

House Appropriations Committee

Report on

House Bill 588 – the Budget Bill

**House Bill 589 – the Budget Reconciliation and
Financing Act**

**Maryland General Assembly
Annapolis, Maryland**

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Fiscal 2022 Budget Budget Bill (HB 588) and the Budget Reconciliation and Financing Act (HB 589) As Amended by the House Appropriations Committee

Achieves Structural Balance: Ongoing general fund revenues exceed ongoing expenditures by \$158 million in fiscal 2022, and a structural surplus of \$262 million is forecast by fiscal 2026.

Preserves Reserves: More than \$1.8 billion in cash resources are preserved including \$1.1 billion in the Rainy Day Fund (5.6% of general fund revenues) and \$734 million in the General Fund. This exceeds the goals of the Spending Affordability Committee for a \$100 million general fund balance and a Rainy Day Fund balance equal to 5.0% to general fund revenues.

Resolves Fiscal 2023 Budget Shortfall: The cash balance at the close of fiscal 2022 is more than sufficient to erase the projected fiscal 2023 budget shortfall. In addition, a general fund surplus is forecast through fiscal 2024.

Dedicates Extra Funds to the Pension System: The contribution to the pension system exceeds the actuarially required contribution by \$75 million in fiscal 2021 and \$100 million in fiscal 2022, helping to accelerate progress toward adequate funding.

Creates Capital Capacity for Legislative Priorities: The substantial fund balance creates an opportunity to supplement the general obligation bond program with general fund pay-as-you-go.

Responds to the COVID-19 Public Health Emergency: \$572 million of federal funding is provided for testing, contract tracing, and vaccinations. The RELIEF Act authorized \$687 million of State spending and provided \$585 million of targeted tax relief across fiscal 2021 and 2022 to support Maryland's recovery.

Maintains the State's Commitment to Public Schools: Under the committee's budget proposal, State support for public schools will exceed \$7.5 billion. Direct aid to local school systems will increase an estimated \$228.2 million, or 3.5%.

Restores Funds for Legislative Priorities: The budget restores \$616 million of reductions proposed by the Governor and earmarks \$6.7 million for legislative priorities not funded in the budget. Funding restorations include \$422 million for the Rainy Day Fund, \$29.8 million for independent colleges and universities, \$26.6 million for community colleges, and \$50 million to reduce unfunded pension and retiree health liabilities. Funds are also restored for Maryland Public Television, the Office of the Attorney General, the City of Annapolis, Medicaid to mitigate the need to raise the hospital deficit assessment, and the State Department of Assessments and Taxation to prevent an increase in charges to local governments.

Continues to Provide Vital Health Care Services: Medicaid funding totals \$13.5 billion, allowing the State to provide coverage to over 1.5 million of our residents. Expenditures increase by about \$623 million to support unprecedented enrollment growth of over 151,000 since the beginning of the COVID-19 pandemic as well as provider rate increases.

Funds Rate Increases for Providers Serving Vulnerable Populations: A 4.0% rate increase effective January 2021 is funded for most health care providers including those serving the developmentally disabled and people with behavioral health needs. Rate increases of up to 4.0% are authorized for group homes serving youth in foster care and the juvenile justice system.

Park Maintenance: In recognition of the impact the pandemic has had on the use of outdoor space, the budget allocates almost \$22 million to critical maintenance projects at State parks.

Employee Compensation: A \$1,000 bonus for all State employees is funded in fiscal 2021.

Community College Aid: The budget plan provides \$371.5 million for community colleges, a 9% increase over fiscal 2021.

Fiscal 2022 Balancing Strategy

	<u>Governor</u>	<u>APP</u>
Fiscal 2022 Ending Balance Before Legislation	-\$187.5	-\$187.5
 Revenue Adjustments		
Board of Revenue Estimates March 2021	897.3	897.3
Veto Overrides		116.0
Other		3.0
 Legislation		
Budget Reconciliation and Financing Act	949.4	266.1
RELIEF Act	-636.7	-762.5
Other Tax Relief Proposals	-31.7	
Child Tax Credit and Expansion of EITC – SB 218		-132.7
 Spending		
Net Legislative Budget Cuts		534.7
Additional Savings Reserved for Legislative Priorities		-6.7
Legislative Priorities		6.7
 Fiscal 2022 Estimated Closing Balance	 \$990.8	 \$734.4

APP: House Appropriations Committee
EITC: Earned Income Tax Credit

**Proposed Budget Reductions
House Bill 588 and House Bill 589
Fiscal 2022 Budget and Fiscal 2021 Deficiency Appropriations
(\$ in Millions)**

<u>General Funds</u>		<u>APP</u>
Medicaid		
	Enhanced Medicaid Match Available in Fiscal 2022 (include DDA and Behavioral Health)	\$317.4
BRFA	<i>Utilize Health Exchange Reinsurance Funds for Medicaid in Fiscal 2021</i>	100.0
BRFA	Utilize Health Exchange Reinsurance Funds for Medicaid in Fiscal 2022	100.0
	Fiscal 2022 Savings from Favorable Utilization Trends	77.0
	<i>Fiscal 2021 Savings from Favorable Utilization Trends</i>	75.0
	<i>Fiscal 2021 Savings from Availability of Enhanced Federal Match in Medicaid</i>	37.3
BRFA	Unspent Behavioral Health Funds from Prior Years	5.0
	Fund Swap to Recognize Available Federal Funds for Transportation Services	4.5
	Fund Swap to Use Available Cigarette Restitution Funds	3.3
	Fund Pharmacy Access Program from Board of Pharmacy Fund Balance	0.8
State Agencies		
	Judiciary: No Fiscal 2022 COLA or Merit Increase	12.3
BRFA	<i>Unspent Prior Year Funds for Non-Public Placements in MSDE</i>	7.5
BRFA	Fund Behavioral Health Costs from Medical Cannabis Commission Fund	3.0
BRFA	Fund Behavioral Health Costs from Board of Professional Counselors Fund Balance	2.0
BRFA	No General Funds for Fisheries due to Available Special Fund Balance	1.8
BRFA	<i>Reduce Excess Fiscal 2021 Funding for Statewide Salary Adjustments</i>	1.8
	Use Special Fund Surplus for Violence Intervention and Prevention Program	1.7
	<i>Reduce Excess Fiscal 2021 Funding for DHS</i>	1.5
	Judiciary: Vacancy Savings	1.4
	Comptroller: Vacancy Savings	1.0
	Reduce DHS Funding for Administrative Costs Due to Improper Retention of Prior Year Funds	1.0
BRFA	Fund Behavioral Health Costs with Transfer from Board of Psychologists	0.7
	Level Fund Dept. of Aging's Community for Life Program	0.3
	<i>TEDCO: Reduce Fiscal 2021 Funding Due to Failure to Revert Unspent Fiscal 2020 Funds</i>	0.3
BRFA	<i>Reversion of Prior Year Encumbrance for Maryland State Library Agency</i>	0.2
BRFA	No Dedication of Loan Assistance Repayment Program Funds to Foster Care as Adequate Funding Is Available	0.1
Total General Fund Reductions to Governor's Proposed Budget		\$756.8

<u>Special Funds</u>	<u>APP</u>
Operating Costs	
Reduce Funding for BOOST	\$3.3
Reduce Lottery Advertising	3.0
Judiciary: No Fiscal 2022 COLA or Merit Increase	0.8
Comptroller: Vacancy Savings	0.1
Judiciary: Vacancy Savings	0.04
Total Special Fund Reductions to Governor’s Proposed Budget	\$7.3

APP: House Appropriations Committee
 BOOST: Broadening Options and Opportunities for Students Today
 BRFA: Budget Reconciliation and Financing Act
 COLA: cost-of-living adjustment
 DDA: Developmental Disabilities Administration
 DHS: Department of Human Services
 MSDE: Maryland State Department of Education
 TEDCO: Maryland Technology Development Corporation

Note: Fiscal 2021 deficiency reductions are in italics.

Legislative Priorities
(\$ in Millions)

	Amount Restored <u>APP</u>
Administration General Fund Reductions Restored by General Assembly	
Restore Appropriation to Rainy Day Fund Bringing Balance to 5.6% of General Fund Revenues	\$422.0
Restore Funds to Address Unfunded Liabilities for Retirement System and Retiree Health Benefits	50.0
Restore Program Open Space Repayment and Dedicate Half to Critical Maintenance at State Parks	43.9
No Increase in Medicaid Deficit Assessment on Hospital Charges	35.0
Restore Full Funding for Independent Colleges and Universities	29.8
Restore Full Funding for Community College Aid Formula	26.6
No Increase to Local Share of Department of Assessments and Taxation Costs	3.9
Fully Fund Arts Council	2.9
Fully Fund Mandated Increase for Maryland Public Television	0.8
Restore Funds for Attorney General's Consumer Protection Unit	0.7
Fully Fund Increase to Annapolis PILOT Payment	0.4
Total Administration Reductions Restored	\$616.0
 General Funds Restricted ("Fenced") for Legislative Priorities	
Continue Operations of Southern Maryland Pre-Release Unit and the Eastern Pre-Release Unit	\$2.8
Baltimore Symphony Orchestra	1.5
Stem Cell Research in Fiscal 2021	1.0
Grants to Businesses Impacted by Purple Line	0.5
Grant to Chesapeake Bay Foundation for Educational Programming	0.5
Reduce Waitlists for Services at Area Agencies on Aging	0.3
Center for Infant and Child Loss at University of Maryland, Baltimore Campus	0.1
Total	\$6.7
 Total Funding for Priorities Not Funded by Governor	 \$622.7

APP: House Appropriations Committee

General Fund: End-of-year Balances
Actions of the House Appropriations Committee
Fiscal 2021-2022
(\$ in Millions)

	2021 <u>Working*</u>	2022 <u>Allowance*</u>
Total Funds Available	\$19,642	\$21,048
Total Spending	18,753	20,314
Cash Balance/(Shortfall)	\$889	\$734
Structural Balance (Ongoing Revenues Less Ongoing Spending)	-\$78	\$158
Reserve Fund Activity		
Estimated Rainy Day Fund Balance – June 30	\$577	\$1,105
Total Cash (Rainy Day Fund and General Fund Balance)	\$1,466	\$1,839
Rainy Day Fund Balance In Excess of 5%	-\$361	\$115

*Fiscal 2021 and 2022 have been adjusted to reflect the impact of the RELIEF Act (Chapter 39 of 2021), veto overrides, and Supplemental Budgets 1, 2 and 3.

Fiscal Note – Summary of the Fiscal 2022 Budget Bill – House Bill 588

	<u>General Funds</u>	<u>Special Funds</u>	<u>Federal Funds</u>	<u>Higher Education Funds</u>	<u>Total Funds</u>
Governor's Allowance					
Fiscal 2021 Budget	\$18,757,131,610	\$9,879,420,958	\$17,033,043,572	\$4,720,166,433	\$50,389,762,573
Fiscal 2022 Budget	20,790,269,812 ⁽²⁾	9,182,958,136 ⁽³⁾	15,383,111,598	4,670,789,010	50,027,128,556
Supplemental Budget No. 1					
Fiscal 2021 Deficiencies	\$10,088,425	\$45,000,000	\$1,411,858,219	\$0	\$1,466,946,644
Fiscal 2022 Budget	\$0	105,000,000	19,393,094		124,393,094
Subtotal	\$10,088,425	\$150,000,000	\$1,431,251,313	\$0	\$1,591,339,738
Supplemental Budget No. 2					
Fiscal 2021 Deficiencies	-117,352,950	\$35,482	\$507,066,704	\$0	\$389,749,236
Fiscal 2022 Budget	52,031,942	1,473,144	365,701,955	0	419,207,041
Subtotal	-\$65,321,008	\$1,508,626	\$872,768,659	\$0	\$808,956,277
Supplemental Budget No. 3					
Fiscal 2021 Deficiencies	\$54,444,308	\$12,642,930	\$7,038,172	\$0	\$74,125,410
Subtotal	\$54,444,308	\$12,642,930	\$7,038,172	\$0	\$74,125,410
Budget Reconciliation and Financing Act of 2021					
Fiscal 2021 Deficiencies	-\$14,519,036	\$0	\$0	\$0	-\$14,519,036
Fiscal 2022 Contingent Reductions	-107,594,000	102,700,000 ⁽⁴⁾	-4,156,408	0	-9,050,408
Subtotal	-\$122,113,036	\$102,700,000	-\$4,156,408	\$0	-\$23,569,444
Chapter 39 of 2021 (RELIEF Act)					
Fiscal 2021 Budget	177,800,000	336,000,000	0	0	513,800,000
Subtotal	\$177,800,000	\$336,000,000	\$0	\$0	\$513,800,000
Legislative Reductions					
Fiscal 2021 Deficiencies	-\$114,093,103	-\$35,000,000	\$37,300,000 ⁽⁵⁾	\$0	-\$111,793,103
Fiscal 2022 Budget	-420,632,242	-1,529,835 ⁽⁵⁾	314,400,000 ⁽⁵⁾	0	-107,762,077
Total Reductions	-\$534,725,345	-\$36,529,835	\$351,700,000	\$0	-\$219,555,180
Appropriations					
Fiscal 2021 Budget	\$18,753,499,254	\$10,238,099,370	\$18,996,306,667	\$4,720,166,433	\$52,708,071,724
Fiscal 2022 Budget	20,314,075,512	9,390,601,445	16,078,450,239	4,670,789,010	50,453,916,206
Change	\$1,560,576,258	-\$847,497,925	-\$2,917,856,428	-\$49,377,423	-\$2,254,155,518

⁽¹⁾ Reflects \$2.7 billion in proposed deficiencies, including the withdrawal of \$274.1 million in general funds and the addition of \$157.2 million in special funds, \$2.8 billion in federal funds, \$1.0 million in current unrestricted funds, and \$21 million in current restricted funds. Assumes \$35.0 million in unspecified general fund reversions and includes \$28.7 million in targeted general fund reversions and \$173.4 million in targeted general fund salary reversions replaced with CARES Act funding. Excludes \$70.3 million in special funds that double counts general fund (\$40.0 million) and special fund (\$30.3 million) spending.

⁽²⁾ Assumes \$35.0 million in unspecified general fund reversions.

⁽³⁾ Excludes \$10 million that double counts general fund spending.

⁽⁴⁾ Assumes \$105.7 million in special funds to back-fill for general fund reductions.

⁽⁵⁾ Assumes \$5.8 million in special funds and \$354.7 million in federal funds (\$37.3 million in fiscal 2021, \$317.4 million in fiscal 2022) to back-fill for general fund reductions.

**General Fund Reductions and Other Budgetary Actions
Contingent on the Budget Reconciliation and Financing Act (HB 589)
(\$ in Millions)**

	<u>APP</u>
Revenue Actions	
Maryland Health Benefit Exchange Mandate Decrease	\$3.0
Fund Balance Transfers	
State Unemployment Insurance Fund Balance Transfer (Fiscal 2021)	\$30.0
Rate Stabilization Fund Improperly Retained (Fiscal 2021)	5.0
Maryland-National Capital Park and Planning Commission Transfer	5.0
Charlotte Hall Veterans Home Fund to Offset CARES Act Grant	1.0
Total Revenue Actions and Fund Balance Transfers	\$44.0
General Fund Reductions Due to Changes to Mandates	
DNR Fisheries Research and Development Fund One-time Repeal of Mandate	\$1.8
Loan Assistance Repayment Program For Foster Care Recipients Mandate Repeal	0.1
General Fund Reductions Due to Fund Swaps	
Use Reinsurance Program Provider Assessment Fund Balance for Medicaid (Fiscal 2021 and 2022)	\$200.0
Use Medical Cannabis Commission Fund Balance to Support BHA	3.0
Use Board of Examiners of Professional Counselors Fund Balance to Support BHA	2.0
Use Board of Examiners of Psychologists Fund Balance to Support BHA	0.7
Withdrawn Spending from Prior Years	
Fiscal 2020 Accruals in MSDE for Nonpublic Placements	\$7.5
Fiscal 2020 Accruals in the BHA Provider Reimbursements	5.0
Fiscal 2021 DBM Statewide Program Due to Excess Salary Funding	1.8
Prior Year Funding in MSDE Headquarters Due to Improper Encumbrance	0.2
Total General Fund Reductions	\$222.1
Fiscal 2021 Contingent Special Fund Appropriations	
Use Marketplace Facilitator Revenues to Cover ETF Shortfall	\$174.8
Use Reinsurance Program Provider Assessment Fund Balance for Medicaid	100.0
Total Contingent Special Fund Appropriations	\$274.8
Special Fund Reductions	
Community Health Resource Mandate Change as Part of Carefirst Premium Tax Exemption Distribution Alteration	\$1.9
Maryland Health Benefit Exchange Mandate Decrease	3.0
Total Special Fund Reductions	\$4.9
Federal Fund Reductions	
Maryland Health Benefit Exchange Mandate Decrease	\$4.2

APP

Impact of BRFA on General Funds	\$266.1
Impact of BRFA on Special Funds	-\$270.0
Impact of BRFA on Federal Funds	\$4.2

- BHA: Behavioral Health Administration
- BRFA: Budget Reconciliation and Financing Act
- CARES: Coronavirus Aid, Relief, and Economic Security
- DBM: Department of Budget and Management
- DNR: Department of Natural Resources
- ETF: Education Trust Fund
- MSDE: Maryland State Department of Education

House Appropriations Committee Action on the Budget Reconciliation and Financing Act (HB 589)

The Budget Reconciliation and Financing Act (BRFA) of 2021, as amended by the House Appropriations Committee, accomplishes the following:

Reversions and Expenditure Reductions	\$231.1
Special Fund Contingent Appropriations	274.8
Transfers	41.0
Revenue Actions	3.0

Note: Numbers in chart do not sum to total due to rounding

Technical Amendments: Purpose and function paragraphs and renumbering. 1

Strikes a provision to alter the mandate to provide funding for the Office of the Attorney General financial consumer protection with special funds rather than general funds (p. 5-6). 2

Adds a provision to require that revenue from certain raffles are deposited into the Michael Erin Busch Sports Fund (p. 6-7). 3

Waives the requirement that the Maryland Stadium Authority submit economic impact reports for the Baltimore City Convention Center, the Ocean City Convention Center, the Hippodrome Theater, and the Montgomery County Conference Center for fiscal 2021 (p. 7-8). 4

Amends a provision to alter the allowable uses of the Blueprint for Maryland's Future Fund to include one-time grants to address enrollment declines related to the pandemic and to ensure that all jurisdictions receive an increase over fiscal 2021 (hold harmless grants) to also include grants to address learning loss, summer school, school re-opening, and trauma and behavioral health needs related to COVID-19 (p. 8-10). 5

Strikes a provision to rebase the Cade formula in fiscal 2022 and alter the future formula increases to the level of projected general fund revenue growth (p. 10-14). 6

Strikes a provision to rebase the Sellinger program to level fund it in fiscal 2022 and alter the future increases to 1 percentage point lower than the projected general fund revenue growth (p. 14-17). 7

Strikes a provision to require funds awarded and not expended within two years in the Senatorial/Delegate Scholarship Program to be deposited into the Need-Based Student Financial Assistance Fund (p. 17). 8

Repeals the mandate for the Maryland Loan Assistance Repayment Program for Foster Care Recipients and requires the Loan Assistance Repayment Program to serve foster care recipients (p. 18).

Strikes a provision to repeal the mandate for the Maryland Public Broadcasting Commission (p. 18-19).

9

Modifies a provision to require transfers of \$100 million from the provider assessment created for the Maryland Health Benefit Exchange's (MHBE) Reinsurance Program to Medicaid in fiscal 2021 and 2022 only rather than annually through fiscal 2026, clarify the transfer can occur from revenue already received, and specify who is responsible for the transfer (p. 20-21).

10

Modifies a provision that alters the use of the Carefirst premium tax exemption to phase in a change in the distribution to the Senior Drug Assistance Program creating new floors of \$11.5 million in fiscal 2022 and \$14.0 million thereafter rather than \$14.0 million being a cap and caps the distribution to the Community Health Resources Commission at \$8.0 million (p. 19-20, 21-23).

11

Reduces the mandate from the premium tax revenue for MHBE from \$35 million to \$32 million beginning in fiscal 2022 (p. 23).

Repeals, for fiscal 2022 only, the mandate for the Department of Natural Resources Fisheries Research and Development Fund (p. 23).

Strikes a provision to reduce the mandate for services provided to the State by the City of Annapolis from \$750,000 to \$367,000 and eliminate the inflationary increase that was set to begin in fiscal 2022 (p. 23-24).

12

Strikes a provision to set the amount of nonwithholding income tax revenue that must be subtracted from the general fund revenue estimate at \$0 in fiscal 2022 (p. 24-25).

13

Adds a provision that authorizes, for fiscal 2023 only, funds in the Fiscal Responsibility Fund to be used for a cost-of-living adjustment of up to 4.5% for employees in certain bargaining units (p. 25-28).

14

Strikes provisions to set the fiscal 2022 funding to the Revenue Stabilization Account at a level that reduces the appropriation by \$422.0 million and to eliminate, for fiscal 2022 only, the mandate to distribute general fund surplus to the State Retirement and Pension System and to the Post-Retirement Health Benefits Trust Fund (p. 28-29).

15

Strikes a provision to level fund the mandate for the Maryland State Arts Council in fiscal 2022 and alter the rate of increase in fiscal 2023 and beyond (p. 29).

16

Strikes a provision to alter the allowable uses of bond premiums in the Annuity Bond Fund to include capital projects that were included in previous authorizations of bonds, capital projects authorized after the issuance of the bonds for fiscal 2021 through 2023 only, and reducing the principal amount of the issuance of sales (p. 29-30).

17

Strikes a provision to require a 50% local cost share for settlements to individuals erroneously convicted entered into beginning in fiscal 2021 (p. 30-31).

18

Authorizes the transfer of Marketplace Facilitator Revenues, otherwise distributed to the Blueprint for Maryland's Future Fund, to the Education Trust Fund in fiscal 2021 only to replace current and prior year revenue shortfalls (p. 31-32).

Strikes a provision to phase in increases of the local share of State Department of Assessments and Taxation costs beginning in fiscal 2022 and increase the cost share by 10 percentage points per year until it reaches 90% in fiscal 2025 (p. 32-34).

19

Adds a provision to clarify and streamline the existing process for property tax assessment of land actively used as a country club or golf course (p. 34-36).

20

Strikes a provision that would have extended, for fiscal 2022 only, the authorization to divert transfer tax revenue to the General Fund to the extent that funds are provided to replace those funds in the capital budget for capital eligible projects (p. 36-37).

21

Amends a provision to strike an alteration of the repayment of transfer tax revenue and instead increases the share of the transfer tax repayment to be used for critical maintenance in fiscal 2022 (p. 37-40).

22
and
23

Strikes a provision to increase the Medicaid Deficit Assessment beginning in fiscal 2021 by \$35 million to \$329,825,000 from the amount authorized in the Budget Reconciliation and Financing Act of 2020 and maintaining it at that level in the out-years (p. 40).

24

Authorizes a transfer of \$30 million from the State Unemployment Insurance Fund to the General Fund in fiscal 2021 (p. 40).

Amends a provision to limit the increase in rates for providers who have rates set by the Interagency Rates Committee to 4% over the rates in effect on January 1, 2021, rather than December 31, 2020 (p. 40).

25

Strikes a provision to authorize a transfer of \$500,000 from the State Board of Pharmacy fund balance to the Office of Controlled Substances Administration in fiscal 2022 (p. 40-41).

26

Authorizes a transfer of \$2.0 million from the State Board of Professional Counselors and Therapists Fund balance to the Behavioral Health Administration (BHA) in fiscal 2022 (p. 41).

Amends a provision to authorize a transfer of \$3.0 million rather than \$6.0 million from the Medical Cannabis Commission Fund balance to BHA in fiscal 2022 (p. 41).

27

Strikes a provision to authorize the Maryland Department of Health (MDH) and other State agencies to temporarily charge expenditures related to the COVID-19 pandemic response that are eligible for federal Disaster Relief Funds to the Local Income Tax Reserve Fund and require those funds to be repaid by any Disaster Relief Funds received or general funds if not all of the charged funds are reimbursed (p. 41).

28

Authorizes, for fiscal 2022 only, a reduced number of the Governor's Budget Books to be printed due to the COVID-19 pandemic (p. 41-42).

Strikes a provision to require the Comptroller to transfer \$10 million from the Consumer Protection Recoveries to the General Fund if the Office of Attorney General has not on or before May 1, 2022 (p. 42).

29

Requires local funding for education in fiscal 2022 to exceed the fiscal 2021 level for the local school system to qualify for one-time education grants in fiscal 2022 (p. 42).

Prevents individuals who retired from MDH or the Maryland Department of Labor and were rehired for no more than two years to assist in the administration of federally funded grants or unemployment insurance related to the COVID-19 pandemic from being subject to a reduction in their retirement allowance for that service (p. 42).

Strikes a provision to require employees in facilities that were closed effective June 30, 2021, (prerelease units in Church Hill and Charlotte Hall) to be transferred to vacant positions in comparable classifications in other facilities without the loss of compensation, status, or benefits (p. 42).

30

Adds a provision to authorize a transfer of \$700,000 from the Board of Examiners of Psychologists Fund balance to BHA in fiscal 2022 (p. 42-43).

31

Adds a provision to authorize a transfer of \$5 million from the Rate Stabilization Fund to the General Fund in fiscal 2021. The funds were identified in the fiscal 2020 Statewide Closeout Audit as being improperly retained (p. 43).

32

Adds a provision to authorize a reversion of a prior year encumbrance of \$235,000 from the Maryland State Department of Education (MSDE) Headquarters that was identified as improper in the fiscal 2020 Statewide Closeout Audit (p. 43).

33

Adds a provision to authorize a transfer of \$1 million from the Charlotte Hall Veterans Home Fund to the General Fund to partially offset federal coronavirus relief funds provided to the contractor (p. 43).

34

Adds a provision to reduce the fiscal 2021 spending in the Department of Budget and Management Statewide Expense Program by \$1.8 million due to unneeded funds for statewide salary actions (p. 43).

35

Adds a provision to reduce the fiscal 2020 spending in the MDH Behavioral Health Provider Reimbursements by \$5 million in general funds due to accruals that are unneeded to pay bills (p. 43).

36

Adds a provision to reduce the fiscal 2020 spending in the MSDE Nonpublic Placements program by \$7.5 million due to accruals that are unneeded to pay bills (p. 43).

37

Adds a provision to require the Maryland-National Capital Park and Planning Commission to transfer up to \$5 million from its park taxes balance to the General Fund on or before October 1, 2021 (p. 43-44).

38

State Expenditures – General Funds

(\$ in Millions)

<u>Category</u>	FY 2021	<u>FY 2022 Allowance</u>	APP	APP	FY 2021 to FY 2022	
	<u>Adj. Working Appropriation</u>		<u>FY 2022 Reductions</u>	<u>FY 2022 Appropriation</u>	<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$131.0	\$260.0	\$0.0	\$260.0	\$129.0	98.5%
County/Municipal	\$313.6	\$301.1	\$0.0	\$301.1	-\$12.6	-4.0%
Community Colleges	330.8	371.5	0.0	371.5	40.7	12.3%
Education/Libraries	6,617.0	6,582.3	0.0	6,582.3	-34.7	-0.5%
Health	34.4	65.8	0.0	65.8	31.4	91.3%
Aid to Local Governments	\$7,295.9	\$7,320.7	\$0.0	\$7,320.7	\$24.8	0.3%
Foster Care Payments	\$206.2	\$210.2	\$0.0	\$210.2	\$4.0	1.9%
Assistance Payments	127.7	103.0	0.0	103.0	-24.7	-19.3%
Medical Assistance	3,118.5	4,490.6	-465.2	4,025.4	906.9	29.1%
Property Tax Credits	96.3	93.7	0.0	93.7	-2.6	-2.7%
Entitlements	\$3,548.8	\$4,897.5	-\$465.2	\$4,432.3	\$883.6	24.9%
Health	\$1,607.6	\$1,748.5	-\$43.5	\$1,705.0	\$97.4	6.1%
Human Services	370.4	395.7	-1.0	394.8	24.4	6.6%
Juvenile Services	246.2	253.6	0.0	253.6	7.4	3.0%
Public Safety/Police	1,439.6	1,569.3	0.0	1,569.3	129.7	9.0%
Higher Education	1,577.2	1,562.7	0.0	1,562.7	-14.5	-0.9%
Other Education	491.5	532.0	-0.1	531.9	40.4	8.2%
Agriculture/Natural Res./Environmer	131.4	152.0	-1.8	150.2	18.8	14.3%
Other Executive Agencies	1,125.4	845.0	-3.0	842.1	-283.3	-25.2%
Judiciary	558.6	591.7	-13.7	578.0	19.4	3.5%
Legislative	104.2	105.5	0.0	105.5	1.4	1.3%
State Agencies	\$7,652.2	\$7,756.2	-\$63.0	\$7,693.1	\$41.0	0.5%
Total Operating	\$18,627.8	\$20,234.4	-\$528.2	\$19,706.2	\$1,078.4	5.8%
Capital ⁽¹⁾	\$68.2	\$23.3	\$0.0	\$23.3	-\$44.9	-65.9%
Subtotal	\$18,696.0	\$20,257.7	-\$528.2	\$19,729.4	\$1,033.5	5.5%
Reserve Funds	\$114.0	\$619.6	\$0.0	\$619.6	\$505.6	443.6%
Appropriations	\$18,810.0	\$20,877.3	-\$528.2	\$20,349.1	\$1,539.1	8.2%
Reversions	-\$56.5	-\$35.0	\$0.0	-\$35.0	\$21.5	-38.0%
Grand Total	\$18,753.5	\$20,842.3	-\$528.2	\$20,314.1	\$1,560.6	8.3%

APP: House Appropriations Committee

BRFA: Budget Reconciliation and Financing Act of 2021 (HB 589)

⁽¹⁾ Includes the Historic Revitalization Tax Credit Reserve Fund.

Note: The fiscal 2021 adjusted working appropriation reflects -\$149.1 million in deficiencies and supplemental deficiencies, APP cuts to the deficiencies, \$14.5 million in reductions contingent on the BRFA, \$28.7 million in targeted reversions, and \$173.4 million in reductions to be replaced with federal funds. It also reflects \$177.8 million authorized by budget amendment pursuant to Chapter 39 of 2021 (The RELIEF Act). The fiscal 2022 APP cuts include \$107.6 million contingent on the BRFA.

State Expenditures – Federal Funds (\$ in Millions)

<u>Category</u>	FY 2021 Working Appropriation	FY 2022 Allowance	APP Reductions and FF Add Backs	APP FY 2022 Appropriation	FY 2021 to FY 2022 \$ Change	% Change
Debt Service	\$11.0	\$11.0	\$0.0	\$11.0	\$0.0	0.0%
County/Municipal	\$74.7	\$74.7	\$0.0	\$74.7	\$0.0	0.0%
Community Colleges	7.4	0.0	0.0	0.0	-7.4	-100.0%
Education/Libraries	1,807.2	969.7	-3.0	966.7	-840.5	-46.5%
Health	0.0	0.0	0.0	0.0	0.0	n/a
Aid to Local Governments	\$1,889.3	\$1,044.5	-\$3.0	\$1,041.5	-\$847.9	-44.9%
Foster Care Payments	\$78.5	\$86.6	\$0.0	\$86.6	\$8.0	10.2%
Assistance Payments	2,584.4	1,322.9	0.0	1,322.9	-1,261.5	-48.8%
Medical Assistance	8,350.6	8,053.4	279.6	8,333.0	-17.6	-0.2%
Property Tax Credits	0.0	0.0	0.0	0.0	0.0	n/a
Entitlements	\$11,013.5	\$9,462.9	\$279.6	\$9,742.5	-\$1,271.1	-11.5%
Health	\$2,295.3	\$1,992.9	\$33.6	\$2,026.5	-\$268.7	-11.7%
Human Services	645.2	593.2	0.0	593.2	-52.0	-8.1%
Juvenile Services	4.4	5.5	0.0	5.5	1.2	26.7%
Public Safety/Police	34.2	36.3	0.0	36.3	2.2	6.4%
Higher Education	0.0	0.0	0.0	0.0	0.0	n/a
Other Education	472.8	349.8	0.0	349.8	-123.0	-26.0%
Transportation	106.4	115.4	0.0	115.4	9.0	8.5%
Agriculture/Natural Res./Environmer	82.0	73.3	0.0	73.3	-8.7	-10.6%
Other Executive Agencies	1,113.5	785.0	0.0	785.0	-328.5	-29.5%
Judiciary	1.0	0.3	0.0	0.3	-0.7	-68.5%
State Agencies	\$4,754.6	\$3,951.7	\$33.6	\$3,985.4	-\$769.2	-16.2%
Total Operating	\$17,668.5	\$14,470.1	\$310.2	\$14,780.3	-\$2,888.2	-16.3%
Capital	\$1,327.8	\$1,298.1	\$0.0	\$1,298.1	-\$29.7	-2.2%
Transportation	1,233.3	1,217.5	0.0	1,217.5	-15.9	-1.3%
Environment	53.1	53.2	0.0	53.2	0.0	0.0%
Other	41.3	27.5	0.0	27.5	-13.8	-33.5%
Grand Total	\$18,996.3	\$15,768.2	\$310.2	\$16,078.5	-\$2,917.9	-15.4%

APP: House Appropriations Committee

BRFA: Budget Reconciliation and Financing Act of 2021 (HB 589)

FF: federal funds

Note: The fiscal 2021 working appropriation includes \$4.7 billion in deficiencies and supplemental deficiencies and \$37.3 million in additional federal fund spending due to funding swaps. The fiscal 2022 APP total reductions of \$7.2 million include \$4.2 million contingent on the BRFA offset by \$317.4 million in additional federal fund spending due to funding swaps.

State Expenditures – All Funds (\$ in Millions)

Category	FY 2021	FY 2022 Allowance	APP	APP	FY 2021 to FY 2022	
	Adj. Working Appropriation		Reductions & SF/FF Add-Backs	FY 2022 Appropriation	\$ Change	% Change
Debt Service	\$1,760.9	\$1,845.3	\$0.0	\$1,845.3	\$84.4	4.8%
County/Municipal	\$821.0	\$823.8	\$0.0	\$823.8	\$2.8	0.3%
Community Colleges	347.0	371.5	0.0	371.5	24.5	7.1%
Education/Libraries	9,145.3	8,573.2	-3.0	8,570.2	-575.0	-6.3%
Health	34.4	65.8	0.0	65.8	31.4	91.3%
Aid to Local Governments	\$10,347.6	\$9,834.3	-\$3.0	\$9,831.3	-\$516.3	-5.0%
Foster Care Payments	\$288.0	\$299.6	\$0.0	\$299.6	\$11.5	4.0%
Assistance Payments	2,745.5	1,440.0	0.0	1,440.0	-1,305.5	-47.6%
Medical Assistance	12,494.7	13,277.0	-81.5	13,195.5	700.8	5.6%
Property Tax Credits	96.3	93.7	0.0	93.7	-2.6	-2.7%
Entitlements	\$15,624.6	\$15,110.3	-\$81.5	\$15,028.8	-\$595.8	-3.8%
Health	\$4,367.7	\$4,194.9	-\$7.2	\$4,187.8	-\$179.9	-4.1%
Human Services	1,102.8	1,083.8	-1.0	1,082.9	-19.9	-1.8%
Juvenile Services	253.8	262.5	0.0	262.5	8.6	3.4%
Public Safety/Police	1,758.8	1,931.1	0.0	1,931.1	172.3	9.8%
Higher Education	6,415.5	6,331.9	0.0	6,331.9	-83.7	-1.3%
Other Education	1,044.0	961.6	-3.4	958.2	-85.8	-8.2%
Transportation	2,175.9	2,216.4	0.0	2,216.4	40.4	1.9%
Agriculture/Natural Res./Environmer	517.4	506.9	-1.8	505.1	-12.3	-2.4%
Other Executive Agencies	3,535.4	2,442.7	-4.4	2,438.3	-1,097.1	-31.0%
Judiciary	632.3	659.9	-14.5	645.4	13.1	2.1%
Legislative	104.2	105.5	0.0	105.5	1.4	1.3%
State Agencies	\$21,907.8	\$20,697.2	-\$32.3	\$20,664.9	-\$1,242.9	-5.7%
Total Operating	\$49,641.0	\$47,487.2	-\$116.8	\$47,370.4	-\$2,270.6	-4.6%
Prior Year Deficiencies	\$144.6	\$0.0	\$0.0	\$0.0	-\$144.6	-100.0%
Capital ⁽¹⁾	\$2,865.0	\$2,498.9	\$0.0	\$2,498.9	-\$366.1	-12.8%
Transportation	2,255.0	1,902.4	0.0	1,902.4	-352.7	-15.6%
Environment	264.1	313.7	0.0	313.7	49.6	18.8%
Other	345.9	282.8	0.0	282.8	-63.0	-18.2%
Subtotal	\$52,650.5	\$49,986.1	-\$116.8	\$49,869.3	-\$2,781.3	-5.3%
Reserve Funds	\$114.0	\$619.6	\$0.0	\$619.6	\$505.6	443.6%
Appropriations	\$52,764.5	\$50,605.7	-\$116.8	\$50,488.9	-\$2,275.6	-4.3%
Reversions	-\$56.5	-\$35.0	\$0.0	-\$35.0	\$21.5	-38.0%
Grand Total	\$52,708.1	\$50,570.7	-\$116.8	\$50,453.9	-\$2,254.2	-4.3%

APP: House Appropriations Committee

BRFA: Budget Reconciliation and Financing Act of 2021 (HB 589)

⁽¹⁾ Includes the Historic Revitalization Tax Credit Reserve Fund.

Note: The fiscal 2021 adjusted working appropriation reflects \$4.6 billion of deficiencies and supplemental deficiencies, APP cuts to the deficiencies, \$14.5 million in reductions contingent on the BRFA, \$28.7 million in targeted reversions, \$173.4 million in general fund reductions to be replaced with federal funds, \$37.3 million in additional federal fund spending due to funding swaps, and \$513.8 million in spending authorized by budget amendment pursuant to Chapter 39 of 2021 (The RELIEF Act). It excludes \$40 million that double counts general fund spending and \$30.3 million that double counts special fund spending. The fiscal 2022 allowance excludes \$10 million that double counts general fund spending. The fiscal 2022 APP total reductions of \$547.5 million include \$116.6 million contingent on the BRFA offset by \$314.1 million of additional special and federal fund spending due to funding swaps.