



Summary Reports of Committees To the Legislative Policy Committee

Annapolis, Maryland
January 2022

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General Assembly of Maryland

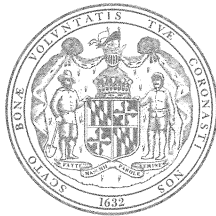
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MARYLAND GENERAL ASSEMBLY
LEGISLATIVE POLICY COMMITTEE

January 2022

Members of the Legislative Policy Committee
Members of the Maryland General Assembly

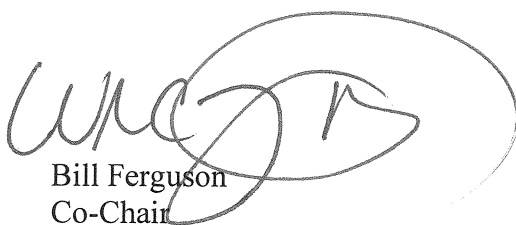
Ladies and Gentlemen:


Pursuant to Section 2-409(b) of the State Government Article, attached for your review and information is a compilation of the 2021 interim activities and recommendations of the standing, joint statutory, and special joint committees of the General Assembly.

For further information or copies of this summary report or individual committee reports, please email the staff for the Legislative Policy Committee, Ryane Necessary ryane.necessary@mlis.state.md.us or Dana Tagalicod dana.tagalicod@mlis.state.md.us.

We wish to thank the committee chairs and the staff from the Department of Legislative Services for their time, effort, and contributions to the work of the committees during the 2021 interim.

Sincerely,


Bill Ferguson
Co-Chair


Adrienne A. Jones
Co-Chair

BF:AAJ/RMN:DKT/mpd

Contents

Standing Committees

Senate Budget and Taxation Committee.....	3
Senate Education, Health, and Environmental Affairs Committee	5
Senate Finance Committee	6
Senate Judicial Proceedings Committee	10
House Appropriations Committee	11
House Economic Matters Committee	14
House Environment and Transportation Committee	16
House Health and Government Operations Committee.....	19
House Judiciary Committee.....	26
House Ways and Means Committee	27

Statutory and Special Joint Committees

Administrative, Executive, and Legislative Review, Joint Committee on	31
Audit and Evaluation Committee, Joint.....	35
Children, Youth, and Families, Joint Committee on	40
Cybersecurity, Information Technology and Biotechnology, Joint Committee on	44
Fair Practices and State Personnel Oversight, Joint Committee on.....	48
Federal Relations, Joint Committee on.....	50
Homelessness, Joint Committee on Ending.....	53
Legislative Ethics, Joint Committee on	58
Management of Public Funds, Joint Committee on the	59
Pensions, Joint Committee on.....	65
Program Open Space and Agricultural Land Preservation, Joint Subcommittee on	66
Spending Affordability Committee.....	70
Unemployment Insurance Oversight, Joint Committee on.....	81
Workers' Compensation Benefit and Insurance Oversight Committee.....	85

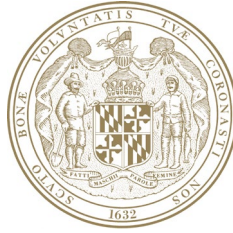
Special Committees – Senate of Maryland	87
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Special Committees – House of Delegates.....	89
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Standing Committees

Guy Guzzone
Chair

James C. Rosapepe
Vice Chair



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Adelaide C. Eckardt
George C. Edwards
Sarah Elfreth
Melony Griffith
Michael A. Jackson
Nancy J. King
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Johnny Ray Salling
Ronald N. Young
Craig Zucker

THE SENATE OF MARYLAND Budget and Taxation Committee

December 14, 2021

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Senate Budget and Taxation Committee is pleased to present the report of its interim activities. The committee members were very active in numerous commissions, committees, and studies. The full committee met five times during the 2021 interim, while the Education, Business, and Administration subcommittee met two times.

Full Committee Activities

On September 22, the full committee was briefed, in conjunction with the House Appropriations Committee, the Joint Committee on Federal Relations, and the Joint Committee on the Management of Public Funds, on the status of funding allocated to Maryland under the American Rescue Plan Act of 2021. The briefing included presentations from U.S. Senators Chris Van Hollen and Ben Cardin; the Secretary of Budget and Management, David Brinkley; and the Legislative Director of the Maryland Association of Counties, Kevin Kinnally.

On October 14, the committee was briefed by the Department of Legislative Services on the September Board of Revenue Estimates projections for fiscal 2022 and 2023.

On October 18, the committee had an all-day site visit to various locations in Prince George's and Montgomery counties focusing on economic development initiatives. At the University of Maryland, College Park Campus, the committee toured the ION Q center, which is developing quantum computing. Following that stop, the committee visited the Universities at Shady Grove. Finally, the committee toured RADA Technologies, a company located in Montgomery County that has received benefits from the More Jobs for Marylanders Tax Credit and the Job Creation Tax Credit.

On November 9, the committee attended a joint fiscal briefing with the Spending Affordability Committee and the House Appropriations and Ways and Means committees, during which the committees were briefed on the revenue and spending projections for the current and upcoming fiscal years.

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The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee
December 14, 2021
Page 2

On November 10, the committee went on a site visit to the Baltimore region. First, the committee received a briefing on the dredging of the Chesapeake Bay and the creation of Hart Miller Island. Second, the committee was briefed by the Maryland Department of Transportation on the toll access to the Port of Baltimore via the Key Bridge. Third, the committee was briefed on the development of Sparrows Point by Tradepoint Atlantic and received a tour of the development site. Finally, the committee traveled to Morgan State University for a briefing and a campus tour.

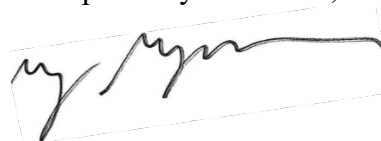
Education, Business, and Administration Subcommittee

On September 9, the Education, Business, and Administration subcommittee, joint with the corresponding subcommittee of the House Appropriations Committee, was updated on the operations of higher education institutions for the fall semester. The subcommittees received an update from the University System of Maryland, the Maryland Independent College and University Association, and St. Mary's College of Maryland. Additionally, representatives of the American Federation of State, County, and Municipal Employees testified to provide the perspective of employees of the universities.

On October 26, the subcommittee, joint with the corresponding subcommittee of the House Appropriations Committee, was briefed by the Maryland Department of Labor on the implementation of the BEACON App for accessing unemployment benefits.

I would like to thank the committee members for their continued dedication, representatives of the public and private organizations who kept us informed and expressed their views, as well as our committee counsel and staff for their support.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Guy Guzzone', enclosed within a rectangular box.

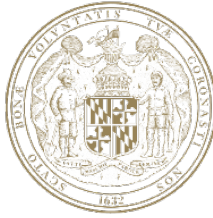
Guy Guzzone
Chair

GG/ES/cgs

cc: Ms. Sally Robb
Mr. Jeremy Baker
Ms. Victoria L. Gruber
Mr. Ryan Bishop

PAUL G. PINSKY
CHAIR

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MARY L. WASHINGTON, PH.D

THE SENATE OF MARYLAND
EDUCATION, HEALTH, AND ENVIRONMENTAL AFFAIRS COMMITTEE

December 8, 2021

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Senate Education, Health, and Environmental Affairs Committee is pleased to report on its interim activities.

On August 30, 2021, the committee held a briefing on issues related to COVID-19 and the safe reopening of schools. During the briefing, several experts and a county superintendent reviewed the impact of COVID-19 on children's health and discussed mitigation efforts, best practices, and vaccination policies.

On November 4, 2021, the committee, joined by the Senate President and a delegate from the House Environment and Transportation Committee, toured two net zero energy schools: Holabird Academy in Baltimore City and Wilde Lake Middle School in Howard County. Both schools received funding through the Maryland Net Zero Energy School Initiative Grant Program. During the visits, school administrators and members of the schools' design and construction teams shared their experiences developing and operating these state-of-the-art buildings, which produce as much energy as they consume on an annual basis.

The committee greatly appreciates the assistance of the many private citizens, public officials, and legislative staff who participated in the activities of the committee during the 2021 interim.

Sincerely,

A handwritten signature in black ink that reads "Paul Pinsky".

Paul G. Pinsky, Chair

PGP/jkb/cgs

cc: Ms. Sally Robb
Ms. Alexandra Hughes
Mr. Jeremy Baker
Ms. Victoria L. Gruber
Mr. Ryan Bishop

DELORES G. KELLEY
CHAIR

BRIAN J. FELDMAN
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JUSTIN READY

THE SENATE OF MARYLAND FINANCE COMMITTEE

December 14, 2021

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Senate Finance Committee respectfully submits its report summarizing the committee's activities during the 2021 interim. The full committee met five times during the 2021 interim. The Health and Long-Term Care and Energy and Public Utilities subcommittees did not meet.

Many members of the committee participated in other committees, task forces, and commissions including the Workers' Compensation Benefit and Insurance Oversight Committee; the Joint Audit and Evaluation Committee; the Joint Committee on Unemployment Insurance Oversight; the Joint Committee on Fair Practices and State Personnel Oversight; the Joint Committee on Cybersecurity, Information Technology, and Biotechnology; the Senate Vaccine Oversight Workgroup; and the Maryland Health Insurance Coverage Protection Commission. The activities of these committees, task forces, and commissions that met during the interim are not summarized in this report.

The committee expresses its appreciation for the advice and assistance provided by governmental officials, State agency staff, and members of the public during the 2021 interim. The committee looks forward to the same spirit of cooperation and assistance during the forthcoming 2022 session.

Respectfully submitted,


Delores G. Kelley, Chair

DGK/DAS/ncs/cgs

cc: Ms. Sally Robb
Ms. Alexandra Hughes
Mr. Jeremy Baker
Ms. Victoria L. Gruber
Mr. Ryan Bishop

Senate Finance Committee 2021 Interim Report

Reimbursement of Adult Day Care, Tele-Behavioral Health, and Developmental Disability Services

On August 6, the committee participated in a House Health and Government Operations Committee briefing on the reimbursement of adult day care services, behavioral health services delivered through telehealth, and developmental disability services. The briefing included an update from Webster Ye, Assistant Secretary of the Maryland Department of Health (MDH) and other MDH staff. There also were presentations from representatives of providers of adult day care, tele-behavioral health, and developmental disabilities services. The issues discussed included the cessation of Medicaid COVID-19 administrative day rate reimbursement for adult medical day care services, the Medicaid behavioral health services eligible and ineligible for reimbursement when provided through telehealth, and changes to COVID-19–related Appendix K flexibilities for the reimbursement of developmental disabilities services under approved Home and Community Based waivers.

Health Insurance Updates from the Maryland Insurance Administration and the Maryland Health Benefit Exchange

On September 28, the committee received an update from Insurance Commissioner Kathleen Birrane and other staff at the Maryland Insurance Administration (MIA) on the individual and small group market health insurance premium rates approved for calendar year 2022 and the status of regulations to implement statutory requirements relating to health insurance carrier compliance with the federal Mental Health Parity and Addiction Equity Act. The committee also received an update on activities relating to the Maryland Health Benefit Exchange (MHBE). Michele Eberle, Executive Director of MHBE, and other MHBE staff briefed the committee on the status of the State Reinsurance Program, the Young Adult Premium Assistance Program, and other MHBE-related matters.

Medicaid Update from the Maryland Department of Health

On September 29, Steve Schuh, Deputy Secretary of Health Care Financing and Chief Operating Officer at MDH, provided the committee with an overview of the Medicaid program. The overview featured a review of Medicaid enrollment trends and expenditures and the priorities of Governor Hogan’s administration and MDH, including COVID-19 vaccination and testing efforts, COVID-19-related managed care organization (MCO) initiatives, Medicaid efforts to reduce the total cost of care through the State Integrated Health Improvement Strategy and alignment with the Maryland Primary Care Program, utilization of the new Medicaid Management

Information System, allocation of enhanced federal funding under the American Rescue Plan Act, MCO rate setting actions, and new initiatives sought under a renewed § 1115 HealthChoice Waiver. The overview also reviewed recent activity relating to the processing of claims by Optum, the administrative services organization used by MDH for payment of behavioral health services, the Behavioral Health System of Care Workgroup, and the Maryland Commission on Health Equity.

Update on the Medical Cannabis Industry in Maryland and State Planning for the Possible Legalization of Cannabis

On October 26, the committee was updated on the medical cannabis industry in the State and State planning for the possible legalization of adult-use cannabis. First, the committee heard from representatives of the Maryland Medical Cannabis Commission (MMCC). The Vice Chair of MMCC, Tiffany Randolph, discussed the accomplishments of the MMCC regarding issuing licenses to minority businesses. Taylor Kasky, Director of Policy and Government Affairs, provided an update on MMCC activities and the status of the cannabis industry in the State. Will Tilburg, Executive Director, concluded MMCC's part of the briefing with an overview of legalization efforts in other states and what it could mean for Maryland if adult-use cannabis was legalized.

The committee then heard from representatives of the Maryland Alcohol and Tobacco Commission (MATC). Alan I. Silverstein, Chairman of MATC, stated that he was there to answer questions from the committee regarding MATC. Jeffrey Kelly, Executive Director of MATC, described the history of alcohol and tobacco regulation in Maryland, and the role of MATC. Mr. Kelly also relayed that due to lack of resources, MATC may not be the best entity to regulate legal adult-use cannabis.

The briefing concluded with remarks from Meridian Management Group. Stanley Tucker, President and CEO, and Timothy L. Smoot, Senior Vice President and CFO, discussed the low participation of minority owned businesses in the medical cannabis industry, and the potential low participation in a legal adult-use industry, primarily because of the lack of financing. Both Mr. Tucker and Mr. Smoot proposed a minority business equity fund that would provide minority businesses with financing.

Strategic Energy Investment Fund

On October 27, the committee received a briefing on the operations, fiscal health, and overall mission of the Strategic Energy Investment Fund (SEIF). First, the committee heard from representatives of the Maryland Energy Administration (MEA), which oversees the fund. The Director of MEA, Mary Beth Tung, provided an overview of the fund and highlighted select programs. Eric Coffman, Director of Energy Programs, and Wyatt Schiflett, Director of Finance

and Administration, provided additional information on MEA programs funded through SEIF and an update on the fiscal health of the fund, respectively.

The committee also heard from representatives of the Maryland Clean Energy Center, the Maryland League of Conservation Voters, the Sierra Club, and the Climate Access Fund on how MEA programs and SEIF have been successful, as well as several proposals for improvements. Various proposals were offered, including creating more measurable goals for equitable distribution of benefits from the fund, adding climate goals to the SEIF mandate, and prohibiting funds from being used to support fossil fuel projects.

WILLIAM C. SMITH, JR.
CHAIR

JEFF WALDSTREICHER
VICE CHAIR



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CHRISTOPHER WEST
RONALD N. YOUNG

THE SENATE OF MARYLAND JUDICIAL PROCEEDINGS COMMITTEE

December 14, 2021

The Honorable Bill Ferguson, Jr., Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

During the 2021 interim, the Judicial Proceedings Committee continued to monitor the ongoing effects of the COVID-19 pandemic. On November 15, 2021, the committee participated in a site visit to the Baltimore City Circuit and District courts. The purpose of the site visit was to observe court proceedings during the COVID-19 pandemic now that Maryland Courts have resumed full operations under Phase V of the Judiciary's progressive resumption of operations plan.

The committee greatly appreciates the assistance of the public officials and legislative staff who participated in the site visit during the 2021 interim.

Sincerely,

A handwritten signature in black ink, reading "William C. Smith, Jr.".

William C. Smith, Jr.
Chair

WCS/HMM/cgs

cc: Ms. Sally Robb
Mr. Jeremy Baker
Ms. Victoria L. Gruber
Mr. Ryan Bishop



The Maryland House of Delegates

ANNAPOLIS, MARYLAND 21401

December 17, 2021

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

I am pleased to provide the 2021 interim report for the House Appropriations Committee. The committee members were very active this interim with multiple full committee and subcommittee virtual briefings and site visits. A summary of the committee's activities is listed below.

Full Committee

The House Appropriations Committee held three virtual briefings.

On August 11, 2021, the committee met jointly with the House Ways and Means Committee for a briefing on the State's education response to the COVID-19 pandemic. The committees were briefed by the Maryland State Department of Education, the Public School Superintendents' Association of Maryland, the Maryland Association of Boards of Education, the Maryland State Education Association, and the Baltimore Teachers Union. The briefing addressed the State's response to the pandemic and the health and safety protocols for students, teachers, and school personnel for the upcoming school year.

On September 22, 2021, the committee met jointly with the Senate Budget and Taxation Committee, the Joint Committee on Federal Relations, and the Joint Committee on the Management of Public Funds for an overview of the State and county spending of COVID-19 federal funds.

Finally, on November 9, 2021, the committee held a fiscal briefing jointly with the Senate Budget and Taxation Committee, the House Ways and Means Committee, and the Spending Affordability Committee. The Department of Legislative Services (DLS) reported on the economic outlook, revenue estimates, general fund forecast, and the status of the reserve fund.

Education and Economic Development Subcommittee

The Education and Economic Development Subcommittee held two virtual briefings and attended one site visit.

On September 14, 2021, the subcommittee visited Morgan State University for a briefing on the institution's use of federal funds provided in the American Rescue Plan Act, health and safety protocols for the fall semester, and the institution's plans for the use of funding provided in Chapters 41 and 42 of 2021. The subcommittee also received a tour of the campus, which focused on the institution's capital needs.

On September 16, 2021, the subcommittee met jointly with the Senate Budget and Taxation Education, Business, and Administration Subcommittee for a briefing on operations for the fall semester at public institutions of higher education. The subcommittees were briefed by the University System of Maryland, St. Mary's College of Maryland, the Maryland Independent College and University Association, and the American Federation of State, County, and Municipal Employees. The subcommittee expressed concerns about the lack of students and staff vaccinated at each institution and asked the Maryland Higher Education Commission to provide the subcommittee with monthly updates on vaccination numbers at each institution. The subcommittee was also briefed on the implementation of the name, image, and likeness policy for student athletes.

On November 17, 2021, the subcommittee met jointly with the Senate Budget and Taxation Education, Business, and Administration Subcommittee for a briefing by the Maryland Department of Labor on the BEACON Mobile Application and the department's response to the *Joint Chairmen Report* (JCR) requests. The subcommittee expressed concerns about the department's lack of response to several JCR requests and requested that the department work with staff to resolve these issues.

Health and Social Services Subcommittee

The Health and Social Services Subcommittee held one virtual briefing and attended one site visit.

On September 14, 2021, the subcommittee visited the Marian House, an organization that provides housing for homeless women and children and provides wrap-around services. The subcommittee was briefed by the Behavioral Health System Baltimore, the Baltimore Crisis Center, Inc., Serving Together, and the Baltimore County Department of Health on behavioral health mobile crisis units, coordination of veteran services, and the needs of local health departments.

On November 4, 2021, the subcommittee met jointly with the House Health and Government Operations Public Health and Minority Health Disparities Subcommittee for a briefing by the Maryland Department of Health regarding ongoing concerns over the behavioral health administrative organization's reconciliation process with providers.

Transportation and Environment Subcommittee

The Transportation and Environment Subcommittee held two virtual briefings and attended one site visit.

On June 29, 2021, the subcommittee met jointly with the Senate Budget and Taxation Public Safety, Transportation, and Environment Subcommittee for a briefing by the Maryland Department of Transportation (MDOT), the Eno Center for Transportation, and DLS on the I-495 to I-270 Public-Private Partnership Project, project agreement, and developer selection process.

On September 14, 2021, the subcommittee visited the Port of Baltimore. The subcommittee was briefed on the Port infrastructure, operations, and the status of the Howard Street Tunnel project.

On November 22, 2021, the subcommittee met jointly with the Senate Budget and Taxation Public Safety, Transportation, and Environment Subcommittee for a briefing by MDOT on the Draft *Consolidated Transportation Program*.

The committee extends its appreciation for the assistance and information provided by State and local officials, private citizens, and the staff of DLS during the 2021 interim.

Sincerely,



Maggie McIntosh
Chair

MM/ML/kkh

cc: Ms. Victoria Gruber
Mr. Ryan Bishop
Ms. Alexandra Hughes
Mr. Jeremy Baker
Ms. Sally Robb



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

December 16, 2021

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

On behalf of the House Economic Matters Committee, I am submitting a summary report of our activities during the 2021 legislative interim.

When the 2021 regular session ended, the members of the Economic Matters Committee anticipated monitoring several issues within its subject matter jurisdiction, including pandemic-related and non-pandemic-related issues. The committee met four times, including two site visits, and received information on proceedings in several other areas.

On June 8, the committee met to discuss federal funds for enhanced unemployment benefits and Governor Hogan's plans to discontinue accepting those funds in July. At the briefing, the National Conference of State Legislatures provided an overview of other states' decisions regarding federal support of enhanced unemployment benefits. The Maryland Department of Labor subsequently briefed the committee on the status of the unemployment system and Governor Hogan's decision to stop accepting federal support for enhanced unemployment benefits. Ultimately, a State court enjoined the State from declining the federal support, and the benefits continued until the federal program expired in September.

On September 21, the committee traveled to Lusby in Calvert County to tour the Calvert Cliffs Nuclear Power Plant, part of the Exelon generation fleet. While there, the committee learned about the operations of the plant, the handling of new and spent fuel, security considerations, and Exelon's observations concerning future electricity needs and the role of nuclear power in fulfilling regional electricity demand.

During the 2021 regular session, the committee considered House Bill 682, Renewable Energy Portfolio Standard – Thermal Biomass Systems. The bill and amendments proffered by advocates would have altered the definition of Tier 1 renewable sources to address the use of forest thinning and related products as qualified renewable energy fuel. On October 21, the Department

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee
December 16, 2021
Page 2

of Natural Resources hosted the committee at two State forests in Southern Maryland. At Cedarville State Forest, the department briefed the committee on sustainable forest practices and selection harvesting, which both play a role in increasing biodiversity. Representatives of the SMaryland Forests Association presented information on the use of forest products as fuel and associated benefits to forest sustainability. At Doncaster Demonstration Forest, department representatives informed the committee about partnerships with local private landowners and the development of forest conservation plans on protected private forest land.

On December 6, while the General Assembly was convened in special session, the committee received a briefing on racial disparity in real estate appraisals from the Maryland Department of Labor, the Department of Housing and Community Development (DHCD), and representatives from the real estate industry. Several members from the House Environment and Transportation Committee joined the briefing to discuss legislation passed through that committee during the 2021 regular session (Chapters 702 and 703) that requires DHCD to conduct a study and report to the General Assembly by June 30, 2022, regarding specified housing values, appraisals, and refinancing rates across the State over the past 30 years. In addition to this legislation, the committee raised questions about the Department of Labor's complaint-driven inspection process and the potential need for reforms.

The Economic Matters Committee wishes to thank those agencies and individuals who contributed their time and talent during this 2021 interim to inform and advise the committee.

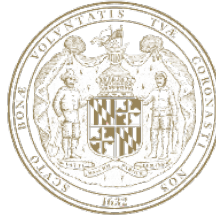
Respectfully submitted,



C.T. Wilson
Chair

CTW/RKS:LHA:TJC/acl

cc: Ms. Sally Robb
Ms. Alexandra Hughes
Mr. Jeremy Baker
Ms. Victoria L. Gruber
Mr. Ryan Bishop



THE MARYLAND HOUSE OF DELEGATES ENVIRONMENT AND TRANSPORTATION COMMITTEE

December 17, 2021

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

On behalf of the House Environment and Transportation Committee, I am submitting this summary report of the committee's activities during the 2021 interim.

The committee identified several issues for study this interim, primarily by way of virtual meetings and briefings. In addition, the committee went on one site visit. Lastly, many members worked diligently throughout the interim to assist the work of the committee by participating in several task forces and study commissions.

Virtual Meetings and Briefings

Housing

The committee conducted one briefing on the end of COVID-19 tenant protections. The briefing was held on July 27, 2021, and included an overview of programs established to aid tenants at risk of losing their housing as a result of COVID-19. Representatives of the District Court of Maryland, the Department of Housing and Community Development (DHCD), the Maryland Association of Counties, the Maryland Municipal League, the United Way of Central Maryland, and various groups representing both tenants and landlords contributed to the briefing. A series of requests for additional information resulted in a document produced by DHCD that demonstrates how funds for rental relief were distributed by the State. This document is current through July 31, 2021, but may serve as a template for future updates should the Legislative Policy Committee require additional information on this subject.

The committee received a demonstration of the Lead Rental Certification and Accreditation System (LRCA) developed by the Maryland Department of the Environment (MDE). The LRCA continues to be a subject of interest for the committee. Since the briefing, which occurred on August 24, 2021, MDE has continued to develop the LRCA and prepare for the public launch. As of December 10, 2021, the LRCA is available to the public at <https://mde-lrca.maryland.gov/login.aspx#login>. Additional information about lead

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee
December 17, 2021
Page 2

compliance can be found at <https://mde.maryland.gov/programs/land/leadpoisoningprevention/pages/inspectorscontractors.aspx>.

Finally, on December 6, 2021, the Economic Matters Committee invited several members of the committee to attend a briefing on discrepancies in home appraisals for homes owned by members of racial minorities in Prince George's County.

Public-private Conservation Financing

Senate Bill 737 of 2021, the Comprehensive Conservation Finance Act, would have altered a broad variety of existing programs related to environmental conservation and natural resources management and included provisions to promote (1) private investment for State environmental projects and markets and (2) pay-for-performance procurement for environmental and conservation projects, including the installation and repair of green and blue infrastructure. The primary agencies affected by the bill are the Maryland Department of Agriculture, MDE, and the Department of Natural Resources, but there are changes to procurement and contracting opportunities for additional agencies. Due to the comprehensive nature of the bill, the committee referred it to interim study by a workgroup consisting of members of the committee and the House Appropriations Committee. The workgroup met with interested stakeholders to discuss and better understand the purpose and impact of the proposal. Also, of note, on October 1, 2021, in a letter to the Presiding Officers of the General Assembly, Governor Lawrence J. Hogan, Jr. set forth the Administration's environmental priorities for the 2022 session, which include passing legislation to create a public-private financing mechanism for certain conservation projects.

Motor Vehicles and Transportation

In March 2020, the Maryland Transportation Authority (MDTA) switched to cashless, all-electronic tolling at Maryland's transportation revenue facilities (toll bridges, tunnels, and highways). MDTA made this change earlier than anticipated due to the COVID-19 pandemic, as MDTA was concerned that personal contact among its employees and between its employees and the public could exacerbate the pandemic. The rushed nature of the implementation of cashless, all-electronic tolling has resulted in many problems with toll collections in the State, including (1) technical problems in the E-ZPass program caused by inadequate testing of the new systems; (2) long delays (often over a year) in mailing notices of tolls due for vehicles that do not have E-ZPass; (3) issues presented by U.S. Postal Service inefficiencies; and (4) customer service issues caused by an inability to staff customer service centers at proper levels. On October 27, 2021, the committee held a briefing presented by MDTA to address these matters. The briefing addressed MDTA's efforts to (1) fix the shortcomings in the E-ZPass program; (2) reduce and ultimately eliminate the backlog of mailings for notices of tolls due; (3) explore alternative methods of providing notices and billings related to tolls, including through electronic means, and for making payments for toll charges, including through cooperative agreements with retail chain stores and

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee
December 17, 2021
Page 3

other State offices open to the public; and (4) alleviate the staffing issues at customer service centers.

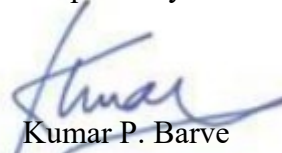
Finally, on November 10, 2021, the committee met jointly with the House Ways and Means Committee for a briefing by the Maryland State Department of Education, the Maryland Department of Transportation, and others on recent school vehicle driver shortages and other issues related to the transportation of students to school. The briefing also addressed the electrification of Maryland's school vehicle fleet.

Committee Site Visit

On September 23, 2021, the committee toured the Maryland Port Administration's Seagirt and Dundalk Marine Terminals, the Cox Creek Dredged Material Containment Facility, and the National Aquarium.

The committee wishes to thank the many private citizens and public officials who participated in the committee's activities during the 2021 interim; their time and talents are greatly appreciated.

Respectfully submitted,



Kumar P. Barve
Chairman

KPB/TG/TPT/CCF/MJM/km

cc: Sally M. Robb
Alexandra M. Hughes
Jeremy P. Baker
Victoria L. Gruber
Ryan Bishop



The Maryland House of Delegates
ANNAPOLIS, MARYLAND 21401-1991

HEALTH AND GOVERNMENT OPERATIONS COMMITTEE

December 17, 2021

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

This letter responds to your request for a summary of the interim work of the Health and Government Operations Committee (HGO). The full committee met five times in 2021, all utilizing a virtual meeting format: August 6; September 15; October 12; November 17; and December 15. On August 6, HGO was briefed on adult day care reimbursement rates, Medicaid reimbursement for behavioral health services delivered via telehealth, and the Developmental Disabilities Administration's changes to Appendix K. On September 15, HGO was briefed on the Maryland Mental Health and Substance Use Disorder Registry and Referral System and on suicide rates in the State. On October 12, HGO was briefed on approved 2022 individual and small group rates, tobacco-use rating for health insurance policies, and the implementation of the reverse auction for pharmacy benefits managers. On November 17, the State Board of Dental Examiners briefed HGO on the board's disciplinary process and actions. On December 15, HGO was briefed on Maryland's reinsurance program, Health Equity Resource Communities, and the Commission on Health Equity.

In addition to the full committee briefings, on November 4, the Public Health and Minority Health Disparities Subcommittee was briefed on the Maryland Department of Health's behavioral health administrative services organization.

HGO appreciates the advice and assistance of the numerous private citizens and public officials who participated in the committee's activities during the 2021 interim. As chair, I would also like to thank the committee members and staff for their time and effort, particularly in light of the challenges faced this interim and the need to accommodate virtual meeting formats.

Sincerely,

A handwritten signature in black ink, reading "Shane E. Pendergrass".

Delegate Shane E. Pendergrass
Chair

SEP/ERH:LAR:LJS/bao

Enclosure

cc: Ms. Victoria L. Gruber
Mr. Ryan Bishop
Ms. Alexandra Hughes

Mr. Jeremy Baker
Ms. Sally Robb

House Health and Government Operations Committee

2021 Interim Report

Medicaid and Administrative Day Rate Reimbursement for Adult Day Care

On August 6, 2021, the Health and Government Operations Committee (HGO) was joined by members of the Senate Finance Committee and the House Appropriations Committee for briefings on reimbursement for adult day care centers in light of the COVID-19 pandemic. The Maryland Department of Health (MDH) briefed the committees on the timeline for closures of the centers in March 2020 and reopenings in March 2021. MDH authorized reimbursement for an administrative day rate of approximately \$89 for daily, check-in calls to patients on March 17, 2021. On April 26, 2021, centers were instructed by MDH that the administrative day rate would continue until September 30, 2021; however, when the Governor announced the end of the COVID-19 State of Emergency, MDH changed the end date to August 15. Additionally, MDH indicated its intention to concentrate its future efforts on helping additional centers reopen rather than helping centers that have already reopened but are concerned about the impact of ending the administrative day rate.

The committees also heard from representatives of the Maryland Association of Adult Day Services (MAADS). MAADS discussed how adult day care centers based their reopening plans on the previously announced September 15 date to end the administrative day rate and explained the many challenges the centers were facing because of the earlier end date. These challenges included administrative care requirements for evaluating current patient needs, staffing shortages and training of new employees, participant hesitancy due to the Delta variant, and decreased enrollment resulting in decreased revenue while business expenses increased due to new meal vendors and a rise in thefts of catalytic converters for vehicles.

Medicaid Reimbursement for Behavioral Health Services via Telehealth

On August 6, 2021, HGO was joined by members of the Senate Finance Committee and the House Appropriations Committee for briefings on Medicaid reimbursement for behavioral health services delivered via telehealth. MDH briefed the committees on the flexibilities that existed under the COVID-19 State of Emergency and corresponding executive orders and on the more restrictive provisions put in place by Chapters 70 and 71 of 2021. MDH explained that most expansions of telehealth coverage remained after the State of Emergency ended but that four types of services were now ineligible for Medicaid coverage: (1) psychiatric rehabilitation program onsite services, including group sessions; (2) residential substance use disorder services if more than 50% of the therapeutic interventions are through telehealth; (3) ASAM 2.1 services returned to pre-COVID-19 reimbursement requiring service providers to provide at least two hours of

service in a day and nine hours per week to bill the daily rate; and (4) child and adolescent respite services.

Representatives of individuals receiving behavioral health services voiced their disappointment that Medicaid was not implementing coverage for telehealth through the spirit by which Chapters 70 and 71 were passed. During several meetings of the Insurance and Pharmaceuticals Subcommittee of HGO, members and stakeholders worked to draft a consensus bill that would continue reimbursement for telehealth under expanded coverage accommodations made during the COVID-19 State of Emergency until June 30, 2023. The bills tasked the Maryland Health Care Commission with collecting data on telehealth usage before, during, and after the pandemic and providing the General Assembly with information to establish a comprehensive telehealth policy for the State. Additionally, representatives told committee members that telehealth has helped minimize the impact of workforce shortages during a time where demand for behavioral health services is up and expressed concern that MDH had bypassed the State regulation process by issuing guidance instead of publishing draft regulations for comment and submitting the regulations to the Administrative, Executive, and Legislative Review Committee.

Developmental Disabilities Administration – Appendix K Changes

On August 6, 2021, HGO was joined by members of the Senate Finance Committee and the House Appropriations Committee for briefings on the Developmental Disabilities Administration's (DDA) Appendix K changes. In April 2020, the Centers for Medicare and Medicaid Services (CMS) approved Appendix K for DDA's Medicaid waiver programs to adapt service requirements and provide financial support to providers in response to COVID-19. Appendix K was set to expire in March 2021 but was extended by CMS to expire six months after the end of the nationally declared public health emergency. Providers and recipients of DDA services in Maryland raised concerns that DDA had communicated that Appendix K would not end until six months after the federal public health emergency but then subsequently announced that the flexibilities provided through Appendix K would end before six months after the end of the federal public health emergency.

MDH stated that it was working with the Developmental Disabilities Coalition to continue certain Appendix K flexibilities and explained the proposed emergency regulations related to Appendix K. Representatives from the Maryland Association of Community Services, the ARC Maryland, and consumers of DDA services emphasized the impact of COVID-19 on individuals with developmental disabilities and the importance of the flexibilities offered through Appendix K on the ability to provide services to this population during the pandemic.

Mental Health and Substance Use Disorder Registry and Referral System

House Bill 1121 of 2020 established the Maryland Mental Health and Substance Use Disorder Registry and Referral System. On September 15, 2021, HGO was briefed on the

implementation of the system. MDH reported that it has conducted a feasibility study with the Department of Information Technology to determine costs and that initial costs will be over \$6 million over two years as the project is very complex, integrating many providers. The project has been designated as a major information technology project to ensure funding, which will be available in fiscal 2023. An advisory committee for the registry and referral system has been established; MDH will hire analysts to build the infrastructure and will also engage stakeholders in the development process. The committee was also briefed by the Maryland Hospital Association, which discussed studies finding that discharge delays for patients with inpatient psychiatric needs in Maryland's emergency departments were due to capacity delays at the next level of care. The Health Services Cost Review Commission (HSCRC) discussed the Regional Partnership Catalyst Program. The Chesapeake Regional Information System for our Patients stated it was not the appropriate entity to build out the registry and referral system but would provide resources and assistance in developing the system. The committee asked HSCRC to convene an informal stakeholder workgroup to identify solutions to increase psychiatric bed capacity as the system is under development.

Suicide Rates in Maryland

The impact of COVID-19 on behavioral health is both a State and national concern. On September 15, 2021, HGO was briefed by MDH and the Department of Legislative Services (DLS) on suicide rates in Maryland. MDH presented data on suicide and discussed MDH's partnerships, training, and messaging to prevent and reduce suicide. DLS provided data indicating an increase in crisis hotline call volume in the State during the pandemic; discussed age, geographic, and gender variation in suicide rates; and discussed COVID-19-related factors that could contribute to an increased suicide rate. The Behavioral Health System Baltimore presented on crisis care and suicide prevention, including information on the Greater Baltimore Regional Integrated Crisis System regional partnership and the Here2Help hotline, which diverts 911 callers who are expressing suicidal thoughts.

Approved 2022 Individual and Small Group Rates

On October 12, 2021, HGO was briefed by the Maryland Insurance Administration (MIA) on the individual non-medigap and small group markets approved health insurance premiums for calendar 2022. MIA told committee members that rates for individual market health plans will increase by an average of 2.1% and rates for small group market health plans will increase by an average of 5.1%. MIA discussed the general rate review process, the impact of COVID-19 on rates, and the impact of subsidies on rates including subsidies under the federal American Rescue Plan Act (ARPA) and the State's Young Adult Premium Subsidy Program.

Tobacco Use Rating for Health Insurance Policies

On October 12, 2021, HGO was briefed by MIA and the Maryland Health Benefit Exchange (MHBE) on the use of tobacco rating through which carriers impose a surcharge on enrollees who identify as tobacco users. MIA provided background on tobacco use rating. MIA told committee members that it is permitted under the Affordable Care Act and is not prohibited by law or regulation in Maryland. MIA explained that tobacco use factors have not been used in Maryland since MHBE changed the platform used for implementing the State-based Exchange in 2014. The new platform design did not accommodate tobacco rating and it has not been adjusted. Tobacco rating is used in 42 states for the individual market and 10 states for the small group market and is prohibited in 7 states and Washington, DC. If carriers in Maryland begin using a tobacco rating, it will be subject to review and approval by MIA. MIA estimates that if carriers use a tobacco rating, premiums will decrease by 1% to 2% for nonsmokers and increase by 15% to 72% for smokers, depending on whether and by how much the smokers are subsidized.

MHBE explained that it would need to update the current platform it uses for the State-based Exchange to accommodate tobacco use rating at an estimated cost of \$260,000 plus administrative costs of \$200,000 a year for three years. MHBE also discussed that tobacco use is more prevalent in populations that are low-income, uninsured, have low educational attainment, have poor health status, and have activity limitations. According to national research, tobacco users are less likely to enroll in Exchange plans and are more likely to enroll in less generous plans. Additionally, low-income tobacco users suffer worse health consequences; if they are not insured, their care increases health care costs for everyone.

Pharmacy Benefit Manager Reverse Auction

On October 12, 2021, the Department of Budget and Management (DBM) and the Department of General Services (DGS) briefed HGO on the implementation of Chapter 434 of 2020. Chapter 434 required DBM to use a reverse auction to select a pharmacy benefit manager (PBM) for the State Health and Welfare Benefits Program. DBM and DGS explained that the bill required requests for proposals for a reverse auction platform and for the PBM. DBM and DGS anticipate an award for the reverse auction platform to be made in December 2021 and the PBM by August 2022.

MDH's Behavioral Health Administrative Services Organization – Optum

On November 4, 2021, HGO's Public Health and Minority Health Disparities Subcommittee, jointly with the House Appropriations Health and Social Services Subcommittee, heard from MDH and providers of behavioral health services regarding concerns over Optum's reconciliation process with providers.

Dental Board Disciplinary Process and Actions

On November 17, 2021, HGO received a briefing from the State Board of Dental Examiners. Chapter 361 of 2021 required the board to study and make recommendations regarding revisions to the disciplinary process and actions of the board necessary to improve the process of disciplining dentists and the disclosure of disciplinary actions. Dr. Arpana Verma, Board President, described the board's process for investigating complaints and issuing discipline, and highlighted areas in this process that might result in processing delays. Dr. Verma emphasized that delays in complaint processing and disciplinary action are largely due to staffing shortages, difficulty in retaining expert reviewers for cases, and response delays from licensees being investigated. Dr. Verma presented several recommendations for the board to improve its complaint and disciplinary processes, including additional grounds for discipline, the authority to compel a licensee to undergo a physical or mental examination, and sought help expediting payments to expert reviewers. Members asked the board to follow up with the committee on the board's efforts to fill staff vacancies.

Maryland State Reinsurance Program

On December 15, 2021, MHBE updated HGO on the Maryland State Reinsurance Program. MHBE explained that because of the program, Maryland premiums lowered by an average of 11.9% for 2021, enrollment in the individual market is up by about 9%, and Maryland's lowest cost plans are between 20% to 30% below the national average. MHBE also discussed funding for the program and noted that the General Assembly will need to reauthorize the State's funding source for calendar 2023 in order for the federal funding to continue and the program to be extended. Additionally, MHBE briefed HGO on the parameters of the program, explaining that the attachment point and cap have remained the same at \$20,000 and \$250,000, respectively, while the percent of insurers claims covered by the program has increased from approximately 30% to 35% for 2022. MHBE explained the impact on the program of additional federal subsidies due to the ARPA, and MHBE will monitor the continuation of these subsidies through ongoing negotiations for the Build Back Better Plan.

Maryland Health Equity Resource Act of 2021

On December 15, 2021, HGO was briefed by the Maryland Community Health Resources Commission (MCHRC) on the implementation of the Maryland Health Equity Resource Act of 2021, which requires MCHRC to establish Health Equity Resource Communities (HERC), and on the Pathways to Health Equity Program, which requires MCHRC to issue two-year grants to applicants who will demonstrate self-sustainability as a HERC. MCHRC also briefed HGO on the establishment and work of the HERC Advisory Committee. As of December 15, 2021, MCHRC had received 40 applications for a Pathways grant, with \$13 million available for funding.

Maryland Commission on Health Equity

On December 15, 2021, MDH updated HGO on the implementation of Chapter 749 of 2021, which established the Maryland Commission on Health Equity. The purpose of the commission is to determine ways for the State and local governments to work collaboratively and to implement policies and laws to reduce health disparities and to increase health equity across the State. The commission is an interagency committee with two subcommittees (data and health equity policy). The commission's members, chair, and subcommittee chairs have been appointed, and the commission has a website. The commission held its first meeting in October 2021 and is coordinating with other initiatives in the State that address health disparities. The commission and its subcommittees will meet again in January 2022.



THE MARYLAND HOUSE OF DELEGATES
JUDICIARY COMMITTEE

December 15, 2021

The Honorable Bill Ferguson, Co-Chairman
The Honorable Adrienne A. Jones, Co-Chairman
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The House Judiciary Committee respectfully submits this summary report of its activities during the 2021 interim.

The committee did not meet this interim.

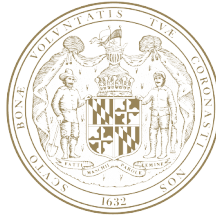
Sincerely,

A handwritten signature in black ink, appearing to read "Luke Clippinger".

Luke Clippinger
Chairman

LHC/CER/ael

cc: Ms. Sally M. Robb
Ms. Alexandra M. Hughes
Ms. Victoria L. Gruber
Mr. Ryan Bishop



THE MARYLAND HOUSE OF DELEGATES WAYS AND MEANS COMMITTEE

December 16, 2021

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The House Ways and Means Committee respectfully submits its report of activities for the 2021 interim. The committee had an especially productive interim that included multiple virtual briefings that will inform the committee's legislative work during the 2022 session and in future years. A summary of the committee's activities is listed below.

Full Committee

Throughout the interim, committee staff worked with the Comptroller and the State Department of Assessments and Taxation on a study of ways to simplify and streamline the process of applying for the homeowners' property tax credit and potentially make the credit automatically renewable. The homeowners' property tax credit provides tax relief to low-income households. That study is ongoing, and the committee plans to hold a briefing on the results of the study at the beginning of the 2022 session.

On August 11, the committee met jointly with the House Appropriations Committee for a briefing from the Maryland State Department of Education (MSDE) and other local and state education stakeholders on how COVID-19 was affecting the education system, and how schools would work to reopen in the fall.

On November 9, the committee met jointly with the Senate Budget and Taxation Committee, the House Appropriations Committee, and the Spending Affordability Committee for a fiscal briefing from the Department of Legislative Services (DLS).

Finally, on November 10, the committee met jointly with the House Environment and Transportation Committee to be briefed by MSDE, the Maryland Department of Transportation, and others on recent school bus driver shortages and other issues related to the transportation of students to school.

Subcommittee Work

Early Childhood Subcommittee

During the 2021 interim, the Early Childhood Subcommittee largely focused on the education of students with disabilities, including reviewing the practice of placing these students into restraints and seclusion. As a result of this focus, various members of the subcommittee made site visits to the following nonpublic schools uniquely dedicated to the education of students with disabilities: the Kennedy Krieger Institute (October 10), the Ivymount School (October 14), and Nexus-Woodbourne Family Healing (November 23).


Revenues Subcommittee

On November 4, the Revenues Subcommittee visited Tradepoint Atlantic, a 3,300-acre site located in Baltimore County that was formerly the site of the Bethlehem Steel Corporation. The visit featured a detailed briefing by representatives of Tradepoint Atlantic on the site's history and redevelopment, including how legislation enacted in recent years has facilitated the redevelopment. Following this briefing, the subcommittee received a tour of the site.

During the 2021 session, the committee considered multiple pieces of legislation concerning the reform of existing tax credit programs; the Revenues Subcommittee continued the study of these matters during the 2021 interim. On November 16, the subcommittee met for a briefing by DLS on its evaluations of the More Jobs for Marylanders program, the Enterprise Zone program, and the One Maryland program and the Department of Commerce on its response to the DLS evaluations. This briefing will help inform the committee's continued deliberations on tax credit reforms.

The committee would like to extend its gratitude to the State and local officials as well as other private and public individuals who contributed their time, effort, knowledge, and talent during the 2021 interim to inform and advise the committee on issues of interest to the committee. The committee would also like to thank DLS and the committee staff for their continued support.

Respectfully submitted,



Vanessa E. Atterbeary
Chair

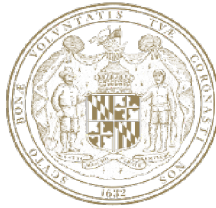
VAE/GHB/acl

cc: Ms. Sally Guy
Ms. Alexandra Hughes
Mr. Jeremy Baker
Ms. Victoria Gruber
Mr. Ryan Bishop

Statutory and Special Joint Committees

The following committees did not meet during the 2021 interim:

- Joint Committee on the Chesapeake and Atlantic Coastal Bays Critical Area;
- Joint Committee on Gaming Oversight; and
- Joint Committee on Legislative Information Technology and Open Government.



MARYLAND GENERAL ASSEMBLY
JOINT COMMITTEE ON ADMINISTRATIVE, EXECUTIVE, AND LEGISLATIVE REVIEW

December 14, 2021

The Honorable Bill Ferguson, Co-chair
The Honorable Adrienne A. Jones, Co-chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The following report of the Joint Committee on Administrative, Executive, and Legislative Review (AELR) for 2021 is submitted in accordance with § 2-506(b) of the State Government Article.

Functions of the Committee

The committee has several statutory review functions relating to the activities of the Executive Branch. The committee's primary role is to review regulations issued by State administrative agencies. The specific statutory functions of the committee are as follows:

- review of all regulations proposed by State executive agencies before publication of the regulations in the *Maryland Register*;
- review and approval of all requests from State executive agencies for the immediate adoption, through the emergency process, of proposed regulations;
- discretionary review of the operations of any executive agency;
- discretionary inquiry into any alleged failure of an officer or employee of any branch of State government to comply with the laws of the State;
- review and approval of any executive order promulgated by the Governor pursuant to the Governor's emergency energy powers under Title 14, Subtitle 3 of the Public Safety Article;
- review of executive agency "work plans" and "evaluation reports" submitted in the course of an agency's cyclical review of its existing regulations under the Regulatory Review and Evaluation Act, as implemented by Executive Order 01.01.2003.20;

- ongoing supervisory responsibilities under the “State Documents Law” relating to the publication of the *Maryland Register* and the *Code of Maryland Regulations* (COMAR) and;
- other specific review responsibilities established by statute.

Statistical Overview

As of December 14, 2021, the committee had received 20 regulations submitted by executive agencies in 2021 for emergency approval and 241 regulations proposed for adoption within normal timeframes, for an overall total of 261 regulations. In 2020, the committee received 34 emergency regulations and 172 proposed regulations for a total of 206 regulations. The overall number of regulations was somewhat lower in 2020, largely due to the COVID-19 pandemic and the State’s emergency response.

The committee has compiled statistics since 1993 on the number of regulations received from each agency. The Maryland Department of Health (MDH) has historically been the most prolific agency in submitting regulations to the committee, and in 2021 again submitted the most regulations. In 2021 MDH submitted 47 regulations, of which two were emergency regulations. The Public Service Commission (PSC) submitted 39 regulations in 2021, a historically large number of regulations for the commission. In contrast, PSC only submitted 4 regulations in 2020. In 2021, the Department of Natural Resources submitted 22 regulations, and the State Board of Education (SBOE) submitted 18 (2 of which were emergency regulations) making these agencies the third and fourth most prolific agencies for regulations for the year. As discussed below, an emergency regulation submitted by SBOE was the only regulation which required a public hearing in 2021.

Other agencies submitting significant numbers of regulations were the Department of Labor (11 proposed regulations and 5 emergency regulations, which was the most emergency regulations from any agency in 2021); the Maryland Insurance Administration (10 proposed regulations); the Department of Agriculture (9 proposed regulations and 3 emergency regulations); and the Comptroller of the Treasury (8 proposed regulations).

Major Regulatory Issues of 2021 – Public Hearings

State Board of Education

Emergency Regulation

DLS Control No. 21–110E

State Board of Education:

State School Administration:

Face Coverings in School Facilities: COMAR 13A.01.07.01 through .04

On August 27, 2021, SBOE submitted emergency regulations to require all individuals, except under specified circumstances, to wear a face covering that covers the nose and mouth while inside a school facility in each public school in every local school system in the State. Each local school system is required to expeditiously adopt policies and procedures to implement this requirement. A local school system may establish and implement additional policies and procedures not in conflict with this requirement.

The committee held a virtual public hearing on September 14, 2021, to provide committee members and the public with an opportunity to learn more about these regulations, ask questions, and voice any concerns. The public hearing was well-attended, with time allotted for proponents and opponents to offer testimony. The committee approved the emergency regulations at the public hearing with a vote of 10-7, with two members absent.

State Board of Education

Emergency Regulation

DLS Control No. 21–237E

State Board of Education:

State School Administration:

Face Coverings in School Facilities: COMAR 13A.01.07.01 through .05

On December 9, 2021, SBOE submitted emergency regulations that would revise face mask policies for each public school in local school systems in the State.

A hearing was requested, but as of the date of this letter, has not yet been scheduled.

Supervisory Responsibilities under the State Documents Law

As part of its supervisory responsibilities under the “State Documents Law” (Title 7, Subtitle 2 of the State Government Article), the committee continued to monitor significant developments concerning publications of the Division of State Documents (DSD), a unit within the Office of the Secretary of State. DSD publishes the *Maryland Register* and COMAR. One item of note is that DSD is in the process of updating the ELF system, which is the online interface that

The Honorable Bill Ferguson, Co-chair
The Honorable Adrienne A. Jones, Co-chair
Members of the Legislative Policy Committee
December 14, 2021
Page 4

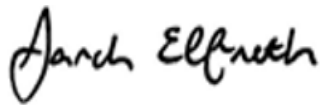
agencies use to electronically file regulations. DSD anticipates that the new system will be up and running in early 2022.

Existing Agency Operations and Regulations

Under § 2-506(b) of the State Government Article, the committee is required to comment on any legislative action that is needed to change or reverse a regulation of a unit of the Executive Branch. The committee has been satisfied with the continued cooperation it receives from the Executive Branch and is pleased to report that no recommendations for change are required at this time.

The committee wishes to note its appreciation for the continued cooperation of the Executive Branch and its various agencies in making the process of legislative review of regulations successful.

Sincerely,



Senator Sarah H. Elfreth
Senate Chair



Delegate Samuel I. Rosenberg
House Chair (Presiding)

SHE:SIR/KPK:JJJ;GC/cr

cc: Ms. Sally Robb
Ms. Alexandra Hughes
Mr. Jeremy Baker
Ms. Victoria Gruber
Mr. Ryan Bishop



THE MARYLAND GENERAL
ASSEMBLY
ANNAPOLIS, MARYLAND 21401-1991

JOINT AUDIT AND EVALUATION COMMITTEE

December 20, 2021

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Audit and Evaluation Committee respectfully submits the report of its activities during the 2021 interim. The joint committee's work covered the following principal areas of activity.

Review of Selected Legislative Audits

The joint committee met on August 25, October 19, November 9, and December 1 to review several legislative audits conducted by the Office of Legislative Audits (OLA) covering the period from December 1, 2020, to November 30, 2021. The joint committee reviewed the audits listed below:

- Department of Human Services – Social Services Administration (report dated June 2021);
- Judiciary (report dated April 2021);
- Maryland Higher Education Commission (report dated June 2021);
- Maryland Transportation Authority (report dated September 2021); and
- State Grants (report dated November 2021).

The Department of Human Services (DHS) – Social Services Administration fiscal compliance audit contained several repeat audit findings relating to insufficient oversight of child welfare programs. Following an initial hearing on August 25, the joint committee requested a follow-up meeting to discuss DHS efforts to address the repeat audit findings. On

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee
December 20, 2021
Page 2

November 9, DHS presented an update to the joint committee on the status of the audit findings and recommendations.

The joint committee also issued letters of concern in response to multiple audit reports based on the nature and significance of the findings. Letters of concern typically request that agencies review the audit report, ascertain whether the recommendations have been or will be promptly implemented and that an ongoing monitoring process exists, and provide a status report to the committee. The letters of concern issued by the joint committee are listed below:

- Comptroller of Maryland – Compliance Division (report dated December 2020)¹;
- Department of Natural Resources (report dated April 2021); and
- Maryland Department of Health – Regulatory Services (report dated January 2021).

Briefing on DBM Audit Compliance Unit Roles and Responsibilities

At the November 9 meeting, the joint committee was also briefed by the Department of Budget and Management’s Audit Compliance Unit on the unit’s work with Executive Branch agencies to reduce the incidence of repeat audit findings. The joint committee requested that the unit submit a report to the joint committee in advance of the 2022 legislative session on the unit’s monitoring activities.

Review of Fraud Investigation Unit Operations

At the December 1 meeting, OLA provided the joint committee with an update on its Fraud Investigation Unit operations, including performance of the statewide fraud hotline. In calendar 2020, the hotline received 385 calls. OLA experienced a significant increase in calls to the hotline in 2021, primarily due to the number of unemployment calls received (approximately 40% of all calls). The projected call volume for calendar 2021 is 1,482. OLA also provided an update on hotline-related findings as to the following units:

- Department of Juvenile Services (report dated September 2021) – review of procurement and payment activity as follow-up to a hotline-related finding in a prior audit;

¹ Senator Craig Zucker was excused from the joint committee’s August 25 vote on whether to issue a letter of concern in response to the Comptroller of Maryland – Compliance Division audit.

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee
December 20, 2021
Page 3

- Office of the Public Defender (report dated August 2021) – allegations related to concerns with specified procurements and questionable charges by a panel attorney; and
- Maryland Department of Agriculture (report dated December 2020) – allegation related to insufficient grant monitoring.

Review of Chapter 225 of 2021

Chapter 225 of 2021 required OLA, in consultation with the Office of the Attorney General (OAG) and the Office of the State Prosecutor (OSP), to evaluate and develop appropriate statutory or regulatory language to (1) enhance the authority, duties, and powers of OLA related to investigations of acts or allegations of fraud, waste, or abuse; (2) coordinate and cooperate with appropriate prosecutorial entities to maximize the effectiveness of investigations conducted by OLA; and (3) require State agencies to report any instance of possible criminal or unethical behavior in the obligation, expenditure, receipt, or use of State resources at the agency to OLA, unless otherwise prohibited by law.

In November 2021, OLA submitted a report of its findings to the joint committee. According to the report, OLA, OAG, and OSP concluded that further statutory language is not necessary to achieve the objectives specified in the legislation. The three parties created a standard memorandum of understanding (MOU) that sets forth ways in which the agencies will promote interagency coordination, maximize collaboration opportunities and effectiveness, promote efficiency, and reduce conflict and duplication among operations and functions. OLA has entered MOUs with OAG and OSP.

Review of OLA Follow-up Processes for Repeat Audit Findings

Agencies with five or more repeat audit findings are required by law to provide status reports to OLA on corrective actions taken on all findings within nine months of the related audit reports and, thereafter, quarterly status reports until satisfactory progress have been made on all findings or the next audit begins. Review of the follow-up audit process from fiscal 2006 through 2021 at the December 1 meeting showed that, while the overall percentage of repeat audit findings has decreased from 40% for the audit cycle ending June 30, 2006, to 29% for the audit cycle ending June 30, 2021, this percentage has steadily increased since the 2018 cycle. During calendar 2021, three audit reports had five or more repeat findings; all three reports are subject to the quarterly status report process, and one of these reports will also be subject to an OLA follow-up review process for agencies with unsatisfactory ratings.

Budget Actions on Repeat Audit Findings

Since 2013, the Joint Chairmen's Report (JCR) has annually included budget bill language restricting appropriations for agencies with four or more repeat audit findings until corrective action has been taken on those repeat findings. This process is not mutually exclusive from the statutory follow-up process described above. The 2020 JCR included fund restrictions for two agencies with four or more repeat audit findings. Based on OLA's review, the two agencies had collectively taken sufficient actions to resolve over half of the findings, with the remaining findings still in progress. The restricted funds for both agencies were released. The 2021 JCR included no such budget restrictions for agencies with four or more repeat audit findings.

The 2020 JCR also included fund restrictions for three agencies with repeat audit findings relating to the failure to safeguard personally identifiable information (PII) until (1) they met with the State Chief Information Security Office (SCISO) to identify a path to resolve the findings; (2) SCISO submitted a specified report to OLA addressing corrective actions taken to protect PII, a path and timeline for resolving any outstanding issues, and any ongoing costs associated with corrective actions; and (3) OLA reviewed the actions identified and determined that they demonstrate the agencies' commitment to correct each repeat finding. OLA reported its review of the results to the budget committees and the joint committee in April 2021 and determined that each agency had either resolved the findings or demonstrated a commitment to correcting the findings. The restricted funds for all three agencies were released.

The 2021 JCR included similar fund restrictions for two agencies with cybersecurity-related findings. With respect to these findings, SCISO must submit its report to OLA by February 1, 2022, and OLA must submit its review of the results to the budget committees and the joint committee by May 1, 2022. It is the intent of the General Assembly that the Baltimore County local school system also complete the aforementioned items with respect to repeat cybersecurity-related findings.

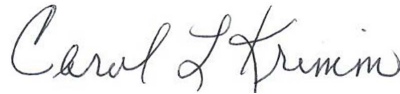
The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee
December 20, 2021
Page 5

The joint committee extends its appreciation for the assistance and information provided by State and local officials, private citizens, and the staff of the Department of Legislative Services during the 2021 interim.

Respectfully submitted,



Clarence K. Lam
Senate Chair



Carol L. Krimm
House Chair

CKL:CLK/EJA:JC:ACG/mta

cc: Ms. Sally Robb
Ms. Alexandra Hughes
Mr. Jeremy Baker
Ms. Victoria L. Gruber
Mr. Gregory A. Hook
Mr. Michael Powell
Mr. Ryan Bishop



THE MARYLAND GENERAL ASSEMBLY
ANNAPOLIS, MARYLAND 21401-1991

JOINT COMMITTEE ON CHILDREN, YOUTH, AND FAMILIES

January 12, 2022

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Committee on Children, Youth, and Families respectfully submits the following summary of its 2021 interim activities. The joint committee met four times during the interim to learn about programs that serve children, youth, and families and may be relevant throughout an individual's lifespan.

On September 8, the joint committee heard presentations related to the impact of the COVID-19 pandemic on women and families. Representatives from the Kaiser Family Foundation presented on the foundation's report, *Women, Work, and Family During COVID-19: Findings from the KFF Women's Health Survey*. The National Women's Law Center briefed the joint committee on national trends in how the economic downturn affected women's wages and the child care workforce. Next, the Director of Education and Workforce at the Department of Commerce summarized the department's efforts to assist small and women-owned businesses during the pandemic. The Assistant Secretary for the Division of Workforce Development and Adult Learning within the Maryland Department of Labor made a presentation summarizing changes in the State's labor force participation rate during the pandemic and the available State programs to assist the workforce, highlighting programs for youth and women. Lastly, a panel from the Maryland Commission for Women discussed findings from the commission's report, *Maryland Women: A Status Report*.

The joint committee's meeting on October 6 covered issues related to long-term care services in the State. To begin, the National Conference of State Legislatures presented data and trends in home- and community-based services, federal funding for the services, and State solutions to increasing the availability of those services. The President and Chief Executive Officer of LeadingAge Maryland described pandemic-related operational and workforce challenges for long-term care providers and offered policy recommendations. The Maryland Department of Health briefed the joint committee on how Medicaid and the Developmental Disabilities Administration responded to the pandemic, including State and federal solutions. To conclude the meeting, the Developmental Disabilities Council and the Maryland Association for Community

Services provided background on how people with developmental disabilities have experienced worse health outcomes from COVID-19 than other groups and how the pandemic has exacerbated workforce issues for community providers.

At its November 10 meeting, the joint committee heard presentations on child care access and affordability, especially during the pandemic. Representatives from the Maryland State Department of Education (MSDE) briefed the joint committee on assistance the department has provided to families and child care providers, including financial assistance distributed to families through the Child Care Scholarship (CCS) program. The Maryland State Childcare Association, the Maryland State Family Child Care Association, and four child care providers shared their perspectives on the state of the child care industry, focusing on how the pandemic will likely have a lasting effect on child care programs and access to Child Care Scholarships. The Maryland Retailers Association and Montgomery Moving Forward discussed how child care access impacts employers and the economy overall and described challenges that the child care industry faces from a business perspective. As part of a panel on policy recommendations and solutions, the Maryland Family Network presented an overview of efforts at the State and federal level to support early childhood programs and Montgomery County Early Childhood Services provided a summary of the county's program for supporting the establishment of family child care businesses.

The joint committee's final meeting, on December 16, included a presentation from MSDE answering the joint committee's follow-up questions from the November meeting, primarily about the CCS program. The joint committee also discussed proposed recommendations. After reviewing the various presentations given during the 2021 interim, the joint committee makes the following recommendations, approved by a majority of its members.

Mitigating Economic Impacts of the COVID-19 Pandemic on Women and Families

In response to the economic impacts of the COVID-19 pandemic, which has disproportionately affected women and families, the State should take the following actions:

- Invest in programs that support the caregiving workforce, which is predominantly female and largely women of color, struggles with severe workforce shortages, and faces difficulty recruiting and retaining employees, including programs that improve access to health insurance, child care, and long-term care; and
- Ensure local management boards (LMBs) receive adequate State funding to provide supportive services and other programs to children and families.

Long-term Care

Understanding the widespread implications of the COVID-19 pandemic and what it has done to children and families in the State, the joint committee makes the following recommendations to strengthen long-term care, which is directly connected to nuclear and extended family well-being:

- Support legislation that aims to enhance the State’s efforts to adequately fund long-term care home- and community-based services and innovative payment models to support these services; and
- Support the continuation of Appendix K flexibilities that allowed family members to be paid as staff and allowed community providers to support people in their homes and other alternate locations.

Child Care

The State should take the following actions to improve and support child care in Maryland:

- Resolve the CCS program payment delays affecting low-income families and child care providers;
- Require MSDE to modernize and streamline the CCS application process for families and providers by:
 - Creating a step-by-step video to explain the application process;
 - Creating a list of frequently asked questions in each language for which the CCS application has been translated; and
 - Reducing processing delays by offering training to providers on the CCS application process so they can engage applicants that consent to having providers assist them;
- Fully explore the ability of states to presume families are eligible for the CCS program, giving them the ability to immediately enroll their children in care while MSDE reviews their paperwork and formal approval is pending;
- Expand categorical eligibility, which enables recipients who are eligible for one benefit to be deemed eligible for another benefit:
 - Recipients of two benefits (Temporary Cash Assistance and Supplemental Security Income) are currently categorically eligible for CCS; and
 - Categorical eligibility should be expanded to other programs, such as Supplemental Nutrition Assistance Program benefits, Special Supplemental Nutrition Program for Women, Infants and Children benefits, rental/housing assistance, and Pell grants/other institutional aid;

January 12, 2022

Page 4

- Establish a fund for child care providers who accept CCS vouchers to provide new hire and retention bonuses to their employees and a fund that would provide new hire assistance to child care providers;
- Support the Growing Family Child Care Opportunities Pilot program, established in Chapters 437 and 438 of 2021, and provide additional funding to expand the pilot program statewide and distribute grants for local pilot programs quickly;
- Explore creative licensing flexibilities to expand access to child care services, including the establishment of child care centers at long-term care facilities, hospital, and retirement community campuses;
- Encourage partnerships between the business and child care communities, such as Montgomery Moving Forward and the Research in Action lab in Delaware;
- Expand the child care workforce by increasing State investment in training programs and quickly implementing Chapters 243 and 244 of 2021; and
- Support revising licensure requirements for organizations that provide child care to school-age children, such as the Boys and Girls Club or groups funded by LMBs, that require an equivalent license to daycare providers to operate, but generally serve older children.

The Joint Committee on Children, Youth, and Families wishes to thank those individuals who contributed their time and expertise to inform and advise the committee's work.

Sincerely,



Mary L. Washington
Senate Chair



Ariana B. Kelly
House Chair

MLW:ABK/APW:EMEW/kkh

cc: Members, Joint Committee on Children, Youth, and Families
Ms. Victoria L. Gruber
Mr. Ryan Bishop
Ms. Sally Robb
Mr. Jeremy Baker



THE MARYLAND GENERAL
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ANNAPOLIS, MARYLAND 21401-1991

**JOINT COMMITTEE ON CYBERSECURITY, INFORMATION TECHNOLOGY,
AND BIOTECHNOLOGY**

December 20, 2021

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee

Members of the Committee:

The Joint Committee on Cybersecurity, Information Technology (IT), and Biotechnology respectfully submits this summary report of its 2021 interim activities. The joint committee held three meetings primarily focused on cybersecurity and government information technology modernization.

At the first meeting on June 23, the joint committee heard from the following speakers concerning the IT governance and cybersecurity best practices.

- The Cybersecurity and Infrastructure Security Agency (CISA) discussed various assessments the agency offers at no-charge to State and local governments. Broadly, the assessments are designed to evaluate an entity's cybersecurity strengths and weaknesses. CISA also emphasized its recent Dotgov.gov initiative which provides .gov web addresses to all government entities at no-charge. The .gov web address is managed by CISA and provides additional website protections to those agencies and government entities.
- The Department of Information Technology (DoIT) discussed its plans and strategies to move towards a centralized and modernized enterprise model to govern the State's IT and cybersecurity systems. DoIT emphasized the value of this strategy, both in cost savings (compared to each agency independently maintaining their own practices and systems) and system security and resilience.
- John Quinn, the Vermont Chief Information Officer, discussed recent legislative actions to centralize IT and cybersecurity in the State of Vermont. Broadly, Mr. Quinn described

Vermont's new centralized system, and expressed support for DoIT's vision and endeavors to centralize IT for the State of Maryland.

- The Maryland Municipal League and a representative from the City of Salisbury discussed the difficulties with operating and maintaining robust IT and cybersecurity systems at the local level. The speakers emphasized the difference in needs between State and local governments (primarily due to system scale) and the need to protect local IT budgets.
- The Maryland State Department of Education and Executive Director of the IT Department for the Baltimore County Public School System (BCPS) discussed cybersecurity issues from the education perspective. BCPS was the victim of a significant ransomware attack in recent years and shared the lessons it has learned as a result. BCPS emphasized (1) how support from DoIT, the Maryland Department of Emergency Management, and the Maryland Coordination and Analysis Center was paramount in the recovery process and (2) the importance of information sharing between State and local governments, user awareness/training, and multi-factor authentication as resilient cybersecurity practices.
- Representatives from Atlantic Data Forensics and the National Cybersecurity Center discussed common issues they encounter in providing services to the private sector and governmental entities. Broadly, they discussed how the most common cyber and ransomware attacks generally take advantage of poor IT management practices. They emphasized the importance of basic cybersecurity strategies, such as user training and multi-factor authentication, as excellent first steps to enhance State systems.

At the second meeting on September 29, the joint committee heard from the following speakers concerning the issues surrounding outdated State legacy systems.

- DoIT discussed the importance of upgrading the State's outdated legacy IT systems to both improve State operations and protect those systems from cyberattack. DoIT was asked by the joint committee to answer the question of how it would prioritize the top legacy systems in the State and for the timeline and cost for those modernization projects. At the time, DoIT was unable to provide the information, including a prioritization strategy and roadmap, to the committee, simply referring it to the summary report for the State's Major Information Technology Development Projects. The joint committee plans to follow-up with DoIT next interim for more detailed information, given the likelihood of significant IT and cybersecurity legislation during the 2022 Legislative Session.
- Representatives from the Maryland Association of Counties and Maryland Association of County Health Officers (MACHO) discussed how outdated State legacy systems directly affect local government operations. Many local government entities, especially health

departments, must use State systems for a variety of reasons, and state legacy systems can cause service disruptions and interoperability issues. MACHO also emphasized the importance of consistent funding and staffing levels to maintain resilient and safe IT systems.

- Shawn Riley, the North Dakota Chief Information Officer discussed recent legislative actions to centralize IT and cybersecurity in the State of North Dakota. Mr. Riley emphasized the unique responsibility that government has to protect citizen data. To that end, North Dakota's state IT agency is authorized to provide centralized IT services for each branch of State government, local governments, and schools. Moreover, North Dakota's system has been so successful that it has begun to provide services to nearby states.
- Private sector representatives from GCOM and System Automation discussed various services and modernization strategies that could be used by the State of Maryland as it continues to improve and upgrade its IT systems.

At its final meeting on November 9, representatives from the Maryland Cybersecurity Council (MCC) presented findings and recommendations from an in-depth cybersecurity governance study that was conducted by an MCC workgroup over the 2021 interim. The joint committee would like to thank the workgroup members including: Ben Yelin at the Center for Health and Homeland Security (CHHS) at the University of Maryland School of Law and Senator Katie Fry Hester (District 9, Carroll and Howard Counties), Senator Susan Lee (District 16, Montgomery County), Delegate Ned Carey (District 31A, Anne Arundel County), Acting Secretary Russell Strickland (Maryland Department of Emergency Management), Charles "Chip" Stewart (State Chief Information Security Officer), Kevin Kinnally (Legislative Director, Maryland Association of Counties), and Dr. Gregory von Lehmen (Special Assistant for Cybersecurity, University of Maryland Global Campus, and staff to the Maryland Cybersecurity Council) and the externs who supported the working group: Serena Chenery, Robert Layne, Gavin Rader, Alek Stathakis, Stephanie Vangellow, Mike Rovetto, Makenzie Donaldson, Chris Lidard and Connor Armstrong.

The study examined and researched governance strategies and alternatives for both State and local government entities and involved discussions with the federal government and other states that have recently enhanced State information technology systems and cybersecurity structures. Broadly, the workgroup recommended working towards a more centralized IT and cybersecurity governance model for the State, upgrading the State's numerous vulnerable legacy IT systems, and providing additional support and resources to local government entities. Additionally, representatives from the private sector discussed the importance of hazard planning and information sharing to maintain a robust and resilient cybersecurity strategy.

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee
December 20, 2021
Page 4

At the request of the President of the Senate and Speaker of the House, the Co-Chairs of the joint committee will propose legislation, largely based on the letter from the presiding officers and recommendations of the MCC workgroup and other information learned through the interim meetings, to improve and enhance the State's cybersecurity and IT systems.

Please contact us or the joint committee staff, Richard Duncan, Erika Schissler, and Donovan Ham, if you have any questions concerning the joint committee's activities.

Respectfully submitted,



Katie Fry Hester
Senate Chair



Pat Young
House Chair

KFH:PY/RLD/mta

cc: Ms. Victoria L. Gruber
Mr. Ryan Bishop
Ms. Sally Robb
Ms. Alexandra Hughes
Mr. Jeremy Baker



THE MARYLAND GENERAL
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ANNAPOLIS, MARYLAND 21401-1991

JOINT COMMITTEE ON FAIR PRACTICES AND STATE PERSONNEL OVERSIGHT

December 14, 2021

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Committee on Fair Practices and State Personnel Oversight is charged with overseeing the employment policies and personnel systems of the Executive Branch of State government and the State's equal employment opportunity policies and procedures. The committee met once during the 2021 interim, on June 10, 2021, and is pleased to present its interim report. In addition, during the 2021 interim, the House Chair of the joint committee, Delegate Erek Barron, resigned from the General Assembly to become the U.S. Attorney for the District of Maryland.

The June 10 meeting continued the joint committee's focus on the Maryland Environmental Services' (MES) personnel and Board of Directors' practices. Central to these practices was the severance payment and expense reimbursements of former Director, Mr. Roy McGrath, who became the chief of staff to the Governor, and subsequently resigned from the chief of staff position. During the meeting, the joint committee heard from Mr. Michael Harris, former MES Managing Director of Finance and former Treasurer of the MES Board of Directors. Mr. Harris appeared as a result of a subpoena issued by the Legislative Policy Committee (LPC).

During the hearing, Mr. Ward Coe, outside counsel to LPC and the joint committee, asked Mr. Harris questions regarding the circumstances of Mr. Harris' hiring and Mr. McGrath's expenses. Mr. McGrath created a new position for Mr. Harris, who eventually became Chief Financial Officer of MES. Mr. Harris also reported that Mr. McGrath and Mr. Matthew Sherring, another former MES employee, were not held to the same standards as other MES employees regarding meal reimbursements, and Mr. McGrath was not held to the same standards regarding the timeliness of submitting reimbursement requests. Mr. Harris ultimately approved Mr. McGrath's expense reports and timesheets, even though he was always late in submitting expense reports, because he felt it was not his place to question the "expenses of his boss." Mr. Coe concluded the meeting with a presentation about how Mr. McGrath and Mr. Sherring attempted to alter MES board meeting minutes. Mr. McGrath directed that all minutes (closed and open) be sent

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee
December 14, 2021
Page 2

to Mr. Sherring prior to distribution to the board, even though Mr. Sherring did not attend closed session meetings. Mr. Harris' entire testimony and answers to questions primarily from Mr. Coe and committee members may be accessed on the Maryland General Assembly's website.

The joint committee has concluded its work regarding the investigation of MES personnel and Board of Directors' practices and is currently waiting for the final report from Mr. Coe regarding his investigation of MES personnel and Board of Directors' practices. In addition, this fall, Mr. McGrath was charged with multiple crimes in federal and State court for reasons stemming from the details associated with his departure from MES. The cases are ongoing, and Mr. McGrath has so far pleaded not guilty to the federal charges. The joint committee feels that its investigation played a role in those charges.

The joint committee wishes to thank the joint committee members, members of LPC, Mr. Harris, and Mr. Coe for their participation, and the committee staff for their participation and support.

Sincerely,



Clarence K. Lam
Senate Chair

CKL/DAS/mpd

cc: Ms. Sally Robb
Ms. Alexandra Hughes
Mr. Jeremy Baker
Ms. Victoria L. Gruber
Mr. Ryan Bishop



THE MARYLAND GENERAL ASSEMBLY
ANNAPOLIS, MARYLAND 21401-1991

JOINT COMMITTEE ON FEDERAL RELATIONS

December 16, 2021

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

During the 2021 interim, the Joint Committee on Federal Relations (1) participated in a joint briefing with the Senate Budget and Taxation Committee, the House Appropriations Committee, and the Joint Committee on the Management of Public Funds on federal American Rescue Plan Act of 2021 (ARPA) funding; (2) undertook its annual review of a portion of the interstate compacts of which Maryland is a member; and (3) worked on two supplemental interstate compact-related efforts. These activities are summarized below.

September 22 Briefing

The joint committee participated, along with the Joint Committee on the Management of Public Funds, in a September 22 briefing led by the Senate Budget and Taxation Committee and the House Appropriations Committee. The briefing focused on ARPA funding and included remarks and presentations from (1) U.S. Senator Benjamin L. Cardin and Senator Christopher J. Van Hollen, Jr.; (2) representatives from the Department of Budget and Management (DBM); and (3) a representative from the Maryland Association of Counties (MACo).

Senator Cardin and Senator Van Hollen discussed both federal pandemic-related funding that had been enacted, particularly ARPA, as well as legislation that was being considered in Congress at the time of the briefing and how it could affect Maryland.

DBM provided a detailed explanation of the categories and allowable uses of Maryland's portion of the ARPA funding, how the spending of the funding was being implemented and reported on, and how certain changes related to the funding, including updated federal guidance, were being addressed. The department also responded to questions from a number of members who raised concerns about specific populations and entities in need of assistance and whether the State and local governments were making timely and effective use of available federal funding in specific policy areas.

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee
December 16, 2021
Page 2

MACo discussed the ARPA funding from the counties' perspective, addressing the various uses and purposes of the funding, how counties were administering the distribution of funding and some of the challenges of those efforts, and the progress counties had made.

Annual Interstate Compact Review

The joint committee conducts an annual review of Maryland's membership in various interstate compacts, covering all compacts over a four-year cycle. The review focuses on whether Maryland's continued membership in the compacts serves the interests of the State and whether any legislative changes to the compacts are needed. This interim, the joint committee staff sent questionnaires to the State agencies involved with each of the compacts and prepared summaries based on the agencies' responses for the following compacts up for review this year: (1) the Appalachian States Low-Level Radioactive Waste Compact; (2) the Interstate Corrections Compact; (3) the Interstate Agreement on Detainers; (4) the National Crime Prevention and Privacy Compact; (5) the Driver's License Compact; (6) the Metrorail Safety Commission Interstate Compact; (7) the Interstate Compact on Educational Opportunity for Military Children; (8) the Interstate Insurance Product Regulation Compact; and (9) the National Racing Compact.

The State agencies involved with each of these compacts indicated that Maryland's membership in the compacts continues to serve the interests of the State and no legislative changes are necessary.

Supplemental Interstate Compact-related Efforts

Potomac River Compact

The Potomac River Compact governs the Potomac River Fisheries Commission, which regulates fisheries in the mainstem tidal Potomac River. The joint committee staff have been working since the 2018 interim to try to resolve inconsistencies between the statutes in Maryland and Virginia with regard to whether certain changes to the Potomac River Compact are in effect or not. The inconsistencies between the statutes in Maryland and Virginia arose from contingencies included in 2007 and 2013 legislation in both states.

The joint committee staff communicated with staff of Virginia's Division of Legislative Services (DLS) this interim, and it appears that the inconsistencies may be able to be resolved in Virginia's statute through modifications made by Virginia's DLS. In Maryland, however, the joint committee staff and the Department of Legislative Services staff concluded in 2019 that legislation is needed to clarify the inconsistencies in the Maryland statute. We are planning to introduce legislation in the 2022 session, which, along with the efforts to modify Virginia's statute, should largely if not fully resolve the inconsistencies.

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee
December 16, 2021
Page 3

Potomac River Bridges Towing Compact

The Potomac River Bridges Towing Compact between Maryland, Virginia, and the District of Columbia allows for concurrent law enforcement jurisdiction on the bridges subject to it, allowing law enforcement from either side of a bridge to facilitate quick clearance of disabled or abandoned vehicles that otherwise would cause significant traffic problems. The Arland D. Williams, Jr. Memorial Bridge was recently added to the compact by Maryland ([Ch. 89 of 2020](#)) and the District of Columbia ([D.C. Law 23-114](#)) but has not yet been added by Virginia.

The addition of the bridge to the compact has not yet taken effect in Maryland because it is contingent on Virginia enacting it along with Maryland and the District of Columbia. We sent a letter to certain legislators in Virginia (the sponsor of recent Virginia legislation adding other bridges to the compact and the chairs of the transportation committees) asking if they would consider introducing and/or facilitating passage of legislation in the Virginia 2022 session to add the Arland D. Williams, Jr. Memorial Bridge to the compact. We received confirmation from one of the legislators, indicating that they plan to introduce the legislation in the 2022 session.

Sincerely,



Senator Jill P. Carter
Senate Chair



Delegate Alfred C. Carr, Jr.
House Chair

JPC:ACC/SDK/km

cc: Sally M. Robb
Alexandra M. Hughes
Jeremy P. Baker
Victoria L. Gruber
Ryan Bishop



THE MARYLAND GENERAL ASSEMBLY
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JOINT COMMITTEE ON ENDING HOMELESSNESS

December 17, 2021

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Committee on Ending Homelessness (JCEH) is pleased to submit a summary report of its 2021 interim activities. This report also serves as the joint committee's annual report detailing its seventh year of activity. The joint committee met virtually three times this interim to receive briefings on rental assistance and evictions, the intersection between homelessness and the corrections and health systems, and updates related to youth homelessness in Maryland. The joint committee remains concerned about the increasing levels of homelessness and housing insecurity in the State, and the exacerbation of these issues during the COVID-19 pandemic. Although data collection related to the interaction of the homeless population with State programs and institutions such as hospitals and detention centers is improving, there is more work to be done in expanding the availability of data that is necessary to understand and address housing instability issues in the State.

At the September 9, 2021 meeting, the joint committee heard updates on emergency housing relief programs and the status of eviction proceedings in the State from stakeholders such as the Department of Housing and Community Development (DHCD), the Office of the Attorney General, the Eviction Lab at Princeton University, local advocacy groups, and the Department of Legislative Services (DLS). Presenters emphasized the importance of the adoption of best practices in emergency rental assistance distribution and encouraged modifications to the eviction process in order to better protect tenants who are at risk of losing their homes.

On October 5, 2021, the joint committee heard from the Department of Public Safety and Correctional Services (DPSCS) on its reentry process and available data on services provided to

returning citizens. DPSCS noted improved tracking of housing status at the time of release and documented 80 individuals who were released into sheltered or unsheltered homelessness (4.2% of all tracked releases), and an additional 168 individuals who were released into transitional housing (8.9% of all tracked releases). The St. Mary's County Detention and Rehabilitation Center provided a local perspective on combatting homelessness through pre-trial supervision and reentry programs. The joint committee also heard from the Health Services Cost Review Commission (HSCRC) on Maryland's community benefits reporting requirements as well as HSCRC data on hospital utilization by individuals experiencing homelessness. The Corporation for Supportive Housing presented on the topic of housing as a driver of health and the need for supportive housing resources. Lastly, the Maryland Multi-Housing Association provided a landlord perspective on rental assistance and evictions as a follow-up to testimony heard in the committee's September meeting.

The joint committee's meeting on November 9, 2021, examined issues related to youth homelessness in the State. DHCD updated the joint committee on the implementation of Chapters 108 and 109 of 2020 (Unaccompanied Minors in Need of Shelter and Supportive Services). The Fenix Youth Project and the His Hope Ministries Youth Advisory Board presented on the services they provide to youth experiencing or at risk of homelessness, and the barriers youth face to achieving housing stability. DHCD and DLS also provided updates on emergency rental assistance distribution as a follow-up to concerns raised in the joint committee's September meeting. Finally, the National Alliance to End Homelessness addressed the joint committee to provide insight into national trends in homelessness services and prevention.

Based on witness testimonies and briefings given throughout the 2021 interim, the joint committee recommends that the General Assembly, State agencies, and all relevant stakeholders consider the following actions related to addressing the needs of individuals who are experiencing housing instability or who are experiencing or at risk of homelessness. The joint committee's 22 recommendations fall into the categories of (1) rental assistance and the eviction process; (2) State and local detention centers; (3) HSCRC; (4) youth; and (5) miscellaneous. With regard to Rental Assistance and the Eviction Process Recommendation No. 5, the chairs would like to emphasize that any options to limit the passing on of increased eviction filing fees to tenants in the form of increased rent and/or security deposits should be considered in the implementation of this recommendation. Further, in relation to Rental Assistance and the Eviction Process Recommendation No. 8, the chairs would also like to continue to research avenues for the State to establish additional mechanisms to help finance mortgages.

Rental Assistance and the Eviction Process

1. Improve timely distribution of rental and other financial assistance.
 - (a) Ensure DHCD is following relevant guidance from the U.S. Department of the Treasury and utilizing the Treasury's online resources.

- (b) Provide assistance with filling out rental assistance applications, including providing access to the internet.
- 2. Design and implement eviction diversion programs that divert landlord-tenant disputes away from court judgment by creating a clear, easily accessible continuum of services and prioritizing early resort to rental assistance and mediated negotiations.
- 3. Institute an eviction moratorium for renters with outstanding rental assistance applications.
- 4. Provide access to legal representation: advocate for the use of federal and State funds for the program created by Chapter 746 (House Bill 18) of 2021.
- 5. Disincentivize serial eviction filings by increasing filing fees and imposing other requirements that lengthen the eviction process.
- 6. Improve data collection and outcome tracking related to homelessness, eviction filings, warrants of restitution, executed warrants, and the rental market as a whole, including zip code data, renter demographics, rental cost, and lease turnover, in order to inform the development of housing stability strategies and improve the efficacy of programs and services.
- 7. Seal eviction case filing records immediately after a case is dismissed or settled, after three years from entry of judgment, or on showing of good cause.
- 8. Increase the supply of affordable and workforce housing through increased funding for construction, cash assistance or housing vouchers, or through policies to incentivize zoning for multifamily units.
- 9. Establish a statewide housing rental assistance/voucher program in order to provide assistance to additional renters beyond the limited number that are currently being served through federal programs.

State and Local Detention Centers

- 1. Reduce impediments to housing for individuals leaving incarceration. Local detention centers identified barriers such as lack of shelters or identifying and getting transport to shelters, housing options denying applicants based on criminal records, mental health issues, difficulty acquiring employment, and lack of case managers.
- 2. Improve data collection at State and local facilities related to housing status of returning citizens and require the reporting of relevant data to JCEH and the budget committees.
- 3. Provide resources for mental health and dual diagnosis transitional housing facilities.

4. Provide funding for case management for returning citizens without stable housing for at least a year following release.
5. Provide funding that can be used to house individuals who do not meet U.S. Department of Housing and Urban Development requirements, which have restrictions based on criminal history and also consider individuals to not be homeless if housed in an institution for 90 days.

Health Services Cost Review Commission

1. Recommend HSCRC to encourage hospitals that see high levels of utilization from homeless individuals to invest in programs and supports to improve the health of this population, either directly or through support of social determinants of health like food and housing.
2. Evaluate data collected from HSCRC on hospital utilization by the homeless population.
3. Recommend HSCRC to adopt the “Revenue for Reform” policy, which will further align incentives to encourage hospitals to invest their retained revenue in community health initiatives (such as housing and other social determinants of health related to housing instability).
4. Schedule presentations from HSCRC on the progress of data collection and programs to support the homeless population.

Youth

1. Improve outreach to youth regarding rental assistance programs.
2. Provide funding for youth-specific shelters.

Miscellaneous

1. Continue to pursue the adaptive reuse of vacant commercial spaces:
 - (a) Reintroduce House Bill 877 of 2021 (Workgroup on Adaptive Reuse of Vacant Commercial Spaces), extend the timeframe on the bill for two years, and require an interim report and final report.
 - (b) Engage standing committees on research and ideas for legislation to pursue zoning reform and adaptive reuse.
2. Recommend that the Department of Human Services and DHCD evaluate case management best practices and make recommendations to the committee on how best to

December 17, 2021

Page 5

implement these practices into existing State programs that directly or indirectly work with persons experiencing homelessness or at risk of homelessness.

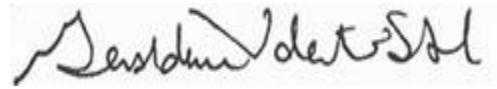
The joint committee looks forward to having a productive session on issues related to housing and homelessness, and to continuing our work next interim. In particular, the joint committee hopes to dedicate time next interim to further analyze homelessness and housing instability among veterans, which form a uniquely vulnerable subpopulation.

We wish to thank the joint committee members for their participation, representatives of public and private organizations who kept us informed, and our committee staff for their support.



Mary L. Washington
Senate Chair

Sincerely,



Geraldine Valentino-Smith
House Chair

MLW:GVS/HJC:TSE:ERH/mhr

cc: Ms. Alexandra Hughes
Mr. Jeremy Baker
Ms. Sally Robb
Ms. Victoria L. Gruber
Mr. Ryan Bishop



MARYLAND GENERAL ASSEMBLY
JOINT COMMITTEE ON LEGISLATIVE ETHICS
November 16, 2021

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

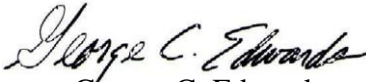
The Joint Committee on Legislative Ethics met once during the 2021 interim. At that meeting, the committee reviewed Chapter 253/Chapter 254 of the Acts of 2021 – Public Ethics – Officials and Employees – Acceptance of Gifts and Prohibited Retaliation and Chapter 425 of the Acts of 2021 – Public Ethics – Disclosures, Training, and Use of Confidential Information (Integrity in High Office Act). The committee also discussed the application of the standards of legislative ethics to social media. After these discussions, the committee revised:


- Ethics Opinion 6: Doing Business with State Government, Local Government, Quasi-Governmental Entities, or the University of Maryland Medical System;
- Ethics Opinion 7: Gifts;
- Ethics Opinion 12: Official Correspondence and Use of General Assembly Resources; and
- Form B: Disclosure of Interest: Financial Relationship with the State or a Local Government.

The committee also adopted Form H: Disclosure of Interest: Financial Relationship with Quasi-Governmental Entities or the University of Maryland Medical System. As you know, any other activities of the committee are required, by law, to remain confidential.

The committee will continue to meet on an as-needed basis.

Respectfully submitted,


George C. Edwards
Co-Chair


J. Sandy Bartlett
Co-Chair

DWD/vgk

cc: Sally Robb
Alexandra Hughes
Jeremy Baker
Victoria L. Gruber
Ryan Bishop



THE MARYLAND GENERAL ASSEMBLY
ANNAPOLIS, MARYLAND 21401-1991

Joint Committee on the Management of Public Funds

December 18, 2021

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Committee on the Management of Public Funds is pleased to present this report on its activities undertaken during the 2021 interim in the conduct of its charge to oversee the general management of State public funds. The joint committee met three times virtually and was briefed on several relevant topics, including the federal American Rescue Plan Act of 2021 (ARPA) funds, the State's economic development programs, the activities of the Comptroller's and Treasurer's offices, and audits of local governments.

A summary of the activities of the joint committee is enclosed. The joint committee recommends the formulation of a comprehensive plan to examine the amount of funding that should be set aside for maintenance and the potential savings for the State from not deferring maintenance. Furthermore, the joint committee recommends exploring alternative uses of bond premiums and making statutory changes in order to comply with the updated guidance from the State's bond counsel. Electronic copies of the written testimonies provided to the joint committee are available by request through committee staff Caleb Weiss (caleb.weiss@mlis.state.md.us) or Heather MacDonagh (heather.macdonagh@mlis.state.md.us).

The Honorable Bill Ferguson, Co-chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee
December 18, 2021
Page 2

The joint committee greatly appreciates the assistance of the many individuals who participated in the activities of the joint committee during the 2021 interim.

Respectfully submitted,

Senator Malcolm Augustine
Senate Chair (Presiding)

Delegate Pat Young
House Chair

MA:PY/CW:HM/cr

Enclosure

cc: Ms. Sally Robb
Ms. Alexandra Hughes
Mr. Jeremy Baker
Ms. Victoria Gruber
Mr. Ryan Bishop

Joint Committee on the Management of Public Funds 2021 Interim Report

The Joint Committee on the Management of Public Funds held three virtual meetings during the 2021 interim.

September 22 Meeting

Update on Federal American Rescue Plan Act of 2021 (ARPA) Funds

The Joint Committee on the Management of Public Funds held a joint briefing with the Senate Budget and Taxation Committee, the House Appropriations Committee, and the Joint Committee on Federal Relations to receive an update on ARPA funds from U.S. Senator Ben Cardin, U.S. Senator Chris Van Hollen, the Department of Budget and Management (DBM), and the Maryland Association of Counties (MACo). Senators Cardin and Van Hollen spoke about upcoming federal legislation and policy issues that the federal government is working on, such as infrastructure and affordable housing.

The DBM Secretary, David Brinkley, along with the Deputy Secretary, Marc Nicole, discussed how the \$11.9 billion in grant funding from ARPA has been allocated. DBM discussed allowable uses of the \$3.7 billion State Fiscal Relief Fund (SFRF) within ARPA and the SFRF spending plan.

Kevin Kinnally, MACo's Legislative Director, briefed the committees on how counties are handling the pandemic and utilizing ARPA funds. Maryland counties are expected to receive \$1.7 billion in ARPA funds, and MACo discussed how counties plan to use those funds, such as on relief for households and businesses and investments in clean drinking water.

October 7 Meeting

Update on State Economic Development Programs

Representatives of the Maryland Department of Commerce (Commerce), the Maryland Technology Development Corporation (TEDCO), and the Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO) addressed the joint committee regarding their economic development and small business financing programs across the State.

Maryland Department of Commerce

Commerce representatives Sarah Sheppard and Andy Fish provided a briefing on Commerce's programs and its role in the State's recovery from the COVID-19 pandemic, with a focus on two main programs: the Maryland Economic Development Assistance Authority Fund

(MEDAAF) and the Maryland Small Business Development Finance Authority (MSBDF). Commerce also provided an update on its COVID-19 relief efforts, including the Maryland Small Business COVID-19 Emergency Relief Grant Fund (\$145 million), the COVID-19 Emergency Relief Loan Fund (\$75 million), the Restaurant COVID-19 Relief Fund (\$80 million), the Hotel COVID-19 Relief Program (\$50 million), the Small Business COVID-19 RELIEF Grant Program (\$10 million), the Restaurant and Caterers COVID-19 RELIEF Grant Program (\$22 million), the Lodging and Accommodations COVID-19 RELIEF Grant Program (\$10 million), and the Online Sales and Telework Grant Program.

Maryland Technology Development Corporation

The executive director of TEDCO, Troy LeMaile-Stovall, provided an overview of the organization. The executive director emphasized that interactions at TEDCO are driven by its core values of accountability, collaboration, integrity, respect, and stewardship. TEDCO highlighted its work on the Maryland Stem Cell Research Fund, the Maryland Innovation Initiative Fund, and Federal Technology Transfer. TEDCO uses three methods to make investments in the State: pre-seed funds, seed funds, and the Maryland Venture Fund. TEDCO also presented on its new programs: the Urban Business Innovation Initiative, the Rural and Underserved Business Recovery from Impact of COVID-19, and the Agriculture and Rural Rebuild Challenge.

Maryland Agricultural & Resource-Based Industry Development Corporation

Stephen McHenry, the executive director of MARBIDCO, briefed the joint committee on the activities of the organization and the impact of COVID-19 on operations. MARBIDCO highlighted some of the challenges faced by the agriculture and rural industries in the State, which include an aging workforce, loss of rural working land, and lack of access to affordable business capital. MARBIDCO's programming falls into three categories: core rural agriculture business development, higher risk specialty lending, and rural land preservation facilitation. The COVID-19 pandemic and the related economic crisis has disrupted Maryland's agricultural and seafood industries. In particular, changes in demand at the local level has necessitated updates to equipment, such as cold storage, but some farmers do not have the financial means to purchase the necessary equipment. In response, MARBIDCO has taken the following actions: (1) deferred loan repayments on 35 loans; (2) reduced the interest rates on core loan programs by 100 basis points; and (3) administered several grant and relief funds. These funds included: the Pandemic Adjustment Equipment Grants (CARES Act), Maryland Shellfish Aquaculture Relief Grants (RELIEF Act), Maryland Urban Farmer Relief Grants (RELIEF Act), the Local Food Cold Storage Relief Grant Program (RELIEF Act), the Maryland Livestock Processing Relief Grant Program (RELIEF Act), the Maryland Wood Products Industry Equity Incentive Relief Fund, Maryland Market Money (RELIEF Act), and Pandemic Adjustment Loans (MARBIDCO funded).

October 20 Meeting

State Treasurer's Office – Update on Activities

State Treasurer Nancy Kopp provided an update on the activities of the Treasurer's

Office. Treasurer Kopp reported that in August 2021 all three rating agencies affirmed the State's AAA bond rating. Maryland is 1 of only 13 states with AAA ratings from all three rating agencies.

In October 2021, the Capital Debt Affordability Committee (CDAC) recommended \$900 million for new general obligation bond authorizations to support the fiscal 2023 capital program. CDAC further recommended \$1.125 billion, \$1.135 billion, \$1.145 billion, and \$1.155 billion in authorizations for fiscal 2024 through fiscal 2027, respectively. The committee also recommended \$30 million in Academic Facilities Bonds to be authorized for fiscal 2023.

The Treasurer's Office began a financial and insurance systems modernization project in fiscal 2017 to replace their legacy IBM system with Microsoft Dynamics 365. A variety of unforeseen issues, such as the COVID-19 pandemic and staffing shortages, have delayed the project, but implementation has continued and is now accelerating back to its originally planned trajectory. The Treasurer also discussed the State Insurance Fund and how the State procures insurance for State property. The Treasurer noted that maintenance of State facilities is important to the rates the State pays for insurance and their condition is deteriorating. Over the past few years there has been a steady increase in premiums and difficulty obtaining coverage for boilers and other machinery, specifically for educational institutions, due to a lack of carriers willing to write the coverage and the frequency of claims for water damage.

Comptroller's Office – Update on Activities

Comptroller Peter Franchot provided an update on the activities of the Comptroller's Office. The Comptroller explained how the RELIEF Act of 2021 has helped Marylanders, including individuals, businesses, and nonprofit organizations. The September revenue estimates by the Board of Revenue Estimates anticipate ending the year with approximately \$5 billion in unanticipated revenue, so the Comptroller urged allocating half of that revenue to a small business rescue and stimulus package and setting aside additional funds to fortify the State's Rainy Day Fund.

The Comptroller's Office advised that during the most recent tax season, the State collected \$19 billion in gross revenue and processed more than 3.1 million tax returns. More than 2.5 million families received tax refunds, on average within 2.5 business days. The Comptroller's Office also discussed its continued efforts to protect State taxpayers against fraud and identity theft. Lastly, the Comptroller provided the joint committee with an update on the transition into a new tax processing system, Compass.

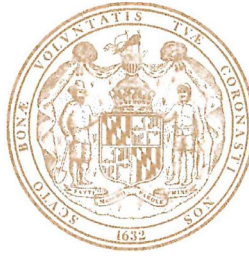
Office of Legislative Audits – Review of Local Government Audit Reports

Robert Garman, Assistant Director of Quality Assurance in the Office of Legislative Audits (OLA), presented information on the reviews of local government audits for fiscal 2020. OLA found that the local governments generally complied with generally accepted accounting principles and auditing standards and the local governments generally appeared to be in good financial condition.

OLA's report summarized the most significant and frequent problem areas found during its annual review of local government audits, which include failing to timely file an audit report, failing to present the audit or financial statements in accordance with generally accepted auditing and accounting principles, failing to present all required statements, lacking adequate disclosures, and 15 local governments had unsecured cash deposits. Additionally, the Upper Potomac River Commission was identified as having a potential financial problem with the auditor reporting uncertainty regarding the fund's ability to continue as a going concern. The Town of Deer Park has not filed an audit report for fiscal 2018 through 2020.

Maryland Municipal League –Update on ARPA Funds

Angelica Bailey, Director of Governmental Relations for the Maryland Municipal League (MML), along with Tom Reynolds, Director of Education Services for MML, provided an overview of how municipalities are using ARPA funds, including how municipalities receive the funding, how the funding is calculated, and reporting requirements. The funds may be used generally for public health, lost revenue, premium pay, and infrastructure. Anecdotally, MML noted that many municipalities are planning to spend ARPA funds on upgrading infrastructure for cleaner water, assisting small businesses with recovery, and providing rental and household assistance.



THE MARYLAND GENERAL ASSEMBLY
ANNAPOLIS, MARYLAND 21401-1991

JOINT COMMITTEE ON PENSIONS

December 20, 2021

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

During the 2021 interim, the Joint Committee on Pensions met four times. The joint committee addressed legislative proposals requested by the Board of Trustees for the State Retirement and Pension System and legislative proposals regarding system investment climate risk, administration of death benefits related to COVID-19, and providing additional waivers from reemployment offsets for retired teachers returning to aid in COVID-19-related workforce support. The joint committee made recommendations on these items at its final meeting for the 2021 interim, voting to sponsor nine legislative proposals. The joint committee also had briefings on the actuarial valuation of the system and the system's investments, climate risk to the system's investments, system investment in Maryland, and briefings by employee unions. A complete report of the joint committee's 2021 interim activities and legislative recommendations will be published in January 2022.

We thank the joint committee members for their diligence and attention to the work of the committee. Also, on behalf of the committee members, we thank Phillip S. Anthony, June Chung, and Katylee Cannon of the Department of Legislative Services and the staff of the Maryland State Retirement Agency for their assistance. Additionally, on behalf of the joint committee, we congratulate Treasurer Nancy K. Kopp on her retirement and extend our thanks for her 20 years of faithful service on the Board of Trustees for the State Retirement and Pension System. As Chair of the Board of Trustees since 2007, Treasurer Kopp has worked diligently to ensure the health and sustainability of the State Retirement and Pension System for its more than 400,000 participants.

Sincerely,

Senator Sarah K. Elfreh
Senate Chair

Delegate Brooke E. Lierman
House Chair

SKE:BEL/PSA:JC/kmc

cc: Ms. Victoria L. Gruber
Mr. Ryan Bishop
Ms. Alexandra Hughes

Mr. Jeremy Baker
Ms. Sally Robb



THE MARYLAND GENERAL
ASSEMBLY
ANNAPOLIS, MARYLAND 21401-1991

Joint Subcommittee on Program Open Space and Agricultural Land Preservation

December 16, 2021

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Subcommittee on Program Open Space (POS) and Agricultural Land Preservation respectfully submits this summary report of its activities during the 2021 interim. The subcommittee held a virtual briefing on November 30, 2021, to receive an update on the new land preservation goal established by Chapters 284 and 285 of 2021; the new Local Parks and Playgrounds Infrastructure program; the Maryland Land Preservation Parks and Recreation Plan (LPPRP) status; POS fund balances; the procedures for selling, transferring, or swapping State land with the federal government; and staffing in State parks. Presenting on behalf of the agencies were Philip R. Hager, assistant secretary, Land Resources; and Hilary Bell, deputy director of Land Acquisition and Planning, from the Department of Natural Resources (DNR); Michelle E. Cable, executive director, Maryland Agricultural Land Preservation Foundation (MALPF), from the Maryland Department of Agriculture (MDA); and Jason A. Dubow, manager, Resource Conservation and Management, from the Maryland Department of Planning (MDP).

New Land Preservation Goal Legislation (Chapters 284 and 285 of 2021)

MDP began the briefing with an update on the status of the agricultural land preservation goal established by Senate Joint Resolution 10 of 2002 to preserve 1,030,000 acres of agricultural land by 2022 through four programs: (1) MALPF, (2) Rural Legacy, (3) local purchase of development rights/transfer of development rights, and (4) GreenPrint. The GreenPrint program has been inactive for more than 15 years. Chapters 284 and 285 of 2021 extended the deadline to 2030 and added 2 more easement programs: the Next Generation Farmland Acquisition Program run by the Maryland Agricultural and Resource-Based Industry Development Corporation and easements managed by the Maryland Environmental Trust (MET). As of November 9, 2021, these six programs have preserved 853,527 acres, or 82.9% of the 1,030,000 acre goal, with the use of approximately \$2.1 billion in public dollars (no costs are associated with MET easements because they are donated or the local transfer of development rights programs because they rely on the

The Honorable Bill Ferguson, Co-chair
The Honorable Adrienne A. Jones, Co-chair
Members of the Legislative Policy Committee
December 16, 2021
Page 2

private market). MDP notes that there are approximately 176,000 acres that remain to be preserved, or approximately 19,600 acres per year over the next nine years. Over the last five years, approximately 66,390 acres have been preserved by the six programs, which equates to approximately 13,000 acres per year. MDA noted that the return to full funding for MALPF has allowed for an increase of 10,533 acres protected in fiscal 2021, which is approximately 5,000 acres more than the amount protected in fiscal 2019 (5,530 acres were protected in fiscal 2019 and 8,335 acres in fiscal 2020). Therefore, MALPF will be able to preserve almost half of the additional acres needed by 2030, which means that the goal is ambitious, but achievable, if full funding is provided to MALPF.

New Local Parks and Playgrounds Infrastructure Program

Next, DNR addressed the new Local Parks and Playgrounds Infrastructure program. DNR noted that the fiscal 2022 capital budget included \$85 million in general obligation bonds for the new Local Parks and Playgrounds Infrastructure program, which allocated at least \$1 million to each county and Baltimore City through the budget bill. DNR also noted that counties plan to use the funding for approximately 150 park and park and playground projects: such as playgrounds, fields, courts, park pavilions, trails, and park amenities improvements and upgrades. To date, the Board of Public Works (BPW) has approved 39 projects totaling approximately \$20 million. DNR anticipated bringing 14 projects totaling \$13 million to BPW for approval in December 2021 and presenting additional projects to BPW as they are received.

Land Preservation Parks and Recreation Plan Status

County LPPRPs include county-determined land acquisition goals and information on whether the county's land acquisition goal has been met. In 2017, counties completed the LPPRPs using data gathered through a new public engagement process and a proximity analysis (user demand, population density, and land and facility distribution) to make decisions on park needs instead of the 30-acres-per-1,000 residents, single acres per population metric used in previous cycles. The 2017 LPPRS utilized the new proximity and equity analysis because DNR determined that publicly available park and open space was not necessarily available in the areas where the population lived and worked, and thus was not readily available for recreation. DNR noted that it expects the proximity and equity analyses will inform the 2022 LPPRPs.

Counties are currently working on their LPPRPs and DNR anticipates receiving draft LPPRPs by the end of 2021. DNR will then work with MDP and the counties to review the LPPRPs, solicit public input, and approve the plans by July 2022. DNR noted that one of the benefits of updating the LPPRPs every five years is the ability to adjust overarching goals to changing conditions and to inform the use of POS Local funding.

The Honorable Bill Ferguson, Co-chair
The Honorable Adrienne A. Jones, Co-chair
Members of the Legislative Policy Committee
December 16, 2021
Page 3

POS Fund Balances

For POS State, DNR noted that it continues to pursue partnerships with both land trusts and county and municipal governments on acquisition projects when appropriate, but that the competitive real estate market makes State land acquisition difficult. DNR is required to procure two independent appraisals and cannot offer above the higher appraisal and receive approval for land purchases from BPW. These requirements limit competitiveness in terms of the purchase price DNR can offer and the timing in which deals can be completed relative to the private market. The opportunity to purchase properties using POS State funding is often lost. That said, DNR has more than 80 projects in processing for acquisition, which would protect at least 12,000 acres and enhance public access at approximately 22 project sites. The cost estimate for the projects appraised to date is more than \$34 million. In addition, DNR has 32 projects that are in either the stewardship review or appraisals process with an estimated value of \$40 million.

For POS Local, DNR noted that funds are allocated annually to each county and Baltimore City, and that local governments determine which projects are funded. Each year, the counties and Baltimore City determine the amount of funds that are encumbered and BPW approves the grant funding. In fiscal 2021, BPW approved over \$65 million in POS Local funds, of which approximately \$50 million is estimated to be encumbered in fiscal 2022 and 2023. To date, DNR has presented \$8.2 million to BPW for approval and plans to present an additional \$3 million in December 2021. POS local balances vary greatly by county, and while some counties spend their allocation in the fiscal year it is appropriated, others do not.

Selling, Transferring, or Swapping State Land with the Federal Government

In 2017, Governor Lawrence J. Hogan, Jr. signed a memorandum of understanding with the U.S. Department of the Interior for a potential land swap in which the State would acquire federal property in Oxon Cove Park in Prince George's County in exchange for about 2,400 acres of State-owned property along the Appalachian Trail in Frederick and Washington counties. When the potential exchange became public in December 2018, the Administration announced that a potential use for the Prince George's County land was the construction of a new stadium for the Washington Football Team or for economic development purposes.

The subcommittee asked the agencies to discuss the process for selling, transferring, or swapping State land with the federal government. DNR noted that the process of selling, transferring, or exchanging State-owned land includes legislative notification, Maryland State Clearinghouse review, and BPW approval. MDP described the intergovernmental review process conducted by the Maryland State Clearinghouse.

The Honorable Bill Ferguson, Co-chair
The Honorable Adrienne A. Jones, Co-chair
Members of the Legislative Policy Committee
December 16, 2021
Page 4

Staffing in State Parks

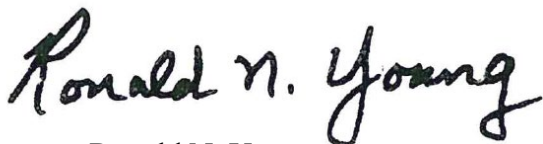
The subcommittee asked DNR to discuss the status of staffing in State parks. DNR noted that while State park visitation remains high, visitation is lower in calendar 2021 than in calendar 2020. The visitation numbers are as follows: approximately 15 million in calendar 2019, 21.5 million in calendar 2020, and 18.4 million through October for calendar 2021, which is approximately 800,000 less than the same period in calendar 2020. DNR noted that calendar 2020 appears to be a threshold or benchmark year for the State park system and that DNR's regular staff are supplemented by approximately 800 contractual full-time equivalents during the high visitation time of the year. DNR is conducting ongoing reviews and discussions that will inform budget requests and staffing decisions for the future.

Follow-up

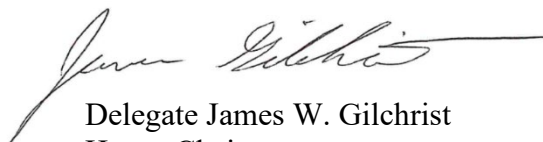
At the meeting, joint subcommittee members made several information requests that are still outstanding and will be addressed in follow-up correspondence when the information is received. Senator Edwards and Senator Young recalled a statewide land preservation goal and requested more information. Senator Edwards requested the number of water acres in Maryland (MDP provided there are 6,189,629 acres of land). Delegate Clark requested the Maryland Park Service's salary structure for contractual full-time equivalents. Delegate Healey requested an accounting of the forest land in Maryland and a breakdown of Local Parks and Playgrounds Infrastructure Program funding for municipalities.

On behalf of the subcommittee, we wish to thank the individuals who contributed their time and effort during the 2021 interim in assisting the subcommittee with its work. We also wish to thank the members of the subcommittee for their participation and our staff for their support.

Respectfully submitted,



Senator Ronald N. Young
Senate Chair



Delegate James W. Gilchrist
House Chair

RNY:JWG/AG:AH/ael

cc: Ms. Sally Robb
Ms. Alexandra M. Hughes
Mr. Jeremy Baker
Ms. Victoria L. Gruber
Mr. Ryan Bishop



MARYLAND GENERAL ASSEMBLY
SPENDING AFFORDABILITY COMMITTEE

December 16, 2021

The Honorable Lawrence J. Hogan, Jr.
Governor, State of Maryland
State House
Annapolis, Maryland 21401

Dear Governor Hogan:

We are pleased to submit the fiscal policy recommendations of the Spending Affordability Committee made during the 2021 interim. These recommendations were adopted by the committee at its meeting on December 15, 2021. The committee reviewed data concerning the economic condition of the State, revenue and expenditure trends during the past several years, personnel data, the Transportation Trust Fund, and the results of the Capital Debt Affordability Committee report.

Recommendations were made concerning the fiscal 2023 spending limit and sustainability, the use of general fund cash balances, reserve fund balances, general obligation and higher education debt limits, priorities for pay-as-you-go capital spending, debt service, State employment, and priorities for the Infrastructure Investment and Jobs Act.

As required by law, the recommendations of the committee have been submitted to the Governor and the Legislative Policy Committee.

We are most appreciative of the time and effort expended by each member of the committee. A special note of thanks and appreciation is extended to the members of the Citizens Advisory Committee for their valuable assistance and input.

A handwritten signature in black ink, appearing to read "Jim Rosapepe".

Senator Jim Rosapepe
Presiding Chair

JR:MK/JAK/mrm

Enclosure

Sincerely,

A handwritten signature in black ink, appearing to read "Marc Korman".

Delegate Marc Korman
House Chair



MARYLAND GENERAL ASSEMBLY
SPENDING AFFORDABILITY COMMITTEE

December 16, 2021

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne Jones, Co-Chair
Members of the Legislative Policy Committee

Dear Colleagues:

We are pleased to submit the fiscal policy recommendations of the Spending Affordability Committee made during the 2021 interim. These recommendations were adopted by the committee at its meeting on December 15, 2021. The committee reviewed data concerning the economic condition of the State, revenue and expenditure trends during the past several years, personnel data, the Transportation Trust Fund, and the results of the Capital Debt Affordability Committee report.

Recommendations were made concerning the fiscal 2023 spending limit and sustainability, the use of general fund cash balances, reserve fund balances, general obligation and higher education debt limits, priorities for pay-as-you-go capital spending, debt service, State employment, and priorities for the Infrastructure Investment and Jobs Act.

As required by law, the recommendations of the committee have been submitted to the Governor and the Legislative Policy Committee.

We are most appreciative of the time and effort expended by each member of the committee. A special note of thanks and appreciation is extended to the members of the Citizens Advisory Committee for their valuable assistance and input.

Sincerely,

A handwritten signature in black ink, appearing to read "JR", with a stylized flourish extending to the right.

Senator Jim Rosapepe
Presiding Chair

A handwritten signature in black ink, appearing to read "Marc Korman", with a stylized flourish extending to the right.

Delegate Marc Korman
House Chair

JR:MK/JAK/mrm

Enclosure

2021 Spending Affordability Committee Report and Recommendations to the Governor and the Legislative Policy Committee

The Spending Affordability Committee was created in 1982 (Chapter 585). The committee is composed of equal numbers of senators and delegates and includes the Presiding Officers, the majority and minority leaders, the chairmen of the fiscal committees (or their designees), and other members appointed by the Presiding Officers. A citizen advisory committee assists the committee.

The committee's primary responsibility is to recommend to the Governor and the General Assembly a level of spending for the State operating budget that is reflective of the current and prospective condition of the State's economy. Historically, this has been in the form of a recommended growth limit. More recently, however, efforts to close the structural budget gap have been the focus of the committee's recommendations. The full list of the committee's prior recommendations and legislative action on the operating budget are reflected in the table in **Appendix 1**. Since its inception 38 years ago, the recommendation of the committee has been adhered to by the legislature in all but 1 year.

Growth in personal income is often used as a proxy for the State's economic performance. The committee notes that operating spending in relation to the State's economy, as measured by the personal income statistic, has fluctuated between 6.7% and 7.5% over the past 30 years. The unprecedented increases under the Bridge to Excellence in Public Schools Act of 2002 raised spending as a percentage of income during the period of 2004 to 2008. By 2009, the ratio reached 7.5%, the highest level since 1991, in part, due to falling income. Conversely, rising income and reduced State spending caused the ratio to drop to 7.2% in 2010; the rate has fluctuated between 6.9% and 7.5% since.

The committee's statutory responsibility is to consider spending in relation to the State's economy. In its review of the State's economy, the committee considered income and wealth factors in developing a broad understanding of Maryland's economic position. In determining the spending recommendation, the committee has considered economic performance, revenue estimates, and current and future budget requirements.

Economy

The outbreak of the COVID-19 pandemic threw the U.S. economy into a deep but relatively brief contraction. With businesses and consumers sharply cutting spending and most states around the country imposing some level of closures to slow the virus spread, U.S. inflation-adjusted gross domestic product (GDP) fell 10.1% between the fourth quarter of calendar 2019 and the second quarter of calendar 2020. At that point, growth resumed, and GDP exceeded the prepandemic level by the second quarter of calendar 2021.

In Maryland, the economic impact of the pandemic has been similar to the country as a whole. Between January and April 2020, the State saw employment fall by 400,700 jobs, or almost

2021 Spending Affordability Committee Report

14.4%, while the unemployment rate jumped from 3.0% to 9.0%. In the second quarter of 2020 (April to June), Maryland wage income was 2.4% below 2019, while total personal income was up 9.5% due to federal fiscal support. On average, for all of 2020, Maryland employment fell 6.8% (188,000 jobs), while wage growth was 1.7%. By October 2021, the Maryland economy was still down almost 92,000 jobs from the January 2020 level, or 3.3%.

The forecasts for economic growth in calendar 2021 look very strong by historical standards but are a function of comparisons to the depressed level in 2020. Economists expect GDP to grow 5.5% in 2021 with U.S. employment up 2.8% and wage income rising 7.9%. Employment growth is expected to pick up in calendar 2022 as sectors most impacted by the pandemic fully recover.

In September 2021, the Board of Revenue Estimates (BRE) issued a revised economic forecast for Maryland, its first since March 2021. The forecast expects employment growth of 2.9% in 2021 and 3.4% in 2022, with wages increasing 7.0% in 2021 and 5.2% in 2022. BRE expects employment in Maryland to reach its prepandemic level by the first quarter of calendar 2023. In December 2021, BRE revised their 2021 employment growth down slightly to 2.8% but revised growth in 2022 higher to 3.5%. BRE revised up their estimate of wage growth in 2021 to almost 9.0% based on strong year-to-date performance and revised down the 2022 estimate to 5.0%.

Revenues

Fiscal 2021 general fund revenues were above the estimate by \$1.7 billion, or 8.9%. General fund revenues totaled \$20.8 billion in fiscal 2021, an increase of 11.8% over fiscal 2020, while ongoing revenues grew 9.9% in fiscal 2021. The top three revenue sources all exceeded the estimate by significant amounts: \$903 million for the personal income tax; \$397 million for the sales tax; and \$323 million for the corporate income tax. Combined, they account for 95% of the overattainment. The personal income tax performance was the result of payments with tax year 2020 returns exceeding expectations, while refunds were below the estimate. Income tax withholding and quarterly estimated payments were also both above the estimate in fiscal 2021. The sales tax rebounded from the depressed level in fiscal 2020 as closures and capacity restrictions eased and consumers began to feel more comfortable returning to restaurants and shopping malls. The sales tax also benefited from a shift in consumer spending from services, which are generally not subject to the sales tax, to taxable goods. Strong fiscal support from the federal government via enhanced unemployment insurance benefits and multiple rounds of stimulus checks supplemented wage growth in calendar 2020 and the first half of 2021 to buoy consumer spending. Excluding certain online sales, fiscal 2021 sales tax gross receipts were not only up 6.9% over fiscal 2020 but also exceeded the fiscal 2019 level by 1.1%.

In September, BRE increased its estimate for fiscal 2022 general fund revenues by \$995.1 million, or 5.0%. The personal income tax estimate was revised up by almost \$400 million (3.5%) while the sales tax was revised higher by \$280.5 million or 5.6%. In December, BRE revised up the fiscal 2022 estimate by \$495 million (2.3%) and the fiscal 2023 estimate by \$543 million (2.4%). While the revised economic projections were a factor, there were also some

2021 Spending Affordability Committee Report

technical corrections. In September, when estimating tax year 2020 personal income tax refunds, BRE double-counted a portion of the refunds paid to date. This resulted in a significant overestimation of refunds that was corrected in the December estimate. In September, the Comptroller's Office estimated that \$87.5 million in sales tax revenue in fiscal 2021 should have been distributed to the Blueprint for Maryland's Future Fund. The BRE September estimate for fiscal 2022 included an extra Blueprint distribution to make up for the underdistribution in fiscal 2021. The Comptroller's Office has since determined that the underdistribution was \$49.2 million, and the BRE December sales tax estimate reflects this change.

Budget Requirements

Taking into consideration the revenue projections by BRE in December 2021, the committee currently projects an ending general fund balance of nearly \$4.1 billion at the close of fiscal 2022. The projected balance represents an historically high level of balance despite the impact of COVID-19 on some sectors of the State's economy. The projected balance also accounts for a swap of federal stimulus funds from the American Rescue Plan Act with general funds in fiscal 2022, which had originally been planned for fiscal 2021 to fund the Economic Recovery Initiative but could not occur due to rules around the uses of these funds. Fiscal 2022 general fund deficiency appropriations totaling \$121.9 million are expected to partially offset that anticipated swap.

The largest anticipated area of deficiencies occurs in entitlement spending, particularly in the area of the behavioral health provider reimbursements due to both increased need and one-time costs associated with fiscal 2021 bills paid for in fiscal 2022. The other significant area of deficiencies occurs in statewide personnel expenses due to both higher than anticipated health insurance costs and the expenses associated with a one-time bonus and a 1% general salary increase for certain employees based on an agreement to provide those if revenues exceeded estimates by certain levels. These increases were partially offset by an additional quarter of the enhanced federal medical assistance percentage (FMAP) beyond the six months anticipated in the budget, due to the extension of the federal public health emergency into the first quarter of calendar 2022.

The baseline estimate for fiscal 2023 projects general fund growth of 16.3% (\$3.4 billion) over the fiscal 2022 legislative appropriation after adjusting for anticipated deficiencies and the federal stimulus fund swap. The fiscal 2023 general fund ending balance is projected to be a surplus of nearly \$2.8 billion.

The significant general fund growth reflects a \$1.9 billion increase in the appropriation to the Reserve Fund resulting from unanticipated revenue overattainment at the close of fiscal 2021. The next largest increase is in the area of local aid, most notably for education/library aid, which is expected to increase by \$634.4 million. This increase is primarily due to the final phase-out of using the Education Trust Fund for funding traditional education formulas, as well as higher than typical inflation and enrollment projections based on prepandemic estimates.

Changes in entitlement spending are driven by the use of federal stimulus funds in these programs in fiscal 2022. Medicaid and behavioral health spending is projected to increase by

2021 Spending Affordability Committee Report

\$460.7 million, primarily due to the backfilling of the enhanced FMAP with general funds and special funds available to support the programs in fiscal 2022. Other entitlement spending is projected to decrease by a net of \$22.6 million, primarily due to the availability of federal funds to support the Temporary Cash Assistance Program. These federal funds are available due to the use of federal stimulus funds in lieu of Temporary Assistance for Needy Families funds in fiscal 2021 and 2022.

State agency spending is projected to increase by \$440.4 million, of which more than one-quarter (\$152.2 million) is related to the non-higher education portions of anticipated compensation changes including a 2% general salary increase and merit increase, as well as health insurance and pension contributions. Public four-year higher education expenses are projected to increase by \$90.2 million accounting for both growth in personnel expenses and mandates. Certain legislation accounts for increases of approximately \$91 million, of which more than half relates to three pieces of legislation (the non-higher education institution costs related to Chapter 41 of 2021 (Historically Black Colleges and University Funding), Chapter 746 of 2021 (Residential Tenants Access to Counsel), and Chapter 59 of 2021 (Maryland Police Accountability Act of 2021– Police Discipline and Law Enforcement Programs and Procedures)). Backfilling of federal stimulus funding in the Maryland Department of Health for personnel costs, the enhanced FMAP in the Developmental Disabilities Administration, and costs related to increased need and provider rate increases in the Behavioral Health Administration result in an increase of \$44.4 million.

The committee projects that the State will close fiscal 2023 with a balance of \$3.6 billion in the Revenue Stabilization Account (Rainy Day Fund), which represents 15.7% of general fund revenues.

As previously noted, current baseline projections estimate the General Fund to have a cash surplus of \$2.8 billion at the close of fiscal 2023. The structural surplus is projected to be \$1.3 billion. As shown in **Exhibit 1**, which provides the cash and structural balance projections for the General Fund through fiscal 2028, the cash outlook is expected to remain strong through the forecast period. The structural surplus is projected to exceed \$2.0 billion beginning in fiscal 2024 through 2027 before decreasing in fiscal 2028 due to the need for general funds to support costs related to the Blueprint for Maryland’s Future in that year but remains greater than \$1.8 billion.

Exhibit 1
General Fund Budget Outlook
Fiscal 2022-2028 Est.
(\$ in Millions)

	Working Approp. 2022	Baseline 2023	Est. 2024	Est. 2025	Est. 2026	Est. 2027	Est. 2028
Cash Balance	\$4,089	\$2,771	\$5,650	\$7,509	\$9,599	\$11,447	\$12,806
Structural Balance	1,302	1,304	2,000	2,242	2,479	2,290	1,808

Recommendations

In light of the considerations discussed earlier, the committee proposes the following recommendations for the 2022 session:

1. Operating Budget Spending Limit and Sustainability

Unprecedented levels of federal assistance helped to sustain incomes and the economy during the COVID-19 pandemic, resulting in significantly more revenue than anticipated throughout the forecast period. The fiscal 2023 baseline estimate projects a structural surplus in excess of \$1.3 billion. While this positive fiscal position allows policymakers some flexibility to utilize available resources to address the ongoing needs of the State, BRE notes that actual out-year revenue growth could be affected by economic uncertainties including inflation, which suggests that the State should approach decisions about how to use this surplus cautiously. **The committee recommends that the budget maintain structural balance in fiscal 2023 to support ongoing budget sustainability.**

2. General Fund Balance and Use of Surplus

Estimated cash balances, after assuming a 5% balance in the Rainy Day Fund, total \$4.3 billion at the close of fiscal 2022. This surplus provides the State with the unique opportunity to invest resources toward unmet needs and priorities. Recognizing that the fund balance is one time in nature, the committee recommends against making ongoing investments with the cash surplus. Ongoing needs can be accommodated within the significant structural surplus forecast for fiscal 2023 and beyond. The committee recommends investing the cash surplus in the following one-time purposes:

- **achieving a minimum ending fiscal 2023 general fund balance of \$200 million. Over the last five years, annual general fund deficiency appropriations have averaged about \$150 million. A balance of \$200 million is sufficient to cover a normal level of deficiencies and also provide a hedge against modest changes in revenue collections;**
- **increasing the Rainy Day Fund balance to 9.0% of general fund revenues. Allocating a portion of the surplus to the Rainy Day Fund positions the State to (1) avoid deep cuts and maintain social safety nets during periods of economic stress and (2) provide resources to protect government services and meet new needs in such periods. The General Assembly and the Governor should collaborate on implementing clear criteria for when the Rainy Day Fund should be used;**
- **committing \$225 million toward the repayment of funds previously borrowed from the Local Income Tax Reserve Account, which reduces the outstanding unfunded liability by more than 30%;**

- **allocating a minimum of \$300 million to address long-standing deferred maintenance and facility renewal needs in Department of General Services (DGS) operated facilities and at State parks and allocating \$200 million to the public four-year institutions of higher education and regional higher education centers for deferred maintenance and facility renewal. Funds for each public four-year institution of higher education and each regional higher education center should be linked to a commitment to annually set-aside funds for facility renewal;**
- **investing in pay-as-you-go (PAYGO) capital to fund previous commitments, offset the impact of a recent spike in construction inflation, mitigate the planned reduction in the general obligation (GO) authorizations in fiscal 2023, and expand the capital program; and**
- **investing in one-time purposes such as improving cybersecurity, accelerating the replacement of outdated information technology systems, capitalizing investments that build capacity to provide ongoing programs and services including infrastructure for apprenticeships and other career pathways to reduce barriers to attracting and training workers in skill shortage occupations in government and the private sector, and offering hiring and retention bonuses to attract more workers to State government.**

3. Capital Budget

A. General Obligation Debt

In September 2021, BRE increased its estimate of general fund revenues through fiscal 2027, which substantially reduced the State's debt service to revenues affordability ratio in all years of the planning period; the improved revenues reduced the State's debt service to revenues ratio from 7.7% in October 2020 to 7.1% in October 2021. Despite the improved debt affordability ratio, the Capital Debt Affordability Committee (CDAC) recommendation limits fiscal 2023 GO bond authorizations to \$900 million, which is \$215 million below both the level recommended by the Spending Affordability Committee (SAC) in December 2020 and the amount programmed in the 2021 *Capital Improvement Program* (CIP).

The committee is concerned that the CDAC recommendation does not provide a level of capital investment necessary to address the critical infrastructure needs of the State at a time when interest rates remain low but are projected to increase and construction inflation is quite high.

While the committee finds reducing GO authorizations to \$900 million unnecessary given the State's improved affordability ratio and low interest rates, the committee recognizes that substantial one-time cash balances are available to support a robust capital program. Therefore, the committee recommends that the General Assembly adhere to the \$900 million limit proposed by CDAC if the Governor's PAYGO and GO proposals:

- **fund all the projects preauthorized by the General Assembly for fiscal 2023;**
- **allocate funds to make strategic investments in facility renewal for State parks, State facilities managed by DGS, and higher education facilities; and**
- **set aside \$300 million in GO bonds for allocation by the General Assembly.**

The substantial amount for the General Assembly reflects a small share of the historic amount of resources (potentially in excess of \$3 billion between GO authorizations, bond premiums, and general fund balances) available to the State for capital projects in fiscal 2023. If the Governor’s budget submission does not adhere to these proposals, SAC will reconvene and consider a higher authorization level for fiscal 2023 only that keeps the State well within the affordability ratios.

As to the long-range plan, the committee continues to support the CDAC debt affordability criteria, which limits debt service to 8% of State revenues and debt outstanding to 4% of State personal income. The committee is concerned, however, that the CDAC’s recommendation through the planning period, which returns the authorization level to the amounts currently programmed beginning in fiscal 2024 (\$1.125 billion), fails to account for recent increases in construction inflation. **Accordingly, the committee recommends that GO bond authorization levels be rebased beginning in fiscal 2024 to a level of \$1.205 billion and include annual 4% increases as opposed to the 1% currently recommended by CDAC.**

B. Higher Education Debt

The University System of Maryland (USM) intends to issue up to \$30 million in academic debt for fiscal 2023, which is the same amount authorized in fiscal 2022 and is consistent with the amount programmed in the 2021 CIP for fiscal 2023. This level of issuance will result in a debt service ratio within the 4.5% of current unrestricted funds and mandatory transfers criterion recommended by the system’s financial advisers.

The committee concurs in the recommendation of CDAC that \$30 million in new academic revenue bonds may be authorized in the 2022 session for USM.

C. Payment of Debt Service

During the fiscal challenges of the last decade, the State has allocated premium revenue from the sale of GO bonds to paying debt service. Paying debt service with the proceeds from bond sales is not an efficient approach to paying debt service at a time when large general fund balances are forecast. **The committee recommends dedicating bond premiums from the sale of GO bonds solely to capital projects in fiscal 2023.**

4. State Employment

Personnel costs comprise approximately 20% of the State's operating budget. The committee anticipates a net increase of 757 positions in the fiscal 2023 budget compared to the fiscal 2022 legislative appropriation. This is comprised of 474 positions added in higher education, and 255 new positions in the Executive Branch, most of which are the result of recent legislation. The resulting authorized number of State employees would be 80,842 in fiscal 2023.

However, in the Executive Branch excluding higher education, 5,788 positions, or 12%, were vacant in October 2021. While specific departments, such as Public Safety, have struggled with high vacancy levels in the past, the issue is now persistent in most State agencies; five of the six largest State departments have vacancy rates above 12%. The lack of an adequate, professionally skilled workforce limits the State's ability to provide quality services, an issue that has been further exacerbated by the pandemic. According to the most recent jobs report from the U.S. Bureau of Labor Statistics, state and local government job openings (excluding in education) grew by 114,000 nationwide in the third quarter, indicating the issue is widespread and not isolated to Maryland State government. **The committee is concerned about the high level of vacancies in State government and the general deprofessionalization of its workforce. Considering the State's budget outlook, the committee recommends that the fiscal 2023 budget include funding for general salary increases as well as targeted salary enhancements to classes with significant vacancies. The Department of Budget and Management (DBM) should also consider one-time payments, such as recruitment and retention bonuses, in order to attract qualified employees to the State. DBM should explore the creation of subsidized apprenticeship and other career pathways in all agencies with hard-to-fill positions, focusing both on upskilling current employees and recruiting new employees beginning in high school.**

5. Infrastructure Investment and Jobs Act

Enactment of the federal Infrastructure Investment and Jobs Act of 2021 reflects historic investment in the nation's infrastructure priorities – funding improvements across all modes of transportation, water systems, and broadband. Of the \$727 billion in grants of interest to states, it is anticipated that Maryland will receive more than \$7.2 billion. As was witnessed with the swift, yet successful allocation of prior COVID-19 relief assistance during the 2021 session, resources are most efficiently and effectively utilized when there is a collaboration of priorities between the branches of government. **As such, the committee expects the Administration to work with the General Assembly to develop the State's plan for utilizing resources available through the Infrastructure Investment and Jobs Act, including resources allocated to Maryland via formula and specifically with regard to the planned uses of the funds and decisions regarding the pursuit of competitive grants that require a State match.**

2021 Spending Affordability Committee Report

Appendix 1
Prior Recommendations and Legislative Action on the Operating Budget
(\$ in Millions)

<u>Session Year</u>	<u>Committee Recommendation</u>		<u>Legislative Action</u>	
	<u>Growth Rate</u>	<u>Amount</u>	<u>Growth</u>	<u>Amount</u>
1983	9.00%	\$428.0	5.70	\$269.8
1984	6.15%	326.7	8.38	402.0
1985	8.00%	407.2	7.93	404.6
1986	7.70%	421.5	7.31	402.2
1987	7.28%	430.2	7.27	429.9
1988	8.58%	557.5	8.54	552.9
1989	8.79%	618.9	8.78	618.2
1990	9.00%	691.6	8.98	689.7
1991	5.14%	421.8	5.00	410.0
1992	No recommendation		10.00	823.3
1993	2.50%	216.7	2.48	215.0
1994	5.00%	443.2	5.00	443.2
1995	4.50%	420.1	4.50	420.0
1996	4.25%	415.0	3.82	372.8
1997	4.15%	419.6	4.00	404.6
1998	4.90%	514.9	4.82	506.6
1999	5.90%	648.8	5.82	640.6
2000 ¹	6.90%	803.0	6.87	800.0
2001 ²	6.95%	885.3	6.94	884.6
2002	3.95%	543.2	3.40	468.1
2003	2.50%	358.2	0.94	134.1
2004	4.37%	635.2	4.33	629.0
2005 ³	6.70%	1,037.1	6.69	1,036.3
2006 ³	9.60%	1,604.7	9.57	1,599.0
2007	7.90%	1,450.0	7.51	1,378.4
2008	4.27%	848.7	4.16	826.8
2009 ⁴	0.70%	145.7	0.19	39.2
2010 ⁴	0.00%	0.0	-	-626.9
2011	Reduce fiscal 2012 structural deficit by 33⅓%		36.90%/46.00% ⁵	
2012	Reduce fiscal 2013 structural deficit by 50.0%		50.60%	
2013	Reduce fiscal 2014 structural deficit by \$200.0 million			-211.2
2014	4.00%	937.8	2.76	646.4
	Reduce fiscal 2015 structural deficit by \$125.0 million			-126.1
2015	Reduce fiscal 2016 structural deficit by 50.0%		68.27%	
2016	4.85%	1,184.2	4.55	1,111.2
2017	Reduce fiscal 2018 structural deficit by at least 50.0%		90.19%	
2018	Eliminate 100% of the fiscal 2019 structural deficit		100%	
2019	3.75%	1,019.0	3.31	900.7
	Maintain structural balance in fiscal 2020			76.0 ⁶
2020	Maintain structural balance in fiscal 2021			160.2
2021	Limit fiscal 2022 structural deficit to \$700 million or less			63.0

¹2000 legislative action does not reflect \$266 million of Cigarette Restitution Fund (CRF) appropriations. CRF dollars were excluded because it had not previously been available to the State. The 2000 growth rate, including CRF dollars, was 9.16%.

²Methodology revised effective with the 2001 session.

³The committee initially approved a limit of 5.70% for 2005 and 8.90% for 2006.

⁴Legislative action calculation includes federal funds under the American Recovery and Reinvestment Act of 2009 used in lieu of ongoing general fund spending.

⁵Spending reduction/total reduction.

⁶Amount reflects difference between the estimated structural deficit of \$64 million in the Governor's allowance and the structural surplus of \$12 million in the legislative appropriation.



THE MARYLAND GENERAL ASSEMBLY
ANNAPOLIS, MARYLAND 21401-1991

Joint Committee on Unemployment Insurance Oversight

December 17, 2021

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Committee on Unemployment Insurance Oversight respectfully submits a summary report of its 2021 interim activities. The joint committee met two times during the interim to receive briefings from the Secretary of Labor and to discuss the Maryland Department of Labor's response to the COVID-19 pandemic and implementation of legislation enacted during the 2021 legislative session. Attached is a summary of the meetings. As co-chairs, we also participated in and monitored many other unemployment insurance (UI) focused meetings involving various groups, including the Senate Budget and Taxation Committee and the House Appropriations Committee.

In early 2022, the joint committee plans to meet and consider the findings and recommendations of a study on UI system reforms required by Chapters 45 and 46 of 2021, as well as potential legislation. We intend to give serious consideration to the report and, as always, will work to balance the interests of our citizens and businesses while protecting the Unemployment Insurance Trust Fund to the best of our ability.


The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee
December 17, 2021
Page 2

The joint committee is appreciative of the advice and assistance provided by governmental officials, members of the public, and legislative staff during the 2021 interim and looks forward to the same spirit of cooperation and assistance during the 2022 legislative session.

Respectfully submitted,



Senator Katherine Klausmeier
Senate Chair



Delegate Ned Carey
House Chair

KK:NC/SMR/acl

Enclosure

cc: Ms. Sally Robb
Ms. Alexandra Hughes
Mr. Jeremy Baker
Ms. Victoria Gruber
Mr. Ryan Bishop

Joint Committee on Unemployment Insurance Oversight 2021 Interim Report

The Joint Committee on Unemployment Insurance Oversight held two virtual meetings during the 2021 interim. At each of the meetings, the joint committee heard from Tiffany Robinson, Secretary of Labor, and Dayne Freeman, Assistant Secretary for the Division of Unemployment Insurance.

June 23 Meeting

At the June 23 meeting, the joint committee heard from Secretary Robinson on the status of the study of unemployment insurance (UI) system reforms required under Chapters 45 and 46 of 2021, and the implementation of other legislation enacted during the 2021 legislative session. Secretary Robinson also provided updated information on claims, benefits paid, and other programmatic metrics through the duration of the COVID-19 pandemic. For example, at that time, the Division of Unemployment Insurance had paid \$12.8 billion in State and federal unemployment benefits from March 9, 2020, through June 12, 2021. Secretary Robinson also provided an overview of a recent uptick in fraudulent claims that the department was experiencing. Assistant Secretary Freeman provided answers to various questions from the joint committee members, such as those related to UI information technology systems.

August 16 Meeting

The August 16 meeting was held subsequent to an interim reporting requirement in Chapters 45 and 46. The joint committee once again heard from Secretary Robinson on the status of the UI system study, including the department's decision to continue working with an existing consulting firm for some aspects of the study while using internal staff for other aspects. The Secretary also advised the joint committee on anticipated funds to be allocated to the trust fund, pursuant to Chapter 73 of 2021, in time for the September 30 balance snapshot (\$450 million was ultimately allocated in mid-September). Secretary Robinson also provided another update on various programmatic metrics and the department's efforts to combat fraud and provided answers to various questions from the joint committee members, such as those related to staffing, employer experience ratings, and claims adjudication.

Study on Unemployment Insurance System Reforms

Chapters 45 and 46 required the Maryland Department of Labor, in consultation with the Department of Legislative Services, to study and make recommendations regarding reforms to the UI system in the State. The department was required to submit an interim report by

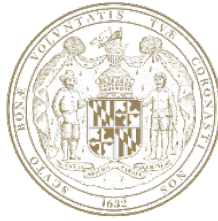
July 1, 2021, and submit a final report by December 1, 2021. Among other topics, the department was required to study:

- expanded eligibility for unemployment benefits for various types of workers;
- the costs and benefits of increasing the maximum weekly benefit amount, including costs and benefits of indexing the weekly benefit amount to account for inflationary change;
- alternative approaches to the experience rating process;
- existing penalties for fraud and the need for enhancing or altering those penalties; and
- the solvency of the trust fund, as adjusted based on implementation of each of the potential system reforms in the study.

The study was primarily conducted by the W.E. UpJohn Institute for Employment Research in coordination with the Jacob France Institute (JFI) of the University of Baltimore. UpJohn produced several independent analyses on the effects of various UI program modifications on businesses and trust fund solvency, including the costs and benefits of: (1) increasing benefit payments, dependent allowances, and the income disregard in various ways; (2) increasing the taxable wage base to 25% of the average weekly wage and indexing those amounts to inflation; (3) eliminating Table A, leaving Table B as the tax table with the lowest rates; and (4) instituting an employee tax, as is the case in a limited number of other states.

The report provided to the joint committee was largely an assessment by the department of the UpJohn analyses, with some department-directed internal research related to: (1) job separation due to unsafe working conditions and (2) penalties for fraud. As stated in the report, the department “does not endorse or recommend a higher tax burden on the Maryland employer community at this tenuous economic time.” The department’s stated reasons are the projected solvency of the trust fund through at least 2025 and “the regressive nature of many of the recommendations contained in the analyses” by UpJohn and JFI. Instead, the department recommends that the Maryland General Assembly and other key policymakers conduct an in-depth review of the report and collect stakeholder input before implementing any UI program financing reforms. To address future crises, the department also recommends that policymakers consider: (1) suspending claims mitigation language during times of extreme emergency to allow for expedited claims processing and (2) enhancing penalties for fraudulent activity to better protect legitimate claimants and employers from what has been an onslaught of sophisticated fraud.

The joint committee anticipates holding a meeting in early January 2022 to discuss the findings and recommendations from the study, as well as potential legislation to further reform the UI system.



MARYLAND GENERAL ASSEMBLY
JOINT COMMITTEE ON WORKERS' COMPENSATION
BENEFIT AND INSURANCE OVERSIGHT

December 17, 2021

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

During the 2021 interim, the Joint Committee on Workers' Compensation Benefit and Insurance Oversight held one meeting on December 8, 2021. During the meeting, the joint committee received information from the Uninsured Employers' Fund (UEF) Board of Directors concerning operational issues, solvency issues, and a recent audit of UEF conducted by the Office of Legislative Audits (OLA). OLA's findings were released in September 2021.

Broadly, OLA found issues with UEF's relationship with the third-party administrator (TPA) it uses for case management and found that UEF did not adequately monitor and pursue collection of all its delinquent accounts. OLA discovered overpayments and unsupported payments to the TPA, and that UEF failed to adequately review indemnity payments processed by the TPA.

At the meeting, UEF's board members and assistant Attorney General broadly discussed actions taken in recent years to address UEF's operational issues and solvency, including increasing staffing levels and addressing solvency issues with the increased revenues provided by recent legislative actions. Concerning the audit, UEF advised that the bulk of the overpayments were due to an old contract that is being addressed, and that other TPA payments are being reviewed. UEF further discussed the cash-flow difficulties it experiences working with the Central Collections Unit to collect the \$50 million in outstanding debt it is owed. UEF is successfully exploring alternative strategies to collect that debt.

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee
December 17, 2021
Page 2

The joint committee will continue to examine matters of concern, and appreciates the advice and assistance provided by governmental officials, members of the public, and legislative staff during the 2021 interim. As in most previous sessions, the joint committee expects to meet during the 2022 legislative session to discuss workers' compensation legislation.

Sincerely,



Katherine Klausmeier
Senate Chair



Kriselda Valderrama
House Chair

KK:KV/RLD/acl

cc: Ms. Sally Robb
Ms. Alexandra Hughes
Mr. Jeremy Baker
Ms. Victoria L. Gruber
Mr. Ryan Bishop

Special Committees – Senate of Maryland

The Senate Special Committee on Substance Abuse did not meet during the 2021 interim.

Special Committees – House of Delegates

The House Special Committee on Drug and Alcohol Abuse did not meet during the 2021 interim.

