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researched by committee staff during the 2018 interim and we have continued to pursue a resolution this interim, potentially through clarifying legislation. We are currently in the process of seeking comment from DNR on draft clarifying legislation.

Sincerely,



Jeff Waldstreicher  
Senate Co-Chair



Delegate Alfred C. Carr, Jr.  
House Co-Chair

JW:ACC/SDK:MJM/sdb

cc: Victoria Gruber  
Ryan Bishop  
Alexandra Hughes  
Jake Weissmann

## **Joint Committee on Gaming Oversight**

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The joint committee did not meet during the 2019 interim.



## **Joint Committee on Ending Homelessness**

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THE MARYLAND GENERAL ASSEMBLY  
ANNAPOLIS, MARYLAND 21401-1991

**JOINT COMMITTEE ON ENDING HOMELESSNESS**

December 31, 2019

The Honorable Thomas V. Mike Miller, Jr., Co-chair  
The Honorable Adrienne A. Jones, Co-chair  
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Committee on Ending Homelessness is pleased to submit a summary report of its 2019 interim activities. This report also serves as the committee's annual report detailing the committee's fifth year of activity. The committee met four times this interim to explore a wide range of issues related to housing and social services for individuals experiencing homelessness. During the 2019 interim, the Workgroup to Study Shelter and Supportive Services for Unaccompanied Homeless Minors, established by Chapter 553 of 2019, also met on related housing issues affecting youth in particular. The joint committee supports the activities and findings of this workgroup, which can be found in the workgroup's final report.

At the September 3 meeting, the joint committee heard a presentation on the legislation that was proposed or enacted during the 2019 session, including Chapter 553. The committee also heard from representatives of many State agencies that have an impact on homelessness in the State. Representatives from the Department of Housing and Community Development (DHCD), the Maryland Department of Health (MDH), the Department of Human Services, the Maryland State Department of Education, and the Department of Public Safety and Correctional Services (DPSCS) provided updates to the committee on efforts to reduce homelessness. For instance, DHCD discussed its implementation of the Homelessness Solutions Program, which is a consolidation of several homelessness grant programs, and the Ending Youth Homelessness Act.

On September 18, the joint committee heard from several members of the homelessness advocacy community. Representatives from the Maryland Alliance for the Poor discussed several issues, including its support for the increased use of Low Income Housing Tax Credits for affordable housing. Members of the Habitat for Humanity of the Chesapeake updated the joint committee on its group efforts to increase the supply of affordable housing in the State. Leaders from A Wider Circle provided a summary of their organization's efforts, including

providing workforce development and programming targeted to formerly homeless veterans. Finally, representatives of the Calvert County Detention Center provided an overview of the reentry process for inmates and their efforts to prevent homelessness among that population.

At the October 15 meeting, the joint committee heard presentations on many levels of the service system for homelessness and affordable housing, including federal, State, and local programs. A senior policy specialist from the National Conference of State Legislatures began the meeting with an overview of strategies that other states use to address homelessness. For example, many states provide housing subsidies, homelessness prevention, and rapid re-housing programs. Next, the committee heard an update from the Maryland Interagency Council on Homelessness (ICH) on its recent activities and recommendations. To learn more about service coordination at the local level, the committee heard presentations from representatives from three Continuums of Care (CoC) on funding availability and efforts to reduce homelessness in their communities. All three CoC representatives noted that their counties have local plans or goals focused on serving homeless veterans in particular. Finally, the executive director of Marian House in Baltimore City discussed how DHCD's recent changes to the Homelessness Solutions Program have reduced the State grant awards to the organization's transitional housing program.

The joint committee's meeting on October 30 examined federal programs administered by the U.S. Department of Housing and Urban Development (HUD), State programs for veterans experiencing homelessness, and a local program in Baltimore City supporting permanent housing. A HUD representative described competitive federal grant and demonstration programs that Maryland CoCs generally participate in directly to fund evidence-based approaches. The committee heard a presentation from the Maryland Department of Veterans Affairs on recent point-in-time counts of veterans experiencing homelessness, activities of the ICH veterans workgroup, and programs providing outreach and benefits assistance. Advocates representing the Real Care Providers of Belvedere presented to the committee on challenges and barriers that individuals experiencing homelessness face to accessing safe housing services. The joint committee concluded the meeting by having a roundtable discussion of the members' recommendations and findings.

Based on witness testimonies and briefings given throughout the 2019 interim, the Joint Committee on Ending Homelessness recommends that the General Assembly, State agencies, and all relevant stakeholders consider the following actions related to affordable housing and homeless services, health and human services, and other policy and services areas.

#### **Affordable Housing and Homeless Services**

- Seek new funding opportunities from HUD, in addition to the funds and grants the State currently receives.
- Engage the State's federal delegation in partnerships with HUD to maximize federal funding and grant opportunities.



- Create incentives and requirements for developers located in opportunity zones to increase the supply of affordable housing units.
- Increase funding for the Rental Housing Program, Low Income Housing Tax Credit Program, and Rental Housing Works Program.
- Create a State income tax credit for owners of qualified low-income housing projects.
- Support legislation that prohibits housing discrimination based on source of income.
- Create a property tax waiver for nonprofit groups while developing property for low-income housing.
- Create a funding stream that provides mortgages with interest-free rates for families that pay at least 30% of their total income on housing and do not make more than a set amount, and look at other states' experiences implementing similar programs, including how they guarantee participants' mortgages.
- Collaborate with all relevant stakeholders to design and adopt a systemic plan to end veteran homelessness in the State.

### **Health and Human Services**

- Require the Health Services Cost Review Commission to review, study, and report on current practice, barriers, and recommendations regarding how hospitals participating in the State's Total Cost of Care Model are assisting those who are homeless at discharge so that health outcomes are optimized and readmission is avoided; this study should include, but not be limited to, respite care initiatives and housing placement.
- Investigate if MDH can amend the 1115 Medical Assistance (Medicaid) waiver to include more than supportive services to help increase housing opportunities for waiver recipients.
- Change the sanction system for Temporary Cash Assistance recipients with layered sanctions so that full-family housing is not jeopardized for any individual recipient's violations.

### **Other Policy and Service Areas**

- Require State agencies providing workforce development and assistance to provide data on the housing status of the individuals they serve and develop more holistic services for those experiencing homelessness, or those at risk of becoming homeless.


December 31, 2019

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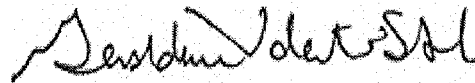
- Determine if existing workforce programs need to be expanded to offer hard skill training and transportation services, in addition to the soft skills training currently offered.
- Require local detention centers and DPSCS to collect data and report on the housing status of offenders, including individuals who are preparing to reenter the community and individuals on parole and probation.
- Examine the eligibility criteria for scholarship programs benefitting homeless individuals at higher education institutions to ensure that scholarships are not lost mid-year if a student secures temporary housing.

We thank the joint committee members for their participation, representatives of public and private organizations who kept us informed, and our committee staff for their support.

Sincerely,



Mary L. Washington  
Senate Chair



Geraldine Valentino-Smith  
House Chair

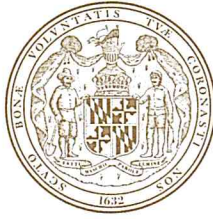
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cc: Members of the Joint Committee on Ending Homelessness  
Ms. Alexandra Hughes  
Mr. Jake Weissmann  
Ms. Victoria L. Gruber  
Mr. Ryan Bishop

## **Joint Committee on Legislative Ethics**

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MARYLAND GENERAL ASSEMBLY  
JOINT COMMITTEE ON LEGISLATIVE ETHICS

November 19, 2019

The Honorable Thomas V. Mike Miller, Jr.  
The Honorable Adrienne A. Jones  
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Committee on Legislative Ethics met two times during the 2019 interim. At those meetings, the committee reviewed disclosures and disclaimers filed by legislators. As you know, any other activities of the committee are required, by law, to remain confidential.

The committee will continue to meet on an as-needed basis.

Respectfully submitted,

A handwritten signature in cursive script, reading "George C. Edwards".

George C. Edwards  
Co-Chairman

A handwritten signature in cursive script, reading "Kathleen M. Dumais".

Kathleen M. Dumais  
Co-Chairman

DWD/vgk

cc: Jake Weissmann  
Alexandra Hughes  
Victoria L. Gruber  
Ryan Bishop



## **Joint Committee on Legislative Information Technology and Open Government**

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The joint committee did not meet during the 2019 interim.





## **Joint Committee on the Management of Public Funds**

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THE MARYLAND GENERAL ASSEMBLY  
ANNAPOLIS, MARYLAND 21401-1991

**Joint Committee on the Management of Public Funds**

December 19, 2019

The Honorable Thomas V. Mike Miller, Jr., Co-Chair  
The Honorable Adrienne A. Jones, Co-Chair  
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Committee on the Management of Public Funds is pleased to present this report on its activities undertaken during the 2019 interim in the conduct of its charge to oversee the general management of State public funds. The joint committee met twice and was briefed on several relevant topics, including deferred maintenance at State-owned facilities, the activities of the Comptroller's and Treasurer's offices, and audits of local governments.

A summary of the activities of the joint committee is enclosed. The joint committee recommends the formulation of a comprehensive plan to look at what should be set aside for maintenance and the potential savings for the State from not deferring maintenance. In addition, electronic copies of the written testimonies provided to the joint committee are available by request through committee staff Heather MacDonagh ([heather.macdonagh@mlis.state.md.us](mailto:heather.macdonagh@mlis.state.md.us)).

The joint committee greatly appreciates the assistance of the many individuals who participated in the activities of the joint committee during the 2019 interim.

Respectfully submitted,

*Senator Malcolm Augustine /HNM*  
Senator Malcolm Augustine  
Senate Chair (Presiding)

*Delegate Pat Young /HNM*  
Delegate Pat Young  
House Chair

HNM/cr

Enclosure

cc: Mr. Jake Weissmann  
Ms. Alexandra Hughes  
Ms. Victoria L. Gruber  
Mr. Ryan Bishop

# **Joint Committee on the Management of Public Funds 2019 Interim Report**

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The Joint Committee on the Management of Public Funds held two meetings in Annapolis during the 2019 interim.

## **September 18, 2019 Meeting**

### **Briefing on Deferred Maintenance at State-Owned Facilities**

Lauren Buckler, Assistant Secretary of Facilities Planning, Design & Construction of the Department of General Services (DGS), provided an overview of deferred maintenance at State-owned facilities. DGS is responsible for approximately 2,900 facilities and as buildings age, more maintenance is needed. DGS started a database of project requests in 1990 and currently has a tracked project backlog of \$183.4 million for 811 projects within 17 agencies. While the project backlog is \$183.4 million, less than \$50 million has been appropriated for these projects, thus projects are prioritized by risk factor. Projects receive highest priority if there is high risk of litigation, high risk of cessation of service, high risk of reduction of service, or finable code violations.

Since 2015, the project backlog has been reduced by 800 projects. DGS achieved this by increasing staffing, combining projects based on geography and type of project, increasing project thresholds, procurement reform, pilot programs, and annual agency outreach sessions. The number of unexpected and emergency projects has been decreasing but the cost of those projects has been increasing because the emergencies are severe. DGS is dedicating approximately \$4 million for emergencies, which helps to prevent deferring funding of planned projects. Previously, when unexpected emergencies occur, funding would be diverted from planned projects, so deferring the planned projects occasionally created emergencies. A cabinet facilities workgroup was created in January 2019 to create recommendations to resolve maintenance challenges and create best practices. The Conditions Assessment Unit is now staffed with four employees to identify projects and reduce emergencies. Operating facilities systems funding has increased 40% to \$10.5 million in the fiscal 2020 budget and capital facilities systems funding has increased 135% to \$34.4 million over the past year. Since fiscal 2014 through fiscal 2020, overall funding has increased 120%. DGS highlighted a routine inspection which identified a potential catastrophic issue that DGS was able to handle with minimum disruption to employees.

The co-chairs asked several questions following the presentation. One co-chair inquired about the increase in funding DGS has been receiving and DGS commented that the department is better able to maintain buildings with the increased funding. DGS noted recent changes, such



as different types of contracting and procurement changes that enable them to address issues more quickly without the long procurement procedures. When the other co-chair asked why certain agencies are not under the purview of DGS, DGS responded that those agencies lease their properties; therefore, the landlord is responsible for the maintenance rather than DGS.

## **November 5, 2019 Meeting**

### **State Treasurer's Office – Update on Activities**

State Treasurer Nancy Kopp provided an update on the activities of the Treasurer's Office. Treasurer Kopp reported that in July 2019 all three rating agencies affirmed the State's AAA bond rating. Maryland is 1 of only 13 states with AAA ratings from each of the three rating agencies.

In October 2019, the Capital Debt Affordability Committee (CDAC) recommended \$1,095 million for new general obligation bond authorizations to support the fiscal 2021 capital program. CDAC further recommended \$10 million annual increases (roughly 1% per year) in future fiscal years. The Comptroller and the Treasurer voted against those recommendations, but the motion passed 3-2. With these debt levels, the debt affordability ratios remain within CDAC benchmarks of 4% debt outstanding to personal income and 8% debt service to revenues.

The Treasurer's Office has begun the implementation of Microsoft Dynamics 365 as the new financial and insurance claims management Enterprise Resource Planning solution to replace their legacy IBM system, which has been in use since 1984. The Treasurer and the joint committee also discussed the State Insurance Fund and how the State procures insurance for state property. The Treasurer noted that maintenance of State facilities is important to the rates the State pays for insurance and their condition is deteriorating. Over the past few years there has been a steady increase in premiums and difficulty obtaining coverage for boilers and other machinery, specifically for institutions of higher education, due to a lack of carriers willing to write the coverage and the frequency of claims for water damage.

One of the co-chairs asked how to mitigate risk and the Treasurer's Office discussed the work of their risk manager and how the Treasurer's Office is reviewing buildings. The joint committee recommends the formulation of a comprehensive plan to look at what should be set aside for maintenance and the potential savings for the State from not deferring maintenance.

### **Comptroller's Office – Update on Activities**

Comptroller Peter Franchot provided an update on the activities of the Comptroller's Office. The Comptroller noted that the economy is approaching a tenuous inflection point because of the shift in the age composition of the State's tax base, which is having a dynamic effect on State revenues. The Comptroller also noted the significant economic trends at the national level, such as an inverted yield curve, the federal deficit, and trade policy.

The Comptroller reported that his office again focused on providing effective and efficient services to taxpayers during the 2019 tax filing season. Branch office representatives assisted more than 147,000 taxpayers and provided free tax preparation services to more than 17,000 Marylanders in fiscal 2019.

The Comptroller's Office advised that during the most recent tax season, the State collected \$18.8 billion in gross revenue and processed more than 3.2 million tax returns. Of those tax returns, more than 86% were filed electronically. More than 2.3 million families received tax refunds, on average within 2.5 business days. The Comptroller's Office also discussed its continued efforts to protect State taxpayers against fraud and identity theft. During the most recent year, the Comptroller's Office blocked more than 15,000 fraudulent tax returns worth nearly \$15 million.

### **Office of Legislative Audits – Review of Local Government Audit Reports**

Robert Garman, Assistant Director of Quality Assurance in the Office of Legislative Audits (OLA), presented information on the desk reviews of local government audits for fiscal 2018. OLA found that the local governments generally complied with generally accepted accounting principles and auditing standards and the local governments generally appeared to be in good financial condition.

OLA's report identified one local government, the City of Crisfield, as having potential financial problems due to general fund expenditures that exceeded general fund revenues, significant decreases in general fund balances, and significant decreases in the ratio of general fund balances to general fund expenditures. Additionally, OLA's report summarized the most significant and frequent problem areas found during its annual review of local government audits, which include failing to file an audit report, failing to present the audit or financial statements in accordance with generally accepted auditing and accounting principles, failing to present all required statements, lacking adequate disclosures, and receiving an adverse opinion by an auditor. Financial statements of 19 local governments contained disclosures that cash deposits were not adequately collateralized or otherwise insured. The Town of Morningside invested in equities, which is a violation of State law, and the town has since rectified the problem.

Three local governments: Bel Air, Lonaconing, and Mount Rainier have not filed an audit report for fiscal 2017 and fiscal 2018. Five additional local governments have not filed their fiscal 2018 report: Allegany County, the City of Hyattsville, the City of Seat Pleasant, Bel Air Special Taxing Area, and Upper Potomac River Commission. The Executive Director of the Department of Legislative Services (DLS) is notified of those local governments with more than one audit report outstanding. Lonaconing filed audit reports for fiscal 2017 and 2018 after the reporting deadline, thus the Executive Director of DLS was notified of the outstanding reports for only Bel Air and Mount Rainier.



OLA reported that a letter describing the areas of noncompliance with the audit guidelines was sent to each local government and its independent auditor. For areas of noncompliance with State laws and potential financial problems, OLA requests that the local governments provide written descriptions of the actions to be taken to eliminate the conditions, when appropriate. OLA then reviews and evaluates the responses.

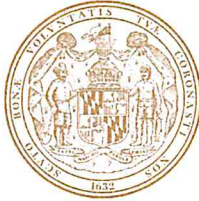
The joint committee questioned the ramifications of local governments with audit findings. If a local government does not comply with the audit report filing requirements, State law provides that the Comptroller, on notice from the Executive Director of DLS, may order the discontinuance of all moneys, grants, or State aid to which the local governments are entitled. Transportation aid was withheld in recent years for Deer Park due to failure to file.



## **Joint Committee on Pensions**

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MARYLAND GENERAL ASSEMBLY  
JOINT COMMITTEE ON PENSIONS

December 12, 2019

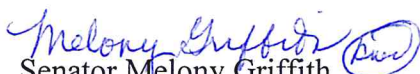
The Honorable Thomas V. Mike Miller, Jr., Co-chair  
The Honorable Adrienne A. Jones, Co-chair  
Members of the Legislative Policy Committee

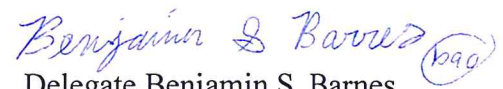
Ladies and Gentlemen:

The Joint Committee on Pensions herewith submits a report of its 2019 interim activities and legislative recommendations. The joint committee met three times during the 2019 interim and addressed legislative proposals requested by the Board of Trustees for the State Retirement and Pension System. The joint committee made recommendations on these items at its final meeting for the 2019 interim. The joint committee also had its annual briefings on the actuarial valuation of the system and the system's investments, as well as a briefing about the Maryland Transit Administration Pension Plan. The joint committee also received an update from the Department of Budget and Management on the implementation of Senate Bill 946 of 2019. The committee was also provided with a report on the structure, powers, and membership of the Board of Trustees for the State Retirement and Pension System.

We thank the joint committee members for their diligence and attention to the work of the committee. Also, on behalf of the committee members, we thank Phillip S. Anthony, Matthew B. Jackson, and Cathy Cox of the Department of Legislative Services and the staff of the Maryland State Retirement Agency for their assistance.

Sincerely,

  
Senator Melony Griffith  
Senate Chair

  
Delegate Benjamin S. Barnes  
House Chair

MG:BSB/PSA:MBJ/ekc

Enclosure

cc: Ms. Victoria L. Gruber  
Mr. Ryan Bishop  
Mr. Jake Weissmann  
Ms. Alexandra Hughes

# **Joint Committee on Pensions**

## **2019 Interim Report**

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Over the course of three meetings during the 2019 interim, the Joint Committee on Pensions (JCP) had a briefing on legislative proposals requested by the Board of Trustees for the State Retirement and Pension System (SRPS). The joint committee also had its annual briefings on the actuarial valuation of the system and the system's investments, a briefing on the Maryland Transit Administration Pension Plan, and an update by the Department of Budget and Management (DBM) on the implementation of Senate Bill 946 of 2019. The joint committee was also provided with a report on the structure, powers, and membership of the Board of Trustees for the SRPS.

### **Results of the 2019 Actuarial Valuation and Fiscal 2021 Contribution Rates**

From fiscal 2018 to 2019, SRPS's funded status (the ratio of projected actuarial assets to projected actuarial liabilities) improved from 71.6% at the end of fiscal 2018 to 72.3% at the end of fiscal 2019 (these figures exclude funding for local governments that participate in the State plan). Several combined factors set the system up for continued improvement in its funding status, including the increasing number of new members entering the system under the reformed benefit structure enacted in 2011, the elimination of the corridor funding method, and continued supplemental contributions. From fiscal 2018 to 2019, the total State unfunded liability increased marginally from \$19.038 billion to \$19.053 billion.

#### **Fiscal 2021 Contribution Rates**

**Exhibit 1** shows that the employer contribution rate with reinvestment savings for the Teachers' Combined Systems will decrease from 16.30% in fiscal 2020 to 15.65% in fiscal 2021, and the contribution rate for the Employees' Combined Systems will increase from 20.22% in fiscal 2020 to 21.36% in fiscal 2021. The aggregate contribution rate, including contributions for public safety employees and judges, decreases from 18.54% in fiscal 2020 to 18.46% in fiscal 2021. Based on projected payroll growth and other factors, the SRPS actuary estimates that total employer pension contributions will increase from \$1.991 billion in fiscal 2020 to \$2.038 billion in fiscal 2021. The fiscal 2021 contribution rates are the actuarially determined contribution rates and reflect the Board of Trustees' decision to lower the investment return assumption from 7.45% to 7.40% and incorporate the results of the system's 2014 through 2018 experience study. The funding rates and contribution amounts are inclusive of the \$75 million supplemental contribution required by Chapter 489 of 2015.



**Exhibit 1**  
**State Pension Contributions**  
**Fiscal 2020 and 2021**  
**(\$ in Millions)**

<u>Plan</u>	<u>2020</u>		<u>2021</u>	
	<u>Rate</u>	<u>Contribution</u>	<u>Rate</u>	<u>Contribution</u>
Teachers' Combined	16.30%	\$1,166.5	15.65%	\$1,154.1
Employees' Combined	20.22%	670.2	21.36%	722.7
State Police	80.58%	84.7	79.03%	88.6
Judges	44.44%	22.1	40.27%	20.6
Law Enforcement Officers	42.40%	47.9	43.93%	52.5
<b>Aggregate</b>	<b>18.54%</b>	<b>\$1,991.3</b>	<b>18.46%</b>	<b>\$2,038.4</b>

Note: Except for the Teachers' Combined System (TCS), contribution rates and dollar amounts reflect State funds only, excluding municipal contributions. For TCS, it reflects the combined total of State and local contributions. Figures also reflect the \$75 million supplemental contribution required by Chapter 489 of 2015.

Source: Gabriel, Roeder, Smith, & Co., Preliminary Results of the June 30, 2019 Actuarial Valuation for Fiscal Year 2021

## State Retirement and Pension System Investment Performance

SRPS investment return for the fiscal year that ended on June 30, 2019, was 6.46%, failing to exceed the assumed rate of return of 7.45%. System assets grew to a market value of \$54.2 billion, as of June 30, 2019. Investment returns were below the assumed rate of investment return for the first time in three years, with returns exceeding the assumed rate of return in only two of the last five years. The system as a whole underperformed its policy benchmark by 0.63% (63 basis points). Total system return for fiscal 2015 through 2019 is 5.62%, which is 0.26% (26 basis points) above the plan return benchmark for that period. Total system return for the past 10 years is 8.61%, which is 0.57% (57 basis points) above its benchmark for that period.



## **Board Requested Legislation**

### **Death Benefits for Children – Age**

Over the last several years, provisions of the State Personnel and Pensions Article have been amended to provide that a child of a deceased member or retiree who is receiving death benefits from the several systems may receive benefits until the child reaches age 26. The State Retirement Agency (SRA) found statutory provisions that were not included in previous legislation and still state that certain children of deceased members or retirees will cease receiving death benefits at age 18. The Board of Trustees for the SRPS recommended legislation that would amend these provisions to provide a consistent age cutoff of 26 for death benefits across all systems.

**The joint committee will sponsor the requested legislation.**

### **Teachers' Retirement and Pension Systems – Obsolete Reemployment Provisions**

The reemployment provisions for the Teachers' Retirement and Pension Systems provides an earnings offset exemption for retired teachers and principals if they are reemployed by a public school that is not making adequate yearly progress or is a school in need of improvement under the federal No Child Left Behind Act of 2001. SRA notes that this Act was repealed in 2015. The board recommended repealing the reemployment provisions in the State Personnel and Pensions Article that reference this Act.

**The joint committee will sponsor the requested legislation.**

### **Reemployment Earnings Offset – Clarification**

Each of the several systems (except the Law Enforcement Officers' Pension System) include provisions that address the amount by which the board may reduce a retiree's allowance when the retiree is subject to a reemployment earnings limitation. These sections of law also provide that a retiree's allowance may not be reduced to an amount that would be less than what is required to be deducted for the retiree's monthly medical insurance premiums. The board recommended legislation to clarify these provisions. Any change made to the provisions is intended to be nonsubstantive.

**The joint committee will sponsor the requested legislation.**

### **Modification of Municipal Pension Surcharges**

The 2011 legislative reforms substantially revised the benefit provisions and employee contribution rates for the SRPS Municipal Employees' Combined System. The board noted that plan changes such as the 2011 reforms affect different participating governmental units (PGUs)

differently, with a benefit to some PGUs and a systematic detriment to other PGUs. The 2011 reforms caused the pooled employer cost to decrease by about 2% of pay. Most of that decrease was due to the increase in employee contribution rates for the Alternate Contributory Pension Selection participants, from 5% to 7%. PGUs with participants subject to the Non-Contributory Pension Benefit (NCPB) or the Employees' Contributory Pension Benefit (ECPB) (nine PGUs) benefitted from a decrease in pooled municipal employer contribution rates although there was no offsetting increase in employee contributions from their NCPB and ECPB participants. This was the result of a specific provision included in the 2011 reforms that exempted these nine employers from having to participate in the Reformed Contributory Pension Benefit (RCPB), as participation in the RCPB would have resulted in a benefit enhancement for their participating employees.

The board recommended the establishment of a new surcharge of 2% of pay for each of the nine employers participating in the NCPB or ECPB. Because of the magnitude of the proposed changes to the employer contribution rate and the impact on these nine PGUs, the board also recommended these changes be implemented over a period of five years. The proposed five-year phase-in would begin with the December 2021 billing and would be fully implemented by the December 2025 billing.

**The joint committee decided to hold the requested legislation so that more detailed information on the impacts of the legislation can be obtained.**

### **Overpayment of Pension Benefits**

SRA recently identified 34 retirees and beneficiaries who have been receiving a monthly benefit in excess of what their benefit would be under the statutory provisions of the Employees' and Teachers' Retirement and Pension Systems. SRA reports the total overpayment amount for the 34 annuitants is \$104,296.06 through May 31, 2019. Since discovering these overpayments, staff have researched the issue to determine how this issue evolved.

The annual basic allowance for a retiree of the several systems who is receiving a normal service retirement is calculated in accordance with a statutorily provided benefit formula for the appropriate system. The formula (with the exception of the Judges' Retirement System) is the product of multiplying the member's annual average final compensation, creditable service, and benefit multiplier for the member's system. A member's annual basic allowance as calculated above, will be reduced if the member selects an optional allowance providing survivorship benefits to a designated beneficiary.

A member's retirement allowance is funded from both the member's and employer's contributions made on behalf of the member that are separately accounted for in the "annuity reserve" and "pension reserve" funds, respectively. Sections 20-101(f) and (gg) of the State Personnel and Pensions Article define these terms as the present value of an annuity and pension computed on the basis of actuarial assumptions adopted by the board. To calculate the present value of the annuity reserve portion of the member's retirement allowance, SRA



determines the member's total member contributions and interest and divides this amount by an actuarially determined annuity factor based primarily on the life expectancy of the member at the time of retirement. SRA then determines the pension reserve portion of the retirement allowance by reducing the statutorily calculated retirement allowance by the portion of the retirement allowance allocated to the annuity reserves. The system's actuary acknowledges these practices as acceptable calculations for determining the annuity and pension reserves for members at the time of retirement. While most accounts have an annuity reserve and a pension reserve component in calculating their retirement allowance, there are occasional instances where the present value of the annuity reserve is greater than the statutorily determined benefit.

The 34 accounts in question currently have annuity reserves in excess of their statutorily determined benefit. Prior to July 1, 2010, and continuing through today, the first three steps of that process generally include: (1) calculating the member's statutorily determined benefit; (2) determining the member's annuity reserve; and (3) determining the member's pension reserve, if any. Prior to July 1, 2010, if the member's annuity reserve exceeded the statutorily determined benefit, the member's benefit was capped at the value of the statutorily determined benefit. Beginning July 1, 2010, based on these calculations, the Maryland Pension Administration System (MPAS) was programmed to perform the basic allowance calculation different from the statutorily provided basic allowance calculation for those accounts with only an annuity reserve component to their benefit. The MPAS programming provided that in instances where a member's annuity reserves exceeded the member's basic allowance calculated on years of service, average final compensation, and benefit multiplier, the benefit would not be capped using the statutorily provided benefit formula for the appropriate system. Instead, in instances where the annuity reserve was in excess of the statutorily determined benefit, the retiree's allowance was based solely on the member's annuity reserves. In other words, the programming provided that a member's annuity reserves as determined at the time of retirement, will be the minimum benefit a member will receive at retirement.

### **Legislative Remedies**

To address the overpayments and miscalculations for the 34 retirees and beneficiaries affected by the 2010 MPAS programming and any future similarly situated accounts, the board noted the joint committee may wish to introduce legislation that would codify this type of benefit calculation for instances when a member's annuity reserve exceeds the statutorily provided benefit formula for the appropriate system at the time of retirement. SRA consulted with the system's actuary about the MPAS benefit calculation that was implemented for these 34 accounts. The system's actuary informed the staff that this calculation for accounts with annuity reserves in excess of the statutorily provided benefit conforms to many other public plans. The system's actuary believes that legislation to conform the law to the 2010 MPAS programming would have a minimal impact to the plan. This is due in part to the initial benefit that is being paid under these circumstances is being funded entirely by the member's accumulated contributions, excluding any cost of living adjustments (COLA). The employer contributions that were made on behalf of the member remain with the system, in effect subsidizing (in very small part) the retirement benefits of the retirees whose annuity reserve does not exceed the statutorily defined benefit. The actuary would likely consider this a *de minimis* gain.



Should the joint committee choose to sponsor legislation codifying the practice that payment of the retirement allowance in excess of the statutorily calculated benefit is appropriate in instances where a member's annuity reserve exceeds the statutorily calculated benefit, consideration should be given as to what, if any, adjustments would be necessary for those individuals who retired prior to July 1, 2010, and whose annuity reserve component of their retirement allowance was capped at the statutorily calculated benefit. SRA reports it is in the process of identifying these individuals.

As an alternative approach, the board noted the joint committee may wish to maintain the current statutory calculation for all members, regardless of whether a member's annuity reserve is greater than the member's statutorily provided benefit. In that case, the board would recommend introducing legislation that would authorize the board to not recover the overpayments directly from these annuitants that have already been made to these 34 retirees and beneficiaries. Additionally, such proposed legislation would not alter the retiree's or beneficiary's monthly retirement allowance but would, instead, suspend any annual COLAs until the individual's current allowance equals or exceeds the corrected reduced allowance, including any suspended annual COLAs. Such legislation would be similar to legislation that the board requested the joint committee to sponsor in 2010 to address an overpayment issue for retirees and beneficiaries of the Maryland School for the Deaf (MSD). In that situation, the overpayment was due to an error by MSD in their reporting of salaries for a group of their employees. This misreporting resulted in increased benefits for that group. The legislation that was ultimately sponsored by the joint committee provided that SRA would not correct the individuals' monthly retirement allowances, and would suspend any annual COLAs until the allowance each affected retiree or beneficiary is entitled to receive (including any suspended annual COLAs) equals or exceeds the allowance the individual was receiving when the overpayment was identified in 2010. The board notes parallels can be drawn between the two groups. In each case, the affected retirees and beneficiaries in each group all received overpayments for the same reason (either misreporting by their employer or unique MPAS programming of their benefit), and all were or will be subject to the same remedy.

SRA noted there is a distinction between the two groups related to the funds that were and would be addressed through legislation. In the case of MSD, the overpayments received by the retirees and beneficiaries were funds to which they were never entitled. However, in the present case of the individuals with greater annuity reserves than the statutorily provided benefit, the overpayment they received was from the funds in their annuity reserves, which is their accumulated contributions. Current provisions of the State Personnel and Pensions Article provide that upon terminating membership, a member is always entitled to a return of their accumulated contributions.

**The joint committee will sponsor legislation to provide that a retiree's basic allowance may not be less than the present value of the retiree's annuity reserve.**

## **Recording of Member Service Division – Automated Callbacks**

Chapter 214 of the Acts of 2009 authorized the board to adopt regulations allowing managers to monitor and record incoming telephone conversations to employees of the Member Services Division of SRA for training and quality control purposes. Following enactment of Chapter 214, Code of Maryland Regulations (COMAR) 22.01.13, Member Services Unit – Telephone Recording or Monitoring, was adopted by SRA. Specifically, COMAR 22.01.13.02 states that SRA may only record or monitor incoming calls to the Automated Call Distribution System (ACDS), within the Member Services Division. Additionally, this regulation also states that SRA may not record or monitor calls to or from direct individual lines in SRA.

In 2015, SRA began providing members and retirees who call into ACDS and are faced with long wait periods to “lock in” their place in the call-in queue. By doing this, members and retirees are not required to wait on hold for an available counselor but instead can disconnect the call, while still maintaining their place in the queue. When their position in the queue moves to the second spot, ACDS will automatically reconnect the call with the individual. It is important to note that, throughout this entire process, no counselor from the Member Services Division is personally returning the individual’s initial phone call. Because of this, staff had not considered this feature an actual outbound phone call. However, legal counsel for SRA recently reviewed the issue and expressed concern that despite ACDS reconnecting the original call, it could be interpreted as an outbound telephone call and, therefore, SRA would not have the authority to record these types of telephone calls. Section 9-602 of the Criminal Law Article provides that a State official or employee may not directly or indirectly monitor or record in any manner a telephone conversation made to or from a State unit. This section of the law further provides that a person who violates this section is guilty of a misdemeanor and on conviction is subject to a fine not exceeding \$1,000. Such a conviction is also grounds for immediate dismissal from State employment. As a result, SRA has stopped recording these types of outbound telephone calls.

Nevertheless, SRA believes that recording these calls would provide staff with a valuable tool for training and quality control of the counselors in its Member Services Division. Therefore, the board recommended that current provisions of the State Personnel and Pensions Article be amended to permit SRA to record outbound calls from the Member Services Division that are placed through the agency’s ACDS.

**The joint committee will sponsor the requested legislation.**

## **Additional Topics**

### **State Retirement and Pension System – Board of Trustees**

Chapter 727 and 728 of 2018 granted the SRPS board additional authority in carrying out the functions of its Investment Division. In light of that expanded power, the 2019 *Joint Chairmen’s Report* requested that the Department of Legislative Services (DLS) study the structure, powers, and membership of the SRPS board. On October 29, 2019, DLS submitted



its report to JCP. The report studied over 70 separate boards across the nation and gave an overview of several studies on pension board governance. Based on the information gathered, DLS provided several observations about the SRPS board, including the size of the board and its Investment Committee, the financial and expertise qualifications of board members, and board meeting length and frequency.

### **Briefing on Implementation of Senate Bill 946 of 2019**

Chapter 397 of 2011 eliminated State prescription drug coverage for Medicare-eligible retirees beginning in fiscal 2020, with the intent of reducing the State's significant financial liabilities associated with Other Post Employment Benefits (OPEB). At the time, the State's OPEB liability decreased from \$16.1 billion to \$9.7 billion. In response to the federal Bipartisan Budget Act of 2018 that accelerated the closing of the Medicare Part D coverage gap (also known as the "donut hole") to January 1, 2019, the Maryland General Assembly passed legislation (Chapter 10 of 2018) to realign the transition of retirees to Medicare Part D to the new date, with the additional clarification of continuing coverage to non-Medicare-eligible spouses and dependents of Medicare-eligible retirees and requiring notification of the change to impacted retirees by July 1, 2018.

In September 2018, a lawsuit was filed in the Baltimore City Circuit Court to challenge the planned transition beginning in January 2019. In October 2018, a federal judge granted a temporary restraining order and preliminary injunction to delay the transition to Medicare Part D pending a decision on the lawsuit. During the 2019 session, Senate Bill 946 (Chapter 767) was passed to establish prescription drug out-of-pocket (OOP) reimbursement or catastrophic coverage programs for specified Medicare-eligible State retirees or dependents. Depending on certain eligibility requirements, the programs would cover OOP costs that exceed limits in the existing State plan, reimburse OOP costs after the participant enters catastrophic coverage under Medicare, or reimburse OOP costs for a life-sustaining drug covered under the State plan but not under the participant's Medicare prescription plan. However, Chapter 767 delays implementation of the three plans while the injunction is pending and requires that there be at least nine months before open enrollment before Chapter 767 is implemented. These provisions mean that the earliest Chapter 767 would be implemented would be January 1, 2021. The legislation also included a provision expressing the intent of the General Assembly that DBM attend at least one meeting of the JCP each year to provide an update on the implementation of Chapter 767. DBM appeared before the JCP at the October 29, 2019 meeting and provided an update, which included clarifying the date by which an individual would be considered retired for purposes of eligibility for the programs established by Chapter 767. The remainder of the department's update was limited, with DBM noting that as the litigation was still pending, the State has been prohibited from discontinuing the existing State prescription benefit plan for Medicare-eligible retirees. With the litigation still pending, the new programs created by Chapter 767 are not offered at this time.

### **Briefing on Maryland Transit Administration Pension Plan**

During the 2018 session, concerns were raised regarding the underfunding of the Maryland Transit Administration (MTA) pension plan, which provides a defined benefit for unionized

workers. In fiscal 2017, the MTA pension plan had a funded ratio of only 40.9%, and MTA budgeted only 70.9% of the actuarially determined contribution. These concerns led to a request in the 2018 *Joint Chairmen's Report* for MTA to brief the joint committee on the features of the MTA pension plan, the actions that MTA intends to take to improve the funded status of the pension plan, and a projected timeline for the actions. The briefing request recognized that oversight of the MTA pension plan is complicated by the need to negotiate changes to the plan with the unions and that binding arbitration provisions present additional challenges. The State would lose a significant amount of federal transit funds if the State took away the right of MTA employees to collective bargaining with binding arbitration.

MTA briefed the joint committee on the actions it intends to take to improve the funded status of the pension plan. As of the July 1, 2019 valuation, the plan funded ratio was 43%. MTA employee contributions for its largest cohort of employees will increase from 2.0% to 4.0% by fiscal 2021. During the years employee contributions would increase, MTA would match the increased employee contribution dollar for dollar. MTA has also consolidated its existing amortization bases to be paid over 25 years, effective July 1, 2019. Under this amortization schedule, the plan is projected to be at full funding by the fiscal 2036 valuation. The change in amortization resulted in a decrease in the MTA employer contributions.

**The joint committee will continue to monitor the financial health of the MTA pension plan. The joint committee is hopeful that actions to improve the funded status of the MTA pension plan will be implemented soon.**



**Joint Subcommittee on  
Program Open Space and Agricultural Land Preservation**

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THE MARYLAND GENERAL ASSEMBLY  
ANNAPOLIS, MARYLAND 21401

## **JOINT SUBCOMMITTEE ON PROGRAM OPEN SPACE AND AGRICULTURAL LAND PRESERVATION**

December 9, 2019

The Honorable Thomas V. Mike Miller, Jr., Co-Chairman  
The Honorable Adrienne A. Jones, Co-Chairman  
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Subcommittee on Program Open Space and Agricultural Land Preservation respectfully submits this summary report of its activities during the 2019 interim.

The subcommittee held a briefing on November 19 to receive an update on the State's land conservation programs. The meeting consisted of presentations by State agencies, followed by a discussion of local land preservation standards with representatives of the Maryland Association of Counties (MACo) and local parks professionals. Presenting on behalf of the State agencies were Ms. Hilary Bell, Deputy Director, Land Acquisition and Planning at the Department of Natural Resources (DNR); Ms. Michelle Cable, Executive Director of the Maryland Agricultural Land Preservation Foundation (MALPF); and Mr. Jason Dubow, Manager of Resource Conservation and Management at the Maryland Department of Planning (MDP). Mr. Chuck Boyd, Manager of Resource Conservation and Management at MDP, Ms. Heidi Dudderar, Director, Land Acquisition and Planning at DNR, and Mr. James McKittrick, Legislative Director at DNR, were also on hand to answer questions. Presenting on behalf of the local jurisdictions were Mr. Leslie Knapp, Jr., Legal and Policy Counsel for MACo; Ms. Kathleen Burley, President, Maryland Association of County Parks and Recreation Administrators and Director, Harford County Parks and Recreation; and Ms. Susan Simmons, Director, Caroline County Parks and Recreation.

### **Program Open Space Acquisition Goals**

Ms. Bell began the agency presentations with an overview of Program Open Space (POS) acquisition goals. Ms. Bell explained that counties are required to submit local Land Preservation, Parks and Recreation Plans (LPPRP) every five years in order to take part in POS local. These LPPRPs establish land acquisition goals for each county, based on DNR guidelines. Each county must then submit a POS local annual plan that explains how the county intends to use POS funding to acquire and develop park land in accordance with its LPPRP over the following year. Consequently, counties control whether they reach acquisition goals. Overall, 48,000 acres of park, recreation, and open space land have been preserved by POS local. Ms. Bell noted that, in terms of increasing acquisition acreage with existing funds, a set amount of POS local funding has to be

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The Honorable Adrienne A. Jones, Co-Chairman  
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spent on acquisition, but some of the funding may be used for development projects. Both POS State and POS local acquisition projects require two appraisals although negotiations with willing sellers can bring down prices and thus enable more land to be preserved. Federal funding is also available for POS State, which increases the amount of land preserved.

In terms of assessing the ability to use the available revenue in a timely manner, Ms. Bell noted that both POS State and POS local funding are funded with pay-as-you-go (PAYGO) capital funds, which have a longer timeframe for use than operating funds. In addition, many POS local partners encumber all of their funds in the same year that the funds are authorized. Ms. Bell noted that the POS local annual plans submitted to DNR reflect that counties often have projects designated for all of the money they are allocated. Reasons for not encumbering all of the POS local funding include unforeseen project delays; staff turnover; priority shifts necessitating the substitution of projects; and project costs exceeding available funds in a fiscal year so that allocations from two or more fiscal years are necessary before proceeding. For POS State, project completion time is dictated by the steps required in regulation and the time involved in completing title work, appraisals, surveys, and negotiations with the willing seller. Ms. Bell further noted that DNR plans to take \$20 million worth of accepted offers for projects to the Board of Public Works over the next six months and that there are an additional 30 projects in the appraisal phase.

### **Senate Joint Resolution 10 of 2002**

Senate Joint Resolution 10 of 2002 established a statewide goal of tripling (to 1,030,000 acres) the number of acres of productive agricultural land preserved by the MALPF Program, GreenPrint, the Rural Legacy Program, and local preservation programs by 2022. Mr. Dubow updated the subcommittee on the State's progress towards meeting this goal, noting that the best available data shows that 65.6% of the 1,030,000 acre goal has been met. Moreover, if agricultural land preserved by the Maryland Environmental Trust (MET) is included, then 78.9% of the goal has been met. Mr. Dubow argued that it makes sense to count MET acreage towards the 1,030,000 acre goals because agricultural land conservation is one of the MET program's priorities. On the question of whether a new goal is necessary given that 2022 is fast approaching, Mr. Dubow noted that solar development and siting affects new preservation goals; therefore, it might make sense to retain the existing acreage goal but extend the deadline. Written testimony provided by the agencies indicated that a 2040 deadline might be appropriate.

The subcommittee does not have a recommendation regarding the establishment of an updated agricultural land preservation target at this time. However, the subcommittee will likely revisit this issue, including the possible extension of the deadline for achieving the goal under SJ 10 of preserving 1,030,000 acres of agricultural land, next interim.



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### **Conservation Plus in the Phase III Watershed Implementation Plan**

Mr. Dubow presented on the inclusion of conservation plus measures – land use policy best management practices and protection – in the Phase III Watershed Implementation Plan (WIP) for Chesapeake Bay restoration. Mr. Dubow noted that the Chesapeake Bay Program saw an opportunity to receive credit for local and state land preservation in the Phase III WIP and that the Chesapeake Bay Land Change model allows for the simulation of alternative 2025 development scenarios for land use. The Chesapeake Bay Program partnership ran two particular scenarios for Maryland: a regulatory scenario reflecting existing land use restrictions and requirements through 2025; and a policy scenario reflecting State policy efforts such as land conservation and compact development goals not reflected in law or regulation. Under the policy scenario, Maryland is anticipated to avoid 83,449 pounds of nitrogen and 5,617 pounds of phosphorus due to the use of land use best management practices.

### **Maryland Agricultural Land Preservation Foundation**

Ms. Cable presented on the MALPF Program. Ms. Cable indicated that, as of fiscal 2019, MALPF is back to a one-year easement cycle after a decade of two-year easement cycles starting in fiscal 2009. As a result of the return to a one-year easement cycle, there is now overlap between fiscal years on the work done, such as surveys and appraisals, for a single year's easement purchases. Due to the shift back to a one-year easement cycle, MALPF has renegotiated its memorandum of understanding with the Department of General Services in order to increase the number of transactional attorneys assigned to MALPF from one to three and the number of full-time appraisers from three to five. Ms. Cable noted that as of the end of fiscal 2019, MALPF had 2,337 easements worth over \$750 million in public investment on over 318,000 acres. So far in fiscal 2020, MALPF has added 87 easements and 10,000 acres.

Chapter 622 of 2018 (Maryland Agricultural Land Preservation Foundation – Condemnation of Land Under Easement) resolved a statutory incompatibility between MALPF and the Readiness and Environmental Protection Integration (REPI) Program, allowing federal REPI funds to be used towards purchases of MALPF easements. The REPI Program funds cost-sharing agreements with state and local governments and conservation organizations to promote compatible land uses and preserve habitats near military installations. The provisions in Chapter 622 became effective June 30, 2018. Ms. Cable indicated that MALPF asked to rejoin the REPI partnership in July 2018, and MALPF signed a revised agreement with the U.S. Navy in February 2019. Ms. Cable noted that a final memorandum of understanding with the U.S. Navy is anticipated within the next few weeks. A property in Charles County may become the first test case in late Summer 2020.

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## **New Local Land Acquisition Standards Implementation**

Chapter 406 of 2017 (Program Open Space – Attainment of Acquisition Goals – Local Government Apportionment and Use of Funds) made changes to State law governing the use of POS local funding. The law also required the subcommittee to review land acquisition standards for POS local and report its findings and recommendations to the Senate Education, Health, and Environmental Affairs Committee and the House Environment and Transportation Committee on or before October 1, 2018. Specifically, the law directed the subcommittee to “review the State’s standard for land acquisition of 30 acres per 1,000 people to determine whether adjustments may be made to the standard to encourage the additional acquisition of land under Program Open Space.” The subcommittee submitted its report in May 2018 and requested that State agencies and county representatives provide an update on the status of local acquisition standards implementation at the subcommittee’s 2019 interim meeting.

The agencies provided the following information regarding the attainment of local land acquisition goals under the old and new standards (note that neither standard is applicable to Baltimore City):

- **Met the 2012 Standard and Met the 2017 Standard (11 counties)** – Allegany, Caroline, Carroll, Dorchester, Garrett, Queen Anne’s, Somerset, Talbot, Washington, Wicomico, and Worcester;
- **Did Not Meet the 2012 Standard and Did Not Meet the 2017 Standard (8 counties)** – Anne Arundel, Baltimore, Calvert, Charles, Harford, Howard, Montgomery, Prince George’s;
- **Did Not Meet the 2012 Standard and Met the 2017 Standard (2 counties)** – Cecil and St. Mary’s;
- **Met the 2012 Standard and Did Not Meet the 2017 Standard (1 county)** – Frederick; and
- **Met the 2012 Standard and To Be Determined for the 2017 Standard (1 county)** – Kent.

According to Mr. Knapp, MACo is not proposing any changes to the proximity and equity components of the new land acquisition standards. However, Mr. Knapp highlighted several challenges counties have encountered in implementing the new requirements, including limited land availability, high land cost, increased acquisition time, and lost opportunities to buy other pieces of property.



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Ms. Burley voiced support for MACo's remarks and stated that all county parks and recreation directors would like to meet their open space and recreation goals. Ms. Burley also noted that the proximity and equity components of the new land acquisition standard are wonderful goals, but they require counties to bank their POS local allocations over several years due to the higher cost of large projects in populated areas. However, counties are discouraged from banking their allocations because of the appearance that the counties are not using their funding in a timely manner. Ms. Burley further noted that there are concerns about the quality of park development, because the majority of jurisdictions that have not met the land acquisition standards are limited to spending 50% of their POS local allocation on development. This in turn limits the amenities that can be offered at the parks.

Ms. Burley suggested two changes that could be implemented to address the impacts of the proximity and equity components of the land acquisition standards on counties' ability to meet the land acquisition standard: (1) allow counties to count active recreation areas added by developers as part of subdivision development towards the counties' land acquisition goals; and (2) encourage the development of parks on land purchased in densely populated and underserved communities by increasing the percentage of POS local funding authorized to be used for development from 50% to 75%, even if a county has not met its land acquisition targets.

Ms. Simmons noted that parks and recreation dynamics differ between urban and rural areas. For instance, distance is experienced differently in rural areas because traffic is not as bad so travel times to and from parks are shorter. Ms. Simmons indicated that Caroline County has met its land acquisition goals under its current LPPRP. However, that may change following the 2020 census, which may increase the count of the population and spur the need for park development.

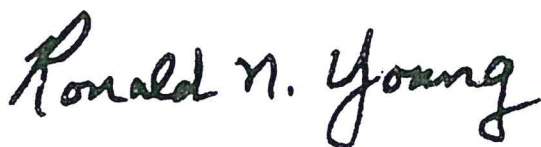
The subcommittee does not have a recommendation regarding the new local land acquisition standards at this time. However, the subcommittee has requested additional information from DNR regarding why certain counties have failed to attain their land acquisition goals both under the old and the new standards. The subcommittee will continue to monitor this issue closely.



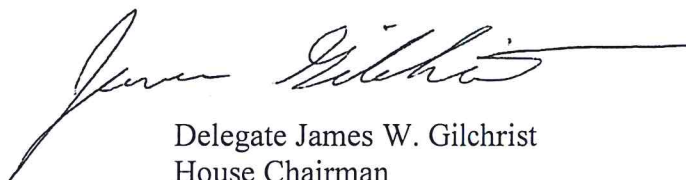
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On behalf of the subcommittee, we wish to thank the individuals who contributed their time and effort during the 2019 interim in assisting the subcommittee with its work. We also wish to thank the members of the subcommittee for their participation and our staff for their support.

Respectfully submitted,



Senator Ronald N. Young  
Senate Chairman



Delegate James W. Gilchrist  
House Chairman

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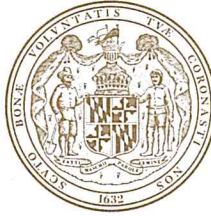
cc: Ms. Victoria Gruber  
Mr. Ryan Bishop  
Alexandra Hughes  
Jake Weissmann



## **Spending Affordability Committee**

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MARYLAND GENERAL ASSEMBLY  
SPENDING AFFORDABILITY COMMITTEE

December 18, 2019

The Honorable Thomas V. Mike Miller, Jr., Co-chairman  
The Honorable Adrienne Jones, Co-chairman  
Members of the Legislative Policy Committee

Dear Colleagues:


We are pleased to submit the fiscal policy recommendations of the Spending Affordability Committee made during the 2018 interim. These recommendations were adopted by the committee at its meeting on December 18, 2018. The committee reviewed data concerning the economic condition of the State, revenue and expenditure trends during the past several years, personnel data, the Transportation Trust Fund, and the results of the Capital Debt Affordability Committee report.

Recommendations were made concerning the fiscal 2020 spending limit, the use of general fund cash balances, reserve fund balances, capital debt limits and the reporting requirements for the Capital Debt Affordability Committee, and State positions.

The Spending Affordability Committee has completed its assigned tasks. As required by law, the recommendations of the committee have been submitted to the Governor and the Legislative Policy Committee.

We are most appreciative of the time and effort expended by each member of the committee. A special note of thanks and appreciation is extended to the members of the Citizens Advisory Committee for their valuable assistance and input.

Sincerely,

  
Senator Craig J. Zucker  
Presiding Chair

  
Delegate Ben Barnes  
House Chair

CJK:BB/JAK/mrm

Enclosure

# **2019 Spending Affordability Committee Report and Recommendations to the Governor and the Legislative Policy Committee**

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The Spending Affordability Committee was created in 1982 (Chapter 585). The committee is composed of equal numbers of senators and delegates and includes the Presiding Officers, the majority and minority leaders, the chairmen of the fiscal committees (or their designees), and other members appointed by the Presiding Officers. A citizen advisory committee assists the committee.

The committee's primary responsibility is to recommend to the Governor and the General Assembly a level of spending for the State operating budget that is reflective of the current and prospective condition of the State's economy. Historically, this has been in the form of a recommended growth limit. More recently, however, efforts to close the structural budget gap have been the focus of the committee's recommendations. The full list of the committee's prior recommendations and legislative action on the operating budget are reflected in the table in **Appendix 1**. Since its inception 36 years ago, the recommendation of the committee has been adhered to by the legislature in all but 1 year.

Often, growth in personal income is used as a proxy for the State's economic performance. The committee notes that operating spending in relation to the State's economy, as measured by the personal income statistic, has fluctuated between 6.7% and 7.6% over the past 30 years. The unprecedented increases under the Bridge to Excellence in Public Schools Act raised spending as a percentage of income during the period of 2004 to 2008. By 2009, the ratio reached 7.5%, the highest level since 1991, in part, due to falling income. Conversely, rising income and reduced State spending caused the ratio to drop to 7.1% in 2010; the rate has fluctuated between 7.1% and 7.5% since.

The committee's statutory responsibility is to consider spending in relation to the State's economy. In its review of the State's economy, the committee considered income and wealth factors in developing a broad understanding of Maryland's economic position. In determining the spending recommendation, the committee has considered economic performance, revenue estimates, and current and future budget requirements.

## **Economy**

Throughout the economic expansion, Maryland has generally underperformed relative to the nation as a whole. Employment growth in Maryland was below the U.S. growth in each year from 2011 to 2018. Since 2010, U.S. employment growth has averaged 1.7% per year but only 1.1% per year in Maryland. Through the first 10 months of 2019, employment in Maryland grew just 0.7% compared to 1.6% nationally. But alternate measures of the labor market suggest that the monthly employment data is likely understating growth in Maryland. In the first half of 2019, data from the Quarterly Census of Employment and Wages shows job growth at 0.8% in Maryland and 1.4% nationally. Wage growth in Maryland has also underperformed relative to the



U.S. economy. In 2018, Maryland wage and salary income grew 3.7% compared to 5.0% nationally. In the first half of 2019, wages in Maryland were up 3.7% versus 5.2% for the United States as a whole.

In September 2019, the Board of Revenue Estimates (BRE) issued a revised economic forecast for Maryland, its first since March 2019. BRE revised the economic outlook largely in line with recent performance. Employment growth for 2019 was unchanged, but wage growth was lowered from 4.0% to 3.2%. In December 2019, BRE raised their estimate of 2019 wage growth income up to 3.7% based on revisions to the data and strong growth in the second quarter. The 2019 estimated personal income growth was increased from 3.5% to 3.8%.

## **Revenues**

Fiscal 2019 general fund revenues were above the estimate by \$217 million, or 1.2%. General fund revenues totaled \$18.2 billion in fiscal 2019, an increase of 4.8% over fiscal 2018. The overattainment was mostly due to the personal income tax and the corporate income tax, both of which were impacted by the federal Tax Cuts and Jobs Act of 2017 that took effect beginning in tax year 2018. The personal and corporate income taxes exceeded estimates by \$207.7 million and \$75.1 million, respectively. The sales tax, however, was below the estimate by \$51.0 million.

In September, BRE increased their estimate for fiscal 2020 general fund revenues by \$129.9 million, or 0.7%. The personal income tax estimate was revised up by \$169.5 million (1.6%). In December, BRE increased the general fund estimate for fiscal 2020 by \$25.8 million, or 0.1%, in light of the revised economic assumptions and the year-to-date performance. The new estimate for fiscal 2020 reflects transferring \$55 million in personal income tax revenue to the local income tax reserve account to address underfunding in the account as of the end of fiscal 2019. BRE raised their general fund revenue estimate for fiscal 2021 by \$114.6 million (0.6%).

## **Budget Requirements**

Taking into consideration the revenue projections by BRE in December 2019, the committee is currently projecting an ending general fund balance of \$528.8 million at the close of fiscal 2020. This projected balance reflects a larger than anticipated fiscal 2020 starting balance driven by higher than anticipated revenue attainment and fiscal 2019 reversions. Revenue overattainment is also anticipated in fiscal 2020. The fiscal 2020 general fund outlook also significantly benefits from the Governor's decision not to spend \$238.0 million in general funds restricted by the legislature for a variety of purposes. Higher revenues and lower spending more than offset anticipated spending shortfalls, requiring fiscal 2020 general fund deficiency appropriations of \$125.0 million.

Significant deficiencies include fiscal 2019 and 2020 shortfalls in Medicaid primarily due to an eligibility system change that has increased enrollment in the parents/caregivers eligibility category as well as a spike in spending for psychiatric rehabilitation services, longstanding liabilities in the Developmental Disabilities Administration (DDA) related to disallowed federal

fund claims, and anticipated fiscal 2020 salary enhancements that were not included in the fiscal 2020 budget. However, the overall level of projected deficiency needs are tempered by \$120.8 million in additional special fund revenue in lieu of general funds to support Medicaid, primarily from the Rate Stabilization Fund, as well as projected fiscal 2020 general fund surpluses chiefly in DDA based on historical spending patterns, the Department of Public Safety and Correctional Services (DPSCS) through turnover savings, and a miscalculation of the general fund need for the fiscal 2020 3% general salary increase.

The baseline estimate for fiscal 2021 projects general fund growth of 4.8% over the fiscal 2020 legislative appropriation after adjusting for anticipated deficiencies and unreleased funding restricted by the legislature. The fiscal 2021 general fund ending balance is projected to be a shortfall of \$206.1 million.

Major drivers of general fund growth are in local aid and entitlement programs. Aid to local governments grows by \$283.7 million, an increase of 4.0%, of which \$230.8 million is for education and library aid. Entitlement growth adds \$264.6 million, or 6.8%, \$239.7 million of which is in the Medicaid program. Growth in Medicaid is driven by statutory changes to the federal matching rate for the Affordable Care Act expansion and Maryland Children's Health Program populations, provider rate increases including the impact of Chapters 10 and 11 of 2019 that increase the minimum wage and rates for certain providers, and a decline in available special fund revenue.

In terms of State agency spending, the baseline assumes \$388.4 million in general fund growth. Personnel costs, excluding higher education, account for \$135.4 million of this growth. The baseline assumes a 1% general salary increase for fiscal 2021 effective July 1, 2019, regular increment increases, and the annualization of the anticipated January 1, 2020 general salary increase as well as increases in health insurance and retirement costs.

Other significant State agency costs include general fund support (\$85.6 million) for the University System of Maryland (USM), Morgan State University, and St. Mary's College of Maryland to cover growth in operating costs, primarily personnel, not supported by tuition (increasing at an anticipated 2%), fees, and Higher Education Investment Fund revenue; rate increases and placement costs in DDA (\$35.2 million); a substantial mandated increase in Sellinger Aid for private colleges and universities (\$32.0 million); and various major information technology projects (\$28.8 million).

The committee projects that the State will close fiscal 2021 with a balance of \$1,149.5 million in the Revenue Stabilization Account (Rainy Day Fund), which represents 6.0% of general fund revenues. The statutorily mandated appropriation to the Rainy Day Fund for fiscal 2021 will be \$291.4 million.

As noted above, current baseline projections estimate the General Fund to have a cash shortfall of \$206.1 million at the close of fiscal 2021. The structural deficit is somewhat larger at \$419.2 million. As shown in **Exhibit 1**, which provides both the cash and structural balance projections for the General Fund through fiscal 2025, the outlook is forecast to deteriorate beyond fiscal 2021.

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**Exhibit 1**  
**General Fund Budget Outlook**  
**Fiscal 2020-2025 Est.**  
**(\$ in Millions)**

	<b>Working Approp. <u>2020</u></b>	<b>Baseline <u>2021</u></b>	<b>Est. <u>2022</u></b>	<b>Est. <u>2023</u></b>	<b>Est. <u>2024</u></b>	<b>Est. <u>2025</u></b>
Cash Balance	\$529	-\$206	-\$1,226	-\$1,458	-\$1,461	-\$1,486
Structural Balance	116	-419	-943	-1,204	-1,209	-1,236

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## **Recommendations**

In light of the considerations discussed earlier, the committee proposes the following recommendations for the 2020 session:

### **1. Operating Budget Spending Limit and Sustainability**

The spending affordability process was put in place in 1982 with the goal of calibrating the growth in State spending to growth in the State's economy. In implementing that objective, a unique method of classifying and accounting for State spending was developed and has been periodically revised as circumstance has required. For the past several years, the traditional establishment of a growth limit has been replaced with recommendations to reduce the structural deficit that developed as a result of plummeting revenues, substantial short-term federal assistance, and extensive reliance on one-time budget balancing actions experienced in the first part of the past decade.

Significant efforts have been undertaken since fiscal 2011 to close the structural imbalance. Most recently, improved revenue projections, coupled with slower expenditure growth, have created a short-term favorable fiscal position for the State. However, long-term stresses still exist that create a sizeable imbalance in the out-year forecast for the General Fund. Cash and structural surpluses are forecast for fiscal 2020, but a structural deficit of \$419 million is projected for fiscal 2021 growing to \$1.2 billion by fiscal 2025. Out-year fiscal stress is anticipated despite the expectation that personal income and employment will continue to grow steadily, and entitlement and prison caseloads will hold steady or decline. An imbalance is forecast before accounting for any recommendations from the Commission on Innovation and Excellence in Education.

**As such, the committee recommends that the fiscal 2021 general fund budget maintain structural balance. Achieving structural balance in fiscal 2021 will better position the State to address the long-term budget challenges and respond to any future slowdown in the economy while making new investments in policy priorities such as K-12 education.**

## 2. Fund Balances

The committee anticipates that fiscal 2021 will result in a closing general fund balance in excess of \$100 million and a Rainy Day Fund balance of \$1,149 million, which is 6.0% of ongoing general fund revenues. However, large structural budget deficits forecast for the near term, the looming potential of an economic slowdown, and expected significant spending increases needed to implement the recommendations of the Commission on Innovation and Excellence in Education warrant a cautious fiscal approach. **To help mitigate these challenges, the committee recommends that the Governor and General Assembly continue to prioritize the preservation of cash reserves at the 2020 session. To achieve this goal, the committee recommends:**

- **a minimum ending fiscal 2021 general fund balance of at least \$100 million;**
- **a Rainy Day Fund balance of at least 6.0% of general fund revenues;**
- **adherence to existing statute phasing in the revenue volatility adjustment at 1% of general fund revenues in fiscal 2021 and 2% in fiscal 2022; and**
- **the allocation of any remaining cash balances to reserves and one-time spending.**

## 3. Capital Budget

### A. General Obligation Debt

In its 2019 report, the Capital Debt Affordability Committee (CDAC) recommended a general obligation (GO) bond authorization level of \$1,095 million for fiscal 2021. The recommendation also provides a 1% annual authorization growth rate through the planning period. The recommendation is consistent with programmed funding levels in the 2019 *Capital Improvement Program* (CIP).

Although the CDAC recommendation is advisory and the committee has differed in its recommendation in recent years, the committee supports the CDAC debt affordability criteria, which limits debt service to 8% of State revenues and debt outstanding to 4% of State personal income. The committee also supports moderating the growth in authorization levels to maintain the debt ratios within the affordability limits.

**The committee recommends the authorization of \$1,095 million in new GO bonds for the 2020 session. In addition, for planning purposes, out-year annual authorizations should continue to be limited to 1% growth. The proposed limit keeps the State within the CDAC debt affordability criteria. The committee further recommends the prudent use of pay-as-you-go general funds, particularly for programs and projects that would require the issuance of more expensive taxable bonds, to supplement the capital program while maintaining a limit on the growth in GO bond authorizations.**

## **B. Higher Education Debt**

USM intends to issue up to \$32 million in academic debt for fiscal 2021. This is \$2 million less than was authorized for fiscal 2020 but is consistent with the amount programmed in the 2019 CIP for fiscal 2021. This level of issuance will result in a debt service ratio within the 4.5% of current unrestricted funds and mandatory transfers criterion recommended by the system's financial advisers.

**The committee concurs in the recommendation of CDAC that \$32 million in new academic revenue bonds may be authorized in the 2020 session for USM.**

## **4. State Employment**

Personnel costs comprise approximately 20% of the State's operating budget. The committee anticipates the addition of 108 new positions in the fiscal 2021 budget primarily to implement legislation enacted in the 2019 session. The additional positions would bring the State workforce to 81,350 in fiscal 2021, 1,060 more positions than in fiscal 2007, the year prior to the start of the economic recession. The increase reflects positions created at institutions of higher education, which increased by approximately 4,500 over the time period. In comparison, the State's Executive Branch workforce has declined by 4,172 positions from 53,364 in fiscal 2007 to an anticipated 49,192 in fiscal 2021.

Since the economic recession in fiscal 2008, there has been a steady increase in vacant positions in Executive Branch agencies, despite cost containment actions to abolish vacant positions. This trend continued over the past year with the Executive Branch vacancy rate increasing from 11.2% in October 2018 to 11.8% in October 2019. **Given the substantial number of vacancies, the committee recommends that the Administration repurpose currently vacant positions to accommodate new staffing needs rather than creating new positions.**

The committee is concerned that a significant number of vacancies are within agencies that have been identified as chronically understaffed and either protect public safety or serve vulnerable populations. For example, there were 2,088 vacant positions within DPSCS for a vacancy rate of 20.6%.

**Given the high vacancy rate in DPSCS and other critical classes of positions, the committee again encourages the Governor to act expeditiously to fill positions in understaffed agencies and work to remove hiring barriers for positions with recruitment and retention difficulties.**

**Appendix 1**  
**Prior Recommendations and Legislative Action on the Operating Budget**  
(\$ in Millions)

<u>Session Year</u>	<u>Committee Recommendation</u>		<u>Legislative Action</u>	
	<u>Growth Rate</u>	<u>Amount</u>	<u>Growth</u>	<u>Amount</u>
1983	9.00%	\$428.0	5.70	\$269.8
1984	6.15%	326.7	8.38	402.0
1985	8.00%	407.2	7.93	404.6
1986	7.70%	421.5	7.31	402.2
1987	7.28%	430.2	7.27	429.9
1988	8.58%	557.5	8.54	552.9
1989	8.79%	618.9	8.78	618.2
1990	9.00%	691.6	8.98	689.7
1991	5.14%	421.8	5.00	410.0
1992	No recommendation		10.00	823.3
1993	2.50%	216.7	2.48	215.0
1994	5.00%	443.2	5.00	443.2
1995	4.50%	420.1	4.50	420.0
1996	4.25%	415.0	3.82	372.8
1997	4.15%	419.6	4.00	404.6
1998	4.90%	514.9	4.82	506.6
1999	5.90%	648.8	5.82	640.6
2000 <sup>1</sup>	6.90%	803.0	6.87	800.0
2001 <sup>2</sup>	6.95%	885.3	6.94	884.6
2002	3.95%	543.2	3.40	468.1
2003	2.50%	358.2	0.94	134.1
2004	4.37%	635.2	4.33	629.0
2005 <sup>3</sup>	6.70%	1,037.1	6.69	1,036.3
2006 <sup>3</sup>	9.60%	1,604.7	9.57	1,599.0
2007	7.90%	1,450.0	7.51	1,378.4
2008	4.27%	848.7	4.16	826.8
2009 <sup>4</sup>	0.70%	145.7	0.19	39.2
2010 <sup>4</sup>	0.00%	0.0	-	-626.9
2011	Reduce fiscal 2012 structural deficit by 33⅓%		36.90%/46.00% <sup>5</sup>	
2012	Reduce fiscal 2013 structural deficit by 50.0%		50.60%	
2013	Reduce fiscal 2014 structural deficit by \$200.0 million			-211.2
2014	4.00%	937.8	2.76	646.4
	Reduce fiscal 2015 structural deficit by \$125.0 million			-126.1
2015	Reduce fiscal 2016 structural deficit by 50.0%		68.27%	
2016	4.85%	1,184.2	4.55	1,111.2
2017	Reduce fiscal 2018 structural deficit by at least 50.0%		90.19%	
2018	Eliminate 100% of the fiscal 2019 structural deficit		100%	
2019	3.75%	1,019.0	3.31	900.7
	Maintain structural balance in fiscal 2020			76.0 <sup>6</sup>

<sup>1</sup>2000 legislative action does not reflect \$266 million of Cigarette Restitution Fund (CRF) appropriations. CRF dollars were excluded because it had not previously been available to the State. The 2000 growth rate, including CRF dollars, was 9.16%.

<sup>2</sup>Methodology revised effective with the 2001 session.

<sup>3</sup>The committee initially approved a limit of 5.70% for 2005 and 8.90% for 2006.

<sup>4</sup>Legislative action calculation includes federal funds under the American Recovery and Reinvestment Act of 2009 used in lieu of ongoing general fund spending.

<sup>5</sup>Spending reduction/total reduction.

<sup>6</sup>Amount reflects difference between the estimated structural deficit of \$64 million in the Governor's allowance and the structural surplus of \$12 million in the legislative appropriation.



## **Joint Committee on Unemployment Insurance Oversight**

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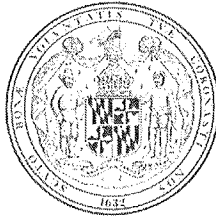
The joint committee did not meet during the 2019 interim.



## **Workers' Compensation Benefit and Insurance Oversight Committee**

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MARYLAND GENERAL ASSEMBLY  
JOINT COMMITTEE ON WORKERS' COMPENSATION  
BENEFIT AND INSURANCE OVERSIGHT

December 17, 2019

The Honorable Thomas V. Mike Miller, Jr., Co-chair  
The Honorable Adrienne A. Jones, Co-chair  
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Committee on Workers' Compensation Benefit and Insurance Oversight held one meeting during the 2019 interim on October 17, 2019. During the meeting, the committee received information about and discussed two policy issues.

First, the committee received a briefing from the Uninsured Employers' Fund (UEF) concerning a fund solvency study conducted over the 2019 interim. The report and summary discussed how UEF's financial obligations have grown significantly in the last 5 to 10 years while its revenue source has remained unchanged. Specifically, UEF's fund balance has decreased from \$10.8 million in fiscal 2012 to \$5.8 million in fiscal 2019 due to this discrepancy.

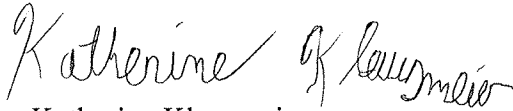
Second, the committee heard from the Workers' Compensation Commission (WCC), the Maryland Association for Justice (MAJ), and the Chesapeake Employers' Insurance Company (Chesapeake) concerning medical cannabis in the workers' compensation context. WCC noted that fewer than 10 claims for medical cannabis have been submitted to the commission thus far, so the issue has not been very prominent. In some cases the claims have been awarded and in others denied. MAJ advised that numerous other states have allowed medical cannabis to be prescribed/recommended for workers' compensation claims. Chesapeake warned that there is little research about the medical effectiveness of cannabis and that it is wary of paying for medical cannabis for injured workers because cannabis is still illegal under federal law.

December 17, 2019

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Please contact one of us or the committee staff Laura Atas or Richard Duncan at (410) 946-5510, if you have questions.

Sincerely,



Katherine Klausmeier  
Senate Chair



Kriselda Valderrama  
House Chair



KK:KV/RLD/kms

cc: Mr. Jake Weismann  
Ms. Alexandra M. Hughes  
Ms. Victoria L. Gruber  
Mr. Ryan Bishop



## **Special Committees – Senate of Maryland**

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## **Senate Special Committee on Substance Abuse**

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The committee did not meet during the 2019 interim.



## **Special Committees – House of Delegates**

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## **House Special Committee on Drug and Alcohol Abuse**

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The committee did not meet during the 2019 interim.