Government Services in Maryland

Volume II

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Foreword

The activities of Maryland's State government and 180 local governments have a significant role in the lives of the State's 5.6 million residents. In fiscal 2005, more than $42 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 eight volumes of the 2006 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. Numerous analysts assisted in preparing the material for this volume: Daneen M. Banks, Cristen E. Collins, Anne E. Gawthrop, Andrew D. Gray, Chantelle M. Green, Scott D. Kennedy, Netsanet Kibret, Theodore E. King, Jr., Andrew M. Lantner, Nora C. McArdle, Steven D. McCulloch, Alison Mitchell, Shirleen M. Pilgrim, Molly Slominski, Jody Sprinkle, Marcia A. Tannian, Erik P. Timme, Joshua A. Watters, and Susan M. Werthan. Still more analysts assisted in the review of the volume: J. Ryan Bishop, Tamela D. Burt, Mark W. Collins, Lesley G. Cook, Rachel H. Hise, Monica L. Kearns, Ann M. Maloney, Douglas R. Nestor, Simon G. Powell, David C. Romans, Robert K. Smith, and T. Patrick Tracy. Laura J. McCarty coordinated preparation of the volume, assisted in data collection and writing chapters, and reviewed the entire volume. Additional review of the volume was provided by John W. Rohrer. The manuscript and organizational charts were primarily 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 2006

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Chapter 1. Overview of State and Local Government

Public services in Maryland are provided through State, county, and municipal governments. 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 local governments.

- ***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 or local government 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 *Volume VI – Maryland Local Government* of this 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 and renamed others.

Another reorganization within the State of Maryland occurred 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 265 local governments in Maryland. This includes the State's 23 counties, Baltimore City (which is regarded as a county), 156 municipal corporations, and 85 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 municipal corporations in each county.

Delivery of Services

State Role

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 local governments 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.

Exhibit 1.1
Local Governments in Maryland
2006

County	Number of Municipal Corporations
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	1
Somerset	2
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 typically counted as a municipal corporation.
** There are no municipal corporations located within Baltimore and Howard counties; however, a part of the Town of Hampstead does fall within Baltimore County's boundaries.

Source: *Overview of Maryland Local Government*, Department of Legislative Services

The State's role is limited to oversight and/or funding for public education, libraries, community colleges, fire and rescue services, water and sewerage systems, and solid waste management. In these areas, the counties, municipal corporations, or independent boards act as the direct service provider.

County Role

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 within its borders 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).

- *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.

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

- *Public Works:* Planning, zoning, alcoholic beverage control*, sewerage, water supply, storm drain maintenance, and solid waste collection and disposal are generally the responsibility of counties.

Municipal Role

The services delivered by municipal corporations are less uniform than those provided by the counties. None of the municipal corporations exercises all the powers available to it or provides every possible service. Aside from Baltimore City (which functions as a county), the most comprehensive array of services is provided by Annapolis, Cumberland, Frederick, Gaithersburg, and Rockville. Exhibit 1.2 indicates the services provided or functions undertaken most frequently by municipal corporations. Street repair and lighting, trash collection, and snow removal are among the most commonly provided municipal functions. In addition, most municipal corporations have web sites. Electronic access to municipal services is becoming more common as about 20 percent of municipal corporations now publish a newsletter electronically and some offer on-line services such as the ability to pay bills, become licensed, apply for permits, and/or register for recreational programs. However, some governmental functions are rarely provided at the municipal level – such as operation of airports, public transportation systems, and municipal golf courses.

Federal Role

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. Nevertheless, 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.

Exhibit 1.2
25 Services Most Commonly Provided by Municipal Corporations – 2005

	Service Provided by			
Service	**At Least 2/3**	**At Least 1/2**	**At Least 1/3**	**At Least 1/4**
Street Lighting	✓			
Trash/Refuse Collection	✓			
Snow Removal	✓			
Street Maintenance	✓			
Web Site	✓			
Public Works Department		✓		
Residential Housing Code Enforcement		✓		
Newsletter (paper)		✓		
Police Protection		✓		
Planning/Zoning Staff		✓		
Leaf Collection		✓		
Commercial Building Code Enforcement		✓		
Drinking Water		✓		
Recycling of Paper, Metal, and Glass		✓		
Sewerage Service			✓	
Parks and Recreation Department			✓	
Publicly Owned Parking			✓	
Storm Water Collection			✓	
Storm Water Management			✓	
Renting Facilities to the Public			✓	
Roadside Tree Care				✓
Complaint System/Information Number/Hotline				✓
Cable Access Television				✓
Licensing of Rental Housing				✓
Historic District Commission Staff				✓

Source: *Municipal Services Survey Results 2005*, Maryland Municipal League; Department of Legislative Services

Funding

In fiscal 2005, more than $42 billion was spent on the provision of the governmental services described in this volume. State spending accounted for the greatest share of that spending, with more than a third of the total. As shown in Exhibit 1.3, the State is the primary source of funding for judicial functions and transportation services, in particular. On the other hand, local governments are the primary financiers of public safety, public education, and public libraries. The federal government is the primary source of funding for health services in Maryland, largely due to its support of the Medicare and Medicaid programs, as well as for housing and community development activities, workforce training programs, and human services programs. In higher education, tuition and fees as well as other non-governmental revenues provide almost one-half of all funding.

This volume of the legislative handbook series has attempted to distinguish between own-source spending at the local level and spending associated with federal and State grants. Due to difficulties in determining the share of federal spending at the local level that passes through the State budget, in many instances, such spending was not reflected in the summary charts in this volume. However, when local governments reported federal grant revenues that were much greater than the amount provided in the State budget, those revenues were factored into the total spending. Nevertheless, federal spending in Maryland may be underestimated. 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 expenditures on each service. While this chart may underestimate in some service areas the degree to which federal spending finances public services, 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 through 16.

Exhibit 1.3
State, Local, and Federal Spending on Government Services in Maryland as a Percentage of Total Spending on the Service – Fiscal 2005
($ in Millions)

Type of Service/Program	Total Spending	% State[1]	% Local[1]	% Federal[1]	% Other[2]
Legislative/Executive	$1,180	22%	76%	2%	0%
Financial Administration	367	64%	36%	0%	0%
Courts and Related Offices	628	69%	30%	1%	0%
Public Safety	3,476	34%	63%	3%	0%
Public Education[3]	9,164	39%	53%	8%	0%
Higher Education	4,314	31%	5%	15%	49%
Public Libraries/Television	260	24%	63%	2%	12%
Transportation	4,363	67%	9%	24%	0%
Health Services	12,102	27%	1%	71%	1%
Human Services	2,014	42%	12%	47%	0%
Housing/Community Development and Historic Preservation	502	13%	26%	61%	0%
Economic Development and Business Regulation	364	57%	43%	0%	0%
Labor and Workforce Development	365	28%	11%	60%	0%
Environment, Natural Resources, and Agriculture	1,074	40%	47%	13%	0%
Public Works/Planning and Zoning[4]	1,838	0%	100%	0%	0%

[1]Local funding represents own-source spending rather than the total spending reported by local governments. Federal and State grants were assumed to have been expended in the year they were received. Moreover, State grants reported by local governments were assumed to have been accounted for in the State budget. Likewise, most federal grants reported by local governments were assumed to have been passed through the State budget rather than provided directly to the local government; consequently, federal funding may be underestimated.

[2]Other includes tuition and fees collected by higher education institutions; higher education revenues from private gifts, grants, and contracts; fund balance transfers at higher education institutions; endowment income at higher education institutions; sales and services revenues at higher education institutions; gifts, grants, and fees for public libraries and public television; and certain fees used to finance health programs.

[3]Funding reflected is for fiscal 2004, the most recent actual data available.

[4]Public works and planning and zoning expenditures represent local-only spending. Such expenditures at the State and federal levels are assumed to have been captured in other categories of services/programs.

Source: *Fiscal 2007 State Budget Books; Uniform Financial Reports;* Department of Legislative Services

Chapter 2. Legislative/Executive Direction and State Administration

The overall responsibility for establishing the framework for delivery of government 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 $1.2 billion on legislative/executive direction, including administrative support agencies in fiscal 2005. At the local level these expenditures are reported under the "general government" category in *Uniform Financial Reports*. Exhibit 2.1 summarizes this spending for the 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 for
Legislative/Executive Direction and Support Services
Fiscal 2005
($ in Thousands)

Unit	Local	State	Federal	Total
Maryland General Assembly		$27,588		$27,588
Department of Legislative Services		33,732		33,732
Office of Governor/Executive Direction[1]		11,986	$2,957	14,943
Secretary of State		2,667		2,667
Board of Public Works[2]		5,003		5,003
Maryland Stadium Authority[2]		21,552		21,552
Commission on Human Relations		2,542	800	3,342
Department of Budget and Management[1]		60,839		60,839
Department of General Services[1]		53,599	801	54,400
State Retirement and Pension Systems[3]		26,042		26,042
Maryland State Board of Contract Appeals		527		527
Maryland State Archives		9,560	177	9,737
State Board of Elections[4]		5,297	13,775	19,072
General Government/Counties[4]	$818,448			818,448
General Government/Municipal Corporations[4]	82,182			82,182
Total	**$900,630**	**$260,934**	**$18,510**	**$1,180,074**

Notes:
[1] Excludes reimbursement by other State agencies totaling more than $43 million.

[2] Excludes expenditures on capital programs totaling almost $62 million.

[3] Includes the State Retirement Agency and Maryland Supplemental Retirement Plans.

[4] State funding for the State Board of Elections excludes more than $3 million in local election reform payments to the board; this funding is incorporated within the general government totals shown for counties and municipal corporations.

Source: *Uniform Financial Reports*; *Fiscal 2007 State Budget Books*; Department of Legislative Services

Exhibit 2.2
Local Government Expenditures for Legislative/Executive Direction and Support Services
Fiscal 2005

County	County Spending	Municipal Spending	Total Spending Reported
Allegany	$3,596,038	$2,651,984	$6,248,022
Anne Arundel	64,258,023	3,839,254	68,097,277
Baltimore City	174,419,209		174,419,209
Baltimore	67,353,717		67,353,717
Calvert	8,797,676	1,228,377	10,026,053
Caroline	1,730,043	775,523	2,505,566
Carroll	14,180,218	2,505,187	16,685,405
Cecil	4,120,994	1,397,391	5,518,385
Charles	35,462,718	2,936,506	38,399,224
Dorchester	1,597,916	584,150	2,182,066
Frederick	22,794,477	8,234,384	31,028,861
Garrett	3,578,847	871,437	4,450,284
Harford	16,560,572	4,617,382	21,177,954
Howard	99,188,116		99,188,116
Kent	2,252,738	753,575	3,006,313
Montgomery	178,500,634	25,712,221	204,212,855
Prince George's	75,815,019	13,922,832	89,737,851
Queen Anne's	4,842,381	807,628	5,650,009
St. Mary's	19,383,688	184,503	19,568,191
Somerset	2,228,375	462,136	2,690,511
Talbot	2,325,474	1,106,417	3,431,891
Washington	8,614,781	4,613,355	13,228,136
Wicomico	2,849,996	2,122,911	4,972,907
Worcester	3,996,368	2,855,204	6,851,572
Total	**$818,448,018**	**$82,182,357**	**$900,630,375**

Notes: General government expenditures do not include expenditures reported for financial administration, judicial functions, or planning and zoning. These expenditures are discussed in subsequent chapters of this volume of the legislative handbook series. County expenditures in Allegany, Montgomery, and Prince George's counties include those reported by certain regional agencies. As seven municipal corporations did not report their expenditures for fiscal 2005, municipal expenditures reflect those reported by the other 149 municipal corporations as well as expenditures reported by the 11 extant special taxing districts in Allegany and Montgomery counties. There are no municipal corporations in Baltimore and Howard counties.

Source: *Uniform Financial Reports*; Department of Legislative Services

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. Extended sessions or special sessions may be called by the Governor at his discretion 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

Consisting of four offices, the Department of Legislative Services is the centralized, nonpartisan staff agency for the General Assembly. The department provides the General Assembly with professional staff support for its major functions. The Office of the Executive Director provides overall direction for the department as well as administrative support for the General Assembly. The Office of Information Systems provides all information technology needs for the legislature.

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. In addition, 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; Maryland, other state, 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 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 in various special projects. This assistance ranges from auditing 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 of the legislative handbook series, 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 *Volume VI – Maryland Local Government* of this legislative handbook series.) Among the counties, the number of council members or commissioners ranges from 15 council members in Baltimore City to 3 commissioners in 5 of the counties. The number of legislative members for each of the counties is shown in Exhibit 2.3. In 7 of the 10 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 municipal corporations have elected councils and executives (mayors). For the other municipal corporations, 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 Office of the Governor; 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.

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.

Exhibit 2.3
Baltimore City and County Governments

County	Number of Commissioners	Number of Council Members	Executive or Mayor (Elected At-large)
Allegany	3		
Anne Arundel		7	Yes
Baltimore City		15	Yes
Baltimore		7	Yes
Calvert	5		
Caroline	3		
Carroll	3*		
Cecil	5		
Charles	5		
Dorchester		5	
Frederick	5		
Garrett	3		
Harford		7	Yes
Howard		5	Yes
Kent	3		
Montgomery		9	Yes
Prince George's		9	Yes
Queen Anne's	5		
St. Mary's	5		
Somerset	5		
Talbot		5	
Washington	5		
Wicomico		7	Yes
Worcester	7		

*On November 2, 2004, the voters approved Question A regarding the structure of the Carroll County Council to increase the number of commissioners from three to five, effective with the 2006 general election. However, pending resolution of a court action, the number of county commissioners will remain at three at least through the November 2006 general election.

Source: Department of Legislative Services

Boards, Commissions, and Offices at the State Level

The Governor's office includes several boards, commissions, and offices created by statute or executive order. These offices advise the Governor on various 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. In 2005, the unit was renamed the *Health Care Alternative Dispute Resolution Office*. The office administers mandatory arbitration for all medical malpractice claims amounting to more than $25,000. 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. If all parties agree, the arbitration process is waived, and the matter proceeds to the circuit court. In that event, and on the agreement of all parties, the circuit court may refer the matter to the office for the purpose of neutral evaluation, even though the circuit court maintains jurisdiction during the evaluation period.

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 for 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 1 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 nonprofit agencies to develop volunteer programs.

The *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.

The *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.

The *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.

The *Governor's Grants Office*, created in 2004, is charged with a number of responsibilities. For example, the office coordinates State agency activities in applying for federal grants, trains and provides technical assistance in grant writing, assists local governments and community-based organizations in identifying federal grant opportunities, and measures and tracks federal funding data.

The *Governor's Office of Community Initiatives*, created by executive order in 2004, coordinates community and volunteer activities statewide, advises the Governor on policies to enhance and improve community programs, and serves as liaison to the White House Office of Faith-Based and Community Initiatives. In addition, community affairs services within the executive branch of State government are surveyed and assessed by the office. The office devises and implements a strategic plan to encourage greater involvement and participation by community organizations and constituent groups in the formulation and implementation of public policy. The strategic plan and annual reports are submitted to the Governor. The office also oversees the Governor's Office on Service and Volunteerism and Volunteer Maryland.

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 a 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, receives disclosures of campaign contributions by persons doing business with the State, and oversees the Maryland Military Monuments Commission. 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, Comptroller of the Treasury, and Treasurer. The Constitution of Maryland requires the board to meet at least four 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 nonprofit 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, as well as the Veterans Memorial at the Camden Yards complex. 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; Montgomery County Convention Center; Ripken Baseball Stadium; Leonardtown Golf Course; Comcast Center; a parking garage at the University of Maryland, College Park; University Commons at the University of Maryland Baltimore County; and Sports Complex at Towson University. Projects not yet complete or under study include the Camden Station Museum expansion, demolition of existing facilities and construction of new facilities at Coppin State University, Southern Maryland baseball stadium in Charles County, proposed Maryland Horse Park, and proposed Allegany County Motorsports facility.

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 Baltimore Orioles and tenants in the warehouse, admissions taxes, payments from the Baltimore 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 the Commission on Human Relations. 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, sexual orientation, and physical or mental handicap. Community relations and educational efforts also are undertaken 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 federal 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.

Election Services

The State Board of Elections supervises elections in the State through the 24 local boards of elections. The five-member State board is appointed by the Governor, subject to Senate confirmation. Three members must be of the same political party as the sitting Governor; the other two members must represent the other major political party. The State 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 board has upgraded its information systems and created a centralized voter registration system. The board also has overseen the acquisition and implementation of a new statewide uniform direct recording electronic touch-screen voting system that will be fully deployed for the 2006 elections.

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

Support Agencies at the 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: Department of Budget and Management, Department of General Services, and Maryland State Retirement and Pension Systems. Other agencies which play a general support role include the Maryland Board of Contract Appeals and State Archives.

Department of Budget and Management

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 other 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. The department is also responsible for personnel, telecommunications, and information technology functions within the executive branch.

Office of the Secretary

With six main divisions, the Office of the Secretary is responsible for the general oversight and policy direction of the department:

- The ***Office of Equal Employment Opportunity*** ensures equal employment opportunity compliance, conducts training and investigations, and reports on affirmative action.

- The ***Division of Finance and Administration*** manages the Financial Management Information System, which allows State agencies to maintain on-line, real-time processing of financial information in the areas of personnel, procurement, payroll, and budget.

- 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 handled by the unit are student tuition and fees, payments for State property damage, reimbursement for institutional care, and workers' compensation premiums.

- The ***Office of Legislative Affairs*** coordinates and provides support for the department's legislative activities.

- The ***Procurement Policy and Administration Unit*** oversees the application of State procurement laws and regulations and the acquisition of State services and information technology.

- The ***State Fleet and Travel Management Unit*** manages the State fleet of motor vehicles and a travel services program. The unit also provides centralized procurement for the department.

Office of Personnel Services and Benefits

The Office of Personnel Services and Benefits has overall responsibility for salary administration and classification, recruitment and examination, employee health benefit programs, employee relations, and employee training. Since the enactment of Chapter 298 of 1999, most State employees are granted the right to collective bargaining. The Office of Personnel Services and Benefits is responsible for negotiating with the nine unions that represent State workers and for implementing the statewide collective bargaining agreement.

The office is not only responsible for the health care related benefits for State employees but also for those of retirees and satellite agencies. In the case of regular staff, employee benefits (health benefits, retirement, Social Security, etc.) add about 30 percent more to an employee's compensation over the employee's salary. The comprehensive health benefit plan has numerous options for medical and mental health coverage. Vision and prescription drug plans also are offered. Exhibit 2.4 shows the cost of salaries and fringe benefits for the State in fiscal 2005.

Office of Information Technology

The Office 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 Maryland Electronic Capital project.

Under legislation enacted in 2002 that restructured the Office of Information Technology, the Chief of Information Technology must approve expenditures for major information technology projects. A major information technology project is one 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 for Salaries and Fringe Benefits
Fiscal 2005
($ in Millions)

Benefit	Amount
Total Salaries	$3,809.3
Health Insurance	682.8
Social Security	268.9
Retirement	226.2
Workers' Compensation	51.2
Unemployment Insurance	12.1
Other	44.3
Total State Costs	**$5,094.8**

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 measures and helps agencies enhance program effectiveness. The office 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 Program* for the State. This office is responsible for reviewing and approving agency facilities master plans and individual capital project proposals.

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 Maintenance is responsible for the operation, maintenance, and security of all buildings and multi-service 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 provides inspection and evaluation services to State agencies, upon request.

The department's Office of Real Estate coordinates and manages the State's real estate transactions, including 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's Office of Facilities Planning, Engineering, and Construction and the Office of Procurement and Logistics are responsible for providing architectural, engineering, and site planning services on matters involving the design, construction, alteration, and repair of State facilities and for reviewing construction work undertaken for the State as well as the development of master plans for State agencies. These offices also assist 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. 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 maintains an inventory of all valuable paintings and other decorative art in 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 archives 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. In addition, 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, Teachers' Retirement System, Employees' Pension System, Teachers' Pension System, State Police Retirement System, Law Enforcement Officers Pension System, Judicial Retirement Plan, and Local Fire and Police System. The Employees' Retirement System, Teachers' Retirement System, and the Local Fire and Police System are closed to new members. For further information on the State's retirement plans, see *Volume V – Maryland State Personnel, Pensions, and Procurement* of this legislative handbook series.

As of June 30, 2005, the net assets held for pension benefits had a market value of $32.1 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 toward 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 Maryland Transit Administration. Benefit payments to the 100,196 Maryland retirees and refunds to withdrawing members totaled $1.697 billion during fiscal 2005.

The 14 members of the board of trustees are the State Comptroller of the Treasury; State Treasurer; Secretary of Budget and Management; five members elected by the participants in the teachers', employees', and State police systems; one member appointed by the Governor to represent participating municipalities; and five 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 supplemental plans are offered – the 401(k) Savings and Investment Plan, 457 Deferred Compensation Plan, and 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.

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 within the Department of Legislative Services 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 municipal corporations are also authorized to have merit systems, only a few of the larger municipal corporations have established them. In some counties, collective bargaining is permitted. This also occurs in a few municipal corporations. 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 municipal corporations offer their employees some form of health insurance.

Local Retirement Systems

All counties and some municipal corporations 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 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, orphans' court judges, county treasurer employees, county commissioner employees, bingo board employees, a mayor in Cecil County, and employees of the Baltimore City sheriff's office. 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 2005.

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

Exhibit 2.5
Local Governments Participating in the State Retirement and Pension System
Fiscal 2005

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
Denton
Preston

Carroll County
Board of Education
Library Board
Soil Conservation District
Manchester
Taneytown
Westminster

Cecil County
County Commission
Board of Education
Library Board

Charles County
Community College
LaPlata

Dorchester County
County Commission
Board of Education
Roads Board
Cambridge
Cambridge Housing Authority
Hurlock

Frederick County
Board of Education
Brunswick
Middletown
Thurmont
Walkersville

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

Harford County
County
Board of Education
Community College
Library

Howard County
Board of Education
Community College
Community Action Committee

Kent County
County Commission
Board of Education
Rockhall

Montgomery County
Community College
Takoma Park

Exhibit 2.5 (continued)
Local Governments Participating in the State Retirement and Pension System
Fiscal 2005

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

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

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

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

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

Washington County
- Board of Education
- Board of License Commissioners
- Hagerstown Community College
- Library Board
- *Hancock*

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
- Tri-county Council for the Lower Eastern Shore

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 municipal corporations; these include 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, six agencies are 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 State Department of Assessments and Taxation assesses 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 municipal corporations, financial administration is often the responsibility of the clerk to the mayor and council or an

administrative officer. None of the municipal corporations reports having a separate budget agency, although some municipal corporations 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 both the Board of Public Works and Board of Trustees of the Maryland State Retirement and Pension System; the Comptroller also chairs the Board of Revenue Estimates. In fiscal 2005, the Comptroller had 1,115 employees on staff and spent $103.9 million.

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 over 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 data center 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 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 prepares an annual report to the Governor and General Assembly outlining revenue projections; those projections are periodically updated throughout the year.

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 fuel 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 2007, State revenue

projections include $6.5 billion in personal income taxes, $902 million in corporate income taxes, and $3.5 billion in sales and use taxes. Details on Maryland's various revenue sources, including taxes, can be found in *Volume III – Maryland's Revenue Structure* of this legislative handbook series.

Property taxes 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 taxes, parking taxes, or boat slip taxes, 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 *Volume VI – Maryland Local Government* of this legislative handbook series.

Enforcement of tax laws through auditing, testing, inspection, and compliance activities is carried out under the direction of the Comptroller. Additionally, the Regulatory and Enforcement Division administers all laws pertaining to the storage, transportation, manufacture, sale, and distribution of alcoholic beverages and tobacco products. It also oversees the Comptroller's field team that audits businesses and distributors of alcohol and tobacco products. The Office of the Comptroller 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.

Maryland State Lottery

The lottery, in operation since 1973, is the third largest contributor to the State's general fund, with estimated revenues of $483 million in fiscal 2007. The general fund proceeds represent the net "profit" after all expenses are paid, including the costs of administering the State Lottery Agency ($58.3 million for fiscal 2007) and the distribution of revenues to the Maryland Stadium Authority ($21 million). Exhibit 3.1 summarizes gross sales and net revenues since fiscal 2005.

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 3,700 licensed sales agents across the State. Agents receive commissions for selling tickets and cashing winning tickets; in fiscal 2005 agent earnings totaled $97.6 million, 6.6 percent of gross sales. Prizes in fiscal 2005 totaled $856.2 million, more than 50 percent of total sales.

Exhibit 3.1
Summary of Lottery Sales and Revenue
Fiscal 2005-2007
($ in Millions)

	FY 2005	FY 2006	FY 2007 (Est.)
Gross Sales	$1,484.8	$1,560.9	$1,611.0
Expenses (Agent Earnings, Prizes, and Administrative Expenses)	-1,007.7	-1,059.8	-1,106.6
Net Revenue	477.1	501.1	504.4
Less: Maryland Stadium Authority	-21.2	-20.5	-21.0
Net General Fund Revenue	**$455.9**	**$480.6**	**$483.4**

Source: Maryland State Lottery Agency; Board of Revenue Estimates

The Pick-3, Pick-4, Instant, and Keno games account for about 85 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 mid-day Monday through Saturday. Keno 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 $20, each with its own prize structure and play style. The agency conducted 66 instant games in fiscal 2005.

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 1 of 12 states 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 $12 million. Secondary prizes range from $2 to $175,000, depending on how many numbers the player matches.

The Lotto game ended in 2006, replaced by the MultiMatch game. In this game, players select 6 numbers from 1 to 43. Tickets cost a minimum of $2, and players automatically receive two additional sets of 6 randomly selected numbers for a total of 18 numbers per each play. Players can win by either matching at least 3 numbers on any set of numbers or at least 5 numbers on all three lines of 18 numbers. Potential prize winnings vary.

State law authorizes the lottery to operate up to four lotteries annually with a sports-related theme, the proceeds of which are directed to the Maryland Stadium Authority. In fiscal 2006, the State Lottery transferred $20.5 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, Board of Revenue Estimates, and Board of Trustees of the Maryland State Retirement and Pension System. The Treasurer also serves as chair of the Capital Debt Affordability Committee. In fiscal 2005, the State Treasurer had a staff of 54 and expenditures totaling $35.1 million.

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 totaled $162.5 million in fiscal 2006.

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 $1.9 billion and 287 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, officer and employee 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 had an estimated balance of $10.6 million to begin fiscal 2007. All local governments also carry liability and property insurance. Most of the State's larger jurisdictions choose to self-insure, and 18 counties and 133 municipal corporations 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 Maryland Department of Transportation and backed by the operating revenues and pledged taxes of the department; capital leases; and revenue bonds 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 *Volume III – Maryland's Revenue Structure* and *Volume VI – Maryland Local Government* of this legislative handbook series.)

Outstanding State tax-supported debt totaled $18.2 billion as of December 31, 2005. This was composed of $4.9 billion in general obligation debt, $1.1 billion in transportation debt, $227 million in capital leases, and $12 billion in revenue bond debt. The State also had $1.7 billion in authorized but unissued debt as of June 30, 2006. For fiscal 2005, debt service payments on the State's general obligation bonds totaled $554 million. Debt service on transportation debt was $154 million for fiscal 2005.

As of June 30, 2004, the 23 counties and Baltimore City had $11.5 billion in debt outstanding, and municipal corporations had $605.2 million in debt outstanding. Debt service on these obligations in fiscal 2004 totaled $1.0 billion for the counties and Baltimore City and $48.0 million for the municipal corporations.

State Reserve Fund

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

- ***Revenue Stabilization Account:*** The Revenue Stabilization Account (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. By law, the Governor is required to appropriate $100 million to the fund if the account balance is below 3 percent of projected general fund revenues. If the balance is between 3 and 7.5 percent of general fund revenues, the Governor is required to appropriate as much as $50 million. Requiring appropriations if the balance falls below 7.5 percent provides a higher balance and a greater cushion if expenditures exceed revenues.

  Another requirement is that surplus general funds be appropriated into the Rainy Day Fund by the Governor. Specifically, State law requires that, in the budget for the second subsequent fiscal year, the Governor appropriate an amount equal to the unappropriated general fund balance at closeout exceeding $10 million into the Rainy Day Fund. For example, the fiscal 2005 unappropriated general fund balance totaled $603.3 million, requiring a $593.3 million appropriation to the Rainy Day Fund for fiscal 2007.

- ***Dedicated Purpose Account:*** The Dedicated Purpose Account 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 support the State's unfunded retiree health insurance liability, to support projected Medicaid deficiencies, and to fund the InterCounty Connector construction costs.

- ***Catastrophic Event Account:*** The Catastrophic Event Account (Stormy Day Fund) was established to enable the State to respond, without undue delay, to a natural disaster or catastrophic event. For example, the fund was used in the aftermath of the blizzards and floods of the winter of 1996. It was also used after the heavy tornado damage to Southern Maryland and the Eastern Shore in the spring of 2002 – at which time $1.5 million was disbursed from the account to help repair damage. The account received $10 million in fiscal 2004 and $2 million in fiscal 2006. The fiscal 2004 funds provided $2.9 million for Hurricane Isabel relief efforts. The account's balance is projected to be $8.3 million at the end of fiscal 2007.

- ***Economic Development Opportunities Account:*** The Economic Development Opportunities Account (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 volume of the legislative handbook series.

- ***Joseph Fund Account:*** The Joseph Fund Account 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 percent of the federal poverty level. In the 2002 legislative session, $8 million of the Joseph Fund Account was transferred to the general fund, leaving a balance of $8.3 million. The fiscal 2004 budget transferred $8.2 million from the Joseph Fund Account to support child welfare services. At the end of fiscal 2006, the account balance was almost $13,500.

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 revenues 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 2005, county reserve fund balances exceeded $491 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 State 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 total assessable base of $524.8 billion for fiscal 2007.

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 municipal corporation. 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 State 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 Department of Planning, which maintains property maps for use by the general public, for the State's geographic information system.

The State Department of Assessments and Taxation administers three property tax credit programs. The homeowners' tax credit program and the renters' tax relief program reduce the tax liability of taxpayers with limited income, the elderly or disabled, or those with other qualifying conditions. In fiscal 2005, State funds reimbursed local governments $39.5 million for the homeowners' program and $3.3 million for the renters' program. In 2005 and 2006, the General Assembly expanded the homeowners' and renters' programs by increasing the allowable credit and broadening the eligibility. As such, the fiscal 2007 estimate for the homeowners' program expenditures is $52.6 million. The renters' program anticipates $3 million in expenditures in fiscal 2007.

The department also administers the State's enterprise zone program, under which a business that locates or expands in designated areas is eligible for reduced property taxes for a number of years. The designation of the area is made by the 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 15 enterprise zones throughout the State, and $10.3 million is budgeted in fiscal 2007 for reimbursements to local governments.

Property tax assessment appeals boards in each county and Baltimore City 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 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 774 cases during fiscal 2005, 16 of which were appealed to circuit court.

Funding

The source of funds to support financial administration functions is shown in Exhibit 3.2. The fiscal 2005 expenditures for State agencies totaled $236.8 million, while expenditures for local agencies were $130.5 million.

Exhibit 3.2
Expenditures by Financial Administration Agencies – Fiscal 2005
($ in Thousands)

Unit	State[1]	Special[2]	Local	Total
Comptroller of the Treasury	$66,146	$16,567		$82,713
State Treasurer	5,445	921		6,366
State Department of Assessments and Taxation	89,167	3,623		92,790
State Lottery Agency		53,531		53,531
Property Tax Assessment Appeals Boards	852			852
Maryland Tax Court	551			551
Local Governments[3]				
Counties			$106,912	106,912
Municipal Corporations			23,610	23,610
Total	**$162,161**	**$74,642**	**$130,522**	**$367,325**

[1] State dollars for the Comptroller and the State Treasurer do not include funds provided by other State agencies as reimbursement for services rendered ($49.9 million). In the case of the Comptroller ($21.2 million), agencies are charged for data processing, mail room, print shop, and other support services. In the State Treasurer's budget, "reimbursable" funds ($28.7 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: *Fiscal 2007 State Budget Books; Uniform Financial Reports*; Department of Legislative Services

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 certain taxes that are collected on behalf of local governments. The Comptroller retains a small percentage of these taxes (such as the used tire fee, admissions and amusements tax, and motor fuel tax) to defray administrative expenses.

Local governments report spending a total of $130.5 million on financial administration during fiscal 2005. The detail for financial administration expenditures is shown in Exhibit 3.3.

Exhibit 3.3
Local Financial Administration Expenditures – Fiscal 2005

County	County Spending	Municipal Spending	Total Spending Reported
Allegany	$1,079,098	$595,534	$1,674,632
Anne Arundel	12,852,836	2,034,168	14,887,004
Baltimore City	26,356,797		26,356,797
Baltimore	10,562,277		10,562,277
Calvert	1,639,348	471,683	2,111,031
Caroline	407,961	257,594	665,555
Carroll	2,231,724	718,601	2,950,325
Cecil	1,427,272	862,170	2,289,442
Charles	2,257,815	435,553	2,693,368
Dorchester	394,000	592,473	986,473
Frederick	4,221,523	2,055,334	6,276,857
Garrett	731,629	201,749	933,378
Harford	2,936,685	818,600	3,755,285
Howard	7,197,074		7,197,074
Kent	652,479	225,787	878,266
Montgomery	16,544,196	4,517,988	21,062,184
Prince George's	9,171,220	4,910,446	14,081,666
Queen Anne's	769,532	64,414	833,946
St. Mary's	1,419,182	26,114	1,445,296
Somerset	376,847	118,540	495,387
Talbot	529,737	630,980	1,160,717
Washington	1,549,764	1,107,201	2,656,965
Wicomico	904,242	919,478	1,823,720
Worcester	698,995	2,045,113	2,744,108
Total	**$106,912,233**	**$23,609,520**	**$130,521,753**

Notes: County expenditures in Allegany, Montgomery, and Prince George's counties include those reported by certain regional agencies. As seven municipal corporations did not report their expenditures for fiscal 2005, municipal expenditures reflect those reported by the other 149 municipal corporations as well as expenditures reported by the 11 extant special taxing districts in Allegany and Montgomery counties. There are no municipal corporations in Baltimore and Howard counties.

Source: *Uniform Financial Reports*; 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. For a more complete discussion of the judicial system, see *Volume VIII – Maryland's Criminal and Juvenile Justice Process* of this legislative handbook series.

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, a number of related offices are 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.

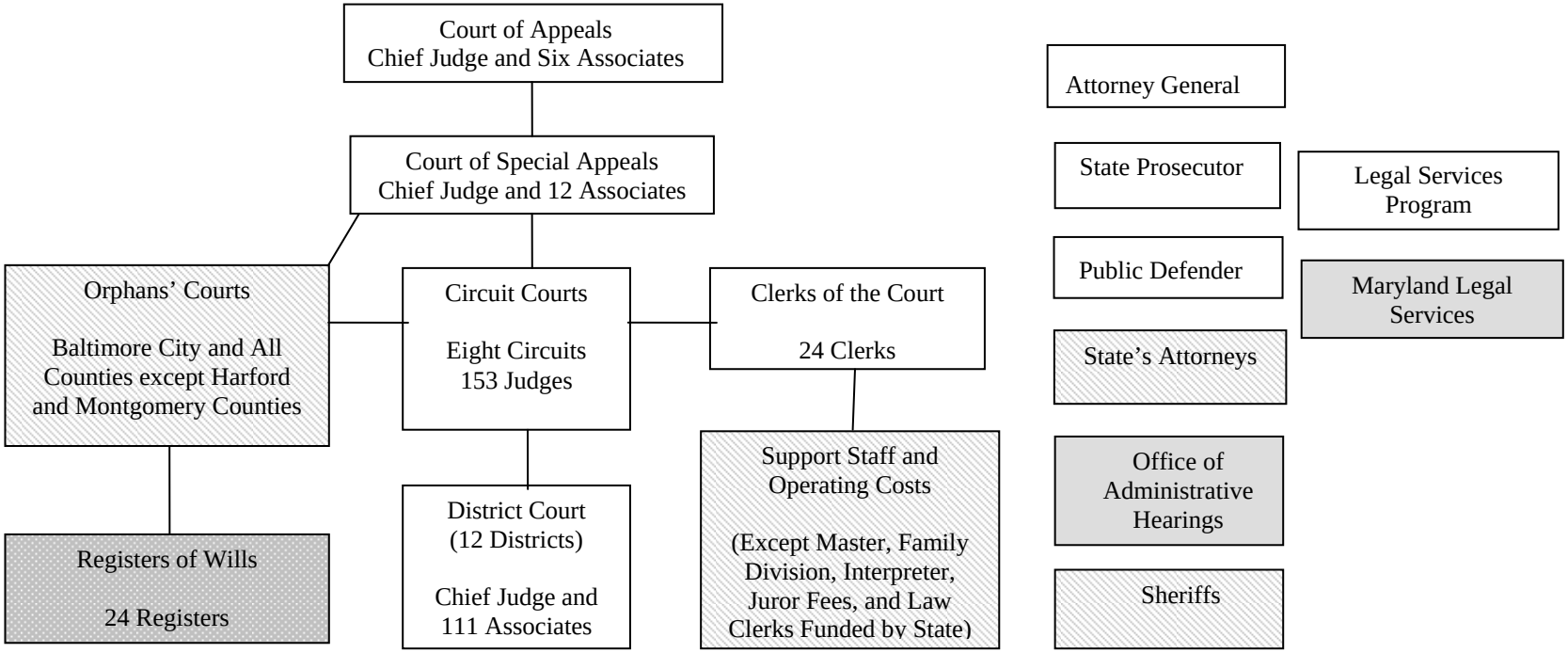
Although judicial power is vested only in the courts described above, quasi-judicial hearings are conducted by a multitude of executive branch commissions, departments, and agencies. In some instances, the executive branch unit exercises this adjudicatory function itself, but usually the unit has delegated 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 in, but not already decided by, the Court of Special

Exhibit 4.1
Maryland Judicial System



Key

Indicates State Funding Responsibility

Indicates Expenses Covered by Fees

Indicates State Funding Plus Fees

Indicates Local Funding Responsibility

Source: Department of Legislative Services

Appeals. The Court of Appeals may also review certain decisions of a circuit court that acted in an 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 states' appellate courts. Most 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 for *certiorari* each year and generally hears 140 regular docket filings.

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, trustees of the Client Protection Fund of the Bar of Maryland, members of the State Board of Law Examiners, and 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 10-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 statewide jurisdiction. It hears almost all initial appeals from circuit courts and orphans' courts. 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 2005, approximately 2,050 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, Senate confirming the nominees, and, after a period of at least one year, voters casting ballots for or against retention of an incumbent judge for a 10-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 circuit courts handle major civil cases, including family law cases, and the more serious criminal matters. In addition, the circuit courts 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 278,083 circuit court filings in fiscal 2005.

Circuit courts traditionally divided their cases between criminal and civil divisions. However, State law directs 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. The Maryland Rules require that a family division be established in those counties with more than seven resident circuit court judges.

Similar in some respects to the specialization within the circuit courts in the handling of family law matters, in 2003, the circuit courts began a statewide Business and Technology Case Management Program implemented by the Maryland Rules.

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 2007, there are 153 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 judges elected to a two-year term from each of the judicial circuits.

District Court

The District Court has jurisdiction over criminal cases, including motor vehicle and boating violations, and civil cases. The jurisdiction of the District Court generally includes, as to civil cases, landlord and tenant cases, *replevin* actions, and other cases involving amounts of $5,000 or less and, as to criminal cases, motor vehicle and boating violations by individuals at least 16 years old and other misdemeanors for which the maximum penalty is imprisonment for less than three years or a fine of less than $2,500.

Exhibit 4.3
Allocation of Circuit Court and District Court Judges
Fiscal 2007

Circuit	Circuit Court Jurisdiction	Judges
1	Dorchester	1
	Somerset	1
	Wicomico	3
	Worcester	3
2	Caroline	1
	Cecil	3
	Kent	1
	Queen Anne's	1
	Talbot	1
3	Baltimore	17
	Harford	5
4	Allegany	2
	Garrett	1
	Washington	5
5	Anne Arundel	11
	Carroll	3
	Howard	5
6	Frederick	4
	Montgomery	21
7	Calvert	2
	Charles	4
	Prince George's	23
	St. Mary's	3
8	Baltimore City	32
Total		**153**

District	District Court Jurisdiction	Judges
1	Baltimore City	27
2	Dorchester	1
	Somerset	1
	Wicomico	2
	Worcester	2
3	Caroline	1
	Cecil	2
	Kent	1
	Queen Anne's	1
	Talbot	1
4	Calvert	2
	Charles	2
	St. Mary's	1
5	Prince George's	15
6	Montgomery	11
7	Anne Arundel	9
8	Baltimore	13
9	Harford	4
10	Carroll	2
	Howard	5
11	Frederick	3
	Washington	2
12	Allegany	2
	Garrett	1
	Chief Judge	1
Total		**112**

Source: Department of Legislative Services

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 $5,000 and $25,000, in some criminal misdemeanor cases in which the maximum penalty is imprisonment for three or more years or a fine of $2,500 or more, and in several enumerated felony cases. In fiscal 2005, approximately 2.5 million cases were filed in the District Court. Motor vehicle and landlord/tenant cases accounted for 56.5 and 21.1 percent of the cases filed, respectively.

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 5 and Article 23 of the Declaration of Rights – which guarantees the right to a jury trial in a civil case if the amount in controversy exceeds a specified mandatory threshold.

The District Court is divided into 12 geographic districts throughout the State. In fiscal 2007, 112 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 10-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 with respect to warrants of arrest; bail, collateral, or other terms of pre-trial release; or incarceration – pending a hearing before a judge.

In addition, the authority of District Court commissioners was expanded by a constitutional amendment, ratified in 2002, which granted 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, including at night and on weekends and holidays.

Orphans' Courts

As established by the Maryland 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.

Administrative Hearings

Although judicial power is vested only in the courts described above, quasi-judicial hearings are conducted by numerous executive branch agencies. Some commissions conduct administrative hearings with their members deciding matters by sitting as a panel or allowing an individual commissioner to make a determination. Such commissions include the Commission on Human Relations, Maryland Racing Commission, Parole Commission, Public Service Commission, and Workers' Compensation Commission. Some of these commissions 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.

Some departments and individual agencies conduct their own hearings, but many delegate their authority to the Office of Administrative Hearings, an independent unit of the executive branch. The office has 57 administrative law judges – headed by the Chief Administrative Law Judge, who is appointed by the Governor with the advice and consent of the Senate.

The Office of Administrative Hearings is reimbursed by other State agencies that refer cases to it. The Department of Budget and Management allocates funds to these agencies to cover anticipated costs associated with such hearings by utilizing a caseload formula. Agencies' annual assessments are determined based on their prior year's caseload and the length of time it takes to hear cases. The cost per case varies because the length of time required to hear a particular type of case varies considerably according to the complexity of the case. As illustrated in Exhibit 4.4, motor vehicle hearings generally last less than an hour. By contrast, physician disciplinary hearings frequently require more evidence than other types of cases and often last as long as two weeks.

Exhibit 4.4
Office of Administrative Hearings
Cost Allocation – Fiscal 2007

Agency	Type of Cases	Avg. Case Hrs	Projected No. of Cases	Total Case Hours	% of Total
Transportation	Motor Vehicle Administration	0.55	24,515	13,483	30.62%
	Personnel Grievances	7.07	15	106	0.24%
	Miscellaneous	7.50	5	38	0.09%
	Total		**24,535**	**13,627**	**30.94%**
Human Resources	Child Support Enforcement	1.50	16	24	0.05%
	Income Maintenance	3.50	630	2,205	5.01%
	Child Abuse and Neglect	24.00	306	7,344	16.68%
	Personnel Grievances	7.07	18	127	0.29%
	Total		**970**	**9,700**	**22.03%**
Labor, Licensing, and Regulation	Home Improvement Commission	24.00	220	5,280	11.99%
	Real Estate Commission	24.00	17	408	0.93%
	Maryland Occupational Safety and Health	15.00	8	120	0.27%
	Miscellaneous	24.00	19	456	1.04%
	Total		**264**	**6,264**	**14.22%**
Education	Mediations	3.23	314	1,014	2.30%
	Hearings	30.00	114	3,420	7.77%
	Personnel Grievances	7.07	1	7	0.02%
	Total		**429**	**4,441**	**10.09%**
Health and Mental Hygiene	Not Criminally Responsible	2.79	143	399	0.91%
	Involuntary Admissions	0.94	1,208	1,136	2.58%
	Medical Assistance	1.53	482	737	1.67%
	Board of Physicians	88.00	18	1,584	3.60%
	Patient Bill of Rights	2.00	28	56	0.13%
(Includes Deer Head Center)	Personnel Grievances	7.07	7	49	0.11%
	Total		**1,886**	**3,961**	**9.00%**
All Other[1]	Personnel Grievances	7.07	255	1,802	4.09%
	Other Cases	Varies	1,195	-----	9.63%
			1,450		**13.72%**
Total			**29,534**	**44,037**	**100%**

[1] Including, but not limited to the Department of Public Safety and Correctional Services, Office of the Attorney General, Department of Budget and Management, and Department of the Environment.

Source: Office of Administrative Hearings; Department of Legislative Services

Over 50 percent of the office's total case-hour allocation in fiscal 2007 is to the Maryland Department of Transportation and the Department of Human Resources. Of the various types of hearings held, personnel grievances, with an average case time of approximately seven hours, are the most common type of cases heard by the office. The Office of Administrative Hearings anticipates hearing 29,534 cases for a total of 44,037 case hours in fiscal 2007.

Finally, one agency that conducts its own administrative hearings, the Maryland Tax Court, deserves specific mention. Despite its 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, agencies described below 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 chairperson.

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. The judiciary has formed an ongoing partnership with the Maryland State Archives to conserve land record and subdivision plats information.

Maryland's drug treatment court programs in the District Court and circuit courts are funded in part through the Administrative Office of the Courts. In fiscal 2007, State and local funding for these courts increased significantly, both to expand operations and replace one-time federal grants to establish the courts. For a full discussion of drug treatment courts see *Volume VIII – Maryland's Criminal and Juvenile Justice Process* of this legislative handbook series.

Commission on Judicial Disabilities

The Commission on Judicial Disabilities is constitutionally established to investigate and adjudicate complaints against judges. The commission consists of 11 members appointed by the Governor with the 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 seeking admission 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 12 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 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 distribution 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 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 judicial agencies, several other offices 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 Maryland Constitution, represents the State in all legal matters including civil litigation and criminal appeals in federal and State courts. The office also enforces anti-trust, 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. Additionally, at the request of the Governor, Attorney General, or a State's Attorney, the State Prosecutor may investigate alleged crimes conducted partly in Maryland and partly in another jurisdiction, or in more than one political subdivision of the State. Nominated by the State Prosecutor Selection and Disabilities Commission, the State Prosecutor is appointed to a six-year term by the Governor with the advice and consent of the Senate.

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. The Public Defender is appointed by the Board of Trustees of the Public Defender System.

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. Ten members constitute the corporation's board of directors. Five are lawyers and four are not. The directors are appointed to three-year terms by the Governor with the advice and consent of the Senate.

Legal Services Program

The Department of Human Resources uses State funds to purchase legal services for children in need of assistance and termination of parental rights proceedings and for disabled indigent adults in adult public guardianship proceedings.

Funding

As depicted in Exhibit 4.5, the State and local governments share responsibility for funding Maryland's judicial system with the State covering more than two-thirds of the costs. Federal funds accounted for less than 2 percent of the expenditures in fiscal 2005. 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 a portion of 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, Office of the Attorney General, Office of the Public Defender, and Office of Administrative Hearings. Local governments fund their own State's Attorney and sheriff.

Exhibit 4.5
Maryland Judicial System
Local, State, and Federal Funding Responsibility – Fiscal 2005
($ in Millions)

Unit	Local[1]	State	Federal	Total
Court of Appeals		$6.1		$6.1
Court of Special Appeals		6.7		6.7
Circuit Courts				
Judges		35.6	$0.6	36.2
Judicial Law Clerks		5.3		5.3
Clerks of the Circuit Court		67.0	1.9	68.9
Family Division		10.5		10.5
Adm. Support/Operating Costs[2]	42.5			42.5
District Court		108.1		108.1
Orphans' Courts	1.6			1.6
Registers of Wills[3]		15.2		15.2
Office of the State Prosecutor		0.9		0.9
Office of the Attorney General		20.3	1.4	21.7
Office of the Public Defender		70.3		70.3
Offices of the State's Attorneys	79.7			79.7
Offices of Sheriffs[4]	54.7			54.7
Office of Administrative Hearings		11.3		11.3
Administrative Office of the Courts		14.1		14.1
Legal Services Program – DHR		9.1	4.2	13.3
Maryland Legal Service Corporation[5]		10.9		10.9
Other (law library, data processing support, etc.)	7.2	43.1		50.3
Total	**$185.7**	**$434.5**	**$8.1**	**$628.3**

[1]Local funds may include capital expenditures and may not include employee fringe benefits.
[2]Administrative support costs include a $1.4 million contribution by local counties to the State for judicial law clerk salaries and benefits.
[3]The following is a summary of the Register of Wills' Offices for fiscal 2005.

Inheritance Taxes (75% Remitted Monthly)		$67,402,644
Retained:		
Inheritance Taxes (25%)	$21,733,816	
Fees of Offices	6,313,276	
Total Retained	**$28,047,092**	
Less: Salaries and Expenses	$15,157,300	
Excess Fees of Office (Remitted Annually)		12,889,792
Total Remitted (State General Fund)		**$80,292,436**

[4]The Offices of Sheriffs' expenses are those reported by counties for judicial functions. The amount is probably understated because, for most counties where the sheriff's office has primarily public safety and law enforcement responsibilities, the costs associated with judicial functions were not reported separately.
[5]The Maryland Legal Services Corporation includes $0.5 million from the Abandoned Property Fund, $6.9 million from court filing fees, and $3.4 million from interest on lawyers' trust accounts.

Source: *Fiscal 2007 State Budget Books*; *Uniform Financial Reports*; Comptroller of the Treasury; Maryland Judiciary; Department of Legislative Services

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, the State has begun to support activities that have been historically the responsibility of local governments.

For example, since 1999, State funding has been provided for a family division in each circuit court in a county with more than seven resident judges (*i.e.*, Baltimore City and Baltimore, Anne Arundel, Montgomery, and Prince George's counties) and for family law services in other jurisdictions. In fiscal 2005, the State spent $10.5 million for this purpose.

Other legislation required the State to provide funding to the circuit courts for interpreter services and to contribute toward juror per diems. The State per-diem amount is $15 for each day of service, with the amount increasing to $50 per day for each day more than five days.

In addition, the State assumed fiscal responsibility for standing masters, circuit court law clerks, and rental payments for the space occupied in local facilities by the circuit court clerks on a phased-in basis.

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 4.6 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.

Exhibit 4.6
Courts and Related Offices – Local Funding Responsibility[1]
Fiscal 2005

County	Circuit Court	Orphans' Court	State's Attorney	Sheriff[2]	Law Lib/ Other
Allegany	$617,551	$39,025	$911,393	$0	$100,865
Anne Arundel	5,099,195	92,236	7,124,765	6,241,187	0
Baltimore City	7,380,717	404,968	19,456,224	9,145,071	0
Baltimore	4,500,379	167,595	6,135,776	3,796,904	0
Calvert	529,236	23,557	1,053,967	0	3,980
Caroline	286,203	13,807	436,900	0	128,718
Carroll	1,082,616	273,472	1,628,319	0	125,977
Cecil	1,335,399	20,498	1,330,213	0	0
Charles	866,476	31,829	1,403,133	0	4,365
Dorchester	122,954	16,094	456,831	0	37,752
Frederick	704,597	23,683	3,889,639	69,761	0
Garrett	345,792	15,959	477,219	0	19,679
Harford	1,142,759	0	3,478,572	0	1,082,353
Howard	1,824,649	39,733	4,820,355	4,219,412	0
Kent	117,151	41,096	397,219	0	124,736
Montgomery	8,275,065	0	9,620,098	14,203,723	11,769
Prince George's	4,331,566	256,498	9,127,911	15,611,230	5,288,895
Queen Anne's	314,749	43,480	739,242	0	0
St. Mary's	939,849	26,696	1,904,854	0	45,511
Somerset	138,915	11,602	729,290	0	123,499
Talbot	249,536	15,357	567,369	432,887	2,191
Washington	966,706	29,145	1,749,866	936,950	83,379
Wicomico	804,007	20,092	1,217,742	0	0
Worcester	499,510	16,598	1,050,337	0	0
Total	**$42,475,577**	**$1,623,020**	**$79,707,234**	**$54,657,125**	**$7,183,669**

[1]Figures may not include employee fringe benefits.

[2]Figures for the sheriff are the 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

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 $6.9 million in fiscal 2005, and the interest on lawyers' trust accounts which was approximately $3.4 million in fiscal 2005.

Chapter 5. Public Safety

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. Statutory provisions hold the State responsible for long-term prisoners, while those with shorter sentences are generally a local responsibility. However, the State is also responsible for inmates with short-term sentences in Baltimore City. Thus, corrections is largely 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, 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 in fiscal 2005.

Police Protection – Structure

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

Exhibit 5.1
Public Safety Services
Expenditures and Funding Sources – Fiscal 2005
($ in Millions)

Service/Program	County	Municipal	State	Federal	Total[7]
Police Protection/Crime Control	**$936.0**	**$132.8**	**$276.4**	**$25.7**	**$1,370.9**
Governor's Office of Crime Control and Prevention			21.6	19.5	41.1
State Police			192.4	6.2	198.6
County Police Protection[1]	936.0		50.8		986.8
Municipal Police Protection[1]		132.8	11.6		144.4
Fire, Rescue, and Emergency Services	**638.4**	**34.7**	**56.6**	**74.7**	**804.4**
Fire and Rescue[2]	581.6	34.7	17.0		633.3
Emergency Medical Services[3]			12.6	1.1	13.7
9-1-1/3-1-1 Emergency Telephone Service[4]	56.8		13.2		70.0
Emergency Management			2.6	62.6	65.2
Military Department			11.2	11.0	22.2
Correctional Services	**229.2**		**852.3**	**8.0**	**1,089.6**
Corrections	229.2		703.4	7.8	940.5
Parole and Probation			85.9		85.9
Other[5]			63.0	0.2	63.2
Other Public Safety[6]	**184.3**	**17.8**	**7.8**	**1.4**	**211.3**
Total[7]	**$1,988.0**	**$185.3**	**$1,193.1**	**$109.8**	**$3,476.2**

[1]Local governments reported receiving $22.3 million in State grants for police protection, beyond the $62.4 million provided through the State Aid for Police Protection Fund. It is assumed the other $22.3 million in State grants has been accounted for in the State funding shown under other programs. Likewise, it is assumed that the $40.6 million in federal grants reported by local governments has been accounted for as federal spending passing through the State budget (but not necessarily through the State Police budget). Therefore, total spending does not match Exhibit 5.3.

[2]Includes funding from the Volunteer Company Assistance Fund as well as the Amoss Fund and other funding for the State Fire Marshal. Additional State grants reported by local governments are assumed to be accounted for in the State funding from other sources. Likewise, federal grants reported by local governments are assumed to be accounted for as federal spending passing through the State budget (but not necessarily through the Fire Marshal budget). Therefore, total spending does not match Exhibit 5.5.

[3]Excludes most funding provided through the Maryland Emergency Medical Services Operations Fund, which is captured elsewhere in this exhibit or in Chapter 7 (Maryland Fire and Rescue Institute and subsidies to the University of Maryland Medical System for the R Adams Cowley Shock Trauma Center).

Exhibit 5.1 (continued)
Public Safety Services
Expenditures and Funding Sources – Fiscal 2005
($ in Millions)

[4]Although more than $51 million for 9-1-1 flows through the State budget, only $13.2 million is for State grants to local governments; the balance is returned to the counties to assist in covering their operating costs (as it is from the 9-1-1 fee that counties impose). The county portion of funding reflects the fee revenues as well as other own-source funding for 9-1-1 systems.

[5]Includes funding for the Office of the Secretary of Public Safety and Correctional Services (minus 9-1-1 grants noted above), Maryland Commission on Correctional Standards, Police and Correctional Training Commissions, and Inmate Grievance Office.

[6]Includes own-source funding reported by local governments for protective inspections, civil defense, emergency management, traffic engineering, and animal control – with federal and State grants assumed to have been spent in the year they were received. The federal and State grant amounts reported by local governments are assumed to be accounted for in the State and federal amounts that pass through the State budget. Also includes State funding for protective inspections and funding for crime victims through the Criminal Injuries Compensation Board.

[7]Numbers may not sum to the total due to rounding. State funding does not include $18.8 million in funds reimbursed by other State agencies for services provided.

Source: *Fiscal 2007 State Budget Books; Uniform Financial Reports;* Department of Public Safety and Correctional Services; Maryland State Police; Department of Legislative Services

statutes provide guidance as to the jurisdiction of the various law enforcement agencies. Also, a division of labor among agencies has developed, and the agencies enter into formal and informal agreements to coordinate services.

State Police

The Department of State Police generally engages in enforcement on a statewide basis. 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 personnel 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 within the State Police are members of a separate retirement system that provides retirement benefits after 22 years of service.

Other State Law Enforcement

Other State agencies have law enforcement personnel who have limited geographic jurisdiction. For example, the Maryland Transit Administration has a police force for the transit services it provides. The Maryland Transportation Authority provides law enforcement services at seven toll facilities, Baltimore/Washington International Thurgood Marshall Airport, and public marine terminals and port offices. The Natural Resources Police is responsible for law enforcement on all public lands managed by the Department of Natural Resources. The Department of General Services has police and security officers who provide around-the-clock law enforcement and security for the Annapolis and Baltimore State office complexes and the Camp Fretterd Military Reservation.

County Sheriffs/Police Departments

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. In many counties, the sheriff's office is the primary law enforcement agency. However, 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 police departments (see Exhibit 5.2). The law is silent on the specific duties of the county departments, but in these six jurisdictions, in practice, they have become the primary law enforcement agency and the sheriff's office primarily supports judicial functions such as courtroom security and the service of process.

Municipal Police Forces

State law authorizes municipal corporations to establish municipal police forces, and most municipal corporations have done so.

Police Protection – Services

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

Exhibit 5.2
Local Police Strength – Authorized Positions
Fiscal 2005

	County					Municipal			
	Sheriff		Police Force		Resident	Police Force		Resident	
County	**FT**	**PT**	**FT**	**PT**	**Troopers**	**FT**	**PT**	**Troopers**	**Total**
Allegany	21					71	3		93.5
Anne Arundel			667			126			793.0
Baltimore City			3,034						3,034.0
Baltimore			1,836						1,836.0
Calvert	87				1	8			96.0
Caroline	25					31	7		59.5
Carroll	59				45	73		5	182.0
Cecil	65					55			120.0
Charles	248					10			258.0
Dorchester	29					55			84.0
Frederick	164					163		3	330.0
Garrett	26					6			32.0
Harford	227					99			326.0
Howard			370						370.0
Kent	20	2				16	2		38.0
Montgomery			1,111			145			1,256.0
Prince George's			1,420			305	24		1,737.0
Queen Anne's	48	2				8			57.0
St. Mary's	110					1			111.0
Somerset	19	3				24	6		47.5
Talbot	23	1				58	4		83.5
Washington	80					112			192.0
Wicomico	78					115			193.0
Worcester	38	18				134	107		234.5
Total	**1,367**	**13**	**8,438**	**0**	**46**	**1,615**	**76.5**	**8**	**11,563.5**

Notes: Part-time positions are counted as 0.5 positions in the totals. Positions noted for Baltimore City are assumed to all be full-time. There are no municipal corporations in Baltimore and Howard counties.

FT: Full-time positions
PT: Part-time positions

Source: *Uniform Crime Reports*, 2005 (for Baltimore City); *State Aid for Police Protection Fund 2005*, Maryland State Police; Department of Legislative Services

State Police

The 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 2007 budget for the State Police is $306.3 million. This funding will support 2,471.5 positions, of which over 1,600 are uniformed troopers.

The absence of clear statutory guidelines defining the specific lines of authority among the State, county, and municipal police organizations results in a variety of arrangements concerning police protection, particularly at the county level. In general, the State Police bears primary responsibility for highway patrol and certain other functions, while the rest of law enforcement falls primarily on local police.

The State Police has formalized its 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 assists local and municipal police agencies through the Resident Trooper Program. This program enables a county or municipal corporation to contract with the State Police for officers who serve locally. The county or municipal corporation must reimburse the State for 100 percent of the costs associated with these officers. Fifty of the 54 officers in the Resident Trooper Program serve within Carroll County (5 of them in municipal corporations), with the rest assigned in Calvert 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. In addition, the State Police continues 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 all State and local 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; advanced, specialized, and executive training to police personnel, private organizations, community groups, and private citizens throughout Maryland. In fiscal 2005, police officers received almost 13,000 days of training in approved courses. Local governments pay a nominal fee for each of their employees trained by the State.

Police Protection – Funding

The responsibility for funding local law enforcement agencies lies primarily with local governments. Fiscal 2005 county and municipal expenditures for police protection are compared with State Aid for Police Protection in Exhibit 5.3. The largest portion of State funding is allocated through a statutory formula, with smaller sums distributed through targeted grants.

State Aid for Police Protection Grants

The State Aid for Police Protection grant formula incorporates population (counties with higher population densities receive higher per-capita grants), and the number of local police officers. Municipal corporations expending at least $5,000 for police protection also receive a share of this grant. In 1992, Baltimore City was removed from the grant program when the State assumed operation and funding 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.

Targeted Grants

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 5.3
Local Government Expenditures for Police – Fiscal 2005

County	State Aid for Police Protection	County Spending	Municipal Spending	Total Spending Reported	State Aid as % of Spending
Allegany	$869,144	$2,058,577	$5,141,656	$7,200,233	12.1%
Anne Arundel	6,466,078	76,593,170	17,647,899	94,241,069	6.9%
Baltimore City	52,808	306,267,332		306,267,332	0.0%
Baltimore	9,561,850	145,720,520		145,720,520	6.6%
Calvert	732,607	7,342,342	719,435	8,061,777	9.1%
Caroline	318,670	2,001,083	2,274,374	4,275,457	7.5%
Carroll	1,531,288	7,774,199	5,185,604	12,959,803	11.8%
Cecil	881,688	6,140,786	3,868,139	10,008,925	8.8%
Charles	1,156,272	31,369,182	714,696	32,083,878	3.6%
Dorchester	352,096	1,881,896	3,357,899	5,239,795	6.7%
Frederick	2,124,337	16,645,081	19,035,585	35,680,666	6.0%
Garrett	240,513	1,858,582	356,411	2,214,993	10.9%
Harford	2,159,085	28,946,415	7,914,847	36,861,262	5.9%
Howard	2,934,486	54,234,782		54,234,782	5.4%
Kent	196,885	1,823,358	1,125,666	2,949,024	6.7%
Montgomery	14,511,118	170,267,885	14,725,228	184,993,113	7.8%
Prince George's	13,581,910	147,123,416	26,002,326	173,125,742	7.8%
Queen Anne's	389,443	4,124,256	455,762	4,580,018	8.5%
St. Mary's	793,943	12,923,584	29,618	12,953,202	6.1%
Somerset	239,699	1,433,182	1,750,055	3,183,237	7.5%
Talbot	392,484	966,639	5,583,859	6,550,498	6.0%
Washington	1,367,041	5,917,868	9,867,438	15,785,306	8.7%
Wicomico	921,266	5,927,092	9,261,099	15,188,191	6.1%
Worcester	654,672	3,215,486	17,672,642	20,888,128	3.1%
Total	**$62,429,383**	**$1,042,556,713**	**$152,690,238**	**$1,195,246,951**	**5.2%**
Minus State Aid for Police		-$50,790,719	-$11,638,664	-$62,429,383	
Minus Other State Grants		-$18,169,818	-$4,152,001	-$22,321,819	
Minus Federal Grants		-$37,600,042	-$2,968,184	-$40,568,226	
Minus County Grants			-$1,138,184	-$1,138,184	
Net Local Spending		**$935,996,134**	**$132,793,205**	**$1,068,789,339**	

Notes: State aid allocations are as reported by the Maryland State Police in *State Aid for Police Protection Fund 2006*. Other grant revenues are as reported in *Uniform Financial Reports*. For purposes of this exhibit, the federal, State, and, as appropriate, county police grant revenues reported by the local jurisdictions are assumed to have been expended in the same year they were received. County expenditures in Allegany, Montgomery, and Prince George's counties include those reported by certain regional agencies. Some regional agencies received grants from the county as well; such grants were removed from the spending total to avoid double counting expenditures. As seven municipal corporations did not report their expenditures for fiscal 2005, municipal expenditures reflect those reported by the other 149 municipal corporations as well as expenditures reported by the 11 extant special taxing districts in Allegany and Montgomery counties. There are no municipal corporations in Baltimore and Howard counties.

Source: *State Aid for Police Protection Fund 2006*, Maryland State Police; *Uniform Financial Reports*; Department of Legislative Services

Fire and Rescue – Structure/Services

The primary responsibility for meeting Maryland's fire and rescue needs rests at the local level with 365 member organizations of the Maryland State Firemen's Association. According to a survey conducted by the association, almost two-thirds of Maryland's counties employ at least some professional firefighters. However, statewide over 75 percent of firefighters are volunteers. Baltimore City only employs professional firefighters.

The only direct fire and rescue service routinely provided by the State involves the Maryland Department of Transportation, responsible for services at the Baltimore/Washington International Thurgood Marshall Airport and the toll highways operated by the Maryland Transportation Authority.

The State's primary 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 scene and bombing investigations, explosives 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, discussed below, is responsible for the certification of pre-hospital emergency medical personnel including career and volunteer firefighters. The various training centers affiliated with the Maryland Fire and Rescue Institute (part of the University of Maryland) provide training for local firefighters.

The State Fire Marshal actively works in 18 of Maryland's 23 counties and provides support in the others when requested. 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 fundraising efforts of the volunteer fire companies. The State provides assistance through the Senator William H. Amoss Fire, Rescue and Ambulance Fund (better known as the Amoss Fund), which is distributed on the basis of a county's share of property tax accounts relative to the statewide total. Qualified municipal corporations

receive a portion from the county's share based on the proportion of the municipal corporation's expenditures relative to those of the county. Use of monies from the fund is limited to the purchase of capital equipment and building improvements.

The State also provides supplemental grants and 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. Effective fiscal 2007, the Baltimore City Fire Department is also eligible for grants and loans.

Exhibit 5.4 shows the local expenditures for fire and rescue services and the amount of State aid provided to each local jurisdiction through the Amoss Fund.

Emergency Services – Structure

Maryland's system of emergency medical services is governed by the 11-member Emergency Medical Services Board, appointed by the Governor. The board directs the Maryland Institute of Emergency Medical Services Systems, an independent State agency, and reviews and approves its operating and capital budgets. The board also reviews and approves certain budget components of the R Adams Cowley Shock Trauma Center, Maryland Fire and Rescue Institute, and the Aviation Division of the Maryland State Police. The Emergency Medical Services Board is assisted by institute staff and the statewide Emergency Medical Services Advisory Council. 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 predominantly 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). Regional councils 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.

Exhibit 5.4
Local Government Expenditures for Fire and Rescue Services
Fiscal 2005

County	Amoss Fund Grants	County Spending	Municipal Spending	Total Spending Reported	Amoss Grants as a % of Spending
Allegany	$238,018	$1,182,082	$4,277,557	$5,459,639	4.4%
Anne Arundel	812,625	77,900,548	9,393,613	87,294,161	0.9%
Baltimore City	984,870	122,563,764		122,563,764	0.8%
Baltimore	1,190,040	72,893,282		72,893,282	1.6%
Calvert	200,000	2,934,228	0	2,934,228	6.8%
Caroline	200,000	2,078,738	47,917	2,126,655	9.4%
Carroll	260,157	5,481,685	441,637	5,923,322	4.4%
Cecil	205,503	4,561,447	734,628	5,296,075	3.9%
Charles	223,751	7,607,733	39,605	7,647,338	2.9%
Dorchester	242,506	3,832,300	2,336,499	6,168,799	3.9%
Frederick	352,065	21,795,355	420,041	22,215,396	1.6%
Garrett	200,000	917,207	0	917,207	21.8%
Harford	363,827	3,960,162	366,620	4,326,782	8.4%
Howard	375,855	37,770,757		37,770,757	1.0%
Kent	206,817	755,322	70,840	826,162	25.0%
Montgomery	1,296,212	148,963,748	0	148,963,748	0.9%
Prince George's	1,105,491	70,681,690	391,170	71,072,860	1.6%
Queen Anne's	200,000	2,371,558	69,219	2,440,777	8.2%
St. Mary's	200,000	1,363,836	1,500	1,365,336	14.6%
Somerset	200,000	469,756	73,286	543,042	36.8%
Talbot	238,150	2,573,200	1,078,605	3,651,805	6.5%
Washington	224,076	2,747,382	4,930,807	7,678,189	2.9%
Wicomico	232,831	4,623,931	5,152,433	9,776,364	2.4%
Worcester	247,206	3,695,172	6,459,295	10,154,467	2.4%
Total	**$10,000,000**	**$603,724,883**	**$36,285,272**	**$640,010,155**	**1.6%**
Minus Amoss Fund Grants		-$10,000,000		-$10,000,000	
Minus Other State Grants		-$825,527	-$315,509	-$1,141,036	
Minus Federal Grants		-$11,284,112	-$260,113	-$11,544,225	
Minus County Grants			-$1,053,287	-$1,053,287	
Net Local Spending		**$581,615,244**	**$34,656,363**	**$616,271,607**	

Notes: For purposes of this exhibit, any grant revenues are assumed to have been expended in the same year they were received. County expenditures in Allegany, Montgomery, and Prince George's counties include those reported by certain regional agencies. As seven municipal corporations did not report their expenditures for fiscal 2005, municipal expenditures reflect those reported by the other 149 municipal corporations as well as expenditures reported by the 11 extant special taxing districts in Allegany and Montgomery counties. There are no municipal corporations in Baltimore and Howard counties.

Source: *Uniform Financial Reports*; Maryland State Police; Department of Legislative Services

Each region has an 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 institute and manage the field operations programs at the local level.

Emergency Services – Services

The Maryland Institute of Emergency Medical Services Systems is the lead organization responsible for coordinating Maryland's statewide emergency medical services system. Created in 1973 by executive order of the Governor, the institute has developed into a coordinated program for training, testing, and certifying pre-hospital care providers; statewide communications and transportation systems (both ambulances and Medevac helicopters); and an echelons-of-care system, including 48 emergency departments, 9 adult trauma centers, and numerous trauma specialty centers and specialty referral centers.

The dedicated telephone 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. Calls are handled by central alarms (answering points which determine whether the caller needs the police or other 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 as of June 2005, all Maryland counties have enhanced 9-1-1 systems and are wireless operational. The enhanced service immediately provides the operators in the central alarms with the street address and telephone 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 are manned by career or trained volunteer providers. The five levels of pre-hospital medical certification and training can be divided into the categories of basic life support and advanced life support. The institute and the Maryland Board of Physicians set the standards and protocols for Maryland's advanced life support providers. In addition, the institute 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 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 institute-approved courses in fiscal 2005.

The Maryland State Police Medevac program transports critically ill and injured patients from the scene of an 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 Medevac services. The Maryland State Police Medevac system operates from eight bases located throughout the State. During fiscal 2005, 5,126 patients were transported by helicopter from the scene of a critical injury, and an additional 283 critical patients were transferred to a tertiary center for advanced medical intervention.

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 Medevac transports to these centers.

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 law 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, 4 weekend training facilities, Havre De Grace and Pikesville reservations, and an Army aviation facility in Edgewater.

State Emergency Medical Services – Funding

Funding for the State emergency medical services system is provided from a variety of sources. An $11.00 surcharge on motor vehicle registrations funds the Maryland Emergency Medical Services Operations Fund. This fund supports the Emergency Medical Services Volunteer Loan Fund; the Medevac portion of the State Police Aviation Division; State grants for local fire, rescue, and ambulance services in all counties and Baltimore City; 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 2005 and 2006.

Exhibit 5.5
Maryland Emergency Medical Services Operations Fund Expenditures
Fiscal 2005 and 2006
($ in Millions)

Funding Recipient	2005 Actual	2006 Actual
Maryland Fire and Rescue Institute	$6.0	$6.0
Maryland Institute of Emergency Medical Services Systems	10.4	10.4
Shock Trauma (University of Maryland Medical System)	3.5	3.1
Shock Trauma (University of Maryland Medical System) Replacement Equipment	3.5	2.0
Local Fire, Rescue, and Ambulance Grants (Amoss Fund)	10.0	10.0
Maryland State Police Aviation Division	15.9	15.0
Volunteer Company Assistance Fund	1.4	1.4
Total	**$50.7**	**$47.9**

Source: *Fiscal 2007 State Budget Books*; Maryland Institute for Emergency Medical Services Systems; Department of Legislative Services

The State Police Helicopter Replacement Fund was created in 2006 and requires that a $7.50 surcharge be assessed for every motor vehicle conviction for which points may be assessed. After paying the District Court for its first year start-up costs, half the collected surcharges must be allocated to the new fund and half must be allocated to the pre-existing Volunteer Company Assistance Fund. When the amount credited to the Volunteer Company Assistance Fund reaches $20.0 million, all surcharges must be allocated to the State Police Helicopter Replacement Fund.

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.

State monies, along with those of the counties and Baltimore City, 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, and Funding

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 2005, the program inspected almost 3,850 amusement rides, conducted inspections for over 9,000 boilers and pressure vessels, and conducted surveys on roughly 17,000 elevators and escalators. The program is funded through assessments made against employers by the Workers' Compensation Commission. In fiscal 2005, funding for these inspections totaled $3.3 million.

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 fiscal 2005, the program conducted 498 inspections, which included 5,570 rail cars, 355 locomotives, and over 1,400 miles of track. The program is funded through assessments on public utilities by the Public Service Commission. In fiscal 2005, funding for these inspections was almost $334,000.

Exhibit 5.6
Local Funding for 9-1-1 Emergency Services
Fiscal 2005

County	County Operating Costs	County 9-1-1 Rate	County Fee Revenue	% of Costs Covered by County Fees	State 9-1-1 Grants
Allegany	$1,019,417	0.75	$421,693	41.4%	$40,140
Anne Arundel	5,134,817	0.75	2,317,582	45.1%	114,638
Baltimore City	8,370,263	0.75	3,641,679	43.5%	3,347
Baltimore	6,006,334	0.75	4,791,638	79.8%	1,315,059
Calvert	1,538,636	0.75	512,547	33.3%	45,034
Caroline	1,105,846	0.75	115,438	10.4%	65,633
Carroll	1,257,630	0.75	963,480	76.6%	3,700
Cecil	772,624	0.75	543,713	70.4%	641,800
Charles	1,169,684	0.75	761,280	65.1%	403,705
Dorchester	871,452	0.75	178,892	20.5%	1,027,251
Frederick	2,934,305	0.75	1,418,222	48.3%	500,350
Garrett	438,354	0.75	186,600	42.6%	678,409
Harford	3,847,319	0.75	1,361,903	35.4%	170,412
Howard	5,032,330	0.65	1,540,887	30.6%	900
Kent	635,249	0.75	120,071	18.9%	52,003
Montgomery	10,788,267	0.75	7,173,457	66.5%	1,003,629
Prince George's	10,550,947	0.75	5,021,547	47.6%	-1,216
Queen Anne's	1,562,644	0.75	256,361	16.4%	346,309
St. Mary's	904,777	0.75	525,566	58.1%	572,428
Somerset	585,763	0.75	106,025	18.1%	706,757
Talbot	671,759	0.75	238,679	35.5%	175,624
Washington	1,661,642	0.75	814,390	49.0%	8,584
Wicomico	787,958	0.75	491,366	62.4%	809,166
Worcester	2,394,450	0.75	456,391	19.1%	1,799,399
Western Maryland-MAP					2,748,774
Statewide			4,343,863		16,031
Total	**$70,042,467**		**$38,303,270**	**54.7%**	**$13,247,866**

Notes: Western Maryland-MAP includes Allegany, Garrett, and Washington counties. Counties are supported by 9-1-1 fees collected by the State and disbursed as grants to counties to assist in funding installation of enhanced 9-1-1 systems.

Source: Department of Public Safety and Correctional Services

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
State and Local Responsibilities for Correctional Services

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 and all prisoners in Baltimore City, correctional services are primarily funded by the State. Nonetheless, the local support required to fund correctional services is significant. To help defray the costs resulting from the State not accepting 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:

Daily Operating Costs

- Local governments typically 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.

- Alternatively, local governments may be 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 provides local reimbursement based on the calculation that provides for the highest payment.

Medical Expenses

- 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.

Capital Costs

- 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.

Department of Public Safety and Correctional Services

The Department of Public Safety and Correctional Services administers the correctional services provided by the State. 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.

Division of Correction

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 2005, an average of 22,966 individuals per day were incarcerated by the State. Most of the prisoners were housed in 1 of the 23 facilities operated by the State, with a small number in facilities managed by private entities. For additional information on the State correctional facilities, see *Volume VIII – Maryland's Criminal and Juvenile Justice Process* of this legislative handbook series.

Division of Parole and Probation

The Division of Parole and Probation is responsible for supervising individuals who have been placed on probation by the courts, granted parole by the Parole Commission, or released on mandatory supervision from the Division of Correction. The division also administers the Drinking Driver Monitor Program and the Central Home Detention Unit. The Drinking Driver Monitor Program oversees individuals who are sentenced to probation for drunk driving offenses. The Central Home Detention Unit is responsible for providing electronic monitoring and oversight for qualifying inmates who have been released from the Division of Correction or the Division of Pretrial and Detention Services as well as parolees placed in home detention. The Division of Parole and Probation has 48 offices located throughout Maryland and nearly 1,400 employees who are involved directly or indirectly in the supervision and monitoring of approximately 66,000 probationers, parolees, mandatory supervision releasees, and home detainees.

Parole and probation agents are responsible for ensuring that supervisees comply with the general and special conditions of their release; they also represent the division and present testimony at violation proceedings before the courts, the Maryland Parole Commission, and the Patuxent Institution's Board of Review. In addition, some agents function as full-time investigators and conduct pre-sentence, pre-parole, and other investigations for the courts as well as for other criminal justice agencies.

Drinking driver monitors oversee the conduct of individuals assigned to the Drinking Driver Monitor Program. Drinking driver monitors supply the courts and the Motor Vehicle Administration with information essential to making a determination to initiate violation of probation proceedings or administrative hearings or to modify a supervisee's special conditions of probation. For additional information on the Division of Parole and Probation, see *Volume VIII – Maryland's Criminal and Juvenile Process* of this legislative handbook series.

Maryland Parole Commission

The seven-member Maryland Parole Commission conducts parole release and parole revocation hearings. Commissioners serve staggered six-year terms and are appointed by the Secretary 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 those from the Patuxent Institution. For additional information on the Maryland Parole Commission, see *Volume VIII – Maryland's Criminal and Juvenile Process* of this legislative handbook series.

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 remediation program and youth program. The institution also addresses the needs of mentally ill offenders throughout the correctional system within the Correctional Mental Health Center-Jessup. Patuxent Institution's remaining population is made up of Division of Correction inmates. For additional information on the Patuxent Institution, see *Volume VIII – Maryland's Criminal and Juvenile Process* of this legislative handbook series.

Inmate Grievance Office

The Inmate Grievance Office reviews grievances and complaints of inmates lodged against officials or employees of State correctional institutions. 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 have merit. Almost 1,900 new grievances and complaints were filed in fiscal 2005, and an additional 610 were carried over from prior years.

The office's recommendations are reviewed by the Secretary of Public Safety and Correctional Services, who affirms, reverses, or modifies the decision and directs 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.

Correctional Training Commission

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 2005, correctional personnel received 44,114 days of training in approved courses. Local governments pay a nominal fee for each employee trained by the State.

Maryland Commission on Correctional Standards

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.

Division of Pretrial and Detention Services

The Division of Pretrial and 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* 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 responsibility for the operation and funding of the detention center to the State. In fiscal 2005, the average daily population at the center was 3,718. The 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 Division of Pretrial and Detention Services see *Volume VIII – Maryland's Criminal and Juvenile Justice Process* of this legislative handbook series.

Local Role in Corrections System

Each of the 23 counties operates a local detention center that serves as the point of entry into the criminal justice system after arrest. Approximately 60 percent of the local detention center population consists of offenders who are being held pending a trial or sentencing (many offenders are released on their own recognizance, post bail, or are released under supervised alternative to incarceration programs). The remaining 40 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. Exhibit 5.8 presents the local corrections population for fiscal 2005.

Corrections – Funding

The correctional programs within the State are funded primarily with State dollars as shown in Exhibit 5.9. Exhibit 5.10 depicts the local share of correctional spending.

Exhibit 5.8
Local Corrections Population
Monthly Averages for the Period July 2004 – June 2005 by Jurisdiction

County	Average Monthly Intake	Average Monthly Release	Average Daily Population	Awaiting Trial or Sentencing	Sentenced		
					Local	State[1]	Other[2]
Allegany	161	164	166	86	74	7	0
Anne Arundel	902	894	983	459	491	12	0
Baltimore City	3,751	3,635	4,000	3,548	0	398	0
Baltimore	939	938	1,092	642	432	29	4
Calvert	237	235	218	68	141	1	5
Caroline	108	109	85	26	45	1	13
Carroll	185	184	283	104	169	2	9
Cecil	204	198	214	96	119	3	0
Charles	296	298	436	164	184	16	60
Dorchester	118	119	161	45	52	4	58
Frederick	345	335	460	155	295	10	0
Garrett	91	92	53	22	27	0	0
Harford	413	408	409	182	229	3	0
Howard	366	367	255	117	94	1	28
Kent	48	49	83	13	42	1	23
Montgomery	683	674	1,046	451	478	10	91
Prince George's	1,033	1,036	1,238	935	291	15	0
Queen Anne's	79	79	92	25	59	1	3
St. Mary's	212	206	293	97	178	7	16
Somerset	55	53	77	27	52	0	0
Talbot	79	77	83	38	40	3	22
Washington	220	219	343	196	120	10	7
Wicomico	389	308	509	270	129	24	107
Worcester	238	238	222	140	74	4	0
Total	**11,152**	**10,915**	**12,801**	**7,906**	**3,815**	**562**	**446**

[1] Pending transfer to the State Division of Correction. The State reimburses the full cost of incarceration pending transfer.
[2] Includes federal prisoners, those held for other jurisdictions, on detainer, subcuria, etc.

Source: Department of Public Safety and Correctional Services

Exhibit 5.9
Correctional Spending in Maryland
Fiscal 2005
($ in Millions)

	Local	State	Federal	Total
Division of Correction		$511.3	$7.8	$519.2
Patuxent Institution		33.6		33.6
Pretrial and Detention Services		118.0		118.0
Parole and Probation		85.9		85.9
Local Jails Funding	$229.2	40.5		269.7
Other		63.0	0.2	63.2
Total	**$229.2**	**$852.3**	**$8.0**	**$1,089.6**

Notes: "Other" includes the Office of the Secretary (minus 9-1-1 funding captured elsewhere in this chapter), Maryland Commission on Correctional Standards, Police and Correctional Training Commissions, and Inmate Grievance Office. The Criminal Injuries Compensation Board is also captured elsewhere in this chapter. Maryland Correctional Enterprises (formerly State Use Industries) is captured in Chapter 14. State spending excludes $13.0 million in funds reimbursed by other State agencies for services provided. Numbers may not sum to the total due to rounding.

Source: *Fiscal 2007 State Budget Books*; Department of Public Safety and Correctional Services; Department of Legislative Services

Exhibit 5.10
Local Corrections Operating Expenditures and State Reimbursement
Fiscal 2005

		State Reimbursement			Reimb.
County	**County Expenditures**	**50/85%**	**Local Jail Backup**	**Total**	**as a % of Spending**
Allegany	$5,618,829	$650,148	$128,677	$778,825	13.9%
Anne Arundel	31,749,760	6,714,148	255,760	6,969,908	22.0%
Baltimore City	0	0	0	0	n/a
Baltimore	26,156,751	4,078,021	101,296	4,179,317	16.0%
Calvert	5,160,896	1,074,917	51,382	1,126,299	21.8%
Caroline	2,189,142	361,181	70,017	431,198	19.7%
Carroll	6,598,783	883,746	27,115	910,861	13.8%
Cecil	5,363,136	81,874	93,765	175,639	3.3%
Charles	10,000,527	1,679,857	230,222	1,910,079	19.1%
Dorchester	3,495,244	295,462	48,446	343,908	9.8%
Frederick	13,243,309	1,654,307	104,661	1,758,968	13.3%
Garrett	1,372,745	149,205	8,126	157,331	11.5%
Harford	12,141,989	4,824,126	127,011	4,951,137	40.8%
Howard	10,224,452	1,239,412	57,835	1,297,247	12.7%
Kent	1,782,356	280,075	20,200	300,275	16.8%
Montgomery	49,466,639	5,986,060	219,909	6,205,969	12.5%
Prince George's	47,948,090	4,172,461	576,520	4,748,981	9.9%
Queen Anne's	2,734,373	313,401	33,118	346,519	12.7%
St. Mary's	6,487,945	304,984	8,233	313,217	4.8%
Somerset	1,497,888	815,601	92,202	907,803	60.6%
Talbot	2,627,609	228,628	47,990	276,618	10.5%
Washington	7,536,774	894,915	164,613	1,059,528	14.1%
Wicomico	10,712,169	357,538	213,971	571,509	5.3%
Worcester	5,608,965	720,421	36,542	756,963	13.5%
Total	**$269,718,371**	**$37,760,488**	**$2,717,611**	**$40,478,099**	**15.0%**

Notes: The 50/85% reimbursement is for housing inmates during the third through twelfth months of their confinement. Local jail backup reimbursement refers to payments made by the State for inmates who are sentenced to and awaiting transfer to the State prison system. The Baltimore City Detention Center is a State correctional facility; thus, it does not receive reimbursement and the operating expenditures associated with it are part of State expenses related to the Division of Pretrial and Detention Services.

Source: Department of Public Safety and Correctional Services

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 capped at $45,000, but 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, 2005, there were seven full-time positions authorized for the board. Another six contractual positions assist in the performance of the board's work.

The State also provides numerous other services to victims of crime. For additional discussion of victim's rights and related State services, see *Volume VIII – Maryland's Criminal and Juvenile Process* of this legislative handbook series.

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 Court and circuit courts. In fiscal 2005, the State awarded over $4.9 million in grants to victims of crime.

Chapter 6. Public Education

The State and county governments share responsibility for Maryland's public schools. Statewide policy is the responsibility of the State Board of Education, with the State Superintendent of Schools and the Maryland State Department of Education overseeing implementation 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 policymaking 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 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 when they fail to meet standards established by the board. Other responsibilities of the board include:

- adopting bylaws, rules, and regulations for the administration of public schools;
- deciding all controversies and disputes arising under State laws governing 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 performance standards for students, schools, and school systems; and
- restructuring 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, develops the State's educational program for students within the Department of Juvenile Services, and distributes and accounts for the State's grant-in-aid programs to local school systems and educational institutions.

The Interagency Committee on Public School Construction is composed of the State Superintendent of Schools, Secretary of Planning, Secretary of General Services, a member of the public appointed by the President of the Senate, and a member of the public appointed by the Speaker of the House. The committee supports the Board of Public Works in 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 also assists all local school systems and local government bodies in planning, designing, and constructing 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. Seventeen counties have elected school boards, and the Governor appoints the members in six counties. The Mayor of Baltimore City and the Governor jointly appoint the city's board members from a list of names submitted by the State Board of Education. Exhibit 6.1 shows the selection methods, terms of office, and membership for the 24 local school boards.

Exhibit 6.1
Local Boards of Education

School System	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	4 years	E	5 from commissioner districts 1 student (nonvoting, one-year term)
Charles	8	4 years	E	7 from county at large 1 student (nonvoting, one-year term)
Dorchester	7	4 years	E	5 from council districts 2 students (nonvoting, one-year term)
Frederick	8	4 years	E	7 from county at large 1 student (nonvoting , one year term)
Garrett	7	4 years	E	3 from 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	8	4 years	E	7 from county at large 1 student (nonvoting, one-year term)
Kent	6	6 years	E	5 from county at large 1 student (nonvoting, one-year term)
Montgomery	8	4 years	E	2 from county at large 5 from school districts 1 student (one-year term)

Exhibit 6.1 (continued)
Local Boards of Education

School System	Number of Members	Term		Means of Selection[1]
Prince George's	10	4 years	E	5 from school board districts 4 from county at large 1 student (nonvoting, one-year term)
Queen Anne's[2]	5	5 years	A	All from county at large
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	All from commissioner districts
Talbot	8	4 years	E	7 from school districts 1 student (nonvoting, one-year term)
Washington	8	4 years	E	7 from county at large 1 student (nonvoting, one-year term)
Wicomico	7	5 years	A	All from county at large
Worcester	10	4 years	E	7 from commissioner districts 3 students (nonvoting, one-year term)

[1]A = Appointed by Governor, except in Baltimore City where board is appointed jointly by the Governor and the Mayor. E = Elected.
[2]As a result of 2006 legislation, voters in Queen Anne's County will decide at the 2006 general election whether the board will remain an appointed board or change to an elected board. If voters opt for an elected board, five new board members will be selected at the 2008 general election, with four elected from county commissioner districts and one elected from the county at large.

Source: Annotated Code of Maryland, Education Article, Sections 3-101 through 3-1405; Local Boards of Education web sites

In general, the local school boards and the local superintendents appointed by the boards control educational matters and policymaking within the school districts and oversee the day-to-day operation of public 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 are independent governmental units, they rely on county governments for a significant portion of their funding. School boards must submit their budget requests 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. Each local superintendent of schools must also provide bi-annual financial reports to the State and the local governing body detailing the financial status of the system. Failure to provide timely financial reports requires the Maryland State Department of Education to withhold 10 percent of the next installment of State aid to the system.

In addition to schools operated by local school boards, the Maryland School for the Deaf 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 Maryland Zoo in Baltimore.

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 2004, 865,561 students were enrolled in public schools (pre-kindergarten through grade 12). This represented about 82 percent of the school-age population. Another 187,817 students attended private schools. Public school enrollment ranged from 2,514 students in Kent County to 139,393 in Montgomery County. See Exhibit 6.2 for public school enrollment for each school system.

Pre-kindergarten programs have been primarily the responsibility of private schools or organizations. As of September 2004, 46,495 children were enrolled in nonpublic pre-kindergarten programs. As Exhibit 6.2 shows, for the 2004-2005 school year, another 23,380 students participated in public school pre-kindergarten programs. By the 2007-2008 school year, publicly funded pre-kindergarten must be available to all

Exhibit 6.2
Selected Public School Data
2004-2005 School Year

County	Total Enrollment	K-12 Enrollment	Pre-kindergarten Enrollment	Number of Schools	Teachers
Allegany	9,840	9,445	395	27	703
Anne Arundel	73,991	72,641	1,350	119	4,692
Baltimore City	90,677	87,195	3,482	192	5,463
Baltimore	107,701	104,072	3,629	168	7,615
Calvert	17,451	17,101	350	26	1,073
Caroline	5,412	5,171	241	10	358
Carroll	28,792	28,576	216	44	1,820
Cecil	16,535	16,042	493	31	1,061
Charles	26,026	25,292	734	34	1,512
Dorchester	4,788	4,559	229	13	322
Frederick	39,489	38,798	691	61	2,545
Garrett	4,737	4,574	163	18	366
Harford	40,294	39,355	939	51	2,401
Howard	48,219	47,463	756	70	3,405
Kent	2,514	2,392	122	8	164
Montgomery	139,393	136,465	2,928	197	9,505
Prince George's	136,095	131,965	4,130	205	8,229
Queen Anne's	7,713	7,365	348	13	476
St. Mary's	16,567	15,880	687	27	1,022
Somerset	2,952	2,794	158	10	206
Talbot	4,505	4,333	172	8	295
Washington	20,807	20,367	440	46	1,342
Wicomico	14,387	13,894	493	27	1,034
Worcester	6,676	6,442	234	14	540
Total	**865,561**	**842,181**	**23,380**	**1,419**	**56,149**

Note: Baltimore City figures include three elementary schools operated by Edison Schools through a contract with the Maryland State Department of Education.

Source: *The Fact Book: 2004-2005*, Maryland State Department of Education

economically disadvantaged four-year-old children in the State. Although local school systems must fund pre-kindergarten for eligible children, they may use approved private pre-kindergarten programs to provide the service.

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 112,400 students were enrolled in special education programs for the 2004-2005 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, 3,993, or about 3.6 percent, attended nonpublic schools.

In the 2004-2005 school year, there were 1,419 public schools throughout the State: 818 elementary schools; 424 secondary/middle schools; 57 combined/special education schools; and 120 other nontraditional public schools such as outdoor education schools, home and hospital schools, transition programs, atypical special education schools, and alternative schools. Schools must be open at least 180 days over a 10-month period. Elementary and middle schools must be open a minimum of 1,080 hours over the 180 days, and high schools must be open at least 1,170 hours.

The 24 local school systems employed 107,806 full-time equivalent personnel during the 2004-2005 school year. As Exhibit 6.3 shows, 56,506 teachers and therapists accounted for about 52 percent of this total. (See Exhibit 6.2 for county-by-county teacher-only data.)

Exhibit 6.3
Staff Employed by Maryland Public School Systems
2004-2005 School Year

Category	Number	% of Total Staff
Administrators[1]	5,339	5.0%
Teachers[2]	56,506	52.4%
Support Professionals[3]	5,967	5.5%
Instructional Aides	10,402	9.6%
Support Staff[4]	29,609	27.5%
Total	**107,806**	**100.0%**

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

Note: Numbers do not sum to the reported total of 107,806 due to rounding of full-time equivalent positions.

Source: *The Fact Book: 2004-2005*, Maryland State Department of Education

Educational Assessment and Accountability

Accountability for public education 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. Since 1993 Maryland has used State assessments as a basis of measuring school performance.

Beginning in spring 2003, the department implemented the Maryland School Assessment and High School Assessment tests to meet the requirements of the federal No Child Left Behind Act and fulfill State policy. The Maryland School Assessment requires students in grades 3 through 8 to demonstrate academic achievement in reading and math. The Maryland School Assessment tests measure basic as well as higher-level skills. Tests in science will also be required by the spring of 2008 in grades 3, 5, and 8.

The High School Assessments consists of four tests designed to measure school and individual student core academic performance in English, algebra/data analysis, science, and social studies. Students take each test after they complete the course. This includes middle school students taking high-school-level courses. Students graduating from high school in or after 2009 are required to earn a satisfactory score on the High School Assessments in order to earn a Maryland high school diploma.

The Alternate Maryland School Assessment is the Maryland assessment in which students with disabilities participate if, through the Individualized Education Plan process, it has been determined that they cannot participate in the Maryland School Assessment even with accommodations. The Alternate Maryland School Assessment assesses and reports student mastery of individually selected indicators and objectives from the reading and mathematics content standards or appropriate access skills. Alternate Maryland School Assessments are conducted in grades 3 through 8 and 10.

The federal No Child Left Behind Act requires every state to measure adequate yearly progress. In order for a school to achieve adequate yearly progress, it must meet the annual measurable objectives in reading and mathematics for nine student groups: all students, special education students, limited-English-proficient students, students receiving free/reduced price meals, American Indian/Native American students, Asian/Pacific Islander students, African American students, White students, and Hispanic students. For elementary and middle schools, attendance is also used as a measure for adequate yearly progress, while high schools must also meet a graduation rate objective.

If a school misses adequate yearly progress for two consecutive years, the State Board of Education identifies the school for improvement. The five stages of school improvement are described below.

- ***School Improvement Year 1:*** A school enters improvement after not achieving adequate yearly progress for two consecutive years. The school must write a detailed plan to solve the problems in student achievement and must offer parents the option of transferring their children to a higher achieving school in the school system.

- ***School Improvement Year 2:*** A school enters this level of school improvement after not making adequate yearly progress for three consecutive years. In addition to the transfer option, a school must offer supplemental education services (*i.e.*, tutoring) to economically disadvantaged students in the school.

- ***Corrective Action:*** A school enters corrective action after not meeting adequate yearly progress for four consecutive years. The school and school system must take more significant steps to improve performance. The steps may include replacing staff relevant to the failure to make adequate yearly progress, adopting a new curriculum, and extending the school year.

- ***Restructuring Planning:*** A school that fails to achieve adequate yearly progress for five consecutive years must plan for more significant restructuring and must implement the restructuring plan the following year.

- ***Restructuring:*** A school in restructuring must implement an alternative governance structure that may include closing and reopening as a charter school, replacing all or most of the school's staff, or contracting with a private entity to operate the school.

A school in improvement that successfully makes adequate yearly progress for two consecutive years is removed from school improvement. In the 2004-2005 school year, 164 elementary and middle schools and 71 high schools were identified for improvement. Of the 164 elementary and middle schools, 52 were in restructuring status. Of the 71 high schools identified for school improvement, 12 were in restructuring status. On March 29, 2006, the State Board of Education voted to restructure seven middle schools in Baltimore City and to have a third party manage four high schools in the city under the direction of the State Department of Education. However, Chapter 59 of 2006 placed a one-year moratorium on State-imposed school restructuring in Baltimore City.

In 2002, State policy tied educational accountability to school funding, based on the recommendations of the Commission on Education Finance, Equity, and Excellence (Thornton Commission). The commission recommended a standards-based approach to school financing. Under legislation enacted based on Thornton Commission recommendations, each local school system was required to develop a comprehensive master plan to improve performance in every segment of the student population. Each plan included 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. Local school systems were required to submit initial master plans by October 1, 2003, and are required to submit updates to the master plans annually by October 15.

Division of Early Childhood Development

With research repeatedly demonstrating the importance of positive early educational experiences, State policy has focused on early learning initiatives. Chapter 585 of 2005 established the Division of Early Childhood Development within the Maryland State Department of Education, and on July 1, 2005, the Child Care Administration was transferred from the Department of Human Resources to the Office for Childcare within the new Division of Early Childhood Development. In February 2006, the Purchase of Care Program was transferred to the State Department of Education by executive order.

The rationale for the transfers was to more closely align early childhood programs with K-12 education and enhance school readiness in young children. Several other programs, primarily related to child care and early childhood development, were transferred to the Division of Early Childhood Development at the same time as the Child Care Administration. For example, the Maryland Child Care Resource Network links families with child care providers and provides training opportunities to providers. The Home Visiting Consortium helps parents and child care providers learn how to recognize children's developmental needs. The consortium also teaches parents how to care for their children.

The Office of Child Care administers the State's child care credentialing system, issues contracts and grants to child care providers to improve the quality of care, and is responsible for licensing and monitoring child care centers and family child care providers. In addition to the Office of Child Care, the division also includes the Early

Learning Branch that was formerly within the State Department of Education's Division of Instruction. The Purchase of Care Program provides child care vouchers to disadvantaged families to allow parents to work or participate in activities that lead to employment.

Another early childhood program, the Maryland Infants and Toddlers Program, provides a system of comprehensive community-based intervention services for very young children (birth through age two) with developmental delays and disabilities. The Maryland State Department of Education oversees local infants and toddlers programs established in the 23 counties and Baltimore City.

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 skills training, vocational education, and rehabilitation programs. An estimated 380 students were enrolled at both campuses in fiscal 2005.

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 2005, the school served 183 students (105 residential students and 78 day students). Over half the school's students are profoundly disabled, and many are deaf/blind. In addition to specialized educational 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

The role of the Maryland State Department of Education in educating students in juvenile facilities is being expanded. Chapter 53 of 2003 was enacted to reform the juvenile services system in Maryland and required the department to assume control over the educational programming at the Charles H. Hickey, Jr. School. The responsibility for the educational programming at facilities operated by the Department of Juvenile Services was expanded under Chapter 535 of 2004, which required the department to provide educational services in all residential facilities of the Department of Juvenile Services by July 1, 2012. By fiscal 2006, the Maryland State Department of Education

had assumed control of the educational programs at the Hickey School, the Lower Eastern Shore Children's Center, and the Baltimore City Juvenile Justice Center.

The Maryland State Department of Education also administers correctional education programs 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 Maryland Correctional Enterprises, educational assessment, and pre-release preparatory services. For further information on correctional education see Chapter 14 of this volume of the legislative handbook series.

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 to 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 2005 was 15,986. 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. For further information on Rehabilitation Services see Chapter 14 of this volume of the legislative handbook series.

Career and Technology Education

Career and Technology Education within the Maryland State 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 109,000 secondary students and nearly 56,000 post-secondary enrollees in fiscal 2005, 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.

Funding

In fiscal 2004, local, State, and federal funding for public primary and secondary education totaled almost $9.2 billion. As shown in Exhibit 6.4, the majority of this funding, approximately $8.9 billion, was provided to local boards of education to support public schools around the State. Local governments were the largest contributors to local boards of education, providing $4.6 billion, with the State providing $3.4 billion. The federal government ($581 million) and local board sources ($229 million) provided the remainder of local board of education funding.

In addition to funding for local boards of education, $228 million supported primary and secondary education services provided through cabinet-level departments in fiscal 2004. Of this amount, $95 million went to the Maryland State Department of Education to provide for statewide education administration. (This does not include funds provided for adult education, correctional education, library services, and rehabilitation services, which are discussed in other chapters of this volume of the legislative handbook series.) Another $132 million supported the early childhood development programs that were transferred from the Department of Human Resources to the Maryland State Department of Education in fiscal 2006 and 2007. Of the $228 million total, more than half, approximately $128 million, was supported with federal funds. The State also appropriated $22 million, including $21 million in State funds, to the Maryland School for the Deaf, an independent State agency.

Through the Maryland State Department of Education, the State also funded some organizations and programs that are not State agencies, based upon their functions and contributions to education in the State. The majority of the funding for State-aided educational organizations, which was approximately $29.7 million, came from State funds, with $3.8 million coming from local contributions to the Maryland School for the Blind. The total State appropriation for these organizations in fiscal 2004 was nearly $26 million, including $1 million in federal funds. Most of this funding, $16 million, went to the Maryland School for the Blind, which provides comprehensive education to visually impaired children.

In fiscal 2004, the State also provided $28.3 million for education and other children's services to the Subcabinet Fund for Children, Youth, and Families, and the federal government provided $25.1 million for the fund. The Maryland State Department of Education serves as the fiscal agent for the fund, which supports the coordinated delivery of services to the State's children, youth, and families. Most of the funding is distributed to local management boards responsible for overseeing the delivery of services in local jurisdictions. These services and the related funding are discussed in Chapter 11 of this volume of the legislative handbook series.

Exhibit 6.4
Primary and Secondary Education Funding – Fiscal 2004
($ in Millions)

	County Revenues	Other Local Revenues[1]	State	Federal	Total
Local School Boards					
Operating Revenues[2]	$4,171.1	$62.6	$3,291.6	$463.1	$7,988.3
Other[3]	468.0	166.3	143.5	117.9	895.8
State Department of Education[4]					
Career Technology			1.2	2.1	3.3
Accountability & Assessment			26.7	7.9	34.6
Early Childhood Development[5]			45.1	87.4	132.4
Administration & Other Programs			26.5	31.1	57.6
School for the Deaf			21.2	1.0	22.2
Educational Organizations					
School for the Blind		3.8	15.0	1.0	19.8
Other Organizations			9.9		9.9
Total	**$4,639.1**	**$232.7**	**$3,580.7**	**$711.5**	**$9,163.9**
Percent of Total	**50.6%**	**2.5%**	**39.1%**	**7.8%**	**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 supports costs for instruction, administration, transportation, student services, health services, and community services.
[3] Other school board funding supports food service, school construction, and debt service costs.
[4] State Department of Education funding includes expenditures for headquarters operations and programs, excluding rehabilitation services, library services, adult learning, and correctional education. In fiscal 2004, $1 million in the correctional education division was transferred to the Department of Juvenile Services to support educational programs in juvenile facilities.
[5] Early Childhood Development combines fiscal 2004 funding for the Child Care Administration and the Purchase of Care Program (child care voucher), which were transferred from the Department of Human Resources in fiscal 2006 and 2007, respectively.

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

Source: *Selected Financial Data 2003-2004, Part I – Revenue, Wealth, and Effort*, Maryland State Department of Education; *Fiscal 2006 State Budget Books;* Maryland School for the Blind; Department of Legislative Services

As summarized in Exhibit 6.4, county governments provided almost 51 percent of the total funding for public education in fiscal 2004. State funding, including support for State agencies that provide educational services and State-aided educational institutions, accounted for another 39 percent. Revenues generated by the school systems and federal aid made up the remaining 10 percent of total funding for primary and secondary education services.

Funding for Local School System Operating Expenses

The majority of funding for primary and secondary education is provided to local boards of education to support the more than 1,400 public schools in Maryland. This section looks at the funding for public school systems from two perspectives: (1) where the money comes from; and (2) how it is spent.

Local School System Revenues

Funding local school systems is primarily a State and county responsibility. As shown in Exhibit 6.5, county governments provided more than half (52 percent) of the total operating revenues for local school systems in fiscal 2004. State law contains a county maintenance-of-effort provision that requires each local government to appropriate at least as much funding per pupil to the local board of education as it appropriated in the previous fiscal year. Local governments must meet the requirement in order to receive an increase in certain State program aid. Non-recurring costs may be excluded from maintenance of effort if approved by the State Board of Education. In addition, the State board may grant a county government experiencing fiscal problems a temporary or partial waiver of the maintenance-of-effort requirement.

State aid to the local school systems accounted for 41 percent of revenues in fiscal 2004, and another 6 percent of school system funds came from federal aid. Although State and federal aid combined to make up nearly half of total school system revenues, the percentages vary by system. For example, State and federal aid accounted for 26 percent of Montgomery County's fiscal 2004 revenues, while Baltimore City received 76 percent of its revenues from nonlocal sources. Much of this variance derives from State and federal efforts to target aid to low-wealth jurisdictions and school systems with high proportions of at-risk students.

Through fiscal 2003, the State funded public schools through approximately 50 different State aid programs. Beginning in fiscal 2004, the Bridge to Excellence in Public Schools Act of 2002 established a new funding framework based on recommendations made by the Thornton Commission.

Exhibit 6.5
Operating Revenues for Local School Systems[1] – Fiscal 2004
($ in Thousands)

County	Local Approp[2]	% Local	Other Local[3]	% Other Local	State	% State	Federal	% Federal	Total
Allegany	$26,219	30%	$578	1%	$52,255	59%	$9,690	11%	$88,741
Anne Arundel	390,600	60%	2,985	0%	224,235	34%	33,680	5%	651,500
Baltimore City	207,555	23%	6,313	1%	593,685	66%	91,770	10%	899,323
Baltimore	560,335	57%	3,118	0%	358,620	37%	53,773	6%	975,846
Calvert	76,413	51%	2,352	2%	62,681	42%	7,785	5%	149,230
Caroline	10,877	24%	561	1%	29,577	65%	4,186	9%	45,202
Carroll	119,534	51%	1,369	1%	103,423	44%	11,817	5%	236,144
Cecil	56,090	42%	730	1%	67,223	51%	8,181	6%	132,225
Charles	94,944	46%	2,021	1%	98,455	48%	10,889	5%	206,310
Dorchester	15,069	35%	902	2%	22,468	53%	4,242	10%	42,680
Frederick	169,944	53%	3,317	1%	134,818	42%	13,478	4%	321,557
Garrett	17,590	40%	170	0%	21,649	50%	4,217	10%	43,626
Harford	148,151	47%	1,898	1%	150,070	47%	15,826	5%	315,945
Howard	310,590	66%	6,129	1%	142,080	30%	15,344	3%	474,142
Kent	13,125	52%	873	3%	9,134	36%	2,242	9%	25,373
Montgomery	1,132,070	74%	12,610	1%	334,011	22%	59,760	4%	1,538,451
Prince George's	527,648	43%	11,969	1%	610,365	50%	68,104	6%	1,218,086
Queen Anne's	35,007	55%	653	1%	23,883	38%	4,027	6%	63,571
St. Mary's	56,215	43%	680	1%	63,166	48%	11,231	9%	131,292
Somerset	8,562	30%	229	1%	16,195	57%	3,644	13%	28,630
Talbot	25,846	64%	750	2%	10,470	26%	3,216	8%	40,282
Washington	74,825	45%	632	0%	81,694	49%	10,327	6%	167,478
Wicomico	45,680	37%	1,369	1%	65,433	53%	10,089	8%	122,571
Worcester	48,164	69%	391	1%	15,968	23%	5,614	8%	70,137
Total	**$4,171,051**	**52%**	**$62,600**	**1%**	**$3,291,558**	**41%**	**$463,133**	**6%**	**$7,988,342**

[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.

Note: Numbers may not sum to the total due to rounding.
Source: *Selected Financial Data 2003-2004, Part I – Revenue, Wealth, and Effort*, Maryland State Department of Education

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 recommended 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 and school systems 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 departed from Maryland's existing school finance structure in two significant ways. First, a link was required between the level of funding that school systems receive and the outcomes that are expected of students. Second, local school systems were given broad flexibility to decide how to best utilize resources to meet the needs of their students.

Using the new paradigm, the Bridge to Excellence Act eliminated approximately half of the existing State aid programs, many of which funded specific school initiatives, and phased in funding enhancements through large block grants that do not require the implementation of specific education strategies. Funding for the grants is determined by local wealth and student enrollments, including enrollments of populations that are at greater risk of not meeting academic performance standards. By fiscal 2008, the State will be providing an estimated $5.0 billion for public primary and secondary education, an increase of $2.1 billion or 73 percent since fiscal 2002. The largest State aid programs are described below. Although a number of smaller programs remain as part of the State finance structure, the programs discussed below make up approximately 97 percent of total State aid to local school systems in fiscal 2007.

Foundation Program: The foundation program funds a base per pupil amount for all students in the State, which is shared by the State and local governments. The per pupil amount is based on an "adequate" funding level, as defined by the Thornton Commission and the Bridge to Excellence legislation. The target per pupil funding level will be achieved in fiscal 2008 and will be increased annually to reflect inflation in subsequent years. The overall State share of the foundation program is 50 percent, but actual State and local shares vary by county depending on local wealth – the less wealthy school systems as measured by property assessable base and net taxable income receive relatively more funds per pupil than wealthier school systems.

Formulas for At-risk Students: The State allocates additional funds based on enrollments of three at-risk student subgroups: (1) special education students; (2) limited-English-proficient students; and (3) economically disadvantaged students. State aid is provided through three formulas, one for each of the groups. The amounts distributed through the three formulas are linked to the per pupil amounts identified in the

Thornton Commission's adequacy study as the appropriate levels of funding needed to provide the resources that would enable at-risk students to meet State performance standards. The aid amounts under each formula are also adjusted for local wealth.

Guaranteed Tax Base Program: The guaranteed tax base program provides an incentive for low-wealth jurisdictions to increase their local board of education appropriations. The program distributes State funding to local jurisdictions that have less than 80 percent of the statewide wealth per pupil. The amount of funding that each local school system receives is determined by local wealth and the effort that the local government makes to fund education. A higher local appropriation results in more State aid for the local school system.

Student Transportation Aid: Funding to support student transportation to and from schools is provided to each local school system through two formulas. The first provides base transportation grants that increase each year with inflation and enrollment growth. The second provides additional funds for each student who requires special transportation services due to a disability. In fiscal 2008 and subsequent fiscal years, the allocation for disabled student transportation will be $1,000 per pupil.

Teachers' Retirement: The State funds 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. Rather than distributing the funds to local school systems, the State appropriates a lump-sum payment to the retirement systems "on-behalf-of" the school systems. Local school systems are required to reimburse the State for the retirement costs of employees funded under federal programs.

Nonpublic Placements: The State provides local school systems with additional aid for students with disabilities for whom the local school systems cannot provide appropriate education programs in regular public schools. A formula determines how the State and local school systems split the costs of educating these students in nonpublic programs. The State funds 80 percent of the approved program costs above a calculated initial contribution paid by each local school system.

Local School System Expenditures

Operating expenditures for education totaled $7.9 billion in fiscal 2004. As shown in Exhibit 6.6, instructional outlays of $4.2 billion were the single largest component of operating expenditures, followed by special education instruction expenditures of

Exhibit 6.6
Local School System Expenditures – Fiscal 2004
($ in Millions)

Expenditure Category[1]	Amount	% of Operating Expenditures
Instruction	$4,185.6	52.7%
Special Education Instruction	1,181.1	14.9%
Administration	882.9	11.1%
Plant Operation and Maintenance	741.3	9.3%
Transportation	427.8	5.4%
Other[2]	137.2	1.7%
State-paid Retirement	383.6	4.8%
Total Operating Expenditures	**$7,939.4**	**100.0%**

[1] Fringe-benefit costs, other than State-paid teachers' retirement, are apportioned within the expenditure categories.
[2] Other operating expenses include student personnel services, health services, community services, and current capital outlay.

Notes: Expenditures do not match revenues due to deficit-reduction efforts, fund balances, and transfers to revolving funds.
Numbers may not sum to the total due to rounding.

Source: *Selected Financial Data 2003-2004, Part 2 – Expenditures,* Maryland State Department of Education

$1.2 billion. Combined, the two instruction categories accounted for 68 percent of spending in fiscal 2004. Administration ($883 million) and plant maintenance and operations ($741 million) were the next largest categories, comprising 11 and 9 percent of spending, respectively, in fiscal 2004.

Exhibit 6.7 shows that per pupil spending statewide rose from $7,467 in fiscal 2000 to $9,078 in fiscal 2004. This represents average annual growth of 5.0 percent statewide, although the average annual rate of growth varied from a low of 4.0 percent in Baltimore City and Harford County to a high of 8.3 percent in Worcester County. The exhibit also shows that the ratio of per pupil spending in the highest spending district to per pupil spending in the lowest spending district was 1.44 to 1 in fiscal 2004. In other words, per pupil spending in Montgomery County was 44 percent higher than it was in Harford County. Five factors account for most of the spending disparities that continue to exist in per pupil expenditures among counties.

Exhibit 6.7
Per Pupil Operating Expenditures *
Selected Fiscal Years

County	FY 2000	FY 2004	Average Annual Growth 2000-2004
Allegany	$6,967	$8,789	6.0%
Anne Arundel	7,191	8,796	5.2%
Baltimore City	7,963	9,326	4.0%
Baltimore	7,321	8,899	5.0%
Calvert	6,706	8,731	6.8%
Caroline	6,420	8,343	6.8%
Carroll	6,622	8,223	5.6%
Cecil	6,729	8,212	5.1%
Charles	6,749	8,016	4.4%
Dorchester	7,435	9,025	5.0%
Frederick	6,574	8,418	6.4%
Garrett	6,978	8,782	5.9%
Harford	6,532	7,655	4.0%
Howard	7,880	9,928	5.9%
Kent	7,964	10,008	5.9%
Montgomery	8,888	10,994	5.5%
Prince George's	7,116	8,365	4.1%
Queen Anne's	6,967	8,537	5.2%
St. Mary's	6,953	8,168	4.1%
Somerset	8,034	9,951	5.5%
Talbot	6,819	9,073	7.4%
Washington	6,792	8,167	4.7%
Wicomico	7,012	8,643	5.4%
Worcester	7,769	10,673	8.3%
Total	**$7,467**	**$9,078**	**5.0%**

* 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 service. Pre-kindergarten through grade 12 students are included in the enrollment counts.

Source: *Selected Financial Data 1999-2000* and *2003-2004, Part 2 – Expenditures*, Maryland State Department of Education

- ***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 pupil State and federal aid distributions to local school boards vary considerably.

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 of the funding is to provide local property tax relief; relieve the subdivisions of a portion of the high costs of school construction; address the backlog of school construction, renovation, and replacement; and equalize educational facilities and opportunities throughout the State.

The Bridge to Excellence in Public Schools Act established the Task Force to Study Public School Facilities to review the adequacy and equity of the State's Public School Construction Program. The task force recommended extensive changes to the program, many of which were implemented in the Public School Facilities Act of 2004. The Act directed the Board of Public Works to develop a new State and local cost-share formula. Exhibit 6.8 shows the cost-share formula in effect for fiscal 2006 to 2008. 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. Less-wealthy jurisdictions, as measured by net taxable income and assessable property base, receive a greater share of construction costs than wealthier subdivisions.

Exhibit 6.8
State Share of Eligible Costs
for Public School Construction
Fiscal 2006-2008

50%	55-69%	70-74%	75-89%	90+%
Anne Arundel	Howard (58)	Cecil (70)	Prince George's* (75)	Allegany (90)
Baltimore	Carroll (65)	Charles (70)	Dorchester (77)	Somerset (97)
Kent	Harford (65)	Garrett (70)	Wicomico (81)	Baltimore City** (97)
Montgomery	Washington (65)	Queen Anne's (70)	Caroline (89)	
Talbot	Calvert (69)	Frederick (72)		
Worcester		St. Mary's (72)		

* For fiscal 1999-2005, the State provided 75 percent of Prince George's County's eligible for the first $35 million, and for funding above $35 million, the State provided 60 percent (fiscal 1999-2003), or 65 percent (fiscal 2004-2005) of eligible costs. For fiscal 2006-2008, the State provides 75 percent of eligible costs for the first $35 million, and for funding above $35 million, 69 percent of eligible costs.

**For fiscal 1998-2005, the State provided 90 percent of Baltimore City's eligible costs for the first $10 million, (fiscal 1998-2001) or $20 million (fiscal 2002-2005), and for funding above $10 million or $20 million, the State provided 75 percent of eligible costs. For fiscal 2006-2008, the State provides 97 percent of eligible costs.

Source: Public School Construction Program; Department of Legislative Services

The Public School Facilities Act also contained a statement of intent to fund $3.85 billion in school construction from fiscal 2006 through 2013, necessitating annual State funding of $250 million, with the remainder of the costs to be paid by local governments. As Exhibit 6.9 shows, funding reached the target level in fiscal 2006 and exceeded the target in fiscal 2007.

Exhibit 6.9
Public School Construction
Capital Funding Authorization by the General Assembly
Fiscal 2003-2007
($ in Thousands)

County	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	5-year Total	% of Total
Allegany	$0	$240	$125	$12,000	$18,650	$31,015	3.2%
Anne Arundel	8,831	7,662	7,329	19,457	22,675	65,954	6.8%
Baltimore City	13,840	11,151	11,483	21,523	39,436	97,433	10.0%
Baltimore	12,470	11,541	11,563	25,218	35,053	95,845	9.8%
Calvert	10,891	6,600	7,344	3,437	2,723	30,995	3.2%
Caroline	1,055	1,175	269	4,699	2,935	10,133	1.0%
Carroll	8,534	6,538	6,768	7,434	8,282	37,556	3.9%
Cecil	0	5,023	8,246	8,656	8,271	30,196	3.1%
Charles	10,598	6,463	6,400	8,267	10,200	41,928	4.3%
Dorchester	3,268	177	991	656	872	5,964	0.6%
Frederick	11,525	10,380	9,657	11,910	17,942	61,414	6.3%
Garrett	2,395	984	1,098	1,507	1,235	7,219	0.7%
Harford	6,181	5,356	7,439	8,287	11,096	38,359	3.9%
Howard	12,356	9,254	8,800	15,273	17,808	63,491	6.5%
Kent	550	345	555	2,000	3,479	6,929	0.7%
Montgomery	18,000	10,584	9,036	30,431	40,040	108,091	11.1%
Prince George's	18,000	12,763	10,174	29,833	37,425	108,195	11.1%
Queen Anne's	5,000	3,004	338	6,897	3,000	18,239	1.9%
St. Mary's	7,443	3,989	5,883	3,271	5,495	26,081	2.7%
Somerset	0	163	3,612	14,300	12,022	30,097	3.1%
Talbot	0	0	0	2,422	2,405	4,827	0.5%
Washington	1,361	2,003	2,375	6,431	4,478	16,648	1.7%
Wicomico	2,684	729	3,993	7,616	4,178	19,200	2.0%
Worcester	1,518	376	2,400	2,241	6,872	13,407	1.4%
Bond Premiums*					6,100	6,100	0.6%
Total	**$156,500**	**$116,500**	**$125,878**	**$253,766**	**$322,672**	**$975,316**	**100.0%**

*****The General Assembly authorized $16 million in fiscal 2007 bond premium funds to replace $6.1 million of previously allocated funds that were improperly allocated to other jurisdictions by the Interagency Committee on School Construction. Of the remaining $9.9 million of the total $16 million, $8.4 million was allocated to Allegany County to complete funding for the county's new high school project, and $1.5 million was allocated to Somerset County for Tawes Intermediate School.

Source: Public School Construction Program; Department of Legislative Services

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 University System of Maryland, 2 four-year public institutions independent of the University System of Maryland, 8 regional higher education centers, 16 community colleges, and a multitude of private colleges and universities. In fiscal 2005, 231,002 full-time equivalent students enrolled in a college or university in Maryland. The largest portion of the students (45 percent) attended public four-year institutions while 39 percent enrolled at community colleges and 16 percent enrolled at private institutions.

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 provided a substantial portion of the revenues at the public four-year institutions (38 percent) and the community colleges (26 percent) in fiscal 2005 – with local governments responsible for 33 percent of community college revenues. Maryland's private colleges and universities also receive direct financial assistance from the State.

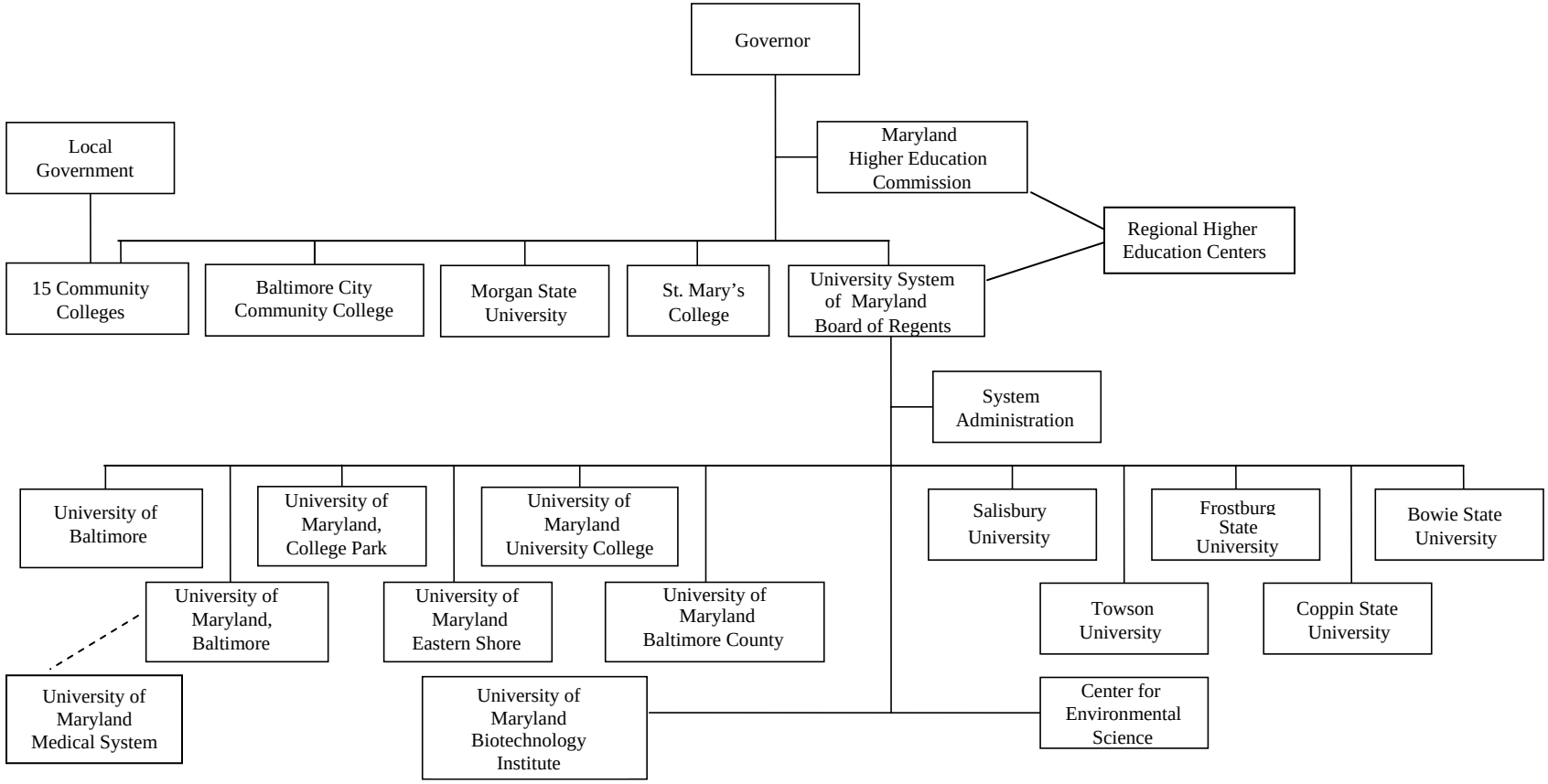
Structure

Responsibility for the delivery of public higher education services lies primarily with the State, as shown in Exhibit 7.1. 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.

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 is governed by 12 members. The Governor, with the advice and consent of the Senate, appoints the commission's members and the Secretary of Higher Education. Eleven commissioners serve five-year terms and one, a student member, is appointed for a one-year term.

Exhibit 7.1
Maryland Public Higher Education System



Source: Department of Legislative Services

University System of Maryland

The University System of Maryland encompasses 11 degree-granting institutions and 2 research institutes (the Center for Environmental Science 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 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 agencies in areas such as management of capital projects, creation of debt, development of a personnel system, and procurement. University System of Maryland presidents have the authority to create new academic programs on their campuses (with approval of the Board of Regents and, in some cases, the Maryland Higher Education Commission) and to make and implement policies promoting the missions of their respective campuses.

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 hospital is a teaching hospital, and many doctors and other medical professionals are also on the faculty of the University of Maryland, Baltimore. 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 are public four-year institutions that 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 institutions, the boards have responsibility for selecting the president, setting tuition and fees, and providing general operational oversight. General operational oversight functions include the establishment of a personnel and procurement

system, preparation of the budget, and, most recently due to legislation enacted in 2006, management of all capital projects.

Regional Higher Education Centers

Eight regional higher education centers are located throughout Maryland. The University System of Maryland operates two centers, and six independent centers exist in areas not served by comprehensive four-year institutions. A regional higher education center includes participation by two or more institutions of higher education, consists of a variety of program offerings, and offers multiple degree levels. These centers may provide a full range of postsecondary programs and services including lower- and upper-level undergraduate degree programs as well as graduate and professional degree programs. The purpose of regional higher education centers is to provide access to higher education programs in unserved or underserved areas of the State and to respond to the needs of businesses and industries in the areas they serve.

Since 2000, the Maryland Higher Education Commission has been responsible for the coordination of the regional higher education centers. This responsibility includes approving the centers' mission statements and ensuring that the programs and courses offered are within the scope of the approved mission statements. In addition, the commission is responsible for making recommendations for State funding for the centers to the Governor and the General Assembly, as well as administering funds to the non-University System of Maryland centers, including the Eastern Shore Regional Higher Education Center, Higher Education and Applied Technology Center, Laurel College Center, Southern Maryland Higher Education Center, Waldorf Center for Higher Education, and newly created Anne Arundel Community College Regional Higher Education Center at Arundel Mills. The University System of Maryland administers operating funding for the Shady Grove and Hagerstown centers.

Each of the eight regional higher education centers has its own system of governance. The governance structure of a regional higher education center directly impacts institutional participation and the academic offerings at each center. Some centers permit participation from all types of institutions whether they are in-state, out-of-state, or for-profit or not-for-profit. Other centers are limited by their governance structure to work only with certain types or specific institutions.

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, which has been operated as a State agency since fiscal 1991. 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 College of Southern Maryland 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. For Chesapeake College, the board is appointed by the Governor with the advice and consent of the Maryland House of Delegates.

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 and approval of the Maryland Higher Education Commission, each board may determine entrance requirements and approve course offerings.

Under 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 policies 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 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.

Exhibit 7.2
Community Colleges in Maryland

College	Est.	Main Location (Satellite Locations)	County Service Area	Board Members	Board Terms (Years)	Term Limits
Allegany	1961	Cumberland (Bedford and Somerset counties in PA)	Allegany	7	6	No Limit
Anne Arundel	1962	Arnold (Arundel Mills and Glen Burnie)	Anne Arundel	8[1]	6	No Limit
Baltimore City	1947[2]	Baltimore City – Liberty (Harbor and Reistertown campuses)	Baltimore City	9[1]	6	2
Baltimore	1956[3]	Catonsville, Essex, Dundalk (Hunt Valley, Owings Mills, and White Marsh campuses)	Baltimore	15[4]	5	2
Carroll	1993	Westminster (Sykesville)	Carroll	7	6	No Limit
Cecil	1968	North East (Elkton and Port Deposit)	Cecil	7	6	No Limit
Chesapeake	1965	Wye Mills (Easton and Cambridge)	Caroline, Dorchester, Kent, Queen Anne's, Talbot	10[5]	5	3
Frederick	1957	Frederick	Frederick	7	5	3
Garrett	1966	McHenry	Garrett	7	6	No Limit
Hagerstown	1946	Hagerstown	Washington	7	6	No Limit

Exhibit 7.2 (continued)
Community Colleges in Maryland

College	Est.	Main Location (Satellite Locations)	County Service Area	Board Members	Board Terms (Years)	Term Limits
Harford	1957	Bel Air	Harford	9[6]	5	2
Howard	1966	Columbia (Elkridge)	Howard	7	6	No Limit
Montgomery	1946	Rockville, Takoma Park, Germantown	Montgomery	10[1]	6	No Limit
Prince George's	1958	Largo	Prince George's	8[1]	5	2
Southern Maryland	1958[7]	La Plata, Leonardtown, Prince Frederick, Waldorf (Lexington Park)	Charles, Calvert, St. Mary's	9	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 one at-large member and two from each of the seven council districts.

[5]The Governor 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; Maryland Association of Community Colleges – *2006 Maryland Community College Directory* http://www.mdacc.org/resources/directory_03042005.pdf

Services

Maryland's public post-secondary education programs can be grouped into four basic categories: (1) systemwide oversight/initiatives (Maryland Higher Education Commission); (2) four-year institutions; (3) regional higher education centers; and (4) community colleges.

Maryland Higher Education Commission

The Maryland Higher Education Commission establishes and updates the State Plan for Postsecondary Education every four years and approves new academic programs, regional higher education centers, and two-year and four-year public and private institutions to operate in the State. 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.

Legislation enacted in 1999 clarified the Maryland Higher Education Commission's planning and coordinating role and established the commission's State Plan for Postsecondary 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 unique role of institutions in the system, including the flagship role of the University of Maryland, College Park.

The 2004 State Plan for Higher Education (called the 2004 Maryland State Plan for Postsecondary Education) called for the development of an effective statewide model for postsecondary education. The scope of work for this statewide model included an analysis of student access- and workforce development-friendly tuition levels, State appropriations, and financial aid (institutional, State, and federal). In addition, the creation of a 10-year growth plan was included in the scope of work. The Maryland Higher Education Commission and a legislatively established independent commission will review proposed models and make recommendations in 2007.

College Savings Plans of Maryland

Although not under the aegis of the Maryland Higher Education Commission, 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, 10-member board that includes the Comptroller, State Treasurer, and State Secretary of Higher Education, 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 mandatory fees in Maryland by purchasing a contract based on current tuition and mandatory 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, which states that the Governor must include funds in the budget to meet the full benefits associated with the investments. However, the legislature has final approval of the budget. 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.

Public Four-year Institutions

Maryland's public four-year higher education institutions enrolled 100,599 full-time equivalent students in fiscal 2005 of which approximately 76 percent were in-state students. Exhibit 7.3 shows trends in higher education enrollment. Exhibits 7.4 and 7.5 provide information on the costs of attending each of the institutions for in-state and out-of-state students. The State has three major public research institutions, four public historically black institutions, and seven other institutions with varying missions. The distinguishing characteristics of each four-year institution are described in Exhibit 7.6. Non-degree granting programs administered by the University System of Maryland are discussed below.

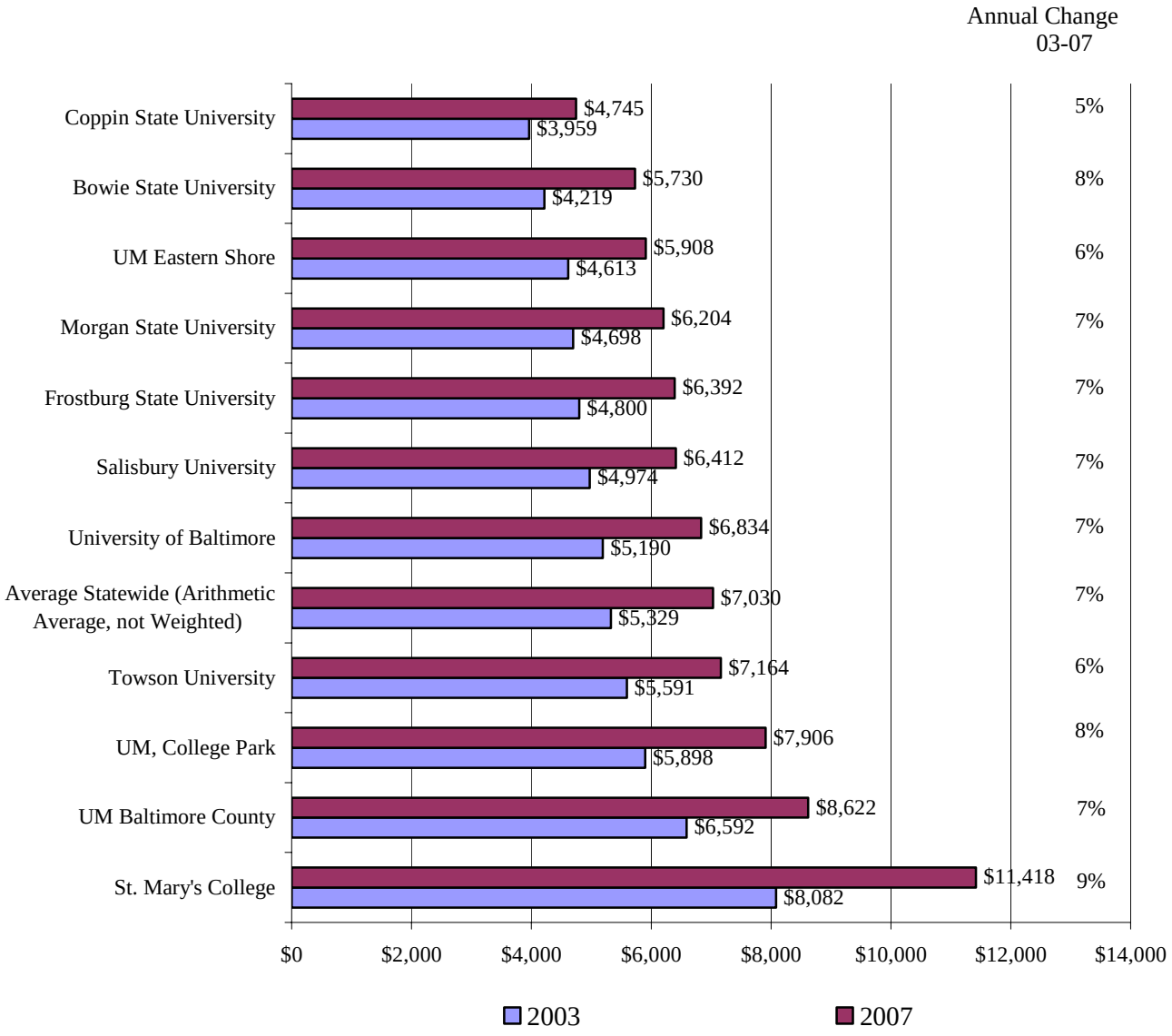
Exhibit 7.3
Higher Education Enrollment Trends
Full-time Equivalent Students
Fiscal 2003, 2005, and 2007

Institution	Fiscal 2003 Actual	Fiscal 2005 Actual	Fiscal 2007 Estimate	% 03-07 Change
University of Maryland, Baltimore	5,144	5,242	5,465	6%
University of Maryland, College Park	28,106	28,088	28,241	0%
Bowie State University	3,814	4,059	4,476	17%
Towson University	13,771	14,021	14,955	9%
University of Maryland Eastern Shore	3,348	3,277	3,641	9%
Frostburg State University	4,439	4,401	4,449	0%
Coppin State University	2,947	3,035	3,094	5%
University of Baltimore	3,280	3,349	3,650	11%
Salisbury University	5,882	6,078	6,523	11%
University of Maryland University College	9,284	11,411	13,404	44%
University of Maryland Baltimore County	9,116	9,331	9,569	5%
Subtotal, University System of Maryland	**89,131**	**92,292**	**97,467**	**9%**
St. Mary's College	1,836	1,995	1,995	9%
Morgan State University	5,990	6,312	5,951	0%
Total	**96,957**	**100,599**	**105,413**	**9%**

Note: University of Maryland University College enrollment excludes non-Maryland on-line.

Source: Maryland State Budget, fiscal 2006 and 2007

Exhibit 7.4
Tuition and Fees for Full-time In-state Undergraduate Students
Fiscal 2003 and 2007

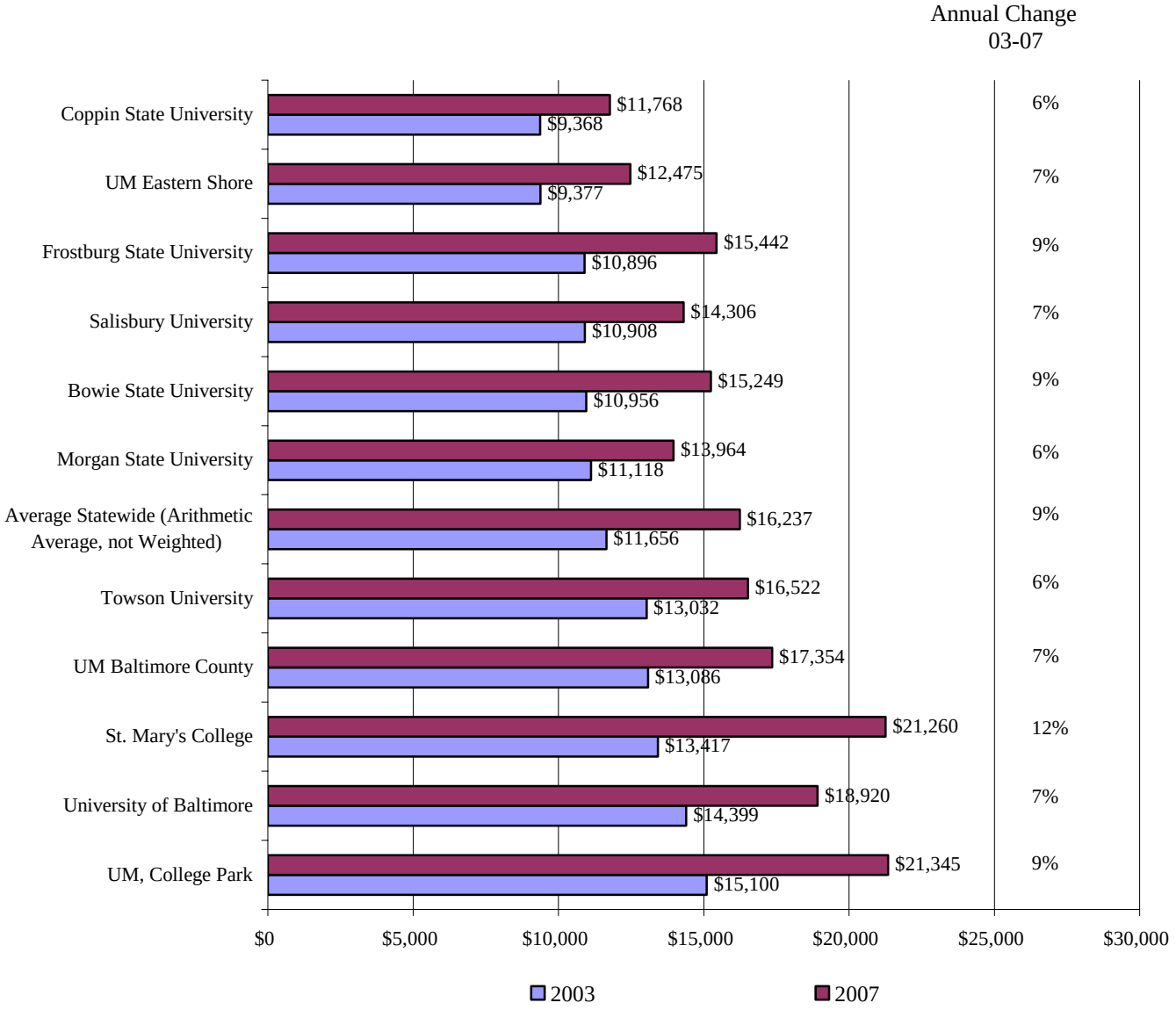


UM: University of Maryland

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

Source: *Fiscal 2006 State Budget Books*; *Fiscal 2007 State Budget Books*; University System of Maryland; St. Mary's College of Maryland; Morgan State University

Exhibit 7.5
Tuition and Fees for Full-time Out-of-state Undergraduate Students
Fiscal 2003 and 2007



UM: University of Maryland

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

Source: *Fiscal 2006 State Budget Books*; *Fiscal 2007 State Budget Books*; University System of Maryland; St. Mary's College of Maryland; Morgan State University

Exhibit 7.6
Summary of Public Four-year Institutions

Institution	Location	Carnegie Classification	Mission Statement	Retention Rate[1]	Graduation Rate[2]	Combined SAT Score[3]
Bowie State University	Bowie, Prince George's County	Master's Colleges and Universities (larger programs)	First historically black institution in Maryland; regional comprehensive university; committed to becoming the "premier teacher of teachers."	72.7%	41.1%	892
Coppin State University	Baltimore City	Master's Colleges and Universities (medium programs)	Regional comprehensive university; historically black institution; urban four-year liberal arts university.	65.3%	26.5%	858
Frostburg State University	Frostburg, Allegany County	Master's Colleges and Universities (larger programs)	Regional comprehensive university; only four-year public institution west of Baltimore-Washington metropolitan area.	73.7%	57.1%	1,016
Salisbury University	Salisbury, Wicomico County	Master's Colleges and Universities (larger programs)	Regional comprehensive university providing undergraduate liberal arts, sciences, and professional programs and select, mostly applied, graduate programs.	81.1%	72.8%	1,121
Towson University	Towson, Baltimore County	Master's Colleges and Universities (larger programs)	Largest regional comprehensive university; leader in professional development of teachers.	84.5%	63.9%	1,078

Exhibit 7.6 (continued)
Summary of Public Four-year Institutions

Institution	Location	Carnegie Classification	Mission Statement	Retention Rate[1]	Graduation Rate[2]	Combined SAT Score[3]
University of Baltimore	Baltimore City	Master's Colleges and Universities (larger programs)	Upper division, professional, and undergraduate institution (first freshman class to enroll fall 2007); career-oriented education with an emphasis on applied and professional degrees in law, business, and liberal arts.	n/a	n/a	n/a
University of Maryland, Baltimore	Baltimore City	Special Focus Institutions – Medical Schools and Medical Centers	Research institution; only public academic health center in State; primarily offers graduate degrees in law, nursing, medicine, pharmacy, and social work.	n/a	n/a	n/a
University of Maryland Baltimore County	Catonsville, Baltimore County	Research Universities (high research activity)	Research institution; an honor's research university.	82.1%	61.8%	1,221
University of Maryland, College Park	College Park, Prince George's County	Research Universities (very high research activity)	Research institution; original State land-grant institution; legislatively mandated flagship institution.	92.1%	72.9%	1,254

Exhibit 7.6 (continued)
Summary of Public Four-year Institutions

Institution	Location	Carnegie Classification	Mission Statement	Retention Rate[1]	Graduation Rate[2]	Combined SAT Score[3]
University of Maryland Eastern Shore	Princess Anne, Somerset County	Master's Colleges and Universities (smaller programs)	Historically black institution; 1890 land-grant institution:	66.9%	49.5%	838
University of Maryland University College	Adelphi, Prince George's County	Master's Colleges and Universities (larger programs)	Global university providing both on-line and face-to-face education.	n/a	n/a	n/a
Morgan State University	Baltimore City	Doctoral/ Research Universities	Research and historically black institution; legislatively mandated public urban university; working to increase Baltimore City public school applicants.	70.4%	41.2%	904
St. Mary's College of Maryland	St. Mary's City, St. Mary's County	Baccalaureate Colleges – Arts & Sciences	Co-educational honor's liberal arts college with a Master of Arts in Teaching (2006); known for capstone St. Mary's project.	89.3%	79.9%	1,248

[1] Retention rate is the second-year retention rate for the 2003 cohort – all students in fall 2004.
[2] Graduation rate is for the 2000 cohort in fall 2004.
[3] Combined SAT score is the score for entering freshmen for fall 2004.

Source: Carnegie Foundation for the Advancement of Teaching (Carnegie Classifications Data File, July 7, 2006); *Fiscal 2007 State Budget Books*; *2006 Data Book*, Maryland Higher Education Commission; Department of Legislative Services

Research Institutes

University of Maryland Biotechnology Institute

The University of Maryland Biotechnology 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: Center for Advanced Research in Biotechnology, Center for Marine Biotechnology, Medical Biotechnology Center, Center for Agricultural Biotechnology, and Institute of Human Virology. The Institute of Human Virology was in the process of being transferred to the University of Maryland, Baltimore in fiscal 2007. 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.

University of Maryland Center for Environmental Science

The University of Maryland Center for Environmental Science is a research institution for environmental studies incorporating three geographically distinct laboratory units under a single administration: Appalachian Laboratory at Frostburg; Chesapeake Biological Laboratory at Solomons; and 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 the 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. 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 systemwide Marine-Estuarine-Environmental Sciences program.

University of Maryland Medical System

The mission of the University of Maryland 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, Marlene and Stewart Greenebaum Cancer Center, University Hospital, R Adams Cowley Shock Trauma Center, and University Specialty Hospital.

Regional Higher Education Centers

The eight regional higher education centers offer a variety of lower- and upper-level undergraduate degree programs as well as graduate and professional degree programs through participating institutions. Exhibit 7.7 describes the characteristics of each center. Associate's degree programs are only shown for those programs that enroll "two plus two" program participants who will continue in a bachelor's degree program offered at the center.

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. Students may receive a certificate or associate's degree. Exhibit 7.8 shows, by college, full-time enrollment for State aid purposes for fiscal 2003, 2005, and 2007. Exhibit 7.9 shows, by college, tuition and mandatory fees for full-time students.

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 Maryland Higher Education Commission and the institutions, be transferred to four-year colleges and universities. In fiscal 2005, there were 23,800 full-time and 28,588 part-time students enrolled in transfer programs: 55 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 2005 enrollment in technical and career programs totaled 39,362: 12,664 full-time and 26,698 part-time students.

Exhibit 7.7
Summary of Regional Higher Education Centers in Maryland

Center (Year Established)	FTES (Actual FY 2005)[1]	Degree Programs[2]	Number of Participating Institutions
USM Centers			
Shady Grove (1996)	1,191.1	21 Bachelor's 14 Master's 2 Doctoral	8
Hagerstown (2005)	157.0	7 Bachelor's 5 Master's	3
Non-USM Centers			
Higher Education and Applied Technology (HEAT) Center (1995)	85.6	3 Bachelor's 8 Master's	6
Southern Maryland Higher Education Center (1995)	293.0	4 Bachelor's 19 Master's 3 Doctorate	11
Waldorf Center for Higher Education (1997)	168.5	6 Associate's 6 Bachelor's 1 Master's	3
Eastern Shore Regional Higher Education Center (2002)	34.8	1 Bachelor's 1 Master's 1 Doctorate	2
Laurel College Center (2004)	25.0	1 Bachelor's 1 Master's	5
Anne Arundel Community College Regional Higher Education Center at Arundel Mills (2005)	209.4	23 Associate's 2 Bachelor's 2 Master's	4

USM: University System of Maryland FTES: Full-time equivalent student

[1]Full-time equivalent students reported include lower division undergraduates who plan to articulate (continue) to baccalaureate programs offered at the regional higher education center (also know as "two plus two" program participants); upper division undergraduates; and graduate students.

[2]The number of degree programs shown includes only those programs enrolling "two plus two" lower division and upper division (undergraduate and graduate) students at the regional higher education center. Degree programs for associate's degree full-time equivalent students who continue their education elsewhere are not included.

Source: Maryland Higher Education Commission; Department of Legislative Services

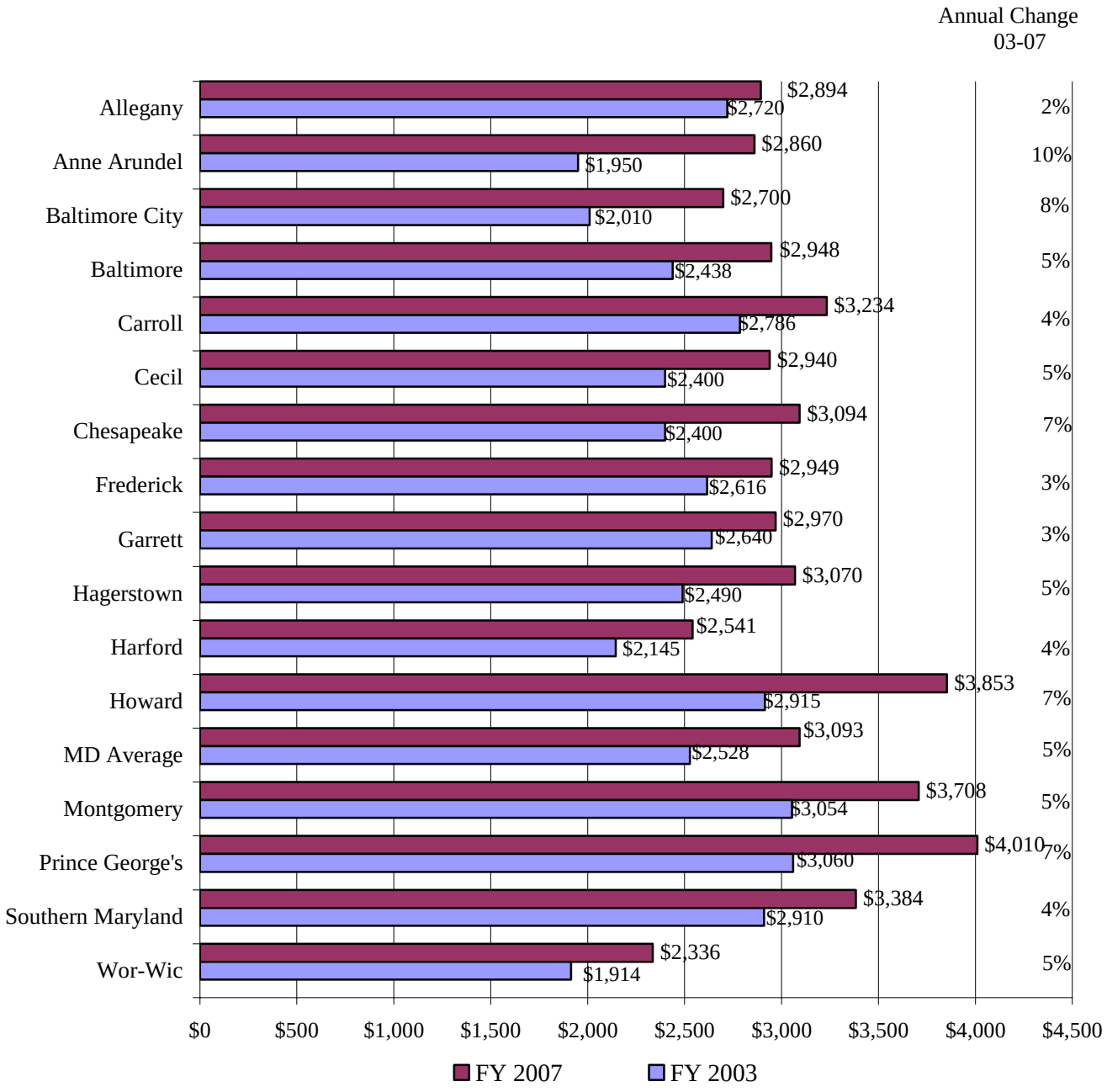
Exhibit 7.8
Community College Enrollment Trends
Full-time Equivalent Enrollments for State Aid
Fiscal 2003, 2005, and 2007

Institution	Fiscal 2003	Fiscal 2005	Fiscal 2007	% Change 03-07
Allegany	1,621	1,700	1,792	11%
Anne Arundel	11,571	11,844	12,533	8%
Baltimore City	6,517	6,115	6,902	6%
Baltimore	16,054	16,405	16,029	0%
Carroll	2,266	2,493	2,830	25%
Cecil	1,323	1,502	1,619	22%
Chesapeake	1,927	1,925	2,265	18%
Frederick	2,910	3,189	3,385	16%
Garrett	510	527	569	12%
Hagerstown	2,149	2,407	2,518	17%
Harford	4,194	4,199	4,495	7%
Howard	4,658	5,096	5,473	17%
Montgomery	13,966	15,251	15,157	9%
Southern Maryland	4,207	4,581	4,798	14%
Prince George's	9,631	9,635	10,090	5%
Wor-Wic	2,370	2,424	2,684	13%
Total	**85,874**	**89,293**	**93,139**	8%

Note: Includes full-time equivalent credit and non-credit enrollment for State aid.

Source: *Fiscal 2007 State Budget Books*; Maryland Higher Education Commission

Exhibit 7.9
Full-time Tuition and Fees for Community Colleges – Residents of Service Area
Fiscal 2003 and 2007



Source: *2006 Data Book*, Maryland Higher Education Commission

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.

Funding

The Maryland Higher Education Commission's operations and most of the State's scholarship programs are financed almost entirely with State general funds. Direct government funding for the operations of Maryland's higher education institutions is provided to the public four-year institutions 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. The State also provides some funding to private four-year institutions that meet minimum statutory criteria. Additional public monies flow to the institutions in the form of contracts or grants for research and other services. Tuition, student fees, dormitory fees, endowment earnings, private gifts and contracts, and a variety of miscellaneous sources are also revenue producers for Maryland's higher education institutions. Exhibit 7.10 provides a summary of State and local support for higher education.

Maryland Higher Education Commission

In addition to its oversight role, the commission administers the State's financial aid programs and various other initiatives.

Financial Aid Programs

Financial assistance programs include the following categories: need-based aid, merit-based aid, legislative, career/occupational, and unique populations. Need-based financial aid increased in fiscal 2005 for the first time since fiscal 2001 and helped to alleviate a 5,000-student waiting list for need-based aid. The total increase in financial aid, fueled by significant increases in need-based aid, has continued in fiscal 2006 and 2007, with need-based aid nearly doubling from fiscal 2003 to 2007. However, the overall increase in financial aid has partially been offset by the phase-out of the Hope scholarships.

Exhibit 7.10
Higher Education Funding – Fiscal 2005
($ in Millions)

	County	State	Tuition and Fees	Grants and Contracts [1]	Other [2]	Total
Four-year Institutions		$820.5 [3]	$961.2	$928.3	$681.9	$3,392.0
Community Colleges	$233.3	184.0 [4]	268.2		11.4	697.0
Baltimore City Community College		30.4	13.0	20.9	7.8	72.1
Maryland Higher Education Commission		22.5 [5]		0.6	0.2	23.3
Scholarships		83.8 [6]		0.6		84.4
Nonpublic Institutions		35.5				35.5
University of Maryland Medical System		9.7				9.7
Total	**$233.3**	**$1,186.5**	**$1,242.4**	**$950.4**	**$701.4**	**$4,314.0**

[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 the following: revenues from sales and services of educational activities, endowment income, etc., as well as auxiliary enterprise revenues (four-year institutions and Baltimore City Community College); federal support, investment income, income from day care, rental income (community colleges); and special funds from the United Student Aid Fund and Guaranteed Student Tuition Fund (Maryland Higher Education Commission).

[3]State funding includes $2.3 million for Shady Grove and $1.0 million for Hagerstown regional higher education centers.

[4]State funding includes formula aid, State-paid retirement costs, Aid to Small Community Colleges, Statewide and Health Manpower programs, Garrett County and West Virginia reciprocity, English for Speakers of Other Languages grants, Somerset Reciprocity Grant, and Innovative Partnerships for Technology program.

[5]State revenue includes $92,000 for the Southern Maryland Higher Education Center and funds for the Private Donation Incentive Program, educational grants, College Prep/Intervention Program, and general administration; State revenue excludes $354,244 in funds reimbursed by other State agencies for services provided.

[6]State funding includes general and special funds but excludes $200,000 in funds reimbursed by other State agencies for services provided.

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

Source: *2006 Data Book*, Maryland Higher Education Commission; *Fiscal 2007 State Budget Books*; Department of Legislative Services

The Office of Student Financial Assistance is the office within the Maryland Higher Education Commission responsible for the administration of over 20 different State financial assistance programs that distributed $85 million during fiscal 2005. The specific programs and the funding for fiscal 2005 are presented in Exhibit 7.11.

These programs are designed to improve access to higher education for needy students; encourage students to major in areas of great economic need to the State, such as teaching and nursing; and encourage Maryland's brightest students to attend college in the State. Maryland students use the assistance from these programs at community colleges, independent colleges and universities, private career schools, and the State's public four-year campuses.

The largest scholarship program, the need-based Educational Excellence Award program, accounts for nearly 60 percent of all the funding. Educational Excellence Award dollars are used to provide low- and moderate-income households with grants of $400 to $3,000 (Educational Assistance Grants) and the neediest families with grants to cover the costs of college attendance up to $14,300 (Guaranteed Access Grants).

Aid to Independent 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 and 2004, grants for per capita student aid at private colleges and universities were reduced to 14.3 percent of the per student aid at the public institutions, as the State tried to address budgetary constraints. The percentage was increased to 15.2 percent in fiscal 2005 and returned to 16.0 percent in fiscal 2006. In fiscal 2005, $35.5 million was distributed to the private colleges and universities as shown in Exhibit 7.12.

Partnership Agreement with the Office for Civil Rights

In December 2000, the State and the United States Department of Education, Office for Civil Rights entered into a partnership agreement that included commitments from the State to further enhance its four historically black institutions and improve higher education opportunities for African American students. The historically black institutions are Bowie State University, Coppin State University, Morgan State University, and University of Maryland Eastern Shore.

Exhibit 7.11
Student Financial Aid Programs
Fiscal 2005

Program	Recipients	Average Award	Allocation
Educational Assistance Grant	21,511	$1,871	$39,686,392
Campus-based Educational Assistance Grant	1,685	1,151	1,940,222
Guaranteed Access Grant	1,045	7,900	8,255,320
Senatorial Scholarships	7,135	886	6,445,675
Delegate Scholarships	4,791	823	4,135,646
Distinguished Scholar Program	1,301	2,936	4,176,976
Distinguished Scholar Teacher Education Scholarship Program	33	2,955	234,000
Loan Assistance Repayment Program (LARP) General	540	2,097	1,292,852
LARP – Primary Care Services	17	25,882	663,804
LARP – DentCare	10	32,999	239,943
Edward T. Conroy Memorial Scholarship Program	93	4,447	451,689
Part-time Grant Program	4,440	455	2,068,706
Graduate and Professional Scholarship Program	190	999	185,939
Reimbursement of Firemen and Rescue Squadmen [1]	137	2,002	343,775
Jack F. Tolbert Memorial Student Grant Program	890	300	277,500
Sharon Christa McAuliffe Memorial Teacher Education Program	59	8,589	532,017
Physical and Occupational Therapy Program	21	2,000	50,500
Child Care Providers	78	1,160	95,250
Maryland State Nursing Scholarship Program	714	2,384	1,774,294
Hope General [2]	539	2,906	1,455,090
Hope Science and Technology [2]	558	2,887	1,728,560
Hope Maryland Teacher [2]	1,398	4,580	7,620,625
Hope Community College Transfer [2]	1	1,500	9,750
Developmental Disabilities and Mental Health Workers	460	1,858	896,157
Total	**47,646**	**–**	**$84,560,682**

[1] Reimbursement of Firemen and Rescue Squadmen renamed Charles W. Riley Fire and Emergency Medical Services Tuition Reimbursement Program in the 2006 legislative session.

[2] Under a multi-year budget plan to phase out the Hope Scholarship programs, new awards were funded for the teacher program only in fiscal 2005, and all renewal awards will be discontinued in fiscal 2008.

[3] Several scholarship programs established after fiscal 2005 are not reflected in this exhibit including the William Donald Schaefer Scholarship for Public Service (established in the 2005 legislative session), Distinguished Scholar Community College Transfer Scholarship (2005 session), Veterans of the Afghanistan and Iraq Conflicts Scholarship (2006 session), and Workforce Shortage Student Assistance Grant program (2006 session).

Note: Total allocation includes $200,000 in funds reimbursed by other State agencies for services provided.

Source: Maryland Higher Education Commission; Department of Legislative Services

Exhibit 7.12
State Aid to Maryland Independent Colleges and Universities
Fiscal 2005

Institution	FTES	Grant Amount
Baltimore Hebrew University	87	$83,369
Baltimore International College	547	521,387
Capitol College	386	368,319
College of Notre Dame	1,383	1,319,522
Columbia Union College	848	808,503
George Meany Center National Labor College	592	564,884
Goucher College	1,653	1,576,343
Hood College	1,023	976,194
Johns Hopkins University	15,259	14,554,712
Loyola College	4,473	4,266,515
Maryland Institute College of Art	1,569	1,496,723
McDaniel College (formerly Western Maryland College)	2,333	2,224,977
Mount St. Mary's College	1,544	1,472,905
St. John's College	636	606,856
Sojourner-Douglass College	1,056	1,007,033
Villa Julie College	2,334	2,226,371
Washington College	1,509	1,439,463
Total	**37,232**	**$35,514,076**
Grant per FTES		$954

FTES: Full-time equivalent student

Source: *Fiscal 2007 State Budget Books*

As part of the agreement, the State has provided enhancement funds to the historically black institutions since fiscal 2002. Although the partnership agreement officially expired on December 31, 2005, the State has continued to provide enhancement funds to the historically black institutions. Most of these funds are distributed through the Maryland Higher Education Commission as special grants, including Office for Civil Rights enhancement grants, Access and Success grants, and special grants for specific purposes, such as for information technology and to develop a plan for the revitalization of Coppin State University. In addition, the State agreed to increase its support to the

historically black institutions under the Private Donation Incentive Program (discussed further below). In total, the State has provided more than $68 million in enhancement funds to the historically black institutions from fiscal 2002 to 2007.

Office for Civil Rights enhancement grants have been provided annually from fiscal 2003 to 2007 at a total funding level of $26.5 million, which includes $1.1 million that was moved into Bowie State University's operating budget in fiscal 2007. Funding for the Access and Success program, which supports student retention and graduation efforts, was doubled to $6 million annually for a total of $28.5 million from fiscal 2002 through 2006. In fiscal 2007, $1.5 million in Access and Success funding was moved into the base budget of each historically black institution, and an additional $100,000 was provided for a consultant to work with each historically black institution to develop campus-based strategies to increase retention for first-year students.

The State also made significant commitments to provide capital funding to the historically black institutions, especially Coppin State University. The historically black institutions received $361.4 million in capital authorizations in fiscal 2002 through 2007, and Coppin is scheduled to receive $235 million for capital projects in fiscal 2008 through 2011.

Private Donation Incentive Program

The legislature created the Private Donation Incentive Program in 1990 in order to increase the level of gifts and donations to higher education institution endowments. The Private Donation Incentive Program originally was authorized for a seven-year period but was reauthorized in 1999 for an additional six-year period with a deadline of July 1, 2004, for private donations. Chapter 290 of 2005 extended the deadline for historically black institutions to raise matching funds to January 2010.

Under the Private Donation Incentive Program, there is a State matching ratio for the four historically black institutions and a separate matching ratio for the other higher education institutions. Starting in fiscal 2002, as part of the Office for Civil Rights agreement, the State provided historically black institutions a 2:1 match (State funds: Donation funds) for the first $250,000 and a 1:1 match for the next $1.0 million. For other higher education institutions, the State provided a 1:1 match (State funds: Donation funds) up to the first $250,000, 1:2 for the next $1.0 million, and 1:3 for the next $1.25 million. The maximum State matching funds are divided into the following categories: community colleges ($250,000); historically black institutions ($1.5 million); research universities ($1.25 million); and four-year institutions ($750,000).

Maryland higher education institutions claimed $18.6 million in eligible State matching funds between fiscal 1999 and 2005. As a subcategory of all higher education institutions, Maryland's historically black institutions received $4.85 million in State matching funds through fiscal 2006.

Public Four-year Institutions and Research Institutes

In fiscal 2005, State support for the operations of four-year institutions accounted for 38 percent of revenues for the institutions. Tuition and student fees accounted for another 47 percent with government grants/contracts/scholarships, sales by auxiliary enterprises (dormitory 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 39 percent of expenses in fiscal 2005, which was down from almost 50 percent in fiscal 2001. Tuition and fees accounted for 48 percent of education and general expenditures. The reliance on tuition and fees to cover education and general service expenditures ranged from a high of 85 percent at University of Maryland University College to a low of 19 percent at the University of Maryland, Baltimore. The distribution of State aid to the colleges and universities in fiscal 2005 is presented in Exhibit 7.13 along with data on overall expenditures on education and general services.

The 2000 State Plan for Postsecondary Education called for a "preeminent 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.

Funding for four-year institutions decreased due to the cost-containment reductions endured by institutions in fiscal 2003, and State support for all segments of higher education declined again in fiscal 2004. The downward trend in funding was reversed after fiscal 2004; although it took some higher education institutions until fiscal 2007 to return to State funding levels from fiscal 2002. Overall, funding guidelines for Maryland institutions dropped from a high of 90 percent in fiscal 2002 to 65 percent

Exhibit 7.13
Direct State Aid to Public Four-year Institutions and Research Institutes
Fiscal 2005
($ in Millions)

Institution	Direct State Aid	Expenditures on Education and General Services	State Aid as % of Education and General Expenditures
University of Maryland, Baltimore	$133.5	$351.6	38%
University of Maryland, College Park	310.3	741.3	42%
Bowie State University	21.0	48.2	44%
Towson University	58.9	164.7	36%
University of Maryland Eastern Shore	21.8	41.6	52%
Frostburg State University	24.8	52.7	47%
Coppin State University	19.1	33.7	57%
University of Baltimore	21.3	61.5	35%
Salisbury University	26.0	59.6	44%
University of Maryland University College	14.6	203.1	7%
University of Maryland Baltimore County	66.4	167.1	40%
University of Maryland Center for Environmental Science*	13.2	18.7	71%
University of Maryland Biotechnology Institute*	15.0	29.9	50%
University System of Maryland Office*	11.7	14.0	84%
Subtotal, University System of Maryland	**$757.6**	**$1,987.7**	**38%**
St. Mary's College	14.0	30.2	46%
Morgan State University	48.9	96.7	51%
Total	**$820.5**	**$2,114.6**	**39%**

*These entities do not charge tuition or grant degrees.

Source: *Fiscal 2007 State Budget Books*

in fiscal 2005. Overall, Maryland institutions attained 83 percent of their funding guideline in the fiscal 2007 budget. Four of the 13 institutions were either above or at the guideline in the fiscal 2007 appropriation; two institutions were below 80 percent of the guideline.

Despite increases in State funding of 15 percent for the University System of Maryland, 18 percent for Morgan State University, and 9 percent for St. Mary's College in the fiscal 2007 budget, in-state undergraduate tuition was scheduled to increase by up to 8 percent for the 2006-2007 academic year. In response to in-state tuition increases of 20 to 40 percent from fiscal 2003 to 2006, legislation was passed in the 2006 session to freeze fiscal 2007 tuition at fiscal 2006 rates for in-state undergraduates at University System of Maryland institutions and Morgan State University. The legislation also limited tuition increases at St. Mary's College to 4.8 percent. State general funds offset most of the tuition revenue losses at the institutions.

University of Maryland Medical System

The University of Maryland Medical System receives a subsidy from the Maryland Emergency Medical System Operations Fund to subsidize shock trauma operations at the R Adams Cowley Shock Trauma Center, the State's Primary Adult Resource Center for the treatment of trauma. 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 2005, the aid to the University of Maryland Medical System included $7.0 million from the Maryland Emergency Medical System Operations Fund for shock trauma (this fund is discussed further in Chapter 5) and $2.7 million from State general funds for the rehabilitation center.

Regional Higher Education Centers

Prior to fiscal 2006, only three of the regional higher education centers received State operating funds: Shady Grove ($16.6 million in fiscal 1997 through 2005), Hagerstown ($1.0 million in fiscal 2005), and Southern Maryland ($1.5 million in fiscal 1996 through 2005). These three centers and two others, the Higher Education and Applied Technology and Eastern Shore centers, have also received a total of nearly $84.0 million in capital funds. In the fiscal 2006 budget, the General Assembly restricted $1.0 million for the five non-University System of Maryland centers. (The Arundel Mills Center was established in 2005 after the legislative session.) In addition, the fiscal 2006 budget for the University System of Maryland Office included $2.8 million for Shady Grove and $2.0 million for Hagerstown.

At the request of the budget committee chairmen, the Maryland Higher Education Commission developed a funding strategy for the centers based on certain components including base funding, per student funding, leasing costs, and incentive funding. The fiscal 2007 budget did not implement the proposed funding strategy and instead included a total of $850,000 for the six non-University System of Maryland centers. The fiscal 2007 budget for the University System of Maryland System Office included $3.0 million for Shady Grove and $2.0 million for Hagerstown. In addition to these amounts, the General Assembly restricted $950,000 to enhance funding for the non-University System of Maryland centers and requested through the fiscal 2007 budget that the Governor begin implementing the regional higher education center funding strategy proposed by the Maryland Higher Education Commission in the fiscal 2008 budget.

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. Baltimore City Community College has been a State institution since fiscal 1991 and receives minimal local support. Student tuition and fees accounted for 38 percent of community college revenues in fiscal 2005. The State and local shares of support were 29 percent and 31 percent, respectively. Exhibit 7.14 shows on a college-by-college basis fiscal 2005 unrestricted operating revenues.

Effective with the fiscal 1998 budget, legislation established a new funding formula for the 15 local community colleges, known as the Senator John A. Cade Funding Formula. The Cade formula and other State programs that support community colleges are detailed below. Baltimore City Community College received a new funding formula beginning with the fiscal 1999 budget, which phased in 66 percent of the State general funds per full-time equivalent student at selected public four-year institutions.

Community College Aid Formula

The Senator John A. Cade Funding Formula ties the mandatory State contribution to funding for selected four-year public institutions of higher education. Community colleges (other than Baltimore City Community College) receive 25 percent of the State general funds per full-time equivalent student at selected public four-year institutions (24 percent in fiscal 2005 as a result of budget reconciliation actions, returned to 25 percent in fiscal 2006). 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

Exhibit 7.14
Unrestricted Community College Funding[1] – Fiscal 2005
($ in Thousands)

College	State	% State	Local	% Local	Tuition and Fees[2]	% Tuition	Other	% Other	Total
Allegany	$3,512	16%	$5,575	26%	$12,365	57%	$394	2%	$21,846
Anne Arundel	20,360	28%	26,420	36%	26,406	36%	637	1%	73,823
Baltimore City	30,425	67%	0	0%	12,971	29%	1,939	4%	45,336
Baltimore	30,114	27%	33,659	30%	47,966	42%	1,668	1%	113,407
Carroll	4,573	26%	5,736	33%	7,199	41%	86	0%	17,594
Cecil	2,943	20%	6,192	43%	5,057	35%	197	1%	14,389
Chesapeake	4,080	28%	4,884	34%	4,827	34%	526	4%	14,316
Frederick	5,146	19%	10,658	40%	10,237	39%	435	2%	26,476
Garrett	1,655	25%	2,875	43%	2,022	30%	86	1%	6,638
Hagerstown	4,440	23%	5,222	27%	9,347	49%	263	1%	19,272
Harford	7,343	23%	12,279	38%	10,879	34%	1,813	6%	32,314
Howard	8,148	18%	15,906	36%	18,760	42%	1,457	3%	44,272
Montgomery	24,942	16%	71,741	45%	60,300	38%	1,527	1%	158,511
Prince George's	17,097	26%	16,399	25%	30,435	47%	1,359	2%	65,290
Southern Maryland	7,442	21%	11,820	33%	16,040	44%	749	2%	36,051
Wor-Wic	4,760	31%	3,971	26%	6,397	42%	228	1%	15,355
Subtotal	**$176,980**	25%	**$233,337**	33%	**$281,210**	40%	**$13,364**	2%	**$704,890**
Statewide/Regional	3,687	100%							3,687
Mountain Maryland	600	100%							600
Aid to Small Community Colleges	3,100	100%							3,100
Garrett County and West Virginia Reciprocity	163	100%							163
English for Speakers of Other Languages	2,500	100%							2,500
Somerset Reciprocity Grant	521	100%							521
Innovative Partnerships for Technology	1,632	100%							1,632
Optional Retirement	9,244	100%							9,244
Teachers' Retirement	16,046	100%							16,046
Total	**$214,472**	**29%**	**$233,337**	**31%**	**$281,210**	**38%**	**$13,364**	**2%**	**$742,383**

[1]Amounts do not include auxiliary enterprise revenues or restricted funds.
[2]Tuition and fees include payments by students from outside Maryland.

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

Source: *2006 Data Book*, Maryland Higher Education Commission; Maryland Association of Community Colleges

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.

Legislation passed in the 2006 legislative session will phase in higher funding levels for all of Maryland's community colleges from fiscal 2008 to 2013. Specifically, the Senator John A. Cade formula will increase over the six-year phase-in period from 25 to 30 percent of per student funding at selected four-year public institutions. During the same period, Baltimore City Community College's formula will increase from 66 to 71 percent of the per student funding at four-year institutions. When fully implemented in fiscal 2013, State funding for community colleges will have increased an estimated $152 million, $53 million more than under existing formulas.

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 Retirement Program − which is available to community college professional employees eligible for either of the two State teacher systems. Under the optional retirement system, the State contribution totals 7.25 percent of the employee's salary. State-paid retirement costs were $25.3 million in fiscal 2005. For employees of the community colleges who are participating in the Teachers' or Employees' Pension Systems, the General Assembly enhanced these pension benefits in 2006. A more detailed discussion of the pension enhancement may be found in *Volume V – Maryland State Personnel, Pensions, and Procurement* of this legislative handbook series.

Statewide Programs

Three grants are 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 Maryland 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 College (formerly Garrett Community College) has a reciprocity agreement with

West Virginia. The State pays Garrett 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 2005 totaled almost $4.4 million.

Small College and Mountain Maryland Grants

The State provides increased supplemental unrestricted grants to seven small community colleges via a 2 percent size factor component in the Senator John A. Cade Funding Formula. Therefore, the grant amounts increase as a percentage of the increase in funding per full-time equivalent student to the selected public four-year institutions. Colleges that receive the grants include Allegany, Garrett, Hagerstown, Carroll, Cecil, Chesapeake, and Wor-Wic. In fiscal 2005, the grants totaled $3.1 million. Chapter 330 of 2006 established a five-year phase-out of the size factor component once a college no longer qualifies for it.

Additional unrestricted grants for fiscal 2003 through 2005 were authorized in 2002 for Allegany College and Garrett College (labeled Appalachian Mountain Community Colleges by the Maryland Higher Education Commission). The Mountain Maryland grants became permanent in 2004 but do not increase with inflation. Allegany College receives $360,000 and Garrett College receives $240,000 annually.

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 third year following the fiscal year in which the donations were received, and the maximum State match was $400,000. 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. In 2002, the program was extended for four additional years, and the maximum State match amount was reduced to $300,000. State match payments of $1.6 million were appropriated in fiscal 2005.

English for Speakers of Other Languages

This program provides funds for students that speak English as a second language. The fiscal 2005 appropriation for the program was $2.5 million. Chapter 262 of 2006 raised the State funding limit for local community colleges from $2.5 to $6.0 million per

year beginning in fiscal 2008. The State funding limit was raised since the $2.5 million spending cap was reached each year from fiscal 2004 to 2007 and thus did not cover the full $800 per English for Speakers of Other Languages student allotment as specified in statute.

Chapter 8. Public Libraries and Public Television

Maryland 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 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 Maryland 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 through the Maryland State Library for the Blind and Physically Handicapped. 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 center is the central depository for all State publications and is the headquarters for the Maryland Interlibrary Loan Organization. Three rural county libraries have been designated as regional resource centers. Located in Charlotte Hall, Hagerstown, and Salisbury, the centers serve Southern Maryland, Western Maryland, and the Eastern Shore regions, respectively. The centers provide member libraries with greater access to library materials and resources that an individual library cannot provide adequately on its own.

The State Library Resource Center administers Sailor, Maryland's on-line 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; information on a particular topic; or 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 through the Internet at http://www.sailor.lib.md.us.

Although not required to do so by State law, all jurisdictions, 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 for each public library system determines local library policies, adopts operating rules and regulations, handles local library personnel matters, and appoints a director to manage the library system. The boards of trustees must report annually to the county governing bodies and the State Department of Education.

A library board of trustees generally consists of 7 members appointed by the county governing body. State law provides that the Harford County Board of Library Trustees consists of at least 7 members but not more than 11 members. Currently, Harford County's board consists of 11 members. Board of trustee members must be residents of the county in which they serve 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 are also 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 fees for the late return of borrowed materials 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 libraries, and Exhibit 8.2 summarizes electronic access available at Maryland's public libraries.

Exhibit 8.1
Selected Public Library Data – Fiscal 2005

County	Branches	Bookmobiles	Total Holdings[1]	Registered Borrowers	Percent of Population Registered	Professional Librarians[2]
Allegany	6	1	189,661	34,753	47%	1.0
Anne Arundel	17	0	1,099,596	325,807	64%	58.0
Baltimore City	23	1	2,884,787	105,895	17%	115.0
Baltimore	17	3	1,559,081	421,642	54%	48.0
Calvert	4	0	182,250	48,534	58%	8.0
Caroline	3	1	95,894	24,536	80%	4.0
Carroll	5	1	586,448	137,104	85%	20.0
Cecil	7	1	237,459	41,620	45%	6.0
Charles	3	0	142,481	63,558	48%	4.0
Dorchester	2	1	105,489	19,191	63%	4.0
Frederick	7	2	524,348	112,400	52%	23.0
Garrett	5	1	85,149	13,138	44%	3.0
Harford	11	0	1,004,856	162,257	70%	38.0
Howard	6	0	979,236	239,723	90%	39.0
Kent	3	0	60,803	11,160	57%	2.0
Montgomery	22	1	2,913,463	525,000	57%	132.0
Prince George's	18	0	2,172,898	328,428	39%	79.0
Queen Anne's	2	0	124,960	28,349	65%	7.0
St. Mary's	3	0	211,667	54,730	60%	7.0
Somerset	3	0	62,149	11,100	43%	2.0
Talbot	3	0	125,066	26,466	77%	7.0
Washington	8	1	368,619	92,786	69%	11.0
Wicomico	4	1	152,453	44,166	51%	4.0
Worcester	5	0	235,234	33,918	68%	2.0
Total	**187**	**15**	**16,104,047**	**2,906,261**	**53%**	**624.2**
Regional Libraries						
Eastern Shore			8,037			3.0
Southern Maryland			5,202			4.0
Western Maryland			66,517			4.0

[1]Holdings include book volumes, videos, audio recordings, current periodicals, electronic formats, and serial volumes. Some totals are estimates.
[2]Figures indicated are full-time-equivalent librarians. For Baltimore City, the State Library Resource Center staff serve dual roles for the center and Enoch Pratt.

Source: *Maryland Public Library Statistics*, Fiscal 2005; *Maryland Public Library Directory on Sailor*, www.sailor.lib.md.us

Exhibit 8.2
Electronic Access at Public Libraries – Fiscal 2005

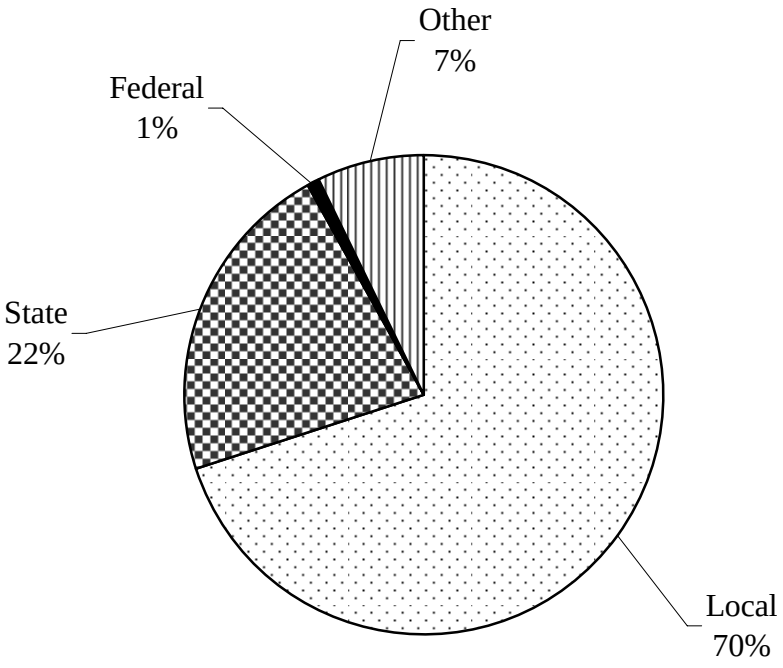
County	Total Computers	Internet Terminals Available to Public	Internet Users Per Year
Allegany	102	73	85,932
Anne Arundel	661	290	752,486
Baltimore City	916	358	600,000
Baltimore	755	372	725,407
Calvert	77	35	39,531
Caroline	77	45	35,353
Carroll	316	79	765,064
Cecil	109	65	88,456
Charles	88	52	5,577
Dorchester	46	17	24,630
Frederick	226	87	150,000
Garrett	71	37	14,079
Harford	640	324	n/a
Howard	249	221	n/a
Kent	31	15	23,534
Montgomery	847	452	771,179
Prince George's	668	350	2,084,993
Queen Anne's	34	11	5,386
St. Mary's	144	90	100,000
Somerset	33	24	19,962
Talbot	48	26	40,260
Washington	124	35	40,524
Wicomico	111	63	111,157
Worcester	97	56	69,021
Total	**6,470**	**3,177**	**6,552,531**

Source: *Maryland Public Library Statistics*, Fiscal 2005

Funding

Public libraries in Maryland receive funds from several sources. As summarized in Exhibit 8.3, county appropriations accounted for 70 percent of public library funding in fiscal 2005, while the State contributed 22 percent of the total funding. Library generated gifts, grants, and fees (7 percent), and federal funds (1 percent) were smaller revenue sources. Exhibit 8.4 shows a county-by-county breakdown of the $216.6 million in fiscal 2005 revenues available to local library systems. In addition, the fiscal 2005 State budget included $14.1 million for State and regional resource centers and $1.9 million for the Division of Library Development and Services within the Maryland State Department of Education.

Exhibit 8.3
Sources of Funding for Public Libraries – Fiscal 2005



Source: *Maryland Public Library Statistics*, Fiscal 2005; *Fiscal 2007 State Budget Books*

Exhibit 8.4
Public Library Funding by County – Fiscal 2005
($ in Thousands)

County	Local	Percent Local	Other	Percent Other	State	Percent State	Federal	Percent Federal	Total
Allegany	$794	45%	$285	16%	$679	38%	$6	0%	$1,764
Anne Arundel	15,430	82%	689	4%	2,558	14%	56	0%	18,732
Baltimore City	13,113	58%	2,882	13%	6,438	29%	11	0%	22,444
Baltimore	25,305	74%	4,192	12%	4,233	12%	271	1%	34,000
Calvert	2,023	76%	158	6%	461	17%	9	0%	2,652
Caroline	1,117	75%	85	6%	286	19%	5	0%	1,492
Carroll	5,726	74%	467	6%	1,116	14%	467	6%	7,776
Cecil	2,020	66%	358	12%	652	21%	53	2%	3,083
Charles	2,063	67%	40	1%	968	31%	6	0%	3,078
Dorchester	454	60%	71	9%	230	30%	4	1%	759
Frederick	5,589	78%	324	5%	1,220	17%	41	1%	7,174
Garrett	800	73%	96	9%	199	18%	3	0%	1,098
Harford	11,647	82%	734	5%	1,730	12%	14	0%	14,125
Howard	10,838	83%	681	5%	1,308	10%	197	2%	13,024
Kent	438	70%	71	11%	115	18%	5	1%	629
Montgomery	43,199	88%	1,764	4%	3,748	8%	108	0%	48,819

Exhibit 8.4 (continued)
Public Library Funding by County – Fiscal 2005
($ in Thousands)

County	Local	Percent Local	Other	Percent Other	State	Percent State	Federal	Percent Federal	Total
Prince George's	14,190	62%	2,236	10%	6,445	28%	29	0%	22,900
Queen Anne's	1,050	80%	78	6%	181	14%	3	0%	1,311
St. Mary's	1,667	64%	265	10%	619	24%	36	1%	2,587
Somerset	320	50%	72	11%	248	38%	5	1%	645
Talbot	856	79%	101	9%	122	11%	5	0%	1,084
Washington	1,796	57%	316	10%	1,006	32%	8	0%	3,126
Wicomico	1,274	57%	230	10%	689	31%	60	3%	2,252
Worcester	1,510	74%	333	16%	197	10%	4	0%	2,044
Subtotal	**$163,217**	**75%**	**$16,530**	**8%**	**$35,445**	**16%**	**$1,407**	**1%**	**$216,598**
Regional Libraries	$65	2%	$68	2%	$3,903	94%	$114	3%	$4,150
SLRC[1]	0	0%	0	0%	10,210	100%	n/a	--	10,210
MSDE-DLDS[2]	0	0%	0	0%	1,239	65%	662	35%	1,901
Total	**$163,282**	**70%**	**$16,598**	**7%**	**$50,796**	**22%**	**$2,183**	**1%**	**$232,858**

[1]SLRC: State Library Resource Center
[2]MSDE-DLDS: Maryland State Department of Education Division of Library Development and Services

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

Source: *Maryland Public Library Statistics*, Fiscal 2005; *Fiscal 2007 State Budget Books*

State support for public libraries involves several aid programs described briefly below.

Library Aid Formula

State operating funding for local libraries is calculated through the library aid formula, which distributes funds on the basis of county population and wealth. Less wealthy counties, as measured by net taxable income and assessable property tax base, receive relatively more aid than wealthier counties. A total program cost for each county and Baltimore City, which is shared by the State and local governments, equals a specified dollar amount per county or city resident. The formula calculates a local share of the program cost using a uniform local contribution rate applicable to all jurisdictions, and the State pays the remainder of the program cost. The State pays approximately 40 percent of the total cost, although the percentage in any one jurisdiction depends on local wealth. Chapter 481 of 2005 phased in enhancements to the formula over a four-year period. Beginning in fiscal 2007, the per-resident amount increases $1 per year to reach $16 by fiscal 2010.

Library Network

The State provides additional funds to library systems that have been designated as resource centers and supports cooperative arrangements. The resource centers include the Central Library of the Enoch Pratt Free Library System in Baltimore City (as the State Library Resource Center) and three regional resource centers located in Charlotte Hall, Hagerstown, and Salisbury. In 2000, a mandatory funding formula was established for the regional resource centers based on a specified amount for each resident in the area served by the resource center, similar to the local library funding formula. In fiscal 2005, Enoch Pratt received $10.2 million, and the regional centers and cooperatives received $3.9 million. Chapter 481 of 2005 increased the per-resident State aid amount for regional resource centers by $1 per year to reach $8.50 per resident by fiscal 2010.

Library Capital Project Grants

The State Library Resource Center has been the only library to receive capital funding from the State. The center received a total of $14.6 million in capital funding in fiscal 1998 through 2002. However, Chapter 494 of 2006 provided that, beginning in fiscal 2008, the Governor must include $5.0 million annually in either the State capital or operating budget for library capital projects. Grants from the program require a match from any combination of county, municipal, or private sources. State grants may not pay more than 50 percent of the total cost of the project and may not be less than $20,000.

The Division of Library Development and Services administers the capital grant program and must conduct a uniform and objective analysis of proposed projects in order to submit recommendations for State capital funding to the State Board of Education.

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, where librarians elected to remain in the Montgomery County Retirement System. Consequently, the State provides a grant to Montgomery County equal to the lesser of the retirement costs for the county or the State systems.

Maryland Public Television

The Maryland Public Broadcasting Commission is responsible for operating a system of State, regional, and local facilities to provide educational and cultural programs for broadcast in Maryland.

Structure and Services

The commission consists of 11 members appointed by the Governor, two of whom must be nominated by the State Board of Education. The State Superintendent of Schools serves as an ex-officio member. Commissioners serve five-year terms and may be reappointed. The commission appoints a president who serves as chief executive officer of the commission and Maryland Public Television.

The commission is responsible for and controls the preparation, content, and programming of all its programs for the general public. The commission is the federal licensee for all broadcasting stations operated by Maryland Public Television and consists of six broadcast transmitters spanning the entire State. The commission has two primary responsibilities: with the approval of the State Board of Education, to prepare, schedule, and program all educational television programs to be used in the public schools and adult education classes including college-level courses; and to prepare programs for the general public. Maryland Public Television delivers over 7,800 hours of educational, informational, and cultural transmission to the citizens of Maryland each year.

A 1998 mandate by the Federal Communications Commission required all public broadcasting stations to be equipped to broadcast in both digital and analog by June 1, 2003, or risk losing their license. Maryland Public Television completed the conversion of all six of its broadcast towers to digital and is now in complete compliance with the Federal Communications Commission requirements. Maryland Public Television is required to broadcast in both analog and digital formats until February 17, 2009.

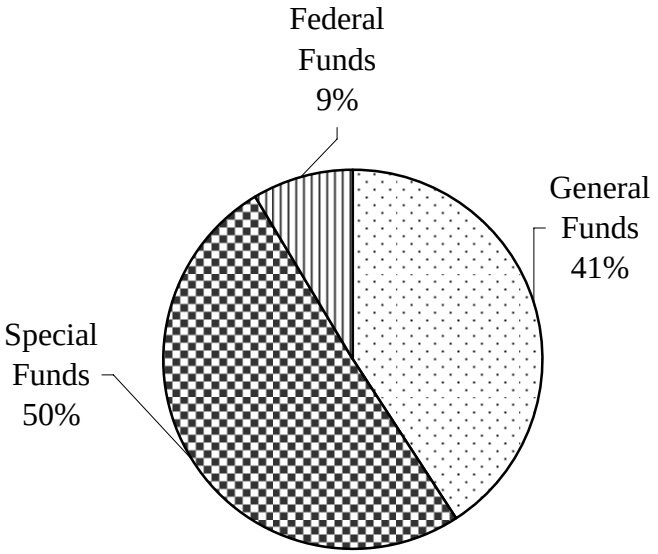
Funding

State general funds are used primarily to fund overhead expenses such as salaries and contractual services. Special funds generally 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.

As shown in Exhibit 8.5, general funds represented 41 percent of fiscal 2005 Maryland Public Broadcasting Commission spending; special funds 50 percent; and federal funds 9 percent. Special funds include viewer support, corporate sponsorships, the sale of programs and transcripts, and grants from the Corporation for Public Broadcasting and the Public Broadcasting System. 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.

Total fiscal 2005 funding for Maryland public television and public libraries is shown in Exhibit 8.6.

Exhibit 8.5
Sources of Funding for Maryland Public Broadcasting Commission – Fiscal 2005



Source: *Fiscal 2007 State Budget Books*

Exhibit 8.6
Maryland Public Television and Pubic Library Operating Funding – Fiscal 2005
($ in Millions)

	Local	Gifts, Grants, and Fees	State	Federal	Total
Maryland Public Television	$0.0	$14.0	$11.2	$2.4	$27.6
Local Library Systems	163.2	16.5	35.4	1.4	216.6
Regional Libraries	0.1	0.1	3.9	0.1	4.2
State Library Resource Center	0.0	0.0	10.2	0.0	10.2
Library Development & Services	0.0	0.0	1.2	0.7	1.9
Total	**$163.3**	**$30.6**	**$62.0**	**$4.6**	**$260.5**
Percent of Total	**62.7%**	**11.7%**	**23.8%**	**1.8%**	

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

Source: *Maryland Public Library Statistics*, Fiscal 2005; *Fiscal 2007 State Budget Books*

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 municipal corporations 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 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 responsibility for 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 State transportation agencies, and Exhibit 9.2 shows a summary of the department's workload for certain activities from fiscal 2003 through 2007. Over that period, the department's budget has grown from more than $3.1 billion to almost $3.7 billion, and the department's outstanding debt has increased from less than $1.0 billion to almost $1.3 billion.

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

Roads and Highways

Most State and local transportation resources are dedicated to the State's highway system. The State Highway Administration is responsible for more than 5,200 miles or almost 16,700 lane-miles of road, 2,500 bridges, 3,500 small stream crossing structures, and 80 miles of sound barrier. It also has responsibility for planning, designing, constructing, and maintaining these roads and bridges to safety and performance standards while considering sociological, ecological, and economic concerns.

Exhibit 9.1
State Transportation Agencies

GOVERNOR

MARYLAND TRANSPORTATION AUTHORITY[1]

- Constructs, operates, maintains, and repairs toll and revenue-generating facilities
- Provides security and law enforcement services at toll facilities, State-owned marine terminals and offices, and Baltimore/Washington International Thurgood Marshall Airport

SECRETARY OF TRANSPORTATION

DEPUTY SECRETARY | **BOARDS and COMMISSIONS** | **EXECUTIVE STAFF**

MARYLAND PORT ADMINISTRATION

- Provides marketing services to expand maritime commerce in Baltimore
- Coordinates dredging activities for the Port of Baltimore
- Operates and maintains six public terminals

MARYLAND TRANSIT[2] ADMINISTRATION

- Constructs, operates, and maintains the Baltimore metropolitan area transit system (light rail, bus, Baltimore Metro subway)
- Contracts commuter services from suburban areas to the District of Columbia and Baltimore City (Maryland rail commuter, commuter bus)
- Provides technical and financial assistance to local transit systems throughout the State

MARYLAND AVIATION ADMINISTRATION

- Operates two State-owned airports
- Fosters, develops, and regulates aviation in the State
- Inspects and licenses public and privately owned public-use airports

MOTOR VEHICLE ADMINISTRATION

- Licenses drivers
- Registers and titles motor vehicles
- Administers insurance enforcement, emissions inspections, and driver safety programs
- Regulates vehicle dealers, vehicle rental companies, and driver education schools

STATE HIGHWAY ADMINISTRATION

- Plans, designs, builds, and maintains interstate, primary, and secondary roads and bridges
- Constructs and maintains sidewalks and bicycle paths
- Provides highway user funds to local governments for local road construction and maintenance and transportation facilities
- Administers federal highway funds on behalf of the Federal Highway Administration

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

Source: Maryland Department of Transportation

Exhibit 9.2
Maryland Department of Transportation
Workload for Certain Activities
Fiscal 2003-2007

	2003	2004	2005	2006 [1]	2007 [1]
Highway Lane-miles Maintained	16,680	16,680	16,646	16,660	16,686
Port Tonnage – Public Terminals	7,058,000	7,360,000	8,137,000	8,220,000	8,600,000
BWI Airport Passengers[2]	19,696,158	20,341,507	19,742,093	20,060,000	20,700,000
Annual Transit Passenger Trips (in Thousands) [3]					
Core Bus	66,736	63,793	63,241	63,382	62,626
Commuter Bus	2,563	2,703	2,929	3,024	3,039
Mobility Paratransit[4]	564	542	791	965	1,029
Subway	13,196	12,426	12,863	12,982	12,941
Light Rail	7,387	5,818	4,925	5,078	7,461
Commuter Rail	6,336	6,727	6,884	7,621	7,106
MVA Customer Wait Time[5]	46	56	45	45	45
VEIP Vehicles Tested	1,389,734	1,487,055	1,469,775	1,499,931	1,500,000

BWI: Baltimore/Washington International Thurgood Marshall Airport
MVA: Motor Vehicle Administration
VEIP: Vehicle Emissions Inspection Program

[1] Fiscal 2006 and 2007 data are estimates.
[2] Calendar year.
[3] Does not include Washington Metropolitan Area Transit Authority.
[4] Includes Taxi Access.
[5] Average wait time given in minutes.

Source: *Fiscal 2006 State Budget Books; Fiscal 2007 State Budget Books*; Maryland Department of Transportation

Although the administration is responsible for maintaining just 17 percent of Maryland's highway miles, this mileage accounts for 68 percent of the total vehicle miles of travel in Maryland. The State is not responsible for construction or maintenance of the 20,807 miles of county roads or the 4,590 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 local 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. Through 2010, Baltimore City may subsidize student fares for mass transit from highway user revenues. This practice has been allowed since 1987, with legislation reauthorizing the subsidization every few years. 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). The district offices, with a total of 28 maintenance shops, are responsible for the day-to-day 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, Emergency Traffic Patrols, and overseeing design of small capital projects. While the districts share these common duties, the geography and location of each district makes each 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

In addition to its district facilities, the administration's Hanover complex includes an in-house sign design and fabrication facility, an auto shop where the administration vehicle fleet is maintained, and the Statewide Operations Center. The center is a 24-hour 7-day-a-week communication center that is home to the Coordinated Highway Action Response Team and Maryland's Emergency Operations Center, which is activated for emergencies such as snowstorms, hurricanes, and homeland security threats.

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 toward beautification and aesthetics, such as the 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.,* Interstate 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 Motor Vehicle Administration routinely and directly interacts with the public. As a result, numerous efforts have been and continue to be made to address public service demands. In 2004, the administration introduced renewals by mail for driver's license holders, thereby reducing the number of transactions and wait times at the branch offices. In addition, full-service branch offices were opened in Loveville, St. Mary's County in January 2005 and in Silver Spring (White Oak), Montgomery County in December 2005. As shown in Exhibit 9.4, there are currently 24 branch offices, including 18 full-service offices and 4 express offices. Of those 18 full-service offices, 10 are equipped to process out-of-country applications for driver's licenses and identification cards. This is intended to improve the security of the application process, with the examination of foreign documents by specially trained examiners.

Exhibit 9.4
Motor Vehicle Administration
Service Locations

Full-service Locations

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

Express Office Locations

Baltimore County – Lock Raven/Parkville[2]	Gaithersburg – Walnut Hill [2]
Columbia [2]	Glenmont[2]

Limited-service Office Locations

Oakland	Prince Frederick

Other Kiosk Locations

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

Vehicle Emissions Inspection Program Station Locations

Annapolis	Baltimore (3)	Clinton	Columbia
Derwood	Elkton	Frederick	Gaithersburg
Grasonville	Hagerstown	Hickory	Landover
Owings Mills	Prince Frederick	Waldorf	Westminster
White Oak			

[1] No truck driver road tests are given at this location.
[2] Offices with self-service kiosks.
[3] Also provides assistance for out-of-country applicants.

Source: Motor Vehicle Administration

The Motor Vehicle Administration also offers services through 11 self-service kiosks, MVA on Wheels (in which buses equipped to provide specific services such as license and registration renewal and registration plate return are stationed at locations at scheduled intervals), 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, including registration renewal and the ability to request driver's records and replacement titles (www.marylandmva.com). The Motor Vehicle Administration also oversees 19 stations under the Vehicle Emissions Inspection Program.

As the State entity responsible for issuing State personal identification cards and driver's licenses, the Motor Vehicle Administration will be responsible for implementing the federal REAL-ID Act. The Act requires that, beginning on May 11, 2008, a person may use a State-issued personal identification card or driver's license for a federal purpose (including passing through airline security or accessing federal buildings) only if the card or license meets federal certification standards. The federal standards will relate to physical card or license security and fraud prevention, issuance, immigration issues, identity and document verification, and linkages with state databases. Clarifying regulations are expected to be issued in late 2006.

The cost to Maryland to implement the Act is uncertain. In the *FY 2006-2011 Consolidated Transportation Program*, the administration has budgeted $3.5 million for implementation. The Act authorizes the Department of Homeland Security to provide grants to states to assist in conforming to minimum federal standards; however, no specific amount had been authorized as of July 2006.

Mass Transit

There are two major transit operations within Maryland. One is the Maryland Transit Administration, which 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, this 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, which operates 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's services are augmented by local bus service in Montgomery and Prince George's counties.

In addition, most counties operate transit systems, as do the municipal corporations of Annapolis, Laurel, and Ocean City. Most are intended to provide transit to the elderly or the disabled. A number of these systems apply to the Maryland Transit Administration for State and federal funding, in addition to local funding and/or revenue from passenger fares (also known as farebox recovery). These systems are listed in Exhibit 9.5.

There are four categories of local transportation systems:

- ***fixed route***, in which the transit system vehicles run on regular, pre-designated, pre-scheduled routes, with no deviation;

- ***demand response***, in which vehicles providing transit do not follow a fixed route but travel throughout the community transporting passengers according to their specific requests;

- ***deviated fixed route***, in which a bus or van passes along fixed stops and keeps to a timetable but can also deviate its course between two stops to go to a specific location for a pre-scheduled request; and

- ***voucher system***, in which an individual is provided a voucher for a private taxi.

The deviated fixed route, demand response, and voucher local transit systems tend to be limited to the elderly or the disabled.

Mass Transit Initiative

Traffic congestion continues to be a significant problem in Maryland, and the State is striving to address the problem through a broad range of transit service improvements. Specific projects include:

- purchase of hybrid diesel-electric buses;

- implementation of technology to improve vehicle maintenance and the communication of service information to customers;

- capital improvements to transit vehicles and facilities; and

- implementation of customer service and community outreach strategies that enhance public input in the process of planning and implementing transit service improvements.

Exhibit 9.5
Major Local Transit Systems
Fiscal 2005

System	Local Agency	Service			
		DF	DR	FR	Taxi
County Systems					
Allegany	Allegany County Transit	x	x	x	
Anne Arundel	Department of Aging and Department of Planning and Zoning		x		x
Baltimore City	Department of Aging				x
Baltimore	Department of Aging – County Ride		x		
Calvert	Office of Transportation	x	x	x	
Carroll	CATS	x	x		
Cecil	Department of Aging	x	x		
Charles	VanGO	x	x	x	
Dorchester	Delmarva Community Transit	x	x	x	
Frederick	Frederick Transit	x	x	x	
Garrett	Garrett Transit Services	x	x		
Harford	Department of Community Services	x	x	x	
Howard	Howard Transit		x	x	
Kent, Caroline, Talbot	Delmarva Community Transit	x	x		
Montgomery	Ride-On			x	
Prince George's	The Bus		x	x	
Queen Anne's	Department of Aging – County Ride	x	x		
St. Mary's	St. Mary's Transportation Services	x	x	x	
Washington	Washington County Commuter	x	x	x	
Lower Shore TCC	Shore Transit		x	x	
Municipal Systems					
Annapolis	Annapolis Transit	x		x	
Ocean City	Ocean City Transit			x	
Laurel	CTC			x	

Service Types
DR – Demand Response
DF – Deviated Fixed Route
FR – Fixed Route
Taxi – Voucher Program for the Elderly or Disabled

CATS: Carroll Area Transit System
CTC: Corridor Transportation Corporation
TCC: Tri-County Council for Lower Eastern Shore

Source: Maryland Transit Administration

The State is also engaged in significant projects to promote transit-oriented development that will encourage Maryland residents to live and work near public transit.

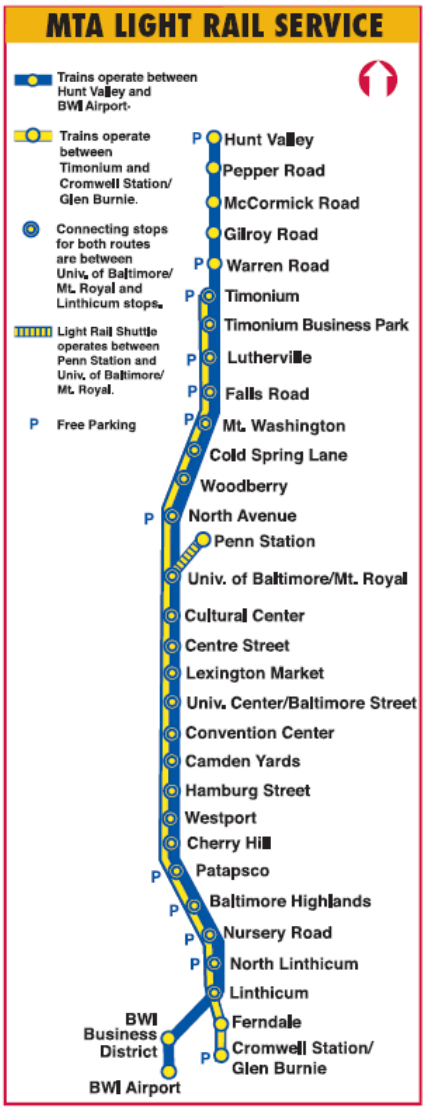
Maryland Transit Administration

The Baltimore area system consists of bus and rail elements providing intra-city transportation and linking the city to points in suburban counties. The system must recover set percentages of its operating costs through farebox revenues. Capital programs are budgeted separately, supported with State transportation revenues and federal sources.

***Baltimore Metro Subway*:** The Baltimore Metro Subway operates a 14-station, 14.7-mile line from Owings Mills to The Johns Hopkins Hospital, seven days a week. The subway opened in 1983 and was last extended in 1996. At that time, 1.5 miles were added to connect 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 2007 is expected to be approximately 12.9 million.

***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, Kent Island, Columbia, Frederick, Hagerstown, and the Annapolis area to the District of Columbia. Additional commuter buses connect Baltimore City with Harford, Howard, Cecil, and Prince George's counties. There will be an estimated 63 million passenger trips on the State's bus system and 3 million commuter bus passengers statewide in fiscal 2007.

Mobility Paratransit Service: The Maryland Transit Administration's mobility/paratransit service provides a specialized curb-to-curb service for people with disabilities who are not able to ride fixed-route public transportation including lift-equipped buses. Mobility/paratransit service is provided within three-quarters of a mile of any fixed-route service in Baltimore City and Baltimore and Anne Arundel counties. In fiscal 2006, the administration estimates that 652,000 passenger trips were provided.



In July 2004, the administration implemented a premium taxi access service as a separate program from its federally mandated mobility/paratransit service for individuals who are certified to use mobility/paratransit but can board, ride, and exit vehicles without the assistance of the driver. This program provides on-demand transportation service within the Maryland Transit Administration's fixed-route service area. The administration estimates that 313,000 passenger trips were provided by taxi access in fiscal 2006.

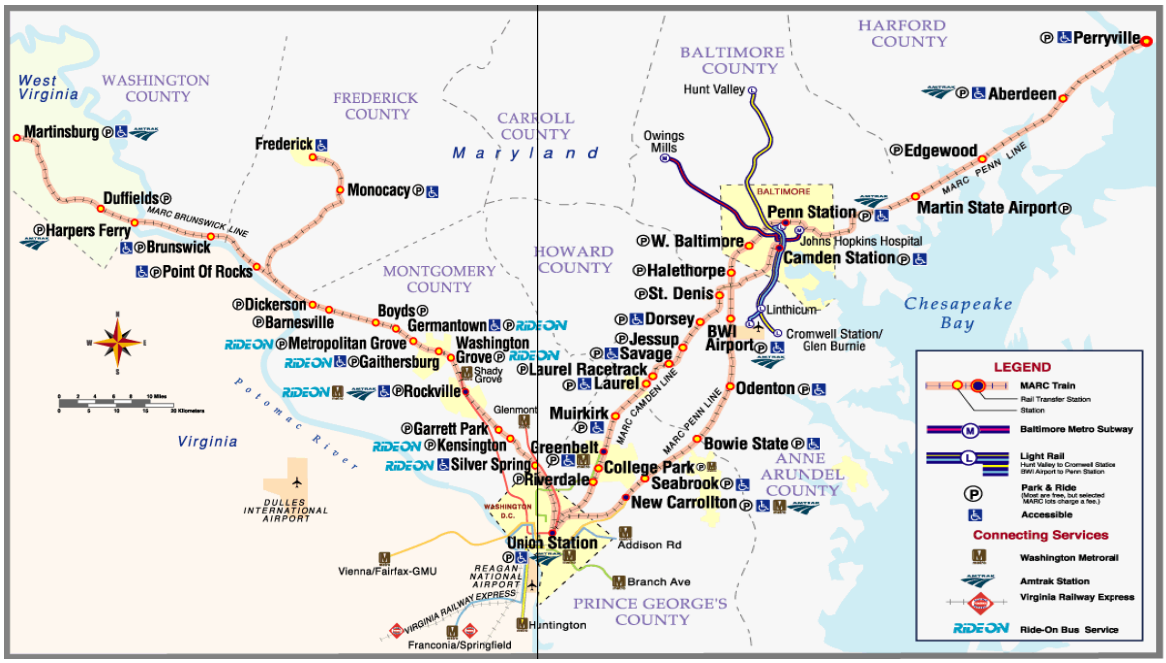
***Central Corridor Light Rail Line*:** The system began limited operation in May 1992. Full service began in June 1993 following the completion of the 24-station, 22.5-mile system from Timonium (Baltimore County) to Cromwell Station/Dorsey Road (Anne Arundel County). An additional line, running from Penn Station to Baltimore/Washington International Thurgood Marshall Airport, opened in 1997.

The Timonium-Dorsey line also was extended to Hunt Valley in 1997, adding five more stations. The total system spans 30 miles. In 2005, the Hamburg Street Station, originally opened in 1998 for use during stadium events, was opened as a full-time station. The Maryland Transit 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 double-track project was completed in February 2006, more than one year ahead of schedule. The administration expects 7.5 million passengers to ride the light rail in fiscal 2007.

***Rail Service*:** State-funded Maryland Rail Commuter 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 (District of Columbia); the Camden line from Camden Station (Baltimore City) into Union Station; and the Brunswick line from 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 2007, ridership is expected to be approximately 7 million. A map of the Maryland Rail Commuter system is presented in Exhibit 9.6.

Exhibit 9.6
Maryland Rail Commuter Service



Source: Maryland Department of Transportation

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 106 miles of track in Maryland, Virginia, and the District of Columbia. The final 6.3 miles and five stations of the original system plan were completed in January 2001. A 1.1-mile extension to the Blue Line from the Addison Road Metro Station to Largo Town Center became operational in December 2004.

Exhibit 9.7
Washington Metropolitan Area Transit Authority
Metrorail Transit System

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

Port

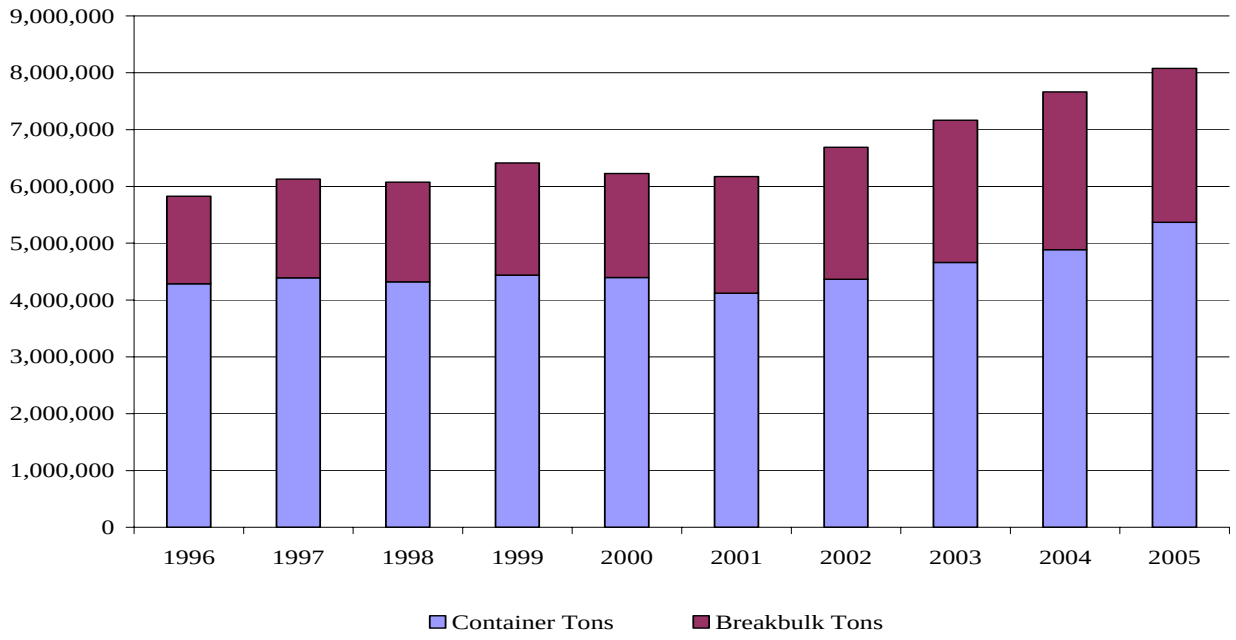
The Maryland Port Administration is responsible for stimulating waterborne commerce through the Port of Baltimore. The administration provides marketing, operations, and maintenance services to expand maritime commerce and promote the use of its facilities. Its principal focus is on the operation of 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 40 percent of the administration's tonnage. The Seagirt Marine Terminal opened in 1990 and was financed with bonds issued by the Maryland Transportation Authority, which leases the terminal to the administration. Seagirt now handles 50 percent of the administration's general cargo. The Maryland Port Administration also administers public terminals at North and South Locust Points, Fairfield, and Masonville.

The administration has experienced significant growth in general cargo at its public terminals in recent years. Since adopting its 1996 Strategic Plan, the Maryland Port Administration has focused on developing business in a variety of breakbulk or niche cargoes, while continuing to pursue additional containerized cargo. These efforts have resulted in strong positive growth in automobiles, roll-on/roll-off machinery, paper, wood pulp, lumber, and containers. Exhibit 9.8 illustrates growth in container and breakbulk cargo over the last decade. Total general cargo (both containers and breakbulk) exceeded 8 million tons in calendar 2005. Including bulk cargo (single commodities such as coal, iron ore, and liquefied natural gas), which are shipped through private terminals, the Port of Baltimore handled over 32 million tons of foreign cargo in 2005.

In addition, the administration has completed renovation of an existing cargo shed to serve as a new terminal for cruise ships with adjacent parking. The new facility, which opened on May 10, 2006, eliminates the conflict between passenger and cargo activity at other terminals. The administration is seeking to further develop cruise activity through marketing, exhibitions at trade shows, and membership in trade organizations. Depending on the future development of cruise business, a new facility could also be constructed.

Each year, the system of navigational channels serving the Port of Baltimore requires maintenance dredging of about 4 to 5 million cubic yards of material. The dredging demand for the Port of Baltimore also includes periodic new work to complete channels and berth improvements that enable the port to grow in a competitive marketplace. The Maryland Port Administration is expected to exhaust most of its established available placement capacity by the end of the decade. New placement

Exhibit 9.8
Maryland Port Administration
Total Foreign Cargo Tonnage Market Share Among Competitors
Mid-Atlantic Seaboard
Calendar 1996-2005



Source: Maryland Port Administration

capacity locations need to be identified and constructed in the next few years. In fiscal 2005, the administration was responsible for operating the following dredged material placement sites:

- Hart Miller Island Containment Facility
- Poplar Island Environmental Restoration Project
- Pooles Island Open Water Placement Site
- Cox Creek Dredged Material Containment Facility

Aviation

The Maryland Aviation Administration is responsible for maintaining and operating the Baltimore/Washington International Thurgood Marshall Airport and Martin

State Airport and for fostering, developing, and regulating aviation within the State. The Maryland Aviation Administration also administers noise assistance activities such as voluntary land acquisition, homeowners' assistance, and school sound proofing programs; inspects and licenses public and privately owned public use airports; and registers private use airports. In total, there are 141 airports in Maryland – 13 commercial use airports (3 with regularly scheduled passenger flights, and 10 of which have other commercial activity), 35 public use airports, and 93 private noncommercial airports.

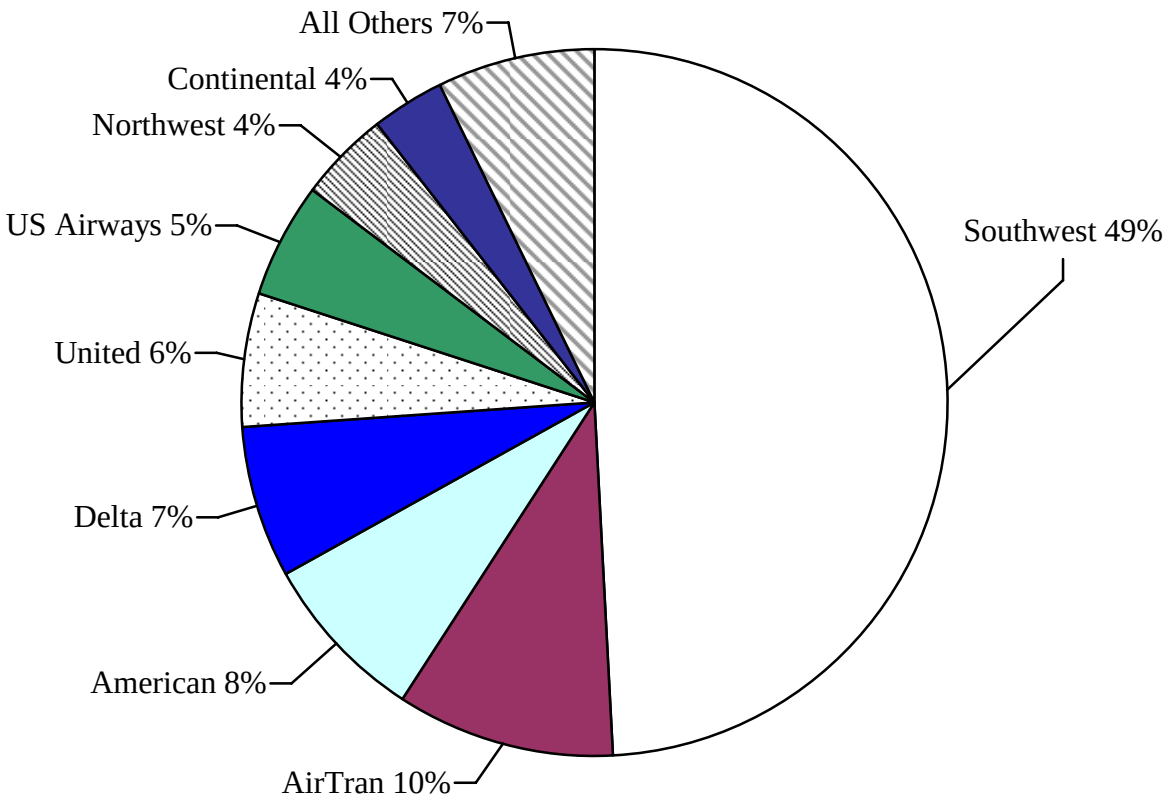
Baltimore/Washington International Thurgood Marshall Airport

Baltimore/Washington International Thurgood Marshall Airport 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. More recently, the airport is completing major capital enhancements, which focus on improving parking, terminals, and terminal access. Specific projects included in the expansion program are a consolidated car rental facility and tenant parking lot that opened in December 2003, an 8,000-space daily parking garage that opened in May 2004, and the Concourse A/B expansion (Southwest Airlines Terminal) that opened in May 2005. Two other major projects to be completed by late 2006 are the expansion of the terminal arrival/departure roadway and the "bump-out" of the passenger terminal for additional ticketing area.

Estimates from calendar 2002 indicate that the airport's economic impact provides more than 10,000 direct jobs, $2.7 billion in business revenue, and $153 million in local and State taxes. Passenger traffic was estimated to total 19.7 million in 2005. As Exhibit 9.9 shows, Southwest Airlines alone carries almost one-half of Baltimore/Washington International Thurgood Marshall Airport's passengers.

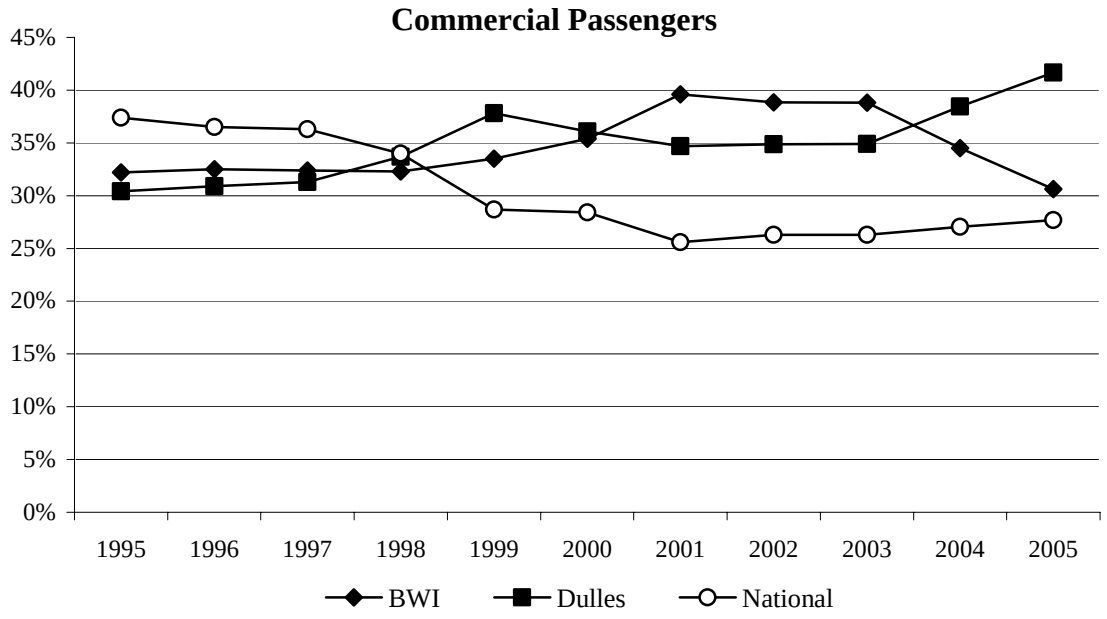
Despite recent improvements to airport facilities and the continuing growth of air service, the State continues to explore ways to improve its position in a rapidly evolving marketplace. Exhibit 9.10 shows the trends in market share for the airport as compared to two other major area airports. Although Baltimore/Washington International Thurgood Marshall Airport trails Dulles Airport slightly in commercial passenger market share, it leads the market for origin/destination passengers. Commercial passenger market share includes both origin/destination passengers, who start or stop their traveling at that airport, and pass-through passengers, whose trips began and will end elsewhere.

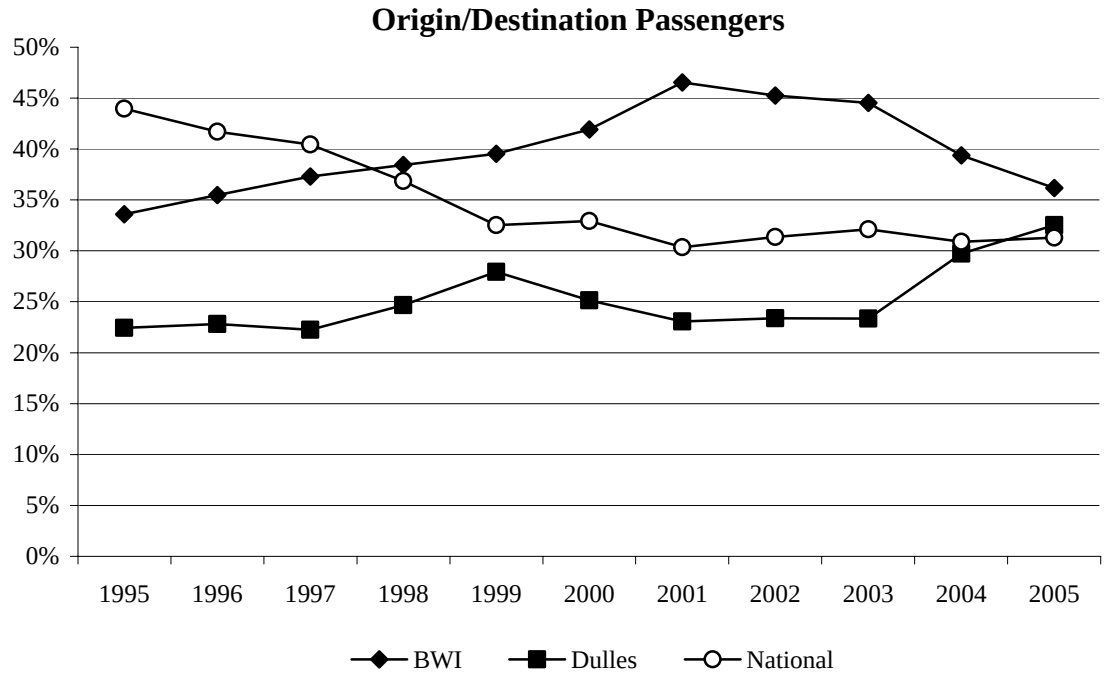
Exhibit 9.9
Market Share by Carrier
Baltimore/Washington International Thurgood Marshall Airport
Calendar 2005



Source: Maryland Aviation Administration

Exhibit 9.10
Market Share – BWI, Dulles, and National Airports
Calendar 1995-2005





BWI: Baltimore/Washington International Thurgood Marshall

Source: Maryland Aviation Administration

Glenn L. Martin State Airport

Glenn L. Martin State Airport was acquired by the State in 1975 at a cost of $5.8 million. Martin State Airport is a general aviation facility located in eastern Baltimore County that augments the airfield capacity of the Baltimore/Washington International Thurgood Marshall Airport. Martin State Airport handles many general aviation activities (corporate, air charter, *etc.*), which otherwise would be forced to operate at Baltimore/Washington International Thurgood Marshall Airport and would decrease that airport's capacity to handle scheduled air carrier operations. Accordingly, Martin State Airport has been designated a "reliever airport" by the Federal Aviation Administration and, as such, is eligible for federal funding assistance for certain capital projects.

Additionally, Martin State Airport is the home base for the marine unit of the Maryland Department of Natural Resources, two squadrons of the Maryland Air National Guard, the Aviation Division of the Maryland State Police, the Baltimore City Police Aviation Unit, the Baltimore County Marine Police/Aviation Unit, and many of Maryland's leading corporations' aircraft. Flight activity for fiscal 2005 at Martin State Airport resulted in 93,000 aircraft operations.

Local Airports

Local governments own and operate 15 airports that are open to the public. Anne Arundel, 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 municipal corporations 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. In addition, 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

Of Maryland's 141 airports – including the Greater Cumberland Regional Airport located in Mineral County, West Virginia – 3 are licensed by the Federal Aviation

Administration to have scheduled passenger flights as commercial service airports (Baltimore/Washington International Thurgood Marshall, Washington County Regional, and Salisbury-Ocean City: Wicomico County Regional). Washington County Regional operates three daily round trip flights to Pittsburgh, Pennsylvania under the U.S. Department of Transportation's Essential Air Service subsidy program. Salisbury-Ocean City: Wicomico County Regional operates various round trip flights to Philadelphia, Pennsylvania; Charlotte, North Carolina; and the District of Columbia.

Maryland Transportation Authority

The Maryland Transportation Authority operates and maintains Maryland's toll facilities: four toll bridges, Harbor Tunnel Thruway, Fort McHenry Tunnel, and 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. For example, the InterCounty Connector through Montgomery and Prince George's counties will be a toll facility, and the authority is playing the vital role in funding this major project. 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 Thurgood Marshall Airport and Maryland Department of Transportation-operated facilities at the Port of Baltimore.

The authority consists of seven members; six are appointed by the Governor and the Secretary of Transportation. The Secretary chairs the authority. Day-to-day operations are directed by an executive secretary who serves at the pleasure of the members of the authority. The General Assembly's statutory oversight of the authority consists of:

- reviewing the authority's operating and capital spending plans (however, the General Assembly has no authority to reduce the authority's budget or restrict its expenditures);

- establishing a cap of $1.9 billion on the aggregate outstanding and unpaid principal balance of revenue bonds as of June 30 of any year;

- requiring notification of the fiscal committees of the General Assembly of proposed toll changes on toll facilities; and

- requiring notification of specified committees whenever the Maryland Transportation Authority enters into a contract or agreement for the operation or ownership of a transportation facility, including a description of the proposed project, a detailed financing plan, and a summary of the contract or agreement for review and comment.

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 $1.5 to $3.0 billion during the 2004 session.

The department also has limited authority to issue nontraditional debt, including certificates of participation, debt backed by customer facility charges, passenger facility charges, or other revenues, and debt issued by the Maryland Economic Development Corporation or any third party on behalf of the department. The outstanding debt resulting from these instruments may not exceed $762.2 million as of June 30, 2007. Certificates differ from traditional bonds in that the amount of the installment payments owed by the department is subject to annual appropriations by the General Assembly. The department has used certificates to finance a traffic facility, to purchase office buildings, and for certain Baltimore/Washington International Thurgood Marshall Airport and Port of Baltimore expansion projects.

Legislation adopted during the 2002 session also allows the department to issue grant anticipation revenue vehicle bonds and to participate in the federal Transportation Infrastructure Finance and Innovation Act programs to fund transportation projects. The bonding authority allows the department to pledge anticipated federal funds to secure the issued bonds, while participation in the programs allows the department to make 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 almost all fuel taxes and vehicle registration fees and specified percentages of vehicle titling taxes (80 percent), short-term vehicle rental taxes (80 percent), and corporate income taxes (24 percent after other specified distributions have been made). The account is then 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 $157.5 million or 11.5 percent of total highway user revenues plus 11.5 percent of any increase in the counties' share of highway user revenues over fiscal 1998 base levels. 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 9.11 details the fiscal 2005 highway user distribution.

Specialized Modal Administration Funding

Two modal administrations have specific funding mechanisms based on the type of services provided to the public and the amount and type of revenue each can raise.

Maryland Transit Administration: Statute requires that 40 percent of bus, light rail, and subway operating expenses 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.

Motor Vehicle Administration: Statute requires the Motor Vehicle Administration to recover 95 to 100 percent of its operating costs, its average annual capital program, and the administration's share of the Maryland Department of Transportation's data center operations. These costs must be recovered through miscellaneous fees – all fees except for vehicle registration fees and motor vehicle excise taxes. If the amount collected by the administration exceeds 100 percent of the costs, the administration must lower the fees.

Exhibit 9.11
State Highway Administration
Distribution of Highway User Revenues
Fiscal 2005

County	Total Aid	County Share	Municipal Share
Allegany	$5,919,949	$3,864,867	$2,055,082
Anne Arundel	25,104,031	23,542,018	1,562,013
Baltimore City	200,142,877	200,142,877	
Baltimore	33,962,957	33,962,957	
Calvert	5,039,495	4,579,228	460,267
Caroline	3,988,966	3,279,854	709,112
Carroll	11,281,360	9,310,786	1,970,574
Cecil	6,211,916	5,026,231	1,185,685
Charles	7,695,815	7,183,273	512,542
Dorchester	4,459,907	3,430,297	1,029,610
Frederick	14,705,633	10,727,881	3,977,752
Garrett	5,067,997	4,299,549	768,448
Harford	12,808,019	11,215,723	1,592,296
Howard	12,364,246	12,364,246	
Kent	2,292,815	1,819,963	472,852
Montgomery	35,668,947	30,119,101	5,549,846
Prince George's	30,470,487	23,016,727	7,453,760
Queen Anne's	4,508,471	4,140,571	367,900
St. Mary's	5,975,620	5,873,628	101,992
Somerset	2,664,076	2,311,864	352,212
Talbot	3,628,366	2,637,314	991,052
Washington	9,418,269	6,920,992	2,497,277
Wicomico	7,198,560	5,667,342	1,531,218
Worcester	5,496,378	4,168,759	1,327,619
Statewide	**$456,075,157**	**$419,606,048**	**$36,469,109**

Notes: Baltimore 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 counties' share of highway user revenues over fiscal 1998 base levels. There are no municipal corporations in Baltimore and Howard counties.

Source: State Highway Administration

Non-modal Administration Funding

Washington Metropolitan Area Transit Authority: 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 capital and operating costs 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 2007, Maryland's share of Washington Metropolitan Area Transit Authority operating costs is estimated at $177 million.

Funding for Maryland's portion of 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 authority. The State also pays 100 percent of the 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. The revenue bonds will be retired at the end of fiscal 2014. In addition, the State pays the operating service deficit for eligible bus service. Eligible local bus service is service that replaces comparable authority bus service, or new local bus service added after 1989. In fiscal 2007, the State expects to provide Prince George's and Montgomery counties with $36.2 million to subsidize local bus service.

Maryland Transportation Authority: 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 General Assembly. The authority's revenues are not part of the Transportation Trust Fund; however, under the authority's trust agreement, which allows funding of transportation projects, occasionally authority resources are used for projects primarily funded from the trust fund. A recent example of the transfer of authority funds to the Transportation Trust Fund is the $43.0 million allocated in fiscal 2007 for mass transit initiatives. Through fiscal 2007, proposed transfers for mass transit total $258.0 million.

As shown in Exhibit 9.12, the funding of transportation services in Maryland reflects the State's central role. In fiscal 2005, the State contributed approximately 67 percent of the transportation funds expended, while the local and federal shares accounted for 9 and 24 percent, respectively.

Exhibit 9.12
Transportation Expenditures and Funding – Fiscal 2005

Service	County	Municipal	State	Federal	Total
Roads	**$136,358,470**	**$62,904,043**	**$1,583,807,874**	**$636,837,054**	**$2,419,907,441**
Parking	**34,119,474**	**6,550,142**	**-**	**-**	**40,669,616**
Motor Vehicles			**134,243,330**	**240,295**	**134,483,625**
Aviation	**12,136,557**	**2,572,747**	**166,879,256**	**34,296,149**	**215,884,709**
State Airport			163,566,202	18,038,573	181,604,775
County/Municipal Airports	12,136,557	2,572,747	3,313,054	16,257,576	34,279,934
Port			**171,400,469**	**308,210**	**171,708,679**
Transit	**87,874,089**	**8,355,599**	**783,878,631**	**356,605,121**	**1,236,713,440**
Maryland Transit/Other			557,131,252	134,722,275	691,853,527
WMATA			193,674,162	214,174,000	407,848,162
Local Transit Systems	87,874,089	8,355,599	33,073,217	7,708,846	137,011,751
Administration/Other	**37,915,913**	**11,149,896**	**85,864,176**	**8,562,711**	**143,492,696**
Total	**$308,404,503**	**$91,532,427**	**$2,926,073,736**	**$1,036,849,540**	**$4,362,860,206**

WMATA: Washington Area Metropolitan Transit Authority

Note: Figures include operating and capital. Funding sources include user fees.

Source: *Fiscal 2007 State Budget Books*; *Uniform Financial Reports*; Maryland Department of Transportation; Department of Legislative Services

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 often delivered through a State/local/private partnership and funded with a mixture of federal, State, and local dollars.

Responsibility for the delivery of services varies by program. For example, local entities take the lead in the delivery and coordination of 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 Health Insurance Plan) – 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 federal dollars is 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, an insurance program, numerous boards, three commissions, and the Office of the Chief Medical Examiner, the State regulates Maryland's health care system, contracts for the delivery of health care services, and acts as a direct service provider. The State, along with the local jurisdictions, also coordinates the delivery of public health services.

Programmatic Administrations

The Department of Health and Mental Hygiene has eight programmatic administrations:

- Mental Hygiene
- Developmental Disabilities
- Alcohol and Drug Abuse
- Medical Care Programs
- Community Health
- Family Health
- AIDS
- Laboratories

These administrations seek to ensure comprehensive health care coverage for the indigent and inpatient, outpatient, 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 (ranging from large-scale for-profit corporations to small nonprofit providers), 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. Also, the Department of Health and Mental Hygiene participates in the Systems Reform Initiative, a legislatively driven effort to transform the State's service delivery systems for children and families to make them more effective, efficient, and responsive to the needs of their clients.

Insurance

Within the Maryland Insurance Administration organizationally, although not managerially, is the Health Insurance Safety Net Program, which administers the Maryland Health Insurance Program and Senior Prescription Drug Assistance Program. The Maryland Health Insurance Program provides access to affordable, comprehensive

health benefits for the medically uninsurable. The Senior Prescription Drug Assistance Program offers a State subsidy toward out-of-pocket costs under Medicare Part D and Medicare Advantage Prescription Drug Coverage to Medicare beneficiaries.

Regulatory Oversight

Oversight of the various health professions is undertaken by the Department of Health and Mental Hygiene's boards while the Office of Health Care Quality ensures safety at hospitals, nursing homes, and other community-based providers. The Maryland Health Care Commission is responsible for improving access to and quality of affordable health care. The Health Services Cost Review Commission regulates hospital rates and develops plans to address the State's current and long-term health care needs. The Maryland Community Health Resources Commission has the purpose of strengthening the health care safety net for the uninsured and underinsured and providing operating grants to community health centers.

State and County Mental Health Advisory Roles

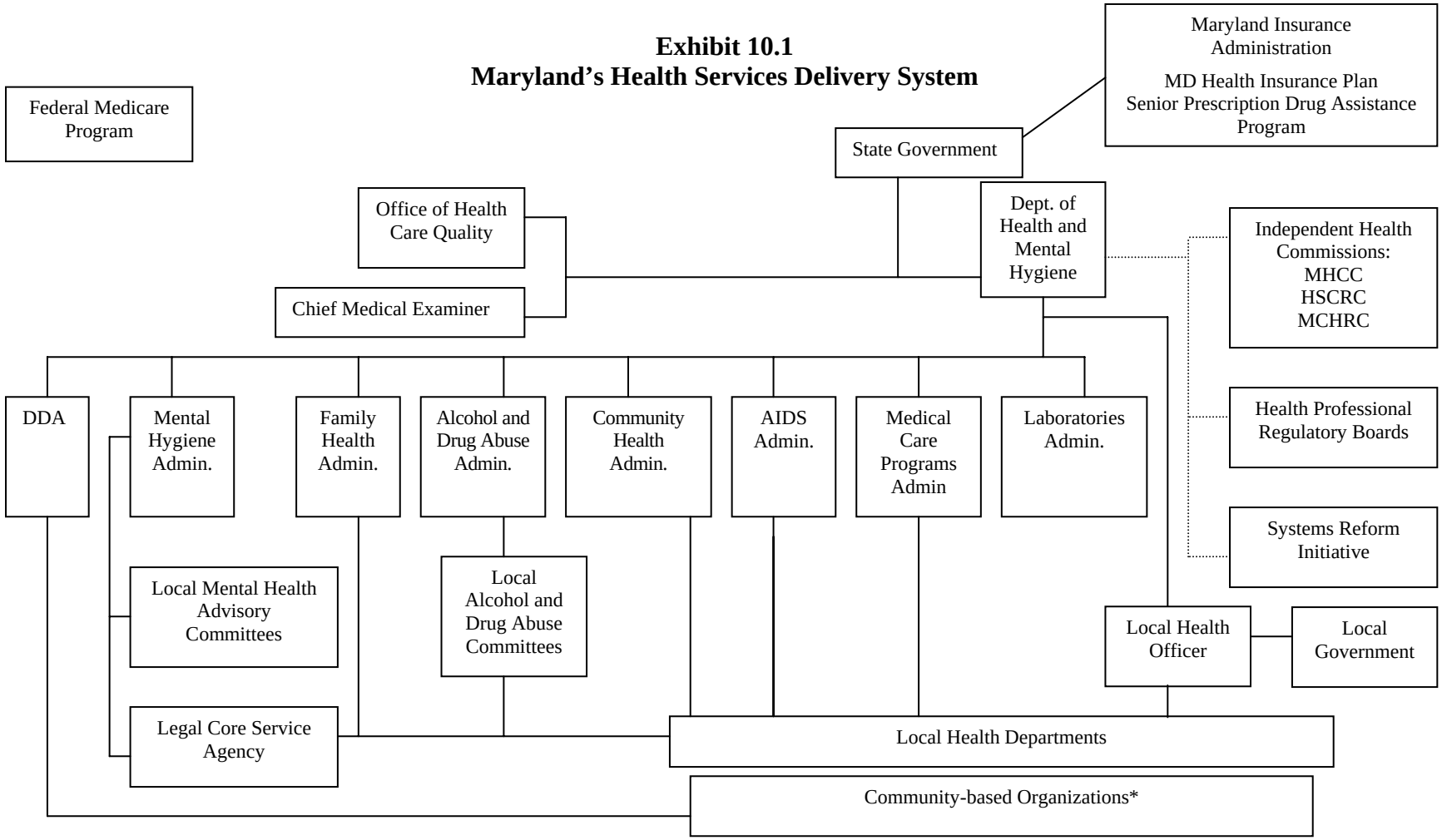
State law establishes mental health advisory boards at both the State and local levels. The Maryland Advisory Council on Mental Hygiene is charged with advising the Department of Health and Mental Hygiene on mental health issues and advocating for a comprehensive, broad-based approach. Members are appointed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

Mental health advisory committees in each county and Baltimore City serve in an advisory capacity to local governments and 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.

Local Service Delivery

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, followed by a detailed description of the local role.

Exhibit 10.1
Maryland's Health Services Delivery System



DDA: Developmental Disabilities Administration
MHCC: Maryland Health Care Commission
MCHRC: Maryland Community Health Resources Commission
HSCRC: Health Services Cost Review Commission

*Most of the Department of Health and Mental Hygiene administrations contract with community-based organizations.

Source: Department of Legislative Services

Local Health Boards/Health Officers

Title 3 of the Health-General Article requires a local board of health to 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.

Local Health Departments

Local health departments in each county and Baltimore City function as the local health agency with primary responsibility for policy development, assessment, 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:

- ***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 are employees of the local jurisdiction. Whether locally or State-employed, staff in the local health departments is 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 30 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 was 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. A complete listing of the 20 core service agencies by location, type, and date of creation is provided in Exhibit 10.2. Core service agencies receive administrative and service funding in the form of grants and contracts from the Mental Health Administration.

Local Alcohol and Drug Abuse Councils

Chapters 237 and 238 of 2004 formalized a local planning role for drug and alcohol abuse services. That legislation requires each county to have a local drug and alcohol abuse council and for each council to develop a local plan that includes the plans, strategies, and priorities of the county in meeting identified needs of both the general public and criminal justice system for alcohol and drug abuse evaluation, prevention, and treatment services. The Alcohol and Drug Abuse Administration has indicated that these local plans will be key in determining specific program activities in each jurisdiction.

Exhibit 10.2
Core Service Agencies
Calendar 2006

Location	Type	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

Services

Health Insurance

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

Medicare

A federally funded and administered program, Medicare provides hospital inpatient and outpatient, home health, physician coverage, and, as of January 2006, prescription drug coverage for certain disabled individuals and the elderly. In calendar 2004, program expenditures exceeded $5.8 billion.

Medicaid

Roughly 11 percent of Maryland residents receive their comprehensive health insurance through the Medicaid program and Maryland Children's Health 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 or federal Supplemental Security Income 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 inpatient 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 (health maintenance organizations and provider organizations acting in a manner similar to health maintenance organizations) 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 specialty mental health and medical day care are paid for on a fee-for-service basis by the State.

Medicaid costs are generally 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 is handled by the Department of Health and Mental Hygiene's Medical Care Programs Administration. In fiscal 2007, Medicaid will spend approximately $4.7 billion to provide coverage for 641,000 people in Maryland.

Maryland Children's Health Program

Established by Chapter 110 of 1998 and expanded by Chapter 16 of 2000, the Maryland Children's Health Program extends Medicaid coverage to children up to the age of 19 with family incomes at or below 200 percent of the federal poverty level and pregnant women with incomes at or below 250 percent of the poverty level. An estimated 111,220 children and women will participate in the program during fiscal 2007.

Primary Adult Care Program

The Medicaid Modernization Act of 2003 directed the Department of Health and Mental Hygiene to conduct a comprehensive review of the State's health care services for adults and seek a waiver from the federal government to allow the State to use Medicaid matching funds to implement an adult primary care network. As a result, the Primary Adult Care Program replaced the Maryland Primary Care Program and Maryland Pharmacy Assistance Program in July 2006.

The Primary Adult Care Program offers health services to individuals 19 and older earning less then 116 percent of the federal poverty level with assets less than $4,000 for individuals and less than $6,000 for families. The health services provided by the Primary Adult Care Program include visits to a primary care physician, outpatient mental health visits, and lower-priced prescription drugs. The Department of Health and Mental Hygiene is estimating 28,000 enrollees per month throughout fiscal 2007, of which 25,000 were previously covered by either the Maryland Primary Care Program or Maryland Pharmacy Assistance Program. The primary care and pharmacy costs associated with the new Primary Adult Care Program are expected to be $16.9 million in fiscal 2007.

Maryland Health Insurance Program

The Maryland General Assembly established the Maryland Health Insurance Plan under the Health Insurance Safety Net Act of 2002, which is a State-administered health insurance program for Maryland residents who do not have access to health insurance. Eligibility to the plan is restricted to Maryland residents who are not eligible for other health coverage, have health insurance that provides limited or restricted coverage, or have been refused individual health insurance for medical reasons. Approximately 7,500 individuals are expected to enroll in the program, which will cost the State about $78.6 million in fiscal 2007.

Senior Prescription Drug Assistance Program

Chapter 282 of 2005 altered the eligibility requirements of the Senior Prescription Drug Program and renamed it the Senior Prescription Drug Assistance Program. Starting January 2006, the Senior Prescription Drug Assistance Program offers a State subsidy toward out-of-pocket costs under Medicare Part D and Medicare Advantage Prescription Drug Coverage to Medicare beneficiaries with incomes at or below 300 percent of the federal poverty level. In fiscal 2007, approximately 42,000 individuals are expected to enroll in the program, which will cost the State about $14 million.

Maryland Medbank

The Maryland Medbank 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. As of June 30, 2005, 8,146 patients were actively being served, and nearly 30,000 patients had been served since the program's inception in October 2001.

Other Programs

In addition to the programs discussed above, the State is the payor of last resort for approximately 2,500 kidney disease patients annually through the Kidney Disease Program that funds hospital services, renal transplantation, chronic maintenance dialysis, physician services, medications, and laboratory services. Also, the State 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. Mental health services for Medicaid recipients funded through the fee-for-service system are specialty mental health services (*i.e.*, clients meet certain diagnostic criteria). Medicaid recipients with mental health issues that do not meet these diagnostic criteria are served through the managed care organizations.

In the past, public psychiatric care in Maryland was provided almost exclusively by State mental hospitals. The trend over the last few decades has been to expand community services and downsize institutions. Instead of State psychiatric hospitals being the point of entry for inpatient psychiatric care, private psychiatric hospitals and psychiatric wards of acute-general hospitals have become the point of entry for most inpatient psychiatric care. Currently, the Mental Hygiene Administration operates State psychiatric hospital centers serving 1,463 clients with a fiscal 2007 budget of $275 million. These facilities include six State hospitals, one forensic hospital for the criminally insane, and three residential treatment centers for children and adolescents. Detailed descriptions of the facilities are provided in Exhibit 10.3.

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 2007 Mental Hygiene Administration budget contains $586 million to provide services to more than 100,000 people in the community.

Developmental Disabilities

A developmental disability is a condition attributable to a mental or physical impairment that results in substantial functional limitations in major life activities and which is likely to continue indefinitely. Examples include autism, blindness, cerebral

Exhibit 10.3
Mental Hygiene Administration Facility Overview
Fiscal 2007

Facility and Location	Type of Population	Average Daily Population
Eastern Shore (Cambridge)	Adult	78
Springfield (Sykesville)	Adult Acute and chronic Aged Domiciliary care	405
Spring Grove (Catonsville)	Acute adult Chronic adult Treatment resistant schizophrenics	440
Carter (Baltimore)	Acute adult Chronic adult	50
Finan (Cumberland)	Adolescent Adult Acute and chronic Aged	80
C. T. Perkins (Jessup)	Adult forensic	223
Upper Shore (Chestertown)	Acute adult	39
RICA Baltimore (Catonsville)	Severely emotionally disturbed children and adolescents	44
RICA Gildner (Rockville)	Severely emotionally disturbed children and adolescents	71
RICA Southern MD (Cheltenham)	Severely emotionally disturbed children and adolescents	29

RICA: Residential Institution for Children and Adolescents

Source: Department of Health and Mental Hygiene

palsy, deafness, epilepsy, mental retardation, and multiple sclerosis. 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. The Developmental Disabilities Administration provides direct services to these individuals in four State residential centers and funds a coordinated service delivery system that supports the integration of these individuals into the community with services delivered by private providers.

Goals of the administration include empowerment of the developmentally disabled and their families; integration of individuals with developmental disabilities into community life; provision of quality support services that maximize individual growth and development; and establishment of a responsible, flexible service system that maximizes available resources.

The Developmental Disabilities Administration currently operates four State residential centers with a total average client population in fiscal 2007 of 356 at a cost of $74.8 million. A brief overview of each facility is presented in Exhibit 10.4. 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 23,782 clients will receive community services during fiscal 2007 at a cost of almost $613 million.

In recent years, resources allocated to the Developmental Disabilities Administration have significantly expanded as a result of the waiting list initiative and the wage initiative.

Waiting List Initiative

The waiting list initiative was designed to provide a service for everyone on the waiting list for community services as of January 1998. The initiative ended in fiscal 2003, though community services have continued to expand since that time. The current waiting list for community services includes nearly 15,500 individuals. Approximately 10,283 individuals on the waiting list are not receiving any services; the remaining individuals are receiving some services but have requested approximately 7,868 additional services. The fiscal 2007 budget provides $10 million to reduce the size of the waiting list by extending 3,945 services to 1,225 individuals.

Exhibit 10.4
Developmental Disabilities Administration Facility Overview
Fiscal 2007

Facility and Location	Type of Population Served	Catchment Area	Average Daily Population	Annual Cost Per Client
Brandenburg (Cumberland)	Severely or profoundly retarded adults and children	Allegany and Garret counties	20	$174,980
Potomac (Hagerstown)	Severely or profoundly retarded adults	Western Maryland	44	$193,981
Rosewood (Owings Mills)	Severely or profoundly retarded adults and children with special emphasis on forensic patients	Central Maryland	189	$146,198
Holly (Salisbury)	Severely or profoundly retarded adults and children	Eastern Shore	103	$152,502

Note: Catchment area refers to the area a facility generally services. However, a facility may also serve individuals outside of its designated catchment area.

Source: *Fiscal 2007 State Budget Books*; Department of Health and Mental Hygiene

Wage Initiative

The wage initiative was established because direct-service workers employed by private providers were not compensated according to the State pay scale, creating disparities in wages relative to equivalent State positions. Chapters 109 and 110 of 2001 require the Department of Health and Mental Hygiene to increase the rate of reimbursement to community providers in order to eliminate the wage disparity over a five-year period (fiscal 2003 through 2007). An average of $16 million has been provided each year since fiscal 2003, and in fiscal 2007 (the final year of the initiative) $16.2 million was provided.

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 private, nonprofit grantees. These programs include primary and emergency care, intermediate care facilities, halfway houses, long-term care programs, outpatient care, and prevention programs. During fiscal 2005, more than 33,000 people participated in outpatient treatment programs, almost 3,000 individuals received services in correctional facilities, nearly 9,000 individuals entered residential programs, more than 1,500 people resided in halfway houses, almost 10,000 individuals received methadone maintenance, and almost 6,000 individuals received detoxification treatment.

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*** – provides disease prevention services to the public through surveillance and investigation;

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

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

- ***Institutional Review 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 2007 budget of $62.8 million, the Women, Infants, and Children Supplemental Nutrition Program is the Family Health Administration's largest and most widely known program. Funded almost entirely with federal dollars, the Women, Infants, and Children Program serves pregnant, postpartum, and breastfeeding women; infants less than 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 111,000 participants will take part in the program in federal fiscal 2007.

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 and is also administered by the Family Health Administration. The Act establishing the Cigarette Restitution Fund specified nine health- and tobacco-related priorities (reduction in tobacco by youth; tobacco control campaigns in schools; smoking cessation programs; enforcement of tobacco sales restrictions; primary health care in rural areas; programs concerning cancer, heart disease, lung disease, and tobacco control; substance abuse treatment and prevention; Maryland Health Care Foundation; and crop conversion), to which no less than half of the funds must be appropriated annually. To support this goal, the General Assembly created the Tobacco Use Prevention and Cessation Program and the Cancer Prevention, Education, Screening, and Treatment Program within the Family Health Administration to address both the causes and effects of tobacco use. The fund also supports existing health programs such as substance abuse treatment and Medicaid.

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, 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 been 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 are 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.

Chronic Hospitals

The Family Health Administration also oversees the State's two chronic care and rehabilitative hospitals, Western Maryland Center and Deer's Head Center. During fiscal 2007, the two hospitals, which have a combined capacity of 237 beds, expect to operate at 74.2 percent of capacity. The fiscal 2007 budget totals $44.5 million. Among other medical services, both centers provide:

- chronic care and treatment to patients requiring rehabilitation at a level greater than that available at a nursing home;

- long-term care for patients no longer in need of hospital-level care but unable to function in traditional nursing homes; and

- inpatient and outpatient renal dialysis services.

AIDS

Established in 1987, the Department of Health and Mental Hygiene's AIDS Administration educates the public and health care officials about AIDS and 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.

Laboratories

The Laboratories 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 chemical, microbiological, and radiological surveillance of the environment related to food, water, sewage, air, pharmaceuticals, and hazardous wastes.

Medical Examiner

The Office of the Chief Medical Examiner, 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.

Regulatory System

Oversight of the State's health care system is undertaken by the Office of Health Care Quality, health occupations boards, and three commissions (the Maryland Health Care Commission, Health Services Cost Review Commission, and Maryland Community Health Resources Commission).

Office of Health Care Quality

The Department of Health and Mental Hygiene's Office of Health Care Quality inspects hospitals, nursing homes, and other community providers 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.

Regulation of Health Professions

Eighteen boards and one commission share responsibility for regulating the various health professions in Maryland. The boards and commission are responsible for the examination, licensure, regulation, and discipline of over 330,000 health care providers. Additionally, the boards set standards of practice and continuing education requirements. Exhibit 10.5 indicates the number of health care providers and the fiscal 2007 appropriation for each of the boards and the commission.

Other

Three other commissions are responsible for improving access to and quality of affordable health care services, ensuring health care costs are reasonable relative to the cost of health services, and strengthening the health care safety net for uninsured and underinsured Marylanders.

***Maryland Health Care Commission*:** The Maryland Health Care Commission is responsible for making timely and accurate information available to the public on the availability, cost, and quality of health care services statewide. At least every five years, the commission adopts a State health plan, which sets the methodologies, standards, and criteria for certificate-of-need review. The commission issues a certificate of need before any heath care facility is built, relocated, or modified in the State.

The commission also 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

Exhibit 10.5
Health Professions Regulatory Boards and Commission
Fiscal 2007

Regulatory Board	Estimated Number of Active Licensed/Certified/Registered	Appropriation
Acupuncture	740	$221,767
Audiologists, Hearing Aid Dispensers, and Speech-Language Pathologists	2,646	319,764
Chiropractic Examiners	3,470	807,125
Dental Examiners	11,297	1,621,776
Dietetic Practice	1,400	138,742
Kidney Disease	107	164,051
Morticians	1,388	424,408
Nursing (and ancillary professions)	241,408	5,979,170
Nursing Home Administrators	578	203,727
Occupational Therapy	2,545	351,992
Optometry	848	280,889
Pharmacy	9,645	1,980,261
Physical Therapy	9,521	714,721
Physicians (and ancillary professions)	35,184	7,030,994
Podiatric Medical Examiners	470	263,952
Professional Counselors and Therapists	3,979	492,985
Psychologists	3,147	526,662
Residential Child Care Administrators*	0	43,892
Social Work Examiners	11,532	990,885

*The State Board for Certification of Residential Child Care Administrators will begin certifying administrators in fiscal 2008.

Source: Department of Health and Mental Hygiene

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.

Health Services Cost Review Commission: The Health Services 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 relative 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 Community Health Resources Commission: Chapter 280 of 2005 established the Maryland Community Health Resources Commission to improve access to health care for those who are underinsured and uninsured and to provide operating grants to community health resource centers around the State. The responsibilities of the commission include identifying and seeking federal and State funding for the expansion of community health resource centers, developing outreach programs to educate and inform individuals of the availability of community health resource centers, and assisting uninsured individuals under 200 percent of the federal poverty level to access health care services through community health resource centers. Using such clinics as the basis for community health care, the commission will help communities establish integrated health services.

Local Health Departments

The local health departments in each jurisdiction can implement various programs that are approved by the Secretary of Health and Mental Hygiene. The Department of Health and Mental Hygiene encourages the local jurisdictions to establish programs in the areas of maternity care, infant and child care, family planning, cancer control, and AIDS education and research.

Funding

Federal, State, and local funds all support the provision of public health services in Maryland. Exhibit 10.6 provides an overview of Maryland's health spending by the source of funds and the target population.

Excluding spending on Medicaid and Medicare, 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

Exhibit 10.6
Public Health Spending in Maryland – Fiscal 2005
($ in Thousands)

	State[1]	Local	Federal	Fees	Total
Medicaid/Maryland Children's Health Program[2]	$2,008,309		$2,059,068	$331	$4,067,708
Medicare[3]			5,857,000		5,857,000
Mental Health[4]	543,060		193,723		736,783
Developmental Disabilities[5]	399,544		201,136		600,681
Substance Abuse	98,388		28,791		127,179
AIDS	5,267		56,167		61,434
Targeted Funds for Local Health Depts.[6]	60,878	$61,101	4,493		126,472
Chronic Hospitals	39,518				39,518
Community and Family Health	92,294		116,357		208,651
Regulation of Providers/Health System[7]	11,006		5,011	99,843	115,860
Maryland Health Insurance Plan/ Senior Prescription Drug Assistance Plan[8]			219	43,288	43,507
Other[9]	44,797	51,583	20,982	38	117,400
Total	**$3,303,061**	**$112,684**	**$8,542,947**	**$143,500**	**$12,102,192**

[1] During fiscal 2005, the State recovered $23.8 million in federal disproportionate share payments and $63.1 million from third-party payors as compensation for services provided to individuals in State facilities. The $85.1 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 monies from the Cigarette Restitution Fund.

[2] Includes State-funded Kidney Disease Program.

[3] Reflects calendar 2004 reported spending.

[4] Includes Medicaid funds for mental health.

[5] Includes Medicaid funds for developmental disabilities.

[6] Funds for other grants and contracts with local health departments are included elsewhere. Local dollars reflect the required match.

[7] Includes Office of Health Care Quality, health occupations boards and commission, Maryland Health Care Commission, Health Services Cost Review Commission, and Maryland Community Health Resources Commission. Fee amount includes hospital assessments that finance the Uncompensated Care Fund.

[8] Includes hospital assessment collected to fund the Maryland Health Insurance Program and payments by nonprofit health care organizations in lieu of the insurance premium tax which fund the Senior Prescription Drug Assistance Program.

[9] Includes Department of Health and Mental Hygiene administrative activities, Office of the Chief Medical Examiner, Laboratories Administration, and local public health department funding, exclusive of targeted funds.

Source: *Fiscal 2007 State Budget Books*; Department of Health and Mental Hygiene

health; and (3) the Women, Infants, and Children Program, which is a capped federal entitlement program. A combination of State and local dollars finances most of the operations of local health departments.

Health Insurance

While federal funds account for nearly 71 percent of all the health funding, most of the federal funding supports Medicaid and Medicare. In fact, only about $211 million, or 2.5 percent, of the total federal spending depicted in Exhibit 10.6 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 10.6 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 in Chapters 11 and 6 of this volume of the legislative handbook series and is not included in the exhibit.

The Maryland Health Insurance Plan is funded through hospital assessments and premiums. 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. The Kidney Disease Program is the only program funded solely through State finances.

Institutional Care

The dependence on State dollars for services delivered in State psychiatric facilities, State residential centers, and chronic hospitals 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 2005, the State received $23.8 million in disproportionate share payments as compensation for services provided in State facilities. The State recovered an additional $61.3 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 78 percent of the cost of providing renal dialysis services in fiscal 2007. Recoveries from third-party payors, which are credited to the general fund, are expected to cover 25 percent of the expenditures at the two hospitals in fiscal 2007.

Alcohol and Drug Abuse

Substance abuse spending is financed with a combination of State general funds, monies from the Cigarette Restitution Fund, 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 monies from the Cigarette Restitution Fund.

Regulatory System

The boards and commission 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 Maryland Health Care Commission and the Health Services Cost Review Commission are funded with user fees. The administrative budget of the Maryland Health Care Commission is supported by user fees assessed on hospitals, nursing homes, insurance companies, and various health care practitioners. However, in fiscal 2005 and 2006, the user fee cap was raised to accommodate indirect cost assessments against the commission. The law limits the amount the commission may collect in any other fiscal year to $10 million; in fiscal 2007, the commission expects to collect $9.7 million in user fees. The Maryland Health Care Commission administers the Maryland Trauma Physician Services Fund, which receives revenue from a $2.50 annual surcharge on motor vehicle registrations. The surcharge is expected to raise about $10 million in fiscal 2007, which funds uncompensated care incurred by trauma physicians and costs to trauma centers for maintaining trauma physicians on call.

The administrative budget of the Health Services Cost Review Commission is supported by user fees assessed on hospitals. However, in fiscal 2005 and 2006, the user fee cap was raised to accommodate indirect cost assessments against the commission. The law limits collections by the commission for administrative purposes to $4 million in any other fiscal year; the commission anticipates collections of $3.1 million in fiscal 2007. The Health Services Cost Review Commission also administers the Uncompensated Care Fund, which receives revenue from an assessment on all acute care hospitals in the State. The funds collected are redistributed by the commission to those

hospitals that treat a higher proportion of the State's uninsured population. Collections are expected to be $78 million in fiscal 2007.

The Maryland Community Health Resources Commission is financed by the value of the premium tax exemption paid by nonprofit health care organizations, minus the subsidies required for the Senior Prescription Drug Assistance Program. The Maryland Community Health Resources Commission Fund is expecting $8.2 million in revenue in fiscal 2007.

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 10.7 provides a county-by-county summary of the State, local, and federal funding provided and the source.

The Targeted Local Health Program is funded at a level established by a statutory formula. The minimum funding level for the program was established at $41 million in general funds in fiscal 1997; subsequent increases based on inflation and population growth have increased minimum funding to over $57 million in fiscal 2007. 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 this "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. Fiscal 2005 local spending, for example, exceeded the required match amount of $61 million by $52 million. A jurisdiction-by-jurisdiction comparison of the required match and actual expenditures is presented in Exhibit 10.8.

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.

Exhibit 10.7
Funding for Local Health Departments
Fiscal 2005

County	Targeted Local Health Grants	Other Grant Agreements with DHMH*	Local Funding	Total Funding
Allegany	$1,588,332	$9,219,400	$891,025	$11,698,757
Anne Arundel	5,521,389	11,334,088	20,330,315	37,185,792
Baltimore City	11,718,830	31,147,493	3,990,285	46,856,608
Baltimore	7,568,877	13,232,629	12,442,105	33,243,611
Calvert	643,358	3,448,365	2,149,183	6,240,906
Caroline	937,412	3,153,317	556,877	4,647,606
Carroll	2,158,992	7,710,789	3,370,287	13,240,068
Cecil	1,413,402	4,480,071	2,344,822	8,238,295
Charles	1,744,732	6,822,715	1,870,257	10,437,704
Dorchester	744,740	4,693,110	665,525	6,103,375
Frederick	2,653,996	5,683,908	7,710,916	16,048,820
Garrett	759,285	3,814,366	483,114	5,056,765
Harford	3,051,386	6,202,591	2,800,575	12,054,552
Howard	2,128,476	4,743,196	3,951,155	10,822,827
Kent	581,007	3,594,549	689,550	4,865,106
Montgomery	5,287,214	18,813,772	25,744,175	49,845,161
Prince George's	8,787,020	26,234,619	9,283,579	44,305,218
Queen Anne's	726,100	2,792,265	1,007,316	4,525,681
St. Mary's	1,417,920	2,390,894	2,395,689	6,204,503
Somerset	742,575	3,757,332	405,686	4,905,593
Talbot	568,955	2,196,269	1,633,307	4,398,531
Washington	2,425,195	6,067,370	4,185,544	12,678,109
Wicomico	1,660,352	7,433,200	2,006,556	11,100,108
Worcester	541,439	6,863,518	1,776,267	9,181,224
Total	**$65,370,984**	**$195,829,826**	**$112,684,109**	**$373,884,919**
Federal Funds	$4,493,000	$85,464,110	$0	$89,957,110
General Funds	$60,877,984	$85,450,462	$0	$146,328,446
Special Funds	$0	$24,915,254	$0	$24,915,254
Local Funds	$0	$0	$112,684,109	$112,684,109

*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 2007 State Budget Books*; Department of Health and Mental Hygiene

Exhibit 10.8
Local Expenditures for Local Health Departments
Fiscal 2005

County	County Expenditures*	Required Match	Over Match
Allegany	$891,025	$476,479	$414,546
Anne Arundel	20,330,315	6,924,698	13,405,617
Baltimore City	3,990,285	3,771,227	219,058
Baltimore	12,442,105	7,729,850	4,712,255
Calvert	2,149,183	1,292,664	856,519
Caroline	556,877	257,081	299,796
Carroll	3,370,287	1,573,860	1,796,427
Cecil	2,344,822	962,791	1,382,031
Charles	1,870,257	1,555,416	314,841
Dorchester	665,525	314,419	351,106
Frederick	7,710,916	2,084,868	5,626,048
Garrett	483,114	404,990	78,124
Harford	2,800,575	1,901,110	899,465
Howard	3,951,155	3,275,847	675,308
Kent	689,550	257,959	431,591
Montgomery	25,744,175	15,406,057	10,338,118
Prince George's	9,283,579	7,296,761	1,986,818
Queen Anne's	1,007,316	608,049	399,267
St. Mary's	2,395,689	785,369	1,610,320
Somerset	405,686	185,644	220,042
Talbot	1,633,307	704,458	928,849
Washington	4,185,544	1,316,678	2,868,866
Wicomico	2,006,556	775,663	1,230,893
Worcester	1,776,267	1,238,928	537,339
Total	**$112,684,109**	**$61,100,864**	**$51,583,245**

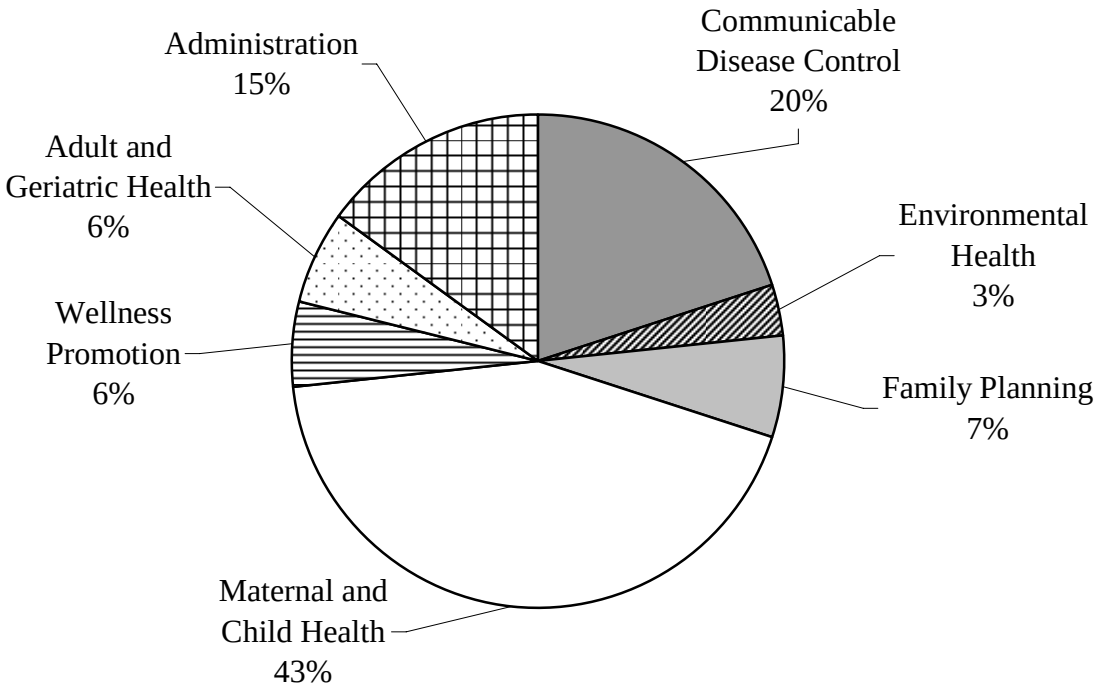
Note: These are unaudited figures. They are based both on information received through the Financial Management Information System reports and from information directly received from the local health departments.

*County expenditures include fees collected by local health departments.

Source: Department of Health and Mental Hygiene

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 aged, and mental health programs. The fiscal 2007 funding distribution for core local health services between the six service areas is detailed in Exhibit 10.9.

Exhibit 10.9
Core Local Health Services Funding
Fiscal 2007



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 about 3 percent of total county government spending in fiscal 2005.

Although county governments do not play a major role in paying for or furnishing social services, the State, through the Systems Reform Initiative 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

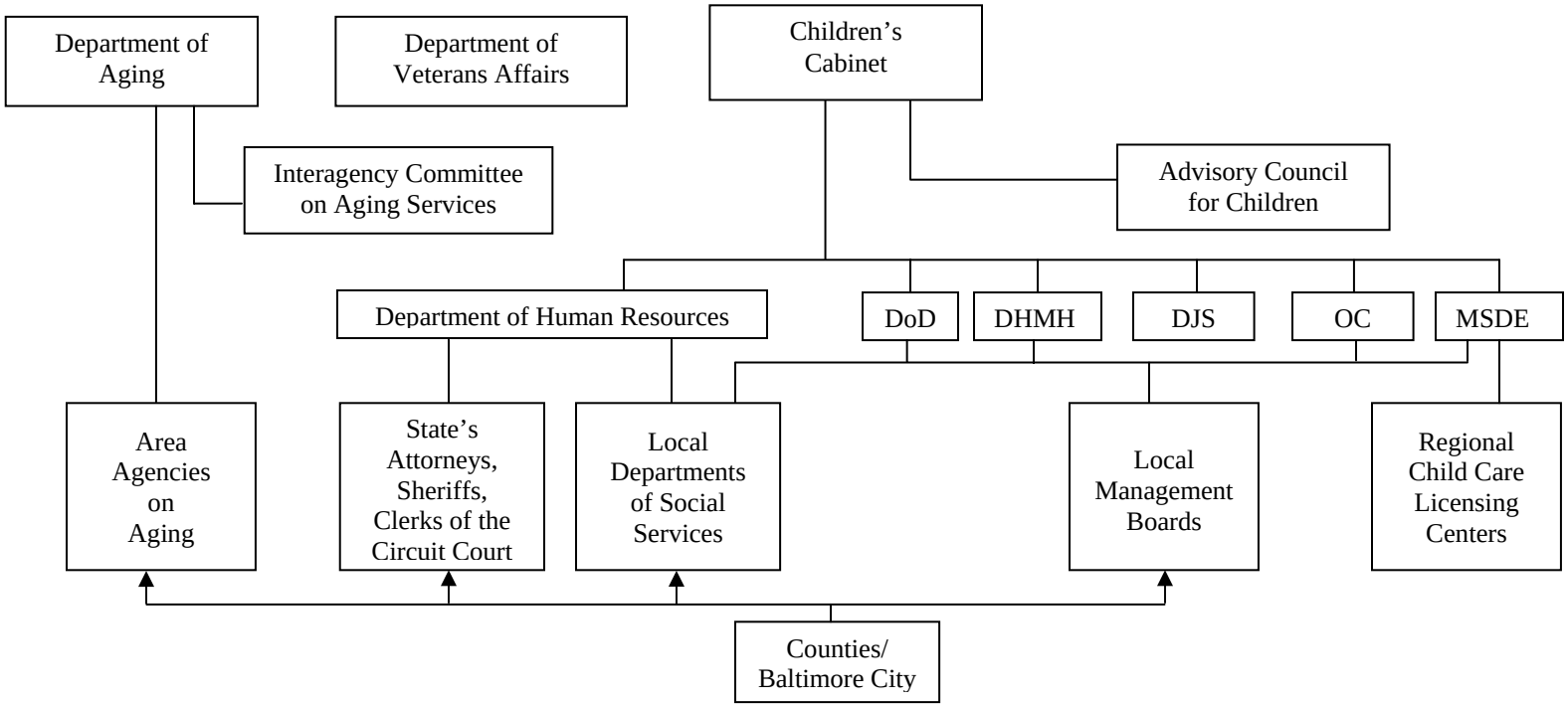
At both the State and local levels, the structure of Maryland's human service delivery system varies by the population being served. The State's Department of Human Resources, providing public welfare, child support enforcement, and social services, is Maryland's largest human service agency in both 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 human service delivery are the Department of Aging, Department of Disabilities, Department of Juvenile Services, Department of Veterans Affairs, and Governor's Office for Children. 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 Children's Cabinet and the Governor's Office for Children are responsible for planning, monitoring, and coordinating the State's service delivery system for children and families.

Exhibit 11.1
Structure of Human Service Delivery System – Fiscal 2007



DoD: Department of Disabilities
DHMH: Department of Health and Mental Hygiene
MSDE: Maryland State Department of Education
OC: Governor's Office for Children
DJS: Department of Juvenile Services

Source: Department of Legislative Services

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 Children's Cabinet. The cabinet, which was established by executive order on June 9, 2005, 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 cabinet consists of the Secretary of Budget and Management, Secretary of Disabilities, Secretary of Health and Mental Hygiene, Secretary of Human Resources, Secretary of Juvenile Services, State Superintendent of Schools, and Executive Director of the Governor's Office for Children – who serves as chairman. The executive order requires the Children's Cabinet to prepare and annually update a three-year plan establishing priorities and strategies for the coordinated delivery of State interagency services for children and families.

The Governor's Office for Children provides staff support to the Children's Cabinet. 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 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 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 (such as departments of social services, boards of education, local health departments, and core service agencies); representatives of other local agencies (the judiciary, police, etc.); and local government officials. Local management boards receive their funding from the State upon agreement to 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 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. Generally, the boards have not been direct service providers; instead, they purchase services from public and private providers. While not required to contract with traditional service providers (local departments of social services and other State agencies), many local management boards have continued to do so.

Chapter 243 of 2006 recodified local management boards after their statutory basis had lapsed with the termination of Article 49-D – Children, Youth, and Family Services.

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. Local departments in each county and Baltimore City are 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 programs. 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 Human Resources and the county executive, county 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, Social Services Administration, and 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. Healthy adults must participate in a work activity 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, 1,774 Maryland families who reached the five-year cumulative time limit during fiscal 2005 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 2007, more than 60,500 individuals per month are expected to receive assistance at a cost of $105.8 million in State and federal dollars. The average grant in fiscal 2007 is estimated at $154.55 per person 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 focuses 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 to do so. 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.

- *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 card, which is similar to an electronic banking card. Temporary Cash Assistance benefits are also accessed through the electronic benefit card. The fiscal 2007 budget assumes that an average of 129,454 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 grants to families experiencing a crisis such as eviction (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 2007, the Department of Human Resources will investigate approximately 31,500 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 2007, more than 11,000 children per month are expected to reside in a foster care home or a subsidized adoptive setting at a cost of almost $317 million in State and federal dollars. Another 600 children per month will participate in the Kinship Care Program, which places children removed from their parent's custody with a relative. During fiscal 2007, the Department of Human Resources also expects to finalize adoptions for 825 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 2005, the State collected just over $473 million on behalf of custodial parents. Of this amount, $19.3 million was obtained on behalf of families receiving public assistance payments.

Child Care: In fiscal 2006, the Department of Human Resource's Child Care Administration was transferred to the Maryland State Department of Education. A discussion of child care is included in Chapter 6 of this volume of the legislative handbook series.

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 adopted 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 September 2009.

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 of the legislative handbook series.

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 as well as 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 contracts reach not just children and families but single adult men and women and the aged.

Services to Youth in the Juvenile Justice System

The Department of Juvenile Services has primary responsibility for providing treatment and supervision to youths younger than 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 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. Youths enter the juvenile justice system when a complaint is filed with one of the Department of Juvenile Services' 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 eight detention centers. 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 Services 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. The Maryland State Department of Education provides educational services. Residential programs include secure 24-hour residential treatment programs, group homes, and specialized treatment centers focusing on substance abuse. Most of the Department of Juvenile Services' residential programs are provided at State-owned facilities. Other residential beds are purchased from private facilities. A listing and description of the State-operated 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 Services that the child is rehabilitated. Aftercare services are provided by Department of Juvenile Services' staff and private contractors to assist youths in returning to the community.

Exhibit 11.2
Department of Juvenile Services
State-operated Facilities
Fiscal 2005

Facility Name	Population Served/ Type of Facility	Location	Avg. Daily Population
Thomas J. S. Waxter	Committed Detention	Anne Arundel	55
Alfred D. Noyes	Detention	Montgomery	54
J. DeWeese Carter	Detention	Kent	19
Cheltenham	Detention Shelter Care	Prince George's	82
Charles H. Hickey, Jr.	Detention	Baltimore County	184 *
William Donald Schaefer House	Drug Treatment	Baltimore City	18
MD Youth Residence Center	Shelter Care	Baltimore City	28
Backbone Mountain	Committed	Garrett	39
Greenridge	Committed	Allegany	38
Meadow Mountain	Drug Treatment	Garrett	40
Savage Mountain	Drug Treatment	Garrett	35
Baltimore City Juvenile Justice Center	Detention	Baltimore City	100
Lower Eastern Shore	Detention	Wicomico	20
Western Maryland	Detention	Washington	21

*Excludes a separately operated sex offender unit which has an average daily population of 22. Effective December 1, 2005, secure committed programming was no longer provided at Hickey. Consequently, the average daily population will be lower in subsequent years, estimated at approximately 90 for fiscal 2006.

Source: Department of Juvenile Services

In fiscal 2005, the Department of Juvenile Services handled more than 52,000 complaints with formal court proceedings recommended for 22,264 (43 percent) of the cases. In fiscal 2006, an average of 1,059 juveniles resided in a court-committed placement each day, while another 537 youths per day lived in a detention facility or structured shelter care setting. Additional information on the juvenile justice system can be found in *Volume VIII – Maryland's Criminal and Juvenile Justice Process* of this legislative handbook series.

Services to the Aged

Maryland's growing elderly population is served by a range of programs offered by various State and local entities, including the Department of Aging, Department of Human Resources, Department of Health and Mental Hygiene, and Maryland 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. These 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 Maintenance of Aged in the Community, Inc. (better known as MAC, Inc.) and Caroline, Kent, and Talbot counties are served by Upper Shore Aging, Inc. 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 more than 3,500 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. Almost 3,500 elderly individuals participate annually.

- ***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 2.9 million meals in homes and in group settings to more than 40,000 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 delivering 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 over 6,000 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 – including for nursing home care – and funding for adult day care programs.

To ensure the coordination of public services for the aged, State law establishes an Interagency Committee on Aging Services. The committee consists of the Secretary of Aging; Secretary of Human Resources; Secretary of Health and Mental Hygiene; Secretary of Transportation; Secretary of Housing and Community Development; Secretary of Labor, Licensing, and Regulation; Secretary of 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 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 assisted all counties in establishing 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 Maryland Department of Disabilities is responsible for identifying, analyzing, and evaluating all programs and services for disabled citizens in the State. The department 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 roles of the Developmental Disabilities Administration and other units of the Department of Health and Mental Hygiene are 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:

Temporary Disability Assistance Program: This State-funded program provides adults without dependents who have a disability that is expected to last more than three months with up to $185 per month in cash assistance. The State receives retroactive 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 10,800 individuals per month are expected to receive benefits in fiscal 2007.

Adult Services: 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 a licensed assisted living facility, a certified adult residential environment home, or a Department of Health and Mental Hygiene rehabilitative residence.

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 (Vietnam Memorial, Korean War Memorial, and 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. 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. Examples of human service programs funded by local governments are provided in Exhibit 11.3.

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 programs for the aged.

Exhibit 11.3
Examples of Locally Funded 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; and Nutrition, Transportation, and Volunteer Programs for the Aged.
Baltimore City	Commission on Aging and Retirement Education and Mayoral Office of Children, Youth, and Families.
Baltimore	School-linked Family Preservation; Emergency Transitional Housing; Department of Aging; Senior Center Network; and Senior Transportation Services.
Calvert	Office on Aging; Calvert Family Network; and Community Assessment Center.
Caroline	Upper Shore Aging; St. Martin's Ministries; and Chesapeake Center Workshop.
Carroll	Homeless Prevention Program and Aging Programs.
Cecil	Senior Center Maintenance; Pauper Burial; and Day Care.
Charles	Jude House; Homeless Advocacy Association; Alternative for Youth and Families; and Tri-county Youth Services.
Dorchester	Youth Services and Community Services Program.
Frederick	Big Brothers/Big Sisters and Office of Children and Families.
Garrett	Aging Programs and Crisis Shelter Program.
Harford	Office on Aging; Aging Transportation Assistance; and Emergency Assistance.
Howard	Child Care Food Program; Child Advocacy Program; and Family and Children's Services.
Kent	Upper Shore Aging; St. Martin's Ministries; and Kent Youth Services.
Montgomery	Aging and Disability Services; Crisis, Income, and Victim Services; and Children, Youth, and Family Services.

Exhibit 11.3 (Continued)
Examples of Locally Funded Social Service Programs

Prince George's	Aging Programs; Case Management for Adults with Disabilities; Family Crisis Center; and Division for Children, Youth, and Families.
Queen Anne's	Aging Programs.
St. Mary's	Alternatives for Youth and Families and Office on Aging.
Somerset	Life Crisis Center and Pauper Burials.
Talbot	Upper Shore Aging and Family Preservation.
Washington	Commission on Aging; Senior Living Alternative; and Community Action Council.
Wicomico	Teen Adult 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 2004, 2005, and 2006

Exhibit 11.4
Human Services Funding – Fiscal 2005
($ in Thousands)

	State	Local	Federal	Total
Aging[1]	$20,867		$25,487	$46,354
Juvenile Services	185,885		15,925	201,810
Veterans	9,680		5,845	15,525
Welfare Grants/Other Public Assistance	64,367	$1,397	95,193	160,957
Food Stamp Benefits			311,648	311,648
Foster Care/Adoption Grants	204,052	93	81,415	285,561
Child Support Enforcement	21,924	553	56,031	78,507
Local Departments of Social Services	158,692	11,382	198,555	368,629
Other Department of Human Resources[2]	132,076		127,417	259,493
Systems Reform Initiative/Local Management Boards	38,086		21,236	59,322
Governor's Office for Children	4,065		356	4,420
Department of Disabilities	1,355		1,589	2,945
Various Local Programs[3]		218,753		218,753
Total	**$841,050**	**$232,178**	**$940,696**	**$2,013,924**

[1]Does not include programs administered by the Department of Health and Mental Hygiene, Maryland Department of Transportation, or Commission on Human Relations.
[2]Includes overhead, community service programs, and central administration of the department's various programs.
[3]Includes all net county spending reported in *Uniform Financial Reports*, less the amounts already captured in the *Fiscal 2007 State Budget Books* for other categories of spending.

Notes: Numbers may not sum to the total due to rounding.
Categories of local spending do not match those reported by county governments. For purposes of this exhibit, the amount reported in the *Fiscal 2007 State Budget Books* for the local contribution is the amount noted for a particular category. The remaining balance has been allocated to various local programs.

Source: *Fiscal 2007 State Budget Books*; *Uniform Financial Reports*; Department of Legislative Services

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 over $311.6 million of the federal human service expenditures in fiscal 2005. Another $162.0 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 (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 services, local departments of social services, and foster care and subsidized adoption payments. With the exception of juvenile services, 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 service programs, so these programs rely almost entirely on State general funds to cover operating costs.

In fiscal 2005, the counties and Baltimore City reported spending more than $360 million on human service programs. Of this amount, $115 million represented the county contribution to the local department of social services. Another $76 million funded local offices on aging. The remainder funded local child care, child support enforcement, and various other 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 2005 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. In fact, the counties reported over $125 million from federal and State grants for social services programs in fiscal 2005.

Exhibit 11.5
County Spending on Human Services Programs – Fiscal 2005

County	Contribution to Local Department	Office on Aging	Other Programs	Total Spending Reported
Allegany	$9,800	$0	$12,689,599	$12,699,399
Anne Arundel	5,934,490	10,765,007	5,261,886	21,961,383
Baltimore City	0	0	29,714,252	29,714,252
Baltimore	4,640,909	12,581,362	7,622,358	24,844,629
Calvert	63,623	1,597,118	2,404,168	4,064,909
Caroline	45,952	165,436	0	211,388
Carroll	165,879	1,910,445	2,589,973	4,666,297
Cecil	949,085	1,706,580	454,913	3,110,578
Charles	277,500	1,657,636	3,242,559	5,177,695
Dorchester	108,205	0	2,045,978	2,154,183
Frederick	1,550,818	1,843,441	16,609,315	20,003,574
Garrett	0	192,783	0	192,783
Harford	1,191,045	2,927,037	5,239,736	9,357,818
Howard	405,176	3,202,903	15,149,669	18,757,748
Kent	18,289	2,464	2,048,901	2,069,654
Montgomery	97,819,446	27,253,077	21,432,202	146,504,725
Prince George's	1,815,725	3,913,050	19,547,869	25,276,644
Queen Anne's	0	2,420,521	4,666,766	7,087,287
St. Mary's	0	2,625,672	886,086	3,511,758
Somerset	0	0	207,440	207,440
Talbot	12,000	140,997	1,290,144	1,443,141
Washington	154,569	796,630	330,772	1,281,971
Wicomico	0	0	11,703,501	11,703,501
Worcester	0	420,739	3,949,899	4,370,638
Total	**$115,162,511**	**$76,122,898**	**$169,087,986**	**$360,373,395**
Minus Federal Grants				-$74,268,741
Minus State Grants				-$53,926,819
Net County Spending				**$232,177,835**

Notes: Spending reported by county governments may include State and federal grants provided to the county. The categories of spending are those reported on *Uniform Financial Reports* and may not match the amounts reported in the State budget.
For purposes of this exhibit, the federal and State social service grant revenues reported by the county are assumed to have been expended in the same year they were received.

Source: *Uniform Financial Reports*; Department of Legislative Services

Chapter 12. Housing and Community Development and Historic Preservation

As set forth in its mission statement, "The Department of Housing and Community Development is dedicated to improving the quality of life in Maryland by working with its partners to revitalize communities and expand homeownership and affordable housing opportunities." The activities to achieve this mission are carried out by the department through partnerships with the federal government, local public housing authorities, and private partners such as nonprofit organizations, banks and developers, housing and community advocates, and other State agencies. The department's mission to preserve the State's historical, cultural, and archaeological resources was transferred to the Maryland Department of Planning in 2005.

Housing and Community Development Structure

The provision of housing for persons of limited income has been a function of the federal government since the Great Depression, with enactment of the U.S. 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, flight to the suburbs 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 (administered by the U.S. Department of Housing and Urban Development), 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 federal income taxes. Other federal-sponsored programs, such as the Federal Housing Administration and Government National Mortgage Association (better known as 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. In addition to the executive direction and administrative units, the department is organized into three programmatic divisions: Division of Development Finance; Division of Credit Assurance, which includes the Maryland Housing Fund; and Division of Neighborhood Revitalization. Through these divisions, the department:

- administers a number of federal programs;
- issues revenue bonds to support the writing of mortgage loans and finance the construction of multi-family rental projects;
- operates a mortgage insurance fund; and
- manages programs to redevelop and revitalize neighborhoods.

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 and "AA" by Fitch Ratings.

County housing and community development offices, county housing authorities, and municipal housing authorities play a major role in implementing housing programs. Housing offices are agencies of local governments and often bear 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 homebuyers, 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 offices and housing authorities in jurisdictions of the State. Statutes establishing the Housing Opportunities Commission of Montgomery County as well as the Housing Authorities of Baltimore City; the City of Annapolis; and Prince George's, Washington, Queen Anne's, Anne Arundel, and Somerset counties may be found in Division II of the Housing and Community Development Article.

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.

Exhibit 12.1
Local Housing Offices and Authorities in Maryland

County	County Housing Offices	County 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

Housing and Community Development Services/Programs

Government activity in housing and community development can be grouped into four broad categories: homeownership, rental housing, special housing needs, and neighborhood revitalization.

Homeownership

Encouraging homeownership has long been viewed as a method to bring stability to a community and increase the financial well-being of 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, administered by the Community Development Administration, 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 administration provides eligible borrowers with a wide variety of mortgage products to meet workforce housing needs. As of June 30, 2006, the portfolio of outstanding mortgages made under this program totaled $938 million.

The housing revenue bonds issued by the administration and used to fund the 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 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 municipal corporations. 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 incomes; Homeownership for Individuals with Disabilities Program; and Downpayment and Settlement Expense Loan Program, which is designed to assist families of moderate income meet the cash requirements needed at the time of loan closing. For fiscal 2007, the appropriation for homeownership programs totals $7.5 million.

The Maryland Housing Fund was created in 1971 as a special insurance fund of the State of Maryland. The fund is authorized to insure mortgage loans, including mortgage loans for multi-family developments financed by public agencies such as the Community Development Administration, and to provide insurance for single-family mortgage loans. In 1997, the fund ceased its insurance operations following questions regarding its solvency which were subsequently resolved. In May 2005, the fund resumed insuring loans on a limited basis. 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 nonprofit developers for the acquisition, construction, renovation, and rehabilitation of housing deemed affordable to low- and moderate-income families. State funds, totaling $20.8 million in fiscal 2007, 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. As of June 30, 2006, the outstanding portfolio of the State-funded rental housing development loan programs under the Department of Housing and Community Development totaled $265 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 to develop 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, 2006, the outstanding principal of loans under this bond program totaled $576 million, financing rental units in 100 projects.

The Department of Housing and Community Development's Partnership Rental Housing Program is a unique collaboration among levels of government to supply rental housing for families with incomes below 50 percent of the statewide median. Program funds are lent 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 have been combined with this program to demolish and replace some high-rise public housing projects that had 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 spurs the development and rehabilitation of low-income housing by administering the federal Low-Income Housing Tax Credit Program that provides income tax credits to individuals and corporations investing in such development or rehabilitation. When combined with other financing assistance, these tax credits are often critical to making new housing development for low-income families economically feasible. In addition, through the federal HOME Investment Partnership program, the department makes grants and deferred-payment loans to nonprofits, local governments, or for-profit developers for innovative housing development.

Another aspect of the State's involvement in supplying affordable housing is the department's contract with the federal Department of Housing and Urban Development to manage privately owned properties that accept Section 8 vouchers. The department expects to manage about 400 properties on behalf of the Department of Housing and Urban Development in fiscal 2007. Public housing projects or rental units owned by a housing authority supply housing for the most needy. The tenant, typically with an 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 Department of Housing and Community Development not only assists in supplying more low-income housing units, it also addresses the demand side by providing housing assistance directly to low-income families. One of the most well-known programs that provides such funds is the federal Section 8 Voucher Program. In this program, the Department of Housing and Urban Development subsidizes the difference between 30 percent of the household income and a payment standard that is about 80 to 100 percent of the fair market rent. The family can choose to rent a unit costing more or less than the fair-market rent, therefore, choosing to pay more or less than 30 percent of their adjusted income as the difference. This voucher approach can increase housing choices for low-income families. In fiscal 2006, Maryland received $191 million from the Section 8 Voucher Program.

The Department of Housing and Community Development's Rental Allowance Program, State funded at $1.7 million for fiscal 2006, provides grants to families in danger of becoming homeless. 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.

The department's Bridge Subsidy Demonstration Program is a pilot program that provides short-term rental assistance (up to three years) for a limited number of individuals with disabilities. The program provides bridge funding to those awaiting permanent housing assistance, which can take several years. To be eligible, participants must either be receiving Supplemental Security Income or Social Security Disability Insurance cash payments or be older than 62 and determined eligible by the Maryland Department of Aging. The goal of the program is to assist 75 to 100 participants. The total program budget is $2.1 million, and the Department of Housing and Community Development's commitment equals $1.2 million. Participating jurisdictions include the City of Frederick, and Carroll, Harford, Howard, and St. Mary's counties. Also participating are jurisdictions in which the Department of Housing and Community Development is the public housing authority. These include the City of Cumberland, Allegany, Caroline, Dorchester, Frederick (excluding the City of Frederick), Garrett, Kent, Somerset, Talbot (excluding the City of Easton), Wicomico, and Worcester counties.

Special Housing Needs

The Department of Housing and Community Development administers a number of programs designed to address specific housing needs and issues. Included are loan funds to make improvements to properties lacking adequate indoor plumbing, bring single-family and small multi-family dwellings up to the standards of the building code, make improvements to properties lacking adequate indoor plumbing, and remove or otherwise abate lead paint hazards.

In recent years, the State has intensified its efforts to combat childhood lead poisoning. 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. For fiscal 2007, State capital funds totaling $8 million have been appropriated for these special loan programs.

The Weatherization Assistance Program provides grants to public and private entities for weatherization improvements to housing occupied by low-income Marylanders. Funds for this program are received from the federal Department of Energy and the State Electric Universal Service Program. State weatherization funding has averaged about $5.8 million each year since fiscal 2004 (a cap of $1.0 million is derived from the Electric Universal Service Program). An additional $10.9 million in federal funds was approved for fiscal 2006 because of an anticipated dramatic rise in energy costs.

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 nonprofit organizations or local governments.

Within the Department of Housing and Community Development, the Maryland Building Codes Administration 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 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 private investment 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 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 in danger of going into decline. Efforts such as the Neighborhood BusinessWorks 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 has made 98 loans and grants totaling $15.1 million to business and nonprofit organizations in designated "revitalization areas," awarding $58.6 million since 2003.

The General Assembly created the Community Legacy Program in 2001. This program complements existing neighborhood revitalization efforts by providing 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 noncapital 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 2006, the program funded 55 projects in 44 communities for a total of $5.0 million in capital expenditures. In fiscal 2007, the program has been allocated $6.0 million in capital funds and $500,000 in operating funds.

The Main Street Maryland Program is a comprehensive downtown revitalization program initiated in 1998. The program strives to strengthen the economic potential of Maryland's traditional main streets and neighborhoods. Using a competitive process, the program selects communities that have made a commitment to succeed and helps them improve the economy, appearance, and image of their traditional downtown business districts. Since its creation, the program has helped 18 communities throughout the State revitalize downtown areas. Through the program, governments and local businesses have invested more than $74 million on improvement projects that range from new streetlights

to new signs to renovated buildings. Volunteers have contributed nearly 74,000 hours to 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 U.S. 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 $8.1 million in fiscal 2007. 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 and one limited-purposes agency which serves all areas of the State. Nearly $8.2 million will be distributed to these agencies in fiscal 2007 to provide a range of services involving affordable housing, job training and employment counseling, Head Start and Early Head Start child education programs, services for disabled individuals, youth and senior citizens programs, emergency assistance, and nutritional services.

Historic Preservation

Historic preservation services are provided by the Maryland Department of Planning's Division of Historical and Cultural Programs. Legislation enacted in 2005 transferred the duties and functions of this division from the Department of Housing and Community Development to the Maryland Department of Planning effective October 1, 2005. The Maryland Historical Trust is the principal operating unit within the division. The Commission on African American History and Culture, also under the division, coordinates projects that further the understanding of African American history and preserves public information about significant buildings and sites relating to African American history and culture.

Preservation Services

The trust assists the people of Maryland in identifying, studying, evaluating, preserving, protecting, and interpreting the State's significant prehistoric and historic districts, sites, structures, cultural landscapes, heritage areas, cultural objects, and artifacts as well as less tangible human and community traditions. The trust conducts an ongoing program to professionally locate, identify, and document historic and archeological sites on a statewide basis. The trust maintains these survey data in the Maryland Inventory of Historic Properties that currently includes extensive map, documentary, photographic, and graphic data on both historic standing structures and archeological sites.

Not all buildings and archeological sites can be preserved, nor are they all equally significant. The trust professionally evaluates properties surveyed to assure consistency in decision-making and to avoid overextension of designation. The threshold for State and federal legal preservation protections and for most financial benefits is eligibility for listing on the National Register of Historic Places. All surveys conducted under the trust's auspices use the criteria and standards of the National Register as the basis for inclusion of properties.

In addition to its historic resource identification and evaluation activities, the trust is charged with certain regulatory responsibilities. Federal and State preservation laws require responsible governmental agencies to examine the impact of their undertakings on significant cultural resources and to take steps to avoid, reduce, or mitigate any adverse effects. Engaged in more than 4,000 projects a year, ranging from the rehabilitation of a single-family house, to cell tower construction, to large scale transportation projects, trust staff help to ensure that cultural resources are given full consideration in the planning of projects licensed, permitted, or funded by State and federal agencies.

Protection of historic properties is also carried out by the trust's Historic Preservation Easement Program. Historic preservation easements are covenants that ride with the deed to historic properties to provide for their preservation. When the trust holds such an easement, the agency in effect owns the development rights to the property, and the owner must secure trust approval of changes to the property. Historic preservation easements allow the State to provide for absolute preservation of important properties without the necessity of public ownership. The trust acquires easements through a number of means: as a condition of grants and loans; through bond bills that benefit historic properties; through the sale of State-owned historic properties; and through donations by individual owners.

Financial assistance programs administered by the trust include the Rehabilitation Tax Credit Program, Capital and Noncapital Historic Preservation Grants Program, and Historic Preservation Loans Program. The trust administers two tax incentives for the rehabilitation of historic buildings – one State and one federal. The Maryland income tax credit equals 20 percent of rehabilitation expenditures for the rehabilitation of owner-occupied residences as well as income-producing historic buildings. For income-producing properties, the State income tax credits can be layered with federal income tax credits which are equal to 20 percent of rehabilitation expenditures. As with the State program, the rehabilitation expenditure in these cases must exceed the adjusted basis of the property.

Capital Historic Preservation Grants and Historic Preservation Loans are available for the acquisition, rehabilitation, and restoration of historic properties. Almost all grants have been made to local governments and nonprofit organizations while loans are typically awarded to private individuals and for-profit businesses. Grants are made on a 50/50 matching basis, with most grants leveraging more than a 50 percent non-State match. Conveyance of a perpetual preservation easement is required in exchange for both capital grants and loans. Noncapital Historic Preservation Grants are available to nonprofit organizations and local governments for research, survey, planning, and educational activities involving architectural, archeological, or cultural resources.

Preservation planning activities of the trust are carried out through the Maryland Heritage Areas and Certified Local Government Programs. Heritage areas build upon Maryland's potential for "heritage tourism" which promotes historic preservation and areas of natural beauty to generate jobs; stimulate the creation of new businesses; and generate sales, income, and property tax revenues for the State and local jurisdictions. Certified heritage areas are eligible to compete for program resources and incentives including rehabilitation tax credits, matching grants, and loans. The Certified Local Government Program is a federal-State-local preservation partnership. Benefits of becoming certified include eligibility to compete for Certified Local Government Subgrant funds, formal participation in the National Register nomination process, annual performance evaluations, and priority technical assistance.

Museum Services

The trust's Office of Museum Services provides technical and financial assistance to more than 220 historical and cultural museums statewide and operates two historical museums: the Banneker-Douglass Museum of African American History and Culture and the Jefferson Patterson Park and Museum. In fiscal 2006, the trust's budget included nearly $2 million for grants to Maryland's historical and cultural museums. These grants are available to historical and cultural museums, operated by nonprofit organizations or

local jurisdictions, which have been open for at least three years. The grants identify and reward excellence in museum practice and leverage non-State support for development and enhancement of museum programs.

The Banneker-Douglass Museum is located in historic Mt. Moriah AME Church in Annapolis. In addition to preserving and interpreting its historic building, it serves as the State's official museum for the interpretation of the African American experience in Maryland. The Banneker-Douglass Museum also maintains various statewide archives and collections as a center for research. Its staff also serves as staff for the Maryland Commission on African American History and Culture, which conducts a variety of statewide programs to identify, preserve, and interpret evidence of African American history.

The Jefferson Patterson Park and Museum, located in Calvert County, is responsible for the preservation and interpretation of the State's 560-acre archeology park and museum. The site, which is listed in the National Register of Historic Places, is significant as one of the richest archeological areas ever discovered in Maryland and includes sites from every major era of human habitation, going back 9,000 years. The site also includes 39 historic buildings that have been adapted for administrative and museum use. The Maryland Archeological Conservation Laboratory is located on the Jefferson Patterson Park and Museum campus and provides centralized conservation and curation services for 4.5 million archeological artifacts recovered under State operations statewide. Beginning in fiscal 2006, the Jefferson Patterson Park and Museum will be constructing a Patuxent Algonquian Indian village on site that will highlight Maryland's role in the 400th anniversary of the settlement of Jamestown in 1607 and John Smith's voyages in 1608.

Funding

For housing and community development and historic preservation services, total spending by the Department of Housing and Community Development in fiscal 2005 was $247.8 million in general, special, and federal funds as shown in Exhibit 12.2. (The historic preservation programs were not transferred to the Maryland Department of Planning until fiscal 2006.) Of this amount, $195.8 million was on operations, and $52.0 million was for capital programs.

Federal funds are received primarily under the various Section 8 rental assistance programs, the HOME Investment Partnerships Program, and the Community Services and Community Development Block Grant Programs. Most of these funds are passed

Exhibit 12.2
Department of Housing and Community Development Expenditures
Fiscal 2005
($ in Thousands)

	General	Special[1]	Federal	Total
Office of the Secretary	$374	$3,972	$794	$5,141
Division of Credit Assurance	95	4,826	0	4,921
Division of Historical and Cultural Programs[2]	4,953	1,577	717	7,248
Division of Neighborhood Revitalization	1,655	1,112	11,050	13,817
Division of Development Finance	1,747	7,418	146,379	155,545
Capital Grant and Loan Programs	0	30,713	21,307	52,020
Division of Information Technology	0	1,615	962	2,577
Division of Finance and Administration	25	3,607	757	4,389
Maryland Affordable Housing Trust[2]	0	2,129	0	2,129
Total	**$8,850**	**$56,970**	**$181,967**	**$247,787**

[1]Special funds represent repayments to revolving loan funds, and fees on bond issuances and insurance.

[2]The Division of Historical and Cultural Programs and the Maryland Affordable Housing Trust were transferred from the Department of Housing and Community Development to the Maryland Department of Planning effective October 1, 2005.

Notes: Numbers may not sum to the total due to rounding. Totals do not include $1.1 million in funds reimbursed to the department by other State agencies for services provided. Further, another $62.6 million was provided through the capital budget; these monies are not included above since they can be expended over several years.

Source: *Fiscal 2007 State Budget Books*

through to those local housing offices and housing authorities that do not receive funding directly from the U.S. 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 and from fees and interest generated through bond issuances.

Bonds issued by the Community Development Administration do not flow through the State budget and are not included in the totals above. The Department of Housing and Community Development estimates issuing $150 million in project-based bonds for multi-family development and $360 million under the single-family Maryland Mortgage Program in fiscal 2007. 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 2007, the Department of Housing and Community Development 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 $451.5 million in fiscal 2005; about 65 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 2005 the counties collectively reported revenues of $334.5 million in community development grants. Thus, if all such grants were expended in the year they were received, own-source county revenues would account for just $117.1 million in fiscal 2005.

Exhibit 12.3
Local Community Development and Housing Expenditures – Fiscal 2005

County	County Spending	Municipal Spending	Total Spending Reported
Allegany	$1,690,984	$4,117,622	$5,808,606
Anne Arundel	7,971,118	679,482	8,650,600
Baltimore City	80,306,224		80,306,224
Baltimore	60,520,662		60,520,662
Calvert	1,038,974	0	1,038,974
Caroline	549,393	2,373,372	2,922,765
Carroll	6,057,245	2,159,483	8,216,728
Cecil	3,258,156	0	3,258,156
Charles	8,713,174	52,285	8,765,459
Dorchester	0	124,892	124,892
Frederick	10,612,637	3,334,490	13,947,127
Garrett	1,109,081	0	1,109,081
Harford	8,426,022	69,152	8,495,174
Howard	15,297,620		15,297,620
Kent	357,489	88,413	445,902
Montgomery	165,609,339	3,857,585	169,466,924
Prince George's	75,341,964	3,793,661	79,135,625
Queen Anne's	2,606,319	15,985	2,622,304
St. Mary's	811,271	0	811,271
Somerset	877,230	149,752	1,026,982
Talbot	283,057	95,709	378,766
Washington	0	2,831,673	2,831,673
Wicomico	0	772,504	772,504
Worcester	98,234	126,429	224,663
Total	**$451,536,193**	**$24,642,489**	**$476,178,682**
Minus Federal Grants	-$297,981,400	-$9,776,593	-$307,757,993
Minus State Grants	-$36,455,362	-$3,089,953	-$39,545,315
Minus County Grants		-$512,230	-$512,230
Net Local Spending	**$117,099,431**	**$11,263,713**	**$128,363,144**

Notes: For purposes of this exhibit, the federal, State, and, as appropriate, county community development grant revenues reported by the local jurisdictions are assumed to have been expended in the same year they were received. Expenditures include those for community action programs. County expenditures in Allegany, Montgomery, and Prince George's counties include those reported by certain regional agencies. Some regional agencies received grants from the county as well; such grants were removed from the spending total to avoid double counting expenditures. As seven municipal corporations did not report their expenditures for fiscal 2005, municipal expenditures reflect those reported by the other 149 municipal corporations as well as expenditures reported by the 11 extant special taxing districts in Allegany and Montgomery counties. There are no municipal corporations in Baltimore and Howard counties.

Source: *Uniform Financial Reports*; Department of Legislative Services

Municipal governments spent $24.6 million in fiscal 2005, with over 87 percent classified as community development and community action and roughly 13 percent as public housing. Two-thirds of that total was spent in six jurisdictions: Cumberland ($3.8 million), Frederick City ($3.3 million), Hagerstown ($2.8 million), Denton ($2.4 million), Westminster ($2.1 million), and Gaithersburg ($1.8 million). Again, the importance of State and federal grants is evident: for fiscal 2005, the municipal corporations of the State collectively reported $13.4 million in community development revenues from other levels of government.

Chapter 13. Economic Development and Business Regulation

The Maryland Economic Development Commission has developed a vision for the State's economic development efforts – one in which Maryland is known as a leading entrepreneurial state with a remarkable knowledge economy and innovation-minded culture. To achieve this goal, the State works with local governments to help businesses become and remain 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 commission's December 2004 strategic plan – *Enhancing Maryland's Economy: A Strategic Plan Summary* – cites five major strategies and initiatives, including the implementation of on-line resources for State business regulation and the cultivation of a biotechnology entrepreneurial culture within the State.

The State's Department of Business and Economic Development 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
Organizational Structure for County Economic Development

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, Greater Baltimore Alliance, Tri-County Councils for Southern and Western Maryland and the Lower Eastern Shore, Mid-Shore Regional Council, Upper Shore Regional Council, and Delmarva Advisory Council.

Marketing and Business Development

Marketing Maryland to domestic and international companies as a place to conduct business successfully 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 locations such as enterprise zones and brownfields properties, as well as specific industry sectors such as bioscience. Staff in this division assists companies in identifying potential sites for the location of their new or expanding businesses and works 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 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, realizing that cooperation between local jurisdictions, rather than competition, benefits not only the region as a whole but the individual local jurisdictions as well.

International Business Services

The Office of International Business fosters foreign investment in Maryland and operates foreign trade offices in nine countries: India, Mexico (Monterrey and Mexico City), Brazil (São Paolo), France (Paris), Israel (Shorashim), South Africa (Johannesburg), China (Beijing and Shanghai), Taiwan (Taipei), and Singapore. The Maryland Center China, based in Beijing and Shanghai, is the oldest and largest office of any state offices operating in China. The office also organizes foreign trade missions to showcase Maryland businesses and the State as a place for business location. For businesses with less than $50 million in revenue, the office awards grants that provide up to 80 hours of staff time from overseas offices and up to $5,000 to support foreign market entry. In the past, the office has reimbursed businesses for marketing materials, airfare, and registration fees associated with attending international trade shows.

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 needed to operate in Maryland, 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, which provides matching grants and support services to increase workers' skills for new technologies and production processes. Partnership grants are targeted to small- and mid-sized manufacturing and technology companies. In fiscal 2005, the partnership distributed $1.6 million in matching grants to 110 companies in each region of the State, providing training for 2,559 workers. Since the partnership was established in 1989, it has invested more than $32 million in Maryland companies that trained nearly 84,000 workers.

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 funding levels of the State's loan, grant, and investment programs for fiscal 2007.

Exhibit 13.2
Funding for Loan Guaranty and Insurance Programs
Under the Department of Business and Economic Development
Fiscal 2007

Maryland Industrial Development Financing Authority Bond Insurance Fund	$31,800,000
Maryland Small Business Development Financing Authority	17,400,000
Maryland Economic Development Assistance Authority and Fund	37,530,000
Maryland Venture Fund (Challenge Investment Program and Enterprise Investment Fund)	5,380,000
Maryland Biotechnology Investment Tax Credit Reserve Fund	6,000,000
Maryland Nanotechnology Biotechnology Initiative Fund	2,500,000
Economic Development Opportunities (Sunny Day) Fund	0
Maryland Economic Adjustment Fund	1,180,000

Source: Department of Business and Economic Development; Department of Legislative Services

The financing programs outlined below target small businesses, distressed jurisdictions, technology start-ups, 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 nonprofit organizations and provides insurance for bond or conventional business financing. As of June 30, 2004, the bond insurance fund had outstanding insurance of $55.3 million against a reserve balance of $37.2 million.

Small Business

The Maryland Small Business Development Financing Authority 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 authority for a long-term loan guarantee increased from $1.0 million to $5.0 million on October 1, 2006, but will revert back to the $1.0 million cap on October 1, 2009.

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:

- loans of up to $10.0 million for a significant economic development opportunity on a statewide or regional level;
- loans of up to $5.0 million for a local economic development opportunity;
- direct assistance such as land acquisition, infrastructure improvements, acquisition of fixed assets, and leasehold improvements;
- regional or local revolving loan funds; and
- special purpose loans, including day care facilities, aquaculture, and brownfields.

Eligible 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, which may request 100 percent assistance.

From 1999 to 2004, the department administered the Smart Growth Economic Development Infrastructure Fund, also known as the One Maryland Economic Development Program, to provide 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. On June 30, 2004, all monies remaining in the Smart Growth Economic Development Infrastructure Fund were transferred to the Maryland Economic Development Assistance Authority and Fund. The requirements of the authority and fund were then altered to encompass the goals of the One Maryland Program.

Based on the definition of "economically distressed county," eight jurisdictions are covered by the special provisions relating to projects in distressed counties: Baltimore City and Allegany, Caroline, Cecil, 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 24-month period. For a qualified distressed county project, the Secretary of Business and Economic Development is authorized to provide financial assistance in any amount. Any other projects receiving more than $2.5 million in assistance require approval of the authority.

The department also provides an annual operating grant to each of the five rural regional planning and development councils in Maryland. Each council represents a multi-county region with geographic and cultural ties. There are regional councils in Western Maryland; Southern Maryland; and the upper-, mid-, and lower-regions of the Eastern Shore. Elected, civic, and business leaders in their respective regions seek to create economic development strategies, preserve and assist agricultural and resource-based industries, obtain federal funding for infrastructure improvements, and develop support for a diverse set of public policy initiatives.

Technology Firms

The department's Maryland Venture Fund runs several programs that provide emerging, high-technology businesses access to early stage capital. Investment decisions are based on the project's potential return, promotion of economic development, and 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 $1.0 million and must provide at least a one-to-one co-investor match.

The Maryland Enterprise Investment Fund makes equity investments 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-technology industry targeted for assistance, agree to maintain their principal place of business in Maryland for five years, and provide at least a three-to-one 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 Biotechnology Investment Tax Credit Reserve Fund was established in 2005 by the General Assembly. The credit equals 50 percent of eligible investments made in a qualified biotechnology company, up to $50,000 a year for individuals and up to $250,000 a year for corporations and venture capital firms. Although the enabling legislation did not require that a recommended amount be appropriated to fund the credit, the department received a $6.0 million appropriation for fiscal 2007. The department also received a $2.5 million appropriation to the Maryland Nanotechnology Biotechnology Initiative Fund in fiscal 2007 to support nano-biotechnology research at University System of Maryland institutions. This form of technology is expected to have medical applications in the area of drug delivery, gene therapy, medical devices, and coatings.

In 1998, the General Assembly created the Maryland Technology Development Corporation as a means 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 public entity, the corporation has greater flexibility than a State agency and is eligible for federal grants to manage programs to help improve Maryland's technology economy. In July 2004 and again in July 2005, *Entrepreneur Magazine* ranked the corporation first nationally for the largest number of investments in start-up or early-stage companies.

In fiscal 2007, the corporation received a $15.0 million appropriation to capitalize a new Maryland Stem Cell Research Fund. The fund will support stem cell research and development at Maryland research institutions and private companies. In subsequent years, State funding is discretionary, as provided in the budget. The independent Stem Cell Research Commission must contract with an independent scientific peer review committee to evaluate stem cell research proposals for the commission. An applicant for

State-funded stem cell research must first obtain an institutional review board's approval before receiving funding.

One of the corporation's main activities is the business incubator program, which provides services and infrastructure for fledgling companies. The Incubator Development Fund allows the corporation to award up to $1.0 million per jurisdiction or nonprofit organization in matching grants for capital development of an incubator program. Through fiscal 2005, the corporation distributed $3.4 million to five projects, leveraging over $9.4 million. The University Technology Investment Fund provides pre-seed funding of up to $50,000 for university technology licensing offices supporting technologies at the earliest stage of the development process. The corporation also manages the All Hazards Consortium, a multi-state effort to address natural disaster and homeland security issues. The private nonprofit consortium serves as an educational and networking forum through which participants may improve their readiness, response, and recovery efforts. The corporation also coordinates several technology transfer programs and conducts special research projects.

Modernization/Expansion Initiatives

The department 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 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 Account, 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. Generally, funding helps businesses construct new facilities or expand existing facilities and may be in the form of a grant or loan. Recipients must commit to job creation or retention targets and invest $5 for every dollar provided by the State. However, the committee has approved several projects that are outside of the traditional scope and original intent of the program. These projects included funding for university research labs for work on national intelligence and biotechnology and funding for the development of university biotechnology parks.

Appropriations to the Sunny Day Fund vary considerably from year to year. Although no appropriation was made for fiscal 2007, principal and interest on loans are

repaid to the fund. The $10.8 million disbursement approved by the Legislative Policy Committee for fiscal 2007 for three projects, along with other previous commitments, is expected to produce an insignificant fund balance.

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 for 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 assists businesses located in communities suffering dislocation due to defense adjustments that want to modernize manufacturing operations, develop commercial applications for technology, and explore and enter new markets. Applicants must demonstrate creditworthiness, ability to repay the obligation, and inability to obtain financing on affordable terms through normal lending channels. The fund consists of federal monies provided by the U.S. Economic Development Administration and State monies. Eligible locations for the federal component of the program are Baltimore City and Allegany, Anne Arundel, Baltimore, Dorchester, Harford, Howard, Queen Anne's, Somerset, Washington, and Worcester counties. Effective June 30, 2003, the General Assembly eliminated the Maryland Competitive Advantage Financing Fund, which had been one of the department's small business assistance resources, as part of the Budget Reconciliation and Financing Act of 2003. That Act authorized the department to transfer the balance of then-available funds in the financing fund ($891,035) to the Maryland Economic Adjustment Fund for use in assisting small businesses. During fiscal 2005, the department approved 12 adjustment fund projects totaling just over $1.5 million.

Maryland Economic Development Corporation

The General Assembly created the Maryland Economic Development Corporation in 1984 as a public corporation to complement the financing assistance provided directly through State agencies. As a public entity, the corporation 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 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 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 corporation to make a project financially feasible. The corporation's participation in economic development projects has almost doubled from 88 projects in fiscal 1999 to 172 projects in fiscal 2005, and its debt has grown at a greater rate – from $321 million to $1.624 billion.

Maryland Agricultural and Resource-based Industry Development Corporation

The General Assembly established the Maryland Agricultural and Resource-based Industry Development Corporation in 2004 as a public corporation to assist the State's farm, forestry, and seafood businesses by providing targeted business assistance services. The corporation is authorized to develop agricultural industries and markets, support the commercialization of agricultural processes and technology, assist with rural land preservation efforts, and alleviate the shortage of nontraditional capital and credit available at affordable interest rates for investment in agricultural and resource-based businesses. The corporation may also develop a young farmer's land acquisition program and assist the Maryland Agricultural Land Preservation Foundation with its installment purchase agreements and critical farms programs. At least $3.0 million for corporation operations must be included in the State's fiscal 2008 budget, increasing to $4.0 million in fiscal 2010 through 2020.

Tourism, Film, and the Arts

The Maryland Tourism Development Board, a 15-member body established by statute in 1993, promotes the State as a tourist destination. To fund the marketing and promotional activities of the board, State law directs the Governor to budget a specified amount each fiscal year; $7.0 million was appropriated in fiscal 2007.

In conjunction with the board, the department's 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 welcome centers throughout the State; 2.1 million visitors stopped at these centers in fiscal 2005, a 2.3 percent decline in the number of visitors who visited during fiscal 2004 due in part to the construction projects affecting the U.S. Route 15 and Baltimore/Washington International Thurgood Marshall Airport welcome centers. 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 2005, the board awarded $1.0 million in marketing and development grants to local governments.

The Maryland State Arts Council is a 17-member State agency that fosters awareness of and appreciation for arts and cultural activities throughout the State and encourages investment in the arts. The council accomplishes much of that work through grants to arts organizations and local arts agencies. In fiscal 2006, the council awarded $7.3 million in grants to arts organizations. Another $1.9 million in matching grant funds was distributed in fiscal 2006 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 $923 million in gross sales in fiscal 2005.

The Maryland Film Office promotes the State as a location for television and movie productions and has been increasingly successful during the 1990s and early 2000s. In addition to a pre-existing film production activity tax exemption, the General Assembly established the Film Production Activity Employer Wage Rebate Grant Program in 2005 to compete with tax incentive programs in Pennsylvania, New York, and Louisiana. This program, which the film office administers, authorizes qualified productions that film within Maryland to claim a 50 percent rebate on the first $25,000 of each qualified employee's wages, up to a maximum of $2.0 million per production. During fiscal 2006 and 2007, the program received $4.0 million and $6.9 million, respectively. Recent productions shot in Maryland include the comedy "Head of State" (2003), "Ladder 49" (2004), "Failure to Launch" (2006), "Step Up" (2006), "Rocket Science" (2006), and "The Visiting" (scheduled for release in 2007). Also, Baltimore, once the location of the television show "Homicide: Life on the Streets" is now the film location for a Home Box Office police drama series "The Wire" and hosted the 2006 Miss USA pageant. The film office expects films produced in fiscal 2007 to generate $35.0 million in additional spending within the State.

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 2005 State spending on economic development activities, which totaled approximately $89.4 million.

Exhibit 13.3
Expenditures for the Department of Business and Economic Development and Maryland Technology Development Corporation
Fiscal 2005

Program	General Funds	Special Funds	Federal Funds	Total[1]
Division of Business Development	$7,722,296	$487,829		$8,210,125
Division of Financing Programs[2]	8,400,000	21,800,606		30,200,606
Division of Tourism, Film, and the Arts	23,935,097	940,340	$642,409	25,517,846
Division of Regional Development[3]	3,168,159	227,535		3,395,694
Other Programs[4]	14,364,511	2,193,042	65,088	16,622,641
Technology Development Corporation	5,467,000			5,467,000
Total	**$63,057,063**	**$25,649,352**	**$707,497**	**$89,413,912**

[1]Excludes $438,268 in funds reimbursed by other State agencies for services provided. Also excludes State capital budget expenditures as capital appropriations may be expended over several years. In fiscal 2005, the Department of Business and Economic Development expended or made commitments to expend $13.4 million for projects in the capital budget. However, the capital budget for the department in fiscal 2005 totaled $23.8 million.
[2] Includes financial assistance provided through the capital portion of the State operating budget (pay-as-you-go funding) totaling $8.1 million in special funds.
[3] Excludes funds for the Partnership for Workforce Quality ($1.3 million) and the Maryland Industrial Training Partnership ($5.1 million), which are included as part of workforce development in Chapter 14.
[4] "Other" programs include administration, information technology, research, and some small business assistance.

Source: *Fiscal 2007 State Budget Books*

Federal funds represent a relatively small portion of the department's operating budget. In fiscal 2005, the department received almost $707,500 in federal funds, of which $642,409 went to the Maryland State Arts Council in support of its activities. Special funds (interest earnings and loan repayments) generate more than one-quarter of the department's operating budget and most of the funds available for grants and loans to businesses. Each loan fund is a separate nonlapsing fund – meaning that 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.

Economic development at the local level generally consists of spending on business development, tourism, and culture and the arts. In fiscal 2005, the counties and municipal corporations reported spending over $201.6 million on these activities. Among the counties, Baltimore City and Montgomery County expenditures represented over 55 percent of total county spending. Much of this spending was for capital projects. Rockville economic development spending ($22.7 million), Takoma Park Community Center improvements ($5.8 million), and Ocean City economic development spending ($8.7 million) accounted for over 85 percent of the municipal corporation expenditures. Exhibit 13.4 shows, by county, the fiscal 2005 spending for economic development.

Grants from the State and federal governments may account for as much as $42.6 million in local spending for economic development in fiscal 2005. Some counties also provide grants to municipal corporations (another $3.7 million in county grants was reported). Assuming that such grants are spent in the year they are received, net local spending for economic development totaled about $155.0 million in fiscal 2005. Baltimore City and several of the State's other large jurisdictions, including Howard, Montgomery, and Prince George's counties, receive Community Development Block Grant funds directly from the U.S. Department of Housing and Urban Development. A portion of these funds 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 $100.0 million federal grant in 1994 for business development, workforce training, quality of life, and community building. The city administered all $100.0 million of the empowerment zone funding through the Empower Baltimore Management Corporation by the December 31, 2004 deadline. The corporation continues to carry out its mission through revenue generated by earlier investments.

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. The Department of Labor, Licensing, and Regulation includes regulatory units for many of these activities. The department includes four divisions with business regulatory functions: financial regulation, racing, occupational and professional licensing, and labor and industry (occupational safety inspection programs). The aspects of the department that relate to job training and labor protections are discussed in Chapter 14 and Chapter 5 of this volume of the legislative handbook series.

Exhibit 13.4
Local Economic Development Expenditures – Fiscal 2005

County	County Spending	Municipal Spending	Total Spending Reported
Allegany	$10,496,932	$591,938	$11,088,870
Anne Arundel	7,453,404	17,383	7,470,787
Baltimore City	59,254,280		59,254,280
Baltimore	9,105,239		9,105,239
Calvert	4,610,656	105,316	4,715,972
Caroline	459,720	191,567	651,287
Carroll	2,653,666	384,154	3,037,820
Cecil	938,619	0	938,619
Charles	1,349,050	0	1,349,050
Dorchester	1,040,557	9,754	1,050,311
Frederick	2,388,490	1,241,293	3,629,783
Garrett	1,969,179	203,090	2,172,269
Harford	1,554,387	114,619	1,669,006
Howard	890,452		890,452
Kent	466,197	35,614	501,811
Montgomery	29,193,491	28,966,622	58,160,113
Prince George's	13,784,171	1,008,764	14,792,935
Queen Anne's	911,308	0	911,308
St. Mary's	3,526,909	26,449	3,553,358
Somerset	301,090	48,363	349,453
Talbot	487,529	497,017	984,546
Washington	659,010	1,222,254	1,881,264
Wicomico	3,053,560	5,636	3,059,196
Worcester	1,583,271	8,794,532	10,377,803
Total	**$158,131,167**	**$43,464,365**	**$201,595,532**
Minus Federal Grants	-$28,389,538	-$2,819,572	-$31,209,110
Minus State Grants	-$8,040,133	-$3,394,424	-$11,434,557
Minus County Grants		-$3,724,943	-$3,724,943
Net Local Spending	**$121,701,496**	**$33,525,426**	**$155,226,922**

Notes: For purposes of this exhibit, the federal, State, and, as appropriate, county economic development grant revenues reported by the local jurisdictions are assumed to have been expended in the same year they were received. Such grants may include training and community action components but probably exclude grants associated with culture and the arts. However, expenditures reported include those for culture and the arts but exclude expenditures reported for training and community action. Such expenditures are discussed in other chapters of this volume of the legislative handbook series. County expenditures in Allegany, Montgomery, and Prince George's counties include those reported by certain regional agencies. As seven municipal corporations did not report their expenditures for fiscal 2005, municipal expenditures reflect those reported by the other 149 municipal corporations as well as expenditures reported by the 11 extant special taxing districts in Allegany and Montgomery counties. There are no municipal corporations in Baltimore and Howard counties.

Source: *Uniform Financial Reports*; Department of Legislative Services

Other agencies with regulatory and licensing responsibilities include the Maryland Insurance Administration and the Public Service Commission. The Consumer Protection Division of the Office of the Attorney General enforces registration requirements for home builders and health clubs operating in the State through the Home Builder Registration Unit and the Health Club Registration Unit, respectively. Further, the Secretary of State regulates charitable fundraising entities.

A more complete discussion of the regulation of businesses and similar commercial activities may be found in *Volume VII – Business Regulation in Maryland* of this legislative handbook series.

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.

Financial Regulation

The Division of Financial Regulation and its commissioner regulate, examine, and audit the State's commercial banks, savings banks, trust companies, credit unions, money transmitters, consumer lenders, sales finance companies, installment lenders, collection agencies, debt management services providers, check cashers, mortgage lenders, and credit services businesses. This division also responds to consumer complaints in dealings with State-chartered financial institutions.

Racing

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. Three off-track betting sites operate in Maryland. The commission licenses all persons, associations, or corporations that hold any horse racing meet in the State and may also regulate the size of a purse, price of admission, or charge made for any article or service sold at a meet.

Occupational and Professional Licensing Boards

Twenty-two occupational and professional licensing boards, offices, commissions, units, and other licensing structures are housed and administered through the Division of Occupational and Professional Licensing of the Department of Labor, Licensing, and Regulation, representing most of the State's nonhealth licensing boards. Exhibit 13.5 lists the licensing boards and the number of individuals who held licenses in fiscal 2006. In general, these boards administer tests, issue licenses, investigate complaints, and have disciplinary authority over licensees to protect both the consuming public and the integrity of the profession.

Occupational Safety Inspection Programs

The Division of Labor and Industry oversees the Safety Inspection Program, which consists of four programs consolidated into three units: Amusement Ride and Elevator Safety Inspection, Railroad Safety and Health, and Boiler and Pressure Vessel Inspection. The Safety Inspection Program works with owners, industry, management, and labor to ensure that elevators, escalators, dumbwaiters, moving walks, wheelchair lifts, amusement rides, railroads, boilers, and pressure vessels are constructed and operated in accordance with applicable State laws and regulations. This oversight covers critical safety inspections of equipment which, if not maintained and installed properly, can pose hazards to the public. The division also regulates employment agencies.

Other Consumer Protection Oversight

The Office of the Attorney General, through the Consumer Protection Division, oversees the registration and regulation of home builders and health clubs. The Home Builder Registration Unit registers home builders (1,340 registered in fiscal 2006) and ensures compliance with the Maryland Home Builder Registration Act and other builder-related laws. The Health Club Registration Unit registers health clubs and ensures that they are properly bonded.

Insurance

Insurance in the State is regulated by the Maryland Insurance Administration, an independent agency headed by the Insurance Commissioner, whom the Governor appoints with the advice and consent of the Senate. The administration licenses, examines, and audits insurance companies operating in the State; reviews rates and policies; collects premium and retaliatory taxes; licenses producers; investigates fraud as well as consumer complaints regarding insurance and health plan coverage; and educates

Exhibit 13.5
Licensing Activity of Occupational and Professional Licensing Boards and Commissions
Fiscal 2006

Activity	Licensed Individuals
State Board of Architects	5,553
State Athletic Commission	464
Athlete Agent Licensing	31
State Board of Barbers	6,206
State Board of Cosmetologists	44,907
State Board of Stationary Engineers	5,116
Maryland Home Improvement Commission	17,646
State Board of Master Electricians	4,719
Elevator Safety Review Board*	0
State Board of Plumbing	12,603
State Board for Professional Engineers	16,804
State Board of Public Accountancy	19,346
State Real Estate Commission	53,710
State Board of Examiners of Landscape Architects	857
State Board of Foresters	189
State Board for Professional Land Surveyors	909
State Board of Pilots	63
Secondhand Precious Metal Object Dealers and Pawnbrokers	244
State Commission of Real Estate Appraisers and Home Inspectors	5,302
State Board of Heating, Ventilation, Air Conditioning and Refrigeration Contractors	15,305
State Board of Certified Interior Designers	289
Office of Cemetery Oversight	948

*Although the board has authority to license elevator contractors and mechanics, it has not done so due to lack of funding.

Source: Department of Labor, Licensing, and Regulation

the public on insurance matters. The People's Insurance Counsel Division of the Office of the Attorney General reviews actions of the administration and represents the interests of insurance consumers in the areas of homeowners' coverage and medical professional liability coverage. The division is administered by the People's Insurance Counsel, whom the Attorney General appoints with the advice and consent of the Senate.

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 (private buses, vans, and limousines). Taxicab businesses operating in Baltimore City, Baltimore County, Cumberland, and Hagerstown must receive permits from the commission, and taxicab drivers in Baltimore City must be licensed by the commission. In evaluating proposals for rates, mergers, acquisitions, and related business activity, the commission 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 commission.

Exhibit 13.6
Public Service Entities Regulated by the Public Service Commission
Calendar 2006

Utility Type	Number
Electric Companies	12
Gas Companies	7
Combined Gas and Electric Companies	2
Gas Suppliers	33
Telecommunications Companies	404
Water, Sewerage, and Combined Water and Sewerage Companies	23
Railroad Companies	6
Passenger-for-hire Motor Vehicle Companies	1,181
Passenger-for-hire Water Companies	13
Toll Bridge Companies	1
Taxicab Permits	1,481

Source: Public Service Commission

The General Assembly adopted legislation in 1999 to deregulate Maryland's electricity industry. As a result, residential, commercial, and industrial customers may choose the company that generates their electricity, although the delivery of that electricity is still a regulated utility service. To ensure consumer protection, the 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. Investor-owned utilities were required to participate in electric competition effective July 1, 2000. Municipal systems, which are community-owned nonprofit operations, do not participate in electric competition. Rural cooperative systems were required to participate as of July 1, 2003.

Precipitous increases in electricity costs caused by the phasing in of competitive market rates for residential electric customers in several areas of the State brought the General Assembly into special session in 2006. The resulting legislation included the enactment of several changes in the procurement of "standard offer service," the default service for those who have not selected competitive electric supply, as well as changes to the commission's review of mergers involving electric and gas utilities, creation of a mechanism to secure deferred electricity costs, and a review of regulatory actions taken to implement deregulation. A more complete discussion of the regulation of electricity and other public utility services can be found in *Volume VII – Business Regulation in Maryland* of this legislative handbook series.

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 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, numerous exceptions for various jurisdictions have been enacted at the request of 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 2005 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
County Liquor Distribution Net Profits
Fiscal 2005*

County	Net Profit
Montgomery	$9,070,000
Somerset	130,725
Wicomico	441,633
Worcester	920,424
Total	**$10,562,782**

* Somerset and Worcester counties report data for the year ending on April 30, 2005.

Source: *Fiscal 2005 Alcohol and Tax Annual Report*, Comptroller of Maryland

The Comptroller of the Treasury is empowered to make, amend, and publish rules and regulations regarding alcohol. The Comptroller's Alcohol and Tobacco Tax Bureau carries out these duties. This bureau processes statewide license and permit applications for alcohol and tobacco taxes; prepares cases concerning these taxes for formal and informal hearings; administers and enforces the State's alcoholic beverage and tobacco tax laws; 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 regulatory activities. The Public Service Commission, for example, assesses regulated utilities annually to recover the costs of its operations and the operations of the Office of People's Counsel. The State recovers the costs of the Maryland Insurance Administration through a combination of fees for certain licenses, reimbursements for the

Exhibit 13.8
State Expenditures for Selected Business Regulation Activities
Fiscal 2005
($ in Thousands)

Activity	Expenditure
Financial Regulation	$4,968
Racing	6,878
Occupational and Professional Licensing	6,901
Insurance Regulation	85,800
Public Service Commission	12,410
Office of the People's Counsel	2,352
Total	**$119,309**

Notes: State funding for racing excludes $142,000 for facility redevelopment. In addition to State funds, about $243,000 in federal funds supports business regulation activities.

Source: *Fiscal 2007 State Budget Books*

costs of examinations, and an assessment on insurance companies and producers. In general, business regulation does not make up a large portion of local government spending and, except for alcoholic beverage control, that spending is not reported separately by the jurisdictions.

Chapter 14. Labor and Workforce Development

Maryland's September 2006 employment figures report a civilian labor force of 3 million persons, of whom 120,000, or 4.0 percent, were unemployed. This is below the national average of 4.6 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.

However, with the anticipated labor demands due to Maryland's gains under the Base Realignment and Closure process and the impending departure of "baby boomers" from the workplace, key Maryland industries face serious work shortages. Thus, while the employment of Maryland citizens with occupational skills deficiencies, literacy problems, and language barriers is still a concern, focus is beginning to shift to meet the growing needs of employers with employee shortfalls.

In addition to fostering the growth of the economy, policymakers have determined that certain standards should apply to employment:

- it should be done in a safe environment;
- fair wages should be paid for work performed; and
- the workforce 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 workforce development are carried out at the State level. Local governments play a minor role that is focused on workforce 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, Subsequent Injury Fund, and Uninsured Employers' Fund adjudicate and administer claims under the State's workers' compensation laws. Created under statute, 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 workforce to be productive and successful; many of them are federally funded. Federal job training programs require each state to have a statewide coordinating council; the Governor's Workforce Investment Board serves that role in Maryland. The Department of Labor, Licensing, and Regulation administers the federally funded Workforce Investment Act and Wagner-Peyser Act 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. Most department workforce development services are delivered through "one-stop" career centers located throughout the State. In Maryland, 39 of these centers provide access to a wide array of job search, employment services, and, as appropriate, referrals to job training. In addition, the department maintains the Maryland Workforce Exchange, a technology-based system which assists individuals in making their career decisions and employers in locating qualified staff. The Maryland Workforce Exchange is accessible at the State's one-stop career centers as well as on-line at www.mwejobs.com.

Along with the community college system, which is discussed in Chapter 7 of this volume of the legislative handbook series, 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 Maryland Correctional Enterprises 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 or relocating.

Local involvement in these programs is limited to workforce development issues and is most closely aligned to the appointment of local workforce investment boards. The Department of Labor, Licensing, and Regulation distributes Workforce Investment Act funds to local workforce investment areas, formerly known as service delivery areas, by formula allocation. Maryland has 12 local workforce investment areas (see Exhibit 14.1), each with its own local board. The local boards oversee workforce investment activities, select the "one-stop" operator, 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). The one-stop career centers in each local workforce investment area are typically supplemented by networks of affiliated sites. 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 established a corresponding youth council at the State level.

Exhibit 14.1
Local Workforce Investment Areas
2006

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

Services

Government activity in the area of labor and workforce development can be broadly categorized as:

- worker protection, which includes safety and health matters and wage law enforcement;
- unemployment insurance;
- workforce development, which includes employment services, job training, and rehabilitative services; and
- advisory and research services.

Worker Protection

Wages and Employment Conditions

The State's Department of Labor, Licensing, and Regulation administers many 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 is required to administer and enforce provisions of law concerning the employment of minors, wages and hours, wage and payment collection, and equal pay for equal work in Maryland. In fiscal 2005, the unit received almost 850 wage payment claims, collecting nearly $320,000 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 unit investigated more than 250 project sites and recovered nearly $700,000 in wages in fiscal 2005.

The *Mediation and Conciliation Unit* is authorized to provide election and mediation services and to handle arbitration and unfair labor practices cases by serving as an independent, neutral third party. The Employment Standards Service promotes the voluntary mediation and arbitration of labor disputes and conducts representation elections. Budget shortfalls led to elimination of funding for the unit in July 1991. Although funding was briefly restored from 1999 to 2002, it was again eliminated in fiscal 2003. The Commissioner of Labor and Industry has been authorized to charge a fee to cover the cost of providing mediation services since 2003.

The *Maryland Occupational Safety and Health Program* meets the federal requirements of the Williams-Steiger Occupational Safety and Health Act of 1970; therefore, the State has assumed 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

Workers' compensation was created to protect workers and their dependents from the consequences of occupational injuries or 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 specified 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 10-member commission is appointed by the Governor for 12-year terms, with the Governor designating the chairman. The commission processes and adjudicates all claims, maintains a record of all contested cases, certifies a complete record to the judicial forum in case of an appeal, and refers those individuals requiring vocational rehabilitation to appropriate providers. About 28,000 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 benefits 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 nonpayment 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. Legislation enacted in 2006 makes an officer of a corporation with general management responsibilities and a member of a limited liability company with general management responsibilities jointly and severally liable for the payment of awards or assessments, if the assets of the corporation or limited liability company are not sufficient for payment and the officer knowingly failed to secure workers' compensation insurance. 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 that are unable or choose not to secure insurance in 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 monies are budgeted for the fund. In calendar 2005, the fund had a surplus of over $161 million; total assets of $1.38 billion represented an 11 percent increase from the calendar 2004.

Unemployment Insurance

The State's *Unemployment Insurance Program*, administered by the Division of Unemployment Insurance within 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. Unemployment insurance programs are administered pursuant to state law by state employees. Each state law prescribes the tax structure, qualifying requirements, benefit levels, and disqualification provisions. These laws must conform to federal laws and guidelines.

Unemployment insurance programs are financed by the U.S. Department of Labor, Employment Training Administration through employers' federal unemployment taxes. Funds are distributed to states based, in part, on each state's claim load and overall federal budget caps.

The employers' State unemployment insurance taxes are deposited into the Maryland Unemployment Insurance Trust Fund. The trust fund is held in the federal treasury and is an interest-bearing account. These funds are also used in determining the overall solvency of the federal budget.

Employers who are covered under the Maryland Unemployment Insurance Law employ one or more individuals and are responsible for paying unemployment insurance taxes for their employees. Numerous special categories of employees are exempt from coverage, and some exempt categories have certain threshold requirements. Each employer is required to make contributions to the fund based on taxable wages paid to its employees.

Benefits are based on the amount of money that the employee earned during the base period (the first four of the last five completed calendar quarters prior to the date the employee filed a claim). The weekly benefit amount ranges from a minimum of $25 to a maximum of $340. Qualified unemployed persons are eligible for up to 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. The federal government 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 claims centers. Claimants have access to telephone and Internet services at any one of the State's one-stop career centers. These one-stop centers also offer job search and training services. In fiscal 2006, slightly over 93,000 Maryland residents received unemployment insurance benefits totaling $386.3 million.

Benefits appeals are handled by the Lower Appeals Division of the Department of Labor, Licensing, and Regulation. Appeals may be related to the Secretary's initial determination on claims, tax provisions of the Unemployment Insurance Law, and other matters. Appeals are heard by hearing examiners and may be further appealed to a three-member board of appeals panel which consists of a chairman and two associate members. For claimant convenience, most appeals hearings are conducted at the one-stop career centers located throughout the State; some are handled by telephone. In fiscal 2006, 26,599 appeals were heard and decided by hearing examiners; just 3,533 (13 percent) of these were appealed to the board of appeals panel. A final decision of the board of appeals may be appealed to the circuit court by any party aggrieved by the decision, the Secretary, or both. For a more comprehensive discussion of unemployment insurance, see *Volume VII – Business Regulation in Maryland* of this legislative handbook series.

Workforce 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 services system, the department that oversees labor issues, economic development efforts, and others.

The Governor's Workforce Investment Board provides policy analysis and advice to the Governor, 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 workforce.

Workforce 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 workforce 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 of the legislative handbook series.

Workforce 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);

- educational and job skills training services for adults; and

- services customized to employer needs.

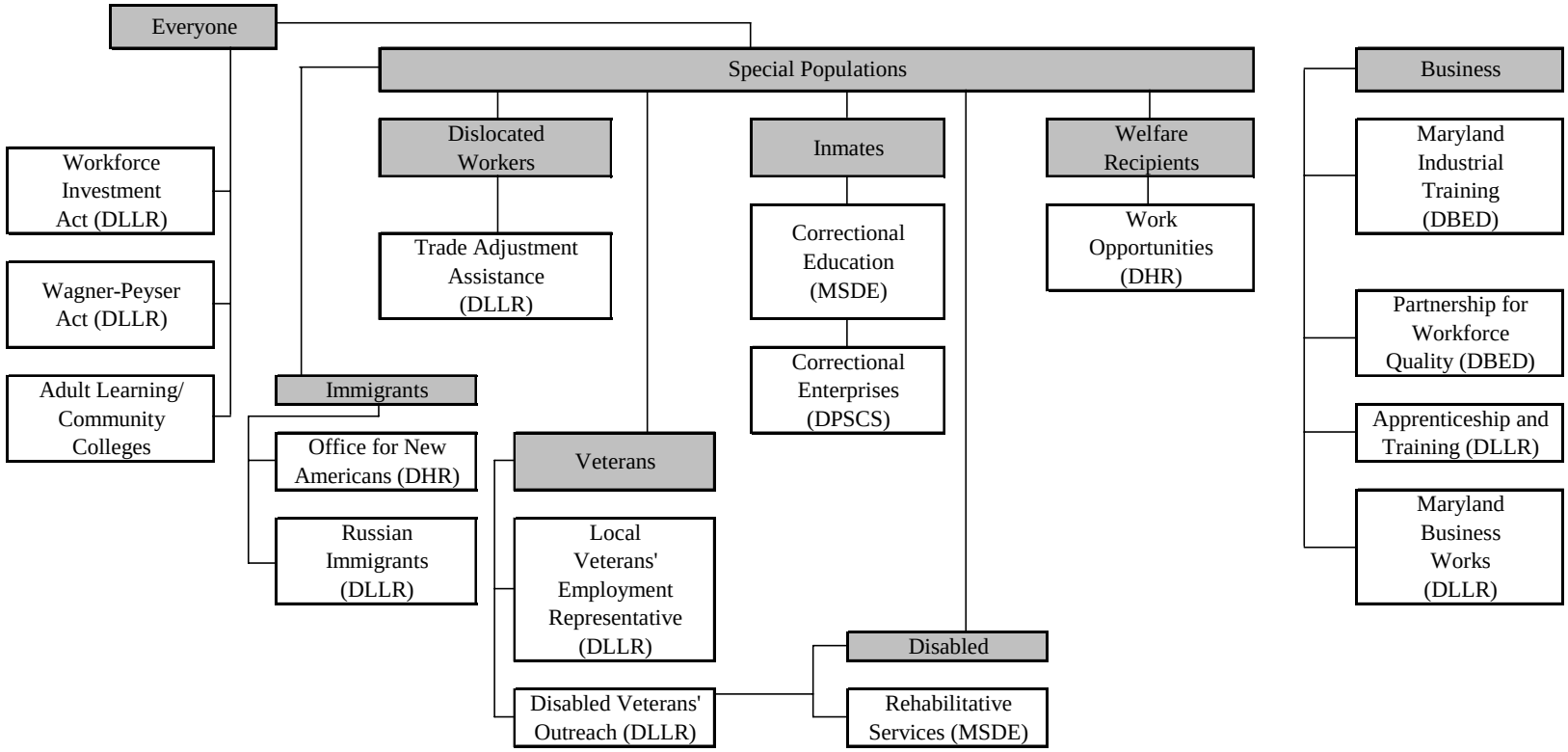
Exhibit 14.2 shows the programs in Maryland's workforce development system.

Services for Job Seekers

The Division of Workforce Development within the Department of Labor, Licensing, and Regulation administers several programs to facilitate employment opportunities through labor exchange and training services. Such programs are discussed below according to the population they serve – all individuals or special populations (dislocated workers, veterans, welfare recipients, and immigrants).

All Individuals: The division provides an array of services to job seekers with funds from the federal *Workforce Investment Act*, which replaced the Job Training Partnership Act effective July 1, 2000, as well as the *Wagner-Peyser Act* (more commonly known as the Job Service Program). As both Acts facilitate the provision of

Exhibit 14.2
Maryland's Workforce Development Programs
2006



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

Source: Department of Legislative Services

job broker services by linking job seekers with employers who need workers, the division has reorganized to consolidate provision of services. The Workforce Investment Act also attempts to increase the employment and earnings potential of eligible individuals by facilitating training opportunities. As such, the Workforce Investment Act employment and training programs are primarily intended for those facing serious barriers to employment.

Federal law under the Workforce Investment Act defines two categories of services: (1) core services; and (2) 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. All core services must be available through the one-stop career centers. The Maryland Workforce Exchange facilitates provision of core services under the Workforce Investment Act as well as the Wagner-Peyser Act by maintaining 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.

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. If intensive services do not result in a successful job placement, individuals may participate in training directly linked to job opportunities in their local area. 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 includes more than 900 occupational programs offered by

almost 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 provider's performance. Individuals may access these data to make informed decisions about how best to use their vouchers. The data are also used to determine whether training providers should remain eligible to serve individuals under the Workforce Investment Act. In a limited number of cases, the local workforce investment board may contract directly with an organization to provide job training.

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 workforce 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 as well as the Maryland Summer Youth Connection Program created in 2005.

Veterans: The Division of Workforce Development administers two additional programs that interact with the Workforce Investment Act and Wagner-Peyser Act so that priority service is provided to veterans. Disabled veterans receive preferential treatment through the *Disabled Veterans' Outreach Program*. That program is assisted by the *Local Veterans' Employment Representative Program*, which functions as the State's primary veterans' workforce development contact with the business community to develop job opportunities for veterans. Through the one-stop career centers, partner agencies across the State, and the Maryland Workforce Exchange, employers can post job openings. Staff at the one-stop career centers can match veterans with openings, screen any applicants, assist with resume preparation, help prepare the veterans for interviews, and refer them to local employers.

Dislocated Workers: The Division of Workforce Development partners with the Division of Unemployment Insurance to administer 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. If the department anticipates the relocation or downsizing of an employer within the State, a Rapid Response Unit establishes contact with the employer's management group to (1) determine whether the expected closing or downsizing is due to increased imports; (2) ensure timely intervention; and (3) facilitate provision of available services. The Trade Adjustment Assistance Program provides comprehensive and timely retraining and reemployment services that are tailored to the needs of the individual workers, for example:

- *Training* for employment in another job or career may be provided for up to two years. Such training could include occupational skills, basic or remedial education, or training in literacy or English as a second language.

- Individuals are also eligible for *income support* in the form of a weekly cash payment for up to two years after their unemployment insurance benefit has been exhausted if they are participating in an approved full-time training program.

- The program also provides a *job search allowance* to cover expenses incurred in seeking employment outside an individual's normal commuting area.

- Finally, *relocation allowances* reimburse expenses for those who find new employment outside their normal community area and choose to relocate.

The number of individuals served under this program tends to fluctuate annually but typically ranges between 200 and 300 per year.

Welfare Recipients: The State's Family Investment Program, which assists those moving from welfare to work, distributes federal *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 such as child care, family counseling, and crisis intervention that will assist recipients in making the transition from welfare to work.

Immigrants: 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 2005, both the employment assistance and English and cross-cultural training caseloads included over 700 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. Funding for this program was eliminated in fiscal 2005 but $75,000 was provided in both fiscal 2006 and 2007.

Educational and Job Skills Training Services for Adults

All Individuals or Targeted Populations: A number of adult education programs are overseen by the Maryland State Department of Education's *Division of Career Technology and Adult Learning*. The division provides guidance and statewide coordination for the services, which are delivered locally by public school systems, community colleges, libraries, and community-based organizations. The goal of the programs is to help adults 16 and older develop the skills necessary for continuous learning, decision-making, and communication. The programs within the adult education system are described briefly below.

- *Adult Basic Education:* provides instruction for adults to speak, read, and write English and to improve skills needed for effective functioning in society;

- *Adult Secondary Education:* provides more advanced instruction than the adult basic education program and helps adults work toward a high school diploma through the Maryland Adult External High School Diploma Program or the General Education Development Program;

- *English as a Second Language:* provides instruction in speaking, listening, reading, and writing to adults whose first language is not English;

- *Family Literacy:* provides comprehensive literacy services to families to enable parents to be partners in the education of their children; and

- *Workplace Education:* focuses instruction on the literacy skills that are needed in the workplace.

Correctional Inmates: The Maryland State Department of Education administers *correctional education* programs in all the major institutions in the adult prison system through the Division of Correctional Education. Services include adult basic education, adult secondary education, occupational preparatory programs, and library services. Other correctional education programs include postsecondary education offered by Maryland public colleges and universities, coordination of apprenticeship programs that operate in conjunction with Maryland Correctional Enterprises, educational assessment, and pre-release preparatory services. Since fiscal 2005, the division has also supported

correctional education programs in some of the facilities operated by the Department of Juvenile Services. By fiscal 2013, the division will be responsible for all State-run juvenile facilities.

Maryland Correctional Enterprises, a part of the Department of Public Safety and Correctional Services and formerly known as State Use Industries, 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. Maryland Correctional Enterprises 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 department's Division of Correction operates Maryland Correctional Enterprises in 11 facilities and in laundry operations throughout the system. In addition, the program manages maintenance crews in Hagerstown. The program inherited the State's Quick Copy operation, formerly operated by the Department of General Services, in fiscal 2006, which employs inmates in the Pre-release Unit for Women (see 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. Maryland Correctional Enterprises is fully supported by the revenues from services supplied and the sale of its manufactured goods, generating approximately $40.0 million in sales in fiscal 2005, a 12 percent increase in sales from fiscal 2004.

Individuals with Disabilities: 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.

Rehabilitation services clients, who are typically between the age of 16 and 65, are referred by schools or health care professionals and 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 2005 was almost 16,000. In addition, the Disability Determination Services

Exhibit 14.3
Inmates Employed by Maryland Correctional Enterprises
Fiscal 2004-2006

Facility	2004	2005	Estimated 2006
Maryland House of Correction	367	386	424
Maryland House of Correction – Annex	55	85	215
Maryland Correctional Institution – Hagerstown	223	236	244
Roxbury Correctional Institution	135	145	170
Maryland Correctional Training Center	53	57	58
Maryland Correctional Institution – Jessup	106	119	125
Maryland Correctional Institution for Women	165	196	270
Eastern Correctional Institution	197	210	228
Western Correctional Institution	38	40	44
Jessup Pre-release Unit	42	42	60
Pre-release Unit for Women – Quick Copy Center*	n/a	n/a	60
Maintenance Crews (Hagerstown)	17	14	20
Laundry Operations*	n/a	n/a	100
Total	**1,398**	**1,530**	**2,018**

*New program beginning in fiscal 2006.

Source: *Fiscal 2007 State Budget Books*

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.

Services Customized for Employer Needs

The State administers several workforce 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. Established in 1969, 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 both fiscal 2005 and 2006, the program received over $2 million in appropriations.

The *Partnership for Workforce Quality*, also administered by the Department of Business and Economic Development, provides matching grants (up to 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.

The Department of Labor, Licensing, and Regulation administers an *Apprenticeship and Training Program* to coordinate and promote 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. In June 2006, the State had 517 active programs representing 227 trades and occupations and 8,669 active apprentices and 3,015 participating employers. Trades served by the apprenticeship program include electrician, plumber, bricklayer, machinist, tool and die maker, millwright, automotive technician, mortician, fire fighter, and refrigeration mechanic.

Also administered by the Department of Labor, Licensing, and Regulation, the *Maryland Business Works* program was created in fiscal 2004 with existing Workforce Investment Act funds. The program assists existing State businesses train their employees and primarily focuses on businesses with 50 or fewer employees, the health care industry, and high-demand occupations within local communities. The goal of the program is to create a more stable, competitive, and productive workforce by encouraging the retention of employees through employer-based training projects that will allow for enhanced compensation and job satisfaction.

Advisory and Research Services

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.

The State's *Office of Workforce Information and Performance* 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 approximately $22.0 million in fiscal 2005. The federal funds support over half of the occupational safety and health expenditures ($3.5 million). Exhibit 14.4 shows the programmatic expenditures by the source of funds for fiscal 2005.

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 the Maryland Occupational Safety and Health Program and the Uninsured Employers' Fund are supported by assessments on insurers that write workers' compensation insurance. Beginning in fiscal 2003, assessments collected for the Workers' Compensation Commission were deposited in a special fund to support the operating costs of the commission. These special funds also support a portion of the administrative costs associated with the Maryland 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 2005, administrative costs totaled $49.1 million and were entirely supported by premium and investment income.

The costs of administering the State's unemployment insurance program 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 2006, the Unemployment Insurance Trust Fund paid $386.3 million in insurance benefits. A small amount of dedicated State funds is 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.

Exhibit 14.4
Expenditures on Labor and Workforce Development Activities
Fiscal 2005
($ in Thousands)

Activity	State Funds[1]	Federal Funds	Local Funds[2]	Total[3]
Worker Protection[4]	$18,505	$3,536		$22,040
Unemployment Insurance[5]	285	53,417		53,702
Workforce Development	85,059	162,124	$41,876	289,059
Total	**$103,849**	**$219,077**	**$41,876**	**$364,801**

[1]State expenditures exclude funds reimbursed by other State agencies for services provided but include general funds and special "dedicated" revenues.
[2]Local expenditures may include State grants, direct federal grants, and federal funds that pass through from the State.
[3]Numbers may not sum to the total due to rounding.
[4]Funding for worker protection activities does not include $281.2 million in claims expenses paid by the Injured Workers' Insurance Fund.
[5]State funds for the Division of Unemployment Insurance represent the administrative fees imposed and collected by the division that are deposited in the Special Administrative Expense Fund. Federal funds for Unemployment Insurance do not include $6.0 million for Trade Adjustment Assistance, which is reflected in workforce development.

Source: *Fiscal 2007 State Budget Books; Uniform Financial Reports;* Department of Legislative Services

Various levels of government expended $289.1 million in fiscal 2005 on the workforce development activities included in this discussion. Details on the State-administered programs, totaling $247.2 million, are shown in Exhibit 14.5. Federal funds represent two-thirds of this total and are the exclusive funding source for several programs targeted to job seekers.

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, 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 Workforce Development – Fiscal 2005
($ in Thousands)

	General Funds	Dedicated State Funds	Federal Funds	Total[1]
Programs Targeted to Job Seekers				
Wagner-Peyser Act (DLLR)			$9,591	$9,591
Workforce Investment Act (DLLR)[2]			36,772	36,772
Disabled Veterans' Outreach (DLLR)			1,266	1,266
Local Veterans' Employment Representative (DLLR)			981	981
Trade Adjustment Assistance (DLLR)[3]			6,644	6,644
Rehabilitation Services (MSDE)	$15,636		66,055	81,691
Career Technology and Adult Learning (MSDE)[4]	1,177		989	2,166
Adult Continuing Education Grants (MSDE)	2,514		7,995	10,509
Work Opportunities (DHR)			24,693	24,693
Immigrant Assistance (DHR and DLLR)	82		3,334	3,416
Subtotal	**$19,409**		**$158,320**	**$177,729**
Programs Targeted to Inmates				
Correctional Education (MSDE)[5]	$18,762		$1,869	$20,631
Maryland Correctional Enterprises (DPSCS)		$39,955		39,955
Subtotal	**$18,762**	**$39,955**	**$1,869**	**$60,586**
Programs Targeted to Employers				
Maryland Industrial Training (DBED)	$5,134			$5,134
Partnership for Workforce Quality (DBED)	1,338			1,338
Apprenticeship and Training (DLLR)	370			370
Maryland Business Works (DLLR)[2]	–			–
Subtotal	**$6,842**			**$6,842**

Exhibit 14.5 (continued)
State Expenditures for Workforce Development – Fiscal 2005
($ in Thousands)

	General Funds	Dedicated State Funds	Federal Funds	Total[1]
Advisory and Research Functions				
Governor's Workforce Investment Board (DLLR)	$91		$709	$800
Office of Workforce Information and Performance (DLLR)			1,226	1,226
Subtotal	**$91**		**$1,935**	**$2,026**
Total	**$45,104**	**$39,955**	**$162,124**	**$247,183**

[1]Excludes funds reimbursed by other State agencies for services provided and a portion of general and special funds not attributed to a particular program.
[2]The Workforce Investment Act total includes funding for Maryland Business Works, which is targeted to employers.
[3]Most of the funding for this program ($6.0 million) is used to provide income support in the form of weekly cash payments.
[4]Excludes $1.2 million in State funds and $2.1 million in federal funds that support career and technology programs captured as part of public education expenditures in Chapter 6.
[5]Excludes some funding used to support primary and secondary education at juvenile facilities.

DBED: Department of Business and Economic Development
DPSCS: Department of Public Safety and Correctional Services
DHR: Department of Human Resources
MSDE: Maryland State Department of Education
DLLR: Department of Labor, Licensing, and Regulation

Source: *Fiscal 2007 State Budget Books*

Dedicated State revenues in the workforce development category represent revenues generated by Maryland Correctional Enterprises.

State and federal funding supports the Division for Career Technology and Adult Learning in the Maryland State Department of Education and is also distributed to local adult education providers. Funding totaled an estimated $12.7 million in fiscal 2005, including $3.7 million in State funding and $9.0 million in federal funds. Most funding, $10.5 million, was allocated to local providers of adult education services. Legislation enacted in 2005 and 2006 requires the State to commit additional funds to adult education

grants in fiscal 2007 and 2008. By fiscal 2008, the State contribution to adult education grants must total at least $6.9 million.

Local government spending is concentrated in the workforce 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. As shown in Exhibit 14.6, five counties and Baltimore City reported expenditures on job training as part of their support of economic development. Of the $41.9 million reported for fiscal 2005, Baltimore City spent $31.0 million. The amount local governments spent on adult education is unclear, but State grants for adult education generally require a 25 percent match from local funds.

Exhibit 14.6
Local Workforce Training Expenditures
Fiscal 2005

Jurisdiction	Training Expenditures
Anne Arundel	$4,416,446
Baltimore City	30,979,451
Baltimore	3,710,881
Carroll	787,952
Frederick	1,866,328
Harford	114,847
Total	**$41,875,905**

Note: Reported expenditures may include federal and/or State grants.

Source: *Uniform Financial Reports*; Department of Legislative Services

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, increasing concerns about air pollution, and ongoing 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 a critical 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.

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 enumerated

Exhibit 15.1
Major Roles and Responsibilities

Policy	Federal	State	Local
Planning and Growth Management		Maryland Department of Planning Smart Growth Priority Places 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 Resources Management Waste Management Air Pollution Control Department of Natural Resources Chesapeake Bay Watershed Initiatives	County Health or Environmental Departments (delegated enforcement of environmental laws) Counties and Municipal Corporations (as owners of water, wastewater, and solid waste facilities)
Natural Resources Management	U.S. Department of the Interior National Park Service Bureau of Land Management U.S. Fish and Wildlife Service U.S. Department of Agriculture Forest Service U.S. Coast Guard	Department of Natural Resources Conservation of Open Space Parks, Forests, and Recreation Wildlife and Fisheries Management Agencywide Services	Local Parks and Recreation Departments
Agricultural Services	U.S. Department of Agriculture Technical Services Commodity Price Support Disaster Assistance Conservation Risk Management Food Safety and Inspection Service	Department of Agriculture Agricultural Land Preservation Agricultural Resource Conservation Plant Industries 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 Departments Noxious Weed Control

Source: Department of Legislative Services

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 municipal corporation 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. The State may not provide funding for any growth-related project that is not located within a priority funding area. Thus, with some exceptions, State spending for transportation, housing, economic development, water and wastewater treatment facilities, and 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, and several State agencies are involved. In 2001, the Governor's Office of Smart Growth was created to coordinate the State's Smart Growth program and to serve as a "one-stop shop" on Smart Growth in the State. In 2003, the activities under the Office of Smart Growth were moved to the Maryland Department of Planning. In 2004, the State established the Priority Places Strategy, intending to build on the State's Smart Growth efforts, to encourage and promote well-planned development within priority funding areas around the State.

[1] An eighth vision was added by Chapter 676 of 2000.

Exhibit 15.2
Selected Smart Growth Initiatives

Program	Responsible Department(s)
Neighborhoods	
Live Near Your Work Plus	DHCD
House Keys for Employees	DHCD
Rental Housing Development	DHCD
Maryland Mortgage Program	DHCD
Neighborhood Business Development Program	DHCD
Community Safety and Enhancement Program	MDOT
Community Legacy Program	DHCD
Maryland Building Rehabilitation Code	DHCD
Maryland Priority Places Strategy	MDP
Community Parks and Playgrounds Program	DNR
Job Creation	
Job Creation Tax Credit	DBED
Enterprise Zones	DBED
Maryland Heritage Preservation and Tourism Areas	MDP
Brownfields Redevelopment	MDE and DBED
Public Safety	
Collaborative Supervision and Focused Enforcement Initiative	GOCCP
Transportation	
Commuter Choice Maryland	MDOT
Transportation Enhancement Program	MDOT
National Recreational Trails Program	MDOT
Ridesharing Program (Park & Ride Facilities)	MDOT
Retrofit Bicycle Program	MDOT
Retrofit Sidewalk Program	MDOT
Safe Routes to Schools Program	MDOT
Preservation	
Rural Legacy Program	DNR
GreenPrint Program / Green Infrastructure Assessment	DNR
Program Open Space	DNR
Agricultural Land Preservation Program	MDA
Conservation Reserve Enhancement Program	MDA
Water and Wastewater Infrastructure	
Wastewater Capacity Management Plan Guidance	MDE
Water Supply Capacity Management Plan Guidance	MDE

DBED: Department of Business and Economic Development
DHCD: Department of Housing and Community Development
DNR: Department of Natural Resources
GOCCP: Governor's Office of Crime Control and Prevention
MDA: Maryland Department of Agriculture
MDE: Maryland Department of the Environment
MDOT: Maryland Department of Transportation
MDP: Maryland Department of Planning

Source: Department of Legislative Services

Despite the State's comprehensive planning and growth management policies, concern was raised in 2006 regarding several large and controversial municipal annexations that had occurred since 2004, primarily on the Eastern Shore. Because municipal corporations were not required to include future annexation areas in their comprehensive plans, the annexation process was perceived as not providing for sufficient public review and planning for annexations and their associated development, often leading to increases in population in areas without adequate public facilities. The General Assembly adopted legislation in 2006 (Chapter 381) to address these concerns by modifying the municipal annexation process, modifying the requirements for comprehensive plans, and encouraging joint planning between counties and municipal corporations. Among other things, Chapter 381 requires municipal corporations exercising zoning authority to include a municipal growth element in their comprehensive plans. In addition, local governments must include a water resources element in their comprehensive plans.

Environmental 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 U.S. 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, Clean Water Act, and Safe Drinking Water Act; 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 environmental units with delegated responsibility from the State for 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 delegated 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.

While the Maryland Department of the Environment is the primary agency for environmental protection in the State, the Department of Natural Resources also plays a role. Specifically, the Department of Natural Resources is responsible for monitoring and assessing the State's aquatic, geological, and energy-based resources. In addition, the Department of Natural Resources is responsible for monitoring the health of all the State's waters.

Natural Resources Management

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. The U.S. Department of Agriculture's Forest Service manages public lands in national forests and grasslands, and the U.S. Coast Guard enforces maritime laws and regulations. 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; provides natural resource assessments to guide land conservation and restoration plans; 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 counties 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.

Agriculture

At the federal level, the U.S. Department of Agriculture provides technical services, commodity price support, disaster assistance, conservation programs, risk management assistance, and food safety and inspection services, among other activities. 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 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.

The Maryland Department of Agriculture's Office of Resource Conservation regulates the use of nutrients on farms and provides financial assistance to support the implementation of agricultural best management practices to protect water quality and conserve natural resources on agricultural land. Much of the agricultural resource conservation activity, however, 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; management of parks, forests, open space, wildlife, and fisheries; conservation of agricultural and natural resources; pest and plant management; and marketing and consumer services. A number of research, technical, regulatory, and advisory activities cut across these programmatic lines and are discussed separately.

Water Resources Management

Water Resources – Generally

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 within the Water Management Administration protects the State's ground and surface waters, issues water pollution control permits and monitors them 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 Water Supply Program within the Water Management Administration 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 Waste, Solid Waste, Recycling and Operations, Oil Control, and Environmental Restoration and Redevelopment programs provide 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; reviewing county solid waste management plans and recycling plans; and 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 sewerage 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, U.S. Department of Defense facilities, State-designated "Superfund" sites, and properties identified under the State's brownfields initiative.

Effective management of stormwater runoff reduces stream channel erosion, pollution, siltation and sedimentation, and local flooding. State law requires each county and municipal corporation 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 municipal corporations 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. Finally, the department issues the National Pollutant Discharge Elimination System General Permit for Stormwater associated with construction activities and the related notices of intent, and performs inspections and enforcement activities.

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 10-year period and to 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 Maryland 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 for water supply, a sewerage system, or a 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 State 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 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. Other financial assistance programs are discussed below under "Chesapeake Bay Watershed Programs and Initiatives."

Nine programmatic responsibilities associated with the enforcement of regulations to protect water quality have been delegated to the 23 counties and Baltimore City. These include:

- approving subdivision plats;
- reviewing improvements to properties serviced by private water and/or sewerage disposal systems;
- issuing certificates of potability for new drinking water wells;
- inspecting wells;
- monitoring community water supplies which includes water sampling of private homes on request;
- monitoring all non-community water supplies in a county, such as at health care facilities, schools, colleges, day care centers, and hotels;
- evaluating and inspecting all on-site sewerage disposal systems, including sanitary surveys to determine the extent of failing systems and the need for extension of public systems;
- monitoring and sampling at public bathing beaches; and
- collecting funds, identifying users of septic systems, and developing a billing mechanism with respect to the Bay Restoration Fund.

In addition, 13 counties, Baltimore City, 9 municipal corporations, 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 sewerage sludge and sewerage sludge utilization sites to counties upon request. Only Caroline, Queen Anne's, and St. Mary's counties have requested and been given this delegation.

The Resource Assessment Service within the Department of Natural Resources is responsible for technical assessment and monitoring of the health of the State's water resources, including monitoring harmful algae blooms, performing technical assessments of the Port of Baltimore channel dredging needs and disposal options, and conducting submerged aquatic vegetation restoration activities. The department's assessments are used for regulatory and permitting purposes in conjunction with other agencies.

Chesapeake Bay Watershed Programs and Initiatives

The Chesapeake Bay is a unique asset of the State of Maryland, and its protection is the 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, statewide efforts to reduce pollution and erosion are critical to restoring and maintaining the health of the bay.

In 1983, Virginia, Maryland, Pennsylvania, the District of Columbia, Chesapeake Bay Commission, and 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. The 2000 Bay Agreement established a goal to reduce, by 2010, harmful nutrient and sediment loading in the bay. The primary goal of the 2000 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 federal Clean Water Act. Pursuant to the agreement, the nutrient and sediment reduction goals have been allocated to the states and the District of Columbia and further broken down by tributary. Maryland's reduction goals are shown in Exhibit 15.3.

In Maryland, the responsibilities for the development and implementation of strategies to meet the goals are shared by the Department of Natural Resources, Maryland Department of Planning, Maryland Department of Agriculture, and Maryland Department of the Environment. The Department of Natural Resources leads the effort, through its Tributary Strategies Program, which seeks to achieve and maintain Maryland's

Exhibit 15.3
Maryland's Pollutant Reduction Goals

Pollutant	1985 Loads	2002 Loads	2010 Goal
Nitrogen (million lbs/yr)	82.4	56.7	37.3
Phosphorus (million lbs/yr)	6.8	4.0	2.9
Sediment (million tons/yr)	1.3	1.0	0.7

Source: Chesapeake Bay Program

nutrient and sediment reduction goals by reducing pollution from a variety of sources. There are 10 discrete tributary watersheds, each with a 35-member tributary team that helps develop strategies for meeting the goals.

In 2004, the Department of Natural Resources released Maryland's tributary strategy, which outlines basin-specific nutrient and sediment control actions necessary to reduce pollution from a variety of sources, including agriculture, point sources, and urban/suburban lands. In 2006, the Governor's Chesapeake Bay Cabinet released the draft of Maryland's Chesapeake Bay Tributary Strategy Statewide Implementation Plan. The plan provides implementation strategies for point sources, stormwater, septic systems, growth management, agriculture, and air deposition and contains plans to achieve, maintain, and monitor water quality goals.

The Watershed Services Unit within the Department of Natural Resources provides funding and technical assistance for the restoration of tributary watersheds, the Chesapeake Bay, and coastal bays. Services include assistance with restoration projects, environmental education, watershed and landscape analysis, and mapping. In addition, the unit provides staff assistance to the Chesapeake Bay Tributary Teams and is responsible for overseeing the development of tributary strategies and implementation plans. The Watershed Services Unit also administers federal Chesapeake Bay Implementation and Coastal Zone Management grants and serves in a coordination role with the federal Chesapeake Bay Program, Bay Cabinet Workgroup, and State/local restoration projects and initiatives. In addition, the Shore Erosion Control Program offers technical and financial assistance to landowners and local governments in establishing structural and non-structural (*i.e.*, dependent upon vegetative methods) controls to stabilize eroding areas of the bay, its tributaries, and freshwater 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 municipal corporations 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 municipal corporations 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. In an effort to reduce nitrogen and phosphorus loading into the Chesapeake Bay from point sources, Chapter 428 of 2004 established the Bay Restoration Fund within the Water Quality Financing Administration of the Maryland Department of Environment. The main goal of the fund is to provide the grants necessary to upgrade the State's 66 major publicly owned wastewater treatment plants with technology capable of meeting "enhanced nutrient removal." Priority is given to wastewater facilities discharging into the Chesapeake Bay. Financed by a bay restoration fee on users of wastewater facilities, septic systems, and sewerage holding tanks, the fund provides grants to facility owners for up to 100 percent of eligible costs to install enhanced nutrient removal technology. Of the revenue collected from users of septic systems and sewerage holding tanks, 60 percent is deposited into a separate account within the fund for upgrades of failing septic systems, while 40 percent is transferred to the Maryland Department of Agriculture to provide financial assistance to farmers for planting cover crops.

The Biological Nutrient Removal Program, also administered by the Maryland Department of the Environment, provides grants of 50 percent of the eligible cost of a project to reduce the output of nitrogen and phosphorus from wastewater treatment facilities. Other grant programs under the auspices of the Maryland 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. The outbreak was attributed 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. In response to this issue, the General Assembly adopted 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 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. This program and other resource conservation assistance programs are discussed in greater detail under Agricultural Programs – Agricultural Resource Conservation.

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 more than 200 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 375 projects located in every jurisdiction in the State. In fiscal 2005, the Maryland Environmental Service did $78 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 dioxide, 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. Areas within Maryland that meet the air quality standards are designated as being in attainment; areas that do not meet the standards are designated as being in nonattainment. While all of Maryland is currently designated as being in attainment for carbon monoxide, nitrogen oxides, sulfur dioxide, lead, and particulate matter, portions of Maryland are designated as being in nonattainment for eight-hour ozone and fine particulate matter.

The department's air management program monitors ambient air pollution levels, develops plans to achieve and maintain air quality standards, issues permits to sources that emit pollutants, enforces permits and 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 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 requires most vehicles in the urbanized areas of the State to be tested. Thirteen counties and Baltimore City are subject to the emissions testing requirements.

The role of local health or environmental agencies in air pollution control is limited. All 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.

Natural Resources Management

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; natural resource assessments; 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. 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 Public Lands Policy and Planning Program within the Department of Natural Resources provides statewide natural resource, conservation, and recreational planning support and policy guidance for over 450,000 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 use plans; coordinating the review of proposed projects by private organizations and local, State, and federal agencies that may impact the Department of Natural Resource's public lands; surveying and recovering over 4,000 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. As of the end of fiscal 2005, the program had preserved 293,000 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 governments 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 the 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 2006 the board had designated 29 rural legacy areas in 21 counties, awarded $135.1 million in grants for the purchase of easements or fee interests in land, and protected 52,386 acres of land. The board will award an estimated $26 million in grants in fiscal 2007.

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. Although funding for the program expired in 2005, the Department of Natural Resources continues to focus conservation actions to acquire easements and fee interests in green infrastructure lands. Through fiscal 2005, 42,121 acres of lands had been protected with GreenPrint funds.

The Maryland Environmental Trust protects the natural resource, environmental, cultural, rural, agricultural, woodland, wetland, and scenic characteristics of the State primarily through donated conservation easements. More than 863 individual easements covering 113,500 acres are protected and managed by the trust. The trust has assisted in the formation and operation of 54 local nonprofit land trusts through the Local Land Trust Assistance Program and an informal network known as the Maryland Land Trust Alliance. Under cooperative agreements, these local organizations become eligible for small operating grants, zero-interest loans to acquire land and easements, and various kinds of technical assistance and education. The trust also administers the Keep Maryland Beautiful Program, which 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, two periodic nourishment projects were

completed in 1998 and 2002. A third project is planned for 2006 that will pump 900,000 cubic yards of sand along the shoreline. Continued replenishment, estimated to be needed every four years, is jointly funded by the State, Worcester County, Ocean City, and the U.S. Army Corps of Engineers. The State contributes $1 million annually to the maintenance fund, and Ocean City 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 15 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. Wildlands may only be designated by an act of the General Assembly.

Parks, Forests, and Recreation

The Maryland Park Service manages and operates 49 State parks and numerous natural resource management areas, natural environmental areas, historic areas, and roadside picnic areas across the State. About 134,000 acres are under management. The service estimates that its managed areas received 12 million visitors during 2005. Assateague State Park and Gunpowder Falls State Park are the most visited sites, with 1.7 million and 1.3 million estimated visitors, respectively. Revenue generating operations, which garnered $1.6 million in fiscal 2005, include camp stores, concession areas, boat rentals, gift shops, and marinas.

After management restructuring, State forests are now managed by the Forest Service, and wildlife management areas are managed by the Wildlife and Heritage Service. According to the Department of Natural Resource's *2006 Acreage Report*, there are 12 State forests on more than 136,000 acres. The Forest Service also manages the State-owned Chesapeake Forest Lands, which are formerly industrial forests that are now part of a sustainable management project. The Chesapeake Forest Lands encompass 238 parcels totaling more than 58,000 acres in five counties on the Eastern Shore. In addition to managing forests, the Forest Service also oversees tree harvesting and planting, forest fire protection, and the licensing of tree experts and enforces regulations such as open-air burning restrictions. According to the *2006 Acreage Report*, the Wildlife and Heritage Service manages 40 wildlife management areas that cover over 105,000 acres throughout the State.

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. Municipal corporations are granted similar authority. Article 28 of the Annotated Code 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; and

- trail- and slope-oriented activities, including biking, hiking, horseback riding, off-road vehicles, and cross-country and downhill skiing.

Since fiscal 2002, the State budget has included funds for the Community Parks and Playgrounds Program to provide grants to local governments to rehabilitate, expand, or improve existing parks or to create new parks. Funds for the program are targeted to older neighborhoods and intensely developed areas throughout the State. Through fiscal 2006, $24.9 million in funding had been approved for 242 park and playground projects.

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. In addition to managing wildlife management areas, the service

regulates hunting on public lands; monitors nongame wildlife, rare species, and habitat health; and works with the U.S. Fish and Wildlife Service on projects such as monitoring the State's bald eagle population.

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 is achieved through construction of fish ways for anadromous fish on spawning rivers and streams, reduction in fishing rates, and enhancement projects such as corrective stocking of fish species from warm- and cold-water hatcheries. 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 and maintains a freshwater trout stocking program of approximately 450,000 fish annually. Oyster beds are managed to provide a commercial fishery that currently yields approximately 154,000 bushels valued at over $4.5 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 commercial fisheries yielded 54.2 million pounds of product in 2005 valued at $52.5 million. According to the service, more than 700,000 people fish recreationally each year in Maryland, contributing significantly to the State's economy.

Agencywide Services

The Maryland Natural Resources Police serves as a public safety agency with statewide authority to enforce all natural resources and conservation laws and regulations relating to seafood harvesting and sport fishing, boating, waterways pollution, wildlife conservation, and enforcement activities in State parks, forests, and other public lands. In addition, the department's police force is responsible for maritime and rural search and rescue and is the lead agency for maritime homeland security on State waterways. The police force is authorized to employ 280 law enforcement officers, 85 civilian and support personnel, and over 200 reserve officers in a special volunteer program. The Natural Resources Police also provides public education in the areas of hunting, boating, 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 2005, the unit collected over $46 million in vessel excise tax payments, vessel titling and registration fee payments, commercial fishing license fees, and sport hunting and fishing license fees. On an annual basis, the service renews the registrations of about one-half of the more

than 200,000 registered and documented vessels in the State, renews the commercial fishing licenses of almost 7,000 commercial watermen, and sells 320,000 recreational hunting licenses and nearly 500,000 recreational fishing licenses.

Agriculture

Government activity in the agricultural area, primarily under the jurisdiction of the Maryland Department of Agriculture, falls into four major categories: resource conservation, agricultural land preservation, 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 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 cost-share assistance to landowners installing best management practices on agricultural land. The management practices are designed to reduce water pollution caused by nutrient runoff, sediment erosion, animal wastes, and agricultural chemicals. The Conservation Reserve Enhancement Program, which is a federal-State initiative, provides annual payments to farmers to plant streamside buffers, create wetlands, and provide wildlife habitat on enrolled lands.

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. Also, pursuant to legislation enacted in 2004 aimed at increasing farmer compliance, farmers may now be certified to develop their own plans. Second, the department administers the Manure Transport 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 Maryland 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 for nutrient management, and provides public information and educational outreach materials.

Agricultural Land Preservation

The Maryland Agricultural Land Preservation Program was created to preserve productive agricultural land and woodland, provide for the continued production of food and fiber, and 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.

At the end of fiscal 2005, there were 3,167 preservation districts covering 410,865 acres; the foundation had either purchased easements or entered into contracts to purchase easements on 1,751 farms covering 241,475 acres. County easement programs had preserved an additional 135,000 acres of agricultural land.

In 2002, the General Assembly passed a resolution that set a goal for the State to preserve three times the existing number of acres of productive agricultural land by the year 2022 under the Maryland Agricultural Land Preservation Foundation, GreenPrint, Rural Legacy, and local preservation programs. At the end of fiscal 2005, about 40 percent of that goal had been achieved with over 430,000 farmland acres protected under these various programs.

Anne Arundel, Baltimore, Calvert, Carroll, Cecil, Charles, Frederick, Harford, Howard, Kent, Montgomery, Queen Anne's, St. Mary's, Talbot, Washington, Wicomico, 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.

In 2005, the Agricultural Stewardship Commission, a joint legislative commission, was formed to examine and identify incentives to help farmers implement sound agricultural practices while helping to enhance the viability of farming in the State. The Agricultural Stewardship Act (Chapter 289 of 2006), reflected the commission's recommendations. In an effort to concentrate the acquisition of agricultural easements in priority preservation areas, which are large areas engaged in agricultural production and rich in productive soils, the Act (1) authorized counties to include a priority preservation area element in their local comprehensive plans; and (2) integrated the certification of these elements into the existing county agricultural land preservation certification program.

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 2006 season, 25,507 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 Maryland Department of Agriculture. In 2005, the department treated 1.7 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 counties (all except Allegany, 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 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; examination of labels, and 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's Office of Marketing, Animal Industries, and Consumer Services includes programs that promote Maryland agricultural products, assist agricultural industries, and ensure consumer confidence. Marketing activities include developing and promoting farmers' markets, linking foreign and domestic buyers of agricultural products with Maryland farmers, conducting seminars on exportation, promoting local agricultural products to Maryland consumers, 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 Master Settlement Agreement (national tobacco settlement). Finally, the marketing program administers funds to promote and support wine production in Maryland and coordinates the Renewable Fuels Incentive Board, which provides incentives for the production of ethanol and bio-diesel.

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 recordkeeping 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.

The Rural Maryland Council is an independent unit of State government, housed within the Maryland Department of Agriculture that provides opportunities for representatives of rural business and industry, health care facilities, educational institutions, nonprofit economic and community development organizations, and government agencies to share information, identify challenges, and develop public policy solutions that address the special needs and opportunities in rural areas. The council also administers the Maryland Agricultural Education and Rural Development Assistance Fund, which provides grants to statewide and regional rural serving nonprofit organizations that promote economic and community development and provide agricultural and forestry education. This fund also finances community college programs that provide training and technical assistance to agricultural businesses.

The Maryland Food Center Authority is an independent, nonbudgeted agency that develops and oversees the wholesale produce and seafood markets at the Maryland Food Center in Jessup, provides general administrative services to the markets, supports various promotional activities, and plans expansion opportunities.

Research, 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 help determine school construction and other infrastructure needs. The Maryland Department of Planning also 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.

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 Priority Places Strategy, intended to build on the State's Smart Growth efforts, seeks to foster well-planned new development, redevelopment, and revitalization efforts that will serve as models for land use patterns that benefit the economy, quality of life, and the environment and will ensure the best possible return on State investments. The Smart Growth Subcabinet, composed of the Secretaries of State agencies involved in decisions that affect growth, is overseeing the initiative. As soon as a priority place is designated, the Smart Growth Subcabinet creates a comprehensive plan of assistance, committing the specific regulatory, technical, and financial resources to help local officials and developers bring the proposal to fruition. Each priority place is designated for a limited period of time, typically three to five years or whenever the project is completed, whichever happens first. A variety of communities have been designated as "priority places," including the Long Beach community in Montgomery County, Carroll Creek Park in Historic Downtown Frederick, the Poppleton neighborhood in Baltimore City, Hyattsville (a suburb of the Disctrict of Columbia), Leonardtown in Southern Maryland, and Crisfield on the Eastern Shore.

In addition to its role of monitoring and assessing the State's water, living, and geological resources, the Resource Assessment Service within the Department of Natural Resources routinely assists a wide variety of public and private entities on technical issues related to the health of Maryland's waterways and physical resources. Also, the Power Plant Research Program within the Resource Assessment Service 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 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 a Customer Service 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 Office of the Attorney General. The Environmental Crimes Unit's prosecutors work closely with investigators assigned to the unit by the Department of State Police and the Baltimore City Police Department in the investigation and prosecution of a wide variety of environmental crimes.

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 natural resources management (parks and recreation), soil conservation services, and agricultural resource conservation and land preservation activities. Exhibit 15.4 summarizes the sources of funds for the various categories of service.

Water Resources Management

Water Resources – Generally

Expenditures related to water resources management in general, not including spending for Chesapeake Bay Watershed programs and initiatives, totaled $71.8 million in fiscal 2005, which includes spending by the Maryland Department of the Environment and the Resource Assessment Service in the Department of Natural Resources. State general funds accounted for approximately 32 percent of fiscal 2005 spending for this purpose. About 36 percent 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 approximately 32 percent of spending on water resources management; these funds come from the Maryland Clean Water Fund, the State Used Tire Cleanup and Recycling Fund, and the oil containment and clean-up 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.

Exhibit 15.4
Environment, Natural Resources, and Agriculture Expenditures
Fiscal 2005
($ in Thousands)

	State Funds	Dedicated State Revenues[1]	Federal Funds[2]	Local Funds[3]	Total
Water Resources Management					
Water Resources – Generally[4]	$23,441	$22,739	$25,644		$71,824
Chesapeake Bay Watershed Programs and Initiatives	6,521	83,400	50,703		140,624
Air Pollution Control	727	5,929	3,237		9,893
Natural Resources Management[5]	52,275	90,559	33,841	$470,330	647,005
Agricultural Resource Conservation	11,305	6,392	4,018	14,685	36,400
Agricultural Land Preservation[6]		13,331	4,575	21,612	39,518
Plant Industries and Pest Management[7]	5,036	2,880	1,228	1,300	10,444
Marketing, Animal Industries, and Consumer Services[8]	4,881	15,512	1,350		21,743
Research, Technical, Regulatory, and Advisory Services[9]	10,933	10,304	3,302		24,539
Administration[10]	25,855	35,781	10,682		72,318
Total Expenditures[11]	**$140,974**	**$286,827**	**$138,580**	**$507,928**	**$1,074,308**

[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] Federal funds include federal grants to the State and local governments.
[3] Estimated net local spending assuming that grant revenues from the federal, State, and (as appropriate) county governments are expended in the year they are received and that any such grant revenues are not for culture and arts. Federal and State grant revenues for agricultural activities are assumed to be for resource conservation.
[4] Includes all funding of the Resource Assessment Service in the Department of Natural Resources except funding for power plant assessments.
[5] Includes all funding for the Natural Resources Police and the Licensing and Registration Service within the Department of Natural Resources as well as local spending for parks and recreation activities.
[6] Dedicated State revenues include $5 million in general obligation bonds but exclude $6.3 million in county payments under the matching program to avoid double-counting county funds.
[7] Dedicated State revenues exclude $1.3 million in county payments to avoid double-counting county funds.
[8] Dedicated State revenues include $5 million in tobacco buyout bonds.
[9] Includes specified planning and power plant assessment expenditures.
[10] Includes funding for general administrative functions of affected agencies.
[11] Total expenditures include operating and capital expenditures. Because capital funds are often expended over several years, the amounts for fiscal 2005 may not be fully representative of total spending in this area. Numbers may not sum to the total due to rounding.

Source: *Uniform Financial Reports; Fiscal 2007 State Budget Books;* Maryland Department of the Environment; Maryland Department of Agriculture; Department of Natural Resources; Department of Legislative Services

Chesapeake Bay Watershed Programs and Initiatives

Spending on Chesapeake Bay Watershed programs and initiatives totaled $140.6 million in fiscal 2005. About 36 percent of funding is derived from federal funds. State general funds account for only about 5 percent of funding for Chesapeake Bay programs and initiatives, while dedicated State revenues from a variety of sources (such as general obligation bonds and user fees) represent approximately 59 percent of funding. These amounts do not include spending for water resources activities by the Resource Assessment Service within the Department of Natural Resources that may pertain to the Chesapeake Bay Watershed; for purposes of this handbook, spending for those activities has been included under Water Resources – Generally. In addition, fiscal 2005 spending does not reflect full funding for activities under the Bay Restoration Fund within the Maryland Department of the Environment; fiscal 2005 was the first year of the program and, as a result, the program had not yet been fully implemented.

Air Pollution Control

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 $9.9 million in fiscal 2005. About 60 percent of funding is derived from dedicated State revenues (which come from air permit and application fees, penalties, and recoveries against responsible parties), while 33 percent comes from federal funds. A minimal amount of State general funds is used to support air pollution control programs.

Natural Resources Management

Government spending in the area of natural resources management (including conservation of open space; parks, forests, and recreation; and wildlife and fisheries management) for fiscal 2005 totaled approximately $647.0 million; almost one-fourth 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 State 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 is 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 land conservation and recreation programs. The

fiscal 2006 and 2007 transfer tax allocations are shown in Exhibit 15.5. The fiscal 2006 allocation reflects transfers to the general fund as a result of the Budget Reconciliation and Financing Act of 2005.

Exhibit 15.5
Property Transfer Tax Allocations
Fiscal 2006-2007

	Fiscal 2006 Legislative Appropriation	Fiscal 2007 Legislative Appropriation
Program Open Space (POS)	**$90,506,232**	**$271,298,580**
Heritage Areas Authority	1,000,000	3,000,000
POS Local	44,753,116	134,149,290
POS State	44,753,116	134,149,290
Additional State Land Acquisition	**$1,204,341**	**$3,610,094**
Maryland Agricultural Land Preservation Program	**$20,534,015**	**$61,552,106**
Rural Legacy*	**$6,021,705**	**$18,050,471**
Heritage Conservation Fund	**$2,167,814**	**$6,498,170**
Total	**$120,434,107**	**$361,009,421**

Note: Program Open Space and the Maryland Agricultural Land Preservation Program receive funding from other sources (federal funds, agricultural transfer tax, and matching funds from local jurisdictions).

* The fiscal 2006 and 2007 legislative appropriations earmark an additional $8.0 million in State Program Open Space funds for the Rural Legacy Program.

Source: Department of Natural Resources, Department of Legislative Services

Local governments reported spending $541.8 million on natural resources management (for parks and recreation) in fiscal 2005, as shown in Exhibit 15.6, but as much as $71.5 million of that amount could be grant revenues from other government sources. Thus, local government own-source spending for this purpose is estimated at $470.3 million. Parks and recreation spending in Montgomery and Prince George's counties accounts for $270.3 million of this total. (Of this amount, the Maryland-National Capital Park and Planning Commission spent $174.9 million.)

Exhibit 15.6
Local Spending on Parks and Recreation, Land Preservation, and Other Agricultural Programs
Fiscal 2005

	Natural Resources Management (Parks and Recreation)		Land	Other	Total Reported
County	**County**	**Municipal**	**Preservation**	**Agriculture**	**Local Spending**
Allegany	$1,369,458	$1,834,138	$0	$254,764	$3,458,360
Anne Arundel	54,930,301	4,147,468	514,560	1,015,626	60,607,955
Baltimore City	41,368,195		0	0	41,368,195
Baltimore	24,528,070		3,547,117	11,682,927	39,758,114
Calvert	10,365,045	1,125,370	766	2,283,088	13,774,269
Caroline	1,147,345	500,713	0	240,587	1,888,645
Carroll	6,473,275	2,055,958	11,883,417	-903,219	19,509,431
Cecil	526,273	679,733	0	447,505	1,653,511
Charles	8,087,177	428,935	66,097	518,842	9,101,051
Dorchester	565,087	295,560	0	390,000	1,250,647
Frederick	7,194,158	12,767,627	1,056,844	730,948	21,749,577
Garrett	26,959	56,376	57,181	197,895	338,411
Harford	11,486,169	1,092,526	0	4,944,172	17,522,867
Howard	29,202,364		299,698	931,272	30,433,334
Kent	1,046,575	78,503	34	225,283	1,350,395
Montgomery	128,811,786	28,073,057	2,716,115	2,572,078	162,173,036
Prince George's	100,986,294	12,476,538	0	-133,273	113,329,559
Queen Anne's	5,026,095	75,188	104,900	473,526	5,679,709
St. Mary's	7,772,435	243,374	752	450,333	8,466,894
Somerset	1,289,085	34,905	0	106,780	1,430,770
Talbot	3,352,993	615,596	29,124	181,124	4,178,837
Washington	3,328,793	3,388,818	0	334,551	7,052,162
Wicomico	5,454,201	1,808,607	0	90,530	7,353,338
Worcester	4,769,957	10,896,278	1,335,397	619,801	17,621,433
Total	**$459,108,090**	**$82,675,268**	**$21,612,002**	**$27,655,140**	**$591,050,500**

Exhibit 15.6 (continued)
Local Spending on Parks and Recreation, Land Preservation, and Other Agricultural Programs
Fiscal 2005

	Natural Resources Management (Parks and Recreation)				
County	**County**	**Municipal**	**Land Preservation**	**Other Agriculture**	**Total Reported Local Spending**
Minus Parks and Recreation Grants to Counties					-$61,707,162
Minus Parks and Recreation Grants to Municipal Corporations					-$9,746,257
Minus Agriculture Grants to Counties					-$11,669,758
Net Local Spending					**$507,927,323**

Notes: Parks and recreation spending excludes culture and arts expenditures, which are discussed as part of economic development in Chapter 13. Spending reported by county governments may include federal and State grants (including grants for culture and arts, which are not reported separately). County expenditures in Allegany, Montgomery, and Prince George's counties include those reported by certain regional agencies; some regional agencies received grants from the county – any such grants were removed from the spending total to avoid double counting. Spending reported by municipal corporations may include federal, State, and county grants (these may also include grants for culture and arts). As seven municipal corporations did not report their expenditures for fiscal 2005, municipal expenditures reflect those reported by the other 149 municipal corporations as well as expenditures reported by the 11 extant special taxing districts in Allegany and Montgomery counties. There are no municipal corporations in Baltimore and Howard counties. For purposes of this exhibit, grant revenues are assumed to have been expended in the same year they were received.

Source: *Uniform Financial Reports*; Department of Legislative Services

Local governments support parks and recreation programming with general funds, grants from other levels of government, and user fees. 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.

Agriculture

Agricultural programs are generally supported with State funds. Agricultural resource conservation expenditures, which totaled $36.4 million in fiscal 2005, are supported primarily with State and local funds; some federal funding is also available – most of which goes directly to the counties. State spending for agricultural resource conservation activities totaled $17.7 million in fiscal 2005 ($11.3 million in State general funds and $6.4 million in dedicated State revenues). Dedicated State revenues in this

area come mostly from general obligation bonds that are used to provide cost-share assistance to farmers under the Maryland Agricultural Water Quality Cost Share Program; other dedicated State revenues include funding from the Bay Restoration Fund's septics account for cover crop activities and matching funds from poultry companies under the Manure Transport Program. Local spending for agricultural resource conservation activities totaled almost $14.7 million in fiscal 2005 and includes spending in support of the Cooperative Extension Service, soil conservation districts, and related programs.

Spending on agricultural land preservation totaled $39.6 million in fiscal 2005 – $13.3 million in State funds; $21.6 million in local funds; and $4.6 million in federal funds. Agricultural land preservation activities are supported with dedicated State revenues generated primarily from the State property transfer tax and the agricultural land transfer tax; the federal Farmland Protection Program also provides some funding for these activities. Payments from counties under the State matching program are included in the local total of $21.6 million. Counties also undertake their own preservation activities and may spend considerably more. For example, Carroll County alone accounted for $11.9 million of this local spending. The county breakdown of local agricultural resource conservation and local agricultural land preservation spending is included in Exhibit 15.6.

In fiscal 2005, spending for plant industries and pest management activities totaled $10.4 million. State general funds account for nearly half of this spending. 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 totaled $1.3 million in fiscal 2005. Limited federal funds are available to assist with gypsy moth control and pesticide compliance monitoring.

Fiscal 2005 spending for marketing, animal industries, and consumer services totaled $21.7 million. These 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.

Research, Technical, Regulatory, and Advisory Services

Spending for research, technical, regulatory, and advisory services is derived from a combination of State and federal funds. Fiscal 2005 spending totaled $24.5 million; of this total, approximately 45 percent of the funding was supported with State general funds, 42 percent came from dedicated State revenues, and 13 percent came from federal funds. Much of the spending in this area ($13.8 million) supports the activities of the

Technical and Regulatory Services Administration within the Maryland Department of the Environment. The Maryland Department of Planning's operating expenditures with respect to planning data services, planning services, comprehensive planning, and parcel mapping totaled $4.8 million in fiscal 2005; State general funds accounted for approximately 90 percent of that total. The Power Plant Research Program in the Department of Natural Resources is funded almost entirely by the Environmental Trust Fund, derived from a surcharge per kilowatt-hour of electric energy generated in the State; those dedicated State revenues provided nearly $6 million in funding for the program in fiscal 2005.

Administration

Spending on general administrative services by the agencies discussed in this chapter, such as activities under the Office of the Secretary, totaled $72.3 million in fiscal 2005. Dedicated State revenues (charged to the various special funds within the agencies) account for 49 percent of the funding. About 36 percent was derived from State general funds, while the remaining 15 percent was supported with federal funds.

Chapter 16. Public Works and Planning and Zoning

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 sewerage 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). Five Maryland municipal corporations maintain and operate electric power plants. State law also authorizes each county and municipal corporation to enact ordinances establishing planning commissions, enact zoning ordinances, exercise control over subdivisions, and have boards of zoning appeals.

Public Works

The State has primarily an oversight function of the local government-operated sanitation, sewerage, gas, electric, and water operations through the Public Service Commission, Maryland Department of the Environment, and Department of Natural Resources. The Public Service Commission oversees and has authority to set rates for electric companies and suppliers, gas companies, and water and sewerage companies operating in Maryland. The Public Service Commission is not responsible for overseeing the rates of governmental agencies or municipal corporations supplying water unless the water is sold to another county, sanitary district, or municipal corporation. The Maryland Department of the Environment is responsible for monitoring and regulating the various sanitation, sewerage, gas, electric, and water operations conducted by local governments to ensure environmental protection. The Maryland Environmental Service provides management services to State agencies, counties, municipal corporations, and private entities. As detailed in Chapter 15, the Maryland Environmental Service operates more than 200 water and wastewater treatment facilities as well as solid waste transfer stations.

Sewerage, Solid Waste, and Water Services

Local Government Responsibilities, Services, and Funding

Local governments either have sanitary commissions to provide the necessary sewerage and water services in their jurisdictions, or they provide sewerage and water services through a county or municipal agency or department. All county governments except Caroline, Montgomery, Prince George's, and Talbot provide water and sewerage 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. In locations where the county does not provide for solid waste removal, the service is often provided by licensed private companies or a municipal corporation. Exhibit 16.1 lists the types of services provided by each county.

Exhibit 16.1
County Public Works Functions

			Solid Waste	
County	**Water**	**Sewer**	**Collection**	**Disposal**
Allegany	yes	yes	yes	yes
Anne Arundel	yes	yes	yes	yes
Baltimore City	yes	yes	yes	yes
Baltimore	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	yes
Dorchester	yes	yes		yes
Frederick	yes	yes		yes
Garrett	yes	yes	yes	yes
Harford	yes	yes	yes	yes
Howard	yes	yes	yes	yes
Kent	yes	yes	yes	yes
Montgomery	yes	yes	yes	yes
Prince George's	yes	yes	yes	yes
Queen Anne's	yes	yes		yes
St. Mary's	yes	yes	yes	yes
Somerset	yes	yes	yes	yes
Talbot		yes		yes
Washington	yes	yes		yes
Wicomico	yes	yes		yes
Worcester	yes	yes		yes

Note: The services provided by the Washington Suburban Sanitary Commission are shown under Montgomery and Prince George's counties.

Source: *Uniform Financial Reports*, County Public Works web sites; Department of Legislative Services

In fiscal 2005, counties spent approximately $1.5 billion, excluding debt service costs, on the collection and treatment of sewage, treatment and distribution of water, and collection and disposal of solid wastes. In fiscal 2005, municipal corporations spent approximately $215.4 million to provide these services, excluding debt service costs. Exhibit 16.2 presents a breakdown of local government sewerage, solid waste, and water expenditures by county for fiscal 2005.

Funding for sewerage, solid waste, and water services primarily comes from service charges. The counties and municipal corporations reported $1.6 billion in such revenues for fiscal 2005. Interest charges, front foot assessments, and debt proceeds also contribute to own-source funding to provide these services. Besides locally generated funds, local governments rely on State and federal grants to provide sewerage, solid waste, and water services. For example, the State's Bay Restoration Fund, which is funded through fees on users of wastewater treatment plants and septic systems, provides funding to local governments to upgrade the equipment of wastewater treatment facilities to utilize "enhanced nutrient removal" technology.

State Responsibilities, Services, and Funding

While local governments are responsible for operating and financing the water and sewerage systems and solid waste collection and disposal facilities, the State is generally responsible for monitoring and regulating these systems and facilities.

As discussed in Chapter 15, the Maryland Department of the Environment is 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 related to sewerage, solid waste, and water 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;
- inspecting and monitoring solid waste acceptance facilities;
- partnering with jurisdictions and the public and private sectors to develop markets for recyclable materials and working with other State agencies to increase the volume of materials diverted from landfills;

Exhibit 16.2
Local Government Sewerage, Solid Waste, and Water Expenditures
Fiscal 2005

County	County Spending	Municipal Spending	Total Spending Reported
Allegany	$14,908,850	$8,900,278	$23,809,128
Anne Arundel	124,473,681	13,031,391	137,505,072
Baltimore City	286,308,467		286,308,467
Baltimore	201,119,936		201,119,936
Calvert	16,733,425	1,835,940	18,569,365
Caroline	2,044,534	3,541,782	5,586,316
Carroll	16,826,398	14,467,087	31,293,485
Cecil	7,138,445	8,403,921	15,542,366
Charles	21,483,230	4,377,112	25,860,342
Dorchester	2,780,316	7,819,654	10,599,970
Frederick	28,634,989	24,171,335	52,806,324
Garrett	7,389,440	2,059,007	9,448,447
Harford	48,574,300	10,920,748	59,495,048
Howard	59,590,526		59,590,526
Kent	2,467,896	2,660,582	5,128,478
Montgomery	289,475,934	18,726,781	308,202,715
Prince George's	285,745,583	17,679,184	303,424,767
Queen Anne's	8,676,183	2,109,020	10,785,203
St. Mary's	15,436,155	1,409,459	16,845,614
Somerset	4,372,474	1,273,813	5,646,287
Talbot	1,511,472	10,007,318	11,518,790
Washington	16,729,058	20,191,351	36,920,409
Wicomico	6,502,183	14,021,485	20,523,668
Worcester	14,681,892	27,817,345	42,499,237
Total	**$1,483,605,367**	**$215,424,593**	**$1,699,029,960**
Minus Federal Grants	-$2,669,238	-$5,262,750	-$7,931,988
Minus State Grants	-$3,296,839	-$8,182,378	-$11,479,217
Minus County Grants		-$1,707,425	-$1,707,425
Net Local Spending	**$1,477,639,290**	**$200,272,040**	**$1,677,911,330**
Revenues from Sewerage, Solid Waste, and Water Charges	**$1,434,441,523**	**$189,917,739**	**$1,624,359,262**

Notes: For purposes of this exhibit, the federal, State, and, as appropriate, county sewerage, solid waste, and water grant revenues reported by the local jurisdictions are assumed to have been expended in the same year they were received. Expenditures include operating and capital expenditures but do not include debt service expenditures. County expenditures in Allegany, Montgomery, and Prince George's counties include those reported by certain regional agencies. Expenditures by the Washington Suburban Sanitary Commission are apportioned to Montgomery and Prince George's counties on a 50/50 basis. As seven municipal corporations did not report their expenditures for fiscal 2005, municipal expenditures reflect those reported by the other 149 municipal corporations as well as expenditures reported by the 11 extant special taxing districts in Allegany and Montgomery counties. There are no municipal corporations in Baltimore and Howard counties.

Source: *Uniform Financial Reports;* Department of Legislative Services

- assisting in the development of water resource and waste plans;
- 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 addition to regulatory oversight of local government water, sewerage, and solid waste facilities, the State also provides capital grants and loans to local governments and other entities through various programs including the water quality loan programs, supplemental assistance and nutrient removal programs, and water supply assistance program. For fiscal 2006 and 2007, the State appropriated approximately $140.3 million and $191.7 million to these programs, respectively as shown in Exhibit 16.3.

Exhibit 16.3
State Environmental Grants and Loans Available to Local Governments
Fiscal 2006-2007
($ in Thousands)

	2006 Appropriation	2007 Appropriation
Enhanced Nutrient Removal Program	$30,000	$70,000
Water Quality Revolving Loan Fund	70,000	72,618
Drinking Water Revolving Loan Fund	11,500	15,166
Sewer Rehabilitation Program	5,000	5,000
Septic System Upgrade Program	250	500
Hazardous Substance Clean-up Program	1,500	500
Biological Nutrient Removal Program	15,000	18,000
Supplemental Assistance Program	4,000	6,000
Water Supply Financial Assistance	1,900	2,500
Small Creek and Estuary Restoration	450	1,000
Maryland Stormwater Pollution Control	711	450
Total	**$140,311**	**$191,734**

Source: *Fiscal Digest for Fiscal 2006; Fiscal Digest for Fiscal 2007*

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 for engineering, design, finance, construction, project management, operation, and maintenance. These technical services support water supply, wastewater treatment, and solid waste management to State agencies, counties, municipal corporations, and private entities. In fiscal 2005, the Maryland Environmental Service did $78.0 million in business.

Electric and Gas Services

None of the counties provides for the maintenance and operation of gas or electric power plants. However, five municipal corporations (Berlin, Easton, Hagerstown, Thurmont, and Williamsport) operate electric plants. The town of Easton, through the Easton Utilities Commission, also provides gas services to its residents. In fiscal 2005,

these municipal corporations recognized $66.7 million in revenues and incurred $65.5 million in expenses for provision of these services. 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 municipal corporation for fiscal 2005, is shown in Exhibit 16.4.

Exhibit 16.4
Electric and Gas Services Provided by Municipal Corporations
Fiscal 2005

Municipal Corporation	Revenues	Expenditures
Berlin	$4,715,398	$4,757,227
Easton	34,298,819	33,049,501
Hagerstown	21,049,062	21,282,910
Thurmont	5,309,641	4,975,518
Williamsport	1,313,233	1,414,372
Total	**$66,686,153**	**$65,479,528**

Notes: The amounts for Easton include both electric and gas services; provision of gas services constituted less than 20 percent of revenues and expenditures shown ($6,402,802 and $6,051,373, respectively).

Source: *Uniform Financial Reports*; *Audited Financial Statements*; Department of Legislative Services

Further, the town of St. Michaels has had a lease agreement with the Delmarva Power Company for use of the St. Michaels Utility Commission's equipment. Although the commission is no longer operating, the commission has been receiving rental income from Delmarva for the past 25 years; in fiscal 2005, this rental income totaled about $279,500. Electric expenses of about $1.0 million in St. Michaels are primarily related to the proposed sale of assets to Choptank Electric Cooperative. In October 2006, the sale was approved by the Public Service Commission.

Planning and Zoning

Article 66B of the Annotated Code of Maryland authorizes each county and municipal corporation to enact ordinances establishing planning commissions, enact zoning ordinances, and have boards of zoning appeals. All counties have a planning office as well as a planning commission or board. 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. In fiscal 2005, county governments expended $80.7 million on planning and zoning activities. Local government expenditures on planning and zoning are presented in Exhibit 16.5.

About two-thirds of municipal corporations have exercised their authority to have a planning and zoning commission (106 of 156). Relatively few of the municipal corporations within Montgomery and Prince George's counties have done so (only 8 of 46); however, most municipal corporations in other counties have a commission (98 of 110). In fiscal 2005, municipal governments spent $14.1 million on planning and zoning activities.

The Economic Growth, Resource Protection, and Planning Act of 1992 defines State policy in the areas of limiting sprawl, encouraging dense development, and protecting the State's natural resources. The policy is organized around seven statutory vision statements which must be pursued in county and municipal comprehensive plans. The visions must also be followed by the State in undertaking its various programs. Both State and local funding decisions on public construction projects must adhere to the visions:

- Development is concentrated in suitable areas.
- Sensitive areas are protected.
- In rural areas, growth is directed to existing population centers and resource areas are protected.
- Stewardship of the Chesapeake Bay and the land is a universal ethic.
- Conservation of resources, including a reduction in resource consumption, is practiced.
- To assure the achievement of the visions, economic growth is encouraged and regulatory mechanisms are streamlined.
- Funding mechanisms are addressed to achieve these visions.

Exhibit 16.5
Local Government Expenditures on Planning and Zoning
Fiscal 2005

County	County Spending	Municipal Spending	Total Spending Reported
Allegany	$204,143	$6,278	$210,421
Anne Arundel	8,653,502	1,306,188	9,959,690
Baltimore City	1,104,212		1,104,212
Baltimore	4,571,095		4,571,095
Calvert	1,522,624	0	1,522,624
Caroline	447,716	97,541	545,257
Carroll	2,492,265	783,900	3,276,165
Cecil	781,997	547,696	1,329,693
Charles	2,528,328	518,592	3,046,920
Dorchester	326,507	177,039	503,546
Frederick	1,517,627	1,686,881	3,204,508
Garrett	553,071	8,274	561,345
Harford	2,625,103	942,833	3,567,936
Howard	8,668,786		8,668,786
Kent	372,544	90,330	462,874
Montgomery	15,355,198	1,817,277	17,172,475
Prince George's	17,067,545	2,846,056	19,913,601
Queen Anne's	1,563,271	130,789	1,694,060
St. Mary's	2,161,038	81,163	2,242,201
Somerset	644,437	22	644,459
Talbot	502,719	576,525	1,079,244
Washington	3,842,956	1,276,396	5,119,352
Wicomico	797,831	158,193	956,024
Worcester	2,387,002	1,042,584	3,429,586
Total	**$80,691,517**	**$14,094,557**	**$94,786,074**

Notes: County expenditures in Allegany, Montgomery, and Prince George's counties include those reported by certain regional agencies. Some of these regional agencies may receive grants from the county. As seven municipal corporations did not report their expenditures for fiscal 2005, municipal expenditures reflect those reported by the other 149 municipal corporations as well as expenditures reported by the 11 extant special taxing districts in Allegany and Montgomery counties. There are no municipal corporations in Baltimore and Howard counties.

Source: *Uniform Financial Reports*; Department of Legislative Services

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 sewerage requirements to the Maryland Department of Planning for review and certification.

Local planning commissions are required to develop and approve a comprehensive plan that must (1) be recommended to the local legislative body for adoption; and (2) serve as a guide to public and private actions and decisions relating to development. The plan, at a minimum, must contain:

- a statement of goals and standards;
- a land use plan element;
- a transportation plan element;
- a community facilities plan element;
- a mineral resources plan element, under specified conditions;
- recommendations for land development regulations;
- recommendations for the designation of areas of critical concern;
- a sensitive areas element; and
- a water resources element.

Municipal corporations that exercise zoning authority are also required to include a municipal growth element in their comprehensive plans and to consult with counties when developing the element. For charter counties and Baltimore City, fewer requirements are imposed on the plan; it must include a transportation plan element, a mineral resources plan element (under specified conditions), recommendations for land development regulations, a sensitive areas element, and a water resources element.

Plans must be reviewed and, if necessary, revised and amended at least once every six years. The Maryland Department of the Environment reviews the mineral resources plan elements as well as the water resources elements. Both that department and the Department of Natural Resources are required to review the sensitive areas elements.

However, the State agency most directly involved with local comprehensive planning is the Maryland Department of Planning.

Each county is required to have its own water, sewerage, and waste plan or a plan with adjoining counties that is approved by the Maryland Department of the Environment and covers at least a 10-year period. The county plan is a comprehensive plan for adequately providing throughout the county the following facilities and services: water supply systems, sewerage systems, solid waste disposal systems, solid waste acceptance facilities, and systematic collection and disposal of solid waste.

Appendix 1

Maryland State/Local Relationships
Overview by Function

Program	State	Local
Elections	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.	

Program	State	Local
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 2007, the State will also pay rent to counties for the space occupied in local facilities by the circuit court clerks – on a phased-in basis.	Counties fund certain operating costs, including capital expenses and physical facility.
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.

Program	State	Local
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 percent 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 Medevac 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.

Program	State	Local
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 pretrial facility in Baltimore City.	County correctional system for pretrial and short-term inmates (less than 12 months).
Public Schools	State policy through legislation and regulation. State funding – 41 percent. Federal funding – 6 percent.	School board – autonomy in management. County government – budget approval. County funding – 52 percent. Other local revenues – 1 percent.
University System of Maryland and Other Public Four-year Institutions	State policy through legislation and regulation. State funding – 24 percent; tuition and fees 28 percent; grants, contracts, auxiliary revenue, and other sources – 47 percent.	

Program	State	Local
Community Colleges	State policy through legislation and regulation. Baltimore City Community College operated by the State. State funding – 29 percent.	College board – autonomy in management. County government – budget approval. County funding – 31 percent; tuition and fees – 38 percent; other sources – 2 percent percent.
Libraries	State policy through legislation and regulation. State funding – 22 percent.	Library board – autonomy in management. County government – budget approval. County funding – 70 percent; fees and other revenue (including federal funding) – 8 percent.
Highways	State manages interstate, primary, and secondary systems (except in Baltimore City). State allocates 30 percent of highway revenues (gasoline tax, vehicle titling tax, vehicle registration fees) to local governments. State/federal funding nearly 92 percent.	Counties/municipal corporations manage local roads. Baltimore City manages all roads except certain interstate highways within the city.

Program	State	Local
Transit	State funds transit costs in metropolitan areas; at least 40 percent of operating costs must be recovered through fares and other operating revenues. Commuter rail must recover 50 percent of operating costs through fares and other operating revenues. State makes grants for transit in rural areas.	Counties/municipal corporations offer supplemental services funded in part by State grants.
Health	State policy, standards, and direction through legislation, regulation, and directives. State and federal funding – 98 percent.	Local health board, health officers, 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 percent 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.

Program	State	Local
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.	
Workforce Development	State policy through legislation and regulation. State administers federal programs.	Workforce development services delivered through county agencies or nonprofits.
Environmental Protection	State policy through legislation and regulation.	Counties enforce delegated environmental laws.

Program	State	Local
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 annual funding to preserve farmland and promote good practices.	Soil conservation districts administer programs.
Water and Sewerage Services	State policy through legislation and regulation. State provides construction grants in certain hardship instances as well as other construction loans and grants.	Counties/municipal corporations construct and operate water and sewerage systems. Almost 100 percent 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.

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