
Fiscal Briefing

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The Governor's Fiscal 2018 Plan

Quick Look at Fiscal 2018 Budget

- The Governor’s proposed budget of \$43.5 billion represents a \$0.5 billion (1.1%) increase over the revised fiscal 2017 spending plan. Proposed general fund spending decreases \$19.4 million (0.1%) to \$17.1 billion. When appropriations to Rainy Day Fund are excluded, general fund spending grows \$125.9 million (0.7%).
- The budget leaves a fiscal 2017 closing balance of \$68.5 million and fiscal 2018 closing balance of \$144.2 million. Transfers from the Rainy Day Fund of \$170.0 million reduce the balance to \$860.3 million, or 5.0%, of general fund revenues. Combined cash balances at the close of fiscal 2018 represent about 6.0% of revenues.
- The Administration’s spending plan produces a structural surplus of \$38.0 million for fiscal 2018 surpassing the Spending Affordability Committee (SAC) goal of reducing the structural deficit by at least 50.0%.
- Direct aid for public schools is funded at \$5.6 billion, an increase of \$63.2 million (1.1%). Thornton formulas are funded in compliance with statutory requirements.
- The Administration again proposes tax cuts for military retirees and law enforcement, fire, and rescue personnel. New tax relief proposals provide a deduction for interest payments associated with student loans and an exemption for small business owners who offer paid sick leave to their employees. While the proposals have no effect on fiscal 2018 funds, revenue losses are projected at \$106.0 million in fiscal 2019 growing to about \$133.0 million by fiscal 2022. The plan will cost a combined \$488.0 million over the next four years.
- Under the Administration’s proposal, the structural deficit is forecast to grow rapidly over the five-year forecast period reaching \$1.2 billion by fiscal 2022.

Structural Budget Outlook Fiscal 2018-2022 (\$ in Millions)

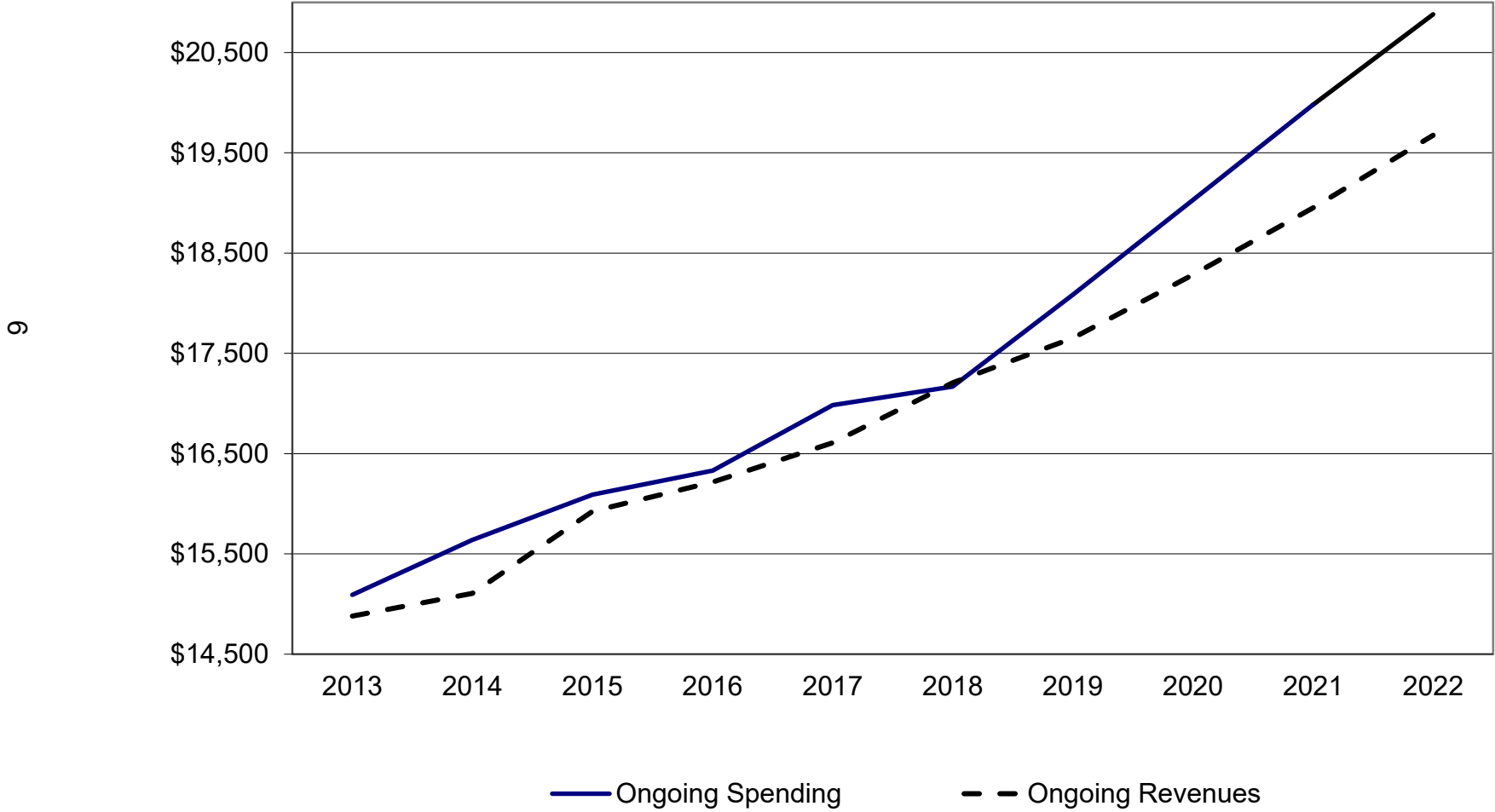
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Administration Plan Before Revenue Actions	\$38	-\$326	-\$627	-\$898	-\$1,073
Administration Plan After Revenue Actions	38	-432	-747	-1,027	-1,206

- Other key features:
 - Tuition for in-state students at the University of Maryland is capped at 2.0%.
 - Rates for most providers of health and human services are increased by 2.0% while the Developmental Disabilities Administration (DDA) provider payments are capped at 2.0% by modifying the mandate of 3.5% growth.
 - Fiscal 2017 deficiency provides \$19.7 million to provide local jurisdictions with temporary relief from retirement agency administrative fees.
- The budget assumes immediate and ongoing savings from repealing, modifying, and limiting budget mandates. K-12 education formulas are exempted.
 - Many mandated grants to local governments are level funded in fiscal 2018 including police aid, health, and disparity grants.
 - \$96.2 million of operating budget savings are realized by repealing or deferring mandates enacted at the 2016 session. \$31.6 million of the funding is to be replaced with bonds including \$25.6 million for Project C.O.R.E. (Creating Opportunities for Renewal and Enterprise) and \$3.0 million apiece for the Baltimore Regional Neighborhood Initiative and Shelter and Transitional Housing.
 - Growth under future budget mandates would be limited to the lesser of mandated increases or estimated general fund revenue increases less 1.0%.
- No funding is provided for salary increments or a general salary increase. State positions are reduced by a net 443.
- Capital spending is constrained with \$995.0 million of new general obligation debt proposed, \$70.0 million below SAC's recommendation.

Potential Legislative Issues

- The Administration's spending plan (large out-year structural gaps and cash reserves at 6.0% of general fund revenues) leaves the State vulnerable to expected federal cost containment actions including hiring freezes, spending reductions, and the repeal of the Affordable Care Act.
- Direct education aid for Baltimore City declines by \$38.7 million due to enrollment declines, increased wealth, and the loss of a one-time fiscal 2017 declining enrollment grant. Direct education aid to Calvert, Carroll, Garrett, and Talbot counties declines by a combined \$5.6 million.
- Most funding mandates enacted during the 2016 session are repealed or deferred, saving the State \$96.2 million in fiscal 2018.
- Operating grant to Prince George's Regional Medical Center restructured to defer \$7.5 million from fiscal 2017 and \$15.0 million from fiscal 2018 to subsequent years.
- Mandated rate increase of 3.5% for DDA providers reduced to 2.0%.
- Medicaid budget contains optimistic assumptions that, if not realized, could leave program underfunded.
- \$20.0 million fiscal 2017 deficiency appropriation for agreement with Marriott International.
- \$2.0 million increase in funding for the Broadening Options and Opportunities for Students Today program as part of a three-year plan to increase funding to \$10.0 million from the current \$5.0 million.
- Expanding uses of the video lottery terminal funded Purse Dedication Account to include Maryland International, Preakness Stakes Incentive, and salary and administrative expenses of the Division of Racing.
- No bond capacity is reserved for local initiatives.
- The Transportation Trust Fund (TTF) forecast does not adequately account for operating expenses, which results in the capital program being oversubscribed. The fiscal 2018 capital program includes \$53.0 million in grants, identified as part of the Administration's plan to increase the Highway User Revenues (HUR) funding to local governments. Similar grants were funded at \$25.0 million in fiscal 2016 and 2017. The TTF forecast also reserves nearly \$700.0 million not included in the *Consolidated Transportation Program* from fiscal 2019 to 2022 to increase the share of HUR going to local governments.

The General Fund Structural Deficit Grows to **-\$1.2 Billion** In the Governor's Spending Plan Fiscal 2013-2022 (\$ in Thousands)



Economic and Revenue Outlook

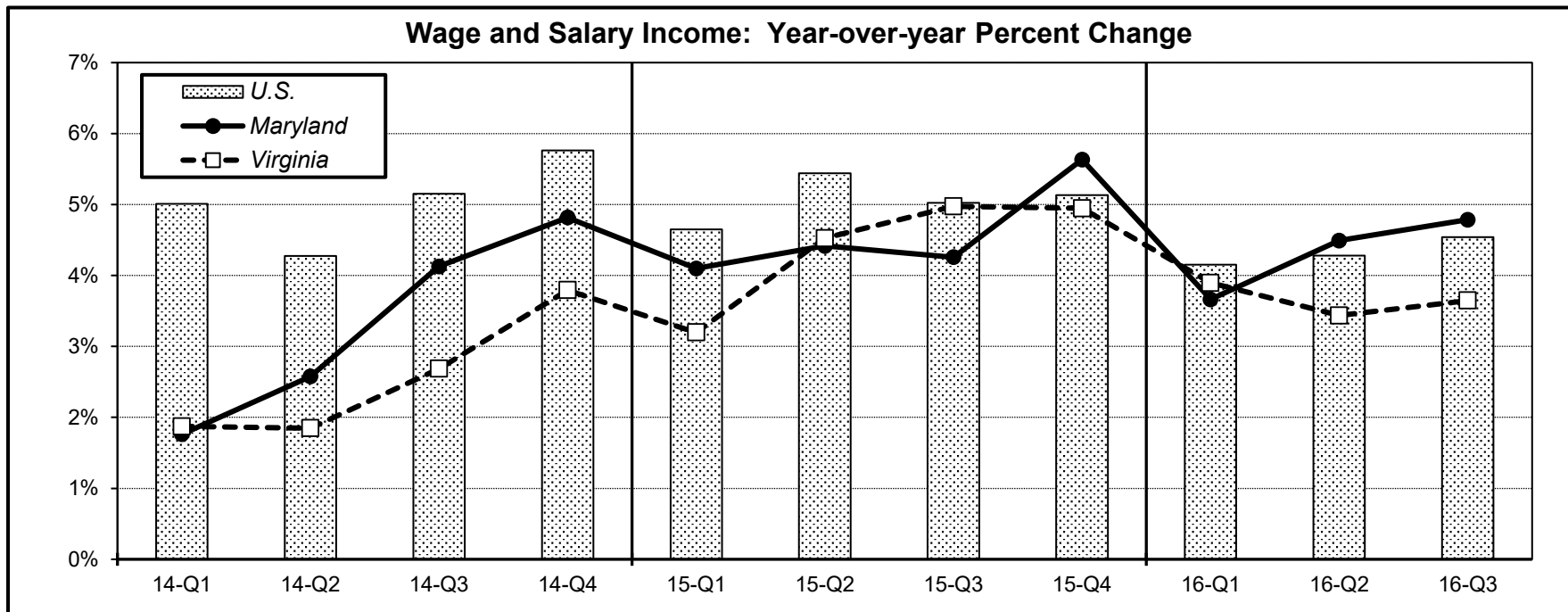
Maryland Economic Performance Year-over-year Percent Change

<u>Month-Year</u>	<u>Employment</u>		<u>Unemployment</u>	<u>Initial</u>	<u>Existing</u>	<u>Median</u>	<u>Vehicle</u>
	<u>CES</u>	<u>QCEW</u>	<u>Rate</u>	<u>UI Claims</u>	<u>Home Sales</u>	<u>Home Price</u>	<u>Sales</u>
Jan-16	1.7%	1.8%	4.8%	3.0%	14.2%	4.8%	-8.1%
Feb-16	1.6%	1.6%	4.7%	-2.3%	21.2%	1.3%	12.2%
Mar-16	2.5%	2.0%	4.7%	-2.6%	6.6%	2.3%	17.0%
Apr-16	2.2%	1.7%	4.6%	-3.0%	13.8%	5.2%	0.0%
May-16	1.7%	1.2%	4.5%	20.8%	15.6%	2.6%	11.5%
Jun-16	2.2%	1.0%	4.3%	-2.6%	10.8%	3.8%	16.1%
Jul-16	2.3%		4.3%	0.3%	-0.7%	3.6%	-5.1%
Aug-16	1.7%		4.3%	15.2%	12.1%	4.1%	10.3%
Sep-16	1.6%		4.2%	6.4%	6.3%	3.8%	0.3%
Oct-16	1.0%		4.2%	-2.2%	2.2%	7.3%	-5.1%
Nov-16	1.1%		4.2%	-3.4%	18.1%	2.7%	4.0%
Dec-16					2.8%	4.5%	-3.8%
CY 2016					9.5%	3.6%	4.0%

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CES: Current Establishment Survey; QCEW: Quarterly Census of Employment and Wages; UI: unemployment insurance

Note: The unemployment rate is based on seasonally adjusted data. Monthly UI claims from the U.S. Bureau of Labor Statistics with seasonal adjustment by Moody's Analytics.



Maryland General Fund Revenue Forecast (\$ in Millions)

<u>Source</u>	<u>FY 2016</u>	<u>FY 2017 Estimate</u>			<u>% Change over FY16</u>	<u>FY 2018 Estimate</u>			<u>% Change Over FY17</u>
	<u>Actual</u>	<u>Sep.</u>	<u>Dec.</u>	<u>Difference</u>		<u>Sep.</u>	<u>Dec.</u>	<u>Difference</u>	
Personal Income Tax	\$8,517.6	\$8,963.5	\$8,991.4	\$27.8	5.6%	\$9,370.4	\$9,389.6	\$19.2	4.4%
Sales and Use Tax	4,444.5	4,574.8	4,592.6	17.8	3.3%	4,725.3	4,741.2	15.9	3.2%
State Lottery ⁽¹⁾	529.8	512.7	492.3	-20.4	-7.1%	523.9	505.2	-18.7	2.6%
Corporate Income Tax ⁽²⁾	874.5	853.4	771.6	-81.8	-11.8%	898.2	830.1	-68.1	7.6%
Business Franchise Taxes	222.0	226.4	223.5	-2.9	0.7%	193.1	227.3	34.2	1.7%
Insurance Premiums Tax	287.4	294.8	294.8	0.0	2.6%	304.6	304.6	0.0	3.3%
Estate and Inheritance Taxes	261.9	207.8	206.7	-1.1	-21.1%	184.8	184.5	-0.3	-10.7%
Tobacco Tax	395.3	393.5	393.8	0.3	-0.4%	391.9	392.2	0.3	-0.4%
Alcohol Beverages Tax	31.9	32.4	32.9	0.6	3.1%	32.8	33.4	0.5	1.3%
Motor Vehicle Fuel Tax ⁽³⁾	4.6	0.0	0.0	0.0	-100.0%	0.0	0.0	0.0	n/a
District Courts	72.3	71.9	70.3	-1.6	-2.9%	71.9	70.2	-1.6	0.0%
Clerks of the Court	34.2	36.9	36.9	0.0	8.0%	36.2	36.4	0.2	-1.5%
Hospital Patient Recoveries	57.5	58.3	57.8	-0.6	0.5%	58.3	58.3	-0.1	0.9%
Interest on Investments	15.0	20.0	20.0	0.0	33.3%	35.0	35.0	0.0	75.0%
Miscellaneous	334.1	326.0	326.5	0.5	-2.3%	332.4	326.3	-6.0	-0.1%
Subtotal	\$16,082.6	\$16,572.4	\$16,511.1	-\$61.2	2.7%	\$17,158.8	\$17,134.3	-\$24.5	3.8%
Transfer Tax ⁽⁴⁾	115.4	62.8	62.8	0.0	-45.6%	46.0	46.0	0.0	-26.7%
GAAP transfer ⁽⁵⁾	0.0	0.0	47.4	47.4	n.a.	0.0	0.0	0.0	-100.0%
Total Revenues	\$16,198.0	\$16,635.2	\$16,621.3	-\$13.8	2.6%	\$17,204.8	\$17,180.3	-\$24.5	3.36%

GAAP: general accepted accounting principles

⁽¹⁾ Fiscal 2017 and 2018 reflect a distribution of \$1.0 million to the horse racing special fund required by The Maryland International and Preakness Stakes Incentive Act of 2016 (Chapter 727).

⁽²⁾ The Budget Reconciliation and Financing Act (BRFA) of 2011 (Chapter 397) set the Transportation Trust Fund's share of the corporate income tax at 9.5% of net receipts (excluding the first 15.15%) in fiscal 2013, 19.5% in fiscal 2014 to 2016, and 17.2% for fiscal 2017 and beyond. Adjusted for this law change, baseline general fund corporate income tax revenues are expected to fall 13.9% in fiscal 2017.

⁽³⁾ The BRFA of 2011 diverted \$5.0 million in motor fuel tax revenue to the General Fund that would otherwise have gone to the Chesapeake Bay 2010 Fund for fiscal 2012 through 2015 and \$4.6 million in fiscal 2016.

⁽⁴⁾ The BRFA of 2013 (Chapter 425) established a distribution of transfer tax revenues to the General Fund for fiscal 2014 to 2018. The BRFA of 2015 (Chapter 489) increased the distribution in fiscal 2016 by \$37.7 million. Chapter 10 of the 2016 session reduced the distribution in fiscal 2017 by \$20.0 million and in fiscal 2018 by \$40.0 million.

⁽⁵⁾ The Comptroller's annual analysis of the local income tax reserve account determined the account was overfunded at the end of fiscal 2016 by \$47.4 million.

Source: Board of Revenue Estimates

Fiscal 2017 General Fund Revenues
(\$ in Millions)

<u>Source</u>	<i>Fiscal Year through December</i>				<u>Full-year Estimated Growth Rate</u>
	<u>FY 2016</u>	<u>FY 2017</u>	<u>\$ Difference</u>	<u>% Difference</u>	
Personal Income Tax	\$3,490.5	\$3,652.5	\$162.0	4.6%	5.6%
Sales and Use Tax ⁽¹⁾	1,852.2	1,896.3	44.1	2.4%	3.3%
State Lottery	244.4	236.8	-7.7	-3.1%	-7.1%
Corporate Income Tax	349.1	290.5	-58.6	-16.8%	-11.8%
Business Franchise Taxes	80.8	85.2	4.4	5.5%	0.7%
Insurance Premiums Tax	139.6	149.9	10.3	7.4%	2.6%
Estate and Inheritance Taxes	144.8	119.6	-25.3	-17.4%	-21.1%
Tobacco Tax	178.8	177.1	-1.6	-0.9%	-0.4%
Alcohol Beverages Tax	13.4	13.6	0.1	1.0%	3.1%
District Courts	41.2	37.1	-4.1	-10.1%	-2.9%
Clerks of the Court	23.4	22.5	-0.9	-3.9%	8.0%
Interest and Miscellaneous ⁽²⁾	90.5	82.4	-8.1	-9.0%	-1.7%
Total Revenues	\$6,648.8	\$6,763.5	\$114.7	1.7%	2.7%

(1) Data reflects sales tax revenue remitted to the Comptroller from August through December, which was collected by retailers from July through November.

(2) Includes interest on investments; hospital patient recovery revenues from Medicare, insurance, and sponsors; and general fund motor fuel tax revenue and other miscellaneous revenues.

Source: Comptroller of Maryland; State Lottery and Gaming Control Agency

- Fiscal 2017 personal income tax revenues were up 11.5% at the end of September, but growth is now 4.6% as of the end of December. This was expected as timing issues were artificially inflating revenue growth in the first three months of fiscal 2017.
- Estimated payments grew over 40.0% in December and are now up 7.3% year-to-date. There is likely a timing issue at play here. If federal income tax rates are reduced in tax year 2017, it is advantageous for taxpayers to increase their itemized deductions for tax year 2016 and thus make their fourth quarter estimated payment (due January 15) in December.
- Withholding growth remains quite good, although it slipped from 8.4% at the end of September to 4.8% as of the end of December. The strong growth in withholding is due in part to the split of July withholding between the amount accrued back to June (fiscal 2016) and the amount booked in fiscal 2017. The accrual was very low, resulting in significantly more revenue than normal falling in July, contributing to the large year-over-year increase.

Gaming Program Revenues and Impact on the Education Trust Fund (\$ in Millions)

	FY 2017*			FY 2018		
	<u>Sep. Est.</u>	<u>Dec. Est.</u>	<u>Difference</u>	<u>Sep. Est.</u>	<u>Dec. Est.</u>	<u>Difference</u>
Video Lottery Terminals						
Education Trust Fund	\$376.3	\$376.3	\$0.1	\$452.3	\$447.9	-\$4.4
Casino Operators	402.2	406.7	4.6	523.4	517.8	-5.6
Local Impact Grants	49.2	49.5	0.2	61.7	61.0	-0.7
SMWOB	13.4	13.5	0.1	16.8	16.6	-0.2
Purse Dedication	57.0	56.8	-0.2	67.1	66.4	-0.7
Race Tracks Facility Renewal Account	8.7	8.8	0.0	11.0	10.9	-0.1
State Lottery Agency	9.6	9.7	0.1	11.9	11.8	-0.1
Total Gross Revenues	\$916.4	\$921.2	\$4.8	\$1,144.3	\$1,132.4	-\$11.9
Table Games						
Education Trust Fund	\$86.4	\$90.2	\$3.8	\$94.0	\$98.8	\$4.8
Casino Operators	406.5	432.1	25.6	501.3	526.8	25.5
Local Impact Grants	15.2	17.8	2.6	31.3	32.9	1.6
Total Gross Revenues	\$508.2	\$540.2	\$32.0	\$626.6	\$658.5	\$31.9
Total Education Trust Fund	\$462.7	\$466.6	\$3.9	\$546.3	\$546.7	\$0.4

SMWOB: Small, Minority, and Women-owned Businesses

* The Board of Revenue Estimates' September forecast assumed the Prince George's County facility would open in January 2017.

Source: Board of Revenue Estimates, December 2016

	<u>Dec. 2015</u>	<u>Dec. 2016</u>	<u>\$ Change</u>	<u>% Change</u>
Perryville	\$6,340	\$6,095	-\$245	-3.9%
Ocean Downs	3,879	4,118	238	6.1%
Maryland Live!	54,184	48,032	-6,152	-11.4%
Horseshoe	27,264	29,749	2,486	9.1%
Rocky Gap	3,511	3,550	39	1.1%
MGM	0	41,934	41,934	n/a
Total Gross Revenues	\$95,178	\$133,478	\$38,300	40.2%

Operating Budget

Budget Plan Compared to Baseline Estimates

(\$ in Millions)

	<u>FY 2017</u>	<u>FY 2018</u>
Estimated Cash Shortfall (December 2016)	-\$209.4	-\$544.1
 Transfers		
Rainy Day Fund (Fiscal 2018 Savings from cut to Mandated Appropriation)	\$170.0	\$40.0
Maryland Correctional Enterprises		2.5
 Revenues		
Delay Reduction in Medicaid Hospital Assessment		25.0
Other	1.2	2.0
 Favorable Trends and Assumptions		
Medicaid: Enrollment Trends, Prescription Rebates, and Special Fund Availability	34.8	138.9
Compensatory Education: Enrollment Below Estimate		55.9
Developmental Disabilities Administration (DDA): Utilization Trends	11.5	15.7
 Mandate Relief		
Supplemental Pension Contribution (Sweeper)		50.0
PAYGO Mandates: Repealed and Partially Backfilled with Bonds		45.6
Repeal New Education Aid Mandates		23.8
Freeze Targeted Local Aid Programs: Disparity, Police, and Health		18.4
Cap DDA Rate Increase at 2% (Statute Requires 3.5%)		8.4
Defer Portion of Payment to Prince George's Regional Hospital Center	7.5	15.0
Other Reductions Contingent on Legislation		25.0
 State Agencies		
Fiscal 2018 Cost-of-living Adjustments and Increments		127.8
Downsize Maryland Correctional Institution – Hagerstown		16.9
Major Information Technology Projects		13.9
Other Net Savings	52.9	27.0
Less Bond Premium for Debt Service		-32.0
 Balance Forward		 \$68.5
 Ending Balance	 \$68.5	 \$144.2

PAYGO: Pay-as-you-go

General Fund: Recent History and Outlook
Fiscal 2016-2018
(\$ in Millions)

	<u>2016</u> <u>Actual</u>	<u>2017</u> <u>Working</u>	<u>2018</u> <u>Allowance</u>
Funds Available			
Ongoing Revenues	\$16,216	\$16,608	\$17,206
Balances and Transfers	408	555	71
One-time GAAP Transfer	0	47	0
Short-term Revenues	0	12	1
Total Funds Available	\$16,624	\$17,222	\$17,278
Appropriations, Deficiencies, and Cost Containment			
Net Ongoing Operating Costs and Deficiencies	\$16,331	\$16,983	\$17,168
One-time Spending	41	38	0
One-time Spending/Reductions	-236	-76	-45
Pay-as-you-go Capital	17	53	1
Appropriations to Reserve Fund	85	155	10
Total Spending	\$16,239	\$17,153	\$17,134
Cash Balance/Shortfall	\$385	\$68	\$144
Structural			
Balance (Ongoing Revenues Less Operating Costs)	-\$116	-\$375	\$38
Ratio (Ongoing Revenues/Operating Costs)	99.3%	97.8%	100.2%
Reserve Fund Activity			
Appropriations to Rainy Day Fund	\$50	\$155	\$10
Transfers to General Fund	0	170	0
Estimated Rainy Day Fund Balance – June 30	\$832	\$833	\$860
Total Cash (Rainy Day Fund and General Fund Balance)	\$1,217	\$901	\$1,004
Rainy Day Fund Balance In Excess of 5%	\$22	\$1	\$1

GAAP: Generally Accepted Accounting Principles

Fiscal 2017 General Fund Deficiencies Total \$155.6 Million

Medicaid: MCO calendar 2016 and 2017 rate increase and enrollment growth offset by other program changes.	\$90.1
Shortfalls in Anticipated Special and Federal Funds: The Department of Human Resources shortfall in federal Medicaid funds (\$23.0 million); shortfall in HEIF revenues including funding intended to offset the November BPW reduction as well as revised corporate income tax projections (\$8.7 million); and other (\$0.4 million).	32.1
Initiatives: Conditional loan to the Marriott Corporation (\$20.0 million); additional substance use disorder funding (\$2.0 million); the Rental Assistance Program funding for residents of Lynnhill Condominiums in Prince George's County (\$0.6 million); and the opening of an additional 20-bed unit at Perkins (\$0.5 million).	23.1
Backfill of Fiscal 2017 Withheld Funds That Are Being Reverted: Local retirement funding (\$19.7 million) and the Maryland agricultural cost-share program (\$1.1 million).	20.8
Operating Costs in Various Agencies: Increases of \$16.5 million including the Institute for Mental Disease expenses in the Behavioral Health Administration (\$7.0 million) offset by \$3.0 million in operational savings, principally in the Department of Juvenile Services (\$2.8 million).	13.5
Fiscal 2016 Deficits Carried Forward in Fiscal 2017: The Office of the Public Defender (\$5.3 million) and the Department of Information Technology enterprise initiative expenses (\$1.3 million).	6.6
Education Aid: Funding for the Autism waiver (\$0.4 million) and Montgomery County optional library retirement costs (\$0.2 million).	0.6
Restructuring of the Prince George's Regional Medical Center Grant: Reduction of the fiscal 2017 grant as part of a broader restructuring of the anticipated operational support for the medical center (\$7.5 million).	-7.5
Available Education Trust Fund Revenue	-23.7
Fiscal 2017 Deficiencies Total	\$155.6

BPW: Board of Public Works
HEIF: Higher Education Investment Fund
MCO: managed care organization

General Fund Reversion Assumptions Fiscal 2017-2018

	<u>2017</u>	<u>2018</u>
Specific Reversion Assumptions		
DHMH DDA Caseload Trends	\$17,097,963	
DPSCS Vacant Position Salary Savings	5,000,000	
MSDE Nonpublic Placements	5,000,000	
MSDE Out-of-county Placements	200,000	
MDE Pay-as-you-go	9,795,000	
MDE Operations	803,000	
General Assembly Retirement Sweeper Reversion		\$268,111
Judiciary Retirement Sweeper Reversion		918,366
Total	\$37,895,963	\$1,186,477
 2016 Session "Fence-Offs": Reversion Assumptions		
Department of General Services Maintenance	\$500,000	
DHMH Behavior Health Administration	2,130,000	
DHMH Intensity Scale	214,000	
DHMH Entry Points	100,000	
Children's Cabinet Youth Services Bureaus	3,489,624	
Maryland Higher Education Commission		
Maryland Academy of Sciences	450,000	
Review Need-based Financial Aid Programs	250,000	
Maryland Higher Education Collaborative	250,000	
Maryland Corps Program	150,000	
Commerce Biotech	400,000	
Reserve Fund	79,959,234	
Total	\$87,892,858	\$0

DDA: Developmental Disabilities Administration

DHMH: Department of Health and Mental Hygiene

DPSCS: Department of Public Safety and Correctional Services

MDE: Maryland Department of the Environment

MSDE: Maryland State Department of Education

Budget Reconciliation and Financing Act "To Do" List

Balance Before Proposals Requiring Legislative Approval: 2017 Session	-\$289.3
Revenue Actions	
Lottery Revenue: Repeal Chapter 727 of 2016	\$2.0
Subtotal	\$2.0
Transfers	
Rainy Day Fund Balance	\$170.0
Uncompensated Care Fund Balance Diverted to Medicaid	10.0
Maryland Correctional Enterprises	2.5
Subtotal	\$182.5
2016 Session Contingent Reductions	
DHCD Chapter 30 of 2016 Strategic Demolition and Smart Growth Impact Fund	\$25.6
DHMH Payments to Prince George's Regional Medical Center Chapter 13 of 2016	15.0
DHCD Chapter 29 of 2016 Baltimore Regional Neighborhood Initiative Program	12.0
MSDE Repeal Chapter 740 of 2016 Teacher Stipend and Retention Grants	8.0
MSDE Repeal Chapter 32 of 2016 Public Schools Opportunities	7.5
MSDE Repeal Chapter 33 of 2016 Next Generation Scholars	5.0
DHCD Chapter 31 of 2016 Seed Community Development Anchor Institution Fund	5.0
Disparity Grants Repeal Chapter 738 of 2016	4.6
USM Reduce Funding Guideline Mandate in Chapter 25 of 2016	4.0
MSDE Repeal Chapters 714 and 715 of 2016 Enoch Pratt Expanded Hours	3.0
DHCD Chapters 698 and 699 of 2016 Shelter and Tran. Housing Facilities Grant Program	3.0
MDE Phase-in Next Generation Farmland Funding Over Two Years Chapter 10 of 2016	2.5
DLLR Repeal Chapter 34 of 2016 MD Center for Construction Education and Innovation	0.3
MSDE Repeal Chapters 681 and 682 of 2016 Robotics Grants	0.3
Subtotal	\$95.7
Other Contingent Reductions	
Reduce Pension Sweeper Mandate for One Year	\$50.0
Reserve Fund	40.0
DHMH DDA Cut Provider Rate Increase to 2%	8.4
MHEC Sellinger Grants Fund at the Fiscal 2017 Level	6.6
Level Fund Disparity Grants at Fiscal 2017 Level	3.8
DHMH Level Fund Local Health Formula Grants at the Fiscal 2017 Level	0.7
GOCCP Level Fund Police Aid at Fiscal 2017 Level	0.5
Subtotal	\$110.1
Fund Swaps	
DHMH Medicaid Delay Deficit Assessment Buydown for One Year	\$25.0
SDAT Increase Local Cost Share to 70% and include Executive Direction	10.9
DHMH Community Services for the Uninsured	3.8
DLLR Funding Racing Commission from the Purse Dedication Account	2.5
DHMH Use Senior Prescription Drug Revenue for Mental Health Services	1.1
Subtotal	\$43.2
Ending General Fund Balance	\$144.2

DDA: Developmental Disabilities Administration
DHCD: Department of Housing and Community Development
DHMH: Department of Health and Mental Hygiene
DLLR: Department of Labor, Licensing, & Regulation
GOCCP: Governor's Office of Crime Control and Prevention

MDE: Maryland Department of the Environment
MHEC: Maryland Higher Education Commission
MSDE: Maryland State Department of Education
SDAT: State Department of Assessments and Taxation
USM: University System of Maryland

State Expenditures – General Funds (\$ in Millions)

<u>Category</u>	FY 2016	FY 2017	FY 2018	<u>Contingent Reductions</u>	FY 2018	FY 2017 to FY 2018	
	<u>Actual</u>	<u>Working Appropriation</u>	<u>Allowance</u>		<u>Adjusted Allowance</u>	<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$252.4	\$283.0	\$263.0	\$0.0	\$263.0	-\$20.0	-7.1%
County/Municipal	\$252.1	\$285.6	\$298.1	-\$34.5	\$263.6	-\$22.1	-7.7%
Community Colleges	301.8	315.2	319.6	-1.5	318.0	2.8	0.9%
Education/Libraries	5,833.5	5,914.3	5,935.2	-59.9	5,875.3	-38.9	-0.7%
Health	45.8	49.5	51.8	-0.7	51.1	1.6	3.2%
Aid to Local Governments	\$6,433.2	\$6,564.6	\$6,604.7	-\$96.7	\$6,508.0	-\$56.6	-0.9%
Foster Care Payments	\$183.7	\$177.8	\$184.5	\$0.0	\$184.5	\$6.7	3.8%
Assistance Payments	56.7	64.5	67.3	0.0	67.3	2.8	4.4%
Medical Assistance	2,631.9	2,995.7	3,194.2	-25.0	3,169.2	173.5	5.8%
Property Tax Credits	78.1	82.3	87.5	0.0	87.5	5.2	6.3%
Entitlements	\$2,950.4	\$3,320.3	\$3,533.6	-\$25.0	\$3,508.6	\$188.3	5.7%
Health	\$1,310.7	\$1,363.2	\$1,427.6	-\$29.7	\$1,397.9	\$34.8	2.6%
Human Resources	371.9	406.6	393.7	-0.9	392.8	-13.8	-3.4%
Children's Cabinet Interagency Fund	22.5	16.6	18.7	0.0	18.7	2.1	12.3%
Juvenile Services	269.8	272.4	273.5	-0.6	272.9	0.5	0.2%
Public Safety/Police	1,454.8	1,523.0	1,509.5	-3.8	1,505.7	-17.3	-1.1%
Higher Education	1,345.7	1,422.2	1,450.6	-6.4	1,444.2	22.0	1.5%
Other Education	407.6	414.3	441.4	-6.9	434.6	20.3	4.9%
Agriculture/Natural Res./Environment	114.7	119.6	126.5	-2.9	123.6	4.0	3.3%
Other Executive Agencies	671.2	710.4	694.7	-15.0	679.6	-30.7	-4.3%
Judiciary	450.7	481.7	505.2	-0.9	504.3	22.6	4.7%
Legislative	84.5	89.2	90.6	-0.3	90.3	1.1	1.3%
State Agencies	\$6,504.2	\$6,819.0	\$6,931.8	-\$67.3	\$6,864.6	\$45.6	0.7%
Total Operating	\$16,140.2	\$16,986.9	\$17,333.1	-\$189.0	\$17,144.1	\$157.2	0.9%
Capital ⁽¹⁾	\$26.5	\$40.8	\$29.5	-\$20.0	\$9.5	-\$31.3	-76.7%
Subtotal	\$16,166.7	\$17,027.7	\$17,362.6	-\$209.0	\$17,153.6	\$125.9	0.7%
Reserve Funds	\$72.5	\$155.4	\$50.0	-\$40.0	\$10.0	-\$145.4	-93.6%
Appropriations	\$16,239.2	\$17,183.1	\$17,412.6	-\$249.0	\$17,163.6	-\$19.4	-0.1%
Reversions	\$0.0	-\$30.0	-\$30.0	\$0.0	-\$30.0	\$0.0	0.0%
Grand Total	\$16,239.2	\$17,153.1	\$17,382.6	-\$249.0	\$17,133.6	-\$19.4	-0.1%

⁽¹⁾ Includes the Sustainable Communities Tax Credit Reserve Fund.

Note: The fiscal 2017 working appropriation includes \$155.6 million in deficiencies and \$125.8 million in targeted reversions. The fiscal 2018 adjusted allowance reflects \$247.8 million in reductions contingent on legislation and targeted reversions of \$1.2 million.

State Expenditures – State Funds (\$ in Millions)

<u>Category</u>	<u>FY 2016 Actual</u>	<u>FY 2017 Working Appropriation</u>	<u>FY 2018 Allowance</u>	<u>Contingent Reductions +SF Add-Backs</u>	<u>FY 2018 Adjusted Allowance</u>	<u>FY 2017 to FY 2018 \$ Change</u>	<u>% Change</u>
Debt Service	\$1,368.8	\$1,489.5	\$1,567.6	\$0.0	\$1,567.6	\$78.1	5.2%
County/Municipal	\$541.1	\$627.7	\$712.2	-\$34.5	\$677.7	\$50.0	8.0%
Community Colleges	301.8	315.2	319.6	-1.5	318.0	2.8	0.9%
Education/Libraries	6,215.9	6,396.8	6,481.9	-59.9	6,422.0	25.2	0.4%
Health	45.8	49.5	51.8	-0.7	51.1	1.6	3.2%
Aid to Local Governments	\$7,104.7	\$7,389.2	\$7,565.5	-\$96.7	\$7,468.8	\$79.6	1.1%
Foster Care Payments	\$188.0	\$180.0	\$188.9	\$0.0	\$188.9	\$8.8	4.9%
Assistance Payments	68.0	77.8	79.8	0.0	79.8	2.0	2.6%
Medical Assistance	3,633.8	3,980.4	4,163.2	0.0	4,163.2	182.8	4.6%
Property Tax Credits	78.1	82.3	87.5	0.0	87.5	5.2	6.3%
Entitlements	\$3,967.9	\$4,320.5	\$4,519.3	\$0.0	\$4,519.3	\$198.8	4.6%
Health	\$1,705.4	\$1,881.3	\$1,895.3	-\$28.8	\$1,866.6	-\$14.7	-0.8%
Human Resources	472.9	504.7	487.5	-0.9	486.6	-18.1	-3.6%
Children's Cabinet Interagency Fund	22.5	16.6	18.7	0.0	18.7	2.1	12.3%
Juvenile Services	273.1	276.2	276.7	-0.6	276.1	-0.1	0.0%
Public Safety/Police	1,671.6	1,747.7	1,731.4	-4.1	1,727.3	-20.5	-1.2%
Higher Education	5,483.9	5,782.8	5,893.5	-6.4	5,887.0	104.3	1.8%
Other Education	464.4	484.3	513.5	-6.9	506.6	22.4	4.6%
Transportation	1,821.8	1,811.2	1,909.1	-1.4	1,907.7	96.6	5.3%
Agriculture/Natural Res./Environment	361.9	410.7	433.9	-3.3	430.6	19.9	4.8%
Other Executive Agencies	1,267.8	1,419.8	1,408.4	-3.0	1,405.4	-14.4	-1.0%
Judiciary	501.6	541.0	571.6	-0.9	570.6	29.7	5.5%
Legislative	84.5	89.2	90.6	-0.3	90.3	1.1	1.3%
State Agencies	\$14,131.4	\$14,965.4	\$15,229.9	-\$56.4	\$15,173.5	\$208.1	1.4%
Total Operating	\$26,572.9	\$28,164.7	\$28,882.4	-\$153.1	\$28,729.3	\$564.6	2.0%
Capital ⁽¹⁾	\$1,708.9	\$1,908.7	\$1,930.2	-\$20.5	\$1,909.7	\$1.0	0.1%
– Transportation	1,446.9	1,554.5	1,575.6	-0.5	1,575.1	20.5	1.3%
– Environment	183.7	210.3	187.6	0.0	187.6	-22.7	-10.8%
– Other	78.3	143.8	167.0	-20.0	147.0	3.2	2.2%
Subtotal	\$28,281.8	\$30,073.3	\$30,812.7	-\$173.7	\$30,639.0	\$565.7	1.9%
Reserve Funds	\$72.5	\$155.4	\$50.0	-\$40.0	\$10.0	-\$145.4	-93.6%
Appropriations	\$28,354.3	\$30,228.7	\$30,862.7	-\$213.7	\$30,649.0	\$420.3	1.4%
Reversions	\$0.0	-\$30.0	-\$30.0	\$0.0	-\$30.0	\$0.0	0.0%
Grand Total	\$28,354.3	\$30,198.7	\$30,832.7	-\$213.7	\$30,619.0	\$420.3	1.4%

⁽¹⁾ Includes the Sustainable Communities Tax Credit Reserve Fund.

Note: The fiscal 2017 working appropriation includes \$229.5 million in deficiencies and \$125.8 million in targeted reversions. The fiscal 2018 adjusted allowance reflects \$256.2 million in reductions contingent on legislation, \$1.2 million in targeted reversions, and additional special fund spending of \$43.7 million due to funding swaps.

General Fund – Fiscal 2018 Changes Over Fiscal 2017 Spending

Aid to Local Governments	-\$56.6
Community colleges	2.8
Other aid	-20.5
Education and library aid	-38.9
Entitlements	\$188.3
Medicaid	173.5
Foster care payments including a 2% provider rate increase (\$2.5 million) and a new foster youth savings program for transitioning youth (\$1.7 million)	6.7
Property tax credits	5.2
Increased support for assistance payments including specific funding for the supplemental SNAP benefit provided for in Chapter 696 of 2016 (\$1.9 million)	2.8
Major Personnel Costs (Excluding Institutions of Higher Education)	-7.9
Overtime	21.9
Reclassifications per SLEOLA collective bargaining agreement	3.0
Retirement contributions	-5.3
Turnover adjustment	-14.2
Employee and retiree health insurance	-13.2
Judiciary and State agency operations	\$56.3
USM: Funding to limit tuition increases to 2% (\$16.4 million) and the implementation of Chapter 25 of 2016 (\$6.0 million)	22.4
DDA: Additional funding for annualization of prior year placements and expansion	18.0
DDA: Community provider rate increase (2%)	10.0
MEDAAF: Increase program activity	10.0
DHMH: Adjusted Prince George’s Regional Medical Center funding	7.5
Behavioral Health: 2% provider rate increase for community behavioral health services to the uninsured and Core Service Agencies (CSA) (\$4.9 million), enrollment growth (\$1.3 million), and higher CSA grants (\$0.7 million)	6.9
MHEC: Matching funds for Maryland 529 contributions (\$5.0 million) and administrative expenses	5.3
Corrections: Inmate medical costs	4.0
DDA: New capped waiver program (800 slots)	3.7
DLLR: Expansion of the EARN program	3.0
MSDE: Child Care Subsidies	2.7
Judiciary: 38.5 FTE new regular positions and additional 13.0 FTE contractual support	2.6
MDA: Implementation of Chapter 10 of 2016 Next Generation Farmland Acquisition Program	2.5
Subcabinet Fund: Increase in competitive funding	2.0
DJS: Contractual expenses	2.0
Commerce: CyberMaryland tax credit	2.0
MDA: Rural Maryland Council	2.0

MSU: Implementation of Chapter 713 of 2016 (\$1.0 million) and funding to limit tuition increases to 2% (\$0.7 million)	1.7
DNR: Funding for 17.0 new regular FTE positions in the Natural Resources Police	1.6
Comptroller: Relocation of Annapolis Data Center and other systems because of building issues	1.6
Aging: Increase in community grants	1.2
Commerce: Partnership of Workforce Quality training grants	1.0
DSP: Fuel costs	-1.1
DJS: Abolition of 20.0 regular FTE positions	-1.5
Institute for Mental Disease funding after accounting for fiscal 2017 deficiency	-1.9
Lottery: Availability of special funds to pay machine leases	-2.5
Corrections: Fuel and utility savings based on lower inmate population and fuel prices	-2.8
OPD: Ongoing expenses for panel attorneys after adjusting for fiscal 2017 deficiency	-3.6
Commerce: Film Incentive program	-6.5
Statewide: Agency allocations for the new personnel and budget systems	-9.7
SDAT: Alteration of State:local funding share	-10.9
Corrections: Downsizing of MCI-H results in reduction of 400.0 regular FTE positions	-16.9
Miscellaneous	-\$196.7
Debt Service	-20.0
Pay-as-you-go	-31.3
Reserve Fund Activity	-145.4
Other	-\$2.8
Total	-\$19.4
CSA: Core Service Agencies	
DDA: Developmental Disabilities Administration	
DHMH: Department of Health and Mental Hygiene	
DJS: Department of Juvenile Services	
DLLR: Department of Labor, Licensing, and Regulation	
DNR: Department of Natural Resources	
DSP: Department of State Police	
EARN: Maryland Employment Advancement Right Now program	
FTE: full-time equivalent	
MCI-H: Maryland Correctional Institute – Hagerstown	
MDA: Maryland Department of Agriculture	
MEDAAF: Maryland Economic Development Authority Assistance Fund	
MHEC: Maryland Higher Education Commission	
MSDE: Maryland State Department of Education	
MSU: Morgan State University	
OPD: Office of the Public Defender	
SDAT: State Department of Assessments and Taxation	
SLEOLA: State Law Enforcement Officers Labor Alliance	
SNAP: Supplemental Nutrition Assistance Program	
USM: University System of Maryland	

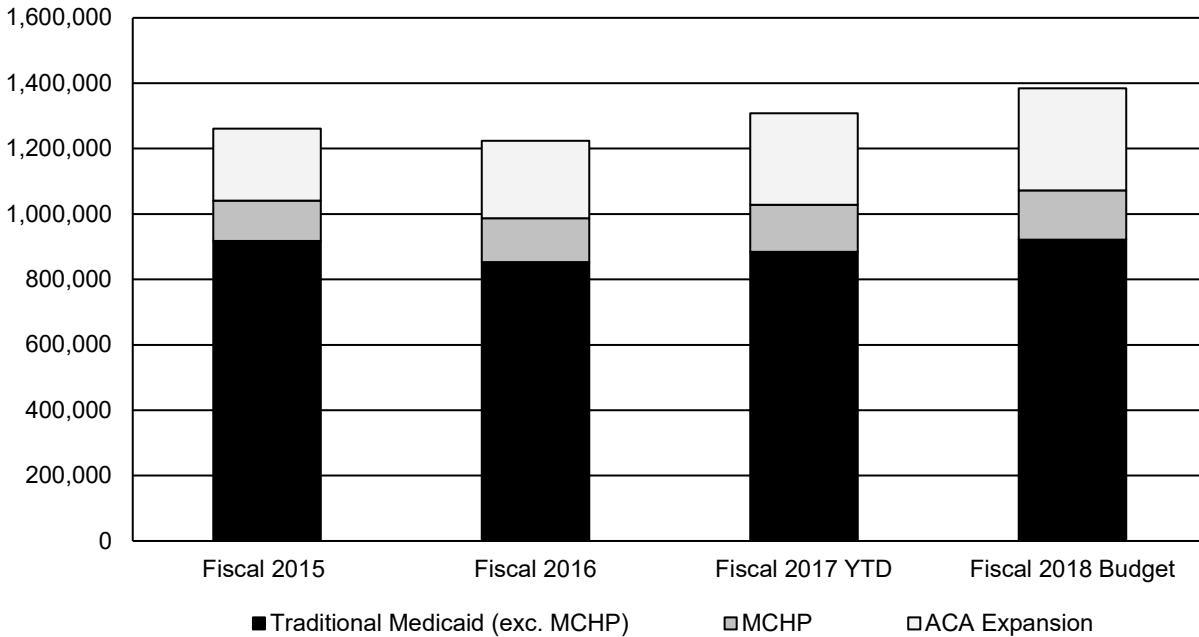
Note: Represents spending in fiscal 2018 over 2017 as adjusted for deficiencies, reversions, and contingent reductions.

**In a Constrained General Fund Budget, Medicaid Continues to Be the
Major Driver of Growth
Medicaid Funding
Fiscal 2017 and 2018
(\$ in Millions)**

	Adjusted Working Approp. Fiscal 2017	Adjusted Allowance Fiscal 2018	\$ Change 2017 Adjusted - 2018	% Change 2017 Adjusted - 2018
General Funds	\$2,995.7	\$3,169.2	\$173.5	5.8%
Special Funds	984.7	994.0	9.3	0.9%
Federal Funds	6,866.6	6,919.1	52.6	0.8%
Reimbursable Funds	57.7	75.2	17.5	30.4%
Total	\$10,904.6	\$11,157.5	\$252.9	2.3%

- Medicaid sees budget growth of \$252.9 million, 2.3%, between the fiscal 2017 adjusted working appropriation and fiscal 2018 adjusted allowance. However, general fund growth is much stronger, \$173.5 million, 5.8%.
- Of the budget growth, \$119.0 million is to fund rate increases for community providers and managed care organizations. Physician evaluation and management rates increase but only to keep them at 94.0% of the Medicare rate.
- The State's contribution to the Affordable Care Act (ACA) expansion population increases from 2.5% of costs in fiscal 2017 to 5.5% in fiscal 2018, an increase of an estimated \$86.0 million in general funds.
- The budget assumes a Medicaid enrollment of 1.38 million in fiscal 2018, a 5.8% growth over fiscal 2017 year-to-date. Enrollment growth in traditional Medicaid is projected at 4.1% as compared to 9.4% for the ACA expansion and the Maryland Children's Health Program population. This enrollment mix mitigates the impact on the general fund budget of the projected enrollment growth.

Medicaid Enrollment Fiscal 2015-2018



ACA: Affordable Care Act
MCHP: Maryland Children's Health Program

- Increases in provider rates (which are disproportionately higher in the traditional Medicaid program), funding for the ACA expansion, and enrollment growth easily consume more than the increase in available general and special funds and are only possible due to assumptions elsewhere in the budget which constrain expenditures.
- The budget, for example, relies on continued significant decline in fee-for-service inpatient utilization although current year trends appear to point in the opposite direction.
- Similarly, the budget relies on continued significant increases in pharmacy rebates, despite an apparent recent slowing of pharmacy spending.
- In addition, two proposed special fund appropriations are of concern: the use of \$10.0 million in fiscal 2017 from the Uncompensated Care Fund (which is not authorized in statute and for which there is no provision in the Budget Reconciliation and Financing Act of 2017); and higher than anticipated support from the Cigarette Restitution Fund based on an expectation of a favorable settlement of arbitration relating to nonparticipating manufacturers in sales year 2004.

Regular Full-time Equivalent Position Changes
Fiscal 2015 Actual to Fiscal 2018 Allowance

<u>Department/Service Area</u>	<u>2015 Actual</u>	<u>2016 Actual</u>	<u>2017 Work. Approp.</u>	<u>2018 Allowance</u>	<u>2017-18 Change</u>
Health and Human Services					
Health and Mental Hygiene	6,330	6,353	6,181	6,181	0
Human Resources	6,465	6,360	6,224	6,224	0
Juvenile Services	2,055	2,041	1,998	1,978	-20
Subtotal	14,850	14,754	14,403	14,383	-20
Public Safety					
Public Safety and Correctional Services*	11,068	11,025	10,954	10,554	-400
Police and Fire Marshal	2,438	2,438	2,436	2,436	0
Subtotal	13,506	13,463	13,390	12,990	-400
Transportation	9,086	9,126	9,108	9,058	-50
Other Executive					
Legal (Excluding Judiciary)	1,488	1,501	1,475	1,475	0
Executive and Administrative Control	1,633	1,626	1,564	1,563	-1
Financial and Revenue Administration	2,103	2,119	2,102	2,099	-3
Budget and Management and DoIT	446	480	584	584	0
Retirement	205	213	210	210	0
General Services	578	578	581	581	0
Natural Resources	1,294	1,321	1,315	1,333	18
Agriculture	381	380	356	355	-1
Labor, Licensing, and Regulation	1,604	1,603	1,513	1,492	-21
MSDE and Other Education	1,938	1,940	1,940	1,940	0
Housing and Community Development	337	337	325	325	0
Commerce	217	202	193	193	0
Environment	936	939	894	894	0
Subtotal	13,158	13,237	13,051	13,043	-8
Executive Branch Total	50,599	50,579	49,951	49,473	-478
Higher Education	25,516	25,632	25,914	25,911	-3
Judiciary	3,733	3,914	3,951	3,989	39
Legislature	749	749	749	749	0
Total	80,597	80,874	80,565	80,123	-443

DoIT: Department of Information Technology
MSDE: Maryland State Department of Education

*The fiscal 2018 allowance for the Department of Public Safety and Correctional Services assumes 400 abolished vacant positions due to the downsizing of the Maryland Correctional Institution – Hagerstown. Positions have been adjusted to reflect this.

Source: Department of Budget and Management; Department of Legislative Services

Analysis of Vacancies and Turnover Rate
Fiscal 2018 Allowance Compared to January 2017 Vacancies

<u>Department/Service Area</u>	<u>Positions</u>	<u>Turnover Rate</u>	<u>Vacancies to Meet Turnover</u>	<u>Vacancies</u>	<u>Vacancies Above (or Below) Turnover</u>
Health and Human Services					
Health and Mental Hygiene	6,181	7.3%	453	624	170
Human Resources	6,224	7.1%	440	517	77
Juvenile Services	1,978	7.3%	144	209	66
Subtotal	14,383	7.2%	1,038	1,350	313
Public Safety					
Public Safety and Correctional Services*	10,554	6.0%	637	1,273	635
Police and Fire Marshal	2,436	7.1%	174	324	150
Subtotal	12,990	6.3%	824	1,597	785
Transportation	9,058	4.5%	406	677	271
Other Executive					
Legal (Excluding Judiciary)	1,475	5.6%	82	120	38
Executive and Administrative Control	1,563	3.7%	59	164	105
Financial and Revenue Administration	2,099	4.6%	96	181	86
Budget and Management and DoIT	584	2.9%	17	51	34
Retirement	210	4.8%	10	18	8
General Services	581	6.0%	35	55	19
Natural Resources	1,333	5.9%	79	98	19
Agriculture	355	6.2%	22	30	8
Labor, Licensing, and Regulation	1,492	3.4%	51	198	146
MSDE and Other Education	1,940	5.7%	111	169	58
Housing and Community Development	325	6.0%	19	24	5
Commerce	193	5.5%	11	12	1
Environment	894	6.5%	58	83	24
Subtotal	13,043	5.0%	654	1,201	552
Executive Branch Total	49,473	5.9%	2,901	4,825	1,921

DoIT: Department of Information Technology

MSDE: Maryland State Department of Education

*The fiscal 2018 allowance for the Department of Public Safety and Correctional Services assumes 400 abolished vacant positions due to the downsizing of the Maryland Correctional Institution -- Hagerstown. Positions and January 2017 vacancies have been adjusted to reflect this.

Source: Department of Budget and Management; Department of Legislative Services

Employee and Retiree Health Insurance Account
Fiscal 2015-2018 Est.
(\$ in Millions)

	<u>2015</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>	<u>2017</u> <u>Est.</u>	<u>2018</u> <u>Est.</u>
Beginning Balance	\$216	\$60	\$156	\$182
Receipts				
Agencies (Employer Contribution)	\$959	\$1,223	\$1,238	\$1,232
Employee/Retiree Contribution	240	280	288	303
Rebates, Recoveries, and Other	81	131	150	160
Total Receipts	\$1,280	\$1,634	\$1,675	\$1,694
Percent Growth in Receipts	2.6%	27.6%	2.6%	1.1%
Expenditures				
Payments ⁽¹⁾	\$1,436	\$1,538	\$1,650	\$1,770
Percent Growth in Payments	8.8%	7.1%	7.3%	7.3%
Ending Balance	\$60	\$156	\$182	\$106
Incurred but Not Received (IBNR)	-\$106	-\$106	-\$103	-\$103
Balance After IBNR	-\$45	\$51	\$79	\$3

⁽¹⁾ Expenditures in fiscal 2017 and 2018 reflect growth estimates from the Department of Legislative Services.

Source: Department of Budget and Management; Department of Legislative Services

State Retirement and Pension System

Employer Pension Contributions Fiscal 2016-2018 (\$ in Millions)

	<u>2016</u>	<u>2017</u>	<u>2018</u>
State Employer Base	\$1,439.1	\$1,532.5	\$1,549.3
Supplemental	75.0	75.0	75.0
Sweeper	0.0	50.0	0.0
Governor		25.0	0.0
Total State	\$1,514.1	\$1,682.5	\$1,624.3
Local School Boards	254.8	279.8	280.5
Total Employer	\$1,768.9	\$1,962.2	\$1,904.8

Source: State Retirement Agency; Department of Budget and Management; Department of Legislative Services

- Total State contributions for teacher and employee pensions are projected to be \$1.62 billion in fiscal 2018 after accounting for the contingent reduction in the “sweeper” contribution, a decrease of \$58.2 million from the fiscal 2017 contribution.
- Local school systems are projected to contribute \$280.5 million, an increase of \$0.7 million from fiscal 2017 levels.
- The State contribution includes a supplemental contribution of \$75.0 million above the actuarially determined contribution, as required by statute.
- The Governor has included a deficiency appropriation of \$19.7 million for grants to local jurisdictions to fully offset their fiscal 2017 administrative fee payments to the State Retirement Agency.
- The Budget Reconciliation and Financing Act, as introduced, repeals the \$50.0 million “sweeper” provision for fiscal 2018 only; the fiscal 2018 budget bill includes a corresponding contingent reduction of \$55.7 million, which includes an additional \$5.7 million in special and federal funds added by the Governor. The sweeper remains in place for fiscal 2019 and 2020, when it is slated to end.

State Aid to Local Governments

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

	Fiscal 2018 <u>State Aid Amount</u>	<u>% of Total</u>
Public Schools	\$6,352.4	84.7%
County/Municipal	703.3	9.4%
Community Colleges	318.0	4.2%
Libraries	75.7	1.0%
Local Health	51.1	0.7%
Total	\$7,500.5	100.0%

Change in State Aid
State Funds
(\$ in Millions)

	Fiscal 2018 <u>Aid Change</u>	<u>% Change</u>
Public Schools	\$30.4	0.5%
County/Municipal	71.2	11.3%
Community Colleges	2.8	0.9%
Libraries	1.5	2.0%
Local Health	1.6	3.2%
Total	\$107.5	1.5%

State Aid by Major Programs
State Funds
Fiscal 2016-2018
(\$ in Millions)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2017-2018</u> <u>\$ Change</u>	<u>2017-2018</u> <u>% Change</u>
Public Schools					
Foundation Program	\$2,945.5	\$2,962.0	\$3,004.9	\$42.9	1.5%
Supplemental Grant	46.6	46.6	46.6	0.0	0.0%
Geographic Cost Index	68.1	136.9	139.1	2.2	1.6%
Net Taxable Income Education Grants	23.8	39.7	49.2	9.5	23.9%
Foundation – Special Grants	0.1	19.4	0.0	-19.4	-100.0%
Compensatory Aid	1,305.1	1,309.1	1,306.3	-2.8	-0.2%
Student Transportation	266.2	270.8	276.3	5.4	2.0%
Special Education – Formula Aid	276.0	279.6	284.9	5.3	1.9%
Special Education – Nonpublic Placements	136.0	121.6	128.6	7.0	5.8%
Limited English Proficiency Grants	217.2	227.0	248.7	21.7	9.6%
Guaranteed Tax Base	53.8	54.5	50.2	-4.3	-7.8%
Aging Schools Program	6.1	0.0	6.1	6.1	
Head Start/Pre-kindergarten	6.1	6.1	9.8	3.7	60.2%
Retirement Special Grants	0.0	16.9	0.0	-16.9	-100.0%
Other Education Programs	70.2	64.3	67.2	2.9	4.4%
Subtotal Direct Aid	\$5,420.7	\$5,554.7	\$5,617.9	\$63.2	1.1%
Retirement Payments	\$729.3	\$767.3	\$734.5	-\$32.8	-4.3%
Total Public School Aid	\$6,150.0	\$6,321.9	\$6,352.4	\$30.4	0.5%
Libraries					
Library Aid Formula	\$35.4	\$36.4	\$37.7	\$1.3	3.6%
State Library Network	16.6	17.0	17.7	0.7	4.1%
Subtotal Direct Aid	\$52.0	\$53.4	\$55.4	\$2.0	3.8%
Retirement Payments	\$19.9	\$20.9	\$20.3	-\$0.5	-2.6%
Total Library Aid	\$71.9	\$74.3	\$75.7	\$1.5	2.0%
Community Colleges					
Community College Formula	\$222.7	\$234.4	\$235.5	\$1.1	0.5%
Retirement Special Grants	\$0.0	\$0.9	\$0.0	-0.9	-100.0%
Other Programs	37.1	33.5	37.9	4.4	13.2%
Subtotal Direct Aid	\$259.8	\$268.8	\$273.4	\$4.6	1.7%
Retirement Payments	\$42.0	\$46.5	\$44.6	-\$1.8	-4.0%
Total Community College Aid	\$301.8	\$315.2	\$318.0	\$2.8	0.9%
Local Health Grants	\$45.8	\$49.5	\$51.1	\$1.6	3.2%
County/Municipal Aid					
Transportation	\$208.1	\$209.6	\$234.5	\$24.9	11.9%
Public Safety	119.0	127.2	129.6	2.3	1.8%
Program Open Space	23.5	27.2	40.7	13.5	49.7%
Disparity Grant	129.8	132.8	132.8	0.0	0.0%
Gaming Impact Grants	39.6	67.3	94.0	26.7	39.7%
Neighbor Revitalization Grant	0.0	21.5	25.6	4.1	19.2%
Teacher Retirement Supplemental Grant	27.7	27.7	27.7	0.0	0.0%
Retirement Special Grants	0.0	1.9	0.0	-1.9	-100.0%
Other Grants	17.1	16.9	18.5	1.6	9.2%
Total County/Municipal Aid	\$564.8	\$632.1	\$703.3	\$71.2	11.3%
Total State Aid	\$7,134.4	\$7,393.0	\$7,500.5	\$107.5	1.5%

State Aid to Local Governments – Comparison by Per Capita Aid and Annual Change Fiscal 2017-2018

County	2017	2018	Difference	Percent Difference	Per Capita State Aid		Annual Change in State Aid	
	Appropriation	Allowance						
Allegany	\$111,613,010	\$112,860,816	\$1,247,806	1.1%	1. Caroline	\$2,060	1. Somerset	7.6%
Anne Arundel	505,792,980	517,348,456	11,555,476	2.3%	2. Baltimore City	1,968	2. Dorchester	5.1%
Baltimore City	1,251,072,480	1,223,683,509	-27,388,971	-2.2%	3. Wicomico	1,764	3. Caroline	4.9%
Baltimore	815,220,627	841,108,950	25,888,323	3.2%	4. Somerset	1,685	4. St. Mary's	4.0%
Calvert	106,598,210	105,183,199	-1,415,011	-1.3%	5. Dorchester	1,664	5. Washington	3.6%
Caroline	63,972,083	67,106,186	3,134,103	4.9%	6. Allegany	1,556	6. Baltimore	3.2%
Carroll	174,710,812	170,555,740	-4,155,072	-2.4%	7. Prince George's	1,512	7. Wicomico	3.1%
Cecil	136,219,604	138,043,522	1,823,918	1.3%	8. Washington	1,435	8. Frederick	3.1%
Charles	207,707,071	213,024,929	5,317,858	2.6%	9. Charles	1,365	9. Talbot	3.0%
Dorchester	51,289,831	53,894,477	2,604,646	5.1%	10. Cecil	1,348	10. Worcester	2.9%
Frederick	291,948,168	301,079,031	9,130,863	3.1%	11. Frederick	1,227	11. Charles	2.6%
Garrett	34,948,997	35,216,241	267,244	0.8%	12. Garrett	1,195	12. Prince George's	2.5%
Harford	262,075,008	263,939,480	1,864,472	0.7%	13. Calvert	1,161	13. Montgomery	2.4%
Howard	335,097,664	340,770,295	5,672,631	1.7%	14. St. Mary's	1,148	14. Anne Arundel	2.3%
Kent	14,097,711	14,342,711	245,000	1.7%	15. Howard	1,087	15. Kent	1.7%
Montgomery	928,030,057	950,300,653	22,270,596	2.4%	16. Harford	1,055	16. Howard	1.7%
Prince George's	1,341,536,597	1,375,179,025	33,642,428	2.5%	17. Carroll	1,017	17. Cecil	1.3%
Queen Anne's	45,696,489	46,234,806	538,317	1.2%	18. Baltimore	1,012	18. Queen Anne's	1.2%
St. Mary's	122,972,196	127,901,929	4,929,733	4.0%	19. Queen Anne's	945	19. Allegany	1.1%
Somerset	40,334,568	43,412,069	3,077,501	7.6%	20. Anne Arundel	917	20. Garrett	0.8%
Talbot	22,484,035	23,159,576	675,541	3.0%	21. Montgomery	914	21. Harford	0.7%
Washington	207,220,703	214,615,925	7,395,222	3.6%	22. Worcester	732	22. Calvert	-1.3%
Wicomico	175,039,049	180,545,864	5,506,815	3.1%	23. Kent	725	23. Baltimore City	-2.2%
Worcester	36,694,109	37,740,381	1,046,272	2.9%	24. Talbot	617	24. Carroll	-2.4%
Unallocated	110,667,952	103,293,508	-7,374,444	-6.7%				
Total	\$7,393,040,011	\$7,500,541,278	\$107,501,267	1.5%	Statewide Average	\$1,249	Statewide Average	1.5%

State Education Aid - Ranking by Annual Percent Change (\$ in Thousands)

County	Direct Aid					Total Aid				
	Fiscal 2017	Fiscal 2018	Change	% Change	Rank	Fiscal 2017	Fiscal 2018	Change	% Change	Rank
Allegany	\$79,867	\$80,551	\$684	0.9%	16	\$87,446	\$87,549	\$103	0.1%	15
Anne Arundel	353,111	358,136	5,025	1.4%	13	418,253	420,103	1,850	0.4%	14
Baltimore City	873,767	835,052	-38,714	-4.4%	24	942,222	899,975	-42,247	-4.5%	24
Baltimore	638,179	659,775	21,596	3.4%	9	724,846	745,455	20,609	2.8%	7
Calvert	83,114	82,060	-1,054	-1.3%	21	97,721	95,137	-2,584	-2.6%	22
Caroline	51,873	54,814	2,941	5.7%	2	56,383	59,161	2,777	4.9%	2
Carroll	135,715	131,508	-4,208	-3.1%	23	156,176	150,519	-5,656	-3.6%	23
Cecil	106,407	107,896	1,489	1.4%	14	119,751	120,600	850	0.7%	13
Charles	168,536	172,643	4,107	2.4%	11	190,398	193,869	3,471	1.8%	10
Dorchester	40,809	42,734	1,925	4.7%	3	44,612	46,488	1,876	4.2%	3
Frederick	233,784	242,620	8,836	3.8%	6	267,005	273,965	6,959	2.6%	8
Garrett	22,141	21,787	-353	-1.6%	22	25,369	24,818	-551	-2.2%	21
Harford	207,444	208,916	1,472	0.7%	17	235,339	235,434	95	0.0%	16
Howard	240,983	247,390	6,406	2.7%	10	299,388	302,386	2,998	1.0%	12
Kent	9,809	9,931	122	1.2%	15	11,612	11,575	-37	-0.3%	18
Montgomery	664,469	688,909	24,440	3.7%	7	825,386	842,244	16,857	2.0%	9
Prince George's	1,094,036	1,114,139	20,103	1.8%	12	1,207,020	1,224,192	17,172	1.4%	11
Queen Anne's	34,500	34,734	233	0.7%	18	40,746	40,698	-48	-0.1%	17
St. Mary's	101,657	105,679	4,023	4.0%	5	114,769	118,625	3,856	3.4%	4
Somerset	29,172	32,058	2,886	9.9%	1	31,903	34,644	2,740	8.6%	1
Talbot	14,110	14,085	-25	-0.2%	20	17,619	17,422	-198	-1.1%	20
Washington	168,632	175,699	7,066	4.2%	4	186,007	192,138	6,131	3.3%	5
Wicomico	141,025	146,077	5,053	3.6%	8	153,485	157,959	4,474	2.9%	6
Worcester	19,738	19,851	113	0.6%	19	26,676	26,542	-134	-0.5%	19
Total	\$5,554,675	\$5,617,922	\$63,246	1.1%		\$6,321,930	\$6,352,376	\$30,446	0.5%	

Per Pupil State Education Aid Ranking by Annual Percent Change

County	<i>Per Pupil Direct Aid</i>				<i>Per Pupil Total Aid</i>			
	Fiscal 2017	Fiscal 2018	% Change	Rank	Fiscal 2017	Fiscal 2018	% Change	Rank
Allegany	\$9,640	\$9,844	2.1%	12	\$10,555	\$10,699	1.4%	10
Anne Arundel	4,524	4,544	0.4%	18	5,359	5,330	-0.5%	19
Baltimore City	11,262	10,897	-3.2%	24	12,145	11,745	-3.3%	24
Baltimore	5,958	6,102	2.4%	7	6,768	6,894	1.9%	7
Calvert	5,338	5,290	-0.9%	22	6,277	6,133	-2.3%	22
Caroline	9,782	10,173	4.0%	2	10,632	10,980	3.3%	2
Carroll	5,394	5,290	-1.9%	23	6,207	6,055	-2.5%	23
Cecil	7,049	7,205	2.2%	10	7,933	8,053	1.5%	9
Charles	6,617	6,765	2.2%	8	7,475	7,596	1.6%	8
Dorchester	9,066	9,403	3.7%	3	9,911	10,229	3.2%	3
Frederick	5,935	6,067	2.2%	9	6,778	6,851	1.1%	11
Garrett	6,013	5,989	-0.4%	21	6,890	6,822	-1.0%	20
Harford	5,663	5,710	0.8%	16	6,424	6,434	0.2%	15
Howard	4,501	4,558	1.2%	15	5,592	5,571	-0.4%	18
Kent	5,133	5,246	2.2%	11	6,076	6,115	0.6%	13
Montgomery	4,373	4,456	1.9%	13	5,432	5,448	0.3%	14
Prince George's	8,901	8,928	0.3%	19	9,821	9,810	-0.1%	16
Queen Anne's	4,624	4,655	0.7%	17	5,461	5,454	-0.1%	17
St. Mary's	6,003	6,170	2.8%	6	6,777	6,926	2.2%	6
Somerset	10,759	11,602	7.8%	1	11,766	12,538	6.6%	1
Talbot	3,206	3,261	1.7%	14	4,004	4,033	0.7%	12
Washington	7,769	8,026	3.3%	5	8,570	8,777	2.4%	5
Wicomico	9,890	10,246	3.6%	4	10,764	11,079	2.9%	4
Worcester	3,154	3,155	0.0%	20	4,262	4,218	-1.0%	21
Total	\$6,567	\$6,590	0.4%		\$7,474	\$7,452	-0.3%	

Proposed Reductions to State Aid Programs
Fiscal 2018
(\$ in Millions)

Direct Aid Contingent Reductions

Public School Opportunities	\$7.5
Next Generation Scholars	5.0
Public School Robotics Grants	0.3
Teacher Development	8.0
Enoch Pratt Free Library – Expanded Hours of Operation	3.0
Police Aid Formula	0.5
Local Health Grants	0.7
Disparity Grants	8.4
<i>Subtotal</i>	\$33.4

Retirement Contingent Reductions (Sweeper Provision)

Public Schools	\$35.6
Community Colleges	1.5
Libraries	0.6
<i>Subtotal</i>	\$37.7

Total State Aid Reductions **\$71.1**

Increased Property Assessment Cost \$10.9

Total Local Impact **\$82.0**

Proposed Reductions to State Aid Programs by County Fiscal 2018

County	Direct Aid					Retirement Aid			Total
	Public Schools ¹	Library Aid	Police Aid Formula ²	Health Grants	Disparity Grants	Public Schools	Libraries	Community Colleges	
Allegany	\$0	\$0	\$8,591	-\$21,261	\$0	-\$338,973	-\$5,248	-\$59,485	-\$416,376
Anne Arundel	0	0	-65,984	-62,979	0	-3,001,796	-53,703	-169,277	-3,353,739
Baltimore City	0	-3,000,000	0	-124,100	-946,445	-3,144,989	-73,336	0	-7,288,870
Baltimore	0	0	-59,522	-81,859	0	-4,150,513	-85,218	-241,530	-4,618,642
Calvert	0	0	-1,555	-9,099	0	-633,482	-13,183	-14,053	-671,372
Caroline	0	0	-351	-10,960	0	-210,559	-4,858	-7,550	-234,278
Carroll	0	0	742	-25,174	0	-920,970	-28,167	-30,061	-1,003,630
Cecil	0	0	-1,225	-16,969	-196,240	-615,441	-13,136	-19,219	-862,230
Charles	0	0	-12,447	-21,941	0	-1,028,257	-18,160	-49,049	-1,129,854
Dorchester	0	0	-2,117	-9,377	0	-181,822	-2,412	-5,950	-201,678
Frederick	0	0	-3,525	-30,702	0	-1,518,387	-29,715	-61,591	-1,643,920
Garrett	0	0	3,654	-9,654	0	-146,797	-3,517	-16,025	-172,339
Harford	0	0	1,111	-34,860	0	-1,284,620	-41,495	-71,412	-1,431,276
Howard	0	0	-46,140	-26,179	0	-2,664,136	-69,352	-106,123	-2,911,930
Kent	0	0	-1,642	-8,245	0	-79,674	-2,731	-2,528	-94,820
Montgomery	0	0	-142,670	-59,910	0	-7,427,890	0	-389,481	-8,019,951
Prince George's	0	0	-140,793	-95,674	-6,061,769	-5,331,234	-66,320	-182,135	-11,877,925
Queen Anne's	0	0	-724	-8,680	0	-288,936	-5,797	-9,175	-313,312
St. Mary's	0	0	-8,731	-16,078	0	-627,139	-12,475	-15,428	-679,851
Somerset	0	0	-1,138	-8,736	-114,083	-125,274	-2,287	-4,034	-255,551
Talbot	0	0	2,645	-7,339	0	-161,632	-5,263	-8,697	-180,286
Washington	0	0	-350	-27,135	-52,938	-796,339	-16,494	-48,549	-941,805
Wicomico	0	0	-11,737	-19,738	-1,072,075	-575,582	-7,312	-24,578	-1,711,022
Worcester	0	0	18,766	-10,627	0	-324,119	-7,886	-10,920	-334,786
Unallocated	-20,750,000	0	0	0	0	0	0	0	-20,750,000
Total	-\$20,750,000	-\$3,000,000	-\$465,142	-\$747,276	-\$8,443,550	-\$35,578,561	-\$568,065	-\$1,546,849	-\$71,099,442

¹ Includes reductions for Teacher Development (\$8.0 million), Public School Opportunities Enhancement Program (\$7.5 million), Next Generation Scholars (\$5.0 million), and Robotics (\$250,000).

² Statewide level funding the Police Aid Formula results in increases in police aid for some counties.

Transportation

Transportation Trust Fund Forecasts
Fiscal 2016-2021
(\$ in Millions)

	<u>Final</u> <u>2016-2021</u>	<u>Final</u> <u>2017-2022</u>	<u>Change</u>
Revenues			
Taxes and Fees	\$18,261	\$17,726	-\$535
Operating and Other Revenues	3,377	3,405	28
Federal Operating Assistance	582	582	0
Bond Proceeds/Premiums	3,470	3,378	-92
Change in Fund Balance	119	-24	-143
Total Revenues	\$25,809	\$25,067	-\$742
Expenditures			
Debt Service	\$2,013	\$2,219	\$206
Operating Budget	12,085	12,598	513
Deductions to Other Agencies	406	422	16
Highway User Revenues and Local Grants	1,843	1,822	-21
State Capital Program	9,462	8,006	-1,456
Total Expenditures	\$25,809	\$25,067	-\$742

Lowest Net Income Debt Service Coverage Ratio: 2.5 (in Fiscal 2020, 2021, and 2022)

- The six-year State capital program in the Maryland Department of Transportation (MDOT) fiscal 2017 through 2022 Transportation Trust Fund (TTF) forecast is \$1.5 billion lower than in the prior year's six-year program. Lower estimated revenue attainment, primarily motor vehicle fuel tax revenue, accounts for about half the decrease with higher projections for debt service and departmental operating expense spending accounting for the other half of the reduction in the capital program.
- Despite the reduction made to the State capital program, the net income debt service coverage ratio is at MDOT's administrative minimum level of 2.5 for the final three years of the forecast.
- MDOT's forecast reserves a total of \$747 million to phase in an increase in the amount of Highway User Revenues (HUR) going to local governments. Increasing the statutory percentages of HUR going to local governments by the amounts reserved in MDOT's forecast would require a further reduction in bond issuances (and the State capital program) of \$1.33 billion over the forecast period in order to maintain the 2.5 minimum debt service coverage ratio.
- MDOT did not use the five-year average annual increase in operating expenses to calculate out-year operating expenses as directed in the 2016 *Joint Chairmen's Report*. As a result, MDOT's forecast likely understates operating expenses by \$585 million over the forecast period, or just under 5%, and overstates the amount available for the capital program by \$1.7 billion.

Transportation Capital Program
January 2016 vs. January 2017 Plan
(\$ in Millions)

	<u>2016 Plan</u>	<u>2017 Plan</u>	<u>Change</u>
Fiscal 2018			
Secretary's Office	\$23.9	\$107.1	\$83.2
Motor Vehicle Administration	28.6	22.4	-6.2
Maryland Aviation Administration	91.3	124.4	33.1
Maryland Port Administration	220.9	98.6	-122.3
Maryland Transit Administration	862.3	696.6	-165.7
Washington Metropolitan Area Transit Authority	255.8	255.8	0.0
State Highway Administration	1,598.7	1,529.0	-69.7
Fiscal 2018 Total	\$3,081.5	\$2,833.9	-\$247.6
Special Funds	\$1,902.2	\$1,628.5	-\$273.7
Federal Funds	978.3	1,022.1	43.8
Other Funds	201.0	183.3	-17.7
Fiscal 2018 Total Funds	\$3,081.5	\$2,833.9	-\$247.6
Six-year Funding			
Secretary's Office	\$334.3	\$319.9	-\$14.4
Motor Vehicle Administration	133.9	121.5	-12.4
Maryland Aviation Administration	639.1	438.1	-201.0
Maryland Port Administration	909.3	876.6	-32.7
Maryland Transit Administration	3,744.0	3,663.3	-80.7
Washington Metropolitan Area Transit Authority	1,581.4	1,583.8	2.4
State Highway Administration	8,363.4	7,800.0	-563.4
Six-year Funding Total	\$15,705.4	\$14,803.2	-\$902.2
Special Funds	\$9,535.1	\$8,079.2	-\$1,455.9
Federal Funds	4,956.5	5,674.0	717.5
Other Funds	1,213.8	1,050.0	-163.8
Six-year Total Funds	\$15,705.4	\$14,803.2	-\$902.2

- Reductions in both fiscal 2018 and the six-year program are driven by the reduced amount of State (special) funds.
- The fiscal 2018 capital program includes \$53 million in grants, identified as part of the Administration's plan to increase HUR funding to local governments. Similar grants were funded at \$25 million in fiscal 2016 and 2017. The TTF forecast also reserves nearly \$700 million not included in the *Consolidated Transportation Program* from fiscal 2019 to 2022 to increase the share of HUR going to local governments.

Capital Budget

Fiscal 2018 Capital Budget

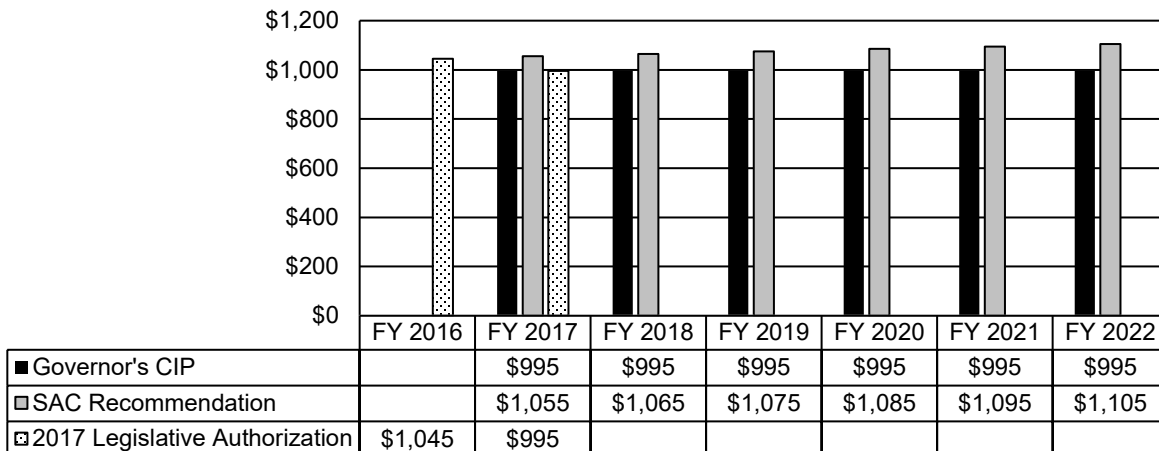
Fiscal 2018 Capital Budget Totals \$1.864 Billion

- Debt components** include \$995.0 million of new general obligation (GO) bonds plus another \$18.3 million of GO bonds recycled from de-authorizations, \$4.8 million of Qualified Zone Academy Bonds; \$32.0 million of Academic Revenue Bonds, and \$344.3 million of revenue bonds to be issued by the Maryland Department of the Environment to fund various drinking and water quality projects.
- Pay-as-you-go (PAYGO) components** include \$9.4 million in general funds of which \$9.0 million funds the Heritage Structure Tax Credit, \$376.3 million in special funds, and \$106.0 million in federal funds.

Funding Highlights

- GO Bond Authorization Levels Are Consistent with the Capital Debt Affordability Recommendation but Below Spending Affordability Limits:** Proposed new GO bond authorization amount is \$70 million below the level recommended by the Spending Affordability Committee (SAC) for fiscal 2018 and \$440 million below the SAC recommendation through the five-year *Capital Improvement Program* (CIP) covering fiscal 2018 through 2022.

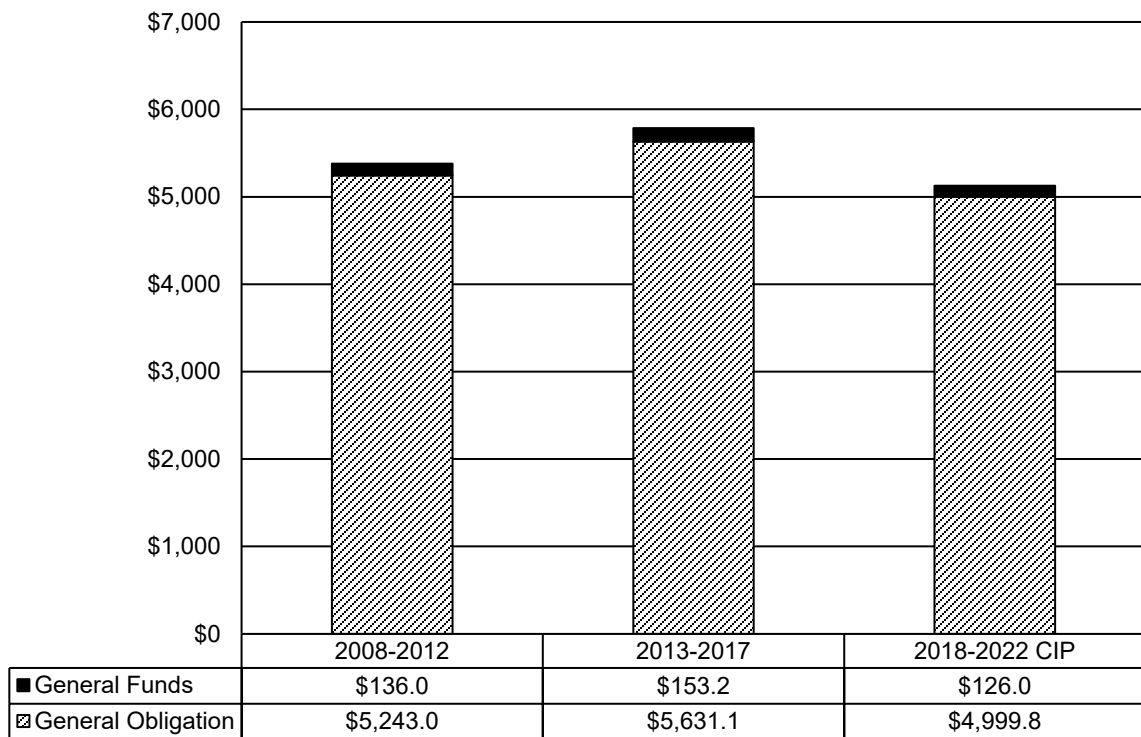
2017 Capital Improvement Program and SAC Recommended New General Obligation Bond Authorization Levels
Fiscal 2017-2022
 (\$ in Millions)



CIP: *Capital Improvement Program*
 SAC: Spending Affordability Committee

- Proposed five-year GO bond and general fund PAYGO funding is below the previous two five-year intervals.

2017 Capital Improvement Program Comparison to Five-year Funding for Fiscal 2008-2012, Fiscal 2013-2017, and Fiscal 2018-2022 (\$ in Millions)



CIP: *Capital Improvement Program*

Note: Figures include general fund appropriations for the Heritage Structure Tax Credit, which is not part of the Governor's annual CIP.

Capital Budget – All Funds

Fiscal 2018

(\$ in Millions)

	<u>FY 2017</u>	<u>FY 2018</u>	<u>Variance</u>
Uses			
State Facilities	\$48.9	\$118.0	\$69.1
Health/Social	67.8	58.4	-9.4
Environment	428.0	799.8	371.8
Public Safety	11.1	7.5	-3.6
Education	362.4	371.5	9.1
Higher Education	421.9	384.8	-37.1
Housing/Economic Development	128.8	131.5	2.7
Local Projects Administration	13.7	19.5	5.8
Local Projects Legislative	39.8	0.0	-39.8
Subtotal	\$1,522.4	\$1,891.0	\$368.6
Transportation	2,683.3	2,650.5	-32.8
Total	\$4,205.7	\$4,541.5	\$335.8
Funds			
General Obligation (GO)	\$995.0	\$995.0	\$0.0
Additional GO from De-authorizations	10.1	18.3	8.2
Revenue Bonds	24.5	381.1	356.6
Qualified Zone Academy Bonds	4.7	4.8	0.1
General	62.3	9.5	-52.8
Special	350.9	376.3	25.4
Federal	74.9	106.0	31.1
Transportation	2,683.3	2,650.5	-32.8
Total	\$4,205.7	\$4,541.5	\$335.8

Note: Fiscal 2017 figures adjusted to reflect the following general fund planned reversions: (1) \$42.9 million restricted in the State Reserve Fund for specified capital purposes; (2) \$9.8 million reversion from the Maryland Department of the Environment budgeted to be replaced with GO bonds in fiscal 2018; and (3) \$7.0 million reverted from various Department of Housing and Community Development (DHCD) programs. Fiscal 2018 figures adjusted to reflect \$45.625 million of general fund contingent reductions to DHCD capital programs of which \$31.625 million is proposed to be replaced with GO bonds.

Capital Budget – All Funds
2016 Session CIP Compared to 2017 Session CIP
Fiscal 2018-2021
(\$ in Millions)

	<u>2016 CIP</u>	<u>2017 CIP</u>	<u>Variance</u>
Uses			
State Facilities	\$321.0	\$371.1	\$50.1
Health/Social	299.8	317.0	17.2
Environment	1,864.4	2,650.6	786.2
Public Safety	518.6	113.2	-405.4
Education	1,164.4	1,387.0	222.6
Higher Education	1,347.8	1,461.1	113.3
Housing/Economic Development	431.2	531.4	100.2
Local Projects Administration	0.0	90.4	90.4
Local Projects Legislative	0.0	0.0	0.0
Subtotal	\$5,947.2	\$6,921.8	\$974.6
Transportation	\$9,308.6	\$9,249.0	-\$59.6
Total	\$15,255.8	\$16,170.8	\$915.0
Funds			
General Obligation (GO)	\$3,923.6	\$3,979.8	\$56.2
Additional GO from De-authorizations	0.0	18.3	18.3
Revenue Bonds	122.0	571.1	449.1
Qualified Zone Academy Bonds	0.0	9.6	9.6
General	40.0	104.0	64.0
Special	1569.3	1,897.2	327.9
Federal	292.3	341.9	49.6
Transportation	9,308.6	9,249.0	-59.6
Total	\$15,255.8	\$16,170.9	\$915.1

CIP: *Capital Improvement Program*

Note: Fiscal 2017 figures adjusted to reflect the following general fund planned reversions: (1) \$42.9 million restricted in the State Reserve Fund for specified capital purposes; (2) \$9.8 million reversion from the Maryland Department of the Environment budgeted to be replaced with GO bonds in fiscal 2018; and (3) \$7.0 million reverted from various Department of Housing and Community Development (DHCD) programs. Fiscal 2018 figures adjusted to reflect \$45.625 million of general fund contingent reductions to DHCD capital programs of which \$31.625 million is proposed to be replaced with GO bonds.

Solving the Problem

	<u>Fiscal 2018 CIP and Commitments</u>
2016 CIP Programmed GO Bond and General Fund Commitments	\$995.5
Projects Accelerated/Deferred	\$148.2
Projects Pre-authorized	27.2
Bond Replacement BPW Reductions and Reserve Fund	30.8
Mandates	20.0
Expressions of Intent	33.8
Legislative and Administration Local Initiatives	26.7
Subtotal	\$286.7
Potential Bond Replacement for General Fund PAYGO	\$46.5
Total	\$1,328.7
Significant Reductions	
MISC: Prince George's Regional Hospital	-\$56.2
MDE: Biological Nutrient Removal Program	-41.0
DPSCS: New Baltimore Justice Center	-38.0
MHEC: Community College Construction Grant Program	-23.7
UMBC: Interdisciplinary Life Science Building	-19.8
DPSCS: MCI-H Perimeter Security Upgrade	-10.0
DPSCS: Demolition of Buildings at BCCC	-16.6
BPW: Facilities Renewal (replacement of fiscal 2017 funds)	-15.0
DHCD: Rental Housing Program	-10.0
MISC: Legislative Bond Bills	-15.0
DHMH: Rosewood Abatement	-10.0
TU: New Science Facility	-10.0
BPW: New Catonsville District Court	-9.6
DHCD: Baltimore Regional Neighborhood Initiative	-9.0
MDA: Salisbury Animal Health Laboratory Replacement	-8.1
DJS: New Female Detention Center	-8.0
MISC: Downtown Frederick Hotel and Conference Center	-7.5
MDA: Agricultural Cost-Share Program (replacement of fiscal 2017 funds)	-6.0
DoIT: Public Safety Communications System	-6.2
MSU: New Student Services Support Building	-5.5
DHCD: Seed Anchor Institution Funds	-5.0
UMCP: Brendan Iribe Center for Computer Science and Innovation	-3.9
DSP: New Cumberland Barrack	-3.7
MISC: Sheppard Pratt at Elkridge	-3.8
UMCP: New Cole Field House	-3.4
UMCP: School of Public Policy Building	-3.0
MISC: Strathmore Hall Performing Arts Center	-3.0

**Fiscal 2018 CIP
and Commitments**

Significant Additions Above CIP and Other Commitments

Public School Construction Program	30.0
Nonpublic Aging Schools Program	3.5

Other	-\$15.7
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Net Total Adjustments	-\$333.1
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Governor's Proposed GO Bond and General Fund Capital Program	\$995.5
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BCCC: Baltimore City Community College

BPW: Board of Public Works

CIP: *Capital Improvement Program*

DHCD: Department of Housing and Community Development

DHMH: Department of Health and Mental Hygiene

DJS: Department of Juvenile Services

DoIT: Department of Information Technology

DPSCS: Department of Public Safety and Correctional Services

DSP: Department of State Police

GO: general obligation

MCI-H: Maryland Correctional Institution-Hagerstown

MDA: Maryland Department of Agriculture

MDE: Maryland Department of the Environment

MHEC: Maryland Higher Education Commission

MISC: miscellaneous

MSU: Morgan State University

PAYGO: pay-as-you-go

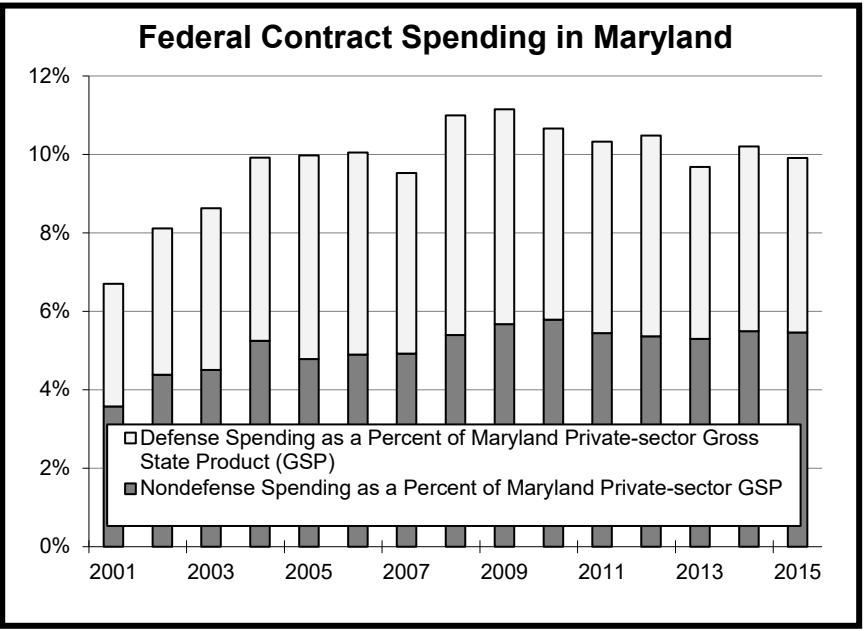
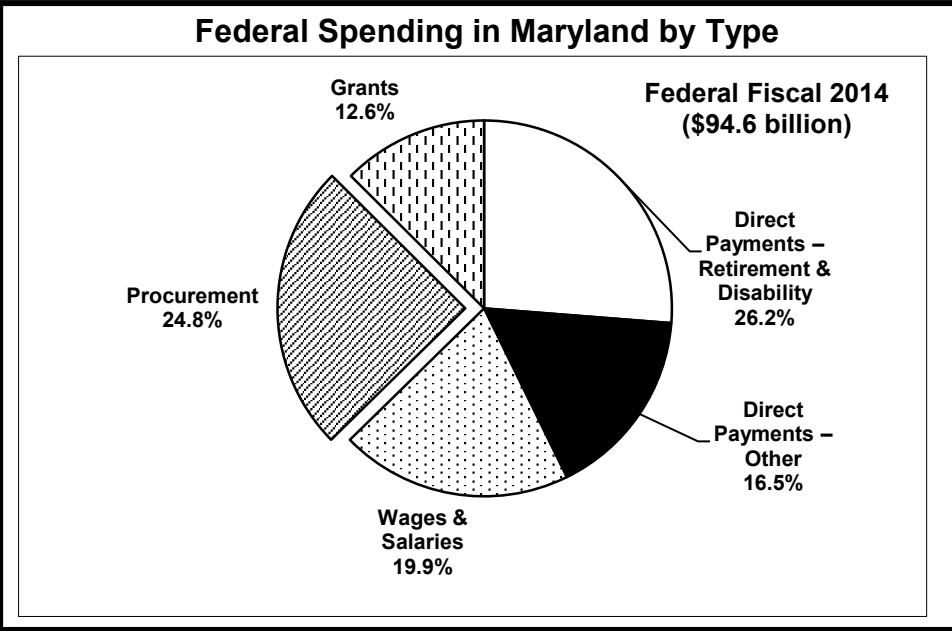
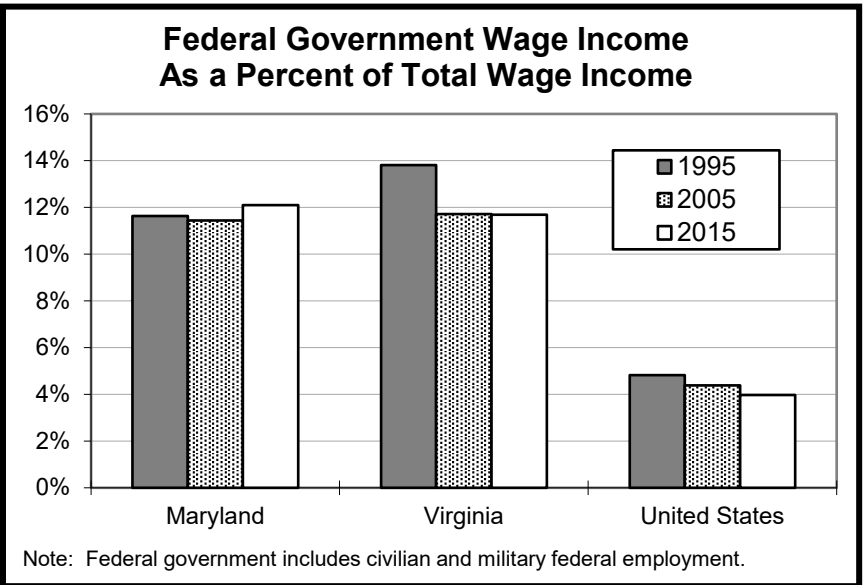
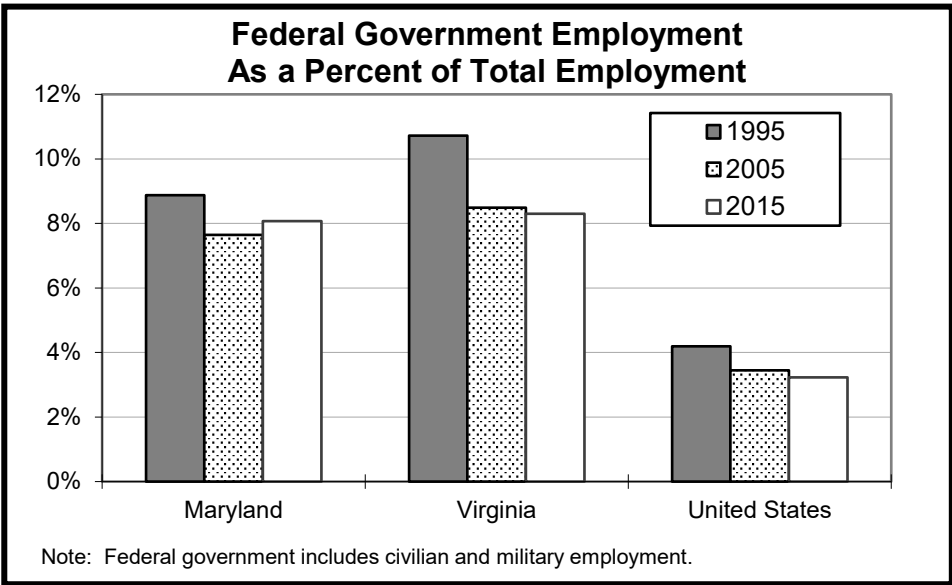
TU: Towson University

UMBC: University of Maryland Baltimore County

UMCP: University of Maryland, College Park

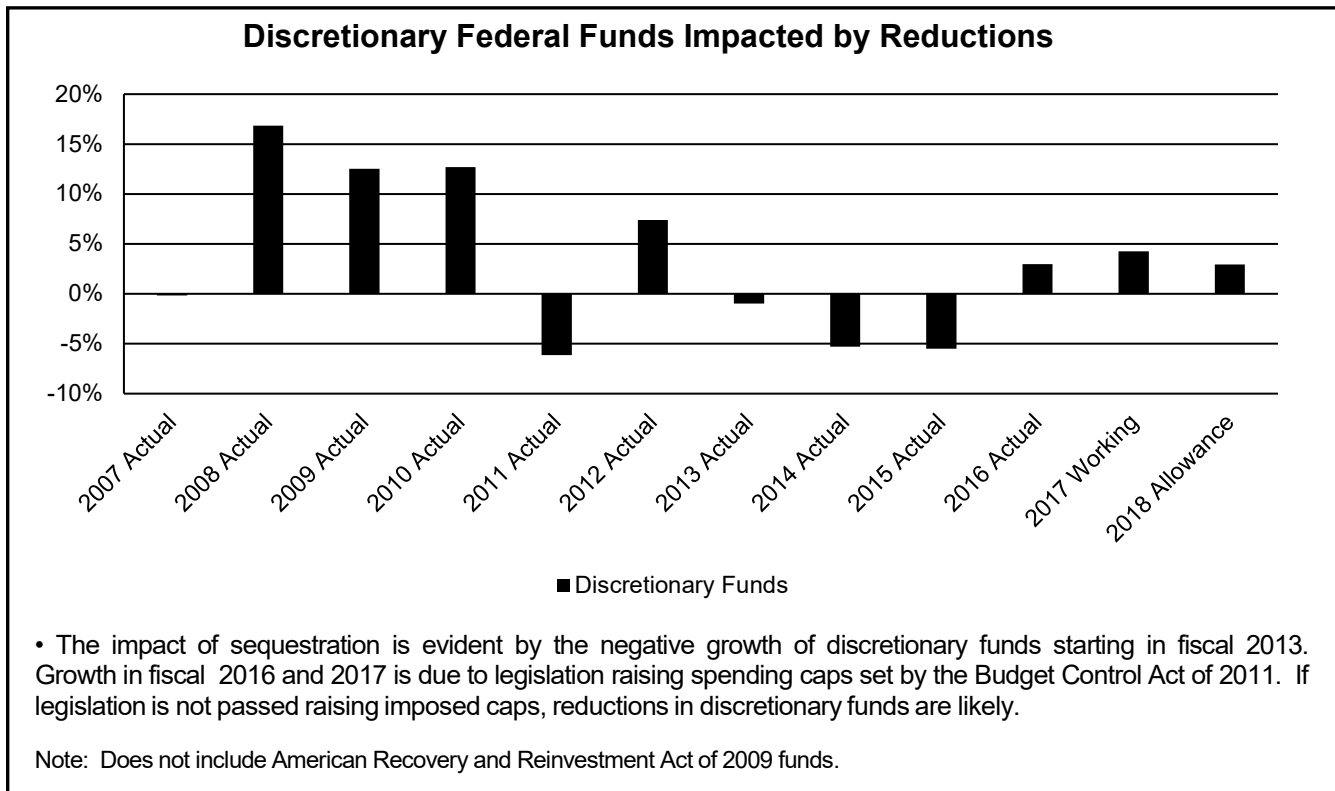
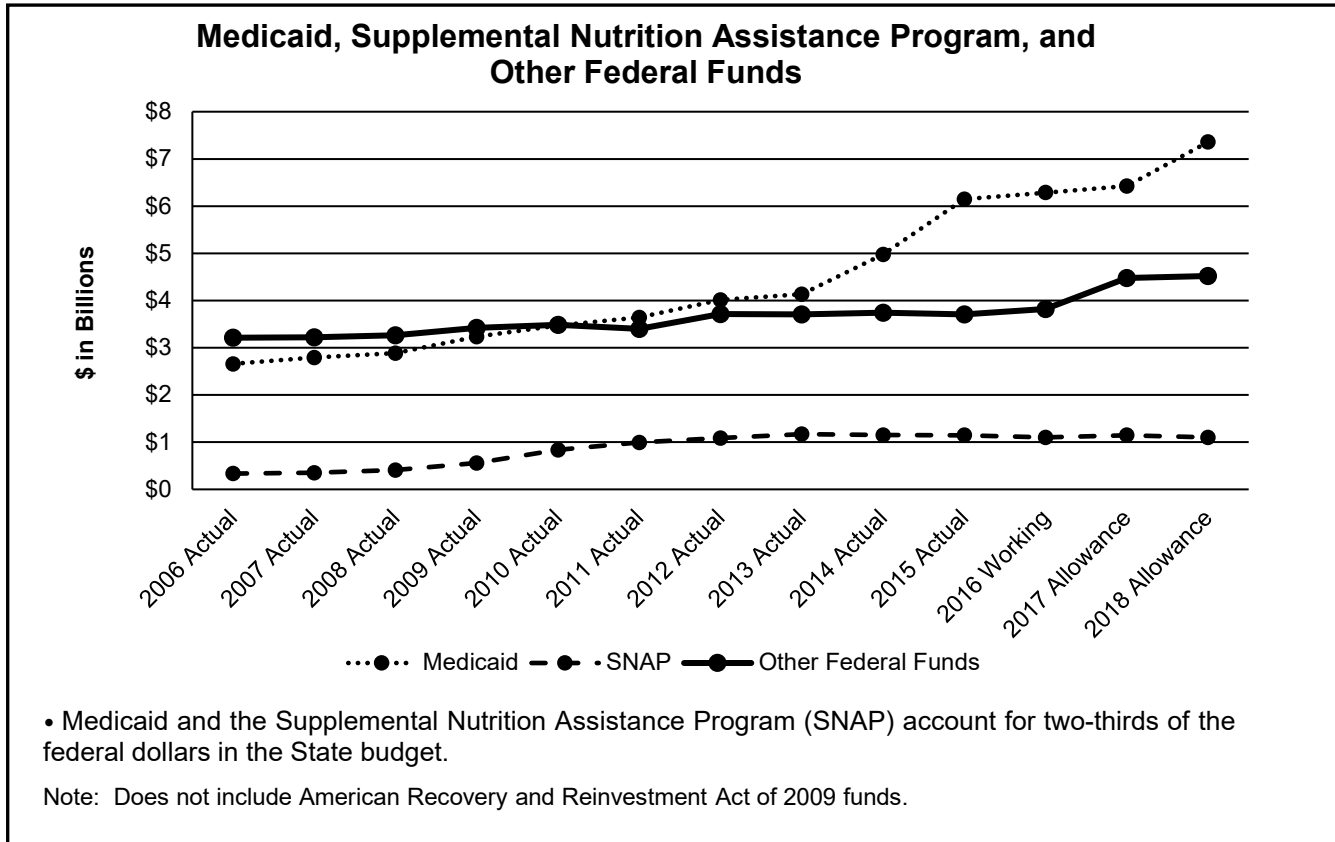
Federal Outlook for the Economy and Budget Is Uncertain

Federal Government in Maryland



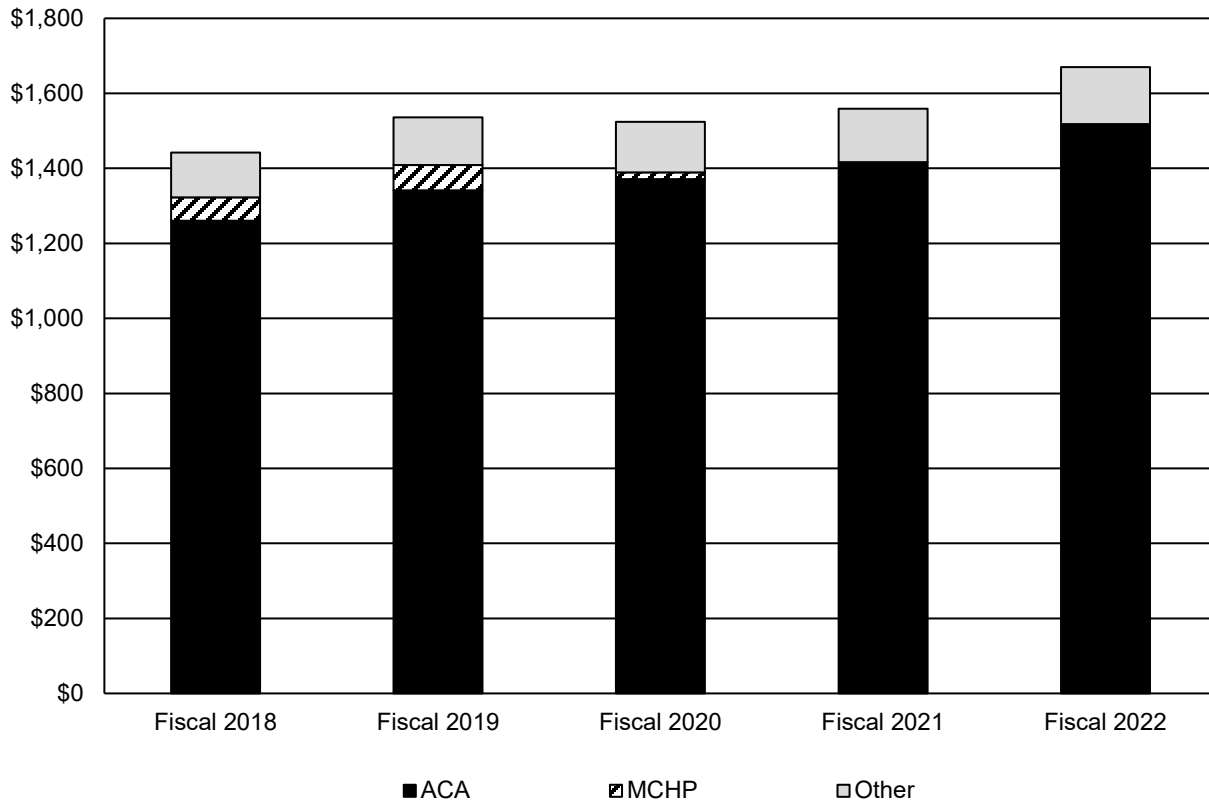
Source: U.S. Department of Commerce, Bureau of Economic Analysis; Pew Charitable Trusts; usaspending.gov

Federal Funds to the State of Maryland



Source: Department of Budget and Management; Department of Legislative Services

Over \$7.7 Billion in Federal Funding Authorized under the Affordable Care Act Is Anticipated Between Fiscal 2018 and 2022



ACA: Affordable Care Act
MCHP: Maryland Children's Health Program

- Federal funding provided under the Affordable Care Act (ACA) supports over \$1.4 billion in services in the fiscal 2018 budget, and the State anticipates over \$7.7 billion in ACA funding through fiscal 2022.
- The 2018 budget assumes 312,000 individuals enrolled under the ACA Medicaid expansion provision will receive full physical and behavioral health care coverage benefits at a total cost of care of \$2.8 billion.
- Without the enhanced ACA match, to maintain coverage to this population would cost an additional \$1.26 billion in general funds.
- The ACA included various provisions allowing the states to claim additional drug rebates. The fiscal 2018 budget assumes at least \$100.0 million in general funds savings because of those provisions.

- The ACA included an enhanced match for the Maryland Children’s Health Program through September 2019. Losing that enhanced match would cost the State \$62.0 million in fiscal 2018.
- The ACA also includes enhanced matching funds for certain programs that keep individuals in home- and community-based versus institutional care. To maintain the current level of services in the Community First Choice program, for example, would require an additional \$16.4 million in general funds.
- The State is currently developing or proposing Information Technology projects that can benefit from another provision in the ACA, which provides for a 90% federal match. Repeal of the ACA would result in the need for additional general fund support based on a matching rate as low as 50%.

The ACA Supports Significant Areas of Health Spending Outside of the State Budget

- Maryland’s All-payer Model Contract was approved through a federal agency established by the ACA. Failure to renew our current five-year contract would result in Medicare and Medicaid payments to Maryland being reduced by \$2.3 billion annually.
- The ACA Medicaid expansion has resulted in a significant drop in uncompensated care spending (over \$300 million), lowering hospital costs for all payers.
- Through the Maryland Health Benefit Exchange, over 60,000 Maryland households receive subsidized health insurance coverage with federal premium support of \$225 million. Without that premium support, many of these households would not be able to afford coverage.
- The ACA closes the Medicare Part D “donut hole” by fiscal 2020. Repeal could impact the over 900,000 Medicare beneficiaries in Maryland and put pressure on the State to offer additional support to that already provided through the Senior Prescription Drug Assistance Program to help low-income seniors cover drug costs incurred in the “donut hole.”
- The State also significantly reduced its liabilities in fiscal 2011 by ending retiree prescription drug coverage on the premise that the Medicare Part D program would no longer have the “donut hole.” If this provision is repealed, there may be pressure to revisit the 2011 decision.

Appendices

Appendix 1
Spending Affordability Analysis
Governor's Proposed Budget
Fiscal 2018
(\$ in Millions)

Target		
Estimated Structural Gap (Dec. 2016)		\$377
Target Reduction		\$189
Revenues	\$17,209	
Maryland Correctional Services Transfer	-3	
Other One-time Items	-1	
Subtotal		\$17,206
Spending	\$17,134	
State Reserve Fund	-10	
Medicaid Cigarette Restitution Fund Funding	16	
Hospital Deficit Assessment	25	
Other Ongoing Spending	4	
Pay-as-you-go Capital	-1	
Subtotal		\$17,168
Amount Reduced from Structural Shortfall		\$416
Surplus/(Deficit)		\$38

Appendix 2
Changes from General Fund Baseline Expenditure Growth
Fiscal 2018 Proposed Budget
(\$ in Millions)

Aid to Local Governments	-\$97
Education Aid – lower than anticipated enrollment growth (-\$39 million)	
Freeze funding for police aid, local health, and disparity grants (-\$18 million)	
Education Aid – contingent reduction for teacher stipend/retention mandates (-\$8 million)	
Education Aid – contingent reduction to repeal new education mandates (-\$16 million)	
Education Aid – new funding for Innovative Schools and LYNX Schools (\$1 million)	
Entitlements	-140
Medical assistance funding less than baseline estimates (-\$149 million)	
Health – contingent reduction to delay Medicaid deficit assessment buy down (-\$25 million)	
Behavioral Health – increased funding for mental health and substance abuse services (\$10 million)	
Assistance payments/foster care – less federal funds (\$16 million)	
Property Tax Credits (\$8 million)	
State Agencies – Operations/Programs	-308
Employee compensation – no fiscal 2018 general salary increase or increments (-\$128 million)	
Housing – contingent reduction to replace PAYGO with GO (-\$46 million)	
Developmental Disabilities – align expenditures with prior year actuals (-\$24 million)	
Higher Education spending (including private institutions) – (\$21 million)	
Corrections – employee overtime and other operating expenses (-\$21 million)	
Corrections – downsize MCI-H due to population decline (-\$17 million)	
Child Care Subsidy Program funding less than baseline (-\$19 million)	
Major Information Technology projects (-\$14 million)	
SDAT – contingent reduction from increasing local cost share to 70/30 (-\$11 million)	
Juvenile Services – lower per diems due to population decline (-\$9 million)	
General fund support for MEDAAF (\$10 million)	
Other	-58
General fund support for public debt (\$32 million)	
Use Rainy Day Fund Balance in excess of 5% to balance fiscal 2018 (-\$40 million)	
Contingent reduction to eliminate pension sweeper provision for one year (-\$50 million)	
Total Difference from Baseline	-\$603

GO: general obligation
MCI-H: Maryland Correctional Institution - Hagerstown
MEDAAF: Maryland Economic Development Authority Assistance Fund
PAYGO: pay-as-you-go
SDAT: State Department of Assessments and Taxation

Appendix 3
Perspectives on Budget Change
Budget as Submitted, Including
Reversions and Contingent Reductions
Fiscal 2017-2018
(\$ in Millions)

	<u>2017</u>	<u>2018</u>	<u>\$ Change</u>	<u>% Change</u>
Legislative Appropriations				
General	\$16,970.0	\$17,123.6	\$153.6	0.9%
Special	8,770.4	9,113.5	343.2	3.9%
Federal	12,040.8	12,970.2	929.4	7.7%
Higher Education	4,215.3	4,371.3	156.1	3.7%
Total	\$41,996.5	\$43,578.7	\$1,582.2	3.8%
Amendments and Deficiencies				
			<u>Explanation</u>	
General			\$27.7 Medicaid/other deficiencies, BPW cuts, and cont. cuts	
Special			-15.1 Transportation PAYGO	
Federal			834.7 Medicaid, Transportation PAYGO	
Higher Education			75.1 Higher Education grants and contracts, enrollment	
Total	\$922.4			
Underlying Budget Growth Estimate				
General	\$16,997.7	\$17,123.6	\$125.9	0.7%
Special	8,755.2	9,113.5	358.3	4.1%
Federal	12,875.6	12,970.2	94.7	0.7%
Higher Education	4,290.4	4,371.3	81.0	1.9%
Total	\$42,918.9	\$43,578.7	\$659.8	1.5%
Reserve Fund Appropriations	\$155.4	\$10.0	-\$145.4	
Total	\$43,074.3	\$43,588.7	\$514.4	1.2%

BPW: Board of Public Works

PAYGO: pay-as-you-go

Note: General fund amounts exclude the Rainy Day Fund appropriation.

Appendix 4
State Reserve Fund Activity
Fiscal 2017 and 2018
(\$ in Millions)

	<u>Rainy Day Fund</u>	<u>Dedicated Purpose Acct.</u>	<u>Catastrophic Event Acct.</u>
Balances 6/30/16	\$832.4	\$1.8	\$9.6
Fiscal 2017 Appropriations	235.3	0.0	0.0
Transfer to General Fund	-170.0	0.0	0.0
Information Technology Upgrades	0.0	-1.8	0.0
Excess Revenue/Transfers	-80.0 ¹	0.0	0.0
Ellicott City Flood Relief Assistance	0.0	0.0	-2.5
Interest and Other Net Revenues	14.8	0.0	0.0
Estimated Balances 6/30/17	\$832.6	\$0.0	\$7.1
Fiscal 2018 Appropriations	50.0	0.0 ²	0.0
Contingent Reduction	-40.0	0.0	0.0
Interest and Other Net Revenues	17.7	0.0	0.0
Estimated Balances 6/30/17	\$860.3	\$0.0	\$7.1
Percent of Revenues in Reserve	5.0%		

¹ The fiscal 2017 budget bill restricted approximately \$80 million from within the Rainy Day Fund appropriation to fund other projects and programs. With the Administration's decision to not release those funds for the identified purposes, the restricted funds will revert to the General Fund at the close of fiscal 2017.

² State law requires that an additional \$50 million be appropriated to reduce the unfunded pension liability. The Administration has chosen to increase the pension contribution rates instead of appropriating this in the Dedicated Purpose Account. The Administration's Budget Reconciliation and Financing Act has also proposed to delete this requirement in fiscal 2018.

Appendix 5
Status of the General Fund
Fiscal 2017
(\$ in Millions)

Starting Balance		\$384.5
Revenues		
BRE Estimated Revenue December 2016	\$16,511.1	
Administration Assumptions	16.2	
Total		\$16,527.4
Transfers		
Budgeted Tax Credits	\$29.5	
Rainy Day Fund	170.0	
GAAP Adjustment	47.4	
Program Open Space	62.8	
Total		\$309.7
Funds Available		\$17,221.5
Spending		
Fiscal 2017 Working Appropriation	\$17,235.6	
Deficiencies	155.6	
November 2016 BPW Withdrawn Appropriations	-82.3	
Reversion of Fenced Off Items	-87.9	
Targeted Agency Reversions	-37.9	
Estimated Agency Reversions	-30.0	
Net Expenditures		\$17,153.1
Ending Balance		\$68.5

BPW: Board of Public Works

BRE: Board of Revenue Estimates

GAAP: generally accepted accounting principles

Appendix 6

Fiscal 2017 Total Fund Deficiencies Amount to Over \$1 Billion Primarily Due to Higher Than Anticipated Medicaid Enrollment by the Affordable Care Act Expansion Population

	<u>GF</u>	<u>SF</u>	<u>FF</u>	<u>CUF</u>	<u>Total</u>
Medicaid: The managed care organization calendar 2016 and 2017 rate increase and enrollment growth (primarily in the ACA expansion population) offset by other program changes.	\$90.1	\$37.9	\$837.1	\$0.0	\$965.1
Initiatives: Grant to the Marriott Corporation (\$20.0 million in GF); additional substance use disorder funding (\$2.0 million in GF); Rental Assistance Program funding for residents of Lynnhill Condominiums in Prince George's County (\$0.6 million in GF); and opening of an additional 20-bed unit at Perkins (\$0.5 million in GF).	23.1	0.0	0.0	0.0	23.1
Backfill of Fiscal 2017 Withheld Funds That Are Being Reverted: Local retirement funding (\$19.7 million in GF) and Maryland agricultural cost-share program (\$1.1 million in GF)	20.8	0.0	0.0	0.0	20.8
Operating Costs in Various Agencies: The Behavioral Health Institute for Mental Disease expenses (\$7.0 million in GF); Department of Natural Resources expenses related to homeland security, oyster bed restoration, habitat and sport fish activities, and operations (\$0.2 million in GF, \$0.9 million in SF, and \$1.9 million in FF); legal expenses in the Department of Human Resources (\$1.4 million in GF), the Maryland Higher Education Commission (\$1.0 million in GF), the Office of Attorney General (\$0.6 million in SF), and the State Board of Elections (SBE) (\$0.3 million in GF); the Department of Information Technology (DoIT) enterprise initiative and Geographic Information Systems licensing fees (\$1.7 million in GF); the Department of Public Safety and Correctional Services time keeping support, upgrading IT systems related to the Justice Reinvestment Act, and facility food costs (\$2.0 million in GF); maintenance, security, and other costs at the Crownsville Hospital Center (\$1.4 million in GF and \$0.1 million in SF); SBE 2016 election expenses (\$0.6 million); and other agencies (\$1.0 million in GF, \$0.2 million in SF, and \$0.3 million in FF). These increases are offset by \$3.0 million in GF operational savings, primarily in the Department of Juvenile Services (\$2.8 million).	13.5	1.8	2.2	0.0	17.5

	<u>GF</u>	<u>SF</u>	<u>FF</u>	<u>CUF</u>	<u>Total</u>
Special and Federal Fund Availability: The Department of Human Resources shortfall in federal Medicaid funds (\$23.0 million in GF increase and offsetting FF reduction); shortfall in HEIF revenues including funding intended to offset the November BPW reduction as well as revised corporate income tax projections (\$8.7 million in GF increase partially offset by \$4.7 million in SF reduction plus \$4.1 million in CUF addition); the Department of General Services backfilling for unavailable special fund revenues (\$0.4 million GF and offsetting \$0.4 million reduction); and the Department of Labor, Licensing, and Regulation federal uninsurance underattainment (\$1.5 million in SF and offsetting \$1.5 million in FF reduction).	32.1	-3.2	-24.5	4.1	8.5
Fiscal 2016 Deficits Carried Forward in Fiscal 2017: The Office of the Public Defender (\$5.3 million) and DoIT enterprise initiative expenses (\$1.3 million).	6.6	0.0	0.0	0.0	6.6
Economic Development Grants: Northrop Grumman (\$5.0 million in SF) and other (\$0.6 million).	0.0	5.6	0.0	0.0	5.6
Debt Service: Additional expenditures from annuity bond fund (\$4.0 million in SF).	0.0	4.0	0.0	0.0	4.0
Backfill of November 2016 BPW Actions: Educational Excellence Awards (\$3.1 million in SF).	0.0	3.1	0.0	0.0	3.1
Capital: The Maryland Energy Administration energy performance contracts (\$1.0 million in SF).	0.0	1.0	0.0	0.0	1.0
Education Aid: Funding for the Autism waiver (\$0.4 million in GF) and Montgomery County optional library retirement costs (\$0.2 million in GF).	0.6	0.0	0.0	0.0	0.6
Available Education Trust Fund Revenue.	-23.7	23.7	0.0	0.0	0.0
Restructuring of the Prince George's Regional Medical Center Grant: Reduction of the fiscal 2017 grant as part of a broader restructuring of the anticipated operational support for the medical center (\$7.5 million in GF).	-7.5	0.0	0.0	0.0	-7.5
Fiscal 2017 Deficiencies Total	\$155.6	\$73.9	\$814.8	\$4.1	\$1,048.4

ACA: Affordable Care Act
BPW: Board of Public Works
CUF: current unrestricted funds
FF: federal funds
GF: general funds
HEIF: Higher Education Investment Fund
IT: information technology
SF: special funds

Appendix 7
Revenue and Transfer Assumptions
Fiscal 2017-2018

	<u>2017</u>	<u>2018</u>
Revenue Assumptions		
Lottery Revenue: November 2016 BPW Reduction	\$982,000	
VW Settlement	12,000,000	
Maryland Environmental Service	2,000,000	
Lottery Revenue: Repeal Chapter 727 of 2016*	1,000,000	\$1,000,000
Veterans' Cemetery Funding	236,000	
DLLR: SAEF Revenues		900,000
Lottery Budget Adjustment		-800,230
Total	\$16,218,000	\$1,099,770
 Transfers Contingent on Budget Reconciliation Legislation		
Maryland Correctional Enterprises*		\$2,500,000
Total	\$0	\$2,500,000

BPW: Board of Public Works

DLLR: Department of Labor, Licensing, and Regulation

SAEF: Special Administrative Expense Fund

VW: Volkswagen

* Items require a statutory change through legislation.

Appendix 8
Fiscal 2017 Fund Balance Reconciliation
(\$ in Millions)

Estimated Ending Fund Balance (July 2016)	\$363.3
 Revenues	
2016 BRE Revisions	-\$426.3
Fiscal 2016 Closeout	-250.5
Higher Than Expected Tax Credit Reimbursements	12.4
Administration Assumptions 2017 Session	16.2
GAAP Adjustment	47.4
Rainy Day Fund	170.0
<i>Subtotal</i>	-\$430.8
 Spending	
Targeted Fiscal 2017 Reversions	\$125.5
Fiscal 2016 Closeout Reversions	83.7
November 2016 BPW Withdrawn Appropriation	82.3
Fiscal 2017 Deficiencies	-155.6
<i>Subtotal</i>	\$135.9
Estimated Closing Fund Balance (January 2017)	\$68.5

BPW: Board of Public Works
BRE: Board of Revenue Estimates
GAAP: generally accepted accounting principles

Appendix 9
Status of the General Fund
Fiscal 2018
(\$ in Millions)

Starting Balance		\$68.5
Revenues		
BRE Estimated Revenue December 2016	\$17,134.3	
Administration Assumptions	1.1	
Total		\$17,135.4
Transfers		
Budgeted Tax Credits	\$25.4	
Budget Reconciliation Legislation	2.5	
Program Open Space	46.0	
Total		\$74.0
Funds Available		\$17,277.8
Spending		
Fiscal 2018 Allowance	\$17,412.6	
Contingent Reductions	-247.8	
Targeted Reversions	-1.2	
Estimated Agency Reversions	-30.0	
Net Expenditures		\$17,133.6
Ending Balance		\$144.2

BRE: Board of Revenue Estimates

Appendix 10
General Fund Reductions Contingent on Legislation
Fiscal 2018

	<u>2018</u>
2016 Session Legislation	
DHMH Restructure Payments to Prince George’s Regional Medical Center Chapter 13 of 2016	\$15,000,000
MSDE Repeal Chapter 740 of 2016 Teacher Stipend and Retention Grants	8,000,000
MSDE Repeal Chapter 32 of 2016 Public Schools Opportunities	7,500,000
MSDE Repeal Chapter 33 of 2016 Next Generation Scholars	5,000,000
Disparity Grants Repeal Chapter 738 of 2016	4,601,163
USM Reduce Funding Guideline Mandate in Chapter 25 of 2016	4,000,000
MSDE Repeal Chapters 714 and 715 of 2016 Enoch Pratt Expanded Hours	3,000,000
MDE Phase-in Next Generation Farmland Funding Over Two Years Chapter 10 of 2016	2,500,000
DLLR Repeal Chapter 34 of 2016 MD Center for Construction Education and Innovation	250,000
MSDE Repeal Chapters 681 and 682 of 2016 Robotics Grants	250,000
Department of Housing and Community Development Reduce Pay-as-you-go Mandates	
Chapter 30 of 2016 Strategic Demolition and Smart Growth Impact Fund	25,625,000
Chapter 29 of 2016 Baltimore Regional Neighborhood Initiative Program	12,000,000
Chapter 31 of 2016 Seed Community Development Anchor Institution Fund	5,000,000
Chapters 698 and 699 of 2016 Shelter and Transitional Housing Facilities Grant Program	3,000,000
Subtotal	\$95,726,163
Other Contingent Reductions	
Reduce Pension Sweeper Mandate for One Year	\$48,813,523
Reserve Fund	40,000,000
DHMH Medicaid Delay Deficit Assessment Buydown for One Year	25,000,000
DHMH DDA Cut Provider Rate Increase to 2%	8,444,522
MHEC Sellinger Grants Fund at the Fiscal 2017 Level	6,574,208
DHMH Community Services for the Uninsured	3,750,000
DLLR Funding Racing Commission from the Purse Dedication Account	2,505,378
DHMH Use Senior Prescription Drug Revenue for Mental Health Services	1,086,000
Subtotal	\$136,173,631
Local Impacts	
SDAT Increase Local Cost Share to 70%	\$8,738,572
Level Fund Disparity Grants at Fiscal 2017 Level	3,842,387
SDAT Include Executive Direction in Local Cost Share	2,124,135
DHMH Level Fund Local Health Formula Grants at the Fiscal 2017 Level	747,276
GOCCP Level Fund Police Aid at Fiscal 2017 Level	465,142
Subtotal	\$15,917,512
Total	\$247,817,306

DDA: Developmental Disabilities Administration
DHMH: Department of Health and Mental Hygiene
DLLR: Department of Labor, Licensing, and Regulation
GOCCP: Governor’s Office of Crime Control and Prevention
MDE: Maryland Department of the Environment
MHEC: Maryland Higher Education Commission
MSDE: Maryland State Department of Education
SDAT: State Department of Assessments and Taxation
USM: University System of Maryland

Appendix 11
Savings from Repeal or Deferral of Mandates
Enacted at 2016 Legislative Session
(\$ in Millions)

	<u>Proposed</u> <u>Savings</u>	<u>Bond</u> <u>Replacement</u>
Repeal of General Fund Mandates		
Strategic Demolition and Smart Growth Impact Fund	\$25.6	\$25.6
Baltimore Regional Neighborhood Initiative	12.0	3.0
Teacher Stipend and Retention Grants	8.0	
Public School Opportunities Enhancement Program	7.5	
Seed Community Development Anchor Institution Fund	5.0	
Next Generation Scholars	5.0	
Disparity Grant	4.6	
Higher Education Funding Guideline Attainment	4.0	
Shelter and Transitional Housing	3.0	3.0
Enoch Pratt Library Expanded Hours	3.0	
Robotics Grants	0.3	
Maryland Center for Construction Education and Innovation	0.3	
Partial Deferral of General Fund Mandates		
Prince George's Regional Medical Center (\$30 Million Mandate)	15.0	
Next Generation Farmland (\$5 Million Mandate)	2.5	
Total – General Funds	\$95.7	\$31.6
Repeal Portion of Special Fund Mandate and Change Funding Source		
Grants to Humanities Council and Sports Marketing Council	\$0.5	
Total – State Funds	\$96.2	\$31.6
Funding Included in Spending Plan for Mandates Enacted at 2016 Session		
Prince George's Regional Medical Center (Partial Funding)	\$15.0	
Heritage Structure Rehabilitation Credit – Extension	9.0	
University of Maryland Partnership	6.0	
Matching Contribution for College Savings Plan	5.0	
Pre-school Development Grants	3.7	
Next Generation Farmland (Partial Funding)	2.5	
Internet Crimes Against Children Task Force Fund	2.0	
Food Stamp Program – Minimum Benefit	1.9	
Others (School for Blind, Morgan, Library Formula, etc.)	3.2	
Total	\$48.3	

Appendix 12
State Expenditures – Special and Higher Education Funds*
(\$ in Millions)

<u>Category</u>	<u>FY 2016 Actual</u>	<u>FY 2017 Working Appropriation</u>	<u>FY 2018 Allowance</u>	<u>Contingent Reductions +SF Add-Backs</u>	<u>FY 2018 Adjusted Allowance</u>	<u>FY 2017 to FY 2018</u>	
						<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$1,116.4	\$1,206.5	\$1,304.6	\$0.0	\$1,304.6	\$98.1	8.1%
County/Municipal	\$289.1	\$342.1	\$414.1	\$0.0	\$414.1	\$72.1	21.1%
Community Colleges	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Education/Libraries	382.4	482.5	546.7	0.0	546.7	64.1	13.3%
Health	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Aid to Local Governments	\$671.5	\$824.6	\$960.8	\$0.0	\$960.8	\$136.2	16.5%
Foster Care Payments	\$4.3	\$2.2	\$4.3	\$0.0	\$4.3	\$2.1	94.1%
Assistance Payments	11.3	13.3	12.5	0.0	12.5	-0.8	-6.2%
Medical Assistance	1,001.9	984.7	969.0	25.0	994.0	9.3	0.9%
Property Tax Credits	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Entitlements	\$1,017.5	\$1,000.2	\$985.8	\$25.0	\$1,010.8	\$10.6	1.1%
Health	\$394.7	\$518.1	\$467.7	\$0.9	\$468.6	-\$49.5	-9.6%
Human Resources	100.9	98.1	93.8	0.0	93.7	-4.3	-4.4%
Children's Cabinet Interagency Fund	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Juvenile Services	3.3	3.9	3.2	0.0	3.2	-0.6	-16.2%
Public Safety/Police	216.8	224.8	221.9	-0.3	221.6	-3.2	-1.4%
Higher Education	4,138.3	4,360.6	4,442.9	0.0	4,442.9	82.2	1.9%
Other Education	56.8	70.0	72.1	0.0	72.0	2.1	3.0%
Transportation	1,821.8	1,811.2	1,909.1	-1.4	1,907.7	96.6	5.3%
Agriculture/Natural Res./Environment	247.1	291.1	307.4	-0.4	307.0	15.9	5.5%
Other Executive Agencies	596.6	709.5	713.7	12.0	725.7	16.3	2.3%
Judiciary	50.9	59.3	66.4	0.0	66.4	7.1	12.0%
Legislative	0.0	0.0	0.0	0.0	0.0	0.0	n/a
State Agencies	\$7,627.3	\$8,146.4	\$8,298.1	\$10.9	\$8,309.0	\$162.6	2.0%
Total Operating	\$10,432.7	\$11,177.8	\$11,549.3	\$35.9	\$11,585.2	\$407.4	3.6%
Capital	\$1,682.4	\$1,867.9	\$1,900.7	-\$0.5	\$1,900.2	\$32.3	1.7%
– Transportation	1,446.9	1,554.5	1,575.6	-0.5	1,575.1	20.5	1.3%
– Environment	183.3	210.1	187.1	0.0	187.1	-23.0	-10.9%
– Other	52.2	103.3	138.0	0.0	138.0	34.8	33.7%
Grand Total	\$12,115.1	\$13,045.6	\$13,450.0	\$35.3	\$13,485.4	\$439.7	3.4%

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

Note: The fiscal 2017 working appropriation reflects deficiencies of \$73.9 million. The fiscal 2018 adjusted allowance reflects reductions contingent on legislation of \$8.4 million and \$43.7 million in additional special fund spending due to funding swaps.

Appendix 13
State Expenditures – Federal Funds
(\$ in Millions)

<u>Category</u>	<u>FY 2016 Actual</u>	<u>FY 2017 Working Appropriation</u>	<u>FY 2018 Allowance</u>	<u>Contingent Reductions</u>	<u>FY 2018 Adjusted Allowance</u>	<u>FY 2017 to FY 2018</u>	
						<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$11.5	\$11.5	\$11.5	\$0.0	\$11.5	\$0.0	0.0%
County/Municipal	\$39.5	\$87.5	\$72.4	\$0.0	\$72.4	-\$15.1	-17.3%
Community Colleges	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Education/Libraries	828.1	936.8	993.3	0.0	993.3	56.5	6.0%
Health	4.5	4.5	4.5	0.0	4.5	0.0	0.0%
Aid to Local Governments	\$872.1	\$1,028.7	\$1,070.1	\$0.0	\$1,070.1	\$41.4	4.0%
Foster Care Payments	\$79.6	\$82.3	\$73.8	\$0.0	\$73.8	-\$8.4	-10.3%
Assistance Payments	1,220.0	1,255.6	1,196.4	0.0	1,196.4	-59.2	-4.7%
Medical Assistance	5,933.1	6,866.6	6,919.1	0.0	6,919.1	52.6	0.8%
Property Tax Credits	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Entitlements	\$7,232.7	\$8,204.4	\$8,189.3	\$0.0	\$8,189.3	-\$15.1	-0.2%
Health	\$865.4	\$976.7	\$990.4	-\$7.3	\$983.1	\$6.4	0.7%
Human Resources	473.9	481.9	558.0	-0.8	557.2	75.3	15.6%
Children's Cabinet Interagency Fund	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Juvenile Services	5.4	4.8	4.8	0.0	4.8	0.0	-0.3%
Public Safety/Police	32.8	42.5	37.4	-0.1	37.3	-5.2	-12.3%
Higher Education	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Other Education	223.1	254.2	275.4	-0.3	275.1	20.9	8.2%
Transportation	87.3	97.2	97.6	0.0	97.5	0.3	0.3%
Agriculture/Natural Res./Environment	62.6	71.2	67.1	-0.1	67.0	-4.2	-6.0%
Other Executive Agencies	545.3	613.7	623.0	-0.4	622.6	8.9	1.4%
Judiciary	0.7	1.1	0.1	0.0	0.1	-1.0	-94.8%
State Agencies	\$2,296.5	\$2,543.5	\$2,653.7	-\$9.0	\$2,644.6	\$101.1	4.0%
Total Operating	\$10,412.9	\$11,788.2	\$11,924.7	-\$9.0	\$11,915.6	\$127.4	1.1%
Capital	\$810.9	\$1,087.4	\$1,054.7	-\$0.1	\$1,054.6	-\$32.8	-3.0%
– Transportation	683.2	1,016.3	949.6	-0.1	949.6	-66.7	-6.6%
– Environment	44.9	44.3	42.6	0.0	42.6	-1.7	-3.8%
– Other	82.8	26.8	62.5	0.0	62.4	35.6	133.1%
Grand Total	\$11,223.8	\$12,875.6	\$12,979.3	-\$9.1	\$12,970.2	\$94.7	0.7%

Note: The fiscal 2017 working appropriation includes \$841.8 million in deficiencies. The fiscal 2018 adjusted allowance reflects reductions contingent on legislation of \$9.1 million.

Appendix 14
State Expenditures – All Funds
(\$ in Millions)

<u>Category</u>	<u>FY 2016 Actual</u>	<u>FY 2017 Working Appropriation</u>	<u>FY 2018 Allowance</u>	<u>Contingent Reductions +SF Add-Backs</u>	<u>FY 2018 Adjusted Allowance</u>	<u>FY 2017 to FY 2018 \$ Change</u>	<u>% Change</u>
Debt Service	\$1,380.3	\$1,501.1	\$1,579.2	\$0.0	\$1,579.2	\$78.1	5.2%
County/Municipal	\$580.7	\$715.2	\$784.6	-\$34.5	\$750.1	\$34.9	4.9%
Community Colleges	301.8	315.2	319.6	-1.5	318.0	2.8	0.9%
Education/Libraries	7,044.0	7,333.5	7,475.2	-59.9	7,415.3	81.7	1.1%
Health	50.3	54.0	56.3	-0.7	55.6	1.6	3.0%
Aid to Local Governments	\$7,976.9	\$8,417.9	\$8,635.6	-\$96.7	\$8,538.9	\$121.0	1.4%
Foster Care Payments	\$267.6	\$262.3	\$262.7	\$0.0	\$262.7	\$0.4	0.1%
Assistance Payments	1,288.0	1,333.4	1,276.2	0.0	1,276.2	-57.2	-4.3%
Medical Assistance	9,566.9	10,846.9	11,082.3	0.0	11,082.3	235.4	2.2%
Property Tax Credits	78.1	82.3	87.5	0.0	87.5	5.2	6.3%
Entitlements	\$11,200.6	\$12,524.9	\$12,708.7	\$0.0	\$12,708.7	\$183.7	1.5%
Health	\$2,570.9	\$2,858.0	\$2,885.7	-\$36.1	\$2,849.7	-\$8.3	-0.3%
Human Resources	946.8	986.6	1,045.5	-1.7	1,043.8	57.2	5.8%
Children's Cabinet Interagency Fund	22.5	16.6	18.7	0.0	18.7	2.1	12.3%
Juvenile Services	278.4	281.1	281.5	-0.6	281.0	-0.1	0.0%
Public Safety/Police	1,704.4	1,790.3	1,768.7	-4.2	1,764.6	-25.7	-1.4%
Higher Education	5,483.9	5,782.8	5,893.5	-6.4	5,887.0	104.3	1.8%
Other Education	687.5	738.5	788.9	-7.2	781.7	43.2	5.9%
Transportation	1,909.1	1,908.4	2,006.6	-1.4	2,005.2	96.8	5.1%
Agriculture/Natural Res./Environment	424.4	482.0	501.0	-3.4	497.6	15.7	3.2%
Other Executive Agencies	1,813.1	2,033.6	2,031.4	-3.4	2,028.0	-5.6	-0.3%
Judiciary	502.3	542.1	571.6	-0.9	570.7	28.6	5.3%
Legislative	84.5	89.2	90.6	-0.3	90.3	1.1	1.3%
State Agencies	\$16,427.9	\$17,508.9	\$17,883.6	-\$65.4	\$17,818.2	\$309.2	1.8%
Total Operating	\$36,985.7	\$39,952.9	\$40,807.1	-\$162.2	\$40,644.9	\$692.1	1.7%
Capital ⁽¹⁾	\$2,519.8	\$2,996.0	\$2,984.9	-\$20.6	\$2,964.3	-\$31.8	-1.1%
– Transportation	2,130.2	2,570.8	2,525.2	-0.6	2,524.6	-46.2	-1.8%
– Environment	228.5	254.6	230.2	0.0	230.2	-24.4	-9.6%
– Other	161.1	170.6	229.5	-20.0	209.5	38.9	22.8%
Subtotal	\$39,505.6	\$42,948.9	\$43,792.0	-\$182.8	\$43,609.2	\$660.3	1.5%
Reserve Funds	\$72.5	\$155.4	\$50.0	-\$40.0	\$10.0	-\$145.4	-93.6%
Appropriations	\$39,578.1	\$43,104.3	\$43,842.0	-\$222.8	\$43,619.2	\$514.9	1.2%
Reversions	\$0.0	-\$30.0	-\$30.0	\$0.0	-\$30.0	\$0.0	0.0%
Grand Total	\$39,578.1	\$43,074.3	\$43,812.0	-\$222.8	\$43,589.2	\$514.9	1.2%

⁽¹⁾ Includes the Sustainable Communities Tax Credit Reserve Fund.

Note: The fiscal 2017 working appropriation includes \$1,044.3 million in deficiencies and \$125.9 million in targeted reversions. The fiscal 2018 adjusted allowance reflects \$265.3 million in reductions contingent on legislation, \$1.2 million in targeted reversions, and additional special fund spending of \$43.7 million due to funding swaps.

Appendix 15 New and Abolished Positions Fiscal 2018

<u>Agency</u>	<u>Numbers</u>	<u>Description</u>
Agencies with New Positions		
Judiciary	39	Clerks for the Circuit Court, implementation of the Maryland Second Chance Act of 2015 and Justice Reinvestment Act of 2016, and 2 magistrates for Cecil/Kent and Washington counties.
Natural Resources	19	17 new Natural Resource Police cadets and 2 aviation positions.
Higher Education	3	Morgan State University flex authority.
Total	61	
Agencies with Abolished Positions		
Public Safety and Correctional Services	-400	Downsizing of Maryland Correctional Institution – Hagerstown.
Transportation	-50	Long-term vacancies.
Labor, Licensing, and Regulation	-21	6 long-term vacancies in correctional education program and 15 federally funded positions in the unemployment insurance program.
Juvenile Services	-20	Downsizing due to reductions in population.
Higher Education	-6	University of Baltimore and St. Mary's College of Maryland contract termination and cost containment.
State Department of Assessments and Taxation	-3	2 information technology (IT) positions due to statewide IT consolidation and 1 long-term vacancy.
Other	-3	Long-term vacancies and cost containment in the Governor's Office, Natural Resources, and Agriculture.
Total	-503	
Net Change in Positions	-442	

Source: Department of Budget and Management, January 2017

Appendix 16
Contractual Full-time Equivalent Position Changes
Fiscal 2015 Actual to Fiscal 2018 Allowance

<u>Department/Service Area</u>	<u>2015 Actual</u>	<u>2016 Actual</u>	<u>2017 Work. Approp.</u>	<u>2018 Allowance</u>	<u>2017-18 Change</u>
Health and Human Services					
Health and Mental Hygiene	385	354	483	476	-6
Human Resources	136	143	74	74	0
Juvenile Services	159	178	147	150	4
Subtotal	680	674	704	701	-3
Public Safety					
Public Safety and Correctional Services	266	268	392	308	-84
Police and Fire Marshal	28	22	66	68	2
Subtotal	293	290	459	377	-82
Transportation	40	40	41	122	82
Other Executive					
Legal (Excluding Judiciary)	42	46	51	57	6
Executive and Administrative Control	210	203	180	179	-1
Financial and Revenue Administration	54	52	51	51	0
Budget and Management and DoIT	14	13	13	38	25
Retirement	16	11	9	8	-1
General Services	24	7	23	23	0
Natural Resources	361	376	436	492	56
Agriculture	39	45	47	48	0
Labor, Licensing, and Regulation	191	127	145	130	-15
MSDE and Other Education	295	274	286	279	-7
Housing and Community Development	51	53	103	105	2
Commerce	18	18	21	25	4
Environment	28	27	61	50	-11
Subtotal	1,342	1,251	1,425	1,482	58
Executive Branch Subtotal	2,356	2,255	2,627	2,682	55
Higher Education	7,006	6,937	6,766	7,064	298
Judiciary	431	330	334	347	13
Grand Total	9,793	9,522	9,728	10,093	366

DoIT: Department of Information Technology
MSDE: Maryland State Department of Education

Source: Department of Budget and Management; Department of Legislative Services

Appendix 17
Budget Reconciliation and Financing Act of 2017
(HB 152/SB 172)

Mandate Relief

- ***Teacher Induction, Retention, and Advancement*** – Repeals the \$5.0 million mandate included in Chapter 740 of 2016 that funds the Teacher Induction, Retention, and Advancement Pilot program that encourages mentoring, planning assistance, and other preparation activities.
- ***Teacher Stipends*** – Repeals the mandate *and* lowers the per-individual amount for stipends for teachers that hold specified teaching certificates (Chapter 740 of 2016).
- ***Anne Arundel County Teacher Stipends*** – Repeals the mandate for a stipend for specified teachers in Anne Arundel County (Chapter 740 of 2016).
- ***Robotics Grant Program*** – Repeals the mandate of \$250,000 for the Robotics Grant Program under the Maryland State Department of Education (Chapter 681 of 2016).
- ***Public Schools Opportunities Enhancement Program*** – Repeals the mandated funding (\$7.5 million) for the Public Schools Opportunities Enhancement Program (Chapter 32 of 2016), which expands extended day and summer enhancement programs.
- ***Sellinger Program*** – Reduces the mandated funding under the Sellinger Program to fund fiscal 2018 at the fiscal 2017 cost containment level.
- ***Next Generation Scholars Program*** – Repeals the mandate of \$5.0 million for the Next Generation Scholars Program (Chapter 33 of 2016).
- ***Enoch Pratt Free Library*** – Repeals the mandated funding (\$3.0 million) to enable the Enoch Pratt Free Library to increase its operating hours (Chapters 714 and 715 of 2016).
- ***Core Public Health Services*** – Reduces the mandated funding amount for localities under the Core Public Health Services Program to fund fiscal 2018 to the fiscal 2017 level.
- ***Developmental Disabilities Administration Provider Rates*** – Reduces the provider rate increase under the Developmental Disabilities Administration from 3.5% to 2.0% in fiscal 2018.

- **Prince George's Regional Medical Center** – Reduces the mandated funding by \$15.0 million for an operating grant for the Prince George's Regional Medical Center (Chapter 13 of 2016) and extends expected out-year funding by an additional year, while maintaining the same total contribution.
- **Shelter and Transitional Housing Facilities Grant Program** – Repeals the mandate of \$3.0 million for the Shelter and Transitional Housing Facilities Grant Program and instead requires for fiscal 2018 and authorizes for subsequent years the use of general obligation bond (GO) funding for the program (Chapters 698 and 699 of 2016).
- **Strategic Demolition and Smart Growth Impact Fund** – Allows the mandated funding of \$25.625 million for the Strategic Demolition and Smart Growth Impact Fund (Project C.O.R.E. – Chapter 30 of 2016) to be provided in the capital budget through proceeds of general obligation bonds. Use of GO bonds to comply with the mandate is also authorized for fiscal 2019.
- **Seed Community Development Anchor Institution Fund** – Repeals the mandated funding of \$5.0 million for the Seed Community Development Anchor Institution Fund and instead authorizes the use of GO bond funding for the program beginning in fiscal 2019 (Chapter 31 of 2016).
- **Baltimore Regional Neighborhood Initiative** – Alters the mandated funding level for the Baltimore Regional Neighborhood Initiative (Chapter 29 of 2016) to allow a reduced mandate (\$12.0 million reduced to \$3.0 million) to be funded through the capital budget using GO bond funds in fiscal 2018. Repeals any mandated funds in fiscal 2019 and thereafter.
- **Center for Construction Education and Innovation** – Repeals the mandated funding of \$250,000 for the Maryland Center for Construction Education and Innovation (Chapter 34 of 2016).
- **Disparity Grant** – Alters the mandated funding for the Disparity Grant in order to level fund it at the fiscal 2017 cost containment level.
- **State Aid for Police Protection** – Alters the mandated funding under the State Aid for Police Protection grants program to level fund it at the fiscal 2017 level.
- **Next Generation Farmland Acquisition Program** – Reduces the mandated funding level under the Maryland Resource-based Industry Development Corporation's Next Generation Farmland Acquisition program from \$5.0 million to \$2.5 million in fiscal 2018 and extends funding of the remaining \$2.5 million to fiscal 2019.

- ***University System of Maryland Funding Guideline Attainment*** – Repeals the requirement (Chapter 25 of 2016) that at least \$4.0 million be included in the allowance for the University System of Maryland Office to increase the estimated funding guideline attainment for institutions with the lowest estimated funding guideline attainment in fiscal 2016 (Towson University and the University of Maryland Baltimore County).
- ***Curb Mandate Growth*** – Caps the growth of any mandated appropriation to not more than the projected general fund revenue growth, less 1.0%, exempting specified mandates related to K-12 education funding, Reserve Fund requirements, and debt service requirements.

Revenue Actions

- ***Horse Racing/Lottery Revenues*** – Repeals the provision of Chapter 727 of 2016 that established the mandated funding, from lottery revenues, for the Maryland International thoroughbred race. Also repeals the mandate that lottery funds be used for a grant to the Maryland Humanities Council of Maryland, a youth and amateur sports grant program and a bonus award program for Maryland-bred horses. Requires funding for the Maryland International and bonus award program from the purse dedication account.

New or Expanded Uses of Existing Revenues

- ***Horse Racing Commission*** – Allows the expenses of the State Racing Commission, purse funds for the Maryland International thoroughbred race and the bonus award for Preakness Maryland-bred horses to be funded through the Purse Dedication Account.
- ***Housing Counseling and Foreclosure Mediation Fund*** – Allows the use of up to \$1 million in the Housing Counseling and Foreclosure Mediation Fund for the Department of Housing and Community Development administrative expenses in fiscal 2018.
- ***Wastewater Treatment Plants*** – Allows the Maryland Department of the Environment to use up to \$60 million of revenue bond proceeds and funds in the Bay Restoration Fund for biological nutrient removal upgrades of wastewater treatment plants.

Transfers to the General Fund

	<u>Fiscal 2017</u>	<u>Fiscal 2018</u>
Revenue Stabilization Account	\$170,000,000	\$0
Maryland Correctional Enterprises	0	2,500,000

Cost Control and Miscellaneous Provisions

- **Senior Prescription Drug Assistance Program** – Allows the use of excess funds from the Senior Prescription Drug Assistance Program for mental health services for the uninsured without going through the budget amendment process.
- **Community Health Resources Commission Fund** – Allows the Community Health Resources Commission Fund to be used for the mental health services for the uninsured.
- **Pension Sweeper** – Alters the mandate to sweep funds to the State Retirement and Pension System for fiscal 2018 only; enabling a \$48.8 million reduction to general fund expenditures.
- **Property Tax Assessment Cost Share** – Increases the local share of the costs of certain activities of the State Department of Assessments and Taxation (including real property valuation, business personal property valuation, and the Office of Information Technology) from 50% to 70% in fiscal 2018 and 90% in fiscal 2019, and thereafter. Adds the costs of the Office of the Director to the new cost share arrangement.
- **Medicaid Deficit Assessment** – Delays the \$25.0 million reduction to the Medicaid Deficit Assessment until fiscal 2019.
- **Nonpublic Placement Provider Rates** – Limits any increase in rates for payments to providers of nonpublic placements in fiscal 2018 to 2% over fiscal 2017.
- **Revenue Stabilization Account** – Reduces the fiscal 2018 funding to the Revenue Stabilization Account by \$40.0 million to reflect a fund balance at 5% of projected fiscal 2018 general fund revenues.
- **Volkswagen Settlement** – Authorizes the Comptroller to transfer up to \$12.0 million from the Consumer Protection Recoveries to the General Fund if the Office of the Attorney General does not transfer \$12.0 million of the recovery from the Volkswagen Clean Diesel settlement.

Appendix 18
State Aid to Local Governments
Fiscal 2018 Allowance
(\$ in Thousands)

County	County - Municipal	Community Colleges	Direct State Aid				Subtotal	Retirement	Total	Change Over FY 2017	Percent Change
			Public Schools	Libraries	Health						
Allegany	\$14,795	\$6,219	\$80,551	\$787	\$1,636	\$103,989	\$8,872	\$112,861	\$1,248	1.1%	
Anne Arundel	52,979	31,335	358,136	2,252	4,171	448,873	68,476	517,348	11,555	2.3%	
Baltimore City	307,018	0	835,052	6,250	8,219	1,156,540	67,144	1,223,684	-27,389	-2.2%	
Baltimore	31,092	43,622	659,775	5,971	5,421	745,881	95,228	841,109	25,888	3.2%	
Calvert	5,374	2,728	82,060	450	690	91,301	13,882	105,183	-1,415	-1.3%	
Caroline	4,948	1,572	54,814	300	761	62,395	4,711	67,106	3,134	4.9%	
Carroll	6,952	8,667	131,508	995	1,702	149,824	20,732	170,556	-4,155	-2.4%	
Cecil	8,371	6,156	107,896	805	1,159	124,387	13,657	138,044	1,824	1.3%	
Charles	5,126	9,520	172,643	1,057	1,488	189,834	23,191	213,025	5,318	2.6%	
Dorchester	4,825	1,239	42,734	285	814	49,896	3,998	53,894	2,605	5.1%	
Frederick	9,903	10,952	242,620	1,445	2,138	267,058	34,021	301,079	9,131	3.1%	
Garrett	4,889	3,993	21,787	151	797	31,617	3,599	35,216	267	0.8%	
Harford	9,198	12,060	208,916	1,604	2,326	234,104	29,835	263,939	1,864	0.7%	
Howard	10,806	19,726	247,390	940	1,751	280,612	60,158	340,770	5,673	1.7%	
Kent	1,374	526	9,931	95	616	12,542	1,800	14,343	245	1.7%	
Montgomery	36,765	49,838	688,909	3,120	3,968	782,599	167,701	950,301	22,271	2.4%	
Prince George's	99,470	30,500	1,114,139	7,402	6,354	1,257,863	117,316	1,375,179	33,642	2.5%	
Queen Anne's	2,371	1,911	34,734	170	645	39,830	6,405	46,235	538	1.2%	
St. Mary's	3,675	2,994	105,679	719	1,065	114,133	13,769	127,902	4,930	4.0%	
Somerset	6,860	840	32,058	287	596	40,640	2,772	43,412	3,078	7.6%	
Talbot	2,865	1,811	14,085	113	539	19,413	3,747	23,160	676	3.0%	
Washington	8,011	9,389	175,699	1,294	1,885	196,277	18,339	214,616	7,395	3.6%	
Wicomico	14,148	5,115	146,077	1,051	1,342	167,734	12,812	180,546	5,507	3.1%	
Worcester	7,216	2,273	19,851	155	1,002	30,496	7,245	37,740	1,046	2.9%	
Unallocated	44,303	10,404	30,879	17,707	0	103,294	0	103,294	-7,374	-6.7%	
Total	\$703,333	\$273,390	\$5,617,922	\$55,404	\$51,083	\$6,701,131	\$799,410	\$7,500,541	\$107,501	1.5%	

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

Appendix 19
State Aid to Local Governments
Fiscal 2017 Working Appropriation
(\$ in Thousands)

County	Direct State Aid						Retirement	Total
	County - Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal		
Allegany	\$13,983	\$6,245	\$79,867	\$762	\$1,188	\$102,045	\$9,568	\$111,613
Anne Arundel	43,445	31,000	353,111	2,194	4,162	433,911	71,882	505,793
Baltimore City	291,512	0	873,767	6,144	8,826	1,180,248	70,824	1,251,072
Baltimore	25,557	43,620	638,179	5,687	5,817	718,859	96,361	815,221
Calvert	4,477	2,629	83,114	425	523	91,167	15,431	106,598
Caroline	4,654	1,592	51,873	286	669	59,073	4,899	63,972
Carroll	5,549	8,661	135,715	956	1,591	152,473	22,238	174,711
Cecil	7,436	6,191	106,407	763	1,047	121,843	14,376	136,220
Charles	3,922	9,150	168,536	1,011	1,301	183,920	23,787	207,707
Dorchester	4,353	1,244	40,809	272	552	47,231	4,059	51,290
Frederick	8,209	10,687	233,784	1,387	1,964	256,032	35,916	291,948
Garrett	4,344	3,939	22,141	142	555	31,120	3,829	34,949
Harford	7,331	12,045	207,444	1,535	2,258	230,613	31,462	262,075
Howard	8,388	19,289	240,983	899	1,640	271,199	63,898	335,098
Kent	1,256	552	9,809	86	426	12,129	1,969	14,098
Montgomery	30,806	49,940	664,469	2,997	4,255	752,466	175,564	928,030
Prince George's	82,336	30,531	1,094,036	7,239	6,750	1,220,891	120,646	1,341,537
Queen Anne's	1,805	1,981	34,500	157	534	38,978	6,719	45,696
St. Mary's	2,814	2,881	101,657	666	1,039	109,057	13,916	122,972
Somerset	6,547	874	29,172	277	537	37,407	2,927	40,335
Talbot	2,158	1,750	14,110	109	420	18,548	3,936	22,484
Washington	6,780	9,336	168,632	1,238	1,761	187,748	19,473	207,221
Wicomico	13,330	5,070	141,025	1,001	1,209	161,635	13,404	175,039
Worcester	6,587	2,243	19,738	150	465	29,184	7,510	36,694
Unallocated	44,546	7,307	41,798	17,017	0	110,668	0	110,668
Total	\$632,125	\$268,758	\$5,554,675	\$53,396	\$49,488	\$6,558,443	\$834,597	\$7,393,040

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

Appendix 20
State Aid to Local Governments
Dollar Difference Between Fiscal 2018 Allowance and Fiscal 2017 Working Appropriation
(\$ in Thousands)

County	<i>Direct State Aid</i>						Retirement	Total
	County - Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal		
Allegany	\$812	-\$26	\$684	\$26	\$448	\$1,944	-\$696	\$1,248
Anne Arundel	9,534	335	5,025	58	9	14,962	-3,406	11,555
Baltimore City	15,506	0	-38,714	107	-607	-23,708	-3,681	-27,389
Baltimore	5,535	2	21,596	284	-395	27,022	-1,134	25,888
Calvert	897	99	-1,054	25	167	134	-1,549	-1,415
Caroline	293	-20	2,941	15	92	3,321	-187	3,134
Carroll	1,403	6	-4,208	38	111	-2,649	-1,506	-4,155
Cecil	935	-34	1,489	42	112	2,543	-719	1,824
Charles	1,204	370	4,107	46	187	5,914	-596	5,318
Dorchester	472	-5	1,925	12	262	2,665	-61	2,605
Frederick	1,694	264	8,836	58	174	11,026	-1,896	9,131
Garrett	545	54	-353	9	242	497	-230	267
Harford	1,867	16	1,472	69	68	3,491	-1,627	1,864
Howard	2,418	436	6,406	41	111	9,413	-3,740	5,673
Kent	117	-25	122	9	190	414	-169	245
Montgomery	5,959	-102	24,440	124	-287	30,133	-7,863	22,271
Prince George's	17,134	-31	20,103	163	-396	36,973	-3,330	33,642
Queen Anne's	565	-71	233	13	111	852	-314	538
St. Mary's	861	113	4,023	54	25	5,076	-147	4,930
Somerset	313	-35	2,886	11	59	3,233	-156	3,078
Talbot	708	61	-25	3	118	865	-189	676
Washington	1,231	53	7,066	56	123	8,529	-1,134	7,395
Wicomico	818	46	5,053	51	133	6,099	-592	5,507
Worcester	629	30	113	4	537	1,312	-266	1,046
Unallocated	-243	3,097	-10,919	690	0	-7,374	0	-7,374
Total	\$71,207	\$4,632	\$63,246	\$2,008	\$1,594	\$142,688	-\$35,187	\$107,501

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

Appendix 21
State Aid to Local Governments
Percent Change: Fiscal 2018 Allowance over Fiscal 2017 Working Appropriation

County	County - Municipal	Community Colleges	Direct State Aid				Subtotal	Retirement	Total
			Public Schools	Libraries	Health				
Allegany	5.8%	-0.4%	0.9%	3.4%	37.7%	1.9%	-7.3%	1.1%	
Anne Arundel	21.9%	1.1%	1.4%	2.7%	0.2%	3.4%	-4.7%	2.3%	
Baltimore City	5.3%	n/a	-4.4%	1.7%	-6.9%	-2.0%	-5.2%	-2.2%	
Baltimore	21.7%	0.0%	3.4%	5.0%	-6.8%	3.8%	-1.2%	3.2%	
Calvert	20.0%	3.8%	-1.3%	5.8%	32.0%	0.1%	-10.0%	-1.3%	
Caroline	6.3%	-1.2%	5.7%	5.2%	13.8%	5.6%	-3.8%	4.9%	
Carroll	25.3%	0.1%	-3.1%	4.0%	7.0%	-1.7%	-6.8%	-2.4%	
Cecil	12.6%	-0.6%	1.4%	5.4%	10.7%	2.1%	-5.0%	1.3%	
Charles	30.7%	4.0%	2.4%	4.6%	14.3%	3.2%	-2.5%	2.6%	
Dorchester	10.8%	-0.4%	4.7%	4.6%	47.4%	5.6%	-1.5%	5.1%	
Frederick	20.6%	2.5%	3.8%	4.2%	8.9%	4.3%	-5.3%	3.1%	
Garrett	12.6%	1.4%	-1.6%	6.3%	43.6%	1.6%	-6.0%	0.8%	
Harford	25.5%	0.1%	0.7%	4.5%	3.0%	1.5%	-5.2%	0.7%	
Howard	28.8%	2.3%	2.7%	4.5%	6.8%	3.5%	-5.9%	1.7%	
Kent	9.3%	-4.6%	1.2%	10.8%	44.7%	3.4%	-8.6%	1.7%	
Montgomery	19.3%	-0.2%	3.7%	4.1%	-6.8%	4.0%	-4.5%	2.4%	
Prince George's	20.8%	-0.1%	1.8%	2.3%	-5.9%	3.0%	-2.8%	2.5%	
Queen Anne's	31.3%	-3.6%	0.7%	8.6%	20.8%	2.2%	-4.7%	1.2%	
St. Mary's	30.6%	3.9%	4.0%	8.0%	2.4%	4.7%	-1.1%	4.0%	
Somerset	4.8%	-4.0%	9.9%	3.9%	11.0%	8.6%	-5.3%	7.6%	
Talbot	32.8%	3.5%	-0.2%	2.8%	28.2%	4.7%	-4.8%	3.0%	
Washington	18.2%	0.6%	4.2%	4.5%	7.0%	4.5%	-5.8%	3.6%	
Wicomico	6.1%	0.9%	3.6%	5.1%	11.0%	3.8%	-4.4%	3.1%	
Worcester	9.5%	1.3%	0.6%	2.9%	115.4%	4.5%	-3.5%	2.9%	
Unallocated	-0.5%	42.4%	-26.1%	4.1%	n/a	-6.7%	-50.0%	-6.7%	
Total	11.3%	1.7%	1.1%	3.8%	3.2%	2.2%	-4.2%	1.5%	

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

Appendix 22
Student Enrollment Growth and Local Wealth Impact on Local Education Aid
Annual Percent Change – Fiscal 2018

<u>Student Enrollment</u>		<u>Local Wealth Per Pupil</u>		<u>Direct Education Aid</u>	
1. Somerset	1.9%	24. Somerset	-1.9%	1. Somerset	9.9%
2. Montgomery	1.7%	23. Dorchester	-0.3%	2. Caroline	5.7%
3. Caroline	1.6%	22. Caroline	-0.3%	3. Dorchester	4.7%
4. Prince George's	1.5%	21. Kent	0.5%	4. Washington	4.2%
5. Frederick	1.5%	20. St. Mary's	1.2%	5. St. Mary's	4.0%
6. Howard	1.4%	19. Washington	1.4%	6. Frederick	3.8%
7. St. Mary's	1.1%	18. Baltimore	1.6%	7. Montgomery	3.7%
8. Anne Arundel	1.0%	17. Allegany	2.1%	8. Wicomico	3.6%
9. Dorchester	1.0%	16. Montgomery	2.3%	9. Baltimore	3.4%
10. Baltimore	1.0%	15. Cecil	2.4%	10. Howard	2.7%
11. Washington	0.9%	14. Charles	2.4%	11. Charles	2.4%
12. Worcester	0.5%	13. Garrett	2.5%	12. Prince George's	1.8%
13. Charles	0.2%	12. Wicomico	2.6%	13. Anne Arundel	1.4%
14. Queen Anne's	0.0%	11. Howard	2.7%	14. Cecil	1.4%
15. Wicomico	0.0%	10. Talbot	2.7%	15. Kent	1.2%
16. Harford	-0.1%	9. Frederick	2.9%	16. Allegany	0.9%
17. Calvert	-0.4%	8. Queen Anne's	3.2%	17. Harford	0.7%
18. Cecil	-0.8%	7. Harford	3.3%	18. Queen Anne's	0.7%
19. Kent	-0.9%	6. Calvert	3.5%	19. Worcester	0.6%
20. Garrett	-1.2%	5. Worcester	3.8%	20. Talbot	-0.2%
21. Carroll	-1.2%	4. Anne Arundel	3.9%	21. Calvert	-1.3%
22. Baltimore City	-1.2%	3. Carroll	4.3%	22. Garrett	-1.6%
23. Allegany	-1.2%	2. Prince George's	4.3%	23. Carroll	-3.1%
24. Talbot	-1.8%	1. Baltimore City	6.1%	24. Baltimore City	-4.4%
Statewide	0.8%	Statewide	3.1%	Statewide	1.1%

Appendix 23
Per Pupil Wealth Amount Used to Allocate State Education Aid
Ranking by Annual Percent Change

County	<i>Per Pupil Property Wealth</i>				<i>Per Pupil Income Wealth</i>				<i>Per Pupil Total Wealth</i>			
	Fiscal 2017	Fiscal 2018	% Change	Rank	Fiscal 2017	Fiscal 2018	% Change	Rank	Fiscal 2017	Fiscal 2018	% Change	Rank
Allegany	\$192,508	\$196,161	1.9%	14	\$112,087	\$114,893	2.5%	18	\$304,595	\$311,055	2.1%	17
Anne Arundel	414,722	428,712	3.4%	4	210,782	221,335	5.0%	6	625,504	650,047	3.9%	4
Baltimore City	202,304	218,376	7.9%	1	118,984	122,403	2.9%	14	321,288	340,780	6.1%	1
Baltimore	300,941	306,619	1.9%	15	206,576	209,005	1.2%	21	507,517	515,624	1.6%	18
Calvert	325,098	333,847	2.7%	7	154,563	162,671	5.2%	5	479,660	496,518	3.5%	6
Caroline	198,947	195,397	-1.8%	23	87,062	89,848	3.2%	12	286,009	285,245	-0.3%	22
Carroll	299,547	309,176	3.2%	5	180,244	191,185	6.1%	3	479,791	500,361	4.3%	3
Cecil	261,295	264,947	1.4%	17	128,027	133,793	4.5%	8	389,322	398,741	2.4%	15
Charles	263,225	272,539	3.5%	3	140,939	141,510	0.4%	22	404,164	414,050	2.4%	14
Dorchester	259,227	256,384	-1.1%	22	101,097	102,912	1.8%	20	360,325	359,296	-0.3%	23
Frederick	275,957	283,797	2.8%	6	164,385	169,313	3.0%	13	440,342	453,109	2.9%	9
Garrett	500,822	511,256	2.1%	13	122,011	127,341	4.4%	9	622,833	638,598	2.5%	13
Harford	299,620	307,002	2.5%	9	170,121	178,297	4.8%	7	469,741	485,299	3.3%	7
Howard	356,962	366,368	2.6%	8	221,621	227,569	2.7%	16	578,584	593,937	2.7%	11
Kent	619,746	624,690	0.8%	18	232,297	231,412	-0.4%	24	852,043	856,102	0.5%	21
Montgomery	465,304	475,904	2.3%	10	270,463	276,550	2.3%	19	735,768	752,454	2.3%	16
Prince George's	260,903	274,108	5.1%	2	127,806	131,317	2.7%	15	388,709	405,426	4.3%	2
Queen Anne's	412,447	421,486	2.2%	11	175,089	184,898	5.6%	4	587,536	606,384	3.2%	8
St. Mary's	290,183	289,796	-0.1%	21	153,049	158,779	3.7%	11	443,232	448,575	1.2%	20
Somerset	216,340	210,398	-2.7%	24	81,001	81,244	0.3%	23	297,340	291,642	-1.9%	24
Talbot	765,485	782,150	2.2%	12	261,578	272,559	4.2%	10	1,027,063	1,054,710	2.7%	10
Washington	232,851	234,485	0.7%	19	119,125	122,316	2.7%	17	351,976	356,801	1.4%	19
Wicomico	174,715	175,404	0.4%	20	103,551	110,033	6.3%	2	278,266	285,436	2.6%	12
Worcester	953,762	969,320	1.6%	16	173,076	200,398	15.8%	1	1,126,837	1,169,718	3.8%	5
Total	\$330,521	\$340,641	3.1%		\$183,010	\$188,755	3.1%		\$513,532	\$529,397	3.1%	

Appendix 24
Proposed Change in Direct State Aid to Local Governments
Fiscal 2018

County	Fiscal 2017 Appropriation	Fiscal 2018 Current Law	Difference	Percent Difference	Proposed Reductions	Fiscal 2018 Proposed Aid	Difference vs. FY 2017	Percent Difference
Allegany	\$102,044,897	\$104,001,261	\$1,956,364	1.9%	-\$12,670	\$103,988,591	\$1,943,694	1.9%
Anne Arundel	433,911,068	449,001,604	15,090,536	3.5%	-128,963	448,872,641	14,961,573	3.4%
Baltimore City	1,180,248,012	1,160,610,146	-19,637,866	-1.7%	-4,070,545	1,156,539,601	-23,708,411	-2.0%
Baltimore	718,859,383	746,022,698	27,163,315	3.8%	-141,381	745,881,317	27,021,934	3.8%
Calvert	91,167,375	91,312,094	144,719	0.2%	-10,654	91,301,440	134,065	0.1%
Caroline	59,073,239	62,406,004	3,332,765	5.6%	-11,311	62,394,693	3,321,454	5.6%
Carroll	152,472,535	149,848,222	-2,624,313	-1.7%	-24,432	149,823,790	-2,648,745	-1.7%
Cecil	121,843,278	124,601,080	2,757,802	2.3%	-214,434	124,386,646	2,543,368	2.1%
Charles	183,919,995	189,867,996	5,948,001	3.2%	-34,388	189,833,608	5,913,613	3.2%
Dorchester	47,231,026	49,907,926	2,676,900	5.7%	-11,494	49,896,432	2,665,406	5.6%
Frederick	256,031,670	267,092,373	11,060,703	4.3%	-34,227	267,058,146	11,026,476	4.3%
Garrett	31,120,004	31,623,152	503,148	1.6%	-6,000	31,617,152	497,148	1.6%
Harford	230,612,742	234,137,917	3,525,175	1.5%	-33,749	234,104,168	3,491,426	1.5%
Howard	271,199,481	280,684,740	9,485,259	3.5%	-72,319	280,612,421	9,412,940	3.5%
Kent	12,128,572	12,552,235	423,663	3.5%	-9,887	12,542,348	413,776	3.4%
Montgomery	752,465,964	782,801,802	30,335,838	4.0%	-202,580	782,599,222	30,133,258	4.0%
Prince George's	1,220,890,546	1,264,161,429	43,270,883	3.5%	-6,298,236	1,257,863,193	36,972,647	3.0%
Queen Anne's	38,977,747	39,839,439	861,692	2.2%	-9,404	39,830,035	852,288	2.2%
St. Mary's	109,056,640	114,157,726	5,101,086	4.7%	-24,809	114,132,917	5,076,277	4.7%
Somerset	37,407,153	40,764,375	3,357,222	9.0%	-123,957	40,640,418	3,233,265	8.6%
Talbot	18,547,958	19,417,403	869,445	4.7%	-4,694	19,412,709	864,751	4.7%
Washington	187,747,682	196,357,432	8,609,750	4.6%	-80,423	196,277,009	8,529,327	4.5%
Wicomico	161,634,625	168,837,178	7,202,553	4.5%	-1,103,550	167,733,628	6,099,003	3.8%
Worcester	29,183,620	30,487,536	1,303,916	4.5%	8,139	30,495,675	1,312,055	4.5%
Unallocated	110,667,950	124,043,507	13,375,557	12.1%	-20,750,000	103,293,507	-7,374,443	-6.7%
Total	\$6,558,443,162	\$6,734,537,275	\$176,094,113	2.7%	-\$33,405,968	\$6,701,131,307	\$142,688,145	2.2%

Appendix 25
Top Funded Programs and Projects – All Funds
Fiscal 2018
(\$ in Millions)

<u>Project Title</u>	<u>GO Bond</u>	<u>Revenue</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	<u>Total Funds</u>
MDE: Maryland Water Quality Revolving Loan Fund	\$13.3	\$200.0	\$0.0	\$91.2	\$32.3	\$336.8
BPW: Public School Construction Program	280.0	0.0	0.0	0.0	0.0	280.0
MDE: Maryland Drinking Water Revolving Loan Fund	5.8	100.0	0.0	12.9	10.3	129.0
USMO: Shady Grove Educational Center – Biomedical Sciences and Engineering Education Building	88.7	0.0	0.0	0.0	0.0	88.7
UMCP: Brendan Iribe Center for Computer Science and Innovation	63.7	10.0	0.0	0.0	0.0	73.7
MDE: Bay Restoration Fund Wastewater Projects	0.0	0.0	0.0	60.0	0.0	60.0
MHEC: Community College Facilities Grant Program	56.3	0.0	0.0	0.0	0.0	56.3
MDE: Biological Nutrient Removal Program	0.0	49.1	0.0	0.0	0.0	49.1
UMBC: Interdisciplinary Life Sciences Building	40.2	0.0	0.0	0.0	0.0	40.2
BPW: Supplemental Capital Grant Program	40.0	0.0	0.0	0.0	0.0	40.0
DNR: Program Open Space – Local	0.0	0.0	0.0	37.2	0.0	37.2
DNR: Program Open Space – Stateside	0.0	0.0	0.0	31.5	3.0	34.5
MDA: Agricultural Land Preservation Program	0.0	0.0	0.0	32.9	0.0	32.9
MSDE: State Library Resource Center	32.0	0.0	0.0	0.0	0.0	32.0
UMCP: A. James Clark Hall New Bioengineering Building	25.5	5.0	0.0	0.0	0.0	30.5
DHCD: Rental Housing Program	10.0	0.0	0.0	15.5	4.5	30.0
DoIT: Public Safety Communication System	27.0	0.0	0.0	0.0	0.0	27.0
TU: Science Facility	26.0	0.0	0.0	0.0	0.0	26.0
DHCD: Strategic Demolition and Smart Growth Impact Fund	25.6	0.0	0.0	0.0	0.0	25.6
DNR: Rural Legacy Program	5.0	0.0	0.0	18.9	0.0	23.9
MES: Infrastructure Improvement Fund	21.3	0.0	0.0	0.0	0.0	21.3
DJS: New Female Detention Center	21.2	0.0	0.0	0.0	0.0	21.2
MD: Freedom Readiness Center	0.2	0.0	0.0	0.0	19.0	19.2
BPW: New Catonsville District Court	18.9	0.0	0.0	0.0	0.0	18.9
USMO: Capital Facilities Renewal Program	0.0	17.0	0.0	0.0	0.0	17.0
MDE: Bay Restoration Fund Septic System Program	0.0	0.0	0.0	15.0	0.0	15.0

<u>Project Title</u>	<u>GO Bond</u>	<u>Revenue</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	<u>Total Funds</u>
BPW: Facilities Renewal Fund	15.0	0.0	0.0	0.0	0.0	15.0
DNR: Natural Resources Development Fund	0.0	0.0	0.0	11.8	0.0	11.8
DNR: Waterway Improvement Program	0.0	0.0	0.0	10.5	0.9	11.4
MISC: Prince George's Hospital System	11.3	0.0	0.0	0.0	0.0	11.3
DHCD: Housing and Building Energy Programs	0.0	0.0	0.0	9.9	0.7	10.6
MD: Havre de Grace CSMS Automotive Maintenance Facility	0.0	0.0	0.0	0.0	10.0	10.0
DHCD: Homeownership Programs	8.5	0.0	0.0	1.5	0.0	10.0
UMMS: Capital Infrastructure Improvements	10.0	0.0	0.0	0.0	0.0	10.0
Subtotal: Top Funded Programs and Projects	\$845.4	\$381.1	\$0.0	\$348.8	\$80.7	\$1,656.0
Subtotal: Other Funded Programs and Projects	\$172.7	\$0.0	\$9.5	\$27.6	\$25.3	\$235.0
Total⁽¹⁾	\$1,018.1	\$381.1	\$9.5	\$376.3	\$106.0	\$1,891.0
De-authorizations as Introduced	-\$18.3	\$0.0	\$0.0	\$0.0	\$0.0	-\$18.3
Grand Total	\$999.8	\$381.1	\$9.5	\$376.3	\$106.0	\$1,872.7

BPW: Board of Public Works

CSMS: Combined Support Maintenance Shop

DHCD: Department of Housing and Community Development

DJS: Department of Juvenile Services

DNR: Department of Natural Resources

DoIT: Department of Information Technology

MD: Military Department

MDA: Maryland Department of Agriculture

MDE: Maryland Department of the Environment

MES: Maryland Environmental Service

MHEC: Maryland Higher Education Commission

MISC: miscellaneous

MSDE: Maryland State Department of Education

TU: Towson University

UMBC: University of Maryland Baltimore County

UMCP: University of Maryland, College Park

UMMS: University of Maryland Medical System

USMO: University System of Maryland Office

⁽¹⁾ General Obligation (GO) bond figures include \$4.830 million of Qualified Zone Academy Bonds not counted under the limit for new GO bond authorizations for the 2017 session.

Appendix 26
Pre-authorizations Included in the Maryland Consolidated Capital Bond Loan
Fiscal 2018

<u>Project Title</u>	<u>2018 Pre-authorization</u>	<u>2018 Governor Recommended</u>	<u>Comments</u>
Board of Public Works – Annapolis Post Office Renovation	\$4,200,000	\$5,238,000	Based on updated cost estimate and schedule.
Judiciary – New Catonsville District Court	40,853,000	18,880,000	Based on updated cost estimate and schedule. Remaining funds programmed in fiscal 2019.
Military Department – Easton Readiness Center	3,632,000	3,587,000	Based on updated cost estimate.
Military Department – Havre de Grace CSMS	1,645,000	\$832,000	Based on updated cost estimate and schedule. Remaining funds programmed in fiscal 2019.
Department of Health and Mental Hygiene – Rosewood Property Environmental Abatement	10,000,000	0	Based on project schedule. Funds programmed in fiscal 2019 to 2022.
Department of Public Safety and Correctional Services – Demolition of Buildings at the Baltimore City Correctional Complex	26,925,000	2,200,000	Based on project schedule. Funds programmed in fiscal 2019 to 2022.
Maryland State Department of Education – State Library Resource Center	30,528,000	32,028,000	Based on updated cost estimate and schedule.
University of Maryland Baltimore – Health Sciences Research Facility III	3,400,000	3,400,000	
University of Maryland College Park – A. James Clark Hall – New Bioengineering Building	11,227,000	11,227,000	Additional funds recommended in fiscal 2018 include equipment funding not preauthorized.
University of Maryland College Park – Brendan Iribe Center for Computer Science	69,550,000	63,650,000	Based on project schedule. Funds programmed in fiscal 2019.
University of Maryland College Park – New Cole Field House	12,185,000	8,770,000	Based on project schedule. Funds programmed in fiscal 2019.

<u>Project Title</u>	<u>2018 Pre-authorization</u>	<u>2018 Governor Recommended</u>	<u>Comments</u>
University of Maryland College Park – New School of Public Affairs	3,000,000	0	State funding participation programmed for fiscal 2020 to 2021.
Coppin State University – Percy Julian Science Renovation for the College of Business	1,300,000	1,336,000	Based on updated cost estimate and schedule.
University of Baltimore – Langsdale Library	3,150,000	3,750,000	Based on updated cost estimate and schedule.
University of Maryland Baltimore County – Interdisciplinary Life Sciences Building	60,000,000	40,249,000	Based on project schedule. Funds programmed in fiscal 2019 to 2020.
University System of Maryland Office – Biomedical Sciences and Engineering Education Facility	88,000,000	88,651,000	
Maryland Higher Education Commission – Community College Facilities Grant Program	45,817,000	45,817,000	Amount reflects funding for preauthorized projects only.
Morgan State University – New Behavioral and Social Sciences Center	2,800,000	2,105,000	Based on updated cost estimate.
Maryland Environmental Services – Infrastructure Improvement Fund	6,767,000	6,767,000	Amount reflects funding for preauthorized projects only.
Department of Juvenile Services – New Female Detention Center	28,758,000	21,178,000	Based on project schedule. Funds programmed in fiscal 2019.
Miscellaneous Grant Programs – Downtown Frederick Hotel and Conference Center	7,500,000	0	Project not funded in 2017 CIP.
Miscellaneous Grant Programs – Strathmore Hall Performing Arts Center	3,000,000	0	Project not funded in 2017 CIP.
Total	\$464,237,000	\$359,665,000	

CIP: *Capital Improvement Program*

CSMS: CSMS: Combined Support Maintenance Shop

Appendix 27
Status of Capital Budget Mandates
Fiscal 2018

		<u>Mandate Amount</u>	<u>2018 Budget</u>	<u>Notes</u>
Prince George's Regional Medical Center	New mandate	\$67,500,000	\$11,300,000	Mandate bill is not effective due to contingency language.
Supplemental School Construction	Increases mandate	40,000,000	40,000,000	
Strategic Demolition Fund – Project C.O.R.E included	New mandate	25,625,000	25,625,000	General fund mandate – BRFA to allow GO bonds.
Baltimore Regional Neighborhood Initiative	New mandate	12,000,000	3,000,000	General fund mandate – BRFA to allow GO bonds.
Seed Anchor Institution Funds	New mandate	5,000,000	-0-	General fund mandate – BRFA to remove mandate.
Aging Schools	Existing	6,109,000	6,109,000	
Local Libraries	Existing	5,000,000	5,000,000	
Rural Legacy	Existing	5,000,000	5,000,000	
Shelter and Transitional Housing	New mandate	3,000,000	3,000,000	General fund mandate – BRFA to allow GO bonds.
African American Heritage	Existing	1,000,000	1,000,000	
Total		\$170,234,000	\$100,034,000	

BRFA: Budget Reconciliation and Financing Act
C.O.R.E.: Creating Opportunities for Renewal and Enterprise
GO: general obligation

Appendix 28
Status of Capital Budget Expressions of Intent
Fiscal 2018

	<u>Intent Amount</u>	<u>2018 Budget</u>	<u>Notes</u>
Community College Facilities Grant Program	\$80,000,000	\$56,252,000	2017 <i>Capital Improvement Program</i> (CIP) funds at the \$80 million level beginning in fiscal 2021.
Rental Housing Program	20,000,000	10,000,000	2017 CIP programs \$15 million in fiscal 2020 and at \$25 million annually thereafter.
Sheppard Pratt at Elkridge	3,750,000	0	Not programmed in the 2017 CIP