
Considering Mandate Reform

**Presentation to the
House Committee on Appropriations**

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Mandates vs. Entitlements

- Entitlements are legal commitments to provide certain benefits to all qualifying individuals or groups.
- Mandates are legal commitments that require the Governor to include certain levels of funding for specific programs and purposes in the budget.

Focusing on Mandates

- The master list can be broken into categories:
 - Entitlements
 - Mandates that are constitutionally required
 - Mandates that comply with federal law or are part of an intergovernmental agreement
 - Mandates that promote sound fiscal policy
 - Mandates that establish funding requirements that would otherwise be discretionary
- This discussion will focus on this last category of mandate.

Characteristics of Mandates

- Mandates may:
 - specify an exact or minimum dollar amount;
 - be recalculated every year based on factors other than the prior year's appropriation;
 - contain an automatic inflation adjuster;
 - be linked to other formulas for policy reasons; and
 - establish a phased-in enhancement of funding over time.

Specified Amount or Minimum

- Electric Generating Equipment
- Rural Legacy
- Agriculture Land Preservation
- Heritage Conservation Fund
- Program Open Space
- Share the State Fair
- PTA Matching Grants
- Instructional Materials for Blind and Disabled Students
- Maryland Infants and Toddlers Program
- Adult External High School Education Program
- County Library Capital Grants
- National Board Certified Teacher Pilot Program
- Small Business Development Center Network (University of Maryland, College Park)
- College Preparation Intervention Program
- Scholarships – Legislative, Need-based, Distinguished Scholar
- Rural Broadband Assistance Fund
- Maryland Tourism Development Fund
- Mid-Shore and Tri-County Regional Councils

Annual Recalculation

- Disparity Grants
- Circuit Court Law Clerks
- Local Highway User Revenue Grants
- Local Police Aid Formula
- State Payments for Teacher, Library, and Community College Retirement
- Local Public Library Grants
- Guaranteed Tax Base Program
- Various “Per Pupil” Education Formulas
- ESOL Grants to Community Colleges
- Cade Community College Formula
- Baltimore City Community College (BCCC)
- Sellinger Grants to Private Higher Education

Automatic Inflation Adjusters

- Aging Schools Grant
- Local Health Services Grant
- Child Abuse and Neglect Centers of Excellence
- Foundation Education Aid Grant
- Student Transportation Grant
- St. Mary's College of Maryland
- Maryland State Arts Council

Linked Formulas

- Public Education
 - Per pupil foundation amount affects compensatory education, special education, and limited English proficiency grants.
 - Per pupil foundation amount affects grants to the Maryland School for the Blind and Maryland School for the Deaf.
- Higher Education
 - Prior year funding at selected public four-year institutions affects formulas for Cade, Sellinger, BCCC, and small community colleges grants.

Phased-in Enhancement

- Cade Community College Formula
- Baltimore City Community College
- Local Public Libraries and Regional Resource Centers
- Maryland Agriculture and Resource-Based Industry Development Corporation (MARBIDCO)
- Soil Conservation District Grants

Objectives of Mandate Reform

- To enhance budget flexibility and allow for greater responsiveness to fiscal condition:
 - repeal mandates with an absolute dollar amount;
 - avoid the enactment of new mandates;
 - remove or defer automatic increases;
 - freeze mandated multi-year enhancements at current levels;
 - review interdependent formulas to ensure intended policy objectives are being met; and
 - configure formulas to capture the current cost of policy decisions (“true up”), to avoid cases where next year’s funding is based on last year’s decision.

Objectives of Mandate Reform (Cont.)

- To establish funding priorities while ensuring that programs and policies are competing fairly for scarce resources:
 - repeal mandates with an absolute dollar amount;
 - remove automatic increases but require that each year's budget be not less than the prior year legislative appropriation; and
 - enact program mandates without creating a mandated funding level.

Objectives of Mandate Reform (Cont.)

- To ensure that the overarching policy objectives are being met:
 - periodically review appropriateness of per-unit amounts used in formula calculations for policy and fiscal considerations;
 - periodically review interdependent formulas to ensure that the intended policy objectives are being met; and
 - include a sunset provision in all mandates, requiring evaluation before reauthorization.

Connecting the Dots Between Potential Reductions and Mandate Reform

Potential Reduction Item		Enhance Budget Flexibility
(1)	Defer inflationary increase for Thornton formulas	Remove or defer automatic increases
(3)	Eliminate electric Utility Generating Property Tax Grant	Repeal mandates with an absolute dollar amount
(4)	Divert Program Open Space to State Park Service	Modify existing mandate
(5)	Level fund public higher education (St. Mary's College of Maryland)	Remove or defer automatic increases
(11)	Defer enhancement to community college funding	Freeze mandated multi-year enhancements; possibly configure formulas to "true up"
(13)	Level fund grants to private higher education	Remove or defer automatic increases; possibly configure formulas to "true up"
(14)	Defer inflationary adjustment to student transportation grants	Remove or defer automatic increases
(16)	Defer additional enhancement to public libraries formula	Freeze mandated multi-year enhancements
(17)	Defer inflationary adjustment to local health department grants	Remove or defer automatic increases

Connecting the Dots Between Potential Reductions and Mandate Reform (Cont.)

Potential Reduction Item		Enhance Budget Flexibility
(18)	Level fund Maryland State Arts Council grants	Remove or defer automatic increases
(19)	Eliminate mandate for Maryland Legal Services Corporation	Repeal mandates with an absolute dollar amount
(20)	Defer enhancement of circuit court lease payments	Remove or defer automatic increases
(21)	Level fund MARBIDCO	Freeze mandated multi-year enhancements
(22)	Level fund Soil Conservation Districts	Freeze mandated multi-year enhancements
(23)	Defer inflationary increase to Aging Schools program	Remove or defer automatic increases
(24)	Eliminate mandates for PTA matching grants and Share the State Fair program	Repeal mandates with an absolute dollar amount
(25)	Level fund small community colleges grants	Remove or defer automatic increases; possibly configure formulas to “true up”