



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lieutenant Governor

DAVID R. BRINKLEY
Secretary

MARC L. NICOLE
Deputy Secretary

SENATE BILL 716 Maryland Health Care Workers Loan Assistance Program - Establishment and Funding (Simonaire)

STATEMENT OF INFORMATION

DATE: March 10, 2022

COMMITTEE: Senate Budget & Taxation

SUMMARY OF BILL: SB 716 establishes the Maryland Health Care Workers Loan Assistance Program and Fund in the Maryland Department of Health to provide assistance to health care workers (nurses and physicians) in repaying health care-related education loans; limits loans to no more than \$10,000 per year for three years for each participant; mandates an appropriation in the amount of \$35 million in FY 2024 through FY 2026; and termination date of June 30, 2026.

EXPLANATION: The Department of Budget and Management's focus is not on the underlying policy proposal being advanced by the legislation, but rather on the \$35 million mandated appropriation provision that impacts the FY 2024 budget and subsequent budgets. The FY 2023 Budget allocates \$2 million for the LARP for Nurses and Nursing Assistants to assist nurses and nursing workers with the repayment of education loans as part of the Administration's efforts to address the critical workforce shortage in nursing.

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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