



Summary Reports of Committees
To the Legislative Policy Committee

2020 Interim Report

Annapolis, Maryland
January 2021

This document was prepared by the Department of Legislative Services
General Assembly of Maryland

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ADRIENNE A. JONES
SPEAKER OF THE HOUSE
CO-CHAIR

MARYLAND GENERAL ASSEMBLY
LEGISLATIVE POLICY COMMITTEE

January 2021

Members of the Legislative Policy Committee
Members of the Maryland General Assembly

Ladies and Gentlemen:

Pursuant to Section 2-409(b) of the State Government Article, attached for your review and information is a compilation of the 2020 interim activities and recommendations of the standing, joint statutory, and special joint committees of the General Assembly.

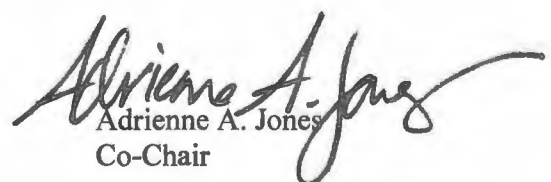
For further information or copies of this summary report or individual committee reports, please email the staff for the Legislative Policy Committee, Ryane Necessary ryane.necessary@mlis.state.md.us or Dana Tagalicod dana.tagalicod@mlis.state.md.us.

We wish to thank the committee chairs and the staff from the Department of Legislative Services for their time, effort, and contributions to the work of the committees during the 2020 interim.

Sincerely,



Bill Ferguson
Co-Chair



Adrienne A. Jones
Co-Chair

BF:AAJ/RMN:DKT/mpd

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Standing Committees



THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

December 14, 2020

The Honorable Bill Ferguson, Co-chair
The Honorable Adrienne A. Jones, Co-chair
The Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Senate Budget and Taxation Committee is pleased to present the report of its interim activities. The committee members were very active in numerous commissions, committees, and studies. The full committee met six times during the 2020 interim, while the subcommittees collectively met seven times. The work of the committee was largely related to the impacts of COVID-19 on the citizens of Maryland, including the impacts on the State's economic outlook.

Full Committee Activities

On May 12, the committee, joint with the Senate Finance Committee, held a public hearing on the State's unemployment insurance issues given the tremendous impact on jobs related to the restriction of activities to flatten the COVID-19 curve. The hearing lasted approximately eight hours during which the committee heard from approximately 250 citizens, including videotaped testimony provided by some people who could not make the hearing, about their experiences in accessing the State unemployment benefits. Following the hearing, the committees sent a letter to the Governor and the Secretary of Labor expressing concerns and proposing solutions.

On May 14, the committee was briefed by the Bureau of Revenue Estimates, the Department of Legislative Services (DLS), and the Department of Budget and Management (DBM) on the status of Maryland's economy and budget outlook given the economic impact of COVID-19 as well as federal economic stimulus funds that were provided for various purposes.

On July 9, DLS and DBM briefed the committee on updated information about the fiscal 2021 budget, including reductions made by the Board of Public Works on July 1.

On September 3, the committee, joint with the House Appropriations Committee, was briefed by DLS and DBM on the federal aid provided to Maryland through the CARES Act. The committees also received an update on the status of the Metro Purple Line procurement by DLS and the Maryland Department of Transportation.

The Honorable Bill Ferguson, Co-chair
The Honorable Adrienne A. Jones, Co-chair
The Members of the Legislative Policy Committee
December 14, 2020
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On October 8, the committee received an update from DLS on revenue projections.

On October 27, the committee joined the Spending Affordability Committee, the House Appropriations Committee, and the House Ways and Means Committee for a fiscal briefing by DLS, which provided the committee with an overview of the State's fiscal situation. Specifically, the committee was briefed on the economic outlook and revenue estimates for Maryland, as well as a fiscal 2022 baseline estimate of spending.

Education, Business, and Administration Subcommittee

On June 22, the Education, Business, and Administration subcommittee held a hearing on the impact of COVID-19 on child care along with the corresponding subcommittees of the House Appropriations and Ways and Means committees. The subcommittees heard from the State Department of Education, the Maryland Family Network, and the union that represents child care workers, the Services Employees International Union.

On September 16, the subcommittee, joint with the corresponding subcommittee of the House Appropriations Committee, was updated on the operations of higher education institutions for the fall semester. They received an update from the University System of Maryland, Morgan State University, and St. Mary's College of Maryland. Additionally, representatives of the American Federation of State, County, and Municipal Employees testified to provide the perspective of employees of the universities.

On October 8, the subcommittee, joint with the corresponding subcommittee from the Senate Education, Health, and Environmental Affairs Committee, was briefed on the issues of discrimination and harassment at the Maryland School for the Deaf brought to light by the news media. The subcommittees heard from a panel of parents, alumni, and former employees, as well as from the board members and acting superintendent of the school. The subcommittees also heard from four members of the public.

On November 17, the subcommittee, joint with the corresponding subcommittee of the House Appropriations Committee, was briefed by the Maryland School for the Blind on the school's projects as submitted in a Joint Chairmen's Report response.

Health and Human Services Subcommittee

On June 25, the Health and Human Services subcommittee was briefed on the COVID-19 impacts to services for vulnerable populations and received testimony from DLS, the Maryland Department of Health (MDH), the Department of Human Services, the Community

The Honorable Bill Ferguson, Co-chair
The Honorable Adrienne A. Jones, Co-chair
The Members of the Legislative Policy Committee
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Health Resources Commission, the Healthcare for the Homeless organization, the developmental disabilities service community, and the behavioral health community.

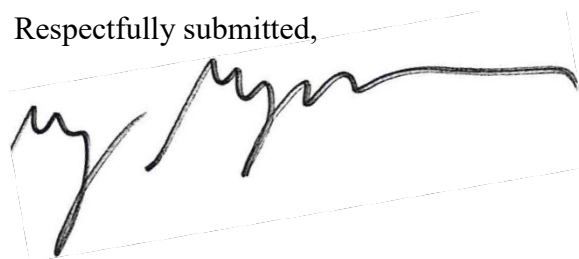
On November 19, the subcommittee, joint with the Senate Finance Committee, received an update on the performance of the administrative services organization for the public behavioral health system, Optom. The subcommittee was briefed by MDH and Optom. The subcommittee also heard from a panel of behavioral health providers. Additionally, the subcommittee was updated on the expansion of telehealth from MDH, the Maryland Insurance Administration, doctors from The Johns Hopkins Hospital, the Maryland School of Medicine, and Kaiser Permanente, as well as representatives from the Maryland Health Care Commission.

Public Safety, Transportation, and Environment Subcommittee

On December 1, the Public Safety, Transportation, and Environment Subcommittee was briefed by the Maryland Violence Prevention Coalition, the Chair of the African-American Studies Department of the University of Maryland, ROCA Baltimore, the Life Bridge Health Center for Hope, and the University of Maryland's Rebuild, Overcome, and Rise Center (ROAR).

I would like to thank the committee members for their continued dedication, representatives of the public and private organizations who kept us informed and expressed their views, as well as our committee counsel and staff for their support.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Guy Guzzone", is enclosed in a thin black rectangular border. The signature is fluid and cursive, with a long horizontal stroke at the end.

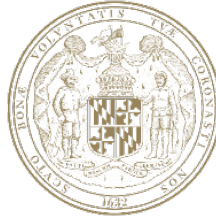
Senator Guy Guzzone
Chair

GG/ES/cgs

cc: Victoria L. Gruber
Ryan Bishop
Jake Weissmann
Alexandra Hughes

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THE SENATE OF MARYLAND
EDUCATION, HEALTH, AND ENVIRONMENTAL AFFAIRS COMMITTEE

December 16, 2020

The Honorable Bill Ferguson, Co-chair
The Honorable Adrienne A. Jones, Co-chair
The Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Senate Education, Health, and Environmental Affairs Committee respectfully submits this report of its activities during the 2020 legislative interim. As you know, the State is facing unprecedented challenges because of the COVID-19 pandemic. The committee's activities over the interim focused primarily on addressing these challenges, including the carrying out of fair and secure elections, the responsible procurement of emergency supplies, and the safe and equitable education of Maryland's students. To this end, the committee held six virtual briefings over the interim. The enclosed report describes these briefings in greater detail.

The committee greatly appreciates the assistance of the many private citizens, public officials, and legislative staff who participated in the activities of the committee during this 2020 interim.

Sincerely,

A handwritten signature in black ink that reads "Paul Pinsky".

Senator Paul G. Pinsky
Chair

PGP/AMM/cgs

Enclosure

cc: Victoria L. Gruber
Ryan Bishop
Members of the Education, Health, and Environmental Affairs Committee

Education, Health, and Environmental Affairs Committee

2020 Interim Report

Briefings

Election Law

May 13th Briefing: The committee held a virtual joint briefing with the House Committee on Ways and Means to provide an overview of the special election for the Seventh Congressional District and preparations for the presidential primary election in June and the November presidential general election. Linda Lamone, the State Administrator of Elections, and Nikki Charlson, the Deputy Administrator of Elections, provided an overview of the special election and discussed the changes necessary to pivot to an election conducted primarily by mail with limited in-person voting; the statewide voter education media campaign; preparations for the primary election, including the procurement and costs of personal protective equipment (PPE); and the cause of and solutions to problems from the special election.

Members expressed many concerns related to the change to a primarily mail-in election. The issues discussed included the State Board of Elections' (SBE) process for verifying ballots and curing defective ballots; the lack of precinct-level data; procedures to prevent voting more than one ballot; the number of in-person polling locations; the placement and security of ballot drop boxes; accessibility issues; and voter education outreach.

June 16th Briefing: The committee held a second virtual joint briefing with the House Committee on Ways and Means on issues related to the administration of the June presidential primary election. The briefing began with a presentation by Department of Legislative Services on COVID-19 and voting by mail. The topics covered included the Maryland primary election, changes to regulations, background on states that conduct all vote-by-mail elections, and voter turnout.

Next, Linda Lamone and Nikki Charlson from SBE gave an overview of the presidential primary election (including a timeline of election changes due to the state of emergency declared for the COVID-19 pandemic, voter education efforts, and a review of canvassing and audit procedures) and addressed challenges from the election. Specifically, SBE provided information on issues with the mailhouse vendor, SeaChange, and late-mailed ballots; removal of Baltimore City election results from the website; long lines at in-person polling places; and the incorrect ballot header.

At the request of the committee chairs, the Chair of SBE, Michael Cogan, and Vice Chair, PJ Hogan, answered questions from the members of the committees. Together with SBE staff, Mr. Cogan and Mr. Hogan addressed members' concerns regarding decisional transparency; the role of SBE; equity and disparate impacts on voters in communities of color, especially Black voters; and vendor problems.

The committees were also briefed on the presidential primary election from the perspective of local boards of elections. The committees heard from the election director of Baltimore City, Armstead Jones, and the election director of Frederick County, Stuart Harvey. Each discussed voter turnout, the use and location of voter drop boxes, the recruitment of poll workers, lines at polling places, and the issue of unaffiliated voters.

State Procurement

May 27th Briefing: The early days of the COVID-19 pandemic posed unprecedented challenges for State procurement officials, as Maryland competed with other states to obtain PPE, test kits, ventilators, and other necessary supplies. On May 27th, the committee held a virtual briefing to gain a better understanding of the State's emergency procurement process – specifically, the process for identifying needs, selecting vendors, vetting contracts, and expending funds. Several members of the House Health and Government Operations Committee were also in attendance. Ellington E. Churchill, Jr., Secretary of the Department of General Services (DGS), began the briefing by providing an overview of the supply chain challenges created by the pandemic and updating the committee on items and equipment successfully obtained by the State. Next, Robert Gleason, Chief Procurement Officer for DGS, described the process for sourcing suppliers.

During the briefing, committee members raised concerns over two high-profile procurements: (1) a \$12.5 million contract awarded to Blue Flame Medical, a politically connected company with no background in medical equipment supplies, for masks and ventilators, most of which were never delivered, and (2) the purchase of 500,000 COVID-19 test kits from South Korea, which lacked some of the components necessary for their immediate use. Committee members also raised questions, and requested follow-up information, about the distribution of emergency supplies procured by the State (including the South Korean test kits) and the number and value of emergency contracts awarded to small and minority-owned businesses. DGS deferred all questions regarding the distribution of supplies to the Maryland Department of Health.

Education

The abrupt change from in-person instruction to an all-remote learning model in March due to the COVID-19 pandemic had an immediate impact on student access to instruction, student learning, and school resources. Local school systems and schools across the State struggled to provide student instruction using various remote learning models, with significant variation from one school system to the next and with limited success. The committee heard from State and county education leaders and teacher and school employee representatives on various issues related to student engagement, school reopening plans, and learning loss.

June 30th Briefing: The committee held a virtual briefing on the issues of student school recovery planning, student engagement, and summer learning plans. First, Dr. Karen Salmon, the State Superintendent of Schools, presented information on the Maryland Together: Recovery Plan for Education released on May 6th. The plan provided a framework for local school systems to guide planning on reopening schools. She also discussed small group summer learning issues, the

Maryland State Department of Education student engagement survey, and guidance for the provision of special education.

The second panel included the county superintendents of the Baltimore City and Garrett, Howard, and Montgomery counties. The county superintendents discussed how each local school system was preparing their local school recovery plans and any issues arising during the preparations. These presentations included discussions of technology challenges; closing the digital divide; staffing considerations; prioritizing students for small in-person learning opportunities; learning model options for the Fall semester; student surveys; food service challenges and costs; procurement of PPE; distribution of the Coronavirus Aid, Relief, and Economic Security Act funding; and tight budgets.

A final panel with representatives of the Maryland State Education Association (MSEA) and the Baltimore Teachers Union discussed school recovery planning from the perspective of teachers and school employees. They expressed a strong concern for the health and safety of faculty and staff and the impending school funding crisis due to the economic downturn. This panel also asked leaders to consider the impact of learning loss on student assessments and requested that leaders ask for the necessary waivers from the federal Department of Education from any high-stakes assessments for the 2020 – 2021 school year.

October 8th briefing: The Education Subcommittee held a virtual joint briefing with the Budget and Taxation Committee on the Maryland School for the Deaf (MSD). On September 4th, 2020, *The Baltimore Sun* published an article in which a group of former students and parents alleged that MSD “tolerated a racist, elitist culture” on its two campuses and that reports to leadership were generally ignored. To further understand these allegations and issues, the committees heard from two panels. The first panel, which consisted of alumni, former employees, and parents of alumni, discussed various alleged racial and discriminatory incidents and how MSD leadership responded. The second panel, which consisted of the Acting Chair of the Board of Trustees of MSD, Stephen Hlibok, and the Interim Superintendent, Kevin Strachan, provided the school’s response to the allegations, discussed steps the school is taking to address racial inequities in the school, and the status on the search for a new school superintendent.

October 21st briefing: The committee’s final briefing of the interim focused on the development of a coherent policy for the return of in-person instruction in schools and recovery for student learning loss due to the pandemic. For the local school system perspective, the committee heard from a panel of county superintendents from Baltimore City and Harford, Montgomery, and Prince George’s counties. These presentations focused on the actions each local school system is taking to open their schools to in-person instruction and remediate learning loss. The superintendents highlighted the challenges in accomplishing these goals, including procurement of PPE; the current status of teachers and small group in-person learning; the digital divide; building modifications; access to testing and contact tracing; student immunization regulations; and current and future funding challenges due to enrollment declines.

The committee also heard from Dr. Travis Gayles, Montgomery County Health Officer, on health and safety metrics for the safe reopening of schools. David Lever of Education Facilities Planning discussed facilities modifications and costs for the safe operation of schools. The final

panel included representatives of teachers unions (MSEA and American Federation of Teachers) and the parent of public school students. The union panelists discussed teacher concerns related to student and employee health and safety, assessments, and future school funding challenges. The parent panelist discussed the impact of the current learning environment on her children.

DELORES G. KELLEY
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THE SENATE OF MARYLAND
FINANCE COMMITTEE

December 17, 2020

The Honorable Bill Ferguson, Co-chair
The Honorable Adrienne A. Jones, Co-chair
The Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Senate Finance Committee respectfully submits its report summarizing the committee's activities during the 2020 interim. The full committee met eight times during the 2020 interim. The Health and Long-Term Care, and Energy and Public Utilities subcommittees did not meet. Due to the COVID-19 pandemic, all meetings of the committee occurred remotely, online.

Many members of the committee participated in other committees, task forces, and commissions including the Joint COVID-19 Response Legislative Workgroup; the Workers' Compensation Benefit and Insurance Oversight Committee; the Joint Audit and Evaluation Committee; the Joint Committee on Unemployment Insurance Oversight; the Joint Committee on Fair Practices and State Personnel Oversight; the Joint Committee on Cybersecurity, Information Technology, and Biotechnology; the Joint Committee on Behavioral Health and Opioid Use Disorders; the Joint Federal Energy Regulatory Commission Order Workgroup; and the Maryland Health Insurance Coverage Protection Commission. The activities of these committees, task forces, commissions, and workgroups that met during the interim are not summarized in this report.

The committee expresses its appreciation for the advice and assistance provided by governmental officials, State agency staff, and members of the public during the 2020 interim. The committee looks forward to the same spirit of cooperation and assistance during the forthcoming 2021 session.

Respectfully submitted,

A handwritten signature in black ink that reads "Delores G. Kelley".

Senator Delores G. Kelley
Chair

DGK/DAS/ncs/cgs

Enclosure

cc: Victoria L. Gruber
Ryan Bishop
Jake Weissmann
Alexandra Hughes

Senate Finance Committee

2020 Interim Report

Public Hearing on Unemployment Insurance Issues

On May 12, 2020, the committee met with members of the Senate Budget and Taxation Committee to receive testimony from the public regarding issues with the unemployment insurance system in the State. Approximately 1,100 individuals expressed interest in testifying; however, oral testimony during the 8-hour hearing was limited to approximately 250 individuals. Ultimately, the committees received oral and written testimony from approximately 700 individuals. The issues that were raised during the hearing were compiled into a letter to the Secretary of Labor.

Update from Maryland Insurance Administration on COVID-19 Related Matters

On May 19, 2020, the committee received an update from Insurance Commissioner Kathleen Birrane and other staff at the Maryland Insurance Administration (MIA) on actions taken by MIA due to the State of Emergency declared by Governor Hogan as a result of the COVID-19 pandemic. The briefing included a presentation from Associate Commissioner Robert Baron who reviewed a series of bulletins and advisories relating to property and casualty insurance, such as a request to insurers to make reasonable accommodations so that individuals and businesses do not lose coverage due to non-payment of premiums during this emergency. In addition, Associate Commissioner David Cooney reviewed regulations and bulletins relating to life and health insurance, such as a requirement that health insurers waive any cost-sharing, including co-payments, coinsurance, and deductibles, for any visit to diagnose or test for COVID-19 regardless of the setting of the testing.

Briefing on Availability and Suitability of PPE for Frontline State Employees

On June 9, 2020, the committee met with the House Appropriations Committee on the availability and suitability of personal protective equipment (PPE) for frontline State employees who must work directly with individuals during the COVID-19 pandemic. Most of these State employees are healthcare workers, educators, correctional officers, or case workers.

The committees heard from representatives from the following State agencies that employ frontline workers: the Maryland Department of Health, the Department of Juvenile Services, the Department of Public Safety and Correctional Services, and the Department of Human Services. The committees also heard from a representative from the American Federation of State, County, and Municipal Employees (ASFCME) as well as AFSCME members who are frontline State employees with the following agencies: the Department of Juvenile Services, Spring Grove Hospital Center, Jessup Correctional Institution, the Prince George's County Department of Social

Services, the Maryland Department of Labor, and the University of Maryland, College Park Health Center.

Briefing on COVID-19 Impact on Assisted Living Programs and CCRCs

On June 11, 2020, the committee held a briefing on the impact of COVID-19 on assisted living programs and continuing care retirement communities (CCRCs). Much attention has been paid to the COVID-19 impact on nursing homes, but assisted living programs and CCRCs also house vulnerable adult populations. Rona Kramer, the Secretary of Aging, and Stevanne Ellis, the State Long-Term Care Ombudsman, provided an overview of the State's efforts to protect residents of assisted living programs and CCRCs. Next, the committee heard from representatives of organizations that represent assisted living programs and CCRCs, who detailed efforts to protect patients, residents, and employees during the COVID-19 pandemic. Danna Kauffman spoke for the LifeSpan Network and Allison Ciborowski spoke for Leading Age Maryland, which are two organizations that represent assisted living programs and CCRCs.

Briefing on Unemployment Insurance

On September 17, 2020, the committee met with members of the House Economic Matters Committee to receive a briefing on unemployment insurance system issues from the Department of Labor. Secretary Tiffany Robinson provided an update on the unemployment insurance program, the development of the BEACON mobile application, the status of the lost wages assistance program, and the transition to the BEACON 2.0 program from the legacy benefits system. The committees were informed that the legacy system was taken offline on September 16, but the new system was not scheduled to launch until September 20. The Secretary, along with Assistant Secretary Dayne Freeman and Deputy Assistant Secretary Bryan Moore, participated in the briefing and answered questions from the committees.

Joint FERC Order Workgroup: Status Update on MOPR

On October 21, 2020, several members of the committee participated in a meeting of the Federal Energy Regulatory Commission (FERC) Minimum Offer Price Rule (MOPR) Workgroup. The first panel consisted of representatives from the Public Service Commission (PSC) and included Deputy General Counsel Miles Mitchell and Senior Commission Advisor Morris Schreim. PSC provided an overview of the MOPR, its impending impacts on the State, and an explanation of consolidated litigation brought by various entities to reverse the order.

Asim Haque of PJM Interconnection, the regional transmission organization, provided an overview of the MOPR, the capacity market, and the concept of resource adequacy. Mr. Haque further addressed the timing of future capacity market auctions at PJM, which are largely dependent on receiving further information from FERC. Representatives of PJM also responded

to questions related to options for the State to respond to the MOPR moving forward, including the option of establishing a Fixed Resource Requirement (FRR).

Lael Campbell, Vice President, State Government and Regulatory Affairs for Exelon, presented information about the impact of the MOPR on the expansion of the use of renewable resources in Maryland, including the impact on consumers. Mr. Campbell recommended establishing an FRR as a State response to the MOPR.

The Office of People's Counsel, represented by William Field, Deputy People's Counsel, addressed the potential impacts of the MOPR on consumers in the State, and provided additional information about efforts to overturn the order. Finally, Ryan Opsal, Director of Policy for the Maryland Energy Administration, presented information regarding the impact of the MOPR on the State Renewable Energy Portfolio Standard and other energy projects in the State, as well as potential issues with the implementation of an FRR.

Briefing on Energy Capacity and Labor Issues

On November 17, 2020, the committee held a briefing on energy capacity and labor issues in the State. Representatives of the Sierra Club and the Maryland League of Conservation Voters presented information regarding the closure or impending closure of coal-fired power plants in the region and the impact of these closures on energy capacity in the State. David Murray, Executive Director of Chesapeake Solar & Storage Association, addressed solar and energy storage projects in the State, and raised issues that the legislature should consider during the upcoming session. Liz Burdock, President and CEO of Business Network for Offshore Wind, provided an update on wind projects in the State. Finally, representatives of LiUNA, Baltimore-D.C. Building Trades Council, and the International Brotherhood of Electrical Workers, Local 26, provided an update on apprenticeship activities and labor issues related to the energy industry in the State.

Update on the Performance of Optum Behavioral Health and Review of the Expansion of Telehealth

On November 19, 2020, the committee held two health-related briefings: (1) an update on the performance of Optum Behavioral Health (Optum), which is the administrative services organization for the public behavioral health system and (2) a review of the expansion of telehealth services. Members of the Senate Budget and Taxation Committee joined the committee for the briefing on Optum.

During the Optum briefing, the Secretary of Health, Robert Neall and other representatives of the Maryland Department of Health (MDH), along with Chad Burkholder, the Chief Operating Officer of Optum, reviewed actions MDH and Optum are taking to ensure that (1) Maryland Medicaid beneficiaries receive clinically appropriate behavioral health services that are necessary;

(2) the provider payment system is operational; (3) providers are reimbursed for authorized services provided; and (4) over- and under-payments to providers made during the first half of 2020 through an estimated payment process are reconciled by the end of fiscal year 2021. The committee also heard from a panel that provided the perspective of several behavioral health providers on the transition to Optum. The panel included representatives from the Community Behavioral Health Association of Maryland, Cornerstone Montgomery, Sheppard Pratt Community Services, the Maryland Association for the Treatment of Opioid Dependence, and the Maryland Addiction Directors Council.

The briefing on the expansion of telehealth services during the COVID-19 pandemic included a review of State policy regarding the coverage of telehealth from Webster Ye, the Director of Governmental Affairs at MDH; Alyssa Brown, the Deputy Director of Innovation, Research, and Development in the Office of Health Care Financing at MDH; Insurance Commissioner Kathleen Birrane; and David Cooney, Associate Commissioner of Life and Health at MIA. In addition, the briefing included a panel of healthcare providers who reviewed the use of telehealth during the pandemic, including Dr. Brian Hasselfeld, Medical Director of Digital Health and Telemedicine at the Office of Johns Hopkins Physicians; Dr. Todd Crocco, Professor of Emergency Medicine at the University of Maryland School of Medicine; and Dr. Dennis Truong, the Regional Telemedicine/Mobility Director at Kaiser Permanente. The committee also received an update from Dr. Andrew Pollack, the Chair of the Maryland Health Care Commission (MHCC), and other MHCC staff on the activities of the Telehealth Policy Workgroup, which has been convened by MHCC to discuss the removal of certain restrictions on the reimbursement of telehealth and other policy changes under consideration.

WILLIAM C. SMITH, JR.
CHAIR

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THE SENATE OF MARYLAND JUDICIAL PROCEEDINGS COMMITTEE

December 21, 2020

The Honorable Bill Ferguson, Co-chair
The Honorable Adrienne A. Jones, Co-chair
The Members of the Legislative Policy Committee

Ladies and Gentlemen:

Last spring brought unprecedented challenges to both our nation and the people of our State, beginning with the emergence of the ongoing COVID-19 pandemic, and continuing with a series of tragic events highlighting the need for greater accountability and oversight for law enforcement.

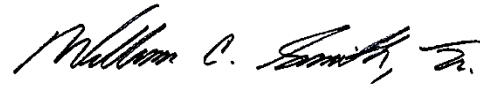
In response to widespread closures of businesses, significant loss of employment, and public closure of the courts in Maryland, I directed the Senate Judicial Proceedings Committee (committee) to hold briefings from officials and key stakeholders on (1) the impact of COVID-19 on residential property on May 4, 2020, and (2) the impact of COVID-19 on the courts and criminal justice system on May 7, 2020. On May 4, 2020, I announced the creation of an informal workgroup of committee members to study the effects of COVID-19 on housing in Maryland. On May 7, 2020, I also announced the creation of a second informal workgroup of committee members to study the effects of COVID-19 on the courts and criminal justice system. The goal of both workgroups was to produce recommendations, policies, and findings regarding the effects of COVID-19 on housing in Maryland and the courts and criminal justice system, respectively. The workgroups finalized reports on their findings and recommendations during the summer after conducting several virtual meetings with both stakeholders and officials.

The spring and summer of 2020 also brought a surge in frustration and public demand for both greater racial justice and increased accountability and oversight for law enforcement. On June 4, 2020, I announced that the committee would take the rare step of holding interim bill hearings on draft legislation relating to policing reform. Between September 22, 2020 and September 24, 2020, the committee held hearings on 15 pieces of draft legislation related to this issue.

The Honorable Bill Ferguson, Co-chair
The Honorable Adrienne A. Jones, Co-chair
The Members of the Legislative Policy Committee
December 14, 2020
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Finally, on December 7, 2020, the committee participated with the House Judiciary Committee in a joint briefing from the Workgroup to Study Child Custody Court Proceedings Involving Child Abuse or Domestic Violence Allegations. The Workgroup was established by the General Assembly in 2019 and recently submitted its final report to the Governor and General Assembly.

Sincerely,

A handwritten signature in black ink that reads "William C. Smith, Jr." with a stylized flourish at the end.

Senator William C. Smith, Jr.
Chair

WCS/JDL/cgs

cc: Ms. Victoria L. Gruber
Mr. Ryan Bishop
Mr. Jake Weissmann
Ms. Alexandra Hughes

MAGGIE MCINTOSH
Legislative District 43
Baltimore City

Chair

Appropriations Committee



The Maryland House of Delegates
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Maggie.McIntosh@house.state.md.us

The Maryland House of Delegates

ANNAPOLIS, MARYLAND 21401

December 18, 2020

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

I am pleased to provide the 2020 interim report for the House Appropriations Committee. The committee members were very active this interim with multiple full committee and subcommittee virtual briefings. A summary of the committee's activities is listed below.

Full Committee

The House Appropriations Committee held eight virtual briefings.

On April 9, 2020, the committee was briefed by the Department of Legislative Services (DLS) on the estimated federal COVID-19 assistance to Maryland.

On May 21, 2020, the committee was briefed by DLS and the Department of Budget and Management (DBM) on the impact of COVID-19 on the State budget and the fiscal challenges ahead.

On May 28, 2020, the committee met jointly with the House Ways and Means Committee for a fiscal briefing from the Bureau of Revenue Estimates.

On June 9, 2020, the committee met jointly with the Senate Finance Committee for a briefing on the availability and suitability of personal protective equipment for frontline State employees. The committees were briefed by various State agencies and members of the American Federation of State, County, and Municipal Employees (AFSCME).

On June 11, 2020, the committee met jointly with the House Ways and Means Committee for a briefing on the State's education response to the COVID-19 pandemic. The committees were briefed by the Maryland State Department of Education (MSDE), the Public School Superintendents' Association of Maryland, the Maryland Association of Boards of Education, the Maryland State Education Association, and the Baltimore Teachers Union. The briefing addressed the State's response to the pandemic in the spring, local recovery plans, and the health and safety of students, teachers, and school personnel.

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On July 8, 2020, the committee met for an update from DLS and DBM on the State budget. The Board of Public Works took action in early July on a number of cuts to balance the budget and the briefing provided an overview of the administration's balancing plan.

On September 3, 2020, the committee met jointly with the Senate Budget and Taxation Committee for an overview from DLS and DBM on the State's spending of COVID-19 federal funds. The committee was also briefed by DLS, the Maryland Department of Transportation (MDOT), and the Maryland Transit Administration (MTA) on the status of the Purple Line. The committee expressed concerns regarding the impacts to the Purple Line project as a result of the Purple Line Transit Partners notifying MDOT and MTA of their intent to terminate the public-private partnership for extended delay.

Finally, on October 27, 2020, the committee held a fiscal briefing jointly with the Senate Budget and Taxation Committee, the House Committee on Ways and Means, and the Spending Affordability Committee. DLS reported on the economic outlook, revenue estimates, general fund forecast, and the status of the reserve fund.

Education and Economic Development Subcommittee

The Education and Economic Development Subcommittee held five virtual briefings.

On June 22, 2020, the subcommittee met jointly with the House Ways and Means Early Childhood Subcommittee and the Senate Budget and Taxation Education, Business, and Administration Subcommittee for a briefing on the impact of the COVID-19 pandemic on child care programs.

On September 2, 2020, the subcommittee met jointly with the House Ways and Means Committee for a briefing by the Department of Commerce on the department's pandemic assistance programs.

On September 16, 2020, the subcommittee met jointly with the Senate Budget and Taxation Education, Business, and Administration Subcommittee for a briefing on operations for the fall semester at public institutions of higher education. The subcommittees were briefed by the University System of Maryland, Morgan State University, St. Mary's College of Maryland, and members of AFSCME.

On November 17, 2020, the subcommittee met jointly with the Senate Budget and Taxation Education, Business, and Administration Subcommittee for a briefing on the Maryland School for the Blind's response to the 2020 Joint Chairmen's report on the school's financial projections.

On December 17, 2020, the subcommittee held a briefing on the status of assistance to students living in student housing at the University of Maryland College Park and Towson University that is operated by the Maryland Economic Development Corporation.

Health and Social Services Subcommittee

The Health and Social Services Subcommittee held four virtual briefings.

On May 14, 2020, the subcommittee was briefed by the Department of Human Services (DHS) on the increase in Supplemental Nutrition Assistance Program (SNAP) applications, department outreach strategies during the pandemic, and federal policy waivers. The subcommittee continued to monitor SNAP and Temporary Cash Assistance case closures for the 2020 interim.

On November 17, 2020, the subcommittee met jointly with the House Health and Government Operations Committee for a briefing by the Maryland Department of Health (MDH) regarding the difficulties experienced during the transition to Optum Behavioral Health as the new administrative services organization for the public behavioral health system.

On December 10, 2020, the subcommittee met jointly with the House Health and Government Operations Committee's Government Operations and Facilities Subcommittee and the Public Health and Minority Health Disparities Subcommittee for a briefing by MDH on the department's procurement policies and COVID-19 vaccine distribution.

On December 21, 2020, the subcommittee will be briefed by DLS, DHS, and members of the public on public assistance during the COVID-19 pandemic. The subcommittee had particular concerns about the department's response to the public assistance caseload and high number of case closures due to individuals failing to reapply for assistance.

Oversight Committee on Personnel

On December 16, 2020, the subcommittee met for a briefing by DLS, DBM, and AFSCME on the health and safety of State employees during the COVID-19 pandemic.

Transportation and Environment Subcommittee

The Transportation and Environment Subcommittee held three virtual briefings.

On May 20, 2020, the subcommittee was briefed by MDOT on the impact of the COVID-19 pandemic on the Transportation Trust Fund.

On August 13, 2020, the subcommittee was briefed by MDOT, the Department of the Environment, the Maryland Transportation Institute at the University of Maryland, the National Capital Regional Transportation Planning Board, and the Baltimore Regional Transportation Board on the use of telework as a tool to mitigate traffic congestion and pollution.

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On December 11, 2020, the subcommittee met for a briefing on transit reform in Maryland and was briefed by the Central Maryland Transportation Alliance, the Baltimore Metropolitan Council, and the Eno Center for Transportation.

The committee extends its appreciation for the assistance and information provided by State and local officials, private citizens, and the staff of DLS during the 2020 interim.

Sincerely,



Maggie McIntosh
Chairman, House Appropriations Committee

MM/ML/kkh

cc: Members of the Appropriations Committee
Ms. Victoria Gruber
Mr. Ryan Bishop
Ms. Alexandra Hughes
Mr. Jake Weissmann



THE MARYLAND HOUSE OF DELEGATES
ECONOMIC MATTERS COMMITTEE

December 17, 2020

The Honorable Bill Ferguson, Co-chair
The Honorable Adrienne A. Jones, Co-chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

On behalf of the House Economic Matters Committee, I am submitting a summary report of our activities during the 2020 legislative interim.

While the 2020 legislative session ended earlier than expected due to the COVID-19 pandemic, the members of the Economic Matters Committee remained engaged during the 2020 legislative interim. The committee met virtually six times to address several issues that arose within its subject matter jurisdiction due to the COVID-19 pandemic.

On May 13, 2020, the committee received a briefing from the Maryland Department of Labor on eligibility and enhanced benefits under the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act in relation to unemployment benefits, programming updates to unemployment insurance claims to accommodate the higher claims volume due to the COVID-19 pandemic, and the anticipated impact of the higher claim volume on the Unemployment Insurance Trust Fund and employer contributions.

On June 3, 2020, the Maryland Department of Commerce briefed the committee on grant and loan programs that are available to Maryland businesses to address impacts of the COVID-19 pandemic, problems encountered in application review and disbursement of grant and loan funds, and the economic impacts of the COVID-19 pandemic and government-mandated closures on different types of businesses in the State.

The Honorable Bill Ferguson, Co-chair
The Honorable Adrienne A. Jones, Co-chair
Members of the Legislative Policy Committee
December 17, 2020
Page 2

On September 9, 2020, the committee received a briefing from the Maryland Department of Labor on the types of paid and unpaid leave that are available to employees for COVID-19 related reasons. The department also discussed the steps that the Maryland Occupational Safety and Health unit is taking to assist employers and employees in implementing COVID-19 protocols and best practices.

On September 17, 2020, the committee held a joint briefing on unemployment insurance with the Senate Finance Committee. Specifically, the Maryland Department of Labor gave the committees an update on the status of unemployment insurance claims in the State. Additionally, the committee received an update on the Department's transition to an updated unemployment insurance web portal.

On September 23, 2020, the committee held a briefing on natural gas infrastructure and the Public Service Commission's (PSC) COVID-19 utility moratorium. The natural gas infrastructure inquiry stemmed from an explosion in northwest Baltimore City in August that resulted in several deaths as well as significant personal and property damage. PSC and BGE addressed questions on the explosion. In addition to receiving preliminary findings about the explosion, the committee also reviewed the status of natural gas distribution infrastructure replacement under the STRIDE program. In addition, the committee received testimony from the PSC, the Office of People's Counsel, and several utilities on the impact of the moratoria imposed by the Governor and PSC on utility terminations because of COVID-19, and the utilities' plans to address mounting arrearages and bill payment arrangements once terminations were again allowed, as of November 15, 2020.

On October 14, 2020, the committee held a briefing on mortgage forbearance, foreclosure prevention, and programs to assist homeowners and businesses during the COVID-19 pandemic. The committee received testimony from the Office of the Attorney General, the Maryland Department of Housing and Community Development, the Maryland Department of Labor, the Maryland Bankers Association, and Maryland Legal Aid.

The Economic Matters Committee wishes to thank those agencies and individuals who contributed their time and talent during this 2020 interim to inform and advise the committee.

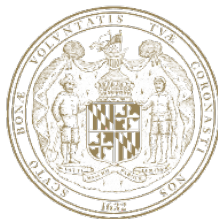
Respectfully submitted,



Delegate Dereck E. Davis
Chair

DED/RKS:LHA:TJC/al

cc: Ms. Victoria L. Gruber
Mr. Ryan Bishop
Ms. Alexandra Hughes
Mr. Jake Weissmann



THE MARYLAND HOUSE OF DELEGATES ENVIRONMENT AND TRANSPORTATION COMMITTEE

December 16, 2020

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

On behalf of the House Environment and Transportation Committee, I am submitting this summary report of the committee's activities during the 2020 interim.

The committee identified a number of issues for study this interim, primarily by way of virtual meetings and briefings. In addition, the committee received a virtual farm tour of several farms on the Eastern Shore. Lastly, many members worked diligently throughout the interim to assist the work of the committee by participating in several task forces and study commissions.

Virtual Meetings and Briefings

Impact of COVID-19

Agriculture and Seafood Industries

The COVID-19 pandemic has had negative and ongoing impacts on the agricultural and seafood industries in Maryland. On May 27, 2020, the committee received a briefing from the Maryland Department of Agriculture and the Department of Natural Resources on this topic. The departments provided an overview of their protocols and best practices for operating under the COVID-19 state of emergency and advised that maintaining a stable food supply chain is a top priority of the State. The departments identified a variety of efforts that they are taking to address the sudden market shifts and other negative impacts brought about by the COVID-19 pandemic, including creating several industry task forces, promoting the industries through campaigns and other efforts, and seeking assistance at the federal level.

Housing

The committee held two briefings on the impacts of COVID-19 on housing in the State. While the effects of job loss or work reductions brought on by the global pandemic negatively

The Honorable Bill Ferguson, Jr., Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee
December 16, 2020
Page 2

impacted homeowners, these briefings primarily dealt with the impacts of the pandemic on owners and operators of rented dwelling units and their tenants.

The committee's first housing briefing was on June 29, 2020. At this meeting, the Department of Housing and Community Development (DHCD), local government officials and representatives, advocates representing tenants, and multifamily housing industry groups provided a general overview of the rental housing market and emergency protections instituted to protect renters faced with an inability to pay rent and the potential for eviction because of the COVID-19 pandemic. In addition, the discussion included an overview of protections for landlords who were unable to pay the mortgages on their properties due to reduced rental income received from their tenants. Following the briefing and in light of the information presented, leadership for the committee offered several recommendations for further protections in a letter issued to DHCD. These recommendations included additional funding for rental assistance programs and an extension of the Governor Lawrence J. Hogan, Jr.'s executive order protections through January 31, 2021. We have included a copy of this letter with this report.

The committee's second housing briefing was on September 9, 2020. At the time this briefing was planned, federal Coronavirus Aid, Relief, and Economic Security Act protections for renters had ended, and the State courts had resumed hearing certain landlord-tenant actions. Nationally, state-level protections for renters began to expire; however, the Governor's executive order remained in effect. The purpose of this meeting was (1) to gather more information on DHCD's distribution of \$30 million for rental assistance – \$20 million for county programs and \$10 million for State-financed rental units – and (2) to provide the committee with an overview of failure to pay rent and eviction caseloads in the State during previous years and as COVID-19 protections began to expire. In addition, several local governments provided updates on their experiences operating rental assistance programs. It should be noted that the Centers for Disease Control and Prevention issued an order several days before the meeting that created an affirmative defense to evictions under certain conditions. This order will remain in effect through December 31, 2020.

Environment

Waste Reduction and Recycling

In light of the committee's continuing interest in sustainable waste management, the committee formed a workgroup to further examine, among other things, how waste collection and disposal is conducted throughout the State, as well as the possible strategies that could be implemented in the future to achieve waste reduction and recycling goals. The workgroup held three public meetings and heard from a variety of stakeholders, including representatives of State

The Honorable Bill Ferguson, Jr., Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee
December 16, 2020
Page 3

and local government, the recycling industry, the environmental community, the business community, extended producer responsibility organizations, the plastics industry, and academia.

On August 20, 2020, the workgroup held its first public meeting, which included briefings on (1) the State and local government's perspective on waste reduction and recycling in Maryland; (2) the recycling industry perspective on waste reduction and recycling in Maryland; and (3) single-use plastics.

The workgroup's second public meeting, which took place on September 10, 2020, included briefings on (1) the business community's perspective on reducing single-use plastics; (2) the environmental community's perspective on reducing single-use plastics; and (3) extended producer responsibility.

On October 8, 2020, the workgroup held its third public meeting, which included briefings on (1) plastics and recycling; and (2) composting and organics recycling.

Chesapeake Bay Restoration

For many years, the committee has held a briefing on the state of the Chesapeake Bay at the beginning of each session. With the continuation of the COVID-19 pandemic, the committee will be operating under different time constraints during the early weeks of the 2021 session. Thus, on December 3, 2020, the Environment Subcommittee held a briefing on bay-related matters. Similar to prior years, the Chesapeake Bay Foundation and the Chesapeake Bay Commission provided an update on bay restoration efforts, including (1) an overview of various health indicators relating to fisheries, habitat, and pollution; (2) an assessment of the progress that has been made by Maryland and other bay jurisdictions toward meeting nutrient pollution reduction goals; (3) an overview of how additional nutrient reductions will be achieved; (4) a summary of the challenges that lie ahead; and (5) the recommended initiatives for furthering progress in meeting bay restoration goals.

Public Ethics

The committee has subject matter jurisdiction over legislation governing the State's Public Ethics Law. Due to significant turnover in the membership of the committee, on October 29, 2020, the Land Use and Ethics Subcommittee held an informational briefing to review ethics issues and the ethics laws in the State. The briefing addressed (1) the history and responsibilities under the Public Ethics Law, presented by staff of the State Ethics Commission and the Ethics Counsel to the General Assembly; (2) the national perspective and recent trends in ethics law, presented by staff from the National Conference of State Legislatures; and (3) a critique and perspective on

The Honorable Bill Ferguson, Jr., Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee
December 16, 2020
Page 4

Maryland's Public Ethics Law, presented by a professor at the University of Baltimore School of Public and International Affairs.

Motor Vehicles and Transportation

On December 15, 2020, the Motor Vehicle and Transportation Subcommittee held a briefing to examine the future of transportation practices in Maryland. The briefing addressed (1) carbon emissions in Maryland, of which the transportation sector is the largest contributor; (2) zero emission (ZEV) electric vehicles, including progress in meeting the ZEV mandate of having 300,000 ZEVs on Maryland roads by 2025; and (3) autonomous and connected (self-driving) vehicles. The subcommittee heard testimony from numerous perspectives, including the Secretary of the Maryland Department of the Environment, the Motor Vehicle Administrator, the Maryland Transit Administrator, and representatives of the automobile and electric school bus manufacturing industries, the trucking industry, and utilities.

Virtual Farm Tour

On December 16, 2020, the committee received a virtual farm tour of several farming operations on the Eastern Shore, including a broiler operation, an organic grain operation, and an operation that produces corn, soybeans, malt barley, and sweet corn.

The Environment and Transportation Committee wishes to thank the many private citizens and public officials who participated in the committee's activities during the 2020 interim; their time and talents are greatly appreciated.

Respectfully submitted,

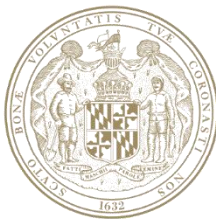


Kumar P. Barve
Chairman

KPB/TG/TPT/CCF/MJM/km

Enclosure

cc: Mr. Jake Weissmann
Ms. Alexandra M. Hughes
Ms. Victoria L. Gruber
Mr. Ryan Bishop



THE MARYLAND HOUSE OF DELEGATES
ENVIRONMENT AND TRANSPORTATION COMMITTEE

July 8, 2020

The Honorable Kenneth C. Holt
Secretary, Department of Housing and Community Development
7800 Harkins Rd.
Lanham, Maryland 20706

Dear Secretary Holt:

In our respective capacities as the Chairman and Vice Chairman of the House Environment and Transportation Committee, we would like to thank DHCD for its participation in the committee briefing held on June 29, 2020 entitled “The Effects of Covid-19 on Housing.” It was an enlightening experience and a solid first step in addressing this important issue which has affected many thousands of Marylanders.

The phrase “tsunami of evictions” was used throughout the briefing, and it serves as a poignant prospect of what may occur without immediate action by the State. Our local governments have acted swiftly to stem the tide, but they can only do so much. In the interest of partnership and given the committee’s background on these issues, we offer the following recommendations for further action by your department:

1) Work with Governor Hogan to extend the State’s Eviction Moratorium through January 31, 2021

Currently, the 120 day eviction moratorium for covered properties under the Coronavirus Aid, Relief and Economic Security (CARES) Act officially ends as of July 25, 2020. We understand that certain federal agencies have acted in a discretionary capacity to extend this moratorium until the end of August of this year. As for the State, Governor Hogan’s March 16, 2020 Executive Order prohibits Maryland courts from ordering the eviction of any tenant who can demonstrate, through objectively verifiable means, that the tenant suffered a substantial loss of income resulting from Covid-19 or the related proclamation of a state of emergency and catastrophic health emergency. This prohibition extends until the State of Emergency is lifted. The Judiciary of Maryland has also acted to phase reopening of Maryland’s courts. The effect of this means that district courts will not begin to hear “failure to pay rent” cases until August 31, 2020.

While we applaud the early action taken by the Hogan administration, the uncertainty surrounding the proliferation of this virus and the need to keep individuals housed for their health and safety suggest a longer limitation on evictions is needed. An extension until January 31, 2021 will allow time for (1) appropriate planning to prevent a flood of new eviction proceedings as a result of Covid-19; (2) recovery of the State job market, thus allowing Maryland citizens to return to work and continue to pay their rents and address any overdue rent; and (3) the General Assembly and the Hogan administration to meet and consider emergency legislation meant to address the Covid-19 crisis.

2) Work with Governor Hogan to identify additional funds for rental assistance programs beyond the \$30 million in CARES Act funds identified, and establish a plan for oversight of these funds

Again, while we recognize the actions taken by the Hogan administration to dedicate \$30 million in CARES Act funds for rental assistance and funding for certain housing providers, this amount seemingly pales in comparison to the need stated by both tenant advocates and representatives of property owners and managers. At the briefing, we heard testimony that a single large housing provider in the State has lost rent payments equal to approximately 8.7% (\$2.6 million) of this amount since March. Another large housing provider has an uncollected rent balance for May 2020 of approximately \$1.8 million, or 5.7 times its uncollected balance for the same month in 2019.

Our counties have taken the initiative to directly address the housing crisis, but many programs lack sufficient funds to address the need and will be ineffective without significant State assistance. As an example, in Phase 1 of Baltimore County's Covid-19 Eviction Prevention Program, it was estimated that \$1 million would help approximately 300 households; however, the program received 1,500 applications totaling over \$6 million in requests for assistance. Baltimore City, in its individual capacity, has committed \$13 million in CARES Act Community Development Block Grant funds to its Temporary Rental Assistance program. Finally, we heard testimony that the level of support required by nonprofit housing providers in Montgomery County between now and December is estimated at \$40 million; this figure does not account for funds to support commercial landlords who are losing rent owed to them.

We anticipate things will only get worse. As mentioned by several participants, including DHCD, the increased unemployment payments under the CARES Act and federal stimulus payments may have helped limit the number of individuals facing rental hardships during the early stages of this crisis. However, as these fall away in the coming weeks, renters impacted by Covid-19 will find themselves with even less available support and at greater risk of eviction due to nonpayment of rent.

While we are adamant that more State support is needed, we do not ask the Hogan administration to take steps that it would deem detrimental to the State budget; rather we ask that the Administration identify **all** available sources of funds which may be used to support local rental assistance programs and commit additional funds to support renters and the rental housing

The Honorable Kumar P. Barve
The Honorable Dana Stein
July 7, 2020
Page 3

industry, especially funds received pursuant to the CARES Act. We advocate for objective, fact-based decision making in light of the economic realities foisted upon us by this crisis.

The lack of firm details, transparency and accountability measures around the \$30 million in announced rental relief spending is alarming. While awarding the funds directly to large rental managers may be the most efficient method, we have significant concerns that some of those funds will not end up providing renters with relief. We cannot afford to waste a single dollar of taxpayer funding in this crisis. Please provide our committee with the plan by which it intends to administer these funds, including any application requirements, plans and conditions for their distribution and limitations which will be placed on their use. We expect this information to be made public before you begin to distribute funds. Finally, we ask that your department and the Hogan administration continue to provide updates as this response develops.

Thank you for your attention to this matter.

Yours truly,



Kumar Barve, Chairman
Environment and Transportation Committee



Dana Stein, Vice Chairman
Environment and Transportation Committee

cc: Speaker Adrienne A. Jones
Keiffer Mitchell



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

HEALTH AND GOVERNMENT OPERATIONS COMMITTEE

December 18, 2020

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

This letter responds to your request for a summary of the interim work of the House Health and Government Operations Committee. The full committee met three times during the 2020 interim, all utilizing a virtual meeting format: June 9, August 26, and November 17. At the June 9 meeting, the committee received an introduction to the Maryland Insurance Administration's new Insurance Commissioner as well as a briefing on rates, prior authorization, and telehealth, and briefings from the Health Services Cost Review Commission and Maryland Hospital Association on COVID-19 impacts on hospitals. On August 26, Health and Government Operations Committee received a briefing on COVID-19 testing in Maryland's nursing homes and assisted living facilities. On November 17, Health and Government Operations Committee was briefed on hospitals' medical debt collection and financial assistance policies and the Maryland Department of Health's (MDH) transition to Optum as the administrative services organization for behavioral health services.

In addition to the full committee briefings, committee members participated in six virtual subcommittee briefings. On September 15, members of the Public Health and Minority Health Disparities Subcommittee were briefed on racial and ethnic disparities related to COVID-19. On October 15, members of the Health Occupations and Long-Term Care and the Insurance and Pharmaceutical Subcommittees held a joint briefing on telehealth. On October 28, members of the Government Operations and Health Facilities Subcommittee received an update from the University of Maryland Medical System as well as briefings from the Public Access Ombudsman, Public Information Act Compliance Board, and Open Meetings Compliance Board. On November 12, members of the Health Occupations and Long-Term Care Subcommittee received a briefing on the impact of COVID-19 on hospice care as well as a follow up to the August 26 full committee briefing. On December 1, the Health Insurance and Pharmaceuticals Subcommittee received an update from the Maryland Health Benefit Exchange and the Maryland Prescription Drug Affordability Board. On December 10, the Government Operations and Health Facilities and

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Page 2

the Public Health and Minority Health Disparities Subcommittees held a briefing on COVID-19 vaccine distribution, MDH emergency procurement policies, and received an update from the Maryland Medical Cannabis Commission.

Health and Government Operations Committee appreciates the advice and assistance of the numerous private citizens and public officials who participated in the committee's activities during the 2020 interim. As chair, I would also like to thank the committee members and staff for their time and effort, particularly in light of the challenges faced this interim and the need to accommodate virtual meeting formats.

Sincerely,



Delegate Shane E. Pendergrass

Chair

Health and Government Operations Committee

SEP/ERH:LAR:LJS/dw

Enclosure

cc: Members, Health and Government Operations Committee
Ms. Victoria L. Gruber
Mr. Ryan Bishop
Mr. Jake Weissmann
Ms. Alexandra Hughes

House Health and Government Operations Committee

2020 Interim Report

Maryland Insurance Administration

On June 9, the Health and Government Operations Committee (HGO) received several briefings from the Maryland Insurance Administration (MIA). MIA provided the committee with a summary of the rate review process for calendar year 2021. The composite 2021 renewal rate requests were down 4.8% from last year. When considering rate requests for the individual market, MIA plans to consider key assumptions and context including COVID-19, the Maryland Reinsurance Program, increased enrollment, and United Healthcare's reentry to the individual market.

MIA also briefed HGO on telehealth and prior authorization in light of COVID-19. MIA reviewed its regulations and determined it could not make substantive changes to the telehealth regulations or require carriers to expand telehealth coverage. Nevertheless, MIA reached out to the carriers and worked with them to implement extensive voluntary accommodations. Similarly, MIA reached out to carriers to work toward a solution regarding prior authorization and other utilization review requirements and the carriers voluntarily relaxed some requirements.

COVID-19 Impact on Hospitals

The Maryland Hospital Association (MHA) described the State's plan to account for the surge in hospitalizations from COVID-19 in which 4,577 hospital beds were added. MHA also described the efforts of hospitals to acquire personal protective equipment (PPE) and additional staff, shared inpatient case data, and explained the issues faced by hospitals in accessing federal Coronavirus Aid, Relief, and Economic Security Act funding. HGO also heard from LifeBridge Health on its experience in developing and implementing policies related to COVID-19.

The Health Services Cost Review Commission (HSCRC) noted that COVID-19 caused hospitals to experience declining case volumes which caused financial hardship. HSCRC described how the Total Cost of Care Model provided some financial security to hospitals since it is based on global budget revenue. HSCRC also described its four-part COVID-19 action plan which involved aligning with federal partners to ensure access to federal relief, addressing regulatory and policy barriers, ensuring hospital financial stability through capacity expansion, volume trough, volume surge, and supporting State planning.

COVID-19 Testing in Nursing Homes and Assisted Living Facilities

On August 26, the full committee and the Senate Finance Committee were briefed on COVID-19 testing in Maryland's nursing homes and assisted living facilities. Representatives of

the long-term care provider community expressed concern regarding the MDH mandate that facilities with more than 50 beds conduct weekly COVID-19 testing of all staff and vendors, without financial assistance from the State. MDH briefed the committees on the State's implementation of federally-recommended weekly testing and other infection control strategies; provided an update on the compliance of nursing homes and assisted living programs with weekly COVID-19 testing and other MDH orders; and provided an update on federal guidance and funding. On November 12, the Health Occupations and Long-Term Care Subcommittee held a follow-up briefing on the issue with the same industry and MDH participants. MDH indicated that the intent is to help the industry in complying with guidance and not punitive, although penalties were possible. Other issues discussed included the deployment of vaccines when available, sharing of staff among nursing homes, and stockpiling PPE.

COVID-19 and Racial Disparities

On September 15, the Public Health and Minority Health Disparities Subcommittee received a briefing on COVID-19 and racial disparities from Johns Hopkins Medicine, MDH's Office of Minority Health and Health Disparities (OMHHD), and State and local public health officials. The briefing provided historical background on social and racial inequalities in health care and described the actions taken to address the racial disparities experienced in Anne Arundel County, including the establishment of an Office of Health Equity and Racial Justice, community pop-up testing, and hiring of bilingual contact tracers. The briefing also provided an update on State minority health outreach initiatives, provided racial data on COVID-19 positive test rates and death rates, and discussed the State's partnerships with local health departments. The briefing also included a discussion on OMHHD's multilingual television campaigns, collaborations with historically black colleges and universities, the production of toolkits specific to the latinx population, and the establishment of a Hispanic Outreach Task Force.

Telehealth

On October 15, the Insurance and Pharmaceuticals and the Health Occupations and Long-Term Care Subcommittees received a series of presentations on the expansion of telehealth in response to the COVID-19 pandemic. The presentations included national-level statistics indicating a dramatic rise in the use of telehealth nationwide early in the pandemic that has since leveled off, and greater use in larger organizations and certain specialties such as behavioral health. The presentations also included State statistics and a summary of key State regulatory changes enabled by executive orders from the Governor, the implementation of Chapters 15 and 16 of 2020, and waivers from the federal government.

Additionally, the briefing included a discussion on insurance reimbursement of audio-only telehealth visits. Statute requires carriers to cover all services that are within the provider's scope of practice and appropriately provided through telehealth but excludes audio-only services, email messages, or facsimile transmissions. MIA has tracked voluntary accommodations that carriers have made for telehealth coverage during the pandemic and shared statistics from five major health carriers, showing that coverage has varied for audio-only services and parity between virtual and

in-person consultations. Once the emergency has ended, legislation will be necessary to require carriers to continue voluntary accommodations. MIA also noted a need to address continuity across provider types to incentivize providers to utilize telehealth services.

University of Maryland Medical System Update

On October 28, representatives of the University of Maryland Medical System (UMMS) updated the Government Operations and Health Facilities Subcommittee on changes UMMS has implemented in its business structure and governance in response to procurement irregularities discovered in spring 2019 and the subsequent passage of Chapters 18 and 19 of 2019. UMMS representatives briefed the subcommittee on its creation of a robust corporate compliance program in adherence to the 2019 legislation. In further response to allegations regarding board members with potential conflicts of interest, the entire UMMS board was transitioned such that an entirely new board was seated by January 2020. In addition, UMMS has transitioned leadership positions and hired a corporate governance expert to make recommendations on additional policy changes. UMMS adopted a new conflict of interest policy in May 2019. Further changes outlined include the creation of a new governance and nominations committee and the hiring of a special governance counsel, who is now general counsel for UMMS. A committee of the board engaged an investigative counsel to conduct an audit of the board and make recommendations for improvement, remediation, and corrective action if necessary. This audit was completed in December 2019. In addition, an audit was conducted by the Office of Legislative Audits and a performance audit was conducted by an external accounting firm. The UMMS representatives reported that all recommendations from these audits have been implemented.

Public Information Act and Open Meetings Act

On October 28, the Government Operations and Health Facilities Subcommittee received a series of presentations relating to the Public Information Act (PIA) and Open Meetings Act. Presentations included overviews of the Public Access Ombudsman's activities, PIA Compliance Board's (PIACB) annual report and activities, and the Open Meetings Compliance Board's annual report and activities. Additionally, the presentations focused on a 2019 report jointly submitted by the Ombudsman and PIACB, the recommendations of which were largely included in a 2020 proposed legislation that is expected to be reintroduced in the 2021 session.

COVID-19 and Hospice Providers

On November 11, the Health Occupations and Long-Term Care Subcommittee heard from the executive director of the Hospice and Palliative Care Network of Maryland on the impact of COVID-19 on hospice providers. The executive director stated that hospice providers should be included in conversations related to the availability of PPE.

Hospital Medical Debt Collection and Financial Assistance Policies

On November 17, HGO held a briefing on hospital medical debt collection and financial assistance policies. The Department of Legislative Services provided an overview of the State's current law on medical debt collection and financial assistance and described laws in other states. MHA and DECO Recovery Management described the financial assistance process and how the process has been enhanced since passage of Chapter 470 of 2020. HSCRC updated the committee on the implementation of Chapter 470 and stated that HSCRC is completing financial assistance eligibility threshold modeling.

Maryland Department of Health's Transition to Optum

On January 1, 2020, MDH transitioned from Beacon to Optum Maryland as the administrative services organization (ASO) for behavioral health services. On November 17, representatives of MDH and Optum Behavioral Health briefed the committee (along with members of the House Appropriations Committee's Health and Human Resources Subcommittee) on issues regarding service authorization and payment related to the transfer of ASO services. Optum expressed frustration with the complex implementation and suggested that claims performance, including turnaround time, has improved since a relaunch in August. Continued improvement should occur as Optum ends a relationship with an external vendor. MDH is also developing a reconciliation process in collaboration with providers. Representatives for behavioral health and substance use providers discussed issues with the transition including difficulties submitting claims, receiving authorization and payment, and uncertainties regarding the reconciliation process.

Maryland Health Benefit Exchange

On December 1, the Insurance and Pharmaceuticals Subcommittee received a briefing from the Maryland Health Benefit Exchange (MHBE). MHBE described the successes of the State Reinsurance Program and explained that actual costs for the program are significantly less than projected costs which has led to a surplus in the MHBE fund. To ensure carrier accountability for funds received through the program, MHBE began collecting carrier accountability reports on October 30, 2020. The reports describe carrier activities to manage the costs and utilization of enrollees whose claims were paid through the program and to contain costs so enrollees do not exceed the program's claim threshold.

MHBE updated the subcommittee on enrollment in the individual market and Medicaid/Maryland Children's Health Program (MCHP) because of the Maryland Easy Enrollment Health Insurance Program (MEEHIP) and the impact of COVID-19. In the first year after MEEHIP's implementation, 4,015 individuals enrolled in health insurance plans, the majority of which enrolled in Medicaid/MCHP. To increase the effectiveness of the MEEHIP, MHBE is working with the Office of the Comptroller to pre-populate health insurance applications using data from state income tax returns. MHBE launched a special enrollment period from March 15 to

December 15 to respond to changing needs for health insurance as a result of the pandemic. Total enrollment through November 23 was 93,069 with 67% enrolling in Medicaid.

Prescription Drug Affordability Board

On December 1, the Prescription Drug Affordability Board updated the Insurance and Pharmaceuticals Subcommittee on the board's activities in 2020. Five individuals were appointed to the board, which held five meetings in 2020 and is scheduled to meet again on January 25, 2021. As a result of the Governor vetoing House Bill 1095 and Senate Bill 669 of 2020, the board's operating budget is provided through the Maryland Health Care Commission. The board has completed a projected five-year budget which anticipates spending levels of approximately \$1 million per year. Additionally, the board has hired a policy analyst, interviewed for an executive director, launched a website, and identified an office space.

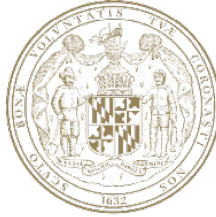
Maryland Medical Cannabis Commission Update

On December 10, the Maryland Medical Cannabis Commission (MMCC) briefed the Government Operations and Health Facilities and the Public Health and Minority Health Disparities Subcommittees on its annual report. An independent investigation into possible wrongdoing in the awarding of licenses in 2019 found no evidence of undue influence or bias. MMCC also implemented initiatives to diversify the population of license holders. Of the 11 business licenses MMCC awarded in October, 5 of the businesses have majority women ownership, 9 have majority African American or Black ownership, and all 11 have majority disadvantaged ownership. In 2020, the General Assembly passed legislation to make medical cannabis more accessible by expanding the pool of eligible authorized providers to include physician assistants, removing barriers that complicated treating minors in schools; and establishing a compassionate use fund for Medicaid and Veterans Affairs Healthcare System enrollees. In 2020, MMCC added 333 new providers to its program and now serves over 120,000 patients in the State.

Oversight of the Maryland Department of Health COVID-19 Response

On December 10, the Government Operations and Health Facilities and the Public Health and Minority Health Disparities Subcommittees received briefings on the procurement challenges experienced because of COVID-19 and the anticipated challenges of administering a COVID-19 vaccine. MDH discussed the procurement rules followed by MDH and the Department of General Services to obtain PPE, medical equipment, and COVID-19 tests and discussed the adjustments MDH made after the initial procurement surge.

In preparation for administering COVID-19 vaccines in Maryland, MDH has procured extra logistical resources and continues to consider ethical and logistical questions in prioritizing vaccine availability for certain groups. The briefings also included presentations on the experiences of local health departments and a hyper-local outreach approach to connect with minority populations who historically suffer from health disparities and currently are experiencing disproportionate harm from the pandemic.



THE MARYLAND HOUSE OF DELEGATES
JUDICIARY COMMITTEE

December 16, 2020

The Honorable Bill Ferguson, Co-chair
The Honorable Adrienne A. Jones, Co-chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The House Judiciary Committee respectfully submits this summary report of its activities during the 2020 interim.

COVID–19 Response of Department of Juvenile Services

In response to concerns about COVID–19 outbreaks in juvenile youth centers, the committee held a virtual briefing by the Department of Juvenile Services (DJS) on April 27. The presentation outlined DJS’s approach to mitigating the effects of the virus on youth in its facilities, which included reducing the number of youth at intake as well as significantly reducing its detained youth population. In addition, DJS discussed its health and safety protocols, including social distancing and testing, for youth remaining in its facilities.

COVID–19 Response of Department of Public Safety and Correctional Services

Throughout the interim, the committee was concerned about how the Department of Public Safety and Correctional Services (DPSCS) was responding to the COVID–19 pandemic in terms of providing for the health and safety of the people in its custody and its employees. In addition to written communications with DPSCS, the committee held two virtual briefings on this issue. At the first briefing on May 7, Secretary of Public Safety and Correctional Services Robert Green testified regarding the status of COVID–19 transmissions within DPSCS facilities and the department’s efforts to protect and provide for the wellbeing of inmates/detainees and employees, including halting outside visitation, social distancing, personal protective equipment use, and increased use of release options. In addition, a representative from the American Federation of State, County, and Municipal Employees testified expressing employee concerns about working conditions. At the second briefing on November 20, Secretary Green and other State officials

provided an update on the impact of the pandemic on DPSCS facilities and responsive actions taken by the department and the Maryland Department of Health.

Impact of COVID–19 on the Judicial System

In order to learn more about the state of the judicial system during the COVID–19 pandemic, the committee held a virtual briefing on May 28. The Maryland Judiciary, Maryland State Bar Association, Maryland State’s Attorney’s Association, and the Office of the Public Defender participated in the briefing. The presentation by the Maryland Judiciary discussed both the impact of the pandemic on the judicial system and the actions taken by the Judiciary in response, which included providing for remote electronic participation in hearings, the temporary suspension of jury trials, and the Judiciary’s phased reopening plan. The other participants in the briefing provided recommendations on how the Judiciary might mitigate the effects of the pandemic on the judicial system and discussed concerns related to their particular office or association.

Reopening of the Judiciary and COVID-19 Access to Justice Task Force Strategies and Solutions

In response to the Maryland Judiciary’s announcement to resume jury trials on October 5, the committee invited the Maryland Judiciary to a virtual briefing on September 22. The Judiciary discussed the health and safety protocols being undertaken in each county to protect jurors, litigants, and staff in the resumption of jury trials. The second part of the briefing included a presentation by Attorney General Brian Frosh on his COVID–19 Access to Justice Task Force. The Attorney General discussed the task force’s letters to Governor Hogan requesting additional CARES Act funding for rental assistance and other social services programs. In addition, he also discussed the task force’s request to expand the State’s rental relief and eviction prevention funding and to maintain the moratorium on evictions and foreclosures until January 2021.

Workgroup to Study Child Custody Proceedings Involving Child Abuse or Domestic Violence Allegations

On December 7, the committee held a virtual briefing on the recommendations contained in the final report of the Workgroup to Study Child Custody Proceedings Involving Child Abuse or Domestic Violence Allegations, which was established by Chapter 52 of 2019. The workgroup was tasked with studying State child custody court processes involving child abuse or domestic violence allegations. In its final report, the workgroup proposed multiple legislative recommendations, including: (1) codifying in statute the “best interest of the child” factors used by judges in making custody determinations; (2) establishing a rebuttable presumption that awarding custody to a perpetrator of domestic violence is not in the best interest of the child; (3) requiring ongoing training, as specified, for judges presiding over child custody matters; and (4) establishing credentialing and training requirements for child custody evaluators.

The Honorable Bill Ferguson, Co-chair
The Honorable Adrienne A. Jones, Co-chair
Members of the Legislative Policy Committee
December 16, 2020
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Mental Health and Law Enforcement

In order to learn about the related topics of good mental health and fitness for duty on the part of law enforcement officers and the readiness and ability of law enforcement officers to deal with citizens with mental health issues, the committee has scheduled a virtual briefing on mental health and law enforcement for December 18. Witnesses will include national experts on police psychology, representatives of local crisis response teams, behavioral health system officials, and a community advocate.

House Workgroup to Address Police Reform and Accountability in Maryland

The Committee also monitored and participated in the activities of the House Workgroup to Address Police Reform and Accountability in Maryland, on which several members of the committee were appointed to serve. The workgroup held eight public meetings during the summer and fall and issued a report with recommendations on December 1, 2020.

Juvenile Justice Reform Council

The Juvenile Justice Reform Council was established by Chapters 252 and 253 of 2019 and is charged with developing a statewide framework of policies to invest in strategies to increase public safety and reduce recidivism of youth offenders. The committee plans to hold a virtual briefing on January 6, 2021, on the findings and recommendations of the council.

The House Judiciary Committee had a productive interim and we look forward to applying what we have learned during our interim activities to our consideration of bills introduced in the upcoming legislative session.

Sincerely,



Delegate Luke Clippinger
Chair

LHC/CER/al

cc: Mr. Jake Weissmann
Ms. Alexandra Hughes
Ms. Victoria L. Gruber
Mr. Ryan Bishop



THE MARYLAND HOUSE OF DELEGATES
WAYS AND MEANS COMMITTEE

December 16, 2020

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The House Ways and Means Committee respectfully submits its report of activities for the 2020 interim. The committee had an especially productive interim that included multiple virtual briefings that will inform the committee's legislative work during the 2021 session of the General Assembly and in future years. A summary of the committee's activities is listed below.

Full Committee

On May 13, 2020, the committee met jointly with the Senate Education, Health, and Environmental Affairs Committee to be briefed by the State Board of Elections on preparations for the statewide primary election on June 2, 2020. Due to the COVID-19 pandemic, the election was held predominantly by mail.

On May 28, 2020, the committee met jointly with the House Appropriations Committee for a fiscal briefing from the Bureau of Revenue Estimates.

On June 11, 2020, the committee met jointly with the House Appropriations Committee for a briefing from the Maryland State Department of Education (MSDE) and other local and State education stakeholders on how COVID-19 was affecting the education system and how schools would work to reopen in the fall.

On June 16, 2020, the committee met jointly with the Senate Education, Health, and Environmental Affairs Committee to be briefed by the State Board of Elections on the conduct of the June 2, 2020 primary election and how problems encountered in the primary election could be remedied. The committee wrote to the State Board on June 29, 2020, to raise additional questions and issues concerning preparations for the general election and potential improvements to the election process. The State Board replied to this letter on July 17, 2020.

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On July 28, 2020, the committee received a briefing by the State Lottery and Gaming Control Agency and representatives of the gaming industry on the impact of the pandemic on the lottery and gaming industries.

On September 2, 2020, the committee met jointly with the House Appropriations Subcommittee on Education and Economic Development for a briefing by the Department of Commerce on the department's pandemic assistance programs.

Finally, on October 27, 2020, the committee met jointly with the Senate Budget and Taxation Committee, the House Appropriations Committee, and the Spending Affordability Committee for a fiscal briefing from the Department of Legislative Services (DLS).

Subcommittee Work

Early Childhood Subcommittee

The Early Childhood Subcommittee was formed in the 2020 session to focus on issues surrounding early childhood education and students with disabilities. During the 2020 interim, the subcommittee focused on how these groups were affected by the COVID-19 pandemic. On June 22, 2020, the subcommittee met jointly with the House Appropriations Subcommittee on Education and Economic Development and the Senate Budget and Taxation Subcommittee on Education, Business, and Administration to receive a briefing on the impact of COVID-19 on child care from MSDE and the Maryland Family Network. On September 11, 2020, the subcommittee met jointly with the Education Subcommittee to receive a briefing from MSDE and other stakeholders on remote learning for students with disabilities.

Education Subcommittee

During the 2020 interim, the Education Subcommittee focused largely on how the COVID-19 pandemic was affecting education in the State. In addition to the joint meeting with the Early Childhood Subcommittee referenced above, the subcommittee held two other briefings during the 2020 interim. On August 6, 2020, the subcommittee received a briefing from MSDE, the Maryland Longitudinal Data Systems Center, and an advocacy organization about equity and discipline in education. On November 19, 2020, the subcommittee held a briefing on education and teaching through virtual education from a variety of stakeholders and members of the public.

Local Revenues Subcommittee

On October 8, 2020, the Local Revenues Subcommittee held a briefing on property tax sales during the pandemic. The briefing included presentations by DLS, the State Tax Sale Ombudsman, the Maryland Association of Counties, the Baltimore City Administration, and advocates for homeowners in tax sale. The briefing covered general information on the tax sale

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process and data on tax sales in the State, the activities and plans of the newly established Office of the Tax Sale Ombudsman, delays and modifications to the tax sale process due to the pandemic, the impact of tax sales on vulnerable populations, and ideas for tax sale reform.

Revenues Subcommittee

During the 2020 session, the committee considered multiple pieces of legislation concerning the reform of existing tax credit programs; the Revenues Subcommittee continued the study of these matters during the 2020 interim. On November 6, 2020, the subcommittee met for a briefing by DLS on the State's tax credit evaluation procedures and by the Pew Charitable Trusts on best practices for conducting tax incentive evaluations. On December 3, 2020, the subcommittee met for a briefing by DLS, the Department of Commerce, and representatives of institutions of higher education regarding the tax credit evaluation of the Regional Institution Strategic Enterprise Zone Program. These briefings will help inform the committee's continued deliberations on tax credit reforms.

The committee would like to extend its gratitude to the State and local officials as well as other private and public individuals who contributed their time, effort, knowledge, and talent during the 2020 interim to inform and advise the committee on issues of interest to the committee. The committee would also like to thank DLS and the committee staff for their continued support.

Respectfully submitted,



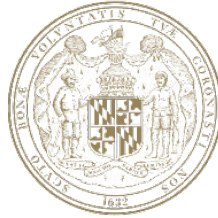
Anne R. Kaiser
Chair

cc: Ms. Victoria Gruber
Mr. Ryan Bishop
Ms. Alexandra Hughes
Mr. Jake Weissmann

Statutory and Special Joint Committees

The following committees did not meet during the 2020 interim:

- Joint Committee on Behavioral Health and Opioid Use Disorders;
- Joint Committee on Gaming Oversight;
- Joint Committee on Legislative Information Technology and Open Government; and
- Workers' Compensation Benefit and Insurance Oversight Committee.



MARYLAND GENERAL ASSEMBLY
JOINT COMMITTEE ON ADMINISTRATIVE, EXECUTIVE, AND LEGISLATIVE REVIEW

December 15, 2020

The Honorable Bill Ferguson, Co-chair
The Honorable Adrienne A. Jones, Co-chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The following report of the Joint Committee on Administrative, Executive, and Legislative Review (AELR) for 2020 is submitted in accordance with § 2-506(b) of the State Government Article.

Functions of the Committee

The committee has several statutory review functions relating to the activities of the Executive Branch. The committee's primary role is to review regulations issued by State administrative agencies. The specific statutory functions of the committee are as follows:

- review of all regulations proposed by State executive agencies before publication of the regulations in the *Maryland Register*;
- review and approval of all requests from State executive agencies for the immediate adoption, through the emergency process, of proposed regulations;
- discretionary review of the operations of any executive agency;
- discretionary inquiry into any alleged failure of an officer or employee of any branch of State government to comply with the laws of the State;
- review and approval of any executive order promulgated by the Governor pursuant to the Governor's emergency energy powers under Title 14, Subtitle 3 of the Public Safety Article;
- review of executive agency "work plans" and "evaluation reports" submitted in the course of an agency's cyclical review of its existing regulations under the Regulatory Review and Evaluation Act, as implemented by Executive Order 01.01.2003.20;

The Honorable Bill Ferguson, Co-chair
The Honorable Adrienne A. Jones, Co-chair
Members of the Legislative Policy Committee
December 15, 2020
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- ongoing supervisory responsibilities under the “State Documents Law” relating to the publication of the *Maryland Register* and the *Code of Maryland Regulations* (COMAR) and;
- other specific review responsibilities established by statute.

Statistical Overview

As of December 11, 2020, the committee had received 33 regulations submitted by executive agencies in 2020 for emergency approval and 157 regulations proposed for adoption within normal timeframes, for an overall total of 190 regulations. In 2019, the committee received 10 emergency regulations and 286 proposed regulations for a total of 296 regulations. The overall number of regulations was significantly lower in 2020, but the number of emergency regulations was also much higher than 2019, largely due to the COVID-19 pandemic and the State’s emergency response.

The committee has compiled statistics since 1993 on the number of regulations received from each agency. Although the Maryland Department of Health (MDH) has historically been the most prolific agency in submitting regulations to the committee, in 2020, the Department of Natural Resources (DNR) submitted the most regulations. In 2020, DNR submitted 31 regulations to the committee, of which one was an emergency regulation and 30 were proposed regulations. The regulations submitted by DNR constituted approximately 16% of the total number of regulations the committee received for the year.

The Department of Labor, which submitted 17 proposed regulations and 6 emergency regulations, for a total of 23 regulations, was the second most prolific source of regulations. The State Board of Elections (SBE) was the third highest source of regulations, and the highest source of emergency regulations, submitting 14 emergency regulations and 3 proposed regulations for a total of 17 regulations. MDH was the fourth highest source of regulations in 2020, and submitted 16 proposed regulations. Other agencies submitting significant numbers of regulations were the Maryland Department of Transportation (12 proposed regulations and 1 emergency regulation), the Department of Education (1 emergency regulation and 10 proposed regulations), and the Department of the Environment (8 proposed regulations).

Major Regulatory Issues of 2020 – State Board of Elections Emergency Regulations

In 2020, the AELR committee did not hold public hearings on any agency submissions concerning emergency or proposed regulations as none were requested.

The AELR committee approved the emergency status of 12 sets of regulations submitted by SBE related to changes in election processes for the special general election for the 7th Congressional district, and the presidential primary and general elections due to the COVID-19 pandemic. Several of the changes that were specific to the special general election and the primary election were subsequently resubmitted for the general election. The regulations mainly related to the logistics of voting during the pandemic, including maintaining social distancing and the potential of a reduced number of election personnel.

Concerning the special general election for the 7th Congressional District and the presidential primary election, the regulations:

- authorized same day registration and address changes during the early voting period before the special general election in the 7th Congressional District (DLS Control No. 20-003);
- repealed the requirement that SBE, before the close of registration for each election, send a certain pre-election mailing to each pre-qualified voter for the primary and special general election (DLS Control No. 20-028);
- repealed a requirement that the local election directors conduct a voting center evaluation program for voting centers established for a special election conducted by mail (DLS Control No. 20-037);
- (1) reduced the number of individuals who must be physically present in the same room during the canvass of absentee votes for an election; and (2) specified that, with a certain exception, all laws, regulations, and procedures that apply to voting during early voting and on election day apply to voting at a voting center on election day (DLS Control No. 20-038);
- (1) required that for the special general election and the primary election, a local election director must stamp an absentee ballot return envelope with the date it was received only if the local board received the return envelope on the day before the election or any day thereafter; and (2) required the election director to store all ballot return envelopes in a container labeled with the date the ballots were received (DLS Control No. 20-043); and

- (1) repealed the requirement for local election directors to conduct a polling place evaluation program; (2) repealed provisions establishing procedures for handling absentee ballots returned at early voting centers and election day polling places; and (3) allowed voters to return a voted ballot at a ballot drop off container outside locations designated by the local board of elections (DLS Control No. 20-048).

Concerning the presidential general election, the regulations:

- modified the timeframe for the pre-election mailing for the general election (DLS Control No. 20-089);
- (1) reduced the number of individuals who must be physically present in the same room during the canvass of absentee votes for an election; (2) specified that, with a certain exception, all laws, regulations, and procedures that apply to voting during early voting and on election day apply to voting at a voting center on election day; and (3) altered provisions relating to election judge training (DLS Control No. 20-096);
- (1) altered the date by which the State Administrator of Elections may allow a local board of elections to establish or change an early voting center; and (2) established a deadline by which SBE is required to vote on the establishment or change (DLS Control No. 20-099);
- (1) waived a requirement that a mail-in ballot application be date stamped under certain circumstances, allowed certain tasks related to processing mail-in ballots to be performed by a single individual instead of a bipartisan team under certain circumstances; (2) allowed the canvass of mail-in votes to begin on October 1, 2020; and (3) provided that when a mail-in ballot and a provisional ballot are both received from the same voter, the provisional ballot is rejected (DLS Control No. 20-103);
- altered the precincts selected by a local board for the purposes of post-election verification and auditing (DLS Control No. 20-111); and
- removed the requirement that a local board of elections ensure that absentee ballots are not received at an early voting center (DLS Control No. 20-128).

Due to the large number of emergency regulations received in anticipation of the general election, on October 2, 2020, the committee held a briefing to give an overview of all emergency regulations relating to the general election. The overview was presented by SBE and included a description of each of the regulations.

The Honorable Bill Ferguson, Co-chair
The Honorable Adrienne A. Jones, Co-chair
Members of the Legislative Policy Committee
December 15, 2020
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Supervisory Responsibilities under the State Documents Law

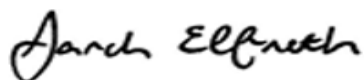
As part of its supervisory responsibilities under the “State Documents Law” (Title 7, Subtitle 2 of the State Government Article), the committee continued to monitor significant developments concerning publications of the Division of State Documents (DSD), a unit within the Office of the Secretary of State. DSD publishes the *Maryland Register* and COMAR.

Existing Agency Operations and Regulations

Under § 2-506(b) of the State Government Article, the committee is required to comment on any legislative action that is needed to change or reverse a regulation of a unit of the Executive Branch. The committee has been satisfied with the continued cooperation it receives from the Executive Branch and is pleased to report that no recommendations for change are required at this time.

The committee wishes to note its appreciation for the continued cooperation of the Executive Branch and its various agencies in making the process of legislative review of regulations successful.

Sincerely,



Senator Sarah H. Elfreth
Senate Chair (Presiding)



Delegate Samuel I. Rosenberg
House Chair

SHE:SIR/KPK:JJJ;GC/cr

cc: Mr. Jake Weissmann
Ms. Alexandra Hughes
Ms. Victoria Gruber
Mr. Ryan Bishop



THE MARYLAND GENERAL
ASSEMBLY
ANNAPOLIS, MARYLAND 21401-1991

JOINT AUDIT AND EVALUATION COMMITTEE

December 21, 2020

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Audit and Evaluation Committee respectfully submits the report of its activities during the 2020 interim. The joint committee's work covered the following principal areas of activity.

Review of Selected Legislative Audits and Program Evaluations

The joint committee met on October 20 and December 8 to review several legislative audits conducted by the Office of Legislative Audits (OLA) covering the period from December 1, 2019, to November 30, 2020. The joint committee reviewed the audits listed below:

- Maryland Department of Health (MDH) – Pharmacy Services;
- MDH – Efforts to Identify and Analyze Improper Medicaid Payments;
- Maryland Department of Transportation – Motor Vehicle Administration; and
- State Department of Assessments and Taxation (SDAT).

The joint committee also issued letters of concern in response to several audit reports based on the nature and significance of the findings and/or the agency's disagreement with the findings. Letters of concern typically request that agencies review the audit report, ascertain whether the recommendations have been or will be promptly implemented and that an ongoing monitoring process exists, and provide a status report to the committee. The letters of concern issued by the joint committee are listed below:

- Board of Liquor License Commissioners for Baltimore City (report dated May 2020);

- Department of Information Technology (report dated May 2020);
- Maryland Public Broadcasting Commission (report dated June 2020);
- Comptroller of Maryland – Information Technology Division (report dated July 2020); and
- Frostburg State University (report dated August 2020).

For the first time, the joint committee also reviewed a (scoping) performance evaluation at the October 20 meeting, conducted by the recently established Office of Program Evaluation and Government Accountability:

- Department of Public Safety and Correctional Services – Division of Parole and Probation.

Review of Fraud Investigation Unit Operations and Fraud Activity

At the December 8 meeting, OLA also provided the joint committee with an update on its Fraud Investigation Unit operations, including performance of the statewide fraud hotline. In calendar 2019, the hotline received 423 calls. OLA also provided an update on hotline-related findings as to the following units:

- MDH – Spring Grove Hospital Center (report dated April 2020 – allegations regarding questionable procurement activity);
- Department of Housing and Community Development (DHCD) (report dated July 2020 – allegation related to possible violations of State laws, regulations, and policies by DHCD involving the use of contracts); and
- SDAT (report dated November 2020 – allegation related to improper reduction of tax credits).

OLA has referred the matters relating to the Spring Grove Hospital Center to the Criminal Division of the Office of the Attorney General.

OLA Follow-up Processes for Repeat Audit Findings

Agencies with five or more repeat audit findings are required by law to provide status reports to OLA on corrective actions taken on all findings within nine months of the related audit reports and, thereafter, quarterly status reports until satisfactory progress has been made on all findings or the next audit begins. Review of the follow-up audit process from calendar 2006 through 2020 at the December 8 meeting showed a general improvement in the number of repeat findings over time. From 2006 to October 2010, 38 audit reports involving 28 agencies had five or more repeat audit findings. In contrast, from October 2010 through December 2016, only 4 audit reports had five or more repeat findings. More recent activity is as follows:

- During calendar 2017 through 2019, 6 audit reports had five or more repeat findings.
- During calendar 2020, as of November 2020, no audit reports issued had five or more repeat findings.

Budget Actions on Repeat Audit Findings

Since 2013, the *Joint Chairmen's Report* (JCR) has annually included budget bill language restricting appropriations for agencies with four or more repeat audit findings until corrective action has been taken on those repeat findings. This process is not mutually exclusive from the statutory follow-up process described above. In 2020, the JCR included fund restrictions for two agencies with four or more repeat audit findings. In November 2020, OLA sent letters to the two agencies reminding them of the need to submit the required reports. As of December, OLA had received a required report from one of the two agencies. The restricted funds have not yet been released.

The 2020 JCR also included fund restrictions for three agencies with repeat findings on the failure to safeguard personally identifiable information (PII) in audit reports issued in 2019. A portion of the administrative appropriations for fiscal 2021 has been withheld from these agencies until (1) they meet with the State Chief Information Security Office (SCISO) to identify a path to resolve the findings; (2) SCISO submits a report to OLA by February 1, 2021, addressing corrective actions taken to protect PII, a path and timeline for resolving any outstanding issues, and any ongoing costs associated with corrective actions; and (3) OLA reviews the actions identified and determines that they demonstrate the agencies' commitment to correct each repeat finding. OLA will report its results to the budget committees and the joint committee by May 1, 2021. As of December 2020, OLA has not yet received SCISO's report.

The joint committee extends its appreciation for the assistance and information provided by State and local officials, private citizens, and the staff of the Department of Legislative Services during the 2020 interim.



Senator Clarence K. Lam
Senate Chair

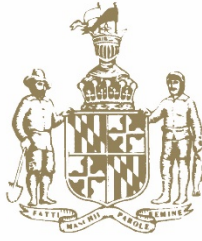
Respectfully submitted,



Delegate Carol L. Krimm
House Chair

CKL:CLK/SMR:EJA/dw

- cc: Members of the Joint Audit and Evaluation Committee
Mr. Jake Weissmann
Ms. Alexandra Hughes
Mr. Gregory A. Hook
Mr. Michael Powell
Ms. Victoria L. Gruber
Mr. Ryan Bishop



THE MARYLAND GENERAL ASSEMBLY
ANNAPOLIS, MARYLAND 21401-1991

Joint Committee on the Chesapeake and Atlantic Coastal Bays Critical Area

December 15, 2020

The Honorable Bill Ferguson, Co-chair
The Honorable Adrienne A. Jones, Co-chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Committee on the Chesapeake and Atlantic Coastal Bays Critical Area (joint committee) respectfully submits the following summary of its 2020 interim activities.

During recent interims, the joint committee has monitored the implementation of Chapter 119 of 2008 (Chesapeake and Atlantic Coastal Bays Critical Area Protection Program – Administrative and Enforcement Provisions), which enacted specific recommendations that resulted from a 2007 comprehensive review of the critical area law. During the 2020 interim, the joint committee continued to monitor the ongoing implementation of this legislation and the corresponding regulations to ensure compliance with legislative intent and to determine if any further legislation is necessary.

In addition, on November 19, 2020, the joint committee held a virtual briefing on matters related to the critical area. The briefing was presented by (1) the Critical Area Commission for the Chesapeake and Atlantic Coastal Bays (commission), which addressed mapping, coastal erosion, the adoption of regulations governing solar farms and water dependent facilities, and enforcement related to tree cutting and clearing; (2) the Chesapeake Bay Commission, which addressed similar legislative or regulatory efforts in Virginia and Pennsylvania; and (3) the Department of Legislative Services (DLS), which discussed uses of Comprehensive Flood Management Program funding.

The joint committee and the commission also began preliminary planning for a site visit at some point during the 2021 interim. We will continue to forward you the dates and locations of any future meetings and site visits as soon as they are scheduled.

The Honorable Bill Ferguson, Co-chair
The Honorable Adrienne A. Jones, Co-chair
Members of the Legislative Policy Committee
December 15, 2020
Page 2

The joint committee greatly appreciates the assistance of the commission and its staff, the Chesapeake Bay Commission, DLS, the Department of Natural Resources, the Office of the Attorney General, local programs, and other public officials who participated in the activities of the joint committee during the 2020 interim.

Respectfully submitted,

Delegate Dana Stein
Presiding Chair

Senator Sarah K. Elfleth
Senate Chair

DS:SKE/TPT/mlm

cc: Yaakov E. (Jake) Weissmann
Alexandra M. Hughes
Victoria L. Gruber
Ryan Bishop



THE MARYLAND GENERAL ASSEMBLY
ANNAPOLIS, MARYLAND 21401-1991

JOINT COMMITTEE ON CHILDREN, YOUTH, AND FAMILIES

December 18, 2020

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Committee on Children, Youth, and Families respectfully submits the following summary of its 2020 interim activities. The joint committee met three times during the interim to learn about programs that serve children, youth, and families and may be relevant throughout an individual's lifespan.

On September 10, 2020, the joint committee heard presentations related to services for children and families through the Children and Youth Division (CYD) under the Governor's Office of Crime Prevention, Youth, and Victim Services (GOCPYVS), Local Management Boards (LMB), local care teams, and youth service bureaus. Each panel provided a brief overview of the programs and activities they administer and, in some cases, how the programs moved to a virtual system or were expanded to respond to the COVID-19 pandemic. For example, CYD (formerly the Governor's Office for Children) described how the division administers funds to LMBs and works with other divisions in GOCPYVS on children's issues. CYD also described the effect of transferring the Governor's Office for Children into GOCPYVS. Speakers representing LMBs and youth service bureaus emphasized the need to fund children's services following a 10% reduction to the fiscal 2021 LMB allocation approved by the Board of Public Works (BPW) on July 1, 2020.

The joint committee's meeting on October 8, 2020, covered issues related to long-term care services in the State. AARP presented to the joint committee on the 2020 Long-Term Services and Supports State Scorecard, including the areas where Maryland scored highly and areas where the State should focus to improve its performance. Representatives from the Alzheimer's Association and Lifespan Network discussed new challenges that the COVID-19 pandemic has caused for seniors in long-term care facilities and proposed recommendations for how the State can support this population. The Maryland Department of Health (MDH) Developmental Disabilities Administration briefed the joint committee on how the agency has provided guidance to community service providers and adapted its programs during the pandemic. The Maryland

Association of Community Services and Arc Northern Chesapeake Region also updated the joint committee on personnel, operational, and funding challenges throughout the pandemic and offered recommendations for ways that the State could support people with developmental disabilities.

At its November 5, 2020 meeting, the joint committee heard presentations on child care access and affordability. Representatives from the Maryland State Department of Education briefed the joint committee on the department's response to the COVID-19 pandemic and the assistance it has provided and continues to provide to families and child care providers. The presentation included an update on financial assistance provided to families through the Child Care Scholarship (CCS) Program. The Maryland State Childcare Association, two child care providers, and the Maryland Family Network shared their perspectives on the state of child care, focusing on the effect of the pandemic and how it may affect future child care. The panel discussed the costs and challenges of following COVID-19 guidance, concerns regarding enrollment and staffing during the pandemic, and resources for school-age children who are learning virtually. Maryland Family Network reiterated that enrollment in child care is low because parents are uneasy about sending children for in-person care but noted that a recent study found that child care is relatively lower risk for COVID-19 transmission.

After reviewing the various presentations given during the 2020 interim, the joint committee makes the following recommendations, approved by a majority of its members.

Children's Services

- The State should increase funding or seek alternative funding opportunities for LMBs and youth service bureaus, especially considering the 10% reduction made by BPW to LMB grants in the Children's Cabinet Interagency Fund.

Long-term Care

The State should take the following actions to improve and support long-term care services in Maryland:

- develop a COVID-19 testing protocol for residents, staff, and visitors at long-term care facilities and improve active COVID-19 case reporting through the MDH COVID-19 dashboard;
- reject any proposed reduction to the mandated Medicaid and community services provider rate increase;

- support initiatives to expand and strengthen the long-term care workforce, including through online training, by retraining workers in the health care industry who are in need of employment to work in the area of long-term care, and by continuing to work with the Maryland Chamber of Commerce through its Employment Advancement Right Now Program;
- support efforts by long-term care providers to improve visitation and quality of life for residents, especially during the pandemic when steps taken to prevent the spread of the disease may inadvertently lead to isolation; and
- adjust the balance of long-term services and supports toward increased home- and community-based services and improve access to self-direction in the State.

Child Care

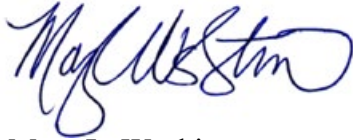
The State should take the following actions to improve and support child care in Maryland:

- continue to increase its investment in child care assistance, such as the CCS Program and the Child and Dependent Tax Credit, and support child care providers, which are important to the State's economy as they continue to operate under and recover from the effects of the COVID-19 pandemic;
- provide access to rapid COVID-19 testing to child care providers and children in care to ensure that potential COVID-19 cases are identified and, in instances where a child or staff member does not have COVID-19, allow a provider to quickly return to providing care;
- expand scholarships for school-age children through the CCS Program or another funding mechanism to assist families in paying for care during the school day while K-12 schools are closed or operating under a hybrid system;
- prioritize support for the child care workforce and acknowledge their role as essential workers; and
- collaborate with child care providers, families, and other stakeholders in determining the State's child care reopening process and actively meet with the Road to Recovery for Maryland's Children Workgroup throughout the State of Emergency.

December 18, 2020
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The Joint Committee on Children, Youth, and Families wishes to thank those individuals who contributed their time and expertise to inform and advise the committee's work.

Sincerely,



Mary L. Washington
Senate Chair



Ariana B. Kelly
House Chair

MLW:ABK/APW:EMEW/kkh

cc: Members, Joint Committee on Children, Youth, and Families
Ms. Victoria L. Gruber
Mr. Ryan Bishop
Ms. Alexandra Hughes
Mr. Jake Weissmann



THE MARYLAND GENERAL
ASSEMBLY
ANNAPOLIS, MARYLAND 21401-1991

JOINT COMMITTEE ON CYBERSECURITY, INFORMATION TECHNOLOGY, AND BIOTECHNOLOGY

January 6, 2021

The Honorable Bill Ferguson, Co-chair
The Honorable Adrienne A. Jones, Co-chair
Members of the Legislative Policy Committee

Members of the Committee:

The Joint Committee on Cybersecurity, Information Technology (IT), and Biotechnology respectfully submits this summary report of its 2020 interim activities. The joint committee held three meetings during the 2020 interim primarily focused on cybersecurity and government information technology modernization.

At the first meeting on July 14, the joint committee heard from the following speakers.

- The National Association of State Chief Information Officers (NASCIO) discussed issues related to keeping IT systems safe during the COVID-19 pandemic (particularly with remote work) and the problem many states are facing with legacy systems and corresponding technical debt. NASCIO advised that many states are moving away from owning IT systems and moving towards procuring hardware as a service (such as buying server space through the Cloud) and software as a service (SaaS).
- The Maryland Department of Labor (MDL) discussed the emergency it faced as the COVID-19 pandemic began in the middle of the implementation of the BEACON-One Stop application system, and the actions it took to ensure that Maryland citizens received timely unemployment insurance payments. MDL acknowledged that there were still issues to address and assured the joint committee that it was working to resolve them.
- Representatives from two private sector companies, NTT DATA and Edwards Performance Solutions, discussed IT modernization strategies that could be implemented by the State and related best practices. Both emphasized the importance of planning and communicating with staff, clients, and the general public as upgrades, improvements, and changes are made.

- The Department of Information Technology (DoIT) discussed its response to the COVID-19 pandemic and its activities related to updating the State’s aging and legacy IT systems. DoIT emphasized that the State is moving toward cloud services, such as the SaaS model, to update the State’s aging IT infrastructure.
- The Maryland Department of Human Services (DHS) discussed the success of the MDThink cloud-based platform that allows multiple State agencies to share and manage data in a secure manner.

At the second meeting on October 28, the joint committee heard from the Cybersecurity and Infrastructure Security Agency (CISA) and DoIT.

- CISA described the various assessments they offer at no charge to State and local governments. Broadly, the assessments are designed to evaluate an entity’s cybersecurity strengths and weaknesses. CISA reports that it has conducted evaluations for many other states, local governments, and private critical infrastructure systems. After the evaluation is concluded, CISA offers suggestions for improvement and will assist the entity in addressing any problems and issues discovered, if the entity requests it.
- DoIT briefly discussed its updated Statewide Information Technology (IT) Master Plan and, at the request of the joint committee, agreed to work with CISA to use some of its services and evaluations to assess State agencies.
- The joint committee also briefly discussed ideas for cybersecurity and information technology legislation for the upcoming 2021 legislative session.

At its final meeting on December 11, the joint committee discussed and voted on committee sponsored legislation for the upcoming 2021 legislative session based on the lessons learned and information provided at the first two meetings. The joint committee voted to either sponsor or support eight pieces of legislation pertaining primarily to cybersecurity, IT modernization, and/or broadband, including:

- cybersecurity training for State and local government employees;
- the reporting of digital education vendors and tools used by local school systems to the Maryland State Department of Education;
- the establishment of a Cybersecurity Coordination and Operations Office within the Maryland Emergency Management Agency;
- the development and implementation of a cyber safety guide and training course to be used in public schools to teach students, parents, and school employees about cybersecurity best practices and responsible and safe Internet use;

- the reporting, by DoIT, of State agency vacant IT positions, IT budgets, cybersecurity and modernization initiatives, and modernization plans;
- the right of consumers to repair the electronic products they own without engaging the original manufacturer;
- the establishment of the Office of Digital Inclusion to, among other things, increase access and connection to broadband Internet services throughout the State; and
- establishing a “dig once” law that allows the placing of broadband conduits when land is excavated for other purposes and establishing a digital inclusion fund to support less financially viable broadband projects.

Please contact us or the joint committee staff, Richard Duncan, Erika Schissler, and Donavan Ham, if you have any questions concerning the joint committee’s activities.

Respectfully submitted,



Katie Fry Hester
Senate Chair



Michael A. Jackson
House Chair

KFH:MAJ/RLD/ma

cc: Ms. Victoria L. Gruber
Mr. Ryan Bishop
Ms. Alexandra Hughes
Mr. Jake Weissmann



THE MARYLAND GENERAL ASSEMBLY
ANNAPOLIS, MARYLAND 21401-1991

December 18, 2020

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Committee on Fair Practices and State Personnel Oversight is charged with overseeing the employment policies and personnel systems of the Executive Branch of State government and the State's equal employment opportunity policies and procedures. The committee met virtually four times during the 2020 interim on August 25, September 2, December 10, and December 16, and is pleased to present its interim report. The committee meetings focused on the personnel practices of the Maryland Environmental Service (MES) and the MES Board of Directors' practices. Central to these practices was the severance payment and expense reimbursements of former Director of MES, Roy McGrath, who left MES to serve as the Chief of Staff to the Governor. Mr. McGrath served as Chief of Staff to the Governor from June 1 until his resignation on August 17. All of the committee's virtual meetings were live-streamed, and recordings are available on the Maryland General Assembly's website.

August 25 Meeting

During the August 25 meeting, the committee was provided with an overview of the governance of MES, its operating structure, and the approval process for severance payments and expense reimbursements. The Department of Legislative Services provided an overview of the budget of MES. The committee also heard from Dr. Charles Glass, the current Director of MES and the Chair of the MES Board of Directors, as well as several current and former board members.

September 2 Meeting

During the September 2 meeting, the committee heard from Ms. Beth Wojton, former Deputy Director of MES. She provided the committee with testimony regarding her career at MES, including the workplace culture under Mr. McGrath's leadership, and the circumstances surrounding the approval of Mr. McGrath's severance payment and expense reimbursements prior to his departure.

December 10 Meeting

In October, the committee issued subpoenas to compel testimony from Mr. McGrath and Mr. Matthew Sherring, former Director of Operations and Strategic Partnerships at MES, who both declined prior invitations to brief the committee. As a result of these subpoenas, the committee heard from Mr. Sherring during the December 10 meeting. Mr. Sherring was questioned by Mr. Ward Coe, outside counsel retained by the Maryland General Assembly. During the hearing, Mr. Coe asked Mr. Sherring questions in the following subject areas: (1) the relationship between Mr. Sherring and Mr. McGrath during their time together at MES; (2) Mr. Sherring's role within MES; (3) expense reports and reimbursements submitted to, and paid by, MES for Mr. Sherring and Mr. McGrath; and (4) the severance payment made to Mr. McGrath. Mr. Sherring declined to answer most of the questions based on the advice of his counsel and pursuant to his Constitutional rights. By Mr. Coe's count, Mr. Sherring referred to his Constitutional rights at least 136 times in declining to answer Mr. Coe's questions.

December 16 Meeting

During the December 16 meeting, the committee heard from Mr. McGrath. Once again, Mr. Coe provided the questioning during the meeting. His questions were in the following subject areas: (1) Mr. McGrath's background with the Governor and his office, including work on the Governor's transition team; (2) the Governor's statements regarding his knowledge of the severance payment to Mr. McGrath, and the MES Board's knowledge of the severance payment and expense reimbursements; (3) documentation and approval of expense reimbursements for Mr. McGrath, approved by Mr. McGrath; (4) Mr. McGrath's public defense of his severance payment; (5) the absence of an MES internal auditor for two years, and the hiring of specified employees; (6) leadership events attended by Mr. McGrath and Mr. Sherring; (7) Mr. McGrath's involvement with the emergency procurement of COVID-19 lab tests from South Korea; (8) Mr. McGrath's management style as Director of MES; and (9) the contents of Ms. Wojton's departing letter to the MES Board, which alerted the board about the Legislative Auditor's questions regarding Mr. McGrath's spending as Director of MES. Mr. McGrath declined to answer most of the questions based on the advice of his counsel and pursuant to his Constitutional rights.

The Honorable Bill Ferguson, Co-chair
The Honorable Adrienne A. Jones, Co-chair
Members of the Legislative Policy Committee
December 18, 2020
Page 3

The committee plans to continue its work in evaluating MES personnel and board practices, and is not yet in a position to make specific findings and recommendations. Nevertheless, the committee would support legislation that would reform the structure, governance, and practices of the MES Board, as well as legislation that would establish MES as a State agency. We wish to thank the committee members, current and former MES Board members and MES staff who kept us informed and expressed their views, outside counsel assisting the committee, and the committee staff for their participation and support.

Sincerely,



Clarence K. Lam
Senate Chair



Erek L. Barron
House Chair

CKL:ELB/DAS:SB/cr

cc: Mr. Jake Weissmann
Ms. Alexandra Hughes
Ms. Victoria Gruber
Mr. Ryan Bishop



THE MARYLAND GENERAL ASSEMBLY
ANNAPOLIS, MARYLAND 21401-1991

JOINT COMMITTEE ON FEDERAL RELATIONS

December 18, 2020

The Honorable Bill Ferguson, Co-chair
The Honorable Adrienne A. Jones, Co-chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

During the 2020 interim, the Joint Committee on Federal Relations held one briefing, on October 14, and undertook its annual review of a portion of the interstate compacts of which Maryland is a member. The October 14 briefing focused on two issues (1) out-of-state, domestic deployment of the Maryland National Guard for law enforcement purposes and (2) the Interstate Compact for the Placement of Children (as a replacement for the existing Interstate Compact on the Placement of Children). These activities are summarized below.

October 14 Briefing

Out-of-state, Domestic Deployment of the Maryland National Guard for Law Enforcement Purposes

In August, we requested information from the Military Department on out-of-state, domestic deployments of the Maryland National Guard for law enforcement purposes, focusing on the deployment to Washington, DC, in early June 2020. The department responded to our request in writing soon after, and during the October 14 briefing, Brigadier General Adam R. Flasch (Director, Joint Forces Headquarters Staff) briefed the committee on the department's responses.

Brig. Gen. Flasch described the three main legal frameworks that govern the deployment of the Maryland National Guard. The first, under the interstate Emergency Management Assistance Compact, is used in instances when other states have requested aid due to a natural disaster or other emergency. In this case, the State of Maryland is reimbursed by the requesting state for the cost of the deployment to that state.

The second legal framework, under U.S. Code Title 32, subsection 502(f), is used in instances when the federal government has requested support for a domestic, federally organized mission, such as a National Security Special Event, or another domestic deployment. In this instance, the federal government pays for the costs of the deployment.

The third framework, under U.S. Code Title 10, is used in instances when a state's National Guard is federalized by the President of the United States, often to support overseas missions. Under this third framework, the President of the United States becomes the commander in chief of the National Guard members being deployed, in contrast with the first two scenarios, where a state's governor remains in command of its National Guard and must consent to any changes in the mission that may occur.

Brig. Gen. Flasch explained that the deployment of Maryland National Guard members to Washington, DC, that took place from June 2 through 6 operated under the second legal framework described above, in accordance with U.S. Code Title 32, subsection 502(f). Because Washington, DC, is not a state, its National Guard falls under federal command. Therefore, the mission was classified as a federal request for assistance and was fully federal funded. The total cost for the deployment of the Maryland National Guard for this mission was \$546,360, funded by the federal government.

One hundred and sixteen members of the Maryland National Guard took part in this deployment, and were stationed at the Lincoln Memorial, World War II Memorial, and the Washington Monument. Brig. Gen. Flasch explained that their mission was to protect these monuments from potential defacement and that the mission was successful. There were no unlawful acts and no injuries reported during the mission, and mostly positive interactions with members of the public were reported. Brig. Gen. Flasch stated that the mission was conducted in a professional manner and that all procedures and protocols were followed at all times during this mission.

Interstate Compact for the Placement of Children (as a Replacement for the Existing Interstate Compact on the Placement of Children)

Maryland is currently a member of the Interstate Compact on the Placement of Children. A new version of the compact, the Interstate Compact *for* the Placement of Children was completed in the mid-2000s but has only been adopted by 13 states so far and it does not take effect until it has been adopted by 35 states. The Maryland Department of Human Services (DHS) raised the need to enact the new compact in their interstate compact review questionnaire response in 2019 for the Interstate Compact on the Placement of Children. The American Public Human Services Association (APHSA), which facilitated the drafting of the new compact, and DHS were invited to the October 14 briefing, to brief the committee on what would change under the new compact and the extent of the need for the new compact.

APHSA and DHS indicated that there are fundamental problems with the legal framework of the existing compact, which was drafted in the 1950's under a child welfare system with a different structure. It was indicated that there is increasing dissatisfaction with the compact process and unreasonable delays (in placements) under it. The new compact provides an updated framework for the interstate placement process that, among other things, is expected to improve (1) the timeliness of placements; (2) procedures for ensuring the suitability of prospective families;

(3) access to support services; and (4) the legal framework both for rulemaking under the compact and for ensuring compliance with the compact by participating jurisdictions.

DHS indicated a preference for pursuing legislation that would enact the new compact during the 2022 legislative session rather than the 2021 legislative session but also indicated a willingness to collaborate with any legislators that introduce legislation to enact the new compact in 2021.

Annual Interstate Compact Review

The committee conducts an annual review of Maryland's membership in various interstate compacts, covering all compacts over a four-year cycle. The review focuses on whether Maryland's continued membership in the compacts serves the interests of the State and whether any legislative changes to the compacts are needed. This interim, committee staff sent questionnaires to the State agencies involved with each of the compacts and prepared summaries based on the agencies' responses, for the following compacts up for review this year: (1) Atlantic States Marine Fisheries Compact; (2) Middle Atlantic Interstate Forest Fire Protection Compact; (3) Jennings Randolph Lake Project Compact; (4) Interstate Compact for Adult Offender Supervision; (5) Interstate Compact for Juveniles; (6) Emergency Management Assistance Compact; (7) Potomac River Bridges Towing Compact; (8) Washington Metropolitan Area Transit Authority Compact; and (9) Washington Metropolitan Area Transit Regulation Compact.

The State agencies involved with each of these compacts indicated that Maryland's membership in the compacts continues to serve the interests of the State. The agencies indicated that no immediate legislative modifications are needed. However, we want to note two items related to two of the compacts:

- The Interstate Compact for Juveniles requires each member state to have a state council that serves at least in an advisory role regarding the state's participation in the compact, if not also in an oversight, advocacy, and/or policy development role. The compact requires a state council to include among its membership at least one representative from each of the legislative, judicial, and executive branches. The Department of Juvenile Services' questionnaire indicated that the legislative and judicial seats were vacant on Maryland's State council, but the department indicated that they were working to fill the vacant seats. The legislative vacancy has since been filled, with President Ferguson appointing myself (Senator Carter) to serve on the council.
- The Maryland Department of Transportation did not indicate a need for changes to the Washington Metropolitan Area Transit Authority Compact; however, there is legislation being considered in the District of Columbia to amend the compact to prohibit the use of enforcement quotas for the Metro Transit Police Department and to create a multijurisdictional Civilian Complaint Board to review complaints against Metro Transit

December 18, 2020

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Police (B23-0886 – Washington Metropolitan Area Transit Authority Police Accountability Amendment Act of 2020).

Finally, on a matter that has been ongoing since the 2018 interim, the committee put on hold during the 2020 interim its efforts to pursue a resolution to inconsistencies between Maryland's and Virginia's annotated codes with regard to whether changes to the Potomac River Compact, which were enacted in 2007 and 2013 by Maryland and Virginia, are in effect or not. We expect to resume those efforts during the 2021 interim.

Sincerely,



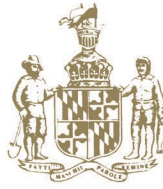
Senator Jill P. Carter
Senate Chair



Delegate Alfred C. Carr, Jr.
House Chair

JPC:ACC/SDK:SMQ/mlm

cc: Yaakov E. (Jake) Weissmann
Alexandra M. Hughes
Victoria L. Gruber
Ryan Bishop



THE MARYLAND GENERAL ASSEMBLY
ANNAPOLIS, MARYLAND 21401-1991

JOINT COMMITTEE ON ENDING HOMELESSNESS

December 18, 2020

The Honorable Bill Ferguson, Co-chair
The Honorable Adrienne A. Jones, Co-chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Committee on Ending Homelessness is pleased to submit a summary report of its 2020 interim activities. This report also serves as the joint committee's annual report detailing its sixth year of activity. The joint committee met virtually three times this interim to receive briefings on State and local efforts to reduce evictions and foreclosures and to serve the State's homeless population, to hear updates from local advocates, and to explore topics such as the use of vacant commercial properties to house individuals who are experiencing or who may experience homelessness. The joint committee remains concerned about the increasing levels of homelessness and housing insecurity in the State, and the exacerbation of these issues during the COVID-19 pandemic. We need more data to understand this vulnerable population, including the geographic distribution and how this population interacts with State programs.

At the September 9, 2020 meeting, the joint committee heard from the Office of the Attorney General on federal and State actions to prevent evictions and foreclosures during the pandemic and the office's efforts to acquire civil legal aid and other funding to reduce evictions and foreclosures due to a loss of income because of COVID-19. The joint committee also heard from the Montgomery County Department of Health and Human Services, the Washington County Community Action Council, and SHORE UP! Community Action Partnership on their work to reduce homelessness at the local level.

On October 7, 2020, the joint committee heard from representatives from the Lord Baltimore Hotel and the City of Baltimore about the isolation site they created to house those who tested positive for COVID-19 and would otherwise become homeless if they were unable to

shelter-in-place. The joint committee also heard from the Legislative Director of the Maryland Association of Counties on the results of a statewide survey regarding the use of hotels or other commercial spaces to provide housing assistance to the homeless or those who are at risk of homelessness. In addition, the joint committee heard from representatives from the Department of Human Services (DHS) on their efforts to prevent homelessness in foster care as a result of aging out of the system. Finally, the joint committee heard from several members of the homelessness advocacy community on their efforts to reduce homelessness in the State. For example, representatives from the United Way of Central Maryland discussed their Family Stability Program and the use of wraparound services to reduce homelessness. Another organization, the Women's Housing Coalition, discussed issues relating to the difficulty to rehouse homeless individuals due to federal requirements regarding who qualifies as homeless in addition to issues surrounding inspection requirements for housing units used to house homeless individuals.

The joint committee's meeting on November 4, 2020 further examined the adaptive reuse of large vacant commercial spaces for housing purposes. The National Conference of State Legislatures presented to the joint committee on initiatives in other states to use hotel rooms to house persons experiencing homelessness as well as a California bill to create incentives for rezoning retail areas to develop workforce housing. The joint committee also heard updates from the Department of Public Safety and Correctional Services (DPSCS) and the Department of Housing and Community Development (DHCD). DPSCS discussed its efforts to ensure access to housing and other services for reentering citizens as well as housing issues related to citizens under the supervision of the Division of Parole and Probation. DHCD presented on existing State and federal programs that could be used to support the adaptation of vacant commercial properties for housing purposes, updates on departmental efforts to address youth homelessness, and the disposition of funding the department received through the Coronavirus Aid, Relief, and Economic Security Act.

Based on witness testimonies and briefings given throughout the 2020 interim, the joint committee recommends that the General Assembly, State agencies, and all relevant stakeholders consider the following actions related to addressing the shortage of affordable housing as well as the needs of individuals who are experiencing or who are at risk of homelessness:

- continue to ensure that the Maryland Legal Services Corporation has adequate funding to provide legal services to families experiencing housing insecurity during the pandemic;
- collaborate with stakeholders to ensure resources related to rental assistance, eviction protections, and mortgage forbearance are widely publicized to those in need, both during and after the pandemic;
- level fund State rental housing and homelessness programs and seek new funding opportunities from the U.S. Department of Housing and Urban Development (HUD) and the State for rental assistance, legal services, case management services, and other supportive services;

December 18, 2020

Page 3

- recommend that DHS and DHCD evaluate case management best practices and make recommendations to the committee on how best to implement these practices into existing State programs that directly or indirectly work with persons experiencing homelessness or at risk of homelessness;
- create a workgroup to study policies and best practices to promote the adaptive reuse of large vacant commercial spaces;
- engage the State's federal delegation in seeking waivers from the HUD requirements for determining if an individual is "homeless," from requirements to verify immigration status as part of receiving housing assistance, and from certain inspection requirements for federally funded housing programs;
- examine options for rent relief or forgiveness for tenants whose landlords received mortgage forbearance during the pandemic;
- consider requiring certain State agencies to report to the joint committee on the housing status of individuals they serve; and
- require local detention centers and DPSCS to collect data and report on the housing status of offenders, including individuals who are preparing to reenter the community and individuals on parole and probation.

We wish to thank the joint committee members for their participation, representatives of public and private organizations who kept us informed, and our committee staff for their support.

Sincerely,



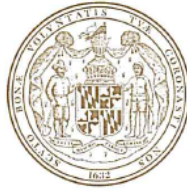
Mary L. Washington
Senate Chair



Geraldine Valentino-Smith
House Chair

MLW:GVS/HJC:TSE:ERH/kkh

cc: Members of the Joint Committee on Ending Homelessness
Ms. Alexandra Hughes
Mr. Jake Weissmann
Ms. Victoria L. Gruber
Mr. Ryan Bishop



MARYLAND GENERAL ASSEMBLY
JOINT COMMITTEE ON LEGISLATIVE ETHICS

November 16, 2020

The Honorable Bill Ferguson
The Honorable Adrienne A. Jones
Members of the Legislative Policy Committee

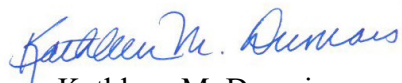
Ladies and Gentlemen:

The Joint Committee on Legislative Ethics met two times during the 2020 interim. At those meetings, the committee reviewed Chapter 563 of the Acts of 2020 – General Assembly – Legislative Newsletters – Publication Expenses and Links to Social Media Accounts. The committee revised Ethics Opinion 12 to incorporate the provisions of the bill and issued a document to provide guidance on frequently asked questions about legislative newsletters. As you know, any other activities of the committee are required, by law, to remain confidential.

The committee will continue to meet on an as-needed basis.

Respectfully submitted,


George C. Edwards
Co-Chair


Kathleen M. Dumais
Co-Chair

DWD/vgk

cc: Jake Weissmann
Alexandra Hughes
Victoria L. Gruber
Ryan Bishop



THE MARYLAND GENERAL ASSEMBLY
ANNAPOLIS, MARYLAND 21401-1991

Joint Committee on the Management of Public Funds

December 18, 2020

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

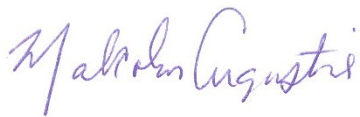
The Joint Committee on the Management of Public Funds is pleased to present this report on its activities undertaken during the 2020 interim in the conduct of its charge to oversee the general management of State public funds. The joint committee had two virtual briefings and was briefed on several relevant topics, including the State's economic development programs, the activities of the Comptroller's and Treasurer's offices, and audits of local governments.

A summary of the activities of the joint committee is enclosed. The joint committee recommends the formulation of a comprehensive plan regarding the amounts that should be set aside for maintenance and the potential savings for the State from not deferring maintenance. Furthermore, the joint committee recommends exploring alternative uses of bond premiums and making statutory changes in order to comply with the updated guidance from the State's bond counsel. In addition, electronic copies of the written testimony provided to the joint committee are available by request through committee staff Caleb Weiss (caleb.weiss@mlis.state.md.us) or Heather MacDonagh (heather.macdonagh@mlis.state.md.us).

The Honorable Bill Ferguson, Co-chair
The Honorable Adrienne A. Jones, Co-chair
Members of the Legislative Policy Committee
December 18, 2020
Page 2

The joint committee greatly appreciates the assistance of the many individuals who participated in the activities of the joint committee during the 2020 interim.

Respectfully submitted,



Senator Malcolm Augustine
Senate Chair



Delegate Pat Young
House Chair (Presiding)

MA:PY/CW:HM/cr

Enclosure

cc: Mr. Jake Weissmann
Ms. Alexandra Hughes
Ms. Victoria L. Gruber
Mr. Ryan Bishop

Joint Committee on the Management of Public Funds 2020 Interim Report

The Joint Committee on the Management of Public Funds held two meetings in Annapolis during the 2019 interim.

October 13, 2020 Meeting

Update on State Economic Development Programs

Representatives of the Maryland Department of Commerce (Commerce), the Meridian Management Group (MMG), the Maryland Technology Development Corporation (TEDCO), and the Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO) addressed the joint committee regarding their economic development and small business financing programs across the State.

Maryland Department of Commerce

The Secretary of Commerce, Kelly Schulz, provided a briefing on Commerce's programs and the impact of COVID-19 on operations. Commerce focused on its two main programs: the Maryland Economic Development Assistance Authority Fund (MEDAAF) and the Maryland Small Business Development Finance Authority (MSBDFA). Commerce also provided an update on its COVID-19 relief efforts, including: the COVID-19 Emergency Relief Loan Fund (\$75 million), the COVID-19 Emergency Relief Grant Fund (\$95 million), the COVID-19 Emergency Relief Manufacturing Fund (\$5 million), MSBDFA (\$5 million CARES Act funding allocated in July), and the Maryland Economic Adjustment Fund (\$700,000). Additionally, Commerce has provided the "Back to Business" guidance and pledge, promoted #MasksOnMaryland, and convened 13 industry advisory groups.

Meridian Management Group

Stanley Tucker, the President, Chief Executive Officer, and co-founder of MMG, highlighted the four program components of MMG: (1) contract financing, which provides loans and loan guarantees to perform on contracts with government agencies or a regulated public utility; (2) the guaranty fund program, which provides guarantees for loans made by a financial institution; (3) the surety bond program, which provides bid, performance, or payment bonds (directly or via commercial sureties) to perform on contracts with a government agency, regulated public utility or private entity; and (4) the equity participation investment program, which provides debt and equity investments, including investments in early stage companies. Mr. Tucker emphasized the need for additional capital for the programs it oversees during the COVID-19 pandemic and economic crisis.

Maryland Technology Development Corporation

The Executive Director of TEDCO, Troy LeMaile-Stovall, provided an overview of TEDCO and the impact of COVID-19 on its operations. The Executive Director emphasized that interactions at TEDCO are driven by its core values of accountability, collaboration, integrity, respect, and stewardship. TEDCO uses three methods to make investments in the State: pre-seed funds, seed funds, and the Maryland Venture Fund. TEDCO is committed to demographic and geographic diversity by reviewing internal practices, improving reporting processes, increasing outreach, and being proactive rather than reactive. As a result of these efforts, 10 out of 13 seed investments in fiscal 2020 were in socially and economically disadvantaged companies.

In response to COVID-19 and the related economic crisis, TEDCO highlighted the actions they have taken to support companies in the State. This included helping portfolio companies navigate the complex set of assistance programs for COVID-19 relief and working with Commerce to review applications for the Maryland COVID-19 Emergency Relief Manufacturing Fund.

Maryland Agricultural & Resource-Based Industry Development Corporation

Stephen McHenry, the Executive Director of MARBIDCO, briefed the joint committee on the activities of MARBIDCO and the impact of COVID-19 on operations. MARBIDCO highlighted some of the challenges faced by the agriculture and rural industries in the State, which include an aging workforce, loss of rural working land, and lack of access to affordable business capital. MARBIDCO's programming falls into three categories: core rural agriculture business development, higher risk specialty lending, and rural land preservation facilitation. The COVID-19 pandemic and the related economic crisis has disrupted Maryland's agricultural and seafood industries. In particular, changes in demand at the local level has left farmers without the necessary equipment, such as cold storage, to meet this new environment. Additionally, many farmers and other producers experienced a sales decline during the shutdowns of restaurants and events. In response to this, MARBIDCO has taken the following actions: (1) deferred loan repayments on 27 loans; (2) reduced the interest rates on core loan programs; and (3) established two new programs: the Pandemic Adjustment Equipment Grant Program and the Pandemic Adjustment Loan Program.

October 21, 2020 Meeting

State Treasurer's Office – Update on Activities

State Treasurer Nancy Kopp provided an update on the activities of the Treasurer's Office. Treasurer Kopp reported that in July 2020 all three rating agencies affirmed the State's AAA bond rating. Maryland is 1 of only 13 states with AAA ratings from each of the three rating agencies.

In October 2020, the Capital Debt Affordability Committee (CDAC) recommended \$1,095 million for new general obligation bond authorizations to support the fiscal 2022 capital program. CDAC further recommended \$10 million annual increases (roughly 1% per year) in

future fiscal years. With these debt levels, the debt affordability ratios remain within CDAC benchmarks of 4% debt outstanding to personal income and 8% debt service to revenues.

The Treasurer's Office has made significant progress regarding the implementation of Microsoft Dynamics 365 as the new financial and insurance claims management Enterprise Resource Planning solution to replace their legacy IBM system, which has been in use since 1984. The Maryland State Treasurer Electronic Portal was implemented for citizens in December 2019 and the Finance and Operations module went live in June 2020. The Treasurer and the joint committee also discussed the State Insurance Fund and how the State procures insurance for state property. The Treasurer noted that maintenance of State facilities is important to the rates the State pays for insurance and the condition of the facilities is deteriorating. Over the past few years there has been a steady increase in premiums and difficulty obtaining coverage for boilers and other machinery, specifically for institutions of higher education, due to a lack of carriers willing to write the coverage and the frequency of claims for water damage. The Treasurer also noted climate change is a concern for insurance and causing issues. **The joint committee recommends the formulation of a comprehensive plan regarding the amounts that should be set aside for maintenance and the potential savings for the State from not deferring maintenance.**

A recent change in guidance from the State's bond counsel, Ballard Spahr, on allowable uses of bond premiums will have a potentially significant impact on the State's operating budget. In the past, Ballard Spahr's guidance allowed the State to use most or all of the bond premiums attained during General Obligation bond sales to offset the State's debt service; however, the new guidance restricts the State to applying an amount equal to three years of interest payments to debt service. The State will still be able to use the bond premiums for other purposes. **The joint committee recommends exploring alternative uses of bond premiums and making statutory changes in order to comply with the updated guidance.**

Comptroller's Office – Update on Activities

Comptroller Peter Franchot provided an update on the activities of the Comptroller's Office. The Comptroller noted that the COVID-19 pandemic continues to force many businesses in the state to close and creates a generalized uncertainty throughout Maryland's economy. Although the September revenue estimates by the Board of Revenue Estimates provided some cautious optimism compared to prior estimates, the Comptroller noted that the State remains in a period of economic and fiscal volatility. The Comptroller urged additional stimulus both at the federal and the State level to assist small businesses and taxpayers.

The Comptroller reported that despite the challenges of the COVID-19 pandemic, the Comptroller's Office again focused on providing effective and efficient services to taxpayers during the 2020 tax filing season. The Comptroller's Office extended the tax filing and payment deadlines for individual and business taxpayers from April 15 to July 15. Branch office representatives assisted more than 128,000 taxpayers and provided free tax preparation services to more than 5,000 Marylanders in fiscal 2020.

During the most recent tax season, the State collected \$18.5 billion in gross revenue and

processed more than 3.1 million tax returns. Of those tax returns, more than 88% were filed electronically. More than 2.3 million families received tax refunds, on average within 2.5 business days. The Comptroller also discussed the continued efforts to protect State taxpayers against fraud and identity theft. During the most recent year, the Comptroller's Office blocked more than 17,000 fraudulent tax returns worth nearly \$21.5 million. Lastly, the Comptroller provided the joint committee with an update on the transition into Compass, a new tax processing system.

Office of Legislative Audits – Review of Local Government Audit Reports

Robert Garman, Assistant Director of Quality Assurance in the Office of Legislative Audits (OLA), presented information on the desk reviews of local government audits for fiscal 2019. OLA found that the local governments generally complied with generally accepted accounting principles and auditing standards and the local governments generally appeared to be in good financial condition.

OLA's report summarized the most significant and frequent problem areas found during its annual review of local government audits, which included failing to file an audit report, failing to present the audit or financial statements in accordance with generally accepted auditing and accounting principles, failing to present all required statements, lacking adequate disclosures, and receiving a qualified opinion by an auditor. Financial statements of 10 local governments contained disclosures that cash deposits were not adequately collateralized or otherwise insured. OLA's review did not disclose any local governments with potential financial problems during fiscal 2019.

The Town of Deer Park has not filed an audit report for fiscal 2017 through 2019. Seven other local governments have not filed their fiscal 2019 report: the Town of Chesapeake City, the City of Hyattsville, the City of Mount Rainier, the City of Seat Pleasant, Bel Air Special Taxing Area, Mount Savage Special Taxing Area, and the Upper Potomac River Commission. The Executive Director of the Department of Legislative Services (DLS) is notified of the local governments with more than one audit report outstanding; therefore, the Executive Director of DLS was notified of the outstanding reports for Deer Park.

OLA reported that a letter describing the areas of noncompliance with the audit guidelines was sent to each local government and its independent auditor. For areas of noncompliance with State laws and potential financial problems, OLA requests the local governments to provide written descriptions of the actions to be taken to eliminate the conditions, when appropriate. OLA then reviews and evaluates the responses.



THE MARYLAND GENERAL ASSEMBLY
ANNAPOLIS, MARYLAND 21401-1991

JOINT COMMITTEE ON PENSIONS

December 18, 2020

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Committee on Pensions herewith submits a report of its 2020 interim activities and legislative recommendations. The joint committee met twice during the 2020 interim and addressed a legislative proposal requested by the Board of Trustees for the State Retirement and Pension System and a legislative proposal regarding system administration of death benefits related to COVID-19. The joint committee made recommendations on these items at its final meeting for the 2020 interim. The joint committee also had its annual briefings on the actuarial valuation of the system and the system's investments.

We thank the joint committee members for their diligence and attention to the work of the committee. Also, on behalf of the committee members, we thank Phillip S. Anthony, June Chung, and Katylee Cannon of the Department of Legislative Services and the staff of the Maryland State Retirement Agency for their assistance. Additionally, on behalf of the joint committee, we congratulate R. Dean Kenderdine on his announced retirement and extend our thanks for his more than 14 years of faithful service as the Executive Director of the State Retirement Agency.

Sincerely,

Handwritten signature of Sarah K. Elfreth in black ink.

Senator Sarah K. Elfreth
Senate Chair

Handwritten signature of Michael A. Jackson in black ink.

Delegate Michael A. Jackson
House Chair

SKE:MAJ/PSA:JC/kmc

Enclosure

cc: Ms. Victoria L. Gruber
Mr. Ryan Bishop
Mr. Jake Weissmann
Ms. Alexandra Hughes

Joint Committee on Pensions

2020 Interim Report

Over the course of two meetings during the 2020 interim, the Joint Committee on Pensions had a briefing on one legislative proposal requested by the Board of Trustees for the State Retirement and Pension System (SRPS) and an additional briefing on COVID-19-related death benefits. The joint committee also had its annual briefings on the actuarial valuation of the system and the system's investments.

Results of the 2020 Actuarial Valuation and Fiscal 2022 Contribution Rates

From fiscal 2019 to 2020, SRPS's funded status (the ratio of projected actuarial assets to projected actuarial liabilities) improved from 72.3% at the end of fiscal 2019 to 73.6% at the end of fiscal 2020 (these figures exclude funding for local governments that participate in the State plan). Several combined factors set the system up for continued improvement in its funding status, including the increasing number of new members entering the system under the reformed benefit structure enacted in 2011, the elimination of the corridor funding method, and continued supplemental contributions. From fiscal 2019 to 2020, the total State unfunded liability increased from \$19.053 billion to \$19.104 billion.

Fiscal 2022 Contribution Rates

Exhibit 1 shows that the employer contribution rate with reinvestment savings for the Teachers' Combined Systems will decrease from 15.65% in fiscal 2021 to 15.33% in fiscal 2022, and the contribution rate for the Employees' Combined Systems will decrease from 21.36% in fiscal 2021 to 21.12% in fiscal 2022. The aggregate contribution rate, including contributions for public safety employees and judges, decreases from 18.46% in fiscal 2021 to 18.18% in fiscal 2022. Based on projected payroll growth and other factors, the SRPS actuary estimates that total employer pension contributions will increase from \$2.038 billion in fiscal 2021 to \$2.106 billion in fiscal 2022. The fiscal 2022 contribution rates are the actuarially determined contribution rates and reflect an investment return assumption of 7.40%. The funding rates and contribution amounts are inclusive of the \$75 million supplemental contribution required by Chapter 489 of 2015.

Exhibit 1
State Pension Contributions
Fiscal 2021 and 2022
(\$ in Millions)

<u>Plan</u>	<u>2021</u>		<u>2022</u>	
	<u>Rate</u>	<u>Contribution</u>	<u>Rate</u>	<u>Contribution</u>
Teachers' Combined	15.65%	\$1,154.1	15.33%	\$1,184.0
Employees' Combined	21.36%	722.7	21.12%	751.6
State Police	79.03%	88.6	76.16%	92.8
Judges	40.27%	20.6	41.93%	22.8
Law Enforcement Officers	43.93%	52.5	43.18%	55.3
Aggregate	18.46%	\$2,038.4	18.18%	\$2,106.4

Note: Except for the Teachers' Combined System (TCS), contribution rates and dollar amounts reflect State funds only, excluding municipal contributions. For TCS, it reflects the combined total of State and local contributions. Figures also reflect the \$75 million supplemental contribution required by Chapter 489 of 2015.

Source: Gabriel, Roeder, Smith, & Co., Preliminary Results of the June 30, 2020 Actuarial Valuation for Fiscal Year 2022

State Retirement and Pension System Investment Performance

SRPS's investment return for the fiscal year that ended on June 30, 2020, was 3.57%, failing to exceed the assumed rate of return of 7.40%. System assets grew to a market value of \$54.8 billion as of June 30, 2020. Investment returns were below the assumed rate of investment return for the second consecutive year, with returns exceeding the assumed rate of return in two of the last five years. The system as a whole outperformed its policy benchmark by 0.43% (43 basis points). Total system return for fiscal 2016 through 2020 is 5.80%, which is 0.03% (3 basis points) below the plan return benchmark for that period. Total system return for the past 10 years is 7.57%, which is 0.40% (40 basis points) above its benchmark for that period.

Board Requested Legislation

Fiduciary Bond

Provisions of the State Personnel and Pensions Article require the State to purchase a bond for each system fiduciary in accordance with Title 9, Subtitle 17 of the State Government Article,

which establishes a committee on bonding of State officers and employees, and provides for the State Treasurer to purchase bonds required by law and any additional bonds specified by the committee. Specifically, § 21-210 of the State Personnel and Pensions Article provides that a system fiduciary “may not exercise custody or control of System assets” unless bonded.

To address the statutory bond requirement, the State Treasurer’s Office (STO) has purchased a \$1 million employee theft policy for the system, covering direct loss or damage to money, securities, or other property caused by theft or forgery committed by an State Retirement Agency (SRA) employee or member of the Board of Trustees, whether identified or not, acting alone or in collusion with other parties. The policy also covers losses due to computer fraud.

SRA and STO recently undertook a review of the bonding provisions and evaluated the availability of fidelity bonds through the Treasurer’s insurance broker. On review, it did not appear that the fidelity bonds available in the marketplace would afford effective protection to the system, as these bonds covered assets held by plans subject to the Employee Retirement Income Security Act (ERISA) of 1974, while governmental plans such as the system are exempt from ERISA’s requirements. Additionally, an informal query of peer plans did not reveal any other governmental plan overseen by a board of trustees that is subject to a statutory bond requirement for its fiduciaries.

For these reasons, the board recommended that § 21-210 be amended to provide that the State may satisfy the requirement to purchase a bond through the purchase of an insurance policy for the system to cover losses due to theft.

The joint committee will sponsor the requested legislation.

Other Issues Presented to the Joint Committee

Line-of-Duty Death Benefits for COVID-19

Existing law provides a benefit for a line-of-duty death of a member of one of the several systems. These benefits are found under Title 29, Subtitle 2 of the State Personnel and Pensions Article. Generally, if an employee dies or is killed in the performance of their duty, their surviving family members can receive a benefit of an allowance of two-thirds of the member’s average final compensation and payment of the member’s contributions.

A question arose as to how a death related to COVID-19 would be treated for purposes of the line-of-duty death benefits available under current law for system members. While current law would not on its face prohibit the survivors of a member from applying and receiving a line-of-duty death benefit, clarification on how these claims should be administered by the system would provide equitable administration of claims by establishing a uniform policy on when a member would be considered eligible for a line-of-duty death benefit and the types of information that should be submitted in support of a claim for the benefit. The joint committee was briefed on

actions taken or pending in other states, and on relevant policy considerations for potential legislation regarding whether any clarifications or presumptions would be needed or helpful in effecting the plan design providing for line-of-duty death benefit claims regarding the death of a member as a result of contracting COVID-19.

The joint committee will sponsor legislation to clarify the administration of line-of-duty death benefits. The legislation will establish a presumption of eligibility for death benefits for deaths caused or contributed to by COVID-19 for system members who contract COVID-19 within 14 days of reporting to work. The legislation will have a one-year sunset, specify documentation that shall be acceptable in verifying a death was caused by COVID-19, and will apply retroactively back to the beginning of the State of Emergency.



THE MARYLAND GENERAL ASSEMBLY
ANNAPOLIS, MARYLAND 21401-1991

Joint Subcommittee on Program Open Space and Agricultural Land Preservation

December 16, 2020

The Honorable Bill Ferguson, Co-chair
The Honorable Adrienne A. Jones, Co-chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Subcommittee on Program Open Space and Agricultural Land Preservation respectfully submits this summary report of its activities during the 2020 interim. The subcommittee held a virtual briefing on November 18 to receive an update on the State's land conservation programs and, in particular, the impact of the COVID-19 pandemic on Program Open Space (POS), agriculture and agricultural land preservation, and State park operations. Presenting on behalf of the agencies were Philip R. Hager, assistant secretary, Land Resources, and James W. McKittrick, legislative director, from the Department of Natural Resources (DNR); Steven A. Connelly, assistant secretary, Office of Marketing, Animal Industries and Consumer Services, and Michelle E. Cable, executive director, Maryland Agricultural Land Preservation Foundation (MALPF), from the Maryland Department of Agriculture (MDA); and Valdis Lazdins, assistant director for Planning Services, and Jason A. Dubow, manager, Resource Conservation and Management, from the Maryland Department of Planning (MDP).

Impact of the Pandemic on Agriculture and Agricultural Land

MDA began the briefing with an overview of the pandemic's impact on various agricultural sectors, including poultry, dairy, corn/soybeans, and specialty crops. MDA indicated that Maryland agriculture has been able to weather the pandemic fairly well in comparison to other industries. Many farmers, growers, and producers have adapted their operations to meet the shift in demand from wholesalers to direct consumer sales. MDA also discussed State and federal financial assistance available to farmers.

The Honorable Bill Ferguson, Co-chair
The Honorable Adrienne A. Jones, Co-chair
Members of the Legislative Policy Committee
December 16, 2020
Page 2

Impact of the Pandemic on Land Conservation Programs

Next, DNR and MDA addressed the programmatic impacts of the pandemic on POS, Rural Legacy, and MALPF. Department representatives stressed that the programs have largely moved forward despite disruptions from the pandemic. Demand from landowners for funding for conservation easements on working farms and forests remains high. The revenue sources that fund many of the State's land conservation programs, including POS and MALPF, are tied to real estate transactions. MDA indicated that, fortunately, the real estate market in Maryland has been quite active during the pandemic

Implementation of Senate Joint Resolution 10 of 2002

Senate Joint Resolution 10 of 2002 called for the protection of 1,030,000 acres of agricultural land by 2022 through four programs: MALPF, Rural Legacy, Local Purchase of Development Rights/Transfer of Development Rights, and GreenPrint. The GreenPrint program has been inactive for more than 15 years, but the others remain active. MDP indicated that as of November 18, 2020, the four programs had preserved 690,939 acres, or 67.1% of the goal. With the addition of the Maryland Environmental Trust, the five programs have preserved 829,491 acres, or 80.5% of the goal. Of note, it is not clear how much of the Maryland Environmental Trust easement acreage is actively used for agriculture. In light of current land preservation rates, MDP suggested that the legislature consider retaining the current 1,030,000 acre agricultural land preservation goal and move the deadline for attaining that goal to 2040.

Implementation of 2017 County Land Preservation, Parks, and Recreation Plans

County Land Preservation, Parks, and Recreation Plans (LPPRPs) include county-determined land acquisition goals and information from each county on whether their land acquisition goal has been met. In 2017, counties completed the LPPRPs using data the counties gathered through public engagement and each county's proximity analysis (user demand, population density, and land and facility distribution) to make decisions on park needs in place of the 30-acres-per-1,000 residents, single acres/population metric used in previous cycles.

DNR indicated that it is currently updating the guidelines for the 2022 LPPRPs in cooperation with MDP and with input from local governments. The guidelines are being drafted in a manner that will require jurisdictions to account for user needs and to conduct level of service analyses to measure the demand for public recreation and the amenities provided by public parks and recreation facilities in their county. This is consistent with the 2017 guidelines. In order to make the goals and attainment of those goals more clear, the draft guidelines will require counties to be more specific in reporting their park and recreation acreage goals. Revised and

The Honorable Bill Ferguson, Co-chair
The Honorable Adrienne A. Jones, Co-chair
Members of the Legislative Policy Committee
December 16, 2020
Page 3

county-approved final LPPRPs are due to DNR and MDP by July 1, 2022. Of note, Kent County is the only county that has not submitted its final 2017 LPPRP.

Environmental Justice and Equity Concerns

The subcommittee asked DNR to discuss environmental justice and equity concerns and specifically to address the steps being taken to ensure adequate and equitable access to parks and open space during the pandemic. DNR acknowledged that the pandemic has boosted demand for outdoor recreation. State parks have been experiencing unprecedented visitation levels, surpassing 18 million visitors in October, which is already a 20% increase over the entire visitation level for 2019. Park capacity closures have increased 170% since 2019, filling 270 times across 18 different State park areas. Two of the Maryland Park Service's signature parks, Sandy Point and Patapsco Valley, serve very diverse visitor populations and filled to capacity 23 times and 50 times, respectively, in 2020. In addition to day use area visitation, State park campgrounds and cabin reservations were full to capacity every weekend throughout the season, which closed at the end of October.

DNR discussed its development and implementation of the Park Equity Mapping Tool. This tool, which is integrated with the Maryland Environmental Justice Screening Tool, is currently helping DNR, local planners, park and recreation officials, and community leaders to identify areas for park development and enhancement. DNR also provided an overview of its outreach efforts with various groups, including minority communities, veterans, and disabled persons.

Follow-up

At the meeting, Senator George C. Edwards asked MDP about the criteria used to set the goal of preserving 1,030,000 acres of agricultural land by 2022. MDP sent a follow-up e-mail indicating that it researched its files and did not find anything that would provide background information on the criteria. The Department of Legislative Services subsequently provided the following information to the subcommittee.

The history of the goal starts with [Chapter 634 of 2000](#), which created an 18-member task force to study MALPF. The task force submitted its final report to the Governor and the General Assembly in August 2001, including the recommendation to establish a preliminary statewide goal to preserve 1.1 million acres of productive agricultural land by the year 2020. The acreage goal recommended by the task force represented half of the remaining privately owned farmland in the State. The task force contended that the goal would provide a long-term funding strategy for MALPF and a frame of reference for the legislature, the State, and the counties. In its report, the task force noted that agricultural land and woodland continued to decline statewide. According to DNR, at the end of fiscal 2001, approximately 288,300 acres had been preserved by

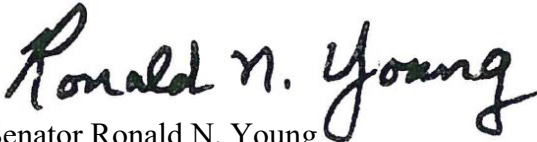
The Honorable Bill Ferguson, Co-chair
The Honorable Adrienne A. Jones, Co-chair
Members of the Legislative Policy Committee
December 16, 2020
Page 4

MALPF, GreenPrint, and Rural Legacy. However, development of agricultural land remained a problem and was expected to continue through 2020 at high rates.

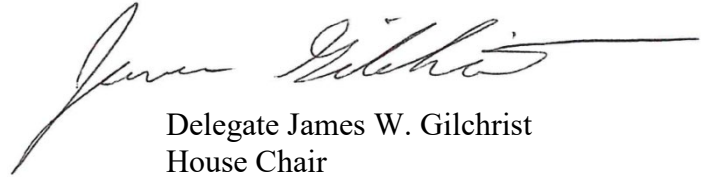
The 1,030,000-acre goal represented approximately half of the 2,077,630 acres of [agricultural land in Maryland in 2002](#) and a tripling of the approximately 343,000 acres preserved at the time. This preserved agricultural land consisted of 288,300 acres preserved by MALPF, Greenprint, and Rural Legacy, as noted above, and presumably approximately 55,000 acres preserved through local preservation programs.

On behalf of the subcommittee, we wish to thank the individuals who contributed their time and effort during the 2020 interim in assisting the subcommittee with its work. We also wish to thank the members of the subcommittee for their participation and our staff for their support.

Respectfully submitted,



Senator Ronald N. Young
Senate Chair



Delegate James W. Gilchrist
House Chair

RNY:JWG/AG/mlm

cc: Yaakov E. (Jake) Weissmann
Alexandra M. Hughes
Victoria L. Gruber
Ryan Bishop



MARYLAND GENERAL ASSEMBLY
SPENDING AFFORDABILITY COMMITTEE

December 16, 2020

The Honorable Lawrence J. Hogan, Jr.
Governor, State of Maryland
State House
Annapolis, Maryland 21401

Dear Governor Hogan:

We are pleased to submit the fiscal policy recommendations of the Spending Affordability Committee made during the 2020 interim. These recommendations were adopted by the committee at its meeting on December 15, 2020. The committee reviewed data concerning the economic condition of the State, revenue and expenditure trends during the past several years, personnel data, the Transportation Trust Fund, and the results of the Capital Debt Affordability Committee report.

Recommendations were made concerning the fiscal 2022 spending limit, the use of general fund cash balances, reserve fund balances, capital debt limits and the reporting requirements for the Capital Debt Affordability Committee, and State positions.

As required by law, the recommendations of the committee have been submitted to the Governor and the Legislative Policy Committee.

We are most appreciative of the time and effort expended by each member of the committee. A special note of thanks and appreciation is extended to the members of the Citizens Advisory Committee for their valuable assistance and input.

Sincerely,

A handwritten signature in black ink, appearing to be "MAJ".

Delegate Michael A. Jackson
Presiding Chair

MAJ:CJZ/JAK/mrm

Enclosure

A handwritten signature in blue ink, appearing to be "CJZ".

Senator Craig J. Zucker
Senate Chair



MARYLAND GENERAL ASSEMBLY
SPENDING AFFORDABILITY COMMITTEE

December 16, 2020

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne Jones, Co-Chair
Members of the Legislative Policy Committee

Dear Colleagues:

We are pleased to submit the fiscal policy recommendations of the Spending Affordability Committee made during the 2020 interim. These recommendations were adopted by the committee at its meeting on December 15, 2020. The committee reviewed data concerning the economic condition of the State, revenue and expenditure trends during the past several years, personnel data, the Transportation Trust Fund, and the results of the Capital Debt Affordability Committee report.

Recommendations were made concerning the fiscal 2022 spending limit, the use of general fund cash balances, reserve fund balances, capital debt limits and the reporting requirements for the Capital Debt Affordability Committee, and State positions.

As required by law, the recommendations of the committee have been submitted to the Governor and the Legislative Policy Committee.

We are most appreciative of the time and effort expended by each member of the committee. A special note of thanks and appreciation is extended to the members of the Citizens Advisory Committee for their valuable assistance and input.

Sincerely,

A handwritten signature in black ink, appearing to be "MAJ".

Delegate Michael A. Jackson
Presiding Chair

A handwritten signature in blue ink, appearing to be "CJZ".

Senator Craig J. Zucker
Senate Chair

MAJ:CJZ/JAK/mrm

Enclosure

2020 Spending Affordability Committee Report and Recommendations to the Governor and the Legislative Policy Committee

The Spending Affordability Committee was created in 1982 (Chapter 585). The committee is composed of equal numbers of senators and delegates and includes the Presiding Officers, the majority and minority leaders, the chairmen of the fiscal committees (or their designees), and other members appointed by the Presiding Officers. A citizen advisory committee assists the committee.

The committee's primary responsibility is to recommend to the Governor and the General Assembly a level of spending for the State operating budget that is reflective of the current and prospective condition of the State's economy. Historically, this has been in the form of a recommended growth limit. More recently, however, efforts to close the structural budget gap have been the focus of the committee's recommendations. The full list of the committee's prior recommendations and legislative action on the operating budget are reflected in the table in **Appendix 1**. Since its inception 37 years ago, the recommendation of the committee has been adhered to by the legislature in all but 1 year.

Often, growth in personal income is used as a proxy for the State's economic performance. The committee notes that operating spending in relation to the State's economy, as measured by the personal income statistic, has fluctuated between 6.7% and 7.6% over the past 30 years. The unprecedented increases under the Bridge to Excellence in Public Schools Act of 2002 raised spending as a percentage of income during the period of 2004 to 2008. By 2009, the ratio reached 7.5%, the highest level since 1991, in part, due to falling income. Conversely, rising income and reduced State spending caused the ratio to drop to 7.1% in 2010; the rate has fluctuated between 7.1% and 7.5% since.

The committee's statutory responsibility is to consider spending in relation to the State's economy. In its review of the State's economy, the committee considered income and wealth factors in developing a broad understanding of Maryland's economic position. In determining the spending recommendation, the committee has considered economic performance, revenue estimates, and current and future budget requirements.

Economy

In July 2019, the U.S. economic expansion that began after the Great Recession became the longest in post-World War II history, exceeding the 120 months of the 1990s expansion. The expansion ended abruptly in February 2020 with the outbreak of the COVID-19 pandemic. In Maryland, the impact of the pandemic-induced recession was similar to the country as a whole. Between February and April, the State saw employment fall by 388,000 jobs, or almost 14%, while the unemployment rate jumped from 3.3% to 10.1%. In the second quarter (April to June), Maryland wage income was 3.8% below 2019, while total personal income was up 7.7% due to federal fiscal support.

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Job losses were most acute in the leisure and hospitality sector, which accounted for around 10% of pre-pandemic employment but experienced almost 36% of the jobs lost between February and April. The sector, which includes restaurants, hotels, recreation, and entertainment venues, is among the lowest paid with an average wage less than 40% of the economy-wide average. Leisure and hospitality employment fell by almost half, or 138,000 jobs, between February and April.

Between April and October, the State added 206,300 jobs, and the unemployment rate fell to 7.8%. Leisure and hospitality employment regained almost two-thirds of the jobs lost in the spring but remains below the February level by about 50,000 jobs. Overall, Maryland employment is still down 182,000 jobs, and the pace of job growth has slowed. Maryland is not projected to reach the February peak employment level until the fourth quarter of 2022.

In September, the Board of Revenue Estimates (BRE) issued a revised economic forecast for Maryland, its first since March 2020. The State contracts with several private economic forecasting companies that provide estimates nationally and for Maryland. The BRE September economic outlook was based on the forecasts from IHS Markit. In December 2020, BRE raised its estimate of 2020 wage growth from a decline of 0.7% to an increase of 0.5% based on new data for the second quarter that was better than projected in September. The 2020 estimated personal income growth was reduced from 5.7% to 4.9% based on removing the assumption that there would be additional federal fiscal stimulus in calendar 2020.

The short-term economic outlook remains uncertain with the potential for further job losses and business failures. Until vaccines become widely available and the take up rate reaches the level necessary for herd immunity, economic and revenue uncertainty will continue.

Revenues

Fiscal 2020 general fund revenues were below the estimate by \$102 million, or 0.5%. General fund revenues totaled \$18.6 billion in fiscal 2020, an increase of 2.4% over fiscal 2019, while ongoing revenues grew 1.3%. The underattainment was driven primarily by the sales tax, which was under the estimate by \$317 million (6.4%) and fell 3.7% from fiscal 2019. Retail sales, especially at restaurants and bars, were most directly impacted by the pandemic. Sales decreased as a result of State-imposed closures on certain establishments and the general reluctance of consumers to spend time in enclosed spaces. In addition, consumer spending was directed toward essential goods such as groceries, the bulk of which are not subject to the sales tax. Spending also shifted increasingly to online establishments, and while some of the revenue from those sales goes to the general fund, a significant portion is distributed to the Blueprint Fund for education.

In September, BRE reduced its estimate for fiscal 2021 general fund revenues by \$672.6 million, or 3.5%. The personal income tax estimate was revised down by \$252.6 million (2.3%), while the sales tax was revised lower by \$416.2 million, or 8.3%. In December, BRE increased the general fund revenue estimate for fiscal 2021 by \$63.8 million, or 0.3%, in light of the revised economic assumptions and the year-to-date performance. BRE raised its general fund revenue estimate for fiscal 2022 by \$142.6 million (0.7%).

Budget Requirements

Taking into consideration the revenue projections by BRE in December 2020, the committee is currently projecting an ending general fund balance of \$778 million at the close of fiscal 2021. This projected balance represents a remarkable level of resilience in the State's revenue attainment in both fiscal 2020 and 2021 year-to-date despite the significant impact of COVID-19 on some sectors of the State's economy. The projected balance also reflects higher than anticipated fiscal 2020 closeout reversions of \$342.1 million over the estimate, two rounds of Board of Public Works (BPW) reductions to fiscal 2020 and 2021 totaling \$515.6 million, and deficiencies that further reduce fiscal 2021 general fund spending by \$232.3 million.

Significant deficiencies include fiscal 2021 shortfalls in entitlement programs based on higher enrollment due to the economic dislocation caused by COVID-19. Similarly, the temporary closure of casinos toward the end of fiscal 2020 reduced Education Trust Fund revenues in both fiscal 2020 and 2021, requiring general fund backfilling. However, this additional spending is expected to be more than offset by general fund savings, primarily due to an enhanced federal match of 6.2% on eligible Medicaid expenses during the current national health emergency that was initially declared in March 2020 and is anticipated to continue through at least three quarters of fiscal 2021, as well as savings derived from the use of the Coronavirus Aid, Relief, and Economic Security (CARES) Act funding to offset certain general fund expenses.

The baseline estimate for fiscal 2022 projects general fund growth of 14.1% over the fiscal 2021 legislative appropriation after adjusting for anticipated deficiencies and the fiscal 2021 reductions made by BPW. The fiscal 2022 general fund ending balance is projected to be a shortfall of \$632 million.

This significant general fund growth reflects a \$655.5 million increase in appropriations to the Reserve Fund and the assumption that the fiscal 2022 budget will need to backfill for \$913.4 million in one-time federal funding used in fiscal 2021. Outside of these areas, the largest area of general fund growth is in entitlement programs, \$226.4 million, most of which is in the Medicaid program. Growth in Medicaid is driven by enrollment, which is anticipated to be 138,000 higher than the fiscal 2020 actual, provider rate increases including the impact of Chapters 10 and 11 of 2019 that increase the minimum wage and rates for certain providers, and a decline in available special fund revenue, although most of this decline is technical relating to the accounting of certain health premium taxes.

Aid to local governments grows by \$211.5 million, of which \$162.5 million is for education and library aid and \$49.1 million for community colleges. Growth in general fund education aid is much lower than expected due to low enrollment and modest inflation. Debt service costs increase by \$103.0 million, primarily because of recent advice from bond counsel limiting the amount of bond premiums that can be applied to debt service from each bond sale.

In terms of State agency spending, again excluding the need to backfill for one-time fiscal 2021 funding, the baseline assumes \$383.1 million in general fund growth. Major growth areas include personnel costs, excluding higher education, which account for \$143.7 million of this growth. The baseline assumes no general salary or increment increases in fiscal 2022 but does assume the annualization of the anticipated January 1, 2021 2.0% general salary increase as well

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as increases in health insurance and retirement costs. General fund expenditures also rise as the State is expected to have greater success in filling vacant positions.

Other significant State agency costs include general fund support (\$95.0 million) for the University System of Maryland (USM), Morgan State University, and St. Mary's College of Maryland to cover growth in base costs, primarily for personnel, that are not supported by tuition and Higher Education Investment Fund revenue; rate increases and placement costs in the Developmental Disabilities Administration (\$40.7 million); a substantial mandated increase in Sellinger aid for private colleges and universities (\$33.0 million); and an increase in funding required under the Justice Reinvestment Act to reflect a reduction in the sentenced prison population (\$17.7 million).

The committee projects that the State will close fiscal 2022 with a balance of \$1,188.5 million in the Revenue Stabilization Account (Rainy Day Fund), which represents 6.0% of general fund revenues. The statutorily mandated appropriation to the Rainy Day Fund for fiscal 2022 will be \$525.8 million.

As noted above, current baseline projections estimate the General Fund to have a cash shortfall of \$632 million at the close of fiscal 2022. The structural deficit is projected to be \$816 million. As shown in **Exhibit 1**, which provides both the cash and structural balance projections for the General Fund through fiscal 2026, the cash outlook is forecast to deteriorate in fiscal 2023 and 2024 before recovering slightly beginning in fiscal 2025. The structural outlook actually improves over the forecast period. However, it is important to note that revenue uncertainty, as well as the potential for overrides of vetoes from the 2020 session, could impact this outlook.

Exhibit 1
General Fund Budget Outlook
Fiscal 2021-2026
(\$ in Millions)

	2021 Working	2022	2023	2024	2025	2026
	<u>Approp.</u>	<u>Baseline</u>	<u>Est.</u>	<u>Est.</u>	<u>Est.</u>	<u>Est.</u>
Cash Balance	\$778	-\$632	-\$851	-\$851	-\$709	-\$611
Structural Balance	-649	-816	-566	-581	-450	-339

Recommendations

In light of the considerations discussed earlier, the committee proposes the following recommendations for the 2021 session:

1. Operating Budget Spending Limit and Sustainability

Federal funding from the CARES Act has provided the State with a significant amount of general fund savings and resources to support the pandemic response and economic recovery. The potential also exists for additional federal stimulus to be provided in the future. However, as was experienced with the Great Recession, reliance on one-time federal funding to support ongoing expenses has the long-term effect of exacerbating the structural spending gap. The fiscal 2022 baseline estimate projects a structural deficit in excess of \$800 million. **To ensure that any future federal assistance does not harm the structural outlook of the State, the committee recommends that the fiscal 2022 budget limit the structural imbalance to no more than \$700 million and that federal stimulus funding not spent on one-time expenses be included in the structural calculation.**

2. Fund Balances

The committee projects a Rainy Day Fund balance at the beginning of fiscal 2022 of \$886.2 million, which is \$52.4 million less than 5% of estimated general fund revenues. The Governor will be required to include \$525.8 million for the Rainy Day Fund in the fiscal 2022 allowance, based on the unappropriated general fund surplus above \$10.0 million from the fiscal 2020 closeout, bringing the available fund balance to approximately 7.2% of estimated general fund revenues. With a cash shortfall projected for fiscal 2022, the committee recognizes that the State may need to spend a portion of the Rainy Day Fund balance to resolve the budget deficit but also notes that with significant cash shortfalls forecasted in subsequent years that the State must also take actions to better align revenues and spending and preserve some cash reserves for the future. **Therefore, the committee recommends:**

- **achieving a minimum ending fiscal 2022 general fund balance of at least \$100 million;**
- **maintaining a Rainy Day Fund balance of at least 5.0% of general fund revenues, barring any catastrophic reduction in estimated general fund revenues; to the extent that utilization of the Rainy Day Fund is necessary to address a budget shortfall or provide assistance to citizens and businesses adversely impacted by the recession, an aggressive repayment plan is necessary to rapidly restore the Rainy Day Fund to 5% of general fund revenues; and**
- **allocating discretionary federal stimulus funding that becomes available in a way that prioritizes one-time expenses and targets pandemic response and recovery efforts.**

Furthermore, to the extent that additional federal resources become available prior to or during the 2021 session, the committee recommends that the Governor allocate those funds through the budget process to ensure proper transparency and legislative input.

3. Capital Budget

A. General Obligation Debt

In its 2020 report, the Capital Debt Affordability Committee (CDAC) recommended a fiscal 2022 general obligation (GO) bond authorization level of \$1,095 million, the same amount authorized for fiscal 2021. The recommendation is \$10 million less than the amount planned for fiscal 2022 in both the 2019 CDAC and Spending Affordability Committee reports and reduces out-year planned authorizations by \$10 million annually while resuming a 1% annual authorization growth rate in fiscal 2023.

Although the CDAC recommendation is advisory and the committee has differed in its recommendation in recent years, the committee supports the CDAC debt affordability criteria, which limits debt service to 8% of State revenues and debt outstanding to 4% of State personal income. The committee also supports moderating the growth in authorization levels to maintain the debt ratios within the affordability limits. However, since the effect of reducing authorizations by \$10 million for each of the next five years has minimal effect on the debt affordability ratios and debt service costs through the planning period, and the General Assembly has adopted a policy of 1% annual increases since fiscal 2016, **the committee recommends the authorization of \$1,105 million in new GO bonds for the 2021 session. In addition, for planning purposes, out-year annual authorizations should continue to be limited to 1% growth, which keeps the State within the CDAC debt affordability criteria. The committee further recommends the use of \$31 million of bond premiums from the most recent GO bond sale to supplement the capital program while maintaining a limit on the growth in GO bond authorizations.**

B. Higher Education Debt

USM intends to issue up to \$30 million in academic debt for fiscal 2022. This is \$2 million less than was authorized for fiscal 2021 but is consistent with the amount programmed in the 2020 *Capital Improvement Program* for fiscal 2022. This level of issuance will result in a debt service ratio within the 4.5% of current unrestricted funds and mandatory transfers criterion recommended by the system's financial advisers.

The committee concurs in the recommendation of CDAC that \$30 million in new academic revenue bonds may be authorized in the 2021 session for USM.

4. State Employment

Personnel costs comprise approximately 20% of the State's operating budget. The committee anticipates the net reduction of 493 positions in the fiscal 2022 budget primarily due to position eliminations by higher education and reductions made by BPW in July 2020. The resulting State workforce would be 80,369 in fiscal 2022.

In addition to the position reductions, the Administration has also implemented a hiring freeze on State agencies. The committees are concerned that the combination of position

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reductions and continuing high vacancy levels in State government are impairing agency operations. The hiring freeze will only exacerbate operational challenges for State agencies. **The committee wishes to praise the exemplary efforts of all State employees during difficult times and note that all State positions are critical. The committee is especially concerned about the adequacy of staffing in functions critical to responding to the pandemic, including public health, public safety, unemployment insurance, and direct care nursing positions in State facilities. The committee recommends that the administration prioritize hiring staff at the Maryland Department of Labor to speed the processing of unemployment insurance claims and at the Maryland Department of Health to adequately staff State facilities and provide critical public health services.**

Appendix 1
Prior Recommendations and Legislative Action on the Operating Budget
(\$ in Millions)

<u>Session Year</u>	<u>Committee Recommendation</u>		<u>Legislative Action</u>	
	<u>Growth Rate</u>	<u>Amount</u>	<u>Growth</u>	<u>Amount</u>
1983	9.00%	\$428.0	5.70	\$269.8
1984	6.15%	326.7	8.38	402.0
1985	8.00%	407.2	7.93	404.6
1986	7.70%	421.5	7.31	402.2
1987	7.28%	430.2	7.27	429.9
1988	8.58%	557.5	8.54	552.9
1989	8.79%	618.9	8.78	618.2
1990	9.00%	691.6	8.98	689.7
1991	5.14%	421.8	5.00	410.0
1992		No recommendation	10.00	823.3
1993	2.50%	216.7	2.48	215.0
1994	5.00%	443.2	5.00	443.2
1995	4.50%	420.1	4.50	420.0
1996	4.25%	415.0	3.82	372.8
1997	4.15%	419.6	4.00	404.6
1998	4.90%	514.9	4.82	506.6
1999	5.90%	648.8	5.82	640.6
2000 ¹	6.90%	803.0	6.87	800.0
2001 ²	6.95%	885.3	6.94	884.6
2002	3.95%	543.2	3.40	468.1
2003	2.50%	358.2	0.94	134.1
2004	4.37%	635.2	4.33	629.0
2005 ³	6.70%	1,037.1	6.69	1,036.3
2006 ³	9.60%	1,604.7	9.57	1,599.0
2007	7.90%	1,450.0	7.51	1,378.4
2008	4.27%	848.7	4.16	826.8
2009 ⁴	0.70%	145.7	0.19	39.2
2010 ⁴	0.00%	0.0	-	-626.9
2011	Reduce fiscal 2012 structural deficit by 33⅓%		36.90%/46.00% ⁵	
2012	Reduce fiscal 2013 structural deficit by 50.0%		50.60%	
2013	Reduce fiscal 2014 structural deficit by \$200.0 million			-211.2
2014	4.00%	937.8	2.76	646.4
	Reduce fiscal 2015 structural deficit by \$125.0 million			-126.1
2015	Reduce fiscal 2016 structural deficit by 50.0%		68.27%	
2016	4.85%	1,184.2	4.55	1,111.2
2017	Reduce fiscal 2018 structural deficit by at least 50.0%		90.19%	
2018	Eliminate 100% of the fiscal 2019 structural deficit		100%	
2019	3.75%	1,019.0	3.31	900.7
	Maintain structural balance in fiscal 2020			76.0 ⁶
2020	Maintain structural balance in fiscal 2021			160.2

¹2000 legislative action does not reflect \$266 million of Cigarette Restitution Fund (CRF) appropriations. CRF dollars were excluded because it had not previously been available to the State. The 2000 growth rate, including CRF dollars, was 9.16%.

²Methodology revised effective with the 2001 session.

³The committee initially approved a limit of 5.70% for 2005 and 8.90% for 2006.

⁴Legislative action calculation includes federal funds under the American Recovery and Reinvestment Act of 2009 used in lieu of ongoing general fund spending.

⁵Spending reduction/total reduction.

⁶Amount reflects difference between the estimated structural deficit of \$64 million in the Governor's allowance and the structural surplus of \$12 million in the legislative appropriation.



THE MARYLAND GENERAL ASSEMBLY
ANNAPOLIS, MARYLAND 21401-1991

Joint Committee on Unemployment Insurance Oversight

December 16, 2020

The Honorable Bill Ferguson, Co-Chair
The Honorable Adrienne A. Jones, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Committee on Unemployment Insurance Oversight respectfully submits a summary report of its 2020 interim activities. The joint committee met once during the interim to receive a briefing from the Secretary of Labor and to discuss the Department of Labor's response to the COVID-19 pandemic. Attached is a summary of the meeting. As co-chairs, we also participated in and monitored many other unemployment insurance focused meetings involving various groups, including the Senate Finance Committee, the House Economic Matters Committee, and the Joint COVID-19 Response Legislative Workgroup.

During the 2021 session, the joint committee plans to conduct its annual review of unemployment insurance related legislation. We intend to give serious consideration to legislation that addresses the difficulties that claimants have faced in receiving benefit payments and the higher taxes that will be imposed on employers in 2021. As always, we will work hard to balance the interests of our citizens and businesses while protecting the Unemployment Insurance Trust Fund to the best of our ability.

The Honorable Bill Ferguson, Co-chair
The Honorable Adrienne A. Jones, Co-chair
Members of the Legislative Policy Committee
December 16, 2020
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The joint committee is appreciative of the advice and assistance provided by governmental officials, members of the public, and legislative staff during the 2020 interim and looks forward to the same spirit of cooperation and assistance during the 2021 legislative session.

Respectfully submitted,



Senator Katherine Klausmeier
Senate Chair

KK:ND/LA:NM;SR/cr

Enclosure

cc: Ms. Victoria Gruber
Mr. Ryan Bishop
Ms. Alexandra Hughes
Mr. Jake Weissmann



Delegate Ned Carey
House Chair

Joint Committee on Unemployment Insurance Oversight 2020 Interim Report

At the meeting held on July 9, the joint committee heard from the Honorable Tiffany Robinson, Secretary of Labor; Dayne Freeman, Assistant Secretary, Division of Unemployment Insurance; and Bryan Moore, Deputy Assistant Secretary, Division of Unemployment Insurance on the status of the unemployment insurance (UI) system, the Department of Labor's response in times of crisis, and the status of the Unemployment Insurance Trust Fund (UITF).

Status of the Unemployment Insurance System

Secretary Robinson provided opening remarks indicating that the division is working hard to address the challenges of the COVID-19 pandemic and the associated increase in claims. The Secretary explained that between March 9 and June 27, the department paid a total of \$3.6 billion in regular and Coronavirus Aid, Relief, and Economic Security (CARES) Act UI benefits. The Secretary indicated that the department had experienced more than a 5,000% increase in the need for UI services since the beginning of the pandemic.

Department of Labor's Response in Times of Crisis

The Secretary outlined the actions taken by the Division of Unemployment Insurance to address the increase in claims volume. These actions included updates to the BEACON online application, expanded call center hours, the expansion of interactive voice response system capabilities to include weekly claim certification and other actions, establishing a virtual assistant through the department's website to answer questions, and doubling call center staffing.

Status of the Unemployment Insurance Trust Fund

Secretary Robinson provided an update on the UITF, indicating that the fund balance as of July 7 was \$615 million. The Secretary discussed the possibility that the Division may need to borrow money from the U.S. Department of Labor in order to maintain the UITF, but explained that the amount of borrowing would depend on the impact of the pandemic on the State's economy as the State moved to reopen.

Prospective State Action

Finally, the Secretary addressed next steps for the department, specifically discussing the potential for legislation expanding the work sharing program to conform with federal allowances, the need to continue to modernize UI systems, the need to maintain a healthy trust fund, and the importance of working with the federal government in order to receive more federal assistance and to address trust fund replenishment.

Special Committees – Senate of Maryland

The Senate Special Committee on Substance Abuse did not meet during the 2020 interim.

Special Committees – House of Delegates

The House Special Committee on Drug and Alcohol Abuse did not meet during the 2020 interim.

