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# **Potential Reductions to Fiscal 2009 Baseline Budget**

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**Presentation to the  
House Committee on Appropriations**

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

**November 1, 2007**

**Potential Reductions to Fiscal 2009 Baseline Budget  
(\$ in Millions)**

		<u>Possible FY 2008 Savings</u>	<u>FY 2009 GF Savings</u>	<u>Statutory Change Needed?</u>
<b>Proposals from the Governor's Budget Reconciliation Act:</b>				
	(1)		\$190.8	Y
				Modifications to Thornton public education formulas, including the effect on funding for the Maryland School for the Deaf and the Maryland School for the Blind
	(2)		82.0	N
				Reduce health insurance cost by available balance in the State Employees and Retirees Health and Welfare Benefits Fund
	(3)		30.6	Y
				Eliminate Electric Utility Generating Property Tax Grant
	(4)		16.8	Y
				Divert Program Open Space funds to the State Park Service to operate State parks
<b>Proposals That Require a Change to Statute:</b>				
EED	(5)	9.3	37.6	Y
				Level fund public higher education; statutory change needed to alter formula for St. Mary's College of Maryland only. Fiscal 2008 recommendation is a reduction to enhancement funding
EED	(6)		29.5	Y
				Share the increase in retirement costs of teachers, librarians, and community college employees with local government
EED	(7)		19.6	Y
				Reduce Geographic Cost of Education Index by applying the formula to the State share of the Foundation program only
HHR	(8)		13.4	Y
				Save general funds and improve coordination of services by including mental health care services under the Managed Care Organizations (MCOs)
PSA	(9)		11.2	Y
				Save general funds in the Judiciary by repealing the Real Property Improvement Fund sunset and expanding the scope of the fund to include major IT projects
T&E	(10)	4.2	8.6	Y
				Reduce commission to lottery agents from 5.5% to 5.0%, which increases revenue to the general fund
EED	(11)		6.7	Y
				Defer additional enhancement to the community college formula by holding the Cade formula at the fiscal 2008 level of 25.5% and Baltimore City Community College at 66.5%
T&E	(12)	3.2	6.4	Y
				Save general funds in the Department of Natural Resources by amending the Waterway Improvement Fund statute so that those funds can be used for administrative expenses
EED	(13)		6.2	Y
				Level fund grants to private higher education institutions at fiscal 2008 levels
EED	(14)		5.8	Y
				Defer inflationary adjustment to student transportation grants
T&E	(15)	1.6	3.4	Y
				Save general funds by amending the Used Tire Cleanup and Recycling Fund so that those funds can be used for solid waste management efforts
EED	(16)		3.3	Y
				Defer additional enhancement to the public libraries formula by holding the formula at the fiscal 2008 level of \$14 per capita for local libraries and \$6.50 per capita for Regional Resource Libraries

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HHR	(17)	Defer inflationary adjustment to local health department grants		1.6	Y
EED	(18)	Level fund Maryland State Arts Council grants at fiscal 2008 level		0.7	Y
PSA	(19)	Eliminate special fund mandate for the Maryland Legal Services Corporation which will increase general funds		0.5	Y
PSA	(20)	Eliminate mandate for circuit court lease payments or defer additional enhancement by holding grants at the fiscal 2008 level		0.5	Y
T&E	(21)	Level fund the Maryland Agriculture and Resource-Based Industry Development Corporation		0.5	Y
T&E	(22)	Level fund Soil Conservation Districts		0.4	Y
EED	(23)	Defer inflationary increase to Aging Schools program		0.3	Y
EED	(24)	Eliminate general fund mandates for PTA matching grants and the Share the State Fair grant program		0.2	Y
EED	(25)	Level fund small community colleges grants		0.1	Y
<b>Proposals That Do Not Require a Change to Statute:</b>					
Full	(26)	Delete employee cost-of-living adjustment; baseline assumes a 2% increase		61.8	N
HHR	(27)	Defer cost-of-living adjustments for community providers in the departments of Health and Mental Hygiene, Human Resources, and Juvenile Services		46.7	N
HHR	(28)	Level fund provider rates in the Medical Assistance program		32.2	N
Full	(29)	Eliminate 1000 vacant PINs and funds supporting 750	13.8	27.6	N
HHR	(30)	Continue day limits on hospital stays until January 1, 2009		18.6	
HHR	(31)	Close the Walter P. Carter Community Mental Health Center		13.2	N
T&E	(32)	Level fund Heritage Structure Rehabilitation Tax Credit at fiscal 2008 level of \$14.7 million, instead of baseline forecast of \$25 million		10.3	N
HHR	(33)	Carve out Medicaid prescriptions from MCOs to realize greater cost savings		8.5	N
EED	(34)	Level fund Maryland Infants and Toddlers Program; baseline assumes this non-mandated formula is fully funded		8.2	N
EED	(35)	Fund Stem Cell Research Grants at fiscal 2007 level of \$15 million	4.0	8.0	N
HHR	(36)	Eliminate bonus payments to MCOs		5.2	N
EED	(37)	Eliminate Film Production Wage Rebate Program		4.0	N
PSA	(38)	Retain current voting system		3.3	N
HHR	(39)	Defer implementation of Buprenorphine initiative	2.3	3.0	N

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			<u>Possible FY 2008 Savings</u>	<u>FY 2009 GF Savings</u>	<u>Statutory Change Needed?</u>
EED	(40)	Fund Maryland Small Business Development Financing Authority solely with special funds	1.5	2.9	N
EED	(41)	Defer funding for School Facilities Assessment Survey; baseline assumes this non-mandated program is funded		2.8	N
EED	(42)	Defer expansion of MSDE education programs into additional Juvenile Services facilities; baseline forecast assumes expansion into the Waxter Center and Noyes Center		2.5	N
<b>Proposals to Change the Pay-as-you-go Capital Program:</b>					
Full	(43)	Fund Medevac helicopter with general obligation (GO) bonds		10.7	N
HHR	(44)	Fund Community Legacy with GO bonds		6.5	N
HHR	(45)	Fund Rental Housing Program with GO bonds or special funds	1.5	3.0	N
EED	(46)	Fund Rural Broadband Assistance Fund with MEDAF special funds		2.0	Y
HHR	(47)	Fund Homeownership Program with GO bonds or special funds	0.4	0.9	N
HHR	(48)	Fund Special Loan Program with GO bonds or special funds	0.4	0.9	N
PSA	(49)	Fund State House repairs with GO bonds		0.6	N
<b>Total General Fund Savings</b>			<b>\$42.2</b>	<b>\$760.1</b>	