
Mandated Appropriations in the Maryland State Budget

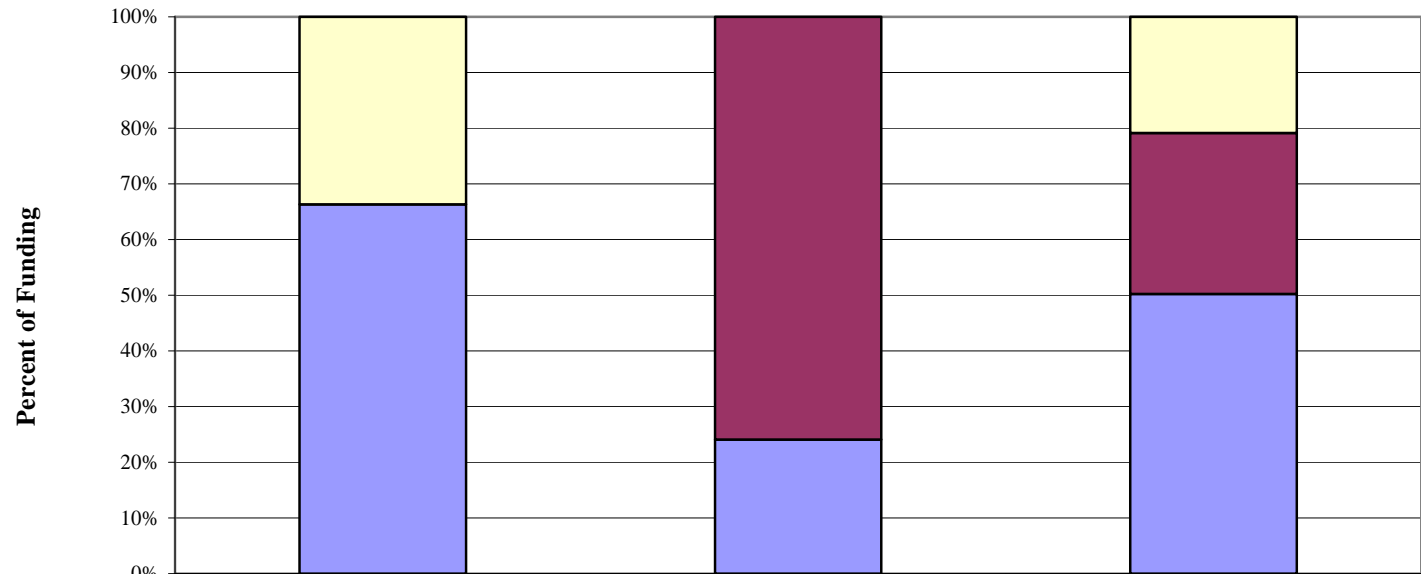
**Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland**

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Mandated Appropriations in the Maryland State Budget

- The State's own source budget consists of:
 - **Mandated Amounts/Entitlements:** general or special funds that have a statutory or constitutional requirement that designates a specific amount be appropriated or a specific formula be used to calculate the appropriation, or that are required payments through an entitlement.
 - **Funds with Mandated Purposes:** special and higher education funds that have statutory dedications identifying a broad purpose for the funds but which allow the Governor discretion as to how the funds are allocated and used.
 - **Non-mandated General Funds:** funds that allow the Governor substantial flexibility as to the administration and funding levels of the programs with which they are associated. In many cases, State law requires expenditures for these programs without specifically mandating the amount or purpose.
- Altogether, appropriations with a mandated amount or purpose total approximately \$19.6 billion, or 79 percent of the State-sourced portion of the budget. As seen in **Exhibit 1**, slightly more than 66 percent of the fiscal 2009 general fund appropriation and approximately 24 percent of the special fund and higher education appropriations are mandated or entitlements. The remaining 75 percent of the special fund and higher education appropriations is mandated for specific purposes.
- **Exhibit 2** shows that appropriations for higher education, public safety, and health, hospitals, and mental hygiene account for 65 percent of the approximately \$5.2 billion in non-mandated general funds.
- Growth for the State-sourced budget was approximately 6 percent between fiscal 2008 and 2009. **Exhibit 3** reveals that despite the general growth of the budget, increases in mandated spending were largely curtailed in fiscal 2009. Mandated or entitlement funding increased by less than 3 percent, while non-mandated growth was approximately 9 percent between fiscal 2008 and 2009.
- General fund programs that have mandates exceeding \$100 million account for nearly 88 percent of all general fund mandated spending, as seen in **Exhibit 4**. Funding for mandated general fund education aid and Medicaid programs comprises 72 percent all mandated general fund spending. With respect to special and higher education funds, five programs exceeded \$100 million, totaling 78 percent of all mandated special fund and higher education spending, with debt service and highway user grants accounting for 57 percent.

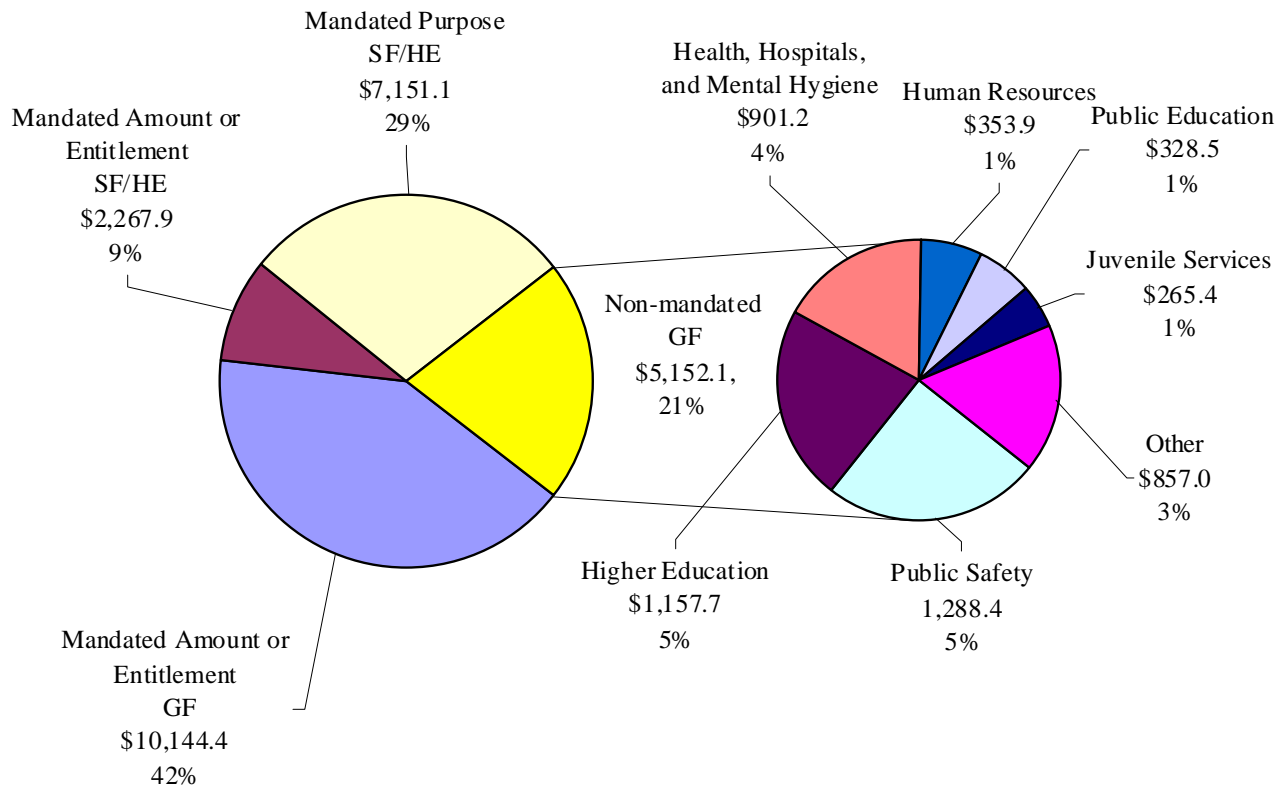
Exhibit 1
Maryland State Spending from Own Source Budget
Fiscal 2009
(\$ in Millions)



	General Funds	Special/Higher Education Funds	Total Funds
Non-mandated/Entitlement	\$5,152.1	\$0.0	\$5,152.1
Mandated Purpose	0.0	7,151.1	7,151.1
Mandated Amount or Entitlement	10,144.4	2,267.9	12,412.3

Source: Department of Legislative Services

Exhibit 2
Detailed Spending from Own Source Budget
Fiscal 2009
(\$ in Millions)



GF: General Fund
 HE: Higher Education
 SF: Special Funds

Source: Department of Legislative Services

Exhibit 3
Fiscal 2008 and 2009 Spending Comparison
 (\$ in Millions)

<u>General Funds</u>	<u>2008</u>	<u>2009</u>	<u>% Change</u>
Mandated Amount or Entitlement	\$9,833.2	\$10,144.4	3.2%
Non-mandated/Entitlement	4,727.7	5,152.1	9.0%
<u>Special/Higher Education Funds</u>	<u>2008</u>	<u>2009</u>	<u>% Change</u>
Mandated Amount or Entitlement	\$2,252.2	\$2,267.9	0.7%
Mandated Purpose	6,490.2	7,151.1	10.2%
<u>Total Funds</u>	<u>2008</u>	<u>2009</u>	<u>% Change</u>
Mandated Amount or Entitlement	\$12,085.4	\$12,412.3	2.7%
Mandated Purpose	6,490.2	7,151.1	10.2%
Non-mandated/Entitlement	4,727.7	5,152.1	9.0%

Source: Department of Legislative Services

Exhibit 4
Programs with Statutorily Mandated Appropriations or Entitlements
Exceeding \$100 Million
Fiscal 2009
(\$ in Millions)

<u>General Fund Programs</u>	<u>Budget Code</u>	<u>Approp.</u>	<u>% of Funds</u>
Foundation Program – Education	R00A02.01	\$2,756.8	27.2%
Maryland Medical Assistance (Medicaid) Program	M00Q01.03	2,260.6	22.3%
Compensatory Education	R00A02.02	917.2	9.0%
Aid for Local Employees Fringe Benefits	R00A02.03	634.7	6.3%
Judiciary	C00A00.00	385.4	3.8%
Developmental Disabilities Administration Medical Assistance	M00M01.02	295.4	2.9%
Students with Disabilities – Formula	R00A02.07	273.3	2.7%
Community Services for Eligible Recipients – Mental Hygiene Administration	M00L01.03	269.3	2.7%
Senator John A. Cade Memorial Formula for the Distribution of Funds to the Community Colleges in the State	R62I00.05	218.7	2.2%
Student Transportation – Formula	R00A02.39	200.2	2.0%
Foster Care Payments	N00G00.01	196.8	1.9%
Revenue Stabilization Account (Rainy Day Fund)	Y01A01.01	146.5	1.4%
Limited English Proficiency Grant	R00A02.24	144.0	1.4%
Students with Disabilities – Nonpublic Placements	R00A02.07	127.6	1.3%
Disparity Grants to Counties	A15O00.01	115.5	1.1%
Subtotal		\$8,942.0	88.1%
Other		1,202.4	11.9%
Total General Funds		\$10,144.4	100.0%
 <u>Special Fund Programs</u>			
Public Debt Allowance	X00A00.01	\$745.5	32.9%
Local Highway User Revenue Grants	J00B01.05	548.7	24.2%
Washington Metropolitan Area Transit Authority (WMATA) – Operating Subsidy	J00A01.04	218.3	9.6%
Transportation Debt Service Requirements	J00A04.01	141.9	6.3%
Medical Assistance (Medicaid) Program	M00Q01.03	116.5	5.1%
Subtotal		\$1,770.9	78.1%
Other		497.0	21.9%
Total Special Funds		\$2,267.9	100.0%

Source: Department of Legislative Services

- Over 90 percent of general fund mandates are received by local government or individuals. As **Exhibit 5** demonstrates, local governments receive substantial amounts for educational programs while individuals primarily receive health funding.
- **Exhibit 6** shows that State government accounted for the largest portion of mandated special fund and higher education spending in fiscal 2009, receiving approximately 45 percent. Funding debt service payments for State capital projects was the largest program recipient.
- **Exhibit 7** reveals that the policy areas that receive the largest share of mandated appropriations are K-12 education and health programs, receiving 82 percent of all mandated general fund spending. Transportation and capital expenditures account for nearly 78 percent of all special fund mandates.

Exhibit 5
General Fund Mandated Appropriations by Type of Recipient
Fiscal 2009
(\$ in Millions)

<u>General Fund Programs</u>	<u>Approp.</u>	<u>% of Total Mandated Approp. or Entitlement</u>
Local Government		
Foundation Program – Education	\$2,756.8	27.2%
Compensatory Education	917.2	9.0%
Aid for Local Employees Fringe Benefits	634.7	6.3%
Students with Disabilities – Formula	273.3	2.7%
Senator John A. Cade Memorial Formula for the Distribution of Funds to the Community Colleges in the State	218.7	2.2%
Other	1,064.9	10.5%
Total	\$5,865.6	57.8%
Individuals		
Maryland Medical Assistance (Medicaid) Program	2,260.6	22.3%
Developmental Disabilities Administration Medical Assistance	295.4	2.9%
Community Services for Medicaid Eligible Recipients – Mental Hygiene Administration	269.3	2.7%
Foster Care Payments	196.8	1.9%
Additional Need-based Higher Education Awards	73.1	0.7%
Other	260.5	2.6%
Total	\$3,355.7	33.1%
State Government		
Judiciary	385.4	3.8%
Revenue Stabilization Account (Rainy Day Fund)	146.5	1.4%
Dedicated Purpose Account	85.0	0.8%
Legislative Branch	75.9	0.7%
Baltimore City Community College	40.5	0.4%
Other	75.1	0.7%
Total	\$808.4	8.0%
Funds for Private Entities		
Joseph A. Sellinger Program for Aid to Nonpublic Institutions of Higher Education	61.7	0.6%
Maryland School for the Blind	17.9	0.2%
Maryland State Arts Council	16.5	0.2%
Property Tax Credits – Enterprise Zones	9.5	0.1%
Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO)	3.5	0.0%
Other	5.5	0.1%
Total	\$114.6	1.1%
Total Mandated and Entitlement General Funds	\$10,144.4	100.0%

Source: Department of Legislative Services

Exhibit 6
Special/Higher Education Fund Mandated Appropriations by Type of Recipient
Fiscal 2009
(\$ in Millions)

<u>Special Fund Programs</u>	<u>Approp.</u>	<u>% of Total Mandated Approp. or Entitlement</u>
State Government		
Redemption and Interest on State Bonds	\$745.5	32.9%
Transportation Debt Service Requirements	141.9	6.3%
Judiciary	53.9	2.4%
Outdoor Recreation Land Loan Program which includes Program Open Space – State Share	46.9	2.1%
State Police Helicopter Replacement	33.6	1.5%
Other	0.1	0.0%
Total	\$1,021.9	45.1%
Local Government		
Local Highway User Revenue Grants	\$548.7	24.2%
Montgomery and Prince George’s County Bus Service Operating Subsidies	36.5	1.6%
Outdoor Recreation Land Loan Program which includes Program Open Space – Local Share	18.6	0.8%
Tobacco Use Reduction Activities	18.4	0.8%
Grants for Paratransit Services Provided by Local Governments	2.4	0.1%
Other	3.7	0.2%
Total	\$628.3	27.7%
Individuals		
Medical Assistance (Medicaid) Program	\$294.0	13.0%
Electric Universal Services Program	36.1	1.6%
Maryland Children’s Health Program	1.3	0.1%
Other	0.9	0.0%
Total	\$332.3	14.7%
Funds for Other Entities		
Washington Metropolitan Area Transit Authority (WMATA) – Operating Subsidy	\$218.3	9.6%
WMATA – Capital/Debt Service Subsidy	64.3	2.8%
Other	2.8	0.1%
Total	\$285.4	12.6%
Total Mandated and Entitlement Special Funds	\$2,267.9	100.0%

Source: Department of Legislative Services

Exhibit 7
Statutorily Mandated Appropriations and Entitlements by Policy Area
Fiscal 2009
(\$ in Millions)

<u>Policy Area</u>	<u>GF</u>	<u>% of GF</u>	<u>SF</u>	<u>% of SF</u>	<u>Total</u>	<u>% of Total</u>
Education, K-12	\$5,290.6	52.2%	\$0.0	0.0%	\$5,290.6	42.6%
Health	3,009.6	29.7%	314.1	13.8%	3,323.7	26.8%
Transportation	85.0	0.8%	1,012.5	44.6%	1,097.5	8.8%
Capital Program	0.0	0.0%	745.5	32.9%	745.5	6.0%
Education, Post – Secondary	560.0	5.5%	0.0	0.0%	560.0	4.5%
Judiciary	387.0	3.8%	54.4	2.4%	441.4	3.6%
Human Services	309.8	3.1%	36.1	1.6%	345.9	2.8%
Administration and Legislative	224.4	2.2%	0.1	0.0%	224.5	1.8%
Public Safety	90.9	0.9%	33.6	1.5%	124.5	1.0%
Non-specific Aid	120.8	1.2%	1.0	0.0%	121.8	1.0%
Agriculture, Environment, and Natural Resources	16.2	0.2%	70.6	3.1%	86.8	0.7%
Economic Development and Housing	50.1	0.5%	0.0	0.0%	50.1	0.4%
Total	\$10,144.4	100.0%	\$2,267.9	100.0%	\$12,412.3	100.0%

Source: Department of Legislative Services