
Fiscal Briefing

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The Governor's Fiscal 2020 Plan

Quick Look at Fiscal 2020 Budget

- The Governor’s proposed fiscal 2020 budget of \$46.6 billion represents a \$1.8 billion (3.9%) increase over the revised fiscal 2019 spending plan. Proposed general fund spending increases \$1.6 billion (8.9%) to \$19.5 billion. Excluding appropriations to the Rainy Day Fund, the general fund grows \$1.2 billion (6.5%), and the overall budget grows \$1.3 billion (2.9%).
- The budget leaves a closing balance of \$805.4 million for fiscal 2019 and \$105.5 million for fiscal 2020. The Governor’s spending plan leaves a Rainy Day Fund balance of \$1.2 billion, or 6.5%, of general fund revenues. Combined cash balances at the close of fiscal 2020 of \$1.3 billion represent about 7.1% of general fund revenues.
- The Spending Affordability Committee (SAC) set goals of eliminating the structural deficit forecast for fiscal 2020 and holding growth in spending subject to the affordability limit to 3.75%. The Administration’s budget limits spending subject to the affordability limit to growth of 3.68% but leaves a structural budget deficit of about \$62 million.
- The Administration proposes tax relief for retirees, contributors to college savings plans, small businesses, companies locating in distressed areas, and individuals with student loan debt. The proposals are phased in with revenue losses of \$35 million in fiscal 2020 growing to \$138 million by fiscal 2024.
- The Administration anticipates a structural deficit of \$902 million in fiscal 2021 and almost \$1.6 billion by fiscal 2024. A cash shortfall of \$1.8 billion is forecast by fiscal 2024. The shortfalls are exacerbated by the Administration’s tax relief proposal and a plan discussed below to provide general fund relief to the Transportation Trust Fund. Together, the proposals consume \$1.1 billion of general funds from fiscal 2020 through 2024.

Budget Outlook – Administration’s Forecast Fiscal 2021-2024 (\$ in Millions)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Cash Outlook	-\$1,034	-\$1,495	-\$1,633	-\$1,835
Structural Outlook	-902	-1,223	-1,383	-1,589

- Other Key Features
 - Tuition for in-state students at the University System of Maryland, Morgan State University, and St. Mary’s College grows 2.0%.

- Rates for providers of most health and human service programs increase by 3.0%. Providers serving the developmentally disabled and people with behavioral health needs receive a 3.5% increase.
- K-12 education formulas are fully funded with an additional \$11.9 million of discretionary funds provided to hold harmless the two jurisdictions with declines in their formula funding (Baltimore City and Cecil County).
- A 3.0% general salary increase for State employees is funded effective July 1, 2019, at a cost of \$122.6 million in general funds. Members of the State Law Enforcement Officers Labor Alliance receive a 5% general salary increase at a general fund cost of \$11.5 million.
- A new personnel classification is created for correctional officers resulting in a 4.0% pay increase (\$13.6 million) in addition to the 3.0% general salary increase.
- General funds, rather than the Transportation Trust Fund, support \$125 million of the \$167 million mandated capital grant to the Washington Metropolitan Area Transit Authority (WMATA). Annual general fund grants of \$167 million to WMATA are programmed in the Administration's forecast.
- \$16 million for the new Maryland Technology Infrastructure Fund and \$13 million of new money for efforts to combat violent crime in Baltimore City.
- All mandated State aid to local governments is funded.
- Capital spending is funded at the SAC recommended level of \$1,085 million.
- The budget dedicates \$438 million to school facility needs, including \$329.6 million of bonds and \$108.5 million of cash. This amount includes \$13.5 million for school safety grants.
- As required by the constitutional amendment enacted in 2018, the budget allocates the \$125 million of Education Trust Fund (ETF) revenues to supplement State funding for public education. The funds support school facility projects (\$65.0 million), mandates enacted in 2018 relating to recommendations of the Commission on Innovation and Excellence in Education (\$24.3 million), and unspecified programs (\$35.8 million).

Potential Risks to Budget Plan

- Recent volatility in the stock market and the prolonged federal government shutdown are significant risks to the State revenue forecast for fiscal 2019 and 2020. The chances of a revenue write-down in March are high. Spending reductions may be necessary to align the fiscal 2020 spending plan with a downward March revenue estimate.

- Respected economic forecasters are predicting a mild recession will occur in calendar 2020 or 2021. Even a mild recession would reduce State revenues by \$200 million or more annually for a multi-year period and increase demand for entitlement programs.
- The future of the Affordable Care Act (ACA) is uncertain after a federal judge in Texas ruled that the entire law is invalid (*Texas v. United States*). The ACA remains in effect until appeals are resolved. If the ruling nullifying the Act is upheld on appeal, Maryland will lose about \$2.1 billion in federal dollars that are currently used to provide free or subsidized health coverage to more than 430,000 Marylanders.

Potential Legislative Issues

- The Administration's spending plan fails to comply with the SAC recommendation for structural balance. Reductions of \$62 million are required for compliance.
- The long-term structural deficit remains unresolved and is of a magnitude that will prove difficult to manage during this term.
- The appropriate level of cash reserves to maintain given the challenging budget outlook.
- Securing funding for the fiscal 2020 recommendations of the Commission on Innovation and Excellence in Education. The allowance does not specifically fund any of the commission's fiscal 2020 recommendations but includes \$36 million for unspecified education initiatives. Another \$200 million reserved by statute for Kirwan implementation is not included in the allowance.
- The Administration plan to fund a mandated capital grant to WMATA with general funds rather than Transportation Trust Fund revenues.
- Cigarette Restitution Funds allocated to the Broadening Options and Opportunities for Students program grow by \$3.0 million to \$10.0 million.
- The Governor's proposal to dedicate (beginning in fiscal 2021) \$125 million per year of ETF revenue to debt service on a \$1.9 billion school construction initiative. Use of ETF dollars for this purpose could result in the State exceeding debt affordability limits and reduces the funding available for enhancements to operating funding for K-12 education.
- Whether to proceed with plans to shift Medicare eligible State government retirees to Medicare Part D for their prescription drug coverage effective January 1, 2020 or consider modifications to the plan to mitigate the financial impact on retirees. A federal court is expected to rule on the legality of the State's plan in the second half of calendar 2019.

**Favorable Trends in Revenues and Entitlement Spending Allow State
to Erase Fiscal 2020 Deficit Forecast at the
End of 2018 Session
(\$ in Millions)**

Change in Revenues Since End of 2018 Session

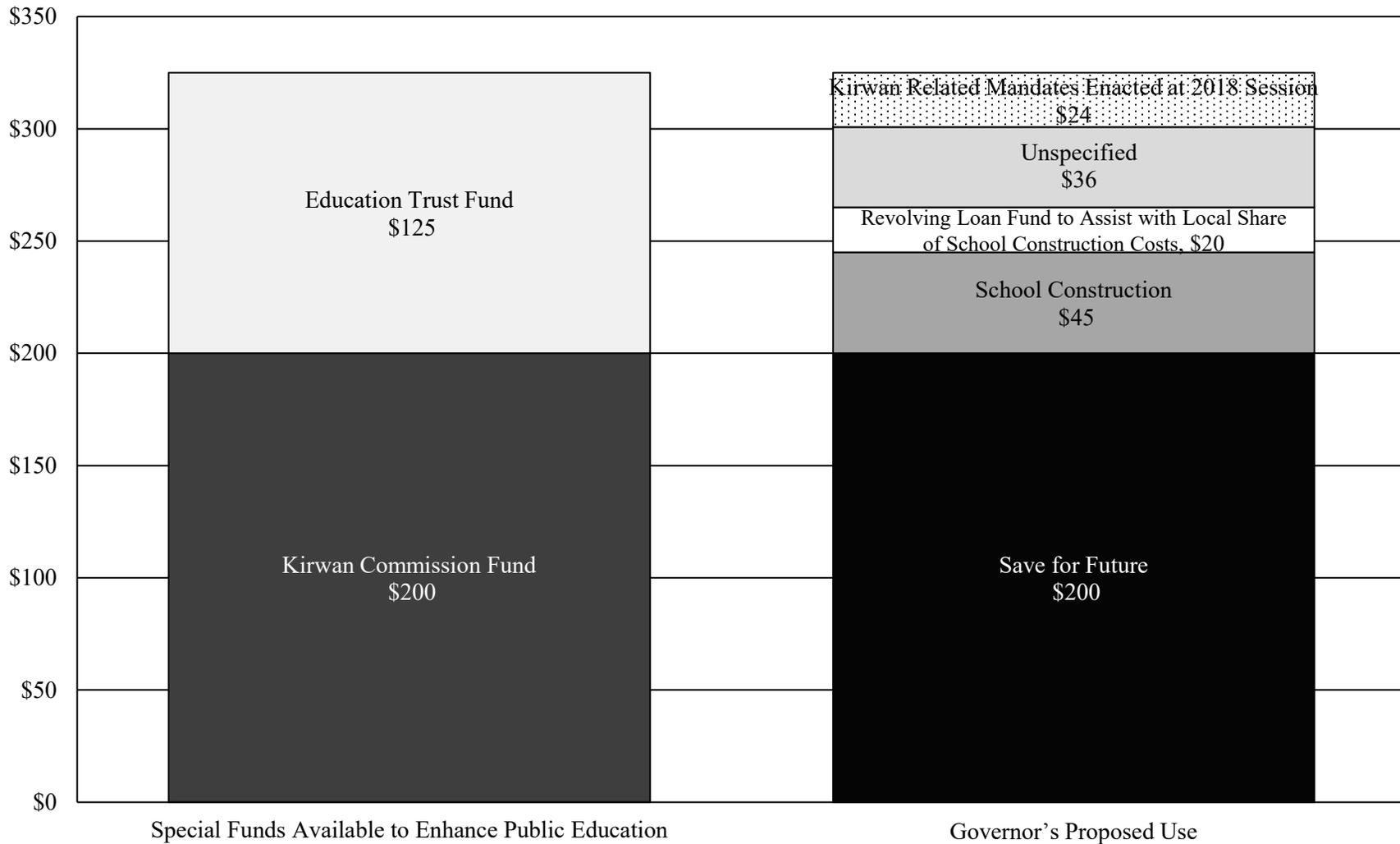
Fiscal 2018 Closeout	\$343
Fiscal 2019 Revisions	348
Fiscal 2020 Revisions	403
Total	\$1,094

Uses of Additional Revenue

Erase \$929 Million Deficit Forecast for Fiscal 2020 in July 2018	\$929
Close Fiscal 2020 with a Fund Balance	105
Administration Proposed Tax Relief	35
Increase Balance in Rainy Day Fund	273
Spending Less than Forecast in July 2018*	-248
Total	\$1,094

*Net savings largely due to favorable Medicaid and employee health insurance trends.

Governor Proposes Investing Small Portion of Funds Available for Public Education Enhancements for Kirwan Recommendations in Fiscal 2020
 (\$ in Millions)



Funding for Education Enhancements
Fiscal 2020-2024
(\$ in Millions)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Ongoing Funding					
Education Trust Fund Revenues*	\$125	\$250	\$375	\$540	\$545
Governor’s Spending Plan					
School Construction PAYGO	\$45				
School Construction Debt Service		\$125	\$125	\$125	\$125
Revolving Loan Fund to Assist Locals	20				
2018 Kirwan Mandates	24	24	24	22	22
Unspecified	36	101	226	393	398
	\$125	\$250	\$375	\$540	\$545

One-time Funding – Governor Plans to Save for Future

Commission on Innovation and Excellence in Education Fund**	\$200
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PAYGO: pay-as-you-go

* Funds must be used as supplemental funding for K-12 and may include school construction.

** Funds must be used to implement final recommendations of the commission. Funds may be spent in a single year or over multiple years.

Economic and Revenue Outlook

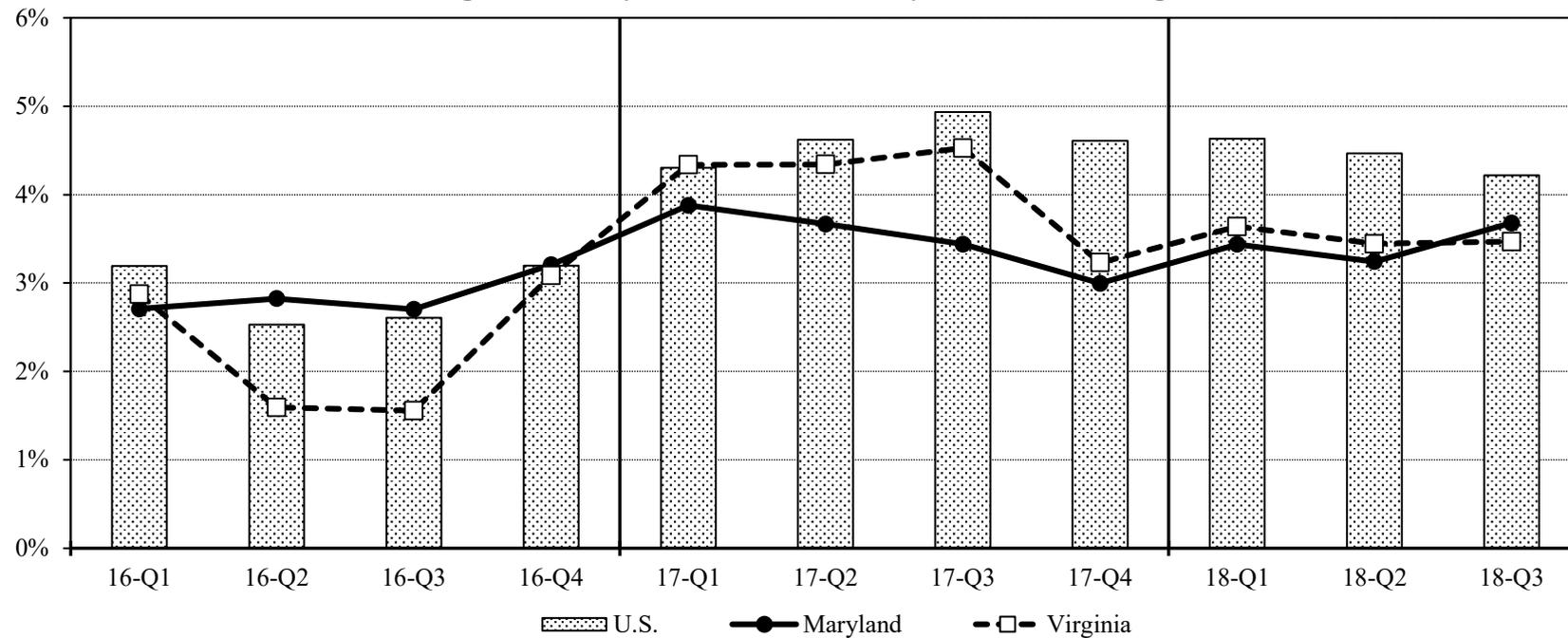
Maryland Economic Performance Year-over-year Percent Change

<u>Month-Year</u>	<u>Employment</u>		<u>Unemployment</u>	<u>Initial</u>	<u>Existing</u>	<u>Median</u>	<u>Vehicle</u>
	<u>CES</u>	<u>QCEW</u>	<u>Rate</u>	<u>UI Claims</u>	<u>Home Sales</u>	<u>Home Price</u>	<u>Sales</u>
Jan-18	0.2%	0.7%	4.1%	-8.8%	-0.7%	0.9%	-1.8%
Feb-18	0.4%	0.8%	4.2%	-19.8%	-2.6%	6.6%	-3.1%
Mar-18	0.6%	0.8%	4.3%	-17.5%	-5.3%	5.4%	-6.3%
Apr-18	0.3%	0.8%	4.3%	-26.0%	2.2%	3.9%	4.4%
May-18	0.6%	0.8%	4.3%	-20.9%	-0.4%	4.0%	1.3%
Jun-18	0.9%	0.6%	4.3%	-20.4%	-5.9%	4.0%	-3.3%
Jul-18	1.1%		4.3%	2.2%	5.2%	-1.4%	7.4%
Aug-18	1.2%		4.2%	-11.9%	1.2%	4.2%	0.7%
Sep-18	0.8%		4.2%	-6.5%	-10.8%	3.6%	-2.8%
Oct-18	1.2%		4.1%	-11.5%	-7.6%	0.5%	4.0%
Nov-18	1.4%		4.0%	-9.3%	-15.3%	0.7%	0.4%
Dec-18	1.9%		3.9%	-8.1%	-21.3%	4.4%	
<i>Y-T-D</i>	<i>0.9%</i>	<i>0.8%</i>	<i>4.2%</i>	<i>-13.6%</i>	<i>-4.9%</i>	<i>3.7%</i>	<i>0.1%</i>

CES: Current Establishment Survey QCEW: Quarterly Census of Employment and Wages UI: unemployment insurance

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

Wage and Salary Income: Year-over-year Percent Change



Maryland General Fund Revenue Forecast
(\$ in Millions)

<u>Source</u>	<u>FY 2018</u>	<u>FY 2019 Estimate</u>			<u>% Change over FY 2018</u>	<u>FY 2020 Estimate</u>			<u>% Change over FY 2019</u>
	<u>Actual</u>	<u>September</u>	<u>December</u>	<u>\$ Difference</u>		<u>September</u>	<u>December</u>	<u>\$ Difference</u>	
Personal Income Tax	\$9,507.8	\$10,249.6	\$10,202.6	-\$47.0	7.3%	\$10,594.6	\$10,526.8	-\$67.8	3.2%
Sales and Use Tax ⁽¹⁾	4,645.8	4,863.1	4,863.1	0.0	4.7%	5,026.4	5,026.4	0.0	3.4%
State Lottery	534.6	528.6	544.5	15.9	1.8%	539.3	535.2	-4.0	-1.7%
Corporate Income Tax	820.4	937.0	958.0	21.1	16.8%	943.4	965.3	21.8	0.8%
Business Franchise Taxes ⁽²⁾	245.9	245.5	242.6	-3.0	-1.4%	212.7	208.4	-4.3	-14.1%
Insurance Premiums Tax	386.4	377.5	377.5	0.0	-2.3%	396.9	396.9	0.0	5.1%
Estate and Inheritance Taxes ⁽³⁾	214.4	184.0	177.4	-6.6	-17.3%	167.2	164.3	-2.9	-7.4%
Alcohol and Tobacco Taxes	404.8	406.7	404.8	-1.9	0.0%	395.5	396.6	1.1	-2.0%
Other	551.1	502.7	499.5	-3.3	-9.4%	502.0	496.1	-5.9	-0.7%
Subtotal	\$17,311.1	\$18,294.6	\$18,269.8	-\$24.8	5.5%	\$18,777.9	\$18,715.9	-\$62.0	2.4%
Transfer Tax ⁽⁴⁾	\$46.0	\$0.0	\$0.0	\$0.0	-100.0%	\$0.0	\$0.0	\$0.0	n/a
Casino Revenues ⁽⁵⁾	15.3	0.0	0.0	0.0	n/a	0.0	0.0	0.0	n/a
12 Excellence in Education Fund ⁽⁶⁾	0.0	-200.0	-200.0	0.0	n/a	0.0	0.0	0.0	n/a
Total Revenues	\$17,372.5	\$18,094.6	\$18,069.8	-\$24.8	4.0%	\$18,777.9	\$18,715.9	-\$62.0	3.6%
Volatility Adjustment ⁽⁷⁾	\$0.0	\$0.0	\$0.0	\$0.0	n/a	-\$93.9	-\$93.6	\$0.3	n/a
Available Revenues	\$17,372.5	\$18,094.6	\$18,069.8	-\$24.8	4.0%	\$18,684.0	\$18,622.3	-\$61.7	3.1%

⁽¹⁾ Fiscal 2019 and 2020 reflect revenues of \$62.9 million and \$99.1 million, respectively, from out-of-state retailers following the Supreme Court decision allowing states to require those sellers to collect and remit the sales tax (*South Dakota vs. Wayfair*).

⁽²⁾ Corporate filing fees decline in fiscal 2020 due to implementation of Chapters 323 and 324 of 2016 that exempts companies that participate in the Maryland Small Business Retirement Savings Program and Trust or otherwise offer a retirement savings arrangement from the annual filing fee for corporations and business entities.

⁽³⁾ Estate tax revenues decline due to Chapter 612 of 2014, which raised the unified credit over a number of years and Chapter 15 of the 2018, which sets the credit at \$5 million beginning in calendar 2019.

⁽⁴⁾ The Budget Reconciliation and Financing Act (BRFA) of 2013 (Chapter 425) established a distribution of transfer tax revenues to the General Fund for fiscal 2014 to 2018. Chapter 10 of 2016 reduced the distribution in fiscal 2017 by \$20.0 million and in fiscal 2018 by \$40.0 million.

⁽⁵⁾ The BRFA of 2017 (Chapter 23) distributed to the general fund casino revenues that would normally go to the Small, Minority and Women-Owned Businesses Account in fiscal 2018.

⁽⁶⁾ The BRFA of 2018 (Chapter 10) distributed \$200 million of personal income tax revenues to the Commission on Innovation and Excellence in Education Fund created by the bill.

⁽⁷⁾ Chapters 4/550 of 2017 as amended by the BRFA of 2018 requires the Board of Revenue Estimates, beginning with fiscal 2020, to calculate an adjustment to the general fund revenue estimate based on the share of revenues from non-withholding personal income tax payments relative to the historical average.

Note: Other includes revenues from the courts, hospital patient recoveries, interest earnings and other miscellaneous revenues. The September estimate has been adjusted in both fiscal 2019 and 2020 to reflect additional miscellaneous revenue related to a court ruling.

Source: Board of Revenue Estimates

Fiscal 2019 General Fund Revenues
(\$ in Millions)

<u>Source</u>	<i>Fiscal Year through December</i>			<u>% Difference</u>	<u>Full-year Estimated Growth Rate</u>
	<u>FY 2018</u>	<u>FY 2019</u>	<u>\$ Difference</u>		
Personal Income Tax	\$3,709.3	\$3,875.7	\$166.4	4.5%	7.3%
Sales and Use Tax ⁽¹⁾	1,920.6	1,997.9	77.3	4.0%	4.7%
State Lottery	259.4	269.0	9.6	3.7%	1.8%
Corporate Income Tax	339.9	392.3	52.4	15.4%	16.8%
Business Franchise Taxes	86.4	90.5	4.2	4.8%	-1.4%
Insurance Premiums Tax	151.9	158.5	6.5	4.3%	-2.3%
Estate and Inheritance Taxes	100.1	94.7	-5.4	-5.4%	-17.3%
Alcohol and Tobacco Taxes	186.3	182.5	-3.9	-2.1%	0.0%
Subtotal	\$6,753.9	\$7,061.1	\$307.2	4.5%	5.5%
Other ⁽²⁾	\$217.0	\$54.6	-\$162.4	-74.8%	-51.1%
Total Revenues	\$6,970.9	\$7,115.7	\$144.8	2.1%	4.0%

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

⁽²⁾ Includes revenues from the courts, interest on investments, miscellaneous revenues, and hospital patient recovery revenues from Medicare, insurance, and sponsors. Fiscal 2018 includes \$7.5 million in casino revenue representing money that would normally go to the Small, Minority and Women-Owned Businesses Account but was diverted to the General Fund per the Budget Reconciliation and Financing Act (BRFA) of 2017 (Chapter 23). Fiscal 2018 also includes \$46.0 million in transfer tax revenue. Fiscal 2019 reflects a transfer of \$80 million from general fund personal income tax collections to the Commission on Innovation and Excellence in Education Fund as required by the BRFA of 2018 (Chapter 10).

Source: Comptroller of Maryland; State Lottery and Gaming Control Agency

Gaming Program
Revenues and Impact on the Education Trust Fund
Fiscal 2019-2020
(\$ in Millions)

	2019 Estimate			2020 Estimate		
	<u>September</u>	<u>December</u>	<u>Difference</u>	<u>September</u>	<u>December</u>	<u>Difference</u>
Video Lottery Terminals						
Education Trust Fund ⁽¹⁾	\$431.5	\$438.7	\$7.1	\$438.6	\$430.1	-\$8.5
Casino Operators	510.3	518.0	7.7	518.6	542.2	23.6
Local Impact Grants	58.9	59.8	1.0	59.8	60.8	1.0
SMWOBA ⁽²⁾	0.0	0.0	0.0	0.0	0.0	0.0
Purse Dedication	63.5	64.5	1.0	64.5	65.6	1.1
RTFRA	10.4	10.6	0.2	10.5	10.7	0.2
State Lottery Agency	10.9	11.0	0.2	11.0	11.2	0.2
General Fund	0.0	0.0	0.0	0.0	0.0	0.0
Gross Revenues	\$1,085.4	\$1,102.6	\$17.2	\$1,103.0	\$1,120.6	\$17.5
New Casino Shares for FY 2020 ⁽¹⁾						
			<u>Current</u>	<u>New</u>	<u>Casino</u>	<u>ETF</u>
Live! (Anne Arundel)			49%	51%	\$8.0	-\$8.0
Horseshoe (Baltimore City)			46%	49%	4.5	-4.5
Hollywood (Cecil)			39%	44%	3.3	-3.3
Change in Revenue					\$15.8	-\$15.8
Table Games						
Education Trust Fund	\$96.1	\$99.3	\$3.2	\$97.6	\$98.7	\$1.1
Casino Operators	512.5	529.4	16.9	520.3	526.4	6.1
Local Impact Grants	32.0	33.1	1.1	32.5	32.9	0.4
Gross Revenues	\$640.6	\$661.8	\$21.1	\$650.4	\$658.0	\$7.6
Total Gross Revenues	\$1,726.0	\$1,764.3	\$38.3	\$1,753.4	\$1,778.5	\$25.1
Total Education Trust Fund	\$527.6	\$537.9	\$10.3	\$536.1	\$528.8	-\$7.4

ETF: Education Trust Fund
RTFRA: Race Tracks Facility Renewal Account
SMWOBA: Small, Minority, and Women-Owned Businesses Account

⁽¹⁾ The December estimate for fiscal 2020 reflects a reduction in ETF revenue as a result of an increase in the licensee shares approved by the Maryland Lottery and Gaming Commission in December 2018. The Commission increased the licensee share of video lottery terminal revenues at the Live!, Horseshoe, and Hollywood casinos effective July 1, 2019. In the absence of these changes, total revenues to the ETF would have been revised up in fiscal 2020 by \$8.4 million relative to the September estimate.

⁽²⁾ The Budget Reconciliation and Financing Act of 2017 (Chapter 23) diverted the distribution that normally goes to the SMWOBA to the General Fund in fiscal 2018 and to the ETF in fiscal 2019 and 2020. The distribution is 0.75% of gross video lottery terminal revenues at the Rocky Gap facility and 1.5% at all other casinos.

Source: State Lottery and Gaming Control Agency; Board of Revenue Estimates.

Federal Government Shutdown

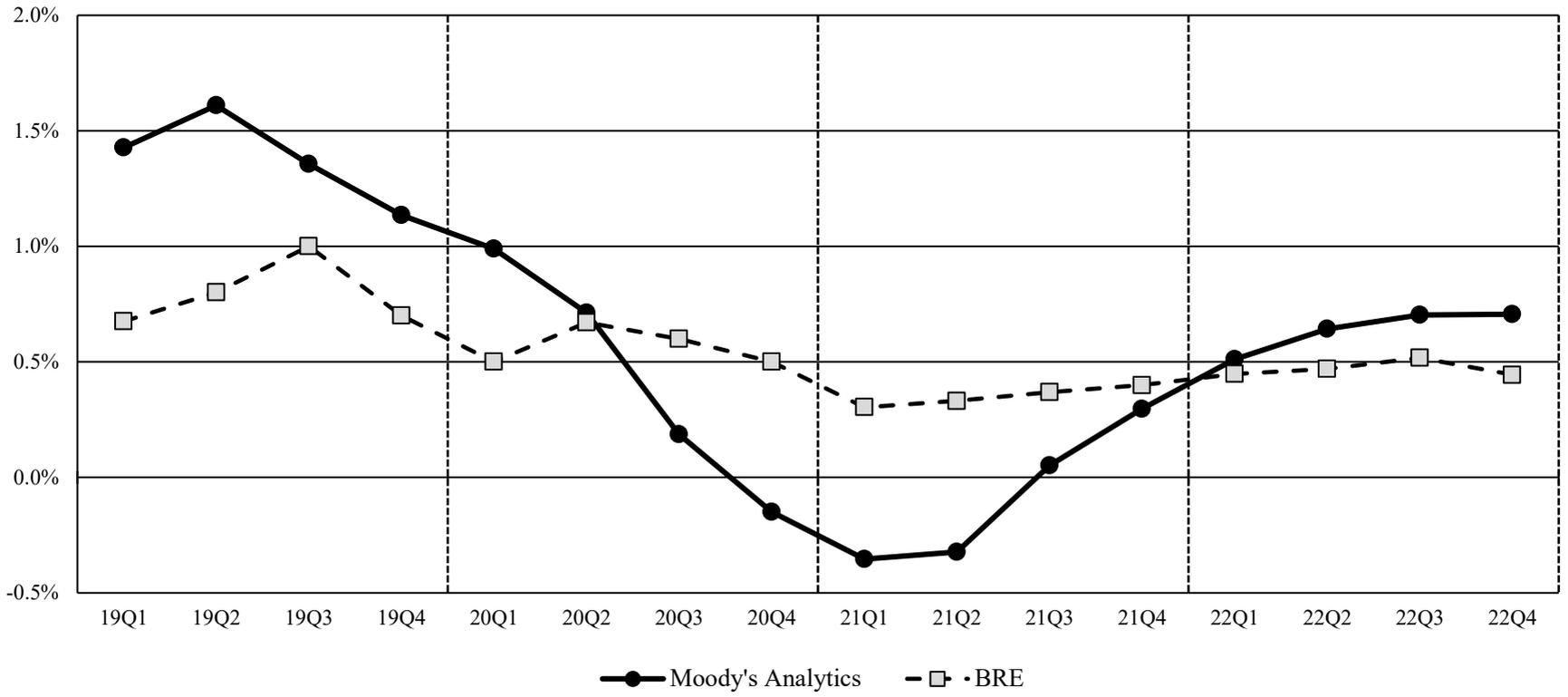
- Funding for several federal departments and agencies lapsed on December 21, 2018, at midnight. About 800,000 federal employees are impacted of which 380,000 have been furloughed while the rest continue to work without pay as they are deemed “excepted” for safety or security reasons. The Administration has announced plans to recall tens of thousands of additional employees to work without pay.
- Nine Cabinet departments are shutdown: Agriculture, Commerce, Justice, Homeland Security, Housing and Urban Development, Interior, State, Transportation, and Treasury. Although the Department of Health and Human Services is funded, certain agencies within the department are shutdown including the Food and Drug Administration (FDA).
- A number of independent agencies are also closed including the National Archives and Records Administration, the Consumer Product Safety Commission, the Smithsonian Institution and NASA.
- According to data from the Office of Personnel Management (OPM), as of the second quarter of 2018, there were 129,000 federal civilian Executive Branch jobs located in Maryland, excluding the Postal Service and classified agencies. Employment at departments and agencies shutdown total almost 43,000, about one-third of the total or almost 50% of the non-defense total.
- The largest agency in Maryland impacted by the shutdown is FDA with almost 14,000 positions in the State followed by almost 12,000 at the Department of Commerce. There are also around 4,300 jobs at Treasury (mostly the Internal Revenue Service), almost 2,900 at NASA, 2,800 at Agriculture, and 2,500 at Homeland Security.
- These figures do not include Maryland residents who work for the federal government in other states, and some of the jobs in Maryland may be held by nonresidents. The data from OPM also does not reflect workers at private-sector federal contractors who may also be furloughed due to the partial government shutdown.
- Combining OPM data for Maryland with the data for Virginia and the District of Columbia indicates that almost 180,000 federal jobs are impacted by the shutdown across the three states. The data from OPM also includes the average salary at each agency. Assuming each impacted job is full-time year-round and earns the average salary results in lost wages of about \$802 million per bi-weekly payroll.
- Using data from the U.S. Census Bureau on commuting flows results in an estimate of 93,000 Maryland residents currently furloughed or working without pay reflecting lost wages of about \$420 million per pay period. That translates to about \$31 million of State

and local income tax withholding. Lost sales tax revenue could be around \$1.5 million per pay period although some of that might reflect delayed rather than foregone consumption.

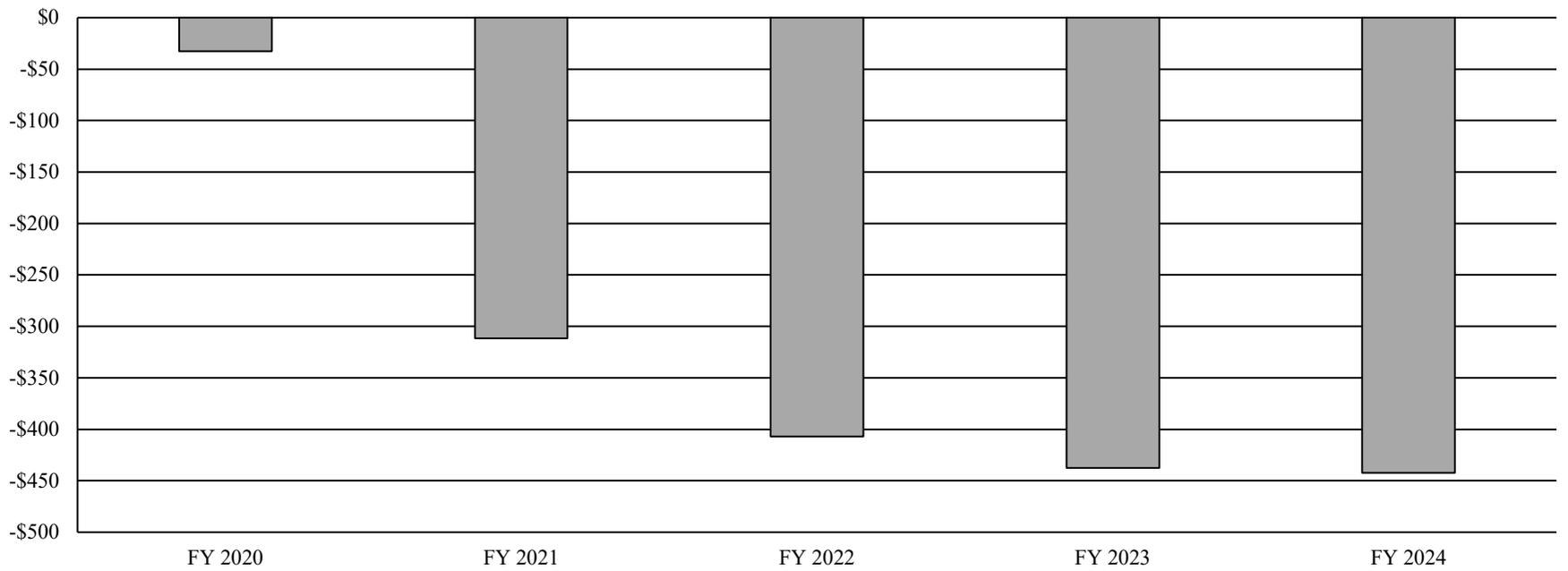
- Federal employees who are required to work during the shutdown are guaranteed to get paid for the time they worked. Congress passed and the president has signed legislation to pay furloughed federal employees for the shutdown period when it ends.
- The shutdown is also impacting workers at private-sector federal contractors. There is no official data on the number of employees funded by federal contracts. Press reports have highlighted workers who provide janitorial, security, and cafeteria services at shuttered federal buildings dealing with a lack of hours and therefore pay. Impacted private-sector workers could also include a wide variety of jobs from information technology support to scientific research depending on the agency and the contract.
- In past shutdowns, whether or not private-sector contract employees were paid for the period when they could not work was up to each individual company. Legislation has been introduced in the Senate to ensure lower wage contract employees are reimbursed for the shutdown.
- On the budget side, one concern has been funding for the Supplemental Nutrition Assistance Program. Benefits for January were fully funded and the Agriculture Department has said funding is available for February to the extent funds were obligated within 30 days of the expired continuing resolution. States have until January 20 to request these funds and issue the benefits.
- Other child nutrition programs and school meals programs have funding available through March. Funding for the Women, Infants, and Children Program is available through February with potential funds available beyond that date.

Recession Scenario – Moody's Analytics

Maryland Payroll Employment: Year-over-year Percent Change



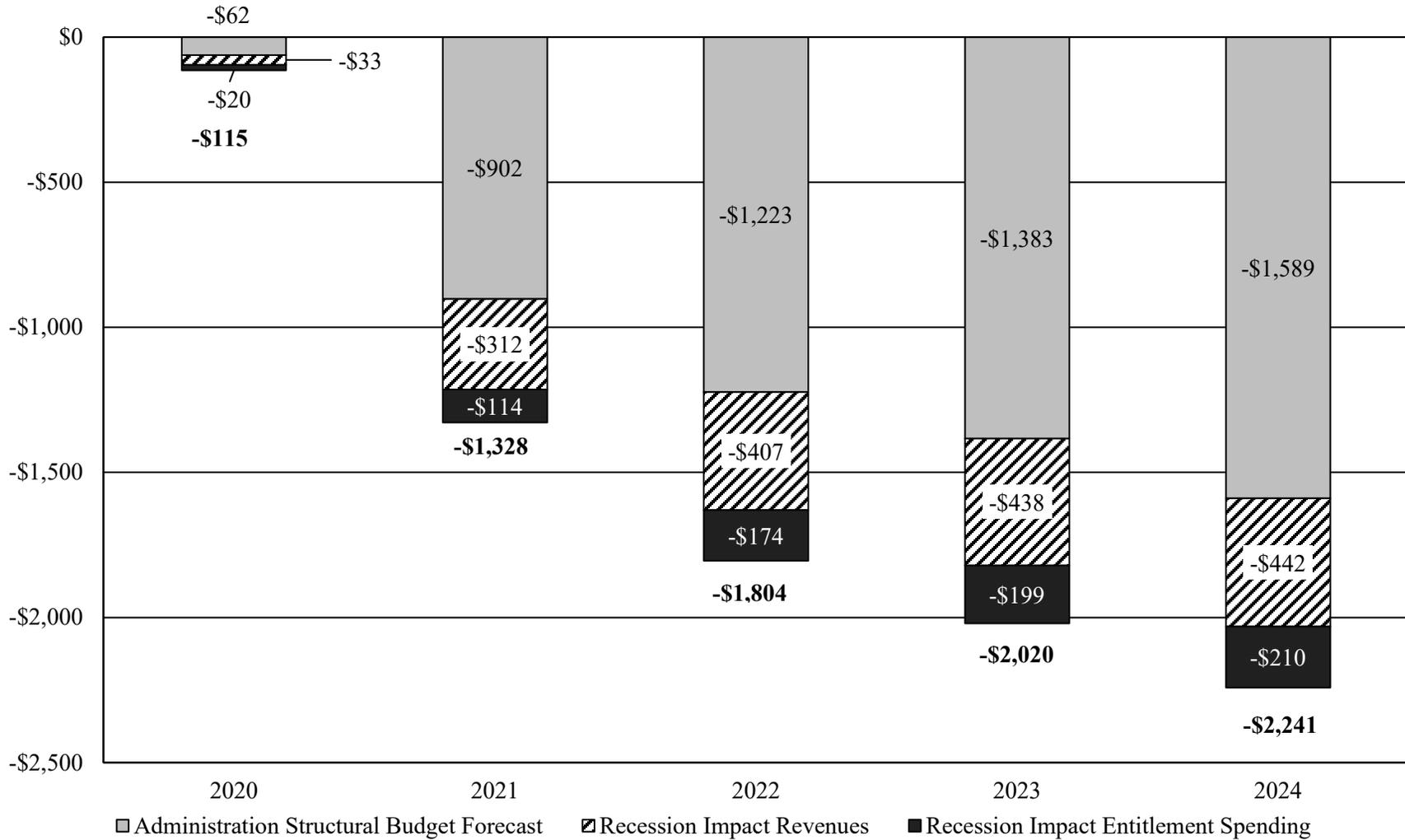
Maryland General Fund Revenue: Change from BRE Baseline Personal Income Tax, Sales Tax, and Corporate Income Tax (\$ in Millions)



BRE: Board of Revenue Estimates

Structural Budget Outlook – Recession Scenario
Fiscal 2020-2024
(\$ in Millions)

18



Operating Budget

General Fund: Recent History and Outlook
Fiscal 2018-2020
(\$ in Millions)

	2018 <u>Actual</u>	2019 <u>Working</u>	2020 <u>Allowance</u>
Funds Available			
Ongoing Revenues	\$17,382	\$18,150	\$18,669
Balances and Transfers	377	390	963
Short-term Revenues	0	192	0
Total Funds Available	\$17,759	\$18,732	\$19,632
Appropriations, Deficiencies, and Cost Containment			
Net Ongoing Operating Costs and Deficiencies	\$17,338	\$17,798	\$18,731
One-time Spending	25	64	38
One-time Spending/Reductions	-214	-31	0
Pay-as-you-go Capital	10	59	83
Appropriations to Reserve Fund	10	36	675
Total Spending	\$17,169	\$17,927	\$19,527
Cash Balance/Shortfall	\$590	\$805	\$105
Structural			
Balance (Ongoing Revenues Less Operating Costs)	\$44	\$352	-\$62
Ratio (Ongoing Revenues/Operating Costs)	100.3%	102.0%	99.7%
Reserve Fund Activity			
Appropriations to Rainy Day Fund	\$10	\$15	\$444
Transfers to General Fund	0	0	158
Estimated Rainy Day Fund Balance – June 30	\$857	\$882	\$1,207
Total Cash (Rainy Day Fund and General Fund Balance)	\$1,446	\$1,688	\$1,312
Rainy Day Fund Balance In Excess of 5%	-\$12	-\$22	\$273

General Fund Deficiencies of \$105.9 Million Are Partially Offset by \$52.9 Million in Available Education Trust Fund Revenue

<u>Item</u>	<u>General Funds</u>	<u>Special Funds</u>	<u>All Funds</u>
Statewide General Salary Increase and Bonuses	\$35,245,123	\$7,795,085	\$47,182,531
Operating Expenses	23,142,774	17,458,252	95,086,232
Fiscal 2018 Deficits	22,330,826	0	50,104,602
Targeted Salary Enhancements and Bonuses	12,926,865	0	12,926,865
Facility Maintenance (MDH and DGS)	6,600,000	0	6,600,000
Tax Credits	6,500,000	0	6,500,000
Grants	-809,340	1,900,000	1,090,660
Special Fund Availability	-52,895,885	49,895,885	-3,000,000
Total	\$53,040,363	\$77,049,222	\$216,490,890

DGS: Department of General Services

MDH: Maryland Department of Health

- Employee compensation accounts for \$48.2 million in general fund deficiencies (\$60.1 million in total funds). This includes \$35.2 million for the statewide 0.5% general salary increase and \$500 one-time bonus effective April 1, 2019. Funding is also included in the Maryland Department of Health (MDH) for nurse retention bonuses and salary enhancements for psychiatrists (\$5.3 million in general funds) and for employee bonuses in the Department of Public Safety and Correctional Services (\$7.6 million in general funds).
- There are \$22.3 million in various general fund deficiencies to offset bills rolled over from fiscal 2018. The largest amount is \$14.8 million (\$42.6 million in total funds) to support Medicaid behavioral health expenditures, predominantly due to continued demand for substance use disorder treatment. Underfunded tax credit obligations require an additional \$4.0 million in fiscal 2018 and \$6.5 million in fiscal 2019.
- General fund deficiencies for operating costs total \$23.1 million (\$95.1 million in total funds). The largest deficiencies are in MDH including \$7.8 million to support substance use disorder services for the uninsured and for non-Medicaid eligible expenses. An additional \$3.0 million is needed due to high demand in the Breast and Cervical Cancer Program. Other significant areas of general fund operational support include the Department of Information Technology (\$5.2 million) and improvements at Veterans cemeteries (\$2.0 million).
- Additional educational grant funding, primarily for the Save4College program based on increased demand (\$3.3 million), plus smaller grants of \$400,000 each for the Maryland Zoo and the Community for Life program in the Department of Aging are more than offset by the withdrawal of \$5.0 million in funding for the film tax credit that was converted to an unappropriated tax credit in the 2018 session (Chapter 595 of 2018).
- Additional Education Trust Fund revenue allows for the reduction of \$52.9 million in general fund spending, halving the overall general fund deficiency need. Special fund support for Medicaid falls by \$3.0 million due to the ongoing arbitration over Cigarette Restitution Fund revenues.

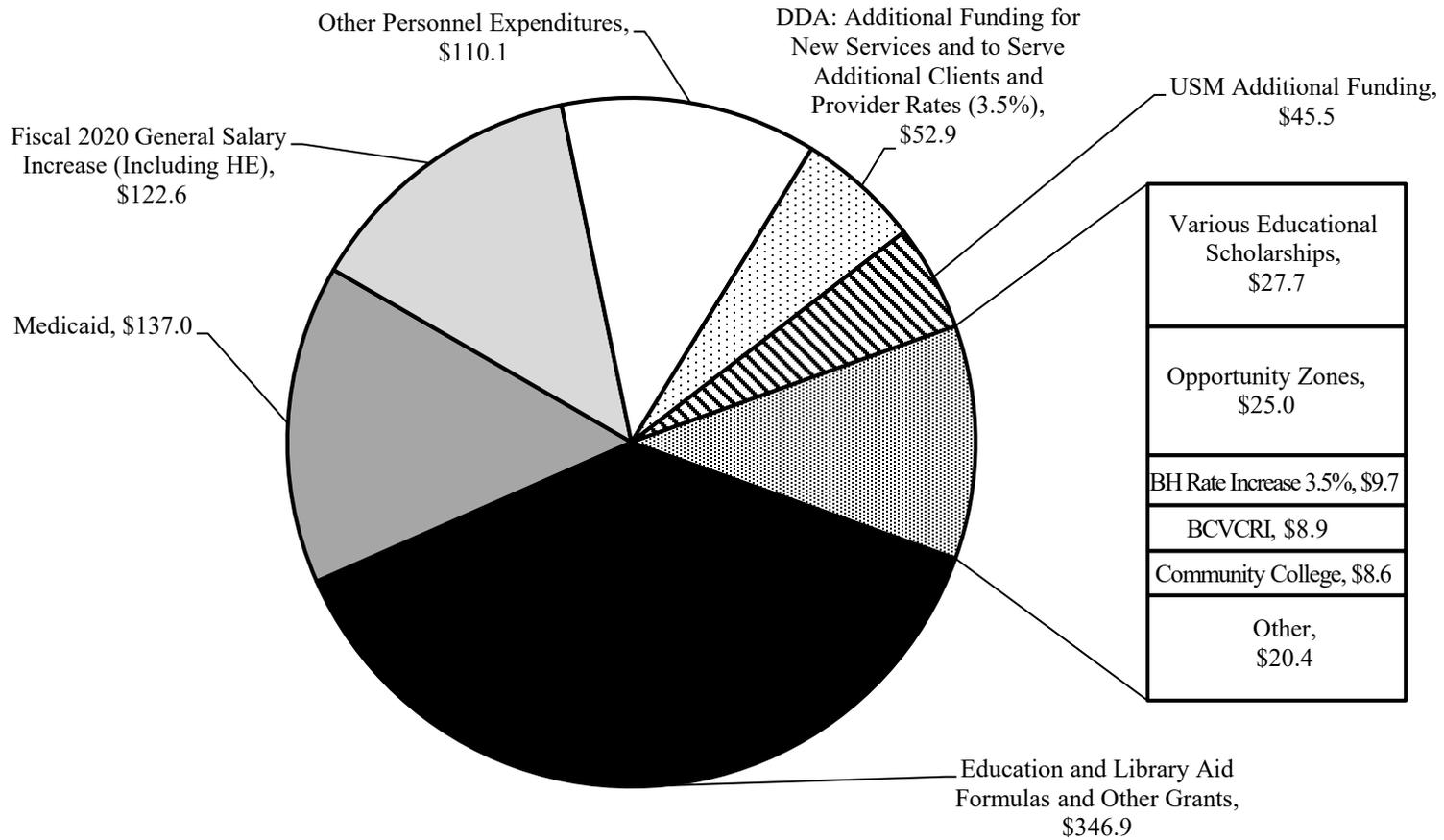
State Expenditures – General Funds
Fiscal 2018-2020
(\$ in Millions)

<u>Category</u>	<u>2018</u> <u>Actual</u>	<u>2019</u> <u>Working</u> <u>Appropriation</u>	<u>2020</u> <u>Allowance</u>	<u>2019 to 2020</u>	
				<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$259.6	\$286.0	\$287.0	\$1.0	0.3%
County/Municipal	\$276.9	\$287.9	\$300.9	\$13.0	4.5%
Community Colleges	317.0	322.4	331.0	8.6	2.7%
Education/Libraries	5,970.2	6,061.1	6,408.0	346.9	5.7%
Health	49.5	52.7	55.4	2.7	5.1%
<i>Aid to Local Governments</i>	<i>\$6,613.5</i>	<i>\$6,724.0</i>	<i>\$7,095.3</i>	<i>\$371.3</i>	<i>5.5%</i>
Foster Care Payments	\$191.9	\$188.2	\$191.2	\$3.1	1.6%
Assistance Payments	55.1	45.4	40.6	-4.8	-10.5%
Medical Assistance	3,194.0	3,414.9	3,551.9	137.0	4.0%
Property Tax Credits	89.8	101.2	97.2	-4.0	-3.9%
<i>Entitlements</i>	<i>\$3,530.9</i>	<i>\$3,749.6</i>	<i>\$3,880.9</i>	<i>\$131.3</i>	<i>3.5%</i>
Health	\$1,425.6	\$1,496.0	\$1,545.5	\$49.6	3.3%
Human Services	363.1	372.3	362.8	-9.4	-2.5%
Children's Cabinet Interagency Fund	18.5	18.5	18.5	0.1	0.3%
Juvenile Services	258.0	264.2	260.3	-3.9	-1.5%
Public Safety/Police	1,469.7	1,529.0	1,542.4	13.4	0.9%
Higher Education	1,432.6	1,481.8	1,539.7	57.9	3.9%
Other Education	421.7	460.8	497.4	36.6	7.9%
Agriculture/Natural Res./Environment	119.9	127.1	140.6	13.5	10.6%
Other Executive Agencies	662.8	784.2	996.9	212.7	27.1%
Judiciary	484.2	508.5	545.7	37.2	7.3%
Legislative	89.3	91.3	95.5	4.2	4.6%
<i>State Agencies</i>	<i>\$6,745.5</i>	<i>\$7,133.5</i>	<i>\$7,545.3</i>	<i>\$411.8</i>	<i>5.8%</i>
Total Operating	\$17,149.6	\$17,893.1	\$18,808.5	\$915.3	5.1%
Capital ⁽¹⁾	\$9.5	\$59.5	\$83.3	\$23.8	40.0%
Subtotal	\$17,159.1	\$17,952.6	\$18,891.7	\$939.1	5.2%
Reserve Funds	\$10.0	\$9.3	\$670.2	\$660.8	7071.1%
Appropriations	\$17,169.1	\$17,962.0	\$19,561.9	\$1,599.9	8.9%
Reversions	\$0.0	-\$35.0	-\$35.0	\$0.0	0.0%
Grand Total	\$17,169.1	\$17,927.0	\$19,526.9	\$1,599.9	8.9%

⁽¹⁾ Includes the Heritage Structure Rehabilitation Tax Credit Reserve Fund.

Note: The fiscal 2019 working appropriation includes \$35.0 million in anticipated reversions and \$53.0 million in deficiencies. The fiscal 2020 allowance reflects \$35 million in anticipated reversions.

**General Fund Operating Expenditures Growth
Fiscal 2019 Working Appropriation to Fiscal 2020 Allowance
(\$ in Millions)**



BCVCRI: Baltimore City Violent Crime Reduction Initiative
 BH: Non-Medicaid Behavioral Health
 DDA: Developmental Disabilities Administration
 HE: higher education
 USM: University System of Maryland

Note: Excludes appropriations to State Reserve Fund and pay-as-you-go Capital.

Fiscal 2019 and 2020 Statewide Personnel Actions

	<u>General Funds</u>	<u>All Funds</u>
<u>Fiscal 2019</u>		
\$500 Bonus Effective April 1, 2019: Employees receive a \$500 bonus effective April 1, 2019.	\$27.6	\$37.3
0.5% General Salary Increase Effective April 1, 2019: Employees receive a 0.5% general salary increase effective April 1, 2019.	7.7	9.9
Targeted Salary Enhancements and Bonuses: Supplemental funding is provided for recruitment and retention bonuses for correctional officers and registered nurses and a salary enhancement for psychiatrists in State facilities.	12.9	12.9
Fiscal 2019 Total	\$48.2	\$60.1
<u>Fiscal 2020</u>		
2.5% General Salary Increase Annualization: The cost to annualize the 2% general salary increase effective January 1, 2019, and the 0.5% increase effective April 1, 2019.	\$58.1	\$76.9
3% General Salary Increase Effective July 1, 2019: Employees receive a 3% general salary increase effective July 1, 2019.	122.6	161.5
State Law Enforcement Officers Labor Alliance (SLEOLA) Employee General Salary Increase and Increment: Members of SLEOLA receive a 5% general salary increase and employee increments effective July 1, 2019.	17.4	21.4
State Employee Student Loan Repayment Benefit: Funding is provided for a student loan repayment benefit for State employees or their child in targeted shortage areas.	8.0	8.0
Annual Salary Review Enhancements: Funding is provided to provide a one-grade increase for alcohol and drug counselors, mental health professional counselors, park services associates, registered nurses, epidemiologists, and environmental compliance specialists. Funding also provides for reclassification of procurement classifications and a 4% increase to correctional officers.	18.7	20.6
Fiscal 2020 Total	\$224.9	\$288.4

Note: A 1% general salary increase effective January 1, 2020, is contingent on fiscal 2019 general fund revenues exceeding December 2018 estimates by \$75 million. These funds have not been budgeted.

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

Major Position Changes Since 2018 Session

<u>Department/Service Area</u>	<u>Fiscal 2019</u>		<u>Fiscal 2020</u>		<u>Change</u>
	<u>Transfers</u>	<u>New</u>	<u>Abolish</u>	<u>Transfer</u>	
Health	-	146	-	-4	142
Education	25	19	-		44
Governor's Office of Crime Control and Prevention	11	13	-	10	34
General Services	1	4	-	22	27
Veterans Affairs	3	18	-	-	21
Office of the Attorney General	4	13	-8	-	9
Military	4	-	-	4	8
Natural Resources	-	8	-	-	8
Retirement	-	5	-	-	5
State Police	-9	5	-	-	-4
Budget and Management	2	-	-1	-11	-10
Information Technology	-	-	-	-11	-11
Labor, Licensing, and Regulation	1	-	-35	-	-34
Public Safety and Correctional Services	-40	-	-260	-2	-302
Other Executive	-3	1	-	-8	-10
<i>Executive Subtotal</i>	0	232	-304	0	-73
Higher Education	0	10	-7	-	3
Judiciary	0	56	0	0	56
Total	0	298	-311	0	-13

Note: Numbers may not sum due to rounding.

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

New Positions

- Health:** 146 positions, including (1) 86 associated with conversion of Maryland Institute for Policy Analysis and Research employees to full-time State employees; (2) 52 contractual conversions department-wide; and (3) 10 positions in the Office of Health Care Quality.
- Judiciary:** 56 positions, including 7 judges; 2 circuit court magistrates; 33 clerks; and 13 information technology and support systems, per the judgeship plan.
- Education:** 19 positions, including (1) 8 positions for the Office of Compliance and Monitoring in Headquarters; (2) 5 positions for the Interagency Commission on School Construction; (3) 4 positions for the Maryland School for the Deaf for the Maryland Safe to Learn Act (Chapter 30 of 2018); and (4) 2 positions in the Maryland State Library Agency.

- ***Veterans Affairs:*** 18 positions, including 12 cemetery positions; 5 heavy machine operators; and 1 benefits navigator.
- ***Governor’s Office of Crime Control and Prevention:*** 13 positions to support the Baltimore City crime reduction initiative.
- ***Office of the Attorney General:*** 13 positions, including (1) 6 positions for the Consumer Protection Division (Chapter 731/732 of 2018); (2) 4 assistant Attorneys General (AAGs) for opioid response; (3) 2 AAGs for Legal Advice and Counsel; and (4) 1 AAG for the Civil Litigation Division.
- ***Other Executive:*** 23 positions, including: (1) 8 contractual conversions in Natural Resources; (2) 5 information technology positions in Retirement; (3) 5 sworn troopers in State Police for the Baltimore City crime reduction initiative; (4) 4 capital facility maintenance positions in General Services; and (5) 1 administrator in Planning.

Abolished Positions

- ***Public Safety and Correctional Services:*** 260 abolished positions per language provided in the Fiscal 2020 Budget Bill.
- ***Labor, Licensing, and Regulation:*** 35 abolished positions associated with changes in unemployment insurance caseloads.
- ***Other Changes:*** 16 abolished positions, including (1) 8 long-term vacancies in Office of the Attorney General; (2) 7 positions in Baltimore City Community College; and (3) 1 position in Budget and Management.

Transferred Positions

- ***Correctional Officers:*** 31 vacant correctional officer positions were reclassified and transferred to other agencies, including:
 - 5 – Maryland State Department of Education Headquarters
 - 5 – Maryland Center for School Safety
 - 4 – Office of the Attorney General
 - 4 – Maryland Emergency Management Agency
 - 3 – Veterans Affairs
 - 3 – Interagency Commission on School Construction

- 3 – Maryland Higher Education Commission
- 2 – Maryland Department of Transportation
- 1 – Budget and Management
- 1 – Labor, Licensing, and Regulation
- **General Services:** 22 positions transferred from Information Technology (11) and Budget and Management (11) as a result of consolidation of procurement positions.
- **Governor’s Office of Crime Control and Prevention:** 21 positions transferred, reflecting movement of the Criminal Injuries Compensation Board (11) and the Governor’s Office of Children (10).
- **Center for School Safety:** 9 sworn officers from State Police to staff the Center for School Safety.
- **Maryland Emergency Management Agency:** 4 positions transferred from Health for the Office of Opioid Control and Coordination.
- **Governor’s Office of Shared Services:** 3 positions transferred from the Governor’s Office of Children to the Governor’s Office of Shared Services within Boards, Commissions, and Offices.

Analysis of Vacancies and Turnover Rate
Fiscal 2020 Allowance Compared to January 2019 Vacancies

<u>Department/Service Area</u>	<u>Positions</u>	<u>Budgeted Turnover Rate</u>	<u>Vacancies to Meet Turnover</u>	<u>January Vacancies</u>	<u>Vacancies Above (or Below) Turnover</u>	<u>Actual Vacancy Rate</u>
Public Safety, Health and Human Services						
Public Safety and Correctional Services*	10,152	13.3%	1,350	1,962	612	19.3%
Health	6,420	8.8%	563	763	200	11.9%
Human Services	6,120	7.1%	434	507	74	8.3%
Police and Fire Marshal	2,445	6.4%	156	286	130	11.7%
Juvenile Services	1,987	7.2%	144	208	64	10.5%
Subtotal	27,124	9.5%	2,647	3,727	1,080	13.7%
Transportation	9,060	4.8%	435	601	166	6.6%
Other Executive						
Legal (Excluding Judiciary)	1,485	6.2%	92	138	46	9.3%
Executive and Administrative Control	1,608	1.3%	22	168	147	10.5%
Financial and Revenue Administration	2,097	5.3%	111	223	112	10.6%
Budget and Management and DoIT	546	5.4%	29	81	52	14.9%
Retirement	189	6.3%	12	18	6	9.5%
General Services	608	5.8%	35	68	32	11.1%
Natural Resources	1,348	5.5%	74	117	43	8.7%
Agriculture	352	6.8%	24	45	21	12.8%
Labor, Licensing, and Regulation	1,417	6.2%	88	219	131	15.5%
MSDE and Other Education	1,993	6.0%	120	166	46	8.3%
Housing and Community Development	331	5.6%	19	15	-4	4.5%
Commerce	188	5.4%	10	16	6	8.5%
Environment	893	6.5%	58	96	38	10.8%
Subtotal	13,055	5.8%	693	1,370	677	10.5%
Executive Branch	49,238	7.6%	3,775	5,698	1,923	11.6%

DoIT: Department of Information Technology
MSDE: Maryland State Department of Education

*The fiscal 2020 budget bill includes language that abolishes 260 vacant positions in the Department of Public Safety and Correctional Services. Abolished positions have been removed from this chart.

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

State Retirement and Pension System

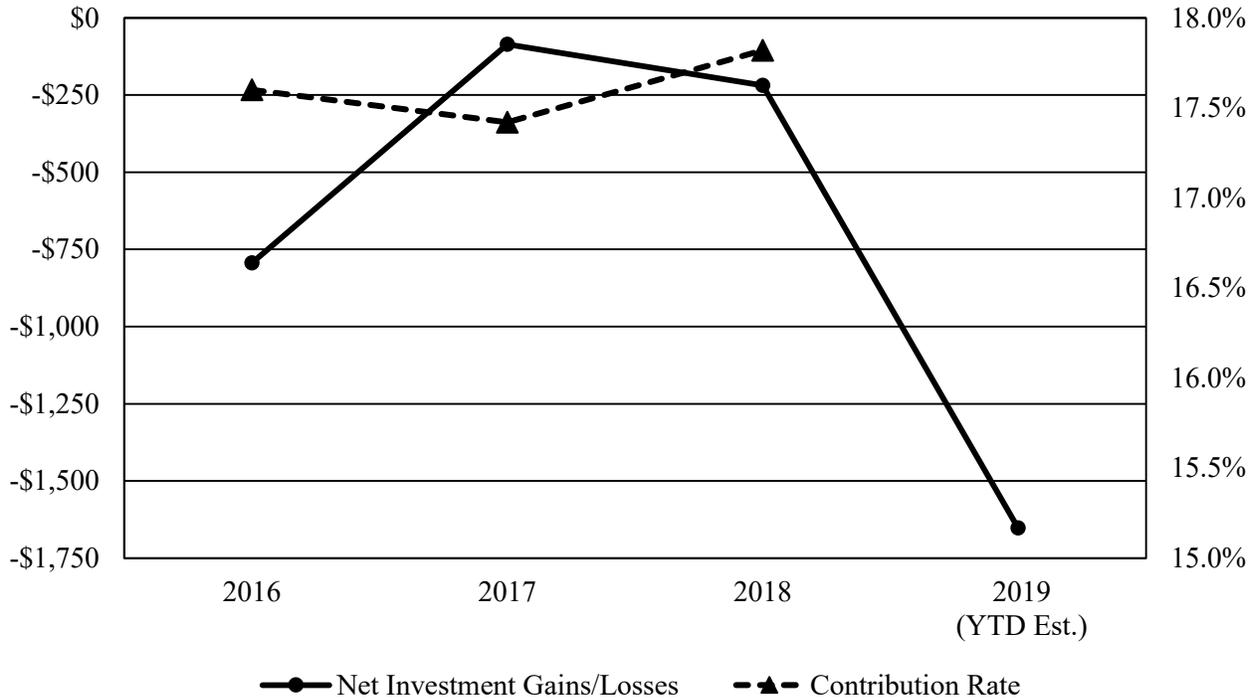
Estimated Employer Pension Contributions Fiscal 2017-2020 (\$ in Millions)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
State Employer Base	\$1,532.5	\$1,549.3	\$1,570.8	\$1,627.1
Supplemental	75.0	75.0	75.0	75.0
Sweeper	50.0	0	0	50.0
Governor	25.0	0	0	0
Total State	\$1,682.5	\$1,624.3	\$1,645.8	\$1,752.1
Local School Boards	\$279.8	\$280.5	\$283.8	\$288.6
Total Employer	\$1,962.2	\$1,904.8	\$1,929.6	\$2,040.7

Source: State Retirement Agency; Department of Budget and Management; Department of Legislative Services

- Total State contributions for teacher and employee pensions are projected to be \$1.75 billion in fiscal 2020, an increase of \$106.3 million from the fiscal 2019 contribution.
- The increase in the State’s base contribution represents an increase of 3.7% over the previous year. In four of the past five years, the year-over-year increase has been equal to or less than that amount.
- Local school systems are projected to contribute \$288.6 million, an increase of \$3.3 million from fiscal 2018 levels.
- The Governor’s allowance includes a supplemental contribution of \$75.0 million above the actuarially determined contribution and makes the “sweeper” payment of \$50.0 million from the general fund surplus to the pension fund; both payments are required by statute.
- The system’s funded ratio increased to 71.6%, up from 70.9% last year, continuing its gradual climb back to full funding ahead of the pace projected at the time of pension reform in 2011.

**Net Recognized Investment Gains/(Losses) and Contribution Rates
State Retirement and Pension System
Fiscal 2016-2019 (YTD)**



Note: Net gains/losses are for five-year period ending in the specified fiscal year.

Source: Gabriel, Roeder, Smith, and Co; Department of Legislative Services

- Due to the budgeting process, investment gains and losses recognized in a given fiscal year affect contribution rates two years in the future.
- Year-to-date investment losses in fiscal 2019, combined with significant net losses in the four prior year fiscal years, will put substantial upward pressure on contribution rates for fiscal 2021.

State Aid to Local Governments

State Aid by Governmental Entity
Amount and Percent of Total
State Funds
(\$ in Millions)

	<u>Fiscal 2020</u> <u>State Aid Amount</u>	<u>Percent</u> <u>of Total</u>
Public Schools	\$6,788.4	85.3%
County/Municipal	701.4	8.8%
Community Colleges	331.0	4.2%
Libraries	84.0	1.1%
Local Health	55.4	0.7%
Total	\$7,960.1	100.0%

Change in State Aid
State Funds
(\$ in Millions)

	<u>Fiscal 2020</u> <u>Aid Change</u>	<u>Percent</u> <u>Change</u>
Public Schools	\$251.9	3.9%
County/Municipal	33.0	4.9%
Community Colleges	8.6	2.7%
Libraries	3.0	3.7%
Local Health	2.7	5.1%
Total	\$299.2	3.9%

State Aid by Major Programs
State Funds
(\$ in Millions)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2019-2020</u> <u>\$ Change</u>	<u>2019-2020</u> <u>% Change</u>
Public Schools					
Foundation Program	\$3,005.2	\$3,056.2	\$3,140.4	\$84.2	2.8%
Geographic Cost Index	139.1	141.6	145.5	3.9	2.7%
NTI Education Grants	49.2	62.5	65.3	2.8	4.4%
Declining Enrollment Grants	17.2	18.7	18.9	0.2	1.3%
Foundation – Special Grants	0.0	13.0	11.8	-1.1	-8.5%
ETF Supplemental Grants	0.0	0.0	35.8	35.8	
Compensatory Aid	1,305.5	1,308.3	1,330.4	22.1	1.7%
Student Transportation	276.3	282.6	303.0	20.5	7.2%
Special Education – Formula Aid	284.9	290.8	303.3	12.4	4.3%
Special Education – Nonpublic Placements	123.6	123.5	121.5	-2.0	-1.6%
Limited English Proficiency Grants	248.7	288.0	311.1	23.0	8.0%
Guaranteed Tax Base	50.3	48.2	43.7	-4.5	-9.3%
Head Start/Pre-kindergarten	20.7	29.5	50.8	21.3	72.2%
Other Education Programs	112.0	140.8	139.2	-1.6	-1.1%
Subtotal Direct Aid	\$5,632.8	\$5,803.6	\$6,020.5	\$216.9	3.7%
Retirement Payments	\$734.5	\$732.9	\$767.9	\$35.0	4.8%
Total Public School Aid	\$6,367.3	\$6,536.5	\$6,788.4	\$251.9	3.9%
Library Aid	\$78.7	\$81.0	\$84.0	\$3.0	3.7%
Community College Aid	\$317.0	\$322.4	\$331.0	\$8.6	2.7%
Local Health Grants	\$49.5	\$52.7	\$55.4	\$2.7	5.1%
County/Municipal Aid					
Transportation	\$219.9	\$242.1	\$261.7	\$19.6	8.1%
Public Safety	130.6	132.9	139.9	7.0	5.3%
Disparity Grants	138.8	140.8	146.2	5.4	3.8%
Gaming Impact Grants	88.4	92.9	93.7	0.8	0.8%
Teacher Retirement Supplemental Grants	27.7	27.7	27.7	0.0	0.0%
Other Grants	21.7	32.0	32.2	0.2	0.7%
Total County/Municipal Aid	\$627.1	\$668.4	\$701.4	\$33.0	4.9%
Total State Aid	\$7,439.5	\$7,660.9	\$7,960.1	\$299.2	3.9%

ETF: Education Trust Fund

NTI: net taxable income

State Aid to Local Governments – Comparison by Per Capita Aid and Annual Change Fiscal 2019-2020

County	\$ in Thousands			Percent Difference				
	2019 Appropriation	2020 Allowance	Difference					
Allegany	\$116,355	\$119,076	\$2,721	2.3%	1. Caroline	\$2,265	1. Caroline	8.4%
Anne Arundel	518,524	539,944	21,421	4.1%	2. Baltimore City	2,008	2. Calvert	7.0%
Baltimore City	1,214,457	1,228,267	13,811	1.1%	3. Wicomico	1,872	3. Garrett	6.5%
Baltimore	855,746	888,915	33,169	3.9%	4. Dorchester	1,803	4. Howard	6.2%
Calvert	105,482	112,843	7,361	7.0%	5. Somerset	1,801	5. Somerset	5.6%
Caroline	69,384	75,181	5,796	8.4%	6. Allegany	1,663	6. Dorchester	5.5%
Carroll	171,358	176,141	4,783	2.8%	7. Prince George's	1,582	7. Frederick	4.8%
Cecil	139,558	141,208	1,650	1.2%	8. Washington	1,504	8. Wicomico	4.7%
Charles	223,018	232,887	9,868	4.4%	9. Charles	1,458	9. Talbot	4.4%
Dorchester	54,996	57,995	2,998	5.5%	10. Cecil	1,374	10. Charles	4.4%
Frederick	306,509	321,218	14,709	4.8%	11. Garrett	1,287	11. Worcester	4.3%
Garrett	35,326	37,636	2,310	6.5%	12. Frederick	1,275	12. Anne Arundel	4.1%
Harford	266,236	275,519	9,283	3.5%	13. Calvert	1,233	13. Montgomery	4.0%
Howard	350,064	371,890	21,826	6.2%	14. St. Mary's	1,190	14. Washington	3.9%
Kent	14,555	14,842	287	2.0%	15. Howard	1,158	15. Baltimore	3.9%
Montgomery	972,644	1,011,128	38,484	4.0%	16. Harford	1,093	16. St. Mary's	3.7%
Prince George's	1,408,452	1,443,625	35,172	2.5%	17. Baltimore	1,068	17. Queen Anne's	3.6%
Queen Anne's	47,296	49,009	1,713	3.6%	18. Carroll	1,050	18. Harford	3.5%
St. Mary's	129,297	134,018	4,722	3.7%	19. Queen Anne's	985	19. Carroll	2.8%
Somerset	44,184	46,668	2,483	5.6%	20. Montgomery	955	20. Prince George's	2.5%
Talbot	23,306	24,339	1,033	4.4%	21. Anne Arundel	942	21. Allegany	2.3%
Washington	217,853	226,422	8,570	3.9%	22. Kent	766	22. Kent	2.0%
Wicomico	184,107	192,719	8,612	4.7%	23. Worcester	764	23. Cecil	1.2%
Worcester	37,874	39,487	1,612	4.3%	24. Talbot	656	24. Baltimore City	1.1%
Unallocated	154,346	199,167	44,820	29.0%				
Total	\$7,660,928	\$7,960,144	\$299,215	3.9%	Statewide Average	\$1,315	Statewide Average	3.9%

Capital Budget

Fiscal 2020 Capital Budget

Fiscal 2020 Nontransportation Capital Budget Totals \$1.854 Billion

- **Debt Components:** Includes \$1.085 billion of new general obligation (GO) bonds plus another \$4.2 million of GO bonds recycled from deauthorizations and \$34.0 million of Academic Revenue Bonds (ARB). Proposed new GO bond authorization levels are consistent with the Spending Affordability Committee (SAC) recommendation for fiscal 2020 and through the five-year *Capital Improvement Program* (CIP) covering fiscal 2020 through 2024.
 - **GO Bonds Fiscal 2020-2024:** During the five years covered by the 2019 CIP, new authorizations will total \$5.525 billion. Compared to the Governor's previous flat annual \$995 million reflected in the 2018 CIP, this adds \$90 million in fiscal 2020 and a total of \$550 million through the planning period.
 - **Academic Revenue Debt:** The fiscal 2020 capital budget includes \$34.0 million in ARB's issued by the University System of Maryland (USM). This amount is \$10.0 million more than was authorized in fiscal 2019 but is consistent with what was programmed for fiscal 2020 in the 2018 CIP and with the recommendation of the Capital Debt Affordability Committee.
- **Pay-as-you-go (PAYGO) Components:** The PAYGO portion of the nontransportation capital program totals \$731 million, which is comprised of \$121.4 million in general funds, \$493 million in special funds, and \$116.6 million in federal funds. The general fund figure includes \$38.2 million budgeted in the Dedicated Purpose Account for Program Open Space (POS) repayments established by Chapter 10 of 2016 as amended by the Budget Reconciliation and Financing Act (BRFA) of 2018. As introduced, the Governor's budget submission reflects these repayments as special funds.

PAYGO Outlook

- **General Fund Support for the Capital Program Increases:** With a projected structural balance for fiscal 2020, SAC recommended greater general fund PAYGO support of the capital program. As introduced, the budget provides \$121.4 million in general fund PAYGO (note this figure is adjusted to reflect \$38.2 million in the Dedicated Purpose Account for the POS repayment) compared to \$65.5 million for fiscal 2019 and just \$9.5 million in fiscal 2018. Components that comprise the majority of the funding include:
 - **Transfer Tax Repayment:** In accordance with Chapter 10 as amended by the BRFA of 2018, the budget provides \$46.4 million in general funds for fiscal 2020 POS repayments. Of this amount, \$38.2 million supports capital programs supported with the transfer tax in the departments of Natural Resources and Agriculture compared to just \$6.0 million in fiscal 2019. **Appendix 24** provides more detail on the repayment schedule, which remains unchanged from what is required following

changes to the plan as introduced by the Governor in the 2018 session and subsequent legislative changes made in the BRFA of 2018.

- ***School Construction and School Safety Improvements:*** The budget provides \$43.5 million in general funds to support school construction initiatives. This includes \$30 million for the Healthy School Facilities Fund established by Chapter 561 of 2018, which mandates \$30 million in each of fiscal 2020 and 2021. Another \$13.5 million is dedicated to school safety, including \$10 million at public schools as required by Chapter 14 of 2018 and \$3.5 million for nonpublic school safety enhancements.
- ***Department of Housing and Community Development (DHCD) Programs:*** The budget provides \$21 million of general fund support for DHCD programs, including \$12 million for the Baltimore Regional Neighborhood Initiative as mandated by Chapter 29 of 2016 and another \$5.0 million for the SEED Community Development Anchor Institution Fund as required by Chapter 31 of 2016. The general funds budgeted to support DHCD programs are in keeping with the SAC recommendation to prioritize the use of general funds for programs not eligible to receive tax-exempt bonds, although as introduced, the capital budget still programs a significant amount of GO bonds for DHCD programs that will require the issuance of taxable bonds (approximately \$86 million).
- ***Community College Facilities Renewal Program:*** As required by Chapters 687 and 688 of 2018 the budget includes \$3.8 million by formula.
- ***Judiciary – New Court of Appeals Building:*** The budget includes \$3.4 million to start design of a new Court of Appeals building in Annapolis. The capital figures presented by the Governor do not include these funds since the Judiciary did not follow the statutory provisions that require it to coordinate its capital projects through the Department of Budget and Management, which programs initial design funding in fiscal 2022 in the CIP.

Capital Budget – All Funds
Fiscal 2019 and 2020
(\$ in Millions)

	<u>2019</u>	<u>2020</u>	<u>Variance</u>
Uses			
State Facilities	\$75.3	\$136.6	\$61.3
Health/Social	90.0	85.8	-4.2
Environment	699.4	538.5	-160.9
Public Safety	14.8	64.1	49.3
Education	440.6	447.1	6.5
Higher Education	352.7	330.5	-22.2
Housing/Economic Development	174.5	198.4	23.9
Local Projects and Legislative Initiatives	93.8	53.2	-40.6
Subtotal	\$1,941.1	\$1,854.2	-\$86.9
Transportation	\$2,621.6	\$2,761.0	\$139.4
Total	\$4,562.7	\$4,615.2	\$52.5
Funds			
General Obligation (GO)	\$1,075.0	\$1,085.0	\$10.0
Additional GO from De-authorizations	16.2	4.2	-12.0
Revenue Bonds	174.0	34.0	-140.0
Bond Premiums	68.0	0.0	-68.0
General	65.5	121.4	55.9
Special	472.6	493.0	20.4
Federal	69.8	116.6	46.8
Transportation	2,621.6	2,761.0	139.4
Total	\$4,562.7	\$4,615.2	\$52.5

Note: Fiscal 2019 figures are adjusted to reflect \$6.0 million in general funds and fiscal 2020 figures are adjusted to reflect \$38.2 million in general funds budgeted in the Dedicated Purpose Account for transfer tax repayments required by Chapter 10 of 2016. Figures include general fund appropriations for the Heritage Structure Tax Credit, which is not part of the Governor’s annual *Capital Improvement Program*.

Funding Highlights

- ***School Construction:*** The budget provides \$280 million of GO bonds for the traditional school construction program supplemented with another \$40 million of GO bonds as mandated for the Supplemental Capital Grant Program for Local School Systems for a total of \$320 million. The budget includes several other enhancements to the school construction program as follows: \$30 million in general funds for the Healthy School Facilities Fund, \$10 million in general funds for the School Safety Enhancement Initiative, \$3.5 million for nonpublic school safety enhancements, \$45 million in special funds from the Education Trust Fund (ETF) to support the new Building Opportunity Fund, and \$20 million in special funds from the ETF for the Local Share of School Construction Costs Revolving Loan Fund established in Chapter 14 of 2018.
- ***Higher Education:*** The budget provides \$330 million in all funds to support higher education capital needs. This includes \$171 million for USM campuses, \$85.2 million for community colleges, \$42 million for projects at Morgan State University, \$17 million for St. Mary's College of Maryland, and \$15.6 million for the Maryland Independent College and University Association colleges.
- ***Environmental Programs and Projects:*** The budget provides \$538.5 million in all funds to support the Department of Natural Resources, Department of Agriculture, Department of the Environment, and Maryland Environmental Service programs and projects.
- ***Facilities Renewal:*** The budget provides \$143 million to fund capital facilities renewal investments highlighted by \$35.8 million for the Department of General Services Facilities Renewal Fund, \$11 million for critical maintenance projects at Department of Natural Resources facilities, \$30 million for the facilities renewal projects from the Healthy School Facilities Fund, \$28.7 million for facilities renewal across USM campuses, and \$10 million for projects at Morgan State University.
- ***Capital Region Medical Center:*** As mandated, the budget provides \$56.2 million to continue the State's \$208 million contribution to the construction of a new regional medical center in Prince George's County.

Appendices

Appendix 1
Spending Affordability Analysis
Structural Budget Analysis
Fiscal 2020
(\$ in Millions)

Revenues		\$18,669
Total Spending	\$19,527	
State Reserve Fund	-675	
One-time Education Spending	-12	
One-time Planning Census Grant	-5	
One-time Immunotherapy Mandate	-3	
One-time Maintenance Spending	-19	
Pay-as-you-go Capital	-83	
Subtotal Ongoing Spending		\$18,731
Surplus/(Deficit)		-\$62
SAC Goal – No Structural Deficit		\$0

Operating Budget Affordability Limit
(\$ in Millions)

<u>Funds</u>	<u>2018</u> <u>Session</u>	<u>2019</u> <u>Session</u>	<u>\$</u> <u>Change</u>	<u>%</u> <u>Change</u>
General	\$17,921.5	\$18,777.6	\$856.1	4.78%
Special	6,317.4	6,357.2	39.7	0.63%
Higher Education	2,949.8	3,053.3	103.5	3.51%
Estimated Budget Growth	\$27,188.7	\$28,188.0	\$999.3	3.68%
SAC Limit	\$27,188.7	\$28,208.3	\$1,019.6	3.75%
Over (Under) Limit			-20.2	-0.07%

SAC: Spending Affordability Committee

Appendix 2

Spending Affordability Analysis

- The Spending Affordability Committee adopted goals of eliminating fiscal 2020 structural deficit, holding growth in spending subject to spending affordability to 3.75% and maintaining a \$100 million general fund balance.
- Administration budget materials report a structural surplus of \$37 million, affordability growth of 3.69%, and a fund balance of \$105.5 million.
- The Department of Legislative Services (DLS) analysis of the Administration spending plan shows a structural deficit of \$62 million.
- The Administration achieves structural balance by changing the definition of structural spending used by DLS and the Department of Budget and Management (DBM) for many years.
 - \$72 million for major information technology (IT) projects is excluded from the structural calculation as capital like spending.
 - \$40 million of statutorily required spending for declining enrollment grants and prekindergarten supplemental grants is excluded from the structural calculation as temporary spending.
- DLS continues to consider both items as structural spending.
 - Both DLS and DBM have defined major IT projects as structural spending for many years including the 2018 session.
 - The declining enrollment and pre-kindergarten grants are multi-year grants not one-time spending. There are many grants in State law that sunset after a certain number of years which are included in the structural calculation.
 - The Administration is inconsistent in its approach to one-time items. The final year of a revenue stream is defined as ongoing while the final year of multi-year spending is defined as one-time.

Appendix 3
Administration Revenue Assumptions
Fiscal 2019-2020

	<u>2019</u>	<u>2020</u>
Revenue Assumptions		
Medicaid Settlement	\$49,758,147	
SDAT Business Filing Fee		\$35,000,000 ⁽¹⁾
Lottery Revenue Adjustment		8,990,697 ⁽²⁾
Total	\$49,758,147	\$43,990,697

⁽¹⁾ Chapter 323 of 2016 exempts small businesses from paying the annual corporate filing fee upon establishment of a small business retirement savings program. Although originally expected to be implemented by fiscal 2018 the program is not expected to be operational during fiscal 2020.

⁽²⁾ The Administration added \$3.0 million in lottery advertising spending and assumes this will result in another \$8.9 million in general fund revenue in fiscal 2020 above the amount projected by the Board of Revenue Estimates.

	<u>2019</u>	<u>2020</u>
Proposed Administration Legislation		
* 529 Plans Contribution Deduction		-\$1,700,000
* Parental Leave Tax Credit		-5,000,000
* More Jobs for Marylanders Opportunity Zones		-6,000,000
* Retirement Income Deduction		-11,000,000
* Student Loan Interest Deduction		-11,300,000
Total	\$0	-\$35,000,000

SDAT: State Department of Assessments and Taxation

* Items require a statutory change through legislation.

Appendix 4
State Expenditures – State Funds
Fiscal 2018-2020
(\$ in Millions)

<u>Category</u>	<u>2018 Actual</u>	<u>2019 Working Appropriation</u>	<u>2020 Allowance</u>	<u>2019 to 2020</u>	
				<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$1,563.4	\$1,623.8	\$1,675.8	\$52.0	3.2%
County/Municipal	\$624.8	\$662.7	\$701.4	\$38.7	5.8%
Community Colleges	317.0	322.4	331.0	8.6	2.7%
Education/Libraries	6,446.0	6,617.5	6,872.4	254.9	3.9%
Health	49.5	52.7	55.4	2.7	5.1%
<i>Aid to Local Governments</i>	<i>\$7,437.2</i>	<i>\$7,655.3</i>	<i>\$7,960.1</i>	<i>\$304.9</i>	<i>4.0%</i>
Foster Care Payments	\$196.2	\$192.5	\$195.5	\$3.0	1.6%
Assistance Payments	64.7	55.5	46.0	-9.5	-17.0%
Medical Assistance	4,112.9	4,347.0	4,425.8	78.8	1.8%
Property Tax Credits	89.8	101.2	97.2	-4.0	-3.9%
<i>Entitlements</i>	<i>\$4,463.6</i>	<i>\$4,696.1</i>	<i>\$4,764.5</i>	<i>\$68.4</i>	<i>1.5%</i>
Health	\$1,807.6	\$1,925.7	\$1,996.2	\$70.5	3.7%
Human Services	448.6	454.8	445.5	-9.3	-2.1%
Children’s Cabinet Interagency Fund	18.5	18.5	18.5	0.1	0.3%
Juvenile Services	261.3	267.8	263.3	-4.5	-1.7%
Public Safety/Police	1,681.5	1,746.6	1,771.4	24.8	1.4%
Higher Education	5,923.4	6,215.1	6,396.6	181.4	2.9%
Other Education	488.8	532.9	569.6	36.6	6.9%
Transportation	1,942.4	1,974.9	2,035.6	60.8	3.1%
Agriculture/Natural Res./Environment	382.7	430.5	434.9	4.5	1.0%
Other Executive Agencies	1,269.1	1,534.2	1,754.5	220.3	14.4%
Judiciary	542.3	570.6	611.0	40.5	7.1%
Legislative	89.3	91.3	95.5	4.2	4.6%
<i>State Agencies</i>	<i>\$14,855.4</i>	<i>\$15,762.8</i>	<i>\$16,392.7</i>	<i>\$629.9</i>	<i>4.0%</i>
Total Operating	\$28,319.7	\$29,738.1	\$30,793.2	\$1,055.1	3.5%
Capital ⁽¹⁾	\$1,864.8	\$2,049.9	\$2,002.1	-\$47.8	-2.3%
Transportation	1,490.7	1,518.4	1,425.9	-92.6	-6.1%
Environment	187.6	220.8	178.3	-42.5	-19.3%
Other	186.5	310.7	397.9	87.2	28.1%
<i>Subtotal</i>	<i>\$30,184.5</i>	<i>\$31,788.0</i>	<i>\$32,795.2</i>	<i>\$1,007.3</i>	<i>3.2%</i>
Reserve Funds	\$10.0	\$9.3	\$670.2	\$660.8	7071.1%
Appropriations	\$30,194.5	\$31,797.3	\$33,465.4	\$1,668.1	5.2%
Reversions	\$0.0	-\$35.0	-\$35.0	\$0.0	0.0%
Grand Total	\$30,194.5	\$31,762.3	\$33,430.4	\$1,668.1	5.3%

⁽¹⁾ Includes the Heritage Structure Rehabilitation Tax Credit Reserve Fund.

Note: The fiscal 2019 working appropriation includes \$35.0 million in anticipated reversions and \$103.1 million in deficiencies. The fiscal 2020 allowance reflects \$35.0 million in anticipated reversions.

Appendix 5
State Expenditures – All Funds
Fiscal 2018-2020
(\$ in Millions)

<u>Category</u>	<u>2018</u> <u>Actual</u>	<u>2019</u> <u>Working</u> <u>Appropriation</u>	<u>2020</u> <u>Allowance</u>	<u>2019 to 2020</u>	
				<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$1,575.0	\$1,636.6	\$1,687.4	\$50.7	3.1%
County/Municipal	\$699.7	\$736.7	\$775.4	\$38.7	5.3%
Community Colleges	317.0	322.4	331.0	8.6	2.7%
Education/Libraries	7,310.4	7,579.4	7,857.0	277.7	3.7%
Health	53.7	52.7	55.4	2.7	5.1%
<i>Aid to Local Governments</i>	<i>\$8,380.9</i>	<i>\$8,691.2</i>	<i>\$9,018.9</i>	<i>\$327.7</i>	<i>3.8%</i>
Foster Care Payments	\$266.6	\$261.3	\$270.1	\$8.8	3.4%
Assistance Payments	1,094.2	1,158.0	1,091.2	-66.8	-5.8%
Medical Assistance	10,765.2	11,416.2	11,284.1	-132.1	-1.2%
Property Tax Credits	89.8	101.2	97.2	-4.0	-3.9%
<i>Entitlements</i>	<i>\$12,215.8</i>	<i>\$12,936.6</i>	<i>\$12,742.5</i>	<i>-\$194.1</i>	<i>-1.5%</i>
Health	\$2,779.2	\$3,035.0	\$3,140.3	\$105.3	3.5%
Human Services	976.3	1,006.9	1,016.5	9.6	1.0%
Children’s Cabinet Interagency Fund	18.5	18.5	18.5	0.1	0.3%
Juvenile Services	265.9	273.1	267.8	-5.3	-1.9%
Public Safety/Police	1,715.9	1,781.5	1,808.8	27.3	1.5%
Higher Education	5,923.4	6,215.1	6,396.6	181.4	2.9%
Other Education	723.3	815.7	875.2	59.5	7.3%
Transportation	2,041.9	2,073.3	2,143.7	70.4	3.4%
Agriculture/Natural Res./Environment	441.9	500.1	502.0	1.9	0.4%
Other Executive Agencies	1,849.3	2,129.4	2,384.4	255.0	12.0%
Judiciary	542.8	571.7	611.2	39.6	6.9%
Legislative	89.3	91.3	95.5	4.2	4.6%
<i>State Agencies</i>	<i>\$17,367.7</i>	<i>\$18,511.6</i>	<i>\$19,260.6</i>	<i>\$749.0</i>	<i>4.0%</i>
Total Operating	\$39,539.4	\$41,776.1	\$42,709.3	\$933.2	2.2%
Capital ⁽¹⁾	\$2,791.8	\$3,103.3	\$3,263.0	\$159.6	5.1%
Transportation	2,304.9	2,502.0	2,570.2	68.1	2.7%
Environment	230.2	264.1	231.1	-32.9	-12.5%
Other	256.6	337.2	461.7	124.5	36.9%
<i>Subtotal</i>	<i>\$42,331.1</i>	<i>\$44,879.4</i>	<i>\$45,972.3</i>	<i>\$1,092.9</i>	<i>2.4%</i>
Reserve Funds	\$10.0	\$9.3	\$670.2	\$660.8	7071.1%
Appropriations	\$42,341.1	\$44,888.8	\$46,642.5	\$1,753.7	3.9%
Reversions	\$0.0	-\$35.0	-\$35.0	\$0.0	0.0%
Grand Total	\$42,341.1	\$44,853.8	\$46,607.5	\$1,753.7	3.9%

⁽¹⁾ Includes the Heritage Structure Rehabilitation Tax Credit Reserve Fund.

Note: The fiscal 2019 working appropriation includes \$35.0 million in anticipated reversions and \$216.5 million in deficiencies. The fiscal 2020 allowance reflects \$35.0 million in anticipated reversions.

Appendix 6
State Expenditures – Special and Higher Education Funds*
Fiscal 2018-2020
(\$ in Millions)

<u>Category</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2019 to 2020</u>	
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$1,303.8	\$1,337.8	\$1,388.8	\$51.0	3.8%
County/Municipal	\$347.9	\$374.8	\$400.5	\$25.6	6.8%
Community Colleges	0.0	0.0	0.0	0.0	n/a
Education/Libraries	475.8	556.4	464.4	-92.0	-16.5%
Health	0.0	0.0	0.0	0.0	n/a
<i>Aid to Local Governments</i>	\$823.7	\$931.2	\$864.9	-\$66.4	-7.1%
Foster Care Payments	\$4.3	\$4.3	\$4.3	-\$0.1	-1.4%
Assistance Payments	9.6	10.1	5.4	-4.7	-46.2%
Medical Assistance	918.9	932.1	873.9	-58.2	-6.2%
Property Tax Credits	0.0	0.0	0.0	0.0	n/a
<i>Entitlements</i>	\$932.7	\$946.6	\$883.6	-\$63.0	-6.7%
Health	\$382.0	\$429.7	\$450.7	\$21.0	4.9%
Human Services	85.5	82.6	82.7	0.1	0.1%
Children’s Cabinet Interagency Fund	0.0	0.0	0.0	0.0	n/a
Juvenile Services	3.3	3.6	3.0	-0.6	-15.9%
Public Safety/Police	211.8	217.7	229.0	11.4	5.2%
Higher Education	4,490.8	4,733.4	4,856.9	123.5	2.6%
Other Education	67.1	72.1	72.2	0.1	0.1%
Transportation	1,942.4	1,974.9	2,035.6	60.8	3.1%
Agriculture/Natural Res./Environment	262.8	303.4	294.4	-9.0	-3.0%
Other Executive Agencies	606.2	750.0	757.6	7.6	1.0%
Judiciary	58.1	62.1	65.3	3.3	5.3%
Legislative	0.0	0.0	0.0	0.0	n/a
<i>State Agencies</i>	\$8,109.9	\$8,629.3	\$8,847.4	\$218.1	2.5%
Total Operating	\$11,170.1	\$11,844.9	\$11,984.7	\$139.8	1.2%
Capital	\$1,855.3	\$1,990.4	\$1,918.8	-\$71.6	-3.6%
Transportation	1,490.7	1,518.4	1,425.9	-92.6	-6.1%
Environment	187.1	220.3	177.7	-42.5	-19.3%
Other	177.5	251.7	315.2	63.5	25.2%
Grand Total	\$13,025.4	\$13,835.4	\$13,903.5	\$68.2	0.5%

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

Note: The fiscal 2019 working appropriation reflects deficiencies of \$77.0 million.

Appendix 7
State Expenditures – Federal Funds
Fiscal 2018-2020
(\$ in Millions)

<u>Category</u>	<u>2018 Actual</u>	<u>2019 Working Appropriation</u>	<u>2020 Allowance</u>	<u>2019 to 2020</u>	
				<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$11.5	\$12.8	\$11.5	-\$1.3	-10.1%
County/Municipal	\$75.0	\$74.0	\$74.1	\$0.0	0.1%
Community Colleges	0.0	0.0	0.0	0.0	n/a
Education/Libraries	864.4	961.9	984.7	22.8	2.4%
Health	4.2	0.0	0.0	0.0	n/a
<i>Aid to Local Governments</i>	<i>\$943.6</i>	<i>\$1,035.9</i>	<i>\$1,058.7</i>	<i>\$22.8</i>	<i>2.2%</i>
Foster Care Payments	\$70.4	\$68.8	\$74.6	\$5.8	8.4%
Assistance Payments	1,029.4	1,102.6	1,045.2	-57.4	-5.2%
Medical Assistance	6,652.4	7,069.1	6,858.3	-210.9	-3.0%
Property Tax Credits	0.0	0.0	0.0	0.0	n/a
<i>Entitlements</i>	<i>\$7,752.2</i>	<i>\$8,240.5</i>	<i>\$7,978.0</i>	<i>-\$262.5</i>	<i>-3.2%</i>
Health	\$971.6	\$1,109.3	\$1,144.1	\$34.7	3.1%
Human Services	527.8	552.1	571.0	18.9	3.4%
Children’s Cabinet Interagency Fund	0.0	0.0	0.0	0.0	n/a
Juvenile Services	4.6	5.3	4.5	-0.8	-15.4%
Public Safety/Police	34.5	34.9	37.4	2.5	7.2%
Higher Education	0.0	0.0	0.0	0.0	n/a
Other Education	234.4	282.8	305.6	22.9	8.1%
Transportation	99.5	98.4	108.0	9.6	9.8%
Agriculture/Natural Res./Environment	59.2	69.6	67.0	-2.6	-3.7%
Other Executive Agencies	580.2	595.3	629.9	34.7	5.8%
Judiciary	0.5	1.1	0.2	-0.9	-80.2%
<i>State Agencies</i>	<i>\$2,512.3</i>	<i>\$2,748.8</i>	<i>\$2,867.9</i>	<i>\$119.1</i>	<i>4.3%</i>
Total Operating	\$11,219.7	\$12,038.0	\$11,916.2	-\$121.9	-1.0%
Capital	\$926.9	\$1,053.4	\$1,260.9	\$207.5	19.7%
Transportation	814.2	983.6	1,144.3	160.7	16.3%
Environment	42.6	43.3	52.9	9.6	22.1%
Other	70.1	26.5	63.8	37.2	140.2%
Grand Total	\$12,146.6	\$13,091.5	\$13,177.1	\$85.6	0.7%

Note: The fiscal 2019 working appropriation includes \$86.4 million in deficiencies.

Appendix 8
Status of the General Fund
Fiscal 2019
(\$ in Millions)

Starting Balance		\$589.6
Revenues		
BRE Estimated Revenue December 2018	\$18,069.8	
Medicaid Settlement	49.8	
Total		\$18,119.6
Transfers		
Budgeted Tax Credits	\$23.3	
Total		\$23.3
Funds Available		\$18,732.4
Spending		
Fiscal 2019 Legislative Appropriation	\$17,908.9	
Deficiencies	53.0	
Estimated Agency Reversions	-35.0	
Net Expenditures		\$17,927.0
Ending Balance		\$805.5

BRE: Board of Revenue Estimates

Appendix 9
Fiscal 2019 Fund Balance Reconciliation
(\$ in Millions)

Estimated Closing Fund Balance (July 2018)	\$105.8
Revenues and Transfers	
September and December 2018 BRE Revisions	\$300.4
Fiscal 2018 Closeout	343.4
Medicaid Settlement	49.8
Medicare Part D Injunction	6.4
Tax Credit Reimbursements	-1.9
<i>Subtotal</i>	<i>\$698.1</i>
Spending	
Fiscal 2018 Closeout Reversions	\$54.6
Fiscal 2019 Deficiencies	-53.0
<i>Subtotal</i>	<i>\$1.5</i>
Estimated Closing Fund Balance (January 2019)	\$805.5

BRE: Board of Revenue Estimates

Appendix 10
Status of the General Fund
Fiscal 2020
(\$ in Millions)

Starting Balance		\$805.5
Revenues		
BRE Estimated Revenue December 2018	\$18,622.3	
Administration Assumptions	9.0	
Total		\$18,631.3
Transfers		
Rainy Day Fund	\$158.0	
Budgeted Tax Credits	37.5	
Total		\$195.5
Funds Available		\$19,632.3
Spending		
Fiscal 2020 Allowance	\$19,561.9	
Estimated Agency Reversions	-35.0	
Net Expenditures		\$19,526.9
Ending Balance		\$105.5

BRE: Board of Revenue Estimates

DLS: Department of Legislative Services

Appendix 11
State Reserve Fund Activity
Fiscal 2019 and 2020
(\$ in Millions)

	Rainy Day Fund	Dedicated Purpose Acct.	Catastrophic Event Acct.
Estimated Balances 6/30/18	\$856.8	\$0.0	\$5.0
Fiscal 2019 Appropriations	47.8	6.0	0.0
Funds Restricted for Legislative	-44.5	0.0	0.0
Ellicott City Flood Relief	0.0	0.0	-2.5
Transfer to Program Open Space	0.0	-6.0	0.0
Interest Earnings	22.1	0.0	0.0
Estimated Balances 6/30/19	\$882.3	\$0.0	\$2.5
Fiscal 2020 Appropriations	443.8	218.9	7.5
Transfer to General Fund	-158.0	0.0	0.0
Transfer Funds to State Pensions	0.0	-50.0	0.0
Transfer to Program Open Space	0.0	-43.9	0.0
Grant to WMATA	0.0	-125.0	0.0
Interest Earnings	38.6	0.0	0.0
Estimated Balances 6/30/20	\$1,206.7	\$0.0	\$10.0
Percent of Revenues in Reserve	6.5%		

WMATA: Washington Metropolitan Area Transit Authority

Appendix 12

Fiscal 2019 Total Fund Deficiencies Amount to \$216.5 Million, but General Fund Need Is Only \$53.0 Million

	<u>GF</u>	<u>SF</u>	<u>FF</u>	<u>Total</u>
<i>Operating Expenses in Various Agencies:</i> Maryland Department of Health – including funding for substance use disorder services, the Breast and Cervical Cancer program, Crownsville security and maintenance expenditures, services at Western Maryland Hospital, and the relocation of OHCQ (\$12.4 million in general funds (GF), \$0.2 million in special funds (SF), \$33.2 million in federal funds (FF); MSDE – child care subsidy funding (\$18.0 million in FF); Natural Resources – including Fair Hill Resource Management area improvements and oyster management initiatives (\$9.2 million in SF and \$1.5 million in FF); Commerce – MSBDFA (\$5.0 million in SF); DoIT operational shortfalls slightly offset by available project development funds (\$5.2 million in GF); DHCD – Housing and Build Energy Program (\$2.4 million in SF); Veterans – cemetery maintenance and other costs (\$2.0 million in GF); Treasurer – transition to new depository contract (\$1.1 million in GF); Office of Public Defender – contractual employment to reduce caseloads and various other grants (\$1.0 million in GF, \$31,000 in SF, and \$0.3 million in FF); and other agencies (\$1.5 million in GF, \$0.7 million in SF, and \$1.5 million in FF).	\$23.1	\$17.5	\$54.5	\$95.1
<i>Fiscal 2018 Deficits Carried Forward into Fiscal 2019:</i> Medicaid – additional demand for behavioral health services, primarily substance use disorder treatment (\$14.8 million in GF, \$27.8 million in FF); underfunded tax credit obligations (\$4 million in GF); DoIT – operational shortfalls (\$2.0 million in GF); shortfall in State Injured Workers Insurance Fund (\$1.0 million); and Office of Public Defender operational expenses (\$0.4 million in GF).	22.3	0.0	27.8	50.1
<i>Statewide General Salary Increases and Bonuses Effective April 1, 2019:</i> \$500 bonus (\$27.6 million in GF, \$6.2 million in SF, and \$3.5 million in FF) and 0.5% general salary increase (\$7.7 million in GF, \$1.6 million in SF, and \$0.6 million in FF).	35.2	7.8	4.1	47.2
<i>Targeted Salary Enhancements and Bonuses:</i> DPSCS – employee bonuses (\$7.6 million in GF); and MDH – salary enhancement for psychiatrists (\$3.6 million in GF) and supplemental funding for a nurse retention bonus (\$1.7 million in GF).	12.9	0.0	0.0	12.9
<i>Facility Maintenance:</i> Various projects in MDH (\$4.1 million in GF) and statewide projects funded through DGS (\$2.0 million in GF).	6.6	0.0	0.0	6.6
<i>Tax Credits:</i> Anticipated additional funding for the Homeowners (\$5.5 million in GF) and Renters Tax Credit programs (\$1.0 million in GF).	6.5	0.0	0.0	6.5
<i>Grants:</i> Various educational grants including the Save4College state contribution (\$3.3 million in GF), Conroy/Cryor scholarship program (\$1.0 million in SF) and Loan Assistance Repayment Program for physicians and physician assistants (\$0.4 million in GF); DHCD: Housing and Building Energy Grants (\$0.5 million in SF); Maryland Zoo (\$0.4 million in GF); Department of Aging’s Community for Life program (\$0.4 million in GF); and a reduction of \$5.0 million in GF for the film tax credit that was converted into an unappropriated tax credit by Chapter 595 of 2018.	-0.8	1.9	0.0	1.1
<i>Special Fund Availability:</i> \$52.9 million in SF in unanticipated Education Trust Fund revenues allows for a like reduction in general funds and \$3.0 million in SF less in support for Medicaid, primarily because of ongoing litigation concerning Cigarette Restitution Fund revenues.	-52.9	49.9	0.0	-3.0
Fiscal 2019 Deficiencies Total	\$53.0	\$77.0	\$86.4	\$216.5

Commerce: Department of Commerce
DGS: Department of General Services
DHCD: Department of Housing and Community Development
DoIT: Department of Information Technology
DPSCS: Department of Public Safety and Correctional Services
MDH: Maryland Department of Health
MSBDFA: Maryland Small Business Development Financing Authority
MSDE: Maryland State Department of Education
OHCQ: Office of Health Care Quality

Appendix 13
General Fund – Fiscal 2020 Changes Over Fiscal 2019 Spending

Aid to Local Governments	\$364.6
Education and library aid	346.9
Community colleges	8.6
Other aid	9.1
Entitlements	\$131.3
Medicaid	137.0
Foster care payments including a 3% provider rate increase	3.1
Property tax credits	-4.0
Assistance payments, primarily due to a decline in TCA and TDAP caseloads and a greater use of federal TANF funds for TCA benefit payments	-4.8
Major Personnel Costs (Including Institutions of Higher Education)	\$232.7
Fiscal 2020 general salary increase (3%)	122.6
Annualization of fiscal 2019 general salary increase offset by fiscal 2019 cost of April 0.5% general salary increase and one-time bonus	22.9
Retirement	21.3
Annual Salary Review increases	18.7
SLEOLA 5% salary increase and step increase	17.4
Employee and retiree health insurance	15.5
Reclassifications	9.3
Workers' compensation costs	8.1
Overtime, primarily at DPSCS	3.6
Turnover expectancy	-6.7
State Agency Operations	\$176.2
USM: Funding for workforce development (\$20.0 million); UMBC enhancement funding (\$5.0 million); support for new facilities (\$5.8 million); various operational expense adjustments (\$5.2 million); funding guidelines support (\$4.0 million); University of Maryland Center for Economic and Entrepreneurial Development (\$2.0 million); one-time grant for UMB per Chapter 590 of 2018 for medical research (\$2.5 million); and Chapter 358 of 2018 Computer Science curriculum development (\$1.0 million)	45.5
DDA: Additional funding for services based on net traditional growth for new placements and expansion of services as well as changing federal fund participation	30.4
MHEC: Implementation of Chapter 554 of 2018 Promise Scholarship (\$15.0 million); proposed Promise Plus Scholarship (\$8.0 million); Chapters 566 and 567 of 2018, Cyber Warrior Diversity Program (\$2.5 million); additional funding for Conroy/Cryor Scholarships based on demand (\$1.0 million); and Chapter 597 of 2018, Richard Collins III program (\$1.0 million)	27.7
DDA: Community provider rate increase (3.5%)	22.5
Opportunity Zones: New programming in TEDCO Maryland Technology Infrastructure Fund (\$16.0 million) and the Department of Commerce (Commerce) (\$6.0 million)	22.0
Behavioral Health: 3.5% provider rate increase for community behavioral health services to the uninsured and CSA (\$9.7 million); growth in spending on substance use disorder treatment for the uninsured and for Medicaid-ineligible services (\$3.7 million); and implementation of Chapters 209 and 210 of 2018 Crisis Response Grant Program (\$3.0 million)	16.5

GOCCP: Nonpersonnel costs for the Baltimore City Violent Crime Reduction Initiative (\$5.9 million with an additional \$3.0 million under Local Aid); Justice Reinvestment Performance Incentive Grant Fund (\$3.8 million); and grants for protecting religious institutions (\$3.0 million)	12.7
DBM: State Employee Student Loan Repayment Benefit	8.0
Maryland Department of Planning: Implementation of Chapter 18 of 2018 2020 Census Grant Program (\$5.0 million) and other census-related activities (\$1.3 million)	6.3
Major Information Technology Development Projects (primarily projects moving from planning into development)	4.2
MSU: Funding for facility maintenance and renewal and contractual conversions	4.0
Judiciary: District Court Self Help Resource Centers (\$1.6 million); Circuit Court Juvenile and Family Services grants (\$1.2 million); and drug courts (\$1.0 million)	3.8
Sellinger program	3.2
MES Charges (primarily in DPSCS)	3.2
DLLR: Expansion of the EARN program	3.0
DPSCS: Facility renewal and maintenance funds	3.0
MDVA: Improvements at Veterans Cemeteries	2.9
DoIT: 700MHz radio equipment (\$1.5 million) and various IT operating expenses (\$1.2 million)	2.7
DGS: Facility renewal and maintenance funds	2.5
Uninsured Employers' Fund to address fund balance problem	2.0
Statewide Personnel System	1.8
Maryland Arts Council formula funding	1.7
Department of Aging: Initiatives to facilitate the donation, refurbishment, and redistribution of durable medical equipment	1.4
DNR: Chapter 698 of 2018 State Lakes Protection and Restoration Fund	1.2
PHPA: Hepatitis C initiative (additional funding in Medicaid)	1.1
Commerce: Increase in funding for MEDAAF (\$3.0 million) partially offset by lower funding for the More Jobs for Marylanders tax credit (\$2.0 million)	1.0
TEDCO: Minority Pre-seed Investment Fund	1.0
OAG/DLLR: Implementation of Chapters 721/732 of 2018 Financial Consumer Protection Act	1.0
School Safety Grants: Reduction of \$3.5 million due to one-time fiscal 2019 funding in GOCCP for hate crimes and safety evaluation grants, partially offset by \$2.0 million in MSDE funding for similar activities at child care centers	-1.5
Military Department: Opioid Operational Command Center	-2.5
State Police: Fund swap replacing general funds with like amount of special funds from speed camera revenues (\$4.6 million) partially offset by fuel and maintenance costs (\$1.1 million)	-3.5
MDH: Facility maintenance	-4.1
DJS: Decline in residential per diem and non-residential programming based on enrollment trends	-5.2
MSDE: Reduction of \$3.0 million for the one-time opioid prevention funding authorized in Chapters 573 and 574 of 2017 and \$4.9 million for a one-time facilities assessment	-7.9
Sunny Day Fund: Elimination of one-time Amazon grant	-10.0
Statutory reduction to operating support for the University of Maryland Capital Region Medical Center	-12.0
DHS: Lower matching fund requirements with expiration for Title IV-E waiver (\$4.8 million) and fund swap of federal funds for general funds for various block grant programs (\$9.6 million) partially offset by funding for local care coordination teams (\$1.2 million)	-13.3

Miscellaneous	\$685.6
Debt Service	1.0
Pay-as-you-go	23.8
Reserve Fund Activity	660.8
Other	\$9.6
Total	\$1,599.9

CSA: Core Service Agencies
 DBM: Department of Budget and Management
 DDA: Developmental Disabilities Administration
 DGS: Department of General Services
 DHS: Department of Human Services
 DJS: Department of Juvenile Services
 DLLR: Department of Labor, Licensing, and Regulation
 DNR: Department of Natural Resources
 DoIT: Department of Information Technology
 DPSCS: Department of Public Safety and Correctional Services
 EARN: Maryland Employment Advancement Right Now program
 GOCCP: Governor's Office of Crime Control and Prevention
 IT: information technology
 MDH: Maryland Department of Health
 MDVA: Maryland Department of Veterans Affairs
 MEDAAF: Maryland Economic Development Authority Assistance Fund
 MES: Maryland Environmental Service
 MHEC: Maryland Higher Education Commission
 MHz: megahertz
 MSDE: Maryland State Department of Education
 MSU: Morgan State University
 OAG: Office of the Attorney General
 PHPA: Prevention and Health Promotion Administration
 SLEOLA: State Law Enforcement Officers Labor Alliance
 TANF: Temporary Assistance for Needy Families
 TCA: Temporary Cash Assistance
 TDAP: Temporary Disability Assistance Program
 TEDCO: Maryland Technology Development Corporation
 UMB: University of Maryland, Baltimore Campus
 UMBC: University of Maryland Baltimore County
 USM: University System of Maryland

Note: Represents spending in fiscal 2020 over 2019 as adjusted for deficiencies.

Appendix 14

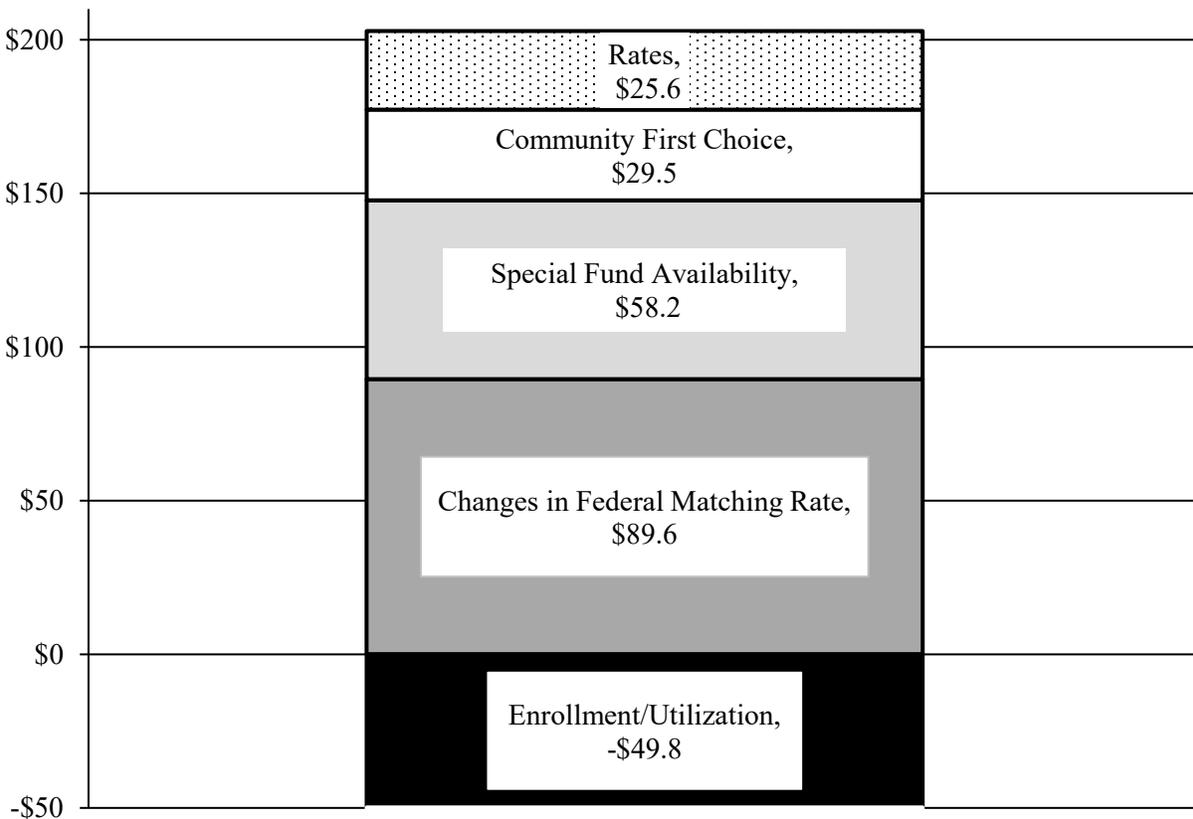
Overall, the Fiscal 2020 Budget Corrects for Lower than Budgeted Fiscal 2019 Enrollment – However, General Fund Growth Continues

**Medicaid Proposed Fiscal 2020 Budget
Fiscal 2018-2020
(\$ Millions)**

	<u>2018</u>	<u>2019 Working</u>	<u>2020 Allowance</u>	<u>2019-2020 \$ Change</u>	<u>2019-2020 % Change</u>
General Funds	\$3,208.8	\$3,400.0	\$3,551.9	\$151.8	4.5%
Special Funds	918.9	932.1	873.9	-58.2	-6.2%
Federal Funds	6,680.1	7,041.3	6,858.3	-183.1	2.6%
Total	\$10,807.8	\$11,373.6	\$11,284.1	-\$89.5	-0.8%

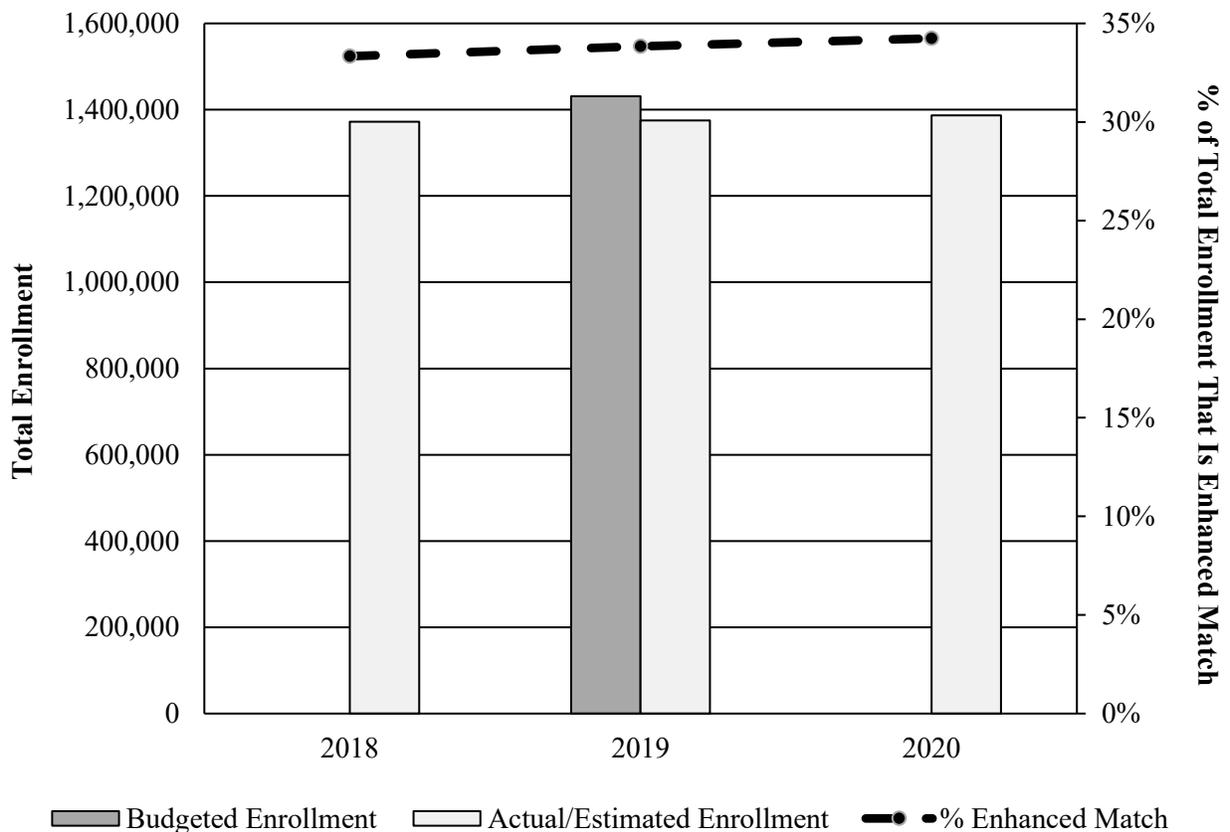
Note: Fiscal 2018 and 2019 numbers include deficiency appropriations which are allocated to the appropriate fiscal year. Includes only provider reimbursements including behavioral health and MCHP.

**Medicaid – Why General Funds Grow
Fiscal 2019-2020
(\$ in Millions)**



- The federal matching rate for the Affordable Care Act expansion population falls from 93.5% to 91.5% in fiscal 2020, resulting in an increase of \$63.7 million in general funds. The federal matching rate for the Maryland Children’s Health Program falls from 88.0% to 79.4% in fiscal 2020, resulting in an increase of \$35.9 million in general funds.
- Special fund availability declines, primarily as a result of the planned \$40 million drop in the Medicaid deficit assessment.
- The fiscal 2020 budget includes mandated rate increases of 3.5% for behavioral health services, 3% for discretionary provider rates, and 1.12% for regulated services and includes the impact of the calendar 2019 managed care organization rate increase (-1.7%). Notably, dental and physician rates are not increased.
- The decline in the Medicaid somatic program (\$183.3 million) masks continued strong growth in Medicaid behavioral health (\$93.8 million), particularly for substance abuse disorder treatment.
- Enrollment growth is budgeted to be only 0.2% in fiscal 2019 over fiscal 2018, growing only by 0.8% in fiscal 2020 with total enrollment just below 1.4 million. Enrollment growth is stronger in eligibility groups with an enhanced match.

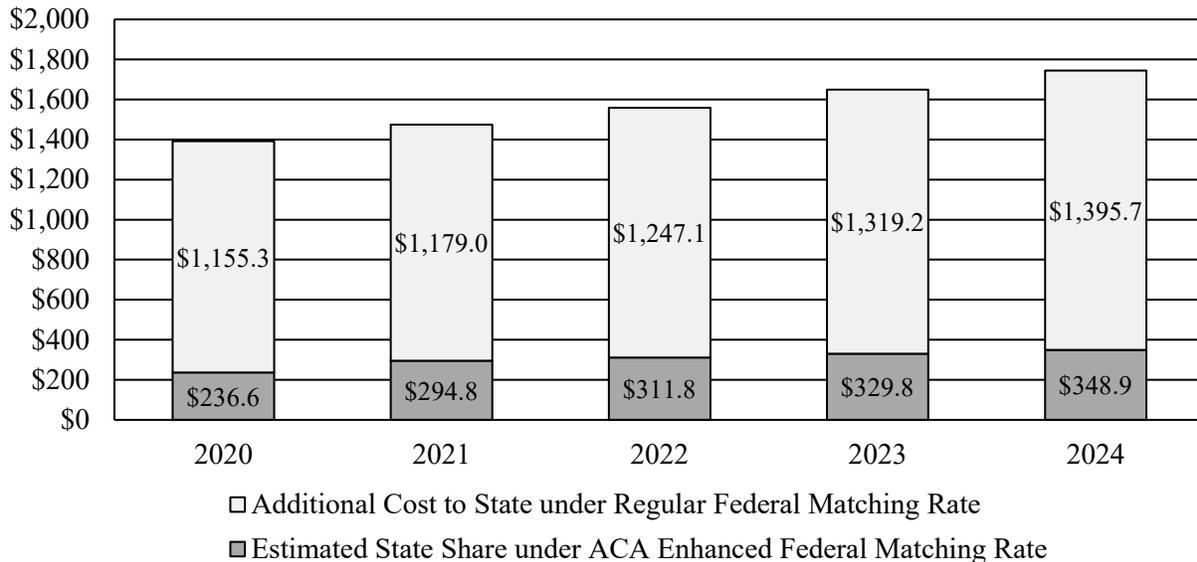
Medicaid Enrollment Fiscal 2018-2020



Appendix 15
Potential Fiscal Impact of *Texas v. United States*

- In February 2018, 20 states filed suit in *Texas v. United States* that the Affordable Care Act (ACA) is unconstitutional as it is not supported by a tax penalty, this provision being eliminated by the federal Tax Cut and Jobs Act of 2017. In December, a federal judge ruled that the entire ACA is invalid. That decision is being appealed and the ACA remains in effect pending appeals.
- If the ACA is ruled invalid, Maryland (along with 31 other states) must decide whether to maintain the expansion of Medicaid afforded under that legislation to 310,000 current enrollees. If the State preserves coverage, expenditures increase substantially due to the loss of enhanced federal funding (91.5% in fiscal 2020). Assuming the State were allowed to continue coverage at the State’s traditional 50.0% matching rate, costs would increase by \$1.2 billion in fiscal 2020 rising to \$1.4 billion by fiscal 2024.

**Additional Cost to Maryland to Cover the Medicaid Expansion Population
 At the Regular Federal Matching Rate**
Fiscal 2020-2024 Est.
(\$ in Millions)



ACA: Affordable Care Act

Source: Department of Legislative Services

- Coverage for individuals who were enrolled through the Maryland Health Benefit Exchange would also be impacted (over 128,000 in calendar 2018), most of whom (86.2%) received a federal advanced premium tax credit (APTC) to help pay their monthly premiums. For calendar 2018, the estimated value of APTCs for Maryland consumers statewide is \$727.5 million.

Appendix 16
Regular Full-time Equivalent Position Changes
Fiscal 2018 Actual to Fiscal 2020 Allowance

<u>Department/Service Area</u>	<u>2018 Actual</u>	<u>2019 Work. Approp</u>	<u>2020 Allowance</u>	<u>2019-2020 Change</u>
Public Safety, Health and Human Services				
Public Safety and Correctional Services*	10,554	10,414	10,152	-262
Health	6,218	6,278	6,420	142
Human Services	6,220	6,120	6,120	0
Police and Fire Marshal	2,436	2,440	2,445	5
Juvenile Services	1,987	1,987	1,987	0
Subtotal	27,415	27,239	27,124	-115
Transportation	9,058	9,058	9,060	2
Other Executive				
Legal (Excluding Judiciary)	1,474	1,480	1,485	5
Executive and Administrative Control	1,542	1,573	1,608	35
Financial and Revenue Administration	2,099	2,097	2,097	0
Budget and Management and DoIT	567	569	546	-23
Retirement	184	184	189	5
General Services	581	582	608	26
Natural Resources	1,333	1,340	1,348	8
Agriculture	355	352	352	0
Labor, Licensing, and Regulation	1,476	1,452	1,417	-35
MSDE and Other Education	1,987	1,974	1,993	19
Housing and Community Development	333	331	331	0
Commerce	189	188	188	0
Environment	893	893	893	0
Subtotal	13,012	13,015	13,055	40
Executive Branch	49,484	49,312	49,238	-73
Higher Education	26,294	26,826	26,829	3
Judiciary	3,989	4,029	4,084	56
Legislature	749	751	751	0
Total	80,516	80,918	80,903	-15

DoIT: Department of Information Technology
MSDE: Maryland State Department of Education

*The fiscal 2020 budget bill includes language to abolish 260 vacant positions in the Department of Public Safety and Correctional Services. The abolished positions have been removed from this chart.

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

**Appendix 17
Position Changes
Fiscal 2020**

<u>Agency</u>	<u>Positions</u>	<u>Description</u>
Agencies with New Positions		
Health	146.3	86 positions associated with MIPAR contract converted to full-time State employees; 52 contractual conversions and 10 positions in the Office of Health Care Quality (including 6 nurse surveyors).
Judiciary	55.5	7 judges, 2 circuit court magistrates, 33 clerks, and 13.25 information technology and support positions.
Education	19.0	8 positions in Headquarters for the Office of Compliance and Monitoring in Headquarters; 5 for IAC (Chapter 14 of 2018); 4 for the Maryland School for the Deaf for the Maryland Safe to Learn Act (Chapter 30 of 2018); and 2 for the Maryland State Library Agency.
Veterans Affairs	18.0	12 cemetery positions, 5 heavy machine operators, and 1 benefits navigator.
Office of the Attorney General	13.0	6 positions for the Consumer Protection Division (Chapter 731 and 732 of 2018); 4 assistant Attorneys General (AAG) for the Criminal Investment Division for opioid response; 1 AAG for Civil Litigation Division; 2 AAGs for Legal Advice and Counsel.
Governor's Office of Crime Control and Prevention	13.0	13 positions for Baltimore City crime reduction initiative.
Higher Education	10.0	10 contractual conversions for Morgan State University.
Natural Resources	8.0	8 contractual conversions.
State Retirement Agency	5.0	5 information technology positions associated with the MPAS-III project.
State Police	5.0	5 sworn officers for Baltimore City crime reduction initiative.
General Services	4.0	4 capital facility maintenance positions.

<u>Agency</u>	<u>Positions</u>	<u>Description</u>
Other	1.5	1 administrator in Planning to work with IAC and 0.5 contractual conversion in State Ethics Board.
Total	298.3	
Agencies with Abolished Positions		
Public Safety and Correctional Services	-260.0	260 agencywide positions abolished.
Labor, Licensing, and Regulation	-35.0	35 positions abolished due to unemployment insurance caseload reduction.
Office of the Attorney General	-8.0	8 long-term vacancies abolished.
Higher Education	-7.0	7 positions abolished in Baltimore City Community College based on staffing realignment.
Budget and Management	-1.0	-1 position abolished in the Office of Budget Analysis.
Total	-311.0	
Net Position Change	-12.7	

IAC: Interagency Commission on School Construction
MIPAR: Maryland Institute for Policy Analysis and Research
MPAS: Maryland Pension Administration System

Source: Department of Budget and Management

Appendix 18
Contractual Full-time Equivalent Positions Changes
Fiscal 2018 Actual to Fiscal 2020 Allowance

<u>Department/Service Area</u>	<u>2018 Actual</u>	<u>2019 Work. Approp</u>	<u>2020 Allowance</u>	<u>2019-2020 Change</u>
Public Safety, Health and Human Services				
Public Safety and Correctional Services	234	304	274	-29
Health	410	478	531	54
Human Services	143	77	77	0
Police and Fire Marshal	39	56	51	-5
Juvenile Services	215	148	130	-18
Subtotal	1,041	1,061	1,063	2
Transportation	60	122	122	0
Other Executive				
Legal (Excluding Judiciary)	99	125	137	12
Executive and Administrative Control	192	186	197	11
Financial and Revenue Administration	38	47	44	-3
Budget and Management and DoIT	36	34	34	0
Retirement	8	8	8	0
General Services	23	23	23	0
Natural Resources	322	383	402	19
Agriculture	54	31	61	30
Labor, Licensing, and Regulation	121	203	231	29
MSDE and Other Education	215	264	269	5
Housing and Community Development	74	95	95	0
Commerce	26	26	26	0
Environment	37	49	72	24
Subtotal	1,245	1,474	1,600	126
Executive Branch	2,347	2,657	2,785	128
Higher Education	7,108	7,545	7,883	338
Judiciary	347	344	358	14
Legislature	0	0		0
Total	9,801	10,546	11,026	480

DoIT: Department of Information Technology
MSDE: Maryland State Department of Education

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

Appendix 19
State Aid to Local Governments
Fiscal 2020 Allowance
(\$ in Thousands)

County	<i>Direct State Aid</i>						Retirement	Total	Change Over FY 2019	Percent Change
	County - Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal				
Allegany	\$15,482	\$6,597	\$85,529	\$840	\$1,877	\$110,326	\$8,750	\$119,076	\$2,721	2.3%
Anne Arundel	46,696	31,814	384,057	2,432	4,487	469,485	70,459	539,944	21,421	4.1%
Baltimore City	289,998	0	855,516	9,501	8,593	1,163,608	64,659	1,228,267	13,811	1.1%
Baltimore	26,930	45,552	702,751	6,407	5,668	787,308	101,607	888,915	33,169	3.9%
Calvert	5,809	2,812	88,318	515	767	98,222	14,621	112,843	7,361	7.0%
Caroline	6,200	1,791	60,869	334	892	70,086	5,094	75,181	5,796	8.4%
Carroll	6,814	9,169	135,100	1,069	1,933	154,085	22,056	176,141	4,783	2.8%
Cecil	9,820	6,833	107,992	867	1,317	126,828	14,380	141,208	1,650	1.2%
Charles	4,694	9,386	192,431	1,163	1,718	209,393	23,494	232,887	9,868	4.4%
Dorchester	5,005	1,204	46,461	309	878	53,857	4,138	57,995	2,998	5.5%
Frederick	10,487	12,369	258,531	1,563	2,391	285,342	35,876	321,218	14,709	4.8%
Garrett	4,952	4,127	23,994	169	846	34,087	3,549	37,636	2,310	6.5%
Harford	8,399	12,670	218,026	1,749	2,639	243,481	32,037	275,519	9,283	3.5%
Howard	8,724	21,801	273,339	1,028	1,971	306,863	65,027	371,890	21,826	6.2%
Kent	1,406	556	10,163	105	742	12,971	1,871	14,842	287	2.0%
Montgomery	33,195	52,480	740,812	3,388	4,148	834,023	177,104	1,011,128	38,484	4.0%
Prince George's	110,056	33,424	1,163,032	7,628	6,666	1,320,806	122,819	1,443,625	35,172	2.5%
Queen Anne's	2,332	2,182	37,070	192	695	42,471	6,538	49,009	1,713	3.6%
St. Mary's	3,431	3,320	110,863	807	1,193	119,614	14,405	134,018	4,722	3.7%
Somerset	7,394	911	34,299	314	702	43,619	3,048	46,668	2,483	5.6%
Talbot	2,955	1,827	14,963	119	642	20,506	3,833	24,339	1,033	4.4%
Washington	8,405	9,845	185,726	1,417	2,121	207,514	18,908	226,422	8,570	3.9%
Wicomico	16,419	5,909	154,323	1,132	1,535	179,318	13,401	192,719	8,612	4.7%
Worcester	8,040	2,412	20,397	165	961	31,975	7,512	39,487	1,612	4.3%
Unallocated	57,735	6,375	115,960	19,097	0	199,167	0	199,167	44,820	29.0%
Total	\$701,377	\$285,366	\$6,020,521	\$62,308	\$55,385	\$7,124,956	\$835,188	\$7,960,144	\$299,215	3.9%

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

Appendix 20
State Aid to Local Governments
Fiscal 2019 Working Appropriation
(\$ in Thousands)

County	<i>Direct State Aid</i>						Retirement	Total
	County - Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal		
Allegany	\$15,036	\$6,782	\$83,488	\$817	\$1,745	\$107,868	\$8,487	\$116,355
Anne Arundel	45,906	31,277	366,675	2,350	4,309	450,518	68,006	518,524
Baltimore City	276,967	0	855,278	9,378	8,367	1,149,989	64,468	1,214,457
Baltimore	26,496	44,110	676,755	6,210	5,519	759,090	96,656	855,746
Calvert	5,595	2,849	82,055	482	711	91,692	13,790	105,482
Caroline	4,833	1,689	56,826	317	831	64,495	4,889	69,384
Carroll	6,216	9,164	132,403	1,032	1,799	150,614	20,744	171,358
Cecil	9,007	6,813	107,892	840	1,215	125,766	13,792	139,558
Charles	4,421	9,259	183,779	1,107	1,597	200,163	22,856	223,018
Dorchester	4,757	1,307	43,902	296	808	51,070	3,926	54,996
Frederick	9,386	11,393	248,855	1,493	2,246	273,374	33,135	306,509
Garrett	4,777	4,030	22,095	163	776	31,841	3,484	35,326
Harford	7,886	12,577	211,482	1,672	2,477	236,094	30,142	266,236
Howard	8,498	20,832	257,184	983	1,848	289,345	60,719	350,064
Kent	1,305	554	10,056	103	663	12,680	1,875	14,555
Montgomery	31,272	51,668	712,289	3,236	4,039	802,504	170,140	972,644
Prince George's	105,887	31,882	1,140,518	7,477	6,478	1,292,242	116,211	1,408,452
Queen Anne's	2,186	2,167	35,823	175	640	40,991	6,305	47,296
St. Mary's	3,297	3,155	107,250	772	1,131	115,606	13,690	129,297
Somerset	7,055	841	32,536	303	637	41,372	2,813	44,184
Talbot	2,695	1,859	14,293	116	601	19,564	3,742	23,306
Washington	7,797	9,564	179,260	1,361	1,965	199,946	17,906	217,853
Wicomico	15,242	5,663	147,947	1,091	1,422	171,365	12,742	184,107
Worcester	7,595	2,446	19,683	159	876	30,759	7,115	37,874
Unallocated	54,256	6,439	75,272	18,380	0	154,346	0	154,346
Total	\$668,367	\$278,322	\$5,803,594	\$60,313	\$52,699	\$6,863,295	\$797,633	\$7,660,928

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

Appendix 21
State Aid to Local Governments
Dollar Difference Between Fiscal 2020 Allowance and Fiscal 2019 Working Appropriation
(\$ in Thousands)

County	<i>Direct State Aid</i>						Retirement	Total
	County - Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal		
Allegany	\$446	-\$185	\$2,041	\$23	\$133	\$2,459	\$262	\$2,721
Anne Arundel	789	536	17,382	82	178	18,967	2,453	21,421
Baltimore City	13,031	0	238	123	227	13,619	191	13,811
Baltimore	434	1,441	25,996	197	150	28,218	4,951	33,169
Calvert	214	-36	6,262	34	56	6,529	832	7,361
Caroline	1,367	102	4,043	17	61	5,591	206	5,796
Carroll	599	6	2,697	36	134	3,471	1,312	4,783
Cecil	813	19	100	27	102	1,062	588	1,650
Charles	274	127	8,652	56	121	9,230	638	9,868
Dorchester	249	-103	2,559	12	70	2,787	211	2,998
Frederick	1,100	976	9,675	70	145	11,968	2,741	14,709
Garrett	175	96	1,899	5	70	2,245	64	2,310
Harford	512	93	6,544	77	162	7,387	1,895	9,283
Howard	226	970	16,155	44	124	17,518	4,308	21,826
Kent	101	2	107	2	79	292	-4	287
Montgomery	1,922	812	28,523	152	109	31,519	6,965	38,484
Prince George's	4,169	1,542	22,514	151	188	28,564	6,608	35,172
Queen Anne's	146	15	1,247	16	56	1,480	233	1,713
St. Mary's	133	164	3,613	34	62	4,007	714	4,722
Somerset	339	70	1,763	11	64	2,248	235	2,483
Talbot	260	-33	671	3	40	941	91	1,033
Washington	608	281	6,466	56	156	7,568	1,002	8,570
Wicomico	1,177	246	6,376	41	113	7,952	660	8,612
Worcester	445	-34	714	6	85	1,216	396	1,612
Unallocated	3,479	-63	40,688	717	0	44,820	0	44,820
Total	\$33,010	\$7,044	\$216,927	\$1,995	\$2,686	\$261,661	\$37,554	\$299,215

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

Appendix 22
State Aid to Local Governments
Percent Change: Fiscal 2020 Allowance over Fiscal 2019 Working Appropriation

County	<i>Direct State Aid</i>						Retirement	Total
	County - Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal		
Allegany	3.0%	-2.7%	2.4%	2.9%	7.6%	2.3%	3.1%	2.3%
Anne Arundel	1.7%	1.7%	4.7%	3.5%	4.1%	4.2%	3.6%	4.1%
Baltimore City	4.7%	n/a	0.0%	1.3%	2.7%	1.2%	0.3%	1.1%
Baltimore	1.6%	3.3%	3.8%	3.2%	2.7%	3.7%	5.1%	3.9%
Calvert	3.8%	-1.3%	7.6%	7.0%	7.9%	7.1%	6.0%	7.0%
Caroline	28.3%	6.0%	7.1%	5.4%	7.3%	8.7%	4.2%	8.4%
Carroll	9.6%	0.1%	2.0%	3.5%	7.4%	2.3%	6.3%	2.8%
Cecil	9.0%	0.3%	0.1%	3.2%	8.4%	0.8%	4.3%	1.2%
Charles	6.2%	1.4%	4.7%	5.1%	7.6%	4.6%	2.8%	4.4%
Dorchester	5.2%	-7.9%	5.8%	4.2%	8.7%	5.5%	5.4%	5.5%
Frederick	11.7%	8.6%	3.9%	4.7%	6.5%	4.4%	8.3%	4.8%
Garrett	3.7%	2.4%	8.6%	3.3%	9.1%	7.1%	1.8%	6.5%
Harford	6.5%	0.7%	3.1%	4.6%	6.5%	3.1%	6.3%	3.5%
Howard	2.7%	4.7%	6.3%	4.5%	6.7%	6.1%	7.1%	6.2%
Kent	7.8%	0.3%	1.1%	2.3%	11.9%	2.3%	-0.2%	2.0%
Montgomery	6.1%	1.6%	4.0%	4.7%	2.7%	3.9%	4.1%	4.0%
Prince George's	3.9%	4.8%	2.0%	2.0%	2.9%	2.2%	5.7%	2.5%
Queen Anne's	6.7%	0.7%	3.5%	9.4%	8.7%	3.6%	3.7%	3.6%
St. Mary's	4.0%	5.2%	3.4%	4.4%	5.5%	3.5%	5.2%	3.7%
Somerset	4.8%	8.3%	5.4%	3.7%	10.1%	5.4%	8.4%	5.6%
Talbot	9.6%	-1.8%	4.7%	2.7%	6.7%	4.8%	2.4%	4.4%
Washington	7.8%	2.9%	3.6%	4.1%	7.9%	3.8%	5.6%	3.9%
Wicomico	7.7%	4.3%	4.3%	3.7%	7.9%	4.6%	5.2%	4.7%
Worcester	5.9%	-1.4%	3.6%	3.7%	9.7%	4.0%	5.6%	4.3%
Unallocated	6.4%	-1.0%	54.1%	3.9%	n/a	29.0%	n/a	29.0%
Total	4.9%	2.5%	3.7%	3.3%	5.1%	3.8%	4.7%	3.9%

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

Appendix 23
Top Funded Programs and Projects - All Funds
Fiscal 2020 as Introduced
(\$ in Millions)

<u>Agency</u>	<u>Project Title</u>	<u>GO Bond</u>	<u>Revenue</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	<u>Total Funds</u>
IAC	Public School Construction Program	\$280.0	\$0.0	\$0.0	\$0.0	\$0.0	\$280.0
MDE	Maryland Water Quality Revolving Loan Fund	8.8	0.0	0.0	80.1	38.8	127.7
MHEC	Community College Construction Grant Program	74.0	0.0	0.0	0.0	0.0	74.0
MDE	Bay Restoration Fund	0.0	0.0	0.0	70.0	0.0	70.0
TU	Science Facility	66.2	2.0	0.0	0.0	0.0	68.2
DNR	Program Open Space – State	0.0	0.0	11.4	47.1	3.0	61.6
DNR	Program Open Space – Local	0.0	0.0	8.5	48.0	0.0	56.6
UMMS	Capital Region Medical Center	56.2	0.0	0.0	0.0	0.0	56.2
MDA	Maryland Agricultural Land Preservation Program	0.0	0.0	6.5	45.0	0.0	51.5
DHCD	Rental Housing Program	25.0	0.0	2.0	16.5	4.5	48.0
IAC	Building Opportunity Fund	0.0	0.0	0.0	45.0	0.0	45.0
IAC	Supplemental Capital Grant Program for Local School Systems	40.0	0.0	0.0	0.0	0.0	40.0
BPW	Facilities Renewal Fund	35.8	0.0	0.0	0.0	0.0	35.8
MDE	Maryland Drinking Water Revolving Loan Program	5.3	0.0	0.0	12.7	14.0	32.0
DoIT	Public Safety Communications System	30.8	0.0	0.0	0.0	0.0	30.8
IAC	Healthy School Facilities Fund	0.0	0.0	30.0	0.0	0.0	30.0
USMO	Capital Facilities Renewal	10.0	18.6	0.0	0.0	0.0	28.6
DNR	Rural Legacy Program	5.0	0.0	1.9	18.9	0.0	25.7
MD	Havre de Grace CSMC Surface Equipment and Automotive Maintenance Facility	0.0	0.0	0.0	0.0	24.5	24.5
DHCD	Strategic Demolition and Smart Growth Impact Fund	13.9	0.0	2.0	8.4	0.0	24.3
DPSCS	Demolition of Buildings at the Baltimore City Correctional Complex	23.8	0.0	0.0	0.0	0.0	23.8
DHCD	Homeownership Programs	7.8	0.0	0.0	15.2	0.0	23.0
MSU	New Student Services Support Building	22.7	0.0	0.0	0.0	0.0	22.7

<u>Agency</u>	<u>Project Title</u>	<u>GO Bond</u>	<u>Revenue</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	<u>Total Funds</u>
IAC	Local Share of School Construction Costs Revolving Loan Fund	0.0	0.0	0.0	20.0	0.0	20.0
DNR	Waterway Improvement Fund	0.0	0.0	0.0	13.5	2.5	16.0
MES	Infrastructure Improvement Fund	9.3	0.0	0.0	6.1	0.0	15.3
MDE	Bay Restoration Fund Septic System Program	0.0	0.0	0.0	15.0	0.0	15.0
MISC	Local Legislative Initiatives	15.0	0.0	0.0	0.0	0.0	15.0
DNR	Natural Resources Development Fund	0.0	0.0	3.0	9.2	1.4	13.6
SMCM	Academic Building and Auditorium	13.2	0.0	0.0	0.0	0.0	13.2
UMB	Central Electric Substation and Electrical Infrastructure Upgrades	13.2	0.0	0.0	0.0	0.0	13.2
UMCP	School of Public Policy Building	12.5	0.0	0.0	0.0	0.0	12.5
MDA	Salisbury Animal Health Laboratory Replacement	12.4	0.0	0.0	0.0	0.0	12.4
DHCD	Neighborhood Business Development Program	8.0	0.0	2.0	2.2	0.0	12.2
DHCD	Baltimore Regional Neighborhoods Initiative	0.0	0.0	12.0	0.0	0.0	12.0
USMO	Southern Maryland Regional Higher Education Center	7.0	5.0	0.0	0.0	0.0	12.0
DVA	Cheltenham Veterans Cemetery Burial Expansion and Improvements	0.0	0.0	0.0	0.0	11.5	11.5
DHCD	Special Loan Programs	4.0	0.0	0.0	5.3	2.0	11.3
DNR	Critical Maintenance Program	0.0	0.0	6.8	4.2	0.0	11.0
DPSCS	Maryland Correctional Training Center Housing Unit Windows and Steam Heating System	10.3	0.0	0.0	0.0	0.0	10.3
DHCD	Housing and Building Energy Programs	1.0	0.0	0.0	8.4	0.7	10.1
UMES	School of Pharmacy and Health Professions	5.0	5.0	0.0	0.0	0.0	10.0
MSU	Deferred Maintenance and Site Improvements	10.0	0.0	0.0	0.0	0.0	10.0
IAC	Public School Safety Improvements Grant Program	0.0	0.0	10.0	0.0	0.0	10.0
Subtotal: Top Funded Programs and Projects		\$826.1	\$30.6	\$96.2	\$490.7	\$103.0	\$1,546.6
Subtotal: Other Funded Programs and Projects		\$263.1	\$3.4	\$25.3	\$2.3	\$13.6	\$307.6
Total		\$1,089.2	\$34.0	\$121.4	\$493.0	\$116.6	\$1,854.2
Deauthorizations as Introduced		-\$4.2	\$0.0	\$0.0	\$0.0	\$0.0	-\$4.2
Grand Total		\$1,085.0	\$34.0	\$121.4	\$493.0	\$116.6	\$1,850.0

BPW: Board of Public Works
CSMC: Combined Support Maintenance Shop
DHCD: Department of Housing and Community Development
DNR: Department of Natural Resources
DoIT: Department of Information Technology
DPSCS: Department of Public Safety and Correctional Services
IAC: Interagency Committee on School Construction
MD: Military Department
MDA: Maryland Department of Agriculture
MDE: Maryland Department of the Environment
MDVA: Maryland Department of Veteran Affairs

MHEC: Maryland Higher Education Commission
MISC: miscellaneous
MSU: Morgan State University
SMCM: St. Mary's College of Maryland
TU: Towson University
UMB: University of Maryland, Baltimore Campus
UMCP: University of Maryland, College Park Campus
UMES: University of Maryland Eastern Shore
UMMS: University of Maryland Medical System
USMO: University System of Maryland Office

Note: General fund figures include \$38.2 million budgeted in the Dedicated Purpose Account for Program Open Space repayments as required by Chapter 10 of 2016.

Appendix 24
Transfer Tax Replacement Plan
Fiscal 2018-2029
(\$ in Millions)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023-2029</u>	<u>Total</u>
MARBIDCO (Fiscal 2006 Transfer)	\$2.5	\$2.5	\$2.5	\$2.5	\$2.5	\$0.0	\$12.5
POS (Fiscal 2006 Transfer)	0.0	0.0	12.5	12.5	12.5	0.0	37.5
Park Development (Fiscal 2006 Transfer)	0.0	6.0	6.0	6.0	6.0	16.0	40.0
POS (Fiscal 2016 to 2018 Transfers)	0.0	0.0	25.4	25.4	12.7	88.8	152.2
Total	\$2.5	\$8.5	\$46.4	\$46.4	\$33.7	\$104.8	\$242.2

MARBIDCO: Maryland Agricultural and Resource-Based Industry Development Corporation
POS: Program Open Space

Note: The fiscal 2020 amount to capital programs is \$38.2 million.

Payback for Fiscal 2006 Transfer Tax (to Be Distributed through the Transfer Tax Formula): Chapter 10 of 2016 required \$15.0 million in each of fiscal 2019 through 2021, for a total repayment of \$45.0 million. A provision in the Budget Reconciliation and Financing Act (BRFA) of 2018 amended the repayment schedule by deferring the \$15.0 million required in fiscal 2019 to 2022, essentially moving back by one year the total repayment requirement. Another provision in the BRFA of 2018 reduced the \$15.0 million required repayments in fiscal 2020 through 2022 by \$2.5 million and instead mandated that the funding be used by the Maryland Agricultural and Resource-Based Industry Development Corporation for the Next Generation Farmland Acquisition Program.

Payback for Fiscal 2006 Transfer Tax for Critical Maintenance/Natural Resources Development Fund: Chapter 10 required that \$6.0 million in each of fiscal 2019 through 2024 and \$4.0 million in fiscal 2025, for a total repayment of \$40.0 million, be used to fund Department of Natural Resources Critical Maintenance and Natural Resources Development Fund projects.

Payback for Fiscal 2016 to 2018 Transfer Tax (to Be Distributed through the Transfer Tax Formula): Chapter 10 required the repayment of \$152.2 million as follows: one-third by fiscal 2021; two-thirds by fiscal 2025; and the full amount by fiscal 2029. This provision provides for some annual funding flexibility, and the Governor's plan programs the first one-third payment in equal installments of \$25.4 million in each of fiscal 2020 and 2021.

Appendix 25
Transportation Trust Fund Forecasts
Fiscal 2018-2024
(\$ in Millions)

	<u>Final</u> <u>2018-2023</u>	<u>Final</u> <u>2019-2024</u>	<u>Change</u>
Revenues			
Taxes and Fees	\$18,004	\$18,681	\$677
General Fund Transfers (in Dedicated Purpose Fund)	0	793	793
Operating and Other Revenues	3,398	3,503	105
Federal Operating Assistance	588	626	38
Bond Proceeds/Premiums	2,898	2,920	22
Change in Fund Balance	13	-33	-46
Total Revenues	\$24,901	\$26,490	\$1,589
Expenditures			
Debt Service	\$2,387	\$2,589	\$202
Operating Budget	12,922	13,568	646
Purple Line Availability Payments	150	304	154
Deductions to Other Agencies	427	441	14
State Aid			
Highway User Revenues	1,139	181	-958
Capital Grants	0	1,326	1,326
State Capital Program	7,875	8,082	207
Total Expenditures	\$24,901	\$26,490	\$1,589

Lowest Net Income Debt Service Coverage Ratio: 2.5 in Fiscal 2020

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

- The fiscal 2019 to 2024 Transportation Trust Fund forecast includes general fund transfers from the Dedicated Purpose Account totaling \$793 million. This comprises \$125 million in fiscal 2020 and \$167 million each year from fiscal 2021 to 2024 to support the new capital grant to the Washington Metropolitan Area Transit Administration.
- Compared to the prior six-year forecast, tax and fee revenues increase by \$677 million. Motor vehicle fuel taxes and titling taxes each projected to increase by approximately \$250 million, and corporate income tax revenue is \$161 million higher than in the previous forecast.
- Increased operating expenses account for approximately 40% of the increased spending in the new forecast with increased local aid accounting 23% of the increase.
- The fiscal 2019 to 2024 forecast includes only a small increase in the use of bond proceeds and premiums (\$22 million) with the use of debt being constrained by debt service coverage reaching the minimum acceptable level in fiscal 2020.

Appendix 26
Transportation Capital Program
January 2018 vs. January 2019 Plan
(\$ in Millions)

	<u>2018 Plan</u>	<u>2019 Plan</u>	<u>Change</u>
Fiscal 2020			
Secretary's Office	\$41.0	\$57.0	\$16.0
Motor Vehicle Administration	18.1	43.9	25.8
Maryland Aviation Administration	92.3	212.5	120.2
Maryland Port Administration	165.6	153.3	-12.3
Maryland Transit Administration	531.1	713.4	182.3
Washington Metropolitan Area Transit Authority	255.8	450.0	194.2
State Highway Administration	1,420.1	1,432.8	12.7
State Aid	0.0	256.0	256.0
Fiscal 2020 Total	\$2,524.0	\$3,318.9	\$794.9
Special Funds	\$1,244.9	\$1,681.8	\$436.9
Federal Funds	1,075.2	1,210.1	134.9
General Fund Transfer	0.0	125.0	125.0
Other Funds	203.9	302.0	98.1
Fiscal 2020 Total Funds	\$2,524.0	\$3,318.9	\$794.9
Six-year Funding			
Secretary's Office	\$280.9	\$244.4	-\$36.5
Motor Vehicle Administration	125.5	143.4	17.9
Maryland Aviation Administration	572.1	644.7	72.6
Maryland Port Administration	800.8	842.6	41.8
Maryland Transit Administration	3,381.6	3,310.1	-71.5
Washington Metropolitan Area Transit Authority	1,534.8	2,574.9	1,040.1
State Highway Administration	8,119.7	7,352.2	-767.5
State Aid	0.0	1,326.3	1,326.3
Six-year Funding Total	\$14,815.4	\$16,438.6	\$1,623.2
Special Funds	\$7,949.0	\$8,636.5	\$687.5
Federal Funds	5,707.5	5,845.6	138.1
General Fund Transfers	0.0	793.0	793.0
Other Funds	1,158.9	1,163.5	4.6
Six-year Total Funds	\$14,815.4	\$16,438.6	\$1,623.2

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

- Capital spending in fiscal 2020 is \$794.9 million higher than anticipated in the 2018 *Consolidated Transportation Program*. Over half the increase is due to the new mandated grant to the Washington Metropolitan Area Transit Authority (WMATA) (\$167 million) and to conversion of State aid from revenue sharing (Highway User Revenues) to mandated capital grants (\$256 million).
- The new WMATA grant is funded in the six-year program almost entirely with general funds – \$125 million in fiscal 2020 and the full \$167 million in each of the out-years.
- Loans from the Maryland Transportation Authority support \$150 million for projects at the Baltimore-Washington International Thurgood Marshall Airport (\$100 million) and for planning for the I-495 and I-270 toll lanes project.

Appendix 27
School Construction – Components of Governor’s Fiscal 2020 Plan
(\$ in Millions)

	<u>Fiscal 2020</u>
General Funds	
Healthy School Facilities Fund	\$30.0
Public School Safety Improvements	10.0
Nonpublic School Safety Improvements	3.5
<i>General Fund Subtotal</i>	<i>\$43.5</i>
Special Funds	
Building Opportunity Fund – Education Trust Fund	\$45.0
Local Share of School Construction Costs Revolving Loan Fund	20.0
<i>Special Fund Subtotal</i>	<i>\$65.0</i>
GO Bonds	
Public School Construction Program	\$280.0
Supplemental Capital Grant Program	40.0
Aging Schools Program	6.1
Nonpublic Aging Schools Program	3.5
<i>GO Bond Fund Subtotal</i>	<i>\$329.6</i>
Total	\$438.1

GO: general obligation