

Conference Committee

Summary Report on

House Bill 150 – the Budget Bill

and

**House Bill 152 – the Budget Reconciliation and
Financing Act**

Maryland General Assembly
Annapolis, Maryland

March 28, 2017

Contents

	<u>Page</u>
Fiscal 2018 Budget, Budget Bill (HB 150) and the Budget Reconciliation and Financing Act (HB 152), As Amended by the Conference Committee.....	1
Budget Summary – Fiscal 2017 and 2018.....	3
Proposed Budget Reductions – House Bill 150 – Fiscal 2018 Budget and Fiscal 2017 Deficiency Appropriations.....	4
Budget Restorations and Priorities	7
Final Budget Status – Status as of March 28, 2017	8
Spending Affordability Analysis – Conference Committee – Fiscal 2018	9
State Expenditures – General Funds.....	10
State Expenditures – State Funds.....	11
State Expenditures – All Funds	12
Fiscal Note – Summary of the Budget Bill – House Bill 150	13
General Fund Revenues – 2017 Session Legislation – Fiscal 2017 and 2018....	14
General Fund Transfers Contingent on the Budget Reconciliation and Financing Act of 2017 (HB 152).....	15
General Fund Reductions Contingent on the Budget Reconciliation and Financing Act of 2017 (HB 152).....	16
Conference Committee Action on the Budget Reconciliation and Financing Act of 2017 (HB 152).....	17
General Fund Budget Outlook – Fiscal 2017-2022	24

**Fiscal 2018 Budget
Budget Bill (HB 150) and the
Budget Reconciliation and Financing Act (HB 152)
As Amended by the Conference Committee**

Achieves Spending Affordability Committee Goals: The proposed budget achieves the Spending Affordability Committee's dual goal of leaving a fund balance of at least \$100.0 million and reducing the structural shortfall in fiscal 2018 by at least 50.0%. The General Assembly's actions leave a fund balance of \$100.2 million and reduce the structural deficit from nearly \$400.0 million to \$38.0 million.

Preserves Reserves: Nearly \$1.0 billion in cash resources are preserved including \$860.3 million in the Rainy Day Fund and \$100.2 million in the General Fund.

Constrains Growth in State Spending and Positions: Growth in total general fund spending increases \$85.6 million, or 0.5%. Excluding appropriations to reserve funds, general fund appropriations increase by a modest 1.4%. State positions decline by 465 compared to fiscal 2017.

Maintains the State's Commitment to Public Schools: Under the committee's budget proposal, State support for public schools will be almost \$6.4 billion. Direct aid to local school systems will increase an estimated \$96.4 million, or 1.7%. The spending plan fully funds Thornton formulas and provides \$28.2 million of new funding for grants to school systems experiencing declining enrollment and/or providing full-day pre-kindergarten to their four-year olds.

Restores Funds for Legislative Priorities: More than \$71.3 million of general fund reductions proposed by the Administration through negative deficiencies and the Budget Reconciliation and Financing Act are restored reflecting legislative priorities. Restorations preserve \$30.7 million for local governments, almost half of which supports public education and libraries and \$29.7 million for providers of health care services to vulnerable populations. Another \$5.7 million is repurposed in the budget to support legislative priorities, including \$2.0 million to increase the monthly Temporary Disability Assistance grant.

Continues to Provide Vital Health Care Services: Medicaid funding totals \$10.0 billion allowing the State to provide coverage to almost 1.4 million of our residents. Expenditures grow by about \$151.0 million to support enrollment and provider rate increases. The budget includes a \$16.5 million increase in dedicated funding responding to the opioid epidemic.

Provides Sufficient Funds to Cap Higher Education Tuition Increases at 2.0%: State support for Maryland's public four-year colleges and universities grows by \$32.7 million allowing undergraduate tuition rates to increase a modest 2.0%. Community colleges limiting tuition growth to 2.0% will share \$4.0 million in incentive payments.

Funds Rate Increases for Providers Serving Children and Vulnerable Populations: A 3.5% rate increase is funded for providers serving the developmentally disabled. Rate increases of 2.0% are funded for most other health and human service providers.

Budget Summary
Fiscal 2017 and 2018
(\$ in Millions)

General Fund

	<u>Admin.</u>	<u>House</u>	<u>Senate</u>	<u>Conf.</u>
Fiscal 2017				
Ending Balance Before Legislative Action	-\$105.1	-\$105.1	-\$105.1	-\$105.1
Revenues – BRE March Revision	-35.3	-35.3	-35.3	-35.3
Revenues – Legislation	18.0	18.0	18.5	18.5
Fund Transfers – Legislation	200.0	202.5	202.5	202.5
Expenditure Reductions – Deficiencies and Reversions*	0.0	-7.4	-7.4	10.4
Expenditure Reductions – Contingent on BRFA	0.0	2.4	2.4	2.4
Adjusted Ending Balance	\$77.5	\$75.1	\$75.6	\$93.3
Fiscal 2018				
Revenues – BRE Estimate	\$17,180.3	\$17,180.3	\$17,180.3	\$17,180.3
Revenues – BRE March Revision	2.3	2.3	2.3	2.3
Other Revenues	25.5	25.7	25.7	25.7
Revenues – Legislation	1.0	10.6	0.0	15.7
Fund Transfers – Legislation	2.5	0.0	0.0	0.0
Total Revenues and Balance	\$17,289.2	\$17,293.9	\$17,283.8	\$17,317.3
Expenditures – Allowance	\$17,382.6	\$17,382.6	\$17,382.6	\$17,382.6
Supplemental Budgets No. 1 and No. 2	82.5	82.5	82.5	82.5
Expenditure Reductions – Contingent on Legislation	-247.8	-170.7	-184.3	-182.8
Expenditure Reductions*	-31.2	-67.2	-39.1	-65.3
Total Expenditures	\$17,186.2	\$17,227.3	\$17,241.7	\$17,217.1
Ending Balance (Revenues Less Expenditures)	\$103.0	\$66.6	\$42.1	\$100.2
<u>Cash Position</u>				
General Fund Balance	\$103.0	\$66.6	\$42.1	\$100.2
Rainy Day Fund Balance – June 30, 2018	860.3	860.3	860.3	860.3
Total	\$963.3	\$926.9	\$902.4	\$960.5
Cash and Rainy Day Fund Over 5%	\$104.2	\$67.8	\$43.3	\$101.4

BRFA: Budget Reconciliation and Financing Act

BRE: Board of Revenue Estimates

*Expenditure reductions for the Administration are assumed reversions.

**Proposed Budget Reductions
House Bill 150
Fiscal 2018 Budget and Fiscal 2017 Deficiency Appropriations
(\$ in Millions)**

General Funds

	<u>House</u>	<u>Senate</u>	<u>Conf.</u>
<u>Local Aid</u>			
C Reduce Funds for Teacher Stipends and Induction, Retention, and Advancement Pilot Program	\$4.0	\$5.0	\$5.0
Savings from Declining Enrollment in Non-Public Education Placements	5.0	5.0	5.0
C Reduce Funds for Public School Opportunities Program	2.5	7.0	5.0
C Reduce Funds for Disparity Grants		2.4	2.4
Reduce Unspecified Innovative School Grants	1.0	0.8	0.8
C Level Fund Local Health Grant	0.7	0.7	0.7
Reduce Funds for Planning Grants for P-TECH Schools	0.6	0.0	0.0
C Level Fund Police Aid	0.5	0.5	0.5
Reduce Funds for Linking Youth to New Experiences School	0.3	0.3	0.1
C No Funding for Robotics Grant		0.3	0.0
Total	\$14.6	\$21.9	\$19.4
<u>Medicaid</u>			
C Defer Phase-down of Medicaid Deficit Assessment	\$20.0	\$25.0	\$25.0
Swap Available Cigarette Restitution Funds for General Funds	5.8	0.0	1.4
C Fund Mental Health Services with Senior Prescription Drug Revenues	1.1	1.1	1.1
Total	\$26.9	\$26.1	\$27.4
<u>Higher Education</u>			
Reduce Aid for Private Higher Education Institutions	\$4.6	\$2.4	\$2.4
No Enhancements to Funding Formula for Small Community Colleges			1.4
Reduce Double-budgeted Funds for New Facility at Bowie State University			0.8
Level Fund Baltimore City Community College	0.8	0.0	0.0
Correct Error in Calculation of Community College Funding	0.3	0.3	0.3
Level Funding for Delegate Scholarships		0.4	0.0
No State Funding for Upkeep of Chancellor's Home	0.1	0.1	0.1
Total	\$5.7	\$3.2	\$4.9
<u>Reserves/Pensions/Debt</u>			
C Reduce Supplemental Payment to Pension System to \$75.0 Million	\$50.0	\$50.0	\$50.0
C Reduce Appropriation to Rainy Day Fund	40.0	40.0	40.0
Reduce Sunny Day Fund Appropriation – Marriott Incentive to Be Funded Over Multiple Years			15.0
	\$90.0	\$90.0	\$105.0

	<u>House</u>	<u>Senate</u>	<u>Conf.</u>
<u>State Agencies</u>			
Fund Administrative Costs at Department of Human Resources with Available Federal Funds	\$9.3	\$9.3	\$9.3
Judiciary – Reduce Operating Costs	8.1	6.0	4.1
Judiciary – Employee Increments	6.3	6.3	6.3
Judiciary – Reduce Growth in Support for Clerks of Circuit Court and 20 New PINs	4.5	0.0	3.5
Savings from Declining Temporary Disability Assistance Program Caseload	6.0	2.0	4.0
Reduce General Funds for MEDAAF to \$18.9 Million; a \$5.4 Million Increase over Fiscal 2017	5.0	0.0	5.0
No Fiscal 2018 Funds for Wildlife Management Area Revenue Equity Program			3.7
Reduce Funds for Major Information Technology (IT) Projects for DPSCS			3.5
C Fund Behavioral Health Services for Uninsured with Special Funds	3.8	2.0	3.0
<i>Delete Deficiency Appropriations for Cover Crops and Midge Infestation</i>			2.8
C Reduce Funding for Next Generation Farmland Acquisition Program	2.5	2.5	2.5
C Defer Portion of Grant to Prince George’s County Regional Medical Center to Fiscal 2019		2.0	2.0
Reduce Excess Funds for Personal Supports for the Developmentally Disabled	1.8	0.0	1.4
C <i>Unspent Funds for Utilization Review – DHMH</i>	1.5	1.5	1.5
Reduce Funding for Second Stage Business Incubator to \$1.0 Million			1.5
No Funds for New Major IT Project for the Department of the Environment	1.4	1.4	1.4
C <i>Fund Swap in Department of General Services</i>	1.0	1.0	1.0
No State Support for Fair Campaign Finance Fund	0.0	1.0	1.0
Reduce Funds for Rural Maryland Council	1.0	0.3	0.5
Personnel Savings at Maryland State Police	1.0	0.0	1.0
Reduce Funds for Oversight of Major IT Projects Due to Availability of Fund Balance	1.0	1.0	1.0
Reduce Funds for Main Street Program			0.8
Reduce Funding for Video Streaming of House and Senate Floor Sessions	0.0	0.7	0.7
Employee Vacancy Savings for the Comptroller’s Office and DoIT	0.6	0.7	0.7
No General Funds to Reconstitute the Department of Natural Resources Aviation Unit	0.6	0.0	0.6
Reduce Funds for the Foster Youth Savings Program to the Account for Startup Delays	0.4	0.3	0.3
Reduce Funds for the Office of BioHealth	0.4	0.0	0.4
No Funding for the Department of Planning to Re-establish Non-Capital Grant Program	0.4	0.2	0.2
C No Funds for the Center for Construction Education and Innovation	0.0	0.3	0.0
Abolish Three Long-term Vacancies at the Department of Aging	0.2	0.0	0.2
Correct Budgeting Error in the Department of Human Resources	0.2	0.2	0.2
Reduce Operating Costs for the Boards, Commissions, and Offices and the Department of Veterans Affairs	0.2	0.0	0.2
No Funding for Veterans Service Animal Program			0.1
<i>Reduce Deficiency Appropriation for the Governor’s Office for Children Personnel Costs</i>	0.1	0.1	0.1
Administrative Efficiencies in the Governor’s Office for Children	0.1	0.1	0.1
Reduce Funding for Training and Technical Assistance for Local Management Boards	0.1	0.1	0.1
Total	\$57.3	\$38.9	\$64.6
<u>Pay-as-you-go</u>			
C Fund Strategic Demolition and Smart Growth Impact Fund with Bonds	25.6	\$25.6	\$25.6
C Fund Baltimore Regional Neighborhood Initiative with Bonds	12.0	12.0	12.0
C Fund Seed Anchor Institution Program with Bonds	5.0	5.0	5.0
C Fund Shelter and Transitional Housing with Bonds	3.0	3.0	3.0
No Funds for Shorebirds Stadium Construction			1.0
No Funds for Echo Hill Outdoor School Improvements			0.2
Total	\$45.6	\$45.6	\$46.8
Total General Funds	\$240.1	\$225.7	\$268.1

Special Funds

	<u>House</u>	<u>Senate</u>	<u>Conf.</u>
<i>No Use of Uncompensated Care Fund for Medicaid</i>	<i>\$10.0</i>	<i>\$10.0</i>	<i>\$10.0</i>
Reduce Transportation Grants to Local Governments	0.0	16.5	14.6
Align PSC Spending from the Customer Investment Fund with Available Dollars	6.2	6.2	6.2
Align Bay Restoration Debt Service Expenditures with Expected Costs	5.0	5.0	5.0
Reduce Funds for the BOOST Program	4.8	0.0	1.4
No New Funding for the Small, Minority, and Women-Owned Business Account	3.8	16.9	16.9
C Reduce Funds for Community Health Resources Commission Grants	3.8	2.0	3.0
C Reduce Supplemental Payment to the Pension System	3.6	3.6	3.6
Delay Purchase of Licensing Software for Health Boards	1.2	1.2	1.2
C No Lottery Revenues for Maryland International, Sports Marketing, and Humanities Council	1.0	0.0	0.0
Reduce Funding for IT Project at the State Retirement Agency	0.6	0.6	0.6
No New Contractual Positions for the Maryland Insurance Administration	0.3	0.3	0.3
Defer IT Enhancements for the Health Benefit Exchange	0.3	0.3	0.3
Correct Budgeting Error in the Department of Human Resources	0.2	0.2	0.2
Reduce Double-budgeted Funds in the Department of the Environment	0.2	0.2	0.2
C <i>Reduce Fiscal 2017 Administrative Costs for DHCD</i>	<i>0.2</i>	<i>0.2</i>	<i>0.2</i>
Abolish a Position at the Uninsured Employers' Fund		0.1	0.1
Reduce State Lottery Operating Costs	0.1	0.1	0.1
Reduce Operating Cost for Clerks of the Circuit Court, Comptroller, and DoIT	0.1	0.0	0.1
Total	\$41.3	\$63.4	\$64.0
<u>Pay-as-you-go Capital</u>			
No Funding for the Tobacco Transition Program	\$1.0	\$0.0	\$0.0
Total	\$1.0	\$0.0	\$0.0
Total Special Fund Reductions to Governor's Proposed Budget	\$42.3	\$63.4	\$64.0

BOOST: Broadening Options and Opportunities for Students Today

DHCD: Department of Housing and Community Development

DHMH: Department of Health and Mental Hygiene

DoIT: Department of Information Technology

DPSCS: Department of Public Safety and Correctional Services

MEDAAF: Maryland Economic Development Assistance and Authority Fund

PSC: Public Service Commission

P-TECH: Pathways in Technology Early College High

C: These Items Are Contingent on Passage of the Budget Reconciliation and Financing Act (HB 152).

Note: Fiscal 2017 deficiency reductions in italics.

Budget Restorations and Priorities (\$ in Millions)

Administration General Fund Reductions Rejected or Modified by Budget and Tax

<u>Administration Proposal</u>	<u>Admin.</u>	<u>House</u>	<u>Senate</u>	<u>Conf.</u>
Delay Reduction to Medicaid Deficit Assessment on Hospitals	\$25.0	\$20.0	\$25.0	\$25.0
Payments to Prince George's Regional Medical Center*	22.5	0.0	2.0	2.0
SDAT Increase Local Cost Share to 70%	8.7	0.0	0.0	0.0
Cap Rate Increase for DDA Providers at 2%	8.4	0.0	0.0	0.0
Level Fund Disparity Grant	8.4	0.0	2.4	2.4
Repeal Mandate for Teacher Stipend and Retention Grants	8.0	4.0	5.0	5.0
Repeal Public School Opportunities Mandate	7.5	2.5	7.0	5.0
Level Fund Aid to Private Colleges and Universities	6.6	4.6	2.4	2.4
Repeal Next Generation Scholars Mandate	5.0	0.0	0.0	0.0
Repeal Funding Guideline Attainment Mandate for USM	4.0	0.0	0.0	0.0
Reduce Funds for Community Health Resources Commission Grants	3.8	3.8	2.0	3.0
Repeal Mandate for Expanded Hours at Enoch Pratt Library	3.0	0.0	0.0	0.0
Fund Racing Commission from Purse Dedication Account	2.5	0.0	0.0	0.0
SDAT Include Executive Direction in Local Cost Share	2.1	0.0	0.0	0.0
No Funds for Construction Education and Innovation	0.3	0.0	0.3	0.0
Repeal Robotic Grants Mandate	0.3	0.0	0.3	0.0
Total Reductions	\$116.1	\$34.9	\$46.3	\$44.8

Budgeted Funds Restricted for Priorities Not Funded by Governor

	<u>House</u>	<u>Senate</u>	<u>Conf.</u>
Bard High School Early College Baltimore	\$0.3	\$0.0	\$0.3
Educational Excellence Awards	0.3	0.0	0.3
Opioid Risk Reduction Program	0.9	0.8	0.8
Temporary Disability Assistance Program – \$10 Per Month Grant Increase		3.5	2.0
PACT Helping Children Program		0.4	0.4
University System of Maryland – Shady Grove		0.5	0.5
Meals on Wheels		0.5	0.0
Education Development Collaborative		0.3	0.3
USM – Hagerstown		0.2	0.2
Humanities Council	0.2	0.2	0.2
Marketing of Amateur Sporting Events		0.4	0.4
Maryland Science Center			0.5
Columbia's Fiftieth Birthday Celebration			0.1
Arts Every Day (\$25k) and 901 Arts (\$25k)			0.1
Total Funding for Priorities Not Funded by Governor	\$1.6	\$6.6	\$5.7

DDA: Developmental Disabilities Administration

SDAT: State Department of Assessments and Taxation

USM: University System of Maryland

*Includes \$7.5 million negative deficiency appropriation for fiscal 2017.

Final Budget Status
Status as of March 28, 2017

	<u>FY 2017</u>	<u>FY 2018</u>
Starting General Fund Balance	\$384,503,037	\$93,349,507
Revenues		
BRE Estimated Revenues – December 2016	\$16,621,336,283	\$17,180,332,788
BRE Revenue Revision – March 2017	-35,319,546	2,278,991
Supplemental Budgets	670,000	0
Budget Reconciliation Legislation – Revenues	18,500,000	15,688,068
Budget Reconciliation Legislation – Transfers	202,500,000	0
Additional Revenues	32,693,000	25,658,397
Subtotal Revenues	\$16,840,379,737	\$17,223,958,244
Subtotal Available Revenues	\$17,224,882,774	\$17,317,307,751
Appropriations		
General Fund Appropriations	\$17,235,607,256	\$17,412,637,677
Deficiencies	155,599,661	0
Supplemental Budgets	-8,738,039	82,532,721
Board of Public Works Withdrawn Appropriations	-82,338,790	0
Legislative Reductions/Contingent Legislation	-12,808,000	-247,802,284
Estimated Agency Reversions	-155,788,821	-30,250,000
Subtotal Appropriations	\$17,131,533,267	\$17,217,118,114
Closing General Fund Balance	\$93,349,507	\$100,189,637

BRE: Board of Revenue Estimates

Spending Affordability Analysis

Conference Committee

Fiscal 2018

(\$ in Millions)

Target

Estimated Structural Gap (December 2016)

\$377

Target Reduction

\$189

Revenues

\$17,224

Small, Minority, Women-Owned Business Account

-16

Other One-time Items

-1

o

Subtotal

\$17,207

Spending

\$17,217

Rainy Day Fund

-10

Medicaid Cigarette Restitution Fund Funding

16

Hospital Deficit Assessment

25

Supplemental Budget No. 1 One-time Spending

-1

Other Ongoing Spending

8

Pay-as-you-go Capital

-10

Subtotal

\$17,245

Amount Reduced from Structural Shortfall

\$340

Surplus/(Deficit)

-\$38

State Expenditures – General Funds

(\$ in Millions)

<u>Category</u>	Conference	FY 2018	Conference	Conference	FY 2017 to FY 2018	
	FY 2017	FY 2018	FY 2018	FY 2018	\$ Change	% Change
	<u>Work. Approp.</u>	<u>Allowance</u>	<u>Reductions</u>	<u>Appropriation</u>		
Debt Service	\$259.4	\$259.6	\$0.0	\$259.6	\$0.3	0.1%
County/Municipal	\$285.6	\$303.8	\$28.5	\$275.3	-\$10.3	-3.6%
Community Colleges	315.2	321.0	3.2	317.7	2.5	0.8%
Education/Libraries	5,922.0	5,988.1	51.9	5,936.1	14.2	0.2%
Health	49.5	51.8	0.7	51.1	1.6	3.2%
Aid to Local Governments	\$6,572.3	\$6,664.7	\$84.4	\$6,580.2	\$7.9	0.1%
Foster Care Payments	\$177.8	\$184.8	\$0.3	\$184.5	\$6.7	3.7%
Assistance Payments	64.5	67.3	4.0	63.3	-1.2	-1.8%
Medical Assistance	2,995.7	3,194.2	26.4	3,167.9	172.2	5.7%
Property Tax Credits	82.3	87.5	0.0	87.5	5.2	6.3%
Entitlements	\$3,320.3	\$3,533.8	\$30.7	\$3,503.1	\$182.8	5.5%
Health	\$1,369.2	\$1,437.9	\$9.1	\$1,428.8	\$59.6	4.4%
Human Resources	406.6	393.7	10.4	383.4	-23.3	-5.7%
Children's Cabinet Interagency Fund	16.6	18.7	0.1	18.6	2.0	11.7%
Juvenile Services	272.4	273.5	0.5	272.9	0.5	0.2%
Public Safety/Police	1,522.0	1,511.1	4.7	1,506.4	-15.6	-1.0%
Higher Education	1,422.2	1,451.7	3.2	1,448.5	26.3	1.9%
Other Education	417.5	441.5	2.7	438.9	21.3	5.1%
Agriculture/Natural Res./Environment	119.8	126.5	7.7	118.8	-1.0	-0.8%
Other Executive Agencies	696.3	706.0	18.2	687.8	-8.5	-1.2%
Judiciary	481.7	505.2	14.8	490.4	8.7	1.8%
Legislative	89.2	90.6	0.3	90.3	1.1	1.3%
State Agencies	\$6,813.4	\$6,956.4	\$71.8	\$6,884.6	\$71.2	1.0%
Total Operating	\$16,965.4	\$17,414.5	\$186.9	\$17,227.6	\$262.2	1.5%
Capital ⁽¹⁾	\$40.8	\$30.6	\$21.1	\$9.5	-\$31.3	-76.7%
Subtotal	\$17,006.2	\$17,445.2	\$208.1	\$17,237.1	\$231.0	1.4%
Reserve Funds	\$155.4	\$50.0	\$40.0	\$10.0	-\$145.4	-93.6%
Appropriations	\$17,161.5	\$17,495.2	\$248.1	\$17,247.1	\$85.6	0.5%
Reversions	-\$30.0	-\$30.0	\$0.0	-\$30.0	\$0.0	0.0%
Grand Total	\$17,131.5	\$17,465.2	\$248.1	\$17,217.1	\$85.6	0.5%

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

Note: The fiscal 2017 working appropriation includes \$146.9 million in deficiencies and supplemental deficiencies; \$125.8 million in targeted reversions; and Conference Committee cuts to the deficiencies, including \$2.4 million that is contingent on the Budget Reconciliation and Financing Act (BRFA) of 2017 (HB 152). The fiscal 2018 allowance includes \$82.5 million from Supplemental Budgets No. 1 and No. 2. The fiscal 2018 Conference Committee cuts of \$248.1 million include \$182.8 million in reductions contingent on the BRFA of 2017.

State Expenditures – State Funds (\$ in Millions)

<u>Category</u>	Conference	FY 2018	Conference	Conference	FY 2017-2018	
	FY 2017 <u>Work. Approp.</u>	<u>Allowance</u>	Reductions + <u>SF Add-backs</u>	FY 2018 <u>Appropriation</u>	<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$1,489.1	\$1,564.3	\$0.0	\$1,564.3	\$75.2	5.0%
County/Municipal	\$627.7	\$717.9	\$28.5	\$689.4	\$61.7	9.8%
Community Colleges	315.2	321.0	3.2	317.7	2.5	0.8%
Education/Libraries	6,396.6	6,510.2	51.9	6,458.2	61.7	1.0%
Health	49.5	51.8	0.7	51.1	1.6	3.2%
Aid to Local Governments	\$7,389.0	\$7,600.9	\$84.4	\$7,516.5	\$127.5	1.7%
Foster Care Payments	\$180.0	\$189.1	\$0.3	\$188.8	\$8.8	4.9%
Assistance Payments	77.8	79.8	4.0	75.8	-2.0	-2.6%
Medical Assistance	3,970.4	4,163.2	0.0	4,163.2	192.8	4.9%
Property Tax Credits	82.3	87.5	0.0	87.5	5.2	6.3%
Entitlements	\$4,310.5	\$4,519.6	\$4.3	\$4,515.3	\$204.7	4.7%
Health	\$1,887.3	\$1,905.6	\$9.7	\$1,895.9	\$8.6	0.5%
Human Resources	504.7	487.5	10.6	476.9	-27.8	-5.5%
Children's Cabinet Interagency Fund	16.6	18.7	0.1	18.6	2.0	11.7%
Juvenile Services	276.2	276.7	0.5	276.1	-0.1	0.0%
Public Safety/Police	1,746.7	1,733.1	5.0	1,728.0	-18.7	-1.1%
Higher Education	5,782.8	5,894.6	3.2	5,891.3	108.6	1.9%
Other Education	487.5	512.9	4.1	508.8	21.3	4.4%
Transportation	1,837.4	1,909.1	1.4	1,907.7	70.3	3.8%
Agriculture/Natural Res./Environment	401.9	423.9	13.2	410.7	8.8	2.2%
Other Executive Agencies	1,407.5	1,419.7	43.3	1,376.4	-31.1	-2.2%
Judiciary	541.0	571.6	14.9	556.7	15.7	2.9%
Legislative	89.2	90.6	0.3	90.3	1.1	1.3%
State Agencies	\$14,978.7	\$15,243.8	\$106.4	\$15,137.4	\$158.7	1.1%
Total Operating	\$28,167.4	\$28,928.6	\$195.2	\$28,733.4	\$566.1	2.0%
Capital ⁽¹⁾	\$1,919.2	\$1,941.9	\$36.3	\$1,905.5	-\$13.6	-0.7%
Transportation	1,554.5	1,575.6	15.2	1,560.4	5.9	0.4%
Environment	210.3	187.6	0.0	187.6	-22.7	-10.8%
Other	154.3	178.6	21.1	157.5	3.2	2.1%
Subtotal	\$30,086.5	\$30,870.4	\$231.5	\$30,639.0	\$552.5	1.8%
Reserve Funds	\$155.4	\$50.0	\$40.0	\$10.0	-\$145.4	-93.6%
Appropriations	\$30,241.9	\$30,920.4	\$271.5	\$30,649.0	\$407.1	1.3%
Reversions	-\$30.0	-\$30.0	\$0.0	-\$30.0	\$0.0	0.0%
Grand Total	\$30,211.9	\$30,890.4	\$271.5	\$30,619.0	\$407.1	1.3%

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

Note: The fiscal 2017 working appropriation reflects deficiencies and supplemental deficiencies of \$263.2 million; \$125.8 million in targeted reversions; Conference Committee reductions to the deficiencies, including \$2.6 million contingent on the Budget Reconciliation and Financing Act (BRFA) of 2017 (HB 152); and \$2.5 million in additional special fund spending due to funding swaps. The fiscal 2018 allowance includes \$57.8 million from Supplemental Budgets No. 1 and No. 2. The fiscal 2018 Conference Committee cuts of \$271.5 million include \$189.5 million in reductions contingent on the BRFA of 2017 and \$30.4 million in additional special fund spending due to funding swaps.

State Expenditures – All Funds (\$ in Millions)

<u>Category</u>	Conference FY 2017 <u>Work. Approp.</u>	FY 2018 <u>Allowance</u>	Conference Reductions + SF Add-backs	Conference FY 2018 <u>Appropriation</u>	FY 2017-2018 <u>\$ Change</u>	FY 2017-2018 <u>% Change</u>
Debt Service	\$1,500.6	\$1,575.8	\$0.0	\$1,575.8	\$75.2	5.0%
County/Municipal	\$715.2	\$790.3	\$28.5	\$761.8	\$46.6	6.5%
Community Colleges	315.2	321.0	3.2	317.7	2.5	0.8%
Education/Libraries	7,333.3	7,503.5	51.9	7,451.5	118.2	1.6%
Health	54.0	56.3	0.7	55.6	1.6	3.0%
Aid to Local Governments	\$8,417.7	\$8,671.0	\$84.4	\$8,586.6	\$168.9	2.0%
Foster Care Payments	\$262.3	\$263.0	\$0.3	\$262.6	\$0.3	0.1%
Assistance Payments	1,333.4	1,276.2	4.0	1,272.2	-61.2	-4.6%
Medical Assistance	10,836.9	11,082.3	0.0	11,082.3	245.4	2.3%
Property Tax Credits	82.3	87.5	0.0	87.5	5.2	6.3%
Entitlements	\$12,514.9	\$12,708.9	\$4.3	\$12,704.6	\$189.7	1.5%
Health	\$2,863.0	\$2,896.3	\$11.2	\$2,885.1	\$22.1	0.8%
Human Resources	986.6	1,045.5	11.6	1,033.9	47.3	4.8%
Children's Cabinet Interagency Fund	16.6	18.7	0.1	18.6	2.0	11.7%
Juvenile Services	281.1	281.5	0.6	281.0	-0.1	0.0%
Public Safety/Police	1,789.8	1,770.4	5.1	1,765.3	-24.4	-1.4%
Higher Education	5,782.8	5,894.6	3.2	5,891.3	108.6	1.9%
Other Education	741.7	788.2	4.3	783.9	42.1	5.7%
Transportation	1,936.1	2,006.6	1.4	2,005.2	69.1	3.6%
Agriculture/Natural Res./Environment	471.0	490.1	13.4	476.8	5.7	1.2%
Other Executive Agencies	2,021.9	2,042.7	43.9	1,998.9	-23.0	-1.1%
Judiciary	542.1	571.6	14.9	556.7	14.6	2.7%
Legislative	89.2	90.6	0.3	90.3	1.1	1.3%
State Agencies	\$17,521.8	\$17,896.8	\$110.0	\$17,786.8	\$265.1	1.5%
Total Operating	\$39,955.0	\$40,852.6	\$198.7	\$40,653.8	\$698.8	1.7%
Capital ⁽¹⁾	\$3,008.6	\$2,997.4	\$36.4	\$2,961.1	-\$47.6	-1.6%
Transportation	2,570.8	2,525.2	15.2	2,509.9	-60.9	-2.4%
Environment	254.6	230.2	0.0	230.2	-24.4	-9.6%
Other	183.2	242.0	21.1	220.9	37.7	20.6%
Subtotal	\$42,963.7	\$43,850.0	\$235.1	\$43,614.9	\$651.2	1.5%
Reserve Funds	\$155.4	\$50.0	\$40.0	\$10.0	-\$145.4	-93.6%
Appropriations	\$43,119.0	\$43,900.0	\$275.1	\$43,624.9	\$505.8	1.2%
Reversions	-\$30.0	-\$30.0	\$0.0	-\$30.0	\$0.0	0.0%
Grand Total	\$43,089.0	\$43,870.0	\$275.1	\$43,594.9	\$505.8	1.2%

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

Note: The fiscal 2017 working appropriation reflects deficiencies and supplemental deficiencies of \$1,080.7 million; \$125.8 million in targeted reversions; Conference Committee reductions to the deficiencies, including \$3.7 million contingent on the Budget Reconciliation and Financing Act (BRFA) of 2017 (HB 152); and \$2.5 million in additional special fund spending due to funding swaps. The fiscal 2018 allowance includes \$58.0 million from Supplemental Budgets No. 1 and No. 2. The fiscal 2018 Conference Committee cuts of \$275.1 million include \$191.6 million in reductions contingent on the BRFA of 2017 and \$30.4 million in additional special fund spending due to funding swaps.

Fiscal Note

Summary of the Budget Bill – House Bill 150

	<u>General Funds</u>	<u>Special Funds</u>	<u>Federal Funds</u>	<u>Higher Education Funds</u>	<u>Total Funds</u>
Governor's Allowance					
Fiscal 2017 Budget	\$17,153,079,306	\$8,755,242,228	\$12,875,570,384	\$4,290,391,574	\$43,074,283,492 ⁽¹⁾
Fiscal 2018 Budget	17,382,637,677	9,078,690,271	12,979,328,363	4,371,344,992	43,812,001,303 ⁽²⁾
Supplemental Budget No. 1					
Fiscal 2017 Deficiencies	-\$8,738,039	\$42,446,190	\$2,617,666	\$0	\$36,325,817
Fiscal 2018 Budget	54,349,702	-24,760,102	232,925	0	29,822,525
Subtotal	\$45,611,663	\$17,686,088	\$2,850,591	\$0	\$66,148,342
Supplemental Budget No. 2					
Fiscal 2017 Deficiencies	\$0	\$0	\$0	\$0	\$0
Fiscal 2018 Budget	28,183,019			0	28,183,019
Subtotal	\$28,183,019	\$0	\$0	\$0	\$28,183,019
Budget Reconciliation and Financing Act of 2017					
Fiscal 2017 Deficiencies	-\$2,428,000	\$780,500	-\$1,040,000	\$0	-\$2,687,500
Fiscal 2018 Contingent Reductions	-182,788,083	22,395,541	-2,078,909	0	-162,471,451
Subtotal	-\$185,216,083	\$23,176,041	-\$3,118,909	\$0	-\$165,158,951
Conference Committee Reductions					
Fiscal 2017 Deficiencies	-\$10,380,000	-\$8,500,000	\$0	\$0	-\$18,880,000
Fiscal 2018 Budget	-65,264,201	-45,809,640	-1,573,044	0	-112,646,885
Total Reductions	-\$75,644,201	-\$54,309,640	-\$1,573,044	\$0	-\$131,526,885
Appropriations					
Fiscal 2017 Budget	\$17,131,533,267	\$8,789,968,918 ⁽³⁾	\$12,877,148,050	\$4,290,391,574	\$43,089,041,809
Fiscal 2018 Budget	17,217,118,114	9,030,516,070 ⁽³⁾	12,975,909,335	4,371,344,992	43,594,888,511
Change	\$85,584,847	\$240,547,152	\$98,761,285	\$80,953,418	\$505,846,702

⁽¹⁾ Reflects \$1.048 billion in proposed deficiencies, including \$155.6 million in general funds, \$73.9 million in special funds, \$814.8 million in federal funds, and \$4.1 million in current unrestricted funds. Reversion assumptions total \$155.8 million in general funds, including \$30.0 million in unspecified reversions and \$125.8 million in targeted reversions.

⁽²⁾ Reversion assumptions total \$30.3 million in general funds, including \$30.0 million in unspecified reversions and \$0.3 million in targeted reversions. Cross-the-board reductions total \$16.9 million reflecting a reduction across the Department of Public Safety and Correctional Services.

⁽³⁾ Fiscal 2017 appropriations assume \$2.5 million in special funds to backfill general fund reductions. Fiscal 2018 appropriations assume \$30.4 million in special funds to backfill general fund reductions.

**General Fund Revenues
2017 Session Legislation
Fiscal 2017 and 2018
(\$ in Millions)**

Budget Reconciliation and Financing Act (HB 152)

	<u>Admin.</u>	<u>House</u>	<u>Senate</u>	<u>Conf. Comm.</u>
Fiscal 2017 Revenues				
Lottery Revenue from Repeal of Chapter 727 of 2016	\$1.0	\$1.0	\$0.5	\$0.5
Volkswagen Settlement	12.0	12.0	12.0	12.0
Moody's Settlement	5.0	5.0	6.0	6.0
Total Fiscal 2017 Revenues	\$18.0	\$18.0	\$18.5	\$18.5
Fiscal 2018 Revenues				
Lottery Revenue from Repeal of Chapter 727 of 2016	\$1.0	\$1.0	\$0.0	\$0.0
Video Lottery Revenue Normally Dedicated to SMWOBA				15.7
Reduce Lottery Agent Commission from 5.5% to 5.0%		9.6	0.0	0.0
Total Fiscal 2018 Revenues	\$1.0	\$10.6	\$0.0	\$15.7

SMWOBA: Small, Minority, and Women-Owned Business Account

General Fund Transfers
Contingent on the Budget Reconciliation and Financing Act of 2017
(HB 152)
(\$ in Millions)

	<u>Admin.</u> <u>Plan</u>	<u>House</u>	<u>Senate</u>	<u>Conf.</u> <u>Comm.</u>
Transfers – Fiscal 2017				
Rainy Day Fund	\$170.0	\$170.0	\$170.0	\$170.0
University System of Maryland Fund Balance		30.0	30.0	30.0
Maryland Correctional Enterprises		2.5	2.5	2.5
Total Transfers	\$170.0	\$202.5	\$202.5	\$202.5
 Transfers – Fiscal 2018				
Maryland Correctional Enterprises	\$2.5	\$0.0	\$0.0	\$0.0
Total Transfers	\$2.5	\$0.0	\$0.0	\$0.0

General Fund Reductions
Contingent on the Budget Reconciliation and Financing Act of 2017
(HB 152)
(\$ in Millions)

	<u>Admin.</u> <u>Plan</u>	<u>House</u>	<u>Senate</u>	<u>Conf.</u> <u>Comm.</u>
Contingent Reductions – Fiscal 2017				
Fund Swap in Department of General Services		\$1.0	\$1.0	\$1.0
Unspent Funds for DDA Utilization Review		1.5	1.5	1.5
Total Reductions	\$0.0	\$2.4	\$2.4	\$2.4
Contingent Reductions – Fiscal 2018				
Reduce Supplemental Payment to Pension System to \$75 Million	\$48.8	\$50.0	\$50.0	\$50.0
Reduce Appropriation to Rainy Day Fund	40.0	40.0	40.0	40.0
Fund Strategic Demolition and Smart Growth Impact Fund with Bonds	25.6	25.6	25.6	25.6
Slow Phase-down of Medicaid Deficit Assessment on Hospitals	25.0	20.0	25.0	25.0
Restructure Payments to Prince George’s Regional Medical Center	15.0	0.0	2.0	2.0
Fund Baltimore Regional Neighborhood Initiative with Bonds	12.0	12.0	12.0	12.0
Fund Seed Anchor Institution Program with Bonds	5.0	5.0	5.0	5.0
Reduce Teacher Induction, Retention, and Advancement Pilot and Amount of Teacher Stipends	8.0	4.0	5.0	5.0
Fund Behavioral Health Services for Uninsured with Special Funds	3.8	3.8	2.0	3.0
Fund Shelter and Transitional Housing Grant with Bonds	3.0	3.0	3.0	3.0
Phase-in Funding for Public School Opportunities	7.5	2.5	7.0	5.0
Reduce Funding for Disparity Grant	8.4	0.0	2.4	2.4
Phase-in Next Generation Farmland Funding	2.5	2.5	2.5	2.5
Fund Mental Health Services with Senior Prescription Drug Revenues	1.1	1.1	1.1	1.1
Level Fund Local Health Grant	0.7	0.7	0.7	0.7
Level Fund Police Aid	0.5	0.5	0.5	0.5
No Funds for Robotics Grants	0.3	0.0	0.3	0.0
No Funds for Center for Construction Education and Innovation	0.3	0.0	0.3	0.0
Total Reductions	\$247.8	\$170.7	\$184.3	\$182.8

DDA: Developmental Disabilities Administration

Conference Committee Action on the Budget Reconciliation and Financing Act of 2017 (HB 152)

The Budget Reconciliation and Financing Act of 2017, as amended¹ by the Conference Committee, accomplishes the following for the General Fund:

Fiscal 2017 Fund Transfers	\$202.5 million
Fiscal 2017 Revenues	18.5 million
Fiscal 2017 Expenditure Reductions	2.4 million
Fiscal 2018 Revenues	15.7 million
Fiscal 2018 Expenditure Reductions	182.8 million
Total Budgetary Action	\$421.9 million

Restores the provisions of Chapter 727 of 2016 that established the mandated funding, from lottery revenues, for the Maryland International thoroughbred race, a grant to the Maryland Humanities Council of Maryland, a youth and amateur sports grant program, and a bonus award program for Maryland-bred horses.

Strikes the provision that authorizes, rather than requires, funding for the Maryland International thoroughbred race from the thoroughbred share of the Purse Dedication Account.

Clarifies that \$1.0 million of the revenue from the admissions and amusement tax from certain electronic bingo machines be allocated to the Maryland State Arts Council and the remainder to the Special Fund for the Preservation of Cultural Arts and clarifies that the additional funds be included in the calculation of the mandated increase in general funds for the program. The provision would sunset after fiscal 2021.

Reduces the fiscal 2018 mandated appropriation for the Teacher Induction, Retention, and Advancement Pilot Program to \$2.1 million from \$5.0 million. Restores the full mandate beginning in fiscal 2019.

Reduces the mandated funding for specified teacher stipends in fiscal 2018 but restores the full mandated funding beginning in fiscal 2019.

Reduces the mandated funding in fiscal 2018 for stipends for certain teachers in Anne Arundel County and restores the full mandated funding in fiscal 2019.

¹ Conference Committee changes to the bill as passed by the Senate, in whole or in part, except by a technical amendment, are noted in *italics*.

Strikes a provision to repeal the general fund mandate for the Robotics Grant Program under the Maryland State Department of Education.

Reduces the fiscal 2018 mandated appropriation for the Public School Opportunities Enhancement Program to \$2.5 million and restores the full mandate of \$7.5 million beginning in fiscal 2019.

Strikes the provision that would reduce funding for the Joseph A. Sellinger Program to the fiscal 2017 cost containment level.

Strikes the provision that repeals the general fund mandate for the Next Generation Scholars of Maryland Program.

Requires Senatorial scholarship funding to grow in the same manner as Delegate scholarship funding reflecting growth in tuition and fees at public four-year institutions starting in fiscal 2020.

Strikes the provision that repeals the general fund mandate to enable the Enoch Pratt Free Library to increase its operating hours.

Reduces the mandated funding level for locals under the Core Public Health Services program to the fiscal 2017 level.

Strikes a provision that reduces the mandated provider rate increase under the Developmental Disabilities Administration from 3.5% to 2.0% in fiscal 2018.

Allows the use of excess funds from the Senior Prescription Drug Assistance Program for mental health services for the uninsured but modifies the provision so that it applies to fiscal 2018 only.

Allows the Department of Health and Mental Hygiene to charge the Maryland Health Care Commission and the Health Services Cost Review Commission a higher indirect cost rate and increases the commissions' caps to \$16.0 million.

Allows the use of the Community Health Resources Commission Fund for mental health services for the uninsured in fiscal 2018 only and modifies the provision so that an increased amount of funding may be used for that purpose.

Reduces the mandated funding in fiscal 2018 for an operating grant to the Prince George's Regional Medical Center but increases support for the grant in fiscal 2019 through 2028.

Strikes a provision that repeals the mandated funding for the Shelter and Transitional Housing Facilities Grant Program and instead retains the mandate but authorizes the use of general obligation bond funds to meet the mandate in fiscal 2018 through 2022.

Allows the mandated funding for the Strategic Demolition and Smart Growth Impact Fund to be provided in the capital budget through proceeds of general obligation bonds for fiscal 2018 and 2019.

Strikes a provision that repeals the mandated funding for the Seed Community Development Anchor Institution Fund and instead retains the mandate but authorizes the use of general obligation bond funds to meet the mandate.

Strikes a provision that reduces the fiscal 2018 mandate and repeals the mandated out-year funding for the Baltimore Regional Neighborhood Initiative and instead retains the full mandate but authorizes the use of general obligation bond funds to meet the mandate in fiscal 2018 through 2022.

Strikes a provision that repeals the mandated funding of \$250,000 for the Maryland Center for Construction Education and Innovation.

Reduces the minimum grant amount from 67.5% to 63.75% of the disparity grant calculation provided in fiscal 2018 only for counties with a tax rate of at least 3.2% and strikes a provision that would fund the disparity grant at the fiscal 2017 cost containment level in fiscal 2018.

Concurs with a provision that specifies that the requirement to budget 100% of the Maryland Park Service's own-sourced revenues is based on the actual revenues from two fiscal years preceding the proposed fiscal year.

Reduces the mandated funding level for the State Aid for Police Protection program to the fiscal 2017 level.

Expands legislative review of any programmatic change that results in a federal block grant by broadening the definition of a block grant.

Establishes a staggered triennial review cycle and annual reporting requirement related to interagency agreements that have been in place for three or more years and have actual expenditures that exceed \$750,000.

Requires the Department of Budget and Management to publish personnel and agency performance data in the annual printed budget books.

Repeals the mandate, for fiscal 2018 only, for an appropriation to the State Retirement and Pension System equal to one-half of the amount by which the unappropriated general fund surplus exceeds \$10.0 million in the preceding fiscal year.

Requires funding for a specified business retention incentive of \$5.0 million to be provided under the Sunny Day program for fiscal 2019, 2020, and 2021.

Strikes a provision that reduces the sales commissions paid to State lottery retailers from 5.5% to 5.0%.

Strikes a provision to fund the expenses of the Division of Racing from the Purse Dedication Account in lieu of general funds and also strikes a provision authorizing the Purse Dedication Account to fund the Maryland International thoroughbred race. Adds a provision to reduce excess lottery funds in fiscal 2017 for a horse racing special fund.

Requires that a portion of the fiscal 2018 revenue from video lottery terminals be dedicated to the General Fund to pay for a portion of the costs of the grants provided to specified school systems under SB 1024/HB 684 of 2017; and for fiscal 2019 and 2020, requires the same portion of the revenues be dedicated to the Education Trust Fund instead of the Small, Minority, and Women-Owned Business Account. Strikes a provision to transfer funds from the Small, Minority, and Women-Owned Business Account to the Education Trust Fund in fiscal 2018.

Allocates a portion of the admissions and amusement tax revenue accruing to the Special Fund for the Preservation of the Cultural Arts to a grant for the Arts Council of Anne Arundel County beginning in fiscal 2019.

Strikes a provision to increase the local share of the costs of certain activities of the State Department of Assessments and Taxation from 50.0% to 70.0% in fiscal 2018 and to 90.0% in fiscal 2019 and thereafter. Also strikes the provision that would add the costs of the Office of the Director to the cost-share arrangement.

Reduces the mandated funding level under the Maryland Resource-Based Industry Development Corporation's Next Generation Farmland Acquisition Program by \$2.5 million in fiscal 2018 and extends funding of \$2.5 million to fiscal 2019.

For years beyond the budget request year, prohibits the inclusion of transportation grants to local governments in the Consolidated Transportation Program and the withholding or reserving of funds in the Transportation Trust Fund forecast for capital transportation grants to local governments for roads and highways.

Establishes the Comptroller of Maryland as the administering agency for the Maryland Emergency Medical System Operations Fund.

Postpones the reduction to the Medicaid Deficit Assessment in fiscal 2018 and increases the reduction to the assessment in fiscal 2019 and 2020.

Strikes the provision that repeals the requirement that at least \$4.0 million be included in the allowance for the University System of Maryland Office to increase the estimated funding guideline attainment for institutions with the lowest estimated funding guideline attainment in fiscal 2016.

Authorizes the transfer of \$2.5 million from the Maryland Correctional Enterprises Revolving Loan Fund to the General Fund in fiscal 2017.

Limits growth in fiscal 2018 rates paid to providers with rates set by the Interagency Rates Committee to no more than 2.0% over the rates in effect for fiscal 2017.

Authorizes the transfer of \$170.0 million from the Revenue Stabilization Account in fiscal 2017.

Reduces the fiscal 2018 funding to the Revenue Stabilization Account by \$40.0 million.

Strikes a provision to allow the use of up to \$1.0 million in the Housing Counseling and Foreclosure Mediation Fund for the Department of Housing and Community Development's operating expenses in fiscal 2018.

Allows the Maryland Department of the Environment to use up to \$60.0 million of revenue bond proceeds and funds in the Bay Restoration Fund for Biological Nutrient Removal upgrades of wastewater treatment plants.

Authorizes the transfer of \$3.0 million from the Jane E. Lawton Conservation Fund to the State Agency Loan Program Fund in fiscal 2017.

Authorizes the transfer of \$30.0 million from the University System of Maryland fund balance to the General Fund in fiscal 2017.

Reverts \$1.46 million in general funds in fiscal 2017 under the Developmental Disabilities Administration for utilization review audit contracts.

Withdraws a fiscal 2017 special fund appropriation of \$187,500 under the Department of Housing and Community Development and returns the funds to the Small, Minority, and Women-Owned Business Account within the Department of Commerce.

Requires the Department of Human Resources to use savings in the Assistance Payments Program in fiscal 2017 to reduce the Temporary Assistance for Needy Families deficit.

Requires a \$968,000 reduction in unexpended fiscal 2017 general funds under the Department of General Services and authorizes a fiscal 2017 special fund budget amendment of \$968,000 from eMaryland Marketplace fees that were recorded as deferred revenue at the close of fiscal 2016.

Strikes provisions that authorize the transfer of funds attributable to the admission and amusement tax revenue that accrues to the Special Fund for the Preservation of Cultural Arts to a grant for the Maryland Humanities Council in fiscal 2018 and 2019 because the funding was provided by another provision.

Requires the Comptroller of Maryland to transfer up to \$12.0 million from the Consumer Protection Recoveries Fund to the General Fund if the Office of the Attorney General does not transfer \$12.0 million of the recovery from the Volkswagen Clean Diesel settlement.

Requires the Comptroller of Maryland to transfer up to \$12.0 million of the recovery from the Moody's Corporation settlement from the Office of the Attorney General's Consumer Protection Recoveries fund to the General Fund.

Strikes a provision that caps the growth of any mandated appropriation to not more than the projected general fund revenue growth, less 1.0%; excepting specified mandates related to K-12 education funding, Reserve Fund requirements, and debt service requirements.

Extends legislative review, for two years, to program changes that would make it harder to qualify for benefits, expand beneficiary cost sharing, or impose limitations on benefits in relation to Medicaid and the Supplemental Nutrition Assistance Program and modifies a provision on stakeholder input.

Requires \$4.6 million in excess Baltimore City contributions to the Baltimore City Public School Construction Financing Fund to be credited to Baltimore City Public Schools to provide a portion of its required contribution in fiscal 2018 instead of the Comptroller intercepting State education aid and expresses the intent that this provision would only apply in fiscal 2018.

Requires a report on the Baltimore City Public School System structural deficit in fiscal 2018, 2019, and 2020 and requires that the report be submitted quarterly.

Instructs the Secretary of Transportation, in coordination with the Montgomery and Prince George's counties' departments of transportation, to engage with their counterparts in Virginia and Washington, DC for the purpose of revisiting the Washington Metropolitan Area Transit Authority (WMATA) compact to ensure the viability of WMATA.

Authorizes the use of the special funds under the Maryland State Arts Council to be used for grants to specific cultural and arts organizations in fiscal 2018.

Authorizes the transfer of funds between programs under the State Board of Elections in fiscal 2017 and 2018, and authorizes the use of the Major Information Technology Development Projects Program to be used for operations and maintenance of the Agency Election Management System in fiscal 2018.

Authorizes, for fiscal 2018 only, Baltimore City to use its highway user revenues to pay for students to ride Maryland Transit Administration (MTA) buses and prohibits MTA from charging Baltimore City more than a specified amount for this service.

Authorizes the use of the Catastrophic Event Account to offset operating deficiencies resulting from lost federal funds and to reimburse clients of the Developmental Disabilities Administration for overpayments.

General Fund Budget Outlook
Fiscal 2017-2022
(\$ in Millions)

	<u>2017</u> <u>Work. App.</u>	<u>2018</u> <u>Allowance</u>	<u>2019</u> <u>Est.</u>	<u>2020</u> <u>Est.</u>	<u>2021</u> <u>Est.</u>	<u>2022</u> <u>Est.</u>	<u>2018-22</u> <u>Average</u> <u>Annual</u> <u>Change</u>
Revenues							
Opening Fund Balance	\$385	\$93	\$100	\$0	\$0	\$0	
Transfer	203	0	42	37	36	33	
One-time Revenues/Legislation	66	17	0	0	0	0	
Subtotal One-time Revenue	\$653	\$110	\$142	\$37	\$36	\$33	
Ongoing Revenues	\$16,572	\$17,207	\$17,735	\$18,366	\$19,042	\$19,769	
Revenue Adjustments – Legislation	0	0	0	0	0	0	
Subtotal Ongoing Revenue	\$16,572	\$17,207	\$17,735	\$18,366	\$19,042	\$19,769	3.5%
Total Revenues & Fund Balance	\$17,225	\$17,317	\$17,877	\$18,403	\$19,078	\$19,802	3.4%
Ongoing Spending							
Operating Spending	\$17,362	\$17,897	\$18,939	\$19,865	\$20,898	\$21,777	
Education Trust Fund ⁽¹⁾	-459	-522	-545	-553	-545	-553	
Ongoing (Reductions)/Additions	-13	-129	-32	-33	-43	-48	
Subtotal Ongoing Spending	\$16,890	\$17,245	\$18,363	\$19,279	\$20,310	\$21,176	5.3%
One-time Spending							
Pay-as-you-go Capital	\$62	\$56	\$108	\$80	\$80	\$61	
One-time Reductions	-19	-118	-20	-20	-20	-20	
Legislation/One-time Adjustments/ Swaps	43	-16	0	0	0	0	
Appropriation to Reserve Fund	155	50	92	50	83	83	
Subtotal One-time Spending	\$241	-\$28	\$180	\$110	\$143	\$124	
Total Spending	\$17,132	\$17,217	\$18,543	\$19,389	\$20,453	\$21,300	5.5%
Ending Balance	\$93	\$100	-\$666	-\$986	-\$1,376	-\$1,498	
Rainy Day Fund Balance	\$831	\$860	\$886	\$918	\$952	\$989	
Balance over 5% of GF Revenues	2	0	0	0	0	0.2	
As % of GF Revenues	5.01%	5.00%	5.00%	5.00%	5.00%	5.00%	
Structural Balance	-\$318	-\$38	-\$629	-\$913	-\$1,269	-\$1,407	

GF: General Fund

⁽¹⁾ Education Trust Fund is supported by revenues from video lottery terminals and table games.