Government Services in Maryland

Legislative Handbook Series
Volume II
2002

For further information concerning this document contact:

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

Baltimore Area: 410-946-5400 Washington Area: 301-970-5400
Other Areas: 1-800-492-7122, Extension 5400
TDD: 410-946-5401 - 301-970-5401
Maryland Relay Service: 1-800-735-2258
E-mail: libr@mlis.state.md.us

The Department of Legislative Services does not discriminate on the basis of race, color, national origin, sex, religion, or disability in the admission or access to its programs or activities. The Department's Information Officer has been designated to coordinate compliance with the non-discrimination requirements contained in Section 35.107 of the Department of Justice regulations. Requests for assistance should be directed to the Information Officer at the telephone numbers shown above.

Foreword

The activities of Maryland's State government and 180 local governments have a significant role in the lives of the State's five million residents. During fiscal 1997, $27 billion was disbursed from State and local treasuries to provide services which promote public health and safety; social welfare; environmental and consumer protection; transportation, housing, and economic development opportunities; and support the education of Maryland's young people.

The purpose of this volume is to acquaint legislators with the many activities of State and local government. While not conceived as a legal or fiscal reference, this volume provides a programmatic overview of government services, providing information on the relationship between the levels of government and insight into the delivery of these services to citizens.

This is the second of nine volumes of the 1998 Legislative Handbook Series prepared prior to the start of the General Assembly term by the Office of Policy Analysis within the Department of Legislative Services. The material for this volume was assembled and prepared by Brian Baugus; Karen S. Benton, Elizabeth A. Forkin, Lesley G. Frymier, M. Kathleen Gardiner, William M. Honablew, Brent E. Johnson, Ann Marie Maloney, Michèle L. Mellott, Dawn G. Myers, Douglas R. Nestor, Suzanne M. Owen, and Alice Boyle Shepard under the general direction of David C. Romans. Additional review of the handbook was provided by John W. Rohrer, John F. Rixey, and Warren G. Deschenaux. The manuscript and organizational charts were prepared by Maria S. Hartlein.

The Department of Legislative Services trusts that this volume will be of use to persons interested in the services provided by Maryland State and local governments.

Karl S. Aro
Executive Director
Department of Legislative Services
Maryland General Assembly

Annapolis, Maryland
November 2002

Contents

	Page
Foreword	iii
Exhibits	xiii
Chapter 1. Overview of State and Local Government	1
Structure	2
State Government	2
Local Government	3
Services	5
Counties	5
Municipalities	6
Federal	7
Funding	8
Chapter 2. Legislative/Executive Direction and State Administration	11
Legislative Direction	11
Maryland General Assembly	11
Department of Legislative Services	14
Local Legislative Direction	15
Executive Direction	15
Boards, Commissions, and Offices/State Level	17
Secretary of State	18
Board of Public Works	19
Maryland Stadium Authority	19
Commission on Human Relations	20
State Election Services	20
Local Election Services	21
Support Agencies/State Level	21
Department of Budget and Management	21
Office of the Secretary	22
Office of Personnel Services and Benefits	23
Office of the Chief of Information Technology	23
Budget Analysis	24
Department of General Services	24
State Archives	25
Maryland State Board of Contract Appeals	25
Retirement and Pension Systems	26

Page

Local Financial and Personnel Management 27
Local Retirement Systems 27
Local Facilities Management 28

Chapter 3. Financial Administration 31
Structure 31
Services 32
Financial Control and Revenue Collection 32
Financial Control 32
Revenue Collection 32
Maryland State Lottery 33
Management of Public Funds 35
State Reserve Fund 36
Local Reserve Funds 38
Property Tax Assessment 38
Funding 39

Chapter 4. Courts and Related Offices 43
Structure 43
Services 43
Court of Appeals 43
Court of Special Appeals 45
Circuit Courts 46
District Court 49
Orphan's Court 50
Office of Administrative Hearings 50
Judicial Agencies 51
Maryland Judicial Conference 51
Administrative Office of the Courts 52
Commission on Judicial Disabilities 52
State Board of Law Examiners 52
Attorney Grievance Commission 52
Client Protection Fund of the Bar of Maryland 53
State Reporter 53
State Law Library 53
Other Offices 53
Registers of Wills 53
Sheriffs' Offices 54
Legal Representation of the State 54

Page

Legal Services for Indigent Parties 54
Funding 55
Circuit Courts 55
Local Expenditures 57
Registers of Wills and Maryland Legal Services Corporation 57

Chapter 5. Public Safety/Corrections 61
Police Protection – Structure 61
State Police 63
County Sheriffs/Police Forces 63
Municipal Police Forces 63
Police Protection – Services 64
State Police 64
Police Training Commission 66
Police Protection – Funding 66
Fire and Rescue – Structure/Services 71
Fire and Rescue – Funding 71
Emergency Services – Structure 72
Emergency Services – Services 75
Maryland Emergency Management Agency 76
Military Department 77
Emergency Services – Funding 77
Protective Inspections – Structure/Services 79
Corrections – Structure/Services 79
Department of Public Safety and Correctional Services 82
Local Role in Corrections System 84
Corrections – Funding 85
Victims of Crime 85

Chapter 6. Public Education 87
Structure 87
Services 91
Educational Accountability 94
School for the Deaf 95
School for the Blind 95
Correctional Education 96
Rehabilitation Services 96
Maryland Public Television 96
Funding 97

Page

Revenues 97
State Education Aid 97
Comprehensive School Finance Reform 100
State Department of Education 102
School for the Deaf and State Aided Organizations 102
Public School Construction 103
Maryland Public Television 103
Expenditures 105

Chapter 7. Higher Education 109
Structure 109
University System of Maryland 109
University of Maryland Medical System 111
Morgan State University and St. Mary's College of Maryland 111
Community Colleges 111
Maryland Higher Education Commission 115
Services 115
University System/Public Four-year Institutions 115
University of Maryland Biotechnology Institute 115
University of Maryland Center for Environmental Sciences 125
University of Maryland Medical System 125
Community Colleges 125
Maryland Higher Education Commission 128
Financial Aid Programs 128
Aid to Private Colleges and Universities 130
Access/Success Program 130
Savings Plans for Higher Education 130
Funding 131
Four-year Schools 132
Community Colleges 135
Community College Aid Formula 135
Retirement Costs 135
Statewide Programs 137
Small and Appalachian College Grants 137
Innovative Partnerships for Technology 137
English for Speakers of Other Languages 138
Capital Improvement Grants 138

Page

Chapter 8. Public Libraries 139
Structure and Services 139
Funding 142

Chapter 9. Transportation 145
Structure and Services 145
Roads and Highways 145
Motor Vehicles 149
Mass Transit 150
Mass Transit Initiative 151
Maryland Transit Administration 151
Washington Metropolitan Area Transit Authority 154
Port 156
Aviation 158
Baltimore-Washington International Airport 158
Glenn L. Martin State Airport 159
Local Airports 159
Regional Air Service 160
Maryland Transportation Authority 160
Funding 161

Chapter 10. Health Services 165
Structure 165
Local Health Boards/Health Officers 166
Local Health Departments 168
Core Service Agencies 169
State and County Mental Health Advisory Committees 171
Services 171
Health Insurance 171
Medicare 171
Medicaid 171
Maryland Children's Health Program 172
Maryland Primary Care Program 172
Maryland Pharmacy Assistance Program 173
Senior Prescription Drug Program 173
Maryland Pharmacy Discount Program 173
Maryland Medbank 174
Mental Health 174

Page

Developmental Disabilities 176
AIDS 178
Alcohol and Drug Abuse 178
Commissions 179
Health Services Cost Review Commission 179
Maryland Health Care Commission 179
Office of Health Care Quality 179
Maryland Health Care Foundation 180
Regulation of Health Professions 180
Community Health 180
Family Health 182
Cigarette Restitution Fund 182
Other 183
Funding 184
Health Insurance 186
Mental Health, Developmental Disabilities, and Chronic Hospitals 186
Regulatory System 187
Substance Abuse 187
Community and Family Health 187
Local Health Departments 187

Chapter 11. Human Services 191
Structure and Service Delivery 191
Services to Children and Families 191
Coordination of Services for Children and Families 193
Systems Reform Initiative and Local Management Boards 194
Local Departments of Social Services 195
Other Providers of Services to Children and Families 198
Services to Youth in the Juvenile Justice System 199
Services to the Aged 202
Services to the Disabled 204
Services to Veterans 205
Local Projects 205
Funding 207

Chapter 12. Housing and Community Development 211
Structure 211
Services/Programs 212
Homeownership 213

Page

Rental Housing 215
Special Housing Needs 217
Neighborhood Revitalization 219
Historic Preservation 220
Funding 222

Chapter 13. Economic Development and Business Regulation 225
Economic Development Structure and Services 225
Marketing and Business Development 227
International Business Services 227
Business Licensing 228
Workforce Development 228
Financing Programs 228
Traditional Banking 229
Small or Minority Business 230
Local/Regional Economic Development 230
Technology Firms 231
Modernization/Expansion Initiatives 232
Maryland Economic Development Corporation 233
Tourism, Film, and the Arts 234
Funding Economic Development 235
Business Regulation Structure and Services 236
Financial Regulation and Licensing Boards 238
Insurance 238
Utilities 238
Alcoholic Beverage Control 241
Funding Business Regulation 242

Chapter 14. Labor and Work Force Development 243
Structure 243
Services 244
Worker Protection 244
Unemployment Insurance 246
Work Force Development 248
Services for Job Seekers 250
Institutional-level Services 254
Services for Employers 256
Advisory and Research Functions 257
Funding 258

Page

Chapter 15. Environment, Natural Resources, and Agriculture 263
Structure 265
Planning and Growth Management 265
Environment Protection 267
Open Space, Parks, and Recreation 268
Agricultural Services 268
Services 269
Water Quality Protection 269
Chesapeake Bay Initiatives 272
Maryland Environmental Service 274
Air Pollution Control 274
Open Space, Parks, and Recreation 275
Conservation of Open Space 276
Parks and Recreation 278
Wildlife and Fisheries Management 279
Agricultural Programs 280
Agricultural Land Preservation 280
Resource Conservation 281
Plant Industries and Pest Management 282
Marketing, Animal Industries, and Consumer Services 283
Technical, Regulatory, and Advisory Services 283
Funding 285

Chapter 16. Public Works 291
Public Utilities 291
Sewer, Solid Waste, and Water Services 291
Local Governments' Responsibilities, Services, and Funding 291
State's Responsibilities, Services, and Funding 292
Maryland Environmental Service 295
Electric and Gas Services 296
Planning and Zoning 297

Appendix 1 Maryland State/Local Relationships – Overview by Function 301

Index 309

Exhibits

		Page
Exhibit 1.1	Local Governments in Maryland – 2002	4
Exhibit 1.2	20 Most Common Municipal Services – 1998	7
Exhibit 1.3	State, Local, and Federal Spending on Government Services in Maryland As a Percentage of Total Spending on the Service – Fiscal 2001	9
Exhibit 2.1	Local, State, and Federal Funding Responsibility – Fiscal 2001	12
Exhibit 2.2	Local Government Expenditures for Legislative/Executive Direction and Support – Fiscal 2001	13
Exhibit 2.3	Baltimore City and County Governments	16
Exhibit 2.4	State Costs/Salaries and Fringe Benefits – Fiscal 2001	24
Exhibit 2.5	Local Governments Participating in the State Retirement and Pension System – Fiscal 2001	29
Exhibit 3.1	Summary of Lottery Sales and Revenue– Fiscal 1991 through 2002	34
Exhibit 3.2	Fiscal 2001 Expenditures by Financial Administration Agencies	40
Exhibit 3.3	Local Financial Administration and Debt Service Expenditures – Fiscal 2001	41
Exhibit 4.1	The Maryland Judicial System	44
Exhibit 4.2	Appellate Judicial Circuits	46
Exhibit 4.3	Allocation of Circuit and District Judges – Fiscal 2003	48
Exhibit 4.4	Maryland Judicial System – Local, State, and Federal Funding Responsibility – Fiscal 2001	56
Exhibit 4.5	Courts and Related Offices – Local Funding Responsibility – Fiscal 2001	58
Exhibit 5.1	Public Safety and Corrections Services – Expenditures and Funding Sources – Fiscal 2001	62
Exhibit 5.2	Local Police Strength and Funding – Funding 2001	67
Exhibit 5.3	Fire and Rescue Services – Local Expenditures and Funding – Fiscal 2001	73
Exhibit 5.4	Volunteer and Career Personnel – Fiscal 2001	74
Exhibit 5.5	EMS Operations Fund – Fiscal 2001 through 2003	77

Exhibit 5.6	9-1-1 Emergency Services – Local Expenditures and Funding – Fiscal 2001	78
Exhibit 5.7	Corrections – State/Local Responsibilities	80
Exhibit 5.8	Local Corrections Population – As of June 30, 2002	81
Exhibit 5.9	Correctional Spending – Fiscal 2001	85
Exhibit 5.10	Corrections – Expenditures and Reimbursements – Fiscal 2001	86
Exhibit 6.1	Boards of Education	89
Exhibit 6.2	Selected Public School Data – 1991-2002 School Year	92
Exhibit 6.3	Staff Employed – Maryland Public Schools – 1999-2000 School Year	93
Exhibit 6.4	Primary and Secondary Education Funding – Fiscal 2000	98
Exhibit 6.5	Operating Revenues for Primary and Secondary Education – Fiscal 2000	99
Exhibit 6.6	Public School Construction – State/Local Cost Share Amounts	104
Exhibit 6.7	Education Expenditures – Fiscal 2000	105
Exhibit 6.8	Operating Expenses per Pupil – Selected Fiscal Years	106
Exhibit 7.1	Maryland Public Higher Education System	110
Exhibit 7.2	Community Colleges in Maryland	113
Exhibit 7.3	Higher Education Enrollment Trends – Fiscal 2000 and 2001	116
Exhibit 7.4	Tuition and Fees for Full-time Undergraduate Students – 2001	117
Exhibit 7.5	Summary of Four-year Institutions	118
Exhibit 7.6	Community College Enrollment for Fall 2001	126
Exhibit 7.7	Certificates/Associate Degrees Awarded in Fiscal 2001	127
Exhibit 7.8	Student Financial Aid Programs – Fiscal 2002 (Estimated)	129
Exhibit 7.9	State Aid to Maryland Independent Colleges and Universities – Fiscal 2001	131
Exhibit 7.10	Higher Education Revenues – Fiscal 2001	133
Exhibit 7.11	Direct State Aid to Four-year Schools – Fiscal 2001	134
Exhibit 7.12	Unrestricted Community College Revenues – Fiscal 2001	136
Exhibit 8.1	County Library Services – Fiscal 2001	141
Exhibit 8.2	Funding of Public Libraries – Fiscal 2001	142
Exhibit 8.3	Public Library Funding – Fiscal 2001	143
Exhibit 9.1	Structure of Maryland's Transportation System	146
Exhibit 9.2	Maryland Department of Transportation – Budget and Workload Indicators – Fiscal 1999 through 2003	147
Exhibit 9.3	State Highway Administration – Engineering Districts	148

Exhibit 9.4	Motor Vehicle Administration – Service Locations	150
Exhibit 9.5	Major Local Transit Systems and Funding – Fiscal 2001	153
Exhibit 9.6	MARC Rail Service	154
Exhibit 9.7	Washington Metropolitan Area Transit Authority – Metrorail Transit System	155
Exhibit 9.8	Maryland Port Administration – Total Foreign Cargo Tonnage Market Share among Competitors – Mid-Atlantic Seaboard – Calendar 1991 through 2001	157
Exhibit 9.9	Commercial Passenger Market Share – BWI, Dulles, National Airports – Calendar 1991 through 2001	159
Exhibit 9.10	State Highway Administration – Distribution of Highway User Revenues – Fiscal 2001	162
Exhibit 9.11	Transportation Expenditures and Funding – Fiscal 2001	164
Exhibit 10.1	Structure of Health Delivery System	167
Exhibit 10.2	Core Funding Fiscal 2000	168
Exhibit 10.3	Core Service Agencies – 20020	170
Exhibit 10.4	Mental Hygiene Administration Facility Overview – Fiscal 2003	175
Exhibit 10.5	Developmental Disabilities Administration Facility Overview – Fiscal 2003	177
Exhibit 10.6	Health Regulatory Boards and Commissions– Fiscal 2003	181
Exhibit 10.7	Public Health Spending in Maryland – Fiscal 2001	185
Exhibit 10.8	Funding for Local Health Departments – Fiscal 2001	188
Exhibit 10.9	Local Expenditures for Local Health Departments – Fiscal 2001	190
Exhibit 11.1	Structure of Human Service Delivery System – Fiscal 2003	192
Exhibit 11.2	Department of Juvenile Justice – State-owned Facilities – Fiscal 2002	201
Exhibit 11.3	Examples of Local Social Service Programs	206
Exhibit 11.4	Human Services Funding – Fiscal 2001	208
Exhibit 11.5	Local Spending on Human Services Programs – Fiscal 2001	210
Exhibit 12.1	Local Housing Authorities and Offices in Maryland	213
Exhibit 12.2	Department of Housing and Community Development – Fiscal 2001 Expenditures	222
Exhibit 12.3	Local Government Spending – Fiscal 2001 – Housing and Community Development	224
Exhibit 13.1	County Economic Development Responsibility	226
Exhibit 13.2	Activity in Loan Guaranty and Insurance Programs – Fiscal 2003	229
Exhibit 13.3	State Economic Development Expenditures – Fiscal 2001	235

Exhibit 13.4 Local Economic Development Expenditures – Fiscal 2001 237
Exhibit 13.5 Licensing Activity of Occupational and Professional Licensing Boards – Fiscal 2001 239
Exhibit 13.6 Utilities under the Jurisdiction of the Public Service Commission 240
Exhibit 13.7 Liquor Distribution Net Profits – Fiscal 2001 241
Exhibit 13.8 State Expenditures for Selected Business Regulation Activities – Fiscal 2001 242

Exhibit 14.1 Maryland's Workforce Development System 249
Exhibit 14.2 Local Workforce Investment Areas – 2002 251
Exhibit 14.3 Enrollment in State Use Industries – Fiscal 2000 through 2002 256
Exhibit 14.4 Expenditures on Labor and Work Force Development Activities – Fiscal 2001 258
Exhibit 14.5 State Expenditures for Work Force Development – Fiscal 2001 260

Exhibit 15.1 Major Roles and Responsibilities 264
Exhibit 15.2 Selected Smart Growth Initiatives 266
Exhibit 15.3 Fiscal 2001 Spending 286
Exhibit 15.4 Allocation of Property Transfer Tax Revenues – Fiscal 2001 and 2002 288
Exhibit 15.5 Local Expenditures on Parks, Recreation, and Resource Conservation – Fiscal 2001 289

Exhibit 16.1 County Public Works Functions 293
Exhibit 16.2 Local Government Sewer, Solid Waste, and Water Expenditures – Fiscal 2001 294
Exhibit 16.3 State Environmental Grants and Loans to Local Governments – Fiscal 2002 through 2003 296
Exhibit 16.4 Electric and Gas Services – Fiscal 2001 297
Exhibit 16.5 County Expenditures on Planning and Zoning –Fiscal 2001 298

Chapter 1. Overview of State and Local Government

Collectively Maryland's State, county, and municipal governments provide a wide range of services to the State's residents. Publicly provided services encompass such disparate activities as the promotion of public health and safety, environmental and consumer protection, economic development, housing, social welfare, mass transit, highway maintenance and construction, and refuse collection. In addition, State and local governments are required to provide a system of "thorough and efficient" public schools. While not typically a direct service provider, the federal government plays a key role in financing health and social service programs.

The level of government with responsibility for the funding and delivery of public services varies by activity. In some cases, collaboration among levels of government is integral while other services are the sole responsibility of a specific level of government. The six most common funding/service delivery models in the State are:

- ***Federal/State Partnerships:*** These are jointly funded and State administered. Health insurance for the poor and most social welfare programs are prime examples of federal/State partnerships with the federal government providing 50 percent or more of the funding and placing certain restrictions on the use of the funds.

- ***State/Local Partnerships:*** These are jointly funded and locally administered. The relationship between the State and local governments often mirrors the federal/State relationship with the State playing a key role in funding an activity while the service is actually delivered locally. Public education and libraries are prime examples of this type of collaboration.

- ***State Regulated and Locally Administered:*** Alcoholic beverage control and enforcement of certain environmental health activities are local functions. The State, however, has established the regulatory framework within which the programs operate and has delegated responsibility for enforcing the laws to the locals.

- ***State Funded and Administered:*** Most economic development and business regulation programs in the State are developed, administered, and funded by the State.

- ***Locally Funded and Administered:*** Fire services, solid waste management, and zoning are almost entirely the responsibility of local governments with the State providing small grants and limited technical support.

- ***Dual Delivery Systems:*** Some services including police, jails, and parks and recreation have both State and local components. There are, for example, State, county, and municipal parks.

While these are the most common models, there are exceptions. For instance, local governments are required to house State prisoners in local jails. The State may reimburse local governments for this cooperation, but that still means that local governments may not have full use of their jails to address local law enforcement problems. In other cases the federal government provides 100 percent of the funding and develops most of the program guidelines but expects the State (unemployment insurance and vocational rehabilitation) or local government (public housing) to administer the program.

In addition to summarizing the role each level of government plays in delivering services, this chapter focuses on the general organization of State and local government in Maryland and on the division of responsibility for funding various programs. A brief discussion of the role of each level of government by service type is presented in Appendix 1. For more information on the organization of local government, see *Maryland Local Government: Structure and Powers*, Volume VI of the Legislative Handbook Series.

Structure

State Government

The Constitution of Maryland establishes the framework for Maryland's legislative, judicial, and executive branches. Legislative power is exercised by the General Assembly, which consists of a 47-member Senate and a 141-member House of Delegates serving four-year terms. Judicial power is exercised through a four-level court system consisting of two appellate courts, a court of general jurisdiction (the circuit courts), and a court of limited jurisdiction (the District Court). Executive power is divided between the Governor, Attorney General, and Comptroller, all of whom are elected by the public, and a State Treasurer chosen by the General Assembly. Meeting as the Board of Public Works, the Governor, Comptroller, and State Treasurer have special responsibilities for contracts and other financial matters. The Governor is the State's chief executive officer.

The executive branch is the largest branch of government with responsibility for administering programs and implementing public policy as outlined in statute. In Maryland, as in most states, the executive branch is structured by major agencies, usually reflecting the type of program services. The current structure is reflective of a comprehensive reorganization, begun in 1969, when over 200 agencies, boards, commissions, and divisions were combined into departments composed of functionally related agencies. The initial reorganization effort was completed in the mid-1970s. Subsequent reorganizations have created several new departments: Environment, Economic and Employment Development, and Housing and Community Development in 1987; Juvenile Services in 1989 (now called Juvenile Justice); and State Police in 1994. A 1995 reorganization replaced the Department of Economic and Employment Development and the Department of Licensing and Regulation with the Department of Business and Economic Development and the Department of Labor, Licensing, and Regulation.

Another reorganization within the State of Maryland was in higher education. In 1988 five University of Maryland campuses merged with the six State colleges and universities into the University of Maryland System (renamed the University System of Maryland in 1997), governed by a board of regents. Morgan State University and St. Mary's College remain under separate governing boards. The higher education reorganization also saw the creation of the Maryland Higher Education Commission from the former State Board of Higher Education and the State Scholarship Board.

Local Government

Local governments in Maryland have evolved significantly since the establishment of the State's first county in 1637. At that time, local governments served mostly as administrative arms of the State. Through the subsequent granting of home rule powers, county and municipal governments have been able to enact laws that address the unique needs and challenges confronting their citizens.

The United States Census bureau identifies 421 local governments in Maryland. This includes the State's 23 counties, Baltimore City (which is regarded as a county), 156 municipalities, and 241 special districts. Special districts are created by State or local law to address special goals or needs within a small geographic area or to deal with issues and problems that cross county boundaries.

Exhibit 1.1 lists the counties and notes the number of municipalities in each.

Exhibit 1.1
Local Governments in Maryland
2002

County	Number of Municipalities
Allegany	7
Anne Arundel	2
Baltimore City	(*)
Baltimore**	0
Calvert	2
Caroline	10
Carroll	8
Cecil	8
Charles	3
Dorchester	9
Frederick	11
Garrett	8
Harford	3
Howard	0
Kent	5
Montgomery	19
Prince George's	27
Queen Anne's	6
St. Mary's	2
Somerset	1
Talbot	4
Washington	9
Wicomico	8
Worcester	4
Total	**156**

* Baltimore City is a municipal corporation that acts as a county. Its home rule powers are set forth under a different section of the Annotated Code; therefore, it is not counted as a municipality for purposes of this exhibit.

** There are no municipal corporations located entirely within Baltimore County; however, a part of the Town of Hampstead does fall within the county's boundaries.

Source: *Local Government Finances in Maryland*, Department of Legislative Services

Services

State government is involved with the delivery of almost every public service in Maryland. In many instances the State's role is limited to providing oversight and/or funding for a locally delivered service, while in other cases the State acts as a direct service provider. Services that are provided exclusively by the State include higher education, health insurance, welfare, most social services, corrections (long-term incarceration), State highway maintenance and construction, and enforcement of worker safety.

The State and local governments both act as direct service providers with respect to enforcing environmental standards, administering Maryland's judicial system, offering police services, developing and maintaining recreational programs, and promoting economic and community development. The division of responsibilities between the State and the locals in these areas is clearly delineated with respect to most of the services. In areas such as police protection, the division of labor is often less formal with variations found in different parts of the State.

Public education, libraries, community colleges, fire and rescue, water and sewage systems, and solid waste management are areas where the State's role is limited to oversight and/or funding with counties, municipalities, or independent boards acting as the direct service provider.

Counties

Regardless of the type of government, all counties are responsible for providing certain services or facilities for their citizens. County services tend to have a more direct impact on people's daily lives than services provided by the State. The basic types of county services and facilities are highlighted below. Services marked with an (*) are required or governed under State law.

- *General Government:* This grouping includes executive and legislative control, election supervision*, financial administration (budgeting and accounting), legal support, and personnel administration.

- *Judicial Support*:* Functions include the Orphans' Court, State's Attorney, and judicial activities of the Sheriff. This category also includes funding for the operations of the circuit courts.

- *Public Safety:* This grouping includes law enforcement, fire protection, corrections, building inspection, animal control, and traffic engineering.

- *Transportation:* Baltimore City maintains all roads except certain interstates. The counties are responsible for maintenance and upkeep of local roads.

- *Education*:* Public schools (K-12) are funded through the county boards of education that operate under State law.

- *Community Colleges*:* The institutions operate under State law but are funded with a combination of State and local funds.

- *Libraries:* Although not required to do so by State law, all counties including Baltimore City have established a public library system usually governed by a library board.

- *Health*:* Counties operate the State-required and -regulated county health departments and State-authorized core service agencies (which coordinate services for the mentally ill).

- *Public Works:* Zoning, alcoholic beverage control*, planning, sewer, water, storm drain, and solid waste collection and disposal are generally the responsibility of counties.

- *Economic and Community Development:* Counties engage in varying levels of economic and community development.

- *Human Services:* While the county role in delivering social services varies by jurisdiction, most counties administer area agencies on aging. These agencies coordinate the delivery of State and local services to older Maryland residents.

Municipalities

The services delivered by municipalities are less uniform than those provided by the counties. None of the municipalities exercise all the powers available to them or provide every possible service. Exhibit 1.2 indicates those functions that are most frequently undertaken by the municipalities. Street repair and lighting, police protection, and parks and recreation are among the most common municipal functions. There are some governmental functions unique to only a few of the municipalities. These include the operation of public transportation systems (10), airports (four), golf courses (seven), and housing authorities (21).

Exhibit 1.2
20 Most Common Municipal Services – 1998

Service	Municipalities Performing
Street Lighting	155
Refuse Collection	153
Street Maintenance	145
Snow Removal	123
Planning	117
Parks and Recreation	113
Zoning	107
Leaf Collection	103
Police Protection	101
Recycling	90
Building Code	86
Sewer	85
Street Sweeping	85
Housing Code	84
Newsletter	75
Cable Access Television	74
Roadside Tree Care	68
Publicly Owned Parking	62
Storm Water Maintenance	50
Renting Facilities to Public	45

Source: Survey conducted by Maryland Municipal League (1998)

Federal

The federal role with respect to the delivery of services is generally limited to oversight and funding. Much of the funding provided by the federal government, however, comes with conditions attached and reporting requirements to ensure these services are delivered in line with federal priorities. While the conditions are traditionally referred to as mandates, they are not true mandates because State and local governments are not required to participate in the programs.

From the State and local perspective, the federal conditions often have the impact of mandates because the federal dollars are needed as the catalyst to create programs

designed to improve health, welfare, and safety. One example of a federal grant with significant conditions is the Violent Offenders Incarceration Program which offers grant dollars to states if the state guarantees that certain types of violent offenders will be incarcerated for long periods of time.

Funding

In fiscal 2001 the State spent $20.8 billion on government services. Of this amount, $16.5 billion was State-funded and $4.3 billion was federal-funded. The 23 counties and Baltimore City reported spending $12.4 billion that included a reported $863 million in federal grants and $3 billion in State aid. Municipalities spent $613.3 million in fiscal 2001. Revenues from county ($23.6 million), State ($46 million), and federal ($18.9 million) grants totaling $88.5 million were reported by the municipalities.

Due to difficulties in determining the share of spending reported by the locals that passes through the State budget and the portion that is locally generated revenues, there is no summary chart of unduplicated expenditures on the various government services in Maryland. Exhibit 1.3 depicts the percentage of costs for each major public service that is borne by the different levels of government and shows the aggregate (in some cases duplicated) expenditures on each service. While this chart may overstate in some service areas the degree to which local spending finances public services (by counting some State and federal aid to the locals as both local and State or federal expenditures), it does provide a general sense of the different funding mixes that are used to support the various types of government programs. Additional detail on the roles of the State, local, and federal governments in financing and delivering public services is provided in Chapters 2-16.

Exhibit 1.3
State, Local, and Federal Spending on Government Services in Maryland
As a Percentage of Total Spending on the Service – Fiscal 2001
($ in Millions)

	Spending	State Funding	Local Funding	Federal Funding	Other[1]
Executive/Legislative Direction	$ 1,046	28%	71%	1%	
Financial Administration	353	65%	35%		
Judicial	503	69%	30%	1%	
Public Safety	3,032	37%	61%	2%	
Transportation	3,338	70%	9%	20%	
Public Education	7,461	39%	53%	8%	
Higher Education	3,437	35%	5%		60%
Libraries	188	22%	68%	2%	8%
Health	8,655	30%	1%	69%	
Human Services	1,984	37%	12%	51%	
Housing and Community Development[2]	447	20%	66%	14%	
Economic Development and Business Regulation	460	66%	24%	10%	
Employee Development/Protection	393	25%	14%	61%	
Environment	891	36%	54%	10%	
Public Works[3]	1,549	4%	96%		

[1]Other includes tuition and fees at State colleges; higher education revenues from federal, private, and local grants and contracts; dorm and other fees collected by higher education institutions; interest earnings, loan repayments, and fees received by the Department of Business and Economic Development; and certain user fees.

[2] Local housing expenditures include a substantial amount of federal housing assistance. Insufficient data are available to determine the amount of local spending on housing which is actually federal funding.

[3]Data are incomplete.

Source: Department of Legislative Services

Chapter 2. Legislative/Executive Direction and State Administration

The overall responsibility for establishing the framework for delivery of governmental services to the citizens of Maryland rests with the elected State and local legislative bodies. The legislative bodies pass laws impacting the full range of government services, provide for the statutory structure and organization of the State and local governments, and establish policies to be implemented and enforced by the elected chief executive at the State, county, or municipal level. The chief executives have the responsibility for delivering government services. They rely on staff from a network of administrative agencies for fact-finding and recommendations on how best to deliver government services and to address policy priorities established through the political process.

Overall, State and local governments expended about $1.046 billion on legislative/executive direction, including administrative support agencies. At the local level these expenditures are reported under the "general government" category. Exhibit 2.1 summarizes this spending for those organizations involved in the exercise of legislative/executive direction at all levels of government. The responsibilities of these organizations are discussed below. Exhibit 2.2 shows local general government expenditures on a county-by-county basis.

Legislative Direction

At the State level, the 188-member Maryland General Assembly is the lawmaking body. At the local level, county and city councils and county commissioners perform the legislative function. In many cases the local legislative body also assumes executive responsibilities and may assign day-to-day management of the local government to a county or city manager or administrator.

Maryland General Assembly

The lawmaking powers of the State are vested in the General Assembly, consisting of the 47-member Senate and the 141-member House of Delegates. The legislature passes laws necessary to protect the health, welfare, and safety of the citizens of Maryland, approves the annual State budget, and provides for revenues to support the budget. Further, the legislature provides for the statutory structure and organization of the State and local governments and proposes amendments to the Constitution of Maryland. The Senate, and in some instances the House of Delegates, confirms appointments made by the Governor.

Exhibit 2.1
Local, State, and Federal Funding Responsibility
Fiscal 2001
($ in Thousands)

Unit	Local	State	Federal	Total
Maryland General Assembly		$23,323	$0	$23,323
Department of Legislative Services		29,446	0	29,446
Office of Governor/Executive Direction		11,344	5,935	17,279
Secretary of State		2,991	0	2,991
Board of Public Works		12,129	0	12,129
Maryland Stadium Authority		47,680	0	47,680
Commission on Human Relations		2,681	727	3,408
Department of Budget and Management		77,734	0	77,734
Department of General Services		52,790	0	52,790
State Retirement and Pension Systems		27,756	0	27,756
Maryland State Board of Contract Appeals		414	0	414
Maryland State Archives		5,474	0	5,474
State Admin. Board of Election Laws		3,997	0	3,997
General Government/Counties	$674,135	0	0	674,135
General Government/Municipalities	67,363	0	0	67,363
Total	**$741,498**	**$297,759**	**$6,662**	**$1,045,919**

Source: *Local Government Finances in Maryland* (August 2002); *Fiscal 2003 State Budget Books*; Department of Legislative Services

Exhibit 2.2
Local Government Expenditures for
Legislative/Executive Direction and Support – Fiscal 2001

County Name	County General Government	Municipal General Government	Local Government Grand Total
Allegany	$2,691,641	$2,389,550	$5,081,191
Anne Arundel	56,177,103	2,951,648	59,128,751
Baltimore City	160,628,449		160,628,449
Baltimore	56,351,156		56,351,156
Calvert	6,293,427	941,845	7,235,272
Caroline	1,216,678	772,790	1,989,468
Carroll	26,771,643	1,783,611	28,555,254
Cecil	6,780,115	2,091,324	8,871,439
Charles	14,259,115	1,025,951	15,285,066
Dorchester	1,241,288	666,462	1,907,750
Frederick	19,091,501	7,052,683	26,144,184
Garrett	2,655,141	538,165	3,193,306
Harford	21,953,283	6,199,896	28,153,179
Howard	34,578,655		34,578,655
Kent	1,714,629	418,196	2,132,825
Montgomery	145,637,035	13,126,917	158,763,952
Prince George's	78,452,133	15,615,838	94,067,971
Queen Anne's	2,510,763	241,494	2,752,257
St. Mary's	12,370,404	136,550	12,506,954
Somerset	2,051,345	281,346	2,332,691
Talbot	3,312,434	1,198,210	4,510,644
Washington	8,500,872	2,464,491	10,965,363
Wicomico	2,285,832	1,408,195	3,694,027
Worcester	6,610,436	6,057,645	12,668,081
Total	**$674,135,079**	**$67,362,807**	**$741,497,886**

Note: General government does not include financial administration, planning and zoning, or judicial costs which are discussed in other chapters.

Source: *Local Government Finances in Maryland*, Department of Legislative Services, August 2002

In addition to its legislative functions, the General Assembly elects the State Treasurer, may impeach certain public officials, and may exercise broad investigative powers.

The General Assembly meets annually in a 90-day session in Annapolis beginning on the second Wednesday in January and running through early April. There may be extended sessions or special sessions, called by the Governor at his decision or if petitioned by a majority of the House of Delegates and a majority of the Senate. During the nine-month period between sessions known as the "legislative interim," legislative committees and a variety of special task groups meet and consider issues and/or legislative proposals in more detail and with greater analytical scrutiny than time and work schedules permit during regular sessions of the General Assembly. The findings of these groups and studies completed by legislative staff usually appear as special reports toward the end of the nine-month period. These reports are often accompanied by draft legislation to be introduced during the ensuing 90-day session of the General Assembly commencing in January.

Department of Legislative Services

The Department of Legislative Services is the centralized, non-partisan staff agency for the General Assembly. The department provides the General Assembly with professional staff support for the major functions of the General Assembly. Responsibilities of the department's Office of Policy Analysis include drafting legislation, preparing fiscal notes, staffing legislative committees, and analyzing proposed legislation and the Governor's proposed State budget. The office also is responsible for the ongoing nonsubstantive revision of the State's published statutory laws (Annotated Code) into a more subject-oriented format.

The Office of Policy Analysis supports a comprehensive reference and research library for legislators that contains information on legislation, the history and development of laws in Maryland, other states' and federal statutes, and topics of particular interest to the legislature. While the library's primary mission is serving the legislature and its staff, the library is also available to the general public.

The Office of Legislative Audits of the department is responsible for conducting fiscal/compliance, performance, and financial statement opinion audits of State agencies. These audits are designed to review and evaluate a wide range of management, administrative, and financial policies and procedures. In addition, the office is often called upon by the General Assembly to assist on various special projects. This assistance ranges from the auditing of private institutions receiving State funds to gathering data for special investigations.

Local Legislative Direction

County legislative bodies include county councils and boards of county commissioners. As discussed in Chapter 1 of this volume, the scope of a county government's legislative authority varies with the form of the county government. (For a more detailed discussion of local legislative powers, see *Maryland Local Government: Structure and Powers*, Volume VI of the Legislative Handbook Series.) Among the counties the number of council members or commissioners ranges from 19 council members in Baltimore City to three commissioners in seven of the counties. The number of legislative members for each of the counties is shown in Exhibit 2.3. In seven of the nine charter counties (including Baltimore City), executive and legislative powers have been divided between an elected executive and an elected council. In the remaining counties the executive powers have been retained by elected council members or commissioners who may appoint a county manager or administrator.

City councils, commissions, and burgesses are the primary municipal legislative bodies. Almost half of the municipalities have elected councils and executives (mayors). For the other municipalities, the councils, commissions, or burgesses have retained executive powers and may appoint city managers or administrators.

Executive Direction

Executive direction refers to the duties and personnel associated with the chief executive. At the State level, this includes the Executive Office of the Governor, the Lieutenant Governor, supporting staff, and boards, commissions, and offices charged with carrying out specific types of gubernatorial duties. These offices may vary depending on the chief executive. At the county level, executive direction includes the county executive, county legislative bodies that also have executive responsibilities, and offices that report directly to the chief executive. At the municipal level, executive direction includes the mayor, municipal legislative bodies with executive responsibilities, and offices that report directly to the chief executive.

Exhibit 2.3
Baltimore City and County Governments

County	Commissioners	Council Members	Executive or Mayor (Elected At-large)
Allegany	3		
Anne Arundel		7	X
Baltimore City		19 *	X
Baltimore		7	X
Calvert	5		
Caroline	3		
Carroll	3		
Cecil	3		
Charles	5		
Dorchester	5		
Frederick	5		
Garrett	3		
Harford		7	X
Howard		5	X
Kent	4		
Montgomery		9	X
Prince George's		9	X
Queen Anne's	5		
St. Mary's	5		
Somerset	5		
Talbot		5	
Washington	5		
Wicomico		7	
Worcester	7		

*On November 5, 2002, the voters approved Question P, a question regarding the structure of the Baltimore City Council. As a result, after next general election in November 2004, the council will have 15 members.

Source: Department of Legislative Services

The office of the Governor includes staff members who function as liaisons for the Governor and Lieutenant Governor with the departments of State government and the legislative and judicial branches. The staff also advises the Governor and Lieutenant Governor on public policy issues and intergovernmental relations. Maryland has an elected Lieutenant Governor whose duties are solely delegated by the Governor.

Boards, Commissions, and Offices/State Level

The Governor's office includes various boards, commissions, and offices created by statute or executive order. These offices advise the Governor on public policy issues and investigate and make recommendations on problems affecting the administration and the State's welfare as set forth below.

The *Survey Commissions* are established pursuant to legislation and executive initiative to investigate and coordinate responses to problems affecting the State.

The *Office of Minority Affairs*, created in 1980 by executive order, advises the Governor on the impact of public issues and government-sponsored programs on minority communities.

The *Governor's Office on Service and Volunteerism* was established from the former Governor's Office of Volunteerism and the Governor's Commission on Service. The office implements and administers the funds authorized under the National Community Service Trust Act of 1993. The office provides staff support to the Governor's Commission on Service and Volunteerism, which develops and carries out a competitive selection process for the distribution of the national service funds received under the act. Initiatives in this regard are the State-based Americorps programs and the Learn and Serve America community-based programs. These two initiatives are funded through federal grant funds made available to the Governor's Office on Service and Volunteerism.

The *State Ethics Commission*, created in 1979, replaced the State Board of Ethics. The commission consists of five members and issues advisory opinions concerning the ethics laws, receives financial disclosure forms, registers lobbyists, receives lobbying reports, and investigates complaints.

The *Health Claims Arbitration Office* was created as a unit of the Executive Department in 1976. It administers mandatory arbitration for all medical malpractice claims amounting to more than $20,000. It is responsible for the selection of arbitration panels, for adjudicating each claim filed to determine liability, and for making awards. The costs of the arbitration panel and the processing of claims are recovered from the parties involved.

The *State Commission on Uniform State Laws* was created in 1896 by the legislature. The Governor appoints three commissioners every four years, who represent Maryland at the National Conference of Commissioners for Uniform State Laws. They receive no salary but are reimbursed their actual expenses. The commissioners serve on

committees, which draft laws to be submitted to the legislatures of the states, and recommend measures for the promotion of uniform legislation.

Volunteer Maryland is a Learn and Serve AmeriCorps program that receives a grant from the Governor's Office on Service and Volunteerism. Volunteer Maryland is an independent office and one of 11 demonstration projects of national service funded by the federal Commission on National and Community Service. The office recruits coordinators and associates who dedicate a year of public service to Volunteer Maryland. Teams of coordinators and associates are then placed in government and private non-profit agencies to develop volunteer programs.

Office of the Deaf and Hard of Hearing is responsible for promoting the general welfare of deaf and hard of hearing individuals in the State. The office is to serve as a coordinating presence for public policies that affect the target constituency, help increase public awareness of the needs of the deaf and hard of hearing, and generally act as the State's clearinghouse for deaf and hard of hearing issues, including employment and emergency services. The office is advised by a 16-member advisory council.

State Commission on Criminal Sentencing Policy is the successor to the Maryland Commission on Criminal Sentencing Policy and oversees criminal sentencing policy in Maryland. The 19-member commission has primary responsibility for the voluntary sentencing guidelines for Maryland's circuit courts. The commission collects and keeps data on sentencing guidelines, trains all pertinent parties about sentencing guidelines, and monitors compliance with the guidelines.

Criminal Justice Coordinating Council plans and coordinates solutions for the issues facing the Baltimore City criminal justice system. The council assists the Judiciary and the member agencies in the planning and delivery of services. The council also serves as a communication vehicle for all participants in the criminal justice system.

Secretary of State

The Secretary of State assists the Governor and attests to the Governor's signature on all public papers and documents, oversees all executive orders, and keeps record of all commissions and appointments. Over the years, the function and duties of the office have expanded to include keeping records of trademarks, trade names, charitable organizations, and professional fundraisers. In addition, the Secretary's office administers the condominium registration law and the State's extradition fund. The office receives reports from cemeteries that sell pre-need burial goods and burial space with perpetual care. The Division of State Documents compiles, edits, and publishes the Code of Maryland Regulations and the *Maryland Register* in which proposed regulations, other

notices, and official information are disclosed to the public. The Secretary of State is appointed by the Governor and confirmed by the State Senate.

Board of Public Works

The Maryland Board of Public Works is a constitutionally established body composed of the Governor, the Comptroller of the Treasury, and the Treasurer. The Constitution of Maryland requires the board to meet at least three times per year to "hear and determine such matters as affect the public works of the State, and as the General Assembly may confer upon them the power to decide." In practice, the board meets on a bi-weekly basis.

The board approves appropriations from State loans authorized by the General Assembly and appropriations for capital improvements, except those for State roads, bridges, and highways. The board approves leases and contracts executed by State agencies and is responsible for adoption and promulgation of rules, regulations, and procedures for administering the State procurement law. The board also approves certain actions of the State Public School Construction Program, including amounts that are paid to the counties and Baltimore City. The amount and timing of bond sales are also approved by the board.

Other board duties include the management of a contingency fund. The board is able to supplement State appropriations when necessary by using this fund. The board may also grant funds to private non-profit groups and pay settlements and judgments against the State.

Maryland Stadium Authority

The Maryland Stadium Authority is an independent unit in the Executive Department. The authority is responsible for the construction, operation, and maintenance of the Camden Yards stadiums used by the Baltimore Orioles and the Baltimore Ravens. The authority was also responsible for the expansion of the Baltimore and Ocean City convention centers and was involved in the demolition of Memorial Stadium. Through the budget bill, the General Assembly has broadened the authority's jurisdiction, allowing local governments, State agencies, and universities to contract with the authority for construction management services. Recent projects include the Hippodrome Performing Arts Center, the Montgomery County Convention Center (for both of these the stadium authority has bond issuing authority), the Ripken Baseball Stadium, and the Leonardtown Golf Course.

The Maryland Stadium Facilities Fund finances all of the authority's activities in the Camden Yards complex, including construction, operations, debt service, and administrative expenses. Revenues to the fund include the proceeds of sports-related lottery games, rent payments from the Orioles and tenants in the warehouse, admissions taxes, payments from the Ravens for the operating expenses of the football stadium, and other revenues generated by the facilities. The expenses associated with the convention and conference center projects are supported by the State's general fund.

Commission on Human Relations

Enforcement of State and federal civil rights laws is the main concern of this commission. It is composed of nine members appointed by the Governor with the consent of the State Senate. The agency investigates and resolves cases of discrimination in employment, housing, and public accommodations based on race, color, creed, ancestry, religion, sex, age, national origin, marital status, and physical or mental handicap. Community relations and educational efforts also are designed to foster a better understanding of the civil rights laws and thus reduce the number of future complaints.

Efforts in fair employment practices and fair housing are supplemented by work-sharing arrangements and contracts with the Equal Employment Opportunity Commission and the U.S. Department of Housing and Urban Development, respectively. Arrangements for reviewing deferred cases and other cooperative efforts are made with federal, State, and local agencies having comparable interest or legal authority.

State Election Services

The State Administrative Board of Election Laws supervises elections in the State through the 24 local boards of supervisors of elections. The board is charged with ensuring compliance with Maryland and federal law, access to candidacy for all those seeking elective office, and the fullest possible exercise of the voting franchise. The office is in the process of upgrading its information systems and creating a centralized registration system. Enactment of Chapter 424, Acts of 2001 (which allows people to register when they apply for or renew a driver's license) has resulted in a substantial increase in voter registrations. The Act has imposed more registration costs and reporting requirements on the State Administrative Board of Election Laws.

Local Election Services

The Governor is required to appoint, subject to House or Senate confirmation, members of the board of supervisors of elections in each county and Baltimore City. Each board is in charge of all elections to be held in the county and its municipalities. Each board must provide for the registration of voters. Municipal elections must be conducted in accordance with the public local laws or the municipality's charter. Municipalities are permitted to use the services or equipment of county boards and reimburse the county boards for expenses, or they may conduct the elections themselves.

Support Agencies/State Level

The major departments of government require considerable support to operate effectively. Functions such as budgeting, fiscal planning, personnel administration, and the operation of government buildings and facilities are necessary to provide efficient services to State citizens. This section describes functions of the primary agencies responsible for these activities: the Department of Budget and Management, the Department of General Services, and the Maryland State Retirement and Pension Systems. Other agencies which play a general support role include the Maryland Board of Contract Appeals and the State Archives.

Department of Budget and Management

In 1996 the General Assembly passed legislation (Chapter 349) that changed the name of the Department of Budget and Fiscal Planning to the Department of Budget and Management, abolished the Department of Personnel, and transferred its responsibilities to the Department of Budget and Management. In addition, the telecommunications functions of the executive branch, including the Governor's Advisory Board for Telecommunications Relay, were transferred from the Department of General Services to the Department of Budget and Management. The Department of Budget and Management comprises the Office of the Secretary, the Office of Personnel Services and Benefits, the Office of the Chief of Information Technology, the Office of Budget Analysis, and the Office of Capital Budgeting.

The Department of Budget and Management is responsible for preparing and submitting the State's budget, including capital items, to the General Assembly. The department provides ongoing assistance to operating departments for the preparation and execution of the State budget. The department also coordinates the study and analysis of the needs, administration, organization, functions, efficiency, and performance of State

agencies. In addition, the department provides both the short- and long-range projections of State expenditures that are necessary for planning.

Office of the Secretary

The office has four main divisions: Executive Direction, Division of Finance and Administration, the Central Collection Unit, and the Division of Policy Analysis. Executive Direction is responsible for the general oversight and policy direction of the department.

The Division of Finance and Administration is responsible for accounting, budgeting, personnel, purchasing, and related functions. The Financial Management Information System (FMIS) is managed by this division. In addition, the official State budget and fiscal digest are printed by this division. Through the State's Financial Management Information System, State agencies can maintain on-line, real-time processing of financial information in the areas of personnel, procurement, payroll, and budget. A master position control file for all authorized State positions is also maintained.

The Central Collection Unit collects all delinquent debts, claims, and accounts against the State except for taxes, child support, unemployment insurance, and certain types of court costs. Typical debts are student tuition and fees, payments for State property damage, reimbursement for institutional care, and workers' compensation premiums.

The Division of Policy Analysis is responsible for management analysis and performance studies of State agencies. The goals are to increase agency productivity, develop reliable reporting and control systems, implement legislative audit recommendations, and introduce modern management technology into State government operations. This division also manages the State fleet of motor vehicles and a travel services program and provides centralized procurement for the department.

The Division of Salary Administration and Classification maintains the State's position classification plan and provides for the development of the State's salary and wage program. Salary review consists of general salary increases and reclassifications or selected salary adjustments.

Office of Personnel Services and Benefits

This office has overall responsibility for salary administration and classification, recruiting and examination, employee health benefit programs, employee relations, and employee training.

Chapter 298, Acts of 1999 granted most State employees the right to collective bargaining. The Office of Personnel Services and Benefits in the Division of Labor Relations is responsible for negotiating with the nine unions that represent State workers. The Office of Personnel Services and Benefits in the Division of Employee Relations is responsible for implementing the statewide collective bargaining agreement.

The office is also responsible for health care-related benefits for State employees, retirees, and satellite agencies. In the case of regular staff, employee benefits (health benefits, retirement, Social Security, etc.) provide about 30 percent more to an employee's compensation in addition to the salary. The comprehensive health benefit plan has numerous options for medical and mental health coverage. Vision and prescription drug plans are offered also. Exhibit 2.4 shows the cost of salaries and fringe benefits for the State in fiscal 2001.

Office of the Chief of Information Technology

The Office of the Chief of Information Technology is responsible for the dissemination of information technology throughout the executive branch. The office oversees the R*STARS accounting system, ADPICS automated purchasing system, and the Maryland Electronic Capital project.

Legislation was enacted in 2002 that significantly restructured the Office of Information Technology. This restructuring requires that the Chief of Information Technology approve expenditures for major information technology projects. A major information technology project is a project that (1) has a total estimated development cost of at least $1 million; (2) is undertaken to support critical functions associated with public health, safety, education, or the financial well-being of Maryland's citizens; or (3) is determined by the Secretary of Budget and Management to require special attention.

Exhibit 2.4
State Costs/Salaries and Fringe Benefits – Fiscal 2001
($ in Millions)

Fringe Benefits	Actuals
Total Salaries	$3,315.0
Health Insurance	433.6
Social Security	246.1
Retirement	245.1
Workers' Compensation	45.0
Unemployment Insurance	1.9
Other	75.1
Total State Costs	**$4,361.8**

Source: Department of Legislative Services

Budget Analysis

The Office of Budget Analysis prepares and executes the annual State operating budget. This division works with departments on caseload and workload indicators and helps agencies enhance program effectiveness. The division also analyzes proposed legislation for fiscal and budgetary impact and recommends action on legislative initiatives.

The Office of Capital Budgeting develops the annual capital budget and prepares the five-year capital improvement plan for the State. This division is responsible for review of all bond bills and provides oversight for the school construction program and the master planning process in State agencies.

Department of General Services

The State's Department of General Services is responsible for construction and maintenance of State facilities, centralized procurement, property acquisition, coordination of State telecommunication services, centralized printing and graphic services, and management of State records and property.

The department's Office of Facilities, Operations, and Management is responsible for the operation, maintenance, and security of all buildings and multiservice centers, including surrounding parking lots and grounds, under the jurisdiction of the department. The office provides food services in all buildings operated by the department and will provide inspection and evaluation services to State agencies, upon request.

The department also coordinates and manages the State's real estate transactions. This includes the acquisition and disposal of fee and easement interests in real property, valuation and independent fee appraisal analysis, procurement and negotiation of leasehold interests in real property, and out-leasing of revenue-generating State property.

In addition, the department is responsible for providing architectural, engineering, and site planning services on matters involving the design, construction, alteration, and repair of State facilities. The department is also responsible for reviewing construction work undertaken for the State as well as the development of master plans for State agencies. The department also assists other State agencies in administering construction for community colleges, local jails, and public schools.

State Archives

The State Archives preserves, describes, and makes accessible to the government and the public records deemed to have a permanent historical, educational, and administrative value. It was created in 1935 as the Hall of Records. In 1984 it was renamed the Maryland State Archives and made an independent agency. The archives also prepares the *Maryland Manual*, a biennial publication describing State and local government. Also under the archives is the Commission on Artistic Property, which keeps a continuing inventory of all valuable paintings and other decorative art in all State buildings in the Annapolis complex. The commission is responsible for restoration, display, and preservation of the paintings and other decorative art. In addition to the care and preservation of records, the Education and Artistic Property Division sponsors exhibits, educational workshops for teachers, tours for school groups, and seminars on topics in Maryland history.

Maryland State Board of Contract Appeals

The Maryland State Board of Contract Appeals is vested with the authority to hear and resolve all protests and disputes relating to the letting, performance, breach, modification, and termination of State contracts. The board also promulgates regulations providing for the informal resolution of appeals.

Retirement and Pension Systems

The Maryland State Retirement Agency is under the direction of the Board of Trustees of the Maryland State Retirement and Pension System. The agency administers the State's retirement and pension system and is divided into four divisions. The Administrative Division is responsible for benefit payments, management of employee contributions, and membership counseling. The Investment Division is responsible for the management and implementation of investment policy. The Financial Division provides accounting and financial reporting services, budget administration, and procurement functions. Management Information Services provides computer support. The executive director's office provides policy development and manages legislation, internal audits, and legal affairs. The agency's budget is derived from employer contributions and investment income.

The Maryland State Retirement and Pension System consists of eight different retirement/pension systems and various subsystems under the administrative control of a 14-member Board of Trustees. The eight systems are the Employees' Retirement System, the Teachers' Retirement System, the Employees' Pension System, the Teachers' Pension System, the State Police Retirement System, the Law Enforcement Officers Pension System, the Judicial Retirement Plan, and the Local Fire and Police System. The Employees' Retirement System and Teachers' Retirement System are closed to new members. For further information on the State's retirement plans, see *Maryland State Personnel and Pensions*, Volume V of the Legislative Handbook Series.

As of June 30, 2001, the net assets held for pension benefits had a market value of $29.5 billion. The systems provide retirement and pension benefits for all State employees, all persons defined as teachers in the local boards of education, and local library and community college employees. Local governments may participate in the systems at their own cost. The State also contributes towards the retirement costs for individuals in retirement plans not managed by the Maryland State Retirement Agency, primarily teachers in Maryland's colleges and universities and employees of the Mass Transit Administration. Benefit payments to the 84,145 Maryland retirees and refunds to withdrawing members totaled $1.273 billion during fiscal 2001.

The 14 members of the board of trustees are the State Comptroller; the State Treasurer; the State Superintendent of Education; the Secretary of Budget and Management; the Superintendent of State Police; six members elected by the participants in the teachers, employees, and State police systems; one member appointed by the Governor to represent participating municipalities; and two private citizens knowledgeable about investments and/or finance appointed by the Governor.

The Maryland Supplemental Retirement Plans are provided by the State as an employee benefit available for voluntary participation. Three plans are offered – the 401(k) Savings and Investment Plan, the 457 Deferred Compensation Plan, and the 403(b) Tax Deferred Annuity Plan. A 401(a) Match Plan is also available to most employees. These plans are an easy way to save for retirement. Contributions are payroll deducted before taxes and all earnings are tax-deferred. The 401(k) and 457 plans are open to all State employees. State employees who work within a State educational institution are also eligible to participate in the 403(b) plan. Enrollment can occur at any time throughout the year. Maryland law requires the Maryland Supplemental Retirement Plans to be funded by the employees who participate. There is no general fund appropriation for these plans. Currently, the annual participant asset fee is 0.34 percent of a participant's account value. Of this, 0.06 percent pays for services provided by the Board of Trustees and staff. The remainder, 0.28 percent, is for record keeping and enrollment services provided by the third-party administrator under contract, currently PEBSCO, whose contract expires December 31, 2002. The Board of Trustees is reviewing proposals from eligible providers for a new contract, which is to be effective January 1, 2003.

Local Financial and Personnel Management

Maryland local governments have various ways of managing financial resources. Counties may have a separate budget department or may designate one department as responsible for financial management. At the municipal level, the clerk to the mayor or the city council may be responsible for budget management. The State also maintains oversight of the financial condition of counties and municipalities. The Office of Legislative Audits reviews the audits of local governments on an annual basis.

With regard to personnel management, all counties have employee merit or civil service systems. While municipalities are also authorized to have merit systems, only a few of the larger municipalities have established them. In some counties, collective bargaining is permitted. This also occurs in a few municipalities. Board of education employees in all counties are able to engage in collective bargaining.

By State law (Labor and Employment Article, Title 8) all public employees must be covered by unemployment insurance. All counties and the larger municipalities offer their employees some form of health insurance.

Local Retirement Systems

All the counties and some municipalities and special districts provide retirement benefits to their employees. These benefits are provided either through participation in

the State employee retirement and pension systems or through retirement plans operated by individual governments. The State provides retirement benefits for professional staff and school clerks in the local boards of education, some library employees, and the professional and clerical staff of community colleges. These employees participate in the State teachers' retirement and pension systems. The State also pays retirement benefits for some elected and appointed officials including sheriffs (from nine counties and Baltimore City), State's Attorneys (from 12 counties), liquor and license board employees, orphan's court judges, county treasurer employees, county commissioner employees, bingo board employees, a mayor in Cecil County, and the employees of the Baltimore City sheriff's office. As of June 2002, a total of 163 local employees had State retirement benefits under this arrangement. The retirement benefits for other employees of local agencies are paid for by the county agencies and are included in the personnel costs of those agencies. Exhibit 2.5 shows the local governments participating in the Maryland State Retirement and Pension System as of fiscal 2001.

The vast majority of all local employees participate in Social Security. The exceptions are a few very small municipalities and some law enforcement agencies.

Local Facilities Management

Local governments provide for the operation and maintenance of public buildings used by local government agencies. This includes courthouses and general office buildings but does not include public works projects or maintenance for firehouses and police stations. Where information management costs are separate costs items, they are often financed out of the local budget set aside for facilities management.

Exhibit 2.5
Local Governments Participating in the
State Retirement and Pension System
Fiscal 2001

Allegany County
- County Commission
- Board of Education
- Community College
- Housing Authority
- Library Board
- Transit Authority

Cumberland
Cumberland (Police)
Cresaptown Civic Improvement Association

Anne Arundel County
- Board of Education
- Community College
- Economic Opportunity Commission

Annapolis

Calvert County
- Board of Education

North Beach

Caroline County
- Board of Education

Preston

Carroll County
- Board of Education
- Library Board
- Soil Conservation District

Manchester
Westminster

Cecil County
- County Commission
- Board of Education
- Library Board

Charles County
- Community College

Dorchester County
- County Commission
- Board of Education
- County Roads Board

Cambridge
Cambridge Housing Authority
Hurlock

Frederick County
Board of Education
Brunswick
Middletown
Walkersville

Garrett County
- County Commission
- Board of Education
- Community Action Committee
- Office for Children, Youth, and Family
- Roads Board

Oakland

Harford County
- County
- Board of Education
- Community College
- Library

Howard County
- Board of Education
- Community College
- Community Action Committee

Kent County
- Board of Education

Montgomery County
- Community College

Takoma Park

Exhibit 2.5 (continued)

Prince George's County
- County
- Board of Education
- Community College
- Crossing Guards
- Library
- Cheverly
- Greenbelt
- Greenbelt (Police)
- Hyattsville
- Mount Rainer
- New Carrollton
- Upper Marlboro

Queen Anne's County
- County Commission
- Board of Education

St. Mary's County
- County Commission
- Board of Education

Somerset County
- County Commission
- Board of Education
- Sanitary District
- Crisfield
- Crisfield Housing Authority
- Princess Anne

Talbot County
- County Council
- Board of Education
- St. Michaels
- Oxford

Washington County
- Board of Education
- Board of License Commission
- Hagerstown Junior College
- Library
- Hagerstown

Wicomico County
- Fruitland
- Salisbury

Worcester County
- County Commission
- Board of Education
- Liquor Control Board
- Wor-Wic Community College
- Berlin
- Pocomoke City
- Snow Hill

Other
- Baltimore Metropolitan Council
- Catoctin and Frederick Soil Conservation District
- Chesapeake Bay Commission
- Eastern Shore Regional Library
- Lower Shore Private Industry Council
- Maryland Health and Higher Education Facilities Authority
- Northeast Maryland Waste Disposal Authority
- Regional Educational Service Agency of Appalachian Maryland
- Shore Up!
- Southern Maryland Tri-County Community Action Committee
- Tri-County Council of Western Maryland

Source: Maryland State Retirement Agency

Chapter 3. Financial Administration

For State government, financial administration consists of three primary functions:

- the receipt, collection, accounting, and management of funds required to operate government;
- the assessment of corporate and private real and personal property; and,
- the administration of the State lottery.

Each county and municipal government also maintains accounting, budget, and procurement operations to ensure the proper management of public funds.

While the State and local financial administration agencies are generally independent of one another, there are some important linkages. State financial administrative agencies, for example, perform a variety of tasks which benefit the counties and municipalities including the collection of local income taxes, the assessment of real and personal property, and the administration of a local government investment pool. The counties in turn collect property taxes and remit the appropriate portions to the State.

Structure

At the State level, there are six agencies responsible for financial administration. The Comptroller of the Treasury collects corporate, income (State and local), sales, and other taxes and maintains the State's general ledger while the State Treasurer receives and invests all State funds and pays the State's legal obligations. The Department of Assessments and Taxation triennially evaluates all corporate and private real and personal property in Maryland and administers several property tax credit programs. Appeals on property assessments are considered by the Property Tax Assessment Appeals Boards, and appeals on all tax matters are heard by the Maryland Tax Court. The State Lottery Commission and agency administer a variety of weekly, daily, and instant lottery games.

At the local level, financial administration includes revenue collection, accounting, budgeting, and procurement. These functions are provided for in various ways by the counties. Five counties combine the duties in one agency. Nine counties have a separate budget agency. Twelve counties have an elected treasurer responsible for revenue collections; Baltimore City has an elected comptroller. In the municipalities, financial administration is often the responsibility of the clerk to the mayor and council or an

administrative officer. None of the municipalities reports having a separate budget agency, although some of the municipalities have separated revenue collection from accounting.

Services

Financial Control and Revenue Collection

The Comptroller of the Treasury, elected to a four-year term by the public, supervises the State's fiscal affairs. The Comptroller serves as a member of the Board of Public Works, a member of the Board of Trustees of the Maryland State Retirement and Pension System, and chairs the Board of Revenue Estimates. In fiscal 2001 the Comptroller's actual expenditures totaled $101.8 million, and there were 1,161 employees on staff.

Financial Control

The Comptroller has primary responsibility for financial control and maintains the State's general ledger and other official accounting records. The general accounting division also performs compliance audits on all disbursements, prepares the State's comprehensive annual financial reports, and exercises overall appropriation control. The central payroll office processes approximately 100,000 payroll checks and direct deposit transactions on a bi-weekly basis. Mainframe computer services for State agencies are managed by the Comptroller through the Annapolis Data Center. Agencies can access the computing resources of the central system and are then charged according to the costs of the services used.

The Office of the Comptroller staffs the Board of Revenue Estimates, which is composed of the Comptroller, State Treasurer, and Secretary of the Department of Budget and Management. The staff studies the State's economic and business climates for their potential impact on State revenues. Prior to each legislative session the board then prepares an annual report to the Governor and General Assembly outlining revenue projections.

Revenue Collection

The revenue administration division within the Office of the Comptroller collects and processes individual and corporate income taxes (including employee withholding) for both State and local governments, State sales and use, alcohol, tobacco, and motor fuels taxes, the tire fee, and admissions and amusement taxes for local governments. The division directs these revenues to their statutorily assigned destinations such as the State's general fund, the Transportation Trust Fund, and local governments. For fiscal 2003 State revenue projections include $5.1 billion in personal income taxes, $396.5 million in corporate income taxes, and

$2.8 billion in sales and use taxes. Details on Maryland's various revenue sources, including taxes, can be found in *Maryland's Revenue Structure*, Volume III of the Legislative Handbook Series.

Property taxes in the State are collected by county governments, which then remit the appropriate portions to the State or municipal governments. Local sales and service taxes, such as hotel/motel tax, parking tax, or boat slip tax, are typically remitted directly to the local governments by the retail vendors. Local governments may also administer and collect a variety of service charges, license and permit fees, and fines. Local government revenues are more fully discussed in *Maryland Local Government: Revenues and State Aid*, Volume VII of the Legislative Handbook Series.

Enforcement of tax laws through auditing, testing, inspection, and compliance activities is carried out under the direction of the Comptroller. The department also processes license and permit applications for alcohol and tobacco taxes, prepares cases concerning these taxes for formal and informal hearings, and analyzes trade practice issues. The motor fuels tax unit licenses and regulates motor fuel dealers and special fuel users and sellers. It registers and issues permits to all petroleum transporters and commercial carriers operating in the State.

Maryland State Lottery

The lottery, in operation since 1973, is the third largest contributor to the State's general fund, with revenues of $407 million for fiscal 2001. The general fund proceeds represent the net "profit" after all expenses are paid, including the costs of administering the lottery agency ($47.6 million in fiscal 2001) and the distribution of revenues to the Maryland Stadium Authority ($22 million). Exhibit 3.1 summarizes gross sales and net revenues since fiscal 1999.

The State Lottery Commission, consisting of five members appointed by the Governor, has oversight responsibility for the agency. The agency currently administers eight games, with approximately 4,100 licensed sales agents across the State. The agency is scheduled to place 150 player-activated terminals, 500 Keno monitors, and 250 instant ticket vending machines around the State in fiscal 2003. Agents receive commissions for selling tickets and cashing winning tickets; in fiscal 2001 agent earnings totaled $76.0 million, 6.3 percent of gross sales. Prizes in fiscal 2001 totaled $680.3 million, more than 50 percent of total sales.

Exhibit 3.1
Summary of Lottery Sales and Revenue
Fiscal 1999 through 2002
($ in Millions)

	1999	2000	2001	2002 (est.)
Gross sales	$1,080.3	$1,172.9	$1,211.0	$1,270.0
Expenses (agent earnings, prizes, and administrative expenses)	(686.1)	(771.7)	(804.0)	(844.9)
Net revenue	394.2	401.1	407.0	425.1
Less: Maryland Stadium Authority	(32.0)	(23.3)	(22.0)	(28.2)
Less: Racing Commission	10.0	(10.1)		
Net general fund revenue	372.2	367.8	385.0	396.9

Source: Maryland State Lottery Agency

The Pick-3, Pick-4, Instant, and Keno games account for about 90 percent of gross sales. The Pick-3 game, where players choose a three-digit number, is the lottery's oldest game. An exact three-digit match results in a prize of $500 for each $1 wagered. The Pick-4 game, which is played the same way, has a prize of $5,000 for an exact four-digit match. Pick-3 and Pick-4 drawings are held each evening of the week and at midday Monday through Saturday. Keno, introduced in January 1993, is played every four minutes. Players choose from 1 to 10 numbers from a field of 80, and 20 numbers are drawn for each game. Wagers can range from $1 to $20 per game, and prizes range from $1 to $100,000. Keno is most often found in bars, restaurants, bowling alleys, and similar venues. The lottery offers a changing assortment of instant ticket games, ranging in price from $1 to $5, each with its own prize structure and play style. As of June 30, 2002, the Lottery offered 20 different instant ticket games with potential prizes ranging from $900 to $500,000.

Partly in response to the very successful PowerBall game, Maryland joined with five other states in September 1996 for the first drawing of the Big Game. Maryland is now participating in Mega Millions, a version of the Big Game. This is a draw game in which the players select five numbers plus a number for the gold mega ball. Drawings are held every Tuesday and Friday nights, and a player who matches all five numbers plus the mega ball

number wins a minimum jackpot of $10 million. Secondary prizes range from $175,000 to $2 depending on how many numbers the player matches.

State law authorizes the lottery to operate up to four lotteries annually with a sports-related theme, the proceeds of which would be directed to the Maryland Stadium Authority. In fiscal 2002 the State Lottery transferred $28.2 million to the Maryland Stadium Authority.

Management of Public Funds

The Maryland State Treasurer, as principal custodian of the State treasury, bears responsibility for receiving all State funds, investing these funds, paying the legal obligations of the State, issuing and redeeming general obligation bonds, and administering the State's tort liability. The Treasurer is elected to a four-year term by joint ballot of the Maryland Senate and the House of Delegates. The Treasurer is a member of the Board of Public Works, the Board of Revenue Estimates, and the Board of Trustees of the Maryland State Retirement and Pension System. The Treasurer also serves as chair of the Capital Debt Affordability Committee. For fiscal 2001 the State Treasurer had actual expenditures of $21.1 million and a staff of 53.

The State's treasury management program handles the receipt and daily deposit of State funds and is responsible for selecting and managing the relationships with depository facilities that carry out the functions of payment of public debt, payroll accounts, and investment services. Consistent with the State's investment policy, the State Treasurer generally invests idle funds in short-term securities. The State receives additional income through the investment of balances in a number of working fund accounts maintained by various State agencies. Interest on State investments is projected to total $81 million in fiscal 2002.

The State Treasurer administers the Maryland Local Government Investment Pool which allows various local governments and authorities to pool investment funds in order to gain a higher average yield. The pool has assets of $797 million and 231 public entity participants, including counties, municipalities, library systems, boards of education, and community colleges.

The General Assembly's Joint Committee on the Management of Public Funds, composed of four senators and four delegates, reviews the policies and procedures of the State Treasurer on the investment and management of State funds in the treasury, State funds not in the treasury (excluding retirement system funds), and public funds invested and managed by local governments.

The State Treasurer manages the State's insurance program which provides automobile liability, general liability, and fire and extended coverage on State buildings and property. The State self-insures for real and personal property protection, officers and employees liability, automobile property and liability, and for claims filed under the Maryland Tort Claims Act. Other specialized coverages are purchased through private insurance carriers. The State's Insurance Trust Fund has a balance of $19.8 million to begin fiscal 2003. All local governments also carry liability and property insurance. Most of the State's larger jurisdictions choose to self-insure, and 19 counties and 144 municipalities participate in the Local Government Insurance Trust to realize the benefits of pooled risk.

The management of debt is an important function for both the State and local governments. The State of Maryland has issued four types of tax-supported debt in recent years: general obligation debt, which pledges the full faith and credit of the State; bonds and notes issued by the Department of Transportation and backed by the operating revenues and pledged taxes of the department; capital leases; and revenue bonds issued by the Maryland Stadium Authority secured by a lease with the State. Local governments can also incur various kinds of debt – general obligation, revenue or enterprise debt, State or federal loans, and short-term debt. (More information on the indebtedness of the State and local governments can be found in *Maryland's Revenue Structure*, Volume III and *Maryland Local Government: Revenues and State Aid*, Volume VII of the Legislative Handbook Series.)

Outstanding State tax-supported debt totaled $4.5 billion as of December 31, 2001. This was composed of $3.5 billion in general obligation debt, $576.7 million in transportation debt, $104 million in capital leases, and $286 million in stadium authority lease-revenue bond debt. The State also has $1.3 billion in authorized but un-issued debt as of June 30, 2002. For fiscal 2001 debt service payments on the State's general obligation bonds were $470.9 million. Debt service on transportation debt was $110.7 million for fiscal 2001.

As of June 30, 2001, the 23 counties and Baltimore City had $10.0 billion in debt outstanding, and municipalities had $517.2 million in debt outstanding. Debt service on these obligations in fiscal 2001 totaled $883.6 million for the counties and Baltimore City and $50.0 million for the municipalities. The exhibit on page 41 provides a breakdown of the debt service obligations by county.

State Reserve Fund

In 1986 a State reserve fund was established as a means to designate funds for future use. The fund currently comprises five accounts, each with a specific purpose.

The Revenue Stabilization Fund (Rainy Day Fund) is designed to allow the accumulation of funds in order to stabilize revenues and to allow the State to address fiscal shortfalls. The goal of the fund is to maintain a balance of at least 5 percent of the State's general fund revenues, and the statute requires the Governor to include appropriations to the fund until that level is reached. The fund reached that level in fiscal 1996. Net transfers from the Rainy Day Fund to the General Fund were approximately $340 million in fiscal 2002. At the close of fiscal 2002, the balance in the Rainy Day Fund was $548.2 million, approximately 5.6 percent of general fund revenues. Additional transfers are expected to reduce the balance in the fund to $500.5 million or 5.1 percent of estimated general fund revenues by the close of fiscal 2003.

The Dedicated Purpose Fund is designed to retain appropriations for major, multi-year expenditures where the magnitude and timing of cash needs are uncertain. In recent years, funds have been retained to reduce the waiting list of those needing services from the Development Disabilities Administration, address potential future needs associated with welfare reform, and to construct a new Woodrow Wilson Bridge.

The Catastrophic Event Fund (Stormy Day Fund) was established to enable the State to respond, without undue delay, to a natural disaster or catastrophic event. The fund was used in the aftermath of the blizzards and floods of the winter of 1996 but was inactive from fiscal 2000 until the tornado that hit southern Maryland and the eastern shore in the spring of 2002. In response to the damage caused by the tornado, $1.5 million was disbursed from the Catastrophic Event Fund, leaving an approximate $220,000 balance.

The Economic Development Opportunities Fund (Sunny Day Fund) allows the State to address extraordinary opportunities that will result in significant job creation and capital investment in the State. This fund is discussed in more detail in Chapter 13 of this handbook.

The Joseph Fund was created during the 1999 session to meet the emergency needs of economically disadvantaged Marylanders, especially in times of economic downturn. The fund is to be used to serve children in need and to provide food, shelter, and health services to individuals in need with family incomes at or below 150% of the federal poverty level. In the 2002 legislative session, $8 million of the Joseph Fund was transferred to the General Fund, leaving a balance of $8.3 million. The General Assembly authorized the transfer of the remaining balance to finance the fiscal 2003 and 2004 costs associated with increasing the monthly Temporary Cash Assistance grant in January 2003. Additional information on Temporary Cash Assistance is provided in Chapter 11 of this handbook.

Local Reserve Funds

Most counties have established revenue or budget stabilization accounts or contingency reserve funds to address future budget requirements or the impact of an economic downtown on revenues. For some counties local laws establish the fund and specify how funds in the account may be used. In other counties, the accounts are pursuant to a formal county policy to maintain a certain level of reserves. At the close of fiscal 2001, county reserve fund balances exceeded $380 million.

Property Tax Assessment

The assessment of real and personal property for the purpose of taxation is a State function, under the direction of the Department of Assessments and Taxation. Real property is assessed on a three-year cycle in which a third of all real property in each subdivision is reviewed each year. Any increase in market value is then phased in over a three-year period to reduce the impact on the taxpayer. The State contains approximately two million parcels of real property, with a current total assessable base of $349.3 billion.

The department operates field offices in each county and Baltimore City. Although the State has the responsibility for conducting the assessments, the assessable base of a jurisdiction is a critical matter for local governance since property taxes are one of the largest sources of revenue for a county or municipality. As such, the supervisor of each county's assessment team is appointed by the director of the State Department of Assessments and Taxation from a list of five qualified applicants submitted by the local subdivision.

In addition to real property assessment, the department values all business tangible personal property and the operating property of utilities and railroads annually. The State's franchise tax on public service companies, an important revenue source to the State's general fund, is also administered by the Department of Assessments and Taxation. The department's corporate charter division approves and records articles of incorporation for all types of businesses in the State.

The department maintains property location maps to assist the property assessors in their physical reviews of property for valuation purposes. The department also provides support to the Maryland Office of Planning, which maintains property maps for use by the general public, for the State's geographic information system.

The Department of Assessments and Taxation administers three tax credit programs which relate to the property tax and thus have an important influence on local governments operations. The homeowners' tax credit program and the renters' tax credit program reduce

the tax liability of taxpayers with limited income, the elderly or disabled, or those with other qualifying conditions. In fiscal 2001 State funds reimbursed local governments $46.7 million for the homeowners' program and $3.9 million for the renters' program. The department also administers the State's enterprise zone program, pursuant to which a business that locates or expands in a designated area is eligible for reduced property taxes for a number of years. The designation of the area is made by the State Department of Business and Economic Development upon application from the local jurisdiction. The State then reimburses the locality one-half of the lost revenues which otherwise would have been realized from the increased property assessment. There are currently 28 enterprise zones throughout the State, and $2.5 million is budgeted for reimbursements to the local governments.

There are property tax assessment appeals boards in each county and Baltimore City which hear appeals on assessments of real property and on tax credits. Each board (made up of three members plus an alternate) is appointed by the Governor and is provided staff support through an administrative office in Hagerstown. Subsequent appeals are referred to the Maryland Tax Court and the circuit courts.

The Maryland Tax Court is the final administrative appeals entity for decisions of the Comptroller, property tax assessment appeals boards, or local tax collectors. The court is composed of five judges appointed by the Governor for six-year terms. The court disposed of 834 cases during fiscal 2001, 35 of which are expected to be appealed to circuit court. The caseload of the court increases during a period of economic downturn as people are more protective of their earnings and therefore more likely to contest decisions of taxing authorities.

Funding

The source of funds to support financial administration functions is shown in Exhibit 3.2. The fiscal 2001 expenditures for the State agencies totaled $228.7 million, while expenditures for local agencies were $123.9 million.

The State Lottery Agency is supported entirely by special funds derived from the sale of lottery tickets. Historically, administrative expenses for the lottery agency have averaged between 3.8 and 4.3 percent of gross sales. Other special funds for financial administration are derived from taxes that are collected on behalf of local governments. The Comptroller retains a small percentage of certain taxes (such as the used tire fee, admissions and amusements tax, and motor fuel tax) to defray administrative expenses.

Exhibit 3.2
Fiscal 2001 Expenditures by Financial Administration Agencies
($ in Thousands)

	State[1]	Special[2]	Local	Total
Comptroller of the Treasury	$65,980	$11,522		$77,502
State Treasurer	4,308	354		4,662
State Department of Assessments and Taxation	95,539	2,019		97,558
State Lottery Agency		47,645		47,645
Property Tax Assessment Appeals Boards	863			863
Maryland Tax Court	515			515
Local Governments[3]				
Counties			$104,793	104,793
Municipalities			19,109	19,109
Total	**$167,205**	**$61,540**	**$123,902**	**$352,647**

[1] State dollars for the Comptroller and the State Treasurer do not include funds provided by other State agencies as reimbursement for services rendered ($40.7 million). In the case of the Comptroller ($24.3 million), agencies are charged for data processing, mail room, print shop, and other support services. In the State Treasurer's budget, reimbursable funds ($16.4 million) represent charges to various State agencies for insurance coverage. A portion of the reimbursements provided by the State agencies is federal funds.

[2] Special funds include revenues from lottery ticket sales, the motor fuel tax, the used tire fee, unclaimed property, admissions and amusement taxes, and the land improvement surcharge which are used to offset the administrative costs of collecting the revenues/ operating the programs.

[3] For more detail, see Exhibit 3.3.

Source: *Uniform Financial Reports*; Department of Legislative Services; *Fiscal 2003 State Budget Books*

Local governments report spending a total of $123.9 million on financial administration during fiscal 2001. The detail by county for financial administration and debt service expenditures is shown in Exhibit 3.3.

Exhibit 3.3
Local Financial Administration and Debt Service Expenditures – Fiscal 2001

	County		Municipal		Total	
	Financial Administration	Debt Service	Financial Administration	Debt Service	Financial Administration	Debt Service
Allegany	$852,249	$7,930,382	$817,272	$2,518,284	$1,669,521	$10,448,666
Anne Arundel	15,927,072	67,661,764	1,494,402	3,084,030	17,421,474	70,745,794
Baltimore City	27,957,110	89,407,621	0	0	27,957,110	89,407,621
Baltimore	10,296,415	94,627,701	0	0	10,296,415	94,627,701
Calvert	1,382,298	7,463,163	448,592	1,025,050	1,830,890	8,488,213
Caroline	310,272	2,490,517	267,949	783,996	578,221	3,274,513
Carroll	3,307,766	23,770,435	648,100	698,457	3,955,866	24,468,892
Cecil	1,272,669	8,946,175	627,099	1,337,698	1,899,768	10,283,873
Charles	1,639,541	16,024,170	345,260	429,479	1,984,801	16,453,649
Dorchester	323,093	2,661,657	593,805	785,290	916,898	3,446,947
Frederick	3,082,851	23,128,918	1,389,542	6,519,233	4,472,393	29,648,151
Garrett	614,204	2,282,074	145,952	502,733	760,156	2,784,807
Harford	2,446,451	21,198,600	730,200	1,847,325	3,176,651	23,045,925
Howard	6,851,560	59,351,541	0	0	6,851,560	59,351,541
Kent	444,521	1,407,184	224,479	237,749	669,000	1,644,933
Montgomery	14,447,627	248,463,463	2,672,706	4,949,181	17,120,333	253,412,644
Prince George's	6,880,252	149,122,928	4,692,855	7,498,299	11,573,107	156,621,227
Queen Anne's	607,635	9,893,317	246,547	83,574	854,182	9,976,891
St. Mary's	2,484,454	13,146,132	23,516	73,425	2,507,970	13,219,557
Somerset	251,125	1,308,452	109,680	830,391	360,805	2,138,843
Talbot	461,508	587,826	396,793	4,295,850	858,301	4,883,676
Washington	1,561,528	15,773,153	956,225	2,442,037	2,517,753	18,215,190
Wicomico	938,793	10,596,148	639,147	1,881,319	1,577,940	12,477,467
Worcester	451,582	6,351,520	1,638,994	8,202,766	2,090,576	14,554,286
Total	**$104,792,576**	**$883,594,841**	**$19,109,115**	**$50,026,166**	**$123,901,691**	**$933,621,007**

Source: *Local Government Finances in Maryland*, Department of Legislative Services

Chapter 4. Courts and Related Offices

The Maryland Constitution establishes the judiciary as a separate branch of government. Administration of Maryland's judicial system represents a unique State-local relationship. The State funds the judicial system, except for the orphans' courts, State's attorneys' offices, sheriffs' offices, and some of the operating and capital costs of the circuit courts. County and Baltimore City expenditures to support these other components of the judicial system constitute less than one-third of the total costs of the judicial system and a small portion of local budgets.

Structure

The Maryland judicial system operates primarily through two appellate courts (Court of Appeals and Court of Special Appeals), trial courts of general jurisdiction (circuit courts), a trial court of limited civil and criminal jurisdiction (District Court), and courts with special jurisdiction (orphans' courts). The courts are supported by clerks who are responsible for maintaining court documents. In addition to the courts, there are a number of related offices financed by the State and local governments. Exhibit 4.1 shows the organization of the major components of the Maryland judicial system and their source of funding.

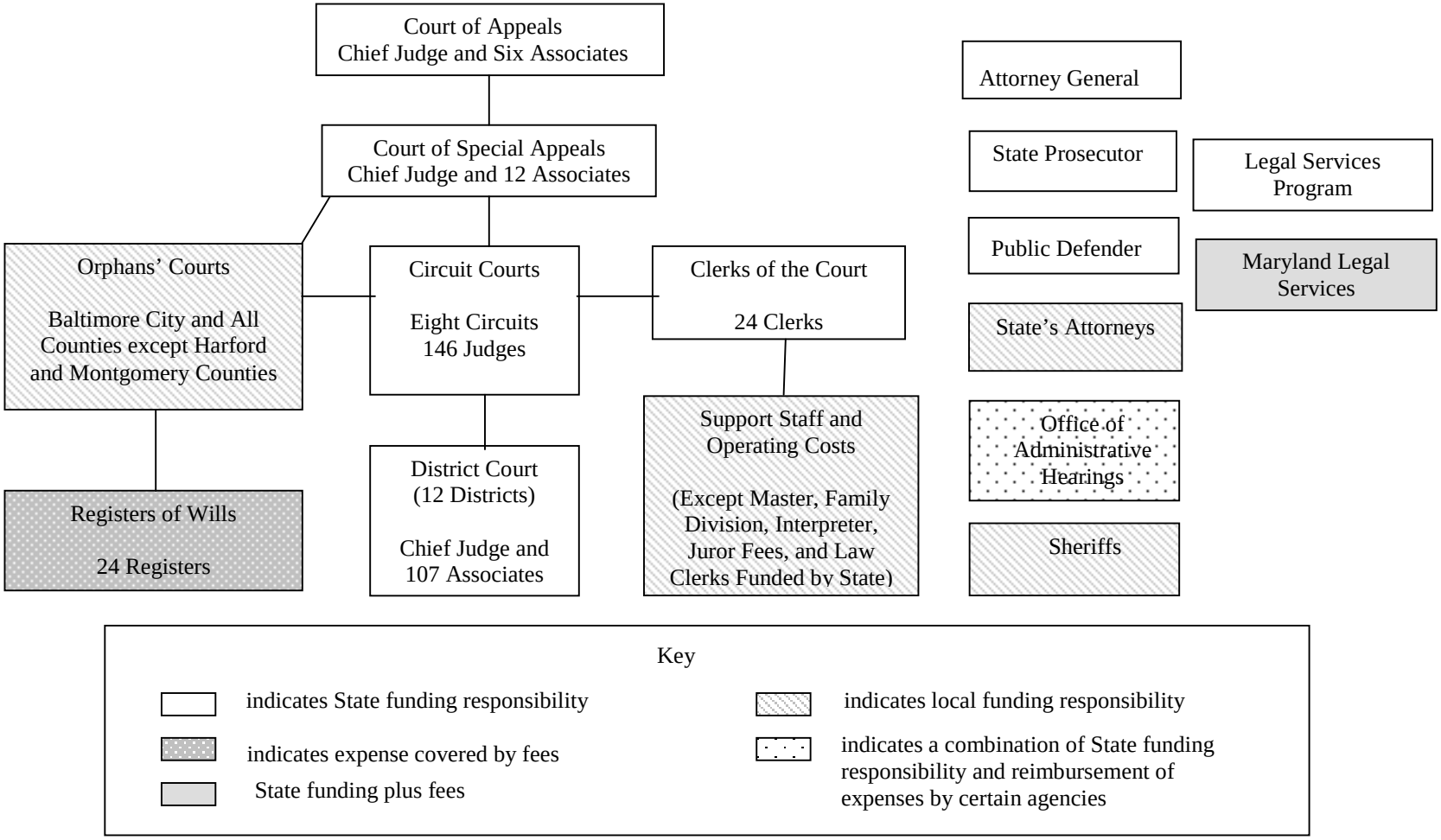
Although judicial power is vested only in the courts described above, quasi-judicial hearings are conducted by a multitude of executive branch commissions, departments, and agencies. In some instances, the executive branch unit exercises this adjudicatory function itself, but usually the unit has delegated its authority to conduct administrative hearings to the Office of Administrative Hearings. Although the form of the hearings varies, a common characteristic is that after a determination at the administrative level, a party may file an appeal for the purpose of judicial review by a circuit court.

Services

Court of Appeals

The Maryland Constitution establishes the Court of Appeals as the highest court in the State. The Court of Appeals may review a case decided by the Court of Special Appeals by exercising its discretion in granting a petition for certiorari (i.e., on review) or electing to transfer a case filed, but not already decided, in the Court of Special Appeals. The Court of Appeals may also review certain decisions of a circuit court that acted in an

Exhibit 4.1
The Maryland Judicial System



Source: Department of Legislative Services

appellate capacity with respect to an appeal from the District Court. The court also has exclusive jurisdiction over appeals of death penalty cases from the circuit courts and may decide questions of law certified by federal or other State appellate courts. The bulk of the cases decided by the Court of Appeals are cases in which a petition of certiorari is granted. The Court of Appeals receives from 650 to 750 petitions per year, of which it hears about 140 cases.

In addition to adjudicating cases, the court adopts rules to govern practice, procedure, and judicial administration. The Standing Committee on Rules of Practice and Procedure, which is authorized by statute to make recommendations on court rules, assists the Court of Appeals in the exercise of its rulemaking power. The Court of Appeals appoints the members of the committee, who serve without compensation, and employs assistants for the committee.

The Court of Appeals also reviews the recommendations of the State Board of Law Examiners for admission of applicants to the Maryland Bar; conducts disciplinary proceedings involving attorneys and judges; and appoints the members of the Attorney Grievance Commission, the trustees of the Client Protection Fund of the Bar of Maryland, the members of the State Board of Law Examiners, and the members of the Library Committee, which is the governing board for the State Law Library.

The seven judges on the Court of Appeals are appointed by the Governor and confirmed by the Senate. One judge must be drawn from each of the State's seven appellate judicial circuits, which are delineated in Exhibit 4.2. After a minimum of one year's service, members of the court run on their records, without opposition, in retention elections for a ten-year term. The Governor designates the Chief Judge of the Court of Appeals, who is the administrative head of Maryland's judicial system.

Court of Special Appeals

The Court of Special Appeals is established by statute, pursuant to constitutional authorization, as an intermediate appeals court with a statewide jurisdiction. It hears almost all initial appeals from circuit court and orphans' court. In addition, it considers applications to review various matters including post conviction petitions, habeas corpus matters concerning denial of or excessive bail, inmate grievances, appeals from criminal guilty pleas, and probation violations. In fiscal 2001, approximately 1,900 direct appeals were filed with the court.

Although the judges usually sit in panels of three, a hearing or a rehearing before the full 13-member court may be ordered in any case by a majority of the judges on the court.

Exhibit 4.2
Appellate Judicial Circuits

Circuit 1	Caroline, Cecil, Dorchester, Kent, Queen Anne's, Somerset, Talbot, Wicomico, and Worcester
Circuit 2	Baltimore and Harford
Circuit 3	Allegany, Carroll, Frederick, Garrett, Howard, and Washington
Circuit 4	Prince George's
Circuit 5	Anne Arundel, Calvert, Charles, and St. Mary's
Circuit 6	Baltimore City
Circuit 7	Montgomery

Source: Department of Legislative Services

The process for selecting the 13 members of the Court of Special Appeals is similar to the procedure for choosing judges for the Court of Appeals with the Governor nominating qualified candidates, the Senate confirming the nominees, and, after a period of at least a year, the voters casting ballots for or against retention of an incumbent judge for a ten-year term. Each of the State's seven appellate circuits is represented on the court with the other six judges selected on an at-large basis.

Circuit Courts

The circuit courts, which are established by the Maryland Constitution, sit in each county and Baltimore City. All jury trials are conducted in the circuit courts. The courts handle major civil cases, including family law cases, and the more serious criminal matters. In addition, the circuit courts may decide appeals from the District Court and from certain administrative agencies. The circuit courts also exercise juvenile jurisdiction when sitting as the juvenile court in petitions alleging a child to be delinquent, in need of supervision, or in need of assistance. There were 292,037 filings in fiscal 2001, and at the close of that fiscal year, there were 449,133 cases pending in the circuit courts.

Circuit courts traditionally divided their cases between criminal and civil divisions. However, Chapter 198 of 1993 directed the chief judge of the Court of Appeals to take the necessary steps to create a family division in each circuit court in which a sufficient number of judges exists to make a family division feasible. With funding assistance from the State, the judiciary created circuit court family divisions and family law services beginning in fiscal 1999.

Similar in some respects to the specialization within the circuit courts in the handling of family law matters, the circuit courts appear poised to begin a statewide Business and Technology Case Management Program to be implemented through proposed rules to be considered by the Court of Appeals in the near future.

The circuit courts are grouped into eight geographic circuits. Each of the first seven contains two or more counties. The eighth judicial circuit consists of Baltimore City. In fiscal 2003, there are 146 circuit court judges, eight of whom act as circuit administrative judges pursuant to designation by the Chief Judge of the Court of Appeals. The organizational hierarchy of the circuits also includes county administrative judges who aid the circuit administrative judges. In addition, within each circuit, the judge who has served longest on the circuit court is designated as the chief judge of the circuit. In some jurisdictions, the circuit court judges are assisted in their functions by standing judicial masters who conduct hearings and make findings on some domestic relations and juvenile matters. The findings of a master are subject to approval by a circuit court judge. The statutorily required composition of the eight circuits and the distribution of circuit court judges among the local jurisdictions are presented in the left hand column of Exhibit 4.3.

Circuit court judges are appointed by the Governor and after at least one year's service must stand for election to a 15-year term. Unlike their colleagues on the Court of Appeals and the Court of Special Appeals, circuit court judges may face a contested election in which qualified members of the Maryland Bar challenge the incumbent judges by filing as candidates. The Maryland Constitution also provides for the election of a clerk of the circuit court in each county and Baltimore City who serves a term of four years.

By rule of the Court of Appeals, the Conference of Circuit Judges is established to consider and make recommendations concerning the circuit courts. The Conference consists of 16 members: eight are the administrative judges of the eight judicial circuits and the other eight members are fellow judges elected from each of the judicial circuits.

Exhibit 4.3
Allocation of Circuit and District Judges
Fiscal 2003

Circuit	Circuit Court Jurisdiction	Judges
1	Dorchester	1
	Somerset	1
	Wicomico	3
	Worcester	2
2	Caroline	1
	Cecil	3
	Kent	1
	Queen Anne's	1
	Talbot	1
3	Baltimore County	16
	Harford	5
4	Allegany	2
	Garrett	1
	Washington	4
5	Anne Arundel	10
	Carroll	3
	Howard	5
6	Frederick	4
	Montgomery	20
7	Calvert	2
	Charles	4
	Prince George's	23
	St. Mary's	3
8	Baltimore City	30
Total		**146**

District	District Court Jurisdiction	Judges
1	Baltimore City	26
2	Dorchester	1
	Somerset	1
	Wicomico	2
	Worcester	1
3	Caroline	1
	Cecil	2
	Kent	1
	Queen Anne's	1
	Talbot	1
4	Calvert	1
	Charles	2
	St. Mary's	1
5	Prince George's	13
6	Montgomery	13
7	Anne Arundel	8
8	Balitmore County	13
9	Harford	4
10	Carroll	2
	Howard	5
11	Frederick	3
	Washington	2
12	Allegany	2
	Garrett	1
	Chief Judge	1
		108

Note: Chapter 414 of 2001 reduces the number of District Court judgeships in Montgomery County from 13 to 11 by attrition as vacancies occur.
Source: Department of Legislative Services

District Court

The District Court has jurisdiction over criminal cases, including motor vehicle and boating violations, and civil cases. The exclusive original jurisdiction of the District Court generally includes, as to civil cases, landlord and tenant cases, replevin actions, and other cases involving amounts not exceeding $2,500 and, as to criminal cases, motor vehicle and boating violations by individuals at least 16 years old and other misdemeanors for which the penalty is less than three years' imprisonment and less than a fine of $2,500. The District Court shares concurrent jurisdiction with the circuit courts in domestic violence cases, in other civil matters that involve a claim for an amount between $2,500 and $25,000, in some criminal misdemeanor cases in which the penalty is three years' imprisonment or more or a fine of $2,500 or more, and in several enumerated felony cases. In fiscal 2001, the caseload of the District court was over 2 million. Roughly half were motor vehicle cases, and a quarter involved landlord/tenant issues.

There are no jury trials in the District Court. If a defendant in a criminal or civil case filed in the District Court is entitled to and elects a jury trial, the case is transferred to a circuit court. Generally, a defendant in a criminal case in which imprisonment may be imposed may elect to have a jury trial in the first instance by demanding that the case be transferred to the appropriate circuit court. For some other criminal prosecutions for which a constitutional or statutory right to a jury trial exists, a defendant may file an appeal from the District Court to a circuit court in order to obtain a jury trial. In civil cases filed in the District Court, a defendant may elect to have the case transferred to the appropriate circuit under Article 23 of the Declaration of Rights which guarantees the right to a jury trial in a civil case where the amount in controversy exceeds $10,000.

The District Court is divided into 12 geographic districts throughout the State. In fiscal 2003, 108 judges compose the District Court bench, including the Chief Judge of the District Court who is designated by the Chief Judge of the Court of Appeals. Judges are nominated by the Governor and serve ten-year terms upon confirmation by the Senate. The statutorily required composition of the 12 districts and the distribution of judges among the counties and Baltimore City are presented in the right hand column of Exhibit 4.3.

The Chief Judge of the District Court, subject to the approval of the Chief Judge of the Court of Appeals, designates a District Court judge in each district as the administrative judge for that district. In addition to a clerk in each county and Baltimore City, there is a chief clerk of the District Court appointed by the Chief Judge of the District Court.

The Maryland Constitution requires District Court commissioners to be appointed by the administrative judge of each district, subject to the approval of the Chief Judge of the District Court. Commissioners may exercise power only with respect to warrants of arrest, bail or collateral or other terms of pre-trial release, or incarceration, pending a hearing before a judge.

The authority of District Court commissioners will be expanded if the voters of the State ratify Chapter 587 of 2002, a proposed constitutional amendment, in the 2002 general election. Chapter 587 would grant District Court commissioners the authority to issue interim domestic violence orders and civil interim peace orders within the jurisdiction of the District Court when the office of the clerk of the District Court is closed. Because the District Court commissioners are available at all times, including at night and on weekends and holidays, Chapter 587 would increase the accessibility of the District Court to certain victims. Chapter 235 of 2002 makes the statutory changes necessary to implement Chapter 587, and it is contingent on the voters' ratification of the proposed constitutional amendment.

Orphans' Courts

As established by the State constitution, the orphans' courts are responsible for the probate function in each jurisdiction, with the exception of Harford and Montgomery counties, where the function is carried out by the circuit courts. Each jurisdiction with an orphans' court elects three judges to four-year terms.

Office of Administrative Hearings

Although judicial power is vested only in the courts described above, quasi-judicial hearings are conducted by numerous executive branch agencies. The form of the agencies that exercise quasi-judicial authority in conducting administrative hearings varies widely. Some agencies that conduct administrative hearings are commissions, such as the Human Relations Commission, Maryland Racing Commission, Parole Commission, Public Service Commission, and State Workers' Compensation Commission, whose members decide matters by sitting as a panel or as an individual commissioner. Of the various commissions, some are independent agencies and others are located within a department of the executive branch. In general, the Governor appoints commissioners with the advice and consent of the Senate.

More typical of the executive agencies that exercise quasi-judicial power are the many departments and independent agencies that conduct hearings on various issues within their jurisdiction. In some instances, the department or the agency conducts its own decision-making, but the department or agency usually delegates the authority to conduct hearings to the Office of Administrative Hearings, an independent unit of the

executive branch that provides administrative law judges who hold special appointments within the State Personnel Management System and perform that quasi-judicial decision-making function for the department or the agency. The office is funded by the State and is headed by the Chief Administrative Law Judge who is appointed by the Governor with the advice and consent of the Senate.

One agency that conducts administrative hearings, the Maryland Tax Court, deserves specific mention. Despite it name, the Maryland Tax Court is not part of the judiciary, but rather is an independent executive branch agency. This nonjudicial "court" hears appeals from the decisions of any State agency or local assessing or taxing authority that affect the valuation, assessment, or classification of property, the levy of a tax, appeals from allowances or disallowances of claims for tax refunds, and applications for an abatement or reduction of, or exemption from, any assessment or tax. The Maryland Tax Court consists of five judges appointed by the Governor for six-year terms with one of the judges designated by the Governor as the Chief Judge. At least two judges must be members of the Maryland Bar.

Although the form of administrative hearings varies somewhat, they have in common the fact that the parties have a right to appeal the administrative decision and obtain judicial review by a court vested with judicial power under the Maryland Constitution.

Judicial Agencies

Within the judicial branch of the State government, several agencies provide support for the judicial functions.

Maryland Judicial Conference

The Maryland Judicial Conference is the most broadly-based organization consisting of judges in the State. The conference was established by the Court of Appeals, and it includes all judges of the Court of Appeals, the Court of Special Appeals, the circuit courts, and the District Court. The conference is headed by the Chief Judge of the Court of Appeals who serves as the chair.

The conference meets annually to consider improvements to judicial practice and procedure. Based on its evaluations, the conference recommends legislation and other proposals, including changes in court rules.

Administrative Office of the Courts

The administrative staff that assists the Chief Judge of the Court of Appeals, as the administrative head of the State judicial system, is within the statutorily created Administrative Office of the Courts.

The State Court Administrator, who is appointed by the Chief Judge, heads the office. The office prepares and administers the judiciary budget, serves as liaison with the legislative and executive branches, provides staff support for the Maryland Judicial Conference and its committees and the Conference of Circuit Court Judges, operates information systems, and conducts planning and research in addition to several other responsibilities. The State Court Administrator also manages the Circuit Court Real Property Records Improvement Fund that is used for modernizing the equipment in the land records offices of the clerks of the circuit courts.

Commission on Judicial Disabilities

The Commission on Judicial Disabilities is constitutionally established to investigate and adjudicate complaints against judges. The commission consists of eleven members appointed by the Governor with advice and consent of the Senate. Three members are appointed from among the judges, three from among the members of the Maryland Bar, and five from the public.

State Board of Law Examiners

The State Board of Law Examiners is a statutorily-created entity that examines applicants who seek to be admitted to the Maryland Bar. The board is composed of seven attorneys appointed to five-year terms by the Court of Appeals.

Attorney Grievance Commission

The Attorney Grievance Commission is created by rule of the Court of Appeals to oversee the investigation of complaints regarding attorneys and conduct disciplinary proceedings. The commission is composed of twelve members appointed by the Court of Appeals. Nine of the members are attorneys, and three are members of the public.

Client Protection Fund of the Bar of Maryland

The Client Protection Fund (formerly the Clients' Security Trust Fund) of the Bar of Maryland reimburses clients for losses, not recoverable from other sources, caused by an attorney's or fiduciary's theft or misuse of any client's money. The fund is maintained by annual assessments on members of the Maryland Bar. The Court of Appeals appoints the nine trustees who oversee the fund. The trustees serve seven-year terms.

State Reporter

The State Reporter is appointed by the Court of Appeals for a term of four years and is responsible for the publication and distributions of the official opinions of the Court of Appeals and the Court of Special Appeals.

State Law Library

The State Law Library provides legal information to the State's appellate courts and agencies throughout the State government. The library also serves as the resource center for the circuit court libraries and as a select U.S. government repository for federal agency and congressional publications. The governing board of the library is the Library Committee that is composed of at least three members who are appointed by the Court of Appeals.

Other Offices

In addition to the courts and the judicial agencies, there are several other offices that complete the judicial system in Maryland.

Registers of Wills

Baltimore City and each of the counties have a register of wills who performs various duties, including the collection of inheritance taxes and fees associated with the judicial administration of the estates of decedents. In each jurisdiction that has an orphans' court, the register of wills provides administrative support to the orphans' court. Registers of wills are elected to four-year terms under the Maryland Constitution.

Sheriffs' Offices

The Maryland Constitution requires each local jurisdiction to elect a sheriff, whose responsibilities may include law enforcement, serving papers as directed by the court, providing courtroom security, transporting prisoners, and administering local detention centers. In the large jurisdictions with a separate law enforcement agency, the sheriff's responsibilities are primarily as an officer of the court with responsibility for court security and service of process. Sheriffs' offices in other counties have significant law enforcement responsibilities in addition to their functions on behalf of the courts.

Legal Representation of the State

Office of the Attorney General: The Office of the Attorney General, which is mandated in the State constitution, represents the State in all legal matters including civil litigation and criminal appeals in federal and State courts. The office also enforces antitrust, consumer protection, and securities laws and prosecutes Medicaid provider fraud. The Attorney General is elected on a statewide basis to a four-year term.

Office of the State Prosecutor: An independent office within the Office of the Attorney General, the Office of the State Prosecutor is responsible for investigating and prosecuting criminal offenses under the State election and ethics laws, violations of the State bribery laws, and malfeasance in office.

Offices of the State's Attorneys: As mandated by the State constitution, each jurisdiction has a State's attorney who is elected to a four-year term. A State's attorney is responsible for prosecuting persons accused of violating the State criminal law or certain county or municipal ordinances.

Legal Services for Indigent Parties

Office of the Public Defender: The Office of the Public Defender provides legal representation on a statewide basis for indigent defendants in criminal trials and appeals, juvenile cases, and other proceedings.

Maryland Legal Services Corporation: The Maryland Legal Services Corporation is a statutorily-created entity that provides funds for legal services for persons with limited incomes. The corporation receives federal funding as well as State funding through the Maryland Legal Services Corporation Fund. The Corporation does not provide legal services directly but provides grants to organizations that assist indigent clients in civil proceedings.

Legal Services Program: The Department of Human Resources uses State funds to purchase legal services for children involved in child in need of assistance cases and adults involved in adult protective services cases.

Funding

As depicted in Exhibit 4.4, the State and local governments share responsibility for funding Maryland's judicial system with the State covering about two thirds of the costs. Federal funds accounted for only 1 percent of the expenditures in fiscal 2001. The limited federal support was earmarked for child support enforcement functions undertaken by some circuit courts, legal services for children, and Medicaid fraud investigations conducted by the Office of the Attorney General.

With the exception of the orphans' courts and the operating and the capital costs of the circuit courts, the State funds all the expenses of Maryland's courts. In addition, the State has sole responsibility for funding the operations of the Office of the State Prosecutor, the Office of the Attorney General, the Office of the Public Defender, and the Office of Administrative Hearings. Local governments fund the State's attorney's and sheriff's offices.

Circuit Courts

In the case of the circuit courts, the State has traditionally paid the expenses associated with the judges and the clerks of the courts while the counties and Baltimore City have covered the remainder of the operating and all the capital and physical facility costs. However, propelled by the findings of the Governor's Commission to Study State Assumption of the Circuit Courts (1994) and the Commission to Study the Future of the Maryland Courts (1996), which both urged a transition to full State funding for circuit court operations, the State began to support activities that have been historically the responsibility of local governments.

For example, the circuit courts had been required by statute since 1993 to take the necessary steps to create a family division in each circuit in which a sufficient number of judges exist to make a family division feasible and provide family law services in the other jurisdictions. In fiscal 1999, that statutory mandate was coupled with State funding assistance. The judiciary established family divisions in Baltimore City and Baltimore, Anne Arundel, Montgomery, and Prince George's counties and provided support for family law services in other jurisdictions. In fiscal 2001, the level of State funding for this service was approximately $6.6 million.

Exhibit 4.4
Maryland Judicial System
Local, State, and Federal Funding Responsibility – Fiscal 2001
($ in Millions)

	Local[1]	State	Federal	Total
Court of Appeals		$4.1		$4.1
Court of Special Appeals		5.7		5.7
Circuit Courts				
Judges		27.7		27.7
Clerks of the Circuit Court		57.1	1.8	58.9
Family Division		6.6		6.6
Adm. Support/Operating Costs	42.6			42.6
District Court		95.0		95.0
Orphans' Courts	1.3			1.3
Registers of Wills[2]		13.8		13.8
Office of the State Prosecutor		1.9		1.9
Office of the Attorney General		19.2	1.2	20.4
Office of the Public Defender		48.7		48.7
Offices of the State's Attorneys	64.1			64.1
Offices of Sheriffs[3]	42.0			42.0
Office of Administrative Hearings		10.4		10.4
Administrative Office of the Courts		19.7		19.7
Legal Services Program		6.1	2.8	8.9
Maryland Legal Service Corporation [4]		7.0		7.0
Other (law library, data processing support, etc.)		24.5		24.5
Total	**$150.0**	**$347.5**	**$5.8**	**$503.3**

[1]Figures for local funds may include capital expenditures and may not include employee fringe benefits.
[2]The State pays a deficiency appropriation to register of wills' offices that do not cover their expenses with fees and taxes. In fiscal 2001, Caroline, Garrett, and Somerset counties had deficiencies totaling $176,293. The following is a summary of the register of wills' offices for fiscal 2001.

Inheritance Taxes (75% Remitted Monthly)		$65,675,480
Retained:		
Inheritance Taxes (25%)	$21,891,827	
Fees of Offices	6,420,316	
Total Retained	**$28,312,143**	
Less: Salaries and Expenses	$13,817,196	
Excess Fees of Office (Remitted Annually)		14,494,947
Total Remitted (State General Fund)		**$80,170,427**

[3]Figures for Offices of Sheriffs are expenses of sheriffs' offices reported by counties for judicial functions. Amount is probably understated because for most counties where the sheriff's office has primarily public safety and law enforcement responsibilities, costs associated with judicial functions were not reported separately.
[4]Figures for the Maryland Legal Services Corporation include $0.5 million from the Abandoned Property Fund, $2.3 million from court filing fees, and $4.2 million from interest on lawyers' trust accounts.

Source: Maryland State Budget (Fiscal 2001); Comptroller of the Treasury; Uniform Financial Reports

Other legislation enacted in the 1998 session required the State to provide funding to the circuit courts for interpreter services and to contribute $5 toward juror per diems effective in fiscal 2000. These changes were estimated to shift $1.4 million in circuit court costs to the State.

One year later, the 1999 *Joint Chairmen's Report* required the Chief Judge of the Court of Appeals to submit a plan for increasing the State's role in circuit court funding. Accordingly, the judiciary submitted the Circuit Courts Action Plan in November 1999. That document set forth an incremental four-year partial cost assumption plan that has guided additional State support for the circuit courts in recent years.

By virtue of Chapter 652 of 2000, the State assumed the fiscal responsibility for standing masters and increased its contribution for juror per diems from $5 to $15 beginning in fiscal 2002. Chapter 677 of 2001 was enacted the following session to provide for State funding of compensation for circuit court law clerks beginning in fiscal 2003. The next year Chapter 453 of 2002 required the State to phase in rental payments for the space occupied in local facilities by the circuit court clerks beginning with fiscal 2004.

Local Expenditures

Each local government is solely responsible for funding its office of the State's attorney and office of the sheriff. The salaries and office expenses of the orphans' courts are also financed by the counties, except in Harford and Montgomery counties where the circuit courts serve as the orphans' court and are therefore partially funded by the State. Exhibit 4.5 shows local expenditures on judicial activities by jurisdiction.

Registers of Wills and Maryland Legal Services Corporation

The registers of wills and the Maryland Legal Services Corporation are supported by the State through more complex financing arrangements. A portion of revenues from inheritance taxes and miscellaneous fees is dedicated to financing administrative costs incurred by the registers of wills. The offices of the registers of wills that cannot cover their expenses with these revenues receive additional funding from the State.

The Maryland Legal Services Corporation receives its State funding through a $500,000 grant from the funds generated from the abandoned property fund, a surcharge on civil cases filed in the District Court and the circuit courts that generated $2.3 million in fiscal 2001, and the interest on lawyers' trust accounts which was approximately $4.2 million in fiscal 2001 but has been declining as interest rates have fallen. Also, the

Exhibit 4.5
Courts and Related Offices – Local Funding Responsibility[1]
Fiscal 2001

County	Circuit Court	Orphans' Court	State's Attorney	Sheriff[2]
Allegany	$574,765	$21,558	$957,234	$15,463
Anne Arundel	7,176,592	68,690	5,708,848	5,125,277
Baltimore City	7,994,873	333,203	16,217,247	6,787,138
Baltimore County	4,328,655	125,979	4,946,933	3,379,791
Calvert	473,168	15,544	803,054	0
Caroline	288,328	10,710	396,478	0
Carroll	1,046,581	253,252	1,319,860	0
Cecil	858,617	16,285	944,075	0
Charles	880,610	26,845	949,304	0
Dorchester	173,313	16,618	383,974	0
Frederick	470,038	23,684	2,974,053	0
Garrett	332,556	14,316	369,949	0
Harford	1,093,098	0	2,634,718	604,432
Howard	1,750,622	38,784	3,660,404	2,637,336
Kent	121,493	17,230	311,177	0
Montgomery	7,322,700	0	7,381,742	9,485,524
Prince George's	4,144,475	193,782	8,014,770	12,951,637
Queen Anne's	222,267	27,169	391,972	0
St. Mary's	1,076,294	27,966	1,616,160	0
Somerset	132,149	6,643	508,324	0
Talbot	386,094	12,675	477,396	246,337
Washington	736,304	24,734	1,334,712	725,647
Wicomico	640,964	20,498	967,524	8,000
Worcester	369,914	16,117	805,550	0
Total	**$42,594,470**	**$1,312,282**	**$64,075,358**	**$41,966,582**

[1]Figures may not include employee fringe benefits.
[2]Figures for sheriff are expenses of sheriffs' offices reported by counties for judicial functions. For most counties where the sheriff's office has primarily public safety and law enforcement responsibilities, costs associated with judicial functions were not reported separately.

Source: Uniform Financial Reports; Department of Legislative Services; Administrative Office of the Courts (Circuit Court – Personnel and Budget Information Report)

interest on lawyers' trust accounts is a funding source with an uncertain future in light of an upcoming review by the U.S. Supreme Court of a lower court decision from another state. The decision held that there was an unconstitutional taking of private property, in the form of interest from lawyers' trust accounts, to fund a legal services program in that state.

Chapter 5. Public Safety/Corrections

In Maryland the sharing of public safety responsibilities between State and local governments reflects, to a large extent, the historic development of these services. Given the unique local circumstances, distance, and difficulty of communication prior to the modern era, public safety necessarily evolved as a local government function. As the State government began to assert its regulatory role, the division of labor became less clear.

Currently, local governments, particularly the counties and Baltimore City, bear the primary responsibility for police protection; fire, rescue, and emergency services; and 9-1-1/3-1-1 emergency telephone service. The primary responsibility for corrections is affected by statutory provisions that hold the State responsible for long-term prisoners, while those with shorter sentences are housed in county facilities. Thus, corrections is basically a State responsibility.

Through the Governor's Office of Crime Control and Prevention, the State also is involved in coordinating criminal justice programs and administering various federal public safety grants. The office, established by executive order in 1995, provides State and local planning, develops policy, and analyzes criminal and juvenile justice issues. Federal and State criminal justice and law enforcement grant programs, which are distributed to State and local government agencies and nonprofit organizations, are administered by the agency. In addition, the office has several advisory commissions that focus on juvenile justice, crime victims, drug-free schools, and neighborhood crime prevention.

In total, most operating costs for delivering public safety services are supported by local governments. The State funds most corrections costs. Exhibit 5.1 shows the local, State, and federal support for providing the various public safety and corrections services for fiscal 2001.

Police Protection – Structure

Police protection in Maryland is provided by the Department of State Police, the Maryland Department of Transportation, the Maryland Transportation Authority, the Department of Natural Resources Police, universities and colleges, county sheriffs, and county and municipal police forces.

Exhibit 5.1
Public Safety and Corrections Services
Expenditures and Funding Sources – Fiscal 2001
($ in Millions)

Service	County	Municipal	State	Federal	Total
Governor's Office of Crime Control and Prevention			$8.3	$29.5	$37.8
Police Protection					
State Police/DNR Police			208.8	4.4	213.2
County Police Protection	$867.3		59.8	unknown	927.1
Municipal Police Protection		$117.4	11.4	unknown	128.8
Fire, Rescue & Emergency Services					
Fire and Rescue	446.8	24.6	14.0	unknown	485.4
Emergency Medical Services			16.3		16.3
9-1-1/3-1-1 Emergency Telephone Service	40.8		3.4		44.2
Emergency Management			1.5	16.6	18.1
Military Department			10.2	8.6	18.8
Other Public Safety*	144.2	14.1	3.1		161.4
Corrections	182.2		649.6	6.1	837.9
Parole and Probation			69.9	0.2	70.1
Other			70.0	3.3	73.3
Total	**$1,681.3**	**$156.1**	**$1,126.3**	**$68.6**	**$3,032.3**

*Includes protective inspections, civil defense, emergency management, traffic engineering, and animal control.

Source: Maryland State Police; *Local Government Finances in Maryland*, Department of Legislative Services; Department of Public Safety and Correctional Services; State Fire Marshal

The majority of police services are provided by the State Police, county sheriffs, and county and municipal police forces. In general, the State Police bear primary responsibility for highway patrol and certain other functions, while the rest of law enforcement falls primarily on county or municipal police.

The Maryland Transit Administration, one mode of the Maryland Department of Transportation, had a total of 174 police positions as of June 2001. These positions include 148 sworn officers, 16 part-time security workers, and 10 administrative assistance and radio communications personnel. The Maryland Transportation Authority provides law enforcement services at seven toll facilities, Baltimore-Washington

International Airport, and public marine terminals and port offices. As of June 2002, there were approximately 425 such police personnel. The Department of Natural Resources coordinates the removal of abandoned boats from Maryland's waterways, has responsibility for statewide boating and hunting safety education, manages boating activity, and monitors the aquatic habitat. In fiscal 2001, the Department of Natural Resources had more than 300 staff assigned to the police program.

State Police

The Department of State Police safeguards persons within the State, protects property, and assists in providing all persons equal protection under the law. The Superintendent of the State Police, who is the chief executive officer, reports directly to the Governor. The Superintendent holds the rank of colonel and is appointed by the Governor subject to Senate confirmation.

The State Police employs civilian employees and law enforcement officers. Civilian employees are part of the State classification system and are subject to the State employee grievance and disciplinary system. Law enforcement officers are organized into a quasi-military rank classification system and are subject to the disciplinary systems enumerated under the Law Enforcement Officers' Bill of Rights. Law enforcement officers are members of a separate retirement system that provides retirement benefits after 25 years of service.

County Sheriffs/Police Forces

Under the State constitution, each county and Baltimore City is required to elect a sheriff, who is by common law the primary public safety officer of the jurisdiction. The law also authorizes counties to provide for separate county police forces. Anne Arundel, Baltimore, Howard, Montgomery, and Prince George's counties, along with Baltimore City, maintain county police forces. The law is silent on the specific duties of these county law enforcement agencies. In practice, they have become the primary law enforcement agencies in these counties. The sheriffs' offices in these counties primarily support judicial functions such as courtroom security and the service of process.

Municipal Police Forces

State law authorizes municipalities to establish municipal police forces and the majority of municipalities have done so. One of the few statutes that provides guidance as to the division of labor among the various law enforcement agencies prohibits the State Police from entering municipalities unless they are pursuing a fugitive or responding to a request from a responsible authority.

Police Protection – Services

The ability of local governments to provide law enforcement officers outside of cities and small towns was very limited prior to the evolution of local government. As a State agency, the Maryland State Police provided a police service that was able to combat crime and enforce traffic law across local boundaries. As local government has grown in recent years, local police capabilities have changed dramatically. In response to the changing landscape of police protection, the Maryland State Police has evolved to provide services consistent with the needs of local jurisdictions and has attempted to reduce duplication of services.

State Police

The Maryland State Police provides specialized investigative, regulatory, and support services, as well as a full range of direct law enforcement services complementary to those provided by local governments. Examples of these services are (1) patrol services on interstate and major highways; (2) interjurisdictional investigative services in support of local initiatives in the areas of narcotics, gambling, fraud, computer theft, and other economic crime; (3) major investigative support in the form of investigators, case managers, crime scene processing, intelligence analysis, and crime laboratory services that otherwise exceed the capabilities and resources of local police agencies; and (4) contract State Police services in counties with limited local police resources through the resident trooper program. The fiscal 2003 budget for the State Police is $275.3 million (this excludes $15.4 million in funds for the State Fire Marshal but includes local police aid). This funding will support 2,509.5 positions, of which over 1,600 are uniformed troopers.

The absence of clear statutory guidelines defining the specific lines of authority among the State, local, and municipal police organizations results in a variety of arrangements concerning police protection, particularly at the county level. In general, the State Police bear primary responsibility for highway patrol and certain other functions while the rest of law enforcement falls primarily on local police. The State Police have formalized their relationships with local police through service agreements. Cooperative service agreements in the form of memoranda of understanding have been in place with metropolitan and developing jurisdictions since the early 1980s. These agreements define major traffic and criminal service responsibilities within the jurisdictions, avoiding duplication of effort. The State Police also assist local and municipal police agencies through the resident trooper program. This program enables a county or municipality to contract with the State Police for officers who will serve locally. The county or municipality must reimburse the State for 100 percent of the costs associated with these

officers. Approximately 86 percent of the officers in the resident trooper program serve in Carroll County, with the rest assigned in Calvert, Cecil, and Frederick counties.

The cooperation between local law enforcement and the State Police in combating violent and drug-related crimes has been strengthened in recent years. On February 16, 1995, the Governor signed Executive Order 01.01.1995.03 creating the Cabinet Council on Criminal and Juvenile Justice. The order established a cabinet-level council with the responsibility to ensure that all appropriate agencies work together in a collaborative, cooperative, coordinated manner in planning, implementing, and evaluating State criminal and juvenile justice policies and programs. The statewide targeting of resources is facilitated through the State Police. The following represent some of the innovative programs that have grown out of this coordinated plan:

- Maryland's HotSpot Communities initiative creates working partnerships among active community residents, police, other public agencies, religious institutions, and business leaders. HotSpot Communities are geographically definable neighborhoods, which account for a disproportionate amount of crime. Federal grant funds ($3.5 million each year), as well as State funds ($3.5 million each year), have been made available to support comprehensive anti-crime strategies in HotSpot communities throughout the State. The original 36 HotSpot communities in 1997 have grown to 68 HotSpot communities as of fiscal 2002. The funding level for each HotSpot Community depends on the strength of the application and the magnitude of the crime problem.

- The Statewide Safe Schools Committee was created in 1999 to boost school safety. The initiatives to date include Crisis Response Plans for every school system, Uniform School Incident Reporting System, School Gun Safety Hotline, Clean Our School Teams, and Early Mental Health Screening.

- The Cease Fire Unit of the State Police focuses on training local police on illegal gun supply and demand, tracing, and intelligence gathering.

- The State Police's major Violent Case Investigation Unit focuses on aiding local police with unsolved homicides and complex investigations.

- The Auto Theft Unit of the State Police focuses on regional auto thefts and aids local police with solving multi-jurisdictional theft rings and carjackings.

In addition to new and expanded initiatives, the State Police continue to work closely with local police and federal agencies in numerous collaborative drug enforcement task forces throughout the State. Combined criminal investigation units

exist in Western Maryland and on the Eastern Shore, which jointly investigate serious crime from a regional viewpoint.

Police Training Commission

The Police Training Commission prescribes minimum standards for the selection and training of police officers in Maryland. These standards include regulations concerning selection, promotion to supervisory and management positions, entry level training, and in-service advanced training. The commission also provides mandated crime prevention; drug abuse prevention; and advanced, specialized, and executive training to police personnel, private organizations, community groups, and private citizens throughout Maryland. In fiscal 2001, 1,405 police were trained in approved courses. Local governments pay a nominal fee for each employee trained by the State.

Police Protection – Funding

The responsibility for funding law enforcement agencies lies primarily with local governments. County and municipal expenditures, State aid, and local police strength for fiscal 2001 are shown in Exhibit 5.2. For fiscal 2001 State assistance covered 6.7 percent of total expenditures for police protection. The largest portion of State funding is allocated through a statutory formula with smaller sums distributed through targeted grants.

The State Aid for Police Protection grant is a formula-based general fund grant, which incorporates population (counties with higher population densities receive higher per capita grants), and the number of sworn police officers. Municipalities expending at least $5,000 for police protection receive a share of this grant. The grant was distributed to the 24 subdivisions until fiscal 1992, when Baltimore City was removed from the formula because the State assumed operation of the Baltimore City Jail. In fiscal 1997 legislation reintegrated Baltimore City into the formula, but at a lower per-capita rate than other jurisdictions.

The State budget also includes targeted grants to local police departments. Baltimore City and Prince George's County receive the majority of this funding for foot patrol, violent crime control, community policing, and drug law enforcement. Another grant is made available to reimburse local police departments for the cost of providing body armor to officers. The State also funds the Vehicle Theft Prevention Council, which develops strategies and makes grants to support community-based law enforcement, prevention, and education programs to assist in the prevention of vehicle theft.

Exhibit 5.2
Local Police Strength and Funding – Fiscal 2001

County	Sheriffs (Acting as Police)*	Local Police	Resident Troopers	Total	Local Expenditures	State Aid	State Aid as % of Expenditures
Allegany	21			21	$1,646,840	$232,634	14.1%
Municipalities		74		74	5,351,745	654,777	12.2%
Total	**21**	**74**		**95**	**$6,998,585**	**$887,411**	**12.7%**
Anne Arundel		641		641	$64,346,035	$4,779,386	7.4%
Municipalities		114		114	11,766,056	966,814	8.2%
Total		**755**		**755**	**$76,112,091**	**$5,746,200**	**7.6%**
Baltimore City		**3,142**		**3,142**	**$251,510,344**	**$7,616,350**	**3.0%**
Baltimore County		**1,736**		**1,736**	**$141,581,441**	**$9,229,725**	**6.5%**
Calvert	73		1	74	$7,009,300	$623,276	8.9%
Municipalities		7		7	511,117	58,024	11.4%
Total	**73**	**7**	**1**	**81**	**$7,520,417**	**$681,300**	**9.1%**
Caroline	24			24	$1,558,200	$149,258	9.6%
Municipalities		25		25	1,569,838	165,742	10.6%
Total	**24**	**25**		**49**	**$3,128,038**	**$315,000**	**10.1%**
Carroll	47		46	93	$5,189,979	$789,962	15.2%
Municipalities		66	5	71	5,340,379	712,138	13.3%
Total	**47**	**66**	**51**	**164**	**$10,530,358**	**$1,502,100**	**14.3%**

Exhibit 5.2 (continued)

County	Sheriffs (Acting as Police)*	Local Police	Resident Troopers	Total	Local Expenditures	State Aid	State Aid as % of Expenditures
Cecil	62		4	66	$4,252,865	$471,126	11.1%
Municipalities		45		45	3,280,339	367,674	11.2%
Total	**62**	**45**	**4**	**111**	**$7,533,204**	**$838,800**	**11.1%**
Charles	213			213	$22,914,200	$1,036,692	4.5%
Municipalities		10		10	801,198	59,508	7.4%
Total	**213**	**10**		**223**	**$23,715,398**	**$1,096,200**	**4.6%**
Dorchester	26			26	$1,663,299	$109,474	6.6%
Municipalities		51		51	3,452,347	262,476	7.6%
Total	**26**	**51**		**77**	**$5,115,646**	**$371,950**	**7.3%**
Frederick	135		3	138	$9,221,395	$823,692	8.9%
Municipalities		136		136	12,463,712	1,138,308	9.1%
Total	**135**	**136**	**3**	**274**	**$21,685,107**	**$1,962,000**	**9.1%**
Garrett	19			19	$1,302,606	$202,462	15.5%
Municipalities		5		5	259,613	40,138	15.5%
Total	**19**	**5**		**24**	**$1,562,219**	**$242,600**	**15.5%**
Harford	202			202	$20,088,825	$1,454,069	7.2%
Municipalities		94		94	8,552,073	670,831	7.8%
Total	**202**	**94**		**296**	**$28,640,898**	**$2,124,900**	**7.4%**

Exhibit 5.2 (continued)

County	Sheriffs (Acting as Police)*	Local Police	Resident Troopers	Total	Local Expenditures	State Aid	State Aid as % of Expenditures
Howard		**336**		**336**	**$37,619,339**	**$2,780,700**	**7.4%**
Kent	20			20	$1,629,506	$116,788	7.2%
Municipalities		14		14	756,048	79,412	10.5%
Total	**20**	**14**		**34**	**$2,385,554**	**$196,200**	**8.2%**
Montgomery		1,021		1,021	$151,510,626	$12,285,456	8.1%
Municipalities		135		135	14,131,048	1,498,742	10.6%
Total		**1,156**		**1,156**	**$165,641,674**	**$13,784,198**	**8.3%**
Prince George's		1,397		1,397	$179,091,725	$14,875,285	8.3%
Municipalities		270		270	25,603,690	2,293,025	9.0%
Total		**1,667**		**1,667**	**$204,695,415**	**$17,168,310**	**8.4%**
Queen Anne's	40*			40	$1,897,456	$317,603	16.7%
Municipalities		6		6	349,214	58,597	16.8%
Total	**40***	**6**		**46**	**$2,246,670**	**$376,200**	**16.7%**
St. Mary's	106			106	$9,641,416	$798,146	8.3%
Municipalities		1		1	29,260	7,354	25.1%
Total	**106**	**1**		**107**	**$9,670,676**	**$805,500**	**8.3%**

Exhibit 5.2 (continued)

County	Sheriffs (Acting as Police)*	Local Police	Resident Troopers	Total	Local Expenditures	State Aid	State Aid as % of Expenditures
Somerset	17*			17	$498,790	$95,548	19.2%
Municipalities		19		19	952,193	130,252	13.7%
Total	**17***	**19**		**36**	**$1,450,983**	**$225,800**	**15.6%**
Talbot	18*			18	$1,604,620	$116,439	7.3%
Municipalities		50		50	3,731,119	275,061	7.4%
Total	**18***	**50**		**68**	**$5,335,739**	**391,500**	**7.3%**
Washington	69			69	$4,823,827	$486,622	10.1%
Municipalities		111		111	9,854,004	854,378	8.7%
Total	**69**	**111**		**180**	**$14,677,831**	**$1,341,000**	**9.1%**
Wicomico	76*			76	$4,453,790	$332,408	7.5%
Municipalities		107		107	7,134,006	563,092	7.9%
Total	**76***	**107**		**183**	**$11,587,796**	**$895,500**	**7.7%**
Worcester	32*			32	$2,045,657	$110,881	5.4%
Municipalities		131		131	12,923,370	520,019	4.0%
Total	**32***	**131**		**163**	**$14,969,027**	**$630,900**	**4.2%**
Total FY 2001	**1,200**	**9,744**	**59**	**11,003**	**$1,055,914,450**	**$71,210,344**	**6.7%**

*The above list includes only full-time sheriffs. Some counties also have part-time sheriffs. Those counties are as follows: Queen Anne's (2); Somerset (1); Talbot (1); Wicomico (10); and Worcester (5).

Source: *State Aid for Police Protection Fund 2001,* Department of Maryland State Police; Department of Legislative Services, *Fiscal Effects Report; Government Finances in Maryland: Fiscal Year Ending June 30, 2001,* Baltimore Police Department *Annual Report 2000.*

Fire and Rescue – Structure/Services

The primary responsibility for meeting Maryland's fire and rescue needs rests at the local level with the over 386 member organizations of the State Firemen's Association. Although approximately half of Maryland's counties employ career professional fire fighters, statewide over 80 percent of fire fighters are volunteers. Baltimore City is the only jurisdiction that employs only professional fire fighters.

The State's role in providing fire and rescue services involves adopting and enforcing regulations and training local fire department employees. The State Fire Marshal, responsible for the regulatory and enforcement function, was officially created in its present form in September 1964 but has existed in one form or another since 1890. The agency is charged with fire code enforcement, fire and explosion/bomb investigation, explosive licensing and regulation, fire prevention and public education activities, and fire data collection and analysis. As part of its regulatory role, the State Fire Marshal provides each jurisdiction that employs career personnel with a Deputy State Fire Marshal to oversee services at the local level. The Maryland Institute for Emergency Medical Services Systems (MIEMSS) is responsible for the certification of pre-hospital emergency medical personnel including career and volunteer firefighters. The various training centers affiliated with the University of Maryland's Fire and Rescue Institute provide training for local firefighters.

The only direct fire and rescue service provided by the State involves the Maryland Department of Transportation's responsibility for services at the Baltimore-Washington International Airport and the toll highways operated by the Maryland Transportation Authority.

The State Fire Marshal has jurisdiction in all Maryland counties but works primarily outside of the Baltimore and Washington metropolitan counties. There are 23 agency regional offices located throughout the State. The headquarters of the agency is located in Baltimore County.

Fire and Rescue – Funding

Because they bear primary responsibility for meeting Maryland's fire and rescue needs, local governments support most of the costs of these services. Some costs are defrayed through fund-raising efforts of the volunteer fire companies. The State provides assistance through the Senator William H. Amoss Fire, Rescue and Ambulance Fund (Amoss Fund), which is distributed on the basis of a county's share of property tax accounts relative to the statewide total. Qualified municipalities receive a portion from the county's share based on the portion that the municipality's expenditures bear to the

county's. The use of dollars received from the fund is limited to the purchase of equipment and to buildings holding equipment.

The State also provides supplemental grants/loans through the Volunteer Company Assistance Fund. Disbursements are limited to volunteer fire companies or rescue squads that are not able to provide adequate services because of unforeseen circumstances or the lack of financial resources.

Exhibit 5.3 shows the local expenditures for fire and rescue services and the amount of State aid provided to each local jurisdiction through the Amoss Fund. Exhibit 5.4 shows the numbers of volunteer and career personnel dedicated to fire and rescue services throughout the State.

Emergency Services – Structure

Maryland's system of emergency medical services is governed by an 11-member board appointed by the Governor, the Emergency Medical Services board. The board directs the Maryland Institute of Emergency Medical Services Systems (MIEMSS) and reviews and approves its operating and capital budgets. The board also reviews and approves certain budget components of the Shock Trauma Center, Maryland's Fire and Rescue Institute, and the Aviation Division of the Maryland State Police. The Emergency Medical Services board is assisted by the Maryland Institute of Emergency Medical Services Systems staff and the statewide Emergency Medical Services Advisory Council (SEMSAC). The council, representing statewide Emergency Medical Services interests, serves as the board's principal advisory body and ensures that regional issues are represented effectively at the State level.

Maryland is divided into five emergency medical services regions: two predominately rural regions (region I in far western Maryland and region IV on the Eastern Shore); two suburban/urban regions (region III covering central Maryland and region V encompassing the Washington metro area and southern Maryland); and a mixed suburban/rural region (region II covering Frederick and Washington counties). Each emergency medical services region has a regional administrator who staffs the regional councils and is the liaison to the Maryland Institute of Emergency Medical Services Systems. The regional administrators are employees of the Maryland Institute of Emergency Medical Services Systems and manage the Maryland Institute of Emergency Medical Services Systems Field Operations programs at the local level.

Exhibit 5.3
Fire and Rescue Services
Local Expenditures and Funding
Fiscal 2001

County	Municipal Expenditures		County Expenditures	Total Expenditures	State Aid	% State
Allegany	$3,581,431		$1,013,914	$4,595,345	$237,591	5.2%
Anne Arundel	6,654,607		53,909,975	60,564,582	821,375	1.4%
Baltimore City	n/a		104,780,659	104,780,659	1,028,130	1.0%
Baltimore	n/a		59,336,354	59,336,354	1,219,400	2.1%
Calvert	0		1,469,501	1,469,501	201,127	13.7%
Caroline	68,695		1,158,861	1,227,556	200,442	16.3%
Carroll	311,778		4,943,426	5,255,204	257,345	4.9%
Cecil	113,634		3,263,835	3,377,469	205,676	6.1%
Charles	2,500		6,493,193	6,495,693	226,002	3.5%
Dorchester	717,674		1,129,322	1,846,996	215,597	11.7%
Frederick	173,305		12,903,605	13,076,910	347,716	2.7%
Garrett	0		807,575	807,575	200,767	24.9%
Harford	285,074		4,217,622	4,502,696	360,235	8.0%
Howard	n/a		24,689,330	24,689,330	316,016	1.3%
Kent	52,093		646,640	698,733	207,474	29.7%
Montgomery	47,793		104,485,439	104,533,232	1,312,545	1.3%
Prince George's	505,003	*	60,270,538	60,775,541	1,137,774	1.9%
Queen Anne's	12,292		1,492,150	1,504,442	200,651	13.3%
St. Mary's	1,000		1,138,100	1,139,100	201,162	17.7%
Somerset	53,520		447,846	501,366	200,476	34.0%
Talbot	291,209		1,794,738	2,085,947	216,907	10.4%
Washington	3,644,546	**	1,727,917	5372,463	227,003	4.2%
Wicomico	3,577,409		2,782,174	6,359,583	218,372	3.4%
Worcester	4,468,378		1,882,201	6,350,579	240,216	3.8%
Total	**$24,561,941**		**$456,784,915**	**$481,346,856**	**$10,000,000**	**2.1%**

* Excludes Glenarden. No financial information submitted.
** Excludes Williamsport. No financial information submitted.
n/a = not available

Source: Maryland State Police; *Local Government Finances in Maryland*, Department of Legislative Services

Exhibit 5.4
Volunteer and Career Personnel – Fiscal 2001

County	Volunteer Personnel	Career Personnel
Allegany	1,775	66
Anne Arundel	488	773
Baltimore City	0	1,650
Baltimore	2,965	1,035
Calvert	764	0
Caroline	458	0
Carroll	2,251	75
Cecil	1,300	0
Charles	1,480	0
Dorchester	1,062	8
Frederick	3,343	97
Garrett	653	9
Harford	1,878	2
Howard	603	250
Kent	713	0
Montgomery	1,880	980
Prince George's	2,764	740
Queen Anne's	456	0
St. Mary's	1,289	0
Somerset	452	0
Talbot	539	14
Washington	1,412	149
Wicomico	820	85
Worcester	731	14
Other		
Total	**30,076**	**5,947**

Source: Maryland State Police

Emergency Services – Services

The Maryland Institute of Emergency Medical Services Systems is a State agency mandated by State law to be the lead organization responsible for coordinating Maryland's statewide emergency medical services system. Created in 1973 by executive order of the Governor, the Maryland Institute of Emergency Medical Services Systems has developed into a coordinated program for training, testing, and certifying pre-hospital care providers; statewide communications and transportation systems (both ambulances and Med-Evac helicopters); and an echelons of care system, including 48 emergency departments, nine adult trauma centers, and numerous trauma specialty centers and specialty referral centers.

The dedicated phone number 9-1-1 has become the universal link with the multiple emergency resources available across the State. Police, fire, or emergency medical personnel and equipment can be accessed with a single call. In fiscal 2001 more than 4,801,733 calls were handled by the central alarms (answering points which determine whether the caller needs the police or emergency services and directs the call appropriately) throughout the State's 23 counties and Baltimore City. Maryland has had a complete 9-1-1 system since 1985, and now the majority of the State has computer enhanced 9-1-1 services. The enhanced service immediately provides the operators in the central alarms with the street address and phone number of the caller on a computer screen in case the caller cannot provide that information. The 9-1-1 communication centers are part of the statewide emergency medical services communications system that includes radio and microwave links, as well as a dedicated telephone network.

Ground transportation is provided by over 500 emergency ambulances operated by local jurisdictions and independent ambulance, fire and rescue companies. The emergency ambulances operated by the fire, emergency medical services, and rescue departments and companies across Maryland are manned by career or volunteer trained providers. Currently there are five levels of pre-hospital medical certification and training, which can be divided into the categories of basic life support and advanced life support. The Maryland Institute of Emergency Medical Services Systems and the Board of Physician Quality Assurance set the standards and protocols for Maryland's advanced life support providers. In addition, the Maryland Institute of Emergency Medical Services Systems maintains, administers, and records the testing and certification for all basic life support and advanced life support providers.

Pre-hospital providers (ambulance and helicopter crews) devote numerous hours to the Emergency Medical Services training, certification, recertification, and continuing education. The Maryland Fire and Rescue Institute is responsible for the majority of this basic level pre-hospital training. Continuing medical education is reviewed, accredited, and in many cases, coordinated by the Maryland Institute of Emergency Medical Services

Systems. More than 5,000 providers participated in the Maryland Institute of Emergency Medical Services Systems-approved courses in fiscal 2001.

The Maryland State Police Med-Evac program transports critically ill and injured patients from the scene of the incident to a specialty center via helicopters staffed by State Police paramedics. The helicopter functions in a dual capacity, fulfilling police missions when not needed for Med-Evac services. The Maryland State Police Med-Evac system operates from eight bases located geographically throughout the State. During fiscal 2001, almost 5,200 patients were transported by helicopter from the scene of a critical injury, with an additional 610 critical patients being transferred to a tertiary center for advanced medical intervention and 259 being transported due to other medical activities.

The statewide communications network permits pre-hospital care providers to consult hospital-based physicians for medical direction. The network can link the pre-hospital care provider with the R Adams Cowley Shock Trauma Center or any of the hospital emergency departments, area-wide trauma centers, specialty referral centers, or central alarms. The Systems Communications Center provides 24-hour radio communication between pre-hospital care personnel and area-wide and specialty referral centers and coordinates all Med-Evac transports to these centers.

To facilitate communication and resolve differences, the Maryland Institute of Emergency Medical Services Systems has regional administrators who perform program management duties at the field level and support the regional councils that are composed of representatives from the spectrum of emergency medical services within the region. Each jurisdiction has a similar council which may bring issues to the regional council for resolution. Unresolved issues may be taken to the statewide Emergency Medical Services Advisory Council and subsequently to the Emergency Medical Services board. This system provides a forum for resolution of differences and facilitates information exchange on such topics as grants, training, emergency medical services policies/protocols, legislation, and communications.

Maryland Emergency Management Agency

The Maryland Emergency Management Agency provides overall coordination with the Federal Emergency Management Agency, State agencies, local jurisdictions, and private organizations regarding disaster and emergency preparedness and response and recovery services. State statute requires each subdivision to employ a director of emergency management to oversee coordination of local fire, rescue, and police agencies in the event of natural disaster, public disorder, or other emergency. Should an emergency exceed the capacity of local jurisdictions, county officials may petition the Governor for State assistance.

Military Department

The Military Department maintains a trained national guard within the State that can be called upon by the federal or State government in a time of emergency. The department also operates and maintains facilities required by the Maryland Army National Guard, including 35 armories, four weekend training facilities, Havre De Grace and Pikesville reservations, and an Army aviation facility in Edgewater.

Emergency Services – Funding

Funding for the State Emergency Medical Services system is provided from a variety of sources. A surcharge on motor vehicle registrations funds the Maryland Emergency Medical Services Operations Fund (MEMSOF). The surcharge was increased from $8.00 to $11.00 during the 2001 legislative session. This surcharge funds the Emergency Medical Services Volunteer Loan Fund; the Med-Evac portion of the State Police Aviation Division; State grants for local fire, rescue, and ambulance services in all 24 political jurisdictions; a portion of the Maryland Fire and Rescue Institute; a portion of the R Adams Cowley Shock Trauma Center; and the Maryland Institute of Emergency Medical Services Systems. Exhibit 5.5 shows the Maryland Emergency Medical Services Operations Fund expenditures for fiscal 2001 through 2003.

Exhibit 5.5
EMS Operations Fund
Fiscal 2001 through 2003

Source of Expenditure	2001 Actual	2002 Actual	2003 Appropriation
Maryland Fire and Rescue Institute	$4,880,000	$5,515,000	$6,278,500
Maryland Institute of Emergency Medical Services Systems	9,058,000	9,579,000	9,791,080
Shock Trauma (University of Maryland Medical Systems)	3,200,905	3,264,923	3,362,871
Shock Trauma (University of Maryland Medical Systems) Replacement Equipment	3,500,000	3,500,000	3,500,000
Local Fire, Rescue and Ambulance Grants (Amoss Fund)	10,000,000	10,000,000	10,000,000
Maryland State Police Aviation Division	13,880,394	13,243,214	12,933,588
EMS Volunteer Loan Fund	500,000	1,000,000	1,000,000
Total Expenditure	**$45,019,299**	**$46,102,137**	**$46,866,039**

Source: Maryland Institute for Emergency Medical Services Systems; Department of Legislative Services

State and county surcharges on telephone bills, in addition to other county revenues, support 9-1-1 operations statewide. Exhibit 5.6 shows the 9-1-1 Emergency Services local expenditures and funding.

Exhibit 5.6
9-1-1 Emergency Services
Local Expenditures and Funding
Fiscal 2001

County	County Operating Costs	County 9-1-1 Rate	County Revenue	% of Costs Covered	State Grants
Allegany	$593,052	$ 0.50	$270,969	45.7%	$18,200
Anne Arundel	5,123,939	0.50	1,954,431	38.1%	4,000
Baltimore City	6,480,908	0.47	2,087,748	32.2%	(22,285)
Baltimore	4,206,153	0.50	3,069,101	73.0%	101,622
Calvert	1,491,147	0.40	246,339	16.5%	-
Caroline	571,932	0.50	117,015	20.5%	446
Carroll	601,517	0.50	550,881	91.6%	3,300
Cecil	220,653	0.50	277,208	125.6%	4,413
Charles	523,395	0.50	444,565	84.9%	863
Dorchester	558,741	0.50	131,237	23.5%	1,950
Frederick	1,141,908	0.50	841,639	73.7%	1,480,274
Garrett	298,497	0.50	123,192	41.3%	(8,843)
Harford	1,279,661	0.50	811,740	63.4%	3,300
Howard	3,938,430	0.50	1,065,234	27.1%	-
Kent	362,980	0.50	94,224	26.0%	1,300
Montgomery	8,168,948	0.50	3,545,888	43.4%	1,230
Prince George's	4,088,448	0.50	3,090,766	75.6%	-
Queen Anne's	531,058	0.30	167,019	31.5%	34,410
St. Mary's	835,766	0.50	182,015	21.8%	3,836
Somerset	382,771	0.50	59,856	15.6%	26,820
Talbot	383,565	0.50	166,625	43.4%	560,701
Washington	1,140,003	0.50	535,523	47.0%	6,500
Wicomico	639,189	0.50	333,793	52.2%	2,040
Worcester	592,493	0.50	339,519	57.3%	1,147,149
Statewide			6,548,723		25,286
Total	**$44,155,155**	**$0.49**	**$27,055,250**	**61.3%**	**$3,396,512**

Note: State grants to counties are supported by 9-1-1 fees collected by the State and disbursed to counties for the purpose of assisting counties in funding the installation of enhanced 9-1-1 systems.

Source: *Fiscal 2003 State Budget Books*; Department of Public Safety and Correctional Services

State monies, along with those of the 24 political jurisdictions, also are made available to support the Emergency Medical Services-related programs, facilities, and equipment. Research and demonstration programs are principally supported by federal grants and awards. Federal funds support most of the efforts of the Maryland Emergency Management Agency. The agency distributes federal emergency management grants to local jurisdictions to support planning, training, and administrative functions at the local level. The Military Department is supported by both State and federal funds.

Protective Inspections – Structure/Services

Both State and local governments have responsibilities to ensure that buildings and certain public facilities meet safety standards. Local governments have the primary role in enforcing building and construction codes. Activities include the inspection of construction and structural conditions and plumbing, electrical, and gas installations.

The Safety Inspection Program within the Department of Labor, Licensing, and Regulation inspects amusement rides, boilers, pressure vessels, elevators, and escalators to ensure that the units are operating according to State laws and regulations, nationally recognized safety standards, and manufacturers' specifications. In fiscal 2001 the program inspected over 3,800 amusement rides, issued certificates for nearly 22,000 boiler and pressure vessels, and conducted surveys on roughly 11,000 elevators and escalators.

The Railroad Safety and Health Program also within the Department of Labor, Licensing, and Regulation works to reduce railroad accidents, injuries, and deaths through inspections and investigations of track, equipment, and operating practices. The Maryland Railroad Safety Law supplements the inspection requirements of the Federal Railroad Administration and also applies to tourist and museum railroad operators that carry passengers. In 2001 the program inspected nearly 6,500 rail cars and locomotives and over 2,300 miles of track.

Corrections – Structure/Services

Through historical and statutory evolution, the responsibility for corrections came to be administered through a bifurcated system with short-term inmates held at the local level and those with longer sentences incarcerated by the State. The specific responsibilities are shown in Exhibit 5.7.

Exhibit 5.7
Corrections
State/Local Responsibilities

State Functions:	Incarcerations of longer than 12 months; Pretrial detention in Baltimore City; and Alternatives to incarceration if related to State incarceration or sentenced for longer than 12 months.
Local Functions:	Incarcerations of 12 months or less (up to 18 months at judicial option); Pretrial detention (other than Baltimore City); Detention awaiting transfer to the State; and Alternatives to incarceration at local option.

Source: Department of Public Safety and Correctional Services

Because the State is responsible for prisoners with longer sentences, corrections are primarily a State responsibility. Nonetheless, the local support required to fund correctional services is significant. To help defray the costs resulting from its refusal to accept certain prisoners, the State reimburses county governments for some of the operating costs and subsidizes part of the capital costs associated with local correctional systems, as follows:

- Local governments receive 50 percent of the operating costs associated with those prisoners sentenced to local detention facilities for 3 to 12 months. The State provides no assistance for prisoners sentenced to local detention facilities for less than 3 months or greater than 12 months.

- Local governments are reimbursed at a rate up to 85 percent if the actual number of inmate days in a given fiscal year exceeds the average number of inmate days for fiscal 1984 through 1986.

- The State is required to reimburse each county by formula for medical expenses that exceed $25,000 for each inmate confined in a local correctional facility.

- The State pays 50 percent of most capital costs, subject to certain standards (e.g., double-celling, no air conditioning, square footage requirements).

- The State pays 100 percent of certain capital costs associated with expansion of local correctional systems.

Exhibit 5.8 presents the local corrections population at the end of fiscal 2002.

Exhibit 5.8
Local Corrections Population
As of June 30, 2002

County	Average Daily Population	Awaiting Trial/ Sentencing	Sentenced		Intake	Release
			Local	State[1]		
Allegany	119	54	61	4	144	142
Anne Arundel	956	418	530	8	896	877
Baltimore City	3,140	2,685	115	340	3,543	3,383
Baltimore	1,166	624	510	32	918	920
Calvert	144	47	95	2	153	153
Caroline	103	40	61	2	108	107
Carroll	240	96	142	2	199	193
Cecil	188	85	102	1	283	284
Charles	377	132	236	9	294	293
Dorchester	163	51	108	4	108	111
Frederick	378	152	220	6	465	426
Garrett	61	18	42	1	90	90
Harford	368	113	250	5	324	319
Howard	247	117	127	3	330	334
Kent	78	19	58	1	48	46
Montgomery	986	281	650	55	678	660
Prince George's	1,109	797	292	20	1,316	1,326
Queen Anne's	89	23	66	0	101	95
St. Mary's	165	47	112	6	179	179
Somerset	79	21	58	0	64	36
Talbot	109	32	76	1	104	104
Washington	314	153	153	8	244	242
Wicomico	535	195	339	1	245	262
Worcester	216	115	99	2	202	204
Total	**11,330**	**6,315**	**4,502**	**513**	**11,036**	**10,786**

[1]Pending transfer to the State Division of Correction. The State reimburses the full cost of incarceration pending transfer.

Source: Department of Public Safety and Correctional Services

Department of Public Safety and Correctional Services

The primary responsibility of the State's Department of Public Safety and Correctional Services is the custody of persons convicted of crimes and of pretrial defendants in Baltimore City. Administratively, the department is divided into nine programmatic units including the Criminal Injuries Compensation Board which is discussed under the "Victims of Crime" heading. A brief description of the other eight units follows:

- The *Division of Correction* supervises the operation of the State adult correctional institutions. The division is headed by the Commissioner of Correction, who is appointed by the Secretary of Public Safety and Correctional Services with the approval of the Governor and the advice and consent of the Senate. In fiscal 2001 an average of 23,457 individuals per month were incarcerated by the State. Most of the prisoners were housed in one of the 21 facilities operated by the State with a small number in facilities managed by private entities. For additional information on the State prisons, see M*aryland's Criminal and Juvenile Justice Process*, Volume IX of the Legislative Handbook Series.

- The *Division of Parole and Probation* supervises individuals placed on probation by the courts or granted parole by the Parole Commission. Parole and probation field services are provided through four regional centers located in Easton, Upper Marlboro, Baltimore City, and Frederick. There are approximately 44 field offices located throughout the State to carry out criminal supervision and investigation services and to monitor driving under the influence/driving while intoxicated (DUI/DWI) offenders.

  The division provides two levels of supervision, intensive and standard. Intensive cases are those that represent the greatest risk to the public. The type of supervision an offender receives is based on how the offender scores on an objective test. Generally, offenders begin on intensive supervision and are moved to standard supervision. At the conclusion of fiscal 2002, there were 19,393 offenders on intensive supervision and 33,366 offenders on standard supervision.

  In addition, the division administers the State's Correctional Options Program which focuses on alternatives to incarceration in State correctional facilities. The division is also involved in the State "HotSpots" initiative which targets law enforcement and prevention resources toward high crime and at-risk neighborhoods, and the "Break the Cycle of Crime and Addiction" program designed to improve supervision of offenders on probation through drug testing, sanctions, and treatment.

- The *Maryland Parole Commission* conducts parole release and parole revocation hearings. The commission is composed of seven members who serve staggered six-year terms. The commissioners are appointed by the Secretary of the Department of Public Safety and Correctional Services with the approval of the Governor and the advice and consent of the Senate. The commissioners approve all parole releases except releases from the Patuxent Institution.

- The *Patuxent Institution* is a maximum security, treatment-oriented correctional facility which provides remediation services to male and female offenders in its Eligible Person Youthful Offender Program and Patuxent Institution Youth Program. The institution also addresses the needs of mentally ill offenders throughout the correctional system within the Correctional Mental Health Center-Jessup (CMHC-Jessup). Patuxent Institution's remaining population is made up of Division of Correction (DOC) inmates awaiting technical parole revocation hearings, or housed to alleviate overcrowding within other correctional facilities. Patuxent also houses inmates participating in the Regimented Offender Treatment Center, which is an alternative to incarceration program providing intensive evaluation, treatment, and referral services for non-violent, substance-abusing inmates about to leave the correctional system or for parolees who have returned to using drugs while on parole. In addition, the institution operates a ReEntry Facility in Baltimore City to assist Patuxent offenders returning to society and to provide aftercare services to offenders leaving the regimated offender treatment and boot camp programs.

- The *Inmate Grievance Office* reviews grievances and complaints of inmates lodged against officials or employees of State correctional institutions or the Patuxent Institution. This office hears grievances only after all institutional procedures have been exhausted and after a preliminary review and investigation by the office indicates the complaint may be meritorious. Over 1,615 new grievances and complaints were filed in fiscal 2001, and an additional 1,429 were carried over from prior years.

  The office's recommendations are reviewed by the Secretary of Public Safety and Correctional Services, who will affirm, reverse, or modify the decision and direct appropriate action. Formal appeal of the final decision is available to the inmate through the circuit court of the county in which the inmate is confined.

- The *Correctional Training Commission* prescribes minimum standards for the selection and training of parole and probation employees and correctional officers in Maryland. These standards include regulations concerning selection, promotion

to supervisory and management positions, entry level training, and in-service advanced training. In fiscal 2001, 23,868 correctional personnel were trained in approved courses. Local governments pay a nominal fee for each employee trained by the State.

- The *Maryland Commission on Correctional Standards* adopts and enforces life, health, and safety standards for State prisons, local detention centers, and community correctional facilities. Enforcing standards improves public safety, staff well-being, and inmate welfare as well as reduces the likelihood of costly legal payments by the State and local jurisdictions.

- The *Division of Pretrial Detention Services* is primarily responsible for monitoring the pretrial population in Baltimore City. In addition to an administrative unit, the division is divided into three programmatic units: pretrial release services, the Baltimore City Detention Center, and the Central Intake and Booking Facility.

  - *Pretrial Release Services* assists the courts in selecting which individual defendants may be released under supervision pending trial rather than being incarcerated.

  - The *Baltimore City Detention Center* houses the alleged offenders who are awaiting trial in Baltimore City as well as offenders sentenced to the Baltimore City Detention Center. Until 1991 the detention center was the city jail operated by Baltimore City. Legislation enacted in 1991 transferred operation of the detention center to the State. In fiscal 2001, the average daily population at the center was 2,995.

  - This same 1991 legislation required the construction of the *Central Booking and Intake Facility* in Baltimore City. Operated by the State, the Central Booking and Intake Facility processes all individuals arrested within Baltimore City for violation of city or State laws.

For a more detailed discussion of the Department of Public Safety and Correctional Services see *Maryland's Criminal and Juvenile Justice Process*, Chapter 14 of Volume IX of the Legislative Handbook Series.

Local Role in Corrections System

Each county in the State operates a local detention center that serves as the point of entry into the criminal justice system after arrest. Approximately 61 percent of the local detention center population consists of offenders who are being held pending a trial

(many offenders are released on recognizance, post bail, or are released under supervised alternative to incarceration programs). The remaining 39 percent consists largely of offenders who are sentenced to a local detention facility for less than 18 months. Local detention centers also house inmates awaiting transfer to the Division of Correction, offenders sentenced to weekend detention, and in some instances, federal inmates under contractual agreements.

Corrections – Funding

The State's correctional programs are funded primarily with State dollars. Exhibit 5.9 provides data on actual fiscal 2001 expenditures. Exhibit 5.10 depicts the local share of correctional spending.

Exhibit 5.9
Correctional Spending – Fiscal 2001
($ in Millions)

	Total	State[1]	Federal	Local
Division of Correction	$517.5	$511.9	$5.6	$0.0
Patuxent Institution	31.9	31.5	0.4	0.0
Pre-Trial and Detention Services	95.8	95.7	0.1	0.0
Parole and Probation	74.9	74.7	0.2	0.0
Other	5.9	5.5	0.4	0.0
Local Jails	197.4	15.2	0.0	182.2
Total	**$923.4**	**$734.5**	**$6.7**	**$182.2**

[1] State spending includes $6.3 million of reimbursable funds.

Source: *Fiscal 2003 State Budget Books*

Victims of Crime

The Criminal Injuries Compensation Board awards grants to innocent victims of crimes or their dependents who incur financial hardship as a result of a crime. Typically these grants are used to reimburse medical and funeral expenses. Each claim is limited to $45,000 and the board generally attempts to limit the amount of a claim in order to award a larger number of smaller claims. As of June 30, 2001, there were seven full-time positions authorized for the board. Another six contractual positions assist in the performance of the board's work.

Exhibit 5.10
Corrections – Expenditures and Reimbursements
Fiscal 2001

	Operating Funds				
		State		Total	
County	**County Expenditures**	**50/85% Reimb.**	**Local Jail Backup**	**State Reimb.**	**% State Reimb.**
Allegany	$3,512,313	$170,280	$72,059	$242,339	6.9%
Anne Arundel	24,586,309	478,914	136,925	615,839	2.5%
Baltimore City	0	0	0	0	0.0%
Baltimore	20,369,742	1,926,298	116,480	2,042,778	10.0%
Calvert	4,234,766	359,717	26,310	386,027	9.1%
Caroline	1,733,852	129,839	76,962	206,801	11.9%
Carroll	4,330,277	509,777	27,748	537,525	12.4%
Cecil	3,367,055	44,699	51,375	96,074	2.9%
Charles	7,691,619	478,914	80,725	559,639	7.3%
Dorchester	2,843,074	107,490	36,002	143,492	5.0%
Frederick	8,941,060	1,074,895	63,596	1,138,491	12.7%
Garrett	1,001,307	27,671	23,019	50,690	5.1%
Harford	9,793,991	2,128,506	114,483	2,242,989	22.9%
Howard	8,065,447	436,344	107,547	543,891	6.7%
Kent	1,403,786	159,638	10,210	169,848	12.1%
Montgomery	29,093,251	2,128,506	59,394	2,187,900	7.5%
Prince George's	37,391,413	1,436,741	251,758	1,688,499	4.5%
Queen Anne's	2,038,803	127,710	21,433	149,143	7.3%
St. Mary's	4,689,207	171,345	8,838	180,183	3.8%
Somerset	1,190,258	383,131	77,318	460,449	38.7%
Talbot	2,209,214	46,827	23,231	70,058	3.2%
Washington	6,141,444	478,914	124,830	603,744	9.8%
Wicomico	9,004,033	361,846	58,492	420,338	4.7%
Worcester	3,751,482	446,986	32,960	479,946	12.8%
Total	**$197,383,702**	**$13,614,988**	**$1,601,695**	**$15,216,683**	7.7%

Source: Department of Public Safety and Correctional Services

Grants are funded by the Criminal Injuries Compensation Fund and federal funds. The Criminal Injuries Compensation Fund receives revenue from a $20 fine charged to persons convicted of crimes in the District and circuit courts. In fiscal 2001 the State awarded over $4.8 million in grants to victims of crime.

Chapter 6. Public Education

The State and county governments share responsibility for Maryland's public schools. Statewide educational policy determination is the responsibility of the State Board of Education with the State Superintendent of Schools and the Maryland State Department of Education overseeing the implementation of policies and providing administrative support. The 23 county boards of education and the Board of School Commissioners for Baltimore City, together with each local superintendent, govern education matters and policy-making within the school districts and oversee the daily operation of the local school systems.

Structure

The Constitution of Maryland, adopted in 1867, requires the General Assembly to "establish throughout the state a thorough and efficient System of Free Public Schools" (Article VIII). Pursuant to this authority, the General Assembly established through State law a two-tiered system governed by a State board of education and 24 local boards of education.

The State Board of Education has general authority over public elementary and secondary education in Maryland and appoints the State Superintendent of Schools. The Governor, with the advice and consent of the Maryland Senate, appoints the 12-member board. Eleven members serve staggered four-year terms. The twelfth member, a student, serves one year. With the assistance of the superintendent, the State board investigates the educational needs of Maryland, recommends appropriate legislation, and prepares an annual State public school budget for consideration by the Governor. The State board may order public and nonpublic schools to correct deficiencies in the case of a failure to meet the standards established by the board. Other responsibilities of the board include the following:

- adopting bylaws, rules, and regulations for the administration of the public schools;
- deciding all controversies and disputes arising under the State laws relating to primary and secondary education;
- establishing basic policies and guidelines for instructional programs;
- establishing regulations for the promotion and graduation of students;

- developing, in conjunction with the Professional Standards and Teacher Education Board, rules and regulations for the certification of teachers and other professionals;

- establishing standards for student, individual school, and school system performance; and

- reconstituting schools that consistently fail to meet State performance standards.

Under the direction of the State board, the Maryland State Department of Education is the State agency with the most direct impact on primary and secondary education in Maryland. The department develops the State's overall policies and guidelines for primary and secondary education, supervises the State's library system, directs the State's vocational rehabilitation and correctional education programs, and distributes and accounts for the State's grant-in-aid programs to local subdivisions and educational institutions.

The Interagency Committee on Public School Construction, which is composed of the State Superintendent of Schools, the Secretary of the Department of Planning, and the Secretary of the Department of General Services, provides support to the Board of Public Works for the administration of the Public School Construction Program and coordinates the activities of school construction employees in the Maryland State Department of Education, the Department of Planning, and the Department of General Services. The committee assists all local school systems and local government bodies plan, design, and construct primary and secondary educational facilities.

The local boards of education in the counties and the Board of School Commissioners for Baltimore City implement the public education laws, regulations, and policies of the State Board of Education. The composition of the local school boards varies by county, with 5 to 12 members serving three- to six-year terms. Thirteen counties have elected school boards, and the Governor appoints the members in 9 counties. As a result of 1997 legislation, the management and administration of the Baltimore City public school system was restructured so that the Mayor and the Governor jointly appoint the city's board members from a list of names submitted by the State Board of Education. Similarly, 2002 legislation provided that the Governor and County Executive would jointly appoint a new school board for Prince George's County in 2002. The board will return to an elected board in 2006. Exhibit 6.1 shows the selection methods, terms of office, and membership for the 24 local school boards.

Exhibit 6.1
Boards of Education

	Number of Members	Term		Means of Selection[1]
Allegany	7	4 years	E	5 from county at large 1 commissioner ex officio (nonvoting) 1 student (nonvoting, one-year term)
Anne Arundel	8	5 years	A	3 from county at large 4 from legislative districts 1 student (one-year term)
Baltimore City	10	3 years	A	9 from city at large 1 student (one-year term)
Baltimore	12	5 years	A	4 from county at large 7 from council districts 1 student (one-year term)
Calvert	6	4 years	E	2 from county at large 3 from commissioner districts 1 student (nonvoting, one-year term)
Caroline	5	5 years	A	All from county at large
Carroll	9	4 years	E	5 from county at large 3 commissioners ex officio 1 student (nonvoting, one-year term)
Cecil	6	5 years	A	5 from county at large 1 student (nonvoting, one-year term)
Charles	8	4 years	E	7 from county at large 1 student (nonvoting, one-year term)
Dorchester	6	5 years	A	5 from county at large 1 student (nonvoting, one-year term)
Frederick	7	4 years	E	7 from county at large
Garrett	7	4 years	E	3 from county commissioner districts 2 from county at large 1 commissioner (ex officio, nonvoting) 1 student (nonvoting, one-year term)
Harford	8	5 years	A	7 from county at large 1 student (nonvoting, one-year term)
Howard	5	4 years	E	5 from county at large
Kent	5	6 years	E	5 from county at large
Montgomery	8	4 years	E	2 from county at large 5 from school districts 1 student (one-year term)
Prince George's[2]	10	4 years	A	9 from county at large 1 student (nonvoting, one-year term)
Queen Anne's	5	5 years	A	5 from county at large

Exhibit 6.1 (continued)

	Number of Members	Term		Means of Selection[1]
St. Mary's	6	4 years	E	1 from county at large
				4 from commissioner districts
				1 student (nonvoting, one-year term)
Somerset	5	4 years	E	5 from county commissioner districts
Talbot	6	5 years	A	5 from county at large
				1 student (nonvoting, one-year term)
Washington	7	4 years	E	7 from county at large
Wicomico	7	5 years	A	7 from county at large
Worcester	8	4 years	E	7 from commissioner districts
				1 student (nonvoting, one-year term)

[1] A = All appointed by Governor (except in Baltimore City; appointed jointly by the Governor and the Mayor) and Prince George's.
E = Elected.
[2] Prince George's members were jointly appointed by the Governor and County Executive for one term of four years in 2002. In 2006, the board will be elected, four from county at large and five from school districts.

Source: Annotated Code of Maryland, Education Article, Sections 3-101 through 3-1405.

In general, the local school boards and the local superintendents appointed by the boards control educational matters and policy-making within the school districts and oversee the day-to-day operation of the schools. The school boards are not agencies or departments of county government. While the State Board of Education has the "... last word on any matter concerning educational policy or the administration of the system of public education ..." (*Board of Education of Prince George's County v. Waeldner*, 298 Md. 354, 360-361 (1984)), the local school boards have relative autonomy in the management of the schools.

Although local school boards enjoy significant autonomy, the county governments establish the overall level of funding for the public schools. School boards must submit their budgets to the county governing body. The budget submission includes revenues and expenditures by major category, as established by State law and the State Board of Education. The county governing body reviews, modifies, and approves the budget. Any reductions are made by major category. In jurisdictions with a county executive, the executive reviews the budget first and then submits it to the county council. With the exception of Baltimore County, the council may restore any reductions made by the county executive to the proposed school board budget.

After approval of the budget, transfers between major expenditure categories must be submitted in writing and approved by the county. If the county fails to act on transfer

requests within 30 days, they are considered approved. Nonlocal funds received by the school board after the adoption of the budget require notification of and approval by the county government.

In addition to schools operated by local school boards, the Maryland School for the Deaf (MSD) is responsible for the education and personal development of deaf school-age children residing in the State and in attendance at the school. The Maryland School for the Deaf is a State agency governed by a Board of Trustees consisting of 19 members appointed by the Governor to renewable six-year terms. In addition, the Maryland School for the Blind, a private, nonprofit organization that serves students who are blind or visually impaired, receives about 72 percent of its operating funds from a State grant. The State also provides grants to over 30 institutions that provide educational services, such as the Chesapeake Bay Foundation and the Baltimore Zoo.

Additional educational services are offered through the Maryland Public Broadcasting Commission, which is the federal licensee for all broadcasting stations established and operated by Maryland Public Television (MPT). The commission was established in 1966 and consists of 11 members appointed by the Governor for staggered five-year terms.

Services

Under State law, every child from age 5 through 15 must attend a public school or receive regular, thorough instruction during the school year in studies usually taught in the public schools to children of the same age. Individuals from ages 5 through 20 choosing to attend a Maryland public school must be admitted free of charge. As of September 1999, 846,582 students were enrolled in public schools (pre-kindergarten through grade 12). This represented about 82 percent of the school-age population. Another 181,086 students attended private schools. Public school enrollment ranged from 2,875 students in Kent County to 131,059 in Prince George's County. See Exhibit 6.2 for public school enrollment on a county-by-county basis.

Pre-kindergarten programs have been primarily the responsibility of private schools or organizations. As of September 1999, 41,965 children were enrolled in nonpublic pre-kindergarten programs. As Exhibit 6.2 shows, for the 1999-2000 school year, another 19,285 students participated in pre-kindergarten public school programs. Over half of the children receiving pre-kindergarten services in the public schools were enrolled in either special education or extended elementary programs. Currently, the State's extended elementary program serves four-year-old children identified as having a high potential for failure in school.

Exhibit 6.2
Selected Public School Data
1999-2000 School Year

County	K-12 Enrollment	Pre-kindergarten Enrollment	Number of Schools	Total Staff	Teachers
Allegany	10,426	236	27	1,354	666
Anne Arundel	73,707	956	118	7,664	4,319
Baltimore City	99,299	3,701	185	11,254	5,948
Baltimore	103,232	3,233	169	12,201	6,786
Calvert	15,471	313	24	1,628	860
Caroline	5,412	196	10	680	339
Carroll	27,333	139	39	2,803	1,551
Cecil	15,189	491	31	1,802	1,028
Charles	22,041	679	33	2,322	1,254
Dorchester	4,885	187	14	590	336
Frederick	35,407	652	54	4,044	2,225
Garrett	4,832	157	17	671	362
Harford	38,456	878	53	4,283	2,415
Howard	43,053	420	66	5,403	2,906
Kent	2,736	139	8	362	184
Montgomery	128,523	2,197	192	16,419	8,532
Prince George's	128,610	2,449	188	15,317	7,682
Queen Anne's	6,784	285	13	788	422
St. Mary's	14,490	530	27	1,569	914
Somerset	2,972	146	11	433	215
Talbot	4,354	148	9	601	292
Washington	19,456	497	46	2,365	1,333
Wicomico	13,866	436	27	1,841	974
Worcester	6,763	220	14	927	473
Total	**827,297**	**19,285**	**1,375**	**97,321**	**52,016**

Source: *The Fact Book: 1999-2000*, Maryland State Department of Education

State law requires that, by the 2007-2008 school year, every school system provide full-day kindergarten for all students and pre-kindergarten programs for all economically disadvantaged four-year-old children. After fiscal 2007, the law eliminates special funding for the current extended elementary program and replaces the program's funding with enhanced formula funding for at-risk students.

Federal law requires the states to provide an education to all students with disabilities through age 20 who are found to be in need of special education services. Services begin as soon as the child can benefit from them, regardless of whether the child is of school age. Over 111,000 students were enrolled in special education programs for the 1999-2000 school year. Most of these students attended county or State schools. If required services are not available through the public schools, however, students are placed in appropriate nonpublic programs**.** Of the students receiving special education services, 3,685, or about 3 percent, attended nonpublic schools.

In the 1999-2000 school year, there were 1,375 public schools throughout the State: 822 elementary, 455 secondary/middle, and 49 combined/special education. Generally schools must be open at least 180 days and meet a 1,080-hour attendance requirement over a 10-month period.

The 24 local school systems employed 97,321 full-time equivalent personnel during the 1999-2000 school year. As Exhibit 6.3 shows, the 52,016 teachers accounted for about 53 percent of the total. (See Exhibit 6.2 for county-by-county staff data.)

Exhibit 6.3
Staff Employed – Maryland Public Schools
1999-2000 School Year

Category	Number	% of Total Staff
Administrators [1]	5,093	5.2%
Teachers	52,016	53.4%
Support Professionals [2]	7,518	7.7%
Instructional Aides	9,221	9.5%
Support Staff [3]	23,474	24.1%
Total	**97,322**	**100.0%**

[1]Includes superintendents, principals, vice principals, directors, supervisors, and other school administrators.
[2]Includes therapists, staff developers, teacher trainers, athletic coaches, remedial specialists, other school-level professionals, other non-instructional professionals, and media, guidance, and psychology personnel.
[3]Includes technicians, service workers, secretaries and clerks, drivers, crafts and trades, laborers, noninstructional aides, etc.

Source: *The Fact Book: 1999 – 2000*, Maryland State Department of Education

Educational Accountability

Accountability for public education spending is a prevalent theme throughout the country and in Maryland. Since 1990 several initiatives have been implemented to promote greater accountability and improve the educational performance of students, schools, and school systems. In recent years, efforts to improve accountability in Maryland's schools have centered around implementation of the Maryland School Performance Assessment Program (MSPAP), under which assessments have been administered in grades 3, 5, and 8, and the development of end-of-year assessments to be administered in high school.

In response to State advisory panel recommendations, changes in federal law, and comprehensive school finance reforms, MSPAP was taken for the final time by most elementary school students in the spring of 2002. To meet the requirements of a new federal law and fulfill State policy, the department is working on:

- New tests in grades 3, 5, and 8 in reading and mathematics and a new test in grade 10 in reading. These tests will be ready for use in the spring of 2003 and will be followed not later than the spring of 2006 with reading and math tests in grades 4, 6, and 7.

- Tests in science will also be required by the spring of 2008 in grades 3, 5, and 8.

The High School Improvement Plan provides a mechanism for accountability in grades 9 through 12. Proposed in 1995 as an extension of MSPAP and a replacement for the current Maryland Functional Tests, the High School Improvement Plan will measure school and individual student performance through a series of 12 end-of-course assessments that measure core academic achievements in English, mathematics, science, and social studies. The assessments will be phased in and first affect students who entered high school in September 2001. The geometry and biology assessments will fulfill federal testing requirements for math and science, beginning in 2003 and 2008, respectively.

Since 1993, the State Board of Education has used student test results from MSPAP and Maryland Functional Tests, drop out rates, and student attendance as a basis for determining the performance of students, schools, and school systems. The State Board of Education may require the program and management of a school to be reconstituted if a school does not meet all standards of satisfactory or better in certain student performance areas and if student test results do not improve in subsequent years. Reconstitution may involve changing one or more of a school's administration, staff, organization, or instructional program. Reconstitution may also include contracting with

a third party to operate a school at the local school system's expense. In the 2001-2002 school year, 103 schools were identified as reconstitution-eligible and received specific funding to improve their performance.

In 2002, State policy tied educational accountability to school funding, based on the recommendations of the Commission on Education Finance, Equity, and Excellence, also called the Thornton Commission. The commission recommended a standards-based approach to school financing. (For more on the 2002 comprehensive school finance reform, see the section "Funding" later in this chapter.) Under legislation enacted based on Thornton Commission recommendations, each local school system must develop a comprehensive master plan to improve performance in every segment of the student population. Each plan must include goals that are aligned with State standards, implementation strategies, methods for measuring progress, and time lines for implementation. If any segment of the student population in a school system fails to demonstrate progress toward meeting performance standards, the State Superintendent of Schools must review the system's plan and may require the system to make changes. The State Board of Education may withhold funding from a school system that fails to demonstrate progress toward State standards and fails to develop an adequate plan. All local school systems, except the Prince George's County school system, must submit the master plans by October 1, 2003. (The Prince George's plan is due earlier and tied to the release of a fiscal 2003 restructuring grant.)

School for the Deaf

The Maryland School for the Deaf, with campuses in Frederick and Columbia, provides free comprehensive educational programs for deaf children, encompassing academic, vocational, and social areas of personal development. The school offers academic education similar to public schools with enhanced communication skill training, vocational education, and rehabilitation programs. An estimated 462 students were enrolled at both campuses in fiscal 2002.

School for the Blind

The Maryland School for the Blind, through its Baltimore campus program, provides highly specialized services to students with complex disabilities. In fiscal 2002, the school served an estimated 109 residential students and 71 day students. Over half the school's students are profoundly disabled and many are deaf/blind. In addition to these specialized services, the Maryland School for the Blind provides equipment, Braille textbooks, and tutoring services to students with visual impairments who are attending local schools across the State.

Correctional Education

In addition to its other duties, the Maryland State Department of Education administers the State's correctional educational program, which provides educational services in all the major institutions in the adult prison system. Programs include adult basic education, adult secondary education, occupational preparatory programs, and library services. Other programs include postsecondary programs offered by Maryland public colleges and universities, coordination of apprenticeship programs that operate in conjunction with State Use Industries, educational assessment, and prerelease preparatory services.

Rehabilitation Services

The Maryland State Department of Education also directs the State's vocational rehabilitation program through the Division of Rehabilitation Services. The division provides policy direction, administrative support, eligibility determination for federal disability benefits, and rehabilitation services at the Maryland Workforce and Technology Center and 24 offices statewide. Clients, typically ages 16-65 who have been referred by schools or health care professionals, receive vocational evaluation, occupational skills training, medical evaluation and treatment, occupational therapy, physical therapy, and rehabilitation technology services. Additional support services include addictions counseling, academic remediation, driver's evaluation and education, job seeking skills training, and job placement. The Client Services caseload for fiscal 2000 was 29,175. In addition, the Disability Determination Services program within the division adjudicates Social Security Insurance and Supplemental Security Income claims of Maryland residents who apply to the federal government's Social Security Administration.

Maryland Public Television

Maryland Public Television currently operates six transmitters spanning the entire State. A 1997 mandate by the Federal Communications Commission requires all television stations to transition from analog to digital broadcasting by 2003. At the end of fiscal 2002, conversion was on schedule, but delays in federal funding for the conversion may delay completion by up to three years. In addition, Maryland Public Television will be required to broadcast in both analog and digital formats until at least 85 percent of all homes have television sets capable of receiving digital transmissions. Maryland Public Television delivers over 7,800 hours of educational, informational, and cultural transmission to the citizens of Maryland each year.

Funding

This section looks at funding for public education from two perspectives: (1) where it comes from; and (2) how it is spent.

Revenues

Funding is primarily a State and county responsibility. As summarized in Exhibit 6.4, county governments provide 50 percent of the monies for public education. State funding, including support for the School for the Deaf and School for the Blind, accounts for another 39 percent. Revenues generated by the school systems and federal aid make up the remaining 11 percent. There has been relatively little change in these county/State/federal shares over the past ten years.

There is a county maintenance of effort requirement in State law. To receive an increase in State current expense and compensatory aid (called foundation aid after fiscal 2003), a local government must appropriate at least as much funding per pupil to the local board of education as it appropriated in the previous fiscal year. Non-recurring costs may be excluded from the maintenance of effort if approved by the State Board. In addition, the board may grant a county government experiencing fiscal problems a temporary or partial waiver of the maintenance of effort requirement.

Although State and federal aid accounts for about 48 percent of the funding for Maryland's public schools, the reliance on that aid varies across the counties. (See Exhibit 6.5.) For example, State and federal aid accounted for 24 percent of Montgomery County's fiscal 2000 revenues, while Baltimore City received 74 percent of its revenues from nonlocal sources. Much of this variance derives from State and federal efforts to target aid to "low wealth" jurisdictions with high proportions of students with special needs.

State Education Aid

Through fiscal 2003, the State has funded and will fund public schools through approximately 50 different programs. Grants for five purposes − current expenses, compensatory programs, bus transportation, special education programs, and employee retirement − account for nearly 84 percent of education aid. These aid programs are summarized below.

Current Expense Formula: Easily the largest State aid program, the current expense formula allocated over $1.56 billion to local school boards in fiscal 2000. The

Exhibit 6.4
Primary and Secondary Education Funding – Fiscal 2000
($ in Millions)

	County Revenues	Other Local Revenues[1]	State	Federal	Total
School Boards					
Operating Expenses[2]	$3,344.7	$70.5	$2,594.6	$397.9	$6,407.6
Other[3]	452.2	107.3	210.5	99.3	869.3
State Department of Education[4]					
Rehabilitation Services			13.3	51.7	65.0
Correctional Education			12.3	1.4	13.7
Administration and Other Programs			38.6	24.6	63.2
School for the Deaf			15.8	0.7	16.4
Grants to Educational Organizations					
School for the Blind		3.8	11.8	1.0	16.6
Other Organizations			8.9		8.9
Total	**$3,796.8**	**$181.5**	**$2,905.7**	**$576.6**	**$7,460.7**
Percent of Total	**50.9%**	**2.4%**	**38.9%**	**7.7%**	**100.0%**

[1]Other local revenues are generated by the local school systems from tuition, transportation fees, investments, rentals, gifts, charges, and other sources. School for the Blind revenues include private gifts, investment income, and tuition.

[2]Operating revenues support costs for instruction, administration, transportation, student services, health services, and community services.

[3]Other board of education revenues support food service, school construction, and debt service costs.

[4] State Department of Education funding includes expenditures for headquarters operations and programs, excluding library services.

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

Source: *Selected Financial Data Maryland Public Schools 1999-2000*, Maryland Department of Education, Maryland State Budget Books 1999; Maryland School for the Blind

Exhibit 6.5
Operating Revenues for Primary and Secondary Education [1] — Fiscal 2000
($ in Thousands)

County	Local Approp. [2]	% Local	Other Local [3]	% Other Local	State	% State	Federal	% Federal	Total
Allegany	$23,030	30%	$920	1%	$42,159	55%	$10,008	13%	$76,117
Anne Arundel	316,085	59%	4,012	1%	192,266	36%	22,160	4%	534,523
Baltimore City	204,065	24%	12,649	1%	535,693	62%	107,464	12%	859,871
Baltimore	466,217	59%	3,795	0%	280,585	35%	42,527	5%	793,124
Calvert	58,310	54%	2,014	2%	41,705	39%	5,110	5%	107,139
Caroline	10,798	29%	359	1%	22,901	61%	3,248	9%	37,306
Carroll	93,528	51%	1,145	1%	82,264	45%	6,924	4%	183,862
Cecil	45,407	44%	973	1%	50,463	49%	5,975	6%	102,819
Charles	76,213	48%	2,998	2%	70,856	45%	8,237	5%	158,305
Dorchester	13,766	36%	628	2%	18,594	49%	4,898	13%	37,886
Frederick	123,625	52%	2,797	1%	102,427	43%	9,939	4%	238,788
Garrett	13,537	36%	415	1%	19,146	52%	3,998	11%	37,097
Harford	119,220	48%	1,377	1%	118,387	47%	11,452	5%	250,437
Howard	220,800	66%	5,900	2%	100,711	30%	9,140	3%	336,551
Kent	11,537	51%	410	2%	8,409	37%	2,339	10%	22,694
Montgomery	872,189	75%	11,518	1%	236,615	20%	44,300	4%	1,164,622
Prince George's	437,615	45%	12,990	1%	460,845	47%	61,040	6%	972,490
Queen Anne's	27,058	56%	433	1%	18,164	38%	2,698	6%	48,353
St. Mary's	46,460	45%	819	1%	47,210	46%	7,820	8%	102,310
Somerset	8,119	32%	192	1%	13,303	53%	3,488	14%	25,102
Talbot	20,946	67%	694	2%	6,924	22%	2,518	8%	31,082
Washington	60,440	44%	877	1%	65,472	48%	9,776	7%	136,566
Wicomico	38,144	39%	2,037	2%	49,132	50%	8,579	9%	97,892
Worcester	37,548	71%	545	1%	10,321	20%	4,266	8%	52,680
Total [4]	**$3,344,659**	**52%**	**$70,498**	**1%**	**$2,594,553**	**40%**	**$397,905**	**6%**	**$6,407,615**

[1] Amounts do not include revenues for school construction, debt service, and food service.
[2] "Local Appropriations" represent each county's appropriation to the school system.
[3] "Other Local Revenues" are revenues generated by the local school system from tuition, transportation fees, transfers from school units in other states, and other miscellaneous revenue.
[4] Numbers may not add to total due to rounding.
Source: *Selected Financial Data, Part 1 - Revenues, Wealth, and Effort*, Maryland State Department of Education

formula determines the State and local shares of a minimum funding level per pupil or foundation. In fiscal 2000, the foundation was $3,901. Overall the State and counties each provide about half of the minimum foundation, but their shares vary from county to county depending on local wealth.

Compensatory Aid Formula: This formula distributes aid based on the student counts used for the distribution of federal Title I aid. These Title I eligible counts are an indication of the number of students from economically disadvantaged environments. Similar to the State share of current expenses, this formula adjusts the grants per Title I student by local wealth. In fiscal 2000, the compensatory aid formula distributed $129.9 million.

Retirement Costs: The State pays 100 percent of the employer's share of retirement costs for school system employees who are members of the State teachers retirement and pension systems maintained by the State. Local school systems are required to pay the retirement costs associated with employees funded under federal programs. State-paid retirement costs were $394.9 million in fiscal 2000.

School Bus Transportation Grants: The basic grant funds transportation costs incurred by the counties. The fiscal 2000 grant was $112.3 million. The State also provides grants that recognize the additional costs associated with transporting students with disabilities. These fiscal 2000 grants totaled $5.2 million.

Special Education Grants: These grants recognize the additional costs associated with providing programs for students with disabilities. State aid for special education services totaled $160.6 million in fiscal 2000. A portion, $81.3 million, is for public school programs, while the remainder, $79.3 million, is for special education students placed in nonpublic day and residential programs.

Comprehensive School Finance Reform

The Commission on Education Finance, Equity, and Excellence was established by legislation enacted in 1999. The 27-member commission was charged with examining the State's education financing and accountability systems and making recommendations to ensure equitable and adequate funding for public schools. The commission's final report was submitted to the Governor and the General Assembly in January 2002 and included recommendations founded on a standards-based approach to school financing. In this approach, the role of the State is to (1) set academic performance standards for students; (2) ensure that schools have sufficient resources to achieve the standards; and (3) hold schools and school systems accountable when they fail to meet standards.

The standards-based approach to school finance includes two significant departures from Maryland's existing school finance structure. First, the approach demands that a link be established between the level of funding that school systems receive and the outcomes that are expected of students. Second, the approach gives local school systems broad flexibility to decide how to best utilize resources to meet the needs of their students.

Based on a framework established by the Thornton Commission, legislation enacted in 2002 restructures Maryland's public primary and secondary education financing system and phases in enhanced State aid for education over a period of six fiscal years. Additional fiscal 2003 State aid of $74.7 million is financed through a 34-cent per pack increase in the State tax on cigarettes. Between fiscal 2004 and 2008, 27 existing State aid programs are eliminated, and the funding that was provided through the programs is replaced with enhanced funding for four programs – one based on total student enrollment and three based on the enrollments of three categories of students with special needs. Teachers' retirement remains a State-paid categorical program. The legislation also establishes a new State aid program, the Guaranteed Tax Base Program, and increases State aid for student transportation. Under the funding formulas established in the bill, greater proportions of State aid are targeted to school systems with low wealth and school systems with high numbers of students with special needs. By fiscal 2008, the State will provide $1.3 billion in education funding to local school systems above what the State would have provided under the existing State aid structure. The State aid programs established in the bill are discussed below.

Foundation Program: With the new legislation, the name of the program that funds a base per pupil amount for all students in the State changes from the Basic Current Expense Program to the Foundation Program. A higher per pupil amount to be shared by the State and local governments is phased in from fiscal 2004 to 2008. The overall State share of the Foundation Program is 50 percent, but actual State and local shares vary by county depending on local wealth. By fiscal 2008, the minimum State share of the per pupil foundation amount that a local school system may receive is 15 percent. In addition, beginning in fiscal 2004, the State share of the Foundation Program will be adjusted to reflect cost differences identified by a geographic cost of education index specific to Maryland.

Formulas for Students with Special Needs: The 2002 legislation enhances the amount and proportion of State aid that is based on (1) special education; (2) limited English proficient; and (3) economically disadvantaged student enrollments. The amount of State aid distributed through the three formulas is linked to the per-pupil amounts identified in the Thornton Commission's adequacy studies as the appropriate levels of funding needed to ensure that students with special needs can meet State performance

standards. An overall State share of 50 percent for each program is phased in from fiscal 2004 to 2008. Local school systems receive a share of the funding for the programs based on local enrollments of special needs students and local wealth. By fiscal 2008, no school system may receive less than a 40 percent State share of the per pupil amounts identified in the formulas.

Guaranteed Tax Base Program: To provide an incentive for low wealth jurisdictions to increase their local board of education appropriations, the Guaranteed Tax Base Program will be phased in between fiscal 2005 and 2008. The program distributes State funding to local jurisdictions that (1) have less than 80 percent of the statewide wealth per pupil; and (2) provide local education funding above the local share required under the Foundation Program. Regardless of local education tax effort, the additional funding provided under the Guaranteed Tax Base Program may not be more than 20 percent of the base per pupil amount established in the Foundation Program.

***Enhanced Student Transportation Aid*:** Under the new school finance system, State aid increases for both base student transportation grants as well as grants for the transportation of disabled students. The base transportation grant is enhanced for 15 counties that experienced aggregate enrollment increases between 1980 and 1995, a time when the transportation formula did not include annual adjustments for enrollment increases. The amount each school system receives per student who requires special transportation services is increased from $500 to $1,000 by fiscal 2008.

State Department of Education

In addition to expenditures related to primary and secondary education, the State appropriation for the State Department of Education includes funding for correctional education and vocational rehabilitation. Fiscal 2000 State spending for correctional education was $12.3 million, with another $1.4 million in federal funds. The vocational rehabilitation programs received $51.7 million in federal funds for fiscal 2000, as well as $13.3 million in State funds.

School for the Deaf and State Aided Organizations

Fiscal 2000 State spending for the Maryland School for the Deaf totaled $15.8 million. In addition, each year the State provides annual appropriations to organizations and programs that are not State agencies. The State appropriation for these organizations in fiscal 2000 was $20.7 million. The funding for these organizations is based upon their functions and contributions to education in the State. Most of the aid ($11.8 million in 2000) goes to the Maryland School for the Blind, which provides comprehensive education to visually impaired children.

Public School Construction

In addition to supporting the operating costs of the public schools, the State provides funds for school construction through the public school construction program. The purpose is to provide local property tax relief; relieve the subdivisions of the high costs of school construction; address the backlog of school construction, renovation, and replacement; even out the financial impact through the State assumption of these costs; and equalize educational facilities and opportunities throughout the State. The State share of a school system's eligible construction costs relates to the wealth of the county but is not less than 50 percent, as shown in Exhibit 6.6[1]. Less wealthy jurisdictions, as measured by net taxable income and assessable property base, receive a greater share of construction costs than wealthier subdivisions. In 2000, the General Assembly authorized $255 million for public school construction. In 2003, $239.5 million was authorized.

The Thornton Commission did not evaluate the adequacy of the State's public school facilities because this fell outside the scope of the commission's charge. However, in its final report, the commission noted that adequate public school facilities are a necessary component of a good public school system. Following the commission's recommendation, 2002 legislation established a new task force to study issues relating to public school facilities. That task force is scheduled to report to the Governor and General Assembly in December 2002.

Maryland Public Television

State general funds are used primarily to fund overhead expenses such as salaries and contractual services. Special funds generated from sources such as viewer support and corporate underwriters primarily support the production and broadcast of programs. Federal funds have shared in the costs to replace transmitters, with State general obligation bonds funding the remaining replacement costs. The capital costs associated with digital conversion have also been shared with the federal government. In fiscal 2001, general funds represented 32 percent of the Maryland Public Television's appropriation; special funds 63 percent; and federal funds 5 percent. Special funds include primarily viewer support, corporate sponsorships, the sale of programs and transcripts, and grants from the Corporation for Public Broadcasting and the Public

[1] Initially prompted by court actions against the school systems, Baltimore City and Prince George's County have received increases to their State shares since fiscal 1998 and 1999 respectively. These adjustments are due to terminate following fiscal 2004 and 2007 respectively.

Exhibit 6.6
Public School Construction
State/Local Cost Share Amounts

50/50	55/45	65/35	70/30	75/25	80/20	90/10
Anne Arundel	Calvert	Carroll	Cecil	Allegany	Somerset	Baltimore City[2]
Baltimore	Queen Anne's	Charles	Dorchester	Caroline		
Howard		Frederick	Garrett	Prince George's[1]		
Kent		Harford	St. Mary's			
Montgomery		Washington	Wicomico			
Talbot						
Worcester						

[1] For fiscal 2003, the State match for Prince George's County is 60 percent for funding allocated by the State in excess of $35 million. For fiscal 2004 through 2007, the State match for Prince George's County is 65 percent for funding allocated by the State in excess of $35 million. For fiscal 2008 and thereafter, the State match for Prince George's County is 60 percent.

[2] For fiscal 2003 and 2004, the State match for Baltimore City is 75 percent for funding allocated by the State in excess of $20 million. For fiscal 2005 and thereafter, the State match for Baltimore City is 75 percent.

Source: Department of Legislative Services

Broadcasting System (PBS). While only a small portion of funding comes directly from the federal government, the federal government does provide funds indirectly through the Corporation for Public Broadcasting.

Expenditures

Primary and secondary education operating and capital expenditures totaled $7.3 billion in fiscal 2000. Instructional outlays are the single largest component of operating expenditures, followed by administration, as shown in Exhibit 6.7.

Exhibit 6.7
Education Expenditures – Fiscal 2000
($ in Millions)

Expenditure Category	Amount	% of Operating Expenses
Instruction	$3,266.2	52%
Special Education	881.0	14%
Administration	713.2	11%
Plant Operation and Maintenance	622.2	10%
Transportation	331.5	5%
Other	103.8	2%
State Paid Retirement	394.9	6%
Total Operating Expenses	**$6,312.7**	**100%**
Food Services	201.5	
School Construction	666.6	
Interest on Debt	80.4	
Other	2.9	
Total Disbursements	**$7,264.2**	

Notes:
1. Fringe benefit costs, other than the State paid teachers' retirement, are apportioned within the expenditure categories.
2. Other operating expenses included student personnel services, health services, community services, and current capital outlay.
3. Total disbursements does not include debt principal repayment and student activity fund expenditures.
4. Numbers may not add to the total due to rounding.

Source: *Selected Financial Data 1999-2000, Part 2 – Expenditures*, Maryland State Department of Education

While the economic recession and a general slowdown in the growth in property assessments caused slower growth in the early 1990s, the rate of increase in primary and secondary education expenditures per student accelerated through the remainder of the decade. As Exhibit 6.8 shows, average annual growth of statewide expenditures per student was 3.7 percent over the most recent four-year period.

Exhibit 6.8
Operating Expenses per Pupil*
Selected Fiscal Years

County	1992	1996	Average Annual Growth 1992 - 1996	2000	Average Annual Growth 1996 - 2000
Allegany	$4,957	$5,843	4.2%	$6,967	4.5%
Anne Arundel	5,713	6,455	3.1%	7,191	2.7%
Baltimore City	5,182	6,152	4.4%	7,963	6.7%
Baltimore	6,200	6,380	0.7%	7,321	3.5%
Calvert	5,423	5,997	2.5%	6,706	2.8%
Caroline	4,706	5,355	3.3%	6,420	4.6%
Carroll	5,189	5,828	2.9%	6,622	3.2%
Cecil	5,075	5,831	3.5%	6,729	3.6%
Charles	5,448	5,969	2.3%	6,749	3.1%
Dorchester	5,367	6,138	3.4%	7,435	4.9%
Frederick	5,327	5,804	2.2%	6,574	3.2%
Garrett	5,020	5,865	4.0%	6,978	4.4%
Harford	5,007	5,858	4.0%	6,532	2.8%
Howard	6,489	5,997	-2.0%	7,880	7.1%
Kent	6,016	6,815	3.2%	7,964	4.0%
Montgomery	7,377	7,887	1.7%	8,888	3.0%
Prince George's	5,637	6,282	2.7%	7,116	3.2%
Queen Anne's	5,592	6,059	2.0%	6,967	3.6%
St. Mary's	5,668	5,994	1.4%	6,953	3.8%
Somerset	4,938	6,586	7.5%	8,034	5.1%
Talbot	5,307	6,024	3.2%	6,819	3.1%
Washington	5,307	5,696	1.8%	6,792	4.5%
Wicomico	5,039	5,567	2.5%	7,012	5.9%
Worcester	6,104	6,400	1.2%	7,769	5.0%
Statewide	**$5,823**	**$6,445**	**2.6%**	**$7,467**	**3.7%**

* Includes expenditures for administration, instruction, student personnel services, health services, transportation services, operation and maintenance of plant, and fixed charges; excludes adult education, food services, community services, equipment, school construction, and debt. Pre-kindergarten and kindergarten students counted as one-half time if in half-day programs.

Source: *Selected Financial Data, Ten-year Summary*, Maryland State Department of Education

Per student spending statewide rose from $5,823 in fiscal 1992 to $7,467 in fiscal 2000. In addition, disparities in spending among the counties dramatically improved over this period. The difference between the highest and lowest spending counties was 1.57 to 1 in fiscal 1992 and 1.38 to 1 in fiscal 2000. In fiscal 2000, this translated into a $2,469 difference in per student spending between Montgomery and Caroline counties. While spending disparities have decreased, they do continue to exist. Five factors account for most of the differences in spending per student:

- Fiscal capacities – counties have different abilities to raise revenues from local sources.

- Local effort – other priorities may compete for funding and taxpayer support for education may differ among Maryland's counties.

- Cost differentials – the cost of providing an average mix of classroom resources (teachers and supplies) varies across school districts.

- Special student populations – students with special needs cost more to educate and the proportion of special needs students varies among Maryland's school districts.

- State and federal aid – per student State and federal aid distributions to local school boards vary considerably.

Chapter 7. Higher Education

Maryland's higher education system consists of the Maryland Higher Education Commission, which is the State's post-secondary coordinating body, the 11-campus University System of Maryland, two University System of Maryland research centers, two four-year public institutions independent of the University System of Maryland, 16 community colleges, and a multitude of private colleges and universities. In fiscal 2001, 204,934 full-time equivalent students enrolled in a college or university in Maryland. The largest portion of the students (45 percent) attended public four-year schools while 38 percent enrolled at a community college and 17 percent enrolled at a private institution.

Operation of Maryland's public higher education system is primarily a State function. Oversight of public four-year institutions and community colleges is generally the responsibility of the State with the Governor appointing the boards of trustees/regents and the Maryland Higher Education Commission providing additional oversight. State dollars finance a substantial portion of the expenses at the four-year institutions (32 percent of all revenues in fiscal 2001) and the community colleges (29 percent of all revenues in fiscal 2001) with local governments responsible for funding 34 percent of community college expenses. Even Maryland's private colleges and universities receive direct financial assistance from the State.

Structure

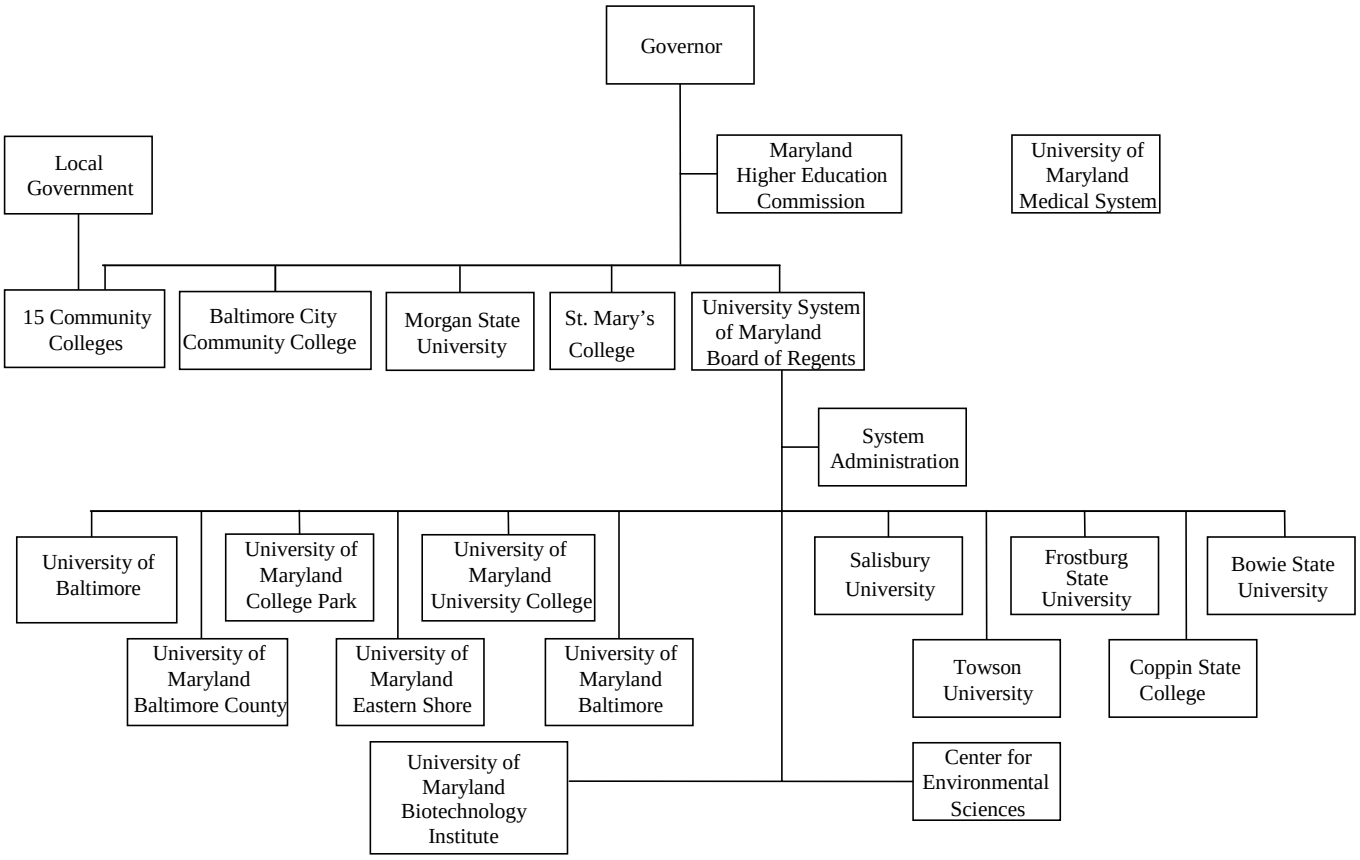
Responsibility for the delivery of public higher education services lies primarily with the State. However, the organizational structure varies somewhat depending on whether the institution is a community college, part of the University System of Maryland, or a four-year institution independent of the university system.

University System of Maryland

As depicted in Exhibit 7.1, the University System of Maryland encompasses 11 institutions, the Center for Environmental Sciences, and the University of Maryland Biotechnology Institute. The system is governed by a 17-member board of regents. The Governor, with the advice and consent of the Senate, appoints 16 of the board's members. Fifteen serve five-year terms and one, a student member, is appointed for a one-year term. The Secretary of Agriculture serves as an ex-officio voting member.

The board of regents is responsible for overseeing the operations of the university system, setting tuition and fees, and selecting a chancellor for the system. The chancellor

Exhibit 7.1
Maryland Public Higher Education System



Source: Department of Legislative Services

acts as the system's chief executive officer and assists the board of regents in selecting a president for each of the institutions. In addition, the chancellor heads the University System of Maryland Office, which provides leadership, planning, and resource management to advance the quality and accessibility of the university system. The university system has greater autonomy than other State entities in areas such as management of capital projects, creation of debt, development of a personnel system, and procurement.

Legislation enacted in 1998 established a 21-member task force to study the governance, coordination, and funding of the University System of Maryland. The task force also considered how to increase the national prominence of the institutions in the system and how to deliver higher education to Maryland citizens efficiently. Legislation enacted in 1999 codified the task force's major recommendations. It clarified the Maryland Higher Education Commission's planning and coordinating role and established the commission's State Plan for Higher Education as the basis for reviewing institution mission statements and budget proposals. The legislation affirmed the independence and authority of the University System of Maryland and broadened the authority of institution presidents to create new academic programs on their campuses and to make and implement policies promoting the missions of their respective campuses. It also affirmed and strengthened the flagship role of the University of Maryland, College Park.

University of Maryland Medical System

Despite its name, the University of Maryland Medical System is not a formal part of the university system. The University of Maryland Medical System is actually a private, nonprofit corporation created by legislation in 1984 to provide governance and management over the operation of the formerly State-run University of Maryland Hospital. The board of directors is appointed by the Governor and must include members of the University System of Maryland board of regents and the General Assembly.

Morgan State University and St. Mary's College of Maryland

Morgan State University and St. Mary's College do not fall under the aegis of the university system. Each institution has its own governing board (a board of regents at Morgan State and a board of trustees at St. Mary's College) with members generally appointed by the Governor with the advice and consent of the Senate. At both schools, the boards have responsibility for selecting the president, setting tuition and fees, and providing general operational oversight, including establishment of a personnel system and preparation of the budget.

Community Colleges

Since the establishment of the Montgomery and Hagerstown Junior Colleges in 1946, Maryland has had a locally-controlled community college system. Initially the county boards of education operated the colleges. Currently, the 16 community colleges are governed by 16 boards of trustees appointed by the Governor. There are 12 county boards and 3 regional boards of community colleges. In addition, there is a board for

the Baltimore City Community College, but beginning with fiscal 1991, this college has been operated as a State agency. One regional college, Chesapeake, serves five counties (Caroline, Dorchester, Kent, Queen Anne's, and Talbot) and another, Wor-Wic, includes Worcester and Wicomico counties but also provides services to Somerset County. A third, the College of Southern Maryland, was established in 1999 in place of Charles County Community College. The new regional college serves Charles, St. Mary's, and Calvert counties.

State law generally provides that the community college boards have seven members serving staggered six-year terms. There are, however, variations in the number and terms of board members. Exhibit 7.2 shows characteristics of the various boards, as well as college service areas and establishment dates. With one exception, the boards are appointed by the Governor with the advice and consent of the Maryland Senate. The Maryland House of Delegates approves the Governor's appointments to the Chesapeake College board.

Each board of community college trustees has responsibility for the general control of the community college. The board appoints the president of the college, determines the salaries and tenure of the president, faculty, and other employees, establishes student tuition and fees, and acquires and disposes of property. Subject to the minimum standards of the Maryland Higher Education Commission, each board may determine entrance requirements and approve course offerings.

Under current Maryland law, the governing body of any county that does not have a community college may request permission from the Maryland Higher Education Commission to establish a college. Upon recommendations from the local governing body and the commission, the Governor appoints a board for the new college.

In addition to establishing community colleges, the Maryland Higher Education Commission has the statewide responsibility for coordinating the community colleges and for developing general polices for their operation.

The county role with regard to community colleges is similar to that for the public schools. Each community college submits its operating and capital budgets to the county governing body, or in the case of regional colleges, to each of the counties in the region. The budget submission includes revenues by sources and expenditures by major function, as established by the higher education commission. The county governing body reviews and approves or reduces the budget. For a regional college, approval of its budget by a majority of the counties in the region constitutes approval and binds all the region's

Exhibit 7.2
Community Colleges in Maryland

College	Est.	Location	County Service Area	Board Members	Board Terms (Years)	Term Limits
Allegany	1961	Cumberland	Allegany	7	6	No Limit
Anne Arundel	1962	Arnold	Anne Arundel	8[1]	6	No Limit
Baltimore City	1992[2]	Baltimore City	Baltimore City	9[1]	6	2
Baltimore County	1956[3]	Catonsville, Essex, Dundalk	Baltimore County	11[4]	6	No Limit
Carroll	1993	Westminster	Carroll	7	6	No Limit
Cecil	1968	North East	Cecil	7	6	No Limit
Chesapeake	1965	Wye Mills	Caroline, Dorchester, Kent, Queen Anne's, Talbot	10[5]	4	No Limit
Frederick	1957	Frederick	Frederick	7	5	2
Garrett	1966	McHenry	Garrett	7	6	No Limit
Hagerstown	1946	Hagerstown	Washington	7	6	No Limit
Harford	1957	Bel Air	Harford	9[6]	5	2
Howard	1966	Columbia	Howard	7	6	No Limit
Montgomery	1946	Rockville, Takoma Park, Germantown	Montgomery	8[1]	6	No Limit

Exhibit 7.2 (continued)
Community Colleges in Maryland

College	Est.	Location	County Service Area	Board Members	Board Terms (Years)	Term Limits
Southern Maryland	1958[7]	La Plata, Leonardtown, Prince Frederick, Waldorf	Charles, Calvert, St. Mary's	7	5	2
Prince George's	1958	Largo	Prince George's	8[1]	5	2
Wor-Wic	1975	Salisbury	Somerset, Wicomico, Worcester	7	6	No Limit

[1]The board includes a student member serving a one-year term. The student body elects the student board member in Prince George's County.

[2]Legislation enacted in 1990 created the New Community College of Baltimore (now Baltimore City Community College) as a State institution. The former Community College of Baltimore was established in 1947.

[3]The three campuses of the current Community College of Baltimore County were established separately: Catonsville in 1956, Essex in 1957, and Dundalk in 1970. As of October 1, 1998, the Baltimore County system was restructured as one college with three campuses.

[4]The Baltimore County board includes four at-large members and one from each of the seven council districts.

[5]Govenor appoints two members from each of the five counties in the region.

[6]The Harford County board includes three at-large members and one from each of the six council districts.

[7]Legislation enacted in 1999 created the regional College of Southern Maryland in place of the Charles County Community College, which was established in 1958.

Source: Department of Legislative Services

counties. After approval of the budget, transfers between major expenditure categories must be submitted in writing and approved by the county. If the county fails to act on transfer requests within 30 days they are considered approved.

Maryland Higher Education Commission

As the State's higher education planning and coordinating body, the Maryland Higher Education Commission oversees various aspects of the public higher education system. The commission establishes and updates the State Plan for Higher Education. For each campus, the commission approves mission statements and recommends funding levels and priorities among institutions, in keeping with the State plan. It also oversees academic matters, administers the program of State support for the community colleges and private institutions, administers State student financial aid programs, and upon a request from a local government, makes a recommendation to the Governor concerning the establishment of a new community college.

Services

Maryland's public post-secondary education programs can be grouped into three basic categories: (1) four-year institutions (University System/public four-year institutions); (2) community colleges; and (3) system-wide oversight/initiatives (Maryland Higher Education Commission).

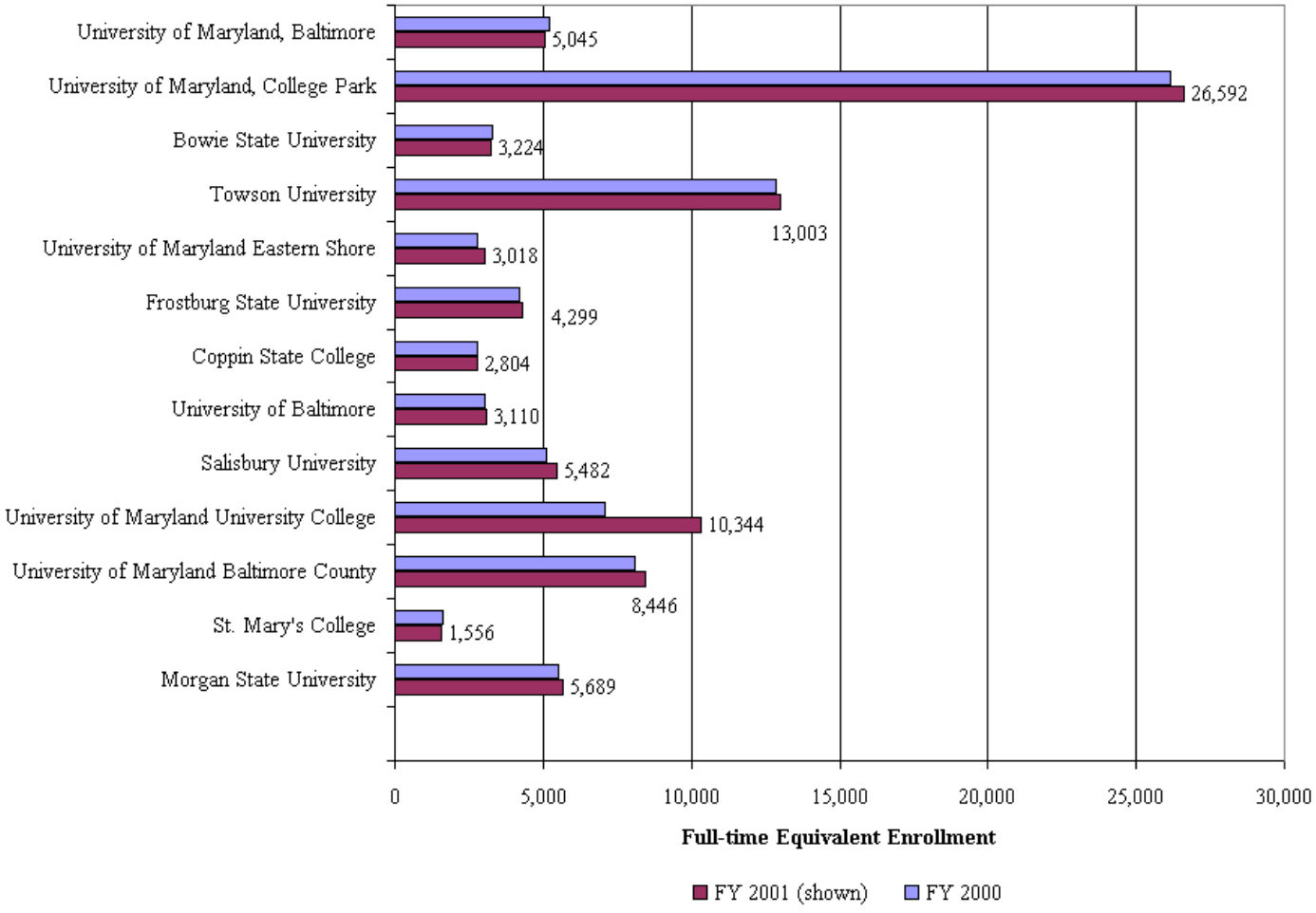
University System/Public Four-year Institutions

Exhibit 7.3 presents enrollment data for Maryland's public four-year higher education institutions while Exhibit 7.4 provides information on the costs of attending each of the institutions. The distinguishing characteristics of each four-year institution are described in Exhibit 7.5. Non-degree granting programs administered by the University System of Maryland are discussed below.

University of Maryland Biotechnology Institute

The institute conducts research, education, and training in biotechnology and provides expertise and facilities to advance the State's scientific and economic development. The University of Maryland Biotechnology Institute unites diverse research disciplines across the broad spectrum of biotechnology within the university system through five interdisciplinary research centers: the Center for Advanced Research in Biotechnology, the Center for Marine Biotechnology, the Medical Biotechnology Center, the Center for Agricultural Biotechnology, and the Institute of Human Virology.

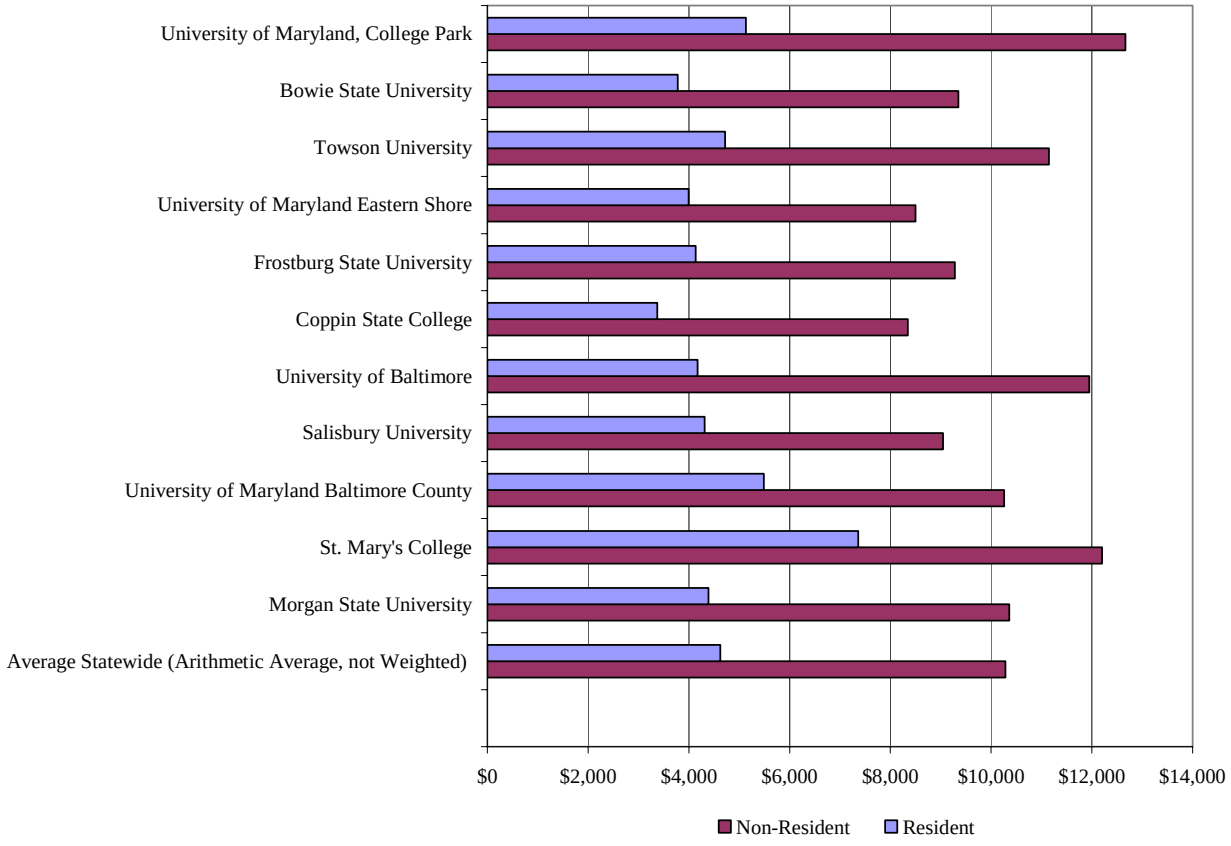
Exhibit 7.3
Higher Education Enrollment Trends
Fiscal 2000 and 2001



Note: University of Maryland, University College excludes non-Maryland online students.

Source: University System of Maryland fiscal 2002 and 2003 operating budget requests

Exhibit 7.4
Tuition and Fees for Full-time Undergraduate Students – 2001



Note: Data exclude University of Maryland University College and University of Maryland Baltimore.

Source: Maryland State Budget, fiscal 2003.

Exhibit 7.5
Summary of Four-year Institutions

Institution	Background	Academic Programs	Student Body	Other
Bowie State University	Bowie State is a regional comprehensive university. As the oldest historically black institution in Maryland, the university places special emphases on excellence in teaching, while meeting the needs of south-central Maryland.	Baccalaureate degrees are awarded in a broad array of areas including business, education, social work, nursing, and computer sciences. Selected professionally-oriented master's programs are also offered.	Undergraduate programs are designed to serve the top half of recent high school graduates from Maryland and nearby states. Selected students not in the top half of their class, who demonstrate leadership qualities, academic potential, and the motivation for learning may also be accepted.	The school serves both commuting and residential students, as well as a number of adult learners.
Coppin State College	A historically black institution located in Baltimore City, Coppin focuses on the needs of economically disadvantaged students.	Selected baccalaureate and master's degree programs in the liberal arts and sciences and selected professions including human services, nursing, and teacher education are offered.	The college focuses on the needs of minority and economically disadvantaged students from Baltimore City.	The college's mission is to collaborate with public service agencies; to encourage faculty, staff, and students to participate in public service endeavors involving residents of Baltimore's central city; and to work closely with community organizations to assess the needs of the community.

Exhibit 7.5 (continued)
Summary of Four-year Institutions

Institution	Background	Academic Programs	Student Body	Other
Frostburg State University	Frostburg is a regional, largely residential university in Western Maryland.	Academic programs emanate from a strong liberal arts foundation, offering baccalaureate and master's level programs in response to regional and State needs. Degree programs emphasize education, business, environmental studies, and creative and performing arts.	Drawing primarily from Western Maryland, the university also attracts students from other parts of Maryland and nearby states. Students in the top one-third of their high school or community college class are encouraged to apply.	Excellence in teaching, a core value at the university, is evidenced through the university's strong faculty.
Salisbury University	Salisbury provides a traditional liberal arts and sciences curriculum as well as undergraduate and graduate pre-professional, and professional programs for teachers, administrators, and business leaders on the Eastern Shore.	Salisbury emphasizes undergraduate education, but is also a major provider of graduate education to teachers in the Delmarva region.	Salisbury students are predominantly traditional high school graduates, many of whom come from the nine counties on Maryland's Eastern Shore.	All teaching, research, and service activities are organized around seven mission goals: development of critical thinking skills, comprehensive general education, citizenship, preparation for careers and advanced study, graduate education, pursuit of total health, and service to the community.

Exhibit 7.5 (continued)
Summary of Four-year Institutions

Institution	Background	Academic Programs	Student Body	Other
Towson University	Towson is the largest public residential institution within the Baltimore metropolitan region.	Baccalaureate programs are offered in the liberal arts and sciences, communications, allied health, business, and the fine and performing arts. Master's programs, developed in response to community needs, focus on education, the arts, and applied and professional fields.	The university serves traditional age, commuting and residential students from Maryland as well as students from adjoining mid-Atlantic and northeastern states. Programs and services are oriented toward students ranking in the top one-third of high school graduates and mature adult learners.	The university will play a crucial role for public higher education over the next decade by absorbing the largest numbers of new full-time and part-time undergraduates seeking educational opportunities within the University System of Maryland.
University of Baltimore	Located in the Mt. Vernon/Mt. Royal neighborhood of Baltimore.	Emphasis is on career oriented programs in the study of law, business, public administration, and related professional applications of the liberal arts at the graduate and advanced undergraduate levels.	Targets students with clear professional goals. The student body is a mix of full and part-time, day and evening, traditional and returning students who reflect the ethnic diversity of the metropolitan region.	Applications-oriented research is emphasized through a number of centers including the Schaefer Center for Public Policy, the Jacob France Center for Business and Economic Studies, and the Hoffberger Center for Professional Ethics.

Exhibit 7.5 (continued)
Summary of Four-year Institutions

Institution	Background	Academic Programs	Student Body	Other
University of Maryland, Baltimore	Located in downtown Baltimore, the university partners with University of Maryland Medical System, the Veterans Administration Medical Center, and the Medical Biotechnology Center to form one of the fastest growing biomedical research centers in the nation.	Baccalaureate, master's, doctoral, and professional degree programs in such areas as social work, law, applied health, health professions, and biomedical science and technology.	Most programs are designed for full-time students. However, the Schools of Law, Nursing, Social Work, and the Graduate School have significant numbers of part time students.	The School of Nursing offers programs that enable nurses in educationally under-served areas to earn both undergraduate and graduate degrees at numerous outreach sites throughout the State.
University of Maryland Baltimore County (UMBC)	UMBC is a mid-sized research and doctoral-level university serving the greater Baltimore region.	UMBC offers a complement of focused master's and doctoral programs closely linked to a moderate range of undergraduate programs in the arts, sciences, and engineering.	The majority of the students come from the greater Baltimore region. Special attention is paid to the needs of non-traditional, evening, and part-time students. Exceptional students are recruited through special scholarship initiatives for talented high school graduates.	Undergraduate participation in research projects is encouraged. UMBC seeks to transfer benefits of faculty research to the public and industry through its research park, incubator, and technology transfer programs.

Exhibit 7.5 (continued)
Summary of Four-year Institutions

Institution	Background	Academic Programs	Student Body	Other
University of Maryland, College Park (UMCP)	The flagship campus of the university system, UMCP aspires to be one of the nation's preeminent public research universities. The largest public research institution and original land-grant institution in Maryland, UMCP serves as the State's primary center for graduate study and research.	Program emphases include baccalaureate, master's, and doctoral degrees in the liberal arts and sciences, social sciences, the arts, applied areas, and selected professional fields. Priority academic programs include the core arts and sciences, engineering, business, journalism, environmental sciences, public policy, and international affairs.	The university admits to its undergraduate programs highly qualified students from all parts of Maryland, other States, and around the world. It recruits graduate students both nationally and internationally.	The federal government is the primary source of support for numerous sponsored research programs. The Charter for Higher Education directs UMCP to become one of the nation's premier public research universities. In 2001, 61 of UMCP's undergraduate programs were on Top 25 lists in the U.S. News & World Report's "America's Best Colleges" issue. In 1991, it had just one program in the Top 25 list in the magazine.
University of Maryland Eastern Shore (UMES)	A historically black land-grant university, UMES is the only research and doctoral degree-granting institution of USM which is located on the Eastern Shore.	UMES emphasizes selected baccalaureate programs in the liberal arts and sciences and career fields with particular relevance to the Eastern Shore and its land-grant mandate through its graduate and doctoral programs.	Students served come from across Maryland, more than 30 other states, and over 50 foreign countries. Almost a quarter of the undergraduate enrollment comes from the tri-county area of Somerset, Wicomico, and Worcester counties.	UMES promotes the philosophy of the land-grant tradition, which is to make educational opportunities available to all regardless of race, gender, or socio-economic status.

Exhibit 7.5 (continued)
Summary of Four-year Institutions

Institution	Background	Academic Programs	Student Body	Others
University of Maryland University College (UMUC)	UMUC serves more than 78,000 students worldwide, offering bachelor's and master's programs, a doctoral program, and more than 70 certificate programs. UMUC had 63,000 online enrollments in FY 2001, 86 programs completely online, and a full array of online student services.	UMUC offers bachelor's degrees in over 30 specializations, master's degrees in high-demand management and technology areas and non-credit professional development programs.	Every aspect of UMUC's academic environment supports and encourages the educational goals of working adults. The Maryland Higher Education Commission projects that UMUC's enrollment in Maryland will nearly triple by 2010, primarily because of its focus on adult learners and expertise in online education.	UMUC faculty is almost entirely part-time and focuses exclusively on teaching. Day, evening, and weekend classes meet at 25 locations in Maryland, the District of Columbia, and Virginia. Overseas programs are available to U.S. military personnel and their families, U.S. citizens, and international students.
Morgan State University	Morgan State is Maryland's designated public urban university, and the State's only comprehensive historically black university with independent doctorate granting authority. Morgan is independent of the university system.	A comprehensive array of baccalaureate, master's and doctoral degrees with significant programs of research and public service are offered. Emphases include programs in business, education, engineering, mathematics, computer sciences, and the biological and physical sciences.	Admission policies target students in the top half of their high school graduating class. However, the university offers special opportunities for access to promising students from lower socio-economic and disadvantaged educational backgrounds.	The university ensures that it offers programs of importance to metropolitan Baltimore an/or in fields where there is under-representation of minorities.

Exhibit 7.5 (continued)
Summary of Four-year Institutions

Institution	Background	Academic Programs	Student Body	Other
St. Mary's College of Maryland	As the State's only public, co-educational, liberal arts honors college, St. Mary's mission is to provide Maryland students an excellent undergraduate liberal arts education and the small college experience usually associated with leading private institutions at an affordable price.	The college offers an array of baccalaureate degrees in the arts and sciences. The educational program is structured to seek a diverse yet academically exceptional student body. The college serves a mix of boarding, day commuter, and part-time students.	Freshman entering St. Mary's have consistently had the highest average SAT scores among Maryland's public colleges and universities. Admissions policies target students in the top quintile of the graduating class.	Since gaining autonomy in 1991, St. Mary's has been ranked consistently in U.S. News and World Report as one of the best educational bargains and as one of the top ten regional liberal arts colleges.

Source: University System of Maryland Office; Department of Legislative Services

The institute does not grant degrees, but the faculty contributes to the education and training of graduate and undergraduate students through hands-on experience in its laboratories. The institute's research centers also seek to contribute to biotechnology education through interactions with teachers and highly motivated students at the K-12 level, as well as with other institutions of higher education.

University of Maryland Center for Environmental Sciences

The center is a research institution for environmental studies incorporating three geographically distinct laboratory units under a single administration: the Appalachian Laboratory at Frostburg; the Chesapeake Biological Laboratory at Solomons; and the Horn Point Laboratory at Cambridge. The center, which is the home of the federally funded Maryland Sea Grant College Program, focuses its research on the watersheds, estuaries, and coastal areas of Maryland and the Chesapeake Bay region. Each of the three laboratories serves as a regional center offering education programs about natural sciences to teachers and students from K-12 schools, environmental interest groups, and institutions within and beyond the university system that are concerned with environmental research, education, and service. The center provides advisory services to local Chesapeake Bay industries and is a principal source of independent scientific information on environmental matters for state, regional, and federal policymakers.

While the center does not grant degrees, its faculty members contribute to graduate education by advising, teaching, and supervising the research of students enrolled in the system-wide Marine-Estuarine-Environmental Sciences program. Additional graduate education activities include cooperative programs in fisheries and wildlife management and toxicology.

University of Maryland Medical System

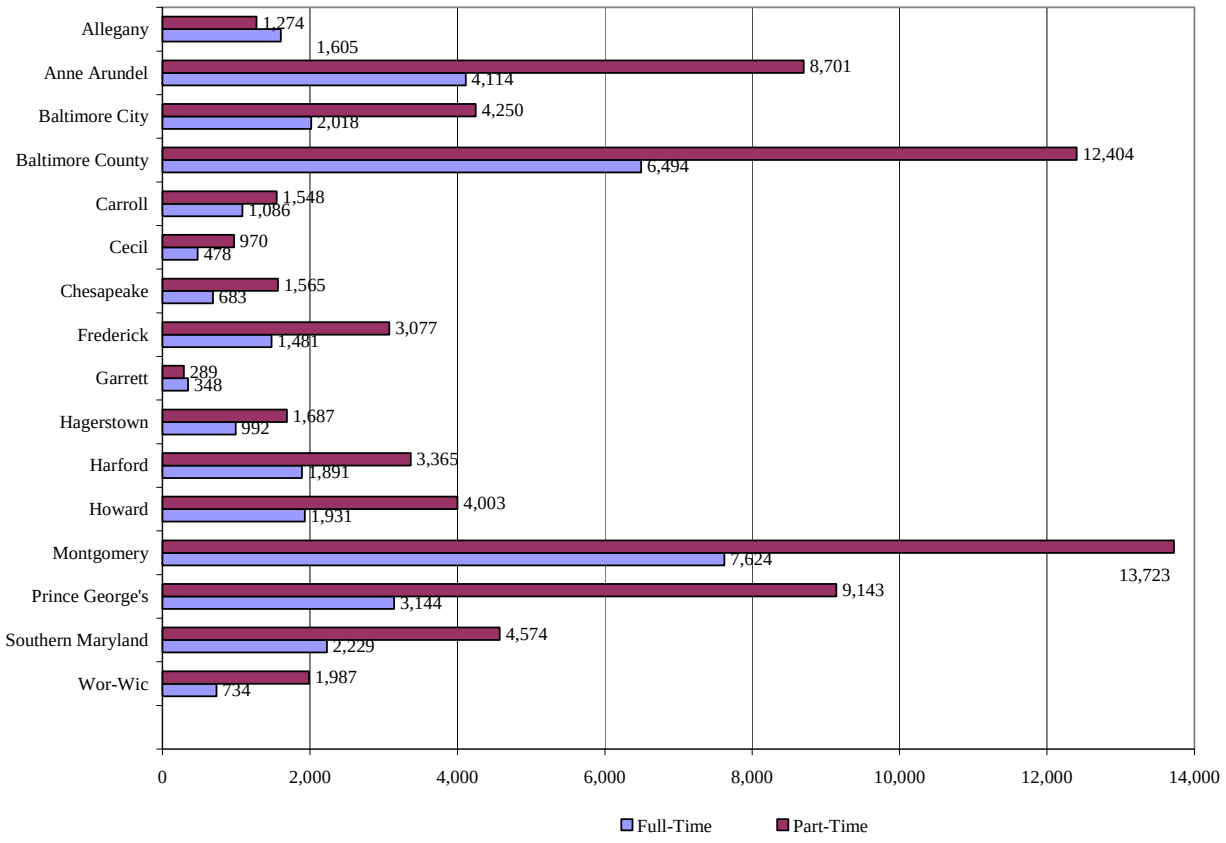
The mission of the medical system is to provide comprehensive care to the local community and serve as the primary site for health care education and research for the University System of Maryland. The medical system includes the James Lawrence Kernan Hospital, the Marlene and Stewart Greenebaum Cancer Center, University Hospital, R Adams Cowley Shock Trauma Center, and Deaton Hospital.

Community Colleges

The State's community colleges provide diverse education services, with particular emphasis on community-centered programs that afford open access to individuals. The community colleges are a flexible, lower cost higher education alternative

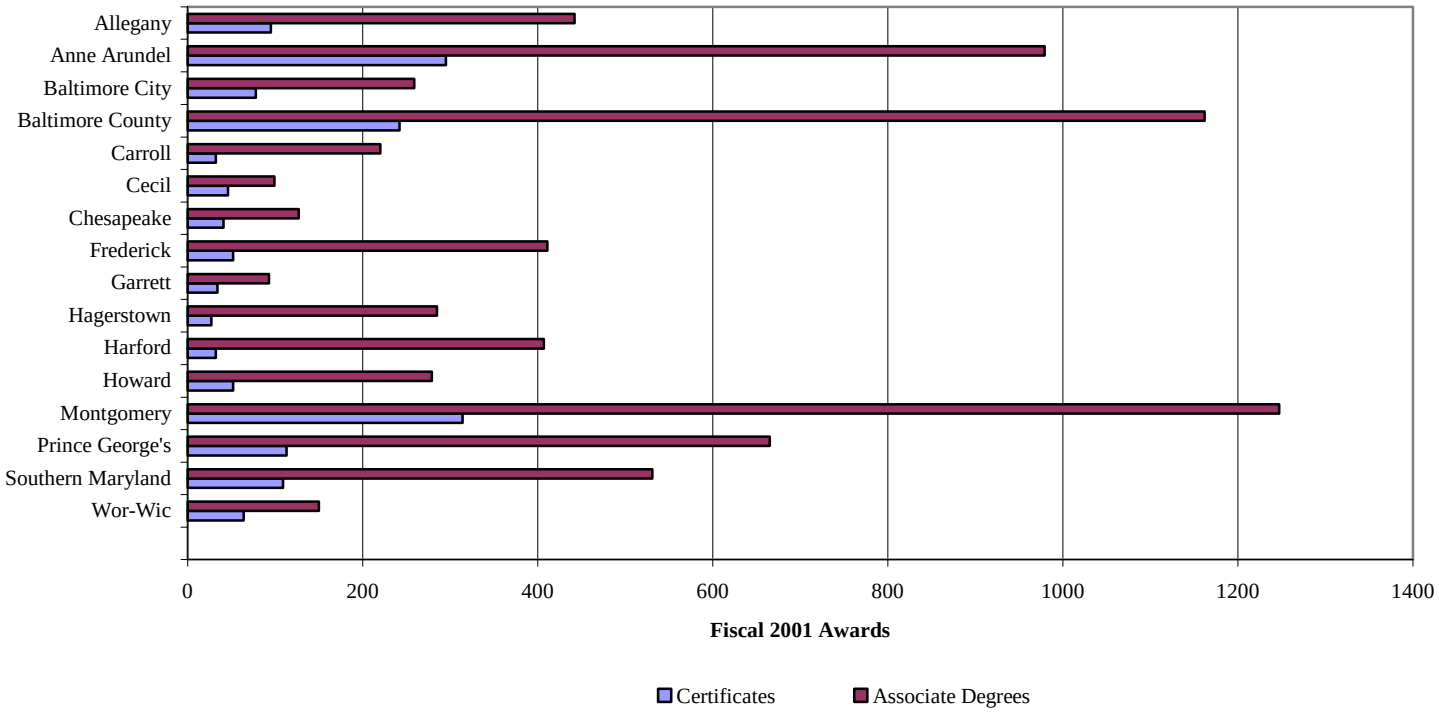
accommodating the needs of a wide variety of students. Community colleges offer undergraduate courses, technical and career education programs, skills training for businesses, continuing education programs, and remedial education. Exhibit 7.6 shows, by college, full-time and part-time enrollment for fall 2001. Exhibit 7.7 shows, by college, certificates and associate degrees awarded in fiscal 2001.

Exhibit 7.6
Community College Enrollment for Fall 2001



Source: 2002 Databook, Maryland Association of Community Colleges

Exhibit 7.7
Certificates/Associate Degrees Awarded in Fiscal 2001



Source: 2002 Databook, Maryland Association of Community Colleges

Students enrolled in transfer programs constitute the largest share of credit enrollment. These programs are designed for the continuation of education in a four-year college or university. Coursework can lead to certificates and associate degrees and, in accordance with guidelines established by the higher education commission, be transferred to four-year colleges and universities. In the fall of 2001, there were 20,731 full-time and 27,884 part-time students enrolled in transfer programs: 56 percent of total full-time enrollment and 38 percent of total part-time credit enrollment.

Technical and career programs are another major component of a community college's mission. These credit programs are designed primarily for immediate job entry or for upgrading skills. Data processing, technical art, hospital management, medical and

health technologies, and criminal justice are examples of technical and career programs leading to a certificate or associate degree. Some colleges are designated statewide providers of special career programs. Fall 2001 enrollment in technical and career programs totaled 37,265: 10,692 full-time and 26,573 part-time.

Continuing education courses are those regularly scheduled courses designed to meet the needs of part-time and returning students. They are not offered for academic credit. These courses may provide job training and retraining, satisfy professional requirements for certification, offer cultural enrichment, and address contemporary problems. Every community college in Maryland, for example, offers custom designed programs to businesses, government agencies, and professional and labor organizations in their regions. Continuing education courses may be offered in nontraditional settings such as business centers, the workplace, and public facilities.

Maryland Higher Education Commission

The Maryland Higher Education Commission is the State's post-secondary coordinating body. In addition to its oversight role, the commission administers the State's financial aid programs and various other initiatives.

Financial Aid Programs

The Maryland Higher Education Commission administers over 20 different State scholarship programs that are expected to distribute $82.5 million ($80.4 million in general funds) during fiscal 2003. The specific programs and the funding for fiscal 2002 are presented in Exhibit 7.8. The largest scholarship program, the Educational Excellence program, accounts for 49 percent of all the funding. Educational Excellence Award dollars are used to provide low- and moderate-income households with grants of $400 to $2,700 (Educational Assistance Grants) and the neediest families with grants to cover the costs of college attendance up to $10,200 (Guaranteed Access Grants).

In 1998, 1999, and 2000, legislation was enacted establishing the HOPE scholarship program, including the Maryland Science and Technology Scholarship, HOPE Scholarships, the Maryland Teacher Scholarship, and the Community College Transfer Scholarship. Maryland residents attending a college or university in the State can qualify for the program if they enroll in an academic program that will address career shortage areas in the State, pledge to work in Maryland after graduation for a specified time, and maintain a high grade point average. (Not all requirements are applicable to the Community College Transfer Scholarship.) Generally, students at two-year institutions

Exhibit 7.8
Student Financial Aid Programs
Fiscal 2002 (Estimated)

Program	Recipients	Average Award	Appropriation
Educational Assistance Grant	20,957	$1,573	$32,973,899
Guaranteed Access Grant	843	5,903	4,976,597
Senatorial Scholarships	6,126	1,025	6,277,115
Delegate Scholarships	3,120	767	2,392,575
Distinguished Scholar Program	1,442	2,942	4,242,286
Distinguished Teacher Education Program	48	2,930	141,000
Loan Assistance Repayment Program (LARP) General	460	3,457	1,590,108
LARP - Primary Care Services	20	25,500	510,000
LARP - DentCare	10	33,000	330,000
Edward T. Conroy Memorial Scholarship Program	73	3,611	263,768
Part-Time Grant Program	5,600	500	2,800,000
Professional School Scholarships	527	992	522,500
Reimbursement of Firemen and Rescue Squadmen	181	1,973	357,912
J.F. Tolbert Memorial Student Grant Program	999	300	300,000
Scholarship to UM School of Medicine	1	7,500	7,500
Sharon Christa McAuliffe Memorial Program	131	6,455	845,522
Physical & Occupational Therapist	8	1,400	11,000
Child Care Providers	49	1,099	54,250
Maryland State Nursing Scholarship Program	524	2,636	1,380,000
Hope General	370	2,701	1,000,000
Hope Science and Technology	1,733	2,857	4,952,000
Hope Maryland Teacher	3,153	4,436	13,985,670
Hope Community College Transfer	295	2,789	822,330
Developmental Disabilities and Mental Health Workers	406	1,783	723,976
Total			**$81,460,008**

Source: Maryland Higher Education Commission

may receive $1,000 per year, and students at four-year institutions may receive $3,000 per year. With the Maryland Teacher Scholarship, students may receive $5,000 per year at a four-year institution.

Aid to Private Colleges and Universities

Recognizing their importance as an educational resource, the State provides private colleges and universities with financial assistance. Generally, the grants are equivalent to the number of full-time equivalent students multiplied by 16 percent of the average amount of general fund support per student at selected public four-year institutions. For fiscal 2003 through 2006, grants will be based on slightly lower percentages of per student aid at the public institutions, as the State tries to address budgetary constraints. In fiscal 2001, $41.6 million was distributed to the private colleges and universities. The fiscal 2001 distribution among private institutions is presented in Exhibit 7.9.

Access/Success Program

Initiated in fiscal 1999, the Access/Success Program seeks to address problems related to retention and graduation rates at the State's four historically black institutions by providing the schools with targeted funding. In fiscal 2003, the State met its commitment under the Partnership Agreement with the United States Department of Education Office for Civil Rights to double funding for the program from $3 million to $6 million in three years. The Maryland Higher Education Commission approves a spending plan for the funds before grants are made to the institutions.

Savings Plans for Higher Education

Maryland offers two savings plans for higher education: a defined benefit plan called the Maryland Prepaid College Trust and an investment plan called the Maryland College Investment Plan. Both are managed by an independent, nine-member board, and both programs offer tax benefits. The Prepaid College Trust allows interested persons, on behalf of a child, to prepay the cost of higher education tuition and fees in Maryland by purchasing a contract based on current tuition and fee amounts and the number of years until the child enters college. Investments are not backed by the full faith and credit of the State but do carry a statutory guarantee. The Maryland College Investment Plan allows contributions to an investment account established to provide for tuition, fees, books, supplies, equipment, and room and board for a designated beneficiary. Benefits of the investment plan are based solely on investment performance and are not guaranteed by the State.

Exhibit 7.9
State Aid to Maryland Independent Colleges and Universities
Fiscal 2001

Institution	FTES*	Grant Amount
Baltimore International College	462	$596,403
Capitol College	510	658,239
College of Notre Dame	1,454	1,878,087
Goucher College	1,411	1,822,968
Hood College	1,000	1,291,460
Johns Hopkins University	13,686	17,680,477
Loyola College	4,500	5,813,312
Maryland Institute College of Art	1,347	1,739,601
Mount St. Mary's College	1,359	1,755,879
St. John's College	593	765,979
Sojourner-Douglass College	676	873,203
Villa Julie College	1,782	2,302,416
Washington College	1,225	1,582,254
Western Maryland College	2,210	2,854,638
Total	**32,214**	**$41,614,916**
Grant per FTES		$1,292

*FTES - Full-time equivalent students
Source: Department of Budget and Management

Funding

Direct government funding for the operations of Maryland's higher education institutions is provided to the public four-year schools by the State. Baltimore City Community College also receives most of its direct government funding from the State while the rest of the community colleges are supported with both State and county dollars. Additional public monies flow to the schools in the form of contracts or grants

for research and other services. Tuition, student fees, dormitory fees, endowment earnings, private gifts and contracts, and variety of miscellaneous sources are also revenue producers for Maryland's higher education institutions.

The Maryland Higher Education Commission's operations and most of the State's scholarship programs are financed almost entirely with State general funds. The University of Maryland Medical System receives a subsidy from the Maryland Emergency Medical System Operations Fund (MEMSOF) to subsidize shock trauma operations. Revenues for the operations fund are drawn from dedicated registration fees for certain classes of motor vehicles and interest earned annually on the fund balance. The University of Maryland Medical System also receives grant aid to offset the cost of uncompensated care and capital costs at the Montebello Rehabilitation Center at Kernan Hospital. In fiscal 2001, the aid to the University of Maryland Medical System included $6.7 million from MEMSOF for shock trauma (funding included in Chapter 5) and $2.3 million from State general funds for the rehabilitation center. Exhibit 7.10 provides a summary of State and local support for the operations of higher education facilities.

Four-year Schools

State subsidies for the operations of four-year institutions account for almost 32 percent of revenues for the institutions. Tuition and student fees account for another 24 percent with government grants/contracts/scholarships, sales by auxiliary enterprises (dorm fees, laboratory fees, etc.), and other sources accounting for the remainder of the revenues.

When considered as a percentage of education and general expenditures (excluding revenues from auxiliary enterprises and funds restricted for specific purposes like a research grant), State dollars financed almost half of all expenses in fiscal 2001. Tuition and fees accounted for 37 percent of education and general costs. The reliance on tuition and fees to cover education and general service expenditures ranged from a high of 82 percent at University of Maryland University College to a low of 15 percent at the University of Maryland, Baltimore. The distribution of State aid to the colleges and universities in fiscal 2001 is presented in Exhibit 7.11 along with data on overall expenditures on education and general services.

During the good economic times of fiscal 1999 through 2002, higher education enjoyed large funding increases. The increases were, in part, justified by a desire to develop, according to the State Plan for Higher Education, a "preeminent

Exhibit 7.10
Higher Education Revenues – Fiscal 2001
($ in Millions)

	County	State	Tuition and Fees	Grants and Contracts[1]	Other[2]	Total
Four Year Institutions		$860.1	$638.0	$668.4	$527.5	$2,693.9
Community Colleges	$185.0	$163.3[3]	$187.4		$12.1	$547.8
Baltimore City Community College		$26.5	$9.4	$18.5	$2.9	$57.3
Maryland Higher Education Commission		$22.6[4]		$2.0	$0.1	$24.8
Scholarships		$68.8		$0.7		$69.6
Nonpublic Institutions		$41.6				$41.6
University of Maryland Medical System		$2.3				$2.3
Total	**$185.0**	**$1,185.2**	**$834.8**	**$689.6**	**$542.6**	**$3,437.3**

[1]Grants and contracts include State, federal, local, and private grants/contracts for services (unrestricted and restricted), as well as federal funding of agency programs.

[2]Other includes revenues from sales and services of educational activities, endowment income, etc., as well as auxiliary enterprise revenues.

[3]Community colleges' State revenue includes formula aid, State paid retirement costs, statewide programs, ESOL, and Innovative Partnerships for Technology.

[4]MHEC State revenue includes $5.3 million in tobacco settlement funds.

Source: 2002 Databook, Maryland Association of Community Colleges; *Fiscal 2003 Maryland State Budget*; Fiscal 2003 *Joint Chairmen's Report*.

Exhibit 7.11
Direct State Aid to Four-year Schools – Fiscal 2001
($ in Millions)

Institution	2001 Direct State Aid	2001 Expenditures on Education and General Services	State Aid as % of Education and General Costs
University of Maryland, Baltimore	$139.9	$286.8	49%
University of Maryland, College Park	333.1	613.3	54%
Bowie State University	21.6	39.2	55%
Towson University	64.2	144.2	45%
University of Maryland Eastern Shore	22.5	37.0	61%
Frostburg State University	27.0	47.2	57%
Coppin State College	18.6	27.4	68%
University of Baltimore	23.5	46.8	50%
Salisbury University	28.1	52.2	54%
University of Maryland University College	14.7	146.8	10%
University of Maryland Baltimore County	66.5	133.0	50%
University of Maryland Center for Environmental Science	12.7	17.5	73%
University of Maryland Biotechnology Institute	16.3	21.1	77%
University System of Maryland Office	10.0	15.0	67%
Subtotal, University System of Maryland	**$798.7**	**$1,627.6**	**49%**
St. Mary's College	13.5	28.1	48%
Morgan State University	47.9	81.0	59%
Total	**$860.1**	**$1,736.7**	**50%**

Source: *Fiscal 2003 Maryland State Budget*

statewide array" of higher education institutions. "Funding guidelines" were used beginning in fiscal 2001 to assess how Maryland institutions are funded relative to their peers. The Maryland Higher Education Commission established annual funding guidelines for University System of Maryland institutions and, in fiscal 2002, Morgan State University. Funding guidelines consider the resources, students, facilities, and

other relevant factors for universities of similar size, program mix, and location. A university funded at its proposed funding guideline level would be receiving more State support than 75 percent of its identified peer institutions. Two institutions were above the guideline in fiscal 2002. Others, however, have never achieved more than 80 percent of guideline.

Community Colleges

From the establishment of the first community colleges in 1946, the State, counties, and students have shared the responsibility for funding the community colleges. Excepting the Baltimore City Community College, which is a State institution and receives minimal local support, student tuition and fees accounted for 34 percent of community college revenues in fiscal 2001. The State and local shares of support were 29 and 34 percent, respectively. Exhibit 7.12 shows on a college-by-college basis fiscal 2001 unrestricted operating revenues.

Effective with the fiscal 1998 budget, legislation established a new funding formula for community colleges, known as the John A. Cade Funding Formula. The Cade formula and other State programs which support community colleges are detailed below.

Community College Aid Formula

The Senator John A. Cade Funding Formula ties the mandatory State contribution to increases in funding for selected four-year public institutions of higher education. The distribution formula allocates the State aid using three components: prior year costs, enrollment, and size. The prior year cost component, which is distributed according to the college's share of the total State grant from the previous year, is 38 percent. The enrollment component, which is distributed based on the total number of full-time equivalent students at each college, is set at 60 percent of total funding. The size factor, which evenly distributes funds to the colleges with full-time equivalent student enrollments less than or equal to 80 percent of the statewide median, is 2 percent. A hold harmless provision ensures that each college receives the same amount it received the previous fiscal year.

Retirement Costs

The State pays 100 percent of the employer's share of retirement costs for community college employees who are members of the State Teachers' Retirement and Pension Systems. The State also offers a defined contribution plan − the Optional

Exhibit 7.12
Unrestricted Community College Revenues[1] – Fiscal 2001
($ in Thousands)

College	State[2]	% State	Local	% Local	Tuition and Fees[3]	% Tuition	Other	% Other	Total
Allegany	$4,684	26%	$5,012	28%	$7,821	43%	$497	3%	$18,014
Anne Arundel	19,950	36%	18,700	34%	16,051	29%	869	2%	55,570
Baltimore County	33,140	32%	33,740	33%	34,127	33%	1,659	2%	102,665
Carroll	4,545	35%	3,666	29%	4,405	34%	191	1%	12,807
Cecil	3,283	29%	5,009	45%	2,717	24%	222	2%	11,232
Chesapeake	4,324	34%	4,151	33%	3,530	28%	557	4%	12,562
Frederick	5,686	25%	7,634	34%	8,980	39%	463	2%	22,763
Garrett	2,470	39%	1,903	30%	1,835	29%	106	2%	6,313
Hagerstown	5,303	33%	4,416	27%	6,000	37%	425	3%	16,144
Harford	7,821	29%	10,035	37%	7,943	29%	1,132	4%	26,931
Howard	8,383	24%	11,964	35%	13,009	38%	1,217	4%	34,573
Montgomery	29,061	22%	54,694	42%	43,610	34%	2,438	2%	129,804
Prince George's	19,509	36%	11,666	21%	22,371	41%	1,171	2%	54,717
Southern Maryland	7,644	27%	9,195	32%	11,144	39%	847	3%	28,830
Wor-Wic	4,446	38%	3,251	28%	3,832	32%	288	2%	11,817
Subtotal	**$160,249**	**29%**	**$185,034**	**34%**	**$187,374**	**34%**	**$12,081**	**2%**	**$544,739**
Statewide/Regional	1,323	100%	0	0%	0	0%	0	0%	$1,323
Innovative Partnership for Technology	1,760	100%	0	0%	0	0%	0	0%	1,760
Total	**$163,333**	**30%**	**$185,034**	**34%**	**$187,374**	**34%**	**$12,081**	**2%**	**547,822**

[1]Amounts do not include auxiliary enterprise revenues or restricted funds.

[2]State funding includes formula grants, State payments for retirement costs, and grants for statewide programs and English for Speakers of Other Languages.

[3]Tuition and fees includes payments by students from outside Maryland

Source: 2002 Databook, Maryland Association of Community Colleges.

Retirement System − which is available to community college employees eligible for either of the two State systems. Under the optional retirement system, the State contribution totals 7.25 percent of the employee's salary. State paid retirement costs were $21.5 million in fiscal 2001.

Statewide Programs

There are three grants designed to allow students to enroll in programs at community colleges outside their jurisdictions without having to pay the higher non-resident tuition rates. State residents enrolled in community college instructional programs designated by the higher education commission as a health manpower shortage program or a statewide or regional program pay in-county tuition and fees. The State pays the differential between this amount and any applicable out-of-county tuition and fees. In addition, the State provides funds for Somerset County residents to attend Wor-Wic Community College at in-county rates. The State pays 50 percent of the applicable out-of-county fee, provided that Somerset County pays the other 50 percent. Finally, Garrett Community College has a reciprocity agreement with West Virginia. The State pays Garrett Community College an amount equal to the formula State support per full-time equivalent student for each West Virginia full-time equivalent student at the college under the reciprocity agreement. State costs for these programs in fiscal 2001 totaled $1.59 million.

Small and Appalachian College Grants

The State provides increased supplemental unrestricted grants to seven small community colleges. Colleges that receive the grants include Allegany, Garrett, Hagerstown, Carroll, Cecil, Chesapeake, and Wor-Wic. In fiscal 2001, the grants totaled $2.24 million. Additional unrestricted grants for fiscal 2003 through 2005 were authorized in 2002 for Allegany College and Garrett Community College. Beginning in fiscal 2004, the grant amounts are scheduled to increase by the same percentage as the increase in funding per full-time equivalent student to the State four-year public institutions of higher education.

Innovative Partnerships for Technology

Legislation in 1998 established the Innovative Partnerships for Technology Program. The purpose of the program is to enhance the technology available in community colleges and to leverage private support for community colleges through the use of State matches for technology donations. State matches are paid in the second fiscal year following the fiscal year in which the donations were received. To be eligible,

donations must be from new donors or represent increases over the amounts given by repeat donors. Donations may be in the form of technology equipment or monetary contributions that are specifically designated for technology. State match payments were $1.76 million in fiscal 2001.

English for Speakers of Other Languages

This program provides funds for students that speak English as a second language. The fiscal 2001 appropriation for the program was $1.64 million.

Capital Improvement Grants

The State shares the costs of capital improvement projects with county governments. The State provides at least 50 percent of a project's costs. The exact State share is dependent on the wealth of the county. About $24.6 million was authorized for community college capital projects in fiscal 2001.

Chapter 8. Public Libraries

The provision of library services in Maryland is essentially a county responsibility. Each county has established a public library system that, with the exception of Montgomery County, is governed by a library board. In Montgomery County the public library system is a county agency. The State establishes general guidelines, facilitates the sharing of library resources, and provides some funding assistance to county libraries.

Structure and Services

State law assigns the Maryland State Board of Education the responsibility for general direction and control of library development in Maryland. The board may adopt rules and regulations and establish policies and procedures for a statewide system of public libraries. The State Superintendent of Schools certifies the professional qualifications of county librarians. The Division of Library Development and Services within the State Department of Education provides leadership and guidance for the planning and coordination of library services. Specific responsibilities of the division include the administration of federal and State funds for public libraries, the development of statewide and regional library services, and the provision of specialized services to the blind and other physically handicapped individuals. A State Advisory Council on Libraries, consisting of 12 members, advises the Maryland State Department of Education on library matters.

The State plays an important role in the development, coordination, and funding of statewide and regional library resources. State law designates the Central Library of the Enoch Pratt Free Library System in Baltimore City as the State Library Resource Center. The center makes available specialized library materials and resources to libraries throughout the State. The central depository for all State publications and the Maryland State Library for the Blind and Physically handicapped are also located at the central Pratt library. Three rural county libraries have been designated as regional resource centers. Located in Charles, Washington, and Wicomico counties, these centers provide member libraries with greater access to library materials and resources.

The State Library Resource Center administers Sailor, Maryland's online electronic information network. Overseen by the Division of Library Development and Services in conjunction with the center, Sailor connects Marylanders to information resources within the State and worldwide. It also provides access to Internet resources. Sailor allows users to identify and locate books; articles in magazines, newspapers, and journals; answers to specific questions; or information on a particular topic. It gives information about services of public and private agencies; and government information,

such as proposed legislation, job listings, and census data. In all 23 counties and Baltimore City, Sailor is available without charge through libraries and by dial access on modem-equipped computers. The Sailor web site is located at http://www.sailor.lib.md.us.

Although not required to do so by State law, all counties, including Baltimore City, have established a public library system. State law does provide that a county's library system be governed by a board of trustees; however, charter counties may establish a county library agency in lieu of the board. Currently, Montgomery County is the only jurisdiction to have a library agency, rather than a board of trustees. The board of trustees determines local library policies, adopts operating rules and regulations, handles local library personnel matters, and appoints a director to manage the library system. (Calvert, Charles, and St. Mary's counties share a single director for their library systems.) The boards of trustees must report annually to the county governing board and the State Department of Education.

A library board of trustees generally consists of seven members appointed by the county governing body. Members are residents of the county and may serve two five-year terms; however, there are several exceptions. The Baltimore City and Washington County boards basically operate under nineteenth century enactments that preceded the State general law of 1945. State law allows these boards to be self-perpetuating and of any size. That is, the board members may indefinitely reappoint themselves or others. The Anne Arundel and Queen Anne's county boards also are self-perpetuating. Under State law, Prince George's County board members may serve any number of terms, and Charles County board members serve four-year terms.

As required by State law, a county library must provide free library services to county residents. A library board may establish policies governing the use of the library by individuals living outside the county. Free library services include the use of all library materials and services available for reference and circulation, regardless of format. Five jurisdictions – Baltimore City and Baltimore, Charles, Montgomery, and Prince George's counties – may charge fees for the rental of video cassettes. All county libraries may charge late return fees and for the use of copying machines and other equipment. Libraries may also place reasonable limitations on on-line database searches. Exhibit 8.1 summarizes information relating to Maryland's public library systems.

Exhibit 8.1
County Library Services[1]
Fiscal 2001

County	Branches	Bookmobiles	Total Holdings[2]	Registered Borrowers	% of Population Registered	Professional Librarians[3]
Allegany	6	1	218,662	21,398	30%	2.0
Anne Arundel	16	0	1,290,705	357,396	74%	52.0
Baltimore City	22	1	3,249,333	128,834	20%	107.0
Baltimore	15	3	1,920,383	424,956	59%	39.0
Calvert	4	0	172,934	40,006	54%	6.0
Caroline	3	1	97,279	22,278	75%	4.0
Carroll	6	1	550,023	95,889	63%	22.0
Cecil	7	0	228,609	35,566	42%	6.0
Charles	3	0	224,654	55,249	46%	4.0
Dorchester	2	1	94,109	18,262	62%	4.2
Frederick	6	2	394,629	70,771	37%	18.0
Garrett	5	1	66,875	19,796	68%	3.0
Harford	10	0	833,392	160,486	74%	33.2
Howard	6	0	1,041,371	213,881	88%	46.0
Kent	2	0	64,939	8,700	46%	2.0
Montgomery	21	3	2,830,804	577,000	68%	143.4
Prince George's	19	0	2,099,362	315,539	40%	76.5
Queen Anne's	2	0	108,976	24,347	60%	7.1
St. Mary's	3	0	197,673	43,800	49%	6.0
Somerset	4	0	57,027	7,027	29%	2.0
Talbot	2	0	114,991	25,901	78%	6.0
Washington	7	2	337,828	84,414	66%	10.5
Wicomico	3	1	142,875	43,799	55%	6.0
Worcester	5	0	238,003	20,275	46%	1.0
Subtotal	**179**	**17**	**16,575,436**	**2,815,570**	**55%**	**606.9**
Eastern Shore Regional Library			7,215			2.0
Southern Maryland Regional Library			19,309			2.0
Western Maryland Regional Library			55,698			2.5
Total	**179**	**17**	**16,657,658**	**2,815,570**	**55%**	**613.4**

Notes: [1] Some totals are estimated.
[2] Holdings include book volumes, videos, audio recordings, current periodicals, electronic formats, and serial volumes.
[3] Figures indicated are FTE.

Source: *Maryland Public Library Statistics, Fiscal Year 2001* and *Maryland Public Library Directory on Sailor* , www.sailor.lib.md.us

Funding

Public libraries in Maryland receive funds from several sources. As summarized in Exhibit 8.2, county appropriations account for 68 percent of total revenues. Including funds for the State and regional resource centers and headquarters support, the State provided 23 percent of total funding. Library-generated gifts, grants, and fees (7 percent), and federal funds (2 percent) were less important revenue sources. Exhibit 8.3 shows a county-by-county breakdown of the $169.4 million in fiscal 2001 revenues available to county libraries. In addition, the fiscal 2001 State budget included $15.9 million for resource centers and $2.4 million for the Division of Library Development and Services within the Maryland State Department of Education.

Exhibit 8.2
Funding of Public Libraries[1] – Fiscal 2001
($ in Millions)

	County	Gifts, Grants, and Fees	State[2]	Federal	Total
County Libraries	$123.4	$11.7	$32.8	$1.5	$169.4
State Resource Center	$4.7	$2.0	$7.0	$0.4	$14.1
Regional Centers/Other	$0.1	$0.2	$1.4	$0.2	$1.9
MSDE	$0.0	$0.0	$1.5	$0.9	$2.4
Total	**$128.2**	**$13.9**	**$42.7**	**$2.9**	**$187.8**

[1]Does not include capital funding.
[2]State aid to county libraries includes formula aid and State-paid retirement costs.

Source: *Maryland Public Library Statistics*, Fiscal 2001; Maryland State Department of Education

State support for public libraries involves several aid programs. They include the following:

Library Aid Formula: The library aid formula distributes funds on the basis of county population and wealth. Less wealthy counties, as measured by taxable income and assessable base, receive relatively more aid than wealthier counties. Fiscal 2001 formula funding totaled $24.9 million.

Exhibit 8.3
Public Library Funding – Fiscal 2001
($ in Thousands)

County	Local	Percent Local	Other	Percent Other	State	Percent State	Federal	Percent Federal	Total
Allegany	$670	41%	$194	12%	$623	38%	$149	9%	$1,635
Anne Arundel	12,260	78%	846	5%	2,503	16%	92	1%	15,701
Baltimore City	8,333	52%	1,585	10%	6,199	38%	9	0%	16,126
Baltimore	20,568	70%	3,871	13%	4,269	15%	525	2%	29,233
Calvert	1,437	73%	121	6%	391	20%	11	1%	1,961
Caroline	850	67%	141	11%	273	21%	7	1%	1,271
Carroll	4,806	74%	443	7%	1,089	17%	154	2%	6,492
Cecil	1,007	59%	130	8%	527	31%	47	3%	1,710
Charles	1,330	59%	178	8%	732	33%	11	0%	2,251
Dorchester	475	61%	63	8%	219	28%	18	2%	775
Frederick	3,020	69%	245	6%	1,076	25%	14	0%	4,354
Garrett	495	51%	225	23%	212	22%	34	4%	965
Harford	7,792	78%	562	6%	1,579	16%	59	1%	9,992
Howard	8,911	88%	39	0%	1,177	12%	55	1%	10,182
Kent	355	74%	3	1%	112	23%	8	2%	478
Montgomery	30,547	87%	1,198	3%	3,339	10%	59	0%	35,143
Prince George's	13,550	66%	1,324	6%	5,635	27%	35	0%	20,544
Queen Anne's	904	81%	0	0%	204	18%	8	1%	1,116
St. Mary's	1,393	63%	159	7%	623	28%	42	2%	2,217
Somerset	285	49%	21	4%	233	40%	47	8%	585
Talbot	516	81%	3	0%	115	18%	6	1%	639
Washington	1,351	56%	90	4%	937	39%	56	2%	2,433
Wicomico	1,264	60%	219	10%	608	29%	29	1%	2,120
Worcester	1,247	85%	35	2%	171	12%	10	1%	1,463
Total	**$123,365**	**73%**	**$11,695**	**7%**	**$32,845**	19%	**$1,484**	**1%**	**$169,389**
Regional Libraries	$127	7%	$150	8%	$1,442	76%	$186	10%	$1,905
State Library Resource Center	4,724	34%	1,997	14%	6,976	50%	369	3%	14,066

Notes: Does not include State Department of Education Division of Library Development and Services expenditures.

Source: *Maryland Public Library Statistics* , Fiscal 2001

Retirement Costs: The State pays 100 percent of the employer's share of retirement costs for local library employees who are members of the teachers' retirement and pension systems maintained by the State. Rather than distributing the funds to the library boards, the State appropriates a lump sum payment to the retirement systems "on-behalf-of" the library boards. The exception is Montgomery County. Montgomery County librarians elected to remain in the Montgomery County Retirement System. Consequently, the State provides a grant to the county equal to the lesser of the retirement costs for the county or the State systems. Fiscal 2001 State retirement payments were $8.0 million.

Library Network: The State provides additional funds to library systems that have been designated resource centers and supports cooperative arrangements. The resource centers include the Central Library of the Enoch Pratt Free Library System in Baltimore City and the Charles, Washington, and Wicomico county libraries. In fiscal 2001 Pratt central received $7.0 million, and the regional centers and cooperatives received $1.4 million. Chapter 547 of 2000 establishes a mandatory funding formula for the regional resource centers in the amount of $3.50 in fiscal 2002 for each resident in the area served by the resource center. Chapter 547 also provides for increases of $0.50 per capita per year through fiscal 2004.

As Exhibit 8.3 shows, reliance on State funding ranged from a high of 40 percent in Somerset County to a low of 10 percent in Montgomery County.

Chapter 9. Transportation

The State and local governments work jointly to develop and maintain a safe and efficient transportation system. The State, serving the predominant role, constructs and maintains Maryland's major highways and roads outside Baltimore City, licenses and registers all operators and vehicles, owns and operates the State's two largest airports, manages public terminals at and coordinates dredging and marketing activities for the Port of Baltimore, provides commuter rail service, subsidizes one of two major urban transit systems, and owns and operates the other. The counties and municipalities construct and maintain secondary roads and own and operate small regional airports. Montgomery and Prince George's counties augment the Washington area mass transit system and several other local governments provide modest transit services. Additionally, Baltimore City constructs and maintains all roads, except Interstate 95, within the city.

Structure and Services

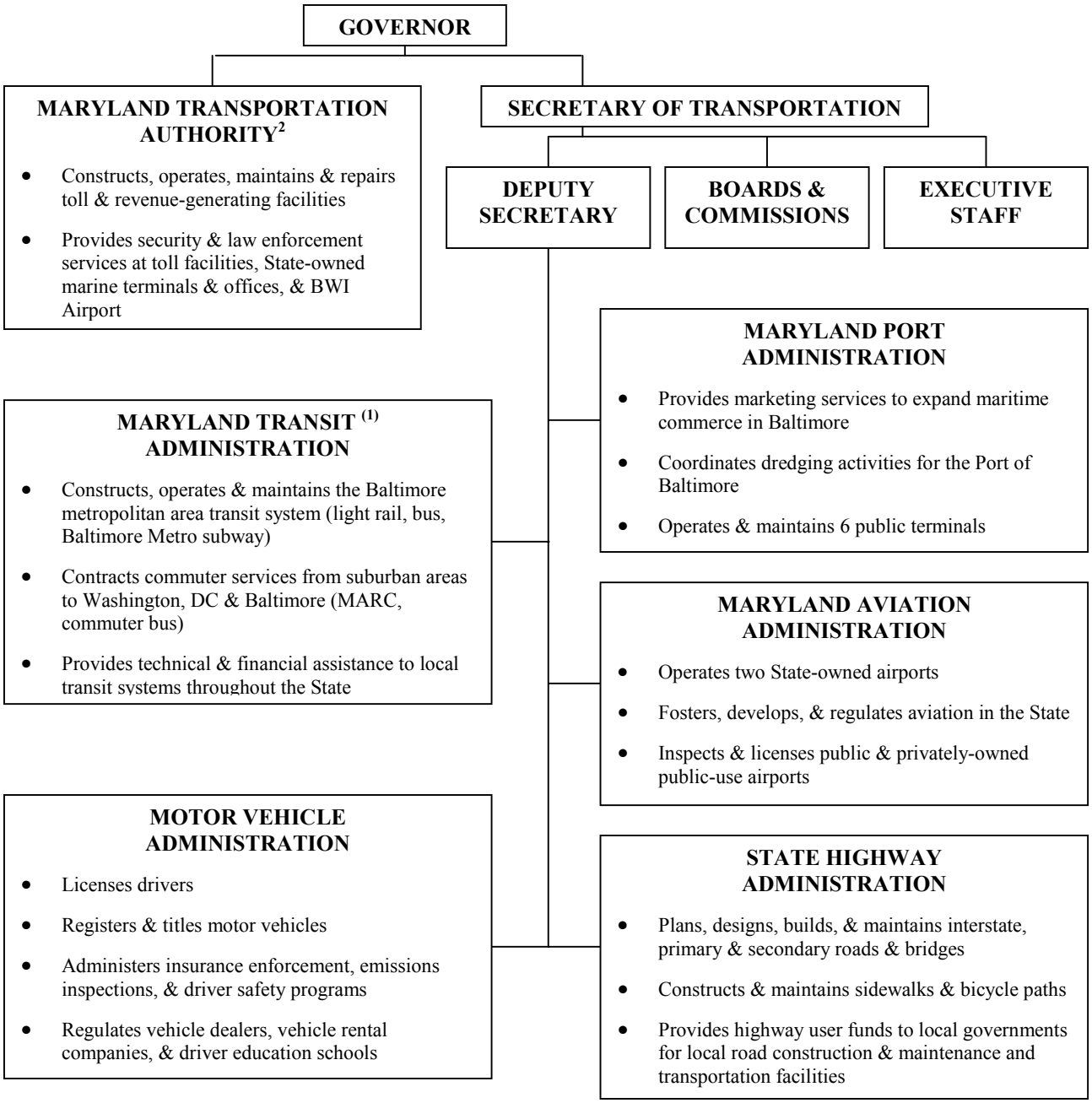
The Maryland Department of Transportation is charged with the responsibility of managing the State's transportation systems. The department is organized into a Highway Administration, Motor Vehicle Administration, Aviation Administration, Port Administration, and Transit Administration. Other departmental components include the Office of the Secretary and certain advisory and zoning boards. A separate Maryland Transportation Authority operates revenue-generating transportation facilities. Exhibit 9.1 outlines the organization of transportation agencies, and Exhibit 9.2 shows a summary of the department's budget and workload indicators for fiscal 1999 to 2003.

Each local government coordinates transportation efforts differently. Generally, counties and municipalities assign responsibility for these services to a public works, highway, or transportation department.

Roads and Highways

The majority of State and local transportation resources are dedicated to the State's highway system. The State Highway Administration is responsible for approximately 5,240 miles of interstate, primary, and secondary roads and 2,498 bridges. It also has the responsibility for planning, designing, building, and maintaining these roads and bridges to safety and performance standards while considering sociological, ecological, and economic concerns.

Exhibit 9.1
Structure of Maryland's Transportation System



[1] Operating and capital grants to the Washington Metropolitan Area Transit Authority are provided through the Secretary's Office for accountability purposes.
[2] The Secretary of the Department of Transportation is chairman of the authority.

Source: Maryland Department of Transportation

Exhibit 9.2
Maryland Department of Transportation
Budget and Workload Indicators
Fiscal 1999 through 2003
($ in Thousands)

	1999	2000	2001	2002 [1]	2003 [1]
Total Budget	$2,373,068,786	$2,435,431,945	$2,774,781,314	$3,040,781,398	$3,274,374,391
Debt Outstanding	$749,000,000	$725,000,000	$648,000,000	$774,000,000	$1,030,000,000
Highway Lane Miles	16,511.3	16,601.5	16,656.6	16,683.6	16,760.6
Port Tonnage – Public Terminals	6,127,000	6,479,000	6,088,000	6,149,000	6,210,000
BWI Airport Passengers	17,438,000	19,603,000	19,550,000	18,244,000	19,942,000
Annual Transit Passenger Trips [2]					
Bus	72,637,000	71,509,000	70,145,000	72,803,000	72,526,000
Subway	13,219,000	13,608,000	13,597,000	14,159,000	14,871,000
Light Rail	8,610,000	8,664,000	8,519,000	8,664,000	8,519,000
Commuter Rail (MARC)	5,024,000	5,294,000	5,700,000	5,726,000	6,013,000
MVA Customer Wait Time [3]	48	33	34	32	30

[1] Fiscal 2002 and 2003 data are estimates.
[2] Does not include Washington Metropolitan Area Transit Authority (WMATA).
[3] Average wait time given in minutes.

Source: *Vol. III – Analysis of the Maryland Executive Budget (Fiscal 2001 and 2002)*, *Vol. I – Analysis of the Maryland Executive Budget (Fiscal 2003)*, Department of Legislative Services; *Vol. I – Fiscal 2002 State Budget Book, Vol. 1 – Fiscal 2003 State Budget Book*, Department of Budget and Management; State Highway Administration

The State is not responsible for construction or maintenance of the 20,328 miles of county roads or the 4,463 miles of municipal roads, or any road system within Baltimore City with the exception of Interstate 95. Usually, such roads are the responsibility of a local department of public works or a highway department. The construction and maintenance of local roads is funded through locally generated revenues and highway user revenues distributed to local jurisdictions by the State.

With the exception of three jurisdictions, highway user revenues may only be used to repay debt service on outstanding transportation bonds; construct and maintain county roads; establish and maintain footpaths, bridle paths, and bicycle trails; and support the costs of certain transportation facilities. Revenues received by Kent County and Baltimore City may also be used to pay for traffic control, highway lighting, and street cleaning and drainage. Kent County also may expend funds for maintaining county-

owned boat landings and providing traffic crossing guards. From fiscal 2002 through 2006, Baltimore City may subsidize student fares for mass transit from highway user revenues. Highway user revenues may also be used for the maintenance of private roads in Talbot County.

The State Highway Administration maintains its headquarters in Baltimore City, where maintenance staff is responsible for establishing statewide maintenance policies and programs and providing technical resources to district staff. The State is divided into seven engineering districts encompassing a number of adjacent counties, with each having a district office that serves as its headquarters (Exhibit 9.3). All seven districts are responsible for the management of highway and bridge construction contracts as well as all maintenance functions, such as pavement repairs, bridge repairs, snow removal, roadside management, and equipment maintenance. The districts also are responsible for traffic engineering operations, which include the Coordinated Highways Action Response Team, or CHART, a joint traffic congestion management program with the Maryland State Police. While the districts share these common duties, the geography and location of each district makes each unique and distinct from the others.

Exhibit 9.3
State Highway Administration
Engineering Districts

District 1	Dorchester, Somerset, Wicomico, and Worcester counties
District 2	Caroline, Cecil, Kent, Queen Anne's, and Talbot counties
District 3	Montgomery and Prince George's counties
District 4	Baltimore and Harford counties
District 5	Anne Arundel, Calvert, Charles, and St. Mary's counties
District 6	Allegany, Garrett, and Washington counties
District 7	Carroll, Frederick, and Howard counties

Source: State Highway Administration

Maintenance staff in the districts keep the roads in repair, attending to pavements, drainage, and structures. They remove snow in the winter; mow grass in the spring, summer, and fall; and are concerned with both physical condition and appearance all year. A number of the administration's activities are aimed towards beautification and aesthetics, such as Adopt-a-Highway and wildflowers programs. It also administers

ancillary programs, such as retrofitting sidewalks for improved bicycle and pedestrian access that support the State's Smart Growth goals.

Baltimore City has a unique transportation situation. Except for a few miles of interstate highway (i.e., I-95) adjacent to the Baltimore harbor crossings that are maintained by the Maryland Transportation Authority, all road construction and maintenance within the city is the sole responsibility of the city. (See section on toll facilities for more information.)

Motor Vehicles

The Motor Vehicle Administration is the principal regulatory unit of the department. It is responsible for licensing drivers; registering and titling motor vehicles; administering a compulsory automobile insurance enforcement program; managing vehicle emissions inspection and driver safety programs; and regulating motor vehicle dealers, vehicle rental companies, and driver education schools. Local governments have no role in this function.

The administration actively and directly interacts with the public. As a result, numerous efforts have been and continue to be made to address public service demands. In 1992 the administration introduced biennial registration that reduced the frequency with which the public interacts with the administration while maintaining the same revenues. As shown in Exhibit 9.4, there are currently 24 Motor Vehicle Administration branch offices, including 16 full-service offices and 5 express offices. A full-service branch office in Loveville, St. Mary's County is expected to be constructed and open for business by March 2003, and another location in southern Montgomery County is being sought.

The Motor Vehicle Administration also offers services through 10 self-service kiosks and its Customer Service Call Center in Cumberland. Since fiscal 2000, the administration has focused on implementing customer-driven technology to meet increasing demand and reduce office visit wait time. In addition to streamlining its licensing, titling, financial, and regulatory information systems, the administration offers customers several services through its web site (www.marylandmva.com).

Exhibit 9.4
Motor Vehicle Administration
Service Locations

Full Service Locations

Annapolis	Cumberland/La Vale	Frederick	Largo [3]
Baltimore City	Easton	Gaithersburg [3]	Loveville [2]
Bel Air	Elkton	Glen Burnie	Salisbury [3]
Beltsville [3]	Essex	Hagerstown	Waldorf
			Westminster [1]

Express Office Locations

Baltimore City – Charles Center Metro Station	Gaithersburg – Walnut Hill [3]
Columbia [3]	Glenmont
Towson/Kenilworth [3]	

Limited Service Offices Locations

Oakland	Prince Frederick

Other Kiosk Locations

Beltway Plaza Mall, Greenbelt	Security Square Mall, Woodlawn
Owings Mill Mall, Owings Mill	

[1] No truck driver road tests are given at this location.
[2] This location will begin offering a full array of services in March 2003.
[3] Offices with self-service kiosks.

Source: Motor Vehicle Administration

Mass Transit

There are two major transit operations within Maryland. One is the Maryland Transit Administration that is responsible for construction, operation, and maintenance of the Baltimore metropolitan area transit system as well as for commuter services in suburban areas of the State. In addition, the administration provides technical and financial assistance to systems in small urban and rural areas of the State. It also operates programs for elderly and disabled riders and a commuter ride-sharing clearinghouse.

The other major transit operation is the Washington Metropolitan Area Transit Authority that encompasses the nation's capital, operating in Northern Virginia, the District of Columbia, and Montgomery and Prince George's counties. The State pays the entire share of the authority's expenses apportioned to Maryland.

The Washington Suburban Transit Commission represents Maryland's policy and financial interest in the Washington Metropolitan Area Transit Authority. The Washington Metropolitan Area Transit Authority services are augmented by local bus service in Montgomery and Prince George's counties.

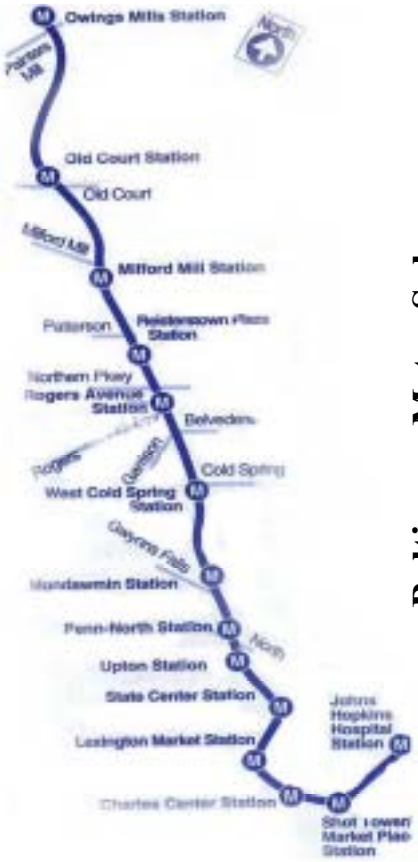
Mass Transit Initiative

In 2002 the U.S. Census Bureau reported that the Washington, DC region has the third worst traffic congestion in the country. Indeed, traffic congestion has been a known and worsening problem for the State. The State is striving to address this problem by achieving the goal of doubling transit ridership in Maryland by the year 2020. Specific projects include SmartCard implementation, neighborhood shuttles, the availability of more funding for local and commuter transit systems, capital funds to build or enhance transit maintenance facilities, and funds to subsidize fare reductions.

Maryland Transit Administration

The Baltimore area system consists of bus and rail elements providing intra-city transportation and linking the city to points in suburban counties. By law, 40 percent of bus, light rail, and subway operating expenses must be raised from fares, with the remainder drawn from State and federal sources. Commuter rail must recover 50 percent of its operating expenses from fares. Capital programs are budgeted separately, supported with State transportation revenues and federal sources.

Baltimore Metro Subway: The subway opened in 1983 and is currently operating a 14-station, 14.7-mile line from Owings Mills to The Johns Hopkins Hospital, 7 days a week. In 1996 the system was extended by 1.5 miles from the Charles Center station in downtown Baltimore to the Shot Tower/Market Place area in downtown Baltimore's east side and The Johns Hopkins Hospital, one of the State's largest employers. Ridership in fiscal 2003 is expected to be approximately 14.9 million.



Baltimore Metro Subway

Bus Service: The Maryland Transit Administration operates 58 bus routes (some 24 hours a day), seven days a week with Sunday and holiday schedules, throughout Baltimore City and Baltimore, Anne Arundel, and Howard counties. In addition to its standard operation of bus services, the administration runs a commuter bus program to accommodate expanding growth patterns and changing travel demands. The State subsidizes commuter bus service from Southern Maryland, Columbia, Frederick, Hagerstown, and the Annapolis area to downtown Washington, DC. Additional commuter buses connect Baltimore City with Harford, Howard, Cecil, and Prince George's counties and Kent Island. There will be an estimated 72.5 million passenger trips on the State's bus system and 2 million commuter bus passengers statewide in fiscal 2003.

Several counties operate transit systems, as do Annapolis and Ocean City. These local systems are funded with fare box revenues and State, federal, and local dollars as shown in Exhibit 9.5.

Baltimore Light Rail

Central Corridor Light Rail Line: The system began limited operation in May 1992. Full service began in June 1993 following the completion of the 24-station, 22.5-mile baseline system from Timonium (Baltimore County) to Dorsey Road (Anne Arundel County). An additional line, running from Penn Station to Baltimore-Washington International (BWI) Airport, opened in 1997. The line also was extended to Hunt Valley in 1997, adding 5 more stations. The total system currently spans 30 miles. In 1998 the Hamburg Street station opened for use during football games and other stadium events. The administration began double-tracking the single-tracked portions of the line in 2002 to improve the system's reliability and potentially decrease travel times. The administration expects 8.5 million passengers to ride the light rail in fiscal 2003.

Rail Service: State-funded Maryland Rail Commuter (MARC) rail service consists of three lines covering 201 route miles, which operate in the Baltimore-Washington metropolitan area: the Penn line from Perryville (Cecil County) through Penn Station (Baltimore City) into Union Station (Washington, DC); the Camden line from Camden Station (Baltimore City) into Union Station; and the Brunswick line from

Exhibit 9.5
Major Local Transit Systems and Funding[1]
Fiscal 2001

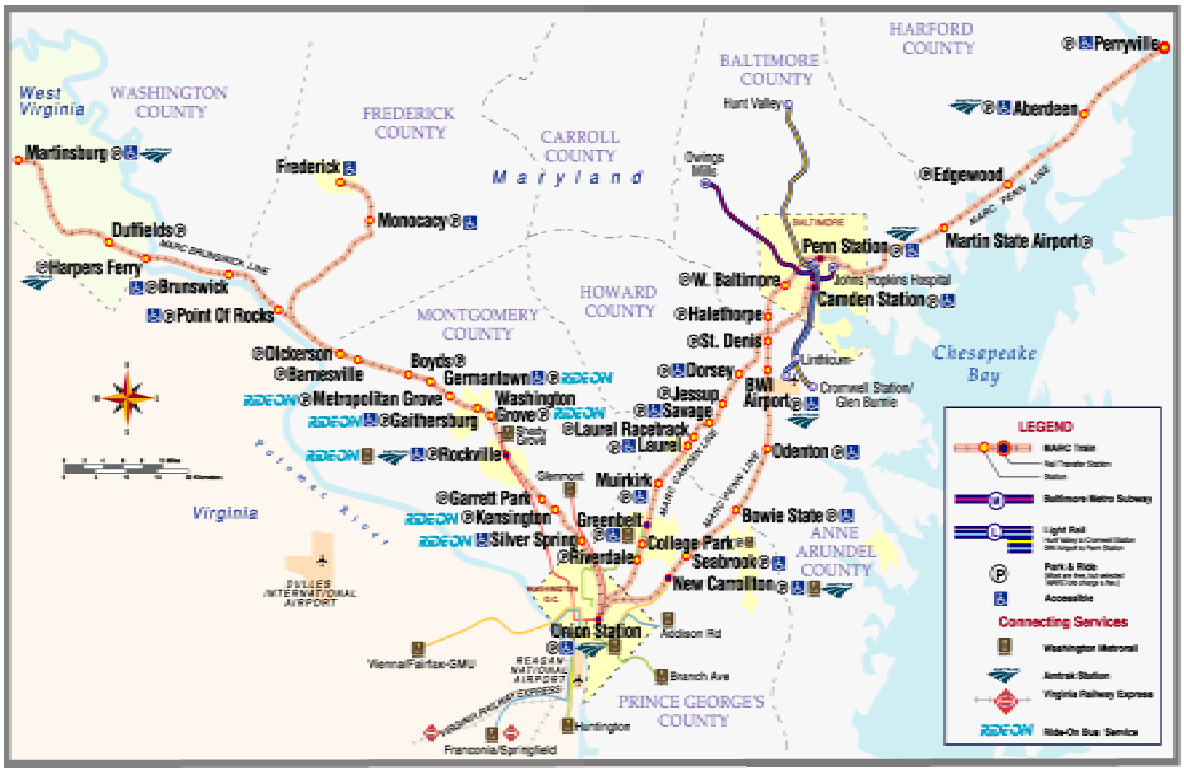
Transit Systems	Local Agency	Service	Local	State	Federal	Farebox
County Systems						
Allegany	Allegany County Transit	FR &D	$ 161,277	$ 346,763	$ 309,590	$ 119,823
Calvert	Office of Transportation	FR & D	24,225	215,235	201,641	51,871
Carroll [2]	Carroll Transit System	D	2,221,455	517,288	-	127,660
Charles [2]	VanGO	FR & D	327,000	751,979	155,000	83,500
Dorchester [2, 3]	Delmarva Community Services	FR & D	-	513,643	-	16,037
Frederick	TransIT	FR & D	583,851	758,605	581,058	374,048
Harford	Dept. of Community Services	FR & D	186,289	150,748	65,411	143,142
Howard	Howard Transit	FR & D	2,300,276	1,571,095	170,824	448,922
Montgomery	Ride On	FR & D	63,962,228	6,053,872	757,797	9,183,733
Prince George's	The Bus	FR & D	3,908,869	8,887,783	78,100	1,186,293
Somerset [4]	Somerset County Transit	FR & D	50,000	420,086	89,615	65,422
Washington	Washington County Commuter	FR	769,221	384,883	697,763	234,785
Worcester [2]	Worcester County Ride	FR	275,304	40,196	-	49,047
	Counties Subtotal		**$ 74,769,994**	**$ 19,860,197**	**$ 3,106,799**	**$ 12,084,283**
Municipal Systems						
Annapolis	Annapolis Transit	FR	1,856,717	693,009	948,480	664,869
Ocean City	Ocean City Transit	FR & D	691,508	5,320,129	268,350	1,418,337
	Municipal Subtotal		**$ 2,548,225**	**$ 6,013,138**	**$ 1,216,830**	**$ 2,083,206**
	Total County and Municipal		**$ 77,318,219**	**$ 25,873,335**	**$ 4,323,629**	**$ 14,167,489**

[1] Figures reflect operating costs and some capital costs. Farebox revenues are a portion of local funding.
Counties and municipalities listed are those with transit systems for the general public.
FR = Fixed route; D = Demand/response.
[2] The Maryland Transit Administration provided a grant combining federal and State funds; therefore, the State fund amounts shown include some federal funds.
[3] Does not receive any local match funds.
[4] Fiscal 2001 was the first year of service. Amounts shown are for the first 7 months of service.

Source: *Local Government Finances in Maryland*, Department of Legislative Services; *Directory of County Officials (2001-2002)*, Maryland Association of Counties

Martinsburg, West Virginia through Point of Rocks and Rockville (Montgomery County) into Union Station. A 13.5-mile spur to the Brunswick line began operating in 2001 with stops in Frederick and Monocacy. Commuter rail service is provided under private contract with Amtrak and CSX. In fiscal 2003 ridership is expected to be approximately 6 million. A map of the MARC system is presented in Exhibit 9.6.

Exhibit 9.6
MARC Rail Service



Washington Metropolitan Area Transit Authority

The Washington Metropolitan Area Transit Authority was established in 1967 through an interstate compact among Maryland, Virginia, and the District of Columbia. The original purpose was construction and operation of a rapid rail transit system for the Washington metropolitan area. In 1973 the Washington Metropolitan Area Transit Authority purchased the assets of four major private bus companies operating in the area.

As shown in Exhibit 9.7, the Metrorail system includes 103 miles of track in Maryland, Virginia, and the District of Columbia. The final 6.3 miles and 15 stations of the original system plan were completed in January 2001. Maryland began construction of a 1.1-mile extension to the Blue Line from the Addison Road Metro Station to Largo Town Center in September 2000, which is anticipated to begin operations in January 2004. Plans for a Purple Line were unveiled in the fall of 2001. The first proposed segment of this circumferential line would operate between New Carrollton and Bethesda.

Exhibit 9.7
Washington Metropolitan Area Transit Authority
Metrorail Transit System

Source: Washington Metropolitan Area Transit Authority, Maryland Department of Transportation

Maryland's overall participation in the Washington Metropolitan transit system consists of the provision of an annual grant to the Washington Metropolitan Area Transit Authority for the construction and operation of the Metrorail and Metrobus systems. Funds for operating the Metrorail system are based on the number of stations, number of passengers, and population in each jurisdiction. Funds for Metrobus operation are based on the number of bus miles and bus hours of operation for each jurisdiction, offset by fare revenues generated by that bus service. For fiscal 2003 Maryland's share of Washington Metropolitan Area Transit Authority operating costs is estimated at $129.7 million.

Funding for Maryland's portion of the Washington Metropolitan Area Transit Authority costs is the sole responsibility of the State. These funds support the operating deficit, including payment of a maximum fare subsidy established by the Washington Metropolitan Area Transit Authority. The State also pays the operating service deficit for eligible bus service. Eligible local bus service is service that replaces comparable Washington Metropolitan Area Transit Authority bus service, or new local bus service added after 1989. In fiscal 2003 the State expects to provide Prince George's and Montgomery counties with $35.2 million to subsidize local bus service.

In fiscal 2000 the State began paying 100 percent of the Washington Metropolitan Area Transit Authority's capital equipment costs and 100 percent of the debt service allocated to Maryland for purposes of retiring the revenue bonds issued to finance portions of the construction of the Metrorail system. Previously, the State funded 100 percent of the cost of Metrorail construction and disabled access enhancement and 75 percent of the remaining portion of capital costs and debt service, while Montgomery and Prince George's counties funded the remaining 25 percent. The revenue bonds will be retired at the end of fiscal 2014.

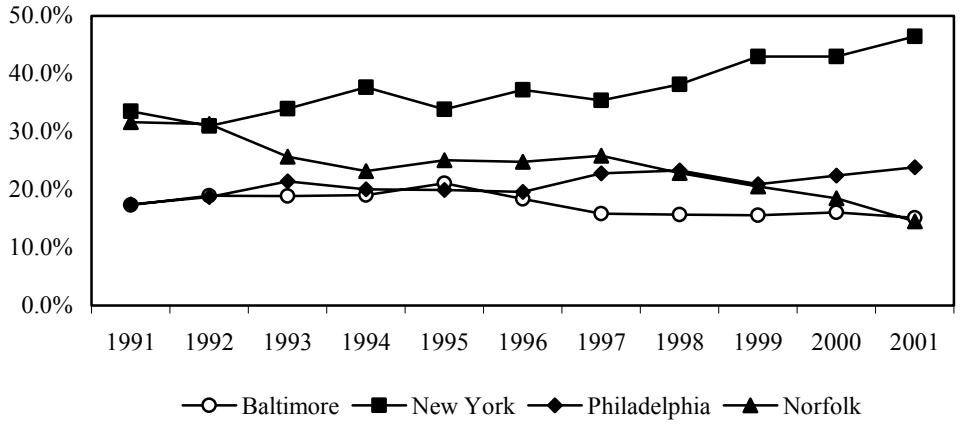
Port

The Maryland Port Administration is responsible for stimulating waterborne commerce through the Port of Baltimore. The administration provides marketing, operations, and maintenance services to expand maritime commerce and promote the use of its facilities. Its principal focus is on the operation of six public facilities at the Port of Baltimore; however, the administration also promotes the use of privately-owned facilities. The most active State facility is the Dundalk Marine Terminal, which currently handles 45 percent of the administration's tonnage. The Seagirt Marine Terminal opened in 1990 and was financed with funds from the Maryland Transportation Authority, which leases the terminal to the administration. The Maryland Port Administration also administers public terminals at North and South Locust Points, Fairfield, and Masonville. Additionally, the administration participates with the U.S. Army Corps of Engineers on

dredging projects that improve major access channels to Baltimore, including the C&D Canal and the Chesapeake Bay.

The principal challenge faced by the entire Port of Baltimore community is to maintain a competitive position relative to other ports along the eastern seaboard. Exhibit 9.8 illustrates the Port's market share compared to New York, Philadelphia, and Norfolk. During the past decade, the Port of Baltimore has followed the national trend of import tonnage movement outpacing export tonnage movement. The Port of Baltimore has a diverse cargo base with total foreign cargo normally ranging between 25 to 30 million tons, and domestic cargo falling between 14 to 15 million tons. While the Maryland Port Administration continues to pursue containerized cargo business, since adopting its 1996 Strategic Plan, the administration also has focused on developing niche cargo business. To date, the administration's efforts have resulted in strong positive growth in automobiles, roll-on/roll-off machinery, paper and wood pulp products, and lumber.

Exhibit 9.8
Maryland Port Administration
Total Foreign Cargo Tonnage Market Share among Competitors
Mid-Atlantic Seaboard
Calendar 1991 through 2001



Source: *Foreign Commerce Statistical Report (for calendar 1992 through 2001)*, Maryland Port Administration

Aviation

The Maryland Aviation Administration is responsible for maintaining and operating the Baltimore-Washington International Airport (BWI) and Martin State Airport, and for fostering, developing, and regulating aviation within the State. The aviation administration also administers noise assistance activities such as voluntary land acquisition, homeowners assistance, and school sound proofing programs, and inspects and licenses public and privately owned public use airports.

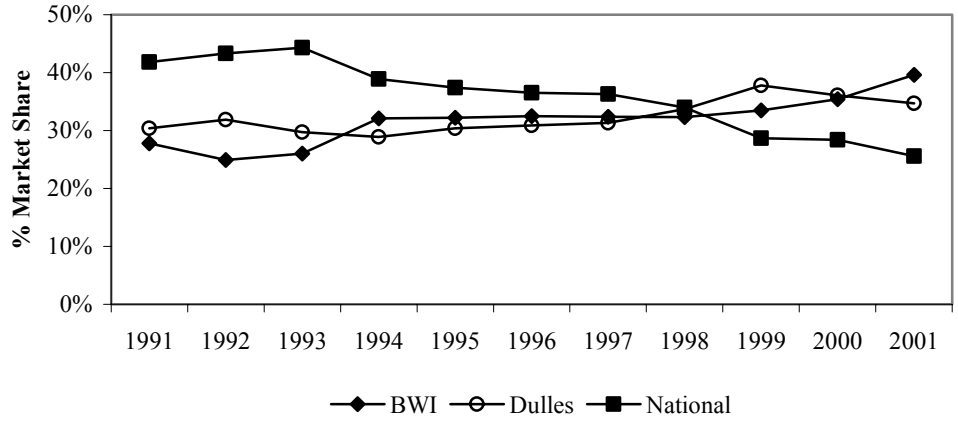
Baltimore-Washington International Airport

BWI was purchased by the State from Baltimore City in 1972 for $36 million. Upon acquisition, the State began a program to modernize the facilities to accommodate modern aircraft and provide for maximum passenger convenience and safety. This program resulted in a rebuilding of the old terminal facility and expansion of existing runways. In August 2000, the administration proposed a $1.3 billion capital expansion program, which focuses on improving parking, terminals, and terminal access. Specific projects included in the expansion program are a consolidated car rental facility, a new concourse F, concourse A expansion, new tenant parking, and an Elm Road surface parking lot and garage.

According to the Federal Aviation Administration, BWI was the nation's sixth fastest growing primary airport in 2000, registering an 11.4 percent increase in revenue passenger enplanements over 1999. Approximately 20.4 million passengers were served at BWI throughout 2001. BWI competes directly with Dulles Airport in Northern Virginia and Ronald Reagan Washington National Airport adjacent to Washington, DC for many of the same commercial passengers. Trends in market share are shown in Exhibit 9.9.

All of BWI's large carriers, with the exception of United, experienced growth from 1998 through 2001. Much of the growth in passenger traffic at BWI can be attributed to the presence of Southwest Airlines, whose passenger traffic at BWI grew 125 percent during the period. Other carriers including America West and American Airlines also experienced significant passenger growth.

Exhibit 9.9
Commercial Passenger Market Share
BWI, Dulles, National Airports
Calendar 1991 through 2001



Source: Maryland Aviation Administration

Glenn L. Martin State Airport

The Glenn L. Martin State Airport was acquired by the State in 1975 at a cost of $5.8 million. It was purchased for the purposes of developing the facility into a major general aviation airport in the Baltimore metropolitan area and relieving the air traffic congestion at BWI. Currently, the airport is utilized by the Air National Guard, the Maryland State Police, the Baltimore County Marine Police, the Baltimore City Police Helicopter Unit, and private aircraft owners.

Local Airports

Local governments own and operate 18 airports that are open to the public. Carroll, Garrett, Queen Anne's, St. Mary's, Talbot, and Washington counties all own and operate airports, usually by contract with a private party. The municipalities of Frederick and Ocean City also own and operate airports. The City of Cambridge and Dorchester County, the City of Crisfield and Somerset County, and the City of Salisbury and Wicomico County cooperate in the ownership and operation of airports. The Montgomery County Revenue Authority owns and operates an airport in that county, and

the Maryland-National Capital Park and Planning Commission owns and operates an airport in Prince George's County. The City of Cumberland and Allegany County participate with several West Virginia local governments in an authority that owns and operates the Greater Cumberland Regional Airport located in Mineral County, West Virginia.

Regional Air Service

In total, Maryland has 142 airports, including the Greater Cumberland Regional Airport located in Mineral County, West Virginia. Of these airports, 3 are licensed by the Federal Aviation Administration as commercial service airports (Baltimore-Washington International, Washington County Regional, and Salisbury-Wicomico County Regional), and 35 are licensed by the Maryland Aviation Administration as public use airports.

Chapter 325, Acts of 2000 required the Maryland Aviation Administration to implement a regional air service development program to provide air service from BWI to underserved areas of the State. On December 28, 2001, Boston-Maine Airways (doing business as Pan Am) began air service from BWI to Hagerstown and Cumberland. Air service includes three stops at each airport each day, Monday through Friday, and two flights per day on Saturday and Sunday. The number of passengers that used the service in a two-week period rose from 260 passengers from December 28, 2001, through January 10, 2002, to 394 passengers from January 25, 2002, through February 7, 2002. The fiscal 2003 State budget includes $2 million to subsidize the costs of air service by Boston-Maine. The regional air service development program is a pilot program and is scheduled to sunset on June 30, 2003.

Maryland Transportation Authority

The Maryland Transportation Authority operates and maintains Maryland's toll facilities. Currently this includes four toll bridges, the Harbor Tunnel Thruway, the Fort McHenry Tunnel, and the John F. Kennedy Memorial Highway. The authority has been granted the power to issue revenue bonds to finance the cost of projects associated with toll facilities, vehicle parking facilities in priority funding areas, and any other transportation facility. In addition, the Maryland Transportation Authority police force is responsible for security and law enforcement services at the authority's toll facilities and for law enforcement services at Baltimore-Washington International Airport and Department of Transportation operated facilities at the Port of Baltimore.

The Maryland Transportation Authority consists of six members appointed by the Governor, and the Secretary of Transportation chairs the authority. Day-to-day operations are directed by an administrator who serves at the pleasure of the members of the authority.

Funding

The Transportation Trust Fund is the State's principal transportation funding mechanism. The trust fund is credited with taxes, fees, charges, bond proceeds, federal grants, and other receipts of the Maryland Department of Transportation. All expenditures of the Maryland Department of Transportation are made from the trust fund. Unexpended funds remaining in the trust fund at the close of each fiscal year are retained in the fund. However, in exceptional circumstances, balances in the trust fund have been diverted through legislation to general fund purposes.

The Maryland Department of Transportation may issue 15-year Consolidated Transportation bonds which are payable only from the Transportation Trust Fund and are not backed by the full faith and credit of the State. The limit on maximum debt outstanding for these bonds was increased from $1.2 to $1.5 billion during the 2002 session, in order to continue funding the mass transit initiative, as well as the Woodrow Wilson Bridge and Blue Line Metrorail Extension projects, which originally had general fund support.

The department also has limited authority to issue certificates of participation. The outstanding debt resulting from these instruments may not exceed $76,255,000 as of June 30, 2003. Certificates differ from traditional bonds in that the investors are entitled to a share of future lease revenue of the facility to be built, rather than having the revenue secure the debt instrument. The department is using certificates to finance a traffic facility, the purchase of office buildings, and certain BWI expansion projects. Legislation adopted during the 2002 session also allows the department to participate in the federal Grant Anticipation Revenue Vehicle Bonds and the federal Transportation Infrastructure Finance and Innovation Act programs to fund transportation projects. The former program permits the department to pledge anticipated federal funds to secure the issued bonds, while the latter program makes use of federally backed loans, loan guarantees, and lines of credit.

In addition to the State program, the department serves as a funding conduit for local government transportation programs through the Gasoline and Motor Vehicle Revenue Account, commonly known as the highway user fund. The highway user fund is credited with portions of fuel, titling, and corporate taxes and is split 70 percent to the department and 30 percent to the counties and Baltimore City. Of the 30 percent distribution, Baltimore City is entitled to the greater of $157,500,000 or 11.5 percent of total highway user revenues. The city will also receive 11.5 percent of any increase in the local share. The remainder is apportioned to the 23 counties and then shared with municipal corporations within each county. Distributions to the local jurisdictions are

based on their proportions of motor vehicle registrations and county road miles. Exhibit 9.10 details the fiscal 2001 highway user distribution.

Exhibit 9.10
State Highway Administration
Distribution of Highway User Revenues
Fiscal 2001

County	Total	County	Municipal
Allegany	$ 6,335,794	$ 4,156,208	$ 2,179,586
Anne Arundel	25,255,367	23,650,282	1,605,085
Baltimore City [1]	173,285,644	173,285,644	-
Baltimore	35,568,343	35,568,343	-
Calvert	4,848,854	4,413,947	434,907
Caroline	4,127,898	3,396,003	731,895
Carroll	11,194,826	9,215,907	1,978,919
Cecil	6,330,900	5,128,178	1,202,722
Charles	7,596,646	7,053,872	542,774
Dorchester	4,723,207	3,531,260	1,191,947
Frederick	14,495,312	10,942,609	3,552,703
Garrett	5,355,305	4,404,544	950,761
Harford	12,966,347	11,341,888	1,624,459
Howard	12,809,698	12,809,698	-
Kent	2,380,147	1,865,519	514,628
Montgomery	36,681,873	31,345,246	5,336,627
Prince George's	31,547,330	23,974,516	7,572,814
Queen Anne's	4,610,402	4,250,856	359,546
St. Mary's	5,911,972	5,812,869	99,103
Somerset	2,820,765	2,448,952	371,813
Talbot	3,715,310	2,750,722	964,588
Washington	9,703,811	7,229,836	2,473,975
Wicomico	7,498,146	5,906,853	1,591,293
Worcester	5,567,793	4,121,891	1,445,902
Total	**$ 435,331,690**	**$ 398,605,643**	**$ 36,726,047**

[1] The city is entitled to the greater of 11.5 percent of total highway user revenues or $157.5 million plus 11.5 percent of any increase in the local share.

Source: State Highway Administration

All revenues generated by the Maryland Transportation Authority are expended only for the operating and capital expenses of the authority unless specific action is taken by the authority's members and the Board of Public Works to transfer funds. The revenues and expenditures of the authority are governed by a trust agreement with its bondholders. The authority's budget, as governed by its trust agreement, may not be altered by the Governor or by the legislature. The authority's revenues are not part of the Transportation Trust Fund; however, occasionally authority resources are used for projects funded from the trust fund. A recent example of the transfer of authority funds to the Transportation Trust Fund is the $43 million allocated in fiscal 2002 for mass transit initiatives. Through fiscal 2007 proposed transfers for mass transit total $258 million.

As shown in Exhibit 9.11, the funding of transportation services in Maryland reflects the State's central role. In fiscal 2001 the State contributed approximately 70 percent of the transportation funds, while the local and federal shares accounted for 9 and 21 percent, respectively.

Exhibit 9.11
Transportation Expenditures and Funding[1] – Fiscal 2001
($ in Thousands)

Service	County	Municipal	State	Federal	Total
Roads [2]	**$ 99,324**	**$ 48,617**	**$ 1,219,055**	**$ 472,648**	**$ 1,839,644**
Parking	**27,468**	**9,083**	**-**	**-**	**36,551**
Motor Vehicles	**-**	**-**	**151,967**	**899**	**152,866**
Aviation	**4,087**	**599**	**170,104**	**10,909**	**185,699**
State Airports	-	-	168,307	3,413	171,720
County/Municipal Airports	4,087	599	1,797	7,496	13,979
Port	**-**	**-**	**143,529**	**-**	**143,529**
Transit	**73,333**	**1,027**	**560,404**	**209,506**	**844,270**
Maryland Transit/ Other	-	-	355,016	117,587	472,603
WMATA [3]	-	-	181,096	87,871	268,967
Local Transit Systems	73,333	1,027	24,292	4,048	102,700
Administration/ Other	**40,613**	**4,595**	**84,293**	**5,657**	**135,158**
Total	**$ 244,825**	**$ 63,921**	**$ 2,329,351**	**$ 699,620**	**$ 3,337,718**

[1] Figures include operating and capital funds.

[2] State funds for roads include toll revenue collected by the Maryland Transportation Authority and debt service payments by the Maryland Department of Transportation.

[3] Figures shown for the Washington Area Metropolitan Transit Authority (WMATA) are those funds that the State provides or authorizes on behalf of Maryland only.

Source: *Vol I — Fiscal 2002 State Budget Book*, *Vol I — Fiscal 2003 State Budget Book*, Department of Budget and Management; *Local Government Finances in Maryland*, Department of Legislative Services; Maryland Department of Transportation

Chapter 10. Health Services

Maryland's public health system encompasses programs that finance health insurance for the indigent; regulates the health care industry; serves the developmentally disabled and mentally ill in community and institutional settings; and promotes public health through screening and testing, preventive care, and the treatment of chronic conditions. Services are delivered through a State/local partnership and funded with a mixture of federal, State, and local dollars.

Responsibility for the delivery of services varies by program with local entities taking the lead in the delivery and coordination of mental health and public health services (ranging from maternal health to drug abuse treatment programs to AIDS counseling) while the State sets policy, regulates health care providers, monitors and evaluates programs, operates institutions for the developmentally disabled and the mentally ill, and supports a variety of community-based programs and services. Comprehensive health care programs are administered by the federal government (Medicare) and the State (Medicaid, Maryland Children's Health Program, and Maryland Pharmacy Assistance Program) with local involvement limited to assisting with the eligibility determination process.

Federal funds account for the majority of Maryland's public health care expenditures. The largest portion of the federal dollars are payments to providers who serve individuals enrolled in Medicare, the federally financed and administered health insurance program for the aged. State support for public health services is provided through: (1) appropriations to State-operated programs; (2) funding for targeted public health programs at local health departments; and (3) grant funding for community-based services provided by local health departments, other public agencies, and private providers. Local governments also provide support for local public health services through matches required to access certain State funds and additional funds that they choose to budget based on local priorities.

Structure

Through eight programmatic administrations, two commissions, the Office of the Chief Medical Examiner, and numerous boards, the State's Department of Health and Mental Hygiene regulates Maryland's health care system, coordinates the delivery of public health services, and acts as a direct service provider. Oversight of the various

health professions is undertaken by the department's boards while the Office of Health Care Quality ensures the safety of hospitals and related institutions. The department's two commissions (Maryland Health Care Commission and Health Services Cost Review Commission) regulate hospital rates, develop plans to address the State's current and long-term health care needs, and develop a comprehensive standard health benefit plan applicable to the small group insurance market.

The Department of Health and Mental Hygiene's eight program administrations (Mental Hygiene, Developmental Disabilities, Alcohol and Drug Abuse, Medical Care Programs, Community Health, Family Health, AIDS, and Laboratories) seek to ensure comprehensive health care coverage for the indigent and in-patient, out-patient, and community-based services for persons with chronic physical or mental illnesses, developmental disabilities, or addictions. The department assumes complete responsibility for services provided through State mental health facilities, State residential treatment centers for the developmentally disabled, and chronic disease centers. Community-based organizations, the Department of Health and Mental Hygiene, and local government entities share responsibility for the delivery of the remainder of Maryland's public health services.

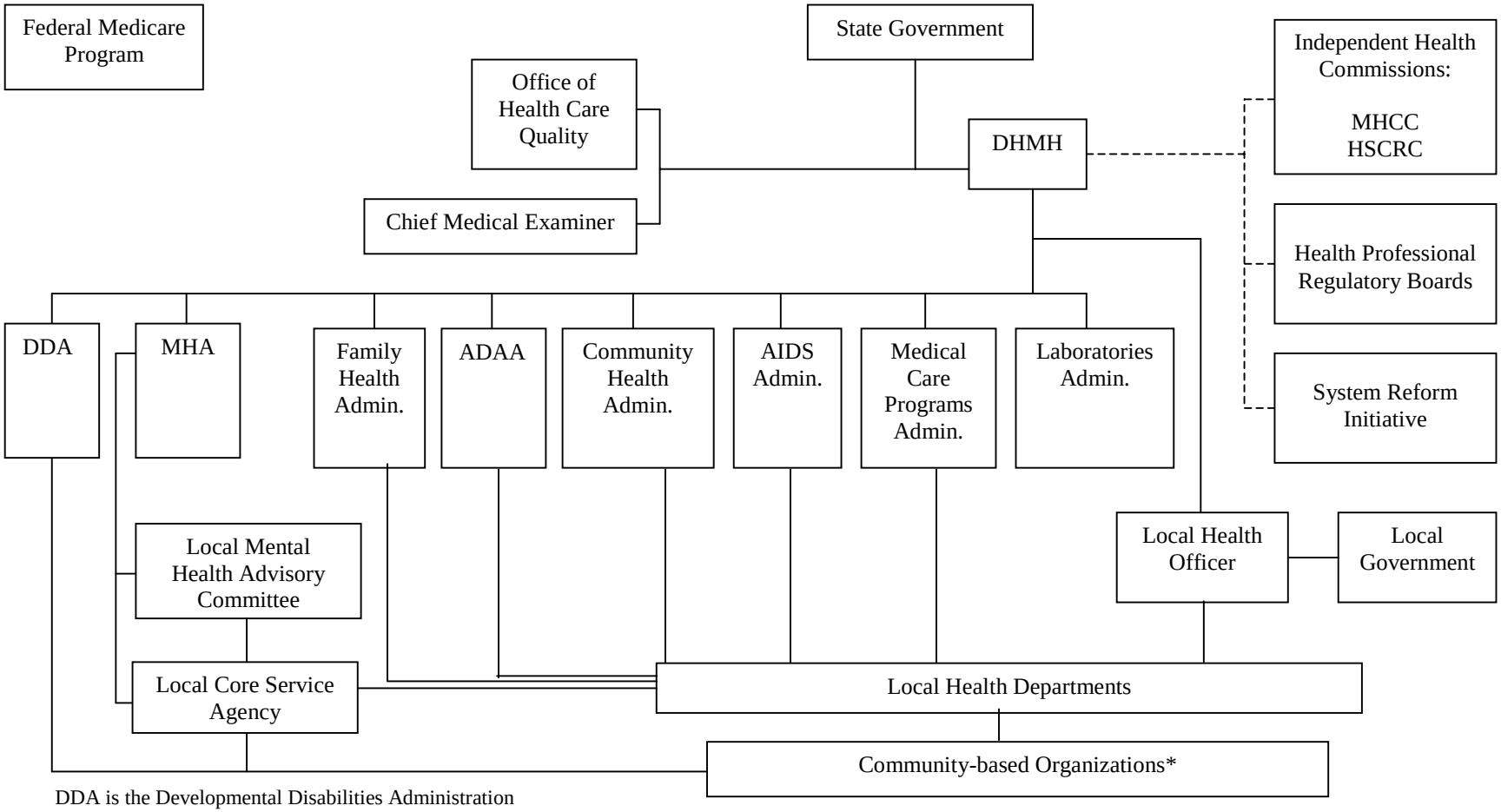
At the local level, the delivery of services is coordinated by local health boards with implementation undertaken by local health departments and core service agencies. A graphic depiction of Maryland's health services delivery system is presented in Exhibit 10.1 while a detailed description of the local role is provided below.

Local Health Boards/Health Officers

Title 3 of the Health-General Article provides that a local board of health must be established by each county governing body. The local board of health, which by law may be the local governing body itself, is charged with setting and implementing health policy on the local level. A local health officer, who is nominated by each county and appointed by the Secretary of Health and Mental Hygiene, serves as the executive director of the board, appoints the staff of the local health department, and enforces policies adopted by the Secretary and the local jurisdiction.

Local health officers are considered State employees with the exception of the health officer of Baltimore City, who is a city employee. The salaries of the health officers are funded with a mixture of State (through grant funding) and local dollars. The officers report to both the local governing body and the Secretary of Health and Mental Hygiene.

Exhibit 10.1
Structure of Health Delivery System

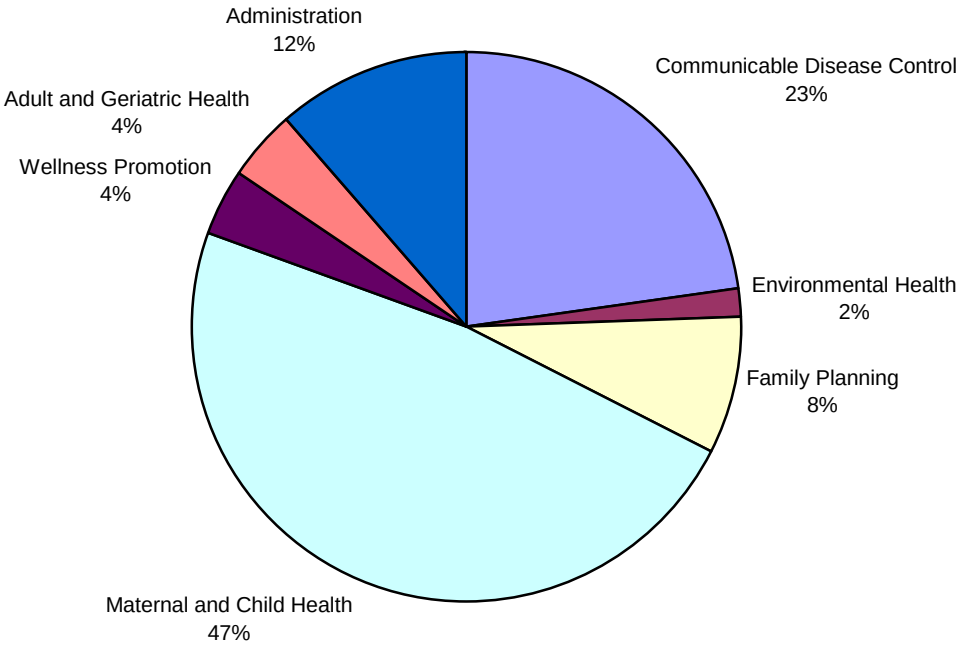


DDA is the Developmental Disabilities Administration
MHA is the Mental Hygiene Administration
ADAA is the Alcohol and Drug Abuse Administration
MHCC is the Maryland Health Care Commission
HSCRC is the Health Services Cost Review Commission
*Most of the DHMH administrations contract with community-based organizations.
Source: Department of Legislative Services

Local Health Departments

Local health departments in each county and Baltimore City function as the local health agency with primary responsibility for assessment, policy development, and assurance of public health in each jurisdiction. Services provided by local health departments reach both individuals and the community as a whole. Core local health services are broadly divided into the six service areas described below. The fiscal 2000 funding distribution for core local health services is detailed in Exhibit 10.2.

Exhibit 10.2
Core Funding Fiscal 2000



Source: Department of Health and Mental Hygiene

- ***Communicable Disease Control*** – includes programs to prevent and control the spread of the Human Immunodeficiency Virus as well as other sexually

transmitted diseases, tuberculosis-control programs, and childhood vaccination programs;

- ***Environmental Health*** – works in conjunction with the Maryland Department of the Environment to increase awareness of environmental hazards, examples of which include carbon monoxide, ozone, and indoor molds;

- ***Family Planning*** – provides planning and reproductive health services, including pregnancy prevention and female reproductive health screening;

- ***Maternal and Child Health*** – provides case management for medically vulnerable children, administers pre-school vaccination programs, and provides school-based programming in conjunction with the Maryland State Department of Education, as well as abstinence education and lead poisoning prevention and control;

- ***Wellness Promotion*** – promotes healthy lifestyles and physical activity; and

- ***Adult and Geriatric Health*** – coordinates programs to reduce death and disability due to chronic disease.

Staff at the local health departments may be considered State or county employees, at the option of home rule subdivisions. In non-home rule subdivisions, the employees are in the State merit system and are paid through the State's Central Payroll Bureau. Health department employees in Baltimore City and Baltimore, Montgomery, and Prince George's counties, in contrast, are employees of the local jurisdiction. Whether locally- or State-employed, staff in the local health departments are paid with a mixture of federal and State grant funds, local dollars, and fee collections. Other local health department expenses are also financed with a combination of State, federal, and local funds. Local dollars account for approximately 26 percent of local health department spending.

Core Service Agencies

Legislation enacted in 1991 allows local jurisdictions to apply to the Department of Health and Mental Hygiene's Mental Hygiene Administration to establish core service agencies. The intent of the legislation is to decentralize the governance of mental health services from the Mental Hygiene Administration to the core service agencies and to develop and expand the array of services available in local areas to more effectively address the individual needs of those with psychiatric disabilities.

Core service agencies, which are agents of local government, are responsible for planning, coordinating, and monitoring publicly-funded mental health services. Some core service agencies act as direct service providers. There are currently 20 core service agencies. A complete listing of core service agencies by location, type, and date of creation is provided in Exhibit 10.3.

Exhibit 10.3
Core Service Agencies
2002

Location	Type	Year Established
Allegany County	Health Department	1991
Anne Arundel County	Private, Nonprofit	1994
Baltimore City	Private, Nonprofit	1987
Baltimore County	Health Department	1990
Calvert County	Health Department	1993
Carroll County	Health Department	1998
Cecil County	Health Department	1991
Charles County	County Government	1994
Frederick County	Private, Nonprofit	1996
Garrett County	Private, Nonprofit	1997
Harford County	Private, Nonprofit	1997
Howard County	Quasi-Public Authority	1997
Mid-Shore*	Private, Nonprofit	1993
Montgomery County	Health Department	1992
Prince George's County	County Government	1992
St. Mary's County	Private, Nonprofit	1995
Somerset County	Health Department	1997
Washington County	Private, Nonprofit	1990
Wicomico County	Health Department	2000
Worcester County	Health Department	1999

*Serving Caroline, Dorchester, Kent, Queen Anne's, and Talbot counties.

Source: Department of Health and Mental Hygiene

State and County Mental Health Advisory Committees

State law establishes mental health advisory boards at both the State and local levels. The Maryland Advisory Council on Mental Hygiene is charged with advising the Department of Health and Mental Hygiene on mental health issues and advocating for a comprehensive, broad-based approach. Members are appointed by the Governor.

Mental health advisory committees in each county and Baltimore City serve in an advisory capacity to local governments and the core service agencies. Voting members vary by jurisdiction but generally include representatives of local government, mental health professionals, State officials, recipients of mental health benefits, parents of children or adults with mental disorders, and members of the general public.

Services

Health Insurance

The State and the federal government fund and operate a variety of programs that provide the uninsured or under-insured with health care coverage.

Medicare

A federally funded and administered program, Medicare provides hospital in-patient and out-patient, home health, and physician coverage for certain disabled individuals and the elderly. In calendar 2000, program expenditures exceeded $4.2 billion.

Medicaid

Roughly 9 percent of Maryland residents receive their comprehensive health insurance through the Medicaid program. Authorized under Title XIX of the Social Security Act, Medicaid is a federal entitlement program.

Eligibility for Medicaid is restricted to low-income individuals who fall into one of three categories: elderly, disabled, or families with children. Recipients of Temporary Cash Assistance (TCA) or federal Supplemental Security Income (SSI) benefits automatically qualify for Medicaid while other individuals qualify based on their income or due to an inability to pay extraordinary medical bills resulting from a catastrophic illness or extended nursing home stay.

Services covered by Medicaid include hospital, pharmacy, physician, nursing home, personal care, home health, substance abuse treatment, family planning, and mental health. With the exception of the rates for in-patient hospital services that are established by the Health Services Cost Review Commission, Medicaid has traditionally set reimbursement rates and paid participating providers on a fee-for-service basis. In an effort to improve the quality of care and reduce the rate of growth in program costs, the State reformed its Medicaid service delivery system in fiscal 1998 by initiating a mandatory managed care program called HealthChoice.

Three-quarters of Maryland's Medicaid recipients are required to participate in HealthChoice with the remainder continuing to receive their care on a fee-for-service basis. Groups excluded from HealthChoice participation include institutionalized individuals and people qualifying for both Medicaid and Medicare. Under HealthChoice, participating managed care organizations (HMOs and provider organizations acting in a manner similar to HMOs) are paid a capitated monthly fee for each Medicaid patient they enroll and are then responsible for meeting all of the individual's medical needs with the exception of services carved out of the managed care program. Carve-outs such as mental health and medical day care are paid for on a fee-for-service basis by the State.

Medicaid costs are split evenly by the State and the federal government. The State is responsible for administering the program. Local departments of social services have primary responsibility for determining eligibility, while the remainder of the program's administrative functions are handled by the Department of Health and Mental Hygiene's Medical Care Programs Administration. In fiscal 2003, Medicaid will spend approximately $3.3 billion to provide coverage to 470,000 people per month.

Maryland Children's Health Program

Established by Chapter 110 of 1998 and expanded by Chapter 16 of 2000, the program extends Medicaid coverage to children up to the age of 19 with family incomes at or below 300 percent of the federal poverty level and pregnant women with incomes at or below 250 percent of the poverty level. An estimated 116,463 children and 800 women will participate in the program during fiscal 2003.

Maryland Primary Care Program

This State-funded program, administered by the Family Health Administration, provides funding for ambulatory health care services to low-income adults. Enrollment in the Maryland Primary Care Program is open to any participant in the Maryland Pharmacy Assistance Program aged 19 to 64 with a chronic medical condition and

without access to other health care coverage. Fiscal 2003 program funding totals $9.1 million, which is expected to serve approximately 8,000 program participants.

Maryland Pharmacy Assistance Program

The Maryland Pharmacy Assistance Program purchases drugs for income-eligible adults who do not qualify for Medicaid. A $5 co-payment is required for each prescription and refill. An estimated 44,500 individuals per month will participate in the program in fiscal 2003. In July 2002 the federal government agreed to fund 50 percent of the program. Previously the program was supported entirely by State funds. The availability of federal dollars will permit the expansion of the program's formulary to the same drugs covered by Medicaid.

Senior Prescription Drug Program

Previously named the Short-Term Prescription Drug Subsidy Plan, the program was established in fiscal 2001 to provide assistance to low-income Medicare beneficiaries who live in medically under-served counties. The program was extended to Medicare beneficiaries throughout the State in fiscal 2002. The program, which must be administered by a nonprofit health service plan that issues comprehensive health care benefits in Maryland, provides Medicare beneficiaries with incomes at or below 300 percent of poverty with a $1,000 annual prescription drug benefit. Participation is capped at 30,000. Co-payments and a monthly premium of $10 are required from enrollees. Program funding is provided by health plans that receive a discount on their hospital bills because they offer insurance coverage to the medically uninsurable. Beginning in fiscal 2004, hospital assessments equal to the discount previously offered to the health plans will finance the program.

Maryland Pharmacy Discount Program

In July 2002, the State entered into a partnership with the federal government to jointly subsidize the purchase of prescription drugs by Medicare beneficiaries with incomes above 116 percent but at or below 175 percent of the poverty level. Under the program, eligible Medicare beneficiaries will be able to purchase Medicaid formulary drugs at 65 percent of the already-discounted Medicaid price with the State paying the remaining 35 percent. Approximately 44,000 individuals are expected to enroll in the program which will cost the State about $8 million.

Maryland Medbank

This program assists low-income individuals who lack prescription drug coverage by helping them access prescription drugs through patient assistance programs offered by the drug manufacturers. Patient assistance programs provide free or reduced price drugs to indigent individuals.

In addition to the programs discussed above, the State funds services for 2,150 kidney disease patients per month and collaborates with the federal government to provide five years of family planning coverage to women who lose Medicaid eligibility after their pregnancies.

Mental Health

The State's Mental Hygiene Administration coordinates the provision of institutional and community-based treatment for the mentally ill. Mental health care is provided through a system of community-based programs (both fee-for-service and grants and contracts) and public and private psychiatric hospitals with a goal of service delivery in the least restrictive setting.

In the past, public psychiatric care in Maryland was provided almost exclusively by State mental hospitals. The trend over the last two decades has been to expand community services and downsize institutions. The average daily population in State institutions declined about 45 percent since fiscal 1985. Currently, the Mental Hygiene Administration operates State psychiatric hospital centers serving 1,395 clients with a fiscal 2003 budget of $260 million. These facilities include seven State hospitals, one forensic hospital for the criminally insane, and three residential treatment centers for children and adolescents. A detailed description of the facilities is provided in Exhibit 10.4.

The Mental Hygiene Administration's role in the community-based system is to oversee expenditures in the fee-for-service public mental health system, monitor the delivery of services, develop long-range plans and policies, and administer grants and contracts for the delivery of services that are excluded from the fee-for-service system, primarily through core service agencies. An administrative services organization is retained to assist with oversight of the fee-for-service mental health system. Responsibilities of the administrative services organization include processing claims, screening provider networks, verifying eligibility of recipients, authorizing services, performing utilization reviews, and establishing and maintaining a management information database. The fiscal 2003 Mental Hygiene Administration budget contains $447 million to provide services to more than 82,000 people in the community.

Exhibit 10.4
Mental Hygiene Administration Facility Overview – Fiscal 2003

Facility & Location	Type of Population	Catchment Area	Average Daily Population
Crownsville	Adolescent Adult Aged Domiciliary Care	Anne Arundel Calvert Charles Prince George's St. Mary's	200
Eastern Shore (Cambridge)	Adult	Dorchester Talbot Somerset Wicomico Worcester	78
Springfield (Sykesville)	Adult Acute and Chronic Aged Domiciliary Care	Carroll Howard Montgomery	325
Spring Grove & MD Psych. Research Center (Catonsville)	Acute Adult Chronic Adult Treatment Resistant Schizophrenics	Baltimore County Harford	300
Carter Baltimore	Acute Adult Chronic Adult	Baltimore City	49
Finan Cumberland	Adolescent Adult Acute & Chronic & Aged	Frederick Washington Allegany Garrett	80
C. T. Perkins Jessup	Adult Forensic	Statewide	210
Upper Shore Chestertown	Acute Adult	Kent, Queen Anne's Caroline, Cecil	37
RICA Baltimore Catonsville	Severely emotionally disturbed children and adolescents	Central MD Eastern Shore Western MD	43
RICA Mont. Rockville	Severely emotionally disturbed children and adolescents	Montgomery, Frederick, Upper Prince George's, Carroll Howard, Washington	74
RICA III Southern MD Cheltenham	Severely emotionally disturbed children and adolescents	Southern MD Prince George's	32

RICA = Residential Institution for Children and Adolescents
Source: Department of Health and Mental Hygiene

Developmental Disabilities

A developmental disability is a severe chronic disability attributable to a mental or physical impairment or both, manifested before age 22, which results in substantial functional limitations in major life activities and which is likely to continue indefinitely. Examples of developmental disabilities are mental retardation, cerebral palsy, multiple sclerosis, and autism. The Department of Health and Mental Hygiene's Developmental Disabilities Administration is responsible for planning, developing, and directing a statewide system of services for the developmentally disabled and their families. Services for the developmentally disabled are provided by the Developmental Disabilities Administration in community settings and institutions.

The primary goals of the administration are deinstitutionalization and the development of community services and programs. The Developmental Disabilities Administration has made great progress in achieving its goals, reducing the number of institutionalized patients from 1,927 in fiscal 1985 to 508 in fiscal 2001 and increasing the number of community residential placements over the same period from 1,300 to 4,407.

The Developmental Disabilities Administration currently operates four State residential centers, five fewer than in fiscal 1985, which are expected to serve 422 patients per day in fiscal 2003 at a cost of $67 million. A brief overview of each facility is presented in Exhibit 10.5. Community-based services funded by the administration include residential placements, day programs where disabled individuals learn and maintain daily living skills such as eating, dressing, and cooking; individual and family support services that provide specialized equipment; and supported employment. An estimated 21,163 clients will receive community services during fiscal 2003 at a cost of almost $453 million.

Exhibit 10.5
Developmental Disabilities Administration Facility Overview
Fiscal 2003

Facility and Location	Type of Population Served	Catchment Area	Average Daily Population	Cost Per Client Served
Brandenburg (Cumberland)	Severely or profoundly retarded adults and children	Allegany Garrett	29	$148,214
Potomac (Hagerstown)	Severely or profoundly retarded adults	Western Maryland	68	$135,469
Rosewood (Owings Mills)	Severely or profoundly retarded adults and children	Central Maryland	212	$174,941
Holly (Salisbury)	Severely or profoundly retarded adults and children	Eastern Shore	113	$146,466

Source: Department of Health and Mental Hygiene

Two initiatives have significantly expanded the resources allocated to the Developmental Disabilities Administration in recent years.

Waiting List Initiative: The initiative, designed to reduce the waiting list for community services, will have served 5,977 individuals by the end of its fifth and final year, fiscal 2003. The initiative has increased the budget for the Developmental Disabilities Administration by an average of $32 million annually since its inception in fiscal 1999; the cumulative cost of the initiative is $481 million.

The administration now serves more than 20,000 individuals through a variety of community programs; however, the expansion has not been great enough to meet demand. Since the beginning of the Waiting List Initiative, the administration has received annually 2,500 applications for community services. As of July 1, 2001, 8,000 individuals were still waiting for one or more community services. By the end of fiscal 2003, everyone on the waiting list as of January 1998 will be receiving at least one service, though services will not be available to many of the 4,800 individuals added to the waiting list since that time.

Wage Initiative: Concern that direct-support workers employed by community providers were not being compensated at the same rate as employees in State residential centers led to an initiative to eliminate the wage disparity. Chapter 109 and 110 of 2001

require the Department of Health and Mental Hygiene to increase rates of reimbursement for community service providers to eliminate the wage disparity over a five-year period. The legislation further requires all increases in rates of reimbursement be used to directly increase compensation for community direct service workers. In its first year, fiscal 2003, the initiative will cost $16 million.

AIDS

Established in 1987, the Department of Health and Mental Hygiene's Acquired Immune Deficiency Syndrome (AIDS) Administration educates the public and health care officials about AIDS and Human Immunodeficiency Virus (HIV), monitors the disease in Maryland, and provides services for persons with AIDS or infected with HIV. The administration's largest program activity is the Maryland AIDS Drug Assistance Program which supports prescription drug expenditures for persons with HIV/AIDS. The administration consults and coordinates its work with the 24 local health departments. Each local health department has counseling and testing sites where free tests and consultations are available. The administration also funds clinical activities for the diagnosis and evaluation of patients with HIV.

Alcohol and Drug Abuse

The Alcohol and Drug Abuse Administration develops, manages, and coordinates a comprehensive system of substance abuse prevention and treatment. The administration funds community-based programs in local health departments as well as through private, non-profit grantees. These programs include primary and emergency care, intermediate care facilities, halfway houses, long-term care programs, out-patient care, and prevention programs. During fiscal 2001 more than 24,000 people participated in out-patient treatment programs, nearly 6,000 individuals entered residential programs, more than 700 people resided in halfway houses, and more than 8,000 individuals received methadone maintenance.

As a result of several recent initiatives and the dedication of Cigarette Restitution Funds to substance abuse treatment, the State has been able to expand service to previously underserved populations. The Substance Abuse Treatment Outcomes Partnership, established in 2000, makes grants available to jurisdictions that provide matching local funds for treatment. The Integration of Child Welfare and Substance Abuse Treatment Services Act provides funds to train child welfare professionals in identifying family members in need of treatment and makes funds available for their rehabilitation. Funds are also made available for regions with the greatest need. These initiatives and the dedication of $18.5 million in Cigarette Restitution Funds to substance abuse treatment have nearly doubled the administration's budget since fiscal 2000.

Commissions

Prior to 1999, the Department of Health and Mental Hygiene oversaw the work of three health care regulatory commissions: the Health Care Access and Cost Commission, the Health Resources Planning Commission, and the Health Services Cost Review Commission. Legislation enacted in 1999 abolished the Health Resources Planning Commission and transferred its functions and funding to the Health Care Access and Cost Commission, which in turn was renamed the Maryland Health Care Commission. The commissions are responsible for regulating Maryland hospital rates, evaluating the performance of health care providers, and ensuring access to health care services.

Health Services Cost Review Commission

The cost review commission is an independent body, established in 1971, responsible for establishing rates for hospital services throughout Maryland. In reviewing rates, the commission is charged with assuring that each hospital's costs and rates are reasonably related to services offered and that the rates are equitable. Rates established by the commission are binding on all payors, including Medicare and Medicaid, preventing hospitals from cost shifting among categories of payors. Medicare and Medicaid participate in the all-payor system through a federal waiver. Retention of the waiver is contingent on the commission's ability to hold the rate of increase in Medicare payments per admission at or below national levels.

Maryland Health Care Commission

The commission is responsible for making timely and accurate information available to the public on the availability, cost, and quality of health care services statewide. The commission manages the Certificate of Need process and the State health plan, as well as guarantees small business access to health insurance coverage through the development of a comprehensive standard health benefit plan for the small group health insurance market. In addition, the commission maintains quality and performance measures for nursing homes, ambulatory surgical facilities, hospitals, and managed behavioral health care organizations and makes health services performance data available to the public.

Office of Health Care Quality

The Department of Health and Mental Hygiene's Office of Health Care Quality, formerly known as the licensing and certification unit, inspects hospitals and related institutions to determine their compliance with State standards for safety and sanitation.

The office also conducts certification reviews for facilities participating in the Medicare and Medicaid programs.

Maryland Health Care Foundation

Legislation enacted in 1997 established the Maryland Health Care Foundation to solicit and receive monies and in-kind contributions to support programs that expand the availability of health care services for uninsured Marylanders. Additional guidance was provided in 1998 legislation that directed the foundation to develop and seek funding for programs which expand the availability of health insurance coverage to low income uninsured children and utilize the private health insurance market to provide the coverage.

Regulation of Health Professions

Twenty boards and commissions share responsibility for regulating the various health professions in Maryland. The boards and commissions are responsible for the examination, licensure, regulation, and discipline of over 150,000 health care providers. Additionally, the boards set standards of practice and continuing education requirements. Exhibit 10.6 indicates the anticipated number of licenses issued and the fiscal 2003 appropriation for each of the boards and commissions.

Community Health

The Community Health Administration was established in 2001 when the former Community and Public Health Administration was divided into two separate administrations. The Community Health Administration is responsible for protecting the health and general welfare of the public from foods, substances, and consumer products that may cause injury or illness, as well as substandard housing and recreational sanitary conditions.

Services provided by the Community Health Administration are divided among four policy areas:

- ***Epidemiology and Disease Control:*** The administration provides disease prevention services to the public through surveillance and investigation;

- ***Environmental Health Coordination:*** The administration works in conjunction with the Maryland Department of the Environment to increase awareness of environmental hazards;

Exhibit 10.6
Health Regulatory Boards and Commissions
Fiscal 2003

Regulatory Board	Estimated Licenses and Renewals	Appropriation
Acupuncture	415	$193,850
Dietetic Practice	761	125,189
Professional Counselors	2,875	344,968
Chiropractic Examiners	2,960	565,015
Dental Examiners	9,685	1,432,647
Electrologists	800	50,835
Morticians	1,739	358,641
Nursing Home Administrators	410	163,814
Occupational Therapy	2,498	316,006
Optometry	802	225,680
Pharmacy	6,937	1,120,689
Physical Therapy	2,770	689,200
Podiatric Medical Examiners	830	202,710
Psychologists	1,170	482,191
Social Work Examiners	6,045	683,404
Audio, Hearing Aid, and Speech	409	272,034
Commission on Kidney Disease	155	190,383
Nursing	129,700	4,532,565
Physician Quality Assurance	18,145	6,162,749

Note: Some licenses are renewed biennially, resulting in variable levels of licensing activity.

Source: Department of Health and Mental Hygiene

- ***Food Control and Consumer Health:*** The administration prevents food borne illness and the spread of communicable diseases through regular inspections and licensing; and

- ***Institutional Review Board:*** The board reviews and approves all proposed research projects involving human subjects.

The Community Health Administration also distributes funds among the 23 counties and Baltimore City for core public health services. Local jurisdictions must provide matching funds as required by law.

Family Health

The Family Health Administration was established in 2001 when the former Community and Public Health Administration was divided into two separate administrations. The Family Health Administration is responsible for assuring the availability of quality health services, with an emphasis on at-risk populations, such as women and children. The administration also coordinates education and health promotion designed to prevent disease and injury.

With a fiscal 2003 budget of $51 million, the Women, Infants, and Children (WIC) Supplemental Nutrition Program is the Family Health Administration's largest and most widely-known program. Funded almost entirely with federal dollars, WIC serves pregnant, postpartum, and breast-feeding women, infants under one year of age, and children under five with a nutritional risk such as anemia or poor diet, and with a family income below 185 percent of the federal poverty level. Beneficiaries receive a nutrition assessment, supplemental foods, and referrals to other health and social service programs for which they may qualify. An estimated 97,000 participants will take part in the program in federal fiscal 2002.

Cigarette Restitution Fund

The Cigarette Restitution Fund was created in 1999 for payments received by the State from the Master Settlement Agreement with cigarette manufacturers. The Tobacco Use Prevention and Cessation Program and the Cancer Prevention, Education, Screening, and Treatment Program were established in 2000 as the two primary health programs financed by the Cigarette Restitution Fund.

Tobacco Use Prevention and Cessation Program: The Tobacco Use Prevention and Cessation Program is charged with developing initiatives to reduce tobacco use in Maryland and otherwise benefit public health. As established by law, the program consists of five components: surveillance and evaluation, statewide public health, countermarketing, local public health, and administration.

Program activity is primarily conducted through local health departments, which are responsible for developing and implementing community- and school-based programming to reduce tobacco use. The results of a baseline tobacco survey determined the initial distribution of funding among local health departments. Annual follow-up

surveys, required by statute, will allow the State to assess progress both locally and statewide in reducing tobacco use.

In addition to local programming, the Department of Health and Mental Hygiene administers the Minority Outreach and Technical Assistance Program. The department contracts with four community-based organizations to develop resource materials for use in preventing tobacco usage by minority populations statewide. Beginning in 2002, the department has also begun contracting for a print and electronic media campaign to counteract tobacco advertising.

Cancer Prevention, Education, Screening, and Treatment Program: The Cancer Prevention, Education, Screening, and Treatment Program is charged with developing initiatives to reduce morbidity and mortality rates in Maryland for cancer- and tobacco-related diseases. The program consists of four components: surveillance and evaluation, local public health, statewide academic health centers, and administration.

Cancer prevention, education, screening, and treatment is primarily provided by local health departments. The programs provided with cigarette restitution funds are intended to complement existing cancer screening and treatment programs with emphasis on ensuring that the uninsured and underinsured receive appropriate treatment. Annual surveys of cancer prevalence and mortality determine the distribution of cancer funds to each of the 24 jurisdictions statewide.

Program funding also supports research by the University of Maryland Medical Group and the Johns Hopkins Institutions. Funds provide for research activities relating to tobacco-related cancers and diseases as well as increasing the rate at which research is translated into treatment protocols. Money also supports minority participation in clinical trials, development of best practices for addressing cancer- and tobacco-related disease, and providing coordination among State health providers and hospitals.

Other

Office of Chief Medical Examiner: This office, which is a unit of the Department of Health and Mental Hygiene, is responsible for investigating all violent and suspicious deaths and deaths unattended by a physician. Each county has deputy medical examiners, appointed by the State Postmortem Examiners Commission, who are responsible for investigating cases in that jurisdiction. The deputies, who are paid by the State on a per case basis, report their findings to the office of the Chief Medical Examiner. The Chief Medical Examiner and his immediate staff are responsible for conducting all autopsies and handling investigations in Baltimore City. In cases in which

additional investigation is deemed necessary, the medical examiner is required to submit a report to the State's Attorney in the jurisdiction where the body was found.

Chronic Hospitals: The Family Health Administration oversees the State's two chronic care and rehabilitative hospitals, Western Maryland Center and Deer's Head Center. During fiscal 2003 the two hospitals, which have a combined capacity of 237 beds, expect to operate at 78 percent of capacity. The fiscal 2003 budget totals $43 million. Among other medical services, both centers provide:

- chronic care and treatment to patients requiring a hospital-level rehabilitation program; that is, a level of physician and nursing management that is greater than that available at a nursing home;

- long-term care for patients no longer in need of hospital-level care but whose needs require services beyond those typically offered in private sector nursing homes; and

- in-patient and out-patient renal dialysis services. Patient fees are charged for these services.

Laboratories Administration: A unit of the Department of Health and Mental Hygiene, the administration is responsible for conducting tests to assist physicians and health officials in the prevention, diagnosis, and control of human disease. The administration performs examinations in connection with the enforcement of State health laws, and the chemical, microbiological, and radiological surveillance of the environment related to food, water, sewage, air, pharmaceuticals, and hazardous wastes.

Funding

Federal, State, and local funds all support the provision of public health services in Maryland. Exhibit 10.7 provides an overview of Maryland's health spending by the source of funds and the target population.

Exhibit 10.7
Public Health Spending in Maryland – Fiscal 2001
($ in Thousands)

	State[1]	Local	Federal	Fees	Total
Medicaid/Maryland Children's Health Program [2]	$1,381,711	$0	$1,353,160	$228	$2,735,099
Medicare [3]	0	0	4,171,729	0	4,171,729
Mental Health [4]	504,022	740	177,894	0	682,656
Developmental Disabilities	328,770	0	109,446	0	438,216
Substance Abuse	66,792	0	30,542	0	97,334
AIDS Treatment	5,457	0	38,136	0	43,593
Targeted Funds for Local Health Depts.[5]	52,538	54,237	4,493	0	111,268
Chronic Hospitals	35,188	0	0	0	35,188
Community and Family Health	85,364	0	81,949	0	167,313
Regulation of Providers/Health System [6]	8,326	0	3,720	67,083	79,129
Other [7]	48,543	35,326	9,734	30	93,633
Total	**$2,516,711**	**$90,303**	**$5,980,803**	**$67,341**	**$8,655,158**

[1] During fiscal 2001, the State recovered $8 million in federal disproportionate share payments and $57 million from third-party payors as compensation for services provided to individuals in State facilities. The $65 million was recognized as revenue in the State budget. Actual costs incurred by the hospitals were funded with State dollars as depicted in the exhibit. State dollars also include Cigarette Restitution Funds.

[2] Includes State-funded Maryland Pharmacy Assistance and Kidney Disease Programs.

[3] Calendar 2000 reported spending.

[4] Includes Medicaid funds for mental health.

[5] Funds for other grants and contracts with local health departments are included elsewhere. Local dollars reflect required match.

[6] Includes Office of Health Care Quality, Health Occupation Boards, Maryland Health Care Commission, and Health Services Cost Review Commission.

[7] Includes Department of Health and Mental Hygiene, Office of the Chief Medical Examiner, Laboratories Administration, and local public health department funding exclusive of targeted funds.

Source: *Fiscal 2003 State Budget Books*; Department of Health and Mental Hygiene

Excluding spending on health insurance, most public health programs in Maryland rely almost entirely on State and local dollars. Federal support for community-based

services is limited to three major areas: (1) reimbursements for services provided to mentally ill or developmentally disabled individuals who qualify for Medicaid; (2) block and formula grants targeting AIDS, substance abuse, and maternal and child health; and (3) the Women, Infants, and Children Program, which is a capped federal entitlement program. A combination of State and local dollars finance most of the operations of local health departments.

Health Insurance

While federal funds account for nearly 70 percent of all the health funding, most of the federal funding supports health insurance programs (Medicaid and Medicare). In fact, only about $160 million, or 3 percent, of the total federal spending depicted in Exhibit 10.7 came from sources other than Medicaid and Medicare (almost all of the federal funding for mental health, developmental disabilities, and the Other category in Exhibit 10.7 is Medicaid spending). Federal Medicaid spending for eligibility determinations performed by the Department of Human Resources and special education services offered through the Maryland State Department of Education is discussed elsewhere in this book and is not included in the chart.

The remainder of the funding for health insurance is provided by the State, which is required to match federal Medicaid spending on a dollar-for-dollar basis and cover 35 percent of Maryland Children's Health Program expenses. Maryland finances three State-only programs: the Maryland Pharmacy Assistance Program, the Kidney Disease Program, and the Maryland Primary Care Program. Beginning in fiscal 2003, federal dollars will finance 50 percent of Maryland Pharmacy Assistance Program costs.

Mental Health, Developmental Disabilities, and Chronic Hospitals

The dependence on State dollars for these services is largely a reflection of the lack of any direct federal reimbursement for individuals served in State institutions. The State does, however, receive federal Medicaid disproportionate share payments as compensation for services provided to low-income individuals in State chronic hospitals and State mental hospitals. The disproportionate share payments are recognized in the State budget as revenue and go directly to the general fund. In fiscal 2001 the State received $8 million in disproportionate share payments as compensation for services provided in State facilities. The State recovered an additional $57 million from Medicaid, Medicare, and private insurers for care provided in State hospitals and residential centers.

Long-term care provided in chronic hospitals is predominantly State financed, while renal dialysis services are primarily financed with patient fees. Patient fees are expected to cover 80 percent of the cost of providing renal dialysis services in

fiscal 2003. Recoveries from third-party payers, which are credited to the general fund, are expected to cover 29 percent of the expenditures at the two hospitals in fiscal 2003.

Regulatory System

The boards and commissions charged with regulating the health professions, with the exception of the Board of Nursing Home Administrators, are funded through provider fees that are recognized in the budget as State special funds. The Department of Health and Mental Hygiene's expenses for the licensing and certification of hospitals and related institutions are covered with a combination of general and federal funds.

The two major health care commissions are funded with user fees. Revenues from the assessments are recognized in the budget as special funds. The law limits the amount the Maryland Health Care Commission may collect in any fiscal year to $10 million; in fiscal 2003, the commission expects to collect $8.6 million in user fees. The law similarly limits collections by the Health Services Cost Review Commission for administrative purposes to $4 million per fiscal year; the commission anticipates collections of $3.2 million in fiscal 2003. Collections for the Health Services Cost Review Commission's Uncompensated Care Fund are expected to generate another $41 million in fiscal 2003, which will be redistributed to acute care hospitals with disproportionate shares of bad debt.

Substance Abuse

Substance abuse spending is financed with a combination of State general funds, Cigarette Restitution Funds, and federal block grant dollars.

Community and Family Health

Federal Women, Infants, and Children's Funding is the primary source of federal funding for these administrations. State spending includes general funds and Cigarette Restitution Funds.

Local Health Departments

State, local, and federal dollars support the operations of local health departments. State and federal dollars are provided to the local health departments through the Targeted Local Health Program and individual grant agreements between local health departments and various administrations at the Department of Health and Mental Hygiene. Exhibit 10.8 provides a county-by-county summary of the State, local, and federal funding provided and the source.

Exhibit 10.8
Funding for Local Health Departments – Fiscal 2001

Subdivision	Targeted Local Health Grants	Other Grant Agreements w/DHMH*	Local Funding	Total
Allegany	$1,239,633	$7,450,981	$800,764	$9,491,378
Anne Arundel	4,901,086	9,250,889	16,604,936	30,756,911
Baltimore County	7,072,203	11,719,026	9,984,127	28,775,356
Calvert	480,004	3,067,681	2,737,103	6,284,788
Caroline	707,643	2,375,271	535,197	3,618,111
Carroll	1,724,168	6,399,108	2,742,686	10,865,962
Cecil	1,094,866	3,810,488	1,841,363	6,746,717
Charles	1,366,495	4,892,179	1,694,699	7,953,373
Dorchester	608,323	3,276,438	542,879	4,427,640
Frederick	2,089,152	4,983,279	4,512,686	11,585,117
Garrett	525,081	2,506,416	391,816	3,423,313
Harford	2,660,195	4,920,877	2,059,748	9,640,820
Howard	1,841,953	3,330,727	3,499,358	8,672,038
Kent	448,583	2,633,413	679,518	3,761,514
Montgomery	4,623,195	17,746,919	21,451,878	43,821,992
Prince George's	8,251,670	22,089,719	6,267,576	36,608,965
Queen Anne's	569,327	2,424,032	760,906	3,754,265
St. Mary's	1,180,510	1,927,782	1,643,897	4,752,189
Somerset	626,815	2,872,908	488,301	3,988,024
Talbot	410,678	2,322,073	1,436,939	4,169,690
Washington	1,936,850	6,114,048	2,705,289	10,756,187
Wicomico	1,243,910	6,211,744	2,380,959	9,836,613
Worcester	380,515	5,932,434	1,530,058	7,843,007
Baltimore City	10,738,735	62,476,117	3,010,503	76,225,355
Close Out	308,980	0	0	308,980
Total	**$57,030,570**	**$200,734,549**	**$90,303,186**	**$348,068,305**
General Funds	$52,537,570	$91,780,288	$0	$144,317,858
Federal Funds	$4,493,000	$77,780,033	$0	$82,273,033
Special Funds	$0	$31,174,228	$0	$31,174,228
Local Funds	$0	$0	$90,303,186	$90,303,186

* Grant agreements and contracts with various administrations of the department. Discrepancies among counties of similar size and wealth are partly a reflection of the fact that some local health departments act as a core service agency and others do not.

Source: *Fiscal 2003 State Budget Books*; Department of Health and Mental Hygiene

The minimum funding level for the targeted health program was established at $41 million in general funds in fiscal 1997; required increases based on inflation and population growth have increased minimum funding to nearly $50 million in fiscal 2003. The law also specifies that no jurisdiction may receive less in subsequent years than it did in fiscal 1997. Two-thirds of any funding above and beyond the hold harmless provision is distributed based on need (derived from poverty and mortality statistics), with the other third known as incentive awards allocated based on local efforts to fund health services.

A local match is required to secure the State and federal funds. The match rate varies depending on a jurisdiction's wealth from a minimum of 20 percent to a maximum of 80 percent. No jurisdiction's match rate may exceed its rate in fiscal 1996. In most jurisdictions, local funding for the health departments exceeds the required match. Actual fiscal 2001 local spending, for example, exceeded the required match amount of $54 million by $36 million. A jurisdiction-by-jurisdiction comparison of the required match and actual expenditures is presented in Exhibit 10.9.

Local health departments also obtain revenue from charges for services. The Department of Health and Mental Hygiene sets the fees for various clinic services and the local health departments apply the charges on a sliding scale, based on income and family size. Revenues generated from collection of the fees are available to the local health departments to use as additional funding for the provision of services.

Local expenditures on health services are not limited to funding the operations of local health departments. Public health spending by each of the jurisdictions also includes an indeterminate amount of federal grants which may include funds for substance abuse treatment, child and maternal health programs, school health services, health services for the aging, and mental health programs.

Exhibit 10.9
Local Expenditures for Local Health Departments – Fiscal 2001

Subdivision	County* Expenditures	Required Match	Over Match
Allegany	$800,764	$425,456	$375,308
Anne Arundel	16,604,936	6,168,886	10,436,050
Baltimore County	9,984,127	6,872,737	3,111,390
Calvert	2,737,103	1,390,161	1,346,942
Caroline	535,197	176,911	358,286
Carroll	2,742,686	1,256,882	1,485,804
Cecil	1,841,363	671,425	1,169,938
Charles	1,694,699	1,218,220	476,479
Dorchester	542,879	220,260	322,619
Frederick	4,512,686	1,641,150	2,871,536
Garrett	391,816	272,553	119,263
Harford	2,059,748	1,604,332	455,416
Howard	3,499,358	2,834,871	664,487
Kent	679,518	165,288	514,230
Montgomery	21,451,878	15,791,777	5,660,101
Prince George's	6,267,576	5,963,818	303,758
Queen Anne's	760,906	476,765	284,141
St. Mary's	1,643,897	591,279	1,052,618
Somerset	488,301	156,704	331,597
Talbot	1,436,939	736,797	700,142
Washington	2,705,289	826,615	1,878,674
Wicomico	2,380,959	567,094	1,813,865
Worcester	1,530,058	1,522,060	7,998
Baltimore City	3,010,503	2,684,684	325,819
Total	**$90,303,186**	**$54,236,725**	**$36,066,461**

Note: These are unaudited figures. They are based both on information received through the FMIS reports and from information directly received from the local health departments.

*County expenditures include fees collected by local health departments.

Source: Department of Health and Mental Hygiene

Chapter 11. Human Services

Maryland's human service delivery system has evolved since the 1930s from a joint State and local effort to a State- and federally-funded and State-supervised system. While Baltimore City and the counties choose to supplement expenditures on human services, the amount of funding is quite small. Social services accounted for a mere 2 percent of total county government spending in fiscal 2001.

Although county governments do not play a major role in paying for or furnishing social services, the State, through the Systems Reform Initiative (SRI) which began in the late 1980s, has transferred a significant amount of responsibility for planning and coordinating the delivery of services to local management boards. These boards, which are State funded but locally staffed, operate in each county and Baltimore City.

Structure and Service Delivery

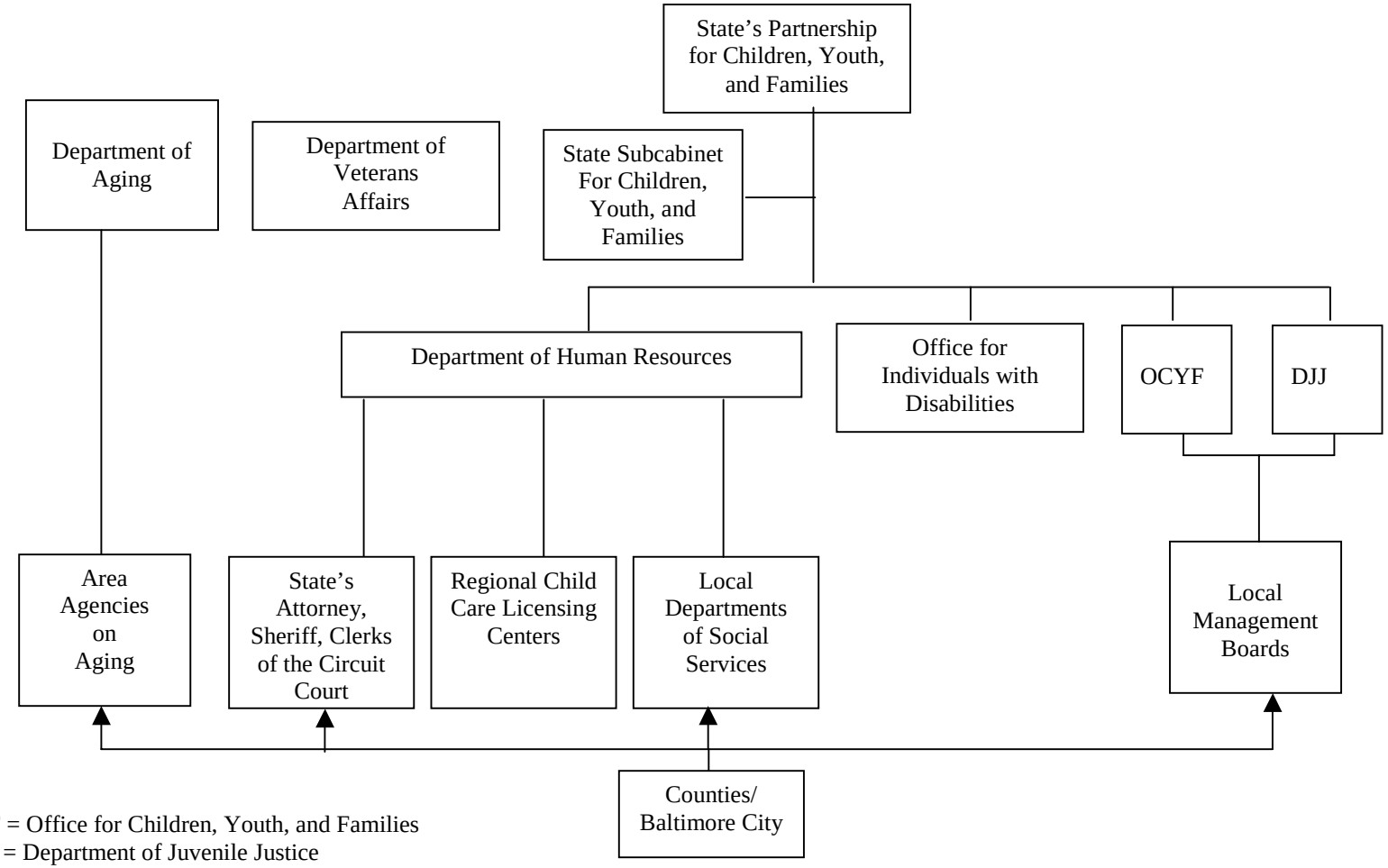
At both the State and local level, the structure of Maryland's human service delivery system varies by the population being served. The State's Department of Human Resources, providing public welfare, child-care licensing and regulation, child support enforcement, and social services, is Maryland's largest human service agency in both expenditures and personnel. Many of the department's services are coordinated and delivered through offices in the counties and Baltimore City. Other State agencies with an active role in social service delivery are the Department of Aging; the Department of Juvenile Justice; the Department of Veterans Affairs; the Office for Children, Youth, and Families; and the Office for Individuals with Disabilities. At the local level, local management boards and area agencies on aging are also involved with coordinating the delivery and direct provision of services to clients. Exhibit 11.1 outlines the State's human service delivery system.

This chapter discusses the delivery of human services based on the population served: children and families, youth in the juvenile justice system, the aged, the disabled, and veterans. Local projects and funding provided by various levels of government for human services are also reviewed in this chapter.

Services to Children and Families

The Subcabinet for Children, Youth, and Families; the Maryland Partnership for Children, Youth, and Families; and the Office for Children, Youth, and Families are

Exhibit 11.1
Structure of Human Service Delivery System – Fiscal 2003



OCYF = Office for Children, Youth, and Families
DJJ = Department of Juvenile Justice

Source: Department of Legislative Services

responsible for planning, monitoring, and coordinating the State's service delivery system for children and families. Local management boards, which resulted from the Systems Reform Initiative, and the Department of Human Resources' local departments of social services oversee or provide services to Maryland's children and families. The State also uses other organizational structures, such as contracts with community organizations, to deliver human services.

Coordination of Services for Children and Families

Coordination of services for children, youth, and families in Maryland is provided by the Subcabinet for Children, Youth, and Families; the Maryland Partnership for Children, Youth, and Families; and the Office for Children, Youth, and Families. The Subcabinet, which was established by statute, provides ongoing examination of the structure of Maryland's service delivery system and aims to facilitate a comprehensive, effective, efficient, and integrated service delivery system. Membership of the Subcabinet includes the Special Secretary for Children, Youth, and Families (chairman); the Superintendent of Schools; the Director of the Office for Individuals with Disabilities; the secretaries of Health and Mental Hygiene, Human Resources, Juvenile Justice, and Budget and Management; and representatives from other State agencies as designated by the Governor.

The State's Partnership for Children, Youth, and Families was established by executive order in the spring of 1998 to oversee the implementation of the Systems Reform Initiative, which is discussed below. Specific responsibilities of the partnership include developing a five-year State plan for children and family services, making recommendations concerning the allocation of funding, providing State and local agencies with guidance on implementing the State plan, evaluating programmatic needs, monitoring outcomes for children and families, and promoting communication across child-serving agencies.

The Office for Children, Youth, and Families provides staff support to both the Subcabinet and the Maryland Partnership. The office also plans, monitors, and coordinates services for at-risk children and their families. Specific functions undertaken by the office include coordinating the Systems Reform Initiative implementation, staffing the Infant Mortality Commission and the Governor's Council on Adolescent Pregnancy, and supporting the operations of the State Coordinating Council, which oversees the residential placement of children with disabilities.

Systems Reform Initiative and Local Management Boards

Initiated in the late 1980s, the Systems Reform Initiative (SRI) is a legislatively driven effort to transform Maryland's service delivery systems for children and families to make them more effective, efficient, and responsive to the needs of their clients. The impetus for the reform was frustration with a fragmented delivery system that failed to provide troubled families and children with "one stop shopping." The restructuring included changes to (1) the way decisions about services for children and families are made at the State level; (2) the role of local jurisdictions in the provision of services to children and families; and (3) the way these services are funded.

State law enacted in 1990 required every jurisdiction to establish a local management board. This was complete by the end of fiscal 1998. Local management boards are selected by the chief elected or appointed local official and include parents, advocates, directors of the local child and family service agencies (departments of social services, boards of education, local health departments, core service agencies), representatives of other local agencies (judiciary, police, etc.), and local government officials. Local management boards receive their funding from the State upon agreement on a memorandum of understanding, which must be signed by the chief elected or appointed local official.

The local boards, which are organized as either public agencies considered to be an instrument of local government or nonprofit organizations, are charged with ensuring the implementation of a local, interagency service delivery system for children, youth, and families. Specific responsibilities include developing a local five-year plan, setting priorities for the allocation of funds, ensuring the collaboration across State and local agencies, and contracting for the provision of certain services. The local management boards focus primarily on family preservation and return/diversion services, which return children from out-of-State placements and prevent out-of-State placements by using community placements and available in-home services. The boards have generally shied away from becoming direct service providers; instead, they purchase services from public and private providers. While not required to contract with the traditional service providers (local departments of social services and other State agencies), many local management boards have continued to do so.

To make further progress toward meeting the goals of the Systems Reform Initiative, local management boards have expanded their focus beyond family preservation and returning/diverting children from out-of-State placements. In fiscal 1999, the State began entering into five-year community partnership agreements with the local management boards. Each local board, with assistance from staff at the Office for Children, Youth, and Families, identifies the most pressing needs of the

community, develops ways to address these needs, and formulates methods to track outcomes. The State provides additional funding for each community partnership agreement and, as part of a negotiation process, local boards may also access existing funds budgeted in the State agencies. All but five local management boards had community partnership agreements in place by the end of fiscal 2002.

Local Departments of Social Services

The local departments of social services play a more visible role in the State's human service delivery system than the local management boards; they are the focal points for most beneficiaries of Maryland's human service programs, especially those intended for children and families. There are local departments in each county and Baltimore City responsible for the supervision, direction, and delivery of an array of social services. Despite the tag "local," local departments of social services are essentially arms of the State's Department of Human Resources.

Federal and State funds finance all of the mandated operations of the local departments. While there is no mandatory local contribution, many county governments supplement State funds to support local projects. The allocation of State and federal funds to the local departments is controlled by the Department of Human Resources, which also sets policy for most of the programs administered by the local departments.

Each local department has a director appointed with the concurrence of the Secretary of the Department of Human Resources and the county executive, council, or commissioners, or Mayor of Baltimore City. Except in Montgomery County, local department directors and most of their staff are State employees. Legislation enacted in 1996 transferred the duties of the local department of social services in Montgomery County from the State to the county. While the State continues to fund social service programs in the county through a grant to Montgomery County, all social service staff in the county except the local director are county employees.

Local boards of social services provide additional input into the activities of the local departments. The role of the nine-member boards, which are mandated by State law, is to advise the local departments, advocate on social service issues, and annually evaluate the local director in conjunction with the local government and the Department of Human Resources. The local governing body appoints board members to serve three-year terms (or four-year terms in the case of Charles County). The board members serve without compensation and typically hold monthly meetings.

The Family Investment Administration, the Social Services Administration, and the Child Support Enforcement Administration in the Department of Human Resources use the local departments of social services as the primary mechanism for service delivery.

Family Investment Administration: The Department of Human Resources provides a number of federal and State public assistance programs through the local departments of social services under the Family Investment Administration. Programs administered include:

- *Temporary Cash Assistance:* Temporary Cash Assistance, the State's largest cash assistance program, provides a monthly subsidy to indigent children and their families. Under State and federal laws enacted in the mid-1990s, healthy adults must participate in a work activity after two years to continue receiving benefits. In addition, federal law limits families to five years of federally funded assistance, but provides a "hardship" exemption for a specified percentage of the caseload. Under this exemption, 500 Maryland families who reached the five-year cumulative time limit in January 2002 were able to continue receiving monthly benefits funded with federal dollars. As provided by State law, if the State exceeds its limit of "hardship" cases, the department, through the exclusive use of State dollars, will provide benefits to families in compliance with program requirements. In fiscal 2003, 73,835 individuals per month are expected to receive assistance at a cost of $123 million in State and federal dollars. The average grant for a family of three in fiscal 2003 is estimated at $500 per month.

- *Family Investment Program:* The goal of the Family Investment Program is to assist Temporary Cash Assistance applicants and recipients in becoming self-sufficient. After assessing each family's specific needs and resources, staff focus on the services required to move clients into work. Temporary Cash Assistance is provided only as a last resort. Applicants for cash assistance are required to cooperate with child support enforcement staff as a condition of eligibility and must undertake job search activities if asked. Screening of Temporary Cash Assistance recipients for substance abuse problems is mandatory, with participation in treatment required of individuals offered appropriate treatment. The Family Investment Program, as well as the healthy economy of the late 1990s, has received much of the credit for the dramatic reduction in the Temporary Cash Assistance caseload that occurred from January 1995 to January 2000. Over that period, the number of recipients fell from more than 227,000 to 77,340. More recently, the caseload has typically fluctuated from month-to-month, primarily because of the sluggish economy and the multiple barriers faced by those seeking

employment. The caseload, however, has exhibited an overall downward trend, dropping to less than 72,000 by May 2002.

- *Food Stamps:* The federal food stamp program provides benefits solely for the purchase of food items to families who meet income and resource requirements. Benefit costs are 100 percent federally funded while administrative costs are split equally between the State and federal government. Program rules and regulations are issued by the federal government. Benefits are provided to recipients through an electronic benefit (EBT) card, which is similar to an electronic banking card. Temporary Cash Assistance benefits are also accessed through the electronic benefit card. The fiscal 2003 budget assumes that an average of 97,500 households, including individuals without children, will participate in the food stamp program each month.

- *Other Programs:* Other cash assistance programs administered by the Family Investment Administration aid indigent families with burial costs (Burial Assistance Program), provide one-time grants to families to help them avoid welfare (Welfare Avoidance Grants), and offer families experiencing crisis such as eviction with grants (Emergency Assistance to Families with Children).

Social Services Administration: Child welfare services, provided primarily by the Department of Human Resources through the local departments of social services, support the healthy development of families, assist families and children in need, and protect abused and neglected children. Specific social service programs include foster care, family preservation, adoption, child protective services, and family reunification.

In fiscal 2003, the Department of Human Resources will investigate roughly 30,000 reports of abuse and neglect. For children determined to be at immediate risk, the department will file a child in need of assistance petition requesting the removal of the child from the child's home and the placement of the child in foster care or with a relative. In cases where family reunification services are unsuccessful or unwarranted, the Department of Human Resources requests termination of parental rights and, if the petition is granted, seeks to place the child in an adoptive home. In fiscal 2003, more than 16,000 children per month are expected to reside in a foster care home or a subsidized adoptive setting (a 19 percent increase over fiscal 1999) at a cost of more than $228 million in State and federal dollars. Another 2,000 children per month will participate in the Kinship Care Program, which places children removed from their parent's custody with a relative. During fiscal 2003, the Department of Human Resources also expects to finalize adoptions for 900 children.

Child Support Enforcement Administration: Child support enforcement services are typically provided through the local departments of social services. These services are offered free of charge to welfare recipients, who must comply with child support requirements as a condition of receiving cash assistance, and for a one-time fee of $25 to all other families. Techniques used to enforce obligations include wage liens and intercepts of tax refunds, unemployment benefits, and lottery winnings. The State may also suspend the drivers' and professional licenses of delinquent parents. In fiscal 2001, the State collected nearly $402 million on behalf of custodial parents. Of this amount, $22 million was obtained on behalf of families receiving public assistance payments.

Child Care: The Department of Human Resources' Child Care Administration regulates providers of child care, subsidizes the cost of care for eligible low-income families, and develops child care resources. The fiscal 2003 budget contains funding to subsidize child-care services for almost 29,000 children. The availability of subsidized slots plays a critical role in helping individuals make a successful transition from welfare to work and in improving access to child care for all low-income working families.

Other Providers of Services to Children and Families

Several programs are not delivered through the local departments of social services. They include:

Child Support Enforcement for Certain Services/Jurisdictions: As previously stated, in most counties, the local department of social services is the conduit for child support enforcement services. However, a county or State agency may opt to provide such services through cooperative reimbursement agreements with the Department of Human Resources. Cooperative reimbursement agreement participants, which vary from county to county, include state's attorneys, sheriffs, circuit court masters, and clerks of the court. Under the cooperative reimbursement agreements, the county or State agency must provide the State's share of the program costs (34 percent) with the Department of Human Resources passing on the federal share of costs (66 percent).

The State is also experimenting with another model for the delivery of child support services: privatization. Legislation passed during the 1995 session established a pilot privatization program in Baltimore City and Queen Anne's County. The project, which makes the vendor responsible for most aspects of child support enforcement, commenced in October 1996 and will continue through at least June 2003.

Child Care Licensing: The Department of Human Resources operates 13 regional licensing centers which are staffed by State employees and funded with a combination of federal and State dollars.

Employment Services Offered by Local Workforce Investment Boards: Some local departments of social services contract with local workforce investment boards to operate employment training programs for welfare recipients. In addition, the Department of Labor, Licensing, and Regulation distributes federal funds to the local workforce investment boards to finance employment training that may benefit welfare recipients. Local workforce investment boards are discussed in more detail in Chapter 14 of this volume.

Community Services: Through contracts with community organizations and public agencies, the Department of Human Resources funds a diverse array of services. These services include programs assisting victims of crime, the homeless, battered spouses, displaced homemakers, and women who have been raped; and programs providing legal representation for children in "children in need of assistance" and "termination of parental rights" cases. In addition, local home energy program offices, typically operated by units of local government or nonprofit organizations with funding from the department, provide low-income families with access to energy assistance programs. Some of the services provided through these contacts reach not just children and families but single adult men and women.

Services to Youth in the Juvenile Justice System

The Department of Juvenile Justice has primary responsibility for providing treatment and supervision to youth under the age of 18 who violate criminal law, or are likely to violate the law, or whose behavior is such that they may endanger themselves or others. As long as the youth enters the system prior to turning 18 years old, the department may provide services until the youth reaches 21 years of age. Whenever feasible, the department serves troubled youths in their homes or residences within the community. In addition, the State supports various community-based programs, such as the Youth Service Bureaus, which focus on prevention and diversion. The local government role in dealing with juvenile offenders is limited to police work which brings youths into contact with the juvenile justice system.

The department operates field offices in every county and Baltimore City to handle intake for youths who break the law or exhibit uncontrollable behavior. Youth enter the juvenile justice system when a complaint is filed with one of the Department of Juvenile Justice's field offices by a police officer, parent, teacher, or other citizen. Intake officers operating out of the field offices receive and process the complaints. Potential outcomes of the intake process include formal court proceedings that can lead to probation or commitment to a residential program, voluntary informal supervision, and diversion to a community-based program (in the case of a first-time offender). Warning the youth or dismissing the case due to a lack of information are other possible outcomes.

Juveniles awaiting trial or placement in a residential program are often held in one of the State's four detention centers or a privately-managed detention facility. Electronic monitoring and other forms of highly supervised community-based detention are offered as alternatives to detention centers. A youth whose behavior does not require placement in a detention center but who is not ready to return home may be placed in a shelter care program (similar to a group home).

If a youth is adjudicated as delinquent or in need of supervision, the Department of Juvenile Justice is responsible for providing court-ordered care, which can range from probation to a secure commitment to a group home or other out-of-home facility. Many youths adjudicated by the court as delinquent are placed on probation and continue to reside at home under the supervision of a case manager. Case managers monitor the juveniles' progress through home and office visits and often refer the youths for additional services including tutoring, psychological counseling, and recreational activities.

Juveniles committed to a residential program receive counseling, health, and educational services and other specialized services. Residential programs include secure 24-hour residential treatment programs, group homes, and specialized treatment centers focusing on substance abuse. Many of the Department of Juvenile Justice's residential programs are provided at State-owned facilities, some of which are operated by vendors under contract with the State rather than by State employees. Other residential beds are purchased from private facilities. A listing and description of the State-owned residential facilities is provided in Exhibit 11.2.

Unlike the adult corrections system, the juvenile justice system does not assign a fixed sentence to children found to have committed a delinquent act. Instead, delinquents are released from residential commitments upon a judge's or master's concurrence with a recommendation from the Department of Juvenile Justice that the child is rehabilitated. Aftercare services are provided by Department of Juvenile Justice staff and private contractors to assist youths in returning to the community.

In fiscal 2001 the Department of Juvenile Justice handled more than 52,000 complaints with formal court proceedings recommended for 22,833 (44 percent) of the cases. In the fall of 2002, about 1,580 juveniles reside in a court-committed placement each day, while another 400 youths per day live in a detention facility or structured shelter care setting.

Exhibit 11.2
Department of Juvenile Justice
State-owned Facilities
Fiscal 2002

Facility Name	Type of Facility	Location	Operated by State/ Private	Rated Capacity
Thomas J. S. Waxter	Detention	Anne Arundel	State	91
Alfred D. Noyes	Detention	Montgomery	State	57
J. DeWeese Carter	Detention	Kent	State	27
Cheltenham	Secure Committed, Detention, Shelter Care	Prince George's	State	180
Charles H. Hickey, Jr.	Secure Committed, Detention, Special Residential	Baltimore County	Private	356 *
William Donald Schaefer House	Special Residential	Baltimore City	State	19
MD Youth Residence Center	Shelter Care	Baltimore City	State	24
Backbone Mountain	Youth Center	Garrett	State	40
Green Ridge	Youth Center	Allegany	State	40
Meadow Mountain	Youth Center	Garrett	State	40
Savage Mountain	Youth Center	Garrett	State	36
Eastern Shore Structured Shelter	Shelter Care	Dorchester	Private	9
Catonsville Structured Shelter	Shelter Care	Howard	Private	10
Sykesville Structured Shelter	Shelter Care	Carroll	Private	10
Allegany County Girls Home	Group Home	Allegany	Private	9
Thomas O'Farrell	Youth Center	Carroll	Private	48
Ferndale Respite	Group Home	Baltimore City	Private	9

Exhibit 11.2 (continued)
Department of Juvenile Justice
State-owned Facilities
Fiscal 2002

Facility Name	Type of Facility	Location	Operated by State/ Private	Rated Capacity
Victor Cullen**	Residential	Frederick	Private	225
Mount Clare House	Special Residential	Baltimore City	Private	n/a

N/A = Capacity not rated.

*Includes separately operated sex offender unit.
**This facility is being phased out.

Note: The Department of Juvenile Justice will be opening three new detention centers during fiscal 2003. The Baltimore City Juvenile Justice Center will have a rated capacity of 144 and is expected to open in October 2002. The Western Maryland Detention Center and the Lower Eastern Shore Detention Center will each have a rated capacity of 24 and are expected to open in September 2002 and January 2003, respectively.

Source: Department of Juvenile Justice

Services to the Aged

Maryland's growing aging population is served by a range of programs offered by various State and local entities, including the Department of Aging, the Department of Human Resources, the Department of Health and Mental Hygiene, and the Department of Transportation. The Department of Aging plays the lead role by coordinating, evaluating, and planning the delivery of services and advocates on behalf of the aged at all levels of government. The department also administers programs and activities under the provisions of the federal Older Americans Act. Most of the direct services funded by the department are delivered through local area agencies on aging.

Area agencies on aging serve as the primary point of entry for elderly adults attempting to access public and private programs and services. Area agencies are local government or nonprofit organizations designated by each county and Baltimore City to provide a range of services to the elderly. Services are either delivered directly by the area agencies or purchased from other organizations. Sixteen counties and Baltimore City have their own area agencies while Dorchester, Somerset, Wicomico, and Worcester counties are served by the Lower Shore area agency on aging and Caroline, Kent, and Talbot counties are served by the Upper Shore area agency on aging. The staff of area agencies on aging are all county or private sector employees.

Area agencies on aging submit service delivery plans to the Department of Aging for approval. Federal and State funds are allocated by formula to the area agencies. Supplementary funds are provided by county governments and private donors.

Programs financed by the Department of Aging to assist the elderly include:

- ***Senior Care Program*** — furnishes case management and in-home aide services to roughly 4,000 elderly individuals per year to prevent or delay nursing home placements. Services are provided through area agencies on aging, local health departments, and departments of social services.

- ***Medicaid Home- and Community-based Services Waiver*** — supplements case management to low-income seniors with Medicaid-covered services provided by the Department of Health and Mental Hygiene. Like the Senior Care Program, the waiver's goal is preventing or delaying nursing home admissions. Less than 500 elderly individuals participated in fiscal 2001, but the Department of Aging expects this number to exceed 2,000 in the coming years.

- ***Congregate and Group Housing Programs*** — assists frail seniors who have moved out of their homes to remain in the community and thus avoid nursing home placements.

- ***Senior Nutrition Program*** — provides approximately 1.4 million meals in homes and in group settings to roughly 7,000 seniors per year. Home-delivered meals are typically provided through independent nonprofit agencies.

- ***Senior Information and Assistance*** — supplies seniors and their caregivers with information and referrals by phone and through 120 one-stop neighborhood offices administered by area agencies on aging.

As previously mentioned, other agencies provide services to the elderly. In addition to delivery services to children and families through the local departments of social services, the Department of Human Resources uses the local departments to administer adult services programs. These programs, which also serve the disabled, promote increased self-sufficiency, prevent abuse and neglect, and reduce the need for institutional care. The department's adult protective services program investigates approximately 4,000 reports of neglect or abuse each year. Low-income elderly or disabled adults who need assistance with chores and activities of daily living may receive services through an in-home aide services program while the respite care program provides relief to families and other caregivers. The Department of Health and Mental

Hygiene's Medicaid Program also serves many elderly individuals by providing health insurance and funding for adult day care programs.

To ensure the coordination of public services for the aging, State law establishes an Interagency Committee on Aging Services. The committee consists of the secretaries of Aging; Human Resources; Health and Mental Hygiene; Transportation; Housing and Community Development; and Labor, Licensing, and Regulation; the director of the Office for Individuals with Disabilities; a representative of the area agencies on aging; and a representative of the general public. The interagency committee is charged with annually developing a plan for providing coordinated services to the elderly persons in the State and facilitating the implementation of the plan.

To ensure similar cooperation and coordination of services at the local level, the interagency committee is charged with assisting county agencies to establish local interagency committees composed of the directors of the local health department, department of social services, area agency on aging, and officials from housing, transportation, mental health, employment, and economic development agencies.

Services to the Disabled

The Office for Individuals with Disabilities is responsible for identifying, analyzing, and evaluating all programs and services for disabled citizens in the State. The office also collects information, provides support to public and private agencies as well as units of State government, and acts as an information referral service.

The government agencies responsible for most of the service delivery to the State's disabled population are the Department of Health and Mental Hygiene and the Department of Human Resources. The role of the Developmental Disabilities Administration in the Department of Health and Mental Hygiene is discussed in Chapter 10 of this volume of the legislative handbook series. The Department of Human Resources administers the following programs, almost all of which are delivered through the local departments of social services:

Transitional Emergency Medical and Housing Assistance: This is a State-funded program that provides adults without dependents who have a disability that is expected to last more than three months with a maximum of $185 per month in cash assistance. The State receives reimbursement from the federal government for those individuals that qualify for federal assistance. Recipients are limited to 12 months of benefits unless they have an application for federal benefits pending. Approximately 10,500 individuals per month are expected to receive benefits in fiscal 2003.

Living at Home – Maryland Community Choices: Under a new Medicaid waiver, disabled individuals receive case management and medical services to enable them to reside in a community-based setting rather than a nursing home. The department estimates that the waiver program will serve 400 participants in fiscal 2003.

Adult Service: As previously discussed under the section on services to the elderly, the local departments of social services investigate cases of abuse and neglect, provide in-home aide services, and respite care to families and other caregivers.

Public Assistance to Adults: This program provides grants to disabled adults residing in domiciliary care homes. In addition to the disabled population, AIDS patients living at home may also be eligible for assistance.

Legal Representation: Through contracts administered by the Community Services Administration, the State offers legal representation for disabled adults in guardianship cases.

Services to Veterans

The State, with financial assistance from the federal government, is responsible for delivering assistance to veterans. This assistance is provided through the Department of Veterans Affairs, an independent State agency. The agency assists veterans and their dependents in seeking federal, State, and local benefits; maintaining veterans monuments and three veterans war memorials (the Vietnam Memorial, the Korean War Memorial, and the World War II Memorial); and managing five veterans cemeteries. The department inters veterans at no cost to the family, while it charges a nominal fee to inter veterans' spouses and dependents.

The department also operates the Charlotte Hall Veterans' Home in St. Mary's County through a contract with a private vendor. Admission is based on eligibility criteria developed by the department. The home provides domiciliary living and comprehensive care to veterans residing in Maryland who are either unable to care for themselves because of a disability or advancing age or have need of skilled nursing in a comprehensive care setting. Over 300 veterans reside in the home.

Local Projects

Locally funded projects vary from jurisdiction to jurisdiction. Services for the elderly and emergency assistance programs are among the most common examples of locally financed initiatives. Montgomery County, which operates its own Department of Health and Human Services using county dollars and grants from the State, is responsible

for the largest percentage of the local spending (45 percent). A portion of the county's spending is targeted to employee compensation as the Department of Health and Human Services staff are county employees and thus paid based on the county pay scale which is not taken into consideration in the State grant. A listing of the types of human service programs funded by local governments is provided in Exhibit 11.3

Exhibit 11.3
Examples of Local Social Service Programs

Allegany	Shelter Grants, Family Crisis Center, Child Abuse Coordinator, and Human Resources Development.
Anne Arundel	Adult and Child Foster Care Supplements; Homeless Shelters; Social Services Resource Center; Child Protective Services; and Nutrition, Transportation, and Volunteer Programs for the Aged.
Baltimore City	Commission on Aging and Retirement Education; Mayoral Office of Children, Youth and Families; and Emergency Shelter Services.
Baltimore County	Adult Day Care Program, Senior Center Network, Transportation Assistance for Seniors, Emergency Shelter Services, Domestic Violence/Sexual Assault Program, Child Advocacy Center, and Young Parent Support Center.
Calvert	Homeless Service Grants, Juvenile Delinquency Prevention Board, and Legal Awareness Programs for the Elderly.
Caroline	Upper Shore Aging, St. Martin's House, and Chesapeake Center Workshop.
Carroll	Homeless Prevention Program and Legal Assistance for the Aged.
Cecil	Senior Center Maintenance, Pauper Burial, and Day Care.
Charles	Jude House, Homeless Advocacy Association, and Alternative for Youth and Families.
Dorchester	Youth Services and Mid Shore Council on Family.
Frederick	Citizens Nursing Home.
Garrett	Aging Programs and Crisis Shelter Program.
Harford	Foster Care Supplements, Transportation Assistance for the Disabled and Elderly, and Emergency Assistance.
Howard	Ellicott City Senior Center, Respite Care for the Elderly, and Young Fathers Program.

Exhibit 11.3 (continued)
Examples of Local Social Service Programs

Kent	Upper Shore Aging and Social Services.
Montgomery	Aging and Disability Services; Crisis, Income, and Victim Services; and Children, Youth, and Family Services.
Prince George's	Aging Programs, Case Management for Adults with Disabilities, Family Crisis Center, and Summer Food Program for Children.
Queen Anne's	Aging Programs.
St. Mary's	Medical Adult Day Services, St. Mary's Nursing Center, Adult Foster Care, and Angel's Watch Regional Shelter.
Somerset	Life Crisis Center and Pauper Burials.
Talbot	Upper Shore Aging, Neighborhood Service Center, and Chesapeake Rehabilitation Center.
Washington	Commission on Aging, Pauper Burial, Senior Living Alternative, and Community Action Council.
Wicomico	Teen Adult Center, Pine Bluff Senior Center, Maintenance of Aged in the Community, and Shore Up.
Worcester	Commission on Aging, Youth and Family Counseling, Life Crisis Center, and Save the Youth Program.

Source: County Budgets 2001 and 2002

Funding

As depicted in Exhibit 11.4, the State and the federal governments are responsible for funding most of Maryland's human service programs. Mandatory local contributions for certain human service programs were phased out during the 1960s and 1970s, though local governments may still supplement State funds for local programs and operations on a voluntary basis. Local expenditures are required, however, to attain federal matching funds for certain aging programs.

While federal support represents roughly half of all human service spending in Maryland, most of the federal dollars are earmarked for specific public assistance programs. Federal food stamp funding, which covers 100 percent of the benefit costs and 50 percent of the administrative expenses of the program, accounted for $208 million of the federal human service expenditures in fiscal 2001. Another $210 million in federal Temporary Assistance for Needy Families Block Grant dollars were expended to support

components of the Family Investment Program including administration, cash assistance, and employment assistance. Starting in fiscal 2000, the State has also been using Temporary Assistance for Needy Families dollars to support activities undertaken by the local management boards. Other federal dollars are provided through block grants (child

Exhibit 11.4
Human Services Funding – Fiscal 2001
($ in Thousands)

	State	Local	Federal	Total
Aging Programs[1]	$19,301		$18,241	$37,542
Juvenile Justice	150,592		14,325	164,917
Veterans	6,509		5,887	12,396
Welfare Grants/Other Public Assistance	51,251		99,909	151,160
Food Stamp Benefits			190,940	190,940
Foster Care/Adoption Grants	128,926	$235	90,889	220,050
Child Care Subsidies	29,885	263	78,319	108,467
Child Support Enforcement	17,213	300	50,742	68,255
Local Departments of Social Services	148,510	11,638	222,753	382,901
Other Department of Human Resources[2]	143,510		218,302	361,812
Systems Reform Initiative	37,259		24,089	61,348
Office for Children, Youth, and Families/ Office for Individuals with Disabilities	5,015		1,929	6,944
Various Local Programs		217,668		217,668
Total	**$737,971**	**$230,104**	**$1,016,325**	**$1,984,400**

[1]Does not include programs administered by the Department of Health and Mental Hygiene, the Maryland Department of Transportation or the Department of Human Relations.

[2]Includes overhead, community service programs, and central administration of the department's various programs.

Source: Department of Legislative Services

care and social services) and on a matching basis (foster care, child support enforcement, and some aging funds). With a few exceptions State rather than local funds are used to leverage federal matching funds.

Among the largest areas of State expenditure are juvenile justice, local departments of social services, and foster care and subsidized adoption payments. With the exception of juvenile justice, much of the State spending in these areas matches federal funding or meets a federal maintenance of effort requirement. Little in the way of federal support is available for juvenile justice programs so these programs rely almost entirely on State general funds to cover operating costs.

In fiscal 2001 the counties and Baltimore City contributed $230 million to human service programs. Of this amount, $42 million financed the operation of county-supported nursing homes. The remainder funded local child care, aging, child support enforcement, and social service initiatives. Many of these local programs were administered through the local departments of social services. Exhibit 11.5 offers a summary of local spending in fiscal 2001 by county. A more detailed breakdown of local spending by activity is not provided as financial reporting forms often fail to distinguish local expenditures on aging or social service programs from State or federal expenditures which pass through the local budget.

Exhibit 11.5
Local Spending on Human Services Programs – Fiscal 2001
($ in Thousands)

	Total Spending Reported by Local Governments[1]			State and Federal Revenues[2]	Net Local Spending[3]
	Nursing Homes	Other	Total		
Allegany	$6,516	$2,808	$9,324	$1,481	$7,843
Anne Arundel		17,638	17,638	8,610	9,028
Baltimore City		25,139	25,139	-	25,139
Baltimore County		22,928	22,928	13,354	9,574
Calvert		5,926	5,926	1,473	4,453
Caroline		124	124	81	43
Carroll		3,416	3,416	974	2,442
Cecil		2,206	2,206	1,184	1,023
Charles		4,090	4,090	4,696	(606)
Dorchester		2,157	2,157	2,084	73
Frederick	10,377	3,168	13,545	670	12,875
Garrett		189	189	111	78
Harford	9,681	5,154	14,835	1,679	13,156
Howard		13,491	13,491	897	12,594
Kent		1,682	1,682	1,448	234
Montgomery		130,978	130,978	28,122	102,856
Prince George's		26,287	26,287	20,103	6,184
Queen Anne's		4,068	4,068	1,562	2,507
St. Mary's	10,714	4,069	14,782	1,950	12,832
Somerset		180	180	220	(40)
Talbot		1,469	1,469	1,503	(34)
Washington		2,538	2,538	-	2,538
Wicomico	4,293	2,768	7,062	2,264	4,798
Worcester		1,174	1,174	660	514
Total	**$41,582**	**$283,647**	**$325,229**	**$95,125**	**$230,104**

[1]Includes local, State, and federal expenditures included in county budgets.
[2]As reported by local governments.
[3]These figures are estimated as the sum of local, State, and federal expenditures less State and federal revenues reported by local governments. This calculation provides an *estimate* of local spending because jurisdictions might not spend all the State and federal revenues received in a given year; such funds may often be carried over for use in future fiscal years. This is the most likely reason that several counties show negative local spending in fiscal 2001. In addition, the figures represent estimates because of possible inconsistencies in the ways that social service expenditures and revenues are categorized.

Source: *Uniform Financial Reports*

Chapter 12. Housing and Community Development

As set forth in its mission statement, the State's Department of Housing and Community Development, in conjunction with its partners, "revitalizes communities, encourages home ownership, expands affordable housing, and enhances Maryland's historic sites and traditions by providing resources not available through the private sector." The activities to achieve this mission are carried out by the federal and State governments and local public housing authorities and housing offices.

Structure

The provision of housing for persons of limited income has been a function of the federal government since the Great Depression, with the enactment of United States Housing Act of 1937. During the 1940s and 1950s, large public housing developments, funded by the federal government and administered by local public housing authorities, were built in cities across America. By the 1960s suburban flight and urban decay led to urban renewal efforts, many of which had the unfortunate consequence of further isolating the poor into enclaves of publicly-supported poverty. Redevelopment programs, such as Community Development Block Grants and Urban Development Action Grants, sought to restore life and vitality to aging inner cities. The focus has changed in recent decades in the provision of subsidized rental housing, with emphasis on scattered-site development, increasing housing choices for the poor, and leveraging private investment.

The federal government has also played a significant role in the homeownership arena, most notably through allowing the deduction of mortgage interest from one's federal income taxes. Other federal-sponsored programs, such as the Federal Housing Administration (FHA) and the Government National Mortgage Association (Ginnie Mae), promote homeownership by making mortgages more accessible or affordable.

At the State level, the Department of Housing and Community Development is Maryland's primary agent in this field. The department administers a number of federal programs, issues revenue bonds to support the writing of mortgage loans and to finance the construction of multi-family rental projects, operates a mortgage insurance fund, manages programs to redevelop and revitalize neighborhoods, and safeguards many of the State's historical and archaeological resources.

In addition to the executive direction and administrative units, the department is organized into four programmatic divisions: the Division of Development Finance; the Division of Credit Assurance, which includes the Maryland Housing Fund; the Division of Neighborhood Revitalization; and the Division of Historical and Cultural Programs.

Within the Division of Development Finance is the Community Development Administration, the State's housing finance agency. The administration issues tax-exempt and taxable revenue bonds to finance single family mortgages, multi-family rental housing developments, and local government infrastructure improvements. The administration's housing revenue bonds are not obligations of the State of Maryland and are rated "Aa2" by Moody's Investors Service.

County housing and community development offices, county housing authorities, and municipal housing authorities play a major role in implementing housing programs. The mission of these entities is to preserve, improve, and expand their stock of decent and affordable housing.

Housing offices are agencies of local governments and often bear the responsibility for administering loan programs, federal housing assistance payments, and local initiatives. Activities may include determining eligibility for federal assistance, providing counseling for first-time home buyers, and advocating on behalf of those in need of decent and affordable housing.

Public housing authorities (county or city) are separate entities, independent from local governments. A board of commissioners, appointed by the chief elected local government official, oversees the authority's activity. Housing authorities have the ability to directly own and manage housing units to be rented by low-income tenants. Exhibit 12.1 shows the distribution of housing authorities and housing offices in jurisdictions of the State. Article 44A of the Annotated Code of Maryland establishes the Housing Opportunities Commission of Montgomery County and the Housing Authorities of Baltimore City, the City of Annapolis, and Prince George's, Washington, Queen Anne's, Anne Arundel, and Somerset counties.

Local levels of government also invest in other types of community development activities such as urban renewal and conservation programs. Some jurisdictions have created councils or commissions dealing with community development issues to ensure that the most important needs are identified and addressed.

Services/Programs

Government activity in housing and community development can be grouped into five broad categories: homeownership, rental housing, special housing needs, neighborhood revitalization, and historic preservation.

Exhibit 12.1
Local Housing Authorities and Offices in Maryland

County	Housing Office	Housing Authorities	Municipal Housing Authorities
Allegany	Yes	Yes	Two
Anne Arundel	Yes	Yes	One
Baltimore City	Yes	Yes	None
Baltimore	Yes	No	None
Calvert	Yes	Yes	None
Caroline	Yes	No	None
Carroll	Yes	No	One
Cecil	Yes	No	One
Charles	Yes	Yes	None
Dorchester	Yes[1]	No	One
Frederick	Yes	No	One
Garrett	Yes	No	None
Harford	Yes	No	One
Howard	Yes	Yes	None
Kent	Yes	No	None
Montgomery	Yes	Yes	One
Prince George's	Yes	Yes	Two
Queen Anne's	Yes	Yes	None
St. Mary's	Yes	Yes	None
Somerset	Yes	No	One
Talbot	Yes[1]	No	Two
Washington	Yes	Yes	One
Wicomico	Yes[1]	Yes	None
Worcester	Yes[1]	Yes	None

[1]Refers to Eastern Shore Regional Housing Assistance Office.

Source: Department of Housing and Community Development

Homeownership

Encouraging homeownership has long been viewed as a method to bring stability to a community and to increase the financial well-being of the individual households. Federal income tax policy, with the deductibility of mortgage loan interest, provides the most pervasive method of encouraging homeownership. For individuals and families without the means to qualify for mortgage loans in the private market, the State offers a number of services to expand homeownership.

The Maryland Mortgage Program provides below-market fixed rate mortgages through private lending institutions to low and moderate income households. The program is financed through the sale of mortgage revenue bonds, targeted to first-time homebuyers, and includes eligibility limits on both household income and the cost of the home. The department estimates that a Community Development Administration-financed mortgage saves the borrower three-quarters of 1 percent compared to conventional financing. As of June 30, 2001, the portfolio of outstanding mortgages made under this program totaled $1.5 billion.

The housing revenue bonds issued by the Community Development Administration and used to fund the Maryland Mortgage Program represent a portion of the State ceiling on tax-exempt private activity bonds established each year by the Internal Revenue Service. Of the State ceiling, 25 percent is allocated to the Community Development Administration, 50 percent is allocated to the counties and Baltimore City, 22.5 percent is allocated to the Department of Business and Economic Development, and 2.5 percent is allocated to municipalities. Generally, Montgomery and Prince George's counties issue bonds for housing purposes directly from their allocations; the remaining counties and Baltimore City transfer their allocations to the Community Development Administration, which issues single-family mortgage bonds on behalf of the local jurisdiction. The benefit of this arrangement is that the local government avoids the costs of issuing bonds but the bond proceeds can be used for single family home mortgages in that jurisdiction.

A range of homeownership programs is supported through State capital funds with an annual appropriation. These include the Maryland Home Financing Program, which operates similarly to the Maryland Mortgage Program but is often able to reach families with even lower income; the Reverse Equity Mortgage Program, which allows elderly families to access the existing equity in their homes; and the Settlement Expense Loan Program, which is designed to assist families of moderate income meet the cash requirements needed at time of loan closing. For fiscal 2003 the appropriation for homeownership programs totals $7.6 million.

The Maryland Housing Fund was established by statute in 1971 to provide residential mortgage insurance for single family and multi-family developments financed by qualified lending institutions and public agencies, such as the Community Development Administration. The fund applied flexible underwriting standards regarding minimum down payments, cash contributions, and borrower credit history to allow many low- and moderate-income individuals to buy homes. In 1997 the fund ceased its insurance operations following questions regarding its solvency; the current focus is on the appropriate management of existing assets. Since its creation the fund has

insured mortgages for more than 48,000 single-family homes totaling more than $2.5 billion.

Rental Housing

State activity in the rental housing arena falls into both supply-side and demand-side support. Supply-side efforts provide loans to for-profit and non-profit developers for the acquisition, construction, renovation, and rehabilitation of housing deemed affordable to low- and moderate-income families. State capital bond funds, totaling $16.7 million in fiscal 2003, are appropriated for a series of programs designed to develop or rehabilitate units that, in general, serve populations with incomes below 60 percent of the area median. Proposals are selected for funding under a competitive rating and ranking system. In 1998 legislation was enacted that waives these income requirements in cases where abandoned or under-utilized office space in designated neighborhoods is converted to rental units. As of June 30, 2001, the outstanding portfolio of the State-funded rental housing development loan programs totaled $173 million.

The State also administers a multi-family bond program whereby tax-exempt and taxable revenue bonds are issued by the Community Development Administration to provide below-market and market rate financing for rental properties. As with the Maryland Mortgage Program, these revenue bonds represent a portion of the State ceiling on tax-exempt private activity bonds established each year by the Internal Revenue Service. As of June 30, 2001, the outstanding principal of loans under this bond program totaled $631.6 million, financing rental units in 269 projects. The Maryland Housing Fund provided a credit enhancement to give lenders the security to make loans increasing the housing supply for low-income tenants through using options such as longer mortgage terms and higher loan-to-value ratios. The fund ceased making new insurance commitments in 1997 after several large losses damaged the solvency of the fund.

The Partnership Rental Housing Program is a unique collaboration among levels of government to develop rental housing for families with incomes below 50 percent of the statewide median. State funds (general obligation bond funding) are loaned to a public housing authority or local government to acquire or construct rental units, and repayment is not required so long as the project is publicly owned and operated according to the eligibility requirements. In Baltimore City federal funds are being combined with this program to demolish and replace some of the high-rise public housing projects that have fallen into serious decline. Under this replacement program, townhouse communities with a mixture of rental and for-sale units are being built on the sites of the high-rises, considerably reducing the overall density of housing, creating a mixed-income community, and enhancing the sense of neighborhood.

The Department of Housing and Community Development also administers the federal Low-Income Housing Tax Credit Program that provides income tax credits to individuals and corporations investing in the development or rehabilitation of low-income housing. These tax credits are often a critical component which, when combined with other financing assistance, makes new housing development for low-income families economically feasible. Through the federal HOME Investment Partnership program, the department makes grants and deferred-payment loans to non-profits, local governments, or for-profit developers for innovative housing development.

Public housing projects, which are rental units owned by a housing authority, are a method to house the most needy. The tenant, typically with income at or below 30 percent of the area median, pays no more than 30 percent of the household's monthly income for rent and utilities. The federal government subsidizes the remaining operating costs through payments directly to the housing authority. The State of Maryland does not own public housing units, but 25 municipal housing authorities and offices within the State have more than 22,000 units under management.

The federal Department of Housing and Urban Development also contracts with private developers under its Section 8 New Construction Program to increase the overall inventory of affordable housing. Much of the funding is administered by the State's Department of Housing and Community Development; 71 projects containing roughly 5,000 units will receive funding of $40.5 million in fiscal 2003. The vast majority of tenants have incomes of less than 50 percent of the area median.

Fiscal 2002 marked a significant change in the department's role related to the management of public housing – the State entered into a five-year service contract with the federal Department of Housing and Urban Development to manage housing contracts for privately owned Section 8 properties subsidized by the federal government. The contract, valued at approximately $110 million per year, assumes management of about 300 properties.

State and federal funds are also available to make privately-owned housing more affordable for low-income families, addressing the demand side of the housing equation. The tenant-based assistance aspects of the federal Section 8 programs fall into this category. In the Section 8 Existing Certificate Program, which the federal government is phasing out, the local housing office contracts with a participating landlord, and they reach agreement on the maximum rent for a unit of housing. The federal government pays the difference between 30 percent of the household's adjusted income and the unit's rent. In the Section 8 Voucher Program, there is no limit on the unit's rent. A fair market rent is determined, but the household can choose to rent a unit costing more or less than that fair market rent per month, therefore choosing to pay more or less than 30 percent of

their adjusted income as the difference. Because the federal government is phasing out the certificate program, all new Section 8 program households, as well as those moving or signing new leases, must participate in the Section 8 Voucher Program. The federal government believes that the voucher program better serves low-income households by increasing their housing choices, especially in high-demand markets where landlords may be reluctant to accept the federally established maximum rent.

Section 8 vouchers and certificates are administered by public housing authorities, county or municipal housing offices, and by the Department of Housing and Community Development in those parts of the State without a housing department. Several Eastern Shore counties are served by the State's regional housing assistance office in Cambridge. Almost 27,000 housing units statewide are subsidized through the voucher and certificate programs. In most jurisdictions, demand for Section 8 vouchers far exceeds the availability.

The State's Rental Allowance program, funded at $2.3 million for fiscal 2003, provides grants to families in danger of becoming homeless and for whom the federal Section 8 programs do not provide relief. These funds are administered by local housing offices, local departments of social services, and nonprofit organizations under contract with the local government. Program participants typically receive other social services in addition to the grant.

Special Housing Needs

The Department of Housing and Community Development also administers a number of programs designed to address specific housing needs and issues. Included here are loan funds to make improvements to properties lacking adequate indoor plumbing, to bring single-family and small multi-family dwellings up to the standards of the building code, and to remove or otherwise abate lead-paint hazards. For fiscal 2003, State capital funds totaling $11.1 million have been appropriated for these special loan programs. The Weatherization Assistance Program provides grants to public and private entities to identify and perform needed weatherization improvements to housing occupied by low-income Marylanders.

In recent years, the State has intensified its efforts to combat childhood lead poisoning in Baltimore City. The department's role involves providing grants to qualified property owners for total lead abatement and offering temporary housing for residents displaced because of lead-contaminated homes. The Maryland Department of the Environment and the Department of Health and Mental Hygiene also contribute to the State's lead poisoning prevention efforts.

Improving housing opportunities for members of special populations is also an important function of the State, federal, and local governments. The State operates loan funds to support the capital costs associated with the acquisition, rehabilitation, or construction of homeless shelters, transitional housing, and group housing for those with special needs. These facilities are typically owned and managed by non-profit organizations or local governments.

The Department of Housing and Community Development also administers a number of building laws and standards to ensure that housing meets requirements for health, safety, functional adequacy, and energy efficiency, including the following:

- Maryland Industrialized Building and Mobile Homes Act;
- National Manufactured Housing Construction and Safety Standards;
- Maryland Model Performance Code;
- Maryland Building Performance Standards;
- Maryland Building Rehabilitation Code;
- Maryland Safety Glazing Law;
- Maryland Building Code for the Handicapped (Accessibility Code);
- Maryland Energy Conservation Building Standards Act; and
- Minimum Livability Code.

The most recent of these laws and standards is the Maryland Building Rehabilitation Code, also known as “Smart Codes”, which went into effect June 2001. With the creation of a uniform, statewide code for rehabilitation projects, the State hopes to encourage and facilitate neighborhood revitalization through rehabilitation and reuse of existing buildings.

While nearly all of these laws and standards are enforced by local governments, the Maryland Codes Administration provides interpretation, training, and technical assistance to the enforcement agency. The administration also conducts certain inspections during the construction of modular buildings.

Neighborhood Revitalization

A number of activities in the Department of Housing and Community Development are designed to revitalize communities that are in decline or are in danger of going into decline. Efforts such as the Neighborhood Business Development Program provide low-interest loans to small, neighborhood retail and services businesses, often as a needed catalyst to stabilize a particular block or spur other private investment. The fund, established in fiscal 1996, has made 286 loans and grants totaling $47.8 million to businesses and non-profit organizations in designated "revitalization areas." In many cases business revitalization projects are combined with streetscape improvements under the Maryland Department of Transportation's Neighborhood Conservation program.

As part of the State's Smart Growth initiative, the General Assembly created the Community Legacy Program in 2001. This program, intended to complement existing neighborhood revitalization efforts, provides a flexible funding source for community redevelopment. Eligible uses of the funds include capital projects such as streetscape and façade enhancements, recreational amenities, and improvement of community gathering places. Funds may also support non-capital activities such as technical assistance and capacity building to help neighborhood leaders develop the expertise needed to successfully plan and implement neighborhood revitalization projects. In fiscal 2002, 52 communities throughout the State received $9 million for projects through the Community Legacy program. The fiscal 2003 budget provides an additional $6.5 million to issue additional awards for capital and operating activities.

To encourage homeownership in revitalization areas, the State, local governments, and employers have partnered in the Live Near Your Work initiative, established in fiscal 1998. Each partner (the employer, the local government, and the Department of Housing and Community Development) contributes $1,000 when an employee of a participating employer purchases a home in close proximity to his/her work. Currently, 133 employers in eight jurisdictions are participating in the program, and 765 employees have purchased homes. The State has committed over $1.3 million since the inception of the program.

The federal Community Development Block Grant program has been in operation since 1974. The program has three broad goals: to benefit low- and moderate-income families, to prevent or eliminate slums and blight, and to meet other urgent community development needs. Eleven Maryland jurisdictions (the cities of Annapolis, Baltimore, Cumberland, Frederick, and Hagerstown and the counties of Anne Arundel, Baltimore, Harford, Howard, Montgomery, and Prince George's) are entitlement communities, receiving annual funding directly from the Department of Housing and Urban Development. The rest of the State can compete for grant funding administered by the Department of Housing and Community Development, which will distribute $8.9 million

in fiscal 2003. Projects can address a broad range of development objectives including housing, economic development, infrastructure, and community development.

The federal Community Services Block Grant program, funded by the U.S. Department of Health and Human Services, is also administered by the Department of Housing and Community Development. In this program funds are allocated to 17 community action agencies which serve all areas of the State. Nearly $8.9 million will be distributed to these agencies in fiscal 2003 to provide a range of services including affordable housing, job training and employment counseling, Head Start early-childhood education programs, and nutritional services.

Historic Preservation

The preservation of Maryland's historic and cultural heritage is another programmatic effort of the Department of Housing and Community Development. State-sponsored programs include grant and loan funds, research activities, museum services, and the development of heritage tourism. The State receives modest federal support for preservation activities (about $835,000 in fiscal 2003) through the Historic Preservation Fund. Research units within the department identify properties to be added to the Maryland Inventory of Historic Properties and the National Register of Historic Places, conduct terrestrial and underwater archaeology, review the archaeological impacts of development projects subject to State and federal preservation laws, preserve artifacts, and maintain archives of cultural resource materials.

The Maryland Historical Trust Capital Grant Fund, which was appropriated at $700,000 for fiscal 2003, provides grants to non-profit preservation foundations, organizations, and individuals for the purpose of acquiring, preserving, and restoring historic properties and monuments and for conducting archaeological studies. In fiscal 2001, 18 projects in 11 jurisdictions received grant funding ranging from $4,000 to $50,000. The department also operates a revolving loan fund, called the Maryland Historical Trust Historic Preservation Loan Program, to encourage the acquisition and restoration of historic properties. This fund's appropriation for fiscal 2003 is $200,000. Recipients of funds under these programs are required to place a preservation easement on the property in the name of the Maryland Historical Trust. This easement ensures that any development will preserve and not desecrate the historical or archaeological significance of the site.

The Task Force on Preservation and Enhancement of Maryland's Heritage Resources, created by Executive Order in 1999, made recommendations to improve the State's activities related to historical and cultural sites. As a result of these recommendations, the State created several new programs in fiscal 2002. One of these new programs, the Maryland History Investment Fund, provides grants for building and sustaining heritage organizations; heritage research, survey, plans, publications, outreach, and collection conservation; and acquisition and development activities. Another new program, the State Unit Heritage Preservation Program, is charged with systematically identifying and evaluating the condition of heritage resources. The State also created the Local Preservation Program in fiscal 2002 to build support and expertise in heritage preservation through the provision of financial and technical assistance to local governments.

The Office of Museum Services in the department provides technical and financial assistance to more than 220 historical and cultural museums statewide and operates two historical museums: the Banneker-Douglass Museum in Annapolis and the Jefferson Patterson Park and Museum in Calvert County. The Banneker-Douglass Museum interprets the black experience in Maryland, in conjunction with the cultural conservation and education activities of the Maryland Commission of African-American History and Culture. The Jefferson Patterson Park and Museum is a 544-acre archaeology park that provides conservation, collection management, research, and exhibit services.

Other State-sponsored historical museums include Historic St. Mary's City, an outdoor history and archaeological museum that preserves, develops, researches, and interprets the site of Maryland's first capital. The city is working closely with St. Mary's College to enhance the educational and cultural resources associated with the site. The Maryland African American Museum Corporation, created by the General Assembly in 1998, is charged with overseeing the development and future programming of the Maryland Museum of African American History and Culture. The museum, being built on Museum Row near the Baltimore City Inner Harbor, will interpret the history of Maryland's African American community. It is scheduled to open in the winter of 2004.

Designed to foster "heritage tourism" by creating historic and scenic destinations, legislation was enacted in 1996 to designate and fund a series of heritage areas throughout the State. Since the creation of the program, there have been five areas designated as certified heritage areas. The first area to achieve this status was the Canal Place Preservation and Development Authority in Western Maryland. Seven other areas have been recognized as heritage areas. With recognition, an area is eligible for grants to develop management plans, define the area's historic themes, and begin to outline visitor services and interpretive programs. The heritage areas program is funded with $1 million annually, derived from the State's property transfer tax.

Funding

Total spending by the Department of Housing and Community Development in fiscal 2001 was $152.7 million in general, special, and federal funds as shown in Exhibit 12.2.

Federal funds are received primarily under the various Section 8 rental assistance programs and the Community Services and Community Development block grant programs. Most of these funds are passed through to those local housing offices and housing authorities that do not receive funding directly from the Department of Housing and Urban Development. A portion of the federal funds is retained by the department to offset administrative expenses.

Special funds are generated by repayments of principal and interest on loans made from the various revolving loan funds, from fees charged by the Maryland Housing Fund for insurance, from income generated at the historic museums, and from fees and interest generated through bond issuances.

Exhibit 12.2
Department of Housing and Community Development
Fiscal 2001 Expenditures
($ in Thousands)

	General	Special[1]	Federal	Total
Office of the Secretary	$1,698	$4,383	$284	$6,365
Div. Of Credit Assurance	311	4,489	0	4,800
Div. Of Historical and Cultural Programs	6,207	1,367	1,038	8,611
Div. Of Neighborhood Revitalization	1,873	957	17,707	20,537
Div. Of Development Finance	2,547	6,494	43,041	52,082
Capital Grant and Loan Programs	24,886	28,390	0	53,276
Div. Of Information Technology	837	876	859	2,572
Div. Of Finance and Administration	1,039	2,993	381	4,413
Total	**$39,398**	**$49,949**	**$63,310**	**$152,655**

Note: Numbers may not sum due to rounding.
[1]Special funds represent repayments to revolving loan funds, fees on bond issuances and insurance, and income generated at the historic museums.

Source: *Fiscal 2003 State Budget Books*

Bonds issued by the Community Development Administration do not flow through the State budget and are not included in the totals above. The department estimates issuing $125 million in project-based bonds for multi-family development and $180 million under the single-family Maryland Mortgage Program in fiscal 2003. Similarly, under the Local Government Infrastructure Bond program, the State issues revenue bonds on behalf of small jurisdictions for improved access to the bond market. For fiscal 2003 the department anticipates issuing up to $10 million for local projects such as schools, offices, parks, water system improvements, and other infrastructure.

Local government spending is shown in Exhibit 12.3. Funds include federal grants from the Department of Housing and Urban Development, State grants, and project income. Statewide, spending at the county level totaled $275.9 million in fiscal 2001; about 70 percent of that spending is categorized as public housing and the remaining portion as community development and community action. Not surprisingly, the largest expenditures were made by Baltimore City and Montgomery, Prince George's and Baltimore counties.

Grants received from the federal and State governments may be expended by a county in more than one fiscal year, particularly when the funds are for a capital project. It is difficult, therefore, to determine the proportion of any year's local spending which is derived solely from own-source revenues. That the federal and State governments contribute significantly in the housing and community development areas is undisputed; in fiscal 2001 the counties collectively reported revenues of $246.2 million in housing and community development grants.

Municipal governments spent an additional $18.3 million in fiscal 2001, with over 75 percent classified as community development and community action and roughly 25 percent as public housing. The largest housing and community development expenditures are found in the cities of Gaithersburg ($4.7 million), Cumberland ($3.4 million), and Westminster ($1.4 million). Again, the importance of State and federal grants is evident: for fiscal 2001, the municipalities of the State collectively reported $11.2 million in housing and community development revenues from other levels of government.

Exhibit 12.3
Local Government Spending – Fiscal 2001
Housing and Community Development
($ in Thousands)

	County			Municipal
	Public Housing	**Other Community Development**	**Total**	
Allegany	$1,253	$189	$1,442	$2,870
Anne Arundel	0	4,767	4,767	423
Baltimore City	0	19,517	19,517	0
Baltimore	28,054	17,906	45,960	0
Calvert	510	270	780	185
Caroline	138	73	211	939
Carroll	2,510	1,298	3,808	1,429
Cecil	2,797	0	2,797	59
Charles	0	5,679	5,679	0
Dorchester	0	620	620	145
Frederick	1,869	189	2,058	379
Garrett	0	141	141	607
Harford	6,536	397	6,933	10
Howard	7,597	2,157	9,755	0
Kent	0	197	197	135
Montgomery	101,894	13,881	115,775	6,595
Prince George's	39,584	12,885	52,469	2,181
Queen Anne's	1,288	566	1,855	3
St. Mary's	0	100	100	0
Somerset	0	435	435	182
Talbot	0	184	184	147
Washington	0	196	196	1,492
Wicomico	0	38	38	304
Worcester	143	0	143	239
Total	**$194,173**	**$81,685**	**$275,860**	**$18,324**

Note: State and federal grants to local governments are included in the total.

Source: *Uniform Financial Reports*

Chapter 13. Economic Development and Business Regulation

The Maryland Economic Development Commission has developed a new vision for the State's economic development efforts – one in which Maryland is perceived nationally and internationally as an economic development leader by the year 2005. To achieve this goal, the State works with local governments to help businesses be successful, create stable employment opportunities for Marylanders, and regulate businesses and industries.

Economic Development Structure and Services

At the State level, economic development policy is guided by the Maryland Economic Development Commission, a 25-member body established by legislation in 1995. The commission, composed largely of private-sector representatives, develops and updates a strategic plan for the State and recommends to the Governor ways that the plan should be implemented. It also participates in marketing the State to businesses and reviews regulations for business financing programs. The final version of the commission's third strategic plan – an update of the 1997 *Strategic Directions for Increasing the Competitiveness of Maryland's Growth Industry* – is expected in September 2002.

The State's Department of Business and Economic Development (DBED) strives to generate jobs and investment, attract new businesses, and facilitate the expansion and retention of existing companies. As part of the strategic plan, it also works to strengthen Maryland's business climate and ensure development in all regions of the State. Five regional offices located throughout the State provide one-on-one business assistance, including:

- strategic planning and marketing;
- investment tax credits and loan guarantees;
- workforce development;
- regulatory and permitting assistance;
- business location services; and
- business and technology quality improvements.

The department also promotes Maryland's attractions and visitor services, attracts feature film and television production, and supports artists and arts organizations.

Economic development activities at the local level are administered in several ways. Each of the counties and Baltimore City has an agency or organization that serves as the primary economic development office. Thirteen counties use government agencies to perform this function, in which the lead economic development official is appointed by and reports to the county executive or county commissioners. Some use an advisory board representing the business community appointed to work with the agency. Other jurisdictions rely on private or quasi-public economic development corporations or economic development commissions to direct and administer their efforts. Examples of these include the Baltimore Development Corporation and Salisbury-Wicomico Economic Development, Inc. Exhibit 13.1 shows the organizational structure in place in each county.

Exhibit 13.1
County Economic Development Responsibility

Economic Development Commission	County Department or Office		Economic Development Corporation or Authority
Charles	Allegany	Harford	Anne Arundel
Frederick	Baltimore	Kent	Baltimore City
Queen Anne's	Calvert*	Montgomery	Caroline
Somerset	Carroll	St. Mary's	Howard
Washington	Cecil	Talbot	Prince George's
	Dorchester	Worcester	Wicomico
	Garrett		

*Calvert County also has an economic development commission and a development authority.

Source: Department of Business and Economic Development

A private corporation may have more flexibility to raise corporate funds for promotional efforts, invest in projects or companies, and directly hold title to real estate than a traditional county office. Although independent, corporations often derive much

of their funding from local tax revenues, and the board of directors may be appointed by the chief executive officer of the jurisdiction.

Local offices, whether public or private, work closely with existing businesses and market their jurisdiction to potential new or expanding businesses. Coordination with the State, through its network of regional development offices, allows local governments ready access to the range of State services. The Department of Business and Economic Development administers grants to a number of regional planning and business assistance organizations such as the Maryland High Technology Council, the Greater Baltimore Alliance, the Tri-County Councils for Southern and Western Maryland and the Lower Eastern Shore, the Mid-Shore Regional Council, and the Delmarva Advisory Council.

Marketing and Business Development

Marketing Maryland to both domestic and international companies as a place to successfully conduct business is one of the key functions of the Department of Business and Economic Development's Division of Business Development. The division's advertising and promotion unit develops professional business publications, speeches, and special events. It also provides market analysis and research, including the economic impact of business enterprises, industry sector analysis, and labor force information. The division focuses its efforts on priority regions such as enterprise zones and Brownfields properties, as well as specific industry sectors such as bioscience. Finally, staff in this division assist companies in identifying potential sites for the location of their new or expanding businesses and work with the local economic development offices and other units of the department to develop financial incentive or technical assistance packages where appropriate.

Most local economic development offices operate marketing programs that focus on participation in trade shows and special events. These activities are seen as more cost effective than advertising in magazines or business journals. Often, the State and local governments will share the expenses of exhibit space at a trade show, reducing the costs to both organizations while generating exposure. In general, the budgetary resources of the State are more effective in reaching national and international audiences. A number of regional marketing consortia have developed in the State, such as the Greater Baltimore Alliance, under the philosophy that cooperation, rather than competition, between local jurisdictions will benefit the region as a whole.

International Business Services

The Office of International Business fosters foreign investment in Maryland, operates three foreign trade offices (in Hong Kong, the Netherlands, and Japan), and

organizes foreign trade missions to showcase Maryland businesses and the State as a place for business location. For businesses with less than $15 million in revenue, the office awards grants that provide 80 hours of staff time from overseas offices and $5,000 to support foreign market entry. The State also participates in the Maryland/Israel Development Center, a partnership with local organizations and the Israeli government that promotes trade ventures between State and Israeli businesses and research institutions.

Business Licensing

In response to complaints from businesses trying to identify the types of licenses and permits they needed to operate, the State created Maryland's Business License Information System, an Internet-based system that helps business owners determine which State permits and licenses are required. The system also gives comprehensive information and contacts for all of Maryland's occupational licenses, as well as links to other business-related sites throughout the State.

Workforce Development

Several programs are available to employers seeking to train their workforces, including the Partnership for Workforce Quality (PWQ), which provides matching grants and support services to increase workers' skills for new technologies and production processes. The Partnership for Workforce Quality grants are targeted to small and mid-sized manufacturing and technology companies. In fiscal 2001, the Partnership distributed $4.4 million in grants to companies in each region of the State.

Companies may also participate in the Business Training Network run by Maryland's 16 community colleges or the Maryland Apprenticeship and Training Program, which provides free technical help for employers that want to establish an apprenticeship program. In addition, the Maryland Industrial Training Program works though local business expansion teams to ensure that qualified workers are available to new or expanding businesses. Participating companies may also receive State and local assistance for site selection, loan packages, technology needs, and other needs related to expansion or relocation.

Financing Programs

Through the Division of Financing Programs, the department operates a variety of grant, loan, loan guarantee, and investment programs designed to foster business growth. The division's chief objectives are to underwrite credit risks, negotiate, structure and

close loans and incentives, and manage the accounts after closing. Exhibit 13.2 shows anticipated activity levels of the State's loan, grant, and investment programs for fiscal 2003.

Exhibit 13.2
Activity in Loan Guaranty and Insurance Programs
Fiscal 2003

Program	Amount
Maryland Industrial Development Financing Authority Bond Insurance Fund	$33,660,000
Maryland Economic Development Assistance Fund	31,500,000
Maryland Enterprise Investment Fund	13,000,000
Smart Growth Economic Development Infrastructure (One Maryland)	10,200,000
Economic Development Opportunities (Sunny Day) Fund	7,100,000
Maryland Small Business Development Financing Authority	6,900,000
Maryland Competitive Advantage Financing Fund	3,000,000
Challenge Investment Program	2,000,000
Maryland Economic Adjustment Fund	1,600,000

Source: Department of Legislative Services

The financing programs outlined below target small and minority businesses, distressed jurisdictions, technology startups, and companies offering major economic development opportunities through relocation or expansion.

Traditional Banking

The Maryland Industrial Development Financing Authority, created in 1965, is the State's largest and most established financing program. It issues tax-exempt financing for manufacturers and non-profit organizations and provides insurance for bond or conventional business financing. As of June 30, 2000, the bond insurance fund had outstanding insurance of $85 million against a reserve balance of $39.5 million.

Small or Minority Business

The Maryland Small Business Development Financing Authority (MSBDFA) offers four types of programs for enhancing the capacity of businesses owned by the socially or economically disadvantaged to be more competitive. The authority's programs guarantee private borrowings when the eligible business has secured a government contract, provide guarantees for working capital and for surety bonds, and make equity investments in franchise development and technology-based businesses. The maximum amount payable by the Maryland Small Business Development Financing Authority for a long-term loan guarantee was increased in 2001 from $600,000 to $1 million.

In 1999, the General Assembly established the Maryland Competitive Advantage Financing Fund (MCAFF) to stimulate the development and expansion of small businesses in the State. The financial assistance under the Maryland Competitive Advantage Financing Fund includes loans, loan guarantees, interest subsidies, and incentives to private lenders or any other financial assistance designed to secure business loans from financial institutions. To qualify for assistance from the fund, a business must have net revenues of less than $1 million annually and employ fewer than 100 full-time employees. The rules of the Maryland Competitive Advantage Financing Fund were changed in 2001 so that bankruptcy or unpaid taxes do not automatically disqualify an applicant. The program may only support growth related projects as defined under the State's Smart Growth provisions.

Local/Regional Economic Development

The department's main tool for promoting local development is the Maryland Economic Development Assistance Authority and Fund, which offers the following five incentive programs: (1) loans of up to $10 million for a significant economic development opportunity on a statewide or regional level; (2) loans of up to $5 million for a local economic development opportunity; (3) direct assistance such as land acquisition, infrastructure improvements, acquisition of fixed assets, and leasehold improvements; (4) regional or local revolving loan funds; and (5) special purpose loans, including day care facilities, aquaculture, and brownfields. Businesses must be located within a priority funding area and an eligible industry sector. With a few exceptions, assistance may not exceed 70 percent of the total project costs unless the recipient is the Maryland Economic Development Corporation (MEDCO), which may request 100 percent assistance.

Starting in 1999, the Department of Business and Economic Development began to administer the Smart Growth Economic Development Infrastructure Fund, also known as the One Maryland Economic Development Program. The program provides loan assistance to qualified distressed counties for projects such as land acquisition or improvements, rehabilitation for industrial sites, water and sewer line development, and shell buildings. In order for a project to qualify, it must be located in a Smart Growth area.

Based on the definition of "economically distressed county," seven jurisdictions qualify for these loans: Baltimore City and Allegany, Caroline, Dorchester, Garrett, Somerset, and Worcester counties. A county is considered distressed if its average unemployment rate is more than 150 percent above the average State unemployment rate during the same 18-month period *or* its average per capita personal income (for the most recent two years) is 67 percent or less of the State average per capita personal income during the same period.

Local governments in distressed counties may also receive up to $250,000 of annual grants from the Maryland Economic Development Assistance Authority without being required to provide a full match. However, during the period from October 1, 1998, through June 30, 2003, a county may not receive a total of more than $500,000.

Technology Firms

The department's Investment Financing Group runs several programs that provides emerging, high technology businesses access to early-stage capital. Investment decisions are based on the project's potential return, the promotion of economic development, and the creation of jobs. The Challenge Investment Program provides financing for small start-up technology companies (principally based in Maryland) to cover a portion of the initial costs associated with bringing new products to market. To qualify, a business must have no more than 25 employees and annual sales of less than $1 million, and provide a minimum 1:1 co-investor match.

The Maryland Enterprise Investment Fund makes equity investments of up to $500,000 in emerging technology businesses that already have patented or proprietary products or manufacturing processes and a marketing strategy in place. Applicants must be in a high-tech industry targeted for assistance, agree to maintain their principal place of business in Maryland for five years, and provide at least a 3:1 co-investor match.

The Maryland Venture Capital Trust was created in 1990 to provide seed, early, and mid-state venture capital to Maryland-based companies while creating an investment

opportunity for local and State pension funds, subject to contribution limits. The trust, now administered by the State Retirement and Pension Board of Trustees, has invested $8.9 million in eight venture capital partnerships. As of December 31, 2000, the investment rate of return was 7.1 percent for the State's share in the trust's distributions and assets.

In 1998, the General Assembly created the Maryland Technology Development Corporation (TEDCO) as a way to enhance the transfer of technology from universities and federal laboratories to the private sector and foster the growth of companies in critical or high growth sectors. As a corporation, the Technology Development Corporation has greater flexibility than a State agency and is eligible for federal grants to manage programs to help improve Maryland's technology economy.

One of the corporation's main activities is the business incubator program, which provides services and infrastructure for fledgling companies. The Incubator Development Fund, which received $3.75 million in PAYGO funds in fiscal 2002, allows the Technology Development Corporation to award up to $1 million per jurisdiction or nonprofit organization in matching grants for capital development of an incubator program. Through fiscal 2002, the Technology Development Corporation distributed $198,500 in grants to local jurisdictions to conduct incubator feasibility studies and $175,000 in "best practices" awards. The Technology Development Corporation also coordinates several technology transfer programs and conducts special research projects. Thirteen commercial transfer projects totaling $645,951 have been approved using the University Technology Investment Fund. The Technology Development Corporation has also concluded the first phase of a statewide study of Maryland's Internet access, usage, and infrastructure.

Modernization/Expansion Initiatives

The Department of Business and Economic Development offers several incentive programs designed to attract expanding or relocating companies from out of state or to make the expansion of a locally based company financially feasible. It also administers a portion of the federally funded Community Development Block Grant (CDBG) program, which is used for economic development projects and to create job opportunities for low- and moderate-income persons.

The State's most flexible incentive program is the Economic Development Opportunities Program Fund, also known as the Sunny Day Fund. As part of the State Reserve Fund, any use of these monies must be approved by the Legislative Policy Committee. The Sunny Day Fund is designed to be used for extraordinary economic

development opportunities that result in significant job creation and private investment in the State. Recipients must commit to job creation or retention targets and invest $5 for every dollar provided by the State.

The annual general fund appropriation to the Sunny Day Fund declined markedly from $29.9 million in fiscal 1998 to $4.1 million in fiscal 2002. However, the estimated balance of the fund grew from $15.5 million in fiscal 1998 to $19.4 million in fiscal 2002 due to repayments of principal and interest. The Legislative Policy Committee has approved over 100 Sunny Day projects since the program began.

Local governments often offer financing incentives to expanding or relocating businesses in conjunction with State incentives. Local participation in economic development projects, whether undertaken independently or in conjunction with State resources, typically includes grants to offset training expenses, partial property tax forgiveness, infrastructure improvements, or direct loans or grants toward project expenses. A number of counties operate their own revolving loan funds to assist businesses that are too small for State assistance or are in an industry sector, such as retail, to which the State does not typically provide incentives.

The Maryland Economic Adjustment Fund (MEAF) assists businesses in the State who want to modernize manufacturing operations, develop commercial applications for technology, and explore and enter new markets. Applicants must demonstrate credit worthiness, ability to repay the obligation, and inability to obtain financing on affordable terms through normal lending channels. The maximum amount of the loan to any one borrower is $500,000. Eligible locations are Baltimore City and Allegany, Anne Arundel, Baltimore, Dorchester, Harford, Howard, Queen Anne's, Somerset, Worcester, and Washington counties.

Maryland Economic Development Corporation

The Maryland Economic Development Corporation was created by the General Assembly in 1984 as a public corporation intended to complement the financing assistance provided directly through State agencies. As a public corporation, it may own commercial and industrial real estate, issue bonds for construction or renovation work, and then lease the resulting facility to a private business entity. The Maryland Economic Development Corporation financings are structured so that the lease revenues from the facility pay the costs of the bonds as well as administrative expenses. Bonds issued by the Maryland Economic Development Corporation are not a debt of the State nor is their repayment a moral or legal obligation of the State. In many cases, State funds such as general obligation bonds are combined with bonds issued by the Maryland Economic Development Corporation to make a project financially feasible.

The corporation's participation in economic development projects has grown from 52 in fiscal 1997 to 134 in fiscal 2001, and its debt has grown correspondingly from $177 million to $855 million, and now slightly exceeds the corporation's assets.

Tourism, Film, and the Arts

Promoting the State as a tourist destination is directed by the Maryland Tourism Development Board, a 15-member body established by statute in 1993. To fund the marketing and promotional activities of the board, State law directs the Governor to budget at least $6 million in fiscal 2003 and 2004, $7 million in fiscal 2005 and 2006, and $8.5 million in fiscal 2007 and beyond.

The Office of Tourism Development encourages travel in Maryland from around the State, country, and world through advertising, public relations, promotions and events, literature, and direct sales efforts. The office operates 13 roadside travel information and visitors centers throughout the State; 2.2 million visitors stopped at these centers in 2001, up from 1.9 million in fiscal 1997. This office also administers a program of local matching grants to support general tourism development at the local level and for special promotional events and opportunities. In fiscal 2002, the Tourism Development Board gave $1 million in marketing and development grants to local governments.

The Maryland State Arts Council fosters awareness of and appreciation for arts and cultural activities throughout the State and encourages investment in the arts. Much of that work is accomplished by grants to arts organizations and local arts agencies. In fiscal 2003, the council expects to award $9.4 million in grants to 289 arts organizations. Another $7.4 million in matching grant funds is to be distributed to the 24 official county arts agencies to support community-based arts, including exhibits and performances, programming in schools, and technical assistance to local artists and groups. The council also makes grants to enhance the availability of artists in public schools, further the creative work of individual artists, and support the preservation of folk art. The nonprofit arts industry generated $800 million in gross sales in 2001.

The Maryland Film Office promotes the State as a location for television and movie productions and has been increasingly successful during the 1990s. Recent productions shot in Maryland include the documentary horror film, the "Blair Witch Project" (1999), "Gods and Generals" (2002), and "Red Dragon" (2002). Also, Baltimore, once the location of the TV show "Homicide: Life on the Streets" is now the film location for a Home Box Office police drama series "The Wire." The film office expects that films produced in fiscal 2003 will generate $15.7 million in added spending.

Funding Economic Development

Most economic development activities are supported by general tax revenues at both the State and local level. Exhibit 13.3 summarizes fiscal 2001 State spending on economic development activities, which totaled approximately $243.5 million.

Federal funds represent a relatively small portion of the department's operating budget. In fiscal 2001, the department received approximately $659,000 in federal funds, of which $603,211 went to the Maryland State Arts Council in support of its activities. Interest earnings and loan repayments generate about one-quarter of the department's operating budget and nearly 62 percent of the funds available for grants and loans to businesses. Each loan fund is a separate nonlapsing fund: fund earnings and repayments of principal and interest are credited back to the fund and are then available to offset the program's operating costs and to provide additional capital for loans, grants, or investments.

Exhibit 13.3
State Economic Development Expenditures
Fiscal 2001
($ in Thousands)

	State[1]	Interest Earnings/Loan Repayments and Fees	Federal	Total
Business Development	$9,196	$5,099	$0	$14,295
Financing Programs	27,425	62,350	0	89,775
Tourism, Film and the Arts	27,822	754	604	29,180
Regional Development	17,186	149	0	17,677
Other[2]	6,131	1,925	55	8,111
Operating Expenses Subtotal	**$87,760**	**$70,619**	**$659**	**$159,038**
Capital Grant and Loan Funds	$32,366	$52,107	$0	$84,473
Grand Total	**$120,126**	**$122,726**	**$659**	**$243,511**

[1]Does not include reimbursable funds from other State agencies.
[2]Includes administrative costs incurred by the Department of Business and Economic Development.

Source: Department of Legislative Services

Economic development at the local level generally consists of spending on business development, tourism, and culture and arts. In fiscal 2001, the counties and municipalities spent over $218 million on these activities; approximately one-third of this total was spent by Baltimore City. Exhibit 13.4 shows, by county, the fiscal 2001 spending in this category.

Grants from the State and federal governments make up a significant portion of the local spending for economic development. The counties and Baltimore City reported revenues of $43.5 million from federal grants and $7.4 million in State grants. Baltimore City received over 71 percent of the federal grants and over 43 percent of the State grants. Like a number of the State's larger jurisdictions, Baltimore City receives Community Development Block Grant funds directly from the U.S. Department of Housing and Urban Development, a portion of which is directed to economic development activities.

Baltimore City is also a federally designated Empowerment Zone, making certain businesses eligible for federal tax credits to revitalize areas of the city in most serious decline. As an Empowerment Zone, the City received a $100 million federal grant in 1994 and is still using those funds for business development, workforce training, quality of life, and community building.

Business Regulation Structure and Services

A variety of State agencies license several categories of businesses or professionals (e.g., barbers and plumbers), regulate commercial and industrial activities, and investigate complaints or concerns of citizens. Many of these activities are housed within the Department of Labor, Licensing, and Regulation; other agencies with these responsibilities include the Maryland Insurance Administration and the Public Service Commission. Municipal corporations in Maryland have a number of express powers to pass ordinances related to business regulation under Article 23A of the Annotated Code of Maryland. These include regulating the location and establishment of cemeteries, regulating the award of cable television, franchises, regulating businesses that are potentially hazardous to the public health, inspecting buildings to ensure public safety, and regulating markets and their related commodities. In addition, alcoholic beverages and tobacco are regulated by the State Comptroller's office, local boards of license commissioners, and local liquor control boards. A more complete discussion of regulatory activities can be found in *Business Regulation in Maryland*, Volume III of this Handbook Series.

Exhibit 13.4
Local Economic Development Expenditures[1] – Fiscal 2001

	County[2]	Municipal	Total
Allegany	$4,688,415	$585,895	$5,274,310
Anne Arundel	6,958,587	6,981	6,965,568
Baltimore City	71,383,811	N/A	71,383,811
Baltimore	6,271,454	N/A	6,271,454
Calvert	3,446,181	95,503	3,541,684
Caroline	236,705	385,405	622,110
Carroll	1,451,974	110,848	1,562,852
Cecil	549,084	111,650	660,734
Charles	959,335	46,714	1,006,049
Dorchester	441,048	2,857	443,905
Frederick	3,017,073	2,880,080	5,897,153
Garrett	2,210,813	220,698	2,431,511
Harford	1,243,563	357,726	1,601,289
Howard	840,562	NA	840,562
Kent	1,500	18,936	20,436
Montgomery	22,170,550	854,246	23,024,796
Prince George's	17,481,842	1,397,840	18,879,682
Queen Anne's	700,679	12,387	713,066
St. Mary's	1,854,154	13,448	1,867,602
Somerset	203,716	130,517	334,233
Talbot	300,383	401,907	702,290
Washington[3]	634,005	874,857	1,379,362
Wicomico	911,465	349,405	1,390,370
Worcester	707,121	7,340,638	8,047,759
Statewide	**$148,664,020**	**$16,354,254**	**$165,018**
Federal Grants	(43,512,394)	(707,953)	(44,220,347)
State Grants	(7,366,049)	(2,445,510)	(9,811,569)
Local Dollars	**$97,785,567**	**$13,200,791**	**$110,486,358**

[1]Includes funds received by counties and municipalities from the State and federal governments.
[2]County and municipal funds include culture and arts expenditures. Training funds are excluded.
[3]Information was not available for the Town of Williamsport.

Source*: Local Government Finances in Maryland;* Department of Legislative Services

Financial Regulation and Licensing Boards

The Department of Labor, Licensing, and Regulation includes three divisions with business regulatory functions: financial regulation, racing, and occupational and professional licensing. (The aspects of the department that relate to job training and labor protections are discussed in Chapter 14 of this volume.) Under the Commissioner of Financial Regulation, the State's banks, thrifts, credit unions, mortgage lenders, collection agencies, credit companies, and consumer finance companies are regulated, examined, and audited. This division also responds to consumer complaints in dealings with financial institutions.

The State Racing Commission regulates thoroughbred and harness racing in the State by assigning racing dates, collecting wagering taxes, operating a drug testing laboratory, and licensing simulcasting and off-track betting. Currently, four off-track betting sites operate in Maryland. The commission licenses all persons, associations, or corporations that hold any horse racing meet within the State and may also regulate the size of a purse, the price of admission, or the charge made for any article or service sold at the meets.

Twenty-one occupational and professional licensing boards are housed and administered through the Department of Labor, Licensing, and Regulation, representing most of the State's non-medical licensing boards. Exhibit 13.5 lists the licensing boards and the number of licensees regulated. In general, these boards administer tests, issue licenses, investigate complaints, and have censure authority over licensees to protect both the consuming public and the integrity of the profession.

Insurance

Insurance in the State is regulated by the Maryland Insurance Administration, an independent agency headed by the Insurance Commissioner, a gubernatorial appointment. The administration licenses, examines, and audits insurance companies operating in the State; reviews rates and policies; collects premium and retaliatory taxes; licenses agents and brokers; investigates fraud, as well as consumer complaints regarding insurance and health plan coverage; and educates the public on insurance matters.

Utilities

The Public Service Commission regulates the electric, gas, and water utilities and telephone companies in the State, as well as intrastate for-hire passenger carriers (such as

Exhibit 13.5
Licensing Activity of Occupational and Professional Licensing Boards
Fiscal 2001

Activity	Licensees Regulated
State Board of Architects	5,750
State Athletic Commission	480
State Board of Barbers	6,150
State Board of Cosmetologists	41,050
State Board of Examining Engineers	5,000
Maryland Home Improvement Commission	15,000
State Board of Master Electricians	3,800
State Board of Plumbing	9,000
State Board of Professional Engineers	13,500
State Board of Public Accountancy	19,000
Real Estate Commission	31,000
Board of Examiners of Landscape Architects	700
State Board of Foresters	210
State Board for Professional Land Surveyors	1,054
State Board of Pilots	61
Secondhand Precious Metals and Gem Dealers, Object Dealers and Pawnbrokers	310
State Commission of Real Estate Appraisers and Home Inspectors	2,681
Heating, Ventilation, Air Conditioning and Refrigeration Contractors	12,600
State Board of Certified Interior Designers	310
Office of Cemetery Oversight	286
Sports Agents	5

Source: Department of Labor, Licensing, and Regulation

buses, vans, and limousines). Taxicab businesses operating in Baltimore City, Baltimore County, Cumberland, and Hagerstown must receive permits from the Public Service Commission, and the taxicab drivers in Baltimore City must be licensed by the commission. The commission, in evaluating proposals for rates, mergers, acquisitions, and related business activity, makes its decisions based on public safety, the State's business climate, conservation of natural resources, and preservation of environmental quality. Exhibit 13.6 lists the type and number of utilities regulated by the Public Service Commission.

Exhibit 13.6
Utilities under the Jurisdiction of the Public Service Commission

Utility Type	Number
Electric	12
Gas	9
Combined gas and electric	2
Telecommunications	509
Water, sewage, and combined water and sewage	23
Passenger carriers (buses, vans, limousines, etc.)	1,108
Water carriers	14
Taxicab permits	1,476

Source: Public Service Commission

In 1999, legislation was enacted that deregulated Maryland's electricity industry. As a result, customers who purchase electricity on a bundled basis may choose the company that generates their electricity. To ensure consumer protection, the Public Service Commission has established licensing requirements for suppliers of generation services. The commission now has the authority to fine suppliers or to suspend or revoke their licenses if they engage in unfair or abusive practices. Municipal systems, which are community-owned nonprofit operations, do not participate in electric competition. Rural cooperative systems will be required to participate after July 1, 2003.

The Office of People's Counsel represents the interests of residential and noncommercial utility customers in proceedings that might affect their interests before the Public Service Commission, federal agencies, and the courts. The office seeks to obtain and protect fair and equitable prices and high quality, reliable services and products for the utility consumer. It is the oldest consumer advocacy office of its kind in the United States.

Alcoholic Beverage Control

Article 2B of the Annotated Code of Maryland requires all counties (including Baltimore City) and the City of Annapolis to control the retail distribution of alcoholic beverages through a board of license commissioners and/or a liquor control board. Twenty-one of the counties and Baltimore City have a board of license commissioners responsible for issuing licenses for the retail sale of beer; beer and wine; or beer, wine and liquor. Generally, Article 2B provides that the members of the boards of license commissioners/liquor control boards are appointed by the Governor with the advice and consent of the State Senate. However, there are numerous exceptions in the various jurisdictions that have been enacted at the request of the local delegations.

Four counties (Montgomery, Somerset, Wicomico, and Worcester) also directly control the distribution of liquor through county dispensary systems. The net profits in fiscal 2001 from the distribution of liquor are shown in Exhibit 13.7. Article 2B provides that the revenues from alcoholic beverage licenses, fees, fines, and dispensary profits are retained at the local level.

Exhibit 13.7
Liquor Distribution Net Profits
Fiscal 2001

County	Net Profit
Montgomery	$19,229,995
Somerset	129,430
Wicomico	181,920
Worcester	347,715
Total	**$19,889,060**

Source: *Uniform Financial Reports*, Department of Legislative Services

The Comptroller of the Treasury is empowered to make, amend, and publish rules and regulations regarding alcohol. These duties are carried out by the Alcohol and Tobacco Tax Unit of the Comptroller. This unit processes statewide license and permit applications for alcohol and tobacco taxes; prepares cases concerning these taxes for formal and informal hearings; adopts regulations; analyzes trade practice issues; and produces bulletins, credit control reports, and price filing listings.

Funding Business Regulation

Most of the State's regulatory activities are funded with fees levied on the industry or business being regulated. See Exhibit 13.8 for State expenditures on selected regulative activities. The Public Service Commission, for example, assesses regulated utilities annually to recover the costs of its operations. The State recovers the costs of the Maryland Insurance Administration through a combination of fees for certain licenses, reimbursements for the costs of examinations, and an assessment on insurance companies and agents. In general, business regulation does not make up a large portion of local government spending and, except for alcoholic beverage control, the spending is not reported separately by the jurisdictions.

Exhibit 13.8
State Expenditures for Selected Business Regulation Activities
Fiscal 2001
($ in Thousands)

Activity	Expenditure
Financial Regulation	$3,712
Racing Commission	15,206
Occupational and Professional Licensing	6,229
Insurance Regulation	20,839
Public Service Commission	12,478
Office of the People's Counsel	2,399
Total	**$60,863**

Source: Department of Legislative Services

Chapter 14. Labor and Work Force Development

Maryland's June 2002 employment figures report a civilian labor force of 2.9 million persons, of whom 141,000, or 4.8 percent, were unemployed. This is well below the national average of 6.0 percent. The unemployment rate is one indicator of economic health. Low unemployment and a strong economy translate to individual and collective prosperity and security. Governments at all levels have adopted policies and programs designed to create and maintain a strong economy. Many economic development efforts, for example, are designed to create and retain jobs. Concurrent with the goal of keeping unemployment low, government at the State and federal levels has embraced the policy of reducing the number of individuals and households receiving public assistance payments, adding additional potential workers to the labor pool.

In addition to fostering the growth of the economy, policymakers have determined that certain standards should apply to work: it should be done in a safe environment, fair wages should be paid for work performed, the work force should be adequately trained to meet the needs of employers, and individuals who find themselves without work should be assisted in their efforts to gain employment. These public policy decisions are carried out through a number of services at various levels of government.

Structure

Most government activity in the areas of worker protection, unemployment protection, and work force development is carried out at the State level. Local governments play a minor role that is focused on work force development issues.

Several State agencies have responsibilities in the area of worker protection and unemployment insurance. The Department of Labor, Licensing, and Regulation administers programs relating to the State's employment standards; prevailing wage; occupational safety and health; and unemployment insurance. The Workers' Compensation Commission, the Subsequent Injury Fund, and the Uninsured Employers' Fund adjudicate and administer claims under the State's workers' compensation laws. The Injured Workers' Insurance Fund is a public corporation that provides workers' compensation insurance for employers unable to secure insurance in the private market.

The State administers a number of programs that enhance the ability of the State's work force to be productive and successful. The Governor's Workforce Investment Board is the State's coordinating council, advising policymakers and promoting interagency cooperation. The Department of Labor, Licensing, and Regulation administers the federally funded Workforce Investment Act and Job Service programs;

collects and analyzes labor market data; provides career information for use by job seekers, employers, schools, and other training providers; and certifies apprenticeship training programs. The Maryland State Department of Education provides focused career awareness training, vocational and technical education, and rehabilitative services in addition to overseeing the State's primary/secondary educational system. The Department of Public Safety and Correctional Services offers skills training for inmates through the State Use Industries and Occupational Skills Training Center.

In addition to programs that generally increase the skills and knowledge of workers or potential workers, the State administers several programs that are focused specifically on employer-identified training needs. The Department of Business and Economic Development administers two grant programs designed to offset the costs to businesses of providing training for existing workers or for new workers when a business is expanding.

Local involvement in these programs is limited to work force development issues and is most closely aligned to the appointment of the local workforce investment boards, advisory boards that oversee implementation of the federally funded Workforce Investment Act. Twelve local workforce investment areas are designated in the State and each has a lead service provider (selected by the local workforce investment board) that oversees the coordination and implementation of employment services and training for individual clients. In five local workforce investment areas, county agencies are responsible for these services, and the budget, administration, and oversight flow through the county administrative structure. In the other areas, a nonprofit agency has the lead role, and government involvement is indirect.

Services

Government activity in the area of labor and work force development can be broadly categorized as worker protection, which includes safety and health matters and wage law enforcement; unemployment insurance; and work force development, which includes employment services, job training, and rehabilitative services.

Worker Protection

The State's Department of Labor, Licensing, and Regulation administers a number of programs to investigate the lawful payment of wages and protect workers on the job. The State also manages a range of services for those injured on the job.

The *Employment Standards Service* enforces Maryland's wage and hour law, wage payment and collection law, farm labor contractors law, employment of minors

law, and the Employment Agency Act. In fiscal 2001 the unit resolved more than 1,200 wage payment claims, collecting nearly $400,000 in wages for employees. The *Prevailing Wage Unit* determines the wage and fringe benefit rates prevalent in local areas for laborers and mechanics. These wage rates must then be used in all public works projects, including elementary and secondary school construction, exceeding $500,000 where State funds account for 50 percent or more of the cost. The unit audits the payrolls on affected construction projects, collecting additional wages for workers when warranted.

The *Mediation and Conciliation Unit* provides election and mediation services and handles arbitration and unfair labor practices cases by serving as an independent, neutral third party. Budget shortfalls led to elimination of funding for the service in July 1991; consequently, services were provided only on a limited basis. The fiscal 2002 budget restored funding with about $140,000 in general funds. The funding will help ensure that all requests for services can be honored.

The *Maryland Occupational Safety and Health Program* meets the federal requirements of the Williams-Steiger Occupational Safety and Health Act of 1970 (OSHA); therefore, the State has assumed the responsibility for enforcing the federal occupational safety and health laws. This eliminates any duplication of requirements for employers. The compliance unit inspects workplaces for safety; enforces regulations; issues citations and penalties; and investigates fatalities, accidents, and employee complaints. The program also consults with employers to correct potentially dangerous situations without the threat of citation, conducts training courses, produces educational materials, and maintains statistics on workplace injury and illness.

Workers' compensation was created to protect workers and their dependents from the consequences of occupational disabilities by providing a no-fault remedy against the employer for accidental injuries arising through employment. In exchange, the employer's liability is limited since workers' compensation is the exclusive remedy in almost all cases. This protection limits the employer to the payment of compensation and medical and funeral expenses set forth in schedules in the law.

The State's *Workers' Compensation Commission*, created in 1914, administers employee claims resulting from work-related injuries or disabilities. The ten-member commission is appointed by the Governor for 12-year terms, with the Governor designating the chairman. The commission receives, processes, and adjudicates all claims; maintains a record of all contested cases; certifies a complete record to the judicial forum in the event a decision of the commission is appealed by an employee; and refers those individuals requiring rehabilitation to appropriate vocational rehabilitation

service providers. About 29,000 employee claims are filed with the commission each year.

The State's *Subsequent Injury Fund* is designed to encourage employers to hire disabled workers, usually those who have previously been injured in the workplace. The employer is assured that, in the event of a compensable injury, the employer is not held liable for paying compensation for the total resulting disability. The employer is liable only for the effect of the subsequent injury, not for the cumulative effect of the prior and new injuries; the fund incurs all additional liability arising from the combined effects of all injuries or conditions. The duties of the fund include investigating cases, taking part in Workers' Compensation Commission hearings and other judicial proceedings, and making benefit payments to eligible individuals. The fund is supervised by a three-member board appointed by the Governor.

The *Maryland Uninsured Employers Fund* protects employees against the non-payment of workers' compensation insurance by defaulting employers. If an employer fails to make payments to a claimant, the fund will fulfill the employer's obligation and then attempt to recover all the benefits paid plus certain assessments from the defaulting employer. The fund receives between 900 and 1,000 new cases each year.

The *Injured Workers' Insurance Fund* is a statutorily chartered provider of workers' compensation insurance. The fund serves government employers and private businesses unable to secure insurance on the private market. The fund also administers the workers' compensation program for Maryland State employees. The fund operates as a quasi-independent agency governed by a board of commissioners. All expenses of the fund are paid from premium and investment income. Except for payments for claims filed by State employees and the associated administrative costs, no State funds are budgeted for the fund. In calendar 2000 the fund generated income of $163.6 million and had total assets of $983.8 million.

Unemployment Insurance

The State's *Unemployment Insurance Program*, administered by the Department of Labor, Licensing, and Regulation, provides temporary, partial wage replacement to those individuals who have become unemployed through no fault of their own and who are able, available, and actively seeking work. Approximately 95 percent of the Maryland labor force is covered by unemployment insurance. Employers pay a federal unemployment tax equal to 0.8 percent of taxable wages on the first $7,000 paid to an employee in a calendar year to finance the program's administrative costs, federal loans to State trust funds, and federal supplementary programs.

Unemployment benefits are funded by State taxes levied on covered employers. The taxes are deposited into the State's Unemployment Insurance Trust Fund and are based on an employer's unemployment claims experience. The current tax rates, effective January 1, 1998, range from 0.3 to 7.5 percent of taxable wages on the first $8,500 paid to each employee in a calendar year. Rather than paying unemployment insurance taxes, State and local governments and many nonprofit organizations choose to fully reimburse the fund for any benefits paid on their behalf.

The law is structured so that the balance of the trust fund remains at a level that is sufficient to meet the expected obligations without being excessive. A positive or negative adjustment may be applied following any year when the balance in the trust fund is less than 4.7 percent or more than 5.5 percent of the total taxable wages in covered employment. This surcharge could increase or decrease an employer's tax by as much as 2 percent and is evenly applied to all contributing employers, regardless of claims experience. As of September 30, 2001, the trust fund balance was $867.7 million, exceeding 4.7 percent of taxable wages. There is, therefore, no surcharge in effect in calendar 2002.

The maximum weekly benefit of an eligible worker is set in statute. The benefits were last adjusted in 2002. Contingent on the availability of sufficient funding in the Unemployment Insurance Trust Fund, legislation enacted in 2002 would increase the maximum weekly benefit from $280 to $310 effective on January 1, 2003. Generally, qualified unemployed persons are eligible for 26 weeks of benefits per year, although extended benefits may be triggered when the State's economy is experiencing an extended period of high unemployment. In general, these extended benefits are partially paid by the federal government. The federal government also pays supplemental benefits when a person becomes unemployed due to federal trade policies or a natural disaster.

All unemployment insurance services, with the exception of benefits appeals, are handled entirely by telephone or Internet through the State's five call-in centers. A sixth center, to be built on the Eastern Shore, is scheduled to open in fiscal 2004. Claimants have access to telephone and Internet services at any one of the State's "one-stop" centers. These one-stop centers also offer job search and training services. In fiscal 2001, slightly over 102,000 Maryland residents received unemployment insurance benefits totaling $313.2 million.

The Benefits Appeals Unit within the State's Department of Labor, Licensing, and Regulation hears and decides appeals from the Secretary's initial determination on unemployment insurance claims, appeals which arise from the tax provisions of the unemployment insurance law, and other appealable matters relating to these laws. A majority of the appeals hearings are conducted at the one-stop centers located throughout

the State, although some are handled by telephone. In fiscal 2002, nearly 28,500 appeals were heard and decided by hearing examiners; roughly 3,600 of these were appealed to the three-member Board of Appeals panel.

Work Force Development

Government services to support the training and placement of workers into employment opportunities span a broad spectrum of activities. Elements are found in the public school system, the correctional system, the social service system, the labor department, economic development efforts, and others.

The Governor's Workforce Investment Board is an independent agency that provides policy analysis and advice to the Governor, the General Assembly, and other concerned parties on how State government can best serve the employment and training needs of Maryland's employers, employees, and future work force. The board may consist of up to 40 members. Federal job training programs require each State to have a statewide coordinating council; the Governor's Workforce Investment Board serves that role in Maryland.

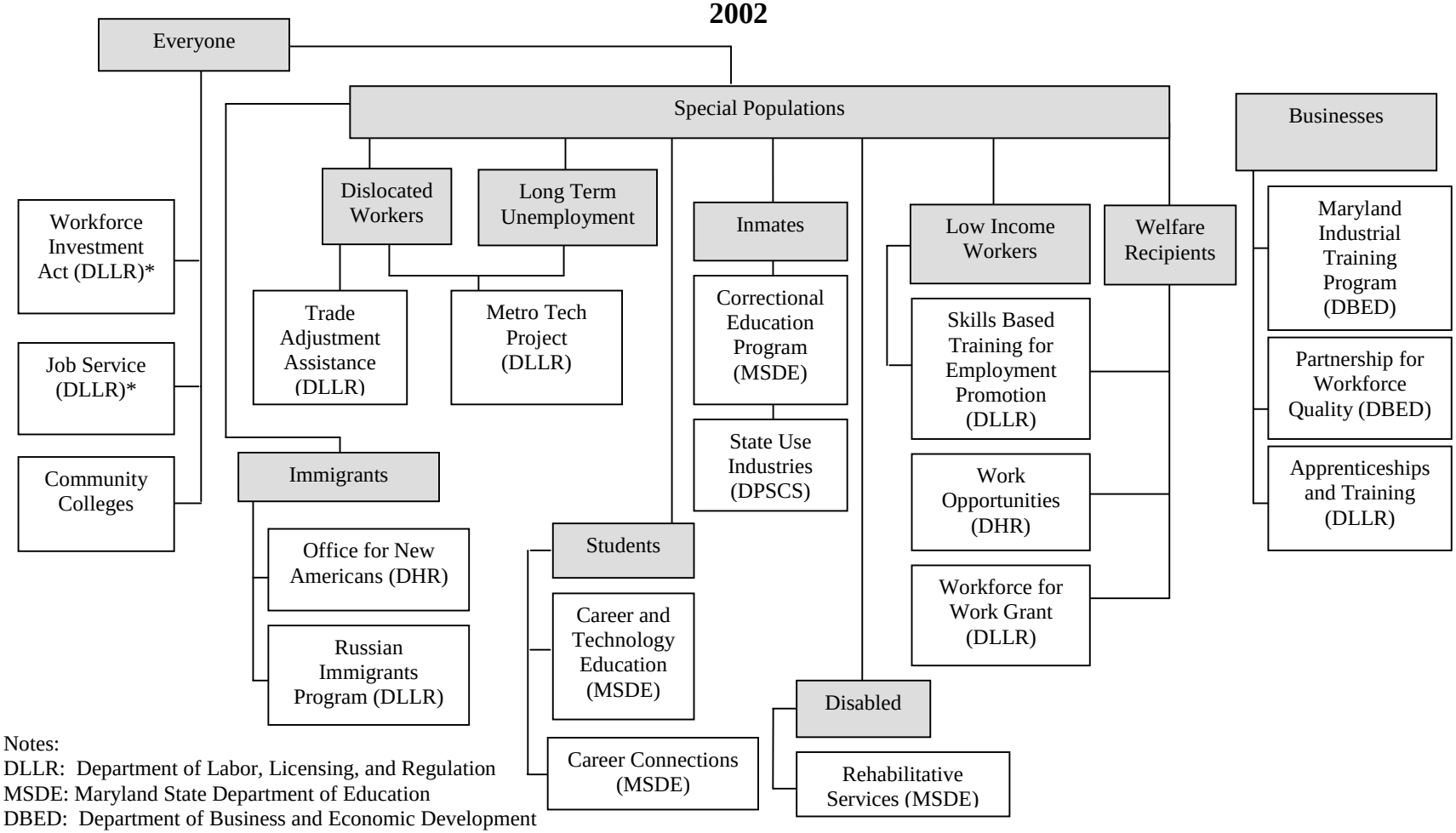
Work force development services generally include matching those seeking jobs with opportunities, providing skills-based training, and offering support services that enhance an individual's likelihood of success in a work situation. The role of primary, secondary, and higher education in the arena of work force preparedness is not to be underestimated, but is beyond the scope of this chapter. For more information on educational services, see Chapters 6 and 7 of this volume.

Work force development services can be classified into three broad categories of programs:

- services for job seekers, especially those who are economically disadvantaged and/or dislocated (workers who have lost their jobs as a result of a major layoff or plant closing and are unlikely to return to their previous industry or occupation);
- services at the institutional level, with an educational component; and
- services customized to employer needs.

Exhibit 14.1 shows the State's work force development system.

Exhibit 14.1
Maryland's Workforce Development System
2002



Notes:
DLLR: Department of Labor, Licensing, and Regulation
MSDE: Maryland State Department of Education
DBED: Department of Business and Economic Development
DHR: Department of Human Resources
DPSCS: Department of Public Safety and Correctional Services

*Primarily accessed by low-income workers and the unemployed.

Source: Department of Legislative Services

Services for Job Seekers

The Division of Employment and Training within the State's Department of Labor, Licensing, and Regulation administers a number of programs to facilitate employment opportunities through labor exchange and training services. One of the offices within the division, the Office of Employment Training, administers the federal *Workforce Investment Act*, which replaced the Job Partnership Training Act effective July 1, 2000.

Activities funded under the Workforce Investment Act are intended to increase the employment and earning potential of eligible individuals by linking job seekers with employers and facilitating training opportunities. The employment and training programs are primarily intended for those facing serious barriers to employment.

Federal law defines two categories of services: core services and intensive services. Core services include job search and placement assistance, initial assessment of skills and needs, labor market information about job vacancies and skills required to fill these jobs, and follow-up services to promote job retention. All adults, regardless of income and situation, are eligible to receive these services. However, when funds are limited, priority must be given to recipients of public assistance and low-income clients. Intensive services, reserved for individuals who need additional assistance in finding or keeping a job, include comprehensive assessments, development of individual employment plans, group and individual counseling, and case management. In the event that intensive services do not result in a successful job placement, individuals may participate in training directly linked to job opportunities in their local area. In fiscal 2001 slightly over 7,000 adults and roughly 9,500 dislocated workers received services through programs funded through the Workforce Investment Act.

The federal government also provides Workforce Investment Act funds to serve youth ages 14 through 21. In general, participating youth must meet income eligibility requirements and face challenges to successful work force entry such as basic literacy skills deficiencies or lack of a high school diploma. Programs available to youth include tutoring, study skills training, mentoring, paid and unpaid work experience, occupational skills training, and guidance counseling. As required by federal law, the State also offers summer employment opportunities linked to academic and occupational learning. Approximately 5,000 youth were served in fiscal 2001.

The federal government provides Workforce Investment Act funds to the Department of Labor, Licensing, and Regulation, which then passes them on to local workforce investment areas, formerly known as service delivery areas, by formula allocation. Maryland has 12 local workforce investment areas (see Exhibit 14.2), each with its own local board. Under the former Job Training Partnership Act, these boards were referred to as private industry councils. The chief local elected official or officials

appoint the board members, a majority of who must represent private sector businesses. The local boards oversee workforce investment activities, select the "one-stop" operator (discussed below), and typically contract with a nonprofit agency or a quasi-governmental entity to provide the core and intensive services required under the Workforce Investment Act. In some cases, however, the lead local agency for service delivery is a unit of local government (Baltimore City and Baltimore, Carroll, Frederick, and Howard counties). Under the Workforce Investment Act, each board must establish a youth council to coordinate youth activities in the local workforce investment area. The Governor's Workforce Investment Board elected to establish a corresponding youth council at the State level.

Exhibit 14.2
Local Workforce Investment Areas
2002

Anne Arundel County
Baltimore City
Baltimore County
Frederick County
Lower Shore (Somerset, Wicomico, and Worcester counties)
Mid Maryland (Carroll and Howard counties)
Montgomery County
Prince George's County
Southern Maryland (Calvert, Charles, and St. Mary's counties)
Susquehanna (Cecil and Harford counties)
Upper Shore (Caroline, Dorchester, Kent, Queen Anne's, and Talbot counties)
Western Maryland (Allegany, Garrett, and Washington counties)

Source: Governor's Workforce Investment Board

All core services must be available through "one-stop" centers. The centers must also represent other federal programs, such as the Wagner-Peyser Act (Job Service) and the Vocational Rehabilitation Act. In Maryland, 25 of these centers provide access to a wide array of job search, employment services, and, as appropriate, referrals to job training. The one-stop centers in each local workforce investment area are typically supplemented by networks of affiliated sites. As encouraged by federal law, the State developed a five-year unified plan to delineate how the delivery of employment services under the various federal programs would be coordinated at these centers and through other service delivery systems.

As stated above, training may be offered to those who do not find and retain employment after receiving intensive services. To promote flexibility and personal decision-making, the Workforce Investment Act requires the establishment of Individual Training Accounts for these individuals. Through these accounts, job seekers can use vouchers to select the training most suited to their needs.

The Maryland Higher Education Commission is responsible for identifying training providers and programs eligible to serve individuals using the federally funded vouchers. The approved list currently includes more than 800 occupational programs offered by over 90 institutions, such as community colleges and private career schools. Under the Workforce Investment Act, the State must maintain and distribute data about each approved training providers' performance. Individuals may access this data to make informed decisions about how best to use their vouchers. The data is also used to determine whether training providers should remain eligible to serve individuals under the Workforce Investment Act. The Maryland Higher Education Commission expects that this performance data will be available before the end of 2002. In a limited number of cases, the local workforce investment board may contract directly with an organization to provide job training.

In addition to overseeing the implementation of the Workforce Investment Act, the Office of Employment Training also administers the *Trade Adjustment Assistance Program*. This program aids dislocated workers who lose their jobs or whose hours and wages are reduced as a result of increased imports. Services provided include job training, out-of-state job search assistance, relocation assistance, and travel allowance for training. The number of individuals served under this program tends to fluctuate annually, but the number typically ranges from between 200 to 300 per year.

The Office of Employment Services in the Department of Labor, Licensing, and Regulation administers the federal Wagner-Peyser Act, known as the *Job Service Program*, in Maryland. The Workforce Investment Act of 1998 amended the Wagner-Peyser Act to make job service part of the workforce investment system. The Job Service Program acts as a jobs broker between employers needing workers and all job seekers searching for long-term employment. Priority service is provided to veterans, with disabled veterans receiving preferential treatment over other veterans. Through the one-stop centers, partner agencies across the State, and a technology-based network called CareerNet, employers can post job openings. Staff at the one-stop centers can match job seekers with openings, screen applicants, assist with resume preparation, help prepare candidates for interviews, and refer applicants to local employers.

With a federal grant totaling over $20 million awarded in 1998, the Department of Labor, Licensing, and Regulation also administers the *MetroTech* project in partnership with the District of Columbia and Virginia. Employers identify high-tech job vacancies or the need to create additional high-tech positions and then dislocated workers or those

who have been unemployed long-term receive the training needed to fill those jobs. Since March 2000, over 700 individuals have been placed in jobs in Maryland.

The *Skills-based Training for Employment Promotion (STEP) Program*, created in 2001 as a pilot project, provides focused training and essential family support services, such as child care and transportation, to parents in low-skill, low-wage jobs. Participating businesses cover half of the costs of the program, which is intended to provide individuals with the skills needed to assume more challenging roles for the sponsoring company. Jointly administered by the Governor's Workforce Investment Board and the Department of Labor, Licensing, and Regulation, the program has awarded State-funded grants to three local workforce investment boards: Baltimore City and Montgomery and Prince George's counties. Baltimore City and Montgomery County plan to provide training, primarily in the health care industry, to nearly 300 individuals. Prince George's County received a $10,000 planning grant to develop the business partnerships needed to establish program sites within the jurisdiction. The three grants awarded in fiscal 2002 totaled $1 million.

The State's Family Investment Program, which assists those moving from welfare to work, distributes *Work Opportunities* funding to each local department of social services. These funds support locally designed employment services and basic skills and job training programs for welfare applicants and recipients. Applicants for benefits under Maryland's Temporary Cash Assistance Program are required to perform an up-front job search before eligibility is determined. Under current federal and State law, recipients who have received 24 months of benefits must be engaged in a State-defined work activity if directed to do so. These work activities include unsubsidized employment, subsidized private or public sector employment, on-the-job training, community service, vocational education, and job skills training among others. The local departments also use funds to provide supportive services that will assist recipients in making the transition from welfare to work, such as child care, family counseling, and crisis intervention.

The federal *Welfare-to-Work Grant* supports programs designed specifically to assist hard-to-employ welfare recipients. Originally, the State was scheduled to receive a total of approximately $30 million during fiscal 1998 and 1999. However, the federal government has provided an extension allowing states to spend funds through September 2004. This extension occurred because of implementation delays experienced throughout the nation and the need to change the eligibility requirements so that a sufficient number of individuals would qualify to participate. Due to federal guidelines, the Welfare-to-Work block grant is administered through the local workforce investment boards rather than the local department of social services, which coordinate the rest of the State's employment programs targeting welfare recipients. The local departments and the local workforce investment boards collaborate in developing program strategies that make use of the Welfare-to-Work grant.

Two State-administered programs are targeted to the special needs of recent immigrants. The *Maryland Office for New Americans* in the Department of Human Resources is a predominantly federally funded program that provides cash, medical assistance, and social services to refugees who resettle in Maryland. Services include employment placement and English language and skills training. In fiscal 2001, both the employment assistance and English and cross-cultural training caseloads included over 800 individuals. The *Russian Immigrants Program* in the Department of Labor, Licensing, and Regulation, which provides grant funds to nonprofit organizations in the Baltimore and Washington metro areas, helps Russian immigrants resettle successfully. Services include job training, assimilation, and English as a second language. Over 500 immigrants are served annually.

Institutional-level Services

The State administers several programs in institutional settings (primarily through the public schools and the correctional system) specifically targeted to work force preparedness. *Career and Technology Education* within the Maryland Department of Education distributes funds for occupational education programs with specific training programs in secondary schools and community colleges. This program exposes students to all aspects of a particular industry and is closely aligned with academic development. The program, which served over 90,000 secondary students and nearly 50,000 post-secondary enrollees in fiscal 2001, serves students who decide on a career, such as automotive technology or cosmetology, for which training is appropriate. Local school systems and community colleges may supplement the federal funds that are allocated by the State. In fiscal 2001, the State distributed almost $15 million for these programs.

Career Connections, a specific program funded through Career Technology and Education, engages Maryland employers as partners in the education process by bringing work-based learning to all public school students. Career Connections began with a five-year, $25.2 million federal grant under the School-to-Work Opportunities Act of 1994. The State began accessing the grant in fiscal 1996. Beyond fiscal 2001, many local school systems have sustained the program using other sources of income available to them. The program is delivered at the local level by 12 labor market teams, coinciding with the 12 local workforce investment boards. The teams include employers, labor representatives, educators, training providers, and other community representatives. Nine career clusters have been identified, and the local labor market teams are free to target specific clusters as the industry needs of the region warrant.

The exposure that students receive increases as they progress through the school system. Students at the elementary level are involved in career awareness activities, bringing the work place into the school curriculum. In middle school, students learn

more about possible career choices by participating in broad-based career exploration activities such as mentoring and job shadowing, typically done by visiting companies. In high school, students select a career focus that is part of a career plan linked to post-secondary education or further training. Academic and work-related skills are blended in both classroom and work place settings with students participating in cooperative work experience.

The Division of Career Technology and Adult Services in the Maryland State Department of Education operates the *Correctional Education Program*. This program offers educational and library services to inmates who are within five years of mandatory release from the State's adult prison system. Certified teachers employed by the Maryland State Department of Education provide instruction on-site and library programs are offered in designated areas under the supervision of a certified library professional.

The Maryland State Department of Education provides rehabilitation and specialized job training experiences to persons with severe disabilities through its *Division of Rehabilitation Services*. The majority of clients are served in their own communities, with services typically purchased from community-based organizations and community colleges. Overall, the department places about 3,000 clients each year in a job that lasts for at least three months. Federal funding supports about 80 percent of the costs of vocational rehabilitation, and clients are selected according to federal eligibility criteria.

State Use Industries, a part of the Department of Public Safety and Correctional Services, employs inmates who are incarcerated within the State correctional system to produce various goods and supply services. The goods and services are sold to public sector agencies and charitable, civic, educational, fraternal, or religious institutions. State Use Industries provides inmates with training in specific trades, work experience, and an opportunity to earn hours toward the completion of apprenticeship programs. Inmates are employed in a variety of work activities, including graphic arts, upholstery, meat cutting, metal fabrication, furniture assembly and restoration, telemarketing, sewing, automotive repair, and data processing.

The Division of Correction operates State Use Industries in eleven facilities and also manages maintenance crews. This is shown in Exhibit 14.3. The program also offers job placement services and provides short-term employment for former inmates who do not find employment upon release from incarceration. State Use Industries is fully supported by the revenues from services supplied and the sale of its manufactured goods, generating approximately $30 million in sales annually.

Exhibit 14.3
Enrollment in State Use Industries
Fiscal 2000 through 2002

	Inmates Employed at State Use Industries Facilities		
	2000	**2001**	**2002 Est.**
Maryland House of Correction	354	352	352
Maryland House of Corrections - Annex	n/a	34	34
Maryland Correctional Institution, Hagerstown	229	203	230
Roxbury Correctional Institution	145	149	156
Maryland Correctional Training Center	42	44	47
Maryland Correctional Institution, Jessup	100	106	106
Maryland Correctional Institution for Women, Jessup	184	172	196
Eastern Correctional Institution	180	184	188
Western Correctional Institution	n/a	36	46
Maintenance Crews	42	59	61
Jessup Pre-Release Unit	43	38	56
Total	**1,319**	**1,377**	**1,472**

Source: Department of Public Safety and Correctional Services

Services for Employers

The State administers a number of work force development programs that are structured to serve the employers of the State – the goal is to upgrade the skills of workers who are already employed. The Department of Business and Economic Development administers two grant programs with this focus. The *Maryland Industrial Training Program* is part of the department's arsenal of incentives used to encourage businesses to expand or relocate in Maryland. The program provides grants directly to businesses to provide training and often covers 100 percent of the eligible expenses. The

company makes all decisions regarding the type, source, and delivery of the training. In fiscal 2001, 27 grants totaling $5.9 million were awarded.

The Partnership for Workforce Quality, also administered by the Department of Business and Economic Development, provides matching grants (50 percent of eligible expenses) to manufacturers with 500 or fewer employees. These grants are designed to improve business competitiveness and worker productivity, upgrade worker skills for new technologies and production processes, and promote employment stability. In fiscal 2001, 200 grants totaling $4.5 million were made to businesses under this program.

The Department of Labor, Licensing, and Regulation administers an *Apprenticeship and Training Program* to coordinate and promote the provision of supervised, on-the-job training under skilled craftspersons. Apprentices are recruited and hired by the program sponsor and trained both on-the-job and in the classroom; much of the instruction is provided through the community college system. A 12-member Maryland Apprenticeship and Training Council, composed of representatives of labor, employers, and the general public, certifies apprenticeship programs.

By the end of 2001, the State had 539 active programs representing 219 trades and occupations and nearly 7,000 active apprentices. Trades served by the apprenticeship program include electrician, plumber, bricklayer, machinist, tool and die maker, millwright, automotive technician, mortician, fire fighter, and refrigeration mechanic.

Advisory and Research Functions

As mentioned previously, the *Governor's Workforce Investment Board* serves as the State's coordinating council for the provision of workforce development services. In addition to promoting and facilitating interagency coordination, the board often undertakes special studies and organizes ad-hoc task forces to address issues of concern. In recent years, for example, the board has focused its efforts on critical skills shortage areas and the State's information technology needs.

Through *CareerNet*, a technology-based system, the Department of Labor, Licensing, and Regulation develops, maintains, and makes information available to assist individuals in making career decisions and to help employers locate qualified employees. CareerNet, accessible at the State's one-stop centers, maintains three types of career information:

- "Seeking Jobs" provides individuals with access to current job vacancies and the ability to post resumes on-line;

- "Employer Services" allows employers to list their job vacancies and review resumes posted by those seeking jobs; and

- "Career Planning" supplies job seekers with the information needed to pursue careers, such as identifying needed training and the programs that offer such training.

The State's *Office of Labor Market Analysis and Information* at the Department of Labor, Licensing, and Regulation utilizes surveys and required reporting systems to collect and develop data on employment, unemployment, and other factors relating to labor supply and demand. Trends in industrial and occupational structure, wage levels, and the demographics of the population and the labor force are identified and analyzed. The program disseminates a number of products to other levels of government, employers, job seekers, education and training professionals, economists, and others.

Funding

The costs of providing worker protection services, as administered by State agencies including the Department of Labor, Licensing, and Regulation and the Workers' Compensation Commission totaled $22.1 million in fiscal 2001. Federal funds for occupational safety and health ($3.8 million) represent over half of the cost of that program. Exhibit 14.4 shows the programmatic expenditures by the source of funds for fiscal 2001.

Exhibit 14.4
Expenditures on Labor and Work Force Development Activities
Fiscal 2001
($ in Thousands)

	State Funds	Dedicated State Revenues	Federal Funds	Local Funds[1]	Total
Worker Protection	$15,721	$2,607	$3,800		$22,128
Unemployment Insurance		1,160	44,525		45,685
Workforce Development	40,434	38,059	193,058	53,738	325,289
Total	**$56,155**	**$41,827**	**$241,382**	**$53,738**	**$393,102**

[1]Local expenditures may include State grants, direct federal grants, and federal funds that pass through from the State.

Source: *Fiscal 2003 State Budget Books; Uniform Financial Reports*

Many of the expenditures shown as State funds in the worker protection category are derived directly from industries being regulated. For example, the costs of Occupational Safety and Health, the Workers' Compensation Commission, the Subsequent Injury Fund, and the Uninsured Employers Fund are reimbursed to the general fund through the assessments on insurers that write workers' compensation insurance. Starting in fiscal 2003, however, assessments collected for the Workers' Compensation Commission will be deposited in a special fund to support the operating costs of the commission. These special funds will also support a portion of the administrative costs associated with the Occupational Safety and Health program. Expenditures made from the Injured Workers' Insurance Fund are excluded from the data above because they do not pass through the State budget. In fiscal 2001 administrative and compensation costs totaled $38.3 million and were entirely supported by premium and investment income.

The costs of administering the State's unemployment insurance program, which totaled $45.7 million in fiscal 2001, are covered almost entirely by federal funds. These funds are derived from the federal unemployment insurance tax paid by employers. Actual payments to insurance claimants do not pass through the State budget and are not reflected in the data above. In fiscal 2001 the unemployment insurance trust fund paid $313.2 million in insurance benefits. A small amount of dedicated State funds are available from fines and penalties against employers that are deposited into the Special Administrative Expense Fund. Revenues from that fund can be used for office space and related occupancy costs of the unemployment insurance and job service programs. In recent years, the State has used these resources to acquire or build unemployment insurance call centers, reducing the need to use leased space for this purpose.

Various levels of government expended $325.3 million in fiscal 2001 on the work force development activities included in this discussion. Details on the State-administered programs, totaling $271.6 million, are shown in Exhibit 14.5. Federal funds represent 71 percent of this total, and are the bulk of funds for programs targeted to job seekers such as the Job Service, Workforce Investment Act, and Work Opportunities programs and for institutional-based programs like Career and Technology Education and Vocational Rehabilitation.

State general funds are most commonly used as required matching funds for federal programs and to fund programs targeted to meeting the needs of employers – Maryland Industrial Training Program, the Partnership for Workforce Quality, and Apprenticeship and Training. These employer-targeted programs are not mandated by the federal government and represent discretionary State spending.

Exhibit 14.5
State Expenditures for Work Force Development – Fiscal 2001
($ in Thousands)

Programs Targeted to Job Seekers[1]	State Funds	Dedicated Revenues	Federal Funds	Total
Job Service (DLLR)[2]	$941	$959	$26,813	$28,714
Workforce Investment Act (DLLR)[2]			28,037	28,037
Welfare-to-Work Project (DLLR)			11,200	11,200
MetroTech Project (DLLR)			2,312	2,312
Work Opportunities (DHR)[3]	1,010		47,367	48,377
Immigrant Assistance (DHR, DLLR)	207		3,869	4,076
Subtotal	**$2,158**	**$959**	**$119,599**	**$122,716**
Institutional-level Services				
Career & Technology Education (MSDE)			$14,624	$14,624
Career Connections (MSDE)			85	85
Vocational Rehabilitation (MSDE)	$14,515		55,184	69,699
Correctional Education (MSDE)	12,663		1,468	14,131
State Use Industries (DPSCS)		$37,100		37,100
Subtotal	**$27,177**	**$37,100**	**$71,362**	**$135,639**
Services Targeted to Employers				
MD Industrial Training Program (DBED)	$5,868			$5,868
Partnership for Workforce Quality (DBED)	4,517			4,517
Apprenticeship & Training (DLLR)	355			355
Subtotal	**$10,740**	**$0**	**$0**	**$10,740**
Advisory and Research Functions				0
Governor's Workforce Investment Board	$359	$0	$84	$443
Labor Market Analysis and Information (DLLR)	0	0	2,013	2,013
Subtotal	**$359**	**$0**	**$2,097**	**$2,456**

[1] Figures for the Department of Labor, Licensing, and Regulation include expenditures for the Trade Adjustment Assistance program.
[2] Does not include administrative expenses incurred by the Division of Employment and Training or the Office of the Secretary of the Department of Labor, Licensing, and Regulation.
[3] Excludes local government contributions of approximately $49,000. These expenditures are included in Exhibit 14.3 under local funds for workforce development.

DLLR = Department of Labor, Licensing, and Regulation
DPSCS = Department of Public Safety and Correctional Services
DBED = Department of Business and Economic Development
MSDE = Maryland State Department of Education
DHR = Department of Human Resources

Source: Department of Legislative Services

Dedicated State revenues in the work force development category represent funds from the Special Administrative Expense Fund that are applied to occupancy costs for the Job Service Program and the revenues generated by State Use Industries.

Local government spending is concentrated in the work force development category and is primarily directed to assisting individuals seeking jobs. These expenditures may include State grants, direct federal grants, and federal funds that pass through from the State. Five counties (Baltimore, Carroll, Frederick, Harford, and Howard) and Baltimore City reported expenditures on job training as part of their support of economic development and economic opportunity. Of the $53.7 million reported for fiscal 2001, Baltimore City spent $42.2 million, while Frederick and Baltimore counties each spent $4.9 million. In all but one of these jurisdictions the lead service provider for training activities is a unit of the county government. It is likely that other county governments provide grants to the nonprofit or quasi-governmental lead service provider, although such details are not reported in annual financial statements. Local governments also contributed approximately $49,000 to assist individuals moving from welfare to work through the Work Opportunities Program.

Chapter 15. Environment, Natural Resources, and Agriculture

Maryland has a longstanding tradition of strong environmental protection and natural resource conservation. This tradition reflects the environmental sensitivities of Maryland's citizens and can be linked to the State's variety of natural resources and the prominent place of the Chesapeake Bay in the culture and identity of the State. With declining fish and shellfish species and forestry reserves, growing levels of air pollution, and increasing concerns about nutrients, pollutants, and toxins in the Chesapeake Bay, public and political interest in environmental protection has increased. The importance of preserving farmland, the farming industry, and open space resources has also emerged as an important environmental issue in recent years.

Balancing development with the protection of the environment is the basic issue driving policy in this arena and involves all levels of government. The federal government has defined clean air and clean water in a regulatory fashion, delegating the enforcement of major elements to the State. As owners and operators of water, wastewater, and solid waste treatment facilities, local governments are often the subjects of the State's regulatory activities. In addition to federal pollution controls, the State has set broad development policy to reduce urban sprawl and conserve natural resources. These policies translate into a wide array of programs, such as the management of stormwater runoff and erosion prevention, a network of State parks and forests, protection of wildlife habitats, and the inspection of agricultural products. Local governments develop their own growth management plans to be consistent with the State's goals and local needs; these are implemented through their planning and zoning efforts.

The relationship among the levels of government varies according to the service or policy being implemented. Exhibit 15.1 shows the relationships and the major participants in the broad categories of government activity addressed in this chapter.

Exhibit 15.1
Major Roles and Responsibilities

	Federal	State	Local
Planning and Growth Management		Economic Growth, Resource Protection, and Planning Commission Maryland Department of Planning Office of Smart Growth Chesapeake Bay Critical Area Commission	Local Comprehensive Plans Designation of Priority Funding Areas Local Zoning Laws
Environmental Protection	U.S. Environmental Protection Agency Clean Water Act Safe Drinking Water Act Clean Air Act	Department of the Environment Water Quality Waste Management Air Pollution Control Department of Natural Resources Chesapeake Bay Initiatives	County Health or Environmental Departments delegated enforcement of environmental laws Counties and municipalities as owners of water, wastewater, and solid waste facilities
Open Space, Parks, and Recreation	U.S. Department of the Interior National Park Service Bureau of Land Management U.S. Fish and Wildlife Service	Department of Natural Resources Conservation of Open Space State Parks and Forests Wildlife and Fisheries Management	Local Parks and Recreation Departments
Agricultural Services	U.S. Department of Agriculture Technical Services Commodity Price Support Disaster Assistance Conservation Risk Management	Department of Agriculture Agricultural Land Preservation Resource Conservation Plant and Pest Management Marketing, Animal Industries, and Consumer Services University of Maryland Cooperative Extension Service	Soil Conservation Districts Sediment and Erosion Control Soil and Water Quality Conservation Plans County Health Department Noxious Weed Control

Source: Department of Legislative Services

Structure

Planning and Growth Management

Responsibility for developing growth management policy rests largely with the State. The Economic Growth, Resource Protection, and Planning Act of 1992 established the State's policy to promote designated areas of development, limit the amount of sprawl, and protect the State's natural resources and open space. The act established a 17-member advisory commission, enumerated seven visions for the State's future growth[1], and provides guidance to local governments on growth management efforts. By July 1997, all local jurisdictions were required to adopt new comprehensive plans incorporating the State's visions and the newly required sensitive areas planning element for review by the Maryland Department of Planning. All local jurisdictions are now in compliance with this requirement.

The State furthered the effort to control sprawl, enhance land use, and control pollution with the Smart Growth and Neighborhood Conservation Act of 1997. This legislative package included the Priority Funding Areas Act, the Rural Legacy Program, the Live Near Your Work Program, the Job Creation Tax Credit Program, and the Brownfields Voluntary Cleanup and Revitalization Incentive Programs. The Priority Funding Areas Act targets State spending for development-related activities to priority funding areas, including regions inside either of the two regional beltways, areas currently zoned industrial or where sewer service is available for future industrial use, and municipal corporations or other locally-designated areas that meet certain density, water, and sewer requirements. Local governments certify priority funding areas with the technical assistance of the Maryland Department of Planning. The act required each county and municipality to submit a map and description of its priority funding areas consistent with the local comprehensive plan and the criteria of the Smart Growth Act. Effective October 1, 1998, the State may not provide funding for any growth-related project that is not located within a priority funding area. With some exceptions, spending for transportation, housing, economic development, water and wastewater treatment facilities, and State government operations is restricted to priority funding areas.

A wide array of State programs has been conceived or modified to incorporate the principles of Smart Growth, discourage sprawl, and encourage investment in many of Maryland's older, established communities. Many of these go beyond the traditional land use initiatives typically associated with growth management, as shown in Exhibit 15.2. Established in 2001, the Governor's Office of Smart Growth coordinates the State's Smart Growth program and serves as a "one-stop shop" on Smart Growth in the State.

[1] An eighth vision was added by Chapter 676, Acts of 2000.

Exhibit 15.2
Selected Smart Growth Initiatives

Neighborhoods:
Live Near Your Work (Department of Housing and Community Development)
Rental Housing Development (Department of Housing and Community Development)
Maryland Mortgage Program (Department of Housing and Community Development)
Neighborhood Business Development Program (Department of Housing and Community Development)
Neighborhood Conservation Program (Maryland Department of Transportation)
Community Legacy Program (Department of Housing and Community Development)
Maryland Building Rehabilitation Code (Department of Housing and Community Development)
Community Parks and Playgrounds Program (Department of Natural Resources)

Job Creation:
Job Creation Tax Credit (Department of Business and Economic Development)
Enterprise Zones (Department of Business and Economic Development)
Maryland Heritage Preservation and Tourism Areas (Department of Housing and Community Development)
Brownfields Redevelopment (Maryland Department of the Environment and the Department of Business and Economic Development)

Public Safety:
HotSpot Communities Initiatives (Governor's Office of Crime Control and Prevention)
Community Policing (Governor's Office of Crime Control and Prevention)

Transportation:
Smart Growth Transit Program (Maryland Department of Transportation)
Commuter Choice Maryland (Maryland Department of Transportation)
Mass Transit Initiative (Maryland Department of Transportation)

Preservation:
Rural Legacy Program (Department of Natural Resources)
GreenPrint Program (Department of Natural Resources)
Program Open Space (Department of Natural Resources)
Agricultural Land Preservation Program (Maryland Department of Agriculture)
Conservation Reserve Enhancement Program (Maryland Department of Agriculture)

Source: Department of Legislative Services

Environment Protection

Activities and policies for the protection of the environment and conservation of natural resources are initiated for the most part at the federal and State level. The federal Environmental Protection Agency outlines federal requirements and delegates program administration, including statutory and regulatory requirements, to the State. Primary law in this category includes the Clear Air Act, the Clean Water Act, and the Safe Drinking Water Act, and aspects of each are administered and enforced by the Maryland Department of the Environment.

Much of the environmental protection regulation by the State has grown from the need to protect the public health. Because of the close link between the environment and public health, local health departments are often the agents through which State or local environmental permitting, inspection, and compliance monitoring are administered. Three counties (Baltimore, Montgomery, and Prince George's) have established county-level departments of environment with primary responsibility for State environmental programs. These departments are responsible for county water and sewerage plans, solid waste issues, building permit reviews, water and sewerage inspections, watershed conservation and restoration, and water quality monitoring and enforcement. Local public works departments, planning and zoning departments, and sanitary commissions may also have some responsibility for environmental protection relating to water treatment facilities construction and operation or permit reviews.

The Maryland Department of the Environment has broad statutory authority to delegate any function of the department to local governments, typically to a county health officer or other county official authorized to administer and enforce environmental laws. The delegation of responsibilities is usually carried out through an agreement between the county or municipality and the department. These delegations are primarily voluntary agreements in which the local jurisdiction prefers to perform an activity rather than have the State perform it. Control over certain development-related activities (such as building permit reviews) is seen as a critical local issue, influencing a jurisdiction's ability to expand, develop, and direct growth. In addition, a local health or environmental agency has the infrastructure in place to cost-effectively enforce laws and regulations. Delegation agreements are common in the water quality management programs, with several agreements regarding waste management, and a few in the air pollution control programs. Specific participation in delegation agreements will be discussed in the sections that follow on the various environmental services and programs.

Open Space, Parks, and Recreation

Where the federal-State-local relationship in the arena of environmental protection is based on federal and State law and regulatory permitting and enforcement, the relationship in areas such as open space, parks and recreation, and natural resource conservation is considerably less technical. At the federal level, parks, lands, and fish and wildlife resources are generally under the direction of the U.S. Department of the Interior. At the State level, the Department of Natural Resources manages the State's forestry and wildlife conservation efforts; manages and operates State parks and forests; and enforces boating, fishing, and hunting laws and regulations. Shared funding, such as for the preservation of open space and the development of recreational facilities, is a large component of the State-local relationship. Local efforts are usually administered through a parks and recreation department. Twenty-one counties and Baltimore City have departments of parks and recreation; only Allegany and Garrett do not. Prince George's and Montgomery counties are served by the Maryland-National Capital Park and Planning Commission in this regard, although Montgomery County also has a separate recreation department.

Agricultural Services

At the federal level, the U.S. Department of Agriculture provides technical services, commodity price support, disaster assistance, conservation programs, and risk management assistance. At the State level, agricultural services are primarily under the jurisdiction of the Maryland Department of Agriculture, which is composed of three programmatic units: Resource Conservation; Plant Industries and Pest Management; and Marketing, Animal Industries, and Consumer Services. A fourth area, agricultural land preservation, is the focus of the Maryland Agricultural Land Preservation Foundation, which is also housed within the Maryland Department of Agriculture.

Certain pest management and noxious weed control activities are conducted on a cooperative basis by the State and local governments, particularly in the areas of mosquito control, gypsy moth suppression, and noxious weed control. The State and local governments enter into voluntary agreements to undertake and jointly fund programs for control or eradication of these pests; the Maryland Department of Agriculture operates programs in those jurisdictions where no joint agreement is in place.

Much of the resource conservation activity is carried out by the 24 soil conservation districts, which cover the entire State with the exception of Baltimore City. The boundaries of the districts correspond to county boundaries except in Frederick County, which has two soil conservation districts. Each district is governed by a five-member board of supervisors; one member is appointed by the county governing body

and the other four are appointed by the State Soil Conservation Committee. Soil conservation districts are statutorily authorized to regulate land use to prevent soil erosion and control nonpoint source water pollution.

The University of Maryland provides agricultural research and educational outreach services through the Agricultural Experiment Station and the Cooperative Extension Service. The Agricultural Experiment Station includes programs in pest management, aquaculture, agricultural genetic engineering, farm and industry management, and production marketing. The Cooperative Extension Service assists Maryland's farm community through the development of nutrient management plans, which help reduce agricultural nonpoint source pollution; the demonstration of conservation farming techniques; and the use of integrated pest management to help reduce pesticide use.

Services

Government activity in the area of environmental and natural resource protection falls into several large categories: protection of water and air quality; the management of parks, forests, open space, wildlife, and fisheries; the conservation of agricultural and natural resources; pest and plant management; and marketing and consumer services. A number of technical, regulatory, and advisory activities cut across these programmatic lines and are discussed separately.

Water Quality Protection

The Maryland Department of the Environment is the State's lead agency for water pollution control and the protection of the State's public drinking water supply. The Water Pollution Control Program protects the State's ground and surface waters, issues water pollution control permits and monitors for compliance, and protects tidal and non-tidal wetlands. The program manages the State's water quality capital programs and regulates industrial and municipal wastewater discharges, mining and reclamation activities, gas and oil-well drilling, sediment and erosion control, and stormwater management. The Public Drinking Water Program issues standards pursuant to the federal Safe Drinking Water Act, inspects and monitors community water supply systems, and reviews and approves design plans for water treatment and distribution works including inspecting the construction of such facilities.

The focus of the department's Waste Management Administration is to protect the State's ground water, which is a major source of drinking water, from contamination. The Hazardous and Solid Waste Management Program provides for the safe collection of solid waste, hazardous materials, and recyclables by issuing permits for the design,

construction, and operation of solid waste management systems and facilities; by reviewing county solid waste management plans and recycling plans; and by controlling the transportation, storage, and disposal of hazardous substances. Programs within this administration focus attention on underground oil storage tanks and other oil-related regulatory programs, the proper management of sewage sludge, the management and clean-up of scrap tires, and the clean-up of commercial and industrial sites. Commercial and industrial clean-up efforts are focused on National Priorities List ("Superfund") sites, Department of Defense facilities, State-designated "superfund" sites, and properties identified under the State's brownfields initiative.

In 1982 legislation was enacted for management of stormwater runoff to reduce stream channel erosion, pollution, siltation and sedimentation, and local flooding. This legislation requires each county and municipality to adopt ordinances necessary to implement a stormwater management program and to restrict the development or grading of any land unless the landowner has submitted a stormwater management plan consistent with the local government's program. The county soil conservation district has the authority to approve or disapprove plans to disturb the soil, enforcing the county's stormwater management plan. Every three years, the Maryland Department of the Environment is required to inspect and review the stormwater management programs of the counties and municipalities and monitor their implementation. The department is also required to provide technical assistance, training, research, and coordination services to local governments in the preparation and implementation of their plans.

State law also requires each county to develop a comprehensive county plan for the adequate provision of water supply systems, sewerage systems, and solid waste collection and disposal. Each plan, which is required to cover a ten-year period and be adopted by the county governing body, should anticipate the water, wastewater, and solid waste infrastructure needs of the county; identify the geographic extension of these infrastructures in accordance with the jurisdiction's growth management objectives; and outline the county's method(s) for achieving statutorily-established recycling goals. The plan must be reviewed and amended as needed every three years and submitted to the Department of the Environment for approval. No State or local building permit may be issued or subdivision plat approved unless the county plan accommodates the needs of the project, and the department may not issue a permit to install or alter a water supply, sewerage system, or solid waste disposal system in a county that does not have an approved plan.

Local governments, as owners and operators of water and wastewater treatment plants and solid waste disposal facilities, are the subject of much of the department's permitting, regulatory review, and monitoring activities. The State certifies environmental sanitarians, water and wastewater treatment plant operators, and well

drillers and offers technical assistance and training opportunities to ensure the safe and legal operation of these facilities.

The State also operates a number of capital grant and loan programs to share the costs of improvement projects with local and federal governments. Local governments are eligible for loans from the Water Quality Revolving Loan Fund to finance water quality improvement projects including wastewater treatment plants, failing septic systems, and nonpoint source pollution management (such as stormwater control projects.) Loans are also available for water supply system improvements under the Maryland Public Drinking Water Revolving Loan Fund. Both of these funds are capitalized annually with a federal grant, to which the State is required to contribute a 20 percent match. The fully State-funded Water Supply Assistance Fund provides grants to small communities to assist in the acquisition, design, construction, and rehabilitation of publicly-owned water supply facilities.

Eight programmatic responsibilities associated with the enforcement of regulations to protect water quality have been delegated to the 23 counties and Baltimore City. These include:

- subdivision plat approval;
- reviews of improvements to properties serviced by private water and/or sewerage disposal systems;
- certificates of potability for new drinking water wells;
- well inspections;
- community water supply monitoring, which includes water sampling of private homes on request;
- monitoring of all non-community water supplies in a county, such as at health care facilities, schools, colleges, day care centers, and hotels;
- evaluation and inspection of all on-site sewage disposal systems, including sanitary surveys to determine the extent of failing systems and the need for extension of public systems; and
- monitoring and sampling at public bathing beaches.

In addition, 13 counties, Baltimore City, nine municipalities, and the Washington Suburban Sanitary Commission have been delegated enforcement authority for erosion and sediment control where the department has determined that the local government would have sufficient capability to effectively enforce sediment control plans. The department may also delegate the inspection and monitoring of sewage sludge and sewage sludge utilization sites to counties upon request. Only Caroline, Queen Anne's, and St. Mary's counties have requested and been given this delegation.

Chesapeake Bay Initiatives

The Chesapeake Bay is a unique asset of the State of Maryland, and its protection is the end result of a host of water and waste management regulatory activities as well as land use initiatives. Since most of the State is located in the watershed of the Chesapeake Bay, it is obvious that efforts to reduce pollution or erosion in any part of the State would be a benefit to the health of the bay. Certain focused activities, generally under the direction of the Department of Natural Resources, are designed to protect the viability of the bay's ecosystem and aquatic life.

In 1983, Virginia, Maryland, Pennsylvania, the District of Columbia, the Chesapeake Bay Commission, and the U.S. Environmental Protection Agency signed an historic agreement that established the Chesapeake Bay Program partnership to protect and restore the Chesapeake Bay's ecosystem. The signatories updated and strengthened the agreement in 1987 and 2000. Responsibility for development of strategies and implementation are shared by the Maryland Department of Planning, the Department of Natural Resources, the Maryland Department of Agriculture, and the Maryland Department of the Environment.

The 1987 Bay Agreement established a goal to reduce harmful nutrient loading in the bay by 40 percent (compared to 1985 as the baseline year) by 2000. The 2000 Bay Agreement addresses the impact of developed and developing areas on land and water resources. The primary goal of the new agreement is to improve water quality sufficiently to sustain the living resources of the Chesapeake Bay and its tidal tributaries into the future and to remove them from the list of impaired waters under the Clean Water Act. The 2000 Bay Agreement contains significant new actions related to land management in recognition of the impacts of growth on land and water resources and in response to research that demonstrates that without growth management initiatives, new sprawl development can compromise our ability to maintain the nutrient caps, preserve resource lands, and protect local watersheds and streams.

The 1984 Chesapeake Bay Critical Area Protection Act was the State's response to the loss of viable shoreline and buffer zones along the Chesapeake Bay. The act established the Chesapeake Bay Critical Area Commission, a planning body with authority over land bordering the bay within 1,000 feet of the tidal waters' edge or from the landward edge of adjacent wetlands. These critical areas comprise 650,000 acres or 10 percent of the State's land area within 16 counties, Baltimore City, and 44 other municipalities located adjacent to the bay. The law requires affected local governments to develop local critical areas programs, consistent with State guidelines and oversight. Technical assistance to local governments is available from the commission staff and from the Maryland Department of Planning, particularly in those jurisdictions without a professional staff planner. The department runs the Chesapeake Bay Critical Area Circuit Rider Program, which provides planning assistance to waterfront municipalities that are required to adopt local critical area programs. Building on the 1984 legislation, the Atlantic Coastal Bays Protection Act of 2002 applied the provisions of the Critical Area Law to the State's coastal bays in an effort to foster more sensitive development in those areas; the Atlantic Coastal Bays Critical Area consists of approximately 28,600 acres in Worcester County and Ocean City.

A number of State grant programs address nutrient reduction goals and other Chesapeake Bay water quality issues. The Biological Nutrient Removal Program (administered by the Maryland Department of the Environment) provides grants of 50 percent of the cost of a project to reduce the output of nitrogen from wastewater treatment facilities. The Maryland Agricultural Water Quality Cost Share Program (administered by the Maryland Department of Agriculture) provides financial assistance to Maryland farmers for installing qualifying best management practices that reduce soil and nutrient runoff from farmland. Other grant programs under the auspices of the Department of the Environment's Chesapeake Bay Water Quality financing programs provide matching grants to local governments to improve the water quality of small creeks and estuaries, to reduce nonpoint source pollution from existing urban areas, and to provide supplementary assistance to local governments unable to meet the financial matching requirements under other loan funds to upgrade wastewater treatment facilities.

During the summer of 1997, an outbreak of *Pfiesteria piscicida*, a toxic microorganism, resulted in extensive fishkills, some human illness, and the closing of portions of the Pocomoke River. Some scientists attribute the outbreak to excessive levels of nutrients from animal waste runoff. Much attention was focused on the role of the chicken industry and the large quantities of chicken litter generated and ultimately applied to local agricultural fields as nutrients for the soil. Considerable additional funds were added to the fiscal 1999 budgets of various State agencies with the express purpose of evaluating the 1997 outbreak, enhancing water quality monitoring, developing and implementing preventive measures, and ensuring prompt and effective response to future

outbreaks. The General Assembly tackled the issue further through legislation, the Water Quality Improvement Act of 1998, which is enforced primarily by the Maryland Department of Agriculture. The act requires certain agricultural operations to develop and implement nutrient management plans in an effort to reduce nutrient loading to the bay.

The Chesapeake and Coastal Watershed Service of the Department of Natural Resources conducts a variety of programs that promote good management practices to maintain and enhance the water quality and wildlife habitats of the watersheds that drain into the Chesapeake Bay. There are ten discrete tributary watersheds, each with a 35-member tributary team that helps develop strategies for meeting nutrient reduction goals. The Chesapeake Conservation Education Service promotes citizen and local government participation in programs and policies to protect the bay, offering workshops on aquatic resources, smart growth, and conservation. The Shore Erosion Control Program offers technical and financial assistance to landowners and local governments in establishing non-structural (i.e., dependent upon vegetative methods) controls to stabilize eroding areas of the bay, its tributaries, and freshwater streams.

Maryland Environmental Service

The Maryland Environmental Service is an instrumentality of the State and a self-supporting, not-for-profit public corporation that serves State, local, and federal agencies and the private sector through designing, planning, financing, constructing, and operating water supply, wastewater treatment, hazardous and solid waste management, and dredged material placement facilities. The service operates over 170 water and wastewater treatment facilities, as well as solid waste transfer stations, material recycling facilities, the Hart-Miller Island Dredged Material Containment Facility, the Poplar Island Dredged Material Beneficial Use Project, the Midshore Regional Landfill, and two yard debris composting facilities.

The Maryland Environmental Service operates on a fee-for-service basis under contract. The service is responsible for over 350 projects located in every jurisdiction in the State. In fiscal 2001 the Maryland Environmental Service did $61 million in business.

Air Pollution Control

The Air and Radiation Management Administration of the Maryland Department of the Environment operates the State's air pollution control programs, under the framework established by the federal Clean Air Act. The Clean Air Act requires all areas of the country to achieve specific air quality standards for carbon monoxide, nitrogen oxides, ozone, sulfur oxides, lead, and particulate matter. The act provides penalties for

states failing to achieve the standards. Penalties include limits on new industries, loss of federal highway funds, and imposition of a federal implementation plan. Maryland meets all air quality standards except ozone. The Baltimore region (Anne Arundel, Baltimore, Caroll, Harford, and Howard counties and Baltimore City) as well as Cecil County are classified as severe nonattainment areas; the Washington metropolitan region (Calvert, Charles, Frederick, Montgomery, and Prince George's counties) is classified as a serious nonattainment area; and Queen Anne's and Kent counties are classified as marginal nonattainment areas.

The department's air management program monitors ambient air pollution levels, develops plans to maintain air quality standards, develops and enforces regulations to control air emissions, provides technical assistance to businesses attempting to comply with Clean Air Act requirements, licenses asbestos removal contractors, and accredits asbestos training providers. Vehicle emissions are a major source of ozone pollution and reducing ozone levels is an important component of the State's overall air pollution prevention strategy. The State's Vehicle Emissions Inspection Program (VEIP) requires most vehicles in the urbanized areas of the State to be tested under simulated highway driving conditions. Thirteen counties and Baltimore City are subject to the emissions testing requirements. The vehicle owner must make attempts to bring the level of emissions into compliance.

The role of local health or environmental agencies in air pollution control is limited. Twenty-three counties and Baltimore City currently enforce the State's regulations on open burning; some local jurisdictions may also enforce stricter local regulations. The State has historically been the primary regulatory agent in the field of air pollution control because pollution issues are not contained by local government boundaries and a considerable level of costly technical expertise is needed to sufficiently evaluate, review, and make permit decisions regarding pollution-emitting industries.

Open Space, Parks, and Recreation

The Department of Natural Resources is charged with ensuring the preservation, development, wise use, and enjoyment of the State's natural resources, including the Chesapeake Bay. The department's responsibilities include the following: to preserve and restore the State's natural ecosystems; to protect and develop fisheries and wildlife habitats to maintain biodiversity and to provide for the reasonable, safe, and appropriate level of sport hunting and fishing; and to manage, develop, and police the State parks, forests, and wildlife management areas. The Department of Natural Resources also administers a number of programs involving technical assistance; resource planning; grants management; and design, engineering, and construction services.

Conservation of Open Space

The State manages a number of programs designed to preserve and protect the amount of open space, rural resource land, key habitat land, forested space, and beach acreage, often in partnership with local governments. The State also protects certain areas as wildlands.

The Forestry Program within the Department of Natural Resources provides technical advice and assistance to individuals and communities regarding the proper management, care, and protection of forest resources for the purpose of maintaining the current forest land base of the State. Key activities include tree planting programs, forest fire suppression, and related forest restoration efforts. The Forest Conservation Act requires local governments to develop and implement a State-approved local forest conservation program. The purpose is to ensure that local governments inventory and mitigate the loss of forested acres that may be depleted through land development. Generally, State regulations require that at least 15 to 20 percent of developed property must be in forest cover; if a site is relatively treeless, a developer must plant enough trees to meet the coverage requirement. Local governments are authorized to charge permit fees to offset the expenses of implementing their conservation programs.

The Resource Planning Program within the Department of Natural Resources provides statewide natural resource, conservation, and recreational planning support and policy guidance for over 400,000 acres of the department's extensive public lands system. Major program activities include developing map-based natural resource and recreational plans and public involvement strategies for properties acquired by Program Open Space; updating and revising land unit plans; coordinating the review of proposed projects by private organizations and local, Sate, and federal agencies that may impact the Department of Natural Resource's public lands; surveying and maintaining over 3,000 miles of public lands boundaries for stewardship purposes; and upon request, providing planning-land conservation assistance to local governments and communities.

Program Open Space, established in 1969, coordinates the acquisition and development of open spaces and recreational areas throughout the State. The program provides grants to local governments for up to 100 percent of the cost to acquire and 90 percent of the cost to develop local outdoor recreation areas. The Department of Natural Resources also uses Program Open Space funds to acquire and develop recreational land. The program, along with several other natural resource conservation programs, is supported by the State's property transfer tax; of the portion directed to Program Open Space, approximately 50 percent is allocated to local governments. Each year approximately 9,000 acres are purchased, either by the State or local governments, under this program. As of the end of fiscal 2001, the program had preserved 229,815 acres.

The Rural Legacy Program, designed to provide funding for local governments and conservation organizations (such as land trusts) to purchase property and conservation easements within designated "rural legacy" areas, was enacted in 1997. Local government and land trusts may apply to the Rural Legacy Board to designate Rural Legacy Areas and for grant funds to preserve land in the Rural Legacy Areas. The Rural Legacy Advisory Committee and Board evaluate grant requests based on the statutory criteria for the Rural Legacy Program. Included among these criteria are the significance of the resources proposed for protection; the ability to protect blocks of land; the nature, size, and importance of the area to be protected; the value of resource-based industries such agriculture, forestry, recreation, and tourism; the degree to which existing planning, zoning, and growth management policies contribute to land conservation; and the availability of matching funds. As of the summer of 2002 the board had designated 25 Rural Legacy Areas in 21 counties, awarded $132.9 million in grants for the purchase of easements or fee interests in land, and protected 29,742 acres of land. The board will award $21.3 million in grants for fiscal 2003.

The GreenPrint Program was enacted in 2001 to protect an established Green Infrastructure network of sensitive resources, including patterns of protected lands and hubs and corridors of multiple resources, using the department's geographic information system capability to identify protection and management opportunities. The Department of Natural Resources and the Maryland Department of Agriculture share the GreenPrint funding (75 to 25 percent) to acquire easements and fee interests in Green Infrastructure lands. As of the summer of 2002, these agencies had protected 10,366 acres of lands with $32.34 million in GreenPrint funds.

The Maryland Environmental Trust promotes the conservation, improvement, and perpetuation of natural and scenic areas by arranging private donations of conservation easements to the State. More than 90,000 acres are protected and managed by the trust, including 70,000 acres of gift easements. The trust also offers assistance to local land trusts and administers the Keep Maryland Beautiful program. The Keep Maryland Beautiful program awards grants to nonprofit organizations for projects that promote environmental awareness, encourage stewardship of the environment, or reduce local environmental problems.

The Ocean City Beach Replenishment Program is the result of a federal-State-local commitment to reestablish and stabilize the Atlantic shore. Following completion of initial construction in 1994 and the first nourishment project in 1998, the second periodic nourishment effort was completed in June 2002, pumping 740,000 cubic yards of sand along the shoreline. Continued replenishment, estimated to be needed every four years, is jointly funded by the State, Worcester County, the Town of Ocean City, and the U.S. Army Corps of Engineers. The State contributes $1 million annually to the

maintenance fund, and the town and the county each contribute $500,000 annually. Now in the operations and maintenance phase, the department annually contracts for work such as pedestrian crossover repairs, dune grass planting and fertilization, and fencing repairs.

The State wildlands preservation system, encompassing 30 designated wildlands on almost 44,000 acres in fifteen counties, protects natural areas by limiting construction, prohibiting commercial enterprise, barring the transplantation of nonnative wildlife, and otherwise leaving the land unimpaired for future use and enjoyment. Activities such as hunting, fishing, trapping, hiking, boating, and snow skiing are allowed in wildlands.

Parks and Recreation

The State Forest and Park Service manages and operates 97 State parks, forests, natural resource management areas, natural environmental areas, historic areas, roadside picnic areas, and wildlife management areas across the State. About 260,290 acres are under management, and the service estimates that the parks received 10 million visitors during 2001. Sandy Point State Park and Rocky Gap State Park are the most-visited sites, with 1,015,100 and 911,200 estimated visitors, respectively. Revenue-generating operations, which garnered $1.5 million in fiscal 2001, include camp stores, concession areas, boat rentals, gift shops, and marinas.

State law permits all counties to establish, maintain, and conduct a comprehensive program of public recreation and parks for the benefit of the citizens within their respective jurisdictions. Municipalities are granted similar authority. Article 28 authorizes the Maryland-National Capital Park and Planning Commission to acquire property for parks, parkways, etc., and to have control of the maintenance and operation thereof in Montgomery and Prince George's counties. In addition, the act authorizes the commission to provide an adequate and balanced program of recreation to serve the residents of Prince George's County.

Outdoor recreation activities supported by the various departments of parks and recreation are grouped into four major types, as follows:

- Facility-oriented activities, including archery, basketball, baseball, softball, field sports, golf, ice skating, concerts, swimming, and tennis, which are typically dependent on large-scale structures or developed areas.

- Forest- and nature-oriented activities, including camping, hunting, nature walks, and picnicking, which are usually associated with natural, scenic areas of the State.

- Water-oriented activities, including boating, water-skiing, fishing, and beach swimming, which are by necessity located adjacent to bodies of water.

- Trail- and slope-oriented activities, including biking, hiking, horseback riding, off-road vehicles, and cross-country and downhill skiing.

The fiscal 2002 and 2003 State budgets included $5.5 million in funds for the first two years of a three-year initiative to provide grants to local governments to rehabilitate, expand, or improve existing parks. Funds for the Community Parks and Playgrounds Program are targeted to older neighborhoods and intensely developed areas throughout the State.

The State's Natural Resources Police have full police powers throughout Maryland and enforce all natural resources laws and regulations including seafood harvesting and sport fishing, boating, waterways pollution, and wildlife conservation. The police force, composed of 218 sworn officers, 74 civilian and support personnel, and over 200 reserve officers in a special volunteer program, also provides search and rescue services on the waters and in the rural areas of the State and provides public education training in the areas of boating, hunting, and water safety.

The Licensing and Registration Service of the Department of Natural Resources titles and registers vessels and issues fishing and hunting licenses. In fiscal 2001, the unit collected over $39 million in vessel excise tax payments, vessel titling and registration fee payments, commercial fishing license fees, and sport hunting and fishing license revenues. On an annual basis, the service renews the registrations of about 105,000 of the State's 210,000 registered and documented vessels, renews the commercial fishing licenses of almost 10,000 commercial watermen, and sells 160,000 recreational hunting licenses and 500,000 recreational fishing licenses.

Wildlife and Fisheries Management

The conservation of Maryland's varied wildlife resources comes under the jurisdiction of the Department of Natural Resources' Wildlife and Heritage Service. The mission of the service is to conserve Maryland's native wildlife and plants using scientific expertise and informed public input. A number of significant public policy issues involve wildlife, such as deer overabundance, mute swan impacts on the Bay, and black bear management. The service manages 130,000 acres of State-owned land as Wildlife Management Areas.

The Maryland Fisheries Service assesses populations of finfish, crabs, shellfish, aquatic reptiles, and essential habitats to maintain a healthy functioning ecosystem.

Valuable recreational and commercial fisheries are monitored and supported within target fishing rates to prevent overfishing. Restoration of fish, crab, and oyster stocks are achieved through construction of fish ways on anadromous fish spawning rivers and streams, reduction in fishing rates, and/or enhancement stocking of hatchery-produced stocks. Through those activities, and with intense management of the fisheries, the service seeks to provide a high quality sustainable resource. The service manages estuarine, warm-water, and cold-water hatcheries for supplemental stocking and maintains a freshwater trout stocking program of approximately 500,000 fish annually. Oyster beds are managed to provide a commercial fishery that currently yields approximately 300,000 bushels valued at over $5 million annually. Oyster habitat is increased through creation of new shell reefs and protected sanctuaries to provide increased numbers and biomass of oysters and additional brood stock for future natural oyster production. Maryland fisheries yielded 49 million pounds of product in 2000 valued at $54 million dollars

Agricultural Programs

Government activity in the agricultural area, primarily under the jurisdiction of the Maryland Department of Agriculture, falls into four major categories: agricultural land preservation, resource conservation, plant industries and pest management, and marketing and consumer services. The Maryland Agricultural Commission is an advisory body to the secretary of the department and promotes agricultural improvements and the State's agricultural industries and products.

Agricultural Land Preservation

The Maryland Agricultural Land Preservation Program was created to preserve productive agricultural land and woodland, to provide for the continued production of food and fiber, and to protect agricultural land and woodland as open space. The program is governed by a 12-member foundation (the Maryland Agricultural Land Preservation Foundation) and requires participating local governments to appoint advisory boards. These local boards advise the county government on the establishment of preservation districts and make recommendations to the foundation on the purchase of development rights easements.

Anne Arundel, Baltimore, Calvert, Carroll, Cecil, Charles, Frederick, Harford, Howard, Kent, Montgomery, Queen Anne's, St. Mary's, Talbot, Washington, and Worcester counties operate certified agricultural land preservation programs. The Maryland Department of Planning and the Maryland Agricultural Land Preservation Foundation certify programs based on the applicant's potential for a successful program, which includes a financial commitment to purchase easements and effective land use

tools to control development in agricultural areas. Certified counties are eligible for additional funds. Through fiscal 2001, there were 2,927 preservation districts covering 382,986 acres; the Maryland Agricultural Land Preservation Foundation had either purchased easements or entered into contracts to purchase easements on 1,395 farms covering 198,275 acres. County easement programs had preserved an additional 100,000 acres.

Resource Conservation

Nutrient management has become a key role of the Maryland Department of Agriculture since the enactment of the Water Quality Improvement Act of 1998. The department reviews nutrient management plans submitted by agricultural operations, inspects farms to ensure compliance, and generally enforces the Water Quality Improvement Act.

The Maryland Department of Agriculture administers several financial assistance programs addressing nutrient management, soil erosion, and agricultural runoff. The Maryland Agricultural Water Quality Cost-Share Program provides matching grants to landowners installing best management practices on agricultural land. The management practices are designed to reduce water pollution caused by nutrient and sediment erosion, animal wastes, and agricultural chemicals. The Conservation Reserve Enhancement Program, which is a federal-State initiative, provides annual payments to landowners or tenants for certain acreage taken out of agricultural production and planted with vegetative cover for a ten-year period.

Three additional financial assistance programs were implemented as a result of the Water Quality Improvement Act. First, the department offers a cost-share program for those farmers who choose to use a private certified nutrient management planner to develop their plans under the Water Quality Improvement Act; alternatively, farmers may request that their plans be developed by a nutrient management planner from the University of Maryland Cooperative Extension Service. Second, the department administers the Manure Transportation Program, which provides cost-share assistance to farmers to help offset transportation, loading, and handling costs associated with transporting excess manure off their farms. And third, the Maryland Income Tax Subtraction Modification for Conservation Equipment is available to help farmers offset costs associated with buying certain types of conservation equipment to control soil erosion, manage nutrients, and protect water quality in streams, rivers, and the Chesapeake Bay.

The Office of Resource Conservation within the Department of Agriculture staffs the State Soil Conservation Committee, provides financial and technical assistance to the

24 soil conservation districts, coordinates with the Cooperative Extension Service to help individual farmers plan nutrient management, and provides public information and educational outreach materials.

Plant Industries and Pest Management

Pest management programs, under the direction of the Maryland Department of Agriculture, address plants and insects that are considered dangerous or nuisances. Gypsy moth control is a major focus of the State's forestry pest management program. State officials monitor and assess forest insect and disease situations and determine the appropriate application of aerial pesticides. The cost of providing gypsy moth services is shared among the federal, State, and local governments as well as private landowners. During the 2002 season, 39,200 acres were treated statewide.

Mosquito control efforts are also shared between the State and local governments. The department can enter into agreements with local governments to construct or maintain facilities (such as ditches or dams) or use insecticides to reduce the mosquito population, with the costs shared by the State and local government. Currently, all counties except Garrett participate in this program. The State fully funds mosquito control activities on State-owned land, with primary attention paid to State parks. While funding is often shared between the State and local governments, mosquito control activities are generally conducted by the Department of Agriculture. In 2001 the department treated 1.2 million acres statewide.

In the control and eradication of noxious weeds including Johnson grass, shatter cane, thistles, and multiflora rose, the department works in cooperation with county governments. Under voluntary State-local agreements, the parties determine the extent of the problem, work with landowners to implement control measures, and undertake mowing, spraying, or other eradication measures. Twenty-one counties (all except Garrett and Prince George's) have entered into cooperative agreements with the State for noxious weed control. Funding is shared between the State and local governments on a 50/50 basis. Participating counties are required to appoint a weed advisory committee and appoint a weed control coordinator.

Other departmental plant protection activities include nursery inspection, plant quarantine, nuisance bird control, and registration of honey bee colonies. The department also regulates the use of pesticides, licenses businesses that commercially apply pesticides, trains and certifies pesticide applicators, and enforces pesticide laws and regulations. The turf and seed program conducts certification programs to ensure that these products meet purity, variety, germination, and labeling standards. The State chemist administers laws requiring the registration of products, the examination of labels,

and the chemical analysis of pesticides, commercial fertilizers, feeds, pet foods, compost, soil conditioners, and liming materials sold in the State.

Marketing, Animal Industries, and Consumer Services

The Maryland Department of Agriculture operates a number of programs to enhance the agricultural industry in the State, including providing assistance to farmers, food manufacturers, and distributors to increase the sale of Maryland products. Marketing activities include developing farmers' markets, conducting seminars on product exporting, promoting the aquaculture and seafood industries, and certifying organic products. The department also offers agricultural mediation services. The Maryland Agricultural Fair Board promotes and provides assistance to agricultural fairs, exhibits, and youth organizations. The department also administers the Maryland Crop Insurance Premium Program, which encourages farmers to participate in the Federal Crop Insurance Program by paying farmers up to $2 per acre for any federal crop insurance premium paid. The department is also involved with helping farmers transition from growing tobacco in the wake of the 1998 national tobacco settlement.

The department administers the U.S. Department of Agriculture's voluntary standards, grades, and weight classes for a variety of agricultural products including eggs, poultry, grain, fruits, and vegetables. The department also licenses grain dealers and operates a mandatory inspection program to enforce the Maryland Egg Law. The egg law contains standards regarding the quality, size, labeling, and record-keeping of eggs and controls the movement and use of restricted and inedible eggs. The department also enforces Maryland's weights and measures laws, ensuring accuracy, equity, and the prevention of fraud in the sale and measurement of commodities and similar transactions. The department's Animal Health Program oversees animal disease control programs; operates diagnostic laboratories in Centreville, College Park, Frederick, Oakland, and Salisbury; and controls the importation of animals.

Consumer protection includes the State's licensing of veterinarians, including conducting examinations, reviewing qualifications, hearing complaints, and inspecting veterinary hospitals. Horse riding stables are also annually licensed to ensure that State standards are met and maintained.

Technical, Regulatory, and Advisory Services

A number of State agency functions cut across specific programmatic lines to provide research, technical assistance, and advisory services to businesses, local governments, other State agencies, and the general public.

The Maryland Department of Planning provides information, services, and technical assistance to help the State, local governments, and community, development, and environmental organizations support growth that fosters vibrant, livable communities and protects the environment. Specifically, the department works directly with local governments, citizens, and other stakeholders to develop comprehensive plans, zoning codes, development regulations, and design guidelines; craft policies to protect agricultural land and natural resources, direct growth, and revitalize communities; and determine school construction and other infrastructure needs.

The department maintains and analyzes an array of environmental, land use, and demographic data, including census data and population and socioeconomic projections for indicators such as labor force, jobs, and income. This information is linked to electronic maps, enabling geographic analysis of land use and demographic and environmental trends. In addition, the department maintains property parcel maps for use by the general public.

The Office of Smart Growth, which was established in 2001, is designed to be a "one-stop shop" on smart growth in the State. The office helps coordinate the activities of other agencies, provides education and information on smart growth to the public, and facilitates redevelopment projects in existing communities and the development of smart neighborhoods in growing communities. Specifically, the office promotes interagency consensus and cooperation on projects that are consistent with the State's smart growth policy; serves as an information clearinghouse on smart growth for local officials, developers, the news media, and citizen groups; and provides targeted advisory and technical assistance to local jurisdictions, developers, and the public that help them prepare, finance, and develop projects that are consistent with smart growth policies.

The Resource Assessment Service within the Department of Natural Resources conducts water monitoring and technical assessments of tidal and non-tidal waters in order to interpret changing conditions, to understand the effects of mitigation and prevention tactics, and to provide information about the ecological health of the State's waterways. The service tracks changing population and development trends to understand and forecast the effects of these changes on streams and rivers. The Power Plant Assessment Program of the Department of Natural Resources evaluates proposed and existing power plants and assesses the impact of energy generation and transmission on the environment and natural resources. Recommendations are then made to the Public Service Commission and other regulatory agencies.

The Technical and Regulatory Services Administration within the Maryland Department of the Environment provides emergency response services, environmental and public health risk assessments, water quality monitoring and compliance testing,

shellfish growing certification, and computer modeling in support of the department's regulatory programs. The administration also coordinates the department's Chesapeake Bay activities, maintains geographic information systems, and provides financial and technical assistance to communities for floodplain management and hazard mitigation.

Other functions of the Maryland Department of the Environment are also technical, regulatory, and advisory in nature. Under the Lead Paint Poisoning and Prevention Program, the department identifies and monitors properties contaminated with lead paint and accredits individuals to provide lead paint abatement services. The Maryland Department of the Environment also operates an Environmental Permit Center, which is responsible for small business assistance and permit tracking. In addition, the Maryland Department of the Environment houses the Environmental Crimes Unit, a criminal investigation and prosecution unit under the direction of the Attorney General's Office. The Environmental Crimes Unit's prosecutors work closely with investigators assigned to the unit by the Maryland State Police and the Baltimore City Police Department in the investigation and prosecution of a wide variety of environmental crimes including air, water, hazardous waste, solid waste and radiation violations.

Funding

Government services in the environmental area are funded by the federal government, State general funds, user fees, certain dedicated taxes, general obligation bonds, and local funds. Local spending is concentrated on parks and recreation, soil conservation services, and related natural resource conservation. Exhibit 15.3 summarizes the sources of funds for the various categories of service.

Operating expenditures related to water quality protection totaled $38.9 million in fiscal 2001, which includes spending by the Maryland Department of the Environment and the Department of Natural Resources. State general funds accounted for two-thirds ($25.6 million) of the fiscal 2001 spending. About 22 percent ($8.4 million) was from the federal government, with revenues to address water pollution control, mining and reclamation issues, leaking underground storage tanks, public water system supervision, hazardous waste management, coastal zone management, and estuarine research. Dedicated State revenues represent the remaining 13 percent of spending on water quality protection; these funds come from the Maryland Clean Water Fund, the State Used Tire Cleanup and Recycling Fund, the oil containment and cleanup funds, and the State Boat Act funds, among others. In general, permit fees, application fees, license fees, other fees, penalties, and recoveries against responsible parties are retained by these special purpose funds to offset the costs of pollution abatement and control. Capital spending,

Exhibit 15.3
Fiscal 2001 Spending
($ in Thousands)

	State Funds	Dedicated State Revenues[1]	Federal Funds	Local Funds[2]	Total
Water Quality Protection	$25,567	$4,973	$8,388		$38,928
Chesapeake Bay Initiatives	8,317	1,987	12,458		22,762
Air Pollution Control	668	3,784	3,415		7,867
Open Space, Parks, and Recreation	26,144	27,403	4,700	$315,374	373,621
Agricultural Resource Conservation	17,938	547	23	18,967	37,475
Plant and Pest Management	5,375	3,742	1,453		10,570
Marketing and Consumer Services	5,130	13,602	366		19,098
Technical, Regulatory, and Advisory Services[3]	9,500	11,907	6,058		27,465
Operating Expenses Subtotal	**$98,639**	**$67,945**	**$36,861**	**$334,341**	**$537,786**
Water Quality Protection	$23,524	$30,660	$49,105		$103,289
Open Space, Parks, and Recreation[4]	162	75,714		123,271	199,147
Natural Resources Conservation				25,939	25,939
Agricultural Land Preservation		24,527			24,527
Capital Funds Subtotal	**$23,686**	**$130,901**	**$49,105**	**$149,210**	**$352,902**

[1] Dedicated State revenues include user fees, permit and licensing fees, loan repayments and interest, general obligation bonds, earmarked taxes, and related special-purpose fees.
[2] May include revenues from the State and federal governments.
[3] Does not include expenditures made by the Maryland Department of Planning.
[4] Local capital spending includes expenditures related to cultural activities.

Source: Maryland Department of the Environment; Maryland Department of Agriculture; Department of Natural Resources; *Local Government Finances in Maryland*, *Uniform Financial Reports*, Department of Legislative Services

which totaled $103.3 million in fiscal 2001, was derived from State general funds, dedicated State revenues, and federal funds; almost half of the capital spending was supported by federal funds.

Spending on Chesapeake Bay initiatives totaled $22.8 million in fiscal 2001. About 55 percent of funding is derived from federal funds. State general funds account for about 37 percent of funding for Chesapeake Bay initiatives, while dedicated State revenues from a variety of sources (such as the Waterway Improvement Fund) represent the remaining 9 percent of funding.

Air pollution control expenditures, which are made by the Maryland Department of the Environment in order to comply with the federal Clean Air Act, totaled $7.9 million in fiscal 2001. Funding for air pollution activities is supported almost equally through dedicated State revenues (which come from air permit and application fees, penalties, and recoveries against responsible parties) and federal funds from the U.S. Environmental Protection Agency. A minimal amount of State general funds are used in support of air pollution control programs.

Government spending in the area of open space, parks, and recreation for fiscal 2001 totaled $572.8 million; only 23 percent of that spending was at the State level. Funds for the operations of State parks and wildlife and fisheries operations and related recreational and open space programs are derived from State general funds, dedicated revenues, and federal funds. Dedicated State revenues include user fees such as hunting and fishing licenses and revenues from State parks operations. A limited amount of federal funds are available for wildlife and sportfish restoration.

Program Open Space, the State's primary vehicle for the purchase of natural resource lands and the development of recreational facilities, is funded by the collection of a 0.5 percent State property transfer tax and federal open space funds. The revenues from the transfer tax are directed to environmental programs. The fiscal 2001 and 2002 allocations are shown in Exhibit 15.4. The fiscal 2002 allocation reflects transfers to the general fund as a result of the Budget Reconciliation and Financing Act of 2002.

Local governments spent $438.6 million on parks, recreation, and open space programs in fiscal 2001, as shown in Exhibit 15.5. This level of expenditure represents approximately 2 percent of all county spending and approximately 8 percent of all municipal spending for the year. Parks and recreation spending in Montgomery and Prince George's counties accounts for $247.3 million of this total. (Of this amount, the

Exhibit 15.4
Allocation of Property Transfer Tax Revenues – Fiscal 2001 and 2002
($ in Thousands)

Program Open Space	**FY 2001**	**FY 2002**
State Share		
Land Acquisition	$19,667	$8,809
Capital Projects	8,718	10,863
Rural Legacy	11,861	13,719
Heritage Conservation Fund	1,730	2,059
Outdoor Land Loan Debt	1,000	0
State Park Operating Expenses	1,200	950
Grants to Local Governments	35,613	42,478
Agricultural Land Preservation	16,431	19,502
Heritage Area Authority	1,000	1,000
Administrative Expenses (3%)	2,763	3,055
Attainment Adjustment (to cover over/under attainment of revenues in prior fiscal years)	7,879	0
Total	**$107,862**	**$102,435**

Source: Department of Natural Resources, Department of Legislative Services

Maryland-National Capital Park and Planning Commission spent $170.4 million.) Local governments support parks and recreation programming with general funds, grants from other levels of government, and user fees. Based on the fiscal 2001 State and federal grants for parks and recreation purposes reported by Maryland's local governments, State and federal funds supported a little over 10 percent of the total spending at the local level. User fees are generated by charging for recreational services such as swimming pools, golf courses, playing fields, public boat landings, and concessions at parks and events. Expenditures totaling $32.7 million in fiscal 2001 were reported by local governments as derived from recreation, parks, and cultural-based enterprises.[2]

[2] Spending on cultural activities, which is discussed in Chapter 13, is included here due to local reporting categories, but is not included in Exhibit 15.5.

Exhibit 15.5
Local Expenditures on Parks,
Recreation, and Resource Conservation – Fiscal 2001

	Parks and Recreation			Resource Conservation
	County	Municipal	Total	
Allegany	$2,213,722	$1,869,640	$4,083,362	$247,184
Anne Arundel	22,823,207	2,437,766	25,260,973	170,798
Baltimore City	35,684,962	0	35,684,962	0
Baltimore	22,919,379	0	22,919,379	15,556,120
Calvert	5,362,978	966,905	6,329,883	3,673,307
Caroline	974,501	158,559	1,133,060	186,128
Carroll	1,918,363	2,199,286	4,117,649	5,021,243
Cecil	175,510	691,495	867,005	305,256
Charles	5,415,037	205,642	5,620,679	475,168
Dorchester	534,964	540,702	1,075,666	182,901
Frederick	7,142,962	5,012,923	12,155,885	3,809,249
Garrett	49,724	524,096	573,820	162,501
Harford	10,366,555	1,127,653	11,494,208	3,073,186
Howard	21,048,220	0	21,048,220	978,993
Kent	946,494	182,872	1,129,366	174,054
Montgomery	126,431,110	22,174,629	148,605,739	4,625,473
Prince George's	87,510,173	11,176,700	98,686,873	0
Queen Anne's	3,264,451	33,981	3,298,432	459,420
St. Mary's	7,154,486	92,707	7,247,193	1,127,757
Somerset	989,072	2,528	991,600	105,443
Talbot	2,720,612	413,391	3,134,003	173,938
Washington	3,594,562	3,712,974	7,307,536	682,712
Wicomico	4,866,817	1,244,207	6,111,024	256,005
Worcester	1,228,861	8,539,787	9,768,648	3,459,063
Statewide	**$375,336,722**	**$63,308,443**	**$438,645,165**	**$44,905,899**

Note: May include revenues from the State or federal governments.
Source: *Local Government Finances in Maryland; Uniform Financial Reports*

Local governments reported about $123.3 million in capital expenditures related to parks, recreation, and culture for fiscal 2001. Although the amount of capital spending in support of cultural activities is unknown, assuming that virtually all of the $123.3 million is spent on the acquisition and development of open space and recreational areas, capital spending accounts for about 28 percent of local spending on parks and recreation.

Agricultural programs are generally supported with State funds. Resource conservation expenditures, which totaled $63.4 million in fiscal 2001, are supported with both State and local funds. State spending for agricultural resource conservation activities totaled $18.5 million in fiscal 2001. Local spending for natural resource conservation totaled $44.9 million in fiscal 2001 and includes spending in support of the Cooperative Extension Service, Soil Conservation Service, and agricultural land preservation. Eight counties (Allegany, Baltimore, Calvert, Caroline, Carroll, Montgomery, St. Mary's, and Worcester counties) report capital spending for natural resource conservation totaling $25.9 million. The county breakdown of resource conservation spending is included in Exhibit 15.5. State grants could support as much as one-third of county expenditures for natural resource conservation, based on the fiscal 2001 State grants for this purpose reported by the counties.

The costs of gypsy moth, mosquito, and noxious weed control are shared between the State and participating local governments. Payments from the counties for their portions of costs are considered dedicated revenues to the State and totaled $1.3 million in fiscal 2001. Limited federal funds are available to assist with gypsy moth control and pesticide compliance monitoring.

Marketing and consumer services are supported in large part by dedicated State revenues generated by the licensing of weighing and measuring devices, egg registration, market inspection fees, and laboratory testing of livestock. The Agricultural Fair Board receives an annual share of horse racing revenue. Agricultural land preservation activities are supported entirely with dedicated State revenues generated primarily from the property transfer tax and the agricultural transfer tax. Payments from counties are considered dedicated revenues to the State and totaled $6.1 million in fiscal 2001.

Approximately 35 percent of spending for technical, regulatory, and advisory services is derived from State general funds. Administrative and technical expenses may be offset by the revenues of certain special purpose funds (such as the State Hazardous Substance Control Fund; the Maryland Clean Water Fund; and the Oil Disaster, Containment, Clean Up, and Contingency Fund). The Power Plant Assessment Program is funded almost entirely by the Environmental Trust Fund, derived from a surcharge per kilowatt-hour of electric energy generated in the State.

Chapter 16. Public Works

Local governments are generally responsible for performing public works functions and services, and providing planning and zoning services for their citizens. Local governments most frequently provide for the construction, maintenance, and operation of sewer and water treatment systems and the construction, maintenance, and operation of facilities for the collection and/or disposal of solid wastes (trash collection and disposal). Several Maryland municipalities provide for the construction, maintenance, and operation of electric power plants. Current law also authorizes each county and municipality to enact ordinances establishing planning commissions, enact zoning ordinances, exercise control over subdivisions, and have boards of zoning appeals.

Public Utilities

The State has primarily an oversight function through the Maryland Department of the Environment and the Department of Natural Resources by monitoring and regulating the various sanitation, sewer, and water operations conducted by local governments. The Maryland Environmental Service provides management services to State agencies, counties, municipalities, and private entities.

In general, local governments are responsible for providing the necessary funds for operating sewer, solid waste, water, and electrical facilities. In fiscal 2001 local governments spent approximately $1.3 billion in providing these services. These expenditures accounted for approximately 8 percent of total expenditures by local governments. While the State and federal governments provide some grants, these amounts are relatively small in comparison to funds provided by local governments. State and federal funds totaled approximately $5.4 million and $1.7 million in fiscal 2001, respectively.

Sewer, Solid Waste, and Water Services

Local Governments' Responsibilities, Services, and Funding

Local governments either have sanitary commissions to provide the necessary sewer and water services in their jurisdictions, or provide sewer and water services through a county or municipal agency or department. All counties except Caroline, Montgomery, Prince George's, and Talbot provide water and sewer services to their residents. Talbot County provides only sewer services, while the Washington Suburban Sanitary Commission serves Montgomery and Prince George’s counties. All counties provide facilities for the disposal of trash (landfills, etc.). In addition, most counties

provide for trash collection. Exhibit 16.1 lists the types of services provided by each county.

In fiscal 2001 counties spent approximately $1 billion, excluding debt service costs, on the collection and treatment of sewage, the treatment and distribution of water, and the collection and disposal of solid wastes. This amount accounted for approximately 7.1 percent of county expenditures. A majority of municipalities provide water and sewer services and/or refuse collection. In fiscal 2001 the municipalities spent approximately $170.5 million on providing these services, excluding debt service costs. This accounted for 22.3 percent of municipal expenditures. Exhibit 16.2 presents a breakdown of local government sewer, solid waste, and water expenditures by county for fiscal 2001.

Virtually all the funds for operating sewer, solid waste, and water services come from service charges, interest charges, front foot assessments, and debt proceeds. Besides locally generated funds, local governments rely on small State and federal grants to provide sewer, solid waste, and water services. Most of these funds are in the form of State grants from three programs: Water Supply Assistance Program, Chesapeake Bay Water Quality Loan – Nutrient Removal Program, and Chesapeake Bay Water Quality Loan – Supplemental Assistance.

State's Responsibilities, Services, and Funding

While local governments are responsible for operating and financing the water and sewer systems and solid waste collection and disposal facilities, the State is generally responsible for monitoring and regulating these systems and facilities.

The Maryland Department of the Environment is currently structured into five major program areas: (1) Water Management Administration; (2) Waste Management Administration; (3) Air and Radiation Management Administration; (4) Technical and Regulatory Services Administration; and (5) Coordinating Offices. The department provides oversight of public water systems and solid waste systems throughout the State. The department's duties include:

- conducting surveys of public water systems (in connection with enforcement of the federal Safe Drinking Water Act);

- inspecting and monitoring community water supply systems;

Exhibit 16.1
County Public Works Functions

County	Water	Sewer	Solid Waste Collection	Solid Waste Disposal
Allegany	yes	yes	yes	yes
Anne Arundel	yes	yes	yes	yes
Baltimore City	yes	yes	yes	yes
Baltimore County	yes	yes	yes	yes
Calvert	yes	yes	yes	yes
Caroline			yes	yes
Carroll	yes	yes	yes	yes
Cecil	yes	yes		yes
Charles	yes	yes		yes
Dorchester	yes	yes	yes	yes
Frederick	yes	yes		yes
Garrett	yes	yes	yes	yes
Harford	yes	yes		yes
Howard	yes	yes	yes	yes
Kent	yes	yes		yes
Montgomery	yes	yes	yes	yes
Prince George's	yes	yes	yes	yes
Queen Anne's	yes	yes	yes	yes
St. Mary's	yes	yes	yes	yes
Somerset	yes	yes	yes	yes
Talbot		yes		yes
Washington	yes	yes	yes	yes
Wicomico	yes	yes	yes	yes
Worcester	yes	yes		yes

Note: The services provided by the Washington Suburban Sanitary Commission (WSSC) are shown under Montgomery and Prince George's counties.

Source: *Uniform Financial Reports*

Exhibit 16.2
Local Government Sewer, Solid Waste, and Water Expenditures[1]
Fiscal 2001

	County	Municipal	Total
Allegany	$13,465,774	$15,594,257	$29,060,031
Anne Arundel	102,905,305	9,273,627	112,178,932
Baltimore City	255,565,669		255,565,669
Baltimore	156,727,431		156,727,431
Calvert	11,158,384	1,677,295	12,835,679
Caroline	1,377,065	2,777,262	4,154,327
Carroll	11,713,946	10,857,198	22,571,144
Cecil	3,929,506	7,346,945	11,276,451
Charles	18,897,978	4,500,935	23,398,913
Dorchester	1,808,497	5,550,899	7,359,396
Frederick	24,207,045	16,465,942	40,672,987
Garrett	5,457,211	1,684,559	7,141,770
Harford	33,798,802	9,243,143	43,041,945
Howard	50,286,030		50,286,030
Kent	2,461,204	2,282,201	4,743,405
Montgomery[2]	219,418,678	15,828,678	235,247,356
Prince George's[2]	207,214,436	14,501,493	221,715,929
Queen Anne's	7,133,542	984,093	8,117,635
St. Mary's	11,373,743	1,263,760	12,637,503
Somerset	3,415,072	1,161,574	4,576,646
Talbot	1,202,031	4,345,347	5,547,378
Washington	17,763,599	15,887,680	33,651,279
Wicomico	3,830,826	10,749,420	14,580,246
Worcester	9,057,145	18,497,818	27,554,963
Total	**$1,174,168,919**	**170,474,126**	**$1,344,643,045**

[1]Amounts include operating and capital expenditures but do not include debt service expenditures.

[2]Expenditures by the Washington Suburban Sanitary Commission (WSSC) are apportioned to Montgomery and Prince George's counties on a 50/50 basis.

Source: *Uniform Financial Reports; Local Government Finances in Maryland*, Department of Legislative Services

- providing grants and loans to local governments for creating or upgrading community water supply systems;
- reviewing design plans for water treatment and distribution projects;
- providing training and technical assistance to water treatment plant operators;
- protecting and restoring the State's land resources;
- regulating and inspecting industrial facilities that treat wastewater and controlling the transportation, storage and disposal of hazardous substances; and
- controlling and supervising, so far as is feasible, construction, reconstruction, and repair of dams, reservoirs, and other waterworks.

The department is also responsible for issuing permits to individuals and local governments before the person or entity begins construction of a facility that will use water of the State.

In fiscal 2001 the Department of the Environment spent approximately $209.6 million in performing its functions throughout the State. For a more extensive discussion of the responsibility of the department, see Chapter 15 of this handbook.

In addition to regulatory oversight of local government water, sewer, and solid waste facilities, the State also provides capital grants and loans to local governments through various programs including the water quality loan programs, supplemental assistance and nutrient removal programs, and water supply assistance program. For fiscal 2002 and 2003, the State appropriated approximately $150 million and $85 million in grants and loans through these programs, respectively. Exhibit 16.3 shows a summary of these grants for fiscal 2002 and 2003.

Maryland Environmental Service

Title 3 of the Natural Resources Article establishes the Maryland Environmental Service as an independent quasi-State agency to provide technical services to clients in the following areas: engineering, design, finance, construction, project management, operation, and maintenance. These technical services support the following: water supply, wastewater treatment, and solid waste management to State agencies, counties, municipalities, and private entities. In fiscal 2001 the Maryland Environmental Service did $61 million in business.

Exhibit 16.3
State Environmental Grants and Loans to Local Governments
Fiscal 2002 through 2003
($ in Thousands)

	2002 Appropriation	2003 Appropriation
Water Quality Revolving Loan Fund	$113,492	$46,400
Hazardous Substance Cleanup	750	700
Drinking Water Revolving Loan Fund	11,041	11,800
Nutrient Removal	16,300	17,832
Supplemental Assistance	2,661	4,776
Small Creek and Estuaries	893	450
Storm Water Pollution Control	1,250	500
Water Supply Assistance	2,000	1,500
Comprehensive Flood Management	1,250	667
Total	**$149,637**	**$84,625**

Source: Department of the Legislative Services

Electric and Gas Services

None of the counties provide for the maintenance and operation of gas or electric power plants. However, five municipalities (Berlin, Easton, Hagerstown, Thurmont, and Williamsport) operate electric plants. In fiscal 2001 these municipalities recognized $55.6 million in revenues and incurred $53.3 million in expenses for gas and electric plants. All the funds for operating these plants come from service charges and fees imposed on customers. A breakdown of these revenues and expenses, excluding debt service costs, by municipality for fiscal 2001 is shown in Exhibit 16.4.

The town of Easton, through the Easton Utilities Commission, also provides gas services to its residents. In fiscal 2001, the commission reported gas department expenditures of $4,698,602, while recognizing revenues of $4,756,654.

Exhibit 16.4
Electric and Gas Services
Fiscal 2001

Municipality	Revenues	Expenditures
Berlin	$3,875,333	$3,621,907
Easton *	32,702,969	28,599,449
Hagerstown	15,354,950	17,676,531
Thurmont	3,616,257	3,387,199
Williamsport	No financial data submitted for fiscal 2001	
Total	**$55,549,509**	**$53,285,086**

* Easton's amount represents expenditures made by the Easton Utilities Commission in providing electric services.

Source: *Uniform Financial Reports*, Department of Legislative Services

Further, the town of St. Michaels has an arrangement with the Delmarva Power Company for use of the St. Michaels Utility Commission's equipment. Although the commission is no longer operating, the commission receives rental income from Delmarva. Unless Delmarva purchases or again leases the equipment and facilities, at the conclusion of the lease the town is obligated to purchase all capital improvements made to the facilities at the net book value. In fiscal 2001 the town received rental income of $155,628, including interest earnings, while also incurring expenditures of $59,055.

Planning and Zoning

Article 66B of the Annotated Code of Maryland authorizes each county and municipality to enact ordinances establishing planning commissions, enact zoning ordinances, and have boards of zoning appeals. In Montgomery and Prince George's counties the Maryland-National Capital Park and Planning Commission performs the planning and zoning work with the county councils sitting as district councils for the adoption of plans and enactment of zoning ordinances in their respective jurisdictions. During fiscal 2001 county governments expended $62.8 million on planning and zoning activities. County expenditures on planning and zoning are presented in Exhibit 16.5.

Exhibit 16.5
County Expenditures on Planning and Zoning
Fiscal 2001

Allegany	$210,271
Anne Arundel	7,226,344
Baltimore City	1,445,022
Baltimore	4,412,633
Calvert	1,000,403
Caroline	298,759
Carroll	1,506,129
Cecil	571,496
Charles	1,950,016
Dorchester	251,678
Frederick	1,608,662
Garrett	275,991
Harford	2,338,730
Howard	4,176,779
Kent	323,842
Montgomery	14,293,513
Prince George's	15,113,000
Queen Anne's	1,749,717
St. Mary's	842,096
Somerset	473,961
Talbot	295,153
Washington	220,427
Wicomico	596,928
Worcester	1,614,122
Total	**$62,795,672**

Source: *Uniform Financial Reports*, Department of Legislative Services

Of the 156 municipalities, 106 have planning and zoning commissions. In Montgomery and Prince George's counties only 8 of the 46 municipalities have planning and zoning commissions. Thus, of the 110 municipalities not in Montgomery and Prince George's counties, 98 have planning and zoning commissions. During fiscal 2001 municipal governments expended $9.0 million on planning and zoning activities.

The Economic Growth, Resource Protection, and Planning Act of 1992 established a 17-member planning commission to advise the Governor on State and local land use matters and provide guidance to local governments. The act defines State policy in the areas of limiting sprawl, encouraging dense development, and protecting the State's natural resources. The Smart Growth and Neighborhood Conservation Act of 1997 furthers this policy by directing growth-related government spending to priority funding areas. A number of priority funding areas are defined in statute, and counties may submit other areas that meet the statutory density, water, and sewer requirements to the Maryland Department of Planning for review and certification.

In addition to the requirements for local comprehensive plans established by the Economic Growth, Resource Protection, and Planning Act, local plans and subdivision controls must take into account the following: Chesapeake Bay critical area requirements (Natural Resources Article, Title 8), forest conservation requirements (Natural Resources Article, Title 5, Subtitle 16), and soil conservation requirements (Agriculture Article, Title 8). In addition, other State programs also impact local planning (e.g., Program Open Space and Agricultural Land Preservation).

Appendix 1

Maryland State/Local Relationships
Overview by Function

Program	State	Local
Election Board	State policy and direction through legislation and regulation. State shares cost of processing new uniform voting system.	Counties fund boards — budgetary role is limited.
Employee Pensions	State Pension and Retirement System.	Local governments may participate.
Tax Collection	State assesses all real and personal property. State collects income tax; remits to counties.	Property taxes collected by counties.
Courts (Appellate and District Court)	State administers and funds appellate courts and the trial court of limited jurisdiction.	
Courts (Circuit Court)	State policy and direction through legislation and judicial rules. State funds judges' salaries, clerks of the court, judicial masters, family divisions, interpreter services, juror fees, and law clerks. Beginning in fiscal 2004 State will also pay rent to counties for the space occupied in local facilities by the circuit court clerks.	Counties fund certain operating costs, including capital expenses and physical facility.

Program	State	Local
State's Attorney (Prosecutor)	Elected official in each county. State policy and direction through legislation.	Counties fund all operating expenses.
Orphans' Court	Elected judges in 22 counties. State policy and direction through legislation.	Counties fund operating expenses.
Sheriff (Judicial Functions)	Elected official in each county. State policy through legislation and judicial direction.	Counties fund offices.
Police	State police patrol highways, provide specialized services (i.e., crime lab), and provide backup to local police. State provides grants to local governments for police protection. State sets minimal standards for training. State funds and manages central booking facility for individuals arrested in Baltimore City.	Local governments provide policy direction, management and budget approval for local police or sheriff's departments. Local governments provide more than 75% of funding. Sheriffs are responsible for local police function and corrections in rural counties.

Fire and Emergency Services	State grants total $10.0 million. State administers funding program for 9-1-1 System. State Fire Marshal provides support in investigation and inspection. State coordinates emergency services and runs Med-Evac helicopter rescue system.	Local governments provide policy direction, management, and budget approval for paid fire protection and coordination/ financial support for volunteer fire companies, ambulances, and emergency medical services. Local governments provide most of the funding.
Corrections	State correctional system for long-term inmates (more than 12 months). State sets minimum standards for local facilities. State provides grants for construction of local facilities. State manages pre-trial facility in Baltimore City.	County correctional system for pre-trial and short-term inmates (less than 12 months).
Public Schools	State policy through legislation and regulation. State funding 39%. Federal funding 8%.	School board - autonomy in management. County government ─ budget approval. County funding 51%. Other local revenues 2%.

University System	State policy through legislation and regulation. State funding 32%; tuition and fees 24%; grants, contracts, auxiliary revenue, and other sources 44%.	
Community Colleges	State policy through legislation and regulation. Baltimore City Community College operated by the State. State funding 29%.	College board ─ autonomy in management. County government ─ budget approval. County funding 34%, tuition and fees 35%, other 2%.
Libraries	State policy through legislation and regulation. State funding 22%.	Library board ─ autonomy in management. County government ─ budget approval. County funding 68%, fees and other revenue 8%.
Highways	State manages interstate, primary and secondary systems (except Baltimore City). State allocates 30% of highway revenues (gasoline tax, vehicle titling tax, vehicle registration fees) to local governments. State/federal funding nearly 92%.	Counties/municipalities manage local roads. Baltimore City manages all roads except certain interstate highways within the city.

Transit	State funds transit costs in metropolitan areas; 40% of operating costs recovered through fare box revenue. Commuter rail must recover 50% of operating costs through fare box. State makes grants for transit in rural areas.	Counties/municipalities offer supplemental services funded in part by State grants.
Health	State policy, standards, and direction through legislation, regulation, and directives. State and federal funding 99%.	Local health board, health offices, and health department in each county. Counties have some discretion as to scope of programs.
Human Services	State policy, standards, and management through legislation, regulation, and directives. State funded social services office in every county except Montgomery County. Montgomery County receives block grants from State. Over 88% funded by State and federal governments.	Some counties provide supplemental funding or specialized programs. Montgomery County runs its own department of social services. Local Management Boards coordinate service delivery for children, youth, and families.
Housing	State makes grants and loans to local governments and private developers for construction projects.	Local governments manage housing programs as part of government or through a housing authority.

Economic Development	State focuses on national and international markets. State makes grants/loans to governments and private businesses for land, structures, equipment, and for training.	Local governments focus on local markets and coordinate with State activities.
Worker Protection and Unemployment Insurance	State administers federal programs. State policy through legislation and regulation.	
Work Force Development	State policy through legislation and regulation. State administers federal programs.	Work force development services delivered through county agencies or nonprofits.
Environmental Protection	State policy through legislation and regulation.	Counties enforce delegated environmental laws.
Parks/Recreation	State manages system of State parks. State makes grants for land acquisition/development.	Local governments manage local parks and recreation programs.
Agricultural Services	State policy through legislation and regulation. State provides $25 million annually to preserve farmland and promote good practices.	Soil conservation districts administer programs.

Water & Sewer	State policy through legislation and regulation. State provides construction grants in certain hardship instances. State provides about $100 million annually for construction loans.	Counties/municipalities construct and operate water and sewer systems. Almost 100% local funding, primarily through user charges.
Solid Waste	State policy through legislation and regulation.	Counties responsible for disposal. Public/private collection at county/municipal level.
Liquor Board	State policy and direction through legislation and regulation.	Boards are self-supporting from license fee revenues.

Index

	Page
A	
Access/Success Program	130
Administrative Board of Election Laws, State	20
Administrative Hearings, Office of	50
Administrative Office of the Courts	52
Adult Services	205
African American Museum Corporation, Maryland	221
Aging, Department of	191
Agricultural Commission, Maryland	280
Agricultural Cost-Share Program, Maryland	281
Agricultural Fair Board, Maryland	283
Agricultural Land Preservation Foundation, Maryland	280
Agriculture, Department of	268, 280
Aid to Education	130
Aid to Independent Colleges	97
AIDS Administration	178
Air and Radiation Management Administration	274
Alcohol and Drug Abuse Administration	178
Alcohol and Tobacco Tax Unit	300
Alcoholic Beverage Control	299
Animal Health Program	283
Apprenticeship and Training Program, Maryland	228
Area Agencies on Aging	191, 202
Arts Council, Maryland State	234
Assessments and Taxation, State Department of	31
Attorney General	54
Attorney Grievance Commission	52
Aviation Administration, Maryland	145
B	
Baltimore City Detention Center	84
Baltimore Metro Subway, Department of Transportation	151
Baltimore-Washington International Airport	158
Banneker-Douglass Museum	221
Big Game, the	34

Page

Biological Nutrient Removal Program 273
Board of Public Works 19
Board and Commissions, Department of Health 181
Board of Revenue Estimates 32
Bowie State University 118
Budget Analysis, Office of 24
Budget and Management, Department of 21
Bus Services, Department of Transportation 158
Business and Economic Development, Department of 214
Business Development 219
Business Regulation 236

C

Cabinet Council on Criminal and Juvenile Justice 65
Camden Yards 20
Canal Place Preservation and Development Authority 221
Capital Budgeting, Office of 24
Career Connections 254
Career and Technology Education 254
Center for Environmental Sciences 125
Central Booking and Intake Facility 84
Central Collection Unit 22
Central Corridor Light Rail Line, Department of Transportation 152
Challenge Investment Program 231
Charlotte Hall Veterans' Home 205
Chesapeake and Coastal Watershed Program 274
Chesapeake Bay Critical Areas Protection Commission 273
Chesapeake Bay Water Quality Loan Program 273
Chief of Information Technology 23
Chief Medical Examiner, Office of the 165, 183
Child Care Administration 198
Child Care Licensing 198
Child Protective Services 197
Child Support Enforcement 196, 198
Children, Youth and Families, Office for 191, 193
Chronic Hospitals 184
Circuit Courts 46

Page

Commission on Artistic Property 25
Commission on Judicial Disabilities 52
Community and Public Health Administration 180
Community Colleges 109, 111
Community Development Administration 204
Community Development Block Grant 211
Community Services Block Grant Program 220
Compensatory Aid Formula, Aid to Education 100
Comptroller of the Treasury 32
Contract Appeals, Maryland State Board of 25
Coppin State College 118
Core Service Agencies 170
Correctional Education 96
Correctional Training Commission 83
Correction, Division of 80
Corrections 79
Court of Appeals, The 43
Court of Special Appeals 45
Criminal Injuries Compensation Board 80, 84
Criminal Justice Coordinating Council 18

D

Deaf and Hard of Hearing, Office of 18
Dedicated Purpose Fund 37
Deer's Head Center 184
Developmental Disabilities Administration 166, 176
District Court 49
Driver Licensing 149

E

Economic Development Commission, Maryland 225
Economic Development Corporation, Maryland (MEDCO) 230
Economic Development Opportunities Program Fund (Sunny Day) 232
Economic Growth, Resource Protection, and Planning Commission 264, 284
Educational Accountability 94
Education, State Department of 87
Education Aid 100
Emergency Medical Services Advisory Council (SEMSAC) 72

Page

Emergency Management Agency, Maryland 76
Employment Services and Training, Office of 244
Employment Standards Service 244
Enterprise Investment Fund 229, 231
Enterprise Zone Tax Credits 39
Environmental Permit Center 285
Environmental Service, Maryland 274
Environmental Trust, Maryland 277
Environment, Department of the 267

F

Family Investment Program 196
Film Office, Maryland 234
Financial Assistance, Economic Development 230
Financial Regulation 238
Fire Marshal 71
Fisheries Service 279
Food Stamps 197
Forest Conservation Act 276
Forestry Program 276
Foster Care 197
Frostburg State University 119

G

General Services, Department of 24
Governor's Office of Crime Control and Prevention 17
Governor's Office on Service and Volunteerism 17
Governor's Workforce Investment Board 243
Governor, Office of the 15
Green Print Program 277
Gypsy Moth Control 282

H

Hazardous and Solid Waste Management Program 269
Health and Mental Hygiene, Department of 165
Health Boards 166
Health Care Access and Cost Commission 179
Health Care Foundation 180

Page

HealthChoice 172
Health Claims Arbitration Office 17
Health Departments, Local 165, 168
Health Regulatory Boards 181
Health Resources Planning Commission 179
Health Services Cost Review Commission 179
Heritage Tourism 221
Higher Education Commission, Maryland 109, 115
Highway User Revenues 147
Historic Preservation 220
Historic St. Mary's City 221
Historical Trust, Maryland 220
Home Financing Program, Maryland 214
HOME Investment Partnerships Program 216
Homeowners' and Renters' Tax Credits 39
HotSpot Communities Initiative 65
House of Delegates 11
Housing and Community Development, Department of 211
Housing Finance Agencies 212
Human Relations, Commission 20
Human Resources, Department of 191

I

Individuals with Disabilities, Office for 191
Industrial Development Financing Authority, Maryland (MIDFA) 229
Industrial Training Program, Maryland 256
Injured Workers' Insurance Fund 243
Inmate Grievance Office 83
Insurance Administration, Maryland 236
Interagency Committee on Public School Construction 88

J

Jefferson Patterson Park and Museum 221
Job Service Program 244
Job Training Partnership Act 244
Judicial Conference 51
Juvenile Justice, Department of 191, 199

Page

K

Keep Maryland Beautiful Program 277
Keno 33

L

Labor, Licensing, and Regulation, Department of 236, 238
Labor Market Analysis and Information Program 258
Laboratories Administration 184
Legal Services Corporation, Maryland 54, 57
Legal Services Program 54
Legislative Audits, Office of 14
Legislative Services, Department of 14
Library Aid 142
Library Development and Services 139
Live Near Your Work Program 219
Local Boards of Education 87
Local Government Infrastructure Program 222
Local Government Investment Pool 31, 36
Local Health Departments 165, 168
Local Departments of Social Services 172
Local Library Boards 139
Local Management Boards 191
Local Transit Systems 153
Lotto 34
Low-Income Housing Tax Credit Program 216

M

MARC Rail Service 154
Maryland Children's Health Program 172
Marketing and Business Development, Department of Business and Economic Development 227
Martin State Airport 159
Maryland Institute of Emergency Medical Services System (MIEMSS) 72
Maryland General Assembly 11
Maryland Housing Fund 212
Maryland - National Capital Park and Planning Commission 268
Mass Transit 150
Med-Evac Program 75

Page

Medicaid 171
Medicare 171
Mental Health Advisory Committees 171
Mental Hygiene Administration 169
Military Department 77
Minority Affairs, Office of 17
Morgan State University 111
Mortgage Program, Maryland 214
Mosquito Control 268
Motor Vehicle Administration 145
Museum Services, Office of 221

N

National Priorities List Clean-Up Program 270
Natural Resources Police 279
Natural Resources, Department of 264, 268
Neighborhood Business Development Program 219
Neighborhood Revitalization 212
New Americans, Maryland Office for 254

O

Occupational and Professional Licensing 238
Occupational Safety and Health Administration, Maryland 245
Occupational Skills Training Center 244
Ocean City Beach Replenishment Program 277
Orphans' Court 50

P

Parole and Probation, Division of 82
Parole Commission, Maryland 83
Partnership for Workforce Quality Program 257
Partnership Rental Housing Program 215
Patuxent Institution 83
People's Counsel, The Office of 240
Personnel Services and Benefits 23
Per Pupil Education Spending 106
Pharmacy Assistance Program, Maryland 165, 173

Page

Pick-3/Pick-4, Lottery 34
Planning and Zoning 293
Planning, Maryland Department of 264, 265
Police Forces 61, 63
Police Training Commission 66
Policy Analysis, Office of 14
Port Administration, Maryland 156
Pretrial Detention Services, Division of 84
Program Open Space 276
Property Tax Assessment Appeals Boards 38
Public Assistance 196
Public Broadcasting Commission, Maryland 91
Public Defender, Office of the 54
Public Drinking Water Program 269
Public Drinking Water Revolving Loan Fund, Maryland 271
Public Housing Authorities 212
Public Safety and Correctional Services, Department of 82
Public School Construction 103
Public Service Commission 259
Public Television, Maryland 96
Public Utilities 293
Public Works, Board of 19

R

Racing Commission, Maryland 238
Rainy Day Fund 37
Registers of Wills 57
Rehabilitation Services 96
Rental Allowance Program 217
Rental Housing 215
Resident Trooper Program 64
Resource Assessment Service 284
Retirement and Pension Systems, Maryland 26
Revenue Administration Division 32
Revenue Estimates, Board of 32
Revenue Stabilization Fund 37

Page

Reverse Equity Mortgage Program 214
Rural Legacy Program 265
Russian Immigrants Program 254

S

St. Mary's College of Maryland 111
Safety Inspection Program 245
Salisbury University 110, 119
Sanitary Commissions 267
School Bus Transportation Grants 100
School for the Blind, Maryland 91, 95
School for the Deaf, Maryland 91, 95
Scholarship Programs 128, 132
Sea Grant College 125
Secretary of State 18
Section 8 Certificate/Voucher Program 216
Senior Care Program 203
Senior Information and Assistance Program 203
Senior Nutrition Program 203
Service Delivery Areas 250, 251
Settlement Expense Loan Program 214
Sheriffs 43, 54, 56
Shore Erosion Control Program 274
Small Business Development Financing Authority, Maryland (MSBDFA) 229, 230
Smart Growth 230
Social Services 191
Social Services, Local Departments of 172
Soil Conservation Districts 264, 268
Special Education Grants 100
Special Housing Needs 212, 217
Stadium Authority, Maryland 19
State Aid Program for Private Colleges and Universities 130
State Archives 25
State Arts Council, Maryland 234
State Board of Education 87
State Board of Law Examiner 52
State Chemist 282

Page

State Commission on Uniform State Laws 17
State Documents 18
State Ethics Commission 17
State Fireman's Association 71
State Fire, Rescue, and Ambulance Fund 71
State Forest and Park Service 278
State Highway Administration 145
State Law Library 45, 53
State Library Resource Center 139
State Lottery, Maryland 33
State Police, Department of 61
State Prosecutor 54
State Racing Commission 238
State Reserve Fund 36
State Senate 19
State Soil Conservation Committee 269
State Treasurer 31
State Use Industries 244
State's Attorneys 54
Stormwater Management Programs 269
Subsequent Injury Fund 243
Sunny Day Fund 37, 232
Supervisors of Elections 21
Survey Commissions 17
Systems Reform Initiative 191

T

Tax Collection 31
Tax Court, Maryland 31
Temporary Cash Assistance 196
Tourism Development 234
Tourism Development Board, Maryland 234
Towson University 120, 134
Transitional Emergency Medical and Housing Assistance 204
Transportation Authority, Maryland, Department of Transportation 145, 160
Transportation Trust Fund, Department of Transportation 161
Transportation, Department of 145, 161

Page

U

Unemployment Insurance 243
Uninsured Employers Fund, Maryland 246
University of Baltimore 120
University of Maryland, Baltimore 121
University of Maryland Baltimore County 121
University of Maryland Biotechnology Institute 115
University of Maryland, College Park 122
University of Maryland, Eastern Shore 122
University of Maryland Medical System 110
University of Maryland University College 123
University System of Maryland 109

V

Vehicle Theft Prevention Council 66
Venture Capital Trust, Maryland 231
Veterans Affairs, Department of 191
Veterans' Home Commission - Charlotte Hall Veterans Home, Maryland 205
Vocational Rehabilitation Services 245
Volunteer Maryland 18

W

Waiting List Initiative 177
Washington Metropolitan Area Transit Authority (WMATA), Department of Transportation 151, 154
Washington Suburban Sanitary Commission 272
Waste Management Administration 269, 292
Water and Sewer Service 291
Water Pollution Control Program 269
Water Quality Revolving Loan Fund, Maryland 271
Water Supply Assistance Fund 271
Weatherization Assistance Program 217
Weed Control Program 264
Weights and Measures Laws 283

Page

Welfare-to-Work Block Grant 253
Western Maryland Center 184
Wildlife and Heritage Service 279
Women, Infants and Children (WIC) Supplemental Nutrition Program 182
Work Opportunities Program 253, 259
Workers' Compensation Commission 243
Workforce Investment Act 243

Z

Zoning 297