



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

LARRY HOGAN
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Lieutenant Governor

DAVID R. BRINKLEY
Secretary

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Deputy Secretary

SENATE BILL 574 District Court-Jobs Court Pilot Program (McCray and Guzzone) STATEMENT OF INFORMATION

DATE: February 18, 2020

COMMITTEE: Senate Judicial Proceedings Committee and Senate Budget & Taxation Committee

SUMMARY OF BILL: SB 574 creates a five-year Jobs Court Pilot Program in the District Court for the purpose of reducing recidivism by offering defendants an opportunity to participate in full-time job training and job placement programs as a condition of probation or alternative to incarceration. The bill mandates appropriations in FY 2022 in the amounts of \$250,000 to the Governor’s Workforce Investment Board and \$250,000 to the Administrative Office of the Courts. Three PINs are to be created for social workers to assist in administering the Pilot Program

EXPLANATION: DBM’s focus is not on the underlying policy proposal being advanced by the legislation, but rather on the mandated appropriation provisions and costs associated with three new PINs.

The Department of Budget and Management (DBM) is charged with submitting a balanced budget to the General Assembly annually and strives to create a structurally balanced budget, in which the growth in spending is less than the growth in revenues.

General Fund Budget Outlook Fiscal 2022 - 2025

	Est. 2022	Est. 2023	Est. 2024	Est. 2025
Cash Balance	-\$833	-\$1,135	-\$1,201	-\$1,298
Structural Balance	-\$701	-\$905	-\$984	-\$1,071

Department of Legislative Services, January 2020 Fiscal Briefing

For FY 22 – FY 25, the cumulative impact of an ongoing imbalance between spending and revenues is a \$3.6 billion structural gap. Our structural budget problem reflects a spending problem; not a revenue problem.

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Until we achieve long-term structural balance, programs cannot rely on a consistent funding level. Constituencies for these proposed programs or enhanced spending bills should be forewarned that passage of this legislation does not guarantee future funding. The diversion of General Funds may be repealed or otherwise modified in a subsequent Budget Reconciliation and Financing Act (BRFA) – this action is necessary to ensure a constitutionally required balanced budget in the next fiscal year.

The Administration is cognizant of the downside risks facing our economy and, in the FY 2021 Budget, has set aside \$1.3 billion in reserves. The Rainy Day Fund balance is equal to 6.25% of revenues, \$48 million more than recommended by the Spending Affordability Committee (SAC). Moody's Analytics has recently advised of a slowdown in employment growth in the latter part of FY 2021, which DLS estimates would add \$241 million to the structural budget gap in FY 2021 and \$419 million in FY 2022. Historic increases in funding for both K-12 education, as proposed by the Kirwan Commission, and school construction will further aggravate the budget gap.

The 2019 SAC commentary encourages a cautious fiscal approach -- **“Out-year fiscal stress is anticipated despite the expectation that personal income and employment will continue to grow steadily, and entitlement and prison caseloads will hold steady or decline. An imbalance is forecast before accounting for any recommendations from the Commission on Innovation and Excellence in Education.”**

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