
Fiscal Briefing

**Department of Legislative Services
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Overview

**Comparison of Fiscal 2009 Allowance to Baseline Estimates
General Funds
(\$ in Millions)**

	<u>FY 2009</u>
Savings from DLS October Baseline – Special Session Target (HB 1)	-\$550
Additional Expenditures – Special Session Legislation*	<u>45</u>
Net Change from Baseline – Special Session Actions	-505
DLS Baseline Expenditure Estimates – October 2007	15,727
Governor's Allowance – January 2008**	<u>15,218</u>
Difference from Baseline Estimates	-509

*Primarily reflects the cost of expanding access to health care (\$39 million).

**Allowance less \$40.8 million in reductions contingent on the enactment of legislation and \$37 million in anticipated reversions.

- The 2007 special session actions were estimated to reduce the Department of Legislative Services' (DLS) baseline budget forecast by \$505 million. The Governor's proposed general fund budget for fiscal 2009 is \$509 million less than the DLS baseline forecast and therefore is consistent with the 2007 special session actions and the forecast considered by the Spending Affordability Committee in December 2007.

**Reductions from Baseline Expenditure Growth
Fiscal 2009 Allowance
(\$ in Millions)**

Specifically Authorized Reductions – Special Session Legislation	
Freezing Inflation in Education Aid Formulas	-\$172
Eliminating Electric Utility Property Tax Grants	-31
Using Program Open Space Revenues to Maintain State Parks	-17
Eliminating Vacant Executive Branch Positions	-14
Using Health Insurance Fund Balance for Fiscal 2009 Costs	-77
Expanding Use of Real Property Records Fund for Judiciary IT Projects	-7
Fund Medevac Helicopter Replacement from Newly Established Fund (HB 5)	-11
Subtotal – Authorized Reductions	-328
Additional Net Reductions from Baseline	-181
Total Net Reductions from Baseline Estimates	-\$509

Summary of Additional Reductions/Enhancements in Fiscal 2009 Allowance Not Anticipated in DLS Baseline Growth Estimates (\$ in Millions)

Reductions from Baseline Estimates

Medicaid	-\$89	Favorable cost trends, slower phase-out of day limits
Retiree Health Care Liabilities (OPEB)	-69	Baseline assumed \$200 million in general funds
Debt Service	-40	Use special funds – higher estimate of bond premiums
Developmental Disabilities Administration	-24	Provider rate increases lower than baseline/Rosewood closure
Mental Hygiene Administration	-22	Provider increases lower/slower phase-out of day limits
Higher Education Institutions	-19	Utilization of new Higher Education Investment Fund
Foster Care	-15	Maximizing federal funds
Heritage Tax Credit	-10	Level funded; baseline assumed increase to \$25 million
Public Safety Communication System	-10	Substantial fund balance available
Additional Reversions	-10	Allowance assumes \$30 million will be reverted from fiscal 2009
Education Aid – Infants and Toddlers	-8	Level funded; baseline fully funded discretionary formula
Aid to Private Colleges and Universities ¹	-6	Level fund contingent on legislation
Low Income Energy Assistance	-6	Allowance includes \$21.7 million; however, baseline was higher
Library Aid ¹	-3	Reduce mandated increase contingent on legislation
Public Safety – Death Benefit	-3	Less budgeted for military/public safety personnel killed in action
Other Reductions	<u>-9</u>	
Subtotal	-\$343	

Increases Over Baseline Estimates

Geographic Cost of Education Index	\$38	Acceleration of phase-in
InterCounty Connector	32	Baseline assumed \$53 million general fund transfer
Employee/Retiree Health Insurance	29	Higher rate of growth assumed in allowance
Major Information Technology Projects	12	Baseline assumed \$11.5 million; allowance includes \$23.6 million
Division of Correction – North Branch	9	Baseline included lower estimate of new positions required
Education – Assessments	8	Enhanced funding for K-12 assessments
Interagency Fund – Services for Children	8	Higher than anticipated revenues from Medicaid waiver
Judiciary	5	Additional positions beyond baseline estimates
Behavioral Health Services for Veterans	4	Enhanced funding in Mental Hygiene Administration
Baltimore City Convention Center	4	Baseline assumed operating subsidy would sunset per current law
Natural Resources – Fund Replacement	4	Replacing lost special funds per HB 5 of special session.
Annual Salary Review	4	Normally not included in baseline estimates
Parole and Probation – High Risk Offenders	3	Initiative not included in baseline estimates
Human Resources – Children's Legal Services	<u>3</u>	Contract costs higher than anticipated in baseline
Subtotal	\$162	

Total **-\$181**

¹ Contingent upon enactment of the Budget Reconciliation and Financing Act (SB 91/HB 101).

**Operating Budget Affordability Limit
2008 Session
(\$ in Millions)**

<u>Funds</u>	<u>2007 Session</u>	<u>2008 Session</u>	<u>\$ Change</u>	<u>% Change</u>
General	\$14,372.5	\$14,873.8	\$501.3	3.49%
Special	3,570.5	3,882.3	311.8	8.73%
Higher Education	1,932.0	1,937.1	5.1	0.26%
Estimated Budget Growth	\$19,875.0	\$20,693.1	\$818.1	4.12%
SAC Limit	\$19,875.0	\$20,723.6	\$848.7	4.27%
Over (Under) Limit			-30.5	-0.15%

2007 Base Adjustments

- * \$6 million to add Biotech Investment Credit to base.
- * \$136.5 million to reflect special fund deficiencies.

General Fund: Recent History and Outlook
Fiscal 2007-2009
(\$ in Millions)

	<u>Budget</u>	<u>Allowance</u>	
	<u>2007</u>	<u>2008</u>	<u>2009</u>
Funds Available			
Ongoing Revenues	\$12,935	\$13,631	\$14,748
Balances and Transfers	1,395	1,283	646
One-time Generally Accepted Accounting Principles Transfer	154	0	0
Short-term Revenues	6	0	0
Subtotal Funds Available	\$14,489	\$14,913	\$15,394
Appropriations, Deficiencies, and Cost Containment			
Net Ongoing Operating Costs and Deficiencies	\$13,430	\$14,254	\$15,079
One-time Contingent Reductions	0	0	-30
PAYGO Capital	136	27	23
Appropriations to Reserve Fund	638	163	147
Subtotal Spending	\$14,204	\$14,444	\$15,218
Cash Balance/Shortfall	\$285	\$469	\$176
Structural			
Balance (Ongoing Revenues Less Operating Costs)	-\$495	-\$624	-\$331
Ratio (Ongoing Revenues/Operating Costs)	96%	96%	98%
Reserve Fund Activity			
Appropriations to Rainy Day Fund	\$593	\$163	\$147
Transfers to General Fund	0	-978	-125
Estimated Rainy Day Fund Balance – June 30	\$1,432	\$682	\$739
Total Cash (Rainy Day, General Fund Balance)	\$1,717	\$1,151	\$915

PAYGO: Pay-as-you-go

Action at the 2007 Special Session Has Narrowed the General Fund Structural Gap



Fiscal Years

◆ Allowance Spending
 ■ Allowance Revenue
 — BRE Baseline Revenue
 - - Baseline Spending

Revenues

Maryland General Fund Revenues
(\$ in Millions)

Revenue Sources	FY 2007	Baseline BRE Forecast				BRE Forecast with Special Session			
	Actual	FY 2008	% Change	FY 2009	% Change	FY 2008	% Change	FY 2009	% Change
Personal Income Tax	\$6,679.2	\$7,001.4	4.8%	\$7,424.1	6.0%	\$7,035.1	5.3%	\$7,431.6	5.6%
Sales and Use Tax	3,420.1	3,519.1	2.9%	3,674.2	4.4%	3,735.2	9.2%	4,260.2	14.1%
State Lottery	473.1	497.1	5.1%	507.3	2.0%	497.1	5.1%	507.3	2.0%
Corporate Income Tax	589.8	527.0	-10.6%	590.1	12.0%	558.8	-5.3%	673.0	20.4%
Business Franchise Taxes	206.6	209.1	1.2%	206.5	-1.2%	209.1	1.2%	206.5	-1.2%
Tax on Insurance Premiums	283.3	289.6	2.2%	295.8	2.1%	289.6	2.2%	295.8	2.1%
Estate and Inheritance Taxes	224.3	203.0	-9.5%	213.0	4.9%	203.0	-9.5%	213.0	4.9%
Tobacco Tax	278.2	274.2	-1.4%	272.0	-0.8%	393.3	41.4%	451.0	14.7%
Alcohol Beverages Tax	28.7	29.6	3.0%	30.3	2.5%	29.6	3.0%	30.3	2.5%
Motor Vehicle Fuel Tax	13.2	13.4	1.2%	13.6	2.0%	13.4	1.2%	0.0	-100.0%
District Courts	97.0	99.0	2.1%	101.1	2.1%	99.0	2.1%	101.1	2.1%
Clerks of the Court	52.3	46.9	-10.4%	46.3	-1.2%	46.9	-10.4%	46.3	-1.2%
Hospital Patient Recoveries	84.9	86.1	1.3%	86.3	0.2%	86.1	1.3%	86.3	0.2%
Interest on Investments	178.9	122.6	-31.5%	125.0	2.0%	122.6	-31.5%	125.0	2.0%
Miscellaneous	330.5	311.3	-5.8%	320.6	3.0%	313.8	-5.0%	315.8	0.6%
Total	\$12,940.2	\$13,229.3	2.2%	\$13,906.3	5.1%	\$13,632.4	5.3%	\$14,743.1	8.1%

	<u>FY 2008</u>	<u>FY 2009</u>
Baseline	\$13,229.3	\$13,906.3
Legislation from the Special Session:		
Personal Income Tax	33.7	7.5
Sales and Use Tax	216.1	585.9
Corporate Income Tax	31.7	82.9
Tobacco Tax	119.1	179.0
Motor Vehicle Fuel Tax	0.0	-13.6
Miscellaneous	2.5	-4.8
	<u>403.1</u>	<u>836.9</u>
Final Forecast	\$13,632.4	\$14,743.1

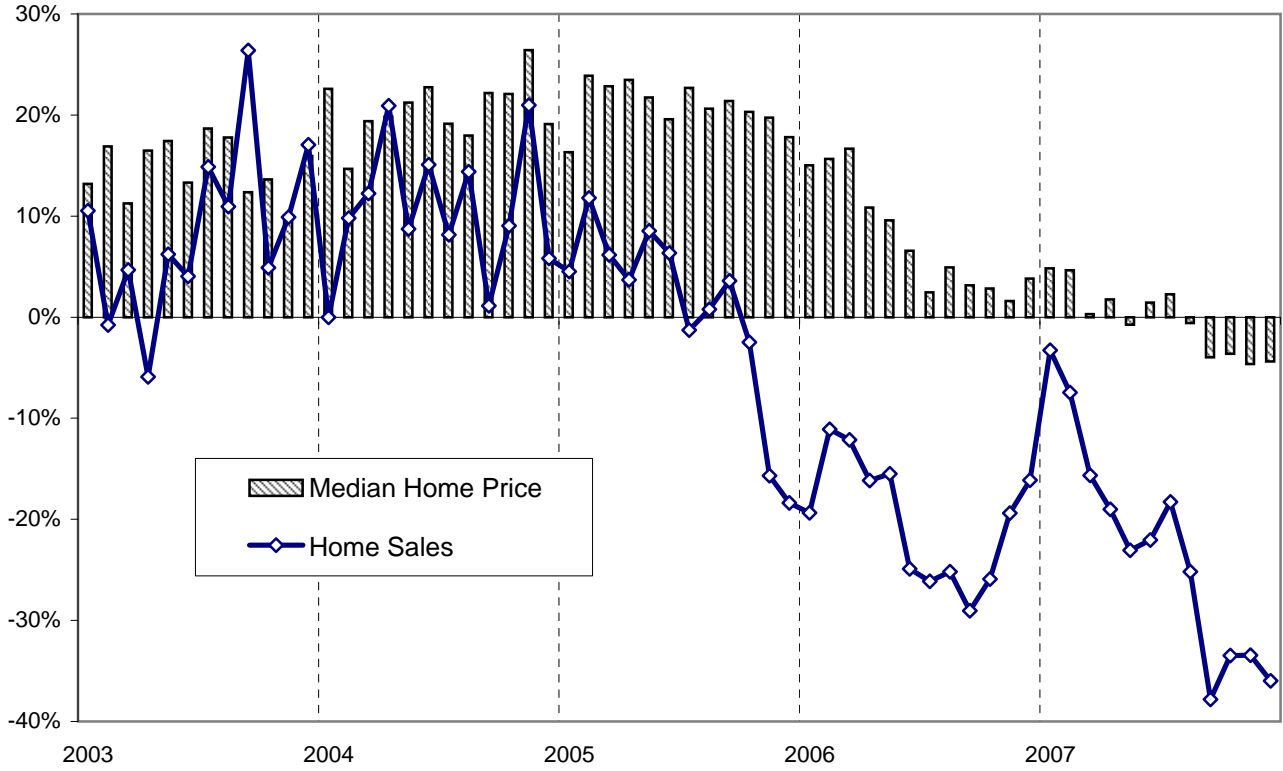
Source: Board of Revenue Estimates (BRE), December 2007

General Fund Revenues: Year-to-date
(\$ in Millions)

<u>Source</u>	<i>Fiscal Year through December</i>			
	<u>FY 2007</u>	<u>FY 2008</u>	<u>\$ Change</u>	<u>% Change</u>
Personal Income Tax	\$2,453.5	\$2,618.4	\$164.9	6.7%
Sales and Use Tax	1,380.1	1,433.8	53.6	3.9%
State Lottery	219.9	240.0	20.1	9.1%
Corporate Income Tax	246.2	170.6	-75.6	-30.7%
Business Franchise Taxes	74.5	78.0	3.5	4.7%
Insurance Premiums Tax	138.6	141.5	2.9	2.1%
Estate and Inheritance Taxes	131.0	134.3	3.3	2.5%
Tobacco Tax	129.3	134.2	5.0	3.8%
Alcohol Beverages Tax	12.1	12.5	0.3	2.5%
Motor Vehicle Fuel Tax	4.5	4.6	0.0	1.1%
District Courts	47.9	46.5	-1.4	-2.9%
Clerks of the Court	27.3	25.5	-1.8	-6.4%
Hospital Patient Recoveries ⁽¹⁾	7.4	6.4	-1.0	-13.3%
Interest on Investments	55.5	46.8	-8.7	-15.7%
Miscellaneous	87.0	104.0	17.0	19.6%
Total Revenues	\$5,014.9	\$5,197.0	\$182.1	3.6%

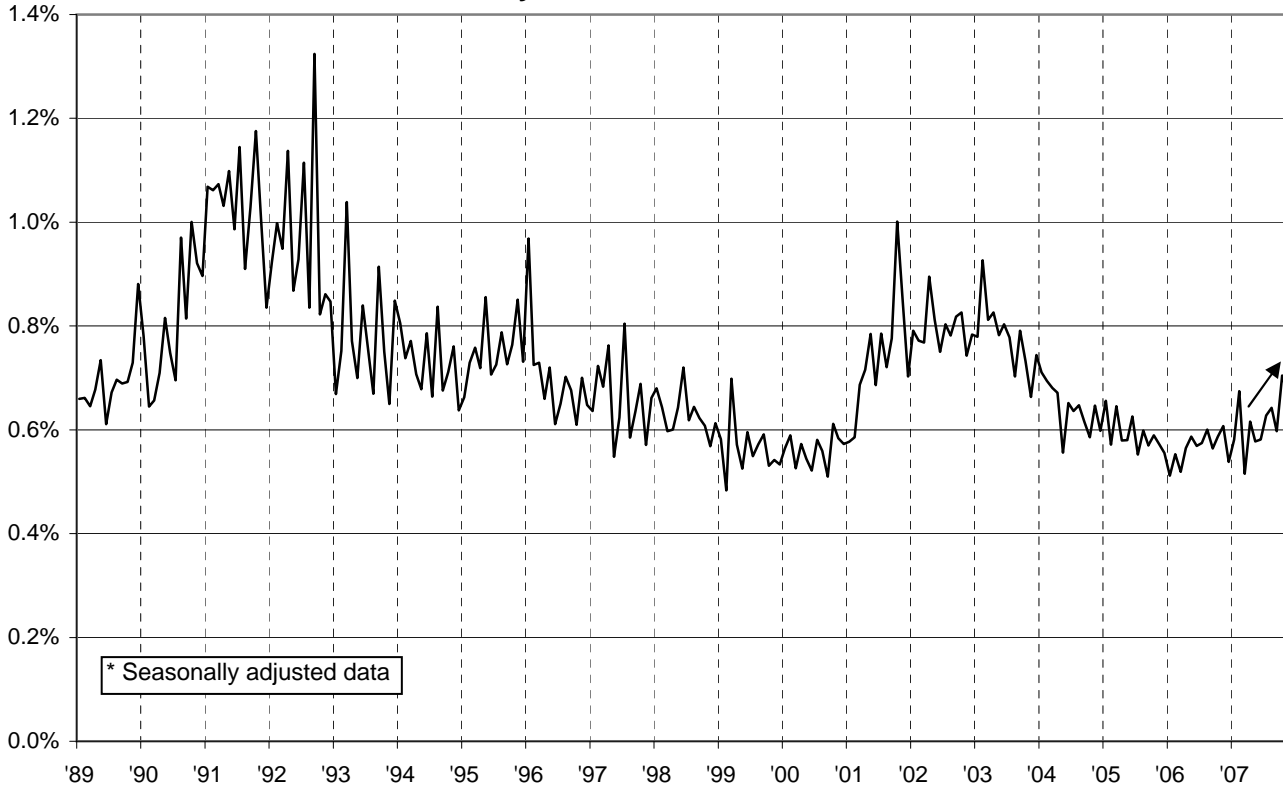
⁽¹⁾ Hospital patient recoveries include insurance, sponsors, and Medicare only.

Maryland Existing Home Sales and Median Home Price* Year-over-year Percent Change



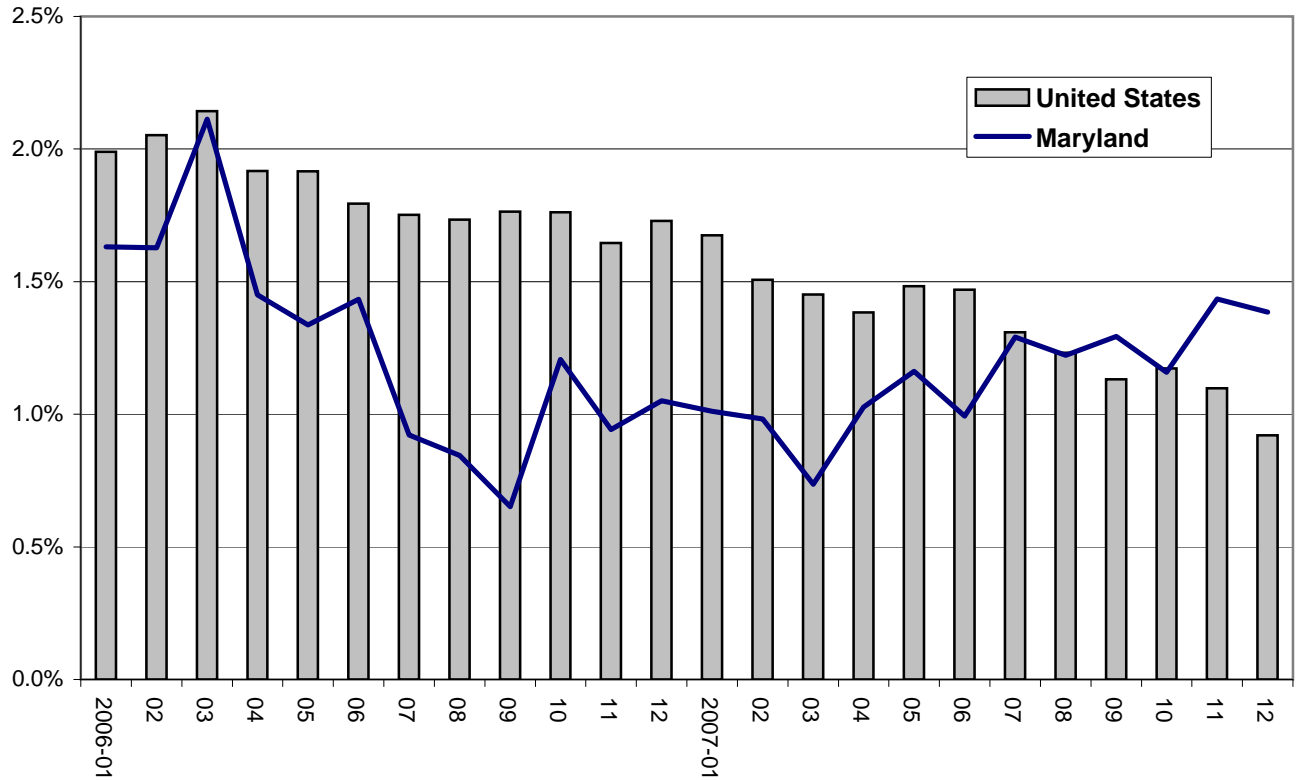
* Data from the Maryland Association of Realtors

Maryland Initial Unemployment Insurance Claims as a Percent of the Labor Force* January 1989 to November 2007

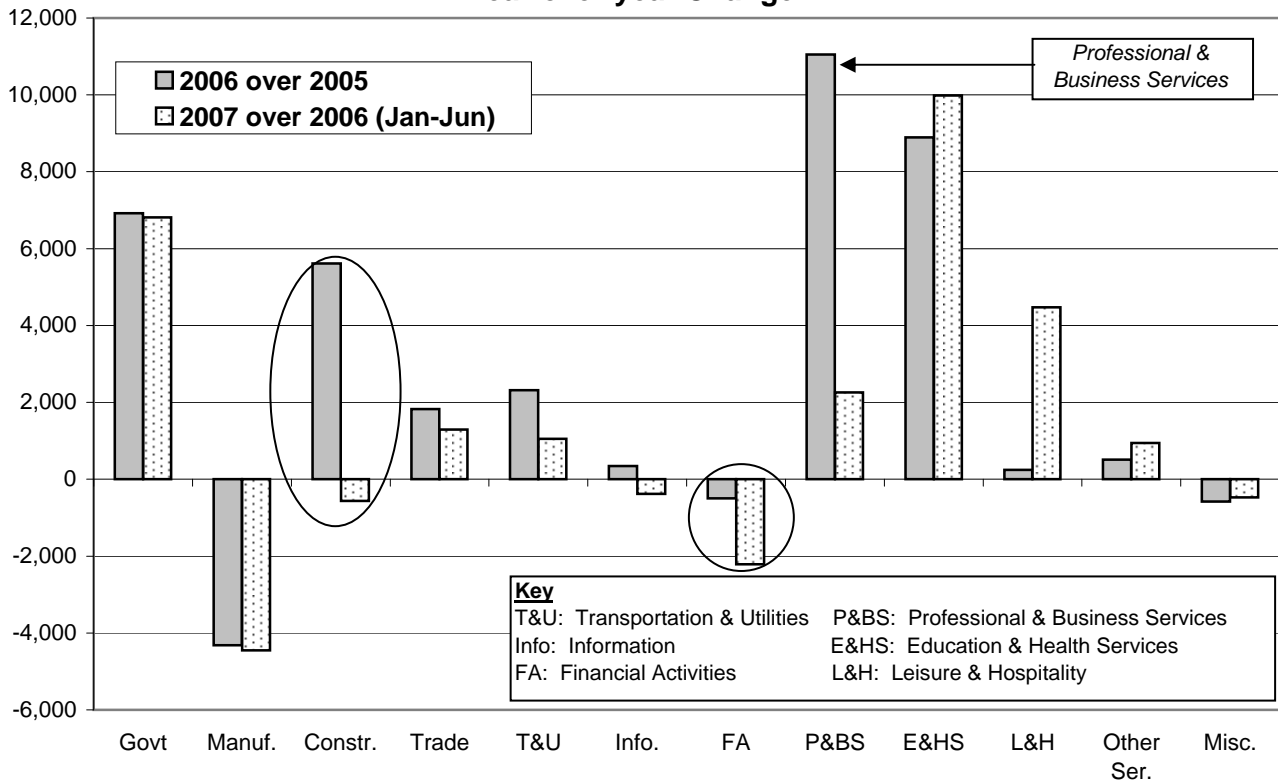


* Seasonally adjusted data

Payroll Employment: January 2006 to December 2007 Year-over-year Percent Change



Maryland Employment by Industry Year-over-year Change*



* Average employment in 2006 compared to the average employment in 2005; average employment for the six-month period January-June for 2007 compared to average employment for January-June 2006.

Spending

Status of the General Fund – Fiscal 2008
(\$ in Millions)

Starting Balance		\$284.7
Revenues		
BRE Estimated Revenue December 2007	\$13,632.4	
Administration Revenue Assumptions	-1.7	
		\$13,630.7
Transfers		
Revenue Stabilization Account	\$978.0	
From Reserve for Heritage and Biotechnology Tax Credits	20.0	
		\$998.0
Funds Available		\$14,913.4
Spending		
Fiscal 2008 Appropriations	\$14,590.9	
BPW July 2007 Withdrawn Appropriations	-128.4	
Deficiencies	60.4	
Targeted Agency Reversions	-48.3	
Estimated Agency Reversions	-30.0	
Net Expenditures		\$14,444.5
Ending Balance		\$468.9

BPW: Board of Public Works

BRE: Board of Revenue Estimates

Status of the General Fund – Fiscal 2009
(\$ in Millions)

Starting Balance		\$468.9
Revenues		
BRE Estimated Revenue December 2007	\$14,743.1	
Administration Revenue Assumptions	4.8	
		\$14,747.9
Transfers		
Revenue Stabilization Account	\$125.0	
DBM Central Collection Unit	25.0 ¹	
From Reserve for Heritage and Biotechnology Tax Credits	27.2	
		\$177.2
Funds Available		\$15,394.0
Spending		
Allowance	\$15,296.5	
Contingent Reductions	-40.8	
Targeted Agency Reversions	-7.3	
Estimated Agency Reversions	-30.0	
Net Expenditures		\$15,218.3
Ending Balance		\$175.7

BRE: Board of Revenue Estimates

DBM: Department of Budget and Management

¹ Contingent upon enactment of the Budget Reconciliation and Financing Act of 2008 (SB 91/HB 101).

Detail – Fiscal 2008 and 2009

	<u>2008</u>	<u>2009</u>
Additional Reversion Assumptions		
Judiciary Cost Containment	\$3,000,000	
Land Records Improvement Fund for Judiciary Major IT		\$7,318,084
Legislature Cost Containment	1,800,000	
Statewide Abolition of 500 Positions	5,000,000	
GOC: Rehabilitation Option Waiver	6,000,000	
IAC: School Wiring Lease Payment	260,000	
Medicaid CHIP Surplus	1,000,000	
Medicaid Surplus	30,000,000	
DLLR Indirect Cost Recovery	1,285,586	
	\$48,345,586	\$7,318,084
 Reductions to Allowance Contingent on Legislation		
Aid to Private Colleges and Universities		\$5,624,749 ¹
MSDE Aid to Libraries		3,387,403 ¹
Circuit Court Rent		500,000 ¹
Drinking Driver Monitor Program Fee Increase		1,400,000 ¹
DPSCS Overtime Based on 12-hour Shift		8,637,744 ²
Medicaid Health Care Reform/Use of Rate Stabilization Fund		14,275,000 ¹
Oral Health Initiative/Use of Rate Stabilization Fund		7,000,000 ¹
	\$0	\$40,824,896
 Adjustments to Revenues		
DHMH Closure of Rosewood Hospital	-\$1,702,923	-\$11,729,782
Reduced Lottery Transfer to Maryland Stadium Authority		1,000,000
DBM Central Collection Unit Uninsured Motorist Penalties		2,000,000
Comptroller Tax Compliance		13,500,000
	-\$1,702,923	\$4,770,218

¹ Items contingent upon enactment of the Budget Reconciliation and Financing Act of 2008 (SB 91/HB 101).

² Items contingent upon enactment of separate legislation.

CHIP: Children's Health Insurance Program

DBM: Department of Budget and Management

DHMH: Department of Health and Mental Hygiene

DLLR: Department of Labor, Licensing, and Regulation

DPSCS: Department of Public Safety and Correctional Services

GOC: Governor's Office for Children

IAC: Interagency Committee on School Construction

IT: Information Technology

MSDE: Maryland State Department of Education

Budget Reconciliation and Financing Act of 2008
SB 91/HB 101
Fiscal 2009 Impact

	<u>General Funds</u>	<u>Special Funds</u>
Revenue		
Transfer from Central Collection Fund to General Fund	\$25,000,000	
Drinking Driver Monitor Program Fee Increase		\$1,400,000
Total Revenue	\$25,000,000	\$1,400,000
 Expenditures		
Special Fund Transfers/Revenues to Replace General Funds*		
From Rate Stabilization Account for Medicaid Health Care Reform	-\$14,275,000	\$14,275,000
From Rate Stabilization Account for Oral Health Initiative	-7,000,000	7,000,000
Drinking Driver Monitor Program	-1,400,000	0
 Mandate Relief		
Aid to Private Colleges and Universities	-\$5,624,749	\$0
Aid to Local Libraries	-3,387,403	0
Circuit Court Rent Payments	-500,000	0
Total Expenditures	-\$32,187,152	\$21,275,000

*The bill also proposes a transfer of \$62 million from the Rate Stabilization Account to the Health Care Coverage Fund for use in fiscal 2010.

State Reserve Fund Activity
Fiscal 2008 and 2009
(\$ in Millions)

	<u>Rainy Day</u> <u>Fund</u>	<u>Dedicated</u> <u>Purpose Acct.</u>	<u>Catastrophic</u> <u>Event Acct.</u>	<u>Joseph</u> <u>Fund Acct.</u>
Estimated Balances 6/30/07	\$1,432.2	\$142.6 ¹	\$8.3	\$0.0
Fiscal 2008 Appropriations	162.8	100.0	0.0	0.0
Expenditures				
Energy Subsidies for Low-income Residents		-20.6		
Transfer OPEB Funds to Special Fund		-200.0		
Prince George's County Hospital		-20.0		
Substance Abuse Case Mgmt. Compact		-1.0		
Transfers to General Fund	-978.0	0.0		
Estimated Interest	64.7			0.0
Estimated Balances 6/30/08	\$681.7	\$1.0	\$8.3	\$0.0
Fiscal 2009 Appropriations	146.5	85.0	0.0	0.0
Expenditures				
Transfer to MdTA for ICC		-85.0		
Substance Abuse Case Mgmt. Compact		-1.0		
Transfers to Rainy Day Fund	0.0	0.0		
Transfers to General Fund	-125.0			
Estimated Interest	35.7			
Estimated Balances 6/30/09	\$738.9	\$0.0	\$8.3	\$0.0 ⁴
Balance in Excess of 5% GF Revenues	\$1.7			

ICC: InterCounty Connector

MdTA: Maryland Transportation Authority

OPEB: Other Post Employment Benefits

¹ This includes \$100 million toward OPEB obligations, \$20 million for the Prince George's County Hospital, \$20.6 million for low income energy assistance, and \$2 million for substance abuse services.

² The fiscal 2008 budget included \$20 million appropriated toward the closure of the Prince George's County Hospital. Chapter 2 of the Special Session of 2007 modified this purpose to permit an operating grant to a new owner or operator contingent on a long-term comprehensive solution being reached via legislation or a Memorandum of Understanding between the State and Prince George's County.

³ Chapter 472 of 2005 requires the Administration to appropriate at least \$50 million in general funds for the InterCounty Connector each year until \$264.9 million is repaid by fiscal 2010. After fiscal 2009, \$126.9 million remains unpaid.

⁴ The Joseph Fund Account has an estimated balance of \$16,276 at the end of fiscal 2009. Spending from the account cannot occur until the balance reaches at least \$15 million. Assuming only interest income, a balance of \$15 million would be reached by fiscal 2242.

Fiscal 2008 Deficiencies Total \$125.7 Million (\$ in Millions)

	<u>GF</u>	<u>SF</u>	<u>FF</u>	<u>CUF</u>
Department of Juvenile Services	\$27.1	\$0.1		
Residential per-diem placements (\$16.0 million), start-up and operational costs associated with re-opening the Victor Cullen Academy (\$6.6 million), overtime expenses (\$4.4 million), and youth violence prevention program (\$0.1 million).				
Department of Transportation		22.3		
MTA Mobility program (\$8.2 million), transit union contract (\$6.0 million), commuter bus expenses (\$3.9 million), expansion of MARC rail service (\$2.6 million), and other bus and transit operations (\$1.5 million).				
Department of Human Resources	9.3		\$9.2	
Energy assistance programs (\$9.8 million), children's legal services contracts (\$5.6 million), information technology improvements (\$1.5 million), food stamp access project (\$1.1 million), and child support enforcement programs (\$0.5 million).				
Department of Health and Mental Hygiene	0.6		12.9	
Additional federal funds for Women, Infants, and Children program (\$12.9 million) and provider fees for State residential intermediate care facilities (\$0.6 million).				
Department of Public Safety and Correctional Services	13.7	-1.5		
Overtime at correctional facilities (\$7.6 million), Public Safety Death Benefit (\$4.4 million), general funds in lieu of fees in the Drinking Driver Monitoring Program (\$1.5 million), and local jail reimbursement (\$0.2 million).				
Department of Agriculture	3.5	0.8	2.1	
Gypsy moth suppression (\$3.8 million), emerald ash borer eradication (\$1.9 million), implement best management practices (\$0.5 million), and other (\$0.1 million).				
Department of the Environment		0.2	5.9	
Drinking water capital projects (\$5.7 million) and technology upgrades (\$0.3 million).				
Department of Labor, Licensing, and Regulation	0.2		5.5	
BRAC-related workforce training and market analysis (\$5.5 million) and reclassifications for financial examiners (\$0.2 million).				
Other Agencies	6.1	4.4	2.6	\$0.8
DNR (\$3.7 million), Maryland Energy Administration (\$2.0 million), DBM (\$1.6 million), State Police (\$1.4 million), Assessment and Taxation (\$1.2 million), Military Department (\$1.0 million), BCCC (\$0.8 million), Comptroller (\$0.7 million), and others (\$0.8 million).				
Total Fiscal 2008 Deficiencies	\$60.4	\$26.3	\$38.3	\$0.8

BCCC: Baltimore City Community College
 BRAC: Base Realignment and Closure
 DBM: Department of Budget and Management
 DNR: Department of Natural Resources
 MARC: Maryland Rail Commuter
 MTA: Maryland Transit Administration

State Expenditures – General Funds
(\$ in Millions)

<u>Category</u>	<u>FY 2007</u> <u>Actual</u>	<u>FY 2008</u> <u>Work. Appr.</u>	<u>FY 2009</u> <u>Allowance</u>	<u>FY 2008 to FY 2009</u> <u>\$ Change</u>	<u>% Change</u>
Debt Service	\$0.0	\$29.3	\$0.0	-\$29.3	-100.0%
Aid to Local Governments					
County/Municipal	\$228.2	\$242.6	\$215.6	-\$27.0	-11.1%
Community Colleges	205.9	241.7	270.8	29.1	12.0%
Education/Libraries	4,530.9	5,224.0	5,419.0	195.1	3.7%
Health	63.7	67.0	68.8	1.8	2.6%
Total Aid to Local Governments	\$5,028.6	\$5,775.2	\$5,974.2	\$198.9	3.4%
Entitlements					
Foster Care Payments	\$248.8	\$246.3	\$239.6	-\$6.7	-2.7%
Assistance Payments	43.1	35.5	35.5	0.0	0.0%
Medical Assistance	2,203.5	2,205.0	2,409.6	204.5	9.3%
Property Tax Credits	56.2	61.0	64.9	3.9	6.3%
Total Entitlements	\$2,551.6	\$2,547.9	\$2,749.6	\$201.7	7.9%
State Agencies					
Health	\$1,320.8	\$1,368.7	\$1,412.0	\$43.3	3.2%
Human Resources	278.0	291.2	320.2	28.9	9.9%
Systems Reform Initiative	32.2	44.7	49.2	4.5	10.1%
Juvenile Services	238.5	259.8	258.2	-1.6	-0.6%
Public Safety/Police	1,212.7	1,214.3	1,265.6	51.3	4.2%
Higher Education	1,047.5	1,129.4	1,181.6	52.2	4.6%
Other Education	401.3	387.4	419.6	32.2	8.3%
Agric./Nat'l Res./Environment	139.9	149.1	135.8	-13.2	-8.9%
Other Executive Agencies	604.4	563.3	673.8	110.5	19.6%
Legislative	68.2	72.3	73.5	1.2	1.7%
Judiciary	325.5	347.1	375.1	28.0	8.1%
OPEB	100.0	100.0	131.5	31.5	31.5%
Total State Agencies	\$5,768.9	\$5,927.1	\$6,295.9	\$368.8	6.2%
Contingent Reductions ⁽¹⁾	\$0.0	\$0.0	-\$40.8	-\$40.8	n/a
Subtotal	\$13,349.1	\$14,279.6	\$14,978.8	\$699.3	4.9%
Capital/Heritage Reserve Fund	163.9	41.9	37.9	-4.0	-9.5%
Transfer to MdTA	53.0	0.0	85.0	85.0	n/a
Reserve Funds ⁽²⁾	638.4	162.8	146.5	-16.3	-10.0%
Appropriations	\$14,204.4	\$14,484.3	\$15,248.3	\$764.0	5.3%
Reversions	0.0	-39.8	-30.0	9.8	-24.6%
Grand Total	\$14,204.4	\$14,444.5	\$15,218.3	\$773.8	5.4%

MdTA: Maryland Transportation Authority

OPEB: Other Post Employment Benefits

Note: Fiscal 2008 includes \$60.4 million in deficiencies and \$48.3 million in targeted reversions. Fiscal 2009 includes \$7.3 million in targeted reversions and \$40.8 million in contingent reductions.

⁽¹⁾ Reductions contingent on legislation. Of the total, \$32.2 million is contingent on the Budget Reconciliation and Financing Act (SB 91/ HB 101). The rest is contingent on separate legislation.

⁽²⁾ Excludes \$53 million in fiscal 2007 and \$85 million in fiscal 2009 appropriated to the Dedicated Purpose Account that is to be transferred to the Maryland Transportation Authority. These monies are included in the transfer to the MdTA line. Also excludes \$100 million each in fiscal 2007 and 2008 for OPEB costs which are included under the State agencies.

**Fiscal 2009 General Fund Changes Over Fiscal 2008 Working Appropriation
(\$ in Millions)**

		<u>Note</u>
Mandated Grants and Aid		
Education Aid, Including Teacher Retirement	\$71.7	
Education Aid – Supplemental Grants	34.4	
Community College Aid (Including Retirement)	29.1	
Children’s Cabinet Interagency Fund – Residential Rehab Waiver Option	6.2	
Selling Formula for Nonpublic Higher Education Institutions	5.6	(1)
Library Aid	4.1	(2)
General Funds in Lieu of Special Funds in the Department of Natural Resources – HB 5	3.6	
Local Police and Health Aid	2.6	
Residential Boarding School for At-risk Youth	2.0	
Baltimore City Community College	1.4	
St. Mary’s College of Maryland	0.8	
Disparity Grant	0.7	
Maryland State Arts Council Grants	0.7	
Grant to MARBIDCO	0.5	
Maryland School for the Blind	0.0	
Debt Service	-29.3	
Electric Generating Property Tax Credit	-29.6	
Constitutional Entities		
Judiciary – 157 Positions, Drug Court Grants, Court Interpreters, and Compensation Adjustments	\$21.9	
Entitlements		
Medicaid – Inflation, Utilization, and Enrollment	\$138.3	
Medicaid – Program Expansion to Parents	14.3	(3)
Property Tax Credits	3.9	
Foster Care	-6.7	
Personnel		
2% General Salary Increase (Including Higher Education)	\$64.4	
Health Insurance – Pay-as-you-go Costs for Employees and Retirees	62.8	
Employee Increments	40.7	
Reclassifications – Annual Salary Review	4.4	
Abolished Positions Per Chapter 2 of the 2007 Special Session	-13.9	

Discretionary

Reserve Funds for OPEB Liability	\$31.5
Payment to the Transportation Authority for the InterCounty Connector	85.0
Education Aid – Geographic Cost of Education Index	75.8
Support for Public Higher Education (University System of Maryland and Morgan State University)	50.7
Increased Need for General Funds for Energy Assistance Programs	21.7
End Hospital Day Limits as of December 31, 2008	18.8
DDA Community Services – Deinstitutionalization, Transitioning Youth, Emergency Placements	14.5
Increased Per Diem Payments for Juvenile Services Community Placements	13.2
Provider COLA for DDA, ADAA, and Medical Assistance Home and Community-based Services	10.4
Oral Health Initiatives	9.1 (4)
Mental Health Fee-for-service Enrollment, Utilization and Provider COLA	8.8
Veterans Mental Health Initiative	3.5

Agency Operations

Restore Fiscal 2008 Reduction to MSDE Assessment Program and Provide Additional Funds	\$24.4
Major Information Technology Projects	23.7
Open 2 New Housing Units at North Branch Correctional Institution, Including 156 Positions	13.5
Inmate Medical Contracts, Including HIV Testing of All Inmates at Intake and Release	8.0
Personnel Costs at Juvenile Facilities – Overtime and Contractual Conversions	6.5
New High Risk Offender Supervision Program, Including 53 Positions	3.1
Contracts for Children’s Legal Services	2.6
Increase for Client Services in MSDE Division of Rehabilitation Services	2.1
Stab-proof Vests for Correctional Officers	2.0
Case Management and Monitoring of High-risk Youth Offenders	1.6
One-time Deficiency Costs	-5.1
Use of Transfer Tax Revenues for State Parks Operations	-16.0

Other

General Fund PAYGO	-\$4.0
Reserve Fund Sweeper	-16.3

ADAA: Alcohol and Drug Abuse Administration

COLA: Cost-of-living adjustment

DDA: Developmental Disabilities Administration

MARBIDCO: Maryland Agricultural and Resource-Based Industry Development Corporation

MSDE: Maryland State Department of Education

OPEB: Other Post Employment Benefits

(1) Contingent reduction of \$5.6 million in Budget Reconciliation and Financing Act (BRFA).

(2) Contingent reduction of \$3.4 million in BRFA.

(3) Contingent reduction of \$14.3 million in BRFA.

(4) Contingent reduction of \$7.0 million in BRFA.

Higher Education Investment Fund (HEIF) Fiscal 2009 Allowance

Revenues

Fiscal 2008 Revenue (SB 2 of the 2007 Special Session)	\$16,000,000
Projected Fiscal 2009 Revenue	54,300,000

Expenditures

Tuition Replacement	\$16,308,984
Enrollment Support	11,555,683
Enhancements*	16,950,333
Maryland Higher Education Commission	3,000,000
Capital (Univ. of Maryland, College Park – Physical Science Complex)	4,000,000
Capital (Morgan State Univ. – School of Business Complex)	3,100,000

Total HEIF Operating Spending **\$38,815,000**

Total HEIF Capital Spending* **\$16,100,000**

Total HEIF Spending Fiscal 2009 **\$54,915,000**

Projected Balance at End of Fiscal 2009 \$15,385,000

*Includes \$9.0 million for capital projects that should be budgeted in the Board of Public Works.

General Funds and HEIF Funds Four-year Public Institutions Fiscal 2009 Allowance

General Funds**	\$1,165,296,985
HEIF Operating	35,815,000
Total	\$1,201,111,985
Growth over Fiscal 2008 Working Appropriation	10.3%

**Includes \$24.7 million for cost-of-living allowance budgeted in the Department of Budget and Management. Does not include \$6.7 million for Other Post Employment Benefits.

Major Changes in the Medical Assistance Fiscal 2009 Allowance (\$ in Millions)

	<u>General Funds</u>	<u>Rate Stabilization Funds</u>	<u>MHIP Transfer</u>	<u>Other Special Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
Base Program						
Medical inflation and utilization rates	\$110.7	\$3.4		-\$6.3	\$125.9	\$233.7
Enrollment growth	27.7				27.7	55.4
Federal matching funding for school-based health services					34.0	34.0
Limit various providers to 1.5% rate increase	1.8				1.8	3.6
Increased savings from HIV drug carve-out	-1.5				-1.5	-3.0
Reduction to MCO incentive payment	-1.3					-1.3
Availability of anti-psychotic drugs	-1.0				-1.0	-2.0
Subtotal	\$136.3	\$3.4	\$0.0	-\$6.3	\$186.9	\$320.4
Program Enhancements						
End hospital day limits as of 12/31/08	\$15.9				\$15.9	\$31.8
Increase dental provider reimbursement*		\$7.0			7.0	14.0
Medicaid expansion to parents*		14.3	\$33.0		47.3	94.6
Physician reimbursement rate increase		4.6			4.6	9.2
Enhanced nursing home rates from assessment				\$27.1	27.1	54.2
Small business health insurance subsidy**			30.0			30.0
Subtotal	\$15.9	\$25.9	\$63.0	\$27.1	\$101.9	\$233.8
Total	\$152.2	\$29.3	\$63.0	\$20.8	\$288.8	\$554.1

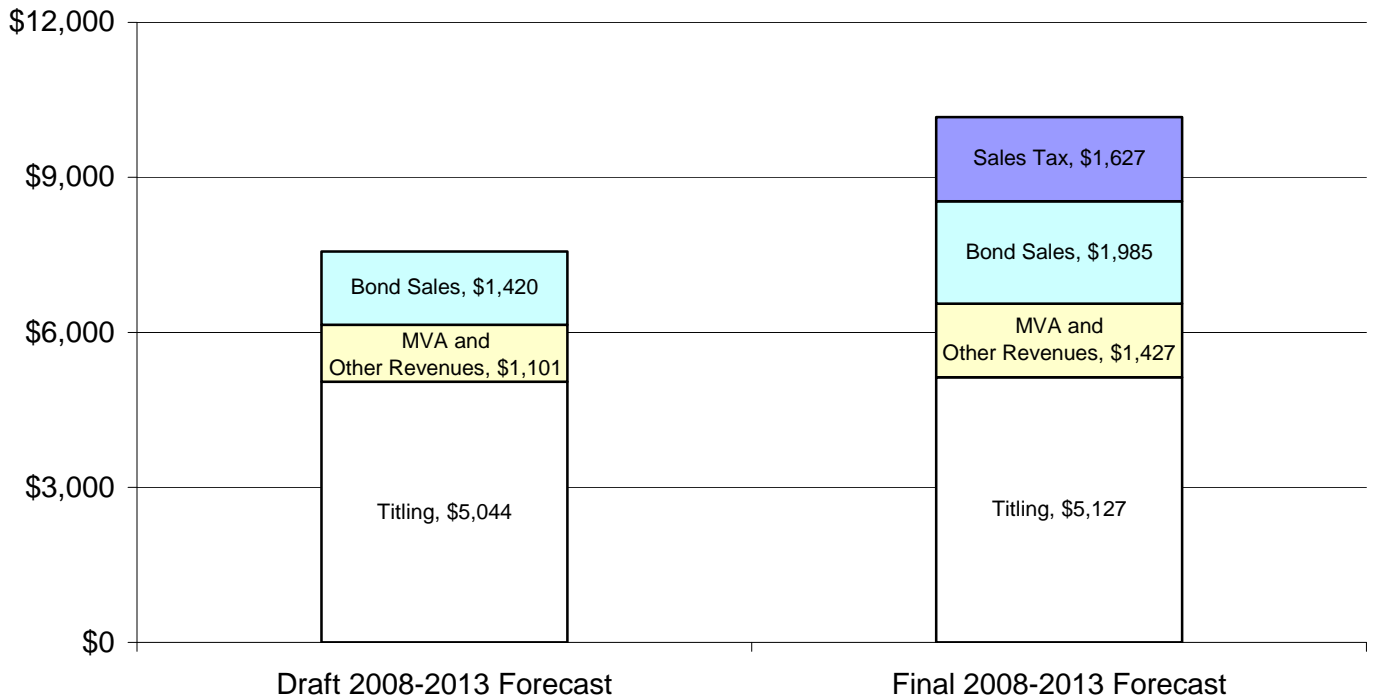
MHIP: Maryland Health Insurance Plan

MCO: Managed Care Organization

* In the allowance, these program enhancements include a total of \$21.3 million in general fund contingent reductions.

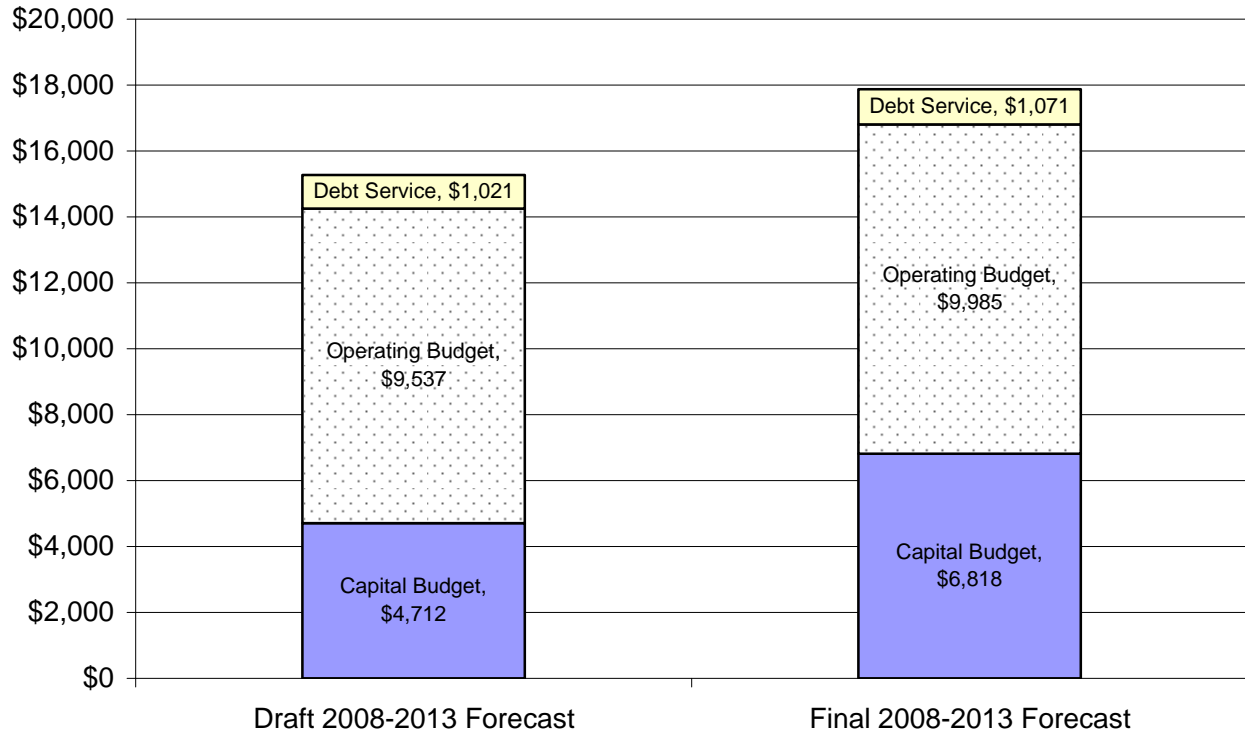
** This enhancement is budgeted in the Maryland Health Care Commission.

Transportation Trust Fund Revenue Comparison Draft 2008-2013 Forecast vs. Final 2008-2013 Forecast (\$ in Millions)



- Total revenues to the Transportation Trust Fund (TTF) increase by \$2.6 billion over the 2008-2013 forecast period as a result of the 2007 special session. This included the following revenue actions:
 - **\$1.6 Billion in Sales Taxes:** The addition of a portion of sales tax revenues to the TTF beginning in fiscal 2009 adds \$1.6 billion over the forecast period;
 - **\$565 Million for Increased Debt Issuances:** To recognize the additional bonding capacity associated with a revenue increase, the statutory debt outstanding limit was increased from \$2.0 billion to \$2.6 billion which results in an additional \$565.0 million in bond sales over the six-year period;
 - **\$325 Million in Motor Vehicle Administration Fees and Other Revenues:** The increase in the certificate of title fee coupled with the elimination of certain general fund transfers results in an additional \$125 million for the Motor Vehicle Administration, and there were adjustments to other revenues as well; and
 - **\$83 Million for Titling Taxes:** The titling tax was increased by 1% in the special session; however, a trade-in deduction coupled with downward revisions in revenue estimates due to the softening economy has resulted in minimal increases.

Transportation Trust Fund Expenditure Comparison Draft 2008-2013 Forecast vs. Final 2008-2013 Forecast (\$ in Millions)



- Expenditures also increased by \$2.6 billion over the forecast period with almost all of the spending occurring in the capital program.
 - PAYGO capital spending increases \$2.1 billion over the fiscal 2008-2013 period;
 - Over the six-year period, 49% of the additional capital spending is for the State Highway Administration with the Maryland Transit Administration accounting for 42%;
 - Operating budget expenditures increase by \$450 million, or \$90 million annually for operating budget initiatives and the cost to implement and operate an expanded capital program; and
 - Debt service payments increase by a total \$50 million due to the additional planned bond sales.

Positions

**Regular Full-time Equivalent Positions
Fiscal 2008 Working Appropriation to 2009 Allowance**

<u>Department</u>	<u>FY 2008 Work Appropriation</u>	<u>BPW 500 PIN Abolitions</u>	<u>Other Abolitions</u>	<u>Transfers</u>	<u>New Positions</u>	<u>FY 2009 Allowance</u>	<u>Difference</u>
Legislature	747	0	0	0	0	747	0
Judiciary	3,498	0	0	0	158	3,656	158
Subtotal	4,245	0	0	0	158	4,403	158
Executive Branch							
Legal (Excluding Judiciary)	1,593	-11	0	0	8	1,590	-3
Executive and Administrative Control	1,674	-15	-2	13	21	1,689	16
Financial and Revenue Administration	2,034	-10	0	0	22	2,047	13
Budget and Management	443	-8	0	0	14	449	6
Retirement	205	-2	0	0	0	203	-2
General Services	645	-7	0	0	0	638	-7
Transportation	9,091	-97	0	-1	210	9,204	113
Natural Resources	1,357	-11	0	-2	61	1,405	48
Agriculture	447	-10	0	0	0	437	-10
Health and Mental Hygiene	7,638	-143	-17	-2	34	7,510	-128
Human Resources	7,051	-90	0	-6	0	6,955	-96
Labor, Licensing, and Regulation	1,473	-15	-1	0	4	1,461	-12
Public Safety and Correctional Services	11,642	0	-14	0	209	11,837	195
MSDE and Other Education	2,209	-28	-1	-1	3	2,182	-27
Housing and Community Development	316	-5	0	0	0	311	-5
Business and Economic Development	283	-6	0	-1	0	276	-7
Environment	945	-13	0	0	0	932	-13
Juvenile Services	2,237	-15	0	0	75	2,297	60
Police and Fire Marshal	2,473	-15	-6	0	5	2,457	-16
Subtotal	53,753	-500	-41	0	666	53,877	124
Higher Education	23,584	0	-36	0	153	23,700	117
Grand Total	81,582	-500	-77	0	976	81,980	398

MSDE: Maryland State Department of Education

Contractual Full-time Equivalent Positions Fiscal 2008 Working Appropriation to 2009 Allowance

<u>Department</u>	<u>FY 2008 Work Appropriation</u>	<u>FY 2009 Allowance</u>	<u>Change</u>	<u>Percent Change</u>
Judiciary	377	337	-40	-10.6%
Executive Branch				
Legal (Excluding Judiciary)	112	73	-39	-34.7%
Executive and Administrative Control	164	169	5	2.8%
Financial and Revenue Administration	40	43	3	8.3%
Budget and Management	34	22	-12	-35.3%
Retirement	14	15	1	7.1%
General Services	27	28	0	1.2%
Transportation	183	168	-15	-8.2%
Natural Resources	426	447	20	4.7%
Agriculture	42	49	7	16.4%
Health and Mental Hygiene	477	449	-27	-5.7%
Human Resources	129	128	-2	-1.2%
Labor, Licensing, and Regulation	187	162	-25	-13.2%
Public Safety and Correctional Services	404	402	-2	-0.5%
MSDE and Other Education	245	248	3	1.3%
Housing and Community Development	40	47	7	17.7%
Business and Economic Development	32	33	1	3.0%
Environment	43	48	5	11.8%
Juvenile Services	211	109	-102	-48.2%
Police and Fire Marshal	38	35	-4	-9.2%
Subtotal	2,848	2,674	-174	-6.1%
Higher Education	6,214	6,177	-37	-0.6%
Grand Total	9,438	9,188	-251	-2.7%

MSDE: Maryland State Department of Education

The State Workforce: New Positions in 2009 Allowance

Executive Branch

Maryland Department of Transportation: Of the total, 71 positions are for the expansion of core Maryland Transit Administration bus services, 30 represent State Highway Administration facility maintenance techs for which contractual services will no longer be used, 22 are transit safety and security-related positions, 21 are for capital project management engineering and procurement, 14 represent contractual conversions of long-time transit employees, and 10 positions will work in the expansion of the Maryland Rail Commuter (MARC) train service. 210

Department of Public Safety and Correctional Services: The 156 new Division of Correction positions will staff the opening of the final two housing units at the North Branch Correctional Institution in Cumberland, Maryland. They are primarily new correctional officer positions but also include a small number of social work, psychologist, and administrative support staff positions. Also included is a net increase of 53 parole and probation agents and supervisors to support the newly created High Risk Offender Unit within the Division of Parole and Probation. 209

Department of Juvenile Services: All 75 positions are contractual conversions related to 3 facilities: Baltimore City Juvenile Justice Center (30), Cheltenham (30), and Hickey (15). 75

Department of Natural Resources: Fifty-eight positions are for the Maryland Park Service, 39 of which are contractual conversions to return the Department of Natural Resources to its full complement of positions before the consolidation of Maryland Park Service and Natural Resource Police law enforcement functions. The other 19 are for additional park services that are funded by a special session action that directed a portion of Program Open Space dollars toward operation of State forests and parks. The remaining 3 are for Fisheries Service enhancements. 61

Department of Health and Mental Hygiene: Twenty positions are to bolster the Health Occupations Boards and Commissions, 11 of which are for the Board of Nurses while 5 represent Board of Pharmacy inspectors. The ranks of the Developmental Disabilities Licensure surveyors increase by 5 positions as well. 34

Financial and Revenue Administration: Sixteen new revenue examiners and 6 auditors have been created as part of the Comptroller's Tax Gap Initiative to increase compliance with tax laws. 22

Executive and Administrative Agencies: The largest single agency increases here are 7 positions for the Maryland Energy Administration's EmPower Maryland Initiative and 6 to increase the State's Veterans Service Officers group. 21

Other Agencies 34

Subtotal Executive Branch 666

The Judiciary: The positions are primarily criminal, civil, traffic, and juvenile clerk positions (100.5). The allowance also includes 27 positions in the District Court for law clerks (12) and commissioners (15). 158

Higher Education 153

Total New Positions 976

Vacant Positions, Turnover Rate, and Necessary Vacancies Fiscal 2008 Working Appropriation

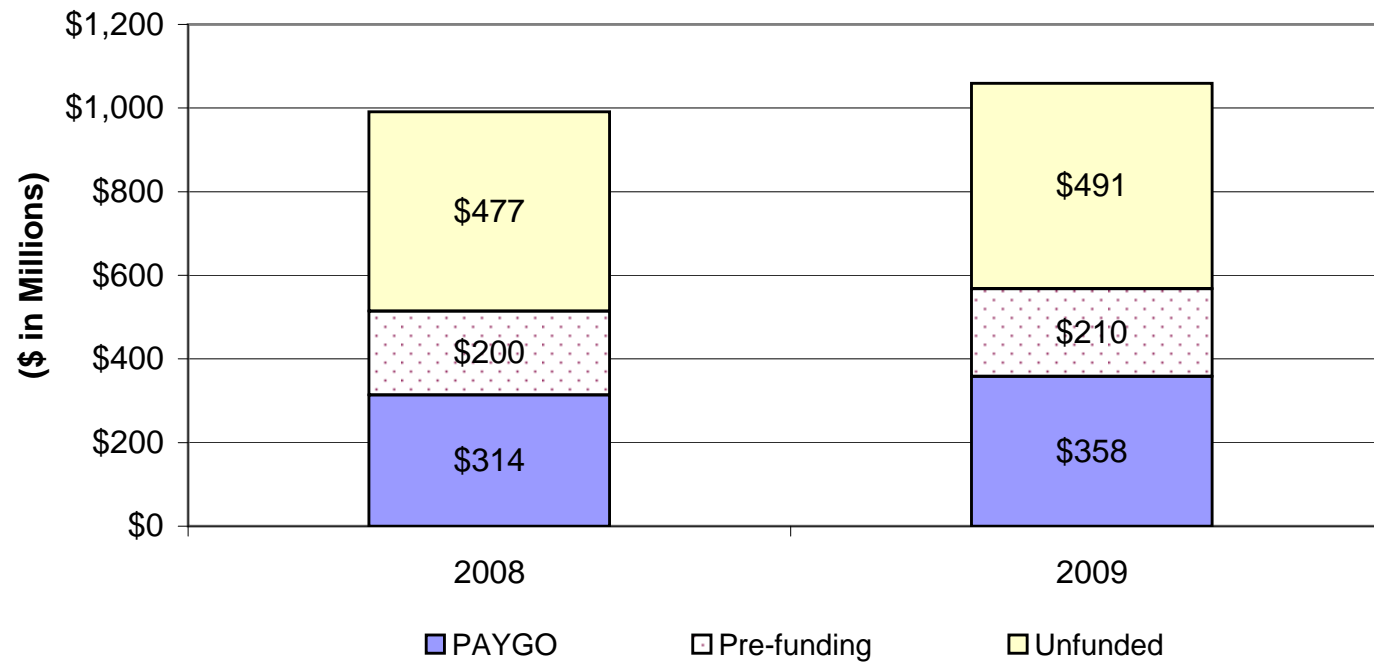
<u>Department/Service Area</u>	<u>Turnover Rate¹</u>	<u>Necessary Vacancies</u>	<u>Vacancy Rate</u>	<u>Vacant Positions²</u>	<u>Funded Vacancies (Unfunded Filled)</u>
Legislative	1.7%	12	1.7%	13	1
Judiciary	5.0%	183	6.9%	251	68
Subtotal	4.4%	195	6.0%	264	68
Executive Branch					
Legal (Excluding Judiciary)	6.2%	99	5.9%	94	-5
Executive and Administrative Control	5.1%	86	9.9%	167	81
Financial and Revenue Administration	4.6%	94	4.9%	101	7
Budget and Management	5.5%	25	6.7%	30	5
Retirement	6.2%	13	7.1%	15	2
General Services	6.3%	40	9.1%	58	18
Transportation	5.8%	535	4.5%	414	-121
Natural Resources	5.2%	73	8.0%	113	39
Agriculture	8.1%	35	12.6%	55	20
Health and Mental Hygiene	6.4%	483	7.4%	555	72
Human Resources	5.5%	380	6.3%	441	61
Labor, Licensing, and Regulation	4.5%	66	5.6%	82	15
Public Safety and Correctional Services	4.8%	565	9.7%	1,152	587
MSDE and Other Education	5.9%	130	5.1%	111	-19
Housing and Community Development	4.3%	13	6.4%	20	6
Business and Economic Development	5.2%	14	11.6%	32	18
Environment	7.6%	71	7.9%	74	3
Juvenile Services	3.6%	83	6.6%	151	68
Police and Fire Marshal	4.8%	119	6.3%	155	36
Subtotal	5.5%	2,922	7.1%	3,818	895
Higher Education	2.9%	685	4.1%	961	276
Total	4.4%	3,803	6.8%	5,042	1,239

MSDE: Maryland State Department of Education

¹ Adjusted to reflect reductions attributable to Section 45 of the Fiscal 2008 Budget Bill (Hiring Freeze Reduction).

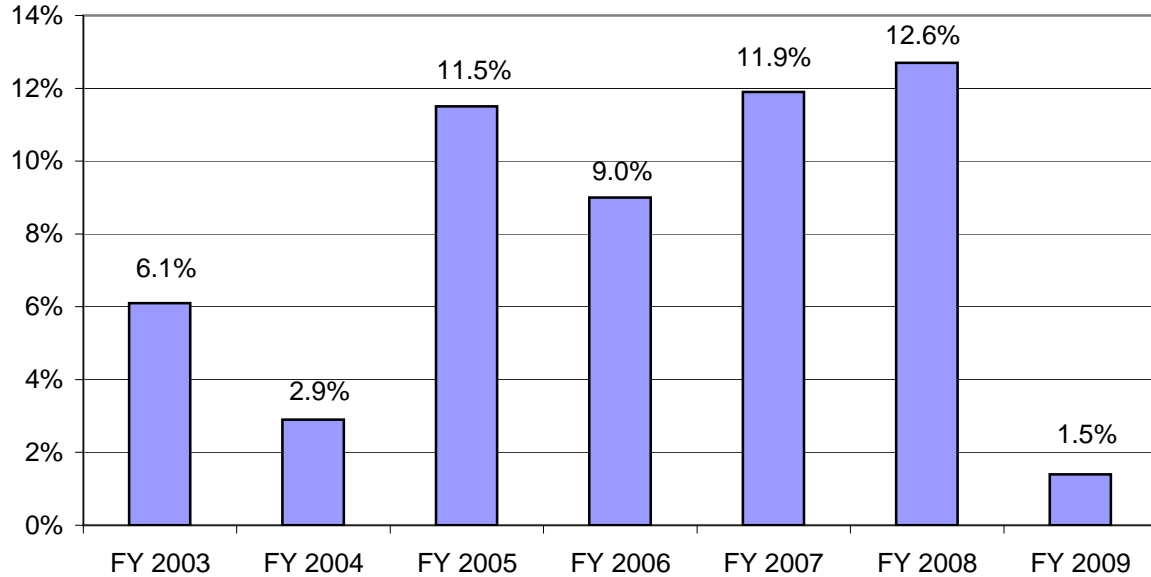
² Excludes 500 PINs to be deleted by the Board of Public Works on January 30, 2008.

Annual Other Post Employment Benefits Costs Fiscal 2008 and 2009



Local Aid

Growth in State Aid Slowed in Fiscal 2009 Annual Percentage Increase



Increase in State Aid by Governmental Entity State Funds (\$ in Millions)

	<u>FY 2002</u>	<u>FY 2009</u>	<u>Difference</u>	<u>Average Annual Increase</u>
Public Schools	\$2,885.9	\$5,349.9	\$2,464.0	9.2%
Libraries	44.3	67.2	22.9	6.1%
Community Colleges	178.5	270.8	92.3	6.1%
Local Health	57.3	68.8	11.4	2.6%
County/Municipal	711.3	820.1	108.8	2.1%
Total	\$3,877.3	\$6,576.7	\$2,699.4	7.8%

**State Aid Share of State Budget
Fiscal 2009
(\$ in Millions)**

	<u>General Funds</u>	<u>State Funds</u>
State Aid to Local Governments	\$5,972.2	\$6,576.7
Total State Expenditures ¹	14,978.8	22,876.6
Total State Revenues ²	14,743.1	20,993.2
Percent State Aid – Expenditures	39.9%	28.7%
Percent State Aid – Revenues	40.5%	31.3%

**State Aid Increases Below Most State Programs
State Funds – Fiscal 2009
(\$ in Millions)**

	<u>\$ Increase</u>	<u>% Increase</u>
Total State Aid to Local Governments	\$95.8	1.5%
Public School Funding	181.8	3.5%
Medical Assistance	287.6	11.9%
State Agencies	701.3	6.0%
Total State Expenditures	1,115.6	5.1%

¹Total State expenditures exclude reserve fund appropriations, PAYGO capital, and reversions.

² Total State revenues from the Board of Revenue Estimates, December 2007

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

	<u>FY 2009 State Aid Amount</u>	<u>Percent of Total</u>
Public Schools	\$5,349.9	81.3%
Libraries	67.2	1.0%
Community Colleges	270.8	4.1%
Local Health	68.8	1.0%
County/Municipal	820.1	12.5%
Total	\$6,576.7	100.0%

**Change in State Aid by Governmental Entity
State Funds
(\$ in Millions)**

	<u>FY 2009 Aid Difference</u>	<u>Percent Difference</u>
Public Schools	\$181.8	3.5%
Libraries	5.5	8.9%
Community Colleges	29.1	12.0%
Local Health	1.8	2.6%
County/Municipal	-122.4	-13.0%
Total	\$95.8	1.5%

State Aid by Governmental Entity and Program
State Funds
(\$ in Millions)

	<u>FY 2008</u>	<u>FY 2009</u>	<u>Difference</u>	<u>Percent Difference</u>
Public Schools				
Foundation Program	\$2,782.7	\$2,791.2	\$8.5	0.3%
Compensatory Aid	902.1	917.2	15.1	1.7%
Student Transportation	219.0	225.1	6.1	2.8%
Special Education – Formula	280.0	273.3	-6.8	-2.4%
Special Education – Nonpublic	125.2	127.6	2.4	2.0%
Limited English Proficiency	126.2	144.0	17.9	14.2%
Guaranteed Tax Base	78.9	90.0	11.1	14.1%
Geographic Cost Index	0.0	75.8	75.8	
Other Education Programs	87.5	83.9	-3.6	-4.1%
Subtotal Direct Aid	\$4,601.6	\$4,728.1	\$126.5	2.7%
Retirement Payments	566.4	621.8	55.3	9.8%
Total Public School Aid	\$5,168.1	\$5,349.9	\$181.8	3.5%
Libraries				
Library Aid Formula	\$33.9	\$37.0	\$3.1	9.1%
State Library Network	16.3	17.3	1.0	6.1%
Subtotal Direct Aid	\$50.2	\$54.3	\$4.1	8.1%
Retirement Payments	11.5	12.9	1.4	12.5%
Total Library Aid	\$61.6	\$67.2	\$5.5	8.9%
Community Colleges				
Community College Formula	\$194.5	\$218.7	\$24.3	12.5%
Other Programs	24.9	27.9	3.0	11.8%
Subtotal Direct Aid	\$219.4	\$246.6	\$27.2	12.4%
Retirement Payments	22.3	24.2	1.9	8.4%
Total Community College Aid	\$241.7	\$270.8	\$29.1	12.0%
Local Health Grants	\$67.0	\$68.8	\$1.8	2.6%
County/Municipal Aid				
Transportation	\$573.9	\$555.8	-\$18.1	-3.2%
Public Safety	108.5	109.3	0.8	0.7%
Program Open Space/Critical Areas	97.8	20.7	-77.1	-78.8%
Disparity Grant	114.8	115.5	0.7	0.6%
Utility Restructuring Grant	29.6	0.0	-29.6	-100.0%
Other Grants	15.7	16.6	0.9	5.5%
Subtotal Direct Aid	\$940.3	\$817.9	-\$122.4	-13.0%
Retirement Payments	2.2	2.2	0.0	0.3%
Total County/Municipal Aid	\$942.5	\$820.1	-\$122.4	-13.0%
Total State Aid	\$6,480.9	\$6,576.7	\$95.8	1.5%

**State Aid to Local Governments – Comparison by Per Capita Aid and Annual Growth
Fiscal 2008 and 2009**

<u>County</u>	<u>Fiscal 2008 Appropriation</u>	<u>Fiscal 2009 Allowance</u>	<u>Difference</u>	<u>Percent Difference</u>	<u>Per Capita State Aid</u>	<u>Annual Growth in State Aid</u>		
Allegany	\$114,915,833	\$118,840,763	\$3,924,930	3.4%	1. Baltimore City	\$1,971	1. Somerset	8.1%
Anne Arundel	410,657,413	417,001,490	6,344,077	1.5%	2. Caroline	1,770	2. Wicomico	5.3%
Baltimore City	1,244,405,240	1,244,221,072	-184,168	0.0%	3. Allegany	1,632	3. Howard	5.1%
Baltimore	700,009,650	709,045,271	9,035,621	1.3%	4. Wicomico	1,527	4. St. Mary's	5.0%
Calvert	113,375,235	110,455,622	-2,919,613	-2.6%	5. Somerset	1,516	5. Frederick	3.6%
Caroline	56,166,123	57,747,622	1,581,499	2.8%	6. Garrett	1,422	6. Allegany	3.4%
Carroll	188,369,898	191,780,033	3,410,135	1.8%	7. Dorchester	1,418	7. Washington	3.1%
Cecil	125,436,466	127,466,689	2,030,223	1.6%	8. Charles	1,367	8. Caroline	2.8%
Charles	187,932,393	191,957,797	4,025,404	2.1%	9. Prince George's	1,355	9. Queen Anne's	2.4%
Dorchester	44,322,743	44,866,115	543,372	1.2%	10. Cecil	1,281	10. Charles	2.1%
Frederick	259,206,107	268,666,299	9,460,192	3.6%	11. Washington	1,263	11. Carroll	1.8%
Garrett	42,248,291	42,470,579	222,288	0.5%	12. Calvert	1,244	12. Montgomery	1.7%
Harford	273,137,033	276,228,140	3,091,107	1.1%	13. St. Mary's	1,214	13. Cecil	1.6%
Howard	266,394,268	279,887,044	13,492,776	5.1%	14. Frederick	1,205	14. Anne Arundel	1.5%
Kent	17,032,970	17,039,603	6,633	0.0%	15. Harford	1,144	15. Baltimore	1.3%
Montgomery	648,788,378	659,665,597	10,877,219	1.7%	16. Carroll	1,126	16. Dorchester	1.2%
Prince George's	1,128,465,078	1,140,161,312	11,696,234	1.0%	17. Howard	1,027	17. Harford	1.1%
Queen Anne's	44,020,951	45,063,676	1,042,725	2.4%	18. Queen Anne's	975	18. Prince George's	1.0%
St. Mary's	114,265,121	119,991,177	5,726,056	5.0%	19. Baltimore	901	19. Garrett	0.5%
Somerset	36,139,077	39,070,456	2,931,379	8.1%	20. Kent	853	20. Kent	0.0%
Talbot	21,416,817	21,365,981	-50,836	-0.2%	21. Anne Arundel	819	21. Baltimore City	0.0%
Washington	176,093,437	181,555,576	5,462,139	3.1%	22. Montgomery	708	22. Talbot	-0.2%
Wicomico	133,408,815	140,477,718	7,068,903	5.3%	23. Worcester	702	23. Worcester	-0.8%
Worcester	34,565,454	34,292,027	-273,427	-0.8%	24. Talbot	592	24. Calvert	-2.6%
Unallocated	100,146,528	97,392,592	-2,753,936	-2.7%				
Total	\$6,480,919,319	\$6,576,710,251	\$95,790,932	1.5%	Statewide Average	\$1,171		

Capital

**Capital Budget
All Funds
Fiscal 2008-2009
(\$ in Millions)**

<u>Uses</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>Variance</u>
State Facilities	\$37.4	\$97.9	\$60.5
Health/Social	37.3	74.7	37.4
Environment	567.8	476.4	-91.4
Public Safety	50.0	93.4	43.4
Education	392.8	337.2	-55.6
Higher Education	256.6	313.3	56.7
Housing	70.3	70.0	-0.3
Economic Development	18.7	16.7	-2.0
Bond Bill Projects	24.4	15.0	-9.4
Local Projects	45.3	40.5	-4.8
Subtotal	\$1,500.5	\$1,535.2	\$34.7
Transportation	1,592.9	1,791.4	198.5
Total	\$3,093.4	\$3,326.5	\$233.2
 <u>Funds</u>			
General Obligation	\$829.8	\$935.9	\$106.1
Revenue Bonds	130.0	151.0	21.0
General	41.9	37.9	-4.0
Special	439.5	345.2	-94.3
Federal	59.3	65.2	5.9
Transportation	1,592.9	1,791.4	198.5
Total	\$3,093.4	\$3,326.5	\$233.2

Capital Budget Highlights

- **General Obligation (GO) Bond Funds:** The capital program includes \$935 million of new GO bond authorizations. This is \$125 million more than the amount of new authorizations provided in the 2007 capital budget bill.
- **Revenue Bonds:** The capital program includes \$151 million in revenue bonds. This includes \$70 million to be issued by the Maryland Department of the Environment for Bay Restoration Fund wastewater treatment plant projects; \$30 million to be issued by the Water Quality Financing Administration to assist local governments with wastewater treatment plant upgrades; \$18 million to assist local governments with drinking water supply project upgrades; and \$33 million for Academic Revenue Bonds for various University System of Maryland projects.
- **General Funds:** The use of general funds remains low – \$37.9 million in total including \$14.7 million for the Heritage Structure Rehabilitation Tax Credit – and linked almost exclusively to the funding of programs that would require the issuance of taxable bonds.
- **Special Funds:** Substantial reduction in available transfer tax revenues reduces the amount of special funds in the capital budget. The Higher Education Investment Fund supports \$7.1 million for two higher education construction projects. Dedicated funding for the replacement of the State's Medevac helicopter fleet is supported with \$33.7 million to fund the purchase of three helicopters in fiscal 2009. Funding for the Public School Construction Program includes \$25.0 million of estimated bond premiums.

Top Funded Programs/Projects
(\$ in Millions)

<u>Agency</u>	<u>Program/Project</u>	<u>GO</u>	<u>Revenue</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	<u>Total</u>
School Construction	Public School Construction	\$300.0			\$27.4		\$327.4
Environment	Ches. Bay Restoration – Enhanced Nutrient Removal		\$70.0		68.0		138.0
Environment	Water Quality Loan Program		30.0	\$5.2	28.9	\$25.9	90.0
MD Higher Educ. Comm.	Community College Const. Grant	81.0					81.0
Board of Public Works	Rockville District Court	71.4					71.4
UM, Baltimore	Pharmacy Hall Addition & Renovation	57.3	5.0				62.2
Health	New Forensic Medical Center	47.8					47.8
Agriculture	Agricultural Land Preservation				35.7	10.0	45.7
Natural Resources	Program Open Space				42.5	3.0	45.5
Coppin State Univ.	New Physical Education Complex	39.4					39.4
Board of Public Works	State Police Helicopter Replacement				33.6		33.6
Environment	Drinking Water Loan Program		18.0	2.3	4.0	7.8	32.1
Natural Resources	Waterway Improvement Fund				20.0	1.3	21.3
Housing	Rental Housing Programs			2.9	12.7	4.8	20.3
Natural Resources	Rural Legacy Program	5.0			13.5		18.5
Environment	Ches. Bay Water Quality Biological Nutrient Removal	18.4					18.4
Towson University	Campuswide Safety & Circulation	13.3	5.0				18.3
Univ. System of MD	Facility Renewal		17.0				17.0
Legislature	Legislative Initiative Grants	15.0					15.0
State Police	New Hagerstown Barrack and Garage	14.8					14.8
Planning	Historic Tax Credit Fund			14.7			14.7
Public Safety	192-Cell Medium Security Housing	12.6					12.6

Impact of Reduced Transfer Tax Revenues on Programs (\$ in Millions)

	<u>FY 2008</u>	<u>FY 2009</u>	<u>Variance</u>
Revenues			
Budgeted Revenue Estimate	\$188.6	\$166.3	-\$22.3
Less Administrative Expenses	-5.7	-5.0	0.7
Attainment Adjustment ¹	75.5	-52.0	-127.5
Net Available for Allocation	\$258.4	\$109.4	-\$149.1
Allocations			
<u>Program Open Space (POS)</u>			
POS Local	\$95.6	\$18.6	-\$77.0
Forest and Park Service	0.0	21.0	21.0
Heritage Areas Authority	3.0	3.0	0.0
POS State Land Acquisition	61.8	20.9	-40.9
POS State Rural Legacy	8.0	8.0	0.0
POS State Capital Development	24.6	9.5	-15.1
POS State Park Operating	1.2	1.2	0.0
POS Subtotal	\$194.2	\$82.2	-\$112.0
<u>Other Allocations</u>			
Additional State Land Acquisition	\$2.6	\$1.1	-\$1.5
Agricultural Land Preservation	44.1	18.6	-25.4
Rural Legacy Additonal	12.9	5.5	-7.5
Heritage Conservation Fund	4.7	2.0	-2.7
Other Subtotal	\$64.2	\$27.2	-\$37.0
Total Allocations	\$258.4	\$109.4	-\$149.1

¹ The adjustment in FY 2008 is the overattainment from FY 2006. The adjustment in FY 2009 is the underattainment from FY 2007.

Notable GO Differences for Fiscal 2009
Programmed for Fiscal 2009 in 2007 Capital Improvement Program (CIP)
(\$ in Millions)

Projects Added

<u>Agency</u>	<u>Program/Project</u>	<u>CIP</u>	<u>Budget</u>	<u>Comments</u>
Univ. of Baltimore	New Law School	\$0.0	\$4.0	Not in five-year CIP
Juvenile Services	Cheltenham New Treatment Center	0.0	4.1	Not in CIP
Juvenile Services	Cheltenham New Detention Center	0.0	1.7	Additional planning funds needed
Public Safety	Western Corr. Institution Voc. Educ. Bldg.	0.0	1.1	Moved back into CIP
UM Ctr. Env. Science	Horn Point Oyster Production Facility	0.0	1.3	Funding accelerated in 2007 MD Consolidated Capital Bond Loan (MCCBL)
Health	Clifton T. Perkins – Maximum Security Wing	0.0	3.1	2007 MCCBL pre-authorized \$5 million
Miscellaneous	Park Heights Revitalization – Baltimore City	0.0	3.0	Not in CIP

Projects Deferred

<u>Agency</u>	<u>Program/Project</u>	<u>CIP</u>	<u>Budget</u>	<u>Comments</u>
Morgan State Univ.	Center for Built Environment	\$50.2	\$0.0	Construction funding deferred to FY 2010 as design will not be completed in time to award the construction contract during FY 2009. FY 2009 allowance includes design funds for a new business school using Higher Education Investment Funds (HEIF), and this project was not in the 2007 CIP
UM, College Park	Physical Sciences Complex Phase I	3.4	0.0	Fiscal 2009 allowance provides \$4 million using HEIF
Juvenile Services	Facility Grant Program	3.5	0.0	Other Department of Juvenile Services priorities
Public Safety	Western Correctional Institution Warehouse	8.7	0.0	Deferred
Public Safety	Patuxent Institute Fire Safety Improvements	8.2	0.0	Deferred
Public Safety	MD Corr. Training Center (MCTC) Windows	1.3	0.0	Change in phased schedule
Public Safety	Baltimore Complex Utilities	1.3	0.0	Deferred
B. City Comm Coll.	Bard Building – Harbour Campus	1.2	0.0	Deferred
Military	Salisbury Armory	3.7	0.0	Federal funding not available
Miscellaneous	Maryland Zoo Elephant Facility	5.0	0.0	Project cancelled
Board of Public Works	Cumberland District Court	0.8	0.0	Private developer financed during fiscal 2008

**Projects
Enhanced/Reduced**

<u>Agency</u>	<u>Program/Project</u>	<u>CIP</u>	<u>Budget</u>	<u>Comments</u>
School Construction	Public School Construction	\$250.0	\$300.0	Funding enhancement
MD Higher Ed. Comm.	Community College Grant Program	60.0	81.0	Funding enhancement
UM, Baltimore	Pharmacy Hall	3.0	57.3	Project accelerated from fiscal 2010
UM, College Park	Tawes Building Conversion	32.2	2.5	Construction funded in fiscal 2008
Coppin State Univ.	Physical Education Complex	7.5	39.5	2007 MCCBL pre-authorized \$30 million for 2008 MCCBL
Public Safety	MCTC 192-Cell Medium Security Housing Unit	0.6	12.6	2007 MCCBL pre-authorized \$7 million
Public Safety	Local Jails	15.0	19.8	CIP enhancement
MD Env. Service	Infrastructure Improvement Fund	3.0	8.9	CIP enhancement
Board of Public Works	Rockville District Court	65.6	71.4	Construction escalation
Health	Forensic Medical Center	41.8	47.8	Refined budget estimate – escalation
Board of Public Works	2100 Guilford Avenue State Office Building	13.7	3.0	Change in project scope
Miscellaneous	Johns Hopkins Pediatric Trauma Center	5.0	10.0	Funding enhancement

Appendices

State Expenditures
Total and Adjusted for Reserve Fund Transfers
Fiscal 2000-2009
(\$ in Millions)

Table 1. General Funds

Fiscal Year	General Fund Expenditures	Percent Change	Appropriations to Reserve Fund ⁽²⁾	Adjusted General Fund Expenditures	Percent Change	Calendar Year	Maryland Personal Income ⁽³⁾	Percent Change
2000	\$9,031.5	5.7%	\$115.5	\$8,916.0	6.5%	2000	\$181,957	8.9%
2001	10,237.5	13.4%	315.8	9,921.7	11.3%	2001	191,656	5.3%
2002	10,572.3	3.3%	221.8	10,350.5	4.3%	2002	198,824	3.7%
2003	10,364.2	-2.0%	181.0	10,183.2	-1.6%	2003	205,737	3.5%
2004	10,261.5	-1.0%	10.0	10,251.5	0.7%	2004	219,938	6.9%
2005	11,275.2	9.9%	114.7	11,160.5	8.9%	2005	232,457	5.7%
2006	12,356.4	9.6%	299.4	12,057.0	8.0%	2006	245,822	5.7%
2007	14,204.4	15.0%	638.4	13,566.0	12.5%	2007	260,079	5.8%
2008 ⁽¹⁾	14,444.5	1.7%	162.8	14,281.7	5.3%	2008	273,343	5.1%
2009 ⁽¹⁾	15,218.3	5.4%	146.5	15,071.8	5.5%	2009	288,376	5.5%

Table 2. State Funds

Fiscal Year	General Fund Expenditures	Percent Change	Appropriations to Reserve Fund ⁽²⁾	Adjusted General Fund Expenditures	Percent Change	Calendar Year	Maryland Personal Income ⁽³⁾	Percent Change
2000	\$14,087.7	7.2%	\$115.5	\$13,972.2	7.8%	2000	\$181,957	8.9%
2001	15,720.6	11.6%	315.8	15,404.8	10.3%	2001	191,656	5.3%
2002	16,605.2	5.6%	221.8	16,383.5	6.4%	2002	198,824	3.7%
2003	17,080.5	2.9%	181.0	16,899.5	3.1%	2003	205,737	3.5%
2004	16,701.7	-2.2%	10.0	16,691.7	-1.2%	2004	219,938	6.9%
2005	18,188.1	8.9%	114.7	18,073.5	8.3%	2005	232,457	5.7%
2006	19,967.7	9.8%	308.6	19,659.1	8.8%	2006	245,822	5.7%
2007	22,393.0	12.1%	638.4	21,754.6	10.7%	2007	260,079	5.8%
2008 ⁽¹⁾	23,179.7	3.5%	162.8	23,016.9	5.8%	2008	273,343	5.1%
2009 ⁽¹⁾	24,637.4	6.3%	146.5	24,490.8	6.4%	2009	288,376	5.5%

Table 3. All Funds

Fiscal Year	Total State Expenditures	Percent Change	Appropriations to Reserve Fund ⁽²⁾	Adjusted Total State Expenditures	Percent Change	Calendar Year	Maryland Personal Income ⁽³⁾	Percent Change
2000	\$17,868.3	7.2%	\$115.5	\$17,752.8	7.7%	2000	\$181,957	8.9%
2001	20,064.8	12.3%	315.8	19,749.0	11.2%	2001	191,656	5.3%
2002	21,443.0	6.9%	221.8	21,221.2	7.5%	2002	198,824	3.7%
2003	22,454.1	4.7%	181.0	22,273.1	5.0%	2003	205,737	3.5%
2004	22,547.2	0.4%	10.0	22,537.2	1.2%	2004	219,938	6.9%
2005	24,066.3	6.7%	114.7	23,951.7	6.3%	2005	232,457	5.7%
2006	26,174.2	8.8%	308.6	25,865.6	8.0%	2006	245,822	5.7%
2007	28,756.5	9.9%	638.4	28,118.1	8.7%	2007	260,079	5.8%
2008 ⁽¹⁾	29,787.6	3.6%	162.8	29,624.8	5.4%	2008	273,343	5.1%
2009 ⁽¹⁾	31,537.4	5.9%	146.5	31,390.8	6.0%	2009	288,376	5.5%

⁽¹⁾ Fiscal 2008 is the working appropriation including deficiencies (\$125.0 million total funds, \$60.4 million general funds, \$86.7 million State funds) and targeted reversions (\$48.3 million general funds). Fiscal 2009 is the Governor's allowance and reflects \$7.3 million in targeted general fund reversions and \$40.8 million in general fund contingent reductions. Both years reflect estimated general fund reversions of \$30.0 million.

⁽²⁾ Includes appropriations to the Revenue Stabilization Account, the Dedicated Purpose Account, the Catastrophic Event Fund, the Citizen's Tax Reduction Reserve Fund, and the Joseph Fund. Money that was appropriated to the Dedicated Purpose Account to be transferred to the Maryland Transportation Authority is excluded (\$50 million in fiscal 2006, \$53 million in fiscal 2007, and \$85 million in fiscal 2009). Money appropriated to the Dedicated Purpose Account for retiree health care liabilities is also excluded (\$100 million each in fiscal 2007 and 2008).

⁽³⁾ The forecast for 2007-2009 is from the Board of Revenue Estimates, December 2007.

State Expenditures – Special and Higher Education Funds *
(\$ in Millions)

<u>Category</u>	<u>Actual FY 2007</u>	<u>Work. Appr. FY 2008</u>	<u>Allowance FY 2009</u>	<u>FY 2008 to FY 2009</u>	
				<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$768.7	\$791.7	\$886.7	\$95.1	12.0%
Aid to Local Governments					
County/Municipal	\$724.5	\$699.9	\$604.5	-\$95.4	-13.6%
Community Colleges	0.0	0.0	0.0	0.0	n/a
Education/Libraries	0.0	0.0	0.9	0.9	n/a
Health	0.0	0.0	0.0	0.0	n/a
	\$724.5	\$699.9	\$605.4	-\$94.5	-13.5%
Entitlements					
Foster Care Payments	\$0.1	\$0.1	\$0.1	\$0.0	-30.8%
Assistance Payments	12.9	13.3	13.4	0.1	0.9%
Medical Assistance	131.3	212.6	295.6	83.1	39.1%
Property Tax Credits	0.0	0.0	0.0	0.0	n/a
	\$144.3	\$226.0	\$309.1	\$83.1	36.8%
State Agencies					
Health	\$216.9	\$230.9	\$272.2	\$41.4	17.9%
Human Resources	75.2	71.2	54.7	-16.5	-23.2%
Systems Reform Initiative	0.6	0.6	0.7	0.1	18.3%
Juvenile Services	4.1	0.5	0.2	-0.3	-57.2%
Public Safety/Police	192.2	197.8	211.1	13.3	6.7%
Higher Education	2,876.6	3,146.4	3,202.4	56.0	1.8%
Other Education	27.9	38.1	41.1	3.1	8.1%
Transportation	1,315.2	1,370.7	1,466.1	95.5	7.0%
Agric./Natl Res./Environment	120.9	140.0	166.3	26.2	18.7%
Other Executive Agencies	468.3	521.7	582.4	60.6	11.6%
Legislative	0.1	0.3	0.1	-0.2	-66.7%
Judiciary	37.4	45.9	46.2	0.3	0.7%
OPEB	0.0	0.0	52.9	52.9	n/a
	\$5,335.5	\$5,763.9	\$6,096.5	\$279.6	5.8%
Subtotal	\$6,972.9	\$7,481.5	\$7,897.8	\$416.3	5.6%
Capital	1,215.7	1,253.7	1,521.3	267.6	21.3%
Grand Total	\$8,188.6	\$8,735.2	\$9,419.1	\$683.9	7.8%

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

OPEB: Other Post Employment Benefits

Note: Fiscal 2008 includes \$26.3 million in deficiencies.

State Expenditures – Federal Funds
(\$ in Millions)

<u>Category</u>	<u>Actual</u> <u>FY 2007</u>	<u>Work. Appr.</u> <u>FY 2008</u>	<u>Allowance</u> <u>FY 2009</u>	<u>FY 2008 to FY 2009</u>	
				<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$0.0	\$0.0	\$0.0	\$0.0	n/a
Aid to Local Governments					
County/Municipal	\$37.1	\$60.7	\$45.5	-\$15.2	-25.0%
Community Colleges	0.0	0.0	0.0	0.0	n/a
Education/Libraries	665.0	727.5	694.4	-33.1	-4.6%
Health	4.5	4.5	4.5	0.0	0.0%
	\$706.7	\$792.7	\$744.4	-\$48.3	-6.1%
Entitlements					
Foster Care Payments	\$95.2	\$104.6	\$122.7	\$18.1	17.3%
Assistance Payments	432.9	437.8	462.1	24.3	5.5%
Medical Assistance	2,342.2	2,402.0	2,690.7	288.8	12.0%
Property Tax Credits	0.0	0.0	0.0	0.0	n/a
	\$2,870.2	\$2,944.4	\$3,275.6	\$331.1	11.2%
State Agencies					
Health	\$774.2	\$814.0	\$850.0	\$35.9	4.4%
Human Resources	471.1	514.8	522.2	7.4	1.4%
Systems Reform Initiative	14.9	14.9	7.3	-7.6	-50.9%
Juvenile Services	10.5	14.7	11.7	-3.0	-20.7%
Public Safety/Police	15.8	17.7	16.0	-1.7	-9.4%
Higher Education	0.0	0.0	0.0	0.0	n/a
Other Education	212.4	228.9	233.9	5.0	2.2%
Transportation	72.6	78.1	79.6	1.5	1.9%
Agric./Natl Res./Environment	55.6	64.9	60.9	-4.0	-6.2%
Other Executive Agencies	405.8	417.1	448.3	31.2	7.5%
Judiciary	4.3	3.8	4.2	0.4	9.8%
OPEB	0.0	0.0	23.4	23.4	n/a
	\$2,037.4	\$2,169.0	\$2,257.4	\$65.1	4.1%
Subtotal	\$5,614.3	\$5,906.1	\$6,277.3	\$371.3	6.3%
Capital	749.2	701.9	622.6	-79.2	-11.3%
Grand Total	\$6,363.5	\$6,607.9	\$6,900.0	\$292.0	4.4%

OPEB: Other Post Employment Benefits

Note: Fiscal 2008 includes \$38.3 million in deficiencies.

State Expenditures – State Funds
(\$ in Millions)

<u>Category</u>	<u>Actual FY 2007</u>	<u>Work. Appr. FY 2008</u>	<u>Allowance FY 2009</u>	<u>FY 2008 to FY 2009 \$ Change</u>	<u>% Change</u>
Debt Service	\$768.7	\$821.0	\$886.7	\$65.7	8.0%
Aid to Local Governments					
County/Municipal	\$952.7	\$942.5	\$820.1	-\$122.4	-13.0%
Community Colleges	205.9	241.7	270.8	29.1	12.0%
Education/Libraries	4,530.9	5,224.0	5,420.0	196.0	3.8%
Health	63.7	67.0	68.8	1.8	2.6%
	\$5,753.2	\$6,475.2	\$6,579.6	\$104.5	1.6%
Entitlements					
Foster Care Payments	\$248.9	\$246.4	\$239.7	-\$6.7	-2.7%
Assistance Payments	56.0	48.8	48.9	0.1	0.2%
Medical Assistance	2,334.8	2,417.6	2,705.2	287.6	11.9%
Property Tax Credits	56.2	61.0	64.9	3.9	6.3%
	\$2,695.9	\$2,773.8	\$3,058.7	\$284.9	10.3%
State Agencies					
Health	\$1,537.8	\$1,599.6	\$1,684.2	\$84.6	5.3%
Human Resources	353.3	362.4	374.9	12.4	3.4%
Systems Reform Initiative	32.8	45.3	49.9	4.6	10.2%
Juvenile Services	242.7	260.2	258.4	-1.8	-0.7%
Public Safety/Police	1,404.8	1,412.0	1,476.6	64.6	4.6%
Higher Education	3,924.0	4,275.7	4,383.9	108.2	2.5%
Other Education	429.3	425.5	460.8	35.3	8.3%
Transportation	1,315.2	1,370.7	1,466.1	95.5	7.0%
Agric./Nat'l Res./Environment	260.8	289.1	302.1	13.0	4.5%
Other Executive Agencies	1,072.7	1,085.0	1,256.1	171.1	15.8%
Legislative	68.3	72.6	73.6	1.0	1.4%
Judiciary	362.8	392.9	421.3	28.4	7.2%
OPEB	100.0	100.0	184.4	84.4	84.4%
	\$11,104.3	\$11,691.0	\$12,392.4	\$701.3	6.0%
Contingent Reductions ⁽¹⁾	\$0.0	\$0.0	-\$40.8	-\$40.8	n/a
Subtotal	\$20,322.1	\$21,761.0	\$22,876.6	\$1,115.6	5.1%
Capital/Heritage Reserve Fund	1,379.6	1,295.6	1,559.2	263.6	20.3%
Transfer to MdTA	53.0	0.0	85.0	85.0	n/a
Reserve Funds ⁽²⁾	638.4	162.8	146.5	-16.3	-10.0%
Appropriations	\$22,393.0	\$23,219.5	\$24,667.4	\$1,447.9	6.2%
Reversions	0.0	-39.8	-30.0	9.8	-24.6%
Grand Total	\$22,393.0	\$23,179.7	\$24,637.4	\$1,457.7	6.3%

MdTA: Maryland Transportation Authority

OPEB: Other Post Employment Benefits

Note: Fiscal 2008 includes \$86.7 million in deficiencies and \$48.3 million in targeted reversions. Fiscal 2009 includes \$7.3 million in targeted reversions and \$40.8 million in contingent reductions.

⁽¹⁾ Reductions contingent on legislation. Of the total, \$32.2 million is contingent on the Budget Reconciliation and Financing Act (SB 91/HB 101). The rest is contingent on separate legislation.

⁽²⁾ Excludes \$53 million in fiscal 2007 and \$85 million in fiscal 2009 appropriated to the Dedicated Purpose Account that is to be transferred to the Maryland Transportation Authority. These monies are included in the transfer to MdTA. Also excludes \$100 million each in fiscal 2007 and 2008 for OPEB costs which are included under the State agencies.

State Expenditures – All Funds
(\$ in Millions)

Category	Actual	Work. Appr.	Allowance	FY 2008 to FY 2009	
	FY 2007	FY 2008	FY 2009	\$ Change	% Change
Debt Service	\$768.7	\$821.0	\$886.7	\$65.7	8.0%
Aid to Local Governments					
County/Municipal	\$989.8	\$1,003.2	\$865.6	-\$137.6	-13.7%
Community Colleges	205.9	241.7	270.8	29.1	12.0%
Education/Libraries	5,196.0	5,951.5	6,114.3	162.9	2.7%
Health	68.2	71.5	73.3	1.8	2.5%
	\$6,459.8	\$7,267.8	\$7,324.0	\$56.2	0.8%
Entitlements					
Foster Care Payments	\$344.1	\$351.1	\$362.5	\$11.4	3.2%
Assistance Payments	488.9	486.6	511.0	24.4	5.0%
Medical Assistance	4,677.0	4,819.6	5,395.9	576.3	12.0%
Property Tax Credits	56.2	61.0	64.9	3.9	6.3%
	\$5,566.1	\$5,718.3	\$6,334.3	\$616.0	10.8%
State Agencies					
Health	\$2,312.0	\$2,413.6	\$2,534.2	\$120.6	5.0%
Human Resources	824.4	877.2	897.0	19.8	2.3%
Systems Reform Initiative	47.7	60.2	57.2	-3.0	-4.9%
Juvenile Services	253.2	275.0	270.1	-4.9	-1.8%
Public Safety/Police	1,420.6	1,429.7	1,492.7	62.9	4.4%
Higher Education	3,924.0	4,275.7	4,383.9	108.2	2.5%
Other Education	641.7	654.3	694.7	40.4	6.2%
Transportation	1,387.8	1,448.8	1,545.8	97.0	6.7%
Agric./Natl Res./Environment	316.4	354.0	363.0	9.0	2.5%
Other Executive Agencies	1,478.5	1,502.1	1,704.4	202.3	13.5%
Legislative	68.3	72.6	73.6	1.0	1.4%
Judiciary	367.2	396.7	425.5	28.7	7.2%
OPEB	100.0	100.0	207.8	107.8	107.8%
	\$13,141.7	\$13,860.0	\$14,649.8	\$789.8	5.7%
Contingent Reductions ⁽¹⁾	\$0.0	\$0.0	-\$40.8	-\$40.8	n/a
Subtotal	\$25,936.3	\$27,667.1	\$29,154.0	\$1,486.9	5.4%
Capital/Heritage Reserve Fund	2,128.8	1,997.5	2,181.9	184.3	9.2%
Transfer to MdTA	53.0	0.0	85.0	85.0	n/a
Reserve Funds ⁽²⁾	638.4	162.8	146.5	-16.3	-10.0%
Appropriations	\$28,756.5	\$29,827.4	\$31,567.4	\$1,739.9	5.8%
Reversions	0.0	-39.8	-30.0	9.8	-24.6%
Grand Total	\$28,756.5	\$29,787.6	\$31,537.4	\$1,749.7	5.9%

MdTA: Maryland Transportation Authority

OPEB: Other Post Employment Benefits

Note: Fiscal 2008 includes \$125 million in deficiencies and \$48.3 million in targeted reversions. Fiscal 2009 includes \$7.3 million in targeted reversions and \$40.8 million in contingent reductions.

⁽¹⁾ Reductions contingent on legislation. Of the total, \$32.2 million is contingent on the Budget Reconciliation and Financing Act (SB 91/HB 101). The rest is contingent on separate legislation.

⁽²⁾ Excludes \$53 million in fiscal 2007 and \$85 million in fiscal 2009 appropriated to the Dedicated Purpose Account that is to be transferred to the Maryland Transportation Authority. These monies are included in the transfer to MdTA line. Also excludes \$100 million each in fiscal 2007 and 2008 for OPEB costs which are included under the State agencies.

State Assistance to Local Governments
Fiscal 2009 Allowance
(\$ in Thousands)

County	County – Municipal	Community Colleges	Direct State Aid				Subtotal	Retirement	Total	Change Over FY 2008	Percent Change
			Public Schools	Libraries	Health						
Allegany	\$15,563	\$6,306	\$86,539	\$825	\$1,648	\$110,881	\$7,960	\$118,841	\$3,925	3.4%	
Anne Arundel	42,129	32,085	280,730	2,136	5,797	362,876	54,125	417,001	6,344	1.5%	
Baltimore City	320,019	0	840,751	7,057	12,301	1,180,128	64,093	1,244,221	-184	0.0%	
Baltimore	56,545	41,605	518,667	5,812	7,993	630,622	78,423	709,045	9,036	1.3%	
Calvert	7,847	2,167	86,443	478	693	97,629	12,827	110,456	-2,920	-2.6%	
Caroline	8,100	1,404	43,023	300	972	53,798	3,950	57,748	1,581	2.8%	
Carroll	16,788	7,944	143,796	1,113	2,254	171,895	19,885	191,780	3,410	1.8%	
Cecil	9,440	5,501	98,611	784	1,478	115,814	11,653	127,467	2,030	1.6%	
Charles	12,348	7,898	150,913	915	1,828	173,902	18,056	191,958	4,025	2.1%	
Dorchester	8,575	1,289	30,604	266	778	41,513	3,353	44,866	543	1.2%	
Frederick	22,503	9,255	205,290	1,217	2,772	241,037	27,629	268,666	9,460	3.6%	
Garrett	8,987	3,557	25,413	176	791	38,924	3,547	42,471	222	0.5%	
Harford	20,616	11,384	210,827	1,744	3,186	247,758	28,471	276,228	3,091	1.1%	
Howard	21,602	14,804	196,713	817	2,256	236,193	43,694	279,887	13,493	5.1%	
Kent	3,423	649	10,353	111	606	15,142	1,898	17,040	7	0.0%	
Montgomery	64,701	46,246	406,670	2,796	5,682	526,095	133,571	659,666	10,877	1.7%	
Prince George's	83,655	25,487	920,004	6,990	9,287	1,045,423	94,738	1,140,161	11,696	1.0%	
Queen Anne's	6,685	1,810	30,660	143	762	40,060	5,004	45,064	1,043	2.4%	
St. Mary's	9,321	2,517	94,676	706	1,479	108,699	11,292	119,991	5,726	5.0%	
Somerset	8,461	796	26,476	282	775	36,789	2,281	39,070	2,931	8.1%	
Talbot	5,499	1,547	10,496	108	599	18,248	3,118	21,366	-51	-0.2%	
Washington	14,462	8,326	140,567	1,217	2,518	167,090	14,466	181,556	5,462	3.1%	
Wicomico	11,677	5,049	110,228	870	1,727	129,551	10,927	140,478	7,069	5.3%	
Worcester	8,456	1,895	17,143	147	579	28,221	6,071	34,292	-273	-0.8%	
Unallocated	30,499	7,108	42,524	17,261	0	97,393	0	97,393	-2,754	-2.7%	
Total	\$817,901	\$246,630	\$4,728,118	\$54,270	\$68,760	\$5,915,679	\$661,031	\$6,576,710	\$95,791	1.5%	

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

**State Assistance to Local Governments
Fiscal 2008 Working Appropriation
(\$ in Thousands)**

County	County – Municipal	Community Colleges	Direct State Aid			Subtotal	Retirement	Total
			Public Schools	Libraries	Health			
Allegany	\$16,855	\$5,924	\$82,476	\$764	\$1,625	\$107,644	\$7,272	\$114,916
Anne Arundel	59,878	28,631	265,185	1,941	5,649	361,284	49,373	410,657
Baltimore City	339,018	0	828,291	6,594	11,965	1,185,869	58,536	1,244,405
Baltimore	69,822	38,521	507,153	5,222	7,751	628,470	71,540	700,010
Calvert	14,837	2,082	83,670	423	669	101,681	11,695	113,375
Caroline	8,291	1,244	41,796	267	962	52,560	3,606	56,166
Carroll	19,248	7,193	140,595	981	2,210	170,227	18,143	188,370
Cecil	10,701	5,051	96,907	695	1,449	114,804	10,632	125,436
Charles	16,936	7,008	144,896	839	1,789	171,468	16,465	187,932
Dorchester	9,202	1,143	29,904	245	767	41,261	3,061	44,323
Frederick	25,137	8,074	196,980	1,105	2,716	234,012	25,194	259,206
Garrett	9,685	3,106	25,278	160	781	39,009	3,239	42,248
Harford	24,920	9,976	207,603	1,544	3,120	247,162	25,975	273,137
Howard	27,466	12,892	183,233	754	2,190	226,536	39,858	266,394
Kent	3,760	575	10,266	101	600	15,302	1,731	17,033
Montgomery	82,148	40,296	397,110	2,597	5,454	527,606	121,183	648,788
Prince George's	101,241	22,511	902,756	6,566	8,999	1,042,073	86,392	1,128,465
Queen Anne's	7,403	1,604	29,572	126	749	39,454	4,567	44,021
St. Mary's	10,556	2,316	89,014	626	1,453	103,966	10,299	114,265
Somerset	8,879	727	23,423	265	765	34,059	2,080	36,139
Talbot	6,195	1,371	10,313	100	589	18,567	2,849	21,417
Washington	16,715	7,479	135,124	1,103	2,477	162,899	13,195	176,093
Wicomico	12,235	4,608	104,130	770	1,699	123,442	9,966	133,409
Worcester	9,647	1,730	16,948	137	563	29,025	5,541	34,565
Unallocated	29,548	5,336	49,000	16,263	0	100,147	0	100,147
Total	\$940,322	\$219,397	\$4,601,626	\$50,192	\$66,991	\$5,878,529	\$602,391	\$6,480,919

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

State Assistance to Local Governments
Dollar Difference Between Fiscal 2009 Allowance and Fiscal 2008 Working Appropriation
(\$ in Thousands)

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County	County – Municipal	Community Colleges	Direct State Aid				Subtotal	Retirement	Total
			Public Schools	Libraries	Health				
Allegany	-\$1,291	\$382	\$4,063	\$60	\$23	\$3,237	\$688	\$3,925	
Anne Arundel	-17,749	3,454	15,544	194	148	1,592	4,752	6,344	
Baltimore City	-18,999	0	12,460	463	335	-5,741	5,557	-184	
Baltimore	-13,276	3,084	11,514	589	242	2,152	6,883	9,036	
Calvert	-6,989	85	2,773	55	23	-4,052	1,132	-2,920	
Caroline	-191	160	1,227	32	10	1,238	344	1,581	
Carroll	-2,460	751	3,201	132	44	1,668	1,743	3,410	
Cecil	-1,261	449	1,703	89	28	1,009	1,021	2,030	
Charles	-4,588	889	6,017	76	39	2,434	1,591	4,025	
Dorchester	-627	147	700	21	11	251	292	543	
Frederick	-2,634	1,181	8,310	112	57	7,025	2,435	9,460	
Garrett	-697	450	135	16	10	-86	308	222	
Harford	-4,304	1,408	3,225	200	66	595	2,496	3,091	
Howard	-5,864	1,912	13,480	63	66	9,657	3,836	13,493	
Kent	-337	74	88	10	6	-160	167	7	
Montgomery	-17,448	5,950	9,560	199	228	-1,511	12,388	10,877	
Prince George's	-17,586	2,976	17,248	424	289	3,350	8,346	11,696	
Queen Anne's	-717	206	1,088	16	13	606	437	1,043	
St. Mary's	-1,235	202	5,662	80	25	4,733	993	5,726	
Somerset	-419	69	3,052	17	10	2,730	201	2,931	
Talbot	-696	176	183	8	10	-319	268	-51	
Washington	-2,253	847	5,443	113	41	4,191	1,271	5,462	
Wicomico	-558	441	6,098	99	28	6,108	961	7,069	
Worcester	-1,190	165	195	10	16	-804	531	-273	
Unallocated	951	1,772	-6,475	998	0	-2,754	0	-2,754	
Total	-\$122,421	\$27,233	\$126,491	\$4,078	\$1,769	\$37,150	\$58,640	\$95,791	

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

State Assistance to Local Governments
Percent Change: Fiscal 2009 Allowance Over Fiscal 2008 Working Appropriation

County	County – Municipal	Community Colleges	Direct State Aid				Subtotal	Retirement	Total
			Public Schools	Libraries	Health				
Allegany	-7.7%	6.5%	4.9%	7.9%	1.4%	3.0%	9.5%	3.4%	
Anne Arundel	-29.6%	12.1%	5.9%	10.0%	2.6%	0.4%	9.6%	1.5%	
Baltimore City	-5.6%	n/a	1.5%	7.0%	2.8%	-0.5%	9.5%	0.0%	
Baltimore	-19.0%	8.0%	2.3%	11.3%	3.1%	0.3%	9.6%	1.3%	
Calvert	-47.1%	4.1%	3.3%	13.0%	3.5%	-4.0%	9.7%	-2.6%	
Caroline	-2.3%	12.8%	2.9%	12.1%	1.1%	2.4%	9.5%	2.8%	
Carroll	-12.8%	10.4%	2.3%	13.5%	2.0%	1.0%	9.6%	1.8%	
Cecil	-11.8%	8.9%	1.8%	12.8%	2.0%	0.9%	9.6%	1.6%	
Charles	-27.1%	12.7%	4.2%	9.1%	2.2%	1.4%	9.7%	2.1%	
Dorchester	-6.8%	12.8%	2.3%	8.5%	1.5%	0.6%	9.5%	1.2%	
Frederick	-10.5%	14.6%	4.2%	10.1%	2.1%	3.0%	9.7%	3.6%	
Garrett	-7.2%	14.5%	0.5%	10.2%	1.2%	-0.2%	9.5%	0.5%	
Harford	-17.3%	14.1%	1.6%	13.0%	2.1%	0.2%	9.6%	1.1%	
Howard	-21.4%	14.8%	7.4%	8.3%	3.0%	4.3%	9.6%	5.1%	
Kent	-9.0%	12.8%	0.9%	9.5%	1.0%	-1.0%	9.6%	0.0%	
Montgomery	-21.2%	14.8%	2.4%	7.7%	4.2%	-0.3%	10.2%	1.7%	
Prince George's	-17.4%	13.2%	1.9%	6.5%	3.2%	0.3%	9.7%	1.0%	
Queen Anne's	-9.7%	12.8%	3.7%	12.9%	1.7%	1.5%	9.6%	2.4%	
St. Mary's	-11.7%	8.7%	6.4%	12.7%	1.7%	4.6%	9.6%	5.0%	
Somerset	-4.7%	9.6%	13.0%	6.5%	1.3%	8.0%	9.7%	8.1%	
Talbot	-11.2%	12.8%	1.8%	8.3%	1.8%	-1.7%	9.4%	-0.2%	
Washington	-13.5%	11.3%	4.0%	10.3%	1.6%	2.6%	9.6%	3.1%	
Wicomico	-4.6%	9.6%	5.9%	12.9%	1.7%	4.9%	9.6%	5.3%	
Worcester	-12.3%	9.6%	1.1%	7.4%	2.8%	-2.8%	9.6%	-0.8%	
Unallocated	3.2%	33.2%	-13.2%	6.1%	n/a	-2.7%	n/a	-2.7%	
Total	-13.0%	12.4%	2.7%	8.1%	2.6%	0.6%	9.7%	1.5%	

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