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# **Spending Affordability Briefing Appendix**

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

**November 13, 2019**

## Fiscal 2019 General Fund Revenues

(\$ in Millions)

<b>Source</b>	<b>FY 2018</b>	<b>Fiscal 2019</b>				<b>FY 2018-2019 % Change</b>	
	<b>Actual</b>	<b>Estimate<sup>(1)</sup></b>	<b>Actual</b>	<b>\$ Diff.</b>	<b>% Diff.</b>	<b>Estimated</b>	<b>Actual</b>
Personal Income Tax	\$9,507.8	\$10,064.6	\$10,272.4	\$207.7	2.1%	5.9%	8.0%
Sales and Use Tax <sup>(2)</sup>	4,645.8	4,863.1	4,812.1	-51.0	-1.0%	4.7%	3.6%
State Lottery	534.6	544.5	552.4	7.9	1.5%	1.8%	3.3%
Corporate Income Tax	820.4	958.0	1,033.1	75.1	7.8%	16.8%	25.9%
Business Franchise Taxes	245.9	242.6	245.1	2.5	1.0%	-1.4%	-0.4%
Insurance Premiums Tax	386.4	377.5	335.2	-42.3	-11.2%	-2.3%	-13.3%
Estate and Inheritance Taxes	214.4	177.4	180.4	3.1	1.7%	-17.3%	-15.8%
Tobacco Tax	372.7	372.4	356.7	-15.7	-4.2%	-0.1%	-4.3%
Alcohol Beverages Tax	32.0	32.4	32.5	0.1	0.3%	1.2%	1.6%
Other <sup>(3)</sup>	551.1	550.1	579.2	29.1	5.3%	-0.2%	5.1%
<b>Subtotal Ongoing Revenues</b>	<b>\$17,311.1</b>	<b>\$18,182.4</b>	<b>\$18,399.0</b>	<b>\$216.6</b>	<b>1.2%</b>	<b>5.0%</b>	<b>6.3%</b>
Transfer Tax <sup>(4)</sup>	\$46.0	\$0.0	\$0.0	\$0.0	n/a	n/a	n/a
Excellence in Education Fund <sup>(5)</sup>	0.0	-200.0	-200.0	0.0	n/a	n/a	n/a
Extraordinary Revenues <sup>(6)</sup>	15.3	0.0	0.0	0.0	n/a	n/a	n/a
<b>Total Revenues</b>	<b>\$17,372.5</b>	<b>\$17,982.4</b>	<b>\$18,199.0</b>	<b>\$216.6</b>	<b>1.2%</b>	<b>3.5%</b>	<b>4.8%</b>

<sup>(1)</sup> From the Board of Revenue Estimates, March 2019, with adjustments for action at the 2019 legislative session.

<sup>(2)</sup> Fiscal 2019 reflects \$80 million in revenue from out-of-state retailers following the Supreme Court decision allowing states to require those sellers to collect and remit the sales tax (*South Dakota vs. Wayfair*). This is \$17.1 million more than estimated. Excluding the additional revenue from out-of-state sellers, fiscal 2019 sales tax revenue grew 1.9% over fiscal 2018.

<sup>(3)</sup> Includes revenues from the courts, interest earnings, hospital patient recoveries and other miscellaneous revenues.

<sup>(4)</sup> The Budget Reconciliation and Financing Act (BRFA) of 2013 (Chapter 425) established a distribution of transfer tax revenues to the General Fund for fiscal 2014 to 2018. Chapter 10 of the 2016 session reduced the distribution in fiscal 2018 by \$40.0 million.

<sup>(5)</sup> The BRFA of 2018 (Chapter 10) distributed \$200 million of personal income tax revenues to the Commission on Innovation and Excellence in Education Fund created by the bill.

<sup>(6)</sup> The BRFA of 2017 (Chapter 23) distributed to the general fund in fiscal 2018 casino revenues that would normally go to the Small, Minority and Women-Owned Businesses Account.

Source: Maryland Office of the Comptroller and Board of Revenue Estimates

**Revenues and Impact on the Education Trust Fund**  
**Fiscal 2019-2021**  
**(\$ in Millions)**

	2019			2020 Estimate			2021
	<u>Estimate</u>	<u>Actual</u>	<u>Difference</u>	<u>March</u> <sup>(1)</sup>	<u>Sept.</u>	<u>Difference</u>	<u>Estimate</u>
<b>Video Lottery Terminals</b>							
Education Trust Fund	\$438.7	\$447.4	\$8.8	\$430.1	\$456.5	\$26.4	\$445.3
Casino Operators	518.0	528.8	10.8	542.2	541.2	-0.9	548.3
Local Impact Grants	59.8	61.1	1.3	60.8	62.4	1.6	63.2
SMWOBA <sup>(2)</sup>	0.0	0.0	0.0	0.0	0.0	0.0	17.1
Purse Dedication	64.5	65.9	1.4	65.6	67.2	1.7	68.1
RFRA	10.6	10.8	0.2	10.7	11.0	0.3	11.1
State Lottery Agency	11.0	11.2	0.2	11.2	11.5	0.3	11.6
<b>Gross Revenues</b>	<b>\$1,102.6</b>	<b>\$1,125.2</b>	<b>\$22.7</b>	<b>\$1,120.6</b>	<b>\$1,149.9</b>	<b>\$29.3</b>	<b>\$1,164.8</b>
	2019	2020 Estimate			2021		
	<u>Estimate</u>	<u>Actual</u>	<u>Difference</u>	<u>March</u>	<u>Sept.</u>	<u>Difference</u>	<u>Estimate</u>
<b>Table Games</b>							
Education Trust Fund	\$99.3	\$95.3	-\$4.0	\$98.7	\$94.9	-\$3.8	\$96.5
Casino Operators	529.4	508.2	-21.3	526.4	506.0	-20.4	514.9
Local Impact Grants	33.1	31.8	-1.3	32.9	31.6	-1.3	32.2
<b>Gross Revenues</b>	<b>\$661.8</b>	<b>\$635.2</b>	<b>-\$26.6</b>	<b>\$658.0</b>	<b>\$632.5</b>	<b>-\$25.5</b>	<b>\$643.6</b>
<b>Total Gross Revenues</b>	<b>\$1,764.3</b>	<b>\$1,760.4</b>	<b>-\$3.9</b>	<b>\$1,778.5</b>	<b>\$1,782.4</b>	<b>\$3.9</b>	<b>\$1,808.5</b>
<b>Total Education Trust Fund</b>	<b>\$537.9</b>	<b>\$542.7</b>	<b>\$4.8</b>	<b>\$528.8</b>	<b>\$551.4</b>	<b>\$22.6</b>	<b>\$541.9</b>

SMWOBA: Small, Minority, and Women-Owned Businesses Account  
RFRA: Racetracks Facility Renewal Account

<sup>(1)</sup> The March estimate for fiscal 2020 reflected a reduction in Education Trust Fund (ETF) revenue as a result of an increase in the licensee shares approved by the Maryland Lottery and Gaming Commission in December 2018. The commission increased the licensee share of video lottery terminal (VLT) revenues at the Live!, Horseshoe, and Hollywood casinos effective July 1, 2019. The September estimate reflects the impact of the Budget Reconciliation and Financing Act (BRFA) of 2019 (Chapter 16) which prevented the increase in the licensee share. In the absence of the BRFA action, the September estimate for casinos would have increased by \$14.9 million over March, and the ETF would have increased by \$10.6 million.

<sup>(2)</sup> The BRFA of 2017 (Chapter 23) diverted the distribution that normally goes to the SMWOBA to the ETF in fiscal 2019 and 2020. The distribution is 0.75% of gross VLT revenues at the Rocky Gap facility and 1.5% at all other casinos.

Source: State Lottery and Gaming Control Agency; Board of Revenue Estimates.

**State Expenditures – General Funds**  
**Fiscal 2019-2021**  
(\$ in Millions)

<u>Category</u>	2019	2020	2021	2020-2021	
	<u>Working</u> <u>Appropriation</u>	<u>Adj. Leg.</u> <u>Appropriation</u> <sup>(1)</sup>		<u>Baseline</u>	<u>\$ Change</u>
Debt Service	\$286.0	\$287.0	\$246.0	-\$41.0	-14.3%
County/Municipal	\$288.9	\$300.8	\$316.1	\$15.3	5.1%
Community Colleges	322.4	331.0	367.4	36.4	11.0%
Education/Libraries	6,059.1	6,409.4	6,547.3	137.8	2.2%
Health	52.7	55.4	56.6	1.2	2.2%
<b><i>Aid to Local Governments</i></b>	<b>\$6,723.0</b>	<b>\$7,096.7</b>	<b>\$7,287.4</b>	<b>\$190.7</b>	<b>2.7%</b>
Foster Care Payments	\$188.2	\$194.7	\$209.0	\$14.3	7.4%
Assistance Payments	45.4	43.9	49.2	5.3	12.1%
Medical Assistance	3,389.9	3,575.4	3,815.1	239.7	6.7%
Property Tax Credits	101.2	97.2	102.4	5.2	5.4%
<b><i>Entitlements</i></b>	<b>\$3,724.6</b>	<b>\$3,911.2</b>	<b>\$4,175.8</b>	<b>\$264.6</b>	<b>6.8%</b>
Health	\$1,492.0	\$1,583.2	\$1,621.0	\$37.9	2.4%
Human Services	372.3	370.5	399.3	28.9	7.8%
Juvenile Services	263.7	264.7	279.2	14.6	5.5%
Public Safety/Police	1,521.5	1,576.8	1,665.8	89.1	5.6%
Higher Education	1,481.8	1,599.4	1,685.3	85.9	5.4%
Other Education	461.2	494.5	535.4	40.8	8.3%
Agriculture/Natural Res./Environment	127.1	147.6	157.0	9.4	6.4%
Other Executive Agencies	800.3	800.5	857.6	57.1	7.1%
Judiciary	508.5	534.6	556.8	22.2	4.2%
Legislative	91.3	97.5	100.0	2.6	2.6%
<b><i>State Agencies</i></b>	<b>\$7,119.6</b>	<b>\$7,469.2</b>	<b>\$7,857.5</b>	<b>\$388.4</b>	<b>5.2%</b>
<b>Total Operating</b>	<b>\$17,853.2</b>	<b>\$18,764.1</b>	<b>\$19,566.8</b>	<b>\$802.7</b>	<b>4.3%</b>
Capital <sup>(2)</sup>	\$59.5	\$77.0	\$71.0	-\$6.0	-7.7%
<b><i>Subtotal</i></b>	<b>\$17,912.7</b>	<b>\$18,841.0</b>	<b>\$19,637.8</b>	<b>\$796.8</b>	<b>4.2%</b>
Reserve Funds	\$9.3	\$554.3	\$585.7	\$31.4	5.7%
<b>Appropriations</b>	<b>\$17,922.1</b>	<b>\$19,395.3</b>	<b>\$20,223.4</b>	<b>\$828.1</b>	<b>4.3%</b>
Reversions	-\$35.0	-\$35.0	-\$35.0	\$0.0	0.0%
<b>Grand Total</b>	<b>\$17,887.1</b>	<b>\$19,360.3</b>	<b>\$20,188.4</b>	<b>\$828.1</b>	<b>4.3%</b>

<sup>(1)</sup> The General Assembly reduced the fiscal 2020 budget by \$194.1 million but provided authorization for those funds to be used for a variety of purposes. However, spending the funds was at the discretion of the Governor. The fiscal 2020 adjusted legislative appropriation includes reductions of \$148.0 million, reflecting funds that will revert at the end of the year that the Governor has decided not to spend.

<sup>(2)</sup> Includes the Heritage Structure Rehabilitation Tax Credit Reserve Fund.

Note: The fiscal 2020 adjusted legislative appropriation reflects anticipated deficiencies of \$124.5 million.

**State Expenditures – State Funds**  
**Fiscal 2019-2021**  
(\$ in Millions)

<b>Category</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2020 to 2021</b>	
	<b>Working</b>	<b>Adj. Leg.</b>		<b>Baseline</b>	<b>\$ Change</b>
	<b>Appropriation</b>	<b>Appropriation <sup>(1)</sup></b>			
Debt Service	\$1,623.8	\$1,675.8	\$1,744.7	\$68.9	4.1%
County/Municipal	\$663.7	\$698.9	\$739.8	\$40.9	5.9%
Community Colleges	322.4	331.0	367.4	36.4	11.0%
Education/Libraries	6,615.5	7,085.5	7,191.0	105.5	1.5%
Health	52.7	55.4	56.6	1.2	2.2%
<b>Aid to Local Governments</b>	<b>\$7,654.3</b>	<b>\$8,170.8</b>	<b>\$8,354.9</b>	<b>\$184.0</b>	<b>2.3%</b>
Foster Care Payments	\$192.5	\$198.0	\$212.3	\$14.3	7.2%
Assistance Payments	55.5	49.4	55.0	5.7	11.5%
Medical Assistance	4,322.0	4,571.1	4,758.7	187.6	4.1%
Property Tax Credits	101.2	97.2	102.4	5.2	5.4%
<b>Entitlements</b>	<b>\$4,671.1</b>	<b>\$4,915.6</b>	<b>\$5,128.5</b>	<b>\$212.9</b>	<b>4.3%</b>
Health	\$1,921.7	\$2,027.4	\$2,128.6	\$101.3	5.0%
Human Services	454.8	449.8	487.5	37.7	8.4%
Juvenile Services	267.3	267.7	282.6	14.8	5.5%
Public Safety/Police	1,739.1	1,806.0	1,944.9	138.9	7.7%
Higher Education	6,215.4	6,456.3	6,748.9	292.6	4.5%
Other Education	533.3	567.3	606.1	38.9	6.9%
Transportation	1,974.9	2,049.4	2,192.2	142.9	7.0%
Agriculture/Natural Res./Environment	430.5	445.8	468.0	22.2	5.0%
Other Executive Agencies	1,550.3	1,541.2	1,626.8	85.7	5.6%
Judiciary	570.6	600.0	627.1	27.2	4.5%
Legislative	91.3	97.5	100.0	2.6	2.6%
<b>State Agencies</b>	<b>\$15,749.2</b>	<b>\$16,308.2</b>	<b>\$17,212.7</b>	<b>\$904.5</b>	<b>5.5%</b>
<b>Total Operating</b>	<b>\$29,698.4</b>	<b>\$31,070.5</b>	<b>\$32,440.8</b>	<b>\$1,370.3</b>	<b>4.4%</b>
Capital <sup>(1)</sup>	\$2,049.9	\$1,932.0	\$1,628.7	-\$303.4	-15.7%
Transportation	1,514.2	1,427.1	1,090.1	-337.1	-23.6%
Environment	220.8	178.3	220.4	42.1	23.6%
Other	314.9	326.6	318.2	-8.4	-2.6%
<b>Subtotal</b>	<b>\$31,748.3</b>	<b>\$33,002.5</b>	<b>\$34,069.4</b>	<b>\$1,066.9</b>	<b>3.2%</b>
Reserve Funds	\$9.3	\$554.3	\$585.7	\$31.4	5.7%
<b>Appropriations</b>	<b>\$31,757.7</b>	<b>\$33,556.8</b>	<b>\$34,655.1</b>	<b>\$1,098.3</b>	<b>3.3%</b>
Reversions	-\$35.0	-\$35.0	-\$35.0	\$0.0	0.0%
<b>Grand Total</b>	<b>\$31,722.7</b>	<b>\$33,521.8</b>	<b>\$34,620.1</b>	<b>\$1,098.3</b>	<b>3.3%</b>

<sup>(1)</sup> The fiscal 2020 adjusted legislative appropriation includes reductions of \$153.3 million, reflecting funds that will be reverted or canceled at the end of the year that the Governor has decided not to spend.

<sup>(2)</sup> Includes the Heritage Structure Rehabilitation Tax Credit Reserve Fund.

## State Expenditures – All Funds

### Fiscal 2019-2021

(\$ in Millions)

<u>Category</u>	2019	2020	2021	2020 to 2021	
	<u>Working</u> <u>Appropriation</u>	<u>Adj. Leg.</u> <u>Appropriation</u> <sup>(1)</sup>		<u>Baseline</u>	<u>\$ Change</u>
Debt Service	\$1,636.6	\$1,687.4	\$1,755.0	\$67.6	4.0%
County/Municipal	\$737.7	\$773.0	\$813.9	\$40.9	5.3%
Community Colleges	322.4	331.0	367.4	36.4	11.0%
Education/Libraries	7,577.4	8,070.1	8,161.4	91.3	1.1%
Health	52.7	55.4	56.6	1.2	2.2%
<b>Aid to Local Governments</b>	<b>\$8,690.2</b>	<b>\$9,229.5</b>	<b>\$9,399.3</b>	<b>\$169.8</b>	<b>1.8%</b>
Foster Care Payments	\$261.3	\$275.5	\$280.0	\$4.5	1.6%
Assistance Payments	1,158.0	1,097.1	1,056.8	-40.3	-3.7%
Medical Assistance	11,391.2	11,418.6	11,913.4	494.7	4.3%
Property Tax Credits	101.2	97.2	102.4	5.2	5.4%
<b>Entitlements</b>	<b>\$12,911.6</b>	<b>\$12,888.4</b>	<b>\$13,352.6</b>	<b>\$464.2</b>	<b>3.6%</b>
Health	\$3,028.2	\$3,156.8	\$3,290.6	\$133.8	4.2%
Human Services	1,006.9	1,043.9	1,020.5	-23.4	-2.2%
Juvenile Services	272.6	272.3	287.4	15.1	5.5%
Public Safety/Police	1,774.0	1,844.4	1,984.6	140.2	7.6%
Higher Education	6,215.4	6,456.3	6,748.9	292.6	4.5%
Other Education	816.1	875.2	929.8	54.5	6.2%
Transportation	2,073.3	2,157.9	2,302.5	144.6	6.7%
Agriculture/Natural Res./Environment	500.1	514.0	538.7	24.7	4.8%
Other Executive Agencies	2,145.6	2,160.7	2,224.7	64.1	3.0%
Judiciary	571.7	600.2	627.4	27.2	4.5%
Legislative	91.3	97.5	100.0	2.6	2.6%
<b>State Agencies</b>	<b>\$18,495.0</b>	<b>\$19,179.1</b>	<b>\$20,054.9</b>	<b>\$875.8</b>	<b>4.6%</b>
<b>Total Operating</b>	<b>\$41,733.5</b>	<b>\$42,984.4</b>	<b>\$44,561.8</b>	<b>\$1,577.4</b>	<b>3.7%</b>
Capital <sup>(1)</sup>	\$3,103.3	\$3,193.3	\$2,853.6	-\$339.8	-10.6%
Transportation	2,497.8	2,571.8	2,240.1	-331.7	-12.9%
Environment	264.1	231.1	273.5	42.4	18.4%
Other	341.4	390.4	339.9	-50.5	-12.9%
<b>Subtotal</b>	<b>\$44,836.9</b>	<b>\$46,177.7</b>	<b>\$47,415.4</b>	<b>\$1,237.6</b>	<b>2.7%</b>
Reserve Funds	\$9.3	\$554.3	\$585.7	\$31.4	5.7%
<b>Appropriations</b>	<b>\$44,846.2</b>	<b>\$46,732.0</b>	<b>\$48,001.1</b>	<b>\$1,269.0</b>	<b>2.7%</b>
Reversions	-\$35.0	-\$35.0	-\$35.0	\$0.0	0.0%
<b>Grand Total</b>	<b>\$44,811.2</b>	<b>\$46,697.0</b>	<b>\$47,966.1</b>	<b>\$1,269.0</b>	<b>2.7%</b>

<sup>(1)</sup> The fiscal 2020 adjusted legislative appropriation includes reductions of \$153.3 million, reflecting funds that will be reverted or canceled at the end of the year that the Governor has decided not to spend.

<sup>(2)</sup> Includes the Heritage Structure Rehabilitation Tax Credit Reserve Fund.

Note: The fiscal 2019 working appropriation includes \$90.4 million in deficiencies. The fiscal 2020 adjusted legislative appropriation reflects \$37.7 million in additional special fund spending due to funding swaps and \$279.6 million in anticipated deficiencies.

**\$351 Million in Potential Fiscal 2020 Deficiencies Are Partially Offset by  
Projected Underspending of \$72 Million in Various Programs  
(\$ in Millions)**

	<u>GF</u>	<u>SF</u>	<u>FF</u>	<u>Total</u>
<b>Salary Enhancements:</b> 1% general salary increase effective January 1, 2020, triggered by fiscal 2019 revenue overattainment (\$20.2 million in GF, \$8.3 million in SF, and \$3.9 million in FF).	\$20.2	\$8.3	\$3.9	<b>\$32.4</b>
<b>Fiscal 2019 Deficiencies:</b> Medicaid (\$15.4 million in GF and \$13.6 million in FF); Office of the Public Defender (OPD) operating costs (\$3.6 million in GF); and Department of State Police (DSP) various operating costs (\$1.4 million in GF).	20.4	0.0	13.6	<b>34.0</b>
<b>Long-term Liabilities:</b> Developmental Disabilities Administration (DDA) federal fund audit disallowance for residential habilitation services (\$34.2 million in GF).	34.2	0.0	0.0	<b>34.2</b>
<b>Operating Expenses:</b> Department of Human Services (DHS) federal energy funds and federal fund availability (\$1.4 million in GF, \$2.7 million in SF, and \$16.8 million in FF); Department of Public Safety and Correctional Services (DPSCS) overtime and inmate medical contracts (\$14.4 million in GF); Department of Aging federal grant and other federal fund availability (\$4.1 million in FF); OPD (\$3.6 million in GF); Maryland Higher Education Commission for 529 match program (\$3.6 million in GF); DSP lower speed camera special fund revenue, audit finding, BCCPI/BRIC and MSPAC for Baltimore City (\$12.2 million in GF and -\$4.8 million in SF); Department of Natural Resources operating expenses (\$2.0 million GF); Behavioral Health substance use disorder residential funding (\$1.8 million in GF); Board of Public Works erroneous conviction compensation (\$1.7 million in GF); and other (\$0.6 million in GF).	41.3	-2.1	20.8	<b>60.0</b>
<b>Entitlements:</b> Medicaid (\$57.7 million in GF, \$121.7 million in SF, \$1.8 million in FF); and DHS foster care and assistance programs based on placement mix, caseloads and fund availability (\$6.8 million in GF, -\$0.9 million in SF, and \$5.4 million in FF).	64.5	120.8	5.4	<b>190.7</b>
<b>Fiscal 2020 Overfunding:</b> DDA based on actual spending trends (\$15.0 million in GF, \$0.1 million in SF, and \$13.6 million in FF); DPSCS turnover savings (\$26.1 million in GF); Department of Budget and Management calculation of fiscal 2020 general salary increase (\$12.5 million in GF, \$1.3 million in SF, and \$0.5 million in FF); and Maryland State Department of Education Tax Increment Financing overfunding (\$2.5 million in GF).	-56.1	-1.4	-14.2	<b>-71.7</b>
<b>Total Deficiencies</b>	<b>\$124.5</b>	<b>\$125.6</b>	<b>\$29.5</b>	<b>\$279.6</b>

BCCPI: Baltimore City Crime Prevention Initiative  
BRIC: Baltimore Regional Information Center  
FF: federal fund

GF: general fund  
MSPAC: Maryland State Police Aviation Command  
SF: special fund

# Components of General Fund Budget Change

(\$ in Millions)

## Summary of Fiscal 2020-2021 Budget Growth Compared to Adjusted Fiscal 20202 Legislative Appropriation

	<u>Dollars</u>	<u>Share of Growth</u>
Ongoing Requirements/Entitlements	\$414.3	51.6%
State Agency Costs	388.4	48.4%
<b>Growth in Operating Budget, Including Anticipated Deficiencies</b>	<b>\$802.7</b>	
Pay-as-you-go (PAYGO)	-\$6.0	
Appropriation to Reserve Fund	31.4	
Reversions	0.0	
<b>Total Baseline Increase in State Expenditures</b>	<b>\$828.1</b>	
Deficiency Appropriations		
<b>Total</b>	<b>\$828.1</b>	

### Ongoing Requirements/Entitlements

Medical assistance including Chapters 10/11 of 2019 mandating 4% rate increases for certain providers (\$55.9 million)		\$239.7
Education and Library aid formulas and other grants including ongoing impact of Chapter 357 of 2018 that authorized the Constitutional Amendment establishing gaming revenues as supplemental education funding (\$125.0 million)		137.8
Community college formula plus miscellaneous grants		36.4
Foster Care and Assistance payments based on caseload mix, rate increases, and fund realignment based on most recent actuals		19.6
Other entitlements and local aid including Chapter 25 of 2019 Community Safety and Strengthening Act (\$4.5 million) and Chapter 508 of 2019 Rape Kit Testing Fund (\$3.0 million)		17.4
Disparity grant formula		4.4
Debt service		-41.0

### State Agency Costs

#### Statewide Personnel Expenses (Excluding Higher Education):

Merit pay (increments)		\$41.4
Health insurance (7.6%)		34.1
General salary increase (1.0%)		23.0
Annualization of January 1, 2020 1.0% general salary increases		20.2
Employee retirement (driven by 1.1% increase in employee retirement plan)		16.7

#### Impact of 2019 Legislation Not Accounted for Elsewhere

Chapter 532 of 2019 Opioid Use Disorder Examinations and Treatment in Correctional Facilities		\$4.3
Chapter 211 of 2019 Opportunity Zone Incentives – Workforce Housing Project Tax Credit		4.0
Chapters 733/734 of 2019 Family Planning Program		3.2
Chapter 757 of 2019 Clean Energy Jobs		2.3

Chapter 249 of 2019 Local Housing Grant Program for Homeless Veterans and Survivors of Domestic Violence	2.0
Chapter 557 of 2019 Water Outlets in School Buildings Lead Testing	2.0
Chapter 749 of 2019 New District and Circuit Court Judgeships	1.8
Chapter 743 of 2019 Grant to Baltimore Symphony Orchestra	1.6

**Other Major Agency Programmatic and Operating Expenses:**

University System of Maryland: General funds required to cover growth in base costs not provided for through tuition and Higher Education Investment Fund revenue	\$75.2
Developmental Disabilities Administration: Chapters 10/11 of 2019 plus realignment of funds based on most recent actuals	35.2
Major Information Technology Development Projects	28.8
Sellinger Formula for Aid to Private Colleges and Universities	32.0
Human Services: Align general funds with most recent actuals	15.9
Morgan State University: Growth in State operating grant support	8.8
Sunny Day Fund: Marriott grant	5.0
Public Safety: Inmate medical contracts	4.8
Information Technology: 700MhZ system maintenance and radio replacement	3.0
St. Mary's College of Maryland: Operating grant	1.9
Maryland Higher Education Commission: Educational Excellence Awards	1.7
Behavioral Health Administration: Behavioral health services for the uninsured including impact of Chapters 10/11 of 2019	1.6
Maryland State Arts Council grant increase	1.5
Various agencies: Increases to account for fiscal 2020 withheld funds unaccounted for in other changes	1.5
Elections: Anticipated election expenses	1.0
Public Safety: One-time critical maintenance funding	-3.0
Planning: One-time census-related grants and activities	-6.3
Other	23.4

**Reserve Fund and PAYGO**

PAYGO: Chapter 652 of 2019 Comprehensive Flood Management	\$3.0
PAYGO: Re-basing the SEED Community Development Anchor Institution Fund	2.5
PAYGO: Other	0.9
PAYGO: Re-basing the Baltimore Regional Neighborhood Initiative	-2.8
PAYGO: Nonpublic Aging Schools	-3.5
PAYGO: Various housing programs including Project CORE, Neighborhood Business Works and rental housing	-6.0
Reserve Fund: Net increase in appropriation including \$167.0 million grant to the Washington Metropolitan Area Transit Authority, \$43 million transfer to Program Open Space, \$33.3 million local income tax reserve repayment, and \$25 million each for the pension and Other Post Employment Benefits liability sweepers	31.4

**Total** **\$828.1**

## Total Expenditure and Enrollment Growth in Medicaid Remains Modest, but the Need for General Funds Remains Relatively Strong

### Medical Care Programs Expenditures Fiscal 2019-2021 (\$ Millions)

<u>Funds</u>	<u>2019</u>	<u>Leg. App. 2020</u>	<u>DLS Estimate 2020</u>	<u>Baseline 2021</u>	<u>\$ Change 2020 DLS Est.-2021</u>	<u>% Change 2020 DLS Est.-2021</u>
General	\$3,360.8	\$3,505.4	\$3,560.0	\$3,815.1	255.1	7.2%
Special	956.9	873.9	995.7	943.5	-52.1	-5.2%
Federal	6,634.8	7,082.5	7,049.3	7,154.7	105.4	1.5%
<b>Total</b>	<b>\$10,952.6</b>	<b>\$11,461.8</b>	<b>\$11,605.0</b>	<b>\$11,913.4</b>	<b>\$308.4</b>	<b>2.7%</b>

DLS: Department of Legislative Services

Note: Fiscal 2020 DLS estimate reflects a planned general fund reduction of \$3.1 million based on the Governor's decision not to release certain withheld funds, general fund deficiency appropriations for expenses in fiscal 2020, special funds available through Chapter 16 of 2019 to backfill general fund reductions made during the 2019 session, and estimates of other special fund availability not included in the fiscal 2020 legislative appropriation. Data is for major provider payments only and includes Medicaid-funded behavioral health services.

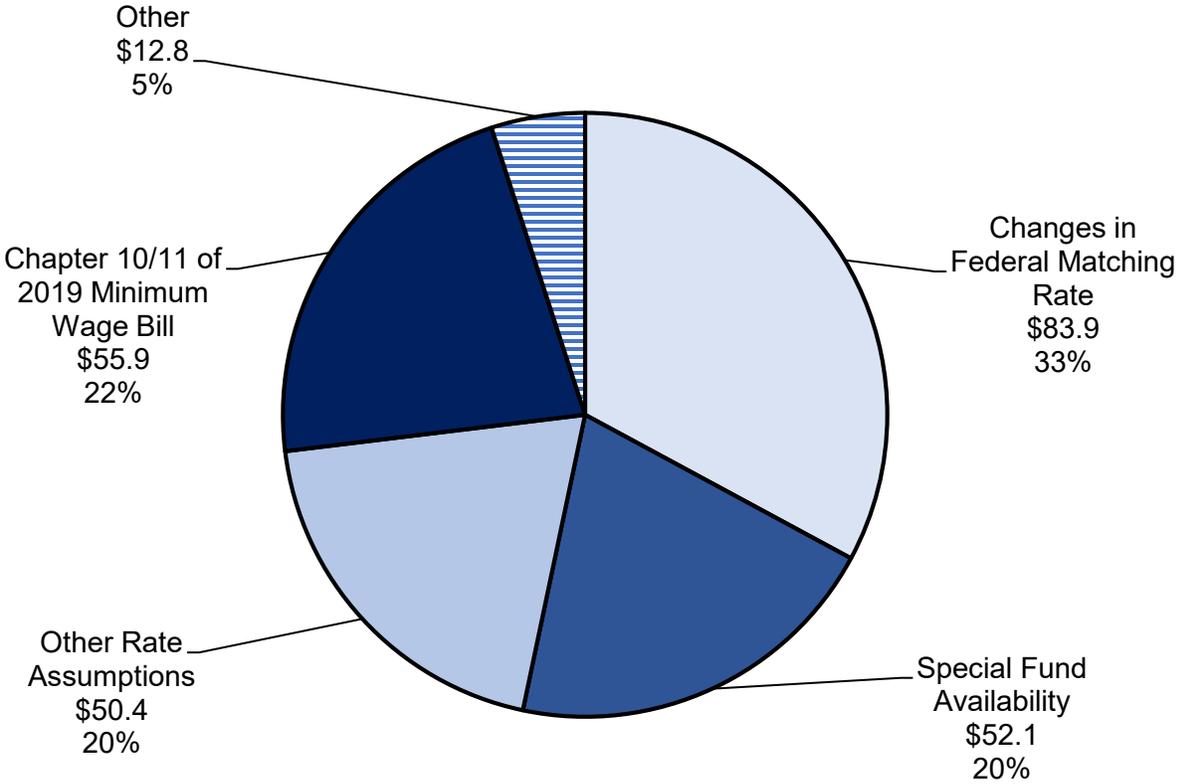
- General fund deficiencies for Medicaid are estimated at \$73.1 million, of which \$57.7 million are for fiscal 2020 expenses. This number would be significantly higher but for the availability of \$121.8 million in unanticipated special funds to support the Medicaid program, primarily from the Rate Stabilization Fund.
- The key drivers of higher than projected expenditures in fiscal 2020 include additional spending on parent/caretakers because of markedly increased enrollment due to a February 2019 change made to the Medicaid eligibility system to automatically grant Transitional Medicaid Assistance (TMA) coverage for certain low-income individuals who lose eligibility for various reasons including an increase in earned income or hours of employment; the impact of the calendar 2020 managed care organization (MCO) rate increase which, as is normal, was not included in the fiscal 2020 budget; and an unexpected increase in psychiatric rehabilitation program spending in the behavioral health budget.

In fiscal 2021, after adjusting for the various deficiencies and special fund availability anticipated in fiscal 2020 noted above, fiscal 2021 baseline growth is \$308.4 million (2.7%) with general fund growth of \$255.1 million (7.2%). Major drivers of general fund growth are as follows:

- The baseline assumes rate increases of 4.0% for behavioral health services and other Medicaid providers rates mandated by Chapters 10 and 11 of 2019, 2% for regulated services, and the impact of the calendar 2019 MCO rate increase (5.2% overall or 1.4% when adjusted for the impact of including HIV/AIDS drugs into rates).

- The federal matching rate for the Affordable Care Act (ACA) expansion population falls from 91.5% to 90.0% in fiscal 2021, resulting in an increase of \$54.2 million in general funds. The federal matching rate for the Maryland Children’s Health Program falls from 79.4% to 67.9% in fiscal 2021, resulting in an increase of \$29.7 million in general funds.
- Special fund availability declines, primarily as a result of the loss of the one-time surplus in Rate Stabilization Funds and funds authorized in Chapter 16 of 2019 plus a planned \$25 million drop in the Medicaid deficit assessment.
- Enrollment growth is expected to be only 1.9% in fiscal 2020 over fiscal 2019, driven by the TMA change. Growth is estimated to slow to 0.5% in fiscal 2021 with total enrollment of just over 1.4 million.
- It should be noted that the baseline assumes that the insurer fee levied under the ACA will not be imposed in calendar 2020, although no action has yet been taken by the U.S. Congress to prevent the imposition. If the fee is imposed, the Medicaid budget will grow by an estimated \$29.5 million in general funds in fiscal 2020 and \$59 million in general funds in fiscal 2021.

**Medicaid – Why General Funds Grow**  
**Fiscal 2020-2021**  
**(\$ in Millions)**



**State Reserve Fund Activity**  
**Fiscal 2020 and 2021**  
(\$ in Millions)

	<u>Rainy Day</u> <u>Fund</u>	<u>Dedicated</u> <u>Purpose Acct.</u>	<u>Catastrophic</u> <u>Event Acct.</u>
<b>Estimated Balances June 30, 2019</b>	<b>\$876.5</b>	<b>\$0.0</b>	<b>\$2.5</b>
Fiscal 2020 Appropriations	\$443.8	\$215.9	\$0.5
Transfer to General Fund	-158.0	-105.9	0.0
Restrict for Legislative Initiatives	0.0	0.0	0.0
DHCD BusinessWorks Loan Repayment	0.0	0.0	0.9
Transfer to Program Open Space	0.0	0.0	0.0
Grant to WMATA	0.0	-110.0	0.0
Interest Earnings	20.9	0.0	0.0
<b>Estimated Balances June 30, 2020</b>	<b>\$1,183.2</b>	<b>\$0.0</b>	<b>\$3.9</b>
Fiscal 2021 Appropriations	\$291.4	\$294.2	\$0.0
Transfer to General Fund	-352.9	0.0	0.0
Pension Sweeper	0.0	-25.0	0.0
OPEB Liability Sweeper	0.0	-25.0	0.0
Local Income Tax Reserve Repayment	0.0	-33.3	0.0
Transfer to Program Open Space	0.0	-43.9	0.0
Grant to WMATA	0.0	-167.0	0.0
Interest Earnings	21.7	0.0	0.0
<b>Estimated Balances June 30, 2021</b>	<b>\$1,143.5</b>	<b>\$0.0</b>	<b>\$3.9</b>
<b>Percent of Revenues in Reserve</b>	<b>6.0%</b>		

DHCD: Department of Housing and Community Development  
OPEB: Other Post Employment Benefits  
WMATA: Washington Metropolitan Area Transit Authority

**Status of the General Fund  
Fiscal 2019  
(\$ in Millions)**

<b>Starting Balance</b>		<b>\$589.6</b>
<b>Revenues</b>		
BRE Estimated Revenue July 2019	\$18,199.0	
<b>Total</b>		<b>\$18,199.0</b>
<b>Transfers</b>		
Budgeted Tax Credits	\$18.6	
<b>Total</b>		<b>\$18.6</b>
<b>Funds Available</b>		<b>\$18,807.3</b>
<b>Spending</b>		
Fiscal 2019 Legislative Appropriation	\$17,860.0	
Deficiencies	52.1	
Targeted Reversions/Closeout	-44.0	
Estimated Agency Reversions	-35.0	
<b>Net Expenditures</b>		<b>\$17,833.1</b>
<b>Ending Balance</b>		<b>\$974.2</b>

BRE: Board of Revenue Estimates

**Status of the General Fund**  
**Fiscal 2020**  
**(\$ in Millions)**

<b>Starting Balance</b>		<b>\$974.2</b>
<b>Revenues</b>		
BRE Estimated Revenue September 2019	\$18,695.4	
<b>Total</b>		<b>\$18,695.4</b>
<b>Transfers</b>		
Rainy Day Fund	\$158.0	
Budgeted Tax Credits	35.7	
<b>Total</b>		<b>\$193.7</b>
<b>Funds Available</b>		<b>\$19,863.4</b>
<b>Spending</b>		
Fiscal 2020 Allowance	\$19,418.8	
Anticipated deficiencies	124.5	
Assumed reversion of unreleased fence-offs	-148.0	
Estimated Agency Reversions	-35.0	
<b>Net Expenditures</b>		<b>\$19,360.3</b>
<b>Ending Balance</b>		<b>\$503.0</b>

BRE: Board of Revenue Estimates

**Status of the General Fund  
Fiscal 2021  
(\$ in Millions)**

<b>Starting Balance</b>		<b>\$503.0</b>
<b>Revenues</b>		
BRE Estimated Revenue September 2019	\$19,058.3	
Legislation/Other		
<b>Total</b>		<b>\$19,058.3</b>
<b>Transfers</b>		
Rainy Day Fund	352.9	
Budgeted Tax Credits	27.7	
<b>Total</b>		<b>\$380.6</b>
<b>Funds Available</b>		<b>\$19,941.9</b>
<b>Spending</b>		
Fiscal 2021 Allowance	\$20,223.4	
Estimated Agency Reversions	-35.0	
<b>Net Expenditures</b>		<b>\$20,188.4</b>
<b>Ending Balance</b>		<b>-\$246.6</b>

BRE: Board of Revenue Estimates

**Fiscal 2020 Restricted Funds  
Not Released by the Administration**

<u>Funds Earmarked for Legislative Priorities</u>	<u>General Funds</u>	<u>Special Funds</u>
GOCCP: Baltimore Regional Information Center	\$3,647,141	
GOCCP: Anti-Violence Program Grants	100,000	
Comptroller: Grant to Cash Campaign of Maryland	200,000	
Comptroller: Private Letter Ruling Process	255,946	
MDOT: Transit Fares for Youth in Summer Employment		\$168,000
MDOT: Study of Regional Transportation Authorities		45,000
MDOT: Southern Maryland Rapid Transit Project		2,500,000
MDOT: Fort Smallwood Road*		1,750,000
MDOT: Sail Baltimore		300,000
MDOT: Frederick Avenue and Wendly Road*		600,000
MDH: Tuberculosis Grants	100,000	
MDH: Bed Registry System	100,000	
MDH: Grants to Nonprofit for Chronic Pain Management	750,000	
MDH: Tele-education for Childhood Mental Health Disorders	1,800,000	
Medicaid: Prescription Drug Affordability Board	750,000	
Medicaid: Expand Medicaid Access to Hepatitis C Treatment	1,300,000	
Medicaid: Revise Managed Care Organization Rates	1,000,000	
DHS: Grant to Support Transition to Two Generation Model	950,000	
MDL: Baltimore City YouthWorks	1,000,000	
MDL: Anne Arundel YouthWorks	500,000	
MDL: Prince George's Workforce Development Board	500,000	
MDL: Adult High School Programs in Opportunity Zones	300,000	
MDL: Hagerstown Community College	200,000	
DPSCS: Salary Increase for Correctional Officers (Above Governor's Plan)	7,000,000	
DPSCS: Staffing Study	500,000	
MSDE: P-TECH Consultant Study	100,000	
MHEC: Modifications to Maryland College Aid System	125,000	
MHEC: Reaccredit Physician's Assistant Program at UMES	1,000,000	
MHEC: Attorney Fees for Violation of Sexual Assault Policies	250,000	
MHEC: Eastern Shore Center for Innovation Entrepreneurship and Economic Development	307,750	
MHEC: TeamBuilder's Academy at Prince George's Community College	250,000	
MHEC: Youth for Success Youth Conflict Management	50,000	
MHEC: Nurse Practitioner Program at FSU	261,500	
DHCD: East Baltimore Development, Inc.	2,500,000	
DHCD: Baltimore Rock Opera Society	175,000	

**Funds Earmarked for Legislative Priorities****General Funds Special Funds**

Commerce: Grant to Visit Baltimore	500,000	
Commerce: Minority Outreach for Business Programs	300,000	
Commerce: University of Maryland – WellMobile	200,000	
Commerce: Prince George’s Community College Operating	250,000	
TEDCO: Baltimore and Prince George’s State’s Attorney’s	250,000	
TEDCO: Baltimore Police Dept. Technology Improvements	7,000,000	
TEDCO: Baltimore Symphony Orchestra	1,600,000	
TEDCO: Implement Ending Youth Homelessness Act	500,000	
TEDCO: North Bay Overnight Program	430,000	
TEDCO: Irvington Place and Harlem Gardens Security Grants	150,000	
TEDCO: Rape Kit Testing Grant Fund	3,500,000	
TEDCO: Pretrial Services Grant Fund	750,000	
TEDCO: Crest Regional Higher Education Center	50,000	
MDE: Remediation of 1600 Harford Avenue Property	200,000	
Reserve Fund: Public School Construction	127,000,000	
Reserve Fund: DHCD Pay-as-you-go Programs	25,000,000	
Sunny Day Fund: Maryland Academy of Sciences Operating	335,000	
Sunny Day Fund: MSU Task Force on Reconciliation and Equity	25,000	
Sunny Day Fund: Grant to Lighthouse Homeless Shelter	100,000	
DNR (POS Repayment): Engineering and Construction	190,888	
DNR (POS Repayment): Park Service Operations	3,999,576	
DNR (POS Repayment): Rural Legacy	6,893,048	
DNR (POS Repayment): POS Local Share	8,535,752	
DNR (POS Repayment): Natural Resources Development Fund – Unspecified Projects	3,625,036	
DNR (POS Repayment): Natural Resources Development Fund – Historic St. Mary’s Commission	1,000,000	
DNR (POS Repayment): Natural Resources Development Fund – Jefferson Patterson Park	3,875,000	
DNR (POS Repayment): Critical Maintenance Program	9,286,358	
MDA (POS Repayment): Agricultural Land Preservation Program	6,455,292	
POCA: Board of Trustees of Arts Education in Maryland Schools Alliance		150,000
POCA: Board of Directors of Arts Every Day		50,000
POCA: 901 Arts		50,000
POCA: Montgomery County for BlackRock Center for the Arts		150,000
POCA: Annapolis Community Foundation for a Statue of Queen Anne		50,000
POCA: Chesapeake Shakespeare Company		50,000
<b>Total Funds</b>	<b>\$237,973,287</b>	<b>\$5,863,000</b>

\* A recent Attorney General's opinion has determined that the Governor may not continue to withhold these funds.

Commerce: Department of Commerce  
DHCD: Department of Housing and Community Development  
DHS: Department of Human Services  
DNR: Department of Natural Resources  
DPSCS: Department of Public Safety and Correctional Services  
FSU: Frostburg State University  
GOCCP: Governor's Office of Crime Control and Prevention  
MDA: Maryland Department of Agriculture  
MDE: Maryland Department of the Environment  
MDH: Maryland Department of Health  
MDL: Maryland Department of Labor  
MDOT: Maryland Department of Transportation  
MHEC: Maryland Higher Education Commission  
MSDE: Maryland State Department of Education  
MSU: Morgan State University  
POCA: Preservation of Cultural Arts  
POS: Program Open Space  
P-TECH: Pathways in Technology Early College High  
TEDCO: Maryland Technology Development Corporation  
UMES: University of Maryland Eastern Shore

## Budget Outlook for Fiscal 2021 to 2025 Improves If Key Policy Assumptions Are Altered Fiscal 2021-2025

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>Closing Cash Balance – DLS Baseline</b>	<b>-\$247</b>	<b>-\$1,173</b>	<b>-\$1,423</b>	<b>-\$1,453</b>	<b>-\$1,495</b>
 <b><u>Alternative Policy Decisions That Improve Closing Balance</u></b>					
Reduce Rainy Day Fund Balance from 6% to 5%	\$190				
Fund WMATA Mandate from Transportation Trust Fund	167	\$167	\$167	\$167	\$167
Fund Employee Salary Increase Every Other Year (Fiscal 2022 and 2024)	124	128	257	265	398
 <b>Potential Revised Closing Cash Balance</b>	 <b>\$234</b>	 <b>-\$878</b>	 <b>-\$999</b>	 <b>-\$1,021</b>	 <b>-\$930</b>

DLS: Department of Legislative Services  
 WMATA: Washington Metropolitan Area Transit Authority

**General Fund Budget Outlook**  
**Fiscal 2020-2025**  
(\$ in Millions)

	<u>Work. App.</u> <u>2020</u>	<u>Baseline</u> <u>2021</u>	<u>Estimate</u> <u>2022</u>	<u>Estimate</u> <u>2023</u>	<u>Estimate</u> <u>2024</u>	<u>Estimate</u> <u>2025</u>	<u>Average</u> <u>Annual</u> <u>Change</u> <u>2021-25</u>
<b><u>Revenues</u></b>							
Opening Fund Balance	\$974	\$503	\$0	\$0	\$0	\$0	
Transfers	158	353	43	42	41	44	
<b>Subtotal One-time Revenue</b>	<b>\$1,132</b>	<b>\$856</b>	<b>\$43</b>	<b>\$42</b>	<b>\$41</b>	<b>\$44</b>	
<b>Ongoing Revenues</b>	<b>\$18,731</b>	<b>\$19,086</b>	<b>\$19,680</b>	<b>\$20,207</b>	<b>\$20,885</b>	<b>\$21,559</b>	<b>3.1%</b>
<b>Total Revenues and Fund Balance</b>	<b>\$19,863</b>	<b>\$19,942</b>	<b>\$19,723</b>	<b>\$20,249</b>	<b>\$20,926</b>	<b>\$21,603</b>	<b>2.0%</b>
<b><u>Spending</u></b>							
<b>Ongoing Spending</b>	<b>\$18,641</b>	<b>\$19,527</b>	<b>\$20,574</b>	<b>\$21,377</b>	<b>\$22,086</b>	<b>\$22,805</b>	<b>4.0%</b>
PAYGO Capital/Other	\$165	\$71	\$41	\$26	\$24	\$24	
One-time Reductions	0	0	0	0	0	0	
Appropriation to Reserve Fund	555	591	282	269	269	269	
<b>Subtotal One-time Spending</b>	<b>\$720</b>	<b>\$662</b>	<b>\$323</b>	<b>\$295</b>	<b>\$293</b>	<b>\$293</b>	
<b>Total Spending</b>	<b>\$19,360</b>	<b>\$20,188</b>	<b>\$20,896</b>	<b>\$21,672</b>	<b>\$22,379</b>	<b>\$23,098</b>	<b>3.4%</b>
<b>Ending Balance</b>	<b>\$503</b>	<b>-\$247</b>	<b>-\$1,173</b>	<b>-\$1,423</b>	<b>-\$1,453</b>	<b>-\$1,495</b>	
Rainy Day Fund Balance	\$1,183	\$1,143	\$1,174	\$1,214	\$1,257	\$1,299	
Balance over 5% of GF Revenues	0	190	195	201	209	216.3	
As % of GF Revenues	6.3%	6.0%	6.0%	6.0%	6.0%	6.0%	
<b>Structural Balance</b>	<b>\$91</b>	<b>-\$441</b>	<b>-\$894</b>	<b>-\$1,170</b>	<b>-\$1,201</b>	<b>-\$1,246</b>	

GF: General Fund

PAYGO: pay-as-you-go

## Major Baseline Position Changes Fiscal 2020-2021

<u>Department/Service Area</u>	<u>Leg. Approp. 2020</u>	<u>Baseline 2021</u>	<u>Change 2020-2021</u>
<b>Executive</b>			
Environment	893	916	23
Department of General Services	608	624	16
Department of Public Safety and Correctional Services	10,152	10,168	16
State Police	2,445	2,458	13
Agriculture	354	362	8
Health	6,415	6,422	7
Labor	1,415	1,407	-8
Governor's Office of Crime Control and Prevention	144	132	-12
Other Executive	26,685	26,703	18
<b>Executive Subtotal</b>	<b>49,111</b>	<b>49,192</b>	<b>81</b>
Higher Education	26,829	27,327	498
Judiciary	4,048	4,075	27
Legislature	756	756	0
<b>Total</b>	<b>80,745</b>	<b>81,350</b>	<b>605</b>

### Higher Education

- **USM:** 441 flex positions; 255 are State-supported, 71.5 of which are contractual conversions; 186 are non-State supported, 70.5 of which are contractual conversions.
- **Morgan State:** 57 new State-supported positions; 47 are contractual conversions, and 10 are new positions for its Cybersecurity Program

### Legislation

The fiscal 2021 baseline includes 104.7 new positions across the State in order to implement legislation passed in the 2019 session, including:

- **Judiciary:** 27 new positions related to new judgeships required by Chapter 749 of 2019.
- **Environment:** 23.5 new positions for various legislation, the largest portion of which is 15 for the Maryland Healthy Children Act (Chapter 341 of 2019)
- **DPSCS:** 15 new positions, including 14 at the Baltimore Pretrial Complex to implement the Opioid Use Disorder Treatment Pilot Program (Chapter 532 of 2019).

**Analysis of Vacancies and Turnover Rate**  
**Executive Branch, Excluding Higher Education**  
**Fiscal 2020 Legislative Appropriation Compared to October 2019 Vacancies**

<u>Department/Service Area</u>	<u>Positions</u>	<u>Budgeted Turnover Rate</u>	<u>Vacancies to Meet Turnover</u>	<u>October Vacancies</u>	<u>Vacancies Above (or Below) Turnover</u>	<u>October Vacancy Rate</u>
<b>Largest Six State Agencies</b>						
Public Safety and Correctional Services	10,152	12.2%	1,239	2,088	849	20.6%
Human Services	6,120	7.1%	434	577	143	9.4%
Health	6,415	8.8%	563	785	222	12.2%
Police and Fire Marshal	2,445	6.4%	156	246	90	10.1%
Juvenile Services	1,987	7.2%	144	208	64	10.5%
Transportation	9,060	4.8%	435	594	159	6.6%
<b>Subtotal</b>	<b>36,346</b>	<b>7.2%</b>	<b>2,971</b>	<b>4,498</b>	<b>1,527</b>	<b>12.4%</b>
<b>Other Executive</b>						
Legal (Excluding Judiciary)	1,485	6.2%	92	114	22	7.7%
Executive and Administrative Control	1,608	4.6%	75	182	107	11.3%
Financial and Revenue Administration	2,097	5.7%	120	196	76	9.4%
Budget and Management and DoIT	543	5.4%	29	78	49	14.4%
Retirement	189	6.8%	13	20	7	10.6%
General Services	608	5.9%	36	63	27	10.3%
Natural Resources	1,348	5.5%	74	120	46	8.9%
Agriculture	354	6.8%	24	33	9	9.3%
Labor	1,415	6.2%	87	174	86	12.3%
MSDE and Other Education	1,991	6.0%	120	189	69	9.5%
Housing and Community Development	331	5.6%	19	22	4	6.7%
Commerce	188	5.4%	10	23	13	12.2%
Environment	893	6.5%	58	100	42	11.2%
<b>Subtotal</b>	<b>13,051</b>	<b>5.8%</b>	<b>756</b>	<b>1,313</b>	<b>557</b>	<b>10.1%</b>
<b>Executive Branch Subtotal</b>	<b>49,336</b>	<b>7.4%</b>	<b>3,298</b>	<b>5,959</b>	<b>2,661</b>	<b>11.2%</b>

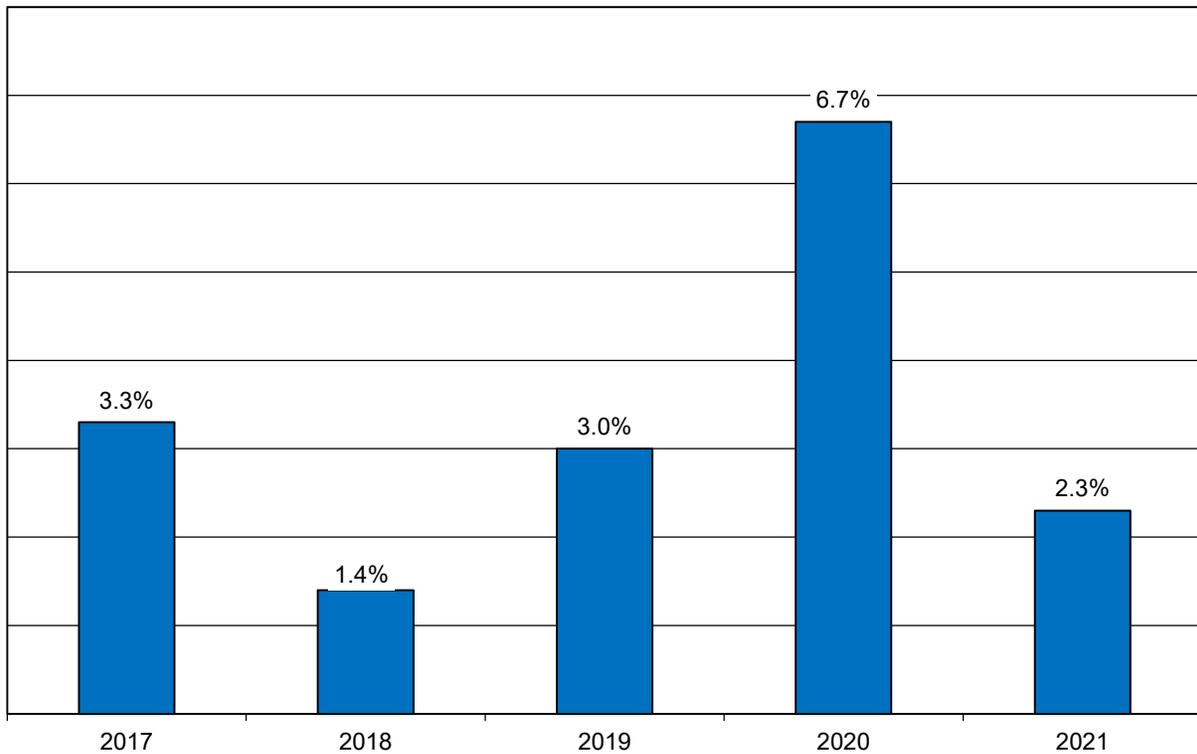
DoIT: Department of Information Technology  
MSDE: Maryland State Department of Education

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

## State Aid to Local Governments (\$ in Millions)

	<u>FY 2021 State Aid Amount</u>	<u>Percent of Total</u>	<u>FY 2021 Aid Change</u>	<u>Percent Change</u>
Public Schools	\$7,106.4	85.1%	\$104.9	1.5%
Libraries	84.6	1.0%	0.7	0.8%
Community Colleges	367.4	4.4%	36.4	11.0%
Local Health Departments	56.6	0.7%	1.2	2.2%
Counties/Municipalities	739.8	8.9%	40.9	5.9%
<b>Total</b>	<b>\$8,354.9</b>	<b>100.0%</b>	<b>\$184.0</b>	<b>2.3%</b>

## Annual Change in State Aid to Local Governments Fiscal 2017-2021



**State Aid by Major Programs**  
**Fiscal 2019-2021**  
**State Funds**  
(\$ in Millions)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Difference</u>	<u>Percent Difference</u>
<b>Public Schools</b>					
Foundation Program	\$3,056.2	\$3,140.4	\$3,198.8	\$58.4	1.9%
Geographic Cost Index	141.6	145.5	148.2	2.7	1.9%
NTI Education Grant	62.5	65.3	58.8	-6.5	-9.9%
Declining Enrollment Grant	18.7	18.9	10.1	-8.8	-46.3%
Foundation – Special Grants	13.0	11.9	0.0	-11.9	-100.0%
Kirwan Blueprint Funding	0.0	251.6	335.1	83.5	33.2%
Compensatory Aid	1,308.3	1,330.4	1,349.8	19.3	1.5%
Student Transportation	282.6	303.0	308.1	5.1	1.7%
Special Education – Formula Aid	290.8	303.3	308.1	4.9	1.6%
Special Education – Nonpublic	123.5	121.5	118.9	-2.6	-2.1%
Limited English Proficiency Grants	288.0	311.1	323.4	12.3	3.9%
Guaranteed Tax Base	48.2	43.7	44.1	0.4	0.9%
Head Start/Prekindergarten	29.5	50.8	29.6	-21.1	-41.6%
Other Education Programs	138.8	136.2	137.8	1.6	1.2%
<b>Subtotal Direct Aid</b>	<b>\$5,801.6</b>	<b>\$6,233.6</b>	<b>\$6,370.8</b>	<b>\$137.2</b>	<b>2.2%</b>
Retirement Payments	\$732.9	\$767.9	\$735.6	-\$32.3	-4.2%
<b>Total Public School Aid</b>	<b>\$6,534.5</b>	<b>\$7,001.5</b>	<b>\$7,106.4</b>	<b>\$104.9</b>	<b>1.5%</b>
<b>Libraries</b>					
Library Aid Formula	\$41.9	\$43.2	\$44.1	\$0.9	2.0%
State Library Network	18.4	19.1	19.5	0.4	2.3%
<b>Subtotal Direct Aid</b>	<b>\$60.3</b>	<b>\$62.3</b>	<b>\$63.6</b>	<b>\$1.3</b>	<b>2.1%</b>
Retirement Payments	\$20.6	\$21.7	\$21.0	-\$0.7	-3.1%
<b>Total Library Aid</b>	<b>\$81.0</b>	<b>\$84.0</b>	<b>\$84.6</b>	<b>\$0.7</b>	<b>0.8%</b>
<b>Community Colleges</b>					
Community College Formula	\$240.4	\$249.7	\$285.8	\$36.0	14.4%
Other Programs	37.9	35.6	36.6	0.9	2.6%
<b>Subtotal Direct Aid</b>	<b>\$278.3</b>	<b>\$285.4</b>	<b>\$322.3</b>	<b>\$37.0</b>	<b>13.0%</b>
Retirement Payments	\$44.1	\$45.6	\$45.1	-\$0.6	-1.3%
<b>Total Community College Aid</b>	<b>\$322.4</b>	<b>\$331.0</b>	<b>\$367.4</b>	<b>\$36.4</b>	<b>11.0%</b>
<b>Local Health Grants</b>	<b>\$52.7</b>	<b>\$55.4</b>	<b>\$56.6</b>	<b>\$1.2</b>	<b>2.2%</b>
<b>County/Municipal Aid</b>					
Transportation	\$242.1	\$259.4	\$267.9	\$8.5	3.3%
Public Safety	133.9	139.8	164.1	24.3	17.4%
Disparity Grant	140.8	146.2	150.6	4.4	3.0%
Gaming Impact Grants	92.9	93.7	95.4	1.7	1.8%
Retirement Supplemental Grant	27.7	27.7	27.7	0.0	0.0%
Other Grants	32.0	32.2	34.2	2.0	6.2%
<b>Total County/Municipal Aid</b>	<b>\$669.4</b>	<b>\$698.9</b>	<b>\$739.8</b>	<b>\$40.9</b>	<b>5.9%</b>
<b>Total State Aid</b>	<b>\$7,659.9</b>	<b>\$8,170.8</b>	<b>\$8,354.9</b>	<b>\$184.0</b>	<b>2.3%</b>

NTI: net taxable income

Source: Department of Legislative Services

**The Blueprint for Maryland's Future  
 Spending in the Department of Legislative Services  
 Baseline Forecast  
 Fiscal 2020-2022**

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Teacher Salary Incentive Grants	\$75.0	\$75.0	\$75.0
Special Education	65.5	65.5	65.5
Concentration of Poverty School Grants	54.5	58.7	58.7
The Blueprint for Maryland's Future Fund		58.0	90.0
Full-day Prekindergarten for Four-year-olds	31.7	52.9	52.9
Transitional Supplemental Instruction	23.0	23.0	23.0
Declining Enrollment Grants		10.1	
Teacher Collaborative Grants	2.5	2.5	2.5
Mental Health Coordinators	2.0	2.0	2.0
Other	0.8	0.5	0.5
<b>Subtotal</b>	<b>\$255.0</b>	<b>\$348.2</b>	<b>\$370.0</b>
Inspector General	\$0.7	\$0.8	\$0.8
<b>Total</b>	<b>\$255.7</b>	<b>\$349.0</b>	<b>\$370.8</b>

**Funding Sources for The Blueprint for Maryland's Future  
 Fiscal 2020-2022**

	<u>2020</u>	<u>2021</u>	<u>2022</u>
Education Trust Fund (ETF) Lock Box	\$100.8	\$225.8	\$350.8
The Blueprint for Maryland's Future Fund	134.5	65.5	
Corporate Filing Fees		36.0	
General Funds*	4.6	5.7	4.0
Additional ETF	15.8	16.0	16.2
	<b>\$255.7</b>	<b>\$349.0</b>	<b>\$371.0</b>

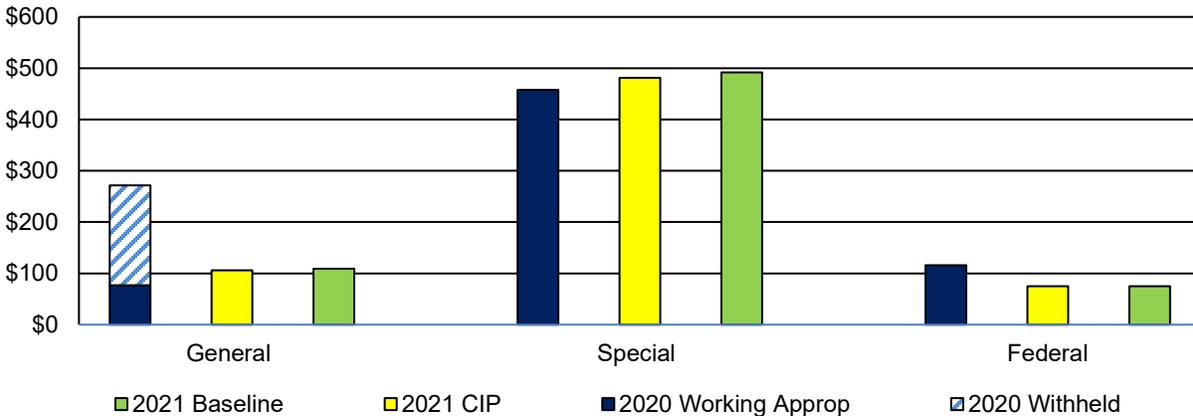
**Other Dedicated Funds: Not Allocated in Baseline Forecast**

Marketplace Facilitators/Out-of-state Vendors	\$40.0	\$60.0	\$66.7
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\*Includes \$4 million of annual savings from dollars previously dedicated to Teacher Induction, Retention, and Advancement Pilot Program that were not needed for that purpose.

## Capital Program – Pay-as-you-go Outlook

### Capital PAYGO Program Fiscal 2020-2021 (\$ in Millions)



CIP: *Capital Improvement Program*

PAYGO: *pay-as-you-go*

Note: Fiscal 2020 general fund working appropriation is adjusted to reflect \$194.5 million of withheld PAYGO funds. Fiscal 2021 general fund PAYGO data includes \$38.2 million transfer tax repayment budgeted in the Reserve Fund.

- General Funds:** The fiscal 2021 baseline of \$109.2 million is \$33.2 million more than the fiscal 2020 working appropriations after accounting for \$194.5 million of withheld fiscal 2020 appropriations. Most of what is included in the baseline are mandates. Page 23 illustrates the pay-as-you-go (PAYGO) general fund forecast through fiscal 2025 as compared to what is programmed in the 2019 *Capital Improvement Program* (CIP).
- Special Funds:** The 2021 baseline is \$39.6 million more than the fiscal 2020 working appropriation. Greater use of the Maryland Water Quality Revolving Loan Fund (the baseline assumes \$111.6 million compared to \$80 million fiscal 2020 legislative appropriation) and increased amounts of special funds attributable to the transfer tax repayment mandated for fiscal 2021 are offset by the removal of \$22 million of mortgage foreclosure and loan servicing settlement funds budgeted in several Department of Housing and Community Development programs in fiscal 2020.
- Federal Funds:** The reduction in federal PAYGO funds is consistent with the 2019 CIP which does not include funds for Department of Military and Department of Veterans Affairs projects.

**Capital PAYGO General Fund Forecast**  
**Fiscal 2021-2024**

	<u>2021 CIP 2019</u>	<u>2021 Forecast</u>	<u>2022 CIP 2019</u>	<u>2022 Forecast</u>	<u>2023 CIP 2019</u>	<u>2023 Forecast</u>	<u>2024 CIP 2019</u>	<u>2024 Forecast</u>	<u>2025 Forecast</u>	<u>2021-2024 CIP 2019</u>	<u>2021-2024 Forecast</u>
<b>Mandates</b>											
DNR – Transfer Tax Repayment – (Chapter 10 of 2016 as amended by Chapter 10 of 2018) - Dedicated Purpose Account	\$38.170	\$38.170	\$17.300	\$17.300	\$6.000	\$6.000	\$6.000	\$6.000	\$4.000	\$67.470	\$67.470
Healthy School Facility Fund (Chapter 561 of 2018)	30.000	30.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	30.000	30.000
School Safety Enhancement (Chapter 14 of 2018)	10.000	10.000	10.000	10.000	10.000	10.000	10.000	10.000	10.000	40.000	40.000
DHCD Baltimore Regional Neighborhood Initiative (Chapter 29 of 2016)	9.000	9.000	9.000	9.000	0.000	0.000	0.000	0.000	0.000	18.000	18.000
DHCD SEED Community Development Anchor Institution Fund (Chapter 31 of 2016 and Chapter 25 of 2019)	5.000	5.000	5.000	5.000	0.000	0.000	0.000	0.000	0.000	10.000	10.000
Aid to Community Colleges – Facilities Renewal Program (Chapters 687 and 688 of 2018)	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000	4.000	16.000	16.000
MDE Comprehensive Flood Management (Chapter 652 of 2019)	0.000	3.000	0.000	3.000	0.000	2.000	0.000	0.000	0.000	0.000	8.000
<b>Subtotal Mandates</b>	<b>\$96.170</b>	<b>\$99.170</b>	<b>\$45.300</b>	<b>\$48.300</b>	<b>\$20.000</b>	<b>\$22.000</b>	<b>\$20.000</b>	<b>\$20.000</b>	<b>\$18.000</b>	<b>\$181.470</b>	<b>\$189.470</b>
<b>Other</b>											
DNR – Transfer Tax Repayment (Chapter 10 of 2016 as amended by Chapter 10 of 2018) – Dedicated Purpose Account	0.000	0.000	10.200	10.200	10.200	10.200	10.200	10.200	10.200	\$30.600	30.600
Maryland Heritage Structure Rehabilitation Tax Credit	9.000	9.000	9.000	9.000	9.000	9.000	9.000	9.000	9.000	36.000	36.000
Environment – Hazardous Substance Clean-up Program	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	4.000	4.000
<b>Subtotal Other</b>	<b>\$10.000</b>	<b>\$10.000</b>	<b>\$20.200</b>	<b>\$70.600</b>	<b>\$70.600</b>						
<b>Total General Fund PAYGO Capital</b>	<b>\$106.170</b>	<b>\$109.170</b>	<b>\$65.500</b>	<b>\$68.500</b>	<b>\$40.200</b>	<b>\$42.200</b>	<b>\$40.200</b>	<b>\$40.200</b>	<b>\$38.200</b>	<b>\$252.070</b>	<b>\$260.070</b>

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