
Fiscal Briefing

**Department of Legislative Services
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Overview

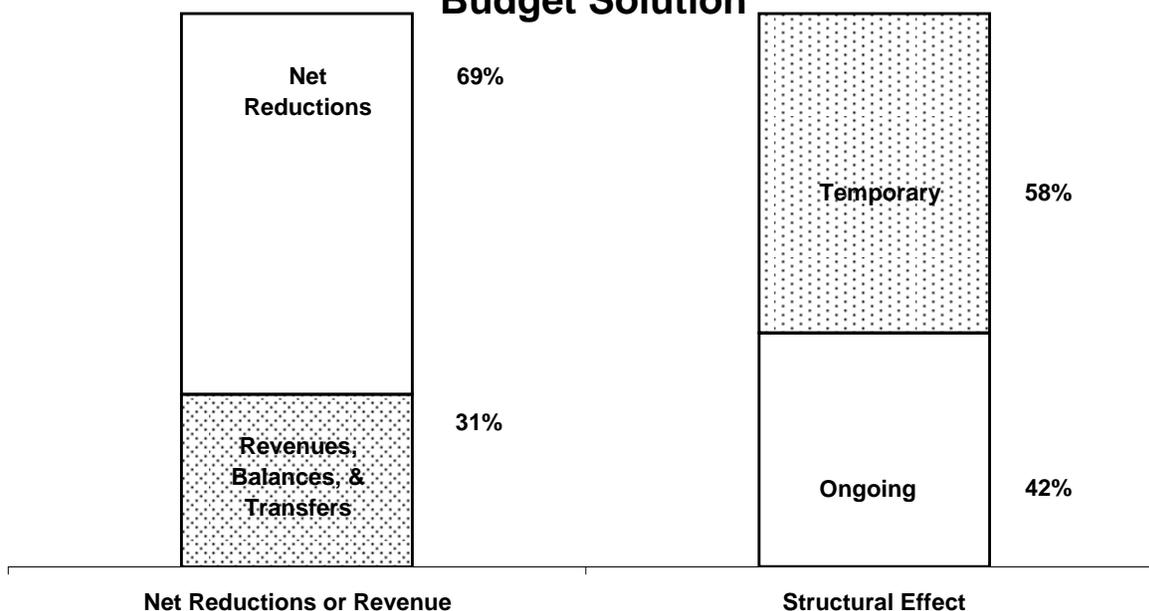
Fiscal 2010 Budget Problem

(\$ in Millions)

Defining the Hole

2010 Transfers Assumed in DLS Baseline	-\$253
2010 Gap from DLS Baseline	-1,874
Est 2010 Cash Balance	46
Total	-\$2,173

Administration's Fiscal 2010 Budget Solution



Proposed Fiscal 2010 Budget Solution Matrix

Filling the Hole

	<u>Ongoing</u>	<u>Temporary</u>	<u>Total</u>
Revenue Actions			
Revenues	\$21	\$7	\$28
Fund Balance		424	424
Transfers		226	226
Subtotal	\$21	\$657	\$678
Spending Actions			
Federal Recovery		\$350	\$350
Mandate Relief	\$202	248	449
Reductions and Reversions	697		697
Subtotal	\$898	\$598	\$1,496
Grand Total	\$919	\$1,255	\$2,173

DLS: Department of Legislative Services

**Differences from Baseline Expenditure Forecast
Fiscal 2010 Proposed Budget
(\$ in Millions)**

Aid to Local Governments	-\$238
<ul style="list-style-type: none"> ● Various mandated aid formulas for education, libraries, and community colleges reduced from baseline (\$128 million).* ● Geographic Cost of Education Index not fully funded (\$87 million). 	
Entitlements	-514
<ul style="list-style-type: none"> ● Medicaid: Additional federal (\$350 million) and special (\$63 million) funds substituted for general funds.* No nursing home, dental provider, and calendar 2010 MCO rate increases included in the allowance (\$68 million). ● Other: Foster care budget lower due to freezing group home rates, lower caseloads, and optimistic federal fund attainments (\$23.4 million). Budget for assistance payments based on optimistic caseload assumptions (\$13 million). 	
Higher Education	-81
<ul style="list-style-type: none"> ● New general funds primarily to freeze tuition. Some costs built into baseline such as increments and Other Post Employment Benefits (OPEB) eliminated. ● Private higher education Sellinger program level funded (\$16 million).* 	
State Agencies – Operations/Programs	-329
<ul style="list-style-type: none"> ● Special funds used to replace general funds (\$50 million).* ● Savings from re-bid contracts assumed and information technology projects scaled back (\$60 million). ● Counties required to assume property assessment and additional local jail costs (\$56 million).* ● Community health care provider rates increased 0.9%. Baseline assumed 3.58% (\$28 million). 	
State Agencies – Personnel	-237
<ul style="list-style-type: none"> ● 2% general salary increase, increments, deferred compensation match, and OPEB contributions not funded but assumed in baseline (\$201 million). ● 1,000 vacant positions abolished (\$25 million), funding for contractual employees reduced (\$5 million), and \$30 million assumed from unspecified workforce/personnel savings. 	
Other	-96
<ul style="list-style-type: none"> ● General obligation bonds used for InterCounty Connector* and other pay-as-you-go capital (\$96 million). 	
Total Savings from Baseline	-\$1,496

*Savings contingent on legislation.

Note: See Appendix 2 for more detail.

Revenues

U.S. Economic Performance Year-over-year Percent Change*

<u>Month-Year</u>	<u>Employment</u>	<u>Unemployment Rate</u>	<u>Initial UI Claims</u>	<u>Existing Home Sales</u>	<u>Median Home Price</u>	<u>New Vehicle Sales</u>
Jan-08	0.7%	4.9%	5.6%	-23.4%	-5.3%	-6.4%
Feb-08	0.6%	4.8%	10.3%	-23.8%	-8.3%	-7.2%
Mar-08	0.4%	5.1%	15.0%	-19.1%	-8.0%	-7.3%
Apr-08	0.3%	5.0%	18.3%	-17.5%	-8.6%	-11.2%
May-08	0.1%	5.5%	14.1%	-15.9%	-6.7%	-12.8%
Jun-08	0.0%	5.6%	25.4%	-15.7%	-6.0%	-13.2%
Jul-08	-0.1%	5.8%	26.8%	-12.8%	-8.1%	-19.0%
Aug-08	-0.2%	6.2%	25.5%	-10.7%	-9.5%	-15.6%
Sep-08	-0.6%	6.2%	65.1%	0.6%	-9.0%	-22.7%
Oct-08	-1.0%	6.6%	42.0%	-3.0%	-9.8%	-34.2%
Nov-08	-1.5%	6.8%	45.6%	-10.6%	-13.1%	-36.7%
Dec-08	-1.9%	7.2%	76.1%			-35.6%

UI: Unemployment Insurance

* Except the unemployment rate.

Maryland Economic Performance Year-over-year Percent Change*

<u>Month-Year</u>	<u>Employment</u>	<u>Unemployment Rate</u>	<u>Initial UI Claims</u>	<u>Existing Home Sales</u>	<u>Median Home Price</u>	<u>New Vehicle Sales</u>	<u>Sales Tax</u>
Jan-08	0.4%	3.5%	10.5%	-41.3%	-5.7%	-8.0%	-2.2%
Feb-08	0.7%	3.4%	6.6%	-39.4%	-7.6%	-17.5%	3.5%
Mar-08	0.1%	3.6%	39.0%	-36.9%	-6.3%	-8.7%	-6.8%
Apr-08	0.4%	3.6%	23.3%	-30.0%	-6.0%	-16.9%	2.7%
May-08	0.1%	4.0%	19.6%	-31.1%	-5.9%	-15.7%	-5.8%
Jun-08	-0.3%	4.0%	27.0%	-29.6%	-5.4%	-12.2%	-3.9%
∞ Jul-08		4.3%	26.2%	-29.3%	-6.2%	-27.1%	0.9%
Aug-08		4.5%	22.0%	-25.8%	-6.5%	-11.6%	-0.7%
Sep-08		4.6%	61.9%	8.5%	-8.0%	-29.6%	-5.9%
Oct-08		4.9%	46.6%	-12.5%	-7.1%	-38.0%	-4.7%
Nov-08		5.3%	47.2%	-28.1%	-10.7%	-29.2%	-9.4%
Dec-08			66.8%				

UI: Unemployment Insurance

* Except the unemployment rate.

Note: The unemployment rate is based on seasonally adjusted data. The sales tax is gross receipts (excluding assessments) adjusted for law changes.

Maryland General Fund Revenues
(\$ in Millions)

<u>Source</u>	<u>Actual</u>	<u>Estimate</u>	<u>Change Over FY 08</u>		<u>Estimate</u>	<u>Change Over FY 09</u>	
	<u>FY 2008</u>	<u>FY 2009</u>	<u>Amount</u>	<u>Percent</u>	<u>FY 2010</u>	<u>Amount</u>	<u>Percent</u>
Personal Income Tax	\$6,940.1	\$7,103.5	\$163.4	2.4%	\$7,181.2	\$77.7	1.1%
Sales and Use Tax	3,675.3	3,718.0	42.7	1.2%	3,701.7	-16.3	-0.4%
State Lottery	497.1	455.8	-41.3	-8.3%	496.5	40.7	8.9%
Corporate Income Tax	551.7	582.3	30.6	5.6%	617.6	35.3	6.1%
Business Franchise Taxes	208.0	209.2	1.3	0.6%	211.6	2.4	1.1%
Insurance Premiums Tax	301.8	303.3	1.5	0.5%	310.3	7.0	2.3%
Estate and Inheritance Taxes	243.5	226.6	-17.0	-7.0%	178.6	-47.9	-21.2%
Tobacco Tax	376.1	419.2	43.1	11.5%	414.3	-5.0	-1.2%
Alcohol Beverages Tax	29.0	29.0	0.0	0.1%	29.6	0.6	2.0%
Motor Vehicle Fuel Tax	13.2	6.5	-6.7	-50.8%	0.0	-6.5	-100.0%
District Courts	91.3	88.3	-3.0	-3.3%	88.8	0.4	0.5%
Clerks of the Court	42.6	32.4	-10.1	-23.8%	32.8	0.4	1.1%
Hospital Patient Recoveries	86.6	77.3	-9.3	-10.7%	66.4	-10.9	-14.1%
Interest on Investments	166.5	109.0	-57.5	-34.5%	98.0	-11.0	-10.1%
Miscellaneous	322.9	305.4	-17.5	-5.4%	310.8	5.4	1.8%
GAAP Transfer		7.9					
Total Revenues	\$13,545.6	\$13,673.9	\$128.2	0.9%	\$13,738.3	\$72.3	0.5%
Estimated Baseline Growth				-2.5%			0.9%

GAAP: generally accepted accounting principles

Estimates for fiscal 2009 and 2010 from the Board of Revenue Estimates, December 2008.

Note: Legislation passed at the 2007 special session and the 2008 session impacted the personal income tax, sales tax, corporate income tax, tobacco tax, motor fuel tax, and certain miscellaneous revenues. In general, these changes went into effect in January 2008, thus impacting the second half of fiscal 2008 revenues but all of fiscal 2009.

Fiscal 2009 General Fund Revenues
(\$ in Millions)

<u>Source</u>	<i>Fiscal Year through December</i>			
	<u>FY 2008</u>	<u>FY 2009</u>	<u>\$ Difference</u>	<u>% Difference</u>
Personal Income Tax	\$2,618.4	\$2,644.0	\$25.6	1.0%
Sales and Use Tax ⁽¹⁾	1,433.8	1,545.6	111.8	7.8%
State Lottery	240.0	215.4	-24.6	-10.3%
Corporate Income Tax	170.6	234.9	64.3	37.7%
Business Franchise Taxes	78.0	79.3	1.3	1.7%
Insurance Premiums Tax	141.5	131.7	-9.8	-6.9%
Estate and Inheritance Taxes	134.3	110.3	-23.9	-17.8%
Tobacco Tax	134.2	185.9	51.6	38.5%
Alcoholic Beverages Tax	12.5	12.3	-0.2	-1.2%
Motor Vehicle Fuel Tax	4.6	4.4	-0.1	-3.1%
District Courts	46.5	43.6	-2.9	-6.2%
Clerks of the Court	25.5	18.9	-6.6	-25.9%
Hospital Patient Recoveries ⁽²⁾	6.4	12.0	5.7	88.9%
Interest on Investments	46.8	13.9	-32.8	-70.2%
Miscellaneous	104.0	92.0	-12.0	-11.6%
Total Revenues	\$5,197.0	\$5,344.3	\$147.3	2.8%
Estimated Baseline Growth				-1.8%

⁽¹⁾ Data reflects sales tax revenues remitted to the Comptroller from August-December which were collected by retailers from July-November.

⁽²⁾ Includes revenues from Medicare, insurance, and sponsors only. Fiscal 2009 includes \$6.5 million from a Medicaid cost settlement.

Note: Legislation passed at the 2007 special session and the 2008 session impacted the personal income tax, sales tax, corporate income tax, tobacco tax, motor fuel tax, and certain miscellaneous revenues. In general, these changes went into effect in January 2008 thus impacting the second half of fiscal 2008 revenues but all of fiscal 2009.

Spending

Status of the General Fund
Fiscal 2009
(\$ in Millions)

Starting Balance		\$487.1
Revenues		
BRE Estimated Revenue December 2008	\$13,666.0	
Additional Administration Assumptions	7.8	
Total		\$13,673.8
Transfers		
Revenue Stabilization Account	\$170.0	
GAAP Adjustment	7.9	
Via Budget Reconciliation Legislation	644.6	
From Reserve for Heritage and Biotechnology Tax Credits	27.3	
Total		\$849.7
Funds Available		\$15,010.6
Spending		
Fiscal 2009 Working Appropriation	\$15,079.6	
Deficiencies	92.8	
BPW Withdrawn Appropriations	-347.4	
Planned BPW Withdrawn Appropriations	-153.9	
Estimated Agency Reversions	-30.0	
Targeted Agency Reversions	-54.5	
Net Expenditures		\$14,586.5
Ending Balance		\$424.1

BRE: Board of Revenue Estimates

BPW: Board of Public Works

GAAP: generally accepted accounting principles

Status of the General Fund
Fiscal 2010
(\$ in Millions)

Starting Balance		\$424.1
Revenues		
BRE Estimated Revenue December 2008	\$13,738.3	
Administration Revenue Assumptions	27.4	
Total		\$13,765.7
Transfers		
Revenue Stabilization Account	\$210.0	
Via Budget Reconciliation Legislation	15.6	
Heritage and Biotechnology Tax Credit Reserves	24.5	
Total		\$250.1
Funds Available		\$14,439.9
Spending		
Fiscal 2010 Allowance	\$14,969.1	
Reductions Contingent on Legislation	-449.3	
Across-the-board Budget Bill Reductions		
Abolish 1,000 Vacant Positions	-25.0	
Contractual Full-time Equivalent Reductions	-5.0	
Renegotiation of Contractual Services Contracts	-25.0	
Personnel Classification Consolidation	-0.6	
Personnel and Workforce Reductions to Be Determined	<u>-30.0</u>	
		-85.6
Estimated Agency Reversions		-30.0
Targeted Agency Reversions		-10.2
Net Expenditures		\$14,393.9
Ending Balance		\$45.9

BRE: Board of Revenue Estimates

General Fund Reductions Contingent on Legislation

2010

Reductions Contingent on Budget Reconciliation Legislation

State Reserve Fund: Bond InterCounty Connector Payment	\$63,000,000
MHEC: Level Fund Community Colleges	49,912,643
MSDE: Fund Nonpublic Special Education Placements at 50/50	48,330,077
MSDE: Reduce Supplemental Grant to Hold Harmless	43,334,796
SDAT: Charge Counties for Costs of Property Valuation	36,692,086
DHR: Increase RGGI Funds for Energy Assistance	35,556,999
MHEC: Level Fund Aid to Private Colleges and Universities	15,633,522
DHMH: Fund Breast and Cervical Cancer Services with CRF	14,800,000
Redirect Medicare Part D Payment to Employees and Retirees Health and Benefits Fund	14,752,276
Eliminate Deferred Compensation Match	11,833,299
IAC: Aging Schools	11,666,661
DHMH: Fund PAC with Community Health Resource Community Fund	9,100,000
DHMH: Increase Hospital Assessments	9,000,000
DBED: Maryland State Arts Council	6,000,000
DPSCS: Local Jail Payments	6,000,000
DHR: Freeze Foster Care Group Home Rates	5,546,994
MSDE: Restructure Teacher Quality Incentives	5,325,000
DHMH: Maryland Health Insurance Program Fund Transfer to Medicaid	4,500,000
DHMH: Fund Additional Medicaid with CRF	4,428,224
MSDE: Library Formula	3,615,315
BCCC: Limit Growth to 4%	2,383,467
DNR: Eliminate Parks Payment in Lieu of Taxes	1,881,676
DNR: Eliminate Grant to Waterway Improvement Fund	1,794,000
MSDE: Library Network	1,695,959
DPSCS: Drinking Driver Monitor Program Fee Increase	1,400,000
MSD: Adjust Formula for Personnel Costs	1,304,803
MDA: MARBIDCO	1,250,000
DBED: Tourism Development Board	1,100,000
MSD: Universal Services Trust Fund Transfer	1,000,000
DNR: Use Waterway Improvement Fund for Administrative Expenses	750,000
MDA: Defer Soil Conservation District Increase	400,000
MHEC: Defer Payment for Private Donation Incentive Program	265,640

Reductions Contingent on Separate Legislation

MDP: Reauthorize Maryland Heritage Structure Rehabilitation Tax Credit Programs	14,700,000
DHMH: False Claims Act	11,000,000
DPSCS: Correctional Officers 12-hour Shift – Overtime Savings	8,000,000
DHMH: Health Program Integrity and Recovery Act	1,000,000
Comptroller: Electronic Tax Return Filing	338,000

Total

\$449,291,437

BCCC: Baltimore City Community College

CRF: Cigarette Restitution Fund

DBED: Department of Business and Economic Development

DHMH: Department of Health and Mental Hygiene

DHR: Department of Human Resources

DNR: Department of Natural Resources

DPSCS: Department of Public Safety and Correctional Services

IAC: Interagency Committee for School Construction

MARBIDCO: MD Agricultural and Resource-Based Industry Development Corp.

MDA: Maryland Department of Agriculture

MDP: Maryland Department of Planning

MHEC: Maryland Higher Education Commission

MSD: Maryland School for the Deaf

MSDE: Maryland State Department of Education

PAC: Primary Adult Care

RGGI: Regional Greenhouse Gas Initiative

SDAT: State Department of Assessments and

Taxation

**Proposed Fund Transfers to General Fund – Fiscal 2009 and 2010
Contingent on Legislation**

	<u>2009</u>	<u>2010</u>
Proposed GAAP Transfers	\$380,163,631	
State Reserve Fund: Dedicated Purpose Account	73,000,000	
Helicopter Replacement Fund	51,500,000	
DBM Central Collection Unit	30,000,000	5,000,000
University System of Maryland Fund Balance	20,000,000	
Injured Workers' Insurance Fund for Future Liability	18,000,000	
Maryland Trauma Physician Services Fund	17,000,000	
Community Health Resources Fund	14,000,000	
Insurance Trust Fund	10,000,000	
State Reserve Fund: Economic Dev. Opportunities Fund	5,000,000	
State Reserve Fund: Catastrophic Event Fund		5,398,109
MAIF Uninsured Division	7,000,000	
DBED: MD Economic Development Assistance Fund	5,000,000	5,000,000
Senior Drug Prescription Program	2,600,000	
MDE: Oil Disaster Containment, Cleanup, and Contingency	2,006,000	
MDE: Used Tire Cleanup and Recycling Fund	1,000,000	
Vehicle Theft Prevention Fund	1,000,000	
DHMH: Board of Physicians	3,000,000	
DHMH: Health Care Commission	2,000,000	
MIA: Insurance Regulation Fund	605,035	
DHMH: Bd. of Nursing, Audiology, and Occupational Therapy	500,000	200,000
School Bus Safety Enforcement Fund	900,000	
MDE: Small Business Pollution Control Loan Fund	277,785	
	\$644,552,451	\$15,598,109

DBED: Department of Business and Economic Development

DBM: Department of Budget and Management

DHMH: Department of Health and Mental Hygiene

GAAP: generally accepted accounting principles

MAIF: Maryland Automobile Insurance Fund

MDE: Maryland Department of the Environment

MIA: Maryland Insurance Administration

General Fund Revenue and Reversion Assumptions Fiscal 2009 and 2010

	<u>2009</u>	<u>2010</u>
Additional Reversion Assumptions		
Department of Human Resources: Energy assistance	\$21,700,000	
Maryland Department of Planning: Heritage Tax Credit	\$4,700,000	
Legislature	8,371,429	
Judiciary	5,560,763	10,233,509
Children's Cabinet Interagency Fund	6,741,888	
DBED: Veteran's Loan Program	1,000,000	
MSDE: Nonpublic Placements	6,000,000	
IAC: Wiring Schools Lease Payments	308,478	
Department of Budget and Management	103,700	
Board of Public Works (BPW)	40,000	
Total	\$54,526,258	\$10,233,509
Planned Expenditure Reductions through BPW		
Employee Furloughs	34,400,000	
Abolish 250 Vacant Positions	9,200,000	
Geographic Cost of Education Index	37,879,748	
Local Health Grants	10,122,216	
Aid to Community Colleges	8,182,970	
Unspecified Agency Reductions	54,159,000	
Total	\$153,943,934	\$0
Adjustments to Revenues		
BPW Capital: Cancel Unspent Encumbrances	\$1,000,000	
DPSCS: Special Fund Recovery	303,214	
DHMH: Vital Records Fees	70,000	\$70,000
Repeal Mined Coal Tax Credit*		9,000,000
Lottery: Reduce Sales Commission Level from 5.5 to 5.0%*		8,570,000
DHMH: Cost Settlement Revenue	6,435,889	143,000
Chesapeake Bay 2010 Fund Divert to General Fund*		6,487,556
DHMH: Hospital Patient Recoveries		2,333,183
OAH: Traffic Violation Fees		750,000
Federal Reimbursement for Cemetery Expansion		60,000
Total	\$7,809,103	\$27,413,739

DBED: Department of Business and Economic Development
 DHMH: Department of Health and Mental Hygiene
 DPSCS: Department of Public Safety and Correctional Services
 IAC: Interagency Committee for School Construction
 MSDE: Maryland State Department of Education
 OAH: Office of Administrative Hearings

*Contingent on Budget Reconciliation and Financing Act.

State Expenditures – General Funds (\$ in Millions)

<u>Category</u>	<u>Actual</u>	<u>Work. Appr.</u>	<u>Cost</u>	<u>Adjusted</u>	<u>Allowance</u>	<u>Contingent</u>	<u>Adjusted</u>	<u>FY 2009-2010</u>	
	<u>FY 2008</u>	<u>FY 2009</u>	<u>Containment</u>	<u>Work. Appr.</u>	<u>FY 2010</u>	<u>Reductions</u>	<u>Allowance</u>	<u>\$ Change</u>	<u>% Change</u>
				<u>FY 2009</u>			<u>FY 2010</u>		
Debt Service	\$29.3	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	n/a
County/Municipal	\$241.7	\$214.7	\$0.0	\$214.7	\$214.0	\$0.0	\$214.0	-\$0.7	-0.3%
Community Colleges	241.7	254.7	8.2	246.5	301.3	49.9	251.4	4.9	2.0%
Education/Libraries	5,223.0	5,443.0	44.2	5,398.8	5,490.9	114.0	5,376.9	-21.9	-0.4%
Health	67.0	67.5	10.1	57.4	57.4	0.0	57.4	0.0	0.0%
Aid to Local Governments	\$5,773.4	\$5,979.8	\$62.5	\$5,917.3	\$6,063.6	\$163.9	\$5,899.7	-\$17.6	-0.3%
Foster Care Payments	\$246.3	\$243.0	\$0.0	\$243.0	\$249.6	\$5.5	\$244.1	\$1.1	0.5%
Assistance Payments	33.7	34.2	0.0	34.2	35.5	0.0	35.5	1.3	3.8%
Medical Assistance	2,214.5	2,301.6	0.0	2,301.6	2,076.9	37.0	2,039.9	-261.7	-11.4%
Property Tax Credits	56.3	59.3	0.0	59.3	61.0	0.0	61.0	1.8	3.0%
Entitlements	\$2,550.9	\$2,638.1	\$0.0	\$2,638.1	\$2,423.1	\$42.6	\$2,380.5	-\$257.5	-9.8%
Health	\$1,369.5	\$1,399.2	\$0.0	\$1,399.2	\$1,436.3	\$18.9	\$1,417.4	\$18.3	1.3%
Human Resources	295.7	312.9	21.7	291.2	326.1	37.2	288.9	-2.3	-0.8%
Systems Reform Initiative	38.7	37.4	6.7	30.7	32.6	0.0	32.6	1.9	6.2%
Juvenile Services	266.7	265.8	0.0	265.8	263.6	0.8	262.7	-3.1	-1.2%
Public Safety/Police	1,215.6	1,261.1	0.0	1,261.1	1,275.9	16.7	1,259.2	-1.9	-0.1%
Higher Education	1,129.5	1,149.6	0.0	1,149.6	1,242.5	4.4	1,238.2	88.6	7.7%
Other Education	386.6	401.1	0.0	401.1	404.8	18.5	386.2	-14.9	-3.7%
Agric./Nat'l. Res./Environment	146.6	125.9	0.0	125.9	128.4	6.5	121.9	-4.0	-3.2%
Other Executive Agencies	566.3	563.2	1.1	562.1	585.7	46.0	539.7	-22.3	-4.0%
Legislative	70.8	76.4	0.0	76.4	76.7	0.3	76.4	0.0	0.0%
Judiciary	343.8	374.7	5.6	369.1	400.8	1.1	399.6	30.5	8.3%
Other Post Employment Benefits	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Across-the-board Reductions	0.0	0.0	97.8	-97.8	-30.0	14.8	-44.8	53.0	-54.2%
State Agencies	\$5,929.9	\$5,967.2	\$132.9	\$5,834.3	\$6,143.2	\$165.1	\$5,978.1	\$143.8	2.5%
Subtotal	\$14,283.5	\$14,585.1	\$195.4	\$14,389.7	\$14,630.0	\$371.6	\$14,258.4	-\$131.3	-0.9%
Capital/Heritage Reserve Fund	41.9	28.4	4.7	23.7	14.8	14.7	0.1	-23.6	-99.7%
Transfer to Transportation Authority	0.0	65.0	0.0	65.0	63.0	63.0	0.0	-65.0	-100.0%
Reserve Funds ⁽¹⁾	162.8	146.5	0.0	146.5	175.7	0.0	175.7	29.2	19.9%
Appropriations	\$14,488.2	\$14,825.0	\$200.1	\$14,624.9	\$14,883.5	\$449.3	\$14,434.2	-\$190.7	-1.3%
Reversions	0.0	-30.0	8.4	-38.4	-40.2	0.0	-40.2	-1.9	4.9%
Grand Total	\$14,488.2	\$14,795.0	\$208.5	\$14,586.5	\$14,843.2	\$449.3	\$14,393.9	-\$192.6	-1.3%

Note: The fiscal 2009 working appropriation includes \$92.8 million in deficiencies. Fiscal 2009 cost containment includes \$54.5 million in targeted reversions and \$153.9 million in future Board of Public Works actions. The fiscal 2010 allowance reflects \$10.2 million in targeted reversions, \$60.6 million in various personnel related reductions, and \$25 million in savings from contract renegotiations. The adjusted allowance also reflects \$449.3 million in reductions contingent on legislation.

(1) Excludes \$65 million in fiscal 2009 and \$63 million in fiscal 2010 appropriated to the Dedicated Purpose Account that is to be transferred to the Maryland Transportation Authority. These monies are included in the Transfer to Transportation Authority line. Also excludes \$100 million in fiscal 2008 for the Other Post Employment Benefits liability which is included under the State agencies.

Fiscal 2009 Deficiencies Total \$286.2 Million (\$ in Millions)

	<u>GF</u>	<u>SF</u>	<u>FF</u>
Department of Health and Mental Hygiene	\$14.2	\$65.2	\$60.8
MCO rate adjustment and enrollment growth in Medicaid (\$60.0 million), higher than expected costs of health insurance expansion (\$25 million), to replace general funds reduced by BPW (\$31.3 million), federal funds for the Women, Infants, and Children program (\$15.2 million), breast and cervical cancer screening and treatment (\$2.2 million), and other (\$6.5 million).			
Maryland State Department of Education	36.3	0.8	1.7
Correction to Foundation Aid formula (\$24.2 million), student assessment contracts (\$9.4 million), Maryland Quality Teacher Incentive grants (\$3.6 million), and other special and federal funds (\$1.7 million).			
Department of Housing and Community Development		1.2	24.1
Additional federal Neighborhood Stabilization Program funds for Neighborhood Revitalization (\$17.4 million) and Rental Housing programs (\$6.7 million), funds for Maryland Affordable Housing Trust (\$1.0 million), and to replace general funds reduced by BPW (\$0.2 million).			
Department of Human Resources	9.4	3.6	7.4
Foster care placements (\$7.8 million), computer system hosting and maintenance (\$8.7 million), Strategic Energy Investment Funds for energy assistance programs (\$3.6 million), and others (\$0.3 million).			
Department of Public Safety and Correctional Services	15.3		
Overtime expenses (\$8.0 million), fuel and utilities (\$4.4 million), food (\$2.8 million), and inmate birth certificates (\$0.1 million).			
Department of Juvenile Services	10.8		
Residential per-diem placements (\$4.3 million), overtime expenses and contractual staffing costs (\$3.7 million), and to replace underattained federal funds (\$2.8 million).			
Department of Labor, Licensing, and Regulation			10.4
Operating expenses for the unemployment insurance program.			
Department of Natural Resources		1.4	8.6
Federal funds for land acquisition (\$6.5 million), DNR police programs including the Maryland Maritime Task Force, equipment, and watercraft (\$2.7 million), and other park and wildlife service programs (\$0.8 million).			
Other Agencies	6.8	5.5	2.6
Public Defender (\$3.5 million), Attorney General (\$1.3 million), Public Service Commission (\$2.3 million), Maryland Health Insurance Plan (\$2.3 million), Maryland State Lottery Agency (\$2.4 million), Department of General Services (\$1.7 million), and others (\$1.4 million).			
Total Fiscal 2009 Deficiencies	\$92.8	\$77.7	\$115.7

BPW: Board of Public Works

DNR: Department of Natural Resources

MCO: Managed Care Organization

**Fiscal 2010 General Fund Changes Over Fiscal 2009 Spending
(\$ in Millions)**

Mandated Grants and Aid

Teacher Retirement Payments	\$137.3
Direct Education Aid	-73.0
Residential Boarding School for At-risk Youth	2.0
Elimination of General Funds for Aging Schools; to be Partially Replaced by Bond Premiums	-11.1
Library Aid, including Retirement	-0.3
Community College Aid (Including Retirement)	4.9
Baltimore City Community College	4.0
St. Mary's College of Maryland	0.3
GF Reduction and Use of Special Funds for Maryland School for the Deaf	-2.4
Disparity Grant	5.9
State Payment of Local Employees' Retirement Costs	0.3
Local Police Aid	0.1
Elimination of Park Payments in Lieu of Taxes	-1.8
Maryland State Arts Council Grants	-3.8

Constitutional Entities

Judiciary – 43.5 New Positions, 9 Additional Contractual FTEs, Operating Expenses	\$26.1
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Entitlements

Medicaid – Inflation, Utilization, and Enrollment	\$153.2
Use of Federal and Special Funds in Lieu of General Funds for Medicaid	-414.9
Property Tax Credits	1.8
Foster Care and Assistance Payments, including Deficiency	7.5

Personnel

Health Insurance – Pay-as-you-go Costs for Employees and Retirees	\$66.9
Employee Retirement	25.9
Employee Increments	9.5
Eliminate Deferred Compensation Match	-9.8

Discretionary

Support for Public Higher Education (University System of Maryland and Morgan State University)	89.0 ⁽¹⁾
DDA Community Services – Deinstitutionalization, Transitioning Youth, Emergency Placements	20.3
Mental Health Fee-for-service Enrollment, Utilization and Provider Rate Adjustment	13.2
Community Provider Rate Increase of 0.9% and MHA Inpatient Increase of 3.0%	10.3
Deficiency for Per Diem Payments for Juvenile Services Community Placements	4.3
Scholarship funding	0.9
Reserve Funds for OPEB Liability	-10.2

Agency Operations

Inmate Medical Costs due to Medical Inflation and Increased Utilization	8.2
Reduction of 23 Positions in the Public Defender	-1.9
Eliminate GF grant to Waterway Improvement Fund and Use Fund for Operating Expenses	-2.5
Juvenile Services – Overtime, Contractual Staffing, and Per Diem Payments	-5.8
Major Information Technology Projects	-6.4
Reduced general funds for Breast & Cervical Cancer Screening and Treatment	-14.4
Closure of Rosewood Hospital Center, including eliminating 235 positions	-22.1
Realize Savings through Contract Renegotiations	-25.0
Overtime, Fuel & Utilities, and Food in DPSCS	-25.2
Personnel and Workforce Reductions Under Review	-30.0
Reduce Contractual Employment and Eliminate 1,000 Vacant Positions	-30.0
Charge Counties for Property Valuation Costs	-36.7

Other

General Fund Contribution for InterCounty Connector; Fund with GO Bonds	-65.0
Reduce General Funds to Restructure Heritage Preservation Tax Credit	-10.0
General Fund PAYGO; Fund with GO Bonds	-8.9
Unappropriated Balance from Fiscal 2008	29.2

DDA: Developmental Disabilities Administration

DPSCS: Department of Public Safety and Correctional Services

FTE: full-time equivalent

GF: general fund

GO: general obligation

MHA: Mental Hygiene Administration

MSDE: Maryland State Department of Education

OPEB: Other Post Employment Benefits

PAYGO: Pay-as-you-go

Note: This analysis compares the 2009 working appropriation as it would stand following planned actions by BPW, deficiencies, and targeted reversions to the Administration's fiscal 2010 plan.

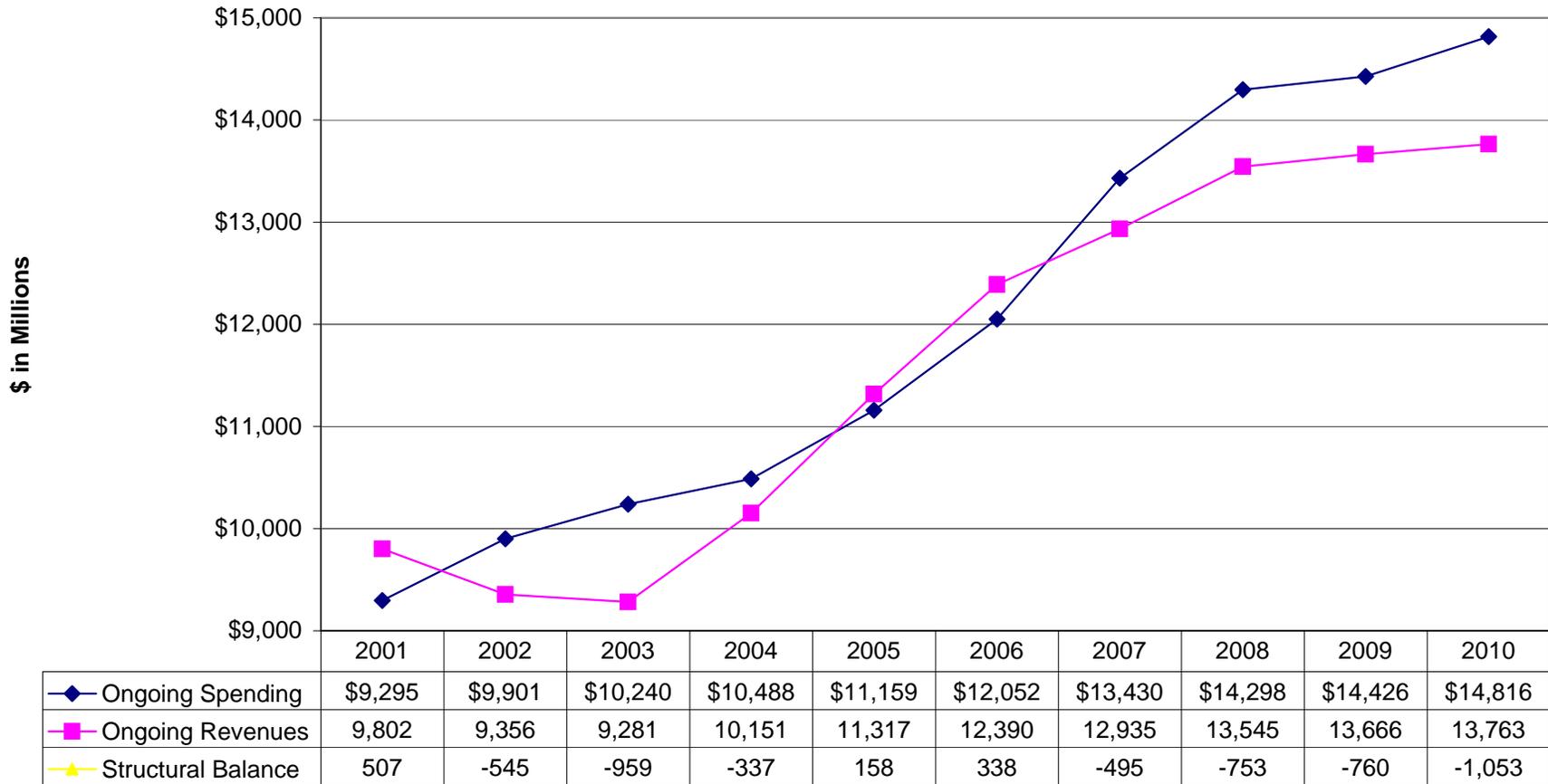
⁽¹⁾ Includes \$66.5 million to replace Higher Education Investment Funds which were provided in fiscal 2009.

General Fund: Recent History and Outlook
Fiscal 2008-2010
(\$ in Millions)

	<u>Actual</u> <u>2008</u>	<u>Working</u> <u>2009</u>	<u>Allowance</u> <u>2010</u>
Funds Available			
Ongoing Revenues	\$13,545	\$13,666	\$13,763
Balances and Transfers	1,430	1,337	677
One-time Generally Accepted Accounting Principles Transfer	0	8	0
Subtotal Funds Available	\$14,975	\$15,011	\$14,440
Appropriations, Deficiencies, and Cost Containment			
Net Ongoing Operating Costs and Deficiencies	\$14,298	\$14,426	\$14,816
Temporary Contingent Reductions	0	0	-248
One-time Federal Aid	0	0	-350
PAYGO Capital	27	14	0
Appropriations to Reserve Fund	163	147	176
Subtotal Spending	\$14,488	\$14,587	\$14,394
Cash Balance/Shortfall	\$487	\$424	\$46
Structural			
Balance (Ongoing Revenues Less Operating Costs)	-\$753	-\$760	-\$1,053
Ratio (Ongoing Revenues/Operating Costs)	95%	95%	93%
Reserve Fund Activity			
Appropriations to Rainy Day Fund	\$163	\$147	\$176
Transfers to General Fund	-978	-170	-210
Estimated Rainy Day Fund Balance – June 30	\$685	\$693	\$687
Total Cash (Rainy Day, General Fund Balance)	\$1,172	\$1,117	\$733

PAYGO: pay-as-you-go

The Structural Deficit Continues to Exceed \$1.0 Billion
Fiscal 2001-2010
(\$ in Millions)



Fiscal Years

Operating Budget Affordability Limit Revised 2008 Base

(\$ in Millions)

<u>Funds</u>	<u>2008 Session</u>	<u>2009 Session</u>	<u>\$ Change</u>	<u>% Change</u>
General	\$14,812.6	\$14,081.5	-\$731.1	-4.94%
Special	4,001.9	4,312.7	310.8	7.77%
Higher Education	1,993.2	2,096.6	103.4	5.19%
Estimated Budget Growth	\$20,807.6	\$20,490.7	-\$316.9	-1.52%
SAC Limit	\$20,807.6	\$20,953.2	\$145.7	0.70%
Over (Under) Limit			-462.5	-2.22%

Base Adjustment

- \$105.9 million for Medical Malpractice.

Positions

Regular Full-time Equivalent Position Changes
Fiscal 2009 Working Appropriation to Fiscal 2010 Allowance with Back of Bill Changes

	<u>FY 2009</u>				<u>Back of Bill</u>	<u>Back of</u>	<u>FY 2010</u>	
<u>Department/Service Area</u>	<u>Work. Approp.</u>	<u>Transferred</u>	<u>Created</u>	<u>Abolished</u>	<u>1000 Vacant</u>	<u>Bill</u>	<u>Allowance</u>	<u>Difference</u>
					<u>Reduction</u>	<u>Reorg.</u>		
Health and Human Services								
Health and Mental Hygiene	7,237	0	8	-286	-200	-4	6,754	-482
Human Resources	6,851	-3	0	-50	-200	-2	6,596	-255
Juvenile Services	2,272	0	0	-5	-25	0	2,242	-30
Subtotal	16,360	-3	8	-341	-425	-6	15,593	-767
Public Safety								
Public Safety and Correctional Services	11,623	0	27	0	-400	-1	11,249	-374
Police and Fire Marshal	2,441	0	0	0	-21	-1	2,419	-22
Subtotal	14,063	0	27	0	-421	-2	13,667	-396
Transportation	9,135	0	0	0	0	0	9,135	0
Other Executive								
Legal (Excluding Judiciary)	1,571	0	0	-23	-28	0	1,520	-51
Executive and Administrative Control	1,660	5	6	-10	-26	0	1,635	-25
Financial and Revenue Administration	1,990	0	1	-7	-2	-1	1,981	-9
Budget and Management	447	-2	0	0	-6	0	439	-8
Retirement	204	0	0	0	0	0	204	0
General Services	611	0	6	0	-19	0	598	-13
Natural Resources	1,359	0	0	-3	-13	-1	1,342	-17
Agriculture	427	0	5	-1	-8	0	423	-4
Labor, Licensing, and Regulation	1,450	0	0	0	-9	-1	1,440	-10
MSDE and Other Education	2,144	0	0	-9	-7	-2	2,126	-18
Housing and Community Development	311	0	0	0	0	0	311	0
Business and Economic Development	261	0	0	0	-3	0	258	-3
Environment	958	0	0	0	-8	0	950	-8
Subtotal	13,391	3	18	-53	-129	-5	13,225	-166
Executive Branch Subtotal	52,949	0	53	-394	-975	-13	51,619	-1,329
Higher Education	23,991	0	177	-41	-25	0	24,102	111
Judiciary	3,569	0	44	0	0	0	3,613	44
Legislature	747	0	0	0	0	0	747	0
Grand Total	81,256	0	273	-435	-1,000	-13	80,081	-1,175

MSDE: Maryland State Department of Education

The State Workforce: Position Changes in 2010 Allowance

Positions Added

Higher Education: The University System of Maryland (USM) had a net of 110.77 new positions added. Of the total, 95.77 new positions are added at the University of Maryland, College Park; 49 at Towson University; and 20 at Salisbury University. There are also 31 positions deleted from the University of Maryland, Baltimore; 25 from Baltimore City Community College as part of back of bill vacant position reductions; and 5 from St. Mary's College. 111

The Judiciary: The allowance contains 43.5 new positions, 25 of which are contractual conversions of clerks, security guards, and administrative employees in the District Court, 14 of which are for various clerk positions in the Clerks of the Circuit Court, with the remainder distributed throughout the Administrative Office of the Courts and Family Services functions. 44

Net for Agencies with Positions Added 154

Positions Deleted

Department of Health and Mental Hygiene: A net of 482.4 positions are deleted, 284.4 from the State psychiatric facilities and State Residential Centers, the majority resulting from the closure of Rosewood and 204 positions as part of back of bill vacant position reductions and reorganizations. The 8 new positions are in special funded regulatory and health occupations programs. -482

Department of Public Safety and Correctional Services: The department has 401 positions deleted as part of the back of bill vacant position reductions and reorganizations. There are also 27 new positions created, the majority (18) for Maryland Correctional Enterprises and 7 added for the Criminal Injuries Compensation Board, mostly claims investigators. -374

The Department of Human Resources (DHR): There is a net of 255 eliminated positions, with 204 positions deleted as part of the back of bill vacant position reductions and reorganizations, 21 secretarial and administrative positions in the DHR Administration, 14 from benefit programs staff in the Family Investment Administration; and 13 from the child welfare and adult protective service function in the Social Services Administration. -255

The Office of the Public Defender: Of the 48 deletions, 25 positions are part of back of bill vacant position reductions, 19 are Assistant Public Defenders, and 4 are supervisors. -48

Department of Juvenile Services: There are 29.6 positions deleted, 25 are part of back of bill vacant position reductions, and 4.6 are administrative positions. -30

Other Agencies -140

Net for Agencies with Positions Deleted -1,329

Net Position Change -1,175

**Vacancies, Turnover Rate, and Vacancies to Meet Turnover
Fiscal 2010 Allowance**

<u>Department/Service Area</u>	<u>FY 2010 Allowance FTEs</u>	<u>FY 2010 Allowance Turnover</u>	<u>Vacancies to Meet Turnover in Allowance</u>	<u>Pre- Allowance Jan. 2009 Vacancies</u>	<u>Vacancies in Allowance After Abolitions</u>	<u>Above or Below Turnover</u>
Health and Human Services						
Health and Mental Hygiene	6,754	5.7%	388	508	18	-370
Human Resources	6,596	5.1%	333	500	248	-85
Juvenile Services	2,242	5.1%	113	82	52	-61
Subtotal	15,593	5.3%	835	1,090	318	-517
Public Safety						
Public Safety and Correctional Services	11,249	7.9%	889	837	436	-453
Police and Fire Marshal	2,419	7.3%	176	180	158	-18
Subtotal	13,667	7.3%	1,065	1,017	594	-471
Transportation	9,135	4.6%	419	385	385	-35
Other Executive						
Legal (Excluding Judiciary)	1,520	4.0%	61	112	61	0
Executive and Administrative Control	1,635	4.9%	80	146	110	29
Financial and Revenue Administration	1,981	4.2%	83	84	74	-9
Budget and Management	439	2.3%	10	38	32	22
Retirement	204	3.0%	6	11	11	5
General Services	598	6.2%	37	46	27	-10
Natural Resources	1,342	5.9%	79	90	73	-5
Agriculture	423	7.4%	31	28	19	-12
Labor, Licensing, and Regulation	1,440	3.7%	53	93	83	30
MSDE and Other Education	2,126	5.5%	117	109	91	-26
Housing and Community Development	311	5.0%	16	19	19	3
Business and Economic Development	258	3.9%	10	6	3	-7
Environment	950	7.0%	67	56	48	-19
Subtotal	13,225	4.9%	648	838	650	2
Executive Branch Subtotal	51,619	4.8%	2,967	3,329	1,946	-1,020

FTE: full-time equivalent

MSDE: Maryland State Department of Education

**Contractual Full-time Equivalent Positions
Fiscal 2009 Working Appropriation to 2010 Allowance**

<u>Department/Service Area</u>	<u>FY 2009 Work. Approp.</u>	<u>FY 2010 Allowance</u>	<u>Change</u>	<u>Percent Change</u>
Health and Human Services				
Health and Mental Hygiene	450	384	-66	-14.6%
Human Resources	128	74	-54	-42.2%
Juvenile Services	126	126	0	0.0%
Subtotal	704	584	-120	-17.0%
Public Safety				
Public Safety and Correctional Services	409	395	-13	-3.2%
Police and Fire Marshal	34	34	0	0.3%
Subtotal	442	429	-13	-3.0%
Transportation	169	169	0	-0.2%
Other Executive				
Legal (Excluding Judiciary)	78	66	-13	-16.1%
Executive and Administrative Control	157	163	5	3.3%
Financial and Revenue Administration	40	40	0	0.0%
Budget and Management	22	27	5	21.9%
Retirement	15	14	-1	-6.7%
General Services	28	25	-2	-8.4%
Natural Resources	464	420	-44	-9.5%
Agriculture	50	52	2	4.6%
Labor, Licensing, and Regulation	169	159	-10	-5.9%
MSDE and Other Education	246	228	-17	-7.1%
Housing and Community Development	47	42	-5	-10.8%
Business and Economic Development	34	28	-7	-19.2%
Environment	48	45	-3	-6.3%
Subtotal	1,397	1,308	-90	-6.4%
Executive Branch Subtotal	2,713	2,490	-223	-8.2%
Higher Education	6,147	6,217	70	1.1%
Judiciary	374	348	-26	-6.8%
Grand Total	9,234	9,055	-179	-1.9%

MSDE: Maryland State Department of Education

**Employee and Retiree Health Care and Dental Insurance
Funding, Balance, and Enrollment
Fiscal 2008-2010
(\$ in Millions)**

	2008	2009	2010
	<u>Actual</u>	<u>Est.</u>	<u>Est.</u>
Beginning Balance	\$309.9	\$242.6	\$123.3
Receipts			
Agencies (Employer Contribution)	\$682.3	\$741.0	\$894.2
Employees/Retirees Contribution	219.4	209.8	232.0
Rebates, Recoveries	36.8	25.8	23.3
Total Receipts	\$938.5	\$976.6	\$1,149.5
% Growth in Receipts	-10.9%	4.1%	17.7%
Expenditures			
Health and Dental Payments	-\$1,005.8	-\$1,095.9	-\$1,183.3
% Growth in Payments	7.5%	9.0%	8.0%
Ending Balance	\$242.6	\$123.3	\$89.5
Enrollment			
Active Employees	70,960	71,589	72,752
Retirees	35,640	36,728	37,324
Total Enrollment	106,600	108,317	110,076
% Growth in Enrollment	1.9%	1.6%	1.6%

- In fiscal 2009, the fund balance was used to provide employees/retirees with a premium holiday and to replace \$34 million in agency appropriations as part of Board of Public Works cost containment actions. The premium holiday accounts for the reduction of employee/retiree contributions in this fiscal year.
- Fiscal 2009 cost, as shown in claims paid through the first five months of the fiscal year, are trending at a 9% increase, which is above the 7% anticipated growth rate.
- In the fiscal 2010 allowance, because the fund balance falls close to the level necessary to assure liability coverage, budgeted funds have been increased by \$153 million, or 20.6%, to meet rising costs.
- Enrollment growth for active employees has averaged less than 1.0% annually from fiscal 2007 to 2009 while retiree enrollment has exceeded a 3.0% annual growth rate, yielding a combined 1.6% yearly increase, which has been assumed for fiscal 2010.

Local Aid

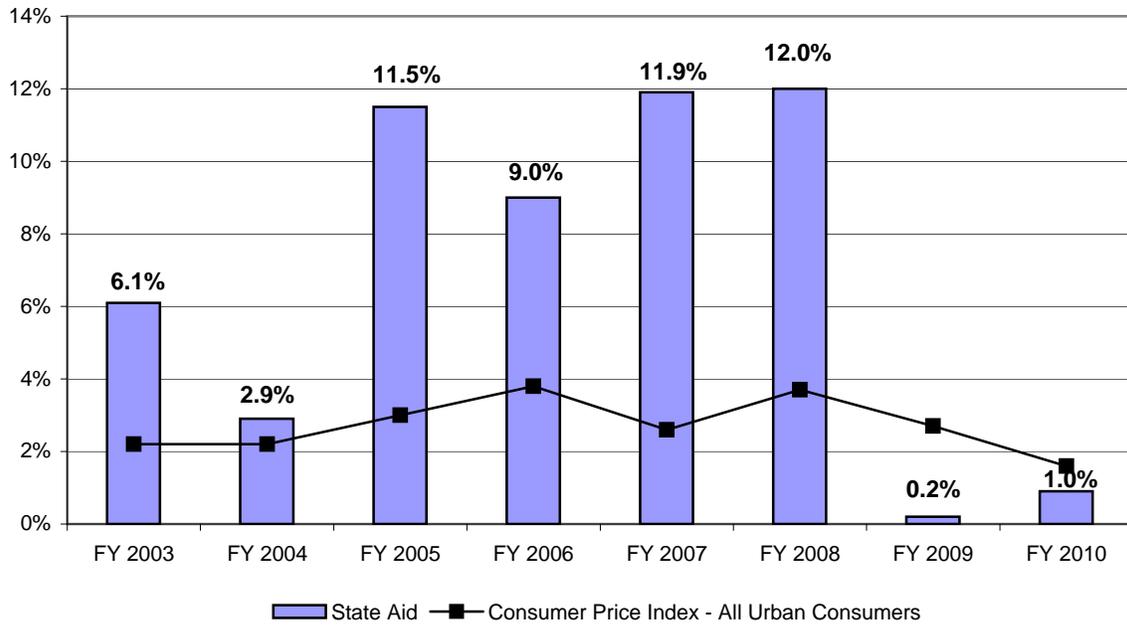
Proposed State Budget Effect on Local Governments
Fiscal 2009 and 2010
State Funds
(\$ in Millions)

<u>Budget Action</u>	<u>FY 2009</u>	<u>FY 2010</u>
Local Income Tax Reserve	\$0.0	-\$36.7
Property Assessment Payment	0.0	-36.7
Local Jail Payment	0.0	-6.0
Mandatory Aid Programs	-8.2	-157.8
Discretionary Aid Programs	-48.1	-109.1
Total	-\$56.3	-\$346.2

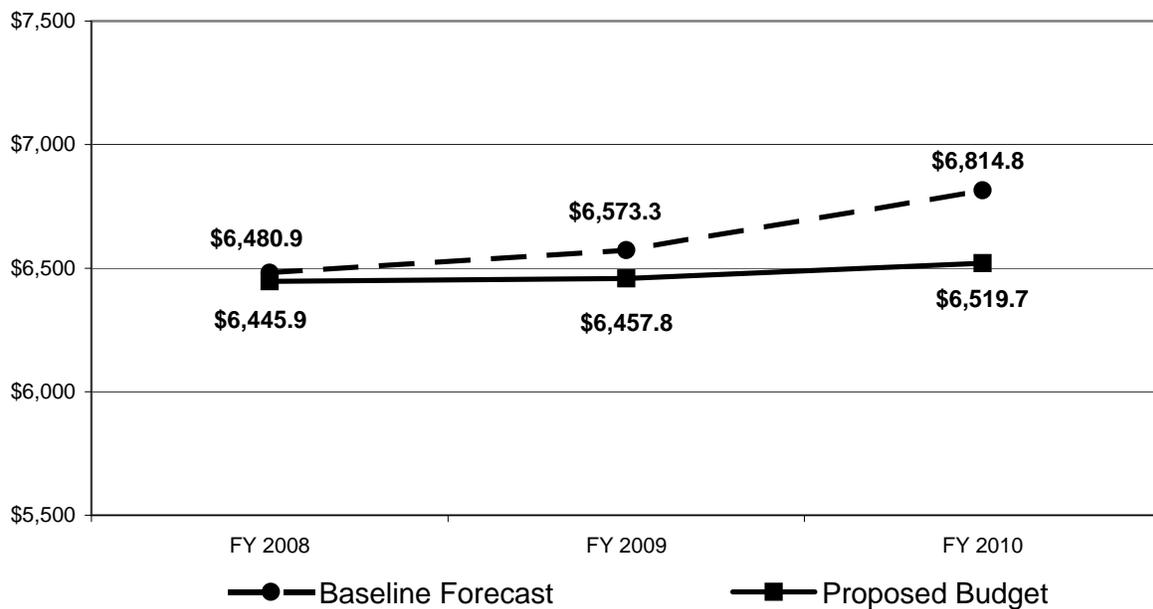
Net Effect on Local Governments
Fiscal 2009 and 2010
State Funds
(\$ in Millions)

	<u>FY 2009</u>	<u>FY 2010</u>
Funding Level Before Reductions	\$6,514.1	\$6,788.3
State Budget Action	-56.3	-346.2
Net Effect	\$6,457.8	\$6,442.0

Growth in State Aid Slowed in Fiscal 2009 and 2010 Annual Percentage Increase



Fiscal Crisis Affects State Aid State Funds (\$ in Millions)



**State Aid Share of State Budget
Fiscal 2010
(\$ in Millions)**

	<u>General Funds</u>	<u>State Funds</u>
State Aid to Local Governments	\$5,901.8	\$6,519.7
Total State Expenditures ¹	14,258.4	22,741.7
Total State Revenues ²	13,738.3	19,835.4
Percent State Aid – Expenditures	41.4%	28.7%
Percent State Aid – Revenues	43.0%	32.9%

**State Aid Increases Lower Than Most State Programs
State Funds – Fiscal 2010
(\$ in Millions)**

	<u>\$ Change</u>	<u>% Change</u>
Total State Aid to Local Governments	\$61.9	1.0%
Public School Funding	66.3	1.2%
Entitlements	-192.7	-6.3%
State Agencies	413.8	3.4%
Debt Service	57.2	6.5%
Total State Expenditures	343.5	1.5%

¹Total State expenditures exclude reserve fund appropriations, pay-as-you-go capital, and reversions.

² Total State revenues from the Board of Revenue Estimates, December 2008.

State Aid by Governmental Entity
Amount and Percent of Total
State Funds
(\$ in Millions)

	<u>FY 2010</u> <u>State Aid Amount</u>	<u>Percent</u> <u>of Total</u>
Public Schools	\$5,405.6	82.9%
Libraries	63.4	1.0%
Community Colleges	251.4	3.9%
Local Health	57.4	0.9%
County/Municipal	741.9	11.4%
Total	\$6,519.7	100.0%

Change in State Aid by Governmental Entity
State Funds
(\$ in Millions)

	<u>FY 2010</u> <u>Aid Difference</u>	<u>Percent</u> <u>Difference</u>
Public Schools	\$66.3	1.2%
Libraries	-0.3	-0.5%
Community Colleges	4.9	2.0%
Local Health	0.0	0.0%
County/Municipal	-8.9	-1.2%
Total	\$61.9	1.0%

Public Schools Receive Most of the Increases in State Aid

Increase in State Aid Fiscal 2003-2010 (\$ in Millions)

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Public Schools	\$231.2	\$193.4	\$314.5	\$384.1	\$466.4	\$690.9	\$173.0	\$66.3
Libraries	3.2	1.8	0.9	0.4	4.9	8.6	-0.4	-0.3
Community Colleges	4.8	-8.4	9.1	7.6	14.3	35.8	4.8	4.9
Health Departments	4.6	-1.5	0.4	1.0	1.8	3.3	-9.6	0.0
Counties/Municipalities	-7.2	-67.6	160.1	33.3	123.6	-46.8	-155.9	-8.9
Total	\$236.6	\$117.7	\$485.1	\$426.4	\$610.9	\$691.9	\$11.8	\$61.9

Share of State Aid Increase Over Eight-year Period (\$ in Millions)

	<u>Cumulative Aid Increase</u>	<u>Annual Increase</u>	<u>Percent of Aid Increase</u>	<u>Share of FY 2010 Aid</u>
Public Schools	\$2,519.7	8.2%	95.4%	82.9%
Libraries	19.2	4.6%	0.7%	1.0%
Community Colleges	72.9	4.4%	2.8%	3.9%
Health Departments	0.0	0.0%	0.0%	0.9%
Counties/Municipalities	30.6	0.5%	1.2%	11.4%
Total	\$2,642.3	6.7%	100.0%	100.0%

**State Aid Reductions Proposed in State Budget
Fiscal 2009 and 2010
State Funds
(\$ in Millions)**

<u>Aid Program</u>	<u>FY 2009</u>	<u>FY 2010</u>
Nonpublic Placements ¹	\$0.0	\$48.3
Supplemental Grant ¹	0.0	43.3
Geographic Cost Index ³	38.0	88.5
Aging Schools ¹	0.0	5.6
Teacher Quality Incentives ¹	0.0	5.3
School Reconstitution ²	0.0	3.9
Environmental Education ²	0.0	0.8
Gifted and Talented ²	0.0	0.4
<i>Subtotal – Public Schools</i>	<i>\$38.0</i>	<i>\$196.1</i>
Library Formula ¹	\$0.0	\$3.6
Library Network ¹	0.0	1.7
<i>Subtotal – Libraries</i>	<i>\$0.0</i>	<i>\$5.3</i>
<i>Community Colleges¹</i>	<i>\$8.2</i>	<i>\$49.9</i>
<i>Local Health³</i>	<i>\$10.1</i>	<i>\$13.2</i>
Local Crime Grants ²	0.0	0.3
Disabled Transportation ²	0.0	2.0
<i>Subtotal – County/Municipal</i>	<i>\$0.0</i>	<i>\$2.3</i>
Total	\$56.3	\$266.9
Mandated Funding	8.2	157.8
Discretionary Funding	48.1	109.1

¹Reduction in mandated funding.

²Reduction in discretionary funding.

³Reduction in discretionary formula amount.

State Aid by Governmental Entity and Program

State Funds (\$ in Millions)

	<u>FY 2009</u>	<u>FY 2010</u>	<u>Difference</u>	<u>Percent Difference</u>
Public Schools				
Foundation Program	\$2,781.0	\$2,758.1	-\$22.9	-0.8%
Supplemental Grant	\$36.6	\$33.3	-3.3	-9.0%
Compensatory Aid	914.4	940.7	26.3	2.9%
Student Transportation	225.1	242.3	17.3	7.7%
Special Education – Formula	272.7	268.4	-4.3	-1.6%
Special Education – Nonpublic	127.6	80.6	-47.1	-36.9%
Limited English Proficiency	143.9	148.6	4.7	3.3%
Guaranteed Tax Base	89.9	63.8	-26.1	-29.0%
Geographic Cost of Education Index	37.9	37.9	0.0	0.1%
Other Education Programs	88.4	72.6	-15.7	-17.8%
Subtotal Direct Aid	\$4,717.5	\$4,646.5	-\$71.0	-1.5%
Retirement Payments	621.8	759.1	137.3	22.1%
Total Public School Aid	\$5,339.3	\$5,405.6	\$66.3	1.2%
Libraries				
Library Aid Formula	\$34.5	\$32.6	-\$2.0	-5.7%
State Library Network	16.4	15.6	-0.7	-4.6%
Subtotal Direct Aid	\$50.9	\$48.2	-\$2.7	-5.3%
Retirement Payments	12.9	15.3	2.4	18.4%
Total Library Aid	\$63.8	\$63.4	-\$0.3	-0.5%
Community Colleges				
Community College Formula	\$194.5	\$194.5	\$0.0	0.0%
Other Programs	27.9	27.7	-0.2	-0.6%
Subtotal Direct Aid	\$222.4	\$222.2	-\$0.2	-0.1%
Retirement Payments	24.2	29.2	5.1	20.9%
Total Community College Aid	\$246.5	\$251.4	\$4.9	2.0%
Local Health Grants	\$57.4	\$57.4	\$0.0	0.0%
County/Municipal Aid				
Transportation	\$487.4	\$487.1	-\$0.3	-0.1%
Public Safety	108.4	111.3	2.9	2.7%
Program Open Space/Critical Areas	20.7	9.9	-10.9	-52.4%
Disparity Grant	115.5	121.4	5.9	5.1%
Other Grants	16.6	9.6	-6.9	-41.8%
Subtotal Direct Aid	\$748.6	\$739.4	-\$9.2	-1.2%
Retirement Payments	2.2	2.5	0.3	12.7%
Total County/Municipal Aid	\$750.8	\$741.9	-\$8.9	-1.2%
Total State Aid	\$6,457.8	\$6,519.7	\$61.9	1.0%

State Aid to Local Governments – Comparison by Per Capita Aid and Annual Growth Fiscal 2009 and 2010

County	Fiscal 2009 Appropriation	Fiscal 2010 Allowance	Difference	Percent Difference	Per Capita State Aid		Annual Growth in State Aid	
Allegany	\$117,344,983	\$118,604,112	\$1,259,129	1.1%	1. Baltimore City	\$1,879	1. Montgomery	7.7%
Anne Arundel	407,037,748	413,119,560	6,081,812	1.5%	2. Caroline	1,721	2. Wicomico	6.7%
Baltimore City	1,203,953,648	1,197,879,557	-6,074,091	-0.5%	3. Allegany	1,634	3. Worcester	4.5%
Baltimore	697,658,831	700,948,009	3,289,178	0.5%	4. Wicomico	1,579	4. Howard	3.8%
Calvert	108,912,922	111,574,922	2,662,000	2.4%	5. Somerset	1,414	5. Talbot	3.6%
Caroline	56,988,393	56,640,069	-348,324	-0.6%	6. Garrett	1,395	6. Somerset	3.1%
Carroll	188,314,925	188,561,222	246,297	0.1%	7. Dorchester	1,378	7. Washington	2.6%
Cecil	126,122,212	126,941,445	819,233	0.6%	8. Charles	1,368	8. Calvert	2.4%
Charles	189,724,737	192,151,035	2,426,298	1.3%	9. Prince George's	1,332	9. Queen Anne's	2.3%
Dorchester	44,164,502	43,885,474	-279,028	-0.6%	10. Cecil	1,273	10. Frederick	1.5%
Frederick	263,641,736	267,692,383	4,050,647	1.5%	11. Washington	1,266	11. Anne Arundel	1.5%
Garrett	41,327,845	41,322,234	-5,611	0.0%	12. Calvert	1,265	12. Charles	1.3%
Harford	272,287,007	273,872,307	1,585,300	0.6%	13. Frederick	1,191	13. Allegany	1.1%
Howard	274,716,638	285,094,593	10,377,955	3.8%	14. St. Mary's	1,180	14. Cecil	0.6%
Kent	16,606,619	16,439,197	-167,422	-1.0%	15. Harford	1,141	15. Harford	0.6%
Montgomery	663,380,911	714,574,731	51,193,820	7.7%	16. Carroll	1,114	16. Baltimore	0.5%
Prince George's	1,117,434,068	1,104,028,710	-13,405,358	-1.2%	17. Howard	1,042	17. Carroll	0.1%
Queen Anne's	44,202,164	45,233,314	1,031,150	2.3%	18. Queen Anne's	971	18. Garrett	0.0%
St. Mary's	118,790,084	118,401,884	-388,200	-0.3%	19. Baltimore	888	19. St. Mary's	-0.3%
Somerset	35,658,435	36,774,931	1,116,496	3.1%	20. Kent	822	20. Baltimore City	-0.5%
Talbot	20,489,957	21,231,678	741,721	3.6%	21. Anne Arundel	807	21. Caroline	-0.6%
Washington	178,975,051	183,685,901	4,710,850	2.6%	22. Montgomery	768	22. Dorchester	-0.6%
Wicomico	138,519,175	147,775,703	9,256,528	6.7%	23. Worcester	705	23. Kent	-1.0%
Worcester	33,322,421	34,806,752	1,484,331	4.5%	24. Talbot	587	24. Prince George's	-1.2%
Unallocated	98,195,378	78,431,861	-19,763,517	-20.1%				
Total	\$6,457,770,390	\$6,519,671,584	\$61,901,194	1.0%	Statewide Average	\$1,160	Statewide Average	1.0%

Transportation

Transportation Trust Fund Summary Overview

Where Have We Been?

- **\$2.2 Billion in Revenue Write-downs Since the 2008 Session:** As a result of weak vehicle sales and lower vehicle miles traveled based on the economy and fuel price spikes for the comparable five-year period.
- **Capital Program Reduced by \$1.9 Billion for Comparable Fiscal Years:** The \$1.9 billion in special fund capital reductions is slightly less than the \$2.1 billion in capital projects that were added to the program as a result of the 2007 special session revenue increase.

What Has Been Forecasted?

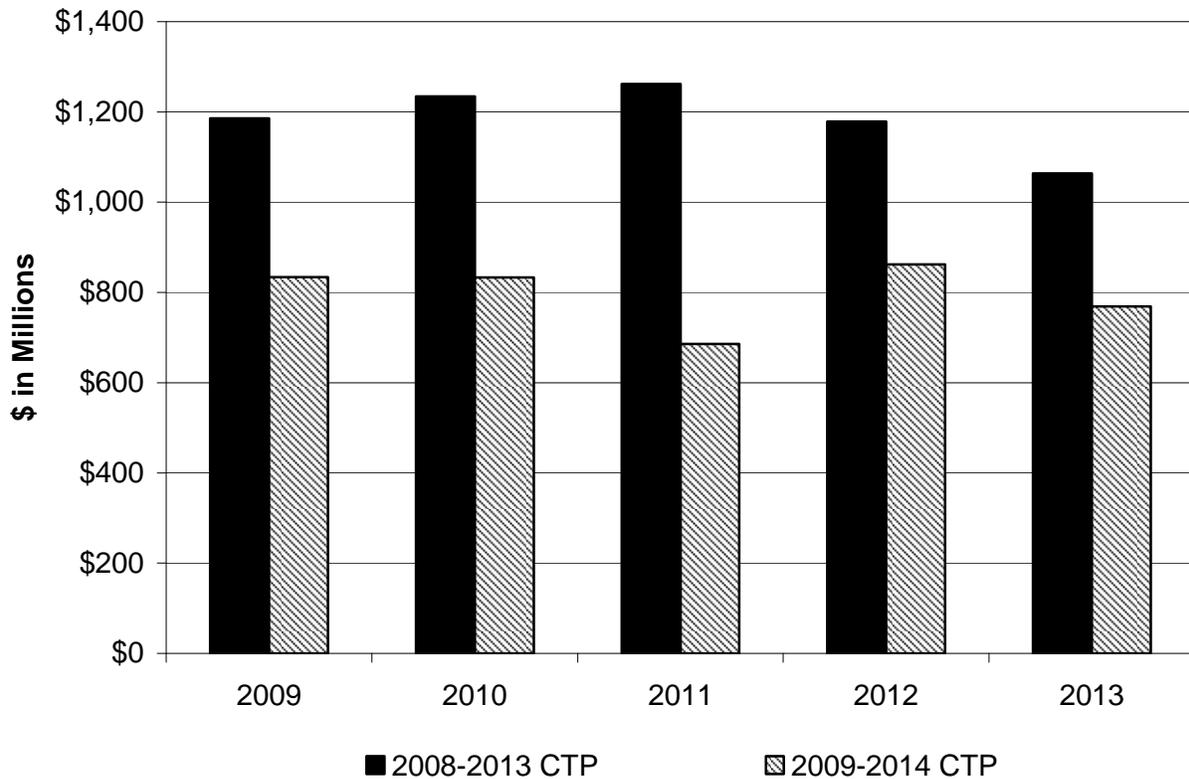
- **The Maryland Department of Transportation (MDOT) Assumes Titling Tax Rebound in Fiscal 2011:** Based upon economic firms' forecasts and past experience for vehicle sales, MDOT has predicted that titling tax revenues will increase 17% in fiscal 2011.
- **Capital Program Impact Mitigated in the Short-term:** The impact of revenue write-downs on the capital program is mitigated in the short-term with over \$800 million in planned debt issuances for fiscal 2009 and 2010.

Downward Risks to Forecast

While revenues have been revised downward significantly, downward risks to the Transportation Trust Fund (TTF) continue in terms of the department's ability to deliver its planned capital program.

- **Ambitious Revenue and Spending Assumptions:** To the extent revenues do not meet estimates or operating budget expenditures exceed the levels planned for in the forecast, MDOT will continue to need to make reductions to its capital program.
- **Debt Coverage Ratios:** Planned debt issuances reduce debt service coverage ratios below the 2.5 times administrative level used for many years by MDOT. The department is also close to violating its 2.0 times coverage level covenant with bondholders regarding its ability to repay debt. MDOT could be required to cut spending or raise revenues and possibly pay more in interest expense if its debt is downgraded.

MDOT Identifies \$1.9 Billion in Special Fund Capital Reductions Since the 2008 Session



CTP: *Consolidated Transportation Program*
 MDOT: Maryland Department of Transportation

- The State Highway Administration (SHA) experienced 53% of the capital reductions while Maryland Transit Administration (MTA) accounted for 33% of the capital reductions.
- MDOT indicates that the projects added as part of the revenue increase were the first projects to be considered for reductions. In addition, an attempt was made to preserve as much system preservation funding as possible.
- In addition, the department has undertaken several cost containment actions for the fiscal 2009 budget, totaling approximately \$23 million. This includes service reductions in MTA and a reduction of SHA contract maintenance.
- Any federal stimulus funding is likely to be used for system preservation projects that can be approved quickly by the Board of Public Works.

Fiscal 2009-2014 TTF Forecast Assumptions

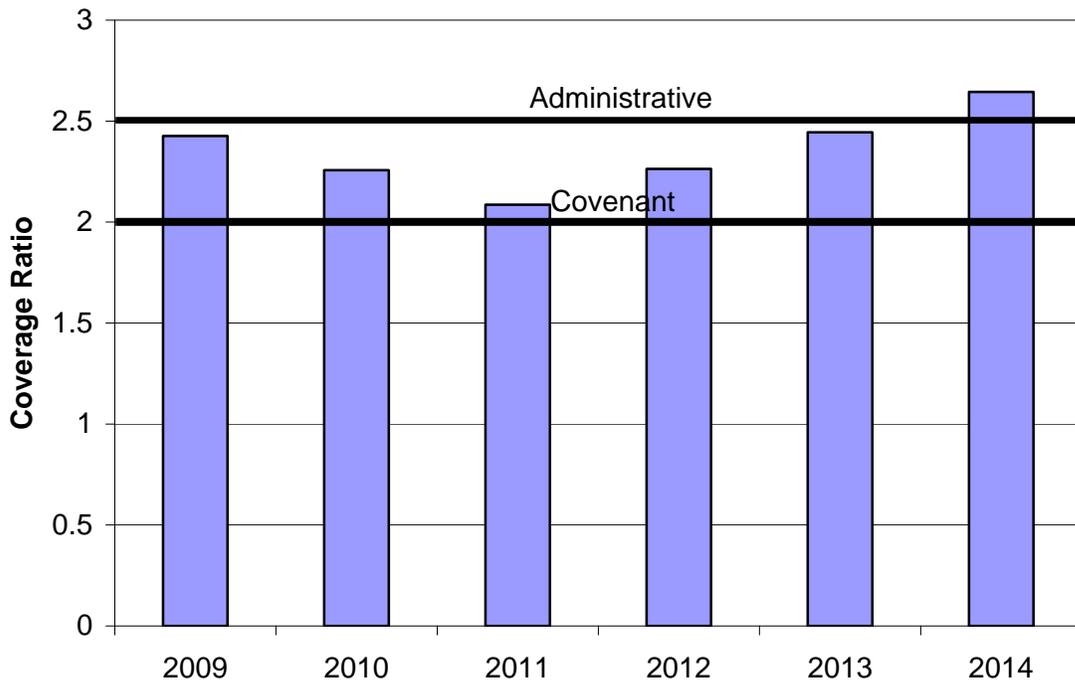
Titling Tax Revenue Estimates Revised Downward: Titling tax estimates were revised downward for fiscal 2009 from \$767 million in January 2008 to \$550 million this January. Revenues are expected to be flat in fiscal 2010. MDOT projects an economic recovery in fiscal 2011 and 2012 when revenues grow 17 and 13%, respectively.

Motor Fuel Tax Revenue Estimates Revised Downward: The recession has reduced economic activity, and vehicle miles traveled have been declining since November 2007. As a result, motor fuel tax estimates have also been revised downward from last January and are expected to grow approximately 1.5% annually beginning in fiscal 2011.

Operating Budget Growth Equal to Inflation: The out-year forecast assumes budget growth of approximately 3.0% annually.

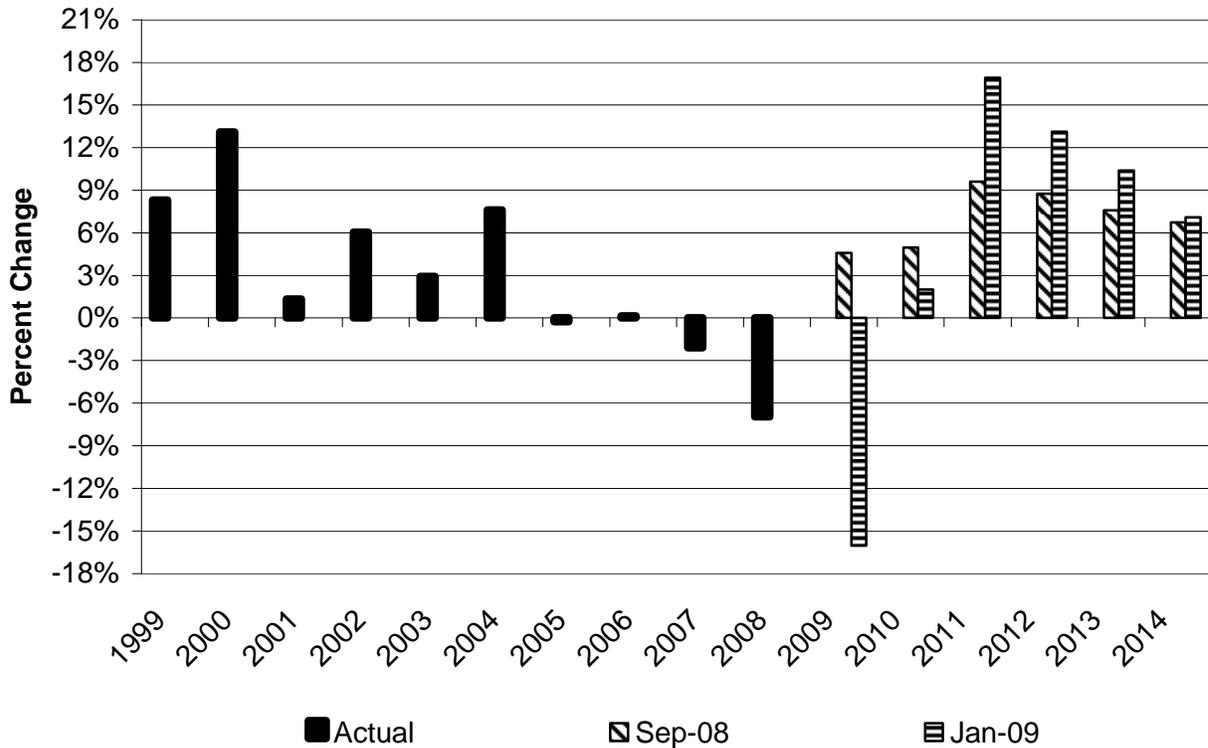
Bond Sales: As shown below, MDOT has made the policy decision to breach the administrative level for its coverage ratios to maintain capital spending. If MDOT's out-year revenue and spending assumptions are realized, coverage ratios will exceed 2.5 by 2014. However, future bond sales are moderated.

**MDOT's Coverage Ratio Compared to the 2.5 Times Administrative Level
Fiscal 2009-2014**



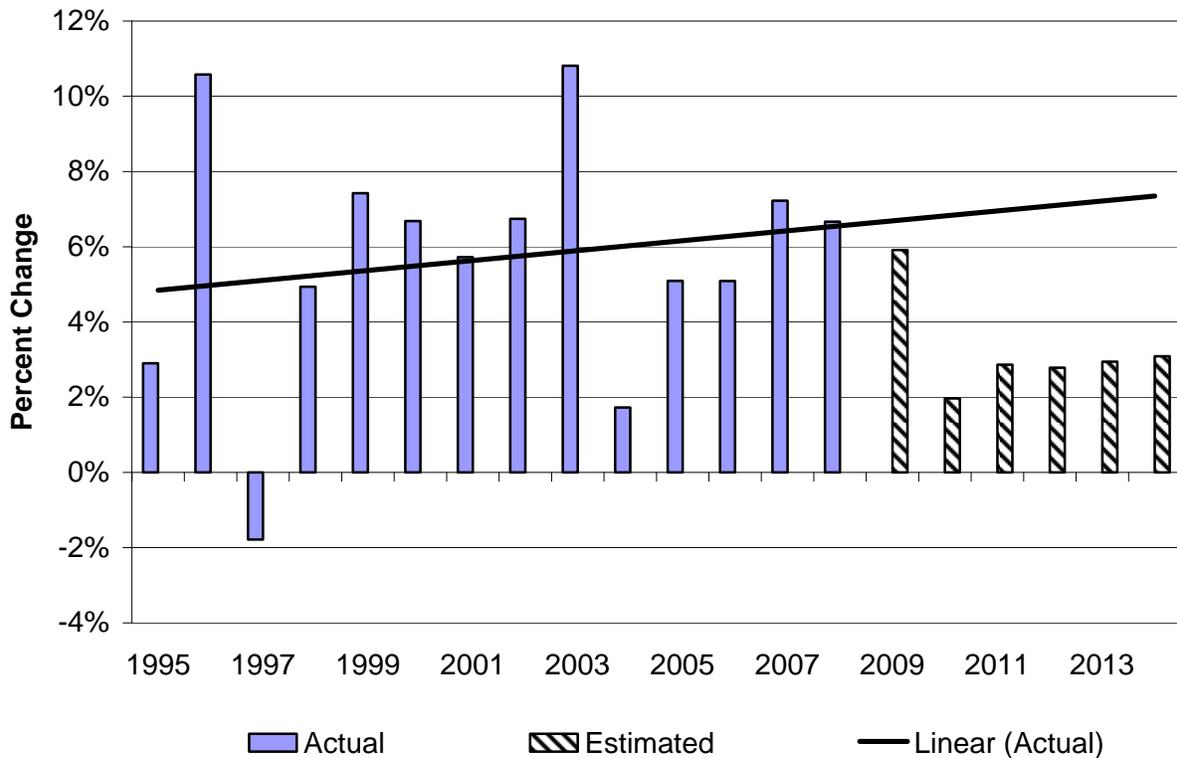
Risks to the Forecast

Out-year Titling Tax Revenues May Not Meet Estimates Fiscal 1999-2014



- MDOT has forecasted a rebound in vehicle sales in calendar 2010, and this is reflected in the fiscal 2011 revenue estimate.
- MDOT indicates that following past recessions in the early 1980s and 1990s, pent up demand resulted in revenue growth exceeding 20% in the first fiscal year of a recovery.
- The risk to this titling tax estimate is knowing when vehicle sales will recover and the magnitude of sales growth.

Actual Operating Budget Growth May Be Higher Than Assumed Fiscal 1995-2014



- Average historical operating budget growth is 5.9%, and that is the growth rate in fiscal 2009. Fiscal 2010 grows at 2.0%, and then 3.0%, thereafter.

Potential Risk Outcomes

- If there are additional revenue write-downs or operating budget growth is higher than anticipated, further reductions will need to be made to the capital program.
- If revenues are less than estimated and/or operating budget expenditures are greater than expected, MDOT may fall below the 2.0 times coverage ratio in its bond covenants.
- If MDOT falls below the coverage ratio, it will not be able to issue additional debt and will either need to raise revenue or cut operating spending to move above the 2.0 times coverage ratio. A downgrade of MDOT's bonds would result in higher interest rates, which would increase debt service expense and reduce funds available for capital and operating programs.

Capital

**Capital Budget
All Funds
Fiscal 2009-2010
(\$ in Millions)**

	<u>FY 2009</u>	<u>FY 2010</u>	<u>Variance</u>
<u>Uses</u>			
State Facilities	\$70.7	\$73.4	\$2.7
Health/Social	73.6	28.2	-45.4
Environment	483.6	409.2	-74.4
Public Safety	42.4	153.1	110.7
Education	331.5	278.4	-53.1
Higher Education	323.0	329.9	6.9
Housing	89.1	68.5	-20.6
Economic Development	17.2	0.0	-17.2
Bond Bill Projects	26.3	15.0	-11.3
Local Projects	40.1	57.8	17.7
InterCounty	0.0	146.9	146.9
Subtotal	\$1,497.5	\$1,560.4	\$62.9
Transportation	1,569.3	1,492.1	-77.2
Total	\$3,066.8	\$3,052.5	-\$14.3
<u>Funds</u>			
General Obligation	\$937.6	\$1,121.2	\$183.6
Revenue Bonds	151.0	107.0	-44.0
General	23.7	0.1	-23.6
Special	286.1	256.5	-29.6
Federal	99.1	75.6	-23.5
Transportation	1,569.3	1,492.1	-77.2
Total	\$3,066.8	\$3,052.5	-\$14.3

Fiscal 2009 figures reflect the following adjustments: \$4.7 million general fund reduction for the Maryland Heritage Structure Rehabilitation Tax Credit contingent upon legislation; \$33.6 million special fund reduction to reflect the transfer from the State Police Helicopter Replacement Fund; \$6.5 million federal fund deficiency for Program Open Space; \$24.0 million federal fund deficiency for the Department of Housing and Community Development programs from federal Community Development Block Grant funds.

Fiscal 2010 figures reflect the following adjustment: \$14.7 million general fund reduction for the Heritage Tax Credit contingent upon legislation.

Use of General Obligation Bond Program to Relieve Pressure on Operating Budget

	<u>\$ in Millions</u>
<ul style="list-style-type: none"> ● InterCounty Connector Funding: This is comprised of \$63.0 million for fiscal 2009, \$75 million for fiscal 2010, and \$8.9 million for portion of future fiscal 2011 payment. The required statutory changes are included in the 2009 Budget Reconciliation and Financing Act (BRFA) as introduced. 	\$146.9
<ul style="list-style-type: none"> ● Medevac Helicopter Replacement: The BRFA includes the transfer of the \$51.5 million fund balance from the State Police Helicopter Replacement Fund. This eliminates the \$33.6 million appropriated from the fund in fiscal 2009 to fund the purchase of three helicopters. The \$40 million of general obligation (GO) bond funds are intended to fund the purchase of two helicopters. 	40.0
<ul style="list-style-type: none"> ● Use of GO Bond Funds to Fund Capital Programs Traditionally Funded with General Funds: This principally includes \$10.0 million for the Public Safety Communication System; \$15.0 million for Department of Housing and Community Development revolving loan program; and \$5.5 million for Department of the Environment water quality and drinking water loan programs. 	30.6
Total	\$217.5

Other Highlights

- **Bond Premiums:** Language in the Capital Budget Bill authorizes the use of up to \$6.1 million of bond premiums to fund the Aging School Program. This is intended to partially offset a provision included in the BRFA that eliminates funding for the Aging School Program in the fiscal 2010 budget.
- **Deauthorizations:** \$11.2 million of prior authorized GO bond funds will be deauthorized which provides additional authorizations within the established debt limit for fiscal 2010. Major deauthorizations include:

- **\$4.8 Million – Garrett County Detention Center** – project deferred by county;
 - **\$3.6 Million – Maryland School for the Deaf – Elementary School/Family Center** – project substantially complete and the funds are not needed;
 - **\$0.8 Million – Public Safety Baltimore City Correctional Complex Utilities** – project deferred by agency;
 - **\$0.3 Million – Charles County Detention Center** – project deferred by county.
- **Stadium Authority Payment to Public School Construction Fund:** The BRFA eliminates the requirement that the Maryland Stadium Authority transfer \$2.4 million from the Camden Yards Financing Fund in fiscal 2010.
 - **Transfer Tax:** The budget provides \$76.3 million of State transfer tax revenues (\$114.7 million of estimated fiscal 2010 revenues less the negative attainment adjustment of \$35.0 million from fiscal 2008 and administrative expenses of \$3.4 million). While the budget does not divert transfer tax revenues to the general fund, the BRFA does include a provision that uses \$1.2 million of the State Program Open Space (POS) land acquisition allocation to support the Department of Natural Resources operating expenditures in fiscal 2010 and 2011.
 - **Heritage Tax Credit:** The Governor’s budget plan includes \$4.7 million fiscal 2009 and \$14.7 million fiscal 2010 reductions contingent on legislation reauthorizing the program and no longer requiring an appropriation to fund the credits.
 - **Deficiencies:** The budget includes \$6.5 million federal fund deficiency for POS; \$24 million federal fund deficiency for The Department of Housing and Community Development programs from federal Community Development Block Grant funds.
 - **Split Funding/Pre-authorization:** The capital budget split funds three higher education projects and preauthorizes the remaining funds needed to complete construction to fiscal 2011 – this shifts \$99.7 million into the fiscal 2011 capital program.

Federal Stimulus Plan

**Proposed Fiscal Relief for Maryland Under
American Recovery and Reinvestment Bill
Federal Fiscal 2009-2010
(\$ in Millions)**

<u>Program</u>	<u>2009</u>	<u>2010</u>	<u>Total</u>
Education and General Government			
Special Education	\$115.1	\$115.1	\$230.2
Title I	89.8	89.8	179.7
Education Technology	6.4	6.4	12.8
Fiscal Stabilization	582.1	582.1	1,164.1
Subtotal	\$793.4	\$793.4	\$1,586.8
Social Services			
Weatherization	\$40.7	\$40.7	\$81.3
Energy Assistance	31.5	31.5	63.0
Child Care	12.0	12.0	24.0
Community Services Block Grant	6.9	6.9	13.7
Subtotal	\$91.0	\$91.0	\$182.1
Infrastructure			
Highways	\$239.4	\$239.4	\$478.7
Transit Capital	57.8	57.8	115.6
Fixed Guideway Modernization ¹	23.7	23.7	47.4
School Construction ²	146.9	146.9	293.8
Clean Water	73.5	73.5	147.0
Drinking Water	13.8	13.8	27.5
Subtotal	\$555.0	\$555.0	\$1,110.0
Health			
Medicaid	\$313.5	\$337.1	\$650.6
Total	\$1,753.0	\$1,776.5	\$3,529.4

¹ Excludes \$40 million for Maryland's Share of the Washington Metropolitan Area Transit Authority.

² Includes higher education.

Note: Federal legislation also funds other programs, such as Consolidated Omnibus Budget Reconciliation Act premium assistance, Medicaid optional coverage, Workforce Investment Act Training and Employment Services, Byrne Justice Assistance Grants, and the Community Oriented Police Services Hiring Program. These grants are expected to bring little fiscal relief for the State, since the funding often requires the State to expand services or it is unlikely that the State will realize much funding.

Appendices

Budget Reconciliation and Financing Act of 2009 (HB 101/SB 166)

Makes Permanent Changes to Mandated Programs

- Alters calculation of Supplemental Grants to include 100% of the Geographic Cost of Education Index and retirement payments and guarantees same level of funding as prior year
- Alters eligibility and bonus amounts for Quality Teacher Incentive program
- Reduces funding for activities to reduce tobacco use from \$21 million to \$7 million
- Eliminates general fund (GF) contribution to Waterway Improvement Fund
- Eliminates use of Electric Universal Service Program funds for housing weatherization projects
- Eliminates payment from the Maryland Stadium Authority for school construction
- Reduces State share of special education nonpublic placement funding from 80 to 50% of costs above base local share

Provides Temporary Mandate Relief

- Soil Conservation Districts – sets at \$9.2 million for 2010 and 2011; increases for 2012 and 2013
- Maryland Tourism Board – sets at \$4.9 million for 2010 and 2011; increases for 2012 and 2013
- Maryland Agricultural and Resource-Based Industry Development Corporation – sets at \$2.75 million for 2010 and 2011; increases for 2012
- Cade formula for community colleges – sets at \$194.5 million for 2010; alters enhancement phase-in to reach 30% of public university per-student funding in 2015

- Baltimore City Community College – sets at \$42.0 million for 2010; alters enhancement phase-in to reach 71% of public university per-student funding in 2015
- Seller aid to private colleges and universities – sets at \$50.4 million for 2010; phases in return to 16% of public university per-student funding in 2015
- Regional libraries – sets per capita funding at \$6.50 for fiscal 2010 and 2011, \$7.50 in 2012, and \$8.50 in 2013
- State Library Resource Center – sets per capita funding at \$1.67 for fiscal 2010 and 2011 and \$1.85 in 2012
- County library aid – sets per capita funding at \$13.50 for fiscal 2010 and 2011, \$15.00 for 2012, and \$16.00 for 2013
- Maryland State Arts Council – sets at \$10.5 million for fiscal 2010 and 2011, \$13.5 million for 2012, and \$16.5 million for 2013; formula with growth at the rate of general fund growth resumes in 2014
- Local jail reimbursement – reduces reimbursement rates to 34 or 50% (from 50 or 85%) of per diem inmate costs for 2010 and 2011
- Statewide academic health centers – reduces required grants from \$15.4 million to \$9.9 million for 2010 and 2011
- Maryland School for the Deaf – alters formula for fiscal 2010 to eliminate Other Post Employment Benefits contribution and employee increments
- Aging Schools program – sets general fund appropriation at \$0 for 2010 and \$6.1 million for 2011
- Deferred Compensation match – eliminates for 2010
- Increments and merit pay – eliminates for 2010
- Private Donation Incentive Program – defers required fiscal 2010 payment to 2011
- Forest and Park Reserve Funds – revenue sharing to counties is limited to revenue from timber sales in fiscal 2010 and 2011

Rate Restrictions

- Group homes – for 2010, prohibits Interagency Rates Committee from paying rates higher than those in effect as of January 21, 2009
- Nonpublic special education placements – limits increase to providers to 1% over rates in effect as of January 21, 2009

Local Payments

- Reduces distribution of local income tax revenues for 10 years to replenish refund reserve – \$36.7 million annually
- Requires counties to fund 90% of real and business personal property valuation and 75% of assessment information technology – \$36.7 million State savings in 2010

Authorizes/Mandates Use of Special Funds for Other Purposes

- Prince George's Hospital Center – authorizes use of \$12.0 million from the Health Care Coverage Fund in 2010
- Medicaid – authorizes use of hospital assessment on averted uncompensated care for hospital payments
- Medicaid – authorizes use of \$9.1 million from Community Health Resources Commission Fund
- Medicaid – amends definition of “medically uninsurable individual” to allow use of Maryland Health Insurance Plan funds for certain Medicaid-eligible persons
- Medicare Part D prescription drug subsidy – directs future receipts to the State Employees and Retirees Health and Welfare Benefits Fund instead of the Postretirement Health Benefits Trust Fund
- Program Open Space – authorizes \$1.2 million for operating costs in Departments of Natural Resources (DNR), Planning, and General Services
- Waterway Improvement Fund – authorizes up to \$750,000 to be used for administrative expenses directly related to the fund in DNR
- Chesapeake Bay 2010 Trust Fund – directs \$2.5 million of motor vehicle fuel tax receipts and \$3.9 million of rental car tax receipts to the general fund for 2010

- Strategic Energy Investment Fund – alters distribution of Regional Greenhouse Gas Initiative proceeds to increase amount directed to energy assistance for low-income individuals and reduce the amount for conservation for 2010 and 2011
- Maryland School for the Deaf – authorizes use of \$1.0 million from the Universal Services Trust Fund

Increases Special or General Fund Revenue

- Drinking Driver Monitor Program – increases monthly fee from \$45 to \$55 and removes sunset
- Maryland-mined coal tax credit – repeals and limits claims to coal mined prior to December 31, 2008
- Lottery agent commissions – reduces commission from 5.5 to 5.0%

Transfers Special Fund Balances to the General Fund – Fiscal 2009

Local Income Tax Reserve	\$366,778,631
Dedicated Purpose Account	73,000,000
State Police Helicopter Fund	51,500,000
University System of Maryland Fund Balance	20,000,000
Injured Workers' Insurance Fund Reserve	18,000,000
Maryland Trauma Physician Services Fund	17,000,000
Community Health Resources Commission Fund	14,000,000
State Insurance Trust Fund	10,000,000
Maryland Automobile Insurance Fund Uninsured Account	7,000,000
Central Collection Unit	5,000,000
Sunny Day Fund	5,000,000
Maryland Economic Development Assistance Fund	5,000,000
Board of Physicians Fund	3,000,000
Senior Prescription Drug Assistance Program	2,600,000
Oil Disaster Cleanup Fund	2,006,000
Maryland Health Care Commission Fund	2,000,000
Vehicle Theft Prevention Fund	1,000,000
Used Tire Cleanup Fund	1,000,000
School Bus Safety Enforcement Fund	900,000
Insurance Regulation Fund	605,035
Board of Nursing Fund	500,000
Small Business Pollution Compliance Loan Fund	277,785

Transfers Special Fund Balances to the General Fund – Fiscal 2010

Catastrophic Event Fund	\$5,398,109
Maryland Economic Development Assistance Fund	5,000,000
Central Collection Unit	5,000,000
State Board of Occupational Therapy Practice Fund	100,000
State Board of Examiners of Audiologists, Hearing Aid Dispensers, and Speech-Language Pathologists Fund	100,000

Other Provisions

- InterCounty Connector – authorizes the use of general obligation bonds to satisfy commitment; eliminates any payment for fiscal 2009
- Employee retirement – salary lost due to furlough or other temporary salary reduction is included as earnable compensation for retirement benefits and contribution purposes
- Leave pay-out – if an employee separates from State service during a temporary salary reduction, leave pay-out is calculated at the rate in effect immediately prior to the temporary reduction

Budget Actions Contingent on Other Legislation

- Maryland Heritage Structure Rehabilitation Tax Credit – GF reduction of \$14.7 million contingent on legislation reauthorizing program as a nonbudgeted tax credit
- Revenue Administration – GF reduction of \$338,000 contingent on legislation requiring tax practitioners who prepare a certain volume of returns to prepare and submit the returns to the Comptroller electronically (SB 96)
- Health and Mental Hygiene – GF reduction of \$11.0 million and federal fund (FF) reduction of \$11.0 million contingent (in Medicaid, Mental Hygiene, and Developmental Disabilities) on enactment of the Maryland False Claims Act of 2009
- Medicaid – GF reduction of \$1.0 million and FF reduction of \$1.0 million contingent on enactment of the Health Program Integrity and Recovery Act of 2009

- Public Safety and Correctional Services – GF reduction of \$8.0 million contingent on legislation to change the overtime calculation to be consistent with the Fair Labor Standards Act and provided that employee union approves change in length of shift from 8 to 12 hours
- Higher Education – GF reduction of \$46.5 million and authorization to use an equivalent amount of special fund contingent on legislation to reauthorize the Higher Education Investment Fund

**Differences from Baseline Expenditure Forecast
Fiscal 2010 Allowance
(\$ in Millions)**

Aid to Local Governments	
Geographic Cost of Education Index	-\$87.2
Supplemental Grant (Net Change)*	-3.2
Nonpublic Special Education Placements*	-52.2
Library Aid Formulas*	-6.2
Restructure Teacher Quality Incentives*	-5.3
School Improvement Grants/Environmental Ed/Summer Centers	-5.0
Aging Schools Program (Partially Fund with Bond Proceeds)*	-11.5
Community College Formula*	-49.9
Election Systems Funding	-6.4
Local Health Department Funding	-11.4
Entitlements	
Medicaid – Higher Federal Fund Match	-\$350.0
Medicaid – Special Funds for General Funds (\$37 million Contingent)*	-62.9
Medicaid – No Nursing Home or Dental Rate Increases	-39.5
Medicaid – Calendar 2010 Managed Care Org. Rate Increase Not Budgeted	-28.5
Medicaid – Net Other Changes	8.0
Foster Care – Freeze Group Home Rates*	-5.5
Foster Care – Caseloads Lower/Optimistic Federal Fund Attainment	-17.9
Assistance Payments – Optimistic Caseload Assumption	-13.3
Property Tax Credits	-4.5
Higher Education	
State Colleges and Universities	-\$63.0
Baltimore City Community College – Limit Growth to 4%*	-2.4
Aid to Private Colleges and Universities (Sellingier)*	-15.6
State Agencies – Operations/Programs	
Waterway Improvement – No General Funds and Substitute Special Funds*	-\$2.5
Defer Mandated Increases for Soil Conservation Districts and MARBIDCO*	-1.7
Local Jail Reimbursements – \$6 million Reduction Contingent*	-19.6
Corrections Overtime – \$8 million Contingent on Legislation*	-25.1
Children's Cabinet Interagency Fund - Various Cost Savings	-6.9
Juvenile Services – Lower Deficiency Than Assumed in Baseline	-8.0
Community Providers Rate Increase Lower (0.9% versus 3.58%)	-27.7
Breast and Cervical Cancer Program – Use Special Funds*	-14.8
Low Income Energy Assistance – Redirect \$35.6 million RGGI Funds*	-37.4
School for the Deaf – Formula Adjustment and Fund Swap*	-2.3
Heritage Tax Credit Program – Eliminate Requirement for Appropriation*	-14.7
Tourism Development Board*	-1.1
Maryland State Arts Council – \$6 million Reduction Contingent on BRFA*	-6.7
Counties Reimburse State for Assessment Costs*	-36.7
Fewer Information Technology Projects	-34.8
Savings from Re-bidding Contracts	-25.0
Various Other Actions Contingent on Legislation*	-6.9
Other Reductions from Baseline	-57.6
State Agencies – Personnel	
No 2% General Salary Increase for State Employees	-\$64.2
No Employee Increments	-25.5
Employee/Retiree Health Insurance – Includes \$14.8 Contingent Reduction*	24.3
Deferred Compensation Match*	-11.8
No Other Post Employment Benefits Contribution	-100.0
Abolition of 1,000 Vacant Positions/Contractual Position Funding	-30.0
Unspecified Workforce/Personnel Savings	-30.0
Other	
Use General Obligation Bonds for Intercounty Connector*	-\$73.0
Shift Pay-as-you-go to General Obligation Bonds	-22.7
Total Net Reductions from Baseline Estimates	-\$1,496.0

BRFA: Budget Reconciliation and Financing Act
MARBIDCO: Maryland Agricultural and Resource-Based Industry Development Corporation
RGGI: Regional Greenhouse Gas Initiative

*Contingent on legislation.

State Reserve Fund Activity
Fiscal 2009 and 2010
(\$ in Millions)

	<u>Rainy Day</u> <u>Fund</u>	<u>Dedicated</u> <u>Purpose Acct.</u>	<u>Catastrophic</u> <u>Event Acct.</u>
Estimated Balances 6/30/08	\$684.8	\$22.0	\$8.4
Fiscal 2009 Appropriations	146.5	85.0	0.0
Expenditures			
Substance Abuse Case Mgmt. Compact		-2.0	
Prince George's County Hospital		-12.0	
Transfers to General Fund (GF)			
Fiscal 2009 Budget Bill	-125.0		
BPW on October 15, 2008		-20.0 ¹	
Fiscal 2010 Budget Bill	-45.0	-73.0 ²	
Estimated Interest	31.3		
Estimated Balances June 30, 2009	692.6	0.0	8.4
Fiscal 2010 Appropriations	175.7	63.0 ³	0.0
Transfers to General Fund	-210.0		-5.4 ⁴
Contingent Reductions		-63.0 ³	
Estimated Interest	28.6		
Estimated Balances June 30, 2010	\$686.9	\$0.0	\$3.0
Balance in Excess of 5% GF Revenues	\$0.0		

BPW: Board of Public Works

¹ The Administration's cost containment plan included reducing the \$85 million appropriation for the InterCounty Connector (ICC) by \$20 million. The plan was approved by the Board of Public Works on October 15, 2008.

² The Budget Reconciliation and Financing Act (BRFA), HB 101 and SB 166, proposes to transfer the remaining \$8 million dedicated to the Prince George's County Hospital and the remaining \$65 million dedicated to the ICC to the general fund.

³ Senate Bill 182 passed at the 2008 session modifies the general fund repayment for the ICC to require an appropriation of at least \$63.0 million in fiscal 2010 and final payment of \$63.913 million fiscal 2011. Instead of supporting the ICC, the administration proposes transferring the funds to the general fund.

⁴ The BRFA transfers \$5.4 million from the Catastrophic Event Account to the general fund.

**State Expenditures – Total and Adjusted for Reserve Fund Transfers
Fiscal 2000-2010
(\$ in Millions)**

Table 1. General Funds

Fiscal Year	General Fund Expenditures	Percent Change	Reserve Funds ⁽²⁾	Adjusted Expenditures	Percent Change	Calendar Year	Maryland	
							Personal Income ⁽³⁾	Percent Change
2000	\$9,031.5	5.7%	\$115.5	\$8,916.0	6.5%	2000	\$181,957	8.9%
2001	10,237.5	13.4%	315.8	9,921.7	11.3%	2001	191,656	5.3%
2002	10,572.3	3.3%	221.8	10,350.5	4.3%	2002	198,824	3.7%
2003	10,364.2	-2.0%	181.0	10,183.2	-1.6%	2003	205,737	3.5%
2004	10,261.5	-1.0%	10.0	10,251.5	0.7%	2004	220,126	7.0%
2005	11,275.2	9.9%	114.7	11,160.5	8.9%	2005	232,931	5.8%
2006	12,356.4	9.6%	299.4	12,057.0	8.0%	2006	246,542	5.8%
2007	14,204.4	15.0%	638.4	13,566.0	12.5%	2007	262,072	6.3%
2008	14,488.2	2.0%	162.8	14,325.4	5.6%	2008	272,189	3.9%
2009 ⁽¹⁾	14,586.5	0.7%	146.5	14,440.0	0.8%	2009	276,941	1.7%
2010 ⁽¹⁾	14,393.9	-1.3%	175.7	14,218.2	-1.5%	2010	286,412	3.4%

Table 2. State Funds

Fiscal Year	State Fund Expenditures	Percent Change	Reserve Funds ⁽²⁾	Adjusted Expenditures	Percent Change	Calendar Year	Maryland	
							Personal Income ⁽³⁾	Percent Change
2000	\$14,087.7	7.2%	\$115.5	\$13,972.2	7.8%	2000	\$181,957	8.9%
2001	15,720.6	11.6%	315.8	15,404.8	10.3%	2001	191,656	5.3%
2002	16,605.2	5.6%	221.8	16,383.5	6.4%	2002	198,824	3.7%
2003	17,080.5	2.9%	181.0	16,899.5	3.1%	2003	205,737	3.5%
2004	16,701.7	-2.2%	10.0	16,691.7	-1.2%	2004	220,126	7.0%
2005	18,188.1	8.9%	114.7	18,073.5	8.3%	2005	232,931	5.8%
2006	19,967.7	9.8%	308.6	19,659.1	8.8%	2006	246,542	5.8%
2007	22,393.0	12.1%	638.4	21,754.6	10.7%	2007	262,072	6.3%
2008	23,008.1	2.7%	162.8	22,845.3	5.0%	2008	272,189	3.9%
2009 ⁽¹⁾	23,750.4	3.2%	146.5	23,603.9	3.3%	2009	276,941	1.7%
2010 ⁽¹⁾	23,941.0	0.8%	175.7	23,765.3	0.7%	2010	286,412	3.4%

Table 3. All Funds

Fiscal Year	Total Expenditures	Percent Change	Reserve Funds ⁽²⁾	Adjusted Expenditures	Percent Change	Calendar Year	Maryland	
							Personal Income ⁽³⁾	Percent Change
2000	\$17,868.3	7.2%	\$115.5	\$17,752.8	7.7%	2000	\$181,957	8.9%
2001	20,064.8	12.3%	315.8	19,749.0	11.2%	2001	191,656	5.3%
2002	21,443.0	6.9%	221.8	21,221.2	7.5%	2002	198,824	3.7%
2003	22,454.1	4.7%	181.0	22,273.1	5.0%	2003	205,737	3.5%
2004	22,547.2	0.4%	10.0	22,537.2	1.2%	2004	220,126	7.0%
2005	24,066.3	6.7%	114.7	23,951.7	6.3%	2005	232,931	5.8%
2006	26,174.2	8.8%	308.6	25,865.6	8.0%	2006	246,542	5.8%
2007	28,756.5	9.9%	638.4	28,118.1	8.7%	2007	262,072	6.3%
2008	29,569.4	2.8%	162.8	29,406.6	4.6%	2008	272,189	3.9%
2009 ⁽¹⁾	30,852.7	4.3%	146.5	30,706.1	4.4%	2009	276,941	1.7%
2010 ⁽¹⁾	31,584.6	2.4%	175.7	31,408.9	2.3%	2010	286,412	3.4%

(1) Fiscal 2009 is the working appropriation including reversions, deficiencies, and targeted reversions. Fiscal 2010 is the Governor's allowance including reversions, across-the-board reductions, and contingent reductions. For State funds and all funds, the contingent reductions are net of additional special funds due to funding swaps.

(2) Includes appropriations to the Revenue Stabilization Account, the Dedicated Purpose Account, the Catastrophic Event Fund, the Citizen's Tax Reduction Reserve Fund, and the Joseph Fund. Money that was appropriated to the Dedicated Purpose Account to be transferred to the Maryland Transportation Authority is excluded (\$50 million in fiscal 2006, \$53 million in fiscal 2007, and \$65 million in fiscal 2009). Money appropriated to the Dedicated Purpose Account for the Other Post Employment Benefits liability is also excluded (\$100 million each in fiscal 2007 and 2008).

(3) The history through 2007 comes from the U.S. Department of Commerce, Bureau of Economic Analysis. The forecast for 2008-2010 is from the Board of Revenue Estimates, December 2008.

State Expenditures – Special and Higher Education Funds*
(\$ in Millions)

<u>Category</u>	<u>Actual FY 2008</u>	<u>Work. Appr. FY 2009</u>	<u>Allowance FY 2010</u>	<u>Contingent Reductions</u>	<u>Adjusted Allowance FY 2010</u>	<u>FY 2009-2010 \$ Change</u>	<u>% Change</u>
Debt Service	\$782.2	\$887.4	\$944.7	\$0.0	\$944.7	\$57.2	6.5%
Aid to Local Governments							
County/Municipal	664.8	536.1	527.8	0.0	527.8	-8.3	-1.5%
Community Colleges	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Education/Libraries	0.2	0.9	91.9	0.0	91.9	91.0	9864.4%
Health	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Subtotal	\$665.0	\$537.1	\$619.8	\$0.0	\$619.8	\$82.7	15.4%
Entitlements							
Foster Care Payments	0.1	0.1	0.1	0.0	0.1	0.0	0.0%
Assistance Payments	13.4	13.4	13.4	0.0	13.4	0.0	0.0%
Medical Assistance	231.4	387.9	430.2	-22.5	452.8	64.9	16.7%
Property Tax Credits	0.5	0.0	0.0	0.0	0.0	0.0	n/a
Subtotal	\$245.4	\$401.4	\$443.7	-\$22.5	\$466.2	\$64.9	16.2%
State Agencies							
Health	232.8	265.0	311.5	4.6	306.9	41.9	15.8%
Human Resources	86.1	58.5	74.5	-35.5	110.0	51.5	88.1%
Systems Reform Initiative	0.6	0.7	0.0	0.0	0.0	-0.7	-100.0%
Juvenile Services	0.4	0.2	0.2	0.0	0.2	0.0	0.0%
Public Safety/Police	203.1	213.6	222.1	-1.2	223.3	9.7	4.6%
Higher Education	3,098.4	3,375.5	3,415.4	1.0	3,414.5	39.0	1.2%
Other Education	37.6	42.9	44.0	-1.0	45.0	2.0	4.7%
Transportation	1,399.2	1,465.2	1,477.8	1.7	1,476.1	10.9	0.7%
Agric./Natl. Res./Environment	119.1	170.3	213.7	6.9	206.8	36.5	21.4%
Other Executive Agencies	438.3	536.8	581.0	0.8	580.3	43.5	8.1%
Legislative	0.2	0.3	0.1	0.0	0.1	-0.2	-66.7%
Judiciary	39.1	53.8	54.2	0.1	54.1	0.3	0.6%
Subtotal	\$5,655.0	\$6,182.7	\$6,394.5	-\$22.6	\$6,417.1	\$234.4	3.8%
Subtotal	\$7,347.5	\$8,008.6	\$8,402.7	-\$45.1	\$8,447.8	\$439.2	5.5%
Capital	1,172.4	1,155.3	1,102.3	3.0	1,099.3	-56.0	-4.8%
Grand Total	\$8,519.8	\$9,163.9	\$9,505.0	-\$42.1	\$9,547.1	\$383.2	4.2%

* Includes higher education fund (current unrestricted and current restricted) net of general and special funds.

Note: Fiscal 2009 includes \$77.7 million in deficiencies. Fiscal 2010 cost containment reflects \$36.2 million in reductions contingent on legislation and \$78.3 million in additional spending from funding swaps for a net change of \$42.1 million.

State Expenditures – Federal Funds
(\$ in Millions)

<u>Category</u>	<u>Actual FY 2008</u>	<u>Work. Appr. FY 2009</u>	<u>Allowance FY 2010</u>	<u>Contingent Reductions</u>	<u>Adjusted Allowance FY 2010</u>	<u>FY 2009-2010</u>	
						<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	n/a
Aid to Local Governments							
County/Municipal	42.0	45.5	44.0	0.0	44.0	-1.5	-3.3%
Community Colleges	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Education/Libraries	707.7	694.5	707.1	0.0	707.1	12.6	1.8%
Health	4.5	4.5	4.5	0.0	4.5	0.0	0.0%
Subtotal	\$754.2	\$744.5	\$755.6	\$0.0	\$755.6	\$11.1	1.5%
Entitlements							
Foster Care Payments	106.2	124.9	117.4	2.9	114.5	-10.4	-8.3%
Assistance Payments	511.3	462.1	554.1	0.0	554.1	92.0	19.9%
Medical Assistance	2,418.6	2,695.8	3,221.0	10.0	3,211.0	515.2	19.1%
Property Tax Credits	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Subtotal	\$3,036.1	\$3,282.8	\$3,892.5	\$12.9	\$3,879.6	\$596.8	18.2%
State Agencies							
Health	808.5	872.4	893.2	2.3	890.8	18.4	2.1%
Human Resources	475.6	525.9	517.2	2.4	514.9	-11.1	-2.1%
Systems Reform Initiative	14.9	7.3	7.3	0.0	7.3	0.0	0.0%
Juvenile Services	9.4	11.7	10.6	0.0	10.6	-1.1	-9.7%
Public Safety/Police	17.1	20.8	29.0	0.0	29.0	8.2	39.3%
Higher Education	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Other Education	203.8	237.3	224.0	0.4	223.5	-13.8	-5.8%
Transportation	79.2	80.1	80.6	0.0	80.6	0.4	0.5%
Agric./Natl. Res./Environment	54.7	64.2	61.7	0.2	61.5	-2.7	-4.2%
Other Executive Agencies	414.0	463.6	496.5	0.6	495.9	32.3	7.0%
Judiciary	3.3	4.4	4.4	0.0	4.3	0.0	-0.5%
Subtotal	\$2,080.4	\$2,287.9	\$2,324.4	\$6.0	\$2,318.4	\$30.5	1.3%
Subtotal	\$5,870.8	\$6,315.2	\$6,972.5	\$18.8	\$6,953.6	\$638.5	10.1%
Capital	690.6	787.1	690.3	0.4	690.0	-97.1	-12.3%
Grand Total	\$6,561.3	\$7,102.2	\$7,662.8	\$19.2	\$7,643.6	\$541.4	7.6%

Note: Fiscal 2009 includes \$115.7 million in deficiencies. Fiscal 2010 cost containment reflects \$19.2 million in reductions contingent on legislation.

State Expenditures – State Funds (\$ in Millions)

<u>Category</u>	<u>Actual</u>	<u>Work. Appr.</u>	<u>Cost</u>	<u>Adjusted</u>	<u>Allowance</u>	<u>Contingent</u>	<u>Adjusted</u>	<u>FY 2009-2010</u>	
	<u>FY 2008</u>	<u>FY 2009</u>	<u>Containment</u>	<u>Work. Appr.</u>	<u>FY 2010</u>	<u>Reductions</u>	<u>FY 2010</u>	<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$811.5	\$887.4	\$0.0	\$887.4	\$944.7	\$0.0	\$944.7	\$57.2	6.5%
County/Municipal	906.5	750.8	0.0	750.8	741.9	0.0	741.9	-8.9	-1.2%
Community Colleges	241.7	254.7	8.2	246.5	301.3	49.9	251.4	4.9	2.0%
Education/Libraries	5,223.2	5,443.9	44.2	5,399.7	5,582.8	114.0	5,468.8	69.2	1.3%
Health	67.0	67.5	10.1	57.4	57.4	0.0	57.4	0.0	0.0%
Aid to Local Governments	\$6,438.3	\$6,516.9	\$62.5	\$6,454.4	\$6,683.4	\$163.9	\$6,519.5	\$65.1	1.0%
Foster Care Payments	246.4	243.1	0.0	243.1	249.7	5.5	244.2	1.1	0.5%
Assistance Payments	47.1	47.6	0.0	47.6	48.9	0.0	48.9	1.3	2.7%
Medical Assistance	2,445.9	2,689.5	0.0	2,689.5	2,507.2	14.5	2,492.7	-196.8	-7.3%
Property Tax Credits	56.8	59.3	0.0	59.3	61.0	0.0	61.0	1.8	3.0%
Entitlements	\$2,796.3	\$3,039.5	\$0.0	\$3,039.5	\$2,866.8	\$20.0	\$2,846.8	-\$192.7	-6.3%
Health	1,602.3	1,664.1	0.0	1,664.1	1,747.8	23.5	1,724.3	60.2	3.6%
Human Resources	381.8	371.4	21.7	349.7	400.6	1.7	398.9	49.2	14.1%
Systems Reform Initiative	39.3	38.1	6.7	31.4	32.6	0.0	32.6	1.2	3.8%
Juvenile Services	267.2	266.0	0.0	266.0	263.8	0.8	262.9	-3.1	-1.2%
Public Safety/Police	1,418.7	1,474.6	0.0	1,474.6	1,498.0	15.5	1,482.5	7.9	0.5%
Higher Education	4,227.8	4,525.1	0.0	4,525.1	4,658.0	5.3	4,652.7	127.6	2.8%
Other Education	424.3	444.1	0.0	444.1	448.8	17.6	431.2	-12.8	-2.9%
Transportation	1,399.2	1,465.2	0.0	1,465.2	1,477.8	1.7	1,476.1	10.9	0.7%
Agric./Natl. Res./Environment	265.7	296.2	0.0	296.2	342.1	13.5	328.6	32.5	11.0%
Other Executive Agencies	1,004.6	1,100.0	1.1	1,098.9	1,166.7	46.7	1,120.0	21.1	1.9%
Legislative	71.1	76.7	0.0	76.7	76.8	0.3	76.5	-0.2	-0.3%
Judiciary	382.9	428.4	5.6	422.9	455.0	1.2	453.7	30.8	7.3%
Other Post Employment Benefits	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Across-the-board Reductions	0.0	0.0	97.8	-97.8	-30.0	14.8	-44.8	53.0	-54.2%
State Agencies	\$11,584.9	\$12,149.9	\$132.9	\$12,017.0	\$12,537.8	\$142.6	\$12,395.2	\$378.2	3.1%
Subtotal	\$21,631.0	\$22,593.7	\$195.4	\$22,398.3	\$23,032.7	\$326.5	\$22,706.2	\$307.9	1.4%
Capital/Heritage Reserve Fund	1,214.3	1,183.7	4.7	1,179.0	1,117.1	17.7	1,099.3	-79.6	-6.8%
Transfer to Transportation Authority	0.0	65.0	0.0	65.0	63.0	63.0	0.0	-65.0	-100.0%
Reserve Funds ⁽¹⁾	162.8	146.5	0.0	146.5	175.7	0.0	175.7	29.2	19.9%
Appropriations	\$23,008.1	\$23,988.9	\$200.1	\$23,788.8	\$24,388.5	\$407.2	\$23,981.3	\$192.5	0.8%
Reversions	0.0	-30.0	8.4	-38.4	-40.2	0.0	-40.2	-1.9	4.9%
Grand Total	\$23,008.1	\$23,958.9	\$208.5	\$23,750.4	\$24,348.3	\$407.2	\$23,941.0	\$190.6	0.8%

(1) Excludes \$65 million in fiscal 2009 and \$63 million in fiscal 2010 appropriated to the Dedicated Purpose Account that is to be transferred to the Maryland Transportation Authority. These monies are included in the Transfer to Transportation Authority line. Also excludes \$100 million in fiscal 2008 for the Other Post Employment Benefits liability which is included under the State agencies.

Note: The fiscal 2009 working appropriation includes \$170.6 million in deficiencies. Fiscal 2009 cost containment includes \$54.5 million in targeted reversions and \$153.9 million in future Board of Public Works actions. The fiscal 2010 allowance reflects \$10.2 million in targeted reversions, \$60.6 million in various personnel related reductions, and \$25 million in savings from contract renegotiations. Fiscal 2010 cost containment reflects \$485.5 million in reductions contingent on legislation and \$78.3 million in additional spending from funding swaps for a net change of \$407.2 million.

State Expenditures – All Funds (\$ in Millions)

Category	Actual	Work. Appr.	Cost	Adjusted	Allowance	Contingent	Adjusted	FY 2009-2010	
	FY 2008	FY 2009	Containment	Work. Appr. FY 2009	FY 2010	Reductions	Allowance FY 2010	\$ Change	% Change
Debt Service	\$811.5	\$887.4	\$0.0	\$887.4	\$944.7	\$0.0	\$944.7	\$57.2	6.5%
County/Municipal	948.5	796.3	0.0	796.3	785.9	0.0	785.9	-10.4	-1.3%
Community Colleges	241.7	254.7	8.2	246.5	301.3	49.9	251.4	4.9	2.0%
Education/Libraries	5,930.9	6,138.4	44.2	6,094.2	6,289.9	114.0	6,176.0	81.8	1.3%
Health	71.5	72.0	10.1	61.9	61.9	0.0	61.9	0.0	0.0%
Aid to Local Governments	\$7,192.5	\$7,261.4	\$62.5	\$7,198.9	\$7,439.0	\$163.9	\$7,275.1	\$76.2	1.1%
Foster Care Payments	352.6	368.0	0.0	368.0	367.1	8.4	358.7	-9.3	-2.5%
Assistance Payments	558.4	509.7	0.0	509.7	603.0	0.0	603.0	93.3	18.3%
Medical Assistance	4,864.5	5,385.3	0.0	5,385.3	5,728.2	24.5	5,703.7	318.4	5.9%
Property Tax Credits	56.8	59.3	0.0	59.3	61.0	0.0	61.0	1.8	3.0%
Entitlements	\$5,832.4	\$6,322.3	\$0.0	\$6,322.3	\$6,759.3	\$32.9	\$6,726.4	\$404.1	6.4%
Health	2,410.8	2,536.6	0.0	2,536.6	2,640.9	25.8	2,615.1	78.6	3.1%
Human Resources	857.4	897.3	21.7	875.6	917.8	4.1	913.8	38.1	4.4%
Systems Reform Initiative	54.2	45.4	6.7	38.7	39.9	0.0	39.9	1.2	3.0%
Juvenile Services	276.6	277.7	0.0	277.7	274.3	0.8	273.5	-4.2	-1.5%
Public Safety/Police	1,435.7	1,495.4	0.0	1,495.4	1,527.0	15.5	1,511.5	16.1	1.1%
Higher Education	4,227.8	4,525.1	0.0	4,525.1	4,658.0	5.3	4,652.7	127.6	2.8%
Other Education	628.0	681.4	0.0	681.4	672.7	18.0	654.8	-26.6	-3.9%
Transportation	1,478.5	1,545.3	0.0	1,545.3	1,558.4	1.7	1,556.6	11.3	0.7%
Agric./Nat'l. Res./Environment	320.4	360.4	0.0	360.4	403.8	13.6	390.2	29.8	8.3%
Other Executive Agencies	1,418.6	1,563.6	1.1	1,562.5	1,663.2	47.4	1,615.9	53.4	3.4%
Legislative	71.1	76.7	0.0	76.7	76.8	0.3	76.5	-0.2	-0.3%
Judiciary	386.2	432.8	5.6	427.3	459.3	1.3	458.1	30.8	7.2%
Other Post Employment Benefits	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Across-the-board Reductions	0.0	0.0	97.8	-97.8	-30.0	14.8	-44.8	53.0	-54.2%
State Agencies	\$13,665.3	\$14,437.8	\$132.9	\$14,304.9	\$14,862.1	\$148.5	\$14,713.6	\$408.7	2.9%
Subtotal	\$27,501.7	\$28,908.9	\$195.4	\$28,713.5	\$30,005.1	\$345.3	\$29,659.8	\$946.4	3.3%
Capital/Heritage Reserve Fund	1,904.9	1,970.7	4.7	1,966.0	1,807.4	18.1	1,789.3	-176.7	-9.0%
Transfer to Transportation Authority	0.0	65.0	0.0	65.0	63.0	63.0	0.0	-65.0	-100.0%
Reserve Funds ⁽¹⁾	162.8	146.5	0.0	146.5	175.7	0.0	175.7	29.2	19.9%
Appropriations	\$29,569.4	\$31,091.1	\$200.1	\$30,891.0	\$32,051.3	\$426.4	\$31,624.9	\$733.8	2.4%
Reversions	0.0	-30.0	8.4	-38.4	-40.2	0.0	-40.2	-1.9	4.9%
Grand Total	\$29,569.4	\$31,061.1	\$208.5	\$30,852.7	\$32,011.0	\$426.4	\$31,584.6	\$732.0	2.4%

(1) Excludes \$65 million in fiscal 2009 and \$63 million in fiscal 2010 appropriated to the Dedicated Purpose Account that is to be transferred to the Maryland Transportation Authority. These monies are included in the Transfer to Transportation Authority line. Also excludes \$100 million in fiscal 2008 for the Other Post Employment Benefits liability which is included under the State agencies.

Note: The fiscal 2009 working appropriation includes \$286.2 million in deficiencies. Fiscal 2009 cost containment includes \$54.5 million in targeted reversions and \$153.9 million in future Board of Public Works actions. The fiscal 2010 allowance reflects \$10.2 million in targeted reversions, \$60.6 million in various personnel related reductions, and \$25 million in savings from contract renegotiations. Fiscal 2010 cost containment reflects \$504.7 million in reductions contingent on legislation and \$78.3 million in additional spending from funding swaps for a net change of \$426.4 million.

State Aid to Local Governments – Change by Aid Program Fiscal 2009 and 2010

County	Total Aid	Foundation	Supplemental	Compensatory	Nonpublic Placements	Guaranteed Tax Base	Teachers' Retirement	Program Open Space	Disparity Grant
Allegany	\$1,259,129	-\$1,047,084	\$0	\$318,986	-\$333,968	\$541,415	\$1,265,410	-\$136,727	\$555,635
Anne Arundel	6,081,812	-3,879,298	0	1,667,659	-3,817,898	0	12,069,467	-1,443,581	0
Baltimore City	-6,074,091	190,326	-12,976,671	1,472,882	-9,481,216	-4,541,858	12,974,256	108,743	3,527,534
Baltimore	3,289,178	-9,264,794	0	4,977,002	-5,668,143	0	13,017,767	-1,634,890	0
Calvert	2,662,000	-945,054	0	595,948	-340,711	0	2,777,194	-142,193	0
Caroline	-348,324	-1,076,771	520,374	233,555	-82,065	-270,021	753,462	-63,550	-121,543
Carroll	246,297	-3,348,306	0	795,173	-1,305,276	0	4,586,052	-324,200	0
Cecil	819,233	-1,828,522	0	1,761,389	-687,362	-613,105	2,174,234	-166,834	0
Charles	2,426,298	-1,799,776	0	1,562,896	-489,213	-1,858,217	4,477,275	-293,136	0
Dorchester	-279,028	-1,065,539	968,683	-415,415	-23,875	-293,029	794,571	-53,994	-108,018
Frederick	4,050,647	-3,329,753	0	1,094,211	-847,386	0	6,697,615	-332,736	0
Garrett	-5,611	-838,723	134,951	41,612	-73,580	0	598,376	-66,259	119,241
Harford	1,585,300	-4,297,197	0	1,839,037	-1,855,359	0	5,158,631	-479,481	0
Howard	10,377,955	-358,642	0	1,316,984	-1,251,990	0	10,133,621	-850,642	0
Kent	-167,422	-724,334	331,039	-12,988	-45,449	0	333,234	-40,067	0
Montgomery	51,193,820	33,235,512	-10,039,105	5,223,774	-4,975,726	0	25,083,770	-2,136,783	0
Prince George's	-13,405,358	-20,681,601	15,831,710	-2,511,450	-10,495,242	-18,038,133	23,755,697	-1,846,967	-19,547
Queen Anne's	1,031,150	-63,102	0	275,345	-130,492	0	1,062,044	-85,568	0
St. Mary's	-388,200	-2,127,208	2,464,942	-1,365,826	-262,461	-1,075,287	2,195,140	-162,064	0
Somerset	1,116,496	-233,235	-525,644	701,664	0	-132,568	569,526	-39,214	537,658
Talbot	741,721	28,868	0	259,760	-9,811	0	422,696	-89,313	0
Washington	4,710,850	-466,274	0	2,826,883	-606,975	-390,347	3,139,660	-255,702	0
Wicomico	9,256,528	1,110,690	0	3,451,668	-79,893	616,559	1,926,427	-170,795	1,455,417
Worcester	1,484,331	-58,238	0	202,613	0	0	1,341,029	-158,777	0
Unallocated	-19,763,517	0	0	0	-4,189,948	0	0	0	0
Total	\$61,901,194	-\$22,868,055	-\$3,289,721	\$26,313,362	-\$47,054,039	-\$26,054,591	\$137,307,154	-\$10,864,730	\$5,946,377

State Assistance to Local Governments
Fiscal 2010 Allowance
(\$ in Thousands)

County	Direct State Aid						Retirement	Total	Change Over FY 2009	Percent Change
	County/ Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal				
Allegany	\$15,044	\$5,851	\$86,109	\$747	\$1,398	\$109,150	\$9,455	\$118,604	\$1,259	1.1%
Anne Arundel	37,350	28,747	273,395	1,863	4,834	346,188	66,932	413,120	6,082	1.5%
Baltimore City	292,161	0	811,391	6,355	10,269	1,120,176	77,704	1,197,880	-6,074	-0.5%
Baltimore	49,725	38,826	508,143	5,161	6,619	608,473	92,475	700,948	3,289	0.5%
Calvert	7,469	2,155	85,255	398	569	95,846	15,729	111,575	2,662	2.4%
Caroline	7,313	1,352	42,113	267	828	51,872	4,768	56,640	-348	-0.6%
Carroll	14,727	7,204	139,046	971	1,895	163,843	24,718	188,561	246	0.1%
Cecil	8,353	4,979	97,674	691	1,241	112,939	14,003	126,941	819	0.6%
Charles	10,930	6,883	149,321	787	1,530	169,451	22,700	192,151	2,426	1.3%
Dorchester	7,740	1,198	29,882	237	660	39,717	4,169	43,885	-279	-0.6%
Frederick	19,966	8,165	201,467	1,096	2,326	233,020	34,672	267,692	4,051	1.5%
Garrett	8,285	3,195	24,776	154	673	37,084	4,238	41,322	-6	0.0%
Harford	18,170	10,049	207,329	1,525	2,673	239,746	34,126	273,872	1,585	0.6%
Howard	18,781	13,018	196,216	739	1,869	230,623	54,472	285,095	10,378	3.8%
Kent	3,053	512	10,015	94	517	14,191	2,248	16,439	-167	-1.0%
Montgomery	57,169	40,780	449,413	2,513	4,638	554,514	160,061	714,575	51,194	7.7%
Prince George's	76,905	22,545	871,833	5,845	7,703	984,831	119,198	1,104,029	-13,405	-1.2%
Queen Anne's	5,917	1,675	30,765	126	643	39,126	6,107	45,233	1,031	2.3%
St. Mary's	8,311	2,211	92,455	620	1,244	104,841	13,560	118,402	-388	-0.3%
Somerset	8,567	741	23,681	253	661	33,903	2,872	36,775	1,116	3.1%
Talbot	4,882	1,257	10,915	98	506	17,658	3,574	21,232	742	3.6%
Washington	12,805	7,446	142,431	1,093	2,125	165,900	17,786	183,686	4,711	2.6%
Wicomico	12,048	4,432	116,079	801	1,457	134,817	12,958	147,776	9,257	6.7%
Worcester	7,474	1,808	17,391	133	481	27,288	7,519	34,807	1,484	4.5%
Unallocated	26,249	7,159	29,416	15,609	0	78,432	0	78,432	-19,764	-20.1%
Total	\$739,394	\$222,186	\$4,646,511	\$48,176	\$57,359	\$5,713,627	\$806,045	\$6,519,672	\$61,901	1.0%

Note: County/Municipal includes the municipal share of police aid, highway user revenue, and fire aid.

State Assistance to Local Governments
Dollar Difference Between Fiscal 2010 Allowance and Fiscal 2009 Working Appropriation
(\$ in Thousands)

County	Direct State Aid						Retirement	Total
	County/ Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal		
Allegany	\$323	\$46	-\$601	-\$23	\$0	-\$255	\$1,515	\$1,259
Anne Arundel	-1,300	-84	-5,114	-128	0	-6,626	12,708	6,082
Baltimore City	4,218	0	-23,591	-231	0	-19,604	13,530	-6,074
Baltimore	-1,853	-286	-8,465	-261	0	-10,865	14,154	3,289
Calvert	330	13	-517	-48	0	-221	2,883	2,662
Caroline	-242	-26	-877	-13	0	-1,157	809	-348
Carroll	-428	-47	-4,028	-67	0	-4,570	4,816	246
Cecil	-208	43	-1,310	-40	0	-1,515	2,334	819
Charles	-281	-50	-1,848	-67	0	-2,245	4,672	2,426
Dorchester	-231	-23	-850	-12	0	-1,115	836	-279
Frederick	-375	49	-2,594	-39	0	-2,959	7,010	4,051
Garrett	-7	49	-703	-10	0	-671	665	-6
Harford	-548	38	-3,417	-102	0	-4,029	5,614	1,585
Howard	-1,004	66	628	-24	0	-334	10,712	10,378
Kent	-96	-10	-410	-9	0	-525	358	-167
Montgomery	-2,285	3	27,083	-97	0	24,704	26,489	51,194
Prince George's	-2,067	-52	-35,241	-677	0	-38,036	24,631	-13,405
Queen Anne's	-130	-32	82	-7	0	-87	1,118	1,031
St. Mary's	-143	13	-2,499	-39	0	-2,667	2,279	-388
Somerset	451	4	83	-10	0	528	588	1,116
Talbot	-114	-24	412	-3	0	270	471	742
Washington	-299	61	1,644	-42	0	1,364	3,347	4,711
Wicomico	1,421	23	5,786	-11	0	7,220	2,037	9,257
Worcester	-221	10	262	-4	0	47	1,437	1,484
Unallocated	-4,132	50	-14,937	-744	0	-19,764	0	-19,764
Total	-\$9,221	-\$165	-\$71,020	-\$2,707	\$0	-\$83,112	\$145,014	\$61,901

Note: County/Municipal includes the municipal share of police aid, highway user revenue, and fire aid.

State Assistance to Local Governments
Percent Change: Fiscal 2010 Allowance Over Fiscal 2009 Working Appropriation

County	<i>Direct State Aid</i>						Retirement	Total
	County/ Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal		
Allegany	2.2%	0.8%	-0.7%	-2.9%	0.0%	-0.2%	19.1%	1.1%
Anne Arundel	-3.4%	-0.3%	-1.8%	-6.4%	0.0%	-1.9%	23.4%	1.5%
Baltimore City	1.5%	n/a	-2.8%	-3.5%	0.0%	-1.7%	21.1%	-0.5%
Baltimore	-3.6%	-0.7%	-1.6%	-4.8%	0.0%	-1.8%	18.1%	0.5%
Calvert	4.6%	0.6%	-0.6%	-10.8%	0.0%	-0.2%	22.4%	2.4%
Caroline	-3.2%	-1.9%	-2.0%	-4.7%	0.0%	-2.2%	20.4%	-0.6%
Carroll	-2.8%	-0.6%	-2.8%	-6.5%	0.0%	-2.7%	24.2%	0.1%
Cecil	-2.4%	0.9%	-1.3%	-5.5%	0.0%	-1.3%	20.0%	0.6%
Charles	-2.5%	-0.7%	-1.2%	-7.8%	0.0%	-1.3%	25.9%	1.3%
Dorchester	-2.9%	-1.9%	-2.8%	-4.7%	0.0%	-2.7%	25.1%	-0.6%
Frederick	-1.8%	0.6%	-1.3%	-3.4%	0.0%	-1.3%	25.3%	1.5%
Garrett	-0.1%	1.6%	-2.8%	-6.0%	0.0%	-1.8%	18.6%	0.0%
Harford	-2.9%	0.4%	-1.6%	-6.3%	0.0%	-1.7%	19.7%	0.6%
Howard	-5.1%	0.5%	0.3%	-3.1%	0.0%	-0.1%	24.5%	3.8%
Kent	-3.1%	-1.9%	-3.9%	-9.0%	0.0%	-3.6%	18.9%	-1.0%
Montgomery	-3.8%	0.0%	6.4%	-3.7%	0.0%	4.7%	19.8%	7.7%
Prince George's	-2.6%	-0.2%	-3.9%	-10.4%	0.0%	-3.7%	26.0%	-1.2%
Queen Anne's	-2.2%	-1.9%	0.3%	-5.5%	0.0%	-0.2%	22.4%	2.3%
St. Mary's	-1.7%	0.6%	-2.6%	-5.9%	0.0%	-2.5%	20.2%	-0.3%
Somerset	5.6%	0.5%	0.4%	-3.7%	0.0%	1.6%	25.7%	3.1%
Talbot	-2.3%	-1.9%	3.9%	-3.2%	0.0%	1.6%	15.2%	3.6%
Washington	-2.3%	0.8%	1.2%	-3.7%	0.0%	0.8%	23.2%	2.6%
Wicomico	13.4%	0.5%	5.2%	-1.3%	0.0%	5.7%	18.6%	6.7%
Worcester	-2.9%	0.5%	1.5%	-2.6%	0.0%	0.2%	23.6%	4.5%
Unallocated	-13.6%	0.7%	-33.7%	-4.6%	n/a	-20.1%	n/a	-20.1%
Total	-1.2%	-0.1%	-1.5%	-5.3%	0.0%	-1.4%	21.9%	1.0%

Note: County/Municipal includes the municipal share of police aid, highway user revenue, and fire aid.

State Assistance to Local Governments
Fiscal 2009 Working Appropriation
(\$ in Thousands)

County	Direct State Aid						Retirement	Total
	County/ Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal		
Allegany	\$14,721	\$5,805	\$86,711	\$770	\$1,398	\$109,405	\$7,940	\$117,345
Anne Arundel	38,650	28,830	278,508	1,991	4,834	352,814	54,224	407,038
Baltimore City	287,943	0	834,982	6,586	10,269	1,139,780	64,174	1,203,954
Baltimore	51,579	39,112	516,608	5,422	6,619	619,338	78,321	697,659
Calvert	7,139	2,142	85,771	446	569	96,068	12,845	108,913
Caroline	7,555	1,377	42,989	280	828	53,029	3,959	56,988
Carroll	15,155	7,251	143,074	1,038	1,895	168,413	19,901	188,315
Cecil	8,561	4,936	98,984	732	1,241	114,453	11,669	126,122
Charles	11,211	6,932	151,169	853	1,530	171,696	18,029	189,725
Dorchester	7,971	1,221	30,732	248	660	40,832	3,333	44,165
Frederick	20,341	8,116	204,061	1,135	2,326	235,979	27,663	263,642
Garrett	8,292	3,146	25,480	164	673	37,755	3,573	41,328
Harford	18,718	10,011	210,745	1,627	2,673	243,775	28,512	272,287
Howard	19,785	12,952	195,587	763	1,869	230,956	43,760	274,717
Kent	3,149	522	10,425	104	517	14,717	1,890	16,607
Montgomery	59,454	40,777	422,330	2,610	4,638	529,809	133,572	663,381
Prince George's	78,971	22,597	907,074	6,522	7,703	1,022,868	94,567	1,117,434
Queen Anne's	6,048	1,707	30,683	133	643	39,213	4,989	44,202
St. Mary's	8,454	2,198	94,954	659	1,244	107,509	11,282	118,790
Somerset	8,116	737	23,597	263	661	33,374	2,284	35,658
Talbot	4,996	1,281	10,504	101	506	17,387	3,103	20,490
Washington	13,103	7,385	140,787	1,135	2,125	164,536	14,439	178,975
Wicomico	10,627	4,408	110,294	811	1,457	127,598	10,922	138,519
Worcester	7,695	1,799	17,129	137	481	27,240	6,082	33,322
Unallocated	30,381	7,108	44,353	16,353	0	98,195	0	98,195
Total	\$748,615	\$222,351	\$4,717,531	\$50,883	\$57,359	\$5,796,739	\$661,031	\$6,457,770

Note: County/Municipal includes the municipal share of police aid, highway user revenue, and fire aid.

**Notable General Obligation Bond Differences for Fiscal 2010
Programmed for Fiscal 2010 in 2008 *Capital Improvement Program* (CIP)
(\$ in Millions)**

Projects Added

<u>Agency</u>	<u>Program/Project</u>	<u>CIP</u>	<u>Budget</u>	<u>Comments</u>
Transportation	Intercounty Connector	\$0.0	\$149.6	Moved from operating budget
State Police	Helicopter Replacement	0.0	40.0	Moved from operating budget
Information Technology	Public Safety Communication System	0.0	10.0	Moved from operating budget
Housing	Revolving Loan Programs	0.0	15.0	Moved from operating budget
Environment	Water Quality/Drinking Water Loan Programs	0.0	5.5	Moved from operating budget
Health	Patient Safety Improvements	0.0	2.5	New to CIP – total of \$5.0 million over fiscal 2010 and 2011
Historic St. Mary's	Interpretive Center	0.0	0.8	Deferred from fiscal 2009
Juvenile Services	Baltimore City Juvenile Treatment Center	0.0	4.0	New to CIP – land acquisition for proposed new 48 bed secure facility
Morgan State	Lillie Carroll Jackson Museum	0.0	2.8	Project deferred from fiscal 2009
Morgan State	Montebello & Northwood Center Demolition	0.0	2.2	Supplemental funding to complete project
Natural Resources	Blue Crab Program	0.0	3.0	Replaces Oyster Restoration program
Planning	Jefferson Patterson – Riverside Trails	0.0	1.5	Partial funding moved up in CIP from 2011
Public Safety	Jessup Community Correctional Facility	0.0	13.2	New to CIP – partial funding split over fiscal 2010, 2011, and 2012
Public Safety	Western Correctional Institution – Rubble Landfill	0.0	1.8	New to CIP – needed to address MDE violations
Judiciary	Rockville District Court	0.0	18.0	Preauthorized in 2008 MCCBL – reduced preauthorization
State Police	Hagerstown Police Barrack	0.0	15.0	Preauthorized in 2008 MCCBL – increased preauthorization
State Police	Headquarters Building K	0.0	1.7	New to CIP – correct numerous emergency facility renewal requests
St. Marys College	Anne Arundel Hall	0.0	1.7	Partially deferred from fiscal 2008
Bowie State Univ.	Campuswide Site Improvements	0.0	3.2	Moved up from 2011 – needed for new Fine Arts Building – two-year split funded
Local Project	Park Heights Revitalization	0.0	3.0	Additional State commitment – 2008 MCCBL provided \$3.0 million
Local Project	Housing Resource Center	0.0	2.0	Additional State commitment – 2008 MCCBL provided \$2.0 million
Local Project	GREEN HOUSE at Stadium Place	0.0	4.5	New to CIP
Local Project	Lyric Opera House	0.0	1.5	New to CIP – two-year \$3.0 million State commitment in CIP
Local Project	National Children's Museum	0.0	5.0	New to CIP – multi-year State funding commitment totaling \$18 million
Local Project	Robert E. Lee Park	0.0	3.0	New to CIP
Local Project	Sheppard Pratt Forbush School	0.0	2.5	New to CIP
Local Project	Sinai Hospital – Pediatric Wing	0.0	5.0	New to CIP
Local Project	St. Anne's Infant Maternity Home	0.0	0.8	New to CIP

Projects Deferred

<u>Agency</u>	<u>Program/Project</u>	<u>CIP</u>	<u>Budget</u>	<u>Comments</u>
Health	New Public Health Lab	\$8.4	\$0.0	Project funding and delivery to be pursued under a public private partnership outside of the CIP
Health	Federally Qualified Health Centers	3.0	0.0	Sufficient prior authorizations available to fund new projects
Juvenile Services	Cheltenham – New Treatment Center	42.4	0.0	Deferred – split funded in fiscal 2011 and 2012
Juvenile Services	Hickey School – New Detention Center	1.4	0.0	Initial design deferred to fiscal 2011
Planning	Historical Trust Grant Program	0.7	0.0	Funds not needed in fiscal 2010 to administer program
Planning	Jefferson Patterson – Renovation	4.5	0.0	Deferred to fiscal 2012
Public Safety	MD Correctional Training Center	11.8	0.0	Window and heating system project deferred to fiscal 2012
Public Safety	BCDC Utilities Upgrades	1.1	0.0	Project deferred beyond CIP
UM Medical	New Ambulatory Care Center	10.0	0.0	Project put on hold – language redirects prior authorizations to new UMMS project
Board of Public Works	Construction Contingency Fund	2.5	0.0	Sufficient fund balance
Local Project	Garrett College Athletic/Community Center	0.6	0.0	Deferred to fiscal 2011
Local Project	Maryland Zoo	3.0	0.0	Matching requirement from prior authorizations removed

**Projects
Enhanced/Reduced**

<u>Agency</u>	<u>Program/Project</u>	<u>CIP</u>	<u>Budget</u>	<u>Comments</u>
School Construction	Public School Construction	\$250.0	\$260.0	Funding enhancement
MD Higher Ed. Comm.	Community College Grant Program	80.0	84.4	Funding enhancement
Environmental Services	Infrastructure Improvement Fund	18.5	7.2	Defer Eastern Correctional Institution project
Morgan State	Center for Built Environment	54.6	27.4	To be phase funded over fiscal 2010 and 2011 – future funding preauthorized
Morgan State	Campuswide Utilities Improvements	7.7	5.3	Partially deferred to fiscal 2011 – overall project estimate increase of \$7.8 million
Public Safety	North Branch – MCE Building	8.9	7.6	Revised construction cost estimate
Public Safety	Western Correctional Inst. Vocational Educ.	13.5	11.2	Revised construction cost estimate
Public Safety	Patuxent Institution – Fire Safety Improvements	9.9	11.9	Additional scope to add window replacement
Public Safety	BCDC – Youth and Women Detention Facilities	22.9	17.8	Revised design cost estimates – construction phasing
Public Safety	Local Jails	20.0	23.0	CIP enhancement
UM Medical	Shock Trauma Enhancements	10.0	13.5	Replaces use of funds from MEMSOF per 2008 budget language
UM Baltimore	Pharmacy Hall	8.6	16.4	Revised capital equipment list
Bowie State Univ.	New Fine Arts Building	52.5	25.0	Split funded – remaining construction funds preauthorized for fiscal 2011
Towson University	Phase II Liberal Arts Building	71.5	34.8	Split funded – remaining construction funds preauthorized for fiscal 2011
Salisbury University	New Purdue School of Business	40.0	42.3	Revised construction cost estimate
Environment	Biological Nutrient Removal	18.0	22.0	Project cash-flow needs
Local Project	Johns Hopkins Cardiovascular Center	5.0	7.0	Enhanced State funding commitment