Y01A
State Reserve Fund

Operating Budget Data

($ in Thousands)

	FY 08 Actual	FY 09 Working	FY 10 Allowance	FY 09-10 Change	% Change Prior Year
General Fund	$262,795	$211,543	$238,748	$27,204	12.9%
Contingent & Back of Bill Reductions	0	0	-63,000	-63,000	
Adjusted General Fund	**$262,795**	**$211,543**	**$175,748**	**-$35,796**	**-16.9%**
Adjusted Grand Total	**$262,795**	**$211,543**	**$175,748**	**-$35,796**	**-16.9%**

- The Rainy Day Fund budget is projected to end fiscal 2010 with a $686.9 million fund balance, which is 5% of fiscal 2010 general fund revenues.

- Under the statutory “sweeper” provision, the Administration appropriates $175.7 million from the fiscal 2008 closeout; however, $210 million is transferred to the general fund to support fiscal 2010 operations.

- Section 4-321 of the Transportation Article requires that $63 million be appropriated to the Dedicated Purpose Account to fund the InterCounty Connector.

Note: Numbers may not sum to total due to rounding.

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Analysis in Brief

Major Trends

The Balance in the Rainy Day Fund Remains Above 5.0% of Estimated General Fund Revenues: Since fiscal 2000, the State has maintained at least the required balance of 5.0% of estimated general fund revenues in the Rainy Day Fund. Balances peaked in fiscal 2001 and 2007 when unexpected revenue attainments were appropriated to the fund. Surplus balances were used following the downturn of 2001, although throughout the period, the State chose to not use available funds below the 5.0% level. Although legislation was enacted to establish a funding goal of 7.5%, annual balances above 5.0% have been used annually to mitigate persistent general fund shortfalls.

Recommended Actions

		Funds
1.	Reduce funding for the InterCounty Connector.	$ 63,000,000
	Total Reductions	**$ 63,000,000**

Updates

Comparison of AAA-rated States' Rainy Day Funds: In addition to Maryland, there are another six states with AAA bond ratings from the three major rating agencies. They are Delaware, Georgia, Missouri, North Carolina, Utah, and Virginia. The update examines the Rainy Day Fund policies and recent actions in these states.

Operating Budget Analysis

Program Description

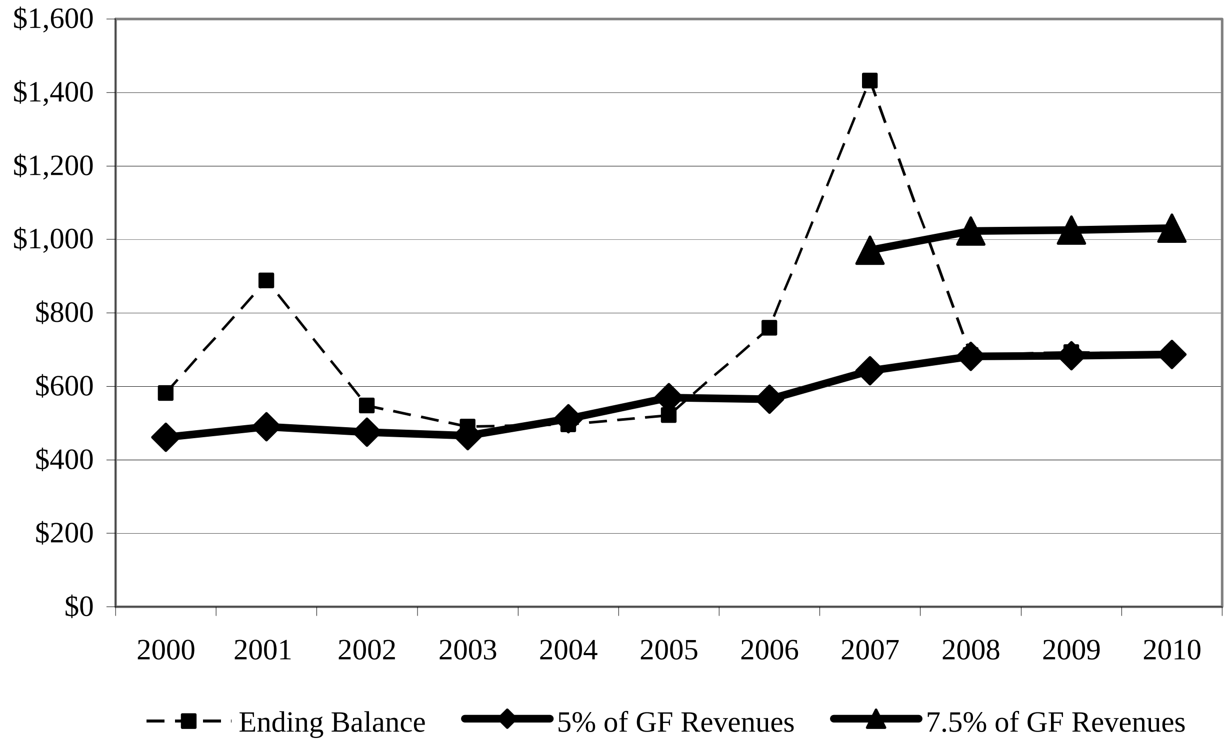
The State Reserve Fund provides a means to designate monies for future use. It is a general description for four individual accounts: Revenue Stabilization Account ("Rainy Day Fund"); Dedicated Purpose Account (DPA); Catastrophic Event Account; and Economic Development Opportunities Program Account ("Sunny Day Fund"). The purpose and status of three of these accounts are discussed in more detail in the body of this analysis. The Sunny Day Fund is discussed in conjunction with the Department of Business and Economic Development.

Performance Analysis: Managing for Results

Exhibit 1 illustrates the balance in the Rainy Day Fund from fiscal 2000 through 2008 and the projected balances for fiscal 2009 and 2010 relative to the 5.0 and 7.5% of estimated general fund revenues. A minimum 5.0% balance has been required since the enactment of Chapter 204 of 1993. The requirement was increased to 7.5% by Chapters 51 and 52 of 2006. The State maintained at least a 5.0% balance during this period. The balances reached 9.0 and 11.0% in fiscal 2001 and 2007, respectively, when better than expected revenue attainment resulted in the decision to place additional funds in reserve. The fund also benefits from the statutory requirement that any unappropriated general fund surplus at closeout in excess of $10 million must be appropriated to the Rainy Day Fund.

Chapters 51 and 52 also stipulated that use of the fund balance below 5.0% requires an act of the General Assembly other than the State budget bill, but that the Governor may appropriate the balance between 5.0 and 7.5% in the State budget bill. In both fiscal 2009 and 2010, the Administration appropriated the unappropriated surplus as required but then applied the balance above 5.0% to the State budget. Thus, as the exhibit shows, no progress has been made to date toward achieving the 7.5% balance requirement.

Exhibit 1
Rainy Day Fund End-of-year Balances
Relative to 5% and 7.5% Benchmarks
Fiscal 2000-2010
($ in Millions)



GF: General Funds

Source: Department of Budget and Management

Fiscal 2009 Actions

Impact of Cost Containment

Section 4-321 of the Transportation Article requires that the Administration appropriate general funds totaling $85.0 million in fiscal 2009, $63.0 million in fiscal 2010, and $63.9 million in fiscal 2011 to support the Maryland Transportation Authority's construction of the InterCounty Connector (ICC). In response to declining general fund revenues, the Board of Public Works (BPW) approved a fiscal 2009 cost containment plan on October 15, 2008. The plan transferred $20.0 million dedicated to the construction of the ICC to the general fund and proposed appropriating an additional $20.0 million in fiscal 2011.

Proposed Budget

Exhibit 2 shows that the allowance provides $175.7 million for the State Reserve Fund. Section 7-311 of the State Finance and Procurement Article requires that in the budget for the second subsequent fiscal year the Governor shall appropriate an amount equal to the unappropriated general fund balance at closeout exceeding $10.0 million into the Rainy Day Fund. At the end of fiscal 2008, the unappropriated general fund balance totaled $185.7 million, of which $10.0 million remains in the general fund and an amount equal to the remainder is appropriated into the Rainy Day Fund in fiscal 2010.

Exhibit 2
Proposed Budget
State Reserve Fund
($ in Thousands)

How Much It Grows:	**General Fund**	**Total**
2009 Working Appropriation	$211,543	$211,543
2010 Allowance	238,748	238,748
Amount Change	$27,204	$27,204
Percent Change	12.9%	12.9%
Contingent Reductions	-$63,000	-$63,000
Adjusted Change	-$35,796	-$35,796
Adjusted Percent Change	-16.9%	-16.9%

Where It Goes:	
Rainy Day Fund Changes	
Fiscal 2009 Sweeper Appropriation	-$146,543
Fiscal 2010 Sweeper Appropriation	175,748
Dedicated Purpose Account Changes	
Fiscal 2009 InterCounty Connector general fund repayment	-65,000
Fiscal 2010 InterCounty Connector general fund repayment	63,000
Fiscal 2010 Contingent Reduction to InterCounty Connector repayment	-63,000
Total	**-$35,796**

Note: Numbers may not sum to total due to rounding.

Impact of Contingent Reduction

Section 4-321 of the Transportation Article[1] requires that the Administration appropriate $63 million in fiscal 2010 to support the ICC. In response to recession, the Administration has revised the repayment plan by deleting the fiscal 2009 and 2010 general fund payments and substituting general obligation (GO) bonds. The GO bond authorization also supports the $20 million cost containment reduction approved by BPW. **Exhibit 3** summarizes the current and proposed funding plan. The Budget Reconciliation and Financing Act of 2009 (HB 101 and SB 166) amends the Transportation Article to reflect the proposed plan.

Exhibit 3
Current and Proposed InterCounty Connector Funding
($ in Thousands)

Required Fiscal 2009 General Fund Appropriation	$85,000
Required Fiscal 2010 General Fund Appropriation	63,000
Required Fiscal 2011 General Fund Appropriation	63,913
Total Required Appropriations	**$211,913**
Proposed Fiscal 2010 General Obligation Bond Proceeds	$146,900
Proposed Fiscal 2011 General Fund Appropriation	65,013
Total Proposed Appropriations	**$211,913**

Source: Department of Budget and Management, January 2009

Exhibit 4 provides an overview of State Reserve Fund activity between fiscal 2009 and 2010. Detail for each account may be found in **Appendix 3** (Rainy Day Fund), **Appendix 4** (Dedicated Purpose Account), and **Appendix 5** (Catastrophic Event Account).

[1] This reimburses the transportation program funds transferred from the Transportation Trust Fund (TTF) to the general fund. Chapter 203 of 2003 (the Budget Reconciliation and Financing Act of 2003) transferred $314.9 million from the TTF into the general fund. The first $50.0 million was repaid directly to the TTF in fiscal 2006. Chapters 471 and 472 of 2005 dedicated the remaining $264.9 million toward construction of the ICC. In fiscal 2007, the first $53.0 million was appropriated for the ICC, but no payment was made in fiscal 2008 due to the fiscal condition of the State. Chapter 567 of 2008 required that the remaining $211.9 million be repaid by fiscal 2011.

Exhibit 4
State Reserve Fund Activity
Fiscal 2009 and 2010
($ in Millions)

	Rainy Day Fund	Dedicated Purpose Acct.	Catastrophic Event Acct.
Estimated Balances 6/30/08	**$684.8**	**$22.0**	**$8.4**
Fiscal 2009 Appropriations	146.5	85.0	0.0
Expenditures			
Substance Abuse Case Management Compact		-2.0	
Prince George's County Hospital		-12.0	
Transfers to General Fund			
Fiscal 2009 Budget Bill	-125.0		
Board of Public Works on October 15, 2008		-20.0[1]	
Fiscal 2010 Budget Bill	-45.0	-73.0[2]	
Estimated Interest	31.3		
Estimated Balances 6/30/09	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 6/30/10	**$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.

Source: Department of Budget and Management

Recommended Actions

		Amount Reduction	
1.	Reduce funding for the InterCounty Connector (ICC). Section 4-321 of the Transportation Article requires that the Administration appropriate $63 million for the ICC. The Administration's capital budget proposes to issue general obligation (GO) bonds for the ICC, instead of appropriating general funds. The Administration's Budget Reconciliation and Financing Act of 2009 (HB 101/SB 166) allows GO bond proceeds to support the ICC. The use of general funds is consistent with the Spending Affordability Committee's (SAC) recommendation to use the increased GO bond authorizations to relieve operating budget pressure by issuing GO bonds instead of general funds. Consistent with the SAC recommendation and the Administration's funding plan, it is recommended that the general funds appropriated for the ICC be deleted.	$ 63,000,000	GF
	Total General Fund Reductions	**$ 63,000,000**	

Updates

1. Comparison of AAA-rated States' Rainy Day Funds

Seven states have "AAA" ratings from all three rating agencies: Maryland, Delaware, Georgia, Missouri, North Carolina, Utah, and Virginia. **Exhibit 5** shows how their reserve funds compare.

Exhibit 5
AAA States' Rainy Day Funds
($ in Millions)

State	Fund Name	Determination of Fund Size	Procedure for Expenditures
Maryland	Revenue Stabilization Account	Statutory 7.5% of general fund (GF) revenues	Legislation or budget bill authorization if balance above 5%, legislation if balance below 5%
Delaware	Budget Reserve Account	Excess unencumbered funds, no greater than 5% of gross general fund revenues set by joint resolution for next fiscal year	3/5 vote of legislature for unanticipated deficit or revenue reduction resulting from legislative action
Georgia	Revenue Shortfall Reserve	Capped at 10% of prior year's net revenue	Governor can access balance upon a revenue shortfall. In current year legislature can appropriate 1% of fund for education.
Missouri	Budget Reserve Fund	Capped at 7.5% of net general revenue. If the balance is less than 7.5% general revenues appropriated into fund.	If the Governor determines that there is a shortfall, up to one-half of fund balance may be transferred upon a 2/3 super majority vote
North Carolina	Savings Reserve Account	July 2007 established a goal that the balance equal at least 8% of the prior years' GF appropriation	Appropriation by the General Assembly
Utah	Budget Reserve Fund and Education Reserve Fund	25% of end-of-year GF surplus can be added to the balance up to 6% of the GF appropriation for that year. The legislature can appropriate above the 6% level	Expenditures are limited to retroactive tax refunds and operating deficits, upon legislative approval
Virginia	Revenue Stabilization Fund	Capped at 10% of average annual tax revenues on income and retail sales tax receipts for the three years immediately preceding that fiscal year	Legislative appropriation up to one-half of the fund's balance if income and sales tax revenue falls more than 2% below projections in the enacted budget

Source: State legislative fiscal offices and legislative staff, January 2009

Recent State Actions

Some of the AAA rated states used their reserve fund balances following the economic downturn of 2001. After the downturn, AAA states replenished those funds. The recent downturn has resulted in withdrawals from the Rainy Day Fund in a number of states. Examples of states' actions include:

- ***Delaware:*** The Budget Reserve Account balance is $186.4 million, which is at the 5% limit. Delaware maintained its balance throughout the national economic slowdown in recent years.

- ***Georgia:*** The Revenue Shortfall Reserve was used from fiscal 2002 to 2004 and is again being used to offset revenue reductions in the current recession. The fund balance declined from $734.0 million at the end of fiscal 2001 to $54.0 million at the end of fiscal 2004. The balance was built back up to $1.0 billion at the end of fiscal 2008, which was over 4% of net revenue collections. The fiscal 2009 budget assumes $187.2 million will be used in fiscal 2009 as a mid-year education adjustment, which is the 1% allocation that the legislature can provide in the budget bill. The Governor's proposed budget also appropriates another $50.0 million from the reserve in fiscal 2009 and $408.6 million in fiscal 2010.

- ***Missouri:*** The Budget Reserve Fund balance declined slightly from $470 million in fiscal 2002 to $444 million in fiscal 2004. The balance was $577 million at the end of fiscal 2008, which is at the 7.5% target level for general fund revenues. The Administration is preparing the fiscal 2010 budget, and it is currently unclear to what extent the fund will be used.

- ***North Carolina:*** There is a statutory provision that requires that 25% of the unreserved year end surplus must be appropriated into the account unless changed in an appropriations act. The projected balance for the end of fiscal 2008 is $848 million, which is slightly over 4% of the prior year's general fund appropriation. This funding level represents about one-half of the new 8% goal. The Administration is preparing the fiscal 2009 through 2011 budget, and it is currently unclear to what extent the account will be used.

- ***Utah:*** The Budget Reserve Fund balance declined from $120 to $20 million in fiscal 2002. In fiscal 2003, the state created the Education Reserve Fund. By fiscal 2008, the fund balances of the two increased to $413.9 million, which is 7.4% of the State's appropriated budget. The State plans to draw down these reserves in fiscal 2009 and 2010, leaving a combined balance that totals $269.9 million.

- ***Virginia:*** The Revenue Stabilization Fund's balance declined from $716 million in fiscal 2001 to $248 million in fiscal 2003. The state has been appropriating funds into the balance, which was projected to be $1 billion in fiscal 2008. The Administration's fiscal 2008 to 2010 biennial budget introduced in December 2008 proposes appropriating $490 million, all in fiscal 2009.

Appendix 1

Current and Prior Year Budgets

Current and Prior Year Budgets
State Reserve Fund
($ in Thousands)

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2008					
Legislative Appropriation	$262,795	$0	$0	$0	$262,795
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	0	0	0	0
Cost Containment	0	0	0	0	0
Reversions and Cancellations	0	0	0	0	0
Actual Expenditures	**$262,795**	**$0**	**$0**	**$0**	**$262,795**
Fiscal 2009					
Legislative Appropriation	$231,543	$0	$0	$0	$231,543
Cost Containment	-20,000 [1]	0	0	0	-20,000
Budget Amendments	0	0	0	0	0
Working Appropriation	**$211,543**	**$0**	**$0**	**$0**	**$211,543**

[1] October 15, 1008 cost containment transferred $20 million to the general fund.
Note: Numbers may not sum to total due to rounding.

Fiscal Summary
State Reserve Fund

Program/Unit	FY 08 Actual	FY 09 Wrk Approp	FY 10 Allowance	Change	FY 09 – FY 10 % Change
01 Revenue Stabilization Account	$ 162,794,899	$ 146,543,342	$ 175,747,579	$ 29,204,237	19.9%
02 Dedicated Purpose Account	100,000,000	65,000,000	63,000,000	-2,000,000	-3.1%
Total Expenditures	**$ 262,794,899**	**$ 211,543,342**	**$ 238,747,579**	**$ 27,204,237**	**12.9%**
General Fund	$ 262,794,899	$ 211,543,342	$ 238,747,579	$ 27,204,237	12.9%
Total Appropriations	**$ 262,794,899**	**$ 211,543,342**	**$ 238,747,579**	**$ 27,204,237**	**12.9%**

Note: The fiscal 2009 appropriation does not include deficiencies. The fiscal 2010 allowance does not include contingent reductions.

Appendix 3

Revenue Stabilization Account (Rainy Day Fund)
Section 7-311 State Finance and Procurement Article

Account Characteristics

- ***Purpose:*** The account was established in 1986 to retain State revenues to meet future needs and to reduce the need for future tax increases by moderating revenue growth.

- ***Appropriations:*** The account consists of direct appropriations in the budget bill and interest earned from all Reserve Fund accounts.

- ***Required Appropriations If Account Balance Is Less Than 7.5% of General Fund Revenues:*** Current law requires that if the fund balance is between 3.0 and 7.5% of projected general fund revenues, annual appropriations of at least $50 million must be made until the account balance reaches 7.5% of estimated general fund revenues. If the account balance is below 3.0%, State law requires an appropriation of at least $100 million.

- ***Sweeper Provision:*** State law requires that the Administration appropriate an amount equal to any unappropriated general fund balance at closeout in excess of $10.0 million into the Rainy Day Fund. This appropriation is made to the budget two years after the unappropriated general fund surplus is realized. For example, fiscal 2008 closed with an unappropriated surplus totaling $185.7 million, thus the Administration's fiscal 2009 allowance includes a $175.7 million appropriation to the Rainy Day Fund. This appropriation to the Rainy Day Fund is referred to as the "sweeper provision."

- ***Section 13-209 (g) of the Tax Property Article:*** The article requires that any transfer tax revenues transferred to the general fund from the transfer tax special fund after fiscal 2005 be repaid by the general fund beginning in fiscal 2012. The law requires that an amount equivalent to unappropriated general fund revenues exceeding $10 million be appropriated into the transfer tax special fund. The maximum annual transfer is limited to $50 million. If unappropriated general fund revenues exceed $60 million, the amount in excess of $60 million is retained by the general fund. In fiscal 2006, $90 million was transferred from the transfer tax special fund to the general fund. The funds will need to be repaid in fiscal 2012 if there are unappropriated general fund revenues at the fiscal 2010 closeout. No funds were transferred in fiscal 2007 or 2008, and there are no plans to transfer any funds in fiscal 2009 or 2010.

Mechanisms for Transferring and Spending Funds

To transfer funds from the Rainy Day Fund requires specific authorization by an act of the General Assembly or specific authorization in the budget bill if the transfer results in a Rainy Day Fund balance that is at least 5% of projected general fund revenue. To transfer an amount that would reduce the Rainy Day Fund balance below 5% requires the transfer to be authorized in an act of the General Assembly other than the budget bill.

Appendix 3 (Cont.)

Rainy Day Fund Activity

The following table illustrates fiscal 2006 through 2010 activity in the Rainy Day Fund. Appropriations into the Rainy Day Fund are made in each year. The appropriations are attributable to unappropriated general funds being swept into the Rainy Day Fund, as required by law. For fiscal 2010, the Administration proposes transferring $210 million from the Rainy Day Fund into the general fund.

Revenue Stabilization Account Status
Fiscal 2006-2010
($ in Millions)

	2006	2007	2008	2009	2010
Beginning Balance	$521.4	$758.8	$1,432.2	$684.8	$692.6
Appropriation	249.7	593.3	162.8	146.5	175.7
Transfer to General Fund	0.0	0.0	-978.0	-170.0	-210.0
Fund Projects and Programs	-45.2	-12.7	0.0	0.0	0.0
Excess Revenue/Transfers	0.0	11.0	0.0	0.0	0.0
Interest Earnings	32.9	81.8	67.8	31.3	28.6
Ending Balance	**$758.8**	**$1,432.2**	**$684.8**	**$692.6**	**$686.9**
GF Operating Revenues	$12,390.3	$12,940.2	$13,632.4	$13,673.9	$13,738.3
5% of GF Revenues	619.5	647.0	681.6	683.7	686.9
7.5% of GF Revenues		970.5	1,022.4	1,025.5	1,030.4
Excess over 5%	139.3	785.2	3.1	8.9	0.0
Excess over 7.5%	n/a	461.7	-337.7	-332.9	-343.4
Fund Balance as % of GF Operating Revenues	6.12%	11.07%	5.02%	5.07%	5.00%
Interest Rate Assumption	4.55%	4.75%	4.75%	3.75%	3.75%

GF: general fund

Note: Numbers may not sum to total due to rounding.

Source: Department of Budget and Management, January 2009

Appendix 3 (Cont.)

Governor's Out-year Forecast

In the out-years, the Administration's Rainy Day Fund forecast projects that the fund balance will remain at approximately 5.0% through fiscal 2014. Since the fund balance is projected to be less than 7.5% of general fund revenues, a minimum $50 million appropriation is assumed from fiscal 2011 to 2014. The forecast also assumes that funds above 5% are transferred back to general fund balance. The forecast period ends with an $826.1 million fund balance in fiscal 2014 in the Rainy Day Fund.

Appendix 4

Dedicated Purpose Account
Section 7-310 State Finance and Procurement Article

Account Characteristics

- ***Purpose:*** The account was established in 1986 to retain appropriations for major, multi-year expenditures where the magnitude and timing of cash needs are uncertain and to meet expenditure requirements that may be affected by changes in federal law or fiscal policies, or other contingencies.

- ***Appropriations:*** The account consists of direct appropriations in the budget bill committed to a specific purpose. Interest earnings generated by the account are credited to the Rainy Day Fund.

- ***Other:*** The unspent balance of an appropriation reverts to the Rainy Day Fund four years after the end of the fiscal year for which the appropriation was made.

Mechanism for Transferring and Spending Funds

To transfer funds from the DPA:

- funds may be reflected in the State budget subject to appropriation; or

- after submission to the budget committees and review and approval by the Legislative Policy Committee, funds may be transferred by budget amendment to the appropriate Executive Branch agency; or

- the Governor may declare appropriations to DPA surplus and may transfer funds by budget amendment to the Rainy Day Fund following review by the budget committees and the Legislative Policy Committee.

Dedicated Purpose Account Activity

The following table illustrates the activity in the DPA from fiscal 2006 through 2010. The account begins and ends the period with no fund balance. Since fiscal 2006, funds were appropriated for a variety of specific purposes.

Governor's Out-year Forecast

The Administration has recently signed a Memorandum of Understanding (MOU) with Prince George's County about the Prince George's County Health System. In the MOU, the Administration agrees to provide $75 million ($15 million annually from fiscal 2011 to 2015) to the operator of the system. If approved by the General Assembly through legislation, this would require general fund appropriations to the Dedicated Purpose Account.

Appendix 4 (Cont.)

Dedicated Purpose Account Status
Fiscal 2006-2010
($ in Millions)

	2006	2007	2008	2009	2010
Beginning Balance	$0.0	$31.5	$142.6	$22.0	$0.0
Appropriation	**$106.9**	**$198.1**	**$100.0**	**$85.0**	**$63.0**
TTF Payback for 2003 BRFA Transfers	50.0	53.0		85.0	63.0
Reduce Unfunded OPEB Liability		100.0	100.0		
Early Voting/Other	22.0				
Energy Subsidies for Low-income Residents	10.9	25.1			
Substance Abuse Case Mgmt. Compact	2.0				
Medicaid Deficiencies	20.0				
DJS Consent Decree	2.0				
Prince George's County Hospital		20.0			
Transfers	**-$75.4**	**-$87.0**	**-$220.6**	**-$107.0**	**-$63.0**
TTF MDTA ICC Payback	-50.0	-53.0			
Cost Containment				-20.0	
Energy Subsidies for Low-income Residents	-3.4	-12.0	-20.6		
Medicaid Deficiencies	-20.0				
2006 Election Voting Machines	0.0	-11.0			
Transfer Remaining Election to RDF		-11.0			
DJS Consent Decree	-2.0				
OPEB Transfer to Special Fund			-100.0		
Substance Abuse Case Management Compact				-2.0	
Prince George's County Hospital				-12.0	
General Fund Transfer via BRFA			-100.0	-73.0	-63.0
Ending Balance	**$31.5**	**$142.6**	**$22.0**	**$0.0**	**$0.0**

BRFA: Budget Reconciliation and Financing Act
DHCD: Department of Housing and Community Development
DJS: Department of Juvenile Services
ICC: InterCounty Connector
MDTA: Maryland Transportation Authority
OPEB: Other Post Employment Benefits
RDF: Rainy Day Fund
TTF: Transportation Trust Fund

Note: Numbers may not sum to total due to rounding.

Source: Department of Budget and Management, January 2009

Appendix 5

Catastrophic Event Account Section
7-324 State Finance and Procurement Article

Account Characteristics

- ***Purpose:*** The account was established in 1990 to enable the State to respond quickly to a natural disaster or catastrophe that could not be addressed within existing State appropriations.

- ***Appropriations:*** The account consists of direct appropriations in the budget bill. Interest earnings are credited to the Rainy Day Fund.

- ***Other:*** Catastrophic Event Account funds may not be used to offset operating deficiencies in regular programs of State government. The funds support costs associated with a natural disaster or catastrophic situation.

Mechanism for Transferring and Spending Funds

Prior to transferring funds by budget amendment to the appropriate Executive Branch agency, the Administration must notify the Legislative Policy Committee of the proposed amendment and allow the committee 45 days to review and approve the proposed amendment.

Catastrophic Event Account Activity

The account's balance was $7.1 million at the beginning of fiscal 2006. The following table shows that the balance is projected to be $3.0 million at the end of fiscal 2009. Transfers out of the account include $800,000 to the Department of Housing and Community Development for Hurricane Isabel relief in fiscal 2006 and $5,398,109 for the general fund in fiscal 2010 proposed in the 2009 BRFA. Another $88,219 in unspent proceeds from Hurricane Isabel was transferred into the account in fiscal 2008. The Administration proposes a $3.0 million fiscal 2010 ending balance.

Appendix 5 (Cont.)

Catastrophic Event Account Status
Fiscal 2006-2010
($ in Millions)

	2006	2007	2008	2009	2010
Beginning Balance	$7.1	$8.3	$8.3	$8.4	$8.4
Appropriation	2.0	0.0	0.0	0.0	0.0
Transfers					
General Fund					-5.4
Hurricane Isabel	-0.8		0.1		
Ending Balance	**$8.3**	**$8.3**	**$8.4**	**$8.4**	**$3.0**

Note: Numbers may not sum to total due to rounding.

Source: Department of Budget and Management, January 2009