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GOVERNMENT SERVICES IN MARYLAND

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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 5.7 million residents. In fiscal 2009, more than $49 billion was disbursed from State and local treasuries to provide services which promote public health and safety; social welfare; environmental and consumer protection; transportation, housing, and economic development opportunities; and support the education of Maryland's young people.

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

This is the second of nine volumes of the 2010 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: Flora M. Arabo, Jennifer K. Botts, Guy Cherry, Jodie L. Chilson, Lesley G. Cook, Marie L. Grant, Chantelle M. Green, Jaclyn Hartman, Andrew S. Johnston, Laura P. Lodge, Jonathan D. Martin, Erin K. McMullen, Amanda M. Mock, Lynne B. Rosen, Erika S. Schissler, Robert K. Smith, Jody J. Sprinkle, Dana K. Tagalicod, Kathleen K. Wunderlich, and Tonya D. Zimmerman. Still more analysts assisted in the review of the volume: J. Ryan Bishop, Tamela D. Burt, Mark W. Collins, Rachel H. Hise, Theodore E. King, Douglas R. Nestor, Shirleen M. Pilgrim, Simon G. Powell, and Michael C. Rubenstein. Erik P. Timme prepared the local government spending data. Mary E. Clapsaddle coordinated preparation of the volume and reviewed the entire volume. Additional review of the volume was provided by Linda L. Stahr and John W. Rohrer, who also contributed to the data analysis. The manuscript was prepared by Lauren A. Bigelow and Judith A. Callahan.

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 2010

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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% 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 assist with the costs to local governments in exchange 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% 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 of Maryland 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. Government 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
2010

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 County; 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, planning, zoning, 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:*** 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, Bowie, Frederick, Ocean City, and Rockville. Exhibit 1.2 indicates the services provided or functions undertaken most frequently by municipal corporations. Trash collection, street lighting and repair, snow removal, and residential and commercial building code enforcement are among the most commonly provided municipal functions. Electronic access to municipal services is becoming more common as about 77% of municipal corporations have websites that offer online services such as the ability to view the newsletter online, pay bills, become licensed, apply for permits, and/or register for recreational programs. Other governmental functions are rarely provided at the municipal level – such as operation of ice rinks, airports, public transportation systems, and municipal golf courses. These services are offered in 10% or less of municipalities in Maryland.

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
Twenty-five Services Most Commonly Provided by Municipal Corporations
2010

Service	Service Provided by At Least 2/3	At Least 1/2	At Least 1/3	At Least 1/4
Trash/Refuse Collection Street	✓			
Streetlights	✓			
Snow Removal	✓			
Street Maintenance	✓			
Residential Housing Code Enforcement	✓			
Website	✓			
Commercial Building Code Enforcement	✓			
Newsletter (Paper)		✓		
Fire Protection – Volunteer Only		✓		
Police Protection		✓		
Public Works Department		✓		
Planning/Zoning Staff		✓		
Recycling – Leaf		✓		
Drinking Water		✓		
Cable Access Television			✓	
Publicly Owned Parking			✓	
Storm Water Collection			✓	
Wastewater Treatment Plant			✓	
Newsletter (Electronic)			✓	
Storm Water Management			✓	
Roadside Tree Care			✓	
Licensing of Rental Housing			✓	
Parks and Recreation Department				✓
Grant Writing Staff				✓
Community Alert System				✓

Source: *Municipal Services Survey Results 2010*, Maryland Municipal League; Department of Legislative Services

Funding

In fiscal 2009, more than $49 billion was spent through State and local budgets on the provision of the governmental services described in this volume; an additional $11 billion was spent by the federal government on Medicare. As shown in Exhibit 1.3, which excludes Medicare, State spending accounted for the greatest share of that total, at 40%. The State is the primary source of funding for judicial functions, transportation services, and business regulation, in particular. On the other hand, local governments are the primary financiers of public safety, public libraries, and natural resources management. The costs of public education are nearly evenly shared between the State and county governments. 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 nongovernmental 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. There are difficulties, however, in determining the share of federal spending at the local level that passes through the State budget versus funds that are received directly from the federal government. As such, the summary charts may not fully capture as federal spending, all such federal funds, and 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 2009
($ in Millions)

	Total	State	Local [1]	Federal	Other [2]
Legislative/Executive/General Government	$1,695	18%	82%	0%	0%
Financial Administration	434	60%	40%	0%	0%
Courts and Related Offices	826	69%	30%	1%	0%
Public Safety	4,678	32%	66%	2%	0%
Public Education	13,305	44%	49%	6%	0%
Higher Education	5,861	28%	6%	15%	52%
Public Libraries/Television	314	24%	62%	2%	12%
Transportation	5,334	69%	15%	16%	0%
Health Services [3]	8,316	47%	2%	49%	2%
Human Services	2,634	37%	10%	53%	0%
Housing and Community Development	871	9%	27%	64%	0%
Economic Development and Business Regulation	300	66%	32%	2%	0%
Labor and Workforce Development	453	29%	9%	62%	0%
Natural and Historic Resources Management	1,457	38%	54%	8%	0%
Public Works	2,070	0%	100%	0%	0%
Miscellaneous/Unallocated [4]	825	15%	85%	0%	0%
Total	**$49,372**	**40%**	**35%**	**18%**	**7%**

[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; 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]Excludes $10.8 billion in federal Medicare spending which does not pass through State or local budgets.

[4]Miscellaneous spending includes State disparity grant payments and local personnel expenditures such as pension, health insurance, and Social Security payments.

Source: *Fiscal 2011 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.

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.

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 and policy 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 and compliance audits of each unit of State government, including the offices of clerks of court and registers of wills. Upon direction by the General Assembly or the Joint Audit Committee, the legislative auditor may undertake performance or financial audits, reviews, and investigations of State agencies or programs, or of a private organization that receives State funds. The office also conducts financial management audits of local school systems, at least once every six years, and reviews the audit reports of all county and municipal governments and community colleges. Audits are designed to review and evaluate a wide range of management, administrative, and financial policies and procedures.

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 4 of the counties. The number of legislative members for each of the counties is shown in Exhibit 2.1. In 8 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. According to the Maryland Municipal League, approximately 70% of municipal corporations utilize the mayor-council form of government. In this form of government, the mayor and council share the legislative power, and the mayor exercises the executive power. Some mayors are "stronger" than others, meaning that they have veto power over legislative actions of the council; others share power as a member of the council. Of the other forms, approximately 20% have commissions and approximately 10% use the council-manager structure. In the commission form of government, the commissioners share the legislative power, and the executive powers are generally divided among the different commissioners. In the council-manager form of government, the council appoints a municipal manager who is the chief executive officer of the municipal corporation.

In addition, the governing bodies of municipal corporations may appoint managers or administrators who help implement the policies developed by elected officials. According to the Maryland Municipal League, 114 municipal corporations have full-time, professional managers or administrators, and 16 municipal corporations have part-time, circuit-rider administrators. In the remaining 26 municipal corporations, the day-to-day administrative operations are conducted by the elected officials, typically the mayor.

Exhibit 2.1
Baltimore City and County Governments

County	Commissioners	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	5*		
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, the number of county commissioners remained at three until the 2010 general election.

**On November 2, 2010, the voters approved "Question A" to adopt a county charter which provides for a five-member county council and an elected county executive. The first executive will be elected in November 2012 and the charter is effective December 3, 2012.

Source: Department of Legislative Services

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.

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 *State Ethics Commission*, created in 1979, replaced the State Board of Ethics. The commission consists of five members and guards against improper influence on public officials or the appearance of conflict of interest through programs of financial disclosure, lobbying disclosure and regulation, approval of local government ethics requirements, ethics law advice and training, and ethics law complaint investigation.

The *Health Care Alternative Dispute Resolution Office* administers mandatory arbitration for all medical malpractice claims amounting to more than $30,000. Each medical malpractice claim is heard by a three-person arbitration panel, including an

attorney, a health care provider, and a public member. Parties to the case choose the panel from a list of qualified arbitrators supplied by the office. The panel determines who is liable with respect to the claim and, if a health care provider is liable, considers and assesses damages. To reverse or modify the award, the rejecting party must file an appeal with the circuit court. 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 1892 by an interstate compact. 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 that draft laws to be submitted to the legislatures of the states and recommend measures for the promotion of uniform legislation. When uniformity is not practical or necessary, the conference designs model acts to provide states with a concisely structured legislative framework adaptable to the particular needs and problems of the states.

The *State Labor Relations Board* and the *State Higher Education Labor Relations Board* are responsible for administering and enforcing provisions of the law concerned with collective bargaining for State employees and employees of State institutions of higher education, respectively. Created in 1999 within the Department of Budget and Management, the State Labor Relations Board became an independent agency in 2006, and in 2001, the State Higher Education Labor Relations Board was established. Duties of boards include planning and overseeing representation elections and processing cases and complaints. The boards each consist of five members, appointed by the Governor to six-year terms. Since 2006, the executive director has been appointed jointly by both boards.

The *State Commission on Criminal Sentencing Policy* oversees criminal sentencing policy in Maryland. The 19-member commission is responsible for the voluntary sentencing guidelines for Maryland's circuit courts. The commission collects sentencing guidelines worksheets, maintains the sentencing guidelines database, monitors circuit court sentencing practices, adopts changes to the guidelines consistent with legislative intent, and provides training and orientation to criminal justice practitioners who apply the sentencing 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, 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 Corporation for National and Community Service. 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 Governor's Office of Community Initiatives houses the Commissions on Asian Pacific American Affairs, Hispanic Affairs, Indian Affairs, and Middle Eastern American Affairs, as well as the Commission on African American History and Culture, which operates the Banneker-Douglas Museum in Annapolis. The office also oversees the Governor's Office on Service and Volunteerism, Volunteer Maryland, and community outreach in cooperation with the Governor's Intergovernmental Affairs Office.

The *Governor's Office on Service and Volunteerism* 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.

Volunteer Maryland is a Learn and Serve AmeriCorps program that receives a grant from the Governor's Office on Service and Volunteerism. Volunteer Maryland is an independent office and one of seven 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. In addition to overseeing the annual AmeriCorps placements and nonprofit partnerships, Volunteer Maryland conducts on-site training and

provides technical assistance for State agencies, schools and universities, and nonprofit organizations.

The *Governor's StateStat Office,* created in 2007, is responsible for collecting and evaluating data to improve efficiency in State government. State agencies must submit data on key performance indicators to the office bi-weekly. The office then analyzes this data, pinpoints problems and trends, and measures the effectiveness of corrective actions. To improve performance and achieve goals, the office develops strategies for each agency and holds agency leadership accountable for results.

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 office administers the condominium registration law and the State's Extradition Fund, and receives disclosures of campaign contributions by persons doing business with the State. The Secretary also serves on the Governor's Subcabinet for International Affairs; the Governor's Commission on Maryland Military Monuments; the Governor's Executive Council; the Board of State Canvassers; and the Commission on Civic Literacy. 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 usually 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 the 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 pay settlements and judgments against the State. Certain grants of statewide significance are funded through the board, including support to the Historic Annapolis Foundation, annual dues to the Council of State Governments, and the State's lease payment for the Maryland Zoo in Baltimore.

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 capital budget bill in 1998 and subsequently codified in 2008, 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 completed projects include the France-Merrick (formerly Hippodrome) Performing Arts Center; Montgomery County Conference Center; Ripken 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; Towson University's Sports Complex; Southern Maryland Baseball Stadium; and the renovation of Camden Station. Projects not yet complete, or in the planning stages, include construction of new facilities at Coppin State University and the expansion of the Ocean City Convention Center.

The authority consists of seven members, six are appointed by the Governor with the advice and consent of the Senate, and one is chosen by the Mayor of Baltimore with Senate advice and consent. As a public corporation of Maryland, the authority may issue tax-exempt bonds to finance its operations. Proceeds from the sale of authority bonds and revenues collected or received from any other source, including a tax on gate receipts at Oriole Park, are deposited in the Maryland Stadium Authority Financing Fund. The fund is a revolving fund for carrying out the purposes of the authority.

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, ancestry, religion, sex, age, national origin, marital or familial status, sexual orientation, genetic information, and physical or mental disability. The commission also initiates complaints of discrimination in State government agencies.

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. Each member must belong to a principal political party with neither party having more than three or less than two members. Each member appointed by the Governor has been named by the State central committee of the principal political party entitled to the appointment.

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. Currently, all voters in Maryland use a touch screen, direct-recording electronic system. Voters using this system touch the computer to make, change, and review selections, and to cast a ballot. A paper-based optical scan system is used for absentee and provisional ballots. The State has authorized a return to a paper-based optical scan system for all voting, but funding to pay for the changeover has not been included in the budget.

The Governor is required to appoint members of the board of elections in each county and Baltimore City, subject to House or Senate confirmation. 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 State government require considerable support to operate effectively. Functions such as budgeting, fiscal planning, personnel administration, and the operation of government buildings and facilities are necessary to provide efficient services to State citizens. This section describes functions of the primary agencies responsible for these activities: the Department of Budget and Management, the Department of General Services, the Department of Information Technology, and the Maryland State Retirement and Pension Systems. Other agencies that play a general support role include the Maryland Board of Contract Appeals and the 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 functions within the Executive Branch.

Office of the Secretary

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

- The ***Office of the Statewide Equal Employment Opportunity Coordinator*** administers the State's Equal Opportunity laws and policies and assists and educates State agency personnel responsible for fair practices, equal employment opportunities, and the Americans with Disabilities Act. In addition, the coordinator investigates charges of discrimination, unfair employment practices, and reviews appeals of decisions in equal employment opportunity cases filed against State agencies.

- The ***Division of Finance and Administration*** oversees internal fiscal operations of the department including budget, payroll, and purchasing. In addition, it verifies budget requests and amendments and maintains a master control file of State employee positions. The division prints the State budget, compiles the *Fiscal Digest,* and prepares the Statewide Cost Allocation Plan that is filed with the

federal government to obtain reimbursements for the cost of indirect State services that benefit federally funded programs. The division also oversees the Central Collection Unit, which collects all delinquent debts, claims, and accounts against the State except for taxes, child support, unemployment insurance contributions and overpayments, and certain types of court costs. Typical debts handled by the unit are student loans; tuition and fees; public assistance and food stamp overpayments; restitution damage to State property; workers' compensation premiums; reimbursement for institutional care; and payment for goods and services provided by the State.

- The ***Division of Procurement Policy and Administration*** reviews and approves procurements for services and procures such services for State use. The division also oversees statewide compliance on certain audits. To ensure effective and efficient statewide fleet and travel operations, the division provides policy and procedural direction and contract management services.

Office of Personnel Services and Benefits

The Office of Personnel Services and Benefits has overall responsibility for administering State personnel policies and health benefit programs. The office oversees six main divisions: Classification and Salary; Employee Benefits; Employee Relations; Management and Personnel Services; Medical Services; and Recruitment and Examination. Since the enactment of Chapter 298 of 1999, most State employees are granted the right to collective bargaining. The Management and Personnel Services Division assists State agencies with implementing and interpreting memorandums of understanding negotiated for their employees through the collective bargaining process.

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% 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. Dental coverage, prescription drug coverage, flexible spending accounts, life insurance coverage, accidental death and dismemberment coverage, and long-term care coverage are also offered. Exhibit 2.2 shows the cost of salaries and fringe benefits for the State in fiscal 2009.

Exhibit 2.2
State Costs for Salaries and Fringe Benefits
Fiscal 2009
($ in Millions)

Benefit	Amount
Total Salaries	$4,840.2
Health Insurance	773.1
Social Security	327.4
Retirement	412.6
Workers' Compensation	60.1
Unemployment Insurance	4.5
Other	128.2
Total State Costs	**$6,546.1**

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 manages, operates, and maintains State government facilities; assesses all State-owned facilities; and manages facility renewal funds. It also provides professional and technical services for the design and construction of State public improvements and supports the acquisition and disposal of any State interest in real property. The Department of General Services includes five operating divisions under the overall direction of the Administrative Division:

- The ***Office of Facilities, Operations, and Maintenance*** is responsible for the operations and maintenance of the 55 facilities throughout the State for which the department is responsible. These facilities, totaling more than six million square feet of space, include 15 regional district court/multi-service centers, and the 2 State office centers in Annapolis and Baltimore.

- The ***Office of Procurement and Logistics*** provides professional and technical support services to State and local government agencies and conducts central procurement of architectural and engineering services, commodities, construction, energy, facilities maintenance, and printing services.

- The ***Office of Facilities Planning, Design, and Construction*** supervises and coordinates the design and construction of public improvement projects for which the department is responsible.

- The ***Office of Real Estate*** coordinates the State's real estate activities and long-term planning for the acquisition and disposition of leased and State-owned property.

- The ***Maryland Capitol Police*** operate through its Annapolis Detachment and Baltimore Detachment to provide security for the Annapolis and Baltimore State Office Centers. The Maryland Capitol Police are authorized to make and enforce laws anywhere within 1,000 feet of State buildings and grounds in Annapolis and Baltimore.

Department of Information Technology

The Department of Information Technology develops, maintains, revises, and enforces information technology policies, procedures, and standards throughout State government. In addition, the department coordinates, purchases, and maintains all telecommunications systems and devices used by State agencies. Created in 1996 as the Office of Information Technology within the Department of Budget and Management, in 2008 it was elevated to the cabinet-level Department of Information Technology.

State Archives

The State Archives preserves, describes, and makes accessible – to the government and the public – records deemed to have 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. The Commission on Artistic Property, Preservation, and Public Outreach manages State-owned art collections, traveling exhibits that tour Maryland, and exhibits in the Annapolis government complex. The commission manages all requests for use of the State House. It serves as liaison with the Department of General Services and the Maryland Historical Trust for maintenance and preservation of the State House. In addition, the commission receives funding for conservation initiatives to enable objects to be put on public display or remain on display.

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 administers the State's retirement and pension system under the direction of the Board of Trustees for the Maryland State Retirement and Pension System. The agency is divided into four divisions. The Retirement Administration Division is responsible for benefit payments, management of employee contributions, and membership counseling. The Investment Division invests, manages, controls, and performs investment accounting functions for the system's Retirement Accumulation and Annuity Savings Funds. The Finance Division provides accounting and financial reporting services, budget administration, and procurement functions. Information Systems designs and implements automated management information systems and enhancements to the system. In addition, the Executive Director's Office provides policy development and manages legislation, internal audits, and legal affairs. The agency's operating expenses drawn from pension fund assets are subject to a statutory cap.

The Maryland State Retirement and Pension System consists of 11 different retirement/pension systems and various subsystems under the administrative control of a 14-member board of trustees. The 11 systems are the Correctional Officers' Retirement System, Employees' Retirement System, Governors' Retirement Plan, Teachers' Retirement System, Employees' Pension System, Legislative Pension Plan, Teachers' Pension System, State Police Retirement System, Law Enforcement Officers' Pension System, Judicial Retirement System, 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.

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 Mass Transit Administration. Benefit payments to the 116,007 Maryland retirees and refunds to withdrawing members totaled $2.28 billion during fiscal 2009.

The 14 members of the board of trustees are the State Comptroller of the Treasury; State Treasurer; Secretary of Budget and Management; 5 members elected by the participants in the teachers', employees', and State police systems; 1 member appointed by the Governor to represent participating municipalities; and 5 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 State employees, subject to funds being provided in the State budget. 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, which is accomplished through management fees charged against plan assets.

Local Administration and General Government

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.

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 board or commission. About two-thirds of municipal corporations have exercised their authority to have a planning and zoning commission.

Although operating under various organizational structures and names, local governments also have general services operations which operate and maintain public facilities, centralize or oversee procurement of goods and services, and/or manage the vehicle fleet.

Local Personnel Management

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.

All of the 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 independent retirement plans operated by individual governments. As noted above, 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 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 2.3 shows the local governments participating in the Maryland State Retirement and Pension System as of fiscal 2009.

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 2.3
Local Governments Participating in the State Retirement and Pension System
Fiscal 2009

Allegany County
County Commission
Board of Education
Community College
Housing Authority
Library Board
Transit Authority
Cumberland
Cumberland (Police)
Cresaptown Civic Improvement Association
Frostburg

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
Federalsburg
Greensboro
Preston
Ridgely

Carroll County
Board of Education
Library Board
Soil Conservation District
Hampstead
Manchester
Mount Airy
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
Emmitsburg
Middletown
Thurmont
Walkersville

Garrett County
Board of Education
Community Action Committee
Office for Children, Youth, and Families
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
Chestertown

Exhibit 2.3 (continued)
Local Governments Participating in the State Retirement and Pension System
Fiscal 2009

Montgomery County
Community College
Takoma Park

Prince George's County
County Government
Board of Education
Community College
Crossing Guards
Library
Berwyn Heights
Bladensburg
Bowie
Cheverly
District Heights
Greenbelt
Hyattsville
Landover Hills
Mount Rainer
New Carrollton
Upper Marlboro

Queen Anne's County
County Commission
Board of Education
Queenstown

St. Mary's County
County Commission
Board of Education
Housing Authority
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
Hagerstown
Hancock

Wicomico County
Fruitland
Salisbury

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

Other
Catoctin and Frederick Soil Conservation District
Chesapeake Bay Commission
Eastern Shore Regional Library

Maryland Health and Higher Education Facilities Authority
Northeast Maryland Waste Disposal Authority
Shore Up!
Southern Maryland Tri-County Community Action Committee
Tri-County Council of Western Maryland
Tri-County Council for the Lower Eastern Shore

Note: Local governments that are italicized are municipal entities.

Source: Maryland State Retirement Agency

Funding

Overall, State and local governments expended about $1.7 billion on legislative/executive direction, including administrative support agencies in fiscal 2009. At the local level, these expenditures are reported under the "general government" category in *Uniform Financial Reports*. Exhibit 2.4 summarizes this spending for the organizations involved in the exercise of legislative/executive direction at all levels of government. Exhibit 2.5 shows local general government expenditures on a county-by-county basis.

Exhibit 2.4
Local, State, and Federal Funding for
Legislative/Executive Direction and Support Services
Fiscal 2009
($ in Thousands)

Unit	Local	State	Federal	Total
Maryland General Assembly		$31,730		$31,730
Local Legislative Direction	$53,554			53,554
Department of Legislative Services		42,259		42,259
Executive Direction[1]	66,048	15,247	$4,208	85,503
Secretary of State		2,588		2,588
Board of Public Works[2]		6,868		6,868
Maryland Stadium Authority[3]		34,230		34,230
Commission on Human Relations		2,667	684	3,351
Department of Budget and Management[1]		25,517		25,517
Department of General Services[1]		56,466	957	57,423
Department of Information Technology[1]		27,223		27,223
State Retirement and Pension Systems[4]		27,993		27,993
Maryland State Board of Contract Appeals		589		589
Maryland State Archives		8,417	30	8,447
Elections	37,433	14,949	1,669	54,051
General Government/Counties	1,113,391			1,113,391
General Government/Municipal Corporations	120,242			120,242
Total	**$1,390,668**	**$296,743**	**$7,548**	**$1,694,959**

Notes:
[1] State total excludes reimbursement by other State agencies totaling more than $52 million.
[2] Excludes expenditures on capital programs of $1 million. Includes payments to private nonprofit organizations of $5.8 million.
[3] Excludes nonbudgeted expenditures totaling almost $33 million.
[4] Includes the State Retirement Agency and Maryland Supplemental Retirement Plans.

Source: *Uniform Financial Reports*; *Fiscal 2011 State Budget Books*; Department of Legislative Services

Exhibit 2.5
Local Government Expenditures for Legislative/Executive Direction and Support Services
Fiscal 2009

County	County Spending	Municipal Spending	Total Spending Reported
Allegany	$5,719,858	$2,457,633	$8,177,491
Anne Arundel	91,380,792	15,550,596	106,931,388
Baltimore City	185,126,364	-	185,126,364
Baltimore	97,774,373	-	97,774,373
Calvert	13,074,939	868,120	13,943,059
Caroline	2,810,105	1,353,138	4,163,243
Carroll	39,853,621	3,911,215	43,764,836
Cecil	10,352,214	3,690,388	14,042,602
Charles	21,407,814	1,662,438	23,070,252
Dorchester	11,924,583	1,687,593	13,612,176
Frederick	38,409,881	20,550,383	58,960,264
Garrett	4,691,055	595,332	5,286,387
Harford	127,972,664	5,506,306	133,478,970
Howard	65,431,865	-	65,431,865
Kent	4,076,558	1,081,387	5,157,945
Montgomery	286,929,333	35,639,482	322,568,815
Prince George's	158,361,821	23,029,785	181,391,606
Queen Anne's	8,288,750	1,170,918	9,459,668
St. Mary's	25,880,939	475,635	26,356,574
Somerset	4,930,559	743,167	5,673,726
Talbot	11,015,648	2,364,712	13,380,360
Washington	11,252,745	12,367,818	23,620,563
Wicomico	5,252,061	3,233,835	8,485,896
Worcester	15,710,734	5,099,431	20,810,165
Total	**$1,247,629,276**	**$143,039,312**	**$1,390,668,588**

Notes: General government expenditures do not include expenditures reported for financial administration or judicial functions. 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 6 municipal corporations did not report their expenditures for fiscal 2009, municipal expenditures reflect those reported by the other 150 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 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 or oversee 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 final administrative appeals on 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 and now regulate the State's video lottery terminal (slot machine) program.

At the local level, financial administration includes revenue collection, accounting, budgeting, and procurement. These functions are provided for in various ways by the counties and municipalities. Several counties combine the duties in one agency. Other counties have a separate budget agency. Some 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.

Services

Financial Control and Revenue Collection

The Comptroller of the Treasury, elected by voters to a four-year term, supervises the State's fiscal affairs. The Comptroller chairs the Board of Revenue Estimates and also serves as a member of both the Board of Public Works and Board of Trustees of the Maryland State Retirement and Pension System. In fiscal 2009, the Comptroller had 1,117.5 employees on staff and spent $114.8 million.

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 Bureau 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 charged according to the costs of the services used.

The Director of the Bureau of Revenue Estimates staffs the Board of Revenue Estimates, which is composed of the Comptroller, State Treasurer, and Secretary of Budget and Management. The bureau 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 State and local individual income taxes (including employee withholding); corporate income taxes; State sales and use, alcohol, tobacco, and motor fuel taxes; 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, the Higher Education Investment Fund, and local governments. For fiscal 2011, State revenue projections include $6.3 billion in personal income taxes, $702 million in corporate income taxes, and $3.9 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. The Field Enforcement Division is the enforcement arm of the Comptroller of Maryland. The division's enforcement agents and inspectors are responsible for the detection and enforcement of the revenue laws relating to alcoholic beverages, tobacco taxes, motor fuel and sales and use taxes. Tasks include conducting investigations, arresting violators, and performing compliance inspections for proper licenses. The State License Bureau is responsible for the issuance of over 96,000 business licenses and coordinating license issues with the clerk of the courts in all counties. The Motor Fuel Lab is responsible for testing motor fuel to ensure proper quality fuel is sold to consumers across the State. The lab is also responsible for testing alcohol.

Maryland State Lottery

Since 1973, the State Lottery Agency has administered and operated lottery games to generate revenue for the State. The Lottery currently offers the following games: Pick 3, Pick 4, Keno, Keno Bonus, Super Keno Bonus, Mega Millions, Bonus Match Five, instant games, Multi-Match (which replaced the Lotto game in 2006), RaceTrax, RaceTrax Bonus, and Powerball.

The State Lottery Commission, which was expanded from five members to nine members in 2008 due to additional responsibilities stemming from the operation of video lottery terminals, has oversight responsibility for the agency. Members of the commission are appointed to four-year terms by the Governor, with the advice and consent of the Senate.

Most games are online games, meaning that players pick their numbers or use computer-generated numbers, receive a ticket, and then wait for a drawing to see if they have won. With instant games, players scratch off a covering on a ticket play area to reveal preprinted combinations. Games are sold through lottery agents, which are private businesses that receive commissions and fees in exchange for selling the games to the public. Currently, there are approximately 4,500 licensed sales agents across the State.

The Lottery is one of the largest contributors to the State's general fund, with estimated revenues of $528.0 million in fiscal 2011 (see Exhibit 3.1). The general fund proceeds represent the net "profit" after all expenses are paid, including administrative costs for the State Lottery Agency ($54.0 million for fiscal 2011) and the required distribution of revenues to the Maryland Stadium Authority ($20.0 million). Agents receive commissions for selling tickets and cashing winning tickets; agent earnings totaled $121.9 million in fiscal 2009, or approximately 7.2% of gross sales. Prizes in fiscal 2009 totaled $1,023.9 million, or approximately 60.0% of total sales. Lottery revenues are more fully discussed in *Volume III – Maryland Revenue Structure* of this legislative handbook series.

Exhibit 3.1
Summary of Lottery Sales and Revenue
Fiscal 2009-2011
($ in Millions)

	2009	2010 (Est.)	2011 (Est.)
Gross Sales	$1,698.2	$1,737.6	$1,759.5
Expenses (Agent Earnings, Prizes, and Administrative Expenses)	-1,204.9	-1,195.1	-1,211.8
Net Revenue	493.3	542.5	547.7
Less: Maryland Stadium Authority	-20.0	-19.6	-20.0
Net General Fund Revenue	**$473.3**	**$522.9**	**$527.7**

Note: Fiscal 2011 estimate does not include anticipated revenues from video lottery terminals.

Source: Maryland State Lottery Agency; Board of Revenue Estimates; *Fiscal 2011 State Budget Books*

The lottery agency is charged with the administration of the State's video lottery gaming program. Two video lottery terminal gambling bills passed during the 2007 special session – House Bill 4 (Chapter 5) and Senate Bill 3 (Chapter 4). Chapter 5 is a constitutional amendment that was approved by Maryland voters at the November 2008 general election, authorizing 15,000 video lottery terminals at five locations in the State. Chapter 5 also specifies that the General Assembly may only authorize expanded forms of gambling subject to certain restrictions. Chapter 4, which was contingent on voter ratification of Chapter 5, established the operational and regulatory framework for the authorized video lottery terminal program.

Established by Chapter 4, the Video Lottery Facility Location Commission (Location Commission) is responsible for awarding video lottery operation licenses for

the five approved locations. In fall 2009, the Location Commission awarded operation licenses for the locations in Anne Arundel, Cecil, and Worcester counties, and rejected proposals for the Allegany County and Baltimore City locations.

The Cecil County facility opened in September 2010, and the Worcester County facility is scheduled to open in late 2010 or 2011. The Anne Arundel location will likely open in 2012; voters approved the required zoning amendments in a referendum in November 2010. The Location Commission rebid the Allegany County location in 2010, and the Baltimore City location will be rebid in 2010 or 2011. The State Lottery Commission has regulatory authority over the video lottery terminal program and will lease or own all video lottery terminals as well as a central monitor and control system. Recent estimates assume approximately $132 million in gross revenues from video lottery terminals in fiscal 2011. The statutory allocation of video lottery terminal revenues, after payouts to bettors, is divided between the Education Trust Fund; operator licensees; the horse racing industry; local impact grants; the State Lottery Agency; and the Small, Minority, and Women-owned Business Investment Account.

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 the General Assembly. 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 2009, the State Treasurer had a staff of 64 and expenditures totaling $33.9 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 $245 million in fiscal 2009.

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. In fiscal 2009, the pool had assets of $2.8 billion and

298 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 coverage is purchased through private insurance carriers. The State's Insurance Trust Fund had an estimated balance of $31.3 million at the beginning of fiscal 2010. All local governments also carry liability and property insurance. Most of the State's larger jurisdictions choose to self-insure, and 16 counties and 132 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 six 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; bonds issued by the Maryland Transportation Authority for transportation projects supported by anticipated federal highway aid (Grant Anticipation Revenue Vehicles Bonds); capital leases; revenue bonds issued by the Maryland Stadium Authority secured by a lease with the State; and Bay Restoration Bonds issued by the Maryland Water Quality Financing Administration secured by the revenue from a statewide fee and issued by the Maryland Department of the Environment. 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 $8.7 billion as of June 30, 2009. This was composed of the following: (1) $5.9 billion in general obligation debt; (2) $1.6 billion in transportation debt; (3) $219 million in capital leases; (4); $257 million in revenue bonds issued by the Maryland Stadium Authority; (5) $47 million in Bay Restoration Bonds; and (6) $704 million in Grant Anticipation Revenue Vehicles bonds.

The State also had $2.3 billion in authorized but unissued general obligation debt as of June 30, 2009. For fiscal 2009, debt service payments on the State's general obligation bonds totaled $745 million, and debt service on transportation debt totaled $142 million.

As of June 30, 2009, the 23 counties and Baltimore City had $15.0 billion in debt outstanding, while municipal corporations and State-created special taxing districts had $1.1 billion in debt outstanding. Debt service on these obligations in fiscal 2009 totaled $1.4 billion for the counties and Baltimore City and $78.8 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 3.0% of projected general fund revenues. If the balance is between 3.0 and 7.5% of general fund revenues, the Governor is required to appropriate as much as $50 million. Requiring appropriations if the balance falls below 7.5% provides a higher balance and a greater cushion if expenditures exceed revenues. State law stipulates that an act of the General Assembly, other than the State budget bill, is required to draw the fund balance below 5.0%, but the Governor may appropriate the balance between 5.0 and 7.5% in the State budget bill.

  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 $10.0 million into the Rainy Day Fund. For example, the fiscal 2008 unappropriated general fund balance totaled $185.7 million, requiring a $175.7 million appropriation to the Rainy Day Fund for fiscal 2010. By contrast, at the end of fiscal 2009, there was no unappropriated general fund balance; therefore, no appropriation was required in fiscal 2011. The estimated Rainy Day Fund balance at the end of fiscal 2011 is approximately $633.5 million.

State law requires that the general fund reimburse Program Open Space for any transfer tax revenues transferred to the general fund in fiscal 2006 and each subsequent fiscal year. The amount to be transferred each year shall be equal to any unappropriated general fund balance in excess of $10 million but may not exceed $50 million in total annual transfers.

- ***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. Examples of funds that have been retained include funds to support Medicaid deficiencies and InterCounty Connector construction costs.

- ***Catastrophic Event Account:*** The Catastrophic Event Account 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 heavy tornado damage to Southern Maryland and the Eastern Shore in spring 2002 and Hurricane Isabel, which struck Maryland in fall 2003. Appropriations from the account may also be transferred to the general fund, as occurred in fiscal 2010, when $7.4 million was transferred to the general fund. The account's balance is projected to be $1.0 million at the end of fiscal 2011.

- ***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.

Local Reserve Funds

Most counties have established revenue or budget stabilization accounts or contingency reserve funds to address future budget requirements or a downturn in revenues. Local laws in some counties 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. As shown in Exhibit 3.2, at the close of fiscal 2009, county reserve fund balances exceeded $706 million.

Exhibit 3.2
Local Reserve Funds
Fiscal 2009
($ in Thousands)

County	Reserve Fund
Allegany	$7,500
Anne Arundel	32,778
Baltimore City	95,737
Baltimore County	84,080
Calvert	20,346
Caroline	-
Carroll	17,450
Cecil	12,255
Charles	-
Dorchester	5,354
Frederick	21,365
Garrett	-
Harford	23,071
Howard County	48,704
Kent	-
Montgomery	119,648
Prince George's	132,123
Queen Anne's	7,271
St. Mary's	13,517
Somerset	1,800
Talbot	-
Washington	34,798
Wicomico	9,740
Worcester	18,974
Total	**$706,511**

Source: County Audit Reports, Fiscal 2009; Department of Legislative Services

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 impact is further mitigated

for owner-occupied residential property by the imposition of a cap on the annual assessment increase. The maximum increase varies from 2 to 10%, depending upon the county. The State contains approximately two million parcels of real property, with a total assessable base of $741.6 billion for fiscal 2009.

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. 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 qualified applicants submitted by the local subdivision.

In addition to real property assessment, the department values all business tangible personal property and the operating property of utilities and railroads annually. The State's franchise tax on public service companies, an important revenue source to the State's general fund, is also administered by the department. 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 four 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 2009, State funds reimbursed local governments $50.3 million for the homeowners' program and $2.2 million for the renters' program.

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 $15.2 million is budgeted in fiscal 2011 for reimbursements to local governments.

In 2008, the General Assembly established a process for the creation of Base Realignment and Closure Revitalization and Incentive Zones in the State. The benefits of a Base Realignment and Closure Zone designation are primarily tax-related financial incentives, including State support of up to 100% of the increase in the State property tax of any qualifying property and 50% of the local property tax for any increase in the local tax revenues collected on the increased value of qualifying property. These financial incentives are limited to $5 million per year. The department is expected to administer $300,000 in Base Realignment and Closure Revitalization and Incentive Zone credits in fiscal 2011.

Property tax assessment appeals boards in each county and Baltimore City hear appeals on assessments of real property and 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 1,075 cases during fiscal 2009, 31 of which were appealed to the circuit court.

Funding

The source of funds to support financial administration functions is shown in Exhibit 3.3. The fiscal 2009 expenditures for State agencies totaled $261.1 million, while expenditures for local agencies were $172.5 million.

The State Lottery Agency is supported primarily 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% 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 amusement tax, and motor fuel tax) to defray administrative expenses.

Exhibit 3.3
Expenditures by Financial Administration Agencies
Fiscal 2009
($ in Thousands)

Unit	State[1]	Special[2]	Local	Total
Comptroller of the Treasury	$72,353	$15,566		$87,919
State Treasurer	4,798	1,047		5,845
State Department of Assessments and Taxation	43,160	5,195		48,355
Tax Credit Payments	52,278			52,278
State Lottery Agency	256	59,968		60,224
Property Tax Assessment Appeals Boards	947			947
Maryland Tax Court	575			575
Local Governments[3]				
Counties			$141,902	141,902
Municipal Corporations			31,016	31,016
Total	**$179,367**	**$81,776**	**$172,918**	**$434,061**

[1] State dollars for the Comptroller and the State Treasurer do not include funds provided by other State agencies as reimbursement for services rendered ($54.9 million). In the case of the Comptroller ($26.9 million), agencies are charged for data processing, mail room, print shop, and other support services. In the State Treasurer's budget, "reimbursable" funds ($28.0 million) represent charges to various State agencies for insurance coverage. A portion of the reimbursements provided by the State agencies is federal funds. The State Department of Assessments and Taxation also received $1.5 million in reimbursable funds for major information technology development projects.

[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 3.4.

Source: *Fiscal 2011 State Budget Books; Uniform Financial Reports*; Department of Legislative Services

Local governments report spending a total of $172.9 million on financial administration in fiscal 2009. The detail for financial administration expenditures is shown in Exhibit 3.4.

Exhibit 3.4
Local Financial Administration Expenditures
Fiscal 2009

County	County Spending	Municipal Spending	Total Spending Reported
Allegany	$1,315,182	$683,424	$1,998,606
Anne Arundel	12,344,536	2,733,683	15,078,219
Baltimore City	36,042,214	-	36,042,214
Baltimore County	12,377,488	-	12,377,488
Calvert	2,002,435	455,126	2,457,561
Caroline	492,713	377,393	870,106
Carroll	5,854,345	1,284,934	7,139,279
Cecil	1,958,191	563,116	2,521,307
Charles	5,223,755	540,124	5,763,879
Dorchester	498,806	634,860	1,133,666
Frederick	5,653,870	2,672,708	8,326,578
Garrett	990,641	472,678	1,463,319
Harford	7,093,743	1,218,474	8,312,217
Howard	9,530,332	-	9,530,332
Kent	686,083	257,716	943,799
Montgomery	18,703,731	5,342,813	24,046,544
Prince George's	12,011,307	7,474,544	19,485,851
Queen Anne's	971,144	121,731	1,092,875
Somerset	489,841	170,149	659,990
St. Mary's	1,789,130	49,536	1,838,666
Talbot	576,392	593,543	1,169,935
Washington	1,913,937	1,422,564	3,336,501
Wicomico	1,295,378	1,189,093	2,484,471
Worcester	2,086,312	2,757,343	4,843,655
Total	**$141,901,506**	**$31,015,552**	**$172,917,058**

Notes: County expenditures in Allegany, Montgomery, and Prince George's counties include those reported by certain regional agencies. As 6 municipal corporations did not report their expenditures for fiscal 2009, municipal expenditures reflect those reported by the other 150 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 extensive 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.

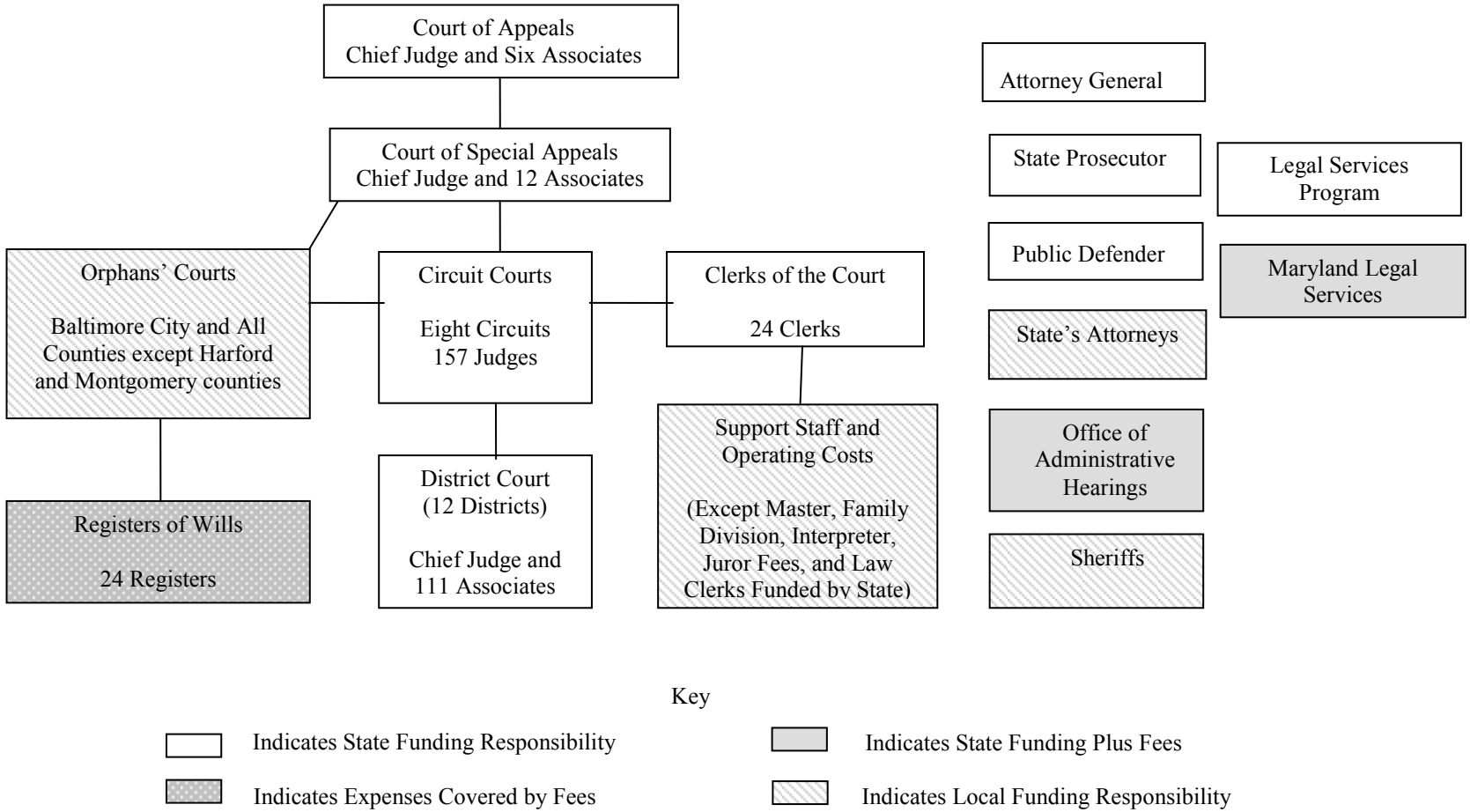
Although judicial power is vested only in the courts described above, quasi-judicial hearings are conducted by a multitude of Executive Branch commissions, departments, and agencies at both the State and local level. In some instances, the Executive Branch unit exercises this adjudicatory function itself, but usually the unit has delegated its authority to conduct administrative hearings to the Office of Administrative Hearings (for the State) or a county board of appeals. 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



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 more than 600 petitions for *certiorari* each year and approximately 170 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 1 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 2009, 2,012 appeals were filed with the court.

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

Exhibit 4.2
Appellate Judicial Circuits

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

Source: Department of Legislative Services

The process for selecting the 13 members of the Court of Special Appeals is similar to the procedure for choosing judges for the Court of Appeals – with the Governor nominating qualified candidates, the Senate confirming the nominees, and, after a period of at least 1 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 6 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. From fiscal 2005 to 2009, the number of circuit court filings has increased from 278,083 to 314,884.

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. Counties without separate family divisions are provided with a family support coordinator and a budget for establishing services to families who are involved in the judicial system.

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 2011, there are 157 circuit court judges, 8 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 1 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; 8 are the administrative judges of the eight judicial circuits, and the other 8 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 (a legal action that allows you to seek the return of property prior to trial), 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 2011

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	18
	Harford	5
4	Allegany	2
	Garrett	1
	Washington	5
5	Anne Arundel	12
	Carroll	3
	Howard	5
6	Frederick	4
	Montgomery	22
7	Calvert	2
	Charles	4
	Prince George's	23
	St. Mary's	3
8	Baltimore City	33
Total		**157**

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 $30,000, 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. From fiscal 2005 to 2009, the number of cases filed in the District Court increased from 1.5 million to 1.9 million. In fiscal 2009, motor vehicle and landlord/tenant cases accounted for 36.6 and 32.4% 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 2011, 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 pretrial 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, the Maryland Racing Commission, the Maryland Parole Commission, the Public Service Commission, and the 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 51 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 average longer than one week.

Exhibit 4.4
Office of Administrative Hearings
Cost Allocation – Fiscal 2011

Agency	Type of Cases	Avg. Case Hrs	Projected No. of Cases	Total Case Hours	% of Total
Transportation	Motor Vehicle Administration	0.73	26,254	19,165	21.91%
	MDOT Cases	4.26	55	234	0.27%
	Personnel Grievances	17.39	40	695	0.80%
	Total		**26,349**	**20,095**	**22.98%**
Human Resources	Child Support Enforcement	7.19	96	690	0.79%
	Income Maintenance	0.89	4,691	4,175	4.77%
	Child Abuse and Neglect	10.82	756	8,180	9.35%
	Personnel Grievances	17.39	10	174	0.20%
	Total		**5,553**	**13,219**	**15.12%**
Labor, Licensing, and Regulation	Home Improvement Commission	9.73	230	2,238	2.56%
	Real Estate Commission	19.14	69	1,321	1.51%
	Maryland Occupational Safety and Health	14.29	86	1,229	1.41%
	Miscellaneous[1]	Varies	70	835	0.96%
	Total		**455**	**5,622**	**6.43%**
Education	Hearings	22.45	285	6,398	7.32%
	Personnel Grievances	17.39	3	52	0.06%
	Miscellaneous[2]	Varies	687	3,169	3.62
	Total		**975**	**9,620**	**11.00%**
Health and Mental Hygiene	Not Criminally Responsible	5.36	353	1,892	2.16%
	Involuntary Admissions	0.57	5,817	3,316	3.79%
	Medical Assistance	1.38	4,495	6,203	7.09%
	Boards (including Physicians)	43.50	52	2,263	2.58%
	Children's Health Insurance Plan	10.38	3.89	4,038	4.62%
	Miscellaneous	4.59	447	2,052	2.35%
	Personnel Grievances	17.39	30	521	0.60%
	Total		**11,583**	**20,284**	**23.20%**
All Other[3]	Personnel Grievances	17.39	405	7,041	8.07%
	Other Cases	Varies	972	11,574	13.24%
			1,377	**18,615**	**21.31%**
Total			**46,276**	**87,455**	**100%**

MDOT: Maryland Department of Transportation

[1] Includes Personnel and Unemployment Insurance Cases.
[2] Includes mediations.
[3] 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.

Numbers may not sum due to rounding.

Source: Office of Administrative Hearings; Department of Legislative Services

Over 60% of the office's total case-hour allocation in fiscal 2011 is to the Maryland Department of Transportation, the Department of Health and Mental Hygiene, and the Department of Human Resources. Of the various types of hearings held, personnel grievances, with an average case time of approximately 17 hours, are among the most time consuming cases heard by the office. The office anticipates hearing 46,276 cases for a total of 87,455 case hours in fiscal 2011.

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.

The Administrative Office of the Courts also includes the Office of Problem-Solving Courts which oversees the State's alternative court programs, including drug court programs, mental health court programs, and truancy court programs. The fiscal 2011 budget includes $4.6 million in grant funding for these programs. For a full discussion of alternative court programs 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, 3 from among the members of the Maryland Bar, and 5 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 3 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 antitrust, consumer protection, and securities laws and prosecutes Medicaid provider fraud. The Attorney General is elected on a statewide basis to a four-year term.

Office of the State Prosecutor

An independent office within the Office of the Attorney General, the Office of the State Prosecutor is responsible for investigating and prosecuting criminal offenses under the State election and ethics laws, violations of the State bribery laws, and malfeasance in office. 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, including the executive director who is a nonvoting, *ex-officio* member, constitute the corporation's board of directors. Five voting members are lawyers and four voting members 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% of the expenditures in fiscal 2009. 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 of 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 2009
($ in Millions)

Unit	Local[1]	State	Federal	Total
Court of Appeals		$13.1		$13.1
Court of Special Appeals		8.5		8.5
Circuit Courts				
Judges and Masters		54.1	$0.8	54.9
Clerks of the Circuit Court		83.4	2.3	85.7
Family Division		16.9	0.6	17.5
Adm. Support/Operating Costs	$51.8			51.8
District Court		140.1		140.1
Orphans' Courts	2.2			2.2
Registers of Wills[2]		19.4		19.4
Office of the State Prosecutor		1.3	0.1	1.4
Office of the Attorney General		23.1	1.6	24.7
Office of the Public Defender		90.2		90.2
Offices of the State's Attorneys	105.2			105.2
Offices of Sheriffs[3]	77.1			77.1
Office of Administrative Hearings		13.4		13.4
Administrative Office of the Courts		29.7		29.7
Legal Services Program – Department of Human Resources		9.9	6.4	16.3
Maryland Legal Service Corporation[4]		15.7		15.7
Other (law library, data processing support, etc.)	9.3	50.0	0.1	59.4
Total	**$245.6**	**$568.8**	**$11.9**	**$826.3**

[1] Local funds may include capital expenditures and may not include employee fringe benefits.
[2] The following is a summary of the Register of Wills' Offices for fiscal 2009.

Inheritance Taxes (75% Remitted Monthly)		$52,357,817
Retained:		
Inheritance Taxes (25%)	$17,446,097	
Fees of Offices	6,978,683	
Total Retained	**$24,424,780**	
Less: Salaries and Expenses	$19,443,734	
Excess Fees of Office (Remitted Annually)		4,981,046
Total Remitted (State General Fund)		**$57,338,863**

[3] 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.
[4] This represents expenses for grant obligations and operating expenses. Revenues in fiscal 2009 for the Maryland Legal Services Corporation included $0.5 million from the Abandoned Property Fund, $7.9 million from court filing fees, and $3.9 million from interest on lawyers' trust accounts.

Source: *Fiscal 2011 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 2009, the State spent $17.5 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 2009

County	Circuit Court	Orphans' Court	State's Attorney	Sheriff[2]	Law Lib/ Other
Allegany	$673,610	$52,309	$1,116,795	$0	$132,846
Anne Arundel	4,586,811	128,220	8,278,944	6,799,769	0
Baltimore City	8,671,154	448,544	26,835,918	12,847,855	0
Baltimore	5,089,516	204,216	7,888,491	5,270,888	0
Calvert	637,954	26,391	1,369,405	0	5,480
Caroline	234,901	15,129	510,757	0	178,847
Carroll	1,510,152	614,134	2,579,190	0	164,113
Cecil	1,746,928	22,398	1,681,912	0	0
Charles	1,197,500	41,249	2,157,585	0	0
Dorchester	165,538	20,752	693,753	0	0
Frederick	1,154,217	32,978	5,317,167	15,773	0
Garrett	394,360	17,288	620,136	0	18,948
Harford	1,288,326	0	4,898,750	0	1,435,648
Howard	2,386,322	41,531	6,344,754	5,815,303	0
Kent	188,870	34,129	483,841	0	134,527
Montgomery	10,294,135	0	12,670,589	20,331,348	3,749
Prince George's	5,094,358	303,098	10,279,063	23,467,840	6,162,518
Queen Anne's	408,703	62,767	1,149,032	0	0
St. Mary's	1,204,683	29,653	2,447,909	0	58,454
Somerset	197,682	16,852	931,597	0	367,981
Talbot	456,645	18,454	771,957	575,998	2,905
Washington	1,243,326	27,609	2,272,310	2,008,613	681,869
Wicomico	981,249	30,190	1,710,359	0	0
Worcester	1,958,741	29,304	2,171,662	0	0
Total	**$51,765,681**	**$2,217,195**	**$105,181,876**	**$77,133,387**	**$9,347,885**

[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 $7.9 million in fiscal 2009, and the interest on lawyers' trust accounts which was approximately $3.9 million in fiscal 2009.

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; the office is also a statutory participant in numerous councils, boards, and commissions.

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 2009.

Police Protection – Structure

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

Exhibit 5.1
Public Safety Services
Expenditures and Funding Sources
Fiscal 2009
($ in Millions)

Service/Program	County	Municipal	State	Federal	Total
Police Protection/Crime Control	**$1,275.3**	**$189.8**	**$306.9**	**$16.1**	**$1,788.1**
Governor's Office of Crime Control and Prevention			25.6	12.1	37.7
State Police			215.4	4.0	219.4
County Police Protection	1,275.3		53.7		1,329.0
Municipal Police Protection		189.8	12.2		202.0
Fire, Rescue, and Emergency Services	**924.7**	**46.4**	**87.4**	**47.3**	**1,105.8**
Fire and Rescue	837.6	46.4	18.0		902.0
Emergency Medical Services			36.5		36.5
9-1-1/3-1-1 Emergency Telephone Service	87.1		14.3		101.4
Emergency Management			5.5	30.7	36.2
Military Department and National Guard			13.1	16.6	29.7
Correctional Services	**345.3**		**1,111.8**	**15.8**	**1,472.9**
Corrections[1]	345.3		931.4	14.8	1,291.5
Parole and Probation			105.2		105.2
Other			75.2	1.0	76.2
Other Public Safety[2]	**275.2**	**24.2**	**9.2**	**2.3**	**310.9**
Total	**$2,820.5**	**$260.4**	**$1,515.3**	**$81.5**	**$4,677.7**

[1] Fiscal 2009 was the final year of local jail funding based on reimbursement formula.
[2] 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. This also includes State funding for protective inspections and funding for crime victims through the Criminal Injuries Compensation Board.

Note: Numbers may not sum to total due to rounding. State funding does not include funds reimbursed by other State agencies for services provided.

Source: *Fiscal 2011 State Budget Books; Uniform Financial Reports;* Department of Public Safety and Correctional Services; Maryland State Police; Department of Legislative Services

some 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.

As the Local Division within the Maryland State Police, a Resident Trooper Program was established in 1968. Intended to provide contractual law enforcement services to counties and municipalities, the program's first contract was with Carroll County in 1974 for 10 troopers. Training, equipment, and other expenses are paid for by the contracting jurisdiction. Based at the nearest barrack, resident troopers fulfill policing needs of the local jurisdiction.

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.

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 2011 budget for the State Police is $279.1 million. This funding will support 2,420 positions (including personnel in the Office of the State Fire Marshal), of which over 1,500 are sworn officers.

Exhibit 5.2
Local Law Enforcement Strength – Authorized Positions
Fiscal 2009

	County					Municipal			
	Sheriff		Police Force		Resident	Police Force		Resident	
County	**FT**	**PT**	**FT**	**PT**	**Troopers**	**FT**	**PT**	**Troopers**	**Total**
Allegany	15					72	1		87.5
Anne Arundel			650			115			765.0
Baltimore City			3,053						3,053.0
Baltimore			1,906						1,906.0
Calvert	110	11			1	9			125.5
Caroline	30					32	5		64.5
Carroll	70				45	85		5	205.0
Cecil	82					65			147.0
Charles	279					14			293.0
Dorchester	35	2				58			94.0
Frederick	175					166		3	344.0
Garrett	30					4			34.0
Harford	274					112	1		386.5
Howard			425						425.0
Kent	23	1				17	3		42.0
Montgomery			1,182	12		164			1,352.0
Prince George's			1,568			381	15		1,956.5
Queen Anne's	49	4				9			60.0
St. Mary's	117	2				1			119.0
Somerset	22	2				24	3		48.5
Talbot	29					59	2		89.0
Washington	92					114	1		206.5
Wicomico	87	4				116			205.0
Worcester	45	20				193	3		249.5
Total	**1,564**	**23**	**8,784**	**6**	**46**	**1,810**	**17**	**8**	**12,258.0**

Note: 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. In jurisdictions with both a county sheriff's office and a county police department, only the county police force is represented because that agency has primary law enforcement authority and responsibilities.

FT: full-time positions
PT: part-time positions

Source: *State Aid for Police Protection Fund 2009;* Baltimore City; Maryland State Police; Department of Legislative Services

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 other jurisdictions since the early 1980s. These agreements define major traffic and criminal service responsibilities within the jurisdictions to avoid 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% 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.

The State Police and all other law enforcement agencies in Maryland must have regulations or policies governing the conduct of covert investigations of persons, groups, or organizations engaged in First Amendment activities and the collection, dissemination, retention, database inclusion, purging, and auditing of intelligence information relating to persons, groups, or organizations engaged in First Amendment activities.

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 address selection, promotion to supervisory and management positions, entry-level training, and in-service advanced training. The commission also provides mandated crime prevention; drug abuse prevention; and advanced, specialized, and executive training to police personnel, private organizations, community groups, and private citizens throughout

Maryland. Local governments pay a nominal fee for each of their employees trained by the State.

Governor's Office of Crime Control and Prevention

Through the Governor's Office of Crime Control and Prevention, the State is also 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 office. In addition, the office has several advisory commissions that focus on juvenile justice, crime victims, drug-free schools, and neighborhood crime prevention; the office is also a statutory participant in numerous councils, boards, and commissions.

The Governor's Office of Crime Control and Prevention was reorganized in fiscal 2008 to streamline grant oversight, and to oversee targeted crime fighting grants. It now serves as the focus of statewide criminal justice initiatives, specializing in forming cross-jurisdictional cooperation both geographically and authoritatively. The office is Maryland's clearinghouse for innovative crime-fighting methods and implementing best practices.

Once only a grant monitoring agency, the office has become more involved with the State's crime-fighting initiatives. Some programmatic examples are (1) tracking of violent offenders across jurisdictional lines; (2) email alerts of parolee arrests in other jurisdictions; (3) inmate HIV testing; (4) sharing gang intelligence between prisons and local law enforcement; and (5) reducing the backlog of DNA searches.

Police Protection – Funding

The responsibility for funding local law enforcement agencies lies primarily with local governments. Fiscal 2009 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.

Exhibit 5.3
Local Government Expenditures for Police – Fiscal 2009

Fiscal 2009	State Aid for Police Protection	County Spending	Municipal Spending	Total	State Aid as % of Spending
Allegany	$867,751	$2,497,360	$6,524,679	$9,022,039	9.62%
Anne Arundel	6,651,380	97,387,965	17,772,806	115,160,771	5.78%
Baltimore City	82,829	353,887,169	-	353,887,169	0.02%
Baltimore	9,719,129	191,467,569	-	191,467,569	5.08%
Calvert	790,515	12,287,390	1,019,559	13,306,949	5.94%
Caroline	343,624	1,959,803	3,109,818	5,069,621	6.78%
Carroll	1,606,483	12,347,509	6,361,110	18,708,619	8.59%
Cecil	953,411	9,071,497	7,054,146	16,125,643	5.91%
Charles	1,232,035	47,461,592	1,137,332	48,598,924	2.54%
Dorchester	380,865	3,468,068	4,142,227	7,610,295	5.00%
Frederick	2,294,112	23,255,946	28,031,643	51,287,589	4.47%
Garrett	237,855	2,975,307	410,569	3,385,876	7.02%
Harford	2,737,813	53,944,237	11,617,086	65,561,323	4.18%
Howard	3,471,474	76,317,613	-	76,317,613	4.55%
Kent	201,230	2,696,666	1,353,556	4,050,222	4.97%
Montgomery	15,148,823	230,754,834	23,093,740	253,848,574	5.97%
Prince George's	14,145,955	187,036,322	35,778,152	222,814,474	6.35%
Queen Anne's	408,473	6,444,582	747,702	7,192,284	5.68%
St. Mary's	844,544	20,684,592	46,208	20,730,800	4.07%
Somerset	249,088	2,340,862	2,255,778	4,596,640	5.42%
Talbot	406,070	1,301,303	9,301,699	10,603,002	3.83%
Washington	1,450,410	9,219,977	13,442,861	22,662,838	6.40%
Wicomico	1,003,621	8,329,303	11,801,782	20,131,085	4.99%
Worcester	703,956	7,188,049	22,148,492	29,336,541	2.40%
Total	**$65,931,447**	**$1,364,325,515**	**$207,150,945**	**$1,571,476,460**	**4.20%**
Minus State Grants		-$69,728,273	-$14,072,657	-$83,800,930	
Minus Federal Grants		-19,315,809	-1,012,644	-20,328,453	
Minus County Grants			-2,246,870	-2,246,870	
Net Local Spending		**$1,275,281,433**	**$189,818,774**	**$1,465,100,207**	

Note: State aid allocations are as reported by the Maryland State Police in *State Aid for Police Protection Fund 2010*. 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 six municipal corporations did not report their expenditures for fiscal 2009, municipal expenditures reflect those reported by the other 150 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 2010*, Maryland State Police; *Uniform Financial Reports*; Department of Legislative Services

State Aid for Police Protection Grants

Under the State Aid for Police Protection Fund, established in 1967 and since 2008 administered by the Governor's Office of Crime Control and Prevention, financial grants are made to the counties and qualifying municipal corporations for the exclusive purpose of providing adequate police protection. Qualifying expenditures under this fund include salaries and wages, other operating expenses, capital outlays from current operating funds, and properly identifiable debt service paid for police protection. Commonly known as the police aid formula, the grants are primarily based on population, with per capita rates varying by population density.

Baltimore City was excluded from the police aid formula beginning in fiscal 1992 when the State assumed the responsibility of operating and funding the Baltimore City Detention Center. In fiscal 1995, the State established a central booking facility for the city. Legislation was enacted that enables Baltimore City to receive a $0.50 per capita grant for police aid beginning in fiscal 1997.

The municipal sworn police officer allocation was last changed by Chapter 444 of 1999, when it increased from $1,200 to $1,950 per officer. The actual number of sworn municipal officers is used when calculating the municipal sworn officer allocation for each fiscal year. Each qualifying municipality receives $1,950 for each sworn police officer employed on a full-time basis. For purposes of the police aid formula, Baltimore City is not considered a municipality.

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-related 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.

Emergency and Protective Services – Structure and Services

The provision of emergency and protective services in Maryland is largely carried out through a system of State oversight and coordination and local government direct service provision. State boards and agencies establish policy and regulations and provide for some funding support of local emergency, fire, and rescue operations.

Emergency Medical Services

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 for 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, the 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.

The Maryland Institute for Emergency Medical Services Systems operates a statewide communications system that provides communications among ambulances, Medevac helicopters, dispatch centers, hospital emergency departments, trauma centers, specialty referral centers, and law enforcement. The communications system includes two main components:

- **Emergency Medical Resource Center Communications** – The center is responsible for coordinating medical consultation between emergency personnel at the scene and hospital physicians and plays a critical role in ensuring a coordinated response to major incidents and catastrophic events. In fiscal 2009, the center handled 360,000 telephone and radio calls.

- **SYSCOM Helicopter Communications** – By statute, the Maryland Institute for Emergency Medical Services Systems is responsible for Medevac helicopter communications. SYSCOM is the communication system responsible for helicopter dispatch and for monitoring the transport of critically ill or injured patients by helicopter to area hospitals. In fiscal 2009, SYSCOM handled almost 32,800 telephone and radio calls.

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.

Each region has an administrator who staffs the regional councils and is the liaison to the Maryland Institute for Emergency Medical Services Systems. The regional administrators are employees of the institute and manage the field operations programs at the local level.

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 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 for Emergency Medical Services Systems. More than 15,000 providers participated in institute-approved courses in fiscal 2009.

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 2009, 2,414 patients were transported by helicopter from the scene of a critical injury.

9-1-1

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 since 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. The 9-1-1 system is under the umbrella of the Department of Public Safety and Correctional Services.

Fire and Rescue

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% 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, previously discussed, 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.

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.

Protective Services

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

The Safety Inspection Program within the Department of Labor, Licensing, and Regulation inspects amusement rides, boilers, pressure vessels, elevators, and escalators to ensure that the units are operating according to State laws and regulations, nationally recognized safety standards, and manufacturers' specifications. In fiscal 2009, the program inspected almost 5,100 amusement rides, conducted inspections for over 8,400 boilers and pressure vessels, and on roughly 16,300 elevators. The program is funded through assessments made against employers by the Workers' Compensation Commission. In fiscal 2009, funding for these inspections totaled $4.3 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 addition to inspections of rail cars, locomotives, and over 1,400 miles of track, this safety program in fiscal 2009 investigated accidents/incidents involving 3 fatalities, 4 injuries, and 17 instances of property damage. The program is funded through assessments on public utilities by the Public Service Commission. In fiscal 2009, funding for these inspections was just over $282,000.

Emergency and Protective 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 for Emergency Medical Services Systems. Exhibit 5.4 shows the Maryland Emergency Medical Services Operations Fund expenditures for fiscal 2008 and 2009.

Exhibit 5.4
Maryland Emergency Medical Services Operations Fund Expenditures
Fiscal 2008 and 2009
($ in Millions)

Funding Recipient	2008 Actual	2009 Actual
Maryland Fire and Rescue Institute	$7.2	$6.9
Maryland Institute for Emergency Medical Services Systems	11.1	11.3
Shock Trauma (University of Maryland Medical System)	3.3	3.4
Shock Trauma (University of Maryland Medical System) Replacement Equipment	3.5	0
Local Fire, Rescue, and Ambulance Grants (Amoss Fund)	10.0	10.0
Maryland State Police Aviation Division	17.7	18.5
Volunteer Company Assistance Fund	1.4	1.4
Total	**$50.7**	**$47.9**

Source: *Fiscal 2010 and 2011 State Budget Books*; Maryland Institute for Emergency Medical Services Systems; Department of Legislative Services

Beginning in 2006, a $7.50 surcharge was attached to certain motor vehicle violations to help fund both the Volunteer Company Assistance Fund and the State Police Helicopter Replacement Fund. Legislation passed during the 2010 session expanded the list of eligible violations and altered the distribution of the collected surcharges. As of October 1, 2010, collected surcharges will be credited entirely to the Volunteer Company Assistance Fund until a total of $20 million has been credited to the fund. After the threshold has been met, 100% of the collected surcharges will be credited to the State general fund. State police helicopter needs will be addressed through capital budget appropriations.

State and county surcharges on telephone bills, in addition to other county revenues, support 9-1-1 operations statewide. Exhibit 5.5 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.

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.

Exhibit 5.6 shows the local expenditures for fire and rescue services and the amount of State aid provided to each local jurisdiction through the Amoss Fund.

Exhibit 5.5
9-1-1 Emergency Services Local Funding
Fiscal 2009

County	County Operating Costs	County 9-1-1 Rate	County Revenue	% of Costs Covered by County Fees	State 9-1-1 Grants
Allegany	$1,663,601	0.75	$492,116	30%	$632,086
Anne Arundel	6,190,252	0.75	4,072,582	66%	2,564,443
Baltimore City	11,180,602	0.75	5,834,331	52%	319,665
Baltimore	7,483,757	0.75	4,801,345	64%	294,940
Calvert	2,368,662	0.75	600,530	25%	1,167,175
Caroline	1,551,292	0.75	197,835	13%	522,431
Carroll	1,849,484	0.75	1,152,447	62%	280
Cecil	1,710,626	0.75	626,682	37%	1,305,971
Charles	1,830,598	0.75	1,013,359	55%	112,095
Dorchester	1,522,104	0.75	219,142	14%	721,869
Frederick	4,650,349	0.75	1,610.800	35%	1,462,473
Garrett	507,517	0.75	263,702	52%	22,570
Harford	5,633,768	0.75	1,626,897	29%	18,995
Howard	5,130,415	0.75	2,120,032	41%	1,060,744
Kent	977,347	0.75	142,358	15%	615,291
Montgomery	12,879,577	0.75	7,485,246	59%	41,570
Prince George's	22,661,291	0.75	6,359,724	29%	158,214
Queen Anne's	2,087,143	0.75	322,941	16%	78,965
St. Mary's	2,244,316	0.75	624,356	28%	905,714
Somerset	778,824	0.75	127,369	16%	503,512
Talbot	803,776	0.75	318,545	39%	654,046
Washington	1,712,166	0.75	947,014	55%	829,485
Wicomico	962,875	0.75	628,257	65%	177,379
Worcester	2,999,883	0.75	489,513	16%	44,946
9-1-1 County Audits					59,605
Accrual Cancellations					53,690
Total	**$101,380,225**		**$42,306,729**	42%	**$14,328,155**

Note: Counties are primarily supported by 9-1-1 fees collected in the county, which are supplemented by the State via grant disbursements to counties to assist in funding installation of enhanced 9-1-1 systems.

Source: Department of Public Safety and Correctional Services

Exhibit 5.6
Local Government Expenditures for Fire and Rescue Services
Fiscal 2009

County	Amoss Fund Grants	County Spending	Municipal Spending	Total Spending Reported
Allegany	$206,278	$1,998,398	$5,199,004	$7,197,402
Anne Arundel	761,968	99,412,862	13,548,415	112,961,277
Baltimore City	942,903	149,523,475	0	149,523,475
Baltimore	1,176,055	97,507,089	0	97,507,089
Calvert	201,040	4,360,348	0	4,360,348
Caroline	205,044	3,043,318	110,991	3,154,309
Carroll	263,118	10,064,813	213,590	10,278,403
Cecil	207,011	7,859,434	223,372	8,082,806
Charles	243,395	18,802,772	42352	18,845,124
Dorchester	226,651	3,491,445	1,284,348	4,775,793
Frederick	365,466	43,058,778	355,182	43,413,960
Garrett	201,040	1,774,985	0	1,774,985
Harford	379,037	10,740,169	604,564	11,344,733
Howard	393,387	63,766,496	0	63,766,496
Kent	215,372	1,230,186	59,468	1,289,654
Montgomery	1,315,886	220,965,826	0	220,965,826
Prince George's	1,140,649	93,773,910	245,240	94,019,150
Queen Anne's	201,040	3,497,361	72,600	3,569,961
St. Mary's	201,040	2,127,664	2,000	2,129,664
Somerset	215,735	593,336	154,268	747,604
Talbot	218,202	4,339,646	366,995	4,706,641
Washington	234,300	4,906,256	7,508,618	12,414,874
Wicomico	221,753	4,371,691	8,728,021	13,099,712
Worcester	263,630	6,614,857	11,320,196	17,935,053
Total	**$10,000,000**	**$857,825,115**	**$50,039,224**	**$907,864,339**
Minus State Grants		-11,955,666	-283,840	-12,239,506
Minus Federal Grants		-8,262,517	-944,094	-9,206,611
Minus County Grants			-2,399,134	-2,399,134
Net Local Spending		**837,606,932**	**46,412,156**	**884,019,088**

Note: 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. Six municipalities did not report spending in fiscal 2009. There are no municipal corporations in Baltimore and Howard counties.

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

Corrections – Structure and 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
- 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
- Alternatives to incarceration at local option

Source: Department of Public Safety and Correctional Services

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 2009, an average of 26,860 individuals per day were incarcerated by the State. Most of the prisoners were

housed in facilities operated by the State, as shown in Exhibit 5.8, 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.

Exhibit 5.8
Division of Corrections Facilities

Facility	County	Total Capacity
Maximum and Administrative Security		
Jessup Correctional Institution	Anne Arundel	1,352
Maryland Correctional Adjustment Center	Baltimore City	415
Maryland Correctional Institution - Women	Anne Arundel	941
Maryland Reception, Diagnostic & Classification Center	Baltimore City	808
North Branch Correctional Institution	Allegany	1,024
Total Maximum and Administrative Beds		**4,540**
Medium Security		
Eastern Correctional Institution	Somerset	2,756
Maryland Correctional Institution - Hagerstown	Washington	1,786
Maryland Correctional Institution - Jessup	Anne Arundel	1,068
Maryland Correctional Training Center-Main Compound	Washington	1,708
Roxbury Correctional Institution	Washington	1,764
Western Correctional Institution	Allegany	1,813
Total Medium Beds		**10,895**
Minimum Security		
Baltimore City Correctional Center	Baltimore City	511
Brockbridge Correctional Facility	Anne Arundel	651
Central Maryland Correctional Facility	Carroll	516
Eastern Correctional Institution - Annex	Somerset	608
Jessup Pre-Release Unit	Anne Arundel	596
Maryland Correctional Institution - Hagerstown	Washington	340
Maryland Correctional Training Center - EHU/Qhut	Washington	600
Metropolitan Transition Center	Baltimore City	1,821
Total Minimum Beds		**5,643**
Pre-release Security		
Baltimore Pre-Release Unit	Baltimore City	201
Baltimore Pre-Release Unit for Women	Baltimore City	140
Eastern Pre-Release Unit	Queen Anne's	180
Maryland Correctional Training Center - HED	Washington	142
Poplar Hill Pre-Release Unit	Wicomico	192
Southern Maryland Pre-Release Unit	St. Mary's	180
Total Pre-Release Beds		**1,035**
Total Division of Correction		**22,113**

Source: Department of Legislative Services; Department of Public Safety and Correctional Services

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 Community Surveillance and Enforcement Program. The Drinking Driver Monitor Program oversees individuals who are sentenced to probation for drunk driving offenses. The Community Surveillance and Enforcement Program is responsible for providing electronic monitoring and oversight for qualifying inmates who have been assigned to the program by the Division of Correction or the Division of Pretrial and Detention Services, as well as parolees placed in home detention. Parole and probation agents assigned to the Community Surveillance and Enforcement Program are responsible for placing identified sexual and violent offenders under GPS surveillance and apprehending offenders who violate the terms of the program. Community Surveillance and Enforcement Program agents serve retake warrants on alleged parole and mandatory supervision release violators and return them to custody to await revocation hearings. In addition, agents are authorized to serve Violation of Probation warrants issued by the courts.

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 68,850 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 and the Maryland Parole Commission. In addition, some agents function as full-time investigators and conduct pre-sentence, pre-parole, and other investigations for the courts, Parole Commission, and 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 Justice 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 Justice 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 houses mentally ill offenders from throughout the Division of Correction within the Correctional Mental Health Center – Jessup. Patuxent Institution's remaining population is made up of Division of Correction inmates enrolled in drug treatment or awaiting admission to the Patuxent programs. For additional information on the Patuxent Institution, see *Volume VIII – Maryland's Criminal and Juvenile Justice 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 2,700 new grievances and complaints were filed in fiscal 2009, and an additional 180 were reopened 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. 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 Detention and Services

The Division of Pretrial Detention and Services is primarily responsible for custody and monitoring of 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 Division of Correction but assigned to the Baltimore City Detention Center due to sentence length. 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 and directed that all persons convicted in Baltimore City and incarcerated be committed to the Division of Correction, eliminating the "local detention" option. 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 Detention and 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% 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% 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 5.9 presents the local corrections population for fiscal 2009.

Exhibit 5.9
Local Corrections Population
Monthly Averages for the Period July 2008 – June 2009, by Jurisdiction

County	Average Monthly Intake	Average Monthly Release	Average Daily Population	Awaiting Trial or Sentencing	Sentenced		
					Local	State[1]	Other[2]
Allegany	152	156	164	100	59	5	0
Anne Arundel	874	893	1,107	636	473	6	0
Baltimore City	3,244	3,267	4,005	3,634	0	364	0
Baltimore	1,379	1,380	1,342	827	501	20	9
Calvert	290	292	268	103	138	1	18
Caroline	105	104	83	37	38	2	8
Carroll	180	181	276	117	150	7	5
Cecil	282	280	230	113	120	3	0
Charles	331	332	403	153	182	12	58
Dorchester	151	102	183	87	62	1	31
Frederick	411	408	452	190	252	9	5
Garrett	91	91	49	16	30	1	0
Harford	476	473	483	206	274	8	0
Howard	318	320	284	140	88	3	50
Kent	54	56	84	16	47	2	20
Montgomery	797	790	1,110	541	482	9	57
Prince George's	1,175	1,183	1,299	988	202	95	0
Queen Anne's	83	85	98	40	58	2	2
St. Mary's	266	267	318	126	181	9	5
Somerset	56	55	81	19	61	0	0
Talbot	63	67	94	45	48	2	5
Washington	235	235	418	236	157	13	4
Wicomico	432	388	455	294	110	20	44
Worcester	209	214	196	112	81	2	0
Total	**11,654**	**11,619**	**13,482**	**8,776**	**3,794**	**596**	**321**

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

Source: Department of Public Safety and Correctional Services

Corrections – Funding

Because the State is responsible for prisoners with longer sentences and all prisoners in Baltimore City, correctional services are primarily funded by the State, as

shown in Exhibit 5.10. 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:

Exhibit 5.10
Correctional Spending in Maryland
Fiscal 2009
($ in Millions)

	Local	State	Federal	Total
Division of Correction		$701.9	$14.8	$716.7
Patuxent Institution		47.3		47.3
Pretrial and Detention Services		160.0		160.0
Parole and Probation		105.2		105.2
Local Jails Funding *	$345.3	22.2		367.5
Other		75.2	1.0	76.2
Total	**$345.3**	**$1,111.8**	**$15.8**	**$1,472.9**

Note: "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 funds reimbursed by other State agencies for services provided. Numbers may not sum to the total due to rounding.

* Fiscal 2009 was the final year of local jail funding based on reimbursement formula.

Source: Department of Public Safety and Correctional Services; Department of Legislative Services

Daily Operating Costs

A $45 per diem State grant is provided to each county for each day between 12 and 18 months that a sentenced inmate is confined in a local detention center. Counties also receive an additional $45 per day grant for inmates who have been sentenced to the custody of the Division of Correction but are confined in a local facility (known as local jail back-up). Prior to fiscal 2010, the State reimbursed local jails for inmates detained between 3 and 18 months using a formula based on a percentage of the daily operating costs at the local facilities and the number of eligible inmate days. As a

point of comparison, per diem operating costs of local detention facilities are expected to range from $57 to $157 per inmate in fiscal 2011.

Medical Costs

The State is required to reimburse each county for medical expenses that exceed $25,000 for any identified inmate in a single fiscal year.

Capital Costs

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

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

Exhibit 5.11 depicts the local share of correctional spending.

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, 2009, there were seven full-time positions authorized for the board. Another seven contractual positions assist in the performance of the board's work.

Grants are funded by the Criminal Injuries Compensation Fund and federal funds. The Criminal Injuries Compensation Fund receives revenue from a $22.50 fine charged to persons convicted of crimes in the circuit court, $12.50 in the District Court and $3.00 in traffic court. In fiscal 2009, the State awarded over $6.2 million to victims of crime.

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 Justice Process* of this legislative handbook series.

Exhibit 5.11
Local Corrections Operating Expenditures and State Reimbursement
Fiscal 2009

County	County Expenditures	State Reimbursement 50/85%	Local Jail Back-up	Total	Reimb. as a % of Spending
Allegany	7,033,814	$235,963	$88,133	$324,096	4.61%
Anne Arundel	41,684,219	1,516,780	249,638	1,766,418	4.24%
Baltimore City	-	0	0	0	
Baltimore	34,227,720	2,248,640	199,655	2,448,295	7.15%
Calvert	7,538,417	433,385	28,118	461,503	6.12%
Caroline	2,673,172	26,265	112,280	138,545	5.18%
Carroll	7,662,998	529,142	69,398	598,540	7.81%
Cecil	8,973,290	66,447	176,796	243,243	2.71%
Charles	14,807,981	968,877	419,298	1,388,175	9.37%
Dorchester	3,940,594	244,296	46,715	291,011	7.38%
Frederick	16,062,697	1,122,330	146,653	1,268,983	7.90%
Garrett	2,154,210	65,679	11,823	77,502	3.60%
Harford	19,506,531	1,699,349	190,937	1,890,286	9.69%
Howard	13,241,128	782,553	106,040	888,593	6.71%
Kent	2,659,965	143,920	36,910	180,830	6.80%
Montgomery	66,804,082	3,970,492	527,101	4,497,593	6.73%
Prince George's	55,733,166	2,247,302	825,302	3,072,604	5.51%
Queen Anne's	3,864,097	180,257	30,617	210,874	5.46%
St. Mary's	8,630,333	773,455	103,320	876,775	10.16%
Somerset	2,379,236	195,459	38,854	234,313	9.85%
Talbot	2,757,254	102,070	230,449	332,519	12.06%
Washington	11,820,626	584,868	242,649	827,517	7.00%
Wicomico	12,669,351	322,544	282,224	604,768	4.77%
Worcester	20,680,328	309,927	60,477	370,404	1.79%
Totals	**$367,505,209**	**$18,016,000**	**$4,218,872**	**$22,234,872**	**6.05%**

Note: 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. In fiscal 2010, the structure and operations of reimbursements was changed as discussed under *Daily Operating Costs*, above. 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 Pre-trial and Detention.

Source: *Uniform Financial Reports*, Department of Public Safety and Correctional Services

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. In general, the 23 county boards of education and the Board of School Commissioners for Baltimore City, together with 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.

This chapter provides a brief overview of the structure, services, and funding of public education in Maryland. For a more detailed discussion, please refer to *Volume IX – Education* in this legislative handbook series.

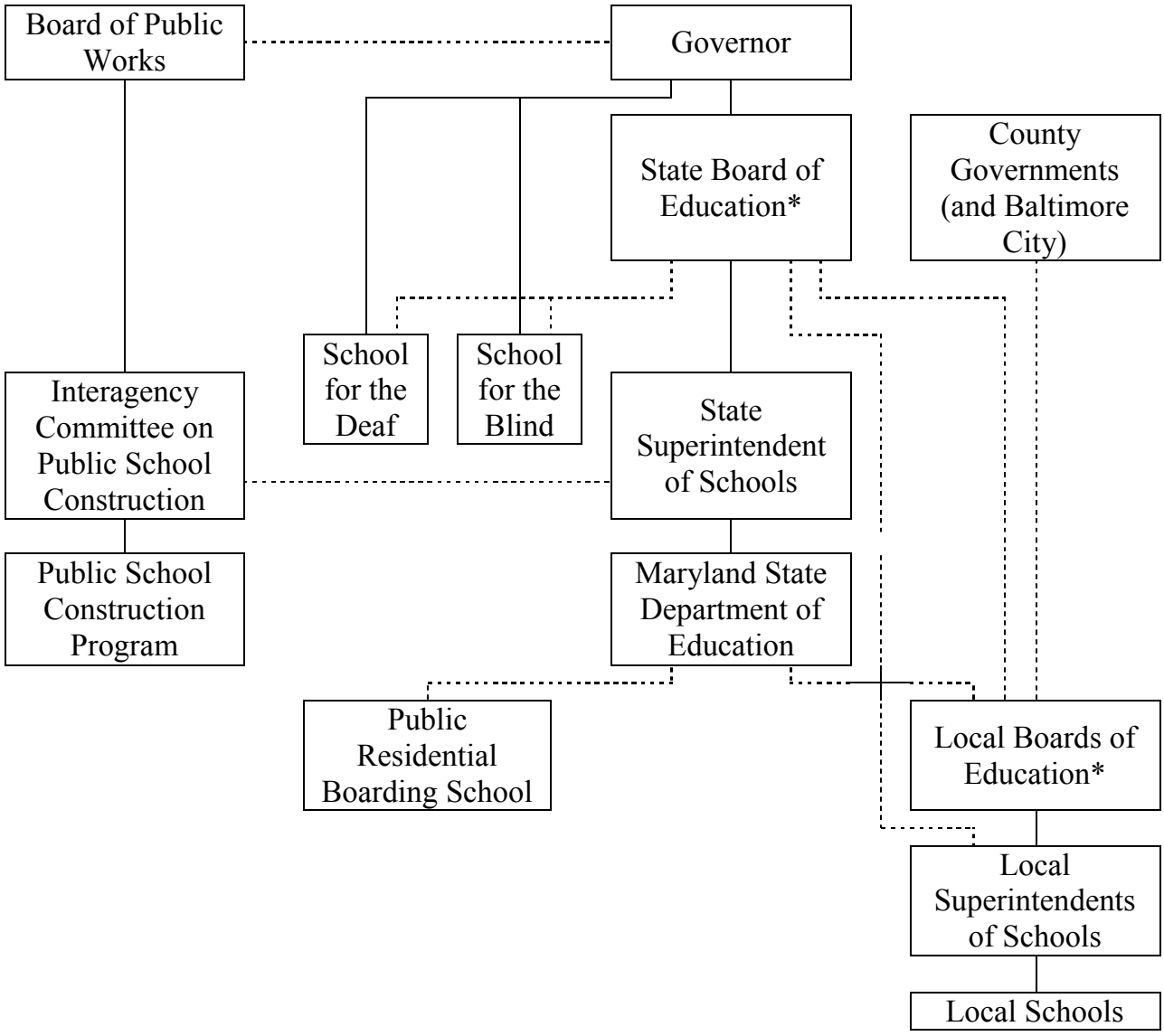
Structure

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 system governed by a State Board of Education and 24 local boards of education.

Exhibit 6.1 illustrates that 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 and has limited voting authority. 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;
- establishing basic policies and guidelines for instructional programs;

Exhibit 6.1
Governance Structure of Primary and Secondary Education in Maryland



*Chapters 324 and 325 of 2010 established the Public Schools Labor Relations Board to administer and enforce the labor relations laws for local boards of education and their employees. Previously, the State Board of Education served this function. Chapters 324 and 325 are scheduled to terminate on June 30, 2015, at which time the State Board of Education will resume responsibility for this task.

Source: Department of Legislative Services

- 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
- deciding controversies and disputes arising under State laws governing primary and secondary education.

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 five-year terms. Eighteen counties have elected school boards, the Governor appoints the members in four counties, and one county board has 6 members that are elected while 3 other members are appointed. 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 6.2 shows the selection methods, terms of office, and membership for the 24 local school boards.

Exhibit 6.2
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	9	5 years	A	3 from county at large 5 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[2]	5	5 years	A	All from county at large
Carroll	9	4 years	E	5 from county at large 3 commissioners *ex officio* (nonvoting) 1 student (nonvoting, one-year term)
Cecil	6	4 years	E	5 from commissioner districts 1 student (nonvoting, one-year term)

Exhibit 6.2 (Cont.)

School System	Number of Members	Term		Means of Selection[1]
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	2 from county at large 3 from commissioner districts 1 commissioner *ex officio* (nonvoting) 1 student (nonvoting, one-year term)
Harford	11	4 years	A/E	6 elected from council districts 3 appointed 1 superintendent *ex officio* (nonvoting) 1 student (nonvoting, one-year term)
Howard	8	4 years	E	7 from county at large 1 student (one-year term)
Kent	6	4 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)
Prince George's	10	4 years	E	9 from school board districts 1 student (one-year term)
Queen Anne's	7	4 years	E	1 from county at large 4 from commissioner districts 2 students (nonvoting, one-year term)
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 board 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. A/E = Combined appointed and elected board.
[2] As a result of 2009 legislation, voters in Caroline County will decide at the 2010 general election whether the board will remain an appointed board or change to a combination appointed and elected board. If voters opt for a combined board, it will consist of three elected members from school board districts, two appointed members from the county at large, and two student members. The term for both the appointed and elected members will be four years. The term for the student members will be one year, and they will be nonvoting members.

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

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.

Services

Early Childhood Development

With research repeatedly demonstrating the importance of positive early educational experiences, State policy has focused on early learning initiatives, such as aligning early childhood programs with K-12 education and enhancing school readiness in young children. The Maryland State Department of Education implements several programs related to child care and early childhood development, including support for a statewide network of child care providers and provision of subsidies to low-income families for the cost of child care.

Mandatory PreK for Disadvantaged Four-year-olds

State law requires local school systems to make publicly funded pre-kindergarten available to all 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. As of September 2009, 28,600 children were enrolled in public pre-kindergarten programs. Another 29,300 students attended private pre-kindergarten programs.

General K-12 Education Program

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 2009, approximately 820,000 kindergarten through grade 12 students were enrolled in public schools (including 160 students in the SEED School). Another 118,700 students attended private schools. Local enrollments of kindergarten through grade 12 students ranged from fewer than 2,100 in Kent County to 138,300 in Montgomery County.

As of September 2009, there were 1,450 public schools throughout the State: 792 elementary schools; 405 secondary/middle schools; 90 combined/special education schools; and 163 other nontraditional public schools, such as vocational technical schools, charter schools, 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 with 1,080 hours of instruction.

The 24 local school systems employed 117,221 full-time equivalent personnel as of June 2009. Of these, 68% were instructional positions, which include teachers, therapists, guidance counselors, and coaches, among others.

Education of Students with Disabilities

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. Approximately 102,600 students were enrolled in special education programs for the 2008-2009 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 funded by their local public school systems, approximately 4,000, or about 3.9%, attended nonpublic schools.

School for the Deaf

The Maryland School for the Deaf is a State agency governed by a Governor-appointed board of trustees that is responsible for the educational, personal, and vocational development of deaf school-age children residing in the State and in attendance at the school. With campuses in Frederick and Columbia, the school provides free comprehensive educational programs similar to public schools with enhanced communication skills training, vocational education, and rehabilitation programs. A total of 380 students were enrolled at the two campuses in fiscal 2009.

School for the Blind

The Maryland School for the Blind, a private, nonprofit organization that serves students who are blind or visually impaired, provides highly specialized services to students with complex disabilities. In fiscal 2009, the school served 188 students, over half of whom were profoundly disabled, many being deaf and blind. The Maryland School for the Blind also provides equipment, Braille textbooks, and tutoring services to visually impaired students attending local schools across the State.

Statewide Public Boarding School (The SEED School of Maryland)

Chapter 397 of 2006 established a public residential boarding school for at-risk youth that is operated under the supervision of the Maryland State Department of Education. The department contracted with a nonprofit organization (The SEED Foundation, which also operates a similar school in Washington, DC) to operate the school. The school must provide at-risk students with a remedial curriculum for middle school students and a college preparatory curriculum for high school students. Eligible students are selected first by a recommendation from the local superintendent and then by a lottery system.

Education Programs in Juvenile Facilities

The role of the Maryland State Department of Education in educating students in juvenile facilities is being expanded. Several legislative actions culminated with requiring the department to provide educational services in all residential facilities of the Department of Juvenile Services. By July 1, 2010, the Maryland State Department of Education had assumed control of the educational programs at 6 juvenile facilities. The department is to have assumed control of all 14 centers by July 1, 2013.

Workforce Development Services

The Maryland State Department of Education also provides services related to workforce development. This includes vocational rehabilitation and career and technology education. For vocational rehabilitation, the department provides policy direction, administrative support, eligibility determination for federal disability benefits, and rehabilitation services, such as occupational skills training and rehabilitation technology, at the Maryland Workforce and Technology Center and 24 offices statewide. For career and technology education, the department distributes funds for occupational education programs with specific training programs in secondary schools and community colleges, such as automotive technology and cosmetology. Further information on rehabilitation services and career and technology education can be found in Chapter 14 of this volume of the legislative handbook series.

Certification and Accreditation

The department oversees the certification of teachers, principals, and other school personnel, approves the educational program at nonpublic schools, and evaluates and approves higher education programs that educate and prepare teachers and other certified school personnel. The federal No Child Left Behind Act required that all teachers of core

academic subjects be highly qualified by the end of the 2005-2006 school year. Schools are required to annually report on the number of nonhighly qualified teachers to the federal government, which can sanction schools if annual goals are not met. The department also approves nonpublic schools and communicates programs and resources available to the schools through the department.

Educational Assessment and Accountability

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 measures the performance of students in grades 3 through 8 annually in reading and math and measures science performance for fifth and eighth graders. The High School Assessment measures academic performance in English, algebra/data analysis, science, and social studies. Beginning in 2009, students are required to pass each of the High School Assessments in order to graduate. Alternative assessments are provided for students with disabilities. Qualifying students may substitute completion of rigorously supervised alternate projects if they have been unable to pass the High School Assessments.

The federal No Child Left Behind Act also requires every state to measure adequate yearly progress. In order for a school to achieve adequate yearly progress, it must meet the State's annual measurable objectives in reading and mathematics for all students and for designated student subgroups. 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. A school in improvement that successfully makes adequate yearly progress for two consecutive years is removed from school improvement.

State law also requires each local school system to develop and annually update a comprehensive master plan to improve performance in every segment of the student population. Each plan includes goals aligned with State standards, implementation strategies, methods for measuring progress, and timelines 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 to the plan.

Funding

In fiscal 2009, local, State, and federal funding for public primary and secondary education totaled $13.3 billion. As shown in Exhibit 6.3, the majority of this funding, approximately $13.0 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 $6.3 billion, with the State providing $5.7 billion. The federal government and local board sources provided the remainder of local board of education funding at $695.0 million and $265.0 million, respectively.

In addition to funding for local boards of education, $255.2 million supported primary and secondary education services provided through the Maryland State Department of Education in fiscal 2009. Of this amount, $118.9 million provided for statewide education administration. (This does not include funds provided for adult education, adult correctional education, library services, and rehabilitation services, which are discussed in other chapters of this volume of the legislative handbook series.) Another $136.3 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 $255.2 million total, more than half, or $131.5 million, was supported with federal funds.

Through the Maryland State Department of Education, the State also funds some organizations and programs that are not State agencies, based upon their functions and contributions to education in the State. State appropriations for these organizations in fiscal 2009 totaled nearly $30.0 million. Most of this funding, $20.4 million, went to the Maryland School for the Blind, which also reported $5.6 million in local contributions and $1.0 million in federal funds. State funds also supported a variety of nonprofit organizations ($5.9 million) and the purchase of textbooks and technology for nonpublic schools ($3.6 million). In fiscal 2009, the Maryland School for the Deaf was appropriated a total of $28.6 million. Of this amount, $0.9 million was federal funds. Administrative expenses for the Interagency Committee for School Construction totaled $1.5 million.

As summarized in Exhibit 6.3, county governments provided 47.2% of the total funding for public education in fiscal 2009. State funding, including support for State agencies that provide educational services and State-aided educational institutions, accounted for another 44.5%. Revenues generated by the school systems and by the Maryland School for the Blind made up 2.0% of total funding for primary and secondary education services, and federal aid comprised 6.2% of funding.

Exhibit 6.3
Primary and Secondary Education Funding – Fiscal 2009
($ in Millions)

	County Revenues	Other Local Revenues[1]	State	Federal	Total
Local School Boards					
Operating Expenses[2]	$5,359.1	$106.7	$5,380.0	$541.4	$11,387.2
Other[3]	925.2	158.3	358.0	153.6	1,595.1
State Department of Education[4]					
Career Technology			1.3	2.1	3.4
Accountability and Assessment			43.0	8.1	51.1
Early Childhood Development[5]			48.5	87.8	136.3
Juvenile Services Education			7.2	0.2	7.4
Admin. and Other Programs			23.7	33.3	57.0
Educational Organizations					
School for the Blind		5.6	20.4	1.0	27.0
Other Organizations			9.5		9.5
School for the Deaf			27.6	0.9	28.6
IAC Administration			1.5		1.5
Total	**$6,284.3**	**$270.6**	**$5,920.7**	**$828.6**	**$13,304.1**
Percent of Total	47.2%	2.0%	44.5%	6.2%	100.0%

IAC: Interagency Committee for School Construction

[1] Other local revenues are generated by the local school systems from tuition, transportation fees, investments, rentals, gifts, charges, and other sources. The Maryland School for the Blind revenues include private gifts, investment income, and tuition.
[2] Operating revenues support costs for instruction, administration, transportation, student services, health services, and community services.
[3] Other school board revenues support food service, school construction, and debt service costs.
[4] The Maryland State Department of Education funding includes expenditures for headquarters operations and programs, excluding rehabilitation services, library services, adult learning, and adult correctional education. In fiscal 2010, adult and correctional education was transferred to the Department of Labor, Licensing, and Regulation.
[5] Early Childhood Development combines fiscal 2009 funding for the Early Childhood Development and the Child Care Subsidy Program.

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

Sources: *Selected Financial Data 2008-2009, Part I – Revenue, Wealth, and Effort*, Maryland State Department of Education; *Fiscal 2011 State Budget Books;* Maryland School for the Blind; Department of Legislative Services

Funding for Local School System Operating Expenses

Funding local school systems is primarily a State and county responsibility. Under the maintenance of effort provision of State law, each local government must appropriate at least as much funding per pupil to the local board of education as it appropriated in the previous fiscal year in order to receive an increase in certain State formula aid. The State board has the authority to grant a waiver of the maintenance of effort requirement if a county government is experiencing fiscal problems.

The Bridge to Excellence in Public Schools Act of 2002 established a new State funding framework based mostly on recommendations made by the Commission on Education Finance, Equity, and Excellence (also known as the Thornton Commission). The commission specified that one of the roles of the State is to implement a school financing structure that enables schools and school systems to acquire the resources necessary to reasonably expect that students can achieve State academic performance standards. The Bridge to Excellence Act established a school funding scheme designed to provide equitable and adequate funding for public school systems and phased the new structure in between fiscal 2003 and 2008. Additionally, local school systems were given broad flexibility to decide how to best utilize resources to meet the needs of their students.

Exhibit 6.4 shows total funding for each school system and the share provided by local, State, and federal sources. The exhibit shows a wide range of funding patterns, with schools in Montgomery and Worcester counties getting more than 70% of their funding from local sources and schools in Baltimore City and Allegany, Caroline, and Somerset counties getting more than 75% of their funding from intergovernmental sources. The different patterns are driven by the factors that affect the three main funding sources. The majority of federal funding is provided according to the needs of each local school system, as measured by disadvantaged and disabled student counts. Most State funding is provided inverse to local wealth, and school systems with greater needs and higher costs also get additional State aid. Local funding is a function of local wealth and local effort. Further detail of the State's school finance structure is provided in *Volume IX – Education* of this legislative handbook series.

Exhibit 6.4
Operating Revenues for Local School Systems[1]
Fiscal 2009
($ in Thousands)

County	Local Approp.[2]	% Local	Other Local[3]	% Other Local	State	% State	Federal	% Federal	Total
Allegany	$28,452	21.5%	$741	0.6%	$93,701	70.9%	$9,346	7.1%	$132,241
Anne Arundel	551,341	59.7%	3,722	0.4%	330,466	35.8%	37,945	4.1%	923,474
Baltimore City	200,770	16.0%	25,192	2.0%	904,282	72.0%	126,140	10.0%	1,256,383
Baltimore	646,293	49.7%	4,255	0.3%	591,948	45.5%	57,075	4.4%	1,299,570
Calvert	100,659	48.0%	3,173	1.5%	99,104	47.3%	6,720	3.2%	209,655
Caroline	12,368	19.4%	767	1.2%	46,725	73.1%	4,045	6.3%	63,904
Carroll	164,165	48.1%	2,335	0.7%	163,457	47.9%	10,993	3.2%	340,951
Cecil	69,915	36.8%	2,131	1.1%	109,721	57.7%	8,422	4.4%	190,189
Charles	138,466	42.5%	5,581	1.7%	169,261	51.9%	12,763	3.9%	326,070
Dorchester	17,473	30.8%	862	1.5%	33,904	59.7%	4,579	8.1%	56,818
Frederick	238,251	48.7%	3,753	0.8%	232,582	47.5%	14,938	3.1%	489,523
Garrett	22,774	40.8%	287	0.5%	28,732	51.5%	4,037	7.2%	55,829
Harford	206,979	44.7%	3,175	0.7%	237,320	51.2%	16,071	3.5%	463,544
Howard	454,795	63.0%	11,463	1.6%	238,863	33.1%	17,105	2.4%	722,225
Kent	17,217	52.9%	338	1.0%	12,373	38.1%	2,590	8.0%	32,518
Montgomery	1,513,764	70.3%	13,217	0.6%	556,267	25.8%	71,121	3.3%	2,154,369
Prince George's	594,493	34.9%	17,950	1.1%	1,008,422	59.1%	84,205	4.9%	1,705,070
Queen Anne's	47,176	53.6%	692	0.8%	35,496	40.3%	4,729	5.4%	88,092
St. Mary's	80,138	40.4%	1,206	0.6%	105,887	53.4%	11,110	5.6%	198,342
Somerset	8,994	22.3%	358	0.9%	25,823	64.0%	5,201	12.9%	40,377
Talbot	34,054	67.8%	445	0.9%	13,391	26.7%	2,350	4.7%	50,241
Washington	87,741	34.3%	1,407	0.6%	154,001	60.3%	12,331	4.8%	255,480
Wicomico	50,205	27.2%	2,820	1.5%	120,580	65.2%	11,238	6.1%	184,843
Worcester	72,615	70.7%	828	0.8%	22,902	22.3%	6,381	6.2%	102,725
Unallocated					44,800	100.0%			44,800
Total	**$5,359,097**	**47.1%**	**$106,697**	**0.9%**	**$5,380,006**	**47.2%**	**$541,433**	**4.8%**	**$11,387,233**

[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 2008-2009, Part I – Revenue, Wealth, and Effort,* Maryland State Department of Education

Exhibit 6.5 shows that per pupil spending statewide rose from $9,703 in fiscal 2005 to $13,331 in fiscal 2009. This represents average annual growth of 8.3% statewide, although the average annual rate of growth varied from a low of 5.9% in Talbot County to a high of 10.8% in Baltimore City. 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 1.38 to 1 in fiscal 2009. In other words, per pupil spending in Montgomery County was 38.0% higher than it was in Queen Anne's County. Five factors account for most of the spending disparities that continue to exist in per pupil expenditures among counties.

- ***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

The Interagency Committee for School Construction is composed of the State Superintendent of Schools, the Secretary of Planning, the 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 Maryland 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.

Exhibit 6.5
Per Pupil Operating Expenditures*
Selected Fiscal Years

County	FY 2005	FY 2009	Avg. Annual Growth 2005-2009
Allegany	$9,339	$13,571	9.8%
Anne Arundel	9,245	12,438	7.7%
Baltimore City	9,931	14,969	10.8%
Baltimore	9,620	12,591	7.0%
Calvert	8,946	12,133	7.9%
Caroline	8,590	11,230	6.9%
Carroll	8,757	12,077	8.4%
Cecil	8,557	11,548	7.8%
Charles	8,473	11,852	8.8%
Dorchester	9,153	12,302	7.7%
Frederick	8,595	12,028	8.8%
Garrett	9,325	12,326	7.2%
Harford	8,225	11,891	9.7%
Howard	10,416	14,274	8.2%
Kent	10,273	14,164	8.4%
Montgomery	11,801	15,287	6.7%
Prince George's	9,407	13,628	9.7%
Queen Anne's	8,508	11,117	6.9%
St. Mary's	8,398	11,544	8.3%
Somerset	10,104	14,061	8.6%
Talbot	8,952	11,269	5.9%
Washington	8,644	11,635	7.7%
Wicomico	8,838	11,830	7.6%
Worcester	11,351	15,164	7.5%
Total	**$9,703**	**$13,331**	**8.3%**

* 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 2004-2005* and *2008-2009, Part 2 – Expenditures*, Maryland State Department of Education

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. The State share of a school system's eligible construction costs relates to the wealth of the county and several other factors relating to local needs but is not less than 50%. Less-wealthy jurisdictions, as measured by net taxable income and assessable property base, generally receive a greater share of construction costs than wealthier subdivisions. In fiscal 2011, the highest State share was 94%.

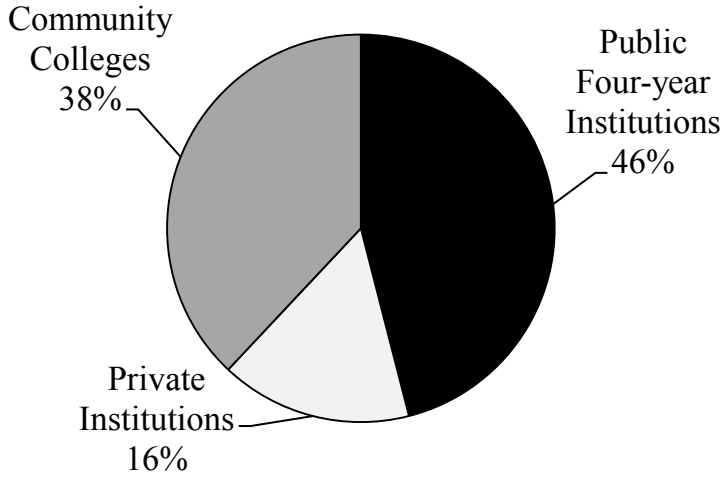
The Public School Facilities Act also contained a statement of intent to fund $3.85 billion in school construction from fiscal 2006 through 2013, necessitating annual State funding of $250 million, with the remainder of the costs to be paid by local governments. In fiscal 2006 through 2011 the State funding for public school construction met or exceeded this funding target.

Chapter 7. Higher Education

Maryland's higher education system consists of the Maryland Higher Education Commission, which is the State's postsecondary coordinating body, the University System of Maryland, 2 public four-year institutions independent of the University System of Maryland (Morgan State University and St. Mary's College of Maryland), 8 regional higher education centers, 16 community colleges, and a multitude of private colleges and universities. In fiscal 2009, 253,378 full-time equivalent students enrolled in a college or university in Maryland. As shown in Exhibit 7.1, the largest portion of the students (46%) attended public four-year institutions while 38% enrolled at community colleges and 16% enrolled at private nonprofit 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. In fiscal 2009, State dollars provided 26% of the revenues at the public four-year institutions and 23% of the revenues at the community colleges, while local governments were responsible for 25% of community college revenues. Maryland's eligible private nonprofit colleges and universities also receive direct financial assistance from the State.

Exhibit 7.1
Full-time Equivalent Student Enrollment by Segment
Fiscal 2009



Source: Governor's Budget Book, Fiscal 2011; Department of Legislative Services

This chapter provides a brief overview of the structure, services, and funding of higher education in Maryland. For a more detailed discussion, please refer to *Volume IX – Education* of this legislative handbook series.

Structure

Responsibility for the delivery of public higher education services lies primarily with the State, as shown in Exhibit 7.2. However, the organizational structure varies somewhat depending on whether the institution is part of the University System of Maryland, a four-year institution separate from the university system, a regional higher education center, or a community college.

Maryland Higher Education Commission

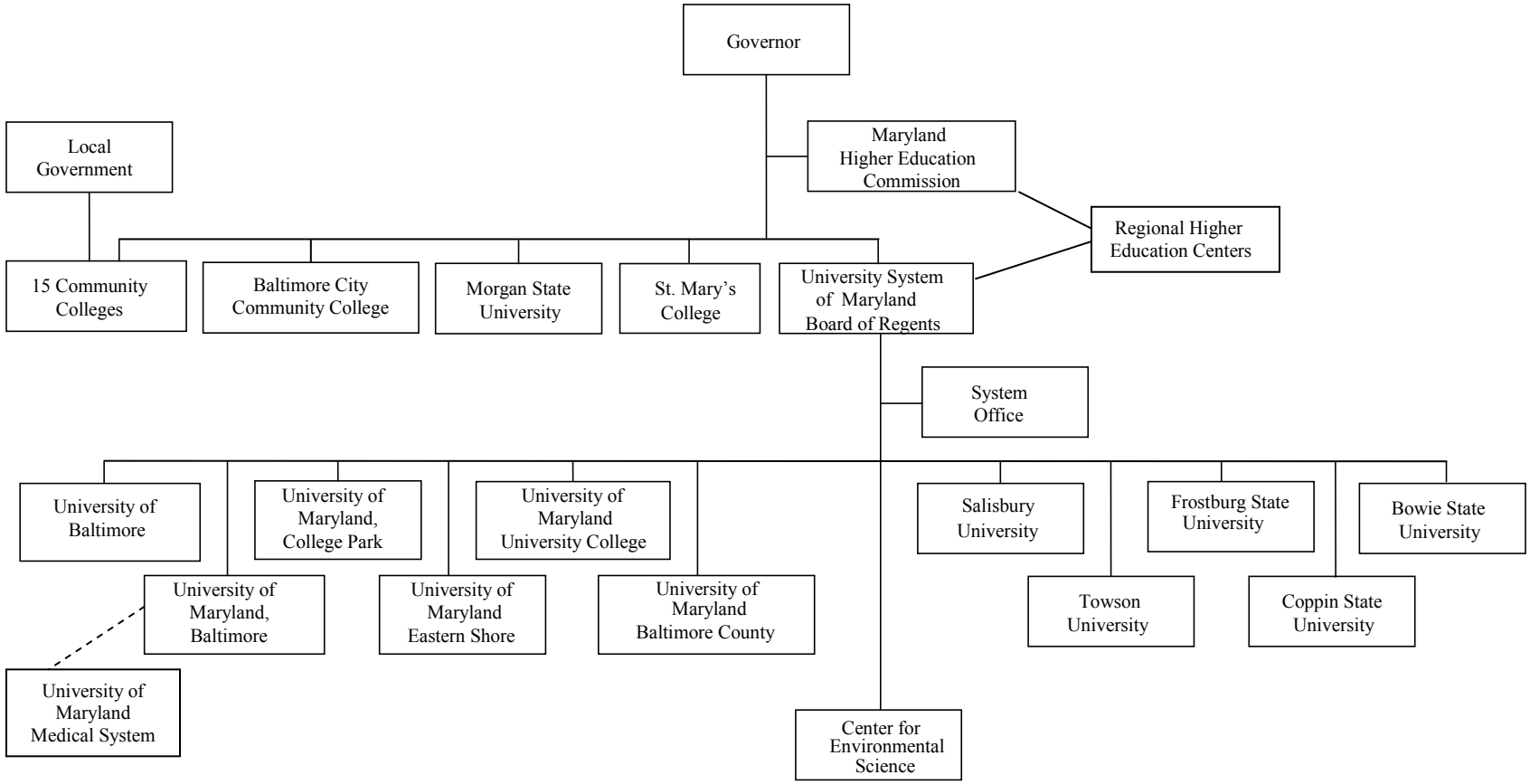
As the State's higher education planning and coordinating body, the Maryland Higher Education Commission oversees various aspects of the public higher education system. The commission is governed by 12 members and the Secretary of Higher Education, who are appointed by the Governor with the advice and consent of the Senate.

University System of Maryland

The University System of Maryland encompasses 11 degree-granting institutions and 1 research institute, the Center for Environmental Science. The system is governed by a 17-member Board of Regents, appointed by the Governor with the advice and consent of the Senate, which 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.

The title of the University of Maryland Medical System leads many people to believe that the medical system is part of the University System of Maryland; however, the medical system is not a part of the university system and, instead, is a private, nonprofit corporation created 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; however, and many of the doctors and other medical professionals are also on the faculty of the University of Maryland, Baltimore.

Exhibit 7.2
Maryland Public Higher Education System



Source: Department of Legislative Services

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

Morgan State University and St. Mary's College of Maryland are public four-year institutions that do not fall under the auspices of the university system. Each institution has its own governing board appointed by the Governor with the advice and consent of the Senate: a 15-member Board of Regents at Morgan State; and a 26-member Board of Trustees at St. Mary's College. At both institutions, the boards have responsibility for selecting the president, setting tuition and fees, and providing general operational oversight.

Regional Higher Education Centers

The Maryland Higher Education Commission is responsible for the coordination of the eight regional higher education centers located throughout Maryland. The University System of Maryland operates two of the centers and the other six are independent centers that exist in areas not served by comprehensive four-year institutions. 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. A regional higher education center includes participation by two or more public and/or private institutions of higher education, consists of a variety of program offerings, and offers multiple degree levels.

Community Colleges

Maryland has a locally controlled community college system consisting of 16 community colleges that are governed by 16 boards of trustees. There are 12 county boards of community colleges, 3 regional boards, and a board for the Baltimore City Community College, which has been operated as a State agency since fiscal 1991. State law generally provides that the community college boards have seven members serving staggered six-year terms.

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.

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 Maryland Higher Education Commission. The county governing body reviews and approves or reduces the budget.

Services

Maryland's public postsecondary education programs can be grouped into four basic categories: (1) the Maryland Higher Education Commission, which provides systemwide oversight and focuses on statewide initiatives; (2) public four-year institutions; (3) regional higher education centers; and (4) community colleges.

Maryland Higher Education Commission

The Maryland Higher Education Commission provides systemwide oversight by establishing and updating the State Plan for Postsecondary Education every four years and approving 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. The commission also oversees academic matters, administers the program of State support for the community colleges and private institutions, and administers State student financial aid programs.

Public Four-year Institutions

Maryland's public four-year higher education institutions enrolled 117,606 full-time equivalent students in fiscal 2009, of which approximately 82% were in-state students. The average cost of tuition and fees for the 2009-2010 academic year for a full-time undergraduate student was $7,343 for an in-state student and $17,592 for an out-of-state student.

Maryland has three major public research institutions: Morgan State University; the University of Maryland Baltimore County; the University of Maryland, College Park; and one public academic health center, University of Maryland, Baltimore. The State has four public historically black institutions: Bowie State University; Coppin State University; the University of Maryland Eastern Shore; and Morgan State University, which falls under the category of both a research institution and a historically black institution. Maryland also has six other public four-year institutions with varying missions: Frostburg State University; Salisbury University; Towson University; University of Baltimore; University of Maryland University College; and St. Mary's College of Maryland.

Additionally, the University System of Maryland administers a nondegree-granting program through the University of Maryland Center for Environmental Science. The center is a research institution for environmental studies, and it focuses its research on the watersheds, estuaries, and coastal areas of Maryland and the Chesapeake Bay region. 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. The center also offers education programs about the natural sciences to teachers and students from K-12 schools and to other interested groups.

Regional Higher Education Centers

The State's 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. For example, the largest regional higher education center, the Universities at Shady Grove, offers over 60 degree programs ranging from a bachelor's degree in respiratory therapy to a master's degree in social work to a doctoral degree program in pharmacy. On the other hand, one of the smallest regional higher education centers, the Eastern Shore Higher Education Center, offers eight degree programs, four of which are bachelor's degree programs and four are master's degree programs.

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. The average cost of tuition and fees for the 2009-2010 academic year was $3,286 for a full-time undergraduate student residing in the service area.

Funding

The operations of the Maryland Higher Education Commission and most of the State scholarship programs are financed almost entirely with State general funds. The operations of Maryland's public four-year institutions are financed largely by tuition, student fees, and the State. Since Baltimore City Community College is operated as a State agency, it 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, nonprofit 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. Dormitory and other auxiliary fees, endowment earnings, private gifts and contracts, and a variety of miscellaneous sources are also revenue producers for Maryland's higher education institutions. Exhibit 7.3 provides a summary of funding 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

The Office of Student Financial Assistance is the office within the Maryland Higher Education Commission responsible for the administration of approximately 12 different State financial assistance programs that distributed $108.5 million during fiscal 2009 to 60,300 students. Financial assistance programs include the following categories: need-based aid, merit-based aid, legislative, career/occupational, and unique populations. 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 the State's public four-year campuses and community colleges; private colleges and universities; and private career schools in the State.

Other Initiatives

Aid to Independent Colleges and Universities: Recognizing their importance as an educational resource, the State provides eligible private, nonprofit colleges and universities with financial assistance. The grants are funded through the Joseph A. Sellinger Program and are calculated using a statutory formula that multiplies the number of full-time equivalent students by a specified percentage of the State general funds per full-time equivalent student at selected public four-year institutions. The percentage has generally ranged from approximately 9 to 16%.

Exhibit 7.3
Higher Education Funding – Fiscal 2009
($ in Millions)

	County	State	Federal[1]	Tuition and Fees	Grants and Contracts[2]	Other[3]	Total
Public Four-year Institutions		$1,149.4[4]	$743.2	$1,229.6	$381.8	$940.5	$4,444.5
Community Colleges	$328.7	254.7[5]	109.3	335.3	6.5	111.6	1,146.1
Baltimore City Community College	1.1	40.4	17.3	17.3	0.0	8.2	84.3
Maryland Higher Education Commission		22.8[6]	3.7			0.1	26.7
Scholarships		107.0[7]	1.5				108.5
Nonpublic Institutions		50.4					50.4
Total	**$329.8**	**$1,624.7**	**$875.0**	**$1,582.3**	**$388.3**	**$1,060.4**	**$5,860.5**

[1]Federal funds include current unrestricted and current restricted funds for: grants and contracts, including student Pell Grants; federal funds reimbursed through other State agencies; and federal funding of agency programs.
[2]Grants and contracts include State, local, and private grants/contracts for services (unrestricted and restricted).
[3]Other includes the following unrestricted and restricted revenues: sales and services of educational activities and auxiliary enterprises, endowment, investment income, income from day care, rental income (community colleges); and special funds from the Guaranteed Student Tuition Fund (Maryland Higher Education Commission).
[4]State funding includes $17.7 million for the University of Maryland Center for Environmental Science and $39.4 million for the University System of Maryland Office, which includes funds for the University of Maryland Biotechnology Institute that was merged into other system institutions after fiscal 2009.
[5]State funding includes formula aid, State-paid retirement costs, Aid to Small Community Colleges, Statewide and Regional programs, Garrett County and West Virginia reciprocity, English for Speakers of Other Languages grants, Somerset Reciprocity Grant, and Innovative Partnerships for Technology program.
[6]State revenue includes funds for the Private Donation Incentive Program, educational grants, College Prep/ Intervention program, Physician Assistant-Nurse Practitioner Training Program, Nurse Support Program II, Heath Personnel Shortage Incentive Grant Program, and general administration; State revenue excludes $1.1 million in funds reimbursed by other State agencies for services provided.
[7]State funding includes general and special funds.

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

Source: *2008 Data Book*, Maryland Higher Education Commission; *2009 Data Book*, Maryland Association of Community Colleges; *Fiscal 2011 State Budget Books*; Department of Legislative Services

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 the 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.

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 funding for the Master Plan Development at Bowie State University. In total, the State has provided more than $112.0 million in enhancement funds to the historically black institutions from fiscal 2002 to 2011. The State has also agreed to enhance its capital investment in historically black institutions, especially at Coppin State University. Since fiscal 2002, the State has provided $713.0 million in capital funds to the historically black institutions, including $292.6 million to Coppin State University.

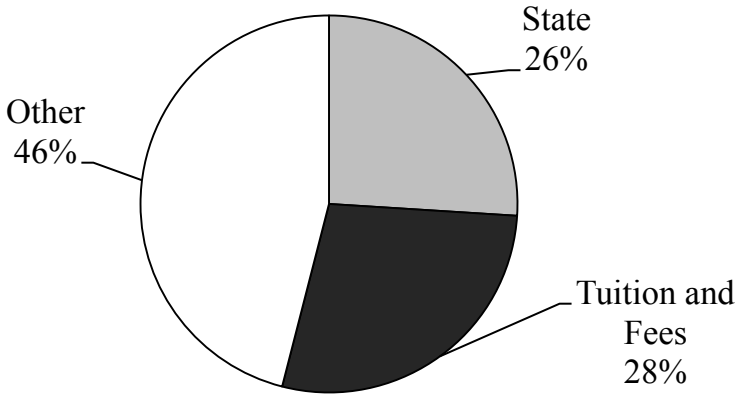
Private Donation Incentive Program: In addition, the State agreed to increase its support to the historically black institutions under the Private Donation Incentive Program, which was created by the legislature in 1990 and re-established in 1999 in order to increase the level of gifts and donations to higher education institution endowments. Under the Private Donation Incentive Program, there is a State matching ratio for the four historically black institutions and a separate lower matching ratio for the other higher education institutions. The deadline for historically black institutions to raise matching funds was January 2010 while the deadline for other higher education institutions was July 2004.

Maryland higher education institutions will have claimed $19.5 million in eligible State matching funds between fiscal 2000 and 2011. As a subcategory of all higher education institutions, Maryland's historically black institutions will have received $5.5 million in State matching funds through fiscal 2011.

Public Four-year Institutions

In fiscal 2009, State support for the operations of public four-year institutions accounted for 26% of revenues for the institutions. Tuition and student fees accounted for another 28% with government grants/contracts/scholarships, sales by auxiliary enterprises (dormitory fees, laboratory fees, etc.), and other sources accounting for the remainder of the revenues (46%). These percentages are shown in Exhibit 7.4.

Exhibit 7.4
Public Four-year Institutions – Revenue Sources for Fiscal 2009



Source: Governor's Budget Book, Fiscal 2011; Department of Legislative Services

In order 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 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% of its identified peer institutions. Overall, Maryland institutions attained 82% of their funding guideline in the fiscal 2009 budget.

In response to rising tuition rates in fiscal 2002 through 2005, tuition was frozen at the fall 2005 rates for in-state undergraduates at University System of Maryland institutions and Morgan State University for fiscal 2007 through 2010. In fiscal 2011, the tuition freeze was lifted, and institutions were allowed to increase tuition rates by 3% for the 2010-2011 academic year. At the start of the tuition freeze, based on the average tuition and fees at public four-year institutions, Maryland was ranked as the seventh most expensive among the 50 states, according to the College Board. Maryland's ranking steadily improved to seventeenth by the 2009-2010 academic year.

Regional Higher Education Centers

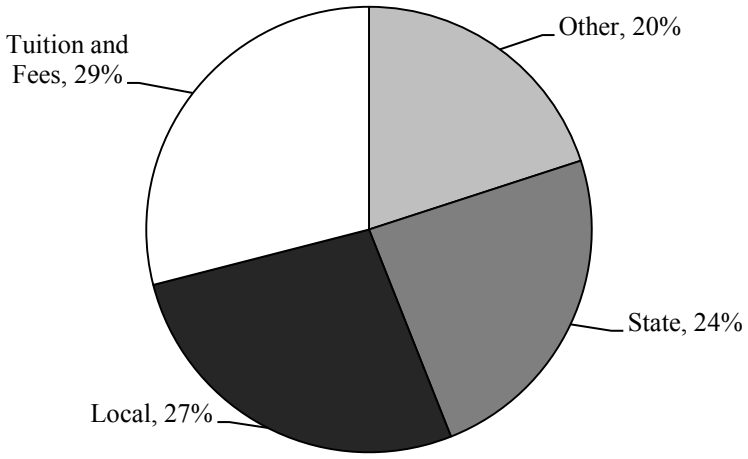
The two University System of Maryland centers, Shady Grove and Hagerstown, are funded as line items in the University System of Maryland Office operating budget, while the other six centers are funded by grants through the Maryland Higher Education

Commission operating budget. In 2005, the General Assembly charged the Maryland Higher Education Commission with developing an equitable, consistent, and ongoing funding strategy for the six centers under the commission. The funding strategy that was developed is based on certain components including base funding, per student funding, leasing costs, and incentive funding. The funding strategy was implemented beginning with fiscal 2008 budget requests but has not been fully funded to date.

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. As shown in Exhibit 7.5, in fiscal 2009, student tuition and fees accounted for 29% of community college revenues, the State and local shares of support were 24 and 27%, respectively, and other sources accounted for 20% of community college revenues.

Exhibit 7.5
Community Colleges – Revenue Sources for Fiscal 2009



Source: Maryland Association of Community Colleges; Maryland Higher Education Commission; Department of Legislative Services

Community College Aid Formulas

The funding formula for the 15 local community colleges is known as the Senator John A. Cade Funding Formula. The formula ties the mandatory State contribution to funding for selected public four-year institutions of higher education. The distribution formula allocates the State aid using three components: prior-year costs; enrollment; and size.

When the formula began, community colleges (other than Baltimore City Community College) were scheduled to receive 25% of the State general funds per full-time equivalent student at selected public four-year institutions. Legislation was passed in the 2006 legislative session that planned to phase in higher funding levels for all of Maryland's community colleges, including Baltimore City Community College, from fiscal 2008 to 2013. However, between fiscal 2007 and 2011, these formulas were altered several times to mitigate cost increases to the State. Under the Budget Reconciliation and Financing Act of 2010, each segment is to reach the full enhancement level in fiscal 2021 instead of 2013 as originally planned in the 2006 legislation.

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 local library board. In Montgomery County, the public library system is a county agency. The State establishes general guidelines, facilitates the sharing of library resources, supports a network of library resource centers, and provides funding assistance to local libraries.

Structure

State law assigns the 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.

Although not required to do so by State law, each county, including Baltimore City, has established a public library system. State law requires 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 Maryland 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. In 2010, 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 five-year terms; however, there are several exceptions. The Baltimore City and Washington County boards 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. Accordingly, 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.

Services

As required by State law, a county library provides free library services to residents of the county. 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 online database searches. Exhibit 8.1 summarizes information relating to Maryland's local public libraries.

Exhibit 8.1
Selected Public Library Data – Fiscal 2009

County	Branches	Bookmobiles	Total Holdings[1]	Registered Borrowers	% of Population Registered	Professional Librarians[2]
Allegany	6	1	237,166	47,782	65.6	2
Anne Arundel	15	0	1,120,527	329,963	64.8	59
Baltimore City	21	1	2,587,976	118,022	18.7	121
Baltimore	15	4	1,583,323	476,548	60.5	78
Calvert	4	0	240,531	57,549	64.8	10
Caroline	3	1	110,432	24,511	75.1	5
Carroll	5	1	553,787	95,000	55.8	22
Cecil	7	1	316,531	54,117	54.4	11
Charles	3	0	246,314	73,586	52.4	3
Dorchester	2	1	75,351	25,983	82.1	4
Frederick	8	2	579,239	137,377	61.6	27
Garrett	5	1	94,956	15,225	51.0	3
Harford	11	2	1,002,730	201,032	83.3	45
Howard	6	0	1,073,953	247,931	91.0	38
Kent	3	0	58,346	11,774	58.9	4
Montgomery	22	1	2,984,172	722,026	77.5	138
Prince George's	19	0	1,697,541	367,111	43.6	82
Queen Anne's	2	0	137,070	32,561	70.4	9
St. Mary's	3	0	241,202	69,400	70.2	4
Somerset	3	0	70,530	12,351	47.9	3
Talbot	2	0	153,475	27,689	76.8	6
Washington	7	1	327,080	62,029	43.2	11
Wicomico	2	1	175,645	53,976	58.7	5
Worcester	5	0	233,486	37,308	74.8	2
Total	**179**	**18**	**15,901,363**	**3,300,851**	**58.9**	**691**
Regional Libraries						
Eastern Shore			59,241			4
Southern Maryland			11,365			4
Western Maryland			80,874			6

[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 the Enoch Pratt Free Library.

Source: *Maryland Public Library Statistics,* Fiscal 2009; *Maryland Public Library Directory on Sailor*, www.sailor.lib.md.us

The State plays an important role in the coordination of statewide and regional library resources. The State Library Resource Center, located at the Central Library of the Enoch Pratt Free Library System in Baltimore City, was created in 1971 to expand access statewide to specialized library services and materials. 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 online electronic information network. Overseen by the Division of Library Development and Services in conjunction with the center, Sailor connects Marylanders to information resources within the State and worldwide. It also provides access to Internet resources. Sailor allows users to identify and locate books; articles in magazines, newspapers, and journals; answers to specific questions; 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. Exhibit 8.2 summarizes electronic access available at Maryland's public libraries.

Exhibit 8.2
Electronic Access at Public Libraries – Fiscal 2009

County	Total Computers	Internet Terminals Available to Public	Internet Users Per Year
Allegany	105	77	77,792
Anne Arundel	718	322	1,933,730
Baltimore City	1,135	415	315,187
Baltimore	840	451	971,918
Calvert	155	72	127,319
Caroline	98	47	65,937
Carroll	357	126	268,807
Cecil	198	106	175,522
Charles	112	60	104,716
Dorchester	57	29	46,375
Frederick	390	162	320,561
Garrett	85	45	43,431
Harford	738	346	455,815
Howard	755	333	693309
Kent	61	38	43,713
Montgomery	929	472	1,075,166
Prince George's	755	455	1,309,101
Queen Anne's	34	8	23,061
St. Mary's	169	100	172,000
Somerset	33	24	27,284
Talbot	90	33	49,675
Washington	168	64	35,007
Wicomico	131	83	135,894
Worcester	189	114	100,191
Total	**8,302**	**3,982**	**8,571,511**

Source: *Maryland Public Library Statistics*, Fiscal 2009

Instructional Materials Access Guidelines Committee

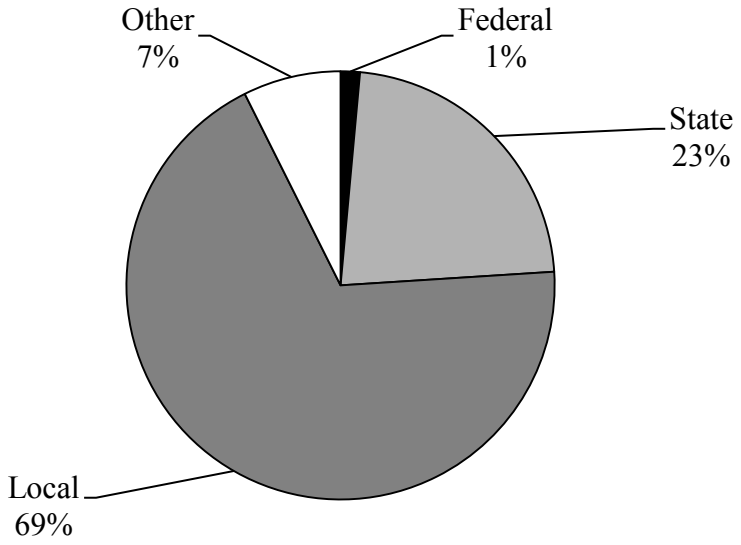
To address the barriers faced by blind, visually impaired, and print-disabled postsecondary students, Chapters 317 and 318 of 2007 established an Instructional Materials Access Guidelines Committee to assist the Maryland Library for the Blind and Physically Handicapped in developing guidelines to facilitate the distribution of instructional materials to blind and print disabled students. The Maryland Library for the

Blind and Physically Handicapped must request that a publisher that sells electronic or print instructional materials used by postsecondary education students in Maryland provide the instructional materials to the Maryland Library for the Blind and Physically Handicapped in an electronic format. Beginning in fiscal 2009, Chapters 317 and 318 required the Governor to include $200,000 for the Maryland Library for the Blind and Physically Handicapped in the annual State budget to implement the bill's requirements.

Funding

Public libraries in Maryland receive funding from several sources. As summarized in Exhibit 8.3, county appropriations accounted for 69% of public library funding in fiscal 2009, while the State contributed 23% of the total funding. Library generated gifts, grants, and fees (7%), as well as federal funds (1%), constituted smaller revenue sources. Exhibit 8.4 shows a county-by-county breakdown of the $266.9 million in fiscal 2009 revenues available to local library systems. In addition, the fiscal 2009 State budget included $2.2 million for the Division of Library Development and Services within the Maryland State Department of Education, and State and regional resource centers received a total of $16.6 million, almost entirely from State funds.

Exhibit 8.3
Sources of Funding for Public Libraries – Fiscal 2009



Source: *Maryland Public Library Statistics*, Fiscal 2009; Department of Legislative Services

Exhibit 8.4
Public Library Funding by County
Fiscal 2009
($ in Thousands)

County	Local	Percent Local	Other	Percent Other	State	Percent State	Federal	Percent Federal	Total
Allegany	$905	43%	$294	14%	$868	41%	$34	2%	$2,101
Anne Arundel	14,081	78%	968	5%	3,049	17%	58	0%	18,155
Baltimore City	16,438	53%	5,925	19%	8,018	26%	345	1%	30,726
Baltimore	32,465	74%	4,117	9%	6,893	16%	486	1%	43,961
Calvert	2,956	76%	260	7%	677	17%	9	0%	3,903
Caroline	1,450	72%	139	7%	387	19%	28	1%	2,004
Carroll	8,170	74%	907	8%	1,523	14%	420	4%	11,020
Cecil	4,426	69%	931	15%	954	15%	105	2%	6,415
Charles	2,356	64%	238	6%	1,085	29%	11	0%	3,691
Dorchester	570	56%	113	11%	296	29%	41	4%	1,021
Frederick	9,079	77%	935	8%	1,646	14%	73	1%	11,733
Garrett	983	69%	193	14%	236	17%	6	0%	1,417
Harford	16,136	82%	1,000	5%	2,478	13%	50	0%	19,664
Howard	15,553	85%	693	4%	1,720	9%	359	2%	18,325
Kent	574	68%	111	13%	149	18%	9	1%	842
Montgomery	38,756	85%	1,635	4%	4,969	11%	110	0%	45,470
Prince George's	18,408	66%	1,261	5%	8,016	29%	45	0%	27,730
Queen Anne's	1,356	77%	179	10%	212	12%	6	0%	1,754
St. Mary's	2,225	65%	278	8%	861	25%	65	2%	3,430
Somerset	520	41%	230	18%	307	24%	205	16%	1,261

Exhibit 8.4 (continued)
Public Library Funding by County
Fiscal 2009
($ in Thousands)

County	Local	Percent Local	Other	Percent Other	State	Percent State	Federal	Percent Federal	Total
Talbot	977	71%	200	15%	165	12%	26	2%	1,368
Washington	2,531	61%	192	5%	1,397	34%	28	1%	4,148
Wicomico	1,648	58%	23	1%	937	33%	252	9%	2,861
Worcester	3,468	89%	121	3%	268	7%	36	1%	3,893
Subtotal	**$196,033**	**73%**	**$20,944**	**8%**	**$47,111**	**18%**	**$2,806**	**1%**	**$266,894**
Regional Libraries	49	1%	147	2%	5,900	96%	74	1%	6,170
SLRC	0	0%	0	0	10,389	100%	0	0	10,389
MSDE-DLDS	0	0%	0	0%	974	43%	1,275	57%	2,249
Total	**$196,082**	**69%**	**$21,090**	**7%**	**$64,374**	**23%**	**$4,156**	**1%**	**$285,702**

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

Note: Numbers may not sum to the total due to rounding. State funding includes local employee retirement payments.

Source: *Maryland Public Library Statistics*, Fiscal 2009; Department of Legislative Services

Library Aid Formula

The State and local governments share in the cost of funding local public library systems, with the library aid formula calculating minimum State and local contributions. The formula 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% of the total formula cost on a wealth-equalized basis, with the local jurisdictions providing the remaining 60%.

Chapter 481 of 2005 scheduled a phase-in of enhancements for the formula over a four-year period, increasing the per-resident formula amount from $12 in fiscal 2006 to $16 in fiscal 2010. However, budget reconciliation bills enacted between 2007 and 2010 have slowed the enhancements down and have reduced the target per-resident amount to $15 instead of $16. The per-resident amount used in the formula was $14 in fiscal 2011, and a $1 increase is scheduled for fiscal 2012.

Library Network

The State provides additional funds to libraries that have been designated as resource centers and that support 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. State funding for the State Library Resource Center had been steady at $1.85 per Maryland resident, but the Budget Reconciliation and Financing Act of 2009 (Chapter 487) reduced this amount to $1.67 per resident in fiscal 2010 and 2011 only.

In 1998, Chapter 738 established a mandatory funding formula for the three regional resource centers based on a specified amount for each resident in the areas served by the resource centers. As with the library aid formula, Chapter 481 of 2005 scheduled annual increases in the per-resident State aid amount for regional resource centers from fiscal 2007 to 2010, but subsequent budget reconciliation legislation slowed the phase-in and decreased the target amount for the formula from $8.50 per resident to $7.50 per resident.

Retirement Costs

The State pays 100% 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.

Library Capital Project Grants

Before fiscal 2008, the State Library Resource Center had 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; an additional $1.5 million was provided in fiscal 2010 to design a renovation. The Western Maryland Regional Library has received $7.5 million for renovations and an addition over fiscal 2010 and 2011. 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% 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.

For further information on Public Libraries, see *Volume VI – Maryland Local Government* of this Legislative Handbook Series.

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, 2 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: to prepare programs for the general public; and, 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. In addition, Chapter 367 of 2010 encourages the Maryland Public Broadcasting Commission to help promote public recognition of and appreciation for the role of the Natural Resources Police Force in enforcing the conservation laws of the State. Maryland Public Television delivers over 8,000 hours of educational, informational, and cultural transmission to the citizens of Maryland each year.

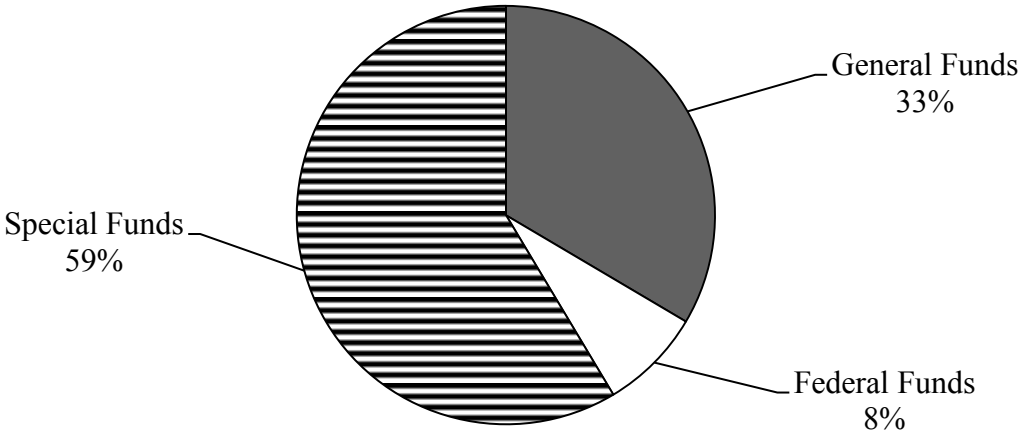
Funding

The Maryland Public Broadcasting Commission is supported with a combination of general, special, and federal funds. 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 the conversion from analog to digital broadcasting have also been shared with the federal government.

As shown in Exhibit 8.5, general funds represented 33% of fiscal 2009 Maryland Public Broadcasting Commission spending; special funds 59%; and federal funds 8%. 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 2009 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 2009



Source: *Fiscal 2011 State Budget Books*

Exhibit 8.6
Maryland Public Television and Public Library Operating Funding
Fiscal 2009
($ in Millions)

	Local	Gifts, Grants, and Fees	State	Federal	Total
Maryland Public Television	$0.0	$16.5	$9.4	$2.2	$28.1
Local Library Systems	196.0	20.9	47.1	2.8	266.9
Regional Libraries	0.0	0.1	5.9	0.1	6.2
State Library Resource Center	0.0	0.0	10.4	0.0	10.4
Library Development and Services	0.0	0.0	1.0	1.3	2.2
Total	**$196.1**	**$37.6**	**$73.8**	**$6.4**	**$313.8**
Percent of Total	**62.5%**	**12.0%**	**23.5%**	**2.0%**	

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

Source: *Maryland Public Library Statistics*, Fiscal 2009; *Fiscal 2011 State Budget Books*; Department of Legislative Services

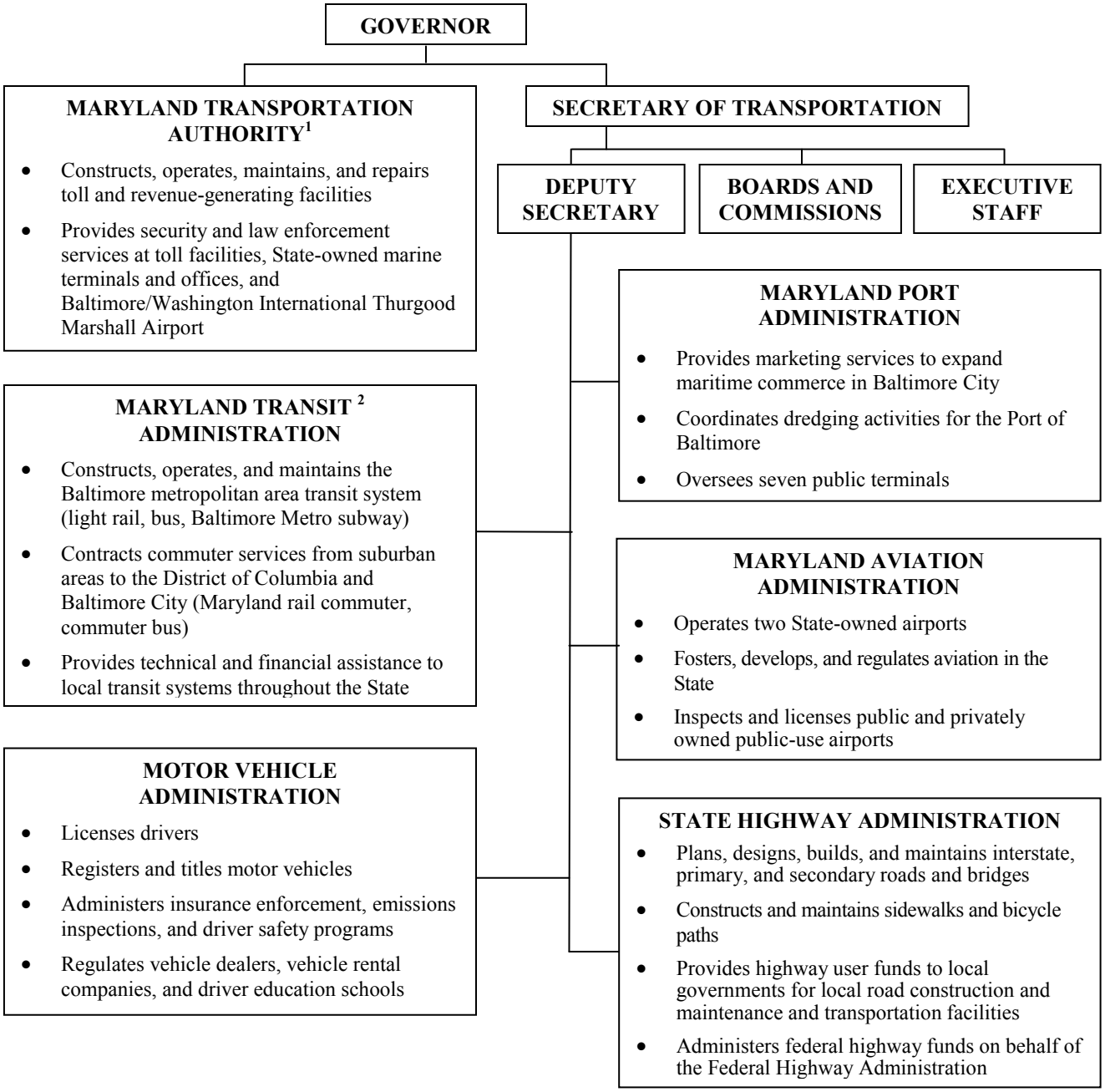
Chapter 9. Transportation

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, owns and operates toll facilities, 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 roads adjacent to and including toll facilities, within the city.

Structure and Services

The Maryland Department of Transportation is charged with managing the State's transportation systems. The department is organized into the State Highway Administration, the Motor Vehicle Administration, the Maryland Aviation Administration, the Maryland Port Administration, and the Maryland Transit Administration. Other departmental components include the Office of the Secretary and certain advisory and zoning boards. The department is also responsible for making payments to the Washington Metropolitan Area Transit Authority apportioned to the State by formula or through agreements. 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 2007 through 2011. Over that period, as the result of a significant national recession, the department's budget has declined from $3.5 billion to $3.3 billion due to declining revenue, and the department's outstanding debt has increased from $1.1 billion to almost $1.8 billion.

Exhibit 9.1
State Transportation Agencies



[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 2007-2011

	2007	2008	2009	2010 [1]	2011 [1]
Highway Lane-miles Maintained	16,787	16,857	16,896	16,913	16,923
Port Tonnage – Public Terminals	8,600,000	9,100,000	7,800,000	7,500,000	7,500,000
BWI Airport Passengers [2]	21,044,384	20,488,881	20,953,615	21,499,783	21,966,428
Annual Transit Passenger Trips (in Thousands) [3]					
Core Bus	64,272	66,684	69,846	71,941	74,099
Commuter Bus	3,366	3,716	3,974	4,172	4,381
Mobility Paratransit	874	980	1,094	1,160	1,230
Baltimore Metro Subway	13,226	13,955	13,567	13,974	14,253
Light Rail	7,122	7,963	8,712	9,148	9,605
Commuter Rail	7,505	7,898	8,081	8,243	8,408
MVA Customer Wait Time [4]	44	42	40	39	39
VEIP Vehicles Tested	1,513,431	1,639,349	1,606,708	1,650,629	1,682,997

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

[1] Fiscal 2010 and 2011 data are estimates.
[2] Calendar year.
[3] Does not include Washington Metropolitan Area Transit Authority.
[4] Average wait time given in minutes.

Source: *Fiscal 2010 State Budget Books; Fiscal 2011 State Budget Books*

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 5,100 miles, or almost 17,000 lane-miles of road, 2,500 bridges, 3,500 small stream crossing structures, and 100 miles of sound barrier. It also has responsibility for planning, designing, constructing, and maintaining these roads and bridges to meet safety and performance standards while considering sociological, ecological, and economic concerns.

Although the administration is responsible for maintaining just 17% of Maryland's highway miles, this mileage accounts for 65% of the total vehicle miles of travel in Maryland. The State is not responsible for construction or maintenance of the

21,159 miles of county roads or the 4,666 miles of municipal roads or any road system within Baltimore City – with the exception of roads adjacent to and including toll facilities. 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. 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's vehicle fleet is maintained, and the Statewide Operations Center. The center is a 24-hour seven-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 year-round. 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 different transportation situation. Except for a few miles of interstate highway *(i.e.,* Interstate 95) adjacent to and including the toll facilities 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 Maryland Transportation Authority 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. 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 [2,3]
Westminster [1]	White Oak[2,3]		

Express Office Locations

Baltimore County – Loch Raven/Parkville[2]	Montgomery County – Walnut Hill
Columbia [2]	Glenmont

Limited-service Office Locations

Oakland	Prince Frederick

Vehicle Emissions Inspection Program Station Locations

Annapolis	Baltimore City (2)	Clinton	Columbia
Derwood	Elkton	Frederick	Glen Burnie
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 nine 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 website, including registration renewal and the ability to request driver's records and replacement titles (www.marylandmva.com). The Motor Vehicle Administration also oversees 18 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 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 beginning on May 11, 2011. The federal standards relate to physical card or license security and fraud prevention, issuance, immigration status, and identity and document verification.

To meet the standards in the REAL ID Act, Chapter 390 of 2009 defined "lawful status" as it relates to the Motor Vehicle Administration issuing identification cards and driver's licenses. The legislation also established a two-tiered system with the documents issued under one of these tiers considered invalid for certain official federal purposes. Individuals who hold a document as of April 18, 2009, regardless of lawful status or the absence of a valid Social Security number, may obtain a renewal document that is not valid under REAL ID. However, such documents must expire by July 1, 2015, and the Motor Vehicle Administration may no longer undertake this two-tier issuance after July 1, 2015.

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.

Exhibit 9.5
Major Local Transit Systems
Fiscal 2010

System	Local Agency	Service			
		DF	DR	FR	Taxi
County Systems					
Allegany	Allegany County Transit		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	Carroll Area Transit System	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		
Harford	Department of Community Services	x	x	x	
Howard	Howard Transit		x	x	
Kent, Caroline, Talbot	Delmarva Community Transit	x	x	x	
Montgomery	Ride-on			x	
Prince George's	The Bus		x	x	
Queen Anne's	Department of Aging – County Ride	x	x	x	
St. Mary's	St. Mary's Transportation Services	x	x	x	
Washington	Washington County Commuter		x	x	
Lower Shore TCC	Shore Transit	x	x	x	
Municipal Systems					
Annapolis	Annapolis Transit	x		x	
Ocean City	Ocean City Transit		x	x	
Laurel	Central Maryland Regional Transit			x	

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

TCC: Tri-County Council for Lower Eastern Shore

Source: Maryland Transit Administration

There are four categories of local transportation systems:

- ***fixed-route***, in which the transit system vehicles run on regular, predesignated, prescheduled 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 prescheduled 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.

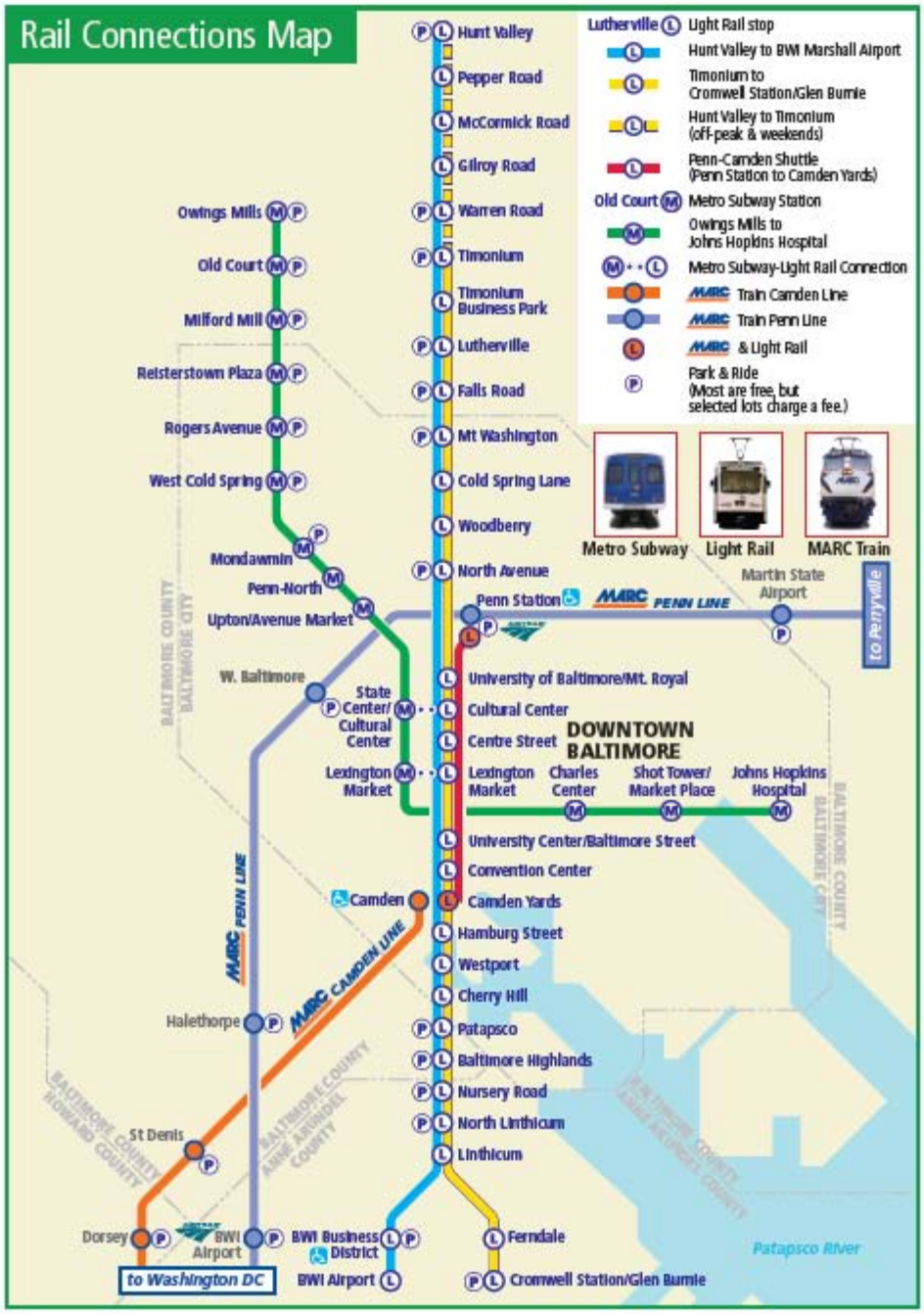
The State is also engaged in significant projects to promote transit-oriented development that encourages Maryland residents to live and work near public transit.

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.

Exhibit 9.6 shows rail connections for the Baltimore area system.

Exhibit 9.6
Rail Connections for the Baltimore Area System



Source: Maryland Department of Transportation

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 2011 is expected to be approximately 14.3 million.

Bus Service: The Maryland Transit Administration operates 53 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 Cecil, Harford, Howard, and Prince George's counties. There will be an estimated 74 million passenger trips on the State's bus system and 4.4 million commuter bus passengers statewide in fiscal 2011.

Mobility/Paratransit Service: The Maryland Transit Administration's mobility/paratransit service provides a specialized door-to-door 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 2011, the administration estimates that 1.2 million passenger trips will be provided.

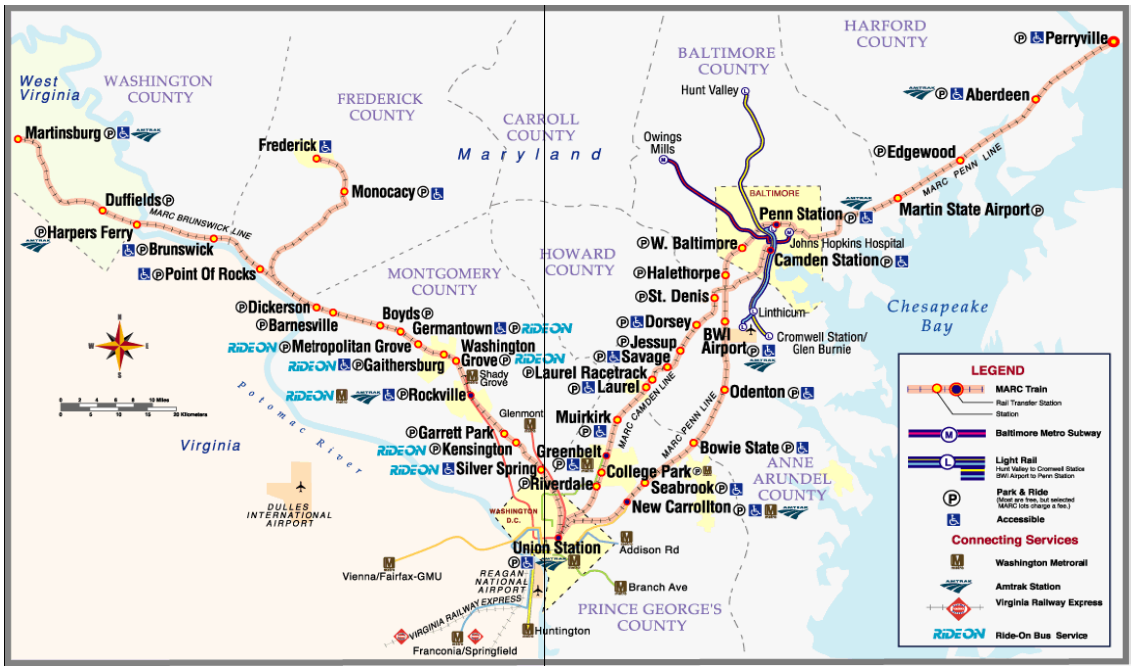
In July 2004, the administration implemented a premium taxi access service as a separate program from its federally mandated mobility/paratransit service for individuals who are certified to use mobility/paratransit but can board, ride, and exit vehicles without the assistance of the driver. This program provides on-demand transportation service within the Maryland Transit Administration's fixed-route service area. The administration estimates that 355,000 passenger trips will be provided by taxi access in fiscal 2011.

Central Corridor Light Rail Line: The system began limited operation in May 1992. The current configuration of the 30-station, 30-mile system from Hunt Valley (Baltimore County) to Cromwell Station/Dorsey Road (Anne Arundel County) was completed in 1998. An additional line, running from Penn Station to Baltimore/Washington International Thurgood Marshall Airport, opened in 1997.

The administration expects 9.6 million passengers to ride the light rail in fiscal 2011.

Rail Service: State-funded Maryland Area Regional Commuter service consists of three lines covering 202 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 (Frederick County) and Rockville (Montgomery County) into Union Station. A 13.5-mile spur to the Brunswick line has stops in Frederick and Monocacy. Commuter rail service is provided along rail lines owned by Amtrak and CSX with the service provided by Amtrak and CSX; the CSX service will be replaced by a third-party contractor in fiscal 2011. In fiscal 2011, ridership is expected to be approximately 8.4 million. A map of the Maryland Area Regional Commuter system is presented in Exhibit 9.7.

Exhibit 9.7
Maryland Area Regional Commuter Service



Source: Maryland Department of Transportation

Planned Transit Lines: Currently, the State has three major transit lines that are in the planning process:

- **Baltimore Red Line –** An east-west light rail transit system from the Social Security Administration (Baltimore County) to the Fells Point/Patterson Park area in Baltimore.

- **I-270 Corridor Cities Transitway –** Either a bus rapid transit system or light rail system to help relieve congestion from Shady Grove (Montgomery County) to I-70. Highway improvements to I-270 are also being considered.

- **Purple Line –** A light rail transitway between New Carrollton (Prince George's County) and Bethesda (Montgomery County) Metrorail stations.

As part of the federal planning process, locally preferred alignments for the Red and Purple Lines have been selected, and it is anticipated that an application for federal approval to enter into preliminary engineering will be submitted in 2010. The Corridor Cities Transitway is expected to have a locally preferred alternative selected in 2010.

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. As shown in Exhibit 9.8, the Metrorail system includes 106 miles of track in Maryland, Virginia, and the District of Columbia. In 1973, the Washington Metropolitan Area Transit Authority purchased the assets of four major private bus companies operating in the area.

Exhibit 9.8
Washington Metropolitan Area Transit Authority
Metrorail Transit System

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

Maryland's overall participation in the Washington metropolitan transit system consists of the provision of an annual grant to the Washington Metropolitan Area Transit Authority for the capital and operating costs of Metrorail, Metrobus, and Metroaccess 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 2011, Maryland's share of Washington Metropolitan Area Transit Authority operating costs is estimated at $224 million, and capital expenditures are estimated at $102 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% of the capital equipment costs and 100% 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 2011, the State expects to provide Prince George's and Montgomery counties with $29.5 million to subsidize local bus service.

Port

The Helen Delich Bentley Port of Baltimore is a vast industrial complex that encompasses 45 miles of shoreline and over 3,000 waterfront acres. It includes 7 public terminals owned by the State, as well as 23 private terminals. In 2006, at a celebration of the port's three hundredth anniversary, the port was renamed in honor of Helen D. Bentley in recognition of the former congresswoman's lifelong dedication to maritime issues.

In 2009, the Port of Baltimore handled 22.4 million tons of foreign cargo, ranking it fifteenth among all United States port districts. The value of that cargo was $30.2 billion, ranking the Port of Baltimore twelfth among all United States port districts. Approximately two-thirds of all foreign cargo moving through the Port of Baltimore consist of bulk cargo such as coal, ores, and petroleum. These types of bulk cargo are handled almost exclusively at the private terminals. The public terminals owned by the Maryland Port Administration handle the majority of general cargo, such as containers, automobiles, roll on/roll off, and forest products. Roll on/roll off includes cargo that must be driven on or off a ship, such as construction and farm equipment but excluding automobiles.

The Maryland Port Administration functions under Title 6 of the Transportation Article of the Annotated Code of Maryland. Through its efforts to increase waterborne commerce, it promotes the economic well-being of the State of Maryland and manages the State-owned facilities at the Helen Delich Bentley Port of Baltimore. Activities include the developing, marketing, maintaining, and stewardship of the State's port facilities; improving access channels and dredging berths; developing and promoting international and domestic waterborne trade by promoting cargoes and economic expansion in the State; and providing services to the maritime community, such as developing dredged material placement sites.

The Maryland Port Administration owns seven cargo terminals. In addition, the Maryland Transportation Authority owns the Intermodal Container Transfer Facility, an on-dock railyard leased to CSX Intermodal where cargoes may be transferred from rail to ship and back again. Cargo terminals owned by the Maryland Port Administration include:

- Dundalk Marine Terminal, which is often considered the workhorse of the public terminals. It is the largest and most versatile general cargo facility at the port. Just under 40% of the cargo handled at the public terminals goes through Dundalk Marine Terminal. This 570-acre terminal handles autos, break bulk, roll on/roll off, and forest products;

- Seagirt Marine Terminal, which is leased to Ports America Chesapeake as part of a public-private partnership executed in January 2010. In return for constructing and financing a 50-foot deep berth and providing annual payments to the Maryland Port Administration, Ports America Chesapeake is granted the right to operate, maintain, and retain revenues at Seagirt over the next 50 years;

- Fairfield Terminal, a 104-acre auto terminal leased by Daimler (formerly Daimler-Chrysler);

- Masonville Terminal, a 61-acre automobile terminal leased to ATC Logistics;

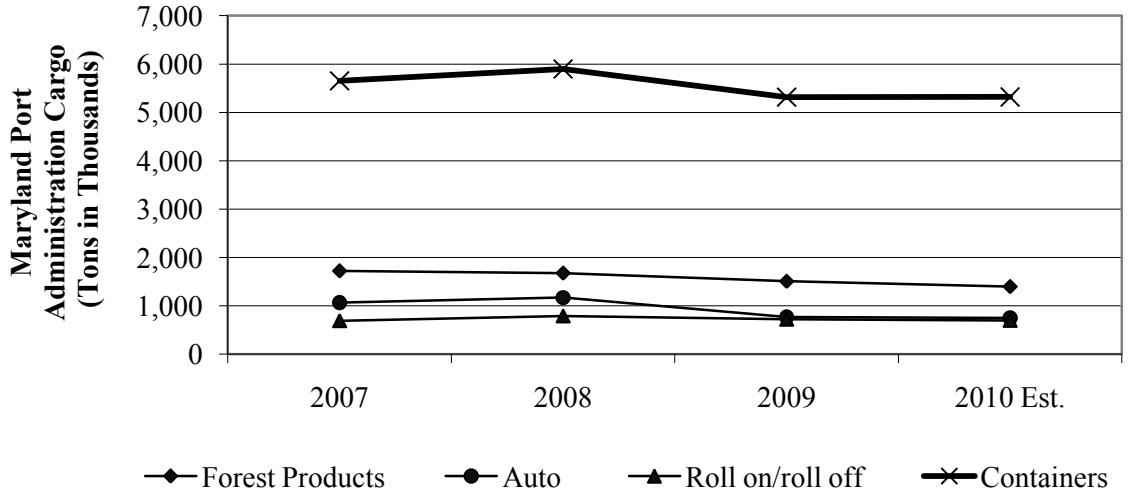
- South Locust Point Marine Terminal, a 79-acre terminal, which primarily handles forest products and is home to the port's cruise terminal;

- North Locust Point, a 90-acre terminal handling primarily forest products and breakbulk; and

- Hawkins Point Marine Terminal, a 19-acre bulk terminal leased to Alcoa Eastalco Works that handles aluminum ore, cement, and liquid fertilizer.

The amount of general cargo tonnage at the Maryland Port Administration's terminals peaked in fiscal 2008 at 9.1 million tons and then dropped to 7.8 million tons in fiscal 2009 as a result of the nationwide recession and accompanying decrease in consumer demand. Exhibit 9.9 provides data on general cargo handled at State-owned terminals at the port. The Port of Baltimore consistently ranks among the top three ports in the nation in terms of the amount of roll on/roll off, imported forest products, automobiles, sugar, iron ore, and gypsum handled.

Exhibit 9.9
General Cargo Tonnage at Public Terminals
Fiscal 2007-2010



Source: Maryland Port Administration

The administration has also been successful in increasing the cruise ship business. Following the opening of a new cruise terminal in 2006, the number of cruises and number of passengers utilizing the new terminal nearly tripled from calendar 2008 to 2009. In calendar 2009, approximately 167,000 passengers embarked on 81 cruises. The Port of Baltimore offers year-round cruises on Carnival Cruise Lines, Royal Caribbean International, and Celebrity Cruises.

Dredging

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.

Chapter 627 of 2001 required an end to open water placement of dredged material in 2010 and emphasized beneficial use and innovative reuse as the preferred dredged material management options. Beneficial use means putting dredged material to work for environmental benefits, such as creating wildlife habits and restoring eroded islands. Innovative reuse refers to using dredged material in place of other raw materials, or in combination with them, for construction, manufacturing, and reclamation projects. The administration continues to explore cost-effective options for innovative reuse, but the amounts of dredged material handled this way are minimal. The options for placement of dredged material have reached a critical shortage, and plans to identify and develop new sites are still underway. Cost remains a critical factor, as about two-thirds of the administration's six-year capital budget is typically spent on dredging and the identification, construction, and maintenance of placement sites. In fiscal 2010, the administration was responsible for constructing and operating the following dredged material placement sites:

- Hart Miller Island Containment Facility (statutorily closed in 2009);
- Poplar Island Environmental Restoration Project;
- Pooles Island Open Water Placement Site (statutorily closed in 2010);
- Cox Creek Dredged Material Containment Facility; and
- Masonville 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 soundproofing programs; inspects and licenses public and privately owned public use airports; and registers private use airports. In total, there are 137 airports in Maryland, including 36 public use and 101 private use airports.

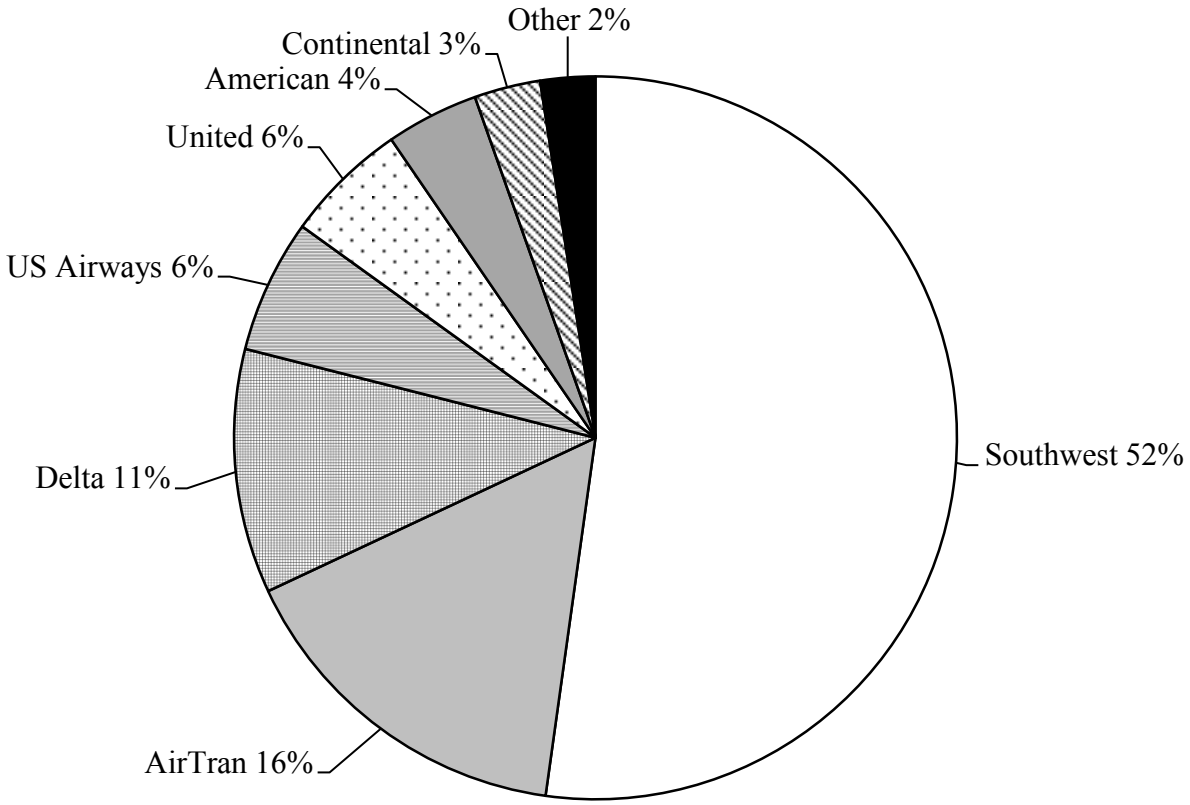
Baltimore/Washington International Thurgood Marshall Airport

Friendship International Airport was purchased by the State from Baltimore City in 1972 for $36 million. Upon acquisition, the State renamed the facility Baltimore/Washington International Airport and began a program to modernize and expand 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. During the 1990s, the airport was further improved to include a new international pier, an expanded Pier C, a new parking garage, and the extension of one of the runways. In 2001, the Maryland Aviation Administration embarked on a five-year, $1.4 billion expansion program, which included construction of a new passenger terminal, a consolidated rental car facility, skywalks connecting the terminal to parking garages, and additional parking; utility upgrades; acquisition of a fleet of shuttle buses and improvements to the roadways surrounding the airport. In 2005, the airport was renamed to recognize the achievements and legacy of Supreme Court Justice Thurgood Marshall.

Since calendar 2000, passenger volumes at Baltimore/Washington International Thurgood Marshall Airport have hovered around 20 million passengers. In calendar 2009, the airport served 21 million passengers. As Exhibit 9.10 shows, Southwest Airlines alone carries over one-half of all passengers, and 16% flew on AirTran Airways.

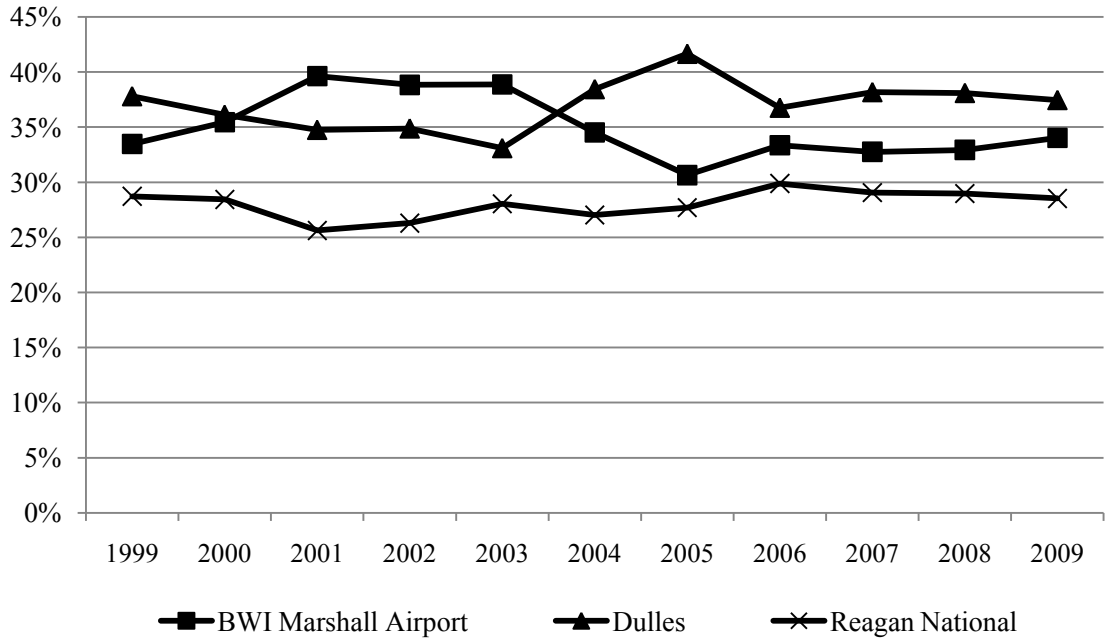
The proximity of Dulles Airport and Ronald Reagan Washington National Airport forces Baltimore/Washington International Thurgood Marshall Airport to compete for passengers in the Washington, DC metro area. Exhibit 9.11 shows the percentage of regional market share that each of these airports captures. Dulles continues to lead market share with 37.5% of the regional market in calendar 2009. The continued strength of Dulles in attracting regional travelers is due in part to the multitude of both domestic and international destinations and flights that Dulles offers. For comparison purposes, in calendar 2009, 26.6% of Dulles' passengers flew on international flights, compared to only 1.4% of Baltimore/Washington International Thurgood Marshall Airport's passengers. Currently, the only international nonstop scheduled destinations available at Baltimore/Washington International Thurgood Marshall Airport are Mexico, Canada, Jamaica, Bahamas, and the United Kingdom.

Exhibit 9.10
Market Share by Carrier
Baltimore/Washington International Thurgood Marshall Airport
Calendar 2009



Source: Maryland Aviation Administration

Exhibit 9.11
Market Share – BWI Marshall, Dulles, and Reagan National Airports
Calendar 1999-2009



BWI Marshall: Baltimore/Washington International Thurgood Marshall Airport

Source: Maryland Aviation Administration

Martin State Airport

Martin State Airport was acquired by the State in 1975 at a cost of $5.8 million. It 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 Maryland Air National Guard, the Aviation Division of the Maryland State Police, the Baltimore City Police Helicopter Unit, the Baltimore County Police Aviation Unit, and many of Maryland's leading corporations' aircraft. Flight activity for fiscal 2009 at Martin State Airport resulted in 72,000 aircraft operations and the sale of 1.3 million gallons of Jet A and 100-LL aviation fuel.

Local Airports

Aside from the two airports owned by the State of Maryland, local governments own and operate 16 airports that are open to the public. Anne Arundel, Baltimore, Carroll, Dorchester, Garrett, Queen Anne's, St. Mary's, Talbot, Washington, and Wicomico counties all own and operate airports. The municipal corporations of Frederick and Ocean City also own and operate airports, and the City of Crisfield and Somerset County cooperate in the ownership and operation of an airport.

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 137 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, Hagerstown Regional, and Salisbury Regional). Hagerstown Regional operates five daily round trip flights to Baltimore/Washington International Thurgood Marshall Airport under the U.S. Department of Transportation's Essential Air Service subsidy program. Salisbury Regional operates various round trip flights to Philadelphia, Pennsylvania and Charlotte, North Carolina.

Maryland Transportation Authority

The Maryland Transportation Authority operates and maintains Maryland's toll facilities: four toll bridges (the Chesapeake Bay Bridge, Thomas J. Hatem Memorial Bridge, Harry W. Nice Memorial Bridge, and Francis Scott Key Bridge), two tunnels (the Harbor Tunnel and Fort McHenry Tunnel), and the John F. Kennedy Memorial Highway

(Interstate 95 from the northern Baltimore line to the Delaware State line). In addition, the authority owns the Chesapeake House and Maryland House, two travel plazas along Interstate 95. Additionally, the authority will begin operation of an eighth toll facility, the InterCounty Connector, in 2010. The authority may 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.

The authority consists of eight members appointed by the Governor with the advice and consent of the Senate. Section 4-202 of the Transportation Article requires that of the members of the authority, one shall have expertise in structural engineering, one in transportation planning, one in land use planning, and one in finance. The Secretary of the Department of Transportation 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 $3 billion on the aggregate outstanding and unpaid principal balance of revenue bonds and loans or draws on a line of credit issued under the federal Transportation Infrastructure Finance and Innovation Act as of June 30 of any year;

- requiring semi-annual submissions of a six-year financial forecast providing estimates of operating and capital expenses, revenues, debt service, bond issuances, and debt coverage ratios over a six-year planning period;

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

- requiring annual reports from the authority for (1) any existing public-private partnerships; (2) public-private partnerships under consideration; and (3) any conduit debt issued for a public-private partnership. In addition, the authority must submit (1) a report 45 days prior to issuing a public notice of solicitation for a public-private partnership; and (2) an analysis of the potential impact of the project on debt capacity.

Maryland Transportation Authority Police

The Maryland Transportation Authority Police 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, facilities owned by the Maryland Port Administration at the Port of Baltimore, and the Motor Vehicle Administration headquarters in Glen Burnie.

Funding

Transportation Trust Fund

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 Port Administration, Maryland Aviation Administration, Maryland Transit Administration, and Motor Vehicle Administration generate revenues that are deposited into the Transportation Trust Fund and help to offset the operating expenses of those administrations. Both the Maryland Transit Administration and the Motor Vehicle Administration have statutory cost recovery requirements.

Maryland Transit Administration: Statute requires that 35% of operating expenses of bus, light rail, and subway, otherwise known as Baltimore area services, be raised from fares, with the remainder drawn from State and federal sources. In fiscal 2011, it is estimated that the revenues from fares will total approximately $87 million, representing 30% of operating expenses. Commuter rail must also recover 35% of its operating expenses from fares. In fiscal 2011, it is estimated that commuter rail revenues will total approximately $38 million, representing 43% of operating expenses. Statute also requires that performance goals be established each fiscal year for each type of transit provided and a report be submitted on the goals and the department's efforts to meet the goals.

Motor Vehicle Administration: Statute requires the Motor Vehicle Administration to recover 95 to 100% 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% of the costs, the administration must lower the fees.

Debt Authority

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 to $2.6 billion during the 2007 special session in recognition of additional revenues.

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, the Maryland Transportation Authority or any third party on behalf of the department. Certificates of participation are purchase agreements that are backed by a dedicated revenue source. Once the certificates of participation are repaid, the Maryland Department of Transportation will own the facility being built; until that time, however, other parties have a financial hold on the facility. Outstanding debt for nontraditional debt may not exceed $628.3 million as of June 30, 2011.

The department has used nontraditional debt to finance improvements at the Baltimore/Washington International Thurgood Marshall Airport and Port of Baltimore and construction of a new headquarters facility.

Highway User Revenues

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 (66.0%), short-term vehicle rental taxes (80.0%), and corporate income taxes (20.4% after other specified distributions have been made). The account is then split between the department, the general fund, Baltimore City, the counties, and municipalities.

Prior to fiscal 2010, Baltimore City, the counties, and municipalities received 30.0% of the distribution with Baltimore City entitled to the greater of $157.5 million or 11.5% of total highway user revenues plus 11.5% of any increase in the counties' share of highway user revenues over fiscal 1998 base levels. The remainder was apportioned to the

23 counties and then shared with municipal corporations within each county. Distributions to the local jurisdictions were based on their proportions of motor vehicle registrations and county road miles.

Due to ongoing fund difficulties, the formula was altered by Chapter 484 of 2010 to allow for a permanent general fund transfer of 19.3% beginning in fiscal 2013, with additional general fund transfers from fiscal 2010 to 2013. Baltimore City's share of revenues is 7.5% of revenues beginning in fiscal 2013. Distributions to the counties and municipalities are based upon each county's or municipality's share of road miles and registrations as a percent of the statewide total for counties and municipalities. Further information on the distribution of revenues to local jurisdictions is provided in *Volume VI – Maryland Local Government* of this legislative handbook series. Exhibit 9.12 details the fiscal 2009 highway user distribution. Beginning in fiscal 2010, as a result of budget reconciliation legislation, the local share of highway user revenues has been reduced and revenue was transferred to the general fund in order to help offset the budget deficit. In fiscal 2011, it is estimated that the local share of highway user revenues will total $134.3 million compared to $466.8 million in fiscal 2009. Thus, local governments will need to play a greater role in funding transportation projects in the future if the overall amount of funding is to be maintained.

Transportation Authority Fund

The Transportation Authority Fund is a nonlapsing fund into which all Maryland Transportation Authority revenues are deposited and from which all expenses are paid. Authority revenues include revenues from toll facilities, concessions revenues from the travel plazas it owns along Interstate 95, and payments from the Maryland Department of Transportation. Payments are received from the department for law enforcement services at Baltimore/Washington International Thurgood Marshall Airport, the Port of Baltimore, and the Motor Vehicle Administration's headquarters and for lease payments for port facilities constructed by the authority. 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.

As of October 2010, the Maryland Transportation Authority is in the process of selecting a private-sector partner to finance and construct a complete redevelopment of the two travel plazas along Interstate 95. In return for the private capital investment and a revenue sharing agreement with the State, the private sector partner will receive the right to maintain, operate, and retain revenues from the travel plazas for the next 35 years.

Exhibit 9.12
State Highway Administration
Distribution of Highway User Revenues
Fiscal 2009

County	County Portion	Municipality Portion	Total
Allegany	$4,059,894	$2,174,341	$6,234,235
Anne Arundel	25,564,786	1,650,663	27,215,449
Baltimore	36,609,446	-	36,609,446
Calvert	5,531,361	518,093	6,049,454
Caroline	3,493,675	836,293	4,329,967
Carroll	9,940,246	2,285,032	12,225,277
Cecil	5,657,110	1,117,787	6,774,897
Charles	8,145,735	628,423	8,774,158
Dorchester	3,625,747	1,161,739	4,787,487
Frederick	11,733,652	4,392,652	16,126,303
Garrett	4,594,778	826,195	5,420,973
Harford	12,469,719	1,727,943	14,197,661
Howard	13,479,372	-	13,479,372
Kent	1,915,465	517,728	2,433,193
Montgomery	32,215,654	6,021,965	38,237,619
Prince George's	25,305,604	8,006,650	33,312,253
Queen Anne's	4,695,636	314,806	5,010,442
St. Mary's	6,620,114	115,171	6,735,285
Somerset	2,500,840	391,530	2,892,370
Talbot	2,777,053	1,210,511	3,987,564
Washington	7,706,680	2,666,055	10,372,735
Wicomico	6,310,392	1,774,551	8,084,943
Worcester	4,458,847	1,482,074	5,940,921
Baltimore City	187,590,216	-	187,590,216
Total	$427,002,019	$39,820,200	$466,822,219

Note: There are no municipal corporations in Baltimore City and Baltimore and Howard counties.

Source: Maryland Department of Transportation, Office of Finance

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 is provided to the General Assembly as informational only and may not be altered by the Governor or by the General Assembly. Similarly, in order to maintain the independent rate-setting ability required by the trust agreement, toll rate increases require prior legislative notice but not approval.

The Maryland Transportation Authority may issue revenue bonds backed by toll revenues. The bonds are not backed by the full faith and credit of the State. Statute allows for a maturity of up to 40 years; however, the authority typically issues bonds with a maturity of 30 or 33 years. The limit on maximum debt outstanding for these bonds was increased to $3 billion during the 2008 session.

Conclusion

The State, with local jurisdictions, plays a critical role in developing, maintaining, and regulating the multi-modal transportation network. As shown in Exhibit 9.13, the funding of transportation services in Maryland reflects the State's central role. In fiscal 2009, the State contributed approximately 69% of the transportation funds expended, while the local and federal shares accounted for 15 and 16%, respectively.

It is important to note that due to the changes in the highway user revenue formula, the State funding for roads, as distributed to the local jurisdictions, will decrease from that shown in Exhibit 9.13. Whereas the total for fiscal 2009 was $466.8 million, the fiscal 2011 amount is estimated at $134.3 million; under current statute, projections show that the distribution will total $172.2 million in fiscal 2015. In Chapter 484 of 2010, the General Assembly expressed its intent that a working group established by statute or by order of the Presiding Officers shall review and provide recommendations for how highway user revenues are to be distributed in fiscal 2013 and thereafter.

Exhibit 9.13
Transportation Expenditures and Funding
Fiscal 2009

Service	County	Municipal	State	Federal	Total
Roads	**$342,601,073**	**$90,119,430**	**$1,206,926,570**	**$496,932,146**	**$2,136,579,219**
Parking	**19,217,917**	**16,722,480**			**35,940,397**
Motor Vehicles			**165,424,977**	**313,431**	**165,738,408**
Aviation	**14,841,555**	**2,935,601**	**196,779,856**	**2,230,814**	**216,787,826**
State Airport			196,443,541	656,191	197,099,732
County/Municipal Airports	14,841,555	2,935,601	336,315	1,574,623	19,688,094
Port			**200,238,606**		**200,238,606**
Transit	**154,059,787**	**10,433,084**	**890,129,157**	**347,924,164**	**1,402,546,192**
Maryland Transit/Other			574,482,916	223,551,693	798,034,555
WMATA			268,909,388	108,900,000	377,809,388
Local Transit Systems	154,059,787	10,433,084	46,736,853	15,472,525	226,702,249
Administration/Other	**121,391,713**	**13,719,906**	**89,734,262**	**7,270,616**	**232,116,497**
Subtotal	**$652,112,045**	**$133,930,501**	**$2,749,233,428**	**$854,671,171**	**$4,389,947,145**
Maryland Transportation Authority			943,816,468		943,816,468
Total	**$652,112,045**	**$133,930,501**	**$3,693,049,896**	**$854,671,171**	**$5,333,763,613**

WMATA: Washington Area Metropolitan Transit Authority

Note: Figures include operating and capital. Funding sources include user fees. Highway User Revenues are reflected in State roads total.

Source: *Fiscal 2009 State Budget Books; Local Government Finances in Maryland* and *Uniform Financial Reports*, Department of Legislative Services; Maryland Department of Transportation

Chapter 10. Health Services

Maryland's health care system encompasses private insurance coverage, public insurance coverage, gap-filling programs, public health programs, and regulation and quality assurance activities. The State is involved with a portion of the private insurance industry through regulation. Public insurance is provided by both the federal and State governments for certain populations. These public insurance programs include Medicare, Medicaid, the Maryland Children's Health Insurance Program, and the Maryland Health Insurance Plan. Local involvement in public insurance is limited to assisting with the eligibility determination process.

State and local governments also provide gap-filling programs for individuals who either cannot find coverage through the private insurance market but do not meet the requirements for public insurance coverage, or have health issues that the State has decided to provide extra assistance for, such as developmental disabilities.

Federal, State, and local governments all take a role in promoting public health through screening and testing, preventive care, and the treatment of chronic conditions. 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). 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. The federal role in public health is primarily as a regulator, but also as a funder of services and provider to certain populations, like veterans.

The State oversees and regulates providers in the health care system in the State through the Department of Health and Mental Hygiene, two commissions, and various boards and other entities. The State also regulates certain health insurance plans through the Maryland Insurance Administration.

In March 2010, the federal government enacted the Patient Protection and Affordable Care Act, which significantly altered the health care landscape by increasing eligibility for Medicaid, increasing federal regulation of insurance, requiring individuals and employers to purchase insurance, providing significant subsidies for low-income individuals to purchase insurance, and providing for the creation of new state-based marketplaces for insurance. While many of the changes contained in the Act will not take effect until 2014, the Act will bring significant changes to health services provided by the State in the coming years.

Structure of Maryland's Health Care Delivery System

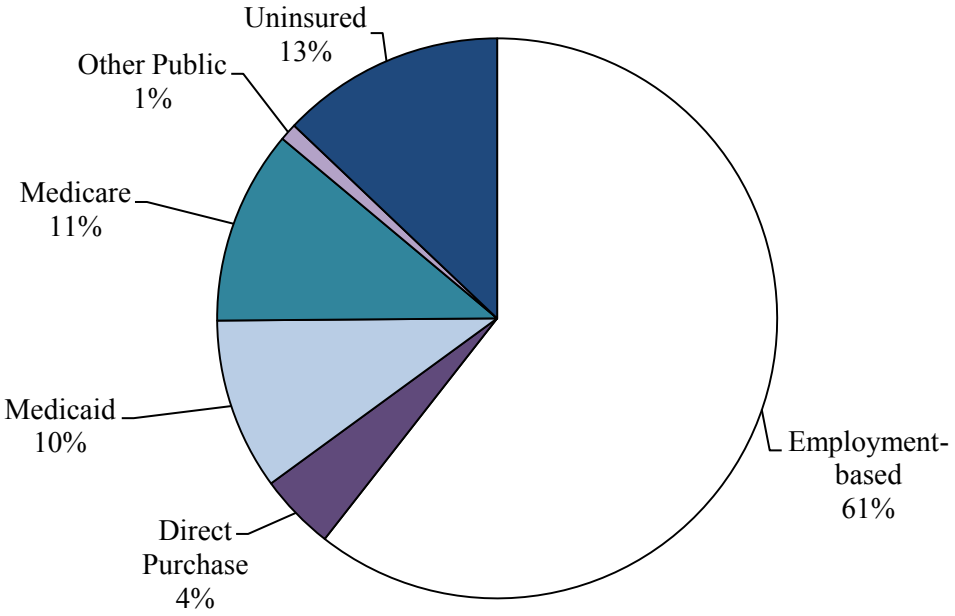
Overview

Health services in the State are overseen by and delivered through entities at the federal, State, and local levels. The types of health care services provided in the State can be divided into five categories: private health insurance, public health insurance, gap-filling programs, public health programs, and regulation and quality activities.

Insurance Coverage

Exhibit 10.1 provides information on the health insurance coverage of Maryland's total population during calendar 2007 and 2008. The State's overall uninsurance rate is 12.9%, while over 20.0% of the State's population receives health insurance coverage either through Medicaid or Medicare.

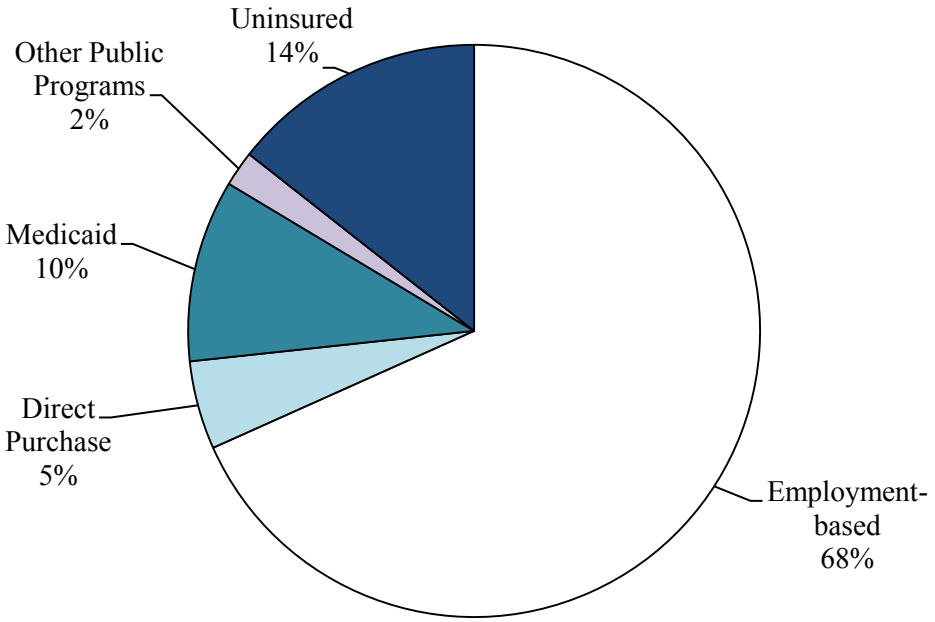
Exhibit 10.1
Health Insurance Coverage of the Total Population in Maryland
Calendar 2007-2008



Source: Kaiser State Health Facts

Exhibit 10.2 provides information on health insurance coverage of the nonelderly in Maryland between calendar 2007 and 2008. During this time, approximately 73% of the State's nonelderly residents had private insurance coverage as their primary coverage. The vast majority of the private insurance coverage is provided through employment-based coverage.

Exhibit 10.2
Health Insurance Coverage of the Nonelderly in Maryland
Calendar 2007-2008



Note: Other public programs include military-related coverage and Medicare.

Source: Kaiser State Health Facts

Marylanders access private health insurance coverage through fully insured products (*i.e.*, the individual, small group, and large group markets) that the State regulates through the Maryland Insurance Administration, as well as through self-insured employers whose benefit plans are regulated by the federal government. Exhibit 10.3 shows the types of health benefits offered in the State and how they have changed between calendar 2005 and 2009. Approximately 48.3% of all nonelderly individuals, or over half of the commercial insurance market, are enrolled in a commercial insurance plan that the State does not regulate.

Exhibit 10.3
Health Benefits and Maryland Population Under Age 65
Calendar 2005 and 2009

	Percentage of Population Under Age 65 2005	Percentage of Population Under Age 65 2009	Percentage Change in Numbers Covered 2005 to 2009
Overall Commercial Health Insurance Market	72.1%	73.4%	2.1%
Group – Insured	25.8%	21.7%	-15.5%
Group – Self-insured	32.1%	36.3%	13.4%
Federal Employees Health Benefit Plan	10.9%	12.0%	10.8%
Individual	3.4%	3.4%	2.0%

Note: Information is based on self-reported data from health insurers and third-party administrators and may not match with coverage information in Exhibits 10.1 and 10.2.

Source: Maryland Insurance Administration

In addition to comprehensive health insurance policies, the Maryland Insurance Administration regulates Medicare supplement policies, long-term care policies, and other types of ancillary health insurance coverage. The State also provides subsidies to eligible small employers and their employees through the Health Insurance Partnership to help offset the cost of private health insurance premiums.

Public Insurance Coverage

Public health insurance coverage is provided through several different programs overseen by both the State and the federal government. The Centers for Medicare and Medicaid Services, located under the U.S. Department of Health and Human Services, is charged with administering Medicare and Medicaid at the federal level. Medicare provides public health insurance for United States citizens who are 65 years of age or older and certain other segments of the population. It is provided and regulated exclusively by the federal government.

The State administers other public insurance coverage programs through the Department of Health and Mental Hygiene, with local departments of health and State-funded local departments of social services assisting in determining eligibility. Medicaid and the Maryland Children's Health Insurance Program are joint federal and

State programs, with the federal government setting broad program parameters and the State providing administration. Both the federal and State governments also provide funding for these programs. Those public insurance programs provide benefits for both physical and mental health.

The State also provides access to health insurance for medically uninsurable individuals through the Maryland Health Insurance Plan, an independent unit of State government.

Gap-filling Programs

The State provides a number of gap-filling programs for citizens of the State that do not receive certain types of health care services through private insurance and are not eligible for comprehensive public insurance coverage. The gap-filling programs are provided through a variety of administrations located within the Department of Health and Mental Hygiene, as well as local health departments. 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. For individuals not being provided services in State facilities, the State typically contracts with community-based organizations to provide the services. Some local health departments also provide programs that uninsured residents can use to access health care services. The range of services and providers varies by county.

Prescription Drug Programs

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 low-income Medicare beneficiaries. The program is overseen by the Maryland Health Insurance Plan. The Maryland AIDS Drug Assistance Program supports prescription drug costs for persons with HIV/AIDS.

Mental Health Services

Individuals with psychiatric illness can access care through the State's public mental health system. The system includes five State-run psychiatric hospitals (including one maximum-security unit that handles only court-involved individuals), two Regional Institutes for Children and Adolescents, and four assisted living programs. The State also provides gap-filling mental health services to individuals who are ineligible for Medicaid.

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.

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 10.4. Core service agencies receive administrative and service funding in the form of grants and contracts from the Mental Hygiene Administration.

Exhibit 10.4
Core Service Agencies in Maryland

Location	Type	Year Established
Allegany County	Health Department	1991
Anne Arundel County	Private, Nonprofit	1994
Baltimore City	Private, Nonprofit	1987
Baltimore County	Health Department	1990
Calvert County	Health Department	1993
Carroll County	Health Department	1998
Cecil County	Health Department	1991
Charles County	County Government	1994
Frederick County	Private, Nonprofit	1996
Garrett County	Health Department	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	County Government	2008
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

Primary Adult Care Program

The Primary Adult Care Program provides primary health care, mental health services, emergency room and limited substance abuse services to individuals 19 years of age and over who meet certain income restrictions and are not categorically eligible for Medicaid. (This population is often referred to as "childless adults.") Individuals in the program also receive no-cost or low-cost prescription drugs. The program is run by the Department of Health and Mental Hygiene as part of Medicaid.

Developmental Disabilities Services

The Developmental Disabilities Administration provides services to individuals with chronic disabilities attributable to mental or physical impairments manifested before age 22. The administration funds community services and operates State residential centers.

Substance Abuse Treatment Services

The Alcohol and Drug Abuse Administration oversees the provision and funding of substance abuse treatment and prevention services. Services are provided through grants and contracts with private, nonprofit agencies or local health departments. Treatment services are provided to the uninsured and underinsured as well as to Medicaid-eligible individuals for services not eligible for Medicaid reimbursement. Each county in the State is required to have a local drug and alcohol abuse council. The council must 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.

Local Access Programs

Many of the State's counties operate access programs that link uninsured residents with medical services. Examples of these programs can be found in Exhibit 10.5. The role of the counties is often limited to coordinating eligibility for these programs, while services for individuals enrolled in the programs are donated by local providers.

Exhibit 10.5
Examples of County Health Access Programs

County	Name of Program	Summary of Program
Anne Arundel	Residents Access to a Coalition of Health (REACH)	Provides access to uninsured county residents who earn up to 250% of the federal poverty level and are not eligible for other State or federal programs. Enrollees pay a co-pay for appointments based on income. Services are donated by providers.
Baltimore	Partners for Health Improvement Program	Collaborative effort between the county Department of Health and Kaiser Permanente. Kaiser donates up to three years of health coverage at a discounted cost to uninsured county residents below 250% of the federal poverty level.
Carroll	Access Carroll	Provides primary care services to uninsured low-income residents of the county through volunteer providers.
Harford	Health Care for the Homeless	Provides primary health care and case management services to uninsured homeless individuals in the county in conjunction with the Upper Chesapeake HealthLink Clinic.
Howard	Healthy Howard Health Plan	Provides access to health care services for low-income, uninsured Howard County residents who are not eligible for other public programs. Participants receive health care services and personalized health coaching for a monthly fee.
	Kaiser Bridge Program	Full health coverage donated by Kaiser Permanente for low-income county residents. The county provides eligibility determination and enrollment services.
Montgomery	Montgomery County Care for Kids Program	Links uninsured children in low-income families to primary health care services, prescriptions, and limited specialty care.
	Montgomery Cares Program	Provides primary care, medications, specialty care, limited dental care, and mental health services to adults with incomes under 250% of the federal poverty level.
	Maternity Partnership Program	Provides prenatal and postpartum services to uninsured low-income women through contracts with hospital prenatal clinics.
St. Mary's	Health Share of St. Mary's	A nonprofit program that seeks to provide health care to individuals that do not qualify for Medicaid with incomes below 100% of the federal poverty level. The program is a joint effort of county physicians, St. Mary's Hospital, St. Mary's County Health Department, and St. Mary's County Department of Social Services.

Note: Information is based on self reporting by counties and may not be exhaustive. Private entities that do not involve county government coordination or funding are not included in this exhibit.

Source: Maryland Association of County Health Officers

Public Health Programs

Federal Role

The U.S. Department of Health and Human Services oversees the public health activities of the federal government which are mainly carried out by three public health agencies. The Centers for Disease Control and Prevention is the main federal agency for public health activities. The National Institutes of Health is the federal agency charged with carrying out and supporting medical research. The Food and Drug Administration oversees the safety, effectiveness, and affordability of food, drugs, cosmetics, and other items, such as biological products.

State Role

The Department of Health and Mental Hygiene oversees public health at the State level. The Secretary of Health and Mental Hygiene has statutory emergency public health powers under the Catastrophic Health Emergency Disease Surveillance and Response Program. The powers are intended to be used to detect a catastrophic health emergency, investigate exposures to a deadly agent, and address the effects of exposures to deadly agents.

The State also provides subsidies to community health resources through the Community Health Resources Commission, an independent commission located within the Department of Health and Mental Hygiene. The commission provides grants to further goals that are enumerated in statute, including increasing access to health care.

Local Role

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.

Each county is required by State law to establish a local board of health. The local board of health 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 the Department 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.

Staff at the local health departments may be considered State or county employees, at the option of home rule subdivisions. In nonhome rule subdivisions, the employees are in the State merit system and paid through the State's Central Payroll

Bureau, although they are generally excluded from counts of State employees. Health department employees in Baltimore City and Baltimore, Montgomery, and Prince George's counties are employees of the local jurisdiction.

Regulation and Quality Assurance

The Department of Health and Mental Hygiene and two regulatory commissions oversee the State's health care system. The department and the commissions not only oversee the public health sector, but also private-sector hospitals, health care providers, health maintenance organizations, and others. Also, the local health departments take a role in regulation through environmental testing linked to county permits.

The department regulates health care delivery through its quality management and public health services programs. The Office of Health Care Quality is charged with the licensing and inspection of facilities, as well as the regulation of health maintenance organizations for quality purposes. There are 18 health occupation boards which license and regulate health care providers in the State. The Commission on Kidney Disease certifies dialysis and transplant centers, among other duties. The department's health care financing office regulates the managed care organizations that participate in various medical assistance programs. The Infectious Disease and Environmental Health Administration inspects and oversees other industries and activities, such as the food industry and swimming pools, which affect the health of the State's residents.

Two independent commissions, located within the department, also take part in the regulation of the health care system. The Maryland Health Care Commission is charged with developing a State plan of health care needs for the State and issuing certificates of need for health care facilities and services. The commission also develops the Comprehensive Standard Health Benefit Plan, the basic insurance plan that must be offered to all small employers in the small group health insurance market. The Health Services Cost Review Commission sets hospital rates for all health care payors in the State.

Health Care Services and Funding

Overview

The health services provided in the State range from insurance coverage and public health programs to the regulation of the quality of the health services. Funding for the health services is provided by federal, State, and local funds. Exhibit 10.6 provides an overview of Maryland's health spending by the source of funds and the target population.

Exhibit 10.6
Public Health Spending in Maryland
Fiscal 2009
($ in Thousands)

	State	Local	Federal	Fees	Total
Medicaid/Maryland Children's Health Program [1]	$2,311,685		$3,195,101	$2,307	$5,509,093
Medicare [2]			10,783,805		10,783,805
Mental Health [3]	647,916		288,529		936,445
Developmental Disabilities [4]	486,169		297,011		783,180
Substance Abuse	111,178		31,836		143,014
Infectious Disease and Environmental Health	26,900		60,121		87,021
Targeted Funds for Local Health Departments [5]	57,359	$54,115	4,493		115,967
Chronic Hospitals	44,005				44,005
Family Health	99,970		125,912		225,882
Regulation of Providers/Health System [6]	11,519		5,015	42,537	59,071
Uncompensated Care and Trauma Physicians Funds				111,533	111,533
Maryland Health Insurance Plan/ Senior Prescription Drug Assistance Program [7]			2,301	89,888	92,189
Other [8]	53,967	112,283	41,559	16	207,825
Total	**$3,850,668**	**$166,398**	**$14,835,683**	**$246,281**	**$19,099,030**

[1] Includes State-funded Kidney Disease Program.
[2] Reflects calendar 2008 reported spending.
[3] Includes Medicaid funds for mental health.
[4] Includes Medicaid funds for developmental disabilities.
[5] Funds for other grants and contracts with local health departments are included elsewhere. Local dollars reflect the required match.
[6] Includes the Office of Health Care Quality, health occupations boards and commissions, Maryland Health Care Commission, Health Services Cost Review Commission, and Maryland Community Health Resources Commission.
[7] 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 Program.
[8] Includes Department of Health and Mental Hygiene administrative activities, Office of the Chief Medical Examiner, Office of Preparedness and Response, Laboratories Administration, and local public health department funding and other local health funding, exclusive of targeted funds.

Source: *Fiscal 2011 State Budget Books*; Department of Health and Mental Hygiene; Department of Legislative Services; Maryland Health Care Commission

Federal funds account for approximately 78% of all the health funding, with most of the federal funding supporting Medicaid and Medicare. State programs have only limited interaction with the Medicare program, and similarly, the State Executive and Legislative branches are not involved in policymaking concerning Medicare. However, it is included in this review because, as shown, in Exhibit 10.6, it is the largest public health program in the State. 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 6 and 11 of this volume of the legislative handbook series and is not included in the exhibit.

Private Health Insurance Coverage

Approximately 75.0% of nonelderly Marylanders receive health insurance coverage through the private insurance market. As Exhibit 10.3 demonstrates, 36.3% of nonelderly Marylanders were covered by self-insured products in 2009. These products are not subject to regulation by the State and instead are subject to regulation by the federal Department of Labor. An additional 12.0% of nonelderly Marylanders participate in the Federal Employee Health Benefit Plan, which is also not subject to State regulation and is instead governed by the federal Office of Personnel Management. In total, 65.8% of individuals with commercial health benefits are insured by plans that are not actually regulated by the State.

For the plans that are regulated by the State, the Maryland Insurance Administration serves as the regulator. The administration is funded by the entities that it regulates. The funding comes from an annual assessment on insurers based on the market share of the insurer, as well as from various fees charged to insurers for services provided by the administration. The fiscal 2009 budget for the Maryland Insurance Administration was $27.1 million. The estimated fiscal 2011 budget for the administration is $27.8 million. In any year, approximately $7.0 million is generated by the regulation of health insurers.

The Maryland Health Care Commission is involved in the regulation of the small group health insurance market by setting the standards for the Comprehensive Standard Health Benefit Plan, the minimum health plan that insurers offering insurance to small employers must sell. The commission also administers the Health Insurance Partnership, a subsidy program for small businesses, enacted in Chapter 7 of the 2007 special session. As of May 10, 2010, there were 260 businesses enrolled in the subsidy program, and the total subsidy was almost $1.7 million.

Public Health Insurance Coverage

The State and federal governments fund and operate a variety of programs that provide comprehensive health care coverage for eligible populations in the State.

Medicare

A federally funded and administered program, Medicare provides hospital inpatient and outpatient, home health, physician coverage, and prescription drug coverage. Individuals 65 years of age and older, certain disabled individuals, and all individuals with end-stage renal disease are eligible for the program. In all, based on 2008 data, just over 44.8 million individuals nationwide receive benefits, including almost 741,000 in Maryland (13% of the State population). In federal fiscal 2009, $430.1 billion was spent on Medicare nationwide with projected program expenditures for federal fiscal 2011 totaling $549.8 billion. In calendar 2008, Medicare program expenditures in Maryland totaled approximately $10.8 billion.

Medicare coverage is divided into four parts. Part A, which is hospital insurance, is provided to most individuals once the individual turns 65 without cost to the individual because either the individual or the spouse of the individual paid into Medicare while working. Other individuals may buy into Part A. Individuals who are eligible to buy into Part A are either 65 or older but did not pay enough money into Medicare to get free coverage or are disabled but have returned to work.

Part B is the medical insurance component to Medicare. Under Part B, an individual receives coverage for medically necessary services, such as doctors' services and outpatient hospital care. Whether to enroll in Part B is up to the individual. Most individuals are required to pay a monthly premium for the coverage.

Part C is called Medicare Advantage. Under the program, Part A and Part B services are provided through private insurance companies. The private insurance companies include health maintenance organizations, preferred provider organizations, private fee-for-service companies, and Medicare special needs plans.

Part D is the prescription drug coverage portion of Medicare. Each individual who has Medicare is eligible for the prescription drug program. Premiums and a yearly deductible apply to the coverage. Part D gives individuals coverage for both brand name and generic drugs at local participating pharmacies.

Medicaid

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 several categories. 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 or hospital stay. Pregnant women and women with breast or cervical cancer qualify for Medicaid if other requirements are met. Children receiving foster care services or subsidized adoption services are automatically covered. Individuals in other categories such as aliens, refugees, and asylees are eligible for Medicaid under certain circumstances. Medically needy individuals may be required to "spend down" assets to meet the income requirements for Medicaid. In the 2007 special session, Medicaid eligibility was expanded to parents and caretaker relatives with household income up to 116% of the federal poverty level. This increase was implemented in fiscal 2009.

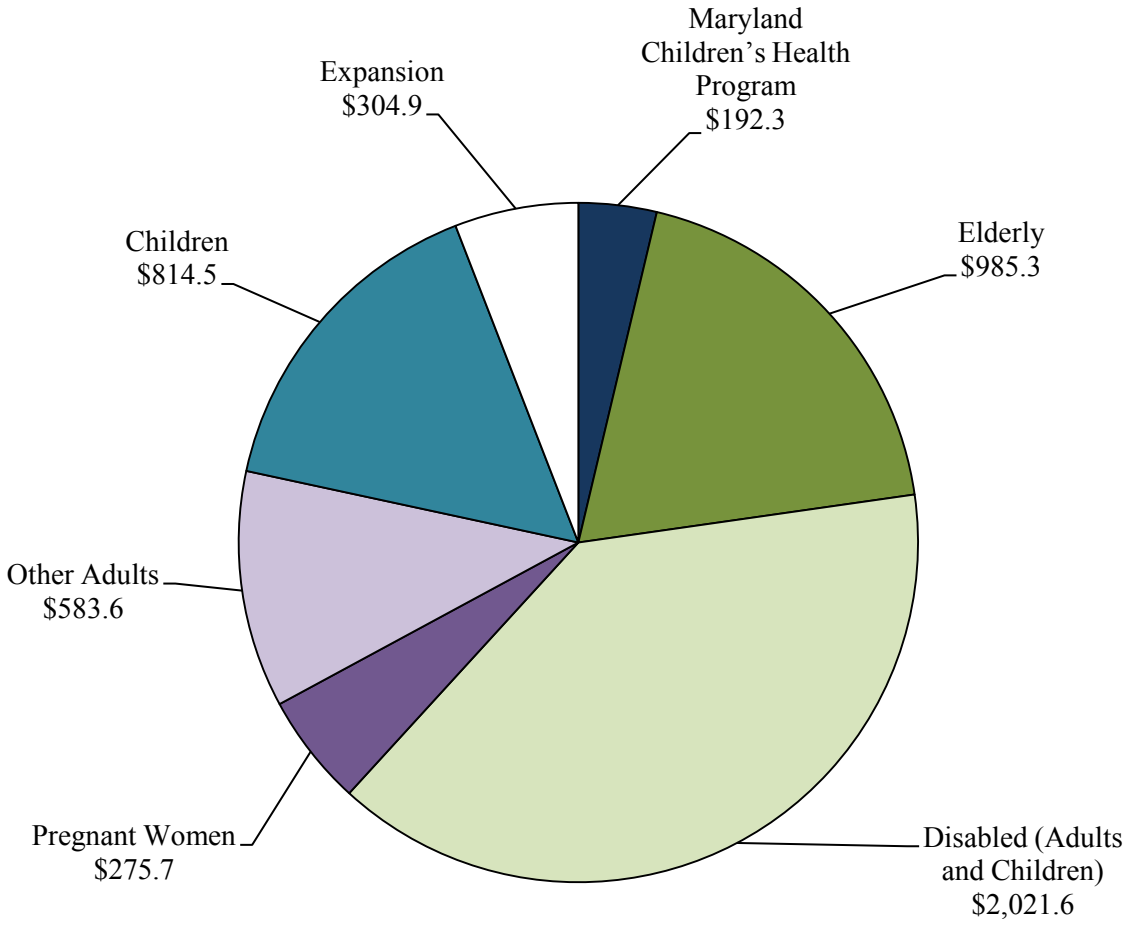
Services covered by Medicaid include hospital, pharmacy, physician, nursing home, personal care, home health, substance abuse, family planning, and mental health. With the exception of the rates for inpatient hospital services that are established by the Health Services Cost Review Commission, Medicaid 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.

Approximately 80% 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 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.

Medicaid costs are generally split evenly by the State and the federal government, although under the federal American Recovery and Reinvestment Act of 2009, in order to provide fiscal relief to the states while preserving program eligibility, the match was somewhat higher. The State is responsible for administering the program. Local departments of social services have primary responsibility for determining eligibility.

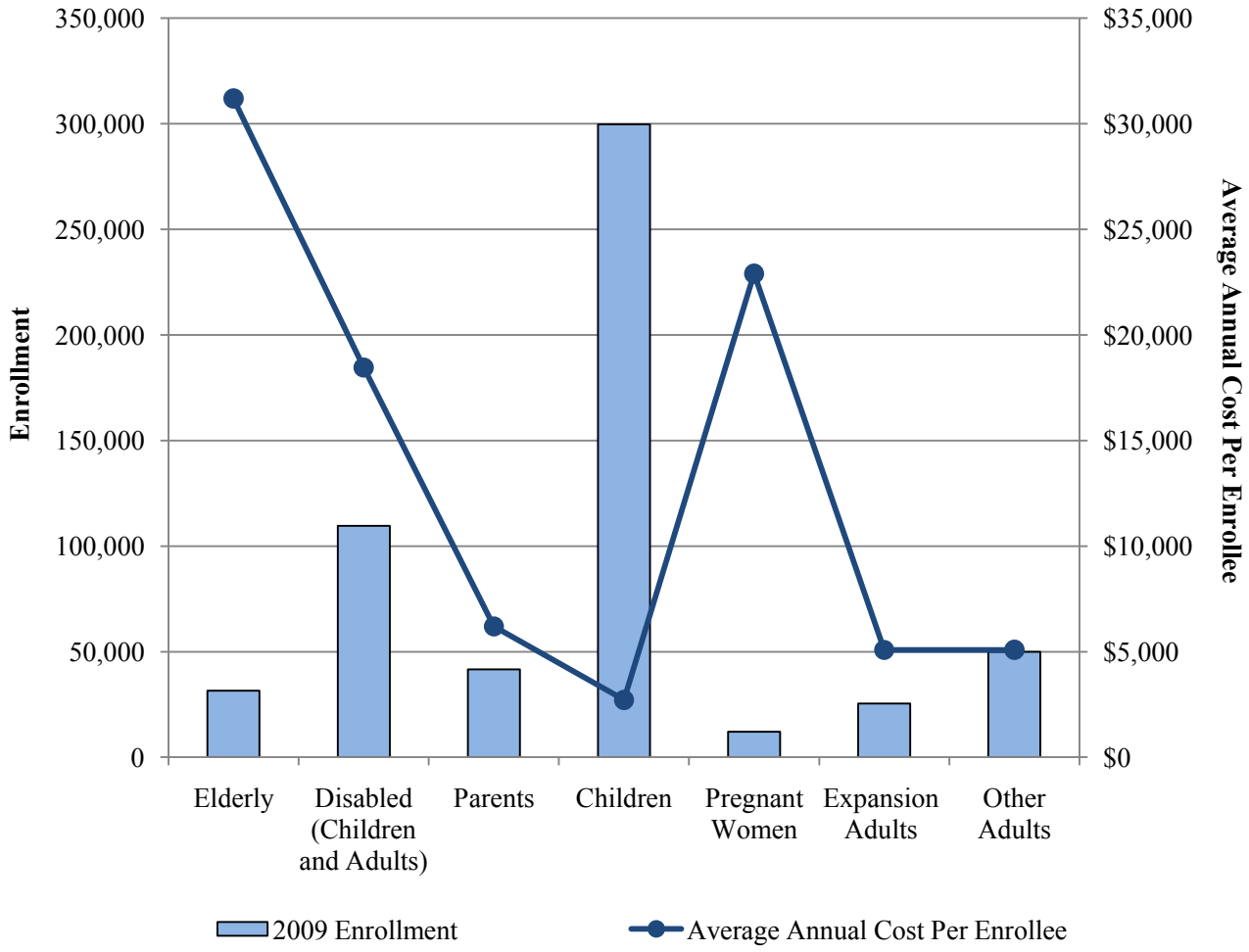
The program's remaining administrative functions are handled by the Department of Health and Mental Hygiene's Medical Care Programs Administration. In fiscal 2011, Medicaid will spend approximately $6.1 billion to provide coverage for almost 740,000 people in Maryland. Medicaid enrollees by population group, as well as per capita annual spending by enrollee group, are presented in Exhibits 10.7 and 10.8.

Exhibit 10.7
Medicaid Spending by Population
Fiscal 2009
($ in Millions)



Source: *Fiscal 2011 State Budget Books*, Department of Legislative Services

Exhibit 10.8
Medicaid Enrollment and Per Capita Spending
Fiscal 2009



Source: *Fiscal 2011 State Budget Books*

Effective January 1, 2014, the federal Patient Protection and Affordable Care Act will require the State to provide Medicaid coverage to all non-Medicare eligible individuals under the age of 65 with incomes up to 133% of the federal poverty level. These newly eligible adults must be offered a package that meets minimum requirements set by the federal government. The State will receive an enhanced federal match for this newly eligible Medicaid population – the expansion will be fully financed by the federal government in 2014 through 2016, with the federal share of financing decreasing to 90% in 2020 and subsequent years.

Maryland Children's Health Program

The Maryland Children's Health Program extends health coverage to children up to the age of 19 with family incomes at or below 300% of the federal poverty level and pregnant women with incomes at or below 250% of the poverty level. The program, like Medicaid, is jointly operated by the federal and State governments, with the State providing administration for the program. Program participants are enrolled into the State's Medicaid managed care program, HealthChoice.

The State receives a 65% federal match for services provided through the Maryland Children's Health Program. Families participating in the program with incomes above 200% of the federal poverty level must pay a premium of approximately 2% of their income. Program expenditures in fiscal 2009 were approximately $192.3 million. In fiscal 2009, the average monthly enrollment in the program was 105,617. It is estimated that, in fiscal 2011, 100,000 children will be covered with a cost of approximately $191.3 million.

The Patient Protection and Affordable Care Act extended funding for the Maryland Children's Health Program and provides for an increased match of 23 percentage points beginning in 2015. States must maintain their income eligibility levels for children as of March 2010 until 2019.

Maryland Health Insurance Plan

The Maryland Health Insurance Plan 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. As of December 2009, the program had approximately 17,658 enrollees. The Maryland Health Insurance Plan is funded through an assessment on hospital bills, as well as premiums paid by enrollees. In fiscal 2009, the plan spent roughly $82.5 million. In fiscal 2011, the plan is expected to spend approximately $139.7 million.

Beginning in July 2010, the plan will also receive additional federal funds to provide additional coverage to medically uninsurable individuals through provisions in the Patient Protection and Affordable Care Act for the creation of new high risk pools.

Gap-filling Programs

Gap-filling programs address issues in health coverage that are not fully addressed by private or public health insurance coverage. The programs also assist certain special needs populations. The seven main areas addressed by the gap-filling programs are senior prescription drug assistance, mental health, primary adult care for low-income adults, developmental disabilities, substance abuse treatment, kidney disease treatment, and diagnostic and treatment services for breast and cervical cancer for low-income and uninsured women.

Senior Prescription Drug Assistance Program

The Senior Prescription Drug Assistance Program, which is overseen by the Maryland Health Insurance Plan, 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% of the federal poverty level. To be eligible for the program, the individual cannot be eligible for a full federal low-income subsidy. Once enrolled in the program, the individual still pays a premium and copayments or coinsurance to participate. CareFirst is required by statute to subsidize the program as part of its role as the State's nonprofit health service plan. In December 2009, there were 22,537 individuals enrolled in the program. The program is expected to spend approximately $18.3 million in fiscal 2011.

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 and public and private psychiatric hospitals with the goal of service delivery in the least restrictive setting. The mental health services for Medicaid recipients that are 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. The fiscal 2009 budget for the administration was approximately $944 million. In addition to serving Medicaid-eligible recipients with Medicaid-eligible services, the administration offers those same recipients certain Medicaid-ineligible services (for example, supported employment and housing). Services are also provided to certain Medicaid-ineligible populations. Specifically, the safety net serves:

- those who have received services within the public mental health system in the past two years (alleviating continuity of care issues for those who occasionally lose Medicaid coverage);

- the homeless;

- people who received Social Security Disability Insurance due to psychiatric impairment and are eligible for Medicare (excluding them from the Primary Adult Care program, see below for additional details on the program) but who need services beyond those covered by Medicare;

- people who are on court-ordered conditional releases from a State-run psychiatric hospital;

- anyone discharged from a Maryland psychiatric hospital in the past three months; and

- anyone within three months of release from a correctional institution.

In the past, public psychiatric care in Maryland was provided almost exclusively in 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. The Mental Hygiene Administration operates seven State psychiatric hospital centers that served approximately 2,665 inpatient clients and had an average daily population of just over 1,200 patients with fiscal 2009 expenditures of approximately $278 million, almost entirely of State funds. In fiscal 2011, it is expected that the State psychiatric hospital centers will serve 2,696 inpatient clients and have an average daily population of approximately 1,150 at an expense of $261 million. Descriptions of the facilities that are open in fiscal 2011 are provided in Exhibit 10.9.

The State receives disproportionate share payments from the federal government for services provided in the State's psychiatric hospital centers, due to the lack of private reimbursement for services provided in the centers. These disproportionate share payments are recognized in the State budget as revenue and go directly to the general fund. In fiscal 2009, the State received $24.8 million in disproportionate share payments as compensation for services provided in State facilities, including in the State's psychiatric hospital centers.

Exhibit 10.9
Mental Hygiene Administration Facility Overview
Fiscal 2011

Facility and Location	Type of Population	Average Daily Inpatient Population
Eastern Shore (Cambridge)	Adult Domiciliary Care	75
Springfield (Sykesville)	Adult Domiciliary Care	319
Spring Grove (Catonsville)	Adult Domiciliary Care	430
Finan (Cumberland)	Adult Domiciliary Care	83
C. T. Perkins (Jessup)	Adult Forensic	208
RICA Baltimore (Catonsville)	Severely emotionally disturbed children and adolescents	36
RICA Gildner (Rockville)	Severely emotionally disturbed children and adolescents	57

RICA: Residential Institution for Children and Adolescents

Source: *Fiscal 2011 State Budget Books*

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 2009 Mental Hygiene Administration budget contained approximately $658.6 million to provide services to more than 111,600 people in the community, including services for Medicaid recipients. Federal funds comprised almost $285.7 million of the 2009 budget.

Primary Adult Care Program

The Primary Adult Care Program offers limited health services to individuals 19 and older earning less than 116% of the federal poverty level with assets less than $4,000 for individuals and less than $6,000 for families. Individuals eligible for the program are not otherwise eligible for full Medicaid benefits and are commonly referred to as "childless adults." The health services provided by the Primary Adult Care Program include visits to a primary care physician, outpatient mental health visits, emergency room visits, certain substance abuse treatment, and lower-priced prescription drugs. The average monthly enrollment for the program in fiscal 2009 was 28,771 and is expected to reach 45,000 in fiscal 2011.

Chapter 7 of the 2007 special session provided for the incremental expansion of services provided in the Primary Adult Care Program, subject to the limitations of the State budget. However, expansion of services for this population has largely not yet occurred; and at this point, this expansion is not likely until a larger expansion of Medicaid in 2014 is implemented under federal health care reform.

The Patient Protection and Affordable Care Act requires states to provide coverage through Medicaid to childless adults, the same population currently covered by the Primary Adult Care Program in the State, with incomes below 133% of the federal poverty level beginning in 2014. The State will receive an enhanced federal match for coverage of this population.

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 palsy, deafness, epilepsy, 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.

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 provides direct services to these individuals in three State residential centers and two specialized units for developmentally disabled individuals who are also court-involved and funds a coordinated service delivery system that supports the integration of these individuals into the community with services delivered by private providers. The State residential centers are operated with an estimated total average client population in fiscal 2011 of 164 at a cost of approximately $33 million, primarily of State funds. Individuals who are also court-involved are served in two Secure Evaluation and Therapeutic Treatment units. Located on the grounds of Clifton T. Perkins Hospital, the Jessup treatment unit houses individuals for 21 to 90 days, during which the administration completes competency and behavioral evaluations and develops comprehensive service plans for the individuals. The therapeutic long-term treatment facility, Sykesville treatment unit, is located on the grounds of Springfield Hospital. A brief overview of each facility is presented in Exhibit 10.10.

Exhibit 10.10
Developmental Disabilities Administration Facility Overview
Fiscal 2011 Estimates

Facility and Location	Type of Population Served	Average Daily Population
Brandenburg (Cumberland)	Adults with severe or profound developmental disabilities	14
Potomac (Hagerstown)	Adults with severe or profound developmental disabilities	60
Holly (Salisbury)	Adults with severe or profound developmental disabilities	90
Secure Evaluation and Therapeutic Treatment Units (Jessup and Sykesville)	Developmentally disabled individuals who are court involved	32

Source: *Fiscal 2011 State Budget Books*; Department of Health and Mental Hygiene

Community-based services funded by the administration include residential placements; day programs where disabled individuals learn and maintain daily living skills such as eating, dressing, and cooking; individual and family support services that provide specialized equipment; and supported employment. An estimated 21,192 clients received community services during fiscal 2009 at a cost of approximately $711.7 million of State and federal funds. The federal funds were provided under the State's Medicaid Home and Community-based Service Waiver.

Substance Abuse Treatment Services

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. It is estimated that, during fiscal 2011, approximately 61,384 people will receive treatment under the administration, including 39,707 individuals in outpatient and intensive outpatient treatment programs, 8,540 individuals in long-term residential programs or intermediate care facilities, and 9,512 individuals who will receive methadone maintenance. Also, approximately 4,200 individuals are expected to be treated with Buprenorphine in addition to being treated in one of the administration's other programs. Buprenorphine, like methadone, is used in substitution maintenance therapy for opioid dependence. It is considered less likely than methadone to result in an opioid overdose, but it is more expensive. A significant State-funded expansion of its use began in fiscal 2008. Substance abuse spending is financed with a combination of State general funds, monies from the Cigarette Restitution Fund, and federal block grant dollars. The fiscal 2009 budget for the administration was approximately $147.8 million. This included $117.5 million in awards to local jurisdictions for substance abuse treatment and approximately $6.4 million for local and statewide prevention programming.

Kidney Disease Program

In addition to the programs discussed above, the State is the payor of last resort for approximately 2,400 kidney disease patients annually through the Kidney Disease Program that funds hospital services, renal transplantation, chronic maintenance dialysis, physician services, medications, and laboratory services. The Kidney Disease Program is funded solely through State funds totaling $12.5 million in fiscal 2009.

Breast and Cervical Cancer Diagnostic and Treatment Program

The Breast and Cervical Cancer Diagnostic and Treatment Program funds services for uninsured, low-income (below 250% of the federal poverty level) women age 40 and older that are not Medicaid eligible. The program is administered by the Family Health Administration and covers services such as biopsies, mastectomies, radiation therapy, breast reconstruction, and other costs related to diagnosis and treatment. In fiscal 2009, the program served approximately 3,678 patients at a cost of $16.1 million.

Public Health

Federal Role

There are several federal agencies that are involved in public health issues, the majority of which are located under the Department of Health and Human Services. The three main agencies, however, are the Centers for Disease Control and Prevention, the National Institutes of Health, and the Food and Drug Administration. Covering areas from infectious disease to terrorism preparedness, the Centers for Disease Control and Prevention is the primary federal agency for public health activities. The budget for the Centers for Disease Control and Prevention in fiscal 2011 will be approximately $10.6 billion, which includes funding for the Agency for Toxic Substances and Disease Registry. As the primary federal agency for medical research, the National Institutes of Health works toward the prevention, treatment, cures, and causes of diseases and disorders, as well as supports medical research through the funding of its own laboratories and through grants that go to outside researchers. The budget for the National Institutes of Health in fiscal 2011 will be approximately $32.1 billion. The Food and Drug Administration regulates and oversees drugs, biological products, medical devices, food, cosmetics, and products that emit radiation. As of June 2009, the administration is also authorized to regulate tobacco products. The budget for the administration in fiscal 2011 will be approximately $4 billion. All three agencies, as well as the Department of Health and Human Services, also disseminate information on a wide range of public health topics.

State Role

The State addresses public health issues through the Department of Health and Mental Hygiene, a commission, several administrations, and other programs.

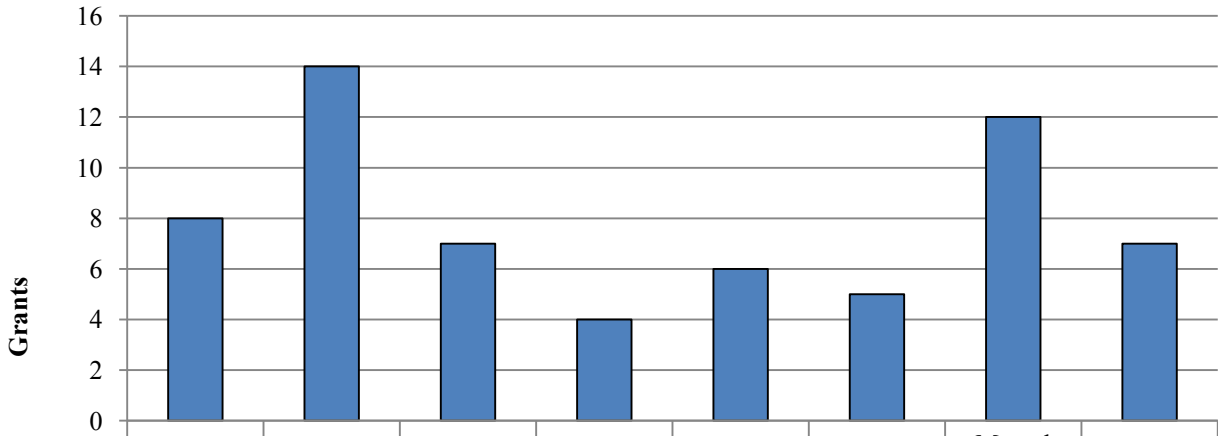
Department of Health and Mental Hygiene: The Department of Health and Mental Hygiene, in general, overseas the public health efforts of the State. Under the Catastrophic Health Emergency Disease Surveillance and Response Program, the Secretary of Health and Mental Hygiene has emergency public health powers. The Secretary is authorized to use the powers to monitor diseases; investigate exposure to deadly agents; and treat, prevent, or reduce the effects of exposure to deadly agents. The powers include authority to:

- require health facilities to have contingency plans that would assist in the detection and treatment of individuals exposed to a deadly agent;

- require health care providers to report information on individuals that have certain symptoms;
- order individuals exposed to a deadly agent to seek evaluation and treatment;
- order individuals to undergo isolation or quarantine;
- order local law enforcement officers to enforce evaluation and treatment or isolation and quarantine orders; and
- coordinate with health occupation boards to certify, license, and credential health care practitioners that may be needed to respond to an emergency.

Community Health Resources Commission: The Community Health Resources Commission is an 11-member commission intended to increase access to primary and specialty health care for lower-income individuals and provide operating grants to community health resource centers. The commission is also charged with developing a specialty care network of practitioners who agree to provide care for a discounted fee for individuals with incomes up to 200% of the federal poverty level who are referred through a community health resource. In fiscal 2009, the commission had a budget of approximately $4.1 million. The estimated fiscal 2011 budget for the commission is approximately $3.0 million. A Community Health Resources Commission Fund, consisting of funding from a nonprofit health service plan is used to provide grants to community health resources and develop a unified data information system. Exhibit 10.11 provides a summary of the grants issued by the commission between fiscal 2007 and 2010.

Exhibit 10.11
Grants Awarded by the Maryland Community Health Resources Commission
Fiscal 2007-2010
($ in Thousands)



	School-based Health Care	Dental	IT	Immigrant Health	Emergency Department Diversion	Infant Mortality	Mental Health/ Substance Abuse/ Co-occuring	Access to Care
Grants	8	14	7	4	6	5	12	7
$ in Thousands	$1,893	$3,729	$3,147	$1,585	$1,994	$1,292	$4,410	$2,203

IT: Information Technology

Source: Department of Health and Mental Hygiene

Family Health Administration: 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.

Women, Infants, and Children Supplemental Nutrition Program: With a fiscal 2009 budget of approximately $95.8 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% 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. Approximately 155,000 participants will take part in the program in fiscal 2011 with a cost of approximately $112.2 million.

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. 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.

Between fiscal 2006 and 2009, the two hospitals, which have a combined capacity of 237 beds, had an average daily population that ranged from 142 to 166 patients per year. The average daily population has declined to an estimated average daily population of 141 patients in fiscal 2010.

The fiscal 2009 budget for the two hospitals totaled approximately $44.7 million. Long-term care provided in chronic hospitals is predominantly State financed, while renal dialysis services are primarily financed with patient fees. The dependence on State dollars for services delivered in chronic hospitals is largely a reflection of the lack of any direct federal reimbursement for the individuals served. The State does, however, receive federal Medicaid disproportionate share payments as compensation for services provided to low-income individuals in State chronic hospitals.

Cigarette Restitution Fund: The Cigarette Restitution Fund was created in 1999 for payments received by the State from the Master Settlement Agreement with cigarette manufacturers. The 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.

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. 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. In fiscal 2009, the program had a budget of approximately $17.2 million, the vast majority of which was spent for local public health programming. The program's budget for fiscal 2011 is $5.8 million, as more funds are shifted to support Medicaid.

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. 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. In fiscal 2009, the program had a budget of approximately $11.8 million. The majority of the funding was allocated for local public health departments, but funding also supports cancer research by the University of Maryland Medical Group and the Johns Hopkins Institutions.

Infectious Disease and Environmental Health Administration: Created in 2009 by combining the Department of Health and Mental Hygiene's Community Health Administration and AIDS Administration, the Infectious Disease and Environmental Health Administration's responsibilities include infectious disease prevention, HIV care services, infectious disease reporting, outbreak response, environmental health programs, food control, and regulatory programs. The fiscal 2009 budget for the administration was approximately $150.1 million. Federal funds comprised about $65.0 million of the administration's expenditures in fiscal 2009.

The 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 Maryland AIDS Drug Assistance Program supports prescription drug expenditures for persons with HIV/AIDS. The administration consults and

coordinates its AIDS-related 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.

Other services provided by the 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 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.

Laboratories Administration: 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. The fiscal 2009 budget for the administration was approximately $24.1 million. Federal funds covered approximately $4.2 million of the costs of the administration. Those federal funds came from several grants, as well as other sources such as the United States Armed Forces and the Centers for Disease Control and Prevention.

Local Role

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. 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.

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. Local health officers are considered State employees – with the exception of the health officer of Baltimore City, who is a city employee. The salaries of the health officers are funded with a mixture of State (through grant funding) and local dollars. The officers report to both the local governing body and the Secretary of Health and Mental Hygiene. Exhibit 10.12 provides a county-by-county summary of the State, local, and federal funding provided and the source.

Exhibit 10.12
Funding for Local Health Departments
Fiscal 2009

County	Targeted Local Health Grants	Other Grant Agreements with DHMH	Local Funding	Total Funding
Allegany	$1,456,709	$10,870,556	$1,676,713	$14,003,978
Anne Arundel	5,214,946	13,627,893	21,756,268	40,599,107
Baltimore City	11,066,332	35,851,193	17,608,657	64,526,182
Baltimore	7,240,828	25,811,483	15,824,254	48,876,565
Calvert	632,074	4,693,323	2,618,838	7,944,235
Caroline	855,395	3,752,348	902,434	5,510,177
Carroll	2,010,504	8,475,219	3,427,385	13,913,108
Cecil	1,319,868	5,359,200	2,689,275	9,368,343
Charles	1,637,337	8,446,792	2,406,461	12,490,590
Dorchester	687,899	4,883,315	735,000	6,306,214
Frederick	2,476,593	7,026,168	2,745,597	12,248,358
Garrett	696,897	4,968,179	1,298,111	6,963,187
Harford	2,847,210	7,282,292	4,036,265	14,165,767
Howard	2,042,928	5,569,402	4,623,763	12,236,093
Kent	532,016	4,298,481	976,216	5,806,713
Montgomery	5,224,762	21,518,250	15,811,950	42,554,962
Prince George's	8,410,064	30,946,688	20,311,355	59,668,107
Queen Anne's	676,676	3,535,552	1,572,848	5,785,076
St. Mary's	1,314,936	2,720,788	1,374,690	5,410,414
Somerset	683,653	4,447,828	657,906	5,789,387
Talbot	532,689	3,153,319	2,239,968	5,925,976
Washington	2,235,033	8,021,471	2,389,270	12,645,774
Wicomico	1,534,195	9,243,613	3,578,224	14,356,032
Worcester	522,659	8,004,829	4,555,692	13,083,180
Total	**$61,852,203**	**$242,508,182**	**$135,817,140**	**$440,177,525**
Federal Funds	$4,492,996	$103,981,799	$0	$108,474,795
General Funds	57,359,207	109,726,426	0	167,085,633
Special Funds	0	28,799,957	0	28,799,957
Local Funds	0	0	135,817,140	135,817,140

DHMH: Department of Health and Mental Hygiene

Note: Data for "Other Grant Agreements" and local spending beyond targeted match are based on unaudited figures provided by local health departments through the county uniform financial reports and State budget information on actual fiscal 2009 spending.

Source: *Fiscal 2011 State Budget Books*; Local Health Departments; Department of Legislative Services; *Uniform Financial Reports*

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 $41.0 million in general funds in fiscal 1997; subsequent increases based on inflation and population growth increased minimum funding to over $57.0 million in fiscal 2010. However, Chapter 484 of 2010 lowered the base funding level for the program to approximately $37.3 million for fiscal 2011 and 2012, with inflationary increases beginning again in fiscal 2013. Any funding in excess of the "hold harmless" provision (defined by Chapter 484 as the amount received in fiscal 2012) is to be distributed based on local health need and local funding effort.

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% to a maximum of 80%. No jurisdiction's match rate may exceed its rate in fiscal 1996. In all jurisdictions, local funding for the health departments exceeds the required match. A jurisdiction-by-jurisdiction comparison of the required match and actual expenditures is presented in Exhibit 10.13.

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 for the provision of services.

Local expenditures on health services are not limited to funding the operations of local health departments. Public health spending by each of the jurisdictions also includes an indeterminate amount of federal grants which may include funds for substance abuse treatment, child and maternal health programs, school health services, health services for the aged, and mental health programs. The fiscal 2009 funding distribution for core local health services between the six service areas is detailed in Exhibit 10.14.

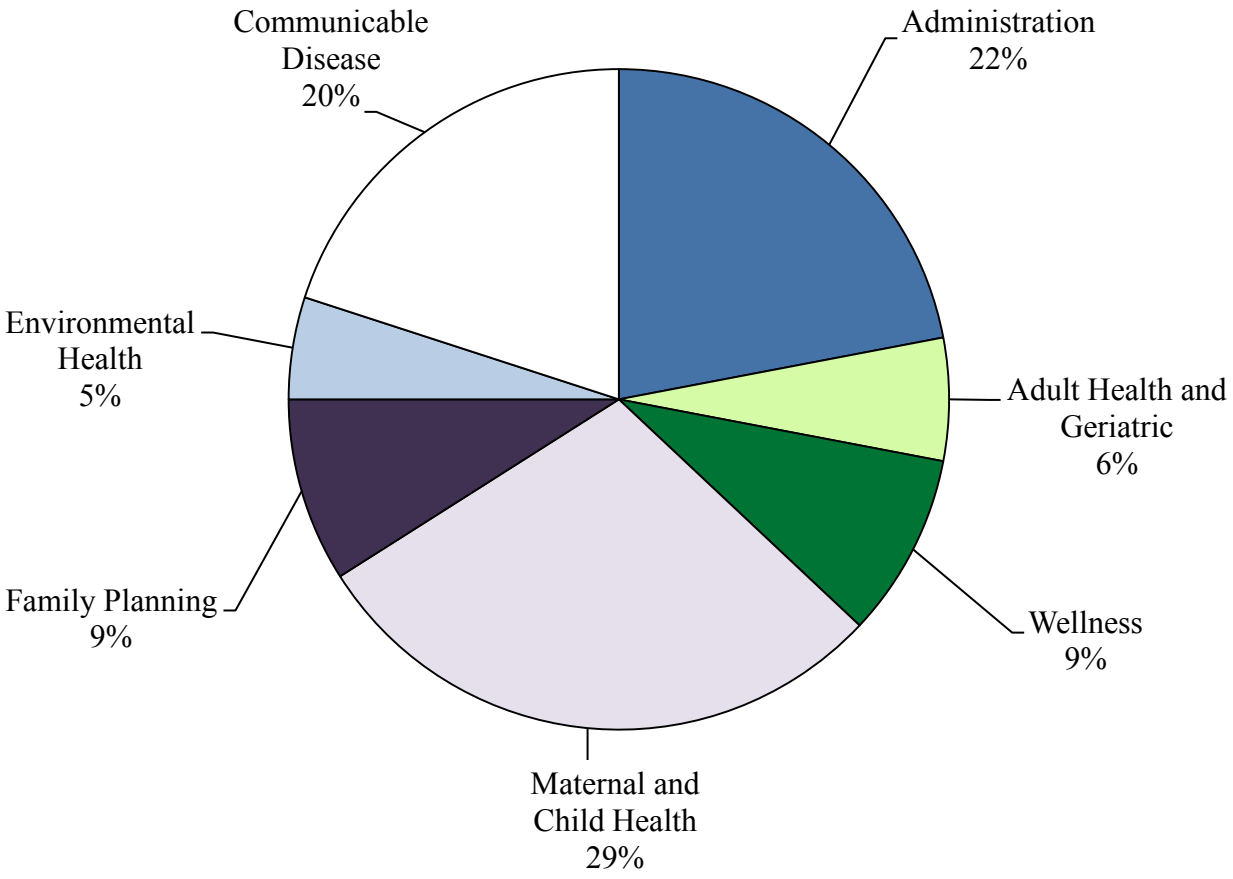
Exhibit 10.13
Local Expenditures for Local Health Departments
Fiscal 2009

County	County Expenditures	Required Match	Over Match
Allegany	$1,676,713	$373,113	$1,303,600
Anne Arundel	21,756,268	6,086,399	15,669,869
Baltimore City	17,608,657	3,128,370	14,480,287
Baltimore	15,824,254	6,762,437	9,061,817
Calvert	2,618,838	1,137,237	1,481,601
Caroline	902,434	222,809	679,625
Carroll	3,427,385	1,381,800	2,045,585
Cecil	2,689,275	845,569	1,843,706
Charles	2,406,461	1,364,930	1,041,531
Dorchester	735,000	275,423	459,577
Frederick	2,745,597	1,828,952	916,645
Garrett	1,298,111	345,474	952,637
Harford	4,036,265	1,666,198	2,370,067
Howard	4,623,763	2,878,369	1,745,394
Kent	976,216	228,367	747,849
Montgomery	15,811,950	14,032,226	1,779,724
Prince George's	20,311,355	6,391,570	13,919,785
Queen Anne's	1,572,848	538,727	1,034,121
St. Mary's	1,374,690	690,772	683,918
Somerset	657,906	164,596	493,310
Talbot	2,239,968	672,651	1,567,317
Washington	2,389,270	1,120,704	1,268,566
Wicomico	3,578,224	657,689	2,920,535
Worcester	4,555,692	1,320,924	3,234,768
Total	**$135,817,140**	**$54,115,306**	**$81,701,834**

Note: These are unaudited figures, based both on State budget information on actual fiscal 2009 spending and information directly received from the local health departments.

Source: Department of Health and Mental Hygiene; Department of Legislative Services; *Uniform Financial Reports*; *Fiscal 2011 State Budget Books*

Exhibit 10.14
Core Local Health Services Funding Distribution
Fiscal 2009



Source: Department of Health and Mental Hygiene

Regulation and Quality Assurance

Oversight of the State's health care system is undertaken by the Office of Health Care Quality, various health occupations boards, and two commissions.

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 federal and State standards for safety and sanitation. The office also

conducts certification reviews for facilities participating in the Medicare and Medicaid programs. In total, the office regulates over 9,900 health care and community residential sites in Maryland, with a staff of approximately 187 administrative personnel and surveyors. Due to the increasing number of new providers in community-based programs, as well as budget constraints, the office has had difficulty meeting State requirements for provider surveys.

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 10.15 indicates the number of health care providers and the fiscal 2009 appropriation for each of the boards and the commission. 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.

Regulatory Commissions

Two independent commissions in the department have responsibilities for health care systems planning and regulation – the Maryland Health Care Commission and the Maryland Health Services Cost Review Commission.

***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 certificate-of-need process was established to ensure that new health care facilities and services were only added to the State as needed. The commission must issue a certificate-of-need before any heath care facility can be built, relocated, or modified in the State. The six criteria the commission looks at when determining whether a certificate-of-need should be issued are the State health plan, need, availability of more cost effective alternatives, viability of the proposal, compliance with previous certificates-of-need, and the impact on existing providers and the health care delivery system. In addition, the commission maintains quality and performance measures for nursing homes, ambulatory/surgical facilities, hospitals, and managed behavioral health care organizations and makes health services performance data available to the public.

Exhibit 10.15
Health Professions Regulatory Boards and Commissions
Fiscal 2009

Regulatory Board	Estimated Number of Active Licensed/Certified/Registered	Appropriation
Acupuncture	824	$224,782
Audiologists, Hearing Aid Dispensers, and Speech-language Pathologists	3,249	338,881
Chiropractic Examiners	4,640	804,417
Commission on Kidney Disease	125	163,500
Dental Examiners	14,333	1,894,359
Dietetic Practice	1,480	204,757
Morticians	1,471	501,686
Nursing and Ancillary Professions	230,906	5,713,611
Nursing Home Administrators	541	145,981
Occupational Therapy Practice	2,976	393,555
Optometry	859	273,419
Pharmacy	8,393	2,277,950
Physical Therapy Examiners	11,712	767,124
Physicians and Ancillary Professions	37,493	7,120,043
Podiatric Medical Examiners	446	240,228
Professional Counselors and Therapists	4,855	491,839
Psychologists	2,531	559,917
Residential Child Care Professionals	222	114,865
Social Work Examiners	11,985	1,199,937

Note: Licensee numbers for the Board of Pharmacy include only pharmacists.

Source: *Fiscal 2011 Budget Books*; Department of Health and Mental Hygiene

The commission also plays a role in the insurance market. The commission is responsible for the development of a comprehensive standard health benefit plan for the small group health insurance market. This plan is available for employers with 2 to 50 employees. Additionally, the Health Insurance Partnership, established by the Working Families and Small Business Health Coverage Act, is administered by the commission. This program is available for small businesses with two to nine full-time employees that have not offered health insurance in the last 12 months and meet the wage and salary requirements. Under the program, eligible small businesses can receive a subsidy of up to 50% of insurance premium costs.

The commission administers the Maryland Trauma Physician Services Fund jointly with the Health Services Cost Review Commission. The trauma fund receives revenue from a $2.50 annual surcharge on motor vehicle registrations. The surcharge raised about $12.2 million in fiscal 2009. Monies from the trauma fund are used to partially reimburse uncompensated care and undercompensated care incurred by trauma physicians. The trauma fund also aids trauma centers by providing funding to cover the cost of maintaining trauma physicians on call and running the trauma center.

The additional expenses of the commission are funded with user fees assessed on hospitals, nursing homes, insurance companies, and various health care practitioners. The law limits the amount the commission may collect in any fiscal year to $12 million. In fiscal 2009, the commission's budget was $9.8 million. In fiscal 2011, the commission's budget is projected to be $11.3 million.

Health Services Cost Review Commission: The Health Services Cost Review Commission is 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 reasonable 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.

The administrative budget of the Health Services Cost Review Commission is supported by user fees assessed on hospitals. The law limits collections by the commission for administrative purposes to $5.5 million in a fiscal year; the commission collected approximately $4.9 million in fiscal 2009. The commission's administrative budget for fiscal 2011 is estimated to be approximately $5.3 million.

The commission also administers the Uncompensated Care Fund, which receives revenue from an assessment on some of the acute care hospitals in the State. The commission sets an average uncompensated care markup for each hospital throughout the State. Hospitals that experience uncompensated care lower than this average remit the remainder to the commission, and the commission redistributes these funds to hospitals that experience uncompensated care that is higher than the statewide average. Collections are expected to be about $125 million in fiscal 2011.

The Future Impact of Federal Health Care Reform on Maryland's Health Care Delivery System

The federal Patient Protection and Affordable Care Act, passed in March 2010, will significantly change the State's health care delivery system. Medicaid will be significantly expanded beginning in 2014 to all adults below 133% of the federal poverty level, and the State will need to determine whether and how to run a health insurance exchange that will serve as a marketplace for individuals and small businesses to purchase health insurance. Individuals with incomes below 400% of the federal poverty level who purchase coverage through the exchange will also have access to federal subsidies to assist in their purchase of health care coverage.

The significant expansion of the health care safety net under federal health reform will also necessitate reevaluation of many of the State's access programs and gap-filling programs in the coming years, as many of these programs may no longer be necessary due to the significant expansion of access to full insurance coverage. For example, the Maryland Health Insurance Plan, a program for individuals who cannot purchase health insurance on their own due to health factors, will likely no longer be necessary when insurance reforms are fully implemented and a State health insurance exchange is fully operational.

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 1.5% of total county government spending in fiscal 2009.

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 the local management boards. These boards, which are State-funded but locally staffed, operate in each county and Baltimore City.

Structure and Service Delivery

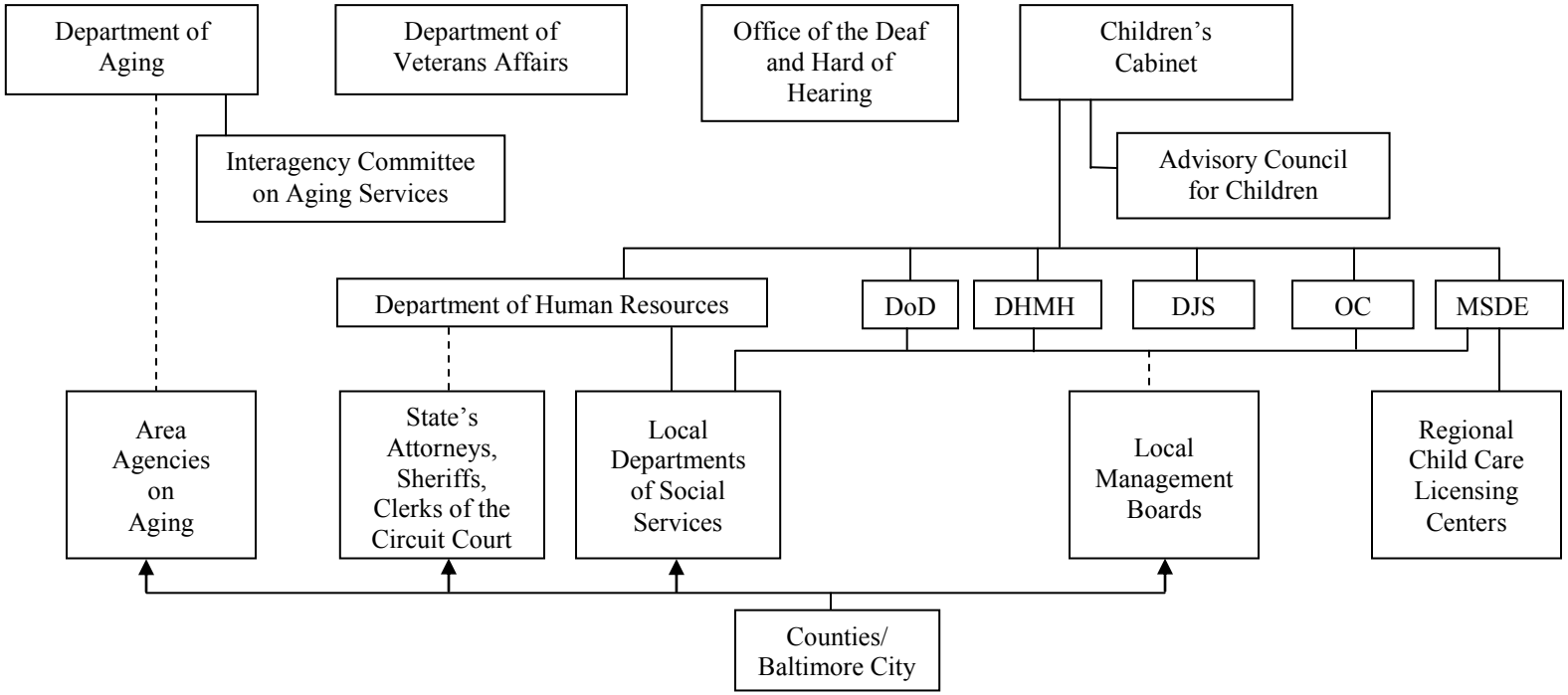
At both the State and local levels, the structure of Maryland's human service delivery system varies by the population being served. The State's Department of Human Resources, providing public welfare, child support enforcement, and social services, is Maryland's largest human service agency in both 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 Maryland Department of Aging, Department of Disabilities, Department of Juvenile Services, Department of Veterans Affairs, Governor's Office for Children, and Office of the Deaf and Hard of Hearing. 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 2011



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

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 the Department of Budget and Management, Secretary of the Department of Disabilities, Secretary of the Department of Health and Mental Hygiene, Secretary of the Department of Human Resources, Secretary of the Department 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 a single access point for all required services, or "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, 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.

Local management boards, which are organized as either public agencies considered to be an instrument of local government or as 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.

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. The major programs operated by these administrations are described in the following section. Exhibit 11.2 provides information on recent and estimated caseloads of these programs.

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. In federal fiscal 2009, under this exemption, 1,444 Maryland families who reached the five-year cumulative time limit 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. The fiscal 2011 budget assumes an average monthly grant of $185.56.

Exhibit 11.2
Caseloads of Various Human Service Programs

Program	2009 Actual	2010 Est.	2011 Est.
Assistance Programs			
Temporary Cash Assistance	58,426	63,987	63,987
Temporary Disabilities Assistance Program	15,388	20,584	23,961
Supplemental Nutrition Assistance (households)	197,720	223,679	223,679
Emergency Assistance to Families with Children	1,228	1,290	1,228
Burial Assistance	435	527	527
Eviction Assistance	362	362	362
Public Assistance to Adults	3,389	3,253	3,253
Child Welfare			
Foster Care	7,025	7,640	7,447
Subsidized Adoption	7,837	7,995	7,850
Child Support Enforcement Administration			
Temporary Cash Assistance Cases	25,425	25,171	24,667
Non-Temporary Cash Assistance Cases	226,605	224,339	219,852
Temporary Cash Assistance Collections	$22,302,074	$22,525,095	$22,637,720
Non-Temporary Cash Assistance Collections	$490,180,547	$495,082,352	$497,557,764
Energy Assistance			
Aggregate Number of Benefits Paid	260,685	290,000	290,000
Electric Universal Service Program Bill Assistance	116,136		
Electric Universal Service Program Arrearage Assistance	22,295		
Maryland Energy Assistance Program	122,254		

Note: Figures for Assistance Programs and Child Welfare represent average monthly counts. Energy Assistance represents total households served. Fiscal 2010 and 2011 estimates for energy assistance programs are available in the aggregate only.

Source: Department of Human Resources; *Fiscal 2011 State Budget Books*

- *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. While the number of recipients continued to trend downward for several years reaching its lowest level in March 2007 (47,949), over the last couple of years the caseload has generally been increasing, coinciding with an economic recession.

- *Supplemental Nutrition Assistance:* The federal Supplemental Nutrition Assistance Program, formerly known as the Food Stamp Program, provides benefits solely for the purchase of food items to families who meet income and resource requirements. Benefit costs are 100% 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 number of participants in this program has increased dramatically since 2007 reaching more than 550,000 during fiscal 2010. The fiscal 2011 budget assumes an average monthly grant of $254.

- *Other Cash 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).

A key function of the local departments is to determine eligibility for benefits for a variety of State and federal programs. The local departments perform this function, not only for the programs administered by the department, but for Medicaid and the Child Care Subsidy Program administered by the Department of Health and Mental Hygiene and the Maryland State Department of Education, respectively.

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.

The Department of Human Resources investigates 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 (referred to as Kinship Care). 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. The Department of Human Resources finalized adoptions for 770 children in fiscal 2009.

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. For individuals not receiving Temporary Cash Assistance or Medical Assistance, an application fee of $25 is charged for child support services. In addition, in response to a federal requirement, State law requires that a $25 fee be collected for cases for which an individual has never received public assistance after $3,500 has been collected during the federal fiscal year. Techniques used to enforce child support 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.

While the local departments of social services are the primary mechanism for delivery of child support enforcement services, some services may be provided by a county or State agency 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%) with the Department of Human Resources passing on the federal share of costs (66%).

In addition, in the largest jurisdictions (Anne Arundel, Baltimore, Montgomery, and Prince George's counties and Baltimore City), child support services are administered through offices that are separate from the local departments of social services and are supervised directly by the Executive Director of the State Child Support Enforcement Administration.

From October 1996 through September 2009, the State operated Baltimore City and Queen Anne's County child support operations through privatization contracts authorized in legislation as a pilot program. While the authorization for the pilot expired September 30, 2009, the Department of Human Resources continued to operate both jurisdictions through a private contract through September 30, 2010. Beginning October 1, 2010, Queen Anne's County child support operations are again operated through the local department of social services. Baltimore City child support operations are expected to remain privatized.

Other Providers of Services to Children and Families

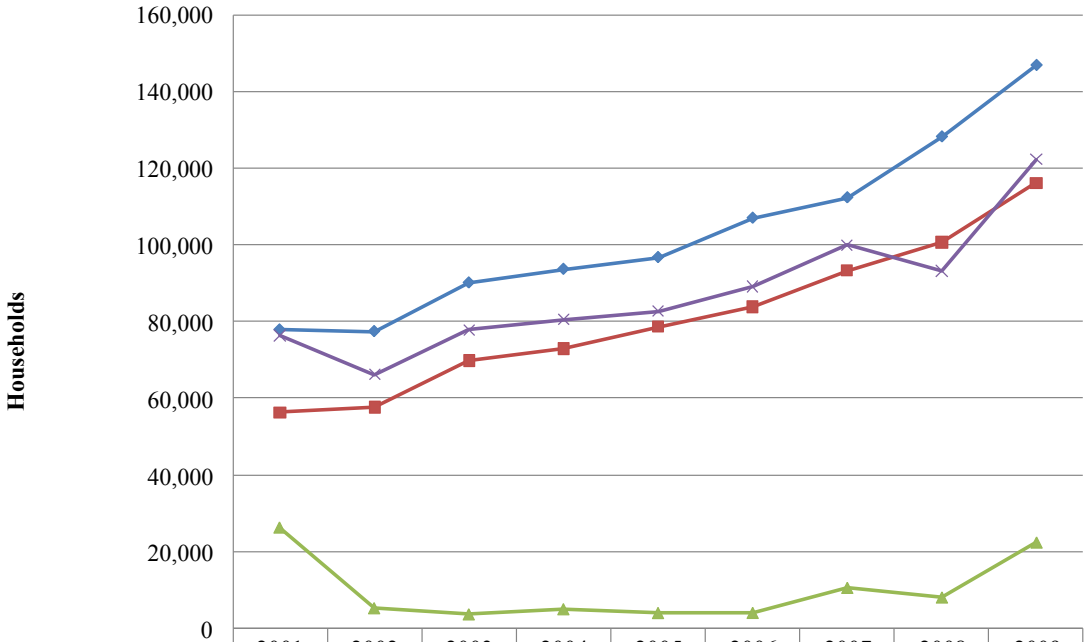
Several programs are not delivered through the local departments of social services. They include:

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 cash assistance recipients. In addition, the Department of Labor, Licensing, and Regulation distributes federal funds to local workforce investment boards to finance employment training that may benefit those on public assistance. Local workforce investment boards are discussed in more detail in Chapter 14 of this volume of the legislative handbook series.

Energy Assistance Programs: Local home energy program offices, typically operated by local departments of social services, units of local government, or nonprofit organizations with funding from the department, provide low-income families with access to energy assistance programs. The federally funded Maryland Energy Assistance Program provides bill payment assistance. The Electric Universal Service Program provides both bill payment and arrearage assistance. The number of households receiving assistance through this program has increased steadily since fiscal 2002, with a sharper increase in recipients beginning in fiscal 2007, as shown in Exhibit 11.3.

Child Care Subsidy: The Maryland State Department of Education administers the State's child care subsidy program which provides vouchers to disadvantaged families to allow parents to work or participate in activities that lead to employment. More information on early childhood development programs is in Chapter 6 of this handbook.

Exhibit 11.3
Energy Assistance Programs
Fiscal 2001-2009



	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total Applications	77,800	77,376	90,068	93,619	96,689	106,959	112,285	128,168	146,805
EUSP Bill Assistance	56,245	57,585	69,781	72,930	78,668	83,853	93,323	100,670	116,136
EUSP Arrearage Assistance	26,211	5,149	3,551	4,888	3,894	3,937	10,468	7,957	22,295

EUSP: Electric Universal Service Program
MEAP: Maryland Energy Assistance Program

Source: Department of Human Resources

Other Services: Through contracts and grants with community organizations and public agencies administered by the Office of Grants Management and Maryland Legal Services Program, the Department of Human Resources funds a diverse array of other services. These include programs assisting the homeless, battered spouses, 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. The program to assist victims of crime, formerly in the Department of Human Resources, was transferred to the Governor's Office of Crime Control and Prevention as a result of Chapter 186 of 2009 as amended by Chapter 72 of 2010. Some of the services provided through these contracts, including energy assistance, 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. In order to ensure that services will be as close to youths' families and communities as possible, 2007 legislation required the department to deliver services on a regional basis. Each region provides community services, including intake, probation, aftercare, and alternatives to detention as well as residential services. 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. Exhibit 11.4 illustrates the department's six regions.

Exhibit 11.4
Department of Juvenile Services Regions

Region I (Baltimore)	Baltimore City
Region II (Central)	Baltimore, Carroll, Harford, and Howard counties
Region III (Western)	Allegany, Frederick, Garrett, and Washington counties
Region IV (Eastern)	Caroline, Cecil, Dorchester, Kent, Queen Anne's, Somerset, Talbot, Wicomico, and Worcester counties
Region V (Southern)	Anne Arundel, Calvert, Charles, and St. Mary's counties
Region VI (Metro)	Montgomery and Prince George's counties

Source: Department of Juvenile Services

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; or 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. In fiscal 2009, the department handled more than 48,500 complaints with formal court proceedings recommended for 18,993 (almost 40%) of the cases.

Juveniles that pose a risk to themselves or others can be held in one of the State's eight detention centers while awaiting disposition by the court. In fiscal 2010, an average of 289 juveniles per day were awaiting trial in one of the detention centers. Electronic monitoring and other forms of highly supervised community-based detention are also offered as alternatives to detention centers. In fiscal 2010, an average of 622 juveniles per day were being supervised in this alternative detention capacity while awaiting court disposition. 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). An average of 4 youth per day were awaiting court disposition in a shelter care program in fiscal 2010.

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 commitment to a group home or other out-of-home facility. These facilities vary in terms of security and services offered based on the youth's needs. Many youth 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. On average, just over 5,000 juveniles per month were on probation in fiscal 2010.

Most juveniles who are awaiting placement in a committed program are held in one of the State's detention centers. In fiscal 2010, an average of 198 juveniles per day were awaiting placement in a committed program in either a detention center (154), shelter facility (38), or through community detention/home monitoring (6).

Juveniles committed to a residential program receive counseling, health, and educational services as well as other specialized services. Although the Department of Juvenile Services and the Maryland State Department of Education currently divide responsibility for providing educational services within State-operated facilities, legislation requires the Maryland State Department of Education to assume full responsibility for the programs by July 1, 2014. Residential programs also include secure 24-hour residential treatment programs, group homes, and specialized treatment centers focusing on substance abuse. An average of 866 juveniles each day resided in a committed placement in fiscal 2010, the vast majority of which were in either group homes or residential treatment centers. Most of the youth committed to Department of Juvenile Services' residential placements are housed in private facilities. Although the department does place youth in out-of-state facilities, generally due to lack of more secure in-state options, such placements have been reduced in recent years. This is primarily attributable to the expansion of programming at Victor Cullen Academy.

A listing and description of the State-operated residential facilities is provided in Exhibit 11.5.

Exhibit 11.5
Department of Juvenile Services
State-operated Facilities
Fiscal 2011

Facility Name	Population Served/ Type of Facility	Region	Rated Capacity[3]
Thomas J. S. Waxter[1]	Committed/ Detention	Southern	40
Alfred D. Noyes	Detention	Metro	57
J. DeWeese Carter	Detention	Eastern	15
Cheltenham[2]	Detention/ Shelter Care/ Committed	Metro	115
Charles H. Hickey, Jr.	Detention	Central	72
William Donald Schaefer House	Committed	Baltimore	20
Youth Centers	Committed	Western	164
Victor Cullen Academy	Committed	Western	48
Baltimore City Juvenile Justice Center	Detention	Baltimore	120
Lower Eastern Shore	Detention	Eastern	24
Western Maryland Children's Center	Detention	Western	24

[1] Waxter is exclusively a female-serving facility. A small number of females are also detained at the Lower Eastern Shore and Noyes facilities. All other facilities serve only males.
[2] The committed program at Cheltenham was closed in the second half of fiscal 2010. It is not known if or when it will be reopened.
[3] Rated capacity, as noted on the Department of Juvenile Services monthly population reports, does not reflect actual utilization.

Source: Department of Juvenile Services

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.

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 Maryland Department of Aging, Department of Human Resources, Department of Health and Mental Hygiene, and Maryland Department of Transportation. The Maryland 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, Incorporated. The staff of area agencies on aging are all county or private-sector employees.

Area agencies on aging submit service delivery plans to the Maryland 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 Maryland Department of Aging to assist the elderly include:

- ***Senior Care Program*** – furnishes case management and in-home aide services to prevent or delay nursing home placement. In fiscal 2009, 2,064 individuals were served through this program. 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 for low-income seniors with Medicaid-covered services provided by the Department of Health and Mental Hygiene. Like the Senior Care Program, the program's goal is preventing or delaying nursing home admissions. In fiscal 2009, 3,571 elderly individuals participated in this program.

- ***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*** – provided approximately 2.7 million meals in homes and in group settings to 35,730 seniors in fiscal 2009. 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. For example, 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. In addition, the department's Adult Protective Services Program investigates reports of neglect or abuse. In fiscal 2009, the Department of Human Resources completed approximately 4,400 investigations of abuse. 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 the Department of Aging; Secretary of the Department of Human Resources; Secretary of the Department of Health and Mental Hygiene; Secretary of the Department of

Transportation; Secretary of the Department of Housing and Community Development; Secretary of the Department of Labor, Licensing, and Regulation; Secretary of the Department of Disabilities; Secretary of the Department of Veterans Affairs; Director of the Office of the Deaf and Hard of Hearing; Chair of the Commission on Aging; 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 department also operates several programs to assist individuals with disabilities. These programs include:

- ***Attendant Care Program*** – which provides reimbursement to individuals with chronic or severe physical disabilities for attendant services;

- ***Maryland Technology Assistance Program*** – which provides assistance to individuals with disabilities with assistive technology through the Assistive Technology Loan Program, demonstration and short-term loans, outreach and training, and information; and

- ***Access Maryland Program*** – which provides funding to State agencies and public higher education institutions to bring facilities into compliance with federal accessibility requirements.

The Department of Disabilities administers Maryland's Medicaid Infrastructure Grant, which supports individuals with disabilities obtaining and maintaining competitive employment. A key component of this grant is the Employed Individuals with Disabilities program that allows individuals to maintain health benefits through the Medical Assistance program while employed.

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 serves 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 an advisory council which was expanded to 18 members by Chapter 216 of 2010.

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.

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 Maryland Legal Services Program, 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. Approximately 420 veterans are expected to reside in the home in fiscal 2011.

In addition, Chapters 555 and 556 of 2008 created the Veterans Behavioral Health Initiative in the Department of Health and Mental Hygiene to encourage service coordination between State and federal agencies and fund certain behavioral health services for veterans of the Afghanistan and Iraqi conflicts. Chapter 736 of 2009 extended the program to all Maryland veterans of foreign wars. This program is scheduled to end May 31, 2011.

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 11.6.

Funding

As depicted in Exhibit 11.7, 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 11.6
Examples of Locally Funded Social Service Programs

Allegany	Shelter Grants; Family Crisis Center; Child Abuse Coordinator; and Human Resources Development Commission.
Anne Arundel	Adult and Child Foster Care Supplements; Homeless Shelters; Local Emergency Assistance; 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	Adult Foster Care; Emergency Shelter Programs; Domestic Violence/Sexual Assault Programs; Department of Aging.
Calvert	Office on Aging and Angel's Watch Regional Shelter.
Caroline	Upper Shore Aging; St. Martin's Ministries; and Chesapeake Center.
Carroll	Family and Children's Services; Human Services Programs; Rape Crisis Intervention Service; and Aging Programs.
Cecil	Senior Center Maintenance; Pauper Burial; Housing Maintenance; and Department of Senior Services and Community Transit.
Charles	Jude House; Alternative for Youth; Aging Programs; and Tri-county Youth Services.
Dorchester	Youth Services.
Frederick	Big Brothers/Big Sisters; Aging Programs; Advocates for the Homeless; and Office of Children and Families.
Garrett	Aging Programs; Emergency Food and Crisis Shelter Programs.
Harford	Office on Aging and Emergency Assistance.
Howard	Aging Programs and Office of Children's Services.
Kent	Upper Shore Aging and Delmarva Community Services.
Montgomery	Aging and Disability Services; Housing Stabilization Services; and Shelter Services.

Exhibit 11.6 (Continued)
Examples of Locally Funded Social Service Programs

Prince George's	Aging Programs; Emergency Shelter Programs; and Division of Child, Adult, and Family Services.
Queen Anne's	Aging Programs.
St. Mary's	Alternatives for Youth and Families; Tri-county Community Action; Tri-county Youth Services Bureau; and Department on Aging.
Somerset	Life Crisis Center and Pauper Burials.
Talbot	Aging Programs.
Washington	Commission on Aging; Senior Living Alternative; Citizens Assisting and Sheltering the Abused; and Community Action Council.
Wicomico	Commission on Aging; Maintenance of Aged in the Community; and Life Crisis Center.
Worcester	Commission on Aging; Youth and Family Counseling; Life Crisis Center; and Save the Youth Program.

Source: County Budgets 2008, 2009, and 2010

Exhibit 11.7
Human Services Funding – Fiscal 2009
($ in Thousands)

Operating Programs:	State	Local	Federal	GO Bonds	Total
Aging Programs[1]	$24,024	0	$27,915		$51,939
Juvenile Services[2]	267,906	0	7,383		275,290
Veterans[3]	8,901	0	8,878		17,778
Public Assistance Payments	53,902	1,356	118,185		173,442
Food Stamp Benefits	0	0	585,213		585,213
Foster Care/Adoption Grants	242,986	61	108,219		351,265
Child Support Enforcement	16,836	483	68,391		85,711
Local Departments of Social Services[4]	175,263	12,930	225,856		414,049
Other Department of Human Resources[5]	153,778	0	228,549		382,327
Systems Reform Initiative/Local Management Boards[6]	34,270	0	7,272		41,543
Governor's Office for Children	1,719	0	1,042		2,761
Department of Disabilities[7]	2,923	0	1,399		4,322
Office of the Deaf and Hard of Hearing	279	0	0		279
Various Local Programs Not Included in State Budget[8]		245,767			245,767
Total Operating	**$982,786**	**$260,597**	**$1,388,302**		**$2,631,685**
Capital General Obligation and Pay-as-you-go Programs:					
Aging	$0	$0	$0	$1,683	$1,683
Juvenile Services	0	0	0	5,735	5,735
Disabilities	0	0	0	1,600	1,600
Veterans Affairs	0	0	1,810		1,810
Total Capital	**$0**	**$0**	**$1,810**	**$9,018**	**$10,828**

GO: general obligation

[1] Does not include programs administered by the Department of Health and Mental Hygiene, Maryland Department of Transportation, or Department of Human Resources.
[2] Excludes all reimbursable funds except Major Information Technology Development Project Fund.
[3] Excludes capital program funded through the operating budget.
[4] Includes the Local Family Investment, Child Welfare, Adult Services, and overhead of local departments of social services. Excludes Work Opportunities Program, which is included in Chapter 14 of this volume.
[5] Includes the Office of the Secretary, Citizens Review Board for Children, Commission for Women, Office of Grants Management, Operations Office, Office of Technology for Human Services, Office of Home Energy Programs, and central administration of the Social Services and Family Investment Administration. Excludes Legal Services and Maryland Office for Refugees and Asylees, which are included in Chapter 4 and 14 this volume, respectively.
[6] Excludes all reimbursable funds.
[7] Excludes all reimbursable funds.
[8] Includes all net county spending reported in *Uniform Financial Reports*, less the amounts already captured in the *Fiscal 2011 State Budget Books* for other categories of spending.

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

Source: *Fiscal 2011 State Budget Books*; *Uniform Financial Reports*; Department of Legislative Services

While federal support represents over half of all human service spending in Maryland, most of the federal dollars are earmarked for specific public assistance programs. Federal nutrition assistance funding, which covers 100% of the benefit costs and 50% of the administrative expenses of the program, accounted for approximately $633.8 million of the federal human service expenditures in fiscal 2009. Another $204.8 million in federal Temporary Assistance for Needy Families Block Grant dollars including those available from the American Recovery and Reinvestment Act of 2009 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, foster care and subsidized adoption payments, and local departments of social services. 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 2009, the counties and Baltimore City reported spending more than $409.0 million on human service programs. Of this amount, $119.0 million represented the county contribution to the local department of social services. Another $98.6 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 11.8 offers a summary of local spending in fiscal 2009 by county. Spending in Montgomery County represents more than 40% of local expenditures, partly due to their unique arrangement with the State for the operation of the local department of social services. 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 and Baltimore City reported over $148.0 million from federal and State grants for social services programs in fiscal 2009.

Exhibit 11.8
County Spending on Human Services Programs
Fiscal 2009

County	Contribution to Local Department	Dept. of Aging	Other Programs	Total Funding
Allegany	$0	$0	$12,837,569	$12,837,569
Anne Arundel	4,699,239	12,727,523	8,520,656	25,947,418
Baltimore City	-	9,095,843	11,948,109	21,043,952
Baltimore	5,913,698	14,330,363	8,959,300	29,203,361
Calvert	63,959	1,954,585	3,652,202	5,670,746
Caroline	15,000	143,270	147,144	305,414
Carroll	1,319,630	2,160,253	4,063,108	7,542,991
Cecil	1,484,168	2,459,926	913,735	4,857,829
Charles	1,072,105	2,402,087	3,728,480	7,202,672
Dorchester	261,036	-	236,430	497,466
Frederick	1,816,632	2,283,696	22,157,127	26,257,455
Garrett	-	281,700	-	281,700
Harford	2,037,431	3,875,972	9,468,244	15,381,647
Howard	628,507	-	18,917,237	19,545,744
Kent	64,955	-	1,277,835	1,342,790
Montgomery	95,468,432	34,013,518	41,784,263	171,266,213
Prince George's	2,385,658	5,352,484	24,848,236	32,586,378
Queen Anne's	-	2,820,094	2,239,399	5,059,493
St. Mary's	-	3,196,812	1,181,749	4,378,561
Somerset	-	-	297,273	297,273
Talbot	15,200	147,566	951,242	1,114,008
Washington	1,714,996	-	578,879	2,293,875
Wicomico	-	-	12,117,100	12,117,100
Worcester	-	1,320,105	685,549	2,005,654
Total	**$118,960,646**	**$98,565,797**	**$191,510,866**	**$409,037,309**
Minus Federal Grants				-$83,860,117
Minus State Grants				-$64,580,598
Net County Spending				**$260,596,594**

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

The mission of the Department of Housing and Community Development is to work with partners to finance housing opportunities and revitalize places for Maryland citizens to live, work, and prosper. The activities to achieve this mission are carried out by the department through partnerships with the federal government, local public housing authorities, local and other State agencies, and private partners such as nonprofit organizations, banks and developers, and housing and community advocates. The Department of Housing and Community Development administers several federal housing programs, issues housing revenue bonds to support homeownership and the development of multi-family housing, operates a mortgage insurance fund, and manages programs aimed at revitalizing blighted neighborhoods. Other community revitalization efforts, such as historic preservation, are administered by the Maryland Department of Planning.

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 the 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 (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 to 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 federally 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; 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[2]	Yes	Two
Anne Arundel	Yes	Yes	One
Baltimore City	N/A	N/A	One
Baltimore	Yes	Yes	None
Calvert	Yes	Yes	None
Caroline	Yes[1]	No	None
Carroll	Yes	Yes	One
Cecil	Yes	Yes	One
Charles	Yes	Yes	None
Dorchester	Yes[1]	No	One
Frederick	Yes[2]	No	One
Garrett	Yes[2]	No	None
Harford	Yes	Yes	One
Howard	Yes	Yes	None
Kent	Yes[1]	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[1]	No	One
Talbot	Yes[1]	No	Two
Washington	Yes	Yes	One
Wicomico	Yes[1]	Yes	None
Worcester	Yes[1]	No	None

DHCD: Department of Housing and Community Development

[1] Refers to Eastern Shore Regional Housing Assistance Office.
[2] DHCD subcontractor.

Source: Department of Housing and Community Development

Housing and Community Development Services

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, 2009, the portfolio of outstanding mortgages made under this program totaled $2.4 billion.

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, 25.0% is allocated to the administration, 50.0% is allocated to the counties and Baltimore City, 22.5% is allocated to the Department of Business and Economic Development, and 2.5% 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; and the House Keys 4 Employees and Downpayment and Settlement Expense Loan Programs, which are designed to assist families of moderate income meet the cash requirements for downpayment and closing costs. For fiscal 2011, the appropriation for homeownership programs totals $8.5 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. However, activity was resumed after several years. In calendar 2005, the fund released a new product insuring 40-year single-family mortgages and, in response to rising foreclosures, created a credit enhancement product in calendar 2008 to assist homeowners with refinancing their mortgages on the private market. However, rising turmoil in the financial and housing sectors caused the Department of Housing and Community Development to announce the suspension of its single-family mortgage insurance program in December of 2008. As of June 30, 2009, the fund's outstanding commitments on insured mortgages totaled $99.5 million for multi-family mortgage loans and $77.8 million for single-family mortgages.

Rental Housing

State activity in the rental housing arena addresses both supply and demand. Efforts to address the State's supply of affordable rental housing includes providing 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 $29.7 million in fiscal 2011, are appropriated for a series of programs designed to develop or rehabilitate units that, in general, serve populations with incomes below 60% of the area median. Proposals are selected for funding under a competitive rating and ranking system. As of June 30, 2010, the outstanding portfolio of the State-funded rental housing development loan programs under the Department of Housing and Community Development totaled $246.0 million.

The State also administers a Housing Revenue 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, 2009, the outstanding principal of loans under this bond program totaled $525.3 million, financing rental units in 78 projects.

The Department of Housing and Community Development's Partnership Rental Housing Program is a collaboration with local governments to finance the construction and rehabilitation of affordable rental housing for families with incomes below 50% of the statewide median. The program also provides financing to private developers as long as they agree to include a certain number of affordable rental units for disabled individuals in the project. In fiscal 2011, State capital funds provided $6 million for this program.

The Department of Housing and Community Development also spurs the development and rehabilitation of low-income housing among private developers by administering the federal Low-income Housing Tax Credit Program. The tax credits are awarded to developers agreeing to rent a portion of the rental units to low-income households. The developers sell the tax credits to investors for cash, and the investors may claim the tax credit for a period of 10 years. The raise-up rate on the tax credits – that is, the amount a developer may raise for each $1 of tax credit sold – has declined significantly in recent years in response to turmoil in the housing market. The federal American Recovery and Reinvestment Act of 2009 provided an additional $110.9 million boost in fiscal 2010 to assist developers struggling to raise equity or find investors using the program.

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 provide oversight of privately owned properties that accept Section 8 vouchers. The department expects to oversee about 400 properties on behalf of the Department of Housing and Urban Development in fiscal 2011. The State is responsible for reviewing the property owner's records, ensuring the project-based Section 8 payments are made to the property in accordance with the Department of Housing and Community Development's rules, reviewing request for rent increases, responding to tenant complaints, and performing physical inspections of the properties. 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% of the area median, pays no more than 30% 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 Choice Voucher Program. In this program, the Department of Housing and Urban Development subsidizes the difference between 30%

of the household income and a payment standard that is about 80 to 100% 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% of their adjusted income as the difference. This voucher approach can increase housing choices for low-income families. In fiscal 2010, Maryland received $15 million from the Section 8 Choice Voucher Program.

The Department of Housing and Community Development's Rental Allowance Program, State-funded at $1.7 million for fiscal 2011, 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.

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.

The department's role in combating childhood lead poisoning 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 2011, State capital funds totaling $10 million have been appropriated for these special loan programs.

The Weatherization Assistance Program provides grants to public and private entities for energy efficiency improvements to housing occupied by low-income Marylanders. This program receives federal funds from the federal Department of Energy and special funds from the Regional Greenhouse Gas Initiative (proceeds of the sale of carbon credits are deposited in the Maryland Strategic Energy Investment Fund which is administered by the Maryland Energy Administration) and the Electric Universal Service Program (proceeds of a monthly charge on electric ratepayers) administered by the Department of Human Resources. Spending on weatherization activities totaled $4.6 million in fiscal 2008. In fiscal 2010, however, the program received a significant allotment of $52.5 million in one-time funds ($61.4 million over three years) through the American Recovery and Reinvestment Act of 2009.

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;
- Minimum Livability Code; and
- Maryland Building Rehabilitation Code, also known as "Smart Codes."

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. For fiscal 2011, this program has been allocated $3.1 million in capital funds to make loans and grants to business and nonprofit organizations in designated "revitalization areas."

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 2009, the program funded 63 projects in 36 communities for a total of $4.2 million in capital expenditures. In fiscal 2011, the program has been allocated $4.3 million in capital funds.

Main Street Maryland is a comprehensive revitalization strategy used to strengthen the economic potential of historic downtown and neighborhood business districts. 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 23 communities throughout the State revitalize downtown areas. Governments and local businesses, leveraging assistance from the Main Street Maryland program, have invested $360 million on public and private improvement projects that range from new streetlights to new signs to renovated buildings since the program was created in 1998.

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 $10 million

in fiscal 2011. 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 1 limited-purposes agency which serves all areas of the State. Roughly $9.2 million will be distributed to these agencies in fiscal 2011 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.

The Maryland Historical Trust, a unit of the Maryland Department of Planning, administers a number of programs aimed at preserving the State's historic and cultural resources. The Sustainable Communities Tax Credit Program is significant within this context of neighborhood preservation and revitalization. Other activities of the Maryland Historical Trust are discussed in Chapter 15 of this volume.

Established in 1996 as the Heritage Structure Rehabilitation Tax Credit, the program was reauthorized with an expanded scope as the Sustainable Communities Tax Credit Program by Chapter 487 of 2010. The reauthorized program continues to provide tax credits for the rehabilitation of residential and commercial properties, but certain nonhistoric properties are eligible. For residential properties, the State tax credit equals 20% of rehabilitation expenditures for a single-family, owner-occupied residence. On the commercial side, the tax credit equals 20% of rehabilitation expenditures for a certified historic structure (increased to 25% if certain energy efficiency standards are met) and 10% for the rehabilitation of a qualified structure that qualifies by being in either a designated Main Street or sustainable community. For income-producing properties, the State income tax credits can be layered with federal income tax credits which are equal to 20% of rehabilitation expenditures. Since 1997, a total of 447 completed commercial rehabilitations have earned State credits totaling $238.5 million; an additional $69.3 million has been allocated to 145 projects still underway.

Funding

For housing and community development, total spending by the Department of Housing and Community Development in fiscal 2009 was $315.4 million in general, special, and federal funds as shown in Exhibit 12.2. Of this amount, $241.3 million was on operations and $74.1 million was for capital programs. The department also receive $7.5 million in general obligation bonds which supplemented funding for capital programs.

Federal funds are received primarily under the various Section 8 rental assistance programs, the HOME Investment Partnerships Program, which is used to support rental housing, homeownership, and special loans program, and the Community Services and Community Development Block Grant Programs. Most of these funds are passed through to those local housing offices and housing authorities that do not receive funding directly from the 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 estimates issuing $150 million in project-based bonds for multi-family development and $360 million under the single-family Maryland Mortgage Program in fiscal 2011. 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 2011, the department anticipates issuing up to $45 million for local projects such as schools, offices, parks, water system improvements, and other infrastructure.

The commercial properties component of the Sustainable Communities Tax Credit program (formerly the Heritage Structure Rehabilitation Tax Credit) does not operate as a traditional tax credit but is subject to an annual appropriation in the State budget. This provision was enacted in 2004 as a way to control and predict the effect of the program on the State budget. An annual appropriation is made to a reserve fund, and dollars are transferred to the general fund to offset revenue reductions when the credits are actually claimed by taxpayers. For fiscal 2009, $10 million was appropriated to the reserve fund.

Exhibit 12.2
Housing and Community Development Expenditures
Fiscal 2009
($ in Thousands)

	General	Special[1]	Federal	Total
Operating Programs:				
Maryland Affordable Housing Trust	$0.00	$3,345.81	$0.00	$3,345.81
Office of the Secretary	0.00	2,169.82	915.41	3,085.23
Office of Management Services	0.00	1,888.42	703.10	2,591.52
Maryland Housing Fund	0.00	611.68	0.00	611.68
Asset Management	0.00	1,029.71	2,809.78	3,839.50
Maryland Building Codes	0.00	726.65	0.00	726.65
Division of Neighborhood Revitalization	1,368.45	2,382.28	11,269.09	15,019.82
CDA Administration	0.00	2,098.16	215.91	2,314.07
Housing Development Program	0.00	3,149.25	450.09	3,599.33
Homeownership Programs	0.00	2,555.40	24.21	2,579.62
Special Loan Programs[2]	0.00	3,050.49	9,332.39	12,382.88
Rental Services Programs[2]	1,700.00	59.10	181,131.96	182,891.05
Division of Information Technology	0.00	969.53	2,237.70	3,207.23
Division of Finance and Administration	10.00	4,471.36	663.58	5,144.94
Total Operating	**$3,078.45**	**$28,507.66**	**$209,753.21**	**$241,339.32**
Capital Grant and Loan PAYGO Programs:				
Division of Development Finance[3]	$0.00	$26,686.91	$11,926.13	$38,613.04
Division of Neighborhood Revitalization	4,239.56	3,843.39	27,357.93	35,440.87
Heritage Tax Credit	10,000.00	0.00	0.00	10,000.00
Total Capital	**$14,239.56**	**$30,530.30**	**$39,284.06**	**$84,053.91**

CDA: Community Development Administration
PAYGO: Pay-as-you-go

[1]Special funds represent repayments to revolving loan funds, and fees on bond issuances and insurance.
[2]Though not reflected above, the Special Loan Programs received an additional $1.0 million and the Rental Services programs received an additional $207,954 in reimbursable funds from other state agencies.
[3]Though not reflected above, the Division of Development Finance also received $7.5 million in general obligation bonds in fiscal 2009 to fund its capital programs

Notes: Numbers may not sum to the total due to rounding. Capital funds may be expended over several years.

Source: Department of Legislative Services

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 $571.9 million in fiscal 2009; about 98% of that spending is categorized as public housing and community development and the remaining portion as community action. 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. The federal and State governments contribute significantly in the housing and community development areas; in fiscal 2009, the counties collectively reported revenues of $347.0 million in public housing and community development grants. Thus, if all such grants were expended in the year they were received, own-source county revenues would account for $224.9 million in fiscal 2009.

Municipal governments spent $28.1 million in fiscal 2009, with over 87% classified as community development and public housing and roughly 13% as community action. More than three-fourths of that total was spent in six jurisdictions: Montgomery ($6.0 million), Allegany ($5.3 million), Prince George's ($3.7 million), Frederick ($3.1 million), Carroll ($2.8 million), and Caroline ($1.0 million). Again, the importance of State and federal grants is evident: for fiscal 2009, the municipal corporations of the State collectively reported $16.1 million in community development revenues from other levels of government.

Exhibit 12.3
Local Community Development and Housing Expenditures
Fiscal 2009

County	County Spending	Municipal Spending	Total Spending Reported
Allegany	$1,987,093	$5,250,035	$7,237,128
Anne Arundel	7,870,313	921,808	8,792,121
Baltimore City	112,360,011	-	112,360,011
Baltimore	76,170,760	-	76,170,760
Calvert	1,861,519	14,000	1,875,519
Caroline	2,181,574	1,029,441	3,211,015
Carroll	7,463,884	2,778,504	10,242,388
Cecil	4,089,729	-	4,089,729
Charles	10,191,110	882,523	11,073,633
Dorchester	1,900,425	828,076	2,728,501
Frederick	14,180,126	3,131,734	17,311,860
Garrett	1,670,090	654,088	2,324,178
Harford	11,116,454	445,639	11,562,093
Howard	30,371,710	-	30,371,710
Kent	362,403	108,167	470,570
Montgomery	193,455,387	6,011,448	199,466,835
Prince George's	83,218,428	3,658,222	86,876,650
Queen Anne's	3,585,615	-	3,585,615
St. Mary's	1,366,689	-	1,366,689
Somerset	356,142	168,435	524,577
Talbot	399,950	568,320	968,270
Washington	3,586,024	733,387	4,319,411
Wicomico	1,896,492	707,990	2,604,482
Worcester	301,502	252,162	553,664
Total	**$571,943,430**	**$28,143,979**	**$600,087,409**
Minus Federal Grants	-$308,664,945	-$11,386,298	-$320,051,243
Minus State Grants	-$38,350,583	-$2,668,379	-$41,344,840
Minus County Grants		-$2,002,303	-$1,676,425
Net County Spending	**$224,927,902**	**$12,086,999**	**$237,014,901**

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. As 6 municipal corporations did not report their expenditures for fiscal 2009, municipal expenditures reflect those reported by the other 150 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 13. Economic Development and Business Regulation

Maryland seeks to be known as a leading entrepreneurial state with a remarkable knowledge-based economy, innovation-minded culture, and strong consumer protection. To achieve this vision, 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

As overseen by the Maryland Department of Business and Economic Development, economic development policy is guided by the Maryland Economic Development Commission, a body of up to 25 voting members established by legislation in 1995. After being inactive for several years, the commission was revived in August 2009. The commission, which now has 20 voting and 7 nonvoting members, is composed largely of private-sector representatives. It is charged with developing and updating a strategic plan for the State and recommending 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 January 2010 annual status report cites several consensus and industry-specific findings concerning the status of the 10-year Plan for Economic Development, as well as observations on several legislative and regulatory issues pending at the start of the 2010 legislative session.

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. Three regional offices located in Hughesville, Largo, and Cumberland 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. Fifteen 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, Incorporated. Exhibit 13.1 shows the organizational structure in place in each county.

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 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, and Upper Shore Regional councils.

Exhibit 13.1
Organizational Structure for County Economic Development

Economic Development Commission	County Department or Office		Economic Development Corporation or Authority
Somerset	Allegany	Garrett	Anne Arundel
Washington	Baltimore	Harford	Baltimore City
	Calvert*	Kent***	Caroline
	Carroll	Montgomery	Howard
	Cecil**	Queen Anne's	Prince George's
	Charles***	St. Mary's	Wicomico
	Dorchester	Talbot	
	Frederick	Worcester	

*Calvert County also has an economic development commission and a development authority.
**Cecil County also has an economic development commission.
***Charles and Kent counties terminated their economic development offices during fiscal 2010 and transferred their functions to their respective tourism offices.

Source: Department of Business and Economic Development

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's Division of Business and Enterprise Development and the Division of Marketing and Communication. The 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 of Business and Enterprise Development 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 Economic Alliance of Greater Baltimore, realizing that cooperation between local jurisdictions, rather than competition, benefits not only the region as a whole but the individual local jurisdictions as well.

Biotechnology

The Maryland Biotechnology Center, created in 2009 as part of the Maryland BIO 2020 Initiative, is an organization within the department. The center's mission is to consolidate and coordinate State, university, and private-sector initiatives to better showcase and support biotechnology innovation and entrepreneurship in Maryland. The center is designed to be a "one-stop shop" to serve as a central repository of statewide resources for area biotechnology companies. At its two locations (Baltimore City and Montgomery County), the center's staff provides assistance to area companies, markets the State's biotechnology resources, and builds relationships with federal laboratories, universities, and private-sector companies. In its first year of funding grants (fiscal 2010), the center awarded $1.3 million to seven Maryland bio companies and universities.

International Business Services

The Office of International Investment and Trade fosters foreign investment in Maryland and operates foreign trade offices in 14 countries: Canada, India, Colombia, Brazil, France, Montenegro, Sweden, Israel, Russia, China, Japan, Taiwan, South Korea, and Vietnam. 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 40 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 the 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. The department is in the process of revamping this system under the title of Central Business Licensing system.

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 2009, the partnership distributed $615,364 in matching grants to 20 companies in regions throughout the State. Since the partnership was established in 1989, it has invested more than $37 million in Maryland companies that trained nearly 97,000 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. The Skills2Compete campaign targets post-secondary education credentialing linked to identified employer needs in the State's service and manufacturing sectors, including health care, education, hospitality, cybersecurity, biotechnology, and "green" industries. More information on labor force development may be found in Chapter 14 of this volume.

Financing Programs

The Office of Finance Programs is charged with delivering and administering the department's finance incentive and tax credit programs to its customer base, which is very diverse and includes the business community, local economic development agencies, financial institutions, and other parties that extend credit. To meet these responsibilities, the office has assembled a staff of skilled professionals to oversee the process, which includes customer education of products offered, project analysis, negotiation, structuring, underwriting, documentation, accounting, loan administration, and collection. The office is also charged with the responsibility of portfolio oversight and reporting for each of the programs, which includes both legislative and audited annual reports. Exhibit 13.2 shows funds available for financial incentives during fiscal 2010.

Exhibit 13.2
Funding for Loan Guaranty, Loan, Grant, and Investment Programs Under the Department of Business and Economic Development
Fiscal 2010

Maryland Industrial Development Financing Authority Conventional Loan and Bond Insurance Fund	$31,400,000
Maryland Small Business Development Financing Authority	25,600,000
Maryland Economic Development Assistance Authority and Fund	44,700,000
Maryland Venture Fund (Challenge Investment Program and Enterprise Investment Fund)	5,400,000
Maryland Biotechnology Investment Tax Credit Reserve Fund	6,000,000
Economic Development Opportunities (Sunny Day) Fund	1,000,000
Maryland Economic Adjustment Fund	500,000
Military Personnel and Service-Disabled Veterans Loan Program	300,000

Note: The above figures represent funds available for financial incentives through fund balances and/or appropriations in fiscal 2010.

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

The financing programs outlined below target local jurisdictions, small businesses, 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, 2009, the bond insurance fund had outstanding insurance of $17.5 million against a reserve balance of $33.9 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 million to $5 million on October 1, 2006, but will revert back to the $1 million cap on October 1, 2014.

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 million for a significant economic development opportunity on a statewide or regional level;
- loans of up to $5 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% of the total project costs unless the recipient is the Maryland Economic Development Corporation, which may request 100% assistance.

Based on the definition of "qualified 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 (1) its average unemployment rate (for the most recent two years) is more than 150% above the average State unemployment rate during the same 24-month period; (2) its average per-capita personal income (for the most recent two years) is 67% or less of the State average per-capita personal income during the same 24-month period; or (3) it has met either of the preceding criteria during the preceding 12 months. 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, middle, 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.

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, for which the State does not typically provide incentives.

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 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 was established in 2005 by the General Assembly. The credit equals 50% 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 specific amount be appropriated to fund the credit, the department has received a $6 million appropriation each year since fiscal 2007; for fiscal 2011, an additional $2 million from the stem cell fund may be used for this biotech tax credit.

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. Incentives may be used to attract new business, federal research, or public institutions, or to retain or expand new businesses, federal research, or public institutions. 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 in capital at a level equal to five times the value of the incentive offered. 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, and no appropriations have been made since fiscal 2002. The principal of and interest on loans are repaid to the fund. The latest disbursement approved by the Legislative Policy Committee in January 2008, along with other previous commitments, is expected to produce a fund balance of approximately $1 million for fiscal 2011.

The Maryland Economic Adjustment Fund assists new or existing businesses with 50 or fewer employees. 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. During fiscal 2009, the department approved three adjustment fund projects totaling just over $465,000.

Military and Veteran Assistance

The Military Personnel and Service-Disabled Veteran No-Interest Loan Program was established in 2006. The program provides financial support for businesses owned by military reservists and National Guard personnel called to active duty and for small businesses that employ them. The financing assistance provided to businesses may be made at any time from the point the military reservist is activated to six months after the end of activation and is based on eligibility criteria including the extent to which the activated military reservist is an essential employee.

For service-disabled veterans, the program assists with costs to make the home, motor vehicle, or place of employment of the service-disabled veteran accessible to individuals with disabilities, including purchasing equipment necessary to enable a business to employ a service-disabled veteran, and with other necessary expenses incurred by an employer of a service-disabled veteran as a result of the veteran's disability.

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 trebled from 88 projects in fiscal 1999 to 224 projects in fiscal 2009.

Maryland Technology Development Corporation

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. Each year from 2004 through 2008, *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 an initial $15 million appropriation to capitalize a new Maryland Stem Cell Research Fund. The fund supports stem cell research and development at Maryland research institutions and private companies. In subsequent years, State funding has varied; through fiscal 2011 the program has received $78.8 million in appropriations. The 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 activities is the business incubator program, which provides services and infrastructure for fledgling companies. Currently, the corporation provides small operating grants but has in the past awarded capital funds to local governments and nonprofit organizations for incubator development. 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.

The Maryland Technology Transfer Fund provides seed investments to early stage technology companies that are economically viable but do not yet have the scope for a venture capital investment. The companies must partner with universities in Maryland or federal laboratories to receive funds or must be a tenant in a technology incubator. The Maryland Technology Transfer Fund awardee companies must have a commercialization strategy to qualify, and awards are up to $75,000 in nonequity investments per company. The companies serve as a "farm team" for the Department of Business and Economic Development Challenge Program, which targets businesses at a later stage of development. The Maryland Technology Transfer Fund awardees also often go on to participate in the Maryland Industrial Partnerships Program at the University of Maryland, College Park.

In 2008, the Coordinating Emerging Nanobiotechnology Research in Maryland Program was established in the corporation. This program is intended to leverage federal funding, provide pilot funding for faculty, and foster public-private partnerships in the

research and development of nanobiotechnology in the State. Subject to available funding, the program may provide funding in the form of grants or loans to eligible private sector entities and institutions of higher learning in the State. Funding has only been provided for one year (fiscal 2009).

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 administers several loan and grant programs to support these activities. The corporation is also developing a Next Generation Farmland Acquisition Program in cooperation with the Maryland Agricultural Land Preservation Foundation and other agencies to assist new and beginning farmers to purchase farmland. At least $2.75 million for corporation operations must be included in the State's fiscal 2010 and 2011 budgets, increasing to $4.0 million in fiscal 2012 through 2020.

Tourism, Film, and the Arts

The Maryland Tourism Development Board, a 24-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; $5 million was appropriated in fiscal 2011.

In conjunction with the board, the department's Office of Tourism Development serves as the State's official travel marketing agency. The office promotes Maryland attractions, accommodations, and visitor services; provides information and services to residents and out-of-state visitors; and markets Maryland as a competitive destination worldwide. The office encourages travel in Maryland from around the State, country, and world through web marketing, print and broadcast advertising, public relations, promotions and events, print and electronic publications, and direct sales efforts to tour operators and group travel leaders. The office operates several welcome centers throughout the State, as well as a Telemarketing Call Center. This office also administers a program of matching grants to supplement local funds for tourism marketing, with the purpose of attracting visitors to the State. In fiscal 2010, the board awarded $1.0 million

in marketing grants to local governments; the fiscal 2011 budget includes a $2.35 million grant pool.

The Maryland State Arts Council is a 17-member State agency established in 1967. The council's mission is to encourage and invest in the advancement of the arts for the people of the State. The goals of the council are to support artists and arts organizations in their pursuit of artistic excellence, to ensure the accessibility of the arts to all citizens, and to promote statewide awareness of arts resources and opportunities. The council accomplishes much of that work through grants to arts organizations and local arts agencies. In fiscal 2009, the council awarded $9.8 million in grants to arts organizations. Another $2.2 million in matching grant funds was distributed in fiscal 2009 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 and traditional arts.

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, Louisiana, and others. That program became the Film Production Rebate Fund in 2007. The program allows a qualified production company to claim a rebate in an amount up to 25% of the qualified direct costs incurred while filming on-location in Maryland. The rebates are funded by an annual appropriation and are distributed in the form of a grant. During fiscal 2010 and 2011, the program received $1 million in funding. Recent productions shot in Maryland include "My One and Only" (2008), "Step Up 2" (2008), "Live Free or Die Hard" (2007), "Invasion" (2006), "Syriana" (2005), and "Ladder 49" (2004). In addition, Maryland was once the location of the long-running television show "Homicide: Life on the Streets" and HBO's critically acclaimed series, "The Wire."

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 2009 State spending on economic development activities, which totaled approximately $123.9 million.

Exhibit 13.3
State Expenditures for Economic Development
Fiscal 2009

	General Funds	Special Funds	Federal Funds	Total[1]
Division of Business and Enterprise Development[2]	$17,880,901	$30,188,855	$3,918,851	$51,988,607
Division of Marketing and Communications	2,713,539	487,829		3,201,368
Division of Tourism, Film, and the Arts	27,375,769	904,202	946,714	29,226,685
Maryland Biotechnology Center	2,669,841	349,130		3,018,971
Other Programs[3]	5,884,172	2,410,384	188,445	8,483,001
Technology Development Corporation[4]	22,227,000	3,000,000		25,227,000
MARBIDCO	2,750,000			2,750,000
Total	**$81,501,222**	**$37,340,400**	**$5,054,010**	**$123,895,632**

MARBIDCO: Maryland Agricultural and Resource-Based Industry Development

[1] Excludes $284,825 in funds reimbursed by other State agencies for services provided.
[2] Excludes funds for Partnership for Workforce Quality and Maryland Industrial Training Partnership which are included as part of workforce development in Chapter 14.
[3] Includes executive management, administration, information technology, legal, and research functions.
[4] Special funds reflect transfer from the Department of Business and Economic Development to support the Coordinating Emerging Nanobiotechnology Research in Maryland program.

Source: Fiscal 2011 Budget Books

Federal funds represent a relatively small portion of the State's economic development spending. In fiscal 2009, the department received less than $5.1 million in federal funds, of which $3,434,739 went to the Rural Broadband Assistance Fund, $946,714 went to the Maryland State Arts Council in support of its activities, and $484,112 went to the Office of Military Affairs and Base Realignment. 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 and tourism. In fiscal 2009, the counties and municipal corporations reported spending over $149.1 million on these activities. Among the

counties, Baltimore City and Montgomery and Worcester county expenditures represented over 54.9% of total county spending. Much of this spending was for capital projects. Hagerstown economic development spending ($1.8 million), Rockville capital improvements ($1.0 million), and Ocean City economic development spending ($11.9 million, principally related to its convention center) accounted for over 75% of the municipal corporation expenditures. Exhibit 13.4 shows, by county, the fiscal 2009 spending for economic development.

Grants from the State and federal governments may account for as much as $48.9 million in local spending for economic development in fiscal 2009. Some counties also provide grants to municipal corporations (another $4.8 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 $95.3 million in fiscal 2009. 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 million federal grant in 1994 for business development, workforce training, quality of life, and community building. The city administered all $100 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 (State safety inspection program). The aspects of the department that relate to workforce development and labor protections are discussed in Chapter 14 of this volume of the legislative handbook series; certain protective and safety services are discussed in Chapter 5.

Exhibit 13.4
Local Economic Development Expenditures
Fiscal 2009

County	County Spending	Municipal Spending	Total Spending Reported
Allegany	$5,048,243	$563,972	$5,612,215
Anne Arundel	7,227,864	459,627	7,687,491
Baltimore City	57,079,814	-	57,079,814
Baltimore	6,100,367	-	6,100,367
Calvert	2,116,739	125,623	2,242,362
Caroline	854,075	254,431	1,108,506
Carroll	5,102,225	510,035	5,612,260
Cecil	1,201,887	-	1,201,887
Charles	3,978,145	-	3,978,145
Dorchester	1,041,485	109,528	1,151,013
Frederick	3,094,894	580,147	3,675,041
Garrett	2,390,393	177,473	2,567,866
Harford	4,359,864	274,116	4,633,980
Howard	1,384,594	-	1,384,594
Kent	530,057	68,985	599,042
Montgomery	10,307,368	1,314,534	11,621,902
Prince George's	7,222,080	533,289	7,755,369
Queen Anne's	1,204,258	-	1,204,258
St. Mary's	3,034,387	327,540	3,361,927
Somerset	201,884	92,116	294,000
Talbot	749,898	330,744	1,080,642
Washington	3,431,439	1,809,210	5,240,649
Wicomico	692,219	4,702	696,921
Worcester	1,311,873	11,939,533	13,251,406
Total	**$129,666,052**	**$19,475,605**	**$149,141,657**
Minus Federal Grants	-$27,769,102	-$2,279,829	-$30,048,931
Minus State Grants	-16,082,996	-2,813,542	-18,896,538
Minus County Grants		-4,860,068	-4,860,068
Net Local Spending	**$85,813,954**	**$9,522,166**	**$95,336,120**

Note: 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. Expenditures exclude those reported for training and community action which 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 6 municipal corporations did not report their expenditures for fiscal 2009, municipal expenditures reflect those reported by the other 150 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 Office of the Commissioner of Financial Regulation is responsible for licensing and regulating mortgage lenders, brokers, servicers and originators, sales finance companies, consumer loan companies, money transmitters, check cashers, installment loan lenders, credit reporting agencies, consumer debt collection agencies, and debt management service providers. The office is divided into six units: depository corporate activities; depository supervision; nondepository licensing; nondepository supervision and compliance; enforcement and consumer services; and internal policy.

The office also supervises and regulates State-chartered financial institutions including State-chartered banks, credit unions, and trust companies. Supervision includes periodic on-site evaluations as well as off-site monitoring programs. The office responds to consumer complaints and oversees retail credit accounts, retail installment contracts, and credit grantor contracts.

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. Four 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. Thoroughbred racing is held at mile tracks (Laurel Race Course and Pimlico Race Course) and at the Timonium Race Course during the State Fair. Fair Hill, a steeplechase facility, is permitted to have up to eight race days per year, although there has only been one race day per year since 2006. Harness racing (also known as standardbred) is held at Rosecroft Raceway and Ocean Downs Racetrack. In June 2008, Rosecroft Raceway received approval from the commission to temporarily cancel live racing at the track. Though the plan calls for the track to remain open for simulcast wagering, cancellation of live racing eliminates the need to pay purses and allows the track to reduce overhead costs. Nonetheless, as of June 2010, the raceway has also discontinued simulcasting indefinitely.

Occupational and Professional Licensing Boards

Twenty-three 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 2009. 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.

State Safety Inspection Program

The Division of Labor and Industry oversees the Safety Inspection Program, which consists of three units: Amusement Ride and Elevator Safety Inspection, Railroad Safety and Health, and Boiler and Pressure Vessel Inspection. The 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.

Exhibit 13.5
Licensing Activity of Occupational and Professional Licensing Boards and Commissions
Fiscal 2009

Activity	Licensed Individuals
State Board of Architects	6,102
State Athletic Commission	760
Sports Agent Licensing	28
State Board of Barbers	6,267
State Board of Cosmetologists	47,977
State Board of Stationary Engineers	6,399
Maryland Home Improvement Commission	27,233
State Board of Master Electricians	4,957
Elevator Safety Review Board*	0
State Board of Plumbing	13,723
State Board for Professional Engineers	19,492
State Board of Public Accountancy	19,736
State Real Estate Commission	48,920
State Board of Examiners of Landscape Architects	990
State Board of Foresters	192
State Board for Professional Land Surveyors	997
State Board of Pilots	65
Secondhand Precious Metal Object Dealers and Pawnbrokers Dealers and Pawnbrokers Licensing Unit	412
State Commission of Real Estate Appraisers and Home Inspectors	5,144
State Board of Heating, Ventilation, Air Conditioning, and Refrigeration Contractors	17,296
State Board of Certified Interior Designers	315
Office of Cemetery Oversight	1,340

*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

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 ensures compliance with the Maryland Home Builder Registration Act and other builder-related laws and registers home builders (2,012 registered in fiscal 2009 and 1,022 registered in fiscal 2010) and home builder

representatives (635 registered in fiscal 2009 and 87 registered in fiscal 2010). 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 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 telecommunications companies in the State, as well as intrastate for-hire passenger carriers (private buses, vans, and limousines). The commission is charged with ensuring that public service companies operate in the interest of the public and with promoting adequate, economical, and efficient delivery of utility services in the State without unjust discrimination. 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 types and number of utilities that the commission regulates.

The General Assembly adopted legislation in 1999 to restructure Maryland's electricity industry. As a result, residential, commercial, and industrial customers may choose the company that generates their electricity, although the distribution 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 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 – "customer choice" – as early as July 1, 2000, depending on customer classes. 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.

Exhibit 13.6
Public Service Entities Regulated by the Public Service Commission
As of December 31, 2009

Electric Distribution Companies	12
Gas Distribution Companies	7
Combined Gas and Electric Distribution Companies	2
Electricity Suppliers	106
Gas Suppliers	63
Telecommunications Companies	322
Water Companies	19
Sewage Disposal Companies	1
Combined Water and Sewage Disposal Companies	3
Railroad Companies	6
Passenger-for-hire Motor Vehicle Companies	1098
Passenger-for-hire Vehicles	6,969
Passenger-for-hire Drivers	7,591
Passenger-for-hire Water Companies[1]	10
Toll Bridge Companies	1
Taxicab Permits*	1483
Taxicab Companies*	519
Taxicab Drivers*	1,706

*The commission issues taxicab permits and taxicab driver's licenses in Baltimore City, Baltimore County, Cumberland, and Hagerstown.

[1] Regulation of passenger-for-hire water companies has been transferred to the Department of Natural Resources effective October 1, 2010. See Ch. 449 of 2010.

Source: Public Service Commission

After the expiration of price caps that were required for several years under the 1999 restructuring law, electricity costs rose precipitously for residential and small commercial electric customers in significant parts of the State as market rates reflected the high cost of producing electricity. Subsequently, the General Assembly, as well as the commission, made changes in the procurement of "standard offer service," the default service offered by the local electric distribution company for those who have not selected competitive electric supply, in order to limit price volatility. In early 2010, the retail competitive market began to develop as electricity suppliers determined that they could offer rates that are lower than the standard offer service. 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 the legislative handbook series.

Taxicab businesses operating in Baltimore City, Baltimore County, Cumberland, and Hagerstown must receive permits from the commission, and taxicab drivers in these four jurisdictions must be licensed by the commission. Taxicabs located in jurisdictions that are not regulated by the commission are regulated at the local level in some jurisdictions. The following jurisdictions have their own division that licenses taxicab companies: Anne Arundel (City of Annapolis), Carroll (City of Westminster), Frederick (City of Frederick), Harford, Howard, Montgomery, Prince George's, and Worcester (Town of Ocean City) counties. In counties where there are only a few taxicabs, there is no licensing requirement by the local police or the sheriff's department may have some oversight role.

The Office of People's Counsel represents the interests of residential and noncommercial utility customers in proceedings that might affect their interests before the 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 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 2009 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 2009*

County	Net Profit
Montgomery	$6,754,000
Somerset	48,459
Wicomico	402,788
Worcester	643,778
Total	**$7,849,025**

* Somerset and Worcester counties report data for the year ending on April 30, 2009.

Source: *Fiscal 2009 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 in fiscal 2009 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 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.

Exhibit 13.8
State Expenditures for Selected Business Regulation Activities
Fiscal 2009
($ in Thousands)

Activity	Expenditures
Financial Regulation	$8,534
Racing	4,853
Occupational and Professional Licensing	8,866
Insurance Regulation	37,646
Public Service Commission	17,619
Office of the People's Counsel	2,793
Total	**$80,311**

Note: Excludes $1,304,701 in funds reimbursed by other State agencies for services provided. In addition to State funds, about $255,000 in federal funds support business regulation activities. Insurance Regulation expenditures include $10.5 million from the Rate Stabilization Fund for medical malpractice rate subsidies.

Source: *Fiscal 2011 State Budget Books*

Chapter 14. Labor and Workforce Development

Governments at all levels adopt policies and programs designed to foster and maintain a strong economy. A low unemployment rate is one indicator of economic health. Low unemployment and a strong economy translate to individual and collective prosperity and security. Therefore, many economic development efforts are designed to create and retain jobs. Concurrent with the goal of lowering unemployment, government at the State and federal levels has embraced the policy of reducing the number of individuals and households receiving public assistance payments, adding potential workers to the labor pool. Maryland's June 2010 employment figures report a civilian labor force of 3 million persons, of whom 211,000, or 7.1 %, were unemployed. The U.S. economy entered into recession in December 2007. Although the National Bureau of Economic Research indicated that the recession ended in June 2009, the recovery remains tentative, and the labor market may take some time to get back to low unemployment as experienced prior to the recession (around 4.0%).

However, with the imminent 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, there is also a focus on 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.

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, living 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 of these workforce development services are delivered through "one-stop" career centers located throughout the State. In Maryland, 34 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 online at www.mwejobs.com.

The Maryland Workforce Corporation has also been created under statute as a public instrumentality of the State to establish a plan and framework for innovative statewide workforce programs. This effort is made in conjunction with the department and other State agencies. To assure a reliable funding stream for workforce programs, the corporation solicits, acquires, and coordinates private and public funding. In accordance with its plan, the corporation administers and evaluates the workforce programs it develops and contracts with training providers to conduct other skills training and education programs.

Along with the community college system, the Maryland State Department of Education provides focused career awareness training and vocational and technical education and provides 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 Department of Business and Economic Development administers a grant program designed to offset the costs to businesses of providing training for existing workers or for new workers when a business is expanding or relocating. The State Department of Education also administers a tax credit, which can offset a portion of wages paid to young people in approved work-based learning experiences.

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

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 Department of Labor, Licensing, and Regulation administers many programs to investigate the lawful payment of wages and protect workers on the job. The department 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 2009, the unit received almost 1,691 wage payment claims, collecting nearly $456,000 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% 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 366 project sites and recovered nearly $309,000 in wages in fiscal 2009.

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 Mediation and Conciliation Service promotes

the voluntary mediation and arbitration of labor disputes and conducts representation elections. Since 2003, the Commissioner of Labor and Industry has been authorized to charge a fee to cover the cost of providing mediation services.

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 program 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. Exhibit 14.2 depicts the number of claims and first reports of injury the commission received during fiscal 2005 through 2009.

Exhibit 14.2
Workers' Compensation Commission Claims Received
Fiscal 2005-2009

	2005	2006	2007	2008	2009
Total Filed Claims	27,122	26,143	24,924	24,054	22,622
First Reports of Injury	126,270	121,687	111,515	111,984	110,625

Source: Workers' Compensation Commission

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 fund derives its income from assessments of insurance companies on awards of compensation for permanent disability. The duties of the fund include investigating cases, taking part in commission hearings and other judicial proceedings, and making benefits payments to eligible individuals. The fund made 25,076 benefit payments and resolved 1,069 cases in fiscal 2009. 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 500 and 1,000 new cases each year.

Under Maryland law, every employer that has at least one employee who is covered under the State's Workers' Compensation Act is required to secure workers' compensation coverage for its employees. Employers may secure workers' compensation coverage by maintaining insurance with an authorized insurer; participating in a self-insurance group; maintaining, as an individual employer,

self-insurance status; or maintaining insurance with the Injured Workers' Insurance Fund. The Injured Workers' Insurance Fund is a statutorily chartered provider of workers' compensation insurance that serves government employers and private businesses that are unable or choose not to secure insurance in the private market. The fund is the largest writer of workers' compensation insurance in the State with a market share of almost 25% at the end of 2008, a slight decrease from a year earlier. 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. Legislation enacted in 2009 specifies that, with some exceptions, the fund is subject to the same insurance law requirements as any authorized domestic workers' compensation insurer in the State. At the end of calendar 2009, the fund had a surplus of over $287 million. Exhibit 14.3 depicts the fund's surplus and total assets for calendar 2005 through 2009.

Exhibit 14.3
Injured Workers' Insurance Fund Surplus and Total Assets
Calendar 2005-2009
($ in Millions)

	2005	2006	2007	2008	2009
Total Assets	$1,382.0	$1,513.4	$1,638.5	$1,679.9	$1,683.0
Surplus	186.4	228.0	250.3	269.5	287.5

Source: Injured Workers' Insurance Fund

Unemployment Insurance

The State's Unemployment Insurance Program, administered by the Division of Unemployment Insurance in the Department of Labor, Licensing, and Regulation, provides temporary, partial wage replacement to individuals who are unemployed through no fault of their own and who are able, available to work, and actively seeking work. Both the federal and state governments have responsibilities for unemployment compensation. The U.S. Department of Labor oversees the unemployment insurance systems, while each state has its own program that is administered pursuant to state law by state employees. Each state has laws that prescribe the tax structure, qualifying

requirements, benefit levels, and disqualification provisions. These laws, however, must conform to broad federal guidelines.

The administration of the state programs is financed through employer taxes, as specified under the Federal Unemployment Tax Act. The federal tax is 6.2% of the first $7,000 in wages paid to each employee. Employers receive credit of up to 5.4% for the taxes they pay under state unemployment compensation laws. The net tax (0.8%) collected by the federal government is used to finance state and federal administrative costs.

Unemployment benefits paid to eligible persons generally are financed by contributions (known as unemployment insurance taxes) made by employers to the Division of Unemployment Insurance which are deposited in the Maryland Unemployment Insurance Trust Fund. The 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.

All private business employers and nonprofit organizations employing one or more persons, at any time, are subject to the Maryland Unemployment Insurance Law. Each employer is assigned a particular tax rate for a calendar year based on its experience with unemployment, in relation to the experience of other employers, and the balance of the fund from the preceding September. Certain nonprofit organizations can opt to become self-insured under the program, reimbursing dollar for dollar any benefits paid to former employees. Under a series of six tax tables that took effect in 2006, rates vary annually according to solvency of the fund. Accordingly, employers generally are required to make contributions to the fund based on the applicable tax rate in the table that is in effect for the calendar year and the taxable wages for the employers' covered employment. Taxable wages are defined as the first $8,500 earned by each employee in a calendar year.

Employers that have laid off their employees pay a higher tax rate than employers that have not laid off their employees. Benefits paid to employees are charged to the specific employer's account when wages earned from the employer are used to determine a claimant's entitlement to benefits. There are a variety of circumstances under which employers may be relieved of benefit charges. For example, employers are not charged if a former employee left employment voluntarily or was discharged for gross or aggravated misconduct. There are also certain exclusions related to churches, agricultural employment, students, and others.

Benefits are based on the amount of wages 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). Effective March 1, 2011, under legislation enacted in Maryland in 2010 (Chapter 2), if a claimant does not qualify for benefits because of insufficient wages in the base period, an alternative base period may be used (the last four completed calendar quarters) to determine eligibility. The weekly benefit amount ranges from a minimum of $25 to a maximum of $430; effective March 1, 2012, the minimum weekly benefit amount will increase to $50. 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.

All unemployment insurance services, with the exception of benefits appeals, are handled entirely by telephone or Internet through the division'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. Benefits paid in calendar 2009 amounted to $1.07 billion. A total of 416,300 initial claims were filed during that year.

The department's Lower Appeals Division hears and decides appeals from benefit determinations of the claims hearing examiners. An individual who files a claim for benefits or an employer entitled to a notice of a determination or redetermination of the claim may file an appeal within 15 days after the notice of the determination or redetermination is mailed to the claimant or employer. The decision of the hearing examiner is final unless further review is initiated within 15 days after the decision of the hearing examiner to the Board of Appeals. The board consists of a three-member panel – 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 2009, 35,350 appeals were heard and decided by hearing examiners. Just 4,655 (13%) 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 or *Volume IX – Education* of this 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.

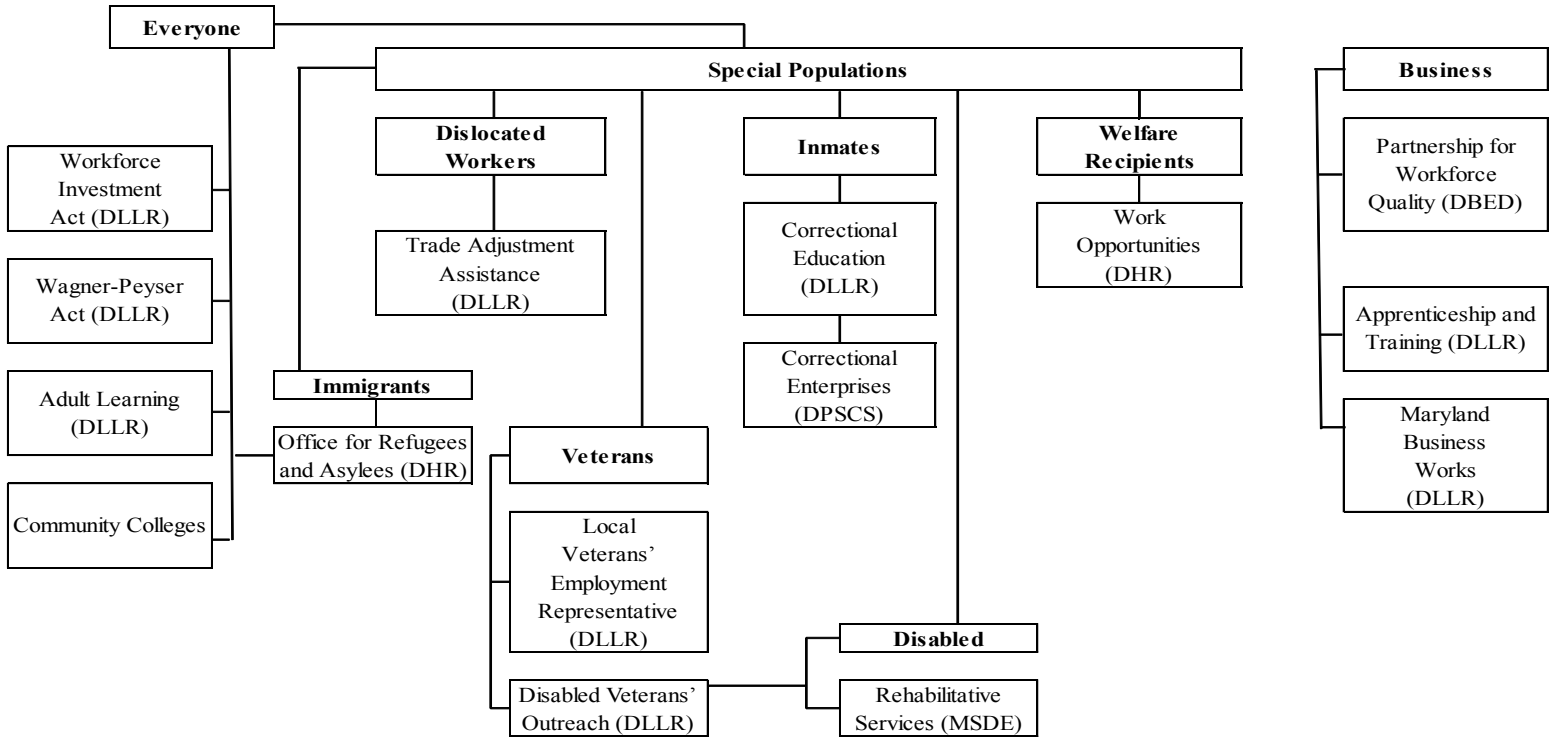
Exhibit 14.4 shows the programs in Maryland's workforce development system.

Services for Job Seekers

The Division of Workforce Development and Adult Learning 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, as well as the Wagner-Peyser Act (more commonly known as the Job Service Program). As both acts facilitate the

Exhibit 14.4
Maryland's Workforce Development Programs
Fiscal 2010



DBED: Department of Business and Economic Development
DHR: Department of Human Resources
DLLR: Department of Labor, Licensing, and Regulation
DPSCS: Department of Public Safety and Correctional Services
MSDE: Maryland State Department of Education

Source: Department of Legislative Services

provision of 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 online.

- *Employer Services:* allows employers to list their job vacancies and review resumes posted by those seeking jobs.

- *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 close to 500 occupational programs offered by

almost 70 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 this data to make informed decisions about how best to use their vouchers. The data is also used to determine whether training providers should remain eligible to serve individuals under the Workforce Investment Act. 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 which was created in 2005.

Veterans: The division 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 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 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.

Public Assistance Recipients: The State's Family Investment Program, which assists those moving from welfare to work, distributes federal Work Opportunities Program 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: The Maryland Office for Refugees and Asylees in the Department of Human Resources is federally funded to provide cash, medical assistance, and social services to refugees who resettle in Maryland. Services include employment placement and English language and skills training. In fiscal 2010, the program served a total of 2,135 refugees and asylees.

Educational and Job Skills Training Services for Adults

All Individuals or Targeted Populations: A number of adult education programs are overseen by the Division of Workforce Development 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.

- *Workplace Education:* focuses instruction on the literacy skills that are needed in the workplace.

Correctional Inmates: The Division of Workforce Development and Adult Learning administers correctional education programs in all the major institutions serving the adult population within the Maryland Division of Correction in the Department of Public Safety and Correctional Services. Services include adult basic education, adult secondary education, English for Speakers of Other Languages classes, special education services, 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 transitional services.

Maryland Correctional Enterprises, a part of the Department of Public Safety and Correctional Services, employs inmates who are incarcerated within the State correctional system to produce various goods and 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, sewing, data entry, agriculture, and laundry operations.

The Division of Correction operates Maryland Correctional Enterprises in 11 facilities and in laundry operations throughout the system. In addition, the program manages a farm in Hagerstown. Maryland Correctional Enterprises is fully supported by the revenues from services supplied and the sale of its manufactured goods, generating approximately $50.3 million in sales in fiscal 2010, a 5% decrease in sales from fiscal 2009. Exhibit 14.5 depicts the number of inmates employed by the division at each correctional facility for fiscal 2008 through 2010.

Individuals with Disabilities: The Maryland State Department of Education 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 total number of clients served in fiscal 2009 was 24,152. In addition, the Disability Determination Services Program within the division adjudicates Social Security Disability Insurance and Supplemental Security Income claims of Maryland residents who apply to the federal government's Social Security Administration.

Exhibit 14.5
Inmates Employed by Maryland Correctional Enterprises
Fiscal 2008-2010

Facility	2008	2009	2010 Est.
Maryland House of Correction – Jessup Correctional Institution	540	563	553
Maryland Correctional Institution – Hagerstown	286	300	303
Roxbury Correctional Institution	107	108	111
Maryland Correctional Training Center	146	114	117
Maryland Correctional Institution – Jessup	142	160	182
Maryland Correctional Institution for Women	213	245	258
Eastern Correctional Institution	208	231	245
Western Correctional Institution	59	68	70
Jessup Pre-release Unit	40	37	28
Pre-release Unit for Women – Quick Copy Center	10	4	1
Poplar Hill Pre-release Unit	6	13	16
Central Maryland Laundry Facility	92	106	109
North Branch Correctional Institution	n/a	8	11
Patuxent Institution	41	43	43
Total	**1,890**	**2,000**	**2,047**

Source: Department of Public Safety and Correctional Services

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 the Partnership for Workforce Quality Program, which provides matching grants (up to 50% 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 2010, the State had 164 active programs representing 67 trades and occupations and 9,209 active apprentices and 3,165 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 office 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 $27.1 million in fiscal 2009. The federal funds support half of the occupational safety and health expenditures ($4.2 million). Exhibit 14.6 shows the programmatic expenditures by the source of funds for fiscal 2009.

Exhibit 14.6
Expenditures on Labor and Workforce Development Activities
Fiscal 2009
($ in Thousands)

Activity	State Funds[1]	Federal Funds	Local Funds[2]	Total[3]
Worker Protection[4]	$22,581	$4,500		$27,081
Unemployment Insurance[5]	804	68,305		69,109
Workforce Development	109,276	205,734	$41,446	356,456
Total	**$132,661**	**$278,539**	**$41,446**	**$452,646**

[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 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 $2.5 million for Trade Adjustment Assistance, which is reflected in workforce development.

Source: *Fiscal 2011 State Budget Books; Uniform Financial Reports;* Department of Labor, Licensing, and Regulation; Department of Legislative Services

Many of the expenditures shown as State funds in the worker protection category are derived directly from industries being regulated. For example, the administrative costs of the Maryland Occupational Safety and Health Program and the Workforce Fraud Program (both administered by the Division of Labor and Industry) are supported by assessments on employers (if self-insured) and insurers that write workers' compensation insurance. The Subsequent Injury Fund is funded by a 6.5% assessment on each workers' compensation claim award against an employer or its insurer for permanent disability or death; the Uninsured Employers' Fund is funded by a 1% assessment on the same awards. 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. Administrative costs are 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 claimants, which are derived from State unemployment insurance tax assessments on employers and payable to the Division of Unemployment Insurance for deposit in the Unemployment Insurance Trust Fund, do not pass through the State budget and are not reflected in the data. In fiscal 2010, the fund paid $990.3 million in 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.

Various levels of government expended $356.5 million in fiscal 2009 on the workforce development activities included in this discussion. Details on the State-administered programs, totaling $315.0 million, are shown in Exhibit 14.7. Federal funds represent nearly 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 – the now-defunct Maryland Industrial Training Program, the Partnership for Workforce Quality Program, and Apprenticeship and Training Program. These employer-targeted programs are not mandated by the federal government and represent discretionary State spending.

Exhibit 14.7
State Expenditures for Workforce Development – Fiscal 2009
($ in Thousands)

	General Funds	Dedicated State Funds	Federal Funds	Total[1]
Programs Targeted to Job Seekers				
Job Service and Workforce Investment (DLLR)[2]	$1,466	$1,211	$50,228	$52,905
Trade Adjustment Assistance (DLLR)[3]			2,464	2,464
Rehabilitation Services (MSDE)	14,548	3,398	66,263	84,209
Career and Technology Education (MSDE)[4]			16,391	16,391
Adult Continuing Education Grants (MSDE)	6,934		7,972	14,906
Work Opportunities (DHR)			42,150	42,150
Immigrant Assistance (DHR)	52		8,597	8,649
Subtotal	**$23,000**	**$4,609**	**$194,065**	**$221,674**
Programs Targeted to Inmates				
Correctional Education (MSDE)[5]	$15,760	$1,212	$2,218	$19,190
Maryland Correctional Enterprises (DPSCS)		53,139		53,139
Subtotal	**$15,760**	**$54,351**	**$2,218**	**$72,329**
Programs Targeted to Employers				
Maryland Industrial Training (DBED)	$1,422			$1,422
Partnership for Workforce Quality (DBED)	615			615
Apprenticeship and Training (DLLR)	364			364
Maryland Business Works (DLLR)[2]	–			–
Subtotal	**$2,401**			**$2,401**

Exhibit 14.7 (continued)
State Expenditures for Workforce Development – Fiscal 2009
($ in Thousands)

	General Funds	Dedicated State Funds	Federal Funds	Total[1]
Advisory, Research, and Administrative Functions				
Governor's Workforce Investment Board (DLLR)	$100		$446	$546
Office of Workforce Information and Performance (DLLR)			1,141	1,141
Executive Direction and Administration (DLLR)	2,279	6,776	7,864	16,919
Subtotal	**$2,379**	**$6,776**	**$9,451**	**$18,606**
Total	**$43,540**	**$65,736**	**$205,734**	**$315,010**

Note: Effective July 1, 2009 (fiscal 2010), adult continuing education and correctional education were transferred from MSDE to DLLR. Fiscal 2009 was the last year of funding for the Maryland Industrial Training Partnership.

[1]Excludes funds reimbursed by other State agencies for services provided.

[2]The Job Service and Workforce Investment total includes funding for Maryland Business Works, which is targeted to employers.

[3]This funding is used to provide income support in the form of weekly cash payments.

[4]Excludes funds that support career and technology programs captured as part of public education expenditures in Chapter 6.

[5]Excludes funding used to support primary and secondary education at juvenile facilities.

DBED: Department of Business and Economic Development
DHR: Department of Human Resources
DLLR: Department of Labor, Licensing, and Regulation
DPSCS: Department of Public Safety and Correctional Services
MSDE: Maryland State Department of Education

Source: Department of Business and Economic Development; Department of Public Safety and Correctional Services; Department of Human Resources; Maryland State Department of Education; Department of Labor, Licensing, and Regulation

Dedicated State revenues in the workforce development category represent revenues generated by the Blind Vendors Program, Inmate Welfare funds, and Maryland Correctional Enterprises.

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 14.8, five counties and Baltimore City reported expenditures on job training as part of their support of economic development. Of the $41.4 million reported for fiscal 2009, Baltimore City spent $31.2 million. The amount local governments spent on adult education is unclear, but State grants for adult education generally require a 25% match from local funds.

Exhibit 14.8
Local Workforce Training Expenditures
Fiscal 2009

Jurisdiction	Training Expenditures
Anne Arundel	$3,102,951
Baltimore City	31,243,057
Baltimore	3,971,327
Carroll	747,741
Frederick	2,057,084
Harford	323,384
Total	**$41,445,544**

Note: Reported expenditures may include federal and/or State grants.

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

Chapter 15. Management of the State's Natural and Historic Resources

Maryland has a longstanding tradition of strong environmental protection, natural resource conservation, and historic preservation. 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 and smart growth has increased. The protection of open space, clean waters, wild life, and wildlife habitats provide a myriad of recreational opportunities. Preserving farmland, the farming industry, and open space resources remain critical issues, and there is growing interest in conserving energy and promoting the use of efficient and renewable energy. Similarly, the preservation of historic and cultural resources contributes to the rich quality of life in Maryland.

Balancing development with the protection of these resources 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 statute and regulations, 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, the inspection of agricultural products, and the promotion of energy efficiency and conservation measures. 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. Historic preservation activities, governed by both federal and State law, are supported by local governments in a variety of ways.

The relationship among the levels of government varies according to the service or policy being implemented. Exhibit 15.1 shows the relationships and the major participants in the broad categories of government activity addressed in this chapter.

Exhibit 15.1
Major Roles and Responsibilities

Policy	Federal	State	Local
Planning and Growth Management	U.S. Department of Housing and Urban Development, U.S. Department of Transportation, and U.S. Environmental Protection Agency (Interagency Partnership for Sustainable Communities)	Maryland Department of Planning Smart Growth Critical Area Commission	Local Comprehensive Plans Designation of Priority Funding Areas Local Zoning Laws
Cultural/Historic Preservation	U.S. Department of the Interior Advisory Council on Historic Preservation Institute of Museum and Library Services	Maryland Department of Planning Maryland Historical Trust	Local Historic/Preservation District Commissions
Environmental Protection	U.S. Environmental Protection Agency Clean Water Act Safe Drinking Water Act Clean Air Act	Maryland Department of the Environment Department of Natural Resources Chesapeake Bay Watershed Initiatives	County Health and/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 U.S. Department of Agriculture Forest Service U.S. Coast Guard	Department of Natural Resources	Local Parks and Recreation Departments Local Forestry Boards
Agricultural Services	U.S. Department of Agriculture	Maryland Department of Agriculture University of Maryland Agricultural Experiment Station and Cooperative Extension Service	Soil Conservation Districts County Health Departments Noxious Weed Control
Energy Efficiency and Conservation	U.S. Department of Energy U.S. Environmental Protection Agency	Maryland Energy Administration	

Source: Department of Legislative Services

Structure

Growth Management

Article 66B of the Maryland Annotated Code governs zoning and planning in the State and gives significant authority to local governments. Two laws provide for additional State involvement: the Maryland Economic Growth, Resource Protection, and Planning Act of 1992 (the Planning Act); and the Smart Growth and Neighborhood Conservation Act of 1997 (Priority Funding Areas Act).

The Planning Act articulates the State's growth policy through several visions – which were updated by Chapters 176 and 177 of 2009 – that seek to concentrate development in suitable areas, protect sensitive areas, and establish funding mechanisms to achieve the visions. The Act also requires local jurisdictions to address these same visions in their comprehensive plans. All local jurisdictions, with few exceptions, incorporated these visions into their comprehensive plans on or before July 1, 1997. Under the Act, local governments are required to review, and if necessary, update their plans once every six years. In addition, the Act requires all local jurisdictions to adopt ordinances and regulations that implement the planning visions and are consistent with the local comprehensive plan.

The State sought to strengthen its efforts to control sprawl, enhance land use, and control pollution with the Priority Funding Areas Act. This Act directs State funding for growth-related infrastructure to Priority Funding Areas, providing a geographic focus for State investment in growth. Priority Funding Areas are existing communities and places where local governments want State funding for future growth. Growth-related projects include most State programs that encourage growth and development such as highways, sewer and water construction, economic development assistance, and State leases or construction of new office facilities. The Act legislatively designated certain areas as Priority Funding Areas and established criteria for locally designated Priority Funding Areas.

In 2009, three smart growth planning bills were enacted into law that strengthened the State's smart growth policy foundation. Chapters 176 and 177 established 12 State planning visions, required local and statewide reports on adequate public facilities ordinances, and authorized local jurisdictions to establish Transfer of Development Rights programs within Priority Funding Areas. Chapters 178 and 179 of 2009 require local planning commissions or boards to submit annual reports to local legislative bodies that specify which ordinances or regulations were adopted to implement the State's planning visions, contain information on growth, and density of growth both inside and outside Priority Funding Areas. Chapters 180 and 181 of 2009 clarify and reiterate that

local jurisdictions must implement and follow the comprehensive plan each adopts by clarifying the link between local comprehensive plans and local land use ordinances.

A wide array of State programs have 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.

Cultural and Historic Resources Management

At the State level, historic preservation services are provided by the Maryland Department of Planning's Division of Historical and Cultural Programs. The Maryland Historical Trust, which was established in 1961, is the principal operating unit within the division and is recognized as the State Historic Preservation Office, as per Section 101 of the National Historic Preservation Act. The trust is governed by a 15-member board of trustees appointed by the Governor, the President of the Senate, and the Speaker of the House of Delegates, and is administered by the Maryland Department of Planning. Many historic and cultural preservation programs are administered in partnership with the U.S. Department of the Interior's National Park Service and the Advisory Council on Historic Preservation.

Local governments support historic preservation in a variety of ways, including being the owners and stewards of historic properties, offering tax incentives and grants, and creating historic area overlay zones that are administered by local historic preservation/district commissions. In Maryland, only local governments have the authority to review and approve changes to historic properties owned by individuals. State law allows local jurisdictions to designate historic districts and individual landmarks and review changes to those properties as a way of preserving the historic fabric that makes those properties significant and ensuring that new construction is compatible with the historic nature of those properties. Changes to these locally designated historic districts and properties are reviewed by historic preservation/district commissions that are appointed by local governing bodies.

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 federal 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.

Exhibit 15.2
Selected Smart Growth Initiatives

Program	Responsible Department(s)
Neighborhoods	
Smart Key 4 Employees	DHCD
House Keys 4 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
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	GOCCP
Transportation	
Commuter Choice Maryland	MDOT
Transportation Enhancement Program	MDOT
National Recreational Trails Program	MDOT
Ridesharing Program (Park & Ride Facilities)	MDOT
Retrofit Sidewalk Program	MDOT
Safe Routes to Schools Program	MDOT
Land Conservation	
Rural Legacy Program	DNR
Program Open Space	DNR
Maryland Agricultural Land Preservation Program	MDA
Conservation Reserve Enhancement Program	MDA
Water and Wastewater Infrastructure	
Water Quality Infrastructure Financing	MDE
Pollution Prevention Technical Assistance	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

All counties and Baltimore City have delegated responsibility from the State for environmental programs. Much of the environmental protection regulation by the State has grown from the need to protect 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. 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. A handful of counties have established county-level environmental departments that handle these functions. 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.

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.

While the Maryland Department of the Environment is the primary agency for environmental management 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 as well as 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 conservation 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.

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.

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 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 2 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 conserve soil and soil resources and prevent and control soil erosion.

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's research priorities include developing appropriate technology for alternative and emerging agricultural industries, improving food quality and human nutrition, and sustaining competitive and profitable agriculture in the State. The Cooperative Extension Service works with community leaders, farmers, businesses, and government partners to provide technical assistance and

practical information about, among other things, agricultural, consumer, environmental, nutritional, and life sciences.

Energy Conservation and Efficiency

In response to increasing energy costs, threats of brown-outs, and concerns over the environmental impacts of the use of energy, energy conservation and energy efficiency have become a major focus of national and State policy in recent years. The federal government is involved with promoting energy efficient appliances and the use of renewable energy, largely through the use of tax credit programs. The State's efforts in this area are administered by the Maryland Energy Administration, an independent unit of State government whose mission is to maximize energy efficiency while promoting economic development, reducing reliance on foreign energy supplies, and improving the environment. The administration's programs affect local and State government agencies, nonprofit organizations, residential consumers, and commercial and industrial consumers.

Services

Government activity in the area of cultural/historical, agricultural, environmental, and natural resources management falls into several large categories including planning and growth management; cultural and historic preservation; 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; marketing and consumer services; and energy conservation and efficiency. A number of research, technical, and advisory activities cut across these programmatic lines and are discussed separately.

Growth and Cultural/Historic Resources Management

Planning Services

The Maryland Department of Planning provides information and services that aid State and local governments and nonprofit organizations in supporting desirable growth in Maryland. The department's State Clearinghouse for Intergovernmental Assistance coordinates review of applications for financial assistance, proposals for direct federal development programs, drafts of environmental impact statements, State plans requiring gubernatorial review, and other actions requiring intergovernmental coordination. The department collects, analyzes, and publishes social, economic, and geographic information relating to the State and its political subdivisions; identifies and evaluates development issues; and disseminates U.S. Census and U.S. Department of Commerce information to State and local governments and the private sector. The department also

provides a variety of research, technical, and advisory services that are discussed later in this chapter.

Cultural and Historic Preservation Resources

In addition to its growth management responsibilities, the Maryland Department of Planning plays a central role in the State's cultural and historic preservation efforts, largely through the Maryland Historical Trust. 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.

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 thousands of projects a year, ranging from the rehabilitation of a single-family house to large scale transportation projects, trust staff helps 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.

The trust provides financial assistance to private individuals and for-profit entities engaged in historic preservation activities through the Sustainable Communities Tax Credit Program (formerly the Maryland Heritage Structure Rehabilitation Tax Credit Program), the federal Rehabilitation Tax Credit Program, and the Historic Preservation

Revolving Loan Program. The tax credit programs are discussed in greater detail in Chapter 12 of this volume. The Historic Preservation Loan Program, available to nonprofit organizations and local governments, assists with the acquisition, rehabilitation, and restoration of historic properties. Loans are awarded as a lump sum that must be repaid within an agreed upon time period and require conveyance of a perpetual preservation easement on the property.

The trust administers grant programs that assist in a wide variety of historic preservation-related activities, including supporting local governments and nonprofit organizations for the acquisition, rehabilitation, and restoration of historic properties; preserving buildings, communities, and sites of historical and cultural importance to the African American experience in Maryland; building upon Maryland's potential for "heritage tourism" by promoting historic preservation and areas of natural beauty to generate jobs; and supporting existing historical museums in a range of museum activities.

The trust operates one historical museum, the Jefferson Patterson Park and Museum. 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 one of the richest archeological areas in Maryland and includes sites from every major era of human habitation, going back 9,000 years. The site also includes numerous historic buildings that have been adapted for administrative and museum use and the Maryland Archeological Conservation Laboratory which provides centralized conservation and curation services for over eight million archeological artifacts.

Chapter 544 of 1993 established the Canal Place Preservation and Development Authority (Canal Place) to preserve, develop, and manage the Canal Place Heritage Area in downtown Cumberland. Canal Place is charged with transforming the area into a major heritage tourism destination. Its responsibilities are directed by a nine-member commission and include preserving or assisting in the preservation of buildings, structures, and settings of historical value; conducting activities that educate the public about the history and significance of the heritage area; providing recreational uses of the heritage area; and facilitating economic development in the heritage area, such as through public and private investment in adaptive reuse, interpretive attractions, or other activities.

Historic St. Mary's City is an outdoor history and archaeology museum that preserves, researches, and interprets the site of Maryland's first capital. In 1997, the Historic St. Mary's City Commission became an independent unit of State government, removing it from the Department of Housing and Community Development. The

commission is also part of the multi-year capital improvement plan with St. Mary's College of Maryland, known as the Maryland Heritage Project. The mission of the commission is to appropriately develop and use this historic and scenic site for the education, enjoyment, and general benefit of the public. It is the goal of the commission that the archaeological sites and collections, scenic views, and rural character of the historic city be safeguarded by preservation and research practices consistent with its status as a National Historic Landmark District.

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 protects the State's ground and surface waters, issues water pollution control permits and monitors them for compliance, and protects tidal and nontidal wetlands. Among other things, the program 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 issues standards pursuant to the federal Safe Drinking Water Act, issues certificates of potability for community and nontransient noncommunity water system wells, and inspects and monitors community water supply systems. The Engineering and Capital Projects Program reviews and approves design plans for water treatment and distribution works including inspecting the construction of such facilities when applicable.

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 for local approval. Every three years, the department is required to review the stormwater management programs of the counties and municipal corporations and monitor their implementation. The department also provides technical assistance, training, research, and coordination services to local governments in the preparation and implementation of their stormwater management plans. Legislation enacted in 2007, along with emergency regulations adopted in April 2010, require the use of "environmental site design" to the maximum extent practicable in stormwater management practices. The goal of the regulations is to maintain after development, as nearly as possible, the predevelopment runoff characteristics.

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 3 years and submitted to the department 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 Maryland Department of the Environment also operates a number of capital grant and loan programs to share the costs of capital improvement projects with local and federal governments. The Engineering and Capital Projects Program and the Water Quality Financing Administration help local governments secure funding and plan, design, and construct capital projects, such as water and wastewater treatment plants, collection and distribution systems, and pumping stations. The Water Quality Financing Administration administers eight financial assistance programs that support these and other water quality capital projects: the Water Quality Revolving Loan Fund; the Drinking Water Revolving Loan Fund; the Water Supply Assistance Grant Program; the Biological Nutrient Removal Cost-Share Grant Program; the Bay Restoration Fund Enhanced Nutrient Removal Grant Program; the Bay Restoration Fund Septic System Grant Program; the Supplemental Assistance Grant Program; and the Linked Deposit Program. Some of these financial assistance programs are discussed in more detail below under "Chesapeake Bay Watershed Programs and Initiatives."

The following programmatic responsibilities associated with the enforcement of regulations to protect water quality have been delegated to the 23 counties and Baltimore City:

- approving subdivision plats;

- reviewing improvements to properties serviced by private water and/or sewerage disposal systems;
- issuing certificates of potability for individual water systems and transient noncommunity water systems;
- issuing well permits and inspecting well construction;
- evaluating suitability and inspecting the construction of on-site sewerage disposal systems;
- enforcing drinking water regulations for transient noncommunity water systems, including monitoring, inspecting, tracking, and enforcing compliance;
- monitoring, reporting, and making notifications related to public bathing beaches; and
- collecting funds, identifying users of septic systems, developing a billing mechanism, and providing septic system upgrade grants to homeowners and businesses under the Bay Restoration Fund.

Local jurisdictions have additional water resources management responsibilities. Twenty counties have been delegated the authority to oversee regulation of transient water systems. In addition, the State has delegated pretreatment program responsibilities to 20 local programs; these programs protect local agency sewage treatment plants from industrial/commercial wastewater which may interfere with treatment processes, contaminate sewage sludge, or pass through sewage treatment plants. In addition, 14 counties, Baltimore City, eight 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 sewage sludge and sewage sludge utilization sites to counties upon request. Caroline, Queen Anne's, St. Mary's, and Worcester counties have this authority.

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 subject of a host of water, air, and waste management regulatory activities as well as land use initiatives. Since most of the State is located in the bay watershed, statewide efforts to reduce pollution and erosion are critical to restoring and maintaining the health of the bay.

The health of the Chesapeake Bay has degraded significantly over the past few decades in spite of the adoption of a number of intergovernmental agreements that sought to restore its water quality and living resources. In 1983, Virginia, Maryland, Pennsylvania, the District of Columbia, the Chesapeake Bay Commission, and the U.S. Environmental Protection Agency signed an historic agreement that established the Chesapeake Bay Program partnership to protect and restore the Chesapeake Bay's ecosystem. The signatories updated and strengthened the agreement in 1987 and 2000. However, despite enacting laws and establishing programs to achieve the goals set forth in these agreements, the goals have not been met.

In response to the failure of the Chesapeake 2000 Agreement, a new framework emerged in 2009 that emphasizes stronger oversight of the Chesapeake Bay restoration process by the federal government. The new framework is characterized by the (1) development of a bay-wide pollutant allocation, known as a Total Maximum Daily Load; (2) adoption of new two-year incremental goals called "milestones" to restore the bay; and (3) issuance of a federal executive order requiring federal agencies to develop and lead restoration efforts. As part of these efforts, Maryland has committed to implementing 27 actions in 2009 and 2010 in order to reduce nitrogen by 3.75 million pounds (6.9%) below 2008 levels and phosphorus by 193,000 pounds (5.1%) below 2008 levels. To meet federal requirements, Maryland must reduce its contribution of nitrogen to the Chesapeake Bay to 39.09 million pounds per year by 2020, and must reduce its contribution of phosphorus to the Chesapeake Bay to 2.72 million pounds per year by 2020.

In Maryland, development and implementation of strategies to meet Chesapeake Bay restoration goals are shared by the Department of Natural Resources, Maryland Department of Planning, Maryland Department of Agriculture, Maryland Department of the Environment, and University System of Maryland. The Department of Natural Resources coordinates the effort through the BayStat process. BayStat was created by executive order in February 2007 as an accountability process for measuring and evaluating State initiatives directed toward restoring the Chesapeake Bay, with the intent of ensuring those government programs are coordinated and operating at their highest

efficiency. At monthly BayStat meetings, State agencies assess progress, evaluate program and policy strengths and weaknesses, and adjust efforts accordingly.

The Watershed Services Unit within the Department of Natural Resources provides funding and technical assistance for the protection, conservation, and restoration of water quality and living resources habitats in the Chesapeake and Coastal Bays watersheds. Services include assistance with restoration projects, environmental education, watershed and landscape analysis, and mapping.

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. The Atlantic Coastal Bays Protection Act of 2002 applied the provisions of the Critical Area Law to the State's coastal bays in Worcester County and Ocean City to foster more sensitive development in those areas. The critical areas comprise 680,000 acres or approximately 11% of the State's land area, within 16 counties, 47 municipalities, and Baltimore City. 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.

A number of State grant programs address nutrient reduction goals and other Chesapeake Bay water quality issues. Chapter 6 of the 2007 special session established the Chesapeake Bay 2010 Trust Fund and provided financing for the fund by dedicating a portion of existing revenues from the motor fuel tax and the sales and use tax on short-term vehicle rentals to the trust fund. The trust fund was expanded and renamed the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund by Chapters 120 and 121 of 2008, which, among other things, required that the trust fund be used for nonpoint source pollution control projects. The BayStat Subcabinet administers the trust fund.

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. The main goal of the fund is to provide the grants necessary to upgrade (1) the 67 major wastewater treatment facilities with technology capable of meeting "enhanced nutrient removal"; and (2) failing septic systems and holding tanks with the best available technology for nitrogen removal. Financed by a fee on users of wastewater facilities, septic systems, and sewage holding tanks, the fund provides grants to facility owners for up to 100% of eligible costs to install enhanced nutrient removal technology. Of the revenue collected from users of septic systems and sewage holding tanks, 60% is allocated to upgrading

failing septic systems, while 40% is transferred to the Maryland Department of Agriculture to provide financial assistance to farmers for planting cover crops.

To address concerns about excessive levels of nutrients from animal waste runoff, 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 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 Agriculture – Agricultural Resource Conservation.

Waste Management

The Maryland Department of the Environment's Land Management Administration protects human health and preserves and restores the State's land and water resources by reducing the quantity and toxicity of generated wastes through recycling and source reduction; ensuring the control and proper disposal of waste; managing lead paint compliance; assuring that oil is handled in an environmentally safe manner; and overseeing the remediation of contaminated sites for viable economic development. The administration achieves these goals by maintaining a presence in the regulated community, providing assistance to stakeholders, and developing long-term strategies for waste management needs.

The department has delegated authority to inspect septic system waste haulers to all local environmental health authorities. Other functions delegated to at least some local authorities include: monitoring and inspecting supplemental sewage sludge; handling septic system waste complaints not related to facilities permitted by the department; and performing certain well sampling activities in the case of confirmed or suspected groundwater contamination at a landfill.

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 projects for water and wastewater treatment, solid waste management, composting, recycling, dredged material management, hazardous materials cleanup, and renewable energy. The service operates more than 200 water and wastewater treatment facilities as well as solid waste transfer stations, material recycling facilities, the Cox

Creek Dredged Material Containment Facility, the Poplar Island Dredged Material Beneficial Use Project, the Midshore Regional Landfill, two yard debris composting facilities, and the wood fired cogeneration plant that supplies the Eastern Correctional Institution in Westover with electricity and steam.

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 2009, the Maryland Environmental Service did $105.7 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 dioxide, ozone, sulfur dioxide, lead, and particulate matter (coarse and fine). 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 lead, sulfur dioxide, nitrogen dioxide, and carbon monoxide, portions of Maryland are designated as being in nonattainment for 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, administers a radiation control program, and implements measures and programs to reduce motor vehicle related pollution, including the State's Vehicle Emissions Inspection Program.

The department's Air and Radiation Management Administration is also the State's lead agency with respect to climate change. In that regard, it administers Maryland's participation in the Regional Greenhouse Gas Initiative, a cooperative effort by 10 Northeast and Mid-Atlantic states to reduce carbon dioxide emissions from electric generating plants. The initiative requires each participating state to auction at least 25% of its carbon dioxide allowances and use the money for a public benefits fund to promote energy efficiency, fund renewable energy sources, provide ratepayer rebates, research

new technologies, and pay administrative costs. In Maryland, the auction proceeds are deposited within the Maryland Strategic Energy Investment Fund administered by the Maryland Energy Administration. The department receives some of the proceeds for its climate change activities.

The role of local health or environmental agencies in air pollution control is limited. 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

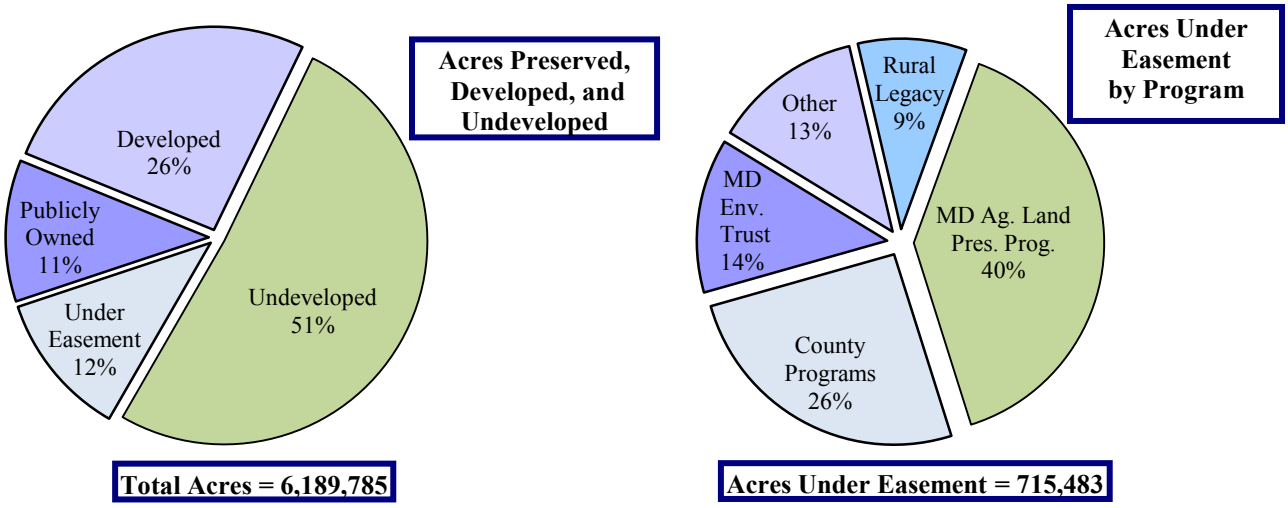
The Department of Natural Resources is charged with ensuring the preservation, development, wise use, and enjoyment of the State's natural resources, including the Chesapeake Bay. The department's responsibilities include the following: to preserve and restore the State's natural ecosystems; to protect 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 conserve 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. Exhibit 15.3 shows the development status of the State's acreage and the percentage of acres under easement by program.

The Forestry Program 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, sustainable forest management assistance, and forest restoration and conservation efforts. The Forest Conservation Act provides a set of minimum standards that developers must follow when designing a new project that affects forest land and requires local governments to develop and implement a State-approved local forest conservation program.

Exhibit 15.3
Cumulative Acres of Land Preserved
Through June 2010



Source: Maryland Department of Agriculture; Department of Natural Resources; Maryland Department of Planning; Department of Legislative Services

The Land Acquisition and Planning Program provides statewide natural resource, conservation, and recreational planning support and policy guidance for over 460,000 acres of public land and protected open spaces. Major program activities include (1) acquisition of public lands and landscape-scale protection of natural resources through conservation easements, technical support, and administration of open space grants to local governments; (2) interdisciplinary review of new acquisitions and proposed activities on public lands; (3) development of a statewide recreational trails system; and (4) technical support for management of over 4,000 miles of public lands boundaries and of curatorships and leases on public lands.

Program Open Space, established in 1969 and administered by the Department of Natural Resources, provides funds for State and local conservation acquisitions and development of public outdoor recreational sites, facilities, and open space. The State share of Program Open Space focuses on the acquisition of land for natural resource conservation with the inclusion of low-impact recreational activities where appropriate. The local jurisdictions' share of Program Open Space is used primarily for the acquisition and development of high-impact recreational sites and facilities. As of the end of

fiscal 2010, the State share had conserved 304,915 acres and the local share had conserved 44,342 acres. While bond funds were provided most recently, Program Open Space is principally funded through special funds derived from the State's transfer tax which imposes a 0.5% tax on all real property recorded in the State.

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. Criteria for designation include 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 as 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 end of fiscal 2010, the board had designated 31 rural legacy areas in 23 counties, awarded $228.4 million in grants for the purchase of easements or fee interests in land, and protected 66,804 acres of land.

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 1,000 individual easements covering over 125,000 acres are protected and managed by the trust. The trust has assisted in the formation and operation of more than 50 local nonprofit land trusts through the Local Land Trust Assistance Program and an informal network known as the Maryland Land Trust Alliance.

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, periodic nourishment projects were completed in 1998, 2002, and 2006. A fourth project is planned for 2010 that will pump 900,000 cubic yards of sand along the shoreline. Continued replenishment is jointly funded by the State, Worcester County, Ocean City, and the U.S. Army Corps of Engineers. Generally, 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 29 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 81 State parks, natural environment areas, and natural resources management areas across the State. Over 135,000 acres are under management. The service estimates that there were 10.7 million park visitors during fiscal 2009. Assateague State Park and Patapsco Valley State Park are the most visited sites, with 1.4 million and 800,000 estimated visitors, respectively. The service's 22 revenue generating operations garnered $1.8 million in fiscal 2009 and include camp stores, concession areas, boat rentals, gift shops, and marinas.

According to the Department of Natural Resource's *2009 Acreage Report*, there are 14 State forests covering 141,434 acres. These areas are managed by the department's Forest Service. 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 more than 65,000 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. In addition, the department's Wildlife and Heritage Service manages 45 wildlife management areas that cover over 110,000 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 county departments of parks and recreation are grouped into four major types:

- 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 July 2010, $47.4 million in funding had been approved for 478 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 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 seeks to restore critical plant and wildlife habitat.

The Maryland Fisheries Service is responsible for the conservation, management, and allocation of Maryland's fisheries resources to ensure the long-term sustainability and best ecological, recreational, and economic use of these resources, including the regulation of recreational commercial fishing activities. Valuable recreational and commercial fisheries are monitored and supported within target fishing rates to prevent overfishing. The service manages hatcheries and maintains a freshwater trout stocking program of approximately 500,000 fish annually. Oyster habitat is expanded through creation of new shell reefs and protected sanctuaries to increase the number and biomass of oysters and additional brood stock for future natural oyster production. Maryland commercial fisheries yielded 58.3 million pounds of product in 2009 valued at $75.4 million. According to a 2008 report by the American Sportfishing Association, in 2006, recreational anglers in Maryland spent approximately $636.0 million on retail

sales, supported 9,688 jobs statewide, and generated $84.0 million in federal tax revenue and nearly $80.0 million in State and local tax revenue.

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 composed of 245 sworn law enforcement positions and is supported by 55 civilians and a cadre of 125 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 2009, the unit collected $35.7 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 approximately 8,100 commercial watermen; sells more than 360,000 recreational hunting licenses, stamps, and permits; and sells over 460,000 recreational fishing and crabbing 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 Act.

The Maryland Department of Agriculture administers several financial assistance programs addressing nutrient management, soil erosion, and agricultural runoff. The Cover Crop Program gives grants to farmers to plant cover crops on their fields immediately following the summer crop harvest. Small grains, such as wheat, rye, or barley, planted as cover crops in the fall, absorb unused nutrients, control soil erosion, and protect water quality in the bay and its tributaries. 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. The department offers a cost-share program for those farmers who choose to use a private certified nutrient management planner to develop their plans; alternatively, farmers may be certified to develop their own plans or request that their plans be developed by a nutrient management planner from the University of Maryland Cooperative Extension Service. The department also 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. 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 works closely with farmers and soil conservation districts to plan and implement conservation practices and programs that balance crop and livestock production with the need to protect natural resources. The office's responsibilities include staffing the State Soil Conservation Committee, providing financial and technical assistance to the 24 soil conservation districts, coordinating with the Cooperative Extension Service to help individual farmers plan for nutrient management, and providing public information and educational outreach materials.

The 24 Soil Conservation Districts in Maryland are self-governing entities that promote soil, water, and related natural resource programs and implement technical assistance, educational, and cooperative efforts. The districts are staffed by soil conservation professionals who help local landowners and residents install best management practices that reduce erosion and improve water quality. The districts are

not regulatory agencies; rather, they work to enhance farming operations while conserving soil and preserving clean water.

Agricultural Land Preservation

The Maryland Agricultural Land Preservation Program, which was established by the General Assembly in 1977 and is part of the department, purchases agricultural preservation easements that restrict development on prime farmland and woodland in perpetuity. In addition to funding from the State transfer tax, the program is funded with agricultural land transfer taxes, local matching funds, U.S. Department of Agriculture Federal Farmland Protection Program funds, and, in some years, general obligation bond funds. The Maryland Agricultural Land Preservation Program settled on its first purchased easement in October 1980. As of January 2010, the program had cumulatively purchased or had a pending contract to purchase conservation easements on 2,079 farms covering 283,169 acres.

The program is governed by a 13-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 county agricultural districts and make recommendations to the foundation on the purchase of development rights easements.

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, Rural Legacy, and other preservation programs. As of January 1, 2010, 54% of that goal had been achieved with 554,285 farmland acres protected under these various programs.

Anne Arundel, Baltimore, Calvert, Carroll, Cecil, Charles, Frederick, Harford, Kent, Montgomery, Queen Anne's, St. Mary's, Talbot, Washington, and Worcester counties operate certified agricultural land preservation programs. The Maryland Department of Planning and the Maryland Agricultural Land Preservation Foundation certify programs based on the applicant's potential for a successful program, which includes a financial commitment to purchase easements and effective land use tools to control development in agricultural areas. Certified counties are eligible for additional program funds.

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. Since 1980, the gypsy moth has defoliated more than one million acres in the State. 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 2009 season, 32,712 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 Allegany 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 2009, 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. Sixteen counties (all except Allegany, Anne Arundel, Garrett, Harford, Prince George's, Somerset, and Worcester) have entered into cooperative agreements with the State for noxious weed control. 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 implements 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 Maryland Agricultural Fair Board promotes and provides assistance to agricultural fairs, exhibits, and youth organizations. 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 biodiesel.

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 is responsible for enforcing 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 Frederick and Salisbury; and controls the importation of animals.

The department has consumer protection responsibilities associated with licensing veterinarians, including conducting examinations, reviewing qualifications, hearing complaints, and inspecting veterinary hospitals. Horse riding stables are also licensed by the department 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.

Energy Conservation and Efficiency

The Maryland Energy Administration administers several programs to promote energy conservation and efficiency, reduce reliance on foreign fuel, and improve the environment. The administration coordinates and directs energy planning for State agencies; helps local governments implement programs to reduce energy consumption; and helps Maryland businesses become more competitive by introducing new technologies and developing strategies for emerging competitive energy markets. During energy supply disruptions and emergencies, the administration also participates in security and contingency planning for Maryland's energy supplies and infrastructure.

In recent years, energy conservation and efficiency efforts have become an integral part of the State's policy agenda. Under the EmPOWER Maryland Program, which is managed by the administration, the State seeks to reduce energy consumption by 15% by 2015. As noted earlier, the administration also oversees the Strategic Energy Investment Fund, which consists of proceeds generated by the sale of carbon dioxide allowances through the State's participation in the Regional Greenhouse Gas Initiative. In 2009 alone, the administration used these funds, along with federal stimulus funding, to:

- retrofit multifamily buildings with energy efficiency and renewable energy measures;
- conduct energy check-ups, audits, and retrofits in single-family homes;
- conduct no-cost home energy makeovers for low- and moderate-income Marylanders;
- provide grants to Maryland residents and businesses to help offset the cost of installing solar panels, solar hot water systems, and geothermal energy systems;
- provide energy assessments to Maryland businesses;
- provide financing to support alternative fuel infrastructure projects, such as E85 stations and biodiesel storage facilities;

- fund long-term power purchase agreements with large-scale renewable energy projects;
- train contractors for energy retrofit career paths;
- provide funding for communities to invest in energy efficiency and renewable projects;
- provide funding to local governments for energy overhauls and renewable energy projects; and
- fund a general awareness campaign regarding energy conservation, energy efficiency, and renewable energy.

Local governments also work to reduce energy consumption and encourage the use of renewable energy by offering property tax credits and using federal and State funds to finance energy conservation and efficiency projects. For example, under the EmPOWER Clean Energy Communities grant program, local governments receive State funds to perform energy retrofits (*e.g.*, energy efficient lighting, appliance replacements, weatherization, etc.) for low- and moderate-income Maryland families. A number of other federal and State programs provide grants and loans to local governments for activities that conserve energy, increase energy efficiency, and support the use of renewable energy and alternative fuels. Some local governments, such as Howard County, also provide property tax credits for the installation of renewable or clean energy systems, such as solar and geothermal systems.

Research, Technical, 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.

As noted above, 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 department 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 Office for a Sustainable Future within the Department of Natural Resources serves to facilitate, guide, and assist the department in developing and implementing sustainable practices and coordinating with stakeholders on sustainability issues. Other divisions within the department are also technical and advisory in nature. In addition to its role of monitoring and assessing the State's water, living, and geological resources, the Resource Assessment Service 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 department's Power Plant Research Program 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 Science Services Administration within the Maryland Department of the Environment provides technical and scientific analyses and data for departmental regulatory activities but does not itself conduct typical regulatory functions such as permitting or enforcement. It devises solutions to multimedia environmental problems and undertakes environmental risk assessments. The administration maintains expertise in geo-referenced data analysis, the State's toxic substances inventory, federal/State community and worker right-to-know programs, computer modeling of environmental conditions and the development of total maximum daily loads, and monitoring and classification of shellfish waters and beaches for contaminants. The Maryland Department of the Environment also 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 in the investigation and prosecution of a wide variety of environmental crimes.

Funding

Government services for the management of the State's agricultural, environmental, natural, cultural, and historic resources are funded by the federal government, State general funds, user fees, certain dedicated taxes, bonds, and local funds. Local spending is concentrated on parks, recreation, and culture (including the arts), agricultural land preservation, and other agricultural/natural resource conservation activities. Exhibit 15.4 summarizes the sources of funds for the various categories of service. State spending for these activities totaled approximately $845.7 million in fiscal 2009; nearly half of this spending was supported with dedicated fees, taxes, and other special purpose funds. Local spending for these activities totaled $785.8 million in fiscal 2009 and is described in greater detail at the end of this section and in Exhibit 15.7.

Natural Resources

State expenditures relating to natural resources management totaled approximately $274.6 million in fiscal 2009; this includes all expenditures of the Department of Natural Resources except local contributions for Ocean City beach replenishment. Of this total, 63% of the funding was supported with special funds, such as the Waterway Improvement Fund, the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund, the Forest and Park Reserve Fund, and the Environmental Trust Fund. These funds are supported by dedicated fees and taxes, such as the property transfer tax, fishing and hunting permit and license fees, boater registration fees, the vessel excise tax, the environmental surcharge on electricity, the motor vehicle excise tax and the tax on short-term vehicle rentals, and revenues generated from State parks operations. State general funds supported approximately 21% while the federal government supported about 11% of the spending in this area in fiscal 2009. General obligation bonds authorized to support habitat restoration, aquaculture development, community parks and playgrounds, and capital development projects accounted for less than 5% of total State spending in fiscal 2009.

Environment

State expenditures relating to environmental resources management totaled approximately $428.2 million in fiscal 2009; this includes activities of the Maryland Department of the Environment and capital funding for the Maryland Environmental Service. Of the State funding for environmental resources management programs, approximately 38% was supported with special funds, such as the Bay Restoration Fund, the Water Quality Revolving Loan Fund, the Maryland Clean Water Fund, the Oil Contaminated Site Environmental Cleanup Fund, and the Maryland Clean Air Fund, 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 cost of pollution abatement and control. Another 37% of the total funding in this area came from bond authorizations – including general obligation bonds authorized for various water and sewer infrastructure projects and revenue bonds authorized for drinking water, water quality, and enhanced nutrient removal infrastructure programs. The federal government provided about 15% of the funds spent in fiscal 2009 on environmental resources management, while State general funds accounted for only about 10% of fiscal 2009 spending for this purpose.

Exhibit 15.4
Funding for the Management of the State's Natural and Historic Resources
Fiscal 2009 Actual
($ in Millions)

	General Funds	Special Funds	Federal Funds	Bonds (Authorized)	Local Funds[3]	Total
Natural Resources						
Operating	$57.7	$91.1	$24.1			
Capital	0.0	81.9	6.8	$13.0		
Total, Natural Resources	*57.7*	*173.1*	*30.8*	*13.0*	*$708.8*	*$983.4*
Environment						
Operating	36.5	49.8	29.4			
Capital	8.4	111.9	33.7	158.5		
Total, Environment	*44.9*	*161.7*	*63.1*	*158.5*		*428.2*
Agriculture[1]						
Operating	26.1	24.2	5.1			
Capital	0.0	23.7	7.5	4.8		
Total, Agricultural	*26.1*	*47.9*	*12.6*	*4.8*	*80.1*	*171.5*
Planning						
Operating	14.0	4.8	1.2			
Capital[2]	0.0	0.2	0.0	1.3		
Total, Planning	*14.0*	*5.0*	*1.2*	*1.3*		*21.4*
Canal Place Pres. and Dev. Authority						
Operating	0.2	0.3	0.0			
Capital	0.0	0.0	0.0	0.0		
Total, Canal Place	*0.2*	*0.3*	*0.0*	*0.0*		*0.4*
Historic St. Mary's City Commission (HSMCC)						
Operating	2.0	0.7	0.0			
Capital	0.0	0.0	0.0	0.0		
Total, HSMCC	*2.0*	*0.7*	*0.0*	*0.0*		*2.8*
Energy Conservation						
Operating	0.8	20.0	1.5			
Capital	0.0	4.7	0.0	0.0		
Total, Energy Conservation	*0.8*	*24.7*	*1.5*	*0.0*		*26.9*
Grand Total	**$145.7**	**$413.3**	**$109.2**	**$177.5**	**$788.9**	**$1,634.6**

[1] Excludes funding for the Maryland Agricultural Resources-Based Industry Development Corporation. State special funds exclude local contributions to certain programs such as agricultural land preservation and pest management.
[2] Excludes funding for the Heritage Structure Rehabilitation Tax Credit.
[3] Estimated local own-source spending for parks, recreation, and culture programs (listed under Natural Resources and includes arts organizations), agricultural land preservation, and other agricultural/natural resources conservation programs (listed under Agriculture).

Note: Pay-as-you-go and bond capital expenditures do not necessarily occur in the year in which funds are authorized. State funding does not included $16.7 million in funds reimbursed from other State agencies for services provided. Numbers may not sum to total due to rounding.

Source: Fiscal 2011 Budget Books, *Uniform Financial Reports*, Department of Legislative Services

Agriculture

State spending on agricultural programs totaled approximately $91.4 million in fiscal 2009; this includes all expenditures of the Maryland Department of Agriculture except funds for the Maryland Agricultural and Resource-Based Industry Development Corporation and local matching funds for agricultural land preservation and local contributions for forest and pest management, mosquito control, and resource conservation. Approximately half of the total was supported by special funds, such as the Bay Restoration Fund, the Maryland Agricultural Land Preservation Fund, the Egg Fund, and the Weights and Measures Fund, among others. These special purpose funds receive funding from a variety of sources including the property transfer tax, agricultural land transfer tax, licensing and registration fees, and laboratory testing fees. Approximately 29% of the State's agricultural program spending was supported with general funds. Federal funds accounted for about 14% of fiscal 2009 spending; the State receives federal funds for agricultural land preservation, environmental quality, food quality assurance, animal health, farmers' market nutrition, and other programs. General obligation bonds authorized for the tobacco transition program and the water quality cost share program accounted for about 5% of total agricultural spending in fiscal 2009.

Planning, Growth Management, and Historic/Cultural Resources

State spending on planning, growth management, and the preservation of historic and cultural resources totaled $24.7 million in fiscal 2009. This total includes funding for the Canal Place Preservation and Development Authority and the Historic St. Mary's City Commission. It excludes spending related to the Maryland Heritage Structure Rehabilitation Tax Credit Program (reestablished during the 2010 legislative session as the Sustainable Communities Tax Credit Program). Of the $24.7 million, $16.2 million, or 65.6% was supported with State general funds. Approximately 24% of the total was supported with special funds, such as the Maryland Heritage Areas Authority Financing Fund, museum revenues, and planning service fees. Federal funds accounted for about 5% of fiscal 2009 spending, and general obligation bonds authorized for renovations at the Jefferson Patterson Park and Museum and for capital grants of the Maryland Historical Trust accounted for about 5.3% of total fiscal 2009 spending.

Energy Conservation

State spending on energy conservation programs totaled $27.0 million in fiscal 2009. Approximately 91% was supported with special funds; the largest source of special funds in this area is auction proceeds generated by the State's participation in the Regional Greenhouse Gas Initiative and deposited into the Maryland Strategic Energy

Investment Fund. Federal funds accounted for about 5.5% of fiscal 2009 spending in this area. State general funds accounted for less than 3% of total spending in fiscal 2009.

Cross-cutting Programs

Two longstanding initiatives that involve funding from several State agencies are the restoration of the Chesapeake Bay and land conservation. Funding related to these two cross-cutting efforts is described below.

Chesapeake Bay Restoration

Spending on Chesapeake Bay restoration activities reported by the Department of Natural Resources, the Maryland Department of the Environment, the Maryland Department of Agriculture, and the Maryland Department of Planning totaled $332.9 million in fiscal 2009, as shown in Exhibit 15.5. This information, reported by the Department of Budget and Management in the fiscal 2011 budget books, includes any program with greater than 50% of the program's funding dedicated to bay restoration, as defined by the participating agencies. Better information regarding the State's bay restoration spending is anticipated in fiscal 2011.

Exhibit 15.5
Select Chesapeake Bay Restoration Activities
Fiscal 2009 Actual Funding

Agency	Funding
Maryland Department of the Environment	$159,041,197
Department of Natural Resources	96,526,296
Maryland Department of Agriculture	71,884,330
Maryland Department of Planning	5,543,310
Total	**$332,995,133**

Note: Includes select State agency programs that have over 50% of their activities directly related to Chesapeake Bay restoration. Does not include bay restoration activities reported by the Maryland State Department of Education, institutions of higher education, or the Maryland Department of Transportation, which together total $100 million.

Source: *Fiscal 2011 State Budget Books* (Budget Highlights, Appendix S); Department of Budget and Management

The Maryland Department of the Environment dedicated approximately $159 million to bay restoration activities in fiscal 2009, which included a variety of

programs related to water quality infrastructure, nutrient removal upgrades for wastewater treatment plants, stormwater, wetlands and waterways, water quality protection and restoration, and water resources planning, among others. Two programs accounted for a majority of the spending by the department – the Water Quality Revolving Loan Fund ($60 million), which funds water quality capital infrastructure, and the Bay Restoration Fund ($79 million), which funds nutrient removal upgrades for wastewater treatment plants and septic systems.

The Department of Natural Resources spent approximately $96.5 million on bay restoration activities in fiscal 2009, which included select activities associated with Program Open Space ($29.9 million), the Rural Legacy Program ($13.5 million), and the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund ($9.6 million). Other significant bay restoration activities the department funded in fiscal 2009 included the Critical Areas Commission; the Conservation Reserve Enhancement Program; various modeling, monitoring, and assessment activities; coastal zone management and other coastal programs; oyster and blue crab restoration; and implementation of the State's tributary strategies.

The Maryland Department of Agriculture dedicated approximately $71.9 million to bay restoration activities in fiscal 2009, which included funds spent for agricultural land preservation ($44.9 million). The department's other bay restoration activities in fiscal 2009 included developing agricultural nutrient management plans, implementing tributary strategies, and developing and promoting soil conservation and water quality plans and agricultural best management practices.

The Maryland Department of Planning spent approximately $5.5 million on bay restoration activities in fiscal 2009, which included planning services that focus growth in priority funding areas, seek to preserve natural resources, and promote smart growth principles and practices.

Land Conservation

Funding for select State capital land conservation programs, which is shown in Exhibit 15.6, totaled approximately $84.2 million in fiscal 2009. This included funding under Program Open Space – State share, the Rural Legacy Program, and the Maryland Agricultural Land Preservation Program.

Exhibit 15.6
Major State Land Conservation Programs
Fiscal 2009 Appropriation
($ in Millions)

	Special Funds	Federal Funds	Bond Funds	Total
Department of Natural Resources				
Program Open Space – State Land Conservation	$22.0	$3.0	$0	$25.0
Rural Legacy Program	13.5	0	0	13.5
Maryland Department of Agriculture				
Maryland Agricultural Land Preservation Program	35.7	10.0		45.7
Total	**$71.2**	**$13.0**	**$0**	**$84.2**

Source: Department of Legislative Services

Because the State's land conservation programs are funded primarily by the State's property transfer tax, the amount of funding available for the programs depends largely on the real estate market. In fiscal 2007, transfer tax revenues generated a record amount of funding for land conservation activities. However, in fiscal 2008 and 2009, funding for these programs decreased, due in part to decreasing State transfer tax revenue estimates.

In addition to declining revenues, in some years, transfer tax revenues are redirected to the State's general fund in order to help address the State's budget deficit. For example, in order to help balance the fiscal 2010 and 2011 budgets, budget reconciliation legislation redirected transfer tax revenues to the general fund; however, most of the funds transferred were replaced with bond funding.

For further detail on the history of Program Open Space funding, see Chapter 20 – Environment and Recreation State Aid, of *Volume VI – Maryland Local Government* of this legislative handbook series.

Local Government Spending

Local government spending on parks, recreation, and culture; agricultural land preservation; and other agricultural/natural resources conservation programs totaled

$785.8 million in fiscal 2009. This total includes funding for local arts organizations and excludes nearly $124.0 million in federal and State grant funds.

Local governments reported spending $796.8 million on parks, recreation, and culture programs in fiscal 2009, as shown in Exhibit 15.7, but as much as $86.4 million of that amount could be grant revenues from other government sources. Thus, local government own-source spending for this purpose is estimated at $710.4 million. Parks, recreation, and culture spending in Montgomery and Prince George's counties accounts for $359.9 million of the reported total. (Of this amount, the Maryland-National Capital Park and Planning Commission spent $270.7 million.)

Local governments reported spending $112.9 million on agricultural land preservation and other agricultural/natural resources conservation programs such as soil conservation services and cooperative extension programs in fiscal 2009; however, $37.5 million of that amount could be grant revenues from other government sources. Thus, local government own-source spending for this purpose is estimated at $75.4 million.

Exhibit 15.7
Local Spending on Parks, Recreation, and Culture; Agricultural Land Preservation; and Other Agricultural/Natural Resources Conservation Programs
Fiscal 2009

County	Parks, Recreation, and Culture County	Parks, Recreation, and Culture Municipal	Agricultural Land Preservation	Other	Total Reported Local Spending
Allegany	$881,340	$2,292,378	-	$505,126	$3,678,844
Anne Arundel	41,013,605	6,671,319	$2,684,637	842,749	51,212,310
Baltimore City	53,460,425	-	-	-	53,460,425
Baltimore	48,728,737	-	3,805,476	13,788,649	66,322,862
Calvert	18,972,204	1,953,559	-	3,241,039	24,166,802
Caroline	2,829,225	363,720	1,164,839	424,901	4,782,685
Carroll	3,449,494	2,137,736	13,067,335	16,030,211	34,684,776
Cecil	2,238,374	1,710,443	1,516,632	609,912	6,075,361
Charles	9,585,444	629,001	358,478	360,257	10,933,180
Dorchester	713,715	1,558,295	-	5,047,763	7,319,773
Frederick	10,353,100	32,822,888	6,990,563	977,297	51,143,848
Garrett	151,043	512,478	-	214,097	877,618
Harford	21,177,745	1,417,149	14,736,657	595,975	37,927,526
Howard	37,841,591	-	343,422	1,626,546	39,811,559
Kent	6,774,557	166,934	68	495,733	7,437,292
Montgomery	183,897,846	39,266,461	8,006,376	6,377,680	237,548,363
Prince George's	175,986,432	16,874,483	-	-	192,860,915
Queen Anne's	5,362,864	146,931	1,904,811	540,541	7,955,147
St. Mary's	11,672,801	170,883	672,631	1,593,079	14,109,394
Somerset	1,532,534	592,655	-	120,435	2,245,624
Talbot	5,712,514	779,651	1,224	312,547	6,805,936
Washington	6,665,309	5,349,044	703,010	737,873	13,455,236
Wicomico	10,900,752	2,388,911	38,267	139,306	13,467,236
Worcester	5,214,274	13,906,087	1,455,843	858,559	21,434,763
Total	**$665,115,925**	**$131,711,006**	**$57,450,269**	**$55,440,275**	**$909,717,475**

Exhibit 15.7 (continued)

County	Parks, Recreation, and Culture County	Parks, Recreation, and Culture Municipal	Agricultural Land Preservation	Other	Total Reported Local Spending
Minus Parks, Recreation, and Culture Grants to Counties					-$73,676,019
Minus Parks, Recreation, and Culture Grants to Municipal Corporations					-14,299,897
Minus Agriculture/Other Natural Resources Conservation Grants to Counties					-32,809,840
Net Local Spending					**$788,931,719**

Note: As six municipal corporations did not report their expenditures for fiscal 2009, municipal expenditures reflect those reported by the other 150 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

Chapter 16. Public Works

Local governments are generally responsible for performing public works functions and 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. Five Maryland municipal corporations operate electric power plants.

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 and the Maryland Department of the Environment.

Sewerage, Solid Waste, and Water Services

Local Government Responsibilities, Services, and Funding

Local governments typically provide sewerage and water services through a sanitary commission or a county or municipal agency. All county governments, except Caroline, Montgomery, Prince George's, and Talbot counties, provide both water and sewerage services to their residents. In Caroline County, 6 of the county's 10 municipalities operate public water systems; the remainder of water and sewer services is provided by private or community wells and septic systems. However, in 2008, Caroline County designated two areas (in the north, the area includes the towns of Goldsboro, Henderson, Marydel, and Templeville; in the south, the area includes the communities of Jonestown and Nelpine Heights) as water and sewer service districts, and planning for these county facilities is in the preliminary stages. Talbot County provides sewer services to St. Michaels and several unincorporated villages; water services are provided by municipal (by the towns of Easton, Oxford, St. Michaels, and Trappe), community or private well systems. The Washington Suburban Sanitary Commission, a bi-county agency created by the General Assembly in 1918, provides nearly all parts of Montgomery and Prince George's counties with water and sewer services.

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.

Under the 1988 Maryland Recycling Act, each jurisdiction in the State is required to recycle certain percentages of waste. According to the Maryland Department of the Environment, all counties and Baltimore City have met the minimum goals established under the Maryland Recycling Act, and in 2007, 44.1% of the waste stream, as defined under the Act, was recycled statewide. While most counties operate their own recycling programs, four counties on the Eastern Shore (Caroline, Kent, Queen Anne's, and Talbot counties) coordinate their programs under the Mid-Shore Regional Recycling Program. Exhibit 16.1 details recycling totals for each jurisdiction.

All 24 jurisdictions process "core" recyclables that include mixed paper (*i.e.*, all paper types, envelopes, books, cardboard, magazines, newspaper, and telephone books), containers (*i.e.*, glass, metal, and plastic), white goods (*i.e.*, appliances), and organics (*i.e.*, yard trimmings and Christmas tree recycling). In addition, each jurisdiction offers various individual recycling programs, such as collecting household hazardous wastes or electronics.

According to the Maryland Municipal League, over 25 municipalities in 2005 offered their own recycling programs, such as leaf, paper, glass, and metal.

In fiscal 2009, counties spent approximately $1.7 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 2009, municipal corporations spent approximately $276 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 2009.

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 2009. 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.

Exhibit 16.1
County Recyclables
Calendar 2007
(in Tons)

County	MRA Commodities	Non-MRA Recyclables[2]	Total Recycling	Recycling Rate (%)[3]
Allegany	23,621	130,963	154,584	27.56%
Anne Arundel	330,501	529,359	859,860	39.16%
Baltimore City	217,027	191,397	408,424	30.16%
Baltimore County	1,213,331	497,614	1,710,945	62.27%
Calvert	8,756	29,695	38,451	11.97%
Carroll	44,965	222,156	267,121	28.33%
Cecil	99,326	41,650	140,976	51.87%
Charles	48,654	332,867	381,521	34.96%
Dorchester	8,204	3,569	11,773	17.58%
Frederick	127,752	35,905	163,657	41.32%
Garrett	29,452	8,814	38,266	57.02%
Harford	189,427	48,411	237,838	56.72%
Howard	221,660	5,372	227,032	43.07%
Mid-Shore[1]	128,733	86,389	215,122	50.31%
Montgomery	461,629	39,647	501,276	38.52%
Prince George's	324,214	347,827	672,041	38.21%
Somerset	8,814	7,117	15,931	32.78%
St. Mary's	26,735	40,042	66,777	31.08%
Washington	54,149	42,023	96,172	35.74%
Wicomico	30,462	8,372	38,834	20.35%
Worcester	36,923	51,384	88,307	34.07%
Additional Asphalt and Concrete Recycled Statewide by State Highways		98,532	98,532	
Total	**3,634,335**	**2,799,105**	**6,433,440**	**44.1%**

MRA: Maryland Recycling Act

Note: Numbers may not sum due to rounding.

[1] Mid-Shore Regional Recycling Program includes Caroline, Kent, Queen Anne's, and Talbot counties.
[2] Includes materials, such as construction and demolition debris, land clearing debris, and recycled fluids that fall outside the scope of the standard MRA Recycling Rate but are reported by the counties as recycled materials.
[3] Recycling rate equals MRA recycling tonnage divided by the sum of MRA recycling tonnage plus MRA waste.

Source: Maryland Department of the Environment, *Maryland Waste Diversion Activities Report, 2008*

Exhibit 16.2
Local Government Sewerage, Solid Waste, and Water Expenditures
Fiscal 2009

County	County Spending	Municipal Spending	Total Spending Reported
Allegany	$17,717,842	$20,549,594	$38,267,436
Anne Arundel	155,760,542	13,439,456	169,199,998
Baltimore City	335,128,680	-	335,128,680
Baltimore	252,464,887	-	252,464,887
Calvert	16,941,345	2,643,164	19,584,509
Caroline	1,308,531	4,769,604	6,078,135
Carroll	14,881,864	17,508,491	32,390,355
Cecil	10,048,885	13,219,870	23,268,755
Charles	37,930,289	6,748,115	44,678,404
Dorchester	3,255,369	8,666,527	11,921,896
Frederick	45,307,243	34,635,295	79,942,538
Garrett	9,570,148	2,534,943	12,105,091
Harford	53,849,290	15,437,693	69,286,983
Howard	76,018,828	-	76,018,828
Kent	4,647,286	4,089,082	8,736,368
Montgomery	310,390,849	23,438,346	333,829,195
Prince George's	308,777,587	18,758,312	327,535,899
Queen Anne's	12,330,689	2,762,939	15,093,628
St. Mary's	15,839,485	1,977,996	17,817,481
Somerset	4,805,061	1,613,568	6,418,629
Talbot	3,333,491	7,711,677	11,045,168
Washington	18,676,344	27,275,600	45,951,944
Wicomico	7,669,300	18,950,332	26,619,632
Worcester	18,080,118	29,462,684	47,542,802
Total	**$1,734,733,953**	**$276,193,288**	**$2,010,927,241**
Minus Federal Grants	-1,988,704	-3,536,598	-5,525,302
Minus State Grants	-12,400,289	-17,354,645	-29,754,934
Minus County Grants		-2,043,168	-2,043,168
Net Local Spending	**$1,720,344,960**	**$253,258,877**	**$1,973,603,837**
Revenues from Sewerage, Solid Waste, and Water Charges	**$1,605,987,176**	**$23,492,747**	**$1,629,479,923**

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 6 municipal corporations did not report their expenditures for fiscal 2009, municipal expenditures reflect those reported by the other 150 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

State Government 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.

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 or sewer unless, and upon request, the water or sewage services are 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 and safety. As discussed in Chapter 15, the Maryland Department of the Environment is structured into five major program areas: (1) Water Management Administration; (2) Land Management Administration; (3) Air and Radiation Management Administration; (4) Science Services Administration; and (5) Administrative Services Administration. 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;
- 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 2010 and 2011, the State appropriated approximately $398.0 million and $454.9 million to these programs, respectively, as shown in Exhibit 16.3.

Other State Government Assistance – Maryland Environmental Service

Under Title 3, Subtitle 1 of the Natural Resources Article, State law establishes the Maryland Environmental Service as a not-for-profit public corporation charged with providing technical services, such as engineering, design, finance, construction, project management, operation, and maintenance, for water supply, wastewater treatment, and solid waste management projects that are provided by State agencies, counties, municipal corporations, and private entities. The Maryland Environmental Service has no regulatory authority and receives no direct State appropriations. The Maryland Environmental Service is a self-supporting instrumentality of the State that provides services at competitive rates to its government and private sector clients. In fiscal 2009, the Maryland Environmental Service did $105.7 million in business.

Exhibit 16.3
State Environmental Grants and Loans Available to Local Governments
Fiscal 2010-2011
($ in Thousands)

	2010 Appropriation	2011 Appropriation
Enhanced Nutrient Removal Program	$130,000	$275,000
Water Quality Revolving Loan Fund	202,000	110,000
Drinking Water Revolving Loan Fund	40,000	16,500
Septic System Upgrade Program	1,000	9,000
Hazardous Substance Clean-up Program	0	800
Biological Nutrient Removal Program	16,000	33,000
Supplemental Assistance Program	5,000	5,000
Water Supply Financial Assistance	2,500	3,500
Chesapeake and Atlantic Coastal Bays Nonpoint Source Fund	1,500	2,100
Total	**$398,000**	**$454,900**

Note: The Enhanced Nutrient Removal Program appropriations include $80.0 million in revenue bond authorization in fiscal 2010 and $150.0 million in fiscal 2011. The Water Quality and Drinking Water Revolving Loan Funds had substantial fiscal 2010 federal fund appropriation increases, $92.8 million and $26.4 million, respectively, through the American Recovery and Reinvestment Act. The activities of the Small Creek and Estuary Restoration and Maryland Stormwater Pollution Control programs have largely been assumed by the Chesapeake and Atlantic Coastal Bays Nonpoint Source Fund. The Sewer Rehabilitation Program received final funding in fiscal 2009 and, therefore, is not shown.

Source: *Fiscal Digest for Fiscal 2010; Fiscal Digest for Fiscal 2011*

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 power plants, and two of those municipalities, Berlin and Easton, own the power plants. In addition, the Town of Easton, through the Easton Utilities Commission, is the only municipality that provides gas services to its residents. In fiscal 2009, these municipal corporations recognized $91.0 million in revenues and incurred $96.6 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 2009, is shown in Exhibit 16.4.

Exhibit 16.4
Electric and Gas Services Provided by Municipal Corporations
Fiscal 2009

Municipal Corporation	Revenues	Expenditures
Berlin	$6,561,713	$5,938,613
Easton	42,118,352	47,650,994
Hagerstown	32,485,067	32,922,092
Thurmont	8,068,024	8,144,587
Williamsport	1,770,949	1,958,057
Total	**$91,004,105**	**$96,614,343**

Notes: The amounts for Easton include both electric and gas services; provision of gas services constituted less than 20% of revenues and expenditures shown.

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

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.	
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.	Counties fund certain operating costs, including capital expenses and physical facility.

Program	State	Local
State's Attorney (Prosecutor)	Elected official in each county. State policy and direction through legislation.	Counties fund all operating expenses.
Orphans' Court	Elected judges in 22 counties. State policy and direction through legislation.	Counties fund operating expenses.
Sheriff (Judicial Functions)	Elected official in each county. State policy through legislation and judicial direction.	Counties fund offices.
Police	State police patrol highways, provide specialized services (*i.e.*, crime lab), and provide backup to local police. State provides grants to local governments for police protection. State sets minimal standards for training. State funds and manages central booking facility for individuals arrested in Baltimore City.	Local governments provide policy direction, management, and budget approval for local police or sheriff's departments. Local governments provide 82% of funding. Sheriffs are responsible for local police function and corrections in rural counties.

Program	State	Local
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 88% of the funding.
Corrections	State correctional system for long-term inmates (more than 12 months). State sets minimum standards for local facilities. State provides grants for construction of local facilities. State manages pretrial facility in Baltimore City.	County correctional system for pretrial and short-term inmates (less than 12 months).

Program	State	Local
Public Schools	State policy through legislation and regulation. State funding – 44%. Federal funding – 6%.	School board – autonomy in management. County government – budget approval. County funding – 48%. Other local revenues – 2%.
University System of Maryland and Other Public Four-year Institutions	State policy through legislation and regulation. State funding – 26%; tuition and fees 28%; grants, contracts, auxiliary revenue, and other sources – 46%.	
Community Colleges	State policy through legislation and regulation. Baltimore City Community College operated by the State. State funding – 24%.	College board – autonomy in management. County government – budget approval. County funding – 27%; tuition and fees – 29%; other sources – 20%.

Program	State	Local
Libraries	State policy through legislation and regulation. State funding – 23%.	Library board – autonomy in management. County government – budget approval. County funding – 69%; fees and other revenue (including federal funding) – 8%.
Highways	State manages interstate, primary, and secondary systems (except in Baltimore City). State allocates a share of highway revenues (gasoline tax, vehicle titling tax, vehicle registration fees) to local governments. State/federal funding nearly 86%.	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 35% of Baltimore area services operating costs must be recovered through fares and other operating revenues. Commuter rail must recover 35% 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 – 99%.	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 90% 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% 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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