SB 141

Department of Legislative Services

Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 141 (The President)(By Request - Administration)
Budget and Taxation Appropriations

Budget Reconciliation and Financing Act of 2010

This Administration bill executes a variety of actions that help to balance the State budget, mostly through the transfer of special fund balances to the general fund, adjustments to mandated spending, and the use of special funds to cover general fund costs.

The bill takes effect June 1, 2010, although some of the provisions apply retroactively to June 1, 2009.

Fiscal Summary

State Effect: General fund revenues increase by $706.3 million in FY 2010 and $430.4 million in FY 2011 due to fund balance transfers and the redirection of special fund revenues to the general fund. General fund expenditures decrease by $15.3 million in FY 2010 and $543.7 million in FY 2011 due to fund swaps, mandate relief, and cost controls. FY 2011 general fund expenditure reductions have been included in the State budget. FY 2011 special fund expenditures increase by $13.0 million, but $422.2 million in special fund expenditures authorized in the bill are not included in the budget. Future years reflect ongoing effects. **This bill alters mandated appropriations.**

($ in millions)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
GF Revenue	$706.3	$430.4	$337.8	$338.9	$349.6
SF Revenue	$155.0	($253.0)	($292.4)	($291.4)	($300.0)
FF Revenue	$0	$27.0	$28.2	$29.5	$30.8
GF Expenditure	($15.3)	($543.7)	($253.9)	($239.5)	($246.9)
SF Expenditure	$15.5	$13.0	($299.4)	($309.2)	($318.4)
FF Expenditure	$0	$12.1	$13.5	$14.3	$15.2
ReimB. Exp.	$0	($.7)	($.8)	($.8)	($.8)
Higher Ed Exp.	$0	($12.2)	($12.8)	($13.3)	($13.9)
Bond Exp.	$0	($61.5)	$67.6	$0	$0
Net Effect	$861.0	$797.4	$559.2	$625.4	$645.3

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: Direct State aid to local governments decreases by a net of $263.5 million in FY 2011 due to $287.9 million in reductions to local highway user revenues, community college funding, police aid, student transportation grants, and local health department funding and a $24.4 million increase in disparity grant funding. State payments on behalf of local jurisdictions for the retirement costs of certain local employees decrease by $469,500, and local expenditures to pay these costs increase by the same amount. Long-term reductions of $340 million to $360 million annually are made to local highway user revenues, and annual inflation in the education aid formulas is capped at 1% through FY 2015. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: A small business impact statement was not provided by the Administration in time for inclusion in this fiscal note. A revised fiscal note will be issued when the Administration's assessment becomes available.

Analysis

Current Law: The Maryland Constitution requires the Governor to submit, and the General Assembly to pass, a balanced budget.

Background: Due to a deteriorating revenue base and spending increases necessary to keep pace with inflation and statutory mandates, the budget forecast for fiscal 2011 prepared for the Spending Affordability Committee in fall 2009 projected a $2 billion gap between general fund revenues and spending in fiscal 2011. Although the Board of Public Works reduced fiscal 2010 appropriations on three occasions subsequent to the 2009 legislative session, there was also an imbalance between estimated revenues and spending in fiscal 2010. This bill proposes transfers, reductions, and fund swaps that, in conjunction with the annual operating budget, will leave the State with a general fund balance of approximately $200 million at the end of fiscal 2011.

State Fiscal Effect: The fiscal 2010 and 2011 impact of the bill on the State's general fund is estimated in **Exhibit 1**. The table shows that the bill improves the State's general fund position by $721.6 million in fiscal 2010, mostly due to transfers and the redirection of dedicated revenue streams. In fiscal 2011, the bill improves the general fund outlook by an additional $974.1 million through a combination of revenue and expenditure actions. The two-year impact on the general fund totals $1.7 billion.

Exhibit 1
General Fund Impact of the Budget Reconciliation and Financing Act of 2010
Fiscal 2010 and 2011
($ in Millions)

	FY 2010	FY 2011
Revenues		
Fund Balance Transfers	$511.3	$133.4
Other Revenue Measures	195.0	297.0
Revenue Subtotal	$706.3	$430.4
Expenditures		
Fund Swaps	($15.3)	($413.8)
General Fund Mandates	0.0	(57.8)
Cost Containment	0.0	(72.1)
Expenditure Subtotal	($15.3)	($543.7)
General Fund Improvement	**$721.6**	**$974.1**

The bill increases special fund expenditures by a net of $13.0 million in fiscal 2011. Special fund expenditure reductions totaling $409.2 million have been incorporated in the fiscal 2011 State budget, but $422.2 million in special fund expenditure increases authorized by the bill have not been budgeted. **Exhibit 2** enumerates the special fund spending increases that are assumed or authorized in this bill but have not been budgeted.

Exhibit 2
Special Fund Expenditures Authorized but Not Included in State Budget
Fiscal 2011
($ in Millions)

Education Aid from Education Trust Fund (via Local Income Tax Reserve)	$350.0
New Revenues from the Nursing Home Assessment Fee Increase	44.0
Records Improvement Fund for Judiciary IT Projects	11.9
Cigarette Restitution Funds for Medicaid	8.2
911 Trust Fund for State Police IT Project	5.0
Universal Service Trust Fund for School for the Deaf	2.0
Electronic Bingo and Tip Jar Tax for Local Impact Grants	0.5
Fair Campaign Finance Fund for …	
Online Campaign Finance Reporting System	0.5
Consultant Study of Elections Issues	0.2
Total Special Fund Expenditures Authorized but Not Budgeted	**$422.2**

A discussion of each provision in the bill is provided in **Appendix A** (beginning on page 6). The fiscal 2010 to 2015 State effects for each provision, including the general and special fund impacts and the effects on any other fund types, are included with the discussions. Charts identifying and totaling the fiscal impact of separate provisions by fund type are provided in **Appendix B** (pages 117 to 122).

Local Revenues: Reductions to fiscal 2011 local aid programs are shown in **Exhibit 3** and total $288.3 million, mostly due to a $237.8 million reduction in local highway user revenues. These reductions are offset by a $24.4 million increase in disparity grant aid, bringing the net reduction for local jurisdictions to $264.0 million. When applicable, the discussions of individual provisions in Appendix A include sections describing the local effect of each provision. Fiscal 2011 local impacts are shown by county in **Appendix C** (page 123).

Exhibit 3
Budget Reconciliation and Financing Act of 2010
Impact on State Aid to Local Governments
Fiscal 2011
($ in Millions)

Highway User Revenues	($237.8)
Community College Aid	(23.1)
Police Aid	(19.0)
Student Transportation Grants	(4.3)
Local Health Department Funding	(3.7)
Retirement Payments for Certain Local Employees*	(0.5)
Local Aid Subtotal	**($288.3)**
Disparity Grant Recalculation	24.4
Local Aid Net Impact	**($264.0)**

*Local jurisdictions will pay these costs.

Additional Information

Prior Introductions: None.

Cross File: HB 151 (The Speaker)(By Request - Administration) - Appropriations.

Information Source(s): Baltimore City; Allegany, Harford, Montgomery, Talbot, Wicomico counties; State Department of Assessments and Taxation; Maryland Department of Agriculture; Baltimore City Community College; Department of Business and Economic Development; Governor's Office of Crime Control and Prevention; Department of Budget and Management; Department of Human Resources; Department of Natural Resources; Maryland Department of Planning; Maryland State Department of Education; Maryland State Board of Elections; Maryland Department of the Environment; Maryland Institute for Emergency Medical Services Systems; Department of General Services; Department of Housing and Community Development; Maryland Higher Education Commission; Maryland Health Insurance Plan; Department of Health and Mental Hygiene; Maryland Insurance Administration; Injured Workers' Insurance Fund; Maryland Independent College and University Association; Comptroller's Office; Judiciary (Administrative Office of the Courts); Maryland State Lottery Agency; Department of Labor, Licensing, and Regulation; Maryland Association of Counties; Department of State Police; Morgan State University; Maryland State Retirement Agency; Public School Construction Program; Maryland School for the Deaf; Subsequent Injury Fund; Maryland Supplemental Retirement Plans; Maryland Stadium Authority; St. Mary's College; Maryland Department of Transportation; Maryland State Treasurer's Office; Uninsured Employers' Fund; University System of Maryland; University of Maryland Medical System; Department of Legislative Services

Fiscal Note History: First Reader - March 2, 2010
mc/rhh Revised - Enrolled Bill - September 1, 2010

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Appendix A
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Fund Balance Transfers to the General Fund

Mandate Relief

Cost Control and Efficiency Measures

Transfer Taxes

Provisions in the Bill: Authorize fiscal 2010 and 2011 transfers to the general fund of transfer tax revenues. The transfers that are authorized may not be taken into account for purposes of determining any allocation or appropriation required for the State transfer tax.

In fiscal 2010, $153,073,000 of unexpended funds from certain programs supported by the transfer tax may be transferred to the general fund. The unexpended funds are transferred from the Program Open Space (POS) local share ($103,113,000), POS Capital Development ($22,700,000), the Rural Legacy Program ($10,635,000), the Maryland Agricultural Land Preservation Foundation ($10,000,000), POS State land acquisition ($4,567,000), and POS Capital Development – Ocean City Beach Replenishment ($2,058,000). Also for fiscal 2010, the bill authorizes the transfer of $4,459,496 of POS State land acquisition funding to the general fund. This represents the final component of a provision in the Budget Reconciliation and Financing Act of 2009 that authorized the transfer of up to $70,000,000 in transfer tax revenues to the general fund.

For fiscal 2011, the bill authorizes the transfer of $54,038,405 in transfer taxes to the general fund.

Agencies: Department of Natural Resources and Maryland Department of Agriculture

Type of Action: Fund balance transfers

Fiscal Impact: *($ in millions)*	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$157.5	$54.0	$0	$0	$0	$0
SF Exp	0	(54.0)	0	0	0	0

State Effect: General fund revenues increase by $157.5 million in fiscal 2010 due to the $153.1 million fund balance transfer and the additional transfer of $4.4 million. In fiscal 2011, general fund revenues increase by $54.0 million due to the crediting of transfer tax revenues to the general fund. Although this bill does not require the transferred balance to be replaced with general obligation (GO) bond funding, the fiscal 2011 capital budget and the 2010 *Capital Improvement Program* replace the fiscal 2011 funds being transferred. It is assumed that, without the transfer, special fund expenditures rather than GO bonds would have been used to support the programs in fiscal 2011. Thus, fiscal 2011 special fund expenditures decrease by $54.0 million.

Future years are not affected.

Local Effect: The unexpended fund balance transfer of $153.1 million for fiscal 2010 includes $103.1 million in POS local share funding. Thus, local POS revenues could decrease as a result of that transfer; however, the fiscal 2011 capital budget bill includes

$41.8 million in bonds to partially replace the local share, and the capital plan shows the remaining funds being replaced in fiscal 2012 and 2013. In contrast, the unexpended balance transfer of $12.4 million in POS local share funding for fiscal 2011 is replaced with an equal amount of GO bond funding and thus does not have an impact on local finances.

Program Description: The State transfer tax of 0.5% of the consideration paid for the transfer of real property from one owner to another has been used to fund several programs in the Department of Natural Resources (DNR) and the Maryland Department of Agriculture. Before any program-specific allocations are made, 3% of the transfer tax revenue is distributed to DNR and the other agencies involved in POS for their administration of the program.

Approximately 76% of the remaining transfer tax historically has been allocated to POS, which has two components: a State share and a local share. All other funds are allocated to the Rural Legacy Program, agricultural land preservation, and the Heritage Conservation Fund.

Recent History: State transfer tax revenues were directed to the general fund between fiscal 2003 and 2006. However, a portion of the amount directed to the general fund was replaced with GO bond authorizations.

More recently, State transfer tax revenues of $172.3 million were redirected to the general fund during the 2009 legislative session: $70.0 million in POS State land acquisition unencumbered funds; $71.3 million in fiscal 2009 POS State land acquisition funding; and $31.0 million in fiscal 2010 transfer tax revenues supporting Rural Legacy ($11.8 million), POS Capital Improvements ($6.2 million), and the Maryland Agricultural Land Preservation Foundation ($13.0 million). All but the $70.0 million in POS State land acquisition unencumbered funds were replaced with GO bond authorizations. Separate legislation authorized the issuance of $70.0 million in POS revenue bonds for which debt service is paid from the State transfer tax.

The fiscal 2011 capital budget and the 2010 *Capital Improvement Program* replace in fiscal 2011 or phase in between fiscal 2011 and 2013 the replacement of the majority of the transfers authorized in this bill.

Location of Provision(s) in the Bill: Sections 17, 19, and 26 (pp. 64, 65, and 67)

Analysis prepared by: Matt Klein and Andrew Gray

Bay Restoration Fund

Provisions in the Bill: Authorize the transfer of $155,000,000 in unexpended funds from the Bay Restoration Fund to the general fund in fiscal 2010. The transfer may not include any funds required to pay debt service on revenue bonds issued by the Water Quality Financing Administration for the Enhanced Nutrient Removal (ENR) program. The bill also authorizes the transfer of $45,000,000 from the Bay Restoration Fund to the general fund in fiscal 2011.

Agency: Maryland Department of the Environment

Type of Action: Fund balance transfers

Fiscal	*($ in millions)*					
Impact:	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$155.0	$45.0	$0	$0	$0	$0
SF Exp	0	(45.0)	0	0	0	0

State Effect: General fund revenues increase by $155.0 million in fiscal 2010 and $45.0 million in fiscal 2011 due to the transfers. Although this bill does not require the transferred balance to be replaced with general obligation (GO) bond funding, the fiscal 2011 capital budget replaces the funds being transferred in fiscal 2011. It is assumed that, without the transfer, special fund expenditures rather than GO bonds would have been used to support the Bay Restoration Fund. Thus, fiscal 2011 special fund expenditures decrease by $45.0 million.

Future years are not affected.

Local Effect: Unless the amounts transferred to the general fund are replaced with GO bond funding, which is not required by this bill but is contained in the fiscal 2011 capital budget and five-year CIP, local grant revenues for ENR upgrades decrease.

Program Description: The Bay Restoration Fund (Chapter 428 of 2004) was created to address the significant decline in Chesapeake Bay water quality due to over-enrichment of nutrients such as phosphorus and nitrogen. This dedicated fund, financed in large part by wastewater treatment plant users, is used to upgrade Maryland's 67 major publicly owned wastewater treatment plants with ENR technology so they are capable of achieving wastewater effluent quality of 3.0 milligrams per liter (mg/L) total nitrogen and 0.3 mg/L total phosphorus. The Water Quality Financing Administration is authorized to issue revenue bonds for the ENR upgrades; the debt service on those bonds is paid with future year fee revenues.

Recent History: The Maryland Department of the Environment currently estimates the cost to upgrade the 67 major publicly owned wastewater treatment plants at nearly $1.5 billion. Based on anticipated revenues to the fund, assuming the replacement of funds transferred by this bill with GO bond funding, the fund has a projected deficit of an estimated $530.0 million.

The fiscal 2011 capital budget and *Capital Improvement Program* (CIP) include GO bond funding to fully replace the $45.0 million of transferred fiscal 2011 revenues and phases in the replacement of the $155.0 million in transferred fiscal 2010 unexpended funds over a two-year period ($80.0 million in fiscal 2011 and $75.0 million in fiscal 2012).

Location of Provision(s) in the Bill: Sections 16 and 18 (pp. 60 and 64)

Analysis prepared by: Matt Klein and Andrew Gray

Oil Contaminated Site Environmental Cleanup Fund

Provision in the Bill: Authorizes the transfer of $3,000,000 from the Oil Contaminated Site Environmental Cleanup Fund to the general fund in fiscal 2010.

Agency: Maryland Department of the Environment

Type of Action: Fund balance transfer

Fiscal Impact:	*($ in millions)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$3.0	$0	$0	$0	$0	$0

State Effect: General fund revenues increase by $3.0 million in fiscal 2010 due to the transfer. Future years are not affected. The Oil Contaminated Site Environmental Cleanup Fund will be left with a projected $3.6 million fund balance at the end of fiscal 2010.

Program Description: The Oil Contaminated Site Environmental Cleanup Fund is used to reimburse owners or operators of underground storage tanks and heating oil tanks for site rehabilitation costs following releases. The fund is currently supported with a $0.0175 per barrel fee on oil transferred into the State; that fee is set to expire at the end of fiscal 2010. Estimated fiscal 2010 revenue to the fund is $2.1 million.

Recent History: Chapter 177 of 2005 increased the portion of the oil transfer fee that is deposited into the Oil Contaminated Site Environmental Cleanup Fund from $0.01 to $0.0175 and extended the authorization to collect the fee through fiscal 2010. Chapter 177 also modified the uses of the fund; among other things, the Act provided that heating oil tank owners are eligible for reimbursement from the fund through fiscal 2010.

Location of Provision(s) in the Bill: Section 16 (p. 61)

Analysis prepared by: Evan Isaacson

State Used Tire Cleanup and Recycling Fund

Provision in the Bill: Authorizes the transfer of $1,100,000 from the State Used Tire Cleanup and Recycling Fund to the general fund in fiscal 2010.

Agency: Maryland Department of the Environment

Type of Action: Fund balance transfer

Fiscal			*($ in millions)*			
Impact:	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$1.1	$0	$0	$0	$0	$0

State Effect: General fund revenues increase by $1.1 million in fiscal 2010 due to the transfer. Future years are not affected. The State Used Tire Cleanup and Recycling Fund will be left with a projected $3.5 million fund balance at the end of fiscal 2010.

Program Description: The State Used Tire Cleanup and Recycling Fund provides funds to respond to illegal disposal or storage of scrap tires. The fund is supported with a fee of $0.80 on each new tire sold in the State, and the fund balance is capped at $10.0 million. Estimated fiscal 2010 revenue from the fee is $3.6 million.

Recent History: The Budget Reconciliation and Financing Act of 2009 (Chapter 487) authorized the transfer of $3.0 million from the State Used Tire Cleanup and Recycling Fund to the general fund for fiscal 2009 and authorized, beginning in fiscal 2010, the use of up to 50% of the revenues generated for the fund for administrative expenses of the Maryland Department of the Environment.

Location of Provision(s) in the Bill: Section 16 (p. 61)

Analysis prepared by: Lesley Cook

Tidal Wetlands Compensation Fund

Provision in the Bill: Authorizes the transfer of $1,000,000 from the Tidal Wetlands Compensation Fund to the general fund in fiscal 2010.

Agency: Maryland Department of the Environment

Type of Action: Fund balance transfer

Fiscal Impact:	*($ in millions)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$1.0	$0	$0	$0	$0	$0

State Effect: General fund revenues increase by $1.0 million in fiscal 2010 due to the transfer. Future years are not affected. The Tidal Wetlands Compensation Fund will be left with a projected $323,600 fund balance at the end of fiscal 2010.

Program Description: The Tidal Wetlands Compensation Fund consists of monetary payments made by licensees in lieu of creating, restoring, or enhancing tidal wetlands as required by the Maryland Department of the Environment or Board of Public Works as a condition of a wetlands permit or license; and specified penalties. Funds may be used only for the creation, restoration, or enhancement of tidal wetlands. Estimated fiscal 2010 revenue is $165,000.

Recent History: Chapter 142 of 2008 redirected wetlands license fee revenue collected by the Board of Public Works from the Tidal Wetlands Compensation Fund to the Wetlands and Waterways Program Fund.

Location of Provision(s) in the Bill: Section 16 (p. 61)

Analysis prepared by: Lesley Cook

Radiation Control Fund

Provision in the Bill: Authorizes the transfer of $500,000 from the Radiation Control Fund to the general fund in fiscal 2010.

Agency: Maryland Department of the Environment

Type of Action: Fund balance transfer

Fiscal Impact:	*(in dollars)* FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
GF Rev	$500,000	$0	$0	$0	$0	$0

State Effect: General fund revenues increase by $500,000 in fiscal 2010 due to the transfer. Future years are not affected. The Radiation Control Fund will be left with a projected $565,981 fund balance at the end of fiscal 2010.

Program Description: The Radiation Control Fund consists of various license, registration, and certification fees, as well as fines and penalties resulting from the department's efforts to control sources of radiation. The fund is used for activities relating to identifying, monitoring, and controlling sources of radiation and for program development. Estimated fiscal 2010 revenue to the fund is $2.1 million.

Recent History: Chapter 222 of 2002 increased the maximum fee that the Maryland Department of the Environment may establish by regulation for dental radiation machines from $40 per machine per year to $60 for fiscal 2003 and 2004, $70 for fiscal 2005 and fiscal 2006, and $80 for fiscal 2007 through fiscal 2010. As the General Assembly has not authorized a change in the fee, it will continue at $80 per machine per year beyond fiscal 2010.

Location of Provision(s) in the Bill: Section 16 (p. 62)

Analysis prepared by: Evan Isaacson

Maryland Clean Air Fund

Provision in the Bill: Authorizes the transfer of $300,000 from the Maryland Clean Air Fund to the general fund in fiscal 2010.

Agency: Maryland Department of the Environment

Type of Action: Fund balance transfer

Fiscal Impact:	*(in dollars)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$300,000	$0	$0	$0	$0	$0

State Effect: General fund revenues increase by $300,000 in fiscal 2010 due to the transfer. Future years are not affected. The Maryland Clean Air Fund will be left with a projected $1.3 million fund balance at the end of fiscal 2010.

Program Description: The Maryland Clean Air Fund is used for activities relating to identifying, monitoring, and regulating air pollution in the State, including program development, and for providing air quality grants to local governments. The fund consists of application fees, permit fees, renewal fees, and all other funds collected by the Maryland Department of the Environment under the Ambient Air Quality Control and Asbestos laws, as well as any funds received from the Maryland Energy Administration's Strategic Energy Investment Fund (SEIF). When the Maryland Clean Air Fund balance exceeds $2.0 million, additional funds received by the department must be deposited into the general fund. Estimated fiscal 2010 revenue is $9.3 million, which includes an estimated $2.1 million from SEIF.

Recent History: Chapters 127 and 128 of 2008 modified the revenue sources to the Maryland Clean Air Fund to accommodate any funds received from SEIF. Chapter 141 of 2008 increased emission-based permit fees that are paid into the fund and, effective in 2010, repealed the maximum fee for a single source. Chapters 127, 128, and 141 of 2008 increased the cap on the Maryland Clean Air Fund from $750,000 to $2.0 million.

Location of Provision(s) in the Bill: Section 16 (p. 62)

Analysis prepared by: Lesley Cook

University System of Maryland Fund Balance

Provisions in the Bill: Authorize the transfer of $133,319,852 from University System of Maryland (USM) fund balances to the general fund by June 30, 2010, and the transfer of $11,731,321 from USM fund balances to the general fund by June 30, 2011.

Agency: University System of Maryland

Type of Action: Fund balance transfers

Fiscal Impact:	***($ in millions)*** **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$133.3	$11.7	$0	$0	$0	$0

State Effect: General fund revenues increase by $133.3 million in fiscal 2010, of which $20.1 million is related to furlough savings being transferred from the fund balance and $113.3 million is a reduction in USM's fund balance. In fiscal 2011, general fund revenues increase by $11.7 million, which represents furlough savings being transferred from the fund balance. More than $500 million remains in the fund balance after transfers in fiscal 2011, including $17.3 million in the State-supported portion of the fund balance.

Program Description: The USM fund balance is maintained to protect individuals who hold USM-related bonds, fund capital needs, and preserve the system's credit rating. Fund balance reductions will be allocated to the 11 USM institutions, 1 research center, and the USM system office based on the distribution of general funds to the entities.

Recent History: In fiscal 2009, the State transferred $29.0 million from USM's fund balance to the general fund.

Location of Provision(s) in the Bill: Sections 16 and 18 (pp. 60 and 64)

Analysis prepared by: Sara Baker

Morgan State University Fund Balance

Provisions in the Bill: Authorize the transfer of $2,113,653 from Morgan State University (MSU) fund balance to the general fund by June 30, 2010, and the transfer of $750,574 from MSU fund balance to the general fund by June 30, 2011.

Agency: Morgan State University

Type of Action: Fund balance transfers

Fiscal Impact:	*($ in millions)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$2.1	$0.8	$0	$0	$0	$0

State Effect: General fund revenues increase by $2.1 million in fiscal 2010, of which $1.5 million is related to furlough savings being transferred from the fund balance and $608,347 is a reduction in MSU's fund balance. In fiscal 2011, general fund revenues increase by $750,564, which represents furlough savings being transferred from the fund balance. An estimated $4.0 million remains in the State-supported portion of the fund balance after the fiscal 2011 transfer.

Program Description: The MSU fund balance is maintained to protect individuals who hold MSU-related bonds, fund capital needs, and preserve the university's credit rating.

Location of Provision(s) in the Bill: Sections 16 and 18 (pp. 61 and 65)

Analysis prepared by: Sara Baker

Baltimore City Community College Fund Balance

Provisions in the Bill: Authorize the transfer of $1,374,254 from the Baltimore City Community College (BCCC) fund balance to the general fund by June 30, 2010, and an additional $822,287 transfer by June 30, 2011.

Agency: Baltimore City Community College

Type of Action: Fund balance transfers

Fiscal	*($ in millions)*					
Impact:	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$1.4	$0.8	$0	$0	$0	$0

State Effect: General fund revenues increase by $1.4 million in fiscal 2010 and by $822,287 in fiscal 2011. An estimated $22.4 million remains in the BCCC fund balance after the fiscal 2011 transfer. Both transfers include employee furlough savings.

Program Description: The BCCC fund balance is maintained to fund capital needs and preserve the college's credit rating.

Location of Provision(s) in the Bill: Sections 16 and 18 (pp. 62 and 65)

Analysis prepared by: Richard Harris

St. Mary's College of Maryland Fund Balance

Provisions in the Bill: Authorize the transfer of $204,368 from the St. Mary's College of Maryland (SMCM) fund balance to the general fund by June 30, 2010, and an additional $204,368 transfer by June 30, 2011.

Agency: St. Mary's College of Maryland

Type of Action: Fund balance transfers

Fiscal Impact:	*(in dollars)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$204,368	$204,368	$0	$0	$0	$0

State Effect: General fund revenues increase by $204,368 in fiscal 2010 and again in fiscal 2011. The transfers are related to furlough savings in fiscal 2010 and 2011. An estimated $4.5 million remains in the SMCM fund balance after the transfers.

Program Description: The SMCM fund balance is maintained to protect individuals who hold SMCM-issued bonds, fund capital needs, and preserve the college's credit rating.

Location of Provision(s) in the Bill: Sections 16 and 18 (pp. 62 and 65)

Analysis prepared by: Richard Harris

Waterway Improvement Fund

Provisions in the Bill: Authorize transfers from the Waterway Improvement Fund (WIF) to the general fund of $13,509,450 by June 30, 2010, and $3,934,000 by June 30, 2011.

Agency: Department of Natural Resources

Type of Action: Fund balance transfers

Fiscal Impact:	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
	($ in millions)					
GF Rev	$13.5	$3.9	$0	$0	$0	$0
SF Exp	0	(3.9)	0	0	0	0

State Effect: General fund revenues increase by $13.5 million in fiscal 2010 and $3.9 million in fiscal 2011 due to the transfers. Subsequent to the transfers, the fund balance will be $0. Although this bill does not require the transferred balance to be replaced with general obligation (GO) bond funding, the fiscal 2011 capital budget replaces the funds being transferred in fiscal 2011. It is assumed that, without the transfer, special fund expenditures rather than GO bonds would have been used to support WIF. Thus, fiscal 2011 special fund expenditures decrease by $3.9 million.

Future years are not affected.

Local Effect: Local governments are eligible for grants from WIF. Less program funding would be available for public boating access projects such as marinas, boat ramps, and volunteer fire department water rescue equipment purchases; however, most of the special funds will be replaced with bond funds.

Program Description: WIF finances projects to expand and improve public boating access throughout the State. Financial support for the fund is derived from the 5% excise tax on the sale of vessels within the State.

Recent History: The Budget Reconciliation and Financing Act of 2002 (Chapter 440) redirected $8.0 million in unexpended WIF revenues to the general fund and authorized up to 50% of the monies in WIF to be used, in fiscal 2003 and 2004 only, for administrative expenses directly relating to implementing the purposes of the fund. This adjustment was made with the understanding that the fund would be evaluated as part of a larger effort to improve the Department of Natural Resources' (DNR) special funds management and collection practices. That effort was postponed until the 2003 interim.

The Budget Reconciliation and Financing Act of 2003 (Chapter 203) modified the authorization to use WIF for administrative expenses in fiscal 2003 and 2004 by repealing the 50% limitation. That modification was necessary because the legislation also diverted $19.0 million in WIF monies to the general fund for cost containment purposes: $8.0 million in unexpended fiscal 2003 funds and $11.0 million in fiscal 2004 special fund revenues.

The DNR Special Funds Workgroup concluded its study during the 2003 interim and recommended temporarily authorizing use of WIF for administrative purposes, but established a schedule for reducing the 10% administrative cost rate applied by DNR by 2% a year, until it was eliminated for fiscal years after fiscal 2009.

Chapter 6 of the 2007 special session eliminated the allocation of motor fuel tax special fund revenue to WIF and required the inclusion of at least $1.8 million in general funds each year for the fund. However, the Budget Reconciliation and Financing Act of 2009 (Chapter 487) repealed the mandated annual general fund appropriation, removed a prohibition on the use of WIF revenue for administrative expenses, and specifically authorized the use of up to $750,000 in WIF special funds annually for program administration.

During fall 2009, the Board of Public Works reduced the fiscal 2010 special fund appropriation for WIF-related programs and staff in the operating budget by $994,450.

The fiscal 2011 capital budget includes $10.2 million in GO bond funding for WIF to replace $6.3 million of the bill’s fiscal 2010 transfer and all of the bill’s fiscal 2011 transfer. The 2010 *Capital Improvement Plan* also includes $6.3 million for WIF in fiscal 2012 to continue the replacement of funds transferred in fiscal 2010.

Location of Provision(s) in the Bill: Sections 16 and 18 (pp. 60 and 65)

Analysis prepared by: Amanda M. Mock

Ocean Beach Replenishment Fund

Provision in the Bill: Authorizes the transfer of $3,401,000 from the local portion of the Ocean Beach Replenishment Fund to the general fund by June 30, 2010.

Agency: Department of Natural Resources

Type of Action: Fund balance transfer

Fiscal Impact:	*($ in millions)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$3.4	$0	$0	$0	$0	$0

State Effect: General fund revenues increase by $3.4 million in fiscal 2010 due to the transfer. Future years are not affected.

The fiscal 2011 capital budget includes a total of $6.5 million in general obligation (GO) bonds for the Ocean Beach Replenishment Fund, of which $3.4 million is for the local portion and $3.1 million is for the State portion. Thus, the fiscal 2011 budget provides GO bond funding to fully replace the bill's fiscal 2010 fund balance transfer and there is no local effect.

Program Description: The Ocean Beach Replenishment Fund was established to fund periodic maintenance of the Ocean City beach replenishment project. When the fund was established, the State entered into a funding agreement with Worcester County and Ocean City. The funding agreement stipulates that the following amounts be provided annually: not less than $1.0 million from the State and not less than $500,000 each from the county and the city. Periodic replenishment is deemed the most cost-effective method of maintaining the beach over a 50-year period. Transfer tax revenue within the department's Program Open Space is used to fund the State's contribution to this effort.

According to the financing agreement approved by the State, Worcester County, and Ocean City, if the program's maintenance fund balance is at or above $15.0 million, the parties may forgo their annual contributions until the balance falls below $15.0 million. However, interest will continue to accrue to the benefit of the county and Ocean City and be credited to their next contribution.

Recent History: The fiscal 2010 budget did not include funding for the Ocean City beach maintenance project, as the Ocean Beach Replenishment Fund balance exceeded $15.0 million and additional funding was not required. The fiscal 2011 budget includes a total of $7.5 million for the Ocean Beach Replenishment Fund, a $1.0 million special fund local contribution and $6.5 million in GO bonds in the capital budget.

Location of Provision(s) in the Bill: Section 16 (p. 60)

Analysis prepared by: Amanda M. Mock

Land Trust Grant Program

Provision in the Bill: Authorizes the transfer of $1,500,000 from the Land Trust Grant Fund (LTGF) to the general fund by June 30, 2010.

Agency: Department of Natural Resources

Type of Action: Fund balance transfer

Fiscal Impact:	*($ in millions)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$1.5	$0	$0	$0	$0	$0

State Effect: General fund revenues increase by $1.5 million in fiscal 2010 due to the transfer. Future years are not affected. Subsequent to the transfer, the fund balance will be $0, assuming the Department of Natural Resources (DNR) adjusts current spending. Since DNR does not project any loan repayment income in fiscal 2010 or 2011, loan funding will not be available in fiscal 2011. In future years, loan repayments will replenish the fund and potentially enable DNR to issue loans under the program.

Program Description: LTGF was created in 1990 to provide interest-free loans to help local land trusts preserve and protect open space and natural areas in the State. LTGF is a nonlapsing revolving fund and is administered by the Maryland Environmental Trust, which is funded through DNR.

Recent History: In August 2009, the Board of Public Works reduced the LTGF fiscal 2010 special fund appropriation by $1.5 million. This provision transfers the savings from that action to the general fund.

Location of Provision(s) in the Bill: Section 16 (p. 61)

Analysis prepared by: Amanda M. Mock

Shore Erosion Control Construction Loan Fund

Provision in the Bill: Authorizes the transfer of $305,481 from the Shore Erosion Control Construction Loan Fund to the general fund before June 30, 2010.

Agency: Department of Natural Resources

Type of Action: Fund balance transfer

Fiscal Impact:	*(in dollars)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$305,481	$0	$0	$0	$0	$0

State Effect: General fund revenues increase by $305,481 in fiscal 2010 due to the transfer. Future years are not affected. Subsequent to the transfer, the fund balance will be $184,668. Based on the current loan repayment rate and assuming the Department of Natural Resources (DNR) adjusts current spending, sufficient revenue is anticipated in fiscal 2011 to sustain the fund.

Local Effect: The transfer may result in less funding for local governments seeking shore erosion control construction loans.

Program Description: DNR's Shore Erosion Control Construction Loan Fund provides interest-free loans or grants to persons, municipalities, or counties for design and construction of shore erosion control projects. The fund is a special, nonlapsing fund and is maintained by repayments of principal on loans, payment of administrative costs, and annual appropriations as needed.

Recent History: In August 2009, the Board of Public Works reduced the Shore Erosion Control Construction Loan Fund's fiscal 2010 special fund appropriation by $105,481 and deleted an associated position. Some of the transfer is the result of the savings generated by that action.

Location of Provision(s) in the Bill: Section 16 (p. 62)

Analysis prepared by: Amanda M. Mock

Injured Workers' Insurance Fund Reserve for Claims Against the State

Provision in the Bill: Authorizes the transfer of $6,000,000 from the Injured Workers' Insurance Fund (IWIF) reserve for actuarial liability against the State to the general fund by June 30, 2010.

Agency: Injured Workers' Insurance Fund

Type of Action: Fund balance transfer

Fiscal			*($ in millions)*			
Impact:	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$6.0	$0	$0	$0	$0	$0

State Effect: General fund revenues increase by $6.0 million in fiscal 2010 due to the transfer. Future years are not affected.

Program Description: IWIF is the third-party workers' compensation claims administrator for the State and the provider of last resort in the State. The special fund reserve for actuarial liability claims is maintained by IWIF to cover liabilities the State may incur under its self-insured workers' compensation program that IWIF administers on behalf of the State. The funds in this reserve account are funds of the State; therefore, the transfers have no effect on IWIF or any private employers insured by IWIF.

The estimated long-term workers' compensation liability of the State was $270.2 million as of June 2009. The fund balance as of June 30, 2009, was $10.8 million, or about 4% of the liability. Liability payments are not made from the fund; however, the fund is designed to support liability payments in the event of a shortfall.

Recent History: The Budget Reconciliation and Financing Act of 2009 (Chapter 487) authorized the transfer to the general fund of $28.0 million from the IWIF reserve for actuarial liability for claims against the State.

In fiscal 2003 and 2004, the State transferred a total of $114.2 million from the IWIF reserve to the general fund. In fiscal 2008, the State refunded about $3.9 million, or 3.4% of the amount transferred, to the federal government as a reimbursement for its portion of the workers' compensation payments that were moved from the special fund to the general fund.

Location of Provision(s) in the Bill: Section 16 (p. 60)

Analysis prepared by: Michael Vorgetts and Dylan Baker

State Insurance Trust Fund

Provision in the Bill: Authorizes the transfer of $5,221,332 from the State Insurance Trust Fund to the general fund by June 30, 2010.

Agency: Office of the State Treasurer

Type of Action: Fund balance transfer

Fiscal Impact:	*($ in millions)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$5.2	$0	$0	$0	$0	$0

State Effect: General fund revenues increase by $5.2 million in fiscal 2010 due to the transfer. Future years are not affected. The transfer will reduce the estimated balance on June 30, 2010, to $23.8 million, which is $2.7 million below the actuarial recommended fund balance.

Program Description: The State Insurance Trust Fund is used to pay claims under the State's self-insurance program and to purchase commercial insurance to cover catastrophic property and liability losses. State agency budgets include funding for insurance premiums, which are deposited into the State Insurance Trust Fund.

Recent History: The Budget Reconciliation and Financing Act of 2002 (Chapter 440) transferred $5.0 million in fiscal 2002, and the Budget Reconciliation and Financing Act of 2009 (Chapter 487) transferred $10.0 million in fiscal 2009 from the State Insurance Trust Fund to the general fund.

Location of Provision(s) in the Bill: Section 16 (p. 60)

Analysis prepared by: Steven D. McCulloch

Cash Management Improvement Fund

Provision in the Bill: Authorizes the transfer of $733,339 from the Cash Management Improvement Fund in the Office of the State Treasurer to the general fund by June 30, 2010.

Agency: Office of the State Treasurer

Type of Action: Fund balance transfer

Fiscal Impact:	*(in dollars)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$733,339	$0	$0	$0	$0	$0

State Effect: General fund revenues increase by $733,339 in fiscal 2010 due to the transfer. Future years are not affected. The transfer will reduce the fund to $50,000. It is estimated that this amount will be sufficient to pay penalties due to the federal government for several years.

Program Description: The Cash Management Improvement Fund is used to pay penalties due to the federal government when State agencies draw federal funds before they are needed. Until fiscal 2010, the fund was also used to pay for a position in the Office of the State Treasurer that was responsible for fulfilling the reporting requirements under the federal Cash Management Improvement Act.

Recent History: The Cash Management Improvement Act position in the Office of the State Treasurer was abolished as part of the fiscal 2010 cost containment actions taken by the Board of Public Works. The position was abolished because the consolidated reporting, anticipated when the position was created, was not possible due to the decision to forgo development of a needed module for the State's Financial Management Information System.

Location of Provision(s) in the Bill: Section 16 (p. 61)

Analysis prepared by: Steven D. McCulloch

Neighborhood Business Development Fund

Provisions in the Bill: Authorize transfers from the Neighborhood Business Development Fund to the general fund of $3,628,687 by June 30, 2010, and $3,200,000 by June 30, 2011.

Agency: Department of Housing and Community Development

Type of Action: Fund balance transfers

Fiscal Impact:	($ in millions) **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$3.6	$3.2	$0	$0	$0	$0
SF Exp	0	(3.2)	0	0	0	0

State Effect: General fund revenues increase by $3.6 million in fiscal 2010 and by $3.2 million in fiscal 2011 due to the transfers. Following the transfers, the remaining balance in the Neighborhood Business Development Fund will be $496,068 at the close of fiscal 2010 and $46,068 at the close of fiscal 2011. Although this bill does not require the transferred balance to be replaced with general obligation (GO) bond funding, the fiscal 2011 capital budget replaces most of the funds being transferred in fiscal 2010 and 2011. It is assumed that, without the fiscal 2011 transfer, special fund expenditures rather than GO bonds would have been used to support the fund. Thus, fiscal 2011 special fund expenditures decrease by $3.2 million.

Future years are not affected.

Program Description: The Neighborhood Business Development Program provides grants and loans to small businesses and nonprofits to fund community-based economic development activities in revitalization areas designated by local governments.

The Neighborhood Business Development Fund is a nonlapsing, revolving fund. Special fund revenues are derived primarily through loan repayments.

Recent History: The fiscal 2011 capital budget includes $6.7 million in GO bonds for the Neighborhood Business Development Fund to replace the bulk of the transfers. Declining loan repayments have reduced the program's activity levels and fund balance in recent years.

Location of Provision(s) in the Bill: Sections 16 and 18 (pp. 60 and 65)

Analysis prepared by: Flora Arabo

Special Loan Programs Fund

Provisions in the Bill: Authorize transfers from the Special Loan Programs Fund to the general fund of $2,176,565 by June 30, 2010, and $2,500,000 by June 30, 2011.

Agency: Department of Housing and Community Development

Type of Action: Fund balance transfers

Fiscal Impact:	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
			($ in millions)			
GF Rev	$2.2	$2.5	$0	$0	$0	$0
SF Exp	0	(2.5)	0	0	0	0

State Effect: General fund revenues increase by $2.2 million in fiscal 2010 and $2.5 million in fiscal 2011 due to the transfers. Following the transfers, the remaining balances in the Special Loan Programs Fund will be $638,867 at the close of fiscal 2010 and $41,867 at the close of fiscal 2011. Although this bill does not require the transferred balance to be replaced with general obligation (GO) bond funding, the fiscal 2011 capital budget replaces most of the funds being transferred in fiscal 2010 and 2011. It is assumed that, without the fiscal 2011 transfer, special fund expenditures rather than GO bonds would have been used to support the fund. Thus, fiscal 2011 special fund expenditures decrease by $2.5 million.

Future years are not affected.

Program Description: The Special Loan Programs provide preferred-interest-rate loans and grants to low- and moderate-income families, sponsors of rental properties occupied primarily by limited-income families, and nonprofit sponsors of housing facilities, including group homes. Funds may be used to provide loans to acquire and rehabilitate existing residential properties for group homes or shelters; eliminate property health, safety, and maintenance deficiencies; and ensure compliance with applicable housing codes and standards.

The Special Loan Programs Fund is a nonlapsing, revolving fund. Special fund revenues are derived primarily through loan repayments. The fiscal 2011 capital budget includes $9.5 million in GO bonds for the fund, of which $4.6 million is designated to replace the bulk of the transfers.

Location of Provision(s) in the Bill: Sections 16 and 18 (pp. 61 and 65)

Analysis prepared by: Flora Arabo

Community Legacy Financial Assistance Fund

Provision in the Bill: Authorizes the transfer of $449,373 from the Community Legacy Financial Assistance Fund to the general fund by June 30, 2010.

Agency: Department of Housing and Community Development

Type of Action: Fund balance transfer

Fiscal Impact:	*(in dollars)* FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
GF Rev	$449,373	$0	$0	$0	$0	$0

State Effect: General fund revenues increase by $449,373 in fiscal 2010. Future years are not affected. Following the transfer, the remaining balance in the Community Legacy Financial Assistance Fund will be $605 at the close of fiscal 2010.

The fiscal 2011 capital budget includes $4.6 million in general obligation bonds for this program, of which $396,000 is designated to replace most of the transferred amount.

Program Description: The Community Legacy Program provides funding to local governments and community development organizations to assist in the revitalization of neighborhoods that are at risk of physical, economic, or social deterioration but are also in the process of launching a revitalization strategy that will reposition the community for new private investment. Funds may be used for capital improvements such as streetscapes, recreational amenities, improvement of community gathering places, as well as other projects. Although the program does loan funds to recipients, the majority of funds are awarded as grants. As such, loan repayments are minimal and the program relies heavily on State funds.

Location of Provision(s) in the Bill: Section 16 (p. 62)

Analysis prepared by: Flora Arabo

Homeownership Programs Fund

Provisions in the Bill: Authorize transfers from the Homeownership Programs Fund to the general fund of $92,040 by June 30, 2010, and $3,000,000 by June 30, 2011.

Agency: Department of Housing and Community Development

Type of Action: Fund balance transfers

Fiscal Impact:	*(in dollars)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$92,040	$3,000,000	$0	$0	$0	$0
SF Exp	0	(3,000,000)	0	0	0	0

State Effect: General fund revenues increase by $92,040 in fiscal 2010 and by $3.0 million in fiscal 2011 due to the transfers. The fiscal 2010 transfer of $92,040 represents the savings generated from State employee furloughs. Following the transfers, the remaining balance in the Homeownership Programs Fund will be $1.9 million at the close of fiscal 2010 and $12,670 at the close of fiscal 2011. Although this bill does not require the transferred balance to be replaced with general obligation (GO) bond funding, the fiscal 2011 capital budget replaces the funds being transferred in fiscal 2011. It is assumed that, without the transfer, special fund expenditures rather than GO bonds would have been used to support the fund. Thus, fiscal 2011 special fund expenditures decrease by $3.0 million.

Future years are not affected.

Program Description: The Homeownership Programs provide below-market interest rate mortgage loans to first-time homebuyers who lack the resources to purchase a home. The programs provide funds for down payment and settlement expenses and direct loans to households for the purchase of a home to encourage affordable homeownership opportunities.

The Homeownership Programs Fund is a nonlapsing, revolving fund. Special fund revenues are derived primarily through loan repayments.

Recent History: The fiscal 2011 capital budget includes $8.5 million in GO bonds for the Homeownership Programs Fund, of which $3.0 million is designated to replace the fiscal 2011 transfer. Declining loan repayments have reduced the program's activity levels and fund balance in recent years.

Location of Provision(s) in the Bill: Sections 16 and 18 (pp. 62 and 65)

Analysis prepared by: Flora Arabo

Rental Housing Programs Fund

Provision in the Bill: Authorizes the transfer of $87,758 from the Rental Housing Programs Fund to the general fund by June 30, 2010.

Agency: Department of Housing and Community Development

Type of Action: Fund balance transfer

Fiscal Impact:	*(in dollars)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$87,758	$0	$0	$0	$0	$0

State Effect: General fund revenues increase by $87,758 in fiscal 2010. Future years are not affected. Following the transfer, the remaining balance in the Rental Housing Programs Fund will be $4.3 million at the close of fiscal 2010. The transfer represents the special fund savings generated from State employee furloughs.

Program Description: The Rental Housing Programs provide low-interest or deferred-payment loans to housing developers for the financing of affordable rental housing developments. The goal of the programs is to rehabilitate and create new affordable rental housing for low- and moderate-income households.

The Rental Housing Programs Fund is a nonlapsing, revolving fund. Special fund revenues are derived primarily through loan repayments.

Recent History: Although the programs have a small allocation of general obligation (GO) bonds in the fiscal 2010 working appropriation, GO funding has been eliminated from the fiscal 2011 budget due to complications in using tax-exempt debt to finance construction deals.

Location of Provision(s) in the Bill: Section 16 (p. 62)

Analysis prepared by: Flora Arabo

Partnership Rental Housing Fund

Provision in the Bill: Authorizes the transfer of $87,758 from the Partnership Rental Housing Fund to the general fund by June 30, 2010.

Agency: Department of Housing and Community Development

Type of Action: Fund balance transfer

Fiscal Impact:	*(in dollars)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$87,758	$0	$0	$0	$0	$0

State Effect: General fund revenues increase by $87,758 in fiscal 2010 due to the transfer. Future years are not affected. Following the transfer, the remaining balance in the Partnership Rental Housing Fund will be $2.0 million at the close of fiscal 2010. The transfer represents the special fund savings generated from State employee furloughs.

Program Description: The Partnership Rental Housing Program provides deferred payment loans to local governments to construct or rehabilitate rental housing to be occupied by households with incomes of 50% of the statewide median income or less. Repayment is not required so long as the local government continues to own and lease the housing to income-eligible households.

Location of Provision(s) in the Bill: Section 16 (p. 63)

Analysis prepared by: Flora Arabo

State Department of Assessments and Taxation Special Administrative Fund

Provision in the Bill: Authorizes the transfer of $3,000,000 from a State Department of Assessments and Taxation (SDAT) special administrative fund to the general fund by June 30, 2010.

Agency: State Department of Assessments and Taxation

Type of Action: Fund balance transfer

Fiscal Impact:	*($ in millions)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$3.0	$0	$0	$0	$0	$0

State Effect: General fund revenues increase by $3.0 million in fiscal 2010 due to the transfer. Future years are not affected. The fund consists of a $2.9 million beginning fund balance for fiscal 2010, $4.7 million in expedited service fees, and $19,818 in ground rent registrations. Expenditures for fiscal 2010, prior to the $3.0 million fund transfer, are estimated at $4.6 million. There will be no fund balance remaining after the transfer.

Program Description: Revenues credited to the special administrative fund are primarily generated from a 24-hour expedited service processing and recordation fee for corporate filings. The revenues support the operations of SDAT's Charter Unit, which acts as the central repository of all records of business entity formation and filings.

Recent History: The Budget Reconciliation and Financing Act of 2009 (Chapter 487) authorized the transfer of $435,721 from the special administrative fund to the general fund for fiscal 2009.

Location of Provision(s) in the Bill: Section 16 (p. 60)

Analysis prepared by: Michael Sanelli

Insurance Regulation Fund

Provision in the Bill: Authorizes the transfer of $2,000,000 from the Insurance Regulation Fund to the general fund by June 30, 2010.

Agency: Maryland Insurance Administration

Type of Action: Fund balance transfer

Fiscal Impact:	*($ in millions)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$2.0	$0	$0	$0	$0	$0

State Effect: General fund revenues increase by $2.0 million in fiscal 2010 due to the transfer. Future years are not affected. The transfer will reduce the estimated fiscal 2010 ending balance from $3.5 million to $1.5 million. The Maryland Insurance Administration (MIA) is required to maintain a 5% reserve in the Insurance Regulation Fund, which amounts to $1.3 million in fiscal 2010.

Program Description: Chapter 774 of 1998 established the Insurance Regulation Fund to pay all costs and expenses incurred by MIA associated with regulating the insurance activities of the State.

Recent History: The Budget Reconciliation and Financing Act of 2002 (Chapter 440) transferred $2.0 million and the Budget Reconciliation and Financing Act of 2009 (Chapter 487) transferred $1.6 million from the Insurance Regulation Fund to the general fund in fiscal 2002 and 2009, respectively.

Location of Provision(s) in the Bill: Section 16 (p. 61)

Analysis prepared by: Steven D. McCulloch

Vehicle Theft Prevention Fund

Provision in the Bill: Authorizes the transfer of $1,824,924 from the Vehicle Theft Prevention Fund to the general fund by June 30, 2010.

Agency: Department of State Police

Type of Action: Fund balance transfer

Fiscal Impact:	*($ in millions)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$1.8	$0	$0	$0	$0	$0

State Effect: General fund revenues increase by $1.8 million in fiscal 2010 due to the transfer. Future years are not affected. Following the transfer, the balance in the fund will be nearly depleted.

Local Effect: Local governments are receiving less funding through vehicle theft prevention grants in fiscal 2010 so the funds can be transferred to the general fund.

Program Description: The Maryland Theft Prevention Council is charged with assisting local jurisdictions with the highest incidence of vehicle thefts in prevention and deterrence efforts. Grants from the fund are made to "enhance and complement" existing resources.

Recent History: The Vehicle Theft Prevention Fund receives $2.0 million annually from penalties paid by uninsured motorists. The fiscal 2010 budget approved by the General Assembly included $2.3 million for grants. The Board of Public Works reduced this amount by $873,166. This action transfers the special fund savings resulting from the board's reduction as well as an additional $951,758 from fund balance to the general fund.

Location of Provision(s) in the Bill: Section 16 (p. 61)

Analysis prepared by: Chantelle M. Green

Community Health Resources Commission Fund

Provision in the Bill: Authorizes the transfer of $1,800,000 from the Maryland Community Health Resources Commission (MCHRC) Fund to the general fund by June 30, 2010.

Agency: Department of Health and Mental Hygiene

Type of Action: Fund balance transfer

Fiscal	*($ in millions)*					
Impact:	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$1.8	$0	$0	$0	$0	$0

State Effect: General fund revenues increase by $1.8 million in fiscal 2010 due to the fund balance transfer. Following the transfer, the ending fiscal 2010 fund balance for the MCHRC Fund will be approximately $211,949. The commission indicates that it has approximately $900,000 in outstanding grant obligations for fiscal 2011 that could be affected by the transfer.

Program Description: MCHRC was established in 2005 to increase access to health care for lower-income individuals and to provide resources to community health resource centers. The MCHRC Fund receives a portion of the premium tax exemption subsidy provided by CareFirst. The fund is used to award grants and provide community assessments. Through community assessments the commission helps communities develop more coordinated, integrated systems of community-based care, redirect nonemergency care from emergency rooms to other health care providers, and assist individuals in establishing medical homes.

Recent History: The Budget Reconciliation and Financing Act of 2009 (Chapter 487) authorized the transfer of $12.1 million from the MCHRC Fund to the general fund.

Location of Provision(s) in the Bill: Section 16 (p. 61)

Analysis prepared by: Erin McMullen

Spinal Cord Injury Research Trust Fund

Provisions in the Bill: Authorize transfers from the Spinal Cord Injury Research Trust Fund to the general fund of $1,559,000 by June 30, 2010, and $500,000 by June 30, 2011.

Agency: Department of Health and Mental Hygiene

Type of Action: Fund balance transfers

Fiscal			*($ in millions)*			
Impact:	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$1.6	$0.5	$0	$0	$0	$0

State Effect: General fund revenues increase by $1.6 million in fiscal 2010 and by an additional $500,000 in fiscal 2011 due to the fund balance transfers. Following the transfers, the fund balance for the Spinal Cord Injury Research Trust Fund will be depleted.

Program Description: The State Board of Spinal Cord Injury Research was established in 2000 and awards grants from the Spinal Cord Injury Research Trust Fund. Grants are for spinal cord injury research that is focused on basic, preclinical, and clinical research for the development of new therapies to restore neurological function in individuals with spinal cord injuries. The fund receives $500,000 annually from the insurance premium tax.

Recent History: Due to a lack of funding, the board did not meet from October 2004 to July 2006. At that time the board resumed its work of reviewing grant applications for spinal cord research.

Location of Provision(s) in the Bill: Sections 16 and 18 (pp. 61 and 65)

Analysis prepared by: Erin McMullen

State Health Occupations Boards

Provisions in the Bill: Authorize the transfer to the general fund of $1,222,476 in fiscal 2010 and $1,300,000 in fiscal 2011 from various health occupations boards.

Agency: Department of Health and Mental Hygiene

Type of Action: Fund balance transfers

Fiscal Impact:	*($ in millions)* FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
GF Rev	$1.2	$1.3	$0	$0	$0	$0

State Effect: General fund revenues increase by $1.2 million in fiscal 2010 and by $1.3 million in fiscal 2011 due to the transfers. Future years are not affected. The fiscal 2010 transfers represent the boards' contributions to the statewide furlough and the resulting reductions to general operating expenses. As shown in **Exhibit 4**, all of the boards, except the State Board of Dietetic Practice, are expected to have positive fund balances at the end of fiscal 2010 and 2011.

Exhibit 4
Health Occupations Boards Transfers and Projected End-of-year Balances
Fiscal 2010 and 2011

	Fiscal 2010		Fiscal 2011	
Board	**Transfer**	**Ending Balance**	**Transfer**	**Ending Balance**
Physicians	$527,619	$3,743,344	$1,000,000	$2,623,852
Nursing	305,549	1,525,892		1,710,939
Pharmacy	98,544	901,977	200,000	811,208
Dental	73,530	535,696		228,727
Social Work	52,097	143,285		141,177
Chiropractic	36,128	284,092		263,822
Psychologists	23,718	276,394	50,000	203,474
Professional Counselors	22,013	330,492	50,000	193,789
Physical Therapy	17,567	385,679		321,947
Audiologists	13,698	352,124		111,644
Occupational Therapy	11,923	58,143		141,548
Optometry	9,837	68,571		237,955
Acupuncture	9,666	40,986		55,801
Morticians	9,566	177,066		101,229
Podiatric	7,283	104,677		104,295
Dietetic	3,738	(3,690)		1,387

Program Description: Each of the boards is 100% special funded through licensing fee revenues, which each board uses to license and regulate professionals in its field. Board activities include adopting regulations and standards of practice, verifying continuing education requirements and credentials, issuing licenses and certificates, investigating complaints, and disciplining licensees.

Recent History: The Budget Reconciliation and Financing Act of 2009 (Chapter 487) authorized transfers to the general fund of $3.2 million from the Board of Physicians Fund and $5.0 million from the Board of Nursing Fund in fiscal 2009.

Location of Provision(s) in the Bill: Sections 16 and 18 (pp. 61-63 and 65)

Analysis prepared by: Erin M. Dorrien

Maryland Health Care Commission Fund

Provision in the Bill: Authorizes the transfer of $472,026 from the Maryland Health Care Commission Fund to the general fund in fiscal 2010.

Agency: Department of Health and Mental Hygiene

Type of Action: Fund balance transfer

Fiscal Impact:	*(in dollars)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$472,026	$0	$0	$0	$0	$0

State Effect: General fund revenue increases by $472,026 in fiscal 2010 due to the transfer. Future years are not affected. Following the transfer, the remaining fund balance for the Maryland Health Care Commission Fund will be an estimated $2.2 million.

Program Description: The Maryland Health Care Commission is an independent commission within the Department of Health and Mental Hygiene with the purpose of improving access to affordable health care; reporting information relevant to the availability, cost, and quality of health care statewide; and developing benefits for the small group health insurance market. The Maryland Health Care Commission Fund consists of user fees assessed on health care payors, hospitals, nursing homes, and practitioners.

Recent History: The Budget Reconciliation and Financing Act of 2009 (Chapter 487) authorized the transfer of $2.0 million from the Maryland Health Care Commission Fund to the general fund in fiscal 2009.

Location of Provision(s) in the Bill: Section 16 (p. 62)

Analysis prepared by: Katie K. Wunderlich

Kidney Disease Fund

Provision in the Bill: Authorizes the transfer of $4,092 from the Kidney Disease Fund to the general fund by June 30, 2010.

Agency: Department of Health and Mental Hygiene

Type of Action: Fund balance transfer

Fiscal Impact:	*(in dollars)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$4,092	$0	$0	$0	$0	$0

State Effect: General fund revenues increase by $4,092 in fiscal 2010 due to the transfer. Future years are not affected. The transfer represents the board's contribution to the statewide furlough and the resulting reduction to general operating expenses for the boards. The transfer will leave $91,523 in the Kidney Disease Fund.

Program Description: The Kidney Disease Fund, a special fund supported by revenues generated by the certification of dialysis and transplant centers in the State, supports the work of the State Commission on Kidney Disease. The commission regulates the practice of dialysis and transplantation in the State.

Location of Provision(s) in the Bill: Section 16 (p. 63)

Analysis prepared by: Sarah Volker

Horse Racing Revenues Special Fund

Provisions in the Bill: Authorize transfers from the horse racing revenues special fund to the general fund of $602,800 by June 30, 2010, and $500,000 by June 30, 2011.

Agency: Department of Labor, Licensing, and Regulation

Type of Action: Fund balance transfers

Fiscal Impact:	*(in dollars)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$602,800	$500,000	$0	$0	$0	$0

State Effect: General fund revenues increase by $602,800 in fiscal 2010 and by $500,000 in fiscal 2011. Future years are not affected. The fund balance as of February 2010 is $1.2 million.

Local Effect: Local governments are receiving less horse racing impact aid in fiscal 2010 and 2011 so the funds can be transferred to the general fund.

Program Description: The racing revenues special fund is supported with horse racing wagering taxes and uncashed pari-mutuel tickets. The funds provide horse racing impact aid to those counties and municipalities that contain or are located near thoroughbred racetracks. Grants are also provided to Prince George's and Baltimore counties to replace revenues formerly received from racing at the Bowie, Upper Marlboro, and Timonium racetracks.

Recent History: The fiscal 2010 budget approved by the General Assembly included $1,205,600 in impact aid. The Board of Public Works reduced this amount by half during 2009 cost containment actions. Similarly, the General Assembly reduced the fiscal 2011 State budget for impact aid by $500,000. The actions in the bill transfer the special fund savings resulting from the reductions to the general fund.

Location of Provision(s) in the Bill: Sections 16 and 18 (pp. 61 and 65)

Analysis prepared by: Jody Sprinkle

Occupational and Professional Licensing Design Boards' Fund

Provision in the Bill: Authorizes the transfer of $300,000 from the State Occupational and Professional Licensing Design Boards' Fund to the general fund by June 30, 2010.

Agency: Department of Labor, Licensing, and Regulation

Type of Action: Fund balance transfer

Fiscal Impact:	*(in dollars)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$300,000	$0	$0	$0	$0	$0

State Effect: General fund revenues increase by $300,000 in fiscal 2010 due to the transfer. Future years are not affected. Following the transfer, the remaining balance in the State Occupational and Professional Licensing Design Boards' Fund will be approximately $350,000.

Program Description: The Occupational and Professional Licensing Design Boards' Fund consists of revenues derived from professional licensing fees for architects, certified interior designers, landscape architects, engineers, and land surveyors. Revenues are used to license, regulate, and support the design industry.

Location of Provision(s) in the Bill: Section 16 (p. 62)

Analysis prepared by: Mark W. Collins

Maryland Correctional Enterprises Revolving Fund

Provision in the Bill: Authorizes the transfer of $500,000 from the Maryland Correctional Enterprises Revolving Fund to the general fund by June 30, 2010.

Agency: Department of Public Safety and Correctional Services

Type of Action: Fund balance transfer

Fiscal Impact:	*(in dollars)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$500,000	$0	$0	$0	$0	$0

State Effect: General fund revenues increase by $500,000 in fiscal 2010. Future years are not affected. After the transfer, the remaining fund balance will be approximately $1.0 million.

Program Description: Maryland Correctional Enterprises (MCE) is the prison industry component of the Division of Correction. MCE is solely supported with special funds, maintaining a self-supporting status by providing an array of services and manufacturing a variety of products through the use of inmate labor. MCE's customer base includes the State, local governments, and nonprofit organizations.

Recent History: In fiscal 2009, MCE had unaudited revenues of $52.9 million and employed 2,000 inmate workers. Fiscal 2009 expenditures totaled $53.1 million.

Location of Provision(s) in the Bill: Section 16 (p. 62)

Analysis prepared by: Rebecca J. Ruff

Central Collection Fund

Provisions in the Bill: Authorize the transfer of $500,000 from the Central Collection Fund (CCF) to the general fund by June 30, 2010, and reduce a mandated transfer to the general fund of any end-of-year balance in CCF. Instead of transferring any amount that exceeds 10% of the operating costs for the Central Collection Unit (CCU), any amount that exceeds 15% of CCU operating costs will be transferred. The automatic transfer is set to begin in fiscal 2011.

Agency: Department of Budget and Management

Type of Action: Fund balance transfer; alteration of mandated transfer

Fiscal Impact:	*(in dollars)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$500,000	($563,974)	($580,893)	($598,320)	($616,270)	($634,758)

State Effect: General fund revenues increase by $500,000 in fiscal 2010 due to the transfer. The change in the mandated "sweeper" provision, however, reduces fiscal 2011 revenues by an estimated $563,974, which represents the additional 5% of CCU operating costs that will not be transferred. Future years reflect inflation in CCU costs.

Program Description: CCU collects delinquent debts, claims, and accounts due to State government. The collections are deposited in CCF.

Recent History: The CCF sweeper provision was enacted by the Budget Reconciliation and Financing Act of 2009 (Chapter 487). No funds have been credited to the general fund through its operation because the first transfer is set to take place at the end of fiscal 2011. Prior to the 2009 session, legislation has been required to transfer funds from the CCF balance to the general fund. This was the case in 2004, 2008, and 2009.

Location of Provision(s) in the Bill: Sections 3 and 16 (pp. 40 and 61)

Analysis prepared by: Dylan R. Baker

State Chemist Reserve Account

Provision in the Bill: Authorizes the transfer of $150,000 from the State Chemist Reserve Account to the general fund by June 30, 2010.

Agency: Maryland Department of Agriculture

Type of Action: Fund balance transfer

Fiscal Impact:	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
	(in dollars)					
GF Rev	$150,000	$0	$0	$0	$0	$0

State Effect: General fund revenues increase by $150,000 in fiscal 2010 due to the transfer. Future years are not affected. Following the transfer, the account balance will be an estimated $45,000 at the end of fiscal 2010.

Program Description: The State Chemist Reserve Account consists primarily of registration and inspection fees associated with the regulation of pesticides, commercial feed, commercial fertilizer/soil conditioner, agricultural liming materials, and gypsum. Fee revenues fund the operations of the State Chemist and a portion of the department’s activities related to the regulation of pesticides. Excess fee revenue at the end of a fiscal year is retained in the account.

Location of Provision(s) in the Bill: Section 16 (p. 62)

Analysis prepared by: Scott Kennedy

Special Fund Furlough Savings

Provision in the Bill: Authorizes the transfer of any special fund savings from the implementation of employee furloughs and temporary salary reductions to the general fund by June 30, 2011. The provision affects any executive order issued on or after January 20, 2010.

Agency: All

Type of Action: Fund balance transfer

Fiscal Impact:	*($ in millions)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$0	$6.0	$0	$0	$0	$0

State Effect: General fund revenues increase by at least $6.0 million in fiscal 2011 due to the transfer of special fund furlough and temporary salary reduction savings. The fiscal 2011 State budget provides for the implementation of a furlough that will reduce total special fund salary appropriations by $18.4 million. Of that total, the budget specifically states that not less than $6.0 million of the savings resulting from the payment of reduced salaries in certain special funded agencies will be transferred to the general fund, contingent on the enactment of this provision in the bill. The remainder of the special fund savings remain in the originating special funds.

Applying this provision retroactively has negligible fiscal impact. The retroactivity was included because the last pay period in fiscal 2010 ended on June 29, 2010, and a new pay period began on June 30, 2010. This left one day under the fiscal 2010 furlough plan, with the rest of the pay period falling under the fiscal 2011 plan. So as not to have two different calculations for the same pay period, or cause confusion over which basis is used for the furloughs during that overlapping period, the fiscal 2011 furlough plan became effective June 30, 2010.

Program Description: State agencies will implement a furlough and temporary salary reduction program in fiscal 2011 according to a schedule detailed by the Administration. The budget bill furlough reduction decreases salaries by $58.3 million in general funds and $18.4 million in special funds.

Location of Provision(s) in the Bill: Sections 40 and 51 (pp. 75 and 84)

Analysis prepared by: Dylan R. Baker

Central Business Licensing Project

Provision in the Bill: Authorizes transfers totaling $479,196 from multiple special funds to the general fund by June 30, 2011, in order to finance the Central Business Licensing Project.

Agencies: Multiple

Type of Action: Fund balance transfers

Fiscal Impact:	*(in dollars)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$0	$479,196	$0	$0	$0	$0

State Effect: General fund revenues increase by $479,196 in fiscal 2011 due to the transfers. Future years are not affected. The relatively small fund balance transfers are not expected to adversely impact activities supported with the special funds.

Program Description: The fiscal 2011 State budget includes a general fund appropriation of $578,000 for the Department of Business and Economic Development to support the first phase of a new cooperative, multi-agency Central Business Licensing Project. The transfers authorized in this provision will help to finance the project.

Location of Provision(s) in the Bill: Section 45 (pp. 80-81)

Analysis prepared by: Mark W. Collins

Gasoline and Motor Vehicle Revenue Account

Provisions in the Bill: Eliminate fiscal 2010 and 2011 transfers of local highway user revenues to the general fund and instead establish a new allocation of funds credited to the Gasoline and Motor Vehicle Revenue Account (GMVRA). The new allocation includes a distribution to the general fund in addition to allocations to the Transportation Trust Fund (TTF) and to local highway user revenues. The new allotment of GMVRA funds is shown below.

Percent to	FY 2010	FY 2011	FY 2012	FY 2013 and After
General Fund	19.5%	23.0%	20.4%	19.3%
Transportation Trust Fund	70.0%	68.5%	71.5%	71.5%
Local Highway User Revenues	10.5%	8.5%	8.1%	9.2%

A distribution of local highway revenues is also set, as shown below.

Percent to	FY 2010	FY 2011	FY 2012	FY 2013 and After
Baltimore City	8.6%	7.9%	7.5%	7.5%
Counties	1.5%	0.5%	0.5%	1.4%
Municipalities	0.4%	0.1%	0.1%	0.3%

The bill also expresses the intent of the General Assembly that fiscal 2010 local highway user revenues be restored by budget amendment to implement the distribution established in the bill. In addition, it is the intent of the General Assembly that a workgroup looking at local aid issues review and make recommendations about the distribution of highway user revenues for fiscal 2013 and thereafter.

Agency: Maryland Department of Transportation

Type of Action: Dedicated revenue relief

($ in millions)

Fiscal Impact:	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
GF Rev	$136.2	$261.5	$338.4	$339.4	$350.3	$361.2
SF Rev	(136.2)	(261.5)	(338.4)	(339.4)	(350.3)	(361.2)
SF Exp	0.0	(261.5)	(338.4)	(339.4)	(350.3)	(361.2)

State Effect: General fund revenues increase by $136.2 million in fiscal 2010, which represents the net of the new GMVRA allocation established in the bill ($298.1 million) less the elimination of the $161.9 million transfer scheduled for fiscal 2010. In fiscal 2011, the net general fund revenue increase is $261.5 million and includes a GMVRA distribution of $363.4 million and the elimination of a $101.9 million transfer. Special fund revenues decrease by amounts equal to the net general fund revenue increases. In fiscal 2011, the reduction in special fund revenues will result in a decrease of $237.8 million in special fund expenditures for local highway user revenues and a reduction of $23.7 million in State TTF expenditures.

General fund revenue increases and special fund revenue and expenditure decreases in fiscal 2012 to 2015 reflect projected GMVRA revenues and the new distributions established in the bill. The special fund expenditure reductions for these years come exclusively from local highway user revenues, not from State TTF spending.

Local Effect: State aid for local transportation-related costs decreases by $237.8 million in fiscal 2011 and can be seen by county in Appendix C. From fiscal 2012 to 2015, local highway user revenues decrease by approximately $340 million to $360 million annually.

Program Description: Baltimore City, counties, and municipalities receive a portion of specified transportation revenues to support the construction and maintenance of local roads and other transportation facilities. Until fiscal 2010, local governments generally received 30% of GMVRA revenues, with the allocation determined by the statutory funding formula.

Recent History: The Budget Reconciliation and Financing Act of 2009 (Chapter 487) reduced the fiscal 2010 level of funding provided through the highway user revenues formula from 30% to 23.5% (equal to a $101.9 million reduction) and then reduced the resulting amount by another $60.0 million based on local wealth and local income tax effort. Chapter 487 required the revenues to be transferred to the general fund. The $161.9 million reduction decreased the total local share of highway user revenues to an estimated $308.5 million for fiscal 2010: $166.4 million for Baltimore City; $105.7 million for the counties; and $36.4 million for municipalities. The Board of Public Works (BPW) then further reduced fiscal 2010 local highway user revenues by $159.5 million. However, an amount greater than the remaining allocation had already been distributed to counties and municipalities. This bill expresses intent to restore $23.3 million of the BPW reduction to avoid having counties and municipalities repay highway user funds they have already received. In fiscal 2011, TTF will receive $23.7 million less in GMVRA revenues in order to repay the general fund the amount it was expected to receive through the BPW reduction.

Chapter 487 of 2009 also reduced the fiscal 2011 local share of highway user revenues by $101.9 million and, beginning in fiscal 2012, decreased the local share of highway user revenues from 30.0% to 28.5%. This bill further reduces those amounts.

During the 2003, 2004, and 2005 sessions, a total of $271.2 million was transferred from the local share of highway user revenues to the general fund through budget reconciliation legislation.

Location of Provision(s) in the Bill: Sections 9, 10, 34, and 35 (pp. 53, 54-59, and 74)

Analysis prepared by: Jon Martin

Fiscal 2010 Corporate Income Tax

Provision in the Bill: Mandates that the first $129,000,000 of fiscal 2010 corporate income tax revenues be credited entirely to the general fund.

Agency: Comptroller's Office

Type of Action: Dedicated revenue relief

Fiscal Impact:	*($ in millions)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$34.0	$0	$0	$0	$0	$0
SF Rev	(34.0)	0	0	0	0	0

State Effect: General fund revenues increase by $34.0 million in fiscal 2010 as a result of altering corporate income tax revenue distributions. Transportation Trust Fund (TTF) revenues decrease by $26.3 million and Higher Education Investment Fund (HEIF) revenues decrease by $7.7 million.

Local Effect: As a result of the elimination of dedicated TTF revenues on the first $129.0 million in corporate income taxes collected in fiscal 2010, local highway user revenues decrease by $7.9 million.

Program Description: In December 2008, Constellation Energy Group announced that it had reached an investment agreement with EDF Development Group, Inc. whereby the French utility would acquire certain nuclear assets of Constellation Energy Group. During the process of executing and receiving regulatory approval for this agreement, it was announced that Constellation would make a one-time payment of approximately $129 million to Maryland related to the sale of assets in the transaction. This provision would credit an equivalent amount of fiscal 2010 corporate income tax revenues directly to the general fund.

In fiscal 2010, corporate income tax revenues are distributed to the general fund (73.636%), TTF (20.364%), and HEIF (6%).

Location of Provision(s) in the Bill: Section 28 (p. 67)

Analysis prepared by: Robert J. Rehrmann

Special Fund Interest

Provision in the Bill: Credits all interest earned on special funds of the State to the general fund in fiscal 2010 and 2011, except for special funds and accounts that are specifically identified and exempted from the requirement.

Agencies: Multiple

Type of Action: Dedicated revenue relief

Fiscal	*($ in millions)*					
Impact:	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$11.9	$11.0	$0	$0	$0	$0
SF Rev	(11.9)	(11.0)	0	0	0	0

State Effect: General fund revenues increase by an estimated $11.9 million in fiscal 2010 and by $11.0 million in fiscal 2011 due to the crediting of special fund interest to the general fund. Special fund revenues decrease by equal amounts due to the loss of interest that would normally accrue to the individual funds and accounts. The provision has no impact after fiscal 2011.

Program Description: There are approximately 190 State accounts that accrue interest, and about 80 of these accounts are not exempted from this provision. In the first half of fiscal 2010, interest on the nonexempted accounts totaled $6.1 million, although the amount of interest income declined each month during the six months. The Transportation Trust Fund is the largest fund included in the provision and contributed $2.1 million of the $6.1 million in accrued interest during this time period. Other larger special funds that would contribute interest include the Real Property Records Improvement Fund (which earned $684,000 of the $6.1 million from the first half of fiscal 2010); the Cigarette Restitution Fund ($350,000); the Senior Prescription Drug Assistance Program Fund ($217,000); and the Health Resource Planning Commission Fund ($154,000).

Location of Provision(s) in the Bill: Section 33 (pp. 69-71)

Analysis prepared by: Mark W. Collins

Chesapeake and Atlantic Coastal Bays 2010 Trust Fund

Provisions in the Bill: Authorize the transfer of $2,500,000 from the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund to the general fund by June 30, 2010, and redirect $8,000,000 of the revenues from the sales and use tax on short-term vehicle rentals from the trust fund to the general fund in fiscal 2010. In addition, the bill redirects $5,000,000 of the motor fuel tax revenues and $17,101,428 of the revenues from the sales and use tax on short-term vehicle rentals from the trust fund to the general fund in fiscal 2011.

Agency: Department of Natural Resources

Type of Action: Dedicated revenue relief

Fiscal			*($ in millions)*			
Impact:	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$10.5	$22.1	$0	$0	$0	$0
SF Rev	(8.0)	(22.1)	0	0	0	0
SF Exp	0	(22.1)	0	0	0	0

State Effect: General fund revenues increase by $10.5 million in fiscal 2010 due to the transfer and the redirection of tax revenues that would otherwise be dedicated to the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund. Fiscal 2010 special fund revenues decrease by $8.0 million.

In fiscal 2011, general fund revenues increase by $22.1 million, with a corresponding decrease in special fund revenues and expenditures. The fiscal 2011 State budget includes $42.1 million for the trust fund, but that amount is reduced by $22.1 million contingent on the enactment of legislation to allocate the trust fund revenues to the general fund, as executed in this bill. Future years are not affected.

Local Effect: Local government revenues from the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund may decrease due to the reduction in funding for the program.

Program Description: 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.

Recent History: The Budget Reconciliation and Financing Act of 2009 (Chapter 487) reduced fiscal 2010 funding for the trust fund from $31.5 million to $10.0 million, and the Board of Public Works further reduced the budgeted amount to $8.0 million in July 2009.

Location of Provision(s) in the Bill: Sections 7, 8, and 16 (pp. 51-53 and 60)

Analysis prepared by: Andrew Gray

Electronic Bingo and Tip Jars

Provisions in the Bill: Require 100% of admissions and amusement taxes imposed on electronic bingo and tip jar machines to be distributed to the general fund in fiscal 2010. In fiscal 2011, $500,000 is dedicated to the Special Fund for Preservation of Cultural Arts in Maryland, and another $500,000 is placed in a special fund to provide impact aid to local jurisdictions where electronic bingo machines or tip jar machines are located. Revenues above $1,000,000 from the tax are credited to the general fund.

The $500,000 in fiscal 2011 funding for the Special Fund for Preservation of Cultural Arts in Maryland must be used to provide a $450,000 grant to the Baltimore Symphony Orchestra and a $50,000 grant to the National Philharmonic. In addition, the use of the fund is expanded to include prevention of financial distress for cultural arts organizations. Currently, the fund may only be used to prevent the closure or termination of these organizations.

Agency: Department of Business and Economic Development

Type of Action: Dedicated revenue relief

Fiscal			*($ in millions)*			
Impact:	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$3.4	$2.4	$0	$0	$0	$0
SF Rev	(3.4)	(2.4)	0	0	0	0

State Effect: General fund revenues increase by $3.4 million in fiscal 2010, with a corresponding decrease in revenues for the Special Fund for Preservation of Cultural Arts in Maryland. General fund revenues increase by $2.4 million in fiscal 2011 due to the redirection of a portion of the tax revenues that would otherwise be credited to the Special Fund for Preservation of Cultural Arts in Maryland. Special fund revenues decrease by an equivalent amount, although funds allocated to the Special Fund for Preservation of Cultural Arts in Maryland decrease by $2.9 million and funds allocated to a new special fund to be used for local impact aid increase by $500,000. There is no impact after fiscal 2011.

Local Effect: Counties and municipalities will receive a total of $500,000 in impact aid in fiscal 2011. The bill specifies that the funds will be distributed to local jurisdictions in proportion to the tax revenues generated from electronic bingo and tip jar machines in each jurisdiction.

Program Description: Chapter 661 of 2009 increased the State admissions and amusements tax rate on the net proceeds from electronic bingo and tip jar machines from

20% to 30%. The rate of the State tax, when combined with any local tax rate, may not exceed 35% of net proceeds. The revenue attributable to a tax rate of 20% is distributed to the general fund, while the revenue attributable to the rate increase is distributed to the Special Fund for Preservation of Cultural Arts in Maryland. The bill alters the distribution of these tax revenues for fiscal 2010 and 2011 to provide greater support for the general fund.

Location of Provision(s) in the Bill: Sections 3 and 4 (pp. 16 and 49-50)

Analysis prepared by: Robert J. Rehrmann

Traffic Ticket Surcharge Revenues

Provision in the Bill: Requires 75% of the revenues generated from a $7.50 surcharge for certain traffic convictions to be distributed to the general fund in fiscal 2010, with the remaining 25% credited to the Volunteer Company Assistance Fund (VCAF). State law currently requires this funding to be split evenly between the State Police Helicopter Replacement Fund (SPHRF) and VCAF.

Agencies: Department of State Police and Military Department

Type of Action: Dedicated revenue relief

Fiscal	*($ in millions)*					
Impact:	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$1.5	$0	$0	$0	$0	$0
SF Rev	(1.5)	0	0	0	0	0

State Effect: General fund revenues increase by $1.5 million in fiscal 2010 due to the redirection of funds that would otherwise be credited to SPHRF and VCAF. Special fund revenues decline by this amount, with $1.0 million less dedicated to SPHRF and $500,000 less dedicated to VCAF. There is no impact after fiscal 2010.

Local Effect: Local volunteer fire and rescue companies would be impacted if fewer grants and loans are made available due to the reduction in surcharge revenues.

Program Description: Chapter 416 of 2006 established SPHRF for the procurement of new helicopters, auxiliary helicopter equipment, ground support equipment, and other capital equipment. Chapter 416 also required that half of the surcharges on traffic convictions be allocated to SPHRF and half to VCAF.

Chapter 240 of 2000 established VCAF, which is administered by the Maryland State Firemen's Association and the Military Department. The purpose of VCAF is to provide grants and loans to volunteer fire, rescue, and ambulance companies for the purchase, replacement, or improvement of firefighting and rescue equipment or facilities.

Recent History: The Budget Reconciliation and Financing Act of 2009 (Chapter 487) authorized the transfer of $52.7 million from SPHRF to the general fund.

Location of Provision(s) in the Bill: Section 2 (p. 14)

Analysis prepared by: Chantelle M. Green

Telecommunication Litigation Recoveries

Provision in the Bill: Credits to the general fund all moneys received from May 1, 2010, through the end of fiscal 2012 as commissions, rebates, refunds, rate reductions, settlements, or telecommunications bypass agreements resulting from information technology services or purchases.

Agency: Department of Information Technology

Type of Action: Dedicated revenue relief

Fiscal Impact:	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	increase	increase	increase	$0	$0	$0
SF Rev	decrease	decrease	decrease	0	0	0

State Effect: General fund revenues increase in fiscal 2010 to 2012 due to the crediting of potential telecommunications recoveries to the general fund rather than the Major Information Technology Development Fund. The provision has no impact after fiscal 2012.

Program Description: The fiscal 2011 State budget includes $300,000 in litigation expenses for the Department of Information Technology to pursue legal action against three telecommunications companies to recover overpayments that occurred in four separate contracts between 1997 and 2009. The overpayments from three contracts have been estimated at $19.5 million, and overpayments from the fourth contract have not yet been estimated.

Under current law, funds received from commissions, rebates, refunds, rate reductions, settlements, or telecommunications bypass agreements resulting from information technology services or purchases are deposited in the Major Information Technology Development Fund. The fund supports information technology projects for State government. In past years, the amount the fund has received from litigation recoveries and settlements has been minimal. If settlements cannot be reached against the telecommunications companies, it is likely that this provision will have very little impact.

Location of Provision(s) in the Bill: Section 27 (p. 67)

Analysis prepared by: Mark W. Collins

Senior Prescription Drug Assistance Program and the Kidney Disease Program

Provisions in the Bill: Authorize the transfer of $5,000,000 in fiscal 2010 from the Senior Prescription Drug Assistance Program (SPDAP) to the Medical Assistance Program (Medicaid), and authorize transfers of $10,500,000 in fiscal 2010 and $1,500,000 in fiscal 2011 from SPDAP to the Kidney Disease Program. In addition, a transfer of $10.5 million from the Community Health Resources Commission (CHRC) Fund to the Kidney Disease Program is authorized in fiscal 2011.

Agencies: Maryland Health Insurance Plan and Department of Health and Mental Hygiene

Type of Action: Fund swaps

Fiscal			*($ in millions)*			
Impact:	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Exp	($15.3)	($12.0)	$0	$0	$0	$0
SF Exp	15.5	12.0	0	0	0	0

State Effect: General fund expenditures decrease by a total of $15.3 million in fiscal 2010 and are replaced by $15.5 million in special fund expenditures. The fund swaps include the transfer of $5.0 million from SPDAP to Medicaid and $10.5 million from SPDAP to the Kidney Disease Program. Both special fund expenditures are contingent on the authorization provided in this bill. The $10.5 million transfer to the Kidney Disease Program will also effectuate a $10.3 million contingent general fund reduction. A $2.0 million reduction in fiscal 2010 general fund Medicaid spending is contingent on this bill, and the remaining $3.0 million transfer to Medicaid will pay for costs that would otherwise be paid with general funds. The transfers will leave $2.0 million in the SPDAP fund balance in fiscal 2010.

In fiscal 2011, the Kidney Disease Program will be supported with an additional $1.5 million transferred from SPDAP and $10.5 million in special funds transferred to the program from the CHRC fund. The fiscal 2011 State budget includes a $12.0 million special fund appropriation for the Kidney Disease Program that is contingent on legislation allowing special funds from the CHRC fund to be used for the program, as executed by this bill. There is no impact after fiscal 2011.

Program Descriptions: The Kidney Disease Program provides coverage for kidney disease treatment for qualified individuals who elect to enroll in the program and agree to pay specified fees. In previous years, the program has been supported with mostly general funds.

SPDAP, overseen by the Maryland Health Insurance Plan, provides Medicare Part D premium and coverage gap assistance to moderate-income Maryland residents who are eligible for Medicare and are enrolled in a Medicare Part D prescription drug plan. In addition to the subsidy from CareFirst for its insurance premium tax exemption, SPDAP also receives up to $4.0 million from CareFirst in years when CareFirst generates a surplus over a certain amount.

CHRC was established in 2005 to increase access to health care for lower-income individuals and to provide resources to community health resource centers. The commission awards grants and helps communities to develop more coordinated, integrated systems of community-based care; redirect nonemergency care from emergency rooms to other health care providers; and assist individuals in establishing medical homes.

Location of Provision(s) in the Bill: Sections 24, 25, and 42 (pp. 66, 67, and 79-80)

Analysis prepared by: Sarah Volker

Nursing Home Quality Assessment

Provisions in the Bill: Increase the maximum nursing home quality assessment from 2% to 4%, allow the State to supplant general fund support for nursing home reimbursements with up to 35% of the assessment revenue, and alter the distribution of assessment revenue that accrues to an incentive program.

Agency: Department of Health and Mental Hygiene

Type of Action: Special fund revenue enhancement; fund swaps

Fiscal Impact:	*($ in millions)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
SF Rev	$0.0	$44.0	$46.0	$48.0	$50.2	$52.5
FF Rev	0.0	27.0	28.2	29.5	30.8	32.2
GF Exp	0.0	(17.0)	(17.8)	(18.6)	(19.4)	(20.3)
SF Exp	0.0	44.0	46.0	48.0	50.2	52.5
FF Exp	0.0	27.0	28.2	29.5	30.8	32.2

State Effect: Special fund revenues increase by $44.0 million in fiscal 2011 due to the increase in the nursing home assessments. General fund expenditures decline by $17.0 million due to the use of $17.0 million in special fund revenue generated by the increased assessment to back-fill for a fiscal 2011 general fund reduction in Medicaid that is contingent on the enactment of legislation increasing the nursing home quality assessment, as executed in this bill. The assessment revenue will also be used to hold harmless nursing facility providers serving Medicaid patients for the impact of the assessment ($15.0 million in fiscal 2011 special fund expenditures matched by $15.0 million in federal Medicaid funds), as well as to support the State share of an anticipated 2% rate increase in Medicaid reimbursement rates ($12.0 million in fiscal 2011 matched with $12.0 million in federal funds).

Future years assume the assessment remains at 4% with 4.5% annual increases in revenues and expenditures.

Program Description: Chapter 503 of 2007 imposed the 2% nursing home quality assessment.

Recent History: In August 2009, the Board of Public Works reduced nursing home rates to 2% below fiscal 2009 rates. The fiscal 2011 State budget contains no rate increase to nursing facilities in fiscal 2011, but a 2% rate increase is anticipated with the nursing home quality assessment increase.

Location of Provision(s) in the Bill: Sections 3 and 41 (pp. 35-36 and 76)

Analysis prepared by: Simon Powell

Cigarette Restitution Fund Mandates

Provisions in the Bill: Reduce mandated funding from the Cigarette Restitution Fund (CRF) for tobacco use prevention and cessation activities and Statewide Academic Health Center programs beginning in fiscal 2011.

Required CRF funding for tobacco use prevention and cessation activities decreases to $6,000,000 in fiscal 2011 and 2012 and $10,000,000 annually beginning in fiscal 2013. Currently, $7,000,000 must be devoted to these activities in fiscal 2011, and $21,000,000 must be spent annually for the activities in fiscal 2012 and beyond.

Mandated CRF funding for Statewide Academic Health Center Cancer Research Grants is changed to $2,400,000 in fiscal 2011 and 2012 and $13,000,000 in all subsequent years, and the Statewide Academic Health Center Tobacco-Related Diseases Research Grant and the Statewide Academic Health Center Network Grant are repealed entirely. Currently, the required amount for all academic health center grants is $9,850,000 in fiscal 2011 and $15,400,000 annually thereafter.

The bill also specifies the fiscal 2011 and 2012 distribution of the Statewide Academic Health Center Cancer Research Grants, with $2,007,300 allocated to the University of Maryland Medical Group (UMMG) and $392,700 allocated to the Johns Hopkins Institutions. In future years, the grants must be distributed in accordance with historical allocations between the centers. In fiscal 2011 only, up to $300,000 of the UMMG grant may be used to offset deficits to the Statewide Academic Health Center Tobacco-Related Diseases Research Grant Program and the Statewide Academic Health Center Network Grant Program caused by the termination of these programs.

Agency: Department of Health and Mental Hygiene

Type of Action: Special fund mandate relief; fund swap

Fiscal Impact:	**FY 2010**	**FY 2011**	**FY 2012** *($ in millions)*	**FY 2013**	**FY 2014**	**FY 2015**
GF Exp	$0	($8.2)	($28.0)	($13.4)	($13.4)	($13.4)

State Effect: General fund expenditures decrease by $8.2 million in fiscal 2011 due to the use of CRF special funds to support programs that are otherwise supported with general funds in the Medicaid program. The general fund reduction is contingent on legislation relieving CRF of the required spending levels, as executed by this bill. Although this bill reduces the prevention and cessation mandate to $6.0 million and the academic health centers mandate to $2.4 million, the fiscal 2011 budget leaves $6.2 million and $2.5 million, respectively, for the two programs.

The projected general fund expenditure decreases for fiscal 2012 and beyond are based on the assumption that the full reduction in CRF spending for mandated programs will be used to support programs that will otherwise be supported with general funds.

Local Effect: CRF funding for local tobacco use prevention and cessation programs decreases by $803,160 in fiscal 2011.

Program Description: The CRF Program receives a majority of its funding from payments made under the Master Settlement Agreement (MSA). Through the MSA, tobacco manufacturers participating in the settlement pay 46 states, 5 territories, and the District of Columbia about $206 billion over the next 25 years and beyond. In Maryland, funds in CRF must be used to support eight health- and tobacco-related priorities specified in statute.

The Tobacco Use Prevention and Cessation Program aims to reduce the use of tobacco products and to reduce the burden of tobacco-related morbidity and mortality in the State. The proposed permanent decrease for these efforts effectively eliminates funding for countermarketing and statewide public health initiatives and greatly reduces the funding for local public health, minority outreach and technical assistance programs, surveillance and evaluation, and the administration of the program.

CRF funding for Statewide Academic Health Centers supports grants to institutions in the State for the purpose of enhancing cancer research that may lead to a cure for a targeted cancer and increases the rate at which cancer research translates into treatment protocols in the State.

Recent History: The statute mandating $21.0 million annually for the Tobacco Use Prevention and Cessation Programs was initially put in place by the Budget Reconciliation and Financing Act of 2003 (Chapter 203). The Budget Reconciliation and Financing Act of 2009 (Chapter 487) reduced the mandated funding level for fiscal 2010 and 2011 from $21.0 million to $7.0 million.

Chapter 487 also reduced the mandated funding level for Statewide Academic Health Centers for fiscal 2010 and 2011 from $15.4 million to $9.9 million.

Location of Provision(s) in the Bill: Sections 3, 13, 15, and 41 (pp. 33-35, 59, and 79)

Analysis prepared by: Katie K. Wunderlich

Oil Disaster Containment, Clean-Up and Contingency Fund

Provisions in the Bill: Authorize transfers of $1,200,000 from the Oil Reserve Fund and $1,000,000 from the Oil Disaster Containment, Clean-Up and Contingency Fund to the general fund for fiscal 2010 and expand the authorized uses of the Oil Disaster Containment, Clean-Up and Contingency Fund. Beginning in fiscal 2011, the fund may support expenses for oil-related activities of the Maryland Department of the Environment's (MDE) water pollution control programs.

Agency: Maryland Department of the Environment

Type of Action: Fund balance transfers; fund swap

Fiscal			*($ in millions)*			
Impact:	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Rev	$2.2	$0	$0	$0	$0	$0
GF Exp	0	(1.4)	(1.4)	(1.4)	(1.4)	(1.4)

State Effect: General fund revenues increase by $2.2 million in fiscal 2010 due to the transfers. The Oil Disaster Containment, Clean-Up and Contingency Fund will be left with a projected $3.8 million fund balance at the end of fiscal 2010, and the Oil Reserve Fund will be left with a fund balance of $1.4 million.

Beginning in fiscal 2011, special fund expenditures from the Oil Disaster Containment, Clean-Up and Contingency Fund are redirected to support an estimated $1.4 million annually in water pollution control programs that otherwise would have been funded with general funds. The fiscal 2011 State budget assumes the general fund expenditure decrease.

Program Description: The Oil Disaster Containment, Clean-Up and Contingency Fund provides funds to contain, clean up, and remove discharges of oil and to restore land and water resources damaged by oil discharges. The fund is supported by a per barrel fee on oil transferred into the State. Costs incurred by the State from the fund are required to be reimbursed by responsible parties; reimbursements are also deposited into the fund. When the fund balance exceeds $5.0 million, monthly oil transfer fees are suspended until the balance is $4.0 million or until there is evidence that the balance could be significantly reduced by recent discharges. Estimated fiscal 2010 revenue to the fund is $5.5 million.

The Oil Reserve Fund is a component of the Oil Disaster Containment, Clean-Up and Contingency Fund that is held separately so that the funding is not used for routine operating expenses. This is necessary to comply with State laws that limit the uses of certain funds distributed to the Oil Disaster Containment, Clean-Up and Contingency Fund.

Location of Provision(s) in the Bill: Sections 3 and 16 (pp. 30-31 and 61)

Analysis prepared by: Evan Isaacson and Andrew Gray

Local Income Tax Reserve Account for Education and Medicaid

Provisions in the Bill: Require the Comptroller's Office to transfer funds from the Local Income Tax Reserve Account. By June 30, 2010, the Comptroller must transfer $350,000,000 from the account to the Education Trust Fund (ETF). By June 30, 2011, the Comptroller must transfer an additional $200,000,000 from the account to the general fund contingent on the failure of the federal government to extend the enhanced federal Medicaid match beyond December 31, 2010.

From fiscal 2014 to 2020, the State must pay $50,000,000 annually to the Local Income Tax Reserve Account to replenish the $350,000,000 transfer. If the $200,000,000 transfer takes place, the State must repay the account $33,333,333 annually from fiscal 2021 to 2026.

Agencies: Comptroller's Office, Maryland State Department of Education, and Department of Health and Mental Hygiene

Type of Action: Fund balance transfers; fund swap

Fiscal			*($ in millions)*			
Impact:	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
SF Rev	$350.0	$0	$0	$0	$0	$0
GF Exp	0	(350.0)	0	0	50.0	50.0
SF Exp	0	350.0	0	0	0	0

State Effect: Special fund revenues for ETF increase by $350.0 million in fiscal 2010 due to the transfer. Special fund expenditures from ETF will then replace $350.0 million in general funds that have been budgeted for education in fiscal 2011. The resulting general fund reduction is contingent on legislation that allows the transfer from the Local Income Tax Reserve Account, which this bill does. From fiscal 2014 to 2020, general fund expenditures of $50.0 million annually will replenish the reserve account over the course of seven years.

If the contingency triggering the fiscal 2011 transfer is met, general fund revenues increase by $200.0 million in fiscal 2011, and general fund expenditures increase by $33.3 million annually from fiscal 2021 to 2026.

Program Description: The Local Income Tax Reserve Account is used to manage the cash flow of personal income tax payments and distributions to local governments. It is also used to meet the State's liability for local income taxes according to generally accepted accounting principles. Each month a portion of personal income tax net receipts is put into the account representing an estimate of local income tax payments. In all but two months, a distribution of local income tax revenue is made from the account to local governments. The account balance fluctuates throughout the year but was $1.3 billion at the end of January 2010. The transfer will not affect distributions to local governments.

ETF was established by Chapter 4 of the 2007 special session and consists of approximately 50% of the net revenues generated by video lottery terminals in the State. Funds in ETF may support the State's education aid formulas, public school construction, or public higher education construction, including community colleges. The fiscal 2011 State budget includes $114.0 million from ETF revenues to be used to support the foundation program, the State's largest education aid program. The additional $350.0 million for ETF would likewise be spent in support of the $2.9 billion formula, replacing general funds currently budgeted for the program.

Maryland is currently receiving an enhanced federal Medicaid match (61.6% federal funds, 38.4% general funds) for the first half of fiscal 2011 under the federal American Recovery and Reinvestment Act of 2009 (ARRA). The fiscal 2011 budget assumes that the enhanced match (rather than the traditional 50/50 State-federal split of most Medicaid costs) will continue at the same level throughout fiscal 2011 and includes $389.0 million in federal funds based on that assumption. Federal legislation enacted in August 2010 extended the enhanced federal match through June 30, 2011, but at a lower level than ARRA provided in previous years. The "phased down" match is expected to yield $288.4 million in additional federal Medicaid funds in fiscal 2011, approximately $100 million less than the amount budgeted.

Recent History: The Budget Reconciliation and Financing Act of 2009 (Chapter 487) transferred $366.8 million from the Local Income Tax Reserve Account to the general fund in fiscal 2009 to help balance the budget. Local governments are scheduled to repay the transferred amount over 10 years from fiscal 2013 to 2022.

Location of Provision(s) in the Bill: Sections 5, 6, and 50 (pp. 50-51 and 83-84)

Analysis prepared by: Mark W. Collins

Records Improvement Fund for Judiciary Information Technology Projects

Provision in the Bill: Allows the Circuit Court Real Property Records Improvement Fund to be used to support major information technology development projects of the Judiciary beyond fiscal 2010. Currently, the fund may only be used for this purpose in fiscal 2009 and 2010.

Agencies: Judiciary

Type of Action: Fund swap

Fiscal Impact:	*($ in millions)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Exp	$0	($11.9)	($10.2)	$0	$0	$0
SF Exp	0	11.9	10.2	0	0	0

State Effect: General fund expenditures decrease by $11.9 million in fiscal 2011 and by an estimated $10.2 million in fiscal 2012 due to the use of special funds to cover costs that would otherwise be supported with general funds. Special fund expenditures increase by equivalent amounts. The fiscal 2011 State budget includes an $11.9 million general fund reduction for Judiciary information technology projects contingent on the enactment of this bill.

No general fund savings are projected after fiscal 2012 because the records improvement fund is not expected to have sufficient funds to support major information technology projects in addition to its other authorized uses.

Program Description: The Circuit Court Real Property Records Improvement Fund is managed and supervised by the State Court Administrator with advice from a five-member oversight committee. The fund consists of a $20 surcharge assessed on each recordable land instrument. The fund is used to pay the operating expenses of the land records offices of the clerks of the circuit courts and to repair, replace, improve, modernize, and update office equipment and equipment-related services in the circuit court land records offices for each county.

Recent History: Chapter 2 of the 2007 special session eliminated the June 30, 2009 termination date on the records improvement fund and allowed the fund to be used to support major information technology development projects of the Judiciary in fiscal 2009 and 2010. At that time the fund had an unexpended balance in excess of $26 million.

Location of Provision(s) in the Bill: Section 2 (pp. 14-15)

Analysis prepared by: Flora M. Arabo and Mark W. Collins

Aging Schools Program

Provisions in the Bill: Authorize general obligation (GO) bonds and Qualified Zone Academy Bonds (QZABs) to be used instead of general funds for the Aging Schools Program in fiscal 2011, reduce the mandated amount for the program beginning in fiscal 2012, and repeal future inflationary increases for the program. The mandated base amount for fiscal 2012 decreases from $10,370,000 to $6,108,990, and inflationary increases scheduled to begin in fiscal 2013 are eliminated.

Agency: Interagency Committee for Public School Construction

Type of Action: Fund swap; mandate relief; cost control

Fiscal	*($ in millions)*					
Impact:	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Exp	$0	($6.1)	($4.3)	($4.4)	($4.7)	($4.9)
Bond Exp	0	6.1	0	0	0	0

State Effect: General fund expenditures for the Aging Schools Program decrease by $6.1 million in fiscal 2011 contingent on the enactment of this bill. The fiscal 2011 capital budget includes $5.1 million in GO bonds and Chapter 523 of 2010 authorizes the use of $1.0 million in QZABs that together support the $6.1 million required for the program in fiscal 2011.

In fiscal 2012, general fund expenditures decrease by $4.3 million, the difference between the current law $10.4 million program funding level and the new $6.1 million requirement established in the bill. General fund savings for fiscal 2013 and subsequent years reflect the elimination of annual inflationary increases.

Local Effect: State aid will be provided with bond funds rather than general funds in fiscal 2011. Beginning in fiscal 2012, State aid from the Aging Schools Program will be reduced by approximately $4 million to $5 million annually.

Program Description: The Aging Schools Program provides funds to local school systems for improvements, repairs, and deferred maintenance in public school buildings. Eligible expenditures include asbestos and lead paint abatement; upgrade of fire protection systems and equipment; painting, plumbing, and roofing; upgrade of heating, ventilation, and air conditioning systems; site redevelopment; wiring for technology; and renovation projects related to education programs and services.

The federal Tax Reform Act of 1997 created QZABs as a new type of debt instrument to finance education projects. Financial institutions, insurance companies, and investment houses are the only entities allowed to purchase the bonds, which provide for a federal tax credit instead of interest earnings. The program has been extended several times, most recently under the American Recovery and Reinvestment Act of 2009, which included $1.4 billion of additional QZAB authorization. QZAB funds may be used in schools located in a federal Enterprise or Empowerment Zone or in schools in which at least 35% of the student population qualifies for free or reduced-price meals.

Recent History: Chapter 252 of 2006 added an inflation factor to the calculation of annual funding under the Aging Schools Program. Funding for each local education agency was based at the fiscal 2007 amount and was set to increase each year with changes in the Consumer Price Index from the second prior fiscal year. The Budget Reconciliation and Financing Act of 2009 (Chapter 487) deleted fiscal 2010 general fund support for the program, but $6.1 million in GO bond funds was provided for the program through the capital budget. Chapter 487 of 2009 also set general funds at $6.1 million for fiscal 2011 and $10.4 million for fiscal 2012, and restarted annual inflation increases in fiscal 2013.

Location of Provision(s) in the Bill: Sections 3 and 20 (pp. 18-20 and 66)

Analysis prepared by: Monica Kearns

9-1-1 Trust Fund and State Police Information Technology Projects

Provisions in the Bill: Authorize the transfer of $5,000,000 in fiscal 2011 special fund revenue from the 9-1-1 Trust Fund to the Department of Information Technology (DoIT) for the Computer Aided Dispatch/Records Management System (CAD/RMS) project in the Maryland State Police (MSP). A provision in current law requiring repayment of any funds transferred out of the trust fund is also repealed.

Agencies: Department of Information Technology and Maryland State Police

Type of Action: Fund swap

Fiscal	*($ in millions)*					
Impact:	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Exp	$0	($5.0)	$0	$0	$0	$0
SF Exp	0	5.0	0	0	0	0

State Effect: This action utilizes $5.0 million in special funds from the 9-1-1 Trust Fund to support implementation of the CAD/RMS project within MSP. The fiscal 2011 State budget includes a $5.0 million general fund reduction for DoIT contingent on the enactment of legislation to allow 9-1-1 funds from the State 9-1-1 fee to be used for the project, as executed by this bill. The fund transfer leaves a balance in the 9-1-1 Trust Fund of $4.5 million to support enhancements at Public Safety Answering Points throughout the State. A budget amendment will be required to appropriate the special funds in the DoIT budget.

Local Effect: The transfer of funds from the 9-1-1 Trust Fund may result in reductions to grants that go to counties for enhancements to local 9-1-1 systems.

Program Description: The 9-1-1 Trust Fund includes revenue from both a State and local surcharge that is assessed per bill for wired and wireless service. Revenue from the State fee is distributed to the Maryland counties at the discretion of the Emergency Number Systems Board in response to county 9-1-1 system enhancement requests.

Recent History: Federal legislation enacted in 2008 prohibits states from receiving any federal 9-1-1-related grant funding if 9-1-1 fee revenues were used for purposes other than those defined as an eligible expense in State and federal law. According to the federal legislation, eligible expenses for the 9-1-1 fees can include emergency services Internet protocol networks, which are defined as engineered, managed networks that are intended to be multi-purpose, supporting public safety communications services, in addition to 9-1-1. This provision in the bill identifies the CAD/RMS project as an eligible expense for use of 9-1-1 fee revenues.

Location of Provision(s) in the Bill: Sections 21 and 30 (pp. 66 and 68)

Analysis prepared by: Rebecca J. Ruff

Universal Service Trust Fund and Maryland School for the Deaf

Provision in the Bill: Authorizes the transfer of up to $2,000,000 from the Universal Service Trust Fund (USTF) to the Maryland School for the Deaf (MSD) in fiscal 2011. General funds and USTF special funds will be summed to develop the fiscal 2011 base appropriation used to calculate the minimum required fiscal 2012 appropriation for MSD.

Agency: Maryland School for the Deaf

Type of Action: Fund swap

Fiscal Impact:	($ in millions) **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Exp	$0	($2.0)	$0	$0	$0	$0
SF Exp	0	2.0	0	0	0	0

State Effect: In fiscal 2011, special fund expenditures from USTF increase by $2.0 million due to the use of these funds to support a portion of the MSD formula. General fund expenditures, which would otherwise be used to fund the minimum fiscal 2011 MSD appropriation, decrease by an equivalent amount in the fiscal 2011 State budget contingent on the authorization provided in this bill. The transfer is not expected to affect the services that are supported with expenditures from USTF.

Recent History: USTF supports the Telecommunications Access of Maryland (TAM) program in the Department of Information Technology. TAM provides telephone access and other services for persons with disabilities that prevent them from using standard telephones. USTF is funded with a $0.18 landline surcharge.

As of June 30, 2009, the USTF fund balance was $12.0 million. Fiscal 2009 revenues totaled $6.0 million and interest income totaled approximately $574,000, while costs totaled $6.1 million. The Budget Reconciliation and Financing Act of 2009 (Chapter 487) transferred $5.0 million from the fund in fiscal 2009, and another $5.0 million from the fund is being used to support the MSD formula in fiscal 2010.

Location of Provision(s) in the Bill: Section 29 (pp. 67-68)

Analysis prepared by: Patrick Frank

Food and Plant Cover for Upland and Wetland Animals

Provision in the Bill: Repeals a requirement that specified hunting license revenues be used for planting food or cover for upland game birds and mammals and wetland game birds.

Agency: Department of Natural Resources

Type of Action: Special fund mandate relief; fund swap

Fiscal Impact:	*(in dollars)* FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
GF Exp	$0	($230,000)	($230,000)	($230,000)	($230,000)	($230,000)

State Effect: General fund expenditures decrease by $230,000 in fiscal 2011 and future years since the Department of Natural Resources (DNR) may redirect hunting license special fund revenues to programs previously supported with general funds.

Program Description: DNR is required to use $10.50 of each fee charged for each regular and junior nonresident hunting license and $10.00 of each fee charged for each nonresident three-day hunting license for the purpose of planting food or cover for upland game birds and mammals and wetland game birds in the State. Specifically, these funds must be used to reimburse farmers for planting and leaving grains, grasses, and legumes, including clover, alfalfa, and soybeans, unharvested in the fields in order to be used to provide food or cover for any upland game birds and mammals and wetland game birds. The Department of Natural Resource's Wildlife and Heritage Service administers these programs.

Recent History: At an August 26, 2009 meeting, the Board of Public Works reduced the Wildlife and Heritage Service's fiscal 2010 special fund appropriation for this purpose by $230,000. There was a corresponding general fund reduction that could then subsequently be supported with the special funds.

Location of Provision(s) in the Bill: Section 14 (p. 59)

Analysis prepared by: Amanda M. Mock

Maryland Strategic Energy Investment Program

Provisions in the Bill: Continue for one additional year, fiscal 2012, the adjusted distribution of funds received by the Maryland Strategic Energy Investment Fund (SEIF). The percentage of the proceeds transferred to the Department of Human Resources (DHR) to be used for the electric universal service program (EUSP) and other electricity assistance programs is increased from 17% to as much as 50%. The distributions of funds for other purposes are decreased as shown in the table below.

	Fiscal 2012	
	Current Law	Bill
Electricity assistance (DHR)	17%	up to 50%
Electricity rate relief	23%	23%
Energy efficiency and conservation and demand response	at least 46%	at least 17.5 %
Renewable and clean energy; public education and outreach; climate change	up to 10.5%	at least 6.5%
Administrative costs	up to 3.5%*	up to 3.0%*

*but not more than $4 million

Agency: Maryland Energy Administration and Department of Human Resources

Type of Action: Fund swap

Fiscal Impact:	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
			($ in millions)			
GF Exp	$0	$0	($21.8)	$0	$0	$0

State Effect: General fund expenditures decrease by an estimated $21.8 million in fiscal 2012 due to the increase in allowable distributions from the Maryland Strategic Energy Investment Fund to DHR to support EUSP and other energy assistance programs. This assumes that special funds from SEIF will support energy assistance programs, allowing for a decrease in the general fund contribution to the programs. Directing additional funds to energy assistance programs will result in less spending for energy efficiency and conservation programs, renewable and clean energy programs, energy-related public education and outreach, climate change programs, and administrative costs but will not affect overall special fund spending from SEIF.

Local Effect: Local governments may be affected in fiscal 2012 to the extent that the adjustment of distributions from SEIF decreases the funding that is available for grants or loans to local governments under the Maryland Strategic Energy Investment Program.

Program Description: The Maryland Strategic Energy Investment Program and SEIF, which is used to implement the program, were created under Chapters 127 and 128 of 2008 to decrease energy demand and increase energy supply to promote affordable, reliable, and clean energy. Currently, the fund's primary source of revenue is proceeds from the sale of CO_2 allowances under the Regional Greenhouse Gas Initiative (RGGI).

EUSP helps make electric bills more affordable for low-income customers through bill assistance and arrearage retirement.

Recent History: The Budget Reconciliation and Financing Act of 2009 (Chapter 487) established the adjusted distribution schedule of RGGI revenues for fiscal 2010 and 2011. The fiscal 2011 State budget for the DHR Office of Home Energy Programs includes $42.7 million from SEIF.

Location of Provision(s) in the Bill: Section 3 (pp. 41-42)

Analysis prepared by: Scott D. Kennedy and Tonya D. Zimmerman

Local Community College Aid

Provisions in the Bill: Reduce funding for local community colleges under the Senator John A. Cade Funding Formula to $194,407,432 in fiscal 2011 and 2012 and reset the phase in of scheduled formula enhancements. The formula enhancements will be fully phased in by fiscal 2021 at 29% of the per student funding provided to selected public four-year institutions.

Agency: Maryland Higher Education Commission

Type of Action: Temporary mandate relief

Fiscal			*($ in millions)*			
Impact:	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Exp	$0	($23.1)	($48.3)	($60.8)	($74.5)	($66.8)

State Effect: Mandated general fund expenditures for community colleges decrease by $23.1 million in fiscal 2011. Future year savings estimates use projected community college enrollments and estimated funding levels for public four-year institutions.

After limiting funding to $194.4 million for two years, the bill would restart the phase in of enhanced funding at 21% of the public four-year per pupil amount in fiscal 2013. By fiscal 2021 the funding would be fully phased in at 29%.

Reductions in State aid to community colleges are also likely to slow the growth of community college retirement costs, which are paid by the State on behalf of the colleges. State payments for retirement are calculated using actual community college salary bases from the second prior fiscal year. Lower State aid levels beginning in fiscal 2011, therefore, may affect retirement payments beginning in fiscal 2013. The reductions in general fund expenditures for retirement are not included in the estimates above but could total an estimated $2 million to $6 million annually.

Local Effect: Direct State aid for community colleges decreases by $23.1 million in fiscal 2011. The fiscal 2011 reductions are shown by college in **Exhibit 5** and are shown by county in Appendix C. The Cade formula will phase up to full funding under the revised schedule by fiscal 2021.

Program Description: The Cade formula makes up the majority of State funding for the 15 locally operated community colleges in the State. The total funds to be distributed through the formula are based on a percentage of the State's per student funding for selected public four-year institutions of higher education. This per student amount is multiplied by total community college enrollment from the second prior year to arrive at the total formula amount for the colleges. Each college's share of the total is then based on its proportion of formula funding from the prior year and enrollment. The Budget Reconciliation and Financing Act of 2009 (Chapter 487) reset and extended a phased enhancement of the Cade formula that was initially established by Chapter 333 of 2006. This bill would further extend the phase-in schedule.

Recent History: In fiscal 2010, the Board of Public Works reduced the Cade formula by 5.0%, from $210.3 million to $199.8 million.

Exhibit 5
Impact of Fiscal 2011 Adjustments to Cade Formula

College	Full Mandated Amount	Adjusted Amount	Decrease
Allegany	$5,260,413	$4,702,063	($558,350)
Anne Arundel	29,813,304	26,648,864	(3,164,440)
Baltimore County	37,668,559	33,670,348	(3,998,211)
Carroll	7,492,566	6,697,291	(795,275)
Cecil	5,094,775	4,554,005	(540,770)
College of Southern MD	11,838,358	10,581,813	(1,256,545)
Chesapeake	6,225,486	5,564,701	(660,785)
Frederick	8,829,362	7,892,197	(937,165)
Garrett	2,480,545	2,217,255	(263,290)
Hagerstown	7,620,913	6,812,015	(808,898)
Harford	10,873,279	9,719,168	(1,154,111)
Howard	13,749,479	12,290,083	(1,459,396)
Montgomery	39,136,493	34,982,472	(4,154,021)
Prince George's	24,035,446	21,484,279	(2,551,167)
Wor-Wic	7,373,516	6,590,878	(782,638)
Total	**$217,492,494**	**$194,407,432**	**($23,085,062)**

Source: Department of Legislative Services

Location of Provision(s) in the Bill: Section 3 (pp. 21-24)

Analysis prepared by: Richard Harris

Independent Colleges and Universities

Provisions in the Bill: Reduce funding for qualifying independent colleges and universities under the Joseph A. Sellinger formula to $38,445,958 in fiscal 2011 and 2012 before restarting a phase-up to full funding of the formula by fiscal 2021.

Agency: Maryland Higher Education Commission

Type of Action: Temporary mandate relief

Fiscal Impact:	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
			($ in millions)			
GF Exp	$0	($13.5)	($17.9)	($17.4)	($18.3)	($21.5)

State Effect: Mandated general fund expenditures for the Sellinger formula decrease by $13.5 million in fiscal 2011 due to the reduction in the required funding level. Future year savings estimates use projected enrollments at independent colleges and universities and estimated funding levels for public four-year universities.

Under this bill, funding will be $38.4 million in fiscal 2011 and 2012 and phase up from 10% of the public four-year per student funding in fiscal 2013 to 15.5% in fiscal 2021.

Program Description: The Joseph A. Sellinger Program provides State funding to 16 qualifying nonprofit independent colleges and universities. Like the Cade formula, the Sellinger formula uses a percentage of the State's per student funding for selected public four-year institutions of higher education to determine a per student amount for the independent institutions. For fiscal 2011, the current mandated Sellinger percentage of per student funding at the four-year institutions is 13.0%. Under current law, this percentage is scheduled to phase up to full funding (15.5%) for fiscal 2015 and subsequent years.

Recent History: In fiscal 2009, the Board of Public Works reduced the Sellinger formula by $8.1 million to $50.4 million. The fiscal 2010 budget adopted by the General Assembly provided a small increase for the formula to $52.2 million, but further cost containment actions by the Board of Public Works reduced fiscal 2010 funding by $13.7 million to $38.4 million, the same amount provided in the fiscal 2011 budget.

Location of Provision(s) in the Bill: Section 3 (pp. 26-28)

Analysis prepared by: Rachel Silberman

Baltimore City Community College

Provisions in the Bill: Set formula funding for Baltimore City Community College (BCCC) at $40,187,695 for fiscal 2011 and 2012 before restarting a phase-up to full funding of the formula by fiscal 2021.

Agency: Baltimore City Community College

Type of Action: Temporary mandate relief

Fiscal	*($ in millions)*					
Impact:	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Exp	$0	$0	($1.9)	($2.3)	($3.2)	($2.9)

State Effect: General fund expenditures for the BCCC formula are not affected in fiscal 2011 since the funding level is set at the mandated amount. General fund expenditures decrease by an estimated $1.9 million in fiscal 2012, with future year savings estimates based on projected enrollments at BCCC and estimated funding levels for public four-year universities.

Under this bill, BCCC formula funding will be $40.2 million in fiscal 2011 and 2012 and will phase up from 63.5% of the public four-year per student funding in fiscal 2013 to 68.5% in fiscal 2021.

Program Description: BCCC is the only community college operated by the State. The annual base appropriation for BCCC is determined by a formula. Like the Cade and Sellinger formulas, the formula is based on a percentage of the State's per student funding for public four-year institutions of higher education. This per student amount is multiplied by total BCCC enrollment from the second prior year to arrive at a total formula amount. Chapter 333 of 2006 began a phased enhancement of the BCCC formula that was altered by the Budget Reconciliation and Financing Act of 2009 (Chapter 487). This bill further modifies the phase-in of formula enhancements.

Recent History: In fiscal 2009, the Board of Public Works (BPW) reduced BCCC's $40.4 million legislative appropriation by $634,000. The fiscal 2010 legislative appropriation of $41.8 million was reduced by a total of $2.2 million through BPW actions taken in July and August of 2009.

The $40.2 million fiscal 2011 formula appropriation identified in this bill represents the amount required by statute based on the new phase-in schedule established in Chapter 487 of 2009. It is a 1.6% increase over the fiscal 2010 formula amount.

Location of Provision(s) in the Bill: Section 3 (pp. 24-26)

Analysis prepared by: Mark W. Collins and Richard Harris

State Aid for Police Protection

Provision in the Bill: Limits the amount a local government may receive through the police aid formula in both fiscal 2011 and 2012 to the amount the jurisdiction received in fiscal 2010.

Agency: Governor's Office of Crime Control and Prevention

Type of Action: Temporary mandate relief

Fiscal	*($ in millions)*					
Impact:	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Exp	$0.0	($19.0)	($19.6)	$0.0	$0.0	$0.0

State Effect: General fund expenditures decrease by $19.0 million in fiscal 2011 and by approximately $19.6 million in fiscal 2012 due to the cap on the grants. The fiscal 2011 State budget includes a reduction of $19.0 million for State police aid.

Local Effect: State aid to local governments decreases by $19.0 million in fiscal 2011 and by approximately $19.6 million in fiscal 2012. The amount any jurisdiction receives through the police aid formula in these two years may not exceed the amount it received in fiscal 2010. The reduction is shown by county in Appendix C.

Program Description: The police aid formula, established in 1967, provides grants to counties and qualifying municipalities for the exclusive purpose of providing adequate police protection. Essentially, the formula distributes funding on a per capita basis; however, it also incorporates several other factors including population density and municipal sworn officer count. The Budget Reconciliation and Financing Act of 2003 (Chapter 203) required the State to recover 30% of the State crime laboratory's costs related to evidence testing from local jurisdictions through a reduction in police aid grants. The crime laboratory reduction for fiscal 2011 totals $2.8 million.

Recent History: State funding for the police aid formula typically increases by 1.4% each year. In fiscal 2009, police aid totaled $65.9 million compared to $57.6 million in fiscal 1999. State funding for police aid was scheduled to total $66.0 million in fiscal 2010; however, in August 2009, the Board of Public Works reduced funding under the formula by $20.6 million or 31.2%. Due to this action, funding for police aid declined to $45.4 million in fiscal 2010. Under current law, State funding for the police aid formula is estimated at $64.4 million in fiscal 2011 and $65.0 million in fiscal 2012.

Location of Provision(s) in the Bill: Section 22 (p. 66)

Analysis prepared by: Hiram L. Burch, Jr.

Optional State Employee Defined Contribution System

Provisions in the Bill: Eliminate the $600 per employee State match to employees' supplemental defined contribution retirement plans in fiscal 2011 and make future State matches discretionary rather than mandatory.

Agencies: All

Type of Action: Mandate relief

Fiscal Impact:	*($ in millions)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Exp	$0	($14.3)	($14.3)	($14.3)	($14.3)	($14.3)
SF Exp	0	(4.8)	(4.8)	(4.8)	(4.8)	(4.8)
FF Exp	0	(4.8)	(4.8)	(4.8)	(4.8)	(4.8)

State Effect: State expenditures decrease by an estimated $23.9 million (all funds) in fiscal 2011 with the elimination of the $600 per employee State matching contribution to State employees' supplemental defined contribution retirement plans administered by the Maryland Supplemental Retirement Plan (MSRP). This calculation is based on 54,224 eligible members of the Employees' Pension System (EPS) and a per person allocation of $440, accounting for the fact that not all eligible members participate in the defined contribution plans. The cost is assumed to be allocated 60% general funds, 20% special funds, and 20% federal funds. These reductions are assumed in the fiscal 2011 budget.

In future years, the State will have the opportunity to continue saving roughly the same amount each year.

Program Description: State employees who are members of the Employees' Pension System and who participate in MSRP-defined contribution plans are entitled to an employer matching contribution of up to $600 per year.

Recent History: The match was suspended in fiscal 2004 and 2005 for budgetary reasons and was reinstated at a maximum level of $400 for fiscal 2006. The match was restored to a maximum level of $600 beginning in fiscal 2007 before being suspended again in fiscal 2010.

Location of Provision(s) in the Bill: Sections 3 and 37 (pp. 48-49 and 74)

Analysis prepared by: Michael C. Rubenstein

Student Transportation Base Grants

Provisions in the Bill: Set the inflation rate at 1% for student transportation grants to local school systems in fiscal 2011, cap inflation in the grants at 1% per year for fiscal 2013 through 2015, and reduce the minimum annual inflation adjustment from 3% to 1% for all years after fiscal 2015.

Agency: Maryland State Department of Education

Type of Action: Mandate relief; cost control

Fiscal Impact:	($ in millions) **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Exp	$0	($4.3)	($4.4)	($9.0)	($13.9)	($19.0)

State Effect: Mandated general fund expenditures for student transportation grants decrease by $4.3 million in fiscal 2011 by limiting the inflationary increase in the formula to 1%. The fiscal 2011 State budget includes a $4.3 million reduction for student transportation contingent on legislation reducing the mandated amount, which this bill does. Fiscal 2012 to 2015 expenditure decreases reflect the 1% cap on the inflation adjustment.

Local Effect: State student transportation grants to local school systems decrease by $4.3 million in fiscal 2011. Future years likewise reflect the reductions in annual inflationary increases. The decreased aid amounts are shown by county in Appendix C.

Program Description: The State provides grants to assist local school systems with the cost of transporting students to and from school. The grants are inflated annually with the increase in the Consumer Price Index for private transportation in the second preceding fiscal year, but increases may not be less than 3% or more than 8%.

In addition to the base transportation grants, the State provides school systems with another $1,000 for each student with special transportation needs.

Recent History: The Budget Reconciliation and Financing Act of 2009 (Chapter 487) specified that the inflation factor for student transportation grants will be capped at 1% in fiscal 2012 only. The bill sets the inflation factor at 1% for fiscal 2011 and extends the 1% fiscal 2012 cap through fiscal 2015.

Location of Provision(s) in the Bill: Section 3 (pp. 17-18)

Analysis prepared by: Monica Kearns and Mark Collins

Share the State Fair! Program

Provision in the Bill: Repeals the "Share the State Fair!" Program.

Agency: Maryland State Department of Education

Type of Action: Mandate relief

Fiscal	*(in dollars)*					
Impact:	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Exp	$0	($1,000)	($25,000)	($25,000)	($25,000)	($25,000)

State Effect: General fund expenditures decrease by $1,000 in fiscal 2011, reflecting the amount budgeted for the program. Although $25,000 is required annually for the program, the budget included just $1,000, the total amount that school systems have requested in recent years. In future years, the full $25,000 required for the program is assumed as savings.

Local Effect: Local school systems would be unable to apply for "Share the State Fair!" grants of up to $1,000 annually per system to help pay for students to attend the Maryland State Fair.

Program Description: Chapter 49 of 2007 established the "Share the State Fair!" Program, which allows each school system to apply for up to $1,000 annually from the State to be used to help pay the costs of sending kindergarten through eighth grade students to the Maryland State Fair. The Governor must include $25,000 annually in the State budget for the program.

Location of Provision(s) in the Bill: Section 12 (p. 59)

Analysis prepared by: Mark W. Collins

Library Aid

Provisions in the Bill: Halt scheduled enhancements to regional resource centers and the local library aid formula after fiscal 2012, one year short of fiscal 2013 target per resident funding levels. The changes will leave per resident funding for regional resource centers at $7.50 and per resident funding for the library aid formula at $15. Without the adjustments, each of these values would increase by $1 in fiscal 2013 to reach the target enhancement levels.

Agency: Maryland State Department of Education

Type of Action: Mandate relief

Fiscal Impact:	*($ in millions)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Exp	$0	$0	$0	($3.3)	($3.3)	($3.3)

State Effect: General fund expenditures decrease by approximately $3.3 million annually beginning in fiscal 2013 due to the discontinuation of the scheduled fiscal 2013 enhancements for public libraries. Decreases are estimated at approximately $930,000 for regional resource centers and $2.3 million for the library aid formula.

Local Effect: State aid for local library systems and for regional resource centers decreases by approximately $3.3 million annually beginning in fiscal 2013.

The reduction in the per resident amount for the library aid formula also decreases the required minimum local funding amount for libraries; however, the counties and Baltimore City could continue to fund their local libraries above the minimum required level.

Program Description: The library aid formula determines State and local minimum required payments to each of the 24 local library boards. The State pays approximately 40% of the total formula cost on a wealth-equalized basis, with the local jurisdictions providing the remaining 60%.

There are three regional library resource centers located in Charlotte Hall, Hagerstown, and Salisbury and serving Southern Maryland, Western Maryland, and the Eastern Shore, respectively. Funding for these centers is provided by the State.

Recent History: Chapter 481 of 2005 started a phase-in of enhancements for the regional resource centers and the library aid formula, increasing the per resident allocations for the formulas by $1 per year to get to $8.50 and $16 per resident, respectively, by fiscal 2010. The enhancements have been interrupted by budget reconciliation legislation in the 2007 special session (Chapter 2) and the 2009 session (Chapter 487). This bill will halt the enhancements one year early, leaving the formulas $1 per resident short of the goals initially set by Chapter 481.

Location of Provision(s) in the Bill: Section 3 (pp. 28-30)

Analysis prepared by: Mark W. Collins

Targeted Local Health Formula

Provisions in the Bill: Reduce the base appropriation for the Targeted Local Health Formula for fiscal 2011 and 2012 from $41,000,000 to $37,283,484 and restart annual inflationary increases to the program beginning in fiscal 2013.

Agency: Department of Health and Mental Hygiene

Type of Action: Mandate relief

Fiscal Impact:	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
			($ in millions)			
GF Exp	$0	($3.7)	($4.1)	($3.8)	($3.8)	($3.8)

State Effect: General fund expenditures decrease by $3.7 million in fiscal 2011 and by $4.1 million in fiscal 2012. The fiscal 2011 budget bill includes the reduction. Inflationary and population growth adjustments resume in fiscal 2013, but off the lower $37.3 million base.

Local Effect: State funding for local health departments is reduced by $3.7 million in fiscal 2011. The impact is shown by county in Appendix C.

Program Description: The State provides funds to the 24 local health departments for core public health services. These services include child health, communicable disease prevention, maternal health, family planning, environmental health, and administration of the departments.

State law currently requires adjustments to the Targeted Local Health Formula for inflation and population growth from the second prior fiscal year and requires that these adjustments be made to the amount provided for local health departments in fiscal 1997. The mandate has been interpreted to simply require that the fiscal 1997 amount be adjusted each year without compounding the increases over time. The projected general fund reduction assumes that this interpretation continues in future years.

Recent History: The fiscal 2010 legislative appropriation for core public health services of $57.4 million was reduced by $20.1 million by the Board of Public Works. The reduced amount, $37.3 million, is the new base amount.

Location of Provision(s) in the Bill: Section 3 (pp. 31-33)

Analysis prepared by: Erin M. Dorrien

Special Supplemental Food Program for Women, Infants, and Children

Provision in the Bill: Repeals the requirement that the Governor include general funds of at least $250,000 in the annual budget to cover the administrative and food costs of the Special Supplemental Food Program for Women, Infants, and Children (WIC).

Agency: Department of Health and Mental Hygiene

Type of Action: Mandate relief

Fiscal Impact:	*(in dollars)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Exp	$0	($42,559)	($147,640)	($250,000)	($250,000)	($250,000)

State Effect: General fund expenditures decrease by $42,559 contingent on the enactment of legislation reducing the WIC mandate, as executed by this bill. Although the Governor is required to include general funds of at least $250,000 in the annual budget to support the program, language in the Budget Reconciliation and Financing Act of 2009 (Chapter 487) allowed the Governor to not fund any increases in fiscal 2011 and 2012 over the amounts appropriated in the fiscal 2010 budget. Therefore, the fiscal 2011 State budget for the program prior to the contingent reduction is only $147,640 (based on the fiscal 2010 appropriation).

Mandated general fund expenditures decrease by $147,640 in fiscal 2012, representing the maximum amount that the Governor would have been required to fund. Although it is possible that the program will still receive general fund support in future years, general fund savings estimates for the remaining out-years reflect an elimination of the full mandated general fund appropriation.

Program Description: WIC is primarily a federally funded program that provides healthy supplemental food and nutrition counseling for pregnant women, new mothers, infants, and children younger than age five.

Recent History: Although the Governor’s budgets have included the mandated general funds of $250,000, the legislature has decreased this amount in recent years. For example, in fiscal 2010, only $147,640 was appropriated; in fiscal 2009, the appropriation was $177,000. Even with the general fund reductions and an increased program caseload, the general fund appropriation in recent years has been sufficient to cover the administrative costs of the program.

Location of Provision(s) in the Bill: Section 3 (p. 35)

Analysis prepared by: Jennifer Botts

State Personnel System

Provision in the Bill: Reduces minimum funding for the State Personnel System from $5,000,000 to $2,069,344 in fiscal 2011.

Agencies: All

Type of Action: Temporary mandate relief; payment deferral

Fiscal Impact:	($ in millions) **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Exp	$0	($1.8)	increase	increase	$0	$0
SF Exp	0	(0.6)	increase	increase	0	0
FF Exp	0	(0.6)	increase	increase	0	0

State Effect: This action recognizes that the amount of funding required in statute for a new State Personnel System exceeds the amount needed in fiscal 2011. The action reduces the spending to the level needed to support planning, requirements analysis, design, and independent verification and validation of the new information system in fiscal 2011. The project is supported by reimbursable funds from State agencies, of which 60% are projected to be general funds, 20% are projected to be special funds, and 20% are projected to be federal funds.

The project's scope and total cost have not been reduced, so out-year costs will increase to pay the $2.9 million deferred in fiscal 2011.

Program Description: The objective of this information technology project is to develop an integrated, automated human resources system that replaces the legacy systems that were developed and implemented in 1975.

Recent History: The Budget Reconciliation and Financing Act of 2009 (Chapter 487) asserts that the State's existing human resources management system is outmoded and inefficient and requires that the Department of Budget and Management establish a mechanism to fund the development, acquisition, and implementation of a new State Personnel System. The legislation required that a new subobject budget code be created and that State agencies be charged with the costs of the new system based on the number of authorized positions. The legislation also required that in fiscal 2011 at least $5,000,000 be appropriated for the system.

Location of Provision(s) in the Bill: Section 41 (pp. 78-79)

Analysis prepared by: Patrick Frank

Maryland Tourism Development Board Fund

Provisions in the Bill: Reduce the required general fund appropriation to the Maryland Tourism Development Board Fund from $6,000,000 to $5,000,000 for fiscal 2011 and 2012. In fiscal 2011, the share of this funding that must be devoted to destination marketing organizations is reduced from $2,500,000 to $2,350,000.

Agency: Department of Business and Economic Development

Type of Action: Temporary mandate relief

Fiscal Impact:	*($ in millions)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Exp	$0	($1.0)	($1.0)	$0	$0	$0

State Effect: General fund expenditures decrease by $1.0 million in fiscal 2011 and 2012 due to the change in the mandated funding level. The fiscal 2011 State budget includes a $1.0 million reduction in general funds for the fund contingent on legislation reducing the mandate, as executed by this bill.

Local Effect: Local government revenues may decrease to the extent that less funding is available for grants to destination marketing organizations, most of which are local government entities. In fiscal 2011 only, the bill reduces the amount that must be devoted to these organizations by $150,000.

Program Description: The Maryland Tourism Development Board within the Office of Tourism Development promotes Maryland tourism through various media by administering a program of local matching grants and providing other assistance for local tourism development efforts. The Tourism Promotion Act of 2008 (Chapter 181) established a tourism tax increment that the Governor must consider including in the budget each year for the Maryland Tourism Development Board Fund.

Recent History: The fiscal 2010 allowance was reduced by actions of the General Assembly from the mandated $6.0 million level to approximately $4.6 million. Cost containment actions by the Board of Public Works further reduced funding to approximately $2.6 million in fiscal 2010.

Location of Provision(s) in the Bill: Section 3 (p. 15)

Analysis prepared by: Jody Sprinkle

Maryland State Arts Council

Provision in the Bill: Sets the required minimum appropriation for the Maryland State Arts Council at $13,298,434 for fiscal 2011 and 2012. Annual inflationary adjustments, equal to the projected increase in general fund revenues, resume in fiscal 2013.

Agency: Department of Business and Economic Development

Type of Action: Mandate relief

Fiscal Impact:	*(in dollars)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Exp	$0	($247,566)	($844,438)	($894,281)	($938,908)	($983,059)

State Effect: General fund expenditures decrease by $247,566 in fiscal 2011 due to the change in the mandated funding level. The fiscal 2011 State budget provides the full amount for the council but includes a reduction of $247,566 contingent on the enactment of legislation reducing the mandated funding level, which this bill does. Future year expenditure reductions reflect the impact of inflationary increases on the lowered fiscal 2011 and 2012 base amount.

Local Effect: The Maryland State Arts Council provides grants to county arts councils. A reduction in State spending for the arts council, therefore, reduces the potential funding available for county grants.

Program Description: The Maryland State Arts Council provides grants to individual artists, arts organizations and presenters, and county arts councils. Under current law, the annual appropriation increases by the projected increase in general fund revenues from one fiscal year to the next.

Recent History: The fiscal 2009 appropriation for the arts council was reduced from $16.5 million to $14.2 million by the Board of Public Works in October 2008. The original fiscal 2010 general fund appropriation was $13.5 million, but further cost containment actions reduced funding to $13.3 million. This provision holds the funding at the fiscal 2010 level for two years before restarting inflationary increases.

Location of Provision(s) in the Bill: Section 3 (p. 41)

Analysis prepared by: Jody Sprinkle

Community Adult Rehabilitation Centers

Provision in the Bill: Repeals a requirement that the State fund all start-up, acquisition, construction, renovation, and operating costs associated with Community Adult Rehabilitation Centers (CARCs) in excess of available federal funds and inmate contributions for room and board.

Agency: Department of Public Safety and Correctional Services

Type of Action: Mandate relief

Fiscal Impact:	*($ in millions)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Exp	$0	($0.7)	($1.5)	($1.5)	($1.6)	($1.7)

State Effect: General fund expenditures decrease by $710,064 in fiscal 2011 due to the repeal. The State budget includes a reduction of this amount but retains $714,480 for the CARC in Cecil County in fiscal 2011 only. Future years assume that no State funding will be provided for CARCs after fiscal 2011 and that CARC costs would otherwise increase 4% annually.

Local Effect: This action would shift the cost of housing locally sentenced inmates to Cecil and Montgomery counties, where the two CARCs in the State are located. If the counties choose to continue operation of the CARCs, operations would be funded by the counties. If the counties opt to close the facilities, the inmates currently housed at the CARCs would be absorbed into available bed space at the local detention centers. Montgomery County would have to absorb 3 locally sentenced inmates into its general population, and Cecil County would need to absorb 27 locally sentenced inmates. The Montgomery County Detention Center currently has excess capacity of approximately 344 beds. The Cecil County Detention Center's average daily population exceeds its operational capacity by 30 beds.

Program Description: Established in statute in 1976, a CARC houses inmates who are residents of the county where the CARC is located and have been sentenced for three years or less with less than six months remaining until parole or the end of a sentence. CARCs house both State-sentenced inmates under the jurisdiction of the Division of Correction and locally sentenced inmates ordered to the CARC by the overseeing court. Two CARC locations in the State house inmates sentenced to State and local incarceration terms. The Montgomery County CARC has an average daily population of 10 inmates, and the Cecil County CARC houses 48 inmates.

According to statute, the State is responsible for paying all costs associated with the start-up of a CARC, including acquisition, construction, and renovation costs. Additionally, the State pays a subsidy to the county where the CARC is located for all operating costs in excess of available federal funds and inmate contributions toward room and board.

Location of Provision(s) in the Bill: Sections 1 and 11 (pp. 13 and 59)

Analysis prepared by: Rebecca J. Ruff

Retirement Payments for Certain Local Employees

Provisions in the Bill: Clarify that local jurisdictions are responsible for making all retirement payments for certain local officials and eliminate State payments of these costs.

Agency: Payments to Civil Divisions

Type of Action: Mandate relief

Fiscal Impact:	*(in dollars)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Exp	$0	($469,497)	($522,261)	($587,062)	($665,485)	($751,570)

State Effect: General fund expenditures decrease by $469,497 in fiscal 2011 due to the shift of retirement costs for certain local officials to the local jurisdictions that employ them. The fiscal 2011 State budget includes a general fund reduction of this amount contingent on the passage of legislation to require local jurisdictions to pay these costs. Future year expenditure reductions reflect projected inflation in retirement costs.

Local Effect: Expenditures for local jurisdictions increase by $469,497 in fiscal 2011 due to the cost shift. The impact is shown by county in Appendix C.

Program Description: Under State law, appointed or elected officials of the State are eligible to be members of the State employees' retirement systems. The statute specifies that this provision applies to State's Attorneys and sheriffs. Over the years, judicial decisions and Attorney General opinions have interpreted these provisions to include county treasurers, county commissioners, orphans' court judges, bingo board members, and liquor and license board members.

Recent History: The Budget Reconciliation and Financing Act of 2009 (Chapter 487) shifted retirement costs for certain local employees from the State to the local jurisdictions employing the officials beginning in fiscal 2010. However, the statutory adjustments in Chapter 487 inadvertently failed to cover all of the local employees whose retirement costs were paid by the State under this program. This bill corrects that error, completing the process of transferring the costs from the State to local governments.

Location of Provision(s) in the Bill: Section 3 (pp. 45-46)

Analysis prepared by: Mark W. Collins

Disparity Grants

Provision in the Bill: Changes the calculation of disparity grants by using net taxable income from returns filed through November 1 rather than August 15.

Agency: Payments to Civil Divisions

Type of Action: Mandate alteration

Fiscal Impact:	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
	($ in millions)					
GF Exp	$0	$24.4	$20.0	$18.6	$18.1	$17.5

State Effect: General fund expenditures increase by $24.4 million in fiscal 2011 due to the change in the calculation. The fiscal 2011 State budget includes the additional funding needed to accommodate the alteration. Future year expenditure increases reflect the expectation that the $121.4 million cap on the program will be reached each year and the assumption that the cap would not be reached without the change to include net taxable income from returns filed August 16 through November 1.

Local Effect: Fiscal 2011 State aid increases by a total of $24.4 million for five jurisdictions affected by the change: Baltimore City and Allegany, Garrett, Prince George's, and Somerset counties. Future years may also be affected, likely increasing disparity grant aid up to the caps established for individual counties. The fiscal 2011 impact is shown by county in Appendix C.

Program Description: Disparity grants provide State aid to qualifying counties (and Baltimore City) that have less than 75% of the statewide per capita income wealth. Funding is determined through a formula that provides State aid to compensate for the local income tax revenues that are not generated due to smaller per capita income tax bases in less affluent jurisdictions; however, funding levels for individual counties are limited to the amounts they received in fiscal 2010.

Most people file their income tax returns each year by April 15, but federal and State laws allow for an automatic six-month extension of the filing deadline to October 15 for those who apply for the extension by April 15. An individual filing late must submit an estimated amount of taxes owed, but a county's net taxable income, as calculated by the Office of the Comptroller, only includes taxable income amounts for tax returns that have been filed. Using data from income tax returns submitted by August 15 undercounts total net taxable income, since many returns are not submitted until the October 15 extension deadline.

Recent History: To help constrain the rising costs of the disparity grant program, the Budget Reconciliation and Financing Act of 2009 (Chapter 487) capped each county's (and Baltimore City's) disparity grant at the amount it received in fiscal 2010. If all counties reach their caps, funding for the program totals $121.4 million.

The original calculation for fiscal 2011, using returns filed by August 15, resulted in four counties and Baltimore City receiving less funding than they received in fiscal 2010. The change in the calculation to incorporate more income tax returns places every jurisdiction back at its capped amount.

Location of Provision(s) in the Bill: Section 1 (p. 8)

Analysis prepared by: Mark W. Collins

InterCounty Connector Funding

Provisions in the Bill: Alter the timing of support for the InterCounty Connector (ICC) by reducing the fiscal 2011 payment from $156,913,000 to at least $80,000,000, extending repayment to fiscal 2012, and requiring a payment of the remaining balance in fiscal 2012.

Agency: Maryland Transportation Authority

Type of Action: Temporary mandate relief; payment deferral

Fiscal Impact:	***($ in millions)*** **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Bond Exp	0	($67.6)	$67.6	0	0	0

State Effect: General obligation (GO) bond expenditures for the ICC decrease by $67.6 million in fiscal 2011 and increase by $67.6 million in fiscal 2012. These figures reflect the $89.3 million in GO bond expenditures for the ICC identified in the fiscal 2011 capital budget bill.

Program Description: The ICC will be an 18.8-mile highway connecting the I-270/I-370 corridor in Montgomery County with the I-95/US 1 corridor in Prince George's County. The six-lane highway will be the State's first fully electronic toll facility and the first to utilize congestion pricing. A portion of the road will open in late 2010.

Recent History: Chapters 471 and 472 of 2005 established a financing plan for the ICC that included $264.9 million in general funds to repay money borrowed from the Transportation Trust Fund in 2003 and 2004. In fiscal 2007, a $53.0 million general fund payment was made. Chapter 567 of 2008 altered the timing of payments contingent on legislation creating an income tax bracket for individuals with adjusted gross incomes of $1 million or more. Passage of that legislation (Chapter 10 of 2008) put the following payment schedule into effect: $85.0 million in fiscal 2009, $63.0 million in fiscal 2010, and $63.9 million in fiscal 2011.

In October 2008, the Governor withdrew $20.0 million from the fiscal 2009 appropriation through the Board of Public Works. The Budget Reconciliation and Financing Act of 2009 (Chapter 487) then withdrew the remaining $65.0 million general fund appropriation, allowed the use of GO bond proceeds to make the required payments, and reduced the fiscal 2010 payment from $63.0 million to $55.0 million. In fiscal 2010, a payment of $55.0 million in GO bonds was made, leaving a remaining balance of $156.9 million to be paid in fiscal 2011. This provision effectively defers the final $67.6 million of that amount until fiscal 2012.

In the fiscal 2011 State budget, an appropriation of $156.9 million in general funds is included for the ICC; however, this amount is deleted from the budget contingent on the enactment of legislation authorizing the use of GO bonds to support the ICC. Since legislation was already enacted to authorize the use of GO bonds (Chapter 487 of 2009), this appropriation is effectively eliminated.

Location of Provision(s) in the Bill: Section 10 (pp. 53-54)

Analysis prepared by: Jaclyn Hartman

Mandated Appropriation Increases for Fiscal 2012

Provision in the Bill: Relieves the Governor of the obligation to provide for any increases beyond the amounts provided in the fiscal 2011 State budget for any program or item in the fiscal 2012 budget proposed by the Governor. The provision does not apply to programs and items addressed in this bill, mandated State aid for primary and secondary education, the State's required retirement contributions, and required appropriations to the Revenue Stabilization Account.

Agencies: Multiple

Type of Action: Temporary mandate relief

Fiscal Impact:	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF/SF Exp	$0	$0	decrease	decrease	decrease	decrease

State Effect: General and special fund expenditures may decrease in fiscal 2012 due to the elimination of mandated increases in appropriations. Future years may be affected to the extent that lower appropriations in fiscal 2012 reduce mandated amounts for future fiscal years. The actual impact will depend on budget decisions made by the Governor and cannot be reliably estimated.

Local Effect: State aid to local jurisdictions could be affected by the provision; however, the impact cannot be reliably estimated.

Recent History: The Budget Reconciliation and Financing Act of 2009 (Chapter 487) included a similar provision to relieve the Governor of some mandates in the proposed fiscal 2011 and 2012 State budgets.

Location of Provision(s) in the Bill: Section 32 (pp. 68-69)

Analysis prepared by: Mark W. Collins

Fiscal 2012 Appropriation to Rainy Day Fund

Provision in the Bill: Relieves the Governor of the requirement to appropriate funds to the Revenue Stabilization Account in fiscal 2012 if the Governor determines that the appropriation would result in the loss of federal funds under the American Recovery and Reinvestment Act of 2009 (ARRA) or any other federal law.

Agency: Department of Budget and Management

Type of Action: Temporary mandate relief

Fiscal Impact:	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Exp	$0	$0	decrease	$0	$0	$0

State Effect: General fund expenditures may decrease in fiscal 2012 if the Governor determines that an appropriation to the Revenue Stabilization Account ("Rainy Day Fund") will result in the loss of federal funds under ARRA or any other federal law. The Budget Reconciliation and Financing Act of 2009 (Chapter 487) provided this same mandate relief in fiscal 2011.

Program Description: ARRA was signed into law on February 17, 2009, with the intention of promoting economic recovery, assisting those most impacted by the recession, and stabilizing state and local government budgets, particularly in the areas of education and health. ARRA includes safeguards to ensure that states do not simply supplant state funding with the new federal funds.

The Governor is required to include appropriations to the Rainy Day Fund in the annual budget proposal if the amount in the fund is below 7.5% of projected general fund revenues for the fiscal year. The required amount depends on the percentage of projected general fund revenues in the fund, but the required fiscal 2012 appropriation is expected to be $50.0 million. Maryland has been able to maintain a 5% Rainy Day Fund balance despite the recent economic downturn.

Location of Provision(s) in the Bill: Section 41 (p. 76)

Analysis prepared by: Mark W. Collins

State Employee Pay Increases

Provision in the Bill: Prohibits performance bonuses, merit increases, and cost-of-living adjustments to State employees in fiscal 2011 except for increases necessary to retain faculty at public senior higher education institutions and financial incentives for the Chief Investment Officer (CIO) of the State Retirement and Pension System, provided the incentives do not exceed 10% of the CIO's annual salary.

Agencies: All

Type of Action: Cost control

Fiscal Impact:	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
			($ in millions)			
GF Exp	$0	($60.3)	($63.0)	($65.8)	($68.7)	($71.7)
SF Exp	0	(11.9)	(12.4)	(13.0)	(13.5)	(14.1)
FF Exp	0	(6.6)	(6.9)	(7.2)	(7.5)	(7.8)
Reim Exp	0	(0.7)	(0.8)	(0.8)	(0.8)	(0.9)
HE Exp	0	(12.2)	(12.8)	(13.3)	(13.9)	(14.5)
Total	**$0**	**($91.8)**	**($95.8)**	**($100.0)**	**($104.4)**	**($109.0)**

State Effect: State expenditures for employee pay increases decrease by $91.8 million in fiscal 2011, including a $60.3 million general fund reduction. Expenditure reductions reflect only the elimination of required merit increases, as well as the associated Social Security payments and retirement contributions, for Executive, Legislative, and Judicial branch employees, including employees of public institutions of higher education. These reductions are assumed in the fiscal 2011 State budget.

Future year expenditure reductions reflect 4.4% annual salary increases growing off the reduced fiscal 2011 salary base.

Recent History: General salary increases and annual salary review reclassifications were not awarded in fiscal 2003, 2004, or 2010. Performance bonuses have not been awarded since fiscal 2002.

There are more than 80,000 employees of Maryland's Executive, Legislative, and Judicial branches of government.

Location of Provision(s) in the Bill: Section 36 (p. 74)

Analysis prepared by: Michael Vorgetts and Dylan Baker

State Employee Temporary Salary Reduction Plan

Provisions in the Bill: Clarify that the Governor may institute a temporary salary reduction plan in addition to furloughs for State employees in the Executive Branch when facing a projected deficit and specify how overtime payments will be calculated during a temporary salary reduction. Overtime calculations for employees whose salaries have been lowered in fiscal 2010 and 2011 by furloughs or temporary salary reductions will be based on the fiscal 2010 pay schedule established on July 1, 2009, before the application of salary reductions.

Agencies: All

Type of Action: Clarification of cost control measure

Fiscal Impact: None. The provisions clarify current practice.

Program Description: The fiscal 2011 furlough will mirror the fiscal 2010 furlough, which had two components: a temporary salary reduction for employees related to the closure of State facilities on five days contiguous to State holidays; and furlough days to be taken throughout the year as determined by the employee and agency management. All employees were subject to the temporary salary reduction, while the application of furlough days had numerous exceptions, such as emergency and security personnel, and employees of facilities operating on a 24/7 basis. The number of furlough days also increased in proportion to the employee's salary.

Overtime payments total $105.8 million in the fiscal 2011 State budget across all funds, $9.1 million less than the amount in the fiscal 2010 working appropriation. These payments are equivalent to 2.3% of total salaries in fiscal 2011. The calculation method described in this provision helped generate the overtime totals already included in both fiscal years' budgeted amounts, so this section is considered a clarification of policy.

Recent History: State employees will have been furloughed for three consecutive fiscal years – fiscal 2009, 2010, and 2011. Only the fiscal 2009 plan did not contain temporary salary reduction components.

Location of Provision(s) in the Bill: Sections 38 and 39 (pp. 74-75)

Analysis prepared by: Dylan R. Baker

Rates for Nonpublic Placements and Residential Child Care Group Homes

Provision in the Bill: Freezes the fiscal 2011 rates for nonpublic special education placements and residential child care providers that have their rates set by the Interagency Rates Committee (IRC) at the rates in effect on January 20, 2010.

Agencies: Maryland State Department of Education, Department of Human Resources, and Department of Juvenile Services

Type of Action: Cost control

Fiscal Impact:	*($ in millions)* **FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Exp	$0	($11.7)	($12.3)	($13.0)	($13.7)	($14.5)
FF Exp	$0	(2.9)	(3.0)	(3.2)	(3.4)	(3.5)

State Effect: General fund expenditures for nonpublic special education placements and residential child care group home providers decrease by an estimated $11.7 million in fiscal 2011 due to the freeze on provider rates. This reduction includes savings of an estimated $5.3 million for nonpublic placement costs and savings of an estimated $6.4 million for Department of Human Resources (DHR) and Department of Juvenile Services (DJS) group home costs. A federal fund savings of $2.9 million for residential group homes costs is also projected. The Department of Health and Mental Hygiene (DHMH) places very few children in placements receiving rates from IRC; therefore, no savings from the rate freeze are assumed for DHMH. The savings estimate assumes that rates would have increased by about 5% in fiscal 2011 absent this provision. The fiscal 2011 State budget does not include the funds that would be needed to provide increases in rates.

Future year expenditure reduction estimates assume that future rates will be built off lower fiscal 2011 base amounts.

Local Effect: The limit on provider rates will reduce local costs for nonpublic special education placements. Under current law, a local school system pays its respective local share of the basic cost of education for each nonpublic placement plus two times the total basic cost of education in the system, as well as 30% of any expense above that sum.

Program Description: The IRC establishes rates for providers of nonpublic placements and certain out-of-home residential services for children. The IRC includes representatives from the Department of Budget and Management, DHMH, DHR, DJS, the Maryland State Department of Education, and the Governor's Office for Children.

Most students with disabilities receive special education services in the public schools. If an appropriate program is not available in the public schools, however, a student may be placed in a private school offering more specialized services. The costs for these students, who are placed in nonpublic day or residential facilities, are shared by the local school systems and the State, with the State paying 70% of the costs above the base local funding amount.

Recent History: The fiscal 2010 State budget includes $112.8 million to pay the State's share of nonpublic special education placement costs. The Budget Reconciliation and Financing Act of 2009 (Chapter 487) reduced the State share to 70% of the costs above the base local funding and limited growth in the fiscal 2010 rates paid to providers to 1%. Budget reconciliation legislation enacted in 2004 and 2005 reduced the State share above the base local funding from 80% to 75% for fiscal 2005 and 2006 only.

As part of the fiscal 2009 cost containment actions taken by the Board of Public Works, child care group home provider rates set through the IRC process were reduced by 1%. This translated into an $800,000 general fund reduction to the budget for DHR. Reductions were not made to DJS or DHMH.

Location of Provision(s) in the Bill: Section 23 (p. 66)

Analysis prepared by: Monica Kearns

SEED School of Maryland

Provisions in the Bill: Require the SEED School of Maryland and the Maryland State Department of Education (MSDE) to negotiate a modification to their contract to extend the time it takes for the SEED School to reach its State-supported maximum capacity of 400 students in a way that reduces the State's appropriation to the school in fiscal 2012 and 2013. The SEED School and MSDE must report on the renegotiated contract by October 1, 2010, and the budget committees have 45 days from the date of receipt to review and comment on the proposed new contract.

Agency: Maryland State Department of Education

Type of Action: Cost control

Fiscal			*(in dollars)*			
Impact:	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Exp	$0	$0	($300,000)	($300,000)	$0	$0

State Effect: General fund expenditures decrease by an estimated $300,000 in fiscal 2012 and 2013, which reflects the target savings level identified by the budget committees. It is assumed that the SEED School will still reach its 400-student capacity by fiscal 2014 and that there will be no further savings after fiscal 2013.

Local Effect: Fewer students from local school systems will be accepted into the SEED School in fiscal 2012 and 2013. In addition to the State funding that the SEED School receives, local school systems also contribute funds to support the students they send to SEED.

Program Description: Chapter 397 of 2006 established a Residential Boarding Education Program for at-risk youth to be run by a private operator under the supervision of MSDE. SEED, which runs a similar school in Washington, DC, won the contract and operates the SEED School of Maryland. The State provides $250,000 for every 10 students served by the school, with a base appropriation of $2.0 million for the first 80 students and a maximum appropriation of $10.0 million (for an expected maximum enrollment of 400 students). The program began in fiscal 2009 with a $2.0 million State appropriation, and the fiscal 2011 State budget includes $6.0 million for the third year of implementation. Based on the current SEED School contract, fiscal 2012 and 2013 appropriations are expected to total $8.0 million and $10.0 million, respectively. This bill will reduce those amounts and will stretch out the phase-up to 400 students until fiscal 2014.

Location of Provision(s) in the Bill: Section 31 (p. 68)

Analysis prepared by: Mark W. Collins

Education Aid

Provision in the Bill: Limits inflationary increases in the target per pupil foundation amount to 1% per year in fiscal 2013 through 2015.

Agency: Maryland State Department of Education

Type of Action: Cost control

Fiscal Impact:	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
			($ in millions)			
GF Exp	$0	$0	$0	($26.7)	($58.8)	($101.5)

State Effect: General fund expenditures decrease by an estimated $26.7 million in fiscal 2013 due to the limitation on growth in the per pupil funding amount. Based on current inflation and enrollment projections, these savings will increase to an estimated $58.8 million in fiscal 2014 and $101.5 million in fiscal 2015. The savings estimates reflect the impact on the foundation program and several other State aid formulas that use the per pupil foundation amount in their calculations.

Local Effect: Relative to current estimates, State education aid will decrease by an estimated $26.7 million in fiscal 2013, growing to an estimated $101.5 million by fiscal 2015.

Program Description: The "target per pupil foundation amount" increases each year with inflation, although annual inflationary increases are now capped at 5%. The per pupil funding level affects State funding under the foundation program; the geographic cost of education index; the compensatory education, special education, and limited English proficiency formulas; and the guaranteed tax base program. Together, these programs provide $4.4 billion in State aid in the fiscal 2011 State budget. The funding formulas for the Maryland School for the Deaf and Maryland School for the Blind also use the increase in the per pupil funding level to determine minimum annual appropriations.

Recent History: From fiscal 2002 to 2008, during the phase-in of the Bridge to Excellence in Public Schools Act of 2002 (Chapter 288), the per pupil foundation amount increased by an average of 8.4% per year. Chapter 2 of the 2007 special session then froze the per pupil amount at the fiscal 2008 level of $6,694 for fiscal 2009 and 2010 and capped the annual inflationary increases at 5%. The inflation measures used to determine the fiscal 2011 increase in the per pupil amount showed no growth, so the fiscal 2011 target per pupil foundation amount remains at the fiscal 2008 level for a fourth consecutive year.

The Budget Reconciliation and Financing Act of 2009 (Chapter 487) capped inflation in the per pupil funding level at 1% for fiscal 2012 only. This bill extends that cap through fiscal 2015.

Location of Provision(s) in the Bill: Section 3 (pp. 16-17)

Analysis prepared by: Mark W. Collins

Expiration of Death Benefits

Provisions in the Bill: Require that applications for public safety death benefits be submitted within three years after the death occurs. For deaths that occurred prior to June 1, 2010, applications must be submitted by May 31, 2013. The Department of Public Safety and Correctional Services (DPSCS) must take reasonable steps to notify a potential recipient of a death benefit when it receives notice of a death and again one year later if an application for the benefit has not been received.

Agency: Department of Public Safety and Correctional Services

Type of Action: Cost control

Fiscal Impact:	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
GF Exp	$0	$0	$0	$0	decrease	decrease

State Effect: Potential decrease in general fund expenditures beginning in fiscal 2014 due to the expiration of death benefits after three years. Having an application deadline in place will also give the State a more definitive estimate of its potential liability for paying public safety death benefits.

Program Description: The surviving spouse, child, dependent parent, or estate of a person who is killed or dies during the performance of duties is eligible to receive a $125,000 death benefit, annually inflated by the Consumer Price Index as of fiscal 2009, if the decedent falls into one of the following categories:

- a law enforcement officer;
- a correctional officer;
- a volunteer or career firefighter or rescue squad member;
- a sworn member of the Office of State Fire Marshal;
- a public safety aviation employee;
- a Maryland resident who was a member of the uniform services of the United States serving in the Iraq or Afghanistan conflict; or
- a hazardous material response team member.

In addition, all but the military members receive up to an additional $10,000 toward funeral expenses.

There is currently no time limit in place for applying to receive the benefit. DPSCS is responsible for oversight of the death benefit program and budgets annually based on an estimated amount of military and public safety deaths. Historically, death benefit payouts have totaled nearly $2.0 million annually. DPSCS has accrued $4.2 million in general funds, based on the potential liability of having to provide death benefits for 39 deaths that occurred prior to June 2007.

Location of Provision(s) in the Bill: Section 3 (pp. 38-40)

Analysis prepared by: Rebecca J. Ruff

Fair Campaign Financing Fund

Provisions in the Bill: Eliminate the income tax return checkoff for donations to the Fair Campaign Financing Fund and require any money from the fund that is transferred for the purpose of purchasing a new optical scan voting system but does not end up being used for that purpose to revert to the Fair Campaign Financing Fund instead of the Maryland Elections Modernization Fund. In addition, a transfer of up to $150,000 from the fund to the Department of Legislative Services (DLS) is authorized in fiscal 2011 in order for DLS to contract with an independent consultant to conduct a study of the costs of the State's current voting system in comparison to the costs of implementing an optical scan voting system and other related issues. A transfer of up to $500,000 from the fund to the State Board of Elections is also authorized for fiscal 2011 in order to implement an online campaign finance reporting system.

Agency: Department of Legislative Services and State Board of Elections

Type of Action: Efficiency

Fiscal Impact:	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
			(in dollars)			
SF Rev	$0	decrease	decrease	decrease	decrease	decrease
SF Exp	0	$650,000	$0	$0	$0	$0

State Effect: Special fund revenues for the Fair Campaign Financing Fund decrease beginning in fiscal 2011 due to the elimination of the checkoff from future State income tax returns. The add-on system currently in place generates approximately $100,000 to $125,000 annually, but the elimination of the Fair Campaign Finance Fund checkoff will likely result in greater taxpayer allocations to the Chesapeake Bay and Endangered Species Fund and the Cancer Research Fund, other income tax checkoff programs. Only a minimal impact on net special fund revenues is anticipated.

Special fund expenditures increase by $650,000 in fiscal 2011 due to the use of funds from the Fair Campaign Financing Fund for a consultant study and implementation of an online campaign finance reporting system. The Fair Campaign Financing Fund would retain a balance of approximately $4.9 million at the end of fiscal 2011.

An online campaign finance reporting system will allow for reporting from any computer with an Internet connection and is expected to result in reduced costs of system maintenance and modifications relative to the current software-based electronic filing system. The consultant study generally relates to the cost-effectiveness of the State's voting system. The use of funds to support these efforts may, therefore, reduce State Board of Elections costs in future years.

Program Description: The Fair Campaign Financing Fund contains funding for a public campaign financing system for gubernatorial tickets that has not been utilized in a number of years. The fund generates revenue from a tax add-on system (which this bill eliminates) in which taxpayers are given the option of donating money to the fund on their individual income tax return. As of May 2010, the fund contained $5.5 million and in recent years has received in the range of $100,000 to $125,000 each year from the tax add-on system.

Recent History: The Budget Reconciliation and Financing Act of 2009 (Chapter 487) authorized the transfer of up to $2.0 million from the Fair Campaign Financing Fund to the Maryland Information Technology Development Fund for the purchase a new optical scan voting system. However, the fiscal 2011 State budget does not include funds for the new voting system. Chapter 487 also required any of the transferred funds not used for this purpose to be transferred to the Maryland Election Modernization Fund. This bill instead requires those funds to be transferred back to the Fair Campaign Financing Fund.

Location of Provision(s) in the Bill: Sections 3 and 41 (pp. 30 and 76-78)

Analysis prepared by: Scott D. Kennedy and Mark W. Collins

Other Provisions

Other Provisions in the Bill:

- Establish a Public Employees' and Retirees' Benefit Sustainability Commission to study and make recommendations on State-funded benefits and pensions provided to State and public education employees and retirees in the State. Reports from the commission are due December 15, 2010, and June 30, 2011, with the intention of implementing commission recommendations no later than fiscal 2013.

- Require the Judicial Compensation Commission to review the salaries and pensions of judges and make recommendations by September 1, 2011. Under current law, the next review by the Judicial Compensation Commission is not due until September 1, 2013.

- Require that the proposed budget bill provide greater detail about reductions to Executive Branch agencies when the reductions are to be applied across multiple agencies. The requirement does not apply to position abolitions and items requiring collective bargaining.

- Require carry-forward funds available from State scholarship programs to be used first to fully fund the Charles W. Riley Fire and Emergency Medical Services Tuition Reimbursement Program in fiscal 2011. In addition, the Maryland Higher Education Commission is authorized to grant partial or full tuition reimbursement under the program instead of limiting reimbursements to the full tuition amounts.

- Clarify that expenditures from the Children's Cabinet Fund are not required to be made through each county's local management board. This provision applies retroactively to July 1, 2009.

Fiscal Impact: These provisions are not expected to materially impact State finances. Any additional responsibilities are expected to be implemented with the current complement of State personnel and existing budgeted resources.

Location of Provision(s) in the Bill: Sections 2, 3, 44, 46, and 49 (pp. 13-14, 28, 36, 40-41, 80, and 81-83)

Analysis prepared by: Mark W. Collins

Appendix B

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
GENERAL FUND REVENUES						
Fund Balance Transfers						
Transfer Tax Programs	157,532,496	54,038,405				
Bay Restoration Fund	155,000,000	45,000,000				
University System of Maryland Fund Balances	133,319,852	11,731,321				
Waterway Improvement Fund	13,509,450	3,934,000				
Injured Workers' Insurance Fund for State Claims	6,000,000					
Insurance Trust Fund	5,221,332					
Neighborhood Business Development Fund	3,628,687	3,200,000				
Ocean Beach Replenishment Fund	3,401,000					
Assessments and Taxation Special Fund	3,000,000					
Oil Contaminated Site Cleanup Fund	3,000,000					
Chesapeake Bay 2010 Trust Fund	2,500,000					
Special Loans Program Fund	2,176,565	2,500,000				
Morgan State University Fund Balance	2,113,653	750,574				
Insurance Regulation Fund	2,000,000					
Vehicle Theft Prevention Fund	1,824,924					
Community Health Resources Fund	1,800,000					
Spinal Cord Injury Research Fund	1,559,000	500,000				
Land Trust Grant Fund	1,500,000					
Baltimore City Community College Fund Balance	1,374,254	822,287				
Oil Reserve Fund	1,200,000					
Used Tire Cleanup Fund	1,100,000					
Oil Disaster Containment Fund	1,000,000					
Tidal Wetlands Compensation Fund	1,000,000					
Cash Management Improvement Fund	733,339					
Horse Racing Funds	602,800	500,000				
Board of Physicians	527,619	1,000,000				
Correctional Enterprises Fund	500,000					
Radiation Control Fund	500,000					

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Central Collection Fund	500,000	(563,974)	(580,893)	(598,320)	(616,270)	(634,758)
Maryland Health Care Commission Fund	472,026					
Community Legacy Financial Assistance	449,373					
Board of Nursing	305,549					
Shore Erosion Control Fund	305,481					
Clean Air Fund	300,000					
Professional Licensing Design Boards' Fund	300,000					
St. Mary's College Fund Balance	204,368	204,368				
State Chemist Reserve Account	150,000					
Board of Pharmacy	98,544	200,000				
Homeownership Programs Fund	92,040	3,000,000				
Rental Housing Programs Fund	87,758					
Partnership Rental Housing Fund	87,758					
Dental Examiners	73,530					
Social Work Examiners	52,097					
Chiropractic and Massage Therapist Examiners	36,128					
Examiners for Psychologists	23,718	50,000				
Professional Counselors and Therapists	22,013	50,000				
Physical Therapy Examiners	17,567					
Audiologists and Speech Language Pathologists	13,698					
Occupational Therapy Practice	11,923					
Optometry Examiners	9,837					
Acupuncture Board	9,666					
Morticians and Funeral Directors	9,566					
Podiatric Medical Examiners	7,283					
Kidney Disease Fund	4,092					
Dietetic Practice Fund	3,738					
Special Fund Furlough Savings		5,995,218				
Central Business Licensing Project Transfers		479,196				
Subtotal – Transfer Revenue	***511,272,724***	***133,391,395***	***(580,893)***	***(598,320)***	***(616,270)***	***(634,758)***

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Other General Fund Revenue Actions						
Gasoline and Motor Vehicle Revenues to GF	136,217,085	261,469,190	338,354,400	339,448,400	350,256,400	361,180,200
First $129m in Corporate Income Taxes to GF	34,009,560					
Special Fund Interest	11,900,000	11,000,000				
Chesapeake Bay 2010 Trust Fund	8,000,000	22,101,428				
Electronic Bingo and Tip Jar Revenues	3,400,000	2,400,000				
Traffic Ticket Revenues	1,500,000					
Subtotal – Other GF Revenue Actions	***195,026,645***	***296,970,618***	***338,354,400***	***339,448,400***	***350,256,400***	***361,180,200***
TOTAL GENERAL FUND REVENUES	**706,299,369**	**430,362,013**	**337,773,507**	**338,850,080**	**349,640,130**	**360,545,442**
SPECIAL FUND REVENUES						
Transfer to Education Trust Fund	350,000,000					
Increased Nursing Home Assessments		44,000,000	45,980,000	48,049,100	50,211,310	52,470,819
Electronic Bingo Impact Aid Special Fund		500,000				
Volunteer Company Assistance Fund	(500,000)					
Helicopter Replacement Fund	(1,000,000)					
Preservation of Cultural Arts Fund	(3,400,000)	(2,900,000)				
Higher Education Investment Fund	(7,740,000)					
Chesapeake Bay 2010 Trust Fund	(8,000,000)	(22,101,428)				
Special Fund Interest Earnings	(11,900,000)	(11,000,000)				
Transportation Trust Fund	(26,269,560)					
Highway User Revenues	(136,217,085)	(261,469,190)	(338,354,400)	(339,448,400)	(350,256,400)	(361,180,200)
TOTAL SPECIAL FUND REVENUES	**154,973,355**	**(252,970,618)**	**(292,374,400)**	**(291,399,300)**	**(300,045,090)**	**(308,709,381)**
FEDERAL FUND REVENUES						
Medicaid Funds for Nursing Homes		27,000,000	28,215,000	29,484,675	30,811,485	32,198,002
TOTAL FEDERAL FUND REVENUES	**0**	**27,000,000**	**28,215,000**	**29,484,675**	**30,811,485**	**32,198,002**

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
GENERAL FUND EXPENDITURES						
Fund Swaps						
Senior Drug Program for Kidney Disease	(10,258,053)	(1,500,000)				
Senior Drug Program for Medicaid	(5,000,000)					
Education Trust Fund for Education Aid		(350,000,000)			50,000,000	50,000,000
Nursing Home Assessment for Medicaid		(17,000,000)	(17,765,000)	(18,564,425)	(19,399,824)	(20,272,816)
Records Improvement Fund for Judiciary IT Projects		(11,899,400)	(10,222,000)			
Comm Health Resource Fund for Kidney Disease		(10,500,000)				
Cigarette Restitution Fund for Medicaid		(8,153,160)	(28,000,000)	(13,400,000)	(13,400,000)	(13,400,000)
Bond Funding for Aging Schools		(6,109,000)				
9-1-1 Funds for State Police Projects		(5,000,000)				
Universal Service Trust Fund to School for the Deaf		(2,000,000)				
Oil Disaster Fund for Water Pollution Programs		(1,416,158)	(1,416,158)	(1,416,158)	(1,416,158)	(1,416,158)
Eliminate Hunting Fees Dedication		(230,000)	(230,000)	(230,000)	(230,000)	(230,000)
Strategic Energy Funds for Energy Assistance			(21,779,097)			
Subtotal – Fund Swaps	***(15,258,053)***	***(413,807,718)***	***(79,412,255)***	***(33,610,583)***	***15,554,018***	***14,681,026***
General Fund Mandates						
Cade Formula for Community Colleges		(23,085,062)	(48,311,751)	(60,772,829)	(74,520,129)	(66,847,549)
Police Aid		(18,975,472)	(19,619,437)			
State Employee Deferred Compensation Match		(14,300,000)	(14,300,000)	(14,300,000)	(14,300,000)	(14,300,000)
Sellinger Formula for Private Universities		(13,537,500)	(17,866,829)	(17,438,110)	(18,253,496)	(21,511,020)
Student Transportation Formula		(4,343,672)	(4,394,694)	(9,014,358)	(13,882,401)	(19,027,127)
Aid for Local Health Departments		(3,716,516)	(4,126,516)	(3,790,846)	(3,805,712)	(3,801,996)
New Personnel System		(1,758,394)				
Tourism Development Board		(1,000,000)	(1,000,000)			
Community Adult Rehabilitation Centers		(710,064)	(1,481,526)	(1,540,787)	(1,602,418)	(1,666,515)
Retirement Costs for Certain Local Employees		(469,497)	(522,261)	(587,062)	(665,485)	(751,570)
Arts Council		(247,566)	(844,438)	(894,281)	(938,908)	(983,059)
Women, Infants, and Children Food Program		(42,559)	(147,640)	(250,000)	(250,000)	(250,000)
Share the State Fair! Program		(1,000)	(25,000)	(25,000)	(25,000)	(25,000)
Aging Schools Program (inflation and FY 12 increase)			(4,261,010)	(4,435,224)	(4,669,303)	(4,879,477)

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Baltimore City Community College			(1,927,905)	(2,330,327)	(3,159,131)	(2,943,238)
Library Aid				(3,268,814)	(3,275,012)	(3,280,800)
Disparity Grants		24,354,177	20,000,522	18,575,912	18,055,044	17,541,257
Subtotal – GF Mandates	***0***	***(57,833,125)***	***(98,828,485)***	***(100,071,726)***	***(121,291,951)***	***(122,726,094)***
Cost Control Measures						
Eliminate State Employee Pay Increases		(60,342,395)	(62,997,460)	(65,769,348)	(68,663,199)	(71,684,380)
Freeze Foster Care Group Home Rates		(6,432,994)	(6,754,644)	(7,092,376)	(7,446,995)	(7,819,345)
Freeze Nonpublic Placement Rates		(5,305,732)	(5,586,111)	(5,915,563)	(6,266,860)	(6,637,913)
Reduce Contract to Residential Boarding (SEED) School			(300,000)	(300,000)		
Limit Education Aid Increases				(26,747,266)	(58,825,421)	(101,542,406)
Subtotal – Cost Control Measures	***0***	***(72,081,121)***	***(75,638,215)***	***(105,824,553)***	***(141,202,475)***	***(187,684,044)***
TOTAL GENERAL FUND EXPENDITURES	**(15,258,053)**	**(543,721,964)**	**(253,878,955)**	**(239,506,862)**	**(246,940,408)**	**(295,729,112)**
SPECIAL FUND EXPENDITURES						
Highway User Funding		(261,469,190)	(338,354,400)	(339,448,400)	(350,256,400)	(361,180,200)
Transfer Tax Projects		(54,038,405)				
Bay Restoration Fund Projects		(45,000,000)				
Chesapeake Bay 2010 Trust Fund		(22,101,428)				
State Employee Pay Increases		(11,889,862)	(12,413,016)	(12,959,189)	(13,529,393)	(14,124,686)
State Employee Deferred Compensation Match		(4,800,000)	(4,800,000)	(4,800,000)	(4,800,000)	(4,800,000)
Waterway Improvement Fund		(3,934,000)				
Neighborhood Business Development Fund		(3,200,000)				
Homeownership Program Fund		(3,000,000)				
Special Loan Programs Fund		(2,500,000)				
New Personnel System		(586,131)				
Preservation of Cultural Arts Fund		(500,000)				
Electronic Bingo Impact Grants		500,000				
Fair Campaign Finance Fund		650,000				
Universal Service Trust Fund		2,000,000				
9-1-1 Trust Fund		5,000,000				

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Records Improvement Fund for Judiciary IT Project		11,899,400	10,222,000			
Increased Nursing Home Assessment		44,000,000	45,980,000	48,049,100	50,211,310	52,470,819
Education Trust Fund		350,000,000				
Kidney Disease Program/Medicaid	15,500,000	12,000,000				
TOTAL SPECIAL FUND EXPENDITURES	**15,500,000**	**13,030,384**	**(299,365,416)**	**(309,158,489)**	**(318,374,483)**	**(327,634,067)**
FEDERAL FUND EXPENDITURES						
Eliminate State Employee Pay Increases		(6,576,636)	(6,866,008)	(7,168,112)	(7,483,509)	(7,812,783)
State Employee Deferred Compensation Match		(4,800,000)	(4,800,000)	(4,800,000)	(4,800,000)	(4,800,000)
Freeze Foster Care Group Home Rates		(2,903,542)	(3,048,719)	(3,201,155)	(3,361,213)	(3,529,273)
New Personnel System		(586,131)				
Medicaid Match for Nursing Homes		27,000,000	28,215,000	29,484,675	30,811,485	32,198,002
TOTAL FEDERAL FUND EXPENDITURES	**0**	**12,133,691**	**13,500,273**	**14,315,408**	**15,166,763**	**16,055,946**
REIMBURSEABLE FUND EXPENDITURES						
Eliminate State Employee Pay Increases		(736,569)	(768,978)	(802,813)	(838,137)	(875,015)
TOTAL REIMBURSABLE EXPENDITURES	**0**	**(736,569)**	**(768,978)**	**(802,813)**	**(838,137)**	**(875,015)**
HIGHER EDUCATION EXPENDITURES						
Eliminate State Employee Pay Increases		(12,215,246)	(12,752,717)	(13,313,837)	(13,899,646)	(14,511,230)
TOTAL HIGHER EDUCATION EXPENDITURES	**0**	**(12,215,246)**	**(12,752,717)**	**(13,313,837)**	**(13,899,646)**	**(14,511,230)**
BOND EXPENDITURES						
InterCounty Connector Payments		(67,634,559)	67,634,559			
Aging Schools Program		6,109,000				
TOTAL BOND EXPENDITURES	**0**	**(61,525,559)**	**67,634,559**	**0**	**0**	**0**

Appendix C
Fiscal 2011 Local Impact of Budget Reconciliation and Financing Act of 2010
($ in Thousands)

County	Highway User Revenues	Community Colleges	Police Aid	Student Transportation	Local Health Departments	Retirement Costs for Certain Local Employees*	Disparity Grants	Total Reduction in State Aid
Allegany	($4,263)	($558)	($307)	($82)	$156	$0	$1,267	($3,787)
Anne Arundel	(18,564)	(3,164)	(2,154)	(371)	(38)	(35)	0	(24,326)
Baltimore City	(46,487)	0	(46)	(301)	(1,450)	(396)	4,649	(44,031)
Baltimore	(24,942)	(3,998)	(3,305)	(467)	(1,206)	0	0	(33,917)
Calvert	(4,163)	(240)	(262)	(101)	109	0	0	(4,656)
Caroline	(2,956)	(150)	(129)	(47)	85	0	0	(3,198)
Carroll	(8,384)	(795)	(577)	(174)	(29)	(39)	0	(9,998)
Cecil	(4,690)	(541)	(344)	(91)	55	0	0	(5,611)
Charles	(6,049)	(766)	(432)	(185)	36	0	0	(7,395)
Dorchester	(3,290)	(135)	(135)	(43)	32	0	0	(3,572)
Frederick	(11,144)	(937)	(775)	(209)	20	0	0	(13,045)
Garrett	(3,707)	(263)	(79)	(55)	80	0	75	(3,948)
Harford	(9,741)	(1,154)	(986)	(217)	(251)	0	0	(12,350)
Howard	(9,240)	(1,459)	(748)	(268)	(164)	0	0	(11,879)
Kent	(1,685)	(62)	(78)	(29)	35	0	0	(1,819)
Montgomery	(26,360)	(4,154)	(5,090)	(575)	(169)	0	0	(36,348)
Prince George’s	(22,629)	(2,551)	(1,701)	(626)	(1,438)	0	18,278	(10,668)
Queen Anne’s	(3,433)	(176)	(152)	(60)	47	0	0	(3,775)
St. Mary’s	(4,659)	(251)	(318)	(115)	(70)	0	0	(5,414)
Somerset	(1,969)	(87)	(87)	(33)	(10)	0	86	(2,101)
Talbot	(2,737)	(137)	(154)	(29)	94	0	0	(2,962)
Washington	(7,141)	(809)	(523)	(121)	71	0	0	(8,522)
Wicomico	(5,522)	(496)	(375)	(92)	126	0	0	(6,357)
Worcester	(4,015)	(200)	(219)	(54)	162	0	0	(4,326)
Total	**($237,771)**	**($23,085)**	**($18,975)**	**($4,344)**	**($3,717)**	**($469)**	**$24,354**	**($264,006)**

*Local governments will be responsible for these costs.