
Analysis of Supplemental Budget No. 2

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

April 1, 2008

Comparison of Fund Balance Plans After Supplemental Budget No. 2
(\$ in Millions)

	<u>Admin.</u>	<u>Senate</u>	<u>House</u>	<u>Conf. Comm.</u>
Current Estimated Fiscal 2009 Closing Balance	\$176.8	\$156.9	\$247.9	\$202.3
Admin. Revenue Supplemental Budget No. 2				
BRE Revenue Revision	-332.9	*	*	*
SB 527 Helicopter Fund GF Diversion	60.0	*	*	*
SB 527 Bay Fund GF Diversion	25.0	*	*	*
Medicaid-CVS Settlement	0.4	0.4	0.4	0.4
Legislative Reductions	181.6	*	*	*
DPSCS Overtime Contingent Reduction Failure	-8.6	*	*	*
Subtotal Revenue Assumptions	-\$74.5	\$0.4	\$0.4	\$0.4
Supplemental Budget No. 2 Spending	-28.7	-28.7	-28.7	-28.7
Revised Estimated Fiscal 2009 Closing Balance	\$73.6	\$128.6	\$219.7	\$174.0
Open Amendments		\$33.0	\$39.2	

* Revenue Assumptions Already Counted in Senate and House Totals.

BRE: Board of Revenue Estimates
GF: General Fund
DPSCS: Department of Public Safety and Correctional Services

Supplemental Budget No. 2
(\$ in Millions)

Spending Affordability Impact

<u>Funds</u>	<u>2007</u> <u>Session</u>	<u>2008</u> <u>Session</u>	<u>\$</u> <u>Change</u>	<u>%</u> <u>Change</u>
General	\$14,372.5	\$14,812.4	\$439.9	3.06%
Special	3,570.5	3,895.5	325.0	9.10%
Higher Education	1,932.0	2,000.0	68.1	3.52%
Estimated Budget Growth	\$19,875.0	\$20,707.9	\$832.9	4.19%
SAC Limit	\$19,875.0	\$20,723.6	\$848.7	4.27%
Over (Under) Limit			-\$15.7	-0.08%

SAC: Spending Affordability Committee

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4	1	Office of the Public Defender Deficiency appropriation for various operating expenses including salaries, panel attorneys, transcripts, and rents	Language	\$2,500,000				
4	2	Governor's Office of Crime Control and Prevention Provides a grant to the City of Annapolis to support a new initiative, the Annapolis Crime Project		174,000				
4	3	Historic St. Mary's City Commission Deficiency appropriation for historic structure reconstruction, improvements to exhibits, archaeology, and operations				\$285,554	\$498,060	
5	4	Department of Aging Deficiency appropriation to cover prior year obligations and recognize grants from federal agencies					1,765,784	
5	5	Department of Planning Deficiency appropriation to provide additional funds for the Heritage Structure Rehabilitation Tax Credit				10,000,000		
5	6	Military Department Provides general funds in lieu of budgeted but unrealized special funds to the Maryland State Firemen's Association to fund the administrative grant and the Widows and Orphans grant		298,000	-298,000			
6	7	Military Department Provides funds for an executive director and operating expenses for the Maryland State Firemen's Association, contingent on enactment of legislation allowing MEMSOF to be used for this purpose				274,950		

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6	8	Comptroller of Maryland Deficiency appropriation for payments to firm conducting audit reviews of State vendor payments			75,000			
6	9	Comptroller of Maryland Deficiency appropriation for payments to auditing and collection agencies to audit unclaimed property			700,000			
6	10	Major Information Technology Development Fund Withdraws fiscal 2008 appropriation for MD CHESSIE; federal funds are available in the Department of Human Resources			-800,000			
7	11	Department of Agriculture Deficiency appropriation for fuel and utilities	Reduce			131,000		
4	7	Department of Agriculture Deficiency appropriation to provide grants to local agricultural organizations and producers for marketing				38,000		
7	13	Department of Agriculture Provides grant to local agricultural organizations and producers for marketing				38,000		
7	14	Department of Agriculture Deficiency appropriation for gypsy moth suppression	Reduce			600,000		
7	15	Department of Agriculture Deficiency appropriation for mosquito control program operating expenses			105,000			
8	16	Department of Agriculture Provide funds to implement and evaluate cover crops in the Chester River watershed			200,000			

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8	17	Department of Agriculture Deficiency appropriation to recognize additional special funds in lieu of general funds for the cover crop program		-700,000	700,000			
8	18	Department of Health and Mental Hygiene Deficiency appropriation for the Office of the Secretary to fund legal research, a fraud and abuse tracking system, and inspector general salaries and fringe benefits					256,094	
8	19	Department of Health and Mental Hygiene Deficiency appropriation for the Community Health Services to fund environmental public health tracking, pfiesteria, and childhood immunization activities					505,765	
9	20	Department of Health and Mental Hygiene Provides additional funds for the medical day care program for children	Delete	150,000				
9	21	Department of Health and Mental Hygiene Deficiency appropriation to accommodate a projected deficiency in the breast and cervical cancer program due to increased physician and out-patient treatment costs			2,284,012			
9	22	Department of Health and Mental Hygiene Deficiency appropriation for the Laboratories Administration for local health department and expanded HIV testing, food safety monitoring services, and pandemic flu surge capacity				446,482	511,433	
9	23	Department of Health and Mental Hygiene Deficiency appropriation for a variety of contracted services in the Community Services program					2,282,298	

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10	24	Department of Health and Mental Hygiene Deficiency appropriation for telephone, utilities, and dietary costs at the Allegany County Health Department and Finan Clinic			35,021			
10	25	Department of Health and Mental Hygiene Deficiency appropriation for utility services to tenants on the grounds of Crownsville Hospital Center			47,383			
10	26	Department of Health and Mental Hygiene Deficiency appropriation to recognize additional revenues and increased costs for patient activities and food for employee meals at RICA-Gildner			24,935			
10	27	Department of Health and Mental Hygiene Deficiency appropriation to recognize additional revenues and costs for dietary, laundry, and utility services for Kent County Alcoholism Unit and Kent County Clinic			43,461			
11	28	Department of Health and Mental Hygiene Provide funds in the Developmental Disabilities Administration for a grant to Special Olympics		300,000				
11	29	Department of Health and Mental Hygiene Provide funds in the Developmental Disabilities Administration for a grant to Best Buddies		100,000				
11	30	Department of Health and Mental Hygiene Deficiency appropriation to recognize local school district and provider recoveries and federal funds in the Medical Assistance program			16,044,949	42,156,512		

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11	31	Department of Health and Mental Hygiene Deficiency appropriation for additional Uncompensated Care Fund payments			7,000,000			
11	32	Department of Health and Mental Hygiene Deficiency appropriation to recognize additional revenues and provide funds for information technology and operating grants to community health resource centers	Reduce		3,908,033			
12	33	Department of Human Resources Provides funds to a bridge grant to United Way of Central Maryland for 2-1-1 Maryland information and referral service	Delete	449,000				
12	34	Department of Human Resources Deficiency appropriation for additional costs in the Electric Universal Service Program	Language	3,599,027	4,108,232			
12	35	Department of Human Resources Deficiency appropriation to provide funds for MD CHESSIE				800,000		
13	36	Department of Labor, Licensing, and Regulation (DLLR) Provides funds, contingent on enactment of HB 752, for costs associated with the regulation of banks, credit unions, and non-depository trust companies			2,355,621			
13	37	Department of Labor, Licensing, and Regulation Provides funds for the Adult Literacy Program, contingent on enactment of legislation transferring the program from Maryland State Department of Education to DLLR	Delete	500,000				

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13	38	Department of Labor, Licensing, and Regulation Provides funds for a grant to support a foreign-trained nurses program	Delete	250,000				
14	39	Department of Labor, Licensing, and Regulation Provides funds to cover federal fund underattainment in various programs including Unemployment Insurance, Benefit Appeals, and Workforce Development			7,803,502			
14	40	State Department of Education Deficiency appropriation to recognize revenues and provide funds in the Office of the Superintendent for Ethics in High School and educational partnerships			208,759			
14	41	State Department of Education Deficiency appropriation to recognize revenues and provide funds in Business Services for web-based learning and educational partnerships			44,715			
14	42	State Department of Education Deficiency appropriation to recognize revenues and provide funds in the Division of Instruction for web-based learning			627,321			
15	43	State Department of Education Provides funds for the Maryland Infants and Toddlers Program	Delete	7,630,539				
15	44	University of Maryland, Baltimore Deficiency appropriation to recognize revenues and provide funds for expenditures associated with contract and grant activity					\$5,000,000	\$10,000,000

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15	45	University of Maryland, Baltimore Provides funds to support expenditures associated with contracts, grants, and physicians services						20,000,000
16	46	University of Maryland, College Park Deficiency appropriation to recognize revenues and provide funds for expenditures associated with additional enrollment and to realign expenditures					25,000,000	
16	47	University of Maryland, College Park Provides funds to support expenditures associated with additional enrollment, auxiliary activity, and increased grants and contracts	Language				25,000,000	
16	48	Towson University Deficiency appropriation to recognize revenues and provide funds for expenditures associated with additional enrollment, building improvements, and bond payments					3,045,425	
17	49	Towson University Provides funds to support expenditures associated with additional enrollment and auxiliary activities					3,215,569	
17	50	University of Baltimore Deficiency appropriation to recognize revenues and provide funds for expenditures associated with additional enrollment and to realign expenditures					2,755,000	
17	51	Salisbury University Deficiency appropriation to recognize revenues and provide funds for expenditures associated with increased grants and contracts						1,200,000

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18	52	University of Maryland Center for Environmental Science Deficiency appropriation to recognize revenues and provide funds for expenditures associated with increased grants and contracts					1,000,000	1,000,000
18	53	Maryland Higher Education Commission Provides funds for the College Access Challenge Grant Program				615,592		
18	54	Maryland Higher Education Commission Provides additional funds for the Harry R. Hughes Center for Agro-Ecology to replace lost federal funding	Delete	300,000				
18	55	Maryland School for the Deaf Deficiency appropriation to recognize revenues and provide funds for expenditures associated with a science lab and an instructional aide			107,900			
19	56	Department of Housing and Community Development Deficiency appropriation to provide additional housing assistance payments for Section 8 projects				7,200,000		
19	57	Department of Business and Economic Development Provides additional funds for the Andrews Business and Community Alliance		25,000				
19	58	Department of the Environment Deficiency appropriation for the replacement of air monitoring equipment				150,000		
19	59	Department of the Environment Provides additional funds for the replacement of air monitoring equipment				100,000		

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20	60	Department of Juvenile Services Deficiency appropriation for per-diem payments		3,000,000				
20	61	Department of Juvenile Services Deficiency appropriation for staff salaries and benefits to replace under-attained federal funds		2,400,000				
20	62	Department of State Police Deficiency appropriation for operating costs in the Office of the Superintendent		491,398				
20	63	Department of State Police Deficiency appropriation for operating costs in the Field Operations Bureau		627,082				
21	64	Department of State Police Deficiency appropriation to recognize revenues from the Asset Forfeiture Fund to serve as State match to grants in the Field Operations Bureau				139,920		
21	65	Department of State Police Deficiency appropriation to recognize revenues from the Asset Forfeiture Fund to serve as State match to grants in the Homeland Security and Investigation Bureau				78,493		
21	66	Department of State Police Deficiency appropriation to recognize revenues from the Asset Forfeiture Fund to serve as State match to grants in the Support Services Bureau				2,799,587		
21	67	Department of State Police Deficiency appropriation for operating costs in the Support Services Bureau		3,285,031				

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22	68	Department of State Police Provides funds to support the expansion of DNA collection, contingent on enactment of SB 211 or HB 370		999,000		401,000		
23		Amendment No. 1 Reduces the general fund appropriation for financial regulation contingent on enactment of HB 752	Technical correction					
23		Amendment No. 2 Amends language in bill to reflect additional funds for the Maryland Infants and Toddlers Program	Conform to reduction					
23		Amendment No. 3 Amends language in bill to reflect additional funds for the Harry R. Hughes Center for Agro-Ecology	Conform to reduction					
12	23	Amendment No. 4 Amends language in bill to add the College Access Challenge Grant Program						
23		Amendment No. 5 Amends Section 12, the Executive Pay Plan, to add the position and salary of the Assistant Secretary for the Department of Juvenile Services; grade 9905						
		Total Funds		\$28,662,089	\$54,048,818	\$61,067,538	\$65,015,994	\$32,200,000

C80B
Office of the Public Defender

Supplemental Budget No. 2

Item #1

C80B00.02 District Operations

Add the following language:

, provided that \$2,500,000 of this appropriation may not be expended until the Department of Budget and Management (DBM) certifies to the budget committees that the Office of the Public Defender's (OPD) fiscal 2008 appropriation is sufficient to sustain the agency's fiscal 2008 operating needs. DBM shall also certify whether OPD's fiscal 2008 appropriation includes adequate funding to reconcile OPD's fiscal 2007 carryover expenditures totaling \$840,715.

Further provided that DBM and OPD shall identify and implement budgetary controls to ensure that OPD does not exceed its fiscal 2008 and 2009 appropriations. By December 1, 2008, DBM and OPD shall submit a status report to the budget committees that includes a comprehensive summary of the following:

- (1) the overall financial posture of OPD, including whether OPD's fiscal 2008 expenditures exceeded the agency's fiscal 2008 appropriation;
- (2) the nature of the budgetary controls implemented by DBM and OPD to ensure that OPD remained within its fiscal 2008 appropriation; and
- (3) the nature of any ongoing budgetary controls implemented by DBM and OPD to ensure that beginning in fiscal 2009, OPD remains within the annual appropriation approved by the General Assembly.

The budget committees shall have 45 days to review and comment on the report.

Explanation: The General Assembly is extremely concerned about the financial posture of the Office of the Public Defender (OPD). This language restricts funds until the Department of Budget and Management (DBM) certifies whether OPD's fiscal 2008 appropriation includes adequate funding to sustain OPD's fiscal 2008 operating expenditures. The language also requires DBM to certify whether the current appropriation provides adequate funding to reconcile OPD's fiscal 2007 carryover expenditures. Lastly, the language requires the submission of a report by DBM and OPD regarding the nature of the budgetary controls implemented by the parties to ensure that OPD remains within its annual appropriation going forward.

Information Request	Authors	Due Date
Status report on OPD's financial position	DBM OPD	December 1, 2008

L00A
Central Services and Forest Pest Management
Department of Agriculture

Supplemental Budget No. 2 (via Fiscal 2008 Deficiency Appropriation in Allowance)

Item #11 and #14

	<u>Amount</u>	
	<u>Reduction</u>	
Reduce by \$631,000 in general funds the fiscal 2008 deficiency appropriation of \$3,488,163 for gypsy moth suppression originally introduced with the fiscal 2009 allowance. Supplemental Budget No. 2 includes a \$631,000 supplemental federal fund deficiency appropriation split between two programs (L00A11.03 – Central Services contains \$31,000 in indirect cost recovery and L00A14.02 – Forest Pest Management contains \$600,000 in contractual services), which is in addition to the funding necessary for spraying 100,000 acres for gypsy moth suppression in fiscal 2008. Therefore, \$631,000 of the fiscal 2008 deficiency originally budgeted with the fiscal 2009 allowance may be reduced without an impact to the overall plan of spraying 100,000 acres for gypsy moth suppression.	\$631,000	GF

M00F03.02
Family Health Services and Primary Care
Family Health Administration
Department of Health and Mental Hygiene

Supplemental Budget No. 2

Item #20

	<u>Amount</u>	
	<u>Reduction</u>	
Delete the supplemental appropriation for the medical day care program for children. In recent years, this program has been entirely supported with federal funds, and the allocation has been level funded. In contrast to previous years, general funds are provided in the fiscal 2009 allowance at a level of \$12,000.	\$ 150,000	GF

M00R01.03
Health Regulatory Commissions
Maryland Community Health Resources Commission
Department of Health and Mental Hygiene

Supplemental Budget No. 2

Item #32

	<u>Amount</u>	
	<u>Reduction</u>	
Reduce funds for information technology and operating grants for community health resource centers. The final fiscal 2008 grants were awarded by the agency in March 2008. The reduction allows for a deficiency appropriation of a sufficient amount to cover all grants awarded in fiscal 2008.	\$810,000	SF

N00A01.01
Office of the Secretary
Department of Human Resources

Supplemental Budget No. 2

Item #33

	<u>Amount</u>	
	<u>Reduction</u>	
Delete funding for a bridge grant to the United Way of Central Maryland for the 2-1-1 pilot projects in the Department of Human Resources, Office of the Secretary. Chapter 390 of 2004 designates the Health and Human Services Referral Board to oversee the four 2-1-1 projects. This chapter locates the board in the Department of Health and Mental Hygiene (DHMH) to oversee the four 2-1-1 pilot projects. In addition, in the fiscal 2009 budget, the United Way of Central Maryland will receive a grant from the DHMH Office of Preparedness and Response to implement and evaluate the 2-1-1 pilot in two regions of Maryland. Additional funding should not be included in the budget until the evaluation is complete.	\$449,000	GF

N00C01.12
Office of Home Energy Programs
Department of Human Resources

Supplemental Budget No. 2

Item #34

Add the following language to the general fund appropriation:

, provided that this appropriation for the Electric Universal Service Program may not be expended until the Department of Human Resources has exhausted all special funds available to the Electric Universal Service Program and State Special Benefits Program. Further provided that this appropriation may only be used for the purpose herein appropriated, and there shall be no budgetary transfer to any other program or purpose. Funds unexpended at the end of the fiscal year shall revert to the general fund.

Explanation: This language restricts the expenditure of \$3.6 million in general funds until all special funds have been expended and restricts the appropriation to this purpose. Including this deficiency appropriation, total funding for the Electric Universal Service Program for fiscal 2008 will be \$61.6 million (\$8.5 million in general funds and \$53.1 million in special funds).

P00
Department of Labor, Licensing, and Regulation

Supplemental Budget No. 2

Item #37

	<u>Amount</u>	
	<u>Reduction</u>	
Reduce the increase in general funds for the Adult Literacy Program. Senate Bill 203/House Bill 367 would transfer adult education programs from the Maryland State Department of Education to the Department of Labor, Licensing, and Regulation. The funds in Supplemental Budget No. 2 represent an enhancement to the current adult education funds that would be transferred to the department.	\$500,000	GF

P00
Department of Labor, Licensing, and Regulation

Supplemental Budget No. 2

Item #38

	<u>Amount</u>	
	<u>Reduction</u>	
Delete general funds for the purpose of a pilot program to promote the licensure of foreign-trained nursing professionals. A similar program in Montgomery County has had limited success, with only 28% of participants working as RNs. The fiscal condition of the State warrants a prudent approach to new, ongoing spending.	\$250,000	GF

R00A02
Aid to Education
Maryland State Department of Education

Supplemental Budget No. 2

Item #43 and Amendment No. 2

	<u>Amount</u>	
	<u>Reduction</u>	
<p>Level fund the Maryland Infant and Toddlers Program. This discretionary formula is based on enrollment and a per pupil cost, of which the State pays 20%. The base per pupil cost in the formula, established in fiscal 2004, is \$4,044, and, if fully funded, an inflation factor is applied to the per pupil funding level each year. Appropriation levels for the Maryland Infants and Toddlers Program are discretionary but must at least be equal to funding in the previous fiscal year. Since the establishment of the formula, it has never been fully funded.</p> <p>The original fiscal 2009 allowance level funded this program at \$5.8 million; however, Supplemental Budget No. 2 would bring the total to \$13.4 million, an increase of 130% over fiscal 2008. Five years of inflationary adjustments are calculated from the base per-pupil cost for this program, while other education aid programs are receiving no inflationary adjustment in fiscal 2009. The fiscal condition of the State warrants a prudent approach to new, ongoing spending.</p>	<p>\$7,603,539</p>	<p>GF</p>

R30B22
University of Maryland, College Park
University System of Maryland

Supplemental Budget No. 2

Item #47

Add the following language to current unrestricted funds:

, provided that, notwithstanding Section 17 of this Act, \$1,800,000 in unrestricted funds may only be expended for the following purposes: \$1,500,000 for renovation of the Biology-Psychology Building and \$300,000 for the Harry Hughes Center for Agro-Ecology.

Explanation: This language restricts the expenditure of \$1.8 million of unrestricted funds for the following purposes: \$1.5 million for the renovation of the animal research facilities in the Biology-Psychology Building and \$300,000 for the Harry Hughes Center for Agro-Ecology. The Biology-Psychology Building is funded in the fiscal 2009 budget from the Higher Education Investment Fund in the Governor's allowance and the Senate plan and from general obligation bonds in the House plan.

R62I00
Maryland Higher Education Commission

Supplemental Budget No. 2

Item #53 and Amendment No. 3

	<u>Amount</u>	
	<u>Reduction</u>	
Delete general funds provided to increase the grant to the Harry Hughes Center for Agro-Ecology from \$81,000, which supports 1.5 staff positions, to \$381,000. The Harry Hughes Center is a non-profit organization 501 (c) 3 organization affiliated with the University of Maryland, College Park, and the additional \$300,000 would replace federal funds. Budget bill language is recommended for R30B22.00 University of Maryland, College Park authorizing the use of up to \$300,000 in current unrestricted funds for this purpose.	\$300,000	GF

Technical Amendment

Supplemental Budget No. 2

Page 23, Amendment No. 1

Amend the following language:

, provided that ~~\$3,061,301~~ \$2,355,621 of this appropriation shall be reduced contingent upon the enactment of House Bill 752 pertaining to the regulation of banks, credit unions, and non-depository trust companies.

Explanation: This is a technical amendment that corrects the amount of general funds to be reduced contingent on the enactment of legislation that creates a special fund for the regulation of banks and credit unions.