
Analysis of Supplemental Budget No. 1

**Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland**

March 7, 2019

Supplemental Budget No. 1
Action by Fund Source
Fiscal 2019-2020
(\$ in Millions)

	<u>General</u>	<u>Special</u>	<u>Federal</u>	<u>CUF/CRF</u>	<u>Total</u>
MCSS Healthy School Facility Fund		\$30.0			\$30.0
MCSS School Safety Grants		10.0			10.0
MSDE Formula Updates	\$3.1				3.1
Medicaid Physician Rates	1.8		\$3.0		4.8
MDH Greenbaum Cancer Center Salary		2.0			2.0
MDA Dairy Margin Program	1.5				1.5
DNR State Lakes Protection Fund		1.0			1.0
Other	3.5	0.8	0.3	\$0.7	5.3
<i>Subtotal</i>	<i>\$9.9</i>	<i>\$43.8</i>	<i>\$3.2</i>	<i>\$0.7</i>	<i>\$57.6</i>
 Withdrawals and Reversions					
Medicaid	-\$34.5		-\$17.5		-\$52.0
DBM Overbudgeted Salary Increases/Reclassifications	-2.4				-2.4
Other	0.0				0.0
<i>Subtotal</i>	<i>-\$36.9</i>	<i>\$0.0</i>	<i>-\$17.5</i>	<i>\$0.0</i>	<i>-\$54.4</i>
 Total Spending	 <i>-\$27.1</i>	 <i>\$43.8</i>	 <i>-\$14.3</i>	 <i>\$0.7</i>	 <i>\$3.2</i>

CRF: current restricted funds
CUF: current unrestricted funds
DBM: Department of Budget and Management
DNR: Department of Natural Resources
MDA: Maryland Department of Agriculture
MCSS: Maryland Center for School Safety
MDH: Maryland Department of Health
MSDE: Maryland State Department of Education

Supplemental Budget No. 1
General Fund Spending Summary
Fiscal 2019-2020
(\$ in Millions)

	<u>2019</u>	<u>2020</u>	<u>Total</u>
Medicaid Provider Reimbursements	-\$25.0		-\$25.0
Medicaid Hospital Discount Rate		-\$9.5	-9.5
MSDE Formula Updates		3.1	3.1
DBM Overbudgeted Salary/Reclassifications	-2.1	-0.3	-2.4
Medicaid Physician Reimbursement Rate		1.8	1.8
MDA Dairy Margin Program		1.5	1.5
Other	1.6	2.0	3.5
Total Spending	-\$25.5	-\$1.5	-\$27.1

DBM: Department of Budget and Management
MDA: Maryland Department of Agriculture
MSDE: Maryland State Department of Education

General Fund Balance
Effect of Supplemental Budget No. 1
(\$ in Millions)

	<u>Admin.</u>
Starting Fiscal 2019 Balance	\$590
Revenues	\$18,143
Appropriations	\$17,927
Supplemental Budget No. 1	-\$26
<i>Subtotal Appropriations</i>	<i>\$17,901</i>
Closing Fiscal 2019/Starting Fiscal 2020 Balance	\$831
Revenues	\$18,829
Appropriations	\$19,527
Supplemental Budget No. 1 – New Spending	-\$2
<i>Subtotal Appropriations</i>	<i>\$19,525</i>
Closing Fiscal 2020 Balance After Supplemental No. 1	\$135

Supplemental Budget No. 1

	<u>General Fund</u>	<u>DLS Recommendation</u>	<u>Special Fund</u>	<u>DLS Recommendation</u>
Office of Attorney General				
Expert Witnesses for Suit Against Out-of-state Child Care Provider	\$50,000			
Department of Disabilities				
Reclassify a Position	38,991			
Historic St. Mary's City Commission				
Fiscal 2019 Deficiency for Health Insurance	80,108			
4 Technical Correction to Personnel Costs	38,561			
Military Department				
Fiscal 2019 Deficiency for Ellicott City Public Alert System	250,000			
Department of Budget and Management – Statewide Personnel Expenses				
Fiscal 2019 Deficiency to Provide Adequate Funds for \$500 Bonus	485,352			
Remove Excess Fiscal 2019 Funds for 0.5% Cost-of-living Adjustment	-2,095,142			
Remove Excess Funds for Salary Adjustments	-336,240			
Annual Salary Review Adjustment of Maintenance Mechanics	85,100			
Department of General Services				
Fiscal 2019 Funds for State Center Litigation	100,000			

	<u>General Fund</u>	<u>DLS Recommendation</u>	<u>Special Fund</u>	<u>DLS Recommendation</u>
Department of Natural Resources				
Technical Correction to State Lakes Protection and Restoration Fund			\$1,000,000	
Department of Agriculture				
Fund Maryland Farmers' Share of Premium Cost to Participate in the Federal Dairy Margin Coverage Program	1,500,000	Language		
Funds for Spraying the Palmer Amaranth Weed	150,000	Language		
Maryland Department of Health				
Cigarette Restitution Funds for Grant to University of Maryland Comprehensive Cancer Center to Attract and Retain Top Talent			2,000,000	
Fiscal 2019 Medicaid Savings	-25,000,000	Reject		
Savings from Discount on Hospital Bills	-9,500,000	Technical		
Increase Medicaid Physician Evaluation and Management Rates to 93% of Medicare	1,770,000			
Increase Rates for providers of Rare and Expensive Case Management by 3%	129,064			
Operating Grant to R Adams Cowley Shock Trauma			100,000	
State Department of Education				
Update Foundation Program Funding for Enrollment and Wealth	3,060,774	Language		
Update Students with Disabilities Funding for Enrollment and Wealth	-3,218			
Oracle Contract Costs for Longitudinal Data System Center	800,000			

	<u>General Fund</u>	<u>DLS Recommendation</u>	<u>Special Fund</u>	<u>DLS Recommendation</u>
Technical Correction to Authorize Expenditures from Maryland Center for School Safety Special Fund			10,000,000	
Technical Correction to Authorize Expenditures from Healthy Schools Facility Fund			30,000,000	
Maryland Higher Education Commission				
Fiscal 2019 Funds for Enhancements to Maryland College Aid Processing System	371,467			
Fiscal 2020 Funds for Enhancements to Maryland College Aid Processing System	273,503			
University System of Maryland				
Judge Alexander Williams Jr. Center for Education, Justice, and Ethics	450,000	Reject		
Fiscal 2019 Funds to Establish National Registry Testing Centers at Maryland Fire and Rescue Institute's Training Regions to Increase Student Access to Emergency Medical Services Certification			235,000	
Department of Housing and Community Development				
Fiscal 2019 Funds to Expand Cold-weather Shelter Services for Individuals Experiencing Homelessness in Charles County	242,924			
Add Funds for Circuit Rider Program			500,000	
Total	-\$27,058,756		\$43,835,000	

L00A
Department of Agriculture

Supplemental Budget No. 1 Amendment

Item 13. L00A14.05 Plant Protection and Weed Management

On page 4 of Supplemental Budget No. 1, under the heading Department of Agriculture, in Item 13, program L00A12.10 Marketing and Agriculture Development, following “Appropriation” insert “, provided that \$100,000 of this appropriation made for the purpose of covering Maryland farmers’ share of the premium cost to participate in the Federal Dairy Margin Coverage Program may not be expended until the Maryland Department of Agriculture submits a report to the budget committees on the method of payment to reimburse farmers for premium costs and on how the funding was actually allocated. The report shall be submitted by August 1, 2019, and the budget committees shall have 45 days to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.”.

Explanation: Supplemental Budget No. 1 includes \$1,500,000 in general funds for covering Maryland farmers’ share of the premium cost to participate in the federal Dairy Margin Coverage Program – a modification of the Margin Protection Program for Dairy passed in the 2018 Farm Bill. This action restricts a portion of the premium payment funding for inclusion in the Dairy Margin Coverage Program until the Maryland Department of Agriculture (MDA) submits a report on the method of payment to reimburse farmers for premium costs and on how the funding is actually allocated.

Information Request	Author	Due Date
Dairy Margin Coverage Program report	MDA	August 1, 2019

L00A
Department of Agriculture

Supplemental Budget No. 1 Amendment

Item 14. L00A14.05 Plant Protection and Weed Management

On page 5 of Supplemental Budget No. 1, under the heading Department of Agriculture, in Item 14, program L0014.05 Plant Protection and Weed Management, following “Appropriation” insert “, provided that this appropriation of \$150,000 in general funds provided for the purpose of spraying for the Palmer Amaranth weed is contingent on the enactment of House Bill 808 repealing the existing list of noxious weeds in statute and instead requiring the Secretary of Agriculture to adopt regulations establishing the list of noxious weeds.”.

Explanation: Supplemental Budget No. 1 includes \$150,000 in general funds for the spraying of the Palmer Amaranth weed in the Maryland Department of Agriculture’s (MDA) Plant Protection and Weed Management program. This action makes the funding available only if HB 808 is enacted. Chapter 246 of 2018 (Agriculture – Palmer Amaranth – Study) required MDA to conduct a study to assess the adverse financial impact of the invasive Palmer Amaranth weed on the agricultural industry in the State and to determine the necessary actions each stakeholder must take to reduce the impact of Palmer Amaranth and the cost of each action. The submitted report noted that the preferred management option is to add Palmer Amaranth to an updated noxious weed law with funding for additional new personnel, equipment, and support.

M00Q01
Medical Care Programs Administration
Maryland Department of Health

Supplemental Budget No. 1 Amendment

MEDICAL CARE PROGRAMS ADMINISTRATION

M00Q01.03 Medical Care Provider Reimbursements

Item 16. M00Q01.01 Medical Care Provider Reimbursements

On page 5 of Supplemental Budget No. 1, under the heading Maryland Department of Health, in Item 16, program M00Q01.01 Medical Care Provider Reimbursements, strike Item 16 in its entirety.

Explanation: This action restores the proposed reduction to the Medicaid program.

R00A02
Aid to Education
State Department of Education

Supplemental Budget No. 1

R00A02.01 State Share of the Foundation Program

Item 22. R00A02.01 State Share of Foundation Program

Add the following language to the general fund appropriation:

, provided that \$3,060,774 of this appropriation may not be expended until the State Department of Assessments and Taxation, the Department of Budget and Management, and the Maryland State Department of Education submit a report to the budget committees on the calculation of the amount of funding to be provided as tax increment financing grants to local boards of education for fiscal 2020. The report shall be submitted by July 1, 2019, and the budget committees shall have 45 days to review and comment. Funds restricted pending receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

Explanation: The budget committees are concerned that funding provided for tax increment financing (TIF) grants to local boards of education may be based on a calculation that utilizes a valuation of real property for TIF districts that is too large for certain jurisdictions. Supplemental Budget No. 1 for fiscal 2020 includes adjustments to the funding for TIF grants based on the potential overvaluation, as well as related adjustments to funding for grants for jurisdictions with declining enrollment, net taxable income grants, and supplemental grants to ensure that all local education agencies receive an increase of at least \$100,000 in direct education aid. This action restricts all of the adjusted funding for these programs in Supplemental Budget No. 1 until the State Department of Assessment and Taxation (SDAT), the Department of Budget and Management (DBM), and the Maryland State Department of Education (MSDE) submit a report to the budget committees on how TIF grants were calculated for fiscal 2020. This report should be submitted no later than July 1, 2019.

Information Request	Authors	Due Date
Report on TIF grant calculation	SDAT DBM MSDE	July 1, 2019

R30B22
University of Maryland, College Park
University System of Maryland

Supplemental Budget No. 1 Amendment

UNIVERSITY SYSTEM OF MARYLAND

R30B22.00 University of Maryland, College Park

Item 28. R30B22.00 University of Maryland, College Park

On page 7 of Supplemental Budget No. 1, under the heading University System of Maryland, in Item 28, program R30B22.00 University of Maryland, College Park, strike Item 8 in its entirety.

Explanation: This program received \$363,000 in fiscal 2018 by supplemental budget and an additional \$450,000 in fiscal 2019 by supplemental budget resulting in a cumulative expenditure of over \$800,000 annually. It is recommended that the program be level funded due to the fiscal condition of the State.

R75T00.01 Higher Education

Item 32. R75T00.01 Support for State Operated Institutions of Higher Education

On page 8 of Supplemental Budget No. 1, under the heading Higher Education, in Item 32, program R75T00.01 Support for State Operated Institutions of Higher Education, strike Item 32 in its entirety.

Explanation: This action is technical.

Technical Amendment

Supplemental Budget No. 1

MEDICAL CARE PROGRAMS ADMINISTRATION

M00Q01.03 Medical Care Provider Reimbursements

Item 16. M00Q01.01 Medical Care Provider Reimbursements

On page 5 of Supplemental Budget No. 1, under the heading Maryland Department of Health, in Item 16, program M00Q01.01 Medical Care Provider Reimbursements, strike “M00Q01.01” and substitute “M00Q01.03”.

Explanation: This action corrects a technical error in the budget code.