

**T00**  
**Department of Commerce**

***Executive Summary***

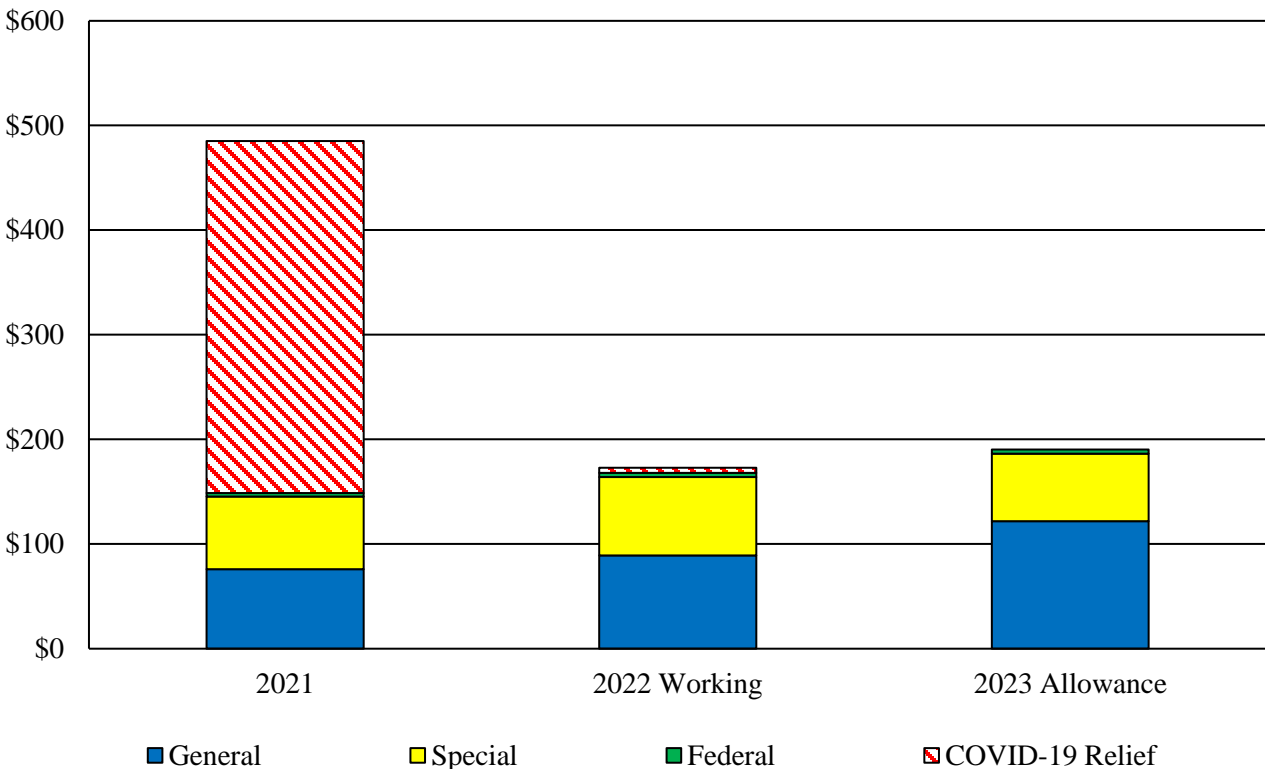
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The mission of the Department of Commerce (Commerce) is to strengthen the Maryland economy. Commerce develops and implements programs that aim to generate new jobs or retain existing jobs, attract business investment in new or expanding companies, and promote the State’s strategic assets.

***Operating Budget Summary***

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**Fiscal 2023 Budget Increases \$17.4 Million, or 10.0%, to \$190.4 Million  
(\$ in Millions)**



Note: COVID-19 relief funding includes federal funds from the Coronavirus, Aid, Relief, and Economic Security Act and American Rescue Plan Act as well as special funds from the Rainy Day Fund. The fiscal 2022 working appropriation includes deficiencies as well as general funds budgeted in the State Reserve Fund for the Economic Development Opportunities Program Account, also known as the Sunny Day Fund. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management.

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## ***Key Observations***

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- More Jobs for Marylanders Tax Credit Costs Increase Significantly:*** The fiscal 2023 allowance includes \$30.0 million for the program, an increase of \$20.5 million compared to fiscal 2022 after accounting for a proposed \$7.5 million deficiency. The funding needs for the program continue to be difficult to predict; however, based on Commerce’s estimates, the funding provided for fiscal 2022 and 2023 may fall short of tax credit requests by approximately \$14.8 million. Estimated program costs are expected to continue to grow in future years, reaching \$61.8 million in fiscal 2026, assuming the program is not extended.
- General Funds for Other Programs Increase by \$12.3 Million:*** Other than the More Jobs for Marylanders Program, general fund increases in the fiscal 2023 allowance include \$5.0 million for a new Nonprofit Shared Services Support Program; \$2.0 million for tourism grants; \$1.5 million for the Maryland State Arts Council (MSAC); \$1.3 million for a grant to the Baltimore Symphony Orchestra (BSO); and \$1.0 million for the Business Telework Grant Program, which was funded with \$5.0 million in federal funds in fiscal 2022.

## **Operating Budget Recommended Actions**

	<b><u>Funds</u></b>
1. Reduce funding for tourism marketing due to the availability of additional federal funding.	\$ 2,000,000
<b>Total Reductions</b>	<b>\$ 2,000,000</b>

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**Department of Commerce**

***Operating Budget Analysis***

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**Program Description**

Commerce’s primary goals are to increase business investment in Maryland, enhance business success and competitiveness of businesses in their distinct markets, develop a diverse economic base, and ensure that all jurisdictions share in the State’s economic vitality. The department contains the following three divisions:

- ***Division of Business and Industry Sector Development:*** This division unites the department’s field staff, small business, and finance teams to provide assistance to the Maryland business community and to the department’s local economic development partners. The division houses Commerce’s business assistance programs, including the Maryland Economic Development Assistance Authority and Fund (MEDAAF); the Maryland Small Business Development Financing Authority; the Small, Minority, and Women-Owned Businesses Account (SMWOBA); and the Economic Development Opportunities Program Fund (Sunny Day Fund). This division also includes the offices of Strategic Industries, International Investment and Trade, and Military and Federal Affairs. The division also administers several tax credit programs, three of which are budgeted within the department’s appropriation: the More Jobs for Marylanders; Biotechnology Investment Incentive; and the newly renamed Innovation Investment Incentive programs.
- ***Division of Marketing, Tourism, and the Arts:*** This division’s mission is to strengthen the State’s quality of life and encourage economic development by investing in and promoting Maryland’s unique historic, cultural, and natural assets. The division includes the offices of Marketing, Communications, Tourism and Film, and MSAC.
- ***Division of Administration and Technology:*** This division includes the offices of Budget and Finance, Contracts and Procurement, General Services, Human Resources, and Information and Technology Management.

***Performance Analysis: Managing for Results***

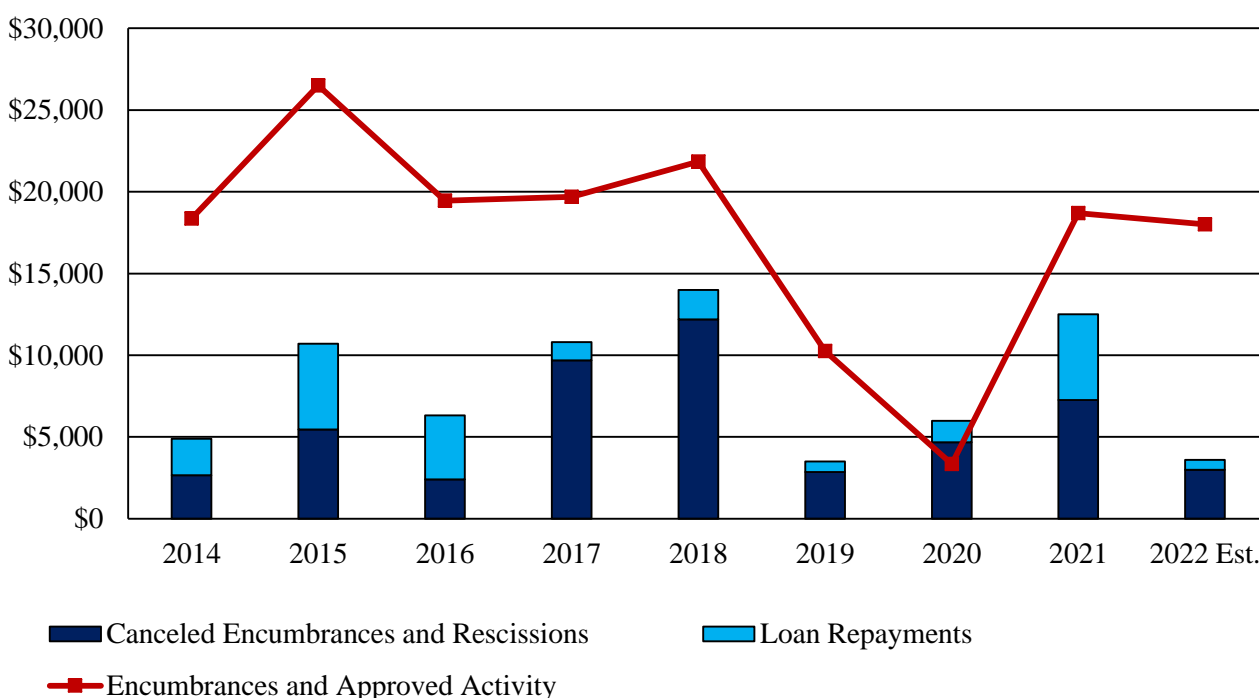
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**1. MEDAAF Activity Rebounds Following Fiscal 2019 to 2020 Lows**

Established as a revolving loan fund under Chapter 301 of 1999, MEDAAF is the department’s primary and most flexible tool for business financial assistance. The fund provides below-market, fixed-rate financing in the form of loans, grants, conditional loans, conditional grants, and direct investment to local jurisdictions and businesses. Funds may be used for property acquisition; construction; or renovation of buildings, including tenant improvements and capital equipment. The fiscal 2023 allowance includes \$17.5 million in special funds for the program. Special funds are largely a result of loan repayments or cancellations of previously encumbered funds.

As shown in **Exhibit 1**, MEDAAF had approximately \$18.7 million of encumbrances and approved activity in fiscal 2021, an increase of 460% from fiscal 2020 but in line with previous years’ activity. Commerce attributed the fiscal 2019 to 2020 dip in activity to projects that were slow to move forward prior to the COVID-19 pandemic, followed by a shift in the department’s focus in fiscal 2020 to providing COVID-19 relief.

**Exhibit 1**  
**MEDAAF Encumbrances and Repayments**  
**Fiscal 2014-2022 Est.**  
**(\$ in Thousands)**



MEDAAF: Maryland Economic Development Assistance Authority and Fund

Source: Governor’s Fiscal 2023 Budget Books

## Fiscal 2021

Commerce administered \$336.3 million in COVID-19 relief funding in fiscal 2021, including \$66.5 million allocated from Chapter 39 of 2021 (the RELIEF Act). The department used these funds to provide relief to restaurants, hotels, artists and arts organizations, the tourism industry, and small businesses impacted by the COVID-19 pandemic.

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The fiscal 2021 budget restricted \$1.0 million in general funds and \$1.0 million in special funds in MEDAAF to be used for grants to businesses impacted by construction of the Purple Line, but these funds were not released by the Governor. Although the general funds were reverted as required due to the funds not being released, Commerce spent the restricted special funds for other purposes within MEDAAF in error. To correct this error, Commerce plans to set aside \$1.0 million of its special fund appropriation and not use this funding in fiscal 2022. Funding to support businesses impacted by the Purple Line is included in both the fiscal 2022 appropriation and the fiscal 2023 allowance and is discussed further in the Proposed Budget section of this analysis.

## **Fiscal 2022**

### **Proposed Deficiencies**

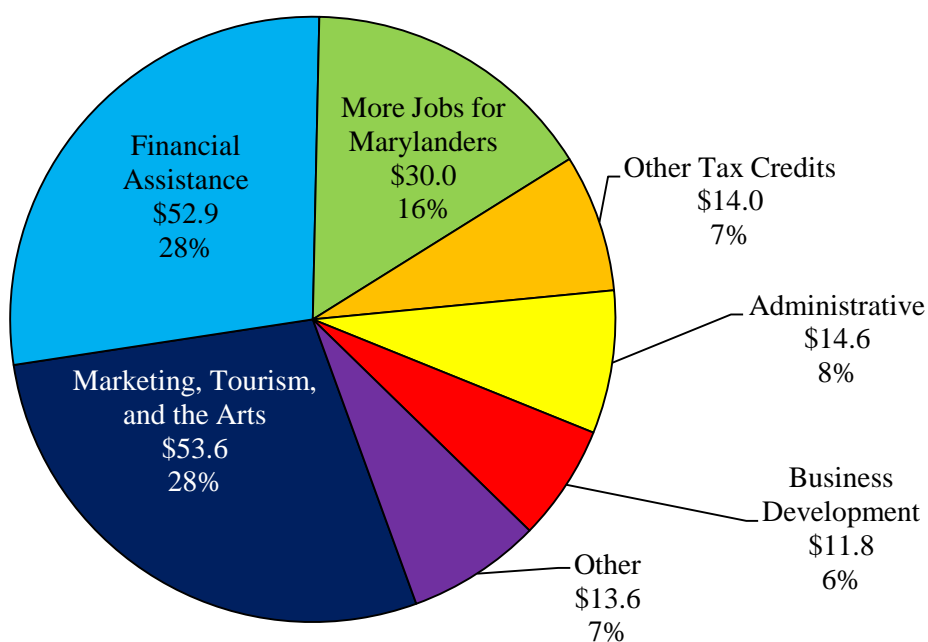
The fiscal 2023 budget includes two proposed deficiencies for fiscal 2022:

- \$7.5 million in general funds for the More Jobs for Marylanders Income Tax Credit Reserve Fund. This deficiency is discussed further in Issue 1 of this analysis; and
- \$650,000 in special funds available from sports wagering license application fees in SMWOBA to assist small businesses entering the sports betting market. Chapter 356 of 2021 implements the State's sports betting program and specifies that 5% of the license application and renewal fees from large operators will fund a newly established Small, Minority, and Women-Owned Sports Wagering Assistance Fund (SWAF) in Commerce. Per Board of Revenue Estimates projections, the fiscal 2023 allowance includes \$150,000 for this fund. Commerce will rely on the State Lottery and Gaming Control Agency for the referral of interested businesses and will use these funds to reimburse up to 50% of eligible costs such as consulting fees for application assistance, licensing and background check fees, and operating and training expenses.

## **Fiscal 2023 Overview of Agency Spending**

The fiscal 2023 allowance for Commerce totals \$190.4 million. As shown in **Exhibit 2**, financial assistance to businesses and programs to market the State and promote tourism and the arts each account for 28% of the fiscal 2023 allowance. The More Jobs for Marylanders Tax Credit constitutes 16% of the allowance.

**Exhibit 2**  
**Overview of Agency Spending**  
**Fiscal 2023 Allowance**  
**(\$ in Millions)**



Note: The fiscal 2023 allowance does not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management. Other includes Nonprofit Development, International Investment and Trade, Military and Federal Affairs, and Workforce Development.

Source: Governor’s Fiscal 2023 Budget Books

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### Proposed Budget Change

As shown in **Exhibit 3**, the fiscal 2023 allowance increases by \$17.4 million compared to the fiscal 2022 working appropriation after accounting for deficiency appropriations. The net increase is primarily due to increased funding for the More Jobs for Marylanders Program and a new Nonprofit Shared Services Support Program, offset by a decrease due to the final payment of Sunny Day funds in fiscal 2022 to Marriott International.

**Exhibit 3  
Proposed Budget  
Department of Commerce  
(\$ in Thousands)**

<b>How Much It Grows:</b>	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Total</u></b>
Fiscal 2021 Actual	\$76,108	\$259,395	\$149,649	\$485,153
Fiscal 2022 Working Appropriation	89,199	74,707	9,144	173,050
Fiscal 2023 Allowance	<u>121,982</u>	<u>64,266</u>	<u>4,187</u>	<u>190,436</u>
Fiscal 2022-2023 Amount Change	\$32,783	-\$10,441	-\$4,957	\$17,386
Fiscal 2022-2023 Percent Change	36.8%	-14.0%	-54.2%	10.0%

<b>Where It Goes:</b>	<b><u>Change</u></b>
<b>Personnel Expenses</b>	
Turnover rate decreased from 7.29% to 5.02% .....	\$467
Employee and retiree health insurance.....	244
Salaries and wages.....	-141
Reclassification due to funding for above-base salaries to fill vacancies in fiscal 2022.....	-231
Other fringe benefit adjustments .....	-33
<b>Changes Related to Legislation</b>	
Grant to the Baltimore Symphony Orchestra (Chapters 1 and 34 of 2021) .....	1,300
Purple Line construction grants (Chapter 11 of the 2021 special session).....	500
State Equity Report: contract to build database (Chapter 795 of 2021).....	150
Business Telework Assistance Grant Program (Chapter 696 of 2021): decrease in federal funds partially offset by new \$1.0 million mandate .....	-4,000
<b>Other Changes</b>	
More Jobs for Marylanders tax credit .....	20,493
Nonprofit Shared Services Support Program .....	5,000
Tourism Development Board grants .....	2,000
Small, Minority, and Women-Owned Businesses Account, based on BRE estimates.....	1,630
Maryland State Arts Council formula funding.....	1,479
Maryland Manufacturing Modernization Pilot Program grants .....	920
Downtown Partnership of Baltimore grant.....	500
Contract services for the Office of International Investment and Trade .....	353
Grant funding to support unspecified major events .....	250
One-time grant to the B&O Railroad Museum in fiscal 2022.....	-500
Contract services for the Office of Marketing and Communications.....	-806

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<b>Where It Goes:</b>	<b><u>Change</u></b>
Maryland E-Innovation Initiative: one-time use of fund balance in fiscal 2022 .....	-3,950
Final Sunny Day payment to Marriott International in fiscal 2022.....	-8,270
Other changes.....	29
<b>Total</b>	<b>\$17,385</b>

BRE: Board of Revenue Estimates

Note: Numbers may not sum to total due to rounding. The fiscal 2022 appropriation includes general funds budgeted in the State Reserve Fund for the Economic Development Opportunities Program Account, also known as the Sunny Day Fund.

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## **Arts Funding**

The fiscal 2023 general fund allowance for MSAC is \$26.8 million, which is an increase of \$1.4 million over the fiscal 2022 working appropriation. By statutory mandate, general funds allocated to MSAC are required to grow each year by the expected percentage of growth in general fund revenues. Per Chapter 145 of 2016 and Chapter 14 of 2021, MSAC also receives \$1 million annually from the admissions and amusement (A&A) tax revenues on electronic bingo and electronic tip jars that would otherwise be distributed to the Special Fund for Preservation of Cultural Arts. The Budget Reconciliation and Financing Act (BRFA) of 2017 also required that funds from this source be included in the calculation to determine the mandated general fund appropriation for MSAC.

Beginning in fiscal 2022, the Department of Budget and Management (DBM) changed its method for calculating the general fund mandate for MSAC based on a change in interpretation of the language in the BRFA of 2017 on how to include the A&A tax revenues in the calculation compared to prior years. Both methods use the A&A tax revenues as part of the base when calculating the growth, but the new method then removes the \$1.0 million in A&A tax revenues after that growth calculation. The difference grows between years due to the cumulative effect of the lower base on subsequent calculations. **Exhibit 4** illustrates the effect of the change in calculation method over time, with the new method resulting in nearly \$16 million less for MSAC by fiscal 2026. At the time the BRFA of 2017 was enacted, there was a sunset of fiscal 2021 on the distribution of A&A tax revenues to MSAC, so the higher growth rate in MSAC funding achieved by including these funds in the calculation was expected to be temporary. Chapter 14 made the distribution, and the higher rate of general fund appropriation growth, permanent. **The General Assembly may wish to consider clarifying how these special fund revenues should be used in calculating the mandated general fund appropriation for MSAC.**



**Exhibit 4**  
**Maryland State Arts Council Funding Formula**  
**Fiscal 2021-2026 Est.**  
**(\$ in Millions)**

	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
	<b><u>Actual</u></b>	<b><u>Working</u></b>	<b><u>Allowance</u></b>	<b><u>Est.</u></b>	<b><u>Est.</u></b>	<b><u>Est.</u></b>
General Fund Growth Rate			5.5%	5.0%	3.6%	3.8%
<b>Calculation Consistent with Prior Years</b>						
General Funds	\$22.4	\$26.3	\$28.8	\$31.3	\$33.5	\$35.8
Special Funds from A&A Tax	1.0	1.0	1.0	1.0	1.0	1.0
<b>Total</b>	<b>\$23.4</b>	<b>\$27.3</b>	<b>\$29.8</b>	<b>\$32.3</b>	<b>\$34.5</b>	<b>\$36.8</b>
<b>New Calculation Method as of Fiscal 2022</b>						
General Funds	\$22.4	\$25.3	\$26.8	\$28.2	\$29.2	\$30.4
Special Funds from A&A Tax	1.0	1.0	1.0	1.0	1.0	1.0
<b>Total</b>	<b>\$23.4</b>	<b>\$26.3</b>	<b>\$27.8</b>	<b>\$29.2</b>	<b>\$30.2</b>	<b>\$31.4</b>
<b>Cumulative Difference</b>	<b>\$0.0</b>	<b>-\$1.0</b>	<b>-\$3.1</b>	<b>-\$6.2</b>	<b>-\$10.5</b>	<b>-\$15.9</b>

A&A: admissions and amusement

Source: Governor’s Fiscal 2023 Budget Books; Board of Revenue Estimates

### **BSO Grant**

The fiscal 2023 allowance also includes \$1.3 million in general funds for a grant to BSO, as mandated by Chapters 1 and 34 of 2021. Although the timing of the veto override for these bills during the 2021 regular session prevented the mandate from taking effect in fiscal 2022, the fiscal 2022 appropriation included \$1.5 million in general funds restricted in DBM’s budget, which have been released. Chapters 1 and 34 specify annual appropriations for BSO through fiscal 2026 that decrease over time: \$1.1 million in fiscal 2024, \$0.9 million in fiscal 2025, and \$0.7 million in fiscal 2026.

### **SMWOBA**

SMWOBA is designed to provide capital investments and loans for small, minority, and women-owned businesses that are located primarily in the areas of the State with gaming facilities. The fiscal 2023 allowance includes \$20.0 million in special funds for SMWOBA, consisting of \$19.3 million from video lottery terminal (VLT) proceeds, \$500,000 from the Strategic Energy Investment Fund (SEIF), and \$150,000 for SWAF from sports betting licensing fees. Commerce plans to award the VLT funds to the existing eight fund managers as well as soliciting applications for up to

three new fund managers. As of the end of calendar 2021, the existing fund managers had \$14.3 million combined in the checking accounts that they control in addition to approximately \$17.4 million available at Commerce to disburse to the fund managers. The fund managers settled \$14.1 million of grant and loan activity in fiscal 2021 due to the availability of \$10 million from the RELIEF Act. The recent average of settled transactions in the program is approximately \$10.6 million annually. **The department should comment on the capacity of fund managers to administer the increasing level of VLT funds available for the SMWOBA program.**

The SEIF funding is intended to provide access to capital for small, minority, women, and veteran-owned businesses in the clean energy industry, and Chapter 757 of 2019 requires that a total of \$7.0 million be transferred from the SEIF to SMWOBA from fiscal 2021 to 2028, including \$1.2 million from fiscal 2021 through the fiscal 2023 allowance. Commerce has not used any of the SEIF funds received to date and does not anticipate using any in the future. The department indicates that the restrictions and reporting requirements for businesses to accept the SEIF funds under SMWOBA are too onerous for small businesses and that small clean energy businesses can be served with existing SMWOBA funds. **Commerce should comment on any statutory changes that could be made to enable the department to use SEIF funds to support small businesses in the clean energy industry and any plans to introduce legislation to address these potential areas of change so that the funds can be used as the General Assembly intended.**

### **Nonprofit Shared Services Support Program**

The fiscal 2023 allowance includes \$5.0 million in general funds for a new Nonprofit Shared Services Support Program that is expected to help nonprofit organizations develop capacity and operate more efficiently. The program will be administered by Maryland Nonprofits, with Commerce acting as a grant administrator. The department estimates this funding will allow Maryland Nonprofits to serve approximately 150 organizations.

### **Purple Line Construction Grants**

The fiscal 2022 budget provided \$500,000 in general funds for grants to businesses in Montgomery and Prince George's counties that have been impacted by the construction of the Purple Line. As mandated by Chapter 11 of the 2021 special session, the funding for this purpose increases to \$1.0 million in the fiscal 2023 allowance. Commerce distributed the fiscal 2022 funding to each jurisdiction based on the number of impacted businesses, with Prince George's County receiving 54% of the funds. The number of businesses was determined using a list initially created by the Maryland Transit Administration, although the jurisdictions were able to add businesses to the list. Commerce's agreements with the jurisdictions require that each disburse all fiscal 2022 funds by the end of March 2022 and report data on recipient businesses by the end of April 2022. Each business is expected to receive a grant of \$5,000. As required by Chapter 11, Commerce will administer the funds directly in fiscal 2023.

## **Telework Grants**

Chapter 696 of 2021 established the Business Telework Assistance Grant Program in Commerce and mandated \$1.0 million annually beginning in fiscal 2023. The grant program is intended to support businesses in implementing telework policies for their employees, including purchasing hardware, software, or technical services. Commerce has provided similar funding to local jurisdictions in each of fiscal 2021 and 2022. Commerce received \$500,000 in federal funds in fiscal 2021 due to the RELIEF Act to provide grants to businesses in setting up an online sales framework or offering telework opportunities to employees, and the fiscal 2022 appropriation includes \$5.0 million in federal funds for grants to employers to facilitate telework. Funding for both previous rounds was provided through State Fiscal Recovery Funds from the American Rescue Plan Act (ARPA), while the mandate is funded with general funds in the fiscal 2023 allowance. In fiscal 2021 and 2022, Commerce distributed the funds to local jurisdictions based on population to award to businesses. For the fiscal 2022 funding round, Commerce reports that, while all \$5.0 million has been distributed to the local jurisdictions, the jurisdictions have only disbursed approximately \$2.7 million to businesses as of late January 2022. The department has not yet decided whether the fiscal 2023 funds will also be awarded through local jurisdictions or administered directly by Commerce.

## **Tourism Funding**

The Maryland Tourism Development Board awards funding to Maryland's Destination Marketing Organizations (DMO) to promote Maryland businesses for tourism purposes. Maryland Tourism Development Board grant funding increases by \$2.0 million in general funds in the fiscal 2023 allowance to \$6.3 million. The additional funding is intended to enhance general efforts to market tourism in the State. While this funding represents a 47% increase over the fiscal 2022 appropriation, the fiscal 2023 allowance is only slightly above the fiscal 2021 funding level. In that year, \$2.0 million in Rainy Day funds and \$1.0 million in federal funds through the RELIEF Act were used to provide relief to the tourism industry, which was heavily impacted by the COVID-19 pandemic.

Commerce has also been awarded \$9.6 million in federal funds from the U.S Economic Development Administration (EDA) through the ARPA for projects that support the tourism industry. The department plans to use \$2.8 million to provide grants to DMOs; \$2.9 million for the Office of Tourism's Scenic Byways marketing promotion; \$2.0 million to support outdoor recreation; and \$1.9 million to support other state or local agencies or industry partners in developing tourism opportunities such as large events. These federal funds have not been added to the budget in fiscal 2022 and are not included in the fiscal 2023 allowance. Commerce has until May 2027 to use the ARPA funding. **The Department of Legislative Services (DLS) recommends reducing the general fund appropriation for the Maryland Tourism Development Board by \$2.0 million due to the availability of federal funds.** This reduction would fund the program at the same level of general funds as the fiscal 2022 working appropriation, and the federal funds still enable the department to increase marketing for tourism across the State.

## New Manufacturing Support Programs

The fiscal 2023 budget includes \$1.0 million in general funds for a pilot program known as the Maryland Manufacturing Modernization (M3) Program. The M3 program will provide grants to small or mid-sized manufacturing businesses to implement new technologies while also providing technical expertise through contracted third parties. Examples of the types of projects that could be funded include investing in big data analytics, upgrading to new machinery, adopting additive manufacturing, or systems integration projects, as well as employee training costs associated with these upgrades.

The department has also launched a new initiative in fiscal 2022 to help Maryland companies address supply chain issues, known as the Maryland Supply Chain Resiliency Program. Manufacturing businesses with at least 10 employees and \$1 million in annual revenues will be able to receive a business assessment and technical assistance. Applications for the program opened in December 2021, and as of January 2022, one company has been awarded \$12,000 for technical assistance. The program is managed by the Maryland Manufacturing Extension Partnership, with funding provided by Commerce available from EDA through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Commerce indicates that the costs of the program will total \$738,000 over two years, with 80% from the CARES Act and the remainder using general funds. Despite the open application period, the CARES Act funding has not yet been added to the budget in fiscal 2022 and is not included in the fiscal 2023 allowance.

### Personnel Data

	<u>FY 21</u> <u>Actual</u>	<u>FY 22</u> <u>Working</u>	<u>FY 23</u> <u>Allowance</u>	<u>FY 22-23</u> <u>Change</u>
Regular Positions	188.00	188.00	188.00	0.00
Contractual FTEs	<u>26.25</u>	<u>32.75</u>	<u>36.60</u>	<u>3.85</u>
<b>Total Personnel</b>	<b>214.25</b>	<b>220.75</b>	<b>224.60</b>	<b>3.85</b>

#### *Vacancy Data: Regular Positions*

Turnover and Necessary Vacancies, Excluding New Positions	9.44	5.02%
Positions and Percentage Vacant as of 12/31/21	21.00	11.17%
Vacancies Above Turnover	11.56	

- The department’s vacancy rate of 11.2% is above the vacancy rate at the same time the prior year (8.0%) but below the level at the end of calendar 2019 (13.8%). Vacancies are scattered throughout the department’s programs, with the largest concentration being 4 vacant positions in MSAC. About half of the vacant positions have been open for three months or fewer.

## ***Issues***

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### **1. More Jobs for Marylanders Program Costs Increase Significantly**

Chapter 149 of 2017 established the More Jobs for Marylanders Program, which provides State income tax, sales tax, property tax, and fee benefits to certain businesses that create and maintain a minimum number of qualified jobs. Eligibility for specific benefits is determined by the type of business, its location, and whether it is a new business. Generally, a business must be primarily engaged in manufacturing or else be located in a federal opportunity zone. A business within a “Tier I Area” must create at least 5 qualified positions, and a business within a “Tier II Area” must create at least 10 qualified positions. Tier I Areas include Baltimore City and Allegany, Baltimore, Caroline, Cecil, Dorchester, Garrett, Kent, Prince George’s, Somerset, Washington, Wicomico, and Worcester counties as well as opportunity zones anywhere in Maryland. All other areas are Tier II Areas. Counties must meet specified income or unemployment criteria or be designated by Commerce to be considered a Tier I Area.

Benefits for existing businesses include a refundable State income tax credit equal to 5.75% of the wages paid to each qualified position. New businesses in Tier I Areas are eligible for the income tax credit as well as additional benefits, including a State property tax credit, a refund of sales and use tax, and a waiver of corporate filing fees. As long as program requirements continue to be met, businesses are eligible for 10 consecutive years of benefits. The income tax credit and sales and use tax refund are budgeted within Commerce’s budget annually. Commerce may authorize up to \$9.0 million (in addition to any authority carried over from a previous fiscal year) in new income tax credits and \$1.0 million in sales tax refunds each fiscal year. However, only initial credit certificates issued to businesses for the first year of benefits count toward these caps; there is no limit on the amount of subsequent years’ benefits Commerce may authorize.

Under current law, Commerce may certify businesses as eligible for the program through June 1, 2022. SB 391/HB 418 of 2022 are Administration bills that would extend the program by five years, with an enrollment deadline of June 1, 2027. During the 2020 interim, DLS completed an evaluation of the More Jobs for Marylanders Tax Credit Program, the draft of which is available on the DLS website.

### **Program Funding**

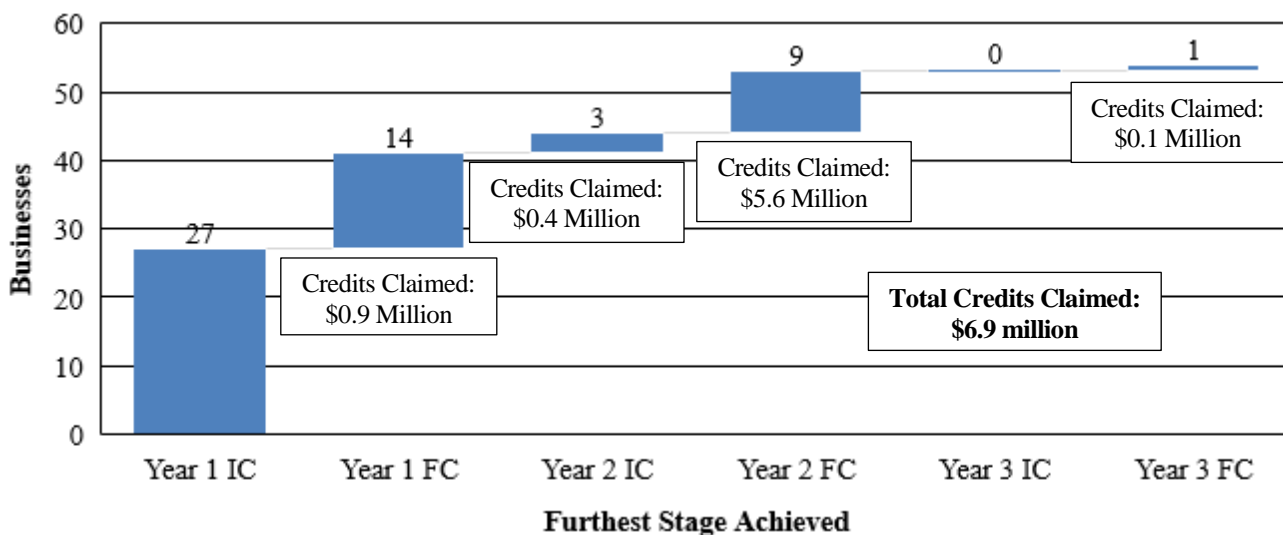
The fiscal 2023 allowance includes \$30.0 million for the More Jobs for Marylanders Income Tax Credit Reserve Fund, an increase of 215% (\$20.5 million) over the fiscal 2022 working appropriation. The fiscal 2022 working appropriation accounts for a \$7.5 million proposed deficiency to cover tax credits applied for in the current fiscal year that are not able to be funded out of the reserve fund’s available balance. In total, from fiscal 2019 through 2022 (excluding the proposed deficiency appropriation), the More Jobs for Marylanders Income Tax Credit Program has received \$20.0 million. Appropriations for the program are expected to grow annually to more than \$60 million by fiscal 2026. While the program’s funding needs continue to be difficult to predict, the department’s estimates

indicate that the funding provided for fiscal 2022 and 2023 may fall short of tax credit requests by approximately \$14.8 million, even with the proposed deficiency appropriation.

### Program Activity

After enrolling in the program, a company may submit an application for an initial tax credit certificate, which states the maximum credit amount that the company is entitled to for its first benefit year. Once the last eligible position hired has been in place for one year, the company can apply for a final credit certificate, which determines the actual amount of the credit that the business can claim in its first benefit year. As companies are eligible for 10 years of incentives, the company must apply again for a new initial credit certificate and a new final credit certificate for each subsequent benefit year. As of December 2021, since inception, 54 businesses have been issued an initial tax credit certificate for at least the first year of benefits. Of these 54 businesses, 27 have progressed to claiming a final tax credit for at least 1 year of benefits, while 27 have not yet claimed a final tax credit. **Exhibit 5** shows how many businesses have progressed to receiving final tax credit certificates for the first and subsequent years of benefits, and how much businesses at each stage have claimed in credits as of December 2021. In total, 27 businesses have claimed \$6.9 million in income tax credits since the program’s inception. **Appendix 3** includes data on how many businesses are participating in the program by jurisdiction.

**Exhibit 5**  
**Status of Businesses Claiming More Jobs for Marylanders Income Tax Credits**  
**As of December 2021**



IC: initial credit

FC: final credit

Note: The credits claimed reflect the cumulative amount of final credits claimed for all years by businesses in each stage of the program. These figures do not include the amounts of initial certificates issued.

Source: Department of Commerce; Department of Legislative Services

**Exhibit 6** shows data on the types of companies participating in the More Jobs for Marylanders Program, as well as the number of jobs created by qualified projects, and information on the progression from first- to second-year program benefits. Most participating businesses are companies that already existed; only 6 out of the 54 businesses that have received an initial tax credit certificate to date are new businesses. The size of projects for which businesses are claiming credits varies. While most of the 54 businesses projected hiring for fewer than 15 qualified jobs for the first year of benefits, 3 companies anticipated expansion projects exceeding 100 positions. Only 1 of those 3 businesses has claimed a final credit certificate to date for a total of 63 actual qualified jobs. Among businesses that progressed to claiming a final certificate for first year benefits as of December 2021, the average number of actual qualified positions was 17 with a maximum of 68.

**Exhibit 6**  
**More Jobs for Marylanders Income Tax Credit Data at a Glance**  
**As of December 2021**

**New Businesses:** 6 out of 54 Businesses That Have Received an Initial Certificate  
**Nonmanufacturing:** 1 out of 54

**Tier II Areas:** 33% of Companies That Have at Least Claimed a Final Credit for Year 1  
 87% of the Dollar Value of All Credits Claimed

<u>Qualified Jobs<sup>1</sup></u>	<u>Median</u>	<u>Maximum</u>
Projected, Year 1 Initial Certificate	13	395
Actual, Year 1 Final Credit	11	68
Projected, Year 2 Initial Certificate	31	819
Actual, Year 2 Final Credit	24	808
<b>Average Increase from Year 1 Benefit to Year 2 Benefit:</b>	\$411,866	219%
Excluding Northrop Grumman:	71,732	124%
<i>Among Businesses That Have Claimed a Year 1 Final Credit:</i>		
<b>Median Time from Initial to Final Credit Certificate:<sup>2</sup></b>	368 Days	
Minimum	0 Days	
Maximum	818 Days	

<sup>1</sup> It should be noted that not all companies with projected jobs at the initial certificate stage have progressed to receiving final certificates. For example, the company projecting the maximum 395 jobs under its initial certificate has not yet claimed a final certificate, so the actual jobs created for that project are unknown. The projected jobs represent the maximum number of positions for which the company may claim credits in that benefit year.

<sup>2</sup> Excludes one company that had a final certificate issued and then reissued at a later date.

Source: Department of Commerce; Department of Legislative Services

Large projects account for the majority of credits claimed by dollar value. Among the 27 businesses that have claimed year one benefits, 3 companies account for more than half of the credits claimed. Projects also tend to grow significantly from the first to second year, with most projects more than doubling in the amount of credit received for year two benefits compared to year one. In particular, a project at Northrop Grumman skyrocketed in the second year of benefits to cover more than 800 qualified positions. Credits claimed by Northrop Grumman in its first two years of benefits account for nearly 60% of the total \$6.9 million in credits claimed overall. Northrop Grumman’s project is expected to grow further in its third benefit year as the company has a pending initial certificate application for \$9.0 million. The largest projects that have claimed credits to date are all located in Tier II Areas. Overall, companies in Tier II Areas account for only a third of companies that have claimed at least one year of benefits but 87% of the dollar value of all credits claimed.

Nonmanufacturing businesses located in opportunity zones became eligible for benefits following the enactment of Chapter 211 of 2019. Only 1 nonmanufacturing business has been issued an initial certificate, and that business has not yet claimed a final tax credit. Commerce reports that at least 16 nonmanufacturing businesses have submitted Notices of Intent (NOI) to participate in the program, of which 4 have been enrolled, while 2 have been determined to not qualify for benefits. Eligible nonmanufacturing businesses located in opportunity zones employ about 300,000 workers, which is about 2.5 times greater than the 113,000 manufacturing workers employed in the State. If the More Jobs for Marylanders Program is extended, participation by nonmanufacturing businesses would likely increase over time, leading to a significant increase in the program’s fiscal impact.

New businesses in Tier I Areas are also eligible for a sales and use tax refund. However, no businesses have claimed this benefit to date. The fiscal 2023 allowance does not contain any funding for the sales and use tax component of the program, and the \$2.0 million in funds previously appropriated were transferred from the More Jobs for Marylanders Sales and Use Tax Refund Reserve Fund to the Income Tax Credit Reserve Fund in October 2021, as required by statute.

### **Fiscal Impact Projected to Increase but Uncertainty Remains**

**Exhibit 7** shows the available fund balance in the income tax credit reserve fund and the estimated encumbrance activity based on the department’s projections of tax credits claimed in each fiscal year. The estimated appropriations required for fiscal 2024 through 2026 incorporate these projections. The estimated appropriation required to meet the needs of companies already enrolled in the program increases to \$61.8 million by fiscal 2026. Notably, this estimate does not include companies that will enroll in the program if it is extended. These estimates contain significant uncertainty for several reasons, including (1) the estimates only reflect data on companies that have already enrolled in the program and not on all companies in the pipeline; (2) a single large project enrolling or moving more quickly through the program can have significant effects; and (3) the timing of credits for all projects is uncertain.



**Exhibit 7**  
**Projected Encumbrance Activity and Estimated Appropriations**  
**More Jobs for Marylanders Income Tax Credit Reserve Fund**  
**Fiscal 2019-2026 Est.**  
**(\$ in Millions)**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022 Est.</u>	<u>2023 Est.</u>	<u>2024 Est.</u>	<u>2025 Est.</u>	<u>2026 Est.</u>
<b>Starting Balance</b>	<b>\$0.00</b>	<b>\$9.00</b>	<b>\$15.37</b>	<b>\$15.72</b>	<b>\$18.96</b>	<b>\$23.88</b>	<b>\$33.86</b>	<b>\$40.69</b>
Transfer from Sales and Use Tax Refund Reserve Fund				\$2.00				
More Jobs for Marylanders Income Tax Credit Appropriation	\$9.00	\$7.00	\$2.00	2.00	\$30.03	\$48.63	\$55.46	\$61.82
Deficiency				7.54				
<b>Available Funds</b>	<b>\$9.00</b>	<b>\$16.00</b>	<b>\$17.37</b>	<b>\$27.26</b>	<b>\$48.99</b>	<b>\$72.51</b>	<b>\$89.32</b>	<b>\$102.51</b>
Transfers Out of Fund – Based on Tax Credits Claimed	\$0.00	\$0.63	\$1.65	\$8.29	\$25.12	\$38.65	\$48.63	\$55.46
<b>End of Year Fund Balance</b>	<b>\$9.00</b>	<b>\$15.37</b>	<b>\$15.72</b>	<b>\$18.96</b>	<b>\$23.88</b>	<b>\$33.86</b>	<b>\$40.69</b>	<b>\$47.05</b>
New Encumbrances Based on Initial Tax Credit Certificates Issued	\$1.58	\$1.81	\$7.18	\$25.12	\$38.65	\$48.63	\$55.46	\$61.82
Encumbrances Carried Over from Prior Years	0.00	0.95	1.11	0.00	0.00	0.00	0.00	0.00
<b>End of Year Balance of Unencumbered Funds</b>	<b>\$7.42</b>	<b>\$12.60</b>	<b>\$7.43</b>	<b>-\$6.15</b>	<b>-\$14.77</b>	<b>-\$14.77</b>	<b>-\$14.77</b>	<b>-\$14.77</b>

Note: Red text indicates where current proposed funding is insufficient to meet projected demand. Appropriations for fiscal 2024 through 2026 are estimated based on the department's projections of encumbrances in those years, and transfers out of the fund beginning in fiscal 2023 are estimated to occur in the fiscal year following the encumbrance.

Source: Department of Commerce; Department of Legislative Services

*T00 – Department of Commerce*

For purposes of understanding the impact on the balance of the reserve fund and the required appropriation, it is important to note that, while the final credit certificate issued indicates the amount of credit a business may claim, the amount transferred out of the reserve fund is based on the initial certificate amount. Commerce encumbers the amount of the initial certificate at the time the initial certificate is issued. The wide variation in the lag time between a company claiming its initial and final credits makes predicting the balance and appropriation required to meet demand in any given fiscal year difficult. While the average lag time is approximately one year, it is possible to claim the initial and final certificates at the same time, as one company has done.

Other factors that contribute to uncertainty, not only in terms of the impact by fiscal year but also for the overall fiscal impact of the program, include the large increases in project size from year one to subsequent years of benefits, and the inability to estimate tax credit amounts for companies that have filed an NOI but have not yet formally enrolled in the program. As mentioned previously, the limit on the amount of credits Commerce may award only applies to the first year of benefits, and there is no cap on the amount companies may claim in future benefit years, which tend to be larger.

The first step for a company to participate in the program is to submit an NOI. The company must also submit an application to enroll the company's project in the program. This application contains wage data that Commerce uses to estimate the tax credit amount that the company is likely to be awarded. Therefore, the department's forecast may underestimate demand as the projections only incorporate estimated tax credits for companies that have submitted enrollment applications through January 2022. Under current law, companies may submit applications through June 1, 2022. As discussed previously, large projects drive the total dollar amount of credits claimed. A single large project enrolling in the program or moving more quickly through the stages of claiming credits could significantly affect the total fiscal impact of the program as well as the fiscal year in which an increased appropriation may be required to meet demand.

Based on the activity estimates shown in Exhibit 7, the proposed deficiency falls short of program demand in fiscal 2022 by nearly \$6.2 million. The fiscal 2023 allowance also does not cover projected demand. Between the two years, an additional \$14.8 million is needed to meet the department's estimates of program activity. Because the timing of projects is difficult to predict, these estimates account for all projects that Commerce believes may claim credits in certain fiscal years. However, the department also made a second more conservative estimate of the current year needs based only on companies that have filed an application for an initial certificate that Commerce has been unable to issue to date due to insufficient funds (totaling \$11.5 million in credits) as well as companies that responded to a Commerce survey indicating that they plan to apply for an initial credit in the current year (totaling \$3.8 million). Based on these more conservative estimates, the fiscal 2022 deficiency appropriation only falls short of the demand by approximately \$137,000. **Commerce should comment on how it would handle any shortfall that occurs in fiscal 2022 and 2023 if no additional funding is available.**

## ***Operating Budget Recommended Actions***

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	<b><u>Amount Reduction</u></b>	
1. Reduce funding for tourism marketing in the Maryland Tourism Development Board based on the availability of a federal grant for these purposes.	\$ 2,000,000	GF
<b>Total General Fund Reductions</b>	<b>\$ 2,000,000</b>	

**Appendix 1**  
**2021 Joint Chairmen’s Report Responses from Commerce**

The 2021 *Joint Chairmen’s Report* (JCR) requested that Commerce prepare four reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Report on Restaurant and Hotel Relief Programs:*** Commerce submitted a report detailing the use of COVID-19 relief funding provided to restaurants and hotels, including Rainy Day funds totaling \$80 million for restaurants and \$50 million for hotels as well as federal funds provided through the RELIEF Act totaling \$22 million for restaurants and \$10 million for hotels. The Rainy Day funds were distributed to local jurisdictions to award to businesses based on each jurisdiction’s share of restaurants and hotel sales tax, respectively, while the RELIEF Act funds were distributed to jurisdictions based on population. Commerce reported that, while more than 10,000 restaurants and nearly 900 hotels were served through the program, \$1.3 million in restaurant funding and \$3.2 million in hotel funding went unused.
  
- ***Report on Child Care Special Loans:*** The committees requested a report on the utilization of the Child Care Special Loans program under the MEDAAF program. Commerce reported that only six loans have been made to child care providers under the program since fiscal 2010, with the most recent loan made in fiscal 2014. The loans totaled \$221,249 for projects in Baltimore City and Baltimore County with total project costs of \$405,927. Commerce advised that the underutilization of this program may be due to the availability of other Commerce financing programs that are a better fit for the needs of child care providers. Commerce particularly noted SMWOBA as a program better suited to child care providers. A DLS review of data from the SMWOBA program revealed that approximately 10 child care providers received assistance through the program since fiscal 2017, including through the expansion of SMWOBA in fiscal 2021.
  
- ***Report on Encouraging the Development of Employee Stock Ownership Plans (ESOP):*** Commerce collaborated with the University System of Maryland to produce a study on the feasibility of creating an Office of Employee Ownership within Commerce or other incentive mechanism to promote ESOPs, including a review of the potential benefits and funding sources for such an initiative as well as the practices of other states. The report notes that as of tax year 2019, there were 134 active ESOPs in Maryland, with the majority of individual participants coming from Lockheed Martin and Marriott. The study identified 19 states that have an Office of Employee Ownership in some form, including two offices within or funded by State agencies, three within higher education institutions, and the remainder operated by nonprofit organizations. In Maryland, some research into employee ownership is being conducted at Salisbury University, and the Maryland Small Business Development Center (SBDC) is also in the process of implementing 2018 federal legislation that directs SBDCs to assist businesses in transitioning to employee ownership. Potential benefits of ESOPs include small positive effects on business performance and long-term economic growth. However, the report concluded that if an office to support ESOPs were created in Maryland, the program should be operated by a nonprofit entity or an interested higher education institution rather than by the State.

*T00 – Department of Commerce*

- ***Report on Funding Provided to Lockheed Martin:*** The fiscal 2022 budget restricted \$100,000 of Commerce’s general fund appropriation pending the submission of a report on funding provided by the department to Lockheed Martin since fiscal 2010. Commerce submitted the report on June 7, 2021, which indicated that Lockheed Martin received one discretionary grant of \$400,000 through the MEDAAF program for a project at the company’s Rockville location. Lockheed Martin also qualified for the Research and Development Tax Credit at various company locations, including Middle River, for tax years 2011 through 2019. The tax credits claimed over this period totaled \$1.1 million.

**Appendix 2**  
**Audit Findings – State Grants**

Audit Period for Last Audit:	July 1, 2015 – December 31, 2020
Issue Date:	November 2021
Number of Findings:	6
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	n/a

This audit covered State grants across multiple State agencies. This appendix lists only those findings that relate to grants made by Commerce. This audit is discussed further in the Executive Department Boards, Commissions, and Offices analysis.

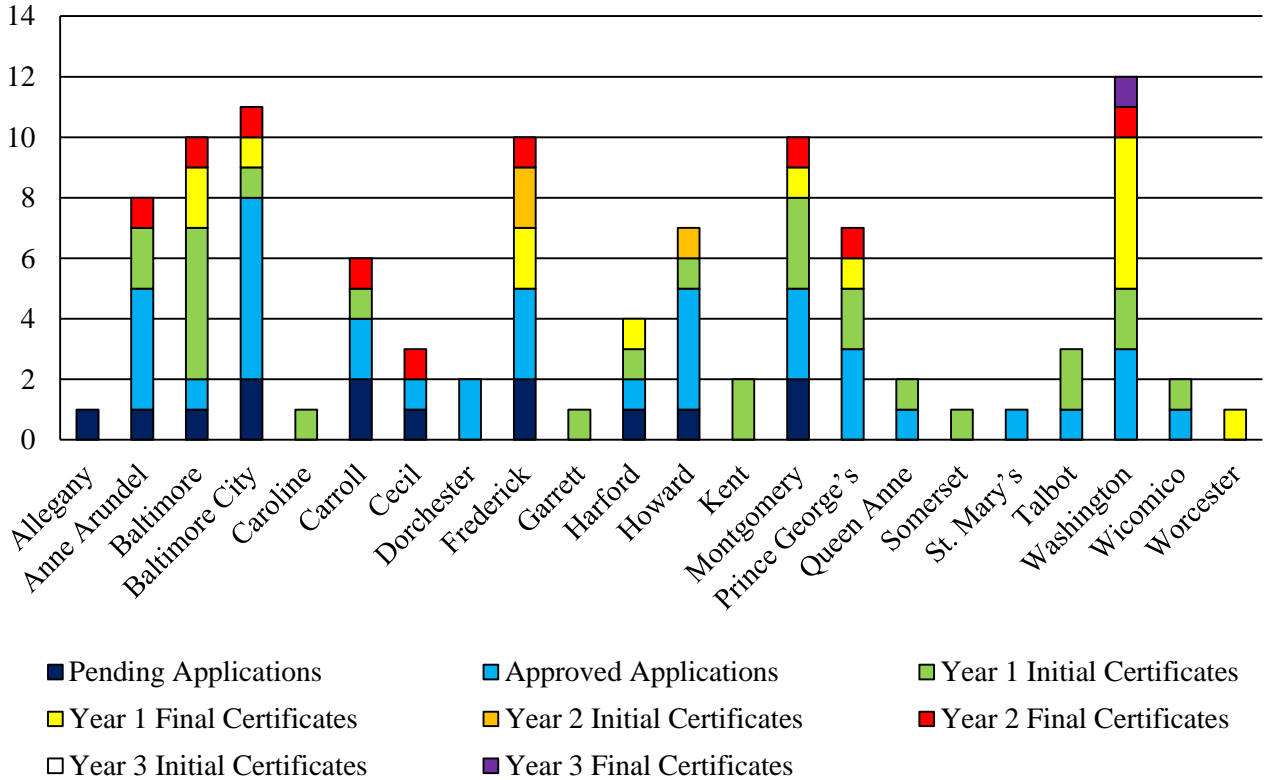
**Finding 4:** Individual agencies awarded certain grants without competition, and required documentation was not always available to support the propriety of the award, including one award which was not calculated correctly.

- Certain agencies (the Department of General Services, Commerce, the Maryland Department of Labor, and the Department of Human Services) lacked comprehensive policies and/or procedures over the grant award process resulting in grants awarded without competition.
- Commerce – Office of Tourism Development did not have adequate procedures or guidelines for evaluating discretionary grant applications and determining the award amounts. For two grants tested totaling \$625,000, Commerce did not document the methodology used to evaluate the grant applications or document how the grant award amount was determined.

**Finding 6:** Certain State agencies did not maintain documentation to support grant payments totaling approximately \$22.3 million and made payments totaling \$220,000 that were not in accordance with the related grant agreement.

- Commerce did not obtain documentation for a \$373,200 payment to a local government for tourism marketing (to include print, television, and/or radio advertising) on a fiscal 2020 grant.

**Appendix 3**  
**Participating Businesses by Jurisdiction and Furthest Program Stage Achieved**  
**More Jobs for Marylanders Income Tax Credit Program**  
**As of December 2021**



Source: Department of Commerce

**Appendix 4  
Object/Fund Difference Report  
Department of Commerce**

<u>Object/Fund</u>	<u>FY 21 Actual</u>	<u>FY 22 Working Appropriation</u>	<u>FY 23 Allowance</u>	<u>FY 22 - FY 23 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	188.00	188.00	188.00	0.00	0%
02 Contractual	26.25	32.75	36.60	3.85	11.8%
<b>Total Positions</b>	<b>214.25</b>	<b>220.75</b>	<b>224.60</b>	<b>3.85</b>	<b>1.7%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 22,027,967	\$ 22,048,611	\$ 22,355,145	\$ 306,534	1.4%
02 Technical and Special Fees	1,487,861	1,615,318	1,909,510	294,192	18.2%
03 Communication	284,715	323,948	324,666	718	0.2%
04 Travel	82,097	560,337	617,415	57,078	10.2%
06 Fuel and Utilities	17,067	19,573	19,573	0	0%
07 Motor Vehicles	237,924	192,716	184,565	-8,151	-4.2%
08 Contractual Services	17,734,533	16,851,401	16,851,435	34	0%
09 Supplies and Materials	110,533	243,837	214,344	-29,493	-12.1%
10 Equipment – Replacement	363,591	13,550	24,900	11,350	83.8%
11 Equipment – Additional	5,462	0	0	0	0.0%
12 Grants, Subsidies, and Contributions	394,759,292	80,605,369	114,678,427	34,073,058	42.3%
13 Fixed Charges	2,472,851	1,790,239	1,708,132	-82,107	-4.6%
14 Land and Structures	45,568,821	40,597,500	31,547,500	-9,050,000	-22.3%
<b>Total Objects</b>	<b>\$ 485,152,714</b>	<b>\$ 164,862,399</b>	<b>\$ 190,435,612</b>	<b>\$ 25,573,213</b>	<b>15.5%</b>
<b>Funds</b>					
01 General Fund	\$ 76,108,136	\$ 81,661,190	\$ 121,982,075	\$ 40,320,885	49.4%
03 Special Fund	259,395,280	74,056,960	64,266,119	-9,790,841	-13.2%
05 Federal Fund	149,649,298	9,144,249	4,187,418	-4,956,831	-54.2%
<b>Total Funds</b>	<b>\$ 485,152,714</b>	<b>\$ 164,862,399</b>	<b>\$ 190,435,612</b>	<b>\$ 25,573,213</b>	<b>15.5%</b>

Note: The fiscal 2022 appropriation does not include deficiency appropriations. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management.



**Appendix 5  
Fiscal Summary  
Department of Commerce**

<u>Program/Unit</u>	<u>FY 21 Actual</u>	<u>FY 22 Wrk Approp</u>	<u>FY 23 Allowance</u>	<u>Change</u>	<u>FY 22 - FY 23 % Change</u>
01 Office of the Secretary	\$ 1,607,112	\$ 1,629,241	\$ 1,663,232	\$ 33,991	2.1%
02 Office of Policy and Research	1,497,163	1,585,201	1,832,219	247,018	15.6%
03 Office of the Attorney General	1,493,874	1,437,273	1,469,051	31,778	2.2%
08 Division of Administration and Technology	6,081,432	6,252,204	6,029,540	-222,664	-3.6%
10 Maryland Marketing Partnership	1,651,484	2,000,000	2,000,000	0	0%
01 Division of Business and Industry Sector	704,314	774,870	767,752	-7,118	-0.9%
03 MD Small Business Development Financing	2,076,998	1,663,375	1,663,375	0	0%
04 Office of Business Development	3,908,255	4,346,235	4,877,858	531,623	12.2%
05 Office of Strategic Industries and	2,502,028	3,318,986	4,475,988	1,157,002	34.9%
07 Partnership for Workforce Quality	1,000,000	1,000,000	1,000,000	0	0%
08 Office of Finance Programs	4,159,101	3,348,583	3,556,186	207,603	6.2%
09 Maryland Small Business Development	14,568,901	5,460,000	5,360,000	-100,000	-1.8%
10 Office of International Investment and Trade	3,110,964	3,194,947	3,650,332	455,385	14.3%
11 Maryland Not-For-Profit Development Fund	99,951	337,500	337,500	0	0%
12 MD Biotechnology Investment Tax Credit	12,000,000	12,000,000	12,000,000	0	0%
13 Office of Military Affairs and Federal Affairs	3,118,076	3,496,231	3,628,760	132,529	3.8%
15 Small, Minority, and Women-Owned Business	27,000,000	17,712,181	19,991,945	2,279,764	12.9%
16 Economic Development Opportunity Fund	5,000,000	5,000,000	0	-5,000,000	-100.0%
18 Military Personnel and Service-Disabled Veteran	38,000	300,000	300,000	0	0%
19 Cybersecurity Investment Incentive Tax Credit	0	2,000,000	2,000,000	0	0%
20 Maryland E-nnovation Initiative	8,650,000	12,450,000	8,500,000	-3,950,000	-31.7%
21 Maryland Economic Adjustment Fund	300,000	200,000	200,000	0	0%
23 Maryland Economic Development Assistance	324,691,007	23,000,000	17,500,000	-5,500,000	-23.9%
24 More Jobs for Marylanders Tax Credit Reserve	2,000,000	2,000,000	30,030,530	28,030,530	1401.5%
27 Business Telework Assistance Grant Program	0	0	1,000,000	1,000,000	0%
28 Nonprofit Shared Services Support Program	0	0	5,000,000	5,000,000	0%
01 Office of the Assistant Secretary	288,374	319,494	329,552	10,058	3.1%
02 Office of Tourism Development	5,049,021	5,012,575	5,044,819	32,244	0.6%
03 Maryland Tourism Development Board	13,778,668	10,660,000	12,660,000	2,000,000	18.8%

<u>Program/Unit</u>	<u>FY 21 Actual</u>	<u>FY 22 Wrk Approp</u>	<u>FY 23 Allowance</u>	<u>Change</u>	<u>FY 22 - FY 23 % Change</u>
04 Office of Marketing and Communications	2,916,527	2,690,742	2,118,453	-572,289	-21.3%
05 Maryland State Arts Council	35,061,464	27,402,761	28,848,520	1,445,759	5.3%
08 Preservation of Cultural Arts Program	800,000	1,000,000	1,300,000	300,000	30.0%
09 Baltimore Symphony Orchestra	0	0	1,300,000	1,300,000	0%
01 Economic Development Opportunities Program	0	3,270,000	0	-3,270,000	-100.0%
<b>Total Expenditures</b>	<b>\$ 485,152,714</b>	<b>\$ 164,862,399</b>	<b>\$ 190,435,612</b>	<b>\$ 25,573,213</b>	<b>15.5%</b>
General Fund	\$ 76,108,136	\$ 81,661,190	\$ 121,982,075	\$ 40,320,885	49.4%
Special Fund	259,395,280	74,056,960	64,266,119	-9,790,841	-13.2%
Federal Fund	149,649,298	9,144,249	4,187,418	-4,956,831	-54.2%
<b>Total Appropriations</b>	<b>\$ 485,152,714</b>	<b>\$ 164,862,399</b>	<b>\$ 190,435,612</b>	<b>\$ 25,573,213</b>	<b>15.5%</b>

Note: The fiscal 2022 appropriation does not include deficiency appropriations. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management.