LARRY HOGAN
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BOYD K. RUTHERFORD
Lieutenant Governor

Maryland
DEPARTMENT OF BUDGET AND MANAGEMENT

DAVID R. BRINKLEY
Secretary

MARC L. NICOLE
Deputy Secretary

SENATE BILL 919 Child Care Capital Support Revolving Loan Fund – Established (King)

STATEMENT OF INFORMATION
DATE: March 15, 2022

COMMITTEE: Senate Budget & Taxation Committee and Senate Education, Health, & Environmental Affairs Committee

SUMMARY OF BILL:. SB 919 creates the Child Care Capital Support Revolving Loan Fund in the Department of Education (MSDE) and mandates appropriations in the amounts of: $15 million in FY 2023; $10 million in FY 2024; and $5 million in FY 2025, the purpose of which is to provide no-interest loans to child care providers for its capital facilities, including acquisition. MSDE may provide a financial hardship exemption and extend the five year repayment requirement.

EXPLANATION: The Department of Budget and Management's focus is on the aggregate $15 million mandated appropriation provisions, which impact the FY 2024 and FY 2025 budgets. The legislation cannot mandate the $15 million appropriation in the FY 2023 Budget.

DBM has the responsibility of submitting a balanced budget to the General Assembly annually, which will require spending allocations for FY 2024 to be within the official revenues estimates approved by the Board of Revenue Estimates in December 2022.

Changes to the Maryland Constitution in 2020 provide the General Assembly with additional budgetary authority, beginning in the 2023 Session, to realign total spending by increasing and adding items to appropriations in the budget submitted by the Governor. The legislature's new budgetary power diminishes, if not negates, the need for mandated appropriation bills.

Fully funding the implementation of the Blueprint for Maryland's Future (Kirwan) will require fiscal discipline in the years ahead, if the State is to maintain the current projected structural budget surpluses. Mandated spending increases need to be reevaluated within the context of this education funding priority and the Governor's tax relief proposals.

Economic conditions remain precarious as a result of COVID-19. High rates of inflation and workforce shortages may be short lived or persist, thereby impacting the Maryland economy. While current budget forecasts project structural surpluses, the impact of the ongoing COVID-19 pandemic continues to present a significant budgetary vulnerability. The Department continues to urge the General Assembly to focus on maintaining the structural budget surplus.

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