LARRY HOGAN
Governor

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Lieutenant Governor

Maryland
DEPARTMENT OF BUDGET AND MANAGEMENT

DAVID R. BRINKLEY
Secretary

MARC L. NICOLE
Deputy Secretary

SENATE BILL 332 St. Mary's College of Maryland - Cost-of-Living Adjustment (King)

STATEMENT OF INFORMATION
DATE: February 9, 2022
COMMITTEE: Senate Budget & Taxation

SUMMARY OF BILL:. SB 332 increases the percentage of State funding for St. Mary's College State supported employees' cost-of-living adjustments (COLAs) from 50% to 100%.

EXPLANATION: The Department of Budget and Management's focus is not on the underlying policy proposal being advanced by the legislation, but rather on the increase in mandated spending. For example, the cost to provide the currently budgeted 3% COLA, effective July 1, 2022, would increase the State's cost by an additional $417,054, thereby doubling the appropriation. The fiscal impact of a permanent change in the State's sharing of funding would vary from year to year, depending on the amount of a salary enhancement provided, if any.

DBM has the responsibility of submitting a balanced budget to the General Assembly annually, which will require spending allocations for FY 2024 to be within the official revenues estimates approved by the Board of Revenue Estimates in December 2022.

Changes to the Maryland Constitution in 2020 provide the General Assembly with additional budgetary authority, beginning in the 2023 Session, to realign total spending by increasing and adding items to appropriations in the budget submitted by the Governor. The legislature's new budgetary power diminishes, if not negates, the need for mandated appropriation bills.

Fully funding the implementation of the Blueprint for Maryland's Future (Kirwan) will require fiscal discipline in the years ahead, if the State is to maintain the current projected structural budget surpluses. Mandated spending increases need to be reevaluated within the context of this education funding priority and the Governor's tax relief proposals.

Economic conditions remain precarious as a result of COVID-19. High rates of inflation and workforce shortages may be short lived or persist, thereby impacting the Maryland economy. While current budget forecasts project structural surpluses, the impact of the ongoing COVID-19 pandemic continues to present a significant budgetary vulnerability. The Department continues to urge the General Assembly to focus on maintaining the structural budget surplus.

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