



---

# Summary Reports of Committees To the Legislative Policy Committee

---

2023 Interim Report

Annapolis, Maryland  
February 2024

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

For further information concerning this document contact:

Library and Information Services  
Office of Policy Analysis  
90 State Circle  
Annapolis, Maryland 21401

Baltimore Area: 410-946-5400 – Washington Area: 301-970-5400  
Other Areas: 1-800-492-7122, extension 5400  
TTY: 410-946-5401 – 301-970-5401  
Maryland Relay Service: 1-800-735-2258

Email: [libr@mlis.state.md.us](mailto:libr@mlis.state.md.us)  
Home Page: <http://mgaleg.maryland.gov>

The Department of Legislative Services does not discriminate on the basis of age, ancestry, color, disability, gender identity, genetic information, marital status, national origin, pregnancy, race, religion, sex, or sexual orientation in the admission or access to its programs, services, or activities. The Department's Information Officer has been designated to coordinate compliance with the nondiscrimination requirements contained in Section 35.107 of the Department of Justice Regulations. Requests for assistance should be directed to the Information Officer at the telephone numbers shown above.



MARYLAND GENERAL ASSEMBLY  
LEGISLATIVE POLICY COMMITTEE

February 2024

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

Members:

Pursuant to Section 2-409(b) of the State Government Article, attached for your review and information is a compilation of the 2023 interim activities and recommendations of the standing, joint statutory, and special joint committees of the General Assembly.

For further information or copies of this summary report or individual committee reports, please email the staff for the Legislative Policy Committee, Ryane Necessary [ryane.necessary@mlis.state.md.us](mailto:ryane.necessary@mlis.state.md.us) or Dana Tagalicod [dana.tagalicod@mlis.state.md.us](mailto:dana.tagalicod@mlis.state.md.us).

We wish to thank the committee chairs and the staff from the Department of Legislative Services for their time, effort, and contributions to the work of the committees during the 2023 interim.

Sincerely,

Handwritten signature of William C. Ferguson IV in blue ink.

William C. Ferguson IV  
Co-Chair

Handwritten signature of Adrienne A. Jones in black ink.

Adrienne A. Jones  
Co-Chair

WCF:AAJ/RMN:DKT/mpd



# Contents

---

## Standing Committees

|   |    |
|---|----|
| Senate Budget and Taxation Committee.....                       | 3  |
| Senate Committee on Education, Energy, and the Environment..... | 5  |
| Senate Finance Committee .....                                  | 7  |
| Senate Judicial Proceedings Committee .....                     | 9  |
| House Appropriations Committee .....                            | 10 |
| House Economic Matters Committee .....                          | 12 |
| House Environment and Transportation Committee .....            | 14 |
| House Health and Government Operations Committee.....           | 17 |
| House Judiciary Committee.....                                  | 23 |
| House Ways and Means Committee.....                             | 25 |

## Statutory and Special Joint Committees

|  |    |
|--|----|
| Administrative, Executive, and Legislative Review, Joint Committee on .....        | 29 |
| Audit and Evaluation Committee, Joint.....   | 33 |
| Chesapeake and Atlantic Coastal Bays Critical Area, Joint Committee on the.....    | 36 |
| Children, Youth, and Families, Joint Committee on .....                            | 38 |
| Cybersecurity, Information Technology and Biotechnology, Joint Committee on .....  | 39 |
| Federal Relations, Joint Committee on.....   | 47 |
| Legislative Ethics, Joint Committee on .....                                       | 49 |
| Management of Public Funds, Joint Committee on the .....                           | 50 |
| Pensions, Joint Committee on.....  | 55 |
| Program Open Space and Agricultural Land Preservation, Joint Subcommittee on ..... | 56 |
| Spending Affordability Committee.....  | 60 |



# Standing Committees

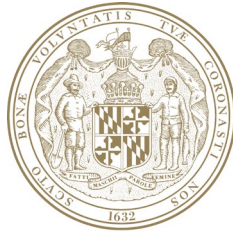
---





Guy Guzzone  
Chair

James C. Rosapepe  
Vice Chair



**THE SENATE OF MARYLAND**  
**Budget and Taxation Committee**

Jack Bailey  
Joanne C. Benson  
Paul D. Corderman  
Sarah K. Elfreth  
Shelly Hettleman  
Michael A. Jackson  
J. B. Jennings  
Nancy J. King  
Cory V. McCray  
Johnny Ray Salling  
Craig Zucker

December 18, 2023

The Honorable Bill Ferguson, Co-Chair  
The Honorable Adrienne A. Jones, Co-Chair  
Members of the Legislative Policy Committee

Dear President Ferguson, Speaker Jones, and Members:

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. In addition, three site visits were conducted. The subcommittees did not meet.

**Full Committee Activities**

On September 12, the committee had a site visit to the Live Casino and Hotel. The committee toured the facility and received updates on the facility's operations.

On November 7, the committee attended a joint fiscal briefing with the Spending Affordability Committee and the House Appropriations and Ways and Means Committees, during which the committees were briefed on the revenue and spending projections for the current and upcoming fiscal years.

On December 1, the committee attended a site visit to the R. Adams Cowley Shock Trauma Center at the University of Maryland Medical Center in Baltimore. The committee toured the facilities and received informational briefings on the center's operations.

On December 8, the committee attended a site visit to the Maryland Transit Administration's Kirk Avenue Bus Division. The committee toured the facility and received informational briefings on various transit projects and an update on the Zero-Emission Bus program.

December 18, 2023

Page 2

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 black ink, appearing to read "Guy Guzzone", enclosed in a thin black rectangular border.

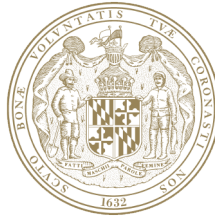
Guy Guzzone  
Chair

GG/ES/cgs

cc: Sally Robb  
Jody Sprinkle  
Jeremy Baker  
Victoria L. Gruber  
Ryan Bishop

BRIAN J. FELDMAN  
CHAIR

CHERYL C. KAGAN  
VICE CHAIR



MALCOLM AUGUSTINE  
BENJAMIN BROOKS  
MARY BETH CAROZZA  
JASON C. GALLION  
KATIE FRY HESTER  
BRYAN W. SIMONAIRE  
MARY L. WASHINGTON, PH.D  
RON WATSON  
KAREN LEWIS-YOUNG

## THE SENATE OF MARYLAND EDUCATION, ENERGY, AND THE ENVIRONMENT COMMITTEE

December 13, 2023

The Honorable Bill Ferguson, Co-Chair  
The Honorable Adrienne A. Jones, Co-Chair  
Members of the Legislative Policy Committee

Dear President Ferguson, Speaker Jones, and Members:

The Senate Committee on Education, Energy, and the Environment is pleased to report on its interim activities. During the 2023 interim, the committee held one education briefing and participated in two energy-related site visits.

### **Education**

On July 26, 2023, the committee was briefed by committee counsel on the governing units in the Maryland elementary and secondary education system. This overview included a discussion of the role, responsibilities, statutory authority, and funding source for the State Board of Education, Professional Standards and Teacher Education Board, State Superintendent of Schools as head of the State Department of Education, county boards of education, the Interagency Commission on School Construction, and Accountability and Implementation Board. The briefing concluded with an update on the implementation of provisions of the Blueprint for Maryland's Future by each of the five pillars: (1) Early Childhood Education; (2) High-quality and Diverse Teachers and Leaders; (3) College and Career Readiness; (4) More Resources for Students to be Successful; and (5) Governance and Accountability.

### **Energy and the Environment**

On September 12, 2023, the committee traveled to Valley Forge, Pennsylvania, to visit the headquarters of PJM, the entity that coordinates the movement of electricity on the regional electric grid. PJM's policy team briefed the committee on a range of topics, including PJM's current energy capacity, Maryland's generating output, average emissions within the PJM region, projects within the interconnection queue, and actions PJM has taken to support the electric grid's reliability. The visit concluded with a tour of the PJM control room, where system operators monitor and direct the flow of energy through the region's high-voltage electric grid.

Miller Senate Office Building · 11 Bladen Street, Suite 2 West · Annapolis, Maryland 21401  
410-841-3661 · 301-858-3661 · 800-492-7122 Ext. 3661

December 13, 2023  
Page 2

On October 26, 2023, the committee visited Conowingo Dam and Kilby Farm in Cecil County. At Conowingo Dam, the committee was briefed on the generation of hydroelectric energy and the environmental conservation efforts undertaken by the dam's operator, Constellation Energy. The visit concluded with a tour of the generating station. At Kilby Farm, the committee toured the farm and learned about the role anaerobic digesters play in managing manure from the farm's dairy herd, producing energy, and reducing greenhouse gas emissions. Presenters included the owner of the farm, local residents, and professors from the University of Maryland's College of Agriculture and Natural Resources.

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 the 2023 interim. We look forward to continuing our work on these and other important topics during the upcoming legislative session.

Sincerely,

A handwritten signature in cursive script that reads "Brian J. Feldman". The signature is written in black ink and is positioned to the right of the word "Sincerely,".

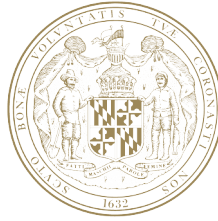
Brian J. Feldman  
Chair

BF/AMM/cgs

cc: Sally Robb  
Jeremy Baker  
Victoria L. Gruber  
Ryan Bishop

PAMELA G. BEIDLE  
CHAIR

KATHERINE KLAUSMEIER  
VICE CHAIR



ARTHUR ELLIS  
DAWN D. GILE  
ANTONIO L. HAYES  
STEPHEN S. HERSHEY, JR.  
BENJAMIN F. KRAMER  
CLARENCE K. LAM  
JOHNNY MAUTZ  
JUSTIN READY  
ALONZO T. WASHINGTON

THE SENATE OF MARYLAND  
FINANCE COMMITTEE

December 13, 2023

The Honorable Bill Ferguson, Co-Chair  
The Honorable Adrienne A. Jones, Co-Chair  
Members of the Legislative Policy Committee

Dear President Ferguson, Speaker Jones, and Members:

The Senate Finance Committee respectfully submits its report summarizing the committee's activities during the 2023 interim. The full committee met twice during the 2023 interim.

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 Maryland Medicaid Advisory Committee; the Oversight Committee on Quality Care in Nursing Homes and Assisted Living Facilities in Maryland; the Maryland Commission on Aging; the Joint Committee on Ending Homelessness; the Apprenticeship 2030 Commission; and the Maryland Commission on Transportation Revenue and Infrastructure Needs. 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 2023 interim. The committee looks forward to the same spirit of cooperation and assistance during the forthcoming 2024 session.

Respectfully submitted,

A handwritten signature in blue ink that reads "Pamela G. Beidle".

Pamela Beidle  
Chair

PB/DAS/cgs

cc: Sally Robb  
Jeremy Baker

Victoria L. Gruber  
Ryan Bishop

# Senate Finance Committee

## 2023 Interim Report

---

### Site Visit to BWI Thurgood Marshall Airport

On September 26, the committee visited the Baltimore/Washington International Thurgood Marshall Airport (BWI Marshall). Staff from the Maryland Aviation Administration (MAA) provided a brief history and overview of MAA and an overview of BWI Marshall and Martin State airport layout plans, major capital projects, MAA solar power initiatives, noise mitigation projects, the Federal Aviation Administration's implementation of NextGen, the DC Metroplex BWI Community Roundtable, and the Voluntary Part 150 Program. MAA staff also reviewed BWI Marshall's economic impact, the post-pandemic recovery of the aviation sector, MAA's financial position, and air cargo service at BWI Marshall. MAA staff then updated the committee on the supply and demand at BWI Marshall, including future capacity, routes served, airline market share, new service, and growth of passengers and cargo.

In addition, the committee received a BWI Marshall airfield tour that included views of the Amazon site, the Southwest aircraft maintenance site, and other construction project sites. The committee also received a guided walking tour in the terminal providing views of restroom renovations and other improvements.

### Briefing on Collective Bargaining for Public Employees

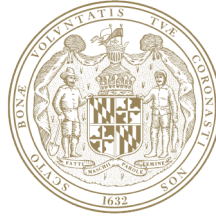
On October 10, the committee received a briefing on the structure of collective bargaining laws across the states for public employees, and an overview of collective bargaining laws for public employees in the State of Maryland.

Zaakary Barnes, Policy Specialist, Employment, Labor & Retirement Program, with the National Conference of State Legislatures started the briefing with a general overview of collective bargaining for public employees. Specifically, Mr. Barnes presented a brief history of collective bargaining and the evolution of collective bargaining for public employees; an overview of collective bargaining terms and processes; and a description of several state approaches to implementing collective bargaining for public employees.

The briefing continued with David Smulski, Principal Analyst with the Department of Legislative Services, discussing collective bargaining for public employees in the State. Mr. Smulski highlighted the role of the National Labor Relations Act regarding public sector collective bargaining and presented information on: (1) which public employees in the State have collective bargaining rights, including State employees, school employees, and community college employees; (2) common collective bargaining provisions, including topics for bargaining, elections of exclusive representatives, and impasse procedures; (3) recently enacted statewide collective bargaining laws; and (4) potential legislation that may be introduced during the 2024 session.

WILLIAM C. SMITH, JR.  
CHAIR

JEFF WALDSTREICHER  
VICE CHAIR



JILL P. CARTER  
WILLIAM G. FOLDEN  
MARY-DULANY JAMES  
ARIANA B. KELLY  
MIKE MCKAY  
C. ANTHONY MUSE  
CHARLES E. SYDNOR III, ESQ.  
ALONZO T. WASHINGTON  
CHRISTOPHER WEST

THE SENATE OF MARYLAND  
JUDICIAL PROCEEDINGS COMMITTEE

December 21, 2023

The Honorable Bill Ferguson, Co-Chair  
The Honorable Adrienne A. Jones, Co-Chair  
Members of the Legislative Policy Committee

Dear President Ferguson, Speaker Jones, and Members:

The Senate Judicial Proceedings Committee respectfully submits this summary report of its activities during the 2023 interim.

Last spring, I indicated that the Judicial Proceedings Committee had no immediate plans to meet during the 2023 interim. I am writing now to report that, as expected, the committee did not meet.

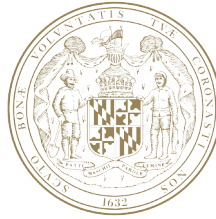
Sincerely,

A handwritten signature in black ink, appearing to read "William C. Smith, Jr.", written over a horizontal line.

William C. Smith, Jr.  
Chair

WCS/JP/cgs

cc: Victoria Gruber  
Ryan Bishop  
Sally Robb  
Jeremy Baker



THE MARYLAND HOUSE OF DELEGATES  
APPROPRIATIONS COMMITTEE

December 14, 2023

The Honorable Bill Ferguson, Co-Chair  
The Honorable Adrienne A. Jones, Co-Chair  
Members of the Legislative Policy Committee

Dear President Ferguson, Speaker Jones, and Members:

I am pleased to provide the 2023 interim report for the House Appropriations Committee. The committee held three briefings, including one full committee meeting and two subcommittee meetings, and several site visits. A summary of the committee's activities is listed below.

**Full Committee**

On September 7, 2023, the committee visited the University of Maryland, College Park Campus and met with President Darryll J. Pines and his staff for a briefing on updates to the campus. The committee also visited the Blue Line Corridor for a briefing by community leaders on initiatives in the corridor. The committee visited the New Carrollton Transit Center for a briefing by Prince George's County Executive Angela D. Alsobrooks, followed by a briefing by the Maryland Department of Transportation (MDOT) on transit-oriented development and updates on Purple Line construction.

On November 7, 2023, the committee held a fiscal briefing jointly with the Senate Budget and Taxation Committee, the House Ways and Means Committee, and the Spending Affordability Committee. The Department of Legislative Services (DLS) reported on the economic outlook, revenue estimates, general fund forecast, and the status of the Reserve Fund.



December 14, 2023

Page 2

### **Health and Social Services Subcommittee**

On October 20, 2023, the subcommittee visited the R. Adams Cowley Shock Trauma Center, the Regional Institute for Children and Adolescents – Baltimore, and the Spring Grove Hospital Center.

On December 12, 2023, the subcommittee met jointly with the House Health and Government Operations Committee for a briefing by the Maryland Department of Health regarding the resumption of annual redetermination of Medicaid eligibility.

### **Transportation and Environment Subcommittee**

On August 22, 2023, the subcommittee visited Baltimore/Washington International Thurgood Marshall Airport for a briefing from the Maryland Aviation Administration on the airport's infrastructure, operations, and several runway and facility expansion projects.

On September 19, 2023, the subcommittee visited the Port of Baltimore and was briefed on the port's infrastructure and operations and the status of the Howard Street Tunnel project. The subcommittee also visited the Masonville Cove Dredged Material Facility.

On November 3, 2023, the subcommittee met for a briefing by MDOT on the draft *Consolidated Transportation Program*.

On November 17, 2023, the subcommittee visited the State Highway Administration at its Statewide Operations Center in Hanover and was briefed on various traffic/roadway projects, weather procedures, and operations.

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 2023 interim.

Sincerely,



Ben Barnes  
Chair

BSB/KW/caw

cc: Sally Robb  
Jeremy Baker  
Victoria L. Gruber  
Ryan Bishop



THE MARYLAND HOUSE OF DELEGATES  
ECONOMIC MATTERS COMMITTEE

December 15, 2023

The Honorable Bill Ferguson, Co-Chair  
The Honorable Adrienne A. Jones, Co-Chair  
Members of the Legislative Policy Committee

Dear President Ferguson, Speaker Jones, and Members:

On behalf of the House Economic Matters Committee, I am submitting a summary report of our activities during the 2023 legislative interim.

When the 2023 regular session ended, the members of the Economic Matters Committee anticipated monitoring several issues within its subject matter jurisdiction. The committee met once as a whole, and several members also participated in meetings or otherwise engaged regarding pertinent issues.

The committee met on October 24, 2023 for a series of briefings. The committee first heard from NCSL on federal and state privacy issues. The committee also received feedback from various stakeholders on privacy legislation that was before the General Assembly during the 2023 session. Following those presentations, the committee heard from participating utilities and the Public Service Commission on the current status of the EmPOWER Maryland Program, under which the State promotes various energy efficiency and conservation measures funded through a customer surcharge. The proceedings touched on financial issues in the current program as well as recent proposals to alter the scope of the program to address climate issues consistent with the Climate Solutions Now Act. The committee also received information on efforts to ensure grid reliability in light of extensive electricity outages caused by significant summer storms.

In addition, committee leadership monitored the opening of Maryland to legal adult-use cannabis under the supervision of the Maryland Cannabis Administration starting July 1 and the administration's efforts to prepare for upcoming rounds of social equity licenses. Committee members also participated in the Apprenticeship 2030 Commission, which examined methods to reduce skill shortages in high-demand occupations and provide affordable training for career

December 15, 2023  
Page 2

pathways for young people. On an individual basis, committee members pursued a variety of other matters, including issues relating to renewable energy, solar siting incentives, climate, and low-income energy assistance.

The Economic Matters Committee wishes to thank those agencies and individuals who contributed their time and talent during this 2023 interim to inform and advise the committee.

Respectfully submitted,



C.T. Wilson  
Chair

CTW/RKS:TJC:EMW/acl

cc: Victoria L. Gruber  
Ryan Bishop  
Jeremy Baker  
Sally Robb



THE MARYLAND HOUSE OF DELEGATES  
ENVIRONMENT AND TRANSPORTATION COMMITTEE

December 20, 2023

The Honorable Bill Ferguson, Co-Chair  
The Honorable Adrienne A. Jones, Co-Chair  
Members of the Legislative Policy Committee

Dear President Ferguson, Speaker Jones, and Members:

On behalf of the House Environment and Transportation Committee, I am submitting this summary report of the committee's activities during the 2023 interim.

The full committee held three site visits to various locations in the State to enrich the committee's understanding on a number of topics relevant to the committee's subject matter jurisdiction, including waste management, agriculture, natural resources, and housing. The committee also held virtual briefings on (1) the implementation of the Climate Solutions Now Act and (2) housing-related issues for the upcoming session. Lastly, many members worked diligently throughout the interim to assist the work of the committee by participating in several task forces and study commissions.

**Full Committee Site Visits**

**September**

On September 12, the committee visited several locations in Baltimore and Howard counties, and Baltimore City. The committee toured the Waste Management Elkrige Materials Management Facility and the Bioenergy: Organics Recycling Facility. The committee also visited the Plantation Park Heights Urban Farm, where the committee learned about urban farming practices and the ability to provide quality and sustainable agricultural products to surrounding communities and beyond. Finally, the committee received a briefing on community-driven revitalization efforts that promote development without displacement and toured a revitalization zone in Baltimore City.

**October**

On October 13, the committee held a site visit at Rocky Gap State Park in Flintstone with representatives from the Department of Natural Resources. At the site visit, the department provided briefings by (1) the Maryland Park Service, including an update on the implementation of the Great Maryland Outdoors Act and an overview of Program Open Space; (2) the Wildlife and Heritage Service, addressing the complexities of managing wildlife in Maryland including a demonstration of equipment used in the field; (3) the Forest Service, including an update on implementation of the

December 20, 2023

Page 2

Forest Conservation Act and a discussion on the tools used to manage State forests; and (4) the Fisheries and Boating Service and the Resource Assessment Service, including an overview of Chesapeake and coastal services, the management and funding of State lakes, and recent shifts in Chesapeake Bay restoration strategies.

On October 23, the committee visited the Eastern Shore and met with individuals from the Maryland Department of Agriculture and the farming and business communities. The committee toured several agricultural operations, including a chicken house, an organic grain operation, a winery, a nursery, and a brewery. The committee also visited Chesapeake Farms (Corteva Agriscience), an operation devoted to the development, evaluation, and demonstration of advanced agricultural practices and wildlife management techniques.

### **Virtual Briefings**

On December 15, the committee held two virtual briefings, which are discussed in more detail below.

#### **Status of the Implementation of the Climate Solutions Now Act**

The Secretary of the Environment, Serena C. McIlwain, provided a presentation on the implementation of Chapter 38 of 2022, the Climate Solutions Now Act (CSNA). The CSNA made broad changes to the State's approach to reducing State greenhouse gas (GHG) emissions and included a number of requirements due in 2023. Among other things, Secretary McIlwain provided the following status updates: (1) the Maryland Department of the Environment's (MDE) final plan to reduce GHG emissions by 60% (from 2006 levels) by 2031, as well as setting the State on a path toward achieving net-zero statewide GHG emissions by 2045, which is anticipated to be finalized December 31, 2023; (2) MDE's recently proposed regulations to implement building energy performance standards for certain large commercial and multifamily residential buildings in the State, and MDE will hold a virtual briefing on these regulations on January 18, 2024; (3) the Building Energy Transition Task Force's final report is delayed due to, according to MDE, an increased need for stakeholder collaboration and discussion; and (4) environmental justice efforts are underway, including evaluating funding for GHG reduction measures in environmental justice communities. Secretary McIlwain concluded the presentation with an overview of the next steps for continuing CSNA implementation.

A panel of several representatives of Maryland Climate Partners, a climate advocacy coalition comprised of over 100 environmental, faith, consumer, and social justice organizations, also presented on the topic. The panel highlighted several policy recommendations from the coalition's recent report on recommendations for achieving Maryland's climate goals, including recommendations for reducing GHG emissions from the electricity generation sector, transportation sector, and building sector, including recommendations for achieving accessibility and equity in the building energy transition. The coalition's report also includes recommendations regarding natural resources, waste, revenue, monitoring, and accountability.

### **Housing Issues and Legislative Priorities for the 2024 Session**

The Secretary of Housing and Community Development, Jacob R. Day, presented on the state of Maryland's housing. This presentation highlighted a statewide housing shortage and housing instability. Secretary Day attributed the housing shortage to increased construction costs and regulatory barriers to development. Secretary Day then discussed the many factors that contribute to housing instability, such as high housing costs, substandard housing, a lack of transportation, and limited employment opportunities. To address this, Secretary Day advocated for a comprehensive approach that includes (1) expanding financing tools to produce more housing and revitalize communities that have experienced historical disinvestment and (2) protecting vulnerable renters from predatory practices.

The committee then heard from representatives of the Maryland Association of Counties (MACo) and the Maryland Municipal League on a number of issues that intersect housing and local government, such as local infrastructure, education, and the environment. Legislative priorities for the upcoming session were also identified by MACo. These include enabling legislation that allows counties and municipalities to (1) apply an additional tax on vacant housing units and (2) develop licensure and regulatory requirements for short-term rental units. MACo also advocated for legislation that will require the State Department of Assessments and Taxation to maintain accurate contact information for limited liability companies that own real property.

Next, a panel of several representatives from Renters United Maryland, a coalition of advocates for renters and for safe, affordable rental housing, presented on the state of rental housing in Maryland with a focus on related court data. The coalition identified a significant increase in 2023 of evictions and actions related to tenants holding over, as well as the disproportionate impact that these actions have on minorities. The Maryland Multi-Housing Association (MMHA) also presented on the state of rental housing in Maryland. MMHA noted the positive economic impacts of the rental housing industry and the fiscal costs associated with (1) MDE's building energy performance standards for certain large commercial and multifamily residential buildings and (2) sprinkler retrofitting.

The committee wishes to thank the many private citizens and public officials who participated in the committee's activities during the 2023 interim; their time and talents are greatly appreciated.

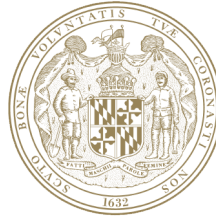
Respectfully submitted,



Marc Korman  
Chair

MK/RN/TPT/CCF/BV/km

cc: Sally Robb  
Jeremy Baker  
Victoria L. Gruber  
Ryan Bishop



THE MARYLAND HOUSE OF DELEGATES  
HEALTH AND GOVERNMENT OPERATIONS COMMITTEE

December 14, 2023

The Honorable Bill Ferguson, Co-Chair  
The Honorable Adrienne A. Jones, Co-Chair  
Members of the Legislative Policy Committee

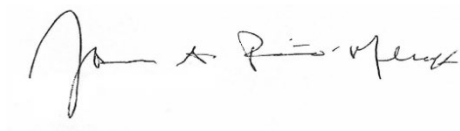
Dear President Ferguson, Speaker Jones, and Members:

This letter provides a summary of the 2023 interim work of the House Health and Government Operations Committee (HGO). The full committee met on two occasions for briefings and attended one site visit. On October 5, 2023, HGO held a virtual meeting with a briefing from the Maryland Department of Veterans Affairs on Charlotte Hall Veterans Home and briefings from the Maryland Insurance Administration on 2024 Affordable Care Act individual non-medigap and small group markets approved health insurance premiums and high deductible health plans. On December 12, 2023, HGO held an in-person meeting with briefings from the Maryland Department of Health on Medicaid unwinding (joined by the Appropriations Committee's Health and Social Services Subcommittee), a report on health care and dental care for undocumented individuals required by Chapter 384 of 2023, the Commission on Behavioral Health Care Treatment and Access established by Chapters 290 and 291 of 2023, and the study on operating room space for dental procedures required by Chapter 219 of 2023. Additionally, the December 12, 2023 meeting included a briefing from Steve Ports and Vincent DeMarco on an analysis of the impact of health care expansion on uncompensated care. On November 20, 2023, HGO members visited the Hargrove District Courthouse and the Kennedy Krieger Institute.

December 14, 2023  
Page 2

HGO appreciates the advice and assistance of the private citizens and public officials who participated in the committee's activities during the 2023 interim. As Chair, I would also like to thank the committee members and staff for their time and effort.

Sincerely,

A handwritten signature in black ink, appearing to read "Joseline A. Pena-Melnyk". The signature is fluid and cursive, with a large initial "J" and a long horizontal stroke.

Joseline A. Pena-Melnyk  
Chair

JAP/ERH:LAR:LJS/bao

Enclosure

cc: Members, Health and Government Operations Committee  
Sally Robb  
Jeremy Baker  
Victoria L. Gruber  
Ryan Bishop



# House Health and Government Operations Committee

## 2023 Interim Report

---

### **Charlotte Hall Veterans Home**

On October 5, 2023, Secretary Anthony C. Woods of the Maryland Department of Veterans Affairs briefed the Health and Government Operations (HGO) Committee on the ongoing efforts to improve care at Charlotte Hall after years of poor conditions and neglect of veterans. Secretary Woods outlined the four reforms that the department is taking. First, the department has entered into a contract with a new management contractor (PruittHealth) for the facility. Second, the contract with PruittHealth is modeled after contracts used in other states to incentivize quality of care and safety. Third, new guidelines for oversight have been implemented that focus on real-time data on health care quality measures that are consistent with best practices. Fourth, the department is implementing Chapter 106 of 2023 that requires a contractor operating a State-owned nursing home to promptly provide notice of a deficiency or enforcement action by the federal Centers for Medicare and Medicaid Services or the State Office of Health Care Quality to the Governor, the Maryland Department of Health (MDH), and members of the relevant legislative district.

### **Approved 2023 Individual and Small Group Rates**

On October 5, 2023, HGO was briefed by the Maryland Insurance Administration (MIA) on the individual non-medigap and small group markets approved health insurance premiums for calendar 2024. MIA told committee members that rates for individual market health plans will increase by an average of 4.7% and rates for small group market health plans will increase by an average of 6.9%. MIA discussed the general rate review process and approved individual Affordable Care Act (ACA) dental rates for 2024, which decreased by an average of 1.3%.

### **High Deductible Health Plans**

On October 5, 2023, MIA briefed HGO on high deductible health plans (HDHP). HDHPs were created by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which created health savings accounts (HSA) and required individuals to be enrolled in a HDHP to establish an HSA. Federal law defines HDHPs as plans with an annual deductible not less than the minimum amount set by the Internal Revenue Service (IRS) and a limit on total annual out-of-pocket expenses that does not exceed the maximum amount set by IRS. For calendar 2024, the minimum deductible amount is \$1,600 for an individual and \$3,200 for a family, while the maximum out-of-pocket limitation is \$8,050 for an individual and \$16,100 for a family. MIA described the pros and cons of HDHPs, state and federal actions taken related to HDHPs, how

HDHPs work in the ACA market, and how HDHPs compare to value plans in the individual market.

## **Medicaid Public Health Emergency Unwinding and Redeterminations**

On December 12, 2023, Dr. Laura Herrera Scott, Secretary of Health, and Dr. Ryan Moran, Deputy Secretary for Health Care Financing at MDH, updated HGO and the Appropriations Committee's Health and Social Services Subcommittee on the Medicaid public health emergency unwinding and redeterminations. Dr. Moran provided an update on the unwinding timeline and noted that Maryland was taking the full year to make redetermination decisions as authorized by federal guidance. Dr. Moran also discussed the statewide Medicaid Check-In Campaign, MDH's collaboration with managed care organizations and stakeholders, and other grassroots efforts to facilitate the redetermination process. Dr. Moran discussed the use of federal waivers and federal flexibilities such as linking Supplemental Nutrition Assistance Program and Medicaid eligibility, collaborating with the Maryland Health Benefit Exchange (MHBE), automatic renewal of Medicaid enrollees at or below 100% of the federal poverty level, engaging providers in redetermination efforts, and the availability of the Maryland Health Connection Call Center.

MDH paused procedural disenrollments for August and reinstated coverage, which led to reinstating 5,000 children in Medicaid. Moving forward, MDH will examine enrollment by zip code pre- and post-pandemic to analyze continuity of coverage and will send additional resources to appropriate areas of the State.

## **Report on Coverage for Individuals Ineligible for Medicaid, Maryland Children's Health Program or Qualified Health Plans due to their Immigration Status (Chapter 384 of 2023)**

Chapter 384 of 2023 required MHBE and MDH to develop a report comparing options for offering affordable health care and dental care coverage to State residents who are ineligible for Medicaid, the Maryland Children's Health Program (MCHP), or qualified health plans (QHP) or stand-alone dental plans through MHBE due to immigration status. On December 12, 2023, Dr. Moran discussed the survey conducted by MDH and the Medicaid coverage options and cost estimates for four potential benefit packages. Dr. Moran also noted implementation considerations including federal funding, infrastructure, and staffing issues. Michele S. Eberle, executive director of MHBE, discussed QHP coverage options and projected five-year total costs. Executive Director Eberle modeled two scenarios: (1) coverage for individuals below income standards for Medicaid, MCHP, and MCHP Premium; and (2) coverage for individuals above these income thresholds. Executive Director Eberle's coverage scenarios were further broken down by projected take-up rate, age, and benefit package. Executive Director Eberle also discussed federal implementation considerations. Dr. Moran noted savings that may be difficult to quantify such as reductions in hospital uncompensated care. Both Dr. Moran and Executive Director Eberle

recommended incremental expansions and emphasized the high degree of uncertainty in projecting enrollment and take-up rates for undocumented individuals.

### **Analysis of Hospital Uncompensated Care, Related Assessments, and Health Care Expansion in Maryland**

On December 12, 2023, Steve Ports of Steve Ports Consulting and Vincent DeMarco, president of Maryland Health Care for All Coalition, briefed HGO on the Analysis of Hospital Uncompensated Care, Related Hospital Assessments, and Health Care Expansion in Maryland. The purpose of the study was to (1) examine trends in hospital uncompensated care to assess the impact of health care coverage expansion policies in Maryland; (2) determine whether there have been savings to purchasers of hospital care resulting from these policies; and (3) better understand the composition of the existing hospital uncompensated care. The study found that while Maryland has provided greater access to health care, it has also reduced hospital costs to payers and purchasers of hospital care, including public and private payers, consumers, and businesses. The study also found that a conservative estimate of the savings in the total percentage of uncompensated care and associated assessments between 2008 and 2022 was at least \$460 million when accounting for hospital cost inflation. The savings may reduce the growth in health insurance premiums and tax liability related to public payers.

### **Update on the Commission on Behavioral Health Care and Treatment (Chapters 290 and 291 of 2023)**

On December 12, 2023, Secretary Herrera Scott and Erin McMullen, chief of staff for MDH provided an update on the Commission on Behavioral Health Care and Treatment that included a review of the duties of the commission. Chief of Staff McMullen described the needs assessment and literature review of 65 behavioral health reports conducted by MDH that was presented at the commission's first meeting in November. As required by statute, the commission has formed the following workgroups: (1) Behavioral Health Workforce Development, Infrastructure, Coordination, and Financing; (2) Geriatric Behavioral Health; (3) Youth Behavioral Health, Individuals with Developmental Disabilities, and Individuals with Complex Behavioral Health Needs; and (4) Criminal Justice-involved Behavioral Health. Chief of Staff McMullen provided an overview of the workgroup meetings held in November and December. The commission will submit its first annual report to the General Assembly in January 2024.

### **Report on Operating Rooms for Dental Procedures (Chapter 219 of 2023)**

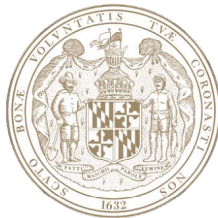
On December 12, 2023, Dr. Moran and Ben Steffen, executive director for the Maryland Health Care Commission (MHCC), provided an update on the Study on Operating Rooms for Dental Procedures required by Chapter 219 of 2023. The Act required (1) MDH to conduct a survey of hospitals to identify the availability of hospital operating room resources for dentist use;

(2) MDH and MHCC to conduct a regional needs assessment for dental procedures that require anesthesia or moderate sedation; and (3) MDH and MHCC to develop regional plans to ensure the availability of appropriate operating room space for the performance of dental procedures for Medicaid recipients. Executive Director Steffen discussed the meetings held with stakeholders over the previous six months, including MDH, MHCC, the Maryland Ambulatory Surgery Association (MASA), and the Maryland Hospital Association (MHA). Each entity conducted a survey to gather information about the current and future availability of operating rooms and qualified clinical staff to provide needed services and the feasibility of expanding surgical dental services. The surveys identified gaps in care in Western Maryland and the Eastern Shore. The Office of Oral Health in MDH and MHCC is conducting a needs assessment in consultation with MHA and MASA. During the next six months, MDH and MHCC will continue to review and analyze survey results and build out the full needs assessment.

### **Site Visits to Mental Health Court and the Kennedy Krieger Institute**

On November 20, 2023, members of HGO visited the Hargrove District Courthouse to observe proceedings in mental health court followed by a discussion with Maryland Supreme Court Chief Justice Matthew J. Fader, District Administrative Judge Geoffrey G. Hengerer, and other mental health court judges. The question and answer session also included representatives of the prosecutor's office and the Office of the Public Defender, parole officers, case managers, social workers, and other court personnel.

Also on November 20, 2023, the committee visited the Kennedy Krieger Institute. The visit included an overview presentation on the institute by Dr. Brad Schlaggar as well as a presentation on the Center for Child and Family Traumatic Stress by Sarah Gardner, LCSW-C. The group then toured the institute's Inpatient Unit, Neurobehavioral Unit, and Family Life Center.



## THE MARYLAND HOUSE OF DELEGATES JUDICIARY COMMITTEE

December 15, 2023

The Honorable Bill Ferguson, Co-Chair  
The Honorable Adrienne A. Jones, Co-Chair  
Members of the Legislative Policy Committee

Dear President Ferguson, Speaker Jones, and Members:

The House Judiciary Committee respectfully submits this summary report of its activities during the 2023 interim.

### **Site Visit to Baltimore County District Court**

On September 20, the committee visited the Catonsville – Rolling Cross Road District Court building. Members were given a tour of this new, state-of-the-art courthouse by judicial officials and observed an initial appearance hearing and a criminal docket.

### **Briefing – Court-mandated Fines and Fees**

On November 8, the committee held a briefing on court-mandated fines and fees. The briefing originated out of House Bill 154 of 2023 and House Bill 1199 of 2022 – Workgroup to Study the Impact of Court-Mandated Fines and Fees. The Maryland Judiciary, Maryland Legal Aid, and Baltimoreans United in Leadership Development participated in the briefing. The presentation outlined the fines and fees that may be imposed by the courts and the revenue structure that relies on those fines and fees. In addition, the briefing involved discussions on the impact of court-mandated fines and fees on low-income residents of the State and the recommendations for eliminating or reducing the fines and fees.

### **Site Visit to Baltimore Correctional Facilities**

On November 29, the committee visited the Baltimore Central Booking and Intake Center (BCBIC) and the Occupational Skills Training Center (OSTC). Members toured the facilities and

December 15, 2023  
Page 2

were briefed by agency officials about the features of the facilities, including the intake area and mental health unit of BCBIC and the academic and occupational programs and wrap around services offered by OSTC. Afterwards, the committee visited the Roca Baltimore program, a nonprofit organization that works to reduce violence on city streets, where program leaders discussed the work of the program and its achievements.

## **Juvenile Crime**

The committee held a series of three briefings this interim to examine the issues surrounding juvenile crime. In an effort to craft appropriate solutions, a significant portion of the committee's investigation included scrutiny of the impact of recently enacted juvenile reform legislation, which generally raised the age of juvenile court jurisdiction, established limitations on juvenile detention and probation, and expanded the use of informal out-of-court processes (Chapters 41 and 42 of 2022), as well as established more stringent requirements for law enforcement prior to and during a custodial interrogation of a juvenile (Chapter 50 of 2022).

The 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.

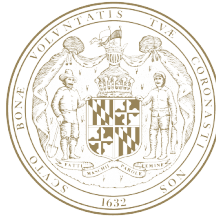
Sincerely,



Luke Clippinger  
Chair

LHC/HNV/msr

cc: Sally Robb  
Jeremy Baker  
Victoria L. Gruber  
Ryan Bishop



## THE MARYLAND HOUSE OF DELEGATES WAYS AND MEANS COMMITTEE

December 18, 2023

The Honorable Bill Ferguson, Co-Chair  
The Honorable Adrienne A. Jones, Co-Chair  
Members of the Legislative Policy Committee

Dear President Ferguson, Speaker Jones, and Members:

The House Ways and Means Committee respectfully submits its report of activities for the 2023 interim. The committee had an especially productive interim that included multiple briefings that will inform the committee's legislative work during the 2024 session and in future years. A summary of the committee's activities is listed below.

### **Full Committee**

On September 12, the committee held a committee retreat in the town of Cambridge. During the first day of the retreat, the committee received a briefing by Cambridge Waterfront Development Inc. and local representatives on local redevelopment efforts of Cambridge Harbor. Subsequently, the committee received a briefing by the Department of Commerce on its economic development, trade, and tourism promotion activities. The committee then received a briefing by the Maryland Lottery and Gaming Control Agency on an overview of lottery, gaming, and sports wagering activities in the State. Lastly, the committee received a briefing by the Maryland State Department of Education, the Maryland State Education Association, the Maryland Association of Boards of Education, and the Public-School Superintendents' Association of Maryland regarding updates on the state of the educator workforce in Maryland and the implementation of the Blueprint for Maryland's Future with respect to educators.

On September 13, the committee held a meet and greet session with the newly appointed State Administrator of Elections and members of the State Board of Elections.

December 18, 2023

Page 2

On October 25, members of the committee visited the Maryland School for the Blind. The committee received a presentation from the school's principal, toured the school's grounds, and heard about the school's daily activities from students, teachers, and other faculty and staff.

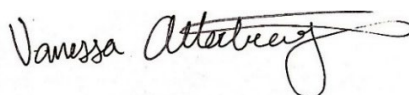
On November 7, the committee met jointly with the Senate Budget and Taxation Committee, the House Appropriations Committee, and the Spending Affordability Committee for a fiscal briefing from the Department of Legislative Services (DLS).

On December 4, the committee visited the city of Frederick. There the committee split into two groups and each group visited two public elementary schools and observed morning classes. The committee then travelled to the Frederick County Public Schools Career and Technology Center where the committee was served lunch by the center's Spires Café and received a tour of the facility and classes by school ambassadors and staff. Subsequently, the committee visited Long Shot's, a women-owned off-track betting and sports wagering facility, to learn about its operations.

During the 2023 session, the committee directed staff to conduct a study of electronic ballot return. Committee staff has been working on the study throughout the interim and will brief the committee on the results of the study in January 2024.

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 2023 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.

Sincerely,



Vanessa E. Atterbeary  
Chair

VEA/GHB:AMJ:SDW/ael

cc: Victoria L. Gruber  
Ryan Bishop  
Jeremy Baker  
Sally Robb



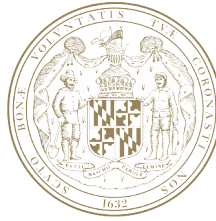
## Statutory and Special Joint Committees

---

The following committees did not meet during the 2023 interim:

- Joint Committee on Gaming Oversight;
- Joint Committee on Ending Homelessness
- Joint Committee on Legislative Information Technology and Open Government;
- Oversight Committee on Unemployment Insurance; and
- Workers' Compensation Benefit and Insurance Oversight Committee.





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

December 21, 2023

The Honorable Bill Ferguson, Co-Chair  
The Honorable Adrienne A. Jones, Co-Chair  
Members of the Legislative Policy Committee

Dear President Ferguson, Speaker Jones, and Members:

The following report of the Joint Committee on Administrative, Executive, and Legislative Review (AELR) for 2023 is submitted in accordance with § 2-506(b) of the State Government Article.

### **Functions of AELR**

AELR has several statutory review functions relating to the activities of the Executive Branch. AELR's primary role is to review regulations issued by State administrative agencies. The specific statutory functions of AELR 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 during 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

The overall number of regulations submitted saw a substantial increase in 2023 versus 2022. As of December 20, 2023, AELR had received 28 regulations submitted by executive agencies in 2023 for emergency approval and 326 regulations proposed for adoption within normal timeframes, for a total of 354 regulations. In 2022, AELR received 19 emergency regulations and 164 proposed regulations for a total of 183 regulations. In 2023, agencies and submitting units were generally more comfortable with the new ELF system than in 2022, and although there are ongoing issues that AELR continues to discuss and work through with the Division of State Documents (DSD), progress has been made with the new system. ELF is the online database agencies use to submit and track regulations through the promulgation process. This matter is discussed in more detail below.

AELR has compiled statistics since 1993 on the number of regulations received from each agency. The Maryland Department of Health has historically been the most prolific agency in submitting regulations to AELR, and in 2023 again submitted the most regulations (118 regulations, of which 10 were emergency regulations). In 2023, the Department of Natural Resources submitted 40 regulations, and the Maryland Department of Labor submitted 43 regulations, of which one was an emergency regulation. In 2023, the State Department of Assessments and Taxation submitted 2 regulations, the Maryland Department of Transportation submitted 16 regulations, and the Maryland Higher Education Commission and the State Board of Education submitted a total of 27 regulations.

## **Major Regulatory Issues of 2023**

### **Maryland Cannabis Administration**

#### **Emergency Regulation**

#### **DLS Control No. 23-121E**

#### **Maryland Cannabis Administration:**

COMAR 14.17.01.01 through 14.17.22.11

On May 19, 2023, the Maryland Cannabis Administration submitted emergency regulations that implement Chapters 254 and 255 of 2023, which established the adult-use cannabis industry in the State. The extensive regulations cover the independent Office of Social Equity; the Medical Cannabis Program; application for and dispensing of licenses; requirements for products, packaging, and labeling; research and development applications of cannabis; and several related topics. The regulations were approved by a vote of 12-4 and went into effect on July 1, 2023.

## **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), AELR continued to monitor significant developments concerning publications of DSD, a unit within the Office of the Secretary of State. DSD publishes the *Maryland Register* and COMAR. One item of note is the ongoing update to DSD’s ELF system, which is the online interface that agencies use to electronically file regulations.

Due to a system upgrade, DSD took the previous ELF system offline in September 2022 and replaced it with a new system, referred to as “ELF 2.0.” Despite efforts by DSD and the Department of Information Technology, issues with the functionality and usability of ELF 2.0 have continued throughout 2023. Chapters 349 and 350 of 2023 were enacted in response to issues raised by the conversion to ELF 2.0. The Acts make various changes to the laws regarding the publishing of the *Maryland Register*, the submission and review of proposed and emergency regulations by State agencies, and the development and functionality of the electronic filing system. The Acts also require DSD to report to AELR by December 31, 2023, on the status of the development and deployment of the electronic filing system.

## **Existing Agency Operations and Regulations**

Under § 2-506(b) of the State Government Article, AELR is required to comment on any legislative action that is needed to change or reverse a regulation of a unit of the Executive Branch. AELR has generally been satisfied with the continued cooperation it receives from the Executive Branch regarding their regulation submissions. However, as discussed above, there have been ongoing issues regarding the electronic filing system used to submit regulations to DSD and, by extension, the Department of Legislative Services (DLS). DLS will continue to monitor the situation and may recommend additional legislative actions depending on how the issue evolves.

January 30, 2023  
Page 4

AELR 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.

Sincerely,



Mary Washington  
Senate Chair



Samuel I. Rosenberg  
House Chair (Presiding)

MW:SIR/KPK:GC:KVL/mjp

cc: Sally Robb  
Jeremy Baker  
Victoria L. Gruber  
Ryan Bishop



THE MARYLAND GENERAL ASSEMBLY  
ANNAPOLIS, MARYLAND 21401-1991

## JOINT AUDIT AND EVALUATION COMMITTEE

December 27, 2023

The Honorable Bill Ferguson, Co-Chair  
The Honorable Adrienne A. Jones, Co-Chair  
Members of the Legislative Policy Committee

Dear President Ferguson, Speaker Jones, and Members:

The Joint Audit and Evaluation Committee respectfully submits the report of its activities during the 2023 interim. The joint committee's work covered the following principal areas of activity.

### **Review of Selected Legislative Audits and Program Evaluations**

The joint committee met on November 14 and December 13 to review several legislative audits conducted by the Office of Legislative Audits (OLA) covering the period from December 1, 2022, to November 30, 2023. The joint committee reviewed the audits (and received updates from the prior audits) listed below:

- Maryland Department of Health – Office of the Secretary and Other Units (report dated October 2023);
- Maryland Department of Health – Medical Care Programs Administration (report dated November 2023);
- Special Review: Maryland Transportation Authority (report dated March 2023);
- Maryland Department of Labor – Division of Unemployment Insurance – Part 1– Unemployment Insurance Tax Contributions (update on report dated May 2022); and
- Maryland Department of Labor – Division of Unemployment Insurance – Part 2 – Unemployment Benefits (update on report dated November 2022).

The joint committee also issued a letter of concern in response to an audit report based on the nature and significance of the findings. Letters of concern typically request that agencies review the audit report, ascertain whether the recommendations have been or will be promptly implemented and that an ongoing monitoring process exists, and provide a status report to the joint committee. The letter of concern issued by the joint committee is listed below:

- Maryland State Department of Education (report dated January 2023).

At the October 17 meeting, the joint committee reviewed the following performance evaluations conducted by the Office of Program Evaluation and Government Accountability:

- Evaluation of the Center of Excellence on Problem Gambling;
- Scoping Evaluation of the Maryland EXCELS Program; and
- Evaluation of the Office of Student Financial Assistance.

## **Review of Chapter 241 of 2022**

Chapter 241 of 2022 requires OLA to redact any cybersecurity findings in a manner consistent with auditing best practices before an audit report is made available to the public.

Reports discussed during the December 13 meeting contained cybersecurity findings that were required to be redacted from the public reports. The joint committee held a portion of this meeting in closed session under the Open Meetings Act to discuss the publicly redacted cybersecurity findings of the reports.

## **Review of OLA Follow-up Processes for Repeat Audit Findings**

Agencies with five or more repeat audit findings are required by law 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. At the December 13 meeting, review of the follow-up audit process from fiscal 2008 through 2023 showed that the overall percentage of repeat audit findings has decreased from 35% for the audit cycle ending June 30, 2008, to 27% for the audit cycle ending June 30, 2023. After a decline in 2013 to 21%, the overall repeat findings percentage started rising again (up to 29%) in June 2021. The number of repeat findings has been stable for the last two years. During calendar 2022, three audit reports had five or more repeat findings. All three reports are subject to the quarterly status report process, which is still ongoing.



## Budget Actions on Repeat Audit Findings

Since 2013, the *Joint Chairmen's Report* (JCR) has annually included budget bill language restricting appropriations for agencies with four or more repeat audit findings until corrective action has been taken on those repeat findings. This process is not mutually exclusive from the statutory follow-up process described above. The 2023 JCR included fund restrictions for four agencies with repeat audit findings: Department of Human Services (DHS) – Local Department Operations; DHS – Family Investment Administration; Maryland Department of Health – Developmental Disabilities Administration; and Maryland Department of Labor – Division of Unemployment Insurance. In November 2023, OLA sent letters to these agencies reminding them of the need to submit the required reports. OLA will review these reports and report its conclusions regarding the corrective actions taken on the 18 repeat findings to the budget committees.

Sincerely,



Senator Clarence K. Lam  
Senate Chair



Delegate Jared Solomon  
House Chair

CKL:JS/EP/bal

cc: Victoria L. Gruber  
Ryan Bishop  
Sally Robb  
Jeremy Baker  
Gregroy A. Hook  
Michael Powell



THE MARYLAND GENERAL ASSEMBLY  
ANNAPOLIS, MARYLAND 21401-1991

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

December 13, 2023

The Honorable Bill Ferguson, Co-Chair  
The Honorable Adrienne A. Jones, Co-Chair  
Members of the Legislative Policy Committee

Dear President Ferguson, Speaker Jones, and Members:

The Joint Committee on the Chesapeake and Atlantic Coastal Bays Critical Area (joint committee) respectfully submits the following summary of its 2023 interim activities.

During recent interims, the joint committee has monitored the implementation of Chapter 119 of 2008, which enacted specific recommendations that resulted from a 2007 comprehensive review of the critical area law. During the 2023 interim, the joint committee continued to monitor the ongoing implementation of this law and the corresponding regulations to ensure compliance with legislative intent and to determine if any further legislation is necessary.

In addition, on November 7, 2023, the Critical Area Commission for the Chesapeake and Atlantic Coastal Bays (commission) hosted the joint committee on a briefing/site visit at the Chesapeake Bay Environmental Center in Grasonville. The commission briefing (1) provided a general overview of the critical area program; (2) described the implementation and completion of its statewide critical area mapping project; (3) addressed enforcement matters; (4) described the effect of climate change on the critical area; and (5) addressed equity and environmental justice considerations in the critical area. The commission then took the committee on a guided tour of the property to examine wetlands issues in the critical area, including issues related to sea level rise and storm surge. Finally, the commission provided a briefing on its expected departmental legislation for the 2024 session.

The joint committee and the commission also began preliminary planning for a site visit during the 2024 interim. We will continue to forward you the dates and locations of any future meetings and site visits as soon as they are scheduled.

December 13, 2023  
Page 2

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 programs, and the other public officials who participated in the activities of the joint committee during the 2023 interim.

Respectfully Submitted,

Sarah K. Elfreth  
Senate Chair

Dana Stein  
House Chair

cc: Sally Robb  
Jeremy Baker  
Victoria L. Gruber  
Ryan Bishop



THE MARYLAND GENERAL ASSEMBLY  
ANNAPOLIS, MARYLAND 21401-1991

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

December 15, 2023

The Honorable Bill Ferguson, Co-Chair  
The Honorable Adrienne A. Jones, Co-Chair  
Members of the Legislative Policy Committee

Dear President Ferguson, Speaker Jones, and Members:

The Joint Committee on Children, Youth, and Families respectfully submits the following summary of its 2023 interim activities. The joint committee met twice to learn about programs that serve children, youth, and families and may be relevant throughout an individual's lifespan.

On October 18, the joint committee heard presentations by the Maryland Association of Local Management Boards related to local management boards, their daily operations, and notable trends. Additionally, the joint committee heard from experts in State government and the private sector about protections for children in out-of-home placements.

On November 15, the joint committee heard a presentation from the Maryland State Department of Education on the social, emotional, and behavioral deficits on students post-pandemic and efforts to overcome mental health and wellness challenges. Additionally, the joint committee heard a briefing on the relationship between housing stability, health, and education. Representatives from the Clinical Law Program at the University of Maryland Carey School of Law and the Strong Schools Maryland Youth Advisory Board discussed how unstable housing and limited health resources have a direct effect on educational achievements for young people.

The joint committee wishes to thank those individuals who contributed their time and expertise to inform and advise the joint committee's work.

Sincerely,

Handwritten signature of Mary-Dulany James in black ink.

Mary-Dulany James  
Senate Chair

Handwritten signature of Jen Terrasa in blue ink.

Jen Terrasa  
House Chair

MDJ:JT/TB:KB/vc

cc: Sally Robb  
Jeremy Baker

Victoria L. Gruber  
Ryan Bishop



THE MARYLAND GENERAL ASSEMBLY  
ANNAPOLIS, MARYLAND 21401-1991

JOINT COMMITTEE ON CYBERSECURITY, INFORMATION TECHNOLOGY, AND BIOTECHNOLOGY

December 15, 2023

The Honorable Bill Ferguson, Co-Chair  
The Honorable Adrienne A. Jones, Co-Chair  
Members of the Legislative Policy Committee

Dear President Ferguson, Speaker Jones, and Members:

The Joint Committee on Cybersecurity, Information Technology, and Biotechnology respectfully submits this summary report of its 2023 interim activities. The joint committee held three meetings primarily focused on artificial intelligence (AI).

At the first meeting, held on June 21, the joint committee received (1) an introduction and overview on AI issues from professors from the University of Maryland, Baltimore County (UMBC); (2) a summary of regulatory actions and strategies from other nations and states to govern AI, presented by the University of Maryland Center for Health and Homeland Security (CHHS); and (3) examples of specific AI-related research conducted by UMBC professors.

- The first panel of UMBC professors discussed the history of AI, beginning with the philosophical question of what constitutes intelligence; the various types of AI currently in use and development, including generative AI systems which have grown significantly in popularity over the last year (*e.g.*, ChatGPT); the basics of machine learning, which fuels many AI systems; and examples of how AI could be used, including in medicine and addressing climate change.
- Second, representatives from CHHS provided an overview of state regulatory actions related to AI. Many states regulate AI by (1) creating a task force or committee to make recommendations or provide oversight; (2) prohibiting or limiting the use of AI in certain industries or sectors; (3) requiring oversight and/or assessments for AI use; and/or (4) creating a cause of action for citizens to seek remedies from AI-related harms.
- Finally, professors from UMBC discussed real-world examples of research that they conducted relating to AI. The research topics included natural language processing (to help

December 15, 2023

Page 2

AI better understand and recognize language patterns) and robotics (to enhance quality and more complex automation).

At the second meeting, held on October 25, the joint committee delved into how AI is used or could be used in various policy areas; including education, consumer protection and constituent services; labor; disinformation and misinformation in elections; and general governance of AI. Panelists included state agencies, professors, and private-sector experts. The panelists for how AI and education intersect presented on the following.

- States should promote training of K-12 teachers in the use of AI in the classroom. The University of Connecticut's Center for Excellence in Teaching and Learning has taken the lead on developing professional resources for teachers.
- The U.S. Secretary of Education plans to create and release an AI toolkit for education leaders in the coming year and will implement recommendations from the Department's "Artificial Intelligence and the Future of Teaching and Learning" report.
- President Joseph R. Biden's October 30, 2023, executive order calls for the Secretary of Education to create resources that address safe, responsible, and nondiscriminatory uses of AI in education in consultation with relevant stakeholders.

The panelists regarding AI and consumer protection presented on the following.

- Consumer data privacy laws, including specified comprehensive laws enacted in California, Colorado, Connecticut, Utah, and Virginia, along with the European Union's General Data Protection Regulation, provide useful protections for certain existing and emerging AI applications, particularly with facial recognition applications. Consumer data privacy laws are even more important now with the accelerated growth of AI.
- Inventories of existing AI used by government entities, procurement rules for AI and products that include AI, and impact assessments to identify potential risks and harms caused by AI are all common foci for states beginning to regulate AI to protect consumers.
- Transparency is an important issue for consumers and remains a top priority for regulators. There is no standardized method (yet) for labeling content as AI generated, in addition to there being no tool that uses such labels that enable consumers to identify AI-generated content. However, several pending bills in Congress are calling for these to be developed.

The panelists regarding AI and labor-related issues presented on the following.

- States have an opportunity to implement minimum standards for private industry use of AI that outlines appropriate risk-based approaches. States should be cognizant of creating concrete governance approaches that recognize roles and leverage tested accountability tools.

December 15, 2023

Page 3

- Policymakers should examine regulation in electronic surveillance and automated management systems regulation, along with automated job tasks and automated employment decisions. Some practices policymakers should consider when discussing regulation of electronic surveillance and automated management systems in the workplace include (1) data minimization; (2) harm prevention; (3) transparency; and (4) auditing.
- The use of AI and its effects on the economy may be larger than many expect. Also, the effects may not be limited to the technology sector but may disrupt operations in the greater economy.

The panelists regarding AI and elections presented on the following.

- The State should be aware of prior misinformation and disinformation campaigns that were allowed to spread and consider avenues to educate the public, when appropriate. Some experts recommend the State take a proactive approach to misinformation and disinformation campaigns, rather than being reactive.

The panelists regarding AI and governance presented on the following.

- AI may have a larger impact on the economy than past innovations, such as electricity and personal computers.
- Governance structures vary among the few states that already regulate AI. Some states established advisory boards while others empowered public bodies to regulate AI directly. In addition, some states are considering the regulation of specific AI issues (such as AI facial recognition by law-enforcement) while others are considering regulating more broadly.
- Notably, Connecticut took a hybrid approach by establishing a 21-member working group that includes both advisory and regulatory authorities. Colorado established an AI facial recognition task force, and Washington proposed an Algorithmic Accountability Review Board to require agencies to meet certain requirements for any automated decision-making systems used by the agencies.

At its final meeting, held on November 29, the joint committee heard from presenters regarding (1) an update on the modernization efforts involving the ONESTOP and the Financial Management Information System (FMIS) software projects; (2) an update on the State's use of AI; (3) an update on the State's cybersecurity posture; and (4) a briefing on the nexus of cybersecurity and AI.

- Representatives from the Department of Information Technology (DoIT), the Department of Legislative Services, the Office of the Comptroller, and System Automation provided an update on the status of the ONESTOP and FMIS projects. DoIT acknowledged that the project is still in development but also recognized the ONESTOP system may not be the "forever answer" for the State. The Office of the Comptroller indicated that it is currently between program planning and strategy, and solicitation and planning, for the FMIS

project. System Automation provided best practices for similar systems in other states that Maryland should consider as it improves ONESTOP and FMIS. DoIT was asked to provide a timeline and budget for its modernization plans.

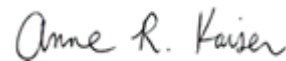
- Representatives from DoIT and McKinsey and Company indicated that the State should begin to plan for the foundational work necessary to ensure the State's responsible and productive use of AI. This includes establishing ethical guardrails on the use of AI, determining the risk of generative AI use on a case-by-case basis, and effectively managing risk associated with AI by establishing robust governance policies and implementing effective controls/regulatory compliance standards. DoIT was asked to provide a timeline and budget for implementation of AI governance and policies.
- Representatives from DoIT discussed the State's cybersecurity posture, including (1) preliminary findings from cybersecurity assessments of State agencies; (2) developments in partnerships with the Maryland National Guard and State colleges and universities; (3) considerations to expand Office of Security Management services; and (4) additional cybersecurity support available to K-12 systems. DoIT was asked to provide a timeline and budget for the remediation of the cybersecurity assessments.
- Representatives from RSM US LLP, SAF.AI Inc., and Palo Alto Networks Inc. discussed how AI affects cybersecurity, both as it is used by hackers and to defend against hackers. While AI can be helpful in identifying and resolving certain cybersecurity threats, bad actors also have access to AI systems that allow them to execute a greater number of attacks that are also more sophisticated. Generally, the speakers indicated that AI creates a new layer of complexity for handling cyber threats to critical systems.

Please contact us if you have any questions concerning the joint committee's activities.

Respectfully submitted,



Katie Fry Hester  
Senate Chair



Anne R. Kaiser  
House Chair

KFH:ARK/RD/bal

cc: Victoria L. Gruber  
Ryan Bishop  
Sally Robb  
Jeremy Baker





THE MARYLAND GENERAL  
ASSEMBLY

ANNAPOLIS, MARYLAND 21401-1991

**JOINT COMMITTEE ON FAIR PRACTICES AND STATE PERSONNEL OVERSIGHT**

December 13, 2023

The Honorable Bill Ferguson, Co-Chair  
The Honorable Adrienne A. Jones, Co-Chair  
Members of the Legislative Policy Committee

Dear President Ferguson, Speaker Jones, and Members:

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 three times during the 2023 interim on September 20, October 18, and November 15, and is pleased to present its interim report. All of the meetings and meeting materials from the 2023 interim are recorded and available for viewing at [Committees - Joint Committee on Fair Practices and State Personnel Oversight \(maryland.gov\)](https://www.maryland.gov/committees/joint-committee-on-fair-practices-and-state-personnel-oversight).

**September 20**

Since the committee has several new members, including a new House chair, the meeting opened with a brief history of the committee provided by the Department of Legislative Services. The meeting continued with an overview of major State personnel systems, including the State Personnel Management System (SPMS), which includes most State employees; and the University System of Maryland (USM), which includes employees of the system. Helene T. Grady, the Secretary of Budget and Management (DBM), and Cindy Kollner, Executive Director of DBM's Office of Personnel Services and Benefits, provided an overview of SPMS. Dr. Valerie Sheares Ashby, President, University of Maryland, Baltimore County; Carolyn Skolnik, Associate Vice Chancellor for Policy and Human Resources; and Sherri Roxas, Director of Labor Relations, provided the overview of USM's personnel system.

In light of recent media stories regarding workplace culture and employee relations (collective bargaining) at several State agencies, the meeting continued with discussions with representatives from affected State agencies. The representatives provided an update on the changes being made to improve workplace culture. More specifically, Josh Kurtz, Secretary of Natural Resources, discussed changes made to address the problems with the actions of a State

December 13, 2023

Page 2

park director. In addition, Colonel Roland L. Butler, Jr., Superintendent of the Maryland State Police (MSP), discussed changes that MSP has made to address overall problems with workplace culture. With regard to employee relations, Carolyn J. Scruggs, Secretary of Public Safety and Correctional Services (DPSCS); Tara Nelson, Executive Director of Human Resources for DPSCS; and Angela Washington, Executive Director of Equal Employment Opportunity for DPSCS, discussed DPSCS's efforts to improve employee relations as part of collective bargaining. In response to DPSCS's efforts, the committee also heard from a representative of the American Federation of State, County, and Municipal Employees (AFSCME), which is the employee organization that represents most DPSCS employees.

### **October 18**

This meeting began with an overview of the Maryland Department of Transportation's (MDOT) Human Resource System by Paul J. Wiedefeld, Secretary of Transportation, and Dianna Rosborough, Assistant Secretary for Administration.

Chapter 114 of 2023, the Public Employee Relations Act, consolidated different collective bargaining laws that apply to State employees, employees of public institutions of higher education, employees of community colleges, and public school employees, including teachers, into one set of rules and procedures for public employees. The Public Employee Relations Board was established to oversee collective bargaining for all the previously mentioned public employees. Chapter 114 also consolidated different collective bargaining laws into one law, including provisions regarding employee access, unfair labor practices, management and employee rights, prohibited employer and employee actions, designation of bargaining units, elections, and certification of exclusive representatives. The second part of the meeting included an update on the implementation of the Public Employee Relations Act from representatives of the Public Employee Relations Board, DBM, MDOT, and USM.

Committee members were presented with information regarding discrimination protections for the hiring of State employees based on prior criminal records. Section 2-203 of the State Personnel and Pensions Article prohibits an appointing authority in all three branches of State government from inquiring into the criminal record or criminal history of an applicant for employment until the applicant has been provided an opportunity for an interview. Representatives from the three major State personnel systems (DBM, MDOT, and USM) provided overviews of their compliance with the law.

The committee also heard information on the use of State procurement law to contract out work usually performed by State employees. Title 13, Subtitle 4 of the State Personnel and Pensions Article governs the circumstances for when the State may contract out services in lieu of using State employees to perform the function. Atif Chaudhry, Secretary of General Services, and Mike Haifle, Acting Chief Procurement Officer, provided an overview of the State procurement process and their compliance with Title 13, Subtitle 4. In addition, representatives of DBM, USM, and MDOT also provided overviews on their efforts to comply with the law.

The meeting concluded with a representative of AFSCME commenting on the various items on the day's agenda.

### **November 15**

The first item on the agenda for the November meeting was a discussion of the policies and practices of MDOT, USM, and DBM that address workplace bullying. Section 2-302 of the State Personnel and Pensions Article prohibits employment harassment by State managers, supervisors, and other employees. The following individuals presented on behalf of MDOT: Tony Bridges, Assistant Secretary for Transportation Equity and Engagement; Tracie Watkins Rhodes, Director of the Office of Diversity and Equity; and Adrienne Munroe, Equal Employment Opportunity Program Manager. MDOT's bullying policy mirrors the statewide policy implemented by DBM, but it divides enforcement of the policy between multiple offices. MDOT also provided data on the number of bullying complaints in calendar 2021 and 2022. Next, George Samuel, Director of Human Resources for USM, discussed USM's Policy on Professional Conduct and Workplace Bullying, which is adopted by the Board of Regents. It was noted that the tracking of complaints across all USM institutions is challenging, but within the last 12 months, there have been 46 complaints among approximately 42,000 employees. Finally, Cindy Kollner provided an overview of DBM's bullying policy. DBM indicated that two unions, AFSCME and the Maryland Professional Employees Council, have recently raised concerns regarding bullying; DBM indicated that it has taken and continues to take steps to resolve these issues.

The second item on the agenda was DBM's Statewide Equal Employment Opportunity (EEO) Report, which is shared with the committee annually. Nicole Webb, Statewide EEO Coordinator for DBM, provided an overview of EEO programs and processes within the units of State government, along with a specific discussion of complaints filed in fiscal 2023. The most common basis for a complaint was related to sex/gender and retaliation.

The third and final item on the agenda addressed hiring, wage, and discipline disparity gaps based on race and sex/gender, which is a topic also covered in DBM's EEO report. Nicole Webb detailed State workforce data for fiscal 2022. The data indicates that the State workforce has been hiring minorities and women at higher rates than the civilian workforce. Within the State workforce, women and African Americans have lower average salaries when compared to men and other minority groups – this is partially attributable to the types of positions members of these groups hold, with women and African Americans working in a higher percentage of administrative and service/maintenance roles compared to other groups. DBM also discussed steps being taken to continue meeting the State's EEO goals.

December 13, 2023  
Page 4

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



Dayla Attar  
House Chair

CKL:DA/DAS/mpd

cc: Sally Robb  
Jeremy Baker  
Victoria L. Gruber  
Ryan Bishop



THE MARYLAND GENERAL ASSEMBLY  
ANNAPOLIS, MARYLAND 21401-1991

## JOINT COMMITTEE ON FEDERAL RELATIONS

December 15, 2023

The Honorable Bill Ferguson, Co-Chair  
The Honorable Adrienne A. Jones, Co-Chair  
Members of the Legislative Policy Committee

Dear President Ferguson, Speaker Jones, and Members:

As co-chairs of the Joint Committee on Federal Relations, we would like to give you an update on our committee's work this year. During the 2023 interim, the joint committee held a briefing on federal/congressional issues relevant to the states and undertook its annual review of a portion of the interstate compacts of which Maryland is a member. These activities are summarized below.

### **November 1 Briefing with the National Conference of State Legislatures**

The joint committee held a briefing on November 1 with policy updates from the National Conference of State Legislatures (NCSL) and the Governor's Federal Relations Office on federal/congressional issues relevant to the states and to Maryland. Specific topics addressed by NCSL during the briefing included:

- federal fiscal 2024 appropriations;
- reauthorization of the federal farm bill and related issues, including an update on the Supplemental Nutrition Assistance Program;
- Special Supplemental Nutrition Program for Women, Infants, and Children;
- federal banking reform efforts related to the legal cannabis industry through the federal Secure and Fair Enforcement Banking Act and Secure and Fair Enforcement Regulation Banking Act;
- Medicaid program eligibility and enrollment following the termination of the Medicaid continuous enrollment condition as part of the COVID-19 Public Health Emergency;
- Centers for Medicare and Medicaid Services' proposed new minimum nursing home standards;
- Clean Water and Drinking Water State Revolving Funds program changes; and
- a summary of notable cases in the U.S. Supreme Court's current term.

In addition, Matthew Verghese, Director of Federal Relations for the Governor's Office, provided a summary of the Governor's Federal Relations Office's work and the efforts to save the hostages kidnapped from Israel and secure federal funding for the State and its local governments.

### **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) by sending questionnaires to the State agencies involved with each of the compacts to assess if Maryland's continued membership serves the interests of the State and whether any legislative changes are needed.

**The compacts up for review this year were:** (1) the Interstate Wildlife Violator Compact; (2) the Nurse Licensure Compact; (3) the Interstate Physical Therapy Licensure Compact; (4) the Potomac Highlands Airport Authority Compact; (5) the Education Commission of the States; (6) the Interstate Agreement on Qualifications of Educational Personnel; (7) the Interstate Compact on Adoption and Medical Assistance; (8) the Interstate Compact on the Placement of Children; (9) the Interstate Library Compact; (10) the Interstate Compact on Mental Health; and (11) the Southern Regional Education Board.

Questionnaire responses have been submitted for 9 of the 11 compacts (questionnaires for the Interstate Compact on Mental Health and the Southern Regional Education Board are still outstanding), and for each of those 9 compacts, the agencies recommend that the State continue its membership in the compacts. For 2 of the compacts, the agencies identified new compacts that are available for the State to consider moving toward: (1) in the case of the Interstate Agreement on Qualifications for Educational Personnel, a new compact entitled the Interstate Teacher Mobility Compact has been developed, which is expected to allow for increased teacher mobility in comparison to the system under the current interstate agreement and (2) in the case of the Interstate Compact on the Placement of Children, a new Interstate Compact *for* the Placement of Children was finalized in 2005 and has been enacted by 16 states, with enactment in 35 states needed in order for the new compact to take effect.

Sincerely,



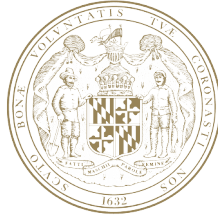
Jill P. Carter  
Senate Chair



Lily Qi  
House Chair

JPC:LQ/SDK:SMQ/km

cc: Sally Robb  
Jeremy Baker  
Victoria L. Gruber  
Ryan Bishop



MARYLAND GENERAL ASSEMBLY  
JOINT COMMITTEE ON LEGISLATIVE ETHICS

December 4, 2023

The Honorable Bill Ferguson, Co-Chair  
The Honorable Adrienne A. Jones, Co-Chair  
Members, Legislative Policy Committee

Dear President Ferguson, Speaker Jones, and Members:

The Joint Committee on Legislative Ethics met once during the 2023 interim. At that meeting, 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,

Handwritten signature of Charles E. Sydnor III in black ink.

Charles E. Sydnor III  
Co-Chair

Handwritten signature of J. Sandy Bartlett in black ink.

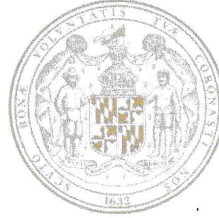
J. Sandy Bartlett  
Co-Chair

CES:JSB/DWD/mlm

cc: Sally Robb  
Jeremy Baker  
Victoria L. Gruber  
Ryan Bishop

SENATOR ARTHUR ELLIS  
SENATE CHAIR

SENATOR PAMELA G. BEIDLE  
SENATOR PAUL D. CORDERMAN  
SENATOR MARY-DULANY JAMES



DELEGATE COURTNEY WATSON  
HOUSE CHAIR

DELEGATE EMILY SHETTY  
DELEGATE JOSHUA STONKO

MARYLAND GENERAL ASSEMBLY  
JOINT COMMITTEE ON THE MANAGEMENT OF PUBLIC FUNDS

December 14, 2023

The Honorable Bill Ferguson, Co-Chair  
The Honorable Adrienne A. Jones, Co-Chair  
Members of the Legislative Policy Committee

Dear President Ferguson, Speaker Jones, and Members:

The Joint Committee on the Management of Public Funds is pleased to present this report on its activities undertaken during the 2023 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 the State's economic development programs, the activities of the Comptroller's and Treasurer's offices, and audits of local governments.

Last year, the joint committee recommended local governments that are delinquent in timely filing their audit reports as required by State law report to the joint committee regarding their noncompliance. During the 2023 interim, the joint committee heard from the delinquent local jurisdictions and recommends local governments continue to report to the joint committee if they are delinquent in timely filing their audit reports. The joint committee also recommends that the Treasurer report to the joint committee next interim on the Maryland 529 Program.

The joint committee greatly appreciates the assistance of the many individuals who participated in the activities of the joint committee during the 2023 interim.

Sincerely,

Handwritten signature of Arthur Ellis in blue ink.

Arthur Ellis  
Senate Chair

Handwritten signature of Courtney Watson in blue ink.

Courtney Watson  
House Chair

AE:CW/HM:NK/bal

Enclosure

cc: Sally Robb  
Jeremy Baker  
Victoria L. Gruber  
Ryan Bishop



# **Joint Committee on the Management of Public Funds 2023 Interim Report**

---

The Joint Committee on the Management of Public Funds held two meetings during the 2023 interim.

## **October 4 Meeting**

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

Comptroller Brooke Lierman provided an update on the activities of the Comptroller's Office. The Comptroller explained how the agency is hiring additional employees, reclassifying positions, and investing in IT infrastructure to improve and modernize the agency. During the most recent tax season through October 1, the State collected \$17.3 billion in gross income tax revenue and processed more than 3.14 million tax returns. More than 2.3 million families received tax refunds, on average within 2.5 business days. The Comptroller's Office also discussed its role in the State's legalized cannabis marketplace. Lastly, the Comptroller discussed the priority of fortifying the agency's Compliance Division to help close the tax gap.

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

The Office of Legislative Audits (OLA) presented information on the reviews of local government audits for fiscal 2022. OLA found that the local governments generally complied with generally accepted accounting principles and auditing standards and generally appeared to be in good financial condition. However, OLA's report summarized the most significant and frequent problem areas found during its annual review of local government audits. The Upper Potomac River Commission – Waste Treatment Plant Fund was identified as having a potential financial problem with the auditor reporting uncertainty regarding the fund's ability to continue as a going concern. The City of Seat Pleasant has not filed an audit report for fiscal 2020 through 2022, and six other local governments failed to submit audit reports for fiscal 2021 and 2022.

Failing to timely submit local government audit reports has been an ongoing issue for a number of years. Last year, the joint committee requested local governments that are delinquent in filing audit reports to report to the joint committee on their failure to timely submit audit reports. Thus, the joint committee heard from Dorchester County, the Town of Deer Park, the Town of Forest Heights, the City of Seat Pleasant, the Town of Middletown, the City of Hyattsville, and the Town of Sudlersville on their failures to timely submit audit reports. The joint committee recommends local governments continue to report to the joint committee if they are delinquent in timely filing their audit reports.

Dorchester County failed to submit timely audit reports for several reasons, including inadequate training on new financial software, the departure of key personnel, and a ransomware attack in 2020. Dorchester County hired a second audit firm to assist and expedite the completion

of the fiscal 2022 and 2023 audits and the Government Finance Officers Association will be reviewing the county's financial department to ensure best practices are in place.

The Town of Deer Park experienced delays in submitting audit reports due to the COVID-19 pandemic, computer system updates, town hall renovations that resulted in lost records which have since been recovered, and auditor staffing issues. The town is currently working on its 2021 and 2022 audit reports.

The delay in the Town of Forest Heights submitting its audit reports was due to the turnover of key personnel and the transition from paper reporting and filing to electronic filing. The town has hired a new accounting firm to complete the outstanding audits. Likewise, the City of Seat Pleasant was delinquent in submitting its audit reports due to staff attrition and retirement, transitioning from a paper system to an electronic system, and transitioning to new financial systems. The city hired a chief financial officer, along with other finance personnel, and is taking steps to complete its audits.

The Town of Middletown was delinquent in filing fiscal 2021 and 2022 audit reports due to the former town staff not responding to financial records requests from the auditor and delays stemming from the COVID-19 pandemic. The town hired new staff, including a new financial officer, and is rectifying the issues; therefore, the town does not anticipate delinquent filings in the future.

The City of Hyattsville attributes its delay in filing timely audit reports on its small staff and ongoing backlog, and the city has replaced its auditing firm. The Town of Sudlersville faced delays due to embezzlement; however, the town has a new billing system and no longer accepts cash, which should prevent any future embezzlement.

## **November 1 Meeting**

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

State Treasurer Dereck Davis provided an update on the activities of the Treasurer's Office. Treasurer Davis reported on the progress of transferring the Maryland 529 Program to the Treasurer's Office, which included setting up methods of communication with account holders, establishing a retroactive earnings rate on historical balances, and defining procedures for beneficiaries to file claims for retroactive earnings. During the first quarter of fiscal 2024, the Treasurer's Office refunded \$15.7 million to account holders, and distributed \$32.3 million to higher education institutions. The joint committee recommends the Treasurer report to the joint committee next interim on the progress of the Maryland 529 Program.

In addition, the Treasurer's Office updated the joint committee on the State investment policy regulations, which was a topic of legislation sponsored by the joint committee during the 2023 session (Chapters 115 and 116). As required by the Acts, the Treasurer's Office notified relevant local government officials about the forthcoming investment requirements. The new

investment policy was in the final stages of legal review as of the November 1 hearing, and has since been posted on the Treasurer’s website, along with the emergency regulations.

## **Update on State Economic Development Programs**

Representatives of the Maryland Department of Commerce, Meridian Management Group (MMG), the Maryland Technology Development Corporation (TEDCO), and the Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO) addressed the joint committee regarding their economic development and small business financing programs across the State.

### **Maryland Department of Commerce**

The Secretary of Commerce, Kevin Anderson, presented Commerce’s business development programs, highlighting two new programs, the Cannabis Business Assistance Fund, and the Child Care Capital Support Revolving Loan Fund to support businesses in the cannabis and child care industries, respectively. The Cannabis Business Assistance Fund also provides grants to historically Black colleges and universities for cannabis-related programs, and business development organizations. In response to a question from the joint committee regarding the balance of grants versus loans provided by the Cannabis Business Assistance Fund, Commerce indicated that 20 grants to businesses have been awarded, totaling \$39 million, compared to 2 loans to businesses that total \$1.5 million. The Child Care Capital Support Revolving Loan Fund provides no-interest loans to child care providers. The program is in its second year and Commerce is focused on working with child care providers to ensure applicants understand program requirements.

Commerce also updated the joint committee on three other programs: the Maryland Small Business Development Financing Authority (MSBDF), managed by MMG; the Small, Minority, and Women-Owned Businesses Account, funded through video lottery terminal revenues; and the Maryland Economic Development Assistance Authority and Fund, which provides below-market, fixed-rate financing for businesses in priority funding areas in the State.

### **Meridian Management Group**

The executive director of MMG, Stanley Tucker, presented information about two of MMG’s programs, MSBDF and the Maryland Casino Business Investment Fund (MCBIF), both of which promote entrepreneurs in Maryland, particularly women- and minority-owned businesses. MMG is aiming to increase investment by commercial banks to increase capital to support businesses and improve marketing efforts.

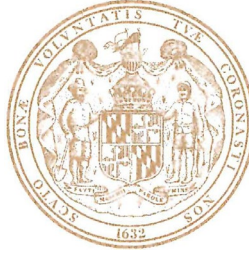
### **Maryland Technology Development Corporation**

The executive director of TEDCO, Troy LeMaile-Stovall, provided an overview of TEDCO’s investment programs, which invest only in Maryland, and work as venture capital programs to support businesses in the early stage of establishment. TEDCO reported that across three funds in fiscal 2023, 74% of approved companies were run by underrepresented groups, and

nearly 60% of funds were awarded to businesses owned by people of color or women. TEDCO also provided an update on several new programs established by legislation in 2023 to promote and support different types of entrepreneurs in Maryland.

### **Maryland Agricultural and Resource-Based Industry Development Corporation**

Stephen McHenry, the executive director of MARBIDCO, briefed the joint committee on MARBIDCO's mission and on Maryland agriculture. Additionally, he shared recent research from Salisbury University looking at the economic impact of resource-based industries in Maryland. In 2006, the General Assembly passed the Agriculture Stewardship Act, which provided MARBIDCO with annual funding for core programming and required the agency to be self-sustaining by fiscal 2025. The agency is on track to meet this requirement.



THE MARYLAND GENERAL ASSEMBLY  
ANNAPOLIS, MARYLAND 21401-1991

**JOINT COMMITTEE ON PENSIONS**

December 14, 2023

The Honorable Bill Ferguson, Co-Chair  
The Honorable Adrienne A. Jones, Co-Chair  
Members of the Legislative Policy Committee

Dear President Ferguson, Speaker Jones, and Members:

During the 2023 interim, the Joint Committee on Pensions met three times. The joint committee 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 2023 interim, voting to sponsor seven legislative proposals. The joint committee also had briefings on the actuarial valuation of the system and the system's investments. In addition, the joint committee had a briefing from the Maryland Teachers and State Employees Supplemental Retirement Plans, which provided an overview of the plan and information on an automatic enrollment study. A complete report of the joint committee's 2023 interim activities and legislative recommendations will be published in January 2024.

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, Joe Gutberlet, and Katylee Cannon of the Department of Legislative Services, and the staff of the Maryland State Retirement Agency for their assistance.

Sincerely,

A black ink signature of Michael A. Jackson, consisting of a large, stylized 'M' and 'A' followed by a long horizontal stroke.

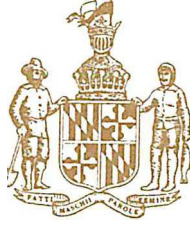
Michael A. Jackson  
Senate Chair

A blue ink signature of Catherine M. Forbes, written in a cursive style.

Catherine M. Forbes  
House Chair

MAJ:CMF/PSA:JG/kmc

cc: Victoria L. Gruber  
Ryan Bishop  
Jeremy Baker  
Sally Robb



THE MARYLAND GENERAL  
ASSEMBLY  
ANNAPOLIS, MARYLAND 21401-1991

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

December 15, 2023

The Honorable Bill Ferguson, Co-Chair  
The Honorable Adrienne A. Jones, Co-Chair  
Members of the Legislative Policy Committee

Dear President Ferguson, Speaker Jones, and Members:

The Joint Subcommittee on Program Open Space (POS) and Agricultural Land Preservation respectfully submits this summary report of its activities during the 2023 interim. The subcommittee held two virtual meetings during the 2023 interim.

**September 19 Meeting**

The September 19th meeting consisted of a background presentation by State agencies on Program Open Space (POS), the Maryland Agricultural Land Preservation Program, and allied programs; the status of recent legislation (State Planning Preservation of Agricultural Land – Goal; Trees Solutions Now Act; Great Maryland Outdoors Act; and Maryland the Beautiful Act); the demand for land preservation programs vs. available funding geographically and over time; small, minority, and women-owned business involvement in agriculture; the connection of land preservation programs to Chesapeake Bay restoration; State Land Preservation and Recreation Plan status; and POS fund balances. The agency presenters were Kevin M. Atticks, Secretary of Agriculture, Hans W. Schmidt, Assistant Secretary, Resource Conservation, and Michelle E. Cable, Executive Director, Maryland Agricultural Land Preservation Foundation (MALPF) from the Maryland Department of Agriculture (MDA); Joshua E. Kurtz, Secretary of Natural Resources, and Hilary D. Bell, director of Land Acquisition and Planning from the Department of Natural Resources (DNR); and Jason A. Dubow, manager, Resource Conservation and Management, from the Maryland Department of Planning (MDP).

MDA noted that MALPF has protected over 355,000 acres of land and has seen a public investment of over \$906 million. MDA outlined the challenge of creating a perpetual easement in an ever-changing industry and the need to balance protection and flexibility as the industry evolves. MDA's solution is to avoid having a specific limitation on the definition of agriculture in easements, and rather refer to generally accepted agricultural practices, which may change over time. In terms of outreach efforts, MDA noted that under U.S. Department of Agriculture definitions, historically underserved farmers include beginning farmers (who have operated a farm for no more than 10 consecutive years), socially disadvantaged farmers (subject to racial or ethnic prejudice), veterans, and those with limited financial resources. In addition, MDA noted that MALPF strives for a diverse board of trustees.

DNR noted that POS Stateside has preserved 345,000 acres. The current POS Stateside balance of \$183 million primarily reflects the \$159 million received in fiscal 2023 and fiscal 2024 due to an active real estate market and resulting high transfer tax allocation. Currently, 76 projects totaling an estimated \$85 million and 11,525 acres are in the pipeline. Regarding POS Local, over 6,900 grants have been awarded, with 50,000 acres protected, along with improvements made to public spaces. The current POS Local balance is \$210 million, of which \$171 million was authorized in fiscal 2023 and fiscal 2024. In terms of recent legislation, the Tree Solutions Now Act (Chapter 645 of 2021), which set the goal of 5 million trees to be planted by 2031, has resulted in 432,545 trees planted at the time of the briefing.

Finally, MDP noted that 1,856,889 acres were needed to achieve the Maryland the Beautiful Act's 2030 goal (1,847,428 acres protected as of August 31, 2023), and 2,475,852 acres to achieve the 2040 goal. MDP stated that at the current rate, with 26,779 acres protected per year over the past five years, the State would fall 170,000 acres short of its 2040 goal.

The subcommittee ended the briefing by discussing the relationship between areas of high population and low preservation, as well as staffing trends, with the acknowledgement that the Great Maryland Outdoors Act came about in part due to the recognition of staffing concerns.

## **November 1 Meeting**

The November 1, 2023 briefing consisted of public testimony concerning POS Local funding use for artificial turf fields and Partners for Open Space, a presentation on the Chesapeake Bay Land Change Model, and agency follow-up on Tree Solutions Now Act data, forest buffers as they relate to MDA and DNR; green and blue infrastructure on DNR-owned lands; the status of meeting Maryland's share of the Chesapeake Bay agreement's public water access goal; the Moore Administration's plans for addressing areas of high population coupled with low preservation; and staffing trends relative to POS goals. Public testimony was received from Diana Conway, President, Safe Healthy Playing Fields Inc.; Charlotte Davis, Executive Director, Rural Maryland Council; Owen Bailey, Director of Land Use and Policy, Eastern Shore Land Conservancy; Jessica Leys, Director of Recreation and Parks, Anne Arundel County, Maryland Association of County Park and Recreation Administrators; and Joel Dunn, President and Chief Executive

December 15, 2023

Page 3

Officer, Chesapeake Conservancy, representing the Partners for Open Space; and Peter Claggett, research geographer, from the U.S. Geological Survey. Presenting on behalf of the agencies and the Department of Legislative Services (DLS) were Secretary Atticks, Hans W. Schmidt, and Michelle E. Cable (MDA); Secretary Kurtz and Hilary D. Bell (DNR); and Andrew Gray (DLS).

The briefing began with public presentations. Diana Conway requested that POS funding not be provided for artificial turf fields due to concerns about heat, toxicity, and plastic waste. For Partners for Open Space, Charlotte Davis outlined some challenges facing agriculture and traditional rural industry, including an aging workforce, the loss of rural working land to development, and the lack of access to available and affordable business capital. Owen Bailey spoke of the issues of staffing and difficulty in purchasing land in the current real estate market and stressed the importance of public-private partnerships to meet the Maryland the Beautiful Act's 2040 goal of 40% land preservation. Jessical Lays then provided the perspective of local jurisdictions and the importance of POS Local funding, which promotes equity in investment as it is formula driven rather than competitive. Finally, Joel Dunn spoke of the Chesapeake Conservation Partnership and its aim to protect 30% of the Chesapeake Bay Watershed by 2030. Currently, 9,100,000 acres have been protected, with over 3,000,000 acres to go to achieve this goal.

Peter Claggett gave a presentation on the Chesapeake Bay Land Change Model, which simulated five different future development scenarios in Maryland-based population – an estimated 20% increase between 2022 and 2050 – and outlined the impact of these simulated scenarios on the water quality of the Chesapeake Bay. The growth management scenario limited the growth of impervious and pervious surfaces, as well as septic land use, while minimizing the loss of both natural and agricultural land and saw the lowest level of nutrient and sediment pollution. However, growth management did not ensure that forest and farmlands were protected from development without the aid of strategic land conservation. The U.S. Geological Survey plans to run these models in 2024 to predict as far as 2070.

For agency presentations, DLS provided an update on the status of the Tree Solutions Now Act. At the time of the briefing, 467,979 trees had been planted (9.4% of the overall goal) with 434,865 (of a targeted 4,500,000) in non-underserved areas, and 33,114 (of a targeted 500,000) in underserved areas. MDA spoke of the department's relationship with forest buffers and noted that MALPF easement properties are required to have a forest stewardship plan if the property has over 25 acres of contiguous woodland. Over 83,000 acres under MALPF are forested, making up almost 25% of all MALPF easement acreage. Of the over 2,600 MALPF easement properties, almost 2,300 properties have some area of forested land. DNR provided an update on forest buffer progress noting that more than 1,677 riparian acres on DNR land have seen trees planted since 1997 and 100 since 2014, which drew comments from the chairs about foresting on school property. DNR noted that green and blue infrastructure are prioritized in targeted ecological areas, the most ecologically important lands, and waters of the State. DNR noted that Maryland is on pace to meet the public water access goal under the Chesapeake Bay Agreement.

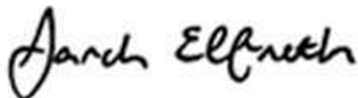


MDA and DNR then presented on areas of high population coupled with low preservation. MDA noted that, while distribution of MALPF funds is equal across all 23 counties, higher population counties often see greater development pressure and higher property values, which leads these counties to submit only one MALPF easement application, or none, in a cycle. DNR followed by stressing the importance of the partnership with local governments through POS Local. DNR also gave an overview of the Greenspace Equity Program which will provide grants to eligible applicants for projects to preserve, create, and improve public greenspace in overburdened and underserved communities. In terms of staffing, MDA spoke of potential bottlenecks in terms of certification and training providers. DNR noted that land management is a challenge since the total acreage of land managed has increased while the number of positions has decreased by a third.

The subcommittee finished the briefing by discussing potential upcoming legislation as well as budget priorities. Senator Elfreth stressed the importance of effectively stewarding public land and ensuring safe access and raised the possibility of potential legislation relating to the Waterway Improvement Fund. Senator Gallion raised the question of how staffing numbers would look following the full implementation of the Maryland Great Outdoors Act.

On behalf of the subcommittee, we wish to thank the individuals who contributed their time and effort during the 2023 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,



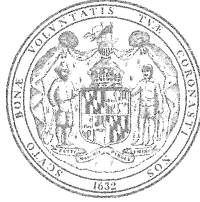
Sarah K. Elfreth  
Senate Chair



Robbyn Lewis  
House Chair

SKE:RL/AG:DM/acl

cc: Sally Robb  
Jeremy Baker  
Victoria L. Gruber  
Ryan Bishop



MARYLAND GENERAL ASSEMBLY  
SPENDING AFFORDABILITY COMMITTEE

December 15, 2023

The Honorable Wes Moore  
Governor, State of Maryland  
State House  
Annapolis, Maryland 21401

Dear Governor Moore:

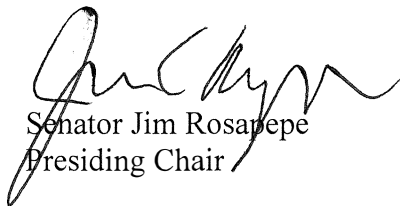
We are pleased to submit the fiscal policy recommendations of the Spending Affordability Committee made during the 2023 interim. These recommendations were adopted by the committee at its meeting on December 14, 2023. The committee reviewed data concerning the economic condition of the State, revenue 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 2025 spending limit and sustainability, general fund and reserve fund balances, general obligation and higher education debt limits, State employment, and the Transportation Trust Fund.

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 member of the Citizens Advisory Committee for their valuable assistance and input.

Sincerely,



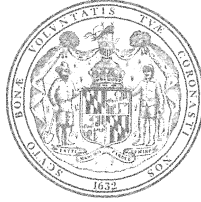
Senator Jim Rosapepe  
Presiding Chair

JR:MK/JAK/mrm

Enclosure



Mark S. Chang  
House Chair



MARYLAND GENERAL ASSEMBLY  
SPENDING AFFORDABILITY COMMITTEE

December 15, 2023

The Honorable Bill Ferguson, Co-Chair

The Honorable Adrienne Jones, Co-Chair  
Members of the Legislative Policy Committee  
Dear Colleagues:

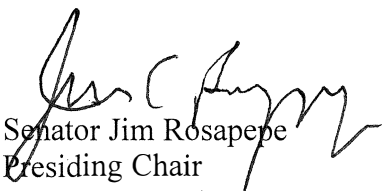
We are pleased to submit the fiscal policy recommendations of the Spending Affordability Committee made during the 2023 interim. These recommendations were adopted by the committee at its meeting on December 14, 2023. The committee reviewed data concerning the economic condition of the State, revenue and expenditure trends during the past several years, personnel data, the Transportation Trust Fund, and the results of the Capital Debt Affordability Committee report.

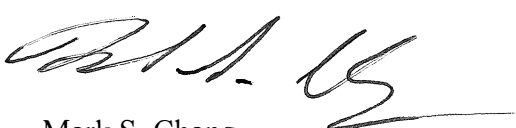
Recommendations were made concerning the fiscal 2025 spending limit and sustainability, general fund and reserve fund balances, general obligation and higher education debt limits, State employment, and the Transportation Trust Fund.

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 member of the Citizens Advisory Committee for their valuable assistance and input.

Sincerely,

  
Senator Jim Rosapepe  
Presiding Chair

  
Mark S. Chang  
House Chair

JR:MK/JAK/mrm

Enclosure

# 2023 Spending Affordability Committee Report and Recommendations to the Governor and the Legislative Policy Committee

---

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 chairs 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, the structural budget gap has 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 the committee's inception 40 years ago, its recommendations have been adhered to by the legislature in all but 1 year.

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 its recommendations, the committee has considered economic performance, revenue estimates, and current and future budget requirements.

## Economy

The U.S. economy continues to recover from the COVID-19 pandemic, which precipitated a deep but relatively brief recession. Nationally, employment exceeded the prepandemic level in June 2022. While U.S. wages grew 7.8% in 2022 and were up 6.3% in the first nine months of 2023, accelerating inflation undercut that wage growth as the consumer price index (CPI) increased 8.0% in 2022, the highest annual growth since 1981. As a result, U.S. inflation-adjusted wages fell 0.2% in 2022. Inflation has slowed substantially in 2023, and the CPI for the first 10 months of the year was up 4.3%, almost half the pace of 2022. In the first 9 months of 2023, U.S. wages adjusted for inflation rose 1.7%.

In Maryland, the impact of the recession was similar to the country as a whole. Between February and April 2020, employment fell by 392,500 jobs, or 14.1%. Employment growth resumed, but as of September 2023, employment was below February 2020 by 11,300 jobs. Aggregate wages grew 5.8% in 2022 but fell 2.0% when adjusted for inflation. In the first half of 2023, Maryland wages were up 7.5% over the same period in 2022 and 2.5% after adjusting for inflation.

Economic growth in calendar 2023 has been stronger than expected when the year began. Many economists predicted that the U.S. economy would slip into a recession in the face of

### *2023 Spending Affordability Committee Report*

aggressive interest rate hikes by the Federal Reserve. The Federal Reserve increased the federal funds rate from 0.125% to 5.375% over the course of just 16 months starting in March 2022. Long-term interest rates also increased significantly, with mortgage rates rising from around 3.5% to 6.4% during calendar 2022 and reaching 7.5% by fall 2023. Even with these rate increases, the economy remained resilient with U.S. inflation-adjusted gross domestic product rising by 2.3% in the first 9 months of 2023.

In September, the Board of Revenue Estimates (BRE) issued a revised economic forecast for Maryland, its first since March 2023. BRE expects growth will slow, but the economy will not experience a recession. Employment growth slows to less than 0.5% due to slow population growth and an aging workforce. Wage growth slows to just under 4% per year, consistent with the prepandemic trend. In December 2023, BRE revised upward their estimate of personal income growth in calendar 2023 due to revisions and new data for the second quarter. BRE's economic forecast beyond 2023 was little changed in December.

## **Revenues**

Fiscal 2023 general fund revenues were below the estimate by \$39.2 million, or -0.2%. General fund revenues totaled \$23.7 billion in fiscal 2023, a decline of 1.5% over fiscal 2022, reflecting a one-time transfer in 2023 of \$800 million to the Blueprint for Maryland's Future Fund. Fiscal 2023 ongoing revenues grew 1.7% but were below the estimate by \$139.2 million (-0.6%).

Among the major revenue sources, the personal income tax was below the estimate by \$333.4 million, or -2.4%. The sales tax was just slightly below the estimate (\$12.8 million, or -0.2%), and the corporate income tax exceeded the estimate by \$84.1 million (4.9%). The State lottery was over the estimate in fiscal 2023 by \$18.9 million (3.0%). Among other sources, there was substantial overattainment for business franchise taxes, the tax on insurance premiums, estate/inheritance taxes, and interest on investments, but the tobacco tax and miscellaneous revenues were below expectations. Combined, the other revenue sources were over the estimate in fiscal 2023 by \$104.0 million.

The personal income tax performance was driven almost entirely by returns filed for tax year 2022. Payments with returns were below the estimate by 13.6%, while refunds for tax year 2022 were above expectations by 3.0%. Quarterly tax filings in fiscal 2023, covering the third and fourth quarters for tax year 2022 and the first and second quarters for tax year 2023, were below expectations by 2.4%. The one bright spot in the personal income tax was withholding, which grew over fiscal 2022 by a percentage point faster than expected (5.5% versus 4.5%), partially offsetting the underattainment in other sources.

In September, BRE reduced its estimate for fiscal 2024 general fund revenues by \$14.1 million, or -0.1%. The personal income tax estimate was revised down by \$301.0 million, or -2.1%, and revenues were projected to grow 2.7% over fiscal 2023. Total general fund revenues were projected to increase by 3.8% in fiscal 2024, reflecting a one-time transfer in fiscal 2023 of \$800 million to the Blueprint for Maryland's Future Fund. Ongoing revenues were forecasted to grow 0.9% in fiscal 2024 and 2.2% in fiscal 2025.

### *2023 Spending Affordability Committee Report*

In December, BRE reduced the estimate for a number of sources that have underperformed in the first months of fiscal 2024, including the State lottery, the tobacco tax, estate/inheritance taxes, and most significantly, the sales tax. This was partially offset by a substantial upward revision to interest earnings in fiscal 2024 reflecting strong performance to date. The total State and local personal income tax estimate was revised up in both fiscal 2024 and 2025, but new data from tax year 2022 returns resulted in an upward revision to the projected local share. As a result, the general fund personal income tax estimate was revised down slightly. In total, ongoing revenues were revised down by \$72 million in fiscal 2024 and \$163 million in fiscal 2025. Ongoing revenues are now projected to grow 0.6% in fiscal 2024 and 1.8% in fiscal 2025. In fiscal 2024, BRE added a transfer of \$150 million to the General Fund due to overfunding of the local income tax reserve account as of the end of fiscal 2023. As a result, the total general fund revenue estimate in fiscal 2024 was revised up by \$78 million, or 0.3%.

## **Budget Requirements**

Taking into consideration the revenue projections by BRE in December 2023, the committee currently projects an ending general fund balance of \$313 million at the close of fiscal 2024. The projected balance represents a change in circumstance from the extraordinary level of balance at the close of fiscal 2023. The reduction in the general fund balance is partly reflective of substantial one-time investments in fiscal 2024, including \$900 million for the Blueprint for Maryland's Future Fund and \$100 million in future transportation costs, as well as a greater use of general funds for capital projects. However, it also reflects lower expected revenue in fiscal 2024 primarily related to personal income from nonwithholding sources.

Fiscal 2024 deficiency appropriations are expected to increase general fund spending by a net of \$300.2 million. The largest projected deficiencies support funding for child care scholarships (\$214 million), which includes both higher than expected fiscal 2024 expenses (\$175 million) and fiscal 2023 expenses for which there was insufficient appropriation (\$39 million). These higher than expected expenses result primarily from both statutory and departmental policy changes that alter eligibility and reimbursement rates, as well as alter the payment structure. The next largest area of projected deficiencies relates to provider reimbursements in Medicaid and Medicaid-eligible behavioral health, including shortfalls related to both higher than anticipated enrollment in fiscal 2024 and bills from fiscal 2023 services to be paid in fiscal 2024. Significant deficiencies are also expected to address other fiscal 2023 shortfalls, the largest of which is related to the inmate medical contract including both higher than expected costs and a contract dispute. Anticipated deficiency appropriations were partially offset by savings from higher than budgeted vacancies.

The baseline estimate for fiscal 2025 projects general fund spending will decline by 1.9% (\$524.3 million) compared to the fiscal 2024 legislative appropriation after adjusting for anticipated deficiencies. The fiscal 2025 general fund ending balance is projected to be a shortfall of \$1.1 billion, after accounting for a transfer of \$541 million from the Revenue Stabilization Account (Rainy Day Fund) representing the amount over 10% of general fund revenue. The significant general fund spending decline reflects approximately \$1.0 billion of one-time spending for legislative additions including transfers to the Blueprint for Maryland's Future Fund, future

### *2023 Spending Affordability Committee Report*

transportation costs, and capital spending. The second largest area of decreases (\$208 million) is one-time capital supported with general funds.

The largest increase is for State agency spending (\$421.0 million), including an increase in compensation costs (\$145.2 million), certain other fringe benefits including pension costs and the new paid family leave program (\$88.6 million), and lower expected vacancies (\$50.0 million). Compensation changes include the anticipation of a 2% cost-of-living adjustment (COLA) for most State employees and a 5% COLA for State law enforcement officers. Local aid is the second largest area of increase, at \$170.9 million. The increase in local aid is driven by teacher and library retirement costs, which increase by \$186.0 million. Aid to community colleges, including retirement costs, increases by \$31.4 million. These increases are partially offset by decreases in other areas including all other education and library aid (\$37.8 million) and disparity grants (\$37.1 million).

The committee budget forecast assumes that the State will close fiscal 2025 with a balance of \$2.5 billion in the Rainy Day Fund, which represents 10.0% of general fund revenues.

As previously noted, current baseline projections estimate the General Fund to have a cash shortfall of \$1.1 billion at the close of fiscal 2025. The structural shortfall is projected to be \$761 million. As shown in **Exhibit 1**, which provides the cash and structural balance projections for the General Fund through fiscal 2029, the cash outlook worsens over time with a cash shortfall of \$3.1 billion in fiscal 2029. The structural shortfall gradually increases through fiscal 2027, reaching \$1.2 billion before increasing to \$2.4 billion in fiscal 2028 and \$2.7 billion in fiscal 2029. Both the cash and structural shortfalls increase in fiscal 2028 and 2029, due to the need for general funds to support costs related to the Blueprint for Maryland's Future beginning in fiscal 2027, the first year in which the Blueprint for Maryland's Future Fund no longer fully supports the costs. The general fund need for these costs increases from \$426 million in fiscal 2027 to \$1.9 billion in fiscal 2028, increasing further to \$2.5 billion in fiscal 2029.

**Exhibit 1**  
**General Fund Budget Outlook**  
 Fiscal 2024-2029 Est.  
 (\$ in Millions)

|              | <b>Working<br/>Appropriation<br/><u>2024</u></b> | <b>Est.<br/><u>2025</u></b> | <b>Est.<br/><u>2026</u></b> | <b>Est.<br/><u>2027</u></b> | <b>Est.<br/><u>2028</u></b> | <b>Est.<br/><u>2029</u></b> |
|--------------|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Cash Balance | \$313  | -\$1,072                    | -\$1,492                    | -\$1,611                    | -\$2,828                    | -\$3,106                    |
| Structural   | -122   | -761                        | -917                        | -1,180                      | -2,379                      | -2,657                      |

Note: Estimates assume a Rainy Day Fund balance of 10% of general fund revenues.

## Recommendations

In light of the considerations discussed earlier, the committee proposes the following recommendations for the 2024 session:

### 1. Operating Budget Spending Limit and Sustainability

A structural deficit of \$761 million is forecast for fiscal 2025 and is projected to increase to \$2.7 billion by fiscal 2029. Cash shortfalls are expected to grow from \$1.1 billion in fiscal 2025 to \$3.1 billion by fiscal 2029. While the State has significant cash reserves and can take one-time actions to mitigate the projected fiscal 2025 cash deficit, planned State spending levels are not sustainable in the long-term without a significant revenue increase, reduction of planned spending, or a combination of the two. **In recognition of this outlook and our commitment to fully fund the Blueprint for Maryland’s Future as well as other critical ongoing State priorities, the committee recommends that the State make measurable progress in reducing the structural deficit. To that effect, the fiscal 2025 budget, as introduced and enacted, should reduce the gap between ongoing general fund revenues and ongoing spending by at least 33%, leaving a structural gap of no more than \$508 million.**

With the State facing substantial long-term budget challenges, the committee recommends:

- **considering revenue options to ensure resources are available to appropriately fund the State’s priorities. Options should include better aligning program fees with the cost of providing the related service and focusing new investments on activities that will increase economic competitiveness and grow the economy;**
- **minimizing the enactment of new mandates that are not paid for with a new revenue source; and**



- **analyzing strategies to increase the efficiency of State operating and capital investments without reducing services.**

## 2. Fund Balances

After assuming the transfer of funds in excess of 10% of general fund revenues from the Rainy Day Fund, it is anticipated that there will be a \$1.1 billion cash shortfall at the close of fiscal 2025. Prior analyses have indicated that maintaining a balance close to 10% of revenues in the Rainy Day Fund should mitigate the need for deep spending reductions during the next recession. **Therefore, the State should exercise caution in drawing on the Rainy Day Fund at a time when the Maryland economy is relatively healthy, and the State's fiscal challenges are only expected to escalate in the coming years. Before considering drawing on the Rainy Day Fund, opportunities should be explored to (1) shift planned PAYGO capital spending to bonds; (2) better align ongoing spending with ongoing revenues; and (3) achieve one-time budgetary savings. The committee recommends:**

- **maintaining a Rainy Day Fund balance of at least 8.5% of general fund revenues to ensure resources are available to mitigate the impact of a recession. To the extent possible, funds transferred from the Rainy Day Fund should support one-time spending; and**
- **achieving a minimum ending balance of at least \$100 million in the General Fund for fiscal 2025.**

## 3. Capital Budget

### A. General Obligation Debt

In its 2023 report, the Capital Debt Affordability Committee (CDAC) recommended a general obligation (GO) bond authorization level of \$1.750 billion for fiscal 2025. This level is above the \$1.250 billion last recommended by the Spending Affordability Committee in December 2022. The higher authorization level recommended by CDAC would create additional capacity to replace programmed levels of pay-as-you-go (PAYGO) general funds in fiscal 2025, thereby providing a measure of relief to the General Fund.

Since fiscal 2014, the State's GO purchasing power has eroded with authorizations growing far slower than the annual 4.5% construction inflation experienced over the last decade. The impact of the loss in purchasing power was mitigated by the availability of large general fund surpluses, which allowed extraordinary general fund PAYGO investments. Those levels of general fund support are not sustainable. The CDAC recommendation to increase planned GO authorizations in fiscal 2025 to \$1.750 billion more closely aligns the authorizations with where they would be if the authorizations had kept pace with inflation over the last decade (\$1.790 billion).

### *2023 Spending Affordability Committee Report*

The CDAC recommendation is well within its debt affordability criteria, which limit debt service to 8% of State revenues and debt outstanding to 4% of State personal income.

**The committee recommends the authorization of \$1.750 billion in new GO bonds for the 2024 session. In addition, the committee recommends, for planning purposes, the level of authorizations should be increased by 2% annually through the five-year planning period as a hedge against construction inflation. The proposed limit and annual increase keep the State well within the CDAC debt affordability criteria. Furthermore, the capital plan should:**

- **continue to make strategic capital and operating investments in facility renewal for State facilities managed by the Department of General Services and higher education facilities to reduce the backlog of projects and improve the condition of State facilities; and**
- **set aside \$200 million of GO bonds for legislative priorities.**

#### **B. Higher Education Debt**

The University System of Maryland (USM) intends to issue up to \$30 million in academic debt for fiscal 2025, which is the same amount authorized in fiscal 2024 and is consistent with the amount programmed in the *2023 Capital Improvement Program* for fiscal 2025. 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 with the recommendation of CDAC that \$30 million in new academic revenue bonds may be authorized in the 2024 session for USM. USM should consider focusing the additional revenues to address facility maintenance needs.**

#### **4. State Employment**

Personnel costs comprise approximately 20% of the State's operating budget. The committee anticipates a net increase of 962 positions in the fiscal 2025 budget compared to the fiscal 2024 legislative appropriation. This is comprised of 504 positions added in higher education, 455 new positions in the Executive Branch, and 3 new positions in the Judiciary. The resulting authorized number of State employees would be 83,557 in fiscal 2025.

The Executive Branch currently has a vacancy rate of 11.1% with almost 5,400 Executive Branch vacancies in October 2023, excluding higher education. While the number of vacant positions is still relatively high, there are approximately 1,800 more filled positions than there were at this time last year.

**The committee recommends pursuing efforts to increase the pace of hiring in order to fully restaff State government. To further support existing State employees and to reach shared policy goals, agencies should prioritize filling currently vacant positions and focus on**

**the conversion of contractual positions before creating new positions. Additionally, the State should place particular emphasis on modernization of the hiring process, expansion of the labor pool through increased focus on skills, not just degrees, and statewide analysis of opportunities to create apprenticeship pathways to grow our own workforce.**

## **5. Transportation**

The target closing balance for the Transportation Trust Fund (TTF) is intended to ensure that the Maryland Department of Transportation (MDOT) has sufficient working cash to administer its operating and capital programs. System preservation spending is necessary to maintain or bring capital assets into a State of Good Repair, which is where assets are performing as designed, and the chance of breakdowns is small. MDOT has an identified 10-year shortfall of more than \$4 billion between programmed spending for State of Good Repair and needed spending. **The committee recommends:**

- **a fiscal 2025 target closing balance of at least \$325 million for the TTF;**
- **fiscal 2025 spending on system preservation of at least \$1.1 billion, which is the average annual amount spent over the previous 10 years; and**
- **MDOT develop a plan for system preservation spending beyond fiscal 2025 that reduces the State of Good Repair funding gap by half by the end of fiscal 2040.**

2023 Spending Affordability Committee Report

**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 | 10.0                       | 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       |

*2023 Spending Affordability Committee Report*

| <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>     |
| 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> |
| 2020                | Maintain structural balance in fiscal 2021                    |               |                           | 160.2             |
| 2021                | Limit fiscal 2022 structural deficit to \$700 million or less |               |                           | 63.0              |
| 2022                | Maintain structural balance in fiscal 2023                    |               |                           | 276.0             |
| 2023                | Structural surplus of \$100 million in fiscal 2024            |               |                           | 146.0             |

<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.