
Fiscal Briefing

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

January 2021

Contributing Staff

Writers

Matthew J. Bennett
Hiram L. Burch
Rachel H. Hise
Matthew D. Klein
Jason A. Kramer
Steven D. McCulloch

Simon G. Powell
David C. Romans
Rebecca J. Ruff
Theresa M. Tuszynski
Tonya D. Zimmerman

Reviewers

Ryan Bishop
Victoria L. Gruber
David C. Romans

For further information concerning this document contact:

Library and Information Services
Office of Policy Analysis
Department of Legislative Services
90 State Circle
Annapolis, Maryland 21401

Baltimore Area: 410-946-5400 • Washington Area: 301-970-5400
Other Areas: 1-800-492-7122, Extension 5400
TTY: 410-946-5401 • 301-970-5401
TTY users may also use the Maryland Relay Service
to contact the General Assembly.

Email: libr@mlis.state.md.us
Home Page: <http://mgaleg.maryland.gov>

The Department of Legislative Services does not discriminate on the basis of age, ancestry, color, creed, marital status, national origin, race, religion, gender, gender identity, sexual orientation, or disability in the admission or access to its programs, services, or activities. The Department's Information Officer has been designated to coordinate compliance with the nondiscrimination requirements contained in Section 35.107 of the Department of Justice Regulations. Requests for assistance should be directed to the Information Officer at the telephone numbers shown above.

Contents

The Governor's Fiscal 2022 Plan	1
Quick Look at Fiscal 2022 Budget.....	3
2021 Session To Do List.....	8
Special Fund Reductions and Appropriations Contingent on BRFA or Other Legislation	10
Blueprint Fund Outlook – Fiscal 2021-2026.....	11
Blueprint for Maryland's Future Fund Expenditures – Fiscal 2021-2022	12
House Bill 612/Senate Bill 496 The RELIEF Act of 2021	13
State and Federal Stimulus Funding Totals \$30 Billion	15
December Federal Stimulus Funds – Funds Are Not Included in Allowance	16
 Economic and Revenue Outlook	 17
Maryland Economy – 2020	19
State and Local Income Tax Withholding Collections: January – December	20
Maryland General Fund Revenues	21
 Operating Budget.....	 23
General Fund: End-of-Year Balances – Fiscal 2020-2022.....	25
Rainy Day Fund Activity	26
Fiscal 2021 General Fund Spending Is Reduced by \$274 Million Increased Spending on Entitlements Based on Enrollment Growth and COVID-related Operating Expenses Is More Than Offset by Savings from Additional Medicaid Federal Funds	27
Fiscal 2021 Deficiencies Total Almost \$2.7 Billion, Primarily Federal Funding for Entitlements and the Enhanced Medicaid Match General Fund Spending Is Reduced by \$274 Million.....	28
Fiscal 2022 Operating Budget by Fund Type and Fiscal 2021 to 2022 Growth Percentage	29
Backfilling for One-time Fiscal 2021 Federal Funds and Other Funding Drives General Fund Growth of \$1.3 Billion.....	30
State Agency and Personnel General Fund Growth Excluding Backfilling and DBM COVID Funding Is Modest	31
Fiscal 2022 Statewide Personnel Actions	32

State Aid to Local Governments	33
State Aid by Governmental Entity	35
State Aid by Major Programs – State Funds – Fiscal 2020-2022	36
State Aid to Local Governments – Comparison by Per Capita Aid and Annual Change – Fiscal 2021-2022	37
 Transportation	 39
Transportation Trust Fund Forecasts – Fiscal 2021-2025	41
Transportation Capital Program Percent Change in Funding – January 2021 Plan vs. January 2020 Plan	42
Transportation Operating Expenses Percent Change in Funding – January 2021 Forecast vs. January 2020 Forecast	43
 Capital Budget	 45
Capital Budget – All Funds – Fiscal 2021 and 2022	47
 Appendices	 49
Appendix 1 Status of the General Fund – Fiscal 2020	51
Appendix 2 Status of the General Fund – Fiscal 2021	52
Appendix 3 Status of the General Fund – Fiscal 2022	53
Appendix 4 State Reserve Fund Activity – Fiscal 2020 and 2021	54
Appendix 5 Budget Reconciliation and Financing Act of 2021 (HB 589/SB 493)...	55
Appendix 6 State Expenditures – General Funds	59
Appendix 7 State Expenditures – Special and Higher Education Funds	60
Appendix 8 State Expenditures – Federal Funds	61
Appendix 9 State Expenditures – State Funds	62
Appendix 10 State Expenditures – All Funds	63
Appendix 11 Gaming Program Revenues and Impact on the Education Trust Fund Fiscal 2020-2022	64
Appendix 12 General Fund – Proposed Fiscal 2022 Changes Over Adjusted Fiscal 2021 Spending	65

Appendix 13	Medicaid Budget Is Driven by Enrollment Growth General Fund Growth of Almost \$1.1 Billion Primarily Reflects Assumptions of Reduced Federal Support in Fiscal 2022 – Fiscal 2020-2022	67
Appendix 14	Analysis of Vacancies and Turnover Rate – Fiscal 2022 Allowance Compared to January 2021 Vacancies.....	69
Appendix 15	Major Position Changes	70
Appendix 16	State Aid to Local Governments – Fiscal 2022 Allowance	71
Appendix 17	State Aid to Local Governments – Fiscal 2021 Working Appropriation....	72
Appendix 18	State Aid to Local Governments – Dollar Difference Between Fiscal 2022 Allowance and Fiscal 2021 Working Appropriation	73
Appendix 19	State Aid to Local Governments – Percent Change: Fiscal 2022 Allowance over Fiscal 2021 Working Appropriation	74
Appendix 20	Transportation Capital Program – January 2020 vs. January 2021 Plan	75
Appendix 21	Quick Look at Fiscal 2022 Capital Budget.....	76
76Appendix 22	Top Funded Programs and Projects – All Funds – Fiscal 2022 as Introduced	77
Appendix 23	Status of Capital Budget Mandates – Fiscal 2022.....	79
Appendix 24	Capital Budget – Significant Adjustments (GO Bonds, General Funds, and Bond Premiums) Planned Compared to Proposed	80
Appendix 25	Significant Differences in Preauthorizations Included in the Maryland Consolidated Capital Bond Loan of 2020	82

The Governor's Fiscal 2022 Plan

Quick Look at Fiscal 2022 Budget

Budget Growth Fiscal 2021-2022 (\$ in Millions)

	<u>2021 Plan</u>	<u>2022 Plan</u>	<u>\$ Change</u>	<u>% Change</u>
All Funds	\$50,390	\$49,341	-\$1,049	-2.1%
General Funds	18,757	20,064	1,307	7.0%
Special Funds*	14,600	13,898	-701	-4.8%
Federal Funds	17,033	15,379	-1,654	-9.7%

*Includes higher education funds.

- The Governor's spending plan leaves a closing balance of \$265.3 million at the end of fiscal 2021 and \$193.3 million at the end of fiscal 2022. The Rainy Day Fund ends fiscal 2022 with a balance of \$991 million (5.0% of general fund revenues). Combined cash balances at the close of fiscal 2022 of \$1.2 billion represent about 6.0% of general fund revenues.
- Overall spending declines in fiscal 2022 as temporary federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funding is exhausted and federal Supplemental Nutrition Assistance Program (SNAP) expenditures decline as the economy recovers and benefit enhancements expire. **No funds from the December federal COVID Relief Act are reflected in the budget.**
- The Administration's plan accounts for \$617 million of general fund tax relief in fiscal 2021 and \$52 million in fiscal 2022.
 - The proposed RELIEF Act of 2021 provides stimulus payments to lower income households and targeted tax relief for households and businesses.
 - Other administration proposals expand the Research and Development Tax Credit and offer tax relief for military retirees and Hometown Heroes.
 - Beginning in fiscal 2023, the Governor proposes phasing-out the income tax on retirement income.
 - Ongoing revenue losses from the proposals will grow to \$401 million in fiscal 2026.

General Fund Impact of Administration Tax Relief Proposals
Fiscal 2021-2022
(\$ in Millions)

	<u>2021</u>	<u>2022</u>
RELIEF Act		
Repeal State and Local Income Taxes on Unemployment Benefits	-\$50.0	-\$20.0
Stimulus Payments for Earned Income Tax Credit Recipients of Up to \$750 (families)/\$450 (individual)	-266.7	
Sales Tax Vendor Credit of Up to \$3,000 for Four Months	-300.0	
Other Tax Changes		
Military Retirement Income		-\$18.4
Hometown Heroes		-6.8
Expand Research and Development Tax Credit		-6.5
Phase-out Income Tax on Retirement Income (Begins in Fiscal 2023)		
Total Revenue Loss	-\$616.7	-\$51.7

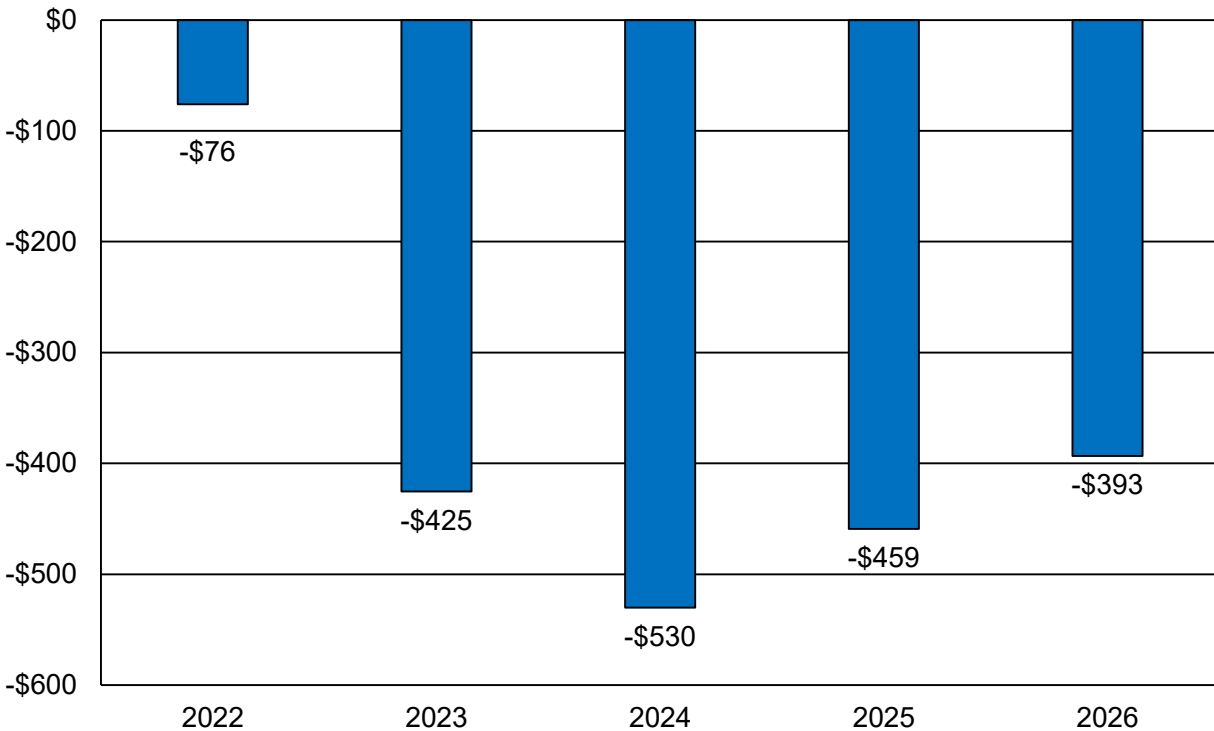
- The Administration's balancing plan rests on a Budget Reconciliation and Financing Act (BRFA) that reduces general fund spending by \$826 million and generates \$224 million of revenue.

Budget Balancing Plan
Fiscal 2021-2022
(\$ in Millions)

Fiscal 2022 Ending Balance Before Legislation	-\$188
RELIEF Act	-637
Other Targeted Tax Relief Bills	-32
Budget Reconciliation and Financing Act	1,050
Spending Reductions = \$826 Million	
Rainy Day Fund (\$422 Million)	
Health Exchange Reinsurance Fund to Support Medicaid (\$200 M)	
Transfers/Revenues = \$224 Million	
Transfer Tax Diversion (\$101 Million)	
No Revenue Volatility Set-Aside (\$80 Million)	
Fiscal 2022 Ending Balance With Legislation	\$193

- With a structural budget gap of about \$76 million, the budget adheres to the Spending Affordability Committee (SAC) goal of a gap of no more than \$700 million.

Structural Budget Outlook
DLS Estimates under Administration Plan
Fiscal 2022-2026
(\$ in Millions)



DLS: Department of Legislative Services

Other Key Features

- K-12 education formulas are fully funded with an additional \$213.6 million of discretionary Blueprint funds allocated to hold school systems harmless for enrollment declines and for special education transportation costs. Another \$151.6 million of Blueprint funds are allocated to supplemental instruction and tutoring.
- \$174.9 million of Blueprint funds are allocated to offset a shortfall in Education Trust Fund revenues in fiscal 2020 and 2021.
- Rates for most health care providers, including those serving the developmentally disabled and people with behavioral health needs, increase 4.0% effective January 2021, six months sooner than required by statute.
- Monthly Temporary Cash Assistance benefits are increased by \$100 per recipient for the period of January 2021 to June 2021.

- With the exception of community college aid and a grant to the City of Annapolis, all local aid mandates are fully funded. Community college aid is capped at 5.5% growth, saving the State \$26.6 million while providing the schools with a \$13.6 million increase. Under the Administration plan, local governments would pay a larger share of State Department of Assessments and Taxation administrative costs.
- Tuition for in-state students at the University System of Maryland grows 2.0%.
- Aid to nonpublic higher education institutions is level funded, saving \$29.8 million.
- No funds are included in the budget for a general salary increase or increments for State employees. The Administration has agreed to provide some bargaining units with a \$500 bonus and a 1% salary increase in fiscal 2022 if fiscal 2021 revenues exceed the December revenue estimate by specified amounts.
- Capital spending from general obligation (GO) bonds is funded at the SAC recommended level of \$1,105 million. The bond authorization is supplemented by \$244 million of bond premium revenues, including \$125 million to fund a portion of a mandated capital grant to the Washington Metropolitan Area Transit Authority (WMATA).
- \$100.6 million of transfer tax revenues are diverted to the general fund with GO bonds used to backfill funding for Program Open Space and related programs.
- The budget dedicates \$313.1 million to school facility needs, including \$13.5 million for school safety grants. The Governor also anticipates issuing \$520 million of revenue bonds contingent on enactment of school construction legislation.

Potential Legislative Issues

- The appropriate level of cash reserves to maintain given uncertainty about the near term revenue outlook.
- How to spend new federal stimulus funding. The allowance does not contain any of the federal funding from the December COVID-19 Relief Act (about \$1.4 billion should ultimately be added) and makes no assumptions about future federal stimulus funding.
- Veto overrides, including the Kirwan legislation. Overriding the Kirwan veto will not impact the fiscal 2022 budget but would increase general fund spending by fiscal 2026.

- The best uses of a \$200 million fiscal 2021 deficiency appropriation for unspecified COVID-19 costs.
- Whether to proceed with the repayment of prior transfer tax diversions and whether to fully backfill the proposed \$100.6 million fiscal 2022 diversion with bonds in the fiscal 2022 budget.
- The implications of the Administration's plan to divert \$100 million a year from the Maryland Health Benefit Exchange reinsurance fund to support Medicaid costs from fiscal 2021 through 2026.
- The plan to fund a mandated capital grant to WMATA with revenues from bond premiums rather than the Transportation Trust Fund.
- Cigarette Restitution Funds allocated to Broadening Options and Opportunities for Students grow by \$2.6 million to \$10.0 million.
- Whether to pursue recovery of fiscal 2020 overpayments to behavioral health providers of more than \$163 million. No recovery is assumed in budget but the Maryland Department of Health indicates recoupment is planned.
- No capital funds are earmarked for legislative bond initiatives.

2021 Session To Do List

General Fund Balance Before Legislation	-\$188.2
--	-----------------

Revenue Actions

Transfer Tax Diversion (to Be Replaced with General Obligation Bonds)	\$100.6	
Set Revenue Volatility Adjustment at \$0 in Fiscal 2022 Only	80.0	
Maryland Health Benefit Exchange Mandate Decrease	3.0	
*Research and Development Tax Credit	-6.5	
*Hometown Heroes	-6.8	
*Military Retirement Income	-18.4	
*Eliminating State Income Tax on Unemployment Insurance (Fiscal 2021 and 2022)	-70.0	
*Earned Income Tax Credit Rebate for Tax Year 2019 and 2020 (Fiscal 2021)	-266.7	
*Enhanced Vendor Discount on Sales Tax (Four Months) (Fiscal 2021)	-300.0	
		-\$484.8

Fund Balance Transfers

State Unemployment Insurance Fund Balance Transfer (Fiscal 2021)	\$30.0	
Consumer Protection Recoveries	10.0	
		\$40.0

Reserve Fund/Liabilities Actions

Reduce Appropriation to Rainy Day Fund to Leave a Balance of 5%	\$422.0	
Delay Program Open Space Repayment	43.9	
No Pension Sweeper and Retiree Health Sweeper in Fiscal 2022 Only	50.0	
		\$515.9

Contingent Reductions

Level Fund Joseph A. Sellinger Formula and Alter Future Growth	\$29.8	
Slow Growth of Senator John A. Cade Funding Formula and Alter Future Growth	26.6	
Level Fund Maryland State Arts Council and Alter Future Growth	2.9	
DNR Fisheries Research and Development Fund One-time Repeal of Mandate	1.8	
Maryland Public Broadcasting Commission Mandate Repeal	0.8	
City of Annapolis Mandate Reduction	0.4	
Loan Assistance Repayment Program For Foster Care Recipients Mandate Repeal	0.1	
		\$62.4

Contingent Appropriation

*Create a Coordinator of Autism Strategy in the Governor's Office of Community Initiatives	\$0.1	
		\$0.1

Fund Swaps

Use Reinsurance Program Provider Assessment Fund Balance for Medicaid (Fiscal 2021 and 2022)	\$200.0	
Medicaid Deficit Assessment Alteration	35.0	
Use Medical Cannabis Commission Fund Balance to support BHA	6.0	
Increase local share of SDAT to 60%	3.9	
Use Board of Examiners of Professional Counselors Fund Balance to support BHA	2.0	
Use Consumer Protection Funds for Financial Consumer Protection in the Office of Attorney General	0.7	
Use Board of Pharmacy Fund Balance for MDH Office of Controlled Substances Administration	0.5	
		\$248.1

General Fund Balance After Legislation **\$193.3**

*Denotes items not in the Budget Reconciliation and Financing Act of 2021

BHA: Behavioral Health Administration

DNR: Department of Natural Resources

MDH: Maryland Department of Health

SDAT: State Department of Assessments and Taxation

Special Fund Reductions and Appropriations Contingent on BRFA or Other Legislation

Fiscal 2021

Use Marketplace Facilitator Revenues to Cover ETF Shortfall	\$174.8	
Use Reinsurance Program Provider Assessment Fund Balance for Medicaid	100.0	
Medicaid Deficit Assessment Alteration	35.0	
		\$309.8

Fiscal 2022

*WMATA Contribution Contingent on Funding Mandate through Bond Premiums	\$125.0	
Maryland Health Benefit Exchange Mandate Decrease	-3.0	
Community Health Resource Commission Mandate Change	-4.4	
MDA Maryland Agricultural Land Preservation Program Transfer Tax Revenue Diversion	-31.0	
DNR Program Open Space due to Transfer Tax Revenue Diversion	-69.6	
		\$17.1

*Denotes items not in the Budget Reconciliation and Financing Act of 2021

BRFA: Budget Reconciliation and Financing Act

DNR: Department of Natural Resources

ETF: Education Trust Fund

MDA: Maryland Department of Agriculture

WMATA: Washington Metropolitan Area Transit Authority

Blueprint Fund Outlook
Fiscal 2021-2026
(\$ in Millions)

Governor's Budget	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Starting Balance of Blueprint Fund	\$301	\$484	\$554	\$1,532	\$2,551	\$3,624
Education Trust Fund Lockbox Revenue	250	375	550	557	564	571
Blueprint Revenue	497	447	463	497	545	596
Backfill Fiscal 2020 and 2021 ETF Shortfall	-175					
Spending on Blueprint Purposes – Budget/Forecast	-389	-752	-35	-35	-35	-35
Ending Balance of Blueprint Fund	\$484	\$554	\$1,532	\$2,551	\$3,624	\$4,756
Impact of Veto Override Blueprint Legislation						
Additional Balance Available from Prior Year		\$40	\$136			
Veto Override – Sales Tax on Digital Downloads	\$40	96	105	\$113	\$119	\$123
Veto Override – Blueprint for Maryland's Future (Includes Built to Learn Act)			-1,038	-1,340	-1,464	-1,705
	\$40	\$136	-\$797	-\$1,227	-\$1,345	-\$1,582
Ending Balance of Blueprint Fund After Veto Overrides	\$524	\$730	\$735	\$527	\$255	-\$195
General Fund Impact of Veto Overrides			-\$45	-\$46	-\$46	-\$241

ETF: Education Trust Fund

Blueprint for Maryland's Future Fund Expenditures
Fiscal 2021-2022
(\$ in Millions)

	<u>2021</u>	<u>2022</u>	<u>Difference</u>
<i>Hold Harmless Grants*</i>	\$0.0	\$213.7	\$213.7
Concentration of Poverty Grants	65.2	71.9	6.7
Teacher Salary Incentives	75.0	75.0	0.0
Transitional Supplemental Instruction	23.0	174.6	151.6
Mental Health Services Coordinators	2.0	2.0	0.0
Special Education Grants	65.5	65.5	0.0
Prekindergarten Supplemental Grants	64.0	53.7	-10.4
Early Education	45.6	54.7	9.2
Prekindergarten Expansion Grants	26.6	26.6	0.0
MSDE Innovative Programs**	9.4	9.4	0.0
Teacher Collaborative Grants	2.5	2.5	0.0
MHEC Teaching Fellows Scholarship	2.0	2.0	0.0
Declining Enrollment Grants	7.6	0.0	-7.6
Blueprint Outreach	0.3	0.0	-0.3
Medicaid Direct Certification Initiative	0.2	0.0	-0.2
Total	\$388.8	\$751.6	

ETF Shortfall in Fiscal 2020 and 2021 -*\$174.8*

* Includes Declining Enrollment and Special Education Transportation hold harmless grants; Declining Enrollment grants calculated to provide each school system an increase over prior year.

** Includes \$4.5 million for Learning in Extended Academic Programs (LEAP), \$2.5 million for Early Literacy Initiative, \$2 million for Career and Technical Education Innovation Grants, \$250,000 for Teacher Recruitment and Outreach, and \$126,170 for MSDE Community Schools Director.

Note: *Italics* indicate related provision in the Budget Reconciliation and Financing Act of 2021.

ETF: Education Trust Fund

MHEC: Maryland Higher Education Commission

MSDE: Maryland State Department of Education

House Bill 612/Senate Bill 496

The RELIEF Act of 2021

Individuals

State and Local Income Taxes on Unemployment Benefits

- Creates a permanent income tax subtraction modification beginning in tax year 2020 for unemployment benefits paid to an individual.
- Administration estimates a general fund revenue loss of \$70 million across fiscal 2021 and 2022. Local income tax revenue loss estimated at \$40 million for the same period.

Direct Stimulus Payments for Earned Income Tax Credit Recipients

- Requires stimulus payments for taxpayers that received the earned income tax credit in tax year 2019 or 2020.
 - For credit recipients in tax year 2019, a payment of \$500 (family) or \$300 (individuals).
 - For credit recipients in tax year 2020, a payment of \$250 (family) or \$150 (individuals).
- Administration estimates a general fund cost of \$267 million in fiscal 2021.

Businesses

Sales Tax Vendor Credit

- Authorizes certain businesses that collect less than \$6,000 in sales tax during a month to retain up to \$3,000 of the amount that the business is otherwise required to remit to the State.
- The credit is available for up to four months starting with the month that begins immediately following the effective date of the Act.
- Administration estimates a general fund revenue loss of \$300 million in fiscal 2021.

State and Local Income Taxes on COVID-19 Loan and Grant Forgiveness

- Creates an income tax subtraction modification for tax years 2020 and 2021 for certain federal, State, and local grants and loans for the purpose of assisting with economic hardships resulting from the pandemic.
- Administration estimates that the State will forego \$40 million of general fund revenues.

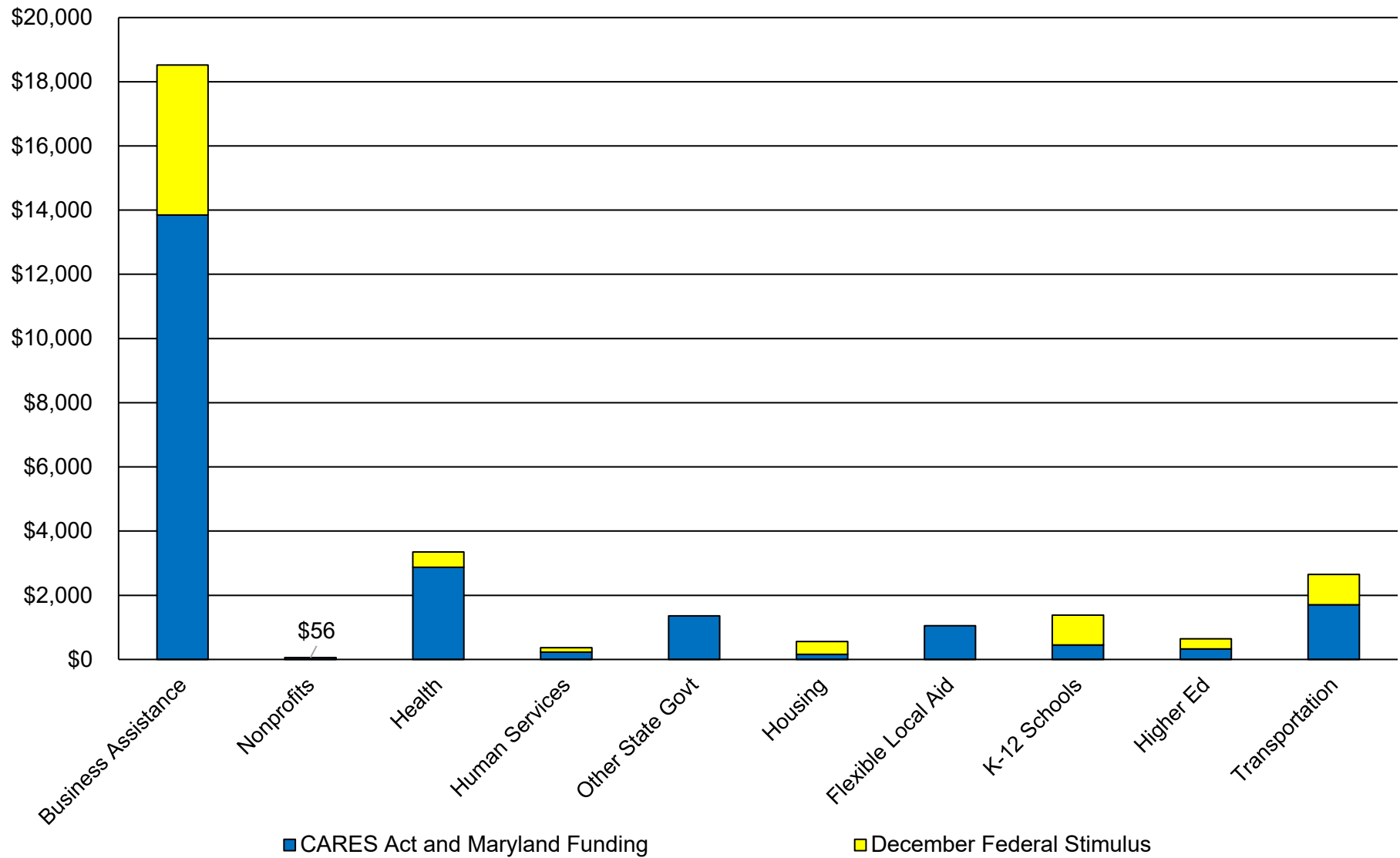
Unemployment Tax Relief for Businesses

- Excludes benefit charges (layoffs) from impacting an employer's experience rating for fiscal years 2020 and 2021 for the purpose of calculating the employer's rate of contribution. An employer's rate of contribution will instead be calculated based on their non-pandemic experience by using fiscal years 2017 through 2019.
- **Administration assumes savings for businesses of over \$300 million.**

Equity Participation Investment Program (EPIP)

- Authorizes the Maryland Small Business Development Financing Authority to convert to a grant up to \$50,000 per business of financing provided in fiscal 2021 or 2022 under the EPIP.

State and Federal Stimulus Funding Totals \$30 Billion (\$ in Millions)



CARES: Coronavirus Aid, Relief, and Economic Security

**December Federal Stimulus Funds –
Funds Are Not Included in Allowance
(\$ in Millions)**

Higher Education

Public Four-year Institutions	\$153.5
Community Colleges	120.4
MICUA Institutions	34.8
Other Higher Education Privates and For Profits	6.3

K-12 Education

K-12 Education (90% to LEAs)	\$869.0
Governor's Fund (Flexible)	\$20.1
Governor's Fund (Reserved for Nonpublic Schools)	\$37.6

Rental Assistance

Emergency Assistance for Renters	\$402.4
----------------------------------	----------------

Health

Testing	\$335.6
Vaccines	75.3
Mental Health Block Grant (at Least Half Direct to Facilities)	32.6
Substance Abuse Prevention and Treatment Block Grant	31.9
Provider Relief Fund	Minimal

Human Services

Child Care and Development Block Grant	\$130.4
Emergency Food Assistance	5.0
Head Start	2.8
Social Services/Foster Care Transition to Adulthood	4.5
Congregate Meals and Home Delivered Meals	2.9

Transportation

Highways	\$149.3
Airports	22.5
Transit – Baltimore	76.2
Transit – Rural Area Grants	9.1
Transit – Disability	0.6
WMATA	610.0

Business Assistance

Paycheck Protection Program and Business Loans	\$4,671.0
--	-----------

Total	\$7,804.0
--------------	------------------

Funds that Will Be Included in State Budget	\$1,336.0
--	------------------

Note: Chart does not include 15% increase in Supplemental Nutrition Assistance Program benefits, stimulus payments to individuals, and extra \$300 per week of unemployment benefits.

LEA: Local Education Agencies

MICUA: Maryland Independent College and University Association

WMATA: Washington Metropolitan Area Transit Authority

Economic and Revenue Outlook

Maryland Economy – 2020

<u>Month</u>	Employment			Unemployment Insurance Benefits (\$ in Millions)	Housing Market	
	<u>Percent Change Over 2019</u>	<u>Difference Over Dec. 2019</u>	<u>Unemployment Rate</u>		<u>Existing Home Sales Over 2019</u>	<u>Median Home Price Over 2019</u>
January	1.0%	12,600	3.3%	\$39.2	10.6%	4.7%
February	1.0%	12,900	3.3%	37.0	2.0%	7.3%
March	-0.1%	-17,900	3.3%	51.4	2.5%	8.9%
April	-13.0%	-375,400	10.1%	224.3	-14.1%	8.7%
May	-12.0%	-347,000	10.0%	293.5	-32.4%	2.6%
June	-9.2%	-273,100	8.3%	314.8	-6.8%	3.8%
July	-7.3%	-216,400	7.8%	231.0	8.1%	7.3%
August	-6.6%	-198,700	7.0%	205.9	4.6%	9.7%
September	-5.8%	-179,300	7.6%	118.7	23.1%	10.4%
October	-4.9%	-153,800	7.7%	138.0	27.6%	15.0%
November	-4.4%	-129,700	6.8%	78.5	25.6%	12.2%
December					22.8%	11.2%
<i>Year-to-date</i>	<i>-5.6%</i>	<i>n.a.</i>	<i>6.8%</i>	<i>\$1,732.4</i>	<i>5.1%</i>	<i>8.5%</i>

Federal Unemployment Insurance Payments (March to December) \$7,749.0

Note: Employment and the unemployment rate based on seasonally adjusted data. Unemployment insurance benefits from the U.S. Department of Labor and reflect the regular state program only. Federal unemployment insurance payments from the Maryland Department of Labor and include payments under the following programs: Federal Pandemic Unemployment Compensation (\$4.5 billion); Pandemic Unemployment Assistance (\$2.4 billion); Pandemic Emergency Unemployment Compensation (\$301 million); Lost Wages Assistance (\$438 million); and Extended Benefits (\$40 million). Data on home sales and the median home price from the Maryland Association of Realtors.

State and Local Income Tax Withholding Collections: January – December
(\$ in Millions)

	<u>2019</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
Government	\$3,666	\$4,118	\$452	12.3%
From UI Benefits	6	261	254	3947.8%
Government Exc. UI	\$3,660	\$3,858	\$198	5.4%
Private Sector – Increasing Industries	\$10,051	\$10,440	\$389	3.9%
Finance and Insurance	1,321	1,388	68	5.1%
Retail Trade	637	692	55	8.6%
Professional/Business Services	2,755	2,872	117	4.3%
Construction and Manufacturing	1,330	1,363	33	2.5%
Health Care and Social Assistance	1,458	1,513	56	3.8%
Other	2,551	2,611	60	2.3%
Private Sector – Decreasing Industries	\$884	\$789	-\$95	-10.8%
Accommodation and Food Service	291	240	-51	-17.5%
Arts, Entertainment and Recreation	110	100	-11	-9.8%
Personal/Repair Services and Nonprofits	331	320	-11	-3.4%
Other	152	129	-22	-14.7%
Private Sector – Total	\$10,936	\$11,229	\$293	2.7%
Total Withholding	\$14,602	\$15,347	\$745	5.1%
Total Excluding UI benefits	\$14,595	\$15,086	\$491	3.4%
<i>Adjusted for Local Rate Increases*</i>	<i>\$14,595</i>	<i>\$14,961</i>	<i>\$365</i>	<i>2.5%</i>

* Seven counties increased their local income tax rate between 2019 and 2020: Anne Arundel, Baltimore, Dorchester, Kent, St. Mary's, Washington and Worcester counties.

UI: Unemployment Insurance

Source: Bureau of Revenue Estimates, Comptroller of Maryland

Maryland General Fund Revenues
(\$ in Millions)

	Fiscal 2021				Fiscal 2022			
	<u>Sep 2020</u>	<u>Dec 2020</u>	<u>Difference</u>	<u>Percent Change vs. Fiscal 2020</u>	<u>Sep 2020</u>	<u>Dec 2020</u>	<u>Difference</u>	<u>Percent Change vs. Fiscal 2021</u>
Personal Income Tax	\$10,784	\$10,850	\$66	1.4%	\$11,200	\$11,316	\$115	4.3%
Corporate Income Tax	1,095	1,065	-30	1.3%	1,139	1,190	50	11.7%
Sales and Use Tax	4,624	4,700	76	1.4%	4,938	4,934	-4	5.0%
State Lottery	572	607	35	10.7%	584	595	10	-2.0%
Other ⁽¹⁾	1,634	1,551	-83	-8.8%	1,815	1,854	38	19.5%
Volatility Adjustment	0	0	0	n.a.	-12	-80	-68	n.a.
Total General Funds⁽²⁾	\$18,710	\$18,774	\$64	0.7%	\$19,666	\$19,808	\$143	5.5%
Selected Special Funds								
Blueprint Fund								
Sales Tax	\$364	\$447	\$83	93.1%	\$364	\$447	\$83	0.0%
Corporate Filing Fees ⁽¹⁾	0	50	50	n.a.	0	0	0	n.a.
Casinos – ETF	516	512	-4	28.9%	543	544	0	6.3%

ETF: Education Trust Fund

⁽¹⁾ The Budget Reconciliation and Financing Act (BRFA) of 2019 (Chapter 16) limits the general fund to the first \$66.3 million of corporate filing fees in fiscal 2021 with the remainder distributed to the Blueprint Fund. The September estimate inadvertently included all fiscal 2021 corporate filing fee revenue in the general fund, failing to reflect the estimated \$33 million distribution to the Blueprint Fund.

⁽²⁾ The BRFA of 2020 (Chapter 538) eliminated the Rate Stabilization Fund beginning in fiscal 2022. The insurance premiums tax revenue that was distributed to the fund will be directed to the general fund. Adjusted for this law change, general fund revenue growth in fiscal 2022 would be about 4.4% over fiscal 2021.

Source: Board of Revenue Estimates

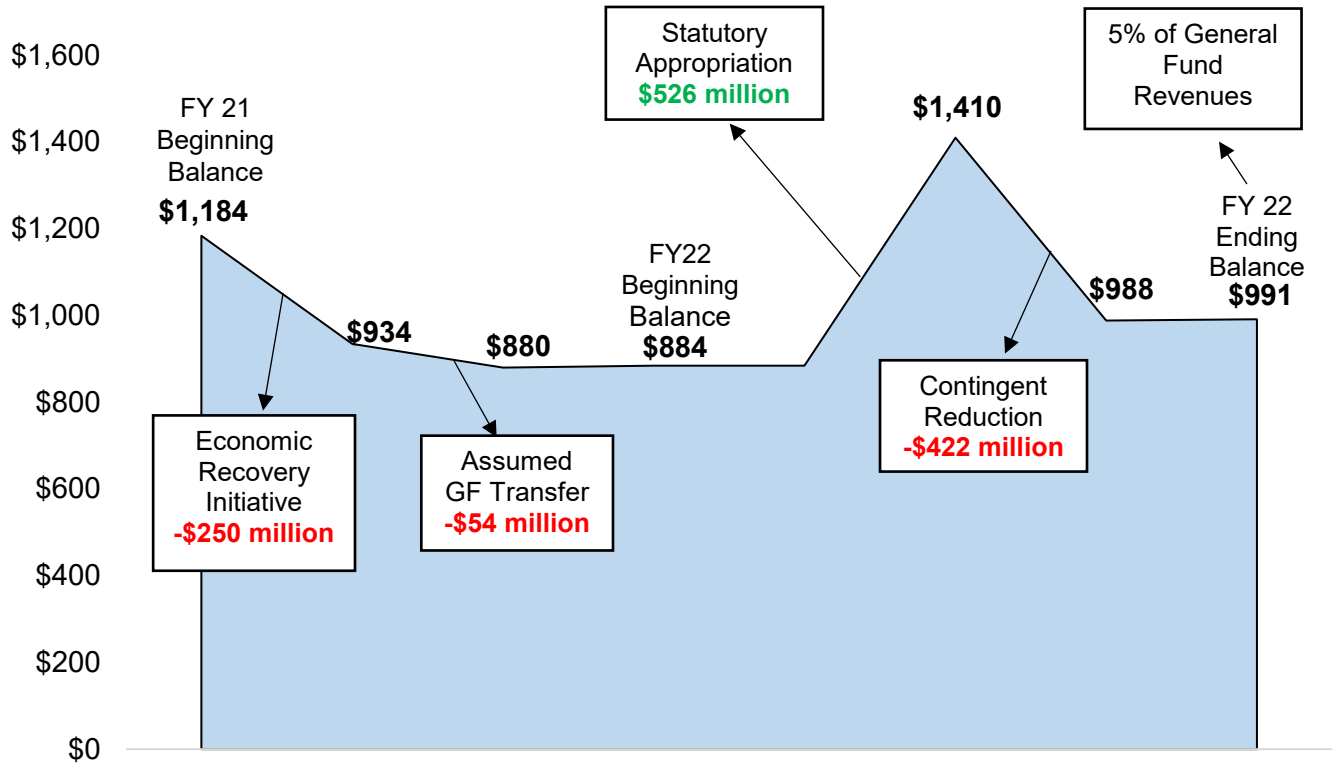
Operating Budget

General Fund: End-of-Year Balances
Fiscal 2020-2022
(\$ in Millions)

	<u>2020</u> <u>Actual</u>	<u>2021</u> <u>Working</u>	<u>2022</u> <u>Allowance</u>
Total Funds Available	\$19,791	\$19,022	\$20,257
Total Spending	\$19,088	\$18,757	\$20,064
Cash Balance/(Shortfall)	\$703	\$265	\$193
Structural Balance (Ongoing Revenues Less Ongoing Spending)	-\$308	-\$508	-\$77
Estimated Rainy Day Fund Balance – June 30	\$1,177	\$884	\$991
Total Cash (Rainy Day Fund and General Fund Balance)	\$1,881	\$1,150	\$1,184
Rainy Day Fund Balance In Excess of 5%	\$246	-\$55	\$1

Rainy Day Fund Activity

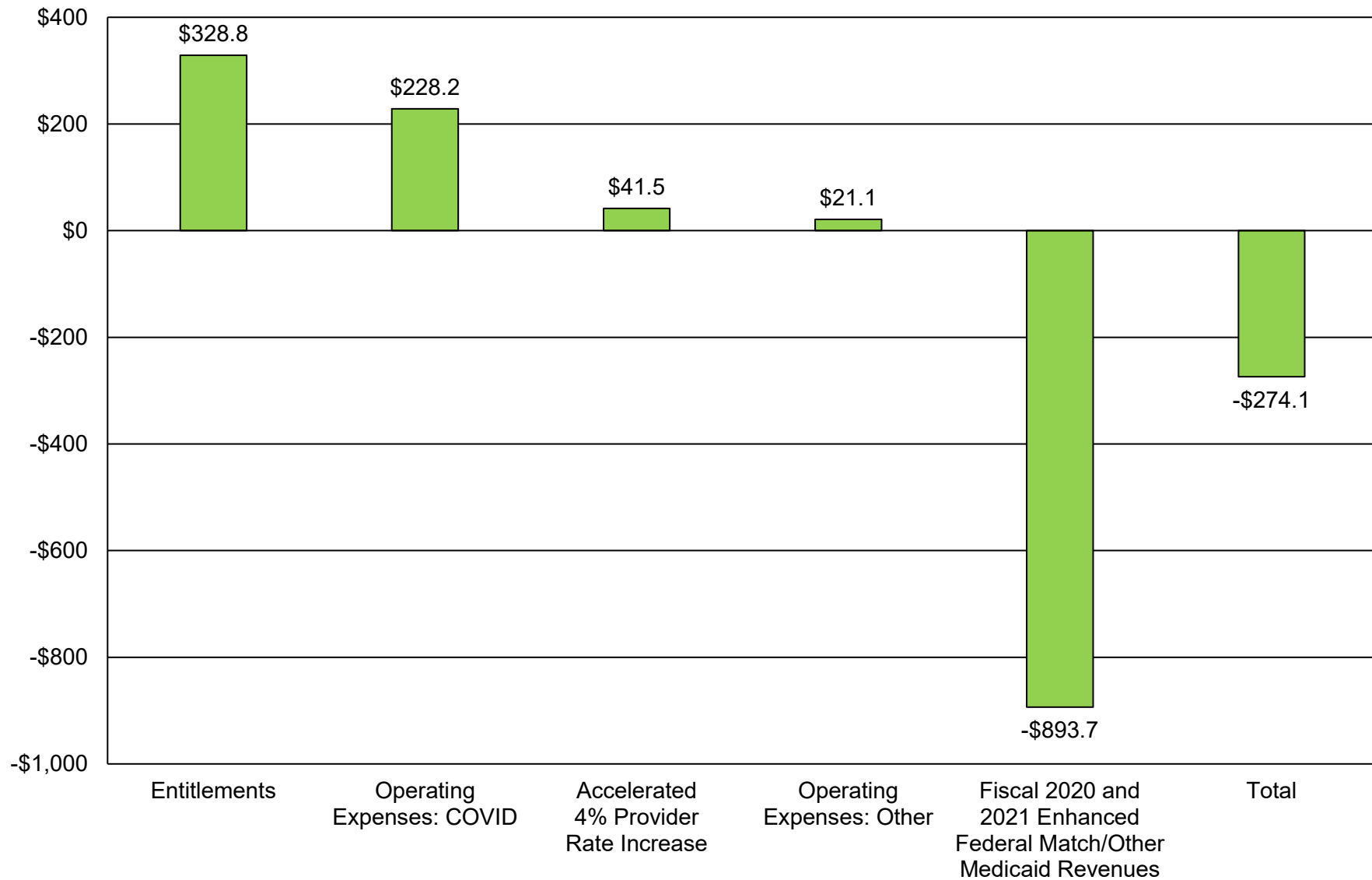
Fund Balance Fiscal 2021-2022 (\$ in Millions)



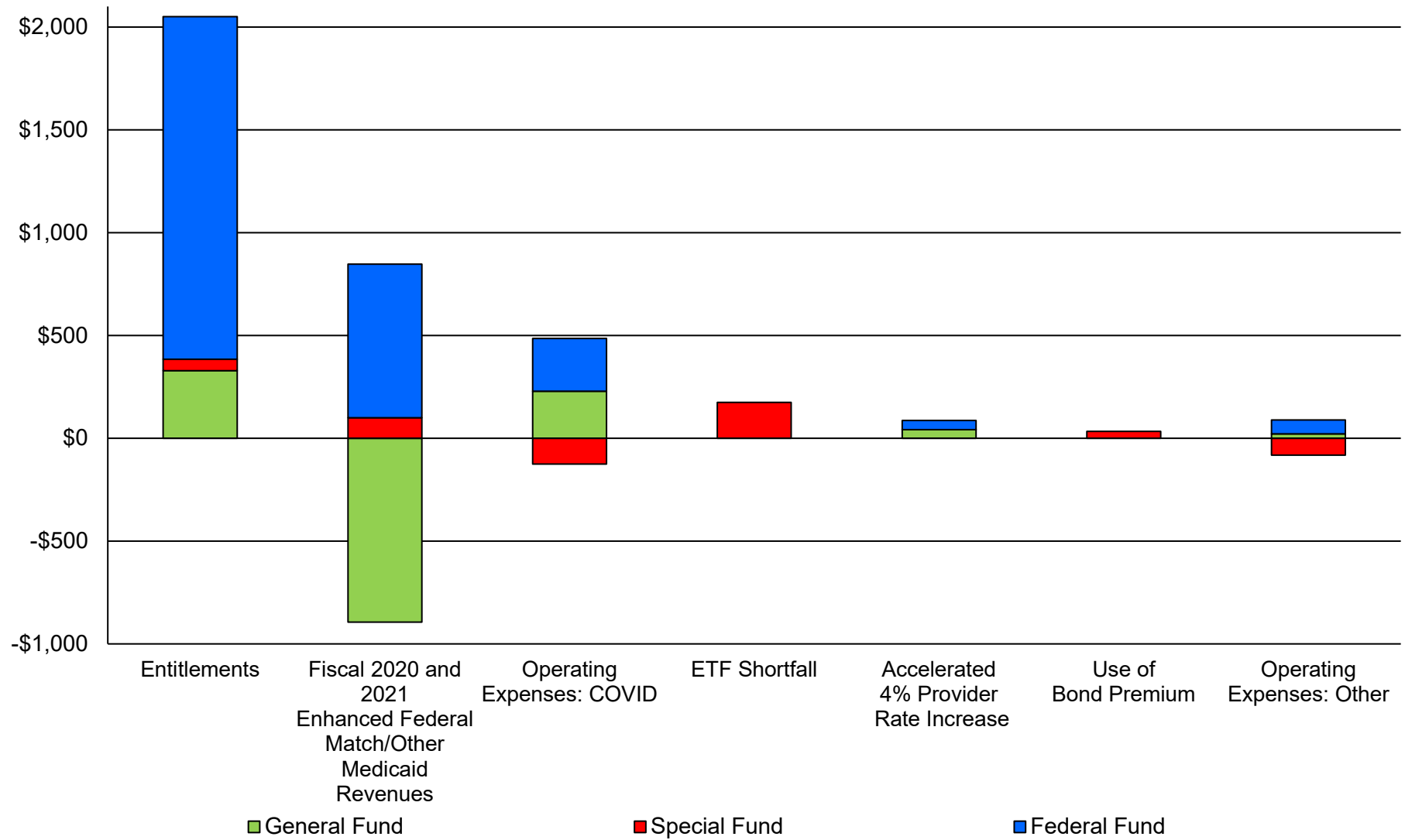
Maryland Strong: Economic Recovery Initiative

<u>Program</u>	<u>Agency</u>	<u>\$ in Millions</u>
Restaurant Relief	Commerce	\$80
COVID-19 Emergency Grant Program	Commerce	50
Support for Hotels/Hospitality Businesses	Commerce	50
Relief for Main Street Communities	DHCD	35
Layoff Aversion Program	MDL	20
Rural Businesses	TEDCO	5
Maryland Small Business Development Financing Authority	Commerce	5
Emergency Arts Grants	Commerce	3
Hometown Tourism program	Commerce	2
Total		\$250

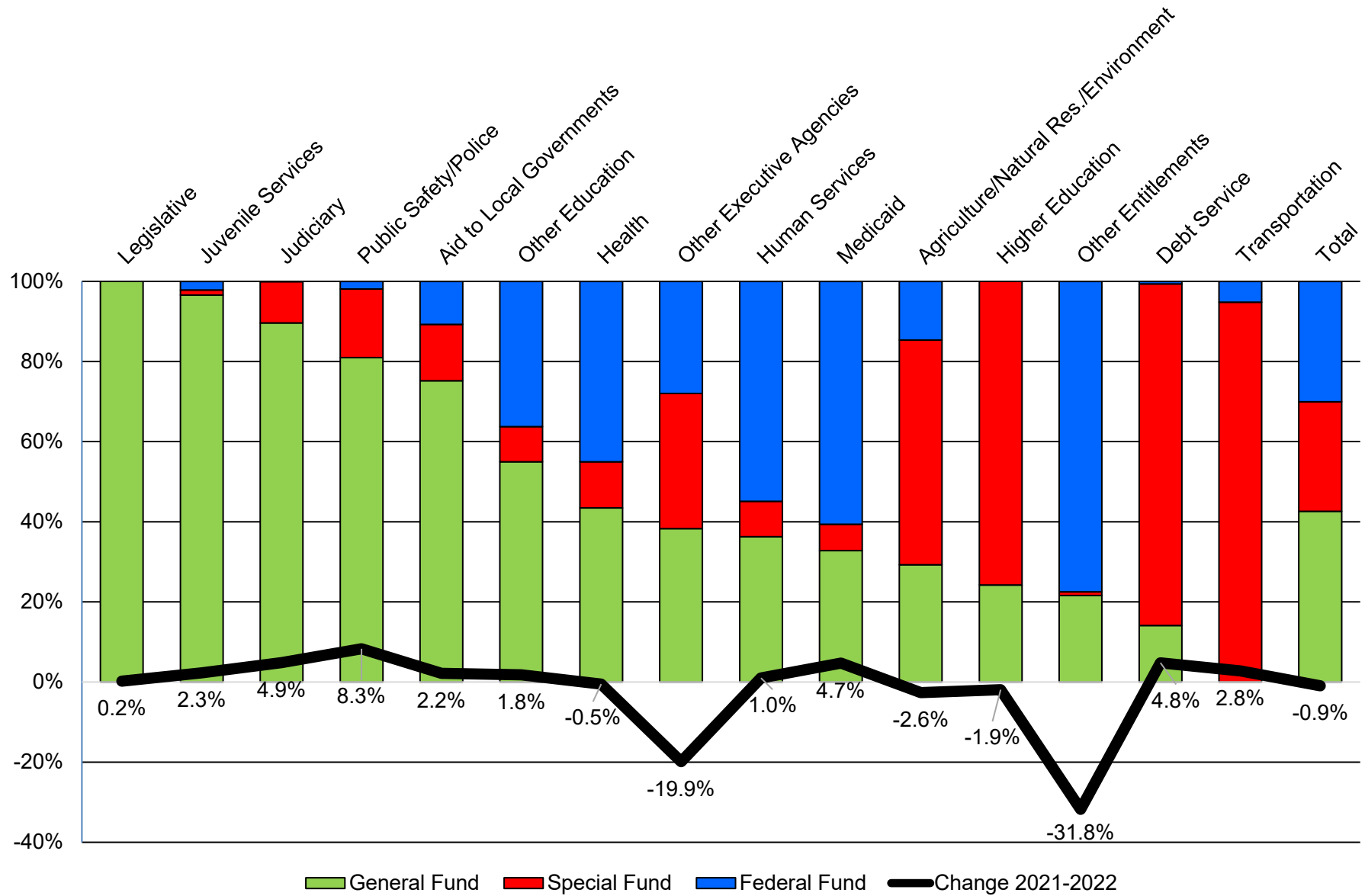
Fiscal 2021 General Fund Spending Is Reduced by \$274 Million
Increased Spending on Entitlements Based on Enrollment Growth and COVID-related
Operating Expenses Is More Than Offset by Savings from Additional Medicaid Federal Funds
 (\$ in Millions)



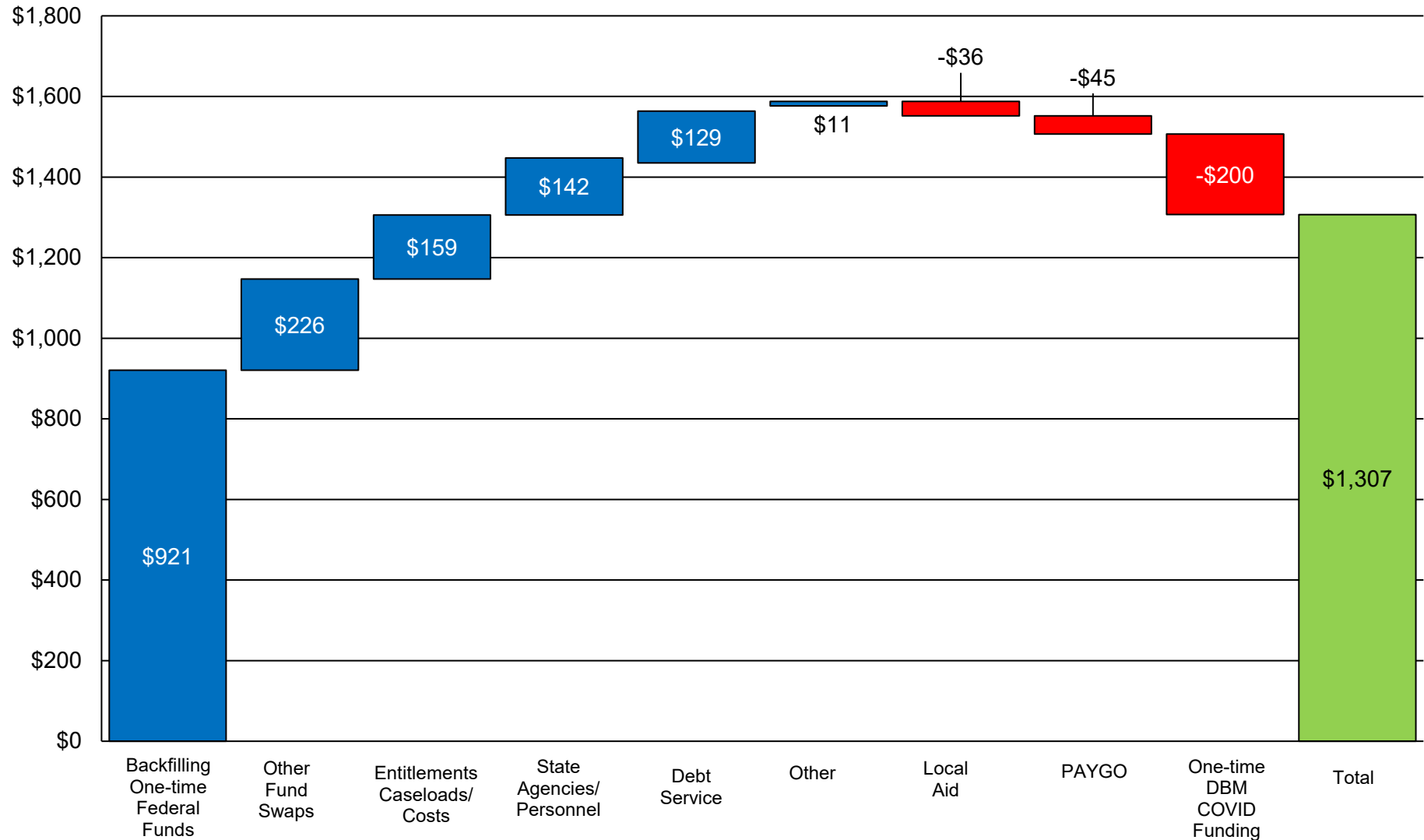
**Fiscal 2021 Deficiencies Total Almost \$2.7 Billion,
Primarily Federal Funding for Entitlements and the Enhanced Medicaid Match
(\$ in Millions)**



Fiscal 2022 Operating Budget by Fund Type and Fiscal 2021 to 2022 Growth Percentage

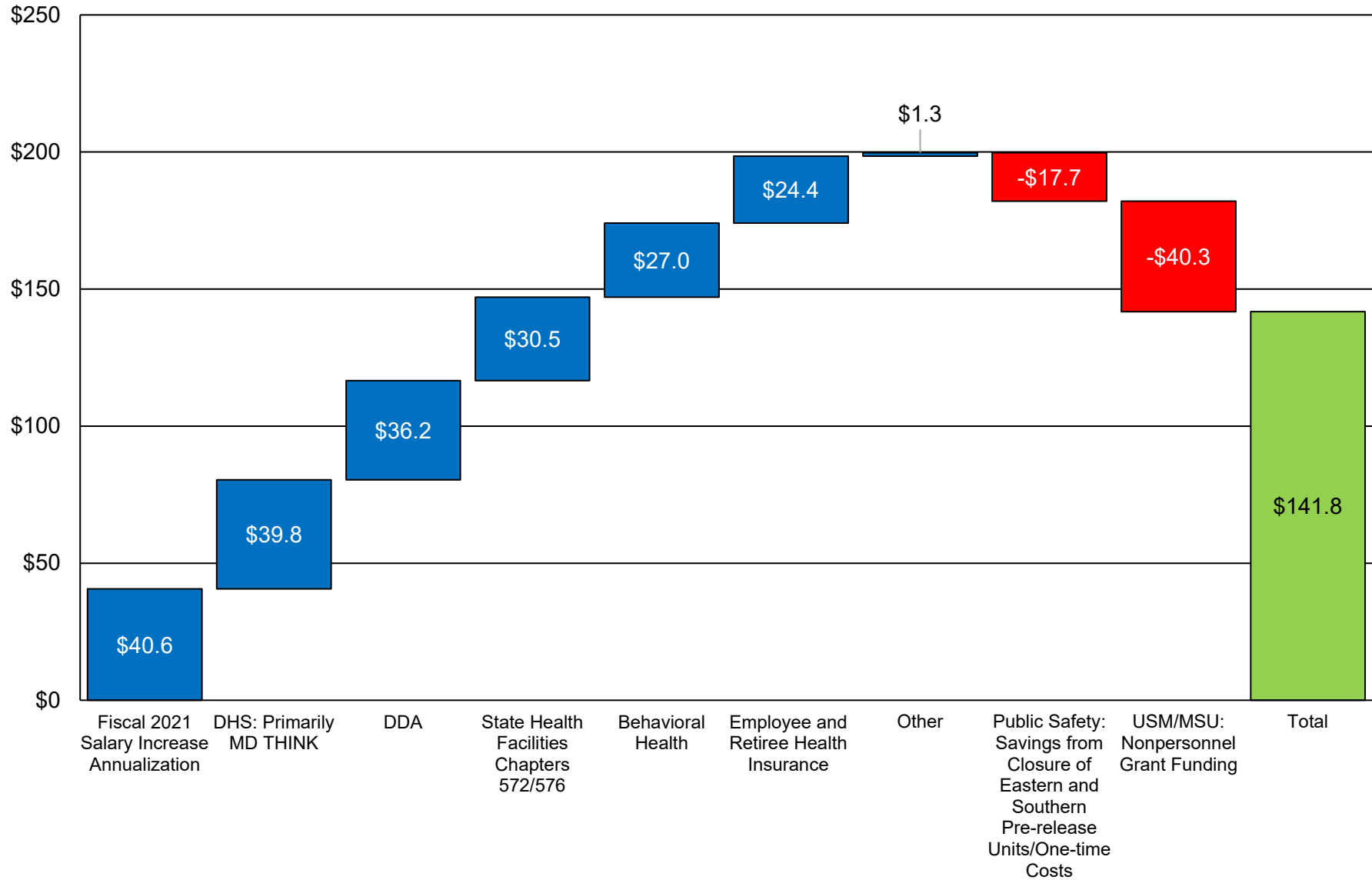


Backfilling for One-time Fiscal 2021 Federal Funds and Other Funding Drives **General Fund Growth of \$1.3 Billion** (\$ in Millions)



Note: Entitlement caseloads/costs, State Agencies/Personnel, and Local Aid data are exclusive of backfilling one-time federal funds and other fund swaps.

**State Agency and Personnel General Fund Growth Excluding Backfilling and
DBM COVID Funding Is Modest
(\$ in Millions)**



Fiscal 2022 Statewide Personnel Actions

	<u>General Funds</u>	<u>All Funds</u>
<u>Fiscal 2022</u>		
2% General Salary Increase Annualization: The cost to annualize the 2% general salary increase effective January 1, 2021. (Funding for the fiscal 2021 portion of this increase was provided in the fiscal 2021 appropriation.)	\$81.2	\$107.5
State Law Enforcement Officers Labor Alliance (SLEOLA) Employee General Salary Increase and Increment: Members of SLEOLA receive a 4% general salary increase and employee increments effective July 1, 2021.	14.2	17.2
Correctional Officer Bonuses: Funding is provided for retention and recruitment bonuses for correctional officers (CO).	7.9	7.9
State Hospital Security Personnel Salary Enhancements (Chapter 572 of 2020): Legislation requires salaries of certain security staff at State hospitals to be equivalent to COs with similar training.	4.7	4.7
Perkins and Other Hospital Salary Enhancements (Chapter 576 of 2020): Legislation requires salary enhancements for certain patient care staff at Clifton T. Perkins Hospital center as well as other facilities where forensic admissions in the prior fiscal year make up 75% of admissions.	25.8	25.8
Annual Salary Review Enhancements: Targeted salary increases for fiscal specialists, fire protection engineers, principals, and to increase pay to \$15/hour for certain employees.	5.1	7.9
Fiscal 2022 Total	\$138.8	\$170.9

Note: MPEC and AFT bargaining units will receive a \$500 bonus on January 1, 2022, if fiscal 2021 revenues exceed the Board of Revenue Estimates' estimate by \$75 million and a 1% cost-of-living adjustment (COLA) effective April 1, 2022, if revenues exceed the estimate by \$200 million. Funding for these amounts is not included in the allowance. Funding for the COLA includes funds for nonbudgeted agencies. AFSCME has not come to an agreement with the State for 2022.

AFSCME: American Federation of State, County and Municipal Employees

AFT: American Federation of Teachers

MPEC: Maryland Professional Employees Council

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

State Aid to Local Governments

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

	<u>FY 2022 State Aid Amount</u>	<u>Percent of Total</u>
Public Schools	\$7,413.6	85.6%
Libraries	84.9	1.0%
Community Colleges	344.9	4.0%
Local Health	65.8	0.8%
County/Municipal	749.0	8.7%
Total	\$8,658.2	100.0%

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

	<u>FY 2022 Aid Change</u>	<u>Percent Change</u>
Public Schools	\$196.9	2.7%
Libraries	1.1	1.3%
Community Colleges	14.1	4.3%
Local Health	4.4	7.2%
County/Municipal	13.7	1.9%
Total	\$230.1	2.7%

State Aid by Major Programs
State Funds
Fiscal 2020-2022
(\$ in Millions)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Difference</u>	<u>Percent Difference</u>
Public Schools					
Foundation Programs	\$3,429.6	\$3,502.7	\$3,413.4	-\$89.3	-2.5%
Compensatory Aid	1,330.4	1,364.7	1,285.8	-78.9	-5.8%
Limited English Proficiency	311.1	348.2	334.3	-14.0	-4.0%
Special Education - Formula Aid	303.2	314.9	306.6	-8.2	-2.6%
Special Education - Nonpublic	123.5	123.9	123.9	0.0	0.0%
Student Transportation	303.0	310.2	288.1	-22.1	-7.1%
Guaranteed Tax Base	43.7	41.2	49.9	8.6	20.9%
Head Start/Pre-Kindergarten	50.7	29.6	29.6	0.0	0.0%
Blueprint Programs	245.7	340.3	497.4	157.1	46.2%
Blueprint Hold Harmless	0.0	0.0	213.7	213.7	
Other Education Programs	93.2	90.7	92.0	1.3	1.5%
Subtotal Direct Aid	\$6,234.1	\$6,466.4	\$6,634.6	\$168.2	2.6%
Retirement Payments	767.9	750.3	779.0	28.7	3.8%
Total Public School Aid	\$7,002.0	\$7,216.7	\$7,413.6	\$196.9	2.7%
Library Aid	\$83.0	\$83.8	\$84.9	\$1.1	1.3%
Community College Aid	\$330.3	\$330.8	\$344.9	\$14.1	4.3%
Local Health Grants	\$59.4	\$61.4	\$65.8	\$4.4	7.2%
County/Municipal Aid					
Transportation	\$242.9	\$242.6	\$259.9	\$17.4	7.2%
Public Safety	150.5	182.2	183.0	0.7	0.4%
Disparity Grant	146.2	158.3	148.0	-10.3	-6.5%
Gaming Impact Aid	67.5	89.8	91.8	2.0	2.3%
Other Grants	57.1	62.5	66.3	3.8	6.2%
Total County/Municipal Aid	\$664.1	\$735.3	\$749.0	\$13.7	1.9%
Total State Aid	\$8,138.9	\$8,428.1	\$8,658.2	\$230.1	2.7%

State Aid to Local Governments – Comparison by Per Capita Aid and Annual Change

Fiscal 2021-2022

\$ in Millions								
County	2021	2022	Difference	Percent Difference	Per Capita State Aid		Annual Change in State Aid	
Allegany	\$123.3	\$125.4	\$2.0	1.6%	1. Caroline	\$2,417	1. Worcester	6.2%
Anne Arundel	568.7	586.9	18.2	3.2%	2. Baltimore City	2,217	2. Kent	5.4%
Baltimore City	1,270.2	1,315.6	45.4	3.6%	3. Dorchester	2,078	3. Talbot	4.8%
Baltimore	940.6	969.3	28.7	3.1%	4. Wicomico	2,038	4. Garrett	4.0%
Calvert	116.4	118.3	2.0	1.7%	5. Somerset	1,996	5. Baltimore City	3.6%
Caroline	79.8	80.7	1.0	1.2%	6. Allegany	1,780	6. Dorchester	3.4%
Carroll	184.1	187.1	3.0	1.6%	7. Prince George's	1,734	7. Anne Arundel	3.2%
Cecil	145.9	148.2	2.3	1.6%	8. Washington	1,657	8. Baltimore	3.1%
Charles	242.1	249.3	7.2	3.0%	9. Charles	1,527	9. Charles	3.0%
Dorchester	64.2	66.3	2.2	3.4%	10. Cecil	1,441	10. Montgomery	3.0%
Frederick	341.4	347.9	6.5	1.9%	11. Garrett	1,405	11. Harford	1.9%
Garrett	39.2	40.8	1.6	4.0%	12. Frederick	1,340	12. Prince George's	1.9%
Harford	291.8	297.4	5.6	1.9%	13. Calvert	1,279	13. Frederick	1.9%
Howard	389.2	396.7	7.4	1.9%	14. St. Mary's	1,248	14. Wicomico	1.9%
Kent	15.1	15.9	0.8	5.4%	15. Howard	1,218	15. Howard	1.9%
Montgomery	1,065.1	1,096.6	31.5	3.0%	16. Baltimore	1,172	16. St. Mary's	1.9%
Prince George's	1,547.4	1,576.9	29.6	1.9%	17. Harford	1,164	17. Queen Anne's	1.8%
Queen Anne's	50.3	51.2	0.9	1.8%	18. Carroll	1,111	18. Washington	1.7%
St. Mary's	139.1	141.7	2.6	1.9%	19. Montgomery	1,044	19. Calvert	1.7%
Somerset	50.4	51.1	0.7	1.3%	20. Queen Anne's	1,016	20. Carroll	1.6%
Talbot	26.6	27.9	1.3	4.8%	21. Anne Arundel	1,013	21. Allegany	1.6%
Washington	246.1	250.3	4.2	1.7%	22. Worcester	823	22. Cecil	1.6%
Wicomico	207.2	211.2	4.0	1.9%	23. Kent	820	23. Somerset	1.3%
Worcester	40.5	43.0	2.5	6.2%	24. Talbot	750	24. Caroline	1.2%
Unallocated	243.5	262.5	19.0	7.8%				
Total	\$8,428.1	\$8,658.2	\$230.1	2.7%	Statewide Average	\$1,432	Statewide Average	2.7%

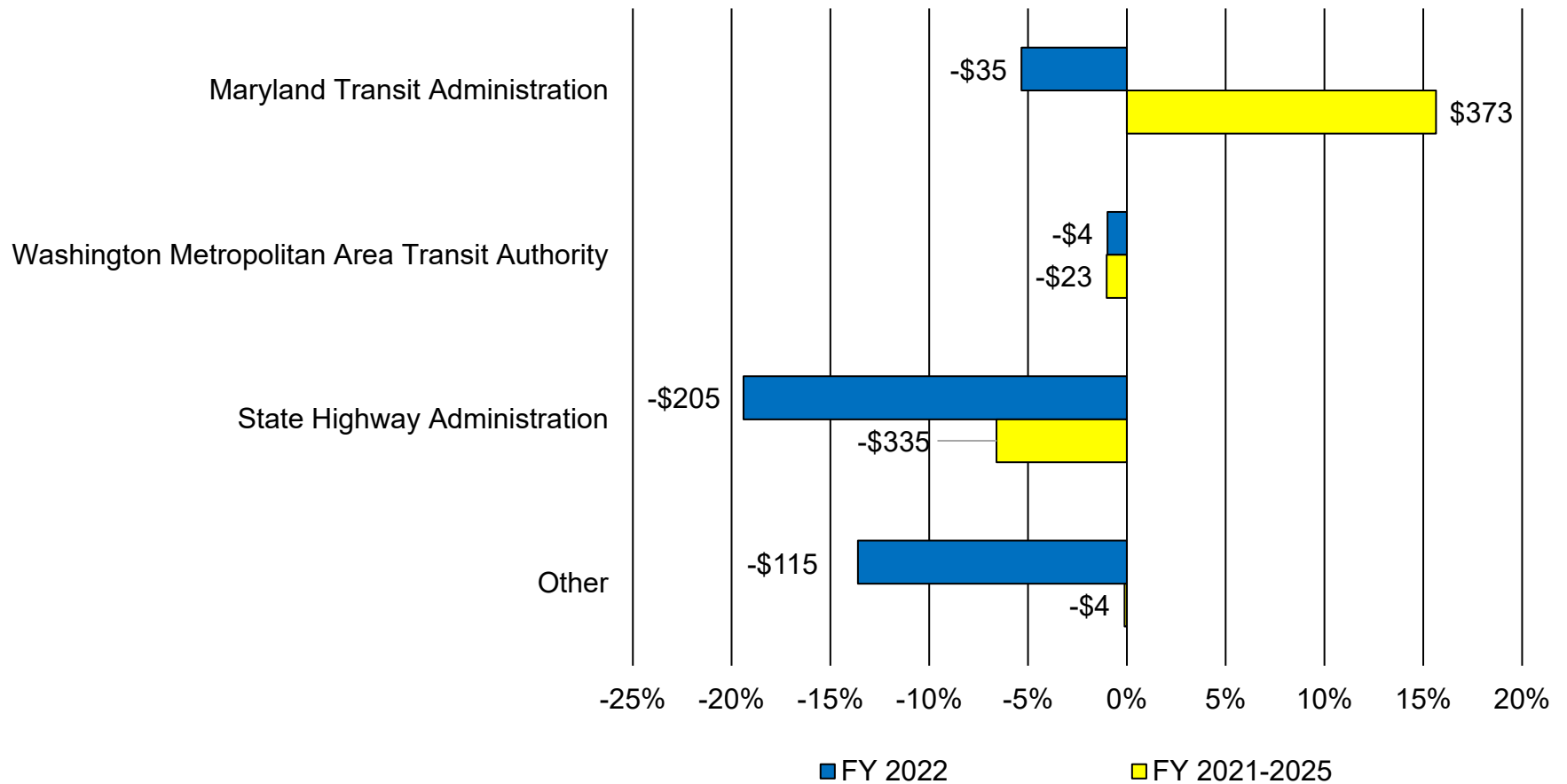
Transportation

Transportation Trust Fund Forecasts
Fiscal 2021-2025
(\$ in Millions)

	Jan. 2020	Sep. 2020		Jan. 2021	
	<u>Final</u>	<u>Draft</u>	<u>Change</u>	<u>Final</u>	<u>Change</u>
Revenues					
Taxes and Fees	\$16,202	\$14,944	-\$1,259	\$15,114	\$170
Operating and Other Revenues	2,957	2,467	-490	2,407	-60
Federal Operating Assistance	530	678	148	687	9
Bond Proceeds and Premiums	1,715	1,109	-606	1,535	426
Change in Fund Balance	-25	-61	-36	85	146
Total Revenues	\$21,379	\$19,137	-\$2,243	\$19,828	\$691
Expenditures					
Debt Service	\$2,339	\$2,215	-\$124	\$2,245	\$30
Operating Budget	12,599	11,863	-\$736	11,862	-1
Deductions to Other Agencies	405	393	-\$12	394	1
Highway User Revenues	1,281	1,192	-\$89	1,220	28
State Capital Program	4,755	3,474	-\$1,282	4,107	633
Total Expenditures	\$21,379	\$19,137	-\$2,243	\$19,828	\$691

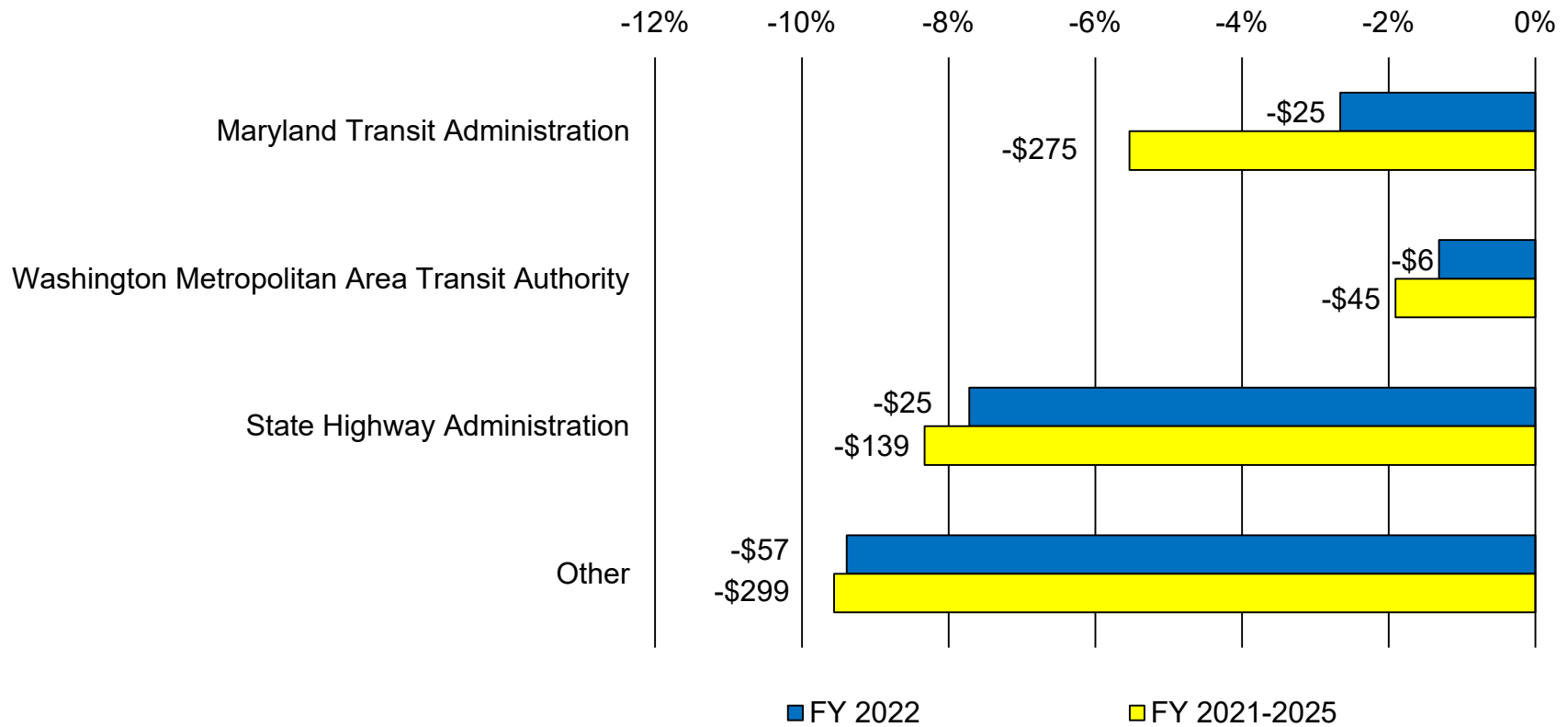
- The revenue outlook improved slightly compared to the September 2020 forecast, but total five-year revenues are still more than \$1.5 billion lower than in the January 2020 forecast. Motor fuel tax revenues are projected at \$717 million less than in January 2020, and operating revenue projections were written down by \$558 million.
- Operating spending over the five-year period is \$737 million less in the January 2021 forecast than in the previous forecast, and State funding for capital spending is \$648 million lower.
- The forecast does not include an estimated \$258 million in funding for transportation Maryland expects to receive from the December 2020 federal stimulus legislation.

Transportation Capital Program
Percent and Dollar Change in Funding
January 2021 Plan vs. January 2020 Plan
(\$ in Millions)



Source: Maryland Department of Transportation; Department of Legislative Services

Transportation Operating Expenses
Percent and Dollar Change in Funding
January 2021 Forecast vs. January 2020 Forecast
(\$ in Millions)



Note: Amounts shown for the Maryland Transit Administration exclude availability payments on the Purple Line.

Source: Maryland Department of Transportation; Department of Legislative Services

Capital Budget

Capital Budget – All Funds
Fiscal 2021 and 2022
(\$ in Millions)

	<u>2021</u>	<u>2022</u>	<u>Variance</u>
Uses			
State Facilities	\$69.4	\$61.6	-\$7.8
Health/Social	31.9	58.2	26.3
Environment	514.6	557.2	42.6
Public Safety	56.0	19.9	-36.1
Education	415.8	327.4	-88.4
Higher Education	441.2	411.0	-30.2
Housing/Economic Development	227.2	229.7	2.5
Local Projects and Legislative Initiatives	123.0	31.9	-91.1
Transportation (WMATA and Howard Street Tunnel)	0.0	146.5	146.5
Subtotal	\$1,879.1	\$1,843.4	-\$35.7
Transportation CIP	\$2,319.6	\$1,968.0	-\$351.6
Public School Construction (Maryland Stadium Authority)	0.0	520.0	520.0
Total	\$4,198.7	\$4,331.4	\$132.7
Funds			
General Obligation (GO)	\$1,095.0	\$1,105.0	\$10.0
Additional GO from Deauthorizations	13.1	2.4	-10.7
Revenue Bonds	32.0	550.0	518.0
Bond Premiums	136.0	210.0	74.0
General	68.1	23.2	-44.9
Special	440.5	392.1	-48.4
Federal	94.4	80.7	-13.7
Transportation CIP	2,319.6	1,968.0	-351.6
Total	\$4,198.7	\$4,331.4	\$132.7

Note: Fiscal 2021 figures are adjusted for \$15 million of general fund Board of Public Works reductions and include the proposed use of \$34 million of bond premiums to support deficiency appropriations. Fiscal 2022 figures adjusted to reflect the proposed transfer of \$100.6 million of special fund transfer tax revenues contingent on provisions in the BRFA. Figures include general fund appropriations for the Historic Revitalization Tax Credit, which is not part of the Governor's annual *Capital Improvement Program*.

BRFA: Budget Reconciliation and Financing Act

CIP: *Capital Improvement Program*

WMATA: Washington Metropolitan Area Transit Authority

Appendices

Appendix 1
Status of the General Fund
Fiscal 2020
(\$ in Millions)

Starting Balance		\$974.2
Revenues		
BRE Estimated Revenue March 2020	\$18,721.2	
Legislation/Other Adjustments	15.2	
Fiscal 2020 Closeout	-105.1	
Total		\$18,631.2
Transfers		
Rainy Day Fund	\$158.0	
Budgeted Tax Credits	27.6	
Total		\$185.6
Funds Available		\$19,791.0
Spending		
Fiscal 2020 Allowance	\$19,418.8	
Deficiencies	239.4	
May 2020 Board of Public Works Reductions	-120.7	
Legislative Reductions to Fiscal 2020	-6.4	
Fiscal 2020 Closeout/Agency Reversions	-443.6	
Net Expenditures		\$19,087.5
Ending Balance		\$703.5

BRE: Board of Revenue Estimates

Appendix 2
Status of the General Fund
Fiscal 2021
(\$ in Millions)

Starting Balance		\$703.5
Revenues		
BRE Estimated Revenue December 2020	\$18,773.6	
Legislation/Other	-610.2	
Total		\$18,163.5
Transfers		
Rainy Day Fund	\$54.0	
Transfers from Other Funds	75.7	
Budgeted Tax Credits	26	
Total		\$155.5
Funds Available		\$19,022.5
Spending		
Fiscal 2021 Legislative Appropriation	\$19,663.2	
July 2020 Board of Public Works Reductions	-394.9	
Deficiencies	-174.1	
Coronavirus Relief Fund Salary Swap	-173.4	
Contingent Reductions	-100.0	
Specific Reversions	-28.7	
Estimated Agency Reversions	-35.0	
Net Expenditures		\$18,757.1
Ending Balance		\$265.3

BRE: Board of Revenue Estimates

Appendix 3
Status of the General Fund
Fiscal 2022
(\$ in Millions)

Starting Balance		\$265.3
Revenues		
BRE Estimated Revenue December 2020	\$19,808.2	
Legislation/Other	40.1	
Total		\$19,848.4
Transfers		
Transfers from Other Funds	\$110.6	
Budgeted Tax Credits	32.9	
Total		\$143.5
Funds Available		\$20,257.2
Spending		
Fiscal 2022 Allowance	\$20,825.3	
Contingent Reductions	-726.4	
Estimated Agency Reversions	-35.0	
Net Expenditures		\$20,063.9
Ending Balance		\$193.3

BRE: Board of Revenue Estimates

Appendix 4
State Reserve Fund Activity
Fiscal 2020 and 2021
(\$ in Millions)

	Rainy Day Fund	Dedicated Purpose Acct.	Catastrophic Event Acct.
Estimated Balances June 30, 2019	\$876.5	\$0.0	\$2.5
Fiscal 2020 Appropriations	\$443.8	\$215.9	\$0.5
Transfer to General Fund	-158.0	0.0	0.0
May 2020 BPW Reductions ¹	0.0	-97.0	0.0
Grant to WMATA	0.0	-75.0	0.0
DHCD Business Loan Repayment	0.0	0.0	0.9
Interest Earnings	14.9	0.0	0.0
Estimated Balances June 30, 2020	\$1,177.2	\$43.9	\$3.9
Fiscal 2021 Appropriations	\$7.0	\$145.0	\$0.0
Transfer to General Fund	-54.0	0.0	0.0
Governor's Economic Recovery Initiative	-250.0	0.0	0.0
July 2020 BPW Reductions ²	0.0	-38.0	0.0
Fiscal 2020 POS Transfer to General Fund	0.0	-43.9	0.0
Grant to WMATA	0.0	-97.0	0.0
Cybersecurity Assessments	0.0	-10.0	0.0
Interest Earnings	3.9	0.0	0.0
Estimated Balances June 30, 2021	\$884.2	\$0.0	\$3.9
Fiscal 2022 Appropriations	\$525.8	\$93.9	\$0.0
Draw Down Rainy Day Fund to 5%*	-422.0	0.0	0.0
Pension Sweeper*	0.0	-25.0	0.0
OPEB Liability Sweeper*	0.0	-25.0	0.0
Transfer to Program Open Space*	0.0	-43.9	0.0
Interest Earnings	3.0	0.0	0.0
Estimated Balances June 30, 2022	\$990.9	\$0.0	\$3.9
Percent of Revenues in Reserve	5.0%		

*Reduction contingent on action in the Budget Reconciliation and Financing Act of 2021.

¹Cost containment actions adopted at the May 20, 2020 Board of Public Works meeting deleted \$62 million in funding restricted for legislative priorities and reduced funding for the State's contribution to the WMATA capital grant by

²Cost containment actions adopted at the July 1, 2020 Board of Public Works meeting deleted \$10 million in funding for cybersecurity assessment and reduced the State's contribution to the WMATA capital grant by \$28 million.

DHCD: Department of Housing and Community Development

POS: Program Open Space

OPEB: Other Post Employment Benefits

WMATA: Washington Metropolitan Area Transit Au

Appendix 5
Budget Reconciliation and Financing Act of 2021
(HB 589/SB 493)

Mandate Relief

- **Consumer Protection:** Alters the mandate to provide funding for the Office of the Attorney General financial consumer protection to special funds rather than general funds.
- **Cade Funding Formula:** Rebases the program in fiscal 2022 and alters the future formula increases to the level of projected general fund revenue growth.
- **Sellinger Program:** Rebases the program to level fund it in fiscal 2022 and alters the future increases to 1 percentage point lower than the projected general fund revenue growth.
- **Loan Assistance Repayment Program for Foster Care Recipients:** Repeals the mandate for the Maryland Loan Assistance Repayment Program for Foster Care Recipients and requires the Loan Assistance Repayment Program to serve foster care recipients.
- **Maryland Public Broadcasting Commission:** Repeals the mandate for the Maryland Public Broadcasting Commission.
- **Maryland Health Benefit Exchange (MHBE):** Reduces the mandate, from the premium tax revenue, for MHBE from \$35 million to \$32 million beginning in fiscal 2022.
- **Fisheries Research and Development Fund:** Repeals, for fiscal 2022 only, the mandate for the Department of Natural Resources Fisheries Research and Development Fund.
- **City of Annapolis:** Reduces the mandate for services provided to the State by the City of Annapolis from \$750,000 to \$367,000 and eliminates the inflationary increase that was set to begin in fiscal 2022.
- **Pension and Retiree Health Sweeper:** Eliminates, for fiscal 2022 only, the mandate to distribute general fund surplus to the State Retirement and Pension System and to the Post-Retirement Health Benefits Trust Fund.
- **Maryland State Arts Council:** Level funds the mandate for the Maryland State Arts Council in fiscal 2022 and alters the rate of increase in fiscal 2023 and beyond.

- ***Transfer Tax Repayment:*** Alters the repayment of transfer tax revenue to eliminate the fiscal 2022 repayment and extend the repayment schedule by one year.

Changes to the Use of Special Funds

- ***Blueprint for Maryland's Future Fund:*** Alters the allowable uses of the Blueprint for Maryland's Future Fund to include early childhood, primary, and secondary education costs associated with the COVID-19 pandemic, including one-time grants to address enrollment declines related to the pandemic and to ensure all jurisdictions receive an increase over fiscal 2021 (hold harmless grants).
- ***Use of Carefirst Premium Tax Exemption:*** Alters the use of the Carefirst premium tax exemption beginning in fiscal 2022, to make the distribution to the Community Health Resources Commission a cap rather than a floor and make the distribution to the Senior Prescription Drug Assistance Program a floor rather than a cap. In addition, grants under the Community Health Resources Commission Fund are capped beginning in fiscal 2022.
- ***Reinsurance Program Provider Assessment:*** Requires the transfer of \$100 million in each fiscal year, fiscal 2021 through 2026, from the provider assessment created for the State Reinsurance Program, to Medicaid.
- ***Bond Premiums:*** Alters the allowable uses of bond premiums in the Annuity Bond Fund to include capital projects that were included in previous authorizations of bonds, capital projects authorized after the issuance of the bonds for fiscal 2021 through 2023 only, and reducing the principal amount of the issuance of sales.
- ***Board of Pharmacy Fund Balance:*** Authorizes a transfer of \$500,000 from the State Board of Pharmacy fund balance to the Office of Controlled Substances Administration in fiscal 2022.
- ***State Board of Professional Counselors and Therapists Fund Balance:*** Authorizes a transfer of \$2.0 million from the State Board of Professional Counselors and Therapists Fund balance to the Behavioral Health Administration (BHA) in fiscal 2022.
- ***Medical Cannabis Commission Fund Balance:*** Authorizes a transfer of \$6.0 million from the Medical Cannabis Commission Fund balance to BHA in fiscal 2022.

Revenue Actions

- **Revenue Volatility:** Sets the amount of nonwithholding income tax revenue that must be subtracted from the general fund revenue estimate to \$0 in fiscal 2022 but does not otherwise change the phase-in to the 2% cap on the adjustment.
- **Marketplace Facilitator Revenues:** Authorizes the transfer of Marketplace Facilitator Revenues, otherwise distributed to the Blueprint for Maryland's Future Fund, to the Education Trust Fund in fiscal 2021 only to replace current and prior year revenue shortfalls.

Diversions and Transfers

	<u>Fiscal 2021</u>	<u>Fiscal 2022</u>
Transfer Tax Revenues to General Fund		\$100,567,000
State Unemployment Insurance Fund	\$30,000,000	
Consumer Protection Recoveries		\$10,000,000

Cost Control or Miscellaneous Provisions

- **Senatorial/Delegate Scholarship Program:** Requires funds awarded and not expended within two years in the Senatorial/Delegate Scholarship Program to be deposited into the Need-Based Student Financial Assistance Fund.
- **Revenue Stabilization Account:** Sets the fiscal 2022 funding to the Revenue Stabilization Account at a level that reduces the appropriation by \$422.0 million, leaving about a 5% fund balance.
- **Payments to Individuals Erroneously Convicted:** Requires a 50% local cost share for settlements to individuals erroneously convicted entered into beginning in fiscal 2021.
- **State Department of Assessments and Taxation (SDAT) Cost Share:** Phases-in increases of the local share of SDAT costs beginning with an increase from 50% to 60% in fiscal 2022 and increases the cost share by 10 percentage points per year until it reaches 90% in fiscal 2025.
- **Medicaid Deficit Assessment:** Increases the Medicaid Deficit Assessment beginning in fiscal 2021 by \$35 million to \$329,825,000 from the amount authorized in the Budget Reconciliation Act of 2020 and maintaining it at that level in the out-years.

- ***Provider Rates Set by Interagency Rates Committee:*** Limits the increase in rates for providers who have rates set by the Interagency Rates Committee to 4% over the rates in effect on December 31, 2020.
- ***Local Income Tax Reserve Account:*** Authorizes the Maryland Department of Health (MDH) and other State agencies to temporarily charge expenditures related to the COVID-19 pandemic response that are eligible for federal Disaster Relief Funds to the Local Income Tax Reserve Fund and requires those funds to be repaid by any Disaster Relief Funds received or general funds if not all of the charged funds are reimbursed.
- ***Printing of Budget Books:*** Authorizes, for fiscal 2022 only, a reduced number of the Governor's Budget Books to be printed due to the COVID-19 pandemic.
- ***Maintenance of Effort:*** Requires local funding for education in fiscal 2022 to exceed the fiscal 2021 level for the jurisdiction to be eligible for one-time education grants in fiscal 2022.
- ***State Retiree Earning Exemptions:*** Prevents individuals who retired from MDH or the Maryland Department of Labor and were rehired for no more than two years to assist in the administration of federally funded grants or unemployment insurance related to the COVID-19 pandemic from being subject to a reduction in their retirement allowance for that service.
- ***Department of Public Safety and Correctional Services Facility Closures:*** Requires employees in facilities that were closed effective June 30, 2021, (pre-release units in Church Hill and Charlotte Hall) to be transferred to vacant positions in comparable classifications in other facilities without the loss of compensation, status, or benefits.

Appendix 6

State Expenditures – General Funds

(\$ in Millions)

<u>Category</u>	<u>FY 2020 Actual</u>	<u>FY 2021 Adj. Working Appropriation</u>	<u>FY 2022 Adjusted Allowance</u>	<u>FY 2021 to FY 2022</u>	
				<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$287.0	\$131.0	\$260.0	\$129.0	98.5%
County/Municipal	\$296.2	\$313.6	\$301.1	-\$12.6	-4.0%
Community Colleges	330.3	330.8	344.9	14.1	4.3%
Education/Libraries	6,403.2	6,624.5	6,582.3	-42.2	-0.6%
Health	41.8	34.4	65.8	31.4	91.3%
Aid to Local Governments	\$7,071.5	\$7,303.4	\$7,294.1	-\$9.3	-0.1%
Foster Care Payments	\$202.3	\$207.8	\$206.2	-\$1.5	-0.7%
Assistance Payments	43.3	123.0	92.7	-30.3	-24.6%
Medical Assistance	3,483.5	3,230.8	4,325.7	1,094.8	33.9%
Property Tax Credits	88.4	96.3	93.7	-2.6	-2.7%
Entitlements	\$3,817.4	\$3,657.9	\$4,718.3	\$1,060.4	29.0%
Health	\$1,590.1	\$1,602.2	\$1,736.9	\$134.7	8.4%
Human Services	367.9	370.4	395.7	25.3	6.8%
Juvenile Services	259.6	246.2	253.6	7.4	3.0%
Public Safety/Police	1,496.8	1,439.6	1,569.3	129.7	9.0%
Higher Education	1,577.9	1,577.2	1,562.7	-14.5	-0.9%
Other Education	467.2	491.8	501.4	9.6	1.9%
Agriculture/Natural Res./Environmen	134.4	131.4	150.2	18.8	14.3%
Other Executive Agencies	800.6	1,017.6	832.4	-185.2	-18.2%
Judiciary	536.3	558.6	591.7	33.1	5.9%
Legislative	97.6	104.2	105.5	1.4	1.3%
State Agencies	\$7,328.3	\$7,539.1	\$7,699.5	\$160.3	2.1%
Total Operating	\$18,504.2	\$18,631.4	\$19,971.9	\$1,340.4	7.2%
Capital ⁽¹⁾	\$52.1	\$68.2	\$23.3	-\$44.9	-65.9%
Subtotal	\$18,556.3	\$18,699.6	\$19,995.1	\$1,295.5	6.9%
Reserve Funds	\$405.2	\$114.0	\$103.8	-\$10.2	-9.0%
Appropriations	\$18,961.5	\$18,813.6	\$20,098.9	\$1,285.3	6.8%
Reversions	\$0.0	-\$56.5	-\$35.0	\$21.5	-38.0%
Grand Total	\$18,961.5	\$18,757.1	\$20,063.9	\$1,306.7	7.0%

⁽¹⁾ Includes the Historic Revitalization Tax Credit Reserve Fund.

Note: The fiscal 2021 adjusted working appropriation reflects \$28.7 million in targeted reversions, \$173.4 million reduction to be replaced with federal funds, and -\$274.1 million in deficiencies. The fiscal 2022 adjusted allowance reflects \$726.4 million in reductions contingent on legislation.

Appendix 7

State Expenditures – Special and Higher Education Funds*

(\$ in Millions)

<u>Category</u>	<u>FY 2020 Actual</u>	<u>FY 2021 Adjusted Appropriation</u>	<u>FY 2022 Adjusted Allowance</u>	<u>FY 2021 to FY 2022 \$ Change</u>	<u>% Change</u>
Debt Service	\$1,381.4	\$1,618.9	\$1,574.3	-\$44.6	-2.8%
County/Municipal	\$366.3	\$427.6	\$448.0	\$20.4	4.8%
Community Colleges	0.0	0.0	0.0	0.0	n/a
Education/Libraries	682.0	676.0	916.2	240.1	35.5%
Health	0.0	0.0	0.0	0.0	n/a
Aid to Local Governments	\$1,048.3	\$1,103.6	\$1,364.1	\$260.5	23.6%
Foster Care Payments	\$2.8	\$3.3	\$2.8	-\$0.5	-14.7%
Assistance Payments	14.3	11.4	14.1	2.7	23.4%
Medical Assistance	979.3	1,060.6	872.3	-188.3	-17.7%
Property Tax Credits	0.0	0.0	0.0	0.0	n/a
Entitlements	\$996.4	\$1,075.3	\$889.3	-\$186.1	-17.3%
Health	\$423.0	\$425.8	\$459.0	\$33.2	7.8%
Human Services	81.6	77.2	94.9	17.7	22.9%
Juvenile Services	2.8	3.3	3.4	0.1	2.6%
Public Safety/Police	246.2	285.0	325.4	40.4	14.2%
Higher Education	4,627.3	4,837.1	4,769.2	-67.9	-1.4%
Other Education	72.9	78.7	79.8	1.1	1.4%
Transportation	1,712.5	2,049.5	2,101.0	51.4	2.5%
Agriculture/Natural Res./Environmer	276.2	302.0	281.6	-20.4	-6.8%
Other Executive Agencies	616.2	1,059.9	811.5	-248.3	-23.4%
Judiciary	53.7	69.7	68.0	-1.7	-2.5%
Legislative	0.0	0.0	0.0	0.0	n/a
State Agencies	\$8,112.4	\$9,188.1	\$8,993.6	-\$194.5	-2.1%
Total Operating	\$11,538.4	\$12,986.0	\$12,821.4	-\$164.6	-1.3%
Prior Year Deficiencies	\$0.0	\$144.6	\$0.0	-\$144.6	-100.0%
Capital	\$2,016.4	\$1,469.0	\$1,077.0	-\$392.1	-26.7%
Transportation	1,583.7	1,021.7	684.9	-336.8	-33.0%
Environment	177.7	216.4	259.8	43.4	20.1%
Other	254.9	230.9	132.3	-98.7	-42.7%
Grand Total	\$13,554.8	\$14,599.6	\$13,898.3	-\$701.3	-4.8%

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

Note: The fiscal 2021 adjusted working appropriation reflects \$157.2 million of deficiencies. It excludes \$40 million that double counts general fund spending and \$30.3 million that double counts other special fund spending. The fiscal 2022 adjusted allowance reflects \$107.9 million in reductions contingent on legislation, \$152.5 million of additional special fund spending due to funding swaps and excludes \$10 million that double counts general fund spending.

Appendix 8

State Expenditures – Federal Funds

(\$ in Millions)

<u>Category</u>	<u>Actual FY 2020</u>	<u>FY 2021 Working Appropriation</u>	<u>FY 2022 Adjusted Allowance</u>	<u>FY 2021 to FY 2022 \$ Change</u>	<u>% Change</u>
Debt Service	\$10.4	\$11.0	\$11.0	\$0.0	0.0%
County/Municipal	\$82.3	\$74.7	\$74.7	\$0.0	0.0%
Community Colleges	0.0	0.0	0.0	0.0	n/a
Education/Libraries	1,086.2	1,015.3	969.7	-45.6	-4.5%
Health	0.0	0.0	0.0	0.0	n/a
Aid to Local Governments	\$1,168.5	\$1,090.0	\$1,044.5	-\$45.6	-4.2%
Foster Care Payments	\$84.5	\$74.4	\$86.6	\$12.2	16.4%
Assistance Payments	1,336.5	2,150.1	1,322.9	-827.2	-38.5%
Medical Assistance	7,155.0	8,313.3	7,999.3	-314.0	-3.8%
Property Tax Credits	0.0	0.0	0.0	0.0	n/a
Entitlements	\$8,576.0	\$10,537.8	\$9,408.8	-\$1,129.0	-10.7%
Health	\$1,750.3	\$1,971.1	\$1,790.7	-\$180.4	-9.2%
Human Services	601.4	619.5	591.9	-27.7	-4.5%
Juvenile Services	3.1	4.4	5.5	1.2	26.7%
Public Safety/Police	37.4	34.2	36.3	2.2	6.4%
Higher Education	0.0	0.0	0.0	0.0	n/a
Other Education	379.7	324.1	330.4	6.3	1.9%
Transportation	430.3	106.4	115.4	9.0	8.5%
Agriculture/Natural Res./Environmen	64.4	82.0	73.3	-8.7	-10.6%
Other Executive Agencies	794.0	923.8	672.7	-251.0	-27.2%
Judiciary	0.4	1.0	0.3	-0.7	-68.5%
State Agencies	\$4,060.9	\$4,066.4	\$3,616.6	-\$449.8	-11.1%
Total Operating	\$13,815.9	\$15,705.2	\$14,080.8	-\$1,624.4	-10.3%
Capital	\$1,143.7	\$1,327.8	\$1,298.1	-\$29.7	-2.2%
Transportation	971.2	1,233.3	1,217.5	-15.9	-1.3%
Environment	106.0	53.1	53.2	0.0	0.0%
Other	66.4	41.3	27.5	-13.8	-33.5%
Grand Total	\$14,959.6	\$17,033.0	\$15,379.0	-\$1,654.1	-9.7%

Note: The fiscal 2021 working appropriation includes deficiencies of \$2.8 billion. The fiscal 2022 adjusted allowance reflects \$4.2 million in reductions contingent on legislation.

Appendix 9

State Expenditures – State Funds

(\$ in Millions)

<u>Category</u>	<u>FY 2020 Actual</u>	<u>FY 2021 Adj. Working Appropriation</u>	<u>FY 2022 Adjusted Allowance</u>	<u>FY 2021 to FY 2022</u>	
				<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$1,668.4	\$1,749.9	\$1,834.3	\$84.4	4.8%
County/Municipal	\$662.5	\$741.2	\$749.0	\$7.8	1.0%
Community Colleges	330.3	330.8	344.9	14.1	4.3%
Education/Libraries	7,085.1	7,300.6	7,498.5	198.0	2.7%
Health	41.8	34.4	65.8	31.4	91.3%
Aid to Local Governments	\$8,119.8	\$8,407.0	\$8,658.2	\$251.2	3.0%
Foster Care Payments	\$205.1	\$211.1	\$209.0	-\$2.0	-1.0%
Assistance Payments	57.5	134.4	106.8	-27.6	-20.5%
Medical Assistance	4,462.8	4,291.4	5,198.0	906.6	21.1%
Property Tax Credits	88.4	96.3	93.7	-2.6	-2.7%
Entitlements	\$4,813.8	\$4,733.2	\$5,607.6	\$874.3	18.5%
Health	\$2,013.1	\$2,028.0	\$2,195.9	\$168.0	8.3%
Human Services	449.4	447.6	490.6	43.0	9.6%
Juvenile Services	262.3	249.5	256.9	7.5	3.0%
Public Safety/Police	1,743.0	1,724.6	1,894.7	170.1	9.9%
Higher Education	6,205.1	6,414.3	6,331.9	-82.4	-1.3%
Other Education	540.1	570.4	581.2	10.7	1.9%
Transportation	1,712.5	2,049.5	2,101.0	51.4	2.5%
Agriculture/Natural Res./Environmer	410.7	433.4	431.8	-1.6	-0.4%
Other Executive Agencies	1,416.8	2,077.5	1,643.9	-433.5	-20.9%
Judiciary	589.9	628.3	659.6	31.3	5.0%
Legislative	97.6	104.2	105.5	1.4	1.3%
State Agencies	\$15,440.7	\$16,727.3	\$16,693.1	-\$34.2	-0.2%
Total Operating	\$30,042.6	\$31,617.4	\$32,793.2	\$1,175.8	3.7%
Prior Year Deficiencies	\$0.0	\$144.6	\$0.0	-\$144.6	-100.0%
Capital ⁽¹⁾	\$2,068.5	\$1,537.2	\$1,100.2	-\$437.0	-28.4%
Transportation	1,583.7	1,021.7	684.9	-336.8	-33.0%
Environment	178.0	216.6	260.5	43.9	20.3%
Other	306.8	298.9	154.8	-144.1	-48.2%
Subtotal	\$32,111.1	\$33,299.2	\$33,893.4	\$594.3	1.8%
Reserve Funds	\$405.2	\$114.0	\$103.8	-\$10.2	-9.0%
Appropriations	\$32,516.3	\$33,413.2	\$33,997.2	\$584.0	1.7%
Reversions	\$0.0	-\$56.5	-\$35.0	\$21.5	-38.0%
Grand Total	\$32,516.3	\$33,356.7	\$33,962.2	\$605.5	1.8%

⁽¹⁾ Includes the Historic Revitalization Tax Credit Reserve Fund.

Note: The fiscal 2021 adjusted working appropriation reflects -\$116.8 million of deficiencies, \$28.7 million in targeted reversions, \$173.4 million reduction to be replaced with federal funds. It excludes \$40 million that double counts general fund spending and \$30.3 million that double counts other special fund spending. The fiscal 2022 adjusted allowance reflects \$834.3 million in reductions contingent on legislation, \$152.5 million of additional special fund spending due to funding swaps and excludes \$10 million that double counts general fund spending.

Appendix 10

State Expenditures – All Funds

(\$ in Millions)

<u>Category</u>	<u>FY 2020 Actual</u>	<u>FY 2021 Adj. Working Appropriation</u>	<u>FY 2022 Adjusted Allowance</u>	<u>FY 2021 to FY 2022 \$ Change</u>	<u>% Change</u>
Debt Service	\$1,678.7	\$1,760.9	\$1,845.3	\$84.4	4.8%
County/Municipal	\$744.8	\$816.0	\$823.8	\$7.8	1.0%
Community Colleges	330.3	330.8	344.9	14.1	4.3%
Education/Libraries	8,171.4	8,315.9	8,468.2	152.4	1.8%
Health	41.8	34.4	65.8	31.4	91.3%
Aid to Local Governments	\$9,288.3	\$9,497.1	\$9,702.7	\$205.6	2.2%
Foster Care Payments	\$289.7	\$285.4	\$295.6	\$10.2	3.6%
Assistance Payments	1,394.1	2,284.5	1,429.7	-854.8	-37.4%
Medical Assistance	11,617.8	12,604.7	13,197.3	592.6	4.7%
Property Tax Credits	88.4	96.3	93.7	-2.6	-2.7%
Entitlements	\$13,389.8	\$15,271.0	\$15,016.3	-\$254.6	-1.7%
Health	\$3,763.4	\$3,999.0	\$3,986.6	-\$12.4	-0.3%
Human Services	1,050.8	1,067.1	1,082.5	15.4	1.4%
Juvenile Services	265.5	253.8	262.5	8.6	3.4%
Public Safety/Police	1,780.4	1,758.8	1,931.1	172.3	9.8%
Higher Education	6,205.1	6,414.3	6,331.9	-82.4	-1.3%
Other Education	919.8	894.5	911.6	17.0	1.9%
Transportation	2,142.8	2,155.9	2,216.4	60.4	2.8%
Agriculture/Natural Res./Environmer	475.1	515.4	505.1	-10.3	-2.0%
Other Executive Agencies	2,210.8	3,001.2	2,316.7	-684.6	-22.8%
Judiciary	590.3	629.3	659.9	30.6	4.9%
Legislative	97.6	104.2	105.5	1.4	1.3%
State Agencies	\$19,501.6	\$20,793.7	\$20,309.7	-\$484.0	-2.3%
Total Operating	\$43,858.5	\$47,322.7	\$46,874.1	-\$448.6	-0.9%
Prior Year Deficiencies	\$0.0	\$144.6	\$0.0	-\$144.6	-100.0%
Capital ⁽¹⁾	\$3,212.2	\$2,865.0	\$2,398.3	-\$466.7	-16.3%
Transportation	2,554.9	2,255.0	1,902.4	-352.7	-15.6%
Environment	284.0	264.1	313.7	49.6	18.8%
Other	373.2	345.9	182.3	-163.6	-47.3%
Subtotal	\$47,070.7	\$50,332.2	\$49,272.4	-\$1,059.8	-2.1%
Reserve Funds	\$405.2	\$114.0	\$103.8	-\$10.2	-9.0%
Appropriations	\$47,475.8	\$50,446.2	\$49,376.2	-\$1,070.1	-2.1%
Reversions	\$0.0	-\$56.5	-\$35.0	\$21.5	-38.0%
Grand Total	\$47,475.8	\$50,389.8	\$49,341.2	-\$1,048.6	-2.1%

⁽¹⁾ Includes the Historic Revitalization Tax Credit Reserve Fund.

Note: The fiscal 2021 adjusted working appropriation reflects \$2.7 billion of deficiencies, \$28.7 million in targeted reversions, \$173.4 million reduction to be replaced with federal funds. It excludes \$40 million that double counts general fund spending and \$30.3 million that double counts other special fund spending. The fiscal 2022 adjusted allowance reflects \$838.5 million in reductions contingent on legislation, \$152.5 million of additional special fund spending due to funding swaps and excludes \$10 million that double counts general fund spending.

Appendix 11
Gaming Program
Revenues and Impact on the Education Trust Fund
Fiscal 2020-2022
(\$ in Millions)

	<u>2020</u> <u>Actual</u>	<u>2021 Estimate</u> <u>September</u>	<u>December</u>	<u>Difference</u>	<u>2022 Estimate</u> <u>September</u>	<u>December</u>	<u>Difference</u>
Video Lottery Terminals							
ETF	\$329.2	\$423.7	\$421.7	-\$2.0	\$448.6	\$449.0	\$0.4
Casino Operators	390.3	522.7	519.9	-2.7	552.6	553.0	0.4
Local Impact Grants	45.0	60.1	59.8	-0.3	63.6	63.6	0.1
SMWOBA ⁽¹⁾	0.0	16.2	16.2	-0.1	17.2	17.2	0.0
Purse Dedication	48.5	64.7	64.4	-0.3	68.5	68.6	0.1
RFRA	7.9	10.6	10.5	0.0	11.2	11.2	0.0
State Lottery Agency	8.3	11.1	11.0	-0.1	11.7	11.7	0.0
Gross Revenues	\$829.3	\$1,109.0	\$1,103.6	-\$5.4	\$1,173.4	\$1,174.4	\$0.9
	<u>2020</u> <u>Actual</u>	<u>2021 Estimate</u> <u>September</u>	<u>December</u>	<u>Difference</u>	<u>2022 Estimate</u> <u>September</u>	<u>December</u>	<u>Estimate</u>
Table Games							
ETF	\$67.6	\$92.1	\$89.9	-\$2.2	\$94.8	\$94.9	\$0.1
Casino Operators	360.6	491.1	479.4	-11.6	505.8	506.3	0.5
Local Impact Grants	22.5	30.7	30.0	-0.7	31.6	31.6	0.0
Gross Revenues	\$450.7	\$613.8	\$599.3	-\$14.5	\$632.2	\$632.8	\$0.6
Total Gross Revenues	\$1,280.0	\$1,722.8	\$1,702.9	-\$19.9	\$1,805.7	\$1,807.2	\$1.6
Total Education Trust Fund	\$396.8	\$515.8	\$511.6	-\$4.2	\$543.4	\$543.9	\$0.5

ETF: Education Trust Fund

RFRA: Racetrack Facility Renewal Account

SMWOBA: Small, Minority, and Women-Owned Businesses Account

⁽¹⁾ The Budget Reconciliation and Financing Act of 2017 (Chapter 23) diverted the distribution that normally goes to the SMWOBA 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

Appendix 12
General Fund – Proposed Fiscal 2022 Changes Over Adjusted
Fiscal 2021 Spending

Aid to Local Governments	-\$9.3
Health (includes backfilling \$27.0 million of fiscal 2021 CARES funding)	31.4
Community colleges	14.1
Other aid	-12.6
Education and library aid	-42.2
Entitlements	\$1,060.4
Medicaid	1,094.8
Foster care payments based on available federal funds (TANF and IV-E receipt). Overall spending increases	-1.5
Property Tax Credits	-2.6
Assistance payments, primarily due to the one-time costs of the temporary fiscal 2021 six-month \$100 per recipient benefit increase	-30.3
Major Personnel Costs (Including Institutions of Higher Education)	\$178.8
Backfilling public safety salary costs funded in fiscal 2021 with CARES funding	146.4
Annualization of Fiscal 2021 general salary increase (2% effective January 1, 2021)	40.6
Employee and retiree health insurance	24.4
Correctional Officer bonuses	5.1
Retirement contributions attributable to rate changes	-6.6
Annual Salary Review Increases	-6.8
Workers' Compensation Contributions	-10.8
Overtime expenditures (primarily in DPSCS)	-13.5
State Agency Operations	-\$55.4
DDA: Replacement of enhanced federal match (\$72.0 million), expansion funding (\$25.7 million), community provider rate increase (annualization of accelerated 4%) (\$14.6 million); various contracts (\$5.9 million) partially offset by fiscal 2021 emergency spending (-\$10.0 million)	108.2
DHS: Funding for MD THINK (\$40.6 million) and other legacy IT systems (\$3.0 million), partially offset by increased use of federal funds for various administrative expenses (-\$3.7 million)	39.8
MDH: Chapter 576 of 2020 Pay Rates and Staffing Requirements (\$25.8 million) and Chapter 572 of 2020 State Medical, Nursing, and Security Personnel Compensation (\$4.7 million)	30.5
Behavioral Health: Annualization of accelerated 4% community provider rate increase for community behavioral health services to the uninsured and local behavioral health agencies (\$4.6 Million), growth in spending on behavioral health treatment for the uninsured and for Medicaid-ineligible services (\$12.3 million), local Core Service Agency contracts (\$5.1 million), and new funding for youth in prolonged hospital stays (\$5.0 million)	27.0
MHEC: Restoring Promise Scholarship program to \$15.0 million (\$3.5 million) and increase in support for Educational Excellence Awards based on special fund availability (\$2.7 million)	6.2
Judiciary: IT equipment (\$3.2 million) and aid to local courts (\$1.8 million)	5.0
MSDE: Child Care Scholarship Program	5.0
Sunny Day Fund: Marriott (final year)	3.7
Justice, Youth and Victim Services: Increased Justice Reinvestment funding (\$1.9 million) and Maryland Criminal Intelligence Network (\$1.4 million)	3.3
DGS: Building maintenance and contracts	3.0
Baltimore City Community College	2.8

DoIT: Major Information Technology Development Projects (\$5.6 million) partially offset by consulting contracts including Cybersecurity (-\$3.0 million)	2.6
St. Mary's College of Maryland grant	2.4
Statewide Personnel and Enterprise Budgeting systems	1.9
MDH: Maryland Family Planning Program to offset lower federal funds	1.6
MDE: Lead poisoning prevention	1.0
TEDCO: Stem Cell Research Fund	-1.0
DNR: Fisheries Research and Development Fund	-1.8
Commerce: Biotechnology Investment Incentive Tax Credit (-\$1.1 million) and Office of Tourism Development (-\$1.0)	-2.2
MHEC: Funding for Save4College match program	-2.4
DHCD: Neighborhood revitalization	-3.0
DNR: Revenue Equity Program (funded with special funds)	-3.2
MDH: University of Maryland Capital Region Medical Center grant	-3.5
State Police: One-time fiscal 2021 costs	-3.8
DNR: Transfer tax repayment	-5.3
State Board of Elections: One-time 2020 election costs	-6.4
DJS: Lower purchase of care services (-\$7.2 million) and medical services (-\$1.7 million)	-8.9
DPSCS: Operational savings from closure of Eastern and Southern pre-release units (-\$11.8 million) and one time fiscal 2021 costs (-\$5.8 million)	-17.7
USM/MSU: Nonpersonnel grant funding	-40.3
DBM: One-time fiscal 2021 COVID costs	-200.0
Other	36.8
Miscellaneous	\$95.4
Debt Service	129.0
Pay-as-you-go: Notable changes include reductions for Healthy Schools Facilities Fund (-\$30.0 million), Rental Housing (-\$12.0 million), and School Safety Enhancements (-\$10.0 million) partially offset by an increase for the Baltimore Regional Neighborhood Initiative (\$6.0 million)	-44.9
Reserve Fund Activity: Rainy Day Fund appropriation (\$97.0 million) more than offset by Dedicated Purpose Account (-\$107.0) with no funding for WMATA or cybersecurity grants	-10.2
Reversions	21.5
Total	\$1,306.8

DBM: Department of Budget and Management
 CARES: Coronavirus Aid, Relief, and Economic Security
 DDA: Developmental Disabilities Administration
 DGS: Department of General Services
 DHCD: Department of Housing and Community Development
 DHS: Department of Human Services
 DJS: Department of Juvenile Services
 DNR: Department of Natural Resources
 DoIT: Department of Information Technology
 DPSCS: Department of Public Safety and Correctional Services

MD THINK: Maryland Total Human-Services Integrated Network
 MDE: Maryland Department of the Environment
 MDH: Maryland Department of Health
 MHEC: Maryland Higher Education Commission
 MSDE: Maryland State Department of Education
 MSU: Morgan State University
 TANF: Temporary Assistance for Needy Families
 TEDCO: Maryland Technology Development Corporation
 USM: University System of Maryland

Note: Represents spending in fiscal 2022 over 2021 as adjusted for deficiencies, reversions, and contingent reductions.

Appendix 13
Medicaid Budget Is Driven by Enrollment Growth
General Fund Growth of Almost \$1.1 Billion Primarily Reflects
Assumptions of Reduced Federal Support in Fiscal 2022
Fiscal 2020-2022
(\$ in Millions)

	<u>2020</u>	<u>Working App. 2021</u>	<u>Allowance 2022</u>	<u>\$ Change 2021-2022</u>	<u>% Change 2021-2022</u>
General Funds	\$3,481.5	\$3,230.8	\$4,325.7	\$1,094.8	33.9%
Special Funds	979.3	1,060.6	872.3	-188.3	-17.7%
Federal Funds	7,155.0	8,313.3	7,999.3	-314.0	-3.8%
Total	\$11,615.8	\$12,604.7	\$13,197.3	\$592.6	4.7%

Note: Fiscal 2021 is adjusted for deficiencies and contingent reductions; fiscal 2022 is adjusted for contingent reductions.

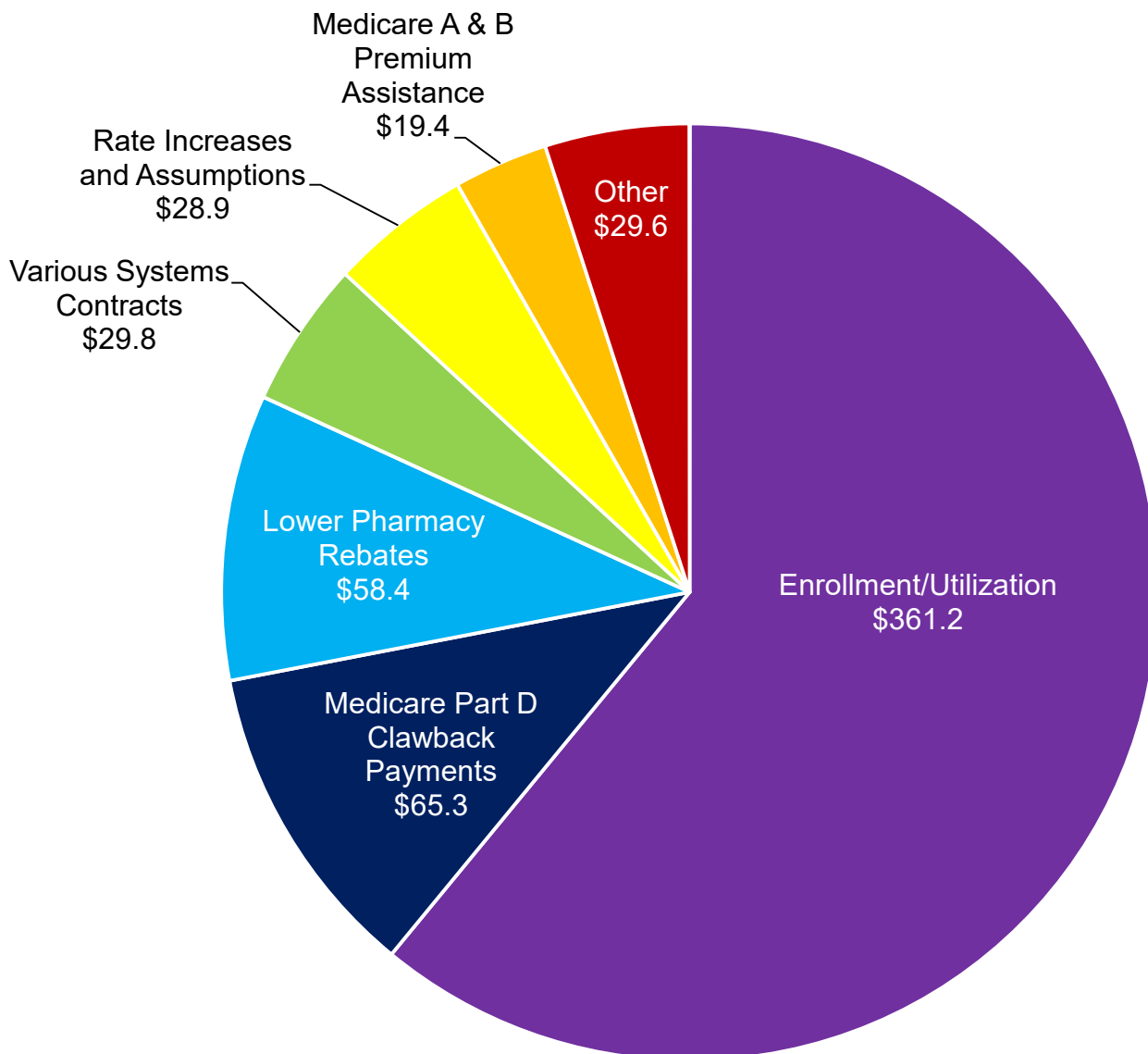
Medicaid growth in fiscal 2022 is expected to be \$592.6 million, 4.7% above fiscal 2021. However, as shown above, general fund support grows by almost \$1.1 billion, or 33.9%. The outsized level of general fund growth includes the need to replace over \$675.4 million in enhanced federal matching funds available under the current national Public Health emergency that is recognized in fiscal 2021; \$180 million in Rate Stabilization Fund special funds (the revenues for that fund are now directed straight to the State General Fund); and one-time fiscal 2021 general fund savings of \$46.4 million from a fiscal 2020 overpayment of the Medicare Part D clawback.

As shown below, overall growth is driven by enrollment/utilization. Medicaid enrollment at the end of calendar 2020 was over 1.5 million. While enrollment growth is anticipated to slow in fiscal 2022 as the COVID-19 vaccine becomes more widely available and economic activity recovers, average monthly enrollment in fiscal 2022 is still anticipated to be over 1.5 million, representing an increase of almost 138,000 over the average monthly enrollment in fiscal 2020.

Enrollment and Utilization Drives Medicaid Expenditure Growth

Fiscal 2021-2022

(\$ in Millions)



Appendix 14
Analysis of Vacancies and Turnover Rate
Fiscal 2022 Allowance Compared to January 2021 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*	9,251	15.0%	1,390	1,527	136	16.5%
Health	6,365	8.9%	564	669	105	10.5%
Human Services	5,991	7.2%	429	722	293	12.0%
Police and Fire Marshal	2,480	7.2%	178	258	80	10.4%
Juvenile Services	1,996	6.6%	132	137	5	6.9%
Subtotal	26,082	10.1%	2,693	3,312	619	12.7%
Transportation	9,058	5.3%	481	718	237	7.9%
Other Executive						
Legal (Excluding Judiciary)	1,484	8.2%	121	146	24	9.8%
Executive and Administrative Control	1,588	5.2%	83	206	123	12.9%
Financial and Revenue Administration	2,075	7.0%	145	240	95	11.5%
Budget and Management and DoIT	502	6.3%	32	55	24	11.0%
Retirement	188	6.5%	12	27	15	14.4%
General Services	646	8.0%	52	54	2	8.3%
Natural Resources	1,352	5.8%	78	116	38	8.6%
Agriculture	412	6.1%	25	49	24	12.0%
Labor	1,355	7.3%	98	193	94	14.2%
MSDE and Other Education	1,965	6.9%	136	218	81	11.1%
Housing and Community Development	331	6.0%	20	29	9	8.8%
Commerce	188	7.3%	14	15	1	8.0%
Environment	880	7.0%	62	119	57	13.5%
Subtotal	12,967	6.8%	878	1,465	588	11.3%
Executive Branch	48,106	8.2%	4,052	5,496	1,444	11.4%

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

*The fiscal 2021 budget bill includes language that abolishes 350 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

Appendix 15 Major Position Changes

<u>Department/Service Area</u>	Fiscal 2021			Fiscal 2022			<u>Change</u>
	<u>Transfers</u>	<u>Abolish</u>	<u>BPW reductions</u>	<u>New</u>	<u>Abolish</u>	<u>Transfer</u>	
Public Safety*	-5.0				-362.0		-367.0
Human Services					-127.4		-127.4
Comptroller of Maryland	-27.0						-27.0
Alcohol and Tobacco Commission	27.0						27.0
Labor					-23.0		-23.0
State Police	1.0			21.0			22.0
Maryland State Department of Education			-10.0		-11.0		-21.0
Office of the Attorney General			-25.0	6.0			-19.0
Health	9.0			10.0	-1.0		18.0
Department of Assessments and Taxation			-17.0				-17.0
Juvenile Services			-16.5				-16.5
Military Department	-9.0				-2.0		-11.0
Information Technology	-6.0				-4.6		-10.6
Natural Resources			-2.0	12.0	-1.0		9.0
Department of Disabilities	6.0						6.0
Office of the Public Defender					-5.0		-5.0
Office of Crime Prevention, Youth and Victim Services			-5.0				-5.0
Other Executive Branch agencies	4.0		-16.3	4.0	-9.4	0.0	-17.7
<i>Executive Subtotal</i>	<i>0.0</i>		<i>-91.8</i>	<i>53.0</i>	<i>-546.4</i>	<i>0.0</i>	<i>-585.2</i>
Higher Education		-247.6	-7.0		-11.7	15.0	<i>-251.2</i>
Total	0.0	-247.6	-98.8	53.0	-558.1	15.0	-836.4

BPW: Board of Public Works

*Note: 350 positions in Public Safety are abolished in budget language. No changes in Legislative or Judicial branches.

Appendix 16
State Aid to Local Governments
Fiscal 2022 Allowance
(\$ in Thousands)

County	County - Municipal	Community Colleges	Direct State Aid				Retirement	Total	Change	
			Public Schools	Libraries	Health	Subtotal			Over FY 2021	Percent Change
Allegany	\$16,617	\$7,102	\$90,121	\$868	\$2,048	\$116,756	\$8,597	\$125,353	\$2,006	1.6%
Anne Arundel	46,901	33,519	424,727	2,552	4,928	512,627	74,285	586,912	18,228	3.2%
Baltimore City	284,565	0	947,613	9,525	8,815	1,250,518	65,038	1,315,556	45,377	3.6%
Baltimore	26,690	48,226	776,523	6,646	5,815	863,900	105,418	969,318	28,719	3.1%
Calvert	5,546	2,916	93,769	568	915	103,714	14,631	118,345	1,976	1.7%
Caroline	6,133	1,885	66,038	351	1,044	75,451	5,295	80,746	996	1.2%
Carroll	6,784	9,561	145,133	1,126	2,393	164,996	22,107	187,103	3,024	1.6%
Cecil	9,993	6,958	113,961	897	1,675	133,485	14,761	148,246	2,333	1.6%
Charles	4,719	10,214	206,677	1,268	2,090	224,968	24,324	249,292	7,186	3.0%
Dorchester	6,870	1,232	52,765	322	1,021	62,209	4,130	66,339	2,165	3.4%
Frederick	10,681	12,833	282,537	1,661	2,777	310,490	37,382	347,872	6,516	1.9%
Garrett	6,487	4,337	25,060	179	1,032	37,095	3,675	40,770	1,569	4.0%
Harford	8,396	13,634	238,735	1,884	3,137	265,786	31,645	297,431	5,605	1.9%
Howard	8,810	22,830	296,552	1,103	2,397	331,691	64,968	396,660	7,415	1.9%
Kent	1,390	553	11,071	117	917	14,048	1,869	15,917	810	5.4%
Montgomery	32,897	52,498	828,296	3,509	4,255	921,455	175,124	1,096,579	31,507	3.0%
Prince George's	106,218	36,344	1,296,354	7,722	6,886	1,453,524	123,415	1,576,938	29,553	1.9%
Queen Anne's	2,327	2,251	39,016	207	876	44,678	6,496	51,173	912	1.8%
St. Mary's	3,456	3,079	118,523	867	1,386	127,311	14,385	141,696	2,604	1.9%
Somerset	7,881	1,145	37,701	327	934	47,987	3,138	51,125	680	1.3%
Talbot	2,932	1,987	18,105	124	704	23,853	4,017	27,869	1,273	4.8%
Washington	12,978	10,573	203,579	1,489	2,608	231,227	19,080	250,307	4,208	1.7%
Wicomico	17,070	6,083	170,951	1,188	1,932	197,225	13,945	211,171	3,952	1.9%
Worcester	8,337	2,500	23,139	175	1,216	35,366	7,674	43,040	2,511	6.2%
Unallocated	104,346	6,693	127,675	19,768	4,000	262,482	0	262,482	19,006	7.8%
Total	\$749,026	\$298,953	\$6,634,621	\$64,442	\$65,802	\$7,812,844	\$845,398	\$8,658,242	\$230,129	2.7%

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

Appendix 17
State Aid to Local Governments
Fiscal 2021 Working Appropriation
(\$ in Thousands)

County	County - Municipal	Community Colleges	<i>Direct State Aid</i>				Retirement	Total
			Public Schools	Libraries	Health	Subtotal		
Allegany	\$16,234	\$6,801	\$88,861	\$859	\$2,175	\$114,930	\$8,417	\$123,347
Anne Arundel	46,006	32,001	413,708	2,516	4,832	499,063	69,621	568,684
Baltimore City	278,165	0	910,679	9,549	8,747	1,207,140	63,039	1,270,179
Baltimore	26,180	46,056	753,992	6,541	5,770	838,540	102,059	940,599
Calvert	5,415	2,787	92,463	546	897	102,107	14,262	116,369
Caroline	6,206	1,803	65,429	345	1,045	74,828	4,922	79,750
Carroll	6,452	9,133	143,421	1,107	2,340	162,452	21,628	184,080
Cecil	10,078	6,662	112,384	890	1,660	131,673	14,240	145,913
Charles	4,517	9,289	201,970	1,211	2,080	219,067	23,039	242,106
Dorchester	6,952	1,216	50,720	317	1,006	60,212	3,963	64,174
Frederick	10,154	12,235	278,798	1,623	2,754	305,564	35,791	341,355
Garrett	6,231	4,177	24,172	176	1,028	35,784	3,417	39,201
Harford	8,064	13,006	234,750	1,820	3,103	260,743	31,083	291,826
Howard	8,530	21,727	293,150	1,062	2,327	326,796	62,449	389,244
Kent	1,337	548	10,212	111	1,062	13,271	1,836	15,107
Montgomery	31,960	50,185	804,286	3,459	4,223	894,112	170,961	1,065,073
Prince George's	106,696	34,605	1,272,203	7,641	6,834	1,427,979	119,406	1,547,386
Queen Anne's	2,226	2,182	38,402	206	878	43,894	6,368	50,262
St. Mary's	3,319	3,286	116,420	841	1,334	125,199	13,892	139,091
Somerset	8,250	937	37,007	321	936	47,450	2,995	50,446
Talbot	2,801	1,855	17,199	121	692	22,669	3,928	26,597
Washington	13,758	10,100	199,908	1,460	2,632	227,858	18,241	246,099
Wicomico	17,743	5,940	167,531	1,166	1,881	194,261	12,958	207,219
Worcester	7,886	2,409	21,508	170	1,158	33,132	7,396	40,529
Unallocated	100,181	6,506	117,254	19,535	0	243,476	0	243,476
Total	\$735,342	\$285,446	\$6,466,428	\$63,593	\$61,391	\$7,612,200	\$815,913	\$8,428,112

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

Appendix 18
State Aid to Local Governments
Dollar Difference Between Fiscal 2022 Allowance and Fiscal 2021 Working Appropriation
(\$ in Thousands)

County	<i>Direct State Aid</i>						Retirement	Total
	County - Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal		
Allegany	\$384	\$301	\$1,260	\$9	-\$127	\$1,826	\$179	\$2,006
Anne Arundel	895	1,518	11,019	36	96	13,564	4,664	18,228
Baltimore City	6,400	0	36,934	-24	68	43,378	2,000	45,377
Baltimore	510	2,170	22,531	105	45	25,360	3,359	28,719
Calvert	131	130	1,306	21	18	1,606	370	1,976
Caroline	-73	82	609	7	-1	623	372	996
Carroll	331	428	1,711	19	53	2,544	480	3,024
Cecil	-85	297	1,578	7	15	1,812	521	2,333
Charles	201	925	4,707	57	11	5,901	1,284	7,186
Dorchester	-83	16	2,045	5	15	1,997	168	2,165
Frederick	528	598	3,739	37	23	4,926	1,591	6,516
Garrett	257	160	887	3	5	1,311	258	1,569
Harford	332	628	3,986	64	34	5,044	561	5,605
Howard	280	1,103	3,402	41	70	4,896	2,520	7,415
Kent	53	5	858	6	-145	778	33	810
Montgomery	937	2,313	24,010	51	33	27,343	4,163	31,507
Prince George's	-478	1,738	24,151	81	52	25,544	4,008	29,553
Queen Anne's	101	69	614	1	-2	784	128	912
St. Mary's	137	-206	2,103	26	52	2,112	493	2,604
Somerset	-368	209	693	6	-2	537	143	680
Talbot	131	133	905	3	12	1,184	89	1,273
Washington	-781	474	3,671	29	-24	3,369	839	4,208
Wicomico	-673	144	3,421	23	51	2,965	987	3,952
Worcester	451	90	1,631	4	58	2,234	277	2,511
Unallocated	4,166	186	10,421	232	4,000	19,006	0	19,006
Total	\$13,684	\$13,508	\$168,193	\$849	\$4,411	\$200,644	\$29,485	\$230,129

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

Appendix 19
State Aid to Local Governments
Percent Change: Fiscal 2022 Allowance over Fiscal 2021 Working Appropriation

County	<i>Direct State Aid</i>						Retirement	Total
	County - Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal		
Allegany	2.4%	4.4%	1.4%	1.0%	-5.8%	1.6%	2.1%	1.6%
Anne Arundel	1.9%	4.7%	2.7%	1.4%	2.0%	2.7%	6.7%	3.2%
Baltimore City	2.3%	n/a	4.1%	-0.3%	0.8%	3.6%	3.2%	3.6%
Baltimore	1.9%	4.7%	3.0%	1.6%	0.8%	3.0%	3.3%	3.1%
Calvert	2.4%	4.7%	1.4%	3.9%	2.0%	1.6%	2.6%	1.7%
Caroline	-1.2%	4.5%	0.9%	1.9%	-0.1%	0.8%	7.6%	1.2%
Carroll	5.1%	4.7%	1.2%	1.8%	2.3%	1.6%	2.2%	1.6%
Cecil	-0.8%	4.5%	1.4%	0.8%	0.9%	1.4%	3.7%	1.6%
Charles	4.5%	10.0%	2.3%	4.7%	0.5%	2.7%	5.6%	3.0%
Dorchester	-1.2%	1.3%	4.0%	1.5%	1.5%	3.3%	4.2%	3.4%
Frederick	5.2%	4.9%	1.3%	2.3%	0.8%	1.6%	4.4%	1.9%
Garrett	4.1%	3.8%	3.7%	1.7%	0.4%	3.7%	7.5%	4.0%
Harford	4.1%	4.8%	1.7%	3.5%	1.1%	1.9%	1.8%	1.9%
Howard	3.3%	5.1%	1.2%	3.8%	3.0%	1.5%	4.0%	1.9%
Kent	4.0%	0.9%	8.4%	5.5%	-13.6%	5.9%	1.8%	5.4%
Montgomery	2.9%	4.6%	3.0%	1.5%	0.8%	3.1%	2.4%	3.0%
Prince George's	-0.4%	5.0%	1.9%	1.1%	0.8%	1.8%	3.4%	1.9%
Queen Anne's	4.5%	3.2%	1.6%	0.7%	-0.2%	1.8%	2.0%	1.8%
St. Mary's	4.1%	-6.3%	1.8%	3.1%	3.9%	1.7%	3.5%	1.9%
Somerset	-4.5%	22.3%	1.9%	1.8%	-0.2%	1.1%	4.8%	1.3%
Talbot	4.7%	7.1%	5.3%	2.2%	1.8%	5.2%	2.3%	4.8%
Washington	-5.7%	4.7%	1.8%	2.0%	-0.9%	1.5%	4.6%	1.7%
Wicomico	-3.8%	2.4%	2.0%	1.9%	2.7%	1.5%	7.6%	1.9%
Worcester	5.7%	3.7%	7.6%	2.5%	5.0%	6.7%	3.7%	6.2%
Unallocated	4.2%	2.9%	8.9%	1.2%	n/a	7.8%	n/a	7.8%
Total	1.9%	4.7%	2.6%	1.3%	7.2%	2.6%	3.6%	2.7%

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

Appendix 20
Transportation Capital Program
January 2020 vs. January 2021 Plan
(\$ in Millions)

	<u>2020 Plan</u>	<u>2021 Plan</u>	<u>Change</u>
Fiscal 2022			
Secretary's Office	\$19.2	\$24.3	\$5.1
Motor Vehicle Administration	16.9	27.1	10.2
Maryland Aviation Administration	245.8	223.5	-22.3
Maryland Port Administration	295.4	202.6	-92.8
Maryland Transit Administration	655.3	620.3	-35.0
Washington Metropolitan Area Transit Authority	448.4	444.0	-4.4
State Highway Administration	1,054.8	850.2	-204.6
State Aid	269.7	254.2	-15.5
Fiscal 2022 Total	\$3,005.5	\$2,646.2	-\$359.3
Special Funds	\$1,335.0	\$798.9	-\$536.1
Federal Funds	1,022.0	1,283.3	261.3
General Funds	167.0	0.0	-167.0
Other State Funds ¹	0.0	125.0	125.0
Other	481.5	439.0	-42.5
Fiscal 2022 Total Funds	\$3,005.5	\$2,646.2	-\$359.3
Fiscal 2021-2025			
Secretary's Office	\$98.5	\$101.3	\$2.8
Motor Vehicle Administration	101.8	105.8	4.0
Maryland Aviation Administration	711.1	827.3	116.2
Maryland Port Administration	1,022.3	957.8	-64.5
Maryland Transit Administration	2,382.1	2,754.6	372.5
Washington Metropolitan Area Transit Authority	2,265.4	2,242.3	-23.1
State Highway Administration	5,079.1	4,744.2	-334.9
State Aid	1,282.2	1,220.0	-62.2
Fiscal 2021-2025 Total	\$12,942.5	\$12,953.3	\$10.8
Special Funds	\$6,052.2	\$5,266.5	-\$785.7
Federal Funds	4,635.6	5,327.0	691.4
General Funds	793.0	473.0	-320.0
Other State Funds ¹	0.0	250.0	175.1
Other	1,461.7	1,636.8	250.0
Fiscal 2021-2025 Total Funds	\$12,942.5	\$12,953.3	\$10.8

¹General obligation bond premium funds in the Annuity Bond Fund.

Appendix 21

Quick Look at Fiscal 2022 Capital Budget

- **Authorization Level:** The capital budget provides \$1.105 billion of new general obligation (GO) bonds, which is consistent with the level recommended by the Spending Affordability Committee but \$50 million below the level programmed in the 2020 *Capital Improvement Program* (CIP) for fiscal 2022.
- **Use of Bond Premiums:** The capital program is supplemented with \$244 million of bond premium revenues, including \$125 million to fund a portion of a mandated capital grant to Washington Metropolitan Area Transit Authority (WMATA), \$65 million to supplement the Public School Construction Program, \$20 million to supplement the Community College Construction Grant Program, and \$34 million to fund various deficiency appropriations that support shovel-ready facility maintenance and renewal projects at higher education institutions. The Administration also programs the use of \$125 million of bond premiums to fund fiscal 2023 WMATA grants.
- **Transfer Tax Diversion and GO Bond Replacement:** \$100.6 million of transfer tax revenues are diverted to the General Fund and fully replaced with GO bonds for Program Open Space (POS) and related programs.
- **Transfer Tax Repayment Plan Deferred:** The budget makes \$43.9 million in the Dedicated Purpose Account mandated for POS repayments (\$38.2 million supporting capital programs) contingent upon a provision in the Budget Reconciliation and Financing Act of 2021, adjusting the repayment schedule for programs supported by the transfer tax. Appendix 23 provides more detail to illustrate the treatment of capital mandates in the budget.
- **Significant Deferrals:** The budget defers projects programmed in the CIP and projects preauthorized by the Maryland General Assembly for fiscal 2022. Appendix 25 provides more detail to illustrate the significant changes.
- **School Construction:** The budget dedicates \$313.1 million for school facility needs supplemented with \$520 million of revenue bonds contingent upon the enactment of legislation.
- **Howard Street Tunnel:** The budget includes \$21.5 million to support the State's contribution for the Howard Street Tunnel project; a total of \$124.5 million of GO bonds is programmed for the project from fiscal 2022 through 2024.
- The budget does not provide a funding earmark for **Legislative Bond Initiatives** in fiscal 2022 and through the five-year CIP planning period.

Appendix 22
Top Funded Programs and Projects – All Funds
Fiscal 2022 as Introduced

<u>Project Title</u>	<u>GO Bond</u>	<u>Bond Premium</u>	<u>Revenue</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	<u>Total Funds</u>
MSDE Public School Construction (Maryland Stadium Authority)	\$0.0	\$0.0	\$520.0	\$0.0	\$0.0	\$0.0	\$520.0
MSDE Public School Construction Program	185.0	65.0	0.0	0.0	0.0	0.0	250.0
MDE Maryland Water Quality Revolving Loan Fund	7.7	0.0	0.0	0.0	130.7	38.4	176.8
MDOT Washington Metropolitan Transit Authority Upgrades	0.0	125.0	0.0	0.0	0.0	0.0	125.0
MHEC Community College Construction Grant Program	55.9	20.0	0.0	0.0	0.0	0.0	75.9
MDE Bay Restoration Fund	0.0	0.0	0.0	0.0	75.0	0.0	75.0
DHCD Rental Housing Program	37.0	0.0	0.0	0.0	16.5	9.0	62.5
MDE Maryland Drinking Water Revolving Loan Fund	4.0	0.0	0.0	0.0	39.1	14.7	57.8
DNR Program Open Space - State	34.0	0.0	0.0	0.0	14.0	3.0	51.0
TU New College of Health Professions Building	50.7	0.0	0.0	0.0	0.0	0.0	50.7
DNR Program Open Space - Local	0.0	0.0	0.0	0.0	48.7	0.0	48.7
FSU Education and Health Sciences Center	46.7	0.0	0.0	0.0	0.0	0.0	46.7
MDA Maryland Agricultural Land Preservation Program	31.0	0.0	0.0	0.0	14.5	0.0	45.5
UMCP Chemistry Building Wing I Replacement	45.2	0.0	0.0	0.0	0.0	0.0	45.2
MSDE Supplemental Capital Grant Program	40.0	0.0	0.0	0.0	0.0	0.0	40.0
MSU New Health and Human Services Building Phase II	33.1	0.0	0.0	0.0	0.0	0.0	33.1
CSU Percy Julian Science Building	32.9	0.0	0.0	0.0	0.0	0.0	32.9
BPW Facilities Renewal Fund	30.3	0.0	0.0	0.0	0.0	0.0	30.3
DHCD Homeownership Programs	22.0	0.0	0.0	0.0	4.0	0.0	26.0
USMO Capital Facilities Renewal	0.0	0.0	25.0	0.0	0.0	0.0	25.0
DJS New Female Detention Center	23.4	0.0	0.0	0.0	0.0	0.0	23.4
MDOT Howard Street Tunnel	21.5	0.0	0.0	0.0	0.0	0.0	21.5
DHCD Strategic Demolition Fund	21.0	0.0	0.0	0.0	0.0	0.0	21.0
SMCM Academic Building and Auditorium	20.0	0.0	0.0	0.0	0.0	0.0	20.0
DNR Rural Legacy Program	17.0	0.0	0.0	0.0	2.0	0.0	19.0
UMES School of Pharmacy and Health Professions	18.7	0.0	0.0	0.0	0.0	0.0	18.7
MES Infrastructure Improvement Fund	16.8	0.0	0.0	0.0	0.0	0.0	16.8
DHCD Neighborhood Business Development Program	15.0	0.0	0.0	0.5	2.2	0.0	17.7
DHCD Local Government Infrastructure Fund	15.2	0.0	0.0	0.0	0.0	0.0	15.2
MDE Bay Restoration Fund Septic System Program	0.0	0.0	0.0	0.0	15.0	0.0	15.0
DNR Waterway Improvement Fund	0.0	0.0	0.0	0.0	12.2	2.5	14.7
UMMS Comprehensive Cancer and Organ Transplant Treatment Center	12.0	0.0	0.0	0.0	0.0	0.0	12.0

<u>Project Title</u>	<u>GO Bond</u>	<u>Bond Premium</u>	<u>Revenue</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	<u>Total Funds</u>
DHCD: Baltimore Regional Neighborhoods Initiative	6.0	0.0	0.0	6.0	0.0	0.0	12.0
DSP New Berlin Barrack and Garage	11.4	0.0	0.0	0.0	0.0	0.0	11.4
UMB Central Electric Substation and Electrical Infrastructure Upgrades	11.3	0.0	0.0	0.0	0.0	0.0	11.3
DNR Natural Resources Development Fund	10.4	0.0	0.0	0.0	0.0	0.0	10.4
DHCD Special Loan Programs	4.0	0.0	0.0	0.0	4.4	2.0	10.4
MSU Deferred Maintenance and Site Improvements	10.0	0.0	0.0	0.0	0.0	0.0	10.0
DHCD Community Development Grant Program	0.0	0.0	0.0	0.0	0.0	10.0	10.0
DHCD Seed Community Development Anchor Institution Fund	5.0	0.0	0.0	5.0	0.0	0.0	10.0
UMCP Campus Building Systems and Infrastructure Improvements	5.0	0.0	5.0	0.0	0.0	0.0	10.0
MSDE Public School Safety Grant Program	10.0	0.0	0.0	0.0	0.0	0.0	10.0
Subtotal: Top Funded Programs and Projects	\$909.1	\$210.0	\$550.0	\$11.5	\$378.2	\$79.7	\$2,138.5
Subtotal: Other Funded Programs and Projects	\$198.3	\$0.0	\$0.0	\$11.8	\$13.8	\$1.0	\$224.9
Total Fiscal 2022	\$1,107.4	\$210.0	\$550.0	\$23.3	\$392.1	\$80.7	\$2,363.4
Prior Year Deficiencies	\$0.0	\$34.0	\$0.0	\$0.0	\$0.0	\$0.0	\$34.0
Grand Total	\$1,107.4	\$244.0	\$550.0	\$23.3	\$392.1	\$80.7	\$2,397.4

Note: Grand total figures includes \$2.4 million of addition GO bond authorizations to account for deauthorizations included in the capital bill as introduced. When adjusted for the deauthorizations the level of new GO bond authorizations remains at the \$1,105 million limit established by the Spending Affordability Committee for the 2021 session. The figures also include \$34 million of proposed fiscal 2021 deficiencies.

BPW: Board of Public Works
 CSU: Coppin State University
 DHCD: Department of Housing and Community Development
 DJS: Department of Juvenile Services
 DNR: Department of Natural Resources
 DSP: Department of State Police
 FSU: Frostburg State University
 MDA: Maryland Department of Agriculture
 MDE: Maryland Department of the Environment
 MDOT: Maryland Department of Transportation
 MES: Maryland Environmental Service
 MHEC: Maryland Higher Education Commission
 MSDE: Maryland State Department of Education
 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

Appendix 23
Status of Capital Budget Mandates
Fiscal 2022
(\$ in Millions)

	<u>Mandated Amount</u>	<u>Budget Amount</u>	
Supplemental School Construction	\$40.0	\$40.0	GO
Program Open Space Repayment	38.2	0.0	Mandate Relief
Baltimore Regional Neighborhood Initiative	12.0	12.0	\$6.0 GO/\$6.0 GF
School Safety Enhancements	10.0	10.0	GO
Seed Anchor Institution Funds	10.0	10.0	\$5.0 GO/\$5.0 GF
National Capital Strategic Economic Development Fund	7.0	7.0	\$3.0 GO/\$4.0 GF
Aging Schools	6.1	6.1	GO
Local Libraries	5.0	5.0	GO
Aid to Community Colleges - Facilities Renewal	4.3	3.8	GO
Shelter and Transitional Housing	3.0	3.0	GO
Comprehensive Flood Management Program	3.0	6.0	GO
African American Heritage	1.0	1.0	GO
Total	\$139.6	\$103.9	

Note: The Built To Learn Act of 2020 (Chapter 20 of 2020) mandated \$30 million for the Healthy Schools Facility Fund for Fiscal 2022 the provisions of which were made contingent up the enactment of HB 1300 vetoed by the Governor.

GF: General Fund

GO: General Obligation

Appendix 24
Capital Budget – Significant Adjustments (GO Bonds, General Funds, and Bond Premiums) Planned
Compared to Proposed
(\$ in Millions)

<u>Project / Program</u>	<u>Planned</u>	<u>Proposed</u>	<u>Notes</u>
Program Open Space (and other related programs funded with transfer tax revenues)	\$0.0	\$100.6	GO bonds are proposed to replace \$100.6 million of transfer tax revenue diverted to the General Fund in the BRFA.
Public School Construction (traditional program)	333.1	313.1	Fiscal 2022 uses \$65 million of bond premium proceeds in place of GO bonds (an additional \$520 million of revenue bonds proposed to be issued by MSA for a total of \$833.1 million); the budget provided \$408.1 million of GO bonds and general funds in fiscal 2021.
WMATA Grants	0.0	125.0	Fiscal 2022 grants to be funded with \$125 million of bond premium revenues authorized in the capital budget bill and \$42 million of MDOT funds. Fiscal 2021 grants funded with \$97 million of general funds in the Dedicated Purpose Account (reflected as special funds).
DHCD Capital Grant and Loan Programs	109.7	158.7	Enhancements to numerous program initiatives including Rental Housing, Broad Band Infrastructure, Home Ownership Programs, National Capital Strategic Fund, Seed Community Development Anchor Institution Fund, and Strategic Demolition and Smart Growth Fund.
Community College Construction Grant Program	80.0	75.9	Funding plan includes the use of \$20 million of bond premium proceeds .
Miscellaneous Capital Grants	0.0	21.8	Numerous one-time miscellaneous grants.

<u>Project / Program</u>	<u>Planned</u>	<u>Proposed</u>	<u>Notes</u>
Clifton T. Perkins North Wing Renovation	18.9	0.1	Project construction start moved to fiscal 2023.
Shillman District Court Building Conversion	26.6	0.0	Project construction start moved to fiscal 2023.
New Female Detention Center (DJS)	4.9	23.4	Revised project cost and scope to a new project site.
MEMA Headquarters Expansion	8.3	0.0	Project construction start moved to fiscal 2023.
Therapeutic Treatment Center (DPSCS)	18.6	0.0	Design delay
Eastern Correctional Institute – High Temperature Distribution and Perimeter Security Improvements	11.6	0.0	Remaining construction funds deferred to fiscal 2023.
Comprehensive Cancer and Organ Transplant Treatment Center	25.0	12.0	Defer portion of scheduled fiscal 2022 grant.
Tactical Services Facility Operations Building (DSP)	6.0	0.2	Defer construction start to fiscal 2023.
New Courts of Appeal Building	0	2.8	Continue funding design

DHCD: Department of Housing and Community Development
 DJS: Department of Juvenile Services
 DPSCS: Department of Public Safety and Correctional Services
 DSP: Department of State Police
 GO: General Obligation
 MDOT: Maryland Department of Transportation
 MSA: Maryland Stadium Authority
 WMATA: Washington Metropolitan Area Transit Authority

Appendix 25
Significant Differences in Preauthorizations Included in the Maryland
Consolidated Capital Bond Loan of 2020

<u>Agency</u>	<u>Project Title</u>	<u>Preauthorized</u>	<u>Proposed</u>
BSU	Communication Arts and Humanities Building	\$60.0	\$3.6
MSA	Department of Legislative Services Building	35.0	0.0
MISC	Prince George's County Amphitheatre at Central Park	11.0	0.0
UMBC	Sherman Hall Renovation	6.0	0.0
UMB	School of Social Work Renovation	5.0	0.0
MISC	Merriweather Post Pavilion	3.0	0.5
UMCP	New School of Public Policy	2.5	0.0
MISC	Baltimore Museum of Art	2.0	0.0
MISC	The Y in Central Maryland – Infrastructure Improvements and New Y Family Center	1.0	0.6
MISC	Greenway Avenue Stadium	0.8	0.0
MISC	Bay Sox Stadium	0.5	0.0
MISC	The League for People with Disabilities – Facility Upgrade	0.5	0.0
MISC	Andre De Shields Center for the Arts	0.5	0.0
MISC	Burtonsville Parking Structure	0.5	0.0
MISC	Friends House Retirement Community	0.1	0.0
MISC	Our House Youth Home	0.1	0.0

BSU: Bowie State University

MISC: Miscellaneous

MSA: Maryland Stadium Authority

UMB: University of Maryland, Baltimore Campus

UMBC: University of Maryland Baltimore County

UMCP: University of Maryland, College Park Campus