LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lieutenant Governor

Maryland
DEPARTMENT OF BUDGET AND MANAGEMENT

DAVID R. BRINKLEY
Secretary

MARC L. NICOLE
Deputy Secretary

SENATE BILL 121 Maryland Farms and Families Fund, Maryland Food and Agricultural Resiliency Mechanism Grant Program, and Maryland Farm-to-School Meal Grant Pilot Program (Hester)

STATEMENT OF INFORMATION

DATE: January 25, 2022

COMMITTEE: Senate Education, Health & Environmental Affairs

SUMMARY OF BILL:. SB 121 increases the $100,000 annual mandate in the Farms and Families Fund to $300,000, creates a Food and Agricultural Resiliency Mechanism Grant Fund to leverage agricultural products and services to support the State's food banks and charitable emergency food providers with a $1.25 million annual mandate, and creates a Farm-to-School Meal Grant Fund to incentivize the production, procurement, and provision of local foods in school meals through grant awards to local school districts with a $500,000 mandated appropriation in FY 2024 and FY 2025 to launch a pilot program.

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 $1.95 million annual mandated appropriation provision that impacts the FY 2024 and subsequent budgets. The FY 2023 Budget contains $10 million in the Dedicated Purpose Account for food banks.

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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