

**Conference Committee**

**Summary Report on**

**House Bill 100 – the Budget Bill**

**and**

**House Bill 1407 – the Budget Reconciliation and  
Financing Act**

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**Maryland General Assembly**  
**Annapolis, Maryland**

**March 26, 2019**



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**Fiscal 2020 Budget  
Budget Bill (HB 100) and the  
Budget Reconciliation and Financing Act (HB 1407)  
As Amended by the Conference Committee**

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**Achieves Spending Affordability Committee Goals:** The proposed budget achieves the Spending Affordability Committee's (SAC) dual goal of leaving a fund balance of at least \$100 million and eliminating the structural shortfall in fiscal 2020. The conference committee's actions leave a fund balance of \$118.2 million and produce a \$26 million structural surplus for fiscal 2020.

**Preserves Reserves:** More than \$1.2 billion in cash resources are preserved, including \$1.1 billion in the Rainy Day Fund (6.0% of general fund revenues) and \$118.2 million in the General Fund. Collectively, these cash balances equate to 6.7% of general fund revenues.

**Constrains Growth in State Spending:** Expenditures subject to the SAC spending limit increase only 3.31%, well below the 3.75% cap set by the committee. The overall budget including federal funds grows 4.0% to \$46.6 billion.

**Makes a Commitment to Enhanced Funding for Public Schools:** Under the conference committee's budget plan, State support for public schools totals a record \$7.0 billion. Direct aid to local school systems will increase an estimated \$435.2 million, or 7.5%. The budget plan dedicates at least \$255.0 million to support the fiscal 2020 recommendations of the Commission on Innovation and Excellence in Education (Kirwan Commission).

**School Construction:** Coupled with planned actions in the capital budget bill, the legislative plan dedicates \$500 million to school facility needs, \$62 million more than allocated in the Governor's budget.

**Funds for Legislative Priorities:** The budget repurposes \$182.2 million of general funds and \$101 million of special funds for legislative priorities, including \$104.8 million for the Kirwan Commission, \$127 million for school construction, and \$25 million for housing programs originally funded in the capital budget with taxable bonds. The budget plan also directs the Governor to process a budget amendment adding \$150.3 million of special funds earmarked for education to implement the recommendations of the Kirwan Commission.

**Continues to Provide Vital Health Care Services:** Medicaid funding totals \$11.2 billion, allowing the State to provide coverage to 1.4 million of our residents. The budget includes an additional \$80.0 million in funding targeted at substance use disorder treatment as the State continues to grapple with the ongoing opioid epidemic.

**Promotes Affordability of Higher Education:** State support for Maryland's public four-year colleges and universities grows by \$110.7 million (7.3%), allowing in-state undergraduate tuition rates to increase a modest 2.0%.

**Funds Rate Increases for Providers Serving Children and Vulnerable Populations:** A 3.5% rate increase is funded for providers serving the developmentally disabled and people with behavioral health needs. Rate increases of 3.0% are funded for most other health and human service providers.

**Employee Compensation:** A 3% general salary increase (5% for law enforcement officers) is funded effective July 1, 2019. Correctional officers will receive an additional increase of 6% under the conference committee's budget plan.

## Fiscal 2020 Balancing Strategy (\$ in Millions)

	<u>Governor</u>	<u>House</u>	<u>Senate</u>	<u>Conf.</u>
<b>Fiscal 2020 Ending Balance Before Legislation</b>	<b>\$140.5</b>	<b>\$140.5</b>	<b>\$140.5</b>	<b>\$140.5</b>
<b>Revenue Adjustments</b>				
BRE March 2019	-268.5	-268.5	-268.5	-268.5
Legislative Actions		-1.6	0.4	1.4
<b>Legislation</b>				
Budget Reconciliation and Financing Act		133.4	135.1	132.8
Administration Tax Relief Proposals	-35.0			
<b>Spending</b>				
Supplemental Budget No. 1	27.1	2.1	2.1	2.1
Net Legislative Budget Cuts		114.4	98.4	110.0
Additional Savings Reserved for Legislative Priorities		177.1	116.5	182.2
Legislative Priorities		-177.1	-116.5	-182.2
<b>Fiscal 2020 Estimated Closing Balance</b>	<b>-\$135.9</b>	<b>\$120.1</b>	<b>\$107.8</b>	<b>\$118.2</b>

BRE: Board of Revenue Estimates

**Funding Restricted for The Blueprint for Maryland’s Future  
(Kirwan Commission) in the Fiscal 2020 Budget and the  
Budget Reconciliation and Financing Act of 2019  
(\$ in Millions)**

**Contingent on Enactment of SB 1030 or HB 1413 – The Blueprint for Maryland’s Future and Release by the Governor:**

Full-day Prekindergarten for Four-year-olds	\$31.7
Special Education Grants	65.5
Concentration of Poverty School Grants (Includes MSDE Coordinator Position)	54.6
Teacher Salary Incentive Grants	75.0
Transitional Supplemental Instruction Grants	23.0
Mental Health Coordinators for Each Local School System	2.0
Teacher Collaboratives	2.5
Outreach and Training	0.3
MSDE IT System	0.5
<b>Total</b>	<b>\$255.0</b>

**Fund Sources:**

Education Trust Fund*	\$116.5
Kirwan Commission Special Fund**	134.5
Repurposed Funds from TIRA (\$4.0 million General Fund)	4.0
<b>Total</b>	<b>\$255.0</b>

\* Includes \$15.8 million contingent on enactment of HB 1407 – Budget Reconciliation and Financing Act (BRFA) of 2019.

\*\* Additional \$36.0 million for fiscal 2021 is contingent on enactment of the BRFA.

HB: House Bill

IT: information technology

Kirwan Commission: Commission on Innovation and Excellence in Education

MSDE: Maryland State Department of Education

SB: Senate Bill

TIRA: Teacher Induction, Retention, and Advancement Pilot Program



**Proposed Budget Reductions  
House Bill 100 and House Bill 1407  
Fiscal 2020 Budget and Fiscal 2019 Deficiency Appropriations  
(\$ in Millions)**

**General Funds**

	<u>House</u>	<u>Senate</u>	<u>Conf.</u>
<b><u>Local Aid</u></b>			
C Align Funds for Teacher Induction, Retention, and Advancement Program with Demand	\$6.0	\$6.0	\$6.0
Reduce Aid to Community Colleges to Reflect Reductions to Public Four-year Institutions	1.7		
<b>Total</b>	<b>\$7.7</b>	<b>\$6.0</b>	<b>\$6.0</b>
<b><u>Medicaid</u></b>			
C Fiscal 2019 Surplus Due to Favorable Trends	\$25.0	\$25.0	\$25.0
C Slow Phase-down of Medicaid Hospital Deficit Assessment	20.0	15.0	15.0
C Use Surplus from Defunct Maryland Health Insurance Plan to Fund Medicaid	10.0	10.0	10.0
Fund Money Follows the Person Rebalancing Initiative with Fiscal 2019 Surplus	5.3	5.3	5.3
Substitute Available Special Funds from CRF for General Funds	4.5		3.4
Delete Funds for Supplemental Payments to MCOs as Payment Amount if Any Is Uncertain	2.9	2.9	2.9
C Utilize Maryland Trauma Fund Surplus for Medicaid	2.0		
Align Funding for Health Homes with Recent Trends	1.8	1.8	1.8
Savings from Streamlining Delivery of Nonemergency Transportation Services	0.5	0.5	0.5
<b>Total</b>	<b>\$72.0</b>	<b>\$60.5</b>	<b>\$63.9</b>
<b><u>Higher Education</u></b>			
Reduce Funds for USM to Recognize Fund Balance in Excess of System's Goal	\$10.0	\$6.0	\$10.0
No Funds for Promise Plus Scholarship as Program Will Not Incur Costs Until Fiscal 2021	8.0	8.0	8.0
Reduce Funds for Morgan State University to Align with Reduction to USM	1.0	0.6	1.0
Reduce Funding for Administrative Costs at USM Office		1.0	0.6
No Additional Funding for Center for Education, Justice, and Ethics	0.5	0.5	0.5
Reduce Aid to Non-Public Institutions of Higher Education	0.4	0.3	0.4
<b>Total</b>	<b>\$19.8</b>	<b>\$16.3</b>	<b>\$20.5</b>
<b><u>State Agencies</u></b>			
Judiciary: Deny 36 New Positions, No Funding for Design of Court of Appeals Building and Reduce Operating Costs	\$18.4	\$10.7	\$14.5
No Funding for New Technology Infrastructure Fund	16.5	10.0	16.5
Reduce Funds for Employee and Retiree Health Insurance Due to Available Balance	10.2	10.2	10.2
C <i>Fiscal 2019 Correctional Officer Vacancy Savings</i>	7.5	10.0	7.5
Fiscal 2020 Correctional Officer Vacancy Savings	10.0	6.0	6.0
Reduce Funds for Employee Student Loan Benefit	6.0	8.0	6.0
More Jobs for Marylanders – Budget Overstates Demand	8.0	2.0	6.0
Reduce Catastrophic Event Fund to \$4 Million, Which Exceeds Largest Amount Spent in a Single Year	6.0	7.0	7.0
Across-the-Board Reductions to Operating Expenses to Align with Experience			5.2

	<u>House</u>	<u>Senate</u>	<u>Conf.</u>
Sunny Day Fund – Delete Funds for Marriott Payment That Is Not Required Until Fiscal 2021	5.0	5.0	5.0
C Transportation Revenues from Resource Sharing Agreements to Support Major IT Projects	5.0	5.0	5.0
C <i>Reduce Unspent Fiscal 2019 Funds for MDH Administrative Contracts</i>	3.9	3.9	3.9
Reduce Funds for Major IT Projects by 5%		3.5	3.5
Favorable Trends in MDH Provider Payments		2.6	2.6
Reduce Expansion of Earning Advancement Right Now	3.0	2.5	2.5
Reduce Funds for Critical Maintenance at State Facilities to \$10.5 Million		2.0	2.0
C No General Fund Subsidy for Uninsured Employers' Fund	2.0	2.0	2.0
Funding for New State Grants IT System Not Needed Until Fiscal 2021	2.0	1.8	2.0
Reduce Funds for Maryland Economic Development Assistance Authority and Fund	2.3	1.5	2.3
Use Balance in Strategic Energy Investment Fund to Purchase State Vehicles	1.5	1.5	1.5
Reduce Mandated Increase for Maryland Public Television Due to Lack of Plan for Spending	1.1	1.1	1.1
Administrative Savings in Office of Comptroller	0.5	0.7	0.7
C <i>Reduce Fiscal 2019 Funds for Residential Per Diems at Juvenile Services</i>		0.5	0.5
Reduce Funding for One-time Fiscal 2019 Center for School Safety Expenses	0.4	0.4	0.4
Delete 2.8 Vacant Positions from Department of Budget and Management	0.1	0.3	0.3
Operating Savings in SRA, MSDE, and DGS	0.2	0.2	0.2
Eliminate 5 Vacant Positions in Medicaid Program	0.2	0.2	0.2
Reduce Funding Duplicative Program for Refurbishing of Durable Medicaid Equipment	1.0		
<i>No Additional Fiscal 2019 Funding for State Center Litigation</i>	0.4		0.4
No Funding for School Safety Tip Line	0.3		
No Positions for Office of Education Accountability	0.2		
Abolish 2.5 Vacant Positions in DLLR	0.1	0.1	0.1
<b>Total</b>	<b>\$111.7</b>	<b>\$98.6</b>	<b>\$115.0</b>
<b><u>Reserves</u></b>			
Reduce Rainy Day Fund Balance from 6.5% to 6.0% of Revenues	\$90.0	\$39.5	\$90.0
Level Fund Supplemental Payment to Pension System at \$75 Million	50.0	50.0	50.0
<b>Total</b>	<b>\$140.0</b>	<b>\$89.5</b>	<b>\$140.0</b>
<b><u>PAYGO</u></b>			
Align Capital Contribution to WMATA with Amount WMATA Expects to Receive	\$15.0	\$15.0	\$15.0
Reduce Funds for SEED Community Development Anchor Institution Fund to \$2.5 Million	2.5	2.5	2.5
Baltimore Regional Neighborhood Initiative			0.2
Reduce Funds for Hazardous Substance Clean-Up Program	0.1		0.0
<b>Total</b>	<b>\$17.6</b>	<b>\$17.5</b>	<b>\$17.7</b>
<b>Total General Fund Reductions</b>	<b>\$368.9</b>	<b>\$288.4</b>	<b>\$363.1</b>

## Special Funds

	<u>House</u>	<u>Senate</u>	<u>Conf.</u>
<b><u>Operating Costs</u></b>			
No Funds for Integrated Care Network as MHCC's Statutory Authority to Spend Has Lapsed	\$8.1	\$8.1	\$8.1
Align Funds for DHS Electric Bill Payment Assistance with Statutory Authorization	6.2	6.2	6.2
Reduce Funds for BOOST	4.5		3.4
Reduce Funds for Employee and Retiree Health Insurance Due to Available Balance	3.4	3.4	3.4
Reduce Funds for Electronic Licensing System for DLLR Based on Project Schedule	2.0	2.0	
Reduce Operating Costs for Health Benefit Exchange to Align with Actual Experience	1.0	1.0	1.0
Reduce Funds in the Board of Pharmacy for New Licensure System	0.9	0.9	0.9
Reduce Funds for Operating Costs for SRA	0.6	0.6	0.6
Across the Board Savings from Reduction to Operating Costs			0.4
Delete 5 Long-term Vacant Positions in State Lottery and Gaming Control Agency	0.4	0.4	0.4
Operating Savings in Uninsured Employers' Fund and DLLR	0.1	0.0	0.0
<b>Total</b>	<b>\$27.1</b>	<b>\$22.6</b>	<b>\$24.4</b>
<b>Total Special Fund Reductions</b>	<b>\$27.1</b>	<b>\$22.6</b>	<b>\$24.4</b>

Note: Fiscal 2019 deficiency reductions in italics.

BOOST: Broadening Options and Opportunities for Students Today

CRF: Cigarette Restitution Fund

DGS: Department of General Services

DHS: Department of Human Services

DLLR: Department of Labor, Licensing, and Regulation

IT: information technology

MCO: managed care organization

MDH: Maryland Department of Health

MHCC: Maryland Health Care Commission

MSDE: Maryland State Department of Education

PAYGO: pay-as-you-go

SRA: State Retirement Agency

USM: University System of Maryland

WMATA: Washington Metropolitan Area Transit Authority

## Legislative Priorities (\$ in Millions)

	<u>House</u>	<u>Senate</u>	<u>Conf.</u>
<b><u>General Funds Restricted for Legislative Priorities</u></b>			
School Construction	\$127.0	\$72.0	\$127.0
Fund Neighborhood Revitalization and Rental Housing with Cash Rather than Bonds	25.0	25.0	25.0
Baltimore Police Department – Technology Improvements	7.8		7.0
The Blueprint for Maryland’s Future	4.0	8.5	4.0
Establish a Rape Kit Testing Grant Fund	4.0		3.5
East Baltimore Development Inc.	2.5	2.5	2.5
Tele-Education for Childhood Neurodevelopmental and Mental Health Disorders		1.8	1.8
Baltimore Symphony Orchestra	1.6		1.6
Reaccreditation of Physician’s Assistant Program at UMES		1.0	1.0
Baltimore City YouthWorks Program	0.5	1.0	1.0
Grant to Nonprofit for Chronic Pain Management for Children and Youth		0.8	0.8
Pretrial Services Grant Fund in GOCCP	1.0		0.8
Anne Arundel County Workforce Development YouthWorks Program		0.5	0.5
Prince George’s County Workforce Development Board		0.5	0.5
Implement Ending Youth Homelessness Act	1.0		0.5
Grant to Visit Baltimore to Attract National College Sporting Event to State	0.5	0.3	0.5
North Bay Overnight Program	0.4		0.4
Maryland Academy of Sciences for Operating Support		0.3	0.3
Adult High School Programs in Opportunity Zones		0.3	0.3
Teambuilders Academy at Prince George’s Community College		0.3	0.3
Development of Nurse Practitioner Program at Frostburg State University		0.3	0.3
Eastern Shore Center for Innovation, Entrepreneurship, and Economic Development	0.4	0.3	0.3
Establish Private Letter Ruling Process for Comptroller’s Office	0.3	0.3	0.3
Capital Improvements to Building at Prince George’s Community College		0.3	0.3
Pay Attorney’s Fees of Higher Education Students Involved in Disciplinary Proceedings Related to Violations of Sexual Assault Policies	0.3	0.3	0.3
Grants to State’s Attorney’s Offices in Baltimore City and Prince George’s County	0.5		0.3
Marketing Campaign Targeting Small, Minority, and Women-Owned Businesses			0.3
Hagerstown Community College		0.2	0.2
Grant to Cash Campaign of Maryland to Promote Financial Capability of Low-income Individuals and Families	0.3	0.2	0.2
Wellmobile			0.2
Baltimore Rock Opera Society			0.2
Security Personnel for Irvington Place and Harlem Gardens	0.2		0.2
Operating Grant to Light House Homeless Shelter		0.1	0.1
Setting Up Youth for Success Youth Conflict Management			0.1
Morgan State University for Task Force on Reconciliation and Equity		0.025	0.025
Crest Regional Higher Education Center	0.1		0.1
<b>Total Funding for Priorities Not Funded by Governor</b>	<b>\$177.1</b>	<b>\$116.5</b>	<b>\$182.2</b>
<b><u>Special Funds Restricted for Legislative Priorities</u></b>			
The Blueprint for Maryland’s Future Funded from Education Trust Fund Lock Box	\$100.8	\$100.8	\$100.8
<b><u>Special Fund Additions Authorized by Budget Bill and BRFA</u></b>			
The Blueprint for Maryland’s Future Funded from Kirwan Implementation Fund	\$200.0	\$100.0	\$134.5
The Blueprint for Maryland’s Future Funded with New Education Trust Fund Revenue	15.8	15.8	15.8
BRFA: Budget Reconciliation and Financing Act			
GOCCP: Governor’s Office of Crime Control and Prevention			
Kirwan: Commission on Innovation and Excellence in Education			
UMES: University of Maryland Eastern Shore			

**Final Budget Status**  
**Status as of March 26, 2019**  
**Fiscal 2019 and 2020**

	<u>2019</u>	<u>2020</u>
<b>Starting General Fund Balance</b>	<b>\$589,590,296</b>	<b>\$718,500,239</b>
<b>Revenues</b>		
BRE Estimated Revenues – December 2018	\$18,069,802,740	\$18,622,305,650
BRE Revenue Revision – March 2019	-137,977,364	-130,534,058
Budget Reconciliation Legislation – Revenues	10,820,750	51,000,000
Additional Revenues	73,317,133	82,890,144
<b>Subtotal Revenues</b>	<b>\$18,015,963,259</b>	<b>\$18,625,661,736</b>
Net Transfer to the GF from the Rainy Day Fund	0	158,000,000
<b>Subtotal Available Revenues</b>	<b>\$18,605,553,555</b>	<b>\$19,502,161,975</b>
<b>Appropriations</b>		
General Fund Appropriations	\$17,908,914,162	\$19,561,867,839
Deficiencies	53,040,363	0
Supplemental Budgets	-25,515,291	-1,543,465
Legislative Reductions/Contingent Legislation	-14,385,918	-141,347,196
Estimated Agency Reversions	-35,000,000	-35,000,000
<b>Subtotal Appropriations</b>	<b>\$17,887,053,316</b>	<b>\$19,383,977,178</b>
<b>Closing General Fund Balance</b>	<b>\$718,500,239</b>	<b>\$118,184,797</b>

BRE: Board of Revenue Estimates  
GF: General Fund

## Fiscal Note Summary of the Budget Bill – House Bill 100

	<u>General Funds</u>	<u>Special Funds</u>	<u>Federal Funds</u>	<u>Higher Education Funds</u>	<u>Total Funds</u>
<b>Governor's Allowance</b>					
Fiscal 2019 Budget	\$17,926,954,525	\$9,179,215,997	\$13,091,453,029	\$4,656,155,634	\$44,853,779,185 <sup>(1)</sup>
Fiscal 2020 Budget	19,526,867,839 <sup>(2)</sup>	9,128,435,374	13,177,083,146	4,775,103,692	46,607,490,051
<b>Supplemental Budget No. 1</b>					
Fiscal 2019 Deficiencies	-\$25,515,291	\$235,000	\$0	\$0	-\$25,280,291
Fiscal 2020 Budget	-1,543,465	2,600,000	-14,252,470		-13,195,935
<b>Subtotal</b>	<b>-\$27,058,756</b>	<b>\$2,835,000</b>	<b>-\$14,252,470</b>	<b>\$0</b>	<b>-\$38,476,226</b>
<b>Budget Reconciliation and Financing Act of 2019</b>					
Fiscal 2019 Deficiencies	-\$38,939,918	\$0	-\$2,912,113	\$0	-\$41,852,031
Fiscal 2020 Contingent Reductions	-32,000,000	47,766,919 <sup>(3)</sup>	0	0	15,766,919
<b>Subtotal</b>	<b>-\$70,939,918</b>	<b>\$47,766,919</b>	<b>-\$2,912,113</b>	<b>\$0</b>	<b>-\$26,085,112</b>
<b>Conference Committee Reductions</b>					
Fiscal 2019 Deficiencies	\$24,554,000	\$0	\$0	\$0	\$24,554,000
Fiscal 2020 Budget	-109,347,196	115,790,484 <sup>(4)</sup>	-17,163,816	0	-10,720,528
<b>Total Reductions</b>	<b>-\$84,793,196</b>	<b>\$115,790,484</b>	<b>-\$17,163,816</b>	<b>\$0</b>	<b>\$13,833,472</b>
<b>Appropriations</b>					
Fiscal 2019 Budget	\$17,887,053,316	\$9,179,450,997	\$13,088,540,916	\$4,656,155,634	\$44,811,200,863
Fiscal 2020 Budget	19,383,977,178	9,294,592,777	13,145,666,860	4,775,103,692	46,599,340,507
<b>Change</b>	<b>\$1,496,923,862</b>	<b>\$115,141,780</b>	<b>\$57,125,944</b>	<b>\$118,948,058</b>	<b>\$1,788,139,644</b>

<sup>(1)</sup> Reflects \$216.5 million in proposed deficiencies, including \$53.0 million in general funds, \$77.0 million in special funds, and \$86.4 million in federal funds. Assumes \$35.0 million in unspecified general fund reversions.

<sup>(2)</sup> Assumes \$35.0 million in unspecified general fund reversions.

<sup>(3)</sup> Assumes \$32.0 million in special funds to back-fill for general fund reductions and \$15.8 million in spending on The Blueprint for Maryland's Future utilizing Education Trust Fund revenue generated by the Budget Reconciliation and Financing Act of 2019.

<sup>(4)</sup> Includes the assumption of \$134.5 million in special fund spending on the The Blueprint for Maryland's Future utilizing revenue from the Commission on Innovation and Excellence in Education Fund.

**General Fund Reductions and Other Budgetary Actions  
Contingent on the Budget Reconciliation and Financing Act  
(HB 1407)  
(\$ in Millions)**

	<u>House</u>	<u>Senate</u>	<u>Conf.</u>
<b>Contingent General Fund Reductions – Fiscal 2019</b>			
Reduce Unspent Funds for Medicaid Due to Favorable Trends	\$25.0	\$25.0	\$25.0
Reduce Unspent Funds for Correctional Officer Salaries for DPSCS	7.5	10.0	7.5
Reduce Unspent Funds for Contracts for DDA	3.9	3.9	3.9
Reduce the Teacher Induction, Retention, and Advancement Pilot Program	2.0	2.0	2.0
Reduce Unspent Funds for Residential Per Diems in DJS	0.0	0.5	0.5
<b>Contingent General Fund Reductions – Fiscal 2020</b>			
Slow Phase-down of Medicaid Deficit Assessment on Hospitals	\$20.0	\$15.0	\$15.0
Utilize Balance Retained After Repeal of MHIP for Medicaid	10.0	10.0	10.0
Reduce MITDPF Due to Available Funds from MDOT Resource Sharing Agreements	5.0	5.0	5.0
Reduce Uninsured Employers Fund Due to Expanded Use of Funds	2.0	2.0	2.0
Utilize Trauma Physician Services Fund for Medicaid	2.0	0.0	0.0
<b>Total Reductions</b>	<b>\$77.4</b>	<b>\$73.4</b>	<b>\$70.9</b>
<b>Revenue Actions – Fiscal 2019</b>			
Require a Reversion from the Sunny Day Fund for Amazon Incentives	\$10.0	\$10.0	\$10.0
Require a Transfer of University System of Maryland State-supported Fund Balance	0.0	4.0	0.0
Require a Credit to the General Fund of Improperly Retained Funds by DSP	0.0	1.0	0.8
Require a Transfer of Morgan State University State-supported Fund Balance	0.0	0.4	0.0
Require a Transfer from the Reimbursable Project Contingency Fund Due to Overcharging by MES	0.0	0.3	0.0
<b>Revenue Action – Fiscal 2020</b>			
Scale Back Year 1 Impact of Revenue Volatility on General Fund Revenue Estimates	\$46.0	\$46.0	\$51.0
<b>Total Impact of BRFA on Conference Committee Budget Plan</b>	<b>\$133.4</b>	<b>\$135.1</b>	<b>\$132.8</b>

BRFA: Budget Reconciliation and Financing Act  
 DDA: Developmental Disabilities Administration  
 DJS: Department of Juvenile Services  
 DPSCS: Department of Public Safety and Correctional Services  
 DSP: Department of State Police  
 MDOT: Maryland Department of Transportation  
 MES: Maryland Environmental Service  
 MHIP: Maryland Health Insurance Plan  
 MITDPF: Major Information Technology Development Project Fund

# Conference Committee Action on the Budget Reconciliation and Financing Act of 2019 (HB 1407)

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The Budget Reconciliation and Financing Act (BRFA) of 2019, as amended<sup>1</sup> by the Conference Committee (CC), accomplishes the following:

Fiscal 2019 General Fund Expenditure Reductions	\$38.9
Fiscal 2020 General Fund Expenditure Reductions	32.0
<b>Total Reductions</b>	<b>\$70.9</b>
Fiscal 2019 General Fund Revenue Actions	\$10.8
Fiscal 2020 General Fund Revenue Actions	51.0
<b>Total General Fund Impact of BRFA on CC Budget Plan</b>	<b>\$132.8</b>
Fiscal 2020 Special Fund Revenue Action	\$15.8
<b>Total Impact of BRFA on CC Budget Plan</b>	<b>\$148.5</b>

Note: Numbers in chart do not sum to total due to rounding.

*Technical Amendments: Purpose and function paragraphs and renumbering.*

*Adds provisions that delay the waiving of the corporate filing fee until fiscal 2022 for certain entities and for fiscal 2021 only, directs the funds received from the delay to the Commission on Innovation and Excellence in Education Fund.*

Reduces to \$1.0 million the mandated funding for the Teacher Induction, Retention, and Advancement Pilot program and withdraws \$2.0 million in fiscal 2019 funding.

Adds a provision to authorize the Uninsured Employers' Fund to pay claims related to hearing loss for retirees of the Bethlehem Steel Corporation.

*Modifies a provision that requires funds from Resource Sharing Agreements of the Maryland Department of Transportation to be deposited into the Major Information Technology Development Project Fund (MITDPF) to clarify that these revenues are deposited in the MITDPF rather than the Transportation Trust Fund and that the funds are available for general use in the MITDPF.*

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<sup>1</sup> Provisions added or amended in whole or in part, except by a technical amendment, are noted in *italics*.



*Modifies a provision to decrease the maximum amount of projected nonwithholding income tax revenue that, under certain circumstances, must be subtracted from projected general fund revenue estimates in fiscal 2020 to 0.225%.*

Adds a provision that requires the Governor's Budget Books and Supplemental Budget submissions to include information regarding the calculation of Tax Increment Financing Grants.

*Modifies a provision that alters, for fiscal 2020 only, the use of estimated nonwithholding income tax revenues, if realized, in the Fiscal Responsibility Fund to provide for up to a 2% cost-of-living adjustment (COLA), rather than a one-time bonus, and to provide clarification on the employees that will receive the COLA.*

*Adds a provision that provides an additional jurisdiction in the distribution of local impact grants from video lottery terminal proceeds.*

Adds a provision that repeals the authorization to increase the share of proceeds provided to the video lottery terminal licensees and authorizes the processing of a budget amendment to use the additional Education Trust Fund revenues for special education grants contingent on The Blueprint for Maryland's Future (SB 1030 or HB 1413) taking effect.

*Modifies a provision that requires certification that projects proposed by a local jurisdiction for inclusion in the Consolidated Transportation Program have the support of the legislative delegation to instead require certification that all members of the delegation have received notification.*

Amends a provision to set the Medicaid Deficit Assessment at \$309,825,000 for fiscal 2020.

Diverts \$10.0 million of the balance retained after the repeal of the Maryland Health Insurance Plan to Medicaid in fiscal 2020.

Reduces the fiscal 2019 funding for two contracts in the Maryland Department of Health Developmental Disabilities Administration that will not be procured.

Modifies a provision that was struck by the House to provide a \$500,000 fiscal 2019 reduction in funding for residential per diems in the Department of Juvenile Services.

*Modifies a provision that reduced fiscal 2019 funding for correctional officer salaries in the Department of Public Safety and Correctional Services to provide for a \$7.5 million reduction as adopted by the House.*

Reduces fiscal 2019 funding in Medicaid due to favorable caseload trends.

Requires the fiscal 2019 funding for the Sunny Day fund related to the Amazon incentives to revert to the General Fund.

Strikes a provision that authorized, for fiscal 2020 only, \$2.0 million from the Maryland Trauma Physician Services Fund to be used for Medicaid.

Adds a provision to authorize the Governor to process a budget amendment to use a portion of the Rainy Day Fund balance above 6% of the estimated general fund revenues and funds in the Dedicated Purpose Fund for the pension system for legislative priorities in fiscal 2020.

*Adds a provision to clarify that for fiscal 2020, funds from the Dedicated Purpose Account and Rainy Day Fund may be transferred by budget amendment only for the legislative priorities specified in the fiscal 2020 budget bill.*

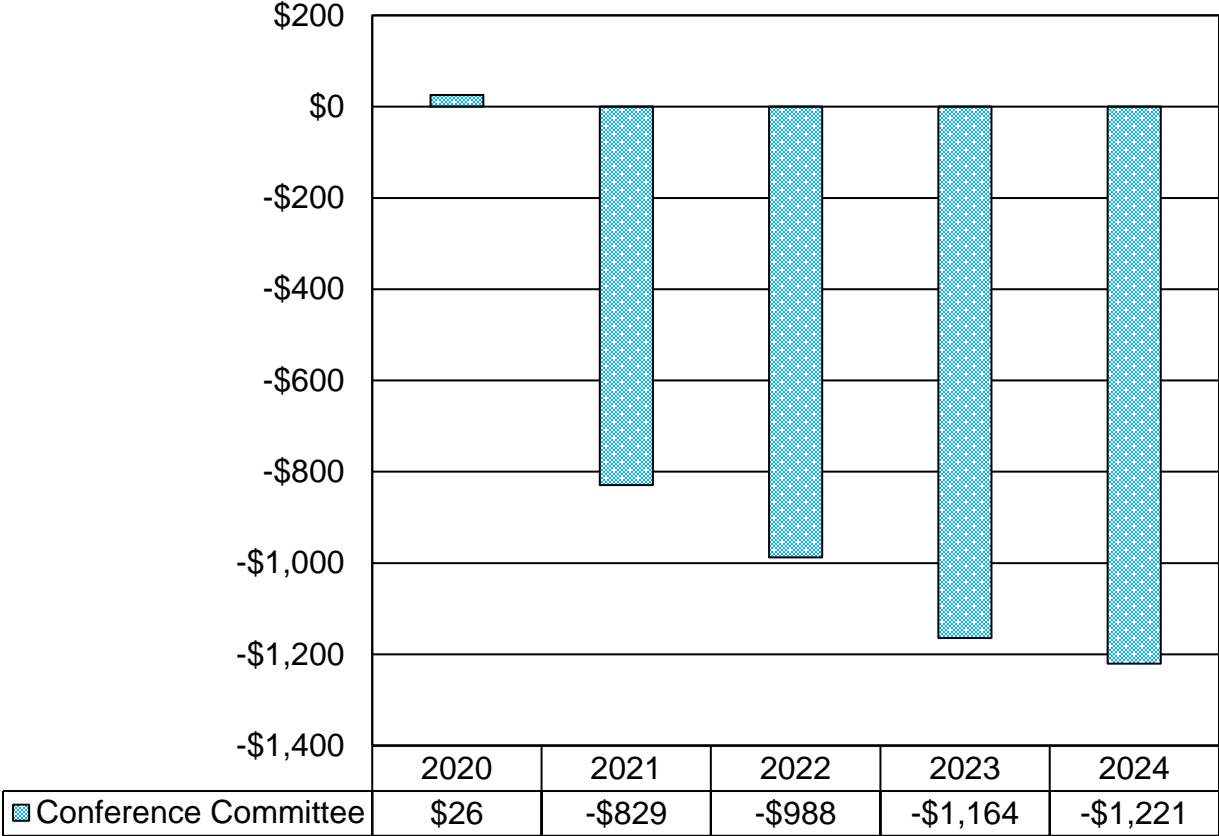
*Rejects a provision requiring a fiscal 2019 transfer of \$4 million from the University System of Maryland State-supported Fund Balance to the General Fund.*

*Rejects a provision requiring a fiscal 2019 transfer of \$400,000 from the Morgan State University State-supported Fund Balance to the General Fund.*

*Rejects a provision that requires a fiscal 2019 transfer to the General Fund from the Reimbursable Project Contingency Fund due to overcharging of the Department of Public Safety and Correctional Services by the Maryland Environmental Service.*

*Modifies a provision that requires a credit to the General Fund of funds identified in the Fiscal 2018 Statewide Closeout Audit as improperly retained by Department of State Police based on an updated amount of available funds.*

**Maryland Structural Budget Status**  
**Fiscal 2020-2024**  
(\$ in Millions)



## State Expenditures – General Funds (\$ in Millions) Fiscal 2019-2020

<u>Category</u>	Conference 2019	2020	Conference 2020	Conference 2020	Conference 2020	2019 to 2020	
	<u>Work. Approp.</u>	<u>Allowance</u>	<u>Reductions</u>	<u>Priorities</u> <sup>(1)</sup>	<u>Appropriation</u>	<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$286.0	\$287.0	\$0.0	\$0.0	\$287.0	\$1.0	0.3%
County/Municipal	\$287.9	\$300.9	\$0.0	\$7.3	\$308.2	\$20.3	7.1%
Community Colleges	322.4	331.0	0.0	0.5	331.4	9.1	2.8%
Education/Libraries	6,059.1	6,411.9	-4.0	4.0	6,411.9	352.9	5.8%
Health	52.7	55.4	0.0	0.0	55.4	2.7	5.1%
<b>Aid to Local Governments</b>	<b>\$6,722.0</b>	<b>\$7,099.2</b>	<b>-\$4.0</b>	<b>\$11.7</b>	<b>\$7,106.9</b>	<b>\$384.9</b>	<b>5.7%</b>
Foster Care Payments	\$188.2	\$191.2	\$0.0	\$0.0	\$191.2	\$3.1	1.6%
Assistance Payments	45.4	40.6	0.0	0.0	40.6	-4.8	-10.5%
Medical Assistance	3,389.9	3,544.3	-38.9	0.0	3,505.4	115.5	3.4%
Property Tax Credits	101.2	97.2	0.0	0.0	97.2	-4.0	-3.9%
<b>Entitlements</b>	<b>\$3,724.6</b>	<b>\$3,873.3</b>	<b>-\$38.9</b>	<b>\$0.0</b>	<b>\$3,834.4</b>	<b>\$109.8</b>	<b>2.9%</b>
Health	\$1,492.0	\$1,545.5	-\$2.7	\$2.6	\$1,545.4	\$53.4	3.6%
Human Services	372.3	362.8	0.0	0.0	362.8	-9.4	-2.5%
Children's Cabinet Interagency Fund	18.5	18.5	0.0	0.0	18.5	0.1	0.3%
Juvenile Services	263.7	260.3	0.0	0.1	260.4	-3.4	-1.3%
Public Safety/Police	1,521.5	1,542.4	-7.0	0.0	1,535.4	13.9	0.9%
Higher Education	1,481.8	1,540.1	-12.1	1.8	1,529.8	48.0	3.2%
Other Education	461.2	497.6	-8.9	0.7	489.4	28.2	6.1%
Agriculture/Natural Resources/Environment	127.1	142.2	0.0	0.0	142.2	15.1	11.9%
Other Executive Agencies	782.8	996.7	-65.7	10.5	941.5	158.6	20.3%
Judiciary	508.5	545.7	-11.1	0.0	534.6	26.1	5.1%
Legislative	91.3	95.5	0.1	0.0	95.6	4.3	4.7%
Across-the-board Cuts	0.0	0.0	-5.2	0.0	-5.2	-5.2	
<b>State Agencies</b>	<b>\$7,120.6</b>	<b>\$7,547.4</b>	<b>-\$112.6</b>	<b>\$15.6</b>	<b>\$7,450.4</b>	<b>\$329.8</b>	<b>4.6%</b>
<b>Total Operating</b>	<b>\$17,853.2</b>	<b>\$18,806.9</b>	<b>-\$155.5</b>	<b>\$27.3</b>	<b>\$18,678.7</b>	<b>\$825.5</b>	<b>4.6%</b>
Capital <sup>(2)</sup>	\$59.5	\$83.3	-\$6.1	\$154.9	\$232.1	\$172.6	290.2%
<b>Subtotal</b>	<b>\$17,912.7</b>	<b>\$18,890.2</b>	<b>-\$161.6</b>	<b>\$182.2</b>	<b>\$18,910.8</b>	<b>\$998.1</b>	<b>5.6%</b>
Reserve Funds	\$9.3	\$670.2	-\$162.0	\$0.0	\$508.2	\$498.8	5337.6%
<b>Appropriations</b>	<b>\$17,922.1</b>	<b>\$19,560.3</b>	<b>-\$323.6</b>	<b>\$182.2</b>	<b>\$19,419.0</b>	<b>\$1,496.9</b>	<b>8.4%</b>
Reversions	-\$35.0	-\$35.0	\$0.0	\$0.0	-\$35.0	\$0.0	0.0%
<b>Grand Total</b>	<b>\$17,887.1</b>	<b>\$19,525.3</b>	<b>-\$323.6</b>	<b>\$182.2</b>	<b>\$19,384.0</b>	<b>\$1,496.9</b>	<b>8.4%</b>

BRFA: Budget Reconciliation and Financing Act of 2019 (HB 1407)

<sup>(1)</sup> The Conference Committee reduced the allowance by \$182.2 million but provided authorization for those funds to be used for a variety of purposes. However, spending the \$182.2 million is at the discretion of the Governor.

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

Note: The fiscal 2019 working appropriation includes \$27.5 million in deficiencies and Conference Committee cuts to the deficiencies including \$38.9 million in reductions contingent on the BRFA. The fiscal 2020 Conference Committee cuts include \$32.0 million contingent on the BRFA.

## State Expenditures – State Funds (\$ in Millions) Fiscal 2019-2020

Category	Conference 2019	2020	Conference 2020	Conference 2020	Conference 2020	2019 to 2020	
	<u>Work. Approp.</u>	<u>Allowance</u>	<u>Reductions</u>	<u>Priorities</u> <sup>(1)</sup>	<u>Appropriation</u>	<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$1,623.8	\$1,675.8	\$0.0	\$0.0	\$1,675.8	\$52.0	3.2%
County/Municipal	\$662.7	\$701.4	\$0.0	\$7.3	\$708.6	\$45.9	6.9%
Community Colleges	322.4	331.0	0.0	0.5	331.4	9.1	2.8%
Education/Libraries	6,615.5	6,876.1	-39.8	255.0	7,091.4	475.9	7.2%
Health	52.7	55.4	0.0	0.0	55.4	2.7	5.1%
<b>Aid to Local Governments</b>	<b>\$7,653.3</b>	<b>\$7,963.9</b>	<b>-\$39.8</b>	<b>\$262.7</b>	<b>\$8,186.8</b>	<b>\$533.6</b>	<b>7.0%</b>
Foster Care Payments	\$192.5	195.5	\$0.0	\$0.0	\$195.5	\$3.0	1.6%
Assistance Payments	55.5	46.0	0.0	0.0	46.0	-9.5	-17.0%
Medical Assistance	4,322.0	4,418.2	-10.5	0.0	4,407.7	85.7	2.0%
Property Tax Credits	101.2	97.2	0.0	0.0	97.2	-4.0	-3.9%
<b>Entitlements</b>	<b>\$4,671.1</b>	<b>\$4,756.9</b>	<b>-\$10.5</b>	<b>\$0.0</b>	<b>\$4,746.4</b>	<b>\$75.3</b>	<b>1.6%</b>
Health	\$1,921.7	\$1,998.3	-\$12.7	\$2.6	\$1,988.2	\$66.4	3.5%
Human Services	454.8	445.5	-6.2	0.0	439.3	-15.5	-3.4%
Children's Cabinet Interagency Fund	18.5	18.5	0.0	0.0	18.5	0.1	0.3%
Juvenile Services	267.3	263.3	0.0	0.1	263.4	-3.9	-1.5%
Public Safety/Police	1,739.1	1,771.4	-7.0	0.0	1,764.4	25.3	1.5%
Higher Education	6,215.4	6,397.0	-12.1	1.8	6,386.7	171.4	2.8%
Other Education	533.3	570.0	-12.3	0.7	558.4	25.1	4.7%
Transportation	1,974.9	2,035.6	0.0	0.0	2,035.6	60.8	3.1%
Agriculture/Natural Resources/Environment	430.5	436.6	0.0	0.0	436.6	6.1	1.4%
Other Executive Agencies	1,532.8	1,754.8	-60.8	10.5	1,704.5	171.6	11.2%
Judiciary	570.6	611.0	-11.1	0.0	600.0	29.4	5.1%
Legislative	91.3	95.5	0.1	0.0	95.6	4.3	4.7%
Across-the-board Cuts	0.0	0.0	-5.6	0.0	-5.6	-5.6	n/a
<b>State Agencies</b>	<b>\$15,750.2</b>	<b>\$16,397.7</b>	<b>-\$127.7</b>	<b>\$15.6</b>	<b>\$16,285.6</b>	<b>\$535.4</b>	<b>3.4%</b>
<b>Total Operating</b>	<b>\$29,698.4</b>	<b>\$30,794.2</b>	<b>-\$177.9</b>	<b>\$278.3</b>	<b>\$30,894.6</b>	<b>\$1,196.2</b>	<b>4.0%</b>
Capital <sup>(2)</sup>	\$2,049.9	\$2,002.1	-\$71.1	\$154.9	\$2,085.9	\$36.0	1.8%
Transportation	1,514.2	1,425.9	0.0	0.0	1,425.9	-88.4	-5.8%
Environment	220.8	178.3	0.0	0.0	178.3	-42.5	-19.3%
Other	314.9	397.9	-71.1	154.9	481.8	166.9	53.0%
<b>Subtotal</b>	<b>\$31,748.3</b>	<b>\$32,796.3</b>	<b>-\$249.0</b>	<b>\$433.3</b>	<b>\$32,980.5</b>	<b>\$1,232.2</b>	<b>3.9%</b>
Reserve Funds	\$9.3	\$670.2	-\$162.0	\$0.0	\$508.2	\$498.8	5337.6%
<b>Appropriations</b>	<b>\$31,757.7</b>	<b>\$33,466.5</b>	<b>-\$411.0</b>	<b>\$433.3</b>	<b>\$33,488.7</b>	<b>\$1,731.0</b>	<b>5.5%</b>
Reversions	-\$35.0	-\$35.0	\$0.0	\$0.0	-\$35.0	\$0.0	0.0%
<b>Grand Total</b>	<b>\$31,722.7</b>	<b>\$33,431.5</b>	<b>-\$411.0</b>	<b>\$433.3</b>	<b>\$33,453.7</b>	<b>\$1,731.0</b>	<b>5.5%</b>

BRFA: Budget Reconciliation and Financing Act of 2019 (HB 1407)

<sup>(1)</sup> The Conference Committee reduced the allowance by \$283.0 million but provided authorization for those funds to be used for a variety of purposes. In the budget bill and the BRFA, the Conference Committee identified additional special fund spending priorities of \$150.3 million for The Blueprint for Maryland's Future (HB 1413). However, spending the total additional \$433.3 million is at the discretion of the Governor.

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

Note: The fiscal 2019 working appropriation includes \$104.8 million in deficiencies and Conference Committee cuts to the deficiencies including \$38.9 million in reductions contingent on the BRFA. The fiscal 2020 Conference Committee cuts include \$32.0 million contingent on the BRFA and \$37.7 million in additional special fund spending due to funding swaps.

## State Expenditures – All Funds (\$ in Millions) Fiscal 2019-2020

<u>Category</u>	Conference 2019 <u>Work. Approp.</u>	2020 <u>Allowance</u>	Conference 2020 <u>Reductions</u>	Conference 2020 <u>Priorities</u> <sup>(1)</sup>	Conference 2020 <u>Appropriation</u>	2019 to 2020 <u>\$ Change</u>	2019 to 2020 <u>% Change</u>
Debt Service	\$1,636.6	\$1,687.4	\$0.0	\$0.0	\$1,687.4	\$50.7	3.1%
County/Municipal	\$736.7	\$775.4	\$0.0	\$7.3	\$782.7	\$46.0	6.2%
Community Colleges	322.4	331.0	0.0	0.5	331.4	9.1	2.8%
Education/Libraries	7,577.4	7,860.8	-39.8	255.0	8,076.0	498.6	6.6%
Health	52.7	55.4	0.0	0.0	55.4	2.7	5.1%
<b>Aid to Local Governments</b>	<b>\$8,689.2</b>	<b>\$9,022.6</b>	<b>-\$39.8</b>	<b>\$262.7</b>	<b>\$9,245.5</b>	<b>\$556.4</b>	<b>6.4%</b>
Foster Care Payments	\$261.3	\$270.1	\$0.0	\$0.0	\$270.1	\$8.8	3.4%
Assistance Payments	1,158.0	1,091.2	0.0	0.0	1,091.2	-66.8	-5.8%
Medical Assistance	11,391.2	11,262.1	-20.4	0.0	11,241.7	-149.5	-1.3%
Property Tax Credits	101.2	97.2	0.0	0.0	97.2	-4.0	-3.9%
<b>Entitlements</b>	<b>\$12,911.6</b>	<b>\$12,720.6</b>	<b>-\$20.4</b>	<b>\$0.0</b>	<b>\$12,700.2</b>	<b>-\$211.5</b>	<b>-1.6%</b>
Health	\$3,028.2	\$3,142.4	-\$16.0	\$2.6	\$3,129.0	\$100.8	3.3%
Human Services	1,006.9	1,016.5	-6.2	0.0	1,010.3	3.4	0.3%
Children's Cabinet Interagency Fund	18.5	18.5	0.0	0.0	18.5	0.1	0.3%
Juvenile Services	272.6	267.8	0.0	0.1	267.9	-4.8	-1.7%
Public Safety/Police	1,774.0	1,808.8	-7.0	0.0	1,801.8	27.8	1.6%
Higher Education	6,215.4	6,397.0	-12.1	1.8	6,386.7	171.4	2.8%
Other Education	816.1	875.6	-12.3	0.7	864.0	48.0	5.9%
Transportation	2,073.3	2,143.7	0.0	0.0	2,143.7	70.4	3.4%
Agriculture/Natural Resources/Environment	500.1	503.7	0.0	0.0	503.7	3.6	0.7%
Other Executive Agencies	2,128.1	2,384.8	-64.4	10.5	2,330.8	202.7	9.5%
Judiciary	571.7	611.2	-11.1	0.0	600.2	28.5	5.0%
Legislative	91.3	95.5	0.1	0.0	95.6	4.3	4.7%
Across-the-board Cuts	0.0	0.0	-6.0	0.0	-6.0	-6.0	n/a
<b>State Agencies</b>	<b>\$18,496.0</b>	<b>\$19,265.6</b>	<b>-\$134.9</b>	<b>\$15.6</b>	<b>\$19,146.3</b>	<b>\$650.3</b>	<b>3.5%</b>
<b>Total Operating</b>	<b>\$41,733.5</b>	<b>\$42,696.1</b>	<b>-\$195.1</b>	<b>\$278.3</b>	<b>\$42,779.4</b>	<b>\$1,045.9</b>	<b>2.5%</b>
Capital <sup>(2)</sup>	\$3,103.3	\$3,263.0	-\$71.1	\$154.9	\$3,346.8	\$243.5	7.8%
Transportation	2,497.8	2,570.2	0.0	0.0	2,570.2	72.3	2.9%
Environment	264.1	231.1	0.0	0.0	231.1	-32.9	-12.5%
Other	341.4	461.7	-71.1	154.9	545.5	204.1	59.8%
<b>Subtotal</b>	<b>\$44,836.9</b>	<b>\$45,959.1</b>	<b>-\$266.2</b>	<b>\$433.3</b>	<b>\$46,126.2</b>	<b>\$1,289.3</b>	<b>2.9%</b>
Reserve Funds	\$9.3	\$670.2	-\$162.0	\$0.0	\$508.2	\$498.8	5337.6%
<b>Appropriations</b>	<b>\$44,846.2</b>	<b>\$46,629.3</b>	<b>-\$428.2</b>	<b>\$433.3</b>	<b>\$46,634.3</b>	<b>\$1,788.1</b>	<b>4.0%</b>
Reversions	-\$35.0	-\$35.0	\$0.0	\$0.0	-\$35.0	\$0.0	0.0%
<b>Grand Total</b>	<b>\$44,811.2</b>	<b>\$46,594.3</b>	<b>-\$428.2</b>	<b>\$433.3</b>	<b>\$46,599.3</b>	<b>\$1,788.1</b>	<b>4.0%</b>

BRFA: Budget Reconciliation and Financing Act of 2019 (HB 1407)

<sup>(1)</sup> The Conference Committee reduced the allowance by \$283.0 million but provided authorization for those funds to be used for a variety of purposes. In the budget bill and the BRFA, the Conference Committee identified additional special fund spending priorities of \$150.3 million for The Blueprint for Maryland's Future (HB 1413). However, spending the total additional amount of \$433.3 million is at the discretion of the Governor.

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

Note: The fiscal 2019 working appropriation includes \$191.2 million in deficiencies and Conference Committee cuts to the deficiencies including \$41.9 million in reductions contingent on the BRFA. The fiscal 2020 Conference Committee cuts include \$32.0 million contingent on the BRFA and \$37.7 million in additional special fund spending due to funding swaps.