

Senate Budget and Taxation Committee

Report on

House Bill 100 – the Budget Bill

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

**Maryland General Assembly
Annapolis, Maryland**

March 18, 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 Senate Budget and Taxation Committee**

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 committee's actions leave a fund balance of \$107.8 million and produce a small structural surplus for fiscal 2020.

Preserves Reserves: More than \$1.3 billion in cash resources are preserved, including \$1.2 billion in the Rainy Day Fund (6.3% of general fund revenues) and \$107.8 million in the General Fund. Collectively, these cash balances equate to 6.9% of general fund revenues.

Constrains Growth in State Spending: Expenditures subject to the SAC spending limit increase only 3.38%, well below the 3.75% cap set by the committee. The overall budget including federal funds grows 3.9% to \$46.6 billion.

Makes a Multi-year Commitment to Enhanced Funding for Public Schools: Under the committee's budget plan, State support for public schools totals a record \$6.97 billion. Direct aid to local school systems will increase an estimated \$405.2 million, or 7.0%. The budget plan dedicates at least \$225.0 million to support the fiscal 2020 recommendations of the Commission on Innovation and Excellence in Education (Kirwan Commission) and reserves at least \$345.5 million of special funds for Kirwan Commission recommendations in fiscal 2021.

School Construction: Coupled with planned actions in the capital budget bill, the legislative plan dedicates \$445 million to school facility needs, \$7 million more than allocated in the Governor's budget.

Funds for Legislative Priorities: The budget repurposes \$116.5 million of general funds and \$101 million of special funds for legislative priorities, including \$109.3 million for the Kirwan Commission, \$72 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 \$115.8 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 \$114.5 million (7.5%) 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 almost 7% under the committee's budget plan.

Fiscal 2020 Balancing Strategy
(\$ in Millions)

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

BRE: Board of Revenue Estimates
SB&T: Senate Budget and Taxation Committee

**Senate Funding Restricted for The Blueprint for Maryland's
Future (Kirwan Commission)
Fiscal 2020
(\$ 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	\$33.8
Special Education Grants*	33.3
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
Total	\$225.0

Fund Sources:

Education Trust Fund	\$116.5
Kirwan Commission Special Fund*	100.0
Repurposed Funds from TIRA (\$4.0 million General Fund) and Pension Sweeper (\$4.5 million Reserve Fund)	8.5
Total	\$225.0

* \$19.8 million for Special Education Grants is also contingent on enactment of SB 1040 or HB 1407, the Budget Reconciliation and Financing Act. In addition, up to \$95.0 million (not shown above) is contingent on enactment of SB 728 or HB 1301 dedicating new sales tax revenues from marketplace affiliates or sellers to the Kirwan Commission Special Fund.

IT: information technology

Kirwan Commission: The Commission on Innovation and Excellence in Education

MSDE: Maryland State Department of Education

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>SB&T</u>
Local Aid		
C Align Funds for Teacher Induction, Retention, and Advancement Program with Demand	\$6.0	\$6.0
Reduce Aid to Community Colleges to Reflect Reductions to Public Four-year Institutions	1.7	
Total	\$7.7	\$6.0
Medicaid		
C <i>Fiscal 2019 Surplus Due to Favorable Trends</i>	\$25.0	\$25.0
C Slow Phase-down of Medicaid Hospital Deficit Assessment	20.0	15.0
C Use Surplus from Defunct Maryland Health Insurance Plan to Fund Medicaid	10.0	10.0
Fund Money Follows the Person Rebalancing Initiative with Fiscal 2019 Surplus	5.3	5.3
Substitute Available Special Funds from CRF for General Funds	4.5	
Delete Funds for Supplemental Payments to MCOs as Payment Amount If Any Is Uncertain	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
Savings from Streamlining Delivery of Nonemergency Transportation Services	0.5	0.5
Total	\$72.0	\$60.5
Higher Education		
Reduce Funds for USM to Recognize Fund Balance in Excess of System's Goal	\$10.0	\$6.0
No Funds for Promise Plus Scholarship as Program Will Not Incur Costs Until Fiscal 2021	8.0	8.0
Reduce Funds for MSU to Align with Reduction to USM	1.0	0.6
Reduce Funding for Administrative Costs at USM Office		1.0
No Additional Funding for Center for Education, Justice, and Ethics	0.5	0.5
Reduce Aid to Non-Public Institutions of Higher Education	0.4	0.3
Total	\$19.8	\$16.3
State Agencies		
Judiciary: Deny 36 New Positions, No Funding for Design of Court of Appeals Building, and Reduce Operating Costs	\$18.4	\$10.7
Reduce Funding for New Technology Infrastructure Fund	16.5	10.0
Reduce Funds for Employee and Retiree Health Insurance Due to Available Balance	10.2	10.2
C <i>Fiscal 2019 Correctional Officer Vacancy Savings</i>	7.5	10.0
Fiscal 2020 Correctional Officer Vacancy Savings	10.0	6.0
Six-month Delay in Start of Employee Student Loan Benefit	6.0	8.0

	<u>House</u>	<u>SB&T</u>
More Jobs for Marylanders – Budget Overstates Demand	8.0	2.0
Reduce Catastrophic Event Fund to \$3 Million	6.0	7.0
Sunny Day Fund – Delete Funds for Marriott Payment That Is Not Required Until Fiscal 2021	5.0	5.0
C Transportation Revenues from Resource Sharing Agreements to Support Major IT Projects	5.0	5.0
C <i>Reduce Unspent Fiscal 2019 Funds for MDH Administrative Contracts</i>	3.9	3.9
Reduce Funds for Major IT Projects by 5%		3.5
Favorable Trends in MDH Provider Payments		2.6
Reduce Expansion of EARN	3.0	2.5
Reduce Funds for Critical Maintenance at State Facilities		2.0
C No General Fund Subsidy for Uninsured Employers Fund	2.0	2.0
Funding for New State Grants IT System Not Needed Until Fiscal 2021	2.0	1.8
Reduce Funds for the MEDAFF	2.3	1.5
Use Balance in the SEIF to Purchase State Vehicles	1.5	1.5
Reduce Mandated Increase for MPT Due to Lack of Plan for Spending	1.1	1.1
Administrative Savings in Office of Comptroller	0.5	0.7
C <i>Reduce Fiscal 2019 Funds for Residential Per Diems at Juvenile Services</i>		0.5
<i>Reduce Funding for One-time Fiscal 2019 Center for School Safety Expenses</i>	0.4	0.4
Delete 2.8 Vacant Positions from DBM	0.1	0.3
Operating Savings in SRA, MSDE, and DGS	0.2	0.2
Eliminate 5 Vacant Positions in Medicaid Program	0.2	0.2
Reduce Duplicative Program for Refurbishing of Durable Medicaid Equipment	1.0	
<i>No Additional Fiscal 2019 Funding for State Center Litigation</i>	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
Total	\$111.7	\$98.6
Reserves		
Reduce Rainy Day Fund Balance from 6.5% of Revenues	\$90.0	\$39.5
Level Fund Supplemental Payment to Pension System at \$75 Million	50.0	50.0
Total	\$140.0	\$89.5
PAYGO		
Align Capital Contribution to WMATA with Amount WMATA Expects to Receive	\$15.0	\$15.0
Reduce Funds for SEED Community Development Anchor Institution Fund to \$2.5 Million	2.5	2.5
Reduce Funds for Hazardous Substance Clean-Up Program	0.1	
Total	\$17.6	\$17.5
Total General Fund Reductions	\$368.9	\$288.4

Special Funds

Operating Costs

No Funds for Integrated Care Network as MHCC’s Statutory Authority to Spend Has Lapsed	\$8.1	\$8.1
Align Funds for DHS Electric Bill Payment Assistance with Statutory Authorization	6.2	6.2
No New Awards for BOOST	4.5	
Reduce Funds for Employee and Retiree Health Insurance Due to Available Balance	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
Reduce Funds in the Board of Pharmacy for New Licensure System	0.9	0.9
Reduce Funds for Operating Costs for SRA	0.6	0.6
Delete 5 Long Vacant Positons in State Lottery and Gaming Control Agency	0.4	0.4
Operating Savings in Uninsured Employers’ Fund and DLLR	0.1	0.0
Total	\$27.1	\$22.6
 Total Special Fund Reductions	 \$27.1	 \$22.6

- BOOST: Broadening Options and Opportunities for Students Today
- CRF: Cigarette Restitution Fund
- DBM: Department of Budget and Management
- DGS: Department of General Services
- DHS: Department of Human Services
- DLLR: Department of Labor, Licensing, and Regulation
- EARN: Earning Advancement Right Now
- IT: information technology
- MCO: managed care organization
- MDH: Maryland Department of Health
- MEDAFF: Maryland Economic Development Assistance Authority and Fund
- MHCC: Maryland Health Care Commission
- MPT: Maryland Public Television
- MSDE: Maryland State Department of Education
- MSU: Morgan State University
- PAYGO: pay-as-you-go
- SB&T: Senate Budget and Taxation Committee
- SEIF: Strategic Energy Investment Fund
- SRA: State Retirement Agency
- WMATA: Washington Metropolitan Area Transit Authority
- USM: University System of Maryland

C: These items are contingent on passage of the Budget Reconciliation and Financing Act (HB 1407).

Note: Fiscal 2019 deficiency reductions in italics.

Legislative Priorities (\$ in Millions)

	<u>House</u>	<u>SB&T</u>
<u>General Funds Restricted for Legislative Priorities</u>		
School Construction	\$127.0	\$72.0
Fund Neighborhood Revitalization and Rental Housing with Cash Rather than Bonds	25.0	25.0
Baltimore Police Department – Technology Improvements	7.8	
Establish a Rape Kit Testing Grant Fund	4.0	
The Blueprint for Maryland’s Future	4.0	8.5
East Baltimore Development Inc.	2.5	2.5
Tele-Education for Childhood Neurodevelopmental and Mental Health Disorders		1.8
Reaccreditation of Physician’s Assistant Program at UMES		1.0
Baltimore City YouthWorks Program	0.5	1.0
Grant to Nonprofit for Chronic Pain Management for Children and Youth		0.8
Anne Arundel County Workforce Development YouthWorks Program		0.5
Prince George’s County Workforce Development Board		0.5
Maryland Academy of Sciences		0.3
Adult High School Programs in Opportunity Zones		0.3
Teambuilders Academy at Prince George’s Community College		0.3
Development of Nurse Practitioner Program at Frostburg State University		0.3
Eastern Shore Center for Innovation, Entrepreneurship, and Economic Development	0.4	0.3
Establish Private Letter Ruling Process for Comptroller’s Office	0.3	0.3
Grant to Visit Baltimore to Attract National College Sporting Event to State	0.5	0.3
Capital Improvements to Building at Prince George’s Community College		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
Hagerstown Community College		0.2
Grant to Cash Campaign of Maryland to Promote Financial Capability of Low-income Individuals and Families	0.3	0.2
Baltimore Symphony Orchestra	1.6	
Implement Ending Youth Homelessness Act	1.0	
Pretrial Services Grant Fund in GOCCP	1.0	
Grants to the State’s Attorneys’ Offices in Baltimore City and Prince George’s County	0.5	
North Bay Overnight Program	0.4	
Security Personnel for Irvington Place and Harlem Gardens	0.2	
Operating Grant to Light House Homeless Shelter		0.1
Morgan State University for Task Force on Reconciliation and Equity		0.03
Crest Regional Higher Education Center	0.1	
Total Funding for Priorities Not Funded by Governor	\$177.1	\$116.5
<u>Special Funds Restricted for Legislative Priorities</u>		
The Blueprint for Maryland’s Future Funded from Education Trust Fund Lock Box	\$100.8	\$100.8
<u>Special Fund Additions Authorized by Budget Bill and the BRFA</u>		
The Blueprint for Maryland’s Future Funded from Kirwan Implementation Fund	\$200.0	\$100.0
The Blueprint for Maryland’s Future Funded with New Education Trust Fund Revenue	15.8	15.8

BRFA: Budget Reconciliation and Financing Act
GOCCP: Governor’s Office of Crime Control and Prevention
Kirwan: The Commission on Innovation and Excellence in Education

SB&T: Senate Budget and Taxation Committee
UMES: University of Maryland Eastern Shore

Senate Budget and Taxation Committee
Status as of March 18, 2019

	<u>FY 2019</u>	<u>FY 2020</u>
Starting General Fund Balance	\$589,590,296	\$725,127,490
Revenues		
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	11,261,012	46,000,000
Budget Reconciliation Legislation – Transfers	4,400,000	0
Additional Revenues	73,050,122	81,890,144
<i>Subtotal Revenues</i>	<i>\$18,020,536,510</i>	<i>\$18,619,661,736</i>
<i>Subtotal Available Revenues</i>	<i>\$18,610,126,806</i>	<i>\$19,502,789,226</i>
Appropriations		
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	-16,439,918	-130,371,521
Estimated Agency Reversions	-35,000,000	-35,000,000
<i>Subtotal Appropriations</i>	<i>\$17,884,999,316</i>	<i>\$19,394,952,853</i>
Closing General Fund Balance	\$725,127,490	\$107,836,373

BRE: Board of Revenue Estimates

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>
Governor's Allowance					
Fiscal 2019 Budget	\$17,926,954,525	\$9,179,215,997	\$13,091,453,029	\$4,656,155,634	\$44,853,779,185 ⁽¹⁾
Fiscal 2020 Budget	19,526,867,839 ⁽²⁾	9,128,435,374	13,177,083,146	4,775,103,692	46,607,490,051
Supplemental Budget No. 1					
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
Subtotal	-\$27,058,756	\$2,835,000	-\$14,252,470	\$0	-\$38,476,226
Budget Reconciliation and Financing Act of 2019					
Fiscal 2019 Deficiencies	-\$41,439,918	\$0	-\$2,912,113	\$0	-\$44,352,031
Fiscal 2020 Contingent Reductions	-32,000,000	47,766,919 ⁽³⁾	0	0	15,766,919
Subtotal	-\$73,439,918	\$47,766,919	-\$2,912,113	\$0	-\$28,585,112
Senate Budget and Taxation Committee Reductions					
Fiscal 2019 Deficiencies	\$25,000,000	\$0	\$0	\$0	\$25,000,000
Fiscal 2020 Budget	-98,371,521	79,690,485 ⁽⁴⁾	-16,763,816	0	-35,444,852
Total Reductions	-\$73,371,521	\$79,690,485	-\$16,763,816	\$0	-\$10,444,852
Appropriations					
Fiscal 2019 Budget	\$17,884,999,316	\$9,179,450,997	\$13,088,540,916	\$4,656,155,634	\$44,809,146,863
Fiscal 2020 Budget	19,394,952,853	9,258,492,778	13,146,066,860	4,775,103,692	46,574,616,183
Change	\$1,509,953,537	\$79,041,781	\$57,525,944	\$118,948,058	\$1,765,469,320

⁽¹⁾ 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.

⁽²⁾ Assumes \$35.0 million in unspecified general fund reversions.

⁽³⁾ 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.

⁽⁴⁾ Includes the assumption of \$100 million in special fund spending on 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>SB&T</u>
Contingent General Fund Reductions – Fiscal 2019		
Reduce Unspent Funds for Medicaid Due to Favorable Trends	\$25.0	\$25.0
Reduce Unspent Funds for Correctional Officer Salaries for DPSCS	7.5	10.0
Reduce Unspent Administrative Contract for DDA	3.9	3.9
Reduce the Teacher Induction, Retention, and Advancement Pilot Program	2.0	2.0
Reduce Unspent Funds for Residential Per Diems in DJS	0.0	0.5
Contingent General Fund Reductions – Fiscal 2020		
Slow Phase-down of Medicaid Deficit Assessment on Hospitals	\$20.0	\$15.0
Utilize Balance Retained After Repeal of MHIP for Medicaid	10.0	10.0
Reduce the MITDPF Due to Available Funds from MDOT Resource-sharing Agreements	5.0	5.0
Reduce Uninsured Employers’ Fund due to Expanded Use of Funds	2.0	2.0
Utilize Trauma Physician Services Fund for Medicaid	2.0	0.0
Total Reductions	\$77.4	\$73.4
Revenue Actions – Fiscal 2019		
Require a Reversion from Sunny Day Fund for Amazon Incentives	\$10.0	\$10.0
Require a Transfer of University System of Maryland State-supported Fund Balance	0.0	4.0
Require a Credit to the General Fund of Improperly Retained Funds by DSP	0.0	1.0
Require a Transfer of MSU State-supported Fund Balance	0.0	0.4
Require a Transfer from the Reimbursable Project Contingency Fund Due to Overcharging by MES	0.0	0.3
Revenue Action – Fiscal 2020		
Scale Back Year 1 Impact of Revenue Volatility on General Fund Revenue Estimates	\$46.0	\$46.0
Total General Fund Impact of BRFA on SB&T Budget Plan	\$133.4	\$135.1

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
MSU: Morgan State University
SB&T: Senate Budget and Taxation Committee

Senate Budget and Taxation Committee Action on the Budget Reconciliation and Financing Act of 2019 (HB 1407)

The Budget Reconciliation and Financing Act (BRFA) of 2019, as amended¹ by the Senate Budget and Taxation Committee (SB&T), accomplishes the following:

Fiscal 2019 General Fund Expenditure Reductions	\$41.4
Fiscal 2020 General Fund Expenditure Reductions	32.0
Total General Fund Reductions	\$73.4
Fiscal 2019 General Fund Revenue Actions	\$15.7
Fiscal 2020 General Fund Revenue Actions	46.0
Total General Fund Impact of BRFA on SB&T Budget Plan	\$135.1
Fiscal 2020 Special Fund Revenue Action	\$15.8
Total Impact of BRFA on SB&T Budget Plan	\$150.9

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

Technical Amendments: Purpose and function paragraphs and renumbering.

1

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 (p. 3-4, and 15).

Adds a provision to authorize the Uninsured Employers Fund to pay claims related to hearing loss for retirees of the Bethlehem Steel Corporation (p. 4).

Requires funds from Resource Sharing Agreements of the Maryland Department of Transportation to be deposited into the Major Information Technology Development Project Fund (p. 4-6).

Decreases 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, from 0.5% to 0.25% (p. 6-7).

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 (p. 7).

2

¹ Provisions added or amended in whole or in part, except by a technical amendment, are noted in italics.

Adds a provision that alters, for fiscal 2020 only, the use of estimated nonwithholding income tax revenues, if realized, to provide one-time bonuses for certain employees in fiscal 2021 (p. 7-11).

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 (p. 11-12, and 15).

Adds a provision that requires projects proposed by local jurisdictions for inclusion in the Consolidated Transportation Program to have the support of at least a majority of the senators and a majority of the delegates of the county in which the project is located (p. 12-13).

3

Amends a provision to set the Medicaid Deficit Assessment at \$309,825,000 down from \$314,825,000 as adopted by the House (p.13).

4

Diverts \$10.0 million of the balance retained after the repeal of the Maryland Health Insurance Plan to Medicaid (p. 13-14).

Reduces the fiscal 2019 funding for two contracts in the Maryland Department of Health Developmental Disabilities Administration that will not be procured (p.14).

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 (p. 14).

5

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 \$10 million reduction rather than \$7.5 million as adopted by the House (p.15).

6

Reduces fiscal 2019 funding in Medicaid due to favorable caseload trends (p. 15).

Requires the fiscal 2019 funding for the Sunny Day Fund related to the Amazon incentives to revert to the General Fund (p. 15).

Strikes a provision that authorized for fiscal 2020 only \$2.0 million from the Maryland Trauma Physician Services Fund to be used for Medicaid (p. 15).

7

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 Account for the pension system for legislative priorities in fiscal 2020 (p. 15).

Adds a provision requiring a fiscal 2019 transfer of \$4 million from the University System of Maryland State-supported Fund Balance to the General Fund (p. 15).

8

Adds a provision requiring a fiscal 2019 transfer of \$400,000 from the Morgan State University State-supported Fund Balance to the General Fund (p. 16).

9

Adds a provision requiring 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 (p. 16).

10

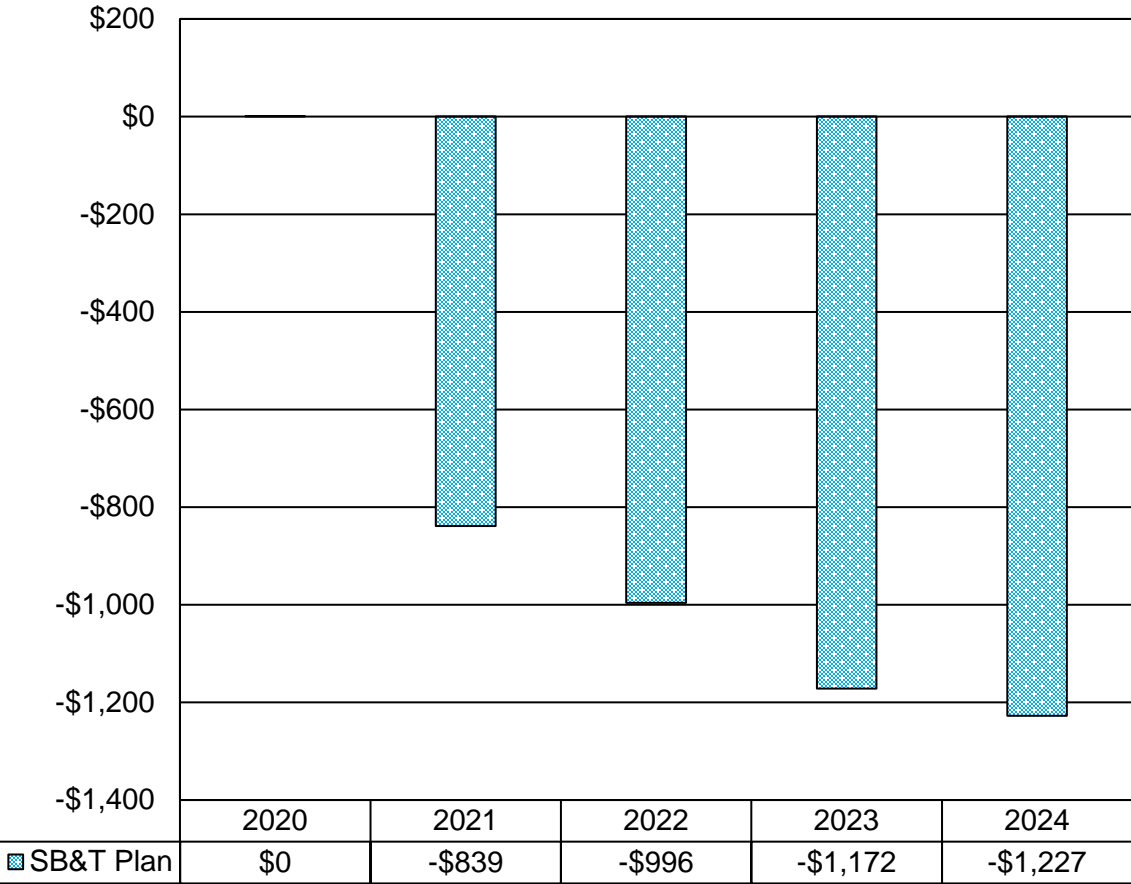
Adds a provision that requires a credit to the General Fund of funds identified in the Fiscal 2018 Statewide Closeout Audit as improperly retained by the Department of State Police (p. 16).

11

Maryland Structural Budget Status

Fiscal 2020-2024

(\$ in Millions)



SB&T: Senate Budget and Taxation Committee

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

<u>Category</u>	<u>SB&T 2019 Work. Approp.</u>	<u>2020 Allowance</u>	<u>SB&T 2020 Reductions</u>	<u>SB&T 2020 Priorities ⁽¹⁾</u>	<u>2020 Appropriation</u>	<u>2019 to 2020 \$ 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	\$0.0	\$300.9	\$13.0	4.5%
Community Colleges	322.4	331.0	0.0	0.5	331.5	9.1	2.8%
Education/Libraries	6,059.1	6,411.9	-4.0	8.5	6,416.4	357.4	5.9%
Health	52.7	55.4	0.0	0.0	55.4	2.7	5.1%
Aid to Local Governments	\$6,722.0	\$7,099.2	-\$4.0	\$9.0	\$7,104.2	\$382.2	5.7%
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	-35.5	0.0	3,508.8	118.9	3.5%
Property Tax Credits	101.2	97.2	0.0	0.0	97.2	-4.0	-3.9%
Entitlements	\$3,724.6	\$3,873.3	-\$35.5	\$0.0	\$3,837.8	\$113.2	3.0%
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	0.0	260.3	-3.4	-1.3%
Public Safety/Police	1,519.0	1,542.4	-6.0	0.0	1,536.4	17.4	1.1%
Higher Education	1,481.8	1,540.1	-8.1	1.5	1,533.6	51.8	3.5%
Other Education	461.2	497.6	-9.7	0.3	488.1	26.9	5.8%
Agriculture/Natural Resources/Environment	127.1	142.2	0.0	0.0	142.2	15.1	11.9%
Other Executive Agencies	783.3	996.7	-56.3	3.4	943.9	160.6	20.5%
Judiciary	508.5	545.7	-10.7	0.0	535.0	26.5	5.2%
Legislative	91.3	95.5	0.0	0.0	95.5	4.2	4.6%
State Agencies	\$7,118.6	\$7,547.4	-\$93.4	\$7.8	\$7,461.7	\$343.2	4.8%
Total Operating	\$17,851.2	\$18,806.9	-\$132.9	\$16.8	\$18,690.8	\$839.6	4.7%
Capital ⁽²⁾	\$59.5	\$83.3	-\$2.5	\$99.8	\$180.5	\$121.0	203.5%
Subtotal	\$17,910.7	\$18,890.2	-\$135.4	\$116.5	\$18,871.3	\$960.6	5.4%
Reserve Funds	\$9.3	\$670.2	-\$111.5	\$0.0	\$558.7	\$549.3	5878.0%
Appropriations	\$17,920.0	\$19,560.3	-\$246.9	\$116.5	\$19,430.0	\$1,510.0	8.4%
Reversions	-\$35.0	-\$35.0	\$0.0	\$0.0	-\$35.0	\$0.0	0.0%
Grand Total	\$17,885.0	\$19,525.3	-\$246.9	\$116.5	\$19,395.0	\$1,510.0	8.4%

SB&T: Senate Budget and Taxation Committee

BRFA: Budget Reconciliation and Financing Act (HB 1407)

⁽¹⁾ SB&T reduced the allowance by \$116.5 million but provided authorization for those funds to be used for a variety of purposes. However, spending the \$116.5 million is at the discretion of the Governor.

⁽²⁾ Includes the Heritage Structure Rehabilitation Tax Credit Reserve Fund.

Note: The fiscal 2019 working appropriation includes \$27.5 million in deficiencies and SBT cuts to the deficiencies, including \$41.4 million in reductions contingent on the BRFA. The fiscal 2020 SBT cuts include \$32.0 million contingent on the BRFA.

State Expenditures – State Funds

(\$ in Millions)
Fiscal 2019-2020

<u>Category</u>	<u>SB&T 2019</u> <u>Work. Approp.</u>	<u>2020</u> <u>Allowance</u>	<u>SB&T 2020</u> <u>Reductions</u>	<u>SB&T 2020</u> <u>Priorities ⁽¹⁾</u>	<u>2020</u> <u>Appropriation</u>	<u>2019 to 2020</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	\$0.0	\$701.4	\$38.7	5.8%
Community Colleges	322.4	331.0	0.0	0.5	331.5	9.1	2.8%
Education/Libraries	6,615.5	6,876.1	-39.8	225.0	7,061.4	445.9	6.7%
Health	52.7	55.4	0.0	0.0	55.4	2.7	5.1%
Aid to Local Governments	\$7,653.3	\$7,963.9	-\$39.8	\$225.5	\$8,149.6	\$496.4	6.5%
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%
Entitlements	\$4,671.1	\$4,756.9	-\$10.5	\$0.0	\$4,746.4	\$75.3	1.6%
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	0.0	263.3	-4.0	-1.5%
Public Safety/Police	1,736.6	1,771.4	-6.0	0.0	1,765.4	28.8	1.7%
Higher Education	6,215.4	6,397.0	-8.1	1.5	6,390.5	175.2	2.8%
Other Education	533.3	570.0	-9.7	0.3	560.5	27.2	5.1%
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	1,533.3	1,754.8	-53.4	3.4	1,704.9	171.6	11.2%
Judiciary	570.6	611.0	-10.7	0.0	600.4	29.8	5.2%
Legislative	91.3	95.5	0.0	0.0	95.5	4.2	4.6%
State Agencies	\$15,748.1	\$16,397.7	-\$106.7	\$7.8	\$16,298.7	\$550.6	3.5%
Total Operating	\$29,696.3	\$30,794.2	-\$157.0	\$233.3	\$30,870.6	\$1,174.2	4.0%
Capital ⁽²⁾	\$2,049.9	\$2,002.1	-\$67.5	\$99.8	\$2,034.3	-\$15.6	-0.8%
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	-67.5	99.8	430.2	115.3	36.6%
Subtotal	\$31,746.3	\$32,796.3	-\$224.5	\$333.1	\$32,904.9	\$1,158.6	3.6%
Reserve Funds	\$9.3	\$670.2	-\$111.5	\$0.0	\$558.7	\$549.3	5878.0%
Appropriations	\$31,755.6	\$33,466.5	-\$336.0	\$333.1	\$33,463.5	\$1,707.9	5.4%
Reversions	-\$35.0	-\$35.0	\$0.0	\$0.0	-\$35.0	\$0.0	0.0%
Grand Total	\$31,720.6	\$33,431.5	-\$336.0	\$333.1	\$33,428.5	\$1,707.9	5.4%

SB&T: Senate Budget and Taxation Committee

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

⁽¹⁾ SB&T reduced the allowance by \$217.3 million but provided authorization for those funds to be used for a variety of purposes. In the budget bill and the BRFA, SB&T identified additional special fund spending priorities of \$115.8 million for the Blueprint for Maryland's Future. However, spending the total additional amount of \$333.1 million is at the discretion of the Governor.

⁽²⁾ Includes the Heritage Structure Rehabilitation Tax Credit Reserve Fund.

Note: The fiscal 2019 working appropriation includes \$104.8 million in deficiencies and SBT cuts to the deficiencies, including \$41.4 million in reductions contingent on the BRFA. The fiscal 2020 SBT cuts include \$32.0 million contingent on the BRFA and \$34.3 million in additional special fund spending due to funding swaps.

State Expenditures – All Funds

(\$ in Millions)

Fiscal 2019-2020

<u>Category</u>	<u>SB&T 2019</u> <u>Work. Approp.</u>	<u>2020</u> <u>Allowance</u>	<u>SB&T 2020</u> <u>Reductions</u>	<u>SB&T 2020</u> <u>Priorities ⁽¹⁾</u>	<u>2020</u> <u>Appropriation</u>	<u>2019 to 2020</u> <u>\$ Change</u>	<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	\$0.0	\$775.4	\$38.7	5.3%
Community Colleges	322.4	331.0	0.0	0.5	331.5	9.1	2.8%
Education/Libraries	7,577.4	7,860.8	-39.8	225.0	8,046.0	468.6	6.2%
Health	52.7	55.4	0.0	0.0	55.4	2.7	5.1%
Aid to Local Governments	\$8,689.2	\$9,022.6	-\$39.8	\$225.5	\$9,208.3	\$519.2	6.0%
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%
Entitlements	\$12,911.6	\$12,720.6	-\$20.4	\$0.0	\$12,700.2	-\$211.5	-1.6%
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	0.0	267.8	-4.8	-1.8%
Public Safety/Police	1,771.5	1,808.8	-6.0	0.0	1,802.8	31.3	1.8%
Higher Education	6,215.4	6,397.0	-8.1	1.5	6,390.5	175.2	2.8%
Other Education	816.1	875.6	-9.7	0.3	866.1	50.1	6.1%
Transportation	2,073.3	2,143.7	0.0	0.0	2,143.7	70.4	3.4%
Agriculture/Natural Res./Environment	500.1	503.7	0.0	0.0	503.7	3.6	0.7%
Other Executive Agencies	2,128.6	2,384.8	-57.0	3.4	2,331.2	202.7	9.5%
Judiciary	571.7	611.2	-10.7	0.0	600.6	28.9	5.1%
Legislative	91.3	95.5	0.0	0.0	95.5	4.2	4.6%
State Agencies	\$18,494.0	\$19,265.6	-\$113.6	\$7.8	\$19,159.9	\$665.9	3.6%
Total Operating	\$41,731.5	\$42,696.1	-\$173.7	\$233.3	\$42,755.7	\$1,024.3	2.5%
Capital ⁽²⁾	\$3,103.3	\$3,263.0	-\$67.5	\$99.8	\$3,295.2	\$191.9	6.2%
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	-67.5	99.8	494.0	152.5	44.7%
Subtotal	\$44,834.8	\$45,959.1	-\$241.2	\$333.1	\$46,051.0	\$1,216.2	2.7%
Reserve Funds	\$9.3	\$670.2	-\$111.5	\$0.0	\$558.7	\$549.3	5878.0%
Appropriations	\$44,844.1	\$46,629.3	-\$352.7	\$333.1	\$46,609.6	\$1,765.5	3.9%
Reversions	-\$35.0	-\$35.0	\$0.0	\$0.0	-\$35.0	\$0.0	0.0%
Grand Total	\$44,809.1	\$46,594.3	-\$352.7	\$333.1	\$46,574.6	\$1,765.5	3.9%

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⁽¹⁾ SB&T reduced the allowance by \$217.3 million but provided authorization for those funds to be used for a variety of purposes. In the budget bill and the BRFA, SB&T identified additional special fund spending priorities of \$115.8 million for the Blueprint for Maryland's Future. However, spending the total additional amount of \$333.1 million is at the discretion of the Governor.

⁽²⁾ Includes the Heritage Structure Rehabilitation Tax Credit Reserve Fund.

Note: The fiscal 2019 working appropriation includes \$191.2 million in deficiencies and SBT cuts to the deficiencies, including \$44.4 million in reductions contingent on the BRFA. The fiscal 2020 SBT cuts include \$32.0 million contingent on the BRFA and \$34.3 million in additional special fund spending due to funding swaps.