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# **Fiscal Briefing**

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**Department of Legislative Services  
Office of Policy Analysis  
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# **The Governor's Fiscal 2015 Plan**

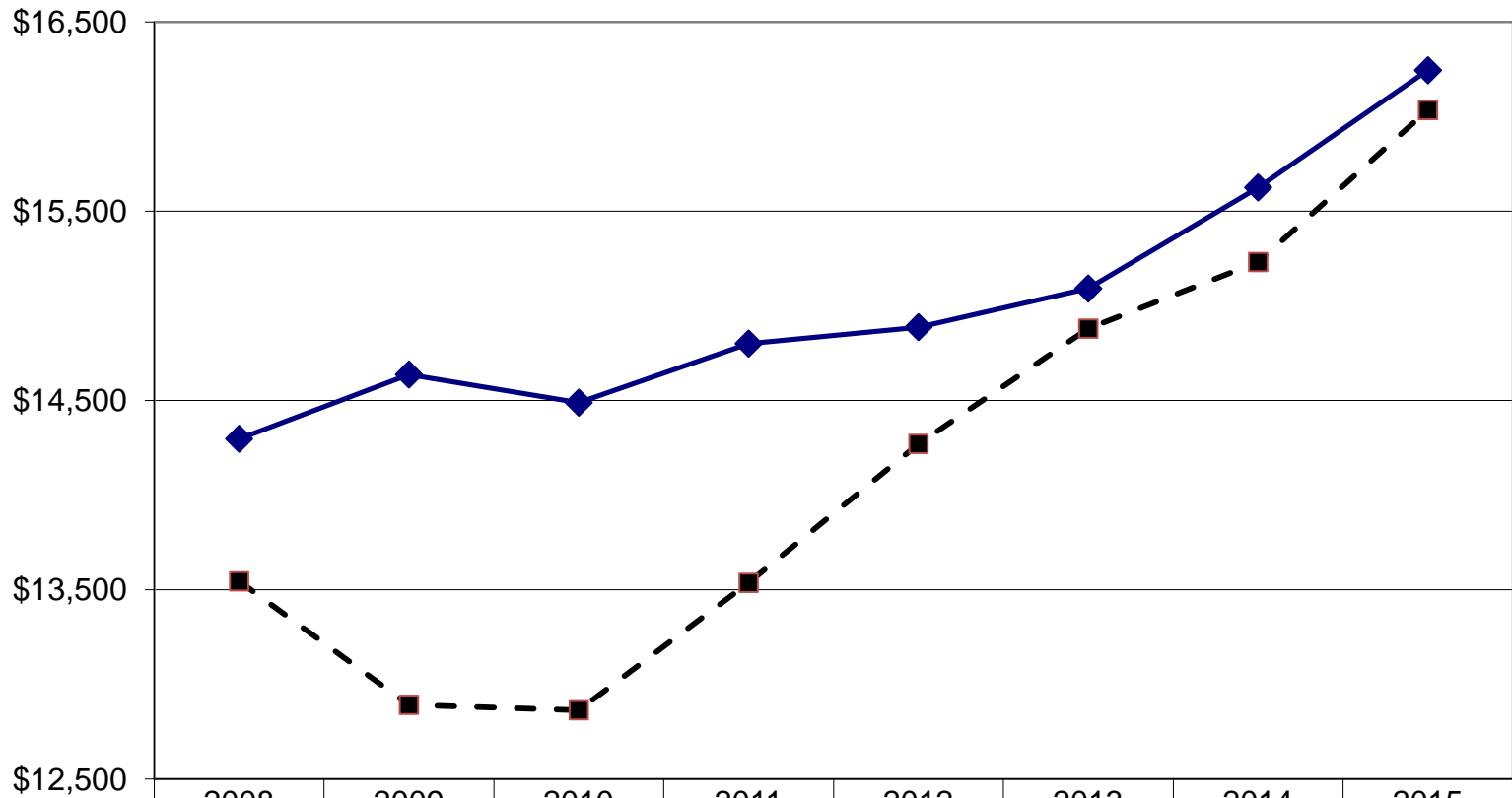
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# The General Fund Structural Shortfall Has Narrowed

Fiscal 2008-2015  
(\$ in Millions)



Fiscal 2009 through 2011 data reflects ongoing general fund spending supplanted by the American Recovery and Reinvestment Act of 2009.  
Fiscal 2013 data reflects ongoing spending and revenues associated with the Budget Restoration Fund.

# General Fund: Recent History and Outlook

Fiscal 2013-2015

(\$ in Millions)

	<u>2013 Actual</u>	<u>2014 Approp.</u>	<u>2015 Allowance</u>
<b>Funds Available</b>			
Ongoing Revenues <sup>(1)</sup>	\$14,880	\$15,232	\$16,035
Balances and Transfers	732	526	332
One-time Generally Accepted Accounting Principles Transfer	17	0	0
Short-term Revenues	0	8	88
<b>Total Funds Available</b>	<b>\$15,630</b>	<b>\$15,767</b>	<b>\$16,455</b>
<b>Appropriations, Deficiencies, and Cost Containment</b>			
Net Ongoing Operating Costs and Deficiencies <sup>(1)</sup>	\$15,092	\$15,625	\$16,245
One-time Spending/Reductions	0	-29	-50
PAYGO Capital	3	33	1
Appropriations to Reserve Fund	33	55	228
<b>Total Spending</b>	<b>\$15,128</b>	<b>\$15,684</b>	<b>\$16,425</b>
<b>Cash Balance/Shortfall</b>	<b>\$502</b>	<b>\$83</b>	<b>\$30</b>
<b>Structural</b>			
<b>Balance</b> (Ongoing Revenues Less Operating Costs)	<b>-\$211</b>	<b>-\$393</b>	<b>-\$210</b>
<b>Ratio</b> (Ongoing Revenues/Operating Costs)	<b>98.6%</b>	<b>97.5%</b>	<b>98.7%</b>
<b>Reserve Fund Activity</b>			
Appropriations to State Reserve Fund	\$33	\$55	\$228
Transfers to General Fund	0	0	205
<b>Estimated Rainy Day Fund Balance – June 30</b>	<b>\$700</b>	<b>\$763</b>	<b>\$800</b>
<b>Total Cash (Rainy Day, General Fund Balance)</b>	<b>\$1,202</b>	<b>\$846</b>	<b>\$831</b>

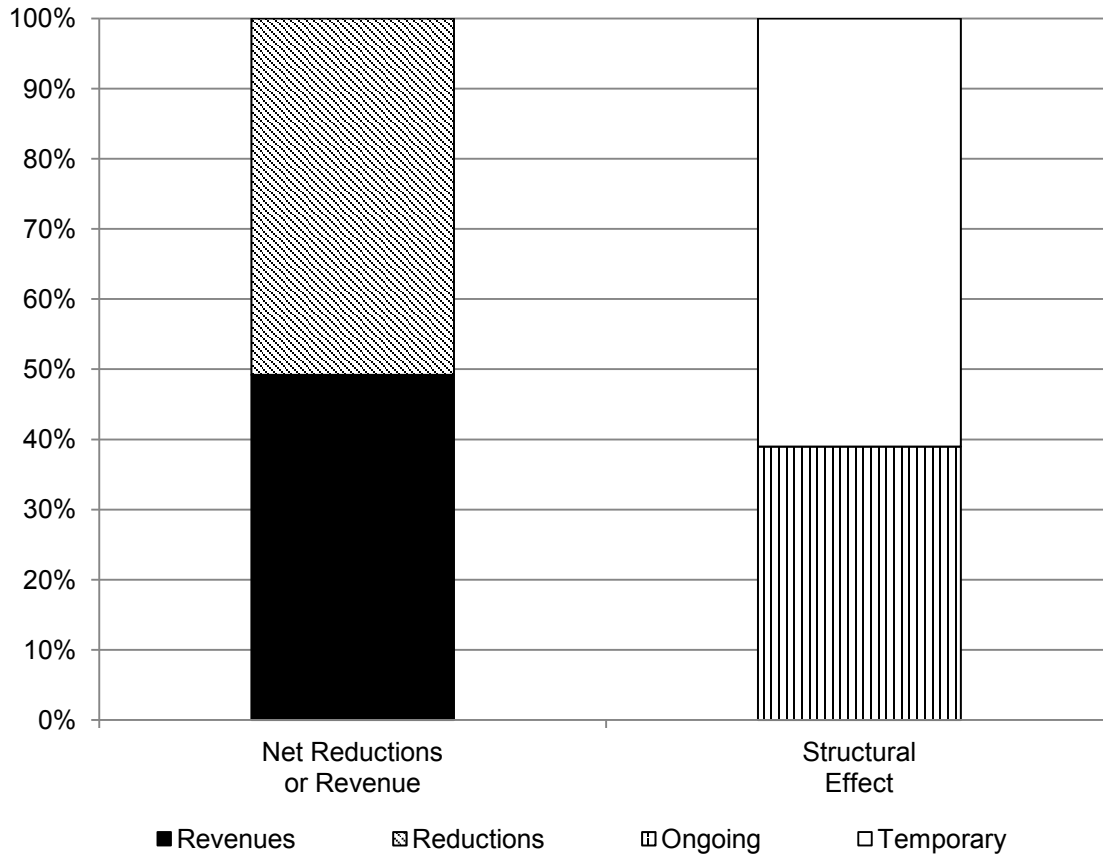
PAYGO: pay-as-you-go

<sup>(1)</sup> Fiscal 2013 revenue and spending adjusted to include the Budget Restoration Fund.

# Fiscal 2015 Budget Problem

## Defining the Hole

2015 Cash Gap from the Department of Legislative Services Baseline      **-\$391**  
**-\$391**



	<u>One-time</u>	<u>Ongoing</u>	<u>Total</u>	<u>Percent</u>
<b>Net Reductions</b>	\$50	\$149	\$198	51%
<b>Revenues</b>	189	3	192	49%
<b>Total</b>	238	152	391	
<b>Percent</b>	61%	39%		



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## **Economic and Revenue Outlook**

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## Maryland Economic Performance

### Year-over-year Percent Change

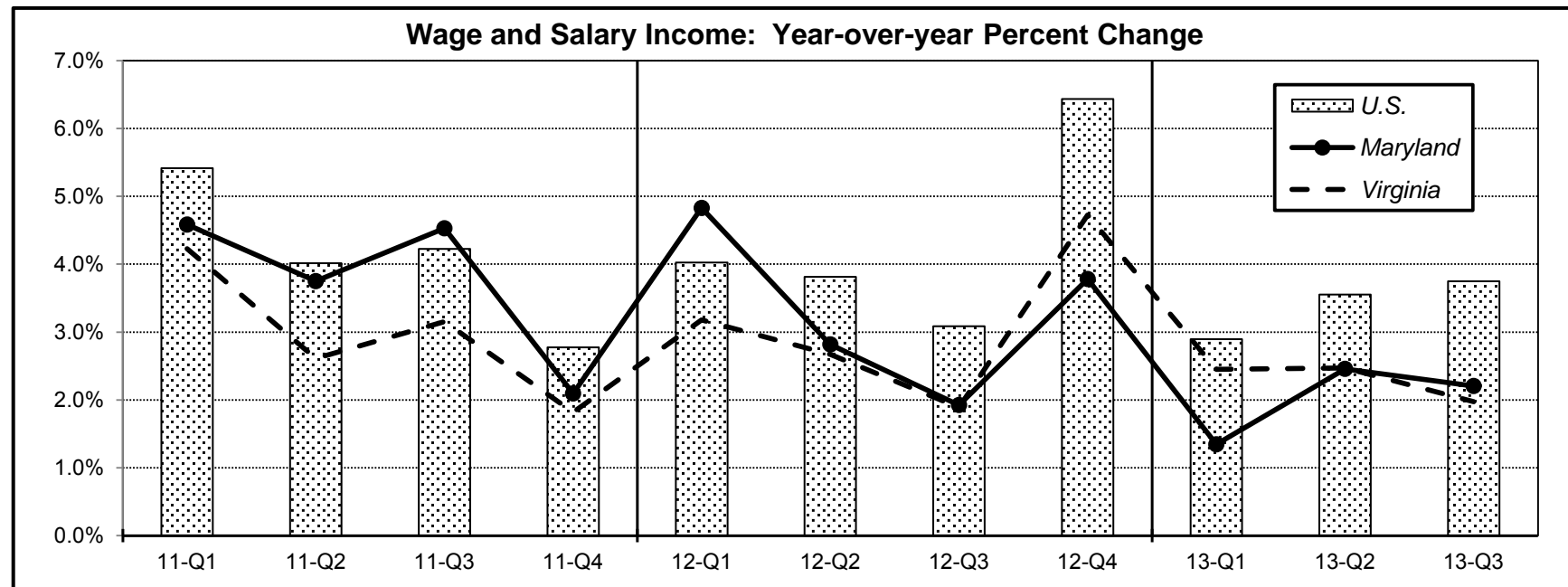
<u>Month-Year</u>	<u>Employment</u>		<u>Unemployment</u>	<u>Initial</u>	<u>Existing</u>	<u>Median</u>	<u>Vehicle</u>
	<u>CES</u>	<u>QCEW</u>	<u>Rate</u>	<u>UI Claims</u>	<u>Home Sales</u>	<u>Home Price</u>	<u>Sales</u>
Jan-13	1.2%	1.1%	6.7%	-9.4%	10.7%	1.9%	3.3%
Feb-13	1.5%	1.1%	6.6%	-12.3%	3.1%	5.6%	-7.3%
Mar-13	1.1%	0.8%	6.6%	-2.8%	7.1%	6.8%	-0.4%
Apr-13	1.2%	0.9%	6.5%	-7.8%	14.2%	3.3%	9.2%
May-13	1.4%	1.0%	6.7%	-8.3%	13.0%	5.3%	8.0%
Jun-13	1.9%	0.9%	7.0%	-12.1%	13.1%	5.9%	1.7%
Jul-13	1.8%		7.1%	-4.2%	26.5%	9.5%	13.8%
Aug-13	1.7%		7.0%	-9.8%	16.1%	6.8%	0.4%
Sep-13	1.3%		6.7%	0.3%	17.2%	5.0%	7.7%
Oct-13	0.9%		6.7%	9.9%	18.9%	1.1%	2.2%
Nov-13	1.3%		6.4%	-22.5%	-2.7%	4.7%	1.1%

Note: The unemployment rate is based on seasonally adjusted data. Monthly unemployment insurance claims from the U.S. Bureau of Labor Statistics with seasonal adjustment by Moody's Analytics.

CES = Current Establishment Survey

QCEW = Quarterly Census of Employment and Wages

UI = unemployment insurance



# Maryland General Fund Revenue Forecast

(\$ in Millions)

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<u>Source</u>	<u>FY 2013 Actual</u>	<u>FY 2014 Estimate</u>			<u>% Change over FY13</u>	<u>FY 2015 Estimate</u>			<u>% Change over FY14</u>
		<u>Sep.</u>	<u>Dec.</u>	<u>Difference</u>		<u>Sep.</u>	<u>Dec.</u>	<u>Difference</u>	
Personal Income Tax	\$7,691.4	\$8,072.8	\$8,042.1	-\$30.7	4.6%	\$8,446.5	\$8,551.0	\$104.4	6.3%
Sales and Use Tax	4,067.8	4,192.5	4,150.7	-41.9	2.0%	4,352.6	4,365.2	12.6	5.2%
State Lottery	526.0	508.2	501.1	-7.1	-4.7%	481.6	502.7	21.1	0.3%
Corporate Income Tax <sup>(1)</sup>	818.2	755.5	716.8	-38.7	-12.4%	824.9	783.2	-41.7	9.3%
Business Franchise Taxes	201.6	198.0	211.8	13.8	5.1%	200.9	215.4	14.5	1.7%
Insurance Premiums Tax	303.8	297.3	310.1	12.8	2.1%	293.6	317.9	24.3	2.5%
Estate and Inheritance Taxes	234.6	227.1	203.3	-23.8	-13.4%	230.5	224.3	-6.3	10.3%
Tobacco Tax	415.9	409.4	413.0	3.6	-0.7%	408.5	412.0	3.5	-0.2%
Alcohol Beverages Tax	31.2	31.5	30.9	-0.6	-1.0%	32.0	31.4	-0.6	1.7%
Motor Vehicle Fuel Tax	13.0	5.0	5.0	0.0	-61.5%	5.0	5.0	0.0	0.0%
District Courts	75.5	75.9	80.7	4.9	7.0%	75.8	75.8	0.0	-6.1%
Clerks of the Court	38.5	39.3	48.0	8.7	24.5%	41.0	49.8	8.9	3.8%
Hospital Patient Recoveries	64.5	60.1	56.9	-3.2	-11.7%	51.1	57.4	6.3	0.9%
Interest on Investments	14.5	15.0	15.0	0.0	3.4%	20.4	20.4	0.0	35.7%
Miscellaneous	371.1	355.5	355.9	0.4	-4.1%	322.2	318.9	-3.3	-10.4%
<b>Subtotal</b>	<b>\$14,867.5</b>	<b>\$15,243.2</b>	<b>\$15,141.4</b>	<b>-\$101.8</b>	<b>1.8%</b>	<b>\$15,786.6</b>	<b>\$15,930.3</b>	<b>\$143.7</b>	<b>5.2%</b>
Transfer Tax	0.0	89.2	89.2	0.0	n/a	75.1	75.1	0.0	n/a
GAAP Transfer	17.5	0.0	0.0	0.0	n/a	0.0	0.0	0.0	n/a
<b>Total Revenues</b>	<b>\$14,885.0</b>	<b>\$15,332.4</b>	<b>\$15,230.6</b>	<b>-\$101.8</b>	<b>2.3%</b>	<b>\$15,861.7</b>	<b>\$16,005.3</b>	<b>\$143.7</b>	<b>5.1%</b>

<sup>(1)</sup> The Budget Reconciliation and Financing Act of 2011 lowered the Transportation Trust Fund's share of the corporate income tax from 24.0% of net receipts (excluding the first 15.15%) to 9.5% in fiscal 2013. In fiscal 2014 and 2015, the share will rise to 19.5%.

Note: The fiscal 2013 actual shows general fund revenues before the transfer of \$276.5 million to the Budget Restoration Fund required by the Budget Reconciliation and Financing Act of 2012 (Chapter 1, 2012 First Special Session).

Source: Board of Revenue Estimates



## Fiscal 2014 General Fund Revenues

(\$ in Millions)

<u>Source</u>	<i>Fiscal Year through December</i>			
	<u>FY 2013</u>	<u>FY 2014</u>	<u>\$ Difference</u>	<u>% Difference</u>
Personal Income Tax	\$2,992.3	\$3,116.9	\$124.6	4.2%
Sales and Use Tax <sup>(1)</sup>	1,681.9	1,710.8	28.9	1.7%
State Lottery	261.2	246.9	-14.2	-5.5%
Corporate Income Tax <sup>(2)</sup>	341.4	273.7	-67.7	-19.8%
Business Franchise Taxes	73.3	82.1	8.8	12.0%
Insurance Premiums Tax	143.2	163.0	19.8	13.8%
Estate and Inheritance Taxes	126.8	105.7	-21.1	-16.6%
Tobacco Tax	190.7	182.7	-8.0	-4.2%
Alcohol Beverages Tax	13.2	13.0	-0.2	-1.5%
District Courts	40.3	44.1	3.8	9.4%
Clerks of the Court	21.3	21.8	0.5	2.3%
Interest and Miscellaneous <sup>(3)</sup>	92.3	115.7	23.4	25.4%
<b>Total Revenues</b>	<b>\$5,977.9</b>	<b>\$6,076.4</b>	<b>\$98.5</b>	<b>1.6%</b>

<sup>(1)</sup> Data reflects sales tax revenue remitted to the Comptroller from August through December which were collected by retailers from July through November.

<sup>(2)</sup> The Budget Reconciliation and Financing Act of 2011 increased the Transportation Trust Fund's share of the corporate income tax from 9.5% of net receipts (excluding the first 15.15%) in fiscal 2013 to 19.5% in fiscal 2014. Adjusted for this law change, general fund corporate income tax receipts would be down 11.1% and total general fund revenues would be up 2.2%.

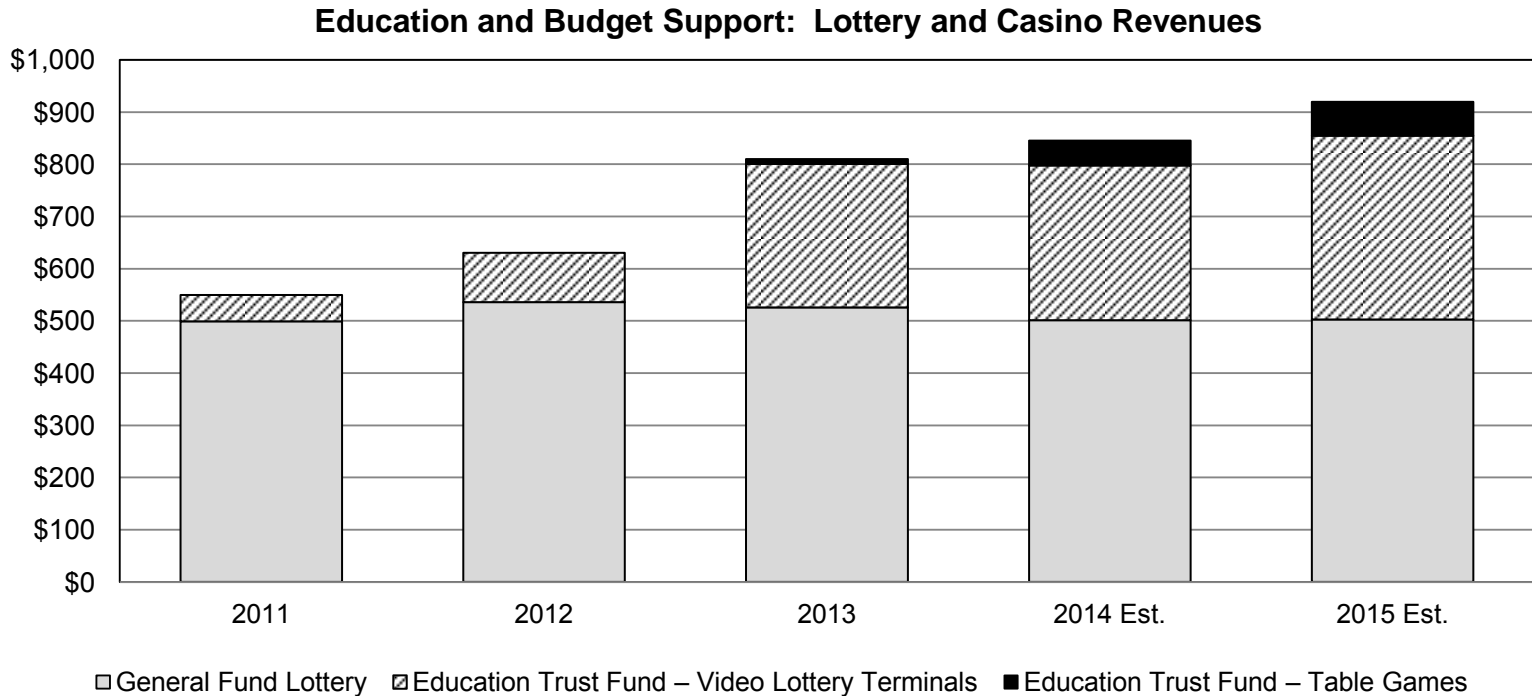
<sup>(3)</sup> Includes interest on investments, hospital patient recovery revenues from Medicare, insurance, and sponsors; general fund motor fuel tax revenue, and other miscellaneous revenues.

Note: Fiscal 2013 revenues are shown before transfers to the Budget Restoration Fund required by the Budget Reconciliation and Financing Act of 2012 (Chapter 1, 2012 First Special Session).

# Lottery and Gambling Revenues

## Fiscal 2011-2015

### (\$ in Millions)



	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014 Est.</u>	<u>2015 Est.</u>
General Fund Lottery	\$499.4	\$536.3	\$526.0	\$501.1	\$502.7
Education Trust Fund – Video Lottery Terminals	50.0	94.3	274.7	296.9	351.7
Education Trust Fund – Table Games	0.0	0.0	9.6	47.4	65.3
<b>Education and Budget Support</b>	<b>\$549.4</b>	<b>\$630.6</b>	<b>\$810.3</b>	<b>\$845.4</b>	<b>\$919.7</b>
Purse Enhancement	\$7.2	\$13.6	\$39.1	\$42.3	\$51.5
Local Impact Grants	5.7	10.7	30.7	33.4	40.7
Racetrack Renewal	2.6	4.9	10.8	10.4	7.2
Small Minority and Women-Owned Business	1.5	2.9	8.4	9.1	11.1
Lottery - Stadium Authority	20.0	20.0	19.3	20.0	20.0
<b>Other Distributions</b>	<b>\$37.0</b>	<b>\$52.1</b>	<b>\$108.3</b>	<b>\$115.2</b>	<b>\$130.5</b>
Lottery – Traditional	\$53.3	\$53.9	\$54.7	\$56.2	\$56.5
Lottery – Casinos	2.1	3.9	11.2	12.3	13.3
Casino Operators	34.0	64.2	223.8	401.6	545.0
<b>Overhead</b>	<b>\$89.4</b>	<b>\$122.0</b>	<b>\$289.7</b>	<b>\$470.1</b>	<b>\$614.8</b>
Lottery	\$572.7	\$610.2	\$600.0	\$577.3	\$579.2
Casino Program	103.1	194.5	608.3	853.4	1,085.8
<b>Totals</b>	<b>\$675.8</b>	<b>\$804.7</b>	<b>\$1,208.3</b>	<b>\$1,430.7</b>	<b>\$1,665.0</b>

Note: Estimates for fiscal 2014 and 2015 from the Board of Revenue Estimates, December 2013.

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# **Operating Budget**

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# Status of the General Fund

**Fiscal 2014**  
**(\$ in Millions)**

**Detail**

<b>Starting Balance</b>		<b>\$501.9</b>
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## Revenues

BRE Estimated Revenue December 2013	\$15,230.6	
Administration Revenue Assumptions	14.2	p. 18

<b>Total</b>		<b>\$15,244.8</b>
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## Transfers

Sustainable Communities, Biotechnology, and Cybersecurity Tax Credits	\$16.1	
* Administration Transfer Assumptions	4.2	p. 19

<b>Total</b>		<b>\$20.2</b>
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<b>Funds Available</b>		<b>\$15,766.9</b>
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## Spending

Fiscal 2014 Working Appropriation	\$15,705.1	
Estimated Deficiencies Net of Contingent Reductions	137.3	
Reductions Contingent on Legislation	-86.4	p. 20
Targeted Reversions	-41.8	p. 19
Estimated Agency Reversions	-30.0	

<b>Net Expenditures</b>		<b>\$15,684.2</b>
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<b>Ending Balance</b>		<b>\$82.8</b>
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## Fund Balance Reconciliation Since July 1, 2013

Estimated Fiscal 2014 Closing Fund Balance/Revised Tax Credits	\$292.9	
Fiscal 2013 Closeout	-55.7	
Deficiencies	-137.3	
Administration Transfer/Revenue/Reversion Assumptions	146.5	
BRE Revenue Revisions	-163.7	
<b>Revised Fiscal 2014 Closing Fund Balance</b>	<b>\$82.8</b>	

BRE: Board of Revenue Estimates

\* Denotes items contingent on budget reconciliation legislation.

## Fiscal 2014 Deficiencies Total \$112.3 Million (\$ in Millions)

	<u>GF</u>	<u>SF</u>	<u>FF</u>
<b><i>Where Funds Are Needed to Supplement Appropriation for Ongoing Operations</i></b>			
<b>Health and Mental Hygiene:</b> Including Medicaid provider reimbursements (\$65.7 million) and community services shortfall in DDA (\$30.1 million)	\$103.5		\$31.0
<b>Maryland Health Benefit Exchange:</b> Including computer systems operations (\$28.4 million)	3.1		30.4
<b>Public Safety and Correctional Services:</b> Including overtime (\$9.0 million) and variable inmate costs (\$8.5 million)	32.5		
<b>Education:</b> Including student assessments (\$14.5 million) and Quality Teacher Incentive Program (\$9.6 million)	24.6		
<b>Human Resources:</b> Foster care (\$19.3 million) and legal services (\$2.1 million)	21.5		
<b>Other Agencies</b>	13.8	\$21.5	
<b>Subtotal</b>	<b>\$198.9</b>	<b>\$21.5</b>	<b>\$61.4</b>
<b><i>Where Funds Are Reduced for Cost Containment</i></b>			
Pension Reinvestment across all State agencies (contingent reduction)	-\$86.1		
Health Insurance savings across all State agencies	-49.6		
State Personnel Information Technology project	-10.7		
Agency-specific reductions; see Appendix 11	-31.1	\$0.0	\$0.0
<b>Subtotal</b>	<b>-\$177.5</b>	<b>\$0.0</b>	<b>\$0.0</b>
<b><i>Where General Funds Are Needed in Lieu of Underattained Special or Federal Funds</i></b>			
<b>Health and Mental Hygiene:</b> Cigarette Restitution Funds	\$70.0	-\$70.0	
<b>Human Resources:</b> Underattained federal funds	2.2	1.2	-3.4
<b>Other Agencies</b>	1.3	0.5	-0.1
<b>Subtotal</b>	<b>\$73.5</b>	<b>-\$68.3</b>	<b>-\$3.5</b>
<b><i>Where General Funds Are Reduced Due to Availability of Other Funds</i></b>			
<b>Aid to Education:</b> Education Trust Fund revenues	-\$34.8	\$34.8	
<b>Other Agencies</b>	-\$9.1	\$2.0	\$5.3
<b>Subtotal</b>	<b>-\$44.0</b>	<b>\$36.8</b>	<b>\$5.3</b>
<b><i>Where Special and Federal Funds Are Added for Normal Operations</i></b>			
<b>All Agencies</b>	<b>\$0.0</b>	<b>\$10.2</b>	<b>-\$2.2</b>
<b>Grand Total</b>	<b>\$50.9</b>	<b>\$0.3</b>	<b>\$61.1</b>

DDA: Developmental Disabilities Administration

Note: For more detail, see Appendix 10.

# Status of the General Fund

**Fiscal 2015**  
**(\$ in Millions)**

<b>Starting Balance</b>		<b>\$82.8</b>	<b>Detail</b>
<b>Revenues</b>			
BRE Estimated Revenue December 2013	\$16,005.3		
* Transfer Tax Revenue	69.1		
Other Administration Revenue Assumptions	23.9	<b>p. 18</b>	
<b>Total</b>		<b>\$16,098.3</b>	
<b>Transfers</b>			
Revenue Stabilization Account	\$204.5		
* Other Administration Transfer Assumptions	44.9	<b>p. 19</b>	
Sustainable Communities, Biotechnology, and Cybersecurity Tax Credits	24.8		
<b>Total</b>		<b>\$274.2</b>	
<b>Funds Available</b>		<b>\$16,455.4</b>	
<b>Spending</b>			
Fiscal 2015 Allowance	\$16,573.9		
* Reductions Contingent on Legislation	-97.8	<b>p. 20</b>	
Across-the-board Reductions	-16.3		
Targeted Reversions	-4.7	<b>p. 19</b>	
Estimated Agency Reversions	-30.0		
<b>Net Expenditures</b>		<b>\$16,425.1</b>	
<b>Ending Balance</b>		<b>\$30.2</b>	

BRE: Board of Revenue Estimates

\* Denotes items contingent on budget reconciliation legislation.

## Revenue Assumptions

### Fiscal 2014-2015

	<u>2014</u>	<u>2015</u>
<b>Tax Credit Assumptions</b>		
* Film Tax Credit		-\$3,500,000
Biotechnology Tax Credit		-2,000,000
Cybersecurity Tax Credit		-1,000,000
* Research and Development Tax Credit		-774,542
<b>Subtotal</b>		<b>-\$7,274,542</b>
<b>Other Revenue Assumptions</b>		
* Sale of Dauphin Medevac Helicopter Fleet		\$17,600,000
* Lottery Commissions		8,816,310
* Chesapeake and Atlantic Coastal Bays 2010 Trust Fund	\$8,000,000	3,200,000
DLLR SAEF		1,328,000
* Sales Tax Film Tax Credit		190,000
GlaxoSmithKline Settlement	5,885,188	
Department of General Services Revenue	339,000	
<b>Subtotal</b>	<b>\$14,224,188</b>	<b>\$31,134,310</b>
<b>Total</b>	<b>\$14,224,188</b>	<b>\$23,859,768</b>

DLLR: Department of Labor, Licensing, and Regulation

SAEF: Special Administrative Expense Fund

\* Denotes items which are contingent on the enactment of legislation.



## Proposed Transfers to General Fund

### Fiscal 2014-2015

	<u>2014</u>	<u>2015</u>
<b>Transfers Contingent on Legislation</b>		
Sustainable Communities Tax Credit		\$19,096,632
University System of Maryland		25,814,997
MDE: State Radiation Control Fund	\$300,000	
Biotechnology Tax Credit Fund	650,000	
Maryland Correctional Enterprises	800,000	
Chesapeake and Atlantic Coastal Bays 2010 Trust Fund	2,400,000	
<b>Total</b>	<b>\$4,150,000</b>	<b>\$44,911,629</b>

## General Fund Reversion Assumptions

### Fiscal 2014-2015

	<u>2014</u>	<u>2015</u>
<b>Specific Reversion Assumptions</b>		
General Assembly: Health Insurance	\$1,047,318	\$286,223
General Assembly: Statewide Personnel System	46,972	
General Assembly: Retirement Reinvestment*	239,033	468,109
Judiciary: Health Insurance	2,554,238	1,259,526
Judiciary: Statewide Personnel System	193,394	
Judiciary: Retirement Reinvestment*	763,324	1,469,923
Judiciary		1,212,269
MEA: PAYGO Appropriation	7,200,000	
Stadium Authority: Bond Refunding	250,000	
Health Exchange: Prior Year Encumbrances	1,660,000	
TEDCO: Maryland Innovation Institute	400,000	
Office of Administrative Hearings	83,000	
MDE: Oil Disaster Containment, Cleanup, and Contingency Fund	550,000	
Higher Education	299,803	
State Treasurer's Office: Cash Management System	200,000	
Statewide Personnel System	7,306,804	
Fiscal 2013 Medicaid Surplus	19,000,000	
<b>Total</b>	<b>\$41,793,886</b>	<b>\$4,696,050</b>

MDE: Maryland Department of the Environment

MEA: Maryland Energy Administration

PAYGO: pay-as-you-go

TEDCO: Technology Development Corporation

\* Contingent on legislation.

## General Fund Reductions Contingent on Legislation

### Fiscal 2014-2015

	<u>2014</u>	<u>2015</u>
<b>Mandate Relief Contingent on Budget Reconciliation Legislation</b>		
Maintain Pension Reinvestment at \$200 Million	\$86,077,643	\$86,319,856
Limit Growth in Community College Formulas to 5%		4,595,626
Level Fund Aid to Private Colleges and Universities		3,902,335
Savings in Medicaid from Reduced MHIP Assessment		1,500,000
Agriculture: Level Fund MARBIDCO		1,125,000
SDAT: Use Charter Fund to Support Operations	303,553	321,535
<b>Total</b>	<b>\$86,381,196</b>	<b>\$97,764,352</b>

MARBIDCO: Maryland Agricultural and Resource-Based Industry Development Corporation

MHIP: Maryland Health Insurance Plan

SDAT: State Department of Assessments and Taxation

**State Expenditures – General Funds**  
(\$ in Millions)

<u>Category</u>	<u>Actual FY 2013</u>	<u>Adjusted Work. Appr. FY 2014</u>	<u>Allowance FY 2015</u>	<u>Contingent Reductions &amp; Targeted Reversions</u>	<u>Adjusted Allowance FY 2015</u>	<u>FY 2014 to FY 2015 \$ Change</u>	<u>% Change</u>
Debt Service	\$0.0	\$83.0	\$195.0	\$0.0	\$195.0	\$112.0	134.9%
County/Municipal	159.0	245.0	252.5	0.0	252.5	7.5	3.0%
Community Colleges	252.4	283.9	304.7	7.2	297.5	13.6	4.8%
Education/Libraries	5,453.8	5,672.2	5,846.5	63.3	5,783.2	111.1	2.0%
Health	37.3	41.7	46.9	0.0	46.9	5.1	12.3%
<b>Aid to Local Governments</b>	<b>\$5,902.4</b>	<b>\$6,242.9</b>	<b>\$6,450.6</b>	<b>\$70.5</b>	<b>\$6,380.1</b>	<b>137.2</b>	<b>2.2%</b>
Foster Care Payments	203.1	256.9	237.6	0.0	237.6	-19.3	-7.5%
Assistance Payments	84.9	73.2	76.0	0.0	76.0	2.8	3.9%
Medical Assistance	2,311.7	2,467.4	2,474.4	1.5	2,472.9	5.5	0.2%
Property Tax Credits	81.9	80.2	82.0	0.0	82.0	1.7	2.2%
<b>Entitlements</b>	<b>\$2,681.5</b>	<b>\$2,877.8</b>	<b>\$2,869.9</b>	<b>\$1.5</b>	<b>\$2,868.4</b>	<b>-9.3</b>	<b>-0.3%</b>
Health	1,470.5	1,569.2	1,631.3	2.7	1,628.6	59.5	3.8%
Human Resources	372.3	331.3	336.9	1.6	335.3	4.0	1.2%
Children's Cabinet Interagency Fund	13.4	20.1	21.8	0.0	21.8	1.7	8.6%
Juvenile Services	269.5	280.1	290.4	1.0	289.4	9.3	3.3%
Public Safety/Police	1,309.2	1,378.6	1,448.0	6.8	1,441.2	62.7	4.5%
Higher Education	1,106.6	1,213.7	1,356.7	4.6	1,352.0	138.3	11.4%
Other Education	366.9	386.8	386.0	4.4	381.6	-5.2	-1.3%
Agric./Nat'l. Res./Environment	107.5	114.0	119.5	1.8	117.8	3.8	3.3%
Other Executive Agencies	594.6	661.7	694.2	2.8	691.4	29.7	4.5%
Legislative	77.3	79.8	83.1	0.8	82.4	2.6	3.2%
Judiciary	384.2	405.3	434.4	3.9	430.4	25.1	6.2%
<b>State Agencies</b>	<b>\$6,072.0</b>	<b>\$6,440.6</b>	<b>\$6,802.4</b>	<b>\$30.4</b>	<b>\$6,772.0</b>	<b>\$331.4</b>	<b>5.1%</b>
<b>Total Operating</b>	<b>\$14,656.0</b>	<b>\$15,644.2</b>	<b>\$16,318.0</b>	<b>\$102.5</b>	<b>\$16,215.5</b>	<b>\$571.3</b>	<b>3.7%</b>
Capital <sup>(1)</sup>	3.2	42.7	11.4	0.0	11.4	-31.3	-73.3%
<b>Subtotal</b>	<b>\$14,659.2</b>	<b>\$15,686.9</b>	<b>\$16,329.4</b>	<b>\$102.5</b>	<b>\$16,226.9</b>	<b>\$540.1</b>	<b>3.4%</b>
Reserve Funds	37.8	55.3	228.2	0.0	228.2	173.0	313.0%
<b>Appropriations</b>	<b>\$14,697.0</b>	<b>\$15,742.1</b>	<b>\$16,557.6</b>	<b>\$102.5</b>	<b>\$16,455.1</b>	<b>\$713.0</b>	<b>4.5%</b>
Reversions	0.0	-58.0	-30.0	0.0	-30.0	28.0	-48.2%
<b>Grand Total</b>	<b>\$14,697.0</b>	<b>\$15,684.2</b>	<b>\$16,527.6</b>	<b>\$102.5</b>	<b>\$16,425.1</b>	<b>\$741.0</b>	<b>4.7%</b>

<sup>(1)</sup> Includes the Sustainable Communities Tax Credit Reserve Fund.

Note: The adjusted fiscal 2014 working appropriation includes \$197.3 million in deficiencies, \$146.4 million in cost containment, and \$41.8 million in targeted reversions. The fiscal 2015 allowance includes \$16.3 million in reductions from Section 19 of the budget bill (SB 170/HB 160). The fiscal 2015 adjusted allowance includes \$97.8 million in reductions contingent on legislation and \$4.7 million in targeted reversions.

# Initiatives and Program Expansion

## General Funds

(\$ in Millions)

	<u>GF</u>
<b>Education</b>	
* Continued Phase-in of Net Taxable Income Adjustment for K-12 Education	\$18.5
* Cade Formula for Community College Aid (Adjusted for Contingent Reduction)	11.3
General Funds to Replace Institutional Funds for USM Fiscal 2014 Enhancements	10.0
General Funds in Lieu of 2% Tuition Increase for USM and Morgan State University	10.0
Prekindergarten Expansion	4.3
Maryland Meals for Achievement In-classroom Breakfast	1.7
Institutional Stability Grant for St. Mary's College of Maryland	1.5
<b>Environment</b>	
To Expand Oyster Spat Production at Horn Point Laboratory	1.5
Hazardous Substance Clean-up Program	0.7
<b>General Government</b>	
General Salary Increase for State Employees, Effective January 1, 2015	37.8
* Disparity Grant	8.0
<b>Health and Human Services</b>	
* DHMH Community Providers Inflation Adjustment, Effective January 1, 2015	16.8
* Core Funding for Local Health Departments	5.1
Grants to Maryland Food Bank and Moveable Feast	1.2
Emergency Solutions Grant to Combat Homelessness	1.0
<b>Jobs and Economy</b>	
Maryland Economic Development Assistance Authority and Fund	8.2
Film Production Tax Credit (Reduction to Revenue)	3.5
Biotechnology Tax Credit	2.0
Cybersecurity Tax Credit	1.0
Tourism Development Board	1.0
Research and Development Tax Credit (Reduction to Revenue)	0.8
* State Arts Council	0.6
<b>Public Safety</b>	
Cell Phone Managed Access System	11.8
Additional Correctional Officers and Related Staff	4.3
Additional Positions in State Police	1.5
Increase for Prince George's County State's Attorney	0.8
* State Aid for Police Protection	0.6
New Grant for Victims of Crime	0.5
<b>Total</b>	<b>\$147.4</b>

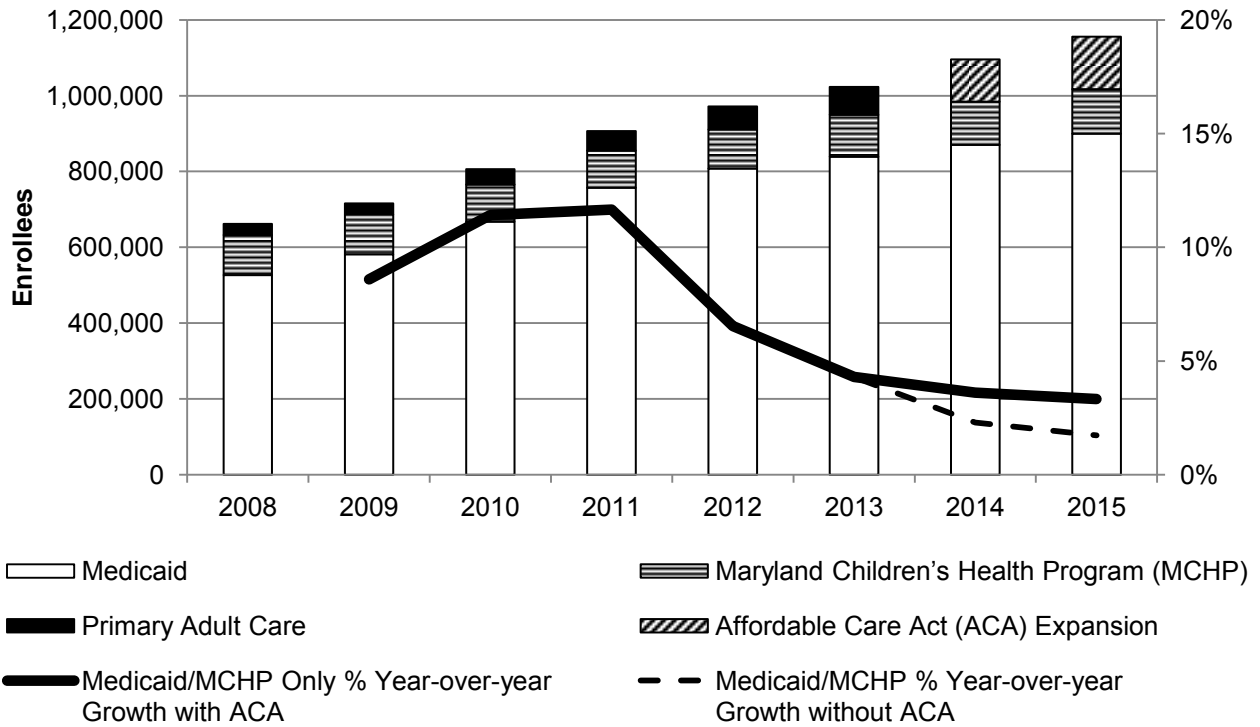
\* Indicates mandated formula.

USM: University System of Maryland

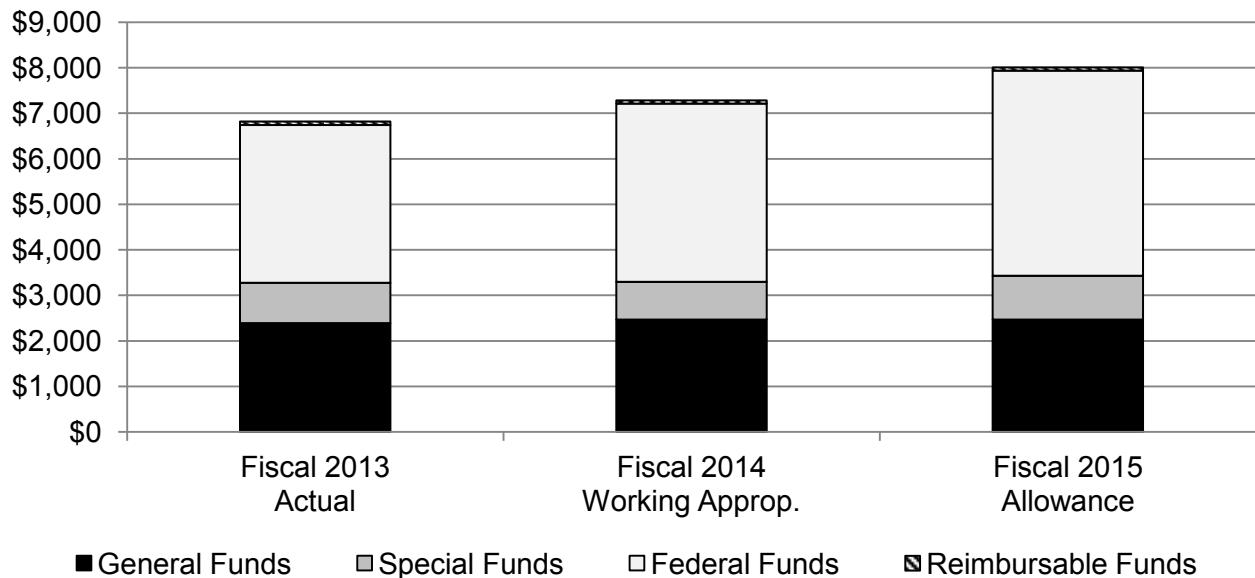
## **Revenue and Budgetary Impacts of Selected Tax Credits Fiscal 2015**

- **Sustainable Communities Tax Credit** – The Governor’s fiscal 2015 allowance includes \$10.0 million for the budgeted commercial rehabilitation tax credit, which is level with the fiscal 2014 appropriation. The allowance assumes the reauthorization of the tax credit for fiscal 2015 through legislation since the tax credit currently sunsets at the end of fiscal 2014. Legislation to reauthorize the credit will also provide for the recapture of tax credits for certain rehabilitation projects that were never completed, thus bringing in additional revenues that are assumed in the fiscal 2015 allowance.
- **Film Production Activity Tax Credit** – Chapter 28 of 2013 increased the total amount of film production tax credits for fiscal 2014 from \$7.5 million to \$25.0 million to accommodate expected film and television productions. Current law provides for \$7.5 million in tax credits for fiscal 2015; however, the Administration’s budget plan provides for an additional \$3.5 million in credits for fiscal 2015, increasing the cap to \$11.0 million. The additional \$3.5 million of credits must be approved through legislation.
- **Biotechnology Investment Incentive Tax Credit** – The fiscal 2015 allowance includes \$12.0 million for biotechnology tax credits, an increase of \$2.0 million over the fiscal 2014 appropriation.
- **Cybersecurity Investment Incentive Tax Credit** – Chapter 390 of 2013 created the cybersecurity investment incentive tax credit and required the Governor to provide at least \$2.0 million for the credit in each year’s budget. The fiscal 2015 allowance includes \$4.0 million for the credit, an increase of \$1.0 million over the fiscal 2014 appropriation.
- **Research and Development Tax Credit** – Chapter 109 of 2013 increased the total annual amount of research and development tax credits from \$6.0 million to \$8.0 million. The Administration’s budget plan provides for an additional \$1.0 million in credits for fiscal 2015, increasing the annual cap to \$9.0 million. The additional \$1.0 million must be approved through legislation.

## Medicaid Enrollment Fiscal 2008-2015 Est.



## Medicaid Provider Reimbursements (\$ in Millions)



Note: Data presented reflects changes proposed to the Medicaid budget by the budget and the Budget Reconciliation and Financing Act

# Employee Compensation/Benefit Changes in the Fiscal 2015 Allowance

All Funds  
(\$ in Millions)

<u>Funded in the Fiscal 2015 Allowance</u>	<u>Cost/Benefit</u>
1. Annualize the fiscal 2014 3% cost-of-living adjustment	\$88
2. Annualize the fiscal 2014 increment	108
3. Provide 2% cost-of-living allowance on January 1, 2015	51
4. Provide an increment to State employees	126
5. Contractual employees eligible under the Affordable Care Act will receive subsidized health insurance	4
6. Annual Salary Review increases for certain employees	3
<b>Fiscal 2015 Cost</b>	<b>\$380</b>
 <b>Other Benefits</b>	
1. Employees and retirees receive two additional premium holidays in fiscal 2014 and two in the first half of fiscal 2015	\$42
2. In fiscal 2015, State employees will continue to receive five service reduction holidays	n/a

# Regular Full-time Equivalent Positions Changes

## Fiscal 2002 Actual to Fiscal 2015 Allowance

<u>Department/Service Area</u>	<u>2002 Actual</u>	<u>2014 Working</u>	<u>2015 Allowance</u>	<u>2014-2015 Change</u>	<u>2002-2015 Change</u>
<b>Health and Human Services</b>					
Health and Mental Hygiene	8,555	6,407	6,413	6	-2,142
Human Resources	7,364	6,529	6,502	-27	-862
Juvenile Services	2,123	2,078	2,078	0	-45
<b>Subtotal</b>	<b>18,041</b>	<b>15,014</b>	<b>14,993</b>	<b>-21</b>	<b>-3,048</b>
<b>Public Safety</b>					
Public Safety and Correctional Services	11,663	11,046	11,151	105	-511
Police and Fire Marshal	2,590	2,424	2,450	26	-140
<b>Subtotal</b>	<b>14,252</b>	<b>13,470</b>	<b>13,601</b>	<b>131</b>	<b>-651</b>
<b>Transportation</b>	<b>9,538</b>	<b>8,784</b>	<b>9,156</b>	<b>372</b>	<b>-383</b>
<b>Other Executive</b>					
Legal (Excluding Judiciary)	1,364	1,505	1,505	0	141
Executive and Administrative Control	1,603	1,635	1,646	12	44
Financial and Revenue Administration	2,151	2,054	2,109	55	-42
Budget and Management	517	441	448	7	-69
Retirement	194	205	205	0	12
General Services	793	580	594	14	-200
Natural Resources	1,618	1,295	1,305	10	-314
Agriculture	480	383	385	2	-95
Labor, Licensing, and Regulation	1,706	1,647	1,641	-5	-65
MSDE and Other Education	1,956	1,972	1,983	10	27
Housing and Community Development	416	337	341	4	-75
Business and Economic Development	324	222	220	-2	-104
Environment	1,028	937	958	21	-70
<b>Subtotal</b>	<b>14,149</b>	<b>13,212</b>	<b>13,339</b>	<b>127</b>	<b>-810</b>
<b>Executive Branch Subtotal</b>	<b>55,980</b>	<b>50,479</b>	<b>51,088</b>	<b>609</b>	<b>-4,892</b>
<b>Higher Education</b>	<b>21,393</b>	<b>25,355</b>	<b>25,339</b>	<b>-16</b>	<b>3,946</b>
<b>Executive and Higher Education Subtotal</b>	<b>77,373</b>	<b>75,834</b>	<b>76,427</b>	<b>593</b>	<b>-946</b>
<b>Judiciary</b>	<b>3,010</b>	<b>3,639</b>	<b>3,752</b>	<b>113</b>	<b>742</b>
<b>Legislature</b>	<b>730</b>	<b>748</b>	<b>748</b>	<b>0</b>	<b>18</b>
<b>Grand Total</b>	<b>81,113</b>	<b>80,221</b>	<b>80,927</b>	<b>706</b>	<b>-186</b>

MSDE: Maryland State Department of Education

Note: Numbers may not sum to total due to rounding.



**Analysis of Vacancies and Turnover Rate**  
**Fiscal 2014 Working Appropriation Compared to January 2014 Vacancies**

<u>Department/Service Area</u>	<u>Positions</u>	<u>Turnover Rate</u>	<u>Vacancies to Meet Turnover</u>	<u>Vacancies</u>	<u>Vacancies Above or (Below) Turnover</u>
<b>Health and Human Services</b>					
Health and Mental Hygiene	6,407	5.6%	360	589	229
Human Resources	6,529	6.3%	415	542	128
Juvenile Services	2,078	5.8%	121	192	71
<b>Subtotal</b>	<b>15,014</b>	<b>6.0%</b>	<b>894</b>	<b>1,324</b>	<b>428</b>
<b>Public Safety</b>					
Public Safety and Correctional Services	11,046	4.1%	457	587	130
Police and Fire Marshal	2,424	5.0%	122	187	65
<b>Subtotal</b>	<b>13,470</b>	<b>4.4%</b>	<b>587</b>	<b>774</b>	<b>195</b>
<b>Transportation</b>	<b>8,784</b>	<b>3.0%</b>	<b>261</b>	<b>565</b>	<b>304</b>
<b>Other Executive</b>					
Legal (Excluding Judiciary)	1,505	4.7%	71	133	62
Executive and Admin. Control	1,635	4.4%	72	172	100
Financial and Revenue Admin.	2,054	4.3%	89	163	74
Budget and Management and DoIT	441	2.8%	12	43	30
Retirement	205	3.8%	8	17	9
General Services	580	5.9%	34	50	16
Natural Resources	1,295	4.9%	64	104	40
Agriculture	383	6.3%	24	31	7
Labor, Licensing, and Regulation	1,647	7.7%	126	141	15
MSDE and Other Education	1,972	5.8%	115	186	71
Housing and Community Development	337	5.7%	19	27	8
Business and Economic Development	222	4.3%	10	17	7
Environment	937	6.5%	61	88	27
<b>Subtotal</b>	<b>13,212</b>	<b>5.3%</b>	<b>703</b>	<b>1,172</b>	<b>467</b>
<b>Executive Branch Subtotal</b>	<b>50,479</b>	<b>4.7%</b>	<b>2,445</b>	<b>3,834</b>	<b>1,389</b>

DoIT: Department of Information Technology

MSDE: Maryland State Department of Education

Note: Numbers may not sum to total due to rounding.

Source: Department of Budget and Management; Department of Legislative Services

**Employee and Retiree Health Insurance Funding**  
**Fiscal 2012 Actual to Fiscal 2015 Estimate**  
**(\$ in Millions)**

	<u>2012 Actual</u>	<u>2013 Actual</u>	<u>2014 Estimate</u>	<u>2015 Estimate</u>
<b>Beginning Balance</b>	<b>\$162</b>	<b>\$173</b>	<b>\$288</b>	<b>\$235</b>
<b>Receipts</b>				
Agencies (Employer Contribution)	\$986	\$1,034	\$978	\$969
Employees/Retirees Contribution	253	253	235	238
Rebates, Recoveries, and Other	36	52	23	34
<b>Total Receipts</b>	<b>\$1,274</b>	<b>\$1,338</b>	<b>\$1,236</b>	<b>\$1,251</b>
% Growth in Receipts	3.8%	5.0%	-7.6%	1.2%
<b>Expenditures</b>				
Payments	\$1,263	\$1,223	\$1,289	\$1,351
% Growth in Payments	5.1%	-3.1%	5.4%	4.8%
<b>Ending Balance</b>	<b>\$173</b>	<b>\$288</b>	<b>\$235</b>	<b>\$136</b>

Source: Department of Budget and Management; Department of Legislative Services

- Due to favorable cost trends and higher than expected revenues in fiscal 2013, the Health and Wellness Benefit fund closed with a large fund balance. The Administration draws down the fund balance in fiscal 2014 and 2015 by reducing State agency spending and providing premium holidays.
- State agency spending for health insurance is reduced by \$49.6 million through a negative deficiency in fiscal 2014. In fiscal 2015, general fund agency spending is reduced by approximately \$70.0 million. Special and federal fund spending will be cancelled by the agencies at the end of the fiscal year. The fiscal 2015 estimate includes funding for contractual employees to receive health insurance.
- For employees, instead of two premium holidays in calendar 2014, there will now be six. (Two in the second half of fiscal 2014 and two in the first half of fiscal 2015, in addition to the two that are already in place.) Retirees, who pay on a monthly basis, will have two additional premium holidays.
- The use of fund balance in fiscal 2014 and 2015 will result in increased general fund spending in fiscal 2016. The Department of Budget and Management has assumed an additional \$67.2 million in general funds in its fiscal 2016 general fund forecast.

## Governor Proposes Reducing Pension Reinvestment by \$100 Million

- The Governor is reducing the \$300 million pension reinvestment in fiscal 2014 by \$100 million (\$87.1 million in general funds) that had been reserved to offset any effects of the federal sequester.
- The Budget Reconciliation and Financing Act of 2014 makes the \$100 million reduction in pension reinvestment permanent, beginning in fiscal 2014.
- The reduced contributions to the pension fund result in higher unfunded pension liabilities; **Exhibit 1** shows that, over time, the savings to the general fund are partially offset by increased State contributions to the pension fund to compensate for the reduced reinvestment payments.

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### Exhibit 1 Net General Fund Savings from Reduced Pension Reinvestment Fiscal 2014-2025 (\$ in Millions)

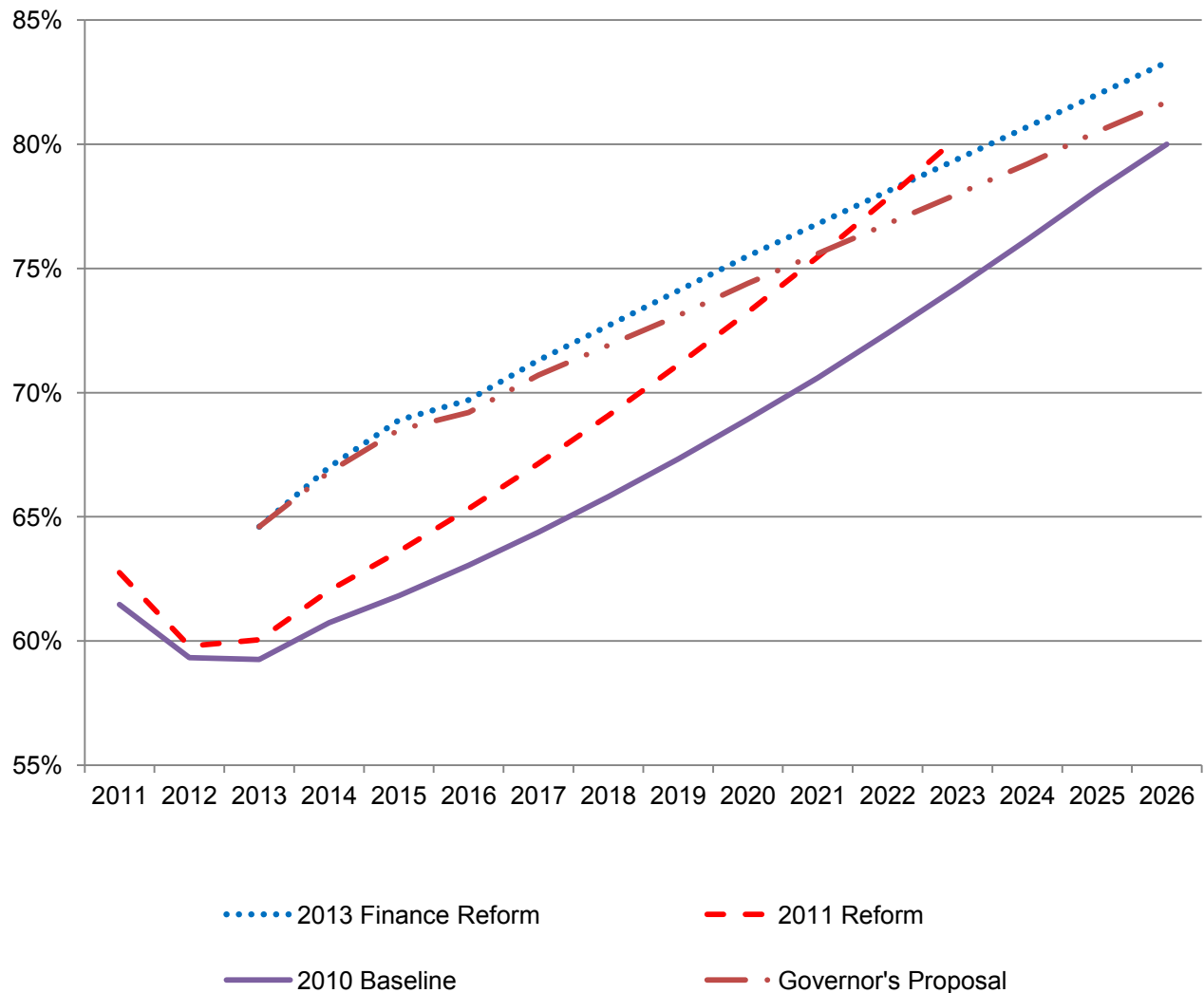
<u>Fiscal Year</u>	<u>Reinvestment Reduction</u>	<u>GF Savings</u>	<u>Increased Contributions</u>	<u>GF Increase</u>	<u>Net GF Savings</u>
2014	\$100.0	\$87.1	\$0.0	\$0.0	\$87.1
2015	100.0	87.1	0.0	0.0	87.1
2016	100.0	87.1	5.3	4.6	82.5
2017	100.0	87.1	13.5	11.8	75.3
2018	100.0	87.1	22.2	19.3	67.8
2019	100.0	87.1	32.2	28.0	59.1
2020	100.0	87.1	43.5	37.9	49.2
2021	100.0	87.1	55.2	48.1	39.0
2022	100.0	87.1	67.7	59.0	28.1
2023	100.0	87.1	78.9	68.7	18.4
2024	100.0	87.1	91.1	79.3	7.8
2025	100.0	87.1	103.3	90.0	-2.9
<b>Total</b>	<b>\$1,200.0</b>	<b>\$1,045.2</b>	<b>\$512.9</b>	<b>\$446.7</b>	<b>\$598.5</b>

Source: State Retirement Agency; Department of Legislative Services

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- **Exhibit 2** shows that the Governor's proposal delays achievement of 80% funding for the pension fund by one year, from fiscal 2024 to 2025; prior to the 2011 pension reform, the pension fund was projected to reach 80% funding in fiscal 2026.

**Exhibit 2**  
**Projections for Reaching 80% Funding Level**  
**Fiscal 2011-2026**



Source: Department of Legislative Services

# **Budget Reconciliation and Financing Act of 2014 (SB 172/HB 162)**

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## **Mandate Relief**

- Maryland Agricultural and Resource-based Industry Development Corporation – reduces the fiscal 2015 appropriation from \$4,000,000 to \$2,875,000 and extends the period for the corporation to receive a grant by one year to 2021 (bill page 5)
- Community College Funding Formula – reduces the amount provided through the Cade formula by \$4.6 million to \$223.7 million for fiscal 2015, which provides a 5% increase (bill pages 6-8)
- Seller Formula – reduces the amount provided to private colleges and universities to level fund each institution at its fiscal 2014 amount, for total funding of \$40.9 million and a contingent reduction of \$3.9 million (bill pages 9-10)
- State Employees and Teachers Retirement System – permanently reduces from \$300.0 million to \$200.0 million the amount of savings due to pension reform that are to be reinvested in the pension fund (bill pages 10-11)

## **General and Special Fund Revenue Actions**

- Lottery Agent Commissions – reduces from 6.0 to 5.0% the commission paid to lottery agents upon the granting of a Baltimore City video lottery operation license and authorizes the Lottery Commission to add 0.5% to the pool for agent bonuses and incentives (bill page 10)
- Short-term Vehicle Rentals – for fiscal 2014 and 2015, increases the revenue from the sales tax on vehicle rentals that is directed to the general fund by a total of \$11.2 million (bill page 11)

## **New or Expanded Uses of Existing Revenues**

- Authorizes the Department of Assessments and Taxation to use revenues in the Charter Unit Fund for operating expenses of the program; contingent general fund reductions for fiscal 2014 and 2015 total \$625,088 (bill page 3)

- Establishes that an annual grant to the Maryland State Firemen's Association Widows' and Orphans' Fund is made from proceeds of the moving violation surcharge before such proceeds are distributed to the Maryland Emergency Medical System Operations Fund (bill pages 3-4)
- Authorizes the Department of General Services to use monies in the Not-For-Profit Development Fund to evaluate the participation of not-for-profit entities in State procurement (bill pages 4-5)
- Directs the proceeds from the sale of the Dauphin 365N Medevac helicopters to the general fund instead of the Annuity Bond Fund (bill page 16)

## Transfers to the General Fund

	<u>Fiscal 2014</u>	<u>Fiscal 2015</u>
Radiation Control Fund	\$300,000	
Biotechnology Investment Tax Credit Reserve Fund	650,000	
Maryland Correctional Enterprises Revolving Fund	800,000	
Chesapeake and Atlantic Coastal Bays 2010 Trust Fund	2,400,000	
Transfer Tax Revenues		\$69,126,554
Sustainable Communities Tax Credit Reserve Fund		125,000
University System of Maryland		25,814,997

(bill pages 11 and 16)

## Cost Control and Miscellaneous Provisions

- Modifies the allocation of revenue from Regional Greenhouse Gas Initiative auctions as follows: up to 50.0% for low-income energy assistance; at least 20.0% for energy efficiency and conservation projects; at least 20.0% for renewable and clean energy programs; and up to 10.0% but no more than \$5.0 million for administration (bill pages 12-13)
- Reduces the annual hospital assessment levied for the Maryland Health Insurance Plan to a maximum of 0.5% (bill pages 13-14)
- Establishes a Community Partnership Assistance Program which authorizes the Health Services Cost Review Commission to raise the rates of hospitals in regional or statewide partnerships to implement plans that will improve the health and well-being of the community (bill pages 14-15)

- Delays until January 1, 2015, any increase in rates for payments to providers of nonpublic placements (bill page 16)
- Limits, for fiscal 2015, the increase in rates paid to group homes to 1.5% over the rates in effect on January 15, 2014, and delays the implementation of any rate increase until January 1, 2015 (bill page 16)





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## **State Aid to Local Governments**

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## State Aid by Governmental Entity Amount and Percent of Total

(\$ in Millions)

	<b><u>FY 2015 State Aid Amount</u></b>	<b><u>Percent of Total</u></b>
Public Schools	\$5,334.6	75.1%
Libraries	50.8	0.7%
Community Colleges	254.6	3.6%
Local Health	46.9	0.7%
County/Municipal	549.5	7.7%
<b>Subtotal – Direct Aid</b>	<b>\$6,236.4</b>	<b>87.8%</b>
Retirement Payments	863.8	12.2%
<b>Total</b>	<b>\$7,100.2</b>	<b>100.0%</b>

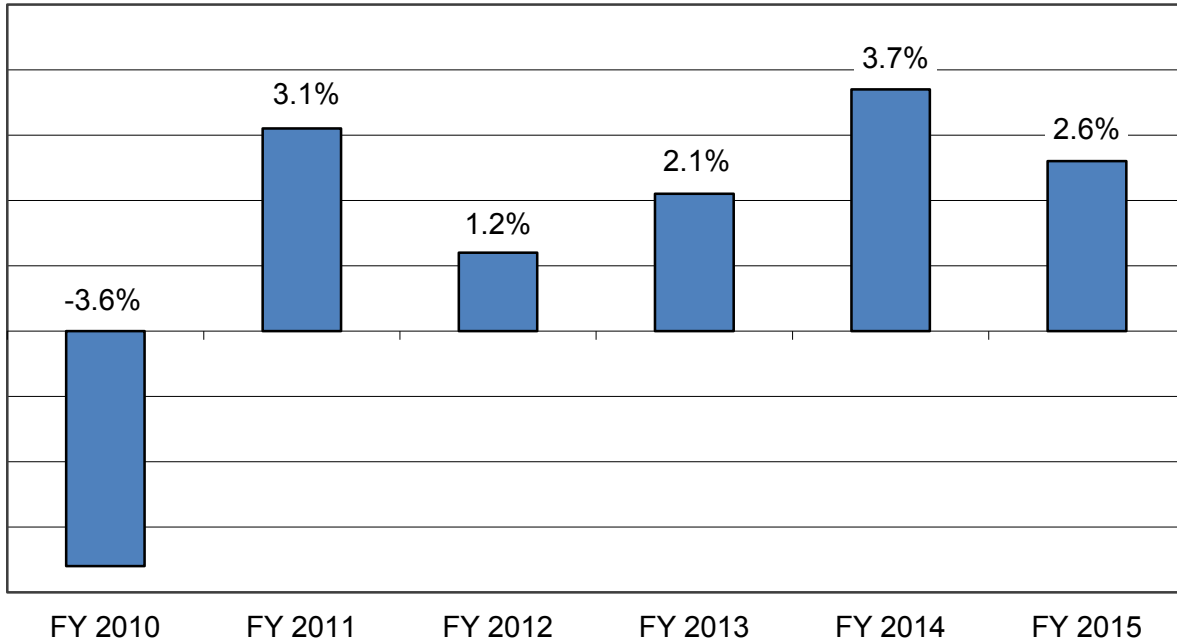
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## Change in State Aid by Governmental Entity

(\$ in Millions)

	<b><u>FY 2015 Aid Difference</u></b>	<b><u>Percent Difference</u></b>
Public Schools	\$124.8	2.4%
Libraries	0.6	1.1%
Community Colleges	11.3	4.7%
Local Health	5.1	12.3%
County/Municipal	27.4	5.2%
<b>Subtotal – Direct Aid</b>	<b>\$169.2</b>	<b>2.8%</b>
Retirement Payments	13.4	1.6%
<b>Total</b>	<b>\$182.6</b>	<b>2.6%</b>

## State Aid Rebounds from Prior Funding Levels



## State Aid by Governmental Entity – Funding Trend (\$ in Millions)

	<u>FY 2010</u>	<u>FY 2015</u>	<u>Difference</u>	<u>Percent Difference</u>
Public Schools	\$4,747.3	\$5,334.6	\$587.4	12.4%
Libraries	48.8	50.8	1.9	4.0%
Community Colleges	226.9	254.6	27.7	12.2%
Local Health	37.3	46.9	9.6	25.7%
County/Municipal	397.2	549.5	152.3	38.4%
<b>Subtotal – Direct Aid</b>	<b>\$5,457.5</b>	<b>\$6,236.4</b>	<b>\$778.9</b>	<b>14.3%</b>
Retirement Payments	803.4	863.8	60.4	7.5%
<b>Total</b>	<b>\$6,260.9</b>	<b>\$7,100.2</b>	<b>\$839.3</b>	<b>13.4%</b>

**State Aid by Governmental Entity and Program**  
**Fiscal 2014 and 2015**  
(\$ in Millions)

	<u>FY 2014</u>	<u>FY 2015</u>	<u>Difference</u>	<u>Percent Difference</u>
<b>Public Schools</b>				
Foundation Program	\$2,850.5	\$2,882.4	\$32.0	1.1%
Supplemental Grant	46.5	46.6	0.1	0.3%
Geographic Cost of Education Index	130.8	132.7	1.9	1.4%
Net Taxable Income Allocation	8.3	26.9	18.5	222.6%
Compensatory Aid	1,196.0	1,251.7	55.7	4.7%
Student Transportation	254.5	258.4	3.9	1.5%
Special Education – Formula	269.3	272.0	2.7	1.0%
Special Education – Nonpublic	109.8	110.9	1.1	1.0%
Limited English Proficiency	193.4	197.7	4.2	2.2%
Guaranteed Tax Base	52.3	59.4	7.1	13.5%
Aging Schools	8.1	6.1	-2.0	-24.7%
Head Start/Pre-Kindergarten	5.9	6.1	0.2	3.4%
Other Education Programs	84.4	83.8	-0.5	-0.6%
<b>Subtotal Direct Aid</b>	<b>\$5,209.8</b>	<b>\$5,334.6</b>	<b>\$124.8</b>	<b>2.4%</b>
Retirement Payments	790.5	800.9	10.4	1.3%
<b>Total Public School Aid</b>	<b>\$6,000.3</b>	<b>\$6,135.5</b>	<b>\$135.2</b>	<b>2.3%</b>
<b>Libraries</b>				
Library Aid Formula	\$34.0	\$34.4	\$0.4	1.3%
State Library Network	16.2	16.3	0.1	0.8%
<b>Subtotal Direct Aid</b>	<b>\$50.2</b>	<b>\$50.8</b>	<b>\$0.6</b>	<b>1.1%</b>
Retirement Payments	19.3	20.1	0.8	3.9%
<b>Total Library Aid</b>	<b>\$69.5</b>	<b>\$70.8</b>	<b>\$1.3</b>	<b>1.9%</b>
<b>Community Colleges</b>				
Community College Formula	\$213.0	\$223.7	\$10.7	5.0%
Other Programs	30.3	30.9	0.6	2.1%
<b>Subtotal Direct Aid</b>	<b>\$243.3</b>	<b>\$254.6</b>	<b>\$11.3</b>	<b>4.7%</b>
Retirement Payments	40.7	42.9	2.2	5.5%
<b>Total Community College Aid</b>	<b>\$283.9</b>	<b>\$297.5</b>	<b>\$13.6</b>	<b>4.8%</b>
<b>Local Health</b>	<b>\$41.7</b>	<b>\$46.9</b>	<b>\$5.1</b>	<b>12.3%</b>
<b>County/Municipal</b>				
Transportation	\$186.5	\$192.9	\$6.4	3.4%
Public Safety	113.9	116.8	2.9	2.5%
Program Open Space/Critical Areas	28.3	30.8	2.5	8.7%
Disparity Grant	127.8	135.8	8.0	6.3%
Video Lottery Local Impact Aid	33.4	40.7	7.4	22.1%
Teacher Retirement Supplemental Grant	27.7	27.7	0.0	0.0%
Other Grants	4.5	4.8	0.3	5.7%
<b>Total County/Municipal Aid</b>	<b>\$522.1</b>	<b>\$549.5</b>	<b>\$27.4</b>	<b>5.2%</b>
<b>Total State Aid</b>	<b>\$6,917.6</b>	<b>\$7,100.2</b>	<b>\$182.6</b>	<b>2.6%</b>

# Proposed State Aid Enhancements and Contingent Reductions

## Fiscal 2015

(\$ in Millions)

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### Enhanced Public School Funding

Pre-Kindergarten Expansion Program	\$4.3
School Breakfast Pilot Program	1.7
<b>Subtotal</b>	<b>\$6.0</b>

### Enhanced County/Municipal Government Funding

Municipal Transportation Grants ( <i>Continuation of One-time Grants</i> )	\$16.0
Program Open Space – Baltimore City	5.3
State's Attorney's Grant – Prince George's County	0.7
<b>Subtotal</b>	<b>\$22.0</b>

<b>Total Enhanced State Funding</b>	<b>\$28.0</b>
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### Contingent Reductions

Retirement Payments	-\$65.9
Community College Cade Formula	-4.6
Program Open Space	-22.7
<b>Total Contingent Reductions</b>	<b>-\$93.2</b>

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<b>Net Effect on State Funding to Local Governments</b>	<b>-\$65.2</b>
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## State Aid to Local Governments – Comparison by Per Capita Aid and Annual Change Fiscal 2014 and 2015

County	Fiscal 2014 Appropriation	Fiscal 2015 Allowance	Difference	Percent Difference	Per Capita State Aid		Annual Change in State Aid	
Allegany	\$107,044,134	\$108,214,768	\$1,170,634	1.1%	1. Baltimore City	\$2,043	1. Prince George's	5.6%
Anne Arundel	468,240,748	473,152,175	4,911,427	1.0%	2. Caroline	1,862	2. Dorchester	5.4%
Baltimore City	1,242,308,151	1,269,380,263	27,072,112	2.2%	3. Wicomico	1,621	3. Talbot	4.4%
Baltimore	752,844,358	771,439,571	18,595,213	2.5%	4. Somerset	1,507	4. Wicomico	4.2%
Calvert	104,902,400	105,123,100	220,700	0.2%	5. Dorchester	1,471	5. Cecil	4.1%
Caroline	58,640,459	60,911,037	2,270,578	3.9%	6. Allegany	1,462	6. Caroline	3.9%
Carroll	176,312,421	174,534,144	-1,778,277	-1.0%	7. Prince George's	1,388	7. Washington	3.3%
Cecil	125,665,272	130,855,359	5,190,087	4.1%	8. Washington	1,372	8. St. Mary's	3.0%
Charles	198,361,988	201,881,593	3,519,605	1.8%	9. Charles	1,341	9. Montgomery	2.7%
Dorchester	45,444,503	47,887,659	2,443,156	5.4%	10. Cecil	1,287	10. Baltimore	2.5%
Frederick	286,931,397	291,087,097	4,155,700	1.4%	11. Frederick	1,215	11. Baltimore City	2.2%
Garrett	33,614,601	32,831,094	-783,507	-2.3%	12. Calvert	1,173	12. Worcester	2.1%
Harford	257,971,206	260,240,885	2,269,679	0.9%	13. Garrett	1,100	13. Charles	1.8%
Howard	310,395,814	315,423,536	5,027,722	1.6%	14. St. Mary's	1,098	14. Somerset	1.7%
Kent	14,179,847	13,903,170	-276,677	-2.0%	15. Howard	1,053	15. Queen Anne's	1.7%
Montgomery	863,005,870	886,382,265	23,376,395	2.7%	16. Harford	1,047	16. Howard	1.6%
Prince George's	1,157,668,379	1,222,926,066	65,257,687	5.6%	17. Carroll	1,044	17. Frederick	1.4%
Queen Anne's	43,935,042	44,664,327	729,285	1.7%	18. Baltimore	944	18. Allegany	1.1%
St. Mary's	116,111,905	119,613,641	3,501,736	3.0%	19. Queen Anne's	919	19. Anne Arundel	1.0%
Somerset	38,921,079	39,568,576	647,497	1.7%	20. Montgomery	882	20. Harford	0.9%
Talbot	20,664,196	21,581,549	917,353	4.4%	21. Anne Arundel	860	21. Calvert	0.2%
Washington	198,048,786	204,623,456	6,574,670	3.3%	22. Worcester	695	22. Carroll	-1.0%
Wicomico	156,591,783	163,156,481	6,564,698	4.2%	23. Kent	689	23. Kent	-2.0%
Worcester	35,108,530	35,850,025	741,495	2.1%	24. Talbot	566	24. Garrett	-2.3%
Unallocated	104,698,740	104,955,293	256,553	0.2%				
Total	\$6,917,611,609	\$7,100,187,130	\$182,575,521	2.6%	Statewide Average	\$1,207	Statewide Average	2.6%





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# Capital Budget

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**Capital Budget**  
**All Funds**  
**Fiscal 2014-2015**  
**(\$ in Millions)**

	<u><b>FY 2014</b></u>	<u><b>FY 2015</b></u>	<u><b>Variance</b></u>
<b>Uses</b>			
State Facilities	\$66.6	\$53.3	-\$13.3
Health/Social	82.3	89.0	6.7
Environment	480.9	485.2	4.3
Public Safety	16.7	43.5	26.8
Education	353.2	308.3	-44.9
Higher Education	359.9	373.5	13.6
Housing/Economic Development	113.4	130.9	17.5
Local Projects	67.3	55.2	-12.1
InterCounty Connector	21.5	0.0	-21.5
<b>Subtotal</b>	<b>\$1,561.8</b>	<b>\$1,538.9</b>	<b>-\$22.9</b>
Transportation	2,101.5	2,421.5	320.0
<b>Total</b>	<b>\$3,663.3</b>	<b>\$3,960.4</b>	<b>\$297.1</b>
<b>Funds</b>			
General Obligation	\$1,109.2	\$1,166.1	\$56.9
Revenue Bonds	32.0	32.0	0.0
QZAB	4.5	4.6	0.1
General	42.7	11.4	-31.3
Special	284.7	260.8	-23.9
Federal	88.7	64.0	-24.7
Transportation	2,101.5	2,421.5	320.0
<b>Total</b>	<b>\$3,663.3</b>	<b>\$3,960.4</b>	<b>\$297.1</b>

QZAB: Qualified Zone Academy Bonds

Note: Fiscal 2015 figures reflect the following adjustment: \$69.1 million of contingent reductions reflecting the proposed diversion of fiscal 2015 transfer tax revenue. The Governor's budget provides a multi-year general obligation (GO) bond replacement plan. The fiscal 2015 GO bond figure includes \$6.1 million in de-authorizations of prior year authorizations that are reprogrammed as additional new authorizations for fiscal 2015.

# Fiscal 2015 Capital Budget

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## Fiscal 2015 Capital Budget Totals \$1.54 Billion

- **Debt components** include \$1.16 billion of general obligation (GO) bonds, \$32.0 million of Academic Revenue Bonds, and \$4.6 million of Qualified Zone Academy Bonds (QZAB).
- **Pay-as-you-go (PAYGO) components** include \$11.4 million in general funds, \$260.8 million in special funds, and \$64.0 million in federal funds.
- Funding for State-owned projects comprises 31.8% of the total and grants and loans to support projects in partnership with local jurisdictions and nonprofits amount to 68.2% of the budget.

## Funding Highlights

- **Public School Construction:** The budget provides \$275.0 million for public school construction. This is supplemented with an additional \$4.6 million of QZAB funds, \$6.1 million of funding for the Aging Schools Program, and \$3.5 million for nonpublic aging school grants.
- **Chesapeake Bay Watershed Water Quality:** The budget provides \$367.0 million for projects to improve the water quality of the Chesapeake Bay Watershed. Highlights include:
  - \$279.0 million for nutrient removal and stormwater management projects administered by the Department of the Environment,
  - \$45.0 million for State Highway Administration Watershed Implementation Plan funding required under the 2013 Transportation Act (Chapter 429 of 2013);
  - \$25.0 million of GO bonds to enhance the funding for the Chesapeake Bay 2010 Trust Fund for the implementation of stormwater management and wetlands restoration projects. This is the second year of the enhancement, which began with \$36.6 million authorized in the fiscal 2014 capital budget, and:
  - \$7.6 million for continued oyster restoration rehabilitation activities in the Harris Creek and Little Choptank River.

- **Land Preservation and Related Programs:** Funded with GO bond and PAYGO at \$84.0 million. This includes \$67.0 million in GO bond replacement of prior revenue transfers.
- **Housing Initiatives:** Housing and community development programs receive \$110.0 million. Specific enhancements and initiatives include:
  - \$24.0 million for the Department of Housing and Community Development (DHCD) "Rental Housing Works" initiative that will provide bridge financing for up to 1,100 affordable rental units across the State;
  - \$10.0 million for the Strategic Demolition and Smart Growth Impact Project Fund that will provide grants and loans to local governments and private entities for targeted demolition, housing development/redevelopment, and revitalization projects in areas that will be designated through the implementation of PlanMaryland, and;
  - \$3.0 million for a "Net Zero Homes" program to promote energy efficient homes in the DHCD Homeownership Program.
- **Higher Education:** Total funding for colleges and universities is \$373.5 million including \$275.2 million for University of Maryland institutions and \$65.4 million for community colleges.
- **Prince George's Hospital System:** The budget proposes \$30.0 million to continue the State's \$200.0 million multi-year funding commitment toward the construction of a new regional hospital.

## Transfer Tax Diversions to General Fund

- The Budget Reconciliation and Financing Act (BRFA) of 2013 established a multi-year plan that transfers \$410.7 million of estimated fiscal 2014 through 2018 transfer tax revenue to the general fund. The BRFA of 2014 increases the amount transferred from fiscal 2015 transfer tax revenue by \$69.1 million (from \$75.1 million to \$144.2 million) with out-year fiscal 2016 through 2018 amounts unchanged from what was scheduled in the BRFA of 2013.
- The revised transfer of fiscal 2015 transfer tax revenue amounts to 92.0% of the capital eligible revenue. This leaves \$11.9 million budgeted to support Department of Natural Resources Program Open Space (POS) capital programs in fiscal 2015. The multi-year transfers of fiscal 2016 through 2018 revenue represents approximately 50% of the estimated revenue that by formula would fund capital eligible stateside and local POS programs. The remaining approximate 50% of capital eligible revenue would support POS and other capital programs by formula.

- The original \$75.1 million of transferred fiscal 2015 revenue is scheduled to be repaid with GO bonds pre-authorized for fiscal 2016 and 2017. The additional \$69.1 million of fiscal 2015 transfers are scheduled to be repaid with GO bonds pre-authorized for fiscal 2016 through 2018. The fiscal 2015 budget provides \$37.3 million of GO bond replacement for fiscal 2014 revenue transferred in the BRFA of 2013 and another \$29.8 million of GO bonds representing the final repayment of transfers made prior to fiscal 2014. Bond replacement for proposed out-year transfers remains scheduled over a two-year period following the year of transfer.

# Proposed Fiscal 2015 Fund Transfers and Multi-year General Obligation Bond Replacement Plan (\$ in Millions)

<u>Program</u>					<u>Fund Replacement</u>				<u>Total Amount of Fund Transfers to Be Replaced in the CIP</u>
	<u>FY 2015 Special Funds Available</u>	<u>FY 2015 Special Funds to Programs</u>	<u>FY 2015 Special Funds Transferred 2013 BRFA</u>	<u>FY 2015 Special Funds Transferred 2014 BRFA</u>	<u>FY 2015 Special Funds – Replaced in FY 2015</u>	<u>FY 2015 Special Funds – Replaced in FY 2016</u>	<u>FY 2015 Special Funds – Replaced in FY 2017</u>	<u>FY 2015 Special Funds – Replaced in FY 2018</u>	
Program Open Space (POS) – Stateside <sup>(1)</sup>	\$43.324	\$1.500	\$20.989	\$20.835	\$0.000	\$17.439	\$17.440	\$6.945	\$41.824
POS – Local	43.463	0.000	20.776	22.687	0.000	17.951	17.950	7.562	43.463
Rural Legacy	17.838	0.803	8.707	8.328	0.000	7.130	7.129	2.776	17.035
Ocean City – POS Share	1.000	0.500	0.500	0.000	0.000	0.250	0.250	0.000	0.500
Natural Resources Development Fund	10.797	4.535	6.262	0.000	0.000	3.131	3.131	0.000	6.262
Critical Maintenance Program	6.588	4.588	2.000	0.000	0.000	1.000	1.000	0.000	2.000
49 Agricultural Land Preservation Program	33.103	0.000	15.828	17.275	0.000	13.673	13.672	5.758	33.103
<b>Total</b>	<b>\$156.113</b>	<b>\$11.926</b>	<b>\$75.062</b>	<b>\$69.125</b>	<b>\$0.000</b>	<b>\$60.574</b>	<b>\$60.572</b>	<b>\$23.041</b>	<b>\$144.187</b>

BRFA: Budget Reconciliation and Financing Act  
CIP: *Capital Improvement Program*

<sup>(1)</sup> Special funds available to transfer from POS-Stateside in fiscal 2015 assumes \$1.217 million is left in cash for items not eligible for general obligation bonds.

# Governor's Fiscal 2014 through 2020 Special Fund Transfers

## General Obligation Bond Replacement Plan

(\$ in Millions)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Total</u>
Special Funds Transferred to the General Fund – 2013 BRFA	\$89.2	\$75.1	\$77.7	\$82.8	\$86.0	\$0.0	\$0.0	\$410.8
Additional Special Funds Transferred to the General Fund – 2014 BRFA	0.0	69.1	0.0	0.0	0.0	0.0	0.0	69.1
<b>Total Special Fund Transfers</b>	<b>\$89.2</b>	<b>\$144.2</b>	<b>\$77.7</b>	<b>\$82.8</b>	<b>\$86.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$479.9</b>
GO Bond Replacement to Programs – 2013 BRFA Plan	\$9.0	\$37.3	\$74.8	\$76.4	\$80.2	\$84.4	\$43.0	\$405.1
Additional GO Bond Replacement to Programs – 2014 BRFA Additions	0.0	0.0	23.0	23.0	23.0			69.0
<b>Total GO Bond Replacement to Programs 2014 Session</b>	<b>\$9.0</b>	<b>\$37.3</b>	<b>\$97.8</b>	<b>\$99.4</b>	<b>\$103.2</b>	<b>\$84.4</b>	<b>\$43.0</b>	<b>\$474.1</b>
GO Bond Replacement to Programs – Prior Year Transfers	<b>\$51.3</b>	<b>\$29.8</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$81.1</b>
Special Funds to Programs – 2013 Session Plan	\$37.4	\$75.1	\$77.7	\$82.8	\$86.0	n/a	n/a	
Special Funds to Programs – 2014 Session Revised Plan	n/a	11.9	88.3	74.8	76.1	167.0	n/a	
<b>Total Funding to Programs – 2014 Session Proposed Plan Additions/Revisions</b>	<b>\$97.7</b>	<b>\$79.0</b>	<b>\$186.1</b>	<b>\$174.2</b>	<b>\$179.3</b>	<b>\$251.4</b>		

BRFA: Budget Reconciliation and Financing Act

GO: general bonds

Fiscal 2014: Transfer 67% of the capital eligible transfer tax allocations for land preservation programs and 100% of the capital eligible transfer tax allocation for capital development programs to the general fund. Bond replacement for land preservation programs is scheduled in fiscal 2015 and 2016.

Fiscal 2015: The plan adopted in the 2013 session BRFA called for the transfer of 50%, or \$75.062 million, of the capital eligible transfer tax allocation to the general fund and replace with general obligation bonds in the following two fiscal years, fiscal 2016 and 2017. The Governor's proposed plan for the 2014 session would provide for the transfer of an additional \$69.125 million that is programmed to be GO bond replaced over a three-year period in equal installments of \$23.04 million in each of fiscal 2016 through 2018.

Fiscal 2016-2018: The plan adopted in the 2013 session BRFA to transfer 50% of the capital eligible transfer tax allocation to the general fund and replace with GO bonds in the following two fiscal years remains unchanged in the Governor's proposed plan for the 2014 session.

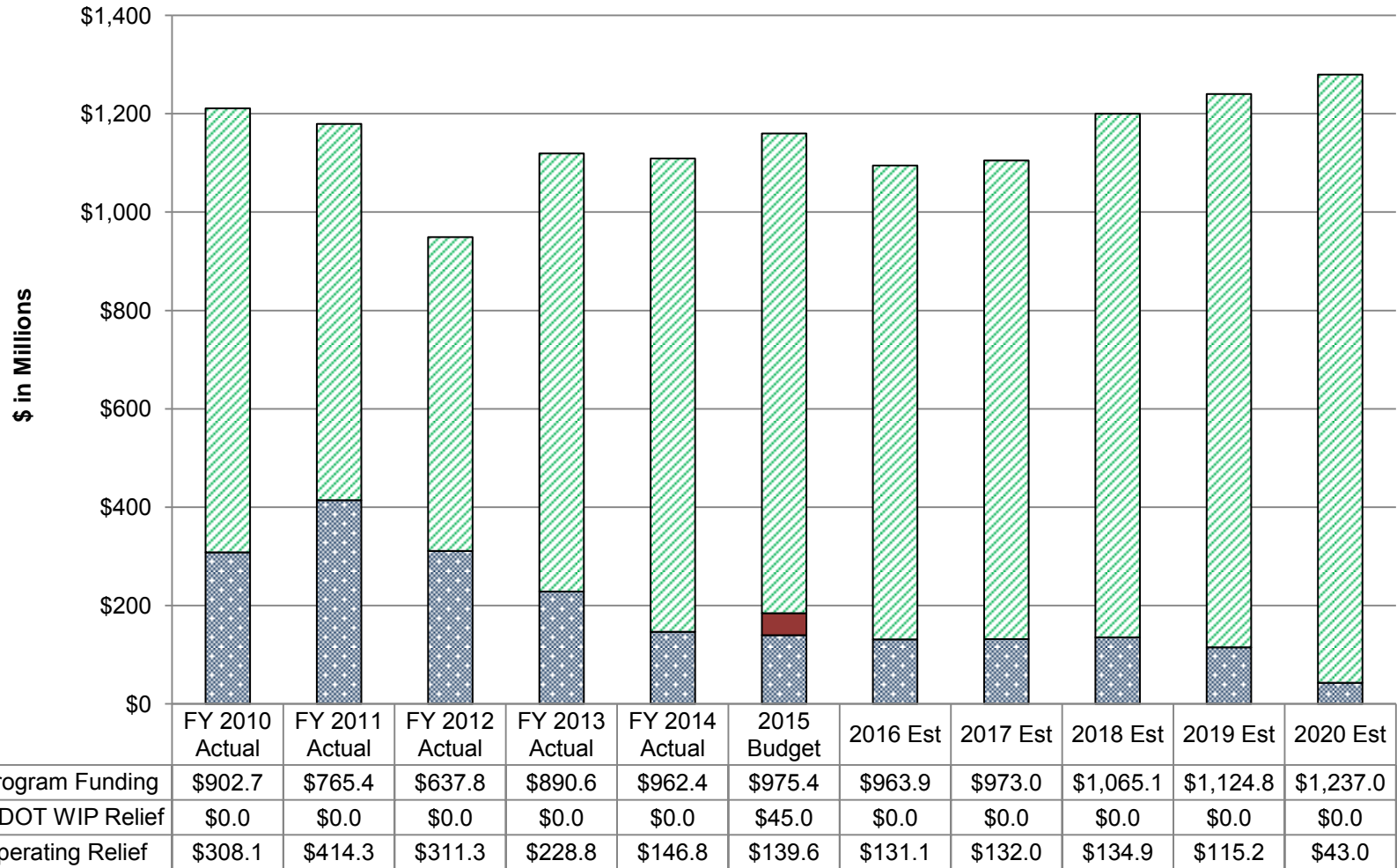
Note: Transfer tax revenue estimates for fiscal 2020 are unavailable to reflect estimates of program funding. The amount replaced is less than the amount transferred by \$5.6 million reflecting fiscal 2014 allocation of Natural Resource Development Fund that was not programmed for replacement. The figures for Special Funds to Programs - 2014 Session Revised Plan reflect adjustments to transfer tax revenue estimates; estimates for fiscal 2015 and 2016 were adjusted upward slightly while fiscal 2017 and 2018 were adjusted downward, relative to last year's estimates.



# Use of Bond Program for Operating Budget Relief

Fiscal 2010-2020  
(\$ in Millions)

## Use of Bond Program for Operating Budget Relief



## Annuity Bond Fund Forecast

### Fiscal 2014-2019

(\$ in Millions)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Change 2014-19</u>
Special Fund Revenues							
State Property Tax Receipts	\$717	\$722	\$732	\$742	\$753	\$762	\$45
Bond Sale Premiums	90	0	0	0	0	0	-90
Other Revenues	3	3	3	3	3	3	0
ABF Fund Balance Transferred from Prior Year	175	104	2	2	2	2	-173
<b>Subtotal Special Fund Revenues</b>	<b>\$985</b>	<b>\$829</b>	<b>\$736</b>	<b>\$746</b>	<b>\$757</b>	<b>\$766</b>	<b>-218</b>
General Funds	83	195	387	440	499	531	448
Transfer Tax Special Funds	6	6	6	7	7	7	1
Federal Funds	11	11	11	11	11	11	0
<b>Total Revenues</b>	<b>\$1,085</b>	<b>\$1,041</b>	<b>\$1,141</b>	<b>\$1,205</b>	<b>\$1,275</b>	<b>\$1,316</b>	<b>\$231</b>
<b>Debt Service Expenditures</b>	<b>\$981</b>	<b>\$1,039</b>	<b>\$1,139</b>	<b>\$1,202</b>	<b>\$1,273</b>	<b>\$1,314</b>	<b>\$333</b>
<b>ABF End-of-year Fund Balance</b>	<b>\$104</b>	<b>\$2</b>	<b>\$2</b>	<b>\$2</b>	<b>\$2</b>	<b>\$2</b>	

ABF: Annuity Bond Fund

Source: Department of Budget and Management, January 2014

- In previous budgets, the Administration did not assume any premiums for bonds issued after the budget is introduced. This year, the Administration assumes that the March 2014 bond sale will generate a \$40.8 million premium, which reduces the general fund appropriation correspondingly.
- The Department of Legislative Services estimates that fiscal 2015 bond sale premiums will total \$60.8 million, \$28.2 million in summer 2014 and \$32.7 million in the winter 2015 bond sales. These premiums would reduce the fiscal 2015 general fund appropriations by \$60.8 million or be available for debt service costs in fiscal 2016.
- ABF revenues do not include proceeds from the sale of Medevac helicopters, as required under current law. The Budget Reconciliation and Financing Act (Senate Bill 172) amends the law to require that the funds are deposited into the general fund, instead of the ABF. This reduces ABF revenues by \$11.0 - \$18.0 million.

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## **Things to Think About**

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## **Risks and Challenges in the Fiscal 2015 Budget Plan**

Some matters relate to fiscal 2015:

- Administration plan finishes fiscal 2015 with a general fund balance of \$30 million. General fund budget deficiencies have averaged \$145 million in fiscal 2011-2013.
- Plan assumes that there will be a resolution in the Cigarette Restitution Fund arbitration that will result in \$40 million in additional revenue in fiscal 2015.
- Plan assumes that nearly \$18 million will be realized in fiscal 2015 from the sale of old Medevac helicopters.
- Gaming revenues are difficult to predict and contribute \$540.8 million to this budget.
- No funds are provided for any proposal to address *DeWolfe v. Richmond* or *Comptroller of the Treasury v. Brian Wynne* cases.

Others may see their impact in fiscal 2016 or beyond:

- Plan continues to constrain the capital budget – in a time when general funds are needed for debt service – by using the transfer tax for the operating budget and committing future bond funds to replace them.
- Use of Employee Health Benefit Fund balance means that general fund contributions will bounce back in fiscal 2016 by an estimated \$67 million.
- Mid-year rate increases – employee cost-of-living adjustment, community service providers, group homes, and others – create a tail that must be funded in fiscal 2016 requiring an estimated \$65 million in general funds.



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# Appendices

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## Spending Affordability Analysis

### Governor's Proposed Budget (\$ in Millions)

#### Structural Analysis

##### Target

Estimated Structural Gap (December 2013)	<b>\$362</b>
Target Reduction	125

##### Revenues

	\$16,123
Transfer Tax	-69
Medevac Sale	-18
Other One-time Items	-1

**Subtotal** **16,035**

##### Spending

	\$16,521
Rainy Day Fund	-228
Pension Reinvestment Reduction	-86
Tobacco Arbitration	40
Pay-as-you-go Capital	-1

**Subtotal** **16,245**

<b>Amount Reduced from Structural Shortfall</b>	<b>\$152</b>
<b>Remaining Structural Deficit</b>	<b>\$210</b>

#### Percentage Growth Analysis

<u>Funds</u>	<u>2013 Session</u>	<u>2014 Session</u>	<u>\$ Change</u>	<u>% Change</u>
General	\$15,564.9	\$16,166.8	\$601.9	3.87%
Special	5,411.7	5,561.1	149.4	2.76%
Higher Education	2,467.7	2,546.3	78.6	3.18%
<b>Estimated Budget Growth</b>	<b>\$23,444.4</b>	<b>\$24,274.2</b>	<b>\$829.9</b>	<b>3.54%</b>
<b>Spending Affordability Committee Limit</b>	<b>\$23,444.4</b>	<b>\$24,382.1</b>	<b>\$937.8</b>	<b>4.00%</b>
<b>Over (Under) Limit</b>			<b>-107.9</b>	<b>-0.46%</b>

## Authorized Positions

	<b><u>Executive Branch</u><sup>1</sup></b>	<b><u>All State Agencies</u></b>
<b>Fiscal 2014 Legislative Appropriation</b>	<b>50,436.2</b>	<b>79,832.5</b>
Positions Created through BPW or Flex Autonomy	33.7	379.2
Abolished Positions	-59.7	-75.7
Positions Created in the Budget	677.8	790.8
<b>Total Fiscal 2015 Positions</b>	<b>51,088.1</b>	<b>80,926.9</b>
<b>Positions Excluded by SAC</b>		
Contractual Conversions		179.1
New Correctional Officers		100.0
Legislative Audit Deficiencies		10.0
<b><i>Subtotal</i></b>		<b>289.1</b>
<b>Total SAC Positions</b>		<b>80,637.8</b>
<b>SAC Limit</b>		<b>80,688.0</b>
<b>Positions Over (Under) SAC</b>		<b>-50.3</b>

<sup>1</sup> Excluding higher education institutions and judiciary.

BPW: Board of Public Works

SAC: Spending Affordability Committee

## State Reserve Fund Activity

### Fiscal 2014 and 2015

(\$ in Millions)

	<u>Rainy Day Fund</u>	<u>Dedicated Purpose Acct.</u>	<u>Catastrophic Event Acct.</u>
<b>Estimated Balances 6/30/13</b>	<b>\$700.4</b>	<b>\$10.0</b>	<b>\$0.6</b>
Fiscal 2014 Appropriations	55.3	0.0	
Expenditures			
Federal Sequestration		-10.0	
Estimated Interest	7.6		
<b>Estimated Balances 6/30/14</b>	<b>\$763.3</b>	<b>\$0.0</b>	<b>\$0.6</b>
Fiscal 2015 Appropriations	228.2		
Transfer to General Fund	-204.5		
Fiscal 2015 Budget Bill			
Estimated Interest	13.3		
<b>Estimated Balances 6/30/15</b>	<b>\$800.4</b>	<b>\$0.0</b>	<b>\$0.6</b>
<b>Percent of Revenues in Reserve</b>	<b>5.0%</b>		

**Changes from General Fund Baseline Expenditure Growth**  
**Fiscal 2015 Proposed Budget**  
**(\$ in Millions)**

<b>Aid to Local Governments</b>	<b>\$51</b>
Current Aid Programs – Net Change from Baseline Estimates (\$50 Million)	
Local Health Formula Funding Enhanced (\$6 Million)	
New Programs/Discretionary Aid Enhancements (\$7 Million)	
Limiting Growth in Community College Aid (-\$7 Million)*	
<b>Entitlements</b>	<b>-41</b>
Medicaid Funding Less Than Baseline Estimates (-\$61 Million)	
Assistance Payments/Foster Care – Caseloads/Less Federal Funds (\$21 Million)	
<b>State Agencies – Operations/Programs</b>	<b>-82</b>
Public Defender – No Funding for Initial Appearance Representation (-\$28 Million) and Less for Case-related Expenses (-\$3 Million)	
Judiciary – New Positions, Additional Security, and Operating Expenses (\$12 Million)	
Behavioral Health Funding Less Than Baseline Estimates (-\$20 Million)	
Private Higher Education Level Funded (-\$5 Million)*	
Lower High School Assessment Costs (-\$11 Million)	
No Increase in Education Excellence Scholarships (-\$11 Million)	
Corrections – New Cell Phone Managed Access Systems (\$7 Million)	
Corrections/Juvenile Services – Lower Operating Costs (-\$14 Million)	
Sustainable Communities Tax Credit – Legislation to Extend Sunset (\$10 Million)	
Various Economic Development Initiatives (\$16 Million)	
Funding for Major Information Technology Projects (-\$11 Million)	
General Salary Increase Jan. 2015; Baseline Assumed July 2014 (-\$31 Million)	
<b>Debt Service/Retirement Reinvestment</b>	<b>-126</b>
State Retirement Contributions Above Actuarially Required Amounts Maintained at Fiscal 2013 Amount (-\$88 Million)*	
Utilization of fiscal 2014 Bond Premiums for Debt Service (-\$38 Million)	
<b>Total Difference from Baseline</b>	<b>-\$198</b>

\*Contingent on legislation.

## Perspectives on Budget Change

Budget as Submitted, Including Reversions and Contingent Reductions

Fiscal 2014-2015

(\$ in Millions)

	<u>FY 2014</u>	<u>FY 2015</u>	<u>\$ Change</u>	<u>% Change</u>
<b><i>Legislative Appropriations</i></b>				
General	\$15,619.8	\$16,196.9	\$577.1	3.7%
Special	7,407.4	8,121.1	713.8	9.6%
Federal	9,781.4	10,556.6	775.2	7.9%
Higher Education	4,056.9	4,117.4	60.5	1.5%
<b>Total</b>	<b>\$36,865.5</b>	<b>\$38,992.1</b>	<b>\$2,126.6</b>	<b>5.8%</b>
<b><i>Amendments and Deficiencies</i></b>				
			<u><b>Explanation</b></u>	
General		\$9.1	Medicaid, DDA, minus ATB retirement, health, and reversions	
Special		332.9	Transportation PAYGO, Mortgage Settlement, and Energy program	
Federal		77.4	Medicaid, Health Benefit Exchange, and Economic Development	
Higher Education		-2.5	Withdrawn deficiency for higher education	
<b>Total</b>	<b>\$416.8</b>			
<b><i>Underlying Budget Growth Estimate</i></b>				
General	\$15,628.9	\$16,196.9	\$568.0	3.6%
Special	7,740.3	8,121.5	381.2	4.9%
Federal	9,858.7	10,556.6	697.9	7.1%
Higher Education	4,054.4	4,117.4	63.0	1.6%
<b>Total</b>	<b>\$37,282.3</b>	<b>\$38,992.4</b>	<b>\$1,710.1</b>	<b>4.6%</b>
Rainy Day Fund Appropriations	\$55.3	\$228.2	\$173.0	
<b>Total</b>	<b>\$37,337.6</b>	<b>\$39,220.6</b>	<b>\$1,883.1</b>	<b>5.0%</b>

ATB: across-the-board

DDA: Developmental Disabilities Administration

PAYGO: pay-as-you-go

Note: General fund amounts exclude the Rainy Day Fund appropriation.

**State Expenditures – All Funds**  
(\$ in Millions)

<u>Category</u>	<u>Actual FY 2013</u>	<u>Adjusted Work. Appr. FY 2014</u>	<u>Allowance FY 2015</u>	<u>Contingent Reductions &amp; Targeted Reversions</u>	<u>Adjusted Allowance FY 2015</u>	<u>FY 2014 to FY 2015</u>	
						<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$1,090.3	\$1,195.3	\$1,294.8	\$0.0	\$1,294.8	\$99.4	8.3%
County/Municipal	508.4	571.3	598.4	22.7	575.7	4.4	0.8%
Community Colleges	272.3	283.9	304.7	7.2	297.5	13.6	4.8%
Education/Libraries	6,624.2	6,816.1	7,065.8	63.3	7,002.5	186.4	2.7%
Health	42.5	46.2	51.4	0.0	51.4	5.1	11.1%
<b>Aid to Local Governments</b>	<b>\$7,447.5</b>	<b>\$7,717.6</b>	<b>\$8,020.4</b>	<b>\$93.2</b>	<b>\$7,927.1</b>	<b>\$209.5</b>	<b>2.7%</b>
Foster Care Payments	298.4	346.3	333.7	0.0	333.7	-12.6	-3.6%
Assistance Payments	1,373.5	1,289.4	1,447.7	0.0	1,447.7	158.2	12.3%
Medical Assistance	6,764.2	7,216.6	7,945.8	1.5	7,944.3	727.7	10.1%
Property Tax Credits	81.9	80.2	82.0	0.0	82.0	1.7	2.2%
<b>Entitlements</b>	<b>\$8,518.0</b>	<b>\$8,932.6</b>	<b>\$9,809.1</b>	<b>\$1.5</b>	<b>\$9,807.6</b>	<b>\$875.0</b>	<b>9.8%</b>
Health	3,152.4	3,495.4	3,489.1	3.4	3,485.7	-9.7	-0.3%
Human Resources	932.3	933.0	951.3	3.2	948.1	15.0	1.6%
Children's Cabinet Interagency Fund	13.4	20.1	21.8	0.0	21.8	1.7	8.6%
Juvenile Services	281.2	292.0	302.5	1.0	301.5	9.5	3.3%
Public Safety/Police	1,553.2	1,635.1	1,696.1	7.4	1,688.7	53.6	3.3%
Higher Education	5,072.1	5,358.1	5,539.8	4.6	5,535.2	177.1	3.3%
Other Education	665.7	798.3	682.6	5.1	677.5	-120.7	-15.1%
Transportation	1,631.0	1,705.4	1,747.8	2.7	1,745.1	39.7	2.3%
Agric./Nat'l. Res./Environment	366.9	408.0	459.5	5.9	453.6	45.6	11.2%
Other Executive Agencies	1,763.9	1,873.8	1,882.3	4.7	1,877.6	3.8	0.2%
Legislative	77.8	79.8	83.1	0.8	82.4	2.6	3.2%
Judiciary	438.1	464.7	497.6	3.9	493.7	29.0	6.2%
<b>State Agencies</b>	<b>\$15,948.2</b>	<b>\$17,063.7</b>	<b>\$17,353.7</b>	<b>\$42.8</b>	<b>\$17,310.9</b>	<b>\$247.2</b>	<b>1.4%</b>
<b>Total Operating</b>	<b>\$33,003.9</b>	<b>\$34,909.3</b>	<b>\$36,477.9</b>	<b>\$137.5</b>	<b>\$36,340.5</b>	<b>\$1,431.1</b>	<b>4.1%</b>
Capital <sup>(1)</sup>	2,077.9	2,431.0	2,729.3	47.3	2,682.0	251.0	10.3%
<b>Subtotal</b>	<b>\$35,081.8</b>	<b>\$37,340.3</b>	<b>\$39,207.3</b>	<b>\$184.8</b>	<b>\$39,022.4</b>	<b>\$1,682.1</b>	<b>4.5%</b>
Reserve Funds	37.8	55.3	228.2	0.0	228.2	173.0	313.0%
<b>Appropriations</b>	<b>\$35,119.5</b>	<b>\$37,395.5</b>	<b>\$39,435.5</b>	<b>\$184.8</b>	<b>\$39,250.6</b>	<b>\$1,855.1</b>	<b>5.0%</b>
Reversions	0.0	-58.0	-30.0	0.0	-30.0	28.0	-48.2%
<b>Grand Total</b>	<b>\$35,119.5</b>	<b>\$37,337.6</b>	<b>\$39,405.5</b>	<b>\$184.8</b>	<b>\$39,220.6</b>	<b>\$1,883.1</b>	<b>5.0%</b>

<sup>(1)</sup> Includes the Sustainable Communities Tax Credit Reserve Fund.

Note: The fiscal 2014 adjusted working appropriation reflects \$258.7 million in deficiencies, \$146.4 million in cost containment, and \$41.8 million in targeted reversions. The fiscal 2015 allowance includes \$23.8 million in reductions from Section 19 of the budget bill (SB 170/HB 160). The fiscal 2015 adjusted allowance reflects \$180.4 million in reductions contingent on legislation offset by \$0.3 million in additional special funds due to funding swaps and \$4.7 million in targeted reversions.

**State Expenditures – State Funds**  
(\$ in Millions)

<b>Category</b>	<b>Actual FY 2013</b>	<b>Adjusted Work. Appr. FY 2014</b>	<b>Allowance FY 2015</b>	<b>Contingent Reductions &amp; Targeted Reversions</b>	<b>Adjusted Allowance FY 2015</b>	<b>FY 2014 to FY 2015</b>	
						<b>\$ Change</b>	<b>% Change</b>
Debt Service	\$1,078.2	\$1,183.0	\$1,283.3	\$0.0	\$1,283.3	\$100.3	8.5%
County/Municipal	436.3	512.0	543.1	22.7	520.4	8.4	1.6%
Community Colleges	272.3	283.9	304.7	7.2	297.5	13.6	4.8%
Education/Libraries	5,875.9	6,061.8	6,263.5	63.3	6,200.2	138.4	2.3%
Health	38.1	41.7	46.9	0.0	46.9	5.1	12.3%
<b>Aid to Local Governments</b>	<b>\$6,622.5</b>	<b>\$6,899.5</b>	<b>\$7,158.3</b>	<b>\$93.2</b>	<b>\$7,065.0</b>	<b>\$165.5</b>	<b>2.4%</b>
Foster Care Payments	210.2	262.4	243.1	0.0	243.1	-19.3	-7.4%
Assistance Payments	103.6	91.8	94.6	0.0	94.6	2.8	3.1%
Medical Assistance	3,297.3	3,300.9	3,435.0	1.5	3,433.5	132.5	4.0%
Property Tax Credits	81.9	80.2	82.0	0.0	82.0	1.7	2.2%
<b>Entitlements</b>	<b>\$3,693.0</b>	<b>\$3,735.3</b>	<b>\$3,854.6</b>	<b>\$1.5</b>	<b>\$3,853.1</b>	<b>\$117.8</b>	<b>3.2%</b>
Health	1,975.2	2,107.8	2,113.1	2.9	2,110.1	2.3	0.1%
Human Resources	453.5	409.9	434.1	1.6	432.5	22.5	5.5%
Children's Cabinet Interagency Fund	13.4	20.1	21.8	0.0	21.8	1.7	8.6%
Juvenile Services	272.6	284.5	295.3	1.0	294.3	9.8	3.4%
Public Safety/Police	1,522.9	1,605.5	1,666.7	7.3	1,659.4	53.9	3.4%
Higher Education	5,072.1	5,358.1	5,539.8	4.6	5,535.2	177.1	3.3%
Other Education	430.3	459.0	442.1	4.5	437.6	-21.4	-4.7%
Transportation	1,558.6	1,608.2	1,655.2	2.4	1,652.8	44.5	2.8%
Agric./Nat'l. Res./Environment	305.4	339.7	393.2	5.7	387.5	47.8	14.1%
Other Executive Agencies	1,167.3	1,299.7	1,337.5	4.0	1,333.6	33.9	2.6%
Legislative	77.8	79.8	83.1	0.8	82.4	2.6	3.2%
Judiciary	432.6	459.3	497.4	3.9	493.4	34.1	7.4%
<b>State Agencies</b>	<b>\$13,281.8</b>	<b>\$14,031.7</b>	<b>\$14,479.3</b>	<b>\$38.7</b>	<b>\$14,440.6</b>	<b>\$408.9</b>	<b>2.9%</b>
<b>Total Operating</b>	<b>\$24,675.5</b>	<b>\$25,849.5</b>	<b>\$26,775.5</b>	<b>\$133.5</b>	<b>\$26,642.0</b>	<b>\$792.5</b>	<b>3.1%</b>
Capital <sup>(1)</sup>	1,222.1	1,632.1	1,871.1	47.2	1,823.8	191.7	11.7%
<b>Subtotal</b>	<b>\$25,897.6</b>	<b>\$27,481.6</b>	<b>\$28,646.5</b>	<b>\$180.7</b>	<b>\$28,465.8</b>	<b>\$984.3</b>	<b>3.6%</b>
Reserve Funds	37.8	55.3	228.2	0.0	228.2	173.0	313.0%
<b>Appropriations</b>	<b>\$25,935.3</b>	<b>\$27,536.8</b>	<b>\$28,874.7</b>	<b>\$180.7</b>	<b>\$28,694.0</b>	<b>\$1,157.2</b>	<b>4.2%</b>
Reversions	0.0	-58.0	-30.0	0.0	-30.0	28.0	-48.2%
<b>Grand Total</b>	<b>\$25,935.3</b>	<b>\$27,478.8</b>	<b>\$28,844.7</b>	<b>\$180.7</b>	<b>\$28,664.0</b>	<b>\$1,185.2</b>	<b>4.3%</b>

<sup>(1)</sup> Includes the Sustainable Communities Tax Credit Reserve Fund.

Note: The fiscal 2014 adjusted working appropriation reflects \$197.6 million in deficiencies, \$146.4 million in cost containment, and \$41.8 million in targeted reversions. The fiscal 2015 allowance includes \$21 million in reductions from Section 19 of the budget bill (SB 170/HB 160). The fiscal 2015 adjusted allowance reflects \$176.3 million in reductions contingent on legislation offset by \$0.3 million in additional special funds due to funding swaps and \$4.7 million in targeted reversions.

**State Expenditures – Federal Funds**  
(\$ in Millions)

<u>Category</u>	<u>Actual FY 2013</u>	<u>Work. Appr. FY 2014</u>	<u>Allowance FY 2015</u>	<u>Contingent Reductions</u>	<u>Adjusted Allowance FY 2015</u>	<u>FY 2014 to FY 2015</u>	
						<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$12.1	\$12.4	\$11.5	\$0.0	\$11.5	-\$0.9	-7.2%
County/Municipal	72.1	59.3	55.3	0.0	55.3	-4.0	-6.7%
Community Colleges	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Education/Libraries	748.3	754.3	802.3	0.0	802.3	48.0	6.4%
Health	4.5	4.5	4.5	0.0	4.5	0.0	0.0%
<b>Aid to Local Governments</b>	<b>\$824.9</b>	<b>\$818.1</b>	<b>\$862.1</b>	<b>\$0.0</b>	<b>\$862.1</b>	<b>\$44.0</b>	<b>5.4%</b>
Foster Care Payments	88.2	84.0	90.6	0.0	90.6	6.7	7.9%
Assistance Payments	1,269.9	1,197.7	1,353.1	0.0	1,353.1	155.4	13.0%
Medical Assistance	3,466.9	3,915.7	4,510.8	0.0	4,510.8	595.1	15.2%
Property Tax Credits	0.0	0.0	0.0	0.0	0.0	0.0	n/a
<b>Entitlements</b>	<b>\$4,825.0</b>	<b>\$5,197.4</b>	<b>\$5,954.5</b>	<b>\$0.0</b>	<b>\$5,954.5</b>	<b>\$757.2</b>	<b>14.6%</b>
Health	1,177.2	1,387.6	1,376.1	0.5	1,375.6	-12.0	-0.9%
Human Resources	478.8	523.1	517.2	1.6	515.6	-7.5	-1.4%
Children's Cabinet Interagency Fund	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Juvenile Services	8.6	7.4	7.2	0.0	7.2	-0.3	-3.7%
Public Safety/Police	30.3	29.7	29.4	0.1	29.3	-0.3	-1.1%
Higher Education	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Other Education	235.4	339.3	240.5	0.6	239.9	-99.4	-29.3%
Transportation	72.4	97.2	92.6	0.3	92.3	-4.8	-5.0%
Agric./Nat'l. Res./Environment	61.5	68.3	66.4	0.2	66.1	-2.2	-3.2%
Other Executive Agencies	596.7	574.1	544.8	0.8	544.0	-30.1	-5.2%
Judiciary	5.5	5.4	0.3	0.0	0.3	-5.1	-94.9%
<b>State Agencies</b>	<b>\$2,666.4</b>	<b>\$3,032.0</b>	<b>\$2,874.4</b>	<b>\$4.0</b>	<b>\$2,870.3</b>	<b>-\$161.7</b>	<b>-5.3%</b>
<b>Total Operating</b>	<b>\$8,328.4</b>	<b>\$9,059.8</b>	<b>\$9,702.5</b>	<b>\$4.0</b>	<b>\$9,698.4</b>	<b>\$638.6</b>	<b>7.0%</b>
Capital	855.8	798.9	858.3	0.1	858.2	59.3	7.4%
<b>Grand Total</b>	<b>\$9,184.2</b>	<b>\$9,858.7</b>	<b>\$10,560.7</b>	<b>\$4.1</b>	<b>\$10,556.6</b>	<b>\$697.9</b>	<b>7.1%</b>

Note: The fiscal 2014 working appropriation includes \$61.1 million in deficiencies. The fiscal 2015 adjusted allowance includes \$2.8 million in reductions from Section 19 of the budget bill (SB 170/HB 160) and \$4.1 million in reductions contingent on legislation.



**State Expenditures – Special and Higher Education Funds\***  
(\$ in Millions)

<u>Category</u>	<u>Actual FY 2013</u>	<u>Work. Appr. FY 2014</u>	<u>Allowance FY 2015</u>	<u>Contingent Reductions</u>	<u>Adjusted Allowance FY 2015</u>	<u>FY 2014 to FY 2015</u>	
						<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$1,078.2	\$1,100.0	\$1,088.3	\$0.0	\$1,088.3	-\$11.7	-1.1%
County/Municipal	277.3	267.0	290.6	22.7	267.9	1.0	0.4%
Community Colleges	19.9	0.0	0.0	0.0	0.0	0.0	n/a
Education/Libraries	422.2	389.7	417.0	0.0	417.0	27.3	7.0%
Health	0.8	0.0	0.0	0.0	0.0	0.0	n/a
<b><i>Aid to Local Governments</i></b>	<b>\$720.1</b>	<b>\$656.6</b>	<b>\$707.6</b>	<b>\$22.7</b>	<b>\$684.9</b>	<b>\$28.3</b>	<b>4.3%</b>
Foster Care Payments	7.1	5.5	5.5	0.0	5.5	0.0	0.3%
Assistance Payments	18.7	18.6	18.6	0.0	18.6	0.0	0.0%
Medical Assistance	985.6	833.5	960.6	0.0	960.6	127.1	15.2%
Property Tax Credits	0.0	0.0	0.0	0.0	0.0	0.0	n/a
<b><i>Entitlements</i></b>	<b>\$1,011.5</b>	<b>\$857.5</b>	<b>\$984.6</b>	<b>\$0.0</b>	<b>\$984.6</b>	<b>\$127.1</b>	<b>14.8%</b>
Health	504.7	538.6	481.8	0.3	481.5	-57.1	-10.6%
Human Resources	81.2	78.6	97.2	0.0	97.1	18.5	23.5%
Children's Cabinet Interagency Fund	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Juvenile Services	3.1	4.4	5.0	0.0	5.0	0.5	11.9%
Public Safety/Police	213.7	226.9	218.7	0.5	218.1	-8.8	-3.9%
Higher Education	3,965.5	4,144.4	4,183.2	0.0	4,183.2	38.8	0.9%
Other Education	63.4	72.2	56.1	0.1	56.0	-16.2	-22.4%
Transportation	1,558.6	1,608.2	1,655.2	2.4	1,652.8	44.5	2.8%
Agric./Nat'l. Res./Environment	197.9	225.8	273.6	3.9	269.7	44.0	19.5%
Other Executive Agencies	572.7	638.0	643.3	1.1	642.2	4.2	0.7%
Legislative	0.4	0.0	0.0	0.0	0.0	0.0	n/a
Judiciary	48.4	54.0	63.0	0.0	63.0	9.0	16.7%
<b><i>State Agencies</i></b>	<b>\$7,209.7</b>	<b>\$7,591.2</b>	<b>\$7,676.9</b>	<b>\$8.3</b>	<b>\$7,668.6</b>	<b>\$77.4</b>	<b>1.0%</b>
<b>Total Operating</b>	<b>\$10,019.5</b>	<b>\$10,205.3</b>	<b>\$10,457.5</b>	<b>\$31.0</b>	<b>\$10,426.5</b>	<b>\$221.2</b>	<b>2.2%</b>
Capital	1,218.9	1,589.4	1,859.7	47.2	1,812.4	223.0	14.0%
<b>Grand Total</b>	<b>\$11,238.4</b>	<b>\$11,794.7</b>	<b>\$12,317.1</b>	<b>\$78.2</b>	<b>\$12,238.9</b>	<b>\$444.2</b>	<b>3.8%</b>

\* Includes higher education fund (current unrestricted and current restricted) net of general and special funds.

Note: The fiscal 2014 working appropriation reflects \$0.3 million in deficiencies. The fiscal 2015 allowance includes \$4.7 million in reductions from Section 19 of the budget bill (SB 170/HB 160). The fiscal 2015 adjusted allowance reflects \$78.6 million in reductions contingent on legislation offset by \$0.3 million in additional special funds due to funding swaps.

## Fiscal 2014 Deficiencies Total \$112.3 Million (\$ in Millions)

	<u>GF</u>	<u>SF</u>	<u>FF</u>
<b>Where Funds Are Needed to Supplement Appropriation for Ongoing Operations</b>			
<b>Health and Mental Hygiene:</b> Medicaid provider reimbursements (\$65.7 million); community services shortfall in DDA (\$30.1 million); federal funds for mental hygiene Medicaid clients (\$27.8 million); delays in Medicaid redeterminations (\$5.2 million); overtime at Perkins Hospital (\$3.6 million); financial and management consultants for DDA (\$1.2 million); and other (\$1.0 million)	\$103.5		\$31.0
<b>Maryland Health Benefit Exchange:</b> Computer systems operations (\$28.4 million); and training, outreach, and advertising (\$4.1 million)	3.1		30.4
<b>Public Safety and Correctional Services:</b> Overtime (\$9.0 million); inmate costs (\$8.5 million); inmate pharmacy costs (\$5.6 million); inmate phone monitoring systems (\$4.5 million); food (\$2.4 million); security staffing, equipment, and related measures (\$2.1 million); and Drinking Driver Monitoring Program (\$400,000)	32.5		
<b>Education:</b> Student assessments (\$14.5 million); Quality Teacher Incentive Program (\$9.6 million); adequacy study (\$400,000); and other (\$162,000)	24.6		
<b>Human Resources:</b> Foster care (\$19.3 million) and legal services (\$2.1 million)	21.5		
<b>Higher Education Commission:</b> Educational Excellence Scholarships (\$10.0 million); Veterans of the Iraq and Afghanistan Conflicts Scholarships (\$750,000); and legal services (\$50,000)	0.1	\$10.8	
<b>State Police:</b> Aviation fuel and aircraft maintenance (\$3.4 million) and to address backlog of firearm registrations (\$3.8 million)	4.5	2.7	
<b>Public Defender:</b> Case-related expenses (\$5.6 million); software and computer upgrades (\$0.5 million); and other (\$119,000)	6.2		
<b>Business and Economic Development:</b> MEDAAF (\$5.0 million); Preservation of Cultural Arts Fund (\$0.5 million); and Not-For-Profit Development Fund (\$110,000)		5.6	
<b>Transportation:</b> Charm City Circulator		2.0	
<b>Other Agencies:</b> Juvenile Services (\$1.9 million); Stadium Authority (\$0.6 million); Comptroller (\$0.4 million); Labor, Licensing, and Regulation (\$201,000); Assessments and Taxation (\$179,000); Lottery (\$114,000); Canal Place (\$63,000); and others (70,000)	3.0	0.5	
<b>Subtotal</b>	<b>\$198.9</b>	<b>\$21.5</b>	<b>\$61.4</b>
<b>Where Funds Are Reduced for Cost Containment</b>			
Pension Reinvestment across all State agencies (contingent reduction)	-\$86.1		
Health Insurance savings across all State agencies	-49.6		
State Personnel Information Technology project	-10.7		
Agency-specific reductions; see Appendix 11	-31.1	\$0.0	\$0.0
<b>Subtotal</b>	<b>-\$177.5</b>	<b>\$0.0</b>	<b>\$0.0</b>

	<u>GF</u>	<u>SF</u>	<u>FF</u>
<b><i>Where General Funds Are Needed in Lieu of Underattained Special or Federal Funds</i></b>			
<b>Health and Mental Hygiene:</b> Cigarette Restitution Funds	\$70.0	-\$70.0	
<b>Human Resources:</b> Promoting Safe and Stable Families	1.2		-\$1.2
<b>Human Resources:</b> Social Services Block Grant	1.0	1.2	-2.2
<b>State Board of Elections:</b> In lieu of Fair Campaign Financing Funds	0.8	0.5	
<b>Public Safety and Correctional Services:</b> In lieu of capital bond funds	0.5		
<b>Education:</b> Vocational Rehabilitation grants	0.1		-0.1
<b>Subtotal</b>	<b>\$73.5</b>	<b>-\$68.3</b>	<b>-\$3.5</b>
<b><i>Where General Funds Are Reduced Due to Availability of Other Funds</i></b>			
<b>Aid to Education:</b> Education Trust Fund revenues	-\$34.8	\$34.8	
<b>Health and Mental Hygiene and Human Resources:</b> Additional funding from the Affordable Care Act for eligibility determination	-5.0		\$5.0
<b>Human Resources:</b> Local Family Investment expenses to be replaced by reimbursable funds from other agencies by a future budget amendment	-1.8		
<b>Health and Mental Hygiene:</b> Use Strategic Energy Investment Funds for energy performance contracts	-1.0	1.0	
<b>Other Agencies:</b> Human Resources (\$385,600); Labor, Licensing, and Regulation (\$374,000); Assessments and Taxation, contingent on BRFA (\$304,000); Education (\$204,000); and Emergency Management Agency (\$22,000)	-1.3	1.0	0.3
<b>Subtotal</b>	<b>-\$44.0</b>	<b>\$36.8</b>	<b>\$5.3</b>
<b><i>Where Special and Federal Funds Are Added for Normal Operations</i></b>			
<b>Health Services Cost Review Commission:</b> Uncompensated care		\$5.1	
<b>Health and Mental Hygiene:</b> HIV drugs		3.1	-\$3.1
<b>Lottery:</b> Instant ticket printing and advertising		1.1	
<b>Planning:</b> Restoration of historic properties damaged by Hurricane Sandy (\$598,000) and for the Captain John Smith Historic Trail (\$72,000)			0.7
<b>Health Care Commission:</b> Small Employer Health Benefits program (\$500,000) and uncompensated trauma physician services (\$100,000)		0.6	
<b>Natural Resources:</b> Stormwater management best practices; climate change assessments; and Atlantic Sturgeon habitat assessment		0.3	0.2
<b>Subtotal</b>	<b>\$0.0</b>	<b>\$10.2</b>	<b>-\$2.2</b>
<b>Grand Total</b>	<b>\$50.9</b>	<b>\$0.3</b>	<b>\$61.1</b>

BRFA: Budget Reconciliation and Financing Act

DDA: Developmental Disabilities Administration

MEDAAF: Maryland Economic Development Authority Assistance Fund

### Fiscal 2014 Agency Cost Containment Actions

	<u>GF</u>	<u>SF</u>	<u>FF</u>
<b>Attorney General:</b> Salary savings	-\$100,000		
<b>Board of Public Works Contingent Fund:</b> Funds restricted for payment to the Hudson family	-300,000		
<b>Governor's Office of Crime Control and Prevention:</b> Salary savings	-60,000		
<b>Governor's Office for Children:</b> Salary savings	-24,976		
<b>State Board of Elections:</b> Contractual services	-39,376		
<b>Comptroller:</b> Delay phase 2 of document scanning project and hardware and software replacement	-477,000		
<b>State Treasurer:</b> Contractual services	-51,000		
<b>Lottery:</b> Salary savings	-21,526		
<b>Budget and Management:</b> Salary savings	-50,000		
<b>Information Technology:</b> Consultants and salary savings	-461,576		
<b>Natural Resources:</b> Salary savings and various operating expenses	-584,164		
<b>Agriculture:</b> Contractual services, vehicle operation and maintenance, and grants	-276,000		
<b>Health and Mental Hygiene:</b> Favorable trends at State hospitals, increased federal funds for Medicaid, and funds restricted for certain hold-harmless payments	-9,380,075		
<b>Human Resources:</b> Realignment of Temporary Cash Assistance and Emergency Assistance for Families with Children funds	-3,238,274		
<b>Labor, Licensing, and Regulation:</b> Office supplies, travel, and contractual services	-16,999	-\$2,397	-\$8,509
<b>Public Safety and Correctional Services:</b> Salary savings, telecommunications, military death benefits, and motor vehicles	-2,430,753		
<b>Education:</b> Contractual services, grants, postage, funds restricted for additional grants in Aid to Education, and eligibility determination for child care subsidies	-4,901,226		
<b>Children's Cabinet Interagency Fund:</b> Align funding with current enrollment in care management entity	-1,415,388		
<b>University System of Maryland:</b> Funds restricted for need-based scholarships	-3,000,000		
<b>Higher Education Commission:</b> Administrative expenses and the Distinguished Scholar Program	-660,000		
<b>Business and Economic Development:</b> Funds restricted for Rural Business Initiative and expenses for wine and grape promotion	-550,000		
<b>TEDCO:</b> Reallocating certain stem cell research grant costs to nonbudgeted funds	-185,000		
<b>Juvenile Services:</b> Residential per-diem placements	-1,200,000		
<b>State Police:</b> Delay of trooper cadet class	-1,666,160		
<b>Total</b>	<b>-\$31,089,493</b>	<b>-\$2,397</b>	<b>-\$8,509</b>

TEDCO: Maryland Technology Development Corporation

## Fiscal 2015 Changes Over Fiscal 2014 Spending

### General Funds (\$ in Millions)

#### Mandated Grants and Aid

Education Aid	\$86.0
DHMH Community Providers Inflation Adjustment Per Ch. 497 and 498 of 2010	16.8
Cade Formula for Community College Aid (Contingent Reduction)	11.3
Teacher and Librarian Retirement	11.1
Disparity Grant	8.0
Core Funding Formula for Local Health Departments	5.1
Community College Retirement	2.2
State Arts Council and Tourism Development Board	1.6
Library Aid and State Library Network	0.6
State Aid for Police Protection	0.6
St. Mary's College of Maryland	0.4
Seller Aid to Nonpublic Institutions of Higher Education (Contingent Reduction)	-0.3
Baltimore City Community College	-0.4

#### Entitlements

Foster Care Payments, After Accounting for General Fund Deficiency and Fund Swap	-\$19.3
Temporary Cash Assistance	2.8
Medicaid	2.3
Property Tax Credits	1.7

#### Judiciary

56 Additional Positions	2.5
Equipment to Implement the <i>Richmond</i> Decision	1.9
New Judgeships (7) and Associated Positions (12)	1.6
Grants	1.4
Contract for Security Services	1.1
Conversion of 38 Contractual Positions to Regular Positions	0.4

#### Personnel (Including Higher Education)

Annualization of Fiscal 2014 General Salary Increase and Increments	\$120.6
Merit Pay/Increments	78.2
Employee Retirement	49.9
Fiscal 2015 General Salary Increase – 2% Effective January 1, 2015	37.8
Annual Salary Review Adjustments, Effective January 1, 2015	2.5
Employee and Retiree Health Insurance	-69.9

**New Initiatives and Program Enhancements**

Maryland Economic Development Assistance Authority and Fund	8.2
Prekindergarten Expansion	4.3
Biotechnology Investment Tax Credit	2.0
Maryland Meals for Achievement In-classroom Breakfast Program	1.7
Institutional Stability Grant for St. Mary's College of Maryland	1.5
To Expand Oyster Spat Production at Horn Point Laboratory	1.5
Grants to Maryland Food Bank, Moveable Feast, and Roberta's House in DHR	1.3
Cybersecurity Tax Credit	1.0
Emergency Shelter Grant Program	1.0
Prince George's State's Attorney Grant	0.8
New Victims of Crime Grants	0.5

**State Agency Operations**

University System of Maryland and Morgan State University	\$40.7
Developmental Disabilities Annualization, Enrollment, and Utilization	14.7
State Public Health Laboratory Rent Payment and Related Facility Expenses	13.7
Mental Hygiene Enrollment, Utilization, and Grants	11.4
Costs to Move the Department of Housing and Community Development and Part-year Rent	5.9
Additional Correctional Officers and Related Staff	4.3
Major Information Technology Projects	4.1
Additional Positions in State Police: Helicopter Pilots, Forensic Scientists, and the Maryland Coordination and Analysis Center	1.5
Laptop Computers for State Police Vehicles	1.4
Continued Phase-out of Distinguished Scholar Program	-0.7
One-time Costs Associated with State Public Health Laboratory Move	-2.0
Overtime Expenses in Public Safety and Correctional Services	-3.0
Discontinuation of Transfer of General Funds from Behavioral Health to Medicaid for PAC	-12.4
School Assessment Contracts, After Accounting for Deficiency	-14.6
Video Lottery Terminal and Gaming Control Software and Equipment	-17.1
Other Changes	0.5

**Other**

Appropriation to the Rainy Day Fund	173.0
Debt Service	112.0
Hazardous Substance Clean-up Program (PAYGO)	0.7
Baltimore Regional Neighborhood Development Initiative (PAYGO)	-3.0

DHMH: Department of Health and Mental Hygiene

DHR: Department of Human Resources

PAC: Primary Adult Care

PAYGO: pay-as-you-go

## Contractual Full-time Equivalent Positions

### Fiscal 2002 Actuals to 2015 Baseline

<u>Department/Service Area</u>	<u>2002 Actual</u>	<u>2014 Leg. App.</u>	<u>2014 Working</u>	<u>2015 Allowance</u>	<u>2014-2015 Change</u>
<b>Health and Human Services</b>					
Health and Mental Hygiene	409	385	400	411	11
Human Resources	111	82	83	83	0
Juvenile Services	119	170	140	157	17
<b>Subtotal</b>	<b>639</b>	<b>638</b>	<b>623</b>	<b>651</b>	<b>28</b>
<b>Public Safety</b>					
Public Safety and Correctional Services	298	396	398	395	-4
Police and Fire Marshal	46	29	30	63	33
<b>Subtotal</b>	<b>344</b>	<b>425</b>	<b>428</b>	<b>457</b>	<b>29</b>
<b>Transportation</b>	<b>142</b>	<b>131</b>	<b>131</b>	<b>41</b>	<b>-91</b>
<b>Other Executive</b>					
Legal (Excluding Judiciary)	99	53	61	61	-1
Executive and Administrative Control	208	216	216	182	-34
Financial and Revenue Administration	35	50	66	54	-12
Budget and Management	33	19	19	19	0
Retirement	30	15	17	17	0
General Services	35	33	33	32	-2
Natural Resources	332	404	399	432	33
Agriculture	36	42	41	38	-2
Labor, Licensing, and Regulation	176	259	286	262	-24
MSDE and Other Education	218	336	339	306	-33
Housing and Community Development	49	71	90	72	-18
Business and Economic Development	49	19	19	18	-1
Environment	32	68	62	47	-15
<b>Subtotal</b>	<b>1,332</b>	<b>1,584</b>	<b>1,647</b>	<b>1,538</b>	<b>-109</b>
<b>Executive Branch Subtotal</b>	<b>2,457</b>	<b>2,778</b>	<b>2,829</b>	<b>2,686</b>	<b>-143</b>
<b>Higher Education</b>	<b>6,079</b>	<b>6,630</b>	<b>6,169</b>	<b>6,208</b>	<b>39</b>
<b>Judiciary</b>	<b>371</b>	<b>447</b>	<b>446</b>	<b>433</b>	<b>-13</b>
<b>Grand Total</b>	<b>8,907</b>	<b>9,855</b>	<b>9,444</b>	<b>9,328</b>	<b>-117</b>

MSDE: Maryland State Department of Education

Source: Department of Budget and Management

**State Assistance to Local Governments**  
**Fiscal 2015 Allowance**  
**(\$ in Thousands)**

County	<i>Direct State Aid</i>						Retirement	Total	Change	
	County - Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal			Over FY 2014	Percent Change
Allegany	\$13,284	\$6,181	\$76,555	\$744	\$1,175	\$97,938	\$10,277	\$108,215	\$1,171	1.1%
Anne Arundel	32,397	31,274	330,265	2,101	3,939	399,976	73,176	473,152	4,911	1.0%
Baltimore City	262,709	0	913,764	6,053	8,365	1,190,890	78,490	1,269,380	27,072	2.2%
Baltimore	21,822	41,789	593,695	5,327	5,413	668,046	103,394	771,440	18,595	2.5%
Calvert	3,405	2,560	81,901	385	479	88,731	16,392	105,123	221	0.2%
Caroline	4,483	1,626	48,793	270	668	55,839	5,072	60,911	2,271	3.9%
Carroll	5,076	8,280	133,783	902	1,537	149,578	24,956	174,534	-1,778	-1.0%
Cecil	7,199	5,977	100,788	719	1,008	115,692	15,164	130,855	5,190	4.1%
Charles	3,768	8,692	161,749	920	1,244	176,373	25,509	201,882	3,520	1.8%
Dorchester	4,139	1,217	37,501	252	545	43,655	4,233	47,888	2,443	5.4%
Frederick	7,921	9,905	231,954	1,334	1,889	253,002	38,085	291,087	4,156	1.4%
Garrett	4,139	3,835	20,168	114	553	28,809	4,022	32,831	-784	-2.3%
Harford	6,861	11,434	202,876	1,450	2,171	224,792	35,449	260,241	2,270	0.9%
Howard	7,854	16,932	222,527	838	1,528	249,680	65,743	315,424	5,028	1.6%
Kent	1,110	585	9,493	81	427	11,696	2,208	13,903	-277	-2.0%
Montgomery	29,008	46,977	624,370	2,813	3,825	706,994	179,389	886,382	23,376	2.7%
Prince George's	70,979	27,379	1,001,118	6,759	6,297	1,112,532	110,394	1,222,926	65,258	5.6%
Queen Anne's	1,622	1,887	33,909	138	521	38,077	6,587	44,664	729	1.7%
St. Mary's	2,592	2,878	97,257	612	1,009	104,348	15,266	119,614	3,502	3.0%
Somerset	6,519	731	28,567	268	535	36,621	2,948	39,569	647	1.7%
Talbot	1,971	1,755	13,093	107	409	17,335	4,246	21,582	917	4.4%
Washington	6,896	8,918	165,084	1,172	1,720	183,790	20,833	204,623	6,575	3.3%
Wicomico	13,680	5,019	128,268	943	1,179	149,089	14,068	163,156	6,565	4.2%
Worcester	5,664	2,084	19,591	144	442	27,924	7,926	35,850	741	2.1%
Unallocated	24,399	6,679	57,555	16,323	0	104,955	0	104,955	257	0.2%
<b>Total</b>	<b>\$549,497</b>	<b>\$254,593</b>	<b>\$5,334,624</b>	<b>\$50,769</b>	<b>\$46,879</b>	<b>\$6,236,362</b>	<b>\$863,825</b>	<b>\$7,100,187</b>	<b>\$182,576</b>	<b>2.6%</b>

Note: County/Municipal includes the municipal share of police aid, highway user revenue, and fire aid.



**State Assistance to Local Governments**  
**Fiscal 2014 Working Appropriation**  
**(\$ in Thousands)**

<b>County</b>	<b>County - Municipal</b>	<b>Community Colleges</b>	<b>Direct State Aid</b>				<b>Retirement</b>	<b>Total</b>
			<b>Public Schools</b>	<b>Libraries</b>	<b>Health</b>	<b>Subtotal</b>		
Allegany	\$12,970	\$6,039	\$75,827	\$753	\$1,051	\$96,640	\$10,404	\$107,044
Anne Arundel	36,141	30,516	323,421	2,126	3,507	395,710	72,530	468,241
Baltimore City	242,860	0	907,323	6,035	7,449	1,163,667	78,641	1,242,308
Baltimore	21,807	39,982	578,462	5,250	4,812	650,314	102,531	752,844
Calvert	3,430	2,369	81,318	379	426	87,922	16,980	104,902
Caroline	4,428	1,637	46,708	268	597	53,638	5,002	58,640
Carroll	5,031	7,996	135,995	924	1,371	151,317	24,996	176,312
Cecil	6,440	5,705	96,872	713	899	110,629	15,036	125,665
Charles	3,739	8,050	159,309	895	1,109	173,101	25,261	198,362
Dorchester	4,090	1,345	35,096	249	488	41,268	4,177	45,445
Frederick	7,775	9,822	229,356	1,327	1,685	249,965	36,966	286,931
Garrett	4,097	3,552	21,094	119	495	29,357	4,258	33,615
Harford	6,816	10,763	201,966	1,454	1,936	222,936	35,036	257,971
Howard	7,866	15,837	221,297	821	1,359	247,180	63,216	310,396
Kent	1,179	586	9,752	82	383	11,982	2,198	14,180
Montgomery	28,857	44,178	612,445	2,771	3,388	691,639	171,367	863,006
Prince George's	64,336	25,992	943,608	6,524	5,599	1,046,059	111,610	1,157,668
Queen Anne's	1,582	1,827	33,291	135	465	37,300	6,635	43,935
St. Mary's	2,558	2,673	94,465	601	900	101,197	14,915	116,112
Somerset	6,476	717	27,978	270	479	35,920	3,001	38,921
Talbot	1,917	1,621	12,617	106	365	16,627	4,037	20,664
Washington	6,419	8,431	160,113	1,155	1,536	177,653	20,396	198,049
Wicomico	11,988	4,966	124,285	911	1,053	143,203	13,389	156,592
Worcester	5,212	1,981	19,499	144	393	27,230	7,879	35,109
Unallocated	24,093	6,665	57,744	16,197	0	104,699	0	104,699
<b>Total</b>	<b>\$522,107</b>	<b>\$243,250</b>	<b>\$5,209,842</b>	<b>\$50,211</b>	<b>\$41,743</b>	<b>\$6,067,154</b>	<b>\$850,458</b>	<b>\$6,917,612</b>

*Note:* County/Municipal includes the municipal share of police aid, highway user revenue, and fire aid.

## State Assistance to Local Governments

**Dollar Difference Between Fiscal 2015 Allowance and Fiscal 2014 Working Appropriation  
(\$ in Thousands)**

County	County - Municipal	Community Colleges	<i>Direct State Aid</i>				Retirement	Total
			Public Schools	Libraries	Health	Subtotal		
Allegany	\$314	\$141	\$728	-\$10	\$125	\$1,298	-\$127	\$1,171
Anne Arundel	-3,744	758	6,844	-25	432	4,265	646	4,911
Baltimore City	19,849	0	6,441	18	916	27,223	-151	27,072
Baltimore	15	1,807	15,233	76	601	17,732	863	18,595
Calvert	-25	191	583	6	54	809	-589	221
Caroline	54	-11	2,085	2	70	2,201	70	2,271
Carroll	45	284	-2,212	-22	166	-1,739	-39	-1,778
Cecil	759	272	3,917	6	109	5,062	128	5,190
Charles	30	641	2,440	26	135	3,271	248	3,520
Dorchester	49	-127	2,405	3	58	2,388	56	2,443
Frederick	146	83	2,597	6	205	3,037	1,119	4,156
Garrett	42	283	-926	-5	58	-547	-236	-784
Harford	45	671	909	-4	235	1,857	413	2,270
Howard	-11	1,094	1,230	18	170	2,500	2,527	5,028
Kent	-69	-1	-259	-2	45	-287	10	-277
Montgomery	152	2,799	11,925	42	436	15,354	8,022	23,376
Prince George's	6,643	1,387	57,510	235	698	66,474	-1,216	65,258
Queen Anne's	40	60	618	3	56	777	-47	729
St. Mary's	34	205	2,793	12	108	3,151	350	3,502
Somerset	44	14	589	-3	56	700	-53	647
Talbot	54	134	476	0	44	708	209	917
Washington	477	487	4,971	18	184	6,137	438	6,575
Wicomico	1,692	53	3,983	32	126	5,886	679	6,565
Worcester	451	103	92	0	48	694	47	741
Unallocated	306	14	-190	126	0	257	0	257
<b>Total</b>	<b>\$27,390</b>	<b>\$11,343</b>	<b>\$124,782</b>	<b>\$559</b>	<b>\$5,135</b>	<b>\$169,209</b>	<b>\$13,367</b>	<b>\$182,576</b>

Note: County/Municipal includes the municipal share of police aid, highway user revenue, and fire aid.

# **State Assistance to Local Governments** **Percent Change: Fiscal 2015 Allowance over Fiscal 2014 Working Appropriation**

County	<i>Direct State Aid</i>						Retirement	Total
	County - Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal		
Allegany	2.4%	2.3%	1.0%	-1.3%	11.8%	1.3%	-1.2%	1.1%
Anne Arundel	-10.4%	2.5%	2.1%	-1.2%	12.3%	1.1%	0.9%	1.0%
Baltimore City	8.2%	n/a	0.7%	0.3%	12.3%	2.3%	-0.2%	2.2%
Baltimore	0.1%	4.5%	2.6%	1.4%	12.5%	2.7%	0.8%	2.5%
Calvert	-0.7%	8.1%	0.7%	1.7%	12.7%	0.9%	-3.5%	0.2%
Caroline	1.2%	-0.7%	4.5%	0.9%	11.8%	4.1%	1.4%	3.9%
Carroll	0.9%	3.6%	-1.6%	-2.4%	12.1%	-1.1%	-0.2%	-1.0%
Cecil	11.8%	4.8%	4.0%	0.8%	12.1%	4.6%	0.8%	4.1%
Charles	0.8%	8.0%	1.5%	2.9%	12.2%	1.9%	1.0%	1.8%
Dorchester	1.2%	-9.5%	6.9%	1.4%	11.9%	5.8%	1.3%	5.4%
Frederick	1.9%	0.8%	1.1%	0.5%	12.1%	1.2%	3.0%	1.4%
Garrett	1.0%	8.0%	-4.4%	-4.0%	11.8%	-1.9%	-5.5%	-2.3%
Harford	0.7%	6.2%	0.5%	-0.3%	12.1%	0.8%	1.2%	0.9%
Howard	-0.1%	6.9%	0.6%	2.1%	12.5%	1.0%	4.0%	1.6%
Kent	-5.9%	-0.2%	-2.7%	-2.0%	11.7%	-2.4%	0.4%	-2.0%
Montgomery	0.5%	6.3%	1.9%	1.5%	12.9%	2.2%	4.7%	2.7%
Prince George's	10.3%	5.3%	6.1%	3.6%	12.5%	6.4%	-1.1%	5.6%
Queen Anne's	2.5%	3.3%	1.9%	2.0%	12.0%	2.1%	-0.7%	1.7%
St. Mary's	1.3%	7.7%	3.0%	1.9%	12.1%	3.1%	2.3%	3.0%
Somerset	0.7%	1.9%	2.1%	-1.0%	11.8%	1.9%	-1.8%	1.7%
Talbot	2.8%	8.3%	3.8%	0.2%	12.0%	4.3%	5.2%	4.4%
Washington	7.4%	5.8%	3.1%	1.5%	12.0%	3.5%	2.1%	3.3%
Wicomico	14.1%	1.1%	3.2%	3.5%	12.0%	4.1%	5.1%	4.2%
Worcester	8.7%	5.2%	0.5%	0.1%	12.3%	2.6%	0.6%	2.1%
Unallocated	1.3%	0.2%	-0.3%	0.8%	n/a	0.2%	n/a	0.2%
<b>Total</b>	<b>5.2%</b>	<b>4.7%</b>	<b>2.4%</b>	<b>1.1%</b>	<b>12.3%</b>	<b>2.8%</b>	<b>1.6%</b>	<b>2.6%</b>

*Note:* County/Municipal includes the municipal share of police aid, highway user revenue, and fire aid.

**State Expenditures**  
**Total and Adjusted for Reserve Fund Transfers**  
**Fiscal 2005-2015**  
(\$ in Millions)

**Table 1. General Funds**

<b>Fiscal Year</b>	<b>General Fund Expenditures</b>	<b>Percent Change</b>	<b>Appropriations to Reserve Fund <sup>(2)</sup></b>	<b>Adjusted General Fund Expenditures</b>	<b>Percent Change</b>	<b>Calendar Year</b>	<b>Maryland Personal Income <sup>(3)</sup></b>	<b>Percent Change</b>
2005	11,275.2	9.9%	114.7	11,160.5	8.9%	2005	245,063	5.6%
2006	12,356.4	9.6%	299.4	12,057.0	8.0%	2006	261,067	6.5%
2007	14,204.4	15.0%	638.4	13,566.0	12.5%	2007	272,901	4.5%
2008	14,488.2	2.0%	162.8	14,325.4	5.6%	2008	283,053	3.7%
2009	14,352.9	-0.9%	146.5	14,206.4	-0.8%	2009	282,153	-0.3%
2010	13,442.3	-6.3%	114.9	13,327.4	-6.2%	2010	289,653	2.7%
2011	13,280.8	-1.2%	15.0	13,265.8	-0.5%	2011	306,001	5.6%
2012	14,950.7	12.6%	15.0	14,935.7	12.6%	2012	316,682	3.5%
2013	14,697.0	-1.7%	37.8	14,659.2	-1.9%	2013	322,782	1.9%
2014 <sup>(1)</sup>	15,684.2	6.7%	55.3	15,628.9	6.6%	2014	337,477	4.6%
2015 <sup>(1)</sup>	16,425.1	4.7%	228.2	16,196.9	3.6%	2015	354,825	5.1%

**Table 2. State Funds (General, Special, and Higher Education)**

<b>Fiscal Year</b>	<b>State Fund Expenditures</b>	<b>Percent Change</b>	<b>Appropriations to Reserve Fund <sup>(2)</sup></b>	<b>Adjusted State Fund Expenditures</b>	<b>Percent Change</b>	<b>Calendar Year</b>	<b>Maryland Personal Income <sup>(3)</sup></b>	<b>Percent Change</b>
2005	18,188.1	8.9%	114.7	18,073.5	8.3%	2005	245,063	5.6%
2006	19,967.7	9.8%	308.6	19,659.1	8.8%	2006	261,067	6.5%
2007	22,393.0	12.1%	638.4	21,754.6	10.7%	2007	272,901	4.5%
2008	23,008.1	2.7%	162.8	22,845.3	5.0%	2008	283,053	3.7%
2009	23,111.6	0.5%	146.5	22,965.1	0.5%	2009	282,153	-0.3%
2010	22,208.1	-3.9%	114.9	22,093.1	-3.8%	2010	289,653	2.7%
2011	22,732.5	2.4%	15.0	22,717.5	2.8%	2011	306,001	5.6%
2012	24,856.4	9.3%	15.0	24,841.4	9.3%	2012	316,682	3.5%
2013	25,935.3	4.3%	37.8	25,897.6	4.3%	2013	322,782	1.9%
2014 <sup>(1)</sup>	27,478.8	6.0%	55.3	27,423.6	5.9%	2014	337,477	4.6%
2015 <sup>(1)</sup>	28,664.0	4.3%	228.2	28,435.8	3.7%	2015	354,825	5.1%

**Table 3. All Funds**

<b>Fiscal Year</b>	<b>Total Expenditures</b>	<b>Percent Change</b>	<b>Appropriations to Reserve Fund <sup>(2)</sup></b>	<b>Adjusted Total State Expenditures</b>	<b>Percent Change</b>	<b>Calendar Year</b>	<b>Maryland Personal Income <sup>(3)</sup></b>	<b>Percent Change</b>
2005	24,066.3	6.7%	114.7	23,951.7	6.3%	2005	245,063	5.6%
2006	26,174.2	8.8%	308.6	25,865.6	8.0%	2006	261,067	6.5%
2007	28,756.5	9.9%	638.4	28,118.1	8.7%	2007	272,901	4.5%
2008	29,569.4	2.8%	162.8	29,406.6	4.6%	2008	283,053	3.7%
2009	30,870.5	4.4%	146.5	30,724.0	4.5%	2009	282,153	-0.3%
2010	32,033.1	3.8%	114.9	31,918.1	3.9%	2010	289,653	2.7%
2011	32,683.8	2.0%	15.0	32,668.8	2.4%	2011	306,001	5.6%
2012	33,914.7	3.8%	15.0	33,899.7	3.8%	2012	316,682	3.5%
2013	35,119.5	3.6%	37.8	35,081.8	3.5%	2013	322,782	1.9%
2014 <sup>(1)</sup>	37,337.6	6.3%	55.3	37,282.3	6.3%	2014	337,477	4.6%
2015 <sup>(1)</sup>	39,220.6	5.0%	228.2	38,992.4	4.6%	2015	354,825	5.1%

<sup>(1)</sup> Fiscal 2014 is the working appropriation including reversions, deficiencies, cost containment, and targeted reversions. Fiscal 2015 is the Governor's adjusted allowance reflecting reductions contingent on legislation, expected reversions, and additional special fund spending related to fund swaps.

<sup>(2)</sup> Includes appropriations to the Revenue Stabilization Account, the Dedicated Purpose Account, the Catastrophic Event Fund, the Citizen's Tax Reduction Reserve Fund, and the Joseph Fund. Money that was appropriated to the Dedicated Purpose Account to be transferred to the Maryland Transportation Authority is excluded (\$50.0 million in fiscal 2006, \$53.0 million in fiscal 2007, and \$65.0 million in fiscal 2009). Money appropriated to the Dedicated Purpose Account for the Other Post Employment Benefits liability is also excluded (\$100.0 million each in fiscal 2007 and 2008).

<sup>(3)</sup> The history through 2012 comes from the U.S. Department of Commerce, Bureau of Economic Analysis and reflects their December 2013 release of state personal income data. The forecast for 2013-2015 is from the Maryland Board of Revenue Estimates, December 2013.