

# Overview of COVID-19 Impact on State Government – *Updated 5/12/20*

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The Department of Legislative Services (DLS) has prepared this document as a brief introduction to Maryland’s response to the 2019 novel coronavirus (COVID-19) pandemic, providing an overview of how various State programs, entities, and operations have been impacted by the virus. As the virus and the response have moved with an unprecedented swiftness, the information in this document is very much a point-in-time snapshot and is likely to be changing frequently. As such, DLS will update and refine this document as more information is gathered to provide a better understanding of the various impacts on the State’s programs and populations.

Key findings of this report include:

- early indications of an increase in demand for entitlement programs;
- declining populations in the State adult corrections system and the juvenile justice system; and
- reductions in revenues for higher education institutions, the Transportation Trust Fund (TTF), the Maryland Transportation Authority (MDTA), and smaller entities such as the Maryland Economic Development Corporation (MEDCO) and Historic St. Mary’s City Commission (HSMCC).

Gaps in this analysis reflect difficulties in DLS obtaining information from State agencies. This includes the unwillingness of the Department of Commerce to share data on its small business assistance program and the Maryland State Department of Education’s (MSDE) refusal to respond to questions. A detailed DLS analysis of the federal funding available to respond to COVID-19 is available on the General Assembly’s website (<http://mgaleg.maryland.gov/Pubs-Current/Updated5-4FederalCoronavirusResponse.pdf>).

This analysis does not include the impact of COVID-19 on general fund revenues as the Board of Revenue Estimates will release a separate analysis on May 14, 2020. A worst case scenario previously released by the Comptroller on April 10 suggested fiscal 2020 general fund revenues could fall \$2.8 billion short of the estimate.

## **Impact on Entitlement Programs**

### **Medicaid**

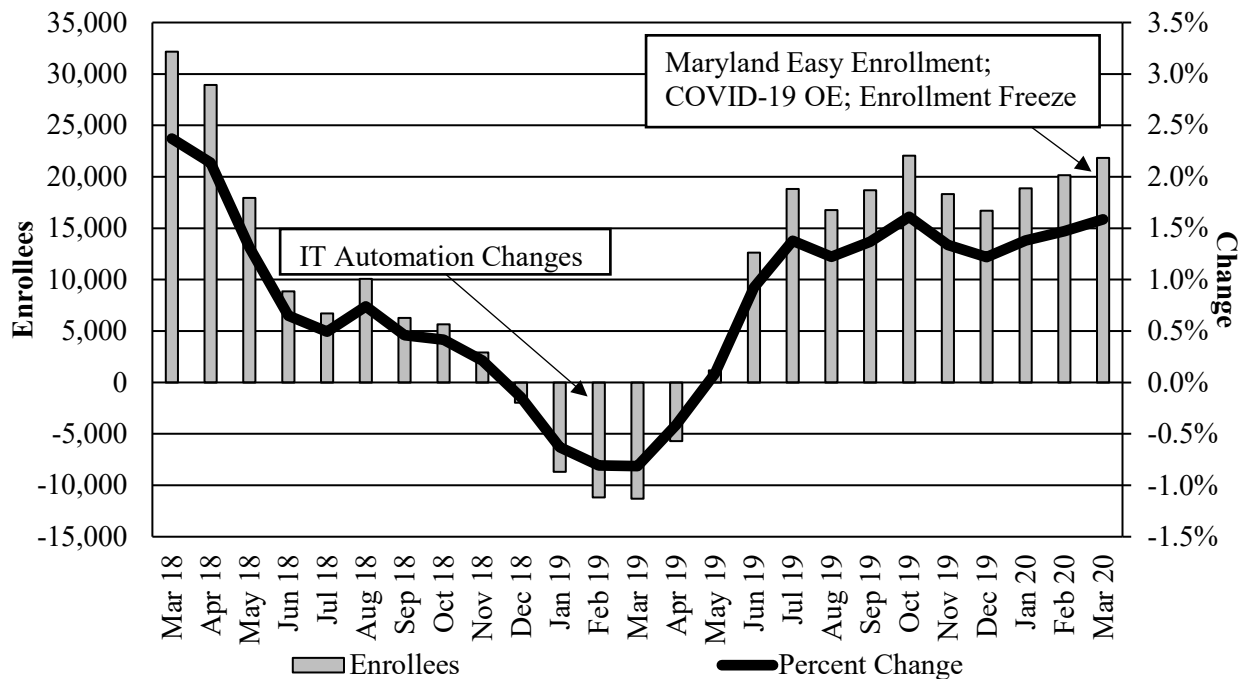
The Families First Coronavirus Response Act provides states with enhanced federal Medicaid funding during the COVID-19 national emergency. In order to be eligible for an enhanced Federal Medical Assistance Percentage (FMAP) of 6.2% on certain Medicaid expenditures, guidance from the federal government requires states to maintain eligibility

standards, methodologies, or procedures that are no more restrictive than those that the state had in place as of January 1, 2020, (a maintenance of effort requirement); not charge premiums that exceed those that were in place as of January 1, 2020; cover, without impositions of any cost sharing, testing, services, and treatments – including vaccines, specialized equipment, and therapies – related to COVID-19; and not terminate individuals from Medicaid if such individuals were enrolled in the program as of the date of the beginning of the emergency period or become enrolled during the emergency period, unless the individual voluntarily terminates eligibility or is no longer a resident of the state (a continuous coverage requirement). The enrollment freeze was effective March 18, 2020.

At the time of writing, general fund savings as a result of the enhanced FMAP is estimated at \$285 million in fiscal 2020. Given that anticipated enrollment increases are limited to the final quarter of fiscal 2020, the impact on the fiscal 2020 budget is not expected to be significant. However, significant deficits can be anticipated in fiscal 2021.

As shown in **Exhibit 1**, year-over-year monthly Medicaid enrollment has swung significantly in recent years.

**Exhibit 1**  
**Medicaid Enrollment – Year-over-year Growth**  
**March 2018 to March 2020**



IT: information technology  
OE: open enrollment

Source: Medical Care Programs Administration; Department of Legislative Services

In the period shown through the beginning of calendar 2019, Medicaid enrollment growth was slowing and then falling, primarily as a result of favorable economic conditions and the use of enhanced data matching tools to ensure enrollees are qualified for Medicaid. However, since that time, changes in enrollment automation, specifically for eligibility for transitional medical assistance and more recent initiatives at the State level through the easy enrollment program, for example, have driven enrollment higher. After the enrollment freeze, the monthly increase in Medicaid enrollment in March was the highest in both the number of enrollees and percentage over the prior month. It is anticipated that this growth will intensify as economic conditions continue to deteriorate.

In terms of program changes, Medicaid has taken advantage of numerous opportunities made available to states to ease administrative burdens for providers, eliminate premiums required under the Maryland Children's Health Program, expand telehealth service delivery (including to dentists), and adding flexibility through Appendix K waivers in its Home and Community Based Services waiver programs (Waiver for Children with Autism Spectrum Disorder, Waiver for Adults with Brain Injury, Home and Community Based Options Waiver, Model Waiver for Fragile Children (Model Waiver), and Medical Day Care Services Waiver) and Developmental Disability programs to preserve delivery of care and provider networks.

The Appendix K waivers for the Medicaid waiver programs include waiving targeting criteria that are conditions of participation in the Autism waiver, increasing allowable services (e.g., raising the daily limit for individual support services to 24 hours under the Brain Injury waiver and increasing the amount of respite care authorized under the Autism and Community Options waivers), expanding authorized service settings to include the home for the Autism and Brain Injury waivers as well as telephone services for Medical Day Care services, allowing family members or legally responsible individuals to receive payment for services rendered under the Autism and Brain Injury waivers, modifying the service plan development process in the Model Waiver, authorizing retainer payments for certain residential providers under the Autism and Brain Injury waivers, and altering provider qualifications.

Similar flexibility is provided to the Developmental Disabilities Administration providers, including higher rates (150% of the current authorized rate) if an individual served tests positive for COVID-19, and retainer payments for providers of both residential services if the client is in a hospital or their family took them home and day services such as Personal Support, Supported Living, and Shared Living. Retainer payments are expected to be 80% of the current authorized rate.

The issue of network preservation is important because, in some instances, traditional services can no longer be delivered and/or require additional resources to be delivered. Additionally, as would be expected, the volume of services being delivered through Medicaid is declining even with the expanded use of telehealth. Anecdotal data from providers indicates a 40% to 70% decline in services. Different provider types face different issues. For example, some providers are struggling with the transition to telehealth delivery, and those that can effectively deliver services in this way find that some patients do not have access to phones. Providers who cannot deliver care remotely, such as residential programs, are facing other issues including

COVID-19 infections in staff or participants, a lack of personal protective equipment (PPE), and how to implement distancing measures. Further, residential programs may be less willing to accept new clients given the difficulty in ensuring that those clients are COVID negative.

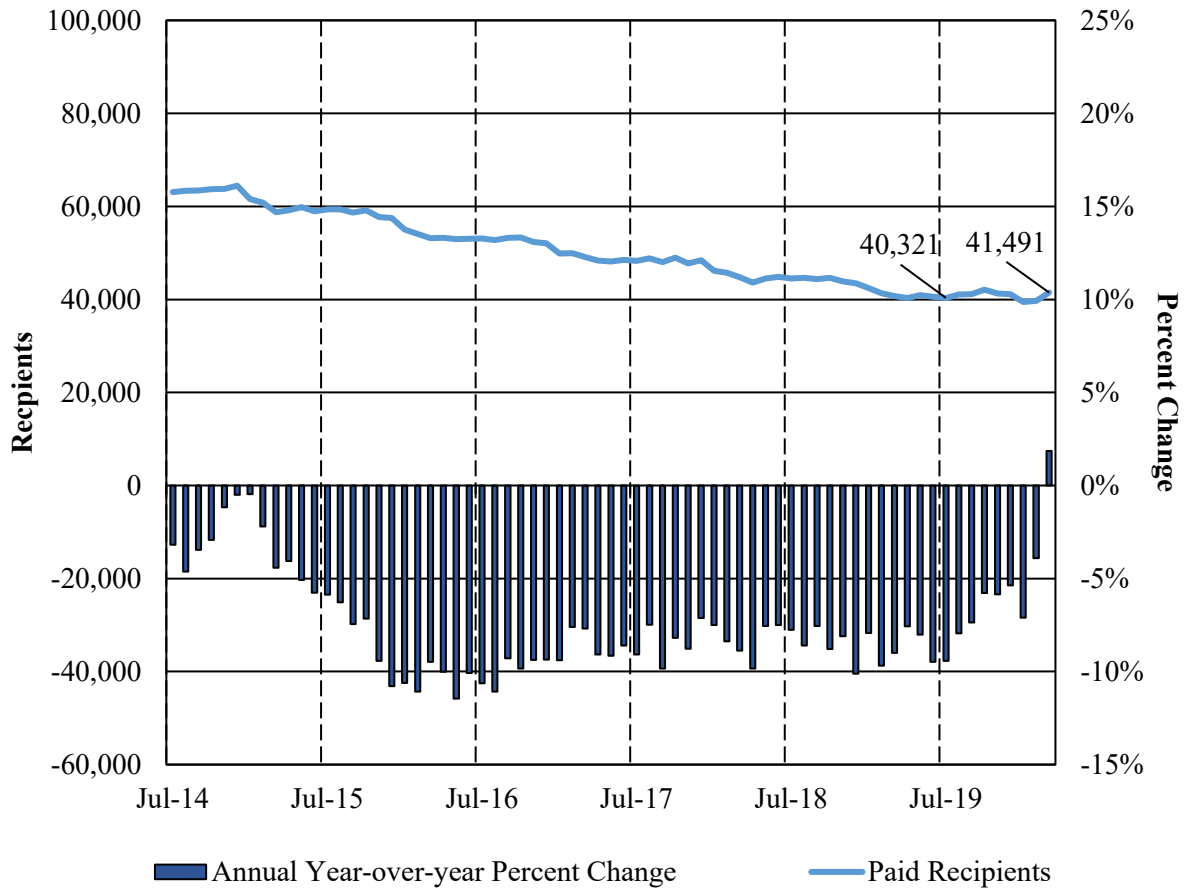
It should be noted that while some providers have benefited from direct support through the Coronavirus Aid, Relief, and Economic Security (CARES) Act provisions that relate to medical providers, to date, that support has disproportionately benefited providers that bill Medicare.

### **Temporary Cash Assistance and Temporary Disability Assistance Program**

As shown in **Exhibits 2 and 3**, changing economic conditions have had an immediate impact on the enrollment in Temporary Cash Assistance (TCA) and the Temporary Disability Assistance Program (TDAP) in the Department of Human Services (DHS). As shown in the exhibits, both programs saw an increase in year-over-year enrollment in March 2020, the first increase in many years.

These numbers will increase due to a combination of the declining economic conditions and various policy changes, including extending certification periods for TCA and TDAP by six months, providing emergency assistance to families not qualifying for other benefits (federal guidance emphasized state flexibility to use Temporary Assistance for Needy Families for this purpose), suspending Able Bodied Adults Without Dependents work requirements per the Families First Coronavirus Response Act from April 1 to the month that the public health emergency ends, waiving work requirements for TCA for 90 days (federal guidance indicates that it will use its reasonable cause authority to waive penalties for states failing to meet work participation requirements to the greatest extent possible), and granting a 90-day extension for providing required verifications for applications submitted prior to the closure of local departments of social services on March 18 but for which verifications were not submitted.

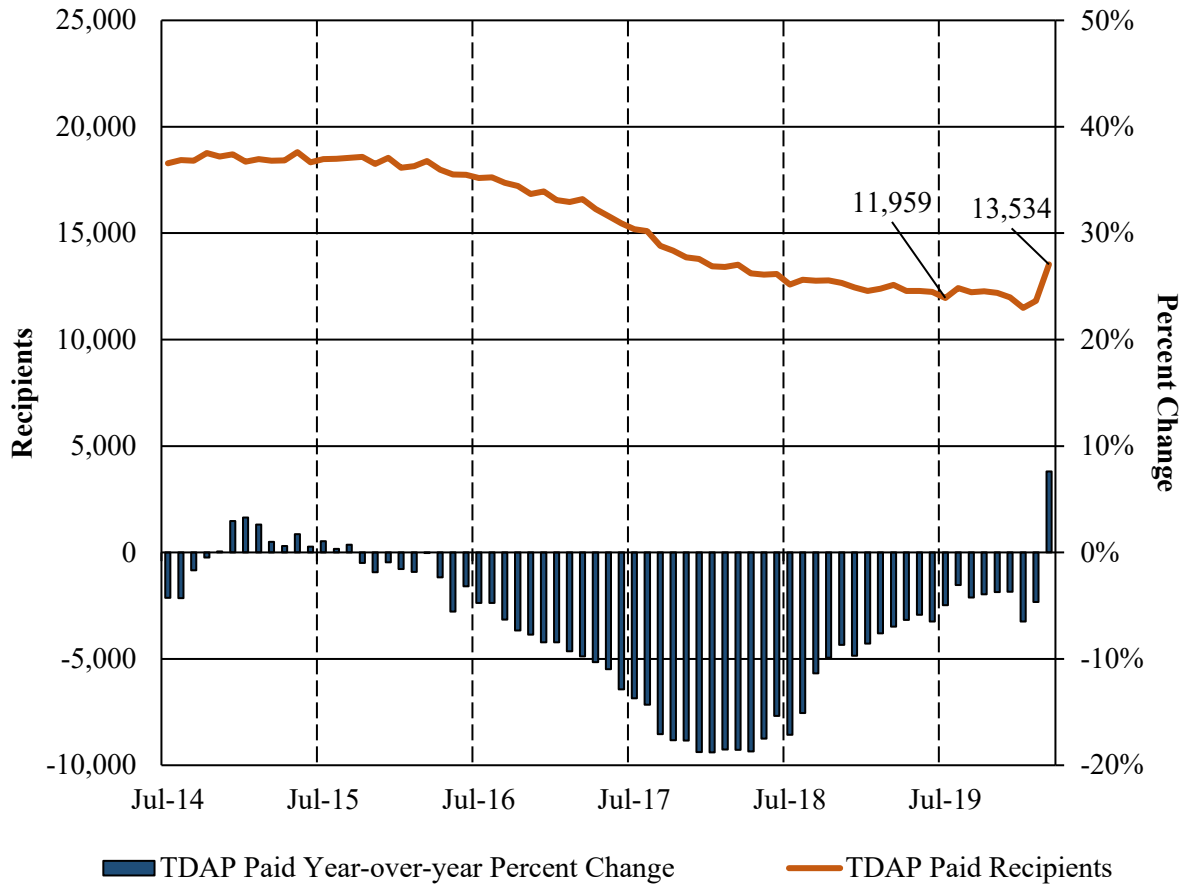
**Exhibit 2**  
**TCA Enrollment – Year-over-year Growth**  
**July 2014 to March 2020**



TCA: Temporary Cash Assistance

Source: Department of Human Services; Department of Legislative Services

**Exhibit 3**  
**TDAP Enrollment – Year-over-year Growth**  
**July 2014 to March 2020**



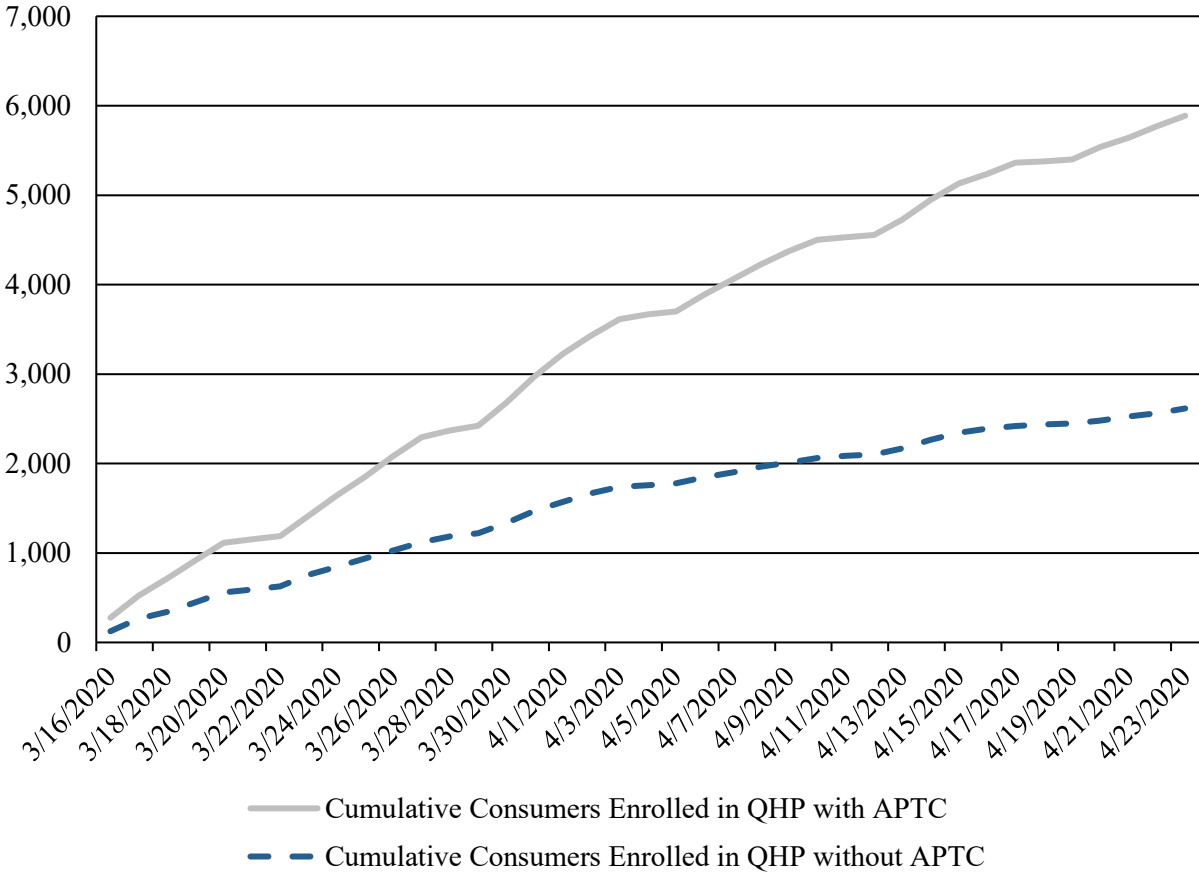
TDAP: Temporary Disability Assistance Program

Source: Department of Human Services; Department of Legislative Services

**Other Health Care Access**

For individuals ineligible for Medicaid, the Maryland Health Benefit Exchange authorized an emergency open enrollment period. Originally scheduled to last from March 16 to April 15, 2020, that open enrollment period has been extended until June 15, 2020. As shown in **Exhibit 4**, through April 23, 2020, 5,888 consumers were enrolled in a qualified health plan (QHP) with the benefit of an Advanced Premium Tax Credit (APTC) subsidy, and an additional 2,616 consumers were enrolled in a QHP without an APTC.

**Exhibit 4**  
**Maryland Health Benefit Exchange – Enrollment during**  
**Special COVID-19 Open Enrollment Period**  
**March 16 to April 23, 2020**



APTC: Advanced Premium Tax Credit  
 QHP: qualified health plan

Source: Maryland Health Benefit Exchange; Department of Legislative Services

**Food Security**

DHS is anticipating a significant increase in applications for the federally funded Supplemental Nutrition Assistance Program (SNAP), the most significant food support program available to Marylanders. DHS has already been approved to grant an emergency allotment (up to the maximum SNAP benefit) for April and May that DHS anticipates will benefit more than

319,000 SNAP households across the State, or more than \$33 million per month in additional SNAP benefits for those months. The authority to grant an emergency allotment was recently approved for the length of the emergency period.

The department has also received approval to provide a Pandemic Electronic Benefit Transfer (P-EBT). The P-EBT benefit allows states to provide meal replacement benefits through SNAP for households with children who attend a school that is closed and who would otherwise receive free or reduced-price meals. DHS estimates that approximately 427,000 children in Maryland will benefit from the P-EBT program for a combined value of over \$49 million in estimated benefits. Monthly benefits will be calculated at the daily rate of \$5.70 per child for each day that the child's school was closed in a particular month. Maryland public schools were closed to students effective March 16, 2020, and approved households will be able to obtain retroactive benefits as a result. March, April, and May benefits will be issued in June, and P-EBT benefits will continue to be issued for the duration that schools are closed due to COVID-19.

DHS has also requested additional flexibility, which has not yet been approved, including allowing online purchases with SNAP benefits. In addition, the SNAP program has extended certification by six months for certifications due in March, April, and May and is also requesting that quality control case reviews be suspended for April, May, and June.

Beyond SNAP, Maryland has also committed an additional \$4 million to area food banks (\$3 million to the Maryland Food Bank and \$1 million to the Capital Area Food Bank). This is in addition to grants of \$3.5 million to the food banks and an additional \$1 million through the Maryland Emergency Food Program to emergency food providers (food pantries and soup kitchens in the jurisdictions) that the State already provides. In addition, the U.S. Department of Agriculture has approved plans to use stimulus funds for a Disaster Household Distribution Program – in partnership with the Maryland Food Bank and the Capital Area Food Bank – that will distribute one million pounds of food through existing networks. Jurisdictions receiving the assistance include, but are not limited to, those areas with 2,000 or more unemployment insurance claims in the month of March (18 of 24 jurisdictions, all but Caroline, Dorchester, Garrett, Kent, Somerset, and Talbot counties).

## **Interruptions to the Supply Chain**

Agriculture- and food-related businesses are considered essential under the Governor's executive orders; however, there is a growing concern and anecdotal evidence of food dumping, primarily due to less product demand and staffing shortages in processing facilities. These concerns have the potential to contribute to disruptions among the food supply chain as well as result in operational and economic concerns for the suppliers. The Maryland Department of Agriculture (MDA) reports increased requests for assistance by commercial poultry and table egg/processors to address this sudden market shift from food service to the increased demand at the retail level, in addition to requests from local producers of agricultural commodities such as poultry, table eggs, beef, and produce who need to become quickly licensed and/or seek alternative methods of selling their products. MDA has worked with these producers to quickly issue licenses



and approve alternative delivery methods, such as direct shipment to consumers. Most recently, it was reported that two million chickens were being culled on the Delmarva Peninsula due to staff having fallen ill with COVID-19 and being unable to process the poultry product in a timely manner. As of April 29, 2020, there were 262 confirmed COVID-19 cases among Maryland poultry workers on the Eastern Shore.

COVID-19-related federal funding is available for the agriculture community; however, MDA indicates that those funds will most likely be distributed directly to individuals and businesses and not flow through State agency budgets.

## **Energy Security**

It is estimated that Maryland will receive an additional \$34.1 million in federal Low Income Home Energy Assistance Program (LIHEAP) funding, providing approximately \$113.6 million overall (the highest in program history). The Office of Home Energy Programs in DHS is still determining how the additional LIHEAP funds will be used. It is working with the Public Service Commission, the Office of People's Counsel, utilities, and other stakeholders on potential options. However, DHS anticipates using funds to minimize terminations after May 1, 2020, (when the current prohibition on shutoffs ends) for both existing and new recipients, responding to increased demand due to the emergency, and targeting any additional benefits to reduce the energy burden of applicants. DHS indicates multiple options for disbursement may occur, including a supplemental arrearage payment and a reserve for increased participation. Decisions are unlikely until the actual disbursement amount is made.

## **Public Safety and the Criminal Justice System**

All aspects of the criminal justice system are impacted by the COVID-19 pandemic, resulting in significant changes to public safety operations and populations.

### **Judicial Operations**

All courts in the Maryland Judiciary, court offices, administrative offices, units of the Judiciary, and the Offices of the Clerks of the Circuit Courts and the clerks' offices of the District Court are restricted to emergency operations and closed with limited exceptions through June 5, 2020. Cases are still being heard on important matters such as bail reviews, bench warrants, arraignments for detainees, juvenile detention hearings, *etc.*, and court commissioners are still addressing initial appearances, bail matters, *etc.* Judges and staff that must be in court buildings are often working on rotating schedules. Related units, such as the Office of the Attorney General and the Office of the Public Defender, are continuing to perform casework remotely and through the use of videoconferencing. It is anticipated that a substantial backlog will exist once judicial operations resume; however, an estimate of the backlog cannot be determined at this time.

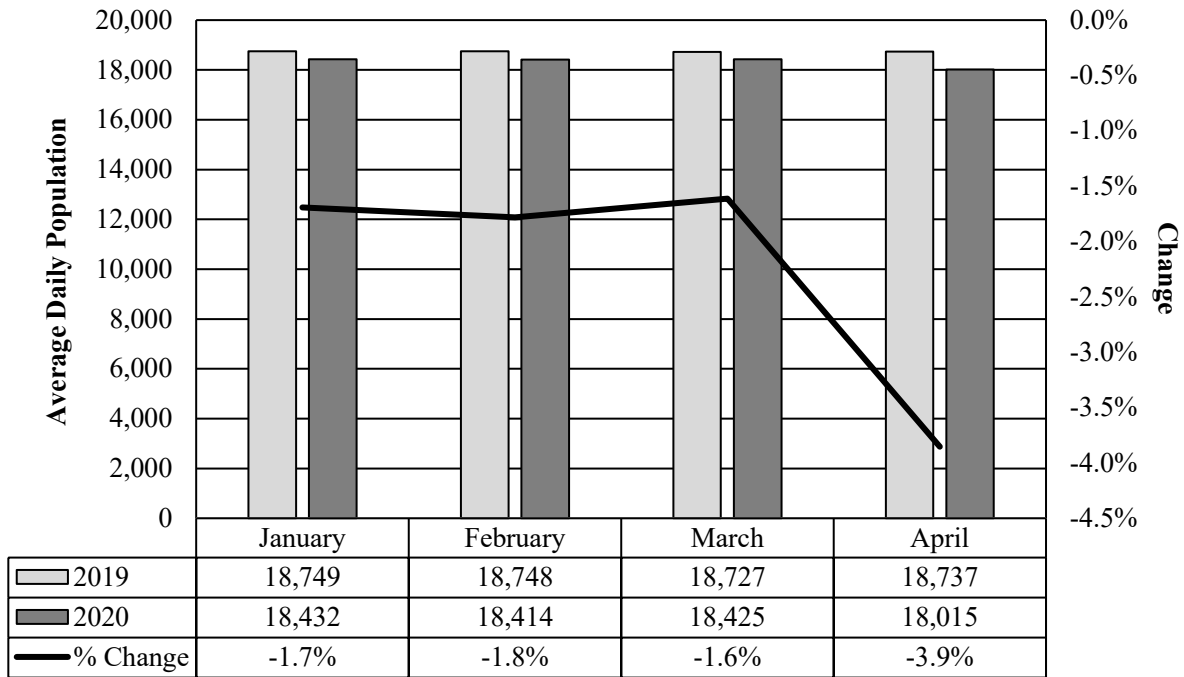
## Adult and Juvenile Offender Populations

In recognizing the desire to limit court-related activity as well as the high-risk nature of correctional facilities in potentially spreading COVID-19, several actions have been implemented to reduce the number of individuals in the adult and juvenile correctional systems. These include:

- an executive order from the Governor allowing for the accelerated release of people within four months of completing their sentence, prioritizing release for older individuals, and encouraging consideration of release to home detention;
- guidance from the Chief Judge of the Judiciary to (1) identify detained juveniles for potential release and limit detention or commitment, unless necessary to protect the safety of that juvenile respondent or the safety of others; and (2) order the State’s trial courts to identify and release people in prisons who are at risk for COVID-19 and “pose no threat to public safety;” and
- a statement from the Baltimore City State’s Attorney regarding intentions to dismiss pending criminal charges against anyone arrested for drug offenses, trespassing, and minor traffic offenses, among other nonviolent offenses.

Data provided by the Department of Public Safety and Correctional Services (DPSCS) indicates that from March 1 to April 9, 2020, a total of 2,343 individuals were released. According to the department, these releases were achieved by leveraging the acceleration and expansion of placements onto pretrial supervision, release during booking and pretrial commitment, mandatory release of sentenced inmates, and accelerated processing of releases through the Parole Commission and Home Detention placement. **Exhibit 5** illustrates a year-over-year population comparison for the first four months of calendar 2019 versus 2020. The average daily sentenced population in April 2020 reflects 722 fewer inmates (-3.9%) than in April 2019. Compared to the population at the start of calendar 2020, the sentenced average daily population (ADP) reflects 417 fewer inmates in April. This decrease in population does not account for any reductions occurring among the pretrial population, which fell 5.6% between March and April 2020. DPSCS has indicated that all released individuals are receiving necessary community supervision services, although the department has altered these procedures to be provided remotely through phone and videoconference check-ins, where applicable, and equipping staff with PPE and social distancing guidelines when face-to-face contact is required.

**Exhibit 5**  
**Sentenced Average Daily Adult Inmate Population**  
**January through April 2019 and 2020**

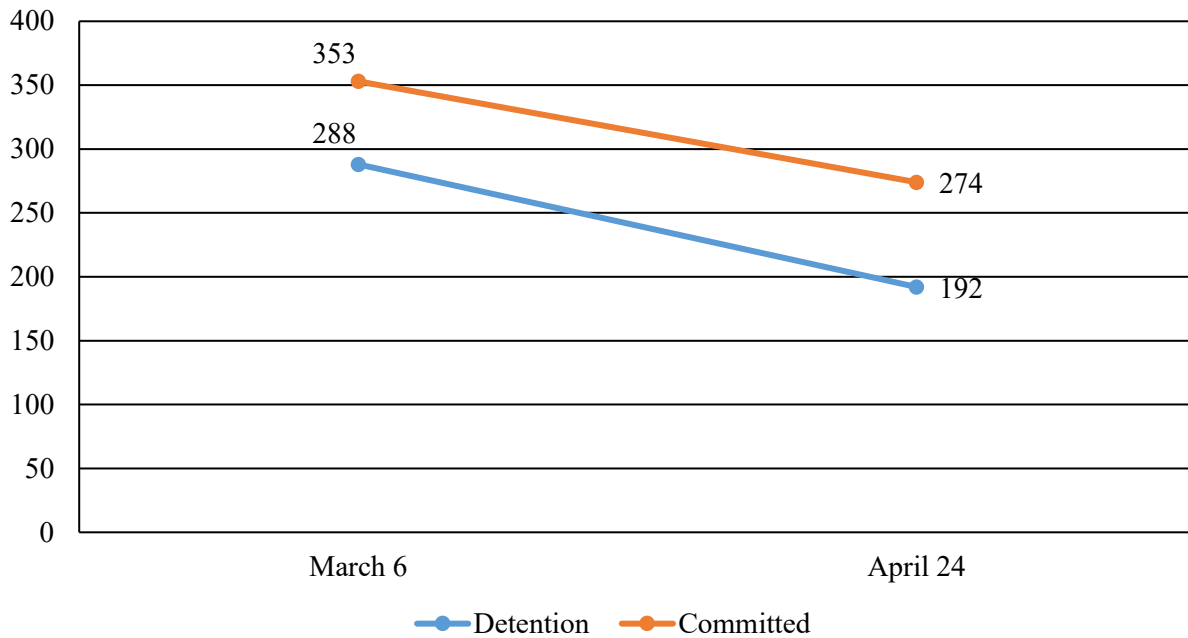


Source: Department of Public Safety and Correctional Services; Department of Legislative Services

Similar population reductions have also occurred within the Department of Juvenile Services (DJS) facilities. **Exhibit 6** highlights the 33% reduction in the detention population and the 22% decrease in the committed population that has occurred between March 6 and April 24, 2020. Of the overall decrease in both the detention and committed populations, there is relatively no change in the ADP for the youth charged as adult detention population or the youth who are committed to out-of-state programs. These youth typically are identified as higher risk cases.

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**Exhibit 6**  
**Department of Juvenile Services Detention and**  
**Committed Youth Average Daily Population**  
**March 6 and April 24, 2020**



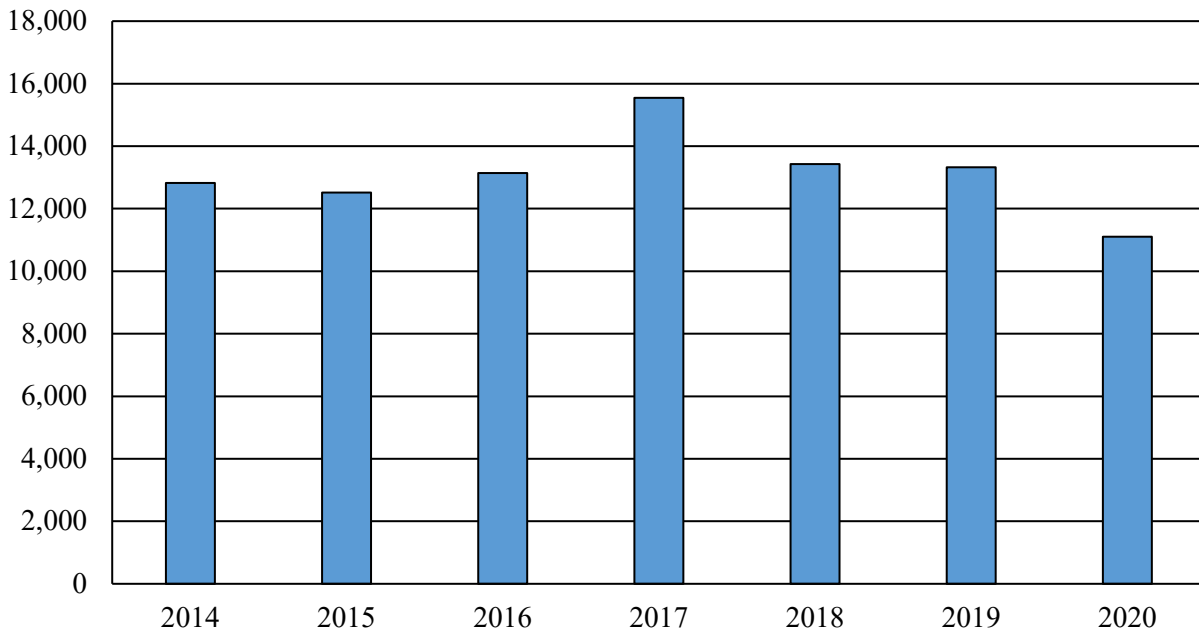
Source: Department of Juvenile Services

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DJS notes that, in addition to efforts to minimize detention and commitment, significant decreases in reported crimes are contributing to fewer individuals entering the criminal justice system. This tracks with the significant drop in crime data reported by the Baltimore City Police Department (BPD), as shown in **Exhibit 7**, which compares Part I crimes reported to BPD in the first four months of the calendar year since 2014.

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**Exhibit 7**  
**Baltimore City Part I Victim-based Crime Incidences**  
**January 1 through April 25**  
**Calendar 2014-2020**



Source: Baltimore City Police Department

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Comparing reported incidences for the first four months of calendar 2020 to the same time period in the prior year, Baltimore City has experienced a nearly 17% decrease in crime. Year-to-date arrests are down 27% compared to calendar 2019, although the number of homicide, robbery, and aggravated assault arrests show relatively no change. In the most recently completed 28-day period, since March 29, arrests in Baltimore City have declined 60%, with 1,149 fewer individuals arrested than during the same time period in 2019. Similarly, the number of juveniles taken into custody through April 25 is down 39% compared to 2019, with a nearly 70% decline in the past month. This is consistent with the direction provided by the Baltimore City State's Attorney and anecdotal evidence that suggests increased use of citations and limiting officer interactions to only necessary situations. The Department of State Police (DSP) has committed 30 troopers to support policing efforts in Baltimore City to fill-in for quarantined BPD officers.

### **Facility Operations**

COVID-19 is present in both DPSCS and DJS facilities. As of April 26, DPSCS had 157 uniformed officers, 50 inmates, and 10 nonuniform staff test positive for the virus in 15 different facilities, with 2 reported inmate deaths. DJS had 11 staff and 5 youth reported positive

in 4 different facilities. Both departments indicate an expected increase in overtime expenses resulting from staffing shortages and changes in operating procedures to comply with social distancing and limiting the spread of the disease, although exact figures have not been provided. It is anticipated that these expenses will be covered by the federal CARES Act funding. Additional expenses incurred include modifying facilities to provide portable showers and restrooms to limit offender movement, establishing quarantine tents at the Jessup Correctional Institution and the Maryland Correctional Institution – Hagerstown, and regular distribution of PPE to staff. Several Maryland Correctional Enterprises shops have transitioned to producing PPE for DPSCS and State hospitals. DJS has also cross-trained 100 community-based employees to staff residential facilities in the event that the department encounters serious staffing shortages.

## **Emergency Management Operations and Coordination**

The Military Department (DMIL) estimates that it is currently incurring overtime expenses of approximately \$130,000 per week. The Maryland Army National Guard (MDNG) has been deployed for the following missions: food distribution, performing COVID-19 medical screenings, and the Strategic National Stockpile mission. DMIL expects increased expenses for personnel, lodging, meals, PPE, repair parts for vehicles and equipment, fuel, and transportation expenses. Governor Lawrence J. Hogan, Jr. has requested federal reimbursement for the deployment of MDNG under 32 USC 502(f).

The Maryland Emergency Management Agency (MEMA) has been designated to coordinate the procurement, receipt, and distribution of supplies and equipment. This is expected to result in increased overtime expenses, shipping costs, and other contractual employee support for the State Emergency Operations Center. Early estimates indicate that personnel expenses will increase by \$90,000 per week and equipment expenditures will increase by \$653,000 per week, though MEMA cautions that the final impact cannot be accurately be determined at this time.

MEMA anticipates having funding available through the CARES Act and is requesting funding from the Federal Emergency Management Agency's (FEMA) Public Assistance program. Public Assistance program funding requires a 25% state match. The State is also eligible to apply for funding through FEMA's Emergency Management Performance Grant; however, applications are still being developed and processed.

## **Supporting Continued Education through Distance Learning for Students**

With schools now closed through the end of the school year, supporting the establishment of distance learning has been a priority for MSDE and local education agencies (LEA). Online learning is ongoing but is a challenge for districts without 1:1 digital device initiatives and guaranteed access to broadband services.

Digital device initiatives are implemented in varying degrees in 9 of Maryland's 24 jurisdictions, as highlighted in **Exhibit 8**. Several other jurisdictions, including Baltimore City, have also indicated the intention to distribute devices to students based on need, but the extent of that distribution is not currently known. A survey of superintendents estimated that approximately 10% of students may not be in touch with their respective school systems.

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## **Exhibit 8** **1:1 Digital Device Initiatives**

<u><b>Device Distribution</b></u>	<u><b>Jurisdiction</b></u>
K-12	Howard, Montgomery, Talbot
Grade 3-12	Queen Anne's, Washington
Grade 6-12	Baltimore County, Frederick
Grade 9-12	Garrett, Worcester

Source: Department of Legislative Services

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Concerns also exist about equity in, and access to, online learning due to inadequate digital infrastructure, particularly in rural jurisdictions. Although 100% of the State has broadband coverage of some type, either through cellular, cable, or satellite service, coverage is not available in every household. Montgomery County is the only jurisdiction to provide students with mobile hotspots (MiFi) to provide the necessary online connections. Two other jurisdictions (Howard and Washington counties) are providing limited MiFi access, while the majority of jurisdictions are addressing the problem by providing expanded access to LEA wifi while on school property.

DLS is currently developing a survey of LEAs to better understand how jurisdictions are approaching and funding distance learning.

### **Service Delivery**

Beyond moving operations to teleworking, for some agencies, there has been little impact on day-to-day operations or service delivery. The ability to move quickly to telework has been limited, primarily by availability of laptops and having access to traditional paper materials. The Department of Information Technology has been assisting agencies with the transition, including the funding of laptop purchases.

However, other agencies have had to make significant adjustments to their operations:

- All in-person applications at local departments of social services are no longer being taken. Applications and documentation can be dropped off in a lockbox, faxed/mailed, or completed online. Interviews with applicants are being conducted over the phone.

- DHS caseworker visitation practices have changed to include COVID-19 screening questions, conducting interviews from six feet away and outside (if appropriate), using good hygiene techniques, and limiting the number of face-to-face interviews. For cases involving substance-exposed newborns, caseworkers are still seeing the mother and baby in the hospital, if possible, and exploring options for video conferencing when it is not possible to visit. Similarly, for families with an order of protective supervision or safety plan, while face-to-face contact may be required, where child safety is not at risk, videoconferencing or more frequent telephone conferencing is encouraged. Similar changes are occurring for adult protective services.
- In DHS' Child Support Administration, activities are being prioritized to the receipt and disbursement of payments and monitoring of enforcement actions. Some enforcement actions such as driver's license and professional license suspensions are being limited. Genetic testing for paternity establishment is currently suspended, and court closures are also impacting all child support matters. It is anticipated that there will be a significant increase in the number of requests to modify support orders to reduce obligation amounts, but those requests may be delayed.
- Within the State psychiatric facilities, in addition to the increased screening and limiting access, patient and staff interaction has been minimized, and only essential clinical staff are to report to work. Censuses are generally declining with community discharges where possible and a suspension of admissions.
- As is true for nursing homes generally, visitors and other activities have been suspended at Charlotte Hall Veteran's Home. At veterans cemeteries, burials are still occurring but with restrictions. Otherwise cemeteries are closed.
- The State Board of Elections has already submitted to the Governor, and the Governor has approved, modified procedures for the June 2, 2020 Presidential Primary election. The primary will be primarily a vote by mail election with limited in-person voting.
- The Maryland Department of Planning (MDP) indicates that 2020 Census activities are continuing with adjustments to expand the digital campaign and focus the media plan to connect the value of the census to public health and emergency services. MDP is not currently accepting applications for fiscal 2020 Maryland Census Grants, as all funds have already been encumbered. The agency is able to continue processing payments and provide technical assistance, but grantee awards have been adjusted to allow for engaging in noncongregant activities for promoting response.
- Real property assessments performed by the State Department of Assessments and Taxation (SDAT) are being delayed largely due to assessors' inability to connect to the custom software platform. SDAT is working on solutions to get more assessors connected, to make modifications to adjudicate telephone and written appeals, and to revise protocols for physical inspections to comply with social distancing rules.



- The Interagency Commission on School Construction has ceased performing maintenance assessments at school facilities and noted that some LEAs have halted facility maintenance and construction, which will potentially result in additional expenditures in the future.
- The Motor Vehicle Administration (MVA) has closed all branch offices as of March 20, 2020, until further notice but notes that online services and 24/7 kiosks are still available. MVA has granted extensions for a number of the services that it provides, including driver’s license or identification cards, vehicle registrations, and emission inspections. MVA has also canceled all permit or driving skills tests until further notice.

## Revenue Losses

A number of agencies are noting revenue losses although, in most cases, the magnitude and resulting impact of the loss is unknown.

### Higher Education

As shown in **Exhibit 9**, for example, State institutions of higher education are projecting an estimated \$255.0 million loss in fiscal 2020 from refunds on room and board costs as well as lost revenues from such sources as overseas programs, conferences, events, clinical revenue, bookstores, student unions, and food services. These losses combine with a current estimate of \$23.7 million in additional expenditures related to COVID-19. Although CARES Act funding is available to offset a portion of these costs, the current estimate of funding expected to be received is \$139.2 million, or only 55% of estimated revenue losses and additional expenditures combined. The available CARES Act funding differs by institution, so the relative impact will vary.

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**Exhibit 9**  
**State Higher Education Institutions**  
**Estimated Revenue Losses**

	<u>Student Refunds</u>	<u>Lost Revenues</u>	<u>Total Losses</u>
University System of Maryland	\$122,877,922	\$112,339,205	\$235,217,127
Morgan State University	n/a	n/a	15,800,000
St. Mary’s College of Maryland	600,000	2,400,000	3,000,000
Baltimore City Community College	324,747	680,000	1,004,747
<b>Total</b>	<b>\$123,802,669</b>	<b>\$115,419,205</b>	<b>\$255,021,874</b>

Note: Morgan State University updated its loss estimate on May 3, 2020, but did not distinguish losses between student refunds and lost revenues.

Source: Department of Legislative Services

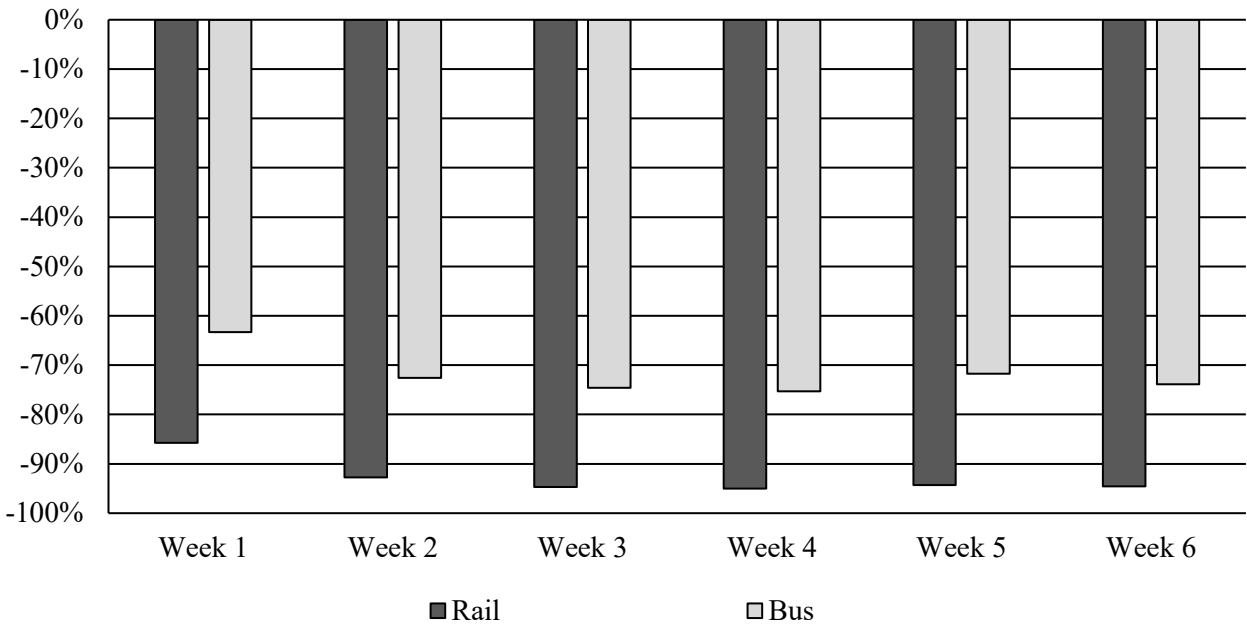
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## Transportation Trust Fund

The Maryland Department of Transportation (MDOT) expects the stay-at-home and social distancing orders to have major impacts on TTF revenues. At the time of writing, current estimates are still being developed; however, traffic volumes as of early April 2020 were reported to be half of typical levels, which will translate into a significant drop in gasoline consumption and impact the largest revenue source for the TTF – motor fuel taxes. This is compounded by the reduction in the price of gasoline, which will in turn reduce revenues from the sales and use tax equivalent rate component of the motor fuel tax. Vehicle sales are expected to decrease in the near term, which will result in lower titling tax attainment. Corporate income tax revenues, a portion of which goes to the TTF, are also expected to decline.

Operating revenues generated by the Maryland Aviation Administration, MVA, the Maryland Port Administration, and the Maryland Transit Administration (MTA) are down significantly, as branch offices are closed, fewer passengers are traveling and utilizing services, and operations are generally decreased. Passenger data for Baltimore-Washington International Thurgood Marshall Airport (BWI Marshall Airport) is not currently available, but the facility has been closed to all nonticketed passengers, and concession vendors have either reduced hours or closed in accordance with the Governor's executive orders. Nationally, the Transportation Security Administration notes that only 110,913 passengers were screened on April 25, 2020, a 95% decrease from the 2.1 million passengers screened on the same date in 2019. MTA is also not providing ridership data; however, transit service is limited to essential personnel and travel only. In deciding to reduce local bus service by 29% on April 13, 2020, MTA did note that ridership had been down 54% compared to one year ago. This level of decrease is not quite as significant as the decline in ridership reported by the Washington Metropolitan Area Transit Authority (WMATA). As shown in **Exhibit 10**, compared to the same time period in 2019, WMATA is reporting a 72% average decrease in bus service utilization over the past six weeks and a 93% decline in rail passengers.

**Exhibit 10**  
**Washington Metropolitan Area Transit Authority**  
**Weekly Average Ridership Change vs. 2019**  
**Beginning March 17, 2020**



Source: Washington Metropolitan Area Transit Authority

To offset some of these lost revenues, MDOT anticipates receiving \$695.4 million in transit operating assistance made available to MTA and to locally operated transit systems. WMATA is expected to receive approximately \$800 million in operating assistance, although the bulk of this funding is expected to be allocated to the District of Columbia, with smaller portions provided to Maryland and Virginia. MTA anticipates that 18 of Maryland’s airports will be provided a total of \$107.7 million, including \$87.6 million for BWI Marshall Airport. Given the expected magnitude of the revenue loss, there is likely to be a resulting impact on the department’s *Consolidated Transportation Program (CTP)*. At this point in time, MDOT has indicated that all projects in the CTP are being reevaluated, but no decisions have been made.

**Other Agencies**

Other examples of revenue losses include:

- The Maryland Stadium Authority (MSA) anticipates \$68,500 per Orioles game in admissions taxes. If the season does not start until July 1, for example, the revenue loss would be about \$3.1 million. MSA also generates \$250,000 per month in leasing revenues from warehouse tenants. It is unclear how much they will actually receive.

- The Maryland Public Broadcasting Corporation (MPBC) is projecting decreasing revenues due to cancellation and reductions of memberships and contributions due to lost wages and financial uncertainty. Television sponsorship deals are also being impacted due to disruptions to television production. The CARES Act includes a provision that provides \$75 million to the Corporation for Public Broadcasting (CPB) for emergency stabilization funding, and MPBC may be eligible to receive some funding via CPB.
- MEDCO faces two particular issues: the ability to collect current fees with borrowers stressed with cash flow issues (especially for projects reliant on student housing fees); and the condition of the Chesapeake Hyatt Conference Center. Chesapeake Hyatt was already a nonperforming project and operations have been suspended. The uncertainty as to the extent of the shutdown and the ability to ramp back up operations during the prime tourist season significantly imperils the financial outlook for the project. Generally, MEDCO has adequate cash reserves, but these concerns could be a drain on those reserves.
- Reduced traffic volume equates to a reduction in tolling revenue for MDTA, although estimates of the lost revenue have not yet been determined. MDTA has transitioned to all electronic tolling to protect its employees during the COVID-19 crisis; however, the authority is incurring duplicate costs, as it pays to operate and maintain the cashless tolling system while still employing its entire staff complement.
- Suspension of activity by the Workers' Compensation Commission could result in revenue shortfalls for the Subsequent Injury Fund and the Uninsured Employers Fund, both of which are funded through a percentage of workers' compensation judgements.
- Reductions in vehicle registration fee revenues and fewer moving violation citations are likely to impact revenue available to the Maryland Emergency Medical Systems Operations Fund, which provides support to the Maryland State Police Aviation Command, the Maryland Institute for Emergency Medical Services Systems, the Maryland Fire and Rescue Institute, and various other emergency medical services programs. It is not clear at this time whether this will be a true loss of revenue or a diversion of funds from fiscal 2020 to 2021.
- Less traffic volume and reductions in road construction projects are likely to reduce revenue generated from speed monitoring cameras used to purchase motor vehicles for DSP. General funds or a deferment of purchases would be required to offset the shortfall.
- Several small entities supported by State funds, such as the Reginald F. Lewis Museum of Maryland African American History and Culture, HSMCC, and Canal Place, are anticipating revenue shortfalls due to fewer visitors and special events and a decline in patronage resulting from economic uncertainty.