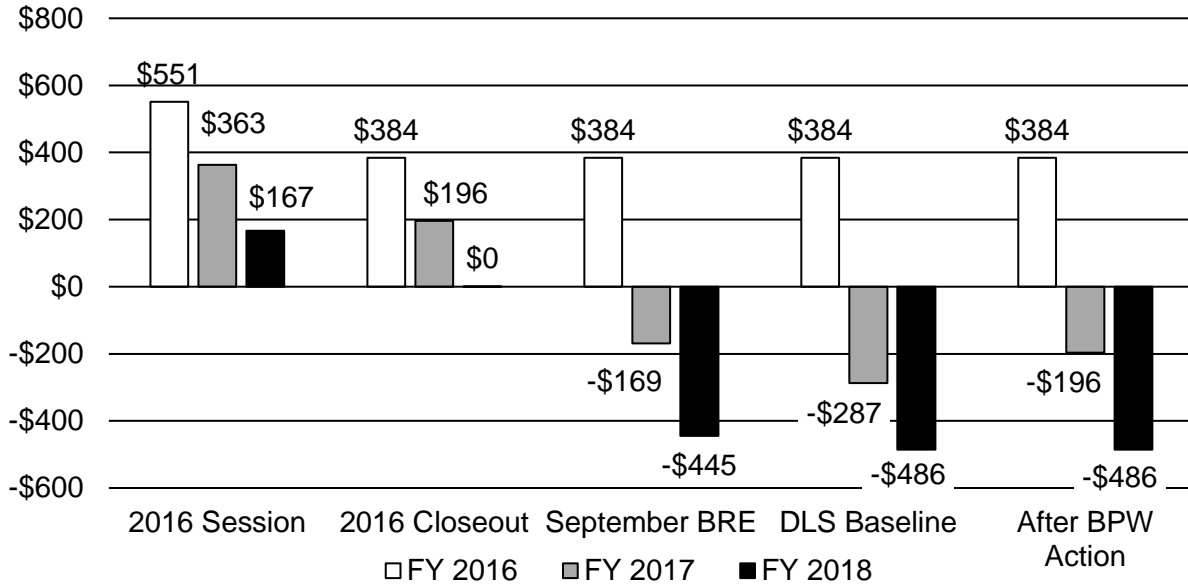

Spending Affordability Briefing

**Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland**

November 17, 2016

Review

Evolution of a Problem (\$ in Millions)



Revenue Write-down Exacerbates Structural Deficit

	<u>Fiscal 2018</u>	<u>Fiscal 2021</u>
Structural Gap at Close of Session (DLS 6/16)	-\$30	-\$519
BRE Revenue Revisions (BRE 9/16)	-413	-527
DLS Spending Revisions (DLS 10/16)	104	-151
Savings from BPW Reductions (11/16)		18
Revised Structural Gap (DLS 10/16)	-\$339	-\$1,179
	<u>DLS Estimate June 2016</u>	<u>DLS Estimate October 2016</u>
Average Annual Growth Fiscal 2018 to 2021		
Revenues	3.8%	3.7%
Ongoing Spending	4.6%	5.1%
Gap	-0.8%	-1.4%

BPW: Board of Public Works
 BRE: Board of Revenue Estimates
 DLS: Department of Legislative Services

Fiscal 2017 General Fund Revenues (\$ in Millions)

<u>Source</u>	<u>Fiscal Year through October</u>		<u>Full-year Estimated Growth Rate</u>		
	<u>FY 2016</u>	<u>FY 2017</u> <u>\$ Difference</u>		<u>% Difference</u>	
Personal Income Tax	\$2,282.5	\$2,393.8	\$111.3	4.9%	5.2%
Sales and Use Tax ⁽¹⁾	1,117.2	1,151.0	33.7	3.0%	2.9%
State Lottery	156.1	150.9	-5.2	-3.3%	-3.2%
Corporate Income Tax	210.0	158.8	-51.2	-24.4%	-2.4%
Business Franchise Taxes	46.6	44.3	-2.3	-5.0%	2.0%
Insurance Premiums Tax	78.8	68.3	-10.5	-13.3%	2.6%
Estate and Inheritance Taxes	81.4	75.2	-6.2	-7.6%	-20.7%
Tobacco Tax	112.5	112.5	0.1	0.0%	-0.5%
Alcohol Beverages Tax	8.1	8.2	0.1	1.2%	1.4%
District Courts	29.7	26.5	-3.2	-10.7%	-0.6%
Clerks of the Court	19.0	17.8	-1.2	-6.2%	8.0%
Interest and Miscellaneous ⁽²⁾	52.0	37.8	-14.2	-27.3%	-1.7%
Total Revenues	\$4,193.8	\$4,245.1	\$51.3	1.2%	3.0%

N

- Fiscal 2017 personal income tax revenues were up 11.5% at the end of September but growth is now 4.9% as of the end of October. This was expected as timing issues were artificially inflating revenue growth in the first three months of fiscal 2017.
- Income tax estimated payments through October are below year ago levels by 3.8%. As of the end of September estimated payment had been up 24% because a significant amount of revenue that is normally booked in September was delayed and reported in October last year (fiscal 2016). The year-over-year comparison is now more consistent.
- Income tax withholding growth remains quite good although it slipped from 8.4% at the end of September to 6.8% as of the end of October. The strong growth in withholding is due in part to the split of July withholding between the amount accrued back to June (fiscal 2016) and the amount booked in fiscal 2017. The accrual was very low resulting in significantly more revenue than normal falling in July, contributing to the large year-over-year increase.

⁽¹⁾ Data reflects sales tax revenue remitted to the Comptroller from August through October, which were collected by retailers from July through September.

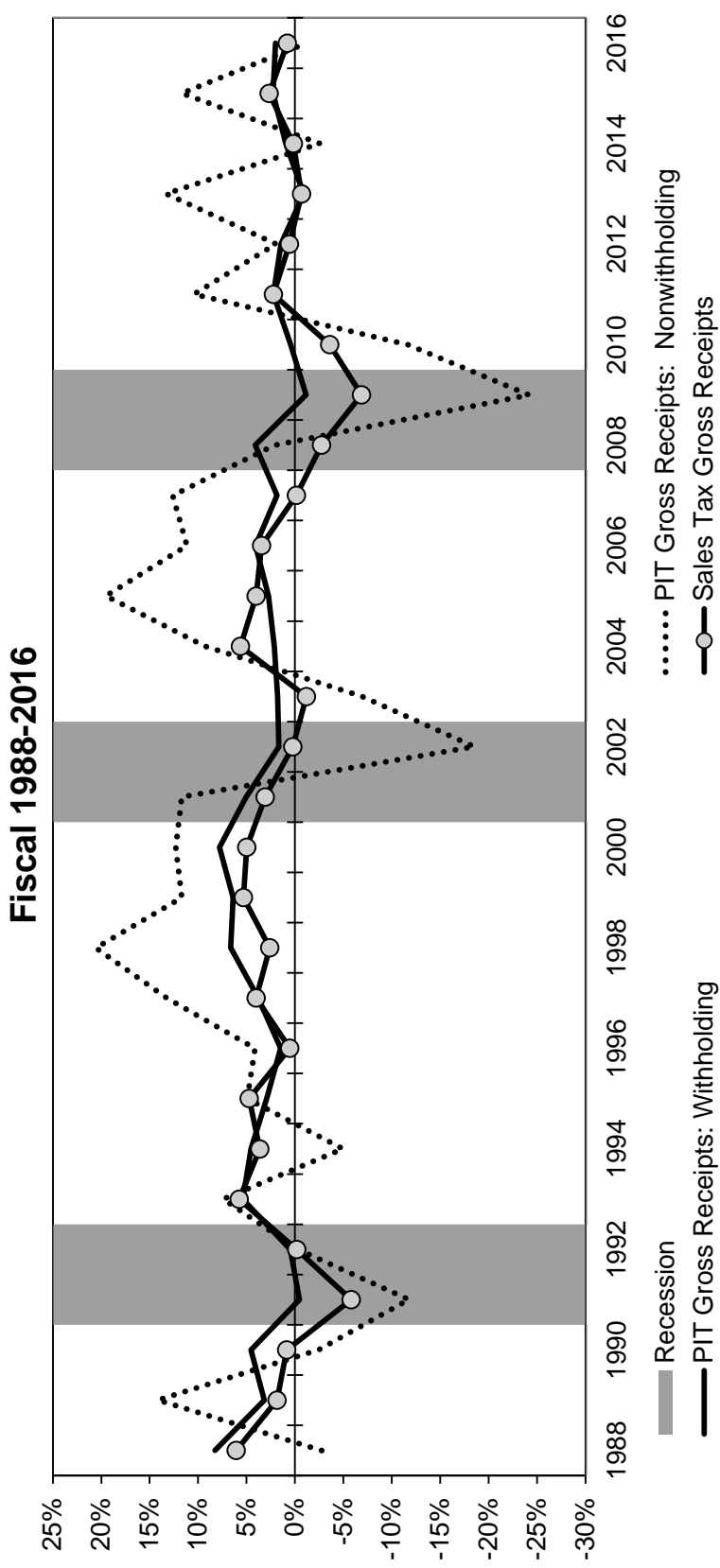
⁽²⁾ Includes interest on investments; hospital patient recovery revenues from Medicare, insurance, and sponsors; general fund motor fuel tax revenue in fiscal 2016 and other miscellaneous revenues.

Source: Comptroller of Maryland; State Lottery and Gaming Control Agency

Revenue Volatility Workgroup Findings

- The *Joint Chairmen's Report* required the Department of Legislative Services, the Department of Budget and Management, and the Comptroller's Office to study Maryland's revenue structure and recommend strategies for reducing volatility
- Staff from three agencies identified areas of volatility and examined strategies employed by other states to minimize volatility
- The workgroup identified nonwithholding income tax revenues (revenues from estimated payments and taxes paid with the return) as extremely volatile and difficult to forecast
- The volatility is in part due to the concentration of capital gains among a very small number of taxpayers

Income and Sales Taxes Year-over-year Percent Change



PIT: State and local personal income tax

Note: Revenues have been adjusted for major law changes and inflation.

Source: Comptroller of Maryland

Maryland Taxable Capital Gains Income

Income Tax Class	Tax Year 2010		Tax Year 2011		Tax Year 2012		Tax Year 2013	
	Returns	Share of Capital Gains Income	Returns	Share of Capital Gains Income	Returns	Share of Capital Gains Income	Returns	Share of Capital Gains Income
Top 0.1%	2,538	49.7%	2,577	54.0%	2,611	48.8%	2,690	35.7%
>0.1% and <=1%	22,851	23.3%	23,198	20.5%	23,501	23.5%	24,213	20.4%
>1% and <=5%	101,556	11.5%	103,102	10.5%	104,452	11.8%	107,615	16.1%
>5% and <=10%	126,945	4.0%	128,878	3.6%	130,564	3.9%	134,518	6.9%
>10% and <=25%	380,835	4.1%	386,632	4.0%	391,693	4.1%	403,554	8.0%
>25% and <=50%	634,725	2.1%	644,388	2.4%	652,821	2.5%	672,590	4.8%
>50% and <=75%	634,725	0.8%	644,387	1.1%	652,821	1.6%	672,590	2.9%
>75% and <=100%	634,726	4.5%	644,388	3.8%	652,821	3.9%	672,591	5.1%
Top 1%	2,538,901	100.0%	2,577,550	100.0%	2,611,284	100.0%	2,690,361	100.0%
Top 1% Share of Maryland Net State Tax	73.0%	74.5%	74.5%	74.5%	72.3%	72.3%	56.1%	56.1%
		20.3%		20.4%		23.2%		20.2%

Note: Data includes full-year Maryland residents only. The class is defined by net Maryland income tax.

Source: Comptroller of Maryland

Recommendations

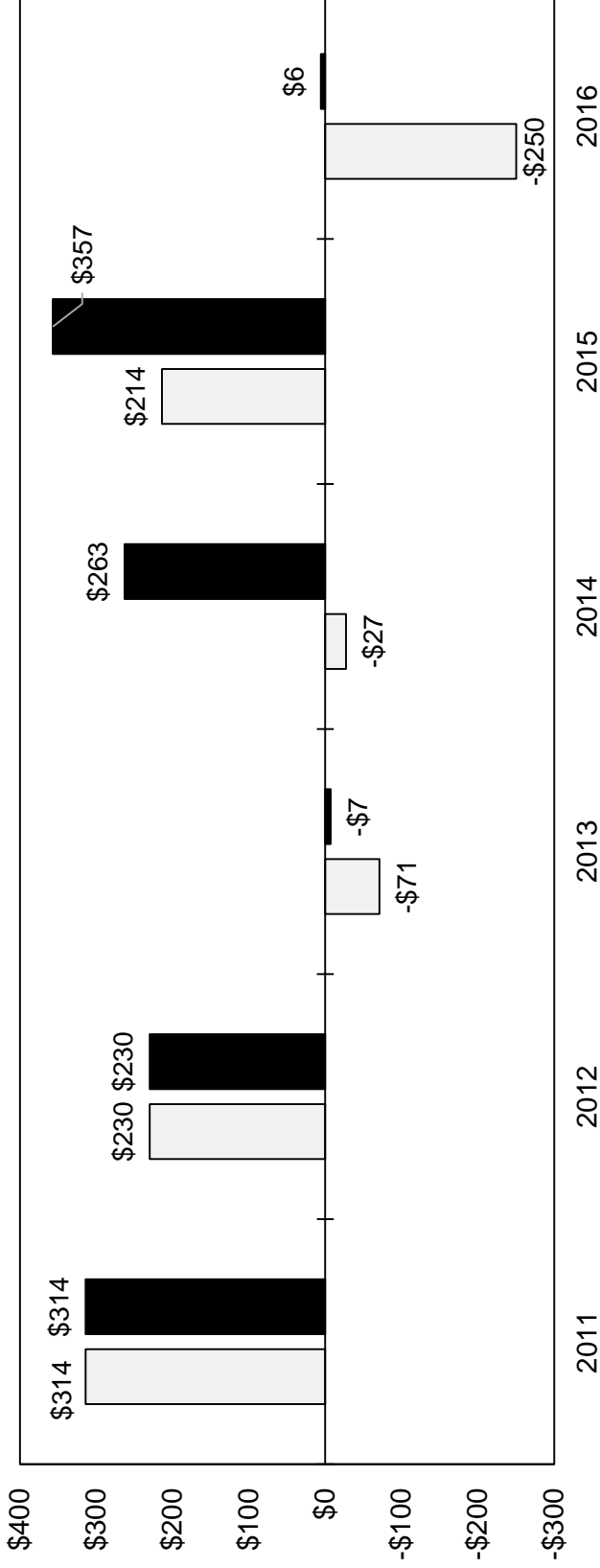
- Apply a cap to the estimate of nonwithholding revenues assumed in the budget process
- The cap should reflect the average share of nonwithholding revenues to total general fund revenues over the most recent 10-year period (*i.e.*, if nonwithholding revenues represent 15% of total general fund revenues over the last decade, then the revenue estimate for next year for nonwithholding is capped at 15% of general fund revenues)
- Estimated nonwithholding amounts in excess of cap should not be appropriated
- Revenues captured by the cap at closeout should be utilized to increase Rainy Day Fund balance to 10% of general fund revenues (currently at about 6%), avoid debt by supporting pay-as-you-go projects, and address unfunded retiree health and workers' compensation liabilities

Advantages of Proposal

- Encourages savings at peak of business cycle
 - In years that revenues are increasing at unsustainable levels, the cap reduces the available revenues and spending while setting aside additional funds for reserves, one-time capital projects, and reducing unfunded liabilities
- Promotes long-term structural balance
 - Cap constrains amount of unsustainable revenue built into ongoing spending
- Softens impact of recession by limiting reliance on volatile revenue source
- Accumulates adequate balance in Rainy Day Fund to mitigate the immediate impact of a recession while still retaining balance of 5% of revenues to help maintain AAA bond rating
 - Reluctance to reduce balance below 5% threshold and small balance in excess of 5% has diminished utility of fund in responding to economic downturns
 - At outset of each of the last three recessions, revenues have fallen short of the estimate for both the current and subsequent fiscal year by at least 4%

Impact of Cap on Closeout

Fiscal 2011-2016
(\$ in Millions)



□ Actual GF Revenues Compared to BRE Estimate ■ Actual GF Revenues Compared to Estimate with Cap

BRE: Board of Revenue Estimates
GF: General Fund

Source: Department of Legislative Services

Regular Full-time Equivalent Positions Changes Fiscal 2015 Actual to Fiscal 2018 Baseline

<u>Department/Service Area</u>	<u>2015 Actual</u>	<u>2016 Working</u>	<u>2017 Working*</u>	<u>2018 Baseline</u>	<u>2017- 2018 Change</u>
Health and Human Services					
Health and Mental Hygiene	6,330	6,353	6,183	6,186	3
Human Resources	6,465	6,360	6,265	6,286	21
Juvenile Services	2,055	2,055	1,999	1,999	0
Subtotal	14,850	14,768	14,447	14,471	24
Public Safety					
Public Safety and Correctional Services	11,068	11,025	10,956	11,073	117
Police and Fire Marshal	2,438	2,438	2,436	2,436	0
Subtotal	13,506	13,463	13,392	13,509	117
Transportation	9,086	9,126	9,108	9,120	13
Other Executive					
Legal (Excluding Judiciary)	1,488	1,501	1,473	1,478	5
Executive and Administrative Control	1,633	1,626	1,577	1,583	6
Financial and Revenue Administration	2,103	2,119	2,107	2,107	0
Budget and Management and DoIT	446	460	484	484	0
Retirement	205	213	210	210	0
General Services	578	578	582	582	0
Natural Resources	1,294	1,321	1,326	1,327	1
Agriculture	381	380	366	367	1
Labor, Licensing, and Regulation	1,604	1,603	1,528	1,531	3
MSDE and Other Education	1,938	1,940	1,957	1,963	6
Housing and Community Development	337	337	330	330	0
Commerce	217	208	194	194	0
Environment	936	939	913	913	0
Subtotal	13,158	13,223	13,046	13,067	22
Executive Branch Subtotal	50,599	50,579	49,992	50,167	175
Higher Education	25,516	25,632	25,906	25,906	0
Executive and Higher Education Subtotal	76,115	76,211	75,899	76,074	175
Judiciary	3,733	3,914	3,951	3,966	15
Legislature	749	749	749	749	0
Total	80,597	80,874	80,598	80,788	190

DoIT: Department of Information Technology
MSDE: Maryland State Department of Education

*Fiscal 2017 Working Appropriation reflects changes in higher education positions due to Board of Public Works action, and the creation and abolishment of positions due to flex authority of the institutions.

Source: Department of Budget and Management; Department of Legislative Services

Analysis of Vacancies and Turnover Rate
Fiscal 2017 Legislative Appropriation Compared to October 2016 Vacancies

<u>Department/Service Area</u>	<u>Positions</u>	<u>Turnover Rate</u>	<u>Vacancies to Meet Turnover</u>	<u>Vacancies</u>	<u>Vacancies Above (or Below) Turnover</u>
Health and Human Services					
Health and Mental Hygiene	6,183	6.8%	422	594	171
Human Resources	6,265	7.1%	443	524	81
Juvenile Services	1,999	7.2%	144	229	85
Subtotal	14,447	7.0%	1,009	1,347	337
Public Safety					
Public Safety and Correctional Services	10,956	4.7%	520	1,492	973
Police and Fire Marshal	2,436	4.2%	102	318	216
Subtotal	13,392	4.6%	622	1,810	1,189
Transportation	9,108	4.3%	390	682	291
Other Executive					
Legal (Excluding Judiciary)	1,473	5.4%	80	109	29
Executive and Administrative Control	1,577	4.7%	74	169	95
Financial and Revenue Administration	2,107	5.5%	116	224	108
Budget and Management and DoIT	484	3.5%	17	47	30
Retirement	210	5.0%	11	18	7
General Services	582	6.5%	38	59	21
Natural Resources	1,326	3.3%	44	98	54
Agriculture	366	6.6%	24	24	0
Labor, Licensing, and Regulation	1,528	3.7%	56	170	114
MSDE and Other Education	1,957	5.8%	114	170	56
Housing and Community Development	330	5.6%	18	30	12
Commerce	194	4.9%	10	24	14
Environment	913	7.0%	64	88	23
Subtotal	13,046	5.1%	666	1,229	563
Executive Branch Total	49,992	5.3%	2,687	5,067	2,380

DoIT: Department of Information Technology
MSDE: Maryland State Department of Education

Source: Department of Budget and Management; Department of Legislative Services

Employee and Retiree Health Insurance Account
Fiscal 2015-2018
(\$ in Millions)

	<u>2015</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>	<u>2017</u> <u>Working</u>	<u>2018</u> <u>Baseline</u>
Beginning Balance	\$215.4	\$60.0	\$149.4	\$161.2
Expenditures				
DBM Personnel Administrative Cost	\$19.0	\$14.6	\$17.5	\$17.5
Payments of Claims				
Medical	\$906.3	\$947.0	\$992.4	\$1,039.7
Rx	463.4	520.0	586.6	661.7
Dental	46.9	46.7	46.8	46.8
New Positions	0.0	0.0	0.0	4.6
Payments to Providers	\$1,416.7	\$1,513.8	\$1,625.7	\$1,752.8
Percent Growth in Payments	7.9%	6.9%	7.4%	7.8%
Receipts				
State Agencies	\$958.5	\$1,236.9	\$1,264.5	\$1,318.9
Employee Contributions	162.0	185.5	193.4	201.7
Retiree Contributions	78.4	91.4	93.1	97.2
Rx Rebates, Recoveries, and Other	81.4	104.0	104.0	104.0
Total Receipts	\$1,280.3	\$1,617.8	\$1,655.0	\$1,721.7
Percent Growth in Receipts	2.6%	26.4%	2.3%	4.0%
Ending Balance	\$60.0	\$149.4	\$161.2	\$112.6
Incurred But Not Received	-\$105.5	-\$105.5	-\$103.0	-\$103.0
Reserve for Future Provider Payments	-\$45.5	\$43.9	\$58.2	\$9.6

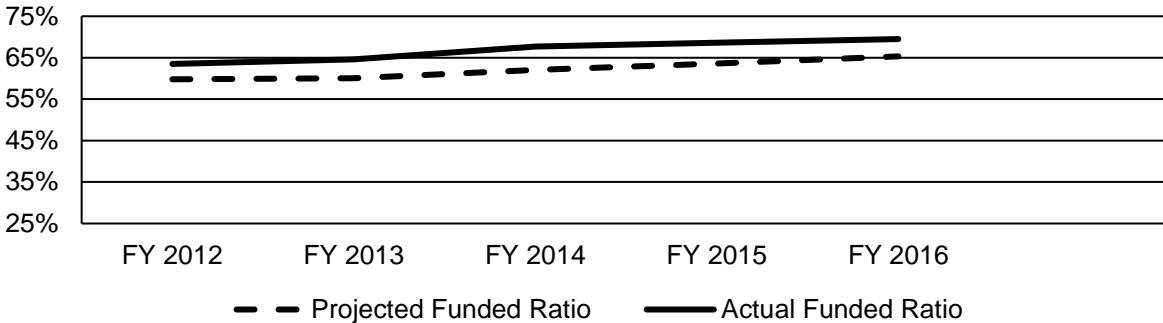
DBM: Department of Budget and Management

Rx: prescription drug

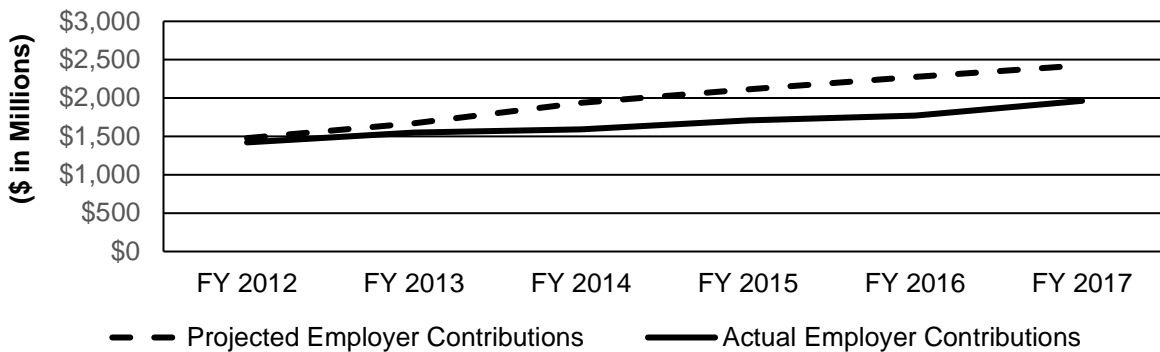
Source: Department of Budget and Management; Department of Legislative Services

State Retirement and Pension System Actual Performance Compared to Post-reform Estimate

Funded Status Fiscal 2012-2016



Total Employer Contributions Fiscal 2012-2017



- The funded ratio for the State Retirement and Pension System has remained consistently higher than was projected when pension reform was enacted in 2011, despite employer contributions being lower than was projected at the time.
- Although investment performance was favorable immediately after the reforms were adopted, the average annual investment return over the past five years has been below the 7.55% assumed rate of return, and, therefore, does not explain the favorable outcomes.

State Retirement and Pension System (cont.)

- Slow growth in liabilities has been largely responsible for favorable outcomes:
 - Rapid turnover in system membership has resulted in nearly one-third (29%) of teachers and employees being in the reformed pension plan;
 - Low inflation has kept cost-of-living adjustments very low (e.g., 0.1% in 2016); and
 - Salary base is not growing at the expected rate of 3.2% (0.8% from 2015 to 2016).
-

Funding Status and Contribution Update (\$ in Millions)

Funding Status as of June 30				
	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2015-16 % Change</u>
Actuarial Liabilities	\$58,027	\$61,414	\$62,751	2.2%
Actuarial Value of Assets	39,277	42,154	43,630	3.5%
Unfunded Actuarial Liabilities	\$18,750	\$19,260	\$19,121	-0.7%
Funded Ratio	67.7%	68.6%	69.5%	
 Employer Contributions				
	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018*</u>	<u>FY 2017-18 % Change</u>
Actuarial State Contribution	\$1,440	\$1,534	\$1,548	
Supplemental Contributions	75	150	125	
Total State Contribution	\$1,515	\$1,684	\$1,673	-0.7%
School Board Contributions	\$255	\$280	\$280	
Total Contributions	\$1,770	\$1,964	\$1,953	-0.6%

*Projected.

Note: Exhibit does not include assets and liabilities for participating governmental units.

Source: State Retirement Agency; Department of Legislative Services

State Retirement and Pension System (cont.)

- Liabilities are expected to continue to grow at a slow pace due to increasing retirement rates, low inflation, and fiscal constraints on salary growth.
 - More than \$2.0 billion in unrecognized investment losses will put increasing upward pressure on contribution rates over the next four years unless future performance helps offset those losses.
-

Five-year Recognition (Smoothing) of Actuarial Gains and Losses

	Valuation Date as of June 30 (\$ in Millions)					
	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Actual Investment Return	2.7%	1.2%				
Actuarial Gain/(Loss)	-\$2,243	-\$2,926				
Amount Recognized:						
Current Year	-\$449	-\$585				
One Year Ago	525	-449	-\$585			
Two Years Ago	198	525	-449	-\$585		
Three Years Ago	-558	198	525	-449	-\$585	
Four Years Ago	764	-558	198	525	-449	-\$585
Net Recognized for Valuation	\$480	-\$869	-\$311	-\$509	-\$1,034	-\$585

Transportation Trust Fund Forecast

Transportation Trust Fund Forecast Comparison Fiscal 2016-2021 v. Fiscal 2017-2022 Six-year Totals (\$ in Millions)

	<u>MDOT Final 2016-2021</u>	<u>MDOT Draft 2017-2022</u>	<u>Final- Draft Variance</u>	<u>DLS 2017-2022</u>	<u>MDOT/DLS Variance</u>
Revenues					
Taxes and Fees					
Motor Vehicle Fuel Taxes	\$7,424	\$7,018	-\$406	\$6,785	-\$233
Titling Taxes	5,423	5,545	122	5,557	12
Sales Tax – Rental Vehicles	207	215	9	215	0
Corporate Income Tax	1,051	1,066	15	1,066	0
Registration Fees	2,322	2,378	56	2,378	0
Miscellaneous Motor Vehicle Fees	1,835	1,864	29	1,864	0
Subtotal – Taxes and Fees	\$18,262	\$18,086	-\$175	\$17,865	-\$221
Other Revenues					
Operating Revenues	\$2,851	\$2,820	-\$31	\$2,820	\$0
Federal Operating Assistance	582	582	0	582	0
Bond Proceeds/Premiums	3,470	3,665	195	2,735	-930
Other	526	488	-38	488	0
Change in Fund Balance	119	-12	-131	-24	-12
Subtotal – Other Revenues	\$7,548	\$7,543	-\$5	\$6,601	-\$942
Total Revenues	\$25,810	\$25,629	-\$180	\$24,467	-\$1,163
Expenditures					
Debt Service	\$2,014	\$2,351	\$337	\$2,181	-\$171
Operating Budget	12,085	12,539	454	13,127	588
Deductions to Other Agencies	406	415	9	415	0
HUR and Local Grants	1,844	1,857	13	1,847	-10
State Capital Program	9,461	8,467	-994	6,897	-1,569
Total Expenditures	\$25,810	\$25,629	-\$181	\$24,467	-\$1,163

DLS: Department of Legislative Services
HUR: Highway User Revenues
MDOT: Maryland Department of Transportation

Transportation Trust Fund Forecast (cont.)

Observations

- The six-year State capital program in the Maryland Department of Transportation (MDOT) draft fiscal 2017-2022 Transportation Trust Fund (TTF) forecast is \$994 million lower than its prior year six-year program. Lower estimated motor fuel tax revenue is only partially offset by increases in other revenue estimates and higher bond issuances with revenue down \$180 million between the two forecasts. Additional spending, particularly for debt service (\$337 million) and departmental operations (\$454 million), is the primary cause of the reduction in the capital program.
- The Department of Legislative Services (DLS) fiscal 2017-2022 TTF forecast indicates that the State capital program in the MDOT draft forecast is still oversubscribed by \$1.6 billion caused by the following:
 - Additional spending for departmental operations accounts for \$588 million of the reduction. The DLS forecast inflates out-year operational spending by the five-year average annual rate of increase through fiscal 2016. The budget committees instructed MDOT to use the five-year rate of change in its out-year operating projections but it chose not to do so;
 - Lower motor fuel tax revenues account for a further \$233 million of the reduction to the capital program. The largest difference between DLS and MDOT in this area is the estimate of the number of gallons that will be sold during the forecast period; and
 - Bond issuances in the DLS forecast are \$930 million less than in the MDOT forecast. The reduction is necessary to maintain the net income to debt service coverage ratio of 2.5 that MDOT has adopted as its administrative policy (bond covenants require a minimum of 2.0 coverage.) If legislation is enacted increasing the amount of Highway User Revenues going to local governments, additional reductions to planned bond issuances will need to be made in order to maintain the minimum debt service coverage ratio.

Draft Consolidated Transportation Program

- The draft fiscal 2017 to 2022 *Consolidated Transportation Program* (CTP) reflects \$1.3 billion less in capital spending over the six-year period compared to the previous six-year plan. This results from the lower revenues and higher spending discussed previously.
-

Comparison of Six-year Capital Spending by Fund Source

Fiscal 2016-2022
(\$ in Millions)

	<u>2016-2021 CTP</u>	<u>Draft 2017-2022 CTP</u>	<u>Change</u>	<u>% Change</u>
Special Funds	\$9,535.1	\$8,397.3	-\$1,137.8	-11.9%
Federal Funds	4,956.5	4,968.1	11.6	0.2%
Other Funds*	1,213.8	1,080.4	-133.4	-11.0%
Total Funds	\$15,705.4	\$14,445.8	-\$1,259.6	-8.0%

CTP: *Consolidated Transportation Program*

*Other Funds include funds from customer and passenger facility charges and certain types of federal aid that do not pass through the Transportation Trust Fund.

Source: Maryland Department of Transportation 2016-2021 final CTP, 2017-2022 draft CTP

- Just over 60% of the reduction is in State Highways with most of the reductions occurring in the categories of major projects (-\$332.7 million) and system preservation (-\$375.9 million). This represents a 9.1% decrease in highway spending compared with the prior year six-year program. Even with the reductions, State highway capital spending accounts for almost 53.0% of the six-year program.

Draft Consolidated Transportation Program (cont.)

Comparison of Six-year Capital Spending by Mode Fiscal 2016-2022 (\$ in Millions)

	<u>2016-2021 CTP</u>	<u>Draft 2017-2022 CTP</u>	<u>Change</u>	<u>% Change</u>
Administration	\$334.0	\$246.3	-\$87.7	-26.3%
WMATA	1,581.3	1,583.8	2.5	0.2%
State Highways	8,363.6	7,606.1	-757.5	-9.1%
Port	909.1	852.0	-57.1	-6.3%
Motor Vehicle	133.8	125.1	-8.7	-6.5%
Mass Transit	3,744.1	3,620.4	-123.7	-3.3%
Airport	639.0	412.2	-226.8	-35.5%
Total	\$15,704.9	\$14,445.9	-\$1,259.0	-8.0%

CTP: *Consolidated Transportation Program*

WMATA: Washington Metropolitan Area Transit Authority

Source: Maryland Department of Transportation 2016-2021 final CTP, 2017-2022 draft CTP

- The largest decrease on a percentage basis occurs in the Maryland Aviation Administration, which sees a 35.5% decrease in its six-year program due to the completion of several large projects located at the Baltimore-Washington International Thurgood Marshall Airport, such as the connector between concourses D and E and the Runway Safety Area, Standards, and Pavement Improvements (Phases 2 through 4).
- Although the Maryland Department of Transportation has reserved \$761 million in the draft Transportation Trust Fund forecast to increase the amount of Highway User Revenues going to local governments, the draft CTP does not show these funds as capital spending. It is unclear how the Administration plans to implement its proposed increase in local transportation aid.

State Debt Policy

Capital Debt Affordability Committee Recommends Decreasing Authorizations

- The Capital Debt Affordability Committee (CDAC) reviews State debt policy each year and issues a recommendation for the following legislative session by October 1. CDAC voting members are the State Treasurer, Comptroller, Secretary of Budget and Management, Secretary of Transportation, and an individual appointed by the Governor. The chairs of the Senate Budget and Taxation and House Appropriations capital budget committees are also on the committee.
- CDAC recommends authorizing \$995 million in general obligation (GO) bonds for the fiscal 2018 capital program. For planning purposes, the committee also recommends maintaining annual expenditures at \$995 million through fiscal 2026.

State Debt Is within Affordability Ratios

- CDAC's policy is that State tax-supported debt outstanding should not exceed 4.0% of Maryland personal income, and State tax-supported debt service payments should not exceed 8.0% of State revenues.
- The proposed level of GO bond authorizations are affordable. However, the State is closer to breaching these ratios than it was one year ago. The debt ratio and revenues are inversely related. The September write-down of general fund revenues increased the debt service ratio so that it peaks at 7.78%.

State Affordability Ratios Fiscal 2017-2022

<u>Fiscal Year</u>	<u>Debt Outstanding not to Exceed 4% of Personal Income</u>	<u>Debt Service not to Exceed 8% of Revenues</u>
2017	3.54%	7.59%
2018	3.50%	7.78%
2019	3.43%	7.78%
2020	3.31%	7.60%
2021	3.19%	7.54%
2022	3.07%	7.54%

State Debt Policy (cont.)

Annuity Bond Fund Forecast Fiscal 2017-2022 (\$ in Millions)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Special Fund Revenues						
State Property Tax Receipts	\$780	\$799	\$808	\$816	\$825	\$834
Bond Sale Premiums ¹	50	49	3	0	0	0
Other Revenues	3	3	3	3	3	3
Prior Year Balance	209	151	1	1	1	1
Subtotal Special Fund Revenues	\$1,042	\$1,002	\$816	\$821	\$829	\$838
General Funds	\$283	\$231	\$477	\$501	\$515	\$544
Transfer Tax Special Funds	7	7	7	7	7	7
Federal Funds	11	11	11	11	10	9
Total Revenues	\$1,343	\$1,251	\$1,311	\$1,340	\$1,361	\$1,399
Debt Service Expenditures	\$1,192	\$1,250	\$1,310	\$1,339	\$1,359	\$1,397
ABF End-of-year Fund Balance	\$151	\$1	\$1	\$1	\$1	\$1

ABF: Annuity Bond Fund

¹Estimated bond sale premiums total \$49.7 million in March 2017, \$25.5 million in summer 2017, \$23.1 million in March 2018, and \$3.0 million in summer 2018.

Source: Department of Legislative Services, October 2016

- From fiscal 2017 to 2022, total debt service costs increase 3.2% annually. State property tax revenues increase 1.4% annually.
- Fiscal 2018 begins with a \$151 million fund balance, which can be used to reduce the general fund appropriation.
- From fiscal 2019 to 2022, general fund appropriations are expected to increase 4.5% annually.
- If interest rates remain low throughout the forecast period, the Department of Legislative Services projects that the bond sales would generate upwards of \$90 million in premiums per year, which offsets the general fund appropriation correspondingly.

State Debt Policy (cont.)

Effect of Increasing Authorizations by 1% Annually (\$ in Millions)

Fiscal Year	Authorization	Additional Debt Service	Debt Service to Revenues	Debt Outstanding to Personal Income
2017	\$995	\$0	7.59%	3.54%
2018	1,005	0	7.78%	3.50%
2019	1,015	0	7.78%	3.43%
2020	1,025	1	7.60%	3.32%
2021	1,035	2	7.55%	3.21%
2022	1,045	4	7.56%	3.09%

Effect of Increasing Authorizations to 2015 SAC Level (\$ in Millions)

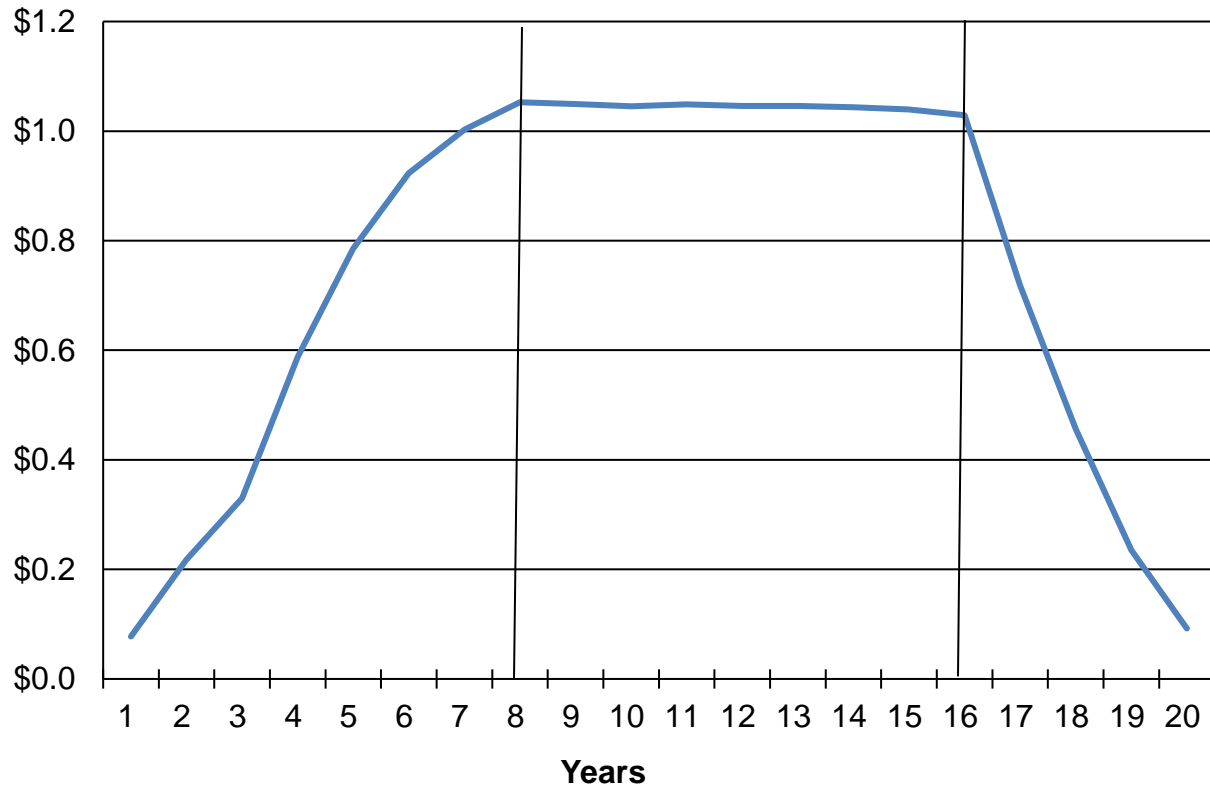
Fiscal Year	Authorization	Additional Debt Service	Debt Service to Revenues	Debt Outstanding to Personal Income
2017	\$995	\$0	7.59%	3.54%
2018	1,065	1	7.78%	3.51%
2019	1,075	2	7.79%	3.44%
2020	1,085	5	7.62%	3.34%
2021	1,095	9	7.58%	3.24%
2022	1,105	16	7.60%	3.14%

SAC: Spending Affordability Committee

- State property tax revenues are projected to increase 1.4% annually in the Annuity Bond Fund forecast.

State Debt Policy (cont.)

**Total Cost of Authorizing \$10 Million in Bonds
(\$ in Millions)**



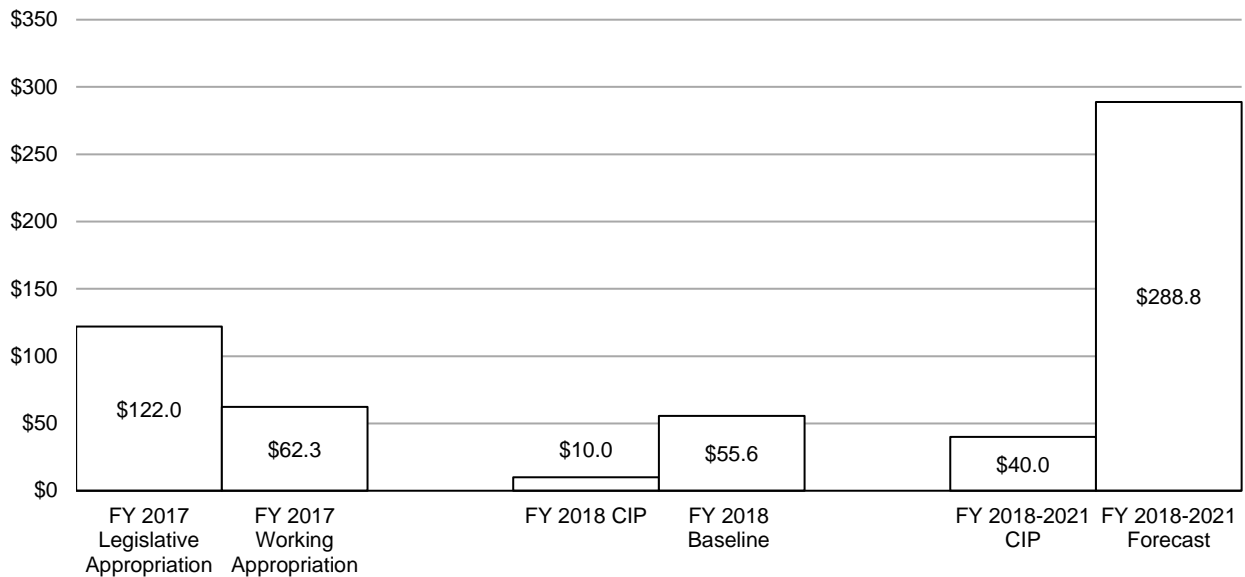
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- Debt service costs peak at \$1.05 million in the eighth year and remain at about \$1.0 million until the costs begin declining in the seventeenth year.
 - The slow increase in debt service costs is attributable to:
 - State policy to pay only debt service in the first two years after bonds are issued; and
 - State policy to issue bonds when the cash flow is needed, so that all bonds are not issued in the first year after the authorization. CDAC assumes that 31% of bonds are issued in the first year, 25% in the second year, 20% are issued in the third year, 15% are issued in the fourth year, and 9% are issued in the fifth year.

Capital Program

General Fund Pay-as-you-go Outlook

- The Board of Public Works (BPW) approved reductions and the Administration’s decision to not appropriate general funds restricted in the State Reserve Fund reduce general fund support for the fiscal 2017 capital program from \$122.0 million to \$62.3 million.
- Commitments made in the 2016 session are forecasted to require significantly more general fund pay-as-you-go (PAYGO) than currently programmed for fiscal 2018 and through the planning period covered by the 2016 Capital Improvement Program (CIP).
- The Board of Revenue Estimates (BRE) recent downward revision in general fund revenue estimates for fiscal 2017 and 2018 could constrain general fund support of the capital program in the near term. To the extent that general obligation (GO) bonds are considered a source of replacement funds for fiscal 2017 reductions and future commitment, this presents another pressure on the already strained GO bond portion of the capital program.

General Fund PAYGO
Fiscal 2017 Legislative Appropriation and Working Appropriation;
Fiscal 2018 Baseline and Fiscal 2018 CIP; Fiscal 2018-2021 CIP and Forecast
(\$ in Millions)



CIP: *Capital Improvement Program*
 PAYGO: *pay-as-you-go*

Note: The fiscal 2017 legislative and working appropriations reflect new general obligation bond authorizations.

Source: 2016 capital budget bills; 2016 CIP; Department of Legislative Services general fund forecast and fiscal 2018 baseline budget

Capital Program (cont.)

- Restricted State Reserve Fund General Fund PAYGO:** At the 2016 session, the legislature restricted \$42.9 million available in the State Reserve Fund to be used only to fund specified capital programs and projects in fiscal 2017. Shortly after the conclusion of the 2016 session, the Administration announced that the restricted funds would not be appropriated. At the time, the Administration advised that a portion of the withheld funds would be replaced but provided no detail as to the timing or fund source.

Status of Restricted PAYGO General Funds in Reserve Fund Fiscal 2017 (\$ in Millions)

<u>Program</u>	<u>Fiscal 2017 General Assembly</u>	<u>Fiscal 2017 Governor</u>	<u>Fiscal 2018 Replacement Governor</u>
BPW: Facilities Renewal Program	\$15.000	\$0	\$15.000
DoIT: Public Safety Communication System	9.190	0	9.190
DPSCS: Demolition of Baltimore City Correctional Complex	6.581	0	0
MSDE: Aging Schools Program	6.109	0	0
MDA: Agricultural Cost Share Program	6.000	0	6.000
Total	\$42.880	\$0	\$30.190

BPW: Board of Public Works
 DoIT: Department of Information Technology
 DPSCS: Department of Public Safety and Correctional Services
 MDA: Maryland Department of Agriculture
 MSDE: Maryland State Department of Education
 PAYGO: pay-as-you-go

Note: The Administration advised that \$30.2 million would be made available as replacement funds but no detail has been provided concerning the timing or fund source. To the extent the recent Board of Revenue Estimates downward revision in general fund revenue estimates for fiscal 2017 and 2018 constrains the use of general funds to support the capital program, general obligation bonds could be a source of replacement funds.

Source: Department of Budget and Management

- BPW's November 2016 Action Reduces Fiscal 2017 General Fund PAYGO:** The general fund portion of the fiscal 2017 capital program is also reduced by \$16.8 million, consisting of \$7.0 million from the Department of Housing and Community Development and a \$9.8 million reversion from the Maryland Department of the Environment (MDE). The Administration indicates that it plans to replace only the MDE general fund reduction with taxable GO bonds in the capital budget submitted at the 2017 session.

Capital Program (cont.)

Status of Withdrawn Fiscal 2017 General Fund PAYGO (\$ in Millions)

<u>Program</u>	<u>Fiscal 2017 General Assembly</u>	<u>Fiscal 2017 Governor</u>	<u>Fiscal 2018 Replacement Governor</u>
DHCD: Neighborhood Business Development Program	\$3.400	\$2.900	\$0
DHCD: Community Legacy Program	3.905	2.905	0
DHCD: Rental Housing Program	10.000	9.000	0
DHCD: Housing Programs	8.500	7.600	0
DHCD: Special Loan Programs	2.100	0	0
DHCD: Partnership Rental Housing Program	6.000	5.000	0
DHCD: Housing and Building Energy Program	1.000	.500	0
MDE: Water Quality Revolving Loan Program	6.792	0	6.792
MDE: Drinking Water Revolving Loan Program	3.003	0	3.003

DHCD: Department of Housing and Community Development
MDE: Maryland Department of the Environment
PAYGO: pay-as-you-go

Source: Department of Budget and Management

- General Fund PAYGO Forecast – Commitments Exceed Programmed Resources:** General fund PAYGO commitments made in the 2016 session would require \$55.6 million in fiscal 2018 compared to the \$10.0 million currently programmed in the 2016 CIP. From an out-year perspective, these same commitments would require a total of \$288.9 million through fiscal 2021 while only \$40.0 million is currently programmed.

Capital Program (cont.)

General Fund PAYGO CIP Compared to Forecast Fiscal 2018-2021 (\$ in Millions)

<u>Program</u>	<u>2018-2021 CIP</u>	<u>2018-2021 Forecast</u>
MDP: Sustainable Communities Tax Credit	\$36.000	\$36.000
DNR: Program Open Space – Transfer Tax Repayment		114.722
DHCD: Neighborhood Revitalization (CORE)		54.125
DHCD: Baltimore Regional Neighborhood Initiative		48.000
DHCD: Seed Community Development Anchor Institution Fund		20.000
DHCD: Shelter and Transitional Housing Program		12.000
MDE: Hazardous Substance Cleanup Program	4.000	4.000
Total	\$40.000	\$288.847

CIP: *Capital Improvement Program*

DHCD: Department of Housing and Community Development

DNR: Department of Natural Resources

MDE: Maryland Department of the Environment

MDP: Maryland Department of Planning

PAYGO: pay-as-you-go

Note: The Department of Legislative Services general fund forecast assumes that general funds would be used to meet the new commitments made in the 2016 session consistent with information provided by the Administration in the 2016 session and with legislation establishing each mandate in the 2016 session. Each item is a candidate for general obligation bond funding to the extent general funds to support the capital program are constrained.

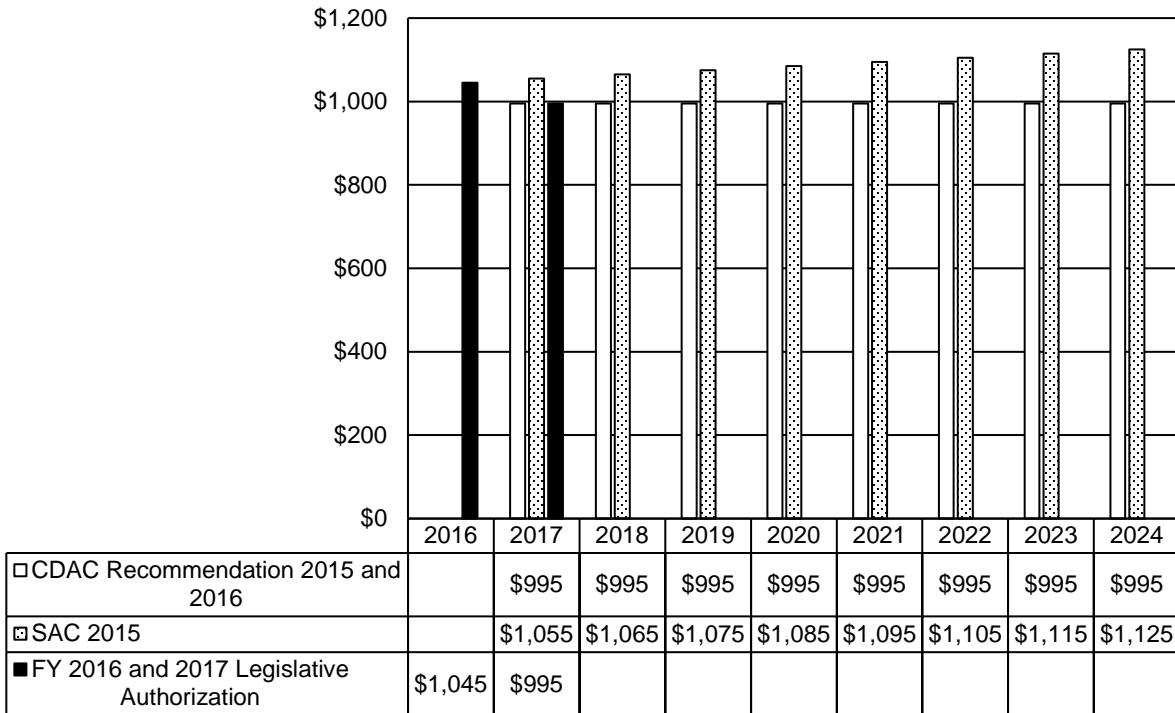
Source: Department of Legislative Services general fund forecast and fiscal 2018 baseline budget estimate

The Capital Debt Affordability Committee Recommends Keeping New GO Bond Authorizations at \$995 Million

The October 2016 Capital Debt Affordability Committee's (CDAC) recommendation would keep new GO authorizations at \$995 million annually through the planning period and continues the policy of scaled back annual authorizations. The 2015 Spending Affordability Committee (SAC) recommendation, recognizing the need to address the increasing reliance on general funds for debt service, established a limit on new GO bond authorizations that increased by 1% on a year-over-year basis. This moderate growth rate limits increases in GO bond authorizations to projected State property tax revenue increases. Since general funds and other State revenues are projected to increase at an annual rate in excess of 1%, the SAC recommendation reduces the ratio of debt service to revenues in the out-years.

Capital Program (cont.)

2015 and 2016 CDAC and 2015 SAC Recommended GO Bond Authorization Levels Fiscal 2016-2024 (\$ in Millions)



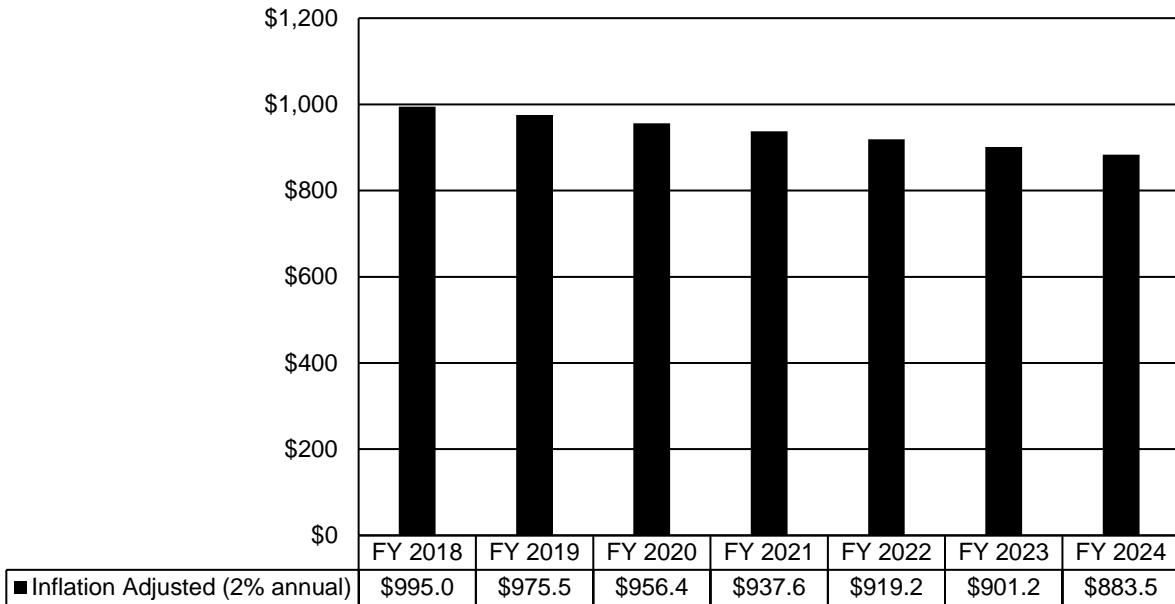
CDAC: Capital Debt Affordability Committee
 GO: general obligation
 SAC: Spending Affordability Committee

Source: 2015 and 2016 CDAC report; 2015 SAC report

- CDAC's 2016 recommendation does not include the customary 3% annual inflation adjustment. Without annual adjustments to account for the effects of inflation in the construction market, CDAC's proposed level of annual out-year authorization is diminished.

Capital Program (cont.)

CDAC Proposed New GO Bond Authorization Levels – Inflation Adjusted Fiscal 2018-2024 (\$ in Millions)



CDAC: Capital Debt Affordability Committee
GO: general obligation

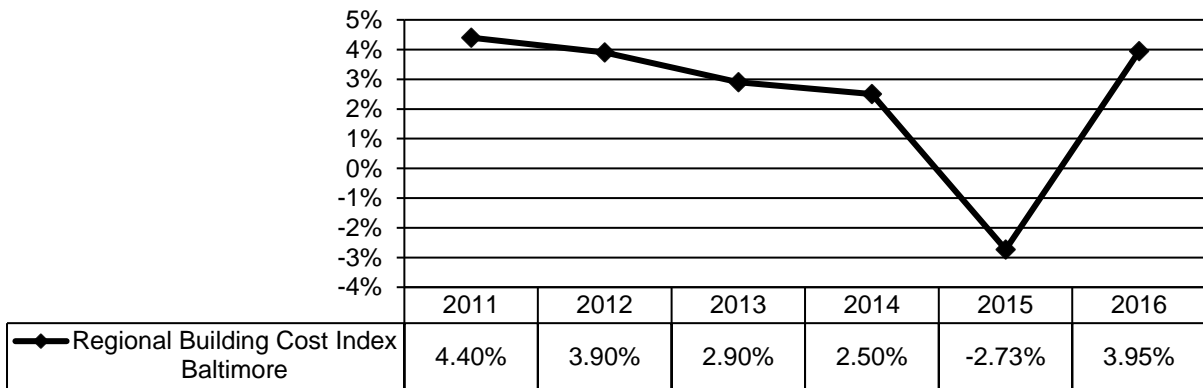
Note: CDAC policy of 3% annual growth in new GO bond authorizations reflects policy of 2% construction inflation and 1% population growth.

Source: 2016 CDAC report

Capital Program (cont.)

- Year-over-year construction inflation ranged from 4.4% in calendar 2011 to 2.5% in calendar 2014. This measure declined precipitously to negative 2.73% in calendar 2015 attributed to a sharp decline in crude oil prices. Through September 2016, a tight construction labor market and wage increases brought about a steady increase of 3.95% relative to calendar 2015 measures. Overall, from calendar 2011 through the first nine months of 2016, regional construction inflation has increased at an average annual rate of 1.9%.
-

Annual Construction Cost Inflation Calendar 2011-2016



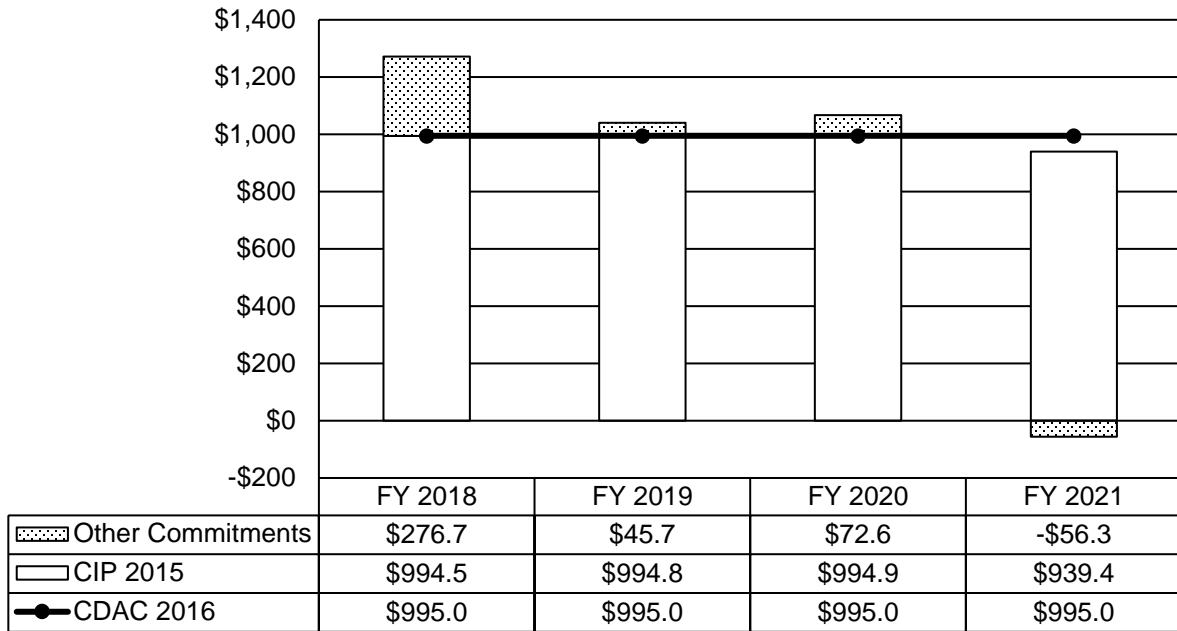
Source: Engineering News-Record Building and Construction Cost Indexes – City Cost Index Baltimore City

Capital Program (cont.)

CDAC Recommended GO Bond Authorization Levels Are Insufficient to Meet the Commitments and Provide a Source of Replacement Funds

Capital commitments made in the 2016 session and other commitments that would use GO bonds as a source of replacement funds for withdrawn fiscal 2017 PAYGO general funds exceed the levels of GO bonds currently programmed and recommended in the forecast period covered by the 2016 CIP.

GO Bond Commitments Made in 2016 Session Exceed Programmed Authorization Levels Fiscal 2018-2021 (\$ in Millions)



CDAC: Capital Debt Affordability Committee
 CIP: *Capital Improvement Program*
 GO: general obligation

Source: 2016 CIP; 2016 Capital Budget Bill

Capital Program (cont.)

- Commitments Exceed Programmed GO Bond Authorization Levels:** These additional commitments include mandates established through legislation, capital programs and projects accelerated by the Administration and the General Assembly, preauthorization of projects not already included in the CIP, expressions of legislative intent through budget language, and replacement funds for BPW withdrawn appropriations. The impact these commitments could have on the fiscal 2018 capital budget depends upon how the Administration intends to treat each individual item but the estimated impact is approximately \$276.6 million above what the CIP could accommodate in fiscal 2018 under the \$995.0 million limit recommended by CDAC. This delta increases to a total of \$338.6 million through fiscal 2021, the planning period covered by the 2016 CIP. Approximately \$332.3 million in fiscal 2018 and a total of \$627.5 million through fiscal 2021 would be needed above programmed GO bond authorization levels should GO bonds be used as a source of replacement funds for withdrawn fiscal 2017 PAYGO general funds and commitments made in the 2016 session forecasted to require the use of general funds.

Commitments Made in 2016 Session Exceed Programmed General Obligation Bond Authorization Levels

Fiscal 2018-2021
(\$ in Thousands)

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
Projects Accelerated/Deferred	\$148,190	-\$51,500	-\$31,200	-\$111,300
Projects Preauthorized	27,200	30,400	48,800	0
Bond Replacement BPW Reductions and Reserve Fund	30,795	0	0	0
Mandates	20,000	28,000	20,000	20,000
Expressions of Intent	23,750	23,750	20,000	20,000
Legislative and Administrative Local Initiatives	26,725	15,000	15,000	15,000
Subtotal	\$276,660	\$45,650	\$72,600	-\$56,300
Potential Bond Replacement for General Fund PAYGO	\$55,625	\$79,500	\$51,000	\$102,772
Total	\$332,285	\$125,150	\$123,600	\$46,472

BPW: Board of Public Works

PAYGO: pay-as-you-go

Note: Estimated out-year funding impacts for accelerated projects assume that items will be funded in useable phases such that no gaps exist in estimated project delivery timelines. Estimates for deferred projects reflect one-year deferral and funding in useable phases such that no gaps exist in the timing of funding and project delivery.

Source: 2016 *Capital Improvement Program*; Department of Legislative Services

Baseline Budget Position Changes Assumptions

Workload Adjustments

- A net of 275 positions are created in higher education in fiscal 2017. Using flex authority, the institutions created 445 new positions, converted 72 positions, and abolished 128 positions. In addition, the Board of Public Works abolished 101 positions in the University System of Maryland and 12 positions in Morgan State University on November 2, 2016.
- 15 positions for 6 judges and new staff at the Judiciary are added in fiscal 2018, consistent with the judges' certification of need plan.
- 2 positions in the Department of Planning for an Administrator and Horticulturalist for the Jefferson Patterson Park and Museum are added in fiscal 2018.

Positions Associated With Legislation

Positions Anticipated But Not Yet Created in Fiscal 2017

- 13 positions in the Department of Public Safety and Correctional Services (DPSCS) for the Maryland Police Training Standards Commission to carry out additional responsibilities required by the Public Safety and Policing Workgroup (Chapter 519 of 2016).
- 11 positions in the Department of Human Resources (DHR) to transfer all the functions, powers, and duties of the child support unit of the Carroll County State's Attorney's Office (Chapter 53 of 2016).
- 6.5 positions in the Motor Vehicle Administration to handle increased workload from the expansion of circumstances under which a participation in the Ignition Interlock System Program is required. This expansion requires 5.5 customer agents and 1.0 administrative support staff to facilitate new program participants (Chapter 512 of 2016).
- 6 positions in the Maryland Department of Transportation to hire additional staff needed to develop a project-based scoring system for transportation projects and use the system to evaluate major transportation projects; new staff includes 3 prioritization coordinators, 2 economic modelers, and 1 geographic information systems specialist (Chapter 36 of 2016).

Baseline Budget Position Changes Assumptions (cont.)

- 3 positions for the Department of Health and Mental Hygiene to develop and implement an outreach and education plan regarding mandatory registration of certain prescribers and all pharmacists with the Prescription Drug Monitoring Program by July 1, 2017; new staff includes a database specialist and 2 administrative officers, primarily to ensure data quality and enforce mandates (Chapter 147 of 2016).
- 2 positions in the Governor's Office of Minority Affairs to carry out expanded responsibilities for the Small Business Reserve Program, including developing and maintaining a directory of small business owners (Chapter 119 of 2016).
- 2 positions in the Governor's Office of Service and Volunteerism, within the Governor's Office of Community Initiatives, to support the Maryland Corps Program's Board of Directors (Chapter 654 of 2016).
- 2 positions in the Maryland Insurance Administration to monitor and enforce compliance of network directory requirements, which will be established by the Insurance Commissioner by December 31, 2017 (Chapter 309 of 2016).
- 1 position in the State Board of Elections to work with and process information received from agencies establishing electronic voter registration systems (Chapter 287 of 2016).
- 1 position in the Department of Natural Resources to hire a biologist to support a program to control the spread of black flies in the State (Chapters 584 and 585 of 2016).
- 0.5 position in the Maryland State Department of Education (MSDE) to hire a half-time specialist to research and develop a data collection system to determine the effectiveness of community partnered school behavioral health service programs (Chapters 213 and 214 of 2016).

Baseline Budget Position Changes Assumptions (cont.)

Positions Assumed in Fiscal 2018

- 104 positions in DPSCS to implement various provisions of the Justice Reinvestment Act, including 84 positions in the Division of Correction for expanded inmate requirements, 14 positions in the Division of Parole and Probation to implement provisions to issue certificates of rehabilitation, and 6 positions in the Maryland Parole Commission to implement provisions for administrative release orders (Chapter 515 of 2016).
- 10 positions in DHR to transfer all the functions, powers, and duties of the child support unit of the Charles County State's Attorney's Office (legislation pending).
- 5 positions in the Office of the Attorney General to handle cases filed under the provisions of the Maryland False Claims Act (Chapters 165 of 2015).
- 4 positions at the Maryland Higher Education Commission to process and approve applications for a new tax credit for individuals who have incurred \$20,000 or more in undergraduate student loan debt and have at least \$5,000 in outstanding undergraduate debt (Chapters 689 and 690 of 2016).
- 1 position in the Maryland Department of Agriculture to hire an inspector to enforce new restrictions on the sale of neonicotinoid pesticides (Chapters 661 and 662 of 2016).
- 1 position in MSDE for an education program specialist to oversee the Next Generation Scholars of Maryland Program (formerly the College Readiness Outreach Program (Chapter 33 of 2016).

Contractual Full-time Equivalent Positions Changes Fiscal 2015 Actual to Fiscal 2018 Baseline

<u>Department/Service Area</u>	<u>2015 Actual</u>	<u>2016 Working</u>	<u>2017 Leg. Approp.</u>	<u>2018 Baseline</u>	<u>2017-2018 Change</u>
Health and Human Services					
Health and Mental Hygiene	385	440	429	429	0
Human Resources	136	74	74	74	0
Juvenile Services	159	142	142	142	0
Subtotal	680	656	645	645	0
Public Safety					
Public Safety and Correctional Services	266	367	364	366	2
Police and Fire Marshal	28	70	66	66	0
Subtotal	293	437	431	433	2
Transportation	40	41	41	49	8
Other Executive					
Legal (Excluding Judiciary)	42	61	50	42	-8
Executive and Administrative Control	210	193	184	184	0
Financial and Revenue Administration	54	47	51	51	0
Budget and Management and DoIT	14	11	13	13	0
Retirement	16	10	10	10	0
General Services	24	25	24	24	0
Natural Resources	361	447	423	426	3
Agriculture	39	45	44	44	0
Labor, Licensing, and Regulation	191	290	144	145	1
MSDE and Other Education	295	295	271	272	1
Housing and Community Development	51	71	72	72	0
Commerce	18	18	20	20	0
Environment	28	60	41	41	0
Subtotal	1,342	1,570	1,346	1,343	-3
Executive Branch Subtotal	2,356	2,704	2,462	2,469	7
Higher Education	7,006	6,568	6,650	6,650	0
Executive and Higher Education Subtotal	9,362	9,271	9,112	9,119	7
Judiciary	431	333	329	335	6
Legislature	0	0	0	0	0
Total	9,793	9,604	9,441	9,454	13

DoIT: Department of Information Technology
MSDE: Maryland State Department of Education

Source: Department of Budget and Management; Department of Legislative Services

Transportation Trust Fund Closeout
Comparison of Fiscal 2016 Projected and Actual Revenues and Expenditures
(\$ in Millions)

	Projected 2016	Actual 2016	Variance
Starting Fund Balance	\$269	\$269	\$0
Revenues			
Motor Fuel Taxes	\$1,046	\$1,018	-\$28
Titling Taxes	855	860	5
Sales Tax – Rental Vehicles	31	31	0
Corporate Income, Registrations, and Misc. Motor Vehicle Administration Fees	845	864	19
Maryland Department of Transportation (MDOT) Operating Revenues (MD Aviation Admin., MD Port Admin., and MD Transit Admin.)	441	437	-4
Other Receipts and Adjustments	64	120	56
Bond Proceeds and Premiums	450	325	-125
Total Revenues	\$3,732	\$3,655	-\$77
Uses of Funds			
MDOT Operating Expenditures	\$1,766	\$1,830	\$64
MDOT Capital Expenditures	1,607	1,472	-135
MDOT Debt Service	264	259	-5
Highway User Revenues	176	177	1
Other Expenditures	63	60	-3
Total Expenditures	\$3,876	\$3,798	-\$78
Ending Fund Balance	\$125	\$126	\$1

- The fiscal 2016 ending fund balance of \$126 million was just \$1 million over the target ending balance.
- Overall, nonbond-related revenues exceeded projections by \$48 million. Bond sales were \$150 million below projections reflecting reduced cash flow needs and receipt of \$25 million in bond premiums.
- Spending was a net of \$78 million less than estimated. Increases related to winter maintenance, and other department operations were offset by decreased capital spending due to project cash flow needs; reduced highway system preservation funding to cover winter maintenance costs; and decreased special fund spending on the Purple Line due to spending federal funds first and delayed spending due to the legal challenge to the project.

Commitment Exceed Programed Resources

	<u>FY 2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>
Projects Accelerated/Deferred				
DoIT: Public Safety Communication System	\$9.190			
Morgan State University: Student Services Support Building	13.700	\$36.500	-\$18.000	-\$37.500
UMES: School of Pharmacy	3.700	27.800	34.800	-31.300
USM: Biomedical Sciences and Engineering Education Facility	88.000	6.000	-16.000	-122.500
UMBC: Interdisciplinary Life Science Building	50.000	6.500	-65.400	
Department of State Police: New Cumberland Barrack	4.300	-0.200	-4.600	
DPSCS: Demolition of Buildings at the Baltimore City Correctional Complex		16.900		
DPSCS: New Baltimore Justice Center	-20.700	-145.000	38.000	80.000
Subtotal	\$148.190	-\$51.500	-\$31.200	-\$111.300
Projects Preauthorized				
UMCP: New School of Public Affairs	\$3.000	\$17.000		
DHMH: Rosewood Environmental Abatement	10.000	5.000		
Coppin State University: Percy Julian Science Renovation	1.300	0.300	\$19.400	
FSU: Education Professions and Health Sciences Center	2.400	-2.400	29.400	
Misc: Strathmore Hall Performing Arts Center	3.000	3.000		
Misc: Downtown Frederick Hotel and Conference Center	7.500	7.500		
Subtotal	\$27.200	\$30.400	\$48.800	\$0.000
Bond Replacement BPW Reductions and Reserve Fund				
BPW: Facilities Renewal Program	\$15.000			
Maryland Department of Agriculture: Agricultural Cost Share Program	\$6.000			
MDE: Water Quality Revolving Loan Program	6.792			
MDE: Drinking Water Revolving Loan Program	3.003			
Subtotal	\$30.795	\$0.000	\$0.000	\$0.000
Mandates				
PSCP: Supplemental Capital Grant for Local School Systems	\$20.000	\$20.000	\$20.000	\$20.000
Misc: Prince George's County Regional Hospital		8.000		
Subtotal	\$20.000	\$28.000	\$20.000	\$20.000
Expressions of Intent				
Misc: Sheppard Pratt at Elkridge	\$3.750	\$3.750		
MHEC: Community College Construction Grant Program	20.000	20.000	\$20.000	\$20.000
Subtotal	\$23.750	\$23.750	\$20.000	\$20.000
Legislative and Administrative Local Initiatives				
Legislative Bond Bills	\$15.000	\$15.000	\$15.000	\$15.000
Administrative Local Initiative	11.725			
Subtotal	\$26.725	\$15.000	\$15.000	\$15.000
Total	\$276.660	\$45.650	\$72.600	-\$56.300

BPW: Board of Public Works
DHMH: Department of Health and Mental Hygiene
DoIT: Department of Information Technology
DPSCS: Department of Public Safety and Correctional Services
FSU: Frostburg State University
MDE: Maryland Department of the Environment
MHEC: Maryland Higher Education Commission
PSCP: Public School Construction Program
UMBC: University of Maryland Baltimore County
UMCP: University of Maryland, College Park
UMES: University of Maryland Eastern Shore
USM: University System of Maryland

Note: Estimated out-year funding impacts for accelerated projects assume that items will be funded in useable phases such that no gaps exists in estimated project delivery timelines. Estimates for deferred projects reflect one-year deferral and funding in useable phases such that no gaps exists in the timing of funding and project delivery.