
Analysis of Supplemental Budget No. 2

Presentation to the Senate Budget and Taxation Committee

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

March 12, 2007

Analysis of General Funds After Supplemental Budget No. 2

Sources		
Fund Balance	\$29,448,921	
Anticipated General Assembly Reductions	<u>20,000,000</u>	
		\$49,448,921
Uses		
Additional Spending	<u>\$49,448,921</u>	
		\$49,448,921

Administration's Estimated Impact on General Fund Balance

	FY 2007	FY 2008
DBM Estimated Opening Balance (January 2007)	\$1,361.7	\$229.3
Revenue		
Board of Revenue Estimates	\$12,874.0	\$13,452.8
Reserve Fund Transfer and Other Revenue Assumptions	175.9	998.5
Anticipated Legislative Reductions	0.0	20.0
Subtotal	\$13,049.8	\$14,471.3
Spending		
Spending + Deficiency - Reversions and Withdrawn Appropriations	\$14,164.4	\$14,722.9
Contingent Reductions (ICC and HSCRC/MHCC)	0.0	-54.3
Supplemental Budget No. 1	0.0	-14.0
Supplemental Budget No. 2	17.9	31.6
Subtotal	\$14,182.3	\$14,686.2
DBM Estimated Closing Balance (March 2007)	\$229.3	\$14.4

DBM: Department of Budget and Management
 ICC: InterCounty Connector
 HSCRC: Health Services Cost Review Commission
 MHCC: Maryland Health Care Commission

Supplemental Budgets No. 1 and 2
(\$ in Millions)

Spending Affordability Impact

<u>Funds</u>	<u>2006 Session</u>	<u>2007 Session</u>	<u>\$ Change</u>	<u>% Change</u>
General	\$13,286.6	\$14,471.1	\$1,184.5	8.92%
Special	3,261.8	3,472.4	210.6	6.46%
Higher Education	1,805.7	1,871.0	65.3	3.62%
Estimated Budget Growth	\$18,354.0	\$19,814.5	\$1,460.5	7.96%
SAC Limit	\$18,354.0	\$19,804.0	\$1,450.0	7.90%
Over (Under) Limit			\$10.5	0.06%

SAC: Spending Affordability Committee

Supplemental Budget No. 2 – Additional Spending

	<u>FY 2007</u>	<u>FY 2008</u>	<u>New PINS</u>
Executive Department – Governor	\$470,000		
Department of Disabilities – Federal Funds	42,751		
Boards, Commissions, and Offices	28,000		
Governor’s Office for Children – Federal Funds		\$1,048,022	
State Board of Elections		-1,343,074	
Department of Planning		339,072	5
Maryland Insurance Administration – MD Health Insurance Plan		15,000,000	
State Treasurer’s Office – Reimbursable Funds		247,053	5
Dept. of Budget and Management – CHESSIE/Telephone Relay		5,680,000	
Department of Transportation		4,025,791	
Department of Natural Resources – Fund Swap		-	
Department of Agriculture	600,000		
Department of Health and Mental Hygiene		9,537,920	4
Department of Human Resources – CHESSIE		1,700,000	
Department of Public Safety and Correctional Services	7,000,000	7,600,000	
Maryland State Department of Education	6,666,716	9,174,642	
University of Maryland University College		30,000,000	
Maryland Higher Education Commission		81,809	
Department of Housing and Community Development		6,000,000	
Department of Business and Economic Development	800,000		
Department of Juvenile Services	10,800,000	10,756,000	55
Total	\$26,407,467	\$99,847,235	69
General Funds	\$17,898,000	\$31,550,921	
Special Funds	870,000	30,415,591	
Federal Funds	7,639,467	7,633,670	
Reimbursable Funds		247,053	
Higher Education Funds		30,000,000	

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		Executive Department – Governor							
3	1	Fiscal 2007 deficiency to fund leave payouts for staff in the Governor's office			\$470,000				
		Department of Disabilities							
3	2	Fiscal 2007 deficiency recognizing the availability of federal funds for assistive technology and research					\$42,751		
		Boards, Commissions, and Offices							
3	3	State Ethics Commission – fiscal 2007 deficiency for leave payout to departing executive director			28,000				
		Governor's Office for Children							
3	4	Safe and Drug-Free Schools and Communities Grant					1,048,022		
		State Board of Elections							
4	5	Reduce funds for lease payments to recognize savings			-1,343,074				
		Department of Planning							
4	6	Reestablish Office of Smart Growth	Reject	No cut	339,072				
		Maryland Insurance Administration							
4	7	Projected Maryland Health Insurance Plan enrollment increases				\$15,000,000			
		State Treasurer's Office							
5	8	Add five positions for a Tort Litigation Unit		Reject					\$247,053

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Department of Budget and Management									
5	9	Fund Telephone Relay contracts				2,380,000			
5	10	Major IT Funds for modifications/enhancements to MD CHESSIE				3,300,000			
Department of Transportation									
6	11	Fund operation and maintenance expenses at World Trade Center facility				4,025,791			
Department of Natural Resources									
6	12	Decrease reliance on special funds for Wildlife Protection and Management			228,838	-228,838			
6	13	Decrease reliance on special funds for Natural Resources Police			91,362	-91,362			
Maryland Department of Agriculture									
7	14	Fiscal 2007 deficiency for gypsy moth suppression program. General funds replace lost federal dollars			600,000				
DHMH – Developmental Disabilities Administration									
7	15	Additional operating funds for Rosewood Center		Add budget bill language	1,530,000				
DHMH – Deputy Secretary for Health Care Financing									
7	16	Implement Money Follows the Person demonstration program		Add budget bill language	1,000,000		1,000,000		

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DHMH – Medical Care Programs Administration									
8	17-18	Expand eligibility for the Maryland Children's Health Program from 300% to 400% of poverty level and add 4 positions. Funds are contingent upon legislation			2,092,272	30,000	3,885,648		
Department of Human Resources									
9	19	Funds for modifications/enhancements to MD CHESSIE					1,700,000		
Department of Public Safety and Correctional Services									
9	20	Additional funds for inmate medical contract			7,600,000				
9	21	Fiscal 2007 deficiency for overtime			7,000,000				
Maryland State Department of Education (MSDE) – Headquarters									
9-10	22-23	Fiscal 2007 deficiency for workshops and conferences				220,000	163,261		
10-11	24-29	Fiscal 2007 deficiency for training, grants, and other support costs in various divisions				50,000	4,676,772		
MSDE – Aid to Education									
11	30	Foundation Grant – revised enrollment estimates			679,821				
12	31	Compensatory Education – revised enrollment			122,954				
12	32	Students with Disabilities – revised enrollment			8,337,010				
12	33	Innovative Programs – fiscal 2007 deficiency recognizes availability of federal funds					1,216,411		
12	34	Limited English Proficient – revised enrollment			2,519				

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12	35	Guaranteed Tax Base – revised enrollment			33,422				
13	36	Transportation – revised enrollment estimates			-1,084				
13	37	Science, Mathematics, Education Initiative – fiscal 2007 deficiency recognizes availability of federal funds					340,272		
University of Maryland University College									
13	38	Funds for purchase of Academic Technology Support Building						\$30,000,000	
Maryland Higher Education Commission – Educational Grants									
13	39	Grant to Harry R. Hughes Center for Agro-Ecology, Inc. – funds will support 1.5 positions	Reject	Reject	81,809				
Department of Housing and Community Development – PAYGO									
14	40	Quality Workforce Affordable Housing				3,500,000			
14	41	Homeownership Downpayment and Settlement Expense Program				1,000,000			
14	42	Accessible homes for senior citizens				1,500,000			
Department of Business and Economic Development									
14	43	Maryland Tourism Board – fiscal 2007 deficiency for printing of Calendar of Events, Destination Maryland, and advertising	Reject	Reject – add budget bill language		600,000			
14	44	Maryland Arts Council – fiscal 2007 deficiency					200,000		
Department of Juvenile Services									
15	45	Reform plan			500,000				

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15	46	Install modular health services buildings at Cheltenham and Hickey	Reduce \$400,000	Reduce \$400,000	1,000,000				
15	47	Rehabilitate and stabilize historic structures on North Gay Street in Baltimore	Reject	Reject	356,000				
15	48	Overtime and other expenses associated with response to fatality at Bowling Brook Academy			120,000				
16	49	Three positions and operating expenses for vocational education program at Cheltenham			294,064				
16	50	Nine resident advisor positions and other expenses to improve staffing ratios and reduce overtime at Baltimore City Juvenile Justice Center			358,177				
16	51	Ten resident advisor positions and other expenses to improve staffing ratios and reduce overtime at Cheltenham			404,513				
17	52	Fiscal 2007 deficiency for overtime			2,300,000				
17	53	One resident advisor position and other expenses to improve staffing ratios and reduce overtime at Waxter Center			39,797				
17	54	Three resident advisor positions and other expenses to improve staffing ratios and reduce overtime at Hickey School			118,931				
18	55	Fund either per-diem placements or a hardware secure committed facility			6,800,000				

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18	56	22 new positions for health services division to provide support staff at health centers, substitute for nursing services contracts, and enhance dental services			605,936				
18	57-58	Fiscal 2007 deficiency for per-diem placements			7,380,000		1,000,000		
19	59	Seven resident advisor positions and other expenses to improve staffing ratios and reduce overtime at Noyes Center			278,582				
		Total			\$49,448,921	\$31,285,591	\$15,273,137	\$30,000,000	\$247,053

Amendments

19	No. 1	Technical amendment revising amount for Students with Disabilities Formula							
19	No. 2	Expands use of deficiency for State Board of Elections to include litigation expenses							
19	No. 3	Adds Patapsco Valley State park – Greenway Trail Project to list of Program Open Space projects and provides \$400,000 for the project. Also increases funding for Natural Resource Police Facility at Sandy Point State Park by \$1.6 million. Funds for unspecified land acquisitions are reduced by \$2 million to fund these changes.							
19	No. 4	Technical amendment adding Center for Agro-Ecology to list of educational grant recipients	Reject	Reject					

D40W
Department of Planning

Reduce appropriation for the purposes indicated:

	<u>Amount</u> <u>Reduction</u>		<u>Position</u> <u>Reduction</u>
1. Delete funding for the re-establishment of the Office of Smart Growth. The Maryland Department of Planning is capable of absorbing the proposed activities into its operations without additional funding.	\$ 339,072	GF	5.00

E20B
State Treasurer’s Office

- 1. Strike the following language:

~~In addition to the appropriation shown on page 26 of the printed bill (first reading file bill), to provide funds to be used for establishing a Tort Litigation Unit.~~

Personnel Detail:		
Asst. Attorney Gen VII	3.00	173,844
Treasury Spec. IV	2.00	-74,190
Fringe Benefits		-85,904
Turnover Expectancy		-86,885
Object .01 Salaries, Wages and Fringe Benefits		247,053

~~Funds are appropriated in other agency budgets to pay for services provided by this program. Authorization is granted to use these receipts as special funds for operating expenses in this program~~

Explanation: The need to create additional Assistant Attorneys General positions has not been demonstrated. This reduction is intended to help limit the growth in State positions.

M00M
Developmental Disabilities Administration

1. Add the following language to the general fund appropriation:

, provided that \$1,530,000 of this appropriation for Rosewood State Residential Center may not be expended until the Department of Health and Mental Hygiene submits a detailed plan on how the funds will be spent. The budget committees shall have 45 days to review and comment.

Explanation: This language restricts \$1,530,000 until the Department of Health and Mental Hygiene submits a detailed plan on how it plans to spend the additional operating funds for Rosewood State Residential Center.

Information Request	Author	Due Date
Plan to spend additional operating funds at Rosewood	DHMH	45 days prior to the expenditure of funds

M00P
Deputy Secretary for Health Care Financing

1. Add the following language:

Provided that this \$2,000,000 appropriation to implement the Money Follows the Person demonstration program may not be expended until the Department of Health and Mental Hygiene submits a detailed outline of how the planning funds will be expended. The budget committees shall have 45 days to review and comment.

Explanation: This language restricts \$2,000,000 until the Department of Health and Mental Hygiene (DHMH) submits a detailed outline on how it plans to spend the Money Follows the Person planning funds.

Information Request	Author	Due Date
Expenditure of Money Follows the Person planning funds	DHMH	45 days prior to the expenditure of funds

R62I
Maryland Higher Education Commission

R62I00.07 Educational Grants

Amount
Reduction

- 1. Delete funds for grant to Harry R. Hughes Center for Agro-Ecology Inc. The University of Maryland, College Park should fund within its existing budget.

81,809 GF

T00
Department of Business and Economic Development

Division of Tourism, Film and the Arts

T00G00.03 Maryland Tourism Board

Reduce the appropriation for the purposes indicated:

	<u>Amount Reduction</u>
1. Reduce Tourism Board funds.	600,000 SF

Add the following language:

It is the intent of the General Assembly that the Maryland Tourism Board process a budget amendment immediately to provide a grant for operations support at the Maryland Zoo in Baltimore. The General Assembly intends for the grant to be provided immediately because of cash flow problems at the zoo.

Explanation: This language directs the department to immediately request a transfer of funds from the Tourism Board to support operating expenditures for the Maryland Zoo in Baltimore.

V00D02.01
Department of Juvenile Services

Supplemental Budget No. 2, Item 46

	<u>Amount</u> <u>Reduction</u>	
1. Reduce funds for the installation of modular health services buildings at Cheltenham and the Hickey School. The proposed modular buildings are part of the proposed improvements at these two facilities related to a prior Civil Rights of Institutionalized Persons Act investigation of these two facilities and a subsequent agreement between the U.S. Department of Justice and the Department of Juvenile Services (DJS). The proposed funding of \$1 million is an estimate for site preparation and the purchase of modular buildings. The reduction is based on recent costs of site preparation at DJS facilities and savings from leasing rather than purchasing the buildings.	400,000	GF

V00D02.01
Department of Juvenile Services

Supplemental Budget No. 2, Item 47

	<u>Amount</u>	
	<u>Reduction</u>	
1. Delete funds for the rehabilitation and stabilization of three structures owned by the Department of Juvenile Services (DJS) adjacent to the Baltimore City Juvenile Justice Center (BCJJC). As requested by the legislature, DJS is in the process of preparing plans for the substantial expansion of educational space at BCJJC (this expansion is included in the Capital Improvement Program beginning in fiscal 2009). The expansion will result in the displacement of existing tenants at BCJJC. Since the rationale for the BCJJC was as a “one-stop shop” for youth in the juvenile justice system from that area, re-locating those displaced tenants as closely as possible to the current building needs to be considered. As such, DJS should evaluate what it wants to do with these adjacent structures in the context of developing that plan.	356,000	GF