
Fiscal Briefing

**Department of Legislative Services
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The Governor's Fiscal 2017 Plan

Quick Look at Fiscal 2017 Budget

- The Governor's proposed budget of \$42.3 billion represents a \$2.0 billion (4.9%) increase over the revised fiscal 2016 spending plan. General fund spending increases \$848.0 million (5.2%) to \$17.1 billion.
- Proposed spending is about \$100.0 million under the 4.85% limit set by the Spending Affordability Committee.
- The proposed budget preserves cash resources with a general fund balance of \$449.0 million and a Rainy Day Fund balance of about \$1.1 billion (6.3% of the general fund revenues). The combined balances represent about 9.0% of projected general fund revenues.
- The Administration's tax and fee relief plan reduces general fund revenues in fiscal 2017 by \$23.2 million. The revenue loss from the tax and fee proposals grows to about \$145.0 million by fiscal 2021.
- The budget is structurally balanced in fiscal 2017, and the Administration forecasts a structural surplus of almost \$100.0 million for fiscal 2018. Structural deficits return at the back end of the five-year forecast period with the timing and magnitude of the shortfalls dependent on the General Assembly's actions on the Administration's tax and fee plan.

Structural Budget Outlook Fiscal 2017-2021 (\$ in Millions)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Administration Plan Before Revenue Actions	\$228	\$188	\$67	-\$99	-\$258
Administration Plan After Revenue Actions	185	99	-8	-207	-402

- If the General Assembly does not adopt the Administration's revenue plan, the State has sufficient cash resources to maintain budget balance throughout the five-year forecast period and maintain a Rainy Day Fund balance of at least 5.0%.
- With the exception of Watershed Implementation Plan (WIP) projects at the Maryland Department of Transportation, the budget fully funds all mandates including the Geographic Cost of Education Index. Only \$74.0 million is budgeted for WIP projects, \$11.0 million less than the mandated amount.
- Tuition growth for in-state students at the University of Maryland and Morgan State University is capped at 2.0%.
- Rates for most providers of health and human services are increased.

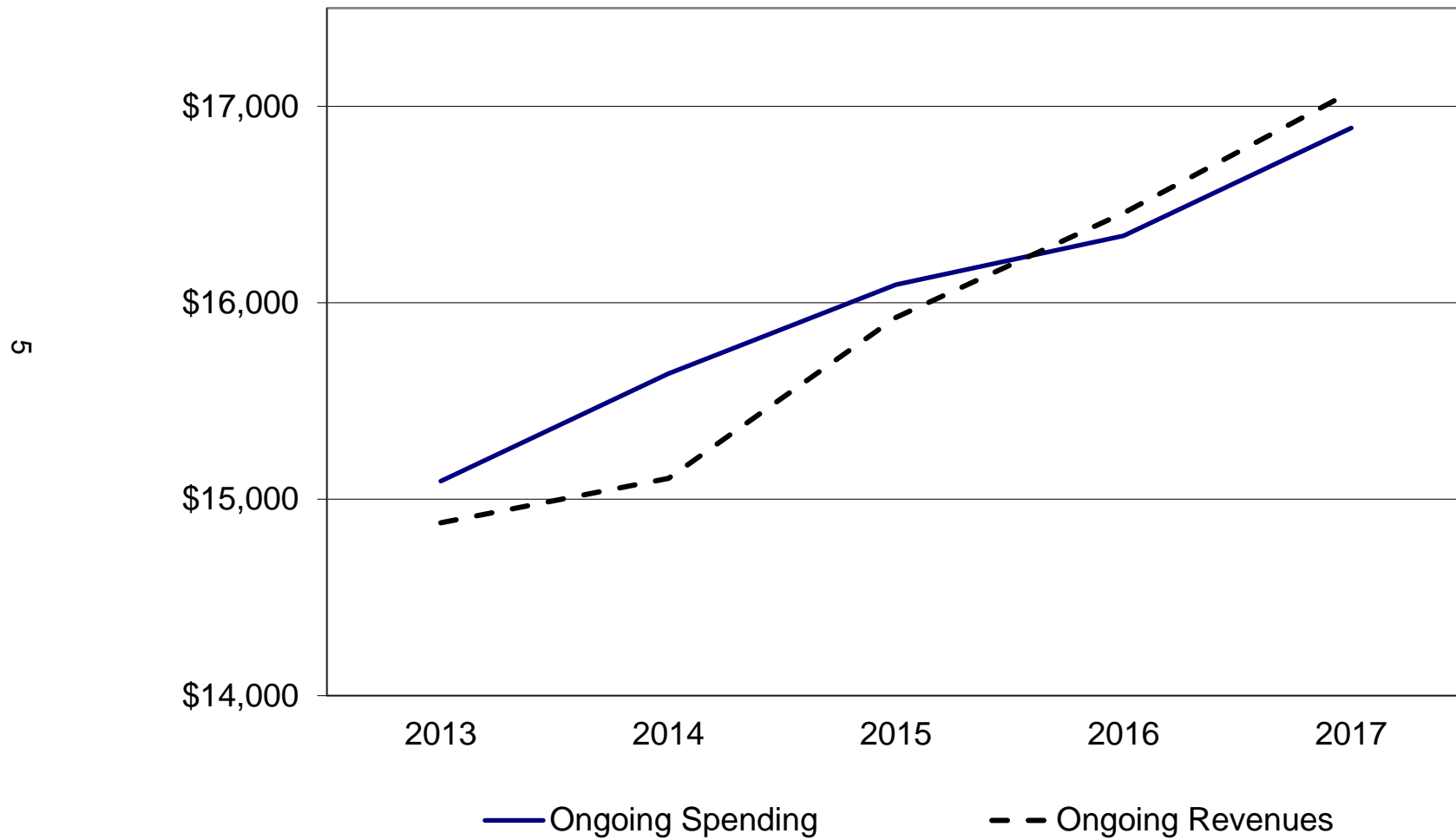
- Salary increments are budgeted for State employees, but no statewide general salary increase is funded. State positions are reduced by a net 553.
- Budget consolidates human resources functions for certain small State agencies with the Department of Budget and Management and certain information technology functions with the Department of Information Technology.
- Food and housekeeping services are to be privatized at Springfield State hospital as are food services at the Regional Institute for Children and Adolescents – Gildner. At the same time the food service contract at the Baltimore City detention and correctional facilities has been terminated and contractual positions created to in-source the service.
- Capital spending is constrained with \$994.0 million of new debt proposed, \$61.0 million below the Spending Affordability Committee's recommendation, and general fund cash funding only \$11.0 million in capital projects.

Potential Legislative Issues

- No bond capacity is reserved for local initiatives.
- No funding is included in the operating and capital budget for demolition activities in Baltimore City. The Administration advises that funding will be included in a supplemental budget.
- Special funds are dedicated to provide \$5 million to match contributions for aid to students attending nonpublic schools.
- Education aid for Baltimore City declines by \$24 million due to increased wealth and declining enrollment. Some other counties (Carroll, Garrett, and Kent) with lower enrollments receive supplemental aid. The city does not.
- The contribution to the Retirement and Pension System includes a supplemental amount of \$150 million, \$25 million more than is required under State law.
- No operating grant is included in the fiscal 2017 budget for Prince George's Regional Medical Center. Capital funding is included for the center.
- \$20 million fiscal 2016 deficiency appropriation to Sunny Day Fund to invest in aerospace and defense research in the State.
- The budget includes an additional \$54 million as a supplemental Highway User Revenue (HUR) grant, though no legislation will be introduced to change existing HUR formulas. The Administration's out-year forecast proposes to increase this discretionary grant to \$252 million by fiscal 2021, as part of a planned increase of HUR to the 30% level that local jurisdictions received prior to cost containment actions at the 2010 session.

History and Projections of General Fund Structural Deficits

Fiscal 2013-2017
(\$ in Millions)



General Fund: Recent History and Outlook
Fiscal 2015-2017
(\$ in Millions)

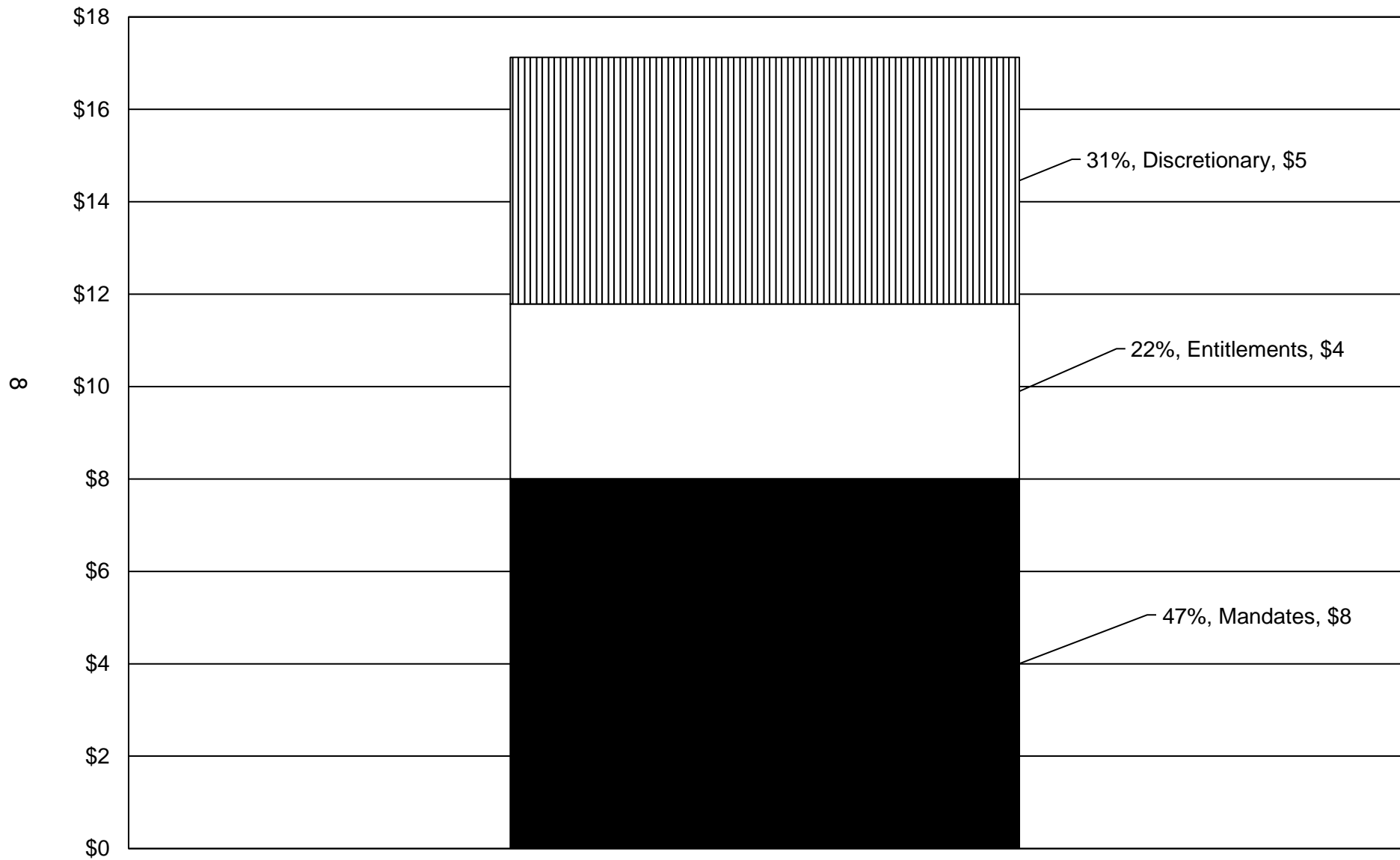
	<u>2015</u> <u>Actual</u>	<u>2016</u> <u>Working</u>	<u>2017</u> <u>Allowance</u>
Funds Available			
Ongoing Revenues	\$15,925	\$16,457	\$17,075
Balances and Transfers	319	325	502
Short-term Revenues	16	0	0
Total Funds Available	\$16,260	\$16,782	\$17,577
Appropriations, Deficiencies, and Cost Containment			
Net Ongoing Operating Costs and Deficiencies	\$16,092	\$16,341	\$16,890
One-time Spending	0	41	0
One-time Spending/Reductions	-170	-208	0
Pay-as-you-go Capital	3	21	2
Appropriations to Reserve Fund	15	85	235
Total Spending	\$15,939	\$16,280	\$17,128
Cash Balance/Shortfall	\$320	\$502	\$449
Structural			
Balance (Ongoing Revenues Less Operating Costs)	-\$167	\$116	\$185
Ratio (Ongoing Revenues/Operating Costs)	99.0%	100.7%	101.1%
Reserve Fund Activity			
Appropriations to Rainy Day Fund	\$15	\$50	\$235
Transfers to General Fund	0	0	0
Estimated Rainy Day Fund Balance – June 30	\$774	\$832	\$1,083
Total Cash (Rainy Day Fund and General Fund Balance)	\$1,094	\$1,334	\$1,532

State Reserve Fund Activity
Fiscal 2016 and 2017
(\$ in Millions)

	Rainy Day <u>Fund</u>	Dedicated <u>Purpose Acct.</u>	Sunny Day <u>Fund</u>	Catastrophic <u>Event Acct.</u>
Balances 6/30/15	\$773.5	\$0.0	\$6.2	\$0.2
Fiscal 2016 Appropriations	50.0	152.5	20.0	10.0
Transfer to Local Income Tax Reserve Account	0.0	-10.0	0.0	0.0
Section 48 Initiatives Funded by Administration	0.0	-118.6	0.0	0.0
General Fund Reversion	0.0	-21.4	0.0	0.0
Aerospace and Defense Research	0.0	0.0	-5.0	0.0
Operating and Indirect Expenses	0.0	0.0	-0.4	0.0
Interest & Other Net Revenues	8.1	0.0	0.3	0.0
Estimated Balances 6/30/16	\$831.5	\$2.5	\$21.2	\$10.2
Fiscal 2017 Appropriations	235.3	0.0	0.0	0.0
Information Technology Upgrades	0.0	-2.5	0.0	0.0
Aerospace and Defense Research	0.0	0.0	-5.0	0.0
Operating and Indirect Expenses	0.0	0.0	-0.4	
Interest & Other Net Revenues	16.1	0.0	1.0	0.0
Estimated Balances 6/30/17	\$1,083.0	\$0.0	\$16.9	\$10.2
Percent of Revenues in Reserve	6.3%			

Source: Department of Budget and Management, January 2016

**Fiscal 2017 Allowance
General Fund Mandates and Entitlements
(\$ in Billions)**



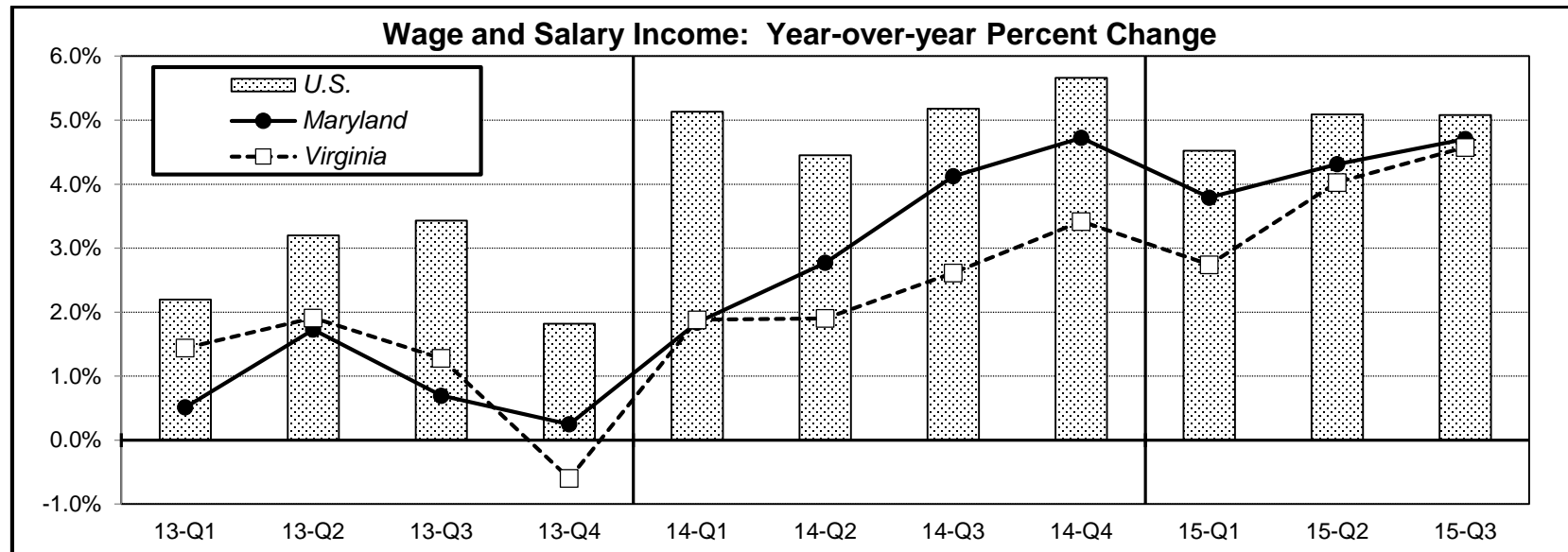
Economic and Revenue Outlook

Maryland Economic Performance Year-over-year Percent Change

<u>Month-Year</u>	<u>Employment</u>		<u>Unemployment</u>	<u>Initial</u>	<u>Existing</u>	<u>Median</u>	<u>Vehicle</u>
	<u>CES</u>	<u>QCEW</u>	<u>Rate</u>	<u>UI Claims</u>	<u>Home Sales</u>	<u>Home Price</u>	<u>Sales</u>
Jan-15	1.5%	1.4%	5.5%	-13.7%	12.3%	-1.5%	7.9%
Feb-15	1.8%	1.6%	5.4%	-3.6%	16.3%	-3.7%	10.7%
Mar-15	1.4%	1.3%	5.4%	2.0%	24.4%	0.2%	6.5%
Apr-15	1.7%	1.5%	5.3%	-15.3%	20.2%	-1.0%	6.0%
May-15	1.6%	1.6%	5.3%	-12.5%	13.2%	0.6%	-1.1%
Jun-15	1.9%	1.4%	5.2%	-4.4%	22.6%	-1.3%	-2.7%
Jul-15	2.3%		5.2%	-7.2%	20.8%	-0.3%	4.1%
Aug-15	2.0%		5.1%	0.7%	14.9%	-1.3%	4.5%
Sep-15	1.7%		5.1%	-10.8%	15.9%	-0.1%	2.9%
Oct-15	2.0%		5.1%	-7.1%	12.9%	0.5%	5.9%
Nov-15	2.0%		5.2%	7.9%	8.2%	3.2%	16.9%
Dec-15				-3.4%	12.3%	2.4%	12.0%
CY 2015				-5.8%	16.3%	-0.3%	5.7%

Note: The unemployment rate is based on seasonally adjusted data. Monthly unemployment insurance claims from the U.S. Bureau of Labor Statistics with seasonal adjustment by Moody's Analytics.

CES = Current Establishment Survey, QCEW = Quarterly Census of Employment and Wages, UI = unemployment insurance



Maryland General Fund Revenue Forecast

(\$ in Millions)

<u>Source</u>	<u>FY 2015 Actual</u>	<u>FY 2016 Estimate</u>			<u>% Change Over FY2015</u>	<u>FY 2017 Estimate</u>			<u>% Change Over FY2016</u>
		<u>Sep.</u>	<u>Dec.</u>	<u>Difference</u>		<u>Sep.</u>	<u>Dec.</u>	<u>Difference</u>	
Personal Income Tax	\$8,346.1	\$8,745.3	\$8,779.1	\$33.9	5.2%	\$9,173.3	\$9,273.2	\$99.9	5.6%
Sales and Use Tax	4,350.7	4,543.1	4,515.7	-27.4	3.8%	4,710.1	4,662.3	-47.8	3.2%
State Lottery ⁽¹⁾	506.5	487.7	495.4	7.7	-2.2%	494.7	505.0	10.3	1.9%
Corporate Income Tax ⁽²⁾	777.3	823.0	831.4	8.4	7.0%	878.6	876.2	-2.4	5.4%
Business Franchise Taxes	225.7	230.4	230.4	0.0	2.1%	235.2	235.2	0.0	2.1%
Insurance Premiums Tax	316.1	304.8	297.6	-7.2	-5.8%	316.1	308.7	-7.4	3.7%
Estate and Inheritance Taxes	243.4	215.4	236.1	20.7	-3.0%	199.9	198.5	-1.4	-15.9%
Tobacco Tax	391.5	388.9	392.4	3.5	0.2%	387.1	390.9	3.8	-0.4%
Alcohol Beverages Tax	31.3	31.2	31.5	0.3	0.7%	31.4	31.8	0.4	0.9%
Motor Vehicle Fuel Tax ⁽³⁾	5.0	4.6	4.6	0.0	-7.5%	0.0	0.0	0.0	-100.0%
⇒ District Courts	77.7	77.7	77.7	0.0	0.0%	77.6	77.6	0.0	-0.1%
Clerks of the Court	34.4	36.7	37.6	0.9	9.1%	38.5	39.3	0.9	4.7%
Hospital Patient Recoveries	65.2	63.3	59.7	-3.6	-8.4%	63.3	58.3	-4.9	-2.3%
Interest on Investments	10.7	11.0	11.0	0.0	2.7%	20.0	20.0	0.0	81.8%
Miscellaneous	396.7	325.4	319.7	-5.7	-19.4%	313.3	322.0	8.7	0.7%
Subtotal	\$15,778.4	\$16,288.5	\$16,319.9	\$31.4	3.4%	\$16,939.0	\$16,999.1	\$60.1	4.2%
Transfer Tax ⁽⁴⁾	\$144.2	\$115.4	\$115.4	\$0.0	n/a	\$82.8	\$82.8	\$0.0	n/a
Total Revenues	\$15,922.6	\$16,403.9	\$16,435.3	\$31.4	3.2%	\$17,021.8	\$17,081.9	\$60.1	3.9%

⁽¹⁾ Fiscal 2016 and 2017 reflect a distribution of \$20.0 million to the Stadium Authority required by the Baltimore City Public Schools Construction and Revitalization Act of 2013 (Chapter 647).

⁽²⁾ The Budget Reconciliation and Financing Act (BRFA) of 2011 (Chapter 397) set the Transportation Trust Fund's share of the corporate income tax at 9.5% of net receipts (excluding the first 15.15%) in fiscal 2013, 19.5% in fiscal 2014 to 2016, and 17.2% for fiscal 2017 and beyond. Adjusted for this law change, baseline general fund corporate income tax revenues are expected to grow 2.8% in fiscal 2017.

⁽³⁾ The BRFA of 2011 diverted \$5 million in motor fuel tax revenue to the general fund that would otherwise have gone to the Chesapeake Bay 2010 Fund for fiscal 2012 through 2015 and \$4.6 million in fiscal 2016.

⁽⁴⁾ The BRFA of 2013 (Chapter 424) established a distribution of transfer tax revenues to the general fund for fiscal 2014 to 2018. The BRFA of 2014 (Chapter 464) increased the distribution in fiscal 2015 by \$69.1 million and the BRFA of 2015 (Chapter 489) increased the distribution in fiscal 2016 by \$37.7 million.

Fiscal 2016 General Fund Revenues

(\$ in Millions)

<u>Source</u>	<i>Fiscal Year through December</i>				Full Year Estimated Growth Rate
	<u>FY 2015</u>	<u>FY 2016</u>	<u>\$ Difference</u>	<u>% Difference</u>	
Personal Income Tax	\$3,314.2	\$3,490.5	\$176.3	5.3%	5.2%
Sales and Use Tax ⁽¹⁾	1,792.6	1,852.2	59.6	3.3%	3.8%
State Lottery	237.6	244.4	6.8	2.9%	-2.2%
Corporate Income Tax	292.1	349.1	57.0	19.5%	7.0%
Business Franchise Taxes	83.3	80.8	-2.5	-3.0%	2.1%
Insurance Premiums Tax	140.8	139.6	-1.2	-0.8%	-5.8%
Estate and Inheritance Taxes	135.8	144.8	9.1	6.7%	-3.0%
↳ Tobacco Tax	179.1	178.8	-0.3	-0.2%	0.2%
Alcohol Beverages Tax	13.2	13.4	0.2	1.5%	0.7%
District Courts	45.2	41.2	-4.0	-8.8%	0.0%
Clerks of the Court	24.0	23.4	-0.6	-2.6%	9.1%
Interest and Miscellaneous ⁽²⁾	108.6	90.5	-18.2	-16.7%	-2.3%
Total Revenues	\$6,366.6	\$6,648.8	\$282.1	4.4%	3.4%

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

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

Gaming Program Revenues and Impact on the Education Trust Fund (\$ in Millions)

	FY 2016			FY 2017		
	<u>Sep. Est.</u>	<u>Dec. Est.</u>	<u>Difference</u>	<u>Sep. Est.</u>	<u>Dec. Est.</u>	<u>Difference</u>
Video Lottery Terminals						
Education Trust Fund	\$304.6	\$312.9	\$8.3	\$375.5	\$382.8	\$7.4
Casino Operators	287.6	295.6	8.0	400.2	408.4	8.2
Local Impact Grants	37.5	38.6	1.1	49.2	50.2	1.0
Small, Minority, and Women-owned Businesses	10.2	10.5	0.3	13.4	13.7	0.3
Purse Dedication	47.3	48.7	1.3	56.8	58.0	1.2
Racetrack Facility Renewal Account	6.6	6.8	0.2	8.7	8.9	0.2
State Lottery Agency	7.4	7.6	0.2	9.5	9.7	0.2
Total Gross Revenues	\$701.3	\$720.6	\$19.4	\$913.3	\$931.6	\$18.4
Table Games						
Education Trust Fund	\$75.0	\$75.0	\$0.0	\$76.0	\$76.0	\$0.0
Casino Operators	300.1	300.1	0.0	355.0	355.0	0.0
Local Impact Grants	0.0	0.0	0.0	12.7	12.7	0.0
Total Gross Revenues	\$375.1	\$375.1	\$0.0	\$443.7	\$443.7	\$0.0

Note: Estimates for fiscal 2017 assume the Prince George's County facility opens in January 2017.

Source: Board of Revenue Estimates, December 2015

Operating Budget

Status of the General Fund

Fiscal 2016
(\$ in Millions)

Starting Balance	\$320.4
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Revenues

BRE Estimated Revenue December 2015	\$16,397.6
Administration Assumptions	3.6

Total	\$16,401.2
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Transfers

Budget Reconciliation and Financing Act of 2015	\$42.2
Budgeted Tax Credits	18.3

Total	\$60.5
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Funds Available	\$16,782.1
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Spending

Fiscal 2016 Working Appropriation	\$16,434.2
Deficiencies	179.1
Targeted Reversions	-303.7
Estimated Agency Reversions	-30.0

Net Expenditures	\$16,279.6
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Ending Balance	\$502.4
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FY 2016 Fund Balance Reconciliation Since July 1, 2015

July 2015 Estimated Ending Fund Balance	\$27.6
Closeout	267.7
BRE Revisions	112.0
Administration Revenue Assumptions	3.6
Rainy Day Fund Transfer	-34.0
Deficiencies net of Targeted Reversions	124.6
Budgeted Tax Credits	0.9
Revised Fiscal 2016 Closing Fund Balance	\$502.4

BRE: Board of Revenue Estimates

**Fiscal 2016 General Fund Reversions Exceed Fiscal 2016
General Fund Deficiency Requirements by \$124.6 Million
(\$ in Millions)**

	<u>GF</u>
<u>Deficiencies</u>	
<i>Initiatives</i>	\$42.8
Reserve Fund: Sunny Day Fund grant (\$20.0 million), replenishment of the Catastrophic Event Fund (\$10.0 million), and unidentified State agency information technology upgrades (\$2.5 million)	
Public Safety and Correctional Services: Cell phone managed access system at Baltimore Central Booking and Intake Center and Maryland Reception, Diagnostic, and Classification Center (\$6.7 million)	
Department of Budget Management: State Law Enforcement Officers Labor Alliance collective bargaining agreement (\$2.2 million) and a Shared Services initiative (\$0.2 million) that is offset by savings in various agencies noted below as reversions	
Education: Four P-Tech School planning grants (\$0.6 million), two in Baltimore City and two in rural Maryland, with locations to be competitively decided	
Military: Additional capacity at ChalleNGe Academy (\$0.6 million)	
Aging: Hold harmless grants (\$0.5 million)	
General Funds Required to Offset Special and Federal Fund Underattainment	10.7
Funds to Backfill for Unattainable Fiscal 2016 2% Across-the-board Savings	16.4
Funding for Prior Year Deficits	41.3
Operational Expenses	64.5
Miscellaneous Grants and Aid	3.4
Deficiencies Total	\$179.1
<u>Specific Reversions</u>	
Medicaid: Fiscal 2015 (\$34.0 million) and fiscal 2016 (\$173.1 million) surpluses	-\$207.1
Various: Unspent fiscal 2016 withheld appropriations including \$26.6 million in Medicaid	-85.9
Department of Human Resources: Favorable foster care and other out-of-home placements caseload trends	-6.4
Department of Juvenile Services: Unspent prior year funds to upgrade the Automated Statewide Support and Information System	-3.0
Education: Out-of-county placements (\$0.8 million) and Maryland Library for the Blind (\$0.2 million)	-1.0
Various: Shared services savings	-0.2
Specific Reversions Total	-\$303.7
Specific Reversions Net of General Fund deficiencies	-\$124.6

Status of the General Fund

Fiscal 2017
(\$ in Millions)

Starting Balance		\$502.4
Revenues		
BRE Estimated Revenue December 2015	\$17,081.9	
Administration Assumptions	-4.1	
Total		\$17,077.8
Transfers		
Budgeted Tax Credits	\$17.1	
Program Open Space	-20.0	
Total		-\$2.9
Funds Available		\$17,577.4
Spending		
Allowance	\$17,191.6	
Across-the-board Reductions (Health Insurance/Positions)	-32.2	
Targeted Reversions	-1.4	
Estimated Agency Reversions	-30.0	
Net Expenditures		\$17,127.9
Ending Balance		\$449.5

BRE: Board of Revenue Estimates

Revenue and Transfer Assumptions

Fiscal 2016-2017

	<u>2016</u>	<u>2017</u>
Revenue Assumptions		
MSDE Indirect Cost Recovery	\$3,600,000	\$3,600,000
Lottery Revenue Adjustment		15,508,211
* Refundable Earned Income Tax Credit		-18,000,000
* Miscellaneous Fee Reductions		-5,200,000
Total	\$3,600,000	-\$4,091,789
 Transfers Contingent on Legislation		
* Program Open Space		-\$20,000,000
Total	\$0	-\$20,000,000

MSDE: Maryland State Department of Education

* Items require a statutory change through legislation.

State Expenditures – General Funds (\$ in Millions)

<u>Category</u>	<u>Actual FY 2015</u>	<u>Adjusted Work. Appr. FY 2016</u>	<u>Allowance FY 2017</u>	<u>FY 2016 to FY 2017 \$ Change</u>	<u>% Change</u>
Debt Service	\$140.0	\$252.4	\$283.0	\$30.6	12.1%
County/Municipal	247.0	254.7	265.1	10.4	4.1%
Community Colleges	290.3	297.5	314.3	16.9	5.7%
Education/Libraries	5,767.3	5,827.5	5,911.6	84.0	1.4%
Health	41.7	45.7	49.5	3.8	8.4%
<i>Aid to Local Governments</i>	\$6,346.3	\$6,425.3	\$6,540.4	\$115.1	1.8%
Foster Care Payments	186.1	185.2	177.8	-7.4	-4.0%
Assistance Payments	73.1	61.9	68.2	6.3	10.2%
Medical Assistance	2,765.3	2,677.6	2,986.8	309.2	11.5%
Property Tax Credits	76.0	81.5	85.7	4.3	5.2%
<i>Entitlements</i>	\$3,100.5	\$3,006.1	\$3,318.5	\$312.4	10.4%
Health	1,292.0	1,311.3	1,351.0	39.7	3.0%
Human Resources	361.2	359.0	380.5	21.5	6.0%
Children's Cabinet Interagency Fund	20.6	22.5	20.7	-1.8	-8.0%
Juvenile Services	274.8	279.1	284.8	5.6	2.0%
Public Safety/Police	1,407.8	1,467.7	1,502.1	34.4	2.3%
Higher Education	1,287.8	1,348.9	1,386.5	37.7	2.8%
Other Education	388.4	410.0	423.0	13.0	3.2%
Agric./Nat'l. Res./Environment	131.5	113.4	120.6	7.2	6.4%
Other Executive Agencies	654.0	673.0	750.1	77.1	11.4%
Judiciary	425.7	452.9	482.9	29.9	6.6%
Legislative	82.3	84.5	87.0	2.5	2.9%
Across-the-board Cuts	0.0	0.0	-20.0	-20.0	n/a
<i>State Agencies</i>	\$6,326.2	\$6,522.4	\$6,769.3	\$246.8	3.8%
Deficiencies (for prior years)	0.0	41.3	0.0	-41.3	-100.0%
Total Operating	\$15,912.9	\$16,247.6	\$16,911.2	\$663.6	4.1%
Capital ⁽¹⁾	11.5	26.5	11.4	-15.1	-57.1%
<i>Subtotal</i>	\$15,924.5	\$16,274.1	\$16,922.6	\$648.4	4.0%
Reserve Funds	14.8	72.5	235.3	162.8	224.6%
Appropriations	\$15,939.3	\$16,346.6	\$17,157.9	\$811.3	5.0%
Reversions	0.0	-67.0	-30.0	37.0	-55.2%
Grand Total	\$15,939.3	\$16,279.6	\$17,127.9	\$848.3	5.2%

⁽¹⁾ Includes the Sustainable Communities Tax Credit Reserve Fund.

Note: The fiscal 2016 adjusted working appropriation includes \$179.1 million in deficiencies and \$303.7 million in targeted reversions. The fiscal 2017 allowance reflects \$12.2 million in reductions from Section 19 of the budget bill (SB 190), \$20.0 million in reductions from Section 20 of the budget bill, and \$1.4 million in targeted reversions.

State Expenditures – State Funds

(\$ in Millions)

<u>Category</u>	<u>Actual FY 2015</u>	<u>Adjusted Work. Appr. FY 2016</u>	<u>Allowance FY 2017</u>	<u>FY 2016 to FY 2017 \$ Change</u>	<u>% Change</u>
Debt Service	\$1,264.0	\$1,402.0	\$1,485.6	\$83.5	6.0%
County/Municipal	504.4	533.5	634.5	101.0	18.9%
Community Colleges	290.3	297.5	314.3	16.9	5.7%
Education/Libraries	6,154.1	6,215.4	6,370.4	155.0	2.5%
Health	41.7	45.7	49.5	3.8	8.4%
Aid to Local Governments	\$6,990.5	\$7,092.0	\$7,368.7	\$276.7	3.9%
Foster Care Payments	188.3	190.1	180.0	-10.0	-5.3%
Assistance Payments	79.5	78.5	81.5	3.0	3.9%
Medical Assistance	3,796.4	3,676.1	3,933.5	257.5	7.0%
Property Tax Credits	76.0	81.5	85.7	4.3	5.2%
Entitlements	\$4,140.2	\$4,026.1	\$4,280.8	\$254.7	6.3%
Health	1,686.4	1,799.4	1,870.7	71.3	4.0%
Human Resources	442.6	449.6	478.5	28.9	6.4%
Children's Cabinet Interagency Fund	20.6	22.5	20.7	-1.8	-8.0%
Juvenile Services	278.4	284.1	288.6	4.6	1.6%
Public Safety/Police	1,622.4	1,689.4	1,727.0	37.7	2.2%
Higher Education	5,316.8	5,557.1	5,676.6	119.5	2.2%
Other Education	441.1	470.0	489.7	19.7	4.2%
Transportation	1,762.4	1,767.3	1,805.3	38.0	2.2%
Agric./Nat'l. Res./Environment	337.3	366.7	398.8	32.1	8.8%
Other Executive Agencies	1,269.9	1,360.0	1,474.7	114.7	8.4%
Judiciary	484.1	517.6	542.2	24.6	4.7%
Legislative	82.3	84.5	87.0	2.5	2.9%
Across-the-board Cuts	0.0	0.0	-20.0	-20.0	n/a
State Agencies	\$13,744.4	\$14,368.2	\$14,839.9	\$471.8	3.3%
Deficiencies (for prior years)	0.0	35.9	0.0	-35.9	-100.0%
Total Operating	\$26,139.1	\$26,924.2	\$27,975.0	\$1,050.8	3.9%
Capital ⁽¹⁾	1,542.3	1,861.2	1,991.7	130.6	7.0%
– Transportation	1,283.1	1,580.3	1,666.4	86.1	5.4%
– Environment	197.5	193.7	210.3	16.5	8.5%
– Other	61.8	87.1	115.0	27.9	32.1%
Subtotal	\$27,681.5	\$28,785.3	\$29,966.7	\$1,181.4	4.1%
Reserve Funds	14.8	72.5	235.3	162.8	224.6%
Appropriations	\$27,696.2	\$28,857.8	\$30,202.0	\$1,344.2	4.7%
Reversions	0.0	-67.0	-30.0	37.0	-55.2%
Grand Total	\$27,696.2	\$28,790.8	\$30,172.0	\$1,381.2	4.8%

⁽¹⁾ Includes the Sustainable Communities Tax Credit Reserve Fund.

Note: The fiscal 2016 adjusted working appropriation includes \$171.7 million in deficiencies and \$303.7 million in targeted reversions. The fiscal 2017 allowance reflects \$15.5 million in reductions from Section 19 of the budget bill (SB 190), \$20.0 million in reductions from Section 20 of the budget bill, and \$1.4 million in targeted reversions.

General Fund – Fiscal 2017 Changes Over Fiscal 2016 Spending

Aid to Local Governments	\$115.4
Education and library aid	84.0
Community colleges	16.9
Other aid	14.5
Entitlements	\$312.4
Medicaid	309.2
Increased support for assistance payments	6.3
Property tax credits	4.3
Foster care payments	-7.4
Major Personnel Costs (Including Institutions of Higher Education and Judiciary)	\$217.5
Increments	85.3
Retirement contributions	82.0
Employee and retiree health insurance	59.1
Turnover adjustment	13.7
Annualization of State Law Enforcement Officers Labor Alliance collective bargaining agreement	1.6
Accrued leave payouts	-1.8
Workers' compensation	-2.4
Unallocated vacant position cut	-20.0
Judiciary and State Agency Operations	\$37.9
DDA: Mandated community provider rate increase (3.5%)	19.5
Commerce: Film incentive tax credit	11.5
DDA: Additional funding for annualization of prior year placements and expansion	9.6
MHEC: Sellinger grant for Independent Institutions	7.4
USM: Enhancement funds for completion activities budgeted in system office	6.8
MEDAAF: Overall program funding is flat; increased general funds offset lower available special funds	6.4
USM and MSU: 1.0% tuition buy-down; In-State Resident Tuition will grow 2%	5.5
Various: Heroin Task Force initiatives	4.5
Judiciary: 12 new judgeships, associated support staff (22 FTE) and related operating expenses	4.0
MSDE: Child Care Subsidies	3.8
Statewide: Agency allocations for the new personnel and budget systems	2.5
DGS: Statewide Critical Maintenance Program	2.5
Behavioral Health: Provider rate increase for community mental health services to the uninsured and Core Service Agencies (2.0%)	2.1
MDA: Rural Maryland Council	2.0
MSDE: Juvenile Services Education Program (includes 20 FTE additional positions)	2.0
SBE: Campaign Finance Fund replenishment	1.8
Statewide: Annapolis Data Center charges	1.8
DSP: Grounds maintenance	1.7

MSU: Additional funding for need-based financial aid	1.4
SDAT: Aerial imagery analysis for property assessments	1.1
Commerce: Cyber investment tax credit	1.0
Commerce: Maryland Marketing Partnership	1.0
DPSCS: Drone detection system at Eastern and Western Correctional Institutions	1.0
DJS: Building maintenance funding	1.0
DHMH: Removal of one-time deficiency funding related to the Certificate of Need application for the new Prince George's County Regional Medical Center	-1.5
DHMH: Savings from the privatization of certain operational functions at Springfield Hospital Center and RICA-Gildner	-2.5
Statewide: Anticipated lower expenditures on contractual employee health insurance	-2.6
MSDE: Assessment funding	-3.7
DJS: Caseload decline in contractual per diems	-6.4
Major Information Technology Project Development Project Fund	-6.5
Maryland Health Benefit Exchange: Removal of fiscal 2016 deficiency appropriations for legal expenses and the consolidated service center	-6.5
DPSCS: Removal of fiscal 2016 deficiency appropriations for a replacement radio system, facility repairs, and maintenance and the expansion of the cell phone-managed access program	-14.3
Sunny Day Fund grant	-20.0
Miscellaneous	\$174.0
Reserve Fund Activity	162.8
Debt Service	30.6
Prior year reversions and deficiencies budgeted in fiscal 2016	-4.3
Pay-as-you-go capital	-15.1
Other	-8.9
Total	\$848.3

DDA: Developmental Disabilities Administration
DGS: Department of General Services
DHMH: Department of Health and Mental Hygiene
DJS: Department of Juvenile Services
DPSCS: Department of Public Safety and Correctional Services
DSP: Department of State Police
FTE: full-time equivalent
MDA: Maryland Department of Agriculture
MEDAAF: Maryland Economic Development Authority Assistance Fund
MHEC: Maryland Higher Education Commission
MSDE: Maryland State Department of Education
MSU: Morgan State University
RICA: Regional Institute for Children and Adolescents
SBE: State Board of Elections
SDAT: State Department of Assessments and Taxation
USM: University System of Maryland

Note: Represents spending in fiscal 2017 over fiscal 2016 as adjusted for deficiencies and contingent reductions

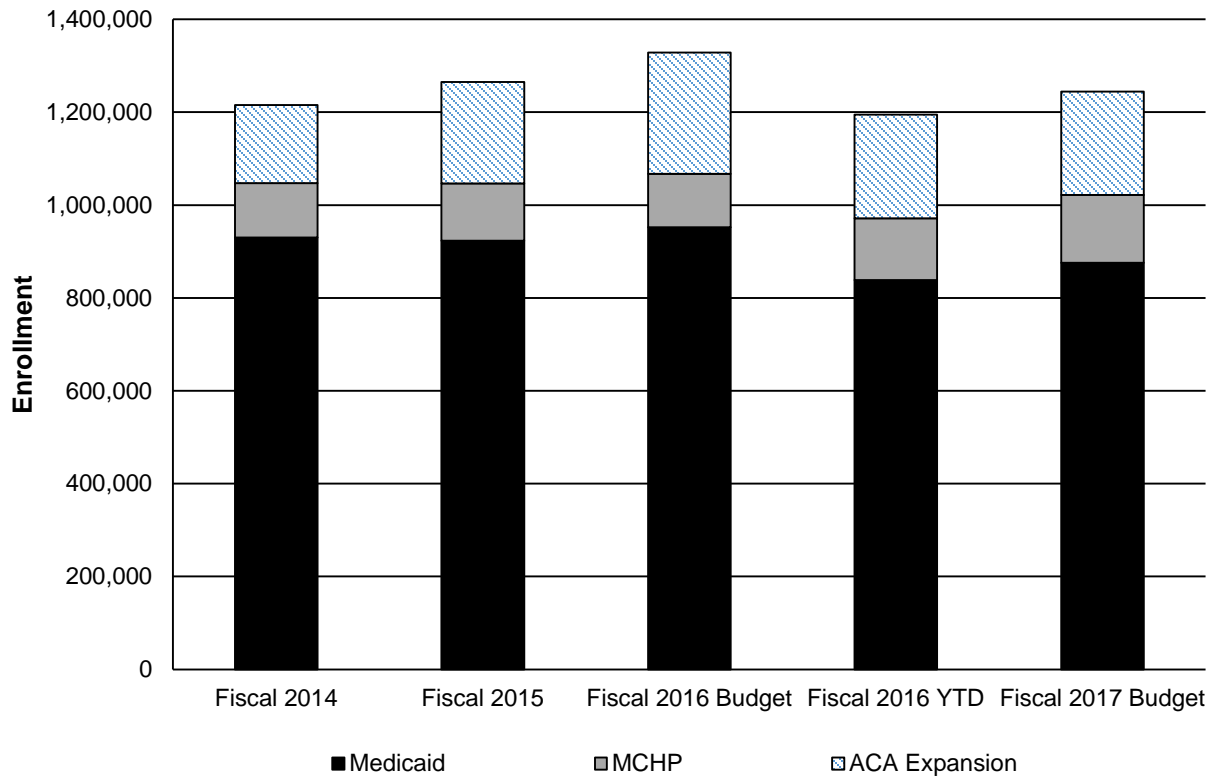
Governor's Budget Assumes Medicaid General Fund Surplus of \$234 Million Combined in Fiscal 2015 and 2016 State Support for Medicaid Grows 7% in Fiscal 2017

State Support for Medicaid Fiscal 2015-2017 (\$ Millions)

	<u>Fiscal 2015</u>	<u>Fiscal 2016 Leg. Appn.</u>	<u>Fiscal 2016 Adj. Working</u>	<u>Fiscal 2017 All.</u>	<u>Change 2016 Adj.- 2017 (\$)</u>	<u>Change 2016 Adj.- 2017 (%)</u>
GF	\$2,731.3	\$2,852.2	\$2,677.6	\$2,986.8	\$309.2	11.5%
SF	1,031.1	972.7	998.5	946.8	-51.7	-5.2%
Total	3,762.4	3,824.9	3,676.1	3,933.5	257.5	7.0%

- State support for Medicaid is expected to drop by \$86.3 million between fiscal 2015 and 2016 (2.2%).
- Favorable trends in pharmacy rebates, underutilization of programs such as Hospital Presumptive Eligibility, the elimination of categorization errors within the disabled adult eligibility population, and a drop in Modified Adjusted Gross Income-eligible enrollment that coincided with the redetermination of that population in the new Health Benefit Exchange Eligibility System (HBX) have more than offset increases in other areas and resulted in significant overfunding in the Medicaid program.
- The Governor's fiscal 2017 budget plan assumes \$234.0 million in general fund reversions in Medicaid combined in fiscal 2015 and 2016.
- State support for Medicaid grows by \$257.5 million, 7.0%, between the working appropriation (adjusted for reversions) and the fiscal 2017 allowance.
- The fiscal 2017 budget for the first time includes general fund support for services to the Affordable Care Act expansion population (\$51.9 million).
- Reliance on special funds, in particular support from the Cigarette Restitution Fund and the Medicaid Deficit Assessment (per the Budget Reconciliation and Financing Act of 2015), also declines, adding to the level of general fund support.

Medicaid Enrollment Fiscal 2014-2017



- After reaching a high of 1.32 million in March 2015, enrollment fell by 122,000 to 1.2 million by November 2015 (9.2%) before stabilizing in December 2015.
- The fiscal 2017 budget assumes average enrollment of 1.24 million, a growth of 50,000 (4.1%) from the year-to-date average. That growth rate suggests that in addition to normal enrollment growth, some of the enrollees that dropped out of the program in 2015 will be returning.
- In addition to funding for increased enrollment and utilization, the budget includes an estimated \$346.7 million in rate increases (\$159.9 million in general funds). These include 5.9% for the calendar 2016 managed care organization rate increase, 2.0% for most other providers including behavioral health and nursing homes, and 1.0% for physician evaluation and management rates to maintain rates at 92.0% of Medicare.
- The budget includes significant additional funding for Hepatitis C drugs, higher Medicare Part A and B premium support, an increase in the Medicare Part D clawback payment, as well as a modest expansion of services for individuals with autism spectrum disorders.

Regular Full-time Equivalent Positions Changes Fiscal 2014 Actual to Fiscal 2017 Allowance

<u>Department/Service Area</u>	<u>2014 Actual</u>	<u>2015 Actual</u>	<u>2016 Wrkg. Approp.</u>	<u>2017 Allow.</u>	<u>2016-17 Change</u>
Health and Human Services					
Health and Mental Hygiene	6,407	6,330	6,353	6,283	-69
Human Resources	6,529	6,465	6,360	6,337	-23
Juvenile Services	2,078	2,055	2,055	2,051	-4
Subtotal	15,014	14,850	14,768	14,672	-96
Public Safety					
Public Safety and Correctional Services	11,046	11,068	11,025	11,014	-11
Police and Fire Marshal	2,425	2,438	2,438	2,436	-2
Subtotal	13,471	13,506	13,463	13,450	-13
Transportation	8,819	9,086	9,126	9,259	133
Other Executive					
Legal (Excluding Judiciary)	1,505	1,488	1,501	1,484	-17
Executive and Administrative Control	1,640	1,633	1,626	1,613	-14
Financial and Revenue Administration	2,113	2,103	2,119	2,132	13
Budget and Management and DoIT	442	446	460	480	21
Retirement	205	205	213	215	2
General Services	594	578	578	582	4
Natural Resources	1,295	1,294	1,321	1,341	20
Agriculture	383	381	380	376	-4
Labor, Licensing, and Regulation	1,628	1,604	1,603	1,589	-14
MSDE and Other Education	1,965	1,938	1,940	1,981	41
Housing and Community Development	337	337	337	339	2
Commerce	222	217	208	206	-2
Environment	937	936	939	934	-5
Subtotal	13,265	13,158	13,223	13,271	47
Section 20 Position Abolition	0	0	0	-657	-657
Executive Branch Subtotal	50,568	50,599	50,579	49,994	-586
Higher Education	25,344	25,516	25,632	25,631	-1
Executive and Higher Education Subtotal	75,912	76,115	76,211	75,624	-587
Judiciary	3,639	3,733	3,914	3,948	34
Legislature	748	749	749	749	0
Total	80,299	80,597	80,874	80,321	-553

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

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

New and Abolished Positions Fiscal 2017

<u>Agency</u>	<u>Numbers</u>	<u>Description</u>
Agencies with New Positions		
Maryland Transit Administration	90	BaltimoreLink initiative
Health and Mental Hygiene Administration	60	Federally funded support positions
Judiciary	34	New judges and staff
Education	34	Library for Blind and Hickey School
State Highway Administration	28	Support for larger capital program
Natural Resources	20	
Motor Vehicle Administration	18	Move Maryland Highway Safety Office from the University of Baltimore
Lottery and Gaming	13	Prince George's casino
School for the Deaf	11	Contractual conversions
Other	22	
Total	330	
Agencies with Abolished Positions		
Health and Mental Hygiene	-129	Privatize dietary and housekeeping as well as other activities
Human Resources	-21	13 related to IT consolidation, rest vacancies
Labor, Licensing, and Regulation	-16	Vacant unemployment insurance positions
Public Defender	-15	Vacant intake specialist positions
MD Health Insurance Program	-5	Program abolished and consolidated into Medicaid and the Maryland Health Benefit Exchange
Environment	-5	
Agriculture	-4	Plant Industries and Pest Management positions
Governor	-4	
Transportation	-3	Port, transit, and aviation positions
Public Safety	-3	Drinking Driver Monitor positions
Other	-22	
Total	-226	
Section 20 Position Abolitions	-657	
Net Change in Positions	-553	

Transferred Positions

Consolidate Information Technology Support

<u>Agency</u>	<u>Numbers</u>
Information Technology	22
Secretary of State	-1
Interagency Committee on Public School Construction	-1
Aging	-2
Health and Mental Hygiene	-4
Human Resources	-2
Public Safety	-7
Education	-1
Higher Education Commission	-1
Juvenile Services	-2
Fire Marshal	-1

Transfer Duties Related to Federal Workforce Investment Act

Labor, Licensing, and Regulation	2
Higher Education Commission	-2

Transfer Senior Prescription Drug Administrator

Medicaid	1
Maryland Health Insurance Program	-1

Transfer Vacant Position to Establish a Director of Behavioral Health

Disabilities	1
Public Safety	-1

Total	0
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IAC: Interagency Committee on School Construction
IT: information technology

Source: Department of Budget and Management, January 2016

Analysis of Vacancies and Turnover Rate
Fiscal 2017 Allowance Compared to January 2016 Vacancies

<u>Department/Service Area</u>	<u>Positions</u>	<u>Turnover Rate</u>	<u>Vacancies to Meet Turnover</u>	<u>Adjusted Vacancies</u>	<u>Vacancies Above or (Below) Turnover</u>
Health and Human Services					
Health and Mental Hygiene	6,283	6.8%	424	432	8
Human Resources	6,337	7.0%	445	476	30
Juvenile Services	2,051	7.1%	147	240	94
Subtotal	14,672	6.9%	1,015	1,148	132
Public Safety					
Public Safety and Correctional Services	11,014	4.7%	516	1,088	572
Police and Fire Marshal	2,436	4.2%	101	280	179
Subtotal	13,450	4.5%	612	1,368	751
Transportation	9,259	4.3%	395	533	141
Other Executive					
Legal (Excluding Judiciary)	1,484	5.4%	81	112	31
Executive and Administrative Control	1,613	4.4%	71	127	56
Financial and Revenue Administration	2,132	5.5%	117	227	110
Budget and Management and DoIT	480	3.5%	17	47	30
Retirement	215	5.0%	11	27	16
General Services	582	6.5%	38	51	13
Natural Resources	1,341	6.2%	83	69	-15
Agriculture	376	6.5%	25	44	19
Labor, Licensing, and Regulation	1,589	3.5%	56	61	5
MSDE and Other Education	1,981	5.8%	115	70	-45
Housing and Community Development	339	5.5%	19	21	2
Commerce	206	4.9%	10	21	11
Environment	934	7.0%	65	72	7
Subtotal	13,271	5.3%	708	949	242
Section 20 Position Abolitions	-657			-657	-657
Executive Branch Total	49,994	5.4%	2,730	3,340	608

Note: Department positions and vacancies adjusted to reflect 225 position abolitions in fiscal 2017.

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 2014-2017

(\$ in Millions)

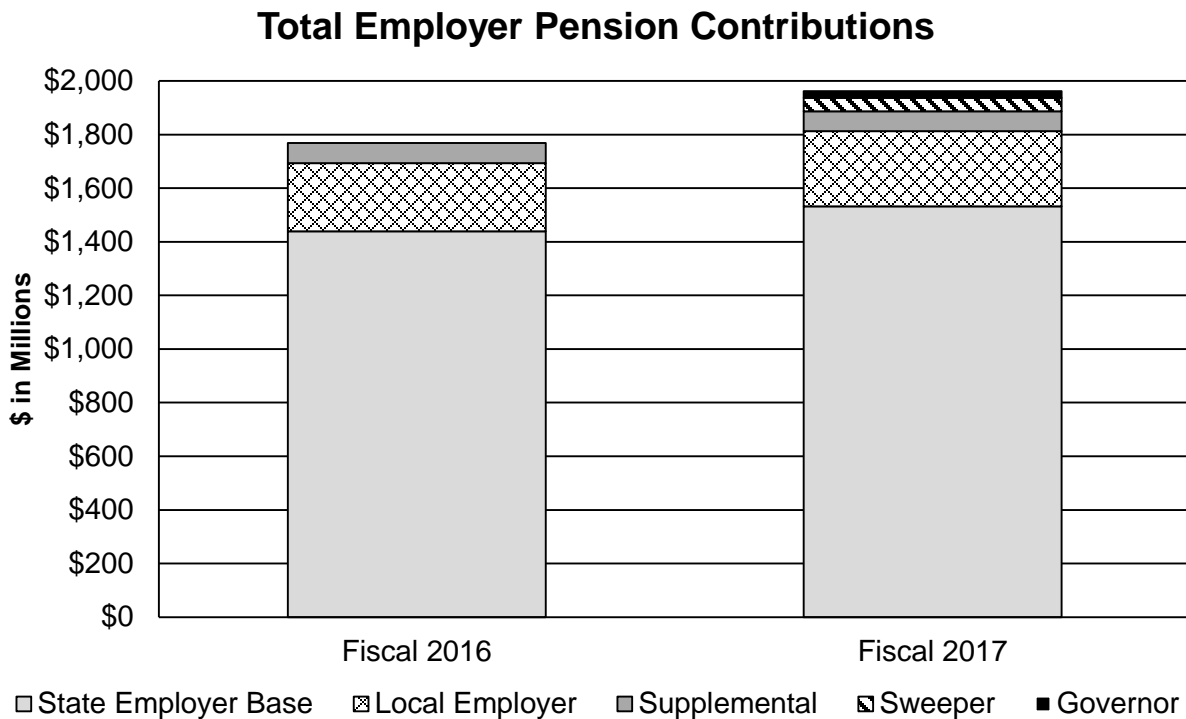
	<u>2014 Actual</u>	<u>2015 Actual</u>	<u>2016 Est.</u>	<u>2017 Est.</u>
Beginning Balance	\$288	\$216	\$61	\$79
Receipts				
Agencies (Employer Contribution)	\$955	\$959	\$1,167	\$1,248
Employee/Retiree Contribution	231	240	267	284
Contractual (Employer Contribution)	0	0	7	17
Contractual (Employee Contribution)	0	0	4	4
Rebates, Recoveries, and Other	62	81	104	104
Total Receipts	\$1,248	\$1,280	\$1,549	\$1,657
Percent Growth in Receipts	-6.7%	2.6%	20.9%	7.0%
Expenditures				
Payments	\$1,320	\$1,436	\$1,530	\$1,623
Percent Growth in Payments	7.9%	8.8%	6.6%	6.1%
Ending Balance	\$216	\$61	\$79	\$112
Incurred but Not Received (IBNR)	-\$106	-\$106	-\$106	-\$106
Balance After IBNR	\$110	-\$45	-\$27	\$7

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

- By the end of fiscal 2015, there is a negative balance after deducting unpaid liabilities and reserves due to increasing medical and prescription costs. Prescription drug costs have risen nationwide due to price increases and utilization of expensive specialty drugs, and this trend is expected to continue.
- Contributions increase in fiscal 2016 in order to address the incurred but not received (IBNR) deficit, which is reduced but not eliminated. Favorable trends in pharmacy rebates also result in additional revenue.
- As a result of the Affordable Care Act, contractual employees of the State became eligible for health care coverage beginning January 1, 2015. Costs and receipts associated with contractual employees start to appear in fiscal 2016.

- The fiscal 2017 allowance anticipates a positive balance of \$7.0 million after unpaid liabilities and reserves, eliminating the deficit. Receipts grow by 7.0% while payments grow by 6.1% in fiscal 2017.
- The growth rate of payments in fiscal 2016 and 2017 may be understated based on recent trends. Currently, medical costs are inflated at 2.7% in fiscal 2016 and 2017 while inflation rates in recent years have been closer to 5.3%. If growth in medical expenses is increased to 5.3%, fiscal 2017 ends with a negative fund balance of \$65.8 million after IBNR. Section 19 of the fiscal 2017 budget bill contains an across-the-board reduction of \$17.5 million to health insurance, which could be needed if medical expenses come in higher than currently anticipated.

State Retirement and Pension System



Source: State Retirement Agency; Department of Budget and Management; Department of Legislative Services

- Total State contributions for teacher and employee pensions are projected to be \$1.68 billion in fiscal 2017, an increase of \$168.0 million over the fiscal 2016 contribution.
- Local school systems are projected to contribute \$279.8 million, an increase of \$25.0 million over fiscal 2016.
- The State contribution includes a supplemental contribution of \$75.0 million, another \$50.0 million from the pension sweeper provision enacted during the 2015 session, and an additional \$25.0 million added by the Governor, totaling \$150.0 million above the actuarially determined contribution.
- The base State employer contribution is \$39.3 million higher than it otherwise would have been due to the repeal of the corridor funding method.
- In total, the fiscal 2017 pension contribution is projected to be \$11.0 million less than it would have been if no changes had been made to the funding formula during the 2015 session.
- The \$150.0 million in additional contributions above the actuarially determined amount are divided 87.6% in general funds, 7.3% in special funds, and 5.1% in federal and other funds. Of the total, \$98.9 million represents general fund aid payments on behalf of employees of local governments, and the remaining \$51.1 million is divided among different funds based on the sources of compensation for State employees.

State Aid to Local Governments

**State Aid by Governmental Entity
Amount and Percent of Total**

(\$ in Millions)

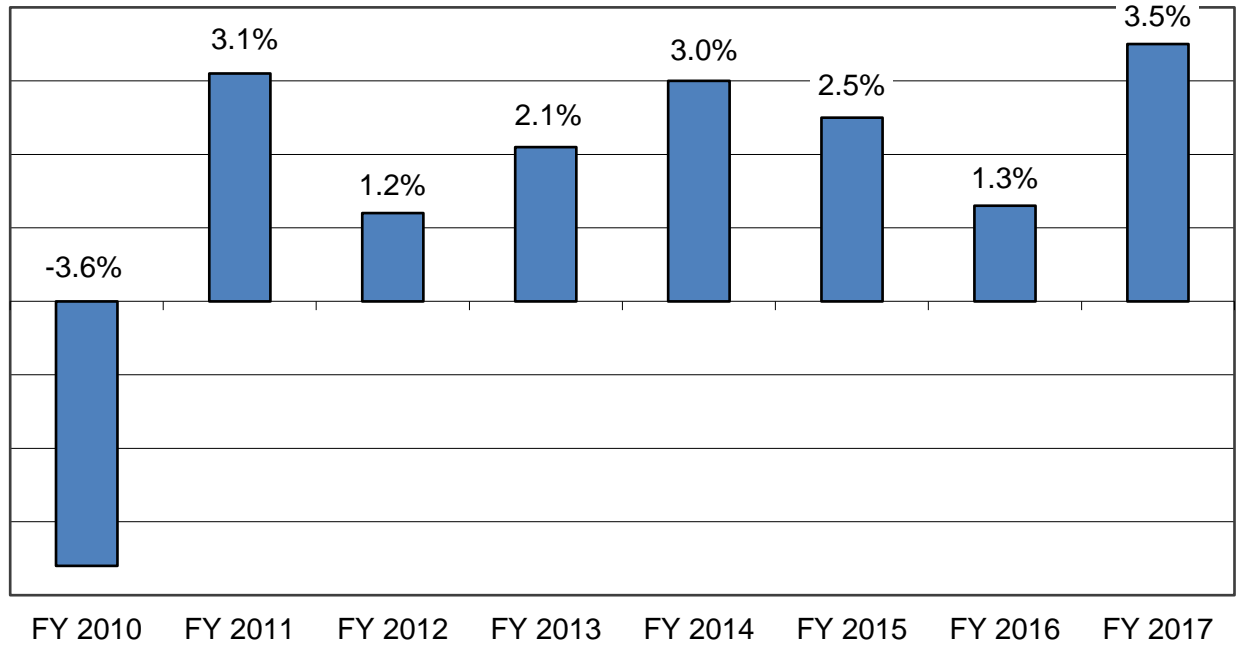
	<u>FY 2017 State Aid Amount</u>	<u>Percent of Total</u>
Public Schools	\$5,535.2	75.0%
Libraries	53.4	0.7%
Community Colleges	267.9	3.6%
Local Health	49.5	0.7%
County/Municipal	635.7	8.6%
<i>Subtotal – Direct Aid</i>	\$6,541.6	88.7%
Retirement Payments	834.4	11.3%
Total	\$7,376.0	100.0%

Change in State Aid by Governmental Entity

(\$ in Millions)

	<u>FY 2017 Annual Change</u>	<u>Percent Change</u>
Public Schools	\$114.1	2.1%
Libraries	1.4	2.6%
Community Colleges	13.8	5.4%
Local Health	3.8	8.4%
County/Municipal	71.2	12.6%
<i>Subtotal – Direct Aid</i>	\$204.2	3.2%
Retirement Payments	43.4	5.5%
Total	\$247.6	3.5%

Modest Growth in State Aid in Recent Years



State Aid by Governmental Entity – Funding Trend (\$ in Millions)

	<u>FY 2012</u>	<u>FY 2017</u>	<u>Difference</u>	<u>Percent Difference</u>	<u>Avg. Annual Difference</u>
Public Schools	\$4,945.5	\$5,535.2	\$589.7	11.9%	2.3%
Libraries	48.8	53.4	4.6	9.4%	1.8%
Community Colleges	230.4	267.9	37.4	16.2%	3.1%
Local Health	38.3	49.5	11.2	29.3%	5.3%
County/Municipal	386.4	635.7	249.3	64.5%	10.5%
Subtotal – Direct Aid	\$5,649.4	\$6,541.6	\$892.3	15.8%	3.0%
Retirement Payments	881.7	834.4	-47.3	-5.4%	-1.1%
Total	\$6,531.1	\$7,376.0	\$844.9	12.9%	2.5%

State Aid by Governmental Entity and Program
Fiscal 2016 and 2017
(\$ in Millions)

	<u>FY 2016</u>	<u>FY 2017</u>	<u>Difference</u>	<u>Percent Difference</u>
Public Schools				
Foundation Program	\$2,947.1	\$2,962.0	\$14.9	0.5%
Supplemental Grant	46.6	46.6	0.0	0.0%
Geographic Cost of Education Index	68.1	136.9	68.8	101.0%
Net Taxable Income Grants	23.8	39.7	15.9	66.7%
Foundation – Special Grants	0.1	5.7	5.6	6,462.7%
Compensatory Aid	1,305.1	1,309.1	4.0	0.3%
Student Transportation	266.2	270.9	4.6	1.7%
Special Education – Formula Aid	276.0	279.6	3.6	1.3%
Special Education – Nonpublic Placements	130.5	126.6	-3.9	-3.0%
Limited English Proficiency Grants	217.2	227.2	10.0	4.6%
Guaranteed Tax Base	53.8	54.5	0.7	1.4%
Aging Schools Program	6.1	6.1	0.0	0.0%
Head Start/Pre-Kindergarten	6.1	6.1	0.0	0.0%
Other Education Programs	74.4	64.2	-10.1	-13.6%
Subtotal Direct Aid	\$5,421.1	\$5,535.2	\$114.1	2.1%
Retirement Payments	729.3	767.3	38.0	5.2%
Total Public School Aid	\$6,150.4	\$6,302.5	\$152.1	2.5%
Libraries				
Library Aid Formula	\$35.4	\$36.4	\$1.0	2.8%
State Library Network	16.6	17.0	0.4	2.4%
Subtotal Direct Aid	\$52.0	\$53.4	\$1.4	2.6%
Retirement Payments	19.7	20.7	1.0	4.8%
Total Library Aid	\$71.7	\$74.0	\$2.3	3.2%
Community Colleges				
Community College Formula	\$222.7	\$234.4	\$11.6	5.2%
Other Programs	31.4	33.5	2.1	6.8%
Subtotal Direct Aid	\$254.1	\$267.9	\$13.8	5.4%
Retirement Payments	42.0	46.5	4.5	10.6%
Total Community College Aid	\$296.1	\$314.3	\$18.2	6.1%
Local Health	\$45.7	\$49.5	\$3.8	8.4%
County/Municipal				
Transportation	\$201.5	\$238.2	\$36.7	18.2%
Public Safety	117.9	126.7	8.8	7.5%
Program Open Space	31.6	27.2	-4.4	-14.0%
Disparity Grant	129.8	136.7	6.9	5.3%
Gaming Impact Aid	38.6	62.9	24.3	63.0%
Teacher Retirement Supplemental Grant	27.7	27.7	0.0	0.0%
Other Grants	17.4	16.3	-1.1	-6.3%
Total County/Municipal Aid	\$564.5	\$635.7	\$71.2	12.6%
Total State Aid	\$7,128.4	\$7,376.0	\$247.6	3.5%

State Aid to Local Governments – Comparison by Per Capita Aid and Annual Change Fiscal 2016-2017

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County	Fiscal 2016 Appropriation	Fiscal 2017 Allowance	Difference	Percent Difference	Per Capita State Aid	Annual Change in State Aid
Allegany	\$109,166,556	\$112,358,189	\$3,191,633	2.9%	1. Caroline \$1,983	1. Garrett 7.2%
Anne Arundel	480,727,908	507,423,208	26,695,300	5.6%	2. Baltimore City 1,971	2. Prince George's 6.6%
Baltimore City	1,225,463,170	1,227,456,529	1,993,359	0.2%	3. Wicomico 1,734	3. Cecil 6.4%
Baltimore	793,146,549	817,820,457	24,673,908	3.1%	4. Somerset 1,593	4. Howard 5.7%
Calvert	102,111,096	105,973,580	3,862,484	3.8%	5. Dorchester 1,590	5. Anne Arundel 5.6%
Caroline	62,244,373	64,524,268	2,279,895	3.7%	6. Allegany 1,540	6. Wicomico 5.3%
Carroll	169,218,443	175,470,524	6,252,081	3.7%	7. Prince George's 1,486	7. Montgomery 5.0%
Cecil	129,262,303	137,581,866	8,319,563	6.4%	8. Washington 1,394	8. Kent 4.2%
Charles	200,608,372	208,498,903	7,890,531	3.9%	9. Charles 1,347	9. Charles 3.9%
Dorchester	50,351,471	51,814,024	1,462,553	2.9%	10. Cecil 1,344	10. Queen Anne's 3.8%
Frederick	288,241,607	293,418,915	5,177,308	1.8%	11. Garrett 1,212	11. Calvert 3.8%
Garrett	33,537,758	35,963,995	2,426,237	7.2%	12. Frederick 1,204	12. Carroll 3.7%
Harford	256,921,142	263,160,942	6,239,800	2.4%	13. Calvert 1,170	13. Caroline 3.7%
Howard	318,666,482	336,744,287	18,077,805	5.7%	14. St. Mary's 1,116	14. Worcester 3.5%
Kent	13,829,253	14,403,773	574,520	4.2%	15. Howard 1,089	15. Somerset 3.4%
Montgomery	887,410,494	931,753,901	44,343,407	5.0%	16. Harford 1,052	16. Baltimore 3.1%
Prince George's	1,260,140,315	1,343,560,788	83,420,473	6.6%	17. Carroll 1,046	17. Allegany 2.9%
Queen Anne's	44,620,929	46,309,049	1,688,120	3.8%	18. Baltimore 989	18. Dorchester 2.9%
St. Mary's	120,718,456	123,194,350	2,475,894	2.1%	19. Queen Anne's 949	19. Washington 2.7%
Somerset	39,837,713	41,181,498	1,343,785	3.4%	20. Anne Arundel 906	20. Talbot 2.5%
Talbot	22,510,997	23,072,497	561,500	2.5%	21. Montgomery 904	21. Harford 2.4%
Washington	203,080,347	208,506,086	5,425,739	2.7%	22. Kent 727	22. St. Mary's 2.1%
Wicomico	167,131,616	176,066,546	8,934,930	5.3%	23. Worcester 724	23. Frederick 1.8%
Worcester	36,132,798	37,410,225	1,277,427	3.5%	24. Talbot 613	24. Baltimore City 0.2%
Unallocated	113,336,188	92,331,217	-21,004,971	-18.5%		
Total	\$7,128,416,336	\$7,375,999,617	\$247,583,281	3.5%	Statewide Average \$1,234	Statewide Average 3.5%

Per Pupil State Education Aid Ranking by Annual Percent Change

<i>Per Pupil Direct Aid</i>					<i>Per Pupil Total Aid</i>			
County	Fiscal 2016	Fiscal 2017	% Change	Rank	Fiscal 2016	Fiscal 2017	% Change	Rank
Allegany	\$9,348	\$9,621	2.9%	13	\$10,227	\$10,536	3.0%	13
Anne Arundel	4,395	4,523	2.9%	12	5,206	5,358	2.9%	14
Baltimore City	11,173	11,139	-0.3%	23	12,000	12,022	0.2%	24
Baltimore	5,855	5,948	1.6%	20	6,650	6,757	1.6%	20
Calvert	5,111	5,265	3.0%	11	6,015	6,203	3.1%	11
Caroline	9,483	9,794	3.3%	9	10,306	10,644	3.3%	8
Carroll	5,141	5,380	4.6%	4	5,926	6,193	4.5%	4
Cecil	6,724	7,074	5.2%	3	7,581	7,958	5.0%	3
Charles	6,389	6,601	3.3%	8	7,227	7,459	3.2%	10
Dorchester	8,767	9,065	3.4%	7	9,555	9,910	3.7%	6
Frederick	5,844	5,934	1.5%	21	6,666	6,777	1.7%	19
Garrett	5,611	6,015	7.2%	1	6,413	6,892	7.5%	1
Harford	5,563	5,652	1.6%	19	6,291	6,413	1.9%	18
Howard	4,377	4,499	2.8%	15	5,441	5,590	2.8%	15
Kent	4,901	5,168	5.5%	2	5,743	6,112	6.4%	2
Montgomery	4,245	4,376	3.1%	10	5,271	5,435	3.1%	12
Prince George's	8,578	8,891	3.6%	6	9,395	9,810	4.4%	5
Queen Anne's	4,544	4,630	1.9%	16	5,323	5,467	2.7%	16
St. Mary's	5,869	5,970	1.7%	18	6,645	6,744	1.5%	21
Somerset	10,658	10,959	2.8%	14	11,589	11,967	3.3%	9
Talbot	3,201	3,230	0.9%	22	3,980	4,027	1.2%	23
Washington	7,629	7,767	1.8%	17	8,395	8,568	2.1%	17
Wicomico	9,542	9,896	3.7%	5	10,390	10,770	3.7%	7
Worcester	3,165	3,152	-0.4%	24	4,206	4,260	1.3%	22
Total	\$6,437	\$6,544	1.7%		\$7,303	\$7,451	2.0%	

Student Enrollment Growth and Local Wealth Impact Local Education Aid

Annual Percent Change – Fiscal 2017

<u>Student Enrollment</u>		<u>Local Wealth Per Pupil</u>		<u>Direct Education Aid</u>		<u>Direct Education Aid Excluding Special Foundation Grants</u>	
1. Howard	2.0%	24. Talbot	-1.4%	1. Garrett	6.4%	1. Cecil	6.3%
2. Wicomico	1.3%	23. Caroline	0.5%	2. Cecil	6.3%	2. Wicomico	5.1%
3. Montgomery	1.2%	22. Wicomico	0.6%	3. Wicomico	5.1%	3. Howard	4.9%
4. Baltimore	1.1%	21. Cecil	1.0%	4. Howard	4.9%	4. Prince George's	4.7%
5. Cecil	1.1%	20. Worcester	1.2%	5. Prince George's	4.7%	5. Montgomery	4.3%
6. Prince George's	1.1%	19. Baltimore	1.5%	6. Montgomery	4.3%	6. Anne Arundel	3.9%
7. Anne Arundel	1.0%	18. Dorchester	1.8%	7. Anne Arundel	3.9%	7. Charles	3.5%
8. Talbot	0.7%	17. Allegany	1.8%	8. Charles	3.5%	8. Caroline	3.5%
9. Charles	0.2%	16. Washington	1.8%	9. Caroline	3.5%	9. Calvert	2.8%
10. Caroline	0.2%	15. Calvert	1.9%	10. Carroll	3.2%	10. Baltimore	2.7%
11. Worcester	0.0%	14. St. Mary's	2.0%	11. Calvert	2.8%	11. Allegany	2.3%
12. St. Mary's	-0.1%	13. Queen Anne's	2.3%	12. Baltimore	2.7%	12. Somerset	2.3%
13. Calvert	-0.2%	12. Garrett	2.4%	13. Allegany	2.3%	13. Dorchester	1.7%
14. Queen Anne's	-0.2%	11. Anne Arundel	2.5%	14. Kent	2.3%	14. Queen Anne's	1.6%
15. Washington	-0.2%	10. Prince George's	2.7%	15. Somerset	2.3%	15. Talbot	1.6%
16. Harford	-0.3%	9. Somerset	2.7%	16. Dorchester	1.7%	16. St. Mary's	1.6%
17. Somerset	-0.5%	8. Harford	2.8%	17. Queen Anne's	1.6%	17. Washington	1.6%
18. Allegany	-0.6%	7. Howard	3.6%	18. Talbot	1.6%	18. Harford	1.3%
19. Frederick	-0.7%	6. Charles	3.8%	19. St. Mary's	1.6%	19. Frederick	0.9%
20. Garrett	-0.8%	5. Montgomery	4.1%	20. Washington	1.6%	20. Carroll	0.2%
21. Carroll	-1.3%	4. Carroll	4.2%	21. Harford	1.3%	21. Garrett	0.1%
22. Dorchester	-1.6%	3. Kent	4.5%	22. Frederick	0.9%	22. Worcester	-0.4%
23. Baltimore City	-2.4%	2. Frederick	4.7%	23. Worcester	-0.4%	23. Kent	-1.5%
24. Kent	-3.0%	1. Baltimore City	9.7%	24. Baltimore City	-2.7%	24. Baltimore City	-2.7%
Statewide	0.4%	Statewide	3.5%	Statewide	2.1%	Statewide	2.1%

Note: Three local school systems receive special grants under the foundation program in fiscal 2017: Carroll County (\$4.0 million), Garrett County (\$1.3 million), and Kent County (\$365,000).

Transportation

Fiscal 2016 to 2021 Transportation Trust Fund Forecasts
September 2015 vs. January 2016
(\$ in Millions)

	<u>2015 Draft</u>	<u>2016 Final</u>	<u>Difference</u>
Revenues			
Taxes and fees	\$18,233	\$18,262	\$29
Operating and other revenues	3,273	3,377	104
Federal operating assistance	570	582	12
Bond Proceeds	3,490	3,470	-20
Fiscal 2015 balance above projected	0	119	119
Total Revenues	\$25,566	\$25,810	\$244
Expenditures			
Debt Service	\$2,084	\$2,014	-\$70
Operating Budget	11,816	12,085	269
Deductions to other agencies	393	406	12
Highway User Revenues and local grants	1,811	1,844	33
State Capital Program	9,461	9,461	0
Total Expenditures	\$25,566	\$25,810	\$244

- The Administration does not intend to submit legislation to change the Highway User Revenue (HUR) distribution formula but instead plans to provide capital grants to local governments in amounts equal to increasing the local share by 2.9 percentage points in fiscal 2017 and 2.5 percentage points every year thereafter ending in fiscal 2024 when the combined HUR/capital grants for local governments would equal 30.0% of HUR.
- The Administration is interpreting the statutory provisions added by Chapter 429 of 2013 relating to the Watershed Implementation Plan (WIP) such that Transportation Trust Fund (TTF) dollars budgeted for WIP projects satisfies the mandated appropriations. The fiscal 2017 budget, however, includes only \$74 million in WIP project funding, which is \$11 million less than the \$85 million mandated in statute.
- The departmental operating expenses included in the MDOT forecast increase at an average annual rate of 2.99% from fiscal 2016 to 2021. At only three times going back to fiscal 1992 has the five-year average annual increase been at or below 3.0%, and those instances include years in the Great Recession. This suggests that funding for operations is understated in the Maryland Department of Transportation's forecast, which results in planned capital spending at levels likely to exceed available revenues.

Capital Transportation Program
January 2015 vs. January 2016 Plans
(\$ in Millions)

	<u>2015 Plan</u>	<u>2016 Plan</u>	<u>Change</u>
Fiscal 2017			
Secretary's Office	\$61.3	\$143.8	\$82.5
Washington Metropolitan Area Transit Authority	140.1	153.6	13.5
State Highway Administration	1,316.5	1,567.1	250.6
Maryland Port Administration	277.2	116.9	-160.3
Motor Vehicle Administration	17.8	29.6	11.8
Maryland Transit Administration	1,011.4	675.3	-336.1
Maryland Aviation Administration	58.5	120.5	62.0
Fiscal 2017 Total	\$2,882.8	\$2,806.8	-\$76.0
Six-year Total			
Secretary's Office	\$279.7	\$333.3	\$53.6
Washington Metropolitan Area Transit Authority	936.3	963.3	27.0
State Highway Administration	7,188.8	8,283.9	1,095.1
Maryland Port Administration	971.3	909.3	-62.0
Motor Vehicle Administration	125.3	133.9	8.6
Maryland Transit Administration	4,591.8	3,394.0	-1,197.8
Maryland Aviation Administration	404.4	473.9	69.5
Six-year Total	\$14,497.6	\$14,491.6	-\$6.0

- The HUR capital grant to local government is only reflected in fiscal 2017 in the *Consolidated Transportation Program* (CTP) although the TTF forecast reserves the revenues to be used for capital grants in all years of the CTP.
- The largest changes in both fiscal 2017 and the six-year program reflect more funding for highways and less for transit, which result from cancellation of the Baltimore Red Line Light Rail Project.

Capital Budget

Fiscal 2017 Capital Budget

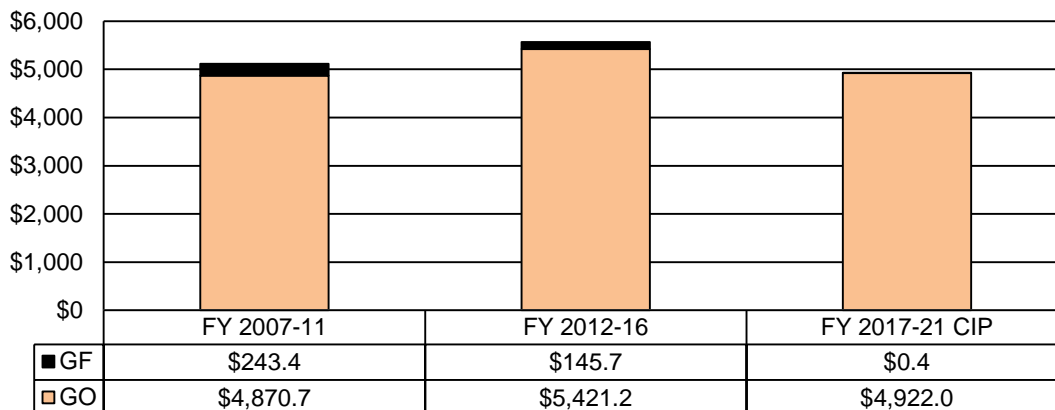
Fiscal 2017 Capital Budget Totals \$1.459 Billion

- **Debt components** include \$993.8 million of new general obligation (GO) bonds plus another \$8.6 million of GO bonds recycled from de-authorizations, \$24.5 million of Academic Revenue Bonds, and \$4.7 million of Qualified Zone Academy Bonds.
- **Pay-as-you-go (PAYGO) components** include \$11.4 million in general funds, \$341.1 million in special funds, and \$74.9 million in federal funds.
- Funding for State-owned projects comprises 33% of the total, and grants and loans in partnership with local jurisdictions and nonprofits account for 67% of the total.

Funding Highlights

- **GO Bond Authorization Levels Are Below Spending Affordability Limits and Below 2015 Session *Capital Improvement Program (CIP)* Levels:** Proposed new fiscal 2017 GO bond authorization amount is \$61.2 million below the level recommended by the Spending Affordability Committee and \$35.6 million below the level programmed in the 2015 CIP.
- Proposed five-year GO bond and general fund PAYGO funding is significantly below the previous two five-year intervals.

2016 *Capital Improvement Program* Comparison to Five-year Funding For Fiscal 2007-2011 and Fiscal 2012-2016 (\$ in Millions)



CIP: *Capital Improvement Program*

Capital Budget – All Funds

Fiscal 2017

(\$ in Millions)

	<u>FY 2016</u>	<u>FY 2017</u>	<u>Variance</u>
Uses			
State Facilities	\$83.3	\$72.9	-\$10.4
Health/Social	59.9	67.1	7.2
Environment	433.2	442.8	9.6
Public Safety	34.4	45.4	11.0
Education	336.1	350.1	14.0
Higher Education	438.0	367.3	-70.7
Housing/Economic Development	124.0	101.1	-22.9
Local Projects – Administration	33.7	12.2	-21.5
Local Projects – Legislative	14.5	0.0	-14.5
Subtotal	\$1,557.1	\$1,458.9	-\$98.2
Transportation	2,376.7	2,806.8	430.1
Total	\$3,933.8	\$4,265.7	\$331.9
Funds			
General Obligation (GO)	\$1,045.0	\$993.8	-\$51.2
Additional GO – De-authorizations	18.7	8.6	-10.1
Bond Premiums	48.4	0.0	-48.4
Revenue Bonds	54.5	24.5	-30.0
QZAB	4.6	4.7	0.1
General	26.8	11.4	-15.4
Special	254.7	341.1	86.4
Federal	104.4	74.9	-29.5
Transportation	2,376.7	2,806.8	430.1
Total	\$3,933.8	\$4,265.8	\$332.0

QZAB: Qualified Zone Academy Bonds

Note: Fiscal 2016 figures reflect the following general fund planned reversions: (1) \$10.2 million restricted by Section 48 of the Operating Budget Bill; and (2) \$2.8 million restricted for the purposes of funding turf fields at select Prince George's County high schools. Fiscal 2017 figures reflect \$20.0 million of special funds from transfer tax revenues programmed to be transferred to the general fund in the Budget Reconciliation and Financing Act of 2013 that are included in the Governor's fiscal 2017 budget available for capital projects contingent upon legislation altering the fiscal 2017 transfer amount.

Capital Budget – All Funds
2015 Session CIP Compared to 2016 Session CIP
(\$ in Millions)

	<u>2015 CIP</u>	<u>2016 CIP</u>	<u>Variance</u>
Uses			
State Facilities	\$375.5	\$396.4	\$20.9
Health/Social	501.7	364.8	-136.9
Environment	2,110.5	2,310.0	199.5
Public Safety	301.2	564.0	262.8
Education	1,431.7	1,511.8	80.1
Higher Education	2,064.4	1,715.8	-348.6
Housing/Economic Development	510.6	531.7	21.1
Local Projects – Administration	16.0	11.7	-4.3
Local Projects – Legislative	60.0	0.0	-60.0
Subtotal	\$7,371.6	\$7,406.2	\$34.6
Transportation	\$13,318.4	\$13,318.5	\$0.1
Total	\$20,690.0	\$20,724.7	\$34.7
Funds			
General Obligation (GO)	\$5,182.5	\$4,917.3	-\$265.2
Additional GO – De-authorizations	9.0	8.6	-0.4
Revenue Bonds	162.5	146.5	-16.0
QZAB	4.6	4.7	0.1
General	84.8	51.4	-33.4
Special	1574.0	1,910.4	336.4
Federal	354.2	367.3	13.1
Transportation	13,318.4	13,318.5	0.1
Total	\$20,690.0	\$20,724.7	\$34.7

CIP: *Capital Improvement Program*

QZAB: *Qualified Zone Academy Bonds*

Note: 2015 CIP figures include \$50 million in general funds, and 2016 CIP figures include \$45 million in general funds for the Sustainable Communities Tax Credit Program under Housing/Economic Development.

Top Funded Programs and Projects – All Funds
Fiscal 2017
(\$ in Millions)

<u>Project Title</u>	<u>GO</u>				<u>Special</u>	<u>Federal</u>	<u>Total Funds</u>
	<u>Bond</u>	<u>Revenue</u>	<u>General</u>	<u>Special</u>			
BPW: Public School Construction Program	\$280.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$280.0
MDE: Maryland Water Quality Revolving Loan Fund	6.8	0.0	0.0	89.2	34.0	130.0	130.0
UMB: Health Sciences Research Facility III and Surge Building	81.0	0.0	0.0	0.0	0.0	81.0	81.0
MDE: Bay Restoration Fund Wastewater Projects	0.0	0.0	0.0	80.0	0.0	80.0	80.0
UMCP: A. James Clark Hall – New Bioengineering Building	62.5	7.5	0.0	0.0	0.0	70.0	70.0
MHEC: Community College Facilities Grant Program	59.4	0.0	0.0	0.0	0.0	59.4	59.4
MSU: New Behavioral and Social Sciences Building	35.7	0.0	0.0	0.0	0.0	35.7	35.7
BSU: New Natural Sciences Center	31.5	0.0	0.0	0.0	0.0	31.5	31.5
DHCD: Rental Housing Program	10.0	0.0	0.0	15.5	4.0	29.5	29.5
BPW: New Catonsville District Court	28.5	0.0	0.0	0.0	0.0	28.5	28.5
MISC: Prince George's Hospital System	27.5	0.0	0.0	0.0	0.0	27.5	27.5
UMCP: Brendan Iribe Center for Computer Science and Innovation	27.0	0.0	0.0	0.0	0.0	27.0	27.0
MSDE: State Library Resource Center	26.4	0.0	0.0	0.0	0.0	26.4	26.4
DNR: Program Open Space – Stateside	0.0	0.0	0.0	19.4	5.8	25.1	25.1
MDE: Biological Nutrient Removal Program	25.0	0.0	0.0	0.0	0.0	25.0	25.0
MES: Infrastructure Improvement Fund	24.8	0.0	0.0	0.0	0.0	24.8	24.8
MDE: Maryland Drinking Water Revolving Loan Fund	3.0	0.0	0.0	10.6	10.4	24.0	24.0
DNR: Program Open Space – Local	0.0	0.0	0.0	21.7	0.0	21.7	21.7
MDA: Agricultural Land Preservation Program	0.0	0.0	0.0	21.2	0.0	21.2	21.2
BPW: Supplemental Capital Grant Program for Local School Systems	20.0	0.0	0.0	0.0	0.0	20.0	20.0
DPSCS: New Baltimore Justice Center	18.3	0.0	0.0	0.0	0.0	18.3	18.3
DNR: Rural Legacy Program	5.0	0.0	0.0	12.7	0.0	17.7	17.7
USMO: Capital Facilities Renewal Program	0.0	17.0	0.0	0.0	0.0	17.0	17.0

<u>Project Title</u>	<u>GO</u> <u>Bond</u>	<u>Revenue</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	<u>Total</u> <u>Funds</u>
DPSCS: Demolition of Buildings at the Baltimore City Correctional Complex	16.6	0.0	0.0	0.0	0.0	16.6
MDE: Energy – Water Infrastructure Program	0.0	0.0	0.0	16.2	0.0	16.2
DJS: New Female Detention Center	15.2	0.0	0.0	0.0	0.0	15.2
DoIT: Public Safety Communications System	15.0	0.0	0.0	0.0	0.0	15.0
BPW: Facilities Renewal Fund	15.0	0.0	0.0	0.0	0.0	15.0
MDE: Bay Restoration Fund Septic System Program	0.0	0.0	0.0	14.0	0.0	14.0
DNR: Waterway Improvement Program	0.0	0.0	0.0	10.5	2.1	12.6
Subtotal: Top Funded Programs and Projects	\$834.1	\$24.5	\$0.0	\$311.0	\$56.2	\$1,225.8
Subtotal: Other Funded Programs and Projects	\$173.0	\$0.0	\$11.4	\$30.1	\$18.8	\$233.2
Total⁽¹⁾	\$1,007.1	\$24.5	\$11.4	\$341.1	\$74.9	\$1,459.0
De-authorizations as Introduced	-\$8.6	\$0.0	\$0.0	\$0.0	\$0.0	-\$8.6
	\$998.4	\$24.5	\$11.4	\$341.1	\$74.9	\$1,450.4
BPW: Board of Public Works	MES: Maryland Environmental Service MSDE: Maryland State Department of Education MHEC: Maryland Higher Education Commission MSC: miscellaneous MSU: Morgan State University UMB: University of Maryland, Baltimore UMCP: University of Maryland, College Park USMO: University System of Maryland Office					
BSU: Bowie State University						
DHCD: Department of Housing and Community Development						
DJS: Department of Juvenile Services						
DNR: Department of Natural Resources						
DPSCS: Department of Public Safety and Correctional Services						
DoIT: Department of Information Technology						
MDA: Maryland Department of Agriculture						
MDE: Maryland Department of the Environment						

⁽¹⁾ General obligation (GO) bond figures include \$4.67 million of Qualified Zone Academy Bonds not counted under the limit for new GO bond authorizations for the 2016 session.

Annuity Bond Fund Forecast

Fiscal 2016-2021

(\$ in Millions)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Change</u> <u>2016-21</u>	<u>Average</u> <u>Annual</u> <u>%</u> <u>Change</u>
Special Fund Revenues								
State Property Tax Receipts	\$750	\$775	\$799	\$807	\$815	\$823	\$74	1.9%
Bond Sale Premiums	121	0	0	0	0	0	-121	-100.0%
Other Revenues	3	3	3	3	3	3	0	0.1%
Prior Year Balance	87	110	2	2	2	2	-85	-53.0%
Subtotal Special Fund Revenues	\$961	\$888	\$804	\$812	\$820	\$829	-132	-2.9%
General Funds	252	283	433	455	505	522	\$270	15.7%
Transfer Tax Special Funds	6	7	7	7	7	7	0	1.4%
Federal Funds	11	12	12	12	11	10	-1	-2.5%
Total Revenues	\$1,231	\$1,189	\$1,255	\$1,286	\$1,343	\$1,368	\$137	2.1%
Debt Service Expenditures	\$1,121	\$1,187	\$1,253	\$1,284	\$1,341	\$1,366	\$245	4.0%
ABF End-of-year Fund Balance	\$110	\$2	\$2	\$2	\$2	\$2	-\$108	-55.2%
Property Tax Rate Per \$100 of Assessable Base	\$0.112	\$0.112	\$0.112	\$0.112	\$0.112	\$0.112		

Source: Department of Budget and Management, January 2016

- The Administration assumes that the March 2016 general obligation (GO) bond sale will realize a \$77.6 million bond sale premium, which reduces general fund requirements correspondingly. To date, the largest bond sale premium was in March 2013, when the State sold \$500 million in GO bonds with an interest rate of 2.36% and realized a \$77.9 million premium.
- Favorable real estate trends resulted in the State Department of Assessments and Taxation increasing State property tax estimates. Compared to the fiscal 2017 baseline, the Department of Budget and Management's forecast includes an additional \$17.4 million in fiscal 2017 State property tax receipts.

Budget-related Legislation and the Impact on the Governor's Forecast

2016 Session – Budget-related Legislation Administration Proposals

Proposals with Fiscal 2017 Impacts

Income Tax – Refundable Earned Income Credit

- Under current law, eligible taxpayers may claim a refundable earned income tax credit equal to 26% of the federal credit, minus any pre-credit State income tax liability. This percentage is scheduled to increase to 28% by tax year 2018. Under the Administration's proposal, the increase to 28% would be accelerated to tax year 2016. The Department of Legislative Services (DLS) estimates that this would reduce general fund revenues by approximately \$16 million in fiscal 2017 and \$8 million in fiscal 2018.

Fee Reductions

- The Administration proposes reducing a variety of fees, including fees for birth and death certificates, fishing licenses, handgun licenses, and vanity license plates. The Administration estimates that this would reduce general fund revenues by approximately \$5.2 million in fiscal 2017.

Transfer Tax Distribution to General Fund

- The Administration's proposal would reduce the distribution of transfer tax revenues to the General Fund by \$20 million in fiscal 2017 and \$40 million in fiscal 2018 and also specify how those amounts would be spent for various land preservation initiatives.

Distribution of Admissions and Amusement Tax Revenue

- The Administration proposes redirecting admissions and amusement tax revenue generated from electronic bingo and electronic tip jars from the Special Fund for Preservation of Cultural Arts in Maryland to the Maryland State Arts Council. The Special Fund currently receives just under \$2 million annually.

Proposals Impacting Future Fiscal Years

Income Tax – Seniors Tax Exemption

- In addition to a full exemption for Social Security benefits and the pension exclusion for eligible retirement income, individuals 65 years of age and older may

currently claim an additional income tax exemption amount of \$1,000. The Administration's proposal would increase the \$1,000 exemption to \$5,000, phased in over four years beginning in tax year 2017 (fiscal 2018).

- DLS estimates that this will reduce general fund revenues by approximately \$23 million in fiscal 2018, increasing to just over \$100 million annually once fully phased in. Local revenues will decrease by approximately \$15 million in fiscal 2018, increasing to approximately \$66 million annually at full phase-in.

Business Filing Fee Reduction

- Business entities are generally required to pay an annual \$300 filing fee to the State Department of Assessments and Taxation for the privilege of maintaining the legal entity's existence in the State. The fee generates approximately \$80 million in general fund revenues annually.
- The Administration's proposal would reduce the \$300 fee by \$50 per year for four years beginning in fiscal 2018. DLS estimates that the proposal will reduce general fund revenues by approximately \$14 million in fiscal 2018, increasing to approximately \$60 million annually once fully phased in.

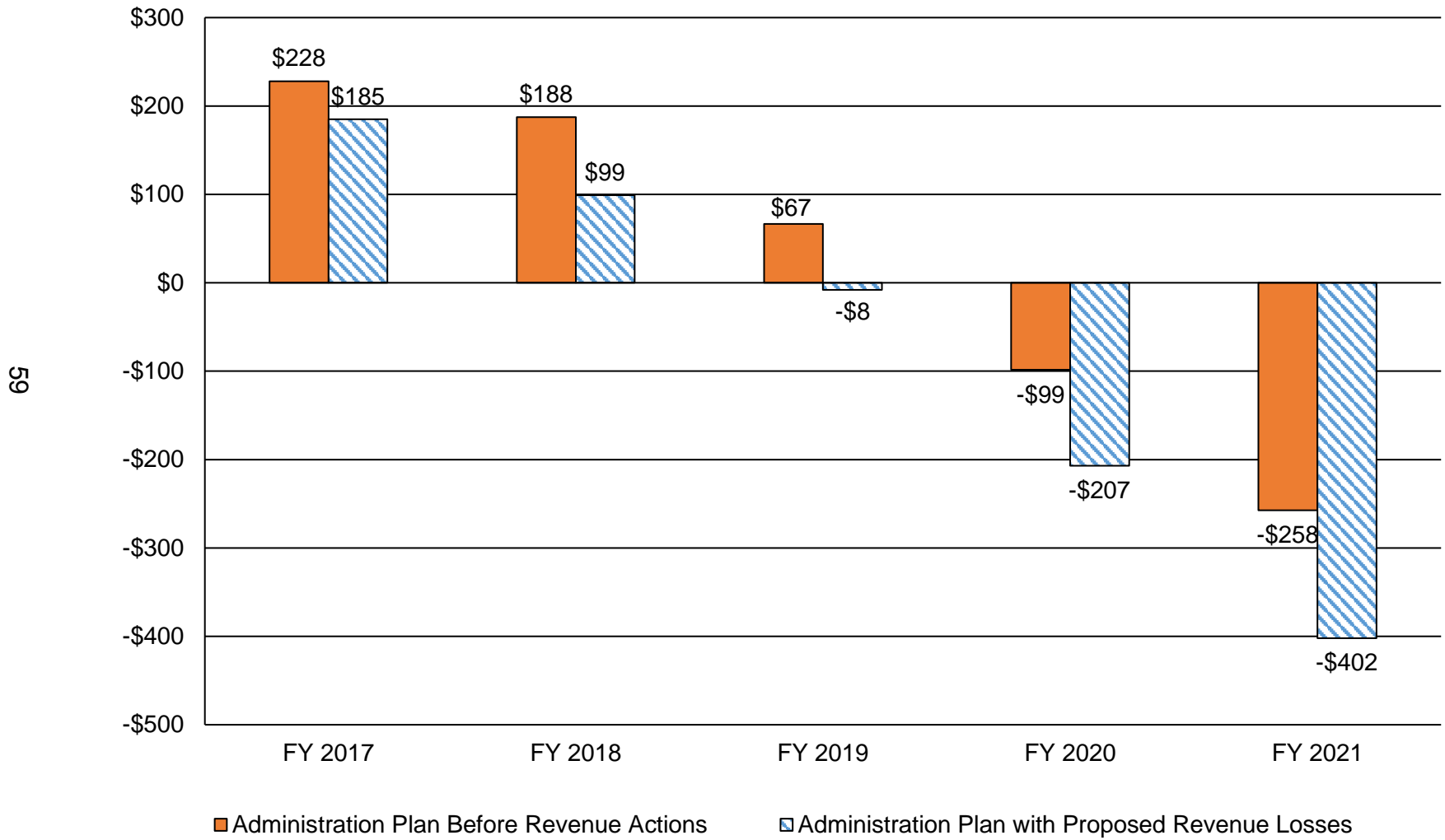
Manufacturing Tax Incentives

- Effective beginning in tax year 2017, the Administration's proposal would eliminate the corporate income tax for a 10-year period on new manufacturers locating in manufacturing empowerment zones, and individuals employed by eligible manufacturers in those zones that make less than \$65,000 would be exempt from State income tax. Counties and municipalities would also be authorized to provide property tax incentives to qualifying manufacturers in the empowerment zones.

General Fund Mandates

- The Administration is expected to propose legislation that would allow the Governor to reduce mandated spending under some conditions.

Structural Budget Outlook (\$ in Millions)



Appendices

Operating Budget Affordability Limit (\$ in Millions)

<u>Funds</u>	<u>2015 Session</u>	<u>2016 Session</u>	<u>\$ Change</u>	<u>% Change</u>
General	\$16,171.3	\$16,774.9	\$603.5	3.73%
Special	5,666.4	6,052.7	386.3	6.82%
Higher Education	2,579.2	2,673.2	94.1	3.65%
Estimated Budget Growth	\$24,416.9	\$25,500.8	\$1,083.9	4.44%
SAC Limit	\$24,416.9	\$25,601.1	\$1,184.2	4.85%
Over (Under) Limit			-100.3	-0.41%

SAC: Spending Affordability Committee

Changes from General Fund Baseline Expenditure Growth
Fiscal 2017 Proposed Budget
(\$ in Millions)

Aid to Local Governments	-\$54
Education Aid – lower than anticipated enrollment growth (-\$63 million)	
Education Aid – enhanced funding for jurisdictions with declining enrollment (\$6 million)	
Education Aid – no funding for Math and Science Initiatives (-\$2 million)	
Increased funding for police aid, local health, and disparity grants (\$5 million)	
Entitlements	23
Medicaid funding higher than baseline estimates (\$22 million)	
Behavioral Health – declining population (-\$14 million)	
Assistance payments/foster care – caseloads/more federal funds (\$9 million)	
Property Tax Credits (\$6 million)	
State Agencies – Operations/Programs	-123
Employee compensation – no fiscal 2017 general salary increase (-\$76 million)	
Abolish 657 vacant positions (-\$20 million)	
Heroin Task Force Initiative (\$4 million)	
Judiciary – new positions, salary reclassifications, IT, and other costs (\$10 million)	
State Colleges and Universities (\$13 million)	
General Services – deferred maintenance/security/building operations (\$6 million)	
Major IT projects (-\$13 million)	
General fund support for MEDAAF (\$6 million)	
Corrections – delayed opening of Youth Detention Center (-\$5 million)	
Corrections – employee overtime and other operating expenses (-\$19 million)	
Juvenile Services – lower per diems due to population decline (-\$6 million)	
Other	-54
General fund support for public debt offset by increased revenue assumptions from the Annuity Bond Fund (-\$51 million)	
GO bonds used for public school construction in lieu of PAYGO (-\$20 million)	
Supplemental retirement payment higher than statutory requirement (\$15 million)	
Total Difference from Baseline	-\$208

GO: general obligation

IT: information technology

MEDAAF: Maryland Economic Development Authority Assistance Fund

PAYGO: pay-as-you-go

Administration's September 2015 Fee Reduction Proposal

In September 2015, the Administration proposed 100 fee reductions across several State agencies, with an announced aggregate revenue reduction of \$10.3 million annually – including \$5.9 million (nonbudgeted funds) from a monthly EZ-Pass fee reduction that had previously been announced in May 2015. The Department of Legislative Services conducted a detailed review of the proposal; summary information for fiscal 2017, the first full year of impact, is shown below.

- Of the 100 fees, 84 are specified in regulation. The remaining 16 fees (counting Maryland Department of Agriculture laboratory fees as a single fee) are not in regulation and are altered administratively by the appropriate agency.
- Of the 90 fees with verifiable histories (some agencies could not provide certain information on their administrative fees), 42 were last altered in 2007 or later, 15 were last altered between 2003 and 2006, and 33 were last altered prior to 2003.

Summary of Fee Revenue Reductions Impact in Fiscal 2017

<u>Agency</u>	<u>Announced Aggregate Totals</u>	<u>Totals of Proposed Regulations and Verified Administrative Actions</u>	<u>Difference from Announced Totals</u>
Maryland Dept. of Transportation without Maryland Transportation Authority (MDTA) EZ-Pass	\$374,558	\$375,947	\$1,389
Dept. of Health and Mental Hygiene (DHMH)	1,779,830	737,383	-1,042,447
Dept. of Labor, Licensing, and Regulation	1,089,259	1,107,079	17,820
Department of Human Resources (DHR)	738,805	734,300	-4,505
Maryland Department of Agriculture	272,000	263,825	-8,175
Maryland Department of the Environment	82,395	78,720	-3,675
DHR	35,250	11,850	-23,400
Maryland Department of Aging	550	550	0
Total	\$4,372,647	\$3,309,654	-\$1,062,993
MDTA EZ-Pass	\$5,900,000	\$5,900,000	\$0
Total	\$10,272,647	\$9,209,654	-\$1,062,993

Note: The impact of three proposed reductions is not fully captured. To date, regulations have not been submitted to reduce the controlled dangerous substance registration fee (DHMH), estimated to be about \$800,000 annually. The impact of the reduction for residential service agency license fees (DHMH) is largely deferred until fiscal 2018, due to the current renewal cycle (most such entities are not due to renew again until that year). Finally, an administrative action was not quantified by the agency in time for the October analysis (DHR adoption records search fee – minimal impact on revenue).

Contractual Full-time Equivalent Positions Fiscal 2014 Actuals to 2017 Allowance

<u>Department/Service Area</u>	<u>FY 2014 Actual</u>	<u>FY 2015 Actual</u>	<u>FY 2016 Working Approp.</u>	<u>FY 2017 Allowance</u>	<u>2016-17 Change</u>
Health and Human Services					
Health and Mental Hygiene	362	385	440	429	-11
Human Resources	146	136	74	74	0
Juvenile Services	161	159	142	142	-1
Subtotal	669	680	656	645	-11
Public Safety					
Public Safety and Correctional Services	272	266	367	364	-3
Police and Fire Marshal	26	28	70	66	-4
Subtotal	297	293	437	431	-6
Transportation	131	40	41	41	0
Other Executive					
Legal (Excluding Judiciary)	38	42	61	50	-10
Executive and Administrative Control	227	210	193	184	-8
Financial and Revenue Administration	64	54	47	51	4
Budget and Management and DoIT	16	14	11	13	3
Retirement	16	16	10	10	0
General Services	15	24	25	24	-1
Natural Resources	370	361	447	423	-23
Agriculture	42	39	45	44	-1
Labor, Licensing, and Regulation	258	191	290	144	-146
MSDE and Other Education	303	295	295	271	-24
Housing and Community Development	48	51	71	72	1
Commerce	18	18	18	20	2
Environment	25	28	60	41	-19
Subtotal	1,441	1,342	1,570	1,346	-224
Executive Branch Subtotal	2,539	2,356	2,704	2,462	-241
Higher Education	6,645	7,006	6,568	6,650	83
Judiciary	446	431	330	334	4
Grand Total	9,630	9,793	9,601	9,446	-155

DoIT: Department of Information Technology

MSDE: Maryland State Department of Education

Source: Department of Budget and Management

Fiscal 2016 Deficiencies (\$ in Millions)

	<u>GF</u>	<u>SF</u>	<u>FF</u>	<u>CUF</u>
Initiatives	\$42.8	\$0.9	\$0.4	\$0.0
Reserve Fund: Sunny Day Fund grant (\$20.0 million), Catastrophic Event Fund (\$10.0 million), and State agency information technology upgrades (\$2.5 million); Public Safety and Correctional Services: cell phone managed access system (\$6.7 million); DBM: SLEOLA collective bargaining agreement (\$2.5 million) and Shared Services initiative (\$0.2 million); MDOT: Baltimore Transit Plan (\$0.6 million); MSDE: P-Tech School planning grants (\$0.6 million); Military: Additional capacity at ChalleNGE Academy (\$0.6 million); and Aging: Hold harmless grants (\$0.5 million)				
General Funds Required to Offset Special and Federal Fund Underattainment	\$10.7	-\$6.1	-\$3.6	\$0.0
MSDE: Underattainment of VLT revenues for education aid in fiscal 2016 (\$6.1 million) and indirect costs adjustment (\$3.6 million); Aging: federal fund shortfall (\$1.0 million)				
Funds to Backfill for Unattainable Fiscal 2016 2% Across-the-board Savings	\$16.4	\$0.0	\$0.0	\$0.0
Public Safety and Correctional Services: operating expenses (\$8.5 million); Maryland State Police: operating expenses (\$5.2 million); MHEC: Educational Excellence Awards (\$1.7 million); and various other agencies (\$0.95 million)				
Funding for Prior Year Deficits	\$41.3	-\$5.5	\$0.0	\$0.0
MSDE: nonpublic placements (\$12.4 million), underattainment of VLT revenues for education aid (\$5.5 million), and Maryland Meals for Achievement Program (\$0.4 million); Aging: prior year shortfalls (\$5.1 million); MHEC: Statewide and Health Manpower grants \$2.7 million), Community College Optional Retirement (\$1.7 million), and Hoffman Loan Assistance Repayment Program (\$0.3 million); Office of Public Defender: case-load and leave payouts (\$4.9 million); Maryland State Police: operating expenses (\$4.5 million); Exchange: legal and consolidated service center expenses (\$1.6 million); Stadium Authority: Baltimore City Convention Center operating subsidy (\$1.1 million); and Veterans: prior year shortfalls (\$1.0 million)				
Operational Expenses	\$64.5	\$3.2	\$8.8	\$16.1
Public Safety and Correctional Services: overtime, leave payouts, facility maintenance, replacement radio system, and other operating expenses (\$16.7 million); USM: underfunded health insurance expenses (\$16.5 million in GF and \$16.5 million in CUF); MSDE: assessment costs and nonpublic placements (\$16.0 million); Exchange: legal services and consolidated service center (\$12.9 million); General Services: various costs at the Crownsville complex, security services, and rent (\$3.8 million); Natural Resources: variety of operating expenses (\$2.4 million); State Board of Elections: staffing and transportation expenses related to the 2016 primary election (\$1.5 million); and other operational expenses (\$6.3 million)				
Miscellaneous Grants and Aid	\$3.4	\$2.0	\$0.5	\$0.0
Natural Resources: various grants supported by POS (\$1.1 million) and the Calvert County Gaming Tax Fund (\$0.9 million); DHMH: grant to fund the State share of the CON cost for the new Prince George's County Regional Medical Center (\$1.5 million); Community College Optional Retirement Program (\$1.3 million); and other (\$1.1 million)				
Deficiencies Total	\$179.1	-\$5.5	\$6.1	\$16.1

CON: Certificate of Need
CUF: current unrestricted funds
DBM: Department of Budget and Management
DHMH: Department of Health and Mental Hygiene
GF: General Fund
MDOT: Maryland Department of Transportation

MHEC: Maryland Higher Education Commission
MSDE: Maryland State Department of Education
POS: Program Open Space
SLEOLA: State Law Enforcement Officers Labor Alliance
USM: University System of Maryland
VLT: video lottery terminal

State Expenditures – Special and Higher Education Funds*

(\$ in Millions)

<u>Category</u>	<u>Actual FY 2015</u>	<u>Work. Appr. FY 2016</u>	<u>Allowance FY 2017</u>	<u>FY 2016 to FY 2017 \$ Change</u>	<u>% Change</u>
Debt Service	\$1,124.0	\$1,149.6	\$1,202.6	\$52.9	4.6%
County/Municipal	257.4	278.8	369.4	90.6	32.5%
Community Colleges	0.0	0.0	0.0	0.0	n/a
Education/Libraries	386.8	387.9	458.8	71.0	18.3%
Health	0.0	0.0	0.0	0.0	n/a
Aid to Local Governments	\$644.2	\$666.7	\$828.2	\$161.6	24.2%
Foster Care Payments	2.2	4.8	2.2	-2.6	-53.8%
Assistance Payments	6.4	16.6	13.3	-3.3	-19.9%
Medical Assistance	1,031.1	998.5	946.8	-51.7	-5.2%
Property Tax Credits	0.0	0.0	0.0	0.0	n/a
Entitlements	\$1,039.8	\$1,020.0	\$962.3	-\$57.6	-5.7%
Health	394.4	488.1	519.7	31.6	6.5%
Human Resources	81.4	90.6	97.9	7.4	8.1%
Children's Cabinet Interagency Fund	0.0	0.0	0.0	0.0	n/a
Juvenile Services	3.7	4.9	3.9	-1.0	-21.2%
Public Safety/Police	214.6	221.7	224.9	3.2	1.5%
Higher Education	4,029.0	4,208.2	4,290.1	81.9	1.9%
Other Education	52.7	60.0	66.7	6.7	11.2%
Transportation	1,762.4	1,767.3	1,805.3	38.0	2.2%
Agric./Nat'l. Res./Environment	205.8	253.3	278.2	24.9	9.8%
Other Executive Agencies	615.9	687.0	724.6	37.7	5.5%
Judiciary	58.4	64.7	59.3	-5.4	-8.3%
Legislative	0.0	0.0	0.0	0.0	n/a
Across-the-board Cuts	0.0	0.0	0.0	0.0	n/a
State Agencies	\$7,418.3	\$7,845.7	\$8,070.7	\$225.0	2.9%
Deficiencies (for prior years)	0.0	-5.5	0.0	5.5	-100.0%
Total Operating	\$10,226.2	\$10,676.5	\$11,063.8	\$387.3	3.6%
Capital	1,530.8	1,834.7	1,980.3	145.7	7.9%
– Transportation	1,283.1	1,580.3	1,666.4	86.1	5.4%
– Environment	196.5	193.3	210.1	16.7	8.7%
– Other	51.3	61.0	103.8	42.8	70.3%
Grand Total	\$11,757.0	\$12,511.2	\$13,044.1	\$532.9	4.3%

* Includes higher education fund (current unrestricted and current restricted) net of general and special funds.

Note: The fiscal 2016 working appropriation reflects deficiencies of -\$7.5 million. The fiscal 2017 allowance reflects \$3.3 million in reductions from Section 19 of the budget bill (SB 190).

State Expenditures – Federal Funds

(\$ in Millions)

<u>Category</u>	<u>Actual FY 2015</u>	<u>Work. Appr. FY 2016</u>	<u>Allowance FY 2017</u>	<u>FY 2016 to FY 2017 \$ Change</u>	<u>% Change</u>
Debt Service	\$11.5	\$11.5	\$11.5	\$0.1	0.5%
County/Municipal	67.4	65.9	65.9	0.0	0.0%
Community Colleges	0.0	0.0	0.0	0.0	n/a
Education/Libraries	792.9	847.6	936.8	89.2	10.5%
Health	4.5	4.5	4.5	0.0	0.0%
<i>Aid to Local Governments</i>	\$864.8	\$917.9	\$1,007.1	\$89.2	9.7%
Foster Care Payments	81.0	98.7	82.3	-16.4	-16.6%
Assistance Payments	1,268.1	1,259.5	1,255.6	-4.0	-0.3%
Medical Assistance	5,736.7	5,929.8	6,087.5	157.7	2.7%
Property Tax Credits	0.0	0.0	0.0	0.0	n/a
<i>Entitlements</i>	\$7,085.8	\$7,288.0	\$7,425.4	\$137.4	1.9%
Health	891.8	942.4	975.7	33.3	3.5%
Human Resources	486.5	494.9	501.3	6.5	1.3%
Children's Cabinet Interagency Fund	0.0	0.0	0.0	0.0	n/a
Juvenile Services	7.9	7.4	4.8	-2.5	-34.3%
Public Safety/Police	34.2	37.4	42.6	5.3	14.1%
Higher Education	0.0	0.0	0.0	0.0	n/a
Other Education	271.4	246.0	252.9	6.9	2.8%
Transportation	89.8	96.6	97.2	0.7	0.7%
Agric./Nat'l. Res./Environment	64.4	69.8	66.0	-3.8	-5.4%
Other Executive Agencies	534.4	571.6	621.6	50.0	8.8%
Judiciary	1.0	1.2	0.2	-1.1	-86.7%
Across-the-board Cuts	0.0	0.0	0.0	0.0	n/a
<i>State Agencies</i>	\$2,381.4	\$2,467.1	\$2,562.4	\$95.3	3.9%
Total Operating	\$10,343.5	\$10,684.5	\$11,006.4	\$322.0	3.0%
Capital	741.2	810.4	1,093.6	283.2	34.9%
– Transportation	674.4	705.5	1,020.4	314.9	44.6%
– Environment	41.3	44.9	44.3	-0.5	-1.2%
– Other	25.5	60.0	28.9	-31.1	-51.9%
Grand Total	\$11,084.7	\$11,494.8	\$12,100.0	\$605.2	5.3%

Note: The fiscal 2016 working appropriation includes \$6.1 million in deficiencies. The fiscal 2017 allowance reflects \$2.0 million in reductions from Section 19 of the budget bill (SB 190).

State Expenditures – All Funds

(\$ in Millions)

<u>Category</u>	<u>Actual FY 2015</u>	<u>Adjusted Work. Appr. FY 2016</u>	<u>Allowance FY 2017</u>	<u>FY 2016 to FY 2017</u>	
				<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$1,275.4	\$1,413.5	\$1,497.1	\$83.6	5.9%
County/Municipal	571.9	599.3	700.3	101.0	16.8%
Community Colleges	290.3	297.5	314.3	16.9	5.7%
Education/Libraries	6,946.9	7,063.0	7,307.2	244.2	3.5%
Health	46.2	50.2	54.0	3.8	7.6%
Aid to Local Governments	\$7,855.3	\$8,009.9	\$8,375.8	\$365.8	4.6%
Foster Care Payments	269.3	288.7	262.3	-26.4	-9.1%
Assistance Payments	1,347.6	1,338.0	1,337.1	-0.9	-0.1%
Medical Assistance	9,533.1	9,605.9	10,021.1	415.2	4.3%
Property Tax Credits	76.0	81.5	85.7	4.3	5.2%
Entitlements	\$11,226.1	\$11,314.1	\$11,706.2	\$392.1	3.5%
Health	2,578.3	2,741.8	2,846.4	104.6	3.8%
Human Resources	929.1	944.4	979.8	35.3	3.7%
Children's Cabinet Interagency Fund	20.6	22.5	20.7	-1.8	-8.0%
Juvenile Services	286.3	291.4	293.5	2.0	0.7%
Public Safety/Police	1,656.6	1,726.8	1,769.7	42.9	2.5%
Higher Education	5,316.8	5,557.1	5,676.6	119.5	2.2%
Other Education	712.5	716.0	742.6	26.6	3.7%
Transportation	1,852.3	1,863.9	1,902.6	38.7	2.1%
Agric./Nat'l. Res./Environment	401.6	436.5	464.8	28.3	6.5%
Other Executive Agencies	1,804.3	1,931.6	2,096.3	164.7	8.5%
Judiciary	485.1	518.8	542.4	23.5	4.5%
Legislative	82.3	84.5	87.0	2.5	2.9%
Across-the-board Cuts	0.0	0.0	-20.0	-20.0	n/a
State Agencies	\$16,125.9	\$16,835.2	\$17,402.4	\$567.1	3.4%
Deficiencies (for prior years)	0.0	35.9	0.0	-35.9	-100.0%
Total Operating	\$36,482.7	\$37,608.6	\$38,981.4	\$1,372.8	3.7%
Capital ⁽¹⁾	2,283.5	2,671.5	3,085.3	413.8	15.5%
– Transportation	1,957.5	2,285.8	2,686.8	401.0	17.5%
– Environment	238.8	238.6	254.6	16.0	6.7%
– Other	87.3	147.1	143.9	-3.2	-2.2%
Subtotal	\$38,766.2	\$40,280.1	\$42,066.7	\$1,786.5	4.4%
Reserve Funds	14.8	72.5	235.3	162.8	224.6%
Appropriations	\$38,781.0	\$40,352.6	\$42,302.0	\$1,949.4	4.8%
Reversions	0.0	-67.0	-30.0	37.0	-55.2%
Grand Total	\$38,781.0	\$40,285.6	\$42,272.0	\$1,986.4	4.9%

⁽¹⁾ Includes the Sustainable Communities Tax Credit Reserve Fund.

Note: The fiscal 2016 adjusted working appropriation includes \$177.7 million in deficiencies and \$303.7 million in targeted reversions. The fiscal 2017 allowance reflects \$17.5 million in reductions from Section 19 of the budget bill (SB 190), \$20.0 million in reductions from Section 20 of the budget bill, and \$1.4 million in targeted reversions.

State Expenditures
Total and Adjusted for Reserve Fund Transfers
Fiscal 2007-2017
(\$ in Millions)

Table 1. General Funds

Fiscal Year	General Fund Expenditures	Percent Change	Appropriations to Reserve Fund ⁽²⁾	Adjusted General Fund Expenditures	Percent Change	Calendar Year	Maryland Personal Income ⁽³⁾	Percent Change
2007	\$14,204	15.0%	\$638	\$13,566	12.5%	2007	\$269,714	4.4%
2008	14,488	2.0%	163	14,325	5.6%	2008	280,306	3.9%
2009	14,353	-0.9%	147	14,206	-0.8%	2009	279,294	-0.4%
2010	13,442	-6.3%	115	13,327	-6.2%	2010	287,571	3.0%
2011	13,281	-1.2%	15	13,266	-0.5%	2011	302,712	5.3%
2012	14,951	12.6%	15	14,936	12.6%	2012	312,724	3.3%
2013	14,697	-1.7%	38	14,659	-1.9%	2013	312,054	-0.2%
2014	15,603	6.2%	55	15,548	6.1%	2014	323,778	3.8%
2015	15,939	2.2%	15	15,924	2.4%	2015	337,324	4.2%
2016 ⁽¹⁾	16,280	2.1%	73	16,207	1.8%	2016	352,962	4.6%
2017 ⁽¹⁾	17,128	5.2%	235	16,893	4.2%	2017	370,921	5.1%

Table 2. State Funds (General, Special, and Higher Education)

Fiscal Year	State Fund Expenditures	Percent Change	Appropriations to Reserve Fund ⁽²⁾	Adjusted State Fund Expenditures	Percent Change	Calendar Year	Maryland Personal Income ⁽³⁾	Percent Change
2007	\$22,393	12.1%	\$638	\$21,755	10.7%	2007	\$269,714	4.4%
2008	23,008	2.7%	163	22,845	5.0%	2008	280,306	3.9%
2009	23,112	0.5%	147	22,965	0.5%	2009	279,294	-0.4%
2010	22,208	-3.9%	115	22,093	-3.8%	2010	287,571	3.0%
2011	22,733	2.4%	15	22,718	2.8%	2011	302,712	5.3%
2012	24,856	9.3%	15	24,841	9.3%	2012	312,724	3.3%
2013	25,935	4.3%	38	25,898	4.3%	2013	312,054	-0.2%
2014	26,863	3.6%	55	26,808	3.5%	2014	323,778	3.8%
2015	27,696	3.1%	15	27,681	3.3%	2015	337,324	4.2%
2016 ⁽¹⁾	28,791	4.0%	73	28,718	3.7%	2016	352,962	4.6%
2017 ⁽¹⁾	30,172	4.8%	235	29,937	4.2%	2017	370,921	5.1%

Table 3. All Funds

Fiscal Year	Total Expenditures	Percent Change	Appropriations to Reserve Fund ⁽²⁾	Adjusted Total State Expenditures	Percent Change	Calendar Year	Maryland Personal Income ⁽³⁾	Percent Change
2007	\$28,756	9.9%	\$638	\$28,118	8.7%	2007	\$269,714	4.4%
2008	29,569	2.8%	163	29,407	4.6%	2008	280,306	3.9%
2009	30,871	4.4%	147	30,724	4.5%	2009	279,294	-0.4%
2010	32,033	3.8%	115	31,918	3.9%	2010	287,571	3.0%
2011	32,684	2.0%	15	32,669	2.4%	2011	302,712	5.3%
2012	33,915	3.8%	15	33,900	3.8%	2012	312,724	3.3%
2013	35,120	3.6%	38	35,082	3.5%	2013	312,054	-0.2%
2014	36,890	5.0%	55	36,835	5.0%	2014	323,778	3.8%
2015	38,781	5.1%	15	38,766	5.2%	2015	337,324	4.2%
2016 ⁽¹⁾	40,286	3.9%	73	40,213	3.7%	2016	352,962	4.6%
2017 ⁽¹⁾	42,272	4.9%	235	42,037	4.5%	2017	370,921	5.1%

⁽¹⁾ Fiscal 2016 is the working appropriation including deficiencies, targeted reversions, and expected general fund reversions. Fiscal 2017 is the Governor's allowance reflecting expected general fund reversions and reductions from Sections 19 and 20 of the budget bill (SB 190).

⁽²⁾ Includes appropriations to the Revenue Stabilization Account, the Dedicated Purpose Account, the Catastrophic Event Fund, the Citizen's Tax Reduction Reserve Fund, and the Joseph Fund. Money that was appropriated to the Dedicated Purpose Account to be transferred to the Maryland Transportation Authority is excluded (\$50.0 million in fiscal 2006, \$53.0 million in fiscal 2007, and \$65.0 million in fiscal 2009). Money appropriated to the Dedicated Purpose Account for the Other Post Employment Benefits liability is also excluded (\$100.0 million each in fiscal 2007 and 2008).

⁽³⁾ The history through 2014 comes from the U.S. Department of Commerce, Bureau of Economic Analysis and reflects their December 2015 release of state personal income data. The forecast for 2015 to 2017 is from the Maryland Board of Revenue Estimates, December 2015.

State Aid to Local Governments
Fiscal 2017 Allowance
(\$ in Thousands)

County	County/ Municipal	Community Colleges	<i>Direct State Aid</i>				Retirement	Total	Change Over FY 2016	Percent Change
			Public Schools	Libraries	Health	Subtotal				
Allegany	\$14,890	\$6,245	\$79,706	\$762	\$1,188	\$102,790	\$9,568	\$112,358	\$3,192	2.9%
Anne Arundel	45,159	31,000	353,027	2,194	4,162	435,541	71,882	507,423	26,695	5.6%
Baltimore City	277,432	0	864,230	6,144	8,826	1,156,632	70,824	1,227,457	1,993	0.2%
Baltimore	29,314	43,620	637,022	5,687	5,817	721,459	96,361	817,820	24,674	3.1%
Calvert	4,994	2,629	81,972	425	523	90,543	15,431	105,974	3,862	3.8%
Caroline	5,142	1,592	51,937	286	669	59,625	4,899	64,524	2,280	3.7%
Carroll	6,650	8,661	135,374	956	1,591	153,232	22,238	175,471	6,252	3.7%
Cecil	8,426	6,191	106,779	763	1,047	123,206	14,376	137,582	8,320	6.4%
Charles	5,118	9,150	168,131	1,011	1,301	184,712	23,787	208,499	7,891	3.9%
Dorchester	4,882	1,244	40,804	272	552	47,755	4,059	51,814	1,463	2.9%
Frederick	9,716	10,687	233,748	1,387	1,964	257,502	35,916	293,419	5,177	1.8%
Garrett	5,352	3,939	22,147	142	555	32,135	3,829	35,964	2,426	7.2%
Harford	8,804	12,045	207,057	1,535	2,258	231,699	31,462	263,161	6,240	2.4%
Howard	10,138	19,289	240,879	899	1,640	272,846	63,898	336,744	18,078	5.7%
Kent	1,494	552	9,877	86	426	12,435	1,969	14,404	575	4.2%
Montgomery	34,360	49,940	664,869	2,997	4,255	756,420	175,334	931,754	44,343	5.0%
Prince George's	85,660	30,531	1,092,735	7,239	6,750	1,222,915	120,646	1,343,561	83,420	6.6%
Queen Anne's	2,376	1,981	34,543	157	534	39,590	6,719	46,309	1,688	3.8%
St. Mary's	3,595	2,881	101,098	666	1,039	109,279	13,916	123,194	2,476	2.1%
Somerset	6,850	874	29,716	277	537	38,254	2,927	41,181	1,344	3.4%
Talbot	2,645	1,750	14,212	109	420	19,136	3,936	23,072	562	2.5%
Washington	8,104	9,336	168,594	1,238	1,761	189,033	19,473	208,506	5,426	2.7%
Wicomico	14,279	5,070	141,104	1,001	1,209	162,662	13,404	176,067	8,935	5.3%
Worcester	7,315	2,243	19,727	150	465	29,900	7,510	37,410	1,277	3.5%
Unallocated	32,976	6,426	35,913	17,017	0	92,331	0	92,331	-21,005	-18.5%
Total	\$635,672	\$267,876	\$5,535,199	\$53,396	\$49,488	\$6,541,633	\$834,367	\$7,376,000	\$247,583	3.5%

Note: County/Municipal includes the municipal share of police aid, highway user revenue, and fire aid.

State Aid to Local Governments
Fiscal 2016 Working Appropriation
(\$ in Thousands)

County	Direct State Aid						Retirement	Total
	County/ Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal		
Allegany	\$14,045	\$6,202	\$77,898	\$752	\$1,096	\$99,992	\$9,175	\$109,167
Anne Arundel	35,592	30,693	339,628	2,138	3,840	411,891	68,837	480,728
Baltimore City	254,984	0	888,305	6,096	8,144	1,157,528	67,935	1,225,463
Baltimore	27,250	41,519	620,104	5,545	5,367	699,785	93,362	793,147
Calvert	4,142	2,496	79,703	410	483	87,234	14,878	102,111
Caroline	4,766	1,675	50,193	278	617	57,529	4,716	62,244
Carroll	5,634	8,310	131,130	929	1,468	147,471	21,748	169,218
Cecil	7,376	5,980	100,430	740	966	115,491	13,771	129,262
Charles	4,459	8,546	162,368	967	1,201	177,541	23,068	200,608
Dorchester	4,386	1,248	40,107	263	510	46,514	3,837	50,351
Frederick	8,414	9,926	231,728	1,360	1,812	253,241	35,000	288,242
Garrett	4,801	3,731	20,816	138	512	29,999	3,539	33,538
Harford	7,476	11,370	204,371	1,483	2,084	226,783	30,138	256,921
Howard	8,373	17,416	229,705	869	1,513	257,877	60,790	318,666
Kent	1,274	607	9,655	83	393	12,012	1,817	13,829
Montgomery	29,463	47,099	637,219	2,902	3,926	720,609	166,802	887,410
Prince George's	69,283	27,966	1,043,240	6,965	6,228	1,153,682	106,458	1,260,140
Queen Anne's	1,908	1,869	33,982	144	493	38,397	6,224	44,621
St. Mary's	2,951	2,721	99,530	636	959	106,797	13,922	120,718
Somerset	6,590	716	29,053	277	496	37,131	2,707	39,838
Talbot	2,468	1,773	13,991	108	388	18,728	3,783	22,511
Washington	6,888	8,754	166,004	1,206	1,625	184,478	18,603	203,080
Wicomico	12,946	4,987	134,288	971	1,116	154,307	12,825	167,132
Worcester	6,587	2,093	19,814	147	429	29,070	7,063	36,133
Unallocated	32,456	6,422	57,845	16,613	0	113,336	0	113,336
Total	\$564,510	\$254,121	\$5,421,108	\$52,019	\$45,664	\$6,337,422	\$790,994	\$7,128,416

Note: County/Municipal includes the municipal share of police aid, highway user revenue, and fire aid.

State Aid to Local Governments
Dollar Difference Between Fiscal 2017 Allowance and Fiscal 2016 Working Appropriation
(\$ in Thousands)

County	<i>Direct State Aid</i>						Retirement	Total
	County/ Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal		
Allegany	\$845	\$44	\$1,808	\$10	\$92	\$2,798	\$393	\$3,192
Anne Arundel	9,567	307	13,399	56	322	23,650	3,045	26,695
Baltimore City	22,448	0	-24,074	47	682	-896	2,890	1,993
Baltimore	2,064	2,101	16,919	142	450	21,675	2,999	24,674
Calvert	852	133	2,268	15	40	3,309	553	3,862
Caroline	377	-83	1,744	7	52	2,097	183	2,280
Carroll	1,016	351	4,244	28	123	5,762	490	6,252
Cecil	1,050	211	6,349	24	81	7,714	605	8,320
Charles	659	604	5,763	44	101	7,171	719	7,891
Dorchester	497	-4	697	9	43	1,241	222	1,463
Frederick	1,302	761	2,020	26	152	4,261	916	5,177
Garrett	551	208	1,331	4	43	2,136	290	2,426
Harford	1,328	674	2,687	52	175	4,916	1,324	6,240
Howard	1,765	1,873	11,174	30	127	14,969	3,109	18,078
Kent	220	-56	222	3	33	422	152	575
Montgomery	4,898	2,841	27,649	95	329	35,811	8,532	44,343
Prince George's	16,378	2,565	49,495	273	522	69,233	14,188	83,420
Queen Anne's	468	112	560	12	41	1,194	494	1,688
St. Mary's	645	160	1,567	30	80	2,482	-6	2,476
Somerset	261	159	663	0	42	1,123	221	1,344
Talbot	177	-23	221	1	32	408	153	562
Washington	1,216	582	2,590	32	136	4,555	870	5,426
Wicomico	1,333	83	6,816	30	93	8,355	580	8,935
Worcester	728	150	-87	3	36	830	448	1,277
Unallocated	519	4	-21,932	404	0	-21,005	0	-21,005
Total	\$71,162	\$13,755	\$114,091	\$1,378	\$3,825	\$204,211	\$43,373	\$247,583

Note: County/Municipal includes the municipal share of police aid, highway user revenue, and fire aid.

State Aid to Local Governments
Percent Change: Fiscal 2017 Allowance Over Fiscal 2016 Working Appropriation

County	<i>Direct State Aid</i>						Retirement	Total
	County/ Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal		
Allegany	6.0%	0.7%	2.3%	1.3%	8.4%	2.8%	4.3%	2.9%
Anne Arundel	26.9%	1.0%	3.9%	2.6%	8.4%	5.7%	4.4%	5.6%
Baltimore City	8.8%	n/a	-2.7%	0.8%	8.4%	-0.1%	4.3%	0.2%
Baltimore	7.6%	5.1%	2.7%	2.6%	8.4%	3.1%	3.2%	3.1%
Calvert	20.6%	5.3%	2.8%	3.8%	8.4%	3.8%	3.7%	3.8%
Caroline	7.9%	-5.0%	3.5%	2.5%	8.4%	3.6%	3.9%	3.7%
Carroll	18.0%	4.2%	3.2%	3.0%	8.4%	3.9%	2.3%	3.7%
Cecil	14.2%	3.5%	6.3%	3.2%	8.4%	6.7%	4.4%	6.4%
Charles	14.8%	7.1%	3.5%	4.6%	8.4%	4.0%	3.1%	3.9%
Dorchester	11.3%	-0.3%	1.7%	3.4%	8.4%	2.7%	5.8%	2.9%
Frederick	15.5%	7.7%	0.9%	1.9%	8.4%	1.7%	2.6%	1.8%
Garrett	11.5%	5.6%	6.4%	2.7%	8.4%	7.1%	8.2%	7.2%
Harford	17.8%	5.9%	1.3%	3.5%	8.4%	2.2%	4.4%	2.4%
Howard	21.1%	10.8%	4.9%	3.5%	8.4%	5.8%	5.1%	5.7%
Kent	17.3%	-9.2%	2.3%	4.2%	8.4%	3.5%	8.4%	4.2%
Montgomery	16.6%	6.0%	4.3%	3.3%	8.4%	5.0%	5.1%	5.0%
Prince George's	23.6%	9.2%	4.7%	3.9%	8.4%	6.0%	13.3%	6.6%
Queen Anne's	24.5%	6.0%	1.6%	8.4%	8.4%	3.1%	7.9%	3.8%
St. Mary's	21.8%	5.9%	1.6%	4.7%	8.4%	2.3%	0.0%	2.1%
Somerset	4.0%	22.2%	2.3%	-0.1%	8.4%	3.0%	8.1%	3.4%
Talbot	7.2%	-1.3%	1.6%	1.1%	8.4%	2.2%	4.1%	2.5%
Washington	17.6%	6.6%	1.6%	2.7%	8.4%	2.5%	4.7%	2.7%
Wicomico	10.3%	1.7%	5.1%	3.1%	8.4%	5.4%	4.5%	5.3%
Worcester	11.0%	7.2%	-0.4%	2.0%	8.4%	2.9%	6.3%	3.5%
Unallocated	1.6%	0.1%	-37.9%	2.4%	n/a	-18.5%	n/a	-18.5%
TOTAL	12.6%	5.4%	2.1%	2.6%	8.4%	3.2%	5.5%	3.5%

Note: County/Municipal includes the municipal share of police aid, highway user revenue, and fire aid.

Per Pupil Wealth Amount Used to Allocate State Education Aid Ranking by Annual Percent Change

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Per Pupil Property Wealth					Per Pupil Income Wealth				Per Pupil Total Wealth			
County	Fiscal 2016	Fiscal 2017	% Change	Rank	Fiscal 2016	Fiscal 2017	% Change	Rank	Fiscal 2016	Fiscal 2017	% Change	Rank
Allegany	\$192,257	\$192,508	0.1%	19	\$106,941	\$112,087	4.8%	12	\$299,197	\$304,595	1.8%	17
Anne Arundel	406,905	414,722	1.9%	9	203,110	210,782	3.8%	18	610,015	625,504	2.5%	11
Baltimore City	187,516	202,304	7.9%	1	105,348	118,984	12.9%	1	292,864	321,288	9.7%	1
Baltimore	298,273	300,941	0.9%	14	201,812	206,576	2.4%	23	500,086	507,517	1.5%	19
Calvert	322,671	325,098	0.8%	16	147,973	154,563	4.5%	13	470,644	479,660	1.9%	15
Caroline	200,130	198,947	-0.6%	22	84,325	87,062	3.2%	20	284,456	286,009	0.5%	23
Carroll	292,178	299,547	2.5%	6	168,349	180,244	7.1%	5	460,527	479,791	4.2%	4
Cecil	262,653	261,295	-0.5%	21	122,779	128,027	4.3%	16	385,432	389,322	1.0%	21
Charles	260,298	263,225	1.1%	13	128,982	140,939	9.3%	2	389,280	404,164	3.8%	6
Dorchester	255,440	259,227	1.5%	12	98,539	101,097	2.6%	22	353,979	360,325	1.8%	18
Frederick	264,982	275,957	4.1%	2	155,756	164,385	5.5%	9	420,738	440,342	4.7%	2
Garrett	491,245	500,822	1.9%	8	116,840	122,011	4.4%	14	608,084	622,833	2.4%	12
Harford	295,062	299,620	1.5%	11	162,071	170,121	5.0%	11	457,132	469,741	2.8%	8
Howard	348,401	356,962	2.5%	7	209,917	221,621	5.6%	8	558,318	578,584	3.6%	7
Kent	601,649	619,746	3.0%	3	213,869	232,297	8.6%	3	815,518	852,043	4.5%	3
Montgomery	452,299	465,304	2.9%	4	254,590	270,463	6.2%	7	706,889	735,768	4.1%	5
Prince George's	254,263	260,903	2.6%	5	124,337	127,806	2.8%	21	378,600	388,709	2.7%	10
Queen Anne's	410,634	412,447	0.4%	18	163,614	175,089	7.0%	6	574,248	587,536	2.3%	13
St. Mary's	287,707	290,183	0.9%	15	146,716	153,049	4.3%	15	434,423	443,232	2.0%	14
Somerset	212,777	216,340	1.7%	10	76,819	81,001	5.4%	10	289,596	297,340	2.7%	9
Talbot	782,665	765,485	-2.2%	24	259,256	261,578	0.9%	24	1,041,921	1,027,063	-1.4%	24
Washington	231,142	232,851	0.7%	17	114,589	119,125	4.0%	17	345,731	351,976	1.8%	16
Wicomico	176,310	174,715	-0.9%	23	100,295	103,551	3.2%	19	276,605	278,266	0.6%	22
Worcester	954,282	953,762	-0.1%	20	159,348	173,076	8.6%	4	1,113,630	1,126,837	1.2%	20
Total	\$322,573	\$330,521	2.5%		\$173,633	\$183,010	5.4%		\$496,206	\$513,532	3.5%	

GO Bond Projects – Program Changes in CIP Fiscal 2017

<u>Project/Program</u>	<u>Planned</u>	<u>Proposed</u>	<u>Purpose</u>
Agriculture – Salisbury Animal Health Laboratory Replacement	\$0.0	\$0.8	Project was not in previous five-year <i>Capital Improvement Program</i> (CIP) accelerated for health, life, or safety issues.
Maryland School for the Deaf – Water Main Replacement Project (Frederick Campus)	3.5	2.7	Revised cost estimates.
Disabilities – Accessibility Modifications	1.6	0.8	Available unencumbered funds.
State Department of Education – State Library Resource Center	23.2	26.4	Revised project cash flow analysis results in more funding in fiscal 2017 and 2018 and less in fiscal 2019.
Environment – Water Quality Revolving Loan Fund	4.8	6.8	State general obligation (GO) funding represents required match of federal authorization to State.
Environment – Biological Nutrient Removal Program	33.5	25.0	Funding based on cash flow needs of Back River project.
Environment – Supplemental Assistance Program	5.0	0.0	Program has been deleted from CIP – other programs can meet needs previously addressed by Supplemental Assistance Program.
Department of Health and Mental Hygiene (DHMH) – SETT Facility	7.6	0.0	Project scope and location are under review – project is moved back in CIP.
DHMH – Clifton T. Perkins Hospital Center North Wing Renovation	0.9	0.0	Moved back in CIP.
Department of Housing and Community Development (DHCD) – Baltimore Regional Neighborhood Initiative	0.0	1.5	No funding planned in CIP – program has been funded since fiscal 2012.
DHCD – Rental Housing Program	0.0	10.0	No funding planned in CIP – program has been funded since fiscal 2012.
DHCD – Special Loan Programs	5.1	2.1	Reduced to fund other housing program priorities.
DHCD – Homeownership Programs	11.6	8.5	Reduced to fund other housing program priorities.
Department of Information Technology – Public Safety Communication System	28.5	15.0	Project completion has been stretched through fiscal 2020.

<u>Project/Program</u>	<u>Planned</u>	<u>Proposed</u>	<u>Purpose</u>
Department Juvenile Services (DJS) – New Female Detention Center	30.5	15.2	Revised project schedule moves more funding into fiscal 2018 and 2019.
DJS – Cheltenham Youth Facility	3.1	0.0	No longer planned in five-year CIP.
Military – Easton Readiness Center	2.0	0.0	State funding programmed in fiscal 2018.
Military – Have de Grace CSMC	1.7	0.0	State funding programmed in fiscal 2018 and 2019.
Morgan State University (MSU) – New Student Service Support Building	4.5	0.0	Planning is programmed in the five-year CIP for fiscal 2018 and 2019.
MSU – McMechen Surge	0.2	0.0	No longer in five-year CIP.
Department of Natural Resources (DNR) – Natural Resources Development Fund	6.4	0.0	Budget provides additional special funds over what was programmed to partially make up difference.
DNR – Critical Maintenance Projects	2.0	0.0	Budget provides additional special funds over what was programmed to make up difference.
DNR – Oyster Restoration Program	7.6	3.3	Reduced to fund other priorities.
DNR – Ocean City Beach Replenishment	0.5	0.0	State funds not required based on available fund balance.
Planning – Patterson Center Renovations	3.4	0.3	Provides funds to complete design with construction moved to fiscal 2019 and 2020.
Planning – African American Heritage Preservation Program	0.0	1.0	Legislative mandate from 2015 session legislation.
Department of Public Safety and Correctional Services (DPSCS) – Baltimore Justice Center	0.0	18.3	New project in the five-year CIP.
DPSCS – Baltimore City Detention Center Demolition	0.0	15.6	New project in the five-year CIP.
DPSCS – Youth Detention Center	4.3	3.6	Revised cash-flow needs based on project schedule and contract.
DPSCS – Jessup Regional Electrical Infrastructure	0.0	0.4	New to CIP life, health, and safety.
DPSCS – Housing Units Windows and Steam Heating Systems	0.0	0.7	Project funding accelerated based on project schedule.
DPSCS – Eastern Correctional Institution Hot Water and Steam Systems	0.0	1.9	Split-funded in 2015 session – fiscal 2017 amount reflects deferral from fiscal 2016.

<u>Project/Program</u>	<u>Planned</u>	<u>Proposed</u>	<u>Purpose</u>
Public School Construction (PSC)	250.0	280.0	Proposed fiscal 2017 funding at same level as fiscal 2016.
PSC – Supplemental Capital Grant Program for Local School Systems	0.0	20.0	Legislative mandate from 2015 session legislation
PSC – Qualified Zone Academy Bond	0.0	4.7	Federal program reauthorized.
Department of General Services (DGS) – Fuel Storage Tank Program	0.0	1.7	Funded to address environmental issues.
DGS – Acquire Salisbury District Court Parking Lot	0.0	0.4	New to CIP.
DGS – Annapolis Post Office Renovation	5.1	0.8	Construction phased over fiscal 2017 and fiscal 2018.
University of Maryland, Baltimore – Central Electrical Substation	0.0	5.0	New project to CIP.
University of Maryland, College Park (UMCP) – Clark Engineering Building	45.4	62.5	Project schedule accelerated.
UMCP – Iribe Computer Science Building	0.0	27.0	Project schedule accelerated.
UMCP – New Cole Field House	0.0	3.0	State funding support accelerated.
Coppin State University – Percy Julian School of Business	1.3	0.0	Initial design funding deferred to fiscal 2019.
Salisbury University – Sea Gull Stadium Turf Field	0.0	0.7	New project to CIP.
University of Maryland, Baltimore County – Interdisciplinary Life Sciences Building	8.3	2.6	Fiscal 2017 completes design but defers initial construction funding to fiscal 2018.
University System of Maryland Office (USMO) – Shady Grove Biomedical Sciences Education Facility	72.0	0.0	Construction funding deferred to fiscal 2020 and 2021.
USMO – Southern Maryland Regional Higher Education Facility	0.0	3.1	Funding proposed to complete design phase in fiscal 2017 with construction scheduled for fiscal 2019 and 2020.
Legislative Initiative Grants	15.0	0.0	No funding proposed in five-year CIP.
Maryland Zoo in Baltimore Infrastructure Improvements	5.0	2.5	Reduced to fund other priorities.
Prince George's County Regional Hospital System	45.0	27.5	Funding reduced in fiscal 2017 and deferred to fiscal 2018 through 2020 based on project schedule.

SETT: Secure Evaluation and Therapeutic Treatment