
Quick Look at the Fiscal 2010 Budget

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Quick Look at the Fiscal 2010 Budget

Financial Aspects – Operating Budget

- Proposed general fund appropriations are \$14.4 billion. This amount is 1.3% less than fiscal 2009 and \$1.5 billion less than the Department of Legislative Services current services baseline estimates for fiscal 2010.
- General fund appropriations assume \$449 million in reductions, primarily to mandated funding, that are contingent on legislation. The larger reductions involve level funding community colleges and aid to private colleges, reducing several K-12 education formulas, shifting property assessment costs to the counties, and redirecting Regional Greenhouse Gas Initiative funds for low income energy assistance.
- The budget assumes \$350 million in federal stimulus funds to support Medicaid spending. Federal funds increase 7.6% overall.
- The estimated fiscal 2009 general fund budget shortfall of almost \$400 million is resolved through additional spending reductions (\$208 million) and fund transfers (\$619 million) resulting in a \$424 million fund balance available for fiscal 2010. The largest transfer is \$366 million from the local income tax refund reserve.
- Fiscal 2010 appropriations total \$31.6 billion, a 2.5% increase over fiscal 2009. State funded appropriations as measured for spending affordability, however, actually decline.
- Proposed general fund expenditures for fiscal 2010 exceed current revenues by over \$600 million, offset by draw down of fund balances. Under the Administration's forecast, out-year funding gaps of \$600 million to \$700 million remain.
- At the end of fiscal 2010, the general fund balance will be \$46 million, and an additional \$687 million in reserves will reside in the Rainy Day fund.
- A Budget Reconciliation and Financing Act is required to realize \$414 million in budget savings and \$646 million in general fund (mostly one-time) revenue.
- State positions decrease a net of 1,175 resulting in a total of 80,081 which is below the position cap of 80,247 recommended by the Spending Affordability Committee.

Financial Aspects – Capital Budget

- The State's capital improvement program totals \$3.2 billion. This includes \$1.1 billion in general obligation bonds, \$107 million in revenue bonds, \$1.6 billion for transportation, and \$332 million in pay-as-you-go funds in the operating budget.
- Bonds (\$218 million) are utilized for programs and projects previously programmed with operating funds such as the InterCounty Connector and Medevac helicopter replacement.
- The six-year transportation capital program has been scaled back about \$2 billion from last year's program.

Funding in Budget

- Medicaid funding totals \$5.7 billion, and there are funds to maintain the expansion of benefits to low-income parents. Further expansion of the program, however, is deferred.
- Education aid in fiscal 2010 totals \$5.4 billion – decreases in various programs totaling \$71 million (-1.5%) are offset by fully funding teachers' retirement costs (\$137 million increase).
- Public four-year higher education institutions receive \$1.2 billion in general funds, including monies to enable the University System of Maryland to freeze undergraduate in-state tuition for the fourth straight year.
- Community colleges will receive \$251 million in fiscal 2010, an increase of 2%.
- The budget includes an additional \$39 million for services for individuals with developmental disabilities. Also, community health care providers will receive a 0.9% rate increase.
- In the proposed capital program, there is \$266 million for school construction, \$221 million for higher education projects, \$88 million for community colleges, and \$164 million for Chesapeake Bay restoration. There is \$15 million reserved for legislative initiatives.
- Land preservation programs are fully funded, although at lower levels due to declining transfer tax revenues.

General Fund: Recent History and Outlook
Fiscal 2008-2010
(\$ in Millions)

	Actual <u>2008</u>	Working <u>2009</u>	Allowance <u>2010</u>
Funds Available			
Ongoing Revenues	\$13,545	\$13,666	\$13,763
Balances and Transfers	1,430	1,337	677
One-time Generally Accepted Accounting Principles Transfer	0	8	0
Subtotal Funds Available	\$14,975	\$15,011	\$14,440
Appropriations, Deficiencies, and Cost Containment			
Net Ongoing Operating Costs and Deficiencies	\$14,298	\$14,426	\$14,817
One-time Contingent Reductions	0	0	-249
One-time Federal Aid	0	0	-350
PAYGO Capital	27	14	0
Appropriations to Reserve Fund	163	147	176
Subtotal Spending	\$14,488	\$14,587	\$14,394
Cash Balance/Shortfall	\$487	\$424	\$46
Structural			
Balance (Ongoing Revenues Less Operating Costs)	-\$753	-\$760	-\$1,054
Ratio (Ongoing Revenues/Operating Costs)	95%	95%	93%
Reserve Fund Activity			
Appropriations to Rainy Day Fund	\$163	\$147	\$176
Transfers to General Fund	-978	-170	-210
Estimated Rainy Day Fund Balance – June 30	\$685	\$693	\$687
Total Cash (Rainy Day, General Fund Balance)	\$1,172	\$1,117	\$733

PAYGO: pay-as-you-go

State Expenditures – General Funds
(\$ in Millions)

<u>Category</u>	<u>Actual FY 2008</u>	<u>Work. Appr. FY 2009</u>	<u>Cost Containment</u>	<u>Adjusted Work. Appr. FY 2009</u>	<u>Allowance FY 2010</u>	<u>Contingent Reductions</u>	<u>Adjusted Allowance FY 2010</u>	<u>FY 2009 to FY 2010 \$ Change % Change</u>	
Debt Service	\$29.3	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	n/a
Aid to Local Governments									
County/Municipal	\$241.7	\$214.7	\$0.0	\$214.7	\$214.0	\$0.0	\$214.0	-\$0.7	-0.3%
Community Colleges	241.7	254.7	8.2	246.5	301.3	49.9	251.4	4.9	2.0%
Education/Libraries	5,223.0	5,443.0	44.2	5,398.8	5,490.9	114.0	5,376.9	-21.9	-0.4%
Health	67.0	67.5	10.1	57.4	57.4	0.0	57.4	0.0	0.0%
Subtotal	\$5,773.4	\$5,979.8	\$62.5	\$5,917.3	\$6,063.6	\$163.9	\$5,899.7	-\$17.6	-0.3%
Entitlements									
Foster Care Payments	\$246.3	\$243.0	\$0.0	\$243.0	\$249.6	\$5.5	\$244.1	\$1.1	0.5%
Assistance Payments	33.7	34.2	0.0	34.2	35.5	0.0	35.5	1.3	3.8%
Medical Assistance	2,214.5	2,301.6	0.0	2,301.6	2,076.9	37.0	2,039.9	-261.7	-11.4%
Property Tax Credits	56.3	59.3	0.0	59.3	61.0	0.0	61.0	1.8	3.0%
Subtotal	\$2,550.9	\$2,638.1	\$0.0	\$2,638.1	\$2,423.1	\$42.6	\$2,380.5	-\$257.5	-9.8%
State Agencies									
Health	\$1,369.5	\$1,399.2	\$0.0	\$1,399.2	\$1,450.7	\$18.9	\$1,431.8	\$32.7	2.3%
Human Resources	295.7	312.9	21.7	291.2	335.8	37.2	298.6	7.4	2.5%
Systems Reform Initiative	38.7	37.4	6.7	30.7	32.6	0.0	32.6	1.9	6.2%
Juvenile Services	266.7	265.8	0.0	265.8	266.1	0.8	265.3	-0.5	-0.2%
Public Safety/Police	1,215.6	1,261.1	0.0	1,261.1	1,291.4	16.7	1,274.7	13.7	1.1%
Higher Education	1,129.5	1,149.6	0.0	1,149.6	1,242.9	4.4	1,238.5	89.0	7.7%
Other Education	386.6	401.1	0.0	401.1	408.2	18.5	389.7	-11.4	-2.9%
Agric./Natl. Res./Environment	146.6	125.9	0.0	125.9	130.1	6.5	123.6	-2.3	-1.8%
Other Executive Agencies	566.3	563.2	1.1	562.1	593.6	46.0	547.7	-14.4	-2.6%
Legislative	70.8	76.4	0.0	76.4	76.7	0.3	76.4	0.0	0.0%
Judiciary	343.8	374.7	5.6	369.1	400.8	1.1	399.6	30.5	8.3%
OPEB	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n/a
Across-the-board Reductions	0.0	0.0	97.8	-97.8	-85.6	14.8	-100.4	-2.6	2.7%
Subtotal	\$5,929.9	\$5,967.2	\$132.9	\$5,834.3	\$6,143.2	\$165.1	\$5,978.1	\$143.8	2.5%
Subtotal	\$14,283.5	\$14,585.1	\$195.4	\$14,389.7	\$14,630.0	\$371.6	\$14,258.4	-\$131.3	-0.9%
Capital/Heritage Reserve Fund	41.9	28.4	4.7	23.7	14.8	14.7	0.1	-23.6	-99.7%
Transfer to MDTA	0.0	65.0	0.0	65.0	63.0	63.0	0.0	-65.0	-100.0%
Reserve Funds ⁽¹⁾	162.8	146.5	0.0	146.5	175.7	0.0	175.7	29.2	19.9%
Appropriations	\$14,488.2	\$14,825.0	\$200.1	\$14,624.9	\$14,883.5	\$449.3	\$14,434.2	-\$190.7	-1.3%
Reversions	0.0	-30.0	8.4	-38.4	-40.2	0.0	-40.2	-1.9	4.9%
Grand Total	\$14,488.2	\$14,795.0	\$208.5	\$14,586.5	\$14,843.2	\$449.3	\$14,393.9	-\$192.6	-1.3%

BPW: Board of Public Works
MDTA: Maryland Transportation Authority
OPEB: Other Post Employment Benefits

Note: The fiscal 2009 working appropriation includes \$92.8 million in deficiencies. Fiscal 2009 cost containment includes \$54.5 million in targeted reversions and \$153.9 million in future BPW actions. Fiscal 2010 cost containment includes \$10.2 million in targeted reversions, \$449.3 million in reductions contingent on legislation, \$60.6 million in various personnel-related reductions, and \$25 million in savings from contract renegotiations.

⁽¹⁾ Excludes \$65 million in fiscal 2009 and \$63 million in fiscal 2010 appropriated to the Dedicated Purpose Account that is to be transferred to line. Also excludes \$100 million in fiscal 2008 for OPEB costs which are included under the State agencies.

State Aid by Governmental Entity and Program

State Funds (\$ in Millions)

	<u>FY 2009</u>	<u>FY 2010</u>	<u>Difference</u>	<u>Percent Difference</u>
Public Schools				
Foundation Program	\$2,781.0	\$2,758.1	-\$22.9	-0.8%
Supplemental Grant	\$36.6	\$33.3	-3.3	-9.0%
Compensatory Aid	914.4	940.7	26.3	2.9%
Student Transportation	225.1	242.3	17.3	7.7%
Special Education – Formula	272.7	268.4	-4.3	-1.6%
Special Education – Nonpublic	127.6	80.6	-47.1	-36.9%
Limited English Proficiency	143.9	148.6	4.7	3.3%
Guaranteed Tax Base	89.9	63.8	-26.1	-29.0%
Geographic Cost of Education Index	37.9	37.9	0.0	0.1%
Other Education Programs	88.4	72.6	-15.7	-17.8%
Subtotal Direct Aid	\$4,717.5	\$4,646.5	-\$71.0	-1.5%
Retirement Payments	621.8	759.1	137.3	22.1%
Total Public School Aid	\$5,339.3	\$5,405.6	\$66.3	1.2%
Libraries				
Library Aid Formula	\$34.5	\$32.6	-\$2.0	-5.7%
State Library Network	16.4	15.6	-0.7	-4.6%
Subtotal Direct Aid	\$50.9	\$48.2	-\$2.7	-5.3%
Retirement Payments	12.9	15.3	2.4	18.4%
Total Library Aid	\$63.8	\$63.4	-\$0.3	-0.5%
Community Colleges				
Community College Formula	\$194.5	\$194.5	\$0.0	0.0%
Other Programs	27.9	27.7	-0.2	-0.6%
Subtotal Direct Aid	\$222.4	\$222.2	-\$0.2	-0.1%
Retirement Payments	24.2	29.2	5.1	20.9%
Total Community College Aid	\$246.5	\$251.4	\$4.9	2.0%
Local Health Grants	\$57.4	\$57.4	\$0.0	0.0%
County/Municipal Aid				
Transportation	\$487.4	\$487.1	-\$0.3	-0.1%
Public Safety	108.4	111.3	2.9	2.7%
Program Open Space/Critical Areas	20.7	9.9	-10.9	-52.4%
Disparity Grant	115.5	121.4	5.9	5.1%
Other Grants	16.6	9.6	-6.9	-41.8%
Subtotal Direct Aid	\$748.6	\$739.4	-\$9.2	-1.2%
Retirement Payments	2.2	2.5	0.3	12.7%
Total County/Municipal Aid	\$750.8	\$741.9	-\$8.9	-1.2%
Total State Aid	\$6,457.8	\$6,519.7	\$61.9	1.0%

State Aid to Local Governments – Comparison by Per Capita Aid and Annual Growth Fiscal 2009 and 2010

County	Fiscal 2009	Fiscal 2010	Difference	Percent Difference	Per Capita State Aid		Annual Growth in State Aid	
	Appropriation	Allowance						
Allegany	\$117,344,983	\$118,604,112	\$1,259,129	1.1%	1. Baltimore City	\$1,879	1. Montgomery	7.7%
Anne Arundel	407,037,748	413,119,560	6,081,812	1.5%	2. Caroline	1,721	2. Wicomico	6.7%
Baltimore City	1,203,953,648	1,197,879,557	-6,074,091	-0.5%	3. Allegany	1,634	3. Worcester	4.5%
Baltimore	697,658,831	700,948,009	3,289,178	0.5%	4. Wicomico	1,579	4. Howard	3.8%
Calvert	108,912,922	111,574,922	2,662,000	2.4%	5. Somerset	1,414	5. Talbot	3.6%
Caroline	56,988,393	56,640,069	-348,324	-0.6%	6. Garrett	1,395	6. Somerset	3.1%
Carroll	188,314,925	188,561,222	246,297	0.1%	7. Dorchester	1,378	7. Washington	2.6%
Cecil	126,122,212	126,941,445	819,233	0.6%	8. Charles	1,368	8. Calvert	2.4%
Charles	189,724,737	192,151,035	2,426,298	1.3%	9. Prince George's	1,332	9. Queen Anne's	2.3%
Dorchester	44,164,502	43,885,474	-279,028	-0.6%	10. Cecil	1,273	10. Frederick	1.5%
Frederick	263,641,736	267,692,383	4,050,647	1.5%	11. Washington	1,266	11. Anne Arundel	1.5%
Garrett	41,327,845	41,322,234	-5,611	0.0%	12. Calvert	1,265	12. Charles	1.3%
Harford	272,287,007	273,872,307	1,585,300	0.6%	13. Frederick	1,191	13. Allegany	1.1%
Howard	274,716,638	285,094,593	10,377,955	3.8%	14. St. Mary's	1,180	14. Cecil	0.6%
Kent	16,606,619	16,439,197	-167,422	-1.0%	15. Harford	1,141	15. Harford	0.6%
Montgomery	663,380,911	714,574,731	51,193,820	7.7%	16. Carroll	1,114	16. Baltimore	0.5%
Prince George's	1,117,434,068	1,104,028,710	-13,405,358	-1.2%	17. Howard	1,042	17. Carroll	0.1%
Queen Anne's	44,202,164	45,233,314	1,031,150	2.3%	18. Queen Anne's	971	18. Garrett	0.0%
St. Mary's	118,790,084	118,401,884	-388,200	-0.3%	19. Baltimore	888	19. St. Mary's	-0.3%
Somerset	35,658,435	36,774,931	1,116,496	3.1%	20. Kent	822	20. Baltimore City	-0.5%
Talbot	20,489,957	21,231,678	741,721	3.6%	21. Anne Arundel	807	21. Caroline	-0.6%
Washington	178,975,051	183,685,901	4,710,850	2.6%	22. Montgomery	768	22. Dorchester	-0.6%
Wicomico	138,519,175	147,775,703	9,256,528	6.7%	23. Worcester	705	23. Kent	-1.0%
Worcester	33,322,421	34,806,752	1,484,331	4.5%	24. Talbot	587	24. Prince George's	-1.2%
Unallocated	98,195,378	78,431,861	-19,763,517	-20.1%				
Total	\$6,457,770,390	\$6,519,671,584	\$61,901,194	1.0%	Statewide Average	\$1,160	Statewide Average	1.0%